2016 ANNUAL REPORT

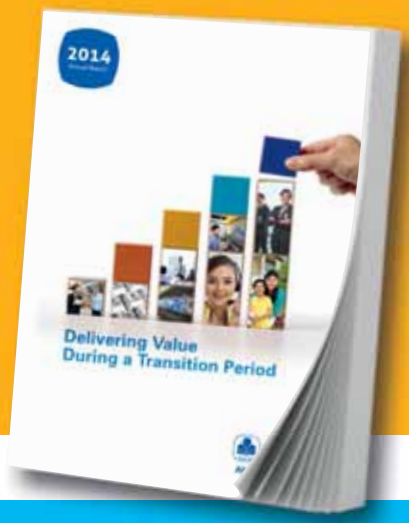
EXPANDING CAPABILITIES CAPTURING OPPORTUNITIES

GRUP BCA

BCA

Always by your side

Theme Continuity



2012

Always by Your Side

Over the course of our 55 year history, BCA has provided quality financial solutions to our customers.

Looking to the future, BCA will continue to nurture meaningful long-term relationships with our customers, our employees and all stakeholders, "Always by Your Side". As BCA evolves along with our loyal customers, our customers' sustainable growth becomes our sustainable growth

2013

Steadfast in an Uncertain Global Environment

2013 was a challenging year for the Indonesian economy. In an environment of global economic uncertainty and slowing domestic economic growth, BCA leveraged off its solid financial position to support the financial needs of its customers and maintain its position as a leading transaction bank in Indonesia.

Customer satisfaction is at the heart of BCA's business strategy. The Bank understands the importance of standing by its customers especially during volatile economic periods. Lending prudence and understanding the needs of its customers were key to remaining steadfast in an uncertain global environment.

2014

Delivering Value During a Transition Period

2014 was a year of both political and economic transition for Indonesia marked by high volatility in the foreign exchange and capital markets and continuing pressure on commodity prices.

The solid foundation laid by the previous government provides a sound basis for facing the macro economic issues now impacting the Indonesian economy. The new administration is taking steps to address these issues, including the reallocation of a large part of the fuel subsidy budget to other strategic areas, that should pave the way for future sustainable economic development.

New challenges for the Indonesian banking industry surfaced in 2014 as the result of a slowing economy and tightening liquidity which both limited the capacity for loan growth and led to higher sector NPL's. BCA successfully maintained its solid performance and delivered value to its stakeholders throughout this transition year by boosting liquidity and maintaining prudential lending guidelines.

2015

Maintaining a Solid Position

Navigating Challenges, Capturing Opportunities

The Indonesian economy continued to be negatively impacted by a weak global economy and a variety of domestic macro-economic challenges. The relative slowdown in the domestic economy was reflected in the Indonesian banking industry with deterioration in loan quality and slower loan and third party funds growth.

BCA successfully maintained its solid position in 2015 by consistently implementing prudent policies focused on maintaining loan quality, a strong capital and a healthy liquidity position.

BCA's solid financial position allows the Bank to support its customers through all economic conditions while providing a strong base to capture business opportunities for future growth.

2016

Expanding Capabilities Capturing Opportunities

Ongoing improvements ensure the Bank to provide the best possible services to customers; fulfill the evolving financial needs of the Bank's customers and remain at the cutting edge of technological developments. BCA remains committed to invest in both transaction banking franchise and lending capabilities while supporting development of the Bank's subsidiaries.

The challenging environment faced by the Bank in 2016 served as a test of the resilience of BCA's business model. Throughout the year BCA focused on exploring and optimizing various business opportunities while remaining prudent at all times. The Bank's solid business model allowed BCA to deliver another year of sound financial performance.

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Expanding Capabilities Capturing Opportunities

"Ongoing improvements ensure the Bank to provide the best possible services to customers; fulfill the evolving financial needs of the Bank's customers and remain at the cutting edge of technological developments. BCA remains committed to invest in both transaction banking franchise and lending capabilities while supporting development of the Bank's subsidiaries.

The challenging environment faced by the Bank in 2016 served as a test of the resilience of BCA's business model. Throughout the year BCA focused on exploring and optimizing various business opportunities while remaining prudent at all times. The Bank's solid business model allowed BCA to deliver another year of sound financial performance."

TARIK

Prudent Growth

"BCA took proactive but cautious steps in stimulating credit growth. In the face of weak loan demand in 2016, the Bank gradually reduced interest rates on both consumer and business loans. As a result, BCA recorded positive credit growth across all of the Bank's lending segments. BCA continued to focus lending on high quality, long term customers with a solid track record in business.

A range of competitive banking products and services that accommodate customers' financial needs have supported growing transaction volume over the years. The Bank will continue to strengthen its core transaction banking business which will further encourage sustainable third party funds growth."

Loans

15.5%

CAGR (2011-2016)

The Bank offers competitive loan products across all loan segments

Third Party Funds

10.4%

CAGR (2011-2016)

Excellent transaction banking services enabled BCA to maintain a solid liquidity position

Net Income

13.8%

CAGR (2011-2016)

The Bank's solid profitability was supported by proactive steps taken to maintain the balance between the growth of operating income and operating expenses

Consistent Quality

"By consistently applying the principles of prudence in lending, BCA maintained its Non-Performing Loans (NPL) ratio at a manageable level. BCA's NPL ratio is well within the Bank's risk appetite and considerably lower than the industry average. BCA closely monitors developments in the macro economy and in individual industry sectors both to take advantage of business opportunities, and mitigate against risks, that may arise.

BCA continuously works to offer the highest quality transaction services in order to fulfill the evolving financial needs of the Bank's customers and to keep the Bank at the cutting edge of technological developments. Incorporating advancements in electronic transaction banking has been a priority for BCA over the last several years and is expected to continue into the future."

Non-Performing Loans (NPL)

1.3%

The Bank carried out its intermediary functions prudently to maintain a quality portfolio and minimize delinquent loans

Current Accounts and Savings Accounts (CASA)

77.0%

of third party funds

A robust multi-channel transaction engine secures a solid source of funding for the Bank in the form of low-cost CASA funds

Capital Adequacy Ratio (CAR)

21.9%

Growth in equity has strengthened the position of the Bank's solid capital and support ongoing positive business performance

Improved Efficiency

"Investments in technology and infrastructure ensure that the Bank is able to maintain reliable services across the various banking platforms of its multichannel network and improve efficiency in the Bank's operations. Investments in human capital, particularly through professional development programs and training, provide staff with the knowledge base to perform effectively and the skills to provide the highest standards of customer service."

Cost Efficiency

43.9%

cost efficiency ratio

Cost efficiency ratio was maintained below 50%. Various operational efficiency programs were implemented to contain operating expenses

Electronic Banking Transactions

25.1%

year-on-year growth in internet & mobile banking number of transactions

BCA strengthened its electronic network capabilities by leveraging on advancements in technology

Employee Turnover

2.4%

employee turnover

Conducive work environment and effective training programs resulted in a low employee turnover rate

01 FINANCIAL HIGHLIGHTS

Financial Highlights in the last 5 years[1] (Audited, Consolidated, as of or for the year ended December 31)

(in billion Rupiah)	2016	2015	2014	2013	2012
Financial Position					
Total Assets	**676,739**	**594,373**	**553,156**	**496,849**	**442,994**
Total Earning Assets	604,049	527,407	483,945	435,309	389,093
Loans - gross	415,896	387,643	346,563	312,290	256,778
Loans - net	403,391	378,616	339,859	306,679	252,761
Securities (including Securities Purchased Under Agreements to Resell)	112,135	52,521	98,589	90,211	82,388
Placements with Bank Indonesia and Other Banks	35,364	56,259	12,020	12,254	28,802
Total Liabilities[2]	**564,024**	**504,748**	**477,430**	**434,517**	**391,096**
Third Party Funds[3]	530,134	473,666	447,906	409,486	370,274
Current Accounts	137,853	115,653	107,419	103,157	96,456
Savings Accounts	270,352	244,608	228,993	219,738	200,802
Time Deposits	121,929	113,405	111,494	86,591	73,016
Borrowings and Deposits from Other Banks	7,690	5,899	6,835	3,802	2,458
Debt Securities Issued[4]	2,332	2,821	2,504	3,133	2,522
Total Equity	**112,715**	**89,625**	**75,726**	**62,332**	**51,898**
Comprehensive Income					
Operating Income	53,779	47,876	41,373	34,622	28,092
Net Interest Income	40,079	35,869	32,027	26,425	21,238
Operating Income other than Interest	13,700	12,007	9,346	8,197	6,854
Impairment Losses on Financial Assets	(4,561)	(3,505)	(2,239)	(2,016)	(499)
Operating Expenses	(23,379)	(21,714)	(18,393)	(14,790)	(12,907)
Income Before Tax	25,839	22,657	20,741	17,816	14,686
Net Income	**20,632**	**18,036**	**16,512**	**14,256**	**11,718**
Other Comprehensive Income (Expenses)	6,772	(344)	(147)	(777)	(267)
Total Comprehensive Income	**27,404**	**17,692**	**16,365**	**13,479**	**11,451**
Net Income Attributable to:					
Equity Holders of Parent Entity	**20,606**	**18,019**	**16,486**	**14,254**	**11,721**
Non-Controlling Interest	26	17	26	2	(3)
Comprehensive Income Attributable to:					
Equity Holders of Parent Entity	**27,378**	**17,674**	**16,339**	**13,477**	**11,454**
Non-Controlling Interest	26	18	26	2	(3)
Earnings per Share (in Rupiah)	**836**	**731**	**669**	**579**	**480**

All numbers in this document use English notation, unless otherwise stated.

1. BCA Insurance was consolidated in September 2013 in line with the increase in the Bank's effective ownership to 100%, and CS Finance was consolidated in January 2014 after BCA's effective ownership increased to 70%
2. Including temporary syirkah funds amounting to Rp 3,467 billion in 2016, Rp 2,802 billion in 2015, Rp 1,952 billion in 2014, Rp 1,444 billion in 2013 and Rp 1,029 billion in 2012.
3. Third party funds excluding deposits from other banks.
4. The debt securities issued represent bonds and medium-term notes issued by BCA Finance, a subsidiary of the Bank that is engaged in 4-wheeler financing.

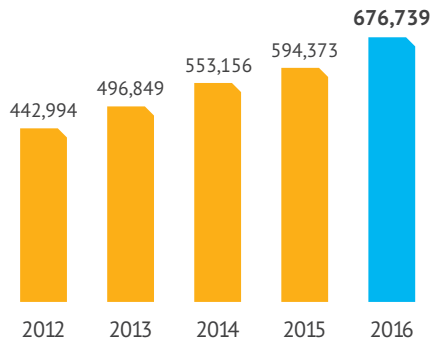
	2016	2015	2014	2013	2012
Financial Ratios[5]					
Capital					
Capital Adequacy Ratio (CAR)[6]	21.9%	18.7%	16.9%	15.7%	14.2%
CAR Tier 1	21.0%	17.8%	16.0%	14.8%	13.3%
CAR Tier 2	0.9%	0.9%	0.9%	0.9%	0.9%
Fixed Assets to Capital	22.4%	18.6%	21.2%	21.8%	24.0%
Earning Assets					
Non Performing Earning Assets to Total Earning Assets	1.1%	0.7%	0.6%	0.5%	0.4%
Impairment Provision on Earning Assets to Total Earning Assets	2.3%	2.0%	1.6%	1.5%	1.2%
Non Performing Loans (NPL) - gross[7]	1.3%	0.7%	0.6%	0.4%	0.4%
Non Performing Loans (NPL) - net	0.3%	0.2%	0.2%	0.2%	0.2%
Rentability					
Return on Assets (ROA)[8]	4.0%	3.8%	3.9%	3.8%	3.6%
Return on Equity (ROE)[9]	20.5%	21.9%	25.5%	28.2%	30.4%
Net Interest Margin (NIM)[10]	6.8%	6.7%	6.5%	6.2%	5.6%
Cost Efficiency Ratio	43.9%	46.5%	44.2%	42.9%	46.4%
Operating Expenses to Operating Revenues (BOPO)	60.4%	63.2%	62.4%	61.5%	62.4%
Liquidity					
Loan to Funding Ratio (LFR)[11]	77.1%	81.1%	76.8%	75.4%	68.6%
Current Accounts & Savings Accounts (CASA) Ratio	77.0%	76.1%	75.1%	78.9%	80.3%
Liabilities to Equity Ratio	507.5%	570.4%	635.8%	701.2%	763.9%
Liabilities to Assets Ratio	83.5%	85.1%	86.4%	87.5%	88.4%
Liquidity Coverage Ratio[12]	391.3%	363.3%	NA	NA	NA
Compliance					
Percentage Violation of Legal Lending Limit					
a. Related Parties	0.0%	0.0%	0.0%	0.0%	0.0%
b. Non Related Parties	0.0%	0.0%	0.0%	0.0%	0.0%
Percentage Lending in Excess of Legal Lending Limit					
a. Related Parties	0.0%	0.0%	0.0%	0.0%	0.0%
b. Non Related Parties	0.0%	0.0%	0.0%	0.0%	0.0%
Minimum Reserve Requirement					
a. Primary Reserve Requirement - Rupiah	7.3%	7.5%	8.4%	8.3%	9.0%
b. Reserve Requirement - Foreign Currency	8.5%	9.1%	8.6%	8.5%	8.3%
Net Open Position (NOP)	0.2%	0.4%	0.6%	0.2%	0.9%
Other Key Indicators					
Number of Accounts (in thousands)	15,583	14,129	13,370	12,486	11,447
Number of Branches[13]	1,211	1,182	1,111	1,062	1,011
Number of ATMs	17,207	17,081	16,694	14,048	12,026
Number of ATM Cards (in thousands)	14,402	13,090	12,429	11,639	10,674
Number of Credit Cards (in thousands)	2,983	2,748	2,583	2,458	2,357

5. Parent company only, financial ratios have been presented based on Circular Letter of Indonesia Financial Services Authority No.43/SEOJK.03/2016 dated 28 September 2016 regarding Transparency and Publication of Commercial Bank.
6. CAR is calculated with credit risk, operational risk and market risk based on Circular Letter of Bank Indonesia No. 11/3/DPNP dated January 27, 2009 which was later changed into Circular Letter of Indonesia's Financial Services Authority No. 24/SEOJK.03/2016 tanggal 14 Juli 2016 regarding the Risk Weighted Assets Calculation for Operational Risk using the Basic Indicator Approach; and calculated based on Indonesia's Financial Services Authority Regulation No. 11/POJK.03/2016 dated January 29, 2016, regarding Capital Adequacy Ratio (CAR) for Commercial Banks.
7. Calculated from total non performing loans (substandard, doubtful, loss) divided by total loans.
8. Calculated from income (loss) before tax divided by average total assets.
9. Calculated from net income (loss) divided by average Tier 1 capital.
10. Calculated from net interest income (expense) divided by average of earning assets.
11. Calculated from total loan portfolio to third party divided by total third party funds and securities that met certain criterias and issued by the Bank for funding purposes.
12. Calculated from total High Quality Liquid Asset (HQLA) divided by total net cash flow based on Indonesia Financial Services Authority Regulation No 42/POJK.03/2015 regarding Liquidity Coverage Ratio for Commercial Bank.
13. Including cash offices.

FINANCIAL HIGHLIGHTS - CONTINUED

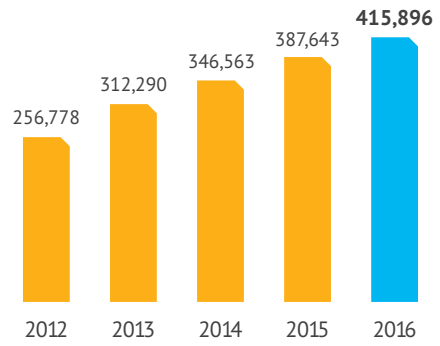
Total Assets

(in billion Rupiah)



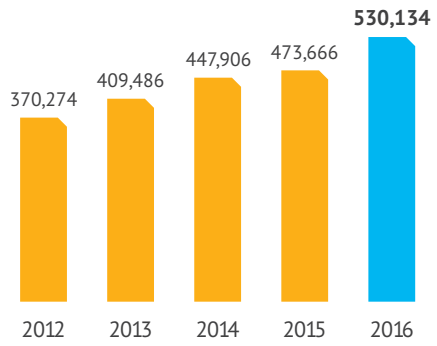
Loans - gross

(in billion Rupiah)



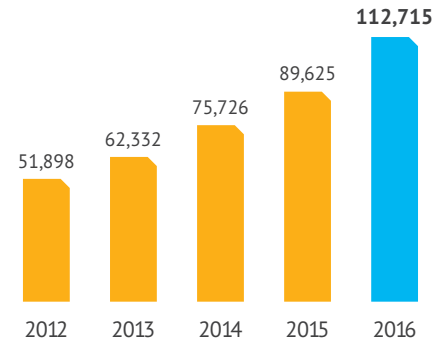
Third Party Funds

(in billion Rupiah)



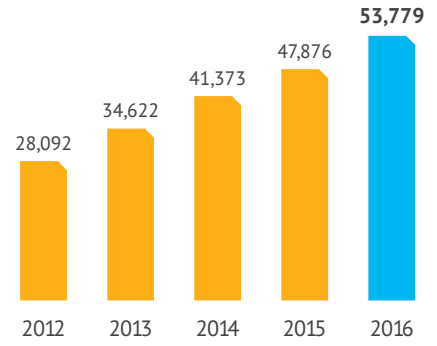
Total Equity

(in billion Rupiah)



Operating Income

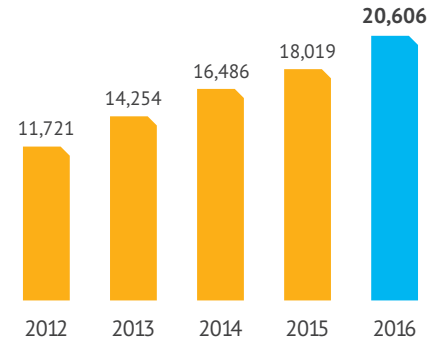
(in billion Rupiah)



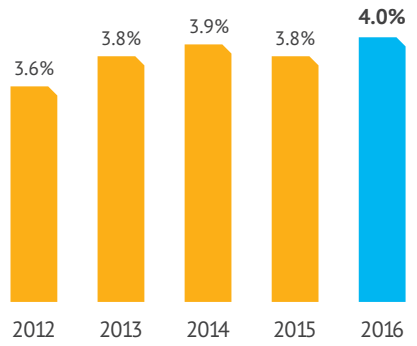
Net Income

Attributable to Equity Holders of Parent Entity

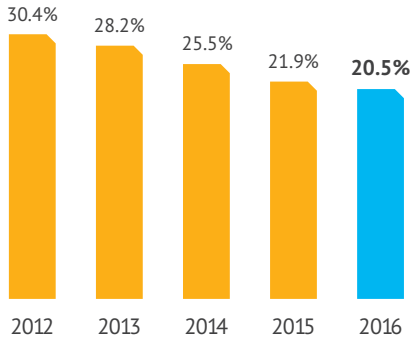
(in billion Rupiah)



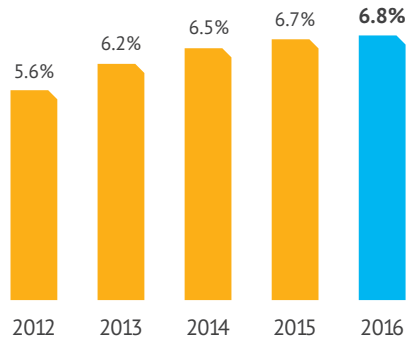
Return on Assets (ROA)



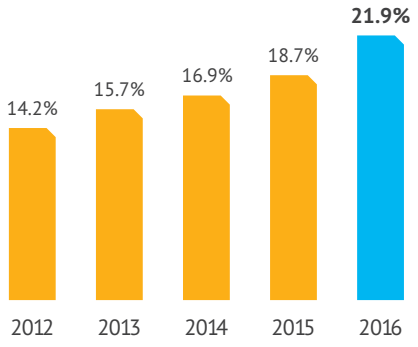
Return on Equity (ROE)



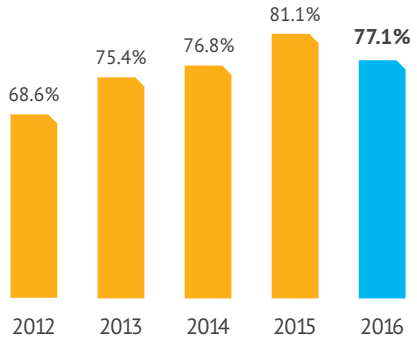
Net Interest Margin (NIM)



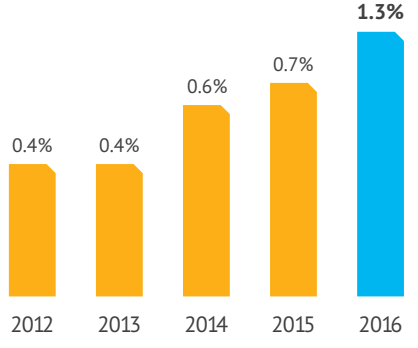
Capital Adequacy Ratio (CAR)



Loan to Funding Ratio (LFR)

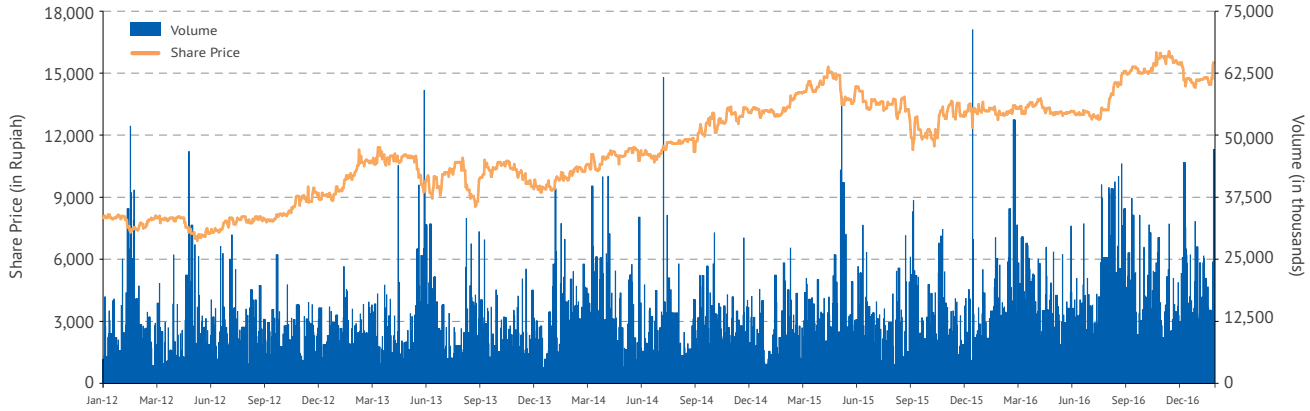


Non-Performing Loans (NPL) - gross



01 STOCK HIGHLIGHTS

BCA SHARE PERFORMANCE IN 2012 – 2016



Source: Bloomberg

	2016	2015	2014	2013	2012
Highest Price (in Rupiah)	16,200	15,600	13,575	12,500	9,500
Lowest Price (in Rupiah)	12,625	11,000	9,250	8,450	6,750
Closing Price (in Rupiah)	15,500	13,300	13,125	9,600	9,100
Market Capitalization (in billion Rupiah)	382,153	327,912	323,597	236,688	224,361
Earnings per Share (in Rupiah)	836	731	669	579	480
Book Value per Share (in Rupiah)	4,560	3,625	3,151	2,592	2,124
P/E (x)	18.5	18.2	19.6	16.6	19.0
P/BV (x)	3.4	3.7	4.2	3.7	4.3

Source: Bloomberg

BCA SHARE PRICE, VOLUME & MARKET CAPITALIZATION IN 2012 – 2016

Year	Quarter	Price			Transaction Volume (in thousand)	Market Capitalization (in billion Rupiah)
		Highest (in Rupiah)	Lowest (in Rupiah)	Closing (in Rupiah)		
2016	I	13,925	12,750	13,300	1,179,220	327,912
	II	13,450	12,625	13,325	992,972	328,528
	III	16,000	13,200	15,700	1,410,037	387,084
	IV	16,200	13,950	15,500	1,158,886	382,153
2015	I	14,825	12,800	14,825	771,201	365,511
	II	15,600	12,900	13,500	977,269	332,843
	III	13,900	11,000	12,275	850,501	302,640
	IV	13,800	11,875	13,300	891,297	327,912
2014	I	11,125	9,250	10,600	1,009,917	261,343
	II	11,525	10,425	11,000	816,759	271,205
	III	13,125	10,875	13,075	780,993	322,364
	IV	13,575	12,050	13,125	734,021	323,597
2013	I	11,400	8,850	11,400	695,468	281,067
	II	11,250	8,900	10,000	964,072	246,550
	III	12,500	8,450	10,000	762,881	246,550
	IV	10,800	9,250	9,600	606,268	236,688
2012	I	8,250	7,200	8,000	852,037	197,240
	II	8,250	6,750	7,300	738,340	179,982
	III	8,150	7,250	7,900	730,666	194,775
	IV	9,500	7,800	9,100	600,935	224,361

Source: Bloomberg

BCA Capital Structure in 2012 – 2016

	2016	2015	2014	2013	2012
Authorized Capital					
Number of Shares	88,000,000,000	88,000,000,000	88,000,000,000	88,000,000,000	88,000,000,000
Total par Value (in Rupiah)	5,500,000,000,000	5,500,000,000,000	5,500,000,000,000	5,500,000,000,000	5,500,000,000,000
Unissued					
Number of Shares	63,344,990,000	63,344,990,000	63,344,990,000	63,344,990,000	63,344,990,000
Total par Value (in Rupiah)	3,959,061,875,000	3,959,061,875,000	3,959,061,875,000	3,959,061,875,000	3,959,061,875,000
Issued and Fully Paid Up Capital					
Number of Shares	24,655,010,000	24,655,010,000	24,655,010,000	24,655,010,000	24,655,010,000
Total par Value (in Rupiah)	1,540,938,125,000	1,540,938,125,000	1,540,938,125,000	1,540,938,125,000	1,540,938,125,000
Treasury Stock					
Number of Shares	-	-	-	-	198,781,000
Total par Value (in Rupiah)	-	-	-	-	12,423,812,500
Outstanding Shares					
Number of Shares	24,655,010,000	24,655,010,000	24,655,010,000	24,655,010,000	24,456,229,000
Total par Value (in Rupiah)	1,540,938,125,000	1,540,938,125,000	1,540,938,125,000	1,540,938,125,000	1,528,514,312,500

BCA Cash Dividends in 2012 – 2016

Dividend Year	2016	2015	2014	2013	2012
Earnings per Share (in Rupiah)	836	731	669	579	480
Cash Dividends per Share (in Rupiah)	NA	160.0	148.0	120.0	114.5
Cash Dividends Amount (in Rupiah)	NA	3,944,801,600,000	3,648,941,480,000	2,958,601,200,000	2,814,351,671,500
Interim Dividend (in Rupiah)	70.0	55.0	50.0	45.0	43.5
Cum Dividend for Trading in:					
Regular and Negotiated Market	30 Nov 2016	12 Nov 2015	4 Dec 2014	28 Nov 2013	3 Dec 2012
Cash Market	5 Dec 2016	17 Nov 2015	9 Dec 2014	3 Dec 2013	6 Dec 2012
Final Dividend (in Rupiah)	NA	105.0	98.0	75.0	71.0
Cum Dividend for Trading in:					
Regular and Negotiated Market	NA	14 Apr 2016	16 Apr 2015	29 Apr 2014	28 May 2013
Cash Market	NA	19 Apr 2016	21 Apr 2015	5 May 2014	31 May 2013
Dividend Payout Ratio	NA	21.9%	22.1%	20.8%	24.0%

BCA Dividends History*

Description	Amount per Share	Declared	Cum-Dividend		Recording Date	Payment Date
2016 Interim	Rp 70.0	25 Nov 2016	Regular and Negotiation Market Cash Market	30 Nov 2016 5 Dec 2016	5 Dec 2016	22 Dec 2016
2015 Final	Rp 105.0	11 Apr 2016	Regular and Negotiation Market Cash Market	14 Apr 2016 19 Apr 2016	19 Apr 2016	29 Apr 2016
2015 Interim	Rp 55.0	9 Nov 2015	Regular and Negotiation Market Cash Market	12 Nov 2015 17 Nov 2015	17 Nov 2015	8 Dec 2015
2014 Final	Rp 98.0	13 Apr 2015	Regular and Negotiation Market Cash Market	16 Apr 2015 21 Apr 2015	21 Apr 2015	13 May 2015
2014 Interim	Rp 50.0	17 Nov 2014	Regular and Negotiation Market Cash Market	4 Dec 2014 9 Dec 2014	9 Dec 2014	23 Dec 2014
2013 Final	Rp 75.0	10 Apr 2014	Regular and Negotiation Market Cash Market	29 Apr 2014 5 May 2014	5 May 2014	20 May 2014
2013 Interim	Rp 45.0	11 Nov 2013	Regular and Negotiation Market Cash Market	28 Nov 2013 3 Dec 2013	3 Dec 2013	17 Dec 2013
2012 Final	Rp 71.0	8 May 2013	Regular and Negotiation Market Cash Market	28 May 2013 31 May 2013	31 May 2013	17 Jun 2013
2012 Interim	Rp 43.5	12 Nov 2012	Regular and Negotiation Market Cash Market	3 Dec 2012 6 Dec 2012	6 Dec 2012	20 Dec 2012
2011 Final	Rp 70.0	22 May 2012	Regular and Negotiation Market Cash Market	8 Jun 2012 13 Jun 2012	13 Jun 2012	27 Jun 2012
2011 Interim	Rp 43.5	17 Nov 2011	Regular and Negotiation Market Cash Market	6 Dec 2011 9 Dec 2011	9 Dec 2011	23 Dec 2011
2010 Final	Rp 70.0	16 May 2011	Regular and Negotiation Market Cash Market	6 Jun 2011 9 Jun 2011	9 Jun 2011	23 Jun 2011
2010 Interim	Rp 42.5	1 Nov 2010	Regular and Negotiation Market Cash Market	19 Nov 2010 24 Nov 2010	24 Nov 2010	9 Dec 2010
2009 Final	Rp 70.0	7 May 2010	Regular and Negotiation Market Cash Market	31 May 2010 3 Jun 2010	3 Jun 2010	17 Jun 2010
2009 Interim	Rp 40.0	26 Oct 2009	Regular and Negotiation Market Cash Market	12 Nov 2009 17 Nov 2009	17 Nov 2009	2 Dec 2009
2008 Final	Rp 65.0	20 May 2009	Regular and Negotiation Market Cash Market	9 Jun 2009 12 Jun 2009	12 Jun 2009	26 Jun 2009
2008 Interim	Rp 35.0	22 Dec 2008	Regular and Negotiation Market Cash Market	15 Jan 2009 20 Jan 2009	20 Jan 2009	30 Jan 2009
2007 Final	Rp 63.5	26 May 2008	Regular and Negotiation Market Cash Market	12 Jun 2008 17 Jun 2008	17 Jun 2008	1 Jul 2008
2007 Interim	Rp 55.0	12 Nov 2007	Regular and Negotiation Market Cash Market	29 Nov 2007 4 Dec 2007	4 Dec 2007	18 Dec 2007

Description	Amount per Share	Declared	Cum-Dividend		Recording Date	Payment Date
2006 Final	Rp 115.0	21 May 2007	Regular and Negotiation Market Cash Market	8 Jun 2007 13 Jun 2007	13 Jun 2007	27 Jun 2007
2006 Interim	Rp 55.0	21 Sep 2006	Regular and Negotiation Market Cash Market	10 Oct 2006 13 Oct 2006	13 Oct 2006	3 Nov 2006
2005 Final	Rp 90.0	17 May 2006	Regular and Negotiation Market Cash Market	6 Jun 2006 9 Jun 2006	9 Jun 2006	23 Jun 2006
2005 Interim	Rp 50.0	15 Sep 2005	Regular and Negotiation Market Cash Market	6 Oct 2005 11 Oct 2005	11 Oct 2005	25 Oct 2005
2004 Final	Rp 80.0	28 Jun 2005	Regular and Negotiation Market Cash Market	19 Jul 2005 22 Jul 2005	22 Jul 2005	5 Aug 2005
2004 Interim	Rp 50.0	27 Oct 2004	Regular and Negotiation Market Cash Market	22 Nov 2004 25 Nov 2004	25 Nov 2004	8 Dec 2004
2003 Final	Rp 112.5	8 Jun 2004	Regular and Negotiation Market Cash Market	30 Jun 2004 6 Jul 2004	6 Jul 2004	20 Jul 2004
2002 Final	Rp 225.0	7 Nov 2003	Regular and Negotiation Market Cash Market	3 Dec 2003 8 Dec 2003	8 Dec 2003	19 Dec 2003
2001 Final	Rp 140.0	10 Oct 2002	Regular and Negotiation Market Cash Market	29 Oct 2002 1 Nov 2002	1 Nov 2002	15 Nov 2002
2001 Interim	Rp 85.0	29 Oct 2001	Regular and Negotiation Market Cash Market	14 Nov 2001 20 Nov 2001	20 Nov 2001	4 Dec 2001

* BCA conducted a 2 for 1 stock split, one share was split into two shares, effective on May 15, 2001, June 8, 2004 and January 31, 2008

02

Management Report

02 Report of The Board of Directors

Jahja Setiaatmadja
President Director

BCA's performance in 2016 reflects the balance between initiatives to capture business opportunities and ongoing efforts to optimize operational efficiency while continuing to invest in strengthening the Bank's capabilities to ensure long-term competitiveness in the future. This balance is the basis for the theme of this year's Annual Report, "Expanding Capabilities, Capturing Opportunities".

Respected Shareholders and Stakeholders,

We are delighted to report that in 2016 BCA and its subsidiaries recorded solid financial performance and consistently delivered added value to all stakeholders. These achievements reflect the Bank's success in expanding capabilities and capturing business opportunities amidst the various challenges faced by the Indonesian banking industry.

Throughout the year BCA continued to invest in both transactional account and lending capabilities while supporting the development of the business plans of the Bank's subsidiaries. BCA continuously works to offer the highest quality service while being guided at all times by the principle of prudent risk management. The Bank's strategy is focused on fulfilling the evolving financial needs of customers and remaining at the cutting edge of technological developments.

Review of the Indonesian Economy and Banking Industry

The Indonesian economy experienced several positive trends in 2016 supported by a series of sectoral reforms and proactive Government fiscal and monetary policies. Amidst ongoing global economic uncertainty, Indonesia recorded GDP growth of 5.0% in 2016, slightly higher than the 4.9% growth recorded in 2015.

While at a lower growth rate than its historical record over the last decade, Indonesian economy saw relatively stronger upward trends compared to other G20 countries. The Indonesian Government supported economic growth in 2016 by launching a number of economic reform policies, including the tax amnesty program that was implemented in the second semester of 2016. The tax amnesty program was well received and succeeded in strengthening the State Budget and liquidity in Indonesia's financial markets. The policy will help provide a foundation for

continued growth in the coming years. Alongside these efforts, the Government remains committed to accelerating spending for infrastructure projects.

Adequate banking sector liquidity, stable Rupiah exchange rates, and a relatively low inflation rate in 2016 allowed Bank Indonesia to gradually reduce benchmark interest rates in order to support and stimulate economic growth. From the beginning of the year through October 2016, Bank Indonesia reduced benchmark interest rate by a total of 150 basis points. Bank Indonesia held benchmark interest rate steady over the final two months of the year in consideration of indications of a change in United States' economic strategy that may lead to faster than expected increases in the Fed Funds Rate. Overall, Bank Indonesia implemented prudent monetary policy over the course of the year in order to maintain the stability of Indonesia's financial markets.

Over the last three years, the Indonesian banking sector has seen an increase in Non-Performing Loans (NPL) due to depressed commodity prices and a slowdown in growth of the national economy. The industry NPL ratio increased from 1.8% in 2013 to 2.5% in 2015 and 2.9% at the end of 2016. Banks responded by placing increased focus on loan restructuring and enhancing loan loss reserves for NPLs. While caution is still necessary in light of continuing economic uncertainty, we believe that pressure on loans eased somewhat in the fourth quarter of 2016 and will remain within manageable levels.

Overall, the national banking industry remained solid in 2016 supported by the policies issued by the Indonesia's Financial Services Authority (OJK) and Bank Indonesia. Following a drop in net income of 6.3% in 2015, the banking sector recovered in 2016 and posted positive net income growth of 1.9% during the year. The banking sector's capital position remains strong with a Capital Adequacy Ratio (CAR) of 22.9%. The Loan to Deposit Ratio (LDR) closed 2016 at 90.7% compared to 92.1% at the end of 2015, indicating an adequate liquidity position in the sector. Domestic regulators consistently monitored the sector's liquidity by proactively adjusting the benchmark interest rates and minimum reserves requirements. The banking industry ended the year with respectable 7.9% loan growth and a 9.6% increase in third party funds.

BCA Strategic Steps and Performance in 2016: Improving Long-term Capabilities and Capturing Opportunities Amidst Challenges

BCA carefully measures overall economic conditions and changes in the competitive landscape within the national banking industry in order to assess the challenges and opportunities in a dynamic environment. With the Indonesian economy entering into a recovery phase, the Bank has focused on exploring and optimizing various business opportunities. Throughout the year, BCA worked to improve its loan portfolio, in both the business and consumer segments, while still maintaining loan quality. The Bank achieved solid growth in consumer lending by selectively choosing lending opportunities within a slowdown in the property and automotive lending sectors. In the business segment, facing the challenge of stagnant loan demand, BCA took advantage of seasonal demand spikes, especially during Ramadhan and the year end.

BCA maintained its preeminence in transaction banking by expanding both its brick & mortar and electronic banking network capacity and capabilities. In recent years, electronic channel services have undergone continuous development, becoming one of the main focuses of the Bank's business activities. Transaction banking is the engine supporting the growth of the Bank's Current Accounts and Savings Accounts (CASA) funds. In 2016, aside from customer transactions, increases in third party funds were also supported by the influx of funds from the tax amnesty program. BCA continued to invest in transaction banking and optimized efforts to capitalize on the funding opportunities presented by the tax amnesty program in 2016.

With the support of a solid capital base, liquidity position and rentability, BCA realized a variety of investment and work programs in 2016 including in the areas of transaction banking, lending, and in supporting the business plans of the subsidiaries. Management believes that ongoing improvements to business capabilities is the key to success in providing the best possible service to customers and ultimately, improving Bank's franchise and profitability in the intermediate and long term.

Developments of the Transaction Banking Franchise

A large customer base inter-connected across an integrated multi-channel network is the cornerstone of the Bank's transaction banking franchise. Investments are continually made to strengthen this core business and to consistently adapt to changing customer behavior and preferences. The development of digital banking services has been a priority for the Bank in recent years. The electronic banking platform is a pillar of BCA's franchise.

BCA maintained its position as a leader in transaction banking with continuing increases in overall transaction value and frequency, and growth in CASA funds. Convenience, security and reliability are the foundations of the Bank's philosophy on transaction banking quality and provide clear objectives when making improvements to the network, scope, services, facilities, and products offered. Various programs and initiatives have been implemented to anticipate growth in the quantity and variety of customer needs.

In 2016 BCA continued to develop the branch and ATM networks. The physical network plays an important role in banking services, offering face-to-face interactions and strengthening the relationship between customers and the Bank. To date, the physical branch network carries the highest transaction value with ATMs remaining the most popular channel in terms of transaction frequency. As such, the Bank continues to expand these channels while always working to improve the efficiency of these networks. Brick & mortar channel expansion was focused towards a smaller, more compact, branch footprint and kiosks supported by automation to increase service capacity and efficiency. Expansions to the ATM network have been undertaken with the addition of Cash Recycling Machines (CRMs), a type of ATM that allows cash deposits and withdrawals to be served in a single machine by reusing the deposited cash for subsequent withdrawals. While a considerable investment is necessary for the installation of these new machines, the increase in operational efficiency and the decrease in the frequency of machine visits to maintain cash balances in the CRM will ultimately result in lower cost transactions compared with conventional ATMs and branch banking.

Similar to the trend in recent years, 2016 showed higher growth in internet and mobile banking transactions than ATM or branch transactions. The Bank's efforts to direct its customers to utilize these digital channels have shown positive results over the last few years. Beyond the cost and benefits to the Bank, internet banking and mobile banking services are more convenient for customers with unrestricted accessibility 24 hours a day, 7 days a week. Maintaining and enhancing digital banking channels is a direct response to the changing needs of the Bank's customers in an era of dynamic technological developments. BCA is in the forefront of enhancing its IT infrastructure and systems in line with the latest advancements while closely monitoring the rapidly evolving trends in digital banking.

A steady focus on expanding the transaction banking franchise enabled BCA's CASA funds to grow in 2016 even against the background of a recovering phase of the national economy. The tax amnesty program supported increased activity in CASA funds during the second half of 2016. Capitalizing on this opportunity, BCA was proactive in working with customers who wished to participate in the tax amnesty program. BCA prepared a system to facilitate payments of the tax amnesty redemption money and made available products and services for customers looking to invest their repatriated funds, while ensuring solid internal procedures in accordance with the tax amnesty program guidelines. These steps produced positive results as BCA was the largest single contributor of redemption payments to the Directorate General of Taxation. By the end of 2016, the portion of redemption money settled through BCA was nearly 40% of the nationwide total.

CASA funds constitute the main source of liquidity at the Bank and ensure that BCA has a low interest cost funding base. CASA funds dominated the Bank's overall third party funds, comprising 77.0% of the total third party funds at the end of 2016. BCA recorded CASA funds of Rp 408.2 trillion as of December 31, 2016, a 13.3% increase compared to December 31, 2015.

Board of Directors

left to right

standing :

Rudy Susanto
Director

Santoso
Director

Erwan Yuris Ang
Independent Director

Suwignyo Budiman
Director

Subur Tan
Director

Henry Koenaifi
Director

seated :

Inawaty Handoyo
Director

Lianawaty Suwono
Director

Armand Wahyudi Hartono
Deputy President Director

Jahja Setiaatmadja
President Director

Eugene Keith Galbraith
Deputy President Director

Prudent Loan Portfolio Development

BCA posted an increase of 7.3% in the loan portfolio to reach Rp 415.9 trillion at the end of 2016, in line with the Indonesian banking industry. The growth was lower than the average of the last 5 years in light of the prudent approach taken by many business owners in adjusting production volume which in turn led to a stagnant loan demand.

In consumer lending, BCA launched a number of competitive and attractive products during 2016 while continuing to enhance service quality. With a low-risk lending model, mortgages remain a mainstay of the Bank's consumer loan portfolio as the longer tenor and personal nature of the loan provides an ideal opportunity for BCA to develop a long-term relationship with the borrower for all their financial needs. In May 2016, the Bank re-launched its signature 'Fix & Cap' mortgage program with a six-year term and lower interest rates in line with the declining cost of funds and increasing liquidity in the banking industry. This product delivered positive results with BCA's mortgage portfolio continuing to grow against the backdrop of a property sector that remains in recovery phase. The Bank also saw growth in the vehicle financing portfolio even with the weak demand for four-wheeled vehicles in 2016. The Bank responded to sluggish automotive industry performance with a series of auto show events in collaboration with car dealers as well as through several popular car financing products, such as 'Fix & Cap' that offer competitive interest rates. Credit card promotion and sales programs continued to be pushed forward based on consumer trends by developing regular collaborations with strategic partners.

In the corporate, commercial and Small & Medium Enterprise (SME) lending segments, BCA faced some challenges in terms of loan demand. The Bank responded to these conditions by actively taking advantage of any seasonal peak in loan demand throughout the year, particularly around Idul Fitri and end-of-the-year festive season, as needs for business financing increased. In order to optimize lending opportunities, the Bank reduced interest rates on corporate, commercial and SME loans in accordance with market demand and the reductions in Bank

Indonesia benchmark interest rates. Moreover, BCA continued to develop its lending infrastructure by improving the number and competence of account officers, enhancing loan products, reviewing lending policies and strengthening the regional business development infrastructure.

By year end 2016, BCA's loan portfolio stood at Rp 415.9 trillion, an increase of 7.3% compared to the previous year. The NPL ratio was recorded at 1.3%, an increase of 60 basis points compared to 2015, owing primarily to a slight weakening of loan quality in the corporate and commercial segments. BCA was proactive in monitoring its loan portfolio, initiating loan restructuring for quality customers showing long-term business solidity but facing temporary financial difficulties due to the unstable business environment. We consider the increase in the NPL ratio to be within a manageable margin and in accordance with the Bank's risk appetite. In 2016, BCA booked significant expenses of Rp 4.5 trillion for loan loss reserves and solidified its reserves to NPL ratio to 229.4%.

In both the business and consumer segments, BCA exercised caution in lending in order to maintain loan quality while protecting solid liquidity and capital positions. Lending activities were focused on real and healthy demand with the Bank ensuring a diverse portfolio in order to mitigate concentration risk.

Developing the Subsidiaries

BCA continues to develop value-added products for the customers both at the Bank and through our subsidiaries. We are committed to serving our expanding customer base with a wide variety of complementary financial products and services. In line with this approach, the Bank has enhanced its core business through a number of subsidiaries focused on the vehicle financing, remittance, Sharia banking, securities, as well as general and life insurance businesses. In general, the subsidiary businesses performed well throughout 2016.

BCA Finance, a subsidiary of BCA engaged in 4-wheeler financing, showed solid performance in 2016. Its synergy with BCA through strategic cooperation in funding and marketing ensured a strengthened position as one of the largest 4-wheeler financing companies in Indonesia and a significant contribution to the Bank's consumer loan portfolio.

In recent years, BCA has supported the capital and business development needs of BCA Syariah, BCA Insurance, and BCA Life. In 2015, BCA Syariah was classified as a BUKU II category Sharia bank with a capital base greater than Rp 1 trillion. With the reclassification, BCA Syariah is able to expand its various products and services in accordance with the privileges granted to BUKU II Sharia banks. An additional capital injection in BCA Insurance in mid-2105 allowed the subsidiary to further develop its business and improve its regulatory solvency. Through BCA Sekuritas, the Bank strengthened the capital base of BCA Life in order to establish a solid business foundation.

BCA is confident that the business potential of the subsidiaries will continue to grow in their respective areas. The Bank's large customer base provides opportunities for developing the subsidiaries and opens an additional channel for introducing new quality customers to the BCA group.

Challenges, Financial Performance and Target Achievements

BCA recorded a solid financial performance during the year amidst the various opportunities and challenges faced by the banking sector. Owing to its preeminence in transaction banking, BCA was able to sustain solid core CASA funding throughout the year. By offering convenient, secure, and reliable transaction services, BCA maintained the trust of its customers and enjoyed 11.9% growth in third party funds, driven by CASA accounts, offsetting a relatively flat first half of the year. The third party funding growth exceeded the target range of 5%-7% set at the beginning of the year.

In lending, BCA registered healthy loan growth of 7.3% to reach Rp 415.9 trillion by the end of 2016. Faced with the challenge of overall weak business loan demand, the loan portfolio growth is nearly within the target range of 9%-10% set at the beginning of 2016. Combined corporate and consumer lending accounted for the largest contribution to the Bank's total loan growth in 2016. In the business loan segment, BCA directed its lending focus towards customers with proven track records and long relationships with the Bank. In the consumer loan segment, the Bank captured its share of the market by offering products with competitive interest rates.

In line with the increasing trend in delinquent loans across the Indonesian banking sector, BCA's NPL ratio increased from 0.7% in 2015 to 1.3% in 2016. The NPL ratio remains comfortably below the industry average of 2.9%. The Bank established additional reserves of Rp 4.5 trillion to cover potential loss on loans, with the ratio of reserves to total NPL reaching 229.4%.

Supported by a low cost of funds, a quality loan portfolio and solid earning assets growth, the Bank's net interest income increased by 11.7% to Rp 40.1 trillion in 2016 from Rp 35.9 trillion in 2015, with a net interest margin of 6.8%, up from 6.7% the year before. Operating Income other than Interest grew by 14.1% to Rp 13.7 trillion at the end of 2016 in line with efforts to increase non-interest income, including fee and commission income (fee-based income) from the transaction banking business and treasury activities. In order to reinforce profitability, BCA successfully optimized operational efficiency while remaining committed to investing in network and information technology which constitutes a significant portion of the Bank's operational expenses. The Bank's overall Net Profit amounted to Rp 20.6 trillion in 2016, up 14.4%. BCA recorded Return on Assets (ROA) and Return on Equity (ROE) of 4.0% and 20.5%, respectively. Overall results exceeded targets set for 2016.

The Bank's capital and liquidity positions were maintained with a Capital Adequacy Ratio (CAR) of 21.9% and Loan to Funding Ratio (LFR) of 77.1%. BCA has achieved a CAR above the minimum requirement determined by Bank Indonesia and in anticipation of possible new regulations concerning capital based on BASEL III requirements. BCA recorded secondary reserves of Rp 60.3 trillion or 11.4% of the Bank's total third party funds, bolstering the Bank's strong liquidity position.

Below is BCA financial highlight comparing the Bank's figures in 2016 with those in 2015.

BCA Financial Highlights (in billion Rupiah)

	2016	2015	Δ %
Total Assets	676,739	594,373	13.9%
Loans	415,896	387,643	7.3%
Third Party Funds	530,134	473,666	11.9%
Net Interest Income	40,079	35,869	11.7%
Operating Income other than Interest	13,700	12,007	14.1%
Operating Expenses	(23,379)	(21,714)	7.7%
Income Before Tax	25,839	22,657	14.0%
Net Income attributable to equity holders of parent entity	20,606	18,019	14.4%
EPS (in Rupiah)	836	731	14.4%

Key Financial Ratios (non consolidated)

	2016	2015	Δ bps
ROA	4.0%	3.8%	20
ROE	20.5%	21.9%	(140)
NIM	6.8%	6.7%	10
LFR	77.1%	81.1%	(400)
NPL	1.3%	0.7%	60
Cost Efficiency Ratio (CER)	43.9%	46.5%	(260)
CAR (credit, market and operational risk)	21.9%	18.7%	320

With the exception of loan growth, the achievements outlined above are generally better than the targets established at the beginning of the year. BCA's in general solid performance enabled the Bank to close the year with higher net profit growth than the year before, generating ROA and ROE at a level that is higher than the projected targets.

Below is BCA financial performance highlights against the initial targets.

	Target	Achievement
Loan growth	9% - 10%	7.3%
Third party funds growth	5% - 7%	11.9%
ROA	>2.5%	4.0%
ROE	15% - 20%	20.5%

Improving the Implementation of Corporate Governance

Good Corporate Governance (GCG) plays an important role in maintaining the trust of, and offering added value to, all stakeholders. The Board of Directors and the Board of Commissioners along with all members of management and staff are committed to creating an organization built upon the principles of transparency, accountability, responsibility, fairness and independence. In implementing GCG, BCA refers to the regulations issued by Indonesia's Financial Services Authority and Bank Indonesia, as well as the guidelines established by the ASEAN Corporate Governance Scorecard and developments in best practices throughout the banking industry.

Clear division of tasks and responsibilities amongst the work units in BCA as well as the principle of checks and balances reflects its sound internal control system. In line with the Bank's efforts to continually strengthen the structure of corporate governance, and in accordance with the prevailing regulations, in 2015 BCA established an Integrated Corporate Governance Committee. This Committee is tasked with compiling Integrated Governance Guidelines and also reviewing and adjusting, where necessary, the duties and responsibilities of the Compliance Work Unit, the Risk Management Work Unit and the Internal Audit Division. Various efforts focused on improving corporate governance continued throughout 2016.

Interactive communications with the customers, regulators, and capital market communities are keys to transparency with the stakeholders. The Bank's success as a gateway for payments in support of the tax amnesty program would not have been possible without strong lines of communication between BCA and the Directorate General of Taxation. The Bank actively worked with the Directorate General of Taxation in order to arrange a series of educational discussions that were delivered to the Bank's customers through tax amnesty seminars conducted in 20 major cities across Indonesia. The positive results of these programs can be seen from the significant increase in third party funds during the second half of 2016.

BCA regularly conducts self-assessment of its implementation of the corporate governance, and in 2016 the Bank's self-assessment was categorized under "Rank I" (Very Good). For its commitment to corporate governance, BCA received appreciation from FinanceAsia as the Most Committed to Corporate Governance – Asia's Best Companies 2016 (Indonesia).

Changes to the Board of Directors

We wish to report that in 2016, Dhalia Mansor Ariotedjo and Anthony Brent Elam completed their terms as members of the Board of Directors. Dhalia Mansor Ariotedjo assisted BCA in building a solid corporate loan portfolio with a focus on high quality Indonesian companies. BCA's corporate lending increased by 25.6% CAGR over a period of 15 years under Ms. Ariotedjo's leadership. Consistent with his specialization in risk management, Anthony Brent Elam laid a solid foundation for quality loan growth. A systematic and prudent but business-oriented approach allowed BCA to acquire high quality customers. Over a period of 15 years, the Bank's total loan portfolio increased by 29.3% CAGR with an NPL ratio of 0.7% as of the end of 2015. On behalf of the Board of Directors, I wish to express my gratitude for the dedication and services that Ms. Ariotedjo and Mr. Elam gave to BCA as members of the Board of Directors from 2001 and 2002 respectively.

In line with the increasing complexities faced by the banking industry, BCA realigned its organizational structure by creating the Transaction Banking and Human Capital Management Directorates. In 2016 the Annual General Meeting of Shareholders appointed Santoso as Transaction Banking Director responsible for all working units engaged with payment system product and service development. The Annual General Meeting of Shareholders also appointed Lianawaty Suwono as the new Human Capital Management Director who is strategically focused on the fulfilment of the Bank's ongoing human resources needs and succession planning.

We also wish to congratulate Armand Wahyudi Hartono on his appointment as Deputy President Director, having previously

served as a member of the Board of Directors since 2009. We also congratulate Inawaty Handoyo, the new Director of Credit, replacing Rudy Susanto who has been reappointed as Director of Corporate Banking. We are confident that their competence and experience will be invaluable in delivering tangible contributions towards the Bank's business development in the coming years.

Performance Assessment of Committees under the Board of Directors

In managing the Bank's activities, the Board of Directors is supported by 7 Executive Committees consisting of the Asset & Liability Committee (ALCO); Credit Policy Committee; Credit Committee; Risk Management Committee; Integrated Risk Management Committee; Information Technology Steering Committee; and the Personal Case Advisory Committee.

Throughout 2016, these committees contributed to the Bank in accordance with their duties and responsibilities and offered valuable insights in support of the Board of Directors. Each committee conducted regular discussions on their work programs in light of the developments and trends at BCA, in the economy and with prevailing regulations.

ALCO supported the Bank in optimizing the return on earning assets while also ensuring that liquidity risk, interest rate risk and foreign exchange risk are well-controlled. The committee regularly evaluates liquidity management policies and strategies. In line with BCA's quality lending focus, the Credit Policy Committee evaluates lending policies by taking into account the principle of prudence in lending. The Credit Committee, in accordance with prevailing loan policies, assists the Board of Directors in the evaluation of loan proposals and decision-making for large credit facilities.

The Risk Management Committee has ensured that the risk management framework is capable of providing adequate protection against all risks faced by BCA. Further, to strengthen protection against all risk for both BCA and the subsidiaries, the Integrated Risk Management Committee was established in 2015 to formulate the foundations of integrated risk management, including regular evaluations of the integrated risk profile.

The Information Technology Steering Committee ensures that information technology systems within BCA are implemented in accordance with the Bank's overall direction and strategy. Finally, the Personnel Case Advisory Committee has provided recommendations to the Board of Directors regarding settlement of employee breaches of policy by adhering to the principles of established fact, equality and fairness after reviewing the details of each case.

Corporate Social Responsibility

BCA is committed to actively engage in various social activities as part of the Bank's Corporate Social Responsibility (CSR) programs and as a token of appreciation for the public's trust. CSR activities are focused on making a real contribution to Indonesian society.

The Bank's CSR programs are established under the 'Bakti BCA' framework, which includes regular programs in the fields of education, culture, health, environmental preservation and sports. In delivering these programs, BCA collaborates with a number of leading institutions that possess experience and competence in their relevant fields. These institutions include the WWF, UNICEF, Indonesian Red Cross and various leading universities across the country.

BCA recognized the importance of education in increasing the quality and competitiveness of the Indonesian people for the future. As such, during 2016 the Bank continued to actively provide educational programs in the field of accounting and information technology in addition to distributing aid for education facilities, scholarships, banking education and financial literacy programs.

BCA plays an active role in the preservation and development of Indonesian national culture, particularly in programs supporting wayang, Indonesia's puppetry culture. In collaboration with competent institutions, the Bank aims to better familiarize the younger generation with Indonesian traditional art. In 2016, BCA continued its educational television program, 'World of Wayang' and offered related educational programs to students.

In the field of health, BCA and relevant institutions facilitated health service activities for underprivileged members of the public and coordinated blood drives, which were fully supported by BCA staff members. With a focus on environmental preservation, BCA supported a number of programs, such as mangrove tree planting and orangutan rehabilitation and release programs. In sports, the Bank once again sponsored the Indonesian Open international badminton championships along with other sporting events in 2016.

The Bank's CSR programs do not only take the form of donations but also attempt to empower the Indonesian people so that mass society is directly involved in creating and developing the programs. BCA works alongside the local community, such as in the area of tourism village development program, to improve productivity and increase the potential tourism opportunities with the view of establishing local economic independence.

Business Prospects and Strategy Forecast for 2017

Indonesian economic prospects are expected to improve in 2017 driven by prudent Government policies, the continuing impact of tax amnesty program, and ongoing infrastructure developments. The global economy, including the United States' economic prospects, will also have an impact on the direction of the Indonesian economy.

BCA began to see the signs of a macroeconomy recovery at the end 2016 and is thus optimistic about the economic prospects for 2017. Commodity prices are beginning to post positive growth, indicating an improving trend for Indonesia's commodity export industries. As a result, BCA expects to see stronger loan growth in 2017 compared to 2016.

The Bank will continue to monitor the possible impact the expected increase in the Fed Funds Rate may have on the financial markets. Faced with the uncertain risks of global interest rate movement and the risk of the instability of global capital flows, BCA will prioritize supporting strong liquidity and capital positions while continuing to focus on maintaining loan quality. BCA continuously reflects upon the developments of the macro economy and each industry sector, both to best take advantage of the opportunities that arise and to mitigate against risks that may occur in 2017.

BCA will continue to strengthen transaction banking as a major source of reliable CASA funds that have proven their stability through diverse economic cycles. Investments in the multi-channel infrastructure of transaction banking and in increasing lending capabilities will not cease as BCA continues to seek opportunities in, and take advantage of, the long-term prospects of the Indonesian banking industry.

Considering the importance of preparing for the long term, BCA continues to strengthen synergy amongst the subsidiaries and support their capital needs to further broaden and enhance the BCA Group's sources of income. One thing that must not be put aside is the working programs and efforts to adapt to the dynamic developments in technology and customer behavior in order to maintain the Bank's position at the forefront of the banking industry. BCA is in the process of establishing a venture capital company that will invest in, and collaborate with, financial technology (fin-tech) companies and other financial support services.

Appreciation to All Stakeholders

As ever, the Board of Directors greatly appreciates the contribution of both the customers and the Bank's employees to BCA's success in 2016. BCA customers steadfast trust in the products and services provided by the Bank has allowed BCA to continue growing, and it has motivated the Bank's employees to maintain their consistently high levels of quality performance.

The Board of Commissioners once again offered invaluable support, guiding the Bank through the challenges faced in 2016 and carefully monitoring the actions and decisions of management to ensure the Bank's effectiveness and adherence to prudent banking principles. It is with this solid support that BCA has been able to continue expanding its capabilities and capacities while capturing new growth opportunities.

Finally, on behalf of the Board of Directors and the management of the BCA, I would like to thank all stakeholders, including the Indonesia's Financial Services Authority and Bank Indonesia, for the support and trust we have received throughout the year and which will allow us to look ahead with optimism.

Jakarta, March 2017
On behalf of the Board of Directors,

Jahja Setiaatmadja
President Director

02 Board of Commissioners' Supervisory Report

Djohan Emir Setijoso
President Commissioner

BCA strengthened its foundation for future growth and capitalized on the opportunities that arose across all business lines throughout 2016 while adhering to the principles of prudent risk management. Good corporate governance is a prerequisite to delivering added value to the stakeholders.

Valued Shareholders,

We are pleased to report that BCA recorded solid performance in 2016. The Bank closed the year with an increase in net profit of 14.4%, reaching Rp 20.6 trillion, equivalent to Rp 836 per share. Return on Assets (ROA) and Return on Equity (ROE) were better than the targets set at the beginning of the year. BCA's solid financial performance reflects a balance between the efforts undertaken to capture business opportunities; increase operational efficiency; and the investments made in strengthening capabilities for enhanced competitiveness.

In its supervisory role, the Board of Commissioners believes that the Board of Directors has carefully responded to the recovery phase in the national economy to ensure that the Bank is moving in the right direction. The Directors were able to guide BCA in capturing various business opportunities, while prioritizing stable liquidity, a solid capital base, and healthy loan quality.

Review of the Economy and the Banking Sector in 2016

In 2016 Indonesia experienced economic growth of 5.0%, compared to 4.9% in 2015. After going through a period of relatively flat growth since 2014, key macroeconomic indicators started showing signs of improvement and increased stability throughout 2016. These results were consistent with the efforts of the Government and regulators in stimulating the recovery of the domestic economy while also maintaining the stability of the macroeconomy and the financial system amidst ongoing global economic uncertainty.

High-GDP countries, such as the United States of America, Eurozone countries, China, and Japan, faced difficult macroeconomic challenges in 2016. Many countries experienced slight deflation, or at best near-zero inflation rates, reflecting reduced

consumption, weak buying power and over production capacity. Various stimulus programs in place for several years, including low interest rate policy, have had little significant impact on the economies of these countries. The prolonged low interest rate environment generated concerns about the performance and stability of the global financial industry, including the banking sector.

The economic slowdown in China was a major factor in the weak export performance of most Asian countries. Following two decades of rapid growth, the Chinese economy overheated, marked by excess production capacity, highly leveraged loans and concerns over loan quality. Aside from this, political conditions in developed countries, such as the recent Presidential election in the United States and the UK's exit from the European Union, further contributed to unstable liquidity flows in the global financial markets during the second half of 2016.

To a certain extent, the weak economic growth in major developed countries has affected Indonesian export figures. However, in overall terms, the domestic macroeconomy remained under control. The national trade balance was maintained at a surplus in 2016, even with exports facing downward pressure, contributing to the improvement of the current account deficit – which has been negative since the fourth quarter of 2011 – from a high of 4.26% in the second quarter of 2014 to 1.75% in 2016. The country's slight recovery, along with the increase in capital inflows, has promoted a stronger Rupiah. Bank Indonesia's cautious monetary policy that factored in various external elements, particularly the movements of the Fed Funds Rate in the U.S. had a positive effect on the stability of capital flows into Indonesia. At the same time, inflation indicators trended downwards, declining to a 3.0% inflation rate in 2016. The relatively low commodity prices, the stable Rupiah exchange rate, and well-balanced supply and demand patterns of staple goods contributed to keeping inflation at a relatively low level when compared to the recent past.

In an attempt to accelerate the pace of economic development, while taking into consideration various macroprudential factors, Bank Indonesia has eased monetary policies, amongst others, by reducing the minimum reserves requirements in 2015 and early 2016 and later cutting the benchmark interest rates. From the beginning of the year through October 2016, Bank Indonesia reduced benchmark interest rates by a total of 150 basis points. Following the conclusion of the Presidential election in the U.S. and the increase in the Fed Funds Rate in December 2016, Bank Indonesia held the benchmark interest rate steady in the final months of the year in order to sustain stable liquidity and maintain overall macroprudential policies.

Board of Commissioners

left to right

standing :

Sumantri Slamet
Independent Commissioner

Tonny Kusnadi
Commissioner

Raden Pardede
Independent Commissioner

seated :

Cyrillus Harinowo
Independent Commissioner

Djohan Emir Setijoso
President Commissioner

The Indonesian Government made efforts to drive economic growth amidst difficult challenges. A number of economic reform policies were implemented, including the tax amnesty program that was carried out in the second half of 2016. The public responded positively to the tax amnesty, providing a catalyst to strengthen the State Budget and the financial market's liquidity position. In addition, the Indonesian Government continued to deliver on a number of infrastructure projects while enhancing investment regulations and services in the hopes of stimulating the economy. Direct investments, both foreign and domestic, saw improvements in 2016.

In addition to the interest rate adjustment, the Indonesian financial regulators proactively implemented a series of policies to sustain economic growth and support the banking sector while remaining cautious at all times. Such policies include the easing of Loan to Value (LTV) for consumer lending, reduction of the banking sector's minimum reserves requirements, and easing of loan restructuring protocols.

Though not as high as the average growth over the last decade, the banking sector's loans outstanding reached Rp 4,377 trillion, growing by 7.9%, in the midst of the Indonesian economic recovery. Third party funds across the banking sector increased

9.6% at the end of 2016. The tax amnesty policy contributed to holding up the sector liquidity position in the second half of 2016.

In recent years, aside from facing slower growth of loans and third party funds, the national banking sector has also seen an increase in delinquent loans. In the final quarter of 2016, pressure from Non-Performing Loans (NPL) began to decline, with NPL ratio reaching a relatively manageable level of 2.9% by the end of the year. In the last two years, major banks in Indonesia formed significant reserves to cover the expected losses from deteriorating loan quality, ensuring a solid balance sheet as a foundation for loan portfolio growth. The banking industry's Capital Adequacy Ratio (CAR) stood at a solid 22.9% as of the end of 2016.

Performance Assessment of the Board of Directors

Observation and assessment of the performance of the Board of Directors was conducted with reference to the annual business plan compiled by the Board of Directors and approved by the Board of Commissioners. The Board of Commissioners ensured that the results achieved by BCA have been in line with the Bank's vision and mission, as well as the Bank's established strategic direction and work programs.

Based on our supervisory activities, the Board of Commissioners view that throughout 2016 the Board of Directors has fulfilled their functions and implemented policies that we consider appropriate for achieving the Bank's strategic targets. The Board of Commissioners assesses that the Directors managed the company in accordance with the business plan of the Bank and achieved the targets that had previously been agreed upon. In 2016, BCA successfully captured business opportunities that arose during the course of the year and recorded positive results amidst the various challenges faced by the banking industry. The Bank also continued to develop long-term capabilities throughout the year.

The Board of Commissioners appreciates the steps taken by the Board of Directors in managing the various elements affecting the Bank's rentability in 2016. BCA was able to maintain the balance between Net Interest Income, Operating Income other than Interest, Operational Expenses, and Allowances for Impairment Losses on Loans. The Bank recorded an increase in Net Income of 14.4%, amounting to Rp 20.6 trillion or Rp 836 per share. These figures are reported after a fairly significant Allowance for Impairment Losses on Financial Assets taken during 2016. Return on Assets (ROA) and Return on Equity (ROE) stood at 4.0% and 20.5% respectively. The Capital Adequacy Ratio (CAR) remained solid at 21.9%, with a healthy Loan to Funding Ratio (LFR) of 77.1%.

Throughout 2016, the Board of Commissioners notes that the Directors placed due importance on strengthening transaction banking capabilities, improving lending processes and infrastructure, and developing the Bank's subsidiaries' businesses. A number of strategic work programs were designed to further strengthen relationships with customers, nurturing and upholding their trust on the Bank. BCA is committed to offering comprehensive financial services aimed to fulfill the increased demand from the Bank's customers.

Supervision of BCA Strategic Actions

The Board of Commissioners notes that BCA's strategic actions were in line with the circumstances of the market, macroeconomic conditions and national monetary policies. The increasingly tight competition in the banking sector and evolving customer behavior encouraged BCA to continue the Bank's focus on increasing capabilities and taking advantage of all business opportunities.

Throughout the year, BCA maintained prudent lending by prioritizing customers with solid track records and long relationships with the Bank. While faced with weak loan demand in 2016, BCA strived to continue providing loans to all segments, covering corporate, commercial and Small & Medium Enterprises (SME), as well as the consumer segment.

The corporate and consumer segments were the pillars of the Bank's overall loan growth in 2016, while efforts were also made to capture lending opportunities in the commercial and SME segments. BCA offered competitive interest rates in all loan segments to optimize lending opportunities. In 2016, BCA lowered lending rates, following the reduction of time deposit rates the year before. The Bank's loan portfolio grew moderately by 7.3%, reaching Rp 415.9 trillion, in line with growth across the banking sector.

The cautious steps taken by the Bank over the past several years have borne positive results. Though higher than in 2015, the Bank's Non-Performing Loans (NPL) ratio remained lower than the industry average. Whilst the Indonesian economy continued to exhibit slower growth in the first half of the year, BCA's NPL ratio increased to 1.3% at the end of December 2016, compared with 0.7% at the end of 2015. During the year, BCA formed additional reserves of Rp 4.5 trillion in order to ensure sufficient reserves against possible impairment losses on loans, bringing the ratio of reserves to NPL to 229.4% at the end of 2016. The Board of Commissioners feels that the Directors must remain vigilant in the coming months and years to mitigate the potential increase in delinquent loans until the national economy fully recovers.

The provision of quality products and services to customers, whether in lending or funding, constitutes the primary factor in maintaining the customers' trust in the Bank. BCA consistently enhanced its banking infrastructure and system capabilities, while further developing products and services, both short term and long term in nature. In recent years, digital-based services have undergone constant developments and have become one of the Bank's main priorities.

On the funding side, the Bank's preeminence in providing reliable, secure and convenient transaction services has supported BCA in maintaining healthy third party funds growth, particularly from Current Accounts and Savings Accounts (CASA). In 2016, the use of electronic transaction channels by the Bank's customers continued to grow consistent with dynamic trends and developments in technology. In response, BCA consistently invests in internet banking, mobile banking and app-based services, while also continuing to make measured expansions to the branch network. The Bank has also implemented programs directed at increasing efficiency, including the development of the Cash Recycling Machine (CRM) as an improved ATM; increasing automation at branches; and regular promotion of the various e-channel services.

The Board of Commissioners endorses the strategic steps taken by the Board of Directors in investing in information technology to develop the Bank's digital banking platforms to the higher level. BCA is also in the process of establishing a venture capital company through which it will invest in, and collaborate with, financial technology (fin-tech) companies in order to enhance BCA's businesses ecosystem.

We further appreciate the Directors' efforts to take advantage of funding opportunities afforded by the Government's tax amnesty program. The attempts to educate the Bank's customers on this program were particularly fruitful. BCA was recorded as the largest agent in facilitating the redemption payments resulting from the tax amnesty program and paid to the Government, further supporting growth in third party funds of 11.9% to Rp 530.1 trillion in 2016.

Through its seven subsidiaries, BCA continued to develop products and services to offer comprehensive financial solutions as a complement to the Bank's business and in order to better serve the customers' dynamic and varied needs. BCA Finance, a subsidiary engaged in four-wheeler financing, significantly contributed to the Bank's consumer loan portfolio. BCA Finance Ltd., a Hong Kong-based subsidiary, has offered cross-border remittance services for more than 15 years. The Bank also continued to strengthen the synergy with its other subsidiaries, BCA Syariah (Sharia banking), BCA Sekuritas (securities brokerage and underwriting), BCA Insurance (general insurance), BCA Life (life insurance) and Central Santosa Finance (two-wheeler financing).

Implementing Good Corporate Governance

One of the main duties of the Board of Commissioners is to ensure that the principles of Good Corporate Governance (GCG) are implemented across all of the Bank's activities and at all levels of the organization. Recognizing that success in the banking industry is predicated on customer trust, implementing GCG principles is an essential endeavor to secure the trust of our customers, shareholders and other stakeholders.

GCG implementation is intended to generate a solid and leading corporate culture as a foundation for ongoing business growth and to prepare the Bank to face increasing competition and offset business risk. The exercise of GCG practices throughout the organization is guided by the values of transparency, accountability, responsibility, independence and fairness. The Bank's approach to GCG remains in line with prevailing regulations and international best practices.

In 2015 BCA established the Integrated Governance Committee to assist the Board of Commissioners in evaluating corporate governance at BCA and its subsidiaries, primarily with regard to assessing the adequacy of internal control mechanisms and to assure the implementation of the compliance function. The integrated corporate governance structure is intended to improve the quality of governance in line with the growing business of the subsidiaries. In 2016, the Integrated Governance Committee conducted a series of meetings to discuss and evaluate the implementation of integrated governance across the BCA conglomeration Group, review the integrated corporate governance guidelines, develop work mechanisms and information channels amongst the members of the committee, and report on the results of integrated internal audits. The products of these meetings are recommendations delivered to the Board of Commissioners on how to improve the GCG culture within the BCA Group.

In order to engender transparency in corporate governance, the Board of Directors holds regular meetings and actively communicates with the stakeholders, including customers, regulators and investors. Through these communications, BCA is able to better assess the operating conditions facing the Bank from various perspectives and thus allowing the Bank to develop a balanced and appropriate response to a changing environment.

In an effort to improve the quality of GCG implementation, BCA regularly conducts self-assessments both on the Bank as a standalone entity and on integrated basis along with the Bank's subsidiaries. We are delighted to report that the results of self-assessments conducted in 2016 generated results of "Very Good" both in individual and integrated assessments.

Due to the Bank's GCG commitment, BCA has received numerous awards and acknowledgements, including Most Committed to Corporate Governance in Indonesia from FinanceAsia, and recognition from the Indonesian Banking Award 2016 hosted by the Economic Review Magazine and the Perbanas Institute.

Changes to the Composition of the Board of Commissioners

As resolved in the 2016 Annual General Meeting of Shareholders, there were changes to the composition of the Board of Commissioners. Mr. Sumantri Slamet was appointed as Independent Commissioner replacing Mr. Sigit Pramono. The appointment was approved by the Indonesia's Financial Services Authority (OJK) on July 11, 2016.

The Board of Commissioners wishes to thank Mr. Sigit Pramono for his dedication and contribution to the Bank during his seven years as a member of the Board. His broad experience in the banking industry as well as his time spent as Chairman of the Indonesian Bank Association (Perbanas) was evident in his approach to his role at BCA and the initiatives he raised both as a member of the Board of Commissioners and as the head of various committees, namely the Audit Committee, the Risk Oversight Committee, and the Integrated Corporate Governance Committee. We also wish to welcome Mr. Sumantri Slamet to the Board as an Independent Commissioner. Sumantri Slamet's experience in the field of information technology and business operations at a number of companies, both Government-owned and privately held, will be a valuable addition to the expertise of the Board of Commissioners and will offer new points of reference in the decision making process.

Supervisory and Advisory Role to the Board of Directors

Throughout the year, the Board of Commissioners maintained constructive communication with and actively offered advice to the Board of Directors regarding policy and determining Bank strategies. Recommendations and advice from the Board of Commissioners are delivered to the Board of Directors by inviting the Directors to the Board of Commissioners' Meetings and also through the Joint Board of Commissioners and Board of Directors' Meetings. In 2016, the Board of Commissioners held 41 Board of Commissioners' Meetings and 17 joint meetings with the Board of Directors. Aside from these routine meetings, the Board of Commissioners also calls special ad-hoc meetings as required.

Following is the highlighted recommendations and advice given by the Board of Commissioners to the Board of Directors:

Topic	Highlights
Business Strategy and Management	• To strengthen synergy and deliver insightful analysis to promote loan growth, particularly in the Small and Medium Enterprises sectors. • To develop funding products in consideration of the product life cycle stage. • To enhance human resource capabilities through various training programs and assignments in order to improve service quality and to better equip employees in understanding the needs of customers.
Risk Management	• To perform deeper credit risk analysis in various under-performing industries, so that preventive measures can be taken against risks that may arise. • To review and monitor systems currently in place in an effort to manage operational risks, ensuring the sustainability of the Bank's business operations. • To regularly review the Bank's business model in line with developments in telecommunications and information technology.
Audit and Compliance	• To examine and ensure that, in facilitating redemption payments and accommodating repatriated funds related to the Government's tax amnesty program, BCA has complied with the provisions put in place by the regulators in supporting the success of the program.

Performance Assessment of the Committees under the Board of Commissioners

In conducting its duties and functions in supervising the management of the Bank, the Board of Commissioners is assisted by the Audit Committee, Risk Oversight Committee, Remuneration and Nomination Committee, and the Integrated Corporate Governance Committee. These committees work to assist the Board of Commissioners in upholding standards of competence and quality of the Bank. The Board of Commissioners observes that all of these committees demonstrated good performance through 2016, though areas for improvement do remain.

The Audit Committee functions to ensure effective internal control and to assist the Board of Commissioners in monitoring the implementation of internal and external audits, as well as effective and sustainable Good Corporate Governance. The Audit Committee also conducts studies into the Bank's compliance with prevailing regulations. In 2016, the Audit Committee held 19 meetings, met with the Internal Audit Division 8 times, and reviewed more than 155 internal audit reports.

The Board is also supported by the Risk Oversight Committee which is focused on enhancing the effectiveness of the Board's supervisory duties and risk management responsibilities, and ensuring that the risk management system has provided adequate protection against the risks faced by the Bank. The Risk Oversight Committee conducted 7 meetings in 2016, including to review risk appetite, market risk stress tests, International Financial Reporting Standards (IFRS) and Application Programming Interface (API), as well as to discuss risk management related reports.

In 2016, the Remuneration and Nomination Committee conducted 9 meetings in its capacity to evaluate the remuneration policies of the Board of Directors, the Board of Commissioners, Senior Officers, and all of the Bank's employees. The Integrated Corporate Governance Committee was established to support the Board of Commissioners in supervising integrated corporate governance implementation and has held 4 times in the year.

Corporate Social Responsibility

The Board of Commissioners believes that business activities cannot be separated from the surrounding communities where the Bank operates. As such, the Board of Commissioners supports the positive actions of the Board of Directors in conducting various Corporate Social Responsibility (CSR) programs. Through these programs, the Bank contributes actively to identified areas of need for the long-term development of Indonesia, particularly

in regard to supporting small businesses, cultural preservation, sports, education and health. BCA cooperates with leading institutions, such as WWF, UNICEF and Indonesian Red Cross, to support selected social activities.

By initiating ongoing CSR programs, the Board of Commissioners expects that BCA can effectively contribute to Indonesian society and support the long-term development of the Indonesian people. In the future, the Bank commits to increase its involvement in various social activities in the hope that the Bank's presence and influence can be meaningful to the people of Indonesia. These efforts are made to show appreciation for the support and trust that the Bank has received during its years of operation in Indonesia.

Business Prospects as Viewed by the Board of Commissioners

We foresee that the Indonesian economy will continue to recover in 2017. Economic growth will be driven by Government programs, particularly with the realization of infrastructure projects that will have a positive impact on the overall economy.

BCA predicts that loan growth will improve in 2017 compared to 2016. Nevertheless, global risks must still be monitored carefully, especially in relation to geopolitical conditions with the uncertainty over the fiscal and international trade policies to be issued by the United States, as well as the health of China's financial sector. Following the increase in the Fed Funds Rate in December 2016, the US Central Bank has indicated that it will increase interest rates throughout 2017. Seeing a shift in global interest rates, BCA must anticipate the potential instability risk of global capital flows and the impacts this can have on the domestic financial markets. BCA shall also sustain its solid liquidity position.

As one of the leading transaction banks in Indonesia, BCA understands the importance of maintaining reliability, security, and convenience for customers in their transactions. The Board of Commissioners values the plans laid out by the Board of Directors to continuing investments in the enhancement of transaction banking capabilities by developing various products and features, as well as expanding the transaction banking network. Excellence in transaction banking gives BCA a competitive advantage in generating funds through transactional CASA accounts.

Supported by solid funding and capital base, BCA remains committed to carrying out its intermediary functions consistently and prudently. The Board of Commissioners supports the work programs in place to improve loan systems, processes and channels, while developing and enhancing loan products. The Board focuses on prudent intermediation in order to maintain a quality portfolio and minimize delinquent loans.

Capabilities will continue to be increased across all business lines, whether in relation to transaction banking or lending, in addition to enhancing the business lines of the subsidiaries. The BCA Group intends to continuously enhance its competitive value in anticipation of the tightening competition in the industry as the ASEAN Economic Community comes into action and as technological advances continue to progress.

BCA will carefully monitor economic developments, market conditions, and changes in policies and regulations to capture growth opportunities and mitigate arising risks. The Bank will manage its assets and liabilities prudently, develop its human resources, and prioritize operational efficiency to ensure ongoing positive performance.

Appreciation for All Stakeholders

On behalf of the Board of Commissioners, I wish to thank all shareholders, customers, business partners, staff and other stakeholders of BCA. 2016 saw numerous achievements and developments that would not have been possible without the collective commitment of all the stakeholders as well as the unfaltering efforts of the Board of Directors, whose management and consistent hard work were instrumental in the Bank's strong financial performance. The Board of Commissioners is further grateful for the contribution of the subsidiaries which played a strategic role in the successes of BCA this year.

We also thank the Indonesia's Financial Services Authority (OJK) and Bank Indonesia for their efforts in supervising and supporting BCA as well as the banking industry throughout 2016.

We are confident that with the continued commitment of all stakeholders, BCA will continue to offer sustained incremental value and benefits to its customers, stakeholders and the people of Indonesia.

Jakarta, March 2017
On behalf of the Board of Commissioners,

Djohan Emir Setijoso
President Commissioner

03

Corporate Profile

Flazz
tarikan tunai
tarikan tunai

VISION

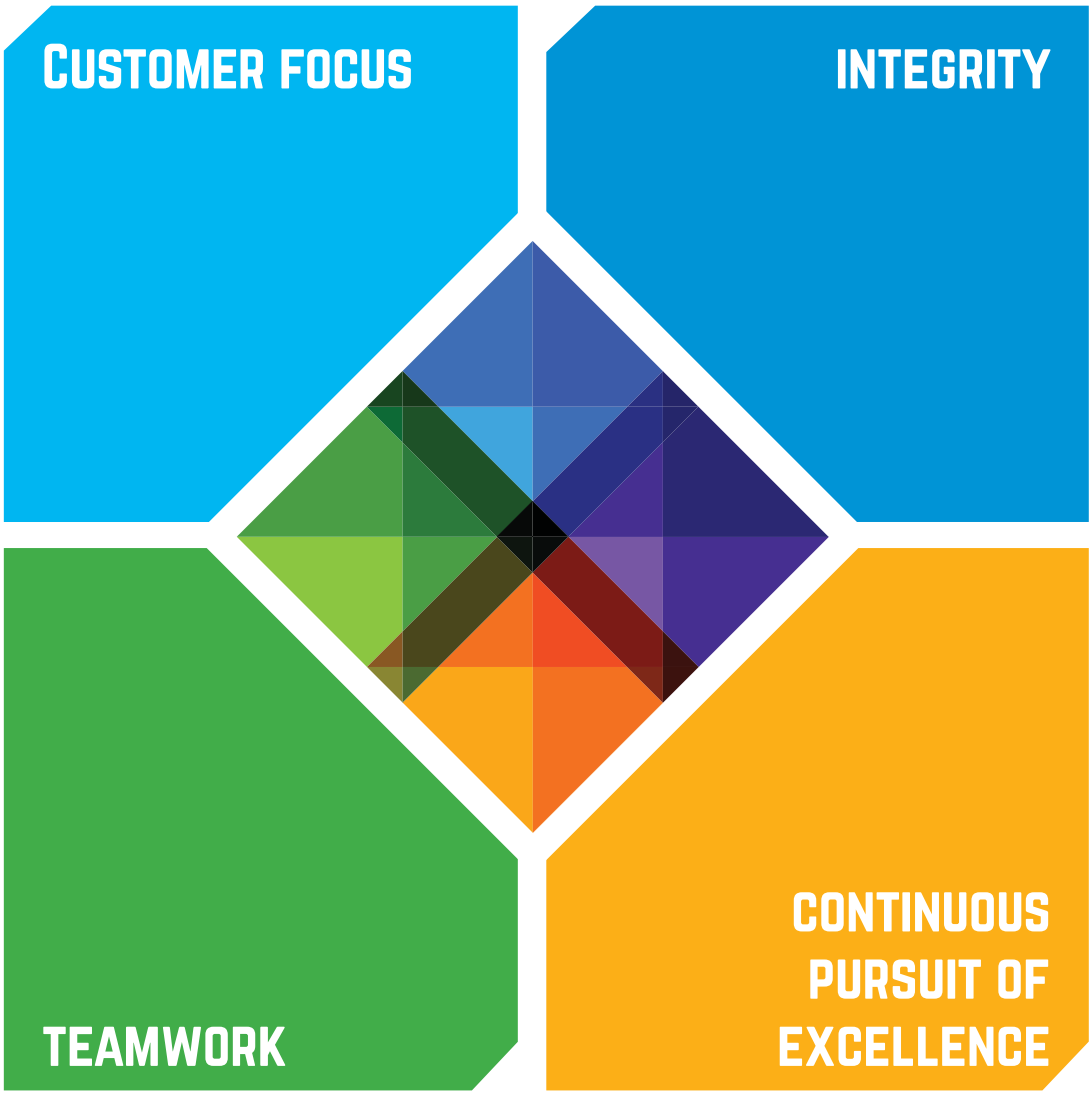
To be the bank of choice and a major pillar of the Indonesian economy

MISSION

- To build centers of excellence in payment settlements and financial solutions for businesses and individuals
- To understand diverse customer needs and provide the right financial services to optimize customer satisfaction
- To enhance our corporate franchise and stakeholders value

The vision and mission statements have been approved by the Board of Directors and the Board of Commissioners of PT Bank Central Asia Tbk through Decree No. 022/SK/DIR/2006 dated February 23, 2006, concerning Vision and Mission of PT Bank Central Asia Tbk

Core Values



More detailed information of corporate culture can be found in the Corporate Governance section on pages 415 – 416.

03 MILESTONES

1955

Bank Central Asia (BCA) founded as "NV Perseroan Dagang Dan Industrie Semarang Knitting Factory."

1957

BCA commenced operations on 21st February 1957 with Head Office located in Jakarta.

1970's

Effective on September 2nd 1975 the name of the Bank was changed to PT Bank Central Asia (BCA).

BCA strengthens its delivery channels and obtained a license to open as a Foreign Exchange Bank in 1977.

1980's

BCA aggressively expanded its branch network in line with the deregulation of the Indonesian banking sector.

BCA developed its information technology capacity, by establishing an online system for its branch office network, and launches new products and services including the Tahapan BCA savings accounts product.

1990's

BCA develops the Automated Teller Machine (ATM) network as an alternative delivery channel.

In 1991, BCA installed 50 ATM units in various locations in Jakarta.

BCA intensively develops the ATM network and features.

BCA works with well-known institutions, such as PT Telkom and Citibank, allowing BCA's customers to pay their Telkom phone bill or Citibank credit card bill through BCA ATMs.

Corporate actions highlights in 2000-2005

2002

FarIndo Investment (Mauritius) Limited acquired 51% of BCA's shares through a strategic private placement.

2005

The Government of Indonesia through PT Perusahaan Pengelola Aset (PPA), divested the remaining 5.02% of its BCA shares and no longer has share ownership in BCA.

2004

IBRA divested a further 1.4% of its BCA shares to domestic investors through a private placement.

Note: There has been dilution effect to existing shareholders as new shares were issued in accordance with the Management Stock Option Plan, in which stock options were executable in the period from November 2001 to November 2006

Business development after 2000

BCA strengthens and develops its products and services, especially in electronic banking, by launching Debit BCA, Tunai BCA, KlikBCA internet banking, m-BCA mobile banking, EDCBIZZ, etc.

BCA establishes a Disaster Recovery Center in Singapore.

BCA develops expertise in lending, including expansion into vehicle financing through its subsidiary, BCA Finance.

2007

BCA became a pioneer in introducing fixed-rate mortgage products. BCA launches its stored-value card, Flazz Card, and introduced Weekend Banking to maintain its transaction banking leadership.

2008-2009

BCA proactively manages its lending and liquidity position in the face of unprecedented global turbulence while continuing to strengthen the core transaction banking franchise.

BCA completes the setting up of a mirroring IT system to strengthen business continuity and reduce operational risk.

BCA introduces Solitaire, a new banking service for high net-worth individual customers.

1997-1998

BCA experiences a bank rush during the Indonesian economic crisis.

In 1998 BCA became a Bank Taken Over (BTO) and was placed under the recapitalization and restructuring program operated by the Indonesian Bank Restructuring Agency (IBRA), a Government Institution.

1999

BCA was fully recapitalized with the Government of Indonesia, through IBRA, assuming ownership of 92.8% of BCA shares in exchange for liquidity support from Bank Indonesia and a swap of related-party loans for Government Bonds.

Corporate actions highlights in 2000-2005

2000

IBRA divested 22.5% of its BCA shares through an Initial Public Offering, reducing its ownership of BCA to 70.3%.

2001

In a Secondary Public Offering, 10% of BCA's total shares were made available to the market. IBRA's ownership of BCA decreased to 60.3%.

2010-2013

BCA entered new lines of business including Sharia banking, motorcycle financing, general insurance and the capital markets business. In 2013, BCA increased its effective ownership from 25% to 100% in its general insurance arm PT Asuransi Umum BCA (formerly PT Central Sejahtera Insurance and also known as BCA Insurance).

BCA strengthened its transaction banking through further development of innovative products and services, notably with mobile banking applications in the latest Smartphones, with payment settlement services through e-Commerce, and through a new concept of Electronic Banking Center which equips ATM Centers with additional technology-backed features.

Enhancing the reliability of its banking services, BCA completes a new Disaster Recovery Center (DRC) facility in Surabaya which functions as a disaster recovery backup data center, integrated with the current two mirroring data centers. The new DRC replaced the previous DRC in Singapore.

2014-2015

The Electronic Banking Center concept refined and rebranded under the name MyBCA. For added convenience, BCA also expands the Cash Recycling Machines and launches 'Sakuku' app-based electronic wallet.

In an effort to develop transaction banking services, the Bank's cash management services were improved through the KlikBCA Integrated Business Solution internet banking platform.

In January 2014, BCA finalized share purchase of PT Central Santosa Finance (CS Finance), a two-wheeler financing subsidiary, increasing the Bank's effective ownership from 25% to 70%.

BCA obtained permission to provide life insurance services through PT Asuransi Jiwa BCA (BCA Life), which operates as a subsidiary of BCA Sekuritas.

2016

The internet banking platform was enhanced with additional features catering to the needs of business customers. In order to provide more efficient electronic banking services, BCA continued to expand the ATM network, primarily with the addition of a significant number of Cash Recycling Machines to replace conventional ATMs.

In its role as a major gateway and perception bank, BCA participated in the successful implementation of the Government's tax amnesty program.

BCA realigned its organizational structure by establishing the Transaction Banking Directorate to strengthen integrated-platform of the Bank's wide array of transaction products and services, and by creating Human Capital Management Directorate to fulfill the Bank's ongoing human resources needs and succession planning.

03 Event Highlights 2016

January

BCA Named Employer of Choice for Jobseekers

BCA achieved third place at the Indonesian Employers of Choice Award 2015 by Job Seeker according to a survey conducted by the Hay Group of 1,507 participants.

February

BCA Supports Social Media Week 2016

BCA fully supports the development and the contribution of the digital world and technology in facilitating and providing added value for the quality of life of the Indonesian people.

February

BCA Launched Tahapan Berjangka

On the Bank's 59th anniversary, BCA launched Tahapan Berjangka that allows customers to make routine monthly deposits at a set amount and tenor.

February

BCA Flazz Patra Niaga Pertamina Fleet Card

BCA and Pertamina Parta Niaga signed an MoU to launch a Flazz Card with Fleet Pertamina Patra Niaga Feature.

March

2016 Singapore Airline – BCA Travel Fair

BCA and Singapore Airlines hosted the BCA travel fair with a range of promotional offers for BCA customers and SQ customers.

March

Flazz Card Adopted as Tol Cipali Payment Method

BCA and Lintas Marga Sedaya (LMS) collaborated to allow for Flazz card payments to the Cikopo–Paliman (Cipali) Toll Road.

April

BCA Holds Annual General Shareholders Meeting

At the AGSM, the shareholders agreed to a dividend value for the 2015 financial year of Rp 160 per share, inclusive of the interim dividend of Rp 55 per share.

April

BCA Hosts Financial Technology Hackathon (FinHacks)

BCA in collaboration with DailySocial.id hosted the 2016 Financial Technology Hackathon to support eWallet innovation. The top three fintech applications: Chatbanking, Guebayar and Instapay, were selected for future development.

April

BCA Facilitates ATM Payments for Automobile Tax

West Java Samsat, West Java Revenue Service, West Java Police and West Java Jasa Raharja signed an MoU with BCA to facilitate vehicle tax payments through BCA ATMs in Bandung.

MAY

BCA Hosts BCA Expo and Autoshow
BCA in Collaboration with Sinar Mas Land hosted the BCA Expo and Autoshow for property and automobiles.

JUNE

BCA Launches BCA–Matahari Credit Card
The BCA–Matahari credit card provides users with a number of shopping benefits and facilities.

JULY

BCA Analyst & Press Conference on 1st Semester Performance
BCA announced first semester 2016 results to analysts and journalists.

MAY

Go Pay Top-ups via BCA Virtual Account
BCA and GO-JEK sign an MoU for the provision of cash management solutions to support customers and drivers of GO-JEK.

JUNE

BCA Facilitates Premium Payments for BPJS Users through BCA Payment Channels
BCA and BPJS signed an MoU to facilitate BPJS premium payments through BCA banking services.

AUGUST

BCA Launches LENTERA Flazz Card
For the 2nd anniversary of the National Cashless Movement initiated by Bank Indonesia, BCA launched the LENTERA Flazz Card, which it distributed to 1,000 users in the Riau archipelago.

MAY - JUNE

BCA Supports 2016 Indonesia Open
BCA supported the Super Series Premier Indonesia Open badminton tournament for the third time. The 2016 BCA Indonesia Open was held at Istora Senayan, Jakarta.

JULY

2016 BCA Royale Open Tournament
BCA supported the BCA Royale Open golf tournament.

AUGUST

BCA Signs Syndicated Loan for the Development of Bandara Angkasa Pura I
BCA participated in financing airport development projects under coordination of Angkasa Pura I, including Ahmad Yani airport in Semarang, Kulon Progo airport in Yogyakarta, Syamsudin Noor airport in Banjarmasin, Sultan Hasanudin airport in Maskasar and Juanda airport in Surabaya, in the amount of Rp 800 billion.

Event Highlights 2016 - continued

August

BCA Supports 2016 Jazz Gunung
BCA participated in the Jazz Gunung Bromo festival in Probolinggo for the eight time.

August

BCA Receives ISO 27001:2103 Certificate
Information Security Management System for the Data Centre's Information Technology Strategic Group, for the protection of banking data and customer information.

August

Collaboration amongst BCA, MNC Bank and Rintis
Signing of an MoU between BCA, MNC Bank and Rintis for the development of support infrastructure for MNC branded Flazz cards and linking MNC Bank with the PRIMA network.

September

BCA Awarded Best Bank in Asia
BCA received two awards for Best Bank in Asia and Best Asian Bank at the 2016 FinanceAsia Country Awards for Achievement from FinanceAsia.

September

BCA Signs MoU with JCB
BCA strengthened its credit card issuing business through an MoU with Japanese credit card principal, PT JCB International Indonesia.

October

IKF V Forum
Through the BCA Learning Service, BCA hosted the fifth Indonesia Knowledge Forum (IKF) as a part of the Bank's efforts to support development and to improve the quality of human resources in Indonesia.

October

BCA Launches E-Parking with DKI Local Government
BCA in collaboration with the Jakarta local government launched facilities for parking payment with BCA Flazz Card on Jl. Juanda, Pecenongan and Pinangsia.

November

Co-branded Flazz BCA and Flazz Panin
A co-branding agreement allowed the Panin Bank Flazz card to be used on the BCA Flazz platform.

November

BCA Tech Day Introduces the Latest Banking Technology

BCA supports developments in the digital world that facilitate and provide added value for the public. BCA hosts BCA Tech Day displaying new banking technology.

November

BCA Promotes LAKU SIMPEL at Mount Kidul

BCA supported the implementation of Financial Inclusion by promoting the use of the LAKU application and inviting members of the public to open SIMPEL savings accounts.

November

BCA Signs MoU with PT Pelabuhan Indonesia I, II, III, IV (Persero)

BCA supported the implementation of an Integrated Billing System by signing an MoU to provide Cash Management services.

December

BCA Receives 3 ISO Certificates

The BCA Network Data Centre received ISO 90001:2015 and ISO 27001:2013 and IT Quality Assurance received ISO 9001:2015.

December

BCA Hosts Surabaya Run

BCE hosted the 5K and 10K races at Citraland Surabaya.

December

BCA Collaborates with PT Perisai Wisata Utama to Provide Business Loans

BCA signed an MoU with PT Perisai Wisata Utama to provide business loans totalling Rp 2 billion.

December

BCA Participates in Syndicated Loan to PLN

BCA in collaboration with Bank Mandiri, BRI, Maybank, PT Sarana Multi Infrastruktur and Indonesia Eximbank provided a Rp 12 trillion 10-year credit facility to PLN.

03 Company General Information

Name
PT Bank Central Asia Tbk

Line of Business
Commercial Bank

Ownership
PT Dwimuria Investama Andalan 47.15%
Public 52.85%

Establishment
October 10, 1955

Legal Basis of Incorporation
Notary Deed No. 38 of Raden Mas Soeprapto dated 10 August 1955.
Approved by the Minister of Justice in Decision Letter
No. J.A.5/89/19 dated 10 October 1955

Stock Exchange
Shares of PT Bank Central Asia Tbk are listed and traded at the
Indonesia Stock Exchange (IDX)

Listing Date
May 31, 2000

Share Code
BBCA

ISIN Code
ID1000109507

SWIFT Code
CENAIDJA

Total Employees
25,073

Headquarters:
Menara BCA
Grand Indonesia
Jl. M.H. Thamrin No. 1
Jakarta 10310
Phone (62-21) 2358 8000
Fax. (62-21) 2358 8300

Company Website:
www.bca.co.id
www.klikbca.com

Call Center:
HaloBCA
1500888

Corporate Secretary
- Public Relations
- Investor Relations

Menara BCA
Grand Indonesia, 20th Floor
Jl. M.H. Thamrin No. 1
Jakarta 10310
Phone (62 21) 2358 8000
Fax. (62 21) 2358 8300
E-mail: humas@bca.co.id
investor_relations@bca.co.id

03 Line of Business

In 2016, BCA carried out banking business and activities with consideration to the Bank's Articles of Association. Based on Article 3 of its Articles of Association, BCA as a Commercial Bank may engage the following business activities:

a. To collect funds from the public in the form of deposits comprising of clearing account (*giro*), time deposit, deposit certificate (*sertifikat deposito*), savings account an/or any other form equivalent thereto;
b. To provide credit facilities;
c. To issue debt acknowledgment letters;
d. To purchase, sell or guarantee, whether at its own risk or for the benefits of and at the request of its customers, the following:
   i. Drafts, including drafts accepted by bank with a validity period not to exceed that in the normal practice for trading of such instruments;
   ii. Debt acknowledgment letters and other commercial papers, with a validity period no to exceed that in the normal practice for trading such papers;
   iii. State treasury notes and government guarantees;
   iv. Certificates of Bank Indonesia (SBI)
   v. Bonds;
   vi. Commercial papers with a validity period in accordance with the prevailing laws and regulations;
   vii. Other commercial papers with a validity period in accordance with the prevailing laws and regulations;
e. To transfer funds, either for its own benefit or for the benefits of its customers;
f. To place fund at, to borrow funds from, or to lend funds to other banks, whether by letters, telecommunication facilities, or bearer drafts, cheques or other media;
g. To receive payments of receivables from commercial papers and make calculations with or among this parties;
h. To provide safe deposit box for goods or valuable papers;
i. To engage in custody activities for the benefit of any other party under a contract;
j. To conduct a placement of fund from one customer to another customer in the form of commercial papers that are not registered on the Stock Exchange;
k. To conduct factoring (*anjak piutang*), credit card and trusteeship services;
l. To provide financing and/or conduct business activities under Syariah Law, through either the establishment of a subsidiary or formation of Syariah Business Unit in accordance with the rules and regulations stipulated by Bank Indonesia, or Indonesian Financial Services Authority or other authorized institutions;
m. To carry out business activities in foreign currencies in accordance with the rules and regulations determines by determined by Bank Indonesia, or Indonesian Financial Services Authority or other authorized institutions;
n. To conduct capital participation in banks or other financial companies, such as leasing companies, venture capital companies, securities companies, insurance companies, and a clearance, settlement and depository institutions, subject to rules and regulations stipulated by Bank Indonesia, or Indonesia's Financial Services Authority or other authorized institutions;
o. To conduct temporary capital participation for the purpose of dealing with credit failure, provided that such participation must be later withdrawn, subject to the regulations stipulated by Bank Indonesia, or Indonesia's Financial Services Authority or other authorized institutions;
p. To act as a founder (*pendiri*) or managing executive (*pengurus*) of pension funds in accordance with the existing regulations on pension funds;
q. To conduct other activities generally conducted by banks to the extent permitted by the prevailing laws and regulations, including among others, any measures pertaining to restructuring or credit rescue, such as buying collateral, whether partially or wholly, at an auction or by other means, in the event that a debtor fails to fulfill its obligations to the bank, provided that such collateral must be cashed immediately.

03 Products and Services

As of 31 December 2016

Products and Services	Description
Deposits Accounts	Tahapan
	Tahapan Xpresi
	Tahapan Gold
	Tahapan Berjangka
	Tapres
	Simpanan Pelajar
	TabunganKu
	Laku
	BCA Dollar
	Deposito Berjangka
Transaction Banking Services	Safe Deposit Box
	Transfer
	Remittance
	Collection and Clearing
	Bank Notes
	Travellers' Cheque
	Virtual Account
	Open Payment
	Auto Debit
	Payroll Services
	Cash Pick Up
	Modul Penerimaan Negara Generasi 2 (MPN G2) - tax payment with e-billing system
	Custodian Services
Electronic Banking	ATM BCA (multifunction, non cash and cash deposits)
	EDC BCA
	Debit BCA
	Tunai BCA
	Flazz
	Self Service Passbook Printer (SSPP)
	EDCBIZZ
	Internet Banking
	KlikBCA Individu - for individual customers needs
	KlikBCA Bisnis - for business needs
	KlikBCA Bisnis Integrated Solution - with a more complex features than KlikBCA Bisnis, for example, to accomodate supply chain services
	Mobile Banking (m-BCA)
	BCA KlikPay
	Call Center (Halo BCA)
	Phone Banking (BCA by Phone Business and BCA by Phone Priority)
	SMS Top Up

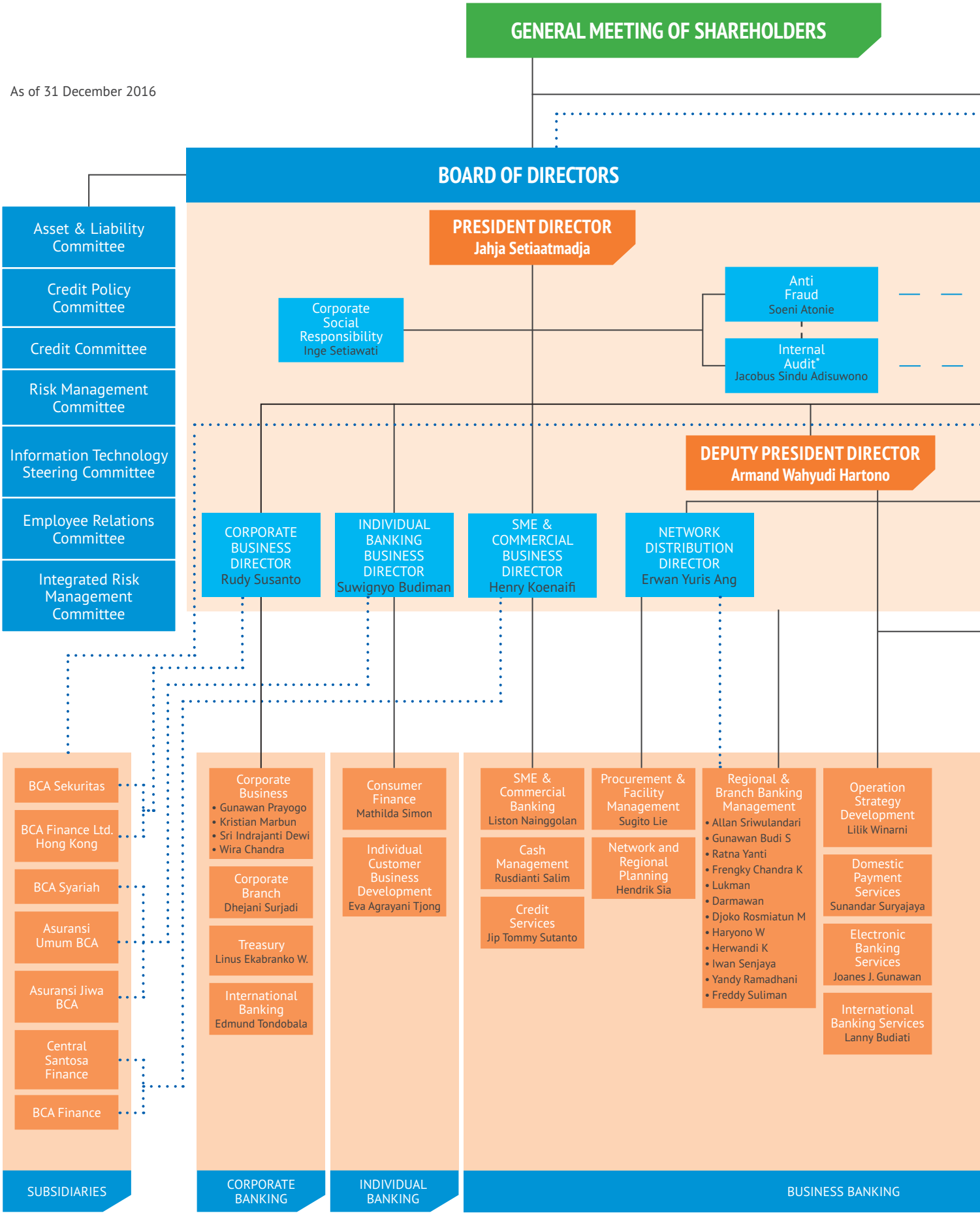
Products and Services	Description
Electronic Banking (continued)	BCA Mobile
	SMS BCA
	Push Notification Service via SMS / Email
	e-Tax (local tax payment: PPN, PPh, and others)
	Sakuku
	Duitt
Cash Management Services	Payable Management / Disbursement
	Receivable Management / Collection (including B2B & B2C)
	Liquidity Management
Credit Cards	BCA Card
	BCA Mastercard
	BCA VISA
Bancassurance Products	Provisa Max
	Provisa Syariah
	Provisa Platinum Max
	Provisa Platinum Syariah
	Maxi Health
	Maxi Kid Investa
	Maxi Retirement
	Maxi Legacy
	BCA Life Heritage Protection
	Fire Insurance
	Vehicle Insurance
	Personal Accident Insurance
Mutual Fund Investment Products	Money Market Mutual Fund
	Danareksa Gebyar Dana Likuid
	First State Indonesian Money Market Fund
	Schroder Dana Likuid
	Protected Mutual Fund
	Batavia Proteksi Gebyar I
	Batavia Proteksi Gebyar II
	Batavia Proteksi Gebyar III
	Equity Mutual Fund
	Ashmore Dana Ekuitas Nusantara
	Ashmore Dana Progresif Nusantara
	Batavia Dana Saham
	Batavia Dana Saham Optimal
	BNP Paribas Pesona
	BNP Paribas Pesona Syariah
	BNP Paribas Ekuitas
	Danareksa Mawar Konsumer 10

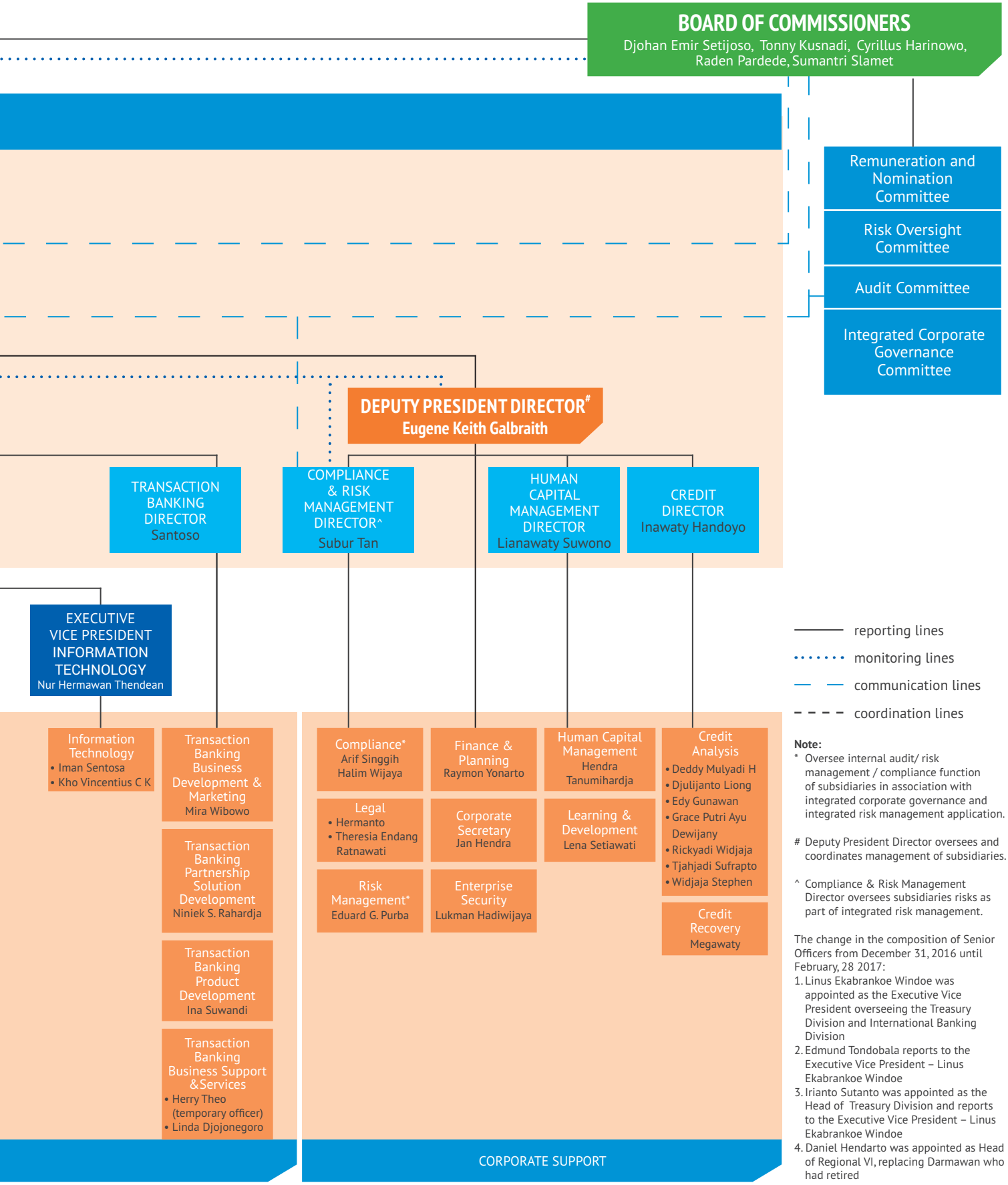
Products and Services	Description
Mutual Fund Investment Products (continued)	First State IndoEquity Sectoral Fund
	Schroder Dana Prestasi Plus
	Schroder Dana Prestasi
	Schroder 90 Plus Equity Fund
	Schroder Dana Istimewa
	Hybrid Mutual Fund
	BNP Paribas Spektra
	Schroder Dana Terpadu II
	Schroder Syariah Balanced Fund
	Fixed Income Mutual Fund (IDR)
	Danareksa Gebyar Indonesia II
	Nikko Gebyar Indonesia Dua
	Panin Gebyar Indonesia II
	Schroder Prestasi Gebyar Indonesia II
	Schroder Dana Mantap Plus II
	Fixed Income Mutual Fund (USD)
	BNP Paribas Prima USD
	Schroder USD Bond Fund
Fixed Income Investment Products	Convensional Government Securities
	Indonesian Retail Bond (ORI)
	Savings Bond Retail (SBR)
	Obligasi Negara Fixed Rate (FR)
	Obligasi Negara Valas (INDON)
	Surat Berharga Syariah Negara
	Sukuk Negara Ritel (SR)
	Sukuk Tabungan (ST)
	Project Based Sukuk (PBS)
	Obligasi Negara Valas Syariah (INDOIS)
Credit Facilities	Mortgage
	Vehicle Loan
	Working Capital Loan
	Syndication Loan
	Pre-Export Financing
	Trust Receipt
	Investment Loan
	Distributor Financing
	Supplier Financing
	Dealer Financing
	Warehouse Financing
	Showroom Financing
	Investment Financing

Products and Services	Description
Standby LC / Bank Guarantees	Advance Payment Guarantee
	Bid Guarantee
	Counter Guarantee
	Custom Guarantee (P4BM)
	Direct Pay Guarantee
	Financial Guarantee
	Maintenance Guarantee
	Payment Guarantee
	Performance Guarantee
Export Import Facilities	Inward Documentary Collection
	LC Confirmation
	LC Discounting
	LC Forfaiting
	LC Issuance
	LC Negotiation
	Letter of Guarantee
	Outward Documentary Collection
	Pre-Export Financing (Export Loan)
	Trust Receipt
Local LC	Letter of Guarantee
	SKBDN Discounting
	SKBDN Forfaiting
	SKBDN Issuance
	Trust Receipt
Foreign Exchange Facilities	Spot
	Forward
	Swap
	Other Derivatives

03 ORGANIZATION STRUCTURE

As of 31 December 2016





Note:

* Oversee internal audit/ risk management / compliance function of subsidiaries in association with integrated corporate governance and integrated risk management application.

\# Deputy President Director oversees and coordinates management of subsidiaries.

^ Compliance & Risk Management Director oversees subsidiaries risks as part of integrated risk management.

The change in the composition of Senior Officers from December 31, 2016 until February, 28 2017:

1. Linus Ekabrankoe Windoe was appointed as the Executive Vice President overseeing the Treasury Division and International Banking Division
2. Edmund Tondobala reports to the Executive Vice President – Linus Ekabrankoe Windoe
3. Irianto Sutanto was appointed as the Head of Treasury Division and reports to the Executive Vice President – Linus Ekabrankoe Windoe
4. Daniel Hendarto was appointed as Head of Regional VI, replacing Darmawan who had retired

03 Board of Directors Profile

Jahja Setiaatmadja
President Director

Indonesian citizen, aged 61. Domiciled in Indonesia. Appointed as the President Director of BCA at the 2011 Annual General Meeting of Shareholders and approved by Bank Indonesia on June 17, 2011. He was last reappointed at the 2016 Annual General Meeting of Shareholders for a five-year term.

Roles and Responsibilities
President Director of BCA responsible for General Coordination as well as oversight of the Internal Audit Division, the Corporate Social Responsibility Work Unit and the Anti Fraud Bureau.

Career
Jahja Setiaatmadja previously served as Deputy President Director of BCA (2005–2011), his latest responsibility being Branch Banking Business, Treasury Division, International Banking Division and Overseas Representative Offices. A Director of BCA from 1999 to 2005, he previously held a variety of managerial positions within the Bank from 1990. Prior to joining BCA, Mr. Setiaatmadja was Finance Director of Indomobil, a leading Indonesian automotive company (1989–1990), and held various managerial positions including Finance Director at Indonesia's largest pharmaceutical company, Kalbe Farma (1980–1989). Mr. Setiaatmadja started his career as an accountant at PriceWaterhouse (1979).

Educational Background and Training
Graduated with a Bachelor's degree in Accounting from Universitas Indonesia (1982).

Participated in a number of training programs, seminars and conferences in 2016, including:
- Risk Management Refreshment Program – Risk Forum School of Finance, Jakarta
- Public Dialogue with the President of Indonesia "Building A Competitive Indonesian Economy" – ISEI, Jakarta
- ASEAN Central Bank Governors & Financial Institutions CEO Dialoque – Bank of LAO – PDR, Laos
- "Outstanding Challenge of Indonesia Macroeconomic Management" Exclusive Roundtable Insight – ILUNI FEB UI, Jakarta
- ACI World Congress 2016 – Associate Cambiste Internasionale (ACI), Jakarta
- Indonesia CEO Talk "The Role of Financial Service Industry in Driving the National Economy during the ASEAN Economic Community Era" – Obsession Media Group, Jakarta
- Innovation of Agriculture Sector Financing in Supporting the Implementation of Financial Inclusion for Farmers – KADIN, ISEI, PISAGRO, Jakarta
- International Monetary Conference – IMC, Singapore
- CalGems Investor Conference – Bank of America - Merrill Lynch, California (USA)
- ISEI's 18th National Seminar & Plenum "Realizing the Potential of the Tourism Sector in Developing A Sustainable and Inclusive Economy" – ISEI, Gorontalo
- Indonesia Knowledge Forum V – BCA, Jakarta

Affiliation
Has no financial, stock ownership, and/or family relationship with any member of the Board of Commissioners, fellow member of the Board of Directors, and/or BCA controlling shareholder.

Dual Functions
Holds no position as a member of a Board of Commissioners, a Board of Directors, or executive officer at another bank, company, and/or institution.

Eugene Keith Galbraith
Deputy President Director

USA citizen, aged 64. Domiciled in Indonesia. Appointed as a Deputy President Director of BCA at the 2011 Annual General Meeting of Shareholders and approved by Bank Indonesia on August 25, 2011. He was last reappointed at the 2016 Annual General Meeting of Shareholders for a five-year term.

Roles and Responsibilities
Deputy President Director of BCA responsible for general supervision of the Compliance & Risk Management Director, Human Capital Management Director, and Credit Director, while overseeing the Finance and Planning Division, Corporate Secretary Division and Enterprise Security Work Unit, as well as supervising and coordinating management of the subsidiaries.

Career
Eugene Keith Galbraith joined BCA in 2002 as President Commissioner (2002–2011). Prior to joining BCA, Mr. Galbraith served as Vice President Commissioner of PT Bank NISP Tbk (2000–2006), Chairman of Asiawise.com (1999–2001), Managing Director of ABN AMRO Asia (1996–1998), and President Director of HG Asia Indonesia (1990–1996). He also served as an advisor to the Indonesian Ministry of Finance (1988–1990), and as economic planning advisor in East Nusa Tenggara Province, Indonesia (1984–1988).

Educational Background and Training
Graduated in Philosophy (1974), holds an M. Phil in Economic History (1978), and a PhD in Anthropology (1983) from Johns Hopkins University, USA.

Participated in a number of training programs, seminars and conferences in 2016, including:
- Mandiri Investment Forum 2016 – Mandiri Sekuritas, Jakarta
- BAIN Southeast Asia Transformation Leader Forum – BAIN, Singapore
- Investor Forum 2016 – Morgan Stanley, New York (USA)
- Indonesia All Access 2016 – Nomura, Jakarta
- 55th ACI World Congress 2016 (Risk Management Refreshment Program) – Associate Cambiste Internasionale (ACI), Jakarta
- Indonesia Investor Conference 2016 – Citi, Jakarta
- National Seminar Winning the AEC War Competing or Collaborating – Morgan Stanley, Jakarta
- Asia Pacific CEO-CFO Conference – JP Morgan, New York (USA)
- Innovation Forum: Indonesia in a Digital World – McKinsey, Jakarta
- Indonesia Knowledge Forum V – BCA, Jakarta
- Focus 16 Security Conference – Inter Security, Las Vegas (USA)
- 15th Annual Asia Pacific Summit – Morgan Stanley, Singapore
- 10th Financial Services CEO Roundtable – Temasek, Singapore

Affiliation
Has no financial, stock ownership, and/or family relationship with any member of the Board of Commissioners, fellow member of the Board of Directors, and/or BCA controlling shareholder.

Dual Functions
Holds no position as a member of a Board of Commissioners, a Board of Directors, or executive officer at another bank, company, and/or institution.

Armand Wahyudi Hartono
Deputy President Director

Indonesian citizen, aged 41. Domiciled in Indonesia. Appointed as a Deputy President Director of BCA at the 2016 Annual General Meeting of Shareholders for a five-year term and approved by the Financial Services Authority (OJK) on June 21, 2016.

Roles and Responsibilities
Deputy President Director of BCA in charge of general supervision of the Network Distribution Director and the Transaction Banking Director, and responsible for operational divisions, namely Operation Strategy & Development, Domestic Payment Services, Electronic Banking Services, International Banking Services Divisions, and Information Technology.

Career
Previously a Director of BCA from 2009, Armand Wahyudi Hartono also served as Head of Planning and Regional Development of BCA (2004–2009). Prior to joining BCA, Mr. Hartono held various managerial positions at PT Djarum (1998–2004) including Finance Director, Deputy Purchasing Director and Head of Human Resources Department, and was an Analyst for Global Credit Research and Investment Banking at JP Morgan Singapore (1997–1998).

Educational Background and Training
A graduate of the University of California, San Diego (1996) and holds a Master of Science degree in Engineering Economic-System and Operation Research from Stanford University, USA in 1997.

Participated in a number of training programs, seminars and conferences in 2016, including:
- Risk Management Refreshment Program – Risk Forum School of Finance, Jakarta
- Indonesia Knowledge Forum V – BCA, Jakarta
- Asia Leaders in Financial Institutions (ALFI) – National University of Singapore (NUS): Beijing (China), New York (USA) & Singapore
- MasterCard Asia Pacific Advisory Board Meeting – MasterCard, Barcelona (Spain)

Affiliation
Has financial and family relationships with BCA controlling shareholders, Robert Budi Hartono and Bambang Hartono, but has no financial, stock ownership, and/or family relationship with any member of the Board of Commissioners, and/or fellow member of the Board of Directors.

Dual Functions
Holds no position as a member of a Board of Commissioners, a Board of Directors, or executive officer at another bank, company, and/or institution.

Suwignyo Budiman
Director

Indonesian citizen, aged 66. Domiciled in Indonesia. Appointed as a Director of BCA at the 2002 Annual General Meeting of Shareholders and approved by Bank Indonesia on August 13, 2002. He was last reappointed at the 2016 Annual General Meeting of Shareholders for a five-year term.

Roles and Responsibilities
Director of BCA responsible for Individual Banking business, comprising the mortgages, auto loans (four-wheelers and two-wheelers), and Individual Customer Business Development, including wealth management business and BCA Prioritas priority banking service. Also supervises the Sharia banking subsidiary, PT BCA Syariah, the general insurance subsidiary, PT Asuransi Umum BCA (BCA Insurance), and the life insurance subsidiary, PT Asuransi Jiwa BCA (BCA Life).

Career
Suwignyo Budiman started his career at Bank Rakyat Indonesia (BRI) in 1975 as Systems Analyst, subsequently holding various managerial positions, including Head of the Technology Division (1992–1995), special staff to the Board of Directors (1995–1996), Head of Palembang Region (1996–1998), Head of the Operational Division (1998–2000) with his last position at BRI as Head of the Central Java Region. He was a member of the Proxy Team of the Board of Directors at BCA from May to July 1998.

Educational Background and Training
Holds a Bachelor's degree from Universitas Gadjah Mada (1974) and an MBA from the University of Arizona, USA (1986).

Participated in a number of training programs, seminars and conferences in 2016, including:
- Risk Management Refreshment Program – Risk Forum School of Finance, Jakarta
- International Conference Islamic Finance – Indonesia's Financial Services Authority, Jakarta
- Indonesia Knowledge Forum V – BCA, Jakarta

Affiliation
Has no financial, stock ownership, and/or family relationship with any member of the Board of Commissioners, fellow member of the Board of Directors, and/or BCA controlling shareholder.

Dual Functions
Holds no position as a member of a Board of Commissioners, a Board of Directors, or executive officer at another bank, company, and/or institution.

Subur Tan
Director

Indonesian citizen, aged 56. Domiciled in Indonesia. Appointed as a Director of BCA at the 2002 Annual General Meeting of Shareholders and approved by Bank Indonesia on August 13, 2002. He was last reappointed at the 2016 Annual General Meeting of Shareholders for a five-year term.

Roles and Responsibilities
Director of BCA responsible for the Compliance Work Unit, Legal Group and Risk Management Work Unit.

Career
Mr. Tan's career at BCA began in 1986 and his managerial experience includes Head of Credit Department at Operational Head Office (1991–1995), Head of Legal Bureau (1995–1999), and Deputy Head of Legal Division (1999–2000). Prior to being appointed to the Board of Directors, he was Head of BCA's Internal Legal Counsel.

Educational Background and Training
Earned a Bachelor of Law degree from Universitas Sudirman (1986) and completed the Notary Program at Universitas Indonesia Faculty of Law (2002).

Participated in a number of training programs, seminars and conferences in 2016, including:
- Risk Management Refreshment Program – Risk Forum School of Finance, Jakarta
- Indonesia Knowledge Forum V – BCA, Jakarta

Affiliation
Has no financial, stock ownership, and/or family relationship with any member of the Board of Commissioners, fellow member of the Board of Directors, and/or BCA controlling shareholder.

Dual Functions
Holds no position as a member of a Board of Commissioners, a Board of Directors, or executive officer at another bank, company, and/or institution.

Henry Koenaifi
Director

Indonesian citizen, aged 57. Domiciled in Indonesia. Appointed as a Director of BCA at the 2007 Extraordinary General Meeting of Shareholders, and approved by Bank Indonesia on February 13, 2008. He was last reappointed at the 2016 Annual General Meeting of Shareholders for a five-year term.

Roles and Responsibilities
Director of BCA responsible for the SME and Commercial banking, including cash management and credit services. Mr. Koenaifi also supervises wholly-owned four-wheeler financing subsidiary, PT BCA Finance, and two-wheeler financing subsidiary, PT Central Santosa Finance (CS Finance).

Career
Prior to being appointed to BCA's Board of Directors, Mr. Koenaifi was the President Director of PT BCA Finance (2000–2008). He was appointed by the Indonesian Bank Restructuring Agency (IBRA) as the Head of the Management Team of PT Bank Bali Tbk and as a member of the Managing Team of Bank Jaya (1999-2000). Mr. Koenaifi joined BCA in 1989 and has since held various managerial positions both at branches and at the head office. Before beginning his career in the banking industry with BCA in 1989, Mr. Koenaifi was with global IT company, IBM for six years.

Educational Background and Training
Graduated with a bachelor's degree in Civil Engineering from Parahyangan Catholic University (1984), and continued his studies at the Institut Pengembangan Manajemen Indonesia (IPMI) in 2000. He holds an MBA degree from Monash University, Melbourne, Australia (2001).

Participated in a number of training programs, seminars and conferences in 2016, including:
- Risk Management Refreshment Program – Risk Forum School of Finance, Jakarta
- Indonesia Knowledge Forum V – BCA, Jakarta
- Asia Leaders in Financial Institutions (ALFI) – National University of Singapore (NUS): Beijing (China), New York (USA) & Singapore

Affiliation
Has no financial, stock ownership, and/or family relationship with any member of the Board of Commissioners, fellow member of the Board of Directors, and/or BCA controlling shareholder.

Dual Functions
Holds no position as a member of a Board of Commissioners, a Board of Directors, or executive officer at another bank, company, and/or institution.

Erwan Yuris Ang
Director

Indonesian citizen, aged 57. Domiciled in Indonesia. Appointed as a Director of BCA at the 2011 Annual General Meeting of Shareholders and approved by Bank Indonesia on August 25, 2011. Later appointed as an Independent Director of BCA on April 7, 2014. He was last reappointed at the 2016 Annual General Meeting of Shareholders for a five-year term.

Roles and Responsibilities
Network Distribution Director responsible for monitoring and supervising daily regional and branch operations, and in charge of branch support divisions, namely the Procurement & Facility Management Division and the Network & Regional Planning Work Unit.

Career
Previously, he served as BCA's Head of Regional Office for Jakarta, Surabaya, Medan and Malang (2000–2011), prior to which, he served as Branch Manager at BCA Bandung (1995–2000) and at BCA Pekanbaru (1989–1995), and Head of the Credit Department at BCA Pekanbaru (1987–1989). He joined BCA in 1985 as a trainee in the Medan branch.

Educational Background and Training
Holds a Bachelor of Law degree from University Satyagama (2010) and obtained a master's degree in Business Law from Trisakti University (2012).

In 2016 participated in "Indonesia Knowledge Forum V" seminar held by BCA in Jakarta.

Affiliation
Has no financial, stock ownership, and/or family relationship with any member of the Board of Commissioners, fellow member of the Board of Directors, and/or BCA controlling shareholder.

Dual Functions
Holds no position as a member of a Board of Commissioners, a Board of Directors, or executive officer at another bank, company, and/or institution.

Rudy Susanto
Director

Indonesian citizen, aged 54. Domiciled in Indonesia. Appointed as a Director of BCA at the 2014 Annual General Meeting of Shareholders and approved by the Financial Services Authority (OJK) on July 21, 2014. He was last reappointed at the 2016 Annual General Meeting of Shareholders for a five-year term.

Roles and Responsibilities
Director of BCA responsible for the Corporate Banking Group, Treasury Division and International Banking Division. Also supervises wholly-owned remittance subsidiary, BCA Finance Limited, and securities subsidiary, PT BCA Sekuritas.

Career
Rudy Susanto joined BCA in 2002 and has since held several managerial positions, including Executive Vice President of the Credit Risk Analysis Group (2011–2014), Head of the Credit Risk Analysis Group (2004–2011), and Head of the Credit Division (2002–2004). Prior to joining BCA, Mr. Susanto was Head of the Loan Work Out II Division (2001–2002) and Senior Credit Officer (1999–2001) of the Indonesian Bank Restructuring Agency (IBRA). Mr. Susanto also served as Vice President of Corporate Finance (1998–1999), Senior Manager of Corporate Finance (1996–1998), Manager of Corporate Finance (1995), and Assistant Manager of Corporate Finance (1994) at PT Bank LTCB Central Asia (a joint venture between the Long-Term Credit Bank of Japan Ltd. and PT Bank Central Asia Tbk). He started his career at PT Danamon Indonesia Tbk as a trainee in the Credit Marketing Program (1992).

Educational Background and Training
Graduated with a bachelor's degree in Civil Engineering from Tarumanagara University (1989), and earned an MBA in Finance from the University of Tennessee, Knoxville, USA (1992).

Participated in a number of training programs, seminars and conferences in 2016, including:
- Associate Cambiste Internasionale (ACI) World Congress 2016 – ACI FMA, Jakarta
- Maybank Investor Forum – Maybank, Jakarta
- 23rd CLSA Investor Forum – CLSA, Jakarta
- Indonesia Knowledge Forum V – BCA, Jakarta

Affiliation
Has no financial, stock ownership, and/or family relationship with any member of the Board of Commissioners, fellow member of the Board of Directors, and/or BCA controlling shareholder.

Dual Functions
Holds no position as a member of a Board of Commissioners, a Board of Directors, or executive officer at another bank, company, and/or institution.

Lianawaty Suwono
Director

Indonesian citizen, aged 50. Domiciled in Indonesia. Appointed as a Director of BCA at the 2016 Annual General Meeting of Shareholders for a five-year term and approved by the Financial Services Authority (OJK) on July 27, 2016.

Roles and Responsibilities
Director of BCA responsible for defining the strategies and policies on Human Capital Management and Learning & Development.

Career
Prior to her appointment as Director, Lianawaty Suwono was the Head of Human Capital Management Division (2006–2016) and a member of the Remuneration and Nomination Committee (2007–2016). Her career in BCA started in 1991 as a management trainee in the Bank's Management Development Program before being assigned as a Business Analyst (1992–1996) in the Information System Division, handling the Integrated Banking Systems Project, focused on Integrated Deposit Systems and Integrated Loan Systems. After pursuing a career in Information Technology, she started her career in Human Resources with the assignment to develop Human Resource Information Systems. She then held various managerial positions, such as Function Head of HR Operations Support (1996–1998), Head of HR Operation Systems & Support Bureau (1998–1999), Head of Management Development Program Bureau and Head of Career Development Bureau (1999–2000), Head of HR Resourcing & Development Bureau (2000–2002), and Deputy Head of HR Division (2002–2006). She also served as President Commissioner of PT Asuransi Jiwa BCA from 2014 to July 2016.

Educational Background and Training
Graduated with a degree in Business Information Computing Systems from San Francisco State University, California, USA (1990).

Participated in a number of training programs, seminars and conferences in 2016, including:
- HR Summit 2016 – PT Inti Pesan Pariwara, Bali
- Indonesia Knowledge Forum V – BCA, Jakarta

Affiliation
Has no financial, stock ownership, and/or family relationship with any member of the Board of Commissioners, fellow member of the Board of Directors, and/or BCA controlling shareholder.

Dual Functions
Holds no position as a member of a Board of Commissioners, a Board of Directors, or executive officer at another bank, company, and/or institution.

Santoso
Director

Indonesian citizen, aged 51. Domiciled in Indonesia. Appointed as a Director of BCA at the 2016 Annual General Meeting of Shareholders for a five-year term and approved by the Financial Services Authority (OJK) on August 8, 2016.

Roles and Responsibilities
Director of BCA responsible for Transaction Banking Business Development, Transaction Banking Partnership Solution Development, Transaction Banking Product Development, and Transaction Banking Business Support & Services.

Career
Previously, Mr. Santoso was Head of Consumer Card Business Services & Support Group (2015–2016). His career with BCA began in 1992 as Head of Supporting Administration Department. Throughout his career, he has held various managerial positions, such as Head of Marketing for Non-Jabodetabek II Area (1996–1998), Chief of Area Marketing Bureau (1998–2000), Deputy Head of Consumer Network Division, Deputy Head of Network Services Division, and Deputy Head of Network & Sales (2000–2005), Head of Small & Medium Business Division (2005–2009), Head of Credit Card Business Unit (2009–2012), Head of Merchant and Consumer Credit Card Group (2012–2014). Mr. Santoso was also active as Head of Dana Pensiun BCA, a pension fund company (2003–April 2016), and as Commissioner of PT Abacus Cash Solution, a cash management service provider (2010–April 2016).

Educational Background and Training
Graduated with a degree from the Faculty of Engineering of Trisakti University, Jakarta (1989).

Participated in a number of training programs, seminars and conferences in 2016, including:
- ASEAN Marketing Summit – Markplus, Jakarta
- Mobile World Congress 2016 – Global System for Mobile Communications Association (GSMA), Barcelona (Spain)
- Money 20/20 Conference – Money 20/20, Las Vegas (USA)

Affiliation
Has no financial, stock ownership, and/or family relationship with any member of the Board of Commissioners, fellow member of the Board of Directors, and/or BCA controlling shareholder.

Dual Functions
Holds no position as a member of a Board of Commissioners, a Board of Directors, or executive officer at another bank, company, and/or institution.

Inawaty Handoyo
Director

Indonesian citizen, aged 65. Domiciled in Indonesia. Appointed as a Director of BCA at the 2016 Annual General Meeting of Shareholders for a five-year term and approved by the Financial Services Authority (OJK) on August 8, 2016.

Roles and Responsibilities
Director of BCA responsible for Credit Analysis and Credit Recovery.

Career
Since joining BCA in 1980, Inawaty Handoyo has held various managerial positions in internal audit, including Head of Internal Audit Bureau (1985–1988), Deputy Head of Internal Audit Division (1988–1990), and Head of Internal Audit Division (1990–2008). She then served as a member of the Audit Committee (2008–2016) and the Integrated Governance Committee (2015–2016). She was an active lecturer at one university and several internal audit training institutions in Jakarta (2000–2016), while actively serving as consultant in various internal audit projects (2010–2016). Prior to joining BCA, Inawaty Handoyo served as the Head of Finance at PT Naintex, a textile company (1976–1980).

Educational Background and Training
Holds two bachelor degrees in Management (1976) and Accounting (1979) from the Economic Faculty of Parahyangan Catholic University, Bandung and a Master of Management degree from Prasetiya Mulya Business School, Jakarta (2003).

Participated in a number of training programs, seminars and conferences in 2016, including:
- Credit Fundamental for Senior Decision Maker – Omega Training, Jakarta
- Indonesia Knowledge Forum V – BCA, Jakarta

Affiliation
Has no financial, stock ownership, and/or family relationship with any member of the Board of Commissioners, fellow member of the Board of Directors, and/or BCA controlling shareholder.

Dual Functions
Holds no position as a member of a Board of Commissioners, a Board of Directors, or executive officer at another bank, company, and/or institution.

03 Board of Commissioners Profile

Djohan Emir Setijoso
President Commissioner

Indonesian citizen, aged 75. Domiciled in Indonesia. Appointed as the President Commissioner of BCA at the 2011 Annual General Meeting of Shareholders and approved by Bank Indonesia on August 25, 2011. He was last reappointed at the 2016 Annual General Meeting of Shareholders for a five-year term.

Career
Djohan Emir Setijoso previously served as President Director of BCA (1999–2011) responsible by the end of that period for General Coordination, Internal Audit Division, Financial Planning & Control, and Corporate Affairs. Prior to joining BCA, Mr. Setijoso held various positions at Bank Rakyat Indonesia (1965–1998) the last position being Managing Director, and was President Commissioner of Inter Pacific Bank (1993–1998). Aside from serving as the President Commissioner of BCA, he is actively involved in various organizations.

Educational Background and Training
Graduated from the Bogor Institute of Agriculture (1964).

Participated in a number of training programs, seminars and conferences in 2016, including:
- Challenges to Global Economy Seminar – LPS, Jakarta
- Focus Group : Challenges to Global Economy – LPS, Jakarta

Affiliation
Has no financial, stock ownership, and/or family relationship with fellow member of the Board of Commissioners, any member of the Board of Directors, and/or BCA controlling shareholder.

Dual Functions
Also serves as a member of the Remuneration and Nomination Committee of PT Bank Central Asia Tbk but holds no position as a member of a Board of Commissioners, a Board of Directors, or executive officer at another bank, company, and/or institution.

Tonny Kusnadi
Commissioner

Indonesian citizen, aged 69. Domiciled in Indonesia. Appointed as a Commissioner of BCA at the 2003 Annual General Meeting of Shareholders and approved by Bank Indonesia on September 4, 2003. He was last reappointed at the 2016 Annual General Meeting of Shareholders for a five-year term.

Career
Prior to joining BCA, Mr. Kusnadi was a Director at PT Cipta Karya Bumi Indah, a property development and construction company (2001–2002) and before that served as a Commissioner. His earlier managerial positions include President Director of PT Sarana Kencana Mulya, an electronic distributor (1999–2001), Chief Manager of Corporate Banking for PT Bank Central Asia (1992–1998), General Manager at PT Tamara Indah, an engineering and general supplier company (1988–1992) and General Manager at PT Indomobil, a leading Indonesian automotive company, in 1987.

Educational Background and Training
Holds a Bachelor's degree in Mechanical Engineering from the University of Brawijaya, Malang (1978).

Participated in a number of training programs, seminars and conferences in 2016, including:
- Executing Shared Value, Delivering Positive Impact in Indonesia – Robert Kaplan, Palladium, Jakarta
- Advance Risk Based Compliance (Refreshment) - FDB Events Pte. Ltd., Singapore
- Indonesia Knowledge Forum V – BCA, Jakarta

Affiliation
Has no financial, stock ownership, and/or family relationship with fellow member of the Board of Commissioners, any member of the Board of Directors, and/or BCA controlling shareholder.

Dual Functions
Concurrently serving as President Commissioner of PT Sarana Menara Nusantara Tbk.

Cyrillus Harinowo
Independent Commissioner

Indonesian citizen, aged 63. Domiciled in Indonesia. Appointed as an Independent Commissioner of BCA at the 2003 Annual General Meeting of Shareholders and approved by Bank Indonesia on September 4, 2003. He was last reappointed at the 2016 Annual General Meeting of Shareholders for a five-year term.

Career

Prior to joining BCA, Mr. Harinowo served twenty five years with Bank Indonesia as, among others, Director of the Money Market and Monetary Management Department (1994–1998). He also served as an Alternate Executive Director and Technical Assistance Advisor for the Monetary and Exchange Affairs Department, International Monetary Fund (IMF), Washington (1998–2003). He has experience as a delegation member in meetings for the Inter Governmental Group on Indonesia (IGGI), Consultative Group for Indonesia (CGI), IMF and World Bank. He has held several managerial positions in both governmental and non-governmental institutions, and was Assistant to the Minister of Trade (1988–1989). A lecturer at several major universities in Jakarta, speaker and article writer for domestic and international seminars and media, Mr. Harinowo has published books on Indonesia's public debt (2002), the IMF (2004), and the "Musim Semi Perekonomian Indonesia" (2005).

Educational Background and Training

Graduated in Accounting from Gadjah Mada University (1977), obtained a master's degree in Development Economics from the Centre for Development Economics, Williams College, Massachusetts (1981), and a PhD in Monetary and International Policy from Vanderbilt University, Nashville, Tennessee, USA (1985).

Participated in a number of training programs, seminars and conferences in 2016, including:

- The Indonesia Summit 2016 – The Economist, Jakarta
- Benchmarking SESPIBANK, Dusseldorf, Frankfurt dan Milan
- Global Emerging Markets Conference - TD Securities & GlobalSource Partners, Milan
- Indonesia Knowledge Forum V – BCA, Jakarta

Affiliation

Has no financial, stock ownership, and/or family relationship with fellow member of the Board of Commissioners, any member of the Board of Directors, and/or BCA controlling shareholder.

Dual Functions

Concurrently serving as Chairman of the Audit Committee of PT Bank Central Asia Tbk, and as Independent Commissioner of PT Unilever Indonesia Tbk.

Raden Pardede
Independent Commissioner

Indonesian citizen, aged 56. Domiciled in Indonesia. Appointed as an Independent Commissioner of BCA at the 2004 Annual General Meeting of Shareholders and approved by Bank Indonesia on June 14, 2004. Since May 15, 2006, he has served as an Independent Commissioner. He was last reappointed as an Independent Commissioner at the 2016 Annual General Meeting of Shareholders for a five-year term.

Career

Mr. Pardede was President Commissioner of State Asset Management Company PPA (2008–2009), after serving as a Vice President Director of PPA (2004–2008). He served both in governmental and non-governmental institutions, including as Vice Chairman of the National Economic Committee (2010–2014), Special Adviser to Minister of Finance (2008–2010), Chairman of Indonesia Financial Stability System Forum (2007–2009), Secretary of Financial Stability System Committee (2008–2009), Chief of Financing for Indonesian Infrastructure Development (2004–2005), Special Adviser to Coordinating Minister for Economic Affairs (2004–2005), Executive Director of PT Danareksa (2002–2004), Deputy Coordinator of the Assistance Team to the Minister of Finance Republic of Indonesia (2000–2004), Chief Economist and Division Head at PT Danareksa (1995–2002), Founder of Danareksa Research Institute in 1995, Consultant to the World Bank (1994–1995), member of planning staff in the Department of Industry Republic of Indonesia (1985–1990), and Process Engineer at PT Pupuk Kujang Fertilizer Industry in 1985. Mr. Pardede is also a guest lecturer at Bandung Institute of Technology, University of Indonesia and Prasetiya Mulya Business School.

Educational Background and Training

Graduated in Chemical Engineering from Bandung Institute of Technology (1984) and obtained a Ph.D. in Economics from Boston University, USA (1995).

Participated in a number of training programs, seminars and conferences in 2016, including:
- Commissioner Refreshment Program – LSPP, Jakarta
- NYU Stern Executive Education : Breakthrough Strategic Thinking – NYU, New York

Affiliation

Has no financial, stock ownership, and/or family relationship with fellow member of the Board of Commissioners, any member of the Board of Directors, and/or BCA controlling shareholder.

Dual Functions

Concurrently serving as the Chairman of the Remuneration and Nomination Committee of PT Bank Central Asia Tbk, and as Independent Commissioner of PT Adaro Energy Tbk.

Sumantri Slamet
Independent Commissioner

Indonesian citizen, aged 63. Domiciled in Indonesia. Appointed as an Independent Commissioner of BCA at the 2016 Annual General Meeting of Shareholders for a five-year term and approved by the Indonesia's Financial Services Authority (OJK) on July 11, 2016.

Career

Sumantri Slamet previously served as a member of IT and Risk Management Committee of PT Bursa Efek Indonesia, Audit Committee and Remuneration & Nomination Committee at PT CIMB Niaga Tbk, and the President Commissioner of PT Danakita Investama, an investment manager company. Mr. Slamet also held various managerial positions and served as Director in several companies, including as the Head of Project Finance and Investor Relations - Strategy and Business Development at PT Medco Energy International Tbk (Medco) and at the same time as the Managing Director of several subsidiaries of Medco outside of Indonesia, namely in Singapore, USA, Oman, Yemen and France (2008-2013). Mr. Slamet had also been appointed Director of PT Surya Citra Televisi – SCTV (2005-2008) and Director at PT Surya Citra Media Tbk (2004-2008).

Educational Background and Training

Completed undergraduate study at the Faculty of Mathematics and Natural Sciences, University of Indonesia in 1978 and earned his MSc and Ph.D. in Computer Science from the University of Illinois, Urbana Champaign (USA), in 1981 and 1983, respectively.

Participated in a number of training programs, seminars and conferences in 2016, including:

- Asia Pacific CEO-CFO Conference – JP Morgan, New York (USA)
- Innovation Forum: Indonesia in a Digital World – McKinsey, Jakarta
- Indonesia Knowledge Forum V – BCA, Jakarta
- Macro Condition Analysis: A Strategic Direction for Banking Industry - BSMR, Jakarta

Affiliation

Has no financial, stock ownership, and/or family relationship with fellow member of the Board of Commissioners, any member of the Board of Directors, and/or BCA controlling shareholder.

Dual Functions

Concurrently serving as Chairman of the Risk Oversight Committee and the Integrated Governance Committee of PT Bank Central Asia Tbk, Independent Commissioner and Head of Audit Committee of PT Multi Bintang Indonesia Tbk, and as a member of the Board of Trustee of Universitas Indonesia.

03 Audit Committee Profile

Cyrillus Harinowo
Chairman

Cyrillus Harinowo has assumed the position as Chairman of the Audit Committee of BCA since 2015. His last reappointment became effective on June 2, 2016 according to the Decree of the Board of Directors No. 078/SK/DIR/2016 and based on the resolutions of the Meeting of the Board of Commissioners. He concurrently serves as an Independent Commissioner. More detailed information can be found at the Board of Commissioners Profile on page 71.

Ilham Ikhsan
Member

Indonesian citizen, aged 66. Domiciled in Indonesia. Has been a member of the Audit Committee of BCA since 2011. His last reappointment became effective on June 2, 2016 according to the Decree of the Board of Directors No. 078/SK/DIR/2016 and based on the resolutions of the Meeting of the Board of Commissioners.

Career

Prior to joining BCA, Mr. Ikhsan served at Bank Indonesia for thirty years, most of which time was spent in the Banking Supervisory area, and also as Chief Representative of Bank Indonesia in Singapore (2002-2005), with his last position before retiring from Bank Indonesia was Director of Assets Recovery Special Unit (2005-2008). Following his retirement, he was appointed Finance Director of Bank Indonesia Employee Welfare Foundation or YKK-BI (2008-2010).

Educational Background

Graduated with a Bachelor's degree in Accounting from Universitas Airlangga (1978) and obtained his Master of Science degree in Economic Development and International Trade from Colorado State University, USA (1984).

Training and Certification

- "The Art of Internal Audit: The Future of Internal Auditing in a changing landscape" conference – Institute Internal Auditors Indonesia, Bali
- VIII National Conference: "Promoting Internal Audit Roles To Enhance & Protect Organizational Values" – Ikatan Auditor Intern Bank (IAIB), Bali

Tjen Lestari
Member

Indonesian citizen, aged 61. Domiciled in Indonesia. Appointed as a member of the Audit Committee of BCA on June 2, 2016 according to the Decree of the Board of Directors No. 078/SK/DIR/2016 and based on the resolutions of the Meeting of the Board of Commissioners.

Career

Started her career in 1978 at BCA. Later served at a steel importer & distributor company, PT Giwang Selogam as a system analyst (1984-1987) and at PT Multi Electrindo Raya as a financial manager (1998-1991). Re-joined BCA as Financial Control Adviser (1991-1995), Accounting Adviser (1995-1998), Financial Support Adviser (1998-2001), Head of Finance I Sub-Division (2001-2010), and as a consultant in the Finance and Corporate Planning Division (2010-2012). Later served as Financial Director at PT Danamas Insan Kreasi Andalan, a subsidiary of BCA Pension Fund company engaging in human resource development business (2012-2015).

Educational Background

Completed her undergraduate studies at the Economic Faculty of Universitas Indonesia in 1982.

Training and Certification

- "The Art of Internal Audit: The Future of Internal Auditing in a changing landscape" conference – Institute Internal Auditors Indonesia, Bali
- National Conference VIII: "Promoting Internal Audit Roles To Enhance & Protect Organizational Values" – Ikatan Auditor Intern Bank (IAIB), Bali

03 Risk Oversight Committee Profile

Sumantri Slamet
Chairman

Sumantri Slamet was appointed as Chairman of the Risk Oversight Committee of BCA on September 30, 2016 according to the Decree of the Board of Directors No. 144A/SK/DIR/2016 and based on the resolutions of the Meeting of the Board of Commissioners. Currently he also serves as an Independent Commissioner and Chairman of the Integrated Governance Committee. More detailed information can be found at the Board of Commissioners Profile on page 73.

Endang Swasthika Wibowo
Member

Indonesian citizen, aged 55. Domiciled in Indonesia. Has been a member of the Risk Oversight Committee of BCA since 2007. Her last reappointment became effective on September 30, 2016 according to the Decree of the Board of Directors No. 144A/SK/DIR/2016 and based on the resolutions of the Meeting of the Board of Commissioners.

Career
Mrs. Wibowo is an academician and researcher in risk management, finance and banking. Previously, she served as Head of the Magister Management Program in Banking at ABFII Perbanas, a trainer of Risk Management (Certified GARP – BSMR), Head of Perbanas Research and Community Development Center (2000-2006), Advisor of Ecofinbank-Legislation Unit in the People's Representative Council (2000-2005), Commissioner of PT Putera Lintas Kemas, Air Freight Forwarder Co (2000-2004), and Head of Management Department, STIE Perbanas (1990-1993).

Educational Background
Graduated in Economics from Indonesian Islamic University, Yogyakarta (1985), and earned a Graduate Diploma in Banking & Finance (1996) as well as a Master's degree in Banking from Monash University, Australia (1998).

Training and Certification
- "Understanding Cyber Crime and Corporate Strategies in Tackling It" Seminar – Indonesian Institute of Audit Committee (IKAI), Jakarta
- Indonesia Knowledge Forum – BCA Learning Service, Jakarta
- Risk Management Certification Level II issued by GARP – BSMR.

Lianny Somyadewi D.
Member

Indonesian citizen, aged 55. Domiciled in Indonesia. Was appointed as a member of the Risk Oversight Committee of BCA on September 30, 2016 according to the Decree of the Board of Directors No. 144A/SK/DIR/2016 and based on the resolutions of the Meeting of the Board of Commissioners.

Career
Joined BCA in 1990 as a management trainee in BCA Management Development Program with initial placement in the Retail Banking Division in 1991 before serving as an Adviser in the Retail Lending Division (1997-2005). Then served as a part of the Risk Management Unit of BCA (2005-2016) with the last position as Credit Risk Management Senior Adviser.

Educational Background
Graduated in Civil Engineering from Universitas Trisakti, Jakarta, in 1986.

Training and Certification
Risk Management Certification Level IV issued by GARP – BSMR.

03 Remuneration and Nomination Committee Profile

Raden Pardede
Chairman

Raden Pardede has assumed the position as Chairman of the Remuneration and Nomination Committee of BCA since 2007. His last reappointment became effective on August 10, 2016 according to the Decree of the Board of Directors No. 107A/SK/DIR/2016 and based on the resolutions of the Meeting of the Board of Commissioners. He concurrently serves as an Independent Commissioner. More detailed information can be found at the Board of Commissioners Profile on page 72.

Djohan Emir Setijoso
Member

Djohan Emir Setijoso has assumed the position as a member of the Remuneration and Nomination Committee of BCA since 2011. His last reappointment became effective on August 10, 2016 according to the Decree of the Board of Directors No. 107A/SK/DIR/2016 and based on the resolutions of the Meeting of the Board of Commissioners. He concurrently serves as President Commissioner. More detailed information can be found at the Board of Commissioners Profile on page 70.

Hendra Tanumihardja
Member

Indonesian citizen, aged 44. Domiciled in Indonesia. Appointed as a member of the Remuneration and Nomination Committee of BCA on August 10, 2016 according to the Decree of the Board of Directors No. 107A/SK/DIR/2016 and based on the resolutions of the Meeting of the Board of Commissioners. Currently also serves as Head of the Human Capital Management Division since August 1, 2016.

Career
Began his career in BCA in 1990 and has had many experiences in developing the Bank's human resources training programs since 1997. Later held various managerial positions including as Deputy Head of the Training and Development Division (2009-2011), Head of the Learning and Development Subdivision (2011-2015), Head of Network and Regional Planning Work Unit (2015-2016), and Head of Human Capital Management Division (2016-present). Once worked in PT Kalbe Farma Tbk as Senior Manager (2006-2008).

Educational Background
Completed his undergraduate studies in Accounting at Universitas Tarumanagara in 1995 and earned a Master's degree in Finance from Universitas Indonesia, Jakarta in 2002.

Training and Certification
Organizational Science Summit: Conveying Leaders to Shape the Future of Human Capital – McKinsey & Company and Gallup, Singapore

03 Profile of the Integrated Corporate Governance Committee

Sumantri Slamet
Chairman

Sumantri Slamet was appointed as Chairman of the Integrated Governance Committee of BCA on August 11, 2016 according to the Decree of the Board of Directors No. 109/SK/DIR/2016 and based on the resolutions of the Meeting of the Board of Commissioners. Currently he also serves as an Independent Commissioner and Chairman of the Risk Oversight Committee. More detailed information can be found at the Board of Commissioners Profile on page 73.

Wimpie Rianto
Member

Indonesian citizen, aged 69. Domiciled in Indonesia. Was appointed as a member of the Integrated Governance Committee of BCA on August 11, 2016 according to the Decree of the Board of Directors No. 109/SK/DIR/2016 and based on the resolutions of the Meeting of the Board of Commissioners.

Career

Mr. Rianto is a banking practitioner with extensive experience including in risk management. Previously held various managerial positions with BCA from 1976 to 1994, then serving as Deputy President Director of Bank LTCB Central Asia (1994–1997) and President Director of Bank Yama (1997-1999) before rejoining BCA as Head of Risk Management and Compliance Division (1999-2002). Prior to being appointed to the Integrated Corporate Governance Committee of BCA, Mr. Rianto served as Compliance Director (2004-2007) and Independent Commissioner (2007-2014) of Bank Sinar Mas, and a member of the Risk Oversight Committee of BCA (2015-2016).

Educational Background

Earned a Bachelor's degree in Economics from the Catholic University of Atmajaya, Jakarta (1972) and active in attending professional training and skills enhancement programs, among others in risk management, both in Indonesia and abroad.

Training and Certification

- Executive Program of Risk Management Certification – Bank Indonesia and IRPA
- Certificate of Refreshment: Bank Risk Management Level 5 – Banking Professional Certification Agency (LSPP)

Adhi Gunawan Budirahardjo
Member

Indonesian citizen, aged 61. Domiciled in Indonesia. Has been a member of the Integrated Governance Committee of BCA since 2015. His last reappointment became effective on December 13, 2016 according to the Decree of the Board of Directors No. 180/SK/DIR/2016 and based on the resolutions of the Meeting of the Board of Commissioners. Currently he also serves as Independent Commissioner of PT BCA Finance and Chairman of the Audit Committee of PT BCA Finance, since July 1, 2012.

Career
Previously served as Head of BCA Branch and Regional Offices including the Main Branch (1991-2000), Regional Office IV Denpasar, Bali (2000-2005), Regional Office VII Malang, East Java (2005-2008), and Regional Office IX Jakarta (2008-2011). Had also served as the Senior Advisor to the Board of Directors of an insurance company, PT ACE Jaya Proteksi (2012-2014).

Educational Background
Completed his Accounting education at Sekolah Tinggi Ilmu Ekonomi Indonesia, Jakarta (1991).

Training and Certification
- "Welcoming The New Era of Multifinance Industry" Seminar – Indonesian Financial Services Association, Bali
- "Conducive Government Policies Supporting Promising Economic Development" Seminar – Indonesian Financial Services Association, Jakarta
- The Soul of Leader The Leader of Soul – Australian Institute of Management
- Managing and Implementing Change – ISEA
- Board and executive Development Program for INSURANCE
- Risk Management Certification Refreshment Level IV – Risk Management Certification Body (BSMR)
- Basic Financing Certification – Commissioner

Gustiono Kustianto
Member

Indonesian citizen, aged 62. Domiciled in Indonesia. Has been a member of the Integrated Governance Committee of BCA since 2015. His last reappointment became effective on December 13, 2016 according to the Decree of the Board of Directors No. 180/SK/DIR/2016 and based on the resolutions of the Meeting of the Board of Commissioners. Currently he also serves as Independent Commissioner of PT Asuransi Umum BCA since 2011.

Career
Before joining BCA, had held various senior positions from 1979-2011, both in financial and non-financial industries, among others as VP of Citibank N.A Jakarta, Director of PT Bank Tiara Asia Tbk (later merged to PT Bank Danamon Tbk), Division Head of BPPN Bank Restructuring Unit, Deputy President Director of PT Bank Internasional Indonesia Tbk (now PT Bank Maybank Indonesia Tbk), Director of PT Tri Polyta Indonesia Tbk (now PT Chandra Asri Petrochemical Tbk), CFO of PT Broadband Multimedia Tbk (now PT First Media Tbk), and President Director of PT Indonesia Air Transport Tbk.

Educational Background
Earned a Civil Engineering degree from the Civil Engineering Faculty of Universitas Kristen Petra, Surabaya (1979), and a Master of Business Administration from Institut Pengembangan Manajemen Indonesia (IPMI) in 1988.

Training and Certification
- Risk Governance Master Class – Enterprise Risk Management Academy (ERMA), Bali
- Bali International Seminar on Enterprise Risk Management – Enterprise Risk Management Academy (ERMA), Bali
- Certified Risk Governance Professional (CRGP) from LSPMR
- Certified Enterprise Risk Governance (CERG) from ERMA

Pudjianto
Member

Indonesian citizen, aged 60. Domiciled in Indonesia. Has been a member of the Integrated Governance Committee of BCA since 2015. His last reappointment became effective on December 13, 2016 according to the Decree of the Board of Directors No. 180/SK/DIR/2016 and based on the resolutions of the Meeting of the Board of Commissioners. Currently he also serves as Independent Commissioner and Chairman of the Audit Committee of PT Asuransi Jiwa BCA, since November 2014.

Career
Before joining BCA, he developed his career at PT Asuransi Kesehatan Indonesia (PT Askes - Persero) for 31 years and at PT Asuransi Jiwa InHealth Indonesia for five years. He began his career at PT Askes, Jakarta, as staff in Finance Sector, in 1977. He advanced his career by serving as Finance Manager Assistant (1983-1987), Accounting Manager (1988-1999), and Accounting General Manager (2000- 2008). In 2009-2013, he held the position as Finance Director, Human Resources and General Affairs of PT Asuransi Jiwa InHealth Indonesia, Jakarta.

Educational Background
Completed his Bachelor's degree in Commercial Administration Department at Universitas Terbuka Jakarta (1990) and Master's degree in Financial Management at Sekolah Tinggi Manajemen IMMI Jakarta (2002).

Training and Certification
- The 2016 International Sustainable Finance Forum in Bali.
- Insurance Companies Risk Management certification from LSP AAMAI.

Suyanto Sutjiadi
Member

Indonesian citizen, aged 62. Domiciled in Indonesia. Has been a member of the Integrated Governance Committee of BCA since 2015. His last reappointment became effective on December 13, 2016 according to the Decree of the Board of Directors No. 180/SK/DIR/2016 and based on the resolutions of the Meeting of the Board of Commissioners. Currently he also serves as Independent Commissioner of PT Bank BCA Syariah since November 2013.

Career
Has worked at BCA for 32 years and at BCA Syariah for 3 years. He began his career at BCA Palembang as a clearing officer in 1978. In 1983, he served at Bank Indonesia as BCA representative as the counterpart for Small Investment Credit (KIK) and Permanent Capital Credit (KMKP). A year later he served at Tabanas and Taska section. He had served as the Authorized Signer of BCA Palembang (1985-1986). Then consecutively from 1987-2004, he served as Head of BCA Branch Offices including the Supporting Branch of Palembang, Pangkal Pinang Branch, Jambi Branch, Hayam Wuruk Branch, Gajah Mada Branch, Wisma Asia Branch, and as Head of Regional Office V Medan. Retired from BCA in 2010. In 2013 was appointed as an Independent Commissioner of BCA Syariah.

Educational Background
Earned a Bachelor's degree in Economics from Universitas Sriwijaya, Palembang (1983).

Training and Certification
- Tax Amnesty Training – BCA Syariah, Jakarta
- "Continuous Improvement for Sustainable Performance" Training – BCA Syariah, Jakarta
- Risk management refreshment program certification Level 2 issued by Banking Professional Certification Agency (LSPP).

Sutedjo Prihatono
Member

Indonesian citizen, aged 48. Domiciled in Indonesia. Has been a member of the Integrated Governance Committee of BCA since 2015. His last reappointment became effective on December 13, 2016 according to the Decree of the Board of Directors No. 180/SK/DIR/2016 and based on the resolutions of the Meeting of the Board of Commissioners. Currently he also serves as the member of Syariah Supervisory Board of PT Bank BCA Syariah.

Career
Before joining PT Bank BCA Syariah, developed his career at PT Bank Muamalat Indonesia Tbk as Senior Corporate Banking (1993-2004), then he held the position as Director of Karim Business Consultant (2004-2014). From 2010-1015, he served as a member of the Audit Committee and Risk Oversight Committee of PT Bank BCA Syariah.

Educational Background
Earned a Bachelor's degree in Management from the Economics Faculty of Universitas Krisnadwipayana (1993) and a Master's degree in Management from Binus Business School (2014).

Training and Certification
Pra Ijtima Sanawi Syariah Supervisory Board Workshop held by Dewan Syariah Nasional (DSN MUI).

Rudy Harjono
Member

Indonesian citizen, aged 58. Domiciled in Indonesia. Was appointed as a member of the Integrated Governance Committee of BCA on December 13, 2016 according to the Decree of the Board of Directors No. 180/SK/DIR/2016 and based on the resolutions of the Meeting of the Board of Commissioners. Currently also serves as an Independent Director of BCA Finance Limited since January 2016.

Career
Joined BCA in 1984 and has since held various managerial positions including as General Manager and Head of Global Trade and Payment Services (2009-2013), Chief Manager and Deputy Head of International Banking Division (1995-2009), Deputy Chairman of SWIFT Indonesia Association (2007-2009), Senior Manager and Deputy Head of the Sudirman Branch (1990-1995), and Manager of the Asemka Branch (1984-1990).

Educational Background
Completed undergraduate studies in General Management & Marketing at Universitas Katolik Parahyangan, Bandung (1983).

Training and Certification
Risk Management Certification Level IV issued by Risk Management Certification Body (BSMR).

Mendari Handaya
Member

Indonesian citizen, aged 59. Domiciled in Indonesia. Was appointed as a member of the Integrated Governance Committee of BCA on December 13, 2016 according to the Decree of the Board of Directors No. 180/SK/DIR/2016 and based on the resolutions of the Meeting of the Board of Commissioners. Currently also serves as an Independent Commissioner of PT Central Santosa Finance since November 28, 2016, a member of the Audit Committee of PT Asuransi Jiwa BCA since October 1, 2014, and a member of the Audit Committee of PT BCA Finance since August 2015.

Career
Started his career with BCA in 1992 and has since held various positions in lending business units including as Head of Credit Risk Analysis Group (2006-2012), Adviser of Credit Risk Review Work Unit (2000-2006), and Head of Loans Recovery (1992-2000).

Educational Background
Earned a Bachelor's Degree and a Master's Degree in Economics from the University of Mannheim, Germany (1991).

Training and Certification
Risk Management Certification Level III issued by BSMR.

03 Corporate Secretary Profile

Jan Hendra
Corporate Secretary

Indonesian citizen, aged 43. Domiciled in Indonesia. Appointed as the Corporate Secretary of BCA on October 1, 2016 based on Decree No. 2235/SK/HCM-KP/A/2016.

Career

Prior to his appointment as Corporate Secretary, Jan Hendra held various managerial positions in the Consumer Card Business Group (BCA Card Center) as Head of Marketing & Product Development (April 2013-September 2016), Head of Consumer Card Portfolio Management (2012-2013), Head of Issuing Portfolio Management (2012), and Head of Business Development (2009-2012). Before joining BCA in 2005, Jan Hendra served as Technical Assistant at Cisco Systems (2000-2005).

Educational Background

Earned a Bachelor's degree in Electrical Engineering from Trisakti University, Jakarta (1997), and completed his Master's degree in Software System Engineering at the University of Melbourne, Australia (2000).

Training and Certification

- Level 3 Risk Management Certificate Refreshment Program "Understanding Regulation (Basel), Macroeconomics" – BCA, Jakarta
- Corporate Governance Leadership Program and ASEAN Corporate Governance Scorecard – Indonesian Institute for Corporate Directorship, Jakarta
- Disclosure of Information for Public Companies Workshop – Financial Services Authority (OJK), Jakarta
- 2nd Boardroom Agenda Conference – Marcus Evans, Singapore
- DB Annual Conference – Deutsche Bank, Jakarta
- Risk Management Certification Level III issued by BSMR.

03 Senior Officers

As of 31 December 2016

Name	Position
Allan Sriwulandari	Head of Regional Office I, Bandung
Gunawan Budi Santoso	Head of Regional Office II, Semarang
Ratna Yanti	Head of Regional Office III, Surabaya
Frengky Chandra Kusuma	Head of Regional Office IV, Denpasar
Lukman	Head of Regional Office V, Medan
Darmawan**	Head of Regional Office VI, Palembang
Djoko Rosmiatun Mijaata	Head of Regional Office VII, Malang
Haryono Wongsonegoro	Head of Regional Office VIII, Pondok Indah, Jakarta
Herwandi Kuswanto	Head of Regional Office IX, Matraman, Jakarta
Iwan Senjaya	Head of Regional Office X, KPO Asemka, Jakarta
Yandy Ramadhani	Head of Regional Office XI, Balikpapan
Freddy Suliman	Head of Regional Office XII, Wisma Asia, Jakarta
Arif Singgih Halim Wijaya	Head of Compliance
Deddy Mulyadi Hendrawinata	Head of Credit Analysis Group
Dhejani Surjadi	Head of Menara BCA Corporate Branch Office
Djulijanto Liong	Head of Credit Analysis Group
Edmund Tondobala**	International Banking Division Head
Eduard Guntoro Purba	Head of Risk Management
Edy Gunawan	Head of Credit Analysis Group
Eva Agrayani Tjong	Individual Customer Business Development Division Head
Grace Putri Ayu Dewijany	Head of Credit Analysis Group
Gunawan Prayogo	Head of Corporate Banking Group
Hendra Tanumihardja	Human Capital Management Division Head
Hendrik Sia	Head of Network and Regional Planning
Hermanto	Head of Legal Group
Herry Theo	Head of Transaction Banking Business Support Group (Interim)
Iman Sentosa*	Head of Delivery Channel and Middleware Application Management
Ina Suwandi	Transaction Banking Product Development Division Head
Inge Setiawati	Head of Corporate Social Responsibility
Jacobus Sindu Adisuwono	Internal Audit Division Head
Jan Hendra	Corporate Secretary
Jip Tommy Sutanto	Head of Credit Services
Joanes Justira Gunawan	Head of Electronic Banking Services
Kho Vincentius Chandra Khosasih*	Head of Core Application Management
Kristian Marbun	Head of Corporate Banking Group
Lanny Budiati	Head of Global Trade and Payment Services
Lay Susiana Santoso	Head of Corporate Finance Group
Lena Setiawati	Learning and Development Division Head
Lilik Winarni	Operation Strategy and Development Division Head
Linda Djojonegoro	Head of Credit and Consumer Card Services Group
Linus Ekabranko Windoe**	Treasury Division Head
Liston Nainggolan	Commercial and SME Business Division Head

As of 31 December 2016

Name	Position
Lukman Hadiwijaya	Head of Enterprise Security
Mathilda Simon	Consumer Credit Division Head
Megawaty	Head of Credit Recovery
Mira Wibowo	Transaction Banking Business Development & Marketing Division Head
Niniek Surijanti Rahardja	Transaction Banking Partnership Solution Development Division Head
Nur Hermawan Thendean	Executive Vice President Strategic Information Technology Group
Raymon Yonarto	Finance and Corporate Planning Division Head
Rickyadi Widjaja	Head of Credit Analysis Group
Rusdianti Salim	Head of Cash Management
Soeni Atonie	Head of Anti Fraud Bureau
Sri Indrajanti Dewi	Head of Corporate Banking Group
Sugito Lie	Logistic and Building Division Head
Sunandar Suryajaya	Head of Domestic Payment Services
Theresia Endang Ratnawati	Head of Legal Group
Tjahjadi Sufrapto	Head of Credit Analysis Group
Widjaja Stephen	Head of Credit Analysis Group
Wira Chandra	Head of Corporate Banking Group

* Iman Sentosa and Kho Vincentius Chandra Khosasih report to the Executive Vice President of Strategic Information Technology Group

** The change in the composition of Senior Officers from December 31, 2016 until February, 28 2017:
1. Linus Ekabrankoe Windoe was appointed as the Executive Vice President overseeing the Treasury Division and International Banking Division
2. Edmund Tondobala reports to the Executive Vice President – Linus Ekabrankoe Windoe
3. Irianto Sutanto was appointed as the Head of Treasury Division and reports to the Executive Vice President – Linus Ekabrankoe Windoe
4. Daniel Hendarto was appointed as Head of Regional VI, replacing Darmawan who had retired

03 BCA Group Structure and Subsidiaries Ownership

As of 31 December 2016

Company Name	Share Ownership			Type of Business
PT BCA Finance	PT Bank Central Asia Tbk BCA Finance Limited Total	: : :	99.576% 0.424% 100%	Investment Financing; Working Capital Financing; Multipurpose Financing Activities; Operating Lease; Other Financing Activities based on approval from authorized agency
BCA Finance Limited	PT Bank Central Asia Tbk	:	100%	Remittance and Money Lending
PT Bank BCA Syariah	PT Bank Central Asia Tbk PT BCA Finance Total	: : :	99.9999% 0.0001% 100%	Sharia Banking
PT BCA Sekuritas	PT Bank Central Asia Tbk PT Poly Kapitalindo Chandra Adisusanto Total	: : : :	75% 15% 10% 100%	Securities Brokerage Dealer and Underwriter for Issuance of Securities
PT Asuransi Umum BCA (BCA Insurance)	PT Bank Central Asia Tbk PT BCA Finance Total	: : :	75% 25% 100%	General or Loss Insurance
PT Central Santosa Finance (CS Finance)	PT Bank Central Asia Tbk PT BCA Finance PT Multikem Suplindo Total	: : : :	45% 25% 30% 100%	Investment Financing; Working Capital Financing; Multipurpose Financing Activities; Operating Lease; Other Financing Activities based on approval from authorized agency
PT Asuransi Jiwa BCA (BCA Life)	PT BCA Sekuritas PT Asuransi Umum BCA Total	: : :	99.9996% 0.0004% 100%	Life Insurance

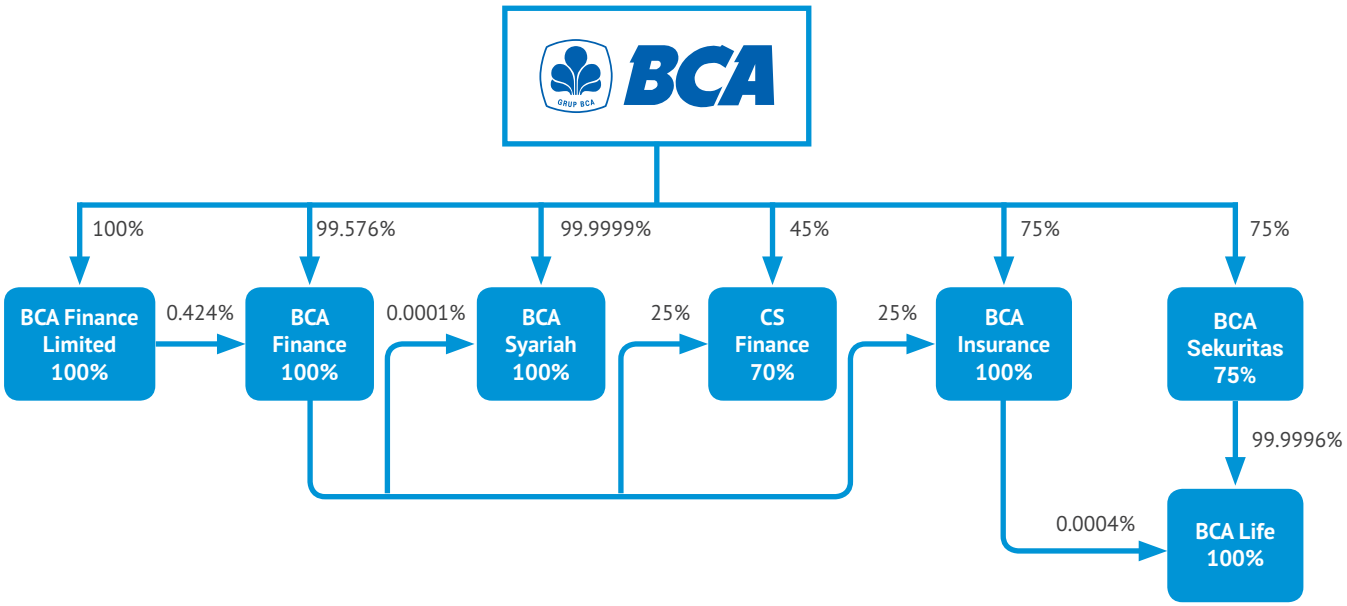
Brief Profile	Total Assets (in billion Rupiah)	Company Address	Operational Status
PT BCA Finance was established in 1981 and currently provides vehicle financing, particularly 4-wheeler or more. BCA became a major shareholder in 2001.	8,152	Wisma BCA Pondok Indah 2nd Floor, Jl. Metro Pondok Indah No. 10 Jakarta 12310 Telp : (021) 29973100	Operating
BCA Finance Limited was established in 1975, and currently holds a business license as a money lender with a focus on fund remittance services. BCA became a major shareholder in 1996.	716	Unit 4707, 47/F, The Center, 99 Queen's Road Central, Hong Kong Telp : (852) 28474249	Operating
PT Bank BCA Syariah (formerly PT Bank UIB) was established in 1991 and currently operates as a sharia bank. BCA became a major shareholder in 2009.	4,996	Jl. Jatinegara Timur No. 72 Jakarta 13310 Telp : (021) 8505030, 8505035, 8190072	Operating
PT BCA Sekuritas (formerly PT Dinamika Usaha Jaya) was established in 1990 with business lines as securities brokerage and investment bank. BCA became a major shareholder in 2011.	770	Menara BCA, Grand Indonesia 41th Floor, Suite 4101 Jl. M.H. Thamrin No. 1 Jakarta 10310 Telp : (021) 23587222	Operating
PT Asuransi Umum BCA (formerly PT Central Sejahtera Insurance) was established in 1988 as an insurance company particularly engaged in general or loss insurance activities. BCA through PT BCA Finance held a 25% shares ownership in 2010 and increased its direct and indirect ownership to 100% in 2013.	1,134	Gedung Sahid Sudirman Center 10th Floor Unit 10F Jl. Jend. Sudirman No.86 Jakarta 10220 Telp : (021) 27889588	Operating
PT Central Santosa Finance was established in 2010 and currently provides consumer financing, factoring and finance leasing business. BCA through PT BCA Finance held a 25% shares ownership in 2010 and increased its direct and indirect ownership to 70% in 2014.	1,871	WTC Mangga Dua 6th Floor Blok CL No. 001 Jl. Mangga Dua Raya No. 8 Jakarta 14430 Telp : (021) 29648200	Operating
PT Asuransi Jiwa BCA was established in 2013 as a life insurance company and began its operation in 2014.	268	Chase Plaza 22nd Floor Jl. Jend. Sudirman Kav. 21 Jakarta 12920 Telp : (021) 29347977	Operating

BCA Group Structure and Subsidiaries Ownership - Continued

Subsidiaries Business

PT BCA Finance BCAfinance	Investment financing, working capital financing, multipurpose financing, operating lease, other financing activities based on approval from authorized agency
BCA Finance Limited BCAfl	Remittance and money lending
PT Bank BCA Syariah BCAsyariah	Sharia Banking
PT BCA Sekuritas BCAsekuritas	Securities brokerage dealer and underwriter for issuance of securities
PT Asuransi Umum BCA (BCA Insurance) BCAinsurance	General or loss insurance
PT Central Santosa Finance (CS Finance) CSfinance	Investment financing, working capital financing, multipurpose financing, operating lease, other financing activities based on approval from authorized agency
PT Asuransi Jiwa BCA (BCA Life) BCAlife	Life insurance

Subsidiary Ownership Structure



03 Number of Employees and Competence Development

Number of Employees

At the end of 2016, BCA had 25,073 employees, representing an increase of 4.5% compared to 23,982 employees in 2015

Employee by Organization Level

	2016	2015
Non Staff	1,337	1,522
Staff	19,661	18,548
Managers	4,000	3,840
Senior Officers (Including the Board of Commissioners and Directors)	75	72
Total	**25,073**	**23,982**

Employee by Seniority

	2016	2015
≤ 1 Year	2,052	2,755
> 1 – 5 Year	6,286	4,360
> 5 – 10 Years	1,348	1,040
> 10 – 15 Years	668	937
> 15 – 20 Years	4,754	6,047
> 20 Years	9,965	8,843
Total	**25,073**	**23,982**

Employee by Age

	2016	2015
≤ 25 Years	3,067	2,960
> 25 – 30 Years	5,163	4,066
> 30 – 35 Years	1,490	1,211
> 35 – 40 Years	1,868	2,435
> 40 – 45 Years	4,563	5,071
> 45 – 50 Years	5,471	5,285
> 50 Years	3,451	2,954
Total	**25,073**	**23,982**

Employee by Education Level

	2016	2015
Up to Senior High School	5,232	5,399
Diploma and Undergraduate	19,099	17,871
Graduate and Doctorate	742	712
Total	**25,073**	**23,982**

Employee by Status

	2016	2015
Permanent	23,817	22,430
Non Permanent*	1,256	1,552
Total	**25,073**	**23,982**

* including contract employee, probationary and trainee

Number of Employees and Competence Development - Continued

Employee Competence Development

The Bank's human resource competence development programs are provided for all employees at all levels of the organization. Further details on competence development can be seen on Human Resources section of the Annual Report on page 222 – 224.

Employee Training

	2016			2015		
	Number of Classes	Number of Days	Number of Participants	Number of Classes	Number of Days	Number of Participants
Managerial Leadership & Personal Development	843	73,032	27,566	838	129,219	25,737
Credit Management	113	14,890	2,794	72	9,549	3,356
Risk Management Certification Program	16	404	342	18	808	404
Sales	166	81,231	2,651	62	8,017	2,841
Service	70	5,234	3,099	19	2,179	742
Operations & Information Technology	926	205,670	22,802	803	91,183	23,531
Other	140	7,314	4,206	93	7,413	3,652
Total	**2,274**	**387,775**	**63,460**	**1,905**	**248,368**	**60,263**

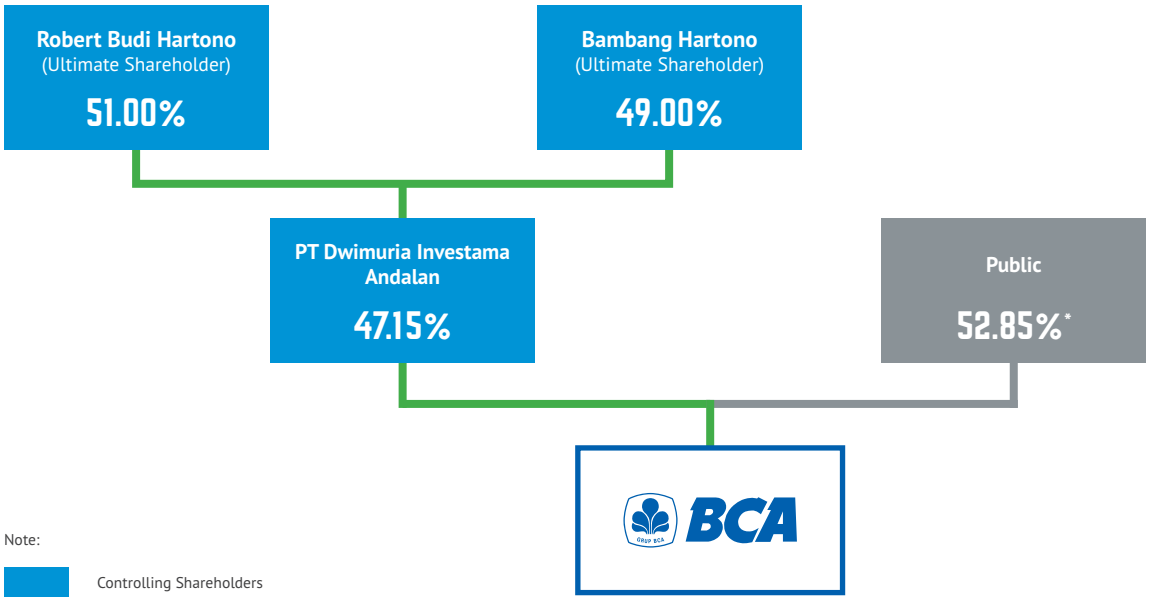
Employee Training Expenses (in million Rupiah)

	2016	2015
Total Employee Training Expenses	**242,987**	**256,472**

03 Shareholder Composition

BCA Ultimate Shareholder

As of 31 December 2016



Note:

Controlling Shareholders

Controlling Line

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

Largest Shareholders

As of 31 December 2016

No	Shareholders	Number of Shares (in millions)	%
1	PT Dwimuria Investama Andalan	11,626.0	47.15
2	Robert Budi Hartono	979.2	3.97
3	Bambang Hartono	940.8	3.82
4	UOB Kay Hian Pte Ltd	597.0	2.42
5	Bank Julius Baer & Co Ltd, Singapore S/A Anthoni Salim	340.1	1.38
6	GIC S/A Government of Singapore	297.1	1.20
7	Credit Suisse AG Singapore Trust Account Client PT Tricipta Mandhala Gumilang - 2023904042	262.7	1.07
8	Credit Suisse AG Singapore Trust Account Client PT Caturwiratna Sumapala - 2023904041	252.4	1.02
9	BPJS Ketenagakerjaan-JHT	211.4	0.86
10	BBH Boston S/A Vangrd Emg Mkts Stk Infd	192.7	0.78
11	LGT BK (Singapore) LTD/CLT TST AC Spore	188.8	0.77
12	PT Farindo Investama Indonesia	181.7	0.74
13	HSBC Bank PLC S/A Saudi Arabian Monetary Agency	171.2	0.69
14	JPMCB NA AIF CLT RE-Stichting Depositary APG EME MRKT EQ Pool	169.1	0.69
15	JPMCB NA RE-Vanguard Total International Stock Index Fund	142.9	0.58
16	BNYMSANV RE BNYMLB RE Employees Providentfd Board - 2039844119	135.9	0.55
17	PT. Prudential Life Assurance - REF	132.9	0.54
18	UBS AG London - 2140724000	122.8	0.50
19	JPMCB NA RE-T.Rowe Price International Stock Fund	116.8	0.47
20	JPMCB NA RE-Virtus Emerging Markets Opportunities Fund	104.5	0.42

Source: Indonesian Central Securities Depository (KSEI)

Note:

Several of the listed institutions act as custodians for shareholders

Shareholder Composition - Continued

Shareholder Composition by Type

	Number of Shares	Composition
Local Institution	13,765,895,558	55.8%
Foreign Institution	8,170,882,122	33.2%
Local Individual	2,710,430,793	11.0%
Foreign Individual	7,801,527	0.0%
Total	**24,655,010,000**	**100.0%**

	Number of Shares	Composition
Local Shareholder	**16,476,326,351**	**66.8%**
Individual	2,710,430,793	11.0%
Pension Fund	137,201,800	0.5%
Insurance	434,659,732	1.8%
Limited Liability Company	12,707,407,399	51.5%
Cooperative	442,223	0.0%
Others	486,184,404	2.0%
Foreign Shareholders	**8,178,683,649**	**33.2%**
Individual	7,801,527	0.0%
Foreign Entity	8,170,882,122	33.2%
Total	**24,655,010,000**	**100.0%**

Source: Indonesian Central Securities Depository (KSEI) and PT Raya Saham Registra

03 Record of BCA Share and Securities Listing

Record of BCA Share Listing at the Indonesia Stock Exchange

Date	Description		Number of Outstanding Shares	Total par Value (in Rupiah)
11 May 2000	Initial Public Offering (IPO)	2,943,986,000	2,943,986,000	500
15 May 2001	Stock split I with ratio of 1:2	x 2	5,887,972,000	250
2001	Shares issued in accordance with the Management Stock Option Plan (MSOP)	58,025,000	5,945,997,000	250
2002	Shares issued in accordance with the Management Stock Option Plan (MSOP)	71,526,000	6,017,523,000	250
2003	Shares issued in accordance with the Management Stock Option Plan (MSOP)	113,611,500	6,131,134,500	250
8 June 2004	Stock split II with ratio of 1:2	x 2	12,262,269,000	125
2004	Shares issued in accordance with the Management Stock Option Plan (MSOP)	40,944,500	12,303,213,500	125
2005	Shares issued in accordance with the Management Stock Option Plan (MSOP)	15,888,000	12,319,101,500	125
2006	Shares issued in accordance with the Management Stock Option Plan (MSOP)	8,403,500	12,327,505,000	125
31 January 2008	Stock split III with ratio of 1:2	x 2	24,655,010,000	62.5

Note:
The Extraordinary General Meeting of Shareholders on 12 April 2001 decided to increase the issued capital by issuing 147,199,300 shares through the Management Stock Option Plan (MSOP). The MSOP was executable from 10 November 2001 up to 9 November 2006. Shares issued in accordance with the MSOP program above were taken into account for the effect of the stock split.

Bonds Highlights

No bonds or securities were issued by the Bank in 2016. However, on a consolidated basis, the Bank possesses obligations in the form of bonds issued by the subsidiary BCA Finance, which per December 31, 2016 was recorded at Rp 2.2 trillion. Information on bonds issued by BCA Finance can be found in the audited Consolidated Financial Statements on pages 541 - 545.

03 Capital Market Supporting Institution

Public Accounting
Siddharta Widjaja & Rekan
(a member firm of KPMG International)
Wisma GKBI 33rd Floor
Jl. Jend. Sudirman No. 28
Jakarta 10210
Indonesia
Phone (62-21) 574 2333, 574 2888
Fax. (62-21) 574 1777
Website: www.kpmg.com

Share Registrar
PT Raya Saham Registra
Gedung Plaza Sentral, 2nd Floor
Jl. Jend. Sudirman Kav. 47-48 Jakarta 12930
Phone (62-21) 252 5666
Fax. (62-21) 252 5028
Website: www.registra.co.id

Securities Rating Agency
Fitch Ratings Singapore Pte Ltd
6 Temasek Boulevard #35-04/05
Suntec Tower 4
Singapore
Phone (65) 6796 7200
Website: www.fitchratings.com

Moody's Singapore Pte Ltd
50 Raffles Place #23-06
Singapore Land Tower
Singapore 048623
Phone (65) 6398 8300
Website: www.moodys.com

Notary
Dr. Irawan Soerodjo, S.H., MSi.
Jl. K.H. Zainul Arifin No. 2
Komp. Ketapang Indah Blok B-2 No. 4-5
Jakarta 11140
Phone (62-21) 630 1511
Fax. (62-21) 633 7851
Website: www.notarisirawan.com

Law Firm Consultant
Hadiputranto, Hadinoto & Partners (HHP)
The Indonesia Stock Exchange Building
Tower II 21st Floor
Sudirman Central Business District
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190
Phone (62-21) 2960 8888
Fax. (62-21) 2960 8999
Website: www.hhp.co.id

03 AWARDS

1

SWA Magazine & HayGroup
2015 Employer of Choice Award by Job Seekers

2

Frontier Consulting Group and Marketing Magazine
2016 Top Brand Award
Rank 1:
- Saving Account (Tahapan)
- Credit Card
- Prepaid Card (Flazz)
- Call Centre (Halo BCA)
- Mobile Banking (m-BCA)
- Internet Banking (Klik BCA)
- Deposit Account

3

SWA Magazine and Hachiko
2016 Net Promoter Customer Loyalty Award
Leader:
- Credit Card
- Housing Loan (BCA Mortgage)
- Mobile Banking (m-BCA)
- Internet Banking (Klik BCA)

Good:
- Savings Account (Tahapan)

4

Asiamoney
2015 Corporate Governance Poll
Best for Shareholders Rights and Equitable Treatment in Indonesia

5

SWA Magazine and University of Indonesia, Faculty of Economy Management Institution
2015 HR Excellence Award and 2015 Indonesia Future Leader Award
- Rank 1: Reward Management

6

Carre Centre for Customer Satisfaction and Loyalty (Carre CCSL) and Service Excellent Magazine
Excellent Service Experience Award 2016
Excellent: Regular Banking

7

Obsession Media Group
2016 Obsession Award
- Lifetime Achievement Award for President Director of BCA, Jahja Setiaatmadja
- Best Enterprise Achievement: 12 Years of Achievement, Private Sector

8

Economic Review Magazine 2016
Indonesia Human Capital Award
- The Best Non-State Listed Company
- The Big 5 Human Capital

Rank I:
- The Best Human Capital for a Public Company
- The Best Human Capital Business Impact
- The Best Human Capital Strategy
- The Best Learning Development
- The Best Employee Engagement

Rank II
- The Best Organisation Strategy
  The Best Performance Management
- The Best Human Capital Architecture
- The Best Human Resources Technology

Rank III – The Best Industrial Relations

AWARDS - CONTINUED

9

Infobank Magazine
2016 Infobank Digital Brand of the Year
Golden Trophy for the Best Digital Brand 2011–2015 Mortgage Conventional Bank
Rank I:
- Digital Brand: Wealth Management
- Digital Brand: Conventional Commercial Bank
- Digital Brand: Debit Card, Conventional Commercial Bank
- Digital Brand: Credit Card, Conventional Commercial Bank

Rank II:
- Digital Brand: Savings, Conventional Commercial Bank
- Digital Brand: Mortgage, Conventional Commercial Bank

Rank III
- Digital Brand: Time Deposits, Conventional Commercial Bank

10

Majalah SWA
Indonesia Most Creative Company 2016

11

Carre Centre for Customer Satisfaction and Loyalty (Carre - CCSL) and Service Excellence Magazine
2016 Contact Center Service Excellence Award (CCSEA)
Exceptional Service Performance
- Customer Service Email Centre (Halo BCA)
- Regular Banking Call Centre (Halo BCA)
- Priority Banking Call Centre (Halo BCA)
- Priority Service
- Regular Credit Card Call Centre (Halo BCA)
- Platinum Credit Card Call Centre (Halo BCA

Excellent Service Performance
- Twitter Banking Customer Service (@HaloBCA)

Good Service Performance
- Banking Facebook Customer Service (BCA Klikpay)
- E-Channel Internet Banking Contact Point (Klik BCA)
- E-Channel ATM Contact Point (BCA)

12

The Asian Banker
The 2016 Asian Banker Leadership Achievement Awards
- Best Managed Bank in Indonesia
- Jahja Setiaatmadja for Best Performing Chief Executive in the Financial Industry in Indonesia

13

The Asian Banker
The 2016 International Excellence in Retail Financial Services Award
Jahja Setiaatmadja as the Asia Pacific Retail Banker of the Year

14

The Asian Banker
The 2016 Asian Banker Transaction Banking Awards
Best FX Bank in Indonesia

15

MarkPlus Inc
2016 Indonesia Digital Economy Award
The Best Company in Banking Indonesia

16

MarkPlus Inc
2016 WOW Service Excellence Award for Jabodetabek
Gold Champion:
Conventional Bank (BUKU IV)

17

MarkPlus Inc and Nikkei BP Consulting Inc
2016 Brand Asia
The Most Powerful Financial Institution / Bank Brand in Indonesia

18

Warta Ekonomi
2016 Most Admired Companies in Indonesia Award
Most Admired Company – Part of Top 20 Warta Ekonomi 2016 Most Admired Companies in Indonesia

19

Solopos and Jogja Daily (Jogja Newspaper)
Solo Best Brand Index – Jogja Best Brand Index 2016
Best Brand in Solo:
- Bank Savings Account
- Credit Card
- Internet Banking

20

Contact Center World
Contact Center World Awards
Gold Medal:
- Best In Customer Service Inhouse Mega Sized
- Direct Response
- Customer Loyalty
- Technology Innovation
- Self Service Technology
- Design Contact Center
- Helpdesk
- Operation Manager
- Sales Manager
- Supervisor
- Quality Auditor
- Customer Service Professional,
- IT Support

Silver Medal:
- Social Media
- Community Spirit
- Workforce Management
- Project Manager
- Customer Service Professional

Bronze Medal:
- Recruitment Campaign
- Sales Campaign
- Oubound Campaign
- Incentive Scheme
- Green Contact Center

21

Investor Magazine
2016 Investor Awards for Best Bank
2016 Best General Bank with Assets over Rp 100 trillion

22

Infobank Magazine and Marketing Research Indonesia
2016 Banking Service Excellence
- 1st ATM Network Commercial Bank
- 2nd Mobile Internet Banking Commercial Bank
- 3rd Internet Banking Commercial Bank

23

SWA Magazine and NBO Group
2016 Indonesia Best Companies in Creating Leaders from Within
Platinum Champion in the Financial Category

AWARDS - CONTINUED

24

Frontier Consulting Group & Tempo Media Group
2016 Corporate Image Award
Best in Building and Managing Corporate Image in the large Asset National Bank Category

25

Service Excellence Magazine & Carre CCSL
2016 Service Quality Award
Diamond:
- Regular Banking (Domestic)
- Priority Banking
- PlatinumCredit Card
- Regular Credit Card

26

Warta Ekonomi
2016 Indonesia Digital Innovation Award for Banking
Digital Innovation for Banking – Best Digital Products

27

SWA Magazine & Brand Finance
2016 Indonesia't Top 100 Most Valuable Brands
Rank 6: Most Valuable Indonesian Brand 2016

28

Euromoney Magazine
2016 Euromoney Awards for Excellence
Indonesia's Best Bank

29

The Asian Banker
2016 Indonesia Country Awards Programme
- Best Mobile Payment
- Best Retail Bank
- Best Mortgage Business

30

Forbes Indonesia
Forbes Global 2000
2016 World's Biggest Public Companies

31

SWA Magazine & Stern Value Management
2016 Wealth Added Creator Award
- Rank 4: SWA 100: 2016 Indonesia Best Public Companies (Overall)
- Rank 6: SWA 100: 2016 ASEAN Best Public Companies (Overall)

32

WPP
Brandz 2016 Top 50 Most Valuable Indonesian Brands
Rank 1: The Most Valuable Indonesia Brand

33

Property&Bank Magazine
2016 Indonesia Property&Bank Award
- Leader in Banking Service and Technology
- Jahja Setiaatmadja for CEO of the Year

34

Property Indonesia Magazine
2016 Indonesia Property Award
BCA for Leading Mortgage Bank

35

Infobank Magazine
2016 Infobank Award
- Very Good: Financial Performance in 2015
- Titanium Trophy for Very Good Financial Performance, 2001–2005

36

FinanceAsia Magazine
2016 Asia's Best Companies
- Jahja Setiaatmadja for Best CEO, Rank 1
- Best Managed Companies, Rank 1
- Most Committed to Corporate Governance, Rank 1
- Best Investor Relations, Rank 5
- Best Corporate Social Responsibility, Rank 5

37

Warta Ekonomi Magazine
2016 Social Business Innovation Award
2016 Social Business Innovation Award for Private Banks: Rural Tourism Development Program

38

Indonesia Contact Center Association
2016 Best Contact Center in Indonesia
Grand Champion

39

FinanceAsia Magazine
2016 Country Awards for Achievement
- Best Asian Bank
- Best Bank in Indonesia

40

Tempo Media Group & Indonesia Banking School
2016 Indonesia Banking Award
- The Most Efficient Bank
- The Most Reliable Bank
- The Best Bank in Retail Banking Services
- The Best Bank in Digital Services
- Best Bank in Diversity

AWARDS - CONTINUED

41

MarkPlus Inc & Philip Kotler for ASEAN Marketing
ASEAN Marketing Summit
Indonesia Champion, ASEAN Economic Community Award

42

SWA Magazine & MARS
2016 Indonesia Best Brand Award
Platinum Best Brand for Credit Cards and Savings

43

Asiamoney Magazine
2016 Asiamoney Summer Awards Dinner
- Best Domestic Provider of FX Services
- Best Domestic Provider of FX Research & Market Coverage in Indonesia as voted by Corporates

44

The Asian Banker
2016 Strongest Banks by Balance Sheet
Strongest Bank in Indonesia by Balance Sheet

45

Service Excellence Magazine
2016 National Customer Service Championship
Grand Champion 1 Corporate Level Across Categories

46

Kontan & GML
Stellar Workplace Award
- Best Stellar Workplace Award for Large Size Employer
- Stellar Work Place in Employee Commitment & Employee Satisfaction

47

Bisnis Indonesia
Bisnis Indonesia Banking Award
- Best Performing Bank for BUKU IV
- Jahja Setiaatmadja for Banker of the Year

48

SWA Magazine and Frontier Marketing Research
18th Indonesian Customer Satisfaction Award (ICA) 2016
- Tahapan for Best Savings Product
- BCA Debit for Best Debit Card
- BCA Credit Card for Best Credit Card
- m-BCA for Best Mobile Banking
- KlikBCA for Best Internet Banking

49

Investor Magazine
2016 Investor Awards – Financial Services
- Jahja Setiaatmadja for Top National Banker

50

Marketing Magazine
Social Media and Digital Mareting Award
- Great Performing Brand in Social Media for Credit Cards
- Great Performing Product in Social Media for Credit Cards, Internet Banking, Debit Cards, SMS Banking and E-wallet
- Great Performing Banking Website

51

Forbes Indonesia
2016 Best of the Best Awards
Top 50 Companies in 2016

52

Mix Marketing Communication 2016
Indonesia PR of the Year
2016 Indonesia Best Corporate Communications Team in the Financial Industry

53

Warta Ekonomi Magazine
2016 Most Admired CEO in Indonesia Award
- Jahja Setiaatmadja for 2016 Most Admired CEO in Indonesia for Banking
- Jahja Setiaatmadja for 2016 Top 20 Most Admired CEOs in Indonesia

54

Warta Ekonomi Magazine
2016 Indonesia Living Legend Companies
Indonesia Living Legend Companies Category Gold: The Best Innovation for Technology Implementation in Banking Industry 2016

55

Indonesia Institute for Corporate Directorship
IICD Corporate Governance Conference & Award 2016
- Top 50 Public Listed Companies
- The Best Responsibilities of the Board

56

SWA Magazine & Indonesia Institute for Corporate Governance (IICG)
2016 Indonesia Most Trusted Companies Award
- Most Trusted Company Based on Investors and Analysts Assessment Survey
- Most Trusted Company Based on Corporate Governance Perception Index (CGPI)

57

Trisakti University Center for Entrepreneurship, Change and Third Sector CECT CSR Awards
CECT CSR Awards
- Special Achievement for Sustainable CSR Programme Management
- Best CSR Performance for Business Behaviour (Fair Operating Practices and Consumer finance)

AWARDS - CONTINUED

58

SWA Magazine
2016 Indonesia Living Legends Brands Awards
Indonesia Living Legends Brand

60

The La Tofi School of CSR
Nusantara CSR Awards
In the category of Empowerment of Small Entrepreneurs in Rural Tourism Development Program

59

Indonesian Ministry of Finance
- Best-Selling Agent for Savings Sukuk ST-001 in 2016
- Leading Domestic Sharia Securities Investor in 2016
- Best-Selling Agent for Sukuk Retail SR-008 in 2016
- The Best Participant in Sharia Securities Auctions in 2016

03 BRANCHES

As of 31 December 2016

REGION I

Address :
Jln. Asia Afrika 122-124
Bandung 40261
Tel. (022) 4236303

Number of Branches :
11 Main Branches
67 Sub Branches
11 Cash Offices

Locations :

Bandung	Cirebon	Majalengka	Subang
Banjar	Garut	Ngamprah	Sukabumi
Ciamis	Indramayu	Purwakarta	Sumber
Cianjur	Karawang	Singaparna	Sumedang
Cimahi	Kuningan	Soreang	Tasikmalaya

REGION II

Address :
Jln. Pemuda 90-92
Semarang 50133
Tel. (024) 3550333

Number of Branches :
13 Main Branches
82 Sub Branches
20 Cash Offices

Locations :

Banjarnegara	Karanganyar	Purbalingga	Sukoharjo
Bantul	Kebumen	Purwodadi	Surakarta
Batang	Kendal	Purwokerto	Tegal
Blora	Klaten	Purworejo	Temanggung
Boyolali	Kudus	Rembang	Ungaran
Brebes	Magelang	Salatiga	Wates
Cilacap	Mungkid	Semarang	Wonogiri
Demak	Pati	Slawi	Wonosari
Jepara	Pekalongan	Sleman	Wonosobo
Kajen	Pemalang	Sragen	Yogyakarta

REGION III

Address :
Jln. Raya Darmo 5
Surabaya 60265
Tel. (031) 5618921

Number of Branches :
13 Main Branches
87 Sub Branches
29 Cash Offices

Locations :

Bangkalan	Jombang	Pamekasan	Sumenep
Bojonegoro	Lamongan	Sampang	Surabaya
Gresik	Mojokerto	Sidoarjo	Tuban

REGION IV

Address :
Jln. Hasanudin 58
Denpasar 80119
Tel. (0361) 431012-14

Number of Branches :
13 Main Branches
59 Sub Branches
14 Cash Offices

Locations :

Ambon	Kotamobagu	Negara	Sorong
Bau Bau	Kupang	Palopo	Sungguminasa
Bitung	Luwuk	Palu	Tabanan
Denpasar	Makassar	Pare Pare	Ternate
Gianyar	Manado	Praya	Timika
Gorontalo	Manokwari	Selong	Tomohon
Jayapura	Mataram	Semarapura	Watampone
Kendari	Mengwi	Singaraja	

BRANCHES - CONTINUED

REGION V

Address :
Jln. Diponegoro 15
Medan 20112
Tel. (061) 4148800

Number of Branches :
13 Main Branches
56 Sub Branches
16 Cash Offices

Locations :

Banda Aceh	Bukittinggi	Padang	Tanjung Balai
Bandar Seri Bentan	Dumai	Payakumbuh	Tanjung Balai Karimun
Batam	Kisaran	Pekanbaru	Tanjung Pinang
Bengkalis	Lhokseumawe	Pematang Siantar	Tebing Tinggi
Binjai	Lubuk Pakam	Rantau Prapat	Tembilahan
Bireuen	Medan	Sei Rampah	

REGION VI

Address :
Jln. Kapten Rivai 22
Palembang 30129
Tel. (0711) 312244

Number of Branches :
10 Main Branches
38 Sub Branches
32 Cash Offices

Locations :

Bandar Lampung	Kepahiang	Menggala	Pangkalan Balai
Bangko	Koba	Mentok	Prabumulih
Baturaja	Kotabumi	Metro	Pringsewu
Bengkulu	Kuala Tungkal	Muara Bungo	Sekayu
Curup	Lahat	Muara Enim	Sungai Liat
Gunung Sugih	Lubuk Linggau	Pagar Alam	Tanjung Pandan
Jambi	Mangar	Palembang	Toboali
Kalianda	Martapura	Pangkal Pinang	

REGION VII

Address :
Jln.Jend.Basuki Rachmat 70-74
Malang 65111
Tel. (0341) 364500

Number of Branches :
11 Main Branches
49 Sub Branches
16 Cash Offices

Locations :

Banyuwangi	Kediri	Malang	Probolinggo
Batu	Kepanjen	Mejayan	Situbondo
Blitar	Kraksaan	Nganjuk	Trenggalek
Bondowoso	Lumajang	Ngawi	Tulungagung
Jember	Madiun	Pasuruan	
Kanigoro	Magetan	Ponorogo	

REGION VIII

Address :
Wisma BCA Pondok Indah
Jln. Metro Pondok Indah No.10
Jakarta 12310
Tel. (021) 29973488

Number of Branches :
11 Main Branches
92 Sub Branches
25 Cash Offices

Locations :

Cibinong	Depok	Purwakarta	Tangerang Selatan
Cikarang	Jakarta (Central, South, East, & North)	Tangerang	Tigaraksa

REGION IX

Address :
Jln. Matraman Raya 14-16
Jakarta 13150
Tel. (021) 8581259

Number of Branches :
12 Main Branches
103 Sub Branches
26 Cash Offices

Locations :

Bekasi	Cibinong	Depok	Karawang
Bogor	Cikarang	Jakarta (Central, South, East, & North)	

REGION X

Address* :
Jln. Asemka 27-30
Jakarta 11110
Tel. (021) 6901771

Number of Branches :
8 Main Branches
71 Sub Branches
4 Cash Offices

Locations :

Jakarta (Central, North & West)

REGION XI

Address :
Jln. Jend. Sudirman 139
Balikpapan 76112
Tel. (0542) 737133

Number of Branches :
7 Main Branches
37 Sub Branches
6 Cash Offices

Locations :

Balikpapan	Martapura	Sambas	Tanjung
Banjarbaru	Mempawah	Sampit	Tanjung Redeb
Banjarmasin	Palangkaraya	Sangatta	Tarakan
Batulicin	Pangkalan Bun	Singkawang	Tenggarong
Bontang	Pontianak	Sintang	
Ketapang	Samarinda	Sungai Raya	

REGION XII

Address :
Wisma Asia
Jln. S. Parman kav.79
Jakarta 11420
Tel. (021) 5638888

Number of Branches :
12 Main Branches
113 Sub Branches
23 Cash Offices

Locations :

Cilegon	Pandeglang	Serang	Tangerang (South)
Jakarta (Central & West)	Rangkasbitung	Tangerang	Tigaraksa

NON REGION OFFICE

Address :
Menara BCA, Grand Indonesia
Jakarta 10310
Tel. (021) 23588000

Number of Branches :
1 Main Branch

Locations :

Jakarta (Central)

REPRESENTATIVE OFFICE

Singapore

Address :
360 orchard road
#06-06A International building
Singapore 238869

Hong Kong

Address :
Unit 4707, 47/F The Center
99 Queen's Road Central
Hong Kong

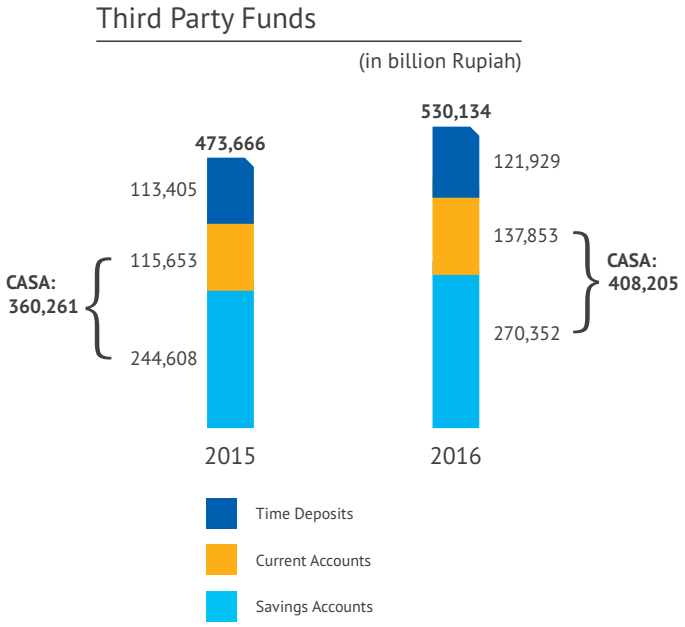
* In January 2016, Regional Office X was relocated to the following address:
Jln. Pluit Selatan Raya
Komp. Perkantoran Landmark Pluit Blok A No. 8
Jakarta 14440
Tel. (021) 6601718

04

MANAGEMENT DISCUSSION AND ANALYSIS

TRANSACTION BANKING

Convenient and reliable payment transaction services have led to a high level of customer trust with the Bank, which has resulted in a solid funding base that can be used to support liquidity for sustainable business growth. BCA proactively introduces innovative transaction banking products and services that are in line with the changing banking needs of customers and the rapid technological developments.



With core strength in transaction banking, BCA has sustained solid growth in third party funds and earned a market share in Current Accounts and Savings Accounts (CASA) of 15.3%. BCA CASA funds recorded a growth of 13.3% to Rp 408.2 trillion in 2016 and contributed 77.0% of the Bank's total third party funds. Savings accounts funds grew 10.5% to Rp 270.3 trillion, constituting 66.2% of total CASA funds, whereas current accounts funds increased by 19.2% to Rp 137.9 trillion, or 33.8% of total CASA funds. Overall, the Bank recorded an 11.9% growth in third party funds, amounting to Rp 530.1 trillion at the end of 2016. BCA has successfully expanded its capabilities to support the growth of payment settlement transactions between the Bank's inter-connected individual and business customers.

As one of the leading banks in transaction banking that serves broad segments, BCA was selected by the Indonesian Government as one of the gateway and perception banks authorized to accommodate repatriated funds and process redemption payments from taxpayers participating in the tax amnesty program. BCA proactively educated customers about the tax amnesty program and provided banking products and investment options. The Bank worked together with tax consultants to raise awareness of the program through educational seminars held in many major cities across Indonesia. The Bank's widespread multi-channel system allowed BCA to facilitate tax amnesty redemption payments of Rp 40.4 trillion and facilitated the channeling of Rp 52.4 trillion in repatriated funds from June to December 2016.

Solid Transaction Banking Franchise

BCA's integrated multi-channel network operates in synergy with the Bank's products and services. BCA has a widely recognized range of card-based payment products, including debit cards, credit cards and the pre-paid Flazz cards, as cash-free payment solutions. The Bank's debit and credit cards can also be used for online e-commerce transactions.

As an integrated feature of the Bank's savings product, the BCA debit card can be used on various channels, including the branch, ATM and EDC networks. The debit card payment system also connects with the international networks of Maestro and Cirrus, allowing for the use of the debit card outside Indonesia.

The leading Tahapan BCA savings product is the customers' choice for facilitating daily transactions and savings needs. The Tahapan account features are monitored and upgraded in accordance with customer's banking needs and by customer segment. BCA offers Tahapan Gold for the business customer segment, providing more complete bank statements as one of the special product features. For the younger market, Tahapan Xpresi comes with a range of designs for the debit cards and a number of features relevant to customers of that segment. In 2016, BCA launched 'Tahapan Berjangka (Tahaka)', a savings product with a routine monthly deposit system that can be customized by customers and includes a life insurance product. 'Tahaka' is linked to the Bank's other savings products, including Tahapan, Tahapan Gold, Tahapan Xpresi and Tapres.

BCA holds more than 14 million savings accounts with a total balance of Rp 270.3 trillion as of the end of 2016. This balance constitutes 51.0% of the Bank's total third party funds. The savings products that are linked to debit cards and various facilities are regularly reviewed and enhanced in accordance with the financial needs of the Bank's customers and technological advances.

To facilitate the payment activities of business institutions, BCA offers current account products that give users access to electronic banking facilities through a number of channels, including internet and mobile banking channels. To assist customers in monitoring transactions, the Bank's current accounts are equipped with SMS and e-mail notification features that can be enabled and customized according to user preference. These accounts are available in 9 different currencies. At year end 2016 the current account balance stood at Rp 137.9 trillion, a 19.2% increase year on year.

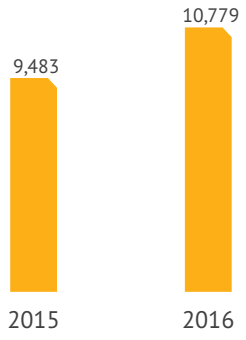
In credit cards, BCA offers a variety of products with attractive programs suited to different customers' lifestyles and consumption needs. In 2016, BCA managed around 3 million credit cards with a transaction value of Rp 53.7 trillion, representing a growth of 6.3% from the previous year and a market share of 19.1%. Over the same period transaction volume reached 69.1 million, an increase of 11.8% from 2015, and representing a 22.7% market share. Credit cards outstanding totaled Rp 10.8 trillion, up 13.7% compared to 2015. While promoting credit card growth, BCA consistently and carefully manages credit card loan quality with the credit card NPL ratio maintained at the relatively low level of 1.9% in 2016.

Supported by the solid BCA brand, the Bank is one of the largest credit card issuers in Indonesia. The tight competition in the credit card market has been a challenge for BCA, thus encouraging continuous quality improvements to the Bank's credit card products and services. BCA remains the only bank in Indonesia to have a private label or proprietary card, the 'BCA Card', in addition to offering 'BCA Visa' and 'BCA MasterCard'.

The 'BCA Card' can be used at participating merchants nationwide and also at a number of outlets in Singapore via cooperation with the NETS network. In order to expand the credit card business, BCA continues to establish partnerships with various leading international networks for the acquiring/acceptance of Visa, MasterCard, American Express (AMEX), JCB and China UnionPay International credit cards. To accommodate the needs

Credit Card Outstanding

(in billion Rupiah)



TRANSACTION BANKING

of the upper-class segment and affluent individuals in Indonesia, BCA offers 'BCA Visa and MasterCard Black Card' with a range of attractive facilities and programs relevant to that segment.

BCA continues to develop its co-branded credit cards through strategic alliances with a number of partner companies. In 2016, BCA saw an increase in the use of the BCA Singapore Airlines co-branded card. In response to the notable increase in overseas travel, BCA once again hosted a travel fair in cooperation with several leading airlines and travel agents. This program garnered a strong response from the public. In 2016, BCA collaborated with various retailers, including Indomaret and Matahari, to launch co-branded credit cards with those major retail outlets that appeal to their shoppers.

BCA continued its long-standing collaborations with several strategic partners, such as Central Department Store, Starbucks Coffee, Cineplex 21, and Haagen-Dazs amongst others. Through these partnerships, BCA offers a wide variety of promotional programs, including rebates, use of reward points and 0% installment plans. These programs are monitored and reviewed with careful consideration to cost efficiency.

In addition to credit cards and debit cards, BCA is supporting the growth of a cashless society by developing the Flazz prepaid card. The Flazz card is intended to simplify payment transactions of small nominal value at fast food outlets, minimarkets and for the public transportation sector, including toll roads, commuter trains, TransJakarta buses and parking facilities. Flazz has helped to cut transaction time which ultimately reduces queuing time. Flazz can also be used on Electronic Parking Terminal machines throughout Jakarta to pay for on-street parking. The use of Flazz at several toll roads has gradually added to the growth of the Bank's Flazz card business. In 2016, there were close to 10 million Flazz cards in circulation.

In 2016, the Bank continued Flazz card co-branding initiatives and explored cross-selling opportunities for Flazz card. BCA strengthened Flazz card co-branding programs with other banks, allowing customers of those banks to make transactions using Flazz cards at participating merchants and take advantage of the various attractive programs. These partnerships further expand the Bank's Flazz card customer base. In 2016, BCA continued to promote the Flazz card through attractive and thematic designs which have been well received by the market, particularly from the younger market.

Integrated Multi-channel Network Serving Broad Segments

A state-of-the-art banking network is one of the Bank's major strengths with over one thousand integrated branches located throughout Indonesia that are supported by a comprehensive electronic banking platform. BCA offers a range of attractive products and services to support customers in their banking transactions, whether in the individual or business banking segments. The convenience, security and reliability of these services have led to a consistent increase in the volume of banking transactions at BCA over the years and have provided a solid source of funds which enables the Bank to further benefit customers in the form of competitive loan facilities.

The Bank's leading edge, comprehensive multi-channel network and broad customer base help drive the growth of the Current Accounts and Savings Accounts (CASA at BCA). BCA serves more than 15 million customer accounts, processing millions of transactions every day through 1,211 branches, 17,207 ATMs and 424 thousand EDC machines as well as transactions made over the 24 hour internet and mobile banking systems. The Bank's average daily transactions increased to 12 million in 2016 compared to 11 million in 2015.

BCA routinely upgrades its multi-channel network in order to broaden access and improve the services provided to customers. In 2016, BCA opened 29 new branches, including 25 cash offices. A further 126 ATMs were added to the network, and 2,481 Cash Recycling Machines (CRMs) were installed mainly to replace conventional ATMs and Cash Deposit Machines (CDMs). The CRM facilitates both cash withdrawals and deposits. The Bank is gradually increasing the ratio of CRMs to ATMs with a view to improving operational efficiency.

Concurrently, BCA's electronic banking network plays an increasingly important role in supporting customer transactions in line with the rapid development of internet and telecommunication technology as well as the growing public acceptance of the digital world. BCA has focused on developing

the capabilities of its internet and mobile banking services, expanding the ATM network, and installing more EDC machines at strategic merchants to serve credit card, debit card and Flazz card transactions. In 2016, BCA worked with government institutions to introduce new features to the transaction system that will expand payment services for government through BCA.

The Bank has recorded a significant increase in both the number and value of transactions made through the internet and mobile banking platforms. In recent years, the number of transactions at the branches has decreased, demonstrating the success of the Bank's efforts to have customers move towards using electronic banking. In 2016 the value of internet banking transactions remained the highest among all electronic banking platforms. The frequency of internet banking transactions continued to grow and began to approach the volume of ATM transactions. Internet banking and mobile banking recorded growth in transaction frequency by 21.8% and 33.0% to 1,705 million and 786 million transactions respectively for 2016. The ATM network remains the customers' go-to transaction channel processing the highest number of transactions, 1,840 million transactions in 2016, representing a year-on-year increase of 3.3%.

Aside from the regular branch services, BCA also offers special banking services to designated segments. For the individuals in the affluent segment, the Bank provides 'BCA Prioritas' banking services, and for high net-worth individuals, the Bank offers 'BCA Solitaire' services. Weekend banking is also offered in a number of shopping centers in major cities across Indonesia to serve customers who require access to banking services on the weekends. BCA also operates BCABIZZ as an additional service available in business centers to accommodate the needs of small and medium-sized businesses.

Mobile and App-based Future Banking Services

In response to rapid technological advances and the increasingly varied banking needs of the customers, BCA consistently develops the electronic network and digital services platforms, including internet banking, mobile banking, smartphone apps and e-commerce systems. The Bank strives to be at the cutting edge of anticipating and meeting the changes and evolutions of digital banking.

Number of Distribution Channels (unit)

	2016	2015
Number of Branches (including cash offices)	1,211	1,182
Number of ATMs	17,207	17,081

Delivery Channels Transactions

	2016	2015
Branch		
Number of Transactions (in million)	170	174
Transaction Value (in trillion Rupiah)	14,611	14,495
ATM		
Number of Transactions (in million)	1,840	1,782
Transaction Value (in trillion Rupiah)	2,024	1,847
Internet Banking		
Number of Transactions (in million)	1,705	1,400
Transaction Value (in trillion Rupiah)	6,801	5,935
Mobile Banking		
Number of Transactions (in million)	786	591
Transaction Value (in trillion Rupiah)	722	556

TRANSACTION BANKING

BCA proactively adapts and utilizes technological developments to strengthen its transaction banking business. Following its launch in 2015, BCA has continued to develop the server-based e-money smartphone app, 'Sakuku'. BCA has since launched 'Sakuku Plus', which allows registered users to make and request transfers, split bills with other 'Sakuku Plus' users, and even make ATM withdrawals of up to Rp 10 million. To promote these features, BCA actively collaborates with merchants who have recorded high 'Sakuku' transaction volumes. As part of Indonesian financial inclusivity programs, BCA will continue to develop the foundation of the branchless banking services, such as 'Laku' (a savings product with no administration fee) and 'Duitt' (an e-money service which uses a customer's mobile phone number as proof of ownership), with these services accessible via independent agents or through SMS.

In line with growing customer needs for easily accessible banking services, BCA has developed myBCA, a digital banking center with outlets located in large shopping malls. MyBCA facilitates customer transactions, including ATM transactions, product and service information, Tahapan Xpresi account opening, Flazz cards purchase and top up, consumer credit applications, as well as direct access to the Halo BCA call center. MyBCA lounges are equipped with the latest technology, including touch screens that can be accessed independently by the customer to obtain information on products and services and capacity to open Tahapan Xpresi accounts through the use of video conference technology. In addition, customers can purchase and top up Flazz cards at specialized vending machines located in MyBCA. For customers seeking information or experiencing difficulties in their transactions, there is direct access to the Halo BCA video call facility which allows for video face-to-face interaction with the call center agents. To assist customers in using this service, BCA posts well-trained duty officers to staff the MyBCA centers who have in-depth knowledge of BCA banking products and solutions. Introduced in 2014, MyBCA is now available at 7 shopping centers in Jakarta and Surabaya as well as at the BCA Learning Institute in Sentul.

With growing acceptance of online transacting, the Bank actively facilitates e-commerce transactions and offers a variety of programs and promotional activities targeted at e-commerce. In addition to promoting 'BCA Card' and 'Debit BCA' services, the Bank also works with international partners Visa, MasterCard, JCB and AMEX in providing e-commerce payment services. In recent years, BCA has established cooperation with various online merchants to optimize transaction payment and settlement opportunities presented by the rapid growth of the e-commerce business in Indonesia. Together with several established online merchants, the Bank organized a series of promotional activities to support the growth of online transactions. In 2016, the Bank took part in supporting the 'National Online Shopping Day' and conducted promotional programs for online airline ticket purchases with Garuda Airlines and Air Asia, as well as participating in several other online e-commerce promotional programs.

For the added comfort of customers, the Bank has developed the 'BCA KlikPay' payment system that allows customers to make online shopping payments anytime and anywhere. Through service integration with BCA merchant's website, customers are able to choose between their bank accounts or the BCA credit card private label to be used for payment.

To support the use of electronic banking in customer transactions, BCA regularly works to educate customers to raise awareness of the effectiveness of using electronic banking services. BCA call center services play an important role in the educational process and are ready to assist customers in using the Bank's services, including electronic banking services, and to receive feedback and handle customer complaints. In 2016, BCA offered further enhanced customer convenience by introducing a chat function on the Bank's website that allows customers to contact and chat with a HaloBCA representative.

Looking Ahead

BCA has established the Directorate of Transaction Banking to facilitate sustainable transaction banking growth with improved synergy and integrated platforms. This Directorate is responsible for transaction banking business development and marketing, partnership solutions, product developments, and business support and customer services. It is expected that this initiative will further strengthen the Bank's service quality through card and application-based innovations as well as enhancing the features of the integrated multi-channel network.

Going forward, the Bank will remain focused on strengthening its core business of transaction banking. Funding products, credit cards and the underlying supporting infrastructure will be continuously improved to best capture arising opportunities and meet the increasingly diverse financial needs of the Bank's customers. The growth of the middle class, increasingly dynamic lifestyles and advancing technology trends are expected to support BCA's credit card and debit card businesses going forward. The Bank will direct its attention to customer segmentation in order to provide the most suitable services and promotional programs for each customer segment. BCA will continue its collaboration with various strategic partners and merchants to enhance services and promotions. Overall marketing programs will be undertaken with consideration to the effectiveness and efficiency of each activity.

To remain the brand of choice, BCA will utilize digital marketing through social and digital media as an effective communication network, customer engagement tool and alternative education channel for the Bank's customers. The Bank has several social media accounts and actively responds to requests for information as well handling customer feedback and complaints.

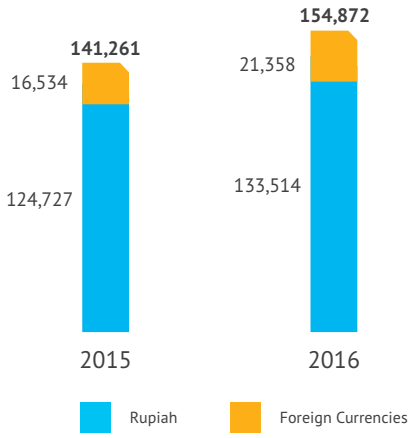
BCA believes that banking services will continue the trend towards digital platforms, and as such, the key to success in the future will be to adapt banking services appropriately. To that end, the Bank will carefully monitor any developments in banking technology and will continue to upgrade systems on an ongoing basis. Transaction banking systems will be evolved prudently, not only concerning the technological aspects but also with regard to security, organizational improvement, mindset and work culture adjustments.

CORPORATE BANKING

Corporate Banking identified and successfully closed several lending opportunities in 2016 by offering competitive interest rates and focusing on quality customers. BCA Corporate Banking strengthened ties between various work units within the Bank to best take advantage of business opportunities.

Corporate Loan Portfolio

(in billion Rupiah)



Corporate lending is focused on a base of high quality customers with established solid track records while maintaining the principles of prudence in lending. The Bank's ability to offer competitive interest rates made it possible for BCA Corporate Banking to provide financing to corporate customers and to optimize seasonal lending patterns. Lending was diversified across multiple business sectors in accordance with business patterns, growth potential and demand.

Synergy with various business units has been enhanced to allow the Bank to provide comprehensive financial solutions to customers. These solutions include transaction banking, foreign exchange, trade finance and capital market financing services. With an array of quality products and services, BCA aims to build stronger relationships with its high quality corporate customer base.

Healthy Corporate Lending

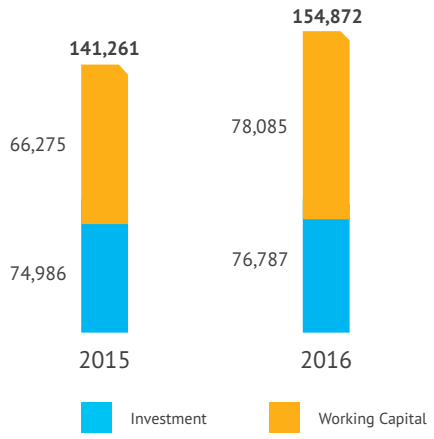
In 2016 BCA maintained its position as one of the largest corporate lenders in Indonesia. The Bank recorded healthy growth in the corporate loan portfolio of 9.6% to reach Rp 154.9 trillion at the end of 2016. At year's end, the corporate loan portfolio represents 37.2% of the Bank's total loan portfolio. Working capital loans grew 17.8% to Rp 78.1 trillion, while investment loans grew 2.4% to Rp 76.8 trillion. Corporate lending is focused on those companies at the forefront of their industries who have had proven, long-term track records with BCA.

BCA corporate lending continues to be enhanced with a focus on deepening relationships with corporate customers in support of the growth of their businesses. In ensuring quality services, BCA utilizes the reliable and experienced Relationship Manager Group. The Bank consistently works to improve the competencies of the Relationship Managers and to provide them with the resources they need, including specific industry knowledge, risk management systems, and product and service knowledge.

In order to improve familiarity with the debtors' business areas, Relationship Managers are split into teams based on their respective skills and knowledge of specific sectors. Through these teams of Relationship Managers, BCA Corporate Banking maintains active and ongoing communication with customers in order to better understand the dynamic business environment in which they operate. This partnership allows the Bank to contribute to the customers' business development by offering the most suitable products and services, while continuing to support quality debtors facing temporary business or financial challenges.

Corporate Loan by Facilities

(in billion Rupiah)



Thanks to a solid funding base, BCA is able to adjust its corporate lending interest rates to remain competitive and to offer pricing in line with the prevailing market conditions. Through a careful interest rate adjustment policy, BCA has been able to maximize lending opportunities throughout the year including providing facilities to support seasonal spikes in demand. In 2016, corporate customers took a more cautious approach in managing their businesses, including for working capital management and capital spending plans, resulting in relatively stable loan demand throughout the year, with the exception of the weeks leading up to Idul Fitri and year end. The level of loan demand was consistent with the domestic economic and general business conditions.

Prudent lending to diversified and carefully mapped market segments minimized the Bank's exposure to the risk of underperformance in any specific industries. Through this diversified approach, lending was directed to sectors showing solid credit performances, including Plantations and Agriculture; Financial Services; Chemicals and Plastics; and Consumer Financing sectors. By the end of 2016, the ten largest sectors accounted for 64.9% of the Bank's total corporate loan portfolio. This diversification effort has enabled BCA to minimize concentration risks. As problem loans trended upwards across the banking sector, BCA regularly monitored the business conditions of its debtors and the performance of the relevant sectors. The Bank actively minimized exposure and encouraged customers in high-risk sectors to prudently manage their balance sheets, including by reducing their borrowings.

In recent years, BCA has limited loan disbursements to the hotel industry given the rapid growth of new hotels across Indonesia and the resultant tight competition in the sector. Lending to this sector has been done prudently, selecting those customers with established businesses and solid collateral. BCA does not have material direct exposure to the coal mining industry. The Bank closely monitors debtors in coal related sectors, particularly the sea and river transportation industry which was affected by the drop in the transportation of mining products. By the end of 2016, the Bank's exposure to the sea transportation sector stood at a relatively low Rp 2.4 trillion or 1.6% of the total corporate loan portfolio. It is expected that pressure on loan quality in this industry has peaked as coal prices have begun to show improvement.

To minimize exchange rate risk, BCA maintains a ceiling on foreign currency denominated corporate loans. Lending in foreign currencies is extended to those companies whose primary income is in foreign currency. Foreign currency loans increased by 29.2% to Rp 21.4 trillion, while Rupiah loans increased by 7.0% to Rp 133.5 trillion in 2016. Overall, the majority of BCA corporate lending is denominated in Rupiah at 86.2% of the Bank's total corporate loan portfolio with the remaining 13.8% denominated in foreign currencies.

CORPORATE BANKING

By applying the principle of prudence in lending and making concerted efforts to minimize risk, the Bank maintained healthy corporate loan quality with a 0.8% Non-Performing Loans (NPL) ratio, slightly higher than the previous year's 0.3%, but still within the Bank's risk appetite limits. This increase in NPL was primarily due to weaker business performance of debtors in the telecommunication equipment distribution sector as well as several smaller corporations spread across various economic sectors, including the sea transportation industry.

Syndicated Loans

The Government's infrastructure investment program is one opportunity that BCA successfully capitalized on by engaging in syndicated lending. Solid liquidity and capital affords the Bank the capacity to be one of the major players in the field of syndicated loans in Indonesia.

At the end of 2016, BCA was engaged in a total of Rp 27.3 trillion in syndicated loans, a 5.6% increase from Rp 25.9 trillion in 2015. The Bank's contribution to these loans was Rp 7.2 trillion, a 69.6% increase from the previous year's Rp 4.2 trillion. Aside from generating interest income, syndicated loans are also a source of fee-based income, whereby BCA acts as a facility agent, collateral agent as well as an escrow account agent.

The majority of the Bank's syndicated loans were used to fund infrastructure, including the construction of airports and toll roads, contractor pre-financing and power transmission development. In 2016 BCA participated in the construction of multiple airports operated by Angkasa Pura I, the development of the State Electricity Corporation PLN's 500 kV transmission network in Sumatra, and the financing of bridging funds for the Pandaan-Malang toll road. By taking part in toll road development, BCA is able to strengthen its cashless transaction business through the use of Flazz cards for toll payments.

Developing a Wide Range of Services

In addition to lending, BCA Corporate Banking strives to develop comprehensive business solutions for its customers. The Corporate Banking Group takes a single customer view approach to identifying and fulfilling customer's financial needs. This is a strategic step that promotes the use of the Bank's wide range of products and services, including foreign exchange, trade finance, capital market financing, cash management, and other transaction banking services. BCA holds regular events, such as seminars, and business matching & gatherings, to strengthen customer relationships with the Bank and between Bank customers belonging to related communities and industry sectors.

Top 10 Corporate Loan Portfolios by Industry Sectors

Industry Sector	2016	2015
Plantation and Agriculture	11.0%	10.5%
Financial Services*	7.7%	4.0%
Chemicals and Plastics	6.5%	7.8%
Consumer Financing	6.4%	4.9%
Power Generation	6.1%	5.8%
Building Material and Other Construction Related	6.0%	5.1%
Telecommunications	5.8%	7.5%
Transportation and Logistics	5.4%	5.6%
Food and Beverage	5.3%	4.5%
Tourism	4.7%	5.5%
Total	**64.9%**	**61.2%**

* Including credit facilities to other banks

Through cash management services, BCA has successfully expanded its customer network to include business chains between suppliers and distributors. Cash management strengthens the Bank's core business in transaction banking. In line with recent technological developments, BCA continues to enhance its cash management platform to offer comprehensive financial solutions to the business chain of a given industry. In 2015, BCA launched the KlikBCA Bisnis Integrated Solution, which is built upon the existing KlikBCA Bisnis platform but with enhanced features and a more attractive and easier-to-use interface. The Bank plans to carry forward the development of this platform to better fulfil the cash management needs of its corporate customers. As of 2016, 53 corporate customers are using the KlikBCA Bisnis Integrated Solution platform.

BCA recognizes the importance of cash management services built around business communities as a source of CASA funds and fee-based income. Communities managed by the Bank include oil and gas, capital markets, futures markets and telecommunications. Within the oil and gas community, 75% of public gas stations in Jakarta are now BCA merchants, the majority of which make payments to their principals through BCA systems. BCA optimized opportunities arising from the growing airline services and online travel agent industries by facilitating payment between the two sectors through virtual account services.

Looking Ahead

BCA monitors the conditions of various business sectors in order to best identify those sectors with solid business potential and those sectors that may need special attention or services. The Bank aims to continuously support the lending needs of its quality corporate customers and, at the same time, build stronger relationships with our business partners so that we continue to grow together in the future.

In line with the Government's efforts to develop infrastructure, BCA will participate in the opportunities arising from these programs, including through syndicated lending. The Bank's focus on its cash management system is key to serving corporate customers seeking payment collection solutions. BCA will also improve the competence of its Relationship Managers in supply chain financing and cash management, while exploring new sectors and industries that show potential for future business.

Continuing the work programs that were initiated in the past few years, BCA will work to better understand and anticipate the needs of its customers. Corporate Banking will work closely with other business units as well as the Bank's subsidiaries to serve customers better.

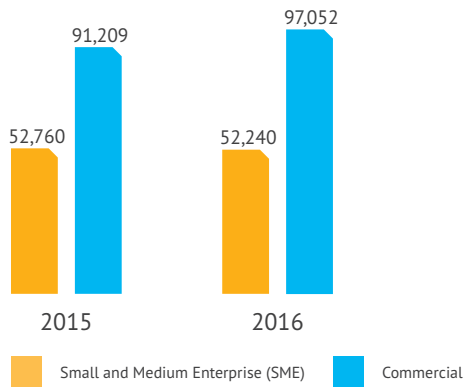
Strengthening ties with overseas banks from the Asia region is one way that BCA can capitalize on opportunities for international transaction banking activities, as well as trade finance and foreign exchange services. Through referrals from these overseas banks, BCA will continue to assess new loan demand from foreign investors who are looking to make direct investments in Indonesia.

COMMERCIAL AND SME BANKING

In an environment of relatively weak business loan demand in 2016, BCA worked to optimize business lending opportunities by meeting seasonal spikes in loan demand and offering competitive interest rates to the Bank's borrowing customers. BCA continued to strengthen its loan infrastructure and simplify the lending process while adhering to the principles of prudent risk management.

Commercial and SME Loan Portfolio

(in billion Rupiah)



BCA's commercial and Small & Medium Enterprise (SME) lending business is supported by the Bank's extensive branch network strategically located in large and regional cities and towns throughout the country. In 2016 BCA witnessed relatively weak loan demand and a declining interest rate environment. In response, the Bank lowered interest rates on business loans in order to remain competitive and took advantage of the increased demand for business loans during the Idul Fitri celebrations and towards the end of the year. The Bank's commercial and SME loan portfolio stood at Rp 149.3 trillion at the end of 2016, a 3.7% increase compared to the previous year.

To complement commercial and SME lending, BCA promoted the importance of cash management to the Bank's small and medium business clients as a primary tool in managing their cash positions while also strengthening the Bank's core transaction banking business. Improvements made to the cash management service were not only based on advancements in cash management technology but also on service level improvements, leveraging off the Bank's extensive network and products.

Commercial and SME Loan

In 2016, business owners tended to be more cautious in managing their businesses including in regard to working capital and investment planning. This resulted in relatively flat loan demand throughout the year, with the exception of the weeks leading up to Idul Fitri and at the end of the year as customers adjusted their business activities in accordance with seasonal economic conditions.

Even with the relative slowdown in demand, BCA's wide lending network across the country enabled the Bank to grow the commercial & SME loan portfolios. In 2016, the Bank registered growth in the portfolio of 3.7%, reaching Rp 149.3 trillion.

To maximize lending, BCA offered competitive interest rates in line with market demand and the measured decline in Bank Indonesia's benchmark interest rates. As a financial intermediary, the Bank focused its lending on industry sectors with growth potential and solid business prospects in an environment characterized by a still weak but recovering economy.

Commercial loans are disbursed to medium-sized corporations and business owners with a nominal value of from Rp 10 billion to approximately Rp 350 billion. In 2016, BCA commercial loans reached Rp 97.1 trillion, an increase of 6.4%, constituting 65.0% of the Bank's total commercial and SME loan portfolio. The increase in commercial lending in 2016 was mainly due to Distributor, Wholesaler and Retailer; Property & Construction; as well as Textile and Garment financings.

BCA enhanced its internal lending procedures to improve service quality. The loan application process was simplified with due consideration to risk management principles. 2016 saw further improvements to the Bank's loan infrastructure, including the Commercial Business Centers which manage the regional commercial loan portfolio. At the end of 2016, there were 14 Commercial Business Centers located in major business and commerce hubs in Indonesia, including Jakarta, Semarang, Bandung, and Surabaya as well as cities outside Java including, Medan, Palembang, Makassar and Denpasar. In order to improve relationships with commercial borrowers, BCA routinely hosts gatherings which are coordinated through the Commercial Business Centers.

The SME business segment is defined as small business lending with a maximum loan value of Rp 10 billion. At the end of 2016, BCA recorded SME loans of Rp 52.2 trillion, relatively stable compared to last year's Rp 52.8 trillion in loans outstanding. The majority of the Bank's SME customer base consists of family-owned small businesses, shopkeepers, restaurant owners, and small-scale factory owners. SME lending is centered on branches in strategic locations in major trade centers and towns throughout Indonesia, and is supported by an online centralized loan application scoring and risk management system. To expand the SME lending reach beyond the Bank's network, BCA cooperates with several partner institutions, such as rural banks and cooperatives, to provide direct lending through channeling programs. BCA also works closely with its subsidiary, BCA Syariah, in the development of products and services for micro, small and medium enterprise customers.

The Bank's solid capital and liquidity position enabled BCA to expand its loan portfolio through various lending programs and across several borrowing segments. In 2016, the Bank improved the synergy of corporate – commercial and SME financing through value chain financing, both for distributor and supplier financing, with a focus on growth industries, such as the trade sector. BCA established a special loan scheme for selected trade areas which allowed customers to use stores and retail outlets as primary collateral for borrowing at competitive interest rates.

The Bank routinely reviews the number of account officers placed in branches throughout the country to ensure that there are enough account officers to effectively manage the overall loan portfolio. In order to provide high quality service, BCA provides its account officers with training to improve their knowledge base in credit, business evaluation and their ability to enhance customer relationships.

Excellence in transaction banking has sustained the Bank's lending performance in the commercial and SME segments. BCA serves the majority of its customers' financial transactions, making it possible for the Bank to better understand the needs of the commercial and SME customers and their business cash flows. The management of customer information was further improved to support account officers in providing loan facilities to quality customers and in monitoring the borrowers' financial conditions to maintain loan quality. The Bank has developed computer-based and mobile-friendly analytical tools to assist account officers in gathering and analyzing customer information.

COMMERCIAL AND SME BANKING

BCA applies prudent lending principles by prioritizing borrowers with promising business prospects and those who have established good relationships with the Bank. In 2016, commercial and SME loan quality was maintained at a healthy level. There was an increase in the Non-Performing Loans (NPL) ratio of the commercial portfolio to 2.8% in 2016 compared to 1.2% in 2015, which was spread across various industry sectors but primarily in the sea transportation, property and construction sectors. The increase in the NPL was foreseen and remained within the limits of the Bank's risk appetite. In the fourth quarter of 2016, the rate of increase in the NPL ratio began to slow. The NPL ratio in the SME segment was relatively stable at a ratio of 1.1% at the end of 2016 compared to 1.0% at the end of 2015. Thus, the overall NPL for the commercial and SME segments closed 2016 at 2.2% compared to 1.1% at year-end 2015.

Cash Management

BCA offers cash management services for businesses in various sectors serving both Business-to-Business (B2B) and Business-to-Consumer (B2C) transactions. This service is primarily targeted at the corporate and commercial segments, as well as those companies who are within the customers' business chains. In 2016, more than a hundred thousand companies were using BCA cash management solutions, including those connected within the business chains of large corporations and across the business community.

The number of users of BCA virtual accounts, one of the cash management feature products, continued to increase significantly. The Bank provides virtual accounts with real-time notification on fund movements to enable quicker access to payment information and to facilitate transaction reconciliation.

BCA expanded its cash management services in a community format, whereby groups of customers are connected to one another within a business chain from supplier to distributor. These communities include the Oil and Gas, Capital Markets, Futures Markets and Telecommunications Communities. In the Capital Markets Community, around 70% of securities companies work together with BCA in opening Customer Funds Accounts, with the Bank's market share on these accounts reaching almost 50%. In 2016 the Bank supported the Indonesia Stock Exchange in educating the public about investing in the capitals market by delivering educational materials at the Capital Market School. In the Oil and Gas Community, as much as 75% of public gas stations in Jakarta are now BCA merchants, with the majority making payments to principals through the Bank's payments and transaction networks.

In the public services industry, BCA provides solutions for business customers seeking means of payment for their employees' BPJS social security insurance premiums. In addition, the Bank facilitates payments for the BPJS health insurance membership fees for individual customers through BCA credit cards' auto debit feature.

To develop integrated cash management services that cover payments, collections, and account & liquidity management transactions, particularly for high intensity and large-scale transactions, BCA provides system-to-system and host-to-host cash management services. These integrated services are marketed under the 'KlikBCA Bisnis Integrated Solution' branding, which is a refinement of the 'KlikBCA Bisnis' program and includes various features such as cash management for supply chain financing. For comprehensive cash management solutions, BCA customizes its systems, products and services to fulfill the needs of the Bank's customers and communities.

In 2016, the Bank enhanced the management of the Digital Business Community as a potential new business in an era of the rapid growth of e-commerce and technology startups in Indonesia. Technological advancements in Indonesia have expanded the market for BCA's cash management system, particularly for e-commerce companies. The Bank facilitates convenient, secure and reliable payment transactions for online merchants. In addition, BCA is running a pilot project to develop an Application Programming Interface (API) platform that enables fin-tech and e-commerce companies to use the Bank's network for their financial transactions.

Looking Ahead

In 2017, BCA will monitor developments in the Indonesian economy and focus on those sectors showing business potential and identify areas in need of special attention. The Bank will strengthen customer relationships in order to continue supporting their lending needs and expand business opportunities with quality customers.

BCA will continue to refine lending procedures and infrastructure, including by improving the quality and adding new account officers where needed, exploring new products, and further streamlining the loan process for sustainable commercial & SME lending growth. Value chain financing will continue to be developed through the synergy between corporate and commercial & SME segments.

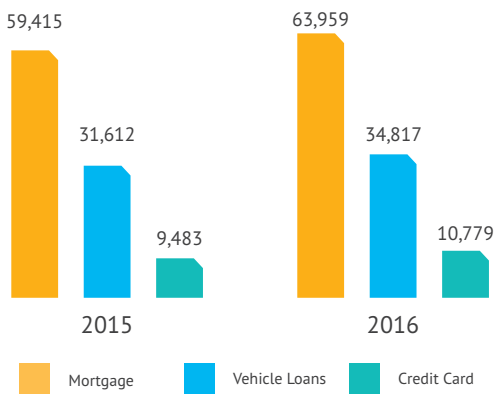
The Bank will continue to work to enhance cash management services in efforts to promote fee-based income growth and strengthen BCA's transaction banking business. In providing cash management services, the Bank will continue to assess priority business sectors and communities to understand and identify their business potential and the risks faced in those different business sectors. In 2017, the Bank will focus its cash management marketing efforts on the transportation industry, which represents a growing market in line with the Government's infrastructure development initiatives; as well as industries related to logistics which are expected to grow together with the e-commerce market and with the courier business.

INDIVIDUAL BANKING

BCA achieved its position as the first choice for individual banking by providing a comprehensive range of attractive individual banking products and services. The wide range of individual banking products are designed to meet the needs of different market segments, particularly the growing middle-class.

Consumer Loans Portfolio

(in billion Rupiah)



BCA developed the Individual Banking business to serve various market segments. Over the last decade, BCA saw that the growing middle class and professionals have had a positive impact on the Indonesian economy as seen by growing consumption and higher demand for financial services. This trend has triggered the Bank to address the need for targeted individual banking products and services.

The Bank reaches a wide community with its extensive branch network in Indonesia. BCA offers a range of individual banking products, such as mortgages, vehicle loans, credit card, bancassurance and investment products. The Bank works to study the characteristics and needs of its customers, offering customized banking solutions that are suited to specific market segments. For the affluent customer segment and high net-worth individuals, the Bank has developed specialized Prioritas Banking services at most BCA branches and Solitaire services at two exclusive lounges at premium locations of Jakarta.

Prioritas & Solitaire Services and Wealth Management

BCA Prioritas serves customers in the affluent market segment. This customer segment represents one of the most important business segments for the Bank. BCA Prioritas is designed to provide a relaxed and comfortable banking environment as well as specialized banking and investment products to meet the banking needs of this customer segment.

As of 2016, BCA operates 163 Prioritas branches at many of the Bank's branches, offering banking products and services to affluent customers. In addition to the standard products and services, such as transaction services, mortgages, vehicle financing and bancassurance, Prioritas customers have access to comprehensive wealth management solutions, including mutual funds, government bond investments, premium credit cards, priority safe deposit box services and special foreign exchange rates. In collaboration with trusted business partners, BCA Prioritas is able to offer exclusive programs related to health, education, business networking, travel and lifestyle. BCA Prioritas customers also have priority access to the 24-hour HaloBCA Prioritas call center, BCA Prioritas website and community magazine.

In offering investment products, BCA pays careful attention to the risk profiles and preferences of its customers. The Bank's mutual funds products are selected in collaboration with reputable and proven Investment Managers. Working with a number of insurance providers, including AIA, BCA Life, and BCA Insurance, the Bank offers a wide range of bancassurance products. Growing public awareness of the need for insurance and the relatively low market penetration rate, open up excellent opportunities for BCA to offer insurance products in accordance with the needs of the Bank's customers.

BCA also provides a 'Solitaire' service to facilitate the growing needs of Indonesia's high net-worth individuals. Aside from all of the services available to Prioritas customers, Solitaire customers have access to two exclusive lounges in premium locations in Jakarta and are assisted by highly-trained and competent personal financial advisors. Solitaire services are offered to select clients and are based on face to face 'gatherings' to strengthen relationships with these customers.

In order to better understand the characteristics of these customers and to recognize their financial needs, BCA continuously develops and improves its Customer Relationship

Management system. This system allows the Bank to offer the most suitable products and services while supporting cross-selling efforts. BCA continues to focus on applying targeted marketing strategies in order to satisfy the specific needs of individual customers.

Leading in Consumer Lending

In line with the increasingly complex needs of the middle class, BCA has focused consumer lending on mortgages and vehicle financing. In the last decade, consumer lending, including credit card portfolio, has grown 29.2% CAGR and reached Rp 109.6 trillion at the end of 2016.

Mortgages

BCA constantly works to expand its mortgage portfolio and is the largest provider of non-subsidized mortgages in Indonesia. The Bank offers competitive rates on mortgages as a strategy to maintain its strategic position in the market and drive sustainable loan growth. In 2016, BCA reduced mortgage interest rates by 50–100 basis points to stimulate loan demand. The Bank re-launched the signature 6-year 'Fix & Cap' mortgage product with competitive interest rates (3 years at 7.99% fixed interest plus a maximum 3-year cap of 8.99%) in addition to a 5-year fixed-interest product at 9%. These competitive products are made possible by the Bank's stable and low-cost Current Account and Savings Accounts (CASA) funds.

The Bank's mortgage portfolio has grown 30.8% CAGR in the last decade and closed 2016 at Rp 64.0 trillion. In 2016, new mortgage bookings were recorded at Rp 22.0 trillion, compared with a rundown of Rp 17.4 trillion, resulting in total growth on the mortgage portfolio of Rp 4.6 trillion or 7.6% from last year's Rp 59.4 trillion. Mortgages contributed 58.4% to the Bank's total consumer loan portfolio and 15.4% to the overall bank loan portfolio. In the midst of a relatively weak property market, the Bank succeeded in growing the mortgage loan portfolio which contributed significantly to the overall growth of BCA's loan portfolio. The relaxation of Bank Indonesia's policies on Loan to Value (LTV) and mortgages on off-plan property developments had a positive effect on the Bank's mortgage growth.

BCA manages a low-risk mortgage portfolio by prioritizing high quality borrowers and focusing on financing properties located in selected residential areas. These strategic steps have enabled the Bank to record positive growth while maintaining low probability of default risk. BCA maintains strict collateral

requirements and a conservative down payment policy. The quality of the portfolio is reflected in the low NPL ratio of 0.7%, which has remained relatively stable over the last several years.

The low market penetration rate and the relatively small number of BCA mortgage borrowers when compared with the Bank's total customer base indicate great potential to further expand the mortgage portfolio. Aside from supporting interest income, the mortgage business also brings strategic opportunities for BCA to establish loyalty and build long-term customer relationships, including through cross-selling practices in the coming years.

BCA markets mortgages through its extensive branch network and consumer credit branches in various cities throughout the country. The majority of mortgage applications originated from branch referrals with the remaining from property developers. In recent years, BCA has set up more consumer credit branches in several targeted major cities to strengthen the mortgage loan presence in those selected cities. In order to improve service quality, the consumer credit branches also function as mortgage administration centers. For increased efficiency and convenience, the Bank offers an online web-based mortgage application system which simplifies the processing of individual mortgage loans.

BCA has received a number of awards for its achievements in the mortgage business, both from local and international institutions. The Bank was awarded Best Mortgage Business in the 2016 Indonesia Country Awards Programme for Retail Financial Services by Asian Banker as well as the 2016 Net Promoter Customer Loyalty Award for the Mortgages category by SWA magazine.

Vehicle Financing

BCA provides financing for cars and motorcycles through its subsidiaries BCA Finance and Central Santosa Finance (CS Finance), both of which offer joint financing schemes with the major portion of the loan recorded directly on BCA's balance sheet and the remaining portion of the financing on the balance sheets of the subsidiaries.

BCA Finance and CS Finance work closely with BCA in providing vehicle financing and have improved operating synergies with the parent company. The ongoing joint financing schemes provide solid and stable funding structures with low interest rates for both entities. Marketing synergy through BCA's branch network allows the two subsidiaries to increase their customer base and maintain a high quality, relatively low risk portfolio.

Car financing is the second largest contributor to the Bank's consumer loan portfolio after mortgages. Although the automotive industry continues to experience weakness, BCA has grown the automobile financing portfolio systematically and in line with prudent risk management principles.

Following a decline in the previous two years, new nation-wide car sales saw a slight increase in 2016 of 4.7% amounting to 1.1 million units. To maintain growth while also exercising caution, BCA Finance consistently offered top-of-mind car financing products. BCA Finance's flagship product, the 'Fix and Cap' loan, offers 3 years fixed-rate installment and 2-or-3 years installment at a capped interest rate. In 2016, BCA Finance developed a new facility that allows debtors to 'top up' their loan and borrow against the vehicle at an agreed maximum ceiling. As a marketing strategy, the Bank continued to offer competitive interest rates to attract quality customers. In addition, BCA collaborated with car dealers to host a series of auto shows as an opportunity for the Bank to promote its vehicle loan products.

Customer acquisition is conducted in a disciplined manner, while maintaining collateral quality. BCA applies a policy of high down payments and low interest rates, and prioritizes financing for popular car models that have been widely accepted by the Indonesian automotive market. These policies helped sustain a low non-performing loan ratio and a high recovery rate on foreclosures, while also posting positive growth in the car financing portfolio.

BCA Finance aims to improve its service in order to enhance customer satisfaction. Weekend service at Wisma BCA Pondok Indah and the service point at Artha Gading mall are provided to serve consumer needs on Saturdays. To speed up the application process, BCA Finance has developed several mobile technology applications, including mobile entry, mobile approval and mobile collection capabilities. To facilitate customers seeking product information, BCA Finance also offers a smartphone app with frequently asked questions and sample payment simulations. In collaboration with BCA, BCA Finance works

to accommodate various customer needs through the use of BCA's payment systems and invoice management as well as the HaloBCA call center.

Due to these proactive marketing steps, the number of new car sales bookings financed by BCA and BCA Finance increased 11.7% to 199,565 units in 2016, with the Rupiah value growing by 16.6% to Rp 30.7 trillion. The Bank's total car loan portfolio (including BCA Finance) reached Rp 37.6 trillion at the end of 2016, an increase of 14.3% compared to Rp 32.9 trillion a year earlier. The portion of these loans recorded on BCA's balance sheet stood at Rp 30.9 trillion at the end of 2016, an increase over the previous year's Rp 27.3 trillion. BCA Finance's estimated market share in auto financing increased to 15.3% in 2016 compared to 13.2% in 2015.

The motorcycle financing industry continued to face challenges marked by declining sales of new motorcycles in 2016. In response to this situation, CS Finance directed its focus towards internal consolidation efforts to maintain loan quality. CS Finance also improved the efficiency and effectiveness of sales through branch intensification, applied operational efficiency strategies, and optimized employee productivity and effectiveness.

In 2016, CS Finance promoted a prudent approach to business and took proactive steps to minimize risk exposure. The portfolio was monitored with discipline so that the handling of arrears could be addressed at an early stage before any further deterioration. The billing system was enhanced for easier access by the collection team through mobile devices. Furthermore, CS Finance implemented aggressive policies to resolve the financing portfolio which had been classified as loss.

In 2016 the Bank's total motorcycle loan portfolio (including CS Finance) reached Rp 5.7 trillion at the end of 2016, compared to Rp 6.4 trillion at the end of 2015. This decline was in line with CS Finance's strategic direction that prioritizes loan quality. The motorcycle financing recorded on BCA's book totaled Rp 3.9 trillion at the end of 2016, compared to Rp 4.3 trillion by the end of 2015.

Credit Cards

In credit cards, BCA is a leading credit card issuer in Indonesia. BCA managed about 3 million credit cards with a transaction value of Rp 53.7 trillion, one of the largest in Indonesia. At the end of 2016, credit card outstanding stood at Rp 10.8 trillion, 13.7% higher compared to 2015. BCA carefully manages credit card loan quality with NPL ratio maintained at a relatively low level in 2016.

BCA continues to strengthen its credit cards business and to solidify its equity brand. BCA constantly expands its nationwide network of participating merchants and a number of outlets in Singapore via cooperation with the NETS network. BCA closely cooperates with various leading international networks for the acquiring/ acceptance of VISA, MasterCard, American Express, JCB and China UnionPay credit cards. BCA considers credit cards as one of key elements of overall BCA transaction banking franchise. Further elaboration on Credit Cards is available in this Business Review section under sub section Transaction Banking.

Looking Ahead

With the growing middle and professional classes, individual banking will play an important role in supporting the development of the Bank's overall business. The demand for banking services, such as mortgages, vehicle loans, bancassurance and wealth management services, will continue to grow in the coming years.

BCA's large customer base provides an opportunity for the Bank to expand its individual banking business. BCA is optimistic that it will capture these business opportunities going forward. The synergy between the work units and between the subsidiaries and BCA will continue to be strengthened to increase the effectiveness of individual banking product offerings. The Bank continuously enhances the analytics capabilities of the Customer Relationship Management (CRM) system to better understand and identify the customers' needs and behavior patterns as the basis for determining strategies in product development as well as marketing and promotional activities.

TREASURY AND INTERNATIONAL BANKING

BCA Treasury proactively manages Bank liquidity, optimizes returns on financial assets and maintains a solid balance sheet position. BCA International Banking works to expand the range of the Bank's remittance and trade finance services. Close collaboration with other business units is key to capturing new opportunities as well as to better providing products and services required by the Bank's customers.

Treasury Portfolio

(in billion Rupiah)

TREASURY

During 2016 BCA guarded its liquidity position by carefully managing the investment portfolio and maintaining a healthy balance between investment risk and return through managed short-term and medium-term placement of funds. In close collaboration with other business units, BCA Treasury Banking actively supports customers' financial needs by providing a variety of foreign exchange products and services, securities and other financial market products.

Responding to the Market, Capturing Opportunities

Macroeconomic conditions in Indonesia improved in 2016 with strong capital flows into the Indonesian financial markets and positive incoming direct investment trends. In 2016, the value of the Rupiah against the U.S. Dollar (USD) stabilized, closing the year at Rp 13,473 per 1 USD, appreciating by 2.3% from Rp 13,785 at year end 2015. Inflation was well maintained and trended downwards throughout 2016, ending the year with a 3.0% inflation rate compared to 3.4% in 2015.

TREASURY AND INTERNATIONAL BANKING

With a steady and relatively low inflation rate, stable currency, and a well maintained liquidity position, interest rates in the market declined throughout the year in line with the reductions in the Bank Indonesia benchmark interest rate. Over the past year, Bank Indonesia has eased monetary policy through a number of macroprudential policies, including the reduction of minimum reserve requirements at the end of 2015 and early 2016 which were then followed by a series of interest rate cuts. In August 2016, Bank Indonesia changed its benchmark interest rate from the BI Rate to the Bank Indonesia 7-day Reverse Repo Rate to better reflect market conditions. Throughout 2016, the benchmark rate was gradually reduced by a total of 150 bps with the BI 7-day Reverse Repo Rate ending the year 2016 at 4.75%.

In response to these conditions, and in consideration of stable liquidity in the banking sector, from August 2014 through the first semester of 2016 BCA gradually reduced the maximum interest rates paid on time deposits in order to reflect the market and lower the overall cost of funds. In 2016, the Bank's cost of funds was recorded at 2.0%, compared with 2.3% in 2015 and 2.6% in 2014.

In anticipation of the decreasing interest rates in 2016, BCA moved funds from short-term Bank Indonesia Deposit Facilities and Bank Indonesia Term Deposits towards longer-tenor investment portfolio. BCA increased its ownership of Government Bonds significantly by 120.9% to Rp 66.6 trillion and the longer-tenor Certificates of Bank Indonesia portfolio by 115.9% to Rp 24.2 trillion at the end of 2016. Due to proactive management of the portfolio, the yield on earning assets of 8.5% was relatively maintained in 2016 compared to the previous year. The stable yield and lower cost of funds allowed the Bank to record a healthy Net Interest Margin (NIM) of 6.8%, compared to the 6.7% NIM posted in 2015.

As a transaction bank and a major lender in Indonesia, BCA prioritizes maintaining a solid liquidity position for the Bank to stand ready to accommodate the needs of its customers. BCA Treasury carefully manages the Bank's liquidity, monitoring closely the balance between tenor, yield and risk level for each investment opportunity. Although we increased size of investment portfolio in longer-tenor Government Bonds, BCA maintains a significant short-term investments, the bulk of which are mostly placed in short term Bank Indonesia's instruments with maturity of less than one year. Overall, the BCA Treasury manages Rp 147.3 trillion in investments, up 39.4% from Rp 105.7 trillion in 2015. The treasury's investments constitute 27.8% of the Bank's total third party funds.

Since 2015, BCA has made active use of its ample liquidity to actively participate in the swap market. BCA placed foreign currency funds with Bank Indonesia and correspondent banks while simultaneously undertaking hedging transactions through the swap market (sell-forward USD) to mitigate foreign exchange risk. From these transactions, BCA received higher returns than from other short-term placements. Income from these swap premiums contributed significantly to the overall increase in the treasury's income, recorded in the trading income account, which includes gain on spot and derivatives, and unrealized gains from fair value of financial assets held from trading. In 2016, the total income from these accounts recorded at Rp 1.7 trillion, a 72.1% of total net trading income.

BCA managed its liquidity and foreign exchange positions through careful consideration of cash flow needs and exchange rate risk. The Bank's balance sheet ended the year in a solid position, with the Net Open Position recorded at 0.2% of total capital, far below the maximum limit of 20% imposed by Bank Indonesia.

Serving the Needs of Customers

In addition to managing internal liquidity, BCA Treasury also offers a range of services to fulfill customer's financial needs, among others foreign exchange and capital markets products. These products and services are made available to customers in the corporate, commercial and Small & Medium Enterprise (SME), as well as consumer segments through collaboration with frontliners located throughout the Bank's branch network.

In 2016, BCA Treasury continued to proactively market foreign exchange and bonds products to customers. The Bank promoted BCA's e-Rate feature to individual customers and Small & Medium Enterprises, by highlighting the many benefits of the service in facilitating transactions in foreign currencies, including remittance. The e-Rate feature offers a more attractive rate for online foreign exchange transactions of specified amounts than over-the-counter rates. BCA is optimistic that foreign exchange transactions will continue to increase in line with improvements on the ease of transactions.

BCA is one of the official selling agents for Indonesian Retail (ORI) and Sukuk Retail (SR) Bonds. In 2016, BCA Treasury sold Rp 2.4 trillion worth of SR008, Rp 854.7 billion of Savings Sukuk ST001, Rp 1.4 trillion of Retail Savings Bond SBR002, and Rp 2.4 trillion of ORI013 in the primary market. BCA was entrusted to facilitate sales of the Savings Sukuk ST001 that was only recently introduced to the Indonesian community. As a part of promoting the sales of ORI Bonds, BCA also joined in the collection of donations for social events by collaborating with the 'Indonesia Mengajar' Foundation and KEHATI Foundation.

In 2016 BCA received an award from the Ministry of Finance as the best-selling agents for ST001, SR008 and ORI012. The Bank has consistently received recognition for its bonds sales effort. BCA also earned international awards for Best Domestic Provider of FX Services and Best Domestic Provider of FX Research and Market Coverage in Indonesia from Asiamoney.

In addition to bonds and foreign exchange products and services, BCA also offers custodian services. BCA Custodian ensures that assets administered are well-managed and that all rights of asset holders are fulfilled including distribution of dividends and bond coupons. The total assets under custody of BCA Custodian as of December 31, 2016 amounted to equivalent Rp 68.1 trillion across more than 37 thousands securities accounts. Types of securities managed by BCA Custodian include Time Deposits, Deposits on Call, Negotiable Certificate Deposit (NCD), Medium-Term Note (MTN), Corporate Bonds, Certificates of Bank Indonesia, Sharia Certificates of Bank Indonesia, Stocks and derivatives, Mutual Funds and Asset Backed Securities. BCA Custodian also offers a safekeeping service for foreign currency securities.

TREASURY AND INTERNATIONAL BANKING

INTERNATIONAL BANKING

BCA International Banking focuses on providing the right solutions for customers in their international trade transaction activities or in making payments overseas. Though the global economy remained weak in 2016, BCA continued to refine and develop trade products in anticipation of the evolving needs of the Bank's customers and in line with opportunities arising from increased trade volumes in Asia, especially in the era of the ASEAN Economic Community.

BCA works to strengthen its ties with banks throughout Asia, such as in Thailand, Japan, South Korea, China and the Philippines, in order to facilitate cross-border transactions and to broaden the Bank's customer base from foreign investors seeking to enter the Indonesian market. Through its wide range of services, BCA is confident that it will be able to serve the banking needs of these potential customers.

Trade Finance Services

The continuing slowdowns of the major export commodities (including Coal and Palm Oil – CPO), and the economic growth of Indonesia's main trading partners (e.g. China, Japan and several Eurozone countries), had an impact on the demand for Indonesian exports in 2016. Admist these conditions, the demand for BCA's international trade services saw an increase. In addition, the Bank saw growth in domestic trade activities which supported BCA's total trade finance services.

Within a less than conducive business environment, BCA focused on internal enhancement and consolidation by developing international trade products and improving the quality of human resources to accommodate the increasingly complex financial needs of the Bank's customers.

Remittance Services

BCA continued to improve remittance products and services to better serve the Bank's customers, while exploring transaction opportunities. In an innovative effort, in 2016, the Bank launched the BCA multicurrency service which allows customers to transfer money overseas in over 130 different currencies throughout the world. BCA will benefit from this innovation as it enables the Bank to capture opportunities brought by the increase in remittance activities.

For inward remittance, BCA provides a web-based Financial Institution Remittance service, or known as 'Fire Cash BCA', to facilitate the transfer of funds from overseas into Indonesia. Fire Cash BCA is available in more than 100 countries, primarily in the main destination countries for Indonesian migrant workers (TKI). The Bank worked to further broaden this customer base by increasing its collaboration with partners in those countries and, domestically, by working with the Post Office and convenience stores.

Weak global economic activity put pressure on the performance of several industries that normally would have driven international banking transactions. Nevertheless, BCA remains optimistic that Indonesia's economy along with international trade business shows better prospects in 2017 as commodity prices in the international market begin to recover.

LOOKING AHEAD

BCA Treasury and International Banking will continue to enhance the synergy established with Corporate, Commercial and SME Banking as well as with the Wealth Management Unit to best accommodate the financial needs of the Bank's increasingly broad customer base. BCA will seek to support its customers by offering foreign exchange products & services, bonds, custodian services, trade finance and remittance services. In line with long-term economic prospects, the Bank is poised to capture opportunities as they arise from treasury activities and international trade transactions. In the year ahead, BCA is committed to developing stronger relationships and collaboration with correspondent banks.

Risk Management

BCA understands that the Bank consistently faces inherent risks while carrying out its business activities and banking operations. In order to mitigate these risks, BCA has implemented an integrated risk management system that covers all risks faced by the Bank and its subsidiaries.

BCA has implemented a Risk Management Framework which is in line with the Bank's business strategy, organizational structure, policies and guidelines as well as developments in banking infrastructure. The Basic Risk Management Policy ensures that risks facing the Bank and its subsidiaries can be effectively identified, measured, controlled and reported. To assure the effective implementation of risk management principles, BCA continuously improves its risk management infrastructure with reference to the prevailing regulations and in adherence to international best practices.

RISK MANAGEMENT FOCUS IN 2016

In anticipation of the business environment, BCA's risk management in 2016 was focused to safeguarding loan quality, securing healthy liquidity while maintaining a solid capital base.

Loan Quality

Over the last three years the Indonesian banking sector experienced increasing Non-Performing Loans (NPL) as the national economy continued to consolidate. The banking industry's NPL ratio rose from 1.8% at the end of 2013 to 2.5% at the end of 2015 and 2.9% at the end of 2016. While banks continue to actively monitor the loan portfolio, pressure on loan quality has eased in the fourth quarter of 2016 in line with indications of an improving economy, and within a manageable level of NPL.

BCA closed 2016 with a loan portfolio of Rp 415.9 trillion, a growth of 7.3% year-on-year. The NPL ratio was recorded at 1.3%, an increase from 0.7% at the end of 2015, due to general weakness across various sectors of the economy but particularly as a result of declining loan quality in the sea transportation and telecommunication equipment distribution industries. Despite an overall increase, the year-end NPL ratio was lower than the third quarter's 1.5% and still within the Bank's risk appetite. In 2016, BCA formed additional reserves for non-performing loans of Rp 4.5 trillion, compared with Rp 3.1 trillion in 2015. The ratio of reserves to total NPL was at a comfortable level of 229.4% by the end of 2016.

BCA remains vigilant over the risks of weakening asset quality. The Bank maintains the quality of the loan portfolio by undertaking a prudent approach to credit risk management and through an early warning system that

The application of a professional and disciplined risk management framework to mitigate risks has enabled the Bank to set a solid business model while continuing to deliver added value for stakeholders.

monitors debtors' ability to pay and guides the Bank in determining preventive measures to address potentially problem loans. BCA regularly monitors the business and financial performance of its debtors and immediately takes preventive measures should the debtor encounter any loan repayment difficulties. If required, the Bank will restructure loans for customers experiencing temporary financial hardship but with promising long-term business prospects. The majority of loan restructuring is in form of extending the repayment period to reduce debtors' monthly payments. In making any restructuring decision, BCA takes into account the commercial aspects of the revised terms. The Bank has restructured a total of Rp 6.5 trillion in loans, a relatively minimal amount, constituting only 1.6% of the total loan portfolio.

In recent years, BCA has identified industry sectors that are likely to face pressure from the relatively low global demand for commodities. The Bank does not have a credit appetite for mining commodity sectors, particularly coal, and has limited direct exposure to that sector. To minimize the impact of exchange rate volatility, BCA maintains discipline in managing foreign currency exposure by limiting the amount of loans offered in USD and only providing USD loans to customers whose primary source of income is in USD.

Liquidity Position

The Indonesian banking sector experienced a relatively more solid liquidity position in 2016 compared to previous years. Throughout the year BCA continued to monitor its liquidity position in an environment of a recovering national economy and global uncertainty with possible negative impact on capital flows. Even with the positive impacts of the tax amnesty program, BCA maintains its focus on liquidity in an anticipatory effort to manage possible short-term fund fluctuations considering possible customer funds withdrawal for investment reallocations.

Supported by the Bank's strong transaction banking business, in 2016 BCA maintained a solid liquidity position owing to the Bank's low-cost Current Accounts and Savings Accounts (CASA). CASA funds contributed 77.0% to the total third party funds of the Bank, with a healthy Loan to Funding Ratio (LFR) of 77.1% at the end of the year. In order to maintain solid coverage in overall third party funds, BCA will continue to proactively review time deposit rates and may carry out adjustments to the rates in consideration of overall third party funding targets.

Capital Position

BCA has a strong level of capital at 21.9% and well above the minimum requirement according to the risk profile set by regulator. This solid capital base will support the Bank's planned business expansion while providing the ability to anticipate risks that may be encountered.

In accordance with the regulator's guidelines, BCA and the subsidiaries have conducted integrated stress tests for credit risk, market risk and liquidity risk. The results show that the Bank's capital position is sufficient to cover potential losses arising from the risks faced.

BCA continues to strengthen its capital base in preparation for the implementation of Basel III. In 2016 the Bank's capital requirements were met entirely from organic capital growth supported by healthy profitability.

Other Risks

Foreign Exchange Risk

In 2016 BCA exercised caution regarding foreign exchange risk, in light of a number of events that affected the global economy, including the UK's exit from the European Union, the US presidential election, as well as indications of an increase in the Fed Funds Rate. To mitigate foreign exchange risks, the Bank has strictly monitored foreign currency transactions to make sure that they were made in accordance with internal Bank policies as well as the Bank Indonesia and the Indonesia's Financial Services Authority Regulations concerning the Net Open Position (NOP). Management of foreign currency transactions is centralized under the Treasury Division with transactions made at branches monitored, recorded and reported to the Treasury Division. Each branch is required to square the foreign exchange risk at the end of each working day with limited NOP tolerance in the branch network.

BCA continues to apply the precautionary principle in managing foreign currency exposure by maintaining a conservative NOP. As of December 2016, the Bank recorded an NOP of 0.2%, far below the maximum limit of 20% imposed by the regulator, further mitigating foreign currency-related market risk.

Operational Risk

Reliable and effective management of operational risk is the key to maintaining the Bank's position as a leading transaction bank in Indonesia. BCA faces operational risks caused by possible human error, inadequate internal controls, system failures, and/or external factors. BCA manages operational risk through an Operational Risk Management Information System (ORMIS), a web-based app that includes Risk Control Self-Assessment, Loss Event Database and Key Risk Indicator, which are designed to raise risk awareness throughout the Bank and provide useful information that can be used to minimize and mitigate operational risk.

To ensure that the Bank can serve banking transactions 24 hours a day without interruption, BCA runs two redundant data centers that are designed to assure business continuity in the event of a system failure at one of the two data center locations. In addition to these two mirroring data centers, the Bank also maintains a Disaster Recovery Center (DRC) in Surabaya. The Surabaya DRC continues to be developed as part of the Bank's Business Continuity Management and is intended to operate as a Crisis and Command Center in the case of disruptions or natural disasters in Jakarta that may result in the Jakarta-based data centers losing operational capacity.

INTEGRATED RISK MANAGEMENT

In accordance with Indonesia's Financial Services Authority regulations regarding financial conglomerates, BCA has implemented an integrated risk management protocol designed to mitigate the risks faced by the Bank and its subsidiaries. BCA, as the main entity of a financial conglomerate, monitors and manages ten types of integrated risks as defined by the Indonesia's Financial Services Authority. These risks consist of eight types of risks that have been previously managed within the Bank's risk management process – credit, market, liquidity, operational, legal, reputation, strategic and compliance risk – with the addition of inter-group transaction risk and insurance risk. The implementation of integrated risk management covers four main pillars and is briefly described in the chart below.

4 Pillars of Integrated Risk Management

1. Active supervision by the Board of Commissioners and the Board of Directors of the Main Entity	• Ensure the implementation of Integrated Risk Management in accordance with the characteristics and complexity of the Financial Conglomerate. • Ensure the application of risk management at each of the subsidiaries.
2. Adequacy of policies and procedures, and determination of Integrated Risk Management limits	• Formulate policies and procedures, and limit determination of Integrated Risk Management of the Main Entity with consideration to risk appetite and risk tolerance.
3. Adequacy of identification, measurement, monitoring, and control of integrated risks, as well as the Integrated Risk Management information system	• Implement an Integrated Risk Management System that generates reports or information concerning: – risk exposure; – compliance with the implementation of Integrated Risk Management and comparison to the existing policies and procedures; – compliance with regard to limit determination
4. Comprehensive internal control system concerning the implementation of Integrated Risk Management	• Implement an Internal Control System to ensure: – compliance with internal policy and regulations, including prevailing legislation; – availability of financial and management information that is complete, accurate, appropriate and timely; – effectiveness of risk culture at the organization's overall Financial Conglomerate

Further information concerning the implementation of integrated risk management can be found on pages 158 - 161 of this report.

INTERNAL CONTROL

Application of risk management and internal control systems is the responsibility of the management and all employees of the Bank. Risk awareness continues to be embedded at every level of the organization and is an integral part of the Bank's culture.

BCA applies three lines of defense for risk management. Risk management is carried out at all levels of the organization and overseen by the Board of Commissioners and the Board of Directors. As the risk owner, all business units and support units serve as the First Line of Defense, managing the risks related to their respective work units. The Risk Management Work Unit and the Compliance Work Unit work together as the Second Line of Defense, monitoring the implementation of corporate risk management policies and guidelines. The Internal Audit Division is the Third Line of Defense in charge of providing independent assurance regarding the implementation of risk management at the Bank.

BCA AND SUBSIDIARIES' RISK SELF-ASSESSMENT RESULTS

Based on risk self-assessment in 2016, the Bank-only risk profile level as well as its integrated risk profile level were "low to moderate". The risk profile level is the result of an inherent risk assessment of "low to moderate" and a "satisfactory" implementation of risk management policies and procedures.

DISCLOSURE OF RISK MANAGEMENT

The disclosure of risk management principles and the Bank's risk exposure, including the Bank's capital position, are reported in accordance with the Indonesia's Financial Services Authority (Otoritas Jasa Keuangan, "OJK") Circular Letter No. 43/SEOJK.03/2016 dated September 28, 2016 regarding Transparency and Publication of Reporting for Conventional Commercial Banks.

I. BCA's Application of Risk Management

Guidelines for the implementation of the Bank's risk management policies are based on OJK Regulation No. 18/POJK.03/2016 dated March 16, 2016 on the Implementation of Risk Management in Commercial Banks and is summarized as below:

I.A. Active Supervision by the Board of Commissioners and the Board of Directors

1. In carrying out their risk management functions, the Board of Commissioners has defined duties and responsibilities, including:
   - Approving policies that require the approval of the Board of Commissioners.

- Evaluating the implementation of risk management policies and strategies.
- Evaluating the accountability of the Board of Directors and providing guidance on improvements to the implementation of risk management policies, including evaluating the implementation of risk management, through reviewing regular reports from the Board of Directors and requesting further clarification should any deviations on policies occur.
- Approving transactions that require the approval of the Board of Commissioners.

2. In carrying out their risk management functions, the Board of Directors has defined duties and responsibilities, including:
   - Evaluating and approving policies and methodologies used for the assessment of various types of risks faced by the Bank.
   - Periodically monitoring the development of the Bank's risk profile and the implementation of Management Information Systems.
   - Determining the requirements for human resources and establishing a clear organizational structure in regards to authority levels and clear definitions of duties, responsibilities, and functions and activities that can generate risk as well as risk management review procedures.
   - Conducting regular risk management training programs for all officials/ employees of the Bank in order to improve the quality and skills of human resources in the field of risk management.
   - Enrolling all employees/officials in the Risk Management Certification program in accordance with their respective positions.

3. Active supervision by the Board of Commissioners and the Board of Directors (Management) is undertaken through the following mechanisms:
   - Supervision by the Board of Commissioners is conducted in accordance with their duties and responsibilities as stipulated in the Articles of Association and relevant regulations.
   - The Audit Committee, the Risk Oversight Committee, the Remuneration and Nomination Committee, and the Integrated Corporate Governance Committee assist in the supervisory duties of the Board of Commissioners.
     a. **Audit Committee**, established to assist the Board of Commissioners in effectively conducting its duties and functions to oversee financial reporting, internal control systems, internal and external audits, the implementation of Good Corporate Governance (GCG), and compliance to regulations.
     b. **Risk Oversight Committee**, established to ensure that the risk management framework provides adequate protection against the risks faced by the Bank.
     c. **Remuneration and Nomination Committee**, established to provide recommendations to the Board of Commissioners on remuneration policies as well as systems and procedures for selection and/or replacement of members of the Board of Commissioners and the Board of Directors.
     d. **Integrated Corporate Governance Committee**, established to evaluate the implementation of Integrated Corporate Governance through, among other tools, assessment of the adequacy of internal controls and implementation of the compliance function at the Bank and the subsidiaries.
   - The Board of Commissioners maintains constructive communications with the Board of Directors.

- The Board of Commissioners actively provides recommendations to the Board of Directors in determining strategic actions that they believe should be implemented.
- The Board of Directors is assisted by the Asset Liability Committee (ALCO), Credit Policy Committee, Credit Committee, Risk Management Committee, Information Technology Steering Committee, and the Integrated Risk Management Committee.
- The Board of Directors actively engages in discussions, provides input and monitors the internal operations of the Bank and monitors external factors that directly or indirectly affect the Bank's business strategy.

I.B. Adequacy of Risk Management Policies and Procedures, and Determination of Risk Limits

1. The Bank's organizational structure adequately supports the implementation of sound risk management and internal control that consists of the Internal Audit Division, the Risk Management Unit (SKMR), Compliance Unit, the Risk Management Committee and the Integrated Risk Management Committee.
2. The Bank's risk management policy, as detailed in the Bank Business Plan and the Annual Budget & Work Plan, is in line with the vision, mission, business strategy, capital adequacy, human resources competencies, and risk appetite of the Bank. This policy is reviewed regularly and adjusted in line with both internal and external developments.
3. Policies and procedures, and determination of risk management limits, have been fully documented in writing and are regularly reviewed.
4. In conducting its business activities, the Bank has developed a Bank Business Plan and Annual Budget & Work Plan that addresses BCA's overall strategy including the business direction. The strategy has been determined with consideration to the possible impact of the strategy on the Bank's capital, capital projection and the Capital Adequacy Ratio (CAR) modeling.

I.C. Adequacy of Risk Identification, Measurement, Monitoring and Mitigation Processes as well as Risk Management Information Systems

1. BCA's lending and operational procedures are clearly set forth in the Bank's operating manuals, job descriptions, policy decisions and management circulars.
2. Risk exposure is monitored regularly by SMKR through comparing the actual risk against set risk limits.
3. Reports on risk trends, including among others, Risk Profile Reports, Credit Portfolio Reports and Business Plan Progress Reports, are submitted to the Board of Directors on a regular basis.

I.D. Comprehensive Internal Control System

1. The Bank's internal control policy system consists of five components:
   - Management supervision and risk control culture
   - Risk identification and assessment
   - Control activities and segregation of duties
   - Accounting, information, and communication systems
   - Monitoring and corrective actions against policy deviations

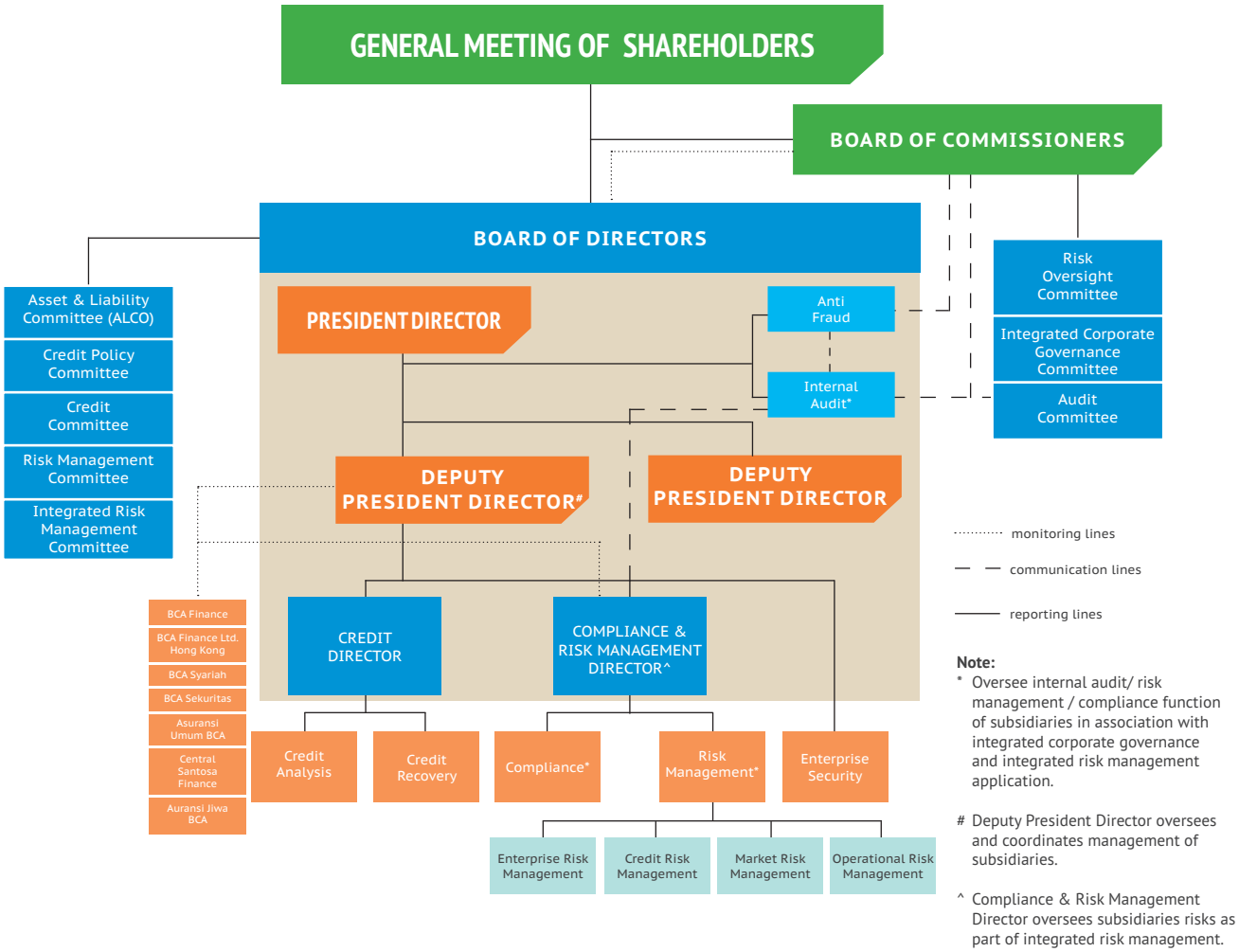
2. The internal control systems are embedded in each business and operational unit and are considered the first line of defense for risk management. These units are charged with risk monitoring by their Internal Control Units at the branches, regional offices, and at headquarters.

   To support the implementation of risk management, the Bank has detailed risk management policies, procedures, and risk limits. The Bank strongly encourages a culture of compliance with regards to applicable regulations. Internal control is conducted by SKMR and the Compliance Unit that together form the second line of risk management defense.

The adequacy and effectiveness of the internal control system is periodically reviewed by the Internal Audit Division, which is the third line of risk management defense, to ensure that internal controls have been implemented adequately.

3. All management and employees of the Bank have roles and responsibilities to implement and adhere to the Bank's internal control systems.

Risk Management and Internal Control Organization Structure



EFFECTIVENESS OF BANK RISK MANAGEMENT SYSTEMS

In evaluating the effectiveness of the Bank's risk management system, the Board of Commissioners and the Board of Directors are assisted by committees under the Board of Commissioners and under the Board of Directors.

These committees meet regularly to discuss and provide input and recommendations to the Board of Commissioners and the Board of Directors.

The Bank also conducts regular evaluations on the following subjects:

- Applicable policies and methodologies for risk assessments.
- Risk developments
- Adequacy of policies, procedures, and determination of risk limits
- Adequacy of identification, measurement, monitoring, and mitigation of risks
- Effectiveness of comprehensive internal control systems

Evaluations and updates of policies, procedures, and methodologies are conducted regularly to ensure compliance to applicable regulations and the operating environment. Evaluation of the effectiveness of risk management is also done through regular reports submitted to the Board of Commissioners and the Board of Directors. These reports include, among others, Risk Management Policy Reports; Risk Profile Reports; Risk Update Reports, and other related reports.

Implementation of the Basel Accords

BCA continues to prepare for implementing the Basel III framework on bank capital and liquidity standards. BCA supports Basel III implementation in Indonesia by taking part in Quantitative Impact Studies (QIS) exercises that require the Bank to calculate the Liquidity Coverage Ratio (LCR) and the Leverage Ratio. These ratios have been published on the Bank's website since 2015.

Throughout 2016, BCA has been in compliance with OJK reporting and minimum LCR regulations.

In 2017, OJK plans to conduct a trial for the implementation of the Net Stable Funding Ratio (NSFR)'s calculation.

Risk Appetite

The Bank defines risk appetite as the level and type of risk that BCA is willing to take in order to achieve its business objectives. The risk appetite set by the Bank is reflected in the Bank's business strategies and objectives.

Stress Test

BCA regularly performs stress testing for a variety of scenarios as well as for various factors and parameters that can impact risk. Stress test scenarios consider several macroeconomic variables, such as interest rates, inflation rates, GDP, exchange rates, fuel prices and others. The methodology used to carry out stress tests, in addition to using statistical models based on historical data, includes best judgment scenarios that take into account qualitative risk factors. Stress testing is carried out in order to see the impact of changes in macroeconomic factors on the level various key indicators including NPL ratios, profitability, liquidity and capital adequacy.

The Bank conducts integrated stress tests for both the main entity and its subsidiaries. The results of stress testing conducted by the Bank for credit, market and liquidity risks have been satisfactory, with the Bank's capital and liquidity being sufficient to anticipate estimated potential losses.

The Bank also cooperates with the Crisis Management and Supervisory Development Department of OJK in developing methods and conducting macro bottom-up stress testing against credit risk, market risk and liquidity risk.

In addition to the above, BCA participates in bottom-up stressing testing (BUST) in support of the Financial Sector Assessment Program (FSAP) in 2016/2017. FSAP is a joint program between the International Monetary Fund (IMF) and World Bank with the objective to comprehensively rate the stability and development of the financial sector of a country.

II. BCA Capital

Capital Policy

BCA has prepared its capital plan based on a thorough review of capital adequacy requirements and in consideration of the most recent economic developments and stress testing results. BCA has a capital plan drawn up by the Board of Directors as part of the Bank Business Plan and approved by the Board of Commissioners. The capital plan sets a healthy capital structure to support the business developments of the Bank and its subsidiaries as a priority. Policy on capital structure also refers to the Indonesian Financial Services Authority Regulation No. 11/POJK.03/2016 dated February 2, 2016 and No. 34/POJK.03/2016 dated September 26, 2016 regarding Minimum Capital Requirements for Commercial Banks.

BCA continues to strengthen Tier I capital in preparation for the implementation of Basel III. In 2016, BCA capital requirements were met entirely from organic capital growth supported by the Bank's healthy profitability.

Adequacy of Capital and Dividend Policy

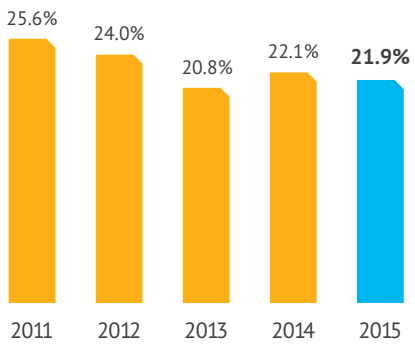
The Bank has a sufficient level of capital with a 21.9% CAR, well above the minimum requirement based on Bank's risk profile as determined by Bank Indonesia and in anticipation of Basel III implementation. The Bank would require a minimum CAR of 17% if the regulators implement the maximum buffers as under Basel III.

In accordance with regulator guidelines, BCA and its subsidiaries have conducted integrated stress tests for credit risk, market risk and liquidity risk. The results show that the Bank's capital position is more than sufficient to cover losses arising from potential risks faced.

In recent years, the Bank has gradually adjusted its dividend payout ratio to strengthen its capital, particularly in support of lending activities and new business lines. The Bank's dividend policy and payout ratio considers profitability, capital requirements and ongoing business developments as well as the stakeholders interest.

For the latest dividend payment, based on the resolutions of the General Meeting of Shareholders on April 7, 2016, the shareholders approved the distribution of a portion of the 2015 net income in the form of a cash dividend of Rp 3.9 trillion or Rp 160 per share (paid through an interim dividend of Rp 55 per share on December 8, 2015 and a final dividend of Rp 105 per share paid on April 29, 2016). The dividend distribution is equivalent to a dividend payout ratio of 21.9% and was paid out of net income from 2015. The Bank later distributed a portion of the 2016 net income in the form of an interim dividend of Rp 70 per share paid on December 22, 2016.

Dividend Payout Ratio



Capital Requirement of Subsidiaries

In line with the business growth of the Bank's subsidiaries in the future, BCA continues to regularly monitor the integrated risks and ensures a solid financial position to meet the capital requirements of its subsidiaries. The capital requirements of the Bank's subsidiaries are relatively insignificant compared to the Bank's capital position. BCA Finance, as the best performing subsidiary, has a solid capital base from organic capital growth. The Bank did not inject additional capital in the subsidiaries in 2016. In 2015 the Bank made capital injections in BCA Syariah and BCA Sekuritas as well as a subordinated loan to BCA Sekuritas that was used for a capital injection into BCA Life.

BCA Capital Position

At the end of 2016, the Bank only core capital amounted to Rp 105.5 trillion, accounting for 95.8% of the Bank's total capital, while the Bank only supplementary capital amounted to Rp 4.7 trillion or 4.2% of the Bank's total capital.

The Bank only Capital Adequacy Ratio (CAR) in 2016 came to 21.9%, increasing by 320 bps compared to the prior year's CAR of 18.7%. The increase was mainly due to the higher retained earnings and the recording of the asset revaluation in 2016. The consolidated CAR reached 22.2% at year-end 2016.

III. Disclosure of Risk Exposures and Implementation of Risk Management

Following is an overview of the risk exposures faced by BCA in conducting the Bank's business and the risk management framework designed to mitigate those risks:

III.A. Disclosure of Credit Risk Exposure and Implementation of Credit Risk Management

Organization of Credit Risk Management

BCA has established a structured credit risk management process in order to support sound lending principles with strong internal control.

1. **The Board of Commissioners** approves the Bank's credit plans and oversees their realization; approves the Bank's Basic Credit Policy and seeks explanations from the Board of Directors should there be any deviations in loan disbursement from the established policy.
2. **The Board of Directors** is responsible for the preparation of credit plans and the formulation of credit policies; ensures the Bank's compliance with applicable statutory provisions and regulations relevant to the field of credit and credit policy; and reports to the Board of Commissioners on

matters such as the realization of the credit plan, irregularities in loan disbursements, the loan portfolio quality and credit in the special mention or in the non-performing loan category.

3. **Chief Risk Officer**, a member of the BCA Board of Directors, is responsible for the management of credit, market, operational, and other risks faced by the Bank (the Compliance and Risk Management Director). The Compliance and Risk Management Director signs off on credit settlement (write off's and haircuts) of financings from a risk management assessment of the feasibility or suitability of credit applications considering the Bank's overall risk appetite based on its level of risk.
4. **Work Units that perform functions related to credit risk management** (the Business Lending Development Unit and the Credit Risk Analysis Unit are risk owners and are responsible for the management of credit risk.

The Bank has dedicated committees that assist the Board of Directors in the lending process as follows:

1. **Credit Policy Committee** has the principal function of assisting the Board of Directors in formulating credit policies, especially in regard to the principle of prudence in lending, monitoring and evaluating the implementation of credit policies, conducting periodic credit policy reviews, monitoring the progress and condition of the credit portfolio and for providing advice and suggesting solutions for improvements based on the results of the Committee's evaluations.
2. **Credit Committee** has the principal function of providing guidance for credit analysis, providing decisions or recommendations on drafts of credit decisions associated with major debtors, specific industries or on special requests from the Board of Directors as well as coordinating with the Asset and Liability Committee (ALCO) in relation to the availability of funding for expected credit drawdowns and corporate lending rate adjustments.
3. **Risk Management Committee** has the main function of developing policies, strategies and guidelines for risk management implementation, determining matters related to irregular business decisions, and enhancing the implementation of risk management based on evaluation of the implementation of an effective risk management process and system.

Risk Management Strategy for Activities with Significant Credit Risk Exposure

BCA formulates risk management strategies in accordance with the Bank's overall business strategy based on the Bank's risk appetite and risk tolerance levels. Risk management strategies are designed to ensure that the Bank's risk exposure is carefully managed in line with credit policy, the Bank's internal procedures, laws and regulations, and other applicable provisions.

Structured risk management strategies are based on the following general principles:

- Risk management strategy should be long term oriented for the sustainability of the business by considering economic conditions and cycles,
- Comprehensive risk management strategy must be able to control and manage the risks of the Bank and its subsidiaries, and
- Expected capital levels should be maintained and adequate resources will be allocated to support risk management.

Risk management strategies are prepared with consideration of the following factors:

- Economic and business developments and their possible impact on the Bank in consideration of the risks faced by the Bank.
- The organization structure of BCA, including the adequacy of human resources and supporting infrastructure.
- The financial condition of the Bank, including the ability to generate earnings and the ability to manage the risks arising from both external and internal factors.
- The composition and diversification of the Bank's portfolio.

Credit Concentration Risk Management Policy

Portfolio management addresses credit risk by determining risk concentration limits for, among others, industrial sector exposure, foreign exchange lending,

and certain types of loan facilities as well as both individual and business group exposures. Along with monitoring the development of the ratings database, technology, human resources, the Bank's complexity level, as well as the market and regulations, the Bank's portfolio management unit actively works to optimize the allocation of the Bank's capital to achieve an acceptable risk level in line with the Bank's risk appetite and risk tolerance parameters.

Credit Risk Measurement and Control

The Bank measures credit risk using the standardized method in accordance with OJK Circular Letter No. 42/SEOJK.03/2016 regarding 'Guidelines for Calculation of Risk Weighted Assets for Credit Risks by using the Standardized Approach' that requires all banks to use standardized approach to calculate its risk weighted assets for credit risk. For internal purposes, the Bank uses an internal ratings scorecard as a tool to assist with the credit decision process.

Credit risk management is executed through the establishment of an independent rating system for the effective implementation of credit risk management processes, comprising:

- Evaluation of the credit administration process;
- Assessment of accuracy in the implementation of internal risk ratings and the use of other monitoring tools; and
- Performance effectiveness of work units and Bank officers responsible for monitoring individual credit quality.

BCA exercises early detection systems to identify possible non-performing or potentially problematic loans and takes proactive steps to manage the loan portfolio in order to minimize the impact of non-performing loans on the overall portfolio.

Loans and Receivables that are Overdue and Impaired

Past due loans and receivables are defined as any loan or receivable that is more than 90 days overdue for payment of either principal and/or interest. Impaired loans and receivables are those financial assets of significant individual value that have objective evidence of impairment occurring after the initial recognition of the financial asset.

Approach Used for the Formulation of Allowances for Impairment

In anticipating possible impairment arising from the Bank's financial assets, it is necessary to establish Allowances for Impairment Losses. The Allowance for Impairment losses is adjusted on the basis of impairment under the implementation of Statement of Financial Accounting Standards (SFAS) No. 50/55.

Impairment evaluation is performed individually and collectively. The approach to calculating impairment on an individual loan compares the contract value of expected cash flows from a loan to an expected impaired value of a loan based on an estimate of discounted cash flows from the loan using an Effective Interest Rate (EIR) and the amortized cost of the loan at the time an impairment event occurs. Collective impairment is calculated statistically using the following statistical parameters:

a. Probability of Default (PD) is the debtor's probability of failure to meet obligations as measured by Migration Analysis and Roll Rates reviews.
b. Loss Given Default (LGD) is the level of losses resulting from the debtor's failure to meet obligations. Calculating a reasonable LGD percentage requires an analysis of historical data.

Standardized Approach to the Application of Credit Risk Measurement

In the calculation of Risk Weighted Assets (RWA) for credit risk, the Bank refers to OJK Circular Letter No. 42/SEOJK.03/2016 regarding 'Guidelines for Calculation of Risk Weighted Assets using the Standardized Approach for credit risk'.

Through the Basel II standardized approach, the credit RWA is calculated based on the ratings issued by rating agencies recognized by OJK as stipulated in OJK Circular Letter No. 37/SEOJK.03/2016 regarding Rating Agencies and Ratings recognized by OJK.

The use of external party ratings in the calculation of RWA credit risk is only for claims on Governments of Other Countries, Public Sector Entities, Multilateral Development Banks and particular International Institutions, Banks, and Corporates.

Counterparty credit risk arises from Over The Counter (OTC) derivative transactions and repo/reserve repo transactions, both on the trading book and the banking book. The Standardized Approach is used to measure credit risk in the calculation of CAR for any exposure that poses credit risk as a result of counterparty failure (counterparty credit risk).

Determination of credit limits related to counterparty credit risks can be adjusted according to the needs of the counterparty, the Bank's risk appetite, and any other applicable regulation such as Bank Indonesia Regulation No. 8/13/PBI/2006 related to Legal Lending Limits.

Credit Risk Mitigation

The preferred type of collateral accepted to mitigate credit risk is solid collateral defined as cash or land and buildings. These types of collateral have relatively high liquidity value and/or can be legally attached so that the Bank is able to effectively liquidate collateral if the debtor's/debtor group's loan becomes delinquent in payment.

Collateral assessment for loans is performed by an independent appraiser. In remote areas where no independent appraiser is available, the appraisal will be conducted by internal staff who are not involved in the loan processing. To monitor the physical collateral pledged to BCA by the debtor, site visits are conducted periodically to review the status of the collateral.

When processing credit, the main guarantors/warrant providers are analyzed as a risk mitigant to the overall credit risk. Creditworthiness and security analysis is determined by applying the Four Eyes Principle, where credit decisions are determined by two independent parties: the business development unit and the credit risk analysis unit.

Credit mitigation techniques are focused on strong collateral coverage. To further mitigate bank-wide potential credit risks, the Bank's loan portfolio is well diversified with regard to loans category and industrial and economic sectors.

III.B. Disclosure of Market Risk Exposures and Implementation of Market Risk Management

Organization of Market Risk Management

The Board of Commissioners and the Board of Directors are responsible for ensuring that the implementation of risk management with regards to exchange rates and interest rates is in line with the Bank's strategic direction, scale, business characteristics as well as exchange rate and interest rate risk profiles. This includes ensuring the integration of exchange rate and interest rate risk management with other risks that may affect the Bank's risk position.

The Board of Directors delegates its authority and responsibility to the parties listed below.

Party	Authority and Responsibilities
ALCO	Determines policies and strategies regarding foreign exchange and interest rate risks.
The Risk Management Unit	Supports ALCO in monitoring and measuring foreign exchange and interest rate risks.
Treasury Division	Manages the Bank's overall operations in foreign currency transactions, and interest rates on the trading book: - Responsible for maintaining foreign currency Net Open Position (NOP) and mitigating interest rate on the trading book and ensuring the Bank's compliance with Bank Indonesia regulations regarding NOP. - Responsible for managing trading marketable securities and foreign currency transactions in line with customer needs and/or income considerations.
Regional Offices and Branches	Responsible for managing foreign currency transactions in the respective regional offices/ branches in accordance with predetermined limits. All regional/branch foreign currency transactions are covered by the Treasury Division. Limits for each region/ branch are determined in accordance with operational needs.

The calculation of market risk to determine the Bank's capital requirements uses the standardized methods as defined by Bank Indonesia.

Trading Book and Banking Book Portfolio Management
Management of portfolios exposed to interest rate risk (on the trading book) and to foreign exchange risk is conducted by setting and monitoring the implementation of Nominal Limits (Net Open Position), Value at Risk Limits, and Stop Loss Limits.

The valuation method is based on closeout prices or market price quotations from independent sources, including the following:
- Exchange Prices.
- Dealer screen prices.
- The most conservative quotations given by at least two (2) brokers and/or market makers.
- Where market prices are not available from independent sources, the pricing is done by setting a price based on establishing a yield curve.

Market Risk Measurement
For the purposes of monitoring market risk, exchange rate and interest rate risk, Value at Risk measurements are taken on a daily basis based on a full historical valuation method using 250 days data at a 99% confidence level.

For the calculation of minimum Capital Adequacy Ratio (CAR), market risk is calculated based on the standardized method as adopted by OJK.

Scope of Trading and Banking Book Portfolios Accounted for in Capital Adequacy Ratio
Following is the scope of the portfolio coverage included in the CAR calculations:
- Exchange rate risk considers the trading book and banking book. Exchange rate risk can arise from foreign currency transactions Today (TOD), Tomorrow (TOM), SPOT, Forward and SWAP.
- Interest rate risk considers risk in the trading book. Interest rate risk can arise from securities transactions as well as Forward and SWAP transactions.
- Equity risk (for subsidiaries) is included under the trading book. Equity risk can arise from equity trading transactions that may be performed by subsidiaries.

Interest Rate Risk in Banking Book (IRRBB)
Interest rate risk in banking book (IRRBB) occurs as a result of movements in the market interest rate that are against the Bank's position or transactions which will impact the Bank's interest income and economic capital value. In measuring IRRBB, the Bank uses a gap report for repricing gap that measures assets and obligations that are interest rate sensitive in nature to be mapped within a certain period of time. Mapping is conducted based on the remaining maturity date for any instrument with a fixed interest rate and is based on the remaining time up to the next interest rate adjustment for any instrument with a floating rate. The Bank uses an earning approach and economic value approach to measure the interest rate risk. Monitoring and measurements of interest rate risk exposure on the banking book is submitted to the Board of Directors/ ALCO on a monthly basis.

Anticipation of Market Risk on Foreign Currency Transactions and Securities
In order to measure market risk in transactions associated with exchange rates and interest rate risks, the Bank has established market risk limits including Value at Risk limits, Nominal and Stop Loss Limits, as well as conducting stress tests to quantify the risk. In support of Bank Indonesia's program on Financial Market Transactions, BCA conducts assessments on risk management policies and has established procedures for the development of different kinds of transactions.

III.C. Disclosure of Operational Risk Exposure and Implementation of Operational Risk Management

Organization of Operational Risk Management
Bank-wide implementation of Operational Risk Management includes:

1. **The Board of Commissioners and the Board of Directors** ensure adequate risk management implementation according to the characteristics, complexity and risk profile of the Bank as well as a good understanding of the type and level of risk inherent in the business activities of the Bank.
2. **The Risk Management Committee** ensures that the risk management framework provides adequate protection against risks faced by the Bank.
3. **The Risk Management Unit (SKMR)** ensure that risks faced by the Bank are identified, measured, monitored, controlled and reported correctly

through the application of an appropriate risk management framework; SKMR also provides input to the Board of Directors on the development of policies, strategies and the risk management framework.

4. **The Enterprise Security Work Unit** protects and secures the information assets of the Bank, develops the Bank's ability to deal with emergency situations that threaten the business as an ongoing concern, and ensures that the application of information technology governance is in line with the Bank's policy.
5. **The Internal Audit Division** assures that business risks are managed properly and evaluates the adequacy and effectiveness of the implementation of risk management and internal control.
6. **The Operation Strategy and Development Division** assists the SKMR in implementing operational risk management programs and provides support to all work units in implementing SKMR programs.
7. **The Work Units (business units and support units)** are risk owners responsible for risk management in daily operations through coordination and reporting of operational risk events to SKMR.

Measurement and Identification of Operational Risk

Implemented in 2002, BCA applies a Risk Self-Assessment (RSA) methodology to identify and quantify operational risks across all work units in the Bank. The main function of the RSA is to cultivate a strong risk culture and increase risk awareness as an important element of risk management. Developing a stronger risk culture is expected to improve risk control implementation amongst all employees in performing their daily activities and subsequently reduce overall risk.

The RSA methodology is further refined into a Risk and Control Self-Assessment (RCSA) model, which has been implemented in all branches and head office units identified as having significant operational risks. In the RCSA methodology, branches and work units identify and measure operational risks inherent to their respective work or business unit. Based on this process, and in coordination with the Risk Management Unit, the work units determine the controls that must be implemented in order to mitigate the identified risks. The RCSA model is under the coordination of SKMR.

In addition to RCSA, BCA has implemented a Loss Event Database (LED) and Key Risk Indicator (KRI) system. KRI is a method used to provide an early warning signal in the event there is the possibility of increased operational risk within a specific work unit. KRI has been implemented in all regional offices, branches and Headquarter Work Units that are considered having fairly significant operational risk. The KRI system is planned to be developed into Predictive Risk management tool that will be able to support work units in detecting and responding to an increased risk at a business unit/client/other related entity.

LED is designed to assist in recording and analyzing cases or events that could lead to an operational loss so that corrective action can be taken to avoid similar type events from occurring in the future. The purpose of the LED is to identify the source and minimize the possible risk of operational losses. LED is also a means of operational loss risk data collection used by the Bank to determine the allocation of capital charges and for monitoring of events that could lead to further operational losses. LED has been implemented in all regional offices, branches and at the head office.

The application of RCSA, LED and KRI is supported by the Operational Risk Management Information System (ORMIS). Currently all branches and head office units use ORMIS in their implementation of RCSA, LED and KRI.

Operational Risk Mitigation

To mitigate operational risk, the Bank uses the following tools:

- Policies, procedures and limits to monitor, measure and mitigate operational risks.
- Organizing Risk Awareness Programs on a regular basis to promote and to increase the risk awareness culture for all BCA stakeholders.
- Up-to-date policies and procedures in accordance with organizational development and changes in legislation and regulations.
- Comprehensive Business Continuity Management Plans to ensure operational continuity in running the business and serving customers.
- Internal control system, which in practice applies the segregation of duties principle, the four eyes principle, and operates on a rotation system to avoid potential for self-dealing and concealment of documents or possible fraudulent transactions.

Risk Management of New Products and Activities

As the largest private Bank in Indonesia, BCA provides a wide range of products and services and conducts numerous banking activities to fulfill the needs of the Bank's customers. In line with recent technological advancements, BCA continues to develop new digital products and activities.

In managing the risk of new products/activities, BCA has implemented a system to help ensure that the development of new products/activities will not significantly affect BCA's risk profile. Risk management is implemented based on internal regulations that were compiled in accordance with regulatory guidelines.

Management of BCA's new products/activities include several important considerations as follows:

- New products/activities are launched with an objective to fulfill customer needs and are expected to enable BCA to accomplish its predetermined business targets.
- Every development plan must be approved by the Board of Directors and reported to the Board of Commissioners as part of active supervision by the Board of Directors and the Board of Commissioners.
- The identification of risks is to be done for every product/activity development plan so that BCA is able to implement adequate risk mitigation.
- Every new product/activity must pass several review stages including planning, development, implementation, and evaluation.
- The product/activity that has been implemented will be evaluated to ensure that the product/activity has achieved and for further development of the product/activity.

III.D. Disclosure of Liquidity Risk Exposure and Implementation of Liquidity Risk Management

Organization of Liquidity Risk Management

The Board of Commissioners and the Board of Directors are responsible for ensuring that liquidity risk management is conducted in accordance with the strategic objectives, scale, business characteristics and liquidity risk profile of the Bank. This includes the integration of liquidity risk management with other risks that may impact the Bank's liquidity position.

The Board of Directors delegates its authority and responsibility to the parties below:

Party	Authority and Obligations
ALCO	Determines policies and strategies regarding liquidity.
The Risk Management Unit	Supports ALCO in monitoring and calculating liquidity risks.
Treasury Division	Manages overall operational liquidity of the Bank: – Responsible for monitoring Statutory Reserves and ensuring the Bank's compliance with Bank Indonesia regulations regarding Statutory Reserves. – Responsible for managing secondary reserves in order to maintain liquidity and provide income generating opportunities.
Regional Offices and Branches	Responsible for managing liquidity risk at the respective regional offices and branches.

Funding Strategy

The funding strategy consists of strategies to tap diversified sources of funds and to secure a funding duration profile that is linked to the Bank's characteristics and business plan. The Bank identifies and studies the primary factors that affect the ability of the Bank to obtain funds including identifying and monitoring funding alternatives to strengthen the Bank's capacity to sustain business operations in a crisis situation.

Liquidity Risk Mitigation

In order to mitigate liquidity risk, BCA has established guidelines to measure and mitigate liquidity risks, including limits on Secondary Reserves, Interbank

Overnight Borrowing limits, and Liquidity Coverage Ratios. The Bank has also identified and developed Early Warning Indicators and has implemented a multi-level Contingency Funding Plan to mitigate risk.

Measurement and Control of Liquidity Risk

The measurement of liquidity risk is conducted comprehensively on a regular basis by monitoring cash flow projections, maturity profile reports, liquidity ratios and stress test scenarios. Stress testing is conducted based on bank specific stress scenarios and general market stress scenarios.

Monitoring liquidity risk has the objective of facilitating timely mitigation or adjustments to the liquidity risk management strategy as soon as any increase in liquidity risk occurs.

The following activities are included in liquidity risk monitoring:

- Monitoring both internal and external early warning indicators for events that can potentially increase liquidity risk.
- Monitoring fund and liquidity positions that include focusing on:
  - Interest rate strategy, investment alternatives for fund owners, changes in customer behavior, changes in foreign exchange and interest rates offered by primary competitors that could impact on the fund structure, fund volatility, and core funds. Changes in these measures are monitored on a regular basis (daily, monthly, and annual basis).
  - Daily monitoring of the liquidity position in respect to Minimum Statutory Reserve Requirements, Cash, and secondary reserves.
- Monitoring liquidity risk losses that may occur as a result of maintaining liquidity or any loss as a result of liquidity factors.

Bank Liquidity Position based on the Calculation of LCR within a Year

In 2016, OJK implemented Liquidity Coverage Ratio (LCR) requirements. BCA was in full compliance with all aspects of the LCR guidelines.

Based on the LCR calculations in 2016, the Bank's LCR ratio is above the minimum requirement, both on a bank-only and consolidated basis.

III.E. Disclosure of Legal Risk Exposure and Implementation of Legal Risk Management

Legal risk is defined as risk from lawsuits and/or weaknesses in legal documentation or contracts, an absence of addressing and/or change in regulations that results in a previously compliant procedure to be no longer in accordance with the updated regulation, and litigation arising from third party claims against the Bank or claims by the Bank against a third party.

Organization of Legal Risk Management

In order to minimize legal risk, the Bank has established a Legal Group at the head office and legal units in regional offices to support the Bank in carrying out banking activities and mitigating legal risk. The Legal Group also has the duty and responsibility of supporting and safeguarding the legal interests of the Bank with respect to the prevailing laws and regulations as it carries out its business activities.

Legal Risk Control

BCA mitigates legal risks through the following:

- Legal Risk Management Policy: Internal regulations governing the organizational structure and job descriptions for the Legal Group and standardized legal documents.
- Socializing the impact of new regulations applicable to BCA's banking activities and the various modus operandi of criminal and fraudulent banking crimes as well as the guidelines for prosecuting such crimes to branches, regional offices, and related work units in the head office.
- Registering intellectual property rights for the Bank's products and services as well as securing ownership of the Bank's assets, such as rights to land and buildings owned by the Bank, with the appropriate authorities.
- Monitoring and taking legal action on violations against the Bank's assets, including infringement of intellectual property rights belonging to BCA.
- Identifying, monitoring, analyzing and quantifying potential losses that may arise in relation to legal cases.

III.F. Disclosure of Strategic Risk Exposure and Implementation of Strategic Risk Management

Strategic risk can arise from inaccuracy in management decisions and/or inappropriate implementation of strategic plans as well as failure to anticipate changes in the business environment.

Organization of Strategic Risk Management

In an effort to limit the occurrence of strategic risks, the Board of Directors has developed strategic plans and business initiatives as outlined in a 3-year business strategy (Bank Business Plan) blue print and a one-year business plan and budget (Annual Budget & Work Plan).

The Bank Business Plan and the Annual Budget & Work Plan require the approval of the Board of Commissioners. BCA's Corporate Planning Sub-Division is designed to support and monitor the formulation and the implementation of the Bank Business Plan and the Annual Budget & Work Plan by preparing regular reports comparing the business plan and budget with their realization, including conducting reviews of both financial and non-financial business targets.

Policies to Identify and Respond to Changes in the Business Environment

In order to identify and respond to changes in both the external and internal economic environment and business conditions, BCA conducts:

- Regular reviews of the Bank Business Plan and the Annual Budget & Work Plan in accordance with business developments and the state of the Indonesian economy.
- Reviews of business targets with attention to the current economic situation and the forecast for the coming year while emphasizing the principle of prudence, attention to the capacity and capabilities of BCA, and trends in banking competition.

The Bank's strategy is formulated with reference to Bank Indonesia and OJK regulations and other relevant provisions, as well as the potential impacts of strategic risk on the Bank's capital and the Capital Adequacy Ratio (CAR) and based on the risk appetite, risk tolerance and the capabilities of the Bank.

Measurement of the Bank Business Plan Progress

To measure progress in achieving the business plan, the Bank conducts the following activities:

- Identifying, measuring, and monitoring strategic risk, as well as compiling quarterly strategic risk profile reports.
- Compiling reports on the realization of the Bank Business Plan, which includes financial performance, actual vs. budget, realization of corporate/divisional work programs and the realization of branch network development.

III.G. Disclosure of Reputation Risk Exposure and Implementation of Reputation Risk Management

Reputation risk can occur as a result of reduced levels of trust from stakeholders triggered by negative perceptions of the Bank.

Organization of Reputation Risk Management

BCA has a strong commitment to managing reputation risk. To this end, the Bank has established the Halo BCA Contact Center and Customer Care Unit that specifically deals with customer complaints by phone, mail, email, and social media 24 hours a day, 7 days a week. In handling customer complaints, Halo BCA Contact Center and Customer Care coordinates with other related units, including the Consumer Card Work Unit, the Consumer Credit Division and the Electronic Banking Services Center, to respond to potential reputation risk events.

Policies and Mechanism of Reputation Risk Control

In order to manage reputation risk, the Bank implements the following:

- Establishment of provisions for customer complaints that clearly define the policies, procedure and work units that monitor and handle customer complaints, including the format of reports made to regulators.
- Monitoring of customer complaints and routinely reporting the results to the head of each unit and to the Board of Directors. These reports are analyzed and used to help the Bank to develop a systematic complaint handling process.
- Development of infrastructure, including the implementation of appropriate software and hardware; development and management of procedures; and development of management information system infrastructure to facilitate

monitoring and to support the speed and quality of work in responding to and monitoring customer complaints.

Reputation Risk Management in Times of Crisis

To manage reputation risk in times of crisis, the Bank has conducted the following:

- Implementation of Crisis Management, which includes:
  - Crisis Management Policy, defined as a strategy to manage a crisis or events that impact or could disrupt the Bank's services and/or impair the Bank's reputation.
  - Formed the Crisis Management Team responsible for coordinating the process of crisis management.
  - Developed a Crisis Communication Protocol to coordinate crisis communications with internal and external parties including to the mass media. The protocol establishes a clear chain of command and communication for all stages of a crisis.
  - Crisis Management Guidelines, including emergency responses to facilitate customer service and transactions in the event of a crisis or emergency situation.
- Development of a business continuity plan and a disaster recovery plan that is designed minimize disruption and support a rapid recovery process in the event of a disaster.
- Installation of backup systems to prevent high risk business failure.

III.H. Disclosure of Compliance Risk Exposure and Implementation of Compliance Risk Management

Compliance risk is the risk arising from the Bank's failure to comply with and/or implement the prevailing laws and regulations.

Organization of Compliance Risk Management

In order to minimize compliance risks, all organizational lines need to be responsible for the management of compliance risk in all activities of the Bank.

The Compliance and Risk Management Director, assisted by the Compliance Unit, is responsible for ensuring compliance and minimizing compliance risk by formulating compliance risk management policies and procedures as well as monitoring their implementation. The Compliance Unit is independent from other working units. The Compliance and Risk Management Director reports the results to the President Director, which are then presented to the Board of Commissioners.

The Compliance Unit is also responsible for the implementation of the Bank's Anti-Money Laundering and Combatting the Financing of Terrorism programs in BCA.

Business units at head office and branches are the front-line in ensuring all business activities are carried out in accordance with the relevant regulations.

Risk Management Strategies Associated with Compliance Risk

BCA has a strong commitment to comply with prevailing laws and regulations and actively takes steps to correct any weaknesses. This is in line with the Bank's compliance risk management strategy, which contains policies intended to comply with the applicable regulations, foremost through proactive prevention (ex-ante) in order to minimize any occurrence of violations and through curative action (ex-post) as corrective measures.

Compliance Risk Monitoring and Control

In order to control and minimize compliance risk, the Bank has taken the following steps, including to:

- Identify sources of compliance risk.
- Perform gap analysis if there is a change in regulations and make the necessary changes to internal policies and regulations, as well as to information systems.
- Measure and monitor compliance risk exposure on a regular basis; results are discussed with the Risk Management Unit and then reported to the Director of Risk Management and Compliance, who finalizes decisions and prepares the compliance risk profile report.
- Socialize and consult on provisions of various regulations.
- Examine compliance in the implementation of provisions.
- Develop a compliance matrix diary as a means of monitoring commitment to comply with reporting duties to the regulators.

- Monitor suspicious financial transactions through the implementation of Anti Money Laundering protocols, which are regularly audited.

In order to improve the effectiveness of internal control, coordination is maintained between the Risk Management Unit, Internal Audit Division and the Compliance Unit through regular meetings and intensive communication. Problems associated with internal compliance control, particularly in addressing potential compliance risks, are comprehensively assessed, allowing the formulation of effective measures.

Application of Integrated Risk Management

In accordance with OJK Regulation No. 17/POJK.03/2014 dated November 18, 2014 and OJK Circular Letter No. 14/SEOJK.03/2015 on the Implementation of Integrated Risk Management for Financial Conglomerations, BCA has developed an Integrated Risk Management for Financial Conglomerates ('FC BCA').

Application of an Integrated Risk Management structure includes:

1. Active supervision of FC BCA by the Board of Directors and the Board of Commissioners of the Main Entity, here defined as BCA;
2. Adequacy of policies, procedures, and determination of limits for Integrated Risk Management;
3. Adequacy of identification, measurement, monitoring, and mitigation of integrated risk, as well as Integrated Risk Management information systems;
4. Comprehensive internal control system for the implementation of Integrated Risk Management.

BCA has implemented Integrated Risk Management by:

1. Appointing the Director in charge of risk management at BCA as the Director in charge of Integrated Risk Management for the group with the function to implement Integrated Risk Management within the group.
2. Forming an Integrated Risk Management Committee to ensure that the risk management framework provides adequate integrated protection against all risks faced by the Bank and its subsidiaries.
3. Adjusting the organizational structure of the Risk Management Unit to ensure that the integrated risks faced by the Bank and its subsidiaries can be identified, measured, monitored, controlled and reported correctly through the implementation of an appropriate risk management framework.
4. Identifying the Main Entity and Subsidiaries included in the Financial Conglomerate for integrated risk management purposes.
5. Compiling and submitting Integrated Risk Profile Reports.
6. Finalizing the compilation of Basic Integrated Risk Management Policies for the implementation of Integrated Risk Management.
7. Reviewing the implementation of integrated risk management.
8. Compiling and submitting Integrated Capital Adequacy Reports.
9. Conducting integrated stress testing (for capital and liquidity).
10. Socializing, coordinating, and communicating with the Subsidiaries.

The Integrated Risk Management Committee has the primary function of providing recommendations to the Board of Directors that consist of the following:

- The compilation of integrated risk management policies
- The improvement of said policies based on the evaluation of results of implementation of the integrated risk management framework.

Throughout 2016, the Integrated Risk Management Committee conducted regular meetings to discuss the following:

- Integrated Capital Adequacy Ratio (Policies and Reporting)
- Integrated Risk Profile Report
- Proposal of mechanism to review new business line and strategies
- Integrated stress tests
- Any others issues that needed the approval of the Integrated Risk Management Committee.

FC BCA manages ten types of integrated risks as identified by the regulators. These risks include the eight types of risks that were previously managed within the Bank's risk management process with the addition of Inter-Group Transaction Risk and Insurance risk.

Inter-group Transaction Risk

FC BCA conducts inter-group transactions in accordance with the principles of fairness and on an arms-length basis in adherence with prevailing regulations. All inter-group transactions are documented appropriately. Inter-group transactions currently do not have a material impact on the overall financial performance of the Group.

Insurance Risk

FC BCA manages Insurance Risk through the Bank's subsidiaries active in the insurance industry. The Insurance Risk of FC BCA is considered to exhibit "low" inherent risk with "satisfactory" risk management implementation based on current regulatory guidelines.

Based on integrated risk assessment, FC BCA's capital is considered sufficient to cover potential losses that may arise or be faced by FC BCA in conducting the integrated businesses.

The Bank's entities that are included in the implementation of the integrated risk management are: BCA Finance, BCA Finance Limited, BCA Syariah, BCA Sekuritas, BCA Insurance, Central Santosa Finance and BCA Life.

The summary of the implementation of risk management within each entity is as follows:

PT BCA FINANCE	
Active Supervision by the Board of Commissioners and the Board of Directors	Active supervision is conducted by the Board of Commissioners and the Board of Directors through the establishment of the following: • Audit Committee at the level of the Board of Commissioners, and • Risk Management Committee and Asset Liability Committee (ALCO) at the level of the Board of Directors and through the Regular Management Meeting(s) (RMM).
Adequacy of Policies and Procedures, and Determination of Limits	• Basic Risk Management Policy. • Risk management policy and implementation guidelines for various risks as described in Decision Letters. • Policies and procedures and determination of risk limits are adequate and regularly reviewed.
Identification, Measurement, Monitoring and Mitigation Processes as well as Risk Management Information System	• Risk management processes are conducted and outlined in risk profile reports issued every semester. • Risk management processes are reflected in, among others, risk profile reports, monitoring reports and regular limit reviews. • Risk management information technology systems are used to identify and detect blacklisted customers, mitigate fraud through Know Your Customer reports for the branches and headquarters, identification and detection of fraud parameters, and implementing credit and behavior score (B-score) ratings, among others. • System integration will be realized through a work plan to redevelop the RMIS.
Comprehensive Internal Control	Internal Audit Division has the function of evaluating the effectiveness and efficiency of work processes and their suitability to the needs of the business. Evaluations are conducted by way of active and passive Inspection throughout all work units.

BCA FINANCE LIMITED	
Active Supervision by the Board of Commissioners and the Board of Directors	Active supervision by the Board of Directors is conducted through discussions on business and operational activities between the Board of Directors and Management [staff] through regular reports.
Adequacy of Policies and Procedures, and Determination of Limits	• Basic Risk Management Policy & Guideline. • Risk management policy is defined as part of Job Procedures and Guidelines. • Policies and procedures, and determination of limits are adequate and regularly reviewed.
Identification, Measurement, Monitoring and Mitigation Processes as well as Risk Management Information System	• Risk management processes are conducted and outlined in risk profile reports on a quarterly basis. • Risk management processes are reflected in, among others, the monitoring of limits and regular limit reviews.
Comprehensive Internal Control	Internal supervision is conducted by the Risk Management Officer.

PT BANK BCA SYARIAH	
Active Supervision by the Board of Commissioners and the Board of Directors	Active supervision by the Board of Commissioners and the Board of Directors is conducted through the establishment of the following: • Risk Oversight Committee, Audit Committee and Remuneration & Nomination Committee at the level of the Board of Commissioners, and • Risk Management Committee, Financing Policy Committee, Information Technology Committee, and Asset Liability Committee (ALCO) at the level of the Board of Directors
Adequacy of Policies and Procedures, and Determination of Limits	• Basic Risk Management Policy. • Risk management policy for various risks as defined in Job Procedures and Guidelines. • Financing Policy related to credit risk. • Policies and procedures, and determination of limits are adequate and regularly reviewed.
Identification, Measurement, Monitoring and Mitigation Processes as well as Risk Management Information System	• Risk management processes are conducted and outlined in risk profile reports on a quarterly basis. • Risk management processes are reflected in, among others, the monitoring of limits and regular limit reviews.
Comprehensive Internal Control	The effectiveness of internal control is tested by the Internal Audit Work Unit.

PT BCA SEKURITAS	
Active Supervision by the Board of Commissioners and the Board of Directors	Active supervision by the Board of Commissioners and the Board of Directors is conducted through the following activities: • Regular meetings of the Board of Commissioners and the Board of Directors. • Establishment of organizations with reference to Bapepam-LK/OJK regulation comprising: – Marketing Functions, – Risk Management Functions – Bookkeeping Functions – Custodian Functions – Information Technology Functions, and – Compliance Function as well as Research Functions outside of the six functions listed above. • The Board of Commissioners gives approval regarding credit facilities accepted by PT BCA Sekuritas from third parties. • The Board of Commissioners ensures that matters related to Money Laundering and Terrorism Financing are discussed at the Board of the Directors and the Board of Commissioners meetings. • The Board of Directors makes decisions regarding internal policy. • The Board of Directors signs all reports and is responsible for the submission of reports on the company profile to the regulators.
Adequacy of Policies and Procedures, and Determination of Limits	• Policy and Procedures that are in line with Capital Market regulations and are used as basis for developing guidelines for BCA Sekuritas' business activities. • Basic Risk Management Policy. • Policies and procedures, and determination of limits are adequate and regularly reviewed. • Policies derived from basic risk management policy.
Identification, Measurement, Monitoring and Mitigation Processes as well as Risk Management Information System	• Risk management processes are reflected in regular monitoring of securities haircuts, customer limits, and customers' daily transactions, all of which are reported regularly. • Risk management processes are conducted and recorded in risk profile reports every semester.
Comprehensive Internal Control	• Internal supervision of all BCA Sekuritas business activities is conducted by the Board of Directors and the Compliance Work Unit in accordance with Capital Market regulations. • All policies are socialized to Heads of Division to be learned and implemented within their work units for each internal function.

PT ASURANSI UMUM BCA	
Active Supervision by the Board of Commissioners and the Board of Directors	Active supervision is conducted by the Board of Commissioners and the Board of Directors through the establishment of the following committees: • Audit Committee and Risk Oversight Committee at the level of the Board of Commissioners, and • Investment Committee, Insurance Closure Acceptance Committee and Insurance Claim Finalization Committee at the level of the Board of Directors.
Adequacy of Policies and Procedures, and Determination of Limits	• Various policies, including the following: – Risk Management Implementation Guidelines, – Authority for Claim Approval, Acceptance and Insurance Policy/Cover Note Signing, – Underwriting Guidelines, – IT Operation Guidelines, – Manual Disaster Recovery Plan (DRP), – Reinsurance Policy Guidelines. • Risk management policy for various risks as defined in Job Procedures and Guidelines. • Policies and procedures and determination of limits are adequate and regularly reviewed.
Identification, Measurement, Monitoring and Mitigation Processes as well as Risk Management Information System	• Risk management processes are conducted and recorded in risk profile reports. • Risk management processes are reflected in, among others, risk profile reports, monitoring reports and regular limit reviews.
Comprehensive Internal Control	Internal supervision is conducted by the Internal Audit Work Unit.

PT CENTRAL SANTOSA FINANCE	
Active Supervision by the Board of Commissioners and the Board of Directors	Active supervision by the Board of Commissioners and the Board of Directors is conducted in the following forms: • Routine meetings of the Board of Commissioners and the Board of Directors. • The Board of Directors acknowledges and signs all reports for the authorities.
Adequacy of Policies and Procedures, and Determination of Limits	• Basic Risk Management Policy • Policies and procedures, and determination of limits are adequate and regularly reviewed.
Identification, Measurement, Monitoring and Mitigation Processes as well as Risk Management Information System	• Risk management processes are outlined in the annual and semester risk profile reports. • Improvement to the Information system to ensure the readiness of accurate data in a timely manner as required by management
Comprehensive Internal Control	Internal supervision is conducted by the Internal Audit Work Unit.

PT ASURANSI JIWA BCA	
Active Supervision by the Board of Commissioners and the Board of Directors	Active supervision is conducted by the Board of Commissioners and the Board of Directors through the establishment of the following: • Risk Oversight Committee and Audit Committee at the level of the Board of Commissioners, and • Product Development Committee, Investment Committee and Risk Management Committee at the level of the Board of Directors.
Adequacy of Policies and Procedures, and Determination of Limits	• Basic Risk Management Policy and its Implementation Guidelines for each type of risks, as defined in job procedures and implementation guidelines. • Policies and procedures, and determination of limits are adequate and regularly reviewed.
Identification, Measurement, Monitoring and Mitigation Processes as well as Risk Management Information System	• Risk management processes are conducted and outlined in quarterly risk profile reports. • Risk management processes are reflected in, among others, risk profile reports, monitoring reports and regular limit reviews.
Comprehensive Internal Control	Internal Audit Division has been established.

04 RISK MANAGEMENT TABLE*

Table A. Disclosure of the Capital Structure

Disclosure of the Bank's capital structure (on standalone basis and consolidated) is presented in the audited Consolidated Financial Statements, note No. 39.

Table B.1.a.1. **Disclosure of Net Receivables by Region - Bank Only**

(in million Rupiah)

No.	Portfolio Category	Period of December 31, 2016				
		Net Receivables by Region				
		Sumatera	Jawa	Kalimantan	Eastern Indonesia	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Receivables on sovereigns	-	155,265,610	-	-	155,265,610
2	Receivables on public sector entities	-	17,881,634	-	-	17,881,634
3	Receivables on multilateral development banks and international institutions	-	-	-	-	-
4	Receivables on banks	18,404	40,780,054	5,100	26,809	40,830,367
5	Loans secured by residential property	1,554,551	29,344,240	597,691	1,532,675	33,029,157
6	Loans secured by commercial real estate	522,403	12,089,258	214,454	519,590	13,345,705
7	Employee/retired loans	-	-	-	-	-
8	Receivables on micro, small business & retail portfolio	2,587,186	53,649,528	619,567	1,271,279	58,127,560
9	Receivables on corporate	19,906,666	309,398,588	4,829,105	13,972,538	348,106,897
10	Past due receivables	117,722	886,220	60,096	43,805	1,107,843
11	Other assets	1,441,283	34,324,329	446,420	1,122,213	37,334,245
12	Exposures at Syariah based business activity unit (if any)	-	-	-	-	-
	Total	**26,148,215**	**653,619,461**	**6,772,433**	**18,488,909**	**705,029,018**

(in million Rupiah)

No.	Portfolio Category	Period of December 31, 2016				
		Net Receivables by Region				
		Sumatera	Jawa	Kalimantan	Eastern Indonesia	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Receivables on sovereigns	-	127,829,750	-	-	127,829,750
2	Receivables on public sector entities	-	17,403,885	-	-	17,403,885
3	Receivables on multilateral development banks and international institutions	-	-	-	-	-
4	Receivables on banks	31,993	24,351,808	9,348	48,922	24,442,071
5	Loans secured by residential property	1,240,934	24,179,629	566,513	1,141,664	27,128,740
6	Loans secured by commercial real estate	729,740	11,118,284	267,121	354,475	12,469,620
7	Employee/retired loans	-	-	-	-	-
8	Receivables on micro, small business & retail portfolio	2,696,806	49,856,909	637,536	1,310,441	54,501,692
9	Receivables on corporate	21,051,982	299,032,107	5,332,409	13,402,768	338,819,266
10	Past due receivables	93,630	622,200	34,888	48,533	799,251
11	Other assets	1,441,911	29,315,968	551,632	1,186,606	32,496,117
12	Exposures at Syariah based business activity unit (if any)	-	-	-	-	-
	Total	**27,286,996**	**583,710,540**	**7,399,447**	**17,493,409**	**635,890,392**

* The information is presented in accordance with Indonesia's Financial Services Authority Circular Letter No. 43/SEOJK.03/2016 dated September 28, 2016 regarding Transparency and Publication of Reporting for Conventional Commercial Banks. If the Bank has no transactions of the particular type defined in the Circular, the table is not presented.

Table B.1.a.2. **Disclosure of Net Receivables by Region - Consolidated**

(in million Rupiah)

No.	Portfolio Category	Period of December 31, 2016					
		Net Receivables by Region					
		Sumatera	Jawa	Kalimantan	Eastern Indonesia	Foreign Operation	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on sovereigns	-	155,266,100	-	-	324,526	155,590,626
2	Receivables on public sector entities	-	17,881,692	-	-	-	17,881,692
3	Receivables on multilateral development banks and international institutions	-	-	-	-	-	-
4	Receivables on banks	18,404	41,036,655	5,100	26,809	247,502	41,334,470
5	Loans secured by residential property	1,554,551	29,344,240	597,691	1,532,675	-	33,029,157
6	Loans secured by commercial real estate	522,403	12,089,258	214,454	519,590	-	13,345,705
7	Employee/retired loans	-	-	-	-	-	-
8	Receivables on micro, small business & retail portfolio	2,587,186	60,934,843	619,567	1,271,279	-	65,412,875
9	Receivables on corporate	19,906,666	310,488,589	4,829,105	13,972,538	158,550	349,355,448
10	Past due receivables	117,722	964,912	60,096	43,805	-	1,186,535
11	Other assets	1,441,283	34,752,348	446,420	1,122,213	9,769	37,772,033
12	Exposures at Syariah based business activity unit (if any)	-	5,025,801	-	-	-	5,025,801
	Total	**26,148,215**	**667,784,438**	**6,772,433**	**18,488,909**	**740,347**	**719,934,342**

(in million Rupiah)

No.	Portfolio Category	Period of December 31, 2015					
		Net Receivables by Region					
		Sumatera	Jawa	Kalimantan	Indonesia Bagian Timur	Operasi Luar Negeri	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on sovereigns	-	127,830,289	-	-	333,519	128,163,808
2	Receivables on public sector entities	-	17,404,101	-	-	-	17,404,101
3	Receivables on multilateral development banks and international institutions	-	-	-	-	-	-
4	Receivables on banks	31,993	24,591,514	9,348	48,922	182,661	24,864,438
5	Loans secured by residential property	1,240,934	24,179,629	566,513	1,141,664	-	27,128,740
6	Loans secured by commercial real estate	729,740	11,118,284	267,121	354,475	-	12,469,620
7	Employee/retired loans	-	-	-	-	-	-
8	Receivables on micro, small business & retail portfolio	2,696,806	57,040,675	637,536	1,310,441	-	61,685,458
9	Receivables on corporate	21,051,982	299,265,958	5,332,409	13,402,768	163,954	339,217,071
10	Past due receivables	93,630	720,933	34,888	48,533	-	897,984
11	Other assets	1,441,911	29,685,526	551,632	1,186,606	7,935	32,873,610
12	Exposures at Syariah based business activity unit (if any)	-	5,091,382	-	-	-	5,091,382
	Total	**27,286,996**	**596,928,291**	**7,399,447**	**17,493,409**	**688,069**	**649,796,212**

Table B.2.a.1. **Disclosure of Net Receivables by Contractual Maturity - Bank Only**

(in million Rupiah)

No.	Portfolio Category	Period of December 31, 2016					
		Net Receivables by Contractual Maturity					
		≤ 1 year	>1 year to 3 years	>3 year to 5 years	> 5 years	Non-Contractual	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on sovereigns	97,407,586	30,399,991	26,765,164	692,869	-	155,265,610
2	Receivables on public sector entities	1,543,414	2,446,765	1,811,000	7,734,207	4,346,248	17,881,634
3	Receivables on multilateral development banks and international institutions	-	-	-	-	-	-
4	Receivables on banks	25,605,510	5,449,530	1,519,368	233,981	8,021,978	40,830,367
5	Loans secured by residential property	658,122	3,911,563	7,851,680	20,500,323	107,469	33,029,157
6	Loans secured by commercial real estate	1,751,786	727,525	2,428,479	5,003,737	3,434,178	13,345,705
7	Employee/retired loans	-	-	-	-	-	-
8	Receivables on micro, small business & retail portfolio	6,836,429	25,955,615	15,963,731	7,747,360	1,624,425	58,127,560
9	Receivables on corporate	198,962,246	34,290,797	35,716,054	54,958,479	24,179,321	348,106,897
10	Past due receivables	242,155	104,658	75,649	151,219	534,162	1,107,843
11	Other assets	-	-	-	-	37,334,245	37,334,245
12	Exposures at Syariah based business activity unit (if any)	-	-	-	-	-	-
	Total	**333,007,248**	**103,286,444**	**92,131,125**	**97,022,175**	**79,582,026**	**705,029,018**

(in million Rupiah)

No.	Portfolio Category	Period of December 31, 2015					
		Net Receivables by Contractual Maturity					
		≤ 1 year	>1 year to 3 years	>3 year to 5 years	> 5 years	Non-Contractual	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on sovereigns	86,091,597	27,356,138	10,444,456	3,937,559	-	127,829,750
2	Receivables on public sector entities	1,515,059	1,474,194	427,214	181,546	13,805,872	17,403,885
3	Receivables on multilateral development banks and international institutions	-	-	-	-	-	-
4	Receivables on banks	15,879,473	3,230,762	812,301	251,486	4,268,049	24,442,071
5	Loans secured by residential property	610,508	4,329,751	6,395,742	15,700,250	92,489	27,128,740
6	Loans secured by commercial real estate	2,449,073	868,356	949,923	4,754,759	3,447,509	12,469,620
7	Employee/retired loans	-	-	-	-	-	-
8	Receivables on micro, small business & retail portfolio	6,598,473	23,631,196	14,716,163	8,208,804	1,347,056	54,501,692
9	Receivables on corporate	192,081,653	34,205,155	35,762,190	46,302,846	30,467,422	338,819,266
10	Past due receivables	324,175	126,980	65,880	110,979	171,237	799,251
11	Other assets	-	-	-	-	32,496,117	32,496,117
12	Exposures at Syariah based business activity unit (if any)	-	-	-	-	-	-
	Total	**305,550,011**	**95,222,532**	**69,573,869**	**79,448,229**	**86,095,751**	**635,890,392**

Table B.2.a.2. **Disclosure of Net Receivables by Contractual Maturity - Consolidated**

(in million Rupiah)

No.	Portfolio Category	Period of December 31, 2016					
		Net Receivables by Contractual Maturity					
		≤ 1 year	>1 year to 3 years	>3 year to 5 years	> 5 years	Non-Contractual	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on sovereigns	97,408,076	30,399,991	26,917,785	864,774	-	155,590,626
2	Receivables on public sector entities	1,543,420	2,446,799	1,811,018	7,734,207	4,346,248	17,881,692
3	Receivables on multilateral development banks and international institutions	-	-	-	-	-	-
4	Receivables on banks	26,109,511	5,449,632	1,519,368	233,981	8,021,978	41,334,470
5	Loans secured by residential property	658,122	3,911,563	7,851,680	20,500,323	107,469	33,029,157
6	Loans secured by commercial real estate	1,751,786	727,525	2,428,479	5,003,737	3,434,178	13,345,705
7	Employee/retired loans	-	-	-	-	-	-
8	Receivables on micro, small business & retail portfolio	8,887,064	29,352,358	17,957,658	7,960,778	1,255,017	65,412,875
9	Receivables on corporate	198,839,832	35,371,313	35,987,714	54,977,268	24,179,321	349,355,448
10	Past due receivables	277,595	141,317	82,202	151,259	534,162	1,186,535
11	Other assets	3,179	-	-	-	37,768,854	37,772,033
12	Exposures at Syariah based business activity unit (if any)	2,631,308	879,875	808,327	629,537	76,754	5,025,801
	Total	**338,109,893**	**108,680,373**	**95,364,231**	**98,055,864**	**79,723,981**	**719,934,342**

(in million Rupiah)

No.	Portfolio Category	Period of December 31, 2015					
		Net Receivables by Contractual Maturity					
		≤ 1 year	>1 year to 3 years	>3 year to 5 years	> 5 years	Non-Contractual	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables on sovereigns	86,092,136	27,356,138	10,444,456	4,271,078	-	128,163,808
2	Receivables on public sector entities	1,515,084	1,474,385	427,214	181,546	13,805,872	17,404,101
3	Receivables on multilateral development banks and international institutions	-	-	-	-	-	-
4	Receivables on banks	16,146,481	3,385,981	812,441	251,486	4,268,049	24,864,438
5	Loans secured by residential property	610,508	4,329,751	6,395,742	15,700,250	92,489	27,128,740
6	Loans secured by commercial real estate	2,449,073	868,356	949,923	4,754,759	3,447,509	12,469,620
7	Employee/retired loans	-	-	-	-	-	-
8	Receivables on micro, small business & retail portfolio	8,586,985	27,248,214	16,407,764	8,350,998	1,091,497	61,685,458
9	Receivables on corporate	192,282,260	34,307,389	35,856,135	46,303,865	30,467,422	339,217,071
10	Past due receivables	380,656	166,088	68,956	111,047	171,237	897,984
11	Other assets	3,667	564	-	-	32,869,379	32,873,610
12	Exposures at Syariah based business activity unit (if any)	3,102,563	56,470	673,617	454,150	804,582	5,091,382
	Total	**311,169,413**	**99,193,336**	**72,036,248**	**80,379,179**	**87,018,036**	**649,796,212**

Table B.3.a.1. **Disclosure of Net Receivables by Economic Sectors - Bank Only**

No.	Economic Sectors	Receivables on Sovereigns	Receivables on Public Sector Entities	Receivables on Multilateral Development Banks and International Institutions	Receivables on Banks	Loans Secured by Residential Property
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Period of December 31, 2016					
1	Agriculture, hunting and forestry	-	225,000	-	-	-
2	Fishery	-	-	-	-	-
3	Mining and quarrying	-	866,773	-	-	-
4	Manufacturing	-	100,067	-	-	-
5	Electricity, gas and water	-	9,807,972	-	-	-
6	Construction	-	-	-	-	-
7	Wholesale and retail trading	-	-	-	-	-
8	Hotel and food & beverage	-	-	-	-	-
9	Transportation, warehousing and communications	-	-	-	-	-
10	Financial intermediary	-	4,373,089	-	40,830,367	-
11	Real estate, rental and business services	-	-	-	-	-
12	Public administration, defense and compulsory social security	155,265,610	-	-	-	-
13	Education services	-	-	-	-	-
14	Human health and social work activities	-	-	-	-	-
15	Public, socio-culture, entertainment and other personal services	-	-	-	-	-
16	Activities of households as employers	-	-	-	-	-
17	International institution and other extra international agencies	-	-	-	-	-
18	Undefined activities	-	-	-	-	-
19	Non business field	-	-	-	-	33,029,157
20	Others	-	2,508,733	-	-	-
	Total	**155,265,610**	**17,881,634**	**-**	**40,830,367**	**33,029,157**

(in million Rupiah)

Loans Secured by Commercial Real Estate	Employee / Retired Loans	Receivables on Micro, Small Business & Retail Portfolio	Receivables on Corporate Portfolio	Past Due Receivables	Other Assets	Exposures at Syariah Based Business Activity Unit (if any)
(8)	(9)	(10)	(11)	(12)	(13)	(14)
-	-	72,113	22,398,637	30,109	-	-
-	-	21,359	610,957	374	-	-
-	-	17,023	618,837	16,847	-	-
-	-	451,669	102,044,865	129,538	-	-
-	-	2,380	715,316	2,686	-	-
142,024	-	158,463	10,646,815	50,529	-	-
-	-	2,507,568	100,181,514	380,049	-	-
-	-	98,315	13,474,104	11,824	-	-
-	-	170,660	21,463,750	78,095	80	-
-	-	20,159	13,705,994	1,839	186,134	-
13,203,681	-	146,882	4,034,659	67,161	-	-
-	-	-	-	-	-	-
-	-	23,543	850,466	9,702	-	-
-	-	46,853	1,489,437	97	-	-
-	-	239,840	3,435,640	5,857	-	-
-	-	-	-	-	-	-
-	-	373	-	-	-	-
-	-	-	11,042	9	-	-
-	-	44,314,320	23,863,749	275,923	-	-
-	-	9,836,040	28,561,115	47,204	37,148,031	-
13,345,705	**-**	**58,127,560**	**348,106,897**	**1,107,843**	**37,334,245**	**-**

Table B.3.a.1. **Disclosure of Net Receivables by Economic Sectors - Bank Only**

No.	Economic Sectors	Receivables on Sovereigns	Receivables on Public Sector Entities	Receivables on Multilateral Development Banks and International Institutions	Receivables on Banks	Loans Secured by Residential Property
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Period of December 31, 2015					
1	Agriculture, hunting and forestry	-	-	-	-	-
2	Fishery	-	-	-	-	-
3	Mining and quarrying	-	5,026,886	-	-	-
4	Manufacturing	-	-	-	-	-
5	Electricity, gas and water	-	8,024,929	-	-	-
6	Construction	-	402,251	-	-	-
7	Wholesale and retail trading	-	-	-	-	-
8	Hotel and food & beverage	-	-	-	-	-
9	Transportation, warehousing and communications	-	113,619	-	-	-
10	Financial intermediary	-	1,622,669	-	24,442,071	-
11	Real estate, rental and business services	-	-	-	-	-
12	Public administration, defense and compulsory social security	127,829,750	-	-	-	-
13	Education services	-	-	-	-	-
14	Human health and social work activities	-	-	-	-	-
15	Public, socio-culture, entertainment and other personal services	-	130,301	-	-	-
16	Activities of households as employers	-	-	-	-	-
17	International institution and other extra international agencies	-	-	-	-	-
18	Undefined activities	-	-	-	-	-
19	Non business field	-	-	-	-	27,128,740
20	Others	-	2,083,230	-	-	-
	Total	**127,829,750**	**17,403,885**	**-**	**24,442,071**	**27,128,740**

(in million Rupiah)

Loans Secured by Commercial Real Estate	Employee / Retired Loans	Receivables on Micro, Small Business & Retail Portfolio	Receivables on Corporate Portfolio	Past Due Receivables	Other Assets	Exposures at Syariah Based Business Activity Unit (if any)
(8)	(9)	(10)	(11)	(12)	(13)	(14)
-	-	70,322	19,501,646	25,996	-	-
-	-	18,407	689,843	3,126	-	-
-	-	19,906	889,030	2,296	-	-
-	-	452,809	98,861,575	62,792	-	-
-	-	5,009	634,511	60	-	-
191,324	-	161,022	8,938,919	20,202	-	-
-	-	2,418,929	106,295,957	311,359	-	-
-	-	93,099	15,444,635	5,587	-	-
-	-	159,632	22,364,039	86,100	80	-
-	-	14,869	9,362,496	-	175,491	-
12,278,296	-	142,864	4,298,105	31,556	-	-
-	-	6,906	3,470	3	-	-
-	-	19,048	1,074,201	2	-	-
-	-	45,215	1,689,317	486	-	-
-	-	235,599	2,528,587	5,530	-	-
-	-	-	-	-	-	-
-	-	195	-	-	-	-
-	-	-	11,051	-	-	-
-	-	41,979,132	24,141,116	179,932	-	-
-	-	8,658,729	22,090,768	64,224	32,320,546	-
12,469,620	**-**	**54,501,692**	**338,819,266**	**799,251**	**32,496,117**	**-**

Table B.3.a.2. **Disclosure of Net Receivables by Economic Sectors - Consolidated**

No.	Economic Sectors	Receivables on Sovereigns	Receivables on Public Sector Entities	Receivables on Multilateral Development Banks and International Institutions	Receivables on Banks	Loans Secured by Residential Property
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Period of December 31, 2016					
1	Agriculture, hunting and forestry	-	225,000	-	-	-
2	Fishery	-	-	-	-	-
3	Mining and quarrying	-	866,773	-	-	-
4	Manufacturing	-	100,067	-	-	-
5	Electricity, gas and water	-	9,807,972	-	-	-
6	Construction	-	-	-	-	-
7	Wholesale and retail trading	-	2	-	-	-
8	Hotel and food & beverage	-	-	-	-	-
9	Transportation, warehousing and communications	-	56	-	-	-
10	Financial intermediary	-	4,373,089	-	41,334,470	-
11	Real estate, rental and business services	-	-	-	-	-
12	Public administration, defense and compulsory social security	155,590,626	-	-	-	-
13	Education services	-	-	-	-	-
14	Human health and social work activities	-	-	-	-	-
15	Public, socio-culture, entertainment and other personal services	-	-	-	-	-
16	Activities of households as employers	-	-	-	-	-
17	International institution and other extra international agencies	-	-	-	-	-
18	Undefined activities	-	-	-	-	-
19	Non business field	-	-	-	-	33,029,157
20	Others	-	2,508,733	-	-	-
	Total	**155,590,626**	**17,881,692**	**-**	**41,334,470**	**33,029,157**

(in million Rupiah)

Loans Secured by Commercial Real Estate	Employee / Retired Loans	Receivables on Micro, Small Business & Retail Portfolio	Receivables on Corporate Portfolio	Past Due Receivables	Other Assets	Exposures at Syariah Based Business Activity Unit (if any)
(8)	(9)	(10)	(11)	(12)	(13)	(14)
-	-	218,123	22,470,992	32,118	-	453,347
-	-	49,245	628,262	772	-	96,329
-	-	110,504	695,324	17,625	-	6,705
-	-	1,148,675	102,472,875	134,766	-	697,028
-	-	2,380	715,458	2,686	-	817
142,024	-	165,800	10,649,342	53,391	-	50,804
-	-	3,044,104	100,676,426	384,127	-	716,752
-	-	154,417	13,504,552	12,111	-	13,379
-	-	293,445	21,555,596	78,987	80	424,912
-	-	762,490	13,110,485	2,033	423,293	1,184,417
13,203,681	-	342,115	4,360,906	68,298	-	269,813
-	-	296,606	44,088	1,463	-	811,554
-	-	310,922	883,221	10,590	-	3,907
-	-	181,750	1,536,365	586	-	476
-	-	303,143	3,470,677	6,538	-	10,657
-	-	1,688,358	-	49,806	-	-
-	-	373	-	-	-	-
-	-	2,439,969	156,015	7,511	-	-
-	-	44,314,320	23,863,749	275,923	-	194,280
-	-	9,586,136	28,561,115	47,204	37,348,660	90,624
13,345,705	**-**	**65,412,875**	**349,355,448**	**1,186,535**	**37,772,033**	**5,025,801**

Table B.3.a.2. **Disclosure of Net Receivables by Economic Sectors - Consolidated**

No.	Economic Sectors	Receivables on Sovereigns	Receivables on Public Sector Entities	Receivables on Multilateral Development Banks and International Institutions	Receivables on Banks	Loans Secured by Residential Property
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Period of December 31, 2015					
1	Agriculture, hunting and forestry	-	-	-	-	-
2	Fishery	-	-	-	-	-
3	Mining and quarrying	-	5,026,889	-	-	-
4	Manufacturing	-	-	-	-	-
5	Electricity, gas and water	-	8,024,929	-	-	-
6	Construction	-	402,251	-	-	-
7	Wholesale and retail trading	-	-	-	-	-
8	Hotel and food & beverage	-	-	-	-	-
9	Transportation, warehousing and communications	-	113,662	-	-	-
10	Financial intermediary	-	1,622,669	-	24,864,438	-
11	Real estate, rental and business services	-	170	-	-	-
12	Public administration, defense and compulsory social security	128,163,808	-	-	-	-
13	Education services	-	-	-	-	-
14	Human health and social work activities	-	-	-	-	-
15	Public, socio-culture, entertainment and other personal services	-	130,301	-	-	-
16	Activities of households as employers	-	-	-	-	-
17	International institution and other extra international agencies	-	-	-	-	-
18	Undefined activities	-	-	-	-	-
19	Non business field	-	-	-	-	27,128,740
20	Others	-	2,083,230	-	-	-
	Total	**128,163,808**	**17,404,101**	**-**	**24,864,438**	**27,128,740**

(in million Rupiah)

Loans Secured by Commercial Real Estate	Employee / Retired Loans	Receivables on Micro, Small Business & Retail Portfolio	Receivables on Corporate Portfolio	Past Due Receivables	Other Assets	Exposures at Syariah Based Business Activity Unit (if any)
(8)	(9)	(10)	(11)	(12)	(13)	(14)
-	-	264,247	19,541,401	28,289	-	342,691
-	-	50,819	698,209	3,355	-	67,692
-	-	146,150	946,143	3,385	-	4,370
-	-	1,205,162	99,076,820	67,669	-	647,075
-	-	5,009	634,803	60	-	1,007
191,324	-	167,523	8,939,959	23,240	-	58,599
-	-	3,094,026	106,627,548	315,318	-	506,231
-	-	159,409	15,462,098	6,111	-	11,340
-	-	299,863	22,432,627	87,256	80	341,801
-	-	626,989	8,757,158	364	401,881	747,861
12,278,296	-	380,767	4,438,871	32,905	-	368,179
-	-	324,659	9,263	1,349	-	1,172,111
-	-	337,412	1,081,613	859	-	2,978
-	-	188,077	1,706,375	1,230	-	519
-	-	358,697	2,553,255	6,312	-	8,493
-	-	1,961,497	-	73,329	-	-
-	-	195	-	-	-	-
-	-	1,667,838	78,414	2,797	-	-
-	-	41,979,409	24,141,600	179,932	-	-
-	-	8,467,710	22,090,914	64,224	32,471,649	810,435
12,469,620	**-**	**61,685,458**	**339,217,071**	**897,984**	**32,873,610**	**5,091,382**

Table B.4.a.1. **Disclosure of Receivables and Provisioning by Region - Bank Only**

(in million Rupiah)

No.	Portfolio Category	Period of December 31, 2016				
		Net Receivables by Region				
		Sumatera	Jawa	Kalimantan	Eastern Indonesia	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Receivables	22,667,225	602,729,906	6,138,933	16,253,010	647,789,074
2	Impaired receivables	162,187	4,301,737	157,443	23,887	4,645,254
	a. Non past due	51,357	677,928	-	15,954	745,239
	b. Past due	110,830	3,623,809	157,443	7,933	3,900,015
3	Allowance for impairment losses - Individual	123,404	3,747,584	134,179	13,801	4,018,968
4	Allowance for impairment losses - Collective	439,048	8,486,998	204,674	300,867	9,431,587
5	Written-off receivables	41,536	867,078	5,545	21,432	935,591

(in million Rupiah)

No.	Portfolio Category	Period of December 31, 2015				
		Net Receivables by Region				
		Sumatera	Jawa	Kalimantan	Eastern Indonesia	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Receivables	22,117,001	528,659,667	6,477,817	14,870,683	572,125,168
2	Impaired receivables	36,236	2,027,028	140,091	40,107	2,243,462
	a. Non past due	1,199	136,873	35,868	9,824	183,764
	b. Past due	35,037	1,890,155	104,223	30,283	2,059,698
3	Allowance for impairment losses - Individual	30,997	1,832,181	117,683	35,260	2,016,121
4	Allowance for impairment losses - Collective	329,121	7,517,372	136,804	214,327	8,197,624
5	Written-off receivables	2,172	639,170	1,858	5,945	649,145

Table B.4.a.2. **Disclosure of Receivables and Provisioning by Region - Consolidated**

(in million Rupiah)

No.	Portfolio Category	Period of December 31, 2016					
		Net Receivables by Region					
		Sumatera	Jawa	Kalimantan	Eastern Indonesia	Foreign Operation	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables	22,667,225	611,110,837	6,138,933	16,253,010	773,299	656,943,304
2	Impaired Receivables	162,187	4,321,737	157,443	23,887	88,249	4,753,503
	a. Non Past Due	51,357	677,928	-	15,954	40,424	785,663
	b. Past Due	110,830	3,643,809	157,443	7,933	47,825	3,967,840
3	Allowance for Impairment Losses - Individual	123,404	3,767,584	134,179	13,801	88,249	4,127,217
4	Allowance for Impairment Losses - Collective	439,048	8,794,017	204,674	300,867	-	9,738,606
5	Written-off receivables	41,536	1,115,204	5,545	21,432	-	1,183,717

(in million Rupiah)

No.	Portfolio Category	Period of December 31, 2015					
		Net Receivables by Region					
		Sumatera	Jawa	Kalimantan	Eastern Indonesia	Foreign Operation	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Receivables	22,117,001	536,009,043	6,477,817	14,870,683	750,495	580,225,039
2	Impaired Receivables	36,236	2,035,028	140,091	40,107	90,290	2,341,752
	a. Non Past Due	1,199	136,873	35,868	9,824	41,359	225,123
	b. Past Due	35,037	1,898,155	104,223	30,283	48,931	2,116,629
3	Allowance for Impairment Losses - Individual	30,997	1,840,181	117,683	35,260	90,290	2,114,411
4	Allowance for Impairment Losses - Collective	329,121	7,809,607	136,804	214,327	-	8,489,859
5	Written-off receivables	2,172	840,148	1,858	5,945	-	850,123

Table B.5.a.1. **Disclosure of Receivables and Provisioning based on Economic Sectors - Bank Only**

(in million Rupiah)

No.	Economic Sectors	Receivables	Impaired Receivables		Allowance for Impairment Losses - Individual	Allowance for Impairment Losses - Collective	Written-Off Receivables
			Non Past Due	Past Due			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Period of December 31, 2016						
1	Agriculture, hunting and forestry	20,958,594	2,049	149,727	128,199	135,824	6,268
2	Fishery	551,413	-	-	-	10,087	81
3	Mining and quarrying	1,536,646	-	64,850	48,004	42,858	670
4	Manufacturing	91,969,485	22,729	535,226	439,007	1,995,249	11,275
5	Electricity, gas and water	9,662,332	-	18,667	17,512	16,728	-
6	Construction	9,803,852	-	137,777	100,388	222,871	18,956
7	Wholesale and retail trading	92,640,584	302,479	1,304,298	1,341,831	2,255,118	210,868
8	Hotel and food & beverage	12,442,265	46,423	40,060	72,704	883,731	890
9	Transportation, warehousing and communications	21,065,009	371,559	698,369	985,413	1,143,397	2,118
10	Financial intermediary	58,690,154	-	4,114	2,290	64,635	55
11	Real estate, rental and business services	14,640,443	-	201,605	147,736	746,976	7,270
12	Public administration, defense and compulsory social security	158,257,479	-	-	-	-	30
13	Education services	736,190	-	13,951	4,513	6,811	187
14	Human health and social work activities	1,405,218	-	-	-	106,009	745
15	Public, socio-culture, entertainment and other personal services	3,319,942	-	-	-	79,473	2,222
16	Activities of households as employee	-	-	-	-	-	-
17	International and other extra international institutions	372	-	-	-	3	-
18	Undefined activities	11,160	-	-	-	418	35
19	Non business field	101,283,185	-	-	-	1,067,277	372,911
20	Others	48,814,751	-	731,371	731,371	654,122	301,010
	Total	**647,789,074**	**745,239**	**3,900,015**	**4,018,968**	**9,431,587**	**935,591**

Table B.5.a.1. **Disclosure of Receivables and Provisioning based on Economic Sectors - Bank Only**

(in million Rupiah)

No.	Economic Sectors	Receivables	Impaired Receivables		Allowance for Impairment Losses - Individual	Allowance for Impairment Losses - Collective	Written-Off Receivables
			Non Past Due	Past Due			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Period of December 31, 2015						
1	Agriculture, hunting and forestry	18,006,469	9,995	132,046	121,026	234,376	182
2	Fishery	605,428	-	-	-	12,974	-
3	Mining and quarrying	5,892,284	-	-	-	36,537	583
4	Manufacturing	85,233,335	50,145	163,067	174,303	1,250,839	5,458
5	Electricity, gas and water	8,396,619	19,821	600	19,246	6,897	-
6	Construction	8,651,567	-	-	-	236,765	392
7	Wholesale and retail trading	90,079,876	24,840	296,211	249,341	2,206,084	17,693
8	Hotel and food & beverage	13,732,323	9,324	40,263	45,952	266,601	1,192
9	Transportation, warehousing and communications	21,681,671	65,033	658,278	656,966	1,195,777	425
10	Financial intermediary	35,562,655	-	15,370	15,369	58,438	26
11	Real estate, rental and business services	14,291,603	-	8,752	8,504	501,409	1,673
12	Public administration, defense and compulsory social security	128,810,364	-	-	-	78	-
13	Education services	914,424	-	-	-	15,622	57
14	Human health and social work activities	1,468,765	-	-	-	61,528	108
15	Public, socio-culture, entertainment and other personal services	2,533,321	4,606	-	2,657	50,605	377
16	Activities of households as employee	-	-	-	-	-	-
17	International and other extra international institutions	194	-	-	-	1	-
18	Undefined activities	11,083	-	-	-	364	7,744
19	Non business field	93,295,022	-	-	-	1,198,184	357,411
20	Others	42,958,165	-	745,111	722,757	864,545	255,824
	Total	**572,125,168**	**183,764**	**2,059,698**	**2,016,121**	**8,197,624**	**649,145**

Table B.5.a.2. **Disclosure of Receivables and Provisioning based on Economic Sectors - Consolidated**

(in million Rupiah)

No.	Economic Sectors	Receivables	Impaired Receivables		Allowance for Impairment Losses - Individual	Allowance for Impairment Losses - Collective	Written-Off Receivables
			Non Past Due	Past Due			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Period of December 31, 2016						
1	Agriculture, hunting and forestry	21,181,425	2,049	149,727	128,199	139,634	9,512
2	Fishery	597,432	-	-	-	10,802	401
3	Mining and quarrying	1,709,761	-	64,850	48,004	44,943	2,422
4	Manufacturing	93,108,312	22,729	535,226	439,007	2,010,542	19,169
5	Electricity, gas and water	9,662,474	-	18,667	17,512	16,731	-
6	Construction	9,817,978	-	137,777	100,387	223,013	18,967
7	Wholesale and retail trading	93,683,342	302,479	1,304,298	1,341,831	2,268,558	215,948
8	Hotel and food & beverage	12,529,592	46,423	40,060	72,704	884,630	1,506
9	Transportation, warehousing and communications	21,889,668	371,559	718,369	1,005,413	1,149,049	3,962
10	Financial intermediary	57,468,298	-	4,114	2,290	65,637	359
11	Real estate, rental and business services	15,084,374	-	201,605	147,736	751,506	8,691
12	Public administration, defense and compulsory social security	159,460,797	-	-	-	4,671	2,087
13	Education services	1,059,180	-	13,951	4,514	11,222	1,354
14	Human health and social work activities	1,588,399	-	-	-	108,218	1,252
15	Public, socio-culture, entertainment and other personal services	3,419,968	-	-	-	81,056	3,111
16	Activities of households as employee	1,791,364	-	-	-	216,774	212,382
17	International and other extra international institutions	372	-	-	-	3	-
18	Undefined activities	2,616,597	-	-	-	27,719	8,673
19	Non business field	101,283,185	-	-	-	1,067,277	372,911
20	Others	48,990,786	40,424	779,196	819,620	656,621	301,010
	Total	**656,943,304**	**785,663**	**3,967,840**	**4,127,217**	**9,738,606**	**1,183,717**

Table B.5.a.2. **Disclosure of Receivables and Provisioning based on Economic Sectors - Consolidated**

(in million Rupiah)

No.	Economic Sectors	Receivables	Impaired Receivables		Allowance for Impairment Losses - Individual	Allowance for Impairment Losses - Collective	Written-Off Receivables
			Non Past Due	Past Due			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Period of December 31, 2015						
1	Agriculture, hunting and forestry	18,246,503	9,995	132,047	121,026	240,047	21,861
2	Fishery	646,887	-	-	-	13,644	246
3	Mining and quarrying	6,079,355	-	-	-	39,617	3,316
4	Manufacturing	86,216,580	50,145	163,067	174,303	1,267,270	20,365
5	Electricity, gas and water	8,396,911	19,821	600	19,247	6,906	1,162
6	Construction	8,662,465	-	-	-	236,902	6,072
7	Wholesale and retail trading	91,100,287	24,840	296,211	249,341	2,221,587	82,829
8	Hotel and food & beverage	13,817,518	9,324	40,263	45,952	267,963	1,584
9	Transportation, warehousing and communications	21,951,898	65,033	666,278	664,966	1,199,811	17,491
10	Financial intermediary	34,260,110	-	15,370	15,369	59,703	3,370
11	Real estate, rental and business services	14,674,336	-	8,752	8,504	510,233	28,271
12	Public administration, defense and compulsory social security	130,423,865	-	-	-	5,294	1,945
13	Education services	1,243,793	-	-	-	20,280	5,459
14	Human health and social work activities	1,630,915	-	-	-	63,894	1,071
15	Public, socio-culture, entertainment and other personal services	2,683,533	4,606	-	2,657	53,451	3,026
16	Activities of households as employee	2,082,781	-	-	-	203,527	26,986
17	International and other extra international institutions	194	-	-	-	1	203
18	Undefined activities	1,756,096	-	-	-	16,870	8,822
19	Non business field	93,295,783	-	-	-	1,198,268	357,449
20	Others	43,055,229	41,359	794,041	813,046	864,591	258,595
	Total	**580,225,039**	**225,123**	**2,116,629**	**2,114,411**	**8,489,859**	**850,123**

Table B.6.a.1. **Disclosure of Movements of Allowance for Impairment Losses - Bank Only**

(in million Rupiah)

No.	Description	Period of December 31, 2016	
		Allowance for Impairment Losses - Individual	Allowance for Impairment Losses - Collective
(1)	(2)	(3)	(4)
1	Beginning balance - allowance for impairment losses	2,016,121	8,198,278
2	Additional/reversal allowance for impairment losses during the year (Net)		
	2.a Additional allowance for impairment losses during the year	2,342,958	4,082,390
	2.b Reversal allowance for impairment losses during the year	(216,975)	(1,955,141)
3	Allowance for impairment losses used for written off receivables during the year	(147,603)	(1,005,985)
4	Other additional (reversal) of allowance during the year	24,467	-
Ending Balance - Allowance for Impairment Losses		**4,018,968**	**9,436,524**

(in million Rupiah)

No.	Description	Period of December 31, 2015	
		Allowance for Impairment Losses - Individual	Allowance for Impairment Losses - Collective
(1)	(2)	(3)	(4)
1	Beginning balance - allowance for impairment losses	1,419,534	6,375,434
2	Additional/reversal allowance for impairment losses during the year (Net)		
	2.a Additional allowance for impairment losses during the year	1,078,159	5,489,256
	2.b Reversal allowance for impairment losses during the year	(420,244)	(2,970,441)
3	Allowance for impairment losses used for written off receivables during the year	(109,729)	(789,468)
4	Other additional (reversal) of allowance during the year	48,401	93,497
Ending Balance - Allowance for Impairment Losses		**2,016,121**	**8,198,278**

Table B.6.a.2. **Disclosure of Movements of Allowance for Impairment Losses - Consolidated**

(in million Rupiah)

No.	Description	Period of December 31, 2016	
		Allowance for Impairment Losses - Individual	Allowance for Impairment Losses - Collective
(1)	(2)	(3)	(4)
1	Beginning balance - allowance for impairment losses	2,114,411	8,530,257
2	Additional/reversal allowance for impairment losses during the year (Net)		
	2.a Additional allowance for impairment losses during the year	2,354,957	4,552,866
	2.b Reversal allowance for impairment losses during the year	(216,975)	(2,129,522)
3	Allowance for impairment losses used for written off receivables during the year	(147,603)	(1,282,619)
4	Other additional (reversal) of allowance during the year	22,427	116,982
Ending Balance - Allowance for Impairment Losses		**4,127,217**	**9,787,964**

(in million Rupiah)

No.	Description	Period of December 31, 2015	
		Allowance for Impairment Losses - Individual	Allowance for Impairment Losses - Collective
(1)	(2)	(3)	(4)
1	Beginning balance - allowance for impairment losses	1,499,062	6,599,797
2	Additional/reversal allowance for impairment losses during the year (Net)		
	2.a Additional allowance for impairment losses during the year	1,088,065	5,869,451
	2.b Reversal allowance for impairment losses during the year	(420,244)	(3,032,125)
3	Allowance for impairment losses used for written off receivables during the year	(109,729)	(1,000,363)
4	Other additional (reversal) of allowance during the year	57,257	93,497
Ending Balance - Allowance for Impairment Losses		**2,114,411**	**8,530,257**

Table B.7.a.1. **Disclosure of Net Receivables by Portfolio and Rating Category - Bank Only**

No.	Portfolio Category	Rating Company	Long-Term Rating				
		Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3	
		PT Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d. A-(idn)	BBB+(idn) s.d BBB-(idn)	
		PT ICRA Indonesia	[Idr]AAA	[Idr]AA+ s.d [Idr] AA-	[Idr]A+ s.d [Idr]A-	[Idr]BBB+ s.d [Idr] BBB-	
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d idA-	id BBB+ s.d idBBB-	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
1	Receivables on sovereigns		-	608,771	-	11,793,490	
2	Receivables on public sector entities		11,233,473	3,481,956	252,998	250,981	
3	Receivables on multilateral development banks and international institutions		-	-	-	-	
4	Receivables on banks		12,838,644	7,048,808	5,989,772	276,687	
5	Loans secured by residential property						
6	Loans secured by commercial real estate						
7	Employee/retired loans						
8	Receivables on micro, small business & retail portfolio						
9	Receivables on corporate		11,708,630	2,947,874	2,758,484	366,963	
10	Past due receivables						
11	Other assets						
12	Exposures at Syariah based business activity unit (if any)		-	-	-	-	
	Total		**35,780,747**	**14,087,409**	**9,001,254**	**12,688,121**	

(in million Rupiah)

Period of December 31, 2016									
Net Receivables									
				Short-Term Rating				Unrated	Total
	BB+ s.d BB-	B+ s.d B-	Lower than B-	A-1	A-2	A-3	Lower than A-3		
	BB+ s.d BB-	B+ s.d B-	Lower than B-	F1+ s.d F1	F2	F3	Lower than F3		
	Ba1 s.d Ba3	B1 s.d B3	Lower than B3	P-1	P-2	P-3	Lower than P-3		
	BB+(idn) s.d BB-(idn)	B+(idn) s.d B-(idn)	Lower than B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Lower than F3(idn)		
	[Idr]BB+ s.d [Idr]BB-	[Idr]B+ s.d [Idr]B-	Lower than [Idr]B-	[Idr]A1+ s.d [Idr]A1	[Idr]A2+ s.d [Idr]A2	[Idr]A3+ s.d [Idr] A3	Lower than [Idr]A3		
	idBB+ s.d idBB-	idB+ s.d idB-	Lower than idB-	idA1	idA2	idA3 s.d idA4	Lower than idA4		
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	3,970,553	-	-	-	-	-	-	138,892,796	155,265,610
	966,158	-	-	-	-	-	-	1,696,068	17,881,634
	-	-	-	-	-	-	-	-	-
	428,666	-	-	-	-	-	-	14,247,790	40,830,367
								33,029,157	33,029,157
								13,345,705	13,345,705
								-	-
								58,127,560	58,127,560
	28,190	-	-	-	-	-	-	330,296,756	348,106,897
								1,107,843	1,107,843
								37,334,245	37,334,245
	-	-	-	-	-	-	-	-	-
	5,393,567	**-**	**-**	**-**	**-**	**-**	**-**	**628,077,920**	**705,029,018**

Table B.7.a.1. **Disclosure of Net Receivables by Portfolio and Rating Category - Bank Only**

No.	Portfolio Category	Rating Company	Long-Term Rating				
		Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3	
		PT Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d. A-(idn)	BBB+(idn) s.d BBB-(idn)	
		PT ICRA Indonesia	[Idr]AAA	[Idr]AA+ s.d [Idr] AA-	[Idr]A+ s.d [Idr]A-	[Idr]BBB+ s.d [Idr] BBB-	
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d idA-	id BBB+ s.d idBBB-	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
1	Receivables on sovereigns		-	621,576	-	25,908,866	
2	Receivables on public sector entities		8,755,222	3,029,901	250,980	-	
3	Receivables on multilateral development banks and international institutions		-	-	-	-	
4	Receivables on banks		5,649,678	5,788,565	4,180,807	380,882	
5	Loans secured by residential property						
6	Loans secured by commercial real estate						
7	Employee/retired loans						
8	Receivables on micro, small business & retail portfolio						
9	Receivables on corporate		6,976,717	3,399,602	3,296,087	72,686	
10	Past due receivables						
11	Other assets						
12	Exposures at Syariah based business activity unit (if any)		-	-	-	-	
	Total		**21,381,617**	**12,839,644**	**7,727,874**	**26,362,434**	

(in million Rupiah)

Period of December 31, 2015									
Net Receivables									
				Short-Term Rating				Unrated	Total
	BB+ s.d BB-	B+ s.d B-	Lower than B-	A-1	A-2	A-3	Lower than A-3		
	BB+ s.d BB-	B+ s.d B-	Lower than B-	F1+ s.d F1	F2	F3	Lower than F3		
	Ba1 s.d Ba3	B1 s.d B3	Lower than B3	P-1	P-2	P-3	Lower than P-3		
	BB+(idn) s.d BB-(idn)	B+(idn) s.d B-(idn)	Lower than B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Lower than F3(idn)		
	[Idr]BB+ s.d [Idr]BB-	[Idr]B+ s.d [Idr]B-	Lower than [Idr]B-	[Idr]A1+ s.d [Idr]A1	[Idr]A2+ s.d [Idr]A2	[Idr]A3+ s.d [Idr] A3	Lower than [Idr]A3		
	idBB+ s.d idBB-	idB+ s.d idB-	Lower than idB-	idA1	idA2	idA3 s.d idA4	Lower than idA4		
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	4,099,588	-	-	-	-	-	-	97,199,720	127,829,750
	3,739,104	-	-	-	-	-	-	1,628,678	17,403,885
	-	-	-	-	-	-	-	-	-
	358,943	-	-	-	-	-	-	8,083,196	24,442,071
								27,128,740	27,128,740
								12,469,620	12,469,620
								-	-
								54,501,692	54,501,692
	28,977	120,347	148,142	-	-	-	-	324,776,708	338,819,266
								799,251	799,251
								32,496,117	32,496,117
	-	-	-	-	-	-	-	-	-
	8,226,612	**120,347**	**148,142**	**-**	**-**	**-**	**-**	**559,083,722**	**635,890,392**

Table B.7.a.2. **Disclosure of Net Receivables by Portfolio and Rating Category - Consolidated**

No.	Portfolio Category	Rating Company	Long-Term Rating				
		Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3	
		PT Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d. A-(idn)	BBB+(idn) s.d BBB-(idn)	
		PT ICRA Indonesia	[Idr]AAA	[Idr]AA+ s.d [Idr] AA-	[Idr]A+ s.d [Idr]A-	[Idr]BBB+ s.d [Idr] BBB-	
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d idA-	id BBB+ s.d idBBB-	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
1	Receivables on sovereigns		-	608,771	-	11,793,490	
2	Receivables on public sector entities		11,233,473	3,481,956	252,998	250,981	
3	Receivables on multilateral development banks and international institutions		-	-	-	-	
4	Receivables on banks		12,839,609	7,066,622	6,095,706	406,793	
5	Loans secured by residential property						
6	Loans secured by commercial real estate						
7	Employee/retired loans						
8	Receivables on micro, small business & retail portfolio						
9	Receivables on corporate		11,415,236	2,947,874	2,758,484	366,963	
10	Past due receivables						
11	Other assets						
12	Exposures at Syariah based business activity unit (if any)		233,865	87,637	268,988	1,286	
	Total		**35,722,183**	**14,192,860**	**9,376,176**	**12,819,513**	

(in million Rupiah)

Period of December 31, 2016									
Net Receivables									
				Short-Term Rating				Unrated	Total
	BB+ s.d BB-	B+ s.d B-	Lower than B-	A-1	A-2	A-3	Lower than A-3		
	BB+ s.d BB-	B+ s.d B-	Lower than B-	F1+ s.d F1	F2	F3	Lower than F3		
	Ba1 s.d Ba3	B1 s.d B3	Lower than B3	P-1	P-2	P-3	Lower than P-3		
	BB+(idn) s.d BB-(idn)	B+(idn) s.d B-(idn)	Lower than B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Lower than F3(idn)		
	[Idr]BB+ s.d [Idr]BB-	[Idr]B+ s.d [Idr]B-	Lower than [Idr]B-	[Idr]A1+ s.d [Idr]A1	[Idr]A2+ s.d [Idr]A2	[Idr]A3+ s.d [Idr] A3	Lower than [Idr]A3		
	idBB+ s.d idBB-	idB+ s.d idB-	Lower than idB-	idA1	idA2	idA3 s.d idA4	Lower than idA4		
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	3,970,553	-	-	-	-	-	-	139,217,812	155,590,626
	966,158	-	-	-	-	-	-	1,696,126	17,881,692
	-	-	-	-	-	-	-	-	-
	500,757	-	-	-	-	-	-	14,424,983	41,334,470
								33,029,157	33,029,157
								13,345,705	13,345,705
								-	-
								65,412,875	65,412,875
	28,190	-	-	-	-	-	-	331,838,701	349,355,448
								1,186,535	1,186,535
								37,772,033	37,772,033
	315,091	-	-	-	-	-	-	4,118,934	5,025,801
	5,780,749	**-**	**-**	**-**	**-**	**-**	**-**	**642,042,861**	**719,934,342**

Table B.7.a.2. **Disclosure of Net Receivables by Portfolio and Rating Category - Consolidated**

No.	Portfolio Category	Rating Company	Long-Term Rating				
		Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3	
		PT Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d. A-(idn)	BBB+(idn) s.d BBB-(idn)	
		PT ICRA Indonesia	[Idr]AAA	[Idr]AA+ s.d [Idr] AA-	[Idr]A+ s.d [Idr]A-	[Idr]BBB+ s.d [Idr] BBB-	
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d idA-	id BBB+ s.d idBBB-	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
1	Receivables on sovereigns		-	621,576	-	25,908,866	
2	Receivables on public sector entities		8,755,222	3,029,901	250,980	-	
3	Receivables on multilateral development banks and international institutions		-	-	-	-	
4	Receivables on banks		5,690,446	5,790,898	4,263,410	400,946	
5	Loans secured by residential property						
6	Loans secured by commercial real estate						
7	Employee/retired loans						
8	Receivables on micro, small business & retail portfolio						
9	Receivables on corporate		6,677,604	3,399,602	3,296,087	72,686	
10	Past due receivables						
11	Other assets						
12	Exposures at Syariah based business activity unit (if any)		100,000	50,002	160,000	-	
	Total		**21,223,272**	**12,891,979**	**7,970,477**	**26,382,498**	

(in million Rupiah)

Period of December 31, 2015									
Net Receivables									
				Short-Term Rating				Unrated	Total
	BB+ s.d BB-	B+ s.d B-	Lower than B-	A-1	A-2	A-3	Lower than A-3		
	BB+ s.d BB-	B+ s.d B-	Lower than B-	F1+ s.d F1	F2	F3	Lower than F3		
	Ba1 s.d Ba3	B1 s.d B3	Lower than B3	P-1	P-2	P-3	Lower than P-3		
	BB+(idn) s.d BB-(idn)	B+(idn) s.d B-(idn)	Lower than B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Lower than F3(idn)		
	[Idr]BB+ s.d [Idr]BB-	[Idr]B+ s.d [Idr]B-	Lower than [Idr]B-	[Idr]A1+ s.d [Idr]A1	[Idr]A2+ s.d [Idr]A2	[Idr]A3+ s.d [Idr] A3	Lower than [Idr]A3		
	idBB+ s.d idBB-	idB+ s.d idB-	Lower than idB-	idA1	idA2	idA3 s.d idA4	Lower than idA4		
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	4,099,588	-	-	-	-	-	-	97,533,778	128,163,808
	3,739,104	-	-	-	-	-	-	1,628,894	17,404,101
	-	-	-	-	-	-	-	-	-
	452,722	-	-	-	-	-	-	8,266,016	24,864,438
								27,128,740	27,128,740
								12,469,620	12,469,620
								-	-
								61,685,458	61,685,458
	28,977	120,347	148,142	-	-	-	-	325,473,626	339,217,071
								897,984	897,984
								32,873,610	32,873,610
	-	21,788	-	-	-	-	-	4,759,592	5,091,382
	8,320,391	**142,135**	**148,142**	**-**	**-**	**-**	**-**	**572,717,318**	**649,796,212**

Table B.8.a.1.a. **Disclosure of Counterparty Credit Risk : Derivative**

(in million Rupiah)

No.	Underlying Variables	Period of December 31, 2016							
		Notional Amount			Derivative Receivables	Derivative Liabilities	Net Receivables before CRM	CRM	Net Receivables after CRM
		≤ 1 Year	> 1 Year - ≤ 5 Years	> 5 Years					
BANK ONLY									
1	Interest rate	-	-	-	-	-	-	-	-
2	Foreign exchange	26,524,207	-	-	60,218	121,067	325,460	-	325,460
3	Other	-	-	-	-	-	-	-	-
	Total	**26,524,207**	**-**	**-**	**60,218**	**121,067**	**325,460**	**-**	**325,460**
CONSOLIDATED									
1	Interest rate	-	-	-	-	-	-	-	-
2	Foreign exchange	26,524,207	-	-	60,218	121,067	325,460	-	325,460
3	Equity	-	-	-	-		-	-	-
4	Gold	-	-	-	-	-	-	-	-
5	Metals other than gold	-	-	-	-	-	-	-	-
6	Other	-			-	-	-	-	-
	Total	**26,524,207**	**-**	**-**	**60,218**	**121,067**	**325,460**	**-**	**325,460**

(in million Rupiah)

No.	Underlying Variables	Period of December 31, 2015							
		Notional Amount			Derivative Receivables	Derivative Liabilities	Net Receivables before CRM	CRM	Net Receivables after CRM
		≤ 1 Year	> 1 Year - ≤ 5 Years	> 5 Years					
BANK ONLY									
1	Interest rate	-	-	-	-	-	-	-	-
2	Foreign exchange	29,305,003	-	-	252,051	74,234	545,100	-	545,100
3	Other	-	-	-	-	-	-	-	-
	Total	**29,305,003**	**-**	**-**	**252,051**	**74,234**	**545,100**	**-**	**545,100**
CONSOLIDATED									
1	Interest rate	-	-	-	-	-	-	-	-
2	Foreign exchange	29,305,003	-	-	252,051	74,234	545,100	-	545,100
3	Equity	-	-	-	-	-	-	-	-
4	Gold	-	-	-	-	-	-	-	-
5	Metals other than gold	-	-	-	-	-	-	-	-
6	Other	-			-	-	-	-	-
	Total	**29,305,003**	**-**	**-**	**252,051**	**74,234**	**545,100**	**-**	**545,100**

Table B.8.a.1.c. **Disclosure of Counterparty Credit Risk: Reverse Repo Transaction – Bank Only**

(in million Rupiah)

No.	Portfolio Category	Period of December 31, 2016			
		Net Receivables	CRM Value	Net Receivables after CRM	Risk Weighted Asset after CRM
(1)	(2)	(3)	(4)	(5)	(6)
1	Receivables on sovereigns	-	-	-	-
2	Receivables on public sector entities	-	-	-	-
3	Receivables on multilateral development banks and international institutions	-	-	-	-
4	Receivables on banks	2,196,231	1,942,939	253,292	50,659
5	Receivables on micro, small business & retail portfolio	-	-	-	-
6	Receivables on corporate	-	-	-	-
7	Exposures at Syariah based business activity unit (if any)	-	-	-	-
	Total	**2,196,231**	**1,942,939**	**253,292**	**50,659**

(in million Rupiah)

No.	Portfolio Category	Period of December 31, 2015			
		Net Receivables	CRM Value	Net Receivables after CRM	Risk Weighted Asset after CRM
(1)	(2)	(3)	(4)	(5)	(6)
1	Receivables on sovereigns	-	-	-	-
2	Receivables on public sector entities	-	-	-	-
3	Receivables on multilateral development banks and international institutions	-	-	-	-
4	Receivables on banks	515,099	515,099	-	-
5	Receivables on micro, small business & retail portfolio	-	-	-	-
6	Receivables on corporate	-	-	-	-
7	Exposures at Syariah based business activity unit (if any)	-	-	-	-
	Total	**515,099**	**515,099**	**-**	**-**

Table B.8.a.2.b. **Disclosure of Counterparty Credit Risk: Repo Transaction – Consolidated**

(in million Rupiah)

No.	Portfolio Category	Period of December 31, 2016			
		Net Receivables	CRM Value	Net Receivables after CRM	Risk Weighted Asset after CRM
(1)	(2)	(3)	(4)	(5)	(6)
1	Receivables on sovereigns	-	-	-	-
2	Receivables on public sector entities	-	-	-	-
3	Receivables on multilateral development banks and international institutions	-	-	-	-
4	Receivables on banks	172,007	134,748	37,259	7,452
5	Receivables on micro, small business & retail portfolio	-	-	-	-
6	Receivables on corporate	-	-	-	-
7	Exposures at Syariah based business activity unit (if any)	-	-	-	-
	Total	**172,007**	**134,748**	**37,259**	**7,452**

(in million Rupiah)

No.	Portfolio Category	Period of December 31, 2015			
		Net Receivables	CRM Value	Net Receivables after CRM	Risk Weighted Asset after CRM
(1)	(2)	(3)	(4)	(5)	(6)
1	Receivables on sovereigns	-	-	-	-
2	Receivables on public sector entities	-	-	-	-
3	Receivables on multilateral development banks and international institutions	-	-	-	-
4	Receivables on banks	49,666	38,602	11,064	2,213
5	Receivables on micro, small business & retail portfolio	-	-	-	-
6	Receivables on corporate	-	-	-	-
7	Exposures at Syariah based business activity unit (if any)	-	-	-	-
	Total	**49,666**	**38,602**	**11,064**	**2,213**

Table B.8.a.2.c. **Disclosure of Counterparty Credit Risk: Reverse Repo Transactions - Consolidated**

(in million Rupiah)

No.	Portfolio Category	Period of December 31, 2016			
		Net Receivables	CRM Value	Net Receivables after CRM	Risk Weighted Asset after CRM
(1)	(2)	(3)	(4)	(5)	(6)
1	Receivables on sovereigns	-	-	-	-
2	Receivables on public sector entities	-	-	-	-
3	Receivables on multilateral development banks and international institutions	-	-	-	-
4	Receivables on banks	2,196,231	1,942,939	253,292	50,659
5	Receivables on micro, small business & retail portfolio	-	-	-	-
6	Receivables on corporate	80,665	-	80,665	80,665
7	Exposures at Syariah based business activity unit (if any)	272,701	272,701	-	-
	Total	**2,549,597**	**2,215,640**	**333,957**	**131,324**

(in million Rupiah)

No.	Portfolio Category	Period of December 31, 2015			
		Net Receivables	CRM Value	Net Receivables after CRM	Risk Weighted Asset after CRM
(1)	(2)	(3)	(4)	(5)	(6)
1	Receivables on sovereigns	-	-	-	-
2	Receivables on public sector entities	-	-	-	-
3	Receivables on multilateral development banks and international institutions	-	-	-	-
4	Receivables on banks	515,099	515,099	-	-
5	Receivables on micro, small business & retail portfolio	-	-	-	-
6	Receivables on corporate	-	-	-	-
7	Exposures at Syariah based business activity unit (if any)	-	-	-	-
	Total	**515,099**	**515,099**	**-**	**-**

Table B.9.a.1. **Disclosure of Net Receivables by Risk Weight after Credit Risk Mitigation - Bank Only**

No.	Portfolio Category			
		0%	20%	35%
(1)	(2)	(3)	(4)	(5)
A	**Balance Sheet Exposures**			
1	Receivables on sovereigns	155,265,610	-	-
2	Receivables on public sector entities	-	13,882,804	-
3	Receivables on multilateral development banks and international institutions	-	-	-
4	Receivables on banks	5,905	32,149,581	-
5	Loans secured by residential property	-	-	32,761,790
6	Loans secured by commercial real estate	487,987	35	-
7	Employee/retired loans	-	-	-
8	Receivables on micro, small business & retail portfolio	419,478	11,542	-
9	Receivables on corporate	9,607,602	13,130,121	-
10	Past due receivable	1,072	-	-
11	Other assets	15,925,354	-	-
12	Exposures at Syariah based business activity unit (if any)	-	-	-
	Total Exposures - Balance Sheet	**181,713,008**	**59,174,083**	**32,761,790**
B	**Off Balance Sheet Commitment/Contingency Receivables Exposures**			
1	Receivables on sovereigns	-	-	-
2	Receivables on public sector entities	-	832,625	-
3	Receivables on multilateral development banks and international institutions	-	-	-
4	Receivables on banks	8,105	238	-
5	Loans secured by residential property	-	-	267,367
6	Loans secured by commercial real estate	19,212	-	-
7	Employee/retired loans	-	-	-
8	Receivables on micro, small business & retail portfolio	132,255	-	-
9	Receivables on corporate	1,412,114	1,525,274	-
10	Past due receivable	-	-	-
11	Exposures at Syariah based business activity unit (if any)	-	-	-
	Total Exposures - Off Balance Sheet	**1,571,686**	**2,358,137**	**267,367**
C	**Counterparty Credit Risk Exposures**			
1	Receivables on sovereigns	-	-	-
2	Receivables on public sector entities	-	-	-
3	Receivables on multilateral development banks and international institutions	-	-	-
4	Receivables on banks	-	286,796	-
5	Receivables on micro, small business & retail portfolio	-	-	-
6	Receivables on corporate	-	-	-
7	Exposures at Syariah based business activity unit (if any)	-	-	-
	Total Exposures - Counterparty Credit Risk	**-**	**286,796**	**-**

(in million Rupiah)

Period of December 31, 2016									
Net Receivables after Calculation of Credit Risk Mitigation Impact								RWA	Capital Charge
40%	45%	50%	75%	100%	150%	Others			
(6)	(7)	(8)	(9)	(10)	(11)	(12)		(13)	(14)
-	-	-	-	-	-			-	-
-	-	1,975,047	-	966,158	-			4,730,243	378,419
-	-	-	-	-	-			-	-
-	-	5,620,211	-	-	-			9,240,022	739,202
-	-	-	-	-	-			11,466,626	917,330
-	-	-	-	10,591,880	-			10,591,887	847,351
-	-	-	-	-	-			-	-
-	-	-	57,216,736	-	-			42,914,860	3,433,189
-	-	3,321,519	-	281,705,774	-			285,992,558	22,879,405
-	-	-	-	112,752	994,019			1,603,781	128,302
-	-	-	-	21,097,972	310,919			21,564,351	1,725,148
-	-	-	-	-	-	-		-	-
-	**-**	**10,916,777**	**57,216,736**	**314,474,536**	**1,304,938**	**-**		**388,104,328**	**31,048,346**
-	-	-	-	-	-			-	-
-	-	225,000	-	-	-			279,025	22,322
-	-	-	-	-	-			-	-
-	-	615,312	-	638	-			308,342	24,668
-	-	-	-	-	-			93,578	7,486
-	-	-	-	2,246,591	-			2,246,591	179,727
-	-	-	-	-	-			-	-
-	-	-	347,549	-	-			260,662	20,853
-	-	1,017,354	-	36,295,825	-			37,109,557	2,968,765
-	-	-	-	-	-			-	-
-	-	-	-	-	-	-		-	-
-	**-**	**1,857,666**	**347,549**	**38,543,054**	**-**	**-**		**40,297,755**	**3,223,821**
-	-	-	-	-	-			-	-
-	-	-	-	-	-			-	-
-	-	-	-	-	-			-	-
-	-	184,701	-	15,941	-	-		165,651	13,252
-	-	-	-	-	-	-		-	-
-	-	-	-	91,314	-	-		91,314	7,305
-	-	-	-	-	-	-		-	-
-	**-**	**184,701**	**-**	**107,255**	**-**	**-**		**256,965**	**20,557**

Table B.9.a.1. **Disclosure of Net Receivables by Risk Weight after Credit Risk Mitigation - Bank Only**

No.	Portfolio Category			
		0%	20%	35%
(1)	(2)	(3)	(4)	(5)
A	**Balance Sheet Exposures**			
1	Receivables on sovereigns	127,829,750	-	-
2	Receivables on public sector entities	-	11,423,340	-
3	Receivables on multilateral development banks and international institutions	-	-	-
4	Receivables on banks	1,977	20,051,975	-
5	Loans secured by residential property	-	-	15,764,295
6	Loans secured by commercial real estate	718,425	-	-
7	Employee/retired loans	-	-	-
8	Receivables on micro, small business & retail portfolio	370,232	-	-
9	Receivables on corporate	9,790,248	9,748,871	-
10	Past due receivable	16,192	-	-
11	Other assets	17,833,867	-	-
12	Exposures at Syariah based business activity unit (if any)	-	-	-
	Total Exposures - Balance Sheet	**156,560,691**	**41,224,186**	**15,764,295**
B	**Off Balance Sheet Commitment/Contingency Receivables Exposures**			
1	Receivables on sovereigns	-	-	-
2	Receivables on public sector entities	-	361,783	-
3	Receivables on multilateral development banks and international institutions	-	-	-
4	Receivables on banks	17,801	158,895	-
5	Loans secured by residential property	-	-	242,588
6	Loans secured by commercial real estate	54,666	-	-
7	Employee/retired loans	-	-	-
8	Receivables on micro, small business & retail portfolio	186,884	-	-
9	Receivables on corporate	2,123,994	664,325	-
10	Past due receivable	554	-	-
11	Exposures at Syariah based business activity unit (if any)	-	-	-
	Total Exposures - Off Balance Sheet	**2,383,899**	**1,185,003**	**242,588**
C	**Counterparty Credit Risk Exposures**			
1	Receivables on sovereigns	-	-	-
2	Receivables on public sector entities	-	-	-
3	Receivables on multilateral development banks and international institutions	-	-	-
4	Receivables on banks	-	158,429	-
5	Receivables on micro, small business & retail portfolio	-	-	-
6	Receivables on corporate	-	-	-
7	Exposures at Syariah based business activity unit (if any)	-	-	-
	Total Exposures - Counterparty Credit Risk	**-**	**158,429**	**-**

(in million Rupiah)

Period of December 31, 2015									
Net Receivables after Calculation of Credit Risk Mitigation Impact								RWA	Capital Charge
40%	45%	50%	75%	100%	150%	Others			
(6)	(7)	(8)	(9)	(10)	(11)	(12)		(13)	(14)
-	-	-	-	-	-			-	-
-	-	1,879,383	-	3,739,104	-			6,963,464	557,077
-	-	-	-	-	-			-	-
-	-	2,967,674	-	-	-			5,494,231	439,539
11,119,124	-	-	-	-	-			9,965,153	797,212
-	-	-	-	9,791,827	-			9,791,827	783,346
-	-	-	-	-	-			-	-
-	-	-	53,389,807	-	-			40,042,355	3,203,388
-	-	3,980,920	-	264,504,230	218,052			268,771,542	21,501,723
-	-	-	-	66,548	715,957			1,140,484	91,239
-	-	-	-	14,258,325	403,925			14,864,213	1,189,137
-	-	-	-	-	-	-		-	-
11,119,124	**-**	**8,827,977**	**53,389,807**	**292,360,034**	**1,337,934**	**-**		**357,033,269**	**28,562,661**
-	-	-	-	-	-			-	-
-	-	-	-	-	-			72,357	5,789
-	-	-	-	-	-			-	-
-	-	237,272	-	-	-			150,415	12,033
2,733	-	-	-	-	-			85,999	6,880
-	-	-	-	1,904,702	-			1,904,702	152,376
-	-	-	-	-	-			-	-
-	-	-	554,769	-	-			416,077	33,286
-	-	521,997	-	47,162,746	50,436			47,632,264	3,810,581
-	-	-	-	-	-			-	-
-	-	-	-	-	-	-		-	-
2,733	**-**	**759,269**	**554,769**	**49,067,448**	**50,436**	**-**		**50,261,814**	**4,020,945**
-	-	-	-	-	-			-	-
-	-	275	-	-	-			138	11
-	-	-	-	-	-			-	-
-	-	319,644	-	13,305	-			204,813	16,385
-	-	-	-	-	-			-	-
-	-	-	-	53,447	-			53,447	4,276
-	-	-	-	-	-	-		-	-
-	**-**	**319,919**	**-**	**66,752**	**-**	**-**		**258,398**	**20,672**

Table B.9.a.2. **Disclosure of Net Receivables by Risk Weight after Credit Risk Mitigation - Consolidated**

No.	Portfolio Category			
		0%	20%	35%
(1)	(2)	(3)	(4)	(5)
A	**Balance Sheet Exposures**			
1	Receivables on sovereigns	155,590,626	-	-
2	Receivables on public sector entities	-	13,882,804	-
3	Receivables on multilateral development banks and international institutions	-	-	-
4	Receivables on banks	5,905	32,431,256	-
5	Loans secured by residential property	-	-	32,761,790
6	Loans secured by commercial real estate	487,987	35	-
7	Employee/retired loans	-	-	-
8	Receivables on micro, small business & retail portfolio	419,478	11,542	-
9	Receivables on corporate	9,607,602	13,130,121	-
10	Past due receivables	1,072	-	-
11	Other assets	15,937,601	-	-
12	Exposures at Syariah based business activity unit (if any)	908,086	717,020	48,130
	Total Exposures - Balance Sheets	**182,958,357**	**60,172,778**	**32,809,920**
B	**Off Balance Sheet Commitment/Contingency Receivables Exposures**			
1	Receivables on sovereigns	-	-	-
2	Receivables on public sector entities	-	832,625	-
3	Receivables on multilateral development banks and international institutions	-	-	-
4	Receivables on banks	8,105	238	-
5	Loans secured by residential property	-	-	267,367
6	Loans secured by commercial real estate	19,212	-	-
7	Employee/retired loans	-	-	-
8	Receivables on micro, small business & retail portfolio	132,255	-	-
9	Receivables on corporate	1,412,114	1,525,275	-
10	Past due receivables	-	-	-
11	Exposures at Syariah based business activity unit (if any)	-	-	-
	Total Exposures - Off Balance Sheets	**1,571,686**	**2,358,138**	**267,367**
C	**Counterparty Credit Risk Exposures**			
1	Receivables on sovereigns	-	-	-
2	Receivables on public sector entities	-	-	-
3	Receivables on multilateral development banks and international institutions	-	-	-
4	Receivables on banks	-	324,055	-
5	Receivables on micro, small business & retail portfolio	-	-	-
6	Receivables on corporate	-	-	-
7	Exposures at Syariah based business activity unit (if any)	-	-	-
	Total Exposures - Counterparty Credit Risk	**-**	**324,055**	**-**

(in million Rupiah)

Period of December 31, 2016									
Net Receivables after Calculation of Credit Risk Mitigation Impact								RWA	Capital Charge
40%	45%	50%	75%	100%	150%	Others			
(6)	(7)	(8)	(9)	(10)	(11)	(12)		(13)	(14)
-	-	-	-	-	-			-	-
-	-	1,975,105	-	966,158	-			4,730,272	378,422
-	-	-	-	-	-			-	-
-	-	5,733,612	-	71,768	-			9,424,825	753,986
-	-	-	-	-	-			11,466,626	917,330
-	-	-	-	10,591,880	-			10,591,887	847,351
-	-	-	-	-	-			-	-
-	-	-	64,502,051	-	-			48,378,847	3,870,308
-	-	3,321,519	-	282,893,004	-			287,179,788	22,974,383
-	-	-	-	112,752	1,072,711			1,721,819	137,745
-	-	-	-	21,523,513	310,919			21,989,892	1,759,191
-	-	639,226	296,583	2,138,444	-	-		2,840,743	227,260
-	**-**	**11,669,462**	**64,798,634**	**318,297,519**	**1,383,630**	**-**		**398,324,699**	**31,865,976**
-	-	-	-	-	-			-	-
-	-	225,000	-	-	-			279,025	22,322
-	-	-	-	-	-			-	-
-	-	615,312	-	638	-			308,342	24,668
-	-	-	-	-	-			93,578	7,486
-	-	-	-	2,246,591	-			2,246,591	179,727
-	-	-	-	-	-			-	-
-	-	-	347,549	-	-			260,662	20,853
-	-	1,017,353	-	36,276,481	-			37,090,213	2,967,217
-	-	-	-	-	-			-	-
-	-	-	-	5,612	-	-		5,612	449
-	**-**	**1,857,665**	**347,549**	**38,529,322**	**-**	**-**		**40,284,023**	**3,222,722**
-	-	-	-	-	-			-	-
-	-	-	-	-	-			-	-
-	-	-	-	-	-			-	-
-	-	184,701	-	15,941	-			173,103	13,848
-	-	-	-	-	-			-	-
-	-	-	-	171,979	-			171,979	13,758
-	-	-	-	-	-	-		-	-
-	**-**	**184,701**	**-**	**187,920**	**-**	**-**		**345,082**	**27,606**

Table B.9.a.2. **Disclosure of Net Receivables by Risk Weight after Credit Risk Mitigation - Consolidated**

No.	Portfolio Category			
		0%	20%	35%
(1)	(2)	(3)	(4)	(5)
A	**Balance Sheet Exposures**			
1	Receivables on sovereigns	128,163,808	-	-
2	Receivables on public sector entities	-	11,423,340	-
3	Receivables on multilateral development banks and international institutions	-	-	-
4	Receivables on banks	1,977	20,369,120	-
5	Loans secured by residential property	-	-	15,764,295
6	Loans secured by commercial real estate	718,425	-	-
7	Employee/retired loans	-	-	-
8	Receivables on micro, small business & retail portfolio	370,232	-	-
9	Receivables on corporate	9,790,248	9,450,218	-
10	Past due receivables	16,192	-	-
11	Other assets	17,843,575	-	-
12	Exposures at Syariah based business activity unit (if any)	1,272,716	360,003	38,606
	Total Exposures - Balance Sheets	**158,177,173**	**41,602,681**	**15,802,901**
B	**Off Balance Sheet Commitment/Contingency Receivables Exposures**			
1	Receivables on sovereigns	-	-	-
2	Receivables on public sector entities	-	361,783	-
3	Receivables on multilateral development banks and international institutions	-	-	-
4	Receivables on banks	17,801	158,895	-
5	Loans secured by residential property	-	-	242,588
6	Loans secured by commercial real estate	54,666	-	-
7	Employee/retired loans	-	-	-
8	Receivables on micro, small business & retail portfolio	186,884	-	-
9	Receivables on corporate	2,123,994	663,865	-
10	Past due receivables	554	-	-
11	Exposures at Syariah based business activity unit (if any)	-	-	-
	Total Exposures - Off Balance Sheets	**2,383,899**	**1,184,543**	**242,588**
C	**Counterparty Credit Risk Exposures**			
1	Receivables on sovereigns	-	-	-
2	Receivables on public sector entities	-	-	-
3	Receivables on multilateral development banks and international institutions	-	-	-
4	Receivables on banks	-	169,493	-
5	Receivables on micro, small business & retail portfolio	-	-	-
6	Receivables on corporate	-	-	-
7	Exposures at Syariah based business activity unit (if any)	-	-	-
	Total Exposures - Counterparty Credit Risk	**-**	**169,493**	**-**

(in million Rupiah)

Period of December 31, 2015									
Net Receivables after Calculation of Credit Risk Mitigation Impact								RWA	Capital Charge
40%	45%	50%	75%	100%	150%	Others			
(6)	(7)	(8)	(9)	(10)	(11)	(12)		(13)	(14)
-	-	-	-	-	-			-	-
-	-	1,879,599	-	3,739,104	-			6,963,572	557,086
-	-	-	-	-	-			-	-
-	-	2,968,134	-	93,698	-			5,651,589	452,127
11,119,124	-	-	-	-	-			9,965,153	797,212
-	-	-	-	9,791,827	-			9,791,827	783,346
-	-	-	-	-	-			-	-
-	-	-	60,573,573	-	-			45,430,179	3,634,414
-	-	3,980,920	-	265,224,119	218,052			269,431,701	21,554,536
-	-	-	-	66,548	814,690			1,288,583	103,087
-	-	-	-	14,626,110	403,925			15,231,998	1,218,560
-	-	225,310	-	1,915,583	-	554,490		2,585,067	206,805
11,119,124	**-**	**9,053,963**	**60,573,573**	**295,456,989**	**1,436,667**	**554,490**		**366,339,669**	**29,307,173**
-	-	-	-	-	-			-	-
-	-	-	-	-	-			72,357	5,789
-	-	-	-	-	-			-	-
-	-	237,272	-	-	-			150,415	12,033
2,733	-	-	-	-	-			85,999	6,880
-	-	-	-	1,904,702	-			1,904,702	152,376
-	-	-	-	-	-			-	-
-	-	-	554,769	-	-			416,077	33,286
-	-	521,997	-	47,139,775	50,436			47,609,201	3,808,736
-	-	-	-	-	-			-	-
-	-	724,674	-	-	-	-		362,337	28,987
2,733	**-**	**1,483,943**	**554,769**	**49,044,477**	**50,436**	**-**		**50,601,088**	**4,048,087**
-	-	-	-	-	-			-	-
-	-	275	-	-	-			138	11
-	-	-	-	-	-			-	-
-	-	319,645	-	13,304	-			207,026	16,562
-	-	-	-	-	-			-	-
-	-	-	-	53,447	-			53,447	4,276
-	-	-	-	-	-	-		-	-
-	**-**	**319,920**	**-**	**66,751**	**-**	**-**		**260,611**	**20,849**

Table B.10.a.1. **Disclosure of Net Receivables and Credit Risk Mitigation Techniques - Bank Only**

(in million Rupiah)

No.	Portfolio Category	Period of December 31, 2016					
		Net Receivables	Portion Secured By				Unsecured Portion
			Collateral	Guarantee	Credit Insurance	Others	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (3)-[(4)+(5)+(6)+(7)]
A	**Balance Sheet Exposures**						
1	Receivables on sovereigns	155,265,610	-	-	-		155,265,610
2	Receivables on public sector entities	16,824,009	-	-	-		16,824,009
3	Receivables on multilateral development banks and international institutions	-	-	-	-		-
4	Receivables on banks	37,775,697	5,905	-	-		37,769,792
5	Loans secured by residential property	32,761,790	-	-	-		32,761,790
6	Loans secured by commercial real estate	11,079,902	488,022	-	-		10,591,880
7	Employee/retired loans	-	-	-	-		-
8	Receivables on micro, small business & retail portfolio	57,647,756	431,020	-	-		57,216,736
9	Receivables on corporate	307,765,016	11,091,346	-	-		296,673,670
10	Past due receivables	1,107,843	1,072	-	-		1,106,771
11	Other assets	37,334,245	-	-	-		37,334,245
12	Exposures at Syariah based business activity unit (if any)	-	-	-	-	-	-
	Total Exposures - Balance Sheet	**657,561,868**	**12,017,365**	**-**	**-**	**-**	**645,544,503**
B	**Off Balance Sheet Commitment/ Contingency Receivables Exposures**						
1	Receivables on sovereigns	-	-	-	-		-
2	Receivables on public sector entities	1,057,625	-	-	-		1,057,625
3	Receivables on multilateral development banks and international institutions	-	-	-	-		-
4	Receivables on banks	624,293	8,105	-	-		616,188
5	Loans secured by residential property	267,367	-	-	-		267,367
6	Loans secured by commercial real estate	2,265,803	19,212	-	-		2,246,591
7	Employee/retired loans	-	-	-	-		-
8	Receivables on micro, small business & retail portfolio	479,804	132,255	-	-		347,549
9	Receivables on corporate	40,250,567	1,512,978	-	-		38,737,589
10	Past due receivables	-	-	-	-		-
11	Exposures at Syariah based business activity unit (if any)	-	-	-	-	-	-
	Total Exposures - Off Balance Sheets	**44,945,459**	**1,672,550**	**-**	**-**	**-**	**43,272,909**
C	**Counterparty Credit Risk Exposures**						
1	Receivables on sovereigns	-	1,672,550	-	-		-
2	Receivables on public sector entities	-		-	-		-
3	Receivables on multilateral development banks and international institutions	-	-	-	-		-
4	Receivables on banks	2,430,377	-	-	-		487,438
5	Receivables on micro, small business & retail portfolio	-	-	-	-		-
6	Receivables on corporate	91,314	1,942,939	-	-		91,314
7	Exposures at Syariah based business activity unit (if any)	-	-	-	-	-	-
	Total Exposures - Counterparty Credit Risk	**2,521,691**	**1,942,939**	**-**	**-**	**-**	**578,752**
Total (A+B+C)		**705,029,018**	**15,632,854**	**-**	**-**	**-**	**689,396,164**

Table B.10.a.1. **Disclosure of Net Receivables and Credit Risk Mitigation Techniques - Bank Only**

(in million Rupiah)

No.	Portfolio Category	Period of December 31, 2015					
		Net Receivables	Portion Secured By				Unsecured Portion
			Collateral	Guarantee	Credit Insurance	Others	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (3)-[(4)+(5)+(6)+(7)]
A	**Balance Sheet Exposures**						
1	Receivables on sovereigns	127,829,750	-	-	-		127,829,750
2	Receivables on public sector entities	17,041,827	-	-	-		17,041,827
3	Receivables on multilateral development banks and international institutions	-	-	-	-		-
4	Receivables on banks	23,021,626	1,977	-	-		23,019,649
5	Loans secured by residential property	26,883,419	-	-	-		26,883,419
6	Loans secured by commercial real estate	10,510,252	718,425	-	-		9,791,827
7	Employee/retired loans	-	-	-	-		-
8	Receivables on micro, small business & retail portfolio	53,760,039	370,232	-	-		53,389,807
9	Receivables on corporate	288,242,321	10,893,048	-	-		277,349,273
10	Past due receivables	798,697	16,192	-	-		782,505
11	Other assets	32,496,117	-	-	-		32,496,117
12	Exposures at Syariah based business activity unit (if any)	-	-	-	-	-	-
	Total Exposures - Balance Sheet	**580,584,048**	**11,999,874**	**-**	**-**	**-**	**568,584,174**
B	**Off Balance Sheet Commitment/ Contingency Receivables Exposures**						
1	Receivables on sovereigns	-	-	-	-		-
2	Receivables on public sector entities	361,783	-	-	-		361,783
3	Receivables on multilateral development banks and international institutions	-	-	-	-		-
4	Receivables on banks	413,968	17,801	-	-		396,167
5	Loans secured by residential property	245,321	-	-	-		245,321
6	Loans secured by commercial real estate	1,959,368	54,666	-	-		1,904,702
7	Employee/retired loans	-	-	-	-		-
8	Receivables on micro, small business & retail portfolio	741,653	186,884	-	-		554,769
9	Receivables on corporate	50,523,498	2,264,909	-	-		48,258,589
10	Past due receivables	554	554	-	-		-
11	Exposures at Syariah based business activity unit (if any)	-	-	-	-	-	-
	Total Exposures - Off Balance Sheets	**54,246,145**	**2,524,814**	**-**	**-**	**-**	**51,721,331**
C	**Counterparty Credit Risk Exposures**						
1	Receivables on sovereigns	-	-	-	-		-
2	Receivables on public sector entities	275	-	-	-		275
3	Receivables on multilateral development banks and international institutions	-	-	-	-		-
4	Receivables on banks	1,006,477	515,099	-	-		491,378
5	Receivables on micro, small business & retail portfolio	-	-	-	-		-
6	Receivables on corporate	53,447	-	-	-		53,447
7	Exposures at Syariah based business activity unit (if any)	-	-	-	-	-	-
	Total Exposures - Counterparty Credit Risk	**1,060,199**	**515,099**	**-**	**-**	**-**	**545,100**
Total (A+B+C)		**635,890,392**	**15,039,787**	**-**	**-**	**-**	**620,850,605**

Table B.10.a.2. **Disclosure of Net Receivables and Credit Risk Mitigation Techniques - Consolidated**

(in million Rupiah)

No.	Portfolio Category	Period of December 31, 2016					
		Net Receivables	Portion Secured By				Unsecured Portion
			Collateral	Guarantee	Credit Insurance	Others	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (3)-[(4)+(5)+(6)+(7)]
A	**Balance Sheet Exposures**						
1	Receivables on sovereigns	155,590,626	-	-	-		155,590,626
2	Receivables on public sector entities	16,824,067	-	-	-		16,824,067
3	Receivables on multilateral development banks and international institutions	-	-	-	-		-
4	Receivables on banks	38,242,541	5,905	-	-		38,236,636
5	Loans secured by residential property	32,761,790	-	-	-		32,761,790
6	Loans secured by commercial real estate	11,079,902	488,022	-	-		10,591,880
7	Employee/retired loans	-	-	-	-		-
8	Receivables on micro, small business & retail portfolio	64,933,071	431,020	-	-		64,502,051
9	Receivables on corporate	308,952,246	11,091,346	-	-		297,860,900
10	Past due receivables	1,186,535	1,072	-	-		1,185,463
11	Other assets	37,772,033	-	-	-		37,772,033
12	Exposures at Syariah based business activity unit (if any)	4,747,489	363,025	-	-	-	4,384,464
	Total Exposures - Balance Sheet	**672,090,300**	**12,380,390**	**-**	**-**	**-**	**659,709,910**
B	**Off Balance Sheet Commitment/ Contingency Receivables Exposures**						
1	Receivables on sovereigns	-	-	-	-		-
2	Receivables on public sector entities	1,057,625	-	-	-		1,057,625
3	Receivables on multilateral development banks and international institutions	-	-	-	-		-
4	Receivables on banks	624,293	8,105	-	-		616,188
5	Loans secured by residential property	267,367	-	-	-		267,367
6	Loans secured by commercial real estate	2,265,803	19,212	-	-		2,246,591
7	Employee/retired loans	-	-	-	-		-
8	Receivables on micro, small business & retail portfolio	479,804	132,255	-	-		347,549
9	Receivables on corporate	40,231,223	1,512,978	-	-		38,718,245
10	Past due receivables	-	-	-	-		-
11	Exposures at Syariah based business activity unit (if any)	5,611	-	-	-	-	5,611
	Total Exposures - Off Balance Sheets	**44,931,726**	**1,672,550**	**-**	**-**	**-**	**43,259,176**
C	**Counterparty Credit Risk Exposures**						
1	Receivables on sovereigns	-	-	-	-		-
2	Receivables on public sector entities	-	-	-	-		-
3	Receivables on multilateral development banks and international institutions	-	-	-	-		-
4	Receivables on banks	2,467,636	1,942,939	-	-		524,697
5	Receivables on micro, small business & retail portfolio	-	-	-	-		-
6	Receivables on corporate	171,979	-	-	-		171,979
7	Exposures at Syariah based business activity unit (if any)	272,701	272,701	-	-	-	-
	Total Exposures - Counterparty Credit Risk	**2,912,316**	**2,215,640**	**-**	**-**	**-**	**696,676**
Total (A+B+C)		**719,934,342**	**16,268,580**	**-**	**-**	**-**	**703,665,762**

Table B.10.a.2. **Disclosure of Net Receivables and Credit Risk Mitigation Techniques - Consolidated**

(in million Rupiah)

No.	Portfolio Category	Period of December 31, 2016					
		Net Receivables	Portion Secured By				Unsecured Portion
			Collateral	Guarantee	Credit Insurance	Others	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (3)-[(4)+(5)+(6)+(7)]
A	**Balance Sheet Exposures**						
1	Receivables on sovereigns	128,163,808	-	-	-		128,163,808
2	Receivables on public sector entities	17,042,043	-	-	-		17,042,043
3	Receivables on multilateral development banks and international institutions	-	-	-	-		-
4	Receivables on banks	23,432,929	1,977	-	-		23,430,952
5	Loans secured by residential property	26,883,419	-	-	-		26,883,419
6	Loans secured by commercial real estate	10,510,252	718,425	-	-		9,791,827
7	Employee/retired loans	-	-	-	-		-
8	Receivables on micro, small business & retail portfolio	60,943,805	370,232	-	-		60,573,573
9	Receivables on corporate	288,663,557	10,893,048	-	-		277,770,509
10	Past due receivables	897,430	16,192	-	-		881,238
11	Other assets	32,873,610	-	-	-		32,873,610
12	Exposures at Syariah based business activity unit (if any)	4,366,708	528,560	-	-	-	3,838,148
	Total Exposures - Balance Sheet	**593,777,561**	**12,528,434**	**-**	**-**	**-**	**581,249,127**
B	**Off Balance Sheet Commitment/ Contingency Receivables Exposures**						
1	Receivables on sovereigns	-	-	-	-		-
2	Receivables on public sector entities	361,783	-	-	-		361,783
3	Receivables on multilateral development banks and international institutions	-	-	-	-		-
4	Receivables on banks	413,968	17,801	-	-		396,167
5	Loans secured by residential property	245,321	-	-	-		245,321
6	Loans secured by commercial real estate	1,959,368	54,666	-	-		1,904,702
7	Employee/retired loans	-	-	-	-		-
8	Receivables on micro, small business & retail portfolio	741,653	186,884	-	-		554,769
9	Receivables on corporate	50,500,067	2,264,909	-	-		48,235,158
10	Past due receivables	554	554	-	-		-
11	Exposures at Syariah based business activity unit (if any)	724,674	10,893	-	-	-	713,781
	Total Exposures - Off Balance Sheets	**54,947,388**	**2,535,707**	**-**	**-**	**-**	**52,411,681**
C	**Counterparty Credit Risk Exposures**						
1	Receivables on sovereigns	-	-	-	-		-
2	Receivables on public sector entities	275	-	-	-		275
3	Receivables on multilateral development banks and international institutions	-	-	-	-		-
4	Receivables on banks	1,017,541	515,099	-	-		502,442
5	Receivables on micro, small business & retail portfolio	-	-	-	-		-
6	Receivables on corporate	53,447	-	-	-		53,447
7	Exposures at Syariah based business activity unit (if any)	-	-	-	-	-	-
	Total Exposures - Counterparty Credit Risk	**1,071,263**	**515,099**	**-**	**-**	**-**	**556,164**
Total (A+B+C)		**649,796,212**	**15,579,240**	**-**	**-**	**-**	**634,216,972**

Table B.13.a.1.a. **Disclosure of On Balance Sheet Assets Exposures - Bank Only**

(in million Rupiah)

No.	Portfolio Category	Period of December 31, 2016		
		Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)
1	Receivables on sovereigns	155,265,610	-	-
2	Receivables on public sector entities	16,824,009	4,730,243	4,730,243
3	Receivables on multilateral development banks and international institutions	-	-	-
4	Receivables on banks	37,775,697	9,242,974	9,240,022
5	Loans secured by residential property	32,761,790	11,466,626	11,466,626
6	Loans secured by commercial real estate	11,079,902	11,079,902	10,591,887
7	Employee/retired loans	-	-	-
8	Receivables on micro, small business & retail portfolio	57,647,756	43,235,817	42,914,860
9	Receivables on corporate	307,765,016	296,342,272	285,992,558
10	Past due receivable	1,107,843	1,605,389	1,603,781
11	Other assets	37,334,245	-	21,564,351
	Total	**657,561,868**	**377,703,223**	**388,104,328**

(in million Rupiah)

No.	Portfolio Category	Period of December 31, 2015		
		Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)
1	Receivables on sovereigns	127,829,750	-	-
2	Receivables on public sector entities	17,041,827	6,963,464	6,963,464
3	Receivables on multilateral development banks and international institutions	-	-	-
4	Receivables on banks	23,021,626	5,495,220	5,494,231
5	Loans secured by residential property	26,883,419	9,965,153	9,965,153
6	Loans secured by commercial real estate	10,510,252	10,510,252	9,791,827
7	Employee/retired loans	-	-	-
8	Receivables on micro, small business & retail portfolio	53,760,039	40,320,029	40,042,355
9	Receivables on corporate	288,242,321	279,113,190	268,771,542
10	Past due receivable	798,697	1,164,772	1,140,484
11	Other assets	32,496,117	-	14,864,213
	Total	**580,584,048**	**353,532,080**	**357,033,269**

Table B.13.a.1.b. **Disclosure of On Balance Sheet Assets Exposures - Bank Only**

(in million Rupiah)

No.	Portfolio Category	Period of December 31, 2016		
		Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)
1	Receivables on sovereigns	-	-	-
2	Receivables on public sector entities	1,057,625	279,025	279,025
3	Receivables on multilateral development banks and international institutions	-	-	-
4	Receivables on banks	624,293	312,395	308,342
5	Loans secured by residential property	267,367	93,578	93,578
6	Loans secured by commercial real estate	2,265,803	2,265,803	2,246,591
7	Employee/retired loans	-	-	-
8	Receivables on micro, small business & retail portfolio	479,804	359,853	260,662
9	Receivables on corporate	40,250,567	38,568,866	37,109,557
10	Past due receivable	-	-	-
	Total	**44,945,459**	**41,879,520**	**40,297,755**

(in million Rupiah)

No.	Portfolio Category	Period of December 31, 2015		
		Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)
1	Receivables on sovereigns	-	-	-
2	Receivables on public sector entities	361,783	72,357	72,357
3	Receivables on multilateral development banks and international institutions	-	-	-
4	Receivables on banks	413,968	159,316	150,415
5	Loans secured by residential property	245,321	85,999	85,999
6	Loans secured by commercial real estate	1,959,368	1,959,368	1,904,702
7	Employee/retired loans	-	-	-
8	Receivables on micro, small business & retail portfolio	741,653	556,240	416,077
9	Receivables on corporate	50,523,498	49,837,773	47,632,264
10	Past due receivable	-	831	-
	Total	**54,246,145**	**52,671,884**	**50,261,814**

Table B.13.a.1.c. **Disclosure of Counterparty Credit Risk Exposures - Bank Only**

(in million Rupiah)

No.	Portfolio Category	Period of December 31, 2016		
		Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)
1	Receivables on sovereigns	-	-	-
2	Receivables on public sector entities	-	-	-
3	Receivables on multilateral development banks and international institutions	-	-	-
4	Receivables on banks	2,430,377	554,239	165,651
5	Receivables on micro, small business & retail portfolio	-	-	-
6	Receivables on corporate	91,314	91,314	91,314
	Total	**2,521,691**	**645,553**	**256,965**

(in million Rupiah)

No.	Portfolio Category	Period of December 31, 2015		
		Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)
1	Receivables on sovereigns	-	-	-
2	Receivables on public sector entities	275	138	138
3	Receivables on multilateral development banks and international institutions	-	-	-
4	Receivables on banks	1,006,477	307,832	204,813
5	Receivables on micro, small business & retail portfolio	-	-	-
6	Receivables on corporate	53,447	53,447	53,447
	Total	**1,060,199**	**361,417**	**258,398**

Table B.13.a.1.f. **Disclosure of Total Credit Risk Measurement - Bank Only**

(in million Rupiah)

	Period of December 31, 2016
TOTAL RISK WEIGHTED ASSETS CREDIT RISK	**428.659.048**
TOTAL CAPITAL CHARGE FACTOR	**-**

(in million Rupiah)

	Period of December 31, 2015
TOTAL RISK WEIGHTED ASSETS CREDIT RISK	**407,553,481**
TOTAL CAPITAL CHARGE FACTOR	**-**

Table B.13.a.2.a. **Disclosure of On Balance Sheet Assets Exposures - Consolidated**

(in million Rupiah)

No.	Portfolio Category	Period of December 31, 2016		
		Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)
1	Receivables on sovereigns	155,590,626	-	-
2	Receivables on public sector entities	16,824,067	4,730,272	4,730,272
3	Receivables on multilateral development banks and international institutions	-	-	-
4	Receivables on banks	38,242,541	9,427,778	9,424,825
5	Loans secured by residential property	32,761,790	11,466,626	11,466,626
6	Loans secured by commercial real estate	11,079,902	11,079,902	10,591,887
7	Employee/retired loans	-	-	-
8	Receivables on micro, small business & retail portfolio	64,933,071	48,699,803	48,378,847
9	Receivables on corporate	308,952,246	297,529,502	287,179,788
10	Past due receivables	1,186,535	1,723,427	1,721,819
11	Other assets	37,772,033	-	21,989,892
	Total	**667,342,811**	**384,657,310**	**395,483,956**

(in million Rupiah)

No.	Portfolio Category	Period of December 31, 2015		
		Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)
1	Receivables on sovereigns	128,163,808	-	-
2	Receivables on public sector entities	17,042,043	6,963,572	6,963,572
3	Receivables on multilateral development banks and international institutions	-	-	-
4	Receivables on banks	23,432,929	5,652,578	5,651,589
5	Loans secured by residential property	26,883,419	9,965,153	9,965,153
6	Loans secured by commercial real estate	10,510,252	10,510,252	9,791,827
7	Employee/retired loans	-	-	-
8	Receivables on micro, small business & retail portfolio	60,943,805	45,707,853	45,430,179
9	Receivables on corporate	288,663,557	279,773,349	269,431,701
10	Past due receivables	897,430	1,312,871	1,288,583
11	Other assets	32,873,610	-	15,231,998
	Total	**589,410,853**	**359,885,628**	**363,754,602**

Table B.13.a.2.b. **Disclosure of Off Balance Sheets Commitment/Contingency Receivables Exposures - Consolidated**

(in million Rupiah)

No.	Portfolio Category	Period of December 31, 2016		
		Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)
1	Receivables on sovereigns	-	-	-
2	Receivables on public sector entities	1,057,625	279,025	279,025
3	Receivables on multilateral development banks and international institutions	-	-	-
4	Receivables on banks	624,293	312,395	308,342
5	Loans secured by residential property	267,367	93,578	93,578
6	Loans secured by commercial real estate	2,265,803	2,265,803	2,246,591
7	Employee/retired loans	-	-	-
8	Receivables on micro, small business & retail portfolio	479,804	359,853	260,662
9	Receivables on corporate	40,231,223	38,549,522	37,090,213
10	Past due receivables	-	-	-
	Total	**44,926,115**	**41,860,176**	**40,278,411**

(in million Rupiah)

No.	Portfolio Category	Period of December 31, 2015		
		Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)
1	Receivables on sovereigns	-	-	-
2	Receivables on public sector entities	361,783	72,357	72,357
3	Receivables on multilateral development banks and international institutions	-	-	-
4	Receivables on banks	413,968	159,316	150,415
5	Loans secured by residential property	245,321	85,999	85,999
6	Loans secured by commercial real estate	1,959,368	1,959,368	1,904,702
7	Employee/retired loans	-	-	-
8	Receivables on micro, small business & retail portfolio	741,653	556,240	416,077
9	Receivables on corporate	50,500,067	49,814,710	47,609,201
10	Past due receivables	554	831	-
	Total	**54,222,714**	**52,648,821**	**50,238,751**

Table B.13.a.2.c. **Disclosure of Counterparty Credit Risk Exposures - Consolidated**

(in million Rupiah)

No.	Portfolio Category	Period of December 31, 2016		
		Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)
1	Receivables on sovereigns	-	-	-
2	Receivables on public sector entities	-	-	-
3	Receivables on multilateral development banks and international institutions	-	-	-
4	Receivables on banks	2,467,636	561,691	173,103
5	Receivables on micro, small business & retail portfolio	-	-	-
6	Receivables on corporate	171,979	171,979	171,979
	Total	**2,639,615**	**733,670**	**345,082**

(in million Rupiah)

No.	Portfolio Category	Period of December 31, 2015		
		Net Receivables	RWA before CRM	RWA after CRM
(1)	(2)	(3)	(4)	(5)
1	Receivables on sovereigns	-	-	-
2	Receivables on public sector entities	275	138	138
3	Receivables on multilateral development banks and international institutions	-	-	-
4	Receivables on banks	1,017,541	310,045	207,026
5	Receivables on micro, small business & retail portfolio	-	-	-
6	Receivables on corporate	53,447	53,447	53,447
	Total	**1,071,263**	**363,630**	**260,611**

Table 6.2.6. **Disclosure of Exposures at Syariah Based Business Activity Unit (if any) - Consolidated**

(in million Rupiah)

No.	Transaction Type	Period of December 31, 2016	
		Capital Deduction Factor	RWA
(1)	(2)	(3)	(4)
1	**Total Exposure**	**-**	**2,846,355**

(in million Rupiah)

No.	Transaction Type	Period of December 31, 2015	
		Capital Deduction Factor	RWA
(1)	(2)	(3)	(4)
1	**Total Exposure**	**-**	**2,947,404**

Table B.13.a.2.f. **Disclosure of Total Credit Risk Measurement - Consolidated**

(in million Rupiah)

	Period of December 31, 2016
TOTAL RISK WEIGHTED ASSETS CREDIT RISK	**438,953,804**
TOTAL CAPITAL CHARGE FACTOR	**-**

(in million Rupiah)

	Period of December 31, 2015
TOTAL RISK WEIGHTED ASSETS CREDIT RISK	**417,201,368**
TOTAL CAPITAL CHARGE FACTOR	**-**

Table C.1. **Disclosure of Market Risk Using Standardized Method**

(in million Rupiah)

No.	Type of Risk	Period of December 31, 2016			
		Bank		Consolidated	
		Capital Charge	RWA	Capital Charge	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1	Interest rate risk				
	a. Specific risk	38,064	475,800	38,064	475,800
	b. General risk	93,387	1,167,335	93,387	1,167,338
2	Foreign exchange risk	13,390	167,374	67,148	839,350
3	Equity risk				
	a. Specific risk			246	3,075
	b. General risk			246	3,075
4	Commodity risk			-	-
5	Option risk	-	-	-	-
	Total	**144,841**	**1,810,509**	**199,091**	**2,488,638**

(in million Rupiah)

No.	Type of Risk	Period of December 31, 2015			
		Bank		Consolidated	
		Capital Charge	RWA	Capital Charge	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1	Interest rate risk				
	a. Specific risk	-	-	65	813
	b. General risk	44,327	554,089	44,398	554,975
2	Foreign exchange risk	28,424	355,297	32,730	409,125
3	Equity risk				
	a. Specific risk			150	1,875
	b. General risk			150	1,875
4	Commodity risk			-	-
5	Option risk	-	-	-	-
	Total	**72,751**	**909,386**	**77,493**	**968,663**

Table C.2. **Disclosure of Interest Rate Risk in Banking Book (IRRBB) Exposures**

(in million Rupiah)

	31 December 2016	
	Earning Approach	Economic Value Approach
(1)	(2)	(3)
Decrease in net interest income growth due to interest rate increase of 1%	(1,005,516)	(3,047,025)
Increase in net interest income growth due to interest rate decrease of 1%	1,005,516	3,047,025

(in million Rupiah)

	31 December 2015	
	Earning Approach	Economic Value Approach
(1)	(2)	(3)
Decrease in net interest income growth due to interest rate increase of 1%	(801,952)	(2,380,427)
Increase in net interest income growth due to interest rate decrease of 1%	801,952	2,380,427

Table D.1.a.1.a. **Disclosure of Rupiah Maturity Profile - Bank Only**

(in million Rupiah)

No.	Account	Balance	Period of December 31, 2016				
			Maturity				
			≤ 1 month	> 1 to 3 months	> 3 to 6 months	> 6 to 12 months	> 12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I.	**BALANCE SHEET**						
A.	**Assets**						
	1. Cash	14,980,455	14,980,455	-	-	-	-
	2. Placement with Bank Indonesia	71,508,643	56,323,546	3,957,800	8,065,207	3,162,090	-
	3. Placement with other banks	7,401,244	3,519,970	710,795	-	1,128,519	2,041,960
	4. Marketable securities	83,569,231	10,634,852	2,233,357	3,200,035	6,435,946	61,065,041
	5. Loans	390,008,811	14,097,133	33,916,708	47,522,147	73,331,050	221,141,773
	6. Other receivables	4,368,099	2,827,511	952,756	586,417	1,415	-
	7. Others	7,562,113	7,547,037	13,591	1,485	-	-
	Total Asset	**579,398,596**	**109,930,504**	**41,785,007**	**59,375,291**	**84,059,020**	**284,248,774**
B	**Liabilities**						
	1. Deposits from customer	480,715,355	69,531,484	2,601,875	280,347	273,858	408,027,791
	2. Liabilities with Bank Indonesia	577	-	-	-	-	577
	3. Liabilities with other banks	2,935,677	2,899,077	36,500	100	-	-
	4. Securities issued	-	-	-	-	-	-
	5. Borrowings	-	-	-	-	-	-
	6. Other liabilities	1,165,642	403,804	540,961	219,465	1,412	-
	7. Others	12,613,456	12,613,456	-	-	-	-
	Total Liabilities	**497,430,707**	**85,447,821**	**3,179,336**	**499,912**	**275,270**	**408,028,368**
	On Balance Sheet Asset and Liabilities Differences	**81,967,889**	**24,482,683**	**38,605,671**	**58,875,379**	**83,783,750**	**(123,779,594)**
II.	**OFF BALANCE SHEET**						
A.	**Off Balance Sheet Receivables**						
	1. Commitment	-	-	-	-	-	-
	2. Contingency	-	-	-	-	-	-
	Total Administrative Account Receivable	**-**	**-**	**-**	**-**	**-**	**-**
B.	**Off Balance Sheet Liabilities**						
	1. Commitment	143,664,236	142,731,991	851,203	37,807	43,235	-
	2. Contingency	-	-	-	-	-	-
	Total Off Balance Sheet Liabilities	**143,664,236**	**142,731,991**	**851,203**	**37,807**	**43,235**	**-**
	Off Balance Sheet Asset and Liabilities Differences	**(143,664,236)**	**(142,731,991)**	**(851,203)**	**(37,807)**	**(43,235)**	**-**
	Differences [(IA - IB)+(IIA-IIB)]	**(61,696,347)**	**(118,249,308)**	**37,754,468**	**58,837,572**	**83,740,515**	**(123,779,594)**
	Cumulative Differences	**-**	**(118,249,308)**	**(80,494,840)**	**(21,657,268)**	**62,083,247**	**(61,696,347)**

Table D.1.a.1.a. **Disclosure of Rupiah Maturity Profile - Bank Only**

(in million Rupiah)

No.	Account	Balance	Period of December 31, 2015				
			Maturity				
			≤ 1 month	> 1 to 3 months	> 3 to 6 months	> 6 to 12 months	> 12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I.	**BALANCE SHEET**						
A.	**Asset**						
	1. Cash	16,846,818	16,846,818	-	-	-	-
	2. Placement with Bank Indonesia	70,801,385	65,409,265	1,882,810	3,030,160	479,150	-
	3. Placement with other banks	5,470,675	4,045,156	371,079	819,220	235,220	-
	4. Marketable securities	34,658,457	4,573,868	2,416,872	3,177,807	3,693,697	20,796,213
	5. Loans	366,161,654	16,980,623	35,739,886	39,941,683	66,341,803	207,157,659
	6. Other receivables	2,392,727	1,055,045	816,225	521,457	-	-
	7. Others	7,011,988	7,011,988	-	-	-	-
	Total Asset	**503,343,704**	**115,922,763**	**41,226,872**	**47,490,327**	**70,749,870**	**227,953,872**
B	**Liabilities**						
	1. Deposits from customer	430,484,137	38,723,650	1,184,078	108,751	93,240	390,374,418
	2. Liabilities with Bank Indonesia	577	-	-	-	-	577
	3. Liabilities with other banks	2,703,794	2,699,194	4,500	100	-	-
	4. Securities issued	-	-	-	-	-	-
	5. Borrowings	-	-	-	-	-	-
	6. Other liabilities	929,185	367,141	388,831	173,213	-	-
	7. Others	12,669,873	12,669,873	-	-	-	-
	Total Liabilities	**446,787,566**	**54,459,858**	**1,577,409**	**282,064**	**93,240**	**390,374,995**
	On Balance Sheet Asset and Liabilities Differences	**56,556,138**	**61,462,905**	**39,649,463**	**47,208,263**	**70,656,630**	**(162,421,123)**
II.	**OFF BALANCE SHEET**						
A.	**Off Balance Sheet Receivables**						
	1. Commitment	-	-	-	-	-	-
	2. Contingency	-	-	-	-	-	-
	Total Administrative Account Receivable	**-**	**-**	**-**	**-**	**-**	**-**
B.	**Off Balance Sheet Liabilities**						
	1. Commitment	125,809,503	125,226,415	463,044	120,044	-	-
	2. Contingency	-	-	-	-	-	-
	Total Off Balance Sheet Liabilities	**125,809,503**	**125,226,415**	**463,044**	**120,044**	**-**	**-**
	Off Balance Sheet Asset and Liabilities Differences	**(125,809,503)**	**(125,226,415)**	**(463,044)**	**(120,044)**	**-**	**-**
	Differences [(IA - IB)+(IIA-IIB)]	**(69,253,365)**	**(63,763,510)**	**39,186,419**	**47,088,219**	**70,656,630**	**(162,421,123)**
	Cumulative Differences	**-**	**(63,763,510)**	**(24,577,091)**	**22,511,128**	**93,167,758**	**(69,253,365)**

Table D.1.a.2.a. **Disclosure of Rupiah Maturity Profile - Consolidated**

(in million Rupiah)

No.	Account	Balance	Period of December 31, 2016				
			Maturity				
			≤ 1 month	> 1 to 3 months	> 3 to 6 months	> 6 to 12 months	> 12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I.	**BALANCE SHEET**						
A.	**Assets**						
	1. Cash	14,998,064	14,998,064	-	-	-	-
	2. Placement with Bank Indonesia	72,047,458	56,862,361	3,957,800	8,065,207	3,162,090	-
	3. Placement with other banks	8,555,424	4,370,650	890,295	68,000	1,184,519	2,041,960
	4. Marketable securities	84,331,429	10,792,599	2,236,357	3,225,029	6,596,090	61,481,354
	5. Loans	389,397,555	14,097,550	33,804,208	47,313,992	73,040,923	221,140,882
	6. Other receivables	16,852,190	3,366,767	1,379,632	1,412,264	1,425,028	9,268,499
	7. Others	8,481,669	8,466,593	13,591	1,485	-	-
	Total Asset	**594,663,789**	**112,954,584**	**42,281,883**	**60,085,977**	**85,408,650**	**293,932,695**
B	**Liabilities**						
	1. Deposits from customer	484,520,953	72,889,052	3,017,191	306,717	280,202	408,027,791
	2. Liabilities with Bank Indonesia	577	-	-	-	-	577
	3. Liabilities with other banks	2,933,558	2,896,958	36,500	100	-	
	4. Securities issued	2,332,170	-	534,480	1,198,300	-	599,390
	5. Borrowings	1,911,895	-	249,999	510,000	762,030	389,866
	6. Other liabilities	2,228,901	1,467,063	540,961	219,465	1,412	-
	7. Others	14,859,130	14,859,130	-	-	-	-
	Total Liabilities	**508,787,184**	**92,112,203**	**4,379,131**	**2,234,582**	**1,043,644**	**409,017,624**
	On Balance Sheet Asset and Liabilities Differences	**85,876,606**	**20,842,382**	**37,902,752**	**57,851,395**	**84,365,006**	**(115,084,929)**
II.	**OFF BALANCE SHEET**						
A.	**Off Balance Sheet Receivables**						
	1. Commitment	2,140,009	2,140,009	-	-	-	-
	2. Contingency	-	-	-	-	-	-
	Total Administrative Account Receivable	**2,140,009**	**2,140,009**	**-**	**-**	**-**	**-**
B.	**Administrative Account Payable**						
	1. Commitment	144,132,657	143,200,412	851,203	37,807	43,235	-
	2. Contingency	-	-	-	-	-	-
	Total Administrative Account Payable	**144,132,657**	**143,200,412**	**851,203**	**37,807**	**43,235**	**-**
	Off Balance Sheet Asset and Liabilities Differences	**(141,992,648)**	**(141,060,403)**	**(851,203)**	**(37,807)**	**(43,235)**	**-**
	Differences [(IA - IB)+(IIA-IIB)]	**(56,116,042)**	**(120,218,021)**	**37,051,549**	**57,813,588**	**84,321,771**	**(115,084,929)**
	Cumulative Differences	**-**	**(120,218,021)**	**(83,166,472)**	**(25,352,884)**	**58,968,887**	**(56,116,042)**

Table D.1.a.2.a. **Disclosure of Rupiah Maturity Profile - Consolidated**

(in million Rupiah)

No.	Account	Balance	Period of December 31, 2015				
			Maturity				
			≤ 1 month	> 1 to 3 months	> 3 to 6 months	> 6 to 12 months	> 12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I.	**BALANCE SHEET**						
A.	**Asset**						
	1. Cash	16,861,883	16,861,883	-	-	-	-
	2. Placement with Bank Indonesia	71,757,886	66,365,766	1,882,810	3,030,160	479,150	-
	3. Placement with other banks	6,699,131	4,717,312	771,379	955,220	255,220	-
	4. Marketable securities	34,853,439	4,583,741	2,416,872	3,177,807	3,712,769	20,962,250
	5. Loans	365,581,572	16,986,968	35,333,607	39,761,535	66,341,803	207,157,659
	6. Other receivables	13,239,906	1,356,144	1,248,290	1,200,124	1,404,057	8,031,291
	7. Others	7,679,661	7,679,661	-	-	-	-
	Total Asset	**516,673,478**	**118,551,475**	**41,652,958**	**48,124,846**	**72,192,999**	**236,151,200**
B	**Liabilities**						
	1. Deposits from customer	433,608,279	41,525,501	1,476,461	131,552	100,347	390,374,418
	2. Liabilities with Bank Indonesia	577	-	-	-	-	577
	3. Liabilities with other banks	2,699,746	2,695,146	4,500	100	-	-
	4. Securities issued	2,820,965	-	437,455	949,427	297,734	1,136,349
	5. Borrowings	1,604,573	315,000	137,500	10,071	668,629	473,373
	6. Other liabilities	929,432	367,388	388,831	173,213	-	-
	7. Others	14,291,878	14,291,878	-	-	-	-
	Total Liabilities	**455,955,450**	**59,194,913**	**2,444,747**	**1,264,363**	**1,066,710**	**391,984,717**
	On Balance Sheet Asset and Liabilities Differences	**60,718,028**	**59,356,562**	**39,208,211**	**46,860,483**	**71,126,289**	**(155,833,517)**
II.	**OFF BALANCE SHEET**						
A.	**Off Balance Sheet Receivables**						
	1. Commitment	2,710,000	2,710,000	-	-	-	-
	2. Contingency	-	-	-	-	-	-
	Total Administrative Account Receivable	**2,710,000**	**2,710,000**	**-**	**-**	**-**	**-**
B.	**Administrative Account Payable**						
	1. Commitment	126,304,550	125,721,462	463,044	120,044	-	-
	2. Contingency	-	-	-	-	-	-
	Total Administrative Account Payable	**126,304,550**	**125,721,462**	**463,044**	**120,044**	**-**	**-**
	Off Balance Sheet Asset and Liabilities Differences	**(123,594,550)**	**(123,011,462)**	**(463,044)**	**(120,044)**	**-**	**-**
	Differences [(IA - IB)+(IIA-IIB)]	**(62,876,522)**	**(63,654,900)**	**38,745,167**	**46,740,439**	**71,126,289**	**(155,833,517)**
	Cumulative Differences	**-**	**(63,654,900)**	**(24,909,733)**	**21,830,706**	**92,956,995**	**(62,876,522)**

Table D.1.a.1.b. **Disclosure of Foreign Exchange Maturity Profile - Bank Only**

(in million Rupiah)

No.	Account	Balance	Period of December 31, 2016				
			Maturity				
			≤ 1 month	> 1 to 3 months	> 3 to 6 months	> 6 to 12 months	> 12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I.	**BALANCE SHEET**						
A.	**Assets**						
	1. Cash	944,883	944,883	-	-	-	-
	2. Placement with Bank Indonesia	19,717,213	15,159,336	4,251,222	306,654	-	-
	3. Placement with other banks	12,707,619	12,707,619	-	-	-	-
	4. Marketable securities	8,805,321	617,139	659,821	2,966,161	-	4,562,201
	5. Loans	26,270,125	670,246	4,047,749	3,473,956	7,781,599	10,296,575
	6. Other receivables	5,234,271	1,531,513	2,342,978	1,237,472	100,155	22,152
	7. Others	242,438	228,515	12,984	939	-	-
	Total Asset	**73,921,869**	**31,859,250**	**11,314,754**	**7,985,182**	**7,881,754**	**14,880,928**
B	**Liabilities**						
	1. Deposits from customer	49,449,961	17,563,038	87,232	34,627	74,839	31,690,225
	2. Liabilities with Bank Indonesia	-	-	-	-	-	-
	3. Liabilities with other banks	1,967,384	1,967,384	-	-	-	-
	4. Securities issued	-	-	-	-	-	-
	5. Borrowings	808,706	356	646,680	161,670	-	-
	6. Other liabilities	3,264,716	1,113,119	1,509,510	529,465	90,471	22,152
	7. Others	598,667	598,667	-	-	-	-
	Total Liabilities	**56,089,435**	**21,242,564**	**2,243,422**	**725,762**	**165,310**	**31,712,377**
	On Balance Sheet Asset and Liabilities Differences	**17,832,433**	**10,616,687**	**9,071,332**	**7,259,419**	**7,716,444**	**(16,831,449)**
II.	**OFF BALANCE SHEET**						
A.	**Off Balance Sheet Receivables**						
	1. Commitment	4,861,083	2,442,743	2,380,860	36,132	1,347	-
	2. Contingency	-	-				
	Total Administrative Account Receivable	**4,861,083**	**2,442,743**	**2,380,860**	**36,132**	**1,347**	**-**
B.	**Off Balance Sheet Liabilities**						
	1. Commitment	42,555,991	24,130,434	14,403,011	3,807,843	197,496	17,208
	2. Contingency	-	-	-	-	-	-
	Total Administrative Account Payable	**42,555,991**	**24,130,434**	**14,403,011**	**3,807,843**	**197,496**	**17,208**
	Off Balance Sheet Asset and Liabilities Differences	**(37,694,908)**	**(21,687,691)**	**(12,022,151)**	**(3,771,711)**	**(196,148)**	**(17,208)**
	Differences [(IA - IB)+(IIA-IIB)]	**(19,862,475)**	**(11,071,004)**	**(2,950,819)**	**3,487,709**	**7,520,296**	**(16,848,657)**
	Cumulative Differences	**-**	**(11,071,004)**	**(14,021,823)**	**(10,534,114)**	**(3,013,818)**	**(19,862,475)**

Table D.1.a.1.b. **Disclosure of Foreign Exchange Maturity Profile - Bank Only**

(in million Rupiah)

No.	Account	Balance	Period of December 31, 2015				
			Maturity				
			≤ 1 month	> 1 to 3 months	> 3 to 6 months	> 6 to 12 months	> 12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I.	**BALANCE SHEET**						
A.	**Assets**						
	1. Cash	987,033	987,033	-	-	-	-
	2. Placement with Bank Indonesia	26,503,602	23,074,239	-	3,429,363	-	-
	3. Placement with other banks	8,644,662	8,463,155	181,507	-	-	-
	4. Marketable securities	9,374,415	511,976	298,736	263,090	284,929	8,015,684
	5. Loans	21,846,073	1,034,672	4,285,425	2,845,716	4,608,353	9,071,907
	6. Other receivables	6,175,151	1,298,438	2,816,352	1,899,781	147,879	12,701
	7. Others	258,810	226,536	9,641	22,633	-	-
	Total Asset	**73,789,746**	**35,596,049**	**7,591,661**	**8,460,583**	**5,041,161**	**17,100,292**
B	**Liabilities**						
	1. Deposits from customer	43,214,341	4,107,596	436,188	59,935	115,055	38,495,567
	2. Liabilities with Bank Indonesia	-	-	-	-	-	-
	3. Liabilities with other banks	1,456,306	1,456,306	-	-	-	-
	4. Securities issued	-	-	-	-	-	-
	5. Borrowings	324	324	-	-	-	-
	6. Other liabilities	3,664,608	979,571	1,760,050	764,407	147,879	12,701
	7. Others	263,835	263,835	-	-	-	-
	Total Liabilities	**48,599,414**	**6,807,632**	**2,196,238**	**824,342**	**262,934**	**38,508,268**
	On Balance Sheet Asset and Liabilities Differences	**25,190,332**	**28,788,417**	**5,395,423**	**7,636,241**	**4,778,227**	**(21,407,976)**
II.	**OFF BALANCE SHEET**						
A.	**Off Balance Sheet Receivables**						
	1. Commitment	2,595,577	2,239,235	281,903	74,439	-	-
	2. Contingency	-	-	-	-	-	-
	Total Administrative Account Receivable	**2,595,577**	**2,239,235**	**281,903**	**74,439**	**-**	**-**
B.	**Off Balance Sheet Liabilities**						
	1. Commitment	45,080,407	32,342,957	12,049,684	598,125	87,785	1,856
	2. Contingency	-	-	-	-	-	-
	Total Administrative Account Payable	**45,080,407**	**32,342,957**	**12,049,684**	**598,125**	**87,785**	**1,856**
	Off Balance Sheet Asset and Liabilities Differences	**(42,484,830)**	**(30,103,722)**	**(11,767,781)**	**(523,686)**	**(87,785)**	**(1,856)**
	Differences [(IA - IB)+(IIA-IIB)]	**(17,294,498)**	**(1,315,305)**	**(6,372,358)**	**7,112,555**	**4,690,442**	**(21,409,832)**
	Cumulative Differences	**-**	**(1,315,305)**	**(7,687,663)**	**(575,108)**	**4,115,334**	**(17,294,498)**

Table D.1.a.2.b. **Disclosure of Foreign Exchange Maturity Profile - Consolidated**

(in million Rupiah)

No.	Account	Balance	Period of December 31, 2016				
			Maturity				
			≤ 1 month	> 1 to 3 months	> 3 to 6 months	> 6 to 12 months	> 12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I.	**BALANCE SHEET**						
A.	**Assets**						
	1. Cash	945,789	945,789	-	-	-	-
	2. Placement with Bank Indonesia	19,717,213	15,159,336	4,251,222	306,654	-	-
	3. Placement with other banks	12,789,687	12,786,200	3,487	-	-	-
	4. Marketable securities	9,279,687	664,964	680,218	3,012,099	-	4,922,407
	5. Loans	26,498,689	670,246	4,047,749	3,608,703	7,852,172	10,319,819
	6. Other receivables	5,234,271	1,531,513	2,342,978	1,237,472	100,155	22,152
	7. Others	242,946	229,023	12,984	939	-	-
	Total Asset	**74,708,281**	**31,987,071**	**11,338,638**	**8,165,867**	**7,952,327**	**15,264,378**
B	**Liabilities**						
	1. Deposits from customer	49,444,434	17,557,511	87,232	34,627	74,839	31,690,225
	2. Liabilities with Bank Indonesia	-	-	-	-	-	-
	3. Liabilities with other banks	1,967,384	1,967,384	-	-	-	-
	4. Securities issued	-	-	-	-	-	-
	5. Borrowings	876,080	356	646,680	229,044	-	-
	6. Other liabilities	3,399,464	1,247,867	1,509,510	529,465	90,471	22,152
	7. Others	611,099	611,099	-	-	-	-
	Total Liabilities	**56,298,462**	**21,384,216**	**2,243,422**	**793,136**	**165,310**	**31,712,377**
	On Balance Sheet Asset and Liabilities Differences	**18,409,819**	**10,602,854**	**9,095,216**	**7,372,730**	**7,787,017**	**(16,447,999)**
II.	**OFF BALANCE SHEET**						
A.	**Off Balance Sheet Receivables**						
	1. Commitment	6,391,670	4,010,809	2,380,860	-	-	-
	2. Contingency	-	-				
	Total Administrative Account Receivable	**6,391,670**	**4,010,809**	**2,380,860**	**-**	**-**	**-**
B.	**Off Balance Sheet Liabilities**						
	1. Commitment	42,555,991	24,130,434	14,403,011	3,807,843	197,496	17,208
	2. Contingency	-	-	-	-	-	-
	Total Administrative Account Payable	**42,555,991**	**24,130,434**	**14,403,011**	**3,807,843**	**197,496**	**17,208**
	Off Balance Sheet Asset and Liabilities Differences	**(36,164,322)**	**(20,119,625)**	**(12,022,151)**	**(3,807,843)**	**(197,496)**	**(17,208)**
	Differences [(IA - IB)+(IIA-IIB)]	**(17,754,502)**	**(9,516,771)**	**(2,926,935)**	**3,564,888**	**7,589,522**	**(16,465,207)**
	Cumulative Differences	**-**	**(9,516,771)**	**(12,443,705)**	**(8,878,817)**	**(1,289,295)**	**(17,754,502)**

Table D.1.a.2.b. **Disclosure of Foreign Exchange Maturity Profile - Consolidated**

(in million Rupiah)

No.	Account	Balance	Period of December 31, 2015				
			Maturity				
			≤ 1 month	> 1 to 3 months	> 3 to 6 months	> 6 to 12 months	> 12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I.	**BALANCE SHEET**						
A.	**Assets**						
	1. Cash	987,577	987,577	-	-	-	-
	2. Placement with Bank Indonesia	26,503,602	23,074,239	-	3,429,363	-	-
	3. Placement with other banks	8,726,024	8,541,655	184,369	-	-	-
	4. Marketable securities	9,835,843	578,142	306,835	280,167	284,929	8,385,770
	5. Loans	22,061,065	1,034,672	4,285,425	2,983,578	4,608,353	9,149,037
	6. Other receivables	6,175,151	1,298,438	2,816,352	1,899,781	147,879	12,701
	7. Others	261,611	229,337	9,641	22,633	-	-
	Total Asset	**74,550,873**	**35,744,060**	**7,602,622**	**8,615,522**	**5,041,161**	**17,547,508**
B	**Liabilities**						
	1. Deposits from customer	43,212,009	4,105,264	436,188	59,935	115,055	38,495,567
	2. Liabilities with Bank Indonesia	-	-	-	-	-	-
	3. Liabilities with other banks	1,456,307	1,456,307	-	-	-	-
	4. Securities issued	-	-	-	-	-	-
	5. Borrowings	138,187	324	-	137,863	-	-
	6. Other liabilities	3,703,210	1,018,173	1,760,050	764,407	147,879	12,701
	7. Others	282,667	282,667	-	-	-	-
	Total Liabilities	**48,792,380**	**6,862,735**	**2,196,238**	**962,205**	**262,934**	**38,508,268**
	On Balance Sheet Asset and Liabilities Differences	**25,758,493**	**28,881,325**	**5,406,384**	**7,653,317**	**4,778,227**	**(20,960,760)**
II.	**OFF BALANCE SHEET**						
A.	**Off Balance Sheet Receivables**						
	1. Commitment	3,312,258	3,030,355	281,903	-	-	-
	2. Contingency	-	-	-	-	-	-
	Total Administrative Account Receivable	**3,312,258**	**3,030,355**	**281,903**	**-**	**-**	**-**
B.	**Off Balance Sheet Liabilities**						
	1. Commitment	45,080,407	32,342,957	12,049,684	598,125	87,785	1,856
	2. Contingency	-	-	-	-	-	-
	Total Administrative Account Payable	**45,080,407**	**32,342,957**	**12,049,684**	**598,125**	**87,785**	**1,856**
	Off Balance Sheet Asset and Liabilities Differences	**(41,768,149)**	**(29,312,602)**	**(11,767,781)**	**(598,125)**	**(87,785)**	**(1,856)**
	Differences [(IA - IB)+(IIA-IIB)]	**(16,009,656)**	**(431,277)**	**(6,361,397)**	**7,055,192**	**4,690,442**	**(20,962,616)**
	Cumulative Differences	**-**	**(431,277)**	**(6,792,674)**	**262,518**	**4,952,960**	**(16,009,656)**

Table D.2.a. **Disclosure of Liquidity Coverage Ratio (LCR)**

	Liquidity Coverage Ratio (%)			
	Quarter I	Quarter II	Quarter III	Quarter IV
(1)	(2)	(3)	(4)	(5)
Period of 2016				
Bank Only	401	394	408	391
Consolidated	392	382	400	384

	Liquidity Coverage Ratio (%)			
	Quarter I	Quarter II	Quarter III	Quarter IV
(1)	(2)	(3)	(4)	(5)
Period of 2015				
Bank Only	NA	NA	NA	363
Consolidated	NA	NA	NA	355

Table E.1.a. **Quantitative Disclosure of Operational Risk - Bank Only**

(in million Rupiah)

No.	Indicator Approach	Period of December 31, 2016		
		Average Gross Income in the past 3 years	Capital Charge	RWA
(1)	(2)	(3)	(4)	(5)
1	Basic Indicator Approach	38,809,231	5,821,385	72,767,308
	Total	**38,809,231**	**5,821,385**	**72,767,308**

(in million Rupiah)

No.	Indicator Approach	Period of December 31, 2015		
		Average Gross Income in the past 3 years	Capital Charge	RWA
(1)	(2)	(3)	(4)	(5)
1	Basic Indicator Approach	33,482,069	5,022,310	62,778,880
	Total	**33,482,069**	**5,022,310**	**62,778,880**

Table E.1.b. **Quantitative Disclosure of Operational Risk - Consolidated**

(in million Rupiah)

No.	Indicator Approach	Period of December 31, 2016		
		Average Gross Income in the past 3 years	Capital Charge	RWA
(1)	(2)	(3)	(4)	(5)
1	Basic Indicator Approach	40,718,580	6,107,787	76,347,337
	Total	**40,718,580**	**6,107,787**	**76,347,337**

(in million Rupiah)

No.	Indicator Approach	Period of December 31, 2015		
		Average Gross Income in the past 3 years	Capital Charge	RWA
(1)	(2)	(3)	(4)	(5)
1	Basic Indicator Approach	34,620,516	5,193,077	64,913,468
	Total	**34,620,516**	**5,193,077**	**64,913,468**

Human Resources

BCA is committed to developing employees as an important asset in supporting the effective implementation of strategic initiatives and providing the highest quality service for customers. The Bank offers regular training and development programs to employees, encourages a performance-based work culture and actively provides Bank staff with career opportunities. These development programs are complemented by the Bank's efforts to promote a positive work-life balance to best enhance employee productivity and effectiveness.

In recent years, the regeneration and succession of the Bank's leadership has been a priority for BCA in order to ensure a continued strong institution. The Bank maintains its commitment to be an employer of choice for jobseekers and works to build a positive and conducive work environment. BCA also consistently develops and promotes the employee value proposition which upholds the principles of continuous improvement and a friendly environment.

In 2016 BCA received several awards in recognition of its commitment to create a productive work environment. These awards include the Indonesia Human Capital Award for Best Employee Engagement from Economic Review Magazine; The Platinum Champion Award for Indonesia Best Companies in Creating Leaders from Within from SWA magazine and NBO consulting group; and the Stellar Workplace Award under the Large Size Employer category from Kontan newspaper and GML Performance Consulting.

Training and Development

In line with the dynamic nature of the Bank's business, BCA consistently works to improve its training programs for employees at all levels of the organization. A series of tiered career development programs have also been conducted in preparation for leadership succession.

In 2016 BCA delivered in-class training to 63,460 employees in 2,274 classes for a total of 387,775 training days. The Bank also developed its e-learning program, an intranet-based learning tool that offers increased learning flexibility. The e-learning modules are continuously improved and updated in line with developments in the business and trends across the banking industry. In 2016, 34,307 participants completed the Bank's e-learning courses compared to 19,653 participants in 2015. Employees are given the opportunity to join external training programs in accordance with the specific requirements of the employee's area of expertise. BCA also works with third party training providers to offer English and Mandarin language courses.

High quality and well trained employees are essential to maintaining BCA's competitive advantage and supporting the Bank's business strategy. BCA works to improve the capabilities of its human resources through effective development programs and by recruiting high quality employees.

In keeping with technological developments, BCA seeks innovative ways to create effective and efficient remote training programs. For a more interactive training experience, the Bank offers video-based training modules for use in the classroom and video conference facilities for distance learning. BCA further offers Mobile Learning BCA (Morning BCA) as a cloud-based learning system accessible through internet-enabled smartphones. The Bank has applied the concept of gamification into its training programs by making use of educational games for a fun learning process, and has also begun incorporating virtual reality (VR) technology. The VR technology produces a computer-generated three-dimensional environment that allows users to experience real-life situations while learning, such as for the introductory module to kazanah (the Bank's money storage space). Augmented reality technology has also been incorporated into the program, for example in training employees to identify genuine bank notes through the use of a smartphone app that highlights the security features and design elements of the banknotes for an independent learning.

In response to the growing training needs, in May 2016 the Bank started the BCA Learning Institute operation. The BCA Learning Institute is equipped with training classrooms that include support facilities such as a mini bank, computer suites and IT labs, exam rooms, libraries, a MyBCA digital outlet and others. Trainees may also learn more about the Bank through the BCA gallery that is designed to tell the story of the Bank's history, including its establishment, vision, mission, and corporate values. The BCA Learning Institute highlights the use of modern design and cutting edge technology. The training center also provides an 'energize area' consisting of a gym, 3D games, and soccer board games, to keep trainees motivated throughout their training programs.

BCA works to ensure that the development of employee competencies is in line with the needs of the business units. A number of the training programs are directed at improving operational control and customer relationships, as well as at enhancing skills and knowledge related to payment settlement services, credit services, marketing and risk management.

To support the Bank's strategy to enhance relationship banking, BCA conducts ongoing training for the development of staff, in particular those who engage in face-to-face interactions with customers, in order to train the frontliners to offer suitable and comprehensive financial solutions to customers. Through this program, the Bank specifically trains the relationship officers and account officers on the implementation of customer relationship management. To enrich communication skill, the training module includes an online English Proficiency Test for frontliners. BCA continuously promotes its vision, mission and corporate values through the BCA Ways program, primarily for

Human Resources

the benefit of new employees so that they can better understand and conform to the Bank's strategy.

For improving employee quality and retention, managers are encouraged to commit to developing the competencies of their teams. Improvement of staff quality is one of the key performance indicators for BCA managers through the assessment of individual development plans, coaching process, and learning culture.

Recruitment and Career Development

Regeneration and succession are primary areas of focus in preparing a competent workforce. The Bank aims to be an employer of choice and works to create a comfortable work environment to attract job seekers and ultimately, hire the highest quality employees. BCA actively visits universities to introduce the Bank to the best prospective graduates. The Bank also participates in job fairs and works in collaboration with the country's leading universities in the recruitment process. BCA works with external specialists to fulfill the evolving staffing needs of the business.

The Bank regularly updates its career website as a source of information for job seekers. The website also facilitates submission of job applications. In 2016, BCA has recruited 2,149 new employees, and acquired 3,721 new tellers and customer service staff through the Magang Bakti BCA program. These new recruits undergo a thorough and intensive training regime with a series of educational programs before being placed in their respective work units. The Bank also offers opportunities for top university students to participate in internship programs at BCA where they can learn about the banking sector first hand.

In 2016, BCA initiated a new management trainee program, the BCA Banker Program, to develop potential candidates and assign them to management positions upon completion of the program. The BCA Banker program relies heavily on the active participation of the trainee in seeking knowledge, information and other prerequisite competencies, and is built around the job assignment model (on the job training, coaching and mentoring) to provide actual workplace experience to trainees. In line with the development of the specific needs of the organization, BCA also recruits employees to be placed directly in specialized training programs, such as the Account Officer, Relationship Officer, Junior Business Analyst, Internal Audit, Credit Analyst, Frontliner, Information Technology Officer, and Operation Support Staff Programs.

BCA ensures that all employee development programs are designed to assist in preparing employees for leadership succession. In recent years, BCA has organized a career advancement program to prepare leading succession candidates for career development over the next five years. The Bank develops these candidates and supports them to earn strategic positions and advance their careers. BCA uses a system of joint work unit - Human Capital Management Division assessment panels to identify the best quality employees for promotion. Selected employees will be enrolled in special educational programs and, upon completion, the employee's performance will be evaluated in preparation for continuing self-development programs and targeted promotion. In 2016, 970 employees completed the BCA career development program.

In an effort to retain staff as well as to broaden their competencies, the Bank offers scholarships and opportunities to join overseas training programs for selected employees. BCA consistently conducts enrichment programs for leaders to enable them to adapt to the changes in the banking business. This program is made available for all work unit heads and is also designed to provide senior management with the flexibility to occupy various positions within the organization. At the branch level, there are loan-related enrichment program for Heads of Branch Operations who have yet to possess the necessary lending expertise, and operational enrichment program for Heads of Branch Business Development who are not yet sufficiently experienced in the operational field. Through these exchange programs, Bank officials will be well prepared to become the heads of strategic branches, positions that require comprehensive management and credit skills. In the head office, more specific enrichment programs cater directly to the needs of each individual work units. For example, treasury products and services enrichment program ensures that Corporate Business Group officials understand the business relationship between corporate banking and treasury.

To enhance employee satisfaction, and in recognition of their contribution to the Bank's performance, BCA offers competitive remuneration based on the achievement of predetermined

targets. Since 2012, a portion of employees' annual bonuses has been paid in the form of BCA shares acquired through the Indonesian Stock Exchange. The bonus shares have a three year lock-up period before the employee has the right to sell them. This additional bonus scheme is intended to enhance the sense of belonging to the BCA family in the hope of maintaining employee loyalty throughout the Bank.

Learning Organization

In 2016 BCA remained focused in cultivating a learning culture amongst employees and becoming a leading learning organization. BCA realizes the importance of quality employees who are able to adapt to changes in the external environment, the direction and development of the Bank's business and the increasingly complex needs of the customers. BCA continually develops and strengthens the learning culture through various programs such as the Community of Practice (COP) program that enhances informal learning culture, coaching mechanism with direct superiors, as well as through formal training programs. Learning tools are also enhanced to improve accessibility and effectiveness.

The COP program facilitates knowledge and skill sharing amongst co-workers for the benefit of employees at all work units. COP is also made available for senior leaders of the Bank, by inviting external speakers and experts to share their views on various topics and management best practices. It is expected that this approach can provide insight to the necessary knowledge and skills required by the senior management. COP has also become a vehicle for the dissemination of the latest developments that the leaders and staffs of the Bank need to be aware of, such as developments in the economy, various industries, the banking sector, and information on newly launched products and services.

In 2016 BCA once again hosted the Indonesia Knowledge Forum (IKF), which has been held annually since 2012. The theme for the 2016 IKF was "Moving Our Nation to the Next Level – Optimizing Knowledge and Creativity to Ride the Wave of the New Generation in Accelerating Indonesia Economy". The forum included discussions on the topic of supporting economic growth in Indonesia through the creative and knowledge-based industries. Around 1,100 participants were in attendance from various circles of society, including business owners, students as well as customers and employees of BCA and other banks.

As part of BCA's ongoing innovation and continuous improvement (Kaizen) efforts, the Bank held the BCA Innovation Award (BIA) as a platform for employees to be creative and to encourage innovation both in developing banking services and solutions as well as in improving internal processes. The innovation concepts were first delivered in a COP group discussion format for participants to receive input from colleagues prior to submission of the innovation proposal to an independent jury for assessment.

Work Life Balance

BCA understands the value of balance in supporting productivity. Thus, the Bank stresses the importance of a work-life balance to all employees.

To establish this balance, BCA conducts a number of programs, such as employee financial management, child care and retirement preparation programs. The Bank also supports recreational activities and hobbies through extracurricular activities, including sporting activities, choirs, photography, dance classes, fishing and preservation of wayang. For employee health, in addition to sporting events, BCA promotes a healthy lifestyle through workshops and seminars. The Bank offers nursing facilities in many of its offices to support its employees' efforts to maintain a routine of breastfeeding their children. BCA also has spiritual guidance programs and a counselling service to help employees who are facing personal difficulties.

In an effort to provide a comfortable and flexible work environment, in 2016, BCA conducted a pilot program to implement a flexi-time scheme in the IT work unit. This initiative allows employees to customize their working hours within a certain range of hours per day that varies from the Bank's standard. It is hoped that this pilot program will help promote a more productive and efficient workforce.

The work-life balance program provides additional comfort for employees to increase their productivity while balancing the different aspects of their lives. Efforts to promote engagement culture support the achievement of an engaged workforce as evidenced by the results of the team engagement survey.

HUMAN RESOURCES

Looking Ahead

BCA will continue to enhance its human resources development programs in accordance with changes in the Bank's operating environment and the Bank's needs. The Bank will carefully observe its human resource requirements and carry forward its recruitment and development efforts to prepare the next generation of leaders for effective management succession planning.

In response to the needs of the business for competent human resources, the Bank will regularly upgrade the quality of its training programs. BCA will also continue to innovate and take advantage of technological advancements in order to improve employee training effectiveness. In particular, BCA will continue upgrading and refining the BCA Mobile Learning, Video Learning and other digital learning platforms.

In the future, training programs will be further intensified by involving the employees of the Bank's subsidiaries. The BCA Innovation Award will continue to encourage innovative ideas for new digital banking service and effectively implement those ideas in collaboration with the IT work unit.

Speeding up the development of human resources, staff training and organizational restructuring will be directed towards supporting the performance of the Bank and anticipating the changing needs of the business.

The Employee Value Proposition (EVP), which incorporates the ideas of continuous improvement and a friendly work environment, will be consistently promoted throughout the organization to increase employee awareness and as a differentiating factor that sets BCA apart from other employers. The efforts made to develop human resources will secure the Bank's position as the employer of choice in Indonesia and enable BCA to maintain an excellent workforce.

Employee by Organization Level

	2016	2015
Non Staff	1,337	1,522
Staff	19,661	18,548
Managers	4,000	3,840
Senior Officers (Including the Board of Commissioners and Directors)	75	72
Total	**25,073**	**23,982**

Employee by Seniority

	2016	2015
≤ 1 Year	2,052	2,755
> 1 – 5 Year	6,286	4,360
> 5 – 10 Years	1,348	1,040
> 10 – 15 Years	668	937
> 15 – 20 Years	4,754	6,047
> 20 Years	9,965	8,843
Total	**25,073**	**23,982**

Employee by Age

	2016	2015
≤ 25 Years	3,067	2,960
> 25 – 30 Years	5,163	4,066
> 30 – 35 Years	1,490	1,211
> 35 – 40 Years	1,868	2,435
> 40 – 45 Years	4,563	5,071
> 45 – 50 Years	5,471	5,285
> 50 Years	3,451	2,954
Total	**25,073**	**23,982**

Employee by Education Level

	2016	2015
Up to Senior High School	5,232	5,399
Diploma and Undergraduate	19,099	17,871
Graduate and Doctorate	742	712
Total	**25,073**	**23,982**

Employee by Status

	2016	2015
Permanent	23,817	22,430
Non Permanent*	1,256	1,552
Total	**25,073**	**23,982**

* including contract employee, probationary and trainee

Employee Training

	2016			2015		
	Number of Classes	Number of Days	Number of Participants	Number of Classes	Number of Days	Number of Participants
Managerial Leadership & Personal Development	843	73,032	27,566	838	129,219	25,737
Credit Management	113	14,890	2,794	72	9,549	3,356
Risk Management Certification Program	16	404	342	18	808	404
Sales	166	81,231	2,651	62	8,017	2,841
Service	70	5,234	3,099	19	2,179	742
Operations & Information Technology	926	205,670	22,802	803	91,183	23,531
Other	140	7,314	4,206	93	7,413	3,652
Total	**2,274**	**387,775**	**63,460**	**1,905**	**248,368**	**60,263**

Employee Training Expenses (in million Rupiah)

	2016	2015
Total Employee Training Expenses	**242,987**	**256,472**

Network and Operation

An integrated multi-channel network is one of the Bank's competitive advantages as a banking services provider. The Bank consistently makes strategic investments in strengthening the capabilities and capacity of both the conventional and the electronic banking networks. Incorporating advancements in digital technology into network development has been a priority for BCA in recent years and will continue to be a strategic focus in the years to come.

In 2016, BCA continued to expand the brick and mortar network as the branch offices are important contact points in strengthening customer relationships. The additions to the physical network were complemented by enhanced training of human resources, particularly the frontliners who interact directly with the customers.

In electronic banking, BCA continues to adopt the latest innovations and develop its electronic delivery channels. The Bank's electronic delivery channels include Automated Teller Machines (ATM), Electronic Data Capture (EDC) machines, Flazz card readers, the internet and mobile banking platforms, as well as interconnected online payment systems with outside networks. In addition, 'MyBCA' electronic banking centers are continuously enhanced and improved with the latest digital banking facilities. These channels provide convenience and ease of transaction to ensure the best possible service for customers.

Developing an Integrated and Efficient Network Infrastructure

The Bank's integrated multi-channel network that connects a wide customer base has helped maintain BCA's core strength in payment settlement services. Throughout the year, BCA continued to make measured expansion of both its branch network and electronic delivery channels to facilitate the growing volume of customer transactions.

In 2016, BCA opened 29 new branch offices, consisting of 3 main branches, 1 sub-branch and 25 cash offices, in strategic locations throughout Indonesia. The Bank also added 126 new ATMs, including 2,481 Cash Recycling Machines (CRMs) to replace conventional ATMs and Cash Deposit Machines (CDMs). At the end of 2016, BCA had a total of 1,211 branch offices (135 main branches, 854 sub-branches and 222 cash offices), 17,207 ATMs and 424 thousands EDCs nationwide. Network expansion is focused primarily in strategic transaction centers, such as trade and business centers, residential areas, and traditional markets in the major cities.

BCA recognizes the importance of branches as primary customer contact points and views the branches as essential to building stronger relationships with customers and in servicing large cash transactions. The Bank is expanding its branch network while refining and renovating existing branches to improve the

BCA operates an integrated banking network that links a variety of delivery platforms from the conventional bricks and mortar network to electronic banking channels that enhance convenience for the Bank's customers. High quality service through multiple delivery channels differentiates BCA from other banks as competition becomes increasingly tight in the banking industry. BCA will continue to leverage on advancements in digital technology to strengthen the network's capabilities and to provide better financial services.

quality of service based on the specific needs of each customer segment. In addition to the conventional branch format, BCA operates specialized branch services designed to facilitate the needs of specific customers, such as the 'Solitaire' service for high net-worth individuals; 'Prioritas' to serve affluent customers; and 'BCABIZZ' for small-to-medium business customers, including 'drop bag' and 'pick up' cash service facilities. BCA also provides 'Weekend Banking', offering access to banking services during the weekends.

Initiatives for improving operational efficiency were introduced throughout the year with a primary focus on the branch and ATM networks. BCA worked to promote the use of lower-cost internet and mobile banking services over branch offices and ATMs to increase efficiency as well as customer comfort. The Bank is also in the process of developing teller-assisted cash counting machines operated by customers at major high-volume branches. This initiative is designed to meet the demand for easy and quick transactions while also reducing the Bank's operating costs.

Developments to the ATM network in 2016 were focused on installing CRMs that allow cash deposits and withdrawals to be served through a single CRM machine. While the CRM requires a relatively high initial investment, BCA will benefit from lower ongoing transaction costs as the CRMs require significantly lower regular 'cash refill' maintenance visits. BCA also continued adding Electronic Data Capture (EDC) machines and Flazz card readers throughout the year.

In addition to network expansion and development, BCA continued to focus on assuring service continuity in order to maintain customer trust. The Bank actively monitors the electronic delivery channels to ensure that the network remains operational 24 hours a day. To achieve this, BCA's delivery channels are supported by two redundant data centers, each having the capacity and ability to independently process all of the Bank's customer transactions. In addition, the Disaster Recovery Center (DRC), which is integrated with the current two mirroring data centers, continues to be developed to maintain basic banking operations in the event of a disaster and to mitigate Bank operational risk.

Utilization of Digital Technology, Internet and Social Media

Dynamic digital technological advancements and the rapid growth of number of smartphone users in Indonesia provide a strong foundation for BCA to continue improving its internet and mobile banking services. The Bank focuses on consistently improving the capabilities and enhancing the infrastructure of these digital platforms.

NETWORK AND OPERATION

In the long term, the shift in banking preferences amongst customers from branch-based banking models towards electronic banking is expected to continue. Beyond improving operational efficiency, the development of electronic banking channels will also enhance the customer experience with the Bank. In recent years, BCA has promoted 'BCA Mobile', which combines the 'KlikBCA' internet banking service with the 'm-BCA' mobile banking service to allow for mobile-based transaction banking. BCA regularly educates its customers on the benefit of using the Bank's convenient and secure electronic delivery channels while working to upgrade and improve the KlikBCA and m-BCA features. In 2016, BCA introduced new and innovative features to facilitate the activation and blocking of credit cards through m-BCA.

In 2016 BCA initiated a pilot project for the 'Smart Branch' mobile app that quickens the bank account opening process by allowing customers to input their data online, thus reducing the time spent at the branch. Going forward, the Smart Branch app will be updated to offer additional facilities that were previously only available through physically visiting the customer service representative at the branch. BCA is also developing a 'Digital Form' application designed to enable self-service data input for deposit transactions. 2016 also saw the first step in developing 'CS Kiosk', a self-service debit card replacement and e-channel registration system. These automation efforts are intended to support branch offices operations and improve efficiency.

The Bank's 'MyBCA' service, which combines the conventional ATM center with new digital services, also saw further developments in 2016. MyBCA is of benefit to customers in terms of service accessibility as it operates within the business hours of the shopping centers or other areas where the MyBCA facilities are located. MyBCA provides customer assistance through the HaloBCA call center video call feature. In addition to 7 shopping centers in Jakarta and Surabaya, MyBCA is also available at the BCA Learning Center. The Bank is developing a new compact branch format, called 'BCA Express', for office buildings, apartments, universities and other public locations.

With the increasing use of smartphones amongst the younger generation in Indonesia, BCA launched 'Sakuku', a server-based electronic money app, in 2015. Sakuku can be used for payments, mobile phone top-ups, and other banking transactions. In 2016 BCA developed 'Sakuku Plus' that offers added functionality for registered users, including to make and request transfers, split bill, and withdraw cash through ATMs. The Bank has experienced a positive response to Sakuku, particularly following a number of well-planned promotional activities during 2016, and has actively increased the number of participating Sakuku merchants.

With the increasing use of electronic delivery channels, BCA continues to enhance the capabilities of the HaloBCA call and solution center. One of HaloBCA's functions is to provide support for customers experiencing difficulties using new technologies or in undertaking electronic transactions. In 2016, the Bank launched a chat application to increase accessibility to HaloBCA. Customers can access this feature through their smartphones or computers in the same manner they would normally use their usual messaging app.

In addition to Sakuku, BCA has developed the 'Laku' and 'Duitt' branchless banking services to support the financial literacy programs initiated by the Indonesia's Financial Services Authority and Bank Indonesia. These applications allow the Bank to reach out to members of the public beyond the Bank's existing customer base. 'Laku' is a savings product with no monthly administration fee, while 'Duitt' is an electronic money application that uses a customer's cellphone number as proof of ownership and is aimed at facilitating transactions without the need for a traditional bank account. These two services are supported by a network of independent agents equipped with portable EDC-like machines that allow them to process a number of transactions, including deposits, withdrawals, phone credit purchases, and bill payments. Both services are still in the early stages of development and will continue to be enhanced going forward.

Focus on Customer Service

In order to maintain customer trust, the Bank remains focused on delivering the highest quality of service as a differentiating factor that sets BCA apart from its competitors. BCA continually develops its human resources, particularly the frontliners, by increasing their knowledge and skills to best support the provision of suitable and comprehensive banking products, services, and solutions to the Bank's customers.

BCA's business continuity cannot be separated from the ongoing efforts to improve service quality. The Bank's service culture is fostered through the SMART SOLUTION program that has been implemented since 2010 and built upon the earlier SMART program that was first applied in 2001. SMART, standing for *Sigap* (active), *Menarik* (attractive), *Antusias* (enthusiastic), *Ramah* (friendly) and *Teliti* (thorough), focuses on service excellence. SMART SOLUTION, an outgrowth of the SMART program, focuses on the needs of customers and the delivery of superior financial solutions whereby "SOLUTION" stands for *Simak* (attentiveness); Open-mindedness; *Lengkap* (completeness); *Utamakan kebutuhan nasabah* (prioritization of customer); Telling solutions; *Inisiatif* (initiative); and ON-time follow-up. More than just providing excellent service, through SMART SOLUTION, BCA can foster closer relationships with customers and enhance long-term customer engagement. As an appreciation for the performance of individuals, teams, divisions and regional offices throughout the organization in providing excellent service for customers, BCA established the SMART Solution Reward Program. It is hoped that this reward program will encourage greater adherence to the Bank's corporate values, and increased team and customer engagement.

BCA continues to recruit and improve the competence of Relationship Officers, a role first established in 2012. Through the frontliner teller and customer service programs, BCA has secured a number of high quality frontliners by recruiting university graduates who were then specifically trained in product knowledge and in customer relationship management.

HaloBCA, the Bank's call and solution center, was further enhanced in 2016. HaloBCA is a 24-hour call service that provides product and banking information, facilitates technical support, manages complaints and suggestions, and offers a number of other services. HaloBCA agents are trained in product and service knowledge and other skills required to best offer the right solution for the needs of customers. HaloBCA also functions as a call center for several of the Bank's subsidiaries. In 2016, BCA supported the Government's tax amnesty initiative by providing educational assistance through HaloBCA.

As proof of service excellence, HaloBCA consistently received several awards at the national, regional and international levels. In 2016, HaloBCA was awarded the Contact Center Service Excellence Award 2016 from Service Excellence Magazine & Carre – CCSL. The call center also received 23 awards from Contact Center World – APAC Award 2016 for the Asia Pacific region and 11 from the Contact Center Service Excellence Award (CCSEA) 2016 held by Carre Center for Customer Satisfaction Loyalty and Service Excellence magazine.

Looking Ahead

High quality service across multiple channels is one of the key features differentiating BCA from the competition. The Bank will continue to selectively expand the branch network, primarily in growing residential areas and trading centers in major cities with growth potential. BCA will continue to roll out the compact and efficient BCA Express branch concept. Quality improvements at the branches will be the Bank's focus going forward, along with initiatives to improve operational efficiency through automation and technological integration.

In line with technological advances, the Bank will continue to upgrade its internet and mobile banking services to accommodate the evolving needs of BCA's customers. Incorporating the most up-to-date technology into the Bank's digital platforms is essential to its continuing and future success. As the shift towards digital services continues, the Bank will consider all aspects, both internally, such as the work culture and organizational structure, and externally, such as technological development and changing customer behavior, before launching new products. In addition, the knowledge level and capabilities of employees will be a major factor in ensuring that the Bank offers the highest quality banking services.

Information Technology

Technological development is key to offering convenient and low-cost financial services that are accessible anywhere and anytime. With the latest information technology advancements, BCA continues to introduce new solutions for its customers. The Bank's investments in new technologies are focused on improving online services that the growing middle class in Indonesia expects as part of changing lifestyle standards.

BCA continues to strengthen its Information Technology (IT) infrastructure to ensure that its capacity and capability will meet the growing demand for banking services, both through the branch and digital networks. In the digital era, strong adoption of technological advancements is instrumental to providing quality banking services and to supporting more efficient business processes.

Information Technology Infrastructure

BCA continued to prioritize development of the Bank's transaction banking infrastructure in 2016. The Bank enhanced the capacity, reliability and security of the network to support multi-channel banking services consisting of branches and electronic delivery channels. The core network system and hardware requirements are regularly reviewed and updated while software and mainframe operating systems upgrades are undertaken as necessary. In 2016 BCA updated its security firewalls and increased the capacity of the database and servers.

BCA observes international standards in its approach to ensuring the availability and reliability of its nationwide banking network. BCA IT operates a reliable network infrastructure with real-time performance, supported by redundant systems that were designed to mitigate system failures and allows the network to independently recover from equipment damage without any disruption to banking services.

As part of its redundancy policy, BCA operates two mirroring data centers in Jakarta. Each data center is capable of independently handling customer transactions. These two data centers were designed to maintain business continuity should one of the systems fail to function. In addition, BCA manages a Disaster Recovery Center (DRC) in Surabaya. The DRC is integrated fully with the Bank's two data centers. As a leading national transaction bank, BCA is committed to ensuring that it is well prepared in the event of a disruption so that the Bank will remain operational with minimal downtime. Surabaya was selected as the location for the DRC and business continuity platform due to the relatively low natural disaster risk, infrastructure availability, and the relatively high number of trained employees in Surabaya.

To further improve technology infrastructure, BCA has implemented a Service-Oriented Architecture (SOA) framework and has established an Application Programming Interface

Investment in technology ensures that BCA has a world-class Information Technology platform that can fully support the Bank's business growth. In recent years, BCA has made investment in digital services a top priority as the Bank seeks to enhance customer convenience and address changing behavior patterns with societies' rapid adoption of the latest technology. The Bank invests in technological innovation to create a more efficient banking process.

(API) system. Since 2010, BCA has been developing SOA as an architectural operating system framework that can be consistently re-applied and re-used across similar projects. SOA enables BCA to improve efficiency and faster turnaround as less redesign is required for the application to be used by other users.

In response to the rapid growth of e-commerce and fin-tech businesses that require access to banking services, BCA has developed an API that allows other companies' IT systems to be connected to BCA systems. API is a framework that can shorten and simplify the process of interconnection between IT systems. Companies engaged in the e-commerce and fin-tech business seek system connectivity with BCA to facilitate payment transactions for users of their applications or websites. Some of the Bank's features, such as balance information, periodic statements and online transfers, can be processed directly through external e-commerce systems that are connected to BCA's internal system. The Bank believes that API is the future of banking solutions in this interconnected era.

Throughout the year, the Bank embraced a strong commitment to continuously improve its IT quality. This commitment was further affirmed by the four ISO certifications BCA IT received in 2016—ISO 9001:2015 and 27001:2013 for Network Systems, ISO 9001:2015 for IT Quality Assurance processes, as well as ISO 27001:2013 for Data Center Operations.

Customer Solutions

The rapid development of telecommunications and information technology inevitably led to new demands for more practical and more convenient banking products and services. As such, BCA IT played a significant role in contributing towards the innovation efforts of the Bank's business lines in order to offer customer-oriented products and services.

Various initiatives and innovations have been developed to achieve a level of convenience that customers demand in making digital transactions. BCA works to refine its internet and mobile banking platforms while enhancing its e-commerce payment system in order to stay ahead of the market and maintain its position as a leader in technological innovation.

To address the needs of corporate and commercial customers and the overall business community, BCA continued to improve the 'KlikBCA Bisnis Integrated Solution' internet banking service by offering features such as Account Services, Payment Management, Collection & Receivable Management, and Supply Chain Management for more comprehensive corporate cash management services. BCA used a Host to Host system that has the capacity to serve large business transactions in the development of the cash management integrated solution.

INFORMATION TECHNOLOGY

To accommodate individual banking needs, BCA introduced 'Sakuku' in 2015. Sakuku is a server-based electronic money smartphone application. This service has been further refined over the last two years. Targeted at the younger generation, Sakuku allows customers to make payments for shopping payments, money transfers, cash withdrawals, split bill and mobile credit top up.

Leveraging on its technological excellence, BCA supported the Government's branchless banking initiatives by introducing the 'Laku' and 'Duitt' services in 2015. 'Laku' is a savings product with no administration fee, while 'Duitt' is an e-money product that uses a customer's mobile phone number as proof of ownership. The two branchless banking services are still in the development phase and will continue to be enhanced to serve a much larger customer base.

Having witnessed the shift in customer preference towards digital banking products and services, BCA has established a team specifically tasked with pursuing product innovations using the latest technology. The team is expected to generate exceptional innovations, engender a change culture and create new breakthroughs that can help ensure the Bank's business sustainability. To explore new ideas in the application of IT in banking transactions and to facilitate the creativity of IT developers and practitioners, in 2016 BCA held a payment system application contest by organizing the 'Finhacks BCA' hackathon event. During the event contestants were challenged to develop innovative applications in a short period of time. The event was held non-stop over 2 days and registered a total of 59 participating teams, ultimately narrowed down to 8 of the best applications. Of the 8 selected applications, 1 will be further developed into BCA's digital banking product offerings in 2017.

Strengthen IT Security Systems

In line with technological developments, BCA has paid close attention to transaction security with a focus on ensuring that the Bank's customers are well protected from internet and online fraud. In addition, BCA has implemented security systems to international standard to allow the Bank to detect and prevent suspicious transactions.

BCA stays alert to threats posed by the relentless growth of cyber-crime through continuous IT security system improvements. The weakest point in online internet transactions is the computer or device used by customers undertaking transactions. Many of these devices can be easily infiltrated by malware. To avoid this, the Bank has established a system that can detect malware on computers which are used to log on to internet banking. The system helps to mitigate risks such as theft and misuse of information. The Bank works to regularly improve its internet banking security system, including through the use of SMS notifications for transactions above a certain amount, and by requiring customers to register new payment recipients. In addition, BCA proactively educates customers on the importance of security while increasing awareness of the potential threat of cyber-crime.

BCA seeks to keep security at the forefront of its IT system to maintain customer trust in the Bank's system reliability. In 2016, BCA further strengthened the IT security systems, including the Transaction Fraud Control System, to detect fraudulent transactions and the Smart Firewall/Application-Based Security to improve network security as well as added the capability to detect meticulous targeted attack by implementing Advanced Persistence Threat (APT) system. The Bank also improved the ID management system to manage all user IDs and access authorizations. Throughout the year the Bank periodically upgraded security applications, such as antivirus and Intrusion Preventing Systems (IPS).

Business Continuity

BCA has in place a Business Continuity Plan (BCP) to ensure that banking services remain operational even in the event of disruptions. The Bank has proved the effectiveness of its BCP during disasters, including earthquakes, that have occurred in several areas where the Bank has branches. The BCP enabled the Bank to maintain its functionality at those times, thus allowing BCA to fully serve its customers.

BCA periodically evaluates and updates the guidelines and procedures for emergency situations at all operational levels to ensure business functions can withstand all eventualities. Seminars, training and simulations are held regularly to maintain readiness in the face of disaster and the possible emergence of other events that could disrupt the Bank's business activities.

BCA operates a Secondary Work Place as an alternative work space for each regional office. In addition, BCA also has a Secondary Operation Center as an alternative workplace for working units stationed at the Bank's headquarters. The Secondary Operation Center is designed to maintain operations should any disturbance occur at main BCA branch locations. Furthermore, BCA has a Command & Crisis Center in Surabaya as an alternative base of operations for top management and crisis teams in the event of a disruption in Jakarta.

Looking Ahead

Banking services increasingly make use of digital technology. As during the last few years, investing in digital technology will remain BCA's key focus into the future. In 2016 the Bank took steps to establish a venture capital company that will be fully operational in 2017 and will allow BCA to initiate collaborations with outside fin-tech companies. In developing its digital banking platform, BCA will make careful observations and undertake prudent measures with due regard to a variety of risk factors, especially cyber-crime security and operational risks.

The rapid development of information technology and changing behavior in the way customers use banking services has emerged as a great challenge to the banking industry. Overcoming this challenge requires significant change, not only in technology and systems, but also in terms of how we think and build a work culture. As one of the leading transaction banks in Indonesia with a large customer base, BCA remains committed to improving its technology to facilitate the growth in customer transactions and to ensure that its customers stay connected with its payment system.

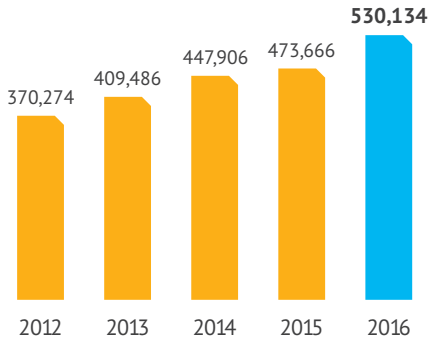
Going forward, BCA will aim to take advantage of the Big Data technology, which provides more complex and high-speed data management and is able to process a large volume of data with a variety of data structures. In 2017, the Bank will begin the early development stage of a Big Data technology project that, once operational, is expected to manage customer information in a more efficient manner and allow the Bank to offer products and services that better meet customer needs.

Financial Review

"In 2016 BCA delivered another solid financial performance and closed the year with a higher net profit growth than the year before while generating ROA and ROE at a level that is higher than the projected targets. BCA consistently prioritized stable liquidity, a solid capital base, and healthy loan quality."

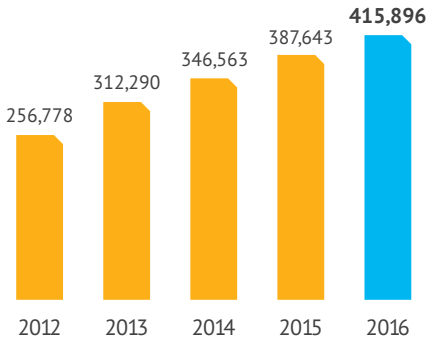
Third Party Funds

(in billion Rupiah)



Loans - gross

(in billion Rupiah)

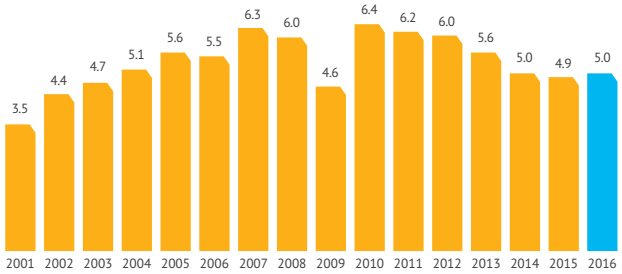


Financial Review

OVERVIEW OF INDONESIA'S MACRO ECONOMY IN 2016

In 2016 Indonesia recorded GDP growth of 5.0%, compared to the previous year's 4.9%. In the midst of ongoing global economic uncertainty, the growth was stronger than the economic performance of other G20 countries. Following a period of moderation since 2014, main macroeconomic indicators began to show signs of improvement and increased stability over the past year. These positive trends are in line with the efforts of the regulators in optimizing the domestic economic recovery and safeguarding macroeconomic and financial system stability.

Growth in Indonesia Gross Domestic Product (GDP) (%)



Source: Central Bureau of Statistics

The two largest global economies, the United States and China, along with the Eurozone economies faced difficult fiscal and monetary challenges during 2016. Many countries experienced deflation or extremely low levels of inflation, reflecting low purchasing power and weak consumption. This is a cause for concern for the recovery of the global economy.

The UK's decision to leave the European Union (Brexit) and the outcome of the U.S. election created further uncertainty during the year. Global economic growth in 2016 was recorded at a relatively low level compared with the long term cycle. In America's post-election environment, global economic growth will rely more on the growth of the U.S. economy through the expected tax rate reduction policy and increased infrastructure spending. However, the protectionist policies of the new U.S. administration raise concerns about the prospects for international trade.

The Indonesian Government introduced various reform packages to stimulate economic growth despite the difficult series of challenges that arose. A number of economic reform policies, including a tax amnesty program, were introduced in 2016. The tax amnesty, which received positive feedback, is a catalyst to strengthen the State Budget and the liquidity of the Indonesian financial markets. The policy is also expected to support Indonesia's economic growth in the coming years.

Investment in the real sector improved in 2016, both for Domestic Investment and Foreign Investment. In addition, the Government continued to expedite infrastructure investment projects.

The current account deficit faced by Indonesia since the end of 2011 was successfully reduced from a high of 4.26% in the second quarter of 2014 to 1.75% in 2016. A more stable current account deficit, along with the increase in capital inflows, has led to a strengthening of the Rupiah. The delays in the Fed Funds Rate hike in the United States, which was eventually realized in December 2016, had a positive impact on the stability of the Rupiah exchange rate. Nevertheless, the current account deficit has the potential to increase if the domestic economy starts to grow at a faster rate. This possible deterioration is due to the country's heavy dependence on imports for domestic consumption and to meet the capital goods and raw material needs for various manufacturing activities. The increase of investment flows, both directly and through the financial markets, will play an important role in balancing the current account deficit.

Throughout 2016, the Rupiah exchange rate was mostly stable. The Rupiah strengthened from October to November 2016 and ended the year with a 2.3% increase to Rp 13,473 / U.S. Dollar compared to the previous year's rate of Rp 13,785 / U.S. Dollar. A more stable Rupiah during the year came along with a more positive sentiment towards the domestic economy in line with macroeconomic stability and the successful implementation of the tax amnesty program. However, in November 2016, the Rupiah's upward trend was slightly restrained due to the increased uncertainty in the global economy following the U.S. elections and expectations of a Fed Funds Rate hike.

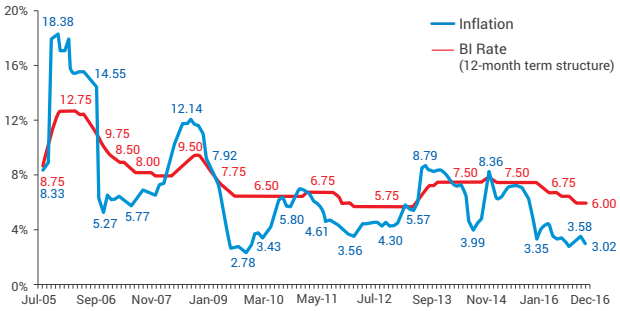
Rupiah Exchange Rate against USD (in Rupiah)

Source: Bloomberg

Inflation was maintained at a level of 3.0% through 2016, dropping from 3.4% in 2015, mainly influenced by the modest domestic consumption, low commodity prices and the well-maintained exchange rate.

Coordination between the Government and Bank Indonesia helped in managing inflation throughout 2016. The efforts to curb inflation were aimed at maintaining the price stability of staple foods and the prices of goods that are administered by the Government. Coordinated inflation control at central and regional levels focused on the adequate supply and distribution of staple goods. Coordinated proactive measures between Bank Indonesia and the Government were designed to achieve the 2016 inflation target of 4±1%.

Inflation and BI Rate (%)



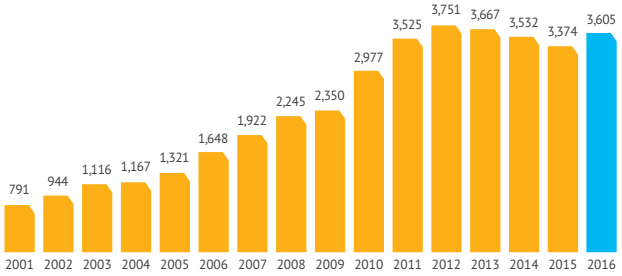
Source: Central Bureau of Statistics and Bank Indonesia

In line with national macroeconomic stability, as evidenced by low inflation, a well-maintained current account deficit and a relatively stable exchange rate, Bank Indonesia eased its monetary policy through interest rate cuts spread over the year. Bank Indonesia's 12-month monetary operations interest rates declined by 150 basis points during 2016.

BCA is optimistic that the Indonesian Government, Bank Indonesia and the Financial Services Authority will continue their efforts to take effective and prudent measures in issuing various monetary and macroprudential policies to ensure overall sustainable economic growth.

Indonesia's GDP per capita remained above the USD 3,500 level following a significant increase in GDP per capita over the last decade. These figures reflect the higher income and improving purchasing power of Indonesian society. Although the domestic economic slowdown has restrained the level of GDP per capita over the last 3 years, the GDP per capita figure is expected to increase in line with prospects for an economic recovery going forward.

GDP per Capita (in USD)



Source: Central Bureau of Statistics

OVERVIEW OF INDONESIAN BANKING SECTOR PERFORMANCE IN 2016

Despite within a period of moderation, the Indonesian banking sector's financial position grew stronger throughout 2016. After previously posting a net profit decline of 6.3% in 2015, the banking industry recorded an increase in net profit of 1.9% to Rp 107 trillion in 2016. The sector's Capital Adequacy Ratio (CAR) stood at a very comfortable 22.9%. The banking sector Loan to Deposit Ratio (LDR) closed the year at 90.7%, compared to 92.1% at the end of 2015. The regulators continued to safeguard the sector's liquidity position through adjustments to the benchmark interest rate and the minimum reserves requirements. The banking sector registered loan growth of 7.9% and an increase in third party funds of 9.6% in 2016.

Overall, the national banking system sustained a solid financial position supported by supervision and regulation from the Financial Services Authority and Bank Indonesia. The regulators proactively directed the banking industry towards healthy and sustainable business models by implementing various balanced and supportive policies over the last few years. Bank Indonesia managed monetary policy prudently with consideration to internal and external factors. In line with the low inflation rate and stable Rupiah exchange rate, Bank Indonesia lowered interest rates gradually in order to stimulate better economic growth and loan demand.

Indonesian Banking Sector Performance Highlights (in trillion Rupiah)

	2016	2015	Increase / (decrease)	
			Nominal	Percentage
Total Assets	6,730	6,129	601	9.8%
Loans	4,377	4,058	319	7.9%
Working Capital	2,049	1,916	133	6.9%
Investment	1,125	1,036	89	8.6%
Consumer	1,203	1,106	97	8.8%
Third Party Funds	4,837	4,413	424	9.6%
Current Accounts	1,124	988	136	13.8%
Savings Accounts	1,552	1,396	156	11.2%
Time Deposits	2,161	2,029	132	6.5%
Net Interest Income	343	308	35	11.4%
Other Operating Income	145	110	35	31.8%
Operating Expense	(352)	(285)	(67)	23.5%
Income Before Tax	137	134	3	2.2%
Net Income	107	105	2	1.9%
Net Interest Margin (NIM)	5.6%	5.4%	NA	20 bps
Return on Assets (ROA)	2.2%	2.3%	NA	-10 bps
Operating Expenses to Operating Revenues (BOPO)	82.2%	81.5%	NA	70 bps
Loan to Deposit Ratio (LDR)	90.7%	92.1%	NA	-140 bps
Non-Performing Loans (NPL)	2.9%	2.5%	NA	40 bps
Capital Adequacy Ratio (CAR)	22.9%	21.4%	NA	150 bps
Number of Banks (Unit)	116	118	(2)	-1.7%

Source: Indonesia's Financial Services Authority (OJK)

In 2016, Indonesia's total banking assets stood at Rp 6,730 trillion, a growth of 9.8% with a 2.2% Return on Assets (ROA). The banking sector loan portfolio grew 7.9% to Rp 4,377 trillion at the end of 2016. Working capital loans amounted to Rp 2,049 trillion, an increase of 6.9% from the previous year. At the end of the year, investment loans reached Rp 1,125 trillion and consumer loans stood at Rp 1,203 trillion, up 8.6% and 8.8% respectively from 2015. These increases were in line with Indonesia's economic growth rate of 5.0%. Overall, the growth of banking assets and loans in 2016 was lower than in previous years (respectively 15.1% and 19.1% CAGR 2007-2015).

The sector-wide Non-Performing Loans (NPL) ratio increased to 2.9% at the end of 2016, compared to 2.5% at the end of 2015 and 2.2% at the end of 2014. The banks responded by restructuring loans and establishing allowances for possible loan losses. Though the risk of increasing delinquency persists, the pressure on the loan portfolio eased somewhat in the fourth quarter of 2016 and has remained at a manageable level.

On the funding side, third party funds recorded a 9.6% growth to Rp 4,837 trillion at the end of 2016 from Rp 4,413 trillion at the end of 2015. The rate of growth was lower than in previous years with an average growth rate of 14.3% (CAGR 2007-2015). Current accounts grew 13.8% to Rp 1,124 trillion from Rp 988 trillion in the previous year, while savings accounts rose 11.2% to Rp 1,552 trillion by the end of 2016 from Rp 1,396 trillion in 2015. This growth in third party funds cannot be separated from the success of the tax amnesty program initiated by the Government which resulted in capital inflows to Indonesia's financial industry.

The banking sector's Net Interest Income increased to Rp 343 trillion in 2016, up 11.4% from Rp 308 trillion in 2015. Other Operating Income experienced a 31.8% increase to Rp 145 trillion. Operating Income as a total of Net Interest Income and Other Operating Income registered a 16.7% growth to reach Rp 488 trillion. The banking sector's Operating Expenses, which includes provisioning for Non-Performing Loans, saw a significant 23.5% increase from Rp 285 trillion in 2015 to Rp 352 trillion in 2016. As such, Net Income of the banking sector in 2016 was recorded at Rp 107 trillion, a 1.9% year on year increase.

BCA is optimistic about the prospects of the Indonesian banking industry in the future. This optimism is supported by the healthy growth of the banking industry in facing the current market challenges and a positive outlook for the Indonesian economy in the long run.

OVERVIEW OF BCA FINANCIAL PERFORMANCE IN 2016

BCA recorded a strong performance in 2016 amidst the opportunities and challenges faced throughout the year. The Bank's achievements include growth in third party funds and the loan portfolio, a manageable NPL ratio, increased profitability and a solid liquidity and capital position.

BCA's third party funds increased by 11.9% owing to growth in Current Accounts and Savings Accounts (CASA) funds particularly in the second half of 2016. Excellence in transaction banking has afforded the Bank a sustainable source of core funding in the form of CASA. Aside from customer transaction activities, BCA's third party funds growth was also supported by the influx of funds from the tax amnesty program. The Bank optimized efforts to capitalize on the funding opportunities presented by the program.

The loan portfolio saw moderate growth in line with the industry in overall and amidst signs of a macroeconomic recovery. BCA recorded a growth of 7.3% in loans to Rp 415.9 trillion at the end of 2016. Overall, corporate and consumer lending were the largest contributors to the Bank's loan growth 2016. In the business segment, the Bank focused on lending to those customers with proven track records. In the consumer segment, the Bank sought to gain market share through the provision of products with competitive interest rates.

In line with the increase in NPL's in the Indonesian banking sector, the Bank's NPL ratio increased from 0.7% in 2015 to 1.3% in 2016. Nonetheless, the pressure of increasing NPLs eased in the fourth quarter of 2016 and remained below the industry average of 2.9%. BCA established an increased allowance for impairment losses for loans amounting to Rp 4.5 trillion, bringing the total to Rp 12.5 trillion at the end of the year. The Bank's ratio of reserves to total non-performing loans reached 229.4%. In 2016, loans restructured by BCA amounted to Rp 6.5 trillion with the majority conducted through term extensions which offered smaller monthly installments to ease customers' cash flow difficulties. Loan restructuring was focused towards assisting quality customers who experienced short to medium term financial challenges.

Sustained by a low cost of funds, a quality loan portfolio, and growth in earning assets, the Bank's Net Interest Income increased by 11.7% to Rp 40.1 trillion in 2016 from Rp 35.9 trillion in 2015. The net interest margin stood at 6.8% compared to 6.7% in the previous year. Operating Income other than Interest grew 14.1% to Rp 13.7 trillion in 2016 in line with the Bank's efforts to increase non-interest income from transaction banking fees and commissions (fee-based income), treasury activities, as well as income from the subsidiaries. To sustain profitability, BCA conducted various operational efficiency programs while remaining committed to investing in the banking network and information technology. This investment contributed a significant amount to the overall operating expenses increase. The Bank's Net Income grew 14.4% to Rp 20.6 trillion in 2016, with a Return on Assets (ROA) of 4.0% and Return on Equity (ROE) of 20.5%, a solid performance as has been in previous years.

BCA maintained an adequate capital and liquidity position with a Capital Adequacy Ratio (CAR) of 21.9% and a Loan to Funding Ratio (LFR) of 77.1%. The Bank's CAR is higher than the minimum requirement set by regulator and surpassed the levels required by applying the maximum buffers assumptions in connection with the BASEL III calculation method. BCA's secondary reserves stood at Rp 60.3 trillion or 11.4% of total third party funds.

FINANCIAL POSITION

BCA maintained a solid financial position, supported by growth in quality earning assets and healthy liquidity and capital positions.

ASSETS

As of 31 December 2016, the Bank's total assets stood at Rp 676.7 trillion, an increase of 13.9% from Rp 594.4 trillion the year before. This has enabled BCA to maintain its position as the biggest national private bank in Indonesia.

Total Assets

	2016		2015		Increase / (decrease)	
	billion Rupiah	% to Total Assets	billion Rupiah	% to Total Assets	billion Rupiah	Percentage
Earning Assets	**604,049**	**89.3%**	**527,407**	**88.7%**	**76,642**	**14.5%**
Placements with Bank Indonesia and Other Banks	35,364	5.2%	56,259	9.5%	(20,895)	-37.1%
Securities	111,948	16.5%	52,344	8.8%	59,604	113.9%
Investment Securities*	109,398	16.1%	51,829	8.7%	57,569	111.1%
Securities Purchased under Agreements to Resell	2,550	0.4%	515	0.1%	2,035	395.1%
Loans	415,896	61.5%	387,643	65.2%	28,253	7.3%
Consumer Financing and Investment in Finance Leases	8,670	1.3%	7,872	1.3%	798	10.1%
Others	32,171	4.8%	23,289	3.9%	8,882	38.1%
Non Earning Assets	**72,690**	**10.7%**	**66,966**	**11.3%**	**5,724**	**8.5%**
Cash and Current Accounts with Bank Indonesia	56,541	8.4%	55,624	9.4%	917	1.6%
Fixed Assets - net	16,991	2.5%	9,712	1.6%	7,279	74.9%
Allowance for Impairment Losses	(13,915)	-2.1%	(10,645)	-1.8%	(3,270)	30.7%
Others	13,073	1.9%	12,275	2.1%	798	6.5%
Total Assets	**676,739**	**100.0%**	**594,373**	**100.0%**	**82,366**	**13.9%**

* In audited Consolidated Financial Statements, Investment Securities (gross) was recorded at Rp 109,585 billion in 2016 and Rp 52,006 billion in 2015, including investment in shares amounting to Rp 187 billion in 2016 and Rp 177 billion in 2015.

At the end of 2016, earning assets increased by 14.5%, or Rp 76.6 trillion, from Rp 527.4 trillion to Rp 604.0 trillion. Earning assets contributed 89.3% to the total assets and yielded an 8.5% return in 2016. The asset yield is relatively stable when compared to previous years.

The loan portfolio increased 7.3% and closed 2016 at Rp 415.9 trillion with lending supported by corporate and consumer lending. The loan portfolio is the largest asset component at 61.5% of total assets or 68.9% of total earning assets.

In addition to lending, majority of earning assets consist of Investment Securities and funds placed in various liquid and low-risk short-term instruments. Investment Securities mainly comprise Government Bonds and short-term Certificates of Bank Indonesia, while other various short-term placements include Bank Indonesia Deposit Facilities and Bank Indonesia Term Deposits recorded on Placements with Bank Indonesia and Securities Purchased Under Agreement to Resell.

In an effort to optimize yield amidst recovering loan demand, in 2016 BCA moved some of its funds from short-term Placements with Bank Indonesia to Government Bonds and Certificates of Bank Indonesia which offer higher yields and longer terms. This can be seen in the 111.1% increase in Investment Securities, which reached Rp 109.4 trillion, and the concurrent decrease in Placements with Bank Indonesia and Other Banks, falling 37.1% to Rp 35.4 trillion.

Within non-earning assets, there was a significant increase in fixed assets of 74.9% or Rp 7.3 trillion to Rp 17.0 trillion at the end of 2016. This increase follows an asset revaluation undertaken by the Bank. The revaluation further strengthened the Bank's capital position.

CASH AND CURRENT ACCOUNTS WITH BANK INDONESIA

Cash and Current Accounts with Bank Indonesia is the largest component of the Bank's non-earning assets. In 2016, Cash and Current Accounts with Bank Indonesia remained relatively stable at a level of Rp 56.5 trillion, representing 8.4% of total assets. Within this account, the Cash balance stood at Rp 15.9 trillion and the Current Accounts with Bank Indonesia balance reached Rp 40.6 trillion.

The cash balance was maintained at a level adequate to fulfill the transaction needs of the Bank's customers while the Current Accounts with Bank Indonesia balance is related to BI Minimum Reserves Requirements. In 2016, BCA's Primary Reserves was recorded at 7.3% for Rupiah and 8.5% for foreign currencies.

PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS

At the end of 2016, Placements with Bank Indonesia and Other Banks were reduced by 37.1% to Rp 35.4 trillion compared with Rp 56.3 trillion the year before. This decline results primarily from the reduced Placements with Bank Indonesia, particularly in Term Deposits and Deposit Facility.

Changes in the placements with Bank Indonesia and Other Banks were consistent with the movements of funds away from those instruments towards Certificates of Bank Indonesia and Government Bonds which offer higher yields and longer terms as previously mentioned. This step was taken to maintain a balance between the Bank's liquidity and profitability.

SECURITIES

Securities, which comprise Investment Securities and Securities Purchased Under Agreements to Resell, increased by Rp 59.6 trillion or 113.9% to reach Rp 111.9 trillion at the end of 2016.

Investment Securities were registered at Rp 109.4 trillion at the end of 2016, compared with Rp 51.8 trillion the year before. The increase in Investment Securities was accountable to Government Bonds and Certificates of Bank Indonesia, which grew 120.7% to Rp 66.4 trillion, and 107.1% to Rp 20.2 trillion, respectively. Other Securities increased 90.2% to Rp 22.8 trillion at the end of 2016. This growth is owed primarily to an increase in mutual funds and in corporate bonds, which were mostly bonds issued by leading banks in Indonesia.

The majority of Investment Securities are fixed rate securities and purchased to optimize yield amidst the declining interest rate environment in 2016. Going forward, should the interest rate increase, BCA will not see a material impact on the Unrealized Losses from Fair Value of Financial Assets Held For Trading'. This is because the Government Bonds for Investment are mostly being held in the 'Available-for-Sale' and 'Held to Maturity' accounts. Government Bonds in these two categories contributed 99.8% of the total portfolio. Although investments in Government Bonds increased significantly, the Bank's liquidity position remained solid through the placements of short-term investments with tenor of under one year, which were mostly placed with Bank Indonesia. Majority of these short-term investments have no effect on 'Unrealized Losses from Fair Value of Financial Assets Held for Trading'.

Government Bonds

Government Bonds in Investment Securities (excluding Trading account) amounted to Rp 66.4 trillion, increasing by 120.7% from the prior year's Rp 30.1 trillion. In 2016 the yields on Government Bonds reached 6.60%, higher than the 6.26% yield obtained in 2015.

The majority of Government Bonds, amounted to Rp 41.5 trillion, were held in the Available-for-Sale account and represented 62.4% of the total portfolio. Government Bonds in the Held to Maturity account amounted to Rp 24.9 trillion or 37.4% of the total portfolio, while Government Bonds for Trading stood at Rp 0.2 trillion or 0.3% of the total in 2016.

Investment Securities* (in billion Rupiah)

	2016	2015	Increase/(decrease)		Composition	
			Nominal	Percentage	2016	2015
Government Bonds (excluding Trading Account)	66,416	30,095	36,321	120.7%	60.7%	58.1%
Certificates of Bank Indonesia	20,163	9,736	10,427	107.1%	18.4%	18.8%
Other Securities	22,819	11,998	10,821	90.2%	20.9%	23.1%
Total	**109,398**	**51,829**	**57,569**	**111.1%**	**100.0%**	**100.0%**

* In audited Consolidated Financial Statements, Investment Securities (gross) was recorded at Rp 109,585 billion in 2016 and Rp 52,006 billion in 2015, including investment in shares amounting to Rp 187 billion in 2016 and Rp 177 billion in 2015.

Fixed-rate Government Bonds in 2016 amounted to Rp 66.5 trillion or 99.9% of the total portfolio. Variable-rate Government Bonds stood at Rp 99 billion or 0.1% of the total portfolio.

Government Bonds are predominantly denominated in Rupiah, amounting to Rp 59.6 trillion or 89.5% of the total portfolio, with the remaining Rp 7.0 trillion or 10.5% denominated in U.S. Dollars.

In the next five years, Rp 65.5 trillion, or 98.4% of the total Government Bonds owned by BCA, will reach their maturity dates.

Government Bonds (in billion Rupiah)

Type of Bonds	2016	2015	Increase/(decrease)		Composition	
			Nominal	Percentage	2016	2015
Based on Purpose of Ownership	**66,585**	**30,143**	**36,442**	**120.9%**	**100.0%**	**100.0%**
Trading	169	48	121	252.1%	0.2%	0.2%
Available for Sale	41,527	20,361	21,166	104.0%	62.4%	67.5%
Held to Maturity	24,889	9,734	15,155	155.7%	37.4%	32.3%
Based on Interest Rates	**66,585**	**30,143**	**36,442**	**120.9%**	**100.0%**	**100.0%**
Fixed Rates	66,486	28,974	37,512	129.5%	99.9%	96.1%
Variable Rates	99	1,169	(1,070)	-91.5%	0.1%	3.9%

Government Bonds Maturity Profile (in billion Rupiah)

Type of Bonds	Carrying Value	Value of Government Bonds to Mature in													
		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2031	2034	2036
Trading	169	20	105	41	-	-	-	-	-	3	-	-	-	-	-
Available for Sale	41,527	7,728	15,426	3,560	8,344	5,753	172	466	-	-	-	-	37	-	41
Held to Maturity	24,889	1,802	9,250	1,408	8,714	3,382	9	128	40	41	26	-	10	49	30
Total	**66,585**	**9,550**	**24,781**	**5,009**	**17,058**	**9,135**	**181**	**594**	**40**	**44**	**26**	**-**	**47**	**49**	**71**

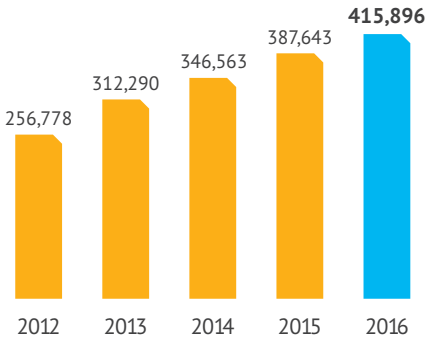
LOANS

In 2016 the loan portfolio increased by 7.3% to Rp 416 trillion based on growth in consumer and corporate lending. The intermediary function through lending is performed by prioritizing quality and focusing on customers with proven track records.

Consumer loans increased by 9.0% to Rp 109.6 trillion supported by competitive consumer loan products, particularly mortgages, and four-wheeler financing. Corporate loans grew by 9.6% to Rp 154.9 trillion at the end of 2016 and commercial & SME loans increased by 3.7% to Rp 149.3 trillion. The increase in corporate, commercial & SME loan for business needs was supported by increasing seasonal demand mainly ahead of Idul Fitri in mid-year and towards the year end. The yield on the Bank's loan portfolio stood at 10.2% in 2016, lower by 30 bps compared to 2015's 10.5%.

Growth of BCA's Loan Portfolio

(in billion Rupiah)

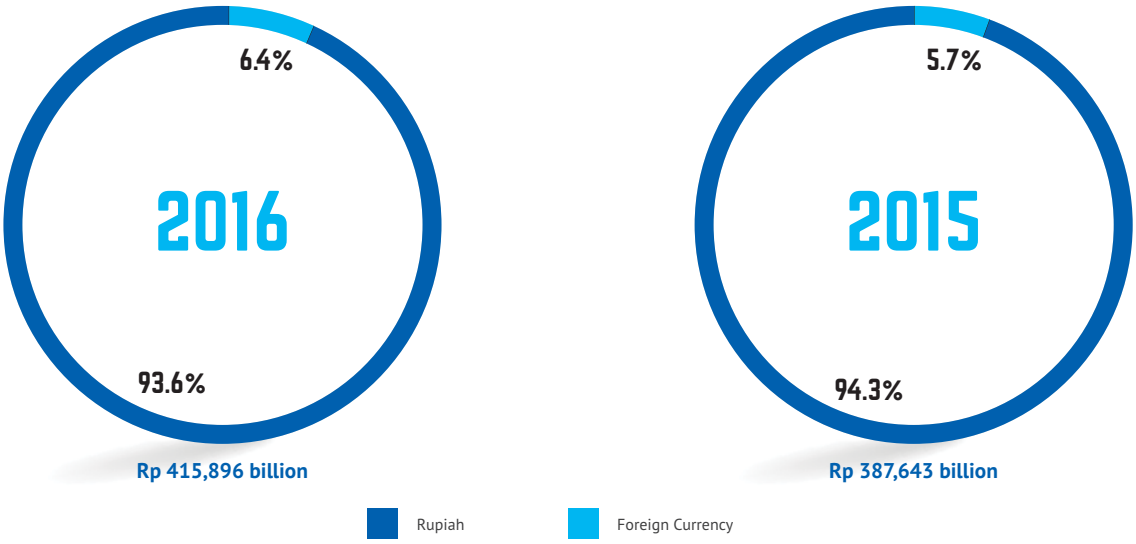


Loan Portfolio Denominated in Rupiah and Foreign Currencies

In line with the Bank's strong Rupiah funding base and to minimize exchange rate risk, the majority of loans, 93.6%, disbursed by BCA are made in Rupiah with the remaining 6.4% denominated in foreign currencies.

At the end of 2016, Rupiah denominated loans increased by 6.5% to Rp 389.4 trillion, while foreign currency loans increased by 20.1% to Rp 26.5 trillion or equivalent to USD 2.0 billion. To minimize the foreign exchange risk, BCA applies foreign currency-denominated lending limits and focused more on debtors whose revenues were mainly denominated in foreign currencies for pursuing foreign currency loans.

Loan Composition based on Currency Denomination



Loan Portfolio Based on Industrial Sector

BCA's loan portfolio was diversified across all industrial sectors thereby minimizing concentration risk. The Distributor, Wholesaler, and Retailer industry represented 7.3% of total loans; with Building Material and Other Construction Related at 7.3%, and Plantation and Agriculture loans at 6.9%. The largest 10 industry sectors represent 56.4% of BCA's total business loan portfolio.

Top 10 Industry Sectors in Corporate, Commercial and SME Segment (based on the Bank's internal classification)*

	2016	2015
Distributor, Wholesaler and Retailer	7.3%	6.1%
Building Material and Other Construction Related	7.3%	7.1%
Plantation and Agriculture	6.9%	6.7%
Automotive and Transportation	5.6%	6.1%
Chemicals and Plastics	5.4%	6.1%
Food and Beverages	5.2%	4.9%
Transportation and Logistics	4.9%	5.3%
Property and Construction	4.9%	4.6%
Textile and Garment	4.6%	4.7%
Tourism	4.3%	5.1%
Total	**56.4%**	**56.7%**

* Excluding consumer loans and employee loans
Note: For the purpose of analysis, the above loan categories are based on industry sectors used internally by BCA. In the note of audited Financial Statements, loan groupings are done with reference to Commercial Bank Report categories in accordance with regulations

Loan Portfolio Based on Type of Loan

Working capital loans made the biggest contribution to the total loan portfolio in 2016 at 46.8% of total lending. Investment and consumer loans each made up 26.3% of the portfolio, while the remaining loans are employee loans amounting to 0.6% of the portfolio.

Working capital loans grew 9.5% or Rp 17.0 trillion to reach Rp 194.7 trillion in 2016. Investment loans grew 1.9% or Rp 2.0 trillion to Rp 109.1 trillion. Consumer loans and employee loans increased by 8.9% and 12.9% to Rp 109.5 trillion and Rp 2.6 trillion, respectively.

Loan Composition based on Type of Loan

	2016		2015		Increase / (decrease)	
	billion Rupiah	Composition	billion Rupiah	Composition	billion Rupiah	Percentage
Working Capital	194,697	46.8%	177,726	45.9%	16,971	9.5%
Investment	109,136	26.3%	107,139	27.6%	1,997	1.9%
Consumer (including Credit Card)	109,503	26.3%	100,510	25.9%	8,993	8.9%
Employee	2,560	0.6%	2,268	0.6%	292	12.9%
Total	**415,896**	**100.0%**	**387,643**	**100.0%**	**28,253**	**7.3%**

Loan Receivables Collectability

BCA distributes its loans in a prudent manner with careful consideration to credit risk management. The Bank has consistently adopted prudent approach in monitoring the factors which may affect loan quality including market, economic and sectoral conditions and the possible impact of these factors on a debtor's ability to repay loans. Lending in 2016 was prioritized for customers who have developed good relationships with the Bank and have solid track records and business prospects.

In line with the increasing trend of Non-Performing Loans (NPL) in the banking sector, BCA's NPL ratio also increased to 1.3% from 0.7% in the previous year. However, the Bank's NPL ratio is remains relatively lower than the average NPL ratio of the national banking sector of 2.9%. BCA's NPL ratio is well within the Bank's risk appetite limit. Pressure on loan quality has somewhat eased in the fourth quarter of 2016. However, BCA continues to carefully monitor any developments of loan quality.

In 2016, BCA formed additional credit provisions for its non-performing loans amounting to Rp 4.5 trillion, a 43.9% increase, resulting in a ratio of reserves to NPL of 229.4% at the end of 2016.

Special Mention Loans. At the end of 2016, loans in the special mention category came to Rp 6.4 trillion, increasing 2.6% compared to 2015. The majority of special mention loans represent consumer loans which accounted for nearly 60% of

the total. In line with the growing consumer loan portfolio and its installment facilities, a high number of late payments each month cannot be avoided. In addition, loans with payments one day overdue would be automatically considered as special mention loans. The majority of these recurring late payments did not lead to further deterioration or a downgrade of the loan to the Non-Performing Loan category.

Loan Collectability* (non consolidated)

	2016		2015	
	billion Rupiah	% to Total Loans	billion Rupiah	% to Total Loans
Performing Loan	**410,827**	**98.7%**	**385,207**	**99.3%**
Current	404,385	97.1%	378,930	97.7%
Special Mention	6,442	1.6%	6,277	1.6%
NPL	**5,452**	**1.3%**	**2,801**	**0.7%**
Substandard	535	0.1%	298	0.1%
Doubtful	523	0.1%	979	0.2%
Loss	4,394	1.1%	1,524	0.4%
Total Loans	**416,279**	**100.0%**	**388,008**	**100.0%**
NPL Ratio – gross	1.3%	NA	0.7%	NA
NPL Ratio – net	0.3%	NA	0.2%	NA
Provision / NPL	229.4%	NA	322.2%	NA

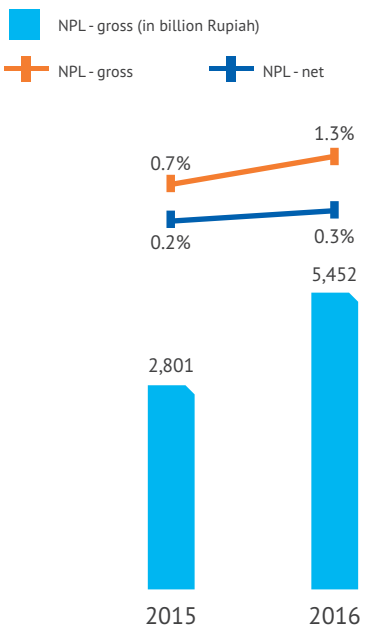
* Although allowance for impairment losses is not calculated based on collectability, the calculation remains necessary to determine the Capital Adequacy Ratio (CAR) according to Bank Indonesia Regulation.

Non-Performing Loans (NPL). The total NPL stood at Rp 5.5 trillion at year end 2016, increasing by 94.6% mostly due increases in non-performing loans in the corporate and commercial segments. The increase was mainly due to a defaulting telecommunications equipment distributor and several debtors engaged in sea transportation, forestry, and property.

BCA proactively monitors the loan portfolio and conducts regular stress testing of the portfolio. Stress testing is performed to assess the impact on the portfolio of external factors such as economic growth, the inflation rate, and fluctuations of the Rupiah and interest rates. Based on the results of the stress test, BCA's loan quality is maintained at a healthy level. While higher in 2016, the NPL remains well within BCA's risk appetite limits.

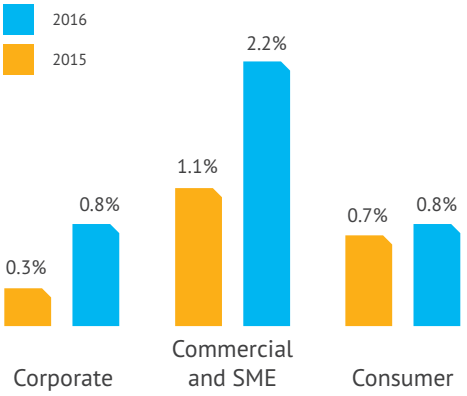
Non-Performing Loans (NPL)

(%, non consolidated)



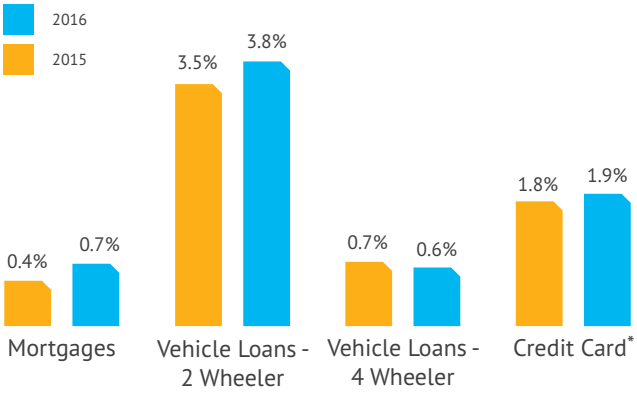
NPL Ratio by Segment

(non consolidated)



NPL Ratio of Consumer Loans

(non consolidated)



* The non-performing loans of customers holding multiple credit cards are calculated on an aggregate basis (NPL on one card would downgrade all cards held by one specific customer). Previously, credit card NPL was calculated on an individual card basis.

Restructured Loans

BCA proactively initiated restructuring discussion on various loans that exhibited weaknesses with a focus on restructuring for companies who show promising prospects but were experiencing temporary business difficulties. In general, the difficulties faced were short to medium term in nature.

At the end of 2016, loans restructured by BCA amounted to Rp 6.5 trillion, an increase of 112.8% compared to Rp 3.1 trillion at the end of 2015. The majority of loan restructuring were for loans in the current and special mention categories and were intended to assist debtors with signs of declining ability to repay and weakening business performance. The restructuring process was performed in consideration of commercial terms and business prospects. In 2016, loans restructured were primarily in the sea transportation, property, and transportation industries.

Restructured Loan Outstanding (non consolidated, in billions Rupiah)

	2016	2015	Increase / (decrease)	
			Nominal	Percentage
Performing Loan	**5,200**	**2,661**	**2,539**	**95.4%**
Current	3,946	2,085	1,861	89.3%
Special Mention	1,254	576	678	117.7%
NPL	**1,331**	**408**	**923**	**226.2%**
Substandard	255	2	253	12,650.0%
Doubtful	166	65	101	155.4%
Loss	910	341	569	166.9%
Total Restructured Loan	**6,531**	**3,069**	**3,462**	**112.8%**
Total Loan Portfolio	**416,279**	**388,008**	**28,271**	**7.3%**
% Restructured Loans to Total Loan Portfolio	**1.6%**	**0.8%**	**NA**	**NA**

Allowance for Impairment Losses on Loans

In accordance with prudent principles, BCA formed additional Allowance for Impairment Losses on Loans amounting to Rp 4.5 trillion, up 43.9% compared to prior year of Rp 3.1 trillion. The total impairment allowance reached Rp 12.5 trillion or 229.4% of total non-performing loans and 3.0% of the total loan portfolio in 2016, enabling the Bank to cover the entire non-performing loan portfolio as of December 31, 2016.

Movement of Allowance for Impairment Losses on Loans Receivable (in billion Rupiah)

	2016	2015	Increase / (decrease)	
			Nominal	Percentage
Beginning Balance	**9,027**	**6,704**	**2,323**	**34.7%**
Addition of allowance during the year	4,494	3,122	1,372	43.9%
Loans written-off during the year (-/-)	1,154	899	255	28.4%
Recoveries on loans previously written-off	146	63	83	131.7%
Exchange rate differences	(8)	37	(45)	-121.6%
Ending Balance	**12,505**	**9,027**	**3,478**	**38.5%**

Loans Written Off

In 2016 BCA wrote-off Rp 1.2 trillion of loans compared to Rp 0.9 trillion in 2015. 56.0% of the amount was to write-off loans in two-wheeler business and credit card loans. The ratio of loans written off against the outstanding loan portfolio stood at 0.28% at the end of 2016, compared to 0.23% at the end of 2015.

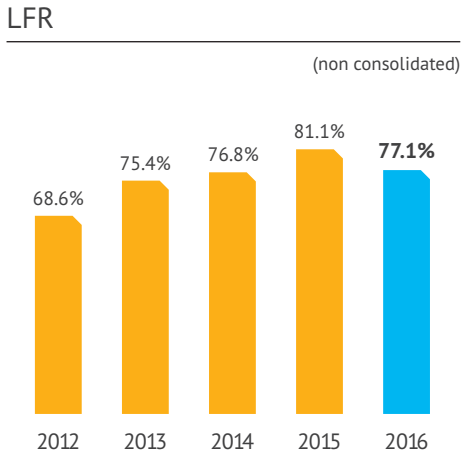
Detail of Loans Written Off (in billion Rupiah)

	2016	2015	Increase / (decrease)	
			Nominal	Percentage
Corporate	-	-	-	-
Commercial	148	110	38	34.5%
SME	181	38	143	376.3%
Consumer	825	751	74	9.9%
Mortgage	3	2	1	50.0%
4 Wheeler	177	155	22	14.2%
2 Wheeler	293	299	(6)	-2.0%
Credit Card	352	295	57	19.3%
Total	**1,154**	**899**	**255**	**28.4%**

Loan to Funding Ratio (LFR)

Since 2015, BCA adopted Loan to Funding Ratio (LFR) terminology to replace the Loan to Deposit Ratio (LDR) based on new guidelines issued by regulators. The LFR calculates third party funds and specific securities issued by banks as a source of funding.

As BCA as a holding entity issued no securities, the LFR is similar to the Bank's LDR. In 2016, BCA recorded an LFR of 77.1% decreasing by 400 bps compared to 81.1% in 2015. The decrease in LFR was in line with the higher growth of third party funds compared to loans. The healthy and solid LFR provided room for BCA to generate loan growth in the future.



LIABILITIES

In 2016, the Bank's asset growth was supported by an increase in liabilities of 11.7% or amounting to Rp 59.3 trillion to Rp 564.0 trillion compared to Rp 504.7 trillion in 2015. Third party funds represented the largest portion, 94.0%, of total liabilities.

Third Party Funds

In 2016, BCA maintained a solid funding position, with third party funds standing at Rp 530.1 trillion, an increase of 11.9% or Rp 56.5 trillion from the previous year's Rp 473.7 trillion. Third party funds growth was mainly derived from transactional accounts or Current Accounts and Savings Accounts (CASA). CASA accounts made up the largest portion of the Bank's total third party funds at 77.0% while time deposits contributed the remaining 23.0% of the total in 2016.

Third Party Funds

	2016		2015		Increase / (decrease)		Average Interest Rate		
	billion Rupiah	Composition	billion Rupiah	Composition	billion Rupiah	Percentage	2016	2015	Increase/ (decrease)
Current Accounts	**137,853**	**26.0%**	**115,653**	**24.5%**	**22,200**	**19.2%**			
Rupiah	113,237	21.4%	96,919	20.5%	16,318	16.8%	1.0%	1.1%	-0.1%
Foreign Currency	24,616	4.6%	18,734	4.0%	5,882	31.4%	0.1%	0.1%	0.0%
Savings Accounts	**270,352**	**51.0%**	**244,608**	**51.6%**	**25,744**	**10.5%**			
Rupiah	255,942	48.3%	230,267	48.6%	25,675	11.2%	1.0%	1.1%	-0.1%
Foreign Currency	14,410	2.7%	14,341	3.0%	69	0.5%	0.1%	0.2%	-0.1%
Total Transactional Account Balance (CASA)	**408,205**	**77.0%**	**360,261**	**76.1%**	**47,944**	**13.3%**			
Time Deposits	**121,929**	**23.0%**	**113,405**	**23.9%**	**8,524**	**7.5%**			
Rupiah	111,511	21.0%	103,269	21.8%	8,242	8.0%	5.0%	6.2%	-1.2%
Foreign Currency	10,418	2.0%	10,136	2.1%	282	2.8%	0.3%	0.3%	0.0%
Total Third Party Funds	**530,134**	**100.0%**	**473,666**	**100.0%**	**56,468**	**11.9%**			
Rupiah	480,690	90.7%	430,455	90.9%	50,235	11.7%	1.9%	2.3%	-0.4%
Foreign Currency	49,444	9.3%	43,211	9.1%	6,233	14.4%	0.2%	0.2%	0.0%

Current Accounts and Savings Accounts (CASA)

BCA maintains its positions as one the leading transaction banks in Indonesia. The Bank's excellence is based on its widespread banking network that is integrated with a comprehensive electronic banking platform. BCA offers a wide range of products and services to fulfill customers' transaction banking needs, both for business and individual customers. Convenience, security and reliability enable BCA to increase its transaction volume each year, which has in turn provided the Bank with a solid source of funding in the form of low-cost core CASA funds.

Supported by reliable transaction banking services, at the end of 2016 CASA funds increased by 13.3% to Rp 408.2 trillion. The market share of CASA in 2016 stood at 15.3%, an increase of 20 bps compared to 15.1% in 2015.

Current accounts increased by 19.2% to Rp 137.9 trillion in 2016 compared to Rp 115.7 trillion in 2015. Out of the total current accounts, 82.1% were denominated in Rupiah and 17.9% were denominated in foreign currencies. BCA's current accounts are available in 9 currencies. To facilitate business customers' payment activities, the Bank provides current accounts which allow customers to pay using cheques, as well as to access electronic banking facilities through various channels including internet and mobile banking.

Savings accounts increased by 10.5% to Rp 270.3 trillion in 2016. The composition of Rupiah-denominated Savings account contributed 94.7% of the total, with the remaining 5.3% denominated in foreign currencies. The Tahapan savings product is BCA's flagship product used by customers to facilitate their basic savings and daily transaction needs. The Tahapan product is continuously upgraded according to the needs and segmentation of customers.

The tax amnesty program in semester II 2016 also contributed to the increase in CASA funds. Owing to the high level of trust in the Bank, many taxpayers paid their tax redemption for the tax amnesty program through BCA.

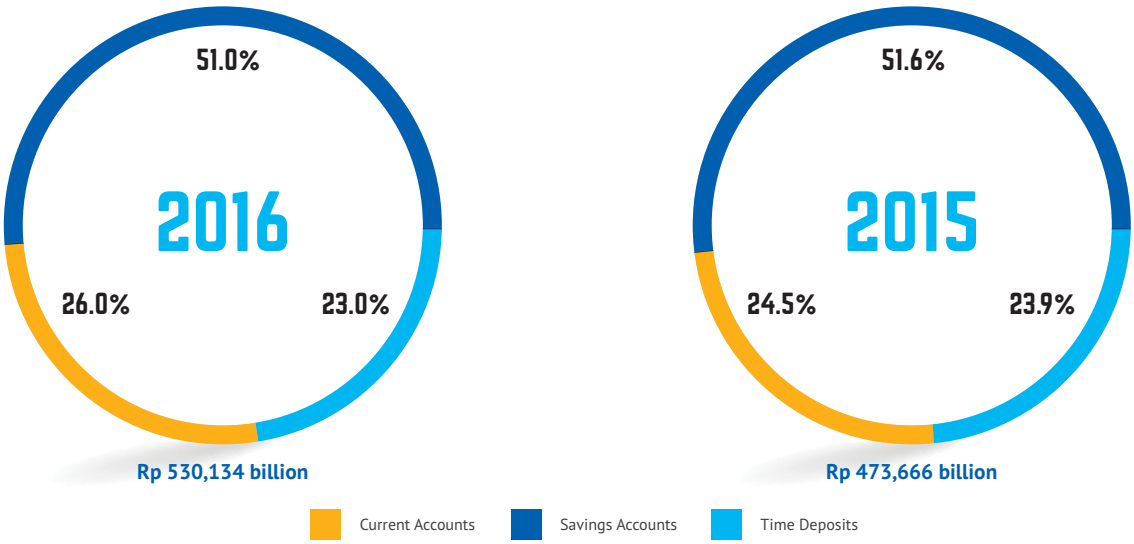
To support CASA growth going forward, BCA continues to develop its banking transaction business in alignment with changing customer needs while improving its products and services. Digital-based service innovations are continuously enhanced to meet customers' lifestyle and current behavior.

Time Deposits

Time deposits funds increased by 7.5% to Rp 121.9 trillion at the end of 2016. During the year, the Bank did not compete aggressively on time deposit funds as BCA's overall liquidity condition was sufficiently healthy. The Bank's time deposits interest rate is relatively low compared to the average interest rate in the market and remains in compliance with Insurance Deposit Insurance (LPS) regulation.

Time deposits are divided into 'buckets' based on currency, maturity periods and amounts. The maturity dates range from 1 month, 3 months, 6 months and 12 months. At the end of 2016, the majority of the Bank's time deposits had a 1-month maturity period with a total outstanding amounting to Rp 92.7 trillion or 76.1% of total time deposits. Three-month time deposits were recorded at Rp 22.6 trillion or 18.5%, 6-month time deposits represented Rp 2.9 trillion or 2.4%, and 12-month time deposits were recorded at Rp 3.7 trillion or 3.0% of the overall outstanding amounts in 2016.

Composition of Third Party Funds



Debt Service Ability

Supported by a healthy financial position, BCA and its subsidiaries were able to meet their financial liabilities throughout 2016. BCA, as a parent company, issued no bonds or other securities. The majority of payments on financial obligations represents interest payment on third party funds.

At the end of 2016, the Bank's total liabilities amounted to Rp 564.0 trillion increasing by 11.7% or Rp 59.3 trillion from Rp 504.7 trillion in the prior year. Third party funds contributed to 94.0% of total liabilities. Total Deposits from Other Banks, Acceptance Payables, Debt Securities Issued and Borrowings were recorded at Rp 11.9 trillion in 2016, a 15.6% increase compared to last year.

The ratio of Liabilities to Assets (consolidated) reached 83.3% at the end of 2016 compared to 84.9% in prior year. The Liabilities to Equity ratio (consolidated) was at 500.4% compared to 563.2% in prior year.

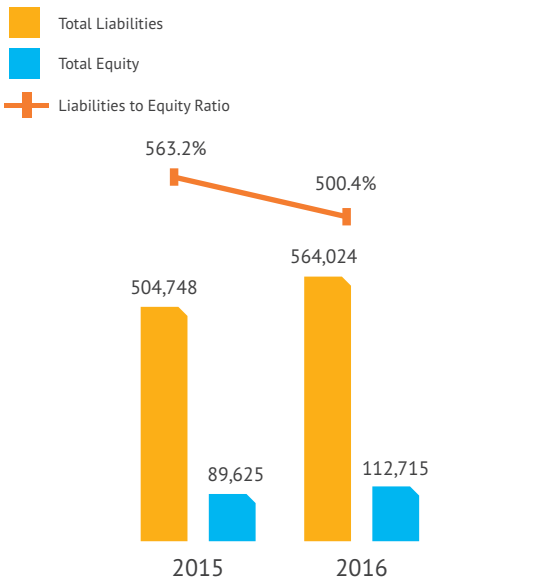
Summary of Liabilities (in billion Rupiah)

	2016	2015
Total Assets	**676,739**	**594,373**
Liabilities		
Third Party Funds	530,134	473,666
Current Accounts	137,853	115,653
Savings Accounts	270,352	244,608
Time Deposits	121,929	113,405
Deposits from Other Banks	4,901	4,156
Acceptance Payables	4,187	4,375
Debt Securities Issued	2,332	2,821
Borrowings	2,789	1,743
Other Liabilities	19,681	17,987
Total Liabilities	**564,024**	**504,748**
Total Equity	**112,715**	**89,625**
Consolidated		
Liabilities to Equity Ratio	500.4%	563.2%
Liabilities to Assets Ratio	83.3%	84.9%
Non Consolidated		
Liabilities to Equity Ratio	507.5%	570.4%
Liabilities to Assets Ratio	83.5%	85.1%

Debt Securities Issued stood at Rp 2.3 trillion in 2016. These Debt Securities Issued were primarily bonds and medium term notes issued by BCA Finance, a subsidiary of the Bank engaged in 4-wheeler financing. At the end of 2016, outstanding bonds and medium term notes issued by BCA Finance amounted to Rp 2.2 trillion and Rp 0.1 trillion, respectively. BCA Finance has a solid financial position as reflected in its Liabilities to Assets ratio of 64.4% and Liabilities to Equity ratio of 180.9%. BCA Finance's bonds were rated idAAA by Pefindo and AAA(idn) by Fitch Ratings Indonesia. In 2016, BCA Finance offered bond coupon rates in the range of 7.45% - 8.15% for tenures ranging between 1 and 3 years.

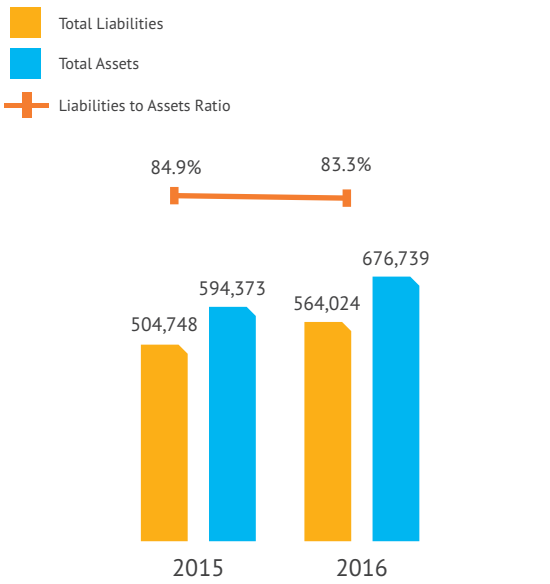
Liabilities to Equity Ratio

(consolidated - in billion Rupiah)



Liabilities to Assets Ratio

(consolidated - in billion Rupiah)



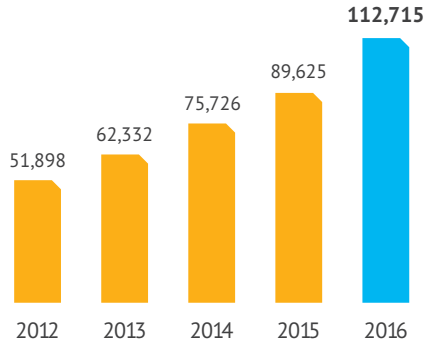
EQUITY

In 2016, total equity increased by 25.8% or Rp 23.1 trillion to Rp 112.7 trillion. The increase in equity was in line with the increasing net income and retained earnings. Asset revaluation also contributed to the increase in equity. To strengthen its capital position, over the last 5 years BCA has adjusted its dividend payout ratio to a range of 20% - 25%, compared to the previous range of 30% - 50%. The Bank's Return on Equity (ROE) remained solid at 20.5% in 2016.

Growth in equity has strengthened the position of the Bank's capital to a healthy level with the Capital Adequacy Ratio (CAR) at 21.9%. The CAR captures credit risk, market risk, and operational risk and increased 320 bps from 18.7% in 2015.

Equity

(in billion Rupiah)



SUMMARY OF INCOME

The Bank's solid profitability was supported by steps taken to maintain the balance between the growth of operating income and operating expenses.

Net Interest Income (in billion Rupiah)

	2016	2015	Increase / (decrease)	
			Nominal	Percentage
Interest Income	**50,426**	**47,082**	**3,344**	**7.1%**
Loans	38,882	36,721	2,161	5.9%
Placements with Bank Indonesia and Other Banks	815	958	(143)	-14.9%
Securities	6,815	5,650	1,165	20.6%
Consumer Financing and Investment in Finance Leases	2,903	2,870	33	1.1%
Others (Including Sharia revenue sharing)	1,011	883	128	14.5%
Interest Expense	**10,347**	**11,213**	**(866)**	**-7.7%**
Current Accounts	1,157	1,064	93	8.7%
Savings Accounts	2,462	2,341	121	5.2%
Time Deposits	5,123	6,244	(1,121)	-18.0%
Others (Including Sharia expenses)	1,605	1,564	41	2.6%
Net Interest Income	**40,079**	**35,869**	**4,210**	**11.7%**

Interest Income from Securities by Instrument Type (in billion Rupiah)

	2016	2015	Increase / (decrease)	
			Nominal	Percentage
Investment Securities	**5,963**	**3,865**	**2,098**	**54.3%**
Certificates of Bank Indonesia	1,965	1,296	669	51.6%
Government Bonds	3,258	1,930	1,328	68.8%
Other Securities	740	639	101	15.8%
Securities Purchased Under Agreements to Resell	**852**	**1,785**	**(933)**	**-52.3%**
Total Interest Income from Securities	**6,815**	**5,650**	**1,165**	**20.6%**

Interest Income

Interest Income increased 7.1% or Rp 3.3 trillion to Rp 50.4 trillion in 2016, as earning assets and low-cost CASA funds continued to grow over the course of the year. The increase in interest income was mainly driven by higher interest income from the loan portfolio and securities. The two accounts represent 90.6% of the total Interest Income in 2016. Investment Securities, particularly Government Bonds, grew significantly and contributed to optimizing the overall earning assets yield and balancing relatively weak loan demand.

Interest Income from Loans. Interest Income from lending grew 5.9% to Rp 38.9 trillion in 2016. The increase was supported by a modest loan growth of 7.3% to Rp 415.9 trillion. The increase in volume compensated the lower loan yields. The overall loan portfolio yield saw a slight decrease from 10.5% in 2015 to 10.2% in 2016 in line with the downward trend of interest rates.

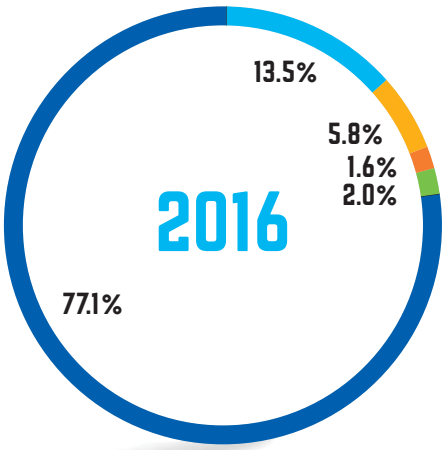
Interest Income from Placements with Bank Indonesia and Other Banks. Consistent with BCA's efforts to reprofile its investment portfolio to longer-term instruments, Interest Income from Placements with Bank Indonesia and Other Banks decreased 14.9% to Rp 815 billion in 2016. The volume of these Placements declined by 37.1% to Rp 35.4 trillion at the end of 2016. The yields on Placements with Bank Indonesia and Other Banks stood at 3.2%.

Interest Income from Securities. Total Interest Income from Securities grew 20.6% to Rp 6.8 trillion in 2016, in line with higher investments in Government Bonds and Certificates of Bank Indonesia. Government Bonds and Certificates of Bank Indonesia represented the biggest component of Investment Securities. Interest Income from Investment Securities increased 54.3% to Rp 6.0 trillion. Interest Income from Securities Purchased Under Agreements to Resell decreased by 52.3% to Rp 0.9 trillion from the previous year's Rp 1.8 trillion in line with the reduction in the balance of those instruments.

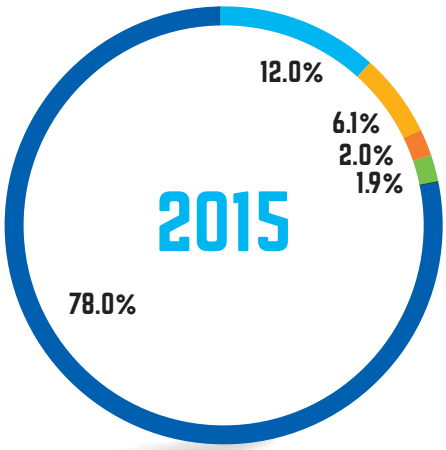
Interest Income from Consumer Financing and Investment in Finance Leases. In 2016, Interest Income from Consumer Financing and Investment in Finance Leases was relatively stable at approximately Rp 2.9 trillion. The income was derived from the Bank's subsidiaries, BCA Finance and Central Santosa Finance, which are engaged in 4-wheeler and 2-wheeler financing respectively.

Other Interest Income. Other Interest Income grew 14.5% to Rp 1.0 trillion. There was a 16.3% increase to Rp 429 billion in Sharia revenue sharing.

Composition of Interest Income



Rp 50,426 billion



Rp 47,082 billion

Loans | Consumer Financing and Investment in Finance Leases | Others
Securities | Placements with Bank Indonesia and Other Banks

Earning Assets Yield. In 2016, the earning assets yield was relatively stable at 8.5% in a declining interest rate environment.

BCA reduced rates in all lending segments during the year in line with the declining interest rate environment and to spur loan demand. This strategy was supported by the reduction in time deposits interest rates over the course of 2015-2016.

Based on the above, the yield from the loan portfolio declined to 10.2% in 2016, 30 bps lower than the 10.5% yield recorded in 2015.

The relatively stable yield in earning assets was supported by the increase in the yield on government bonds and well balanced loan yields. Several other investment securities experienced declining yields during the year.

Earning Assets Yield (non consolidated)

	2016	2015
Loans	10.2%	10.5%
Placement with Bank Indonesia and Other Banks	3.2%	3.1%
Securities	5.7%	6.1%
Earning Assets	**8.5%**	**8.6%**

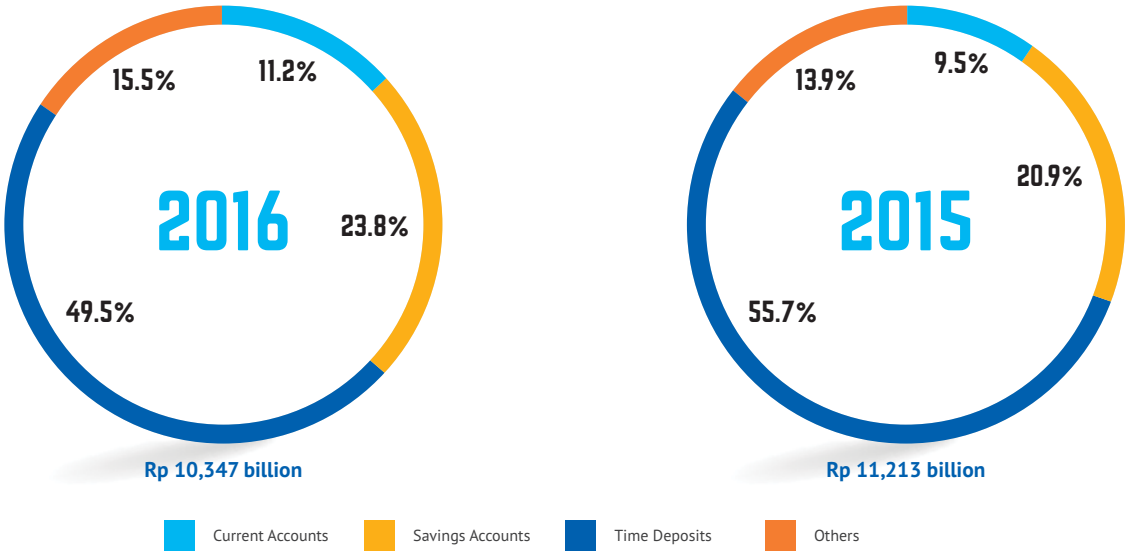
Interest Expense

Although the Bank experienced an 11.9% growth in third party funds, Interest Expenses declined 7.7% to Rp 10.3 trillion in 2016. The reduction in Interest Expense was supported by the proactive steps taken by BCA to reduce funding interest rates in line with the loosening of liquidity in the Indonesian banking industry and the downward adjustment of Bank Indonesia benchmark interest rates. In the first half of the year, the maximum interest rate paid for time deposits was reduced by a total of 50 basis points to 5.25%, following a reduction of 200 basis points in 2015. The gradual reduction of time deposit interest rates in 2015 and the first half of 2016 resulted in a decrease in the cost of funds on time deposits in 2016.

BCA increased interest rates for larger-sized time deposits in December 2016, but left minimal impact on overall cost of funds in 2016.

Over the year, interest rates on Current Accounts and Savings Accounts (CASA) were maintained at low levels. BCA chose not to compete on interest rates in these segments considering the Bank's core strategy is to compete by improving transaction banking features and service capacity. While CASA accounts allow for low interest expenses, the transaction banking business is a relatively high operating cost business due to the need for continuous capability enhancement and banking network expansion.

Composition of Interest Expense



In 2016, Interest Expense on Current Accounts and Savings Accounts was relatively stable at Rp 1.1 trillion and Rp 2.5 trillion respectively. Interest Expense on Time Deposits fell 18.0% to Rp 5.1 trillion in line with the lower cost of funds. Other Interest Expenses were recorded at Rp 1.6 trillion.

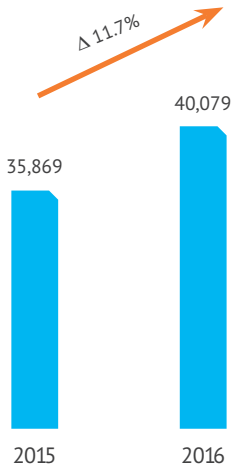
The Bank's cost of funds stood at 1.97% in 2016, lower than the 2.31% and 2.61% recorded in the previous two years.

Net Interest Income and Net Interest Margin

The Bank's success in gathering low-cost current accounts and savings accounts funds combined with the reduction in interest rates on time deposits as well as increased Government Bonds and Certificates of Bank Indonesia portfolio generated a healthy Net Interest Income and Net Interest Margin in 2016. BCA's Net Interest Income increased 11.7%, reaching Rp 40.1 trillion compared with Rp 35.9 trillion in 2015. The Net Interest Margin (NIM) was at 6.81% at the end of the year, compared to 6.72% recorded in 2015.

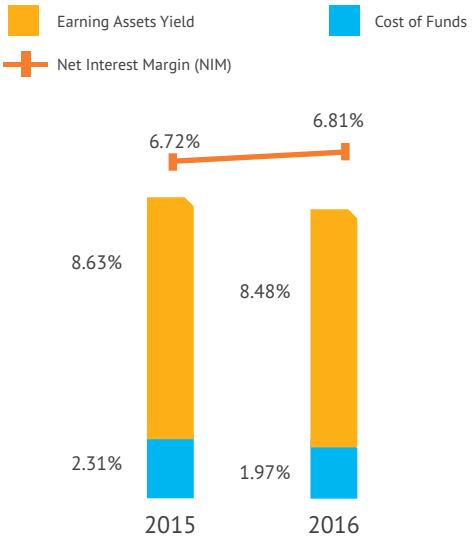
Net Interest Income

(in billion Rupiah)



Net Interest Margin - NIM

(non consolidated)



Operating Income other than Interest

Operating Income other than Interest in 2016 grew 14.1%, or Rp 1.7 trillion, to Rp 13.7 trillion. Fee and Commission Income constituted the biggest portion of Operating Income other than Interest, accounting for 68.6% of the total. The remaining amount was made up by Net Trading Income at 17.1% and Other Operating Income at 14.3%.

Operating Income other than Interest (in billion Rupiah)

	2016	2015	Increase / (decrease)	
			Nominal	Percentage
Net Fee and Commission Income	9,400	8,452	948	11.2%
Net Trading Income	2,346	2,107	239	11.3%
Other Operating Income	1,954	1,448	506	34.9%
Operating Income other than Interest	**13,700**	**12,007**	**1,693**	**14.1%**

Net Fee and Commission Income (in billion Rupiah)

	2016	2015	Increase / (decrease)	
			Nominal	Percentage
Deposits from customers*	3,296	2,578	718	27.9%
Loans receivable	1,298	1,231	67	5.4%
Payment settlement	1,421	1,395	26	1.9%
Credit cards	2,418	2,223	195	8.8%
Remittances, clearings, and collections	287	386	(99)	-25.6%
Others	684	643	41	6.4%
Total	**9,404**	**8,456**	**948**	**11.2%**
Fee and commission expense	(4)	(4)	-	0.0%
Net Fee and Commission Income	**9,400**	**8,452**	**948**	**11.2%**

* Mostly derived from monthly administration income from savings accounts

Fee and Commission Income. In 2016, overall Fee And Commission Income grew 11.2% to Rp 9.4 trillion, mainly resulting from Deposits from Customers and administration income from loans and credit cards.

The increase in Deposits from Customers was supported by monthly administration income from savings accounts. In line with the increasing investments and operating costs incurred in providing quality transaction services, in 2016 BCA increased the monthly administration fees by a range of Rp 2,000 to Rp 4,000, an increase of 15% to 25%.

Income from remittances, clearings and collections dropped by 25.6% to Rp 287 billion led by a slowdown in business activities including remittance and trade finance.

Trading Income. Net Trading Income grew by 11.3% to Rp 2.3 trillion in 2016. Income from foreign exchange transactions, particularly swap transactions, contributed significantly to the overall Net Trading Income. Since 2015 BCA has been active in the swap market. The Bank purchased and placed U.S. Dollar (USD) with Bank Indonesia and correspondent banks while simultaneously hedging the placement through the swap market via a sell forward of USD. Through these transactions, BCA benefited from swap premium which generated higher returns than from regular short-term placements. In addition to swap premium, the gain on sale of financial assets increased in 2016.

Other Operating Income grew 34.9% to Rp 2.0 trillion, primarily driven by income from the Bank's subsidiaries. Fee income at BCA Insurance, BCA Sekuritas and BCA Finance each contributed 34.0%, 15.6% and 14.2% to total Other Operating Income in 2016.

Operating Expenses

In line with efforts to improve efficiency, BCA worked to contain the increase in the Bank's Operating Expenses to 7.7% or Rp 1.7 trillion, reaching Rp 23.4 trillion in 2016 from Rp 21.7 trillion in 2015. The Cost Efficiency Ratio improved to 43.9% in 2016 compared to 46.5% in 2015.

Operational Expenses (in billion Rupiah)

	2016	2015	Increase / (decrease)	
			Nominal	Percentage
General and Administrative Expenses	11,229	10,875	354	3.3%
Personnel Expenses	10,630	9,728	902	9.3%
Others	1,520	1,111	409	36.8%
Total	**23,379**	**21,714**	**1,665**	**7.7%**

General and Administrative Expenses. In 2016, General and Administrative Expenses increased 3.3% to Rp 11.2 trillion, primarily due to increases in daily banking transaction activities, as well as from the Bank's branch network and electronic delivery channels expansion. The Bank also invested in the development of the capabilities and capacities of the information technology systems.

Daily banking transaction expenses booked as Office Supplies increased 4.8% to Rp 3.6 trillion, while Depreciation of Fixed Assets and Amortization Expenses posted a growth of 5.7% to reach Rp 1.6 trillion in line with the addition of fixed assets, particularly mainframe, ATMs, and other information technology devices. Communication Expenses reached Rp 1.0 trillion, an increase of 30.1%, mainly owing to fees from overseas credit card transactions through VISA, MasterCard and AMEX networks. Higher software maintenance cost drove growth in Repair and Maintenance Expenses of 6.5% to Rp 1.3 trillion. Promotion Expenses were down 6.6% to Rp 1.0 trillion in line with the Bank's efficiency efforts. In addition, Rental Expenses experienced a decline of 5.4% to Rp 1.3 trillion.

Professional Fees of Rp 504 billion were incurred by the Bank's subsidiaries, BCA Sekuritas, BCA Insurance and CS Finance, which increased by Rp 150 billion to Rp 319 billion consistent with the business development needs of those entities.

Personnel Expenses. In 2016, Personnel Expenses increased 9.3% to Rp 10.6 trillion. This increase was attributable to salary and benefit adjustments including the provision of bonuses, pension funds, and health benefits. Branch expansion prompted the need for new employees which further contributed to the increase in salary expenses. In 2016, the Bank recruited more than 1,000 employees for the branches, regional offices and the headquarters.

General and Administrative Expenses (in billion Rupiah)

	2016	2015	Increase / (decrease)	
			Nominal	Percentage
Office supplies	3,590	3,425	165	4.8%
Depreciation of fixed assets and amortization of intangible assets	1,642	1,553	89	5.7%
Rental	1,333	1,409	(76)	-5.4%
Repair and maintenance	1,270	1,192	78	6.5%
Promotion	1,015	1,087	(72)	-6.6%
Communication	981	754	227	30.1%
Professional fees	504	401	103	25.7%
Water, electricity and fuel	275	291	(16)	-5.5%
Computer and software	140	129	11	8.5%
Tax	109	255	(146)	-57.3%
Transportation	53	62	(9)	-14.5%
Insurance	35	33	2	6.1%
Research and development	25	27	(2)	-7.4%
Security	18	18	-	0.0%
Others	239	239	-	0.0%
Total	**11,229**	**10,875**	**354**	**3.3%**

Number of Employees and Distribution Channels

	2016	2015
Total Employees	25,073	23,982
Branches (including cash offices)	1,211	1,182
ATMs	17,207	17,081

Allowance for Impairment Losses on Financial Assets

In 2016, BCA allocated net Allowance for Impairment Losses on Financial Assets of Rp 4.6 trillion, 30.1% higher than the Rp 3.5 trillion allocated in 2015. The higher increase in allowance compared to the previous year was in anticipation of loan deterioration, including in the sea transportation, distribution of telecommunication equipment, property and hotel. The Bank's Non-Performing Loans (NPL) ratio increased to 1.3% in 2016, compared with 0.7% in 2015. The higher NPL ratio remained below the Indonesian banking industry average of 2.9% at the end of 2016. The formulation of the higher allowance was in line with the Bank's principles of prudent risk management and in accordance with the prevailing SFAS regulations.

With the formation of Allowance for Impairment Losses on Financial Assets and Assets Written-off, as of 31 December 2016, the Bank's Allowance for Impairment Losses reached Rp 13.9 trillion, a 30.7% year-on-year increase. As such, BCA maintained a ratio of loan provisions to NPL (coverage ratio) at 229.4% and a ratio of loan provisions to total loan portfolio of 3.0%. BCA believes that the provisioning secured adequate buffer for the Bank to anticipate loan deterioration.

Allowance for Impairment Losses on Financial Assets refers to the application of SFAS 50 and 55 regulations, in effect since January 1, 2010, assessed individually and collectively on the loan portfolio. Individual assessment is conducted on loans that have individually significant value and where there is objective evidence of impairment. The objective evidence covers breach of contract, including delayed payments by debtors, or a strong indication that the debtor will be unable to meet its obligations.

Individual assessment is performed to determine the estimate of the present value of the cash flows expected to be received should the loan depreciate or show signs of impairment. In estimating these cash flows, management makes judgments about the counterparty's financial condition and the net realizable value of any underlying collateral.

Collective assessment is conducted on loans that have no significant value individually, or on loans that have a significant value individually but no objective evidence of impairment. Based on these criteria, the collective assessment is conducted on: (a) loans for Small & Medium Enterprises (SME) and consumer loans including credit cards, and (b) loans to corporate and commercial segments classified as current and special mention loans.

The collective assessment of impairment allowances cover credit losses inherent in portfolios of receivables with similar economic characteristics when there is objective evidence to suggest that the portfolio contains impaired receivables that can not be identified individually.

In determining the need for making collective allowances, management considers factors such as credit quality, size of the portfolio, credit concentrations, and economic factors.

BCA applies the following formula for the calculation of collective impairment: Probability of Default x Loss Given Default x Amortized Cost[1].

Movement of Allowance for Impairment Losses on Financial Assets (in billion Rupiah)

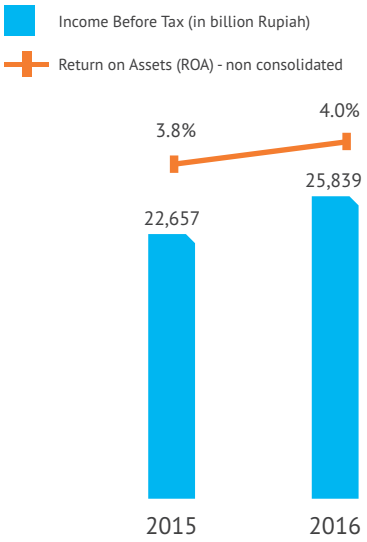
	2016	2015	Increase / (decrease)	
			Nominal	Percentage
Beginning Balance	**10,645**	**8,099**	**2,546**	**31.4%**
Addition of Allowance During the Year	4,561	3,505	1,056	30.1%
Assets Written-off During the Year (-/-)	1,430	1,110	320	28.8%
Recoveries on Assets Previously Written-off	146	63	83	131.7%
Exchange Rate Differences	(7)	88	(95)	-108.0%
Ending Balance	**13,915**	**10,645**	**3,270**	**30.7%**

[1] **Probability of Default** is the probability of failure by debtors in meeting their obligations. **Loss Given Default** are levels of losses resulting from failure of debtors to meet their obligations. **Amortized Cost** is the carrying value of financial assets and amortized at cost.

Income Before Tax

In 2016, Income Before Tax was recorded at Rp 25.8 trillion, a 14.0% increase compared to Rp 22.7 trillion in 2015. This growth was driven by increased operating income which comprised net interest income, up 11.7%, and operating income other than interest, up 14.1%. The increase in Income Before Tax was consistent with asset growth and led to the Bank recording Return on Assets (ROA) of 4.0%, higher than the 3.8% ROA in the previous year.

Income Before Tax and ROA

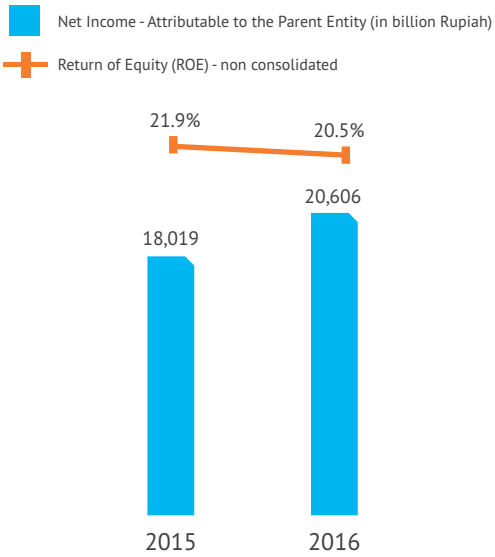


Net Income and ROE

The Net Income attributable to equity holders of the parent entity was Rp 20.6 trillion in 2016, an increase of 14.4% compared to Rp 18.0 trillion in 2015. The increase in Net Income resulted in an increase in Earnings Per Share (EPS) to Rp 836 per share in 2016 compared with Rp 731 per share in 2015. The Return on Equity (ROE) stood at 20.5% in 2016 compared to 21.9% in 2015.

In the last few years, BCA maintained a Dividend Payout Ratio within the range of 20% - 25% of net income, enabling the Bank to strengthen its capital position. The majority of the year's net income was accumulated to support ongoing business development and as a part of the Bank's prudent approach in managing the balance sheet. BCA strengthened its capital position in preparation of the implementation of Basel III in Indonesia. In recent years, the Bank has focused on maintaining a balance between the dividend payout ratio, capital requirements and shareholders interests.

Net Income and ROE
attributable to the parent entity



Statements of Comprehensive Income

The Statements of Comprehensive Income is the change in equity over a defined period other than those changes resulting from transactions with owners in their capacity as shareholders.

The Bank's total Comprehensive Income Attributable to Equity Holders of the Parent Entity in 2016 grew 54.9% to Rp 27.4 trillion compared with Rp 17.7 trillion in 2015. In 2016, BCA conducted a revaluation of fixed assets which led to a surplus of Rp 6.6 trillion. The asset revaluation further strengthened the Bank's capital position. Without considering the revaluation of fixed assets, the Bank's total Comprehensive Income Attributable to Equity Holders of the Parent Entity in 2016 grew by 17.6% to Rp 20.8 trillion.

Actuarial gains contributed towards comprehensive income growth. In 2016, BCA recorded gains of Re-measurements of Defined Benefits Liability of Rp 289 billion compared to the losses recognized in 2015 of Rp 490 billion. This was in line with the adjustment to assumptions used in the actuarial calculations according to the Indonesian Financial Accounting Standards. In general, there was relatively no movement of 'Unrealized Gains (Losses) from the Change in Fair Value of Available-for-Sale Financial Assets'. This account reflects mark-to-market assessment particularly on Government Bonds and Certificates of Bank Indonesia held in the 'Available-for-Sale' account.

The Statements of Comprehensive Income of BCA for the years ending 31 December 2016 and 31 December 2015 are as follows:

Comprehensive Income (in billion Rupiah)

	2016	2015
Net Income	**20,632**	**18,036**
Other Comprehensive Income:		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit liability	289	(490)
Income tax	(72)	123
Revaluation surplus of fixed assets	6,592	-
Items that will be reclassified to profit or loss		
Unrealized (losses) gains for available-for-sale financial assets	(37)	(39)
Income tax	8	10
Foreign exchange differences arising from translation of financial statements in foreign currency	(11)	49
Others	3	3
Total Other Comprehensive Income	**6,772**	**(344)**
Total Comprehensive Income	**27,404**	**17,692**
Net Income attributable to:		
Equity holders of parent entity	**20,606**	**18,019**
Non-controlling interest	26	17
Comprehensive Income attributable to:		
Equity holders of parent entity	**27,378**	**17,674**
Non-controlling interest	26	18
Earning per Share attributable to Equity Holders of The Parent Entity (in Rupiah)	**836**	**731**

CASH FLOW

Cash flow reports are prepared using the direct method by classifying cash flows into operating, investing and financing activities. A more detailed cash flow can be seen in the Consolidated Cash Flow Report in the Audited Consolidated Financial Statements on pages 453 – 454.

In 2016, the Bank's Cash and Cash Equivalents position stood at Rp 100.3 trillion, compared to Rp 118.7 trillion in 2015. Major cash flow items entries are further elaborated below.

Cash Flows (in billion Rupiah)

	2016	2015	Increase / (decrease)	
			Nominal	Percentage
Cash Flows from Operating Activities	**45,667**	**29,459**	**16,208**	**55.0%**
Receipts of interest and Sharia income, fees and commissions	57,249	54,687	2,562	4.7%
Payment of interest and Sharia expenses, fees and commissions	(10,314)	(11,321)	1,007	-8.9%
Gain (loss) from foreign exchange transactions - net	1,764	2,405	(641)	-26.7%
Other operating expenses	(20,632)	(19,161)	(1,471)	7.7%
Financial assets held for trading	(3,335)	192	(3,527)	-1,837.0%
Securities purchased under agreements to resell	(2,034)	25,775	(27,809)	-107.9%
Loans receivable	(29,289)	(39,703)	10,415	-26.2%
Deposits from customers	56,467	21,477	34,990	162.9%
Others	(4,209)	(4,892)	682	-13.9%
Cash Flows from Investing Activities	**(60,596)**	**18,936**	**(79,532)**	**-420.0%**
Acquisition of investment securities	(138,128)	(60,322)	(77,806)	129.0%
Proceeds from investment securities that had matured during the year	82,344	82,584	(240)	-0.3%
Others	(4,812)	(3,326)	(1,486)	44.7%
Cash Flows from Financing Activities	**(3,662)**	**(4,754)**	**1,092**	**-23.0%**
Increase (decrease) in borrowings - net	1,045	(1,338)	2,383	-178.1%
Payment of cash dividends	(4,315)	(3,772)	(543)	14.4%
Others	(392)	356	(748)	-210.1%
Net (Decrease) Increase in Cash and Cash Equivalents	**(18,591)**	**43,641**	**(62,232)**	**-142.6%**
Cash and Cash Equivalents, Beginning of Year	**118,661**	**74,476**	**44,185**	**59.3%**
Effect of Foreign Exchange Rate Fluctuations on Cash and Cash Equivalents	**250**	**544**	**(294)**	**-54.0%**
Cash and Cash Equivalents, End of Year	**100,320**	**118,661**	**(18,341)**	**-15.5%**

Cash Flows from Operating Activities

BCA's cash inflows generated from operations in 2016 amounted to Rp 45.7 trillion compared to the previous year's Rp 29.5 trillion. Overall, the differences in cash flows from operating activities in 2016 compared to 2015 are summarized below:

- Cash inflows arising from operating activities were primarily derived from interest and Sharia income, fees and commissions; as well as deposits from customers. In 2016, the Bank received cash inflows from interest and Sharia income, fees and commissions amounting to Rp 57.2 trillion compared to Rp 54.7 trillion the previous year. Cash inflows generated from deposits from customers in 2016 amounted to Rp 56.5 trillion compared with Rp 21.5 trillion in 2015.

- Cash outflows from operating activities are primarily derived from lending activities; operating expenses; as well as payments of interest and Sharia expenses, fees and commissions. In 2016, the Bank recorded cash outflows from lending activities of Rp 29.3 trillion compared to the previous year's Rp 39.7 trillion. Cash outflows from operating expenses amounted to Rp 20.6 trillion in 2016, an increase from Rp 19.2 trillion in 2015, while the cash outflow from payment of interest and Sharia expenses, fees and commissions totaled Rp 10.3 trillion in 2016, a slight decline from the previous year's Rp 11.3 trillion.

Cash Flow from Investing Activities

Cash outflows from investing activities during 2016 amounted to Rp 60.6 trillion, in contrast, in 2015, the Bank recorded cash inflows for investing activities of Rp 18.9 trillion. The increase in cash outflows was mainly for the purchase of investment securities, which amounted to Rp 138.1 trillion in 2016, compared to Rp 60.3 trillion in 2015. In 2016 proceeds from investment securities that had matured during the year was relatively stable at Rp 82.3 trillion.

Cash Flow from Financing Activities

Cash outflows for financing activities in 2016 amounted to Rp 3.7 trillion compared to the previous year's Rp 4.8 trillion. The cash outflows were mainly for the payment of cash dividends on the Bank's profit of Rp 4.3 trillion compared to the previous year's Rp 3.8 trillion. In addition, in 2016 the Bank recorded cash inflows of Rp 1.0 trillion from increased borrowings during the year, compared to cash outflows of Rp 1.3 trillion for the repayment of borrowings in 2015.

FINANCIAL RATIO

Financial Ratios (non consolidated)

	2016	2015	2014	2013	2012
Capital					
Capital Adequacy Ratio (CAR)	21.9%	18.7%	16.9%	15.7%	14.2%
CAR Tier 1	21.0%	17.8%	16.0%	14.8%	13.3%
CAR Tier 2	0.9%	0.9%	0.9%	0.9%	0.9%
Fixed Assets to Capital	22.4%	18.6%	21.2%	21.8%	24.0%
Earning Assets					
Non Performing Earning Assets to Total Earning Assets	1.1%	0.7%	0.6%	0.5%	0.4%
Impairment Provision on Earning Assets to Total Earning Assets	2.3%	2.0%	1.6%	1.5%	1.2%
NPL - gross	1.3%	0.7%	0.6%	0.4%	0.4%
NPL - net	0.3%	0.2%	0.2%	0.2%	0.2%
Rentability					
ROA	4.0%	3.8%	3.9%	3.8%	3.6%
ROE	20.5%	21.9%	25.5%	28.2%	30.4%
NIM	6.8%	6.7%	6.5%	6.2%	5.6%
Cost Efficiency Ratio	43.9%	46.5%	44.2%	42.9%	46.4%
Operating Expenses to Operating Revenues (BOPO)	60.4%	63.2%	62.4%	61.5%	62.4%
Liquidity					
Loan to Funding Ratio (LFR)	77.1%	81.1%	76.8%	75.4%	68.6%
CASA (Current Accounts & Savings Accounts) Ratio	77.0%	76.1%	75.1%	78.9%	80.3%
Liabilities to Equity Ratio	507.5%	570.4%	635.8%	701.2%	763.9%
Liabilities to Assets Ratio	83.5%	85.1%	86.4%	87.5%	88.4%
Liquidity Coverage Ratio (LCR)	391.3%	363.3%	NA	NA	NA
Compliance					
Percentage of Violation of Legal Lending Limit					
a. Related Parties	0.0%	0.0%	0.0%	0.0%	0.0%
b. Non Related Parties	0.0%	0.0%	0.0%	0.0%	0.0%
Percentage Lending in Excess of Legal Lending Limit					
a. Related Parties	0.0%	0.0%	0.0%	0.0%	0.0%
b. Non Related Parties	0.0%	0.0%	0.0%	0.0%	0.0%
Minimum Reserve Requirement					
a. Primary Reserve Requirement - Rupiah	7.3%	7.5%	8.4%	8.3%	9.0%
b. Reserve Requirement - Foreign Currency	8.5%	9.1%	8.6%	8.5%	8.3%
Net Open Position (NOP)	0.2%	0.4%	0.6%	0.2%	0.9%

Solvability and Collectability

- **Capital Adequacy Ratio (CAR)**

  On an individual basis, in 2016, the Capital Adequacy Ratio (CAR) stood at 21.9%, increasing by 320 bps from 18,7% in 2015. From the integrated risk management perspective, the Bank's consolidated CAR was recorded at 22.2%, up 320 bps from last year's position. The CAR takes into consideration credit, market, and operational risk and is in line with the prevailing regulations pertaining to CAR calculation requirements. The ratio was higher than the minimum requirements established by Bank Indonesia in anticipation of the implementation of the Basel III accords. The Bank's capital position was supported by increasing income and the asset revaluation surplus recorded in early 2016 amounting to Rp 6,6 trillion, contributing 130 basis points to the non consolidated CAR as of 31 December 2016.

  The Bank's non consolidated core capital grew by 26.1% reaching Rp 105.5 trillion at the end of 2016, accounting for 95.8% of the total capital. Supplementary capital increased by 10.6% to Rp 4.6 trillion and accounts for 4.2% of the total capital.

  On a consolidated basis, the Bank's core capital in 2016 amounted to Rp 110.2 trillion and accounted for 95.9% of the Bank's total capital, while the supplementary capital stood at Rp 4.8 trillion or 4.1% of the total capital.

- **Non-Performing Loans (NPL)**

  Due to its disciplined risk management, the Bank was able to maintain the gross NPL ratio at a low level of 1.3% at the end of 2016. Though higher than last year's 0.7%, the ratio at year-end was below the average banking industry NPL ratio of 2.9%. In 2016, the Bank booked loan provisions expense by Rp 4.5 trillion, an increase of 43.9% compared to the prior year, bringing the ratio of reserves to NPL to 229.4%.

Rentability

- **Return on Assets (ROA)**

  The increase in operating income in 2016 supported a positive profit growth in line with asset growth. Accordingly, ROA was recorded at 4.0% in 2016, similar to the 3.8% ROA posted in the previous year. The Bank's ROA was relatively higher compared to the average ROA of the Indonesian banking industry of 2.2% in 2016.

- **Return on Equity (ROE)**

  In 2016, ROE stood at 20.5%, compared to 21.9% in 2015. The ROE remains solid in 2016 despite the Bank's efforts to strengthen the capital position by retaining the majority of its net income in support of business growth and in preparation of the implementation of Basel III regulations in Indonesia. In the past few years the Bank has sought to adjust its dividend payout ratio to maintain a sound capital base. The dividend payout ratio was targeted at a range of 20% - 25% in the last 5 years compared to the previous range of 30% - 50%.

- **Net Interest Margin (NIM)**

  In 2016, the Bank's NIM ratio was relatively stable and closed the year at 6.8%. The net interest margin was mainly due to the decreasing cost of funds that began in 2015 and which declined faster than lending interest rate. In addition, overall yields on earning assets remained relatively stable even with the decrease in the yield on the loan portfolio. The Bank's strategic steps in managing short term placements in higher-yielding instruments have helped to maximize yields on earning assets. In 2016, BCA placed its liquidity in securities with longer terms and higher yields.

- **Operating Expenses to Operating Revenues (BOPO)**

  Operating efficiencies have improved in 2016 as reflected in the decreasing BOPO ratio to 60.4% from 63.2% in 2015. In 2016 the Bank maintained operating expenses while continuing to make investments to strengthen the core transaction banking business. The cost efficiency ratio was recorded at 43.9%, compared to 46.5% in prior year.

Liquidity

- **Secondary Reserves**

  In 2016, the Bank maintained its liquidity position at a healthy level. The Bank's funding sources were mostly comprised of CASA funds, representing 77.0% of the total third party funds in 2016. Secondary reserves stood at Rp 60.3 trillion or 11.4% of total third party funds. The majority of secondary reserves have maturity dates of less than a year.

The Bank prioritized short-term placement of secondary reserves in low risk investments. The majority of the Bank's secondary reserves consist of Certificates of Bank Indonesia and Placements with Bank Indonesia (Deposit Facilities and Term Deposits) which account for 84.8% of total secondary reserves. In addition, BCA also undertook Placements with Other Banks and Securities Purchased Under Agreements to Resell. Placement allocation of secondary reserves considered the issuer, tenure, yield and market liquidity of the investment. Secondary reserves are deemed adequate to support liquidity for BCA's banking activities under various stress test scenarios.

Secondary Reserves*

	2016		2015		Increase / (decrease)	
	billion Rupiah	Composition	billion Rupiah	Composition	billion Rupiah	Percentage
Securities Purchased under Agreements to Resell**	273	0.5%	-	-	273	-
Certificates of Bank Indonesia***	24,207	40.1%	11,214	16.6%	12,993	115.9%
Bank Indonesia Term Deposits	6,737	11.2%	18,610	27.6%	(11,873)	-63.8%
Bank Indonesia Deposit Facility	20,224	33.5%	30,663	45.4%	(10,439)	-34.0%
Placement with Other Banks	8,879	14.7%	6,986	10.4%	1,893	27.1%
Total Secondary Reserves	**60,320**	**100.0%**	**67,473**	**100.0%**	**(7,153)**	**-10.6%**

* Internally, BCA defines placements in short-term instruments with no or low risk characteristic as the Bank's secondary reserves
** Consists of Securities Purchased Under Agreements to Resell from Bank Indonesia and excluding from other banks which amounted to Rp 2.2 trillion in 2016 and Rp 0.5 trillion in 2015
*** For investment purpose stood at Rp 20.2 trillion in 2016 and Rp 9.7 trillion in 2015. As Financial Assets Held for Trading amounted to Rp 4.0 trillion in 2016 and Rp 1.5 trillion in 2015

- **Loan to Funding Ratio (LFR)**

  In 2015 the regulator applied a LFR ratio calculation as a refinement of the LDR ratio calculation. The LFR includes eligible Bank issued securities. BCA, as a parent company, issued no securities so that the Bank's LFR is equal to its LDR. As of 31 December 2016, the Bank's LFR was recorded at 77.1%. BCA will continue to manage the balance between its liquidity position and loan growth.

TARGET ACHIEVEMENTS IN 2016

BCA recorded a solid financial performance during the year amidst the various opportunities and challenges faced by the banking sector. Owing to its preeminence in transaction banking, BCA was able to sustain solid core CASA funding throughout the year. By offering convenient, secure, and reliable transaction services, BCA maintained the trust of its customers and enjoyed 11.9% growth in third party funds, driven by CASA accounts, offsetting a relatively flat first half of the year. The third party funding growth exceeded the target range of 5%-7% set at the beginning of the year.

In lending, BCA registered a loan growth of 7.3% to reach Rp 415.9 trillion by the end of 2016. Faced with the challenge of overall weak business loan demand, the loan portfolio growth is nearly within the target range of 9%-10% set at the beginning of 2016. Combined corporate and consumer lending accounted for the largest contribution to the Bank's total loan growth in 2016. In the business loan segment, BCA directed its lending focus towards customers with proven track records and long relationships with the Bank. In the consumer loan segment, the Bank captured its share of the market by offering products with competitive interest rates.

In line with the increasing trend in delinquent loans across the Indonesian banking sector, BCA's NPL ratio increased from 0.7% in 2015 to 1.3% in 2016. The NPL ratio remains comfortably below the industry average of 2.9%. The Bank established additional reserves of Rp 4.5 trillion to cover potential loss on loans, with the ratio of reserves to total NPL reaching 229.4%.

Supported by a low cost of funds, a quality loan portfolio and solid earning assets growth, the Bank's net interest income increased by 11.7% to Rp 40.1 trillion in 2016 from Rp 35.9 trillion in 2015, with a net interest margin of 6.8%, compared with 6.7% the year before. Operating Income other than Interest grew by 14.1% to Rp 13.7 trillion at the end of 2016 in line with efforts to increase non-interest income, including fee and commission income from the transaction banking business and treasury activities. In order to reinforce profitability, BCA successfully optimized operational efficiency while remaining committed to investing in network and information technology which constitutes a significant portion of the Bank's operational expenses. The Bank's overall net profit amounted to Rp 20.6 trillion in 2016, up 14.4%. BCA recorded Return on Assets (ROA) and Return on Equity (ROE) of 4.0% and 20.5%, respectively. Overall results exceeded targets set for 2016.

The Bank's capital and liquidity positions were maintained with a Capital Adequacy Ratio (CAR) of 21.9% and Loan to Funding Ratio (LFR) of 77.1%. BCA has achieved a CAR above the minimum requirement determined by Bank Indonesia and in anticipation of possible new regulations concerning capital based on BASEL III requirements. BCA recorded secondary reserves of Rp 60.3 trillion or 11.4% of the Bank's total third party funds, bolstering the Bank's strong liquidity position.

With the exception of loan growth, the achievements outlined above are in general better than the targets established at the beginning of the year. BCA's generally solid performance enabled the Bank to close the year with a higher net profit growth than the year before, generating ROA and ROE at a level that is higher than the projected targets.

CAPITAL STRUCTURE AND MANAGEMENT POLICY ON CAPITAL STRUCTURE

Capital Policy

BCA has prepared its capital plan based on a thorough review of capital adequacy requirements and in consideration of the most recent economic developments and stress testing results. BCA has a capital plan drawn up by the Board of Directors as part of the Bank Business Plan and approved by the Board of Commissioners. The capital plan sets a healthy capital structure to support the business developments of the Bank and its subsidiaries as a priority. Policy on capital structure also refers to the Indonesian Financial Services Authority Regulation No. 11/POJK.03/2016 dated February 2, 2016 and No. 34/POJK.03/2016 dated September 26, 2016 regarding Minimum Capital Requirements for Commercial Banks.

BCA continues to strengthen Tier I capital in preparation for the implementation of Basel III. In 2016, BCA capital requirements were met entirely from organic capital growth supported by the Bank's healthy profitability.

Adequacy of Capital and Dividend Policy

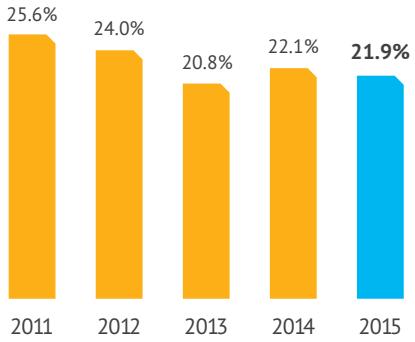
The Bank has a sufficient level of capital with a 21.9% CAR, well above the minimum requirement based on Bank's risk profile as determined by Bank Indonesia and in anticipation of Basel III implementation. The Bank would require a minimum CAR of 17% if the regulators implement the maximum buffers as under Basel III.

In accordance with regulator guidelines, BCA and its subsidiaries have conducted integrated stress tests for credit risk, market risk and liquidity risk. The results show that the Bank's capital position is more than sufficient to cover losses arising from potential risks faced.

In recent years, the Bank has gradually adjusted its dividend payout ratio to strengthen its capital, particularly in support of lending activities and new business lines. The Bank's dividend policy and payout ratio considers profitability, capital requirements and ongoing business developments as well as the stakeholders interest.

For the latest dividend payment, based on the resolutions of the General Meeting of Shareholders on April 7, 2016, the shareholders approved the distribution of a portion of the 2015 net income in the form of a cash dividend of Rp 3.9 trillion or Rp 160 per share (paid through an interim dividend of Rp 55 per share on December 8, 2015 and a final dividend of Rp 105 per share paid on April 29, 2016). The dividend distribution is equivalent to a dividend payout ratio of 21.9% and was paid out of net income from 2015. The Bank later distributed a portion of the 2016 net income in the form of an interim dividend of Rp 70 per share paid on December 22, 2016.

Dividend Payout Ratio



Capital Requirement of Subsidiaries

In line with the business growth of the Bank's subsidiaries in the future, BCA continues to regularly monitor the integrated risks of the financial conglomerate and ensures a solid financial position to meet the capital requirements of its subsidiaries. The capital requirements of the Bank's subsidiaries are relatively insignificant compared to the Bank's capital position. BCA Finance, as the best performing subsidiary, has a solid capital base from organic capital growth. The Bank did not inject additional capital in the subsidiaries in 2016. In 2015 the Bank made capital injections in BCA Syariah and BCA Sekuritas as well as a subordinated loan to BCA Sekuritas that was used for a capital injection into BCA Life.

BCA Capital Position

At the end of 2016, the Bank only core capital amounted to Rp 105.5 trillion, accounting for 95.8% of the Bank's total capital, while the Bank only supplementary capital amounted to Rp 4.7 trillion or 4.2% of the Bank's total capital.

The Bank only Capital Adequacy Ratio (CAR) in 2016 came to 21.9%, increasing by 320 bps compared to the prior year's CAR of 18.7%. The increase was mainly due to the higher retained earnings and the recording of the asset revaluation in 2016. The consolidated CAR reached 22.2% at year-end 2016.

Capital Components (non consolidated - in billion Rupiah)

	2016	2015
Capital		
Tier 1 Capital	105,542	83,684
Tier 2 Capital	4,648	4,203
Total Capital	**110,190**	**87,887**
Risk Weighted Assets:		
Credit Risk	428,659	407,554
Operational Risk	72,767	62,779
Market Risk	1,811	909
Capital Adequacy Ratio (CAR):		
Credit and Market Risk	25.6%	21.5%
Credit and Operational Risk	22.0%	18.7%
Credit, Operational and Market Risk	21.9%	18.7%

MATERIAL INFORMATION ABOUT INVESTMENT, EXPANSION, DIVESTMENT AND ACQUISITION

In 2016, there were no material transactions or activities related to investments, expansions, divestments or acquisitions. In December 2016, the Bank obtained license from OJK to make an investment of Rp 200 billion for the purpose of establishing a venture capital company. The company will invest in and collaborate with fin-tech companies and other financial service support companies. This strategic step is expected to support the financial service ecosystem of the Bank along with its subsidiaries as a whole and to provide added value for the Bank's customers specifically and the public in general.

INFORMATION ON MATERIAL TRANSACTIONS WITH CONFLICTS OF INTEREST

During 2016, there were no transactions conducted by BCA that could be considered as transactions with conflict of interest.

In 2016, the Bank engaged in several transactions with related parties, those having a relationship by ownership and/or management, including lending and deposits taking from customers. The following are details related to transactions with related parties. The details of amounts and types of transactions, as well as the nature of relationships with related parties, can be seen in Note 41 of the audited Consolidated Financial Statements.

Details of Significant Balances and Transactions with Related Parties (non consolidated)

	2016		2015	
	billion Rupiah	Percentage to Total	billion Rupiah	Percentage to Total
Assets				
Loans receivable*	2,874	0.69%	948	0.24%
Other assets**	259	2.79%	267	3.10%
Liabilities				
Deposits from customers	8,099	1.53%	1,227	0.26%
Borrowings	38	1.34%	38	2.15%
Commitments and Contingencies				
Unused credit facilities to customers	453	0.29%	196	0.14%
Letters of credit facilities granted to customers	-	0.00%	3	0.06%
Bank guarantees issued to customers	76	0.67%	54	0.47%
Income Statements				
Interest and sharia income	21	0.04%	32	0.07%
Interest and sharia expenses	47	0.46%	19	0.17%
Rental expenses	13	1.01%	13	0.93%
Contribution to pension plan	184	79.39%	166	87.94%

* Before allowance for impairment losses
** Represent prepaid rental and security deposits to PT Grand Indonesia

GROUP-WIDE FUNDING, COMMITMENTS AND OTHER FACILITIES TO SINGLE OUTSIDE DEBTOR

Combined facilities provided by the Bank and its subsidiaries to a single debtor or debtor group amounted to Rp 157.6 trillion or 37.9% of the Bank's total outstanding loans as of 31 December 2016. The NPL of this loan portfolio was 1.3%. The majority was joint financing from the Bank and its 4-wheeler financing subsidiary, BCA Finance.

Combined Lending Facilities provided by the Bank and its Subsidiaries (in billion Rupiah, except number of debtors)

Collectability	Number of Debtors	Facilities at Subsidiaries				Facilities in BCA	Total Exposure
		BCA Finance	BCA Finance Limited	BCA Syariah	Central Santosa Finance		
Current	754,092	2,908	392	1,400	415	147,054	152,170
Special Mention	112,462	115	-	11	92	3,213	3,431
Substandard	4,218	4	-	-	4	153	160
Doubtful	5,675	1	-	-	5	90	96
Loss	16,135	15	41	20	13	1,667	1,756
Total	**892,582**	**3,043**	**433**	**1,431**	**529**	**152,177**	**157,613**

IMPACT OF CHANGES IN LAWS AND REGULATIONS

There were a number of new regulations that may affect the business activities of the Bank and its subsidiaries during 2016.

In accordance with Bank Indonesia Regulation No. 15/12/PBI/2013 dated 12 December 2013, banks are obligated to meet the revised minimum capital requirements in stages from 2014 to the year 2019. In 2016, banks were required to achieve:

- A minimum common equity ratio of 4.5% from Risk Weighted Assets (RWA) both on an individual and consolidated basis.
- A minimum core capital ratio of 6.0% from RWA both on an individual and consolidated basis.
- Capital Conservation Buffer ratio of 0.625% of RWA.

- Countercyclical Buffer ratio established by Bank Indonesia ranging from 0% - 2.50% of RWA.
- Capital Surcharge ratio for Domestic Systematically Important Bank ("D-SIB") established by relevant authorities ranging from 1% - 2.50% of RWA for banks declared as having systemic impact.

With regard to the capital structure, the Bank's core capital represents its common equity as BCA does not have additional core capital. The Bank has met all requirements pertaining to core capital, whereby as of 31 December 2016 the core capital ratio was recorded at 21.0% (parent company) and 21.3% (consolidated) from risk weighted assets, above the minimum requirements based on the risk profile stipulated by Bank Indonesia and in anticipation of the implementation of Basel III.

Under the regulations, the Bank should maintain a CAR of 17% in 2019 if applying the maximum capital buffers of 7%, on top of the minimum capital of 9.9% in line with the Bank's risk profile. The Bank's CAR as of 31 December 2016 is 21.9% (parent company) and 22.2% (consolidated).

With regard to Minimum Reserves Requirements, the Bank refers to Bank Indonesia Regulation No. 18/3/PBI/2016 dated 10 March 2016, whereby Bank Indonesia decreased the Primary Reserve Requirements on Rupiah funding from 7.5% to 6.5%. As such, the Bank made adjustments to the reserve ratio in line with the prevailing regulation. The regulation on Minimum Reserve Requirements created positive impact on improving the Bank's liquidity position and the Indonesian banking industry in general.

In accordance with Bank Indonesia Regulation No. 18/14/PBI/2016 dated 18 August 2016, Bank Indonesia has amended the lower limit of the Loan to Funding Ratio (LFR) target from 78% to 80%. Under the observation that the Bank's LFR at 77.1% in 2016 was below the set lower limit, the Bank was subject to a penalty for its inability to meet the threshold level. The ratio was influenced by movement in both the lending and funding positions. The Bank has made efforts to improve its LFR in accordance with the developments of loan demand.

In 2016 Bank Indonesia eased the ratio of Loan to Value (LTV) for property loans based on Bank Indonesia Regulation No. 18/16/PBI/2016 dated 26 August 2016. The LTV for property loans has been relaxed to 85%, from the previous policy of 80% for a primary property with a home size >70 m^2. Such policy has been favorable for the banking industry in creating stimuli for the property financing business.

In accordance with OJK Regulation No. 32/POJK.03/2016 dated 8 August 2016, banks are required to: disclose quantitative risk exposure information in a Quarterly Published Financial Report as of June 2017; disclose the capital structure based on the Basel framework in Quarterly Published Financial Reports for Banks in the BUKU III and BUKU IV categories; prepare and publish the Liquidity Coverage Ratio (LCR) and disclose the LCR in Quarterly Published Financial Reports; and display the information on the Bank's corporate website on a quarterly basis and in the event that any information arises that is prone to rapid change pertaining to risk exposure disclosure and other related matters that have been published in the Annual Financial Statement. In compliance with the regulation, the Bank has adjusted the reporting framework and is in compliance with these transparency initiatives both on the website and in the publication of the Bank's Reports.

The Bank's management is of the opinion that the new regulations will create a positive impact on BCA and the banking industry as a whole in supporting a solid banking base.

CHANGES IN ACCOUNTING POLICIES

Standards, amendments and accounting interpretations effective on 1 January 2016

The following standards, amendments, annual improvements and interpretation of accounting standards became effective on 1 January 2016 and are relevant to the consolidated financial statements of the Bank and Subsidiaries:

a. Interpretations of Financial Accounting Standard ("ISAK") No. 30, "Levies"
b. Amendment of Statement on Financial Accounting Standards ("PSAK") No. 4, "Separate Financial Statements concerning Equity Method in Separate Financial Statements"
c. Amendment of PSAK No. 16, "Property, Plant and Equipment concerning Clarifications of Accepted Method for Depreciation and Amortization"
d. Amendment of PSAK No. 19, "Intangible Assets concerning on Clarifications of Accepted Method for Depreciation and Amortization"
e. Amendment of PSAK No. 24, "Employee Benefits concerning Defined Benefit Plans: Employee Contributions"
f. PSAK No. 5 (2015 Annual Improvement), "Operating Segment"
g. PSAK No. 7 (2015 Annual Improvement), "Related Party Disclosures"
h. PSAK No. 16 (2015 Annual Improvement), "Property, Plant and Equipment"

i. PSAK No. 19 (2015 Annual Improvement), "Intangible Assets"
j. PSAK No. 22 (2015 Annual Improvement), "Business Combination"
k. PSAK No. 25 (2015 Annual Improvement), "Accounting Policies, Changes in Accounting Estimates and Errors"
l. PSAK No. 68 (2015 Annual Improvement), "Fair Value Measurement"
m. PSAK No. 110 (2015 Revision), "Sukuk Accounting"

The Bank and Subsidiaries have assessed that the adoption of the above mentioned standards, amendments, annual improvements and accounting interpretations and the adoption does not have any significant impact to the consolidated financial statements.

Accounting Standards Issued but not yet Effective

Certain amendments, annual improvements and interpretation of accounting standards have been issued but not yet effective for the year ended 31 December 2016, and have not been applied in preparing these consolidated financial statements. The following PSAK and ISAK, which will become effective starting 1 January 2017 and 1 January 2018, may have a significant effect to the Bank and Subsidiaries' future financial statements, and may require retrospective application under PSAK No. 25, "Accounting Policies, Changes in Accounting Estimates and Errors":

a. Amendment of PSAK No. 1, "Presentation of Financial Statements concerning Disclosure Initiative"
b. Amendment of PSAK No. 2, "Statement of Cash Flows concerning Disclosure Initiative"
c. Amendment of PSAK No. 46, "Income Taxes concerning Recognition of Deferred Tax Assets for Unrealized Loss"
d. PSAK No. 24 (2016 Annual Improvement), "Employee Benefits"
e. PSAK No. 58 (2016 Annual Improvement), "Non-current Assets Held for Sale and Discontinued Operations"
f. PSAK No. 60 (2016 Annual Improvement), "Financial Instruments: Disclosures"

As of the issuance of these consolidated financial statements, the Bank and Subsidiaries have not determined the extent of retrospective impact, if any, that the future adoption of these standards will have on the Bank and Subsidiaries' consolidated financial position and operating results.

PRIME LENDING RATE

In connection with the Regulation of Bank Indonesia No. 7/50/PBI/2005 on Transparency of Financial Condition, BCA has been transparent in providing Prime Lending Rate information to the public through publications on its websites, in newspapers, and in the Annual Report. Prime Lending Rate publication has enhanced transparency practices, and encouraged healthy competition in the banking industry.

The Prime Lending Rate calculation is based on three components consisting of: 1) The cost of loanable funds; 2) Overhead costs incurred by the Bank in the lending process; and 3) The profit margin determined for lending activities. In addition, in calculating the Prime Lending Rate, the Bank refers to its lowest rate as a benchmark for determining the interest rate to be charged to its borrowing customers. The following is a presentation of BCA's quarterly Prime Lending Rates in 2016.

Detailed information on changes to the Prime Lending Rate is made available at branches and can be accessed on the Bank's website at www.bca.co.id, as well as through national daily newspapers.

Quarterly Prime Lending Rate (effective % p.a)

End of Period	Prime Lending Rate Based on Loan Segment			
	Corporate Loan	Retail Loan	Consumer Loan	
			Mortgage	Non Mortgage
Quarter IV - 2015	10.25	11.50	10.25	8.63
Quarter I - 2016	10.00	11.00	10.25	8.63
Quarter II - 2016	10.00	10.75	10.25	7.69
Quarter III - 2016	9.75	10.50	10.00	7.69
Quarter IV - 2016	9.75	10.50	10.00	6.68

a. Prime Lending Rate is used as the basis for determining lending rates to be charged to the Bank's customers. The Prime Lending Rate does not include the estimated individual credit risk premium which depends on the Bank's risk assessment on each debtor or group of debtors. Therefore, the lending rate for each debtor might be different from the Prime Lending Rate.
b. Non-mortgage consumer loans do not include credit card and uncollateralized credit loans.
c. Non-mortgage consumer loans Prime Lending Rate is the Prime Lending Rate for vehicle loans provided to customers through a joint financing program with PT BCA Finance.
d. The Prime Lending Rate for mortgages is the variable rate (floating rate).

MATERIAL COMMITMENTS FOR CAPITAL EXPENDITURES

Purpose of Material Commitments

The Bank entered into commitments for capital expenditures with the following vendors, among others, related to:

- Expansion of the branch and the ATM and EDC networks whereby in 2016 the Bank added 29 branch offices, 126 ATMs, including the installation of 2,481 Cash Recycling Machines (CRMs) to replace conventional ATMs and Cash Deposit Machines (CDMs), and 20 thousands of new EDC machines in various strategic locations in Indonesia. With the expansion, at the end of 2016 the Bank operated 1,211 branch offices, 17,207 ATMs and 424 thousand EDC machines installed at merchants.
- Development of information technology infrastructure to increase network capacity, reliability and security. BCA regularly upgraded hardware, software and mainframe operating systems, renewed core network systems and firewalls as well as expanded the capacity of the database and server.
- Additional tools and other office equipment for the operational needs of the Bank's branch network.

Source of funds

The funding resource for capital expenditure in 2016 originated from the Bank's retained earnings. With solid and consistent profitability, the entire funding source for capital expenditures was from the Bank's own capital through the accumulated profit.

Currency and foreign exchange risk mitigation

In accordance to the prevailing regulations, capital investments were made in Rupiah to avoid any foreign exchange risk.

CAPITAL EXPENDITURE REALIZED IN 2015 AND 2016

BCA consistently expands its banking network, both for branches and electronic channels, to improve customer transaction convenience. This leads to fairly significant capital expenditure every year. The capital expenditure realized in 2016 amounted to Rp 2.8 trillion.

Capital Expenditures Investment (in billion Rupiah)

	2016	2015	Increase / (decrease)	
			Nominal	Percentage
Land	172	326	(154)	-47.2%
Buildings	297	136	161	118.4%
Office furnitures, fixtures and equipments*	1,582	1,283	299	23.3%
Motor vehicles	8	7	1	14.3%
Construction in progress	770	778	(8)	-1.0%
Leased assets	-	4	(4)	NA
Total	**2,829**	**2,534**	**295**	**11.6%**

* The majority is comprised of fixed assets in the form of ATMs, EDCs, mainframe and other network support

Going forward, the Bank is committed to continue investing in the development of business networks while utilizing technological advancements to maintain excellence in transaction banking and to provide quality services in accordance with increasingly diverse customer needs.

MATERIAL INFORMATION AND FACTS THAT OCCURRED AFTER THE DATE OF ACCOUNTANTS' REPORT

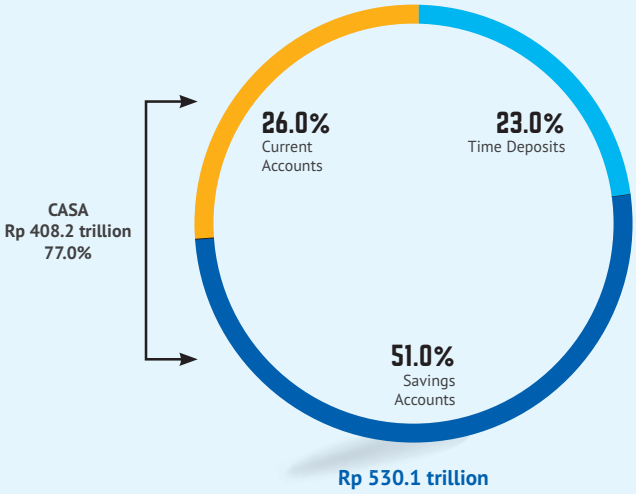
On February 21, 2017, BCA and PT AIA Financial (AIA Indonesia) signed an amendment of bancassurance partnership agreement with respect to expanding the scope of our partnership for a period of 10 years. The initial BCA and AIA Indonesia bancassurance partnership started in 2006, and has delivered benefits to both parties as well as BCA customers.

Under the strategic partnership, BCA is able to offer a wider range of AIA Indonesia life insurance products which address the increasing needs of BCA customers for protection and long-term financial solutions. The AIA Indonesia's comprehensive range of life insurance products and services will be offered to both retail and institutional customers through various BCA distribution networks in order to provide a better service to BCA customers.

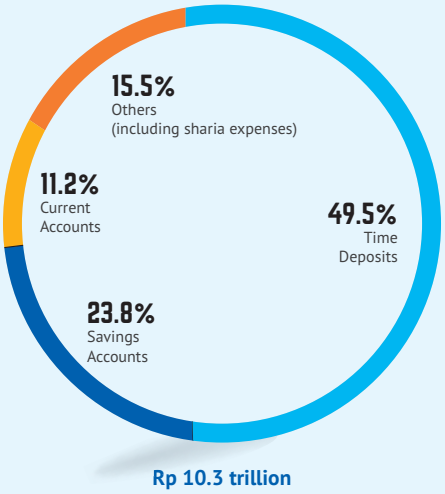
OVERVIEW OF BUSINESS SEGMENT PERFORMANCE

Composition of Third Party Funds and Interest Expense - as of 31 December 2016

Third Party Funds Composition

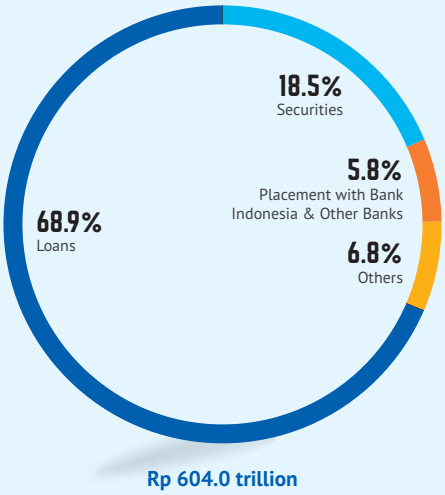


Interest Expense Breakdown

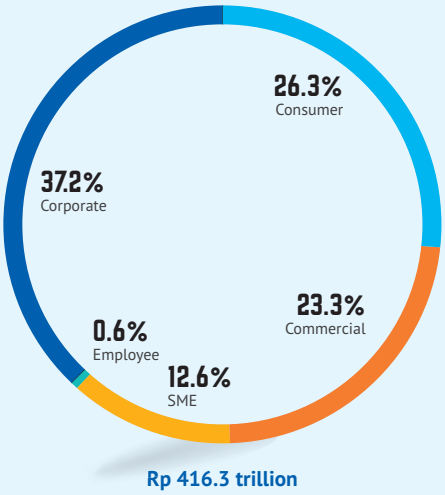


Composition of Earning Assets, Loans and Interest Income - as of 31 December 2016

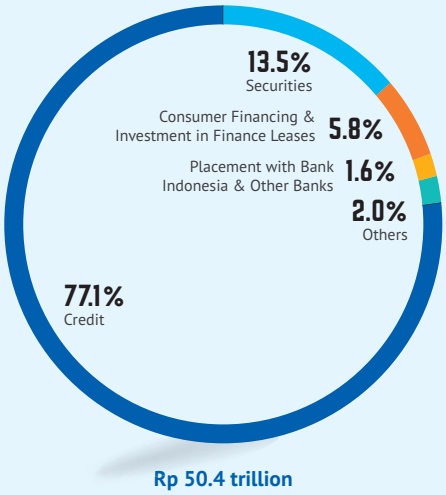
Earning Assets Composition



Loan Composition (non consolidated)



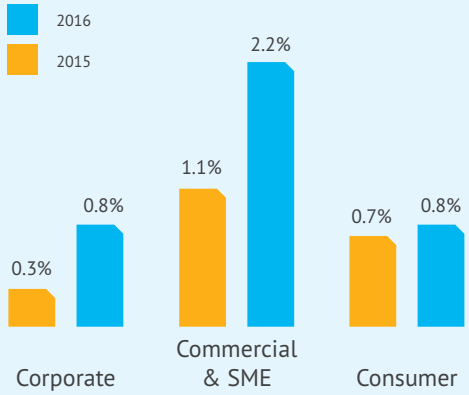
Interest Income Contribution



Credit Quality

Bankwide NPL Ratio

NPL Ratio by Segment



Detailed information on the management discussion and analysis by business segment is available in this Annual Report under Business Review and Business Support on pages 108 – 235.

Transaction Banking

BCA's transaction banking is supported by a dynamic and integrated multi-channel network which is connected to the Bank's wide customer base, comprising of a wide spread branch and electronic banking network including internet banking, mobile banking, Automated Teller Machines (ATM) and EDC's. The Bank has consistently made efforts to keep up with the highly dynamic digital technology evolution. Convenience, security and reliability of BCA banking transaction banking has successfully increased the volume of transactions from year to year, which has in turn generated solid funding sources for the benefit of customers in the form of credit facilities.

Through its comprehensive transactions banking services, the Bank has maintained its position as one of the leading transaction banks in Indonesia with market share in Current Accounts and Saving Accounts (CASA) of 15.3%. The Bank's CASA funds recorded strong growth of 13.3% to Rp 408.2 trillion at the end of 2016, accounting for 77.0% of total third party funds. Stable CASA funding is driven by the interconnected transaction flows of individual and business customers. Savings accounts grew by 10.5% to Rp 270.3 trillion, accounting for 66.2% of total CASA funds while current accounts increased by 19.2% to Rp 137.9 trillion, representing 33.8% of total CASA. Overall, the Bank recorded third party funds growth of 11.9% to Rp 530.1 trillion at the end of 2016.

In 2016, the Bank established the Transaction Banking Group Directorate for the purpose of strengthening its transaction banking services through the development of various card-based services & applications and the enhancement of features available in its multi-channel and interconnected electronic network.

Corporate Banking

The Bank focused its corporate lending on quality customers with proven track records, while adopting prudent lending principles. The ability to offer competitive interest rate loans has enabled BCA corporate banking to capitalize on various lending opportunities and to optimize loan distribution during seasonal loan demand spikes. Prudent lending to the diversified and clearly segmented market has minimized the risk exposure that may arise due to the decreasing performance of a particular industry.

In 2016 the Bank maintained its position as one of the largest corporate loan providers in Indonesia's banking industry. The Bank recorded healthy growth in the corporate loan portfolio of 9.6%, reaching Rp 154.9 trillion at the end of 2016, accounting for 37.2% of the Bank's total loan portfolio. Working capital loans grew 17.8% to Rp 78.1 trillion while investment loans increased by 2.4% to Rp 76.8 trillion. The Bank prioritized its corporate lending for leading companies in each of their respective industrial sector and those who have long-term relationships with BCA.

With the implementation of prudent lending principles and risk management for corporate lending , the Bank was able to maintain a healthy corporate loan portfolio with an NPL ratio of 0.8%, a slight increase compared to the prior year's 0.3% corporate loan portfolio NPL. The increase in the corporate loan NPL was mainly due to the decreasing loan quality of a single debtor in the telecommunication support industry and a number of small corporations engaged in various business sectors including sea transportation.

Commercial and SME Lending

Transaction banking excellence has supported the Bank in developing its commercial and SME lending portfolio. BCA has been serving the majority of commercial and SME borrowers CASA based financial transactions, allowing the Bank to better understand the needs and repayment abilities of its commercial and SME customers.

BCA worked to take advantage of every opportunity to lend in to seasonal loan cycles during 2016 by optimizing loan utilization during Ramadhan and at year end. To maximize loan utilization, the Bank offered competitive interest rates which declined over 2016 in line with market demand and reductions in Bank Indonesia benchmark interest rates.

In 2016, the Bank recorded an increase in the commercial and SME loan portfolio of 3.7% to a total portfolio of Rp 149.3 trillion. To optimize the growth, the Bank performed its intermediary function by lending to select business sectors and by considering the business resilience of its debtors in the midst of an economic recovery in Indonesia.

In 2016 the quality of the Commercial and SME loan portfolio remained at a healthy level. Compared to 2015, there was an increase in the Non-Performing Loans (NPL) ratio to 2.2% in 2016 from 1.1% in 2015. The increase was predicted and still within the Bank's risk appetite limit. The fourth quarter of 2016 saw signs of a slowdown in the growth of the NPL ratio.

Within commercial & SME banking, BCA channeled loans for Micro, Small and Medium Enterprises, defined by Bank Indonesia as productive loan with business turnover of less than Rp 50 billion. In order to enhance the loan portfolio under this segment, BCA works with several partner institutions including rural banks and cooperatives. Through these partnerships, the Bank provided loan facilities directly, through a channeling system, and indirectly, through micro lenders, to support business development in the Micro, Small and Medium Enterprises segments unreachable by the Bank's branch network. In addition, the Bank worked in cooperation with its subsidiary, BCA Syariah, to develop products and services for customers in this segment. As of 31 December 2016, the loan portfolio for Micro, Small and Medium Enterprises amounted to Rp 48.2 trillion, or 11.6% of the Bank's total loan portfolio.

Individual Banking

BCA developed the Individual Banking business to facilitate the needs of various market segments including the rapidly growing middle and professional classes. In the Individual Banking segment, the Bank focused on mortgages, vehicle loans, and credit cards. Over the last ten years, consumer loans grew by 29.2% CAGR and stood at Rp 109.6 trillion at the end of 2016.

The Bank has been developing its mortgage portfolio in a consistent and prudent manner and has grown to become the largest non-subsidized mortgage provider in Indonesia. The Bank offers mortgage products with competitive interest rates in order to maintain its strategic position in the market and to support sustainable loan growth.

BCA maintained its position as a leading mortgage provider in Indonesia with a market share of 17.4%. The Bank's mortgage portfolio grew by 7.6% to Rp 64.0 trillion in 2016, accounting for 58.4% of total consumer loans at the end of 2016. Vehicle loans increased by 10.1% to Rp 34.8 trillion, representing 31.8% of total consumer loans. In the same period, credit card outstandings grew 13.7% to Rp 10.8 trillion, accounting for 9.8% of total consumer loans.

Growth in consumer lending was achieved with well-maintained loan quality at a 0.8% NPL ratio. BCA provided mortgages to quality debtors and focused on landed properties in prime residential areas. The Bank also offered vehicle loan products with competitive interest rates while carefully selecting quality collateral. BCA required high down payments and prioritized financing for popular cars from various brands that have gained wide acceptance in the Indonesian automotive market.

Consumer Loans (in billion Rupiah, non consolidated)

	2016	2015	Increase / (decrease)	
			Nominal	Percentage
Mortgages	63,959	59,415	4,544	7.6%
Vehicle Loans*	34,817	31,612	3,205	10.1%
Credit Cards	10,779	9,483	1,296	13.7%
Total	**109,555**	**100,510**	**9,045**	**9.0%**

* Including 2-wheeler financing of Rp 3.9 trillion in December 2016 and Rp 4.3 trillion in December 2015

MARKETING

The Bank has consistently adopted various marketing strategies in strengthening its product and service brand image to maintain the trust of its customers. The Bank has continuously developed the implementation of 360^0 marketing communication strategies, which identifies customer touch points through various conventional and digital communication channels.

The Bank's marketing activities are conducted to strengthen the corporate image and to market its products and services. The Bank advertises its products through popular media such as TV, newspapers, magazines and billboards. In line with technological advancements and the efforts to reach out to the younger generation, the Bank has strengthened its social media communication strategies by utilizing Facebook, Twitter and YouTube. In 2016, the Bank launched the HaloBCA Chat feature to facilitate interaction between the customers with the Bank through the chat platform embedded in the Bank's website.

In 2016 the Bank revamped its corporate website (www.bca.co.id) and replaced it with a more user friendly interface to facilitate customers in obtaining more complete information concerning the Bank's products and services.

The following are marketing programs conducted by the Bank in 2016:

- BCA actively promotes consumer loan programs which offers mortgages and vehicle loans. Within the period of February through July 2016, the Bank offered 5-year mortgage product with fixed interest rates at 9%. BCA also offered 6-year Fix & Cap product (3 years fixed at 7.99% and 3 years capped at 8.99%). In the third quarter of 2016, BCA launched a new vehicle loan product with affordable interest rates of 3.08% for 1-year tenure, 3.88% for 2 years, 4.18% for 3 years and 4.48% for 4-year tenure with no fee. The Fix & Cap program was also applied for vehicle loans (5 years fixed at 5.68% and capped at 6.95%; 6 years fixed at 6.18% and capped at 7.25%).
- The Bank once again held a travel fair to promote BCA credit cards. In cooperation with various prominent airlines, including Singapore Airlines, Garuda Indonesia and Air Asia, as well as with travel agents, BCA took advantage of the increasing overseas travel trend. Through attractive travel packages and destinations, the program has received highly positive responses from the public.
- In capitalizing on opportunities in e-commerce, the Bank has participated in promotions such as the Online Shopping Day by partnering with leading merchants whereby BCA facilitates the customers' online shopping payment transactions. The Bank continues to conduct BCA KlikPay promotions with attractive discount offers when making payments for online transactions at BCA sponsored merchants. To better promote Sakuku service, the Bank has offered a cashback program for payments using Sakuku at selected merchants.
- The Bank has made efforts to improve its customer awareness towards Yuan solution service with the display of images of the Chinese Yuan in promotional campaigns in various media.
- The Bank has proactively facilitated educational programs for its customers on the tax amnesty program and provided banking products for investment purposes. These educational programs were held in various large cities in Indonesia and in cooperation with tax consultants.
- The Bank continued its collaboration through various promotional and marketing programs with strategic partners. The efforts were aimed to expand the market share for credit card, debit cards, Flazz cards and bancassurance, while increasing brand awareness.

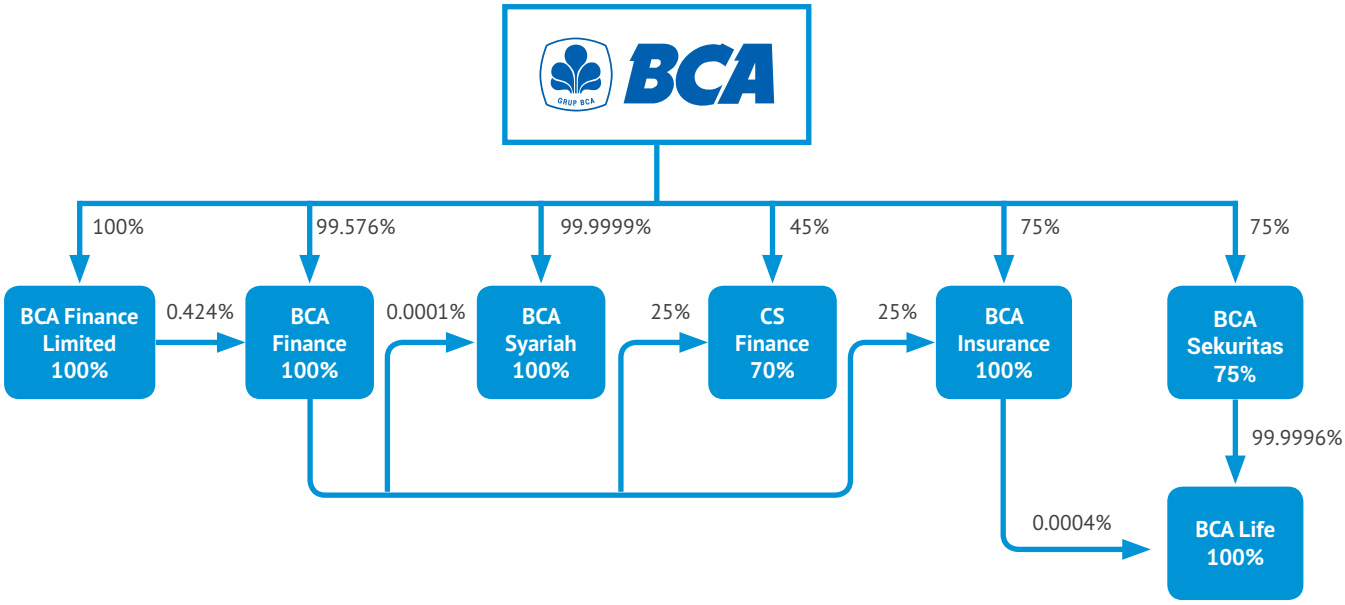
OVERVIEW OF SUBSIDIARY PERFORMANCE

BCA is committed to providing a comprehensive financial solution for its customers. To that end, BCA strengthens synergy with its subsidiaries as a basis for sustaining the overall profitability of BCA and for supporting an expansive customer base.

As of December 31, 2016, BCA owns 7 subsidiaries as follows:

1. PT BCA Finance ('BCA Finance')
2. PT Central Santosa Finance ('CS Finance')
3. PT Bank BCA Syariah ('BCA Syariah')
4. PT BCA Sekuritas ('BCA Sekuritas')
5. PT Asuransi Jiwa BCA ('BCA Life')
6. PT Asuransi Umum BCA ('BCA Insurance')
7. BCA Finance Limited

Subsidiary Ownership Structure



PT BCA Finance

Established in 1981 and a subsidiary of BCA since 2001, BCA Finance is a leading finance company in Indonesia and is engaged in 4-wheeler financing, both for new and used automobiles.

Through a joint financing scheme with BCA, BCA Finance benefits from a strong and stable funding structure with low interest costs. Marketing synergy through BCA's branch network has allowed BCA Finance to expand its customer base. At the end of 2016, BCA Finance operated with the support of approximately 3,600 employees in 60 branches located in various cities throughout Indonesia.

Although the automotive industry has not fully recovered from the recent downturn, BCA continued to promote the growth of car financing through measured steps with due consideration to prudent risk management. Customer acquisition followed a disciplined process coupled with the selection of high quality collateral. BCA Finance observed disciplined application of its down-payment policy and set priority of financing in favor of popular car types that are widely accepted by automotive consumers in Indonesia.

BCA Finance consistently offered top of mind financing products to attract interest in the automotive financing market. The flagship product is the Fix and Cap loan, a program which offers loan installment over a period of 3 years at a fixed interest rate and installment over a period of 2 to 3 years with an interest rate capped at a specific level. In 2016 BCA Finance developed a supplementary facility product which allows an existing customer who has partially settled their loan obligation to obtain a top up facility based on the value of the automobile.

In 2016, BCA Finance achieved a solid financial performance with total assets under management of Rp 43.4 trillion, growing by 13.7% from Rp 38.2 trillion recorded in the previous year. BCA Finance's net income increased by 8.8% to Rp 1,139 billion for the year 2016.

In appreciation of the performance achieved in 2016, BCA Finance received a number of awards, including the best car financing company from Marketing Magazine and the best financing company from the Indonesian Financial Services Association.

PT Central Santosa Finance

PT Central Santosa Finance (CS Finance), established in 2010, is currently active in the business of providing 2-wheeler financing.

The motorcycle financing industry continued to face significant challenges with further declines in new motorcycle sales in 2016. To address this condition, CS Finance primarily set strategic directives toward internal consolidation in order to maintain loan quality. CS Finance also improved sales efficiency and effectiveness through branch intensification, rigorous operational efficiency, and optimizing employee effectiveness and productivity.

In 2016, CS Finance carried out various initiatives to manage the loan quality. Disciplined portfolio monitoring aimed to facilitate early handling of arrears before the loans developed into problem loans. The collection system was enhanced in order to provide improved access for the collection team, including through mobile devices held by collection officers. In addition, CS Finance applied an aggressive policy to handle accounts already categorized as loss.

In 2016, CS Finance continued product development initiatives, including by expanding into multipurpose financing. CS Finance also increased efforts to improve service through continuous enhancement of work processes. As with BCA Finance, CS Finance built solid synergy with BCA to support a strong funding structure in order to offer competitive interest rates; marketing synergy through BCA branch network; and also for facilitating payment services.

As of December 31, 2016, CS Finance operated 76 branches concentrated in Java and Sumatra with the support of over 5,000 employees. CS Finance recorded assets under management of Rp 5.3 trillion in 2016 compared to Rp 5.9 trillion in the previous year. CS Finance maintained a relatively stable net income of Rp 75.6 billion.

PT Bank BCA Syariah

BCA Syariah is a subsidiary of BCA engaged in the business of Sharia banking. In 2009 BCA acquired a commercial bank which was subsequently converted into a Sharia bank under the name BCA Syariah.

BCA Syariah is focused on meeting the needs of customers for Sharia banking products and services in the field of payment settlement, funding and the provision of financing facilities for individuals and SME customers. The main business targets of BCA Syariah are customers who require Sharia banking products and services supported by the ease of access and speed of transactions offered by the BCA Group.

Since 2015, BCA Syariah has been classified as a BUKU II Sharia bank with capital of more than Rp 1 trillion, thereby having a stronger foundation to develop products and services. BCA Syariah continued new product developments, including religious travel financing, funding products, virtual accounts, and co-branded Flazz cards with BCA. BCA Syariah is also developing products and services for the micro, small and medium enterprises segment.

As of December 31, 2016 BCA Syariah serves customers through its network of 49 branches, including 26 Sharia Service Units spread throughout Greater Jakarta, Bandung, Semarang, Solo, Surabaya and Yogyakarta. Its branch network is integrated with the BCA banking system, thus providing added value for BCA Syariah customers with the convenience of transacting through the BCA ATM and EDC machines, as well as access to the Halo BCA call center.

In 2016 BCA Syariah recorded solid growth in business performance including in assets, third-party funds and financing. Total assets grew by 14.9% from Rp 4.3 trillion to Rp 5.0 trillion. Third party funds and financing generated growth of 18.0% and 16.4% respectively to Rp 3.8 trillion and Rp 3.5 trillion. Growth in financing was accompanied by well-maintained loan quality as reflected in the non-performing financing (NPF) ratio of 0.5% compared to 0.7% at the end of the previous year. In 2016 BCA Syariah booked net income of Rp 36.8 billion, higher by 57.3% than the previous year.

For its performance achievements and solid service, BCA Syariah received recognition, among others, as the Bank with the Best ATM Performance from Infobank; Contact Center Service Excellence Award 2016 from Carre CCSL & Service Excellence; and also as 'The Most Efficient Bank' and 'The Most Reliable Bank' from the Tempo Media Group & Indonesia Banking School.

PT BCA Sekuritas

BCA Sekuritas is a subsidiary of BCA engaged in securities brokerage and underwriting.

BCA Sekuritas has been active in the fixed income market in Indonesia and is ranked 6th by Bloomberg for the category of Domestic Bonds in 2016 and is leading the market for the issuance of Negotiable Certificates of Deposit.

BCA Sekuritas offers services related to stock trading and brokerage services in fixed income instruments, such as medium term notes, negotiable certificate of deposits, corporate or retail bonds (ORI) and Sukuk.

Investment Banking by BCA Sekuritas offers customers assistance in fund raising through various financing structures in the debt and equity markets, mergers and acquisitions, alternative financing and other tailored financings. BCA Sekuritas has wide access to institutional investors, insurance companies, banks, pension funds, and other investors.

PT BCA Sekuritas operates the BEST (BCA Sekuritas Equity Smart Trading) system to provide maximum convenience for customers to process stock buy and sell transactions via a computer or smartphone. With this facility, customers get the added benefit of stock market information, including real-time stock transaction updates.

At the end of 2016, BCA Sekuritas, parent company, had total assets of Rp 644.4 billion, increasing by 8.6%. The net income of BCA Sekuritas, parent company, reached Rp 40.0 billion in 2016 compared to Rp 4.4 billion in the previous year. On a consolidated basis, BCA Sekuritas booked a profit of Rp 15.5 billion in 2016. The lower profit was due to the negative performance of BCA Sekuritas' subsidiary, BCA Life, which is a new developing company.

PT Asuransi Jiwa BCA

Commencing operations in the fourth quarter 2014, PT Asuransi Jiwa BCA (BCA Life) is a subsidiary of BCA engaged in the business of life insurance. The Bank's ownership of BCA Life is through BCA Sekuritas and BCA Insurance.

The increased needs for life insurance services in line with Indonesia's growing middle class and the low penetration rate of life insurance products presents solid potential business growth opportunities for BCA Life.

Currently, BCA Life focuses on offering insurance protection for BCA's consumer loans customers. BCA Life continues to build its operating system to support future business growth and intensively pursues marketing activities to introduce its product lines. In 2016, BCA collaborated with BCA Life in launching Tahapan Berjangka (Tahaka), a savings product that allows customers to make routine deposits with the benefit of complimentary life insurance coverage.

As a new growing business, BCA Life recorded a loss of Rp 24.4 billion in 2016, while total premium income grew by 192.8% to Rp 275.2 billion.

PT Asuransi Umum BCA

BCA Insurance is a subsidiary of BCA engaged in the general insurance industry.

To expand the scope of services provided, in 2016 BCA Insurance added 4 offices in Cirebon, Tangerang, Banjarmasin and Samarinda. Since 2016, BCA Insurance's call center is integrated with HaloBCA to facilitate claims and product information.

For sales and marketing activities, BCA Insurance maintains synergy with BCA in offering insurance products to customers requiring automotive financing and mortgages.

The total assets of BCA Insurance at the end of 2016 increased by 26.2% to Rp 1,133.8 billion compared to Rp 898.6 billion in 2015. Gross premium income increased by 37.0% to Rp 494.2 billion while investment income increased 10.9% from Rp 54.8 billion to Rp 60.7 billion in 2016. BCA Insurance recorded net income of Rp 56.5 billion, higher by 27.8%, compared to Rp 44.2 billion in 2015. In February 2016, BCA Insurance obtained an AA- rating from PEFINDO rating agency.

In 2016, BCA Insurance earned a number of awards for its performance and service quality, including "Insurance Award 2016" from Infobank magazine as an 'Excellent' insurance company based on Financial Performance in 2016, as well as The Best General Insurance Company with assets between Rp 250 billion and Rp 1 trillion from Investor Magazine.

BCA Finance Limited

Domiciled in Hong Kong, BCA Finance Limited is active in the business of remittance and carries out its role as a money lender.

BCA Finance Limited facilitated remittance transactions in Hong Kong, one of the countries with the highest number of Indonesian migrant workers. BCA Finance Limited also plays a strategic role in facilitating trade finance businesses of customers' partners in Hong Kong and China.

BCA Finance Limited had total assets of Rp 715.5 billion at the end of 2016 for a growth of 4.3% when compared to 2015. BCA Finance Limited recorded net income of Rp 8.9 billion in 2016 compared to Rp 4.4 billion in 2015.

PROSPECTS AND STRATEGIC PRIORITIES IN 2017

Prospects for the Indonesian Economy and Banking Sector in 2017

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

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

BCA Business Prospects and Strategic Priorities in 2017

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

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

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

I. Payment settlement services

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

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

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

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

II. Prudent lending

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

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

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

III. Business Development among the Subsidiaries

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

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

Financial Projection in the 2017 Business Plan

In setting financial projections and preparations for the budget, BCA assesses the financial performance and achievements in the previous period and uses this as input for the near to intermediate term business plan. With due observance of Indonesia's economic prospects in 2017, the Bank is targeting a growth rate of credit volume in the range of 8%-10%. We estimate that all segments will continue to contribute to this growth. On the funding side, the Bank estimates an approximate growth of 5-7% in CASA funds.

BCA will review the annual dividend payout ratio to maintain the growth of capital necessary to sustain target of asset growth, capital expenditures and new business activities. The Bank projects organic capital growth will support the development of business activities in 2017. The Bank seeks to achieve an ROA of 3.5% and an ROE in the range of 18%-20%.

BCA will remain cautious in achieving the projections and budget that have been prepared. The Bank will continue to observe macroeconomic developments and competition within the banking industry in 2017. If necessary, the Bank may take strategic steps to adjust the business plan in accordance with economic developments and conditions as well as any unpredictable events that may occur in order to protect the interests of the stakeholders.

BUSINESS SUSTAINABILITY

The growth of the banking industry is an integral part of economic development. Accordingly, in 2016 the Bank has continued to observe the economic conditions to minimize risks, capture business opportunities and improve long term capabilities.

In the midst of an economic recovery process in Indonesia, the Bank has made efforts to maintain a solid financial position by maintaining the balance between net interest income, operating income other than interest, operating expenses, and allowance for impairment losses on loans related to loan quality.

The Bank has distributed its loans prudently with the priority of supporting the business of customers with solid track records. Despite the challenges arising from relatively weaker loan demand in line with a recovering economy, the Bank worked to distribute loans to all business segments, including the corporate, commercial and SME segments. Loans were distributed in line with the demand within each business segment. In the consumer loan segment, the Bank has actively launched competitive and attractive products while continuing to improve its service level. With its low risk characteristics, mortgages serve as one of the Bank's flagship products whereby the long repayment period has provided opportunities in building relationship through the introduction of overall financial solutions for the Bank's customers.

In distributing its loans, the Bank has at all times adopted prudent lending principles in order to maintain loan quality. BCA proactively reviews its loan portfolio and restructures loans for quality customers with solid long term financial feasibility but who experience short-to-medium term financial difficulties. The increasing NPL was still within a tolerable level in accordance with the Bank's risk appetite and lower than the industry average.

The Bank has continuously developed its capabilities in transaction banking services, improved lending infrastructure and distribution processes, and developed the business of its subsidiaries. Various work programs in strategic areas focused on the importance of strengthening relationship and maintaining the trust of its customers.

To respond to rapid developments in technology and the increasingly diverse needs of customers in transaction banking services, the Bank has consistently developed its electronic banking network and improved its digital services including internet banking, mobile banking, apps-based services, and e-commerce. The Bank has constantly made efforts to keep up with the highly dynamic changes in digital banking evolution.

Throughout 2016, there was no matter which significantly impacted on the Bank's business sustainability. Potential disruptions have been well-managed by the Bank through its business continuity plan. In the last few years, several earthquakes and floods in BCA's branch operating areas have proven the readiness of the business continuity plan, whereby during these incidents our banking services remained functional and fully operational.

The Bank consistently evaluates and renews the procedures related to situations that have the potential to disrupt operational activities and business sustainability. Management performed such procedures to ensure that all business lines would remain in operation under various conditions. The Bank has also periodically held various training programs, seminars and simulations to prepare for various disasters or other possible events which may disrupt the sustainability of the Bank's business.

05

Corporate Governance

MOST
TRUSTED

BCA

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05 CORPORATE GOVERNANCE

INTRODUCTION

1. **Purpose of Good Corporate Governance Implementation**

   BCA understands that implementation of Good Corporate Governance (GCG) it must to maintain the Company's business sustainability and maximize value in the long run. Implementation of GCG in BCA is intended to:

   a. Support the vision of BCA to be "the bank of choice and a major pillar of the Indonesian economy".

   b. Support the following missions of BCA:
      - Build centers of excellence in payment settlements and financial solutions for businesses and individuals.
      - Understand diverse customer needs and provide the right financial services to optimize customer satisfaction.
      - Enhance BCA's corporate francais and stakeholder value.

   c. Give benefits and added value to the shareholders and stakeholders.

   d. Sustain and increase sound and competitive business continuity in the long run.

   e. Enhance the trust of investors in BCA.

2. **References**

   BCA's policy for Good Corporate Governance (GCG) is developed based on the following:

   - Bank Indonesia Circular Letter No.15/15/DPNP concerning the Implementation of Integrated Good Corporate Governance for Commercial Banks.
   - Financial Services Authority Regulation No. 17/POJK.03/2014 concerning The Implementation of Integrated Risk Management for Financial Conglomerate.
   - Financial Services Authority Regulation No.18/POJK.03/2014 concerning the Implementation

BCA considers Good Corporate Governance essential in maintaining the trust of and offering added value to all stakeholders. BCA as an organization is committed to promoting and adhering the principles of Good Corporate Governance

of Integrated Good Corporate Governance for Financial Conglomerate.

- Financial Services Authority Regulation No.32/ POJK.04/2014 concerning the Planning and Implementation of the General Meeting of Shareholders of Public Companies.
- Financial Services Authority Regulation No.33/ POJK.04/2014 concerning the Directors and Board of Commissioners of Issuers or Public Companies.
- Financial Services Authority Regulation No.34/ POJK.04/2014 concerning the Nomination and Remuneration Committee of Issuers or Public Companies.
- Financial Services Authority Regulation No.35/ POJK.04/2014 concerning the Corporate Secretary of Issuers or Public Companies.
- Financial Services Authority Regulation No.32/ POJK.03/2016 concerning the Amendment of the Financial Services Authority Regulation No.6/ POJK.03/2015 concerning the Transparency and Published Bank Reports.
- Financial Services Authority Regulation No.21/ POJK.04/2015 concerning the Implementation of Corporate Governance Guidelines for Public Companies.
- Financial Services Authority Regulation No.45/ POJK.03/2015 concerning the Implementation of Governance in Providing Remuneration at Commercial Banks.
- Financial Services Authority Regulation No.55/ POJK.04/2015 concerning the Establishment and Guidelines for the Work of Audit Committees.
- Financial Services Authority Regulation No.56/ POJK.04/2015 concerning the Establishment and Implementation Guidelines of the Internal Audit Charter.
- Financial Services Authority Regulation No.60/ POJK.04/2015 concerning the Transparency of Information of Particular Shareholders.
- Financial Services Authority Circular Letter No.15/ SEOJK.03/2015 concerning the Implementation of Integrated Corporate Governance for Financial Conglomerate.
- Financial Services Authority Regulation No.5/ POJK.03/2016 concerning the Business Plan of Banks.
- Financial Services Authority Regulation No.29/ POJK.04/2016 concerning the Annual Report of Issuers or Public Companies.
- Financial Services Authority Circular Letter No.40/SEOJK.03/2016 concerning Governance in Providing Remuneration at Commercial Banks.
- Bank Indonesia Regulation No. 8/14/PBI/2006 concerning Amendment to Bank Indonesia Regulation No.8/4/PBI/2006 concerning the Implementation of Good Corporate Governance for Commercial Banks, subsequently replaced by

Financial Services Authority Regulation No.55/POJK.03/2016 on Implementation of Governance for Commercial Banks.

- Financial Services Authority Circular Letter No.43/SEOJK.03/2016 concerning the Transparency and Publication of Conventional Commercial Bank Report.
- Financial Services Authority Circular Letter No.30/SEOJK.04/2016 concerning the Format and Content of Annual Report of Issuers or Public Companies.
- Financial Services Authority Circular Letter No.32/SEOJK-04/2015 concerning the Good Corporate Governance Guideline
- Financial Services Authority Circular Letter No.14/SEOJK-03/2015 concerning the Application of Integrated Risk Management for Financial Conglomerate.

In addition of the above provisions, BCA also refers to the GCG implementation guidelines stated below:

- The Corporate Governance Principles developed by the Organization for Economic Cooperation and Development (OECD).
- The ASEAN Corporate Governance Scorecard (ACGS).
- The Indonesian Good Corporate Governance Roadmap issued by the Indonesia Financial Services Authority.

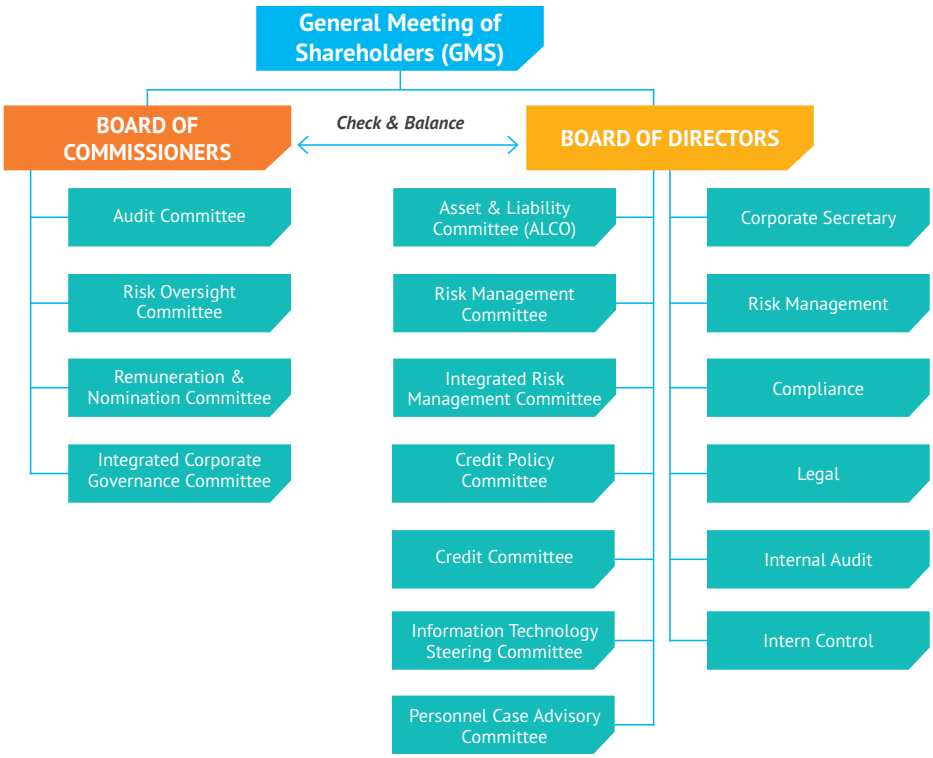
3. Statement of Corporate Governance Implementation Commitment

Through the implementation of GCG principles, BCA will be able to maintain its business continuity soundness and competitiveness. Implementation of GCG is a key factor in maintaining the trust of shareholders and stakeholders in BCA. It has become even more significant with the increasing business risk and challenges faced by the banking industry. Based on explanation above, BCA is committed to continuously improving the implementation of GCG principles in accordance with the provisions of the applicable legislation and the development of best GCG practices, as well as the OECD & ACGS principles.

4. Corporate Governance Structure

A clear division of tasks and responsibilities between different functions/work units within BCA reflects the application of a checks and balances principle within a good internal control system.

BCA's Corporate Governance Structure



The BCA's structure of Corporate Governance consists of:

1. The General Meeting of Shareholders (GMS).
2. Board of Commissioners.
3. Board of Directors.
4. Committees under the Board of Commissioners: Audit Committee, Risk Oversight Committee, Remuneration & Nomination Committee and Integrated Corporate Governance Committee.
5. Executive Committees under the Board of Directors: Asset & Liability Committee (ALCO), Risk Management Committee, Integrated Risk Management Committee, Credit Policy Committee, Credit Committee, Information Technology Steering Committee, Personnel Case Advisory Committee.
6. Corporate Secretary.
7. Risk Management, Compliance, Legal, Internal Audit working units and Internal Control.

The corporate governance structure has carried out its duties and responsibilities according to the scope of duty, responsibility, and functions as stated in the applicable regulations.

5. GCG Implementation Report

BCA's GCG Implementation Report in 2016 was prepared in accordance with the Bank Indonesia Circular Letter No.15/15/DPNP concerning the Implementation of Good Corporate Governance for Commercial Banks and Bank Indonesia Regulation No. 8/14/PBI/2006 concerning Amendment to Bank Indonesia Regulation No.8/4/PBI/2006 concerning the Implementation of Good Corporate Governance for Commercial Banks, subsequently replaced by Financial Services Authority Regulation No.55/POJK.03/2016 on Implementation of Governance for Commercial Banks.

The BCA's GCG report has to cover at least the following:

1. Self Assessment Report Implementation of GCG in accordance with the assessment period of Bank Soundness Level for the past 1 (one) year.
2. Transparency of GCG Implementation as referred by point IX Circular Letter of Bank Indonesia No.15/15/DPNP dated 29 April 2013.

Transparency of GCG implementation includes:

A. GCG implementation disclosures, which include at least the following:
   1. Implementation of duties and responsibilities of the Board of Commissioners and Board of Directors;
   2. Adequacy and implementation of duties of the Committees;
   3. Implementation of compliance, internal audit, and external audit functions;
   4. Implementation of risk management, including the internal control system;
   5. Funding to related party and large exposures;
   6. Strategic planning;
   7. Transparency of financial and non-financial conditions that have not been disclosed in other reports;
   8. Other information related to GCG.

B. Share ownership of the members of Boards of Commissioners and Boards of Directors with an equity amount of 5% (five percent) or more, including the type and number of shares in:
   a. BCA;
   b. Other banks;
   c. Non Bank Financial Institutions; and
   d. Other companies;

   domiciled in Indonesia or overseas.

C. Financial relationships and family relationships of members of the Board of Commissioners and the Board of Directors with other members of the Board of Commissioners, the Board of Directors and/or Controlling Shareholders.

D. Remuneration package/policy and other facilities for the Board of Commissioners and Board of Directors.

E. Share Options.

F. Ratios of the highest to the lowest salary.

G. Frequency of Board of Commissioners meetings.

H. Number of internal fraud cases.

I. Legal issues.

J. Transactions with conflict of interest.

K. Share and/or bond buy-backs.

L. Provision of funds for social and/or political activities during the reporting period.

In addition to the above provisions, BCA GCG Implementation also refers to international standards based on the OECD principles and ACGS as stipulated at the Financial Service Authority Circular Letter No. 32/SEOJK.04/2015 dated 17 November 2015 on the Corporate Governance Guidelines which covers 5 (five) aspects derived into 8 (eight) principles and 25 (twenty five) recommendations as follows:

TABLE COMPLIANCE OF RECOMMENDATION ON THE GUIDELINES OF GOVERNANCE FOR PUBLIC COMPANIES

No.	Recommendation	Description
A	**RELATIONSHIP OF PUBLIC COMPANY WITH THE SHAREHOLDERS IN ENSURING THE SHAREHOLDERS' RIGHTS**	
	Principle 1 **Improving the Value of General Meeting of Shareholders (GMS) Convention.**	
1.1	Public company has technical procedures for opened or closed voting that promote independency and shareholders' interest.	**comply**
1.2	All Members of the Directors and Board of Commissioners are present at Annual GMS.	- *)
1.3	Summary of GMS Minutes is available on public company's Website by no less than 1 (one) year.	**comply**
	Principle 2 **Improving Communication Quality of public company with Shareholders or Investors.**	
2.1	Public company has a communication policy with shareholders or investors.	**comply**
2.2	Public company discloses its communication policy with shareholders or investors in Website.	**comply**
B	**BOARD OF COMMISSIONERS' FUNCTION AND ROLE**	
	Principle 3 **Strengthening the Membership and Composition of Board of Commissioners.**	
3.1	Determination of number of Board of Commissioners' member shall consider the condition of Public Company.	**comply**
3.2	Determination of Composition of Board of Commissioners' member considers the variety of expertise, knowledge, and experiences required.	**comply**
	Principle 4 **Improving the Quality of Job and Responsibility Performance of Board of Commissioners.**	
4.1	Board of Commissioners has self assessment policy to assess the performance of Board of Commissioners.	**comply**
4.2	Self assessment policy to assess the performance of Board of Commissioners is disclosed in Annual report of public company.	**comply**
4.3	The Board of Commissioners has a policy with respect to the resignation of the member of the Board of Commissioners if such member involved in financial crime.	**comply**
4.4	Board of Commissioners or Committee that conduct Nomination and Remuneration function arrange succession policy in Nomination process of Directors member.	**comply**
C	**DIRECTORS' FUNCTION AND ROLE**	
	Principle 5 **Strengthening the Membership and Composition of the Board of Directors.**	
5.1	Determination of Number of Board of Directors' member considers the condition of public company and the effectiveness of decision-making.	**comply**
5.2	Determination of composition Board of Directors' member considers the variety of expertise, knowledge, and experiences required.	**comply**
5.3	Member of Board of Directors who is liable for accounting or finance has accounting expertise and/or knowledge.	**comply**

*) 1 (one) of Member of the Board of Commissioners was not present at the 2016 AGMS.

No.	Recommendation	Description
	Principle 6 **Improving the Quality of Job and Responsibility Performance of Board of Directors.**	
6.1	Board of Directors has self assessment policy to assess performance of Directors.	**comply**
6.2	Self assessment policy to assess the performance of Board of Directors is disclosed in Annual report of public company.	**comply**
6.3	Directors have a policy related to resignation of Board of Directors' member if involved in financial crimes.	**comply**
D	**PARTICIPATION OF STAKEHOLDERS**	
	Principle 7 **Improving corporate governance aspect through participation of stakeholders.**	
7.1	Public Company has a policy to prevent insider trading.	**comply**
7.2	Public company has anti corruption and anti fraud policy.	**comply**
7.3	Public company has policies concerning selection and capability improvement of suppliers and vendors.	**comply**
7.4	Public company has a policy concerning the fulfillment of creditors' rights.	**comply**
7.5	Public company has a policy of whistleblowing system.	**comply**
7.6	Public company has long- term incentive policy for Directors and employees.	**comply**
E	**INFORMATION DISCLOSURE**	
	Principle 8 **Improving the Implementation of Information Disclosure.**	
8.1	Public Company takes benefits from application of a broader information technology other than website as information disclosure media.	**comply**
8.2	Annual Report of public company discloses beneficial owner in share ownership of public company of at least 5% (five percent), other than disclosure of benefical owner in share ownership of public company through major and controlling shareholders.	**comply**

6. Results of GCG Assessment

6.1. GCG Self Assessment Implementation

In 2016, BCA conducted its GCG self assessment review in accordance with the following:

- Bank Indonesia Circular Letter No.15/15/DPNP concerning the Implementation of Good Corporate Governance for Commercial Banks.
- Bank Indonesia Regulation No. 8/14/PBI/2006 concerning Amendment to Bank Indonesia Regulation No.8/4/PBI/2006 concerning the Implementation of Good Corporate Governance for Commercial Banks, subsequently replaced by Financial Services Authority Regulation No.55/POJK.03/2016 on Implementation of Governance for Commercial Banks.

The Bank must perform self-assessment on its GCG implementation. The assessment performed by BCA falls into 3 (three) governance aspects, namely:

1. *Governance Structure.*
2. *Governance Process.*
3. *Governance Outcome.*

The 3 (three) aspects of Governance are evaluated in the 11 (eleven) GCG Assessment Factors below:

1. Implementation of duties and responsibilities of the Board of Commissioners.
2. Implementation of duties and responsibilities of the Board of Directors.
3. Adequacy and implementation of duties of the Committees.
4. Handling of conflict of interests.
5. Implementation of compliance function.
6. Implementation of internal audit function.
7. Implementation of external audit function.
8. Implementation of risk management, including the internal control system.
9. Funding to related party and large exposures.
10. Transparency of financial and non-financial condition of the Bank, GCG implementation report.
11. The Bank's strategic plan.

Result of the Self Assessment Implementation of GCG at BCA

Based on Self Assessment on GCG implementation for Semester I and II in 2016, BCA's score is categorized as **Rank 1 ("Excellent")**

	Rank	Rank Definition
Individual	1	Overall, implementation of Good Corporate Governance (GCG) by the Management of BCA is rated **Excellent**. This is reflected in the substantial implementation of GCG principles. Any remaining weaknesses in the implementation of GCG principles are either generally considered not significant or would soon be corrected by the Management of BCA.

Analysis

The analysis of the Self Assessment on aspects of Governance Structure, Governance Process and Governance Output as applied to each of the GCG Implementation Assessment Factor can be summarized below:

1. The governance structure as per all the GCG Implementation Assessment Factors is more than adequate and comprehensive.
2. The governance process as per most of the GCG Implementation Assessment Factors is very effective, supported by a more than adequate governance structure and infrastructure.
3. The governance outcome as per most of the GCG Implementation Assessment Factors is of high-quality, resulting from governance processes that are mostly very effective with the support of a more than adequate governance structure and infrastructure.

6.2. Assessment of GCG Implementation by External Party

- To evaluate and measure the implementation of GCG in BCA, in 2016 BCA participated in the GCG research and ranking program in Indonesia – Corporate Governance Perception Index (CGPI) organized by The Indonesian Institute for Corporate Governance (IICG) in collaboration with SWA Magazine.

  The CGPI theme in 2016 is "Good Corporate Governance in the Perspective of Sustainability". The assessment consists of 5 (five) stages, as follows:
  a. Self assessment;
  b. Document assessment;
  c. Essay assessment;
  d. Data Entry of Company;
  e. Observation.

  As a result of its participation in the program, BCA was awarded **"The Most Trusted Company" ("Highly Trusted")**, which is the highest valuation possible.

- In 2016, the Indonesian Institute for Corporate Directorship (IICD) performed evaluation and ranked of 100 (one hundred) public companies with largest market capitalization listed on the Indonesia Stock Exchange. In the 8th Corporate Governance Conference & Award 2016 BCA succeeded to obtain the award for **"Top 50th Public Listed Companies & The Best Responsibilities of the Board"** category.

THE IMPLEMENTATION OF INTEGRATED GOVERNANCE

In accordance to the issuance of Financial Services Authority Regulation Number 18/POJK.03/2014 dated 18 November 2014 concerning the Application of Integrated Governance for Financial Conglomerate (POJK No. 18/POJK.03/2014) and as Financial Services Authority Circular Letter No. 15/SEOJK.03/2015 dated 25 May 2015 concerning the Application of Integrated Governance for Financial Conglomerates (SEOJK No. 15/SEOJK.03/2015). Financial Conglomerates are Financial Service Institutions that exist inside a group because of its relationship in ownership and/or control.

BCA has implemented integrated company governance by applying the principles below:

1. Transparency, openness in conveying material and relevant information and in implementing the decision making process.
2. Accountability, clarity of functions and responsibility of the Bank's organs in the Financial Conglomerate in order to have effective management.
3. Responsibility, the Bank and Financial Service Institution management comply with the applicable law and regulations and prudent banking principles.
4. Independency/professionalism, the Financial Conglomerate shall be managed in a professional manner, without succumbing to influence/pressure from any parties.
5. Fairness, fair and equal in fulfilling shareholders rights in conformity with agreements and existing laws and regulations.

Referring to Articles 2 and 3 of POJK No. 18/POJK.03/2014, a Financial Conglomerate is required to implement a comprehensive and effective system of Integrated Governance and has a structure consisting of Legal Primary Entity and Subsidiaries and/or related Companies along with its subsidiaries. The Financial Conglomerate include Financial Services Institutions such as banks, insurance and reinsurance companies, securities companies and/or financing companies.

Based on the Board of Commissioners of PT Bank Central Asia Tbk Decision Letter No.037/SK/KOM/2015 concerning the Establishment of Integrated Governance in Financial Conglomerate dated 26 February 2015 sets the establishment of Integrated Governance Committee with duties and responsibilities as stated in the Structure of Integrated Governance Committee of BCA Group and refers to Article 7 of POJK No. 18/POJK.03/2014, therefore BCA as Legal Primary Entity shall implement the Integrated Governance.

With regard to the implementation of Integrated Governance, BCA had reported to the Financial Services Authority through the Directors Letter No. 055/DIR/2015 concerning the Submission of Reports on Legal Primary Entity and Financial Services Institution serving as Member of BCA's Financial Conglomerate.

The Implementation of Integrated Governance covers the following:

a. Requirements for the Board of Directors and Board of Commissioners of the Legal Primary Entity.
b. Duties and responsibilities of the Board of Directors and Board of Commissioners of the Legal Primary Entity.
c. Duties and responsibilities of the Integrated Governance Committee.
d. Duties and responsibilities of the Integrated Compliance Working Unit.
e. Duties and responsibilities of the Integrated Internal Audit Working Unit.
f. Implementation of Integrated Risk Management.
g. Development and implementation of the Integrated Governance Guidelines.

1. The Requirements for the Board of Directors and the Board of Commissioners of the Legal Primary Entity

Requirements for the Board of Directors of the Legal Primary Entity:

1. Possess adequate knowledge about the Legal Primary Entity and Subsidiary Companies within the Financial Conglomerate. "Knowledge" refers to, among others, understanding the main business activity and main risks of Subsidiary Companies within the Financial Conglomerate.
2. Meet the requirements as referred to the Financial Services Authority Regulation No.33/POJK.04/2014 dated 8 December 2014 concerning the Board of Directors and Board of Commissioners of Issuers or Public Companies, as follows:
   a. Has good character, morals, and integrity;
   b. Capable of performing legal actions;
   c. Within 5 (five) years before appointment and when in charge of the position:
      i. Never been declared bankrupt;
      ii. Never been a member of the Board of Directors and/ or the Board of Commissioners that was found guilty in causing a company to become bankrupt;
      iii. Never been convicted of any criminal offense that is detrimental to the country's or financial sector's financial position; and
      iv. Never been a member of a Board of Directors and/ or Board of Commissioners which during the terms of office:
         a) Did not hold an Annual General Meeting of Shareholders (AGMS);
         b) His/her accountability as a member of the Board of Directors and/or Board of Commissioners was not accepted by the GMS or he/she did not submit his/her accountability as a member of the Board of Directors and/or Board of Commissioners to the GMS; and
         c) Had caused a company that obtained license, approval, or registration from the Financial Services Authority in not complying with its obligation to submit the annual report and/ or financial report to the Financial Services Authority.
   d. Has commitment to comply with the law and regulations; and
   e. Possesses knowledge and skill in the area required by the company.
3. Meet the integrity, competence, and financial reputation requirements as referred to the Bank Indonesia Regulation No.12/23/PBI/2010 dated 29 December 2010 concerning Fit and Proper Test, as follows:

a. Integrity requirements:
   i. Has good character and morals, which among others are shown by complying to the applicable regulations, including not having been convicted for certain criminal offenses in the 20 (twenty) years before nomination;
   ii. Has commitment to comply with the prevailing law and regulations;
   iii. Has commitment towards development of sound banking operations;
   iv. Is not on the Disqualified List (DTL);
   v. Has commitment not to conduct and/or repeat any actions as referred to Article 27 and Article 28. This applies to candidates of a Board of Directors who were on the Disqualified List in the Fit and Proper test, and had passed the sanction period as referred to Article 35 paragraph (1), Article 40 paragraph (4) point a and Article 40 paragraph (5) of the Bank Indonesia Regulation mentioned above.
b. Competence requirements:
   i. Adequate knowledge in banking, relevant to his/her position;
   ii. Experience and expertise in banking and/or finance;
   iii. Capability to perform strategic management in developing a sound Bank.
c. Financial reputations:
   i. Does not have bad credit; and
   ii. Not be declared bankrupt or a member of the Board of Directors or Commissioners which was found guilty of causing a bankruptcy of a Financial Conglomerate in the 5 (five) years before nomination.

Requirements for the Board of Commissioners of the Legal Primary Entity:

1. Possess adequate knowledge on the Legal Primary Entity and Subsidiary Companies within the Financial Conglomerate. "Knowledge" refers to, among others, understanding the main business activities and main risks of Subsidiary Companies within the Financial Conglomerate.
2. Meet the requirements as referred to in Financial Services Authority Regulation No.33/POJK.04/2014 dated 8 December 2014 concerning the Board of Directors and Board of Commissioners of Issuers or Public Companies, as follows:
   a. Has good character, morals, and integrity;
   b. Capable of performing legal actions;
   c. Within 5 (five) years before appointment and when in charge of the position:
      i. Never been declared bankrupt;
      ii. Never been a member of the Board of Directors and/or the Board of Commissioners that was found guilty in causing a company to become bankrupt;
      iii. Never been convicted of any criminal offense that is detrimental to a country's and/or financial sector's financial position; and
      iv. Not be a member of the Board of Directors and/or the Board of Commissioners which during the terms of office:
         a) Did not hold an AGMS;
         b) His/her accountability as a member of the Board of Directors and/or the Board of Commissioners was not accepted by the GMS or he/she did not submit his/her accountability as a member of the Board of Directors and/or the Board of Commissioners to the GMS.
         c) Had caused a company that obtained license, approval, or registration from the Financial Services Authority in not complying with its obligation to submit the annual report and/or financial report to the Financial Services Authority.
   d. Has commitment to comply with the law and regulations; and
   e. Possesses knowledge and skill in the area required by the company.
3. Meet the integrity, competence, and financial reputation requirements as referred to the Bank Indonesia Regulation No.12/23/PBI/2010 concerning Fit and Proper Test, as follows:
   a. Integrity requirements:
      i. Has good character and morals, which among others are shown by complying to the applicable regulations, including not having been convicted of certain criminal offense in the 20 (twenty) years before nomination;
      ii. Has commitment to comply with the prevailing law and regulations;

iii. Has commitment towards development of sound banking operations;
iv. Is not on the Disqualified List (DTL);
v. Has commitment not to conduct and/or repeat any actions as referred to Article 27 and Article 28. This applies to candidates of the Board of Directors who were in the Disqualified List in the Fit and Proper test, and had passed the sanction period as referred to Article 35 paragraph (1), Article 40 paragraph (4) point a and Article 40 paragraph (5) of the Bank Indonesia Regulation mentioned above.

b. Competence requirements:
   i. Adequate knowledge in banking, relevant to his/her position;
   ii. Experience and expertise in banking and/or finance;

c. Financial reputation:
   i. Does not have bad credit; and
   ii. Not be declared bankrupt or a member of the Board of Directors or Commissioners which was found guilty of causing a bankruptcy of a Financial Conglomerate in the 5 (five) years before nomination.

2. The Duties and Responsibilities of the Board of Directors and Board of Commissioners of the Legal Primary Entity

Duties and responsibilities of the Board of Directors of the Legal Primary Entity:

1. Ensure the implementation of Integrated Governance within the Financial Conglomerate.
2. In order to ensure the implementation of Integrated Governance above, the Board of Directors must at least:
   a. Develop the Integrated Governance Guidelines;
   b. Direct, monitor, and evaluate the implementation of the Integrated Governance Guidelines; and
   c. Follow-up the direction or advise from the Board of Commissioners of the Legal Primary Entity to improve the Integrated Governance Guidelines.
   3. To ensure that audit findings and recommendations from the Integrated Audit Working Unit, external auditor and the monitoring results of the Financial Services Authority and/or other authorities have been followed-up by Financial Services Institution within the Financial Conglomerate.

The Duties and Responsibilities of the Board of Commissioners of the Legal Primary Entity:

1. Monitor the Integrated Governance implementation.
2. In order to monitor the implementation of the Integrated Governance referred above, must at least:
   a. Monitor implementation of governance in each subsidiary company within the Financial Conglomerate in order to comply with the Integrated Governance Guidelines;
   b. Monitor implementation of duties and responsibilities of the Board of Directors of the Legal Primary Entity, and provide direction or advice to the Board of Directors of the Legal Primary Entity on the implementation of Integrated Governance Guidelines; and
   c. Evaluate the Integrated Governance Guidelines and give direction for improvements.
3. Conduct regular meetings at minimum 1 (once) each semester.
4. Present the meeting results in well- documented minutes of meetings and give clear explanation on any dissenting opinion occurring in the meetings, including the reasons.
5. Establish the Integrated Governance Committee.

3. The Duties and Responsibilities of the Integrated Governance Committee

The Integrated Governance Committee was established based on the Decision Letter of the Board of Commissioners of BCA (Legal Primary Entity) No.037/SK/KOM/2015 dated 26 February 2015 concerning the Establishment of the Integrated Governance Committee.

The Integrated Governance Committee has duties and responsibilities to:

1. Evaluate implementation of the Integrated Governance at least through assessment of internal control adequacy and the implementation of integrated compliance function.
2. Provide recommendation to the Board of Commissioners of the Legal Primary Entity to improve of Integrated Governance Guidelines.
3. Hold meeting at least once each semester.
4. Report the result of Integrated Governance Committee meeting in Minutes of Meeting and

ensure it is well documented, as well as set forth dissenting opinion occurs in the meeting explicitly in Minutes of Meeting attached by the reason of dissenting opinion.

4. The Duties and Responsibilities of the Integrated Compliance Work Unit

The Integrated Compliance Working Unit has duties and responsibilities, among others:

1. To monitor and evaluate the implementation of compliance function at each Subsidiary Company within the Financial Conglomerate.
2. To develop the methods and processes required in implementing the integrated compliance risk management.
3. To assess and develop the integrated compliance risk profile in order to apply integrated risk management.
4. To develop and submit the duty and responsibility implementation report of the integrated compliance working unit to the Compliance Director of the Legal Primary Entity. Further, the Compliance Director of the Legal Primary Entity will prepare and submit this report to the Board of Directors of the Legal Primary Entity and the Board of Commissioners of the Legal Primary Entity.

5. The Duties and Responsibilities of the Integrated Internal Audit Work Unit

The Integrated Internal Audit Working Unit has duties and responsibilities, among others to:

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

6. The Implementation of the Integrated Risk Management

Integrated Risk Management is a series of methodologies and procedures utilized to identify, measure, monitor, and control the risks that occur from all business activities of Subsidiary Companies within a Financial Conglomerate in an integrated manner.

Based on the Financial Services Authority Regulation No. 17/POJK.03/2014 on the Implementation of Integrated Risk Management of Financial Conglomerate and Financial Services Authority Circular Letter No. 14/SEOJK.03/2015 on the Implementation of Integrated Risk Management, in a Financial Conglomerate. Financial Conglomerate shall implement a comprehensive and effective Integrated Risk Management system, tailored to characteristics and complexity of business of the Financial Conglomerate and by complying with provisions of the Financial Services Authority concerning the Application of Integrated Risk Management for Financial Conglomerate.

7. The Development and Implementation of the Integrated Governance Guidelines

The development of Integrated Governance framework refers to the Financial Services Authority Regulation No. 18/POJK.03/2014 and the prevailing regulations in each of the Financial Services Institution (Subsidiary Company) within the Financial Conglomerate. In accordance to the implementation of integrated governance with all of its Subsidiary Companies, BCA has carried out the following:

1. Developed the Integrated Governance Guidelines.
2. Established the Integrated Governance Committee.
3. Adjusted the structure of organization:
   a. Compliance Working Unit, which covers integrated compliance;
   b. Internal Audit Working Unit, which covers integrated internal audit;
   c. Risk Management Working Unit, which covers integrated risk management.
4. Educate the Integrated Governance Guidelines and implementation of Integrated Governance to the members of Integrated Governance Committee, the working units related with Integrated Governance implementation and all Subsidiary Companies within the Financial Conglomerate.

The Guidelines was prepared by the Board of Directors of BCA (Legal Primary Entity), and has been approved by the Board of Commissioner of BCA (Legal Primary Entity).

The Integrated Governance Guidelines must at least cover:

a. Integrated Governance Framework for BCA.
b. Governance Framework of for Subsidiary Companies within the Financial Conglomerate.

The development of Integrated Governance framework refers to the Financial Services Authority Regulation No.18/POJK.03/2014 and the provisions applicable to each Subsidiary Company within the Financial Conglomerate.

The Board of Directors of BCA (Legal Primary Entity) has submitted the Integrated Governance Guidelines to the Board of Directors of Subsidiary Companies within the Financial Conglomerate, to serve as a guideline for Subsidiary Companies in developing the Governance Guidelines and implementing governance in each Subsidiary Company.

The Integrated Governance Framework for the Legal Primary Entity contains:

a. Requirements of Board of Directors of the Legal Primary Entity and Board of Commissioners of the Legal Primary Entity;
b. Duties and Responsibilities of Board of Directors of the Legal Primary Entity and Board of Commissioners of the Legal Primary Entity;
c. Duties and Responsibilities of the Integrated Governance Committee;
d. Duties and Responsibilities of Integrated Compliance Working Unit;
e. Duties and Responsibilities of Integrated Internal Audit Working Unit; and
f. Implementation of integrated risk management.

Integrated Governance Framework for Subsidiary Companies within the Financial Conglomerate covers, among others:

a. Requirements for a candidate of the Board of Directors and Board of Commissioners.
b. Requirements for a candidate of the Sharia Supervisory Board;
c. Structure of the Board of Directors and Board of Commissioners;
d. Structure of the Sharia Supervisory Board;
e. Independence in the Board of Commissioners actions;
f. Implementation of management functions in subsidiary companies by the Board of Directors;
g. Implementation of supervisory functions in subsidiaries company by the Board of Commissioners;
h. Implementation of supervisory functions by the Sharia Supervisory Board;
i. Implementation of compliance functions, internal audit functions, and external audit functions;
j. Implementation of risk management functions;
k. Remuneration policy; and
l. Handling conflict of interest.

8. The Assessment of the Integrated Governance Implementation

In line with the Financial Services Authority Regulation No.18/POJK.03/2014 part VII article 44 and 45 and the Financial Services Authority Circular Letter No.15/SEOJK.03/2015 dated 25 May 2015 concerning the Application of Integrated Governance for Financial Conglomerate. BCA as Legal Primary Entity shall prepare an assessment report on the implementation of Integrated Governance regularly (every semester) and submit it to the Financial Services Authority.

In 2016, BCA as Legal Primary Entity performed Assessment on the Integrated Governance Implementation for Semester I and Semester II. The assessment covered 3 (three) Integrated Governance aspects, namely Structure, Process, and Results of Integrated Governance.

The Assessment on the Integrated Governance implementation covers at least 7 (seven) factors, as follows:

1. Implementation of duties and responsibilities of the Board of Directors of the Legal Primary Entity.
2. Implementation of duties and responsibilities of the Board of Commissioners of the Legal Primary Entity.
3. Duties and responsibilities of the Integrated Governance Committee.
4. Duties and responsibilities of the Integrated Compliance Working Unit.
5. Duties and responsibilities of the Integrated Internal Audit Working Unit.
6. Implementation of Integrated Risk Management.
7. Development and implementation of the Integrated Governance Guidelines.

Results of the Integrated Governance implementation assessment in Semester I and Semester II of 2016 is within category of **"Rank 1" ("Excellent")**.

9. Annual Report of the Integrated Governance Implementation

Annual Report of the Integrated Governance Implementation in 2016 is prepared according to:

1. Bank Indonesia Circular Letter No.15/15/DPNP dated 29 April 2013 on the Implementation of Good Corporate Governance for Commercial Banks.
2. Financial Services Authority Regulation No. 18/POJK.03/2014 dated 18 November 2014 on the Implementation of Integrated Governance for Financial Conglomerates.
3. Financial Services Authority Circular Letter No. 15/SEOJK.03/2015 dated 25 May 2015 the Implementation of Integrated Governance for Financial Conglomerates.
4. Bank Indonesia Regulation No. 8/14/PBI/2006 concerning Amendment to Bank Indonesia Regulation No.8/4/PBI/2006 concerning the Implementation of Good Corporate Governance for Commercial Banks, subsequently replaced by Financial Services Authority Regulation No.55/POJK.03/2016 on Implementation of Governance for Commercial Banks.

Annual Report of the Integrated Governance Implementation consists of:

1. Self Assessment Report on the Integrated Governance Implementation for 1 (one) fiscal year;
2. Financial Conglomerate Structure and larger conglomerate structure, if different;
3. 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;
4. Management structure in the Legal Primary Entity and Financial Service Institution in Financial Conglomerate; and
5. Intra-group transaction policy which at least contains policy to identify, to manage and to mitigate intra- group transaction.

In addition to containing information on the above mentioned matters, Annual Report on Integrated Governance Implementation also includes Report on GCG Implementation as governed in provisions applicable for commercial banks.

1. Self Assessment Report on the Integrated Governance Implementation for 1 (One) Fiscal Year

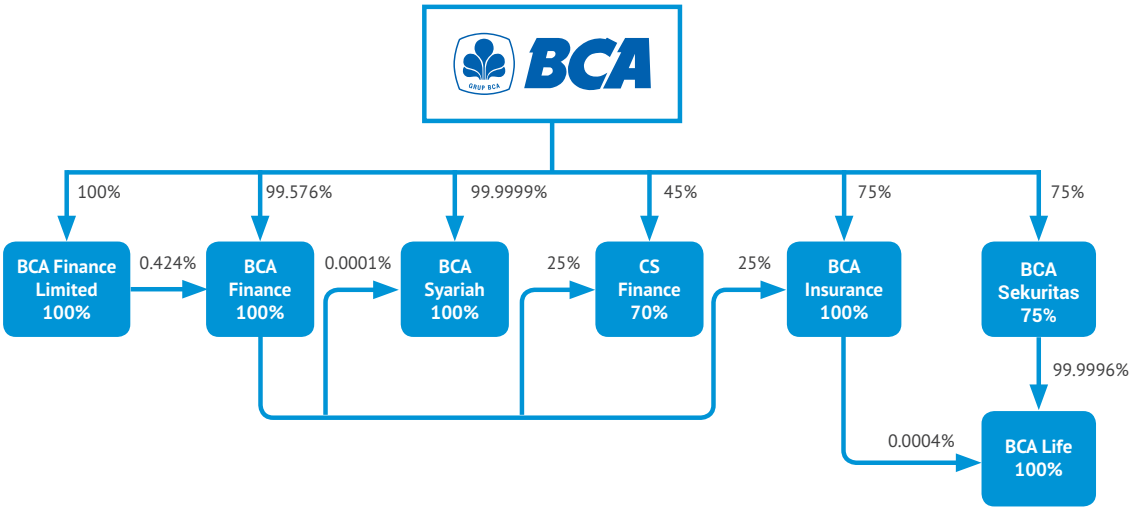
Legal Primary Entity : **PT Bank Central Asia Tbk**

Report Position : 31 December 2016

Rank	Result of Self-Assessment On the Implementation of Integrated Governance
	Rating Definition
1	Financial Conglomerate has carried out the Integrated Governance implementation which generally was **Excellent**. This is reflected on the very adequate fulfillment upon the implementation of Integrated Governance principle. Any weakness in the Integrated Governance implementation, in general is not significant and can be promptly improved by the Legal Primary Entity and/or Financial Service Institution (Subsidiaries) in Financial Conglomerate.
Analysis	
Based on the Self Assessment analysis towards the Integrated Governance Structure, Integrated Governance process, and Integrated Governance results on the respective assessment factor of the Integrated Governance implementation, can be concluded as follows: 1. Integrated Governance Structure based on the assessment result is complete. 2. Integrated Governance Process based on the assessment result is very effective and supported by a complete structure. 3. Integrated Governance Outcome based on the assessment result is excellent which is generated from the aspect of Integrated Governance process which very effective and supported by a complete structure.	

The complete Annual Report of Integrated Governance of BCA Financial Conglomerate in 2016 is made separately as an integral part of this Annual Report and also available on BCA's website (www.bca.co.id - Good Corporate Governance).

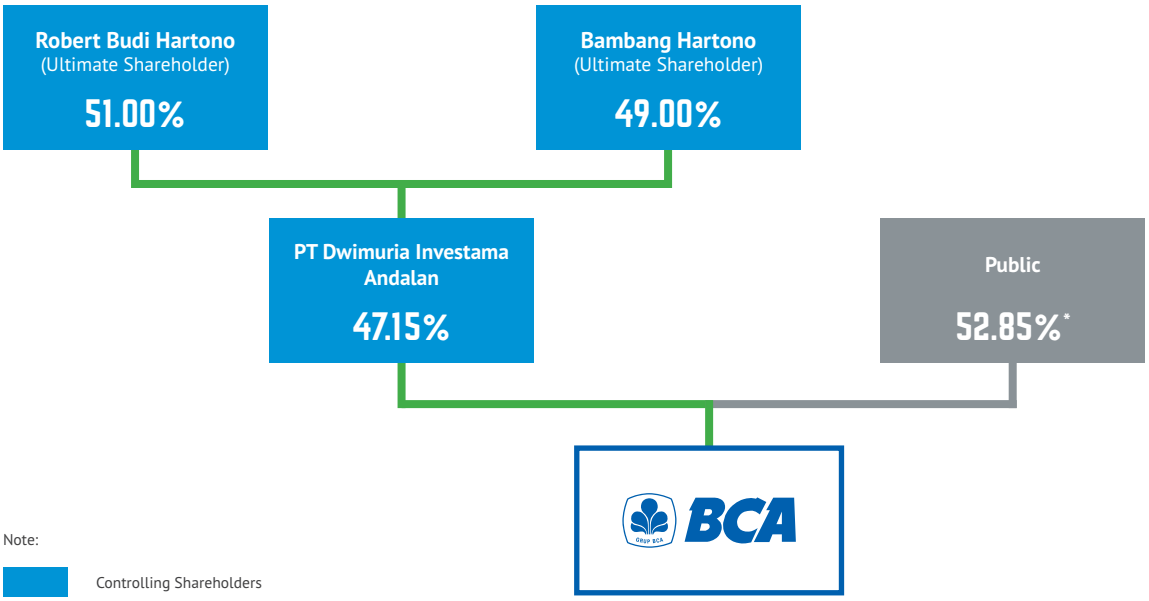
2. Financial Conglomerate Structure of BCA



3. Structure of Share Ownership in Financial Conglomerate Describing the Shareholders in Financial Service Institution (Subsidiaries) in Financial Conglomerate Up to the Ultimate Shareholders

- **Structure of Share Ownership of the Legal Primary Entity – PT Bank Central Asia Tbk**

As of 31 December 2016



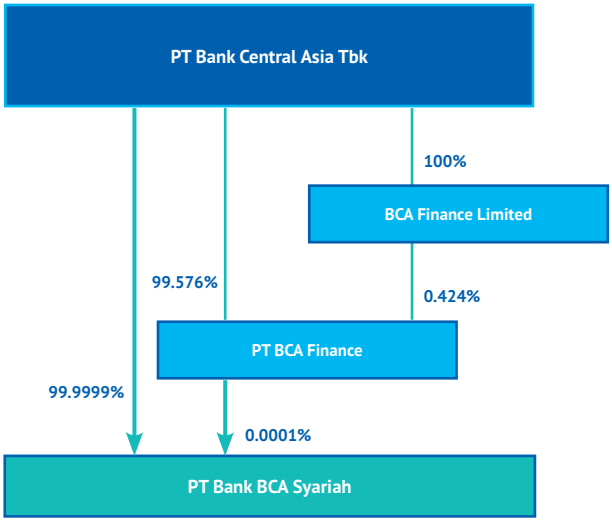
Note:

Controlling Shareholders

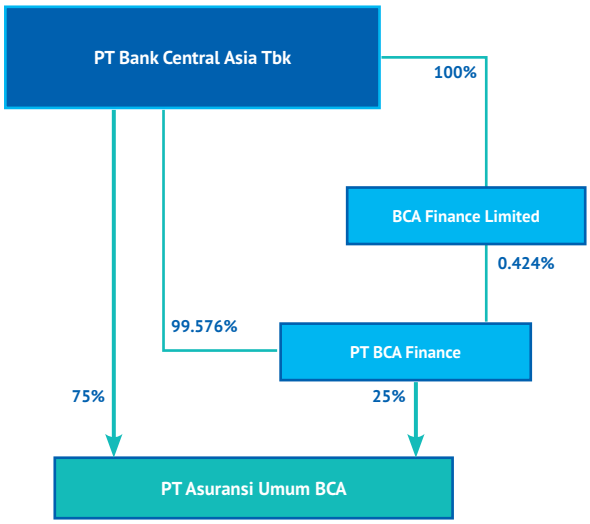
Controlling Line

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

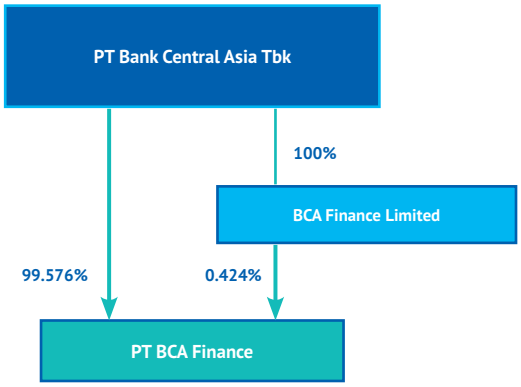
- **Structure of Share Ownership of PT Bank BCA Syariah**



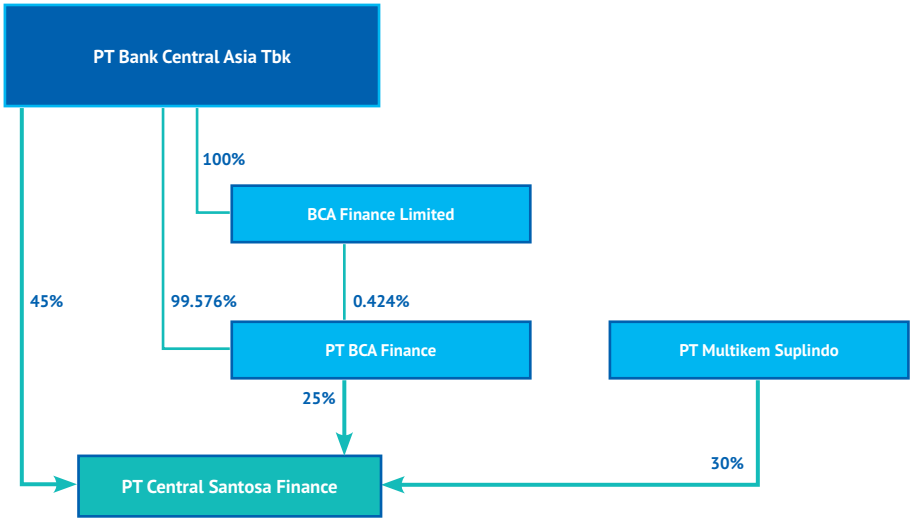
- **Structure of Share Ownership of PT Asuransi Umum BCA (BCA Insurance)**



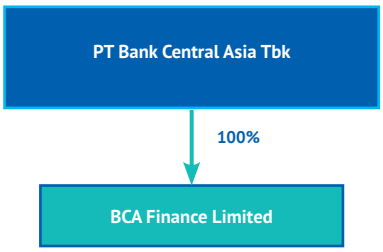
- **Structure of Share Ownership of PT BCA Finance**



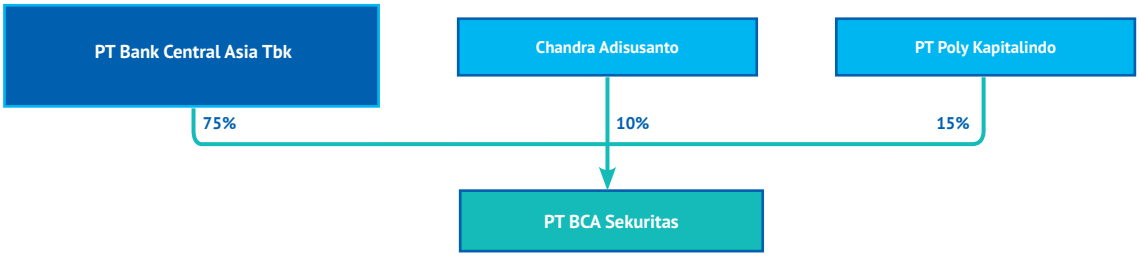
- **Structure of Share Ownership of PT Central Santosa Finance**



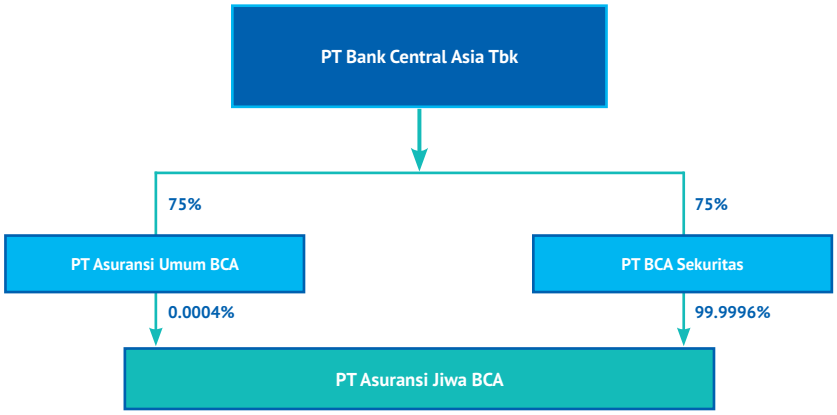
- **Structure of Share Ownership of BCA Finance Limited**



- **Structure of Share Ownership of PT BCA Sekuritas**



- **Structure of Share Ownership of PT Asuransi Jiwa BCA**



4. Management Structure of The Legal Primary Entity (PT Bank Central Asia Tbk) and Subsidiaries Company in Financial Conglomerate for Year 2016

• Management Structure of PT Bank Central Asia Tbk

Board of Commissioners

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

Board of Directors

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

• Management Structure of PT Bank BCA Syariah

Board of Commissioners

Name	Position
Yana Rosiana	President Commissioner
Suyanto Sutjiadi	Independent Commissioner
Joni Handrijanto	Independent Commissioner

Board of Directors

Name	Position
John Kosasih	President Director
Houda Muljanti	Director
Tantri Indrawati	Compliance Director

- ## Management Structure of PT BCA Finance

Board of Commissioners

Name	Position
Ricki Immanuel	President Commissioner
Adhi Gunawan Budirahardjo	Independent Commissioner
Sulistiyowati	Independent Commissioner

Board of Directors

Name	Position
Roni Haslim	President Director
Amirdin Halim	Director
Petrus Santoso Karim	Director
David Pangestu	Director
Lim Handoyo	Director

- ## Management Structure of PT Central Santosa Finance

Board of Commissioners

Name	Position
Roni Haslim	President Commissioner
Hermanto	Commissioner
Aldrian Irvan Kolonas	Commissioner
Mendari Handaya	Independent Commissioner

Board of Directors

Name	Position
David Hamdan	President Director
Senjaya Komala	Director
Adhi Purnama	Director
Parmanto Adhi	Director

- ## Management Structure of PT Asuransi Umum BCA (BCA Insurance)

Board of Commissioners

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

Board of Directors

Name	Position
Gregorius Hariyanto	President Director
Hendro H. Wenan	Director
Hariyanto Djumali	Director
Harry Kaporo	Director
Antonius Tjhai	Associate Director

- **Management Structure of PT BCA Sekuritas**

Board of Commissioners

Name	Position
Ferdinandus Aming Santoso	President Commissioner
Linus Ekabranko Windoe	Commissioner
Deddy Muljadi Hendrawinata	Commissioner

Board of Directors

Name	Position
Mardi Henko Sutanto	President Director
Imelda Arismunandar	Director

- **Management Structure of PT Asuransi Jiwa BCA**

Board of Commissioners

Name	Position
Sugito Lie	President Commissioner
Eva Agrayani Tjong	Commissioner
Pudjianto	Independent Commissioner

Board of Directors

Name	Position
Christine Wahjuni Setyabudhi	President Director
Rio Winardi	Director
Yannes Chandra	Director
Honggo Djojo	Director

- **Management Structure of BCA Finance Limited**

Board of Directors

Name	Position
Andy Kwok	Director
Edmund Tondobala	Director
Rudy Harjono	Director

5. Policy to Identify, Manage and Reconcile Intra-Group Transactions

Introduction

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

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

References

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

1. Financial Services Authority Regulation No. 17/POJK.03/2014 on the Implementation of Integrated Risk Management for Financial Conglomerates.
2. Financial Services Authority Circular Letter No. 14/SEOJK.03/2015 on the Implementation of Integrated Risk Management for Financial Conglomerates.

Definition of Intra-Group Transaction Risk

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

The Purpose of Intra-Group Transaction Risk Management

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

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

Type of Intra-Group Transaction

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

1. Cross ownership between FSI within Financial Conglomerate.
2. Centralization of short term liquidity management.
3. Guarantee, loan, and commitment provided or acquired by a FSI from another FSI within Financial Conglomerate.
4. Exposure to the controlling shareholders, including loan exposure and off-balance sheet such as guarantee and commitment.
5. Asset purchase and sale to other FSI within one Financial Conglomerate.
6. Risk transfer through re-insurance.
7. Transaction to assign third party's risk exposure between FSI within Financial Conglomerate.

Principles of Intra-Group Transaction Risk Management

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

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

Scope of Policy of Intra-Group Transaction Risk Management

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

1. Supervision by Board of Commissioners and Board of Directors.
2. Adequacy of policy, procedure, and stipulation on intra-group transaction risk limits.

3. Adequacy on the process of identification, measurement, monitoring, and risk controlling as well as information system of intra-group transaction risk management.
4. A comprehensive internal controlling system towards the implementation of intra-group transaction risk management.

6. Supervision by The Board of Commissioners and The Board of Directors

Introduction

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

Authority and Responsibility of the Board of Commissioners

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

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

Authority and Responsibility of the Board of Directors

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

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

Human Resources

In the framework of the responsibility implementation of human resources related risk management, the Board of Directors are required to ensure:

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

7. Adequacy on Policy, Procedure, and Determination of Intra-Group Transaction Risk Limit

Introduction

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

Risk Appetite and Risk Tolerance

Risk appetite and risk tolerance are described as follows:

1. Risk appetite is the risk available to be taken in order to achieve target in an integrated manner. The risk will be taken is reflected in business strategy and target.
2. Risk tolerance is the maximum risk level available to be taken.

3. Risk appetite and risk tolerance must be in line with business strategy, risk profile, and capital plan of the Financial Conglomerate.

Policy and Procedure

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

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

Risk Limit of Intra-Group Transaction

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

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

Introduction

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

Identification of Intra-Group Transaction Risk

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

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

Measurement of Intra-Group Transaction Risk

The measurement of intra-group transaction risk aims to rank the risk level of intra-group transaction of the Financial Conglomerate. In addition, BCA's as the Legal Primary Entity is obliged to prepare risk profile of the intra-group transaction which is integrated to the members of the Financial Conglomerate.

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

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

Risk Level Rating

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

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

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

Monitoring the Intra-Group Transaction Risk

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

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

Control on the Intra-Group Transaction Risk

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

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

Information System for Intra-Group Transaction Risk Management

The information system for intra-group transaction risk management includes the profile report of intra-group transaction, which is a part of the integrated risk profile report.

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

Introduction

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

Internal Control System

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

The implementations of internal control system are as follows:

1. BCA is obliged to implement an effective internal control system on the intra-group transaction risk by referring to the policy and procedures have been set out.
2. The internal control system is prepared in order to ensure:
   2.1. The compliance to policy and internal terms as well as laws and regulations.

2.2. The risk culture effectiveness in the Financial Conglomerate organization comprehensively to identify weakness and deviation early and to re-assess fairness of the policy and procedures available in the Financial Conglomerate in an ongoing basis.

3. Review towards measurement of the intra-group transaction risk, at least includes:
   3.1. Policy conformity, organization structure, resources allocation, process design of the intra-group transaction risk management, information system, and risk reporting in accordance with business requirements of the Financial Conglomerate, as well as development of regulation and best practice related to the intra-group transaction risk management.
   3.2. A complete and adequate documentation towards the coverage, operational procedure, audit findings, as well as the responds of the Financial Conglomerate management based on the audit results.

THE BOARD OF DIRECTORS

The Board of Directors is a company organ with the main task to carry out the management in the interests and objectives of the Company in accordance to the purposes and objectives of the Company under the provisions of the Articles of Association and prevailing legislation.

1. Legal References

- Constitution No. 40 Year 2007 regarding Limited Liability Companies.
- Financial Services Authority Regulation No. 33/POJK.O4/2014 concerning the Board of Directors and Commissioners of Issuers or Public Companies.
- Bank Indonesia Regulation No.12/23/PBI/2010 concerning Fit and Proper Test.
- Bank Indonesia Circular Letter No.13/8/DPNP concerning Fit and Proper Test which has been amended by Bank Indonesia Circular Letter No.13/26/DPNP.
- Bank Indonesia Circular Letter No.15/15/DPNP dated 29 April 2013 concerning the Implementation of Good Corporate Governance For Commercial Banks.
- Bank Indonesia Regulation No. 8/14/PBI/2006 concerning Amendment to Bank Indonesia Regulation No.8/4/PBI/2006 concerning the Implementation of Good Corporate Governance for Commercial Banks, subsequently replaced by Financial Services Authority Regulation No.55/POJK.03/2016 on Implementation of Governance for Commercial Banks.
- Financial Services Authority Regulation No. 17/POJK.O3/2014 concerning the Implementation of Risk Management for Financial Conglomerates.
- Financial Service Authority Circular Letter No.14/SEOJK.03/2015 concerning the Implementation of Integrated Risk Management for Financial Conglomerate.
- Financial Service Authority Regulation No.18/POJK.03/2014 concerning the Implementation of Integrated Governance For Financial Conglomerate.
- Financial Service Authority Circular Letter No.15/SEOJK.03/2015 concerning the Implementation of Integrated Governance for Financial Conglomerate.

2. Charter of the Board of Directors

The Board of Directors has Board of Directors Charter that governs among others the following:

a. Composition, Criteria, and Independency of members of the Board of Directors.
b. Terms of office of members of the Board of Directors.
c. Dual positions of members of the Board of Directors.
d. Obligations, Duties, Responsibilities, and Authorities of the Board of Directors.
e. Transparency and Prohibitions for members of Board of Directors.
f. Orientation and Training Program for members of Board of Directors.
g. Ethics and Working Hours of the Board of Directors;
h. Meetings of the Board of Directors.

The Board of Directors Charter is covered in the GCG Manual of BCA and can be viewed on BCA' s website (www.bca.co.id) under the Good Corporate Governance section.

3. Duties and Responsibilities of the Board of Directors

Duties and responsibilities of the Board of Directors among others are:

a. To lead and manage BCA in accordance with BCA's aims and objectives.
b. To control, maintain and manage BCA's assets for BCA's benefits.
c. To create an internal control structure, to ensure the implementation of the internal audit function at each management level and follow-up on Internal Audit findings in accordance to the policies or directions given by the Board of Commissioners.
d. To submit the Annual Work Plan and including the Annual Budget to the Board of Commissioners for approval prior to the commencement of the upcoming fiscal year.
e. To implement the principles of good corporate governance in each of BCA's business activity at all organizational levels of BCA.
f. To establish the Integrated Risk Management Committee.
g. To carry out evaluation on the performance of the committee established by Board of Directors, at the end of each fiscal year.
h. To convene Board of Directors meetings periodically, at least 1 (one) time every month.
i. To make minutes of Board of Directors' meeting, and signed by all members of Board of Directors attending the Board of Directors' meeting.
j. To distribute copies of minutes of Board of Directors' meeting to all members of Board of Directors and relevant parties.
k. To convene meeting of Board of Directors and Board of Commissioners, at least 1 (one) time within 4 (four) months.
l. To procure and keep Shareholders Registry, Special Registry, Minutes of General Meeting of Shareholders & Minutes of Meeting of Board of Directors.
m. To prepare the Annual Report and other financial documents of the Company as set forth in the prevailing legislation.
n. To follow up on audit findings and recommendations of External Auditors and the results of monitoring activities by the Financial Services Authority, Bank Indonesia and/or other authorities, including but not limited to the Indonesia Stock Exchange.
o. To be accountable for the performance of its duties and responsibilities to the shareholders through the General Meeting of Shareholders.

4. Authorities of the Board of Directors

Authorities of the Board of Directors, among others are:

a. To act for and on behalf of BCA in and out of court on all matters and in any event, binding BCA with other parties and other parties with BCA, as well as carrying out all actions, both management and ownership, with restrictions as listed in the Articles of Association of BCA.
b. For certain acts, the Board of Directors is entitled to appoint one or more persons with the authority and conditions determined by the Board of Directors in a special power of attorney.
c. To set policy in leading and managing BCA.
d. To set the rules of employment of BCA, including the determination of salary, pension or retirement benefits and other income for the employees of BCA, based on the prevailing legislation and/or decision of the General Meeting of Shareholders.
e. To appoint and dismiss employees of BCA under BCA's employment rules and regulations.
f. To grant to one or more members of the Board of Directors or to one more employees of BCA, either alone or together with other persons or entities, to represent BCA inside and outside the Court.
g. To execute other actions, both on management and ownership, in accordance to the provisions stipulated by the Board of Commissioners with regards to prevailing legislative provisions.

In carrying out its duties, responsibilities and authority, the Board of Directors shall take into account BCA's Articles of Association and Board of Directors Charter, as well as the prevailing laws and regulations.

5. Segregation of Duties and Responsibilities of the Board of Directors

Each Director performs his/her duties and makes decision according to the segregation of duties and authorities as governed by the Decision of Board of Commissioner No. 197/SK/KOM/2016 dated 31 August 2016 concerning Segregation of Duties and Responsibilities and Main Organization Framework of PT Bank Central Asia Tbk as explained below:

No.	Name	Position	Duties and Responsibilities	Alternate Director I	Alternate Director II	Alternate Director III
1.	Jahja Setiaatmadja (JS)	President Director (PD)	• Audit Internal ****) • Anti Fraud • Corporate Social Responsibility	WP1 DHC WP2	DCR DCR DCR	DJW DJW DJW
2.	Eugene K. Galbraith (EG)	Deputy President Director (WP1)*)**)	• Finance & Planning • Corporate Secretary • Enterprise Security	PD PD DCR	DKR DBK DBI	DBK DBI DHC
3.	Armand W. Hartono (AH)	Deputy President Director (WP2)	• Operation Strategy Development • Information Technology • Domestic Payment Services • Electronic Banking Services • International Banking Services	DJW DBI DKR DTP DBK	DHC DHC DJW DJW DTP	DKS DTP DKS DHC DHC
4.	Subur Tan (ST)	Compliance & Risk Director (DCR)***)	• Compliance****) • Legal • Risk Management****)	DHC DJW DJW	WP1 WP1 WP1	PD PD PD
5.	Rudy Susanto (RS)	Corporate Banking Director (DBK)**)	• Corporate Banking • Corporate Branch • Treasury • International Banking • BCA Finance Ltd. (Hong Kong) • BCA Sekuritas	DKS DKS PD WP1 WP1 WP1	DBI DBI WP1 PD DTP PD	WP1 WP1 DBI DBI DKR DKR
6.	Henry Koenaifi (HK)	SME & Commercial Banking Director (DKS)**)	• SME Commercial Banking • Cash Management • Credit Services • Central Santosa Finance • BCA Finance	DBK DBK DJW DBI DBI	DTP DTP DKR DKR DKR	DBI DBI DTP DTP DTP
7.	Suwignyo Budiman (SB)	Individual Banking Director (DBI) **)	• Consumer Finance (KPR, KKB) • Individual Customer Business Development • BCA Syariah • BCA Insurance • Asuransi Jiwa BCA	DKS DKS DTP DKR DHC	DTP DTP DJW DKS DKS	DBK WP2 WP2 DTP DTP
8.	Erwan Yuris Ang (EY)	Network Distribution Director (DJW) #)	• Regional & Branch Banking Management • Network & Regional Planning • Procurement & Facility Management	WP2 WP2 DKR	DHC DHC DHC	DKS DKS WP1
9.	Inawaty Handoyo (IH)	Credit Director (DKR)	• Credit Analysis • Credit Recovery	DJW DJW	WP1 WP1	PD PD
10.	Santoso (SL)	Transaction Banking Director (DTP)	• Transaction Banking Business Development • Transactions Banking Partnership Solution Development • Transaction Banking Product Development • Transaction Banking Business Support & Service	DKS DBI WP2 DBI	WP2 WP2 DBI DKS	DBI DKS DKS WP2
11.	Lianawaty Suwono (LS)	Human Capital Management Director (DHC)	• Human Capital Management • Learning & Development	DCR DCR	PD WP2	WP2 WP1

Notes:

1. Alternate Director reports to the respective (functional) Director all actions/decisions made during the period of acting in place of the Director.
2. The management of Subsidiary Companies is set as follows:
   *) To perform the overall monitoring and alignment of the management of Subsidiary Companies.
   **) To monitor the business progress of Subsidiary Companies.
   ***) To perform the risk monitoring of Subsidiary Companies in order to have an integrated risk management.
   ****) To perform the monitoring of internal audit/risk management/compliance function at Subsidiary Companies in order to implement integrated corporate governance and risk management.
   Implementation of the above functions shall always consider the principles in Limited Liability Companies, where the Subsidiary Company is an independent/ separate legal entity.
   The Board of Directors and/or Commissioners of Subsidiary Companies are responsible to the GMS of the Subsidiary Company.
   The Parent Company as shareholder carries out its authorities and functions through the GMS held by the Subsidiary Company.
3. #) The Network Distribution Director is responsible for daily implementation, development and monitoring. The Head of Regional Office is responsible to the Board of Directors.

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

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

The term of duty of Directors is 5 (five) years. The current period will expire at the conclusion of the Annual General Meeting of Shareholders will be held on 2021 by BCA (AGMS), without prejudice to the authority of the General Meeting of Shareholders to dismiss one or more Director at any time before the term ends. All Directors have passed the Fit and Proper Test and have acquired Approval Letters of Bank Indonesia/ Indonesia Financial Services Authority. All of Board of Directors reside in Indonesia.

Those who can be appointed as members of the Board of Directors are individuals who comply with the requirement as referred to Financial Service Authority Regulation No.33/POJK.04/2014 dated 8 December 2014 regarding Board of Directors and Board of Commissioners of Issuer or Public Company, as follows:

1. The general criteria in the selection of Directors are among others:
   a. Has good character, morals, and integrity;
   b. Capable of performing legal actions;
   c. Within 5 (five) years before appointment and when in charge of the position:
      1) Never been declared bankrupt;
      2) Never been a member of Board of Directors and/or Board of Commissioners that was found guilty in causing a company to become bankrupt;
      3) Never been convicted of any criminal offense that is detrimental to a country's or financial sector's financial position; and
      4) Never been a member of the Board of Directors and/or Board of Commissioners which during the terms of office:
         i. Did not hold an AGMS;
         ii. His/her accountability as a member of the Board of Directors and/or Board of Commissioners was not accepted by the GMS or he/she did not submit his/her accountability as a member of the Board of Directors and/or Board of Commissioners to the GMS; and
         iii. Had caused a company that obtained license, approval, or registration from the Financial Services Authority not complying with its obligation to submit the annual report and/or financial report to the Financial Services Authority.
   d. Has commitment to comply with the law and regulations.
   e. Possesses knowledge and skills in the area required by the company.

2. Complies with the requirements of integrity, competency, and financial reputation as referred to in Regulation of Bank Indonesia No.12/23/PBI/2010 dated 29 December 2010 concerning Fit and Proper Test, namely:
   a. Integrity requirements include:
      i. Has good character and morals among others shown by the attitude to adhere the regulatory requirement, including never been convicted a specific crime within the last 20 (twenty) prior to nomination;
      ii. Committed to comply with the applicable laws and regulations;
      iii. Committed to the development of health Bank operations;
      iv. Not included in the Disqualified List (DTL);
      v. Committed not to conduct and/or to repeat offenses and/or actions as referred to in Article 27 and Article 28, for candidates of Board of Directors who once had Disqualified predicate in a fit and proper test and have been undergoing a period of sanction as referred to in Article 35 paragraph (1), Article 40 paragraph (4) letter a and Article 40 paragraph (5 of Regulation of Bank Indonesia as mentioned here in above.

b. Competency requirements include:
   i. knowledge in banking sector which is adequate and relevant to the position;
   ii. experience and expertise in banking sector and/or finance;
   iii. capability to perform strategic management in the framework of development of health Bank.

c. Financial reputation requirements include:
   i. has no bad credit; and
   ii. never been stated bankrupt or become a member of the Board of Directors/ the Board of Commissioners who is convicted to cause a company to be declared bankrupt, within the last 5 (five) years prior to the nomination.

7. Composition of BCA's Board of Directors as of 31 December 2016

Based on the Annual GMS of BCA in 2016, there were changes to the membership composition of BCA's Board of Directors. The membership composition of BCA's Board of Directors is contained in the Deed of Minutes of Meeting of PT Bank Central Asia Tbk No. 216 dated 26 August 2016, made before Irawan Soerodjo, SH, Msi, Notary in Jakarta.

Composition of Membership of the Board of Directors of BCA as of 31 December 2016:

No	Position	Name
1.	President Director	Jahja Setiaatmadja
2.	Deputy President Director	Eugene Keith Galbraith
3.	Deputy President Director	Armand Wahyudi Hartono
4.	Director (concurrently as Compliance Director)	Tan Ho Hien/ Subur/ Subur Tan
5.	Director	Rudy Susanto
6.	Director	Henry Koenaifi
7.	Director	Suwignyo Budiman
8.	Independent Director	Erwan Yuris Ang
9.	Director	Lianawaty Suwono
10.	Director	Santoso
11.	Director	Inawaty Handoyo

Notes:
- Based on Letter of Appointment from the Financial Services Authority No. SR-106/D.03/2016, dated 21 June 2016 Mr. Armand Wahyudi Hartono was appointed as Deputy President Director of PT Bank Central Asia Tbk.
- Based on Letter of Appointment from the Financial Services Authority No. SR-137/D.03/2016, dated 27 July 2016 Mrs. Lianawaty Suwono was appointed as Director of PT Bank Central Asia Tbk.
- Based on Letter of Appointment from the Financial Services Authority No. SR-143/D.03/2016, dated 8 August 2016 Mr. Santoso was appointed as Director of PT Bank Central Asia Tbk.
- Based on Letter of Appointment from the Financial Services Authority No. SR-144/D.03/2016, dated 8 August 2016 Mrs. Inawaty Handoyo was appointed as Director of PT Bank Central Asia Tbk.

Profile of members of the Board of Directors of BCA is presented at Corporate Data section, page 60 – 69 of this 2016 Annual Report.

Based on Circular Letter of the Financial Services Authority No. 30/SEOJK.04/2016 concerning Format and Contents of Annual Reports of Issuers or Listed Companies, following is the latest composition of the Board of Directors of the Bank, prior to the changes to such Board of Directors as based on the Deed of Minutes of the Annual General Meeting of Shareholders No. 80 dated 14 August 2014.

Composition of Membership of the Board of Directors of BCA as of 31 December 2015:

No	Position	Name
1.	President Director	Jahja Setiaatmadja
2.	Deputy President Director	Eugene Keith Galbraith
3.	Director	Dhalia Mansor Ariotedjo
4.	Director	Anthony Brent Elam
5.	Director	Suwignyo Budiman
6.	Director (concurrently as Compliance Director)	Tan Ho Hien/ Subur/ Subur Tan
7.	Director	Rudy Susanto
8.	Director	Henry Koenaifi
9.	Independent Director	Erwan Yuris Ang
10.	Director	Rudy Susanto

8. Diversity in the Composition of Members of the Board of Directors

The composition of members of the Board of Commissioners of BCA reflects the diversity of its members, both in terms of education, working experience, age, gender, and expertise. Each members of Board of Directors holds a high degree of competence in favor of increasing the performance of the Company.

In line with the Bank of Indonesia Regulation No.12/23/PBI/2010 dated 29 December 2010 concerning Fit and Proper Test and Bank of Indonesia Circular Letter No.13/8/DPNP dated 28 March 2011 concerning Fit and Proper Test which has been amended by the Bank of Indonesia Circular Letter No.13/26/DPNP dated 30 November 2011, all members of the Board of Directors of BCA passed the Fit and Proper Test and obtained approval letter from the Bank Indonesia/Financial Services Authority.

Diversity in the Composition of Members of the Board of Directors can be seen in the following table:

No	Diversity	Description
1	Independent Director	BCA has 1 (one) Independent Director out of 11 (eleven) members of Board of Directors.
2	Skill/Education	The level of education of members of the Board of Directors varies, starting from Bachelor, Master, and Doctorate degrees with different competence including Economics, Accountancy, Information Technology, Legal, Technology, and Business.
3	Work Experiences	Diversity in work experiences of members of the Board of Directors, such as banking professionals as well as national/multinational financial institution, consultant, lecturer.
4	Age	The age of members of the Board of Directors varies within productive age range 41-66 years old.
5	Gender	Out of 11 (eleven) members of the Board of Directors, BCA has 2 (two) female Directors and 9 (nine) male Directors.

9. Nomination of Members of the Board of Directors

The Remuneration and Nomination Committee recommends candidates for members of the Board of Directors to the Board of Commissioners. After considering this recommendation, the Board of Commissioners proposes the Director candidate(s) for appointment at the General Meeting of Shareholders (GMS). The GMS appoints the candidate as member(s) of the Board of Directors by considering the recommendation from the Board of Commissioners.

10. The Board of Directors Statement of Independence

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.

Name	Position	Relationship with:						Financial Relation with:					
		Board of Commissioners		Board of Directors		Controlling Shareholders		Board of Commissioners		Board of Directors		Controlling Shareholders	
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Jahja Setiaatmadja	President Director	-	√	-	√	-	√	-	√	-	√	-	√
Eugene Keith Galbraith	Deputy President Director	-	√	-	√	-	√	-	√	-	√	-	√
Armand Wahyudi Hartono	Deputy President Director	-	√	-	√	√	-	-	√	-	√	√	-
Suwignyo Budiman	Director	-	√	-	√	-	√	-	√	-	√	-	√
Henry Koenaifi	Director	-	√	-	√	-	√	-	√	-	√	-	√
Tan Ho Hien/Subur atau Subur Tan	Director (concurrently as Compliance Director)	-	√	-	√	-	√	-	√	-	√	-	√
Erwan Yuris Ang	Independent Director	-	√	-	√	-	√	-	√	-	√	-	√
Rudy Susanto	Director	-	√	-	√	-	√	-	√	-	√	-	√
Lianawaty Suwono	Director	-	√	-	√	-	√	-	√	-	√	-	√
Santoso	Director	-	√	-	√	-	√	-	√	-	√	-	√
Inawaty Handoyo	Director	-	√	-	√	-	√	-	√	-	√	-	√

11. Share Ownership of Members of the Board of Directors that amounts to 5% or Above of the Paid-up Capital

Name	Share Ownership of Members of the Board of Directors that amounts to 5% or Above of the Paid-up Capital:			
	BCA	Other Bank	Non-Bank Financial Institution	Other Company
Jahja Setiaatmadja	-	-	-	√
Eugene Keith Galbraith	-	-	-	-
Armand Wahyudi Hartono	-	-	-	√
Suwignyo Budiman	-	-	-	-
Henry Koenaifi	-	-	-	-
Subur Tan	-	-	-	-
Erwan Yuris Ang	-	-	-	-
Rudy Susanto	-	-	-	-
Lianawaty Suwono	-	-	-	-
Santoso	-	-	-	-
Inawaty Handoyo	-	-	-	-

12. Dual Functions of Members of the Board of Directors

None of the Directors holds positions as a member of a Board of Commissioners, member of a Board of Directors, or executive officer at another bank, company, and/or institution.

Name	Position at BCA	Position at Other Bank	Position at Company/Institution	Type of Business
Jahja Setiaatmadja	President Director	-	-	-
Eugene Keith Galbraith	Deputy President Director	-	-	-
Armand Wahyudi Hartono	Deputy President Director	-	-	-
Suwignyo Budiman	Director	-	-	-
Henry Koenaifi	Director	-	-	-
Tan Ho Hien/Subur atau Subur Tan	Director (concurrently as Compliance Director)	-	-	-
Erwan Yuris Ang	Independent Director	-	-	-
Rudy Susanto	Director	-	-	-
Lianawaty Suwono	Director	-	-	-
Santoso	Director	-	-	-
Inawaty Handoyo	Director	-	-	-

13. Procedure for Determining the Remuneration of the Board of Directors

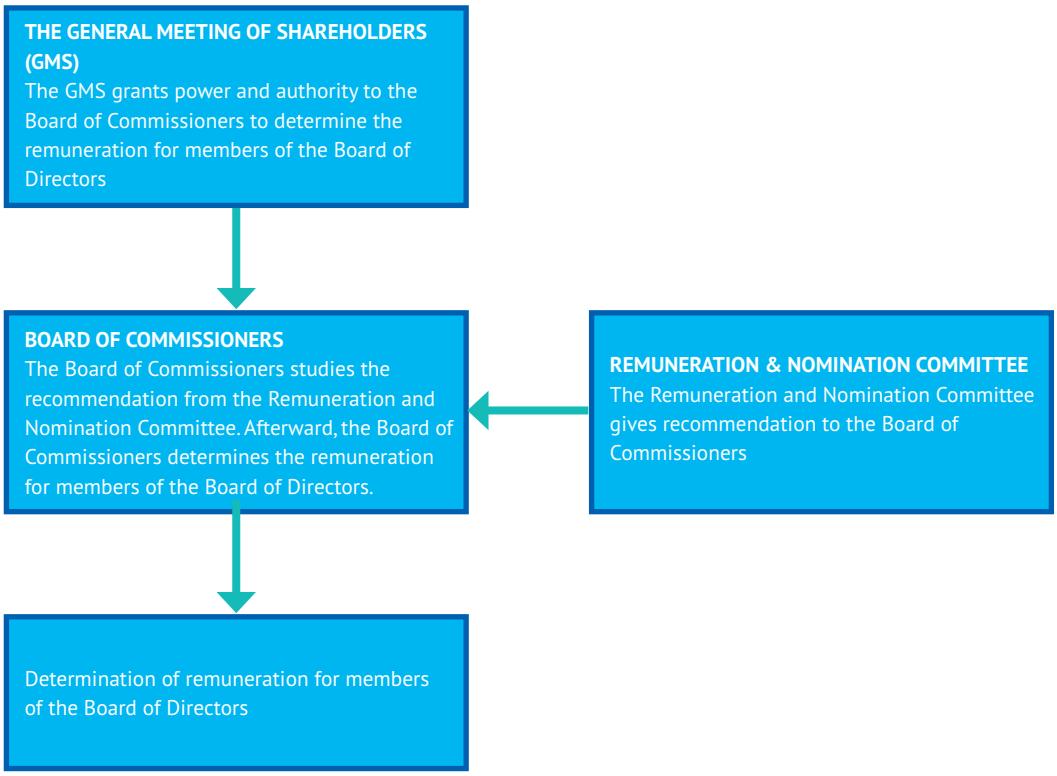
Based on the decision of the 2016 AGMS will be held on 2016, the 2016 GMS has granted the power and authority to:

(i) The Board of Commissioners to determine the amount of salary and other benefits for members of the Board of Directors;

(ii) The controlling shareholders to determine the distribution of tantiem for the Board of Commissioners and Board of Directors.

In exercising its power and authority, the Board of Commissioners will consider the recommendation of the Remuneration and Nomination Committee.

Scheme of the Board of Directors' Remuneration Determination Procedure



14. Remuneration Structure of the Board of Directors

The Remuneration Structure showing the remuneration components and nominal value for each component for all members of the Board of Directors in 2016 is as follows:

Type of Remuneration and Other Facilities	Amount Received in 1 year	
	BOARD OF DIRECTORS	
	Person	In Million Rupiah
1. Remuneration (salary, bonus, routine allowance, tantiem, and other non-natura facilities)	13	324,308
2. Other natura facilities:		
a. Business Remuneration Travel Allowance	11	573
b. Health Benefits	13	1,047
c. Health & Golf Club Memberships	10	700
d. Option for purchasing service vehicles at the end of leasing period	-	-
3. Retirement benefit (owned at the end of term)	-	-
Total		**326,628**

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

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

Indicators for Determining Remuneration for the Board of Directors

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

a. Individual performance of Director.
b. Financial performance and fulfillment of reserve fund as stated in Constitution No. 40 Year 2007 concerning Limited Liability Company.
c. Fairness with peer group. Equality of position within BCA organization and with other similar banks in terms of assets and characteristics.
d. Consideration of BCA's long term goals and strategies.

15. The Board of Directors Meetings, Joint Meetings, and Attendance of Members of the Board of Directors

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

- 38 (thirty eight) Board of Directors Meetings
- 17 (seventeen) Joint Meetings between the Board of Directors and Board of Commissioners.

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

Decision making is conducted through consensus agreement. In the event when consensus agreement does not occur, decision making is carried out based on majority vote. All decisions taken in the meeting of the Board of Directors is binding. Differences of opinion (dissenting opinion) that occur in Board of Directors meetings shall be clearly stated in the minutes of the meeting along with the reasons for dissent.

Frequency of Board of Directors Meetings and Attendance of the Member of the Board of Directors in 2016:

Position (Name)	Number of Meetings	Attendance	Percentage
President Director (Jahja Setiaatmadja)	38	35	92%
Deputy President Director (Eugene Keith Galbraith)	38	32	84%
Deputy President Director (Armand Wahyudi Hartono) [1]	38	25	66%
Corporate Banking Director (Dhalia Mansor Ariotedjo) [*]	11	8	73%
Risk Management Director (Anthony Brent Elam) [*]	11	11	100%
Compliance & Risk Director (Subur Tan)	38	28	74%
Corporate Banking Director (Rudy Susanto)	38	27	71%
SME & Commercial Banking Director (Henry Koenaifi)	38	30	79%
Individual Banking Director (Suwignyo Budiman)	38	33	87%
Network Distribution Director (Erwan Yuris Ang)	38	25	66%
Human Capital Management Director (Lianawaty Suwono) [2]	20	10	50%
Transaction Banking Director (Santoso) [3]	18	11	61%
Credit Director (Inawaty Handoyo) [4]	18	17	94%

Notes :

[*] By the resolutions of the Annual GMS on 7 April 2016, Ms. Dhalia Mansor Ariotedjo and Mr. Anthony Brent Elam were not re-appointed as Director of the Bank

[1] Based on Letter of Appointment from the Financial Services Authority No. SR-106/D.03/2016 dated 21 June 2016 Mr. Armand Wahyudi Hartono was appointed as Deputy President Director of PT Bank Central Asia Tbk.

[2] Based on Letter of Appointment from the Financial Services Authority No. SR-137/D.03/2016 dated 27 July 2016 Mrs. Lianawaty Suwono was appointed as Director of PT Bank Central Asia Tbk.

[3] Based on Letter of Appointment from the Financial Services Authority No. SR-143/D.03/2016, dated 8 August 2016 Mr. Santoso was appointed as Director of PT Bank Central Asia Tbk.

[4] Based on Letter of Appointment from the Financial Services Authority No. SR-144/D.03/2016, dated 8 August 2016 Mrs. Inawaty Handoyo was appointed as Director of PT Bank Central Asia Tbk.

Schedule and Agenda of the Meetings of the Board of Directors in 2016:

Month	Date
January	14
February	4, 18, 23, 25
March	3, 8, 14, 22, 24
April	6, 21, 26
May	19, 24
June	2, 23
July	21, 28
August	4, 9, 11[*], 18, 25
September	1, 13, 22, 27
October	6, 13, 24
November	10, 22, 24
December	8, 15, 22

Several of the Meeting Agenda were:

Business Continuity

- Discussion and reports from work units and Regional Office, among others:
  - o Discussion and reports from the Division of Finance and Planning, among others:
    - Update on cost allocation and profitability analysis
    - Update on the development of CASA
    - Performance Management Review
    - Update on cost allocation and profitability analysis project
    - Portfolio update & marketing budget
    - Dividend on Profit
    - Proposal for Interest Rate of Deposits
    - Purchase of securities YTD 2016 & plan for purchase of securities
  - o Discussion of Regional Offices: economic, business and performances of regional offices.
  - o Reports from the Division of Logistic & Warehousing, Consumer Credit Business Unit, etc.
- Discussion on the development of banking solution, among others:
  - o Branchless banking update, low cost banking network
  - o Product proposition for BCA Credit Card.
  - o Improvement on BCA relationship
  - o Tax amnesty, among others preparation for socialization and branch office operational, credit cash collateral scheme
  - o UBC promotion to commemorate the 59th BCA Anniversary.
  - o Cyber crime insurance
  - o Customer engagement program BCA K1 study, active & passive K1 customer
  - o Banking on demographic change
  - o Password e-statement RDN
  - o Development of Bancassurance
  - o Management of branch office business.
  - o Underwriting for SME loan
- Development of business potential, among others:
  - o BCA the next fifteen years
  - o Discourses on business development, such as Discourses on Acquisition, Capital Inclusion, investment in consortium, BCA Venture Capital
- Discussion on the Development of the Organization, among others:
  - o Organizational development, among others Job Description of Board of Directors, / Updating Employee Name Card, Review on mapping of officials, Officials rotation, KPI PKKC 2017, planning session 2017 & mini company
  - o Internal engagement, such as BCA Award, Porseni Jabodetabek, Porseni for the 60th Anniversary of BCA, Rakernas 2017, launching of green office
  - o External engagement, such as organizing IKF
- Discussion on IT development, among others:
  - o BCA Hackathon
  - o IT Blue print for BCA subsidiaries
  - o Security swift and security assessment result
  - o Future banking, overview from demographical & technological point of view
  - o Online business forum
- Discussion on results of survey, among others:
  - o Internal survey results: economic survey on customers semester 1 and 2
  - o Survey report from independent party.
- Risk Management, Governance, Internal Control and Compliance
  - o Internet banking attack update
  - o Security of Klik BCA
  - o Regulation on the Submission of Foreign Customers' Information Related to Taxes
  - o Affiliated transaction
  - o Potential and risk of infrastructure financing

[*] On 11 August 2016, there were 2 (two) meetings of the Board of Directors, each with different agenda and minutes of meeting.

Frequency of Joint Meetings between the Board of Commissioners and the Board of Directors and Attendance of the Member of Board of Directors in 2016:

Position (Name)	Number of Meetings	Attendance	Percentage
President Director (Jahja Setiaatmadja)	17	15	88%
Deputy President Director (Eugene Keith Galbraith)	17	13	76%
Deputy President Director (Armand Wahyudi Hartono)	17	12	71%
Corporate Banking Director (Dhalia Mansor Ariotedjo)	3	3	100%
Risk Management Director (Anthony Brent Elam)	3	3	100%
Compliance & Risk Director (Subur Tan)	17	15	88%
Corporate Banking Director (Rudy Susanto)	17	14	82%
SME & Commercial Banking Director (Henry Koenaifi)	17	10	59%
Individual Banking Director (Suwignyo Budiman)	17	16	94%
Network Distribution Director (Erwan Yuris Ang)	17	14	82%
Human Capital Management Director (Lianawaty Suwono)	9	7	78%
Transaction Banking Director (Santoso)	9	8	89%
Credit Director (Inawaty Handoyo)	9	8	89%

Schedule and Agenda of Joint Meetings between the Board of Directors and Board of Commissioners in 2016:

Month	Date	Several of the meeting agenda were:
January	21	Discussions on the following: 1. Bank organization structure 2. Overall strategy of the Bank 3. Bank Business Plan and Annual Work Plan & Budget 4. Proposal for profit utilization and amount of interim dividend 5. Financial and Performance Statements of the Bank 6. Banking industry market share mapping 7. Result of Bank financial soundness evaluation 8. Implementation of Anti Money Laundering and Prevention of Terrorism Funding (APU & PPT) Program
February	-	
March	2	
April	6, 14, 20	
May	-	
June	8, 9	
July	14	
August	18, 31	
September	8, 21	
October	12, 19, 26	
November	23	
December	7	

16. Assessment on the Performance of the Committees under of the Board of Directors

In discharging its management duties, the Board of Directors established a number of Executive Committees in accordance with the business needs of the Bank and the relevant regulations, to improve operational effectiveness and efficiency.

Executive Committee members are appointed by the Board of Directors to provide input in the respective areas of responsibilities of the Board of Directors. In 2016, the Executive Committees under the Board of Directors have performed their duties and functions. Following are the 7 (seven) Executive Committees under the Board of Directors and their performance in 2016:

1. Asset & Liability Committee (ALCO).
2. Risk Management Committee.
3. Integrated Risk Management Committee.
4. Credit Policy Committee.
5. Credit Committee.
6. Information Technology Steering Committee.
7. Personnel Case Advisory Committee.

1. Asset and Liability Management Committee (ALCO)

ALCO is a permanent Committee under the Board of Directors with the mission of achieving an optimum level of profitability for BCA as well as ensuring that liquidity risks, interest rate risks, and foreign exchange risks are controlled through the implementation of policies and strategies for BCA's asset and liability management.

ALCO Work Realization Program in 2016

In performing its duties throughout 2016, ALCO held 14 (fourteen) meetings with the following agenda:

1. Report of follow-ups of previous ALCO meeting decisions.
2. Review of economic parameters including inflation rates, Bank Indonesia Term Deposit interest rates, yield curves of Rupiah and USD, Rupiah & USD market liquidity and exchange rate of Rupiah.
3. Liquidity reserves comprising Primary and Secondary Rupiah and Foreign Exchange Reserves, Rupiah and Foreign Exchange Fund Structure, Credit Projection, Liquidity Projection and losses due to liquidity risk.
4. Interest rate risks, including Repricing Gap and Sensitivity Analysis, both for Rupiah and Foreign Exchange.
5. Foreign Exchange Risk, in regard with development of the Net Open Position (NOP) and the related risks.
6. Loan Portfolio, which comprises limit and outstanding loans and type of debtors.
7. Yield and Cost of Fund of Rupiah and Foreign Exchange.
8. Analysis of Assets/Liabilities Management.
9. Comparison of the composition of Bank Funds to the banking sector.
10. Discussion and decision of changes in interest rates for Funds and Loans, Prime Lending Rates and limits relating to the Asset Liability Management (ALM).
11. Review of the results of profit/loss simulations in accordance with the strategy applied by the ALM BCA.

2. Risk Management Committee

The Risk Management Committee was established to ensure that the enterprise-wide risk management framework provides adequate protection against all risks faced by BCA.

Risk Management Committee Work Realization Program in 2016

In performing its duties throughout 2016, Risk Management Committee conducted 4 (four) meetings with the realization of Risk Management Committee work programs as follows:

1. To presents and discuss the Law of Financial System Crisis Prevention and Management.
2. To presents and discuss POJK No. 42/POJK.03/2015 concerning the Requirements of Liquidity Coverage Ratio and analysis of LCR.
3. To presents and discuss the proposed additional limit of USD loan (Cash Facility).
4. To review of limit of secondary reserves.
5. To review the Stop Loss and Holding Period of traded securities portfolio and proposed limit of available for sale securities.
6. To presents and discuss the results of Bottom Up Stress Test (BUST) FSAP for Solvency Stress Test and Liquidity Stress Test.

7. To identify strategic risks impacting the business model and sustainability of the bank in the future and the mitigating actions for such risks.

3. **Integrated Risk Management Committee**

The Integrated Risk Management Committee was established to ensure the risk management framework has provided an integrated and adequate coverage over all risks faced by BCA as well as its Subsidiary Companies.

Integrated Risk Management Committee Work Realization Program in 2016

In performing its duties throughout 2016, Integrated Risk Management Committee held 2 (two) meetings, by discussing a number of topics pertaining to the implementation of Integrated Risk Management such as:

1. Integrated Minimum Reserve Requirements or KPMM (Policy and Reporting).
2. Report of Integrated Risk Profile (LPRT) Semester II in 2015.
3. Proposed Review Mechanism of New and Strategic Business Line in Financial Conglomeration of BCA.
4. Integrated Stress Test in Financial Conglomeration in 2016.

4. **Credit Policy Committee**

The Credit Policy Committee was established to direct the provision of loans through formulation of credit policy designed in order to achieve prudent lending target.

Credit Policy Committee Work Realization Program in 2016

In performing its duties throughout 2016, Credit Policy Committee has carried out the following programs:

1. Formulate the segregation of duties of the Board of Directors during transition period.
2. Recommend the authority given to approve credit restructuring.
3. Prepare the Accountability and Work Realization Report of the Credit Policy Committee and submit it to the Board of Directors with copies to the Board of Commissioners.

5. **Credit Committee**

The mission of the Credit Committee is to assist the Board of Directors in making loan evaluation and/or loan approval decisions within the authorized limits set by the Board of Directors as stipulated in the Company's Articles of Association with regards to BCA's business development in adherence to prudent in lending principles.

Corporate Credit Committee and Commercial Credit Committee Work Realization Program in 2016

In performing its duties throughout 2016, the Corporate Credit Committee held 8 (eight) meetings, and the Commercial Credit Committee held 7 (seven) meetings .

6. **Information Technology Steering Committee**

The Information Technology Steering Committee was established to ensure the implementation of an information technology (IT) system in line with BCA's strategy. Information Technology Steering Committee mission is to improve the Company's competitive advantage through the utilization of appropriate IT functions.

Information Technology Steering Committee Work Realization Program in 2016

In performing its duties throughout 2016, Information Technology Steering Committee has carried out the following program:

- To evaluate and monitor the implementation of strategic information technology (IT) projects aligned with strategic corporate objectives and BCA business direction.
- To evaluate the implementation of process and technology in IT project development.
- To review and to monitor strategic measures in minimizing the IT investment risk.
- To monitor the use of IT budget in 2016.
- To review and to evaluate new IT strategic projects, namely:
    a. Development of banking service through chatting platform in social media for customers.
    b. Development of sub-account to serve corporate, commercial and personal needs.

c. Development of Mini Core Banking to support sub-account projects.
d. Development of express checkout to service payment transactions in various merchants (apps based/e-commerce website).

- To evaluate and to monitor IT initiative which is carried out to support delivery of the IT strategic projects. The initiatives are:
  a. Preparing new technology architecture.
  b. Improving server capacity for banking service.
  c. Preparing the additional capacity of bandwith network.
  d. Preparing human resources to develop business model, business process, IT design, IT development related to the new technology architecture.
  e. Establishing dedicated Scrum project team as a part of continuous learning culture.
  f. Monitoring IT human resource allocation to establish a reliable and competent IT team.

7. Personnel Case Advisory Committee

The Personnel Case Advisory Committee was established with the mission to provide recommendations to the Board of Directors regarding the settlement of personnel cases based on the principles of justice and equality by analyzing cases of violations of policy and/or possible illegal activity undertaken by employees.

Personnel Case Advisory Committee Work Realization Program in 2016

In performing its duties throughout 2016, Personnel Case Advisory Committee has carried out the following program: Personnel Case Advisory Committee held 5 (five) meetings. Realization of the Personnel Case Advisory Committee work program is to provide input in the form of information, analysis and judgment to make recommendations to the Board of Directors for action to be taken to resolve offenses committed by employees that required the Board of Directors decision for settlement, including the imposition of sanctions and/or improvement of systems and operational procedures and/or legal proceedings.

17. Orientation Programs for New Members of the Board of Directors

An orientation program is organized for new members of the Board of Directors in order to assist them in carrying out the relevant duties and responsibilities as a Director.

The orientation program includes:

1. Information regarding BCA such as the vision, missions, medium and long term strategy and plans, performance, as well as financial aspects BCA;
2. Understanding the duties and responsibilities as a member of the Board of Directors, limits of authority, working time, relationship with the Board of Commissioners, rules and regulations, etc.

Directors who are participating in the orientation may do the following:

a. Request presentations to obtain explanation of various aspects deemed necessary, by involving the management under the Board of Directors.
b. Organize meetings with fellow Directors and with Commissioners to discuss various issues in BCA or other information deemed necessary.
c. Conduct visits to business locations/ branches of BCA with fellow Directors or Management.

18. Training Programs to Enhance the Competence of Members of the Board of Directors

The Member of The Board of Directors must attend at least 1 (one) training program in a year to help them in carrying out their duties and responsibilities. Training seminar and conferences programs attended by Member of the Board of Directors in 2016 were as follows:

Name	Training Program	Organizer	Location	Date
Jahja Setiaatmadja	Risk Management Refreshment Program: - Moderate Corporate Risk Management &Case Study on Interest Rate Risk Management Using Duration Gap Methodology. - Operational Risk - The Collapse of Baring	Risk Forum School of Finance	Jakarta	24 January
	Public Dialogue with the President Republic of Indonesia "Developing a Competitive Indonesian Economy"	ISEI	Jakarta	30 March
	ASEAN Central Bank Governors and Financial Institutions CEO Dialogue	Bank of LAO – PDR	Laos	2-4 April
	Exclusive Round Table Insight "Outstanding Challenge of Indonesia Macroeconomic Management"	ILUNI FEB UI	Jakarta	28 April
	The 55th ACI World Congress	ACI	Jakarta	29 April
	Indonesia CEO Talk "The Role of Financial Services Industry as a Driving Force of the Nation's Economy in MEA Era"	OMG (Obsession Media Group)	Jakarta	17 May
	Agro Sector Financing Innovation in Supporting Financial Inclusion Implementation for Farmers	Kadin; ISEI; PISAGRO	Jakarta	23 May
	IMC Meeting	IMC	Singapore	5-7 June
	CalGems Investor Conference	BOA-Merryl Linch	California	14-16 June
	The XVIII ISEI National Seminar & Plenary Session "Realizing the Potential of Tourism Sector for Sustainable and Inclusive Economic Development"	ISEI	Gorontalo	28-29 September
	Indonesia Knowledge Forum V	BCA	Jakarta	6-7 October

Name	Training Program	Organizer	Location	Date
Eugene K. Galbraith	Mandiri Investment Forum 2016	Mandiri Sekuritas	Jakarta	28 January
	Risk Management Refreshment Program: - Moderate Corporate Risk Management &Case Study on Interest Rate Risk Management Using Duration Gap Methodology. - Operational Risk - The Collapse of Baring	The Risk Forum School of Finance	Jakarta	24 February
	BAIN Sea Transformation Leader Forum	BAIN	Singapore	2 March
	NDR Morgan Stanley 2016	Morgan Stanley	New York	9-11 March
	Nomura Indonesia All Access 2016	Nomura	Jakarta	13 April
	55th ACI World Congress	ACI	Jakarta	28-30 April
	Citi Indonesia Investor Conference 2016	Citi	Jakarta	11 May
	National Seminar Winning the AEC War Competing or Collaborating	Morgan Stanley	Jakarta	25 May
	JP Morgan Asia Pacific CEO-CFO Conference	JP Morgan	New York	7-8 September
	Indonesia in a Digital World	McKinsey	Jakarta	27 September
	Indonesia Knowledge Forum V	BCA	Jakarta	6-7 October
	Focus 16 - Security Conference	Intel Security	Las Vegas	1-3 November
	Morgan Stanley Fifteenth Annual Asia Pacific Summit	Morgan Stanley	Singapore	16-18 November
	10th Financial Services CEO Roundtable	Temasek	Singapore	17 November
Armand W. Hartono	Risk Management Refreshment Program: - Moderate Corporate Risk Management & Case Study on Interest Rate Risk Management Using Duration Gap Methodology. - Operational Risk - The Collapse of Baring	The Risk Forum School of Finance	Jakarta	24 February
	Asia Leaders in Financial Institutions (ALFI)	National University of Singapore (NUS)	Beijing (China)	29 February - 2 March
			New York (USA)	25-28 April
			Singapore	27-28 June
	Indonesia Knowledge Forum V	BCA	Jakarta	6-7 October
	MasterCard Asia Pacific Advisory Board Meeting	MasterCard	Barcelona (Spain)	9-13 October
Subur Tan	Risk Management Refreshment Program: - Moderate Corporate Risk Management & Case Study on Interest Rate Risk Management Using Duration Gap Methodology. - Operational Risk - The Collapse of Baring	The Risk Forum School of Finance	Jakarta	24 February
	Indonesia Knowledge Forum V	BCA	Jakarta	6-7 October

Name	Training Program	Organizer	Location	Date
Rudy Susanto	Associate Cambiste Internasionale (ACI) World Congress 2016	ACI FMA	Jakarta	29 April
	Maybank Investor Forum	Maybank	Jakarta	14 September
	23rd CLSA Investor Forum	CLSA	Hong Kong	19-21 September
	Indonesia Knowledge Forum V	BCA	Jakarta	6-7 October
Henry Koenaifi	Risk Management Refreshment Program: - Moderate Corporate Risk Management & Case Study on Interest Rate Risk Management Using Duration Gap Methodology. - Operational Risk - The Collapse of Baring	The Risk Forum School of Finance	Jakarta	24 February
	Asia Leaders in Financial Institutions (ALFI)	National University of Singapore (NUS)	Beijing (China)	29 February - 2 March
			New York (USA)	25-28 April
			Singapore	27-28 June
	Indonesia Knowledge Forum	BCA	Jakarta	6-7 October
Suwignyo Budiman	Risk Management Refreshment Program: - Moderate Corporate Risk Management & Case Study on Interest Rate Risk Management Using Duration Gap Methodology. - Operational Risk - The Collapse of Baring	The Risk Forum School of Finance	Jakarta	24 February
	OJK International Conference Islamic Finance	OJK	Jakarta	29 September
	Indonesia Knowledge Forum V	BCA	Jakarta	6-7 October
Erwan Yuris Ang	Indonesia Knowledge Forum V	BCA	Jakarta	6-7 October
Lianawaty Suwono	Bali - HR Summit	PT. Inti Pesan Pariwara	Bali	25-26 August
	Indonesia Knowledge Forum V	BCA	Jakarta	6-7 October
	McKinsey Gallup Organizational Science Summit	Gallup & McKinsey	Singapore	26 October
	Binus Industry Partnership Program 2016	Bina Nusantara (Binus)	Cina	6-10 November
	Seminar Economic Outlook 2017	IBI	Jakarta	9 December
Santoso	Mobile World Congress 2016	Global System for Mobile Communications Association (GSMA)	Barcelona (Spain)	22-25 February
	ASEAN Marketing Summit	Markplus INC	Jakarta	15 September
	Money 20/20 Conference	Money 20/20	Las Vegas (USA)	23-26 October
Inawaty Handoyo	Credit Fundamental for Senior Decision Maker	Omega Training	Jakarta	19-20 September
	Indonesia Knowledge Forum V	BCA	Jakarta	6-7 October

THE GENERAL MEETING OF SHAREHOLDERS

1. The General Meeting of Shareholders

The General Meeting of Shareholders (GMS) is a company organ possessing exclusive authority not granted to the Board of Directors and the Board of Commissioners as stipulated in the applicable regulations and/or the Company's Articles of Association.

2. 2016 Annual General Meeting of Shareholders Procedure

The procedure of BCA's 2016 Annual General Meeting of Shareholders (2016 AGMS) will be held on 2016 was as follows:

1. As a public company, in accordance with Financial Service Authority Regulation No.32/ POJK.04/2014 dated 8 December 2014 concerning Plan and Implementation of the General Meeting of Shareholders of Public Company. BCA delivered the agenda of the 2016 AGMS in a clear and detailed manner to the Financial Services Authority not later than 5 (five) working days prior to the notification, as referred to in the letter No. 111/ DIR/2016 dated 23 February 2016.
2. Before conducting the 2016 AGMS notification, BCA conveyed that the AGMS announcement would be conducted, 14 (fourteen) days prior to the 2016 AGMS notification, excluding the date of announcement and the date of the 2016 AGMS notification. The 2016 AGMS announcement was published in Bisnis Indonesia and The Jakarta Post daily newspapers, all on 1 March 2016.
3. The 2016 AGMS notification was conducted by advertising in newspapers 21 (twenty one) days prior to the date of the 2016 AGMS, excluding the date of the notification and the date of the AGMS. The 2016 AGMS notification was published in Bisnis Indonesia and The Jakarta Post newspapers, all dated 16 March 2016.
4. Entitled to attend and vote in the 2016 AGMS are shareholders whose names are recorded in the Register of Shareholders, which was closed on the last working day of the Indonesia Stock Exchange before the advertised 2016 AGMS notification.
5. Each share issued has 1 one (one) voting right unless the Articles of Association of BCA state otherwise.
6. BCA conveyed the summary of the 2016 AGMS 2 (two) business days after the 2016 AGMS to the Financial Services Authority and the Indonesia Stock Exchange, and announced it to the public in Bisnis Indonesia and The Jakarta Post daily newspapers, all dated 11 April 2016.

3. Implementation of the 2016 AGMS

In 2016, BCA held the AGMS on 7 April 2016 at the Grand Ballroom, Hotel Indonesia Kempinski 11th floor , Jalan MH. Thamrin No. 1, Jakarta 10310.

The materials and agenda (including explanation of each agenda item) discussed in the AGMS was available from the Corporate Secretary – BCA Head Office, and had been uploaded in the BCA's website on the same date as the 2016 Annual GMS Notification.

4. Attendance of Management and Shareholders

The 2016 AGMS was attended by the President Commissioner and members of the Board of Commissioners, President Director, Deputy President Director, and all members of the Board of Directors, the Chairman and members of Committees under the Board of Commissioners (Audit Committee, Remuneration & Nomination Committee, Risk Oversight Committee, and Integrated Governance Committee) as well as the shareholders or their proxies.

Members of the Board of Commissioners and Board of Directors of BCA were present in the 2016 AGMS, as stated below:

Board of Commissioners

Name	Position
Ir. Djohan Emir Setijoso	President Commissioner
Tonny Kusnadi	Commissioner
Cyrillus Harinowo	Independent Commissioner (concurrently as Chairman of Audit Committee)
Dr. Ir. Raden Pardede	Commissioner Independent (concurrently as Chairman of Remuneration and Nomination Committee)

Board of Directors

Name	Position
Jahja Setiaatmadja	President Director
Eugene Keith Galbraith	Deputy President Director
Dhalia Mansor Ariotedjo	Director
Anthony Brent Elam	Director
Ir. Suwignyo Budiman	Director
Tan Ho Hien/Subur Tan	Director (concurrently as Compliance Director)
Henry Koenaifi	Director
Armand Wahyudi Hartono	Director
Erwan Yuris Ang	Independent Director
Rudy Susanto	Director

The number of shares with voting rights represented at the 2016 Annual GMS was 20.758.854.962 shares or 84,197% of the total shares issued and paid up by the shareholders; therefore, the quorum provisions as stipulated in Article 23, paragraph 1 (a) of BCA's Articles of Association were met.

5. Chairman of the 2016 AGMS

The 2016 AGMS was chaired by Ir. Djohan Emir Setijoso as President Commissioner, in accordance with Article 22, paragraph 1 (a) of BCA's Articles of Association.

6. Agenda of the AGMS

The 2016 AGMS Agenda is as follows:

1. Approval of the Annual Report, including the Financial Statements of BCA and the Reports of the Supervisory Duties of the Board of Commissioners of BCA for the financial year ended on 31 December 2015 and to provide liability release and discharge (acquit et decharge) to members of the Board of Directors and Board of Commissioners of BCA for the actions of management and supervision conducted in the financial year ended on 31 December 2015.
2. Determination of the utilization of BCA's profit for the financial year ended on 31 December 2015.
3. Confirmation of the expiration of the term of duty, and appointment of members of the Board of Commissioners and Board of Directors of the Company.
4. Determination of salary or honorarium and allowances in financial year 2016 and tantiem in financial year 2015 for the members of the Board of Directors and Board of Commissioners.
5. Appointment of Registered Public Accountant to examine BCA books for the financial year ended 31 December 2016.
6. Giving power and authority to the Board of Directors to pay an interim dividend for the financial year ended 31 December 2016.

7. Vote Calculation Mechanism in the 2016 AGMS

Each shareholder or proxy of the shareholder has a right to ask and/or present opinions to the Chairman of the AGMS before a vote is held for each AGMS agenda.

In any discussion of the agenda of the AGMS, the Chairman of AGMS provides an opportunity for the shareholders or the proxies of the shareholders to ask questions before a vote is held.

Based on Article 23 clause 8 of BCA's Articles of Associations, any decisions concerning the submitted proposals in every AGMS agenda item will be made through deliberation. If no agreement is reached, the decision will be taken by voting.

Based on Article 23 clause 6 of BCA's Articles of Associations, voting on every proposal submitted in each AGMS will be conducted orally using pooling method, wherein the shareholders or proxies who do not agree or provide abstention will raise their hands to submit the ballot papers. The ballot papers are counted by PT Raya Saham Registra as BCA's Share Registrar and further be verified by a Notary as an independent party, in accordance with the Order of the 2016 AGMS.

8. Comparison between the 2016 AGMS Resolution and Realization with the 2015 AGMS Resolution and Realization

2016 AGMS Resolution and Realization		2015 AGMS Resolution and Realization	
First Agenda			
in 2016		in 2015	
I	Approving the Annual Report, including the Board of Commissioners' Report on its Supervisory Duties for the financial years ended on 31 December 2015 as contains in the 2015 Annual Report.	I	Approving the Annual Report, including the Board of Commissioners' Report on its Supervisory Duties for the financial years ended on 31 December 2014 as contains in the 2014 Annual Report.
II	Ratifying the Financial Statements which include the Balance Sheet and Loss and Profit Statement for the financial year ended on 31 December 2015 as had been audited by the Public Accountant Firm Siddharta Widjaja & Partner, member of KPMG International as evident in Company's 2015 Annual Report.	II	Ratifying the Financial Statements which include the Balance Sheet and Loss and Profit Statement for the financial year ended on 31 December 2014 as had been audited by the Public Accountant Firm Siddharta Widjaja & Partner, member of KPMG International, and presented in the Bank's 2014 Annual Report.
III	Granting release and discharge of responsibilities (acquit et decharge) to members of Board of Directors and Board of Commissioners for their respective management and supervisory actions during the financial year ended on 31 December 2015, to the extent that such actions were set out in Company's Annual Report and Financial Statements for the financial year ended on 31 December 2015 and any relevant supporting documents thereof.	III	Granting release and discharge of responsibilities (acquit et decharge) to members of Board of Directors and Board of Commissioners for their respective management and supervisory actions during the financial year ended on 31 December 2014, to the extent that such actions were set out in Company's Annual Report and Financial Statements for the financial year ended on 31 December 2014 and any relevant supporting documents thereof.

Result of the Vote Calculation of 2016 AGMS is as follows:		
Approve	Disapprove	Abstain
20,741,362,947 (99.916%)	4,392,100 (0.021%)	13,099,915 (0.063%)
Description: Realized		

Result of the Vote Calculation of 2015 AGMS is as follows:		
Approve	Disapprove	Abstain
21,579,092,293 (99.897%)	- (Nihil)	22,217,500 (0.103%)
Description: Realized		

2016 AGMS Resolution and Realization		2015 AGMS Resolution and Realization	
Second Agenda			
In 2016		**In 2015**	
I	Resolve to accept that the Balance Sheet and the Company's net income for the financial year ended on 31 December 2015, which had been audited by the Public Accountant Firm Siddharta Widjaja & Partner, member of KPMG International, amounted to Rp18,018,653,583,210 (eighteen trillion eighteen billion six hundred and fifty-three million five hundred and eighty-three thousand two hundred and ten Rupiah) ("Net Income for 2015").	I	Resolve to accept that the Balance Sheet and the Company's net income for the financial year ended on 31 December 2014, which had been audited by the Public Accountant Firm Siddharta Widjaja & Partner, member of KPMG International, amounted to Rp 16,485,857,485,058 (sixteen trillion four hundred and eighty-five billion eight hundred and fifty-seven million four hundred and eighty-five thousand fifty-eight Rupiah) ("Net Income for 2014").
II	Stipulate the use of Net Profit 2015, namely in the amount of Rp18,018,653,583,210 (eighteen trillion eighteen billion six hundred and fifty-three million five hundred eighty-three thousand two hundred and ten Rupiah) shall be appropriated as follows: 1. Rp180,186,535,832 (one hundred eighty billion one hundred and eighty six million five hundred and thirty-five thousand eight hundred and thirty-two Rupiah) shall be appropriated for reserve fund. 2. Rp3,944,801,600,000,- (three trillion nine hundred forty-four billion eight hundred and one million six hundred thousand Rupiah) or Rp160 (one hundred and sixty Rupiah) per share shall be distributed as cash dividends for the financial year ended on 31 December 2015 to the shareholders entitled to receive the cash dividends, the amount of which included the interim dividends amounted to Rp1,356,025,550,000 (one trillion three hundred fifty-six billion twenty-five million five hundred and fifty thousand Rupiah) or Rp55 (fifty five Rupiah) per share which had been paid by BCA on 8 December 2015, so that the remaining amount of Rp2,588,776,050,000 (two trillion five hundred and eighty-eight billion seven hundred and seventy-six million fifty thousand Rupiah) or Rp105 (one hundred and five Rupiah) per share. As regards the payment of dividends, the following terms and conditions shall apply: (i) the remaining dividend for the financial year 2015 will be paid for each share issued by the Company recorded in the Company's Register of Shareholders on the recording date will be determined by the Board of Directors. (ii) as regards to payment of the remaining dividends for the financial year 2015, Board of Directors will withhold tax thereon pursuant to the tax regulations in force. (iii) Board of Directors is granted power of attorney and authority to determine matters concerning or relating to the payment of the remaining dividends for the financial year 2015, including (but not limited to): (aa) determining the recording date as referred to in clause (i) determining shareholders which entitled to receive payment of the remaining dividends for the financial year 2015; and	II	Stipulate the use of Net Profit 2014, namely in the amount of Rp 16,485,857,485,058, (sixteen trillion four hundred and eighty-five billion eight hundred and fifty- seven million four hundred eighty-five thousand fifty- eight Rupiah) shall be appropriated as follows: 1. Rp164,858,574,851 (one hundred sixty-four billion eight hundred and fifty eight million five hundred and seventy-four thousand eight hundred and fifty- one Rupiah) shall be appropriated for reserve fund. 2. Rp3,648,941,480,000 (three trillion six hundred forty-eight billion nine hundred and forty-one million four hundred and eighty thousand Rupiah) or Rp148 (one hundred and forty eight Rupiah) per share shall be distributed as cash dividends for the financial year ended on 31 December 2014 to the shareholders entitled to receive the cash dividends, the amount of which included the interim dividends amounted to Rp1,232,750,500,000 (one trillion two hundred thirty-two billion seven hundred fifty million five hundred thousand Rupiah) or Rp50 (fifty Rupiah) per share which had been paid by BCA on 23 December 2014, so that the remaining amount of Rp2,416,190,980,000 (two trillion four hundred and sixteen billion one hundred and ninety million nine hundred and eighty thousand Rupiah) or Rp98 (ninety-eight Rupiah) per share. As regards the payment of dividends, the following terms and conditions shall apply: (i) the remaining dividend for the financial year 2014 will be paid for each share issued by the Company recorded in the Company's Register of Shareholders on the recording date will be determined by the Board of Directors. (ii) as regards to payment of the remaining dividends for the financial year 2014, Board of Directors will withhold tax thereon pursuant to the tax regulations in force. (iii) Board of Directors is granted power of attorney and authority to determine matters concerning or relating to the payment of the remaining dividends for the financial year 2014, including (but not limited to): (aa) determining the recording date as referred to in clause (i) determining shareholders which entitled to receive payment of the remaining dividends for the financial year 2014; and

	(bb) determining the payment date of the remaining dividends for the financial year 2015, other technical matters without prejudice to regulations of the Stock Exchange where the Company's shares are listed;		(bb) determining the payment date of the remaining dividends for the financial year 2014, other technical matters without prejudice to regulations of the Stock Exchange where the Company's shares are listed.
	–		granting power of attorney and authority to FARINDO INVESTMENTS (MAURITIUS) LIMITED, qualitate qua (q.q.) Mr. ROBERT BUDI HARTONO and Mr. BAMBANG HARTONO, as the controlling shareholders of the Company currently, to determine the mentioned tantieme distribution amongst the members of Board of Commissioners and Board of Directors who served over the financial year 2014, by taking into account of this meeting's resolution and to determining the mentioned tantieme distribution amongst the members of Board of Commissioners and Board of Directors who served over the financial year 2014, including all matters relating to payment of the tantieme, with provision of the amount of tantieme which will be paid to Board of Commissioners and Board of Directors will be reported in the Annual Report for the financial year 2015.
	3. The remaining Net Profit for 2015 that has not allocated for specific use, shall be determined as retained earnings.		3. The remaining Net Profit for 2014 that has not allocated for specific use, shall be determined as retained earnings.
III	Resolving that such power as described in point II number 2 of this resolution shall be effective on the date on which the proposal put forward under this point is approved by the AGMS.	III	Resolving that such power as described in point II number 2 and 3 of this resolution shall be effective on the date on which the proposal put forward under this point is approved by the 2015 AGMS.

Result of the Vote Calculation of 2016 AGMS is as follows:		
Approve	**Disapprove**	**Abstain**
20,671,824,763 (99.581%)	58,540,099 (0.282%)	28,490,100 (0.137%)
Description: Realized		

Result of the Vote Calculation of 2015 AGMS is as follows:		
Approve	**Disapprove**	**Abstain**
21,506,661,207 (99.562%)	53,866,786 (0.249%)	40,781,800 (0.189%)
Description: Realized		

2016 AGMS Resolution and Realization		2015 AGMS Resolution and Realization
Third Agenda		
In 2016		**In 2015**
I	Confirming the expiration of term of duty of the Board of Commissioners and Board of Directors member starting the closing of this AGMS, and granting release and discharge of responsibilities (acquit et decharge) to members of Board of Directors and Board of Commissioners for their respective management and supervisory actions when assuming the position, to the extent that such actions were set out in Company's reports and any relevant supporting documents thereof.	-

II	a. Re-appointing members of the Board of Commissioners and Board of Directors of the Company, with the following composition: **Board of Commissioners** President Commissioner : Mr. Engineer DJOHAN EMIR SETIJOSO; Commissioner: Mr. TONNY KUSNADI; Independent Commissioner : Mr. CYRILLUS HARINOWO; Independent Commissioner : Mr. Doctor RADEN PARDEDE; **Board of Directors** President Director : Mr. JAHJA SETIAATMADJA; Deputy President Director : Mr. EUGENE KEITH GALBRAITH; Director : Mr. SUWIGNYO BUDIMAN; Director (concurrently Compliance Director) : Mr. TAN HO HIEN/SUBUR, also called as SUBUR TAN; Director : Mr. HENRY KOENAIFI; Independent Director: Mr. ERWAN YURIS ANG; Director : Mr. RUDY SUSANTO; the term of duty of the Board of Commissioner and Board of Directors is effective as of the closing of this Meeting until the conclusion of the AGMS of the Company to be held in 2021 (two thousand and twenty-one). b. Appointing Mr. SUMANTRI SLAMET Ph.D, as an Independent Commissioner of the Company, effective if and as of the date of approval from the Financial Securities Authority, with term of duty until the conclusion of the AGMS of the Company to be held in 2021 (two thousand and twenty-one). c. Appointing Mr. ARMAND WAHYUDI HARTONO, as a Deputy President Director of the Company, effective if and as of the date of approval from the Financial Securities Authority, with term of duty until the conclusion of the AGMS of the Company to be held in 2021 (two thousand and twenty-one). Under the condition that as long as the approval from the Financial Services Authority has not been accepted, Mr. ARMAND WAHYUDI HARTONO is appointed as a Director, effective since the closing of this AGMS up to and if he has been approved by the Financial Services Authority to be appointed as Deputy President Director; in the event that his appointment as Deputy President Director is not approved by the Financial Services Authority, Mr. ARMAND WAHYUDI HARTONO will stay in his position as Director of the Company until the conclusion of the AGMS of the Company to be held in 2021 (two thousand and twenty-one). d. Appointing Mrs. INAWATY HANDOYO as a Director of the Company, effective if and as of the date of approval from the Financial Securities Authority, with term of duty until the conclusion of the AGMS of the Company to be held in 2021 (two thousand and twenty-one).		–

	e. Appointing Mrs. LIANAWATY SUWONO as a Director of the Company, effective if and as of the date of approval from the Financial Securities Authority, with term of duty until the conclusion of the AGMS of the Company to be held in 2021 (two thousand and twenty-one). f. Appointing Mr. SANTOSO as a Director of the Company, effective if and as of the date of approval from the Financial Securities Authority, with term of duty until the conclusion of the AGMS of the Company to be held in 2021 (two thousand and twenty-one). Appointment of members of the Board of Commissioners and Board of Directors with the above term of duty, without prejudice to the right of the GMS to amend the composition of members of the Board of Commissioners and Board of Directors of the Company within and during the ongoing period. In accordance with the provision of Article 12 paragraph 9 of the Company's Articles of Association, the AGMS furthermore authorizes the Board of Commissioners to assign duties and responsibilities of member of the Board of Directors.		
III	Expressing highest appreciation and thankfulness to Mr. SIGIT PRAMONO for services that has been given during his tenure as an Independent Commissioner of the Company.		–
IV	Expressing highest appreciation and thankfulness to Mrs. DHALIA MANSOR ARIOTEDJO for services that has been given during her tenure as a Director of the Company.		–
V	Expressing highest appreciation and thankfulness to Mr. ANTHONY BRENT ELAM for services that has been given during his tenure as a Director of the Company.		–
VI	Granting power and authority to the Board of Directors of the Company, with the rights of substitution, to state such resolution on the composition of the Board of Commissioners and the Board of Directors before a Notary to be expressed in a Notarial deed, and also express in a notarial deed the composition of the Board of Commissioners and the Board of Directors upon the Financial Services Authority approval in connection with such resolution of AGM, and further provide a notice to the competent authorities, and take any and all necessary actions in relation to such resolution in accordance with the prevailing laws and regulations.		–
VII	Confirming the granting of power in point VI of this resolution is effective since the proposal submitted in this agenda is approved by the AGMS.		–

Result of the Vote Calculation of 2016 AGMS is as follows:		
Approve	**Disapprove**	**Abstain**
20,217,977,812 (97.395%)	318,310,050 (1.533%)	222,567,100 (1.072%)
Description : Realized		

2016 AGMS Resolution and Realization		2015 AGMS Resolution and Realization	
	Fourth Agenda in 2016		**Third Agenda in 2015**
I	(i) Granting full power and authority to FARINDO INVESTMENTS (MAURITIUS) LIMITED, qualitate qua (q.q.) Mr. ROBERT BUDI HARTONO and Mr. BAMBANG HARTONO, as the Company's controlling shareholders, to determine the amount of honorarium and other allowances which will be paid by to the members of Board of Commissioners who served in the Company over the financial year 2016. (ii) Granting full power and authority to the Board of Commissioners of BCA to determine the amount of salary and other allowances which will be paid by BCA to the members of Board of Directors who served in the Company over the financial year 2016. In exercising the power and authority as above mentioned: i. FARINDO INVESTMENTS (MAURITIUS) LIMITED, qualitate qua (q.q.) Mr. ROBERT BUDI HARTONO and Mr. BAMBANG HARTONO, as the Company's controlling shareholders currently, shall consider the recommendation of the Board of Commissioners, which shall consider the recommendation of the Remuneration and Nomination Committee. ii. Board of Commissioners shall consider the recommendation of the Remuneration and Nomination Committee.	I	(i) Granting full power and authority to FARINDO INVESTMENTS (MAURITIUS) LIMITED, qualitate qua (q.q.) Mr. ROBERT BUDI HARTONO and Mr. BAMBANG HARTONO, as the Company's controlling shareholders, to determine the amount of honorarium and other allowances which will be paid by to the members of Board of Commissioners who served in the Company over the financial year 2015. (ii) Granting full power and authority to the Board of Commissioners of BCA to determine the amount of salary and other allowances which will be paid by BCA to the members of Board of Directors who served in the Company over the financial year 2015. In exercising the power and authority as above mentioned: i. FARINDO INVESTMENTS (MAURITIUS) LIMITED, qualitate qua (q.q.) Mr. ROBERT BUDI HARTONO and Mr. BAMBANG HARTONO, as the Company's controlling shareholders currently, shall consider the recommendation of the Board of Commissioners, which shall consider the recommendation of the Remuneration and Nomination Committee. ii. Board of Commissioners shall consider the recommendation of the Remuneration and Nomination Committee.
II	By considering the performance of members of the Board of Commissioners and Board of Directors who served in and during the financial year 2015, and with regard to the Bank Indonesia Regulation No. 8/4/PBI/2006 dated 30 January 2006 concerning the Implementation of Good Corporate Governance for Commercial Banks along with its amendment juncto Article 71 paragraph 1 of Law No. 40 year 2007 concerning Limited Liability Companies, and consideration from the Board of Commissioners after taking into account the input from the Remuneration and Nomination Committee, AFTERWARD the AGMS decided a maximum of Rp270,279,803,748 (two hundred and seventy billion two hundred and seventy-nine million eight hundred three thousand seven hundred and forty-eight rupiah), calculated based on 1.5% of the Company's Net Profit in financial year 2015, to be paid as tantiem to the members of Board of Commissioners and Board of Directors of the Company who served in and during financial year 2015. In connection with the distribution of tantiem, the AGMS hereby grants full power and authority to FARINDO INVESTMENTS (MAURITIUS) LIMITED, qualitate qua (q.q) Mr. ROBERT BUDI HARTONO and Mr. BAMBANG HARTONO, as majority shareholders in the Company, to decide the amount of tantiem that will be distributed to members of the Board of Commissioners and Board of Directors who served in and during financial year 2015, and to decide the distribution of tantiem among members of the Board of Commissioners and Board of Directors who served in and during financial year 2015, including any matters related to the distribution of tantiem.	II	Confirming the granting of power and authority as contained in point I of this decision is effective since the proposal submitted in this agenda is approved by the 2015 Annual GMS.

III	Resolving that such power and authority as described in point I and point II of this resolution shall be effective on the date on which the proposal put forward under this point is approved by the AGMS.		-
IV	The amount of salary or honorarium and allowances that will be paid by the Company to the members of the Board of Directors and Board of Commissioners who served during financial year 2016, as well as the amount of tantiem to be paid by the Company to the members of the Board of Directors and Board of Commissioners who served during financial year 2015 will be included in the Annual Report for financial year 2016.	III	The amount of salary or honorarium and allowances to be paid by BCA to the members of the Board of Directors and the Board of Commissioners who served during financial year 2015 will be included in Annual Report 2015.

Result of the Vote Calculation of 2016 AGMS is as follows:		
Approve	**Disapprove**	**Abstain**
20,489,315,203 (98.702%)	124,380,844 (0.599%)	145,158,915 (0.699%)
Description : Realized		

Result of the Vote Calculation of 2015 AGMS is as follows:		
Approve	**Disapprove**	**Abstain**
21,195,994,420 (98.124%)	90,555,286 (0.419%)	314,760,087 (1.457%)
Description : Realized		

2016 AGMS Resolution and Realization		2015 AGMS Resolution and Realization	
Fifth Agenda in 2016		**Fourth Agenda in 2015**	
I	Granting power and authority to the Board of Commissioners to appoint a Registered Public Accountant Firm which has international reputation (including a Registered Public Accountant joined in such Registered Public Accountant Firm) which will audit books and records of BCA for the financial year ended on 31 December 2016 and to set out the amount of honorarium and other conditions regarding appointment of the Registered Public Accountant Firm which has international reputation (including a Registered Public Accountant joined in such Registered Public Accountant Firm) by considering the recommendation of the Audit Committee and the applicable legislation among other things is regulation in the field of Capital Market.	I	Granting power and authority to the Board of Commissioners to appoint a Registered Public Accountant Firm which has international reputation (including a Registered Public Accountant joined in such Registered Public Accountant Firm) which will audit books and records of BCA for the financial year ended on 31 December 2015 and to set out the amount of honorarium and other conditions regarding appointment of the Registered Public Accountant Firm which has international reputation (including a Registered Public Accountant joined in such Registered Public Accountant Firm) by considering the recommendation of the Audit Committee and the applicable legislation among other things is regulation in the field of Capital Market.
II	Confirming the granting of power and authority is effective since the proposal submitted in this agenda is approved by the 2016 Annual GMS.	II	Confirming the granting of power and authority is effective since the proposal submitted in this agenda is approved by the 2015 Annual GMS.

Result of the Vote Calculation of 2016 AGMS is as follows:		
Approve	**Disapprove**	**Abstain**
20,446,878,461 (98.497%)	269,810,116 (1.300%)	42,166,385 (0.203%)
Description: Realized Board of Commissioners has appointed a registered public accountant firm, namely Siddharta Widjaja & Partner (including Registered Public Accountant, namely Kusumaningsih Angkawijaya who is joined in the Registered Public Accountant) which will audit the Company's bookkeeping for the financial year 2016.		

Result of the Vote Calculation of 2015 AGMS is as follows:		
Approve	**Disapprove**	**Abstain**
21,227,905,982 (98.271%)	313,121,548 (1.45%)	60,282,263 (0.279%)
Description: Realized Board of Commissioners has appointed a registered public accountant firm, namely Siddharta Widjaja & Partner (including Registered Public Accountant, namely Kusumaningsih Angkawijaya who is joined in the Registered Public Accountant) which will audit the Company's bookkeeping for the financial year 2015.		

2016 AGMS Resolution and Realization		2015 AGMS Resolution and Realization	
Sixth Agenda in 2016		**Fifth Agenda in 2015**	
I	Granting power and authority to the Board of Directors of BCA (under the approval of the Board of Commissioners), if the Company's financial condition is possible, to determine and to pay interim dividends for the financial year ended on 31 December 2016, provided that, to comply with Article 72 of Law Number 40 year 2007 regarding Limited Liability Company, Constitution Number 40 Year 2007 regarding Limited Liability Companies, if the interim dividend will be distributed, then the distribution shall be performed prior to the expiration of the financial year 2016, to the shareholders, including to determine the form, amount and the payment method of such interim dividends, without prejudice to the competent authority and the applicable legislation.	I	Granting power and authority to the Board of Directors of BCA (under the approval of the Board of Commissioners), if the Company's financial condition is possible, to determine and to pay interim dividends for the financial year ended on 31 December 2015, provided that, to comply with Article 72 of Constitution Number 40 Year 2007 regarding Limited Liability Company, if the interim dividend will be distributed, then the distribution shall be performed prior to the expiration of the financial year 2015, to the shareholders, including to determine the form, amount and the payment method of such interim dividends, without prejudice to the competent authority and the applicable legislation.
II	Confirming the granting of power and authority is effective since the proposal submitted in this agenda is approved by the 2016 AGMS.	II	Confirming the granting of power and authority is effective since the proposal submitted in this agenda is approved by the 2015 AGMS.

Result of the Vote Calculation of 2016 AGMS is as follows:		
Approve	**Disapprove**	**Abstain**
20,672,283,374 (99.583%)	58,081,488 (0.280%)	28,490,100 (0.137%)
Description: Realized The distribution of interim dividends for the financial year 2016 has been performed on 22 December 2016.		

Result of the Vote Calculation of 2015 AGMS is as follows:		
Approve	**Disapprove**	**Abstain**
21,506,667,707 (99.562%)	53,860,286 (0.249%)	40,781,800 (0.189%)
Description: Realized The distribution of interim dividends for the financial year 2015 has been performed on 8 December 2015.		

9. 2015 Extraordinary GMS Resolution and Realization

In 2016, BCA convened the 2016 Annual General Meeting of Shareholders (2016 AGMS). Whereas in 2015, BCA convened the 2015 Annual General Meeting of Shareholders (2015 AGMS) and the 2015 Extraordinary General Meeting of Shareholders (2015 EGMS).

The 2015 EGMS was attended by shareholders and/or their proxy/representatives representing 21.627.119.036 shares or equal with 87.719% of total shares with valid voting rights that have been issued by the Company.

The 2015 EGMS has adopted resolutions, the highlights of which shall be herein below described:

I. To approve the amendments to:
   1. Article 12 paragraph 3 letters c and g of the company's Articles of Association; and
   2. Other articles of the Articles of Association in a bid to adjust to the Financial Service Authority Regulation regarding the Plan and Implementation of General Meeting of Shareholders of the Public Company and Financial Service Authority Regulation regarding The Board of Directors and The Board of Commissioners of Issuer or Public Listed Company.

II. To restate the entire of the company's Article of Association which are not amended as presently contained in the State Gazatte of the Republic Indonesia dated May 12, 2009 number 38, Supplement number 12790 and the State Gazatte of the Republic of Indonesia dated November 29, 2013 number 96, Supplement number 7583/L;
   - as contained in the Draft of Amendments and Restatement of the Article of Association already distributed to the shareholders or its proxy present in the Meeting and the summary thereof has been presented in the Meeting.
   - subsequently to grant power and authority to the company's Board of Directors, with the right of substitution, to do anything and to take any necessary actions in connection with such resolution, including but no limited to stating/declaring such resolution in deeds drawn up before a Notary Public, to amend and/or to recompile all provisions of Article 12 paragraph 3 letters c and g and other articles of the company's Article of Association in

accordance with the resolution (including confirming the composition of shareholders in a deed, if necessary), as required by the pursuant to the provisions of the prevailing laws and regulations, to draw up or to have the documents drawn up as well as to sign the deeds and letters or documents required, and further to apply for approval and/or to notify the relevant authorities of the Meeting's resolutions and/or the amendments to the company's Articles of Association, and to make any amendments and/or additions there to in any form whatsoever as required to obtain the said approval and/or receipt of such notification and also to submit and sign all applications and other documents, to choose a place of legal domicile and to take any other actions which may be required.

Result of the Vote Calculation:		
Approve	Disapprove	Abstain
21.342.080.243 (98,68%)	253.161.206 (1,17%)	31.877.587 (0,15%)

Realization description: Realized

10. Statement Concerning the Unrealized AGMS Resolution

There is no resolution of the 2016 AGMS that has not been realized or has been delayed.

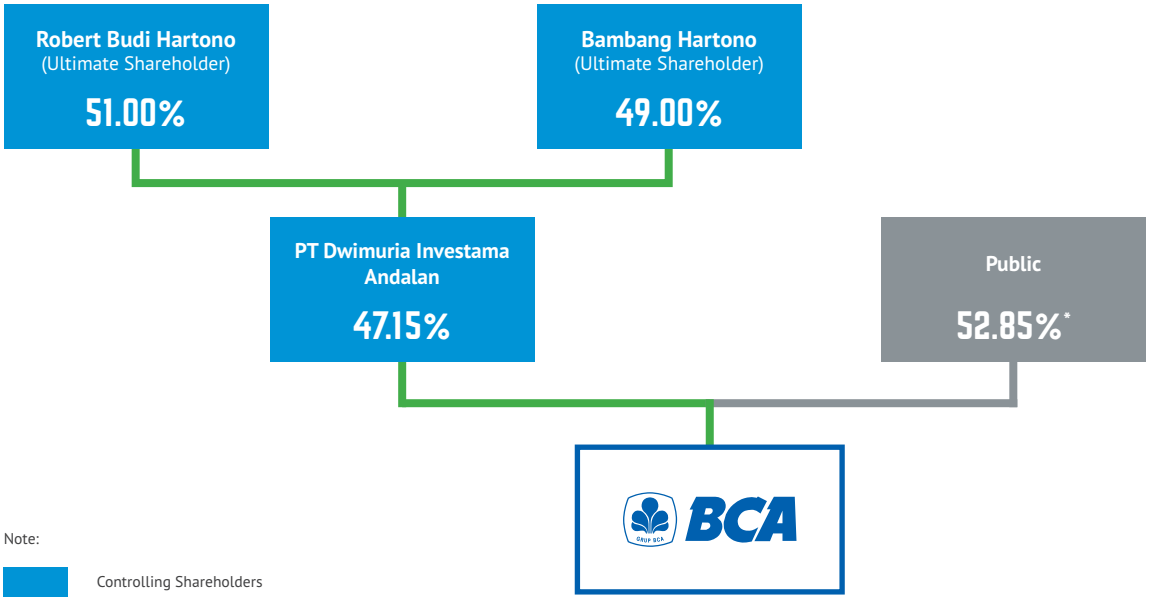
11. Major/Controlling Shareholders

As of 11 November 2016, PT Dwimuria Investama Andalan became the Bank's Controlling Shareholder. The Financial Services Authority approved the change in the Bank's Controlling Shareholder through letter No. KEP-15/D.03/2017 dated 1 February 2017 concerning Result of Fit and Proper Test on PT Dwimuria Investama Andalan as Potential Controlling Shareholder of PT Bank Central Asia Tbk.

The change in the Bank's Controlling Shareholder does not result in a change of control of the Bank, whereby Robert Budi Hartono and Bambang Hartono remain as the Ultimate Shareholders of the Bank.

Information diagram/scheme on the Major/Controlling Shareholders of BCA

As of 31 December 2016



Note:

Controlling Shareholders

Controlling Line

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

THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

In carrying out their duties, the Board of Directors is supported by 7 (seven) Executive Committees appointed by the Board of Directors. The Executive Committees are in charge of providing the Board of Directors with objective opinion and help with the effectiveness of the implementation of the duties of the Board of Directors in a systematically manner and to contribute in line with their duties and responsibilities. The Executive Committee under the Board of Directors are as follow:

1. Asset & Liability Committee
2. Risk Management Committee
3. Integrated Risk Management Committee
4. Credit Policy Committee
5. Credit Committee
6. Information Technology Steering Committee
7. Personnel Case Advisory Committee

1. ASSET & LIABILITY COMMITTEE

The Asset & Liability Committee (ALCO) is a permanent committee under the Board of Directors with the mission of achieving an optimum level of profitability for BCA as well as ensuring that liquidity risk, interest rate risk and foreign exchange risk are controlled through the establishment of policies and strategies for Bank asset and liability management. ALCO was established based on the Board of Directors Decision Letter No. 148/SK/DIR/2016 dated 12 October 2016 concerning the Structure of Asset & Liability Committee (ALCO) and the Board of Commissioners Decision Letter No. 197/SK/KOM/2016 dated 31 August 2016 of Segregation of Duties of the Board of Directors and Main Organizational Framework of PT Bank Central Asia Tbk.

Main Functions of ALCO

- To establish and evaluate policies and liquidity management strategies to maintain liquidity in accordance with the applicable rules, to meet BCA liquidity needs, including unexpected funds requirements, while minimizing idle funds.
- To establish and evaluate policies and strategies related to market risks, including interest rate risk and foreign exchange risk.
- To establish and evaluate pricing policies and strategies for products such as funding, credit, and inter-office accounts.
- To establish and evaluate policies and strategies for managing the investment portfolio.
- To establish and evaluate policies and strategies for arranging balance sheet structure by anticipating changes in interest rates to achieve an optimum net interest margin.

Authorities of ALCO

ALCO has the authority to take strategic decisions in the management of Bank assets and liabilities within parameters set by the Board of Directors, as follows:

- To establish interest rates on time deposits, savings, and current account;
- To establish lending rates;
- To establish funding and investment strategies;
- To establish hedging strategy where necessary;
- To establish limits relating to liquidity risk, interest rate risk, and foreign exchange risk according to the overall risk management policy

Membership of ALCO and Voting Right Status

Position	Served by	Voting Rights
Chairman (concurrently as member)	President Director	Reserve Voting Rights
Members	• Deputy President Director 1 • Deputy President Director 2 • Compliance and Risk Director • Corporate Banking Director • SME & Commercial Director • Individual Banking Director • Network Distribution Director • Credit Director • Transaction Banking Director • International Banking Division Head • Treasury Division Head • Financial and Planning Division Head • Corporate Banking & Corporate Finance Group Head • SME & Commercial Business Division Head • Transaction Banking Product Development Division Head • Business Development & Marketing of Banking Transaction Division Head • Joint Banking Transaction Solution Division Head • Consumer Credit Business Division Head • Risk Management Unit Head	Reserve Voting Rights
Secretary	Senior Adviser at Risk Management Unit which covers Asset Liability Management (ALM)	No Voting Rights

Duties and Responsibilities of ALCO

ALCO, among others tasks, functions to establish the liquidity management policies and strategies to meet the liquidity needs of BCA and minimize idle funds. In addition, ALCO establishes policies and strategies related to market risk, pricing strategy, and the investment portfolio strategy, and balance sheet structuring strategies by anticipating market rate movements so as to optimize the net interest margin (NIM). ALCO reports initiatives and activities through regular monthly and special smaller meetings held to discuss specific issues.

Main Duties of ALCO Members

Voting ALCO members have main duties as follows:

- To provide input to the ALCO secretary for the preparation of the agenda and meeting materials.
- To provide input in the form of information and analysis on the ALCO meeting, regarding:
  - Methodology of product pricing and loan funds.
  - Methodology of measuring liquidity risk, interest rate risk and foreign exchange risk.
  - Determination of product price and loan funds.
  - The competitiveness of interest rates and funding products.
  - Strategies of Bank competitors.
  - Constraints, if any, in the implementation of ALCO decisions.
  - The behavior of customers and market changes.

Meetings of ALCO

- ALCO meetings are held as necessary and at least once every month.
- ALCO meetings meet quorum if attended by at least ½ (half) plus one of the members of ALCO including the Chairman or alternate, or attended by 6 (six) Directors, including the Chairman or alternate.

Decision Making

- Decision making in relation with the exercise of ALCO authorities will only be taken through legitimate ALCO meeting decisions.
- ALCO meeting decisions are valid and binding if approved by half plus 1 (one) of the members with voting rights present plus 1 (one) vote.

Frequency of Asset & Liability Committee Meetings in 2016

Position (Name of Director)	Number of Meetings	Attendance	Percentage
President Director (Jahja Setiaatmadja) [1]	14	13	93%
Deputy President Director (Eugene K. Galbraith)	14	10	71%
Deputy President Director (Armand W. Hartono) [2]	7	5	71%
Risk Management Director (Anthony B. Elam) [3]	5	5	100%
Corporate Business Director (Dhalia M. Ariotedjo) [4]	5	3	60%
Compliance & Risk Director (Subur Tan) [5]	9	8	89%
Corporate Banking Director (Rudy Susanto) [6]	14	12	86%
SME & Commercial Business Director (Henry Koenaifi)	14	10	71%
Individual Banking Director (Suwignyo Budiman)	14	13	93%
Network Distribution Director (Erwan Yuris Ang)	14	10	71%
Credit Director (Inawaty Handoyo) [7]	5	4	80%
Transaction Banking Director (Santoso) [7]	5	4	80%
Members Division Head or representative:			
International Banking Division	14	12	86%
Treasury Division	14	14	100%
Finance and Planning Division	14	12	86%
Corporate Banking & Corporate Finance Group	14	13	93%
SME & Commercial Business Division	14	10	71%
Transaction Banking Product Development Division	14	14	100%
Business Development & Marketing of Banking Transaction Division	14	9	64%
Joint Banking Transaction Solution Development [8]	3	1	33%
Consumer Credit Business Division	14	11	79%
Risk Management Unit	14	14	100%

[1] Head of ALCO.
[2] Serving as Deputy President Director since 21 June 2016, previously served as Operation and Information Technology Director (not a member of ALCO)
[3] Served as Risk Management Director up to 7 April 2016.
[4] Served as Corporate Business Director up to 7 April 2016.
[5] Served as Compliance and Risk Management Director based on Decision Letter Transition Period since 8 April 2016 replaced on Decision Letter Concerning Segregation of Duties and Responsibilities since 31 August 2016. previously serving as Compliance Director (not a member of ALCO)
[6] Served as Corporate Business Director since 1 September 2016, previously as Credit Director.
[7] Serving as Director since 8 August 2016.
[8] Being ALCO member since 12 October 2016.

Notes :
- Non-member Director also attends ALCO Meeting as resource person.
- In addition, units from Head Office, Regional or Branch Offices, as well as parties outside BCA may be invited as a resource person to provide input related to certain issues.

Accountability/Work Realization Reporting of ALCO

Realization of the Committee's work is reported through:

- Minutes of regular meetings.
- Minutes of special meetings held to discuss specific issues.
- Data and information related to the areas covered.
- Notes and ALCO's opinion regarding the minutes of meetings and relevant data and information.

ALCO Work Realization Program in 2016

ALCO Work Realization Program in 2016 can be found at page 324 of this 2016 Annual Report.

2. RISK MANAGEMENT COMMITTEE

The Risk Management Committee was established to ensure that the enterprise-wide risk management framework provides adequate protection against all risks encountered by BCA. BCA Risk Management Committee was established based on the Board of Directors Decision Letter No. 150/SK/DIR/2016 dated 12 October 2016 of Structure of Risk Management Committee. In addition, the establishment of Risk Management Committee refers to:

- Financial Services Authority Regulation No. 18/POJK/03/2016 concerning Implementation of Risk Management for Commercial Banks.

- The Board of Commissioners Decision Letter No. 197/SK/KOM/2016 dated 31 August 2016 concerning the Segregation of Duties of the Board of Directors and main Organizational Framework of PT Bank Central Asia Tbk.

Main Functions of the Risk Management Committee

- To develop policies, strategies, and guidelines for the implementation of enterprise-wide risk management.
- To improve the implementation of risk management based on the results of evaluations on the implementation process and effective risk management system.
- To determine matters related to business decisions that deviate from normal procedures (irregularities).

Membership of the Risk Management Committee and Voting Rights

Position	Served By	Voting Right Status
Chairman (concurrently as permanent member)	Compliance & Risk Management Director	Reserve Voting Rights
Permanent member[1)]	• All the Board of Directors members • Head of Compliance Working Unit • Head of Credit Risk Analysis Group	Reserve Voting Rights
Non-permanent member[2)]	• Executive Vice President of Information Technology • All Head of Division/Unit/Group, other than Permanent Member	Reserve Voting Rights
Secretary (concurrently as permanent member)	Head of Risk Management Unit/Alternate	Reserve Voting Rights

Notes :
1) If there is any concurrent position, the person only reserves the right of 1 (one) vote.
2) Relevant with the topics discussed.

Main Duties of the Risk Management Committee Members

- To provide input to the secretary of Risk Management Committee in form of topics and meeting materials to be discussed in the Risk Management Committee meetings.
- To provide input in form of information and analysis related to topics to be discussed in the Risk Management Committee meetings. Topics that can be discussed in the Risk Management Committee meetings include:
  - Directions and targets of BCA in formulating policies, strategies, and guidelines for risk management, with adjustments if deemed necessary.
  - Assessment of the effectiveness of the implementation of the risk management framework.
  - The development and trend of the total risk exposure of BCA and proposal of the overall risk tolerance level (risk appetite).
  - Results of the review on total risk exposure faced by BCA and its possible impacts.
  - Assessment of BCA's capital adequacy in responding to the resulting impact under different stress test scenarios.
  - Proposed risk measurement methods, contingency plans for abnormal conditions (worst case scenario) as well as other methods related with risk management.
  - Matters which need justifications associated with business decisions that deviate from normal procedures (irregularities).
  - Limit of authority, exposures, and the concentration of the loan portfolio as well as other parameters designed to limit risk.

Risk Management Committee Meetings

Following are some provisions concerning the Risk Management Committee meetings:

- Are held necessary, with a minimum of once in 3 (three) months or 4 (four) times in 1 (one) year.
- Meet quorum if attended by at least 2/3 (two thirds) of the number of permanent members or ½ (half) of total number of permanent members but with the approval of all permanent members.

Decision Making

Following are provisions concerning decision making:

- Decision making related to the exercise of Risk Management Committee authority will only be carried out through legitimate the Risk Management Committee meeting decisions.
- Risk Management Committee meeting decisions are valid and binding if approved by more than half the number of present members.

Frequency of Risk Management Committee Meetings in 2016

Position (Name of Director)	Number of Meetings**)	Attendance	Percentage
President Director (Jahja Setiaatmadja)	4	4	100%
Deputy President Director (Eugene K. Galbraith)	4	4	100%
Deputy President Director (Armand W. Hartono)	4	3	75%
Risk Management Director (Anthony B. Elam)*)	NA	NA	NA%
Compliance & Risk Director (Subur Tan)1)	4	4	100%
Corporate Banking Director (Dhalia M. Ariotedjo)**)	NA	NA	NA%
Individual Banking Director (Suwignyo Budiman)	4	4	100%
SME & Commercial Banking Director (Henry Koenaifi)	4	3	75%
Network Distribution Director (Erwan Yuris Ang)	4	4	100%
Corporate Banking Director (Rudy Susanto)	4	4	100%
Credit Director (Inawaty Handoyo)3)	3	3	100%
Transaction Banking Director (Santoso)3)	3	3	100%
Human Capital Management Director (Lianawaty Suwono)2)	3	1	33%
Head of Compliance Working Unit	4	3	75%
Credit Risk Analysis Group Head (GARK)	4	4	100%
Risk Management Unit Head (Secretary)	4	4	100%
Treasury Division Head (Non-permanent member)***)	1	1	100%
Head of Subdivision of International Business Development (Non permanent member)***)	1	1	100%
SR Adviser of Investor Relations & Corporate Strategic Alliances (Non-permanent member)***)	1	1	100%

Notes :
1) Chairman
2) Effective as the Board of Directors member since 27 July 2016.
3) Effective as the Board of Directors member since 8 August 2016.
*) Effective in position at BCA as Risk Management Director up to 7 April 2016
**) Effective in position at BCA as Director up to 7 April 2016
***) Total meetings for non-permanent member correspond to invitations for relevant topic.

Accountability/Work Realization Reporting of Risk Management Committee

Accountability and work realization of Risk Management Committee are reported through the following:

- A written report on a regular basis at least once in 1 (one) year to the Board of Directors, regarding the results of regular Risk Management Committee meetings.
- A written report to the Board of Directors concerning the results of special meetings held to discuss specific issues.
- Special reports or activity reports (if necessary).

Risk Management Committee Work Realization Program in 2016

Risk Management Committee Work Realization Program in 2016 can be found at page 324 – 325 of this 2016 Annual Report.

3. INTEGRATED RISK MANAGEMENT COMMITTEE

The Integrated Risk Management Committee was established to ensure the risk management framework has provided an integrated and adequate coverage over all risks faced by BCA and its Subsidiary Companies. BCA Integrated Risk Management Committee was established based on the Board of Directors Decision Letter No.061/SK/DIR/2015 dated 4 May 2015 concerning the Structure of Integrated Risk Management Committee. The establishment of Integrated Risk Management Committee refers to OJK Regulation No. 17/POJK.03/2014 of the Implementation of Integrated Risk Management for Financial Conglomeration.

Main Duties of the Integrated Risk Management Committee

To give recommendation to the Board of Directors, which at least includes:

- Development of an integrated risk management policy.
- Improvements on the integrated risk management policy based on evaluation results.

Authorities of the Integrated Risk Management Committee

Integrated Risk Management Committee has authority to review and give recommendation on matters associated with the integrated risk management to be approved by the Board of Directors.

Membership of the Integrated Risk Management Committee and Voting Rights

Position	Served by	Voting Right Status
Chairman (concurrently as Permanent Member)	Director who heads the Integrated Risk Management function	Reserve Voting Right
Permanent member [1]	• All Member of the Board of Directors • Head of Compliance Working Unit Information Technology	Reserve Voting Right
Non-permanent member [2] 1. Executive Officer [3]	• Executive Vice President • All Heads of Division/Business Unit/Group/Work Unit related to Subsidiary Companies, other than Permanent Members	Reserve Voting Right
2. Director at Subsidiary Companies[*]	Director who represents and is appointed by Subsidiary Companies Note[*]: The number and composition are determined by needs and efficiency and effectiveness of the Integrated Risk Management Committee implementation of duties, by considering among others, the representation of each financial sector	
Secretary (concurrently as permanent member)	Head of Risk Management Unit/Alternate	Reserve Voting Right

Notes:
[1] If there is any concurrent position, the person only reserves the right of 1 (one) vote
[2] Based on the topics discussed.
[3] If Internal Audit Division Head attends the Integrated Risk Management Committee meeting, (s)he reserves no right to vote

Main Duties of the Integrated Risk Management Committee Members

- To provide recommendation to the Secretary of Committee regarding the topics and meeting materials to be discussed in the Committee meeting.
- To provide recommendation in form of information and analysis related with the topics discussed in the Committee meeting. The topics may cover, among others:
  - Direction and target of the Company in developing policy, strategy, and guidelines for the integrated risk management application, and its amendment when necessary.
  - Assessment on the effectiveness of the integrated risk management framework application.
  - Report on the development and tendency of integrated risk exposure and recommendation on risk appetite and risk tolerance.
  - The result of review on the total exposure of integrated risk and its impact.
  - Assessment on the Bank's capital adequacy in handling the risk of loss incurred by using various stress test scenarios.
  - Recommendation on developing risk measurement methods, contingency plans in the worst case scenario, and other methods in regard with the integrated risk management.
  - Other matters that require justification as related with business decisions taken out of normal procedure (irregularities).
  - Limit of authority, exposure, and credit portfolio concentration as well as other parameters to limit risks.
  - Improvement of the integrated risk management both regularly and incidentally as a result of changes in internal and external conditions that may affect capital adequacy, risk profile, and ineffectiveness of the current integrated risk management application based on evaluation.

Meetings of the Integrated Risk Management Committee

Integrated Risk Management Committee meetings:

- Are held as necessary, with a minimum of once in a semester.
- Meet quorum if attended by at least 51% (fifty one percent) of the number of permanent members.

Decision Making

Following are provisions concerning decision making:

- Decision making related with the use of the the Integrated Risk Management Committee authority will only be carried out through a legitimate the Integrated Risk Management Committee meeting decisions.
- Integrated Risk Management Committee meeting decisions are valid and binding if approved by more than ½ (half) the number of present members.

Frequency of Meetings of the Integrated Risk Management Committee in 2016

Position (Name of Director/Membership)	Number of Meetings**)	Attendance	Percentage
President Director (Jahja Setiaatmadja) 1)	2	2	100%
Deputy President Director (Eugene Keith Galbraith) 1)	2	2	100%
Deputy President Director (Armand W. Hartono) 1)	2	2	100%
Corporate Banking Director (Dhalia M. Ariotedjo) 1) 3)	1	1	100%
Risk Management Director (Anthony Brent Elam) #)3)	1	1	100%
Individual Banking Director (Suwignyo Budiman) 1)	2	2	100%
Compliance & Risk Director (Subur Tan) 1) #)	2	2	100%
SME & Commercial Banking Director (Henry Koenaifi) 1)	2	1	50%
Network Distribution Director (Erwan Yuris Ang) 1)	2	1	50%
Corporate Banking Director (Rudy Susanto) 1)	2	2	100%
Credit Director (Inawaty Handoyo) 1) 5)	1	1	100%
Human Capital Management Director (Lianawaty Suwono) 1) 4)	1	0	0%
Transaction Banking Director (Santoso) 1) 5)	1	0	0%
Compliance Unit Head 1)	2	2	100%
Risk Management Unit Head (Secretary) 1)	2	2	100%
Finance and Planning Division Head 2)	2	1	50%
Internal Audit Division Head 2)	2	1	50%
BCA Finance Director 2)	2	2	100%
CS Finance Director 2)	2	2	100%
BCA Syariah Director 2)	2	2	100%
BCA Finance Limited Hong Kong Director 2)	2	2	100%
BCA Sekuritas Director2)	2	1	50%
BCA Insurance Director 2)	2	2	100%
BCA Life Director 2)	2	2	100%

Notes :

#) Chairman: Anthony Brent Elam until April 2016; while Anthony Brent Elam not serving as Director, the Integrated Risk Management Committee headed by Subur Tan.
**) Total meetings for non-permanent members correspond to the invitation for relevant topics.
1) Permanent Member.
2) Non permanent member.
3) Not serving as BCA Director since April 2016.
4) Serving as BCA Director since July 2016.
5) Serving as BCA Director since August 2016.

Accountability/Work Realization Reporting of the Integrated Risk Management Committee

Accountability and work realization of the Integrated Risk Management Committee are reported through the following:

- A written report on a regular basis at least once in 1 (one) year to the Board of Directors, regarding the results of regular the Integrated Risk Management Committee meetings.
- A written report to the Board of Directors concerning the results of special meetings held to discuss specific issues.
- Special reports or activity reports (if necessary).

Integrated Risk Management Committee Work Realization Program in 2016

Integrated Risk Management Committee Work Realization Program in 2016 can be found on page 325 in 2016 Annual Report.

4. CREDIT POLICY COMMITTEE

The Credit Policy Committee was established to direct the provision of loans through the credit policy formulation in order to achieve prudent lending targets. The BCA Credit Policy Committee was established based on the Board of Directors Decision Letter No.149/SK/DIR/2016 dated 12 October 2016 of Structure of Credit Policy Committee.

The establishment of the Credit Policy Committee refers to:

- Decision Letter of Bank Indonesia No. 27/162/KEP/DIR dated 31 March 1995 concerning Requirements to Prepare and Implement Bank Credit Policy for Commercial Banks.
- The Board of Commissioners Decision Letter No. 197/SK/KOM/2016 dated 31 May 2016 concerning Segregation of Duties of the Board of Directors and Organizational Framework of PT Bank Central Asia Tbk.

Main Duties of the Credit Policy Committee

- To assist the Board of Directors in formulating the credit policies, primarily with regard to the prudent lending principle.
- To monitor and evaluate the conduct of credit policies to be implemented consistently and consequently.
- To perform periodic reviews on BCA's Banking Basic Credit Policy of BCA.
- To monitor the progress and condition of the credit portfolio.
- To provide advice and steps to improve the results of monitoring and evaluation that has been done.

Authorities of the Credit Policy Committee

Credit Policy Committee has the authority to provide advice and improvement steps to the Board of Directors associated with the credit policy.

Membership of the Credit Policy Committee and Voting Rights

Position	Served By	Voting Right Status
Chairman (concurrently as a member)	President Director	Reserve Voting Right
Member [1]	• Deputy President Director 1 • Credit Director • Compliance & Risk Director • Corporate Banking Director[2] • SME & Commercial Banking Director[2] • Individual Banking Director[2] • Transaction Banking Director[2] • Head of Credit Risk Analysis group and/or Head of SME & Commercial Business and/or Head of Corporate Banking and Corporate Finance and/or Head of Consumer Credit Business and/or Head of Units under Banking Transaction Directorate[3] or Alternates[2] • Head of Internal Audit Division or Alternate • Head of Compliance Unit or Alternate	Reserve Voting Right
Secretary (concurrently as a member)	Head of Risk Management Unit or Alternate	Reserve Voting Right

Notes:
[1] Other Directors may attend the Credit Policy Committee, yet without voting rights.
[2] Based on the topics being discussed.
[3] Based on scope of policy (business/product/operation)

Main Duties of the Credit Policy Committee Members

The main duties of the Credit Policy Committee members are, among others:

- To provide input to the secretary of the Credit Policy Committee in the preparation of meetings agenda and materials.
- To provide input in form of information and analysis at the Credit Policy Committee meetings in order to make a the Credit Policy Committee decision regarding the following:
  - Development of credit policies (corporation, commercial, SME, KUK, consumer, and credit card) in accordance with the Bank's mission and business plan.
  - Compliance to the provisions of law in granting credit.
  - Overall development and quality of credit portfolio.
  - Proper implementation of loan approval authority.
  - Proper process of lending, development, and quality of loan given to related parties and certain large borrowers.
  - Proper implementation of the Legal Lending Limit (LLL).
  - Handling of Non-Performing Loans in accordance with the credit policies.
  - Adequacy on the allowance for Bank loan losses.
  - Results of oversight on the implementation of the Basic Credit Policy (KDPB).

Meetings of the Credit Policy Committee

Below are the provisions in the Credit Policy Committee meetings:

- Credit Policy Committee meetings are held as necessary at a minimum of once a year.
- Credit Policy Committee meetings meet quorum if attended by at least 2/3 (two-thirds) of the number of members.

Decision Making

Following are the provisions in decision making.

- Decision making in regard with the exercise of the Credit Policy Committee authority can be done through circulars to the Credit Policy Committee members or a valid the Credit Policy Committee meeting.
- A decision of the Credit Policy Committee meeting is valid and binding if approved by more than half the number of present members.

Frequency of the Credit Policy Committee Meetings in 2016

Position (Name)	Number of meetings**)	Attendance	Percentage	Remarks
President Director (Jahja Setiaatmadja)	1	1	100%	-
Deputy President Director 1 (Eugene K. Galbraith)	1	1	100%	-
Deputy President Director 2*) (Armand W. Hartono)	1	1	100%	Attended the KKP meeting in his prior capacity as Operations & Information Technology Director
Credit Director (Inawaty Handoyo)	NA	NA	NA	At the time of the KKP meeting (6 April 2016), Inawaty Handoyo has yet to assume the position of Credit Director, which at that time was held by Rudy Susanto.
Corporate Banking Director (Rudy Susanto)	1	1	100%	At the time of the KKP meeting KKP, Rudy Susanto served as Credit Director.

Position (Name)	Number of meetings**)	Attendance	Percentage	Remarks
Risk Management Director # (Anthony Brent Elam)	1	0	0%	-
Compliance and Risk Director (Subur Tan)	1	1	100%	-
Corporate Business Director^ (Dhalia Mansor Ariotedjo)	1	0	0%	-
SME & Commercial Banking Director [1)] (Henry Koenaifi)	1	1	100%	At the time of the KKP meeting, Henry Koenaifi served as Individual Banking Director.
Individual Banking Director (Suwignyo Budiman)	1	1	100%	At the time of the KKP meeting, Suwignyo Budiman served as Commercial and SME Business Director.
Transaction Banking Director [1)] (Santoso)	1	NA	-	At the time of the KKP meeting, Banking Transaction was a division under the Commercial and SME Business Director, and there was no Transaction Banking Director yet.
Head of Credit Risk Analysis Group or alternate [1)]	1	NA	-	The topic discussed does not relate to policies in Credit Risk.
Head of SME & Commercial Business Division or alternate [1)]	1	NA	-	The topic discussed does not relate to policies in SME & Commercial Business.
Head of Corporate Banking and Corporate Finance (Group or alternate) [1)]	1	NA	-	The topic discussed does not relate to policies in Corporate Banking and Corporate Finance.
Head of Consumer Credit Business Division or alternate [1)]	1	NA	-	The topic discussed does not relate to policies in consumer credit business.
Head of Business Unit under Banking Transaction Directorate or alternate [1)]	1	NA	-	The topic discussed does not relate to policies in Banking Transaction business.
Head of Internal Audit Division or alternate	1	1	100%	-
Head of Compliance Unit or alternate	1	1	100%	-
Head of Risk Management Unit or alternate	1	1	100%	-

Notes:
- Meeting held on 6 April 2016
Effectively in position as Risk Management Director up to 7 April 2016, subsequently replaced by Subur Tan, currently effective in position as Compliance and Risk Management.
^ Effectively in position as Corporate Business Director up to 7 April 2016, subsequently replaced by Rudy Susanto, previously Credit Director, and currently effective in position as Corporate Business Director.
1) based on the topics being discussed
) non member

Accountability /Work Realization Reporting

- A written report is submitted to the Board of Directors on a regular basis, with copies to the Board of Commissioners regarding the results of controlling, monitoring, and evaluating the Basic Bank Credit Policy (KDPB), as well as advice for necessary improvement.
- Other data and information related with the results of controlling, monitoring, and evaluating of activities.

Credit Policy Committee Work Realization Program in 2016

Credit Policy Committee Work Realization Program in 2016 can be found at page 325 of this 2016 Annual Report.

5. CREDIT COMMITTEE

The Credit Committee was established to assist the Board of Directors in making loan evaluations and/or loan approval decisions within the authorized limits set by the Board of Directors as stipulated in the Company's Articles of Association with regards to BCA's business development without abandoning the prudence principles. Credit Committee was established based on the Board of Directors Decision Letter No. 151/SK/DIR/2016 dated 12 October 2016 of Structure of Credit Committee.

In addition, the establishment of Credit Committee refers to:

- The Board of Commissioners Decision Letter No. 197/SK/KOM/2016 dated 31 August 2016 of Segregation of Duties of the Board of Directors and Organizational Framework of PT Bank Central Asia Tbk.
- Corporate Credit Manual.
- Commercial Credit Manual.

Main Duties of the Credit Committee

- To provide credit guidance and to conduct a more intensive and comprehensive credit analysis when necessary.
- To provide decisions or recommendations on credit approval proposals submitted by the referral/proposal associated with:
  - Large Loans;
  - Specific Industries; and,
  - Special requests from the Board of Directors.
- To coordinate with the Asset & Liability Committee (ALCO) on funding and adjustments of interest rates for corporate loans.

Level of the Credit Committee

In carrying out its duties, the KK is grouped under the following credit categories:

1. Corporate Credit Committee
2. Commercial Credit Committee.

Authorities of the Credit Committee

The authority of the Credit Committee includes making credit decisions or providing recommendations for the draft of credit decisions, by referring to the provision concerning the Authority to Approve Credit as contained in the Corporate Credit Policy Manual and Commercial Credit Policy Manual.

Following is the scope of authority vested in the Credit Committee:

- In terms of the magnitude of authority:
  The Credit Committee has the authority to approve credit in accordance with the authorized maximum amounts specified for each type of borrower.
- In terms of the object of credit decisions:
  - Making credit decisions for corporate and commercial categories above a certain value.
  - Providing a decision on proposed credit facilities.
  - Determining the take-over/purchase of loans that have or have not been restructured from other financial institutions.

Membership of Corporate the Credit Committee and Voting Rights

Position	Served by	Voting Right Status*)
Chairman (concurrently as a permanent member)	Credit Director (DKR)	Reserve voting rights
Permanent member	• President Director (PD) • Deputy President Director 1 • Corporate Banking Director	
	• Head of Group of Corporate Planning and Finance	No voting rights
Non-permanent member	• Other Directors having the authorities to approve credit • Compliance & Risk Director (DCR)**)	Reserve voting rights
Secretary (concurrently as a permanent member)	Head of Credit Risk Analysis Group	No voting rights

Notes:
*) decision made through voting mechanism
**) with voting rights in terms of credit settlement and other matters related to risk management.

Membership of Commercial the Credit Committee and Voting Rights

Position	Served by	Voting Right Status*)
Chairman**) (concurrently as permanent member)	Head of Credit Risk Analysis Group	Reserve voting rights
Permanent Member	• SME & Commercial Banking Director • Credit Director • Head of Regional Office	
Non Permanent Member	Compliance & Risk Director (DCR) ***)	
Secretary (concurrently as a permanent member)	Credit Adviser of Credit Risk Analysis Group	No voting rights

Notes:
*) decision made through voting mechanism
**) Chairman duties are shared in turns among Group Heads based on the appropriate commercial credit exposure being handled
***) with voting rights in terms of credit settlement and other matters related to risk management

Main Duties of the Credit Committee Members

The main duties of Credit Committee are stated below:

- To provide direction for more comprehensive credit analysis of specific credit when necessary, should information presented be insufficient for decision making;
- To give consideration to draft decisions, proposals and recommendations submitted by the provider of the recommendation/proposer;
- To decide on credit based on professional skills in an honest, objective, accurate, and thorough fashion;
- To provide input to the Credit Committee secretary regarding the meeting needs.

Credit Committee Meetings

The following are several provisions on Credit Committee Meetings:

- Credit Committee Meetings are held as necessary with at least 6 (six) meetings per year;
- Meetings can be held and declared to meet quorum if attended by at least 3 (three) members with voting rights;
- Meetings can be conducted through teleconference;
- For the Corporate Credit Committee, the Compliance and Risk Management Director or his alternate shall attend every Credit Committee meeting;
- Commercial Credit Committee meetings can be done both at the Head Office and Regional Offices;
- Details of each Credit Committee meeting must be noted in minutes of meetings.

Decision Making

The following are provisions on decision making:

- Decision making on credit approval can be made in a draft decision, which is circulated in writing or memo circulation by email to the members of the Committee or through legitimate Credit Committee meetings. If a circulated draft decision is not approved by one member of the Committee, then the secretary needs to schedule a Credit Committee meeting immediately;
- For the Corporation Credit Committee, if the credit decision that was made at a Credit Committee meeting has not complied with the required authority of Board Credit of Directors in such loan approval; the draft credit decision is circulated to seek approvals from other Director and/or Board of Commissioners;
- Monitoring and Resource Persons do not have voting rights in the credit decision.

Accountability of the Credit Committee

Accountability of Credit Committee can be delivered through the minutes of Credit Committee meeting, circulated decision memorandum, and periodic Credit Committee reports.

Frequency of the Corporate Credit Committee Meetings and Attendance of the Board of Directors and the Corporate Credit Committee Members in 2016

Position (Name)	Number of meetings	Attendance	Percentage
President Director (Jahja Setiaatmadja)**	8	7	88%
Deputy President Director (Eugene Keith Galbraith)**	8	4	50%
Deputy President Director (Armand W. Hartono)****1	8	3	38%
Credit Director (Inawaty Handoyo)*2	5	5	100%
Corporate Banking Director (Rudy Susanto)**	8	8	100%
SME & Commercial Banking Director (Henry Koenaifi)***	8	5	63%
Individual Banking Director (Suwignyo Budiman)***	8	3	38%
Compliance & Risk Director (Subur Tan)****	8	4	50%
Network Distribution Director (Erwan Yuris Ang)***	8	1	13%
Transaction Banking Director (Santoso)***2	5	2	40%
Human Capital Management Director (Lianawaty Suwono)****3	5	2	40%
Risk Management Director (Anthony Brent Elam)*****	3	2	67%
Corporate Banking Director (Dhalia M. Ariotedjo)*****	3	2	67%

Notes:
* Chairman (concurrently as Permanent Member)
** Permanent Member
*** Non-permanent member
**** Other the Board of Directors members
***** Based Annual GMS on 7 April 2016, term of duty has ended and not re-appointed
1 Effective per 21 June 2016 based on Competence and Feasibility Test Decision from Financial Services Authority
2 Effective per 8 August 2016 based on Competence and Feasibility Test Decision from Financial Services Authority
3 Effective per 27 July 2016 based on Competence and Feasibility Test Decision from Financial Services Authority

Frequency of the Commercial Credit Committee Meetings and Attendance of the Board of Directors and the Commercial Credit Committee Members in 2016

Position (Name)	Number of meetings	Attendance	Percentage
Credit Director (Inawaty Handoyo)**1	4	4	100%
SME & Commercial Banking Director (Henry Koenaifi)**	4	4	100%
Corporate Banking Director (Rudy Susanto)*****	4	4	100%
Individual Banking Director (Suwignyo Budiman)*****	4	3	75%
Head of Credit Risk Analysis Group *	7	7	100%
Head of Small and Medium Enterprise Division ***	7	5	71%
Head of Compliance Unit ****	7	3	43%
Regional Head**	7	7	100%

Notes:
* Chairman (concurrently as permanent member)
** Permanent Member
*** Resource Person
**** Monitoring Personnel
***** Other the Board of Directors members
1) Effective 8 August 2016 based on Competence and Feasibility Test Decision from Financial Services Authority

Credit Committee Work Realization Program in 2016

Credit Committee Work Realization Program in 2016 can be found on page 325 in 2016 Annual Report.

6. INFORMATION TECHNOLOGY STEERING COMMITTEE

Information Technology Steering Committee was established to ensure the implementation of an information technology (IT) system is in line with BCA's strategy. The Information Technology Steering Committee mission is to improve the Company's competitive advantage through the utilization of appropriate IT functions. The Information Technology Steering Committee was established based on the Board of Directors Decision Letter No. 110/SK/DIR/2014 dated 24 September 2014.

In addition, the establishment of Information Technology Steering Committee refers to:

- Bank Indonesia Regulation No. 9/15/PBI/2007 dated 30 November 2007 concerning the Implementation of Risk Management in the Utilization of Information Technology by Commercial Banks.
- Circular Letter of Bank Indonesia No. 9/30/DPNP dated 12 December 2007 concerning the Implementation concerning Risk Management in the Utilization of Information Technology by Commercial Banks.
- The Board of Commissioners Decision Letter No. 184/SK/KOM/2014 dated 11 August 2014 of Segregation of Duties of Board of Directors and Organizational Framework of PT Bank Central Asia Tbk.
- Basic Manuals of Risk Management in IT Utilization

Main Functions of the Information Technology Steering Committee

- Reviewing and providing recommendation for an IT strategic plan that is aligned with the business plan of BCA.
- Conducting regular evaluations of IT support for BCA's business activities.
- Ensuring that IT investments provide added values to BCA.

Membership of the Information Technology Steering Committee and Voting Rights

Position	Served by	Voting Right Status
Chairman (concurrently as member)	Deputy President Director	Reserve Voting Right
Secretary (concurrently as member)	Head of IT Management Office	Reserve Voting Right
Member	• Compliance & Risk Director • Network Distribution Director • IT Executive Vice President (EVP TI) • Strategic Information Technology Group (GSIT)*): - Head of IT Management Office - Head of IT Infrastructure & Operation Management - Head of Core Application Management - Head of Delivery Channel & Middleware Application Management • Head of Enterprise Security Unit • Head of Risk Management Unit • Head of Compliance Unit • Head of Strategy and Development of Operation-Service Division • Head of IT Main User Unit **)	Reserve Voting Right
	• Head of Internal Audit Division	No voting right

Notes:
*) GSIT only has 1 (one) voting right represented by EVP TI.
**) Participation in the meeting based on the topics relevant to the respective work unit

Authorities and Responsibilities of the Information Technology Steering Committee

Information Technology Steering Committee has the authorities and responsibilities as follows:

- To provide recommendations to the Board of Directors for the IT strategic plan in line with BCA's business activities and strategic plan.
- To review and make recommendations on the feasibility of IT investments that will contribute to the achievement of BCA's business objectives.
- To review and recommend strategic steps to minimize the risk of BCA's investments in IT sector.
- To review and provide recommendations on major IT policies and procedures.

Meetings of the Information Technology Steering Committee

The following are several provisions on the Information Technology Steering Committee meetings:

- Information Technology Steering Committee Meetings are conducted as necessary for at least 4 (four) times a year.

- Information Technology Steering Committee meetings meet quorum if attended by at least 2/3 (two thirds) of the members invited with voting rights.

Decision Making

The following are provisions in decision making:

- Decisions in relation to the Information Technology Steering Committee authority can only be made in legitimate the Information Technology Steering Committee meetings.
- Decisions of the Information Technology Steering Committee meetings are valid and binding if approved by at least ½ (half) plus 1 (one) of the members with voting rights present.

Accountability/Work Realization Reporting

The work realization of the Information Technology Steering Committee is reported through minutes of the Information Technology Steering Committee meetings, with the provision as follows:

- Attendance of the Information Technology Steering Committee members in the meeting already meet the quorum
- Results of the Information Technology Steering Committee meeting must be written in minutes of meetings and be well documented.
- Minutes of meetings are prepared by the Secretary of the Information Technology Steering Committee and signed by the Chairman of the Information Technology Steering Committee.

Frequency of the Information Technology Steering Committee Meetings in 2016

Position (Name)	Number of meetings	Attendance	Percentage
Deputy President Director (Armand W. Hartono) [1]	4	4	100%
Compliance and Risk Director (Subur Tan) [2]	4	4	100%
Network Distribution Director (Erwan Yuris Ang)	4	4	100%
IT Executive Vice President	4	4	100%
Strategic Information Technology Group (GSIT) [3] :			
- Head of IT Management Office[*]	4	4	100%
- Head of IT Infrastructure & Operation Management[*]	4	4	100%
- Head of Core Application Management	4	3	75%
- Head of Delivery Channel & Middleware Application Management	4	3	75%
Head of Enterprise Security Unit	4	2	50%
Head of Risk Management Unit	4	4	100%
Head of Compliance Unit	4	4	100%
Head of Strategy and Development of Operation-Service Division	4	3	75%
Head of Internal Audit Division [4]	4	3	75%

Notes:
1 Chairman.
2 Risk Management Director combined with Compliance Director based on Decision Letter No. 075/SK/KOM/2016 of Approval on Segregation of Duties of The Board of Directors during Transition Period.
3 GSIT only has 1 (one) voting right represented by EVP TI.
4 No voting right.
* Combined with IT Executive Vice President

Work Programs in 2016

- To provide recommendations to the Board of Directors regarding the IT strategic plan.
- To monitor the performance of Information Technology and its improvement efforts.
- To evaluate and monitor the application of IT in accordance with the business requirements of BCA.
- To ensure that IT investments deliver optimal investment value.
- To ensure the effectiveness of risk minimization on BCA IT investments.

Information Technology Steering Committee Work Realization Program in 2016

Information Technology Steering Committee Work Realization Program in 2016 can be found on page 325-326 in 2016 Annual Report.

7. PERSONNEL CASE ADVISORY COMMITTEE

The Personnel Case Advisory Committee was established with the mission to provide recommendations to the Board of Directors regarding the settlement of personnel cases based on the principles of justice and equality by analyzing cases of violations of policy and/or possible illegal activity undertaken by employees. The Personnel Case Advisory Committee was established based on the Board of Directors Decision Letter No. 181/SK/DIR/2013 dated 24 December 2013.

In addition, the establishment of Personnel Case Advisory Committee refers to:

- The Board of Directors Decision Letter No. 021/SK/DIR/2012 of the Amendments in Management of Violations.
- The Board of Directors Decision Letter No. 018/SK/DIR/ 2013 of Revised Decision Letter of Authorities of Human Resources at Head Office.
- The Board of Commissioners Decision Letter No. 089/SK/KOM/2013 of Segregation of Duties of the Board of Directors and Organizational Framework of PT Bank Central Asia Tbk.
- Guidelines of Standardized Authorities of Branch Office and Regional Office.

Main Functions of the Personnel Case Advisory Committee

- To review cases of violations and/or crime committed by employees, which require decision by the Board of Directors for follow-up of settlement.
- To provide recommendation to the Board of Directors in determining follow-ups of settlement of cases of violations and/or crime, which includes the sanctions imposed, system & operational operational procedures improvements and legal proceedings if necessary.
- To periodically review the settlement of violations and/or crime implemented by the Heads of Branch Offices and Regional Office.
- To provide advice and guidance (if necessary) to branches and regions in handling cases of violations and/or crime.

Authorities of the Personnel Case Advisory Committee

The Personnel Case Advisory Committee has the authority to make suggestions/recommendations to the Board of Directors concerning the settlement of violations and/or crime committed by employees.

Membership of the Personnel Case Advisory Committee and Voting Rights

Position	Served by	Voting Right Status[*)]
Chairman (concurrently as member)	Head of Human Capital Management Division	Reserve Voting Right
Member	• Head of Internal Audit Division • Head of Legal Group • Head of Strategy and Development of Operation-Service Division	Reserve Voting Right
Non-permanent member	Head of Regional Network and Planning Management Unit	Reserve Voting Right
Secretary	Head of Branch Audit Sub-Division	No voting right

Main Duties of the Personnel Case Advisory Committee

The Personnel Case Advisory Committee members have voting rights, with the main tasks of providing inputs in the form of information, analysis, and consideration at the meetings in order to provide suggestions/ recommendations with regard to:

- Sanctions to be imposed;
- Improvements of systems and operational procedures;
- Legal proceedings.

The Personnel Case Advisory Committee members who are unable to attend the meeting can be represented by other officials with a level equal to the (Deputy Head or Department Head) appointed by the member concerned.

Meetings of the Personnel Case Advisory Committee

The following are several provisions of the Personnel Case Advisory Committee Meetings:

- The Personnel Case Advisory Committee meetings are held as necessary.
- Voting rights are held by members.
- The Personnel Case Advisory Committee meetings meet quorum if attended by at least 2/3 (two thirds) of the number of members.

Decision Making

The following are several provisions of the Personnel Case Advisory Committee meetings and decision making:

- Decisions in relation to the exercise of authority of the Committee can only be made in legitimate the Personnel Case Advisory Committee meetings.
- Decisions made in the Personnel Case Advisory Committee meetings can be in the form of:
  - A recommendation to the Board of Directors agreed upon by all members, or
  - More than one recommendation (if consensus is not reached).

Accountability/Work Realization Reporting

Realization of the Personnel Case Advisory Committee work is reported in:

- Minutes of the Personnel Case Advisory Committee regular meetings.
- Minutes of the Personnel Case Advisory Committee special meetings held to discuss specific issues.

Frequency of the Personnel Case Advisory Committee Meetings in 2016

Position (Name of Director/Membership)	Number of meetings	Attendance	Percentage
Human Capital Management Director (Lianawaty Suwono)[#)]	4	4	100%
Head of Human Capital Management Division (Hendra Tanumihardja) [*)]	1	1	100%
Head of Internal Audit Division (Sindu Adisuwono) [1)]	5	5	100%
Head of Legal Group (Hermanto) [1)]	5	4	80%
Head of Legal Group (Theresia Endang) [1)]	5	4	80%
Head of Strategy and Development of Operation-Service Division (Lilik Winarni) [1)]	5	3	60%

Notes:

[*)] Chairman, effective as of 10 August 2016, Mr. Hendra Tanumihardja replaced Ms. Lianawaty Suwono as Head of Human Resources Division.

[1)] Member

[#)] At the time of the KPKK meeting, Ms. Lianawaty Suwono was the Head of Human Resources Division.

Personnel Case Advisory Committee Work Realization Program in 2016

Personnel Case Advisory Committee Work Realization Program in 2016 can be found on page 326 in 2016 Annual Report.

THE BOARD OF COMMISSIONERS

The Board of Commissioners is the organ of the Company in charge of providing general and/or specific oversight and advice to the Board of Directors as stated in the Articles of Association. The Board of Commissioners also has the duty of ensuring the implementation of GCG (Good Corporate Governance) principles in every business activity conducted by BCA at all the levels of the organization. The Board of Commissioners conducts their duties and responsibilities independently.

1. Legal References

- Constitution Number 40 Year 2007 regarding Limited Liability Companies.
- Bank Indonesia Regulation No.12/23/PBI/2010 concerning the Fit and Proper Test.
- Bank Indonesia Circular Letter No.13/8/ DPNP dated 28 March 2011 concerning the Fit and Proper Test which was amended by Bank Indonesia Circular Letter No.13/26/ DPNP dated 30 November 2011.
- Bank Indonesia Circular Letter No.15/15/ DPNP concerning the Implementation of Good Corporate Governance for Commercial Banks.

- Financial Service Authority Regulation No.18/POJK.03/2014 concerning the Implementation of Integrated Governance For Financial Conglomerate.
- Financial Services Authority Regulation No. 33/POJK.04/2014 concerning the Board of Commissioners and the Board of Directors of Issuers or Public Companies.
- Financial Services Authority Circular Letter No.15/SEOJK.03/2015 concerning the Implementation of Integrated Governance for Financial Conglomerates.
- Bank Indonesia Regulation No. 8/14/PBI/2006 concerning Amendment to Bank Indonesia Regulation No.8/4/PBI/2006 concerning the Implementation of Good Corporate Governance for Commercial Banks, subsequently replaced by Financial Services Authority Regulation No.55/POJK.03/2016 on Implementation of Governance for Commercial Banks.

2. Charter of the Board of Commissioners

The Board of Commissioners operates under a Code of Conduct (Board of Commissioners Charter) which covers:

- Composition and criteria of members of the Board of Commissioners.
- Independent Commissioners.
- Tenure of members of the Board of Commissioners.
- Dual positions of members of the Board of Commissioners.
- Obligations, Duties, Responsibilities and Authorities of the Board of Commissioners.
- Transparency and prohibitions for the Members of Board of Commissioners.
- Orientation Program and training of members of the Board of Commissioners.
- Ethics and working hours of Board of Commissioners.
- Meetings of the Board of Commissioners.

The Board of Commissioners Charter is published in the GCG BCA Manual and can be viewed on BCA's website (www.bca.co.id) under Good Corporate Governance.

3. Duties and Responsibilities of the Board of Commissioners

The duties and responsibilities of the Board of Commissioners are as follows:

a. To supervise the management policies of BCA and the running of the management and to provide advice to the Board of Directors. The supervision by the Board of Commissioners is in the interest of BCA and accordance with the purposes and objectives as stated in BCA's Articles of Associations.

b. To ensure the implementation of GCG principles in all BCA's business activities at all levels of the organization.

c. To direct monitor, and evaluate the implementation of BCA's strategic policies.

d. To ensure that the Board of Directors has taken follow-up actions on audit findings and heeded recommendations of the Internal Audit Division, External Auditor, monitoring reports of the authorities including but not limited to the Financial Services Authority, Bank Indonesia, and/or the Indonesian Stock Exchange.

e. To inform Bank Indonesia/Financial Services Authority no later than 7 (seven) working days of discovering violations of the laws and regulations in the field of finance and banking, and a state or an indication of a state which may harm the business continuity of BCA.

f. To establish the:
   1. Audit Committee;
   2. Risk Oversight Committee; and
   3. Remuneration and Nomination Committee;
   4. Integrated Governance Committee.

g. To ensure that the Committees formed by the Board of Commissioners perform their duties effectively.

h. To provide sufficient time to perform their duties and responsibilities in an optimal manner.

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

j. To prepare the minutes of the Board of Commissioners meetings, signed by all members of the Board of Commissioners attending the Board of Commissioners meeting.

k To distribute a copy of the minutes of Board of Commissioners meetings to all members of the Board of Commissioners and related parties.

l. To convene joint meeting of Board of Directors periodically at least 1 (one) time within 4 (four) months.

m. To submit a report on the monitoring tasks that have been carried out during the financial year prior to the AGMS.

4. Authorities of the Board of Commissioners

The Board of Commissioners, among other tasks, is authorized:

a. To enter buildings or other places used or controlled by BCA.
b. To inspect all books, correspondence and other data.
c. To request explanation from the Board of Directors regarding any aspect of BCA.
d. Temporarily dismiss one or more members of the Board of Directors in the event the member of the Board of Directors' action contradicts the Articles of Association of BCA, is detrimental to BCA, is malpractice and/or violates the applicable laws and regulations.
e. To evaluate and decide on requests of the Board of Directors relating to transactions that require the approval of the Board of Commissioners in accordance with the Articles of Association of BCA, among others:
    1) Lending money or providing credit or other banking facilities that resemble or result in loans:
        i. To related parties as stipulated in Bank Indonesia regulations concerning Lending Limit of Commercial Banks.
        ii. That exceed a certain amount which from time to time will be determined by the Board of Commissioners.
    2) Providing guarantees or underwriting debt (borgtocht):
        i. To guarantee the payment obligations of related parties to other parties as stipulated in regulations by Bank Indonesia or the Financial Services Authority or other authority concerning Legal Lending Limit of Commercial Banks;
        ii. To guarantee the obligations of other parties for the amount that exceeds a certain amount which from time to time will be determined by the Board of Commissioners.
    3) Purchasing, or otherwise acquiring immovable property, except in order to implement what is established in point (q) paragraph 2 Article 3 of the Articles of Associations of BCA, namely in performing activities commonly conducted by a bank as long as not contrary to the prevailing laws and regulations, including, among other measures for restructuring or rescuing loans including collateral purchase, either all or in part, by auction or otherwise, in the event the debtor does not fulfill its obligations to the bank, with the provision that the collateral purchased shall be disbursed;
    4) Establishing a new company, conducting or releasing or reducing or increasing its equity capital, except:
        i. Increase in capital from stock dividends of BCA, or;
        ii. Equity in order to rescue credit by constantly taking into account the prevailing laws;
    5) Borrowing money that is not included in point (a) paragraph 2 Article 3 of the Articles of Associations of BCA, namely collecting funds from the public through savings in the form of demand deposits, time deposits, certificates of deposit, savings and/or other equivalent.
    6) Forms transferring or releasing BCA's right to collect amounts written off, either in part or in whole, the amount to be determined from time to time by the Board of Commissioners.
    7) Selling or otherwise transferring or disposing or pledging/offering, property of BCA which is worth less than or equal to 1/2 (one half) of the total net assets of BCA as listed on the balance sheet of BCA, both in 1 (one) transaction or in multiple transactions which stand alone or are related to each other in one (1) fiscal year.
    8) Taking legal actions or transactions that are strategic and can have a significant impact on the continuity of BCA's business, the type of legal action or transaction from time to time to be determined by the Board of Commissioners.

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.

5. The Board of Commissioner Membership Number, Composition and Criteria

As of 31 December 2016, the Board of Commissioners of BCA consisted of 5 (five) members, comprising 1 (one) President Commissioner, 1 (one) Commissioner, and 3 (three) Independent Commissioners. The number of members of the Board of Commissioners does

not exceed the number of members in the Board of Directors. The number of Independent Commissioners is 60% (sixty percent) of the total number of members of the Board of Commissioners. All BCA Commissioners are domiciled in Indonesia.

The term of duty of members of the Board of Commissioners is 5 (five) years. The term of duty of Commissioners for the current period will expire at the conclusion of the 2021 BCA AGMS, without prejudice to the authority of the General Meeting of Shareholders to dismiss one or more Commissioners at any time before the term ends.

Members of the Board of Commissioners must meet the requirements as referred to in Financial Services Authority Regulation No.33/ POJK.04/2014 dated 8 December 2014 concerning the Board of Directors and Board of Commissioners of Issuers or Public Companies.

1. The requirements are as follows:
   a. Having good character, morals, and integrity;
   b. Capable of performing legal actions;
   c. Within 5 (five) years before appointment and when in charge of the position:
      1) Not been declared bankrupt;
      2) Not a member of the Board of Directors and/or the Board of Commissioners that was found guilty in causing a company to become bankrupt;
      3) Not having been convicted of any criminal offense that is detrimental to a country's or financial sector's financial position; and
      4) Not a member of the Board of Directors and/or the Board of Commissioners which during the terms of office:
         i. Did not hold an AGMS;
         ii. His/her accountability as a member of the Board of Directors and/or Commissioners was not accepted by the GMS or he/she did not submit his/her accountability as a member of the Board of Directors and/or the Board of Commissioners to the GMS.
         iii. Had caused a company that obtained license, approval, or registration from the Financial Services Authority in not complying with its obligation to submit the annual report and/or financial report to the Financial Services Authority.
   d. Has a commitment to comply with the regulations.
   e. Possesses knowledge and skill in the area required by the company.

2. Meet the integrity, competence, and financial reputation requirements as referred to the Bank Indonesia Regulation No.12/23/PBI/2010 dated 29 December 2010 concerning Fit and Proper Test, as follows:
   a. Integrity requirements:
      i. Having a good character and morals, which among others are shown by complying to the applicable regulations, including not having been convicted of certain criminal offense in the 20 (twenty) years before nomination;
      ii. Having a commitment to comply with the prevailing regulations.
      iii. Having a commitment towards development of a sound banking operations.
      iv. Is not on the Disqualified List (DTL).
      v. Having a commitment not to conduct and/or repeat any actions as referred to Article 27 and Article 28, this applies to candidates of the Board of Commissioners who were in the Disqualified List in the Fit and Proper test, and had passed the sanction period as referred to Article 35 paragraph (1), Article 40 paragraph (4) point a and Article 40 paragraph (5) of the Bank Indonesia Regulation mentioned above.
   b. Competence requirements:
      i. Adequate knowledge in banking, relevant to his/her position; and/or
      ii. Experience and expertise in banking and/or finance.
   c. Financial reputation:
      i. Does not have bad debt; and/or
      ii. Not having been declared bankrupt or a member of Board of Directors or Board of Commissioners who was found guilty of causing a bankruptcy of a company in the 5 (five) years before the nomination.

6. Composition of Members of the Board of Commissioners as of 31 December 2016

Based on the Annual GMS of BCA in 2016, there were changes to the composition of BCA's Board of Commissioners. The membership composition of BCA's Board of Commissioners is contained in the Deed of Minutes of Meeting of PT Bank Central Asia Tbk No, 216 dated 26 August 2016, made before Irawan Soerodjo, SH, Msi, Notary in Jakarta.

The composition of the Board of Commissioners of BCA 2016 is the following:

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

Notes:
*) Based on the Letter of Appointment from the Financial Services Authority No. SR-117/D.03/2016 dated 11 July 2016 Mr. Sumantri Slamet was appointed as a member of the Board of Commissioners to replace Mr.Sigit Pramono.

Profiles of the members of 2016 BCA's Board of Commissioners are presented in the Corporate Data Section, page 70 -73 of this 2016 Annual Report.

Based on Circular Letter of the Financial Services Authority No. 30/SEOJK.04/2016 concerning Format and Contents of Annual Reports of Issuers or Listed Companies, following is the latest composition of the Board of Commissioners of the Bank, prior to the changes to such Board of Commissioners as based on the Deed of Minutes of the Annual General Meeting of Shareholders No. 80 dated 14 August 2014.

The composition of the Board of Commissioners of BCA 2015 is the following:

Position	Name
President Commissioner	Djohan Emir Setijoso
Commissioner	Tonny Kusnadi
Independent Commissioner	Cyrillus Harinowo
Independent Commissioner	Raden Pardede
Independent Commissioner	Sigit Pramono*)

Notes:
*) Based on the Letter of Appointment from the Financial Services Authority No. SR-117/D.03/2016 dated 11 July 2016 Mr. Sumantri Slamet was appointed as a member of the Board of Commissioners to replace Mr.Sigit Pramono.

7. Diversity in the Composition of Members of the Board of Commissioners

The composition of the Board of Commissioners of BCA reflects the diversity of its members, both in terms of expertise/education (field of study), working experience, age and members of Board of Commissioners holds a high degree of competence in favour of increasing the performance of the Company.

Pursuant to Bank of Indonesia Regulation No.12/23/PBI/2010 dated 29 December 2010 concerning the Fit and Proper Test and Bank of Indonesia Circular Letter No. 13/8/DPNP dated 28 March 2011 concerning Fit and Proper Test as amended by Bank of Indonesia Circular Letter No.13/26/DPNP dated 30 November 2011, all members of the Board of Commissioners of BCA has passed the Fit and Proper Test and obtained the approval letter from the Bank Indonesia / Financial Services Authority.

Diversity in the Composition of Members of the Board of Commissioners is reflected in the following table:

No	Factor/Diversity	Description
1	Independent Commissioners	Out of 5 (five) members of the Board of Commissioners of BCA, 3 (three) of them are Independent Commissioners.
2	Skill/Education	Level of education of members of the Board of Commissioners varies, starting from Bachelor, Magister, and Doctoral degree with different competences such as Economics, Technology, and Business.
3	Experience	Diversity in work experiences of members of the Board of Commissioners, such as banking professionals and national/multi national financial institutions, consultant, lecturer, and government official.
4	Age	The age of members of the Board of Commissioners varies within productive age range of 56-75 years.

Notes:
Composition of the Board of Commissioners has met criteria of diversity. This can be seen from independence aspects wherein BCA has 3 (three) Independent Commissioners, expertise/deduction from different field of study both from domestic and overseas institutions, experiences from banking professionals as well as other financial institutions and government official, and age diversity. The Board of Commissioners of BCA consists of professionals who are highly competent in its field. Complete information on the biodata of the Board of Commissioners can be seen at the Company Profile section, page 70– 73 of this 2016 Annual Report.

8. Nomination of Members of the Board of Commissioners

The Remuneration and Nomination Committee recommends candidates for members of the Board of Commissioners to the Board of Commissioners. Furthermore, with regard to the recommendation of the KRN, the Board of Commissioners proposes the appointment of candidates for members of the Board of Commissioners to be submitted in the GMS. The GMS appoints candidates for the Board of Commissioners to be members of the Board of Commissioners, with regards to the recommendation of the Board of Commissioners.

9. Information Concerning Independent Commissioners

Independent Commissioner is a member the Board of Commissioners who does not have any financial, management, share ownership and/or family relationship with members of the Board of Directors, other members of the Board of Commissioners, and/or Controlling Shareholders or BCA itself that may affect his/her capability to act independently.

- **Requirements the Board of Commissioners**
  Pursuant to the Financial Service Authority Regulation No. 33/POJK.04/2014 concerning Board of Directors and Board of Commissioners of an Issuer or a Public Company, an Independent Commissioner must comply with the following requirements:
  1) not a person who works or has authority and responsibility to plan, to lead, to control, or to supervise BCA activities within the last 6 (six) months, except for re-assignment as an Independent Commissioner of BCA for the next period.
  2) does not have share either directly or indirectly in BCA.
  3) does not have affiliation relation with BCA, members of Board of Commissioners, members of Board of Directors, or primary shareholders of BCA.
  4) has no either direct or indirect business relation related to BCA business activities.

- **Statement of Independence of the Board of Commissioners**
  All members of the Board of Commissioners of BCA have no family connection to the second degree or financial relationships with fellow members of the Board of Commissioners, members of the Board of Directors and/or controlling shareholders, or a relationship with BCA that may affect their ability to act independently.

  All Independent Commissioners of BCA have no family connection to the second degree or financial relationships with fellow members of the Board of Commissioners, members of the Board of Directors or Controlling Shareholders, or relationships with BCA that may affect their ability to act independently.

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

Independence of Members of the Board of Commissioners

Name	Position	Family Relationship with:						Financial Relationship with:					
		Board of Commissioners		Board of Directors		Controlling Shareholders		Board of Commissioners		Board of Directors		Controlling Shareholders	
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Djohan Emir Setijoso	President Commissioner	-	√	-	√	-	√	-	√	-	√	-	√
Tonny Kusnadi	Commissioner	-	√	-	√	-	√	-	√	-	√	-	√
Cyrillus Harinowo	Independent Commissioner	-	√	-	√	-	√	-	√	-	√	-	√
Raden Pardede	Independent Commissioner	-	√	-	√	-	√	-	√	-	√	-	√
Sumantri Slamet	Independent Commissioner	-	√	-	√	-	√	-	√	-	√	-	√

10. Share Ownership of Members of the Board of Commissioners that amounts to 5% or Above of the Paid-up Capital

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

Note:
√ owns share that amounts to 5 % (five per cent) or above of the paid-up capital

11. Dual Functions of Members of the Board of Commissioners

Members of the Board of Commissioners do not hold dual positions except on matters set out by:

- Bank of Indonesia Circular Letter No.15/15/DPNP concerning the Implementation of Good Corporate Governance for Commercial Banks.
- Financial Services Authority Regulation No.33/POJK.04/2014 concerning the Board of Directors and Board of Commissioners of Issuers and Public Companies.
- Bank Indonesia Regulation No. 8/14/PBI/2006 concerning Amendment to Bank Indonesia Regulation No.8/4/PBI/2006 concerning the Implementation of Good Corporate Governance for Commercial Banks, subsequently replaced by Financial Services Authority Regulation No.55/POJK.03/2016 on Implementation of Governance for Commercial Banks.

Name	Position in BCA	Position in Other Banks	Position in Company/Institution	Field of Business
Djohan Emir Setijoso	President Commissioner	-	-	-
Tonny Kusnadi	Commissioner	-	President Commissioner of PT Sarana Menara Nusantara Tbk	Telkom Tower Operator
Cyrillus Harinowo	Independent Commissioner	-	Independent Commissioner of PT Unilever Indonesia Tbk	Consumer Goods
Raden Pardede	Independent Commissioner	-	Independent Commissioner of PT Adaro Energy Tbk	Coal Mining
Sumantri Slamet	Independent Commissioner	-	- Independent Commissioner of PT Multibintang Indonesia Tbk - Member of Board of Trustee University of Indonesia	- Beverages Company - Education

12. Procedure of Determining the Remuneration of the Board of Commissioners

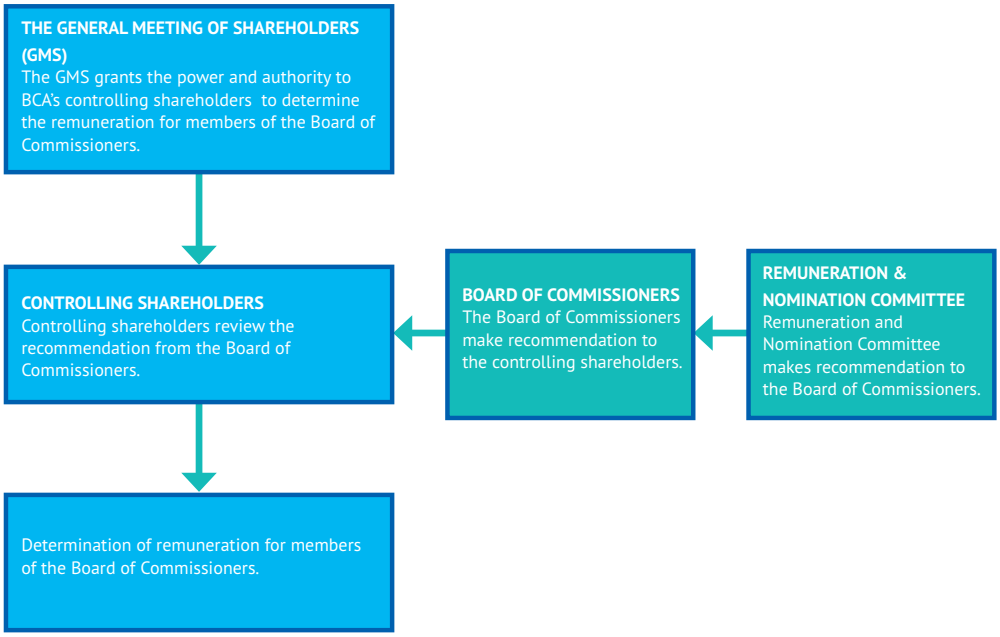
Based on the decision of the 2016 AGMS will be held on 2016, the 2016 AGMS has granted the power and authority to the controlling shareholders of BCA to do the following:

(i) determine the amount of salary and other benefits for members of the Board of Commissioners;

(ii) determine the distribution of tantiem for members of the Board of Commissioners and Board of Directors.

In exercising its power and authority, the controlling shareholders will consider the recommendation of the Board of Commissioners which will be based on the recommendation of the Remuneration and Nomination Committee.

Scheme of the Board of Commissioners' Remuneration Determination Procedure



13. The Remuneration Structure of the Board of Commissioners

The Remuneration Structure shows the components of remuneration and nominal amount per component for all Commissioners in 2016, as follows:

Type of Remuneration and Other Facilities	Amount Received in 1 Year	
	BOARD OF COMMISSIONERS	
	Person	In million Rupiah
1. Remuneration (salary, bonus, routine allowance, tantiem, and other non-natura facilities)	6	89,849
2. Other natura facilities:		
a. Business remuneration travel allowance	5	110
b. Health benefit	6	622
c. Health and golf club membership	2	295
d. Option of purchasing service vehicles at the end of the leasing period	-	-
3. Retirement Benefits (eligible at the end of serving term)	-	-
Total		**90,876**

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

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

14. The Board of Commissioners Meetings, Joint Meetings and the Attendance of Members of the Board of Commissioners

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

- 41 (forty one) Board of Commissioners meetings, and;
- 17 (seventeen) Joint Meetings between the Board of Commissioners and the Board of Directors.

Decision-making is conducted through consensus agreement. In the event consensus agreement does not occur, decision-making is carried out based on majority vote. All decisions taken in the meeting of the Board of Commissioners shall be binding. Differences of opinion (dissenting opinions) that occur in the Board of Commissioners meetings shall be clearly stated in the minutes of the meeting along with the reasons for dissent.

Frequency of the Board of Commissioners Meetings and Attendance of Members of the Board of Commissioners in 2016:

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

Notes:
*) Per 7 April 2016, Mr. Sigit Pramono was not reappointed as Independent Commissioner
**) Based on the Letter of Appointment by the Financial Services Authority No. SR-117/D03/2016 dated 11 July 2016, Mr. Sumantri Slamet was appointed as Independent Commissioner.

The Agenda of Board of Commissioners Meetings in 2016 is as follows:

Month	Date	Several of the meeting agenda:
January	6, 13, 27	**1. In relation to business continuity** - Discussion of corporate action plan - Update on the developments, among others related to CASA, SME loans, Laku Pandai, ecommerce transactions - Decision on the provision of credit facilities is made by the Board of Directors and requires approval from the Board of Commissioners. **2. In relation to risk management** - Bank liquidity conditions including secondary reserves - Discussion of NPL (Non Performing Loan) and credit restructuring. - Discussion on the business development of major debtors. - Report from the Risk Monitoring Committee on a quarterly basis. **3. In relation to Governance, Internal Control, and Compliance** - Review the duties and responsibilities of the Board of Commissioners - Discussion of legal actions / transactions of strategic nature which require approval from the Board of Commissioners. - Discussion on the agenda related to the applications having conflict of interest with the members of Board of Commissioners. - Membership of the Committee under the Board of Commissioners - Discussion on Realization of Internal Audit and Audit Work Plan for the current year - Reporting from the Audit Committee on a quarterly basis
February	10, 17, 24	
March	16, 23, 30	
April	13, 20*), 27	
May	4, 11, 18, 26	
June	1, 15, 22	
July	20	
August	3, 10, 24, 31	
September	14, 21, 28	
October	5, 11, 18, 19, 26	
November	1, 2, 9, 16, 23, 30	
December	7, 14	

*) On 20 April 2016, there were 2 (two) meetings of the Board of Commissioners, each with different agenda and minutes of meeting.

Frequency of the Joint Meetings between the Board of Commissioners and the Board of Directors and Attendance of the Members of the Board of Commissioners in 2016:

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

Notes:
* Per 7 April 2016, Mr. Sigit Pramono was not reappointed as Independent Commissioner
** Based on the Letter of Appointment by the Financial Services Authority No. SR-117/D03/2016 dated 11 July 2016, Mr. Sumantri Slamet was appointed as Independent Commissioner.

Agenda of the Joint Meetings between the Board of the Commissioners and the Board of Directors in 2016:

Month	Date	Several of the meeting agenda:
January	21	Discussions on the following: 1. Bank organization structure 2. Overall strategy of the Bank 3. Bank Business Plan and Annual Work Plan & Budget 4. Proposal for profit utilization and amount of interim dividend 5. Financial and Performance Statements of the Bank 6. Banking industry market share mapping 7. Result of Bank financial soundness evaluation 8. Implementation of Anti Money Laundering and Prevention of Terrorism Funding (APU & PPT) Program
February	-	
March	2	
April	6, 14, 20	
May	-	
June	8, 9	
July	14	
August	18, 31	
September	8, 21	
October	12, 19, 26	
November	23	
December	7	

15. Performance Assessment of the Board of Directors, the Board of Commissioners, and the Committees under the Board of Commissioners

a. Performance Assessment of the Board of Directors

Performance assessment of the Board of Directors and its implementation must at least include the following:

- **Performance Assessment Implementation Procedure**
  Performance assessment of the Board of Directors is carried out annually based on self-assessment and reviewed by the Board of Commissioners.
- **Performance Assessment Criteria**
  The general criteria utilized to assess the performance of Board of Directors are, among others:
  1. How the Board of Directors implement BCA's vision and mission in the current year's work program by sticking to the BCA values.
  2. Implementation of Good Corporate Governance.
- **Who Performs the Assessment**
  Assessment on the performance of the Board of Directors is carried out by the Board of Commissioners and the GMS. The Board of Commissioners do this by referring to duties and responsibilities of the Board of Directors according to BCA's Articles of Association and/or the applicable law. The Board of Directors is accountable for its performance achievement in 2016.

b. Performance Assessment of the Board of Commissioners

Performance assessment of the Board of Commissioners and its implementation must at least include the following:

- **Performance Assessment Implementation Procedure**
  The implementation procedure for evaluating performance of the Board of Commissioners is performed once in a year by applying the Self Assessment indicator.
- **Performance Assessment Criteria**
  1. Contribution and support of the Board of Commissioners in implementing the vision and mission of BCA in the current year's work program by sticking to the BCA values.
  2. Monitoring the implementation of Good Corporate Governance.
- **Who Performs the Assessment**
  The Shareholders are involved in the performance assessment of the Board of Commissioners. The assessment is held during the GMS. The Board of Commissioners will be accountable for its performance in 2016.

c. Performance Assessment of Committees under the Board of Commissioners

Throughout 2016 the Committees under the Board of Commissioners have performed their function and responsibility properly. Among the Committees are:

1. Audit Committee
2. Risk Oversight Committee
3. Remuneration and Nomination Committee
4. Integrated Governance Committee

1) Audit Committee

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

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

12. To report the result of reviews and regular evaluation on aspects of governance, risk management, compliance and control to the Board of Commissioners every quarter.
13. Together with the Risk Oversight Committee, Strategic Information Technology Group, and Internal Audit Division discuss the Application Programming Interface.
14. To attend an interview with external reviewer – Price Waterhouse Cooper in accordance with the re-review on the internal audit functions (as stated in the Audit Function Implementation Standard), and approve the update of internal audit charter.
15. To attend the GMS, Analyst Meeting, and the 2017 National Meeting of BCA to monitor the GCG implementation.

2) Risk Oversight Committee

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

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

3) Remuneration dan Nomination Committee

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

1. To give recommendation to the Board of Commissioners on the proposal of the new membership of the Board of Commissioners and the Board of Directors of PT Bank Central Asia Tbk for 2016-2021 period, to be communicated at the Annual General Meeting of Shareholders (AGMS) on 07 April 2016 for approval.
2. To give recommendation to the Board of Commissioners on the distribution of tantiem in fiscal year 2015 to all members of Board of Commissioners and Board of Directors who were in charge in fiscal year 2015, to be communicated at the Annual General Meeting of Shareholders (AGMS) on 07 April 2016 for approval.
3. To give recommendation to the Board of Commissioners on the candidates of Chairman and member of Committee from independent parties, who will assist the Board of Commissioners in 2016-2021 period.
4. To submit the report on review result of the remuneration package for the Board of Commissioners and Board of Directors as stipulated at POJK No. 45/POJK. 03/2015 concerning the Implementation of Governance in Providing Remuneration in Bank.

4) Integrated Governance Committee

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

1. To evaluate the implementation of integrated governance within BCA Financial Conglomerate, among others

through presentation and discussion on the Integrated Internal Audit Results Report, Integrated Compliance Report, review on the transaction and interaction amongst the Financial Service Institution Subsidiary Company and discussion on the integrated risk management implementation.

2. To review the Integrated Governance Guideline.
3. To discuss and standardize the work mechanism and information flow among members of the Integrated Governance Committee.

16. Implementation of Duties of the Board of Commissioners

The Board of Commissioners carries out its duty to oversee the performance of the Board of Directors to ensure that the company's business is running in the right direction, to maintain the business sustainability and provide added value for all stakeholders. The Board of Commissioners believes that in 2016 the Board of Directors shall carefully observe the national economy and banking sector recovery phase in order to take various business opportunities by considering liquidity, capital adequacy, as well as credit quality.

Supervision and assessment of the performance of the Board of Directors is performed based on the annual work plan that has been submitted by the Board of Directors and approved by the Board of Commissioners. Furthermore, the Board of Commissioners ensures that BCA's achievements have been in line with its vision and mission, as well as with the strategic direction and work program that have been planned. The Board of Commissioners is also responsible for overseeing the implementation of good corporate governance principles in each business activity of BCA at all levels of organization.

The Board of Commissioners supports the strategy of the Board of Directors in performing the Bank's intermediation function by improving credit growth in accordance with economic condition and by always considering the prudent principle. In addition, the Board of Commissioners also advises the Bank to keep on maintaining its funding product excellence. In line with the development of digital banking industry, the Board of Directors is requested to be more concerned about the Bank's business model in the future.

The Board of Commissioners actively advises the Board of Directors in decision-making process and determination of strategic steps. Following are some recommendation and advise provided by the Board of Commissioners for the Board of Directors in 2016:

1. **Business Strategies and Management**
   - To strengthen synergy and deliver insightful analysis to promote loan growth, particularly in the Small and Medium Enterprises sectors.
   - To develop funding products in consideration of the product life cycle stage.
   - To enhance human resource capabilities through various training programs and assignments in order to improve service quality and to better equip employees in understanding the needs of customers.

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

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

17. Orientation Programs for New Members of the Board of Commissioners

An orientation program is organized for new members of the Board of Commissioners, in order to assure that the new members are prepared as thoroughly as possible to carry out their relevant duties and responsibilities

as a member of the Board of Commissioners. The orientation program includes:

1. Information regarding BCA such as the vision, mission, strategy and medium and long term plans, performance, as well as finances of BCA.
2. Understanding of the duties and responsibilities as a member of the Board of Commissioners such as limits of authority, working hours, the relationship with the Board of Directors, rules and regulations, etc.

Members of the Board of Commissioners who are participating in the orientation may:

a. Request presentations to obtain explanation of various aspects deemed necessary, involving the management under it.
b. Organize meetings with the Board of Directors to discuss issues in BCA or other information deemed necessary.
c. Conduct visits to various BCA business locations with members of the Board of Directors/ Management.

18. Training Programs to Enhance the Competence of Members of the Board of Commissioners 2016

Name	Training Program	Organizer	Location	Date
Djohan Emir Setijoso	Challenges to Global Economy Seminar	LPS	Jakarta	22 September
	Focus Group : Challenges to Global Economy	LPS	Jakarta	22 September
Tonny Kusnadi	Executing Shared Value, Delivering Positive Impact in Indonesia	Robert Kaplan, Palladium	Jakarta	31 May
	Advance Risk Based Compliance (Refreshment)	FDB Events Pte. Ltd.	Singapore	26-27 September
	Indonesia Knowledge Forum V	BCA	Jakarta	6-7 October
Cyrillus Harinowo	The Indonesia Summit 2016	The Economist	Jakarta	25 February
	Benchmarking SESPIBANK Batch 64	SESPI Bank	Dusseldorf Frankfurt Milan	22 April – 1 May
	Global Emerging Markets Conference	TD Securities & Globalsource Partners	Milan	27 September
	Indonesia Knowledge Forum V	BCA	Jakarta	6-7 October
Raden Pardede	Commissioner Refreshment Program	Lembaga Sertifikasi Profesi Perbankan	Jakarta	15 September
	NYU Stern Executive Education : Breakthrough Strategic Thinking	NYU	New York	10-11 October
Sumantri Slamet	Macro Condition Analysis: A Strategic Direction for Banking Industry - BSMR	BSMR	Jakarta	25 April
	JP Morgan Asia Pasific CEO – CFO Conference	JP Morgan	New York, USA	7-8 September
	McKinsey Innovation Forum : Indonesia in a Digital World – McKinsey	McKinsey	Jakarta	27 September
	Indonesia Knowledge Forum V	BCA	Jakarta	6-7 October

COMMITTEES UNDER BOARD OF COMMISSIONERS

AUDIT COMMITTEE

1. Main Duties

The Audit Committee was formed by, and is responsible to, the Board of Commissioners with the purpose assisting the Board of Commissioners to support the effectiveness of the oversight/supervision duties and functions on matters related to financial reporting, internal control systems, the implementation of Good Corporate Governance and compliance with applicable laws and regulations.

2. Legal References

The formation of Audit Committee refers to:

- Financial Services Authority Regulation No. 55/POJK.04/2015 of Establishment and Guidelines of the Conduct of Audit Committee.
- Bank Indonesia Regulation No. 8/14/PBI/2006 concerning Amendment to Bank Indonesia Regulation No.8/4/PBI/2006 concerning the Implementation of Good Corporate Governance for Commercial Banks, subsequently replaced by Financial Services Authority Regulation No.55/POJK.03/2016 on Implementation of Governance for Commercial Banks.
- Bank Indonesia Circular Letter No.15/15/DPNP of the Implementation of Good Corporate Governance for Commercial Banks.

3. Audit Committee Charter

In performing its duties and responsibilities to monitor internal control, BCA Audit Committee has already been equipped with work program established in the Internal Audit Charter. Audit Committee Charter and Code of Conduct of BCA has been adjusted to the OJK Regulation No. 55/POJK.04/2015 of Establishment and Guidelines for the Conduct of Audit Committee and has been approved based on the Board of Commissioners Decision No. 057/SK/KOM/2016 dated 16 March 2016 of Approval of Audit Committee Charter of PT Bank Central Asia Tbk.

The scope governed in Audit Committee Charter is as follows:

- Duties and Responsibilities.
- Authorities.
- Structure and Membership.
- Membership requirements.
- Term of Duty.
- Work mechanism.
- Work hours.
- Meetings.
- Reporting.
- The handling of complaints/reports regarding claims about infractions in financial reports.
- Code of ethics.

The Audit Committee Charter and Code of Conduct have been uploaded to the BCA website (www.bca.co.id) under Good Corporate Governance.

4. Duties and Responsibilities of the Audit Committee

In carrying out its function, the Audit Committee has the following duties and responsibilities:

1. Monitoring and evaluating the planning and implementation of audits as well as monitoring the follow-up actions of audit findings in order to assess the adequacy of internal controls including the adequacy of the financial reporting process.
2. Monitoring and evaluating the following in order to carry out the above-stated duties (as describe in no. 1) and to provide recommendations to the Board of Commissioners:
   a. The implementation of tasks by the Internal Audit Division.
   b. The adherence of the conduct of audit performed by independent auditor with the prevailing auditing standards;
   c. The adherence of financial statements to the prevailing accounting standards.
   d. Provision of independent opinion in the event of disagreements between management and independent auditor for the service rendered.
3. Conducting the follow up actions made by the Board of Directors on the findings of Audit Internal Division, independent auditor and supervision results of Financial Services Authority and Bank Indonesia.
4. Reviewing other financial information that will be issued by BCA to the public and/or documents such as projection, and other reports relating to the financial information of BCA.
5. Reviewing the compliance of BCA with laws and regulations in banking, capital market, and other rules and regulations pertaining to BCA business activities.

6. Providing recommendation to the Board of Commissioners concerning the appointment of Public Accountant, based on the independence, scope of work, and fees to be submitted to GMS.
7. Reviewing and reporting to the Board of Commissioners regarding complaints in relation to the accounting process and financial reporting of BCA.
8. Reviewing and providing advice to the Board of Commissioners in relation to potential conflict of interest at BCA.
9. Reviewing and monitoring the implementation of effective and sustainable GCG practices.
10. Performing other tasks relevant to the functions of the Audit Committee at the request of the Board of Commissioners.
11. Maintaining the confidentiality of documents, data and information of BCA.

5. Authorities of the Audit Committee

In performing its duties, the Audit Committee has the authority to carry out the following activities:

1. To receive reports from Head of Audit Internal Division, including among others Audit Internal Division work plan, internal audit implementation report and internal audit report.
2. To access documents, data and information regarding BCA's employees, funds, assets and other resources as required.
3. To communicate directly with employees, including the Board of Directors and other parties executing internal audit functions, risk management and public accountants regarding the duties and responsibilities of the Audit Committee.
4. If needed, to involve independent parties outside the members of the Audit Committee whose services are required in order to assist the Committee in carrying out its duties.
5. To perform other actions with authority granted by the the Board of Commissioners.

6. Membership of Audit Committee

BCA Audit Committee comprises 3 (three) members as follows:

- One Independent Commissioner cum Head of Audit Committee;
- One Independent Party having expertise in finance/accounting; and
- One Independent Party having expertise in banking.

7. Composition of Audit Committee Members as of 31 December 2016

Name	Position
Cyrillus Harinowo	Chairman (concurrently as Independent Commissioner)
Ilham Ikhsan	Member (Independent Party)
Tjen Lestari[*)]	Member (Independent Party)

Notes:

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

BCA Audit Committee has already complied with the prevailing regulations and has been appointed based on the Board of Directors Decision Letter No. 078/SK/DIR/2016 dated 2 June 2016 and the Board of Commissioners meeting resolutions No 23/RR/KOM/2016 dated 1 June 2016.

The educational background, position and work experience of Audit Committee can be found under Company Profile page 74-75 in this Annual Report of BCA.

8. Term of Duty of Audit Committee Members

The term of duty of the Audit Committee members shall expire at the end of the term of the Audit Committee Chairman who is also an Independent Commissioner. The Audit Committee term of duty for this period will end at the close of the 2021 AGMS.

9. Independence and Requirements of Audit Committee Members

All members of the Audit Committee are independent parties, not having financial, management, share ownership and/or family relationship with members of the The Board of Commissioners, The Board of Directors, and/or Controlling Shareholders or business relationship with BCA that influence their ability to act independently.

The Independence matters of Audit Committee are depicted in the table below:

Independence Matters	Cyrillus Harinowo	Ilham Ikhsan	Tjen Lestari
Not having family relationship with The Board of Commissioners and The Board of Directors	√	√	√
Not having management relationship in in the Company, subsidiaries, and affiliates.	√	√	√
Not having share ownership in the Company.	√	√	√
Not having family relationship with The Board of Commissioners , The Board of Directors , and/or fellow members of Audit Committee.	√	√	√
Not serving as an officer in a political party, and government officer.	√	√	√

The membership of Audit Committee is as follows:

1. Having good integrity, character and moral.
2. Possessing the skills, knowledge and experience in accordance to his/her field of duties, and having good communication skills.
3. Having the understanding of the financial statements, BCA business particularly those related to BCA services or business activities, audit process, and rules and regulation in capital market and other relevant laws and regulations.
4. Complying with BCA code of ethics and audit committee's code of conduct established by BCA .
5. Being willing to continuously improve competence through trainings and education.
6. Having at least one member with educational background and expertise in accounting and/or finance.
7. Not serving as a member of Public Accountant Firm, Law Firm, Appraiser, or other parties providing assurance service, non-assurance service, and/or other consulting services to BCA within the past 6 (six) months.
8. Not working or having authorities and responsibilities to plan, lead, control, or supervise BCA activities within the past 6 (six) months, except for Independent Commissioner.
9. Not serving as the Board of Directors member in other banks.
10. Not having either direct or indirect share ownership in BCA.
11. In the event Audit Committee member acquires shares either directly or indirectly as a result of legal event, the Member must transfer the shares to other parties within a maximum period of 6 (six) months after the shares were acquired,
12. Not being affiliated with The Board of Commissioners member, The Board of Directors member, or major shareholder of BCA.
13. Not having direct or indirect relationship with BCA business activities.
14. For Head of Audit Committee, only having another concurrent position as Head of Committee at 1 (one) Committee in BCA.
15. For Audit Committee members who are independent parties, holding more than position as an independent party at other Committees in BCA, other bank, and/or other companies is allowed, as long as he/she:

a. Meets all the required competencies;
b. Meets the independence criteria;
c. Is able to keep BCA matters confidential;
d. Observes the applicable code of conduct.
e. Not neglecting the implementation of duties and responsibilities as a member of the Committee.

10. Audit Committee Meeting

Audit Committee holds at least 4 (four) meetings in a year as stipulated in the Audit Committee Charter and Code of Conduct. In 2016, Audit Committee held 19 (nineteen) meetings.

Results of the Audit Committee meeting is as follows:

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

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

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

Notes:
*) Effective 7 April 2016, Inawaty Handoyo resigned as Audit Committee member.
**) Effective 2 June 2016, Tjen Lestari was appointed as Audit Committee member replacing Inawaty Handoyo.

11. Audit Committee Work Realization Programs in 2016

Audit Committee Work Realization Programs in 2016 can be found on page 367-368 in 2016 Annual Report.

RISK OVERSIGHT COMMITTEE

1. Main Duties

Risk Oversight Committee is established to assist the Board of Commissioners in monitoring and ensuring the implementation of the risk management in accordance with the regulations.

2. Legal References

The establishment of Risk Oversight Committee refers to the following:

- Bank Indonesia Circular Letter No. 15/15/DPNP of the Implementation of Good Corporate Governance for Commercial Banks.
- Bank Indonesia Regulation No. 8/14/PBI/2006 concerning Amendment to Bank Indonesia Regulation No.8/4/PBI/2006 concerning the Implementation of Good Corporate Governance for Commercial Banks, subsequently replaced by Financial Services Authority Regulation No.55/POJK.03/2016 on Implementation of Governance for Commercial Banks.
- Decision Letter of the Board of Commissioners of PT Bank Central Asia Tbk No. 033/SK/KOM/2007 dated 22 February 2007 of Risk Oversight Committee Structure.
- Decision Letter of the Board of Directors of PT Bank Central Asia Tbk No. 108/SK/DIR/2016 dated 11 August 2016 of the Appointment and Replacement of the Chairman of Risk Oversight Committee.
- Decision Letter of the Board of Directors of PT Bank Central Asia Tbk No. 144A/SK/DIR/2016 dated 30 September 2016 of the Appointment and Replacement of the Chairman of Risk Oversight Committee.

3. Charter and Code of Conduct of the Risk Oversight Committee

Risk Oversight Committee adheres to Charter and Code of Conduct of Risk Oversight Committee, as stated in BCA GCG Manual and BCA website (www.bca.co.id) under Good Corporate Governance section.

The Charter and Code of Conduct of Risk Oversight Committee covers the followings:

- Structure and Membership.
- Duties and Responsibilities.
- Work Mechanism.
- Ethics and Work Hours.
- Committee Meetings.

4. Duties and Responsibilities of Risk Oversight Committee

The duties and responsibilities of Risk Oversight Committee include, among others, the following:

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

5. Membership of Risk Oversight Committee

BCA Risk Oversight Committee comprises 3 (three) personnel, comprising:

- One Independent Commissioner as the Chairman of the Risk Oversight Committee
- One Independent Party having expertise in risk management
- One Independent Party having expertise in finance.

6. Composition of Risk Oversight Committee as of 31 December 2016

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

Notes:
*) Effective 3 August 2016, the Head of Risk Oversight Committee is Sumantri Slamet replacing Bapak Cyrillus Harinowo.
**) Effective 3 October 2016, Lianny Somyadewi has been appointed as Risk Oversight Committee member replacing Wimpie Rianto.

The appointment of members of Risk Oversight Committee of PT Bank Central Asia Tbk was made based on Decision Letter of the Board of Director No. 144A/SK/DIR/2016 dated 30 September 2016, based on Board of Commissioners meeting resolutions No. 40/RR/KOM/2016 dated 28 September 2016.

Educational background, position and work experience of the members of Risk Oversight Committee can be found under Company Profile on page 76 of this 2016 Annual Report.

7. Term of Duty of the Risk Oversight Committee Members

The term of duty of the Risk Oversight Committee Chairman and Members will expire upon the completion of the term of duty of the Chairman who also serves as Independent Commissioner. Accordingly, the term of duty of Risk Oversight Committee members within this period also resembles the term of duty of the Board of Commissioner which will end upon the closing of AGMS 2021.

8. Independence and Requirements of Risk Oversight Committee Members

All members of the Risk Oversight Committee are independent parties who do not have any financial, management, ownership of shares and/or family relationships with members of the Board of Commissioners, the Board of Directors and/or the Controlling Shareholders or business relationship with the BCA that may affect their ability to act independently.

The independence of Risk Oversight Committee is detailed in the table below:

Independence Aspect	Sumantri Slamet	Endang S. Wibowo	Lianny Somyadewi
Not having financial relationship with the Board of Commissioners and the Board of Directors.	√	√	√
Not having management relationship in the Bank, subsidiaries, or affiliates.	√	√	√
Not having shareholding relationship in the Bank.	√	√	√
Not having family relationship with the Board of Commissioners, the Board of Directors, and/or fellow members of Risk Oversight Committee.	√	√	√
Not serving as officer in any political party, government officer.	√	√	√

The requirements to be met by members of BCA Risk Oversight Committee are among others as follows:

a. Displaying high integrity, ability, knowledge, experience in their scope of work, and the ability to communicate excellently.
b. Having at least one independent member with educational background and experience in finance.
c. Having at least one independent member with educational background and experience in risk management.
d. Not being affiliated with the members of the Board of Commissioners, the Board of Directors, or the controlling shareholders of BCA.
e. Not having either direct or indirect business relationship related to the business activities of the Bank.
f. Not also serving as a member of Risk Oversight Committee in another company (issuer or public companies) within the same period.

9. Meetings of Risk Oversight Committee

Risk Oversight Committee meetings are held at least 4 (four) times a year as stipulated in Charter and Code of Conduct of Risk Oversight Committee. During 2016, Risk Oversight Committee already held 7 (seven) meetings. Minutes of meetings are prepared for each meeting detailing the dates of meetings, attendance of the Risk Oversight Committee members, meeting agenda, and meeting materials.

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

Notes:
*) Effective 7 April 2016, Sigit Pramono was no longer as Independent Commissioner according to 2016 AGMS resolution
**) Effective 3 August 2016, the Chairman of Risk Oversight Committee is Sumantri Slamet replacing Cyrillus Harinowo.
***) Effective 3 October 2016, Lianny Somyadewi has been appointed as a member of Risk Oversight Committee replacing Wimpie Rianto.

10. Risk Oversight Committee Work Realization Program in 2016

Risk Oversight Committee Work Realization Program in 2016 can be found on page 368 in 2016 Annual Report.

REMUNERATION AND NOMINATION COMMITTEE

1. Main Duties

The Remuneration and Nomination Committee was formed to enhance the quality of top management through prescribed remuneration and nomination policies.

2. Legal Reference

The establishment of Remuneration and Nomination Committee refers to the following:

- Financial Services Authority regulation No. 34/POJK.04/2014 of Remuneration and Nomination Committee in Issuer or Public Company.
- Bank Indonesia Regulation No. 8/14/PBI/2006 concerning Amendment to Bank Indonesia Regulation No.8/4/PBI/2006 concerning the Implementation of Good Corporate Governance for Commercial Banks, subsequently replaced by Financial Services Authority Regulation No.55/POJK.03/2016 on Implementation of Governance for Commercial Banks.
- Bank Indonesia Circular Letter No.15/15/DPNP of the Implementation of Good Corporate Governance for Commercial Banks.
- Good Corporate Governance Manual in PT Bank Central Asia Tbk.
- Decision Letter of the Board of Commissioners of PT Bank Central Asia Tbk No. 118/SK/KOM/2007 dated 30 May 2007 of the Structure of Remuneration and Nomination Committee.
- Decision Letter of the Board of Directors PT Bank Central Asia Tbk No. 107A/SK/DIR/2016 dated 10 August 2016 of Appointment of Remuneration and Nomination Committee.

3. Charter and Code of Conduct of Remuneration and Nomination Committee

Remuneration and Nomination Committee maintains its own Charter and Code of Conduct as stated in BCA GCG Manual, and BCA website (www.bca.co.id) under Good Corporate Governance section.

The Charter and Code of Conduct of Remuneration and Nomination Committee cover the following:

- Composition and Structure of Membership.
- Duties and Responsibilities.
- Work Mechanism.
- Ethics and Work Hours.
- Conduct of Meetings.
- Activity Reporting System.
- Procedures for Replacement Members.
- Term of duty.

4. Membership of Remuneration and Nomination Committee

BCA Remuneration and Nomination Committee comprises 3 (three) members as follows:

- One Independent Commissioner cum Chairman of Remuneration and Nomination Committee;
- One President Commissioner; and
- One Executive Officer in charge of Human Capital Management Division (Human Resources). Executive Officer is knowledgeable of remuneration and/or nomination system and succession plan.

5. Composition of Remuneration and Nomination Committee Members as of 31 December 2016

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

Note:
*) Effective 10 August 2016, Hendra Tanumihardja has been serving as Remuneration & Nomination Committee Member replacing Lianawaty Suwono.

The appointment of Remuneration and Nomination Committee members is undertaken by Board of Directors with its Decision Letter No. 107A/SK/DIR/2016 dated 10 August 2016 based on Board of Commissioners meeting resolution No. 31/RR/KOM/2016 dated 10 August 2016.

Educational background, position and work experience of Remuneration and Nomination Committee members can be found under Company Profile section on page 77 of this Annual Report.

6. Term of Duty of Remuneration and Nomination Committee Members

The term of duty of Remuneration and Nomination Committee will expire at the expiration of the term of duty of the Chairman of the Remuneration and Nomination Committee, who is also an Independent Commissioner. The term of duty of the members of the Remuneration and Nomination Committee during this period will expire at the close of the 2021 AGMS.

7. Independence and Requirements of Remuneration and Nomination Committee

All members of the Remuneration and Nomination Committee are independent parties who do not have financial, management, share ownership and/or family relationships with any members of the Board of Commissioners, the Board of Directors and/or Controlling Shareholders or business relationships with the Bank that may affect their ability to act independently.

The independence aspect of Remuneration and Nomination Committee is detailed in the table below:

Independence Aspects	Raden Pardede	D.E Setijoso	Hendra Tanumihardja
Not having financial relationship with the Board of Commissioners and the Board of Directors.	√	√	√
Not having management relationship in the Bank, subsidiaries, or affiliates.	√	√	√
Not having shareholding relationship in the Bank.	√	-	-
Not having family relationship with the Board of Commissioners, the Board of Directors, and/or fellow members of Risk Oversight Committee.	√	√	√
Not serving as officer in any political party, government officer.	√	√	√

Requirements to be met as a member of the BCA Remuneration and Nomination Committee are, among others as follows:

1. Have high integrity, ability, knowledge, experience in accordance with their field of work and the ability to communicate well;
2. Have knowledge of remuneration and/or nominations system;
3. Have no affiliation with other member of the Board of Commissioners, the Board of Directors, or controlling shareholders of BCA
4. Have no business relationship, either directly or indirectly, related to the business activities of BCA.

8. Duties and Responsibilities of Remuneration and Nomination Committee

Duties and Responsibilities of the Remuneration and Nomination Committee, among others are:

1. To evaluate the remuneration and nomination policies of BCA.
2. To give recommendations to the Board of Commissioners on:
   a. Remuneration policy for the Board of Commissioners and Board of Directors to be submitted to the General Meeting of Shareholders of BCA.
   b. Remuneration policy for all Executive Officers and employees to be delivered by the Board of Commissioners to the Board of Directors.
3. To develop and recommend the selection systems and procedures and/or replacement of members of the Board of Commissioners and the Board of Directors to the Board of Commissioners, to be further submitted to the GMS.
4. To ensure that the remuneration policies of BCA are in accordance with:
   a. financial performance and requirement of reserve as governed under the prevailing legislation;
   b. individual work performance;
   c. fairness based on peer group;
   d. target and mid-term/long-term strategies of the Company.
5. To advise the Board of Commissioners regarding prospective Commissioners and /or prospective Directors to be submitted to the GMS.
6. To recommend independent parties as prospective members of the Audit Committee and the Risk Oversight Committee to the Board of Commissioners.
7. Review of policies regarding facilities provided for the Board of Commissioners and Board of Directors.

8. Other tasks as assigned by the Board of Commissioners related to remuneration and nomination in accordance with prevailing rules.
9. Reporting to the Board of Commissioners as needed the result of reviews and recommendations with regard to the tasks of the Remuneration and Nomination Committee.

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

a. Relating to Nomination function:
   1. Making recommendations to the Board of Commissioners on:
      a) Composition of the Board of Directors and/or the Board of Commissioners;
      b) Policies and criteria needed in nomination process; and
      c) Performance evaluation policy of the Board of Directors and/or the Board of Commissioners.
   2. Assisting the Board of Commissioners to assess the performance of the Board of Directors and the Board of Commissioners based on pre-established criteria as an evaluation;
   3. To give recommendations to the Board of Commissioners on the competence development of the Board of Directors and/ or the Board of Commissioners; and
   4. To nominate the candidates for Directors and/or Commissioners to the Board of Commissioners to be submitted to the GMS.

b. Relating to Remuneration function:
   1. Making recommendation to the Board of Commissioners on:
      a) Structure of remuneration;
      b) Remuneration policy; and
      c) Amount of remuneration.
   2. Assisting the Board of Commissioners to assess the performance in conformity with the remuneration received by each member of the Board of Directors and/or members of the Board of Commissioners.

9. Meetings of Remuneration and Nomination Committee

The 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 2016, the Remuneration and Nomination Committee held 9 (nine) meetings.

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

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

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

Note:
*) Effective 27 July 2016, Lianawaty Suwono has been serving as Human Capital Management Director.
**) Effective 10 August 2016, Hendra Tanumihardja has been serving as Remuneration & Nomination Committee replacing Lianawaty Suwono.

10. Policies Concerning the Board of Directors Succession Plan

1. Develop and provide recommendations on systems and procedure of selection and/ or replacement of members of the Board of Commissioners and Board of Directors to the Board of Commissioners to be submitted to the GMS.
2. Provide recommendations on prospective members of the Board of Commissioners and/or Board of Directors to the Board of Commissioners to be submitted to the GMS.

3. Rotate the positions of each executive in order to prepare the executives of BCA to gain broad knowledge and experience as an officer at the head or branch office.

11. Remuneration and Nomination Committee Work Realization Program in 2016

Remuneration and Nomination Committee Work Realization Program in 2016 can be found at page 368 of this Annual Report.

INTEGRATED GOVERNANCE COMMITTEE

1. Main Duties

The Integrated Governance Committee was established by and is responsible to the Board of Commissioners of BCA as the a Primary Legal Entity within the Financial Conglomeration. The purpose is to assist BCA's Board of Commissioners to oversee the conduct of Integrated Governance.

2. Legal References

The establishment of the Integrated Governance Committee refers to:

- Financial Services Authority Regulation No. 18/POJK.03/2014 concerning Implementation of Integrated Governance Committee for Financial Conglomeration.
- Financial Services Authority Regulation No. 33/POJK. 04/2014 concerning the Board of Directors and the Board of Commissioners of Issuer or Public Company.
- Bank Indonesia Regulation No. 8/14/PBI/2006 concerning Amendment to Bank Indonesia Regulation No.8/4/PBI/2006 concerning the Implementation of Good Corporate Governance for Commercial Banks, subsequently replaced by Financial Services Authority Regulation No.55/POJK.03/2016 on Implementation of Governance for Commercial Banks.
- Financial Services Authority Circular Letter No. 15/SEOJK.03/2015 concerning the Implementation of Integrated Governance Committee for Financial Conglomeration.
- Decision Letter of the Board of Commissioners concerning PT Bank Central Asia Tbk No. 037/SK/KOM/2015 dated 26 February 2015 of Establishment of Integrated Governance Committee.
- Decision Letter of the Board of Directors concerning PT Bank Central Asia Tbk No. 109/SK/DIR/2016 dated 11 August 2016 of the Appointment and Changes Made on the Position of Head of Integrated Governance Committee.
- Decision Letter of the Board of Directors concerning PT Bank Central Asia Tbk No. 180/SK/DIR/2016 of the Appointment of Members of Integrated Governance Committee.
- Decision Letter of the Board of Directors concerning PT Bank Central Asia Tbk No. 098A/SK/DIR/2016 dated 14 July 2016 of Revised Guidelines of Integrated Governance Committee.

3. Charter of Integrated Governance Committee

Integrated Governance Committee works in accordance to code of conduct and guidelines based on Financial Services Authority Regulation No. 18/POJK.03/2014 dated 18 November 2014 concerning Integrated Governance Implementation for Financial Conglomerate.

The Charter and Code of Conduct covers of Integrated Governance Committee is the following:

- Legal references.
- Position.
- Duties and responsibilities.
- Structure & Composition of Membership.
- Number and Composition of Independent Commissioner.
- Term of Duty.
- Work Mechanism.
- Committee Meetings.
- Reporting.

Charter and Code of Conduct of Integrated Governance Committee has been published in BCA website (www.bca.co.id) under Good Corporate Governance. The charter is reviewed from time to time and will be revised as deemed necessary. The charter applicable at present is the charter published on 14 July 2016.

4. Duties and Responsibilities of Integrated Governance Committee

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

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

5. Membership of Integrated Governance Committee

Membership of the Integrated Governance Committee at least must consist of:

a. An Independent Commissioner of BCA (as Primary Legal Entity) as a Chairman concurrently as Member;
b. Independent Commissioners representing and appointed by Financial Services Authority in the Financial Conglomeration as members;
c. An Independent Party as a member; and
d. Member of Sharia Supervisory Board from Financial Services Institution in the Financial Conglomeration as a member.

6. Membership Composition of Integrated Governance Committee as of 31 December 2016

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

Notes:
*) Effective 3 August 2016 Sumantri Slamet has been appointed as Head of Integrated Governance Committee replacing Raden Pardede.
**) Effective 23 May 2016 Raden Pardede has been appointed as Head of Integrated Governance Committee replacing Sigit Pramono.
***) Effective 23 May 2016 Wimpie Rianto has been serving as an Independent Party member of Integrated Governance Committee replacing Ibu Inawaty Handoyo.
****) Effective 13 December 2016 Mendari Handaya, Independent Commissioner of PT Central Santosa Finance has been serving as member of Integrated Governance Committee.

Educational background, position, and work experience of Integrated Governance Committee members can be found under Company Profile on page 78 – 82 of this Annual Report.

7. Number and Composition of Independent Commissioner

The number and composition of Independent Commissioner serving as members of the Integrated Governance Committee adjust to the needs of the Financial Conglomerate and the Integrated Governance Committee efficiency and effectiveness in carrying out its duties, by at least taking into consideration the representation of each financial service provider within the Group.

8. Term of Duty of Integrated Governance Committee

The term of duty of the Integrated Governance Committee members will expire on the expiration of term of duty of the current the Board of Commissioners of BCA (as Primary Legal Entity), which will expire on the closing of the AGMS of BCA (Primary Legal Entity) in 2021.

9. Work Mechanism

The work mechanism of the Integrated Governance Committee is as follows:

a. Duties and responsibilities of the Integrated Governance Committee, among others, are carried out through Integrated Governance Committee meetings.
b. To ensure that duties are well implemented, the Integrated Governance Committee is assisted by a Committee Secretary to perform secretarial duties such as:
   i. Arranging the schedule of meetings;
   ii. Proposing and contacting interviewees when needed;
   iii. Preparing and distributing invitation and materials for the meetings;
   iv. Preparing and distributing the minutes of meetings.
c. Whenever required, the Integrated Governance Committee may invite interviewees from members of the Board of Commissioners, Directors, or other internal and external parties of the Primary Legal Entity and the financial services providers within the financial conglomerate.

10. Meetings of Integrated Governance Committee

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

The attendance of members of Integrated Governance Committee in their meetings in 2016 is as follows:

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

Notes:
*) Effective 3 August 2016 Sumantri Slamet has been appointed as Head of Integrated Governance Committee replacing Raden Pardede.
**) Effective 23 May 2016 Raden Pardede has been appointed as Head of Integrated Governance Committee replacing Sigit Pramono.
***) Effective 23 May 2016 Wimpie Rianto has been serving as an Independent Party member of Integrated Governance Committee replacing Ibu Inawaty Handoyo.
****) Effective 13 December 2016 Mendari Handaya, Independent Commissioner of PT Central Santosa Finance has been serving as member of Integrated Governance Committee.

11. Integrated Governance Committee Work Realization Program in 2016

Realization of Work Program of Integrated Governance Committee in 2016 can be found on page 368 – 369 in 2016 Annual Report.

CORPORATE SECRETARY

The Corporate Secretary as regulated by The Financial Services Authority Regulation No.35/POJK.04/2014 on Corporate Secretary of Issuers or Listed Companies. Corporate Secretary plays an important role in improving the transparency of service and communication with stakeholders as one of the implementations of good corporate governance principles. The Corporate Secretary is primarily responsible for maintaining the BCA image and safeguarding the best interests of BCA, fostering communications and good relations with stakeholders. The Corporate Secretary is also responsible for supporting the Board of Directors and Board of Commissioners in running the Company by referring to OJK Regulation No. 35/POJK.04/2014 on Corporate Secretary of Issuer or Public Company, by carrying out BCA secretarial duties, ensuring BCA's regulatory compliance, and supporting the implementation of GCG at BCA.

Profile of Corporate Secretary

The Corporate Secretary is appointed by the Board of Directors and reports to the Deputy President Director. The position of Corporate Secretary is on par with a Division Head. BCA's Corporate Secretary was held by Inge Setiawati from August 2011 to September 2016, and succeeded by Jan Hendra since October 2016 based on the Decision Letter No. 2235/SK/HCM-KP/A/2016. Inge Setiawati takes another managerial position within BCA.

Jan Hendra is an Indonesian citizen and domiciled in Indonesia. Jan Hendra's work experience in the banking industry began in 2005. Prior to being appointed as Corporate Secretary, Jan Hendra served in various managerial positions in the Consumer Card Business Group (Card Center) as Head of Marketing and Product Development (April 2013-September 2016), Head of Consumer Card Portfolio Management (2012-2013), Head of Issuing Portfolio Management (2012), and Head of Business Development (2009-2012).

Educational Background

He obtained his Bachelor Degree in Electrical Engineering from Trisakti University, Jakarta (year 1997), and completed his Master Degree in Software System Engineering from University of Melbourne, Australia (year 2000).

Corporate Secretary Competence Development and Training Program

As an effort to support the conduct of his duties, Corporate Secretary participated in a series of competence development programs.

The Competence Development Program attended:

No	Training	Organizer	Location	Date
1	The Special Batch Corporate Governance Leadership Program and ASEAN CG Scorecard	Indonesian Institute for Corporate Directorship	Jakarta	18-20 October
2	Level 3 – Risk Management Certificate Refreshment Program "Understanding Regulation (Basel), Macroeconomics"	BCA	Jakarta	21 October
3	DB Annual Conference	Deutsche Bank	Jakarta	2 November
4	Focus Group Discussion to Develop Information Dissemination System in a Listed Company	Bursa Efek Indonesia	Jakarta	16 November
5	2nd Boardroom Agenda Conference	Marcus Evans	Singapore	21-22 November

Duties and Responsibilities of Corporate Secretary in 2016

- Represent the Board of Directors in liasing with government or private agencies/institutions, communication and build good working relationship with internal, external and business partner.
- Follow Capital Market developments concerning capital market regards to prevailing regulations.
- Coordinate/monitor the activities related to the receipt and submission of corporate information and the conduct of the Board of Directors and the Board of Commissioners meetings.
- Provide input to the Board of Directors and the Board of Commissioners meetings and comply with the rules and regulations of the Capital Markets, Good Corporate Governance and banking.
- Support the conduct and implementation of Good Corporate Governance in BCA.
- Manage and develop BCA's positive image by fostering internal and external relations through public relation activities.
- Administer the operations of the Company by the Board of Directors and Board of Commissioners so as to comply with BCA's Articles of Association and other regulations, including those on corporate action.
- Submit the reports to Financial Services Authority on a timely basis.
- Monitor various corporate secretarial activities.
- Conduct General Meeting of Shareholders, corporate actions and public expose (together with Investor Relations).
- Coordinate with related internal units and external parties/institutions to facilitate corporate activities and to improve work effectiveness related to activities carried out by the Board of Directors and Board of Commissioners, and the Board of Commissioners Committees.
- Provide stakeholders with necessary services for any information needed concerning BCA.
- Act as the contact person (liaison officer) between BCA and shareholders, the Financial Services Authority, Indonesian Stock Exchange, and other stakeholders.
- Perform activities which support the implementation of transparency principles primarily related to BCA's performance through communication with related parties.
- Maintain the confidentiality of documents, data and information except when required under the law or otherwise stated under rules and regulations.

Overview of Duties Fulfilled by Corporate Secretary in 2016

In 2016, the Corporate Secretary carried out the following activities:

1. Organized AGMS 2016.
2. Conducted the implementation of BCA's GCG self-assessment of integrated governance for the first and second semester of 2016.
3. Prepared the GCG Implementation Report for 2016.
4. Formulated "Corporate Governance" and "Corporate Social Responsibility" sections as included in the 2016 Annual Report.

5. Developed implementing corporate governance according to Bank Indonesia Regulations, the Financial Services Authority Regulation, and the ASEAN Corporate Governance Scorecard.
6. Organized a sports and cultural event in celebration of BCA's 59th anniversary in February 2016 involving Jakarta, Bogor, Depok, Tangerang and Bekasi that involved athletes and athlete employees from various regions and BCA branches in Jakarta, Bogor, Depok, Tangerang and Bekasi.
7. Conducted Public Expose (together with Investor Relations).
8. Held press conferences and analyst meetings on a quarterly basis.
9. Convened the National Working Meeting (together with other working units).
10. Developed and implemented Corporate Social Responsibility programs and activities.
11. Prepared press releases on BCA's performance and progress.
12. Developed BCA's corporate communication materials such as publications of financial statements through the mass media, advertisements during national holidays, and others.
13. Developed and implemented BCA sponsorship activities in keeping with BCA's Company policies.
14. Developed means of communication and organized internal events, such as BCA's anniversary celebration, retired employee gatherings and social gatherings to celebrate Idul Fitri, Christmas and New Year.

INVESTOR RELATION FUNCTIONS

The Main Duty of Investor Relations

The main duty of Investor Relations is to represent the Board of Directors in liaising with investors, the capital markets (community) and shareholders, including to:

- Formulate communication strategies, specifically toward investors, potential investors, analysts, fund managers and the capital markets in general.
- Prepare the necessary materials and organize various activities such as road shows, analyst meetings and conference calls.
- Communicate various matters related to BCA shares, performance, and Financial Statements to parties such as fund managers, investors and potential investors.
- Manage the relationships with fund managers, experts and economists (specifically related to stocks).
- Monitor and report the results of analysis on BCA's performance and stock prices on a periodic basis.
- Coordinate the preparation, publication and distribution of the Annual Report to investors/analysts.
- Provide financial data and information for investors and the capital markets community.

Investor Relations Activity

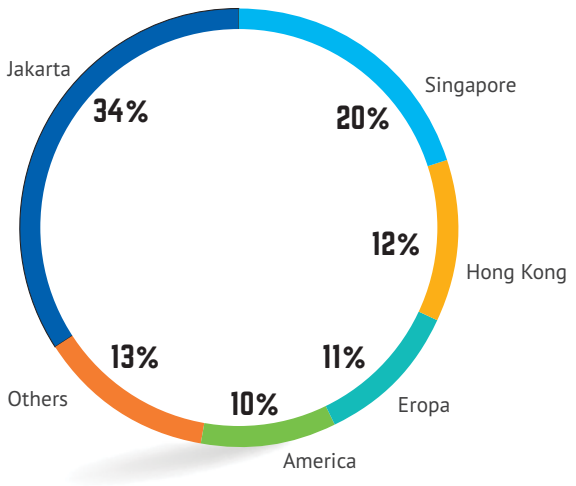
Investor Relations communicates with the financial and capital market community so that they can have the right and accurate information on the performance, business prospect or other necessary information for decision making. Investor relations activities are carried out by duly observing the principles of confidentiality and equal treatment for all investor.

BCA holds analyst meeting event on regular basis to disclose the quarterly performance. BCA is also active in attending conference and non-deal road show, events held by securities companies, where BCA can meet with the investors. In addition, BCA also host the investors visit or conducted conference call upon request by the investors.

Statistics of Investor Relations Activities in 2016 and in 2015

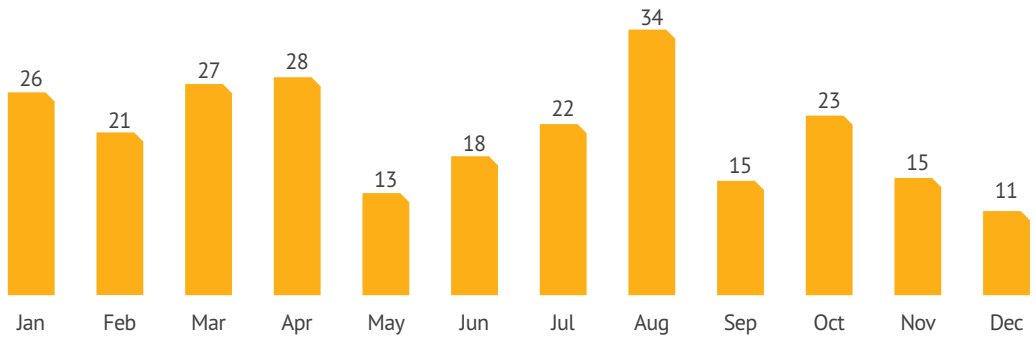
	2016	2015
Analyst Meeting & Public Expose	5	5
Non-deal road show	2	3
Investor Conference (domestic & overseas)	11	15
Investor visit	155	203
Conference call	80	33
Total	**253**	**259**

The number of investors/analysts conducting visits and conference calls are totaling 432 people, with the following composition by country of origin:



Note:
*) Others from Malaysia, Korean, Australia, Japan, United Arab Emirates, India and Taiwan.

The Frequency of Monthly Investor Relations Activities in 2016



Average of the Investor Relations Activities frequency in 2016 was 21 activities each month.

INTERNAL AUDIT DIVISION

The Internal Audit Division was established to generate added value and improve BCA's operations through independent and objective audits to provide assurance.

In carrying out its functions, the Internal Audit Division assesses the adequacy and effectiveness of risk management, internal control and governance, and offers consultation internally within BCA for those areas requiring such services.

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

Profile of Head of Internal Audit Division

Jacobus Sindu Adisuwono has been serving as the Division Head, Internal Audit, since 1 November 2008 in accordance with the Board of Directors Decision Letter No.1390/SK/DHR/A/2008 concerning the Appointment of Employees signed by the President Director on 24 October 2008, with approval from the Board of Commissioners. The Head Division of Internal Audit has considerable experience in internal auditing, following his prior positions in Internal Audit Division of BCA since 1987 and he has earned certification for internal audit professionals including as a Certified Internal Auditor (CIA) and Qualified Internal Auditor (QIA).

Mr. Adisuwono is also actively involved in internal audit organization activities, and currently serves as Head of Ikatan Auditor Intern Bank (IAIB) which is a professional association of bank internal auditors, and is a member of The Institute of Internal Auditors Indonesia.

Competence Development and Training Program of Internal Audit Head

To support the conduct of their duties, BCA Internal Audit Head Division participated in a series of competence development program.

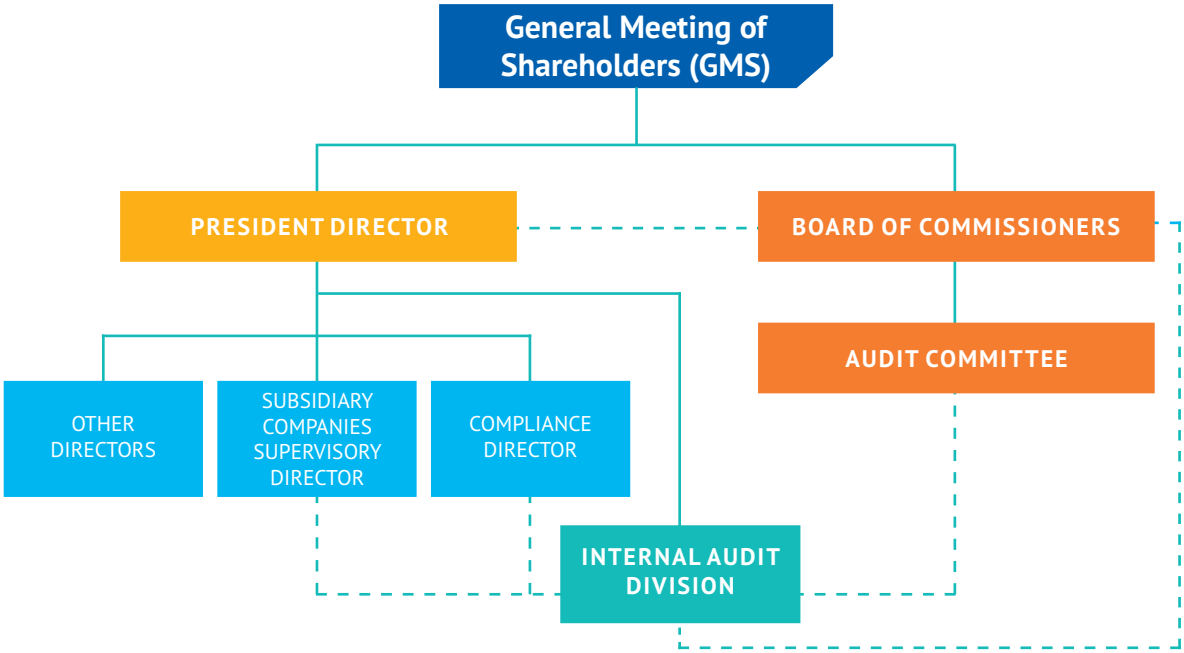
The competence development programs attended by Internal Audit Head in 2016 are as follows:

No	Training	Organizer	Location	Date
1	National Seminar of Internal Audit 2016 "The Most Necessary Profession to Enhance and Protect Organizational Value" speaker on topic of Implementing COSO 2013	Yayasan Pendidikan Internal Audit	Bali	27-28 April
2	2016 The Institute of Internal Auditors International Conference and Benchmarking Visit to Citibank New York and World Bank Washington DC	The Institute of Internal Auditors Indonesia	New York – USA	18-20 July
3	Indonesia Knowledge Forum 2016 Conference & Expo	BCA Learning Service	Jakarta	6-7 October
4	National Conference of Bank Internal Auditor Association in 2016 "Promoting Internal Audit Roles to Enhance and Protect Organizational Value"	Ikatan Auditor Internal Bank	Bali	10-11 November

Structure and Position of Internal Audit Division

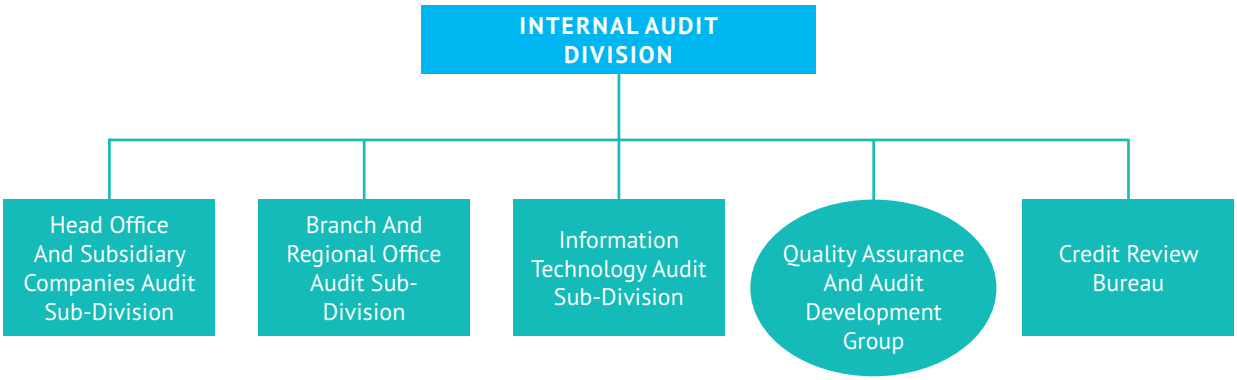
The Head of the Internal Audit Division is responsible to the President Director. The position of Internal Audit Division within BCA Organizational Structure and Organizational Chart of Internal Audit Division is as follows:

Position of Internal Audit Division in BCA Organizational Structure



Description:
---------- communication line

Organizational Chart of Internal Audit Division



Scope

The scope of the Internal Audit covers the activities of all Branch Offices, Regional Offices, Divisions, Working Units and Business Units at the Head Office and Subsidiary Companies, and BCA activities outsourced to third parties.

Independence

The Internal Audit Division is independent to operational work units. The Division Head is accountable directly to the President Director and may communicate directly with the Board of Commissioners and/or Audit Committee

Internal Audit Division meetings with the President Director and Audit Committee were held 8 (eight) times in 2016, while meetings with the Board of Commissioners are convened every semester.

The appointment, replacement and dismissal of the Internal Audit Division Head is done by the President Director upon approval by the Board of Commissioners, and reported to the Financial Services Authority.

Duties and Responsibilities of Internal Audit Division

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

Internal Audit Manual

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

The effectiveness of the Internal Audit function and its compliance with the Implementation Standard of the Banking Internal Audit Function (SPFAIB) is reviewed by an independent external party at least every 3 (three) years. The most recent review was conducted by an external assessor in late 2016.

Number of Auditors in Internal Audit Division

The Internal Audit Division is supported by 196 (one hundred and ninety six) auditors (as of 31 December 2016) with diverse position levels, experiences and professional certification, as provided below:

Job Position:

- Division Head : 1 personnel
- Deputy Division Head : 4 personnel
- Audit Adviser : 17 personnel
- Senior Audit Officer : 24 personnel
- Audit Officer : 48 personnel
- Associate Audit Officer : 72 personnel
- Assistant Audit Officer : 12 personnel
- Senior Staff : 18 personnel

Experience:

- 0 s/d < 3 years : 65 personnel
- 3 s/d < 9 years : 66 personnel
- 9 s/d < 15 years : 21 personnel
- ≥ 15 years : 44 personnel

Professional Certification:

- Certified Internal Auditor : 1 personnel
- Certified Information System Auditor : 5 personnel
- Qualified Internal Auditor : 28 personnel
- Certification on Audit Intern Bank : 42 personnel

Reporting

The Internal Audit Division submits reports to the following:

1. Board of Commissioners, Audit Committee and Board of Directors, consisting of:
   a. Audit Report.
   b. Summary Report of Follow-Up to Audit Results.
   c. Report of Audit Realization.
   d. Integrated Internal Audit Report.
2. The Financial Services Authority monitors the implementation of the Internal Audit function, through:
   a. Reports on the Implementation and Fundamental Results of Internal Audit.
   b. Special reports on any internal audit findings that may disrupt the sustainability of banking operations.
   c. Report on external assessor's review that provides opinions on the work performance of Internal Audit Division and its compliance with the Implementation Standard of the Internal Audit Function in Banking as well as possible improvements.

Activities of Internal Audit Division in 2016

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

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

Focus of Audit Plan in 2017

1. In 2017 Internal Audit Plans to focus on:
   - Implementation of risk management in adopting information technology and enterprise security in connection with the increasing complexity of information technology in BCA.
   - Electronic channel internet banking in line with the increasing volume of transactions utilizing such e-channels.

- Card payment and new e-Money and electronic banking products.
- Issuing and acquiring business activities, in connection with the increasing number of card-based transactions.
- Commercial credit process to maintain good credit quality.
- Implementation of Internal Control Over Financial Reporting in relation to Good Corporate Governance.

2. Conducting audits of Branch Offices, Regional Offices, Head Office Business Divisions/Units, and Subsidiaries based on Annual Audit Plan already established based on risk assessment results.
3. Improving the utilization of technology in managing the audit activities by developing Audit Management System.
4. Developing and implementing proactive monitoring system through continuous auditing and analytical review.

PUBLIC ACCOUNTANTS OFFICE (EXTERNAL AUDITOR)

In order to ensure that the External Audit function is implemented in compliance with the Financial Services Authority Regulation No. 31/POJK.03/3016 concerning Amendment to the Financial Services Authority Regulation No. 6/POJK.03/2015 concerning Transparency and Publication of Bank Reports, and Bank Indonesia Circular Letter No. 3/32/DPNP concerning the Relationship between Banks, Public Accounting Firms and Bank Indonesia, BCA has undertaken the following measures:

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

The Siddharta Widjaja & Rekan Public Accounting Firm in affiliation with KPMG International was appointed as BCA's auditor to conduct an audit of the Bank's financial statements for the fiscal year ending 31 December 2016, for an estimated fee of Rp7,305,980,000 (seven billion three hundred and five million nine hundred and eighty thousand rupiah) excluding VAT .

BCA grants power to the Public Accounting Firm to submit the audited financial statements accompanied with a Management Letter to the Financial Services Authority no later than 4 (four) months after the fiscal year.

Public Accounting Firms and Public Accountants Who have Audited BCA Financial Statements (in 2013, 2014, 2015, 2016)

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

COMPLIANCE FUNCTION

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

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

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

To assist the duties of the Board of Directors supervising Compliance function, BCA established Compliance Function which is independent and free from undue influence from other business units. Compliance Function is also responsible for the implementation of Anti Money Laundering and Counter Terrorist Financing programs.

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

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

Compliance Related Activities in 2016

The activities performed in 2016 were as follows:

1. In order to encourage Compliance Culture:
   - Socialized and informed the new regulations to the Board of Director and Board of Commissioners.
   - Disseminated new provisions from regulators to related units.
   - Socialized new regulations to BCA employees.
   - Provided information on the the Financial Services Authority and Bank Indonesia regulations and other laws and regulations in BCA intranet sites accessible for employees.
   - Enrolled Compliance Unit personnel in various training sessions, seminars and events to improve performance quality, including active participation in a working group known as the Communication Forum of Banking Compliance Directors and in compliance certification programs held by the Banking Professional Certification Institute.
   - Performed a consultative function in relation to the implementation of prevailing laws and regulations by offering advice/feedback to questions posed by work units or branches,
2. In order to manage compliance risks and ensure that all policies, provisions, systems and procedures, and business operations carried out by the Bank are in conformity with the prevailing regulations:
   - Conducted a gap analysis and examined the impact of new policies on BCA operations.
   - Proposed adjustments to internal manuals, policies and procedures.
   - Reviewed and offered input on new products and activities in the pipeline to ensure that they conform to applicable laws and regulations.
   - Reviewed draft internal policies to be issued to ensure conformity of internal policies with existing laws and regulations.
   - Conducted study adherence to the release of the corporate credit.
   - Tested the level of compliance on the implementation of policies by branch offices in cooperation with Branch Internal Supervisors.
   - Updated the database of existing regulations.
   - Monitored the level of compliance with applicable policies related to practices and principles of prudent banking such as. CAR, Mandatory Minimum Reserves, NOP, LLL and NPL. In 2016, there were no violations of policies related to the principles of prudential banking.
   - Monitored the submission of reports to regulators.
   - Monitored the imposition of sanctions/penalties by regulators.
   - Assessed compliance risks and prepared a quarterly compliance risk profile report as part of an effort to effectively manage compliance risks.

- Prepared Quarterly Report of Compliance Monitoring submitted to the Board of Directors and the Board of Commissioners.
- Reviewed documents for the purpose of ensuring the operational readiness of opening, transferring and closing of offices.
- Coordinated with related work units in performing the Risk-Based Soundness Level of the Bank.

3. To ensure the Bank's compliance with the commitments pledged to regulators:
   - Monitored BCA's commitment to the Financial Services Authority, Bank Indonesia and other regulators, together with the Internal Audit Division.
   - Monitored and followed up on requests for data/ information from the Financial Services Authority and Bank Indonesia relating banking supervision.
4. To monitor and evaluate compliance function in each subsidiary in BCA Financial Conglomeration, and to prepare integrated compliance report submitted to to the Board of Directors and the Board of Commissioners.

Activities Related to Anti Money Laundering and Counter Terrorist Financing Programs in 2016

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

- Reporting the implementation of Anti Money Laundering and Counter Terrorist Financing activities on a regular basis to the Board of Directors and the Board of Commissioners.
- Implementing new system to monitor suspicious financial transactions.
- Coordinating the customer data updating activities by preparing the targets and monitoring the achievement of such targets.
- Reviewing the new products and activities to ensure that they have complied with Anti Money Laundering and Counter Terrorist Financing regulations.
- Filtering the customers and transactions against the current terrorist list
- Conducting compliance test on the implementation of Anti Money Laundering and Counter Terrorist Financing programs at branch office in cooperation with Branch Internal Supervisor.
- Conducting compliance reviews of branch offices to ensure that the implementation of Anti Money Laundering and Counter Terrorist Financing is in accordance with prevailing regulations.
- Reporting suspicious financial transactions, cash transactions, and bank transfer transactions to and from foreign countries and Data Sistem Informasi Pengguna Jasa Terpadu (SiPESAT) to Reporting and Analysis Center of Financial Transactions.
- Conducting training and sensitization of Anti Money Laundering and Counter Terrorist Financing continuously through classroom, e learning and internal discussion forum.
- Developing training materials for the implementation of Anti Money Laundering and Counter Terrorist Financing programs.
- Developing and implementing risk and compliance awareness program for branch offices in cooperation with Risk Management Unit.

Indicators of Compliance in 2016

- The Capital Adequacy Ratio (CAR) involving credit risk, market risk and operational risk is at 21.90% or above the required level.
- The NPL ratio (net) is 0.31%, within the range of the applicable provision of 5% (net) maximum.
- There was no excess or violation to the maximum Legal Lending Limit either to related parties or business groups.
- Minimum Statutory Reserves in Rupiah – Main 7.25% and Secondary 16.17% already comply with the existing provision concerning Minimum Statutory Reserves in Rupiah.
- Minimum Statutory Reserves in Foreign Exchange at 8.46% already comply with the existing provision concerning Minimum Statutory Reserves in Foreign Exchange.
- Net Open Position is 0.20%, significantly below the limit allowed by the regulatory provision of a maximum 20% of the capital.
- Liquidity Coverage Ratio (LCR) 391% is already above the minimum limit of 70%.
- Commitments to the Financial Services Authority, Bank Indonesia and other authorities have been well-accomplished.

IMPLEMENTATION OF RISK MANAGEMENT

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

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

BCA effectively applies risk management principles and the internal control system to mitigate the risks arising from the Bank's business goals and strategies. BCA's risk control procedures are in line with the business size and complexity of the bank and comply with the requirements and procedures set forth in regulations issued by Bank Indonesia (BI) and the Financial Services Authority (OJK), as well as by referring to best practices, through the following actions to:

1. Identify and control all risks, including risks arising from new products and activities.
2. Establish a Risk Oversight Committee to ensure that the existing risk management framework provides adequate protection for all BCA risks with the primary duty of offering recommendations and opinions in a professional and independent manner regarding the appropriateness, and implementation, of risk management policies to the Board of Commissioners, and monitoring and evaluating the duties carried out by the Risk Management Committee and Risk Management Unit.
3. Establish a Risk Management Committee with the primary responsibility of formulating risk management policies, strategies and implementation guidelines, improving the effective implementation of risk management based on results of the evaluation of risk management processes and the risk management system, and deciding on matters related to business decisions that deviate from normal procedures (irregularities).
4. Establish an Integrated Risk Management Unit to ensure that the risks facing the Bank and Subsidiary Companies are identified, measured, monitored, controlled and accurately reported in an integrated manner by applying an appropriate risk management framework.
5. Manage risks and make sure that the necessary policies and risk limits are in place and supported by procedures, reports and information systems that provide accurate and timely information and analysis to the management, including in determining the required measures in dealing with changes in market conditions.
6. Ensure that the existing work systems and procedures take into account operational and business factors as well as the level of risk that may occur in work units.
7. Ensure that the internal control system is implemented according to applicable policies.
8. Monitor BCA's compliance with principles applied for the management of a healthy bank in conformity with existing policies through the Compliance Working Unit.
9. Prepare the BCA Risk Profile Report on a quarterly basis and the Integrated Risk Profile Report every semester to be submitted to the Financial Services Authority in a timely fashion.

Risk Management System

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

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

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

BCA consistently assesses risks in a comprehensive manner related to the planned launching of new products and activities based on regulatory requirements.

Managed Risks

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

Conglomeration of BCA in integrated manner manages 10 (ten) type of risks as follows:

1. **Credit Risk**
   - Credit is underwritten based on the "four eyes principle" whereby credit decisions are made according to two considerations: business capacity and credit risk analysis.
   - BCA has established a basic Bank Lending Policy that is coninuosly reviewed and refined in line with changes in, developments within BCA and regulations issued by regulation, and in accordance with international best practices.
   - The credit risk management system and procedure is refined through the development of a 'start to finish' Loan Origination System for the lending process to ensure an effective and efficient credit process. A debtor risk profile assessment system is reviewed and upgraded to ensure its comprehensive implementation and as a tool for the development of a credit database.
   - To maintain credit quality, it is necessary to regularly monitor the quality of loans, both by credit category (Corporate, Commercial, Small and Medium-Sized Enterprise/SME, Consumer and Credit Card) and the credit portfolio as a whole. Close monitoring and authority control were conducted in branches with SME/mortgage/credit card loans in Special Mention category of >30 days (in arrears) and high level of NPL, to enable those branches to improve the loan quality.
   - BCA has developed its credit risk management system through the stress testing of credit portfolios and monitoring the results of these stress tests. In responding to a changing market and economic turbulence, BCA periodically conducts stress testing. Stress testing is beneficial for the Bank as a tool for estimating the risk impact under stressful conditions which will help BCA devise the most appropriate risk mitigation strategy as part of implementing the contingency plans.
   - In monitoring and controlling credit risks in subsidiary companies, BCA regularly monitors the credit risks of its subsidiaries while ensuring that an effective Credit Risk Management Policy is in place in subsidiary companies.

2. **Market Risk**
   - In managing other foreign exchange risks, BCA centralizes the management of its net open foreign exchange position at the Treasury Division, which consolidates daily reports of net open positions from all branches. Each branch is generally expected to cover its foreign exchange risks by the end of each working day, even though each branch has a tolerance limit for its net open position which depends on the volume of foreign exchange transactions at the respective branch. BCA prepares a daily net open position report that combines the net open positions in the consolidated statement of financial position and administrative accounts (off-balance sheet accounts).
   - To measure foreign exchange risks, BCA adopts the Value at Risk (VaR) method based on a Historical Simulation approach for internal reporting purposes. For calculating the Bank's minimum capital requirement, BCA applies the Bank Indonesia Standard method.
   - A key component of BCA liabilities which are sensitive to interest rate movements is customer deposits, while BCA's interest sensitive assets are government bonds, securities and loans. ALCO regularly keeps track of market developments and adjusts the interest rate of deposits and loans.
   - BCA sets the deposit interest rate based on market condition and competition by monitoring the movement of the reference interest rate and the interest rates offered by competitor banks.

3. **Liquidity Risk**
   - BCA focuses on maintaining adequate liquidity to fulfill its commitment to customers and other parties for lending, repaying customer deposits and meeting operational liquidity needs. Liquidity management are managed by committee and executed operationally by treasury.
   - Liquidity risks are measured and controlled by monitoring liquidity reserves,the Loan to Funding Ratio (LFR) and the Liquidity Coverage ratio (LCR), conducting maturity profile analysis, cash flows projections and stress tests on a regular basis to observe the impact on BCA's liquidity under extreme conditions. BCA has prepared a contingency funding plan for confronting such extreme situations.
   - BCA has complied with provisions related to liquidity as governed in the Bank Indonesia Regulation that makes it compulsory for banks to maintain the Rupiah liquidity (Statutory Reserves)

on a daily basis, consisting of Primary Reserves and LFR-Statutory Reserves in the form of Rupiah deposits in Bank Indonesia, Secondary Reserves in the form of SBI, SDBI, SUN and excess reserves, as well as foreign currency reserves in the form of foreign currency current accounts in Bank Indonesia.

4. Operational Risk

- Basel Accord II requires banks to include operational risks as a component in calculating their capital adequacy. In line with this, BCA implements the Risk Control Self Assessment (RCSA) in all branches/regional offices and in those divisions or work units which have been assessed to have significant operational risks by Head Office. One of the purposes of implementing RCSA is to instill a risk culture and build risk awareness which is a key requirement in risk management.
- BCA maintains a Loss Event Database (LED) which is a database of cases/losses related to operational risks that have occured in various work units. The LED is maintained as an instrument to record operational losses which BCA will use in calculating capital charges and as a way to measure operational events that could potentially result in operational losses for BCA. In addition, BCA uses data captured by the LED to analyze cases or problems facing the Bank in order to develop the necessary improvements/preventive measures for minimizing/mitigating the risk of operational losses which may arise. BCA has also developed a system application for Key Risk Indicators (KRI) which is used to identify early warning signs of the likelihood of increased operational risk in work units. The KRI is also further enhanced into a predictive risk management to assist the work units in monitoring risk exposure.
- BCA calculates the Bank's minimum capital requirement for operational risks based on the Basic Indicator Approach according to regulations related to the allocation of capital for loss reserves due to operational risks into the calculation of the capital adequacy ratio (CAR), apart from the allocation of capital for loss reserves due to credit risk and market risk.

5. Legal Risk

- Inherent legal risks are assessed according to the potential impact of losses in ongoing as well as resolved court cases involving BCA and its subsidiary companies against the Bank's consolidated capital. The parameter for calculating potential losses from an ongoing court case is the basis for the lawsuit, value of the court case, and legal documentation. Meanwhile, for resolved court cases, the assessment is based on the losses incurred by the Bank due to a decision of the court with a permanent legal standing.
- To identify, measure, monitor and control legal risks, BCA has established a Legal Group at the Head Office and legal units in most Regional Offices.

  In mitigating legal risks, the Legal Group has taken the following measures:
  - Developed the Legal Risk Management Policy with internal provisions on the organizational structure and job description of the Legal Group, and standardized the legal documents.
  - Held legal communication forums to build the competency of the legal staff.
  - Socialized on the impact of new regulations on BCA's banking activities and the various modus operandi of banking crimes, and guidelines on handling such cases through the legal route to branch officers and the relevant work unit.
  - Provided legal defense for ongoing criminal and civil cases involving the BCA, and monitored progress of the cases.
  - Formulated a loan security strategic plan (in cooperation with other work units, among others the Credit Settlement Bureau) related to non-performing loans.
  - Registered with the authorized body all assets owned by BCA, including intellectual property rights for BCA banking products and services, and the right to BCA land and buildings.
  - Monitored and took legal action on violations against BCA assets, including infringements of BCA's intellectual property rights.
  - Monitored and analyzed ongoing court cases faced by BCA and subsidiary companies.
  - Conducted an inventory of, monitored, analyzed and calculated potential losses that may occur due to court cases.

6. **Reputation Risk**
   - Reputation risks are assessed by using parameters such as the number of complaints and negative publicity, and complaints resolution rate. The assessment is presented in the reputation risk profile report prepared on a quarterly basis.
   - To manage and control reputation risks, BCA is supported by the Halo BCA Contact Center (24-hour hotline for information, suggestions and complaints).
   - Reputation risks are managed based on regulatory requirements.

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

8. **Compliance Risk**
   - Compliance risk is one of the risk factors that must be managed by BCA in view of its potential to inflict financial and non-financial loss to the Bank.
   - Pursuant to Bank Indonesia Regulation (PBI) No.13/2/PBI/2011 dated 12 January 2011 on Implementation of Compliance Function in Commercial Banks, BCA has appointed a member of the Board of Directors as Director overseeing the compliance function, responsible to ensure compliance and to minimize compliance risk through the formulation of compliance erisk management policies and procedures and to monitor the implementation of such policies and procedures. In discharging its duties, the Compliance Director oversees the compliance function with assistance from the Compliance Unit (SKK) which is independent from the operational work units.
   - In assessing inherent compliance risks, the parameters are the type and significance of violations that were committed, frequency of violations or compliance track record, and violation against policies related to specific financial transactions. The Compliance Unit (SKK) is also in charge of the implementation of Anti Money Laundering and Prevention of Terrorism Funding programs.
   - BCA has introduced and implemented Anti Money Laundering and Prevention of Terrorism Financing programs. To help identify suspicious financial transactions, BCA has an application that is constantly improved to enhance its capacity.

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

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

BCA's Integrated Risk profile level in December 2016 is "low to moderate", which reflects a "low to moderate" level of inherent risk and "satisfactory" quality of risk management implementation.

The ranking of risk levels of the 10 (ten) types of risks being assessed is as follows:
- Risks with "low" level of risk are Market Risk, Liquidity Risk, Legal Risk, Intra-Group Transaction Risk and Insurance Risk.
- Risks with "low to moderate" level of risk are Credit Risk, Operational Risk, Reputation Risk, Strategic Risk and Compliance Risk.

BCA's Integrated Risk "low to moderate" risk profile indicates that BCA and its Subsidiaries have implemented an effective and efficient risk management process in all corporate activities.

The inherent risks trend in the next period is stable since the projections conclude that there would be no significant change to inherent risks.

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

INTERNAL CONTROL SYSTEM

BCA's internal control system abides by Bank Indonesia Circular Letter No.5/22/DPNP on Guidelines for Internal Control Systems Standard for Commercial Banks dated 29 September 2003, and covers 5 (five) key components, as follows:

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

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

Furthermore, BCA has established a business continuity plan and disaster recovery plan to expedite the recovery process in the event of a disaster, with a back up system for preventing high-risk business failures. The management and employees of BCA play their duties and have responsibilities in improving the quality and implementation of BCA's internal control.

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

Implementation of Internal Control

1. Internal control is implemented as follows:
   a. **Financial Control**, whereby:
      - BCA has prepared a Bank Business Plan that discusses BCA strategies in overall which covers the direction of business development.
      - Strategies are formulated by factoring in the impact towards BCA capital, among others capital projections and the minimum capital requirement.
      - The Board of Directors actively engages in discussions to offer input and monitor the internal situation, and keep track of external factors that directly or indirectly affect BCA's business strategy.
      - BCA has implemented a financial control process by monitoring realization against the financial budget in periodic reports and submitted when follow-up action from the Board of Directors is needed.
   b. **Operational Control**, whereby:
      - BCA has completed standard operating procedures and work manuals that provide in detail the work procedures of each banking operational transaction that BCA undertakes in relation to new products and activities, including the relevant operational risk mitigation measures. The work procedure is developed by the Operational and Service Development and Strategy Division and is reviewed by various relevant work units to ensure that operational risks that may arise have been effectively mitigated.
      - BCA confers limited powers on officers by imposing a transaction limit and restricted access to IT and computer networks through control of user ID's and password's and installing fingerscanners.
      - BCA has established a sound organizational structure complete with supervisory/control

units which further support operational control, as provided below:

- Functions that may create conflicts of interest are segregated.
- Supervisor oversees the implementation of internal controls in branches on a daily basis.
- Branch Internal Supervisor oversees the implementation of internal controls in branches on a periodic basis.
- Internal Regional Office Supervisor oversees the implementation of internal controls in Regional Offices.
- Internal Supervisor oversees the implementation of internal controls in certain work units at Head Office.
- Risk Management Unit, Legal Group and Compliance Unit are established.
- Internal Audit Division is established as:
  - √ Independent from the risk-taking unit.
  - √ Responsible for examining and assessing the adequacy/ effectiveness of the internal control system, risk management and corporate governance by implementing the annual audit plan.

c. **Compliance to other laws and regulations**, whereby:

- BCA stands firm in the commitment to comply with prevailing laws and regulations and take the necessary steps to improve weaknesses, if any.
- BCA has established a Compliance Unit independent from operational units in implementing the compliance function.
- A quarterly Compliance Monitoring Report is prepared related to BCA's Principle of Prudence, to be submitted to the Board of Commissioners and Board of Directors.
- BCA's Compliance Risk Management Strategy involves the necessary policies to ensure compliance with applicable laws and regulations which means proactively taking preventive measures (ex-ante) to minimize the possibility of violations and curative actions (ex-post) for improvements.

2. BCA applies an effective inherent control system tailored to BCA business goals, policies, size and complexities in accordance to requirements and procedures set forth in the Bank Indonesia Regulation, and in reference to best practices through the following measures:
   - BCA established clear reporting lines and separation of functions between operational units and units implementing the control function.
   - The control function is implemented by the Risk Management Unit, Legal Group, Compliance Unit, Credit Risk Analysis Group and Internal Audit Division.
   - Internal Audit Division independently and objectively reviews BCA procedures and operational activities on a periodic basis. Review results are presented in the Audit Report and Audit Follow-Up Report to the Board of Directors.
   - The Branch Internal Supervisor, Internal Regional Office Supervisor and Internal Audit Division evaluate the implementation of BCA systems and procedures. Evaluation results from the Branch Internal Supervisor, Internal Regional Office Supervisor and Internal Audit Division serve as benchmarks on the level of compliance of work units in existing systems and procedures.

CORRUPTION PREVENTION

Implementation of Anti-Fraud Strategy

The anti-fraud policy comprises part of BCA's management commitment in preventing fraud by applying an effective and ongoing fraud control system. The fraud control system guides the Bank in determining the necessary measures to prevent, detect, investigate and monitor fraud.

Fraud refers to any violation or act of omission committed willfully to deceive, dupe or manipulate the Bank, customers or other parties that takes place within the Bank and/or using Bank facilities and which causes the Bank, customers or other parties to incur losses, and/or fraud offenders gaining financial advantage or benefit either directly or indirectly. Actions that constitute fraud are as follows:

1. Cheating.
2. Deception.
3. Asset misappropriation.
4. Breach of confidentiality.

Background

The legal basis for implementing an anti-fraud policy in BCA is Bank Indonesia Circular Letter No.13/28/DPNP of 9 December 2011. This Circular Letter was issued to help strengthen the internal control system of banking institutions, and for the further implementation of Bank Indonesia Regulation No.5/8/PBI/2003 of 19 May 2003 on Risk Management for Commercial Banks.

Pursuant to the Bank Indonesia Circular Letter, the Bank is required to establish and apply an effective anti-fraud strategy that should at least fulfill a minimum standard, and should take into account the following matters:

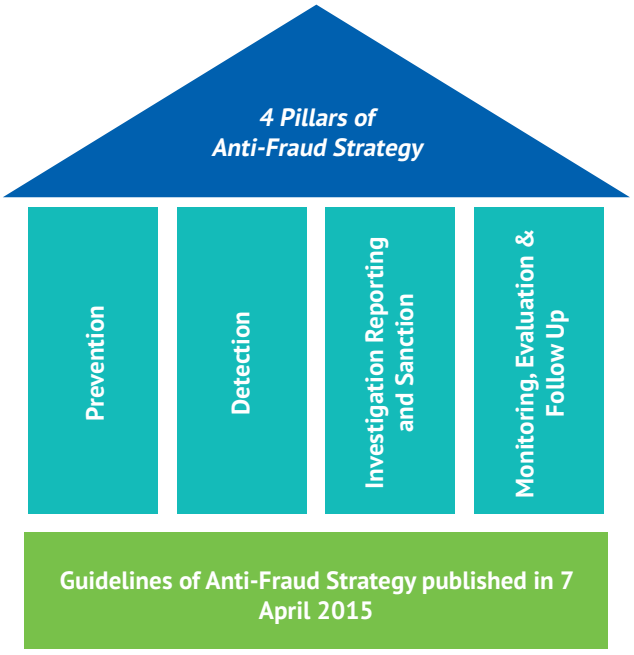
a. Internal and external environment;
b. Business complexities;
c. Potentiality, type and risk of fraud.
d. Resource adequacy.

Purpose

An anti-fraud policy is implemented in BCA for the following purpose:

- To instill an anti-fraud culture in all BCA organizational levels.
- To raise awareness and concern over fraud risks in BCA operations.
- To serve as a reminder for BCA operational officers to comply with existing procedures and policies.

The 4 Pillars of Anti-Fraud Strategy



The implemented anti-fraud strategy is a fraud control system consisting of 4 (four) pillars:

1. **Prevention**
   Comprises methods for lowering the fraud risks from occurring, that should at least cover antifraud awareness, identification of vulnerabilities and know-your-employees principle.
2. **Detection**
   Comprises methods to identify and detect fraud in Bank operations that should at least cover a whistleblowing mechanism, surprise audit and surveillance system.
3. **Investigation, Reporting and Sanction**
   Comprises methods to obtain information, implement a reporting system and impose sanctions for fraud in Bank operations that should at least cover investigation standards, reporting mechanism, and the imposition of sanctions.
4. **Monitoring, Evaluation and Follow-up**
   Comprises methods to monitor and evaluate fraud and the required follow-up action based on evaluation results that should at least cover monitoring and evaluation of fraud and the follow-up mechanism.

Whistleblowing System

The whistleblowing system is a means of internal communication for BCA to report on any action/behavior/incident related to fraud, violation of the law, BCA Collective Work Agreement, Code of Ethics and other BCA internal policies, and/or conflict of interest committed internally within BCA.

The lodging of a report must be done in good faith and not grounded on personal complaint, bad faith, or slander. The following provides the definitions and provisions related to the whistleblowing system

- **Conflict of Interest**
  Conflict of interest refers to a situation where BCA personnel in the discharging of their duties and responsibilities have vested interests other than for the best interests of the company, which could be a personal and family interest, or the interest of other parties that may compromise the person's objectivity in making decisions and policies according to the power and authority which BCA has vested in said person.

- **Purpose of the Whistleblowing System**
  - Confidentiality is assured as a means for a whistleblower to report a fraudulent act, as well as violation of the law, BCA Collective Work Agreement, Code of Ethics and other BCA internal policies, and/or conflict of interest, without any fear or worry.
  - The early detection and prevention of fraud is ensured.

Complaint Mechanism

The following presents the methods and addresses that whistleblowers can use to initiate the disclosure process.

METHOD	ADDRESS/NUMBER
E-mail	bcabersih@bca.co.id
SMS	0818-0818-1909*
Direct Phone Number	021-2358-8008
VSAT – *Extension*	VSAT 89000 Extension 22888
Mail correspondence	PO BOX 1189, JKS 12011

*) This number can only be used for text messaging

Matters Required from the Whistleblower

To facilitate and speed up the follow-up process, the whistleblower needs to fulfill the following matters when filing a report.

1. Provide personal information to facilitate communication with the whistleblower which should at least consist of the following:
   1.1. Name of whistleblower (an anonymous name is allowed);
   1.2. Phone number/email address which can be contacted.
2. Provide an early indication which can be accounted for (3W & 1H) that consists of the following:
   2.1. What is the complaint about;
   2.2. Who is involved;
   2.3. When did it happen;
   2.4. How did it happen;
3. The filed report should be related to the following:
   3.1. Fraud;
   3.2. Violation of the law;
   3.3. Violation of the BCA Collective Work Agreement;
   3.4. Breach of Code of Ethics;
   3.5. Breach of other BCA internal policy;
   3.6. Breach of the conflict of interest policy;
   3.7. Other similar matters.

Whistleblower Protection

For reports that have been proven true, BCA shall provide protection for the whistleblower. Whistleblower protection covers:

1. Guarantee of confidentiality of the whistleblower's identity and content of report lodged by the whistleblower;
2. Guarantee of protection against any act that may be harmful to the whistleblower;
3. Guarantee of protection against the likelihood of a threat, intimidation, punishment or any other unpleasant act brought about by the alleged offender.

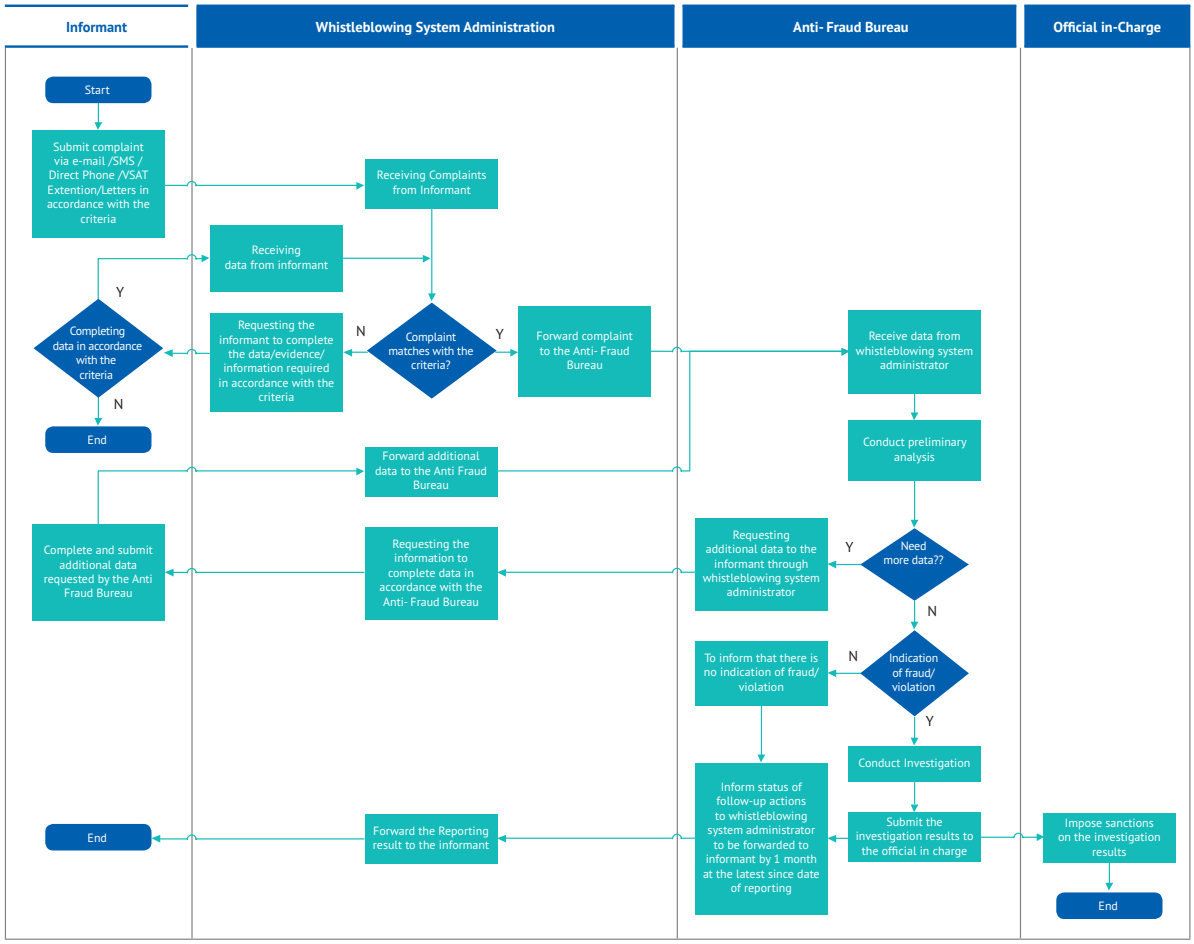
Complaint Handling

Follow-up to a complaint shall be handled thoroughly in compliance with BCA policies and prevailing laws and regulations in Indonesia by BCA's internal team assigned by BCA management.

Imposition of Sanctions

If the investigation process has proven that the alleged offender has committed fraud or wrong doing, the authorized officer shall impose sanctions according to applicable policies.

Report Handling Process Flow



Note :
N : No
Y : Yes

Whistleblowing Data

A recapitulation of incoming reports through the Whistleblowing System is submitted periodically to the Board of Directors. By 31 December 2016, a total of 65 (sixty five) complaints were lodged through the Whistleblowing System with the following status:

Status	Total	Remarks
Closed	65	– Proven (8) – Not proven (17) – Customer Information/complaint only (27) – Incomplete data and informant unable to provide the additional information/data required (13)

Internal Fraud

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

In 2016, the BCA experienced more than one internal fraud incidents at a nominal value of above IDR 100,000,000 (one hundred million Rupiah), including 2 (two) case of internal fraud committed by permanent employees.

Internal Fraud in 1 year	Total Cases Committed by:					
	Committee		Permanent Employee		Non-permanent employee	
	Prior Year	Current Year	Prior Year	Current Year	Prior Year	Current Year
Total Fraud	-	-	1	2	1	-
Resolved	-	-	1	2	1	-
In internal settlement process in BCA	-	-	-	-	-	-
Not investigated yet	-	-	-	-	-	-
Already followed up with legal process	-	-	-	-	-	-

Anti-Gratuity

The level of trust given to the BCA by the public and market players is highly influenced by the code of conduct of the BCA at all levels, beginning from the Board of Commissioners to the Board of Directors, management and all employees. This trust is critical to foster and maintain business relations with customers and other third parties related to BCA.

In practice, there is the potential for such relationships to incline toward more personal purposes where business ties inter-twine with personal relations, causing professional and private interests to collide.

In an effort to build public trust and support the implementation of the principles of Good Corporate Governance, BCA's Board of Directors finds it necessary to establish the necessary policy governing conflict of interest for the purpose of guiding the Bank's work force, as individuals, in interacting with customers, business partners and fellow coworkers.

This policy is intended to provide guidelines on reasonable and reliable conduct for all BCA employees in their dealings with customers, business partners and fellow coworkers, where personal interests must not be allowed to interfere with their professional conduct.

The policy above among others stipulates that:

- All BCA employees are prohibited from soliciting or accepting, allowing or approving the receipt of a gift or reward from a third party who has received or made an attempt to receive facilities from the Bank in the form of loans or other facilities associated with BCA's operational activities.
- All BCA employees are prohibited from soliciting or accepting, allowing or approving the receipt of a gift or reward from a third party who has secured or made an attempt to secure employment or an order associated with the procurement of goods or services from BCA.
- In regard to customers, business partners and other parties offering gifts during specific occasions, such as the Eid al-Fitr celebration or other celebrations, acceptance is prohibited if:
  - receipt of the gift will lead to negative consequences and affect BCA decisions, and
  - the gift costs greater than a reasonable amount

Any BCA personnels who gains possession of a gift must immediately return it with a courteous explanation on Company policy that prohibits the receipt of such gifts.

Concerning this issue and BCA's commitment to promote Good Corporate Governance, all BCA personnels are required to:

1. Know, understand and implement the policy with full responsibility and without exception.
2. Support the implementation of the policy, whereby all members of the Board of Commissioners, Board of Directors as well as echelon 1 (one) to echelon V (five) officials are required to make an annual disclosure of any situation or circumstances that may lead to conflict of interest.

Sanctions for Violations:

1. The policy is binding and must be seriously understood and implemented by all BCA employees as part of the BCA Code of Ethics for Bankers and to support the implementation of the principles of Good Corporate Governance.
2. Any violation or non-compliance with the policy will be liable to sanction according to the severity of the misconduct.

This is part of an effort to prevent gratuities, an act prohibited by existing laws and regulations. In line with this, BCA's Board of Directors since 2003 has issued a Directive to implement the anti-gratuity policy to be adhered to by all Bank personnel.

It has become a culture in BCA to refuse any gift or reward from customers, debtors, vendors, business associates and partners and other third parties for services rendered by BCA employees in carrying out their duties.

AFFILIATED TRANSACTIONS & TRANSACTIONS WITH CONFLICT OF INTEREST

The following table describe details of Affiliated Transactions and Transactions with Conflict of Interest during 2016.

Affiliated Transaction

No	Type of Transaction	Affiliated parties	Transaction Amount
1	Room rental fees for Analyst Meeting Quarter IV year 2015	PT Grand Indonesia	Rp94.380.000,-
2	Room rental fees for 2016 Annual GMS of BCA	PT Grand Indonesia	Rp157.300.000,-
3	Room rental fees for Analyst Meeting Quarter I year 2016	PT Grand Indonesia	Rp94.380.000,-
4	Room rental fees on the 10th floor of Sahid Sudirman Center Building	PT Asuransi Umum BCA	Rp394.725,-/m2/month and service charge Rp 40.000,-/m2/month
5	Long term rental lease of office building at Menara BCA 36th floor	PT Grand Indonesia	US$32 per semi gross meter square per month + 10% PPN
6	Room rental fees for Analyst Meeting Quarter II year 2016	PT Grand Indonesia	Rp94.380.000,-
7	Land and Building Sale and Purchase in Palembang	PT Central Santosa Finance	Rp2.821.240.000,-
8	Room rental fees for Analyst Meeting Quarter III year 2016	PT Grand Indonesia	Rp94.380.000,-
9	Room rental fees for Cash Office	PT Grand Indonesia	Rp4.904.157.060,-

Transaction with Conflict of Interest

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

SIGNIFICANT CASES AND ADMINISTRATIVE SANCTION

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

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

a. In the process of settlement

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

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

b. Resolved (with permanent legal force)

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

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

In 2016, there were no significant cases facing BCA and its subsidiaries, or members of its Board of Commissioners and Board of Directors in office for this reporting period, and consequently there is no effect on BCA's financial condition.

In 2016 there were no material administrative sanctions imposed by authorities (Financial Services Authority, Bank Indonesia, Stock Exchange, and other authorities) on BCA, or members of the Board of Commissioners and Board of Directors.

ACCESS TO COMPANY DATA AND INFORMATION

Access to Information

BCA at all times strives to facilitate stakeholders in accessing Company data and information, including on the Company's financial situation as well as corporate products and actions. BCA also issues press releases and sends them out to the print and electronic media.

To obtain more information, the following contacts are accessible:

1. Customers may contact :
   - **Call Center Halo BCA**
     - Phone : 1500888.
     - Email : halobca@bca.co.id.
     - Twitter : @halobca.
     - Halo BCA Chat : www.bca.co.id.
     - Video Call at main branch offices: BSD, SCBD, Alam Sutera, Thamrin, Matraman, Darmo, and my BCA.
     - Video Banking at myBCA Gandaria City, Bintaro Xchange, Central Park, Kota Kasablanka, Emporium Pluit, Ciputra World Surabaya, Grand City Surabaya, BCA Learning Institute Sentul.

- **Service level at Halo BCA**
  Service Level for the Response of Customer calls:
  - Phone response time: 20 seconds
  - Twitter response time: 3 minutes
  - Halo BCA Chat response time : 3 minutes
  - Email response time: 1 hour
- **Service Level Agreement**
  Complaints settlement vary from 1 to 30 working days, based on the category of complaints. At present, 99.4% complaints are settled in accordance with SLA. The total number of customers contacting Halo BCA in 2016 reached 14,533,260 (fourteen million five hundred thirty three thousand hundred and two hundred sixty) customers.

2. Media may directly contact Corporate Secretary, Public Relations Aspect through humas@bca.co.id.

3. Publication of Investor Relations Information through the BCA website and communication through email.

   In line with the BCA website renewal in 2016, the publication of Investor Relations information through website also underwent renewal of the structure of information. The information published through the BCA website on Investor Relations section include:
   - Financial information (Financial Highlights, Monthly Financial Statements and Quarterly Financial Reports which includes Analyst Meeting materials and other publications).
   - Annual Report.
   - BCA Shareholder's Information.
   - Credit Rating.
   - Investor News.

   The information is published in compliance with the regulatory provisions and in accordance with the needs of the information required by investors, the capital market community and shareholders. Through BCA website, the investors, the capital market community and shareholders can also register their email address to obtain the publication of the quarterly financial information.

   BCA also provides email facility for Investor Relations, namely investor_relations@bca.co.id to communicate to investors, capital market community and shareholders, to provide answers related to BCA financial and business information or suggestions for improving service Investor Relations. Other publication can be provided by other parties.

Website BCA

BCA website (www.bca.co.id) comes with reliable search engine and is supported with mobile responsive design. All are intended to help clients and potential clients with the conveniences in finding a variety of information on products and services delivered by BCA.

BCA website presents a variety of interesting and useful articles, containing Finance & Banking information. Some of corporate activities, such as analyst meetings, financial statements, as well as a variety of CSR (Bakti BCA) activities also become regular content in the BCA website. This is consistent with the Bank's commitment to always maintain transparency of information in order to implement good corporate governance (GCG).

BCA Social Media

In social media, BCA still exists among netizens. BCA is active in different social media platforms such as Facebook, Twitter, Youtube, Kaskus, Instagram and LinkedIn. Through those social media accounts, BCA intends to build a more solid interaction with public. This also reflects BCA's earnestness in making itself always present among society.

In addition to interaction, by using social media listening tools, BCA has continued to respond to various critics and input from social media users in real time, and to respond them in by settling the issues in available channels or in improvements and developments of products based on comments received.

BCA official accounts and social media activities in complete are accessible at www.bca.co.id/socialmedia consistently BCA would continue to prove its existence for public. "**BCA Always By Your Side!**"

List of BCA Press Releases in 2016

In 2016, BCA has issued 148 press releases as provided below in details:

No	Subject	Date
		January
1	Embracing Young Entrepreneurs, BCA Encouraged Young Generations to Create Added Values – Jakarta	13
2	BCA as the Most Admired Company for Job Seekers – Jakarta	28
		February
3	Maintain its Achievements, BCA Won Again Top Brand Award 2016 – Jakarta	2
4	Series of Events for BCA 59th Anniversary: Developing Teacher Quality, BCA Held Teacher Seminar themed "Developing Your Personal Impact and Influence" in Serang	3
5	Series of Events for BCA 59th Anniversary: Improving Children Health Quality in Indonesia, BCA Educated Elementary Students at BCA Fostered Schools– Serang	4
6	Series of Events for BCA 59th Anniversary "Developing Teacher Quality, BCA Held Teacher Seminar "Developing Your Personal Impact and Influence" in Lampung	9
7	Series of Events for BCA 59th Anniversary: Improving the Quality of College Students Self Development, BCAH Held "Star Leader Program" Training for UI and IPB Students – Bogor	13
8	Due to Customer Loyalty, BCA Won an Award in Net Promoter Customer Loyalty Award 2016 – Jakarta	17
9	Teacher Seminar with the theme of "Developing Your Personal Impact and Influence" in Yogyakarta	20
10	Supporting Digital World and Technology Development, BCA Supported Social Media Week 2016 – Jakarta	22
11	Making Customers Dream Come True, BCA Launched Tahapan Berjangka - Jakarta	22
12	Successfully Improving HR Quality, BCA Won HR Excellence Award 2016 - Jakarta	24
13	Supporting Digital and Technology-based Banking Developments, BCA Shared Experiences in The Future of Banking di Social Media Week 2016 – Jakarta	26
14	Creating Added Values of the Company through Service Excellent, BCA Won an Award in Excellent Service Experience Award 2016 – Jakarta	26
15	Serving for 59 Years, BCA Met Its Customer Needs through Innovations in Products and Services – Jakarta	26
16	Supporting Cost Efficiencies, BCA Signed Joint Memorandum with Pertamina Patra Niaga	29
17	BCA Launched Sakuku in its 59th Anniversary	29
		March
18	*Supporting the Development of Spirit of New Technology-based Entrepreneurs, Bakti BCA in Cooperation with Code Margonda Held a Forum for Start-up*	1
19	BCA President Director Jahja Setiaatmadja Won "Lifetime Achievement" Award in Obsession Awards 2016 – Jakarta	2
20	2015 Performance Results: Maintaining Focus on Prudent Principles	3
21	Building the Characters of Young Generation through Art and Culture, BCA Invited Fostered Students to Watch "Semar Gugat" – Jakarta	5
22	Improving the Potentials of Local Tourism, BCA Declared Wukirsari Tourism Village as Adopted Village – Yogyakarta	9
23	Appreciating its Customers, BCA and Singapore Airlines Held Singapore Airlines - BCA Travel Fair 2016 - Jakarta	11
24	BCA and KB Kookmin Card Announced Joint Credit Card Marketing - Jakarta	15
25	Supporting Innovations in Financial Technology, BCA together with DailySocial Held Community Meet Up – Finhacks 2016 - Jakarta	17
26	Ciputra Artpreneur and BCA In Cooperation to Promote Shrek The Musical, an Educative Show for Family - Jakarta	23
27	Supporting Cashless Transactions, BCA and LMS Launched Flazz Card as one of Payment Methods for Cipali Toll Road - Jakarta	31

No	Subject	Date
		April
28	Successfully Developing HR Quality, BCA Won Indonesia Human Capital Award - Jakarta	1
29	Elevating the Company's Brand Position in Digital Era, BCA Won Eight Awards in Infobank Digital Brand Awards 2016 - Jakarta	5
30	BCA Won 11 Awards in Contact Center Service Excellence Award (CCSEA) 2016 - Jakarta	6
31	BCA Held Annual General Meeting of Shareholders – Jakarta	7
32	Equipping College Students to Enter Work Force, BCA Held Seminar for Universitas Hasnudin Students - Makassar	16
33	BCA Won the Title of Top 25 Indonesia Most Creative Companies – Jakarta	21
34	59 Teams Ready to Compete in Final Event of Finhacks 2016 – Jakarta	23
35	*Finhacks Created Three Best Applications, BCA Committed to Support eWallet-based Application Innovations - Jakarta*	24
36	Performance Results in January-March 2016: Maintaining a Solid Position	27
37	BCA Launched Easy and Comfortable Vehicle Tax Payment, West Java - Bandung	27
38	Supporting the Preservation of Traditional Art, BCA Donated Gamelan to FIB UI - Jakarta	30
		May
39	Supports Technology-base Innovation in the area of Education, Bakti BCA backs Young Entrepreneurs	4
40	Consistent in Developing its Banking Service, BCA Won CEO Leadership Awards and Best Managed Banks and Retail Banker of the Year at Asian Banker Leadership Achievement Awards - Hanoi	10
41	Facilitating Customers in Purchasing Property, BCA and Sinar Mas Land Held BCA Expo and Autoshow - Jakarta	14
42	Improving the Quality of Self Development of College Students, BCA Held Leadership Training for Undip Students - Semarang	14
43	Head of Halo BCA Won an Award at Marketeers Youth Women Netizen (YWN) Awards 2016 – Jakarta	15
44	Supporting the Improvements of Literacy Index and Financial Inclusiveness, BCA together with OJK Continued siMOLEK Operation in Jakarta	15
45	BCA Facilitated Easy Top Up of GO-PAY through BCA Virtual Account as a Solution of Integrated Cash Management for GO-JEK - Jakarta	17
46	BCA Management Won an Award in Marketeer of The Year Jakarta 2016 - Jakarta	17
47	Being Most Sought-after Company for Job Seekers, BCA Won Indonesia Most Admired Companies Award – Jakarta	19
48	Improving Regional Tourism Potentials, BCA Declared Taman Sari Tourism Village as Adopted Village– Banyuwangi	19
49	Presenting a Solution for Transactions, BCA Launched BCA-Indomaret Credit Card - Jakarta	19
50	BCA INDONESIA OPEN SUPERSERIES PREMIER 2016	30 May - 5 Jun
51	Mapping of Olympic Strength in Istora – Jakarta	
52	BCA Supported the Development of Health Facilities by Donating a Bus to RSPAD Gatot Subroto - Jakarta	30
		June
53	Ready to Face Digitalization Era, BCA Supported Technology Innovations to Add Values - Jakarta	1
54	Facilitating the Payment of Fertilizers, BCA Entered into Joint Agreement with Pupuk Indonesia Group – Jakarta	2
55	Displaying Best Performance – BCA Won Best Bank Award– Jakarta	2
56	Exciting Shopping All Year: BCA Launched BCA-Matahari Credit Card	2
57	Maintaining Excellent Service, BCA Won Banking Service Excellence Award again in 2016 - Jakarta	2
58	Producing the Generation of Business Leaders, BCA Received Award - Jakarta	3

No	Subject	Date
59	Maintaining its Good Reputation, BCA Won Again Corporate Image Award - Jakarta	9
60	Trials of Flazz Electronic Money at Palimanan Toll Gate - Palimanan	13
61	Consistently Providing Quality Banking Service for its Customers, BCA Won Service Quality (SQ) Award 2016 - Jakarta	16
62	Facilitating Membership Fee Payment, BCA Entered into MoU with BPJS Kesehatan – Jakarta	20
63	Consistently Creating Digital Innovations in Banking Industry, BCA Won Digital Innovation Award for Banking 2016 - Jakarta	23
64	BCA Donated to BOS Foundation for Releasing Orangutan to the Wild at Kehje Sewen Forest, East Kalimantan - Jakarta	24
65	BCA Donated to Casualties of Landslides at Purworejo - Purworejo	24
66	Supporting BI Efforts in Using Coins, BCA Facilitated Money Exchange at "National Coin Care Movement" - Jakarta	25
67	BCA Ready to Meet Customer Needs during Idul Fitri 2016 - Jakarta	30
		July
68	Golf Exhibition and Donation with BCA – Royale Open Tournament 2016 – Jakarta	13
69	Remaining Solid in National Banking, BCA Won Euromoney Award for Excellence - Hong Kong	15
70	PT Bank Central Asia Tbk – Performance Results of Semester I 2016: Maintaining a Solid Position	20
71	Developing the Best Retail Service and Banking Technology, BCA Won The Asian Banker Indonesia Country Awards - Jakarta	27
72	Achieving Positive Financial Performance, BCA Went Up 10 Levels in Forbes Global 2000 Awards - Jakarta	28
73	Conducting Public Expose, BCA Opened Shares Trading in Bursa Efek Indonesia – Jakarta	29
		August
74	Improving the Quality of Teachers at Fostered Schools, BCA Held Again Soft skill Training - Tangerang	4
75	Creating Healthy and Productive Community, BCA Held Again Free Cataract Surgery in Tana Toraja - Toraja	8 sd 10
76	For the Second Time, BCA won The Top Brand in Indonesia – Jakarta	10
77	Supporting the Campaign of Saving Shares, BCA Won an Award – Jakarta	10
78	Promoting Creative Industry in Indonesia, BCA Supported Jazz Gunung 2016 - Jakarta	11
79	Supporting GNNT Program, BCA Launched Kartu Flazz LENTERA – Batam	13
80	Facilitating the Ease Access of Air Transportation, BCA Entered into Syndicated Credit Loan for the Development of Angkasa Pura I Airport - Jakarta	18
81	Jahja Setiaatmadja Raih Won the CEO of the Year Award in Indonesia Property and Bank Award 2016 – Jakarta	18
82	Jazz Gunung Bromo 2016 Opened Today – Purbolinggo	19
83	Supporting the Quality of Early Education, BCA Donated to UNICEF – Jakarta	22
84	Appreciating its Customers, BCA Held a Lottery and BCA BIZZ Expo 2016 - Makassar	22
85	Implementing ISO 27001: 2013 Information Security Management System, BCA Improved Efficiencies and Effectiveness in Managing Information Technology Service - Jakarta	24
86	Supporting Property Industry Development, BCA Won Property Indonesia Award - Jakarta	24
87	Jahja Setiaatmadja Remained as the Best CEO in Asia's Best Companies 2016 – Jakarta	25
88	BCA Committed to Present the Newest Technology Innovations to Support Excellent Service for Customers - Jakarta	30
89	Expanding its Service, MNC Bank Collaborated with BCA and Rintis – Jakarta	31
		September
90	Improving the Quality of Adopted Village, BCA Held Excellent Service Training for the Committee of Dewi Peri - Yogyakarta	1
91	BCA Won the Best Asian Bank in FinanceAsia Country Awards for Achievement 2016 – Singapore	1

No	Subject	Date
92	Appreciating its Faithful Customers, the Board of Directors of BCA Served its Customers in Celebrating National Customer Day - Jakarta	2
93	BCA Participated Again in Sympathetic Parade of National Customer Day – Jakarta	4
94	BCA Won Five Awards at once in Indonesia Banking Award - Jakarta	7
95	*BCA Supported Tax Amnesty Program*	7
96	Leading in Marketing Activities during MEA Era, BCA Won an Award in Indonesia Champion for AEC 2016	15
97	Café BCA III : Supporting Indonesia Economic Power, BCA Facilitated the Development of Creative People– Jakarta	19
98	"Being an Inspiring Teacher" - BCA Held Teachers Training in Mataram – Mataram	20
99	Continuing its Commitment in Introducing Wayang to Students, BCA Held Wayang for Students – Semarang	23
100	Strengthening the Business of Issuing Credit Card, BCA Entered into MoU with JCB - Jakarta	27
101	Supporting the Development of Start Up Fintech, BCA Held a Talkshow - Jakarta	28
102	BCA Won again the Grand Champion Award for the Ninth Time– Jakarta	29
		October
103	Improving the Skills of College Students, BCA Held a Seminar of Preparing to Enter into Work Force - Depok	1
104	Held the Forum of IKF V, BCA Facilitated the Cross Generation, the Discussing Generation - Jakarta	6 - 7
105	IKF V Participants Enthusiastically Discussing Cross Generation – Jakarta	6 - 7
106	BCA Won Best Stellar Workplace Award – Jakarta	10
107	"Being an Inspiring Teacher" – BCA Again Held Teacher Training in Wamena, Papua - Wamena	11 - 12
108	*BCA Held Media Sharing Knowledge*	15
109	Successfully Maintaining Positive Performance, BCA Won Best Performance Bank in Bisnis Indonesia Banking Award - Jakarta	19
110	Capable of Competing in the Digital World in the Future, BCA Won Social Media & Digital Marketing Award 2016 - Jakarta	19
111	Facilitating its Customers to Purchase Their Vehicles and Property, BCA Together with Kota Baru Parahyangan (KBP) Held BCA Expo and Autoshow di Bandung - Bandung	22-23
112	Pemprov DKI and BCA Again Launched E-Parking on Juanda street - Jakarta	24
113	Supporting SME Developments, BCA Held a Seminar of Macro Economy and Introduction of Banking Products - Sidoarjo	24
114	Supporting Saving Culture among Students, BCS Launched LAKU SimPel in Grobogan – Central Java	25
115	PT BCA Tbk – Performance Results of the First Nine Months in 2016	26
116	Maintaining a Sustainable Performance – Jakarta	
117	BCA Supported the Release of 245 Hatchlings to the Wild in Banyuwangi with the Commemoration of Youth Pledge - Banyuwangi	29
		November
118	PaninBank Collaborated with BCA and PRIMA Network in Expanding Their Transaction Services – Jakarta	2
119	Implementing "Socially Responsible Investment", BCA Invested in Endowment Fund Managed by TCW Investment Management - Jakarta	3
120	Improving the Skills of College Students, BCA Provided a Lecture in Banking Trend and Preparation for Work Force - Bandung	9
121	BCA Provided Scholarships for College Students with Achievements in Universitas Padjadjaran - Bandung	9
122	Consistently Providing the Best Service, BCA Won Again ICSA 2016 Award - Jakarta	10
123	Building Characters through Art and Culture, BCA Invited Scholarship Recipients and Employees' Children to Watch "Opera Kecoa" - Jakarta	10-20

No	Subject	Date
124	Introducing the Most Advanced Banking Technology, BCA Presented Tech Day for Students – Bogor	12
125	BCA Provided Scholarships for Students with Achievements at Universitas Hasanuddin - Makassar	15
126	Encouraging the Saving Culture in Local People in Gunung Kidul, BCA Launched LAKU and SimPel – Yogyakarta	17
127	BCA Provided Free Cataract Surgery for Cataract Patients in Palangkaraya - Kalimantan Tengah	17-18
128	BCA Provided Scholarships for Students with Achievements at Universitas Mulawarman - Samarinda	21
129	Introducing Wayang to Students, BCA Held Wayang for Student - Jakarta	24
130	BCA Entered into MoU of Support on the Implementation of Integrated Billing System at PT Pelabuhan Indonesia I, II, III, IV (Persero) - Jakarta	29
131	BCA Won Indonesian PR of The Year 2016 Award, for the Category of Best Corporate Secretary Team – Jakarta	29
132	Encouraging the Improved Business Skills of Technology-based Entrepreneurs, BCA Held a Talkshow - Jakarta	30
		December
133	BCA Donated to Earthquake Casualties in Aceh - Aceh	8
134	Jahja Setiaatmaatmadja Won Indonesia Most Admired CEO 2016 Award	8
135	Continuing on Improving Information Technology Service Quality, BCA Achieved 3 ISO Certificates - Jakarta	9
136	BCA Held Excellent Service Training for Puncak Tinggan Tourism Village, Plaga - Bali	10
137	Encouraging the Community Again to Lead a Healthy Life, BCA Held Surabaya Run - Surabaya	11
138	Café BCA IV : BCA Optimistic of Banking Role in the Next Year – Jakarta	14
139	Improving Education Quality at State Universities, BCA Held Staff Training at Institut Teknologi Bandung - Bandung	14
140	Jahja Setiaatmadja holds his title as the Top National Banker 2016 – Jakarta	15
141	Ready to Distribute Kredit Usaha Rakyat, BCA Collaborated with PT Perisai Wisata Utama	16
142	BCA Won Five Awards at Once in Indonesia Best Banking Brand Award 2016	16
143	Committed to Provide Added Values for Public, BCA Donated to WWF and Perdami - Jakarta	19
144	BCA Participated in Syndicated Credit Loan for PLN	19
145	Keeping Public Trust, BCA Won Indonesia Good Corporate Governance Award 2016 - Jakarta	19
146	*Media Sharing Session: Understanding Banking Fundamental Ratios and Updates of Sakuku - Jakarta*	21
147	Always by Your Side, BCA Ready to Meet Your Needs during Year End Holiday 2016 – Jakarta	22
148	Committed to Improve SBSN Market, BCA Won Four Awards at Once from the Government of Indonesia - Jakarta	23

Correspondence with Financial Services Authority and Indonesia Stock Exchange

In 2016, BCA delivered the following correspondences to Financial Services Authority:

Financial Services Authority

No	Letter No	Date	Subject
1	005/CRS/2016	26/01/2016	Response to OJK Letter concerning Affiliates Transaction Report of PT BCA Tbk
2	007/CRS/2016	05/02/2016	Information Disclosure on Certain Shareholders
3	008/CRS/2016	05/02/2016	Information Disclosure on Certain Shareholders
4	010/CRS/2016	12/02/2016	Information Disclosure on Certain Shareholders
5	011/CRS/2016	12/02/2016	Information Disclosure on Certain Shareholders
6	012/CRS/2016	12/02/2016	Information Disclosure on Certain Shareholders
7	013/CRS/2016	15/02/2016	Submission of Additional Documents related to Working Papers of Integrated Corporate Governance Semester II Year 2015 of PT BCA Tbk (DPB 3 – OJK)
8	014/CRS/2016	22/02/2016	Response to Financial Services Authority Letter Concerning Affiliates Transaction Report of PT BCA Tbk
9	016/CRS/2016	01/03/2016	Submission of Advertising Evidence of Annual GMS 2016 of PT BCA Tbk
10	018/CRS/2016	03/03/2016	Submission of Report in Relation to Transaction with Transaction Value Not More than 0.5% of Paid-Up Capital of the Company and not Larger than Rp 5 Billion
11	019/CRS/2016	04/03/2016	Submission of Annual Financial Statements of 2015 of PT BCA Tbk (Audited)
12	020/CRS/2016	07/03/2016	Submission of Advertising Evidence of Summary of Consolidated Financial Statements of PT BCA Tbk and Subsidiaries (DPB 3 – OJK)
13	021/CRS/2016	07/03/2016	Submission of Advertising Evidence of Summary of Consolidated Financial Statements of PT BCA Tbk and Subsidiaries
14	023/CRS/2016	16/03/2016	Submission of Evidence of Summon of Annual GMS 2016 of PT BCA Tbk
15	024/CRS/2016	16/03/2016	Submission of Evidence of Summon of Annual GMS 2016 of PT BCA Tbk (DPB 3 - OJK)
16	028/CRS/2016	24/03/2016	Information Disclosure on Certain Shareholders
17	034/CRS/2016	11/04/2016	Submission of Report in Relation to Transaction with Transaction Value Not More than 0.5% of Paid-Up Capital of the Company and not Larger than Rp 5 Billion
18	036/CRS/2016	11/04/2016	Submission of Announcement Evidence of Minutes of Annual GMS 2016 of PT BCA Tbk
19	037/CRS/2016	11/04/2016	Submission of Announcement Evidence of Minutes of Annual GMS 2016 of PT BCA Tbk (DPB 3 – OJK)
20	038/CRS/2016	11/04/2016	Submission of Copy of Deed of Minutes of Annual GMS 2016 of PT BCA Tbk (DPB 3 – OJK)
21	039/CRS/2016	11/04/2016	Submission of Evidence of Notification Advertising to Shareholders on Distribution of Cash Interim Dividend of Fiscal Year 2015 of PT BCA Tbk
22	045/CRS/2016	27/04/2016	Submission of Report in Relation to Transaction with Transaction Value Not More than 0.5% of Paid-Up Capital of the Company and not Larger than Rp 5 Billion
23	047/CRS/2016	28/04/2016	Information Disclosure on Transaction with Affiliates
24	048/CRS/2016	28/04/2016	Submission of Announcement Evidence of Summary of First Quarter Financial Statement of 2015 of PT BCA Tbk and Subsidiaries as of 31 March 2016
25	049/CRS/2016	28/04/2016	Submission of Announcement Evidence of Summary of First Quarter Financial Statement of 2015 of PT BCA Tbk and Subsidiaries as of 31 March 2016 (DPB 3 – OJK)

No	Letter No	Date	Subject
26	050A/CRS/2016	29/04/2016	Submission of Deed of New Management of PT BCA Tbk
27	050B/CRS/2016	29/04/2016	Submission of Deed of New Management of PT BCA Tbk (DPB 3 – OJK)
28	054/CRS/2016	09/05/2016	Submission of Copy of Deed of Minutes of Annual GMS 2016 of PT BCA Tbk
29	055/CRS/2016	09/05/2016	Submission of Copy of Deed of Minutes of Annual GMS 2016 of PT BCA Tbk (DPB 3 – OJK)
30	058/CRS/2016	13/05/2016	Information Disclosure on Certain Shareholders
31	059/CRS/2016	13/05/2016	Information Disclosure on Certain Shareholders
32	060/CRS/2016	13/05/2016	Information Disclosure on Certain Shareholders
33	061/CRS/2016	13/05/2016	Information Disclosure on Certain Shareholders
34	067A/CRS/2016	06/06/2016	Submission of Information of Appointment of Audit Committee Chairman and Members of PT BCA Tbk
35	074/CRS/2016	30/06/2016	Information Disclosure on Certain Shareholders
36	076/CRS/2016	01/07/2016	Information Disclosure on Transactions with Affiliates
37	078/CRS/2016	11/07/2016	Submission of Announcement Evidence of Information Disclosure
38	080/CRS/2016	12/07/2016	Submission of Response to OJK Letter No S-481/PM.221/2016 dated 1 July 2016
39	083/CRS/2016	21/07/2016	Submission of Report in Relation to Transaction with Transaction Value Not More than 0.5% of Paid-Up Capital of the Company and not Larger than Rp 5 Billion
40	084/CRS/2016	21/07/2016	Submission of Semi-annual Financial Statements 2016 of PT BCA Tbk (unaudited)
41	085/CRS/2016	22/07/2016	Submission of Evidence of Announcement of Summary of Semi-annual Financial Statements 2016 of PT BCA Tbk (unaudited)
42	086/CRS/2016	22/07/2016	Submission of Evidence of Announcement of Summary of Semi-annual Financial Statements of PT BCA Tbk (unaudited) Per 30 June 2016
43	098/CRS/2016	31/08/2016	Information Disclosure on Transactions with Affiliates
44	104/CRS/2016	07/10/2016	Information Disclosure on Certain Shareholders
45	105/CRS/2016	07/10/2016	Information Disclosure on Certain Shareholders
46	106/CRS/2016	10/10/2016	Information Disclosure on Certain Shareholders
47	110/CRS/2016	14/10/2016	Information Disclosure on Certain Shareholders
48	111/CRS/2016	14/10/2016	Information Disclosure on Certain Shareholders
49	004/DCS/2016	26/10/2016	Submission of Report in Relation to Transaction with Transaction Value Not More than 0.5% of Paid-Up Capital of the Company and not Larger than Rp 5 Billion
50	007/DCS/2016	28/10/2016	Submission of Evidence of Announcement of Summary of Consolidated Financial Statements of PT BCA Tbk & Subsidiaries per 30 September 2016
51	008/DCS/2016	28/10/2016	Submission of Evidence of Announcement of Summary of Consolidated Financial Statements of PT BCA Tbk & Subsidiaries per 30 September 2016 (DPB 3 – OJK)
52	021/DCS/2016	14/11/2016	Request of Extension of Period to Respond to OJK Letter No. S-886/PM.221/2016
53	026/DCS/2016	25/11/2016	Submission of Advertising Evidence to Shareholders of Distribution of Cash Dividend 2016 of PT BCA Tbk
54	132/DCS/2016	29/12/ 2016	Information Disclosure on Transactions with Affiliates

In 2016, BCA has delivered correspondences to Indonesia Stock Exchange, as follows:

Indonesia Stock Exchange

No	Letter No.	Date	Subject
1	017/CRS/2016	03/03/2016	Information on Publication of Annual Financial Statement Summary of 2015 (Audited) of PT BCA Tbk
2	035/CRS/2016	11/04/2016	Report and Announcement of Schedule of Cash Dividend Distribution of Fiscal Year 2015 of PT BCA Tbk
3	041/CRS/2016	14/04/2016	Submission of Copy of Minutes of Meeting of 2016 GMS of PT BCA Tbk
4	044/CRS/2016	27/04/2016	Information on Publication of Summary of First Quarter Financial Statement of 2016 (unaudited) of PT BCA Tbk
5	046/CRS/2016	28/04/2016	Submission of First Quarter Financial Statements of 2016 of (unaudited) of PT BCA Tbk
6	082/CRS/2016	20/07/2016	Information on Publication of Summary of Semi-annual Financial Statements of 2016 (unaudited) of PT BCA Tbk
7	090/CRS/2016	03/08/2016	Submission of Implementation Result of Issuer Presentation and Press Release Presentation during First Trading and Public Expose 2016
8	003/DCS/2016	26/10/2016	Information on Publication of Summary of Third Quarter Financial Statement of 2016 (unaudited) of PT BCA Tbk
9	006/DCS/2016	27/10/2016	Submission of Third Quarter Financial Statements of 2016 of (unaudited) of PT BCA Tbk
10	025/DCS/2016	25/11/2016	Report of Announcement on Schedule and Distribution Procedure of Cash Interim Dividend of Fiscal Year 2016 of PT BCA Tbk

Internal Communication

Internal communication plays a central role in building corporate character and corporate culture while fostering solid team work. Smooth, intensive and effective internal communications in disseminating Company information accelerates processes and procedures at all organizational levels. Overall Company performance is inextricably linked to effective Company-wide internal communication support.

Information content and communication media are the keys to successful internal communication. Both components are complementary and together ensure that information reaching employees is understandable and actionable.

With a sizeable work force dispersed across Indonesia, effective internal communication is key to making BCA's vision and mission real. BCA is fully aware of the need for an accurately-targeted internal communication strategy which, among other goals, aims to cultivate a harmonious relationship with all employees.

Internal communication media in BCA, includes:

1. **InfoBCA**

   InfoBCA is a monthly in-house magazine that functions as a media for education, sensitization, entertainment and the sharing of knowledge, experiences and Company activities for all BCA employees.

   InfoBCA contains information on the Company, products, services, networks, programs, awards and recognitions, technology, activities of all work units and branches spread across Indonesia, subsidiaries, knowledge resources (economy, business and investment), learning and motivation modules and other useful information for employees.

   Periodically, InfoBCA publishes Special Editions that feature information on service-related bank activities. To meet the needs of readers and BCA's employees, in addition to the printed edition, at the end of 2016 the magazine began publishing an e-magazine edition which can be downloaded through MyBCA.

2. ***MyBCA***

MyBCA is BCA's internet-based internal communication media. It is only accessible internally within BCA through Company-provided facilities.

MyBCA is managed by the Information Technology Group in cooperation with Public Relations and other work units at the Head Office. Each work unit maintains their own portal accessible through MyBCA's main page. This internal website functions as a medium for imparting information on the Company, work unit programs and other key information, building awareness on products, services, programs, educational and learning media, and other valuable information.

Employees can download various data such as application systems, texts, pictures and videos useful for supporting work-related activities. MyBCA's function has broadened to include online information and personnel administration services such as health expenses, request for leave, overtime, business trips, employee data, compensation, appraisal and others.

3. **Plasma TV**

To complete internal communication media, Plasma TVs are installed in strategic locations inside BCA office buildings and premises. This audio visual electronic media provides information on the Company, products, services, work unit activities and other important information.

4. ***Email***

BCA relies on email as an internal communication media. Email blasts are effective in spreading information on the Company, products, programs or events, and other information. Another of the many email internal communication facilities is the management communication forum.

5. **Microsoft Lync**

Another internal communication media is based on Software Microsoft Lync, which enables employees to send data or information from their respective personal computer (PC) and easily communicate with each other, similar to the chatting feature in modern gadgets. Microsoft Lync is particularly useful for urgent matters as incoming messages instantly appear on screen with a message alert. In addition, the Microsoft Lync facility can be used for sending large files or data.

6. **Internal Events**

Internal communication is also built through a wide range of internal events, such as:

a. BCA anniversary activities.
b. Branch openings.
c. Lunches Together with Management.
d. Gatherings to celebrate, among others, Christmas/ New Year and Idul Fitri, annual recreational events and events dedicated to BCA retirees.
e. National Working Meetings attended by the Board of Commissioners, Board of Directors, Regional Office Heads, Division Heads, Division Deputy Heads and Branch Heads.
f. Coordination meetings at all levels including the regional and branch levels.
g. Sports, arts and cultural activities under Bakorseni.
h. Knowledge sharing, such as COP (community of practice).

7. **Corporate Identity Manual**

This manual provides internal guidance for BCA, specifically in using the corporate logo. The manual applies to:

a. BCA logo;
b. Building signage: Head Office, Regional and Branch Offices;
c. Corporate materials: ID cards, name cards, corporate advertisements, stationery and others;
d. BCA employee uniforms.

8. **Facebook Semua Beres**

BCA utilizes Facebook as a means of internal communication under the Facebook page Semua Beres. As a social networking site, Facebook helps share information on BCA performance, specifically related to BCA solutions or values. Internal parties within BCA are connected to each other and can exchange information and experiences.

9. **Halo SDM**
   A call center for BCA employees creates a communication line for information related to human resource policies. This facility provides employees with the opportunity to better understand and comply with BCA policies.

Bakorseni

In order to create a work life balance at BCA, The Bank, through its Training and Learning Division, supervises sports and art communities for employees so that they can develop their interests in sports and art. Such communities are coordinated by the Coordinating Body for Sports, Arts and Hobbies, (Bakorseni BCA), at the Head Office and Regional Offices know as:

1. Head Office Bakorseni.
2. Regional Office Bakorseni.

The purpose of this community is to allow all employees to develop their potential in sports and art and to improve the work relationship among employees both within their work unit and with other work units in the head and regional offices so as to nurture a sense of togetherness and camaraderie. It is expected that employees who are actively involved in such activities will create a work-life balance and will encourage employees to keep fit and healthy and will help improve productivity.

Types of Bakorseni activities:

1. Sports: football, volleyball, futsal, basketball, badminton, table tennis, chess, dance/yoga, cycling, tennis, bowling, hiking, running, fishing.
2. Arts: choir singing, band, shadow puppetry, and photography.

In addition to routine activities, Bakorseni organizes a national-scale event known as the National Porseni every 3-5 years, and a regional event for the Jabodetabek area on a yearly basis. Outside of Jabodetabek, the Regional Porseni may be held every 1-2 years.

In its implementation, Bakorseni coordinates with various BCA internal work units and relevant bodies outside of BCA, such as banking institutions and organizations dedicated to sports, arts.

Bakorseni also participated in competitions or championships such as the Inter-Bank Sports Week organized by Bank Indonesia (PORBANK) and other sports events held by the National Private Bank Association (PERBANAS) and the Regional Banking Consultative Board (BMPD).

Bakorseni Activities in 2016

1. The Bank held Porseni at Jabodetabek to commemorate BCA's 59th Anniversary on 26 February 2016 in Gelora Bung Karno Senayan Jakarta involving 762 (seven hundred sixty two) athletes and officials.
2. In the field of sports, the Head Office and Regional Offices held regular training, joint community activities and Regional Porseni.
3. In the arts and for hobbies, BCA held several friendly competitions and members performed in events held by organizations outside BCA.
4. BCA held a National Coordination Meeting attended by National Bakorseni Officers to prepare for National Porseni Event for the BCA 60th anniversary.

CODE OF ETHICS

BCA Code of Ethics for Bankers

1. Comply with existing laws and regulations.
2. Maintain the good name and reputation of BCA and safeguard corporate assets.
3. Maintain the confidentiality of BCA and customer data.
4. Ensure that personal interests do not conflict with the interests of BCA or customers.
5. Accurately record all transactions according to applicable policies.
6. Nurture and maintain a harmonious working environment and healthy competition.
7. Will not abuse their position and powers for personal or family interests.
8. Will not commit an act of misconduct that may be harmful to their professional image and BCA's reputation in general.
9. Will shun all forms of gambling or speculation.
10. Will constantly build their knowledge and broaden their horizons by keeping abreast of developments in the banking industry in particular and the business world in general.

Socialized and Enforcement of Code of Ethics

Pursuant to the Board of Directors Decision Letter No. 778/SK/DIR/95 concerning the BCA Code of Ethics, the Code of Ethics applies to members of the Board of Commissioners and Board of Directors, and BCA's employees. The BCA's Code of Ethics is available in pocketbook form and has been distributed to all BCA employees. Employees sign a statement asserting that they understand and promise to observe and implement BCA's Code of Ethics to guide their conduct and behavior both inside and outside of work. Any breach to the Code of Ethics will be liable to sanctions according to

existing policies. BCA's Code of Ethics is accessible at the Company website under Good Corporate Governance.

Apart from the BCA's Code of Ethics, BCA's Board of Directors has issued a policy that guides employees when liaising with customers, business partners and fellow coworkers based on Board of Directors Decision Letter No.219/SK/DIR/2003 dated 10 November 2003 concerning Transactions with conflict of interest. This Decision Letter applies to all BCA employees, including members of the Boards of Commissioners and Board of Directors. The policy and Code of Ethics are also embodied in BCA's GCG Manual.

Enforcement of Code of Ethics and Sanctions for the Breach of Code of Ethics

- The policy and Code of Ethics are binding in nature and must be understood and implemented in all earnestness by all BCA employees to support the fulfillment of GCG principles.
- In the event of a breach or non-compliance with provisions in the policy and Code of Ethics, the offender is liable to sanctions according to the severity of the wrongdoing. Any decision on this matter shall be made by BCA in proportion to the type and severity of the offense based on a comprehensive evaluation of the individual who has committed the act of misconduct.

In 2016, BCA did not introduce breach of the Code Ethics

CORPORATE CULTURE

Corporate Culture Consists of BCA Vision, Mission and Values. BCA's Vision, Mission and Values are as follows:

BCA Vision

To be the people's bank of choice and a key pillar of Indonesia's economy.

BCA Mission

- To build an outstanding institution in the field of payment settlement and financial solution for business entities and individual customers.
- To understand the diverse needs of customers and offer the right financial services to generate optimal customer satisfaction.
- To increase BCA's franchise value and stakeholder value.

BCA Values

1. **Customer Focus**
   Understand, explore and fulfill customer needs in the best possible way.
2. **Integrity**
   Honest, sincere and direct. A Bank that customers can trust. Trust is built through actions that reflect unquestionable integrity and business ethics.
3. **Team Work**
   Team is a group of people with a special bond, commitment, approach and synergy aimed at achieving a shared goal.
4. **Continuous Pursuit of Excellence**
   Consistently strives to offer the best through the best method with the highest quality.

Vision, Mission, and Values of BCA

The corporate vision and mission provide the platform, direction and guiding principles for all BCA employees in implementing Company activities.

These Corporate Values serve as the moral compass for all BCA employees in fulfilling the corporate vision and mission.

Efforts to build awareness on corporate vision, mission and values are through the following:

1. Head Office, all work units (participants represent echelon 1 to 3 officials).
2. Coordination Meeting/Quality Meeting (QM) across BCA Regional Offices.
3. Career Development Program (Management Development Program/MDP and Manager Development Program), special forums such as the Account Officer (AO) Forum, and specific groups such as Project Management Office/PMO.

BCA's corporate culture is introduced through the induction program for all new employees, specifically on the corporate vision, mission and values. Learning through games is an effective approach for communicating the corporate vision, mission and values to the new employees of Generation Y.

BCA's vision, mission and values are also sensitized through:

- InfoBCA (monthly in-house magazine).
- Employees' PC screen saver and mouse pad.
- In-house training.
- Internal culture video clip.
- BCA handbook.
- Comic book distributed to all employees.
- Games.
- Other media.

BCA mission statements are understood as below:

1. To build an outstanding institution in the field of payment settlement and financial solution for business entities and individual customers signifies that BCA aims to evolve into an exceptional payment institution in all sectors to cover all payment activities in the banking business.
2. To understand the diverse needs of customers and offer the right financial services to generate optimal customer satisfaction signifies that BCA is highly familiar with different customer needs and caters to these diverse needs.
3. To increase BCA's franchise value and stakeholder value denotes a broader meaning that covers corporate value in its totality, both tangible and intangible values. Stakeholder value on the other hand reflects BCA's flexibility in accommodating the interests of various parties.

BCA's vision and mission are evaluated at least every 5 (five) years. In 2014, the corporate vision and mission statements were evaluated by BCA's Board of Commissioners and Board of Directors. Based on the evaluation, it was found that the stated vision and mission remains valid with the current situation.

STOCK OPTION

In 2016, BCA did not have a Stock Option Program.

PROVISION OF FUNDS TO RELATED PARTIES AND LARGE EXPOSURE

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

The LLL is reported regularly to Bank Indonesia in a timely fashion. In 2016, there was no violation or exceeding of the LLL.

Provision of Funds to Related Party and Main Individual and Group Debtors (Large Exposure) in BCA in 2016

No	Provision of Funds	Amount	
		Debtor/Group	Nominal (Million Rp)
1	To Related Parties	198	8,432,976
2	To Main Debtors:		
	a. Individual	50	89,582,508
	b. Group	30	128,331,982

STRATEGIC PLAN

Responding to the dynamic external environment, BCA regularly reviews the Bank's short-term, medium-term and long-term business strategy, which are incorporated into the Bank Business Plan (BBP) and the Work Plan & Annual Budget (WPAB). The BCA's strategic plan is compiled with reference to Financial Services Authority Regulation No. 5/POJK.03/2016 dated 26 January 2016 concerning Banking Business Plans and to Financial Services Authority Circular No. 25/SEOJK.03/2016 dated 14 July 2016 concerning Public Banking Business Plans.

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

BCA 2017 Strategic Plan

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

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

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

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

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

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

- **Payment Settlement Services**

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

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

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

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

- **Prudent lending**

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

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

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

- **Business Development among the Subsidiaries**

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

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

TRANSPARENCY OF FINANCIAL AND NON-FINANCIAL CONDITION UNDISCLOSED IN OTHER REPORTS

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

Transparency of Financial Condition

1. **Annual Report**

   Annual Report Contains the followings:

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

   b. Annual Financial Statement audited by a Public Accountant and Public Accounting Firm registered with Bank Indonesia. The Annual Financial Statement covers a period of 1 (one) fiscal year and is compared to the previous fiscal year, and the start of the earliest comparative year.

   c. Accountability statement of the Board of Commissioners and Board of Directors verifying the content of the Annual Report. The statement is delivered in writing and bears the signature of all members of the Board of Commissioners and Board of Directors.

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

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

Transparency of Non-Financial Condition

BCA discloses information on its products in an explicit, accurate and updated manner. Such information can be easily accessed by customers, among others in leaflets, brochures or other written materials in every BCA branch office in locations that customers can have easy access to, and/or in the form of electronic information made available through hotline service/call center or website. In addition, BCA provides and communicates to customers on its customer complaints and dispute settlement mechanism in compliance with Bank Indonesia policy on customer complaints and banking mediation.

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

1. Transparently publicized its financial and nonfinancial condition to stakeholders, among others through its Periodic Financial Reports, Routine Reporting of Legal Lending Limit to Bank Indonesia, Quarterly Published Financial Reports, and featured in BCA's official website according to existing policies.
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 BCA products in compliance with Bank Indonesia/ Financial Services Authority policy on the transparency of information on banking products and us and protection of customers' personal data.
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.
5. Submitted the Annual Report to Bank Indonesia, Financial Services Authority policy and other institutions as required or deemed necessary.
6. Disclosed information on the Ownership Structure in the Annual Report and BCA's website.

HIGHEST AND LOWEST SALARY RATIO

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

The following is the highest and lowest salary ratio according to the comparative scale.

Ratio	Comparative scale
Highest and lowest employee salary ratio	42,50
Highest and lowest Director salary ratio	3,00
Highest and lowest Commissioner salary ratio	1,62
The ratio of the Highest Director salary and the highest employee salary ratio	6,93

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

SHARES BUY BACK

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

PROVISION OF FUNDS FOR SOCIAL ACTIVITIES

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

Overall, BCA social activities throughout 2016 focused on 3 (three) key pillars:

A. **Pilar Solusi Cerdas (Smart Solution Pillar)** as follows:
   1. Non-Degree Accounting Education Program.
   2. Non-Degree Information Technology Education Program.
   3. Bakti BCA Internship.
   4. Integrated Partner Schools.
   5. Bakti BCA Scholarship.
   6. Banking education and partnership with other institutions related to education, and contributions/donations to other educational institutions

B. **Pilar Solusi Sinergi (Synergy Solution Pillar)** as follows:
   1. Culture
   2. Health
      a. Cataract Surgical Services - Bakti BCA.
      b. Bakti BCA Blood Drives.
      c. Bakti BCA Public Health Service Partnership.
   3. Environmental Conservation.
   4. Bakti BCA Empathy Program in the form of donations for natural disaster victims and sports programs.

C. **Pilar Solusi Bisnis Unggul (Outstanding Business Solution Pillar)**, as a follows:
   1. Partnership with the community.
   2. Business Development Institute.

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

The total amount of funds that BCA has invested in social activities in 2016 is provided in the Chapter on Corporate Social Responsibility of this Annual Report.

Further information on the Company's social activities in 2016 is available in the Chapter on Corporate Social Responsibility of this Annual Report and in the separately produced BCA Sustainability Report.

PROVISION OF FUNDS FOR POLITICAL ACTIVITIES

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

06 Corporate Social Responsibility

ENVIRONMENT

Bank Indonesia (BI) has enacted provisions and regulations dedicated to promoting the national banking industry in improving awareness of environmental management. Banks are expected to enhance their role in environmental stewardship and directly participate in supporting environmental sustainability including through enacting policies on financing for projects that may impact the environment. It is expected that the development of these guidelines will result in better banking practices and will increase the competitiveness of banks that implement these policies in their business strategy.

As one of the biggest domestic banks in Indonesia, BCA is aware of its importance in supporting environmental preservation. BCA strongly supports management of its operational activities to be more environmentally friendly. As such, the Bank has implemented water and electricity saving policies in its all working units in Indonesia. These policies are intended to significantly reduce water and energy consumption and should have positive environmental impact considering BCA's wide business network.

BCA's efforts to improve energy efficiency are implemented by reducing electricity consumption, limiting business trips, and developing an energy savings culture. BCA has introduced teleconferencing and e-learning facilities to reduce fuel usage for transportation and document delivery services. BCA has also intensified network wide paperless banking initiatives.

BCA believes that the success of a company should not be measured by the attainment of profitability alone. More than that, one should look at how far the company would go in helping creating a prosperous society, among others through Corporate Social Responsibility activities.

To support business communication across Indonesia, BCA developed MyBCA, an internal website to disseminate corporate information, work and job description manuals, credit and risk policy manuals, product information, banking services informations, education and learning facilities, as well as other important information, throughout the Bank.

In addition to internal efforts to be more environmentally friendly, BCA, through the Bakti BCA program – Synergy Solution BCA – cooperates with various external organizations that have proven competence in addressing environmental issues.

Environmentally Friendly Material and Energy Use

BCA expects that the following efforts will contribute to preserving the environment for a more sustainable future.

a. **Green Building BCA Tower**
   BCA Tower is the first building in Indonesia to be awarded the GREENSHIP EB Platinum certificate—a prestigious green building certification. This certificate was awarded in 2012 from the Green Building Council Indonesia (GBCI), a non-profit organization affiliated with the World Green Building Council (WGBC) based in Toronto, Canada.

Through a tight certification process, BCA is acknowledged to save electricity consumption by 35% compared to consumption in a similar size building, or equivalent to a reduction of 6,360 tonnes of CO2per year. Currently, BCA Tower uses LED lights that are able to save electricity consumption up to 70% compared to other lights. The T5 tubes are equipped with a light censor to measure the level of darkness or brightness. In addition the LED lights emit less heat and make air conditioners to operate more efficiently.

Electricity efficiency is also implemented through the Bank's Printer Polling Management (PPM) policy, which replaced printers, photocopy machines, scanners, and faxes with a single device shared multi-function printer. This program was able to reduce paper usage up to 11%.

Another innovation in BCA Tower is the use of smart elevators. Smart elevators reduce stopping frequency and thus increase energy efficiency.

BCA Tower, the first building in Indonesia to receive the GREENSHIP EB Platinum.

The banking lounge at My BCA

b. Implementation of Environmental Care

BCA implements policies on environmental conservation in both the head office and in branches. The initiatives among others include:

- Reduce traveling activities and replace with:
  - Teleconference and Video conference for meetings;
  - E-learning for training;
  - Car pooling, a program for sharing a vehicle for employees with similar destinations;
  - Digital document delivery service through e-mail, intranet portal myBCA, and tracking system applications;
  - Operational processes through e-logistic (procurement), e-payment (payment), and MSSESS (Manager & Employee Self Service)—an online portal for employees to meet Human Resources needs
- Reduce paper consumption through paperless banking initiative including storing documents digitally, contributing to energy efficiency, BCA implements environmental friendly policies related to banking solutions, such as E-statement for credit card bills, paperless receipts at ATM's, and digital banking services (m-BCA, Klik BCA) which minimize the need of customers to go to branches;
- Energy saving by using LED lights, adjusting temperature on air conditioning, and turning off lights outside working hours; as well as various water-saving campaigns.

For water efficiency, beginning in 2013 the Bank began using press faucets for its new and renovated buildings and branch offices. This type of faucet uses an automatic stop-flow function to reduce the amount of water consumption. In addition, the Bank applies a rainwater recycling system to water the grounds in the Bintaro Main Branch Office (KCU Bintaro) and Wisma Pondok Indah.

The Bank continues to implement its greenship program by adding more plants/trees in office green areas. The Alam Sutra and the Bintaro Main Branch Offices have introduced Green Walls as part of the branch design. The Alam Sutra main branch office also utilizes Solar panels to generate electricity for the lights in the parking area.

Since 2011, BCA has installed LED lights in new and renovated buildings and Branch Offices. These new buildings using LED lights include KCU Kuta, KCU Dago, Solitaire Kelapa Gading, KCP Kerobokan, KCP Teluk Betung, KCP Buah Batu, KCP Kartasura, KCP Katamso, KCP Singosaren, KCP Taman Kencana, KCP Padalarang, and KCP Kepa Duri.

In addition to using LED lights, beginning in 2014 the Bank has started installing Inverter Air Conditioners (IAC) and using environmental friendly refrigerant R32. IAC units use up to 30 % less power than conventional air conditioners due to the unique and advanced operating module.

In 2016, buildings that use IAC units include KCU Borobudur, KCU Gang Tengah, KCU Panakkukang, KCU Sunter Mal, KCU Tulung Agung, KCU Pangkal Pinang, KCU Serpong, KCU Bukit Darmo, KCU Green Garden, KCU Pekalongan, KCP Citra Garden and KCP Taman Sari.

In the future, the architectural design of new buildings will adopt sustainable design while consider energy consumption in operating the buildings. For facades, a high technology glass will be installed to receive ample sunlight but with lower UV levels, hence keeping the temperature low and minimizing AC usage while optimizing the use of sunlight for lighting. The placement of light switches will be carefully planned by calculating lighting needs by zone. Air Conditioning (AC) is installed based on zoning system, and used in line with the level of consumption need for each zone. For example in the banking service area, AC operates on office hours only, and automatically turns off after office hours. Meanwhile in the supporting operational areas, AC turns off at the end of daily operational activities.

In order to implement these new designs and policies, BCA cooperates with the Indonesian Architect Association (IAI) to host Façade Design Competition for BCA branch in late 2016. Winner is scheduled to be selected in the first quarter of 2017. BCA expects the submitted designs are able to minimize heat penetration; to expand daylight areas; and to consider overall thermal transfer value (OOTV).

For interior, BCA chooses to use environmental friendly materials. About 80% of office furnitures use multiplex materials and assemble on knock-down modular. By using this system, BCA is able to replace damaged materials on partial basis or reuse material. BCA also explores the use of ACP (aluminum composite panel) materials. ACP material has a higher durability compared to wood.

c. Employee Involvement

In addition to management initiatives, the Company encourages employees to implement environmental friendly programs at home and at the office. The Company conducts Green Office programs at Headquarter aiming to increase employees' awareness about their working environment and to change their energy and water using behavior.

As part of this program, the Bank appointed an Agent of Change (AOC) from each Division who coordinates simple activities that can make the workplace more environmental friendly by turning off lights during breaks, minimizing styrofoam usage, minimizing bottled water consumption by using tumblers, using the automatic hibernate system on the computers, two-side printing, garbage segregation, and others.

To monitor and evaluate the implementation of the Green Office initiative, the Bank conducts quarterly AOC gathering as a sharing platform. In addition, to improve employees' enthusiasm toward the Green Office, the Company hosted an inter-division Green Office Video Competition.

In the future, we expect that this program will develop in all BCA branches across Indonesia and contribute to the Energy Saving campaign as part of a lifestyle choice by BCA employees and Indonesians in general.

d. Earth Hour

Earth Hour is a global event organized by the WWF to increase awareness of the danger of climate change. During the event, held annually on the last Saturday in March, participants turn off all non-essential lighting for one hour.

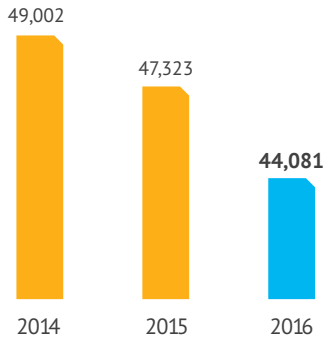
On March 19, 2016, BCA participated in this event by turning off its logos and other outdoor lighting for one hour, from 20:30 to 21:30, in Menara BCA, all main and supporting branch offices and billboards across Indonesia.

e. Accomplishment of BCA's Environmental Friendly Policy

- **Paper Usage**

  By implementing paperless banking initiatives, BCA has reduced paper usage significantly. As illustrated in the table below, total paper consumption for photocopying use has continued to decrease during the last 3 years. In 2016 alone, paper usage for photocopying has decreased by 59 rim per month.

Paper Usage for Photocopying (rim)



- **Electricity Consumption**
  In Menara BCA only, the electricity cost has averagely decreased by Rp40,000,000 per month, with potential saving estimated at Rp480,000,000 in a year.

Waste Management System

Through the Green Office program conducted by the AOC, BCA asks employees to segregate garbage into three different categories: paper, plastic, and food waste. The program is expected to evolve as a habit for employees who will implement it in their daily lives in and outside BCA.

BCA has introduced a water waste management system that segregates waste water into either black water or grey water. Grey water can be reused for watering gardens. BCA buildings use an STP standard system that processes all waste water to make sure it is compliant with Waste Water Disposal Permit standards (IPAL).

EMPLOYMENT, HEALTH, AND WORK SAFETY PRACTICE

At BCA, human capital is the driving force of the Company and plays a central role in the success of the Bank. Every employee is a valuable asset and BCA strives to prioritize comprehensive human capital development. BCA is committed to carrying out sustainable human resources development in order to improve the quality, competence, character, career, and well-being of every employee as a means of fostering a sense of comfort and pride amongst employees. Moreover, BCA also strives to provide maximum protection for the Bank's employees.

For employee protection, BCA has introduced a number of policies intended to assure the rights of each employee. These policies include:

1. **Transparent employment policy.** BCA provides facilities for employees to access the Bank's employment policies including recruitment policies, promotion policies, and remuneration guidelines. Employees can access information online through BCA's intranet system (MyBCA) that includes information as above and can access information offline through Decisions and Circular Letters as well as the Collective Labor Agreement (CLA).

2. **Disclosure of information to employees.** BCA has a comprehensive internal communication mechanism with official correspondence including circulars, e-mail blasts, internal magazine (InfoBCA printed and e-magazine versions), HaloSDM phone service, COP (community of practice), internal portal MyBCA, internal social media MyCollaboration Community (MC2), and a video sharing platform (MyVideo). BCA also operates a Facebook group for internal communication, namely "Semua Beres"

3. **Collective Labor Agreement (CLA).** In order to nurture positive industrial relations, BCA publishes the Collective Labour Agreement (CLA) that is formulated by negotiating teams from management's side and labour union's side. The CLA is updated every two years with latest CLA negotiated in 2016 for the 2016-2018 period.

4. **Conducive working environment.** BCA strives to maintain a positive working environment that supports the achievement of individual targets, unit targets and the Bank's overall performance targets. Management believes that achieving the best possible performance can only be realized in a conducive working environment that is built upon the implementation of a strong corporate culture as well as clear vision and mission of the Bank. Such a conducive working environment is built by developing a healthy competitive performance culture through transparent and fair individual assessments and through periodic evaluations of unit performance.

5. **Clear and well-planned career path and development.** BCA conducts annual employee reviews to develop a clear and planned career path for each employee. The reviews focus on achievements of individual and work unit targets.

6. **Equal opportunity of employment.** BCA provides equal employment opportunities for all employees regardless of their ethnicity, religion, race, class, and gender. The Bank's policy strictly adheres to employee deployment and placement based solely on an employee's merits and competence.

7. **Opportunities for actualization of skills, competencies, talents and interests.** BCA provides employees with opportunities for actualization of their skills and competencies in order to support the fulfillment of performance targets. In addition, employees are also provided the opportunities to develop their talents and interests outside their jobs through sports and art activities. BCA coordinates these activities through the Bakorseni (Sports and Arts Coordinating Board). The activities include AsiaBike (for bike enthusiasts), AsiaLens (for photography enthusiasts), AsiaWangi (for wayang enthusiasts), AsiaHike (for hiking enthusiasts), and more.

8. **Compensation and benefit program.** BCA provides a competitive compensation and benefits program. The Bank periodically reviews overall compensation package for every level in the organization.

Execution Report

a. **Gender and Employment Equality**

BCA gives equal opportunity to each employee regardless of their gender. The recruitment process consistently emphasizes the quality and competence of employees as well as the Bank's needs.

Number of Employees BCA based on Gender

Gender	Total
Men	10,218
Women	14,855
Total	**25,073**

b. **Occupational Safety**

BCA pays great attention to creating a safe working environment at all offices and branches by developing and planning office layouts based on:

- Completeness and appropriateness of the facilities and working environment;
- Cleanliness;
- Harmonious interior layout;
- Proper placement of facilities;
- Completeness and appropriateness of security measures.

The head office in BCA Tower conducts regular evacuation drills participated in by all employees in order to prepare for the possibility of an evacuation in the event of a fire or earthquake or other incident.

c. **Employee Turnover**

A company's turnover rate reflects the nature of its human resource management. BCA is one of banks in the Indonesian banking industry with a low employment turnover rate. The low turnover rate reflects the conducive working environment at BCA with a high sense of belonging.

As of December 2016, the number of employees who resigned totalled 566 individuals for a turnover rate of 2.36%.

d. **Working Accident Rate**

In 2016 there were no work related accidents at BCA. This is a result of the Company's commitment to ensure employees' health and safety while 'on the job'.

e. **Education and/or Training**

In 2016, BCA conducted in-class training which was participated in by 63,460 employees in 2,274 classes representing 387,775 training days. The BCA e-learning program was participated in by 34,307 participants in 2016 compared to 19,653 in 2015. In 2016, there were 970 employees who graduated from the BCA career development program.

(in million Rupiah)

	Jan - Dec 2016	Jan - Dec 2015
Training expense	242,987*)	256,472

* excluding subsidiaries

f. **Remuneration**

BCA is concerned about employees' health and welfare. BCA maintains competitive compensation and benefit packages.

As the result of the Company's commitment to increase its employees' welfare, BCA periodically grants salary increases and pays bonuses based on the Bank's and the employee's performance. In addition, BCA gives extra bonuses in the form of shares in BCA in order to increase sense of belonging in the Company. Bank stocks that were given as bonus compensation based on the employees' performance from 1 January to 31 December 2015 and distributed on 25 April 2016 were granted to 20,446 permanent employees with total shares of 16,328,549 at an average price of Rp 13,241.22/share. The shares are locked up for a period of 3 years in line with the program to increase sense of belonging and to encourage commitment from each individual to improve the Company's and individual performances.

Health benefits given by BCA to its employees includes an in-house health facility with inpatient and outpatient facilities that can provide maternity, eye glasses, dental, and laboratory test as well as medical check-up, and pap smear care and services. This health facility ensures that employee health is sustained and has a positive impact on each employees' life as an individual, a family member, and as a BCA employee.

In order to support the government's program in health service, BCA assists employee's and their families to register for BPJS Kesehatan. BCA allows collective registration for BPJS Kesehatan for a maximum of five family members including the employee.

BCA also provides lactation rooms in several offices which are equipped with support facilities to allow female employees to feel more comfortable using the facilities for breastfeeding their children.

g. **Employment Whistle Blower Mechanism**

The Company provides a platform for employees to discuss issues regarding their employment, the industrial relationship or other issues through Halo SDM (66900) which is accessible through BCA's internal telephone line. The Company protects the privacy of any employees who use the Halo SDM service.

SOCIAL AND COMMUNITY DEVELOPMENT

Local Labor Empowerment

The Company provides opportunities for suitable and competent individuals living in areas surrounding BCA branch or local offices to work for BCA. This program is intended to help the local community by providing employment opportunities.

In order to assist individuals in reviewing job vacancies and applying for jobs at BCA, the Bank provides a platform for searching and applying for jobs at karir.bca.co.id and the LinkedIn account of PT Bank Central Asia Tbk. Applicants who are qualified will be invited for interviews and a further selection process according to BCA's requirements.

Local Community Empowerment

- **Solusi Cerdas BCA (Smart Solution BCA)**

  BCA operates various social responsibility programs under Bakti BCA. In the field of education, BCA runs Solusi Cerdas program. It is expected that this program will improve the competitiveness of Indonesia's human capital, particularly amongst the younger generation.

BCA provides opportunities to study and to join BCA for all layers of society.

The President Director of BCA, Mr. Jahja Setiaatmadja spoke with students from University of Indonesia during the seminar "Preparing to Enter Career World and Effective Communication", at the Convention Hall of the University of Indonesia.

Ongoing Solusi Cerdas BCA programs include:

- **Accounting Education Program (PPA) non-degree**
  Launched in 1996, the program aims to provide free of charge non-degree education to high school graduates or the equivalent who have strong academic credentials but have financial constraints that hinder their ability to pursue higher education.

  The program lasts for 30 months using a conditional knockout system with rigorous academic requirements. In addition to in-class activities, the students participate on the job training programs at BCA. The students will learn soft skills, such as leadership, teamwork, character building, grooming, and financial planning in addition to the hard skills needed to do their jobs.

  The program is supported by qualified teaching staffs consisting of professional and experienced lecturers. The staff oversees the program to gain better understanding of the students' personalities and competence and encourages them to realize their highest potential. The PPA Non-degree program also facilitates the development of students' interests in sports and arts.

  Students do not pay a tuition fee and will receive monthly stipends and facilities such as textbooks and medical examinations in accordance with Company policy. The students have the opportunity to work at BCA after completing the program.

  In 2016, there were 378 participants in the PPA Non-degree program. 122 students completed PPA Non-degree program in 2016, and all the 122 of them decided to work with BCA.

- **Information Technology Education Program (PPTI) Non-degree**
  PPTI Non-degree was first implemented in 2013. As above, the program is intended for high school graduates or the equivalent who want to continue their education and develop their IT skills. The training material used is equivalent to a bachelor program in Information Technology studies, and is enriched with self-development materials.

  The PPTI Non-degree program lasts for 30 months. Participants are not required to pay tuition and are not obligated to join the Bank upon completion of the program. The participants receive stipends and textbooks as well as a medical examination in accordance with Company policy. The students have an opportunity for internship at BCA head office other than taking in-class courses.

  To ensure high quality graduates, PPTI Non-degree implements a conditional knockout program with rigorous academic requirements. After the participants graduate from this program, BCA will offer them a job offering at BCA if there is need for staff. In 2016, there were 118 participants in the program with 29 graduates.

- **Bakti BCA Internship Program**
  The Bakti BCA Internship Program has been in place since 2002. The program is open to candidates with a high school or bachelors degree. Participants enroll for training and a one year internship with no obligation to join the Bank. Participants gain skill in banking operations, personal health, and other areas.

  The Bakti BCA Internship Program gives participants the opportunity to gain experience as a Customer Service Officer (CSO) or a Bank teller. Participants enroll in a number of training programs, such as money counting and sorting, identify the authenticity of currency and various other skills required to support their work functions. In addition, participants are equipped with soft skill training, including motivation and grooming.

  In 2016, there were 3,721 participants in the Bakti BCA program.

- **Bakti BCA School Assistance**
  Initiated in 2000, the Bakti BCA School Assistance aims to improve education quality and access to education as well as to support the development of elementary, middle, and high schools outside the big cities. The program has provided development to 17 schools located in Gunning Kidul (Yogyakarta), Taktakan (Banten), and Gadingrejo (Lampung).

  In 2016, the Bank offered several training programs specifically designed for teachers including seminars entitled "Developing Your Personal Impact & Influence" which was participated in by 300 teachers from 17 assisted elementary, middle, and high schools. The training themed "Guru Hebat Siswapun Hebat" ("Great Teachers Means Great Students") was attended by 50 teachers from 4 schools including SMP Negeri 6 Kota Serang, SMA Negeri 3 Kota Serang, SMP Negeri 1 Gadingrejo, and SMA Negeri 1 Gadingrejo. The 50 participants not only participated in the two-day training program but also had opportunity to consult about drafting an effective Education Execution Plan (RPP), followed by supervision and evaluation of their in-class teaching.

  The Company also continues to donate equipment for education and extra-curricular activities including computers, projectors, keyboard, sports facilities, and more.

  In order to improve students' cultural knowledge, BCA sponsored 100 students from 3 assisted high schools, Gunung Kidul (Yogyakarta), Tatakan (Banten), Gadingrejo (Lampung), to attend a performance by Teater Koma entitled "Semar Gugat". The students were invited to a special stage performance sharing session with the founder of Teater Koma, one of the more popular theater groups in Indonesia. BCA also actively conducts financial literacy education and health seminars for students from the assisted schools.

- **Bakti BCA Scholarship**
  The Bakti BCA scholarship was initiated in 1999. The program is dedicated to highly qualified undergraduate students who are unable to continue their education due to financial constraints. The Bakti BCA Scholarship program allows these students to continue their education.

  In 2016, BCA awarded scholarships to 587 students. The scholarship awards were conducted through cooperation with 16 leading universities in Indonesia including Universitas Indonesia (UI), Institut Pertanian Bogor (IPB), Institut Teknologi Bandung (ITB), Universitas Padjadjaran (Unpad), Universitas Diponegoro (Undip), Universitas Gadjah Mada (UGM), Institut Teknologi Sepuluh Nopember (ITS), Universitas Airlangga (Unair), Universitas Brawijaya (UB), Universitas Udayana (Unud), Universitas Sumatera Utara (USU), Universitas Sriwijaya (Unsri), Universitas Hasanuddin (Unhas), Universitas Samratulangi (Unsrat), Universitas Mulawarman (Unmul), and Universitas Cendrawasih (Uncen).

  BCA provides continuing support for high achiever students by equipping them with the soft skills needed while they pursue their higher education so that they will be better prepared to enter the job market, such as: Public lectures by BCA Directors, among other in University of Indonesia and ITB; Job Preparation Seminars at Unpad, UB and Unhas; Received assistantship or mentoring

for Bakti BCA awardees in 16 state schools; and leadership training for Bakti BCA awardees at UI, IPB, Undip, Unud and USU.

To maintain a good relationship with Bakti BCA scholarship awardees, the Bank has organized a dedicated Facebook Group as a communication platform.

BCA also cooperates with outside institutions to award scholarships including through IKOPIN and ISRSF in giving financial assistance for awardees of the Aryman Fellows and Scholars Program for masters and doctoral degrees.

- **Education Partnership**
  In 2016, the Company partnered with several universities and institutions involved in higher education, including:
  - **Universitas Indonesia:** The Bank sponsored a number of students to attend a Teater Koma performance of "Opera Kecoa" in order for them to gain direct knowledge of Indonesian culture and art development. The Bank also established an endowment fund at UI for scholarships, research, a library, laboratory, and community services. The Company also provided a gamelan set for the University.
  - **Institut Teknologi Bandung:** Provided support for research in information technology development to apply to BCA products.
  - **Universitas Diponegoro, Semarang:** Provided Bloomberg terminals for the Economic and Business Department (FEB) Undip.
  - **Universitas Brawijaya, Malang:** Supported the green and clean program (Go Green Campus) by donating 50 bicycles as well as bicycle parking spots and helping to make bicycles the main form of transportation on the UB campus.
  - **Cooperated with the Youth Education and Sports Department in Mataram, Wamena, Manokwari, Sorong, and Timika:** BCA conducted training for teachers titled "Menjadi Guru yang Menginspirasi" ('Becoming an Inspirational Teacher").
  - **Early Childhood Education (PAUD) Program in Papua**
    BCA also participates in improving early childhood education quality by donating Rp 850 million to the Holistic Integrative Early Childhood Education (PAUD HI) program initiated by the United Nation as part of the International Children's Emergency Fund (UNICEF). This program includes advocacy for early childhood education at both the village and district level in order to improve the awareness of the benefits of early childhood education. The program includes training for program organizers and parents, community based PAUD identification for eligible families, and establishing a monitoring and evaluating system. PAUD HI was conducted in 20 PAUD centers in Sorong and Raja Ampat, Papua for 1,500 children between 0-6 years old and 3,000 foster parents/baby sitters. The program will be continued through 2016-2017.

- **Financial Literacy Education**
  In order to actively support the implementation of financial inclusion and improve financial literacy, BCA conducted several programs in 2016:
  - **Financial Literacy Edcation with Mobil Literasi Keuangan (SiMOLEK):** Initiated by the Financial Services Authority (OJK), this program aims to improve financial planning literacy and introduce financial products and services (benefit, risk, right, and obligation) to mass society. This program was conducted in Denpasar, Garut, Jakarta, Medan, Palangkaraya, Salatiga, Semarang, Tasikmalaya, and Yogyakarta.
  - **Financial Literacy for Indonesian migrant workers (TKI)**: The financial education program for TKI aims to give knowledge about financial planning, financial products/services (benefit, risk, right, and obligation) as well as entrepreneurship to overseas workers. BCA cooperates with OJK, the Indonesian general consulate in Hong Kong (KJRI), and the Agency for the Placement and Protection of Indonesian Migrant Workers (BNP2TKI), and other financial institutions in offering these programs. There were approximately 1,000 TKI participating in this program.

Wayang Cinema show, one of BCA activities in preserving our culture.

One of the activities in the Day Care BCA, held for children of employee.

- **Financial Literacy Education for Students:** The Bank actively supports financial literacy education for students, particularly through the Simpel/Simpel IB saving program (Simpanan Pelajar). Education and the opening of Simpel/Simpel IB accounts were conducted in Bandung and Kuningan (West Java) and Grobogan (Central Java). In addition, BCA also conducted financial literacy and saving simulation programs with more than 200 elementary school students in Pringgabaya Lombok Timur and Gondanglegi Malang East Java, and over 300 elementary school students at SMP Negeri 6 Serang, SMP Negeri 1 Gadingrejo, SMP Negeri 1 Semanu, SMP Negeri 1 Ponjong and SMP Negeri 1 Karangmojo, with 200 of them Tahapan Xpresi as their saving account.
- **Financial Literacy Education through the BCA Day Care Program**: Financial literacy education for school-age children is conducted through BCA's Day Care program for the children of BCA employees. In 2016, Day Care BCA was conducted in five local offices with 440 active participants.
- **Financial Literacy Program LAKU PANDAI:** BCA believes that financial literacy and financial inclusion activities are inseparable and mutually supporting. In line with the goals for financial literacy as put forward by OJK, BCA has developed an educational program intended to give participants a basic understanding of financial management, encourage savings and the role savings can play in a family's future, and instruction on debt management and the difference between debt for consumption purposes and productive debt. In 2016, BCA conducted these programs in Central and West Java including Gunung Kidul, Jepara, Grobogan, Demak, Kudus, and Wonogiri in Central Java and Kuningan, Ciamis, Cirebon, and Majalengka in West Java. The Financial Literacy Program was participated in by 57,021 participants and 79 financial agents in these locations.

- **BCA Synergy Solution**

BCA understands that the Bank can not work alone in improving community welfare. Through BCA Synergy Solution, BCA cooperates with a number of organizations that have experiences in developing programs in Culture, Health, Sports, the Environment, and Disaster Relief.

- **Bakti BCA for Culture**

  BCA takes an active role in the efforts to preserve and support the development of Indonesia's national culture. In 2016, BCA conducted several cultural activities including:

  - **BCA for Wayang Indonesia**

    BCA actively educates and promotes wayang as a cultural heritage recognized by UNESCO to the younger generation. The Bank introduced the "BCA untuk Wayang Indonesia" program in 2012. The program supports the following activities:

- **Wayang for Students**
  As part of the Bank's commitment to support the cultural preservation of Wayang, BCA cooperates with the Art Council of Semarang (DEKASE) in organizing a Wayang program for Students. These programs were held over a period of five days in September 2016. More than 3,000 teachers and students from SMPN 8, SMP YSKI, SMPN 19, SMP Maria Goretti, SMP Nasima and SMA Nasima participated in these programs. The participants attended modernized Wayang performances that were adapted to reflect latest trend. The students also actively participated in the program by being part of the performance, putting on a fashion show, and organizing a flash-mob which motivated them to actively get involved in the stories of Wayang.

- **Wayang in the City**
  As part of the Wayang for Students program, BCA developed a Wayang introduction and educational program for the younger generation entitled "Wayang in the City" in the national museum in Jakarta. BCA invited 600 students from twelve middle and high schools in Jakarta and the surrounding area to join in the event. The program was designed to teach the students about Wayang through a number of performances, including Wayang Golek performances by Adi Konthea from Bandung and Wayang Listrik performances by I Made Sidia form Bali. In addition, BCA also conducted a video blog (vlog) contest whereby the students created a 1 minute vlog about Wayang Indonesia.

- **Batik Book**
  To raise awareness about traditional textiles, particularly batik, BCA sponsored the publishing of two books about batik entitled "Panduan Batik Tulis" and "Batik Pekalongan dari Masa ke Masa." These books are expected to be published in 2017.

- **Cultural Education**
  Culture is a self-building element. In order to introduce culture to the younger generation, BCA invited Bakti BCA scholarship recipients based in Jabodetabek to attend the 146th Teater Koma performance entitled "Opera Kecoa." The performances were held daily over 11 days in November 2016 at Graha Bhakti Budaya, Taman Ismail Marzuki, Jakarta. The 600 students in attendance are hoped to learn from the inspirational story about the spirit of fighting for life and never giving up.

  Cultural education through Teater Koma performance was not the first to be held by BCA. In March 2016, BCA invited 100 students and faculty members from three Bakti BCA-assisted high schools, SMAN 3 Serang, SMAN 1 Gadingrejo, and SMAN 1 Karangmojo to attend the 143rd Teater Koma performance of "Semar Gugat."

- **Bakti BCA in Health**
  BCA cooperates with several credible health care institutions to provide health care and social services. In 2016, BCA sponsored several health care related programs including:
  - **Cataract Surgery**
    BCA has been collaborating with the Cataract Blindness Control unit of the Association

Supporting the 146th production of Teater Koma

Social activity of cataract surgery, in collaboration with SPBK Perdami

of Indonesian Ophthalmologist (SPBK Perdami) since 2011 and has conducted 49 free cataract surgeries in several regions in Indonesia.

In 2016, BCA paid for cataract surgeries for 639 patients in RSUD Lakipadada, Tana Toraja, South Sulawesi; RSUD Puri Husara Tembilahan, Indragiri Hilir, Riau; RSUD Puruh Cahu, Murung Raya, Central Kalimantan; RS Medika Lestari, CIledug, Tangerang, Banten; and RS Puri Cinere, Depok, West Java. In addition, BCA donated two medical microscopes to SPBK Perdami.

The free cataract surgery program is intended to support the Indonesian government and World Health Organization (WHO) Vision 2020 "The Right to Sight" initiative to reduce blindness around the world. BCA plans to continue and expand this program in the future.

- **Health Care Services**
  For an even disribution of health care, in 2016, BCA provided free medication in five Tourism Assisted Villages as part of BCA 59th anniversary celebration events. These villages include Desa Wisata Sunten Jaya, Batu Lonceng, Lembang, West Java; Goa Pindul, Yogyakarta; Desa Wukirsari, Yogyakarta; Desa Pentingsari, Yogyakarta; and Desa Tamansari, Banyuwangi. The free medication program was also conducted in two Assisted Clinics: Duri Utara Clinic and Bakti Medika Clinic.

  Since 2012, BCA has been facilitating affordable high quality health services for the under-previllaged, including general health consultation, medication, Family Planning (KB) services, minor surgery, immunization for children, vaccination for adult, and others.

  During 2016, two clinics that are assisted by BCA have provided health services for 12,758 patients including 10,141 patients at the Duri Utara Clinic and 2,617 patients at the Bakti Medika Clinic.

- **Blood Donation**
  Beginning in 1991, BCA has collaborated with the Indonesian Red Cross (PMI) to conduct regular blood drives in the head office and branch offices around the country. In 2016, BCA donated 2,958 blood bags to the PMI, an increase from previous year's 1,820 blood bags.

- **Health Literacy Education**
  In line with BCA's commitment to improve the health of Indonesian children, BCA conducted health literacy education programs in nine assisted elementary schools in Serang, Banten; Gadingrejo, Lampung; and Yogyakarta. During the educational programs, participated in by 2,154 students ranging from the 1st to 6th grade, the students learned the importance of dental hygiene and brushing their teeth correctly and the importance of washing their hands regularly.

Blood donation, a routine activities conducted quarterly by BCA and PMI.

BCA supports the early childhood education to every corner of the country.

BCA conducts various education program for students in many provinces.

BCA donates for releasing orangutan conducted by BOSF

- **Others**. In addition to health education programs, BCA actively provides support in the form of both donations as well as sponsorships to various health awareness institutions including the Alzheimer Awareness Campaign (Alzheimer Foundation/ ALZI), the TBC Eradication program, and providing two bus to the Pusat Angkatan Darat Hospital (RSPAD) in Jakarta, among others.

- **Bakti BCA for the Environment**
  - **Releasing Orangutans**

    BCA donated Rp 200 million to the Borneo Orangutan Survival Foundation (BOSF) to assist the orangutans rehabilitation program in Kehje Sewen Forest, East Kalimantan. This funding was related to BCA programs for natural ecosystem preservation, particularly for orangutans.

    The Orangutan (*pongo pygmaeus*) is a protected species and plays an important role in the forest ecosystem. The orangutan population in Kalimantan has declined to about 55,000 due to land conversion, illegal logging, forest fires, hunting, and the illegal wildlife trade. The decline in the orangutan population and encroachment on their habitat motivated the BOS Foundation to initiate the rescue, rehabilitation, and release program to protect the orangutan and their habitat.

    BCA has been involved in efforts for habitat conservation since 2012.

  - **Turtle Conservation**

    As a banking institution concerned about the environment and animal conservation, BCA fully supports the turtle conservation program managed by the World Wide Funds for Nature (WWF) to ensure the balance of turtle ecosystem. The turtle is on the Red List of Threatened Species and WWF Indonesia is one of the organizations that operate turtle conservation programs. BCA donated Rp 445 million to WWF for the turtle conservation program in Pangumbangan, Ujung Genteng, Sukabumi and Aroen Meubanja, Aceh on December 2016.

    In addition, BCA donated Rp 100 million to the Banyuwangi Sea Turtle Foundation (BSTF) to assist in the release of 245 tukik baby sea turtles at Boom Beach, Banyuwangi, on February 2016 as part of BCA 59th anniversary celebration. The program was initiated by BSTF in response to a decrease in the turtle population in Banyuwangi over the last 20 years, due to fisherman and reselling activities. BSTF works with local residents and related organizations to evacuate turtle eggs to a semi-natural incubation shelter until the eggs hatch for easier monitoring. The hatched turtles are released on the shore in the same place where the eggs were found.

The turtle hatchery has become a tourist attraction and is expected to raise awareness for the locals and create opportunities for Eco-tourism.

- **Green Office**
  BCA implements environmentally friendly energy saving programs known as the Green Office. This program has been explained on page 423 of this report.

- **Bakti BCA in Sports**
  In 2014 BCA signed a Memorandum of Understanding with the Indonesian Badminton Association (PBSI) to organize an international badminton championship. The BCA Indonesian Open (BIO) annual championship was initiated by PBSI, the Badminton World Federation (BWF) and several other institutions.

  The 2016 BCA Indonesia Open Super series Premier (BIOSSP) took place at Istora Senayan, Jakarta, on 30 May to 5 June 2016. There were 332 players from 24 countries competing in this premier level tournament.

  In addition, BCA supports a variety of other sports activities through the donations and sponsorships including the golf tournament and the BCA Surabaya Run, amongst others.

- **Empathy**
  BCA actively supported victims of natural disasters throughout 2016, including victims of landslides in Purworejo, floods in Garut, and the earthquake in Aceh.

- **BCA Excellent Business Solution**
  Community empowerment aims to create an environment whereby individuals can grow and progress independently. BCA supports community empowerment through the BCA Excellent Business Solution program. This program was developed in line with BCA's excellence in banking solution.

Business Development Institution (LPB) Mitra Bersama

- Small and Medium Entrepreneurs (SMEs) play a major role in Indonesia to provide job opportunities for millions of people and help strengthen the fundamentals of the Indonesian economy.

  Since 2009, BCA collaborated with PT Astra International Tbk and PT Pertamina (Persero) Tbk in establishing the Business Development Institution (LPB) Mitra Bersama to support the development and sustainability of SMEs.

  LPB Mitra Besama was assisted by Yayasan Dharma Bhakti Astra and Bakti BCA, among others, in providing consultation and training in financial management, designing packages, website development, and quality control. BCA also provided training in banking and financial institutions including introduction to banking products and services, SME financing; expanded SME network, such as through meetings, bazaars and others.

  Currently, LPB Mitra Bersama operates in several cities, including:
  - LPB Mitra Bersama Sidoarjo, East Java: 553 SME business engaged in handicrafts, convection, repair shops, and motorcycle spare parts.
  - LPB Mitra Bersama Palembang, South Sumatra: 166 SME business engaged in culinary, woven textile and repair shop.
  - LPB Mitra Bersama Yogyakarta: 217 SME business engaged in the culinary, repair shops, and trading.
  - LPB Mitra Bersama Pontianak, West Kalimantan: 130 SME business engaged in the culinary, handicrafts, and repair shops.
  - LPB Mitra Bersama Solo, Central Java: 40 SME businesses.

  LPB Mitra Bersama organizers actively cooperate with educational institutions and regional governments as well as related local institutions to provide more effective services to support the development of SMEs.

BCA supports the tourism development at Gua Pindul Yogyakarta.

BCA pays attention on many cultural-based tourism program.

- **Partnership with Community**
  BCA actively assists various communities to open new businesses and create employment opportunities for local communities. These undertakings also aim to promote the well-being and independence of the community, which will then indirectly support Indonesian economic development. These programs include:

  - **Wirawisata Gua Pindul Development**
    Paguyuban Wirawisata Gelaran II is a community based program initiated by the karang taruna youth organization to develop Gua Pindul tourism located in the Village of Bejiharjo, Karangmojo sub-district, District of Gunung Kidul, Yogyakarta. This tourism village is expected to empower the local community through job openings and business opportunities.

    Since 2012, BCA has actively supported the efforts of Karang Taruna Gelaran II Desa Bejiharjo by installing BCA's Electronic Data Capture (EDC) as an alternative means of payment (credit, debit and Flazz cards) for tourists visiting Gua Pindul. In addition, BCA runs soft skills training programs and provides grants to develop facilities in the tourist village of Wirawisata Goa Pindul, such as joglo, an early childhood education school along with uniforms and textbooks, as well as training for brand and online marketing and leadership training for village leaders.

  - **Pentingsari Tourism Village Development**
    Pentingsari, known as Dewi Peri village, is situated on the slopes of Mount Merapi, Cangkringan, Sleman, Yogyakarta. It has the potential to be developed as an eco-tourism village as well as a cultural and farming tourist village. Tourists can stay in a typical village house and experience typical rural Java living.

    BCA provides training for the management team of the village and for the maintenance and management of the facilities as well as human resources. The training covers various subjects including the tourism industry and its management, service excellence, teamwork, communication, brand and online marketing, as well as leadership for the village leaders.

    BCA also assisted Dewi Peri village in the construction of the village secretariat office, renovating and building new pavilions used by guests, and providing support for cottage industries involved in producing snacks and signature "Dewi Peri" souvenir. BCA also donated a Gamelan set to the village.

  - **Tamansari Tourism Village Development**
    Tamansari Tourism Village is located in the district of Licin, Banyuwangi, on the slopes of Mount Ijen. The tourism potential of the area is focused on coffee, cloves, and chocolate farming. There is also a sulfur mine as well as a distinct local culture as evidenced by the Gandrung dance.

In addition to soft skills, BCA provided infrastructure development funding for the village's secretariat office, washrooms, and the pavilion reception area. BCA provided donations for the construction of Seruni pavillion in support of tourism in the village. BCA also provided training for the village leaders in brand, online marketing and leadership management.

- **Wukirsari Tourism Village Development**
  Wukirsari Village, located in Imogiri district of Bantul region, is well known for its traditional form of batik weaving that has been handed down from generation to generation. The village is also well known for their *tatah sungging* (leather crafts) used for 'wayang kulit' and other leather products. To improve tourism management, BCA organized training seminars on human resources skills through comparative studies on tourism service.

  In mid-2015, BCA provided financial support. In 2016, BCA helped fund the construction of wayang stage infrastructure for the Wukirsari tourism village. As an effort to develop soft skills, BCA held training for brand and online marketing, as well as leadership for the village leaders. Benchmarking trips to Saung Mang Udjo in Banding were also organized for implementation ideas.

- **Gemah Sumilir Tourism Village Development**
  Gemah Sumilir Batik Village, located near Pekalongan in Central Java, has a long history in the production and art of batik. In 2016, BCA held training for brand, online marketing and leadership. Benchmarking trips to Pentingsari Tourism Village were also organized for village leaders. BCA donated a Joglo reception area, a secretariat office, workshops and batik exhibition room to the village.

- **Puncak Tinggan Tourism Village, Badung Bali**
  In 2016 BCA held an Excellence in Service seminar and training for administrators of Puncak Tinggan Tourism Village, Bali. The Puncak Tinggan village administrators are expected to create new tourist attractions for the village development in order to achieve sustainable welfare for the people.

- **Code Margonda Community Assistantship**
  Code Margonda community is a place for community center intended for gathering for meetings, sharing, and workshops in Depok, West Java. The Center creates a cooperative ambiance for creative industries through the introduction of community-based value in business development.

  BCA assisted Code Margonda Community by donating co-working space office equipments in Depok and facilitated regular community meet-ups.

BCA helps building or renovating the facility in a number of tourism villages.

BCA helps preserving traditional artwork, such as the making of Wayang.

Company Expenses for Social Activities

	Total Amount (in million Rupiah)
BCA Smart Solution:	**44,400**
PPA/PPTI non degree	21,554
Bakti BCA School Assistance	373
Bakti BCA Scholarship	12,985
Financial Literacy Education	4,516
Education Partnership	4,972
BCA Synergy Solution:	**10,171**
Culture	3,548
Health	4,180
Environment	737
Sports	1,185
Empathy	367
Others	154
BCA Excellent Business Solution	**3,440**

Other Forms of Donation

BCA donates to organizations that host social activities and services intended to provide support facilities for the Indonesian people. In 2016, BCA donated to social service activities for underprivileged children, orphans, assistance to the PEPABRI foundation, Korps Cacat Veteran Republik Indonesia foundation, the Legiun Veteran Republik Indonesia (LVRI), and Purnayuda.

BCA actively supports several organizations that focus on maintaining and developing Indonesian culture, either through donations or sponsorships. These groups include Persatuan Pendalangan Indonesia (Pepadi), Unima Indonesia, and Teater Wayang Indonesia (Senawangi).

Anti-Corruption Policy and Procedure Communication

The company requires each employee to participate in Anti Fraud Awareness training. This training discusses among others types of fraud, anti-fraud strategies, and whistle blowing system. In 2016, a total of 4,667 new employees participate in this training in 249 classes, and 13,310 existing employees completed the e-learning program.

GOODS AND/OR SERVICES RESPONSIBILITY

BCA believes that protecting customers is a key to establishing and maintaining trust in the banking system. BCA maintains customer trust by adhering to prudential banking principle as well as prioritizing security and service for customers.

Customer focus is a key BCA core value. At BCA, business management is not only for earning profits but also for providing banking solutions to the Bank's customers, partners, and all stakeholders. As such, banking solution development is based on the needs of customers with consideration to the customer's protection and security while conducted in a consistent and sustainable manner.

Execution

a. **Consumer Health and Security**
The Company is highly concerned about customer security at BCA's branch offices. BCA's branch offices are equipped with tested safety facilities and procedures. BCA also conducts periodic checks on the suitability of the facilities.

b. **Goods and Services Information**
Customer education is key to preventing transaction fraud or other types of fraud. BCA actively develops education programs related to transaction safety for BCA banking products and services.

Halo BCA plays a major role in assuring the security and comfort of BCA's customers and the public. BCA also communicates with customers regarding transaction security via the www.bca.co.id website and the @HaloBCA Twitter account. BCA uses a wide variety of social media based educational platforms, including:

- HaloBCA Call center number 1500888
- Facebook Fan Page
  - www.facebook.com/XpresiBCA
  - www.facebook.com/GoodLifeBCA
  - www.facebook.com/BizGuideBCA
  - www.facebook.com/BCAKlikPay
  - www.facebook.com/KartuKreditBCA
- Twitter @XpresiBCA
  - @GoodLifeBCA
  - @BizGuideBCA
  - @HaloBCA
  - @BCAKlikPay
  - @KartuKreditBCA
- Youtube www.youtube.com/solusiBCA
- Kaskus Bank Central Asia
- Slideshare www.slideshare.net/SolusiBCA
- LinkedIn PT Bank Central Asia Tbk.
- Instagram @GoodLifeBCA

BCA also actively publishes educational materials related to BCA's banking solutions through Berita BCA. In 2016, BCA cooperated with several online media to publish and manage Berita BCA. These media companies include Kompas.com, Pikiran-rakyat.com, Jawa Pos News Network (JPNN), Kontan.co.id, mobile version of Detik.com, SWA online, Tempo online, Metrotvnews.com, and other media outlets.

c. **Customers Complaint Handling, Platforms, and Numbers**

BCA customers' suggestions and complaints are valuable feedback and are used by the Bank to strengthen and improve its service quality. BCA operates several communication mediums for customer suggestions and complaints. BCA publicizes these communication platforms in promotional materials and other BCA material, such as savings account books and product starter packs.

- **Customers Complaint Platform**
  - **Halo BCA 24 hours contact center service 1500888**
    Halo BCA 1500888 service is a telephone based platform for BCA customers to gain important information related to BCA's services and products. In addition, Halo BCA is the main media at the Bank for receiving and acting on customer complaints.
  - **E-mail** halobca@bca.co.id
  - **Twitter** @HaloBCA
  - **Video Call** in main branch offices: BSD, SCBD, Alam Sutera, Thamrin, Matraman, Darmo, Summarecon Mal Serpong sub-branch, and in myBCA
  - **Video Banking** in myBCA Gandaria City, Bintaro Xchange, Central Park, Kota Kasablanka, Emporium Pluit, Ciputra World Surabaya, Grand City Surabaya, BCA Learning Institute Sentul and the Summarecon Mal Serpong sub-branch
  - **Face to Face with BCA frontliners**

- **Total Customer Complaints**
  - **Halo BCA 24 hours contact center 1500888**
    During 2016, Halo BCA received 13,090,902 phone calls, 10.13% or 1,326,108 calls of which were customer complains and 47.55% or 6,224,724 calls were related to customer inquiries on BCA products and services.
  - **E-mail halobca@bca.co.id**
    In 2016, BCA received 300,816 e-mails from customers with a mixture of inquiries on BCA products and services, suggestions, and problems or complaints related to BCA services.
  - **Twitter @HaloBCA**
    By the end of December 2016, the official Twitter account @HaloBCA had 127,759 followers and received 163,049 mentions throughout the year. Customers can also provide feedback and make suggestions through various official social media accounts as detailed at www.bca.co.id/socialmedia.
- **Letters to the Editor**
  BCA's Corporate Secretary strives to respond to all input and customer complaints submitted via the Letters to the Editor sections in printed and online media. The Corporate Secretary coordinates with Halo BCA and related work units and branches to resolve any problems reported by the customers.

  In 2016, there were 60 customer feedback on BCA conveyed through the Letters to the Editor sections in various printed and online media outlets.

- **Customer Complaints Handling**
  BCA pays serious attention to each input and complaint from customers as the Bank views this as positive feedback to improve BCA's services to its customers. Customer complaints conveyed through various communication media are responded to quickly and accurately by the branches and service offices or related work units.

  - **Halo BCA 24 hours contact center 1500888**
    In 2016, of 68,738 complaints, 99.42% were responded to in accordance with Halo BCA service level guidelines.
  - **E-mail** halobca@bca.co.id
    In 2016, from 300,816 complaints and inquiries, 99.61% were responded to in accordance with BCA service level guidelines.
  - **Twitter @HaloBCA**
    In 2016, from 163,049 mentions on complaints and inquiries, 99.30% were responded to in accordance with BCA service level guidelines.
  - **Letters to the Editor**
    From total input and complaints through Letters to the Editor, BCA followed up on or gave solutions to all letters (100%).

  BCA continues to develop and improve procedures for the handling of complaints and other input. As the frontline in receiving input and complaints, Halo BCA officers receive specialized customer information training and focused seminars on complaint handling and also on renewal of product knowledge related to various banking solutions from BCA.

d. **Banking Transaction Improvement for Customers**
BCA strives to provide the best service to customers by continuously developing its banking network. At the end of 2016, BCA had 1.211 branch offices, an increase of 29 offices compared to the previous year. BCA plans to expand the branch network to more cities across Indonesia.

In improving its service quality, BCA monitors and analyzes its ATM network development as well as BCA network synergy. The Bank aims to give the best banking service and solutions to customers as well as the public. At the end of 2016, BCA operated 17.207 ATMs.

BCA also developed the myBCA digital branches which are located in malls and accessible seven days a week from 10.00 to 22.00. At the end of 2016, myBCA was available in five popular malls in Jakarta and two in Surabaya.

In addition to the above, Bank customers enjoy ease in banking transactions through hundreds of thousands of EDC machines, as well as through mobile banking and internet banking facilities.

e. **Public Recognition**
BCA's commitment to excellent service is evidenced by the various honors the Bank has received from various independent institutions, both local and abroad.

In 2016, BCA received several awards. These awards include the Excellent Service Experience Award, Grand Champion for the Best Contact Center in Indonesia Award, and the Service Quality Award.

These awards encourage BCA to continue to strive to refine its customer service and to deliver the best banking solutions for customers.

Statement of Members of the Board of Commissioners and the Board of Directors Regarding Responsibility for the 2016 Annual Report of PT Bank Central Asia Tbk

We, the undersigned, hereby declare that all information in the Annual Report of PT Bank Central Asia Tbk for the year 2016 has been presented in its entirety, and that we assume full responsibility for the accuracy of the contents of this Annual Report.

This statement is duly made in all integrity.

Jakarta, 14 March 2017

Members of the Board of Commissioners

Djohan Emir Setijoso
President Commissioner

Tonny Kusnadi
Commissioner

Cyrillus Harinowo
Independent Commissioner

Raden Pardede
Independent Commissioner

Sumantri Slamet
Independent Commissioner

Members of the Board of Directors

Jahja Setiaatmadja
President Director

Eugene Keith Galbraith
Deputy President Director

Armand Wahyudi Hartono
Deputy President Director

Suwignyo Budiman
Director

Subur Tan
Director

Henry Koenaifi
Director

Erwan Yuris Ang
Independent Director

Rudy Susanto
Director

Lianawaty Suwono
Director

Santoso
Director

Inawaty Handoyo
Director

07

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

The Year Ended 31 December 2016 and 2015

THE DIRECTORS' STATEMENT
OF THE RESPONSIBILITY
FOR THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015
PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

We, the undersigned:

1.	Name	: Jahja Setiaatmadja
	Office address	: Menara BCA Grand Indonesia Jl. M.H. Thamrin No. 1, Jakarta 10310
	Residential address	: Jl. Metro Kencana V/6 RT 001 RW 015, Pondok Pinang, Kebayoran Lama, Jakarta Selatan
	Telephone	: (021) 2358-8000
	Title	: President Director
2.	Name	: Eugene K. Galbraith
	Office address	: Menara BCA Grand Indonesia Jl. M.H. Thamrin No. 1, Jakarta 10310
	Residential address	: Jl. Metro Alam II TE 16, Pondok Pinang, Jakarta Selatan
	Telephone	: (021) 2358-8000
	Title	: Deputy President Director

declare that:

1. We are responsible for the preparation and presentation of the consolidated financial statements of PT Bank Central Asia Tbk and Subsidiaries;
2. The consolidated financial statements of PT Bank Central Asia Tbk and Subsidiaries have been prepared and presented in accordance with Indonesian Financial Accounting Standards;
3. a. All information in the consolidated financial statements of PT Bank Central Asia Tbk and Subsidiaries have been completely and accurately disclosed;

   b. The consolidated financial statements of PT Bank Central Asia Tbk and Subsidiaries do not contain misleading material information, and we have not omitted any information or facts that would be material to the consolidated financial statements;
4. We are responsible for the internal control;
5. We are responsible for the compliance with laws and regulations.

This statement is made truthfully.

For and on behalf of the Board of Directors

METERAI TEMPEL 2FC36AEF311033181 6000 ENAM RIBU RUPIAH

Jahja Setiaatmadja	Eugene K. Galbraith
President Director	Deputy President Director

Jakarta, 14 February 2017

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
31 DECEMBER 2016 AND 2015
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	31 December 2016	31 December 2015
ASSETS			
Cash	2b,2i,5,32, 35,37	15,943,854	17,849,460
Current accounts with Bank Indonesia	2b,2i,2j,6, 32,35,37	40,596,730	37,774,577
Current accounts with other banks	2b,2i,2j,2v, 7,32,35,37	12,466,153	8,438,924
Placements with Bank Indonesia and other banks	2b,2i,2k,2v, 8,32,35,37	35,363,890	56,259,099
Financial assets held for trading	2i,2l,9,32, 35,37	5,127,264	1,783,792
Acceptance receivables - net of allowance for impairment losses of Rp 178,528 as of 31 December 2016 (31 December 2015: Rp 433,339)	2i,2m,2v,10, 32,35,37	7,167,392	7,367,389
Bills receivable - net of allowance for impairment losses of Rp 3,019 as of 31 December 2016 (31 December 2015: Rp 858)	2i,2v,32,35, 37	3,826,144	2,541,352
Securities purchased under agreements to resell - net of allowance for impairment losses of Rp 2,499 as of 31 December 2016 (31 December 2015: Rp nil)	2i,2o,2v,11, 32,37	2,547,098	515,099
Loans receivable - net of allowance for impairment losses of Rp 12,505,024 as of 31 December 2016 (31 December 2015: Rp 9,026,345)	2i,2n,2v,12, 32,35,37,		
Related parties	2aj,41	2,869,952	946,945
Third parties		400,521,269	377,669,347
Consumer financing receivables - net of allowance for impairment losses of Rp 299,086 as of 31 December 2016 (31 December 2015: Rp 286,019)	2i,2p,2v,13, 32,37	8,207,469	7,407,519
Investment in finance leases - net of allowance for impairment losses of Rp 1,866 as of 31 December 2016 (31 December 2015: Rp 5,046)	2i,2q,2v,32, 37	161,978	173,120
Carried forward		534,799,193	518,726,623

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Continued)
31 DECEMBER 2016 AND 2015
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	31 December 2016	31 December 2015
ASSETS			
Brought forward		534,799,193	518,726,623
Assets related to sharia transactions - net of allowance for impairment losses of Rp 44,421 as of 31 December 2016 (31 December 2015: Rp 39,744)	2r	3,418,405	2,935,731
Investment securities - net of allowance for impairment losses of Rp 875,801 as of 31 December 2016 (31 December 2015: Rp 852,663)	2i,2s,2v,14, 32,35,37	108,709,161	51,153,115
Fixed assets - net of accumulated depreciation of Rp 8,243,111 as of 31 December 2016 (31 December 2015: Rp 7,045,485)	2t,2v,15	16,990,835	9,712,021
Deferred tax assets - net	2ah,17	3,548,734	3,225,988
Other assets - net of allowance for impairment losses of Rp 5,221 as of 31 December 2016 (31 December 2015: Rp 938)	2f,2u,2v,2w		
Related party	2aj,41	258,733	267,472
Third parties		9,013,692	8,351,820
TOTAL ASSETS		**676,738,753**	**594,372,770**

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Continued)
31 DECEMBER 2016 AND 2015
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	31 December 2016	31 December 2015
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from customers	2i,2x,16,32, 35,37		
Related parties	2aj,41	8,099,416	1,227,133
Third parties		522,034,209	472,439,082
Sharia deposits	2y	364,755	351,667
Deposits from other banks	2i,2x,16,32, 35,37	4,900,942	4,156,053
Financial liabilities held for trading	2i,2l,9,32, 35,37	122,130	74,234
Acceptance payables	2i,2m,10,32, 35,37	4,187,148	4,374,939
Securities sold under agreements to repurchase	2i,2o,14,32, 35,37	134,748	38,602
Debt securities issued	2i,2z,18,32, 37	2,332,171	2,820,965
Income tax liabilities	2ah,17	163,682	251,091
Borrowings	2i,2aj,19,32, 35,37,41	2,788,552	1,743,337
Post-employment benefits obligation	2ag,33	6,170,146	6,854,845
Accruals and other liabilities	2aa	9,258,788	7,613,476
TOTAL LIABILITIES		560,556,687	501,945,424
Temporary *syirkah* deposits	2y	3,467,007	2,802,406

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Continued)
31 DECEMBER 2016 AND 2015
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	31 December 2016	31 December 2015
EQUITY			
Equity attributable to equity holders of the parent entity			
Share capital - par value per share of Rp 62.50 (full amount) Authorized capital: 88,000,000,000 shares Issued and fully paid-up capital: 24,655,010,000 shares	1c,20	1,540,938	1,540,938
Additional paid-in capital	1c,2g,2ac,21	5,564,552	5,564,552
Revaluation surplus of fixed assets	2t,15	6,591,827	-
Foreign exchange differences arising from translation of financial statements in foreign currency	2h	353,923	365,031
Unrealized losses on available-for-sale financial assets - net	2k,2s,8,14	(131,961)	(103,499)
Retained earnings			
Appropriated	31	1,257,895	1,077,708
Unappropriated	2ag	97,245,285	80,917,357
Other equity components		10,618	7,334
Total equity attributable to equity holders of the parent entity		112,433,077	89,369,421
Non-controlling interest	1d,2e,40	281,982	255,519
TOTAL EQUITY		112,715,059	89,624,940
TOTAL LIABILITIES AND EQUITY		**676,738,753**	**594,372,770**

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEARS ENDED 31 DECEMBER 2016 AND 2015
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Year ended 31 December 2016	2015
OPERATING INCOME AND EXPENSES			
Interest and sharia income	2ad,2aj,23,41	50,425,826	47,081,728
Interest and sharia expenses	2ad,2aj,24,41	(10,346,736)	(11,212,932)
Net interest and sharia income		40,079,090	35,868,796
Fee and commission income	2ae,25,43	9,404,541	8,456,010
Fee and commission expenses	2ae,25	(3,842)	(4,140)
Net fee and commission income		9,400,699	8,451,870
Net trading income	2af,26	2,345,975	2,107,067
Other operating income	43	1,953,656	1,448,439
Total operating income		53,779,420	47,876,172
Impairment losses on financial assets	2v,27	(4,561,274)	(3,504,995)
Other operating expenses			
Personnel expenses	2ag,2aj,28,33, 41	(10,629,884)	(9,728,509)
General and administrative expenses	2f,2aj,15,17m, 29,41	(11,228,563)	(10,874,770)
Others		(1,520,499)	(1,110,784)
		(23,378,946)	(21,714,063)
Total operating expenses		(27,940,220)	(25,219,058)
INCOME BEFORE TAX (Carried forward)		25,839,200	22,657,114

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(Continued)
YEARS ENDED 31 DECEMBER 2016 AND 2015
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Year ended 31 December 2016	2015
INCOME BEFORE TAX (Brought forward)		25,839,200	22,657,114
INCOME TAX EXPENSE	2ah,17b		
Current		(5,593,753)	(5,021,659)
Deferred		386,834	400,313
		(5,206,919)	(4,621,346)
NET INCOME		20,632,281	18,035,768
OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit liability	2ag,33	289,457	(490,057)
Income tax	2ah	(72,364)	122,514
		217,093	(367,543)
Revaluation surplus of fixed assets	2t,15	6,591,827	-
		6,808,920	(367,543)
Items that will be reclassified to profit or loss:			
Unrealized losses on available-for-sale financial assets	2k,2s	(36,908)	(38,570)
Income tax	2ah	8,276	9,643
Unrealized losses on available-for-sale financial assets - net of tax		(28,632)	(28,927)
Foreign exchange differences arising from translation of financial statements in foreign currency	2h	(11,108)	48,594
Others		3,284	3,613
		(36,456)	23,280
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX		6,772,464	(344,263)
TOTAL COMPREHENSIVE INCOME		27,404,745	17,691,505
NET INCOME ATTRIBUTABLE TO:			
Equity holders of parent entity		20,605,736	18,018,653
Non-controlling interest	2e,40	26,545	17,115
		20,632,281	18,035,768
COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of parent entity		27,378,282	17,673,517
Non-controlling interest	2e,40	26,463	17,988
		27,404,745	17,691,505
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY (full amount of Rupiah)	2ab,30	836	731

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED 31 DECEMBER 2016 AND 2015
(Expressed in millions of Rupiah, unless otherwise stated)

		Year ended 31 December 2016										
		Attributable to equity holders of parent entity										
	Notes	Issued and fully paid-up capital	Additional paid-in capital	Revaluation surplus of fixed assets	Foreign exchange differences arising from translation of financial statements in foreign currency	Unrealized losses on available-for-sale financial assets - net	Retained earnings		Other equity components	Total equity attributable to equity holders of the parent entity	Non-controlling interest	Total equity
							Appropriated	Unappropriated				
Balance, 31 December 2015		1,540,938	5,564,552	-	365,031	(103,499)	1,077,708	80,917,357	7,334	89,369,421	255,519	89,624,940
Net income for the year		-	-	-	-	-	-	20,605,736	-	20,605,736	26,545	20,632,281
Revaluation surplus of fixed assets	2t,15	-	-	6,591,827	-	-	-	-	-	6,591,827	-	6,591,827
Foreign exchange differences arising from translation of financial statements in foreign currency	2h	-	-	-	(11,108)	-	-	-	-	(11,108)	-	(11,108)
Unrealized losses on available-for-sale financial assets - net	2k,2s,8,14	-	-	-	-	(28,462)	-	-	-	(28,462)	(170)	(28,632)
Remeasurements of defined benefit liability - net	33	-	-	-	-	-	-	217,005	-	217,005	88	217,093
Other equity components		-	-	-	-	-	-	-	3,284	3,284	-	3,284
Total comprehensive income for the year		-	-	6,591,827	(11,108)	(28,462)	-	20,822,741	3,284	27,378,282	26,463	27,404,745
General reserve	31	-	-	-	-	-	180,187	(180,187)	-	-	-	-
Cash dividends	31	-	-	-	-	-	-	(4,314,626)	-	(4,314,626)	-	(4,314,626)
Balance, 31 December 2016		**1,540,938**	**5,564,552**	**6,591,827**	**353,923**	**(131,961)**	**1,257,895**	**97,245,285**	**10,618**	**112,433,077**	**281,982**	**112,715,059**

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Continued)
YEARS ENDED 31 DECEMBER 2016 AND 2015
(Expressed in millions of Rupiah, unless otherwise stated)

		Year ended 31 December 2015									
		Attributable to equity holders of parent entity									
	Notes	Issued and fully paid-up capital	Additional paid-in capital	Foreign exchange differences arising from translation of financial statements in foreign currency	Unrealized losses on available-for-sale financial assets - net	Retained earnings		Other equity components	Total equity attributable to equity holders of the parent entity	Non-controlling interest	Total equity
						Appropriated	Unappropriated				
Balance, 31 December 2014		1,540,938	5,564,552	316,437	(74,572)	912,850	67,224,233	3,721	75,488,159	237,531	75,725,690
Net income for the year		-	-	-	-	-	18,018,653	-	18,018,653	17,115	18,035,768
Foreign exchange differences arising from translation of financial statements in foreign currency	2h	-	-	48,594	-	-	-	-	48,594	-	48,594
Unrealized losses on available-for-sale financial assets - net	2k,2s	-	-	-	(28,927)	-	-	-	(28,927)	-	(28,927)
Remeasurements of defined benefit liability - net	33	-	-	-	-	-	(368,416)	-	(368,416)	873	(367,543)
Other equity components		-	-	-	-	-	-	3,613	3,613	-	3,613
Total comprehensive income for the year		-	-	48,594	(28,927)	-	17,650,237	3,613	17,673,517	17,988	17,691,505
General reserve	31	-	-	-	-	164,858	(164,858)	-	-	-	-
Cash dividends	31	-	-	-	-	-	(3,772,217)	-	(3,772,217)	-	(3,772,217)
Tantiem of Board of Commissioners and Board of Directors		-	-	-	-	-	(20,038)	-	(20,038)	-	(20,038)
Balance, 31 December 2015		**1,540,938**	**5,564,552**	**365,031**	**(103,499)**	**1,077,708**	**80,917,357**	**7,334**	**89,369,421**	**255,519**	**89,624,940**

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED 31 DECEMBER 2016 AND 2015
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Year ended 31 December 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts of interest and sharia income, fees and commissions		57,248,921	54,686,955
Other operating income		2,062,231	1,436,903
Payments of interest and sharia expenses, fees and commissions		(10,313,905)	(11,320,613)
Payments of post-employment benefits and placements of plan assets	33	(1,510,616)	(1,427,104)
Gain from foreign exchange transactions - net		1,763,810	2,405,144
Other operating expenses		(20,631,629)	(19,160,735)
Payment of tantiem to Board of Commissioners and Board of Directors	31	(269,600)	(247,256)
Other increases/decreases affecting cash:			
Placements with Bank Indonesia and other banks - mature more than 3 (three) months from the date of acquisition		(30,300)	(22,155)
Financial assets held for trading		(3,335,070)	191,547
Acceptance receivables		454,808	164,979
Bills receivable		(1,311,522)	894,179
Securities purchased under agreements to resell		(2,034,498)	25,774,564
Loans receivable		(29,288,974)	(39,703,557)
Consumer financing receivables		(1,066,291)	(727,630)
Investments in finance leases - net		14,322	(8,074)
Assets related to sharia transactions		(562,567)	(898,909)
Other assets		818,537	(1,537,618)
Deposits from customers		56,467,413	21,477,153
Sharia deposits		13,088	54,835
Deposits from other banks		744,889	266,025
Acceptance payables		(187,791)	(323,007)
Accruals and other liabilities		1,638,789	1,655,877
Temporary *syirkah* deposits		664,601	849,908
Net cash provided by operating activities before income tax		51,348,646	34,481,411
Payment of income tax		(5,681,162)	(5,022,385)
Net cash provided by operating activities		**45,667,484**	**29,459,026**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investment securities		(138,127,963)	(60,322,065)
Proceeds from sales of investment securities		29,497	-
Proceeds from investment securities that matured during the year		82,343,696	82,584,300
Cash dividends received from investment in shares		1,071	1,575
Placements of certificate of deposits		(3,939,435)	(2,288,410)
Proceeds from certificate of deposits that matured during the year		1,745,000	1,485,000
Acquisition of fixed assets		(2,728,366)	(2,533,375)
Proceeds from sale of fixed assets		80,123	8,817
Net cash (used in) provided by investing activities		**(60,596,377)**	**18,935,842**

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
YEARS ENDED 31 DECEMBER 2016 AND 2015
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Year ended 31 December 2016	2015
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in debt securities issued - net		(488,794)	317,065
Increase (decrease) in borrowings - net		1,045,215	(1,337,605)
Payment of cash dividends	31	(4,314,626)	(3,772,217)
Increase in securities sold under agreements to repurchase - net		96,146	38,602
Net cash used in financing activities		**(3,662,059)**	**(4,754,155)**
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(18,590,952)	43,640,713
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		118,661,241	74,475,895
EFFECT OF FOREIGN EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS		249,564	544,633
CASH AND CASH EQUIVALENTS, END OF YEAR		**100,319,853**	**118,661,241**
Cash and cash equivalents consist of:			
Cash	5	15,943,854	17,849,460
Current accounts with Bank Indonesia	6	40,596,730	37,774,577
Current accounts with other banks	7	12,466,153	8,438,924
Placements with Bank Indonesia and other banks - mature within 3 (three) months or less from the date of acquisition	8	31,313,116	54,598,280
Total cash and cash equivalents		**100,319,853**	**118,661,241**

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

1. GENERAL

a. Establishment and general information of the Bank

PT Bank Central Asia Tbk (the "Bank") was established in the Republic of Indonesia based on the Notary Deed No. 38 of Raden Mas Soeprapto dated 10 August 1955 under the name of "N.V. Perseroan Dagang Dan Industrie Semarang Knitting Factory". This deed of establishment was approved by the Minister of Justice in its decision letter No. J.A.5/89/19 dated 10 October 1955 and was published in Supplement No. 595 to State Gazette of the Republic of Indonesia No. 62 dated 3 August 1956. The name of the Bank has been changed several times with the latest change became PT Bank Central Asia based on the Notary Deed No. 144 of Wargio Suhardjo, S.H., the substitute of notary public Ridwan Suselo, dated 21 May 1974.

The Bank's Articles of Association have been amended several times, including amendments in relation to the Initial Public Offering of the Bank's shares in May 2000, which among others, changed its status to a publicly-listed company and its name to PT Bank Central Asia Tbk. These amendments were made based on Notary Deed No. 62 of Hendra Karyadi, S.H., dated 29 December 1999, which was approved by the Minister of Justice in its decision letter No. C-21020 HT.01.04.TH.99 dated 31 December 1999 and published in Supplement No. 1871 to the State Gazette of the Republic of Indonesia No. 30 dated 14 April 2000.

The amendment made in relation to the issuance of new shares under the Management Stock Option Plan ("MSOP"), for which the options were exercised up to 31 December 2006, was made based on Notary Deed No. 1 of Hendra Karyadi, S.H., dated 9 January 2007. This deed was approved by the Minister of Justice and Human Rights under its decision letter No. W7-HT.01.04-797 dated 18 January 2007 and published in Supplement No. 185 to the State Gazette of the Republic of Indonesia No. 15 dated 20 February 2007.

The latest amendment to all articles in the Bank's Articles of Association was made based on Notary Deed No. 19 of Dr. Irawan Soerodjo, S.H., MSi. dated 15 January 2009. This deed was approved by the Minister of Justice and Human Rights in its decision letter No. AHU-12512.AH.01.02 dated 14 April 2009 and published in Supplement No. 12790 to the State Gazette of the Republic of Indonesia No. 38 dated 12 May 2009.

The Bank started its commercial operations in the banking business since 12 October 1956. According to Article 3 of the Bank's Articles of Association, the Bank operates as a commercial bank. The Bank is engaged in banking activities and other financial services in accordance with the prevailing regulations in Indonesia. The Bank obtained its license to conduct these activities under the Minister of Finance Decision Letter No. 42855/U.M.II dated 14 March 1957. The Bank obtained its license to engage in foreign exchange activities based on the Directors of Bank Indonesia Decision Letter No. 9/110/Kep/Dir/UD dated 28 March 1977.

The Bank is domiciled in Jakarta with its head office located at Jalan M.H. Thamrin No. 1. As of 31 December 2016 and 2015, the number of branches and representative offices owned by the Bank was as follows:

	2016	2015
Domestic branches	989	985
Overseas representative offices	2	2
	991	987

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PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED 31 DECEMBER 2016 AND 2015
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1. GENERAL (Continued)

a. Establishment and general information of the Bank (continued)

The domestic branches are located in major business centers all over Indonesia. The overseas representative offices are located in Hong Kong and Singapore.

b. Recapitalization

Based on the Indonesian Bank Restructuring Agency ("IBRA") Decision Letter No. 19/BPPN/1998 dated 28 May 1998, IBRA took over the operations and management of the Bank. Accordingly, the Bank's status was changed into a Bank Taken Over ("BTO"). The Bank was determined as a participant of the bank recapitalization program under the Minister of Finance and the Governor of Bank Indonesia joint decision No. 117/KMK.017/1999 and No. 31/15/KEP/GBI dated 26 March 1999 regarding the implementation of the bank recapitalization program for Bank Taken Over.

In conjunction with the recapitalization program, on 28 May 1999 the Bank received a payment of Rp 60,877,000 from the Government of the Republic of Indonesia. This amount consisted of (i) the principal amount of loans granted to affiliated companies that were transferred to IBRA (consisting of Rp 47,751,000 transferred effectively on 21 September 1998 and Rp 4,975,000 transferred effectively on 26 April 1999), and (ii) accrued interest on the loans granted to affiliated companies calculated from their respective effective transfer dates up to 30 April 1999, amounted to Rp 8,771,000, minus (iii) the excess of outstanding Liquidity Support from Bank Indonesia (including interest) amounted to Rp 29,100,000 over the recapitalization payment from the government through IBRA of Rp 28,480,000. On the same date, the Bank used such proceeds to purchase newly issued government bonds of Rp 60,877,000 (consisted of fixed-rate government bonds amounted to Rp 2,752,000 and variable-rate government bonds amounted to Rp 58,125,000 through Bank Indonesia).

Pursuant to the Chairman of IBRA Decision Letter No. SK-501/BPPN/0400 dated 25 April 2000, IBRA returned the Bank to Bank Indonesia effective on that date. To fulfill the requirement of Bank Indonesia Regulation ("PBI") No. 2/11/PBI/2000 dated 31 March 2000, Bank Indonesia announced in its press release Peng. No. 2/4/Bgub dated 28 April 2000, that the recovery program including the restructuring of the Bank had been completed and the Bank had been returned to be under the supervision of Bank Indonesia.

c. Public offering of the Bank's shares

Based on the Letter of the Chairman of the Capital Market Supervisory Agency No. S-1037/PM/2000 dated 11 May 2000, the Bank through an Initial Public Offering, offered its 662,400,000 shares with a total par value of Rp 331,200 (offering price of Rp 1,400 (full amount) per share), which represents 22% (twenty two percent) of the issued and paid-up share capital, as part of the divestment of shares owned by the Republic of Indonesia as represented by IBRA. This public offering was registered at the Jakarta Stock Exchange and the Surabaya Stock Exchange on 31 May 2000 (both exchanges have been merged and now namely the Indonesia Stock Exchange).

1. GENERAL (Continued)

c. Public offering of the Bank's shares (continued)

The Bank's shareholders through the Extraordinary General Meeting of Shareholders ("EGMS") held on 12 April 2001 (with the minutes prepared by Notary Public Hendra Karyadi, S.H., in the Deed No. 25) resolved to conduct a stock split from Rp 500 (full amount) per share to Rp 250 (full amount) per share and to increase the issued shares through the issuance of 147,199,300 shares (or equivalent to 294,398,600 shares after the stock split) under the Management Stock Option Plan ("MSOP"). The stock split was made under the Notary Deed No. 30 of Hendra Karyadi, S.H., dated 12 April 2001, which was approved by the Minister of Justice and Human Rights on 18 April 2001.

Based on the Letter of the Chairman of the Capital Market Supervisory Agency No. S-1611/PM/2001 dated 29 June 2001, the Bank offered additional 588,800,000 shares with a total par value of Rp 147,200 (at an offering price of Rp 900 (full amount) per share), which represents 10% (ten percent) of the issued and paid-up share capital, as part of the divestment of shares owned by the Republic of Indonesia as represented by IBRA. This public offering was registered at the Jakarta Stock Exchange and the Surabaya Stock Exchange on 10 July 2001.

The Bank's shareholders through the Annual General Meeting of Shareholders ("AGMS") held on 6 May 2004 (with the minutes prepared by Notary Public Hendra Karyadi, S.H., in the Deed No. 16) approved the stock split from Rp 250 (full amount) per share to Rp 125 (full amount) per share. The stock split was made under the Notary Deed No. 40 of Hendra Karyadi, S.H., dated 18 May 2004, which was approved by the Minister of Justice and Human Rights on 26 May 2004.

EGMS held on 26 May 2005 (with the minutes prepared by Notary Public Hendra Karyadi, S.H., in the Deed No. 42) approved the buy back of the Bank's shares, provided that the buy back of shares has been approved by Bank Indonesia, whereby the number of shares to be bought back should not exceed 5% (five percent) of the Bank's total issued shares as of 31 December 2004, i.e. in total of 615,160,675 shares, and total fund to buy back the shares should not exceed Rp 2,153,060. With Letter No. 7/7/DPwB2/PwB24/Rahasia dated 16 November 2005, Bank Indonesia expressed no objection on the Bank's plan to buy back its shares.

EGMS held on 15 May 2007 (with the minutes prepared by notary public Hendra Karyadi, S.H., in the Deed No. 6) approved the buy back of the Bank's shares stage II, provided that the buy back of shares has been approved by Bank Indonesia and executed from time to time during the period of 18 (eighteen) months after the date of the meeting, whereby the number of shares to be bought back should not exceed 1% (one percent) of the Bank's total issued shares as of 27 April 2007 or in total of 123,275,050 shares and the total fund to buy back the shares should not exceed Rp 678,013. With Letter No. 9/160/DPB 3/TPB 3-2 dated 11 October 2007, the Bank received an approval from Bank Indonesia in relation to buy back of shares stage II.

EGMS held on 28 November 2007 (with the minutes prepared by Notary Public Hendra Karyadi, S.H., in the Deed No. 33), approved to conduct a stock split of the Bank's shares from Rp 125 (full amount) to Rp 62.50 (full amount) per share and therefore decided to amend note 1, note 2 and note 3 of Article 4 of the Bank's Articles of Association. The Amendments of the Bank's Articles of Association by the Deed of Notary Public Hendra Karyadi, S.H., dated 11 December 2007 were received and recorded by the Department of Law and Human Rights of the Republic of Indonesia by the Receipt Report of the Deed on Amendment of the Articles of Association No. AHU-AH.01.10-0247 dated 3 January 2008.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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1. GENERAL (Continued)

c. Public offering of the Bank's shares (continued)

Based on Letter No. 038/IQ-ECM/LTR/HFJ/XI/2008.TRIM dated 26 November 2008, the buy back of shares stage II for the period of 11 February 2008 to 13 November 2008 had been performed with the number of shares bought back in total of 397,562 lot or 198,781,000 shares at the average acquisition cost of Rp 3,106.88 (full amount) per share. Therefore, the total shares bought back as of 13 November 2008 were 289,767,000 shares with a total amount of Rp 808,585.

On 7 August 2012, the Bank sold 90,986,000 shares of its treasury stocks at Rp 7,700 (full amount) per share, with total net sales amounted to Rp 691,492. The difference between the acquisition costs and the selling price of treasury stocks amounted to Rp 500,496 was recorded as "additional paid-in capital from treasury stock transactions", which is part of additional paid-in capital (see Note 21). As of 31 December 2012, total treasury stocks of the Bank were 198,781,000 shares with a total amount of Rp 617,589.

On 7 February 2013, the Bank sold 198,781,000 shares of its treasury stocks at Rp 9,900 (full amount) per share, with total net sales amounted to Rp 1,932,528. The difference between the acquisition costs and the selling price of treasury stocks amounted to Rp 1,314,939 was recorded as "additional paid-in capital from treasury stock transactions", which is part of additional paid-in capital (see Note 21). As of 31 December 2013, the Bank did not have any treasury stocks.

FarIndo Investments (Mauritius) Ltd. was the owner of 47.15% Bank's shares as of 31 December 2015, and as of 31 December 2016, the owner of 47.15% Bank's shares is PT Dwimuria Investama Andalan; however, ultimate shareholders of the Bank does not change, i.e., Mr. Robert Budi Hartono and Mr. Bambang Hartono.

d. The Subsidiaries

The Subsidiaries, directly and indirectly owned by the Bank as of 31 December 2016 and 2015, were as follows:

Name of the Company	Year of Starting the Commercial Operation	Type of Business	Domicile	Percentage of Ownership		Total Assets	
				2016	2015	2016	2015
PT BCA Finance	1981	Investment financing, working capital financing, multipurpose financing, operating lease, other financing activities based on approval from authorized agency	Jakarta	100%	100%	8,151,864	6,824,017
BCA Finance Limited	1975	Money lending and remittance	Hong Kong	100%	100%	715,541	686,293
PT Bank BCA Syariah	1991	Sharia banking	Jakarta	100%	100%	4,995,606	4,349,580
PT BCA Sekuritas	1990	Securities brokerage dealer and underwriter for issuance of securities	Jakarta	75%	75%	769,805	614,775
PT Asuransi Umum BCA	1988	General or loss insurance	Jakarta	100%	100%	1,133,793	898,627
PT Central Santosa Finance	2010	Investment financing, working capital financing, multipurpose financing, operating lease, other financing activities based on approval from authorized agency	Jakarta	70%	70%	1,871,191	2,106,872

1. GENERAL (Continued)

d. The Subsidiaries (continued)

PT BCA Finance

PT BCA Finance, a company domiciled in Indonesia and located at Wisma BCA Pondok Indah, 2nd Floor, Jalan Metro Pondok Indah No. 10, South Jakarta, was established in 1981 under the name of PT Central Sari Metropolitan Leasing Corporation ("CSML"). At its inception, the shareholders of CSML were PT Bank Central Asia and Japan Leasing Corporation.

In 2001, PT Central Sari Metropolitan Leasing Corporation changed its name to PT Central Sari Finance ("CSF"), followed by the change in the composition of its shareholders, where PT Bank Central Asia Tbk became the majority shareholder, and the change in its business focus to motor vehicles financing activities, particularly in vehicles with four or more wheels. Further, based on the Decision Letter of Minister of Law and Human Rights of the Republic of Indonesia No.C-08091 HT.01.04.TH.2005 dated 28 March 2005, PT Central Sari Finance's name was changed to PT BCA Finance.

BCA Finance Limited

BCA Finance Limited, a company domiciled in Hong Kong and located at The Center, 47th Floor, Unit 4707, 99 Queen's Road Central, Hong Kong, is engaged in money lending and remittance and has been operating commercially since 1975.

PT Bank BCA Syariah

PT Bank BCA Syariah (formerly PT Bank UIB), a company domiciled in Indonesia and located at Jalan Jatinegara Timur No. 72, East Jakarta, is engaged in banking activities and has been operating commercially since 1991.

Based on the Acquisition Deed No. 72 dated 12 June 2009 of Notary Public Dr. Irawan Soerodjo, S.H., Msi., PT Bank Central Asia Tbk acquired 42,500 shares of PT Bank UIB or equivalent to 100% (one hundred percent) of ownership.

Based on the Deed of Resolutions in lieu of General Meeting of Shareholders of PT Bank UIB No. 49 of Notary Public Ny. Pudji Redjeki Irawati, S.H., dated 16 December 2009, PT Bank UIB changed its business activities to become sharia bank and changed its name to PT Bank BCA Syariah. The deed of amendment was approved by the Minister of Justice of the Republic of Indonesia in its Decision Letter No. AHU-01929.AH.01.02 dated 14 January 2010.

The change in business activities of this subsidiary from conventional bank into sharia bank was approved by the Governor of Bank Indonesia through its Decision Letter No. 12/13/KEP.GBI/DpG/2010 dated 2 March 2010. Through this approval, on 5 April 2010, PT Bank BCA Syariah officially operated as a sharia bank.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

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1. GENERAL (Continued)

d. The Subsidiaries (continued)

PT Bank BCA Syariah (continued)

Based on the Deed of Resolution in lieu of General Meeting of Shareholders No. 73 dated 21 October 2010 of Notary Public Ny. Pudji Redjeki Irawati, S.H., to fulfill the requirements of Article 6 of Bank Indonesia Regulation No. 11/15/PBI/2009 regarding conversion of business activities from conventional bank to sharia bank, PT Bank BCA Syariah presented its first financial statements as a sharia bank by presenting current and prior year income in nil balance. Considering this matter, the shareholders of PT Bank BCA Syariah approved the utilization all of its retained earnings as of 2 April 2010 of Rp 53,838 to be allocated as general reserve amounted to Rp 38 and to be converted as 53,800 new shares amounted to Rp 53,800. The deed of amendment was ratified by the Minister of Justice of the Republic of Indonesia in its Decision Letter No. AHU-01.10-30741 dated 1 December 2010. The deed had been reported to Bank Indonesia through its Letter No. 294/DIR/2010 dated 28 October 2010 and Letter No. 105/SKHS/2010 dated 9 December 2010. The approval from Bank Indonesia was obtained through its Letter No. 12/2564/DPBs dated 17 December 2010.

Total net assets acquired and goodwill arising from the acquisition of this subsidiary at the date of acquisition were as follows:

	Total
Purchase price	248,256
Deducted by: Fair value of the net assets of acquired Subsidiary	(110,864)
Goodwill	137,392

During 2015, there was an increase in share capital of PT Bank BCA Syariah amounting to Rp 400,000.

PT BCA Sekuritas

PT BCA Sekuritas (formerly PT Dinamika Usaha Jaya), a company domiciled in Indonesia and located at Menara BCA, Grand Indonesia, 41st Floor, Suite 4101, Jalan M.H. Thamrin No. 1, Jakarta, is engaged as securities broker and underwriter since 1990.

Based on the Deed of Sale and Purchase Agreement No. 56 dated 15 September 2011, the Bank signed a sale and purchase agreement with the owner of PT Dinamika Usaha Jaya to acquire PT Dinamika Usaha Jaya. The purchase was approved by Bank Indonesia on 19 July 2011. This transaction was a transaction of entities under common control; therefore, it was recorded in accordance with Statement of Financial Accounting Standard ("PSAK") No. 38 (2012 Revision), "Business Combination under Common Control", under pooling-of-interests method.

On 2 October 2012, based on the Deed of Minutes of Extraordinary General Meeting of Shareholders of PT Dinamika Usaha Jaya No. 5 of Notary Public Dr. Irawan Soerodjo, S.H., Msi., PT Dinamika Usaha Jaya changed its name to PT BCA Sekuritas. This change was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-54329.AH.01.02 dated 22 October 2012.

PT Asuransi Umum BCA

PT Asuransi Umum BCA (formerly PT Central Sejahtera Insurance), a company domiciled in Indonesia and located at Sahid Sudirman Center Building, 10th Floor, unit F, Jalan Jendral Sudirman Kav. 86, Jakarta (previously at WTC Mangga Dua, 3Ard Floor, Block CL 003, Jalan Mangga Dua Raya Kav. 8, North Jakarta), is engaged in insurance activities, in particular in general or loss insurance activities.

1. GENERAL (Continued)

d. The Subsidiaries (continued)

PT Asuransi Umum BCA (continued)

PT Asuransi Umum BCA was established in 1988 under the name of PT Asuransi Ganesha Danamas. In 2006, PT Asuransi Ganesha Danamas changed its name to PT Transpacific General Insurance and later in 2011, this subsidiary's name was changed to PT Central Sejahtera Insurance, following the change in the composition of its shareholders to Dana Pensiun BCA at 75% (seventy five percent) ownership and PT BCA Finance (Bank's Subsidiary) at 25% (twenty five percent) ownership.

Based on the Deed of Sale and Purchase Agreement No. 64 dated 28 June 2013, the Bank signed a sale and purchase agreement with the owner of PT Central Sejahtera Insurance to acquire 75% (seventy five percent) ownership of PT Central Sejahtera Insurance from Dana Pensiun BCA with acquisition cost of Rp 102,000. The purchase was approved by the Financial Services Authority ("OJK") through its Letter No. S-300/D.05/2013 on 23 July 2013 and Bank Indonesia through its Letter No. 15/62/DPB/PB3-7/Rahasia on 17 September 2013. This transaction was a business combination under common control transaction (see Note 2g); therefore, it was recorded in accordance with PSAK No. 38 (2012 Revision) under pooling-of-interests method.

On 5 December 2013, based on the Deed of Minutes of Extraordinary General Meeting of Shareholders of PT Central Sejahtera Insurance No. 7 of Notary Public Veronica Sandra Irawaty Purnadi, S.H., PT Central Sejahtera Insurance changed its name to PT Asuransi Umum BCA. This change was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-64973.AH.01.02 dated 11 December 2013.

Total net assets acquired and goodwill arising from the acquisition of this subsidiary at the date of acquisition were as follows:

	Total
Purchase price	102,000
Deducted by: Fair value of the net assets of acquired Subsidiary	(76,798)
Goodwill	25,202

	Total
Cash paid on acquisition of Subsidiary, including transaction costs	102,000
Deducted by: Cash and cash equivalents of acquired Subsidiary	(128,574)
Net cash outflow on acquisition of PT Asuransi Umum BCA	(26,574)

During 2015, there was an increase in share capital of PT Asuransi Umum BCA amounting to Rp 150,000.

PT Central Santosa Finance

PT Central Santosa Finance, a company domiciled in Indonesia and located at WTC Mangga Dua, 6th Floor, Block CL No. 001, Jalan Mangga Dua Raya Kav. 8, Kelurahan Ancol, Kecamatan Pademangan, Jakarta (previously at Gedung Wisma Antara, 18th Floor, Jalan Medan Merdeka Selatan No. 17, Central Jakarta), is engaged in investment financing, working capital financing, multipurpose financing, operating lease, other financing activities based on approval from authorized agency.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

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1. GENERAL (Continued)

d. The Subsidiaries (continued)

PT Central Santosa Finance (continued)

Based on the Deed of Sale and Purchase Agreement No. 10 dated 9 January 2014, the Bank signed a sale and a purchase agreement with the owner of PT Central Santosa Finance to acquire 45% (forty five percent) ownership of PT Central Santosa Finance with purchase price of Rp 70,110. The purchase was approved by Bank Indonesia through its letter No. 15/90/DPB3/PB 3-7/Rahasia on 27 December 2013.

Total net assets acquired and excess of fair value of net assets over purchase price arising from the acquisition at the date of acquisition were as follow:

	Total
Purchase price	70,110
Deducted by: Fair value of the net assets of the acquired subsidiary	(75,966)
Excess of fair value of net assets over purchase price	(5,856)

	Total
Cash paid on acquisition of subsidiary, including transaction costs	70,110
Deducted by: Cash and cash equivalents of acquired subsidiary	(117,803)
Net cash outflow on acquisition of PT Central Santosa Finance	(47,693)

The Bank indirectly owned 25% (twenty five percent) ownership of PT Central Santosa Finance through its subsidiary, PT BCA Finance; consequently, with this acquisition, the Bank has 70% (seventy percent) ownership of PT Central Santosa Finance as of 31 December 2016 and 2015.

e. Board of Commissioners and Board of Directors

The composition of the Bank's management as of 31 December 2016 and 2015 were as follows:

	2016	2015
Board of Commissioners		
President Commissioner	Djohan Emir Setijoso	Djohan Emir Setijoso
Commissioner	Tonny Kusnadi	Tonny Kusnadi
Independent Commissioner	Cyrillus Harinowo	Cyrillus Harinowo
Independent Commissioner	Raden Pardede	Raden Pardede
Independent Commissioner	Sumantri Slamet	Sigit Pramono
Board of Directors		
President Director	Jahja Setiaatmadja	Jahja Setiaatmadja
Deputy President Director	Eugene Keith Galbraith	Eugene Keith Galbraith
Deputy President Director	Armand Wahyudi Hartono	-
Director	Suwignyo Budiman	Dhalia Mansor Ariotedjo
Director	Tan Ho Hien/Subur Tan*)	Anthony Brent Elam
Director	Henry Koenaifi	Suwignyo Budiman
Independent Director	Erwan Yuris Ang	Tan Ho Hien/Subur Tan*)
Director	Rudy Susanto	Henry Koenaifi
Director	Lianawaty Suwono	Armand Wahyudi Hartono
Director	Santoso	Erwan Yuris Ang
Director	Inawaty Handoyo	Rudy Susanto

The compositions of the Bank's management as of 31 December 2016 and 2015 based on the Deed of Resolution No. 216 dated 26 August 2016 and the Deed of Resolution No. 80 dated 14 August 2014, respectively, of Notary Public Dr. Irawan Soerodjo, S.H., Msi., notary in Jakarta.

*) Compliance Director

1. GENERAL (Continued)

f. Audit committee

The Bank's Audit Committee as of 31 December 2016 and 2015 consisted of:

	2016	2015
Chairman	Cyrillus Harinowo	Cyrillus Harinowo
Member	Ilham Ikhsan	Inawaty Handoyo
Member	Tjen Lestari	Ilham Ikhsan

g. Number of employees

As of 31 December 2016 and 2015, the Bank and Subsidiaries had 26,364 and 24,814 permanent employees.

Key management personnel of the Bank consists of members of Board of Commissioners and Board of Directors.

h. Changes of regulatory and supervisory in capital market and banking sectors

Effective 31 December 2012, the regulatory and supervisory function, duties and authority in the capital market sector moved from Bapepam-LK of the Ministry of Finance to the Capital Market Supervisory Department of OJK. Effective 31 December 2013, the regulatory and supervisory functions, duties and authority in the banking sector moved from Bank Indonesia to OJK.

i. Completion of the consolidated financial statements

The Bank's management is responsible for the preparation of these consolidated financial statements, which were authorized for issue on 14 February 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In its accounting and financial reporting, the Bank and Subsidiaries adopt accounting policies in accordance with the Indonesian Financial Accounting Standard ("SAK"). The significant accounting policies, consistently applied in the preparation of the consolidated financial statements of the Bank and Subsidiaries, were as follows:

a. Statement of compliance

The consolidated financial statements are prepared and presented in accordance with Indonesian SAK.

b. Basis for preparation of the consolidated financial statements

These consolidated financial statements are presented in Rupiah, which is its functional currency. Except as otherwise stated, financial information presented has been rounded to the nearest million of Rupiah.

The consolidated financial statements have been prepared based on the accrual basis using the historical cost concept, unless otherwise specified.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Basis for the preparation of the consolidated financial statements (continued)

The consolidated statements of cash flows present the changes in cash and cash equivalents from operating, investing and financing activities, and are prepared using the direct method. For the purpose of the presentation of the consolidated statements of cash flows, cash and cash equivalents consist of cash, current accounts with Bank Indonesia, current accounts with other banks, placements with Bank Indonesia and other banks that mature within 3 (three) months from the date of acquisition, as long as they are not being pledged as collateral for borrowings nor restricted.

c. Use of judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with Indonesian SAK requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and activities, actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have significant effect on the amount recognized in the consolidated financial statements are described in Note 4.

d. Changes in accounting policies

d.1. Standards, amendments and accounting interpretations effective on 1 January 2016

The following standards, amendments, annual improvements and interpretation of accounting standards became effective on 1 January 2016 and are relevant to the consolidated financial statements of the Bank and Subsidiaries:

a. Interpretations of Financial Accounting Standard ("ISAK") No. 30, "Levies"
b. Amendment of Statement on Financial Accounting Standards ("PSAK") No. 4, "Separate Financial Statements concerning Equity Method in Separate Financial Statements"
c. Amendment of PSAK No. 16, "Property, Plant and Equipment concerning Clarifications of Accepted Method for Depreciation and Amortization"
d. Amendment of PSAK No. 19, "Intangible Assets concerning on Clarifications of Accepted Method for Depreciation and Amortization"
e. Amendment of PSAK No. 24, "Employee Benefits concerning Defined Benefit Plans: Employee Contributions"
f. PSAK No. 5 (2015 Annual Improvement), "Operating Segment"
g. PSAK No. 7 (2015 Annual Improvement), "Related Party Disclosures"
h. PSAK No. 16 (2015 Annual Improvement), "Property, Plant and Equipment"
i. PSAK No. 19 (2015 Annual Improvement), "Intangible Assets"
j. PSAK No. 22 (2015 Annual Improvement), "Business Combination"
k. PSAK No. 25 (2015 Annual Improvement), "Accounting Policies, Changes in Accounting Estimates and Errors"

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Changes in accounting policies (continued)

d.1. Standards, amendments and accounting interpretations effective on 1 January 2016 (continued)

l. PSAK No. 68 (2015 Annual Improvement), "Fair Value Measurement"

m. PSAK No. 110 (2015 Revision), "Sukuk Accounting"

The Bank and Subsidiaries have assessed that the adoption of the abovementioned standards, amendments, annual improvements and accounting interpretations and the adoption does not have any significant impact to the consolidated financial statements.

d.2. Accounting standards issued but not yet effective

Certain amendments, annual improvements and interpretation of accounting standards have been issued but not yet effective for the year ended 31 December 2016, and have not been applied in preparing these consolidated financial statements. The following PSAK and ISAK, which will become effective starting 1 January 2017 and 1 January 2018, may have a significant effect to the Bank and Subsidiaries' future financial statements, and may require retrospective application under PSAK No. 25, "Accounting Policies, Changes in Accounting Estimates and Errors":

a. Amendment of PSAK No. 1, "Presentation of Financial Statements concerning Disclosure Initiative"

b. Amendment of PSAK No. 2, "Statement of Cash Flows concerning Disclosure Initiative"

c. Amendment of PSAK No. 46, "Income Taxes concerning Recognition of Deferred Tax Assets for Unrealized Loss"

d. PSAK No. 24 (2016 Annual Improvement), "Employee Benefits"

e. PSAK No. 58 (2016 Annual Improvement), "Non-current Assets Held for Sale and Discontinued Operations"

f. PSAK No. 60 (2016 Annual Improvement), "Financial Instruments: Disclosures"

As of the issuance of these consolidated financial statements, the Bank and Subsidiaries have not determined the extent of retrospective impact, if any, that the future adoption of these standards will have on the Bank and Subsidiaries' consolidated financial position and operating results.

e. Basis of consolidation

The consolidated financial statements consist of financial statements of the Bank and Subsidiaries (PT BCA Finance, BCA Finance Limited, PT Bank BCA Syariah, PT BCA Sekuritas, PT Asuransi Umum BCA and PT Central Santosa Finance) controlled by the Bank.

The financial statements of PT BCA Sekuritas consist of financial statements of PT BCA Sekuritas and its Subsidiary (PT Asuransi Jiwa BCA), in which the ownership of PT BCA Sekuritas on PT Asuransi Jiwa BCA is 99.99%.

Control over a Subsidiary is presumed to exist if the Bank is exposed to, or has rights to, variable returns from its involvement with the Subsidiary and has the ability to affect those returns through its power over the Subsidiary. The Bank reassesses whether it has control if there are changes to one or more of the elements of the control, including circumstances in which the potential rights (e.g. those resulting from a lending relationship) become substantive and lead to the Bank having power over a Subsidiary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Basis of consolidation (continued)

The financial statements of Subsidiaries are included in the consolidated financial statements since the date on which the Bank obtained control until the date such control ceases. The financial statements of Subsidiaries have been prepared using the same accounting policies with those implemented by the Bank for similar transactions and other events in similar circumstances, unless otherwise specified.

When control of an entity is obtained during the year, its results are included in the consolidated financial statements from the date on which the control commences. Where control ceases during the year, its results are included in the consolidated financial statements for the part of the year during which control existed.

All significant balances, transactions, income and expenses with and between Subsidiaries are eliminated in preparing the consolidated financial statements such that the consolidated financial statements include only transactions and balances with third parties. Unrealized losses from transactions with and between Subsidiaries are eliminated, unless there is an indication of impairment that requires recognition in the consolidated financial statements

Changes affected the Bank's ownership interest and equity of Subsidiary that do not result in a loss of control are accounted for as equity transactions and presented as other equity components within equity in the consolidated statements of financial position.

Non-controlling interests are recognized on the date of business combination and subsequently adjusted to the portion of the changes in equity of Subsidiary.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the equity holders of the parent entity, and presented to the portion of Subsidiary's income for the year and equity attributable to the non-controlling interest based on percentage of ownership of the non-controlling interest on the Subsidiary.

If the parent entity losses control of a Subsidiary, the parent entity:

a. Derecognizes the assets and liabilities of the former Subsidiary from the consolidated statement of financial position.
b. Recognizes any investment retained in the former Subsidiary at fair value on the date when control is lost and subsequently accounts for it and for any amounts owed by or to the former Subsidiary in accordance with the relevant financial accounting standard. That fair value is regarded as the fair value on initial recognition of a financial asset in accordance with PSAK No. 55, "Financial Instruments: Recognition and Measurement".
c. Recognizes the gain or loss associated with the loss of control attributable to the former controlling interest.

f. Business combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the fair value of assets transferred, equity instruments issued, liabilities incurred or obtained and adjustment to the contingent purchase price, if any, at the date of acquisition. Acquisition costs are expensed as incurred and included in the administrative expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Business combination (continued)

On the acquisition date, the acquirer classified and designated identified assets acquired and liabilities assumed as required to apply other financial accounting standards. The acquirer made classification or the determination based on the contractual terms, economic circumtances, its operational or accounting policies and other related conditions as at the acquisition date.

On the acquisition date, goodwill is initially measured at acqusition cost, which represents the excess of the aggregate of consideration transferred and the amount of any non-controlling interest in the acquiree over the net of the amounts of the identifiable assets acquired and the liabilities assumed at the date of acquisition. If the consideration is lower than the fair value of Subsidiary's net assets acquired, the difference is recognized in the profit or loss. Subsequent to initial recognition, goodwill is measured at its carrying amount less accumulated impairment losses.

g. Business combination of entities under common control

Business combination of entities under common control transactions, such as transfer of business in relation to reorganization of entities within the same business group, is not a change of ownership in terms of economic substance; therefore, such transaction cannot generate any gains or losses for the group as a whole as well as the individual entity within the business group.

Business combination of entities under common control transactions, according to PSAK No. 38 (2012 Revision), "Business Combination under Common Control", is recognized at its carrying amount based on a pooling-of-interest method. Entity that receives the business as well as the entity that disposes the business recognizes the difference between the proceeds transferred/received and carrying amount arising from a business combination under common control transaction as part of equity in the additional paid-in capital account.

In accordance with transition requirement of PSAK No. 38 (2012 Revision), the balance of difference in value from restructuring transaction of entities under common control based on PSAK No. 38 (2004 Revision), "Accounting for Restructuring of Entities under Common Control", at the beginning of the implementation of this standard, was disclosed in equity as part of additional paid-in capital account and shall never be recognized as realized profit or loss or reclassified into retained earnings in the future.

h. Translation of transactions in foreign currencies

The Bank and Subsidiaries domiciled in Indonesia maintained its accounting record in Rupiah. Transactions denominated in foreign currencies are translated into Rupiah at the exchange rates prevailing at the date of the transaction. At the reporting date, year-end balances of monetary assets and liabilities denominated in foreign currencies are translated into Rupiah at the exchange rates prevailing at the date of consolidated statements of financial position.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Translation of transactions in foreign currencies (continued)

For consolidation purposes, foreign currency financial statements of the Bank's overseas Subsidiary are translated into Rupiah based on the following basis:

(1) Assets and liabilities, commitments and contingencies are translated using the Reuters spot rates at 16:00 WIB at the statement of financial position date.
(2) Income, expenses, gains and losses, represent the accumulated amount from monthly profit or loss balance during the year, are translated into Rupiah using the average Reuters middle rate for the respective month.
(3) Equity accounts are translated using historical rates.
(4) Statements of cash flows are translated using the Reuters spot rate at 16:00 WIB at the statement of financial position date, except for income statement accounts which are translated using the average middle rates and equity accounts which are translated using historical rates.

Differences arising from the above translation are presented as "Foreign exchange differences arising from translation of financial statements in foreign currency" under the equity section of the consolidated statements of financial position.

Exchange gains or losses arising from transactions in foreign currencies and from the translation of monetary assets and liabilities in foreign currencies are recognized in the current year profit or loss.

The foreign currency gain or loss on monetary assets and liabilities is the difference between amortized cost in Rupiah at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated into Rupiah at the exchange rate at the end of the year.

Summarized below are the major exchange rates as of 31 December 2016 and 2015, using Reuters middle rate at 16:00 WIB (full amount of Rupiah):

	Foreign currency	2016	2015
1	United States Dollar (USD)	13,472.5	13,785.0
1	Australian Dollar (AUD)	9,723.1	10,083.7
1	Singapore Dollar (SGD)	9,311.9	9,759.0
1	Hong Kong Dollar (HKD)	1,737.3	1,778.7
1	Great Britain Poundsterling (GBP)	16,555.0	20,439.0
100	Japanese Yen (JPY)	11,507.0	11,452.0
1	Euro (EUR)	14,175.8	15,056.7

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Financial assets and liabilities

Financial assets of the Bank and Subsidiaries mainly consist of cash, current accounts with Bank Indonesia, current accounts with other banks, placements with Bank Indonesia and other banks, financial assets held for trading, acceptance receivables, bills receivable, securities purchased under agreements to resell, loans receivable, consumer financing receivables, investment in finance leases and investment securities.

Financial liabilities of the Bank and Subsidiaries mainly consist of deposits from customers, deposits from other banks, financial liabilities held for trading, acceptance payables, securities sold under agreements to repurchase, debt securities issued and borrowings.

i.1. Classification

The Bank and Subsidiaries classify their financial assets in the following categories at initial recognition:

i. at fair value through profit or loss, which has 2 (two) sub-classifications, i.e. financial assets designated as such upon initial recognition and financial assets classified as held for trading;
ii. available-for-sale;
iii. held-to-maturity; and
iv. loans and receivables.

Financial liabilities are classified into the following measurement categories at initial recognition:

i. at fair value through profit or loss, which has 2 (two) sub-classifications, i.e. those designated as such upon initial recognition and those classified as held for trading; and
ii. financial liabilities measured at amortized cost.

Held for trading are those financial assets and liabilities that the Bank and Subsidiaries acquire or incur principally for the purpose of selling or repurchasing in the near term, or hold as part of a certain financial instrument portfolio that is managed together for short-term profit or position taking.

Available-for-sale investments are non-derivative financial assets that are designated as available-for-sale or are not classified as another category of financial assets.

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Bank and Subsidiaries have the positive intent and ability to hold to maturity, and which are not designated at fair value through profit or loss or available-for-sale.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank and Subsidiaries do not intend to sell immediately or in the near term.

Financial liabilities measured at amortized cost consist of non-derivative financial liabilities that are not held for trading purpose and not designated at fair value through profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Financial assets and liabilities (continued)

i.2. Initial recognition

The Bank and Subsidiaries initially recognize loans receivable and deposits on the date of origination. Regular way purchases and sales of financial assets are recognized on the trade date at which the Bank and Subsidiaries commit to purchase or sell the asset. All other financial assets and liabilities are initially recognized on the trade date at which the Bank and Subsidiaries become a party to the contractual provisions of the instrument.

A financial asset or liability is initially measured at fair value plus (for a financial instrument not subsequently measured at fair value through profit or loss) transaction costs that are directly attributable to its acquisition or issue of financial liabilities.

The subsequent measurement of financial assets and liabilities depends on their classifications.

Transaction costs include only those costs that are directly attributable to the acquisition of a financial asset or issuance of financial liability and they are incremental costs that would not have been incurred if the instrument had not been acquired or issued. In the case of financial assets, transaction costs are added to the amount recognized initially, while for financial liabilities, transaction costs are deducted from the amount of debt recognized initially. Such transaction costs are amortized over the life of the instruments based on the effective interest rate method and are recorded as part of interest income for transaction costs related to financial assets or interest expenses for transaction costs related to financial liabilities.

i.3. Derecognition

The Bank and Subsidiaries derecognize a financial asset when the contractual rights to the cash flows from the financial asset expire, or when the Bank and Subsidiaries transfer the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Bank and Subsidiaries is recognized as a separate asset or liability.

The Bank and Subsidiaries derecognize a financial liability when its contractual obligations are discharged, cancelled or expired.

In transactions in which the Bank and Subsidiaries neither retain nor transfer substantially all the risks and rewards of ownership of a financial asset, the Bank and Subsidiaries derecognize the asset if they do not retain control over the asset. The rights and obligations retained in the transfer are recognized separately as assets and liabilities as appropriate. In transfers in which control over the asset is retained, the Bank and Subsidiaries continue to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Bank and Subsidiaries write-off a financial asset and any related allowance for impairment losses, when the Bank and Subsidiaries determine that the financial asset is uncollectible. This determination is reached after considering information the occurrence of significant changes in the financial position of borrower/financial asset issuer such that the borrower/financial asset issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Financial assets and liabilities (continued)

i.4. Offsetting

Financial assets and liabilities are offset and the net amount is presented in the consolidated statements of financial position when, and only when, the Bank and Subsidiaries have a legal right to offset the recognized amounts and intend either to settle on a net basis or realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by accounting standards.

i.5. Amortized cost measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount and minus any reduction for impairment.

i.6. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market or, in its absence, the most advantageous market to which the Bank and Subsidiaries have access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Bank and Subsidiaries measure the fair value of a financial instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank and Subsidiaries use valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, i.e., the fair value of the consideration given or received. If the Bank and Subsidiaries determine that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Financial assets and liabilities (continued)

i.6. Fair value measurement (continued)

If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank and Subsidiaries measure assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities measured at fair value, that are exposed to market risk and credit risk that are managed by the Bank and Subsidiaries on the basis of the net exposure to either market or credit risk, are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

j. Current accounts with Bank Indonesia and other banks

Current accounts with Bank Indonesia and other banks are initially measured at fair value plus transaction costs that are directly attributable and incremental to the acquisition of those financial assets, and subsequently measured at their amortized costs using the effective interest method.

k. Placements with Bank Indonesia and other banks

Placements with Bank Indonesia and other banks are initially measured at fair value plus transaction costs that are directly attributable and incremental to the acquisition of those financial assets.

k.1. Loan and receivables

Placements with Bank Indonesia and other banks are subsequently measured at amortized costs using the effective interest method after initial recognition.

k.2. Available-for-sale

After initial recognition, available-for-sale placements with Bank Indonesia and other banks are carried at their fair values. Interest income is recognized in profit or loss using the effective interest method.

Other fair value changes are recognized directly in other comprehensive income until the placements are sold or impaired, where the cumulative gains and losses previously recognized in other comprehensive income are recycled to the current year profit or loss based on a weighted average method.

l. Financial assets and liabilities held for trading

Financial assets and liabilities held for trading are initially and subsequently recognized and measured at fair value in the consolidated statements of financial position, with transaction costs recognized in the current year profit or loss.

Financial assets and liabilities held for trading include all derivative instruments held by the Bank for trading, except for a derivative that is financial guarantee contract or a designated and effective hedging instrument.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Financial assets and liabilities held for trading (continued)

All changes in fair value of financial assets and liabilities held for trading are recognized as part of net trading income. Gains or losses which are realized when the financial assets and liabilities held for trading are derecognized, are recognized in the current year profit or loss.

Financial assets and liabilities held for trading are not reclassified subsequent to their initial recognition, except that non-derivative trading assets, other than those designated at fair value through profit or loss upon initial recognition, may be reclassified out of the fair value through profit or loss (i.e., trading category) if they are no longer held for the purpose of being sold or repurchased in the near term and the following conditions are met:

- the financial asset would have met the definition of loans and receivables (if the financial asset had not been required to be classified as held for trading at initial recognition), then it may be reclassified if the Bank and Subsidiaries have the intention and ability to hold the financial asset for the foreseeable future or until maturity; or
- the financial asset would not have met the definition of loans and receivables, then it may be reclassified out of the trading category only in rare circumstances.

Investment in sukuk measured at fair value through profit or loss

The Bank and Subsidiaries initially recognize the investment in sukuk measured at fair value through profit or loss at acquisition cost. Such cost does not include transaction costs. Subsequent to initial recognition, the difference between fair value and the carrying amount is recognized in profit or loss.

The fair value of investment is determined by referencing to the following order:

- quoted price (without adjustments) in active market, or
- input other than quoted price in the observable active market.

Investment in sukuk measured at fair value through profit or loss is presented in the consolidated statement of financial position as part of financial assets held for trading.

m. Acceptance receivables and payables

Acceptance receivables and payables are initially measured at fair value plus/minus transaction costs that are directly attributable and incremental to the acquisition/issue of those financial assets/liabilities, and subsequently measured at their amortized costs using the effective interest method. Acceptance receivables are presented net of allowance for impairment losses.

n. Loans receivable

Loans receivable are initially measured at fair value plus transaction costs that are directly attributable and incremental to the acquisition of those financial assets, and subsequently measured at their amortized costs using the effective interest method.

Syndicated, joint financing and channeling loans are stated at amortized cost in accordance with the portion of risks borne by the Bank.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Loans receivable (continued)

The Bank and Subsidiaries account for troubled debt restructuring in accordance with the type of restructuring. In troubled debt restructuring which involves a modification of terms, reduction of portion of loan principal and/or combination of both, the Bank and Subsidiaries account for the effect of the restructuring prospectively and do not change the carrying value of receivables at the time of restructuring, unless the amount exceeds the present value of the total future cash receipts specified in the new terms. If the present value of the total future cash receipts specified in the new terms is lower than the recorded receivables balance prior to restructuring, the Bank and Subsidiaries should reduce the loan balance to the amount equal to the present value of the total future cash receipts. The amount of the reduction is recognized as individual impairment losses in the current year profit or loss.

o. Securities purchased under agreements to resell and securities sold under agreements to repurchase

Securities purchased under agreements to resell (reverse repo) are presented as receivables and stated at the agreed resell price less the difference between the purchase price and the agreed resale price. The difference between the purchase price and the agreed resale price is amortized using the effective interest method as interest income over the period commencing from the acquisition date to the resell date.

Securities sold under agreements to repurchase (repo) are presented as liabilities and stated at the agreed repurchase price less the unamortized interest expense. Unamortized interest expense is the difference between selling price and agreed repurchase price and is recognized as interest expense during the period from the securities are sold until the securities are repurchased. The securities sold are still recorded as assets in the consolidated statements of financial position because the securities ownership remains substantially with the Bank as a seller.

p. Consumer financing receivables

Consumer financing receivables are stated at net of unamortized transaction cost (income), unearned consumer financing income and allowance for impairment losses on consumer financing receivables.

Unearned consumer financing income represents the difference between total installments to be received from the consumer and the principal amount financed, plus or deducted with the unamortized transaction cost (income), which will be recognized as income over the term of the contract using effective interest rate method of the related consumer financing receivable.

Unamortized transaction cost (income) are financing administration income and transaction expense which are incurred at the first time the financing agreement is signed and directly attributable to consumer financing.

Early termination of a contract is treated as a cancellation of an existing contract and the resulting gain is recognized in the current year profit or loss accounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p. Consumer financing receivables (continued)

Consumer financing receivables will be written-off when they are overdue for more than 150 (one hundred and fifty) days for four-wheeled motor vehicles and 180 (one hundred and eighty) days for two-wheeled motor vehicles, and based on management review of individual case.

Joint financing

All joint financing agreements entered by the Subsidiary are joint financing without recourse in which only the Subsidiary's financing portion of the total installments are recorded as consumer financing receivables in the consolidated statements of financial position (net approach). Consumer financing income is presented in the consolidated statements profit or loss and other comprehensive income after deducting the portions belong to other parties participated to these joint financing transactions.

Receivables from collateral vehicles reinforced

Receivables from collateral vehicles reinforced represent receivables derived from motor vehicle collaterals owned by customers for settlement of their consumer financing receivables, which is presented as part of consumer financing receivables.

In case of default, the consumer gives the right to the Bank and Subsidiaries to sell the motor vehicle collaterals or take any other actions to settle the outstanding receivables.

Consumers are entitled to the positive differences between the proceeds from sales of foreclosed collaterals and the outstanding consumer financing receivables. If the differences are negative, the resulting losses are charged to the current year profit or loss.

Expenses in relation with the acquisition and maintenance of receivables from collateral vehicles reinforced are charged to the profit or loss accounts when incurred.

q. Accounting for finance leases

Leases are classified as finance leases if such leases transfer substantially all the risks and rewards related to the ownership of the leased assets. Leases are classified as operating leases if the leases do not transfer substantially all the risks and rewards related to ownership of the leased assets.

Assets held under finance lease are recognized in the consolidated statements of financial position at an amount equal to the net investment in the lease. Receipts from lease receivables are treated as repayments of principal and financing lease income. The recognition of finance lease income is based on a pattern reflecting a constant periodic rate of return on the Subsidiary's net investment as lessor in the finance lease.

r. Sharia transactions

Assets related to sharia transactions consist of *mudharabah* and *musyarakah* financing receivables, *ijarah* assets and receivables, and *murabahah* financing receivables.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r. Sharia transactions (continued)

Murabahah is a financing agreement to sell or purchase of goods, in which the selling price equals to the cost of goods plus a pre-agreed profit margin and the seller should disclose its cost to the buyer. *Murabahah* financing is stated at balance of receivables less deferred margin and allowance for impairment losses.

Ijarah is a lease agreement for goods and/or services, including the right to use, between the owner of a leased object (lessor) and lessee, to generate income from the leased object. *Ijarah muntahiyah bittamlik* is a lease agreement between lessor and lessee to obtain income from the leased object with an option to transfer the ownership title of leased object through purchase/sale or as a gift (*hibah*) at certain period as agreed in the lease agreement (*akad*). *Ijarah muntahiyah bittamlik* assets are stated at the acquisition costs less accumulated depreciation. *Ijarah* receivable is recognized at maturity date based on unearned lease income and presented at net realizable value, i.e. balance of the receivables less allowance for impairment losses.

Mudharabah is an investment of funds from the owner of fund *(malik, shahibul maal, or sharia bank)* to a fund manager *(amil, mudharib, or customer)* for a specific business activity, under a profit or revenue sharing agreement between the two parties at a pre-agreed ratio *(nisbah)*. *Mudharabah* financing is stated at financing balance less allowance for impairment losses.

Musyarakah is an investment of funds from the owners of funds to combine their funds for a specific business activity, for which the profits are shared based on a pre-agreed *nisbah*, while losses are borne proportionally by the fund owners.

Permanent *musyarakah* is a *musyarakah* for which the amount of funds contributed by each party is fixed until the end of the agreement. Declining *musyarakah (musyarakah mutanaqisha)* is *musyarakah* with a condition that the amount contributed by a party will be declining from time to time as it is transferred to another party, such that at the end of the agreement, the other party will fully own the business. *Musyarakah* financing is stated at financing balance less allowance for impairment losses.

The Subsidiary determines the allowance for impairment losses of sharia financing receivables in accordance with the quality of each financing receivable by referring to the requirements of OJK, except for *murabahah* financing receivables for which the identification and measurement of impairment losses follows PSAK No. 55.

s. Investment securities

Investment securities are initially recognized at fair value plus transaction costs that are directly attributable and incremental to the acquisition of those financial assets, and subsequently measured in accordance with their classifications, either held-to-maturity or available-for-sale.

s.1. Held-to-maturity

Subsequent to initial recognition, held-to-maturity investments are carried at amortized cost using the effective interest method. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturities would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Bank from classifying investment securities as held-to-maturity for the current and the following 2 (two) financial years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

s. Investment securities (continued)

s.2. Available-for-sale

After initial recognition, available-for-sale investments are carried at their fair values. Interest income is recognized in profit or loss using the effective interest method. Foreign exchange gains or losses on available-for-sale debt securities investments are recognized in the current year profit or loss.

Other fair value changes are recognized directly in other comprehensive income until the investment is sold or impaired, where the cummulative gains and losses previously recognized in other comprehensive income are recycled to the the current year profit or loss based on a weighted average method.

Investments in sukuk measured at cost and measured at fair value through other comprehensive income

Investments in sukuk initially measured at cost and measured at fair value through other comprehensive income are recognized at acquisition cost, including the transaction costs.

- **Measured at cost**

  Subsequent to initial recognition, the difference between acquisition cost and nominal value is amortized using straight-line method during the period of sukuk and recognized in profit or loss. If there is indication of impairment, the entity measures its recoverable amount. If the recoverable amount is less than the carrying amount, the Bank and Subsidiaries recognize the impairment losses.

  Investment in sukuk is classified as measured at cost if:

  a. the investment is held within a business model whose objective is to collect contractual cash flows; and
  b. the contractual terms give rise on specified dates to payments of principal and/or the margin.

- **Measured at fair value through other comprehensive income**

  Subsequent to initial recognition, the difference between acquisition cost and nominal value is amortized using straight-line method during the period of sukuk and recognized in profit or loss. Gains or losses from fair value changes are recognized in other comprehensive income after considering the difference between acquisition cost and unamortized nominal value and accumulated gains or losses of fair value that previously have been recognized in other comprehensive income, except for impairment losses and foreign exchange gains or losses, until the investment in sukuk is derecognized or reclassified. When the investment in sukuk is derecognized, accumulated gains or losses that have been recognized in other comprehensive income are reclassified to profit or loss as the reclassification adjustments. If there is an indication of impairment, the impairment losses recognized in profit or loss are the amount after considering the balance in other comprehensive income.

  Investment in sukuk is classified as measured at fair value through other comprehensive income if:

  a. the investment is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the sukuk; and
  b. the contractual terms give rise on specified dates to payments of principal and/or the margin.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

t. Fixed assets

Fixed assets are initially recognized at cost. Cost includes expenditures directly attributable to bring the assets for their intended use. Prior to 1 January 2016, subsequent to initial measurement, all fixed assets are measured using cost model, which is cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated.

Starting 1 January 2016, the Bank changed its accounting policy related to subsequent measurement of land class of its fixed assets from cost model to revaluation model. The change of accounting policy is implemented prospectively. If an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognized in other comprehensive income and presented as part of revaluation surplus of fixed assets. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognized in profit or loss.

Land is measured at fair value on the revaluation date and presented at fair value after the revaluation date. Valuation of land is carried out by appraisers who have professional qualifications. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of revalued assets does not differ materially from their fair values at the reporting date.

Any increase arising on the revaluation is recognized as "Revaluation surplus of fixed assets" in other comprehensive income and accumulated in equity as revaluation surplus of fixed assets. However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss. Any decrease arising on the revaluation is recognized in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognized in profit or loss. However, the decrease shall be recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus. Revaluation increases and decreases are not offset, although in the same class of assets.

Costs relating to the acquisition of legal titles on the land rights are recognized as part of acquisition cost of land and not amortized, except there is evidence which indicates that the extension or renewal of land rights is probable or certainly not be obtained. The costs of extension or renewal of legal titles on the land rights are charged to profit or loss as incurred because the amount is not significant.

Buildings are depreciated using the straight-line method over their estimated useful lives of 20 (twenty) years. Except for land which is not depreciated, other fixed assets are depreciated over their estimated useful lives ranging from 2 (two) to 8 (eight) years using the double-declining balance method for the Bank and PT BCA Finance, and straight-line method for other Subsidiaries. The effect of such different depreciation method is not material to the consolidated financial statements. For all fixed assets, the Bank and Subsidiaries have determined residual values to be "nil" for the calculation of depreciation.

Normal repair and maintenance expenses are charged to current year profit or loss; while renovation and betterments, which are significant and prolong the useful life of assets, are capitalized to the respective fixed assets. The carrying amount and the related accumulated depreciation of fixed assets which are not utilized anymore or sold, are removed from the related group of assets, and the gains or losses are recognized as other operating income or expenses in the current year profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

t. Fixed assets (continued)

Buildings under construction are stated at cost. The accumulated costs will be transferred to the buildings account when construction is completed and the buildings are ready for their intended use.

When assets are disposed, their carrying values and the related accumulated depreciation are eliminated from the consolidated statements of financial position, and the resulting gain or loss on the disposal of fixed assets is recognized in the current year profit or loss.

At each reporting date, residual value, useful life and depreciation method are reviewed, and if required, will be adjusted and applied in accordance with the requirement of prevailing PSAK.

When the carrying amount of fixed assets is greater than its estimated recoverable amount, it is written down to its recoverable amount and the impairment loss is recognized in the current year profit or loss.

u. Foreclosed assets

Foreclosed assets acquired in conjunction with settlement of loans are initially recorded at the lower of carrying value of the related loans or net realizable value of the repossessed assets. Net realizable value is the fair value of the repossessed assets after deducting the estimated cost of disposal.

Subsequent to initial recognition, foreclosed assets are recorded at carrying amount or at fair value less cost to sell, whichever is lower. The excess between the carrying value and fair value less cost to sell is recognized as impairment losses and charged to the current year profit or loss.

Foreclosed assets are not depreciated and expenses in relation with the acquisition and maintenance of those assets are charged as incurred.

The difference between the carrying value and the proceeds from the sale of foreclosed assets is recognized as gain or loss at the time of sale, and recognized as other operating income or expense in the current year profit or loss.

Foreclosed assets are presented under “Other assets” in the consolidated statement of financial position.

v. Identification and measurement of impairment losses of assets

v.1. Financial assets

At each reporting date, the Bank and Subsidiaries assess whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

v. Identification and measurement of impairment losses of assets (continued)

v.1. Financial assets (continued)

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan by the Bank and Subsidiaries on terms that the Bank and Subsidiaries would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security due to financial difficulties or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

The Bank and Subsidiaries consider evidence of impairment for financial assets at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment.

All individually significant financial assets not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Financial assets that are not individually significant are collectively assessed for impairment by grouping together such financial assets with similar risk characteristics. Financial assets that are individually assessed for impairment and for which an impairment loss is recognized are no longer included in a collective assessment of impairment.

In assessing collective impairment, the Bank and Subsidiaries use statistical modeling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by statistical modeling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on financial assets carried at amortized cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated future cash flows discounted at the financial assets' original effective interest rate. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral. Losses are recognized in the current year profit or loss and reflected in an allowance account against financial assets in the consolidated statements of financial position. Interest on the impaired financial asset continues to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through the current year profit or loss.

Impairment losses on available-for-sale marketable securities are recognized by transferring the cumulative loss that has been recognized directly in other comprehensive income to profit or loss as a reclassification adjustment. The cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognized in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

v. Identification and measurement of impairment losses of assets (continued)

v.1. Financial assets (continued)

If, in a subsequent period, the fair value of an impaired available-for-sale debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized, the impairment loss is reversed with the amount of reversal recognized in the current year profit or loss.

If the terms of a loan, receivable or held-to maturity investment are renegotiated or otherwise modified because of financial difficulties of the borrower or issuer, impairment is measured using the original effective interest rate before the modification of terms.

v.2. Non-financial assets

The carrying amounts of the Bank and Subsidiaries' non-financial assets are reassessed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

For the purpose of impairment testing, non-financial assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or cash generating units ("CGU").

The recoverable amount of an asset or CGU is the greater of its fair value and its value in use less costs to sell. Value in use is calculated based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of a non-financial asset or CGU exceeds its recoverable amount.

Impairment losses recognized in prior periods are tested at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

An impairment loss in respect of goodwill is not reversed.

w. Intangible assets

Intangible assets consist of software and goodwill.

Software

Software is stated at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditure, which are significant and increase the future economic benefit of assets, will be capitalized. Other expenditures are expensed as incurred. Amortization is recognized in profit or loss using a double-declining balance method over the estimated useful economic life of 4 (four) years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

w. Intangible assets (continued)

Goodwill

Goodwill represents the excess of the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquiree over the net of the amounts of the identifiable assets acquired and the liabilities assumed at the date of acquisition. Goodwill is tested at each reporting date for impairment and carried at cost less accumulated impairment losses.

x. Deposits from customers and other banks

Deposits from customers and deposits from other banks are initially measured at fair value minus directly attributable transaction costs and subsequently measured at their amortized costs using the effective interest method.

y. Sharia and temporary syirkah deposits

Sharia deposits are deposits from third parties in form of *wadiah* demand deposits and *wadiah* savings and *Sertifikat Investasi Mudharabah Antarbank* ("SIMA"). *Wadiah* demand deposits can be used as payment instrument, and can be withdrawn using cheque and payment slip. *Wadiah* demand deposits and *wadiah* savings are entitled to receive bonus in accordance with Subsidiary's policy. *Wadiah* demand deposits and *wadiah* savings are stated at the liabilities of the Subsidiary.

Temporary *syirkah* deposit is an investment with *mudharabah mutlaqah* agreement, where the owner of funds (*shahibul maal*) gives flexibility to fund manager (*mudharib*/Subsidiary) in managing the investment with the purpose that the returns are to be shared based on a pre-agreed basis. Temporary *syirkah* deposits consist of *mudharabah* saving deposit and *mudharabah* time deposits. These funds obtained by sharia entity which has the right to manage and invest fund, according to sharia entity's policy or limitation from fund holders, whereby gains are to be shared based on the agreement. In case that the decrease of temporary *syirkah* deposits was caused by normal losses, and not caused by willful default, negligence or breach of the agreement, the sharia entity (Subsidiary) has no obligation to return or cover the fund losses or deficit.

Mudharabah saving deposits are deposits from third parties which are entitled to receive sharing revenue from Subsidiary for the utilization of the funds with a pre-agreed and approved *nisbah*. *Mudharabah* saving deposits are stated at the liabilities to customers.

Mudharabah time deposits are deposits from third parties which can only be withdrawn at a specific time based on the agreement between holder of *mudharabah* time deposits and the Subsidiary. *Mudharabah* time deposits are stated at nominal amount based on the agreement between holder of *mudharabah* time deposits and the Subsidiary.

The holder of temporary *syirkah* deposits receives sharing profit based on the pre-agreed *nisbah*.

z. Debt securities issued

Debt securities issued by Subsidiary which consists of medium-term notes payable and bonds payable, are classified as other financial liabilities measured at amortized cost. Issuance costs in connection with the issuance of debt securities are recognized as discounts and directly deducted from the proceeds of debt securities issued and amortized over the period of debt securities using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

aa. Provision

A provision is recognized if, as a result of a past event, the Bank and Subsidiaries have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the estimated future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

ab. Earning per share

Basic earnings per share is computed based on net income for the current year attributable to equity holders of the parent entity divided by the weighted average number of outstanding issued and fully paid-up common shares during the year after considering the treasury stocks.

As of 31 December 2016 and 2015, there were no instruments which could potentially result in the issuance of common shares. Therefore, diluted earnings per share is equivalent to basic earnings per share.

ac. Treasury stocks

The Bank uses cost method in recording the treasury stocks. Treasury stocks are recorded at reacquisition cost and presented as a deduction of equity in the consolidated statement of financial position.

When treasury stocks are sold, the Bank recorded the difference between reacquisition price and selling price of treasury stocks as additional paid-in capital from treasury stock transaction which is part of additional paid-in capital.

ad. Interest and sharia income and expenses

Interest income and expenses are recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank and Subsidiaries estimate future cash flows by considering all contractual terms of the financial instrument but not future credit losses.

The calculation of the effective interest rate includes transaction costs (see Note 2i.2) and all fees and points paid or received that are an integral part of the effective interest rate.

Interest income and expenses presented in the consolidated statements of profit or loss and other comprehensive income include:

- interest on financial assets and liabilities at amortized cost calculated using the effective interest method; and
- interest on available-for-sale investment securities calculated using the effective interest method.

Interest income on all trading financial assets are considered to be incidental to the Bank's trading operations and are presented as part of interest income.

Interest on the impaired financial asset continues to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ad. Interest and sharia income and expenses (continued)

Sharia income consist of income from *murabahah*, lease income from *ijarah* (rent), profit distribution of *mudharabah* and *musyarakah* financing.

Income from *murabahah* and lease income from *ijarah* (rent) are recognized during the lease *akad* period using accrual basis. Income from profit distribution of *mudharabah* and *musyarakah* financing are recognized when received or in the period when the rights of profit distribution arise in accordance with agreed sharing ratio *(nisbah).*

Sharia expenses consist of *mudharabah* expense and *wadiah* bonus expense. Sharia expenses consist of expense for profit distribution on third party funds which are calculated using profit distribution principle in accordance with agreed sharing ratio *(nisbah)* based on *wadiah, mudharabah mutlaqah* and *mudharabah muqayyadah* principles.

ae. Fees and commission income and expenses

Significant fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income and expenses, including export import related fees, cash management fees, service fees and/or related to a specific period and the amount is significant, are recognized as unearned income/prepaid expenses and amortized based on the straight-line method over the terms of the related transactions; otherwise, they are directly recognized as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognized on a straight-line method over the commitment period.

Other fees and commission expenses which are mainly related to inter-bank transaction fees are expensed as the services are received.

af. Net trading income

Net trading income comprises of net gains or losses related to financial assets and liabilities held for trading, and includes interest income and expenses from all financial instruments held for trading and all realized and unrealized fair value changes and foreign exchange differences.

ag. Obligation for post-employment benefits

The obligation for post-employment benefits is calculated at present value of estimated future benefits that the employees have earned in return for their services in the current and prior periods, deducted by any plan assets. The calculation is performed by an independent actuary using the projected-unit-credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains/losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Bank and Subsidiaries determine net interest expense (income) on the net defined benefits obligation for the period by applying the discount used to measure the defined benefits obligation at the beginning of the annual period to the net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefits plan are recognized in profit or loss as personnel expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ag. Obligation for post-employment benefits (continued)

When the obligation for post-employment benefit changes, the portion of increase or decrease in obligation in connection with the services rendered by employees in the past will be recognized immediately in profit or loss.

ah. Income taxes

Income tax expense comprises of current and deferred taxes. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and includes adjustments made to the previous years' income tax calculation, either to adjust them with the income tax reported in annual tax returns, or to record the correction based on tax assessment result.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted as of the reporting date. This method also requires the recognition of future tax benefits, such as tax loss carry forwards, to the extent that realization of such benefits is probable.

Deferred tax assets are reviewed at each reporting date. The Bank and Subsidiaries reduce the deferred tax assets to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable income improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable incomes will be available against which they can be used.

In determining the amount of current and deferred tax, the Bank and Subsidiaries take into account the impact of uncertain tax positions and any additional taxes and penalties.

Amendments to tax obligations are recognized when an assessment is received, or if objection and or appeal is applied, when the results of the objection or the appeal are received.

ai. Operating segment

An operating segment is a component of the entity that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the entity's other components, whose operating results are reviewed regularly by the chief operating decision maker to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise of head office expenses, fixed assets, income tax assets/liabilities, including current and deferred taxes.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ai. Operating segment (continued)

The Bank and Subsidiaries manage their businesses and identify reporting segment based on geographic region and product. Several regions have similar characteristics, have been aggregated and evaluated regularly by management. Gain/loss from each segment is used to assess the performance of each segment.

aj. Related parties transaction

In these consolidated financial statements, the term related parties is used as defined in PSAK No. 7 regarding "Related Party Disclosures".

All significant transactions with related parties, whether or not conducted under normal terms and conditions as those with third parties, are disclosed in the notes to the consolidated financial statements.

3. FINANCIAL RISK MANAGEMENT

a. Risk management framework

The Bank recognizes that in operating its business, there are inherent risks in its financial instruments, i.e. credit risk, liquidity risk, market risk which consists of foreign exchange risk and interest rate risk, and operational risk.

In order to control those risks, the Bank implemented an integrated Risk Management Framework which is stated in its Basic Policy of Risk Management. This framework is used as a tool for determining the strategies, organization, policies and guidances as well as the Bank's infrastructures to ensure that all risks faced by the Bank can be properly identified, measured, controlled and reported.

To implement an effective risk management, the Bank has established a Risk Management Committee whose functions are to address overall risk issues faced by the Bank and recommend risk management policies to the Board of Directors.

In addition to the above-mentioned committee, the Bank also has other committees which are responsible to handle specific risks, such as: Credit Policy Committee, Credit Committee and Asset and Liability Committee ("ALCO").

The Bank always conducts a thorough risk assessment on management plan to release new products or activities in accordance with the type of risks regulated by the prevailing Bank Indonesia Regulations ("PBI"), Otoritas Jasa Keuangan Regulation ("POJK") and other prevailing regulations.

b. Assets and liabilities risk management

ALCO is responsible for evaluating, recommending and establishing the Bank's funding and investing strategies. Included in the scope of ALCO activities are managing liquidity risk, interest rate risk and foreign exchange risk; minimizing funding cost and at the same time maintaining liquidity; and optimizing the Bank's interest income by allocating the funds to productive assets in a prudent manner.

3. FINANCIAL RISK MANAGEMENT (Continued)

b. Assets and liabilities risk management (continued)

ALCO is led by the President Director (concurrently as a member of ALCO), with other members consisting of 9 (nine) directors, Head of International Banking Division, Head of Treasury Division, Head of Finance and Planning Division, Head of Corporate Banking and Corporate Finance Group, Head of Commercials and SME Division, Head of Transaction Banking Product Development Division, Head of Business Development & Transaction Banking Marketing Division, Head of Transaction Banking Cooperation Solution Development Division, Head of Consumer Credit Business Unit and Head of Risk Management Unit.

The Bank's asset and liability management process begins with an assessment of economic parameters affecting the Bank, which primarily consist of inflation rate, market liquidity, yield curve, US Dollar-Rupiah exchange rate, and other macro economic factors. Liquidity risks, foreign currency exchange risks and interest rate risks are reviewed by the Risk Management Unit and reported to ALCO. ALCO then decides the pricing strategy for the interest rates on deposits and loans based on the conditions and competition in the market.

c. Credit risk management

The credit organization is continuously being improved with an emphasis on the four eyes principle, in which the credit decision is determined with the considerations of 2 (two) functions, i.e. business development function and credit risk analysis function.

The Bank has Basic Policy of Bank's Credit which are continuously being improved, in line with the Bank's development, PBI, POJK and in accordance with International Best Practices.

The improvement on procedures and credit risk management system are conducted through the development of "Loan Origination System" which is a policy that regulates the workflow on loan origination process (end-to-end) in order to achieve an effective and efficient credit process. Risk profile measurement system is continuously being developed to determine the risk of debtor completely and correctly. The credit database development process is also continuously being conducted and improved.

The Credit Policy Committee is responsible for formulating credit policies, especially those that relate to prudence principles in credit, monitoring and evaluating the implementation of credit policies so that it can be applied consistently and in accordance with credit policy, and give advice and corrective actions to resolve problems in the implementation.

The Credit Committee was established to assist Board of Directors in evaluating and/or providing credit decisions in accordance with their level of authorization through the Credit Committee Meeting or Directors' Circular Letter. The main functions of Credit Committee are as follows:

- providing further guidance if a thorough and comprehensive credit analysis is needed;
- making a decision or giving a recommendation on a credit proposal for big debtors and specific industries; and
- coordinating with ALCO, especially when it relates with sources of funding for credits.

The Bank has developed a debtor's risk rating system, which is known as the Internal Credit Risk Rating/Scoring System. The Internal Credit Risk Rating/Scoring System consists of 11 (eleven) categories of risk rating, from RR1 to RR10, and the worst is Loss. Debtor's risk rating provides an authorized officer with a valuable input for a better and more appropriate credit decision.

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3. FINANCIAL RISK MANAGEMENT (Continued)

c. Credit risk management (continued)

To maintain the credit quality, monitoring over credit quality is performed regularly on each credit category (Corporate, Commercial, Small & Medium Enterprise ("SME"), Consumer and Credit Card) as well as to overall credit portfolio.

The Bank developed a credit risk management tools through credit portfolio stress testing analysis and monitoring the results of such stress testing. Stress testing is used by the Bank as a tool to estimate the impact of stressful condition in order to enable the Bank creating appropriate strategies to mitigate the risks as part of its contingency plan implementation.

In order to monitor and control credit risk of the Subsidiaries, the Bank monitors the Subsidiaries' credit risk regularly, to ensure that the Subsidiaries have a good and effective Credit Risk Management Policy.

i. Maximum exposure to credit risk

For financial assets recognized in the consolidated statements of financial position, the maximum exposure to credit risk generally equals their carrying amount. For guarantees and irrevocable Letters of Credit issued, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay if the obligations of the guarantees and irrevocable Letters of Credit issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the unused committed loan facilities granted to customers.

The following table presents maximum exposure to credit risk of financial instruments in the consolidated statements of financial position and off-balance sheet accounts, without taking into account of any collateral held or other credit enhancements.

	31 December	
	2016	2015
Consolidated financial position:		
Current accounts with Bank Indonesia	40,596,730	37,774,577
Current accounts with other banks	12,466,153	8,438,924
Placements with Bank Indonesia and other banks	35,363,890	56,259,099
Financial assets held for trading	5,127,264	1,783,792
Acceptance receivables	7,167,392	7,367,389
Bills receivable	3,826,144	2,541,352
Securities purchased under agreements to resell	2,547,098	515,099
Loans receivable	403,391,221	378,616,292
Consumer financing receivables	8,207,469	7,407,519
Investment in finance leases	161,978	173,120
Investment securities	108,709,161	51,153,115
	627,564,500	552,030,278
Consolidated administrative account:		
Unused credit facilities to customers - committed	118,834,625	105,940,361
Unused credit facilities to other banks - committed	1,285,435	646,087
Irrevocable Letters of Credit issued	5,778,889	5,258,718
Bank guarantees issued to customers	11,345,249	11,526,909
	137,244,198	123,372,075
	764,808,698	675,402,353

3. FINANCIAL RISK MANAGEMENT (Continued)

c. Credit risk management (continued)

ii. Concentration of credit risk analysis

The Bank encourages the diversification of its credit portfolio among a variety of geographic area, industries and products in order to minimize the credit risk.

The concentration of loans by type of loan, currency and economic sector is disclosed in Note 12.

The following table presents concentration of credit risk of the Bank and Subsidiaries by counterparty:

	31 December 2016				
	Corporates	Government and Bank Indonesia	Bank	Individual	Total
Consolidated financial position:					
Current accounts with Bank Indonesia	-	40,596,730	-	-	40,596,730
Current accounts with other banks	-	-	12,466,153	-	12,466,153
Placements with Bank Indonesia and other banks	-	26,960,733	8,403,157	-	35,363,890
Financial assets held for trading	44,387	4,588,175	494,702	-	5,127,264
Acceptance receivables	6,597,008	-	619,917	128,995	7,345,920
Bills receivable	458,590	-	3,370,573	-	3,829,163
Securities purchased under agreements to resell	-	272,701	2,196,231	80,665	2,549,597
Loans receivable	250,791,773	-	7,470,894	157,633,578	415,896,245
Consumer financing receivables	255,662	-	102	8,250,791	8,506,555
Investment in finance leases	145,281	-	-	18,563	163,844
Investment securities	15,927,563	86,578,735	7,078,664	-	109,584,962
Total	274,220,264	158,997,074	42,100,393	166,112,592	641,430,323
Less:					
Allowance for impairment losses					(13,865,823)
					627,564,500
Commitments and contingencies with credit risk:					
Unused credit facilities - committed	93,941,440	-	1,285,435	24,893,185	120,120,060
Irrevocable Letters of Credit issued	5,764,616	-	-	14,273	5,778,889
Bank guarantees issued to customers	9,667,032	-	36,886	1,641,331	11,345,249
	109,373,088	-	1,322,321	26,548,789	137,244,198

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3. FINANCIAL RISK MANAGEMENT (Continued)

c. Credit risk management (continued)

ii. Concentration of credit risk analysis (continued)

	31 December 2015				
	Corporates	Government and Bank Indonesia	Bank	Individual	Total
Consolidated financial position:					
Current accounts with Bank Indonesia	-	37,774,577	-	-	37,774,577
Current accounts with other banks	-	-	8,438,924	-	8,438,924
Placements with Bank Indonesia and other banks	-	49,272,868	6,986,231	-	56,259,099
Financial assets held for trading	35,064	1,525,873	222,855	-	1,783,792
Acceptance receivables	7,273,942	-	452,008	74,778	7,800,728
Bills receivable	154,653	-	2,387,557	-	2,542,210
Securities purchased under agreements to resell	-	-	515,099	-	515,099
Loans receivable	232,746,928	-	4,080,501	150,815,208	387,642,637
Consumer financing receivables	174,686	-	379	7,518,473	7,693,538
Investment in finance leases	140,964	-	-	37,202	178,166
Investment securities	8,945,093	40,949,428	2,111,257	-	52,005,778
Total	249,471,330	129,522,746	25,194,811	158,445,661	562,634,548
Less:					
Allowance for impairment losses					(10,604,270)
					552,030,278
Commitments and contingencies with credit risk:					
Unused credit facilities - committed	79,602,426	-	646,087	26,337,935	106,586,448
Irrevocable Letters of Credit issued	5,241,550	-	-	17,168	5,258,718
Bank guarantees issued to customers	9,783,522	-	369,404	1,373,983	11,526,909
	94,627,498	-	1,015,491	27,729,086	123,372,075

3. FINANCIAL RISK MANAGEMENT (Continued)

c. Credit risk management (continued)

iii. Credit risk analysis

The following table presents individually impaired financial assets, financial assets that are not individually significant and collectively assessed for impairment, past due but not impaired financial assets and neither past due nor impaired financial assets.

	31 December 2016									
					Neither past due nor impaired					
		Past due but not impaired			Acceptance receivables, bills receivable and loans receivable				Not individually significant and collectively assessed for impairment	
	Individually impaired	1 - 30 days	31 - 60 days	61 - 90 days	High grade	Standard grade	Low grade	Other financial assets		Total
Loans and receivables:										
Current accounts with Bank Indonesia	-	-	-	-	-	-	-	40,596,730	-	40,596,730
Current accounts with other banks	-	-	-	-	-	-	-	12,466,153	-	12,466,153
Placements with Bank Indonesia and other banks	-	-	-	-	-	-	-	31,578,716	-	31,578,716
Acceptance receivables - net	-	-	-	-	4,042,318	2,951,592	18,273	-	155,209	7,167,392
Bills receivable - net	-	-	-	-	740,612	426,412	-	-	2,659,120	3,826,144
Securities purchased under agreements to resell - net	-	-	-	-	-	-	-	2,547,098	-	2,547,098
Loans receivable - net	626,286	190,339	56,120	157,217	179,824,096	45,325,207	908,496	-	176,303,460	403,391,221
Consumer financing receivables - net	-	-	-	-	-	-	-	-	8,207,469	8,207,469
Investment in finance leases - net	-	-	-	-	-	-	-	-	161,978	161,978
	626,286	190,339	56,120	157,217	184,607,026	48,703,211	926,769	87,188,697	187,487,236	509,942,901
Available-for-sale:										
Placements with Bank Indonesia and other banks	-	-	-	-	-	-	-	3,785,174	-	3,785,174
Investment securities - net	-	-	-	-	-	-	-	81,754,728	-	81,754,728
	-	-	-	-	-	-	-	85,539,902	-	85,539,902
Held-to-maturity:										
Investment securities - net	-	-	-	-	-	-	-	26,954,433	-	26,954,433
	-	-	-	-	-	-	-	26,954,433	-	26,954,433
	626,286	190,339	56,120	157,217	184,607,026	48,703,211	926,769	199,683,032	187,487,236	622,437,236

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3. FINANCIAL RISK MANAGEMENT (Continued)

c. Credit risk management (continued)

iii. Credit risk analysis (continued)

	31 December 2015									
					Neither past due nor impaired					
		Past due but not impaired			Acceptance receivables, bills receivable and loans receivable					
	Individually impaired	1 - 30 days	31 - 60 days	61 - 90 days	High grade	Standard grade	Low grade	Other financial assets	Not individually significant and collectively assessed for impairment	Total
Loans and receivables:										
Current accounts with Bank Indonesia	-	-	-	-	-	-	-	37,774,577	-	37,774,577
Current accounts with other banks	-	-	-	-	-	-	-	8,438,924	-	8,438,924
Placements with Bank Indonesia and other banks	-	-	-	-	-	-	-	55,080,596	-	55,080,596
Acceptance receivables - net	-	-	-	-	4,539,596	2,633,779	50,237	-	143,777	7,367,389
Bills receivable - net	-	-	-	-	523,875	286,436	-	-	1,731,041	2,541,352
Securities purchased under agreements to resell	-	-	-	-	-	-	-	515,099	-	515,099
Loans receivable - net	204,987	159,273	251,245	92,340	177,060,511	39,365,091	800,978	-	160,681,867	378,616,292
Consumer financing receivables - net	-	-	-	-	-	-	-	-	7,407,519	7,407,519
Investment in finance leases - net	-	-	-	-	-	-	-	-	173,120	173,120
	204,987	159,273	251,245	92,340	182,123,982	42,285,306	851,215	101,809,196	170,137,324	497,914,868
Available-for-sale:										
Placements with Bank Indonesia and other banks	-	-	-	-	-	-	-	1,178,503	-	1,178,503
Investment securities - net	22,354	-	-	-	-	-	-	38,292,341	-	38,314,695
	22,354	-	-	-	-	-	-	39,470,844	-	39,493,198
Held-to-maturity:										
Investment securities - net	-	-	-	-	-	-	-	12,838,420	-	12,838,420
	-	-	-	-	-	-	-	12,838,420	-	12,838,420
	227,341	159,273	251,245	92,340	182,123,982	42,285,306	851,215	154,118,460	170,137,324	550,246,486

3. FINANCIAL RISK MANAGEMENT (Continued)

c. Credit risk management (continued)

iii. Credit risk analysis (continued)

Individually impaired financial assets

Individually impaired financial assets are financial assets that are individually significant and there is objective evidence that impairment loss has incurred after initial recognition of the financial assets.

Based on the Bank's internal policy, loans that are determined to be individually significant are loans to corporate and commercial debtors.

Financial assets that are not individually significant and assessed for collective impairment

Financial assets that are not individually significant consist of loans and receivables of the Bank and Subsidiaries to retail debtors, i.e. Small & Medium Enterprise ("SME") debtors, consumer financing receivables (including joint financing) debtors, mortgage and its housing renovation loans, vehicle loans and credit card receivables.

The Bank and Subsidiaries determined that impairment losses of financial assets that are not individually significant are assessed collectively, by grouping those financial assets based on similar risk characteristics.

The carrying value of financial assets that are not individually significant and have been assessed for collective impairment, which have been past due for more than 90 (ninety) days as of 31 December 2016 and 2015 amounting to Rp 739,403 and Rp 736,773, respectively.

Past due but not impaired financial assets

Past due but not impaired financial assets are financial assets from corporate and commercial segment, for which contractual interest or principal payments are past due, but the Bank and Subsidiaries believes that individual impairment has not occured on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to the Bank and Subsidiaries.

Neither past due nor impaired financial assets

Included in neither past due nor impaired financial assets are financial assets which are not impaired individually and have been grouped based on similar risk characteristics for the purpose of assessing its collective impairment for the incurred but not yet reported losses ("IBNR").

Based on its quality, neither past due nor impaired loans receivable, acceptance receivables, and bills receivable are classified into 3 categories, i.e. high grade, standard grade and low grade, in accordance with the Bank's internal estimate of each debtor's probability of default or certain portfolios that have been assessed against a range of qualitative and quantitative factors.

Loans receivable, acceptance receivables and bills receivable with risk rating of RR1 to RR7 are included in high grade category. Included in high grade category are loans to debtors which have strong capacity to repay all of its obligations in a timely manner, supported by strong fundamental factors and are not easily affected by unfavourable economic conditions.

3. FINANCIAL RISK MANAGEMENT (Continued)

c. Credit risk management (continued)

iii. Credit risk analysis (continued)

Neither past due nor impaired financial assets (continued)

Loans receivable, acceptance receivables and bills receivable with risk rating of RR8 to RR9 are included in standard grade category. Included in standard grade category are loans to debtors which considered to have sufficient capacity to repay its contractual interest and principal, but quite sensitive to unfavourable changes of economic conditions.

Loans receivable, acceptance receivables and bills receivable with risk rating RR10 and Loss are included in low grade category. Included in low grade category are loans to debtors with volatile repayment capacity, have poor fundamental factors and are easily affected by unfavourable economic conditions.

iv. Collateral

Collateral is held to mitigate credit risk exposures and risk mitigation policies determine the eligibility of collateral types that can be accepted by the Bank. The Bank differentiates collateral types based on its liquidity and existence into solid collaterals and non-solid collaterals. Solid collaterals are collaterals which have relatively high liquidity value and/or the existence is permanent (is not easily moved) i.e., cash collaterals and land/building, and therefore, the collaterals can be repossessed or taken over by the Bank when the loan to debtor/group debtor becomes non-performing. Non-solid collaterals are collaterals which have relatively low liquidity value and/or the existence is temporary (easily moveable) i.e., vehicles, machineries, inventories, receivables, etc. As of 31 December 2016 and 2015, the Bank held collaterals against loans receivables in the form of cash, properties (land/building), motor vehicles, guarantees, machineries, inventories, debt securities, etc.

The Bank's policy in connection with collateral as mitigation of credit risk depends on the credit category or facilities provided. For SME loans, all loans should be supported with collateral (collateral basis) whereby at least 50% (fifty percent) of it are solid collaterals. For corporate and commercial loans, the collateral values are determined based on the individual debtor credit worthiness. The collateral value is determined based on the appraisal value at the time of loan approval and periodically reviewed.

For mortgage facility ("KPR"), the Bank requires that all facilities should be supported by collaterals. The Bank applied the Loan-to-Value ("LTV") regulation gradually, starting from the first mortgage facility and so forth, in accordance with the rules imposed by the regulator. Value of the collateral for KPR is calculated based on the collateral value when credit is granted and renewed every 30 (thirty) months. For auto loan facility ("KKB"), the Bank requires that all facilities should be supported by collateral vehicles. The Bank applied the down payment rule, in accordance with the regulation imposed by the regulator.

Subsidiaries' consumer financing receivables are secured by the related certificates of ownership ("BPKB") of the vehicles being financed.

For foreign exchange transactions, either spot or forward, the Bank requires cash collaterals which is set at a certain percentage of facility provided. If the debtor has other credit facilities in the Bank, the debtor may use the collateral that has been given previously to be crossed with each other. The policy on percentage of the required collateral will be reviewed periodically, in line with the fluctuation and volatility of IDR currency to foreign currency exchange rate.

3. FINANCIAL RISK MANAGEMENT (Continued)

c. Credit risk management (continued)

iv. Collateral (continued)

Details of financial and non-financial assets obtained by the Bank during the year by taking possession of collaterals held as security against financial assets as of 31 December 2016 and 2015, presented in other assets at the lower of carrying amount and net realizable value, were as follows:

	31 December	
	2016	2015
Land	80,471	66,147
Building	135,335	234,486
Other commercial properties	5,085	15,967
Financial assets and other assets	2,703	-
Fair value	223,594	316,600

The Bank generally does not use non-cash collateral for its own operations. The Bank's policy is to realize collaterals which are repossessed as part of the settlement of credit.

v. Financial assets held for trading

As of 31 December 2016 and 2015, the Bank and Subsidiaries had financial assets held for trading at the fair value amounting to Rp 5,127,264 and Rp 1,783,792, respectively (see Note 9). Information on credit quality of the maximum exposure to credit risk of financial assets held for trading was as follows:

	31 December	
	2016	2015
Government securities:		
Investment grade	4,588,175	1,525,873
Corporate securities:		
Investment grade	-	3,995
Derivative assets:		
Other banks as counterparties	18,344	221,968
Corporates as counterparties	41,874	30,083
Others	478,871	1,873
Fair value	5,127,264	1,783,792

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3. FINANCIAL RISK MANAGEMENT (Continued)

c. Credit risk management (continued)

vi. Investment securities

As of 31 December 2016 and 2015, the Bank and Subsidiaries had investment securities at the carrying value amounting to Rp 108,709,161 and Rp 51,153,115, respectively (see Note 14). Information of credit quality on the maximum exposure to credit risk of investment securities was as follows:

	31 December	
	2016	2015
Government securities:		
Investment grade	86,578,735	40,949,428
Corporate securities:		
Investment grade	11,626,415	5,155,802
Non-investment grade	126,116	124,180
Others	10,377,895	4,923,705
Carrying amount	108,709,161	51,153,115

d. Liquidity risk management

The Bank emphasizes the importance of maintaining adequate liquidity to meet its commitments to its customers and other parties, whether in loans disbursement, repayment of customers' deposits or to meet operational liquidity requirements. The management of overall liquidity needs is overseen by ALCO, and operationally by the Treasury Division.

The Bank monitors its liquidity by maintaining sufficient liquid assets to repay the customers' deposits, and ensuring that total assets mature in each period is sufficient to cover total matured liabilities.

The Bank's liquid assets mainly consist of placements with Bank Indonesia and other banks, including current accounts with Bank Indonesia and other banks, and cash. If the Bank needs liquidity, the Bank can immediately draw down excess reserve funds over its minimum statutory reserve requirements in the current accounts with Bank Indonesia (*Giro Wajib Minimum* or "GWM"), sell the Certificates of Bank Indonesia ("SBI")/State Debentures ("SUN")/other government securities or sell SBI/SUN/other government securities under repurchase agreements, early redemption of BI term deposits or seek for borrowings from interbank money market in Indonesia. The Bank's primary reserve consists of the minimum statutory reserve requirements and cash held at branches.

In order to reduce risk of dependency to single funding, the Subsidiaries have diversified its funding resources. Besides capital and collection from customers, the Subsidiaries generate funding resources from bank loans and capital market, through bonds and medium-term notes issuance.

3. FINANCIAL RISK MANAGEMENT (Continued)

d. Liquidity risk management (continued)

The following table presents the contractual undiscounted cash flows of financial liabilities and administrative accounts of the Bank and Subsidiaries based on remaining period to contractual maturity as of 31 December 2016 and 2015:

	31 December 2016					
	Carrying amount	Gross nominal inflow/(outflow)	Up to 1 month	> 1 - 3 months	> 3 months - 1 year	> 1 - 5 years
Non-derivative financial liabilities						
Deposits from customers	(530,133,625)	(530,373,099)	(507,430,361)	(18,494,889)	(4,447,849)	-
Deposits from other banks	(4,900,942)	(4,901,016)	(4,864,416)	(36,500)	(100)	-
Acceptance payables	(4,187,148)	(4,187,148)	(1,482,051)	(1,906,308)	(776,637)	(22,152)
Securities sold under agreements to repurchase	(134,748)	(134,927)	(134,927)	-	-	-
Debt securities issued	(2,332,171)	(2,496,946)	-	(576,628)	(1,268,261)	(652,057)
Borrowings	(2,788,552)	(2,793,552)	(5,933)	(896,679)	(1,501,074)	(389,866)
	(544,477,186)	(544,886,688)	(513,917,688)	(21,911,004)	(7,993,921)	(1,064,075)
Derivative financial liabilities						
Financial liabilities held for trading:	(122,130)					
Outflow		(18,227,791)	(5,735,522)	(11,163,049)	(1,329,220)	-
Inflow		18,251,409	5,696,328	11,196,899	1,358,182	-
	(122,130)	23,618	(39,194)	33,850	28,962	-
Administrative accounts						
Unused credit facilities to customers - committed	-	(118,834,625)	(118,834,625)	-	-	-
Unused credit facilities to other banks - committed	-	(1,285,435)	(1,285,435)	-	-	-
Irrevocable Letters of Credit issued	-	(5,778,889)	(1,942,828)	(3,218,372)	(600,481)	(17,208)
Bank guarantees issued to customers	-	(11,345,249)	(1,324,736)	(2,138,275)	(6,506,647)	(1,375,591)
	-	(137,244,198)	(123,387,624)	(5,356,647)	(7,107,128)	(1,392,799)
	(544,599,316)	(682,107,268)	(637,344,506)	(27,233,801)	(15,072,087)	(2,456,874)

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3. FINANCIAL RISK MANAGEMENT (Continued)

d. Liquidity risk management (continued)

	31 December 2015					
	Carrying amount	Gross nominal inflow/(outflow)	Up to 1 month	> 1 - 3 months	> 3 months - 1 year	> 1 - 5 years
Non-derivative financial liabilities						
Deposits from customers	(473,666,215)	(473,868,836)	(460,719,243)	(8,686,867)	(4,462,726)	-
Deposits from other banks	(4,156,053)	(4,156,350)	(4,151,750)	(4,500)	(100)	-
Acceptance payables	(4,374,939)	(4,374,939)	(1,261,070)	(2,146,336)	(954,832)	(12,701)
Securities sold under agreements to repurchase	(38,602)	(38,736)	(38,736)	-	-	-
Debt securities issued	(2,820,965)	(2,917,745)	-	(486,071)	(1,357,987)	(1,073,687)
Borrowings	(1,743,337)	(1,747,448)	(320,012)	(137,500)	(816,563)	(473,373)
	(486,800,111)	(487,104,054)	(466,490,811)	(11,461,274)	(7,592,208)	(1,559,761)
Derivative financial liabilities						
Financial liabilities held for trading:	(74,234)					
Outflow		(9,854,440)	(8,493,605)	(1,206,036)	(154,799)	-
Inflow		9,823,649	8,458,817	1,212,409	152,423	-
	(74,234)	(30,791)	(34,788)	6,373	(2,376)	-
Administrative accounts						
Unused credit facilities to customers - committed	-	(105,940,361)	(105,940,361)	-	-	-
Unused credit facilities to other banks - committed	-	(646,087)	(646,087)	-	-	-
Irrevocable Letters of Credit issued	-	(5,258,718)	(2,055,812)	(2,737,750)	(463,300)	(1,856)
Bank guarantees issued to customers	-	(11,526,909)	(1,644,578)	(1,917,821)	(6,733,168)	(1,231,342)
	-	(123,372,075)	(110,286,838)	(4,655,571)	(7,196,468)	(1,233,198)
	(486,874,345)	(610,506,920)	(576,812,437)	(16,110,472)	(14,791,052)	(2,792,959)

The above tables were prepared based on remaining contractual maturities of the financial liabilities and irrevocable Letters of Credit facility, while for issued guarantee contracts and unused committed credit facility were based on the their earliest possible contractual maturity. The Bank's and Subsidiaries' expected cash flows from these instruments vary significantly from the above analysis. For example, current accounts and saving accounts are expected to have a stable or increasing balance, or unused committed credit facility to customers/other banks are not all expected to be drawn down immediately.

The nominal inflow/(outflow) disclosed in the above table represents the contractual undiscounted cash flows relating to the principal and interest on the financial liabilities or commitments. The disclosure for derivatives show a gross inflow and outflow amount for derivatives that have simultaneous gross settlement (e.g., foreign currency forward).

Analysis on the maturity gap profile of financial assets and liabilities based on remaining contractual maturities as of 31 December 2016 and 2015 is disclosed in Note 37.

3. FINANCIAL RISK MANAGEMENT (Continued)

e. Market risk management

i. Foreign exchange risk

The Bank conducts foreign currency trading in accordance with its internal policies and regulations from Bank Indonesia regarding Net Open Position ("NOP"). In managing its foreign exchange risk, the Bank centralizes the management of its NOP at the Treasury Division, which consolidates daily NOP reports from all branches. In general, each branch is required to square its foreign exchange risk at the end of each business day, although there is a NOP tolerance limit set for each branch depending on the volume of its foreign exchange activity. The Bank prepares its daily NOP report which combines the NOP from consolidated statements of financial position and from administrative accounts (off-balance sheet accounts).

The Bank's revenue from foreign currency trading is mainly obtained from customer-related transactions and sometimes the Bank has NOP in certain amount to fulfill the customer's needs, in accordance with the Bank's internal guidelines. Trading for profit-taking purposes (proprietary trading) can only be performed for limited foreign currencies with small limits.

The Bank's foreign currency liabilities mainly consist of deposits and borrowings denominated in US Dollar. To comply with the NOP regulations, the Bank maintains its assets which consist of placements with other banks and loans receivable in USD.

For internal reporting purposes, the Bank measures its foreign exchange risk by using Value at Risk ("VaR") method which is based on Historical Simulation approach, while for the Minimum Capital Adequacy Ratio purposes, the Bank uses the OJK's standard method.

Information about Bank's NOP as of 31 December 2016 and 2015 was disclosed in Note 38.

The Subsidiary had borrowings in foreign currencies as of 31 December 2016. The Subsidiary entered into derivative contracts to manage its foreign exchange risk.

ii. Interest rate risk

The major component of the Bank's interest-rate-sensitive liabilities is customer deposits, while its interest-rate-sensitive assets are government bonds, investment securities and loans receivable. ALCO regularly monitors any development in the market and adjusts the interest rates of deposits and loans receivable accordingly.

The Bank uses earning approach and economic value approach to measure interest rate risk in the banking book. The earning approach uses accrual method to measure the sensitivity of Bank's Net Interest Income to changes in market interest rates. The economic value approach uses Duration method to measure the sensitivity of economic value of productive assets and interest bearing liabilities to changes in market interest rates. In the Duration method, the interest rate risk is defined as a decrease in fair value of all productive asset portfolio and interest bearing liabilities in the banking book due to movement in market interest rates.

The banking book consists of all financial assets/other positions that are not included in the trading book.

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3. FINANCIAL RISK MANAGEMENT (Continued)

e. Market risk management (continued)

ii. Interest rate risk (continued)

The risk measurement is performed on Rupiah and USD which are then reported to ALCO. To measure interest rate risk on the trading book, the Bank uses VaR method with Historical Simulation approach for internal reporting purposes, while for the Minimum Capital Adequacy Ratio purpose, the Bank uses OJK's standard approach.

The Bank determines the interest rates on deposits from customers based on market condition and competitiveness by monitoring the fluctuations of the base rates and interest rates offerred by other banks for similar products. The interest rates on deposit may vary and depend on maturity and size of the deposit. The interest rates for saving and current account are floating in nature and will be reviewed periodically based on market condition, while the interest rate for time deposit is fixed and depends on the maturity period. The interest rate for credit is determined by adding a certain margin on the Bank's cost of funds (including the cost of Minimum Reserve Requirements).

Cash flow interest rate risk is the risk that future cash flow from financial instruments fluctuates due to the movement in market interest rates. Fair value interest rate risk is the risk that the fair value of financial instruments fluctuates due to the movement in market interest rates. The Bank has exposure to the volatility in market interest rates both to the fair value risk and cash flows risk. To mitigate this risk, the Board of Directors have set VaR limits for trading book, which are monitored by the Risk Management Unit on a daily basis.

The Subsidiary is exposed to interest rate risk arising from consumer financing receivables, factoring receivables, other receivables, the issuance of fixed rate bonds payable and medium-term notes payable. The Subsidiary manages the interest rate risk by diversifying its financing sources to find the most suitable fixed interest rate to minimize mismatch.

The table below summarizes the Bank and Subsidiaries' financial assets and liabilities (non-trading purposes) at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates:

	31 December 2016						
	Floating interest rate		Fixed interest rate				
	Up to 3 months	> 3 months - 1 year	Up to 3 months	> 3 months - 1 year	More than 1 years	Non-interest bearing	Total
Financial assets							
Current accounts with Bank Indonesia	7,312,724	-	-	-	-	33,284,006	40,596,730
Current accounts with other banks	12,466,153	-	-	-	-	-	12,466,153
Placements with Bank Indonesia and other banks	-	-	32,545,211	776,719	2,041,960	-	35,363,890
Acceptance receivables	1,632,585	984,728	-	-	-	4,550,079	7,167,392
Bills receivable	-	-	3,826,144	-	-	-	3,826,144
Securities purchased under agreements to resell	-	-	2,468,932	78,166	-	-	2,547,098
Loans receivable	291,742,012	32,289,580	-	-	79,359,629	-	403,391,221
Carried forward	313,153,474	33,274,308	38,840,287	854,885	81,401,589	37,834,085	505,358,628

3. FINANCIAL RISK MANAGEMENT (Continued)

e. Market risk management (continued)

ii. Interest rate risk (continued)

	31 December 2016						
	Floating interest rate		Fixed interest rate				
	Up to 3 months	> 3 months - 1 year	Up to 3 months	> 3 months - 1 year	More than 1 year	Non-interest bearing	Total
Financial assets (continued)							
Brought forward	313,153,474	33,274,308	38,840,287	854,885	81,401,589	37,834,085	505,358,628
Consumer financing receivables	-	-	1,043,105	2,932,354	4,232,010	-	8,207,469
Investment in finance leases - net	-	-	55,184	73,501	33,293	-	161,978
Investment securities	9,568,192		13,797,793	19,377,807	65,801,658	163,711	108,709,161
Total	322,721,666	33,274,308	53,736,369	23,238,547	151,468,550	37,997,796	622,437,236
Financial liabilities							
Deposits from customers	(408,204,685)	-	(117,344,235)	(4,584,705)	-	-	(530,133,625)
Deposits from other banks	(4,846,081)	-	(54,761)	(100)	-	-	(4,900,942)
Acceptance payables	-	-	-	-	-	(4,187,148)	(4,187,148)
Securities sold under agreements to repurchase	-	-	(134,748)	-	-	-	(134,748)
Debt securities issued	-	-	(524,481)	(1,198,300)	(609,390)	-	(2,332,171)
Borrowings	-	-	(2,018,438)	(315,656)	(454,458)	-	(2,788,552)
Total	(413,050,766)	-	(120,076,663)	(6,098,761)	(1,063,848)	(4,187,148)	(544,477,186)
Interest rate re-pricing gap	(90,329,100)	33,274,308	(66,340,294)	17,139,786	150,404,702	33,810,648	77,960,050

	31 December 2015						
	Floating interest rate		Fixed interest rate				
	Up to 3 months	> 3 months - 1 year	Up to 3 months	> 3 months - 1 year	More than 1 years	Non-interest bearing	Total
Financial assets							
Current accounts with Bank Indonesia	10,994,823	-	-	-	-	26,779,754	37,774,577
Current accounts with other banks	8,438,924	-	-	-	-	-	8,438,924
Placements with Bank Indonesia and other banks	-	-	55,048,659	1,210,440	-	-	56,259,099
Acceptance receivables	-	21,321	-	-	-	7,346,068	7,367,389
Bills receivable	-	-	2,541,352	-	-	-	2,541,352
Securities purchased under agreements to resell	-	-	515,099	-	-	-	515,099
Loans receivable	281,358,274	26,759,475	-	-	70,498,543	-	378,616,292
Carried forward	300,792,021	26,780,796	58,105,110	1,210,440	70,498,543	34,125,822	491,512,732

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3. FINANCIAL RISK MANAGEMENT (Continued)

e. Market risk management (continued)

ii. Interest rate risk (continued)

	31 December 2015						
	Floating interest rate		Fixed interest rate				
	Up to 3 months	> 3 months - 1 year	Up to 3 months	> 3 months - 1 year	More than 1 year	Non-interest bearing	Total
Financial assets (continued)							
Brought forward	300,792,021	26,780,796	58,105,110	1,210,440	70,498,543	34,125,822	491,512,732
Consumer financing receivables	-	-	1,388,717	2,754,110	3,264,692	-	7,407,519
Investment in finance leases - net	-	-	30,669	73,634	68,817	-	173,120
Investment securities	5,115,983	-	4,538,697	12,318,456	29,026,804	153,175	51,153,115
Total	305,908,004	26,780,796	64,063,193	16,356,640	102,858,856	34,278,997	550,246,486
Financial liabilities							
Deposits from customers	(360,261,173)	-	(108,340,356)	(5,064,686)	-	-	(473,666,215)
Deposits from other banks	(4,114,411)	-	(41,542)	(100)	-	-	(4,156,053)
Acceptance payables	-	-	-	-	-	(4,374,939)	(4,374,939)
Securities sold under agreements to repurchase	-	-	(38,602)	-	-	-	(38,602)
Debt securities issued	-	-	(432,455)	(1,247,161)	(1,141,349)	-	(2,820,965)
Borrowings	-	-	(551,543)	(583,421)	(608,373)	-	(1,743,337)
Total	(364,375,584)	-	(109,404,498)	(6,895,368)	(1,749,722)	(4,374,939)	(486,800,111)
Interest rate re-pricing gap	(58,467,580)	26,780,796	(45,341,305)	9,461,272	101,109,134	29,904,058	63,446,375

Sensitivity analysis

Based on the re-pricing gap report, the Bank analyzes the sensitivity to 1% (one percent) parallel interest rate movement (increase or decrease), with the following assumptions:

- The movement in interest rate for asset components is the same with the movement in interest rate for liability components; and
- The movement is the same for every maturity period in the yield curve (parallel yield curve movement).

This sensitivity analysis is performed on a monthly basis for ALCO purposes. The following table describes the sensitivity of a reasonably possible change in market interest rate, with all other variables held constant, to the net interest income:

	Year ended 31 December	
	2016	2015
Decrease in interest income due to 1% (one percent) parallel increase in interest rate	(1,005,516)	(801,952)
Increase in interest income due to 1% (one percent) parallel decrease in interest rate	1,005,516	801,952

3. FINANCIAL RISK MANAGEMENT (Continued)

e. Market risk management (continued)

ii. Interest rate risk (continued)

Value at Risk ("VaR") analysis

The Bank uses Historical Simulation approach in calculating VaR. In the Historical Simulation approach, the simulation requires historical and current market data. By considering last year market data and observed relationships between different markets and prices, this approach generates a wide range of plausible future scenarios of market price movement. VaR is defined as the worst possibility of losses at 99% (ninety nine percent) confidence level.

The Bank uses VaR limits to monitor overall market risk and certain foreign exchange and interest rate risks. The VaR limits are subject to review and approval by management. VaR limits are allocated to trading portfolios. VaR is measured at least once a day. Daily reports of utilization of VaR limits are submitted to related business unit and Risk Management Unit, while the summary is submitted to management.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based give rise to some limitations, including the following:

- A 10 (ten) days holding period assumes that it is possible to hedge or dispose of positions within that period. This may not be the case for certain highly illiquid assets or in situations in which there is severe general market illiquidity.
- A 99% (ninety nine percent) confidence level does not reflect losses that may occur beyond this level. Even within the model used there is a one percent probability that losses could exceed the VaR.
- VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day.
- The use of historical data as a basis for determining the possible range of future outcomes may not always cover all possible scenarios, especially those of an exceptional nature.
- The VaR measure is dependent upon the Bank's position and the volatility of market prices. The VaR of an unchanged position reduces if market price volatility declines and vice versa.

The Bank validates the accuracy of VAR model by performing back-testing on the hypothetical profit or loss.

VaR positions during 2016 and 2015 were as follows:

	31 December			
	2016		2015	
	Foreign exchange	Interest rate	Foreign exchange	Interest rate
Average	22,424.50	42,844.28	38,246.75	12,831.74
Maximum	69,583.88	93,693.55	109,566.88	29,566.29
Minimum	1,695.62	11,247.53	1,564.56	2,951.97
As of 31 December	6,939.54	35,647.68	24,130.90	17,687.53

The Bank uses other sensitivity limit structures in order to mitigate VaR limitations, including limits to mitigate potential concentration risks in each trading assets portfolio. In addition, the Bank uses stress testing to measure the financial impact of a variety of exceptional market scenarios, such as non-parallel yield curves shifting and interest rates volatility.

3. FINANCIAL RISK MANAGEMENT (Continued)

e. Market risk management (continued)

ii. Interest rate risk (continued)

Value at Risk ("VaR") analysis (continued)

The Bank monitors the sensitivity of fair value of available-for-sale securities to various standard and non-standard market scenarios, which was tested on a quarterly basis, covering parallel increase and decrease of 400 (four hundred) basis points (bps) in yield curves. The table below describes the sensitivity of fair value of available-for-sale securities to these movements as of 31 December 2016 and 2015, and its impact to equity (in billions of Rupiah):

	31 December	
	2016	2015
Increase in fair value of securities due to 400 (four hundred) bps parallel decrease in yield curve	5,049	1,573
Decrease in fair value of securities due to 400 (four hundred) bps parallel increase in yield curve	(4,635)	(1,506)

f. Operational risk management

Risk and Control Self Assessment ("RCSA")

Basel Accord II requires the Bank to include operational risk as one of the components in the calculation of the Bank's capital adequacy ratio. In accordance with Basel Accord II, in 2002, the Bank started to implement Risk Self Assessment ("RSA") to all regional offices and branches, and all divisions in Head Office. One of the objectives of RSA is to disseminate the risk culture and to increase risk awareness which are the main conditions in managing those risks. By improving the risk culture, it is expected that the employees' risk control culture in their daily activities will increase.

In its implementation, RSA is continuously being improved with an aim to increase risk awareness in all business units. In 2006, the RSA was supplemented with control factors, and therefore its name was changed into RCSA. From 2007 to 2010, RCSA was implemented using sampling method based on certain criteria, especially for working units that are significantly exposed to operational risk.

Starting 2011, RCSA has been implemented in all business units in branches and head office that are significantly exposed to operational risk. The scale of impact and probability of event in RCSA have been re-evaluated and re-validated every year to provide the Bank with more appropriate and accurate risk levels for current business activities and risk profile of each working unit and the Bank as a whole. For the year 2016, the validation and review results of the impact and incurred possibility have been approved by management. The implementation of RCSA is on progress in all branches and regional offices, and in working units at the head office that have significant operational risks.

3. FINANCIAL RISK MANAGEMENT (Continued)

f. Operational risk management (continued)

Loss Event Database ("LED")

Bank has a database of cases or losses related to operational risks occurred in every working unit which is called Loss Event Database ("LED"). The objective of LED is to facilitate the Bank in recording and analyzing operational risk events faced by the Bank, thus preventive and corrective actions can be made for similar cases. The main purpose of LED is to minimize the Bank's potential losses from operational risks.

Further, LED is also used as a tool to summarize the loss data related to operational risks, which is used by the Bank to allocate capital charge and to continuously monitor events that can give rise to the Bank's operational losses. Currently, LED has been implemented in all regional offices, branches and working units at the head office.

Key Risk Indicator ("KRI")

KRI is a method used to give indications (early warning sign) of the possibility of increasing operational risks in certain business unit. By the end of 2008, almost all branches had implemented the KRI method. In the early 2009, the Bank enhanced KRI methodology by adding 7 (seven) new indicators. This enhancement is used to increase the risk awareness. Since mid 2009, all regional offices and branches have implemented the KRI methodology. In 2013, by considering the development of the Bank's operational activities and to monitor the operational transactions effectively, therefore KRI was improved by using 6 (six) indicators in monitoring the operational risks.

Operational Risk Management Information System ("ORMIS")

ORMIS is a supporting application used in implementing RCSA, LED and KRI. Currently, all working units of the Bank have used the ORMIS in implementing RCSA, LED and KRI.

g. Consolidated risk management

In accordance with Bank Indonesia regulation No. 8/6/PBI/2006 dated 30 January 2006 regarding the Implementation of Consolidated Risk Management for Banks with Control over Subsidiaries, the Bank is required to implement consolidated risk management.

Implementation of consolidated risk management in the Bank is performed based on the above-mentioned Bank Indonesia regulation, including:

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

By refering to the concept for implementation of consolidated risk management, the implementation of risk management framework in Subsidiaries has been indirectly monitored and examined by the Bank's management.

3. FINANCIAL RISK MANAGEMENT (Continued)

g. Consolidated risk management (continued)

The Subsidiaries have implemented risk management in line with the implementation of risk management in the Bank (parent entity). Implementation of risk management in the Subsidiaries is aimed to increase competitiveness, as this is one of the Bank's efforts to comply with the international standards.

The Bank has Accounting Information System and Risk Management System that can identify, measure and monitor the business risk of the Banks and Subsidiaries, in order to implement consolidated risk management effectively.

In accordance with Financial Services Authority Regulation ("POJK") No. 17/POJK.03/2014 dated 18 November 2014 regarding the Implementation of Integrated Risk Management for Financial Conglomeration, a financial conglomeration should implement a comprehensive and effective integrated risk management, in this case the Bank as the main entity is obliged to integrate the implementation of risk management within the financial conglomeration.

Referring to the implementation of integrated risk management concept, implementation of tasks and responsibilities of Integrated Risk Management Working Unit is one of the functions of the existing Risk Management Working Unit. In performing their duties, Integrated Risk Management Working Unit coordinates with working units that conduct Risk Management function on the respective Financial Service Institution ("LJK") in financial conglomeration.

The Bank has:
1. formed Integrated Risk Management Committee with the aim of ensuring that the risk management framework has provided adequate protection to all Bank's and Subsidiaries' risks in integrated manner; and
2. compiled Basic Policy of Integrated Risk Management ("KDMRT").

The Bank as the main entity has submitted to OJK:
1. Reports regarding the main entity and LJK included as members of the financial conglomeration to the OJK.
2. Integrated Risk Profile Report.
3. Integrated Capital Sufficiency Report

4. USE OF ESTIMATES AND JUDGMENT

This disclosure supplements the commentary on financial risk management (see Note 3).

a. Key sources of estimation uncertainty

a.1. Allowance for impairment losses of financial assets

Financial assets accounted for at amortized cost are evaluated for impairment on the basis described in Note 2v.

4. USE OF ESTIMATES AND JUDGMENT (Continued)

a. Key sources of estimation uncertainty (continued)

a.1. Allowance for impairment losses of financial assets (continued)

The specific counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgments about the counterparty's financial situation and the net realizable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy, and estimated cash flows considered recoverable are independently approved by the credit risk unit.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of receivables with similar economic characteristics when there is an objective evidence to suggest that they contain impaired receivables, but the individual impaired items cannot yet be identified. In assessing the need for collective allowances, management considers factors such as credit quality, portfolio size, credit concentrations and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modeled and to determine the required input parameters, based on historical experiences and current economic conditions. The accuracy of the allowances depends on how well these estimated future cash flows for specific counterparty allowances and the model assumptions and parameters are used in determining collective allowances.

a.2. Determining fair values

In determining the fair value of financial assets and liabilities for which there is no observable market price, the Bank and Subsidiaries must use the valuation techniques as described in Note 2i.6. For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

b. Critical accounting judgments in applying the Bank and Subsidiaries' accounting policy

Critical accounting judgments made in applying the Bank and Subsidiaries' accounting policies include:

b.1. Valuation of financial instruments

The Bank and Subsidiaries' accounting policies on fair value measurements are discussed in Note 2i.6.

Information regarding the fair value of financial instruments is disclosed in Note 32.

b.2. Financial asset and liability classification

The Bank and Subsidiaries' accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

- In classifying financial assets and financial liabilities as "trading", the Bank and Subsidiaries have determined that they meet the description of trading assets as set out in Note 2i.1.
- In classifying financial assets as "held-to-maturity", the Bank and Subsidiaries have determined that the Bank and Subsidiaries have both the positive intention and ability to hold those assets until their maturity date as required (see Note 2i.1).

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4. USE OF ESTIMATES AND JUDGMENT (Continued)

b. Critical accounting judgments in applying the Bank and Subsidiaries' accounting policy (continued)

b.2. Financial asset and liability classification (continued)

- In classifying investment in sukuk as "measured at cost" and "measured at fair value through other comprehensive income, the Bank and Subsidiaries have determined that the investment meets the classification requirements as set out in Note 2s.

5. CASH

	31 December	
	2016	2015
Rupiah	14,998,065	16,861,883
Foreign currencies	945,789	987,577
	15,943,854	17,849,460

The balance of cash in Rupiah includes cash in ATMs (Automatic Teller Machines) amounting to Rp 10,196,498 and Rp 9,903,585 as of 31 December 2016 and 2015, respectively.

6. CURRENT ACCOUNTS WITH BANK INDONESIA

	31 December	
	2016	2015
Rupiah	35,539,748	33,310,088
Foreign currencies	5,056,982	4,464,489
	40,596,730	37,774,577

Weighted average effective interest rates per annum of current accounts with Bank Indonesia denominated in Rupiah as of 31 December 2016 and 2015 were 1.99% and 1.53%, respectively.

The balance of current accounts with Bank Indonesia is maintained to fulfill the Minimum Reserve Requirement from Bank Indonesia.

As of 31 December 2016 and 2015, the Bank's Primary Minimum Reserve Requirement for Rupiah currency was 7.25% and 7.54%, respectively, while the Bank's Primary Minimum Reserve Requirement for foreign currencies was 8.46% and 9.12%, respectively. Minimum Reserve Requirement LFR/Loan to Funding Ratio as of 31 December 2016 was 0.64% because the Bank's LFR was below 80%. Minimum Reserve Requirement LFR/Loan to Funding Ratio as of 31 December 2015 was 0% because the Bank's LFR was above 78%. Secondary Minimum Reserve Requirement was 16.17% and 7.44% as of 31 December 2016 and 2015, respectively, in the form of Certificates of Bank Indonesia, Certificates of Deposit of Bank Indonesia, Government Securities, Sharia Government Securities and excess funds above the Minimum Reserve Requirement (excess reserve).

As of 31 December 2016 and 2015, the Bank complied with Bank Indonesia's regulation regarding the Statutory Reserve Requirement of Commercial Banks.

6. CURRENT ACCOUNTS WITH BANK INDONESIA (Continued)

Information on the classification and fair value of current accounts with Bank Indonesia is disclosed in Note 32. Information on the maturity of current accounts with Bank Indonesia is disclosed in Note 37.

7. CURRENT ACCOUNTS WITH OTHER BANKS

	31 December	
	2016	2015
Rupiah	71,750	53,312
Foreign currencies	12,394,403	8,385,612
	12,466,153	8,438,924

Details of current accounts with other banks by counterparty as of 31 December 2016 and 2015 were as follows:

	31 December	
	2016	2015
Standard Chartered Bank	3,201,456	1,559,246
Wells Fargo Bank, N.A.	2,468,674	1,285,333
JP Morgan Chase Bank	2,080,783	983,787
DBS Bank	819,951	205,865
Citibank, N.A.	500,873	1,080,864
PT Bank Mandiri (Persero) Tbk	400,901	292,228
Bank of America, N.A.	393,912	848,202
The Bank of New York Mellon Corporation	393,046	410,358
Oversea-Chinese Banking Corp. Ltd	360,655	415,118
United Overseas Bank Limited Co.	255,782	152,632
Bank of China	237,746	209,048
Barclays Bank	225,754	191,350
Sumitomo Mitsui Banking Corp.	168,572	92,578
Westpac Banking Corporation	159,296	10,901
Euroclear Bank	140,546	83,062
National Australia Bank	106,013	14,836
ING Bank	98,319	124,140
GBC International Bank	82,760	95,432
PT Bank Rabobank International Indonesia	68,602	50,843
PT Bank ICBC Indonesia	54,595	41,306
PT Bank Mizuho Indonesia	33,326	43,541
The Hongkong and Shanghai Banking Corporation Ltd	32,582	55,470
The Bank of Tokyo Mitsubishi UFJ, Ltd	31,131	35,610
Others	150,878	157,174
	12,466,153	8,438,924

As of 31 December 2016 and 2015, the Bank did not have balances of current accounts with other banks from related party.

Current accounts with foreign banks are placed in several countries.

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7. CURRENT ACCOUNTS WITH OTHER BANKS (Continued)

Weighted average effective interest rates per annum of current accounts with other banks were as follows:

	Year ended 31 December	
	2016	2015
Rupiah	0.07%	0.19%
Foreign currencies	0.29%	0.15%

Management believes that the impairment losses of current accounts with other banks as of 31 December 2016 and 2015 were not required.

Information on the classification and fair value of current accounts with other banks is disclosed in Note 32. Information on the maturity of current accounts with other banks is disclosed in Note 37.

8. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS

Details of placements with Bank Indonesia and other banks by type and contractual period at initial placement were as follows:

	31 December 2016					
	Up to 1 month	> 1 - 3 months	> 3 - 6 months	> 6 - 12 months	More than 12 months	Total
Bank Indonesia:						
Rupiah	20,224,483	-	-	-	-	20,224,483
Foreign currencies	6,736,250	-	-	-	-	6,736,250
Call money:						
Rupiah	2,590,000	510,000	40,000	-	-	3,140,000
Foreign currencies	48,615	286,832	-	-	-	335,447
Time deposits:						
Rupiah	671,900	185,200	165,600	60,000	-	1,082,700
Foreign currencies	12,252	47,574	-	-	-	59,826
Certificates of deposits:						
Rupiah	-	-	-	1,131,505	2,653,669	3,785,174
Others:						
Foreign currencies	10	-	-	-	-	10
	30,283,510	1,029,606	205,600	1,191,505	2,653,669	35,363,890

8. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (Continued)

	31 December 2015					
	Up to 1 month	> 1 - 3 months	> 3 - 6 months	> 6 - 12 months	More than 12 months	Total
Bank Indonesia:						
Rupiah	30,663,118	-	-	-	-	30,663,118
Foreign currencies	18,609,750	-	-	-	-	18,609,750
Call money:						
Rupiah	4,045,000	-	-	-	-	4,045,000
Foreign currencies	-	282,345	-	-	-	282,345
Time deposits:						
Rupiah	520,500	419,500	171,300	64,000	-	1,175,300
Foreign currencies	4,944	53,111	-	-	-	58,055
Certificates of deposits:						
Rupiah	-	-	-	948,499	477,020	1,425,519
Others:						
Foreign currencies	12	-	-	-	-	12
	53,843,324	754,956	171,300	1,012,499	477,020	56,259,099

Details of placements with Bank Indonesia and other banks by counterparty as of 31 December 2016 and 2015 were as follows:

	31 December	
	2016	2015
Bank Indonesia	26,960,733	49,272,868
PT Bank Negara Indonesia Tbk	1,195,390	-
PT Bank Sumitomo Mitsui Indonesia	974,359	-
PT Bank Mandiri (Persero) Tbk	906,570	1,324,036
PT Bank CIMB Niaga Tbk	563,920	576,240
The Hongkong and Shanghai Banking Corporation Ltd - Indonesian Branch	500,000	400,000
PT Bank Tabungan Pensiunan Nasional Tbk	373,200	164,500
Sumitomo Mitsui Banking Corporation - Singapore	335,447	100,838
PT Bank OCBC NISP Tbk	322,200	215,000
PT Bank DKI	277,000	130,000
PT Bank Pembangunan Daerah Riau Kepri	270,000	270,000
PT Bank Maybank Indonesia Tbk	263,070	106,000
Bangkok Bank PCL - Indonesia	250,000	-
PT Bank Bukopin Tbk	217,300	239,500
PT Bank Danamon Indonesia Tbk	214,702	105,000
PT Bank KEB Hana Indonesia	189,480	-
PT Bank Commonwealth	188,580	124,063
PT Bank Pan Indonesia Tbk	170,000	500,000
PT Bank Pembangunan Daerah Jawa Barat & Banten Tbk	170,000	170,000
PT Bank CTBC Indonesia	150,000	105,000
PT Bank ICBC Indonesia	150,000	-
Bank of America - Jakarta Branch	100,000	-
PT Bank Muamalat Indonesia Tbk	95,000	100,000
PT Bank Sinarmas	70,000	-
Total - carried forward	34,906,951	53,903,045

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8. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (Continued)

	31 December	
	2016	2015
Total - brought forward	34,906,951	53,903,045
PT Bank Panin Dubai Syariah Tbk	65,000	-
PT Bank Jabar Banten Syariah	50,000	50,000
PT Bank Victoria International Tbk	50,000	50,000
PT Bank UOB Indonesia	35,500	222,500
PT Bank Permata Tbk	22,550	143,219
Standard Chartered Bank - Indonesia	-	400,000
PT Bank ANZ Indonesia	-	398,300
The Bank of Tokyo Mitsubishi UFJ, Ltd - Jakarta Branch	-	203,180
The Bank of Tokyo Mitsubishi UFJ, Ltd - Singapore Branch	-	181,507
PT Bank Rabobank International Indonesia	-	180,000
PT Bank Nationalnobu Tbk	-	130,000
Citibank, N.A. - Indonesian Branch	-	110,000
Others	233,889	287,348
	35,363,890	56,259,099

As of 31 December 2016 and 2015, the Bank and Subsidiaries did not have balances of placements with other banks from related party.

The movement of unrealized (losses) gains from the change in fair value of available-for-sale placements with other banks was as follows:

	Year ended 31 December	
	2016	2015
Balance, beginning of year - before deferred income tax	545	(205)
Addition of unrealized (losses) gains during the year - net	(2,732)	817
Realized gains during the year - net	(84)	(67)
Total before deferred income tax	(2,271)	545
Deferred income tax (Note 17)	568	(136)
Balance, end of year - net	(1,703)	409

8. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (Continued)

Weighted average effective interest rates per annum of placements with Bank Indonesia and other banks were as follows:

	Year ended 31 December	
	2016	2015
Bank Indonesia and call money:		
Rupiah	4.82%	5.68%
Foreign currencies	0.52%	0.25%
Time deposits:		
Rupiah	7.26%	8.22%
Foreign currencies	2.62%	2.69%
Certificates of deposits:		
Rupiah	7.94%	8.43%

The range of contractual interest rates of time deposits owned by the Bank in Rupiah currency were 4.00% - 9.75% and 5.00% - 10.50%, respectively, during the years ended 31 December 2016 and 2015, while the range of contractual interest rates of time deposits owned by the Bank in foreign currencies were 0.12% - 4.80% and 0.10% - 3.70%, respectively, during the years ended 31 December 2016 and 2015.

As of 31 December 2016 and 2015, there were no placements with Bank Indonesia and other banks which were used as collateral for securities trading transactions.

Management believes that the impairment losses of placements with Bank Indonesia and other banks as of 31 December 2016 and 2015 were not required.

Information on the classification and fair value of placements with Bank Indonesia and other banks is disclosed in Note 32. Information on the maturity of placements with Bank Indonesia and other banks is disclosed in Note 37.

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9. FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING

Financial assets and liabilities held for trading consist of:

	31 December			
	2016		2015	
	Nominal value	Fair value	Nominal value	Fair value
Financial assets:				
Securities				
Government bonds	38,760	39,199	43,489	43,461
Sukuk	130,045	130,241	4,085	4,072
Certificates of Bank Indonesia	4,183,625	4,044,310	1,500,000	1,478,340
Treasury bills	380,000	374,425	-	-
Corporate bonds	-	-	4,000	3,995
Shares	-	3,071	-	1,873
	4,732,430	4,591,246	1,551,574	1,531,741
Placements with other banks				
Certificates of deposits	500,000	475,800	-	-
Derivative assets				
Forward		41,868		28,464
Currency swap		17,707		223,076
Spot		643		511
		60,218		252,051
		5,127,264		1,783,792
Financial liabilities:				
Derivative liabilities				
Forward		12,064		10,945
Currency swap		109,490		62,377
Spot		576		912
		122,130		74,234

As of 31 December 2016 and 2015, the Bank and Subsidiaries did not have balances of financial assets and liabilities held for trading from and to related party.

During 2016 and 2015, there was no reclassification of financial instruments held for trading.

Information on the classification and fair value of financial assets and liabilities held for trading is disclosed in Note 32. Information on the maturity of financial assets and liabilities held for trading is disclosed in Note 37.

10. ACCEPTANCE RECEIVABLES AND PAYABLES

a. The details of acceptance receivables

	31 December	
	2016	2015
Rupiah		
Non-bank debtors	1,746,038	1,366,354
Others banks	366,549	259,471
	2,112,587	1,625,825
Less:		
Allowance for impairment losses	(66,610)	(13,831)
	2,045,977	1,611,994
Foreign currencies		
Non-bank debtors	4,979,965	5,982,366
Others banks	253,368	192,537
	5,233,333	6,174,903
Less:		
Allowance for impairment losses	(111,918)	(419,508)
	5,121,415	5,755,395
Total acceptance receivables - net	7,167,392	7,367,389

b. The details of acceptance payables

	31 December	
	2016	2015
Rupiah		
Non-bank debtors	452,930	366,130
Others banks	512,131	402,559
	965,061	768,689
Foreign currencies		
Non-bank debtors	253,368	192,537
Others banks	2,968,719	3,413,713
	3,222,087	3,606,250
Total acceptance payables	4,187,148	4,374,939

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10. ACCEPTANCE RECEIVABLES AND PAYABLES (Continued)

c. The movement of allowance for impairment losses of acceptance receivables

	Year ended 31 December 2016		
	Rupiah	Foreign currencies	Total
Balance, beginning of year	(13,831)	(419,508)	(433,339)
(Addition) reversal of allowance during the year	(52,779)	304,132	251,353
Exchange rate difference arising from allowance for impairment losses denominated in foreign currencies	-	3,458	3,458
Balance, end of year	(66,610)	(111,918)	(178,528)

	Year ended 31 December 2015		
	Rupiah	Foreign currencies	Total
Balance, beginning of year	(15,359)	(380,984)	(396,343)
Reversal (addition) of allowance during the year	1,528	(38,387)	(36,859)
Exchange rate difference arising from allowance for impairment losses denominated in foreign currencies	-	(137)	(137)
Balance, end of year	(13,831)	(419,508)	(433,339)

Management believes that the allowance for impairment losses provided was adequate to cover possible losses on uncollectible acceptance receivables.

As of 31 December 2016 and 2015, the Bank did not have balances of acceptance receivables and payables from and to related party.

Information on the classification and fair value of acceptance receivables and payables is disclosed in Note 32. Information on the maturity of acceptance receivables and payables is disclosed in Note 37.

11. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL

This account represents receivables to Bank Indonesia, other banks and third party for securities purchased with agreements to resell with details as follows:

	31 December 2016					
	Range of purchase date	Range of sale date	Resell price	Deferred interest income	Allowance for impairment losses	Carrying value
Transactions with Bank Indonesia:						
Underlying instruments:						
Treasury bills	7 - 28 Dec 16	4 - 25 Jan 17	273,202	(501)	-	272,701
Carried forward			273,202	(501)	-	272,701

11. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL (Continued)

	31 December 2016					
	Range of purchase date	Range of sale date	Resell price	Deferred interest income	Allowance for impairment losses	Carrying value
Brought forward			273,202	(501)	-	272,701
Transactions with other banks:						
Underlying instruments:						
Government bonds	22 - 30 Dec 16	4 - 12 Jan 17	951,296	(1,061)	-	950,235
Certificates of Bank Indonesia	22 - 29 Dec 16	3 - 12 Jan 17	1,247,638	(1,642)	-	1,245,996
			2,198,934	(2,703)	-	2,196,231
Transactions with third party:						
Underlying instruments:						
Shares	8 Dec 16	8 Jun 17	85,258	(4,593)	(2,499)	78,166
			85,258	(4,593)	(2,499)	78,166
			2,557,394	(7,797)	(2,499)	2,547,098

	31 December 2015				
	Purchase date	Sale date	Resell price	Deferred interest income	Carrying value
Transactions with other banks:					
Underlying instruments:					
Government bonds	21 Dec 15	11 Jan 16	516,326	(1,227)	515,099
			516,326	(1,227)	515,099

The movement of allowance for impairment losses on securities purchased under agreements to resell was as follows:

	31 December 2016
Balance, beginning of year	-
Addition of allowance during the year	(2,499)
Balance, end of year	(2,499)

Management believes that the allowance for impairment losses provided was adequate to cover possible losses on uncollectible securities purchased under agreements to resell.

All securities purchased under agreements to resell as of 31 December 2016 and 2015 were denominated in Rupiah currency.

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11. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL (Continued)

As of 31 December 2016 and 2015, the Bank did not have balances of securities purchased under agreements to resell with related party.

Weighted average effective interest rates per annum of securities purchased under agreements to resell for the years ended 31 December 2016 and 2015 were 5.79% and 6.08%, respectively.

Information on the classification and fair value of securities purchased under agreements to resell is disclosed in Note 32. Information on the maturity of securities purchased under agreements to resell is disclosed in Note 37.

12. LOANS RECEIVABLE

Loans receivable consisted of:

a. By type and currency

	31 December	
	2016	2015
Rupiah		
Related parties:		
Working capital	2,801,069	927,507
Investment	56,844	783
Consumer	15,693	19,711
	2,873,606	948,001
Third parties:		
Working capital	174,281,934	163,635,158
Investment	100,194,404	98,240,470
Consumer	98,708,623	91,007,227
Credit card	10,778,931	9,482,629
Employee loans	2,560,057	2,268,087
	386,523,949	364,633,571
	389,397,555	365,581,572
Foreign currencies		
Third parties:		
Working capital	17,613,675	13,163,094
Investment	8,885,015	8,897,971
	26,498,690	22,061,065
Total loans receivable	415,896,245	387,642,637
Less: Allowance for impairment losses		
Rupiah	(11,780,322)	(8,402,762)
Foreign currencies	(724,702)	(623,583)
	(12,505,024)	(9,026,345)
Total loans receivable - net	403,391,221	378,616,292

12. LOANS RECEIVABLE (Continued)

b. By economic sector and Bank Indonesia's collectability

	31 December 2016						
	Pass	Special mention	Sub-standard	Doubtful	Loss	Allowance for impairment losses	Total
Rupiah							
Manufacturing	80,123,058	160,614	28,540	26,099	559,254	(2,309,329)	78,588,236
Business services	34,985,328	27,956	4,660	1,567	242,157	(935,158)	34,326,510
Trading, restaurants and hotels	96,531,808	1,368,154	140,056	152,078	1,782,330	(4,360,072)	95,614,354
Agriculture and agricultural facilities	15,727,201	8,570	1,328	629	164,771	(264,838)	15,637,661
Construction	9,569,362	33,001	185	5,025	152,928	(323,250)	9,437,251
Transportation, warehousing and communications	18,255,028	953,018	3,433	127,978	594,926	(1,744,594)	18,189,789
Social/public services	5,248,745	89,853	2,827	3,985	24,977	(195,470)	5,174,917
Mining	485,614	6,684	-	-	66,659	(82,379)	476,578
Electricity, gas and water	9,641,180	381	-	204	20,567	(34,240)	9,628,092
Others	107,354,117	3,746,756	192,721	205,053	576,190	(1,530,992)	110,543,845
	377,921,441	6,394,987	373,750	522,618	4,184,759	(11,780,322)	377,617,233
Foreign currencies							
Manufacturing	11,031,405	40,515	-	-	-	(124,927)	10,946,993
Business services	2,309,880	-	-	-	-	(2,729)	2,307,151
Trading, restaurants and hotels	5,225,187	6,788	-	-	11,613	(193,729)	5,049,859
Agriculture and agricultural facilities	5,630,752	-	-	-	-	(9,272)	5,621,480
Construction	43,351	-	-	-	-	(9)	43,342
Transportation, warehousing and communications	771,422	-	160,658	-	198,466	(384,216)	746,330
Social/public services	90,964	-	-	-	-	(1,337)	89,627
Mining	977,689	-	-	-	-	(8,483)	969,206
	26,080,650	47,303	160,658	-	210,079	(724,702)	25,773,988
Total	404,002,091	6,442,290	534,408	522,618	4,394,838	(12,505,024)	403,391,221

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12. LOANS RECEIVABLE (Continued)

b. By economic sector and Bank Indonesia's collectability (continued)

	31 December 2015						
	Pass	Special mention	Sub-standard	Doubtful	Loss	Allowance for impairment losses	Total
Rupiah							
Manufacturing	76,824,293	419,748	69,147	123,698	61,792	(1,351,191)	76,147,487
Business services	26,963,468	239,346	73	10,177	58,397	(556,819)	26,714,642
Trading, restaurants and hotels	96,277,099	1,422,107	54,920	92,064	576,298	(2,694,970)	95,727,518
Agriculture and agricultural facilities	16,203,886	11,937	11	143,664	11,058	(222,459)	16,148,097
Construction	8,451,614	139,381	6,566	1,056	26,761	(235,911)	8,389,467
Transportation, warehousing and communications	19,627,546	623,943	2,552	256,576	263,961	(1,533,555)	19,241,023
Social/public services	4,643,424	68,538	425	1,697	12,156	(127,479)	4,598,761
Mining	623,698	79,456	178	1,356	1,955	(32,200)	674,443
Electricity, gas and water	8,375,761	437	-	-	20,421	(26,143)	8,370,476
Others	98,919,635	3,089,894	164,035	185,437	429,930	(1,622,035)	101,166,896
	356,910,424	6,094,787	297,907	815,725	1,462,729	(8,402,762)	357,178,810
Foreign currencies							
Manufacturing	7,759,818	688	-	-	-	(73,950)	7,686,556
Business services	202,405	-	-	-	-	(2,648)	199,757
Trading, restaurants and hotels	5,513,643	9,226	-	-	15,395	(73,678)	5,464,586
Agriculture and agricultural facilities	2,241,341	-	-	-	-	(145,917)	2,095,424
Construction	22,218	3,972	-	-	-	(855)	25,335
Transportation, warehousing and communications	528,885	168,212	-	163,455	46,461	(319,188)	587,825
Social/public services	199,705	-	-	-	-	(3,010)	196,695
Mining	5,185,641	-	-	-	-	(4,337)	5,181,304
	21,653,656	182,098	-	163,455	61,856	(623,583)	21,437,482
Total	378,564,080	6,276,885	297,907	979,180	1,524,585	(9,026,345)	378,616,292

12. LOANS RECEIVABLE (Continued)

c. By maturity

Loans receivable by maturity period based on loan agreements:

	31 December	
	2016	2015
Rupiah		
Up to 1 year	144,926,916	63,824,517
> 1 - 5 years	83,118,019	150,133,272
> 5 years	161,894,872	152,137,284
	389,939,807	366,095,073
Foreign currencies		
Up to 1 year	14,692,971	5,606,729
> 1 - 5 years	4,706,351	8,641,480
> 5 years	7,099,866	7,814,134
	26,499,188	22,062,343
Total loans receivable	416,438,995	388,157,416
Less:		
Deferred provision and commission income*)	(542,750)	(514,779)
Allowance for impairment losses	(12,505,024)	(9,026,345)
Total loans receivable - net	403,391,221	378,616,292

*) Deferred provision and commission income represent all provisions, commissions and other fees received by the Bank on loan agreements, which are integral part of effective interest rate.

d. Syndicated loans

Syndicated loans represent loans provided to debtors under syndication agreements with other banks. Syndicated loans with risk sharing participation to the Bank's financing were as follows:

	31 December	
	2016	2015
Bank's participation as participant, ranged between 4.17% - 29.70% and 6.88% - 29.70% , respectively, for the years ended 31 December 2016 and 2015, with outstanding balance of Rp 8,041,176 and USD 77,568,261 as of 31 December 2016 (2015: Rp 5,055,152 and USD 88,555,599)	9,086,215	6,275,891
Bank's participation as arranger, ranged between 5.00% - 50.00%, respectively, for the years ended 31 December 2016 and 2015, with outstanding balance of Rp 10,090,740 and USD 67,692,548 as of 31 December 2016 (2015: Rp 9,658,446 and USD 145,974,808)	11,002,727	11,670,709
	20,088,942	17,946,600

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12. LOANS RECEIVABLE (Continued)

e. Restructured loans

During the years ended 31 December 2016 and 2015, loan restructuring was conducted through modification of terms, reduction or extinguishment of a portion of loan balance and/or a combination of both. For restructured loans, the Bank did not have commitment to give additional loan facility.

f. The movement of allowance for impairment losses on loans receivable

	31 December 2016						
	Collective impairment losses			Individual impairment losses			
	Rupiah	Foreign currencies	Sub-total	Rupiah	Foreign currencies	Sub-total	Total
Balance, beginning of year	(7,315,815)	(417,166)	(7,732,981)	(1,086,947)	(206,417)	(1,293,364)	(9,026,345)
(Addition) reversal of allowance during the year	(2,413,754)	43,741	(2,370,013)	(1,970,600)	(153,127)	(2,123,727)	(4,493,740)
Loans written-off during the year	1,005,385	600	1,005,985	147,603	-	147,603	1,153,588
Recoveries on loans previously written-off	(125,647)	-	(125,647)	(20,547)	-	(20,547)	(146,194)
Exchange rate differences	-	5,229	5,229	-	2,438	2,438	7,667
Balance, end of year	(8,849,831)	(367,596)	(9,217,427)	(2,930,491)	(357,106)	(3,287,597)	(12,505,024)

	31 December 2015						
	Collective impairment losses			Individual impairment losses			
	Rupiah	Foreign currencies	Sub-total	Rupiah	Foreign currencies	Sub-total	Total
Balance, beginning of year	(5,526,076)	(424,766)	(5,950,842)	(666,389)	(87,011)	(753,400)	(6,704,242)
(Addition) reversal of allowance during the year	(2,516,530)	36,208	(2,480,322)	(530,287)	(111,259)	(641,546)	(3,121,868)
Loans written-off during the year	789,468	-	789,468	109,729	-	109,729	899,197
Recoveries on loans previously written-off	(62,677)	-	(62,677)	-	-	-	(62,677)
Exchange rate differences	-	(28,608)	(28,608)	-	(8,147)	(8,147)	(36,755)
Balance, end of year	(7,315,815)	(417,166)	(7,732,981)	(1,086,947)	(206,417)	(1,293,364)	(9,026,345)

Management believes that allowance for impairment losses provided was adequate to cover possible losses on uncollectible loans receivable.

As of 31 December 2016 and 2015, allowance for collective impairment losses on loans receivable to related parties amounting to Rp 3,654 and Rp 1,056, respectively.

12. LOANS RECEIVABLE (Continued)

g. Joint financing

The Bank entered into joint financing agreements with several multi-finance companies for financing the purchase of vehicles. All risks from the loss arising from these joint financing facilities will be borne proportionally by both parties based on respective financing participation (without recourse). The Bank's portion of outstanding balance of joint financing receivable facilities as of 31 December 2016 and 2015 were Rp 39,282,972 and Rp 35,762,472, respectively.

h. Other significant information relating to loans receivable

As of 31 December 2016 and 2015, the Bank had no loans receivable which were pledged as collaterals.

Demand deposits, saving deposits and time deposits pledged as collateral for loans receivable amounting to Rp 10,388,249 and Rp 10,700,349, respectively, as of 31 December 2016 and 2015 (see Note 16).

As of 31 December 2016 and 2015, the Bank, at individual level and at consolidated level, complied with Legal Lending Limit ("LLL") requirements for both related parties and third parties.

Weighted average effective interest rates per annum of loans receivable were as follows:

	Year ended 31 December	
	2016	2015
Rupiah	10.56%	10.86%
Foreign currencies	3.80%	4.14%

Ratio of small business loans to loans receivable as of 31 December 2016 and 2015 was 1.24% and 1.18%, respectively.

The Bank's non-performing loans (classified as sub-standard, doubtful and loss) as of 31 December 2016 and 2015 amounting to Rp 5,451,447 and Rp 2,801,255, respectively.

As of 31 December 2016, the ratio of gross non-performing loan ("NPL") and net NPL was 1.31% and 0.31% (2015: 0.72% and 0.22%), respectively, which was calculated based on prevailing Bank Indonesia Regulations.

Information on the classification and fair value of loans receivable is disclosed in Note 32. Information on the maturity of loan receivables is disclosed in Note 37. Information on the details of loans receivable by geographic region is disclosed in Note 36.

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13. CONSUMER FINANCING RECEIVABLES

The Subsidiaries' consumer financing receivables at amortized cost were as follows:

	31 December	
	2016	2015
Consumer financing receivables		
- Self-financing by Subsidiaries	6,993,980	5,837,470
- Share in joint financing with related parties without recourse	6,259,167	6,001,423
Unamortized transaction cost - net	(317,729)	(143,223)
Unrecognized consumer financing income	(4,428,863)	(4,002,132)
Consumer financing receivables, before allowance for impairment losses	8,506,555	7,693,538
Less:		
Allowance for impairment losses	(299,086)	(286,019)
Total consumer financing receivables - net	8,207,469	7,407,519

Contractual interest rates per annum for consumer financing during 2016 and 2015 were 6.68% - 36.62% and 6.89% - 36.74%, respectively.

The Subsidiaries extend consumer financing contracts for 4 (four) wheel vehicles with terms ranging from 1 (one) year to 6 (six) years, while consumer financing contracts for 2 (two) wheel vehicles ranging from 1 (one) year to 4 (four) years.

The movement in the allowance for impairment losses on consumer financing receivables was as follows:

	31 December	
	2016	2015
Balance, beginning of year	(286,019)	(201,062)
Addition of allowance during the year	(266,340)	(293,339)
Written-off during the year	253,273	208,382
Balance, end of year	(299,086)	(286,019)

The collection of consumer financing receivables previously written-off amounting to Rp 21,527 and Rp 11,797 for the years ending 31 December 2016 and 2015, respectively.

As of 31 December 2016 and 2015 consumer financing receivables, before deduction of unearned income, amounting to Rp 3,453,391 and Rp 3,346,648, respectively, were pledged as collateral to borrowings and overdraft, and debt securities issued.

The consumer financing receivables are secured by the related certificates of ownership ("BPKB") of the vehicles financed by the Subsidiaries.

Management believes that the allowance for impairment losses was adequate to cover possible losses arising from uncollectible consumer financing receivables.

Information on the classification and fair value of consumer financing receivables is disclosed in Note 32. Information on the maturity of consumer financing receivables is disclosed in Note 37.

14. INVESTMENT SECURITIES

The details of investment securities by type and currency as of 31 December 2016 and 2015 were as follows:

	31 December 2016				
Description	Nominal amount	Unamortized premium (discount)	Unrealized (loss) gain	Allowance for impairment losses	Carrying value
Rupiah					
Held-to-maturity:					
Government bonds					
- Recapitalization	100,000	(1,365)	-	-	98,635
- Non-recapitalization	4,870,036	206,319	-	-	5,076,355
Sukuk	18,553,279	148,992	-	-	18,702,271
Corporate bonds	2,260,000	47	-	(317,625)	1,942,422
Money market securities	95,000	-	-	(950)	94,050
Asset-backed securities	5,000	(3,081)	-	-	1,919
Available-for-sale:					
Certificates of Bank Indonesia	13,100,000	(213,036)	23,826	-	12,910,790
Government bonds, non-recapitalization	14,494,870	528,481	(221,127)	-	14,802,224
Sukuk	20,840,068	193,258	(194,468)	(20,700)	20,818,158
Mutual fund units	9,793,125	(795,631)	449,822	(1,501)	9,445,815
Corporate bonds	8,037,700	(921)	(416,077)	(100,034)	7,520,668
Medium-term notes	2,100,000	(376)	(7,484)	-	2,092,140
Investment in shares	187,046	-	-	(23,335)	163,711
	94,436,124	62,687	(365,508)	(464,145)	93,669,158
Foreign currencies					
Held-to-maturity:					
Government bonds, non-recapitalization	309,920	9,861	-	-	319,781
Sukuk	668,250	23,496	-	-	691,746
Medium-term notes	317,282	382	-	(290,410)	27,254
Available-for-sale:					
Certificates of Bank Indonesia	7,263,119	(12,581)	1,569	-	7,252,107
Government bonds, non-recapitalization	4,507,898	29,851	109,093	-	4,646,842
Sukuk	1,280,022	(26,079)	75,148	-	1,329,091
Corporate bonds	767,933	(1,812)	7,061	-	773,182
Medium-term notes	121,252	(6)	-	(121,246)	-
	15,235,676	23,112	192,871	(411,656)	15,040,003
Total investment securities	109,671,800	85,799	(172,637)	(875,801)	108,709,161

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14. INVESTMENT SECURITIES (Continued)

Description	31 December 2015				
	Nominal amount	Unamortized premium (discount)	Unrealized (loss) gain	Allowance for impairment losses	Carrying value
Rupiah					
Held-to-maturity:					
Government bonds					
- Recapitalization	1,150,000	(1,350)	-	-	1,148,650
- Non-recapitalization	929,750	5,115	-	-	934,865
Sukuk	6,624,571	(20,921)	-	-	6,603,650
Corporate bonds	2,649,000	69,697	-	(315,812)	2,402,885
Treasury bills	672,000	(2,570)	-	-	669,430
Asset-backed securities	4,509	(827)	-	-	3,682
Available-for-sale:					
Certificates of Bank Indonesia	6,400,000	(93,434)	(226)	-	6,306,340
Government bonds					
- Recapitalization	20,000	(2)	(136)	-	19,862
- Non-recapitalization	8,165,705	311,859	(266,871)	-	8,210,693
Sukuk	6,592,700	(118,771)	(477,223)	(8,500)	5,988,206
Mutual fund units	3,254,628	-	510,850	-	3,765,478
Corporate bonds	2,290,500	2,697	(72,530)	(93,449)	2,127,218
Medium-term notes	600,000	(339)	(7,191)	-	592,470
Treasury bills	465,795	(13,942)	(2,867)	-	448,986
Investment in shares	176,404	-	-	(23,229)	153,175
	39,995,562	137,212	(316,194)	(440,990)	39,375,590
Foreign currencies					
Held-to-maturity:					
Government bonds, non-recapitalization	317,053	11,674	-	-	328,727
Sukuk	683,750	34,768	-	-	718,518
Medium-term notes	324,625	532	-	(297,144)	28,013
Available-for-sale:					
Certificates of Bank Indonesia	3,446,250	(15,408)	(1,479)	-	3,429,363
Government bonds, non-recapitalization	4,653,816	89,826	90,288	-	4,833,930
Sukuk	1,309,713	(30,679)	78,675	-	1,357,709
Corporate bonds	1,061,445	(2,747)	10,166	-	1,068,864
Medium-term notes	124,065	2,865	-	(114,529)	12,401
	11,920,717	90,831	177,650	(411,673)	11,777,525
Total investment securities	51,916,279	228,043	(138,544)	(852,663)	51,153,115

As of 31 December 2016, investment securities include government bonds with carrying value amounting to Rp 172,007 (nominal amount of Rp 168,435), which according to the agreements, the Bank is required to repurchase the respective government bonds on 13 March 2020 and 17 October 2023. Total liabilities at carrying value ("securities sold under agreements to repurchase") in the consolidated statement of financial position as of 31 December 2016 amounting to Rp 134,748.

14. INVESTMENT SECURITIES (Continued)

As of 31 December 2015, investment securities include government bonds with carrying value amounting to Rp 49,666 (nominal amount of Rp 48,252), which according to the agreements, the Bank is required to repurchase the respective government bonds on 7 January 2016 and 20 January 2016. Total liabilities at carrying value ("securities sold under agreements to repurchase") in the consolidated statement of financial position as of 31 December 2015 amounting to Rp 38,602.

As of 31 December 2016 and 2015, the Bank did not have investment securities pledged as collateral.

During the years ended 31 December 2016 and 2015, the Bank reclassified certain held-to-maturity investment securities to available-for-sale investment securities amounting to Rp 1,264,574 (fair value of Rp 1,257,568) and Rp 1,568,624 (fair value of Rp 1,562,972), respectively. Such reclassifications were made for investment closed to its maturity date (will be matured in less than six months) and fulfill the reclassification requirements in PSAK No. 55.

Management believes that changes of interest rate will have no significant impact to the fair value of those investment securities. The balance of available-for-sale securities reclassified from held-to-maturity as of 31 December 2016 and 2015 were Rp nil and Rp 459,560, respectively.

The details of government recapitalization bonds owned by the Bank as of 31 December 2016 and 2015 were as follows:

	31 December 2016				
	Nominal amount	Fair value	Maturity date	Frequency of interest payment	Carrying value
Held-to-maturity:					
VR0026 series	100,000	99,320	25 Jan 2018	3 months	98,635
	100,000	99,320			98,635

	31 December 2015				
	Nominal amount	Fair value	Maturity date	Frequency of interest payment	Carrying value
Held-to-maturity:					
VR0023 series	1,050,000	1,042,755	25 Oct 2016	3 months	1,050,068
VR0026 series	100,000	99,310	25 Jan 2018	3 months	98,582
	1,150,000	1,142,065			1,148,650
Available-for-sale:					
VR0023 series	20,000	19,862	25 Oct 2016	3 months	19,862
	20,000	19,862			19,862

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14. INVESTMENT SECURITIES (Continued)

The weighted average effective interest rates per annum for investment securities were as follows:

	Year ended 31 December			
	2016		2015	
	Rupiah (%)	Foreign currencies (%)	Rupiah (%)	Foreign currencies (%)
Held-to-maturity:				
Government bonds	7.31	4.82	7.32	4.90
Corporate bonds	8.63	-	8.77	-
Medium-term notes	-	1.52	-	1.06
Treasury bills	-	-	6.57	-
Asset-backed securities	9.85	-	10.10	-
Available-for-sale:				
Certificates of Bank Indonesia	6.53	1.02	6.54	0.76
Government bonds	6.34	2.95	6.45	3.43
Corporate bonds	8.84	2.59	9.12	2.85
Medium-term notes	8.84	-	9.40	1.13
Treasury bills	-	-	6.56	-

The movement of allowance for impairment losses of investment securities for the years ended 31 December 2016 and 2015 was as follows:

	31 December 2016						
	Collective impairment losses			Individual impairment losses			
	Rupiah	Foreign currencies	Sub-total	Rupiah	Foreign currencies	Sub-total	Total
Balance, beginning of year	(31,535)	(81)	(31,616)	(409,454)	(411,593)	(821,047)	(852,663)
(Addition) reversal of allowance during the year	(4,572)	7	(4,565)	(18,584)	4,329	(14,255)	(18,820)
Exchange rate difference	-	-	-	-	(4,318)	(4,318)	(4,318)
Balance, end of year	(36,107)	(74)	(36,181)	(428,038)	(411,582)	(839,620)	(875,801)

	31 December 2015						
	Collective impairment losses			Individual impairment losses			
	Rupiah	Foreign currencies	Sub-total	Rupiah	Foreign currencies	Sub-total	Total
Balance, beginning of year	(25,962)	(81)	(26,043)	(386,488)	(359,174)	(745,662)	(771,705)
(Addition) reversal of allowance during the year	(5,573)	2	(5,571)	(22,966)	(3,309)	(26,275)	(31,846)
Exchange rate difference	-	(2)	(2)	-	(49,110)	(49,110)	(49,112)
Balance, end of year	(31,535)	(81)	(31,616)	(409,454)	(411,593)	(821,047)	(852,663)

Management believes that the balance of allowance for impairment losses provided was adequate to cover possible losses on uncollectible investment securities.

14. INVESTMENT SECURITIES (Continued)

The movement of unrealized gains (losses) from the change in fair value of available-for-sale investment securities was as follows:

	Year ended 31 December 2016		
	Rupiah	Foreign currencies	Total
Balance, beginning of year - before deferred income tax	(316,194)	177,650	(138,544)
Addition of unrealized gains during the year - net	223,773	18,753	242,526
Realized gains during the year - net	(272,859)	(180)	(273,039)
Exchange rate difference	-	(3,352)	(3,352)
Total before deferred income tax	(365,280)	192,871	(172,409)
Deferred income tax (Note 17)			42,151
Balance, end of year - net			(130,258)

	Year ended 31 December 2015		
	Rupiah	Foreign currencies	Total
Balance, beginning of year - before deferred income tax	(302,945)	203,721	(99,224)
Addition of unrealized gains (losses) during the year - net	273,103	(58,413)	214,690
Realized gains during the year - net	(286,352)	(16)	(286,368)
Exchange rate difference	-	32,358	32,358
Total before deferred income tax	(316,194)	177,650	(138,544)
Deferred income tax (Note 17)			34,636
Balance, end of year - net			(103,908)

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14. INVESTMENT SECURITIES (Continued)

The following table represents the summary of ratings and credit rating companies of Bank's investment securities as of 31 December 2016 and 2015:

	31 December			
	2016		2015	
	Rating	Rated by	Rating	Rated by
Government of the Republic of Indonesia	BBB-	Fitch	BBB-	Fitch
Government of the United States of America	AAA	Fitch	AAA	Fitch
Indonesian Export Financing Institution/ Indonesia Eximbank	AAA	Pefindo	-	-
Perum Pegadaian	AA+	Pefindo	AA+	Pefindo
PT Adhi Karya (Persero) Tbk	A-	Pefindo	-	-
PT Angkasa Pura I (Persero)	AAA	Pefindo	-	-
PT Arpeni Ocean Line Tbk	D	Pefindo	D	Pefindo
PT Astra Otoparts Tbk	AA-	Fitch	-	-
PT Astra Sedaya Finance	AAA	Pefindo	AAA	Pefindo
PT Aneka Tambang Tbk	BBB+	Pefindo	A-	Pefindo
PT Bank CIMB Niaga Tbk	AAA	Pefindo	AAA	Pefindo
PT Bank DKI	A+	Pefindo	AAA	Pefindo
PT Bank Mandiri (Persero) Tbk	AAA	Pefindo	-	-
PT Bank Maybank Indonesia Tbk	-	-	AAA	Pefindo
PT Bank OCBC NISP Tbk	AAA	Pefindo	AAA	Pefindo
PT Bank Pan Indonesia Tbk	AA	Pefindo	AA	Pefindo
PT Bank Permata Tbk	-	-	AAA	Pefindo
PT Bank Rakyat Indonesia (Persero) Tbk	AAA	Pefindo	AAA	Pefindo
PT Bank Resona Perdania	AA-	Pefindo	-	-
PT BPD Riau Kepri	-	-	A	Fitch
PT Bank Sumitomo Mitsui Indonesia	AAA	Pefindo	AAA	Pefindo
PT Bank Tabungan Negara (Persero) Tbk	AA+	Pefindo	AA	Pefindo
PT Bank Tabungan Pensiunan Nasional Tbk	-	-	AA+	Fitch
PT Bank UOB Indonesia	AAA	Fitch	AAA	Fitch
PT Berlian Laju Tanker Tbk	D	Pefindo	D	Pefindo
PT Chandra Asri Petrochemical Tbk	A+	Pefindo	-	-
PT Express Transindo Utama Tbk	BBB+	Pefindo	A	Pefindo
PT Fastfood Indonesia Tbk	AA	Pefindo	AA	Pefindo
PT Indofood Sukses Makmur Tbk	AA+	Pefindo	AA+	Pefindo
PT Indosat Tbk	AAA	Pefindo	AAA	Pefindo
PT Japfa Comfeed Indonesia Tbk	A	Pefindo	A	Pefindo
PT Jasa Marga (Persero) Tbk	AA	Pefindo	AA	Pefindo
PT Lautan Luas Tbk	A-	Pefindo	A-	Pefindo
PT Mandala Multifinance Tbk	-	-	A	Pefindo
PT Medco Energi International Tbk	-	-	A+	Pefindo
PT Nippon Indosari Corpindo Tbk	AA-	Pefindo	AA-	Pefindo
PT Pertamina (Persero)	BBB-	Fitch	BBB-	Fitch
PT Perusahaan Listrik Negara (Persero)	AAA	Pefindo	AAA	Pefindo
PT Profesional Telekomunikasi Indonesia	AAA	Fitch	AA+	Fitch
PT Sarana Multi Infrastruktur (Persero)	AAA	Pefindo	-	-
PT Sumber Alfaria Trijaya Tbk	AA-	Fitch	-	-
PT Tiphone Mobile Indonesia Tbk	A	Pefindo	-	-

Information on the classification and fair value of investment securities is disclosed in Note 32. Information on the maturity of investment securities is disclosed in Note 37.

15. FIXED ASSETS

Fixed assets consisted of:

	31 December 2016					
	Beginning balance	Additions	Deductions	Reclassifications	Revaluations	Ending balance
Acquisition cost/revaluation amount						
Direct ownership						
Land	3,213,913	172,122	(80)	103,203	6,559,983	10,049,141
Buildings	3,277,400	297,008	(116,292)	339,725	-	3,797,841
Office furnitures, fixtures and equipments	8,094,488	1,581,649	(216,696)	8,344	-	9,467,785
Motor vehicles	44,472	8,156	(6,920)	-	-	45,708
Construction in progress	2,120,077	769,984	(569,530)	(451,272)	-	1,869,259
Leased assets	7,156	-	(2,944)	-	-	4,212
	16,757,506	2,828,919	(912,462)	-	6,559,983	25,233,946
Accumulated depreciation						
Direct ownership						
Buildings	(1,199,296)	(167,832)	24,982	-	-	(1,342,146)
Office furnitures, fixtures and equipments	(5,821,662)	(1,258,661)	205,087	-	-	(6,875,236)
Motor vehicles	(22,013)	(6,332)	3,922	-	-	(24,423)
Leased assets	(2,514)	(1,197)	2,405	-	-	(1,306)
	(7,045,485)	(1,434,022)	236,396	-	-	(8,243,111)
Net book value	9,712,021					16,990,835

	31 December 2015				
	Beginning balance	Additions	Deductions	Reclassifications	Ending balance
Acquisition cost/revaluation amount					
Direct ownership					
Land	2,701,469	326,026	(98,187)	284,605	3,213,913
Buildings	2,957,478	136,433	(2,463)	185,952	3,277,400
Office furnitures, fixtures and equipments	6,994,965	1,282,755	(188,522)	5,290	8,094,488
Motor vehicles	43,905	6,810	(6,243)	-	44,472
Construction in progress	1,990,264	777,683	(172,023)	(475,847)	2,120,077
Leased assets	37,151	4,525	(34,520)	-	7,156
	14,725,232	2,534,232	(501,958)	-	16,757,506
Accumulated depreciation					
Direct ownership					
Buildings	(1,049,983)	(151,499)	2,186	-	(1,199,296)
Office furnitures, fixtures and equipments	(4,806,068)	(1,201,790)	186,196	-	(5,821,662)
Motor vehicles	(19,832)	(6,694)	4,513	-	(22,013)
Leased assets	(4,419)	(3,856)	5,761	-	(2,514)
	(5,880,302)	(1,363,839)	198,656	-	(7,045,485)
Net book value	8,844,930				9,712,021

15. FIXED ASSETS (Continued)

Revaluation of fixed assets

In accordance with Decree of Minister of Finance No. 384/KMK/04/1998 dated 14 August 1998, the Bank revalued certain fixed assets on 31 December 1998. The revaluation of fixed assets was based on the appraisal report from PT Ujatek Baru dated 24 March 1999 which was determined using market data approach and resulted in fixed asset revaluation difference of Rp 1,043,470. Such fixed asset revaluation difference was approved by the Jakarta Tamansari Tax Office in its letter No. KEP-2111/WPJ.05/KP.09/1999 dated 3 October 1999.

On 31 October 2000, the Bank revalued certain fixed assets amounting to Rp 141,127 in relation to the Bank's quasi-reorganization. The revaluation of fixed assets was based on the appraisal report from PT Ujatek Baru dated 20 December 2000 which was determined using market data approach.

The fixed asset revaluation difference in 2000 amounting to Rp 141,127 was approved by Listed Company Tax Office in its letter No. KEP-04/WPJ.06/KP.0404/2001 dated 15 June 2001. The fixed asset revaluation difference was allocated to additional paid-in capital due to quasi-reorganization amounting to Rp 124,690.

In 2008, the Bank and Subsidiaries chose the cost method as their accounting policy for fixed assets in accordance with PSAK No. 16 (2007 Revision), "Fixed Assets", and reclassified all remaining fixed asset revaluation difference of Rp 1,059,907 which was presented as part of equity in the consolidated statement of financial position to the retained earnings.

In 2016, the Bank revalued its fixed asset of land class with carrying value at the time of revaluation of Rp 3,052,873 and changed its accounting policies for measurement of land from cost model to revaluation model.

Revaluation was performed by *Kantor Jasa Penilai Publik* ("KJPP") Antonius Setiady & Rekan, an external independent appraisal, based on Indonesian Valuation Standards (SPI 2013), Indonesian Appraisal Code of Conduct ("KEPI"), Bapepam-LK Regulation No. VIII. C4 concerning Guidelines for Appraisal and Presentation of the Property Appraisal Report in Capital Market, and prevailing rules and regulations.

The differences of land revaluation were recorded as "revaluation surplus of fixed assets", and presented in other comprehensive income amounting to Rp 6,591,827. The decrease of carrying value arising from revaluation amounting to Rp 31,844 was recognized in current year profit or loss as other operating expenses.

The fair value of land is determined based on market approach by comparing several comparable land transactions that either have occurred or still in sales offering stage of a buying and selling process, by adjusting the differences between land appraised and comparative data and list of land price that has been obtained. It also relates to location factors, the property rights, physical characteristic, utilization and other comparative elements.

The fair value measurement for the land is categorized as level 2 fair value based on the inputs to the valuation technique used.

As of 31 December 2016, the carrying value of land if the land was recorded using cost model amounting to Rp 3,052,873.

15. FIXED ASSETS (Continued)

Other informations

As of 31 December 2016 and 2015, the Bank did not have any fixed assets pledged as collateral.

Depreciation charged to general and administrative expenses for the years ended 31 December 2016 and 2015 amounting to Rp 1,434,022 and Rp 1,363,839, respectively.

Gain on sale of fixed assets recognized as part of other operating income for the years ended 31 December 2016 and 2015 amounting to Rp 5,254 and Rp 4,319, respectively.

Loss on sale of fixed assets recognized as part of other operating expenses for the years ended 31 December 2016 and 2015 amounting to Rp 2,963 and Rp 1,712, respectively.

The Bank has insured its fixed assets (excluding land rights) to cover the possible losses from fire, theft and natural disaster with a total coverage of Rp 14,439,026 as of 31 December 2016, and Rp 7,889,451 and USD 464,577,761 as of 31 December 2015. Management believes that the insurance coverage is adequate to cover possible losses from such risks.

As of 31 December 2016 and 2015, the cost of fully depreciated fixed assets that were still in use amounting to Rp 3,886,928 and Rp 3,056,167, respectively.

No impairment losses on fixed assets during 2016 and 2015.

16. DEPOSITS FROM CUSTOMERS AND OTHER BANKS

a. Deposits from customers

	31 December					
	2016			2015		
	Rupiah	Foreign currencies	Total	Rupiah	Foreign currencies	Total
Demand deposits:						
Related parties	359,557	5,322,943	5,682,500	462,023	524,579	986,602
Third parties	112,876,933	19,293,450	132,170,383	96,456,483	18,209,771	114,666,254
	113,236,490	24,616,393	137,852,883	96,918,506	18,734,350	115,652,856
Savings:						
Related parties	69,132	790,879	860,011	58,831	30,075	88,906
Third parties:						
Tahapan	245,338,500	-	245,338,500	221,467,709	-	221,467,709
Tapres	7,758,306	-	7,758,306	7,430,921	-	7,430,921
Tabunganku	1,586,545	-	1,586,545	1,101,370	-	1,101,370
Tahapan Xpresi	678,778	-	678,778	208,036	-	208,036
Tahapan Berjangka	509,162	-	509,162	-	-	-
Simpanan Pelajar	1,370	-	1,370	239	-	239
BCA Dollar	-	13,619,130	13,619,130	-	14,311,136	14,311,136
	255,941,793	14,410,009	270,351,802	230,267,106	14,341,211	244,608,317
Time deposits:						
Related parties	1,533,495	23,410	1,556,905	138,512	13,113	151,625
Third parties	109,977,414	10,394,621	120,372,035	103,130,082	10,123,335	113,253,417
	111,510,909	10,418,031	121,928,940	103,268,594	10,136,448	113,405,042
Total deposits from customers	480,689,192	49,444,433	530,133,625	430,454,206	43,212,009	473,666,215

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16. DEPOSITS FROM CUSTOMERS AND OTHER BANKS (Continued)

b. Deposits from other banks

	31 December					
	2016			2015		
	Rupiah	Foreign currencies	Total	Rupiah	Foreign currencies	Total
Demand deposits	2,878,697	1,967,384	4,846,081	2,648,104	1,456,307	4,104,411
Interbank call money	-	-	-	10,000	-	10,000
Time deposits	54,861	-	54,861	41,642	-	41,642
Total deposits from other banks	2,933,558	1,967,384	4,900,942	2,699,746	1,456,307	4,156,053

As of 31 December 2016 and 2015, the Bank did not have balances of deposits from other banks from related party.

c. The weighted average effective interest rates per annum for deposits from customers and other banks were as follows:

	Year ended 31 December			
	2016		2015	
	Rupiah (%)	Foreign currencies (%)	Rupiah (%)	Foreign currencies (%)
Deposits from customers:				
Demand deposits	1.02	0.14	1.08	0.12
Savings	1.03	0.14	1.07	0.16
Time deposits	5.02	0.27	6.16	0.29
Deposits from other banks:				
Demand deposits	0.51	0.01	0.54	0.01
Interbank call money	-	-	7.40	-
Time deposits	4.02	-	5.18	-

d. Time deposits based on maturity period

	31 December					
	2016			2015		
	Rupiah	Foreign currencies	Total	Rupiah	Foreign currencies	Total
1 month	83,537,839	9,240,079	92,777,918	87,933,555	8,874,795	96,808,350
3 months	22,125,895	501,827	22,627,722	9,268,012	485,850	9,753,862
6 months	2,696,042	179,137	2,875,179	2,872,648	220,425	3,093,073
12 months	3,205,994	496,988	3,702,982	3,236,021	555,378	3,791,399
	111,565,770	10,418,031	121,983,801	103,310,236	10,136,448	113,446,684

e. Time deposits based on remaining period until maturity date

	31 December					
	2016			2015		
	Rupiah	Foreign currencies	Total	Rupiah	Foreign currencies	Total
Up to 1 month	89,571,305	9,433,159	99,004,464	91,211,736	9,080,755	100,292,491
> 1 - 3 months	18,095,959	435,429	18,531,388	8,215,902	475,465	8,691,367
> 3 - 6 months	1,978,435	173,804	2,152,239	2,182,913	237,143	2,420,056
> 6 - 12 months	1,920,071	375,639	2,295,710	1,699,685	343,085	2,042,770
	111,565,770	10,418,031	121,983,801	103,310,236	10,136,448	113,446,684

16. DEPOSITS FROM CUSTOMERS AND OTHER BANKS (Continued)

f. Deposits pledged as collateral to loans granted by the Bank as of 31 December 2016 and 2015 (see Note 12) were as follows:

	31 December	
	2016	2015
Demand deposits	1,681,412	1,217,440
Savings	752,408	1,135,316
Time deposits	7,954,429	8,347,593
	10,388,249	10,700,349

Information on the classification and fair value of deposits from customers and other banks is disclosed in Note 32. Information on the maturity of deposits from customers and other banks is disclosed in Note 37.

17. INCOME TAX

a. Current tax liabilities

	31 December	
	2016	2015
Bank	110,897	191,833
Subsidiaries	52,785	59,258
	163,682	251,091

b. Tax expenses

	Year ended 31 December	
	2016	2015
Current tax:		
Current year		
Bank	5,129,551	4,580,369
Subsidiaries	464,202	441,290
	5,593,753	5,021,659
Deferred tax:		
Origination of temporary differences		
Bank	(335,580)	(333,731)
Subsidiaries	(51,254)	(66,582)
	(386,834)	(400,313)
	5,206,919	4,621,346

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17. INCOME TAX (Continued)

c. In accordance with Article 2 of Government Regulation No. 77/2013 regarding the Guidelines on the Implementation and Supervision on the Tariff Reduction for Domestic Tax Payers in the form of Public Companies, signed by the President of Republic Indonesia on 21 November 2013, tax payers can receive a reduction of 5% (five percent) lower than income tax rate for a domestic tax payer as stipulated by Tax Law, if the company fulfills the following criteria:

1. The public owned 40% (forty percent) or more of the total paid up shares and those shares are owned by at least 300 (three hundred) parties.
2. Each party can only own less than 5% (five percent) of total paid-up shares.
3. The tax payer should fulfill the above mentioned criteria at least within 6 (six) months (183 (one hundred and eighty three) calendar days) in 1 (one) fiscal year.

The tax payers should attach the declaration letter from Securities Administration Agency ("*Biro Administrasi Efek*") to the annual income tax return of the tax payers with the form X.H.1-2 as provided in Decision Letter of the Chairman of Capital Market and Financial Institution Supervisory Agency ("Bapepam-LK") No. KEP-669/BL/2012 dated 13 December 2012 for the respective fiscal year.

On 13 January 2017 and 2016, the Bank received a declaration letter from the Securities Administration Agency for the fulfillment of the above criteria for fiscal year 2016 and 2015, respectively.

d. The reconciliation of consolidated accounting income before tax to taxable income of the Bank was as follows:

	Year ended 31 December	
	2016	2015
Consolidated accounting income before tax	25,839,200	22,657,114
Eliminations	453,115	427,805
Before eliminations	26,292,315	23,084,919
Subsidiaries' income before income tax	(1,744,960)	(1,547,193)
Accounting income before tax - Bank	24,547,355	21,537,726
Permanent differences:		
Employees' welfare	188,335	305,330
Rent income	(32,442)	(30,232)
Dividends from Subsidiaries	(418,219)	(395,316)
Tax on revaluation of fixed assets	-	187,239
Interest income from off-shore government bonds	(88,693)	-
Other expenses (income) which cannot be added/deducted for tax calculation purposes - net	109,099	(37,825)
	(241,920)	29,196
Temporary differences:		
Obligation for post-employment benefits	(414,248)	(359,179)
Impairment losses on financial assets	1,817,730	1,648,341
Addition (reversal) of impairment losses on non-financial assets	4,282	(1,274)
Accrued employees' benefits	23	44,105
Unrealized (gains) losses of trading and available-for-sale investment securities and placements with other banks	(65,464)	2,929
	1,342,323	1,334,922
Taxable income	25,647,758	22,901,844

17. INCOME TAX (Continued)

e. The reconciliation between consolidated accounting income before tax multiplied by the maximum tax rate and income tax expense was as follows:

	Year ended 31 December	
	2016	2015
Consolidated accounting income before tax	25,839,200	22,657,114
Maximum tax rate	25%	25%
	6,459,800	5,664,279
Permanent differences at 25% - Bank	(60,480)	7,299
Permanent differences at 25% - Subsidiaries	89,987	94,860
	6,489,307	5,766,438
Adjustment of corporate income tax rate - Bank (Note 17c)	(1,282,388)	(1,145,092)
Income tax expense - consolidated	5,206,919	4,621,346

f. The calculation of current tax and income tax payable was as follows:

	2016	2015
Taxable income:		
Bank	25,647,758	22,901,844
Subsidiaries	1,744,960	1,547,193
	27,392,718	24,449,037
Current tax:		
Bank	5,129,551	4,580,369
Subsidiaries	464,202	441,290
	5,593,753	5,021,659
Prepaid taxes:		
Bank	(5,018,654)	(4,388,535)
Subsidiaries	(411,417)	(382,033)
	(5,430,071)	(4,770,568)
Income tax payable:		
Bank	110,897	191,833
Subsidiaries	52,785	59,258
	163,682	251,091

The calculation for 2016 corporate income tax is the calculation which will be reported when the Bank submits its 2016 annual corporate income tax return. The corporate income tax calculation for 2015 agreed with the Bank's 2015 annual corporate income tax return.

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17. INCOME TAX (Continued)

g. The items that gave rise to significant portion of deferred tax assets and liabilities as of 31 December 2016 and 2015 were as follows:

	31 December 2015	Recognized in current year profit or loss	Recognized in current year other comprehensive income	31 December 2016
Parent entity - Bank:				
Deferred tax assets:				
Post-employment benefits obligation	845,535	(103,562)	-	741,973
Allowance for impairment losses of financial assets	1,279,606	454,432	-	1,734,038
Allowance for impairment losses of non-financial assets	209	1,070	-	1,279
Accrued employees' benefits	67,830	6	-	67,836
Unrealized loss on available-for-sale investment securities and placement with other banks	31,417	-	11,122	42,539
Remeasurements of defined benefit liability	855,300	-	(74,209)	781,091
	3,079,897	351,946	(63,087)	3,368,756
Deferred tax liability:				
Unrealized gain on trading securities	(2,504)	(16,366)	-	(18,870)
	(2,504)	(16,366)	-	(18,870)
Deferred tax assets - net	3,077,393	335,580	(63,087)	3,349,886
Subsidiaries:				
PT BCA Finance	20,242	4,585	2,111	26,938
PT BCA Sekuritas	21,659	11,751	(341)	33,069
PT BCA Syariah	7,577	2,194	(3,233)	6,538
PT Asuransi Umum BCA	21,081	3,076	87	24,244
PT Central Santosa Finance	78,036	29,648	375	108,059
Deferred tax assets - net	148,595	51,254	(1,001)	198,848
Total deferred tax assets - net	3,225,988	386,834	(64,088)	3,548,734

17. INCOME TAX (Continued)

	31 December 2014	Recognized in current year profit or loss	Recognized in current year other comprehensive income	31 December 2015
Parent entity - Bank:				
Deferred tax assets:				
Post-employment benefits obligation	935,329	(89,794)	-	845,535
Allowance for impairment losses of financial assets	867,521	412,085	-	1,279,606
Allowance for impairment losses of non-financial assets	527	(318)	-	209
Accrued employees' benefits	56,804	11,026	-	67,830
Unrealized loss on available-for-sale investment securities and placement with other banks	19,899	-	11,518	31,417
Remeasurements of defined benefit liability	731,642	-	123,658	855,300
	2,611,722	332,999	135,176	3,079,897
Deferred tax liability:				
Unrealized gain on trading securities	(3,236)	732	-	(2,504)
	(3,236)	732	-	(2,504)
Deferred tax assets - net	2,608,486	333,731	135,176	3,077,393
Subsidiaries:				
PT BCA Finance	16,441	4,946	(1,145)	20,242
PT BCA Sekuritas	5,327	16,674	(342)	21,659
PT BCA Syariah	7,018	1,586	(1,027)	7,577
PT Asuransi Umum BCA	14,362	6,703	16	21,081
PT Central Santosa Finance	42,047	36,673	(684)	78,036
Deferred tax assets - net	85,195	66,582	(3,182)	148,595
Total deferred tax assets - net	2,693,681	400,313	131,994	3,225,988

Included in total deferred tax asset and liability of the Bank and Subsidiaries were deferred tax asset and liability arising from unrealized loss from change in fair value of available-for-sale investment securities (see Note 14) amounting to Rp 41,971 and Rp 180 as of 31 December 2016, and Rp 31,553 and Rp 3,083 as of 31 December 2015, respectively. Moreover, included in total deferred tax asset of the Bank and Subsidiaries was deferred tax asset arising from unrealized (loss) gain from change in fair value of available-for-sale placements with Bank Indonesia and other banks (see Note 8) amounting to Rp (568) and Rp 136 as of 31 December 2016 and 2015, respectively.

Management believes that total deferred tax assets arising from temporary differences are probable to be realized in the future years.

17. INCOME TAX (Continued)

h. Under the taxation laws of Indonesia, the Bank and its Subsidiaries in Indonesia calculate, pay and report individual company tax return (submission of consolidated income tax computation is not allowed) on the basis of self-assessment. The tax authorities may assess or amend taxes within the statute of limitations, under prevailing regulations.

i. Under the taxation laws of Indonesia, the Bank and its Subsidiaries calculate, pay and report the tax returns on the basis of self-assessment. The tax authorities may assess or amend taxes within the statute of limitations, under prevailing regulations.

The Bank and Subsidiaries' tax positions may be challenged by the tax authorities. Management vigorously defends the Bank and Subsidiaries' tax positions which are believed to be grounded on sound technical basis, in compliance with the tax regulations. Accordingly, management believes that the accruals for tax liabilities are adequate for all open tax years based on the assessment of various factors, including interpretations of tax law, other tax provisions and prior experience. This assessment relies on estimates and assumptions and may involve judgement about future events. New information may become available that causes management to change its judgement regarding the adequacy of existing tax liabilities. Such changes to tax liabilities will impact tax expense in the period in which such determination is made.

j. The Bank's 2008 taxes have been audited by tax authorities which resulted in tax underpayment of Rp 136,949. The Bank has paid the tax underpayment and filed an objection letter for certain part of tax audit result at amount of Rp 120,170. On 9 and 10 September 2013, Directorate General of Tax ("DGT") approved parts of the objection for Value Added Tax ("VAT") and corporate income tax amounting to Rp 15,482, and has been transferred to the Bank on 24 October 2013. In relation with the objection result, the Bank submitted an appeal for the remaining amount of Rp 104,039 to the Tax Court. On 21 May 2015, the Tax Court decided to grant only Rp 542. Based on the Tax Court decision, the Bank requested a judicial review of the decision by the Tax Court to the Supreme Court on 11 August 2015 amounting to Rp 100,271, while the remaining amount of Rp 3,226 was accepted by the Bank.

k. The Bank's corporate income tax 2010 was audited in 2015 in which the tax office issued an assessment of tax underpayment amounting to Rp 202,320. Based on the tax audit result, the Bank approved and paid Rp 32,280 on 31 December 2015. On 22 January 2016, the Bank paid an additional amount of Rp 10,711 for the unobjected audit result, while the remaining amount of Rp 159,329 was paid on 18 March 2016 and the Bank filed objection letter to the Directorate General of tax on 22 March 2016.

l. In accordance with the prevailing regulation, tax cases and legal actions in relation with the fiscal year of 2008 and 2010 have been closed during the year ending 31 December 2016.

m. Other information

In 2015, the Bank conducted a revaluation of fixed assets based on the Minister of Finance Regulation No. 191/PMK.01/2015 dated 20 October 2015 regarding Revaluation of Fixed Assets for Tax Purposes. In accordance with the regulation, the Bank submitted a request to obtain a tax incentive in the form of reduced tariff of final income tax at 3% (three percent) of fixed assets revaluation surplus on tax basis.

17. INCOME TAX (Continued)

m. Other information (continued)

In accordance with this regulation, revaluation can be performed for some or all tangible fixed assets. In 2015 the Bank revalued its fixed assets in the form of land by engaging an appraisal company, *Kantor Jasa Penilai Publik* ("KJPP") Antonius Setiady & Rekan, as follows:

Phase	Number of locations which are revalued	Acquisition cost/book value of land	Book value after revaluation	Excess of revaluation	Final income tax rate	Final income tax
Phase 1	533	1,492,009	7,045,157	5,553,148	3%	166,595
Phase 2	11	426,964	1,115,106	688,142	3%	20,644
Total	544	1,918,973	8,160,263	6,241,290		187,239

For the phase 1 revaluation, the Bank obtained the Director General of Taxes Decision Letter No. KEP-2636/WPJ.19/2015 regarding "The Approval of the Revaluation of Fixed Assets for Taxation Purposes for Submission in 2015 and 2016" on 29 December 2015.

On 7 January 2016, the Bank has obtained the Director General of Taxes Decision Letter No. KEP-55/WPJ.19/2016 regarding "The Approval of the Revaluation of Fixed Assets for Taxation Purposes for Submission in 2015 and 2016" for the phase 2 revaluation.

The Bank recorded the 3% (three percent) final income tax paid amounting to Rp 187,239 as part of general and administrative expenses in 2015.

18. DEBT SECURITIES ISSUED

Debt securities issued by PT BCA Finance, Subsidiary, were as follows:

	31 December	
	2016	2015
Bonds payable	2,212,380	2,404,394
Medium-term notes	119,791	416,571
	2,332,171	2,820,965

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18. DEBT SECURITIES ISSUED (Continued)

a. Bonds payable

As of 31 December 2016 and 2015, the outstanding balance of bonds payable related to bonds issued was as follows:

	31 December	
	2016	2015
Nominal value:		
BCA Finance Continuous Bonds I Batch I	-	600,000
BCA Finance Continuous Bonds I Batch II	200,000	550,000
BCA Finance Continuous Bonds I Batch III	270,000	270,000
BCA Finance Continuous Bonds II Batch I	557,000	990,000
BCA Finance Continuous Bonds II Batch II	1,190,000	-
	2,217,000	2,410,000
Less:		
Deferred bonds issuance costs - net	(4,620)	(5,606)
Total - net	2,212,380	2,404,394
Amortization expense charged to profit or loss	5,672	5,153

BCA Finance Continuous Bonds I Batch I ("Continuous Bonds I Batch I") Year 2012

Continuous Bonds I Batch I were offered at nominal value and listed in the Indonesia Stock Exchange. Continuous Bonds I Batch I consist of series A, B, C and D, which mature on 14 May 2013, 9 May 2014, 9 May 2015 and 9 May 2016, respectively, with a fixed interest rate per annum at 6.35% - 7.70%. Interest will be paid on a quarterly basis based on interest payment due date. The first interest payment was made on 9 August 2012 and the final interest payment will be with the repayment of principal of each series of bonds.

The Subsidiary entered into a Trusteeship Agreement with PT Bank Mega Tbk (acts as the Bond's Trustee) for Continuous Bonds I Batch I Year 2012 based on the Trusteeship Agreement No. 14 dated 5 March 2012 which was made before Satria Amiputra A., S.E., Ak., S.H., M.Ak., M.H., M.Kn., notary in Jakarta. This agreement has been amended which was effected by Amendment I No. 71 dated 28 March 2012 and Amendment II No. 66 dated 25 April 2012.

Continuous Bonds I Batch I Series A, B, C and D were fully repaid on 14 May 2013, 9 May 2014, 9 May 2015 and 9 May 2016, respectively.

BCA Finance Continuous Bonds I Batch II ("Continuous Bonds I Batch II") Year 2013

Continuous Bonds I Batch II were offered at nominal value and listed in the Indonesia Stock Exchange. Continuous Bonds I Batch II consist of series A, B and C, which mature on 24 June 2014, 14 June 2016 and 14 June 2017, respectively, with a fixed interest rate per annum at 6.50% - 7.60%. Interest will be paid on a quarterly basis based on interest payment due date. The first interest payment was made on 14 September 2013 and the final interest payment will be with the repayment of principal of each series of bonds.

18. DEBT SECURITIES ISSUED (Continued)

a. Bonds payable (continued)

BCA Finance Continuous Bonds I Batch II ("Continuous Bonds I Batch II") Year 2013 (continued)

The Subsidiary entered into a Trusteeship Agreement with PT Bank Mega Tbk (acts as the Bond's Trustee) for Continuous Bonds I Batch II Year 2013 based on the Trusteeship Agreement No.128 dated 23 May 2013 which was made before Satria Amiputra A., S.E., Ak., S.H., M.Ak., M.H., M.Kn, notary in Jakarta. This agreement has been amended which was effected by Amendment I No. 40 dated 7 June 2013.

Continuous Bonds I Batch II Series A and B were fully repaid on 24 June 2014 and 14 June 2016, respectively.

As of 31 December 2016, Continuous Bonds I Batch II was rated at $_{id}$AAA by Pefindo and AAA(idn) by Fitch (2015: $_{id}$AAA by Pefindo and AAA(idn) by Fitch).

BCA Finance Continuous Bonds I Batch III ("Continuous Bonds I Batch III") Year 2014

Continuous Bonds I Batch III were offered at nominal value and listed in the Indonesia Stock Exchange. Continuous Bonds I Batch III consist of series A and B, which mature on 7 April 2015 and 27 March 2017, respectively, with a fixed interest rate per annum at 9.00% - 10.00%. Interest will be paid on a quarterly basis based on interest rate at payment due date. The first interest payment was made on 27 June 2014 and the final interest payment will be with the repayment of principal of each series of bonds.

The Subsidiary entered into a Trusteeship Agreement with PT Bank Mega Tbk (acts as the Bond's Trustee) for Continuous Bonds I Batch III Year 2014 based on the Trusteeship Agreement No. 9 dated 10 March 2014 which was made before Fathiah Helmi, S.H., notary in Jakarta.

Continuous Bonds I Batch III Series A was fully repaid on 7 April 2015.

As of 31 December 2016, Continuous Bonds I Batch III was rated at $_{id}$AAA by Pefindo and AAA(idn) by Fitch (2015: $_{id}$AAA by Pefindo and AAA(idn) by Fitch).

BCA Finance Continuous Bonds II Batch I ("Continuous Bonds II Batch I") Year 2015

Continuous Bonds II Batch I were offered at nominal value and listed in the Indonesia Stock Exchange. Continuous Bonds II Batch I consist of series A, B and C, which mature on 30 March 2016, 20 March 2017 and 20 March 2018, respectively, with a fixed interest rate per annum at 8.25% - 9.00%. Interest will be paid on a quarterly basis based on interest payment due date. The first interest payment was made on 20 June 2015 and the final interest payment will be with the repayment of principal of each series of bonds.

The Subsidiary entered into a Trusteeship Agreement with PT Bank Mega Tbk (acts as the Bond's Trustee) for Continuous Bonds II Batch I Year 2015 based on the Trusteeship Agreement No. 12 dated 8 December 2014 which was made before Fathiah Helmi, S.H., notary in Jakarta.

Continuous Bonds II Batch I Series A was fully repaid on 30 March 2016.

As of 31 December 2016, Continuous Bonds II Batch I was rated at $_{id}$AAA by Pefindo and AAA(idn) by Fitch (2015: $_{id}$AAA by Pefindo and AAA(idn) by Fitch).

18. DEBT SECURITIES ISSUED (Continued)

a. Bonds payable (continued)

BCA Finance Continuous Bonds II Batch II ("Continuous Bonds II Batch II") Year 2016

Continuous Bonds II Batch II were offered at nominal value and listed in the Indonesia Stock Exchange. Continuous Bonds II Batch II consist of series A and B, which mature on 1 July 2017 and 21 June 2019, respectively, with a fixed interest rate per annum at 7.45% - 8.15%. Interest will be paid on a quarterly basis based on interest payment due date. The first interest payment was made on 21 September 2016 and the final interest payment will be with the repayment of principal of each series of bonds.

The Subsidiary entered into a Trusteeship Agreement with PT Bank Mega Tbk (acts as the Bond's Trustee) for Continuous Bonds II Batch II Year 2016 based on the Trusteeship Agreement No. 41 dated 6 June 2016 which was made before Satria Amiputra A., S.E., Ak., S.H., M.Ak., M.Ec.Dev., M.H., Mkn., notary in Jakarta.

As of 31 December 2016, Continuous Bonds II Batch II was rated at $_{id}$AAA by Pefindo and AAA(idn) by Fitch.

All bonds issued by the Subsidiary are collateralized by the fiduciary transfer of consumer financing receivables amounted to Rp 1,146,672 and Rp 1,212,645 as of 31 December 2016 and 2015, respectively. During the year that the bond principals are still outstanding, the Subsidiary is not allowed to, among others, transfer, pledge and/or mortgage any of the present or future assets of the Subsidiary, merge and/or consolidate business, take over business, make changes in the Articles of Association regarding the changes of the purpose and objective of the business and grant any credits to or make investments in other parties other than in the ordinary courses of the business.

Total principal and interest of bonds have been paid in accordance with the respective bonds' maturity date.

As of 31 December 2016 and 2015, the Subsidiary was in compliance with the covenants in relation to the bonds payable agreements and complied with all the requirements mentioned in the Trusteeship Agreement.

b. Medium-Term Notes ("MTN")

As of 31 December 2016 and 2015, the outstanding balance of MTN issued by PT BCA Finance, Subsidiary, was as follows:

	31 December	
	2016	2015
Nominal value:		
Medium-Term Notes III BCA Finance	-	300,000
Medium-Term Notes IV BCA Finance	120,000	120,000
Less:		
Deferred Medium-Term Notes issuance costs - net	(209)	(3,429)
Total - net	119,791	416,571

18. DEBT SECURITIES ISSUED (Continued)

b. Medium-Term Notes ("MTN") (continued)

Medium-Term Notes III BCA Finance ("MTN III") Year 2013

In December 2013, the Subsidiary issued "MTN III Year 2013 with Fixed Interest Rates" with a nominal value of Rp 300,000, interest rate per annum at 8.20% and the maturity date on 4 December 2016. Interest will be paid on a semi-annual basis based on interest payment due date. The first interest payment was made on 4 June 2014 and the final interest payment will be with the repayment of the principal of MTN III.

The Subsidiary assigned PT Nikko Securities Indonesia as monitoring, custodian and payment agent for the MTN III, as stated in the Notarial Deed No. 2 and 3, dated 2 December 2013 of Satria Amiputra A., S.E., Ak., S.H., M.Ak., M.H., M.Kn. The notarial deed provides several negative covenants to the Subsidiary, among other, collaterals with fiduciary transfer of consumer financing receivables amounting to Rp 150,029 as of 31 December 2015 (see Note 13).

MTN III was fully repaid on 4 December 2016.

Medium-Term Notes IV BCA Finance ("MTN IV") Year 2014

In March 2014, the Subsidiary issued "MTN IV Year 2014 with Fixed Interest Rates" with a nominal value of Rp 120,000, interest rate per annum at 7.94% and the maturity date on 18 March 2017. Interest will be paid on a semi-annual basis based on interest payment due date. The first interest payment was made on 18 September 2014 and the final interest payment will be with the repayment of the principal of MTN IV.

The Subsidiary assigned PT Nikko Securities Indonesia as monitoring, custodian and payment agent for the MTN IV, as stated in the Notarial Deed No. 51, 52, 53 and 63, dated 14 March 2014 of Satria Amiputra A., S.E., Ak., S.H., M.Ak., M.H., M.Kn. The notarial deed provides several negative covenants to the Subsidiary, among other, collaterals with fiduciary transfer of consumer financing receivables amounting to Rp 60,134 and Rp 60,032 as of 31 December 2016 and 2015, respectively (see Note 13).

During the year that the MTN principals are still outstanding, the Subsidiary is not allowed to, among others, transfer, pledge and/or mortgage any of the present or future assets of the Subsidiary, merge and/or consolidate business, take over business, make changes in the Articles of Association regarding the changes of the purpose and objective of the business and grant any credits to or make investments in other parties other than in the ordinary courses of the business.

Total principal and interest of MTN have been paid in accordance with the respective MTN's maturity date.

As of 31 December 2016 and 2015, the Subsidiary was in compliance with covenants in relation to the MTN agreements and complied with all the requirements mentioned in Trusteeship Agreement.

Information on the classification and fair value of debt securities issued is disclosed in Note 32. Information on the maturity of debt securities issued is disclosed in Note 37.

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19. BORROWINGS

Borrowings received by the Bank and Subsidiaries were as follows:

	31 December	
	2016	2015
(1) Liquidity loans from Bank Indonesia, Rupiah:		
Agriculture loans (*Kredit Usaha Tani*/"KUT"), due date between 13 March 2000 up to 22 September 2000, in the process of closing the agreement	577	577
(2) Borrowings from other banks:		
Rupiah:		
PT Bank DKI	500,000	150,000
PT Bank Victoria International Tbk	450,000	195,000
PT Bank Pan Indonesia Tbk	264,866	815,130
PT Bank UOB Indonesia	224,991	-
PT Bank Nationalnobu Tbk	139,998	100,000
PT Bank Pembangunan Daerah Jawa Barat & Banten Tbk	125,000	100,000
PT Bank Dinar Indonesia Tbk	72,500	-
PT Bank Sumitomo Mitsui Indonesia	60,000	-
PT Bank KEB Hana Indonesia (previously PT Bank Hana)	37,040	108,019
The Bank of Tokyo Mitsubishi UFJ, Ltd - Cabang Jakarta	-	50,000
PT Bank CIMB Niaga Tbk	-	48,534
PT Bank CIMB Niaga Tbk - Sharia Business Unit	-	389
	1,874,395	1,567,072
(3) Others:		
Rupiah	37,500	37,500
Foreign currencies	876,080	138,188
	2,788,552	1,743,337

The weighted average effective interest rates per annum for borrowings were as follows:

	Year ended 31 December	
	2016	2015
Rupiah	8.37%	10.65%
Foreign currencies	0.80%	0.80%

As of 31 December 2016 and 2015, there were no borrowings from related party.

(1) Rupiah liquidity loans from Bank Indonesia

Rupiah liquidity loans from Bank Indonesia represent credit facility obtained by the Bank as a national private bank in Indonesia, to be distributed to qualified Indonesian debtors under the loan facility program.

19. BORROWINGS (Continued)

(2) Borrowings from other banks

Represent working capital loans of Subsidiaries. The details of borrowing facilities received as of 31 December 2016 and 2015 were as follows:

Bank	Total facility		Maturity date of facility	
	31 December		31 December	
	2016	2015	2016	2015
Rupiah:				
PT Bank Sumitomo Mitsui Indonesia	800,000	800,000	31 May 2017	30 December 2016
PT Bank UOB Indonesia	250,000	250,000	8 September 2017	8 September 2016
PT Bank Victoria International Tbk	300,000	225,000	9 June 2017	17 December 2016
	200,000	-	27 June 2017	-
PT Bank Pan Indonesia Tbk	600,000	600,000	30 October 2017	31 January 2016
	300,000	500,000	31 October 2018	31 December 2016
	300,000	300,000	28 February 2020	31 August 2018
	-	300,000	-	12 October 2016
	-	200,000	-	21 February 2016
	-	100,000	-	4 May 2016
The Hongkong and Shanghai Banking Corporation Ltd - Indonesia Branch	400,000	400,000	31 July 2016*)	31 July 2016
PT Bank Tabungan Pensiunan Nasional Tbk	300,000	300,000	15 June 2017	16 June 2016
PT Bank KEB Hana Indonesia (previously PT Bank Hana)	200,000	200,000	30 July 2017	30 July 2017
	100,000	100,000	15 December 2017	15 December 2016
	-	180,000	-	21 March 2016
PT Bank CIMB Niaga Tbk	-	200,000	-	16 October 2016
PT Bank Pembangunan Daerah Jawa Barat & Banten Tbk	200,000	200,000	11 December 2018	11 December 2018
PT Bank DKI	500,000	150,000	28 September 2017	28 December 2016
PT Bank DBS Indonesia	100,000	100,000	10 March 2017	10 March 2016
PT Bank CIMB Niaga Tbk - Sharia Business Unit	-	100,000	-	10 June 2016
PT Bank Nationalnobu Tbk	100,000	100,000	24 February 2017	24 February 2016
	40,000	-	31 March 2017	-
PT Bank Dinar Indonesia Tbk	72,500	-	30 March 2017	-
Foreign currencies (full amount):				
Standard Chartered Bank - Indonesia Branch	USD 20,000,000	USD 20,000,000	30 September 2017	30 September 2016
The Bank of Tokyo Mitsubishi UFJ, Ltd - Jakarta Branch	USD 50,000,000	USD 12,000,000	14 September 2017	14 September 2016

*) in the process of renewal

As of 31 December 2016 and 2015, these bank loans were secured by consumer financing receivables amounting to Rp 2,246,585 and Rp 1,923,942, respectively (see Note 13).

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19. BORROWINGS (Continued)

(2) Borrowings from other banks (continued)

All loan agreements include certain convenants which are normally required for such credit facilities, such as limitations to initiate merger or consolidation with other parties, obtain loans from other parties except loans obtained in the normal course of business, or changes its capital structure and/or Articles of Association without notification to/prior written approval from the creditors and maintenance of certain agreed financial ratios.

The range of contractual interest rates for borrowings from other banks was as follows:

	Year ended 31 December	
	2016	2015
Rupiah	5.88% - 11.25%	7.91% - 11.25%

(3) Others

As of 31 December 2016 and 2015, PT BCA Sekuritas, Subsidiary, obtained loan from PT BCA Sekuritas's related party amounting to Rp 37,500. The loan was used to increase the paid-up capital in PT Asuransi Jiwa BCA ("BCA Life"). On 27 March 2015, BCA Life has settled all loans to PT BCA Sekuritas.

As of 31 December 2016 and 2015, BCA Finance Limited, Subsidiary, received a Banker's Acceptance Funding amounting to Rp 67,374 (USD 5,000,000, in full amount) from Wells Fargo Bank, Miami, which will mature on 22 May 2017 and Rp 137,863 (USD 10,000,000, in full amount) from the CTBC Bank Co., Ltd., Singapore, which will mature on 3 June 2016, respectively. This loan is collateralized by export and import transaction documents and bears interest rate at 1.89% and 1.34%, respectively.

Information on the classification and fair value of borrowings is disclosed in Note 32. Information on the maturity of borrowings is disclosed in Note 37.

20. SHARE CAPITAL

The composition of the Bank's share capital as of 31 December 2016 and 2015 (after stock split, see Note 1c) was as follows:

	31 December 2016		31 December 2015	
	Number of shares	Total par value	Number of shares	Total par value
Authorized capital at par value Rp 62.50 (full amount) per share	88,000,000,000	5,500,000	88,000,000,000	5,500,000
Unissued	(63,344,990,000)	(3,959,062)	(63,344,990,000)	(3,959,062)
Outstanding shares (issued and fully paid)	24,655,010,000	1,540,938	24,655,010,000	1,540,938

20. SHARE CAPITAL (Continued)

The composition of shareholders as of 31 December 2016 and 2015 was as follows:

	31 December 2016		
	Number of shares	Total par value	%
PT Dwimuria Investama Andalan*)	11,625,990,000	726,624	47.15
Anthoni Salim	434,079,976	27,130	1.76
Commissioners:			
Djohan Emir Setijoso	25,003,464	1,563	0.10
Tonny Kusnadi	1,020,236	64	0.01
Directors:			
Jahja Setiaatmadja	8,380,119	524	0.03
Eugene Keith Galbraith	1,207,053	75	0.01
Armand W. Hartono	851,213	53	0.00
Suwignyo Budiman	7,191,143	449	0.03
Subur Tan	3,129,561	196	0.01
Henry Koenaifi	783,575	49	0.00
Erwan Yuris Ang	1,402,205	88	0.01
Rudy Susanto	377,234	24	0.00
Lianawaty Suwono	47,740	3	0.00
Santoso	69,045	4	0.00
Public shareholders**)	12,545,477,436	784,092	50.89
	24,655,010,000	1,540,938	100.00

*) The shareholders of PT Dwimuria Investama Andalan are Mr. Robert Budi Hartono and Mr. Bambang Hartono; therefore, the ultimate shareholders of PT Bank Central Asia Tbk are Mr. Robert Budi Hartono and Mr. Bambang Hartono.

**) In the public shareholders composition, there was 11.02% shares owned by parties affiliated with PT Dwimuria Investama Andalan.

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20. SHARE CAPITAL (Continued)

	31 December 2015		
	Number of shares	Total par value	%
FarIndo Investments (Mauritius) Ltd. qualitate qua (qq) Mr. Robert Budi Hartono dan Mr. Bambang Hartono***)	11,625,990,000	726,624	47.15
Anthoni Salim	434,079,976	27,130	1.76
Commissioners:			
Djohan Emir Setijoso	25,088,722	1,568	0.10
Tonny Kusnadi	328,353	20	0.00
Directors:			
Jahja Setiaatmadja	8,656,073	541	0.04
Eugene Keith Galbraith	907,126	57	0.01
Anthony Brent Elam	7,867,709	492	0.03
Dhalia Mansor Ariotedjo	4,339,592	271	0.02
Suwignyo Budiman	6,989,448	437	0.03
Subur Tan	2,927,872	183	0.01
Erwan Yuris Ang	1,135,145	71	0.01
Henry Koenaifi	651,880	41	0.00
Armand W. Hartono	649,518	41	0.00
Rudy Susanto	239,185	15	0.00
Public shareholders****)	12,535,159,401	783,447	50.84
	24,655,010,000	1,540,938	100.00

***) In accordance with Letter of Bank Indonesia No. 12/21/DPB3/TPB3-7 dated 25 February 2010.
****) In the public shareholders composition, there was 2.96% shares owned by parties affiliated with ultimate shareholders as of 31 December 2015, respectively; 0.02% owned by Mr. Robert Budi Hartono and 0.02% owned by Mr. Bambang Hartono.

21. ADDITIONAL PAID-IN CAPITAL

Additional paid-in capital as of 31 December 2016 and 2015 consists of:

	31 December	
	2016	2015
Additional paid-in capital from share capital payments	29,453,007	29,453,007
Elimination of accumulated loss through quasi-reorganization on 31 October 2000*)	(25,853,162)	(25,853,162)
Additional paid-in capital from the exercise of stock options	296,088	296,088
Additional paid-in capital from treasury stock transactions (Note 1c)	1,815,435	1,815,435
Difference in values from business combination transaction of entities under common control (Note 2g)	(146,816)	(146,816)
	5,564,552	5,564,552

*) On 31 October 2000, the Bank adopted PSAK No. 51, "Accounting for Quasi-Reorganization" to achieve a "fresh start" reporting. Fresh start reporting requires the revaluation of all its assets and liabilities recorded by using the fair value and elimination of its accumulated deficit. Pursuant to the implementation of quasi-reorganization, the Bank's accumulated losses as of 31 October 2000 amounted to Rp 25,853,162 had been eliminated against the additional paid-in capital. The implementation of quasi-reorganization had been approved by Bank Indonesia through its Letter No. 3/165/DPwB2/IDWB2 dated 21 February 2001 and by the shareholders in their Extraordinary General Meeting of Shareholders on 12 April 2001 (the minutes of meeting prepared by Notary Hendra Karyadi, S.H., in Notary Deed No. 25).

22. COMMITMENTS AND CONTINGENCIES

As of 31 December 2016 and 2015, the Bank and Subsidiaries' commitments and contingencies were as follows:

		31 December			
		2016		2015	
	Type of currency	Amount in foreign currencies*)	Rupiah equivalent	Amount in foreign currencies*)	Rupiah equivalent
Commitments					
Committed receivables:					
Borrowing facilities received and unused	Rupiah	-	2,140,009	-	2,710,000
	USD	99,690,109	1,343,075	57,389,917	791,120
			3,483,084		3,501,120
Committed liabilities:					
Unused credit facilities to customers - committed	Rupiah	-	110,663,647	-	95,349,490
	USD	597,097,061	8,044,390	761,266,640	10,494,061
	Others, USD equivalent	9.395.984	126,588	7,022,866	96,810
			118,834,625		105,940,361
Unused credit facilities to other banks - committed	Rupiah	-	1.285.435	-	646,087
Irrevocable Letters of Credit facilities to customers	Rupiah	-	1,242,588	-	847,352
	USD	304,122,370	4,097,288	290,732,369	4,007,746
	Others, USD equivalent	32.585.879	439,013	29,279,658	403,620
			5,778,889		5,258,718
			125,898,949		111,845,166
Contingencies					
Contingent receivables:					
Bank guarantees received	Rupiah	-	458,212	-	436,877
	USD	389,941	5,253	3,119,530	43,003
	Others, USD equivalent	811,036	10,927	218,450	3,011
			474,392		482,891
Interest receivables on non-performing loans	Rupiah	-	212,230	-	183,307
	USD	957.358	12,898	1,126,991	15,536
	Others, USD equivalent	52,011	700	-	-
			225,828		198,843
			700,220		681,734
Contingent liabilities:					
Bank guarantees issued to customers	Rupiah	-	9,145,355	-	8,417,574
	USD	153,417,078	2,066,911	217,134,991	2,993,206
	Others, USD equivalent	9,870,672	132,983	8,424,304	116,129
			11,345,249		11,526,909

*) In full amount.

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22. COMMITMENTS AND CONTINGENCIES (Continued)

Additional information

As of 31 December 2016 and 2015, the Bank had unused credit facilities to customers - uncommitted amounting to Rp 39,126,575 and Rp 32,830,365, respectively.

The Bank is a party to various unresolved legal actions, administrative proceedings, and claims in the ordinary course of its business. It is not possible to predict with certainty whether or not the Bank will be successful in any of these legal matters or, if not, what the impact might be. However, the Bank's management does not expect that the results in any of these proceedings will have a material adverse effect on the Bank's results of operations, financial position, or liquidity.

Commitments and contingencies from related parties are disclosed in Note 41.

23. INTEREST AND SHARIA INCOME

Interest and sharia income consist of:

	Year ended 31 December	
	2016	2015
Loans receivable	38,882,040	36,721,014
Placements with Bank Indonesia and other banks	814,906	958,170
Investment securities	5,963,625	3,865,404
Securities purchased under agreements to resell	851,646	1,784,791
Consumer financing and investment in finance lease	2,903,433	2,870,032
Sharia revenue sharing	428,830	368,911
Others	581,346	513,406
	50,425,826	47,081,728

Included in interest income from loans receivable and investment securities were interest from the effect of discounting (unwinding interest) of impaired financial assets for the year ended 31 December 2016 amounting to Rp 43,238 and Rp nil, respectively (2015: Rp 4,279 and Rp 659, respectively).

Interest income from loans receivable to related parties is disclosed in Note 41.

24. INTEREST AND SHARIA EXPENSES

Interest and sharia expenses consist of:

	Year ended 31 December	
	2016	2015
Deposits from customers	8,741,060	9,648,420
Deposits from other banks	14,851	29,645
Government guarantee premium	983,142	932,388
Debt securities issued	208,659	234,247
Securities sold under agreements to repurchase	28,218	1,243
Borrowings	151,785	172,900
Sharia	219,021	194,089
	10,346,736	11,212,932

Interest and sharia expenses for deposits from related parties are disclosed in Note 41.

25. FEE AND COMMISSION INCOME - NET

Represent fee and commission income related to:

	Year ended 31 December	
	2016	2015
Deposits from customers	3,296,614	2,577,581
Loans receivable	1,298,111	1,230,983
Payment settlement	1,420,775	1,395,136
Credit cards	2,418,056	2,223,423
Remittance, clearing and collections	287,198	385,834
Others	683,787	643,053
Total	9,404,541	8,456,010
Fee and commission expenses	(3,842)	(4,140)
Fee and commission income - net	9,400,699	8,451,870

Fee and commission income from loans receivable were fee and commission income related to disbursement of loan facilities which were not an integral part of effective interest rates.

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26. NET TRADING INCOME

Net trading income consists of:

	Year ended 31 December	
	2016	2015
Interest income from financial assets held for trading	135,866	22,861
Unrealized (losses) gains from fair value of financial assets held for trading - net	(161,149)	782,967
Gain on spot and derivative transactions - net	1,853,559	926,967
Gain on sale of financial assets held for trading - net	517,699	374,272
	2,345,975	2,107,067

27. ADDITION (REVERSAL) OF IMPAIRMENT LOSSES ON FINANCIAL ASSETS - NET

	Year ended 31 December	
	2016	2015
Acceptance receivables	(251,353)	36,859
Loans receivable	4,493,740	3,121,868
Consumer financing receivables	266,340	293,339
Sharia financing	28,039	23,169
Investment securities	18,820	31,846
Others	5,688	(2,086)
	4,561,274	3,504,995

28. PERSONNEL EXPENSES

	Year ended 31 December	
	2016	2015
Salaries and wages	5,140,436	4,689,767
Employees' benefits and compensations	3,899,595	3,512,909
Post-employment benefits (Note 33)	1,115,375	1,080,431
Training	242,987	256,472
Pension plan contribution	231,491	188,930
	10,629,884	9,728,509

29. GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended 31 December	
	2016	2015
Office supplies	3,590,019	3,424,895
Depreciation of fixed assets and amortization of intangible assets	1,641,630	1,552,591
Rental	1,332,656	1,408,688
Repair and maintenance	1,269,540	1,191,825
Promotion	1,015,200	1,086,816
Communication	980,446	754,283
Professional fees	504,201	401,205
Water, electricity and fuel	275,267	291,318
Computer and software	140,291	128,575
Tax	108,789	255,419
Transportation	52,989	61,639
Insurance	35,014	33,462
Research and development	25,216	26,716
Security	18,184	18,207
Others	239,121	239,131
	11,228,563	10,874,770

30. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are calculated based on the weighted average number of shares outstanding during the year, as follows:

	Year ended 31 December	
	2016	2015
Net income attributable to equity holder of the parent entity	20,605,736	18,018,653
Weighted average number of outstanding shares	24,655,010,000	24,655,010,000
Basic and diluted earnings per share attributable to equity holder of the parent entity (full amount of Rupiah)	836	731

As of 31 December 2016 and 2015, there were no instruments which can potentially be converted into common shares. Therefore, diluted earnings per share is equivalent to basic earnings per share.

31. APPROPRIATION OF NET INCOME

The Bank's Annual General Meeting of Shareholders on 7 April 2016 (the minutes was prepared by Notary Dr. Irawan Soerodjo, S.H., MSi., with Notary Deed No. 119) resolved the appropriation of 2015 net income, as follows:

a. Allocate 1% (one percent) of 2015 net income for general reserve amounting to Rp 180,187.

b. Distribute cash dividends amounting to Rp 3,944,802 (Rp 160 (full amount) per share) to shareholders who have the right to receive cash dividends. The actual cash dividends paid was Rp 2,588,776 (interim dividend for year 2015 amounting to Rp 1,356,026 had been paid on 8 December 2015).

c. Determine the tantiem for the members of Board of Commissioners and Board of Directors on duty in 2015 with a maximum amount of Rp 270,280 from the 2015 net income. The actual amount of tantiem paid was Rp 269,600.

d. Determine the remaining 2015 net income after dividends as unappropriated retained earnings.

The Bank's Annual General Meeting of Shareholders on 7 April 2016 also resolved to grant the power and authority to the Bank's Board of Directors (with approval from Board of Commissioners) to pay interim dividend for the year 2016, where possible, by considering the financial condition of the Bank.

In accordance with the Board of Directors' Decision Letter dated 23 November 2016 No. 173/SK/DIR/2016 regarding the Distribution of Interim Dividends for year 2016, the Board of Directors resolved that the Bank will pay interim dividends to shareholders from the 2016 net income amounting to Rp 70 (full amount) per share. The actual interim dividends paid amounting to Rp 1,725,850.

The Bank's Annual General Meeting of Shareholders on 9 April 2015 (the minutes was prepared by Notary Dr. Irawan Soerodjo, S.H., MSi., with Notary Deed No. 66) resolved the appropriation of 2014 net income, as follows:

a. Allocate 1% (one percent) of 2014 net income for general reserve amounted to Rp 164,858.

b. Distribute cash dividends amounting to Rp 3,648,941 (Rp 148 (full amount) per share) to shareholders who have the right to receive cash dividends. The actual cash dividends paid was Rp 2,416,191 (interim dividend for year 2014 amounting to Rp 1,232,750 had been paid on 23 December 2014).

c. Determine the tantiem for the members of Board of Commissioners and Board of Directors on duty in the year 2014 with a maximum amount of Rp 247,288 from the 2014 net income. The actual amount of tantiem paid was Rp 247,256.

d. Determine the remaining 2014 net income after dividends as unappropriated retained earnings.

The Bank's Annual General Meeting of Shareholders on 9 April 2015 also resolved to grant the power and authority to the Bank's Board of Directors (with approval from Board of Commissioners) to pay interim dividend for the year 2015, where possible, by considering the financial condition of the Bank.

In accordance with the Board of Directors' Decision Letter dated 5 November 2015 No. 154/SK/DIR/2015 regarding the Distribution of Interim Dividends for year 2015, the Board of Directors resolved that the Bank will pay interim dividends to shareholders from the 2015 net income amounting to Rp 55 (full amount) per share. The actual interim dividends paid amounting to Rp 1,356,026.

32. FINANCIAL INSTRUMENTS

Classification of financial assets and financial liabilities

Financial instruments have been classified based on their respective classifications. The significant accounting policies in Note 2i.2 describe how the categories of the financial assets and liabilities are measured and how income and expenses, including fair value gains and losses (changes in fair value of financial instruments) are recognized.

Valuation models of financial instruments

The Bank and Subsidiaries measure fair values using the following hierachy of methods:

- Level 1: inputs that are quoted prices (unadjusted) in active markets for identical instruments that the Bank and Subsidiaries can access at the measurement date.
- Level 2: inputs other than quoted prices included within level 1 that are observable either directly or indirectly. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are not active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active market are based on quoted market prices. For all other financial instruments, the Bank determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free interest rates, benchmark interest rate, credit spreads and other variables used in estimating discount rates, bond prices, foreign curreny exchange rates, and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Bank and Subsidiaries use widely recognized valuation models for determining the fair values of common and more simple financial instruments, such as interest rate and currency swaps that used only observable market data and require little management judgement and estimation. Observable prices or model inputs are usually available in the market for listed debt securities and simple over-the-counter derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the needs for management judgement and estimation and also reduces the uncertainty associated with determining the fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

Management judgement and estimation are usually required for selection of the appropriate valuation models to be used, determination of expected future cash flows on the financial instruments being valued, determination of the probability of counterparty default, prepayments and selection of appropriate discount rates.

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32. FINANCIAL INSTRUMENTS (Continued)

Valuation Framework

Valuation of financial assets and financial liabilities are subject to an independent review from the business by Finance and Planning Division ("DKP") and Risk Management Work Unit ("SKMR"). DKP is primarily responsible for ensuring that valuation adjustments have been properly accounted for. SKMR performs an independent price validation to ensure that the Bank use reliable market data from independent sources, e.g., traded prices and broker quotes.

Valuation model is proposed by SKMR and approved by the management. SKMR performs a periodic review of the feasibility of the market data sources used for valuation. The market data used for price validation may include those sourced from recent trade data involving external counterparties or third parties such as Bloomberg, Reuters, brokers and pricing providers. The market data used should be representative of the market as much as possible, which can evolve over time as markets and financial instruments develop. To determine the quality of the market data inputs, factors such as independence, relevance, reliability, availability of multiple data sources and methodology employed by the pricing providers are taken into consideration.

Valuation of financial instruments

Financial instruments measured at fair value

The following table sets out the carrying amounts and fair values of financial instruments of the Bank and Subsidiaries, measured at fair values, and their analysis by the level in the fair value hierarchy.

	31 December 2016			
	Carrying amount			Fair value
	Held for trading	Available-for-sale	Total	Level 2
Financial assets				
Placements with Bank Indonesia and other banks	-	3,785,174	3,785,174	3,785,174
Financial assets held for trading	5,127,264	-	5,127,264	5,127,264
Investment securities	-	81,591,017	81,591,017	81,591,017
	5,127,264	85,376,191	90,503,455	90,503,455
Financial liabilities				
Financial liabilities held for trading	122,130	-	122,130	122,130
	122,130	-	122,130	122,130

	31 December 2015			
	Carrying amount			Fair value
	Held for trading	Available-for-sale	Total	Level 2
Financial assets				
Placements with Bank Indonesia and other banks	-	1,178,503	1,178,503	1,178,503
Financial assets held for trading	1,783,792	-	1,783,792	1,783,792
Investment securities	-	38,161,520	38,161,520	38,161,520
	1,783,792	39,340,023	41,123,815	41,123,815
Financial liabilities				
Financial liabilities held for trading	74,234	-	74,234	74,234
	74,234	-	74,234	74,234

32. FINANCIAL INSTRUMENTS (Continued)

Valuation of financial instruments (continued)

Financial instruments measured at fair value (continued)

Fair value of available-for-sale placements with Bank Indonesia and other banks was calculated using valuation techniques based on the Bank's internal model, which is a discounted cash flow method. Input used in the valuation techniques is market interest rate for money market instruments which have similar credit characteristics, maturity and yield.

As of 31 December 2016 and 2015, the fair value of held for trading securities was based on market price issued by pricing provider (Indonesian Bond Pricing Agency/"IBPA"). If the information is not available, the fair value is estimated using the quoted market prices of securities which have similar credit characteristics, maturity and yield.

As of 31 December 2016 and 2015, the fair value of available-for-sale investment securities was based on market price issued by pricing provider (Indonesian Bond Pricing Agency/"IBPA"). If the information is not available, the fair value was estimated using the quoted market prices of securities which have similar credit characteristics, maturity and yield.

As of 31 December 2016 and 2015, the fair value of available-for-sale investment securities did not include the fair value of investments in shares amounting to Rp 163,711 and Rp 153,175, respectively, which were valued at cost, since the fair value cannot be measured reliably.

The Bank and Subsidiaries did not have financial assets and financial liabilities measured at fair value which the measurements fall under level 1 and level 3 hierarchy.

Financial instruments not measured at fair value

The following table sets out the carrying amounts and fair values of financial instruments of the Bank and Subsidiaries, which are not measured at fair values and their analysis by the level in the fair value hierarchy.

	31 December 2016						
	Carrying amount				Fair value		
	Held-to-maturity	Loans and receivables	Other amortized cost	Total	Level 2	Level 3	Total
Financial assets							
Loans receivable	-	403,391,221	-	403,391,221	7,470,894	398,046,286	405,517,180
Consumer financing receivables	-	8,207,469	-	8,207,469	-	7,960,964	7,960,964
Investment in finance leases	-	161,978	-	161,978	-	168,311	168,311
Investment securities	26,954,433	-	-	26,954,433	26,910,292	-	26,910,292
	26,954,433	411,760,668	-	438,715,101	34,381,186	406,175,561	440,556,747
Financial liabilities							
Deposits from customers	-	-	530,133,625	530,133,625	530,133,625	-	530,133,625
Deposits from other banks	-	-	4,900,942	4,900,942	4,900,942	-	4,900,942
Debt securities issued	-	-	2,332,171	2,332,171	2,333,795	-	2,333,795
Borrowings	-	-	2,788,552	2,788,552	-	2,825,327	2,825,327
	-	-	540,155,290	540,155,290	537,368,362	2,825,327	540,193,689

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32. FINANCIAL INSTRUMENTS (Continued)

Valuation of financial instruments (continued)

Financial instruments not measured at fair value (continued)

	31 December 2015						
	Carrying amount				Fair value		
	Held-to-maturity	Loans and receivables	Other amortized cost	Total	Level 2	Level 3	Total
Financial assets							
Loans receivable	-	378,616,292	-	378,616,292	4,080,501	374,791,576	378,872,077
Consumer financing receivables	-	7,407,519	-	7,407,519	-	7,092,288	7,092,288
Investment in finance leases	-	173,120	-	173,120	-	173,822	173,822
Investment securities	12,838,420	-	-	12,838,420	11,992,230	-	11,992,230
	12,838,420	386,196,931	-	399,035,351	16,072,731	382,057,686	398,130,417
Financial liabilities							
Deposits from customers	-	-	473,666,215	473,666,215	473,666,215	-	473,666,215
Deposits from other banks	-	-	4,156,053	4,156,053	4,156,053	-	4,156,053
Debt securities issued	-	-	2,820,965	2,820,965	2,808,292	-	2,808,292
Borrowings	-	-	1,743,337	1,743,337	-	1,740,195	1,740,195
	-	-	482,386,570	482,386,570	480,630,560	1,740,195	482,370,755

Majority of the financial instruments not measured at fair value are measured at amortized cost.

The following financial instruments are short-term financial instruments or financial instruments which are re-priced periodically to current market rates; therefore, the fair values of financial instruments are reasonable approximation of carrying value.

Financial assets:
- Cash
- Current accounts with Bank Indonesia
- Current accounts with other banks
- Placements with Bank Indonesia and other banks
- Acceptance receivables
- Bills receivables
- Securities purchased under agreements to resell

Financial liabilities:
- Securities sold under agreements to repurchase
- Acceptance payables

As of 31 December 2016 and 2015, the fair values of loans receivable, consumer financing receivables, investment in finance leases and borrowings were determined using discounted cash flows based on internal interest rate.

As of 31 December 2016 and 2015, the fair values of held-to-maturity securities and debt securities issued based on market prices issued by pricing provider (Indonesian Bond Pricing Agency/"IBPA"). If the information is not available, the fair values were estimated using quoted market prices of securities which have similar credit characteristics, maturity and yield.

As of 31 December 2016 and 2015, the fair values of deposits from customers and deposits from other banks are the same with the carrying amount because they are payable on demand in nature.

The fair values calculated are for disclosure purposes only and do not have any impact on the Bank and Subsidiaries' reported financial performance or position. The fair values calculated by the Bank and Subsidiaries may be different from the actual amount that will be received/paid on the settlement or maturity of the financial instrument. As certain categories of financial instruments are not traded, there is management judgment involved in calculating their fair values.

33. POST-EMPLOYMENT BENEFITS OBLIGATION

In accordance with Law of the Republic of Indonesia No. 13/2003 concerning Manpower, the Bank is required to provide post-employment benefits to its employees when their employments are terminated or when they retire. These benefits are primarily based on years of services and the employees' compensation at termination or retirement. These post-employment benefits are defined benefits program.

The Bank also had a defined contribution pension plan that covers all permanent employees who fulfilled the criteria determined by the Bank. This defined contribution pension plan is managed and administered by Dana Pensiun BCA which was established by the Bank to manage the assets, generate investment income and pay the post-employment benefits to the employees. The establishment of Dana Pensiun BCA had been ratified by the Minister of Finance of Republic of Indonesia in its Decision Letter No. KEP-020/KM.17/1995 dated 25 January 1995. The contribution to the pension plan is computed based on certain percentage of employees' basic salary, for which the contribution from employees and the Bank are 3% (three percent) and 5% (five percent), respectively. Three percent of accumulated contribution from the Bank to the pension fund is used as a deduction against the post-employment benefits obligation in accordance with the manpower law.

During the year ended 31 December 2016 and 2015, the Bank provided some funds to support the fulfillment of its post-employment benefit obligations amounting to Rp 1,403,200 and Rp 1,300,000, respectively. These funds were placed in several insurance companies in the form of saving plan program and *Dana Pensiun Lembaga Keuangan* ("DPLK") *Program Pensiun Untuk Kompensasi Pesangon* ("PPUKP") for the year ended 31 December 2016 and in form of saving plan program for the year ended 31 December 2015, which meet the criteria to be recorded as plan assets.

The defined benefit pension plan provides actuarial risk exposures to the Bank, e.g., investment risk, interest rate risk and inflation risk.

Post-employment benefits provided by the Bank consist of pension, other long-term compensations in the form of service award, and post-employment healthcare benefits. The post-employment benefits obligation as of 31 December 2016 and 2015 was calculated by PT Towers Watson Purbajaga (Biro Pusat Aktuaria), as the Bank's independent actuary, using the projected-unit-credit method. The main assumptions used by independent actuary were as follows:

	31 December	
	2016	2015
Economic assumptions:		
Annual discount rate	8.00%	8.75%
Annual basic salary growth rate	9.00%	10.00%
Healthcare cost rate	10.00%	10.00%

The discount rate is used in determining the present value of the post-employment benefits obligation at valuation date. In general, the discount rate correlates with the yield on high quality government bonds that are traded in active capital markets at the reporting date.

The future basic salary growth assumption projects the post-employment benefits obligations starting from the valuation date through the normal retirement age. The basic salary growth rate is generally determined by applying inflation adjustment to payment scales and by taking into account of the years of service.

The Bank's obligation for post-employment benefits for the years ended 31 December 2016 and 2015 was in accordance with the independent actuary reports dated 24 January 2017 and 28 January 2016, respectively.

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33. POST-EMPLOYMENT BENEFITS OBLIGATION (Continued)

a. Post-employment benefits obligation

The post-employment benefits obligation as of 31 December 2016 and 2015 was as follows:

	31 December			
	Defined benefit pension plan and other long-term compensations		Post-employment healthcare benefits	
	2016	2015	2016	2015
Present value of obligation for post-employment benefits	9,056,905	8,454,073	254,195	235,958
Fair value of plan assets	(3,218,848)	(1,886,693)	-	-
Net obligation for post-employment benefits - Bank	5,838,057	6,567,380	254,195	235,958

The Subsidiaries' obligation for post-employment benefits as of 31 December 2016 and 2015 which were recorded in the consolidated statements of financial position amounting to Rp 77,894 and Rp 51,507, respectively.

b. Movement of post-employment benefits obligation

	Year ended 31 December			
	Defined benefit pension plan and other long-term compensations		Post-employment healthcare benefits	
	2016	2015	2016	2015
Movement in the defined benefit obligation				
Defined benefit obligation, beginning of the year - Bank	6,567,380	6,456,881	235,958	211,003
Included in profit or loss				
Current service cost	466,602	473,947	13,121	13,417
Interest cost	569,137	516,550	20,366	16,880
Termination cost	14,907	39,843	-	-
Included in other comprehensive income				
Actuarial gains (losses) arising from:				
Changes in financial assumptions	(224,904)	(442,626)	15,051	16,581
Experience adjustment	6,803	865,028	(23,948)	(15,214)
Return on plan assets excluding interest income	(69,840)	70,863	-	-
Others				
Fund placements in insurance companies (plan assets)	(1,403,200)	(1,300,000)	-	-
Benefits paid directly by the Bank	(88,828)	(113,106)	(6,353)	(6,709)
Post-employment benefits obligation, end of the year - Bank	5,838,057	6,567,380	254,195	235,958

33. POST-EMPLOYMENT BENEFITS OBLIGATION (Continued)

b. Movement of post-employment benefits obligation (continued)

The Subsidiaries' post-employment benefits expenses for the years ended 31 December 2016 and 2015 recorded in the profit or loss amounting to Rp 31,242 and Rp 19,794, respectively, while total payment of employees' benefits by Subsidiaries for the years ended 31 December 2016 and 2015 amounting to Rp 12,235 and Rp 7,289, respectively.

c. Changes in fair value of plan assets for post-employment program

	31 December 2016	31 December 2015
Fair value of plan assets, beginning of the year - Bank	1,886,693	805,074
Fund placements in insurance companies	1,403,200	1,300,000
Return on plan assets excluding interest income	69,840	(70,863)
Interest income on plan assets	155,407	64,406
Post-employment benefits paid	(296,292)	(211,924)
Fair value of plan assets, end of the year - Bank	3,218,848	1,886,693

d. Historical information - Bank:

	31 December				
	2016	2015	2014	2013	2012
Defined benefits pension plan and other long-term compensations					
Present value of post-employment benefits obligation	9,056,905	8,454,073	7,261,955	5,545,079	5,476,672
Fair value of plan assets	(3,218,848)	(1,886,693)	(805,074)	-	-
Deficit	5,838,057	6,567,380	6,456,881	5,545,079	5,476,672
Experience adjustment on plan liabilities	6,803	865,028	201,031	(307,635)	(309,942)
Experience adjustment on plan assets	(69,840)	70,863	(5,074)	-	-
Post-employment healthcare benefits					
Present value of post-employment benefits obligation	254,195	235,958	211,003	138,092	174,521
Experience adjustment on plan liabilities	(23,948)	(15,214)	(34,239)	15,348	(17,279)

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33. POST-EMPLOYMENT BENEFITS OBLIGATION (Continued)

e. Sensitivity analysis

Changes in 1 (one) percentage of actuarial assumptions will have the following impacts:

	31 December 2016					
	Defined benefit pension plan		Other long-term compensations		Post-employment healthcare benefits	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(401,128)	447,875	(195,969)	219,509	(19,766)	22,419
Basic salary rate (1% movement)	504,442	(458,945)	213,427	(194,153)	-	-
Healthcare cost rate (1% movement)	-	-	-	-	21,761	(19,583)

f. The Bank expects to pay Rp 204,341 in contribution to its defined contribution pension plan in 2017.

g. The weighted-average duration of the defined benefits obligation was 7.24 years and 8 years as of 31 December 2016 and 2015, respectively.

34. CUSTODIAL SERVICES

The Bank's Custodial Services Bureau obtained its license to provide custodial services from the Capital Market Supervisory Agency (Bapepam, currently Financial Services Authority or "OJK") under its Decision Letter No. KEP-148/PM/1991 dated 13 November 1991.

The services offered by the Bank's Custodial Services Bureau include safekeeping, settlement and transaction handling, income collection, proxy, corporate action, cash management, investment recording/reporting and tax reclamation.

As of 31 December 2016 and 2015, assets administered by the Bank's Custodial Services Bureau consist of shares, bonds, time deposits, certificate of deposits, commercial papers and other money market instruments amounting to Rp 47,702,192 and Rp 27,073,511, respectively.

35. MONETARY ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

Balances of monetary assets and liabilities in foreign currencies were as follows:

	31 December			
	2016		2015	
	Foreign currencies (in thousand)	Rupiah equivalent	Foreign currencies (in thousand)	Rupiah equivalent
Monetary assets				
Cash				
US Dollar (USD)	47,451	639,289	51,528	710,315
Australian Dollar (AUD)	3,802	36,970	6,903	69,613
Singapore Dollar (SGD)	19,159	178,411	11,588	113,084
Hong Kong Dollar (HKD)	5,095	8,853	3,941	7,010
GB Poundsterling (GBP)	636	10,527	174	3,546
Japanese Yen (JPY)	99,692	11,472	125,517	14,374
Euro (EUR)	2,696	38,225	3,000	45,171
Others, USD equivalent	1,636	22,042	1,775	24,464
		945,789		987,577
Current accounts with Bank Indonesia				
US Dollar (USD)	375,356	5,056,982	323,866	4,464,489
Current accounts with other banks				
US Dollar (USD)	712,800	9,603,200	475,524	6,555,101
Australian Dollar (AUD)	30,351	295,106	5,011	50,528
Singapore Dollar (SGD)	145,410	1,354,043	69,159	674,918
Hong Kong Dollar (HKD)	28,276	49,125	37,305	66,355
GB Poundsterling (GBP)	4,453	73,713	1,587	32,435
Japanese Yen (JPY)	2,181,271	250,999	1,904,723	218,129
Euro (EUR)	39,085	554,066	45,544	685,745
Others, USD equivalent	15,895	214,151	7,428	102,401
		12,394,403		8,385,612
Placements with Bank Indonesia and other banks				
US Dollar (USD)	500,909	6,748,502	1,350,560	18,617,469
Australian Dollar (AUD)	34,500	335,447	28,000	282,345
Hong Kong Dollar (HKD)	27,389	47,584	28,306	50,348
		7,131,533		18,950,162
Financial assets held for trading				
US Dollar (USD)	50,120	675,236	85	1,177
Singapore Dollar (SGD)	8	76	2	23
Japanese Yen (JPY)	1,134	130	29	3
Others, USD equivalent	23	309	7	100
		675,751		1,303

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35. MONETARY ASSETS AND LIABILITIES IN FOREIGN CURRENCIES (Continued)

	31 December			
	2016		2015	
	Foreign currencies (in thousand)	Rupiah equivalent	Foreign currencies (in thousand)	Rupiah equivalent
Monetary assets (continued)				
Acceptance receivables - net				
US Dollar (USD)	368,736	4,967,801	387,244	5,338,161
Singapore Dollar (SGD)	229	2,134	75	734
Japanese Yen (JPY)	639,062	73,537	680,536	77,935
Euro (EUR)	5,136	72,810	22,078	332,422
Others, USD equivalent	381	5,133	446	6,143
		5,121,415		5,755,395
Bills receivable - net				
US Dollar (USD)	69,073	930,589	60,652	836,093
Hong Kong Dollar (HKD)	38,182	66,335	23,844	42,412
GB Poundsterling (GBP)	-	-	183	3,749
Japanese Yen (JPY)	1,206	139	9,949	1,139
Euro (EUR)	233	3,308	915	13,783
Others, USD equivalent	5,478	73,808	12,834	176,919
		1,074,179		1,074,095
Loans receivable - net				
US Dollar (USD)	1,860,331	25,063,305	1,469,736	20,260,310
Singapore Dollar (SGD)	50,070	466,251	98,293	959,232
Hong Kong Dollar (HKD)	131,560	228,565	120,871	214,993
Euro (EUR)	1,119	15,867	196	2,947
		25,773,988		21,437,482
Investment securities - net				
US Dollar (USD)	1,092,612	14,720,221	830,526	11,448,798
Hong Kong Dollar (HKD)	184,064	319,782	184,813	328,727
		15,040,003		11,777,525
Monetary liabilities				
Deposits from customers				
US Dollar (USD)	3,369,382	45,393,995	2,866,124	39,509,526
Australian Dollar (AUD)	66,353	645,154	38,951	392,772
Singapore Dollar (SGD)	228,321	2,126,110	196,278	1,915,468
Hong Kong Dollar (HKD)	13,606	23,638	21,850	38,865
GB Poundsterling (GBP)	5,103	84,488	1,751	35,798
Japanese Yen (JPY)	2,222,586	255,753	2,127,280	243,616
Euro (EUR)	44,147	625,811	53,276	802,154
Others, USD equivalent	21,487	289,484	19,863	273,810
		49,444,433		43,212,009
Deposits from other banks				
US Dollar (USD)	145,903	1,965,673	105,204	1,450,240
Australian Dollar (AUD)	79	767	57	571
Singapore Dollar (SGD)	101	944	563	5,496
		1,967,384		1,456,307
Financial liabilities held for trading				
US Dollar (USD)	5	72	24	336
Singapore Dollar (SGD)	4	40	7	64
Hongkong Dollar (HKD)	6	10	9	16
Japanese Yen (JPY)	588	67	892	102
Others, USD equivalent	6	77	2	31
		266		549

35. MONETARY ASSETS AND LIABILITIES IN FOREIGN CURRENCIES (Continued)

	31 December			
	2016		2015	
	Foreign currencies (in thousand)	Rupiah equivalent	Foreign currencies (in thousand)	Rupiah equivalent
Monetary liabilities (continued)				
Acceptance payables				
US Dollar (USD)	227,802	3,069,065	232,655	3,207,154
Singapore Dollar (SGD)	196	1,825	75	736
Japanese Yen (JPY)	628,969	72,375	592,852	67,893
Euro (EUR)	5,196	73,657	21,537	324,278
Others, USD equivalent	383	5,165	449	6,189
		3,222,087		3,606,250
Securities sold under agreement to repurchase				
Hong Kong Dollar (HKD)	77,560	134,748	21,702	38,602
Borrowings				
US Dollar (USD)	60,004	808,403	-	-
Hongkong Dollar (HKD)	38,780	67,374	77,508	137,864
Others, USD equivalent	22	303	23	324
		876,080		138,188

36. OPERATING SEGMENTS

The Bank and Subsidiaries disclosed the financial information based on the geographic segments:

	Year ended 31 December 2016					
	Sumatera	Java	Kalimantan	East Indonesia	Overseas operation	Total
Interest and sharia income	2,923,392	44,743,848	900,191	1,831,510	26,885	50,425,826
Interest and sharia expenses	(697,519)	(8,976,167)	(225,240)	(444,638)	(3,172)	(10,346,736)
Net interest and sharia income	2,225,873	35,767,681	674,951	1,386,872	23,713	40,079,090
Net fee and commission income	595,758	8,244,865	181,254	374,541	4,281	9,400,699
Net trading income	41,772	2,256,023	14,675	29,640	3,865	2,345,975
Other operating income	19,557	1,904,217	7,652	21,138	1,092	1,953,656
Total segment income	2,882,960	48,172,786	878,532	1,812,191	32,951	53,779,420
Depreciation and amortization	(26,218)	(1,585,067)	(11,753)	(18,161)	(431)	(1,641,630)
Other material non-cash elements:						
Addition of impairment on financial assets	(247,119)	(4,140,325)	(89,535)	(84,295)	-	(4,561,274)
Other operating expenses	(1,056,232)	(19,693,273)	(336,933)	(625,521)	(25,357)	(21,737,316)
Operating income	1,553,391	22,754,121	440,311	1,084,214	7,163	25,839,200
Income tax expense	-	-	-	-	-	(5,206,919)
Net income for the year	1,553,391	22,754,121	440,311	1,084,214	7,163	20,632,281

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36. OPERATING SEGMENTS (Continued)

	31 December 2016					
	Sumatera	Java	Kalimantan	East Indonesia	Overseas operation	Total
Assets	45,060,345	593,734,694	13,578,588	23,665,530	699,596	676,738,753
Liabilities	45,060,345	478,042,225	13,578,588	23,665,530	209,999	560,556,687
Loans receivable - net	20,971,611	361,307,835	5,626,255	15,256,956	228,564	403,391,221
Deposits from customers	43,903,516	450,253,668	13,488,763	22,487,678	-	530,133,635
Sharia deposits	-	364,755	-	-	-	364,755
Temporary *syirkah* deposits	-	3,467,007	-	-	-	3,467,007

	Year ended 31 December 2015					
	Sumatera	Java	Kalimantan	East Indonesia	Overseas operation	Total
Interest and sharia income	2,777,913	41,626,244	918,631	1,736,935	22,005	47,081,728
Interest and sharia expenses	(764,743)	(9,646,343)	(271,205)	(529,398)	(1,243)	(11,212,932)
Net interest and sharia income	2,013,170	31,979,901	647,426	1,207,537	20,762	35,868,796
Net fee and commission income	535,579	7,428,327	160,482	323,283	4,199	8,451,870
Net trading income	34,963	2,023,340	16,649	27,205	4,910	2,107,067
Other operating income	15,165	1,410,784	5,737	15,543	1,210	1,448,439
Total segment income	2,598,877	42,842,352	830,294	1,573,568	31,081	47,876,172
Depreciation and amortization	(24,881)	(1,499,702)	(11,418)	(15,764)	(826)	(1,552,591)
Other material non-cash elements:						
Addition of impairment on financial assets	(41,964)	(3,314,088)	(126,985)	(19,053)	(2,905)	(3,504,995)
Other operating expenses	(991,468)	(18,222,524)	(336,104)	(585,696)	(25,680)	(20,161,472)
Operating income	1,540,564	19,806,038	355,787	953,055	1,670	22,657,114
Income tax expense	-	-	-	-	-	(4,621,346)
Net income for the year	1,540,564	19,806,038	355,787	953,055	1,670	18,035,768

36. OPERATING SEGMENTS (Continued)

	31 December 2015					
	Sumatera	Java	Kalimantan	East Indonesia	Overseas operation	Total
Assets	39,902,976	518,714,767	13,113,780	21,968,323	672,924	594,372,770
Liabilities	39,902,976	426,775,939	13,113,780	21,968,323	184,406	501,945,424
Loans receivable - net	20,465,271	338,355,325	5,828,107	13,752,596	214,993	378,616,292
Deposits from customers	39,284,790	400,441,170	13,067,341	20,872,914	-	473,666,215
Sharia deposits	-	351,667	-	-	-	351,667
Temporary *syirkah* deposits	-	2,802,406	-	-	-	2,802,406

Reporting of financial information based on products:

	2016			
	Loans	Treasury	Others	Total
Assets	403,391,221	208,636,440	64,711,092	676,738,753
Loans receivable - net	403,391,221	-	-	403,391,221
Interest and sharia income	38,882,040	8,073,629	3,470,157	50,425,826
Fee-based income	3,330,271	58,174	7,969,752	11,358,197

	2015			
	Loans	Treasury	Others	Total
Assets	378,616,292	158,465,958	57,290,520	594,372,770
Loans receivable - net	378,616,292	-	-	378,616,292
Interest and sharia income	36,721,014	7,021,229	3,339,485	47,081,728
Fee-based income	3,168,678	42,126	6,693,645	9,904,449

37. MATURITY GAP OF FINANCIAL ASSETS AND LIABILITIES

The following table summarizes the maturity gap profile of the Bank and Subsidiaries' financial assets and liabilities based on the remaining period until the contractual maturity date as of 31 December 2016 and 2015:

	31 December 2016						
	Up to 1 month	> 1 - 3 months	> 3 months - 1 year	> 1 - 5 years	More than 5 years	No contractual maturity	Total
Financial assets							
Cash	-	-	-	-	-	15,943,854	15,943,854
Current accounts with Bank Indonesia	7,312,724	-	-	-	-	33,284,006	40,596,730
Current accounts with other banks	12,466,153	-	-	-	-	-	12,466,153
Placements with Bank Indonesia and other banks	31,645,429	899,782	776,719	2,041,960	-	-	35,363,890
Financial assets held for trading	38,297	985,878	3,953,581	146,289	3,219	-	5,127,264
Acceptance receivables - net	2,124,983	3,138,075	1,882,363	21,971	-	-	7,167,392
Bills receivable - net	1,068,984	1,581,679	1,175,481	-	-	-	3,826,144
Carried forward	54,656,570	6,605,414	7,788,144	2,210,220	3,219	49,227,860	120,491,427

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37. MATURITY GAP OF FINANCIAL ASSETS AND LIABILITIES (Continued)

	31 December 2016						
	Up to 1 month	> 1 - 3 months	> 3 months - 1 year	> 1 - 5 years	More than 5 years	No contractual maturity	Total
Financial assets (continued)							
Brought forward	54,656,570	6,605,414	7,788,144	2,210,220	3,219	49,227,860	120,491,427
Securities purchased under agreements to resell - net	2,468,932	-	78,166	-	-	-	2,547,098
Loans receivable	24,890,584	32,837,736	131,686,831	129,913,397	97,110,447	-	416,438,995
Less:							
Allowance for impairment losses and deferred provision and commission income	-	-	-	-	-	-	(13,047,774)
Consumer financing receivables - net	141,071	177,429	1,196,501	6,461,706	230,762	-	8,207,469
Investment in finance leases - net	7,436	372	10,157	144,013	-	-	161,978
Investment securities - net	14,775,763	8,786,666	19,507,368	64,153,335	1,322,318	163,711	108,709,161
	96,940,356	48,407,617	160,267,167	202,882,671	98,666,746	49,391,571	643,508,354
Financial liabilities							
Deposits from customers	(507,190,887)	(18,494,889)	(4,447,849)	-	-	-	(530,133,625)
Deposits from other banks	(4,864,342)	(36,500)	(100)	-	-	-	(4,900,942)
Financial liabilities held for trading	(46,439)	(72,586)	(3,105)	-	-	-	(122,130)
Acceptance payables	(1,482,051)	(1,906,308)	(776,637)	(22,152)	-	-	(4,187,148)
Securities sold under agreement to repurchase	(134,748)	-	-	-	-	-	(134,748)
Debt securities issued	-	(524,481)	(1,198,300)	(609,390)	-	-	(2,332,171)
Borrowings	(933)	(896,679)	(1,501,074)	(389,866)	-	-	(2,788,552)
	(513,719,400)	(21,931,443)	(7,927,065)	(1,021,408)	-	-	(544,599,316)
Net position	(416,779,044)	26,476,174	152,340,102	201,861,263	98,666,746	49,391,571	98,909,038

	31 December 2015						
	Up to 1 month	> 1 - 3 months	> 3 months - 1 year	> 1 - 5 years	More than 5 years	No contractual maturity	Total
Financial assets							
Cash	-	-	-	-	-	17,849,460	17,849,460
Current accounts with Bank Indonesia	10,994,823	-	-	-	-	26,779,754	37,774,577
Current accounts with other banks	8,438,924	-	-	-	-	-	8,438,924
Placements with Bank Indonesia and other banks	54,092,911	955,748	1,210,440	-	-	-	56,259,099
Financial assets held for trading	110,351	1,330,920	291,228	49,745	1,548	-	1,783,792
Acceptance receivables - net	1,692,875	3,427,573	2,234,415	12,526	-	-	7,367,389
Bills receivable - net	891,050	1,069,224	581,078	-	-	-	2,541,352
Carried forward	76,220,934	6,783,465	4,317,161	62,271	1,548	44,629,214	132,014,593

37. MATURITY GAP FINANCIAL ASSETS AND LIABILITIES (Continued)

	31 December 2015						
	Up to 1 month	> 1 - 3 months	> 3 months - 1 year	> 1 - 5 years	More than 5 years	No contractual maturity	Total
Financial assets (continued)							
Brought forward	76,220,934	6,783,465	4,317,161	62,271	1,548	44,629,214	132,014,593
Securities purchased under agreements to resell	515,099	-	-	-	-	-	515,099
Loans receivable	25,690,646	36,550,689	113,873,188	122,867,713	89,175,180	-	388,157,416
Less:							
Allowance for impairment losses and deferred provision and commission income	-	-	-	-	-	-	(9,541,124)
Consumer financing receivables - net	173,235	198,065	1,307,487	5,586,476	142,256	-	7,407,519
Investment in finance leases - net	12,231	1,537	17,823	141,529	-	-	173,120
Investment securities - net	6,648,148	2,427,914	13,398,318	26,897,298	1,628,262	153,175	51,153,115
	109,260,293	45,961,670	132,913,977	155,555,287	90,947,246	44,782,389	569,879,738
Financial liabilities							
Deposits from customers	(460,516,622)	(8,686,867)	(4,462,726)	-	-	-	(473,666,215)
Deposits from other banks	(4,151,453)	(4,500)	(100)	-	-	-	(4,156,053)
Financial liabilities held for trading	(61,539)	(10,193)	(2,502)	-	-	-	(74,234)
Acceptance payables	(1,261,070)	(2,146,336)	(954,832)	(12,701)	-	-	(4,374,939)
Securities sold under agreement to repurchase	(38,602)	-	-	-	-	-	(38,602)
Debt securities issued	-	(437,455)	(1,242,161)	(1,141,349)	-	-	(2,820,965)
Borrowings	(315,901)	(137,500)	(816,563)	(473,373)	-	-	(1,743,337)
	(466,345,187)	(11,422,851)	(7,478,884)	(1,627,423)	-	-	(486,874,345)
Net position	(357,084,894)	34,538,819	125,435,093	153,927,864	90,947,246	44,782,389	83,005,393

38. NET OPEN POSITION

The Bank's net foreign exchange positions (Net Open Position or "NOP") as of 31 December 2016 and 2015 were calculated based on prevailing Bank Indonesia Regulations. Based on those regulations, banks are required to maintain the NOP (including all domestic and overseas branches) at the maximum of 20% (twenty percent) of capital.

The aggregate NOP represents the sum of the absolute values of (i) the net difference between assets and liabilities denominated in each foreign currency and (ii) the net difference of receivables and liabilities of both commitments and contingencies recorded in the administrative account (administrative account transactions) denominated in each foreign currency, which are all stated in Rupiah. The NOP for statement of financial position represents the sum of the net differences of assets and liabilities on the statement of financial position for each foreign currency, which are all stated in Rupiah.

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38. NET OPEN POSITION (Continued)

The Bank's NOP as of 31 December 2016 and 2015 was as follows:

	31 December					
	2016			2015		
	NOP for statement of financial position (net difference between assets and liabilities)	Net difference between receivables and liabilities in administrative accounts	Overall NOP (absolute amount)	NOP for statement of financial position (net difference between assets and liabilities)	Net difference between receivables and liabilities in administrative accounts	Overall NOP (absolute amount)
USD	16,853,322	(16,869,960)	16,638	24,046,557	(24,258,859)	212,302
SGD	(153,586)	20,277	133,309	(189,049)	79,269	109,780
AUD	10,073	(8,751)	1,322	1,326	4,739	6,065
HKD	481	5	486	22,423	(20,544)	1,879
GBP	(3,461)	4,967	1,506	(621)	2,044	1,423
EUR	(31,181)	32,006	825	(60,177)	69,261	9,084
JPY	(5,247)	6,302	1,055	(10,627)	13,424	2,797
CAD	7,181	(6,626)	555	4,004	(3,455)	549
CHF	9,565	(6,705)	2,860	7,081	(4,148)	2,933
DKK	1,206	-	1,206	1,583	(683)	900
MYR	(303)	-	303	(317)	-	317
SAR	2,068	-	2,068	1,388	-	1,388
SEK	999	-	999	556	-	556
CNY	(27,932)	31,126	3,194	(6,777)	6,993	216
Others	5,731	(4,681)	1,050	6,994	(1,889)	5,105
Total			167,376			355,294
Total capital (Note 39)			110,190,013			87,887,273
Percentage of NOP to capital			0.15%			0.40%

39. CAPITAL MANAGEMENT

The primary objective of the Bank's capital management policy is to ensure that the Bank has a strong capital to support the Bank's current business expansion strategy and to sustain future development of the business, to meet regulatory capital adequacy requirements and also to ensure the efficiency of the Bank's capital structure.

The Bank prepares the Capital Plan based on assessment of and review over the capital situation in terms of the legal capital adequacy requirement, combined with current economic outlook assesment and the result of stress testing method. The Bank will continue to link financial goals and capital adequacy to risk appetite through the capital planning process and stress testing and assess the businesses based on Bank's capital and liquidity requirements.

The Bank's capital needs are also planned and discussed on a routine basis, supported by data analysis.

The Capital Plan is prepared by the Board of Directors as part of the Bank's Business Plan and approved by the Board of Commissioners. This plan is expected to ensure an adequate level of capital with an optimum capital structure.

39. CAPITAL MANAGEMENT (Continued)

The Bank is required to provide minimum capital in accordance with risk profile as of 31 December 2016 and 2015 based on OJK Regulation No. 11/POJK.03/2016 dated 2 February 2016 and BI Regulation No. 15/12/PBI/2013 dated 12 December 2013.

BI Circular Letter No. 11/3/DPNP dated 27 January 2009 requires all banks in Indonesia with certain qualification to take into account operational risk in the CAR calculation.

BI Regulation No. 8/6/PBI/2006 dated 30 January 2006 and BI Circular Letter No. 8/27/DPNP dated 27 November 2006 requires all banks to meet CAR requirements for the bank on an individual and consolidated basis. The calculation of minimum CAR on consolidated basis is performed by calculating capital and Risk-Weighted Assets ("RWA") based on risks from consolidated financial statements as provided in the prevailing Bank Indonesia Regulations.

The Bank calculates its capital requirements based on the prevailing OJK Regulations as of 31 December 2016, where the regulatory capital consisted of two tiers:

- Core Capital (Tier 1), which includes:
  1. Common Equity (CET 1), which includes issued and fully paid-up capital (after deduction of treasury stock), additional paid-up capital, allowable non-controlling interest and deductions from Common Equity.
  2. Additional Core Capital
- Supplementary Capital (Tier 2), which includes capital instrument in form of shares or other allowable instruments, agio or disagio from supplementary capital issuance, required general allowance for productive assets (maximum of 1.25% RWA credit risk), specific reserve and deductions from tier 2 capital.

The CAR as of 31 December 2016 and 2015, calculated in accordance with the prevailing regulations, taking into account the credit risk, market risk and operational risk, were as follows:

	31 December 2016		31 December 2015	
	Bank	Consolidated	Bank	Consolidated
I. Core Capital (Tier 1)	105,541,676	110,246,294	83,683,732	87,614,207
II. Supplementary Capital (Tier 2)	4,648,337	4,772,769	4,203,541	4,312,664
Total Capital	110,190,013	115,019,063	87,887,273	91,926,871
Risk-Weighted Assets based on risk				
RWA Credit Risk	428,659,048	438,953,804	407,553,481	417,201,368
RWA Market Risk	1,810,509	2,488,638	909,386	968,663
RWA Operational Risk	72,767,308	76,347,337	62,778,880	64,913,468
Total RWA	503.236.865	517,789,779	471,241,747	483,083,499
CAR in accordance with risk profile	9.99%	9.99%	9.99%	9.99%
CAR				
CET 1 ratio	20.97%	21.29%	17.76%	18.14%
Tier 1 ratio	20.97%	21.29%	17.76%	18.14%
Tier 2 ratio	0.92%	0.92%	0.89%	0.89%
Total Ratio	21.90%	22.21%	18.65%	19.03%

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40. NON-CONTROLLING INTEREST

The movement of non-controlling interest in net assets of Subsidiaries was as follows:

	Year ended 31 December	
	2016	2015
Balance, beginning of year	255,519	237,531
Share of non-controlling interest in the net profit of a Subsidiary in the current year	26,545	17,115
(Decrease) increase in non-controlling interest from Subsidiaries during the current year	(82)	873
Balance, end of year	281,982	255,519

41. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties	Nature of relationship	Nature of transaction
PT Dwimuria Investama Andalan	Shareholder (as of 31 December 2016)	Deposits from customers
FarIndo Investments (Mauritius) Ltd	Shareholder (as of 31 December 2015)	Deposits from customers
PT BCA Finance	Subsidiary	Loans receivable, deposits from customers, joint financing
BCA Finance Limited	Subsidiary	Other assets, deposits from customers
PT Bank BCA Syariah	Subsidiary	Current accounts with other banks, deposits from other banks
PT BCA Sekuritas	Subsidiary	Loans receivable, deposits from customers
PT Asuransi Umum BCA	Subsidiary	Loans receivable, deposits from customers
PT Central Santosa Finance	Subsidiary	Loans receivable, deposits from customers, joint financing
PT Asuransi Jiwa BCA	Associated entity	Deposits from customers
Dana Pensiun BCA	Employer pension fund	Loans receivable, pension fund contribution, deposits from customers
PT Adiwisesa Mandiri Building Product Indonesia	Owned by the same ultimate shareholder	Deposits from customers
PT Agra Bareksa Indonesia	Owned by the same ultimate shareholder	Deposits from customers
PT Alpha Merah Kreasi	Owned by the same ultimate shareholder	Loans receivable

41. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Related parties	Nature of relationship	Nature of transaction
PT Andil Bangunsekawan	Owned by the same ultimate shareholder	Deposits from customers
PT Angkasa Komunikasi Global Utama	Owned by the same ultimate shareholder	Deposits from customers
PT Arta Karya Adhiguna	Owned by the same ultimate shareholder	Deposits from customers
PT Bhumi Mahardika Jaya	Owned by the same ultimate shareholder	Deposits from customers
PT Bukit Muria Jaya Estate	Owned by the same ultimate shareholder	Deposits from customers
PT Bukit Muria Jaya	Owned by the same ultimate shareholder	Loans receivable, deposits from customers
PT Bukit Muria Jaya Karton	Owned by the same ultimate shareholder	Loans receivable
PT Caturguwiratna Sumapala	Owned by the same ultimate shareholder	Deposits from customers
PT Cipta Karya Bumi Indah	Owned by the same ultimate shareholder	Deposits from customers
PT Darta Media Indonesia	Owned by the same ultimate shareholder	Loans receivable, deposits from customers
PT Daya Cipta Makmur	Owned by the same ultimate shareholder	Deposits from customers
PT Daya Maju Lestari	Owned by the same ultimate shareholder	Deposits from customers
PT Djarum	Owned by the same ultimate shareholder	Loans receivable, deposits from customers
PT Ecogreen Oleochemicals	Owned by the same ultimate shareholder	Deposits from customers, guarantees issued, Letter of Credit
PT Energi Batu Hitam	Owned by the same ultimate shareholder	Deposits from customers
PT Fajar Surya Perkasa	Owned by the same ultimate shareholder	Deposits from customers
PT Fajar Surya Swadaya	Owned by the same ultimate shareholder	Deposits from customers
PT Farindo Investama Indonesia	Owned by the same ultimate shareholder	Deposits from customers
PT General Buditekindo	Owned by the same ultimate shareholder	Loans receivable, deposits from customers, guarantees issued

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41. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Related parties	Nature of relationship	Nature of transaction
PT Global Digital Niaga	Owned by the same ultimate shareholder	Loans receivable, deposits from customers
PT Global Distribusi Nusantara	Owned by the same ultimate shareholder	Deposits from customers
PT Global Visi Media	Owned by the same ultimate shareholder	Deposits from customers
PT Graha Padma Internusa	Owned by the same ultimate shareholder	Deposits from customers
PT Grand Indonesia	Owned by the same ultimate shareholder	Loans receivable, deposits from customers, guarantees issued, office rental transaction
PT Hartono Istana Teknologi	Owned by the same ultimate shareholder	Deposits from customers
PT Iforte Global Internet	Owned by the same ultimate shareholder	Deposits from customers
PT Iforte Solusi Infotek	Owned by the same ultimate shareholder	Loans receivable, deposits from customers
PT Indo Paramita Sarana	Owned by the same ultimate shareholder	Deposits from customers
PT Intershop Prima Centre	Owned by the same ultimate shareholder	Deposits from customers
PT Kumparan Kencana Electrindo	Owned by the same ultimate shareholder	Deposits from customers
PT Lingkarmulia Indah	Owned by the same ultimate shareholder	Deposits from customers
PT Marga Sadhya Swasti	Owned by the same ultimate shareholder	Deposits from customers
PT Margo Hotel Development	Owned by the same ultimate shareholder	Deposits from customers
PT Margo Property Development	Owned by the same ultimate shareholder	Deposits from customers
PT Mediapura Digital Indonesia	Owned by the same ultimate shareholder	Deposits from customers
PT Merah Cipta Media	Owned by the same ultimate shareholder	Loans receivable, deposits from customers
PT Multigraha Lestari	Owned by the same ultimate shareholder	Deposits from customers
PT Nagaraja Lestari	Owned by the same ultimate shareholder	Deposits from customers

41. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Related parties	Nature of relationship	Nature of transaction
PT Neka Boga Perisa	Owned by the same ultimate shareholder	Deposits from customers
PT Orbit Abadi Sakti	Owned by the same ultimate shareholder	Loans receivable
PT Poly Kapitalindo	Owned by the same ultimate shareholder	Deposits from customers
PT Polyvisi Rama Optik	Owned by the same ultimate shareholder	Deposits from customers
PT Profesional Telekomunikasi Indonesia	Owned by the same ultimate shareholder	Loans receivable, deposits from customers
PT Puri Dibya Property	Owned by the same ultimate shareholder	Deposits from customers
PT Puri Zuqni	Owned by the same ultimate shareholder	Deposits from customers
PT Resinda Prima Entertama	Owned by the same ultimate shareholder	Deposits from customers
PT Sapta Adhikari Investama	Owned by the same ultimate shareholder	Deposits from customers
PT Sarana Kencana Mulya	Owned by the same ultimate shareholder	Deposits from customers
PT Sarana Menara Nusantara	Owned by the same ultimate shareholder	Deposits from customers
PT Silva Rimba Lestari	Owned by the same ultimate shareholder	Deposits from customers
PT Suarniaga Indonesia	Owned by the same ultimate shareholder	Deposits from customers
PT Supravisi Rama Optik Manufacturing	Owned by the same ultimate shareholder	Deposits from customers
PT Swarnadwipa Serdangjaya	Owned by the same ultimate shareholder	Deposits from customers
PT Tricipta Mandhala Gumilang	Owned by the same ultimate shareholder	Deposits from customers
PT Trigana Putra Mandiri	Owned by the same ultimate shareholder	Deposits from customers
PT Wana Hijau Pesaguan	Owned by the same ultimate shareholder	Deposits from customers
Key management personnel	Bank's Board of Commissioners and Board of Directors	Loans receivable, deposits from customers, employee benefits
The Bank's controlling individuals and their family members	Shareholder	Deposits from customers

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41. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

In the normal course of business, the Bank has transactions with related parties due to their common ownership and/or management. All transactions with related parties are conducted with agreed terms and conditions.

The details of significant balances and transactions with related parties that were not consolidated as of 31 December 2016 and 2015, and for the years then ended were as follows:

	31 December			
	2016		2015	
	Amount	Percentage to total	Amount	Percentage to total
Loans receivable*) (Note 12)	2,873,606	0.69%	948,001	0.24%
Other assets**)	258,733	2.79%	267,472	3.10%
Deposits from customers (Note 16)	8,099,416	1.53%	1,227,133	0.26%
Borrowings (Note 19)	37,500	1.34%	37,500	2.15%
Unused credit facilities to customers (Note 22)	452,867	0.29%	195,539	0.14%
Letters of Credit facilities to customers (Note 22)	-	0.00%	2,969	0.06%
Bank guarantees issued to customers (Note 22)	75,546	0.67%	54,401	0.47%
Interest and sharia income (Note 23)	20,524	0.04%	32,026	0.07%
Interest and sharia expenses (Note 24)	47,160	0.46%	19,124	0.17%
Rental expenses (Note 29)	13,398	1.01%	13,047	0.93%
Contribution to pension plan (Note 28)	183,780	79.39%	166,151	87.94%

*) Before allowance for impairment losses.
**) Represent prepaid rental and security deposits to PT Grand Indonesia.

Compensations for key management personnel of the Bank (see Note 1g) were as follows:

	Year ended 31 December	
	2016	2015
Short-term employee benefits (including tantiem)	379,278	388,774
Long-term employee benefits	35,311	31,264
Total	414,589	420,038

Rental Agreement with PT Grand Indonesia

On 11 April 2006, the Bank signed a rental agreement with PT Grand Indonesia (a related party), in which the Bank agreed to lease, on a long-term basis, the office space from PT Grand Indonesia with a total area of 28,166.88 sqm at an amount of USD 35,631,103.20, including Value Added Tax ("VAT"), with an option to lease for long-term additional space of 3,264.80 sqm at an amount of USD 4,129,972, including VAT. This rental transaction was approved by the Board of Directors and Shareholders in the Bank's Extraordinary General Meeting of Shareholders on 25 November 2005 (the minutes of meeting was prepared by Notary Hendra Karyadi, S.H., with Deed No. 11). This rental agreement started on 1 July 2007 and will end on 30 June 2035.

The Bank was required to pay an advance of USD 3,244,092.50 on 5 December 2005, including VAT and 10 (ten) installments of USD 3,238,701.07, including VAT, for the period of 15 April 2006 to 31 December 2006.

41. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Rental Agreement with PT Grand Indonesia (continued)

As of 31 December 2006, the Bank had paid USD 32,392,402.13, including VAT and it was recorded as other assets. On 2 January 2007, the Bank settled the payments (paid the tenth installment) amounting to USD 3,238,701.07, including VAT.

On 29 June 2007, the Bank paid the lease for additional space in the 28th and 29th floors of 3,264.80 sqm at an amount of USD 4,129,972, including VAT.

This agreement was notarized by Notary Hendra Karyadi, S.H., under Deed No. 14 dated 11 April 2006.

Starting May 2008, the Bank has calculated the amortization for those prepaid rental expenses. As of 31 December 2016 and 2015, amortization of prepaid rental expenses was Rp 113,210 and Rp 99,812, respectively, such that the remaining prepaid rental payment to PT Grand Indonesia as of 31 December 2016 and 2015 was Rp 251,205 and Rp 264,602, respectively, which was recorded as other assets.

On 24 October 2008, the Bank paid security deposits for additional space on the 30th and 31st floor of 3,854.92 sqm at an amount of USD 208,165.68. This agreement was notarized in Deed No. 110 dated 22 May 2008 of Notary Dr. Irawan Soerodjo, S.H., M.Si.

Rental payment for the 30th and 31st floor started on 1 August 2009, for which in accordance with the agreement between the Bank and PT Grand Indonesia, starting from the first rental payment date (1 August 2009), the Bank will make the rental payments on a quarterly basis until the lease expires.

On 19 July 2011, the Bank paid security deposits for additional space on the 32nd floor of 1,932.04 sqm at an amount of USD 118,801.46. This agreement was notarized in Deed No. 32 dated 12 September 2011 of Notary Lim Robbyson Halim, S.H., M.H., replacement of Notary Dr. Irawan Soerodjo, S.H., M.Si., Notary in Jakarta.

Rental payment for the 32nd floor started on 1 September 2011, for which in accordance with the agreement between the Bank and PT Grand Indonesia, starting from the first rental payment date (1 September 2011), the Bank will make the rental payments on a quarterly basis until the lease expires.

On 22 June 2015, the Bank paid security deposits for additional space on the 33rd floor of 1,932.04 sqm at an amount of USD 231,844.80. This agreement was notarized in Deed No. 413 dated 30 June 2015 of Notary Dr. Irawan Soerodjo, S.H., M.Si., Notary in Jakarta.

Rental payment for the 33rd floor started on 1 September 2015, for which in accordance with the agreement between the Bank and PT Grand Indonesia, starting from the first rental payment date (1 September 2015), the Bank will make the rental payments on a quarterly basis until the lease expires.

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42. GOVERNMENT GUARANTEE SCHEME ON THE OBLIGATIONS OF DOMESTIC BANKS

Based on the Law No. 24 regarding Indonesia Deposit Insurance Corporation (*Lembaga Penjaminan Simpanan* or "LPS") dated 22 September 2004, effective 22 September 2005, the LPS was established to provide guarantee on certain obligations of commercial banks based on the prevailing guarantee schemes, in which the guarantee amount could be changed if certain prevailing criteria are met. The law was changed with the Government Regulation as the Replacement of Law No. 3 Year 2008, which was then changed to a law since 13 January 2009 i.e. the Law of Republic of Indonesia No. 7 Year 2009.

Based on Government of Republic of Indonesia Regulation No. 66/2008 dated 13 October 2008 regarding the deposit amount guaranteed by LPS, on 31 December 2016 and 2015, the deposit amount guaranteed by LPS for every customer in a bank is at a maximum of Rp 2,000.

As of 31 December 2016 and 2015, the Bank was the participant of this guarantee scheme.

43. RECLASSIFICATION OF ACCOUNTS

Certain accounts in the consolidated financial statements for the year ended 31 December 2015 have been reclassified to conform with the consolidated financial statements for the year ended 31 December 2016.

	Before reclassifications	Reclassifications	After reclassifications
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
Fee and commission income	8,359,919	96,091	8,456,010
Other operating income	1,544,530	(96,091)	1,448,439

44. NEW REGULATIONS ISSUED

New regulations which have been issued and will have significant impact to the Bank and Subsidiaries' business activities are as follows:

- PBI No. 15/12/PBI/2013 dated 12 December 2013 regarding the CAR for Commercial Banks.

  Bank Indonesia requires banks to meet the CAR with the required minimum percentage in stages, as follows:

  2014
  - Common equity Tier 1 ratio at minimum of 4.50% from RWA, both individually and at consolidated level.
  - Core capital ratio at minimum of 6.00% from RWA, both individually and at consolidated level.
  - The minimum requirement for common equity Tier 1 and core capital ratios are still using components as stated in Bank Indonesia Regulation No. 14/18/PBI/2012 regarding the CAR for Commercial Banks.

44. NEW REGULATIONS ISSUED (Continued)

- PBI No. 15/12/PBI/2013 dated 12 December 2013 regarding the CAR for Commercial Banks (continued).

  2015
  - Common equity Tier 1 ratio at minimum of 4.50% from RWA, both individually and at consolidated level.
  - Core capital ratio at minimum of 6.00% from RWA, both individually and at consolidated level.
    The minimum requirement for common equity Tier 1 and core capital ratios are using components as stated in Bank Indonesia Regulation No. 15/12/PBI/2013 regarding the CAR for Commercial Banks.

  2016
  - Common equity Tier 1 ratio at minimum of 4.50% from RWA, both individually and at consolidated level.
  - Core capital ratio at minimum of 6.00% from RWA, both individually and at consolidated level.
  - Capital Conservation Buffer ratio of 0.625% from RWA.
  - Countercyclical Buffer ratio determined by Bank Indonesia in the range of 0% - 2.50% from RWA *).
  - Capital Surcharge ratio for Domestic Systematically Important Bank (D-SIB) determined by authorized authority in the range of 1% - 2.50% from RWA for banks which are determined as having systemic impacts**).

  2017
  - Common equity Tier 1 ratio at minimum of 4.50% from RWA, both individually and at consolidated level.
  - Core capital ratio at minimum of 6.00% from RWA, both individually and at consolidated level.
  - Capital Conservation Buffer ratio of 1.25% from RWA.
  - Countercyclical Buffer ratio determined by Bank Indonesia in the range of 0% - 2.50% from RWA *).
  - Capital Surcharge ratio for D-SIB determined by authorized authority in the range of 1% - 2.50% from RWA for banks which are determined as having systemic impacts**).

  2018
  - Common equity Tier 1 ratio at minimum of 4.50% from RWA, both individually and at consolidated level.
  - Core capital ratio at minimum of 6.00% from RWA, both individually and at consolidated level.
  - Capital Conservation Buffer ratio of 1.875% from RWA.
  - Countercyclical Buffer ratio determined by Bank Indonesia in the range of 0% - 2.50% from RWA *).
  - Capital Surcharge ratio D-SIB determined by authorized authority in the range of 1% - 2.50% from RWA for banks which are determined as having systemic impacts**).

*) Based on the development of Indonesia macroeconomic condition and Bank Indonesia assessment on this condition, Bank Indonesia could set:
1. different range of Countercyclical Buffer percentage from 0% - 2.50%;
2. implementation of Countercyclical Buffer which is earlier from the specified timeline.

**) The Authority could set the percentage of Capital Surcharge percentage for D-SIB in the higher range of 1% - 2.50%.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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44. NEW REGULATIONS ISSUED (Continued)

- PBI No. 15/12/PBI/2013 dated 12 December 2013 regarding the CAR for Commercial Banks (continued).

  2019

  - Common equity Tier 1 ratio at minimum of 4.50% from RWA, both individually and at consolidated level.
  - Core capital ratio at minimum of 6.00% from RWA, both individually and at consolidated level.
  - Capital Conservation Buffer ratio of 2.50% from RWA.
  - Countercyclical Buffer ratio determined by Bank Indonesia in the range of 0% - 2.50% from RWA *).
  - Capital Surcharge ratio for D-SIB determined by authorized authority in the range of 1% - 2.50% from RWA for banks which are determined as having systemic impacts**).

  The above CAR is in accordance with risk profile, which is determined as minimum as follows:

  - 8% of RWA for banks with risk profile rating of 1 (one).
  - 9% to less than 10% of RWA for banks with risk profile rating of 2 (two).
  - 10% to less than 11% of RWA for banks with risk profile rating of 3 (three).
  - 11% - 14% of RWA for banks with risk profile rating of 4 (four) or 5 (five).

  *) Based on the development of Indonesia macroeconomic condition and Bank Indonesia assessment on this condition, Bank Indonesia could set:
  1. different range of Countercyclical Buffer percentage from 0% - 2.50%;
  2. implementation of Countercyclical Buffer which is earlier from the specified timeline.

  **) The Authority could set the percentage of Capital Surcharge percentage for D-SIB in the higher range of 1% - 2.50%.

- PBI No. 18/3/PBI/2016 dated 10 March 2016 regarding the Third Amendment of Bank Indonesia Regulation No. 15/15/PBI/2013 regarding Rupiah and Foreign Currency Statutory Reserve Requirements for Conventional Commercial Banks.

  Bank Indonesia reduces the Minimum Statutory Reserve ("GWM") requirement in Rupiah from 7.5% to 6.5%. The reduction of GWM requirement is for remunerated demand deposits. Therefore, the part of Rupiah demand deposit account that receives the payment of interest is 1.5% from third party fund in Rupiah.

- PBI No. 18/14/PBI/2016 dated 18 August 2016 regarding the Fourth Amendment of Bank Indonesia Regulation No. 15/15/PBI/2013 regarding Rupiah and Foreign Currency Statutory Reserve Requirements for Conventional Commercial Banks.

  Bank Indonesia determined the minimum LFR Target from 78% to become 80%.

44. NEW REGULATIONS ISSUED (Continued)

- PBI No. 18/16/PBI/2016 dated 26 August 2016 regarding Loan-to-Value Ratio for Property Loans, Financing-to-Value Ratio for Property Financing and Advanced Payment for Motorized Vehicle Credit or Financing.

  Bank Indonesia determined the Loan-to-Value ("LTV") ratio for Property Loans ("KP") if the NPL ratio of total loans on a net basis and non-performing property loans ratio of total property loans on a gross basis is less than 5% as follows:

The Type of Property (m^2)	Property Loan and Property Financing Facilities		
	I	II	III
House			
Type > 70 m^2	85%	80%	75%
Type 22 - 70 m^2	-	85%	80%
Type ≤ 21 m^2	-	-	-
Flat			
Type > 70 m^2	85%	80%	75%
Type 22 - 70 m^2	90%	85%	80%
Type ≤ 21 m^2	-	85%	80%
Commercial building	-	85%	80%

  Other than that, Bank Indonesia also determined several matters as follows:
  - The calculation of NPL ratio from total loans is performed by dividing the sum of loans classified as substandard, doubtful and loss to third party non-bank after being deducted with allowance for impairment losses of non-performing loans to total loans to third party non-bank after being deducted with allowance for impairment losses of non-performing loans.
  - Additional loan (top up) by bank, either to the respective customer or through taking-over process, can use same LTV ratio with the LTV ratio at the time of property loans distributed, as long as the credit quality is current.
  - Property loans for property acquisition which has not been available entirety/indent is allowed up to the second facility with gradual disbursement.

- OJK Regulation No. 32/POJK.03/2016 dated 8 August 2016 regarding the Amendment of OJK Regulation No. 6/POJK.03/2015 regarding Transparency and Publication of Bank Reports.

  This OJK Regulation requires the Bank to add quantitative information regarding the risk exposure on Quarterly Publication Report for the period-end of June, to disclose the capital in accordance with Basel framework in Quarterly Publication Report for BUKU 3 and BUKU 4 banks, to make and publish the Liquidity Coverage Ratio ("LCR") report, to disclose LCR in Quarterly Publication Report and to announce if there are changes to the information that prone to rapid change of risk exposure disclosure and other related matters that have been published in Yearly Publication Report in the bank's website.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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44. NEW REGULATIONS ISSUED (Continued)

- OJK Regulation No. 38/POJK.03/2016 dated 1 December 2016 regarding the Implementation of Risk Management in the Utilization of Information Technology by Commercial Banks

  This regulation regulates several matters as follows:
  - Additional responsibility of Directors and Information Technology Steering Committee.
  - Implementation of information technology can be performed by banks themselves and/or by service providers of information technology.
  - The bank is required to put the electronic systems in the data center and disaster recovery center in the region of Indonesia. Placement outside the Indonesia territory should get approval from OJK in advance.
  - The bank may provide the information technology services in form of implementation of data center and/or disaster recovery center to other financial institution supervised by OJK and/or outside the Indonesia territory.
  - The bank is required to submit the information technology development plan report that will be implemented in the next 1 (one) year at the latest by 31 October in previous year.

PT BANK CENTRAL ASIA Tbk

SUPPLEMENTARY INFORMATION
STATEMENTS OF FINANCIAL POSITION (PARENT ENTITY ONLY)
31 DECEMBER 2016 AND 2015
(Expressed in millions of Rupiah, unless otherwise stated)

The following supplementary financial information of PT Bank Central Asia Tbk (parent entity only) which exclude the balances of Subsidiaries, have been prepared and presented using the accounting policies that are consistent with those applied to the consolidated financial statements of the Bank and Subsidiaries, except for investments in Subsidiaries, which have been presented at cost.

	31 December	
	2016	**2015**
ASSETS		
Cash	15,925,338	17,833,851
Current accounts with Bank Indonesia	40,401,814	37,624,875
Current accounts with other banks	12,372,442	8,362,474
Placements with Bank Indonesia and other banks	33,877,454	54,218,932
Financial assets held for trading	5,124,193	1,777,924
Acceptance receivables - net of allowance for impairment losses of Rp 178,528 as of 31 December 2016 (31 December 2015: Rp 433,339)	7,167,392	7,367,389
Bills receivable - net of allowance for impairment losses of Rp 3,019 as of 31 December 2016 (31 December 2015: Rp 858)	3,759,809	2,498,940
Securities purchased under agreements to resell	2,196,231	515,099
Loans receivable - net of allowance for impairment losses of Rp 12,504,607 as of 31 December 2016 (31 December 2015: Rp 9,025,674)		
Related parties	3,481,625	1,537,717
Third parties	400,292,704	377,444,335
Investment securities - net of allowance for impairment losses of Rp 741,066 as of 31 December 2016 (31 December 2015: Rp 730,645)	107,489,692	50,490,598
Fixed assets - net of accumulated depreciation of Rp 8,070,163 as of 31 December 2016 (31 December 2015: Rp 6,895,790)	16,666,747	9,409,581
Deferred tax assets - net	3,349,886	3,077,393
Investment in shares - net of allowance for impairment losses of Rp 23,335 as of 31 December 2016 (31 December 2015: Rp 23,229)	2,249,825	2,239,289
Other assets - net of allowance for impairment losses of Rp 4,937 as of 31 December 2016 (31 December 2015: Rp 654)	8,239,434	7,843,178
TOTAL ASSETS	**662,594,586**	**582,241,575**

Appendix 1/2

PT BANK CENTRAL ASIA Tbk

SUPPLEMENTARY INFORMATION
STATEMENTS OF FINANCIAL POSITION (PARENT ENTITY ONLY) (Continued)
31 DECEMBER 2016 AND 2015
(Expressed in millions of Rupiah, unless otherwise stated)

The following supplementary financial information of PT Bank Central Asia Tbk (parent entity only) which exclude the balances of Subsidiaries, have been prepared and presented using the accounting policies that are consistent with those applied to the consolidated financial statements of the Bank and Subsidiaries, except for investments in Subsidiaries, which have been presented at cost.

	31 December	
	2016	**2015**
LIABILITIES AND EQUITY		
LIABILITIES		
Deposits from customers		
Related parties	8,131,108	1,259,396
Third parties	522,034,209	472,439,082
Deposits from other banks	4,903,061	4,160,101
Financial liabilities held for trading	121,067	74,234
Acceptance payables	4,187,148	4,374,939
Income tax liabilities	110,897	191,833
Borrowings	809,283	901
Post-employment benefits obligation	6,092,252	6,803,338
Accruals and other liabilities	7,131,118	6,083,156
TOTAL LIABILITIES	553,520,143	495,386,980
EQUITY		
Share capital - par value per share of Rp 62.50 (full amount)		
Authorized capital: 88,000,000,000 shares		
Issued and fully paid: 24,655,010,000 shares	1,540,938	1,540,938
Additional paid-in capital	5,711,368	5,711,368
Revaluation surplus of fixed assets	6,591,827	-
Unrealized losses on available-for-sale financial assets - net	(127,616)	(94,251)
Retained earnings		
Appropriated	1,257,895	1,077,708
Unappropriated	94,100,031	78,618,832
TOTAL EQUITY	109,074,443	86,854,595
TOTAL LIABILITIES AND EQUITY	**662,594,586**	**582,241,575**

PT BANK CENTRAL ASIA Tbk

SUPPLEMENTARY INFORMATION
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (PARENT ENTITY ONLY)
YEARS ENDED 31 DECEMBER 2016 AND 2015
(Expressed in millions of Rupiah, unless otherwise stated)

The following supplementary financial information of PT Bank Central Asia Tbk (parent entity only) which exclude the balances of Subsidiaries, have been prepared and presented using the accounting policies that are consistent with those applied to the consolidated financial statements of the Bank and Subsidiaries, except for investments in Subsidiaries, which have been presented at cost.

	Year ended 31 December	
	2016	**2015**
OPERATING INCOME AND EXPENSES		
Interest income	46,940,946	43,709,090
Interest expenses	(9,762,726)	(10,606,153)
Net interest income	37,178,220	33,102,937
Fee and commission income	9,237,996	8,311,654
Fee and commission expenses	(27)	(53)
Net fee and commission income	9,237,696	8,311,601
Net trading income	2,330,481	2,093,092
Other operating income	1,017,460	979,063
Total operating income	49,764,130	44,486,693
Impairment losses on financial assets	(4,253,232)	(3,176,730)
Other operating expenses		
Personnel expenses	(9,570,581)	(8,789,755)
General and administrative expenses	(10,407,896)	(10,242,442)
Others	(985,066)	(740,040)
	(20,963,543)	(19,772,237)
Total operating expenses	(25,216,775)	(22,948,967)
INCOME BEFORE TAX	24,547,355	21,537,726
INCOME TAX EXPENSE		
Current	(5,129,551)	(4,580,369)
Deferred	335,580	333,731
	(4,793,971)	(4,246,638)
NET INCOME (Carried forward)	19,753,384	17,291,088

Appendix 2/2

PT BANK CENTRAL ASIA Tbk

SUPPLEMENTARY INFORMATION
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (PARENT ENTITY ONLY) (Continued)
YEARS ENDED 31 DECEMBER 2016 AND 2015
(Expressed in millions of Rupiah, unless otherwise stated)

The following supplementary financial information of PT Bank Central Asia Tbk (parent entity only) which exclude the balances of Subsidiaries, have been prepared and presented using the accounting policies that are consistent with those applied to the consolidated financial statements of the Bank and Subsidiaries, except for investments in Subsidiaries, which have been presented at cost.

	Year ended 31 December	
	2016	**2015**
NET INCOME (Brought forward)	19,753,384	17,291,088
OTHER COMPREHENSIVE INCOME:		
Items that will not be reclassified to profit or loss:		
Remeasurements of defined benefit liability	296,837	(494,632)
Income tax	(74,209)	123,658
	222,628	(370,974)
Revaluation surplus of fixed assets	6,591,827	-
	6,814,455	(370,974)
Items that will be reclassified to profit or loss:		
Unrealized losses on available-for-sale financial assets	(44,487)	(46,072)
Income tax	11,122	11,518
	(33,365)	(34,554)
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX	6,781,090	(405,528)
TOTAL COMPREHENSIVE INCOME	26,534,474	16,885,560
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY (full amount of Rupiah)	801	701

PT BANK CENTRAL ASIA Tbk

SUPPLEMENTARY INFORMATION
STATEMENTS OF CHANGES IN EQUITY (PARENT ENTITY ONLY)
YEARS ENDED 31 DECEMBER 2016 AND 2015
(Expressed in millions of Rupiah, unless otherwise stated)

The following supplementary financial information of PT Bank Central Asia Tbk (parent entity only) which exclude the balances of Subsidiaries, have been prepared and presented using the accounting policies that are consistent with those applied to the consolidated financial statements of the Bank and Subsidiaries, except for investments in Subsidiaries, which have been presented at cost.

	Year ended 31 December 2016						
	Issued and fully paid-up capital	Additional paid-in capital	Revaluation surplus of fixed assets	Unrealized losses on available-for-sale financial assets - net	Retained earnings		Total equity
					Appropriated	Unappropriated	
Balance, 31 December 2015	1,540,938	5,711,368	-	(94,251)	1,077,708	78,618,832	86,854,595
Net income for the year	-	-	-	-	-	19,753,384	19,753,384
Revaluation surplus of fixed assets	-	-	6,591,827	-	-	-	6,591,827
Unrealized losses on available-for-sale financial assets - net	-	-	-	(33,365)	-	-	(33,365)
Remeasurements of defined benefit liability - net	-	-	-	-	-	222,628	222,628
Total comprehensive income for the year	-	-	6,591,827	(33,365)	-	19,976,012	26,534,474
General reserve	-	-	-	-	180,187	(180,187)	-
Cash dividends	-	-	-	-	-	(4,314,626)	(4,314,626)
Balance, 31 December 2016	**1,540,938**	**5,711,368**	**6,591,827**	**(127,616)**	**1,257,895**	**94,100,031**	**109,074,443**

Appendix 3/2

PT BANK CENTRAL ASIA Tbk

SUPPLEMENTARY INFORMATION
STATEMENTS OF CHANGES IN EQUITY (PARENT ENTITY ONLY) (Continued)
YEARS ENDED 31 DECEMBER 2016 AND 2015
(Expressed in millions of Rupiah, unless otherwise stated)

The following supplementary financial information of PT Bank Central Asia Tbk (parent entity only) which exclude the balances of Subsidiaries, have been prepared and presented using the accounting policies that are consistent with those applied to the consolidated financial statements of the Bank and Subsidiaries, except for investments in Subsidiaries, which have been presented at cost.

	Year ended 31 December 2015					
	Issued and fully paid-up capital	Additional paid-in capital	Unrealized losses on available-for-sale financial assets - net	Retained earnings		Total equity
				Appropriated	Unappropriated	
Balance, 31 December 2014	1,540,938	5,711,368	(59,697)	912,850	65,655,831	73,761,290
Net income for the year	-	-	-	-	17,291,088	17,291,088
Unrealized losses on available-for-sale financial assets - net	-	-	(34,554)	-	-	(34,554)
Remeasurements of defined benefit liability - net	-	-	-	-	(370,974)	(370,974)
Total comprehensive income for the year	-	-	(34,554)	-	16,920,114	16,885,560
General reserve	-	-	-	164,858	(164,858)	-
Cash dividends	-	-	-	-	(3,772,217)	(3,772,217)
Tantiem of Board of Commissioners and Directors	-	-	-	-	(20,038)	(20,038)
Balance, 31 December 2015	**1,540,938**	**5,711,368**	**(94,251)**	**1,077,708**	**78,618,832**	**86,854,595**

PT BANK CENTRAL ASIA Tbk

SUPPLEMENTARY INFORMATION
STATEMENTS OF CASH FLOWS (PARENT ENTITY ONLY)
YEARS ENDED 31 DECEMBER 2016 AND 2015
(Expressed in millions of Rupiah, unless otherwise stated)

The following supplementary financial information of PT Bank Central Asia Tbk (parent entity only) which exclude the balances of Subsidiaries, have been prepared and presented using the accounting policies that are consistent with those applied to the consolidated financial statements of the Bank and Subsidiaries, except for investments in Subsidiaries, which have been presented at cost.

	Year ended 31 December	
	2016	**2015**
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts of interest, fees and commissions	53,590,957	51,175,809
Other operating income	587,612	595,491
Payments of interest, fees and commissions	(9,726,707)	(10,715,985)
Payments of post-employment benefits	(1,498,381)	(1,419,815)
Gain from foreign exchange transactions - net	1,755,978	2,393,779
Other operating expenses	(18,340,093)	(17,320,840)
Payment of tantiem to Board of Commissioners and Board of Directors	(269,600)	(247,256)
Other increases/decreases affecting cash:		
Placements with Bank Indonesia and other banks - mature more than 3 (three) months from the date of acquisition	(40,000)	119,845
Financial assets held for trading	(3,342,234)	194,529
Acceptance receivables	454,808	164,979
Bills receivable	(1,285,192)	934,197
Securities purchased under agreements to resell	(1,681,132)	25,774,564
Loans receivable	(29,306,575)	(39,691,521)
Other assets	1,012,242	(1,420,687)
Deposits from customers	56,466,841	21,473,299
Deposits from other banks	742,960	271,651
Acceptance payables	(187,791)	(323,007)
Accruals and other liabilities	1,163,745	1,445,817
Net cash provided operating activities before income tax	50,097,438	33,404,849
Payment of income tax	(5,210,488)	(4,588,413)
Net cash provided by operating activities	**44,886,950**	**28,816,436**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment securities	(137,457,500)	(60,138,509)
Proceeds from investment securities that matured during the year	82,320,239	82,487,716
Cash dividends received from investment in shares	419,351	396,846
Placements of certificate of deposits	(3,939,434)	(2,288,410)
Proceeds from certificate of deposits that matured during the year	1,745,000	1,485,000
Acquisition of fixed assets	(2,660,230)	(2,364,956)
Proceeds from sale of fixed assets	74,996	4,647
Net cash (used in) provided by investing activities	**(59,497,578)**	**19,582,334**

Appendix 4/2

PT BANK CENTRAL ASIA Tbk

SUPPLEMENTARY INFORMATION
STATEMENTS OF CASH FLOWS (PARENT ENTITY ONLY) (Continued)
YEARS ENDED 31 DECEMBER 2016 AND 2015
(Expressed in millions of Rupiah, unless otherwise stated)

The following supplementary financial information of PT Bank Central Asia Tbk (parent entity only) which exclude the balances of Subsidiaries, have been prepared and presented using the accounting policies that are consistent with those applied to the consolidated financial statements of the Bank and Subsidiaries, except for investments in Subsidiaries, which have been presented at cost.

	Year ended 31 December	
	2016	**2015**
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in borrowings - net	808,382	(743,133)
Additional share capital payment of Subsidiaries	-	(512,500)
Payments of cash dividends	(4,314,626)	(3,772,217)
Net cash used in financing activities	**(3,506,244)**	**(5,027,850)**
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(18,116,872)	43,370,920
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	116,614,613	72,703,872
EFFECT OF FOREIGN EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS	254,133	539,821
CASH AND CASH EQUIVALENTS, END OF YEAR	**98,751,874**	**116,614,613**
Cash and cash equivalents consist of:		
Cash	15,925,338	17,833,851
Current accounts with Bank Indonesia	40,401,814	37,624,875
Current accounts with other banks	12,372,442	8,362,474
Placements with Bank Indonesia and other banks - mature within 3 (three) months or less from the date of acquisition	30,052,280	52,793,413
Total cash and cash equivalents	**98,751,874**	**116,614,613**

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Independent Auditors' Report

No.: L.16 - 2318 - 17/II.14.001

The Shareholders,
The Board of Commissioners and Board of Directors
PT Bank Central Asia Tbk:

We have audited the accompanying consolidated financial statements of PT Bank Central Asia Tbk and its subsidiaries, which comprise the consolidated statement of financial position as of 31 December 2016, and the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT Bank Central Asia Tbk and its subsidiaries as of 31 December 2016, and their consolidated financial performance and their consolidated cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Other matter

Our audit was performed for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in Appendices 1 to 4, which comprises the statement of financial position (parent-company-only) as of 31 December 2016, and the related statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements under Indonesian Financial Accounting Standards. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

Siddharta Widjaja & Rekan
Registered Public Accountants

Kusumaningsih Angkawijaya, CPA
Public Accountant License No. AP.0848

Jakarta, 14 February 2017

PT Dwimuria Investama Andalan & Subsidiaries
Financial Statement

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2016
(in millions of Rupiah)

No.	ACCOUNTS	Audited Dec 31, 2016
	ASSETS	
1.	Cash	15,943,854
2.	Current accounts with Bank Indonesia	40,596,730
3.	Current accounts with other banks	12,466,153
4.	Placements with Bank Indonesia and other banks	35,363,890
5.	Financial assets held for trading	5,127,264
6.	Acceptance receivables - net of allowance	7,167,392
7.	Bills receivable - net of allowance	3,826,144
8.	Securities purchased under agreements to resell - net of allowance	2,547,098
9.	Loans receivable - net of allowance	403,391,221
10.	Consumer financing receivables - net of allowance	8,207,469
11.	Investment in finance leases - net of allowance	161,978
12.	Assets related to sharia transactions - net of allowance	3,418,405
13.	Investment securities - net of allowance	108,709,161
14.	Fixed assets	16,990,835
15.	Deferred tax assets - net	3,548,734
16.	Other assets - net of allowance	133,849,100
	TOTAL ASSETS	**801,315,428**
	LIABILITIES AND EQUITY	
	LIABILITIES	
1.	Deposits from customers	529,277,161
2.	Sharia deposits	364,755
3.	Deposits from other banks	4,900,942
4.	Financial liabilities held for trading	122,130
5.	Acceptance payables	4,187,148
6.	Securities sold under agreements to repurchase	134,748
7.	Debt securities issued	2,332,171
8.	Income tax liabilities	163,682
9.	Borrowings	2,788,552
10.	Post-employment benefits obligation	6,170,146
11.	Accruals and other liabilities	9,259,190
	TOTAL LIABILITIES	559,700,625
12.	Temporary *syirkah* deposits	3,467,007
	EQUITY	
13.	Share capital	177,115,700
14.	Revaluation surplus of fixed assets	55,582
15.	Foreign exchange differences arising from translation of financial statements in foreign currency	1,883
16.	Unrealized losses on available-for-sale financial assets - net	(284,508)
17.	Retained earnings	1,556,346
	Total equity attributable to equity holders of the parent entity	178,445,003
18.	Non-controlling interest	59,702,793
	TOTAL EQUITY	238,147,796
	TOTAL LIABILITIES AND EQUITY	**801,315,428**

Consolidated Commitments and Contingencies

As of December 31, 2016
(in millions of Rupiah)

No.	ACCOUNTS	Audited Dec 31, 2016
	COMMITMENTS	
	Committed receivables:	
1.	Borrowing facilities received and unused	3,483,084
2.	Derivatives purchase position	5,086,074
		8,569,158
	Committed liabilities:	
1.	Unused credit facilities to customers	
	- Committed	118,834,625
	- Uncommitted	39,126,575
2.	Unused credit facilities to other banks	
	- Committed	1,285,435
3.	Irrevocable Letters of Credit facilities to customers	5,778,889
4.	Derivatives selling position	21,663,124
		186,688,648
	CONTINGENCIES	
	Contingent receivables:	
1.	Bank guarantees received	474,392
2.	Interest receivables on non-performing loans	225,828
		700,220
	Contingent liabilities:	
1.	Bank guarantees issued to customers	11,345,249
		11,345,249

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For Two Months Period Ended December 31, 2016
(in millions of Rupiah, unless earnings per share)

No.	ACCOUNTS	Audited Nov - Dec 31, 2016
	OPERATING INCOME AND EXPENSES	
1.	Interest and sharia income	8,601,418
2.	Interest and sharia expenses	(1,766,812)
	Net interest and sharia income	6,834,606
3.	Fee and commission income	1,739,904
4.	Fee and commission expenses	(358)
	Net fee and commission income	1,739,546
5.	Net trading income	504,071
6.	Other operating income	579,265
	Total operating income	9,657,488
7.	Impairment losses on financial assets	(1,109,467)
	Other operating expenses	
8.	Personnel expenses	(1,486,256)
9.	General and administrative expenses	(2,368,237)
10.	Others	(579,275)
		(4,433,768)
	Total operating expenses	(5,543,235)
	INCOME BEFORE TAX	4,114,253
	INCOME TAX EXPENSE	
11.	Current	(968,071)
12.	Deferred	126,793
		(841,278)
	NET INCOME	**3,272,975**
	OTHER COMPREHENSIVE INCOME:	
13.	Items that will not be reclassified to profit or loss:	
	a. Remeasurements of defined benefit liability	75,728
	b. Income tax	(18,932)
		56,796
	c. Revaluation surplus of fixed assets	117,883
		174,679
14.	Items that will be reclassified to profit or loss:	
	a. Unrealized losses on available-for-sale financial assets	(803,759)
	b. Income tax	199,989
	Unrealized losses on available-for-sale financial assets - net of tax	(603,770)
	c. Foreign exchange differences arising from translation of financial statement in foreign currency	3,993
		(599,777)
	OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX	**(425,098)**
	TOTAL COMPREHENSIVE INCOME	**2,847,877**
	NET INCOME ATTRIBUTABLE TO:	
	Equity holders of parent entity	1,529,655
	Non-controlling interest	1,743,320
		3,272,975
	COMPREHENSIVE INCOME ATTRIBUTABLE TO:	
	Equity holders of parent entity	1,329,303
	Non-controlling interest	1,518,574
		2,847,877
	EARNINGS PER SHARE	836

Jakarta, March 13, 2017

Honky Harjo
President Director

Imron Hendrata
Director

Always by your side

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