GOOD CORPORATE GOVERNANCE IMPLEMENTATION REPORT

PT BANK CENTRAL ASIA Tbk

YEAR OF 2013


The GCG Implementation Report of BCA for 2013 consists of:
I. GCG Implementation Transparency as referred to in point IX of the Circular Letter of Bank Indonesia Number: 15/15/DPNP dated April 29, 2013; and

I. GCG Implementation Transparency

A. Disclosures of GCG Implementation includes:
   1. Implementation of the duties and responsibilities of the Board of Commissioners and the Board of Directors, consisting of:
      a. Number, composition, criteria and independency of the members of the Board of Commissioners
      
      As of December 31, 2013, the total number of members of the BCA’s Board of Commissioners is 5 (five) persons, consisting of 1 (one) President Commissioner, 1 (one) Commissioner, and 3 (three) Independent Commissioners. The total number of members of the BCA’s Board of Commissioners does not exceed the total number of members of the BCA’s Board of Directors.
      
      Total number of the BCA’s Independent Commissioners is 60% of the total number of BCA’s Board of Commissioners.
      
      Composition of the members of the BCA’s Board of Commissioners as of December 31, 2013 under the deed of Minutes of Annual General Meeting of Shareholders of BCA Number: 143 dated May 12, 2011 and the deed of Minutes of Extraordinary General Meeting of Shareholders of BCA No. 206 dated May 16, 2012, is as follows:

<table>
<thead>
<tr>
<th>Title</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>President Commissioner</td>
<td>Djohan Emir Setijoso</td>
</tr>
<tr>
<td>Commissioner</td>
<td>Tonny Kusnadi</td>
</tr>
<tr>
<td>Independent Commissioner</td>
<td>Cyrillus Harinowo</td>
</tr>
</tbody>
</table>
Independent Commissioner | Raden Pardede
---|---
Independent Commissioner | Sigit Pramono

**Number, composition, criteria and independency of the members of the Board of Directors**

As of December 31, 2013, the total number of members of the BCA’s Board of Directors is 10 (ten) persons, consisting of 1 (one) President Director, 1 (one) Vice President Director, and 8 (eight) Directors. One member of the Board of Directors also serves as the Compliance Director.

Composition of the members of the BCA’s Board of Directors as of December 31, 2013 under the deed of Minutes of Annual General Meeting of Shareholders of BCA No. 143 dated May 12, 2011 and the deed of Minutes of Extraordinary General Meeting of Shareholders of BCA No. 206 dated May 16, 2012, is as follows:

<table>
<thead>
<tr>
<th>Title</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>President Director</td>
<td>Jahja Setiaatmadja</td>
</tr>
<tr>
<td>Vice President Director</td>
<td>Eugene Keith Galbraith</td>
</tr>
<tr>
<td>Director</td>
<td>Dhalia Mansor Ariotedjo</td>
</tr>
<tr>
<td>Director</td>
<td>Anthony Brent Elam</td>
</tr>
<tr>
<td>Director</td>
<td>Suwignyo Budiman</td>
</tr>
<tr>
<td>Director</td>
<td>Renaldo Hector Barros</td>
</tr>
<tr>
<td>Director</td>
<td>Henry Koenaifi</td>
</tr>
<tr>
<td>Director (also serves as Compliance Director)</td>
<td>Tan Ho Hien/Subur or Subur Tan</td>
</tr>
<tr>
<td>Director</td>
<td>Armand Wahyudi Hartono</td>
</tr>
<tr>
<td>Director</td>
<td>Erwan Yuri Ang</td>
</tr>
</tbody>
</table>

General criteria in the selection of members of the Board of Commissioners and the Board of Directors, among others are:

a. Having expertise and experience in the field of his/her responsibility;
b. Having good leadership;
c. Having a good reputation during the relevant member performing his/her previous assignments;
d. Having good character and moral;
e. Being able to take legal conduct;
f. Having never been declared bankrupt or became a member of the Board of Commissioners/Board of Directors who was found
guilty of causing a company to be declared bankrupt within a period of 5 (five) years prior to his/her appointment;
g. Having never been sentenced for committing any crime in the financial sector within a period of 5 (five) years prior to his/her appointment.
h. Meeting the requirements of integrity, competence, and financial reputation as referred to in the Regulation of Bank Indonesia and Circular Letter of Bank Indonesian concerning Fit and Proper Test.

Independent of the Board of Commissioners
All members of the Board of Commissioners have no financial relationship, management relationship, shareholding relationship and/or family relationship with fellow members of the Board of Commissioners, members of the Board of Directors and/or Controlling Shareholders or relationship with BCA, which may affect their ability to act independently.

Independent of the Board of Directors
All members of the Board of Directors have no financial relationship, management relationship, shareholding relationship and/or family relationship with the members of the Board of Commissioners and fellow members of the Board of Directors, which may affect their ability to act independently.
The majority of the members of the Board of Directors have no financial relationship, management relationship, shareholding relationship and family relationship with Controlling Shareholders or relationship with BCA, which may affect their ability to act independently. The President Director is an independent party to the controlling shareholders.

b. Duties and Responsibilities of the Board of Commissioners, among others are:
1. Supervising the management policies of BCA, and the running of the management in general, and providing advices to the Board of Directors. The supervision performed by the Board of Commissioners shall be in the interest of BCA in accordance with the purposes and objectives as well as the BCA’s Articles of Associations.
2. Ensuring the implementation of GCG principles in any business activities of BCA at all levels of BCA’s organization.
3. Directing, monitoring and evaluating the implementation of BCA’s strategic policies.
4. Ensuring that the Board of Directors has taken follow-up actions on audit findings and recommendations from the Internal Audit Division, External Auditors, monitoring reports of the authorities, including but not limited to the Financial Services Authority, Bank Indonesia, and/or the Indonesia Stock Exchange.
5. Informing Bank Indonesia/Financial Services Authority no later than 7 (seven) business days as of discovering violations of the laws and regulations in the field of finance and banking, and circumstances or an approximation of circumstances which may jeopardize the business continuity of BCA.
6. Establishing:
   a. Audit Committee;
   b. Risk Oversight Committee; and
   c. Remuneration and Nomination Committee.
7. Ensuring that the Committees established by the Board of Commissioners perform their duties effectively.
8. Providing adequate time to perform their duties and responsibilities in an optimal manner.
9. Organizing the Board of Commissioners meetings regularly, no less than four (4) times a year. The Board of Commissioners meeting shall be attended physically by all members of the Board of Commissioners at least twice (2) a year.
10. Preparing minutes of the Board of Commissioners meetings, and it shall be signed by all members of the Board of Commissioners attending the Board of Commissioners meeting.
11. Distributing a copy of the minutes of the Board of Commissioners meeting to all members of the Board of Commissioners and related parties.
12. Submitting the report on the supervisory duties which were carried out during the previous financial year to the Annual GMS.

In carrying out its duties and responsibilities, the Board of Commissioners shall observe the provisions of the BCA’s Articles of Association, Guidelines and Code of Conduct of the Board of Commissioners, as well as the prevailing laws and regulations.
The Board of Commissioners carries out its duties and responsibilities independently.

**Duties and Responsibilities of the Board of Directors**, among others are:

1. Directing and managing BCA in accordance with the BCA’s purposes and objectives;
2. Controlling, maintaining and managing BCA’s assets in the interest of BCA;
3. Creating an internal control structure, ensuring the implementation of internal audit function at each management level and following up Internal Audit findings in accordance with the policies or directives provided by the Board of Commissioners.
4. Submitting Annual Work Plan, which also includes Annual Budget to the Board of Commissioners for approval of the Board of Commissioners prior to the commencement of the forthcoming financial year, with due observance of the applicable provisions.
5. Implementing the GCG principles in each business activity of BCA at all organizational levels of BCA.
6. Preparing and maintaining the Register of Shareholders, Special Register, Minutes of General Meetings of Shareholders and Minutes of the Board of Directors Meetings.
7. Preparing Annual Report and other corporate documents as referred to in the prevailing laws and regulations.
8. Following up the audit findings and recommendations of the External Auditors, the supervisory reports of Bank Indonesia, Financial Services Authority and/or other authorities, including but not limited to the Indonesia Stock Exchange.
9. Being accountable for the performance of its duties and responsibilities to the shareholders through a General Meeting of Shareholders.

In carrying out its duties and responsibilities, the Board of Directors shall observe the provisions of the BCA’s Articles of Association, Guidelines and Code of Conduct of the Board of Directors, as well as the prevailing laws and regulations.

The Board of Directors carries out its duties and responsibilities independently.

c. **Recommendations of the Board of Commissioners**

One of the duties and responsibilities of the
Board of Commissioners is to provide advices to the Board of Directors in the interest of the company in accordance with the purposes and objectives of the company. In 2013, the advices and recommendations provided by the Board of Commissioners to the Board of Directors, among others are:

1. Relating to business management in general:
   - In consideration of the rapid development of BCA’s business and the increase in the number of BCA’s subsidiaries, it is necessary to develop a consolidated and integrated risk control.
   - Business programs/targets contained in the Bank’s Business Plan and Annual Work Plan and Budget need to be socialized to the branches and in its implementation must consider prudential and compliance aspects.

2. Relating to credit risk:
   In lending, the risk of high concentration on one group/specific industry needs to be avoided.

3. Relating to liquidity risk:
   Taking into account the increasingly tight liquidity conditions, competition in getting Deposits, and high demand for credit, the availability of adequate liquidity of BCA shall become a priority.

4. Relating to operational risk:
   From the aspect of operational risk, the security of information technology in order to maintain BCA’s excellence in transactional banking requires special attention.

5. Relating to reputation risk:
   In the implementation of the wealth management business development, the aspects of reputation risk should always be controlled and mitigated.

6. Relating to strategic risk:
   In the future, availability of reliable and competent human resources will be crucial, so it is necessary to develop a lean organization concept and planning for the availability of human resources in accordance with the requirements of BCA.

7. Relating to compliance risk:
   The Board of Commissioners is of the opinion that regulatory compliance needs special attention from all ranks, especially from
the aspect of internal control and Internal Audit in order to mitigate regulatory risk.

2. Completeness and performance of duties of the Committees

a. Structure, membership, expertise and independency of the members of Audit Committee

- The Audit Committee comprises of 3 (three) members, which consists of:
  - a Chairperson who is also an Independent Commissioner; and
  - 2 (two) members, all of whom are Independent Parties.
- The Audit Committee is chaired by an Independent Commissioner.
- Composition of the Members of Audit Committee as of December 31, 2013 is as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sigit Pramono</td>
<td>Chairperson (concurrently as Independent Commissioner)</td>
</tr>
<tr>
<td>Inawaty Handoyo</td>
<td>Member (Independent Party)</td>
</tr>
<tr>
<td>Ilham Ikhsan</td>
<td>Member (Independent Party)</td>
</tr>
</tbody>
</table>

- One of the Independent Parties is an expert in finance/accounting and the other one is an expert in the field of banking.
- All members of the Audit Committee have no financial relationship, management relationship, shareholding relationship and/or family relationship with the members of the Board of Commissioners, members of the Board of Directors and/or Controlling Shareholders or relationship with BCA, which may affect their ability to act independently.

Structure, membership, expertise and independency of the members of Risk Oversight Committee

- The Risk Oversight Committee comprises of 3 (three) members, which consists of:
  - a Chairperson who is also an Independent Commissioner; and
  - 2 (two) members, all of whom are Independent Parties.
- The Risk Oversight Committee is chaired by an Independent Commissioner.
- One of the Independent Parties is an expert in finance and the other one is an expert in the field of risk management.
- Composition of the Members of Risk Oversight
Committee as of December 31, 2013 is as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cyrillus Harinowo</td>
<td>Chairperson (concurrently as Independent Commissioner)</td>
</tr>
<tr>
<td>Endang Swasthika Wibowo</td>
<td>Member (Independent Party)</td>
</tr>
<tr>
<td>Andreas E. Susetyo</td>
<td>Member (Independent Party)</td>
</tr>
</tbody>
</table>

- One of the Independent Parties is an expert in finance and the other one is an expert in the field of risk management.
- All members of the Risk Oversight Committee have no financial relationship, management relationship, shareholding relationship and/or family relationship with the members of the Board of Commissioners, members of the Board of Directors and/or Controlling Shareholders or relationship with BCA, which may affect their ability to act independently.

**Structure, membership, expertise and independence of the members of Remuneration and Nomination Committee**

- The Remuneration and Nomination Committee comprises of 3 (three) members, which consists of:
  - a Chairperson who is also an Independent Commissioner; and
  - 2 (two) members, i.e. the President Commissioner and an Executive Officer in charge of the Division of Human Capital Management (Human Resources).
- The Remuneration and Nomination Committee is chaired by an Independent Commissioner.
- Composition of the Members of Remuneration and Nomination Committee as of December 31, 2013 is as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raden Pardede</td>
<td>Chairperson (concurrently as Independent Commissioner)</td>
</tr>
<tr>
<td>Djoohan Emir Setijoso</td>
<td>Member (concurrently as the President Commissioner)</td>
</tr>
<tr>
<td>Lianawaty Suwono</td>
<td>Member (concurrently as the Head of the Division of Human Capital Management)</td>
</tr>
</tbody>
</table>
The Executive Officer serving as a member of the Remuneration and Nomination Committee shall have the knowledge of remuneration system and/or nomination as well as succession plan.

All members of the Remuneration and Nomination Committee have no financial relationship, management relationship, shareholding relationship and/or family relationship with the members of the Board of Commissioners, members of the Board of Directors and/or Controlling Shareholders or relationship with BCA, which may affect their ability to act independently.

b. Duties and responsibilities of the Audit Committee:

1. Monitoring and evaluating the planning and implementation of audit as well as monitoring the follow up to audit findings in order to assess the adequacy of internal control, including the adequacy of financial reporting process.

2. In order to carry out the duties as referred to in point 1 above and to provide recommendations to the Board of Commissioners, the Audit Committee shall monitor and evaluate:
   a. The implementation of duties by the Internal Audit Division (IAD).
   b. The compliance of audit implementation by a Public Accounting Firm to the applicable Auditing Standards.
   c. The compliance of Financial Statements to the applicable Accounting Standards.
   d. Provide independent opinion in the event of disagreements between the management and the Public Accounting Firm for the services rendered.
   e. The follow-up implementation by the Board of Directors on the findings of IAD, Public Accountants and Bank Indonesia (BI) supervisory report.

3. Reviewing other financial information to be released by BCA to the public and/or the authorities, such as projections, and other reports relating to the BCA’s financial information.

4. Reviewing the compliance of BCA with the laws and regulations in the field of banking,
Capital Market and other laws and regulations as well as provisions relating to the business activities of BCA.

5. Providing recommendations to the Board of Commissioners on the appointment of Public Accounting Firm based on the independency, the scope of assignment, and the fee to be submitted to a General Meeting of Shareholders.

6. Reviewing and reporting to the Board of Commissioners regarding any complaints relating to accounting and financial reporting processes of BCA.

7. Reviewing and providing advices to the Board of Commissioners related with any potential conflict of interest in BCA.

8. Reviewing and monitoring the implementation of effective and sustainable good corporate governance (GCG).

9. Performing other duties relevant to the functions of the Audit Committee at the request of the Board of Commissioners.

**Duties and responsibilities of the Risk Oversight Committee:**

1. Assisting and providing recommendations to the Board of Commissioners within the framework of improving the effective implementation of duties and responsibilities in the field of risk management and ensuring that the risk management policies are implemented properly.

2. With respect to the process of provision of the recommendation, the Risk Oversight Committee shall:
   a. Evaluate consistency between the risk management policy and the implementation of the policy.
   b. Monitor and evaluate the implementation of duties of the Risk Management Committee and Risk Management Working Unit.

**Duties and responsibilities of the Remuneration and Nomination Committee:**

1. Evaluating the remuneration and nomination policies of BCA.

2. Providing recommendation to the Board of Commissioners concerning:
   a. Policy on Remuneration for the Board of Commissioners and the Board of Directors to be submitted to a General Meeting of Shareholders of BCA.
b. Policy on Remuneration for the Executive Officers and employees in general to be submitted by the Board of Commissioners to the Board of Directors.

3. Developing and providing recommendation to the Board of Commissioners concerning systems and procedures for election and/or replacement of the members of the Board of Commissioners and the Board of Directors to be submitted to the GMS.

4. Ensuring that the remuneration policy of BCA is in compliance with the prevailing laws and regulations.

5. Providing recommendation to the Board of Commissioners regarding would-be member(s) of the Board of Commissioners and/or would-be member(s) of the Board of Directors to be submitted to the GMS.

6. Recommending independent parties to be would-be member(s) of the Audit Committee and the Risk Oversight Committee to the Board of Commissioners.

7. Assessing the feasibility of the policy for the provision of facilities for the Board of Commissioners and Board of Directors as well as providing recommendation on the required revision/additional explanation.

8. Performing other duties assigned by the Board of Commissioners relating to the remuneration and nomination in accordance with applicable provisions.

9. Reporting the results of assessments and recommendations with respect to the duties of the Remuneration and Nomination Committee to the Board of Commissioners, if required.

c. Frequency of the Audit Committee meeting

The Audit Committee holds at least 4 (four) meetings in one year as stipulated in the Guidelines and Code of Conduct of the Audit Committee. Throughout 2013, the Audit Committee held 26 (twenty six) meetings.

In each Audit Committee meeting, minutes of the meeting were prepared, which state the date of meeting, the attendance of members of the Audit Committee, the item(s) on the agenda of meeting, and the materials of meeting.

Results of the Audit Committee meeting are always documented orderly and properly. Data on attendance of the members of the Audit
Committee at the Audit Committee meetings throughout the year of 2013 was as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of meetings</th>
<th>Attendance</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sigit Pramono</td>
<td>26</td>
<td>26</td>
<td>100%</td>
</tr>
<tr>
<td>Inawaty Handoyo</td>
<td>26</td>
<td>26</td>
<td>100%</td>
</tr>
<tr>
<td>Ilham Ikhsan</td>
<td>26</td>
<td>26</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Frequency of the Risk Oversight Committee meeting**

The Risk Oversight Committee holds at least 4 (four) meetings in one year as stipulated in the Guidelines and Code of Conduct of the Risk Oversight Committee. Throughout 2013, the Risk Oversight Committee held 10 (ten) meetings.

In each Risk Oversight Committee meeting, minutes of the meeting were prepared, which state the date of meeting, the attendance of members of the Risk Oversight Committee, the item(s) on the agenda of meeting, and the materials of meeting.

Results of the Risk Oversight Committee meeting are always documented orderly and properly.

Data on attendance of the members of the Risk Oversight Committee at the Risk Oversight Committee meetings throughout the year of 2013 was as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of meetings</th>
<th>Attendance</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cyrillus Harinowo</td>
<td>10</td>
<td>10</td>
<td>100%</td>
</tr>
<tr>
<td>Endang Swasthika Wibowo</td>
<td>10</td>
<td>10</td>
<td>100%</td>
</tr>
<tr>
<td>Andreas E. Susetyo</td>
<td>10</td>
<td>9</td>
<td>90%</td>
</tr>
</tbody>
</table>

**Frequency of the Remuneration and Nomination Committee meeting**

The Remuneration and Nomination Committee holds the meetings in accordance with BCA requirement, at least once (1) a year as stipulated in the Guidelines and Code of Conduct of the Remuneration & Nomination Committee. Throughout 2013, the Remuneration and Nomination Committee held 3 (three) meetings.

In each Remuneration and Nomination Committee meeting, minutes of the meeting were prepared, which state the date of meeting, the attendance of members of the Remuneration and Nomination Committee meetings throughout the year of 2013.
Committee, the item(s) on the agenda of meeting, and the materials of meeting. Results of the Remuneration and Nomination Committee meeting are always documented orderly and properly. Data on attendance of the members of the Remuneration and Nomination Committee at the Remuneration and Nomination Committee meetings during the year of 2013 is as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of meetings</th>
<th>Attendance</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raden Pardede</td>
<td>3</td>
<td>3</td>
<td>100%</td>
</tr>
<tr>
<td>Djohan Emir Setijoso</td>
<td>3</td>
<td>3</td>
<td>100%</td>
</tr>
<tr>
<td>Lianawaty Suwono</td>
<td>3</td>
<td>3</td>
<td>100%</td>
</tr>
</tbody>
</table>

**d. Work Program of the Audit Committee and the realization thereof**

1. Held a meeting with the Public Accounting Firm of Siddharta & Widjaja to discuss the final audit outcomes of the BCA’s Financial Statement for the 2012 financial year along with its Management Letter.

2. Evaluated and approved the proposal for renewal of the contract with the Public Accounting Firm of Siddharta & Widjaja, which is affiliated to KPMG International ("KPMG International") and recommended the accounting firm to the Board of Commissioners to perform the audit for the BCA’s Financial Statement for the 2013 financial year.

3. Held a meeting with the Public Accounting Firm of Siddharta & Widjaja to discuss the plan and scope of the audit of BCA’s Financial Statement for the 2013 financial year.

4. Held a meeting with the Finance and Planning Division to review the BCA’s Financial Statement which will be published every quarter.

5. Assessed the analysis of financial realization with its budget.

6. Held 7 (seven) meetings with the Internal Audit Division to:
   a) Evaluate the annual planning.
   b) Evaluate the implementation of internal audit each semester.
   c) Conduct discussions on audit findings which are considered quite significant.
7. Conducted 6 (six) visits to the working units at the Head Office and Branch Office to attend internal audit exit meeting.

8. Reviewed reports of internal audit findings (more than 167 reports) and monitored the follow-up actions.

9. Assessed the compliance of BCA with the prevailing provisions of the laws and regulations in the field of banking through a review of the compliance report to the prudential provisions which is reported every month.

10. Assessed credit portfolio report issued every semester.


12. Conducted discussions with the related working unit to evaluate operational risk and internal control in the process and activities of strategic working units: IT Operations, Housing Credit (KPR) Business, Credit Card Business, Logistics and Human Capital Management, in order to provide opinion to the Board of Commissioners regarding the adequacy of mitigation efforts for various existing risks.

13. Conducted evaluation with the relevant working unit regarding the implementation of GCG in accordance with the ASEAN GCG Score Card criteria.


15. Conducted discussion with External Consultant (Grant Thornton International Ltd) regarding the effectiveness of DAI’s performance.

16. Conducted a review on:
   a) The findings of Bank Indonesia’s audit and the follow-up actions.
   b) Follow-up on the management letter from the Public Accounting Firm of Siddharta
17. Reported the results of routine studies and evaluations to the Board of Commissioners in every quarter.

18. Attended the GMS, Analyst Meeting, and the National Work Meeting of BCA in 2014 within the framework of GCG implementation.

**Work Program of the Risk Oversight Committee and the realization thereof**

1. Conducted:
   a. Monitoring of risk by reviewing and evaluating various risk reports. The Risk Oversight Committee provides opinions and recommendations in writing, but if further clarification is needed an explanation will be provided and/or a special meeting will be held to discuss the topic.
   b. Monitoring of stress test results, which is reported every quarter.
   c. Monitoring of all risks in the form of risk dashboard.
   d. Reporting of the progress of monitoring to the Board of Commissioners.

2. Conducted special monitoring on:
   a. Operational risk, especially the Information Technology (IT) risks to ensure that the risks of internet banking and mobile banking are controlled.
   b. Analysis of the stress test results, specifically on the following aspects:
      - Liquidity risk (general market stress test scenario).
      - Market risk, especially interest rate risk and foreign exchange risk.
      - Capital Allocation and Reverse.
      - Rupiah Secondary Reserve Limit.

3. Evaluated treasury activities, including foreign exchange transactions.

4. Evaluated the implementation of GCG by evaluating the work documents of Risk management Working Unit (SKMR) and the Risk Management Committee.

5. Provided input to the Board of Commissioners on the implementation and development of the risk management process with respect to:
   a. Information Technology Architecture and Planning;
   b. Security aspects, potential vulnera-
bilities of IT system and the risk mitigation measures.
c. Testing of Data Recovery Center function, development of Disaster Recovery Plan (DRP), and Business Impact Analysis (BIA).

6. Ensured that BCA has a good infrastructure for controlling the risks, and for that purpose, evaluated the provisions and the work guidelines by:
   a. Reviewing the provisions and guidelines of risk management.
   b. Evaluating the methods, indicators and measurement of risk.

7. Attended:
   a. The General Meeting of Shareholders, Analyst Meeting and the 2014 National Working Meeting within the framework of GCG implementation.
   b. Workshop which discusses the improvement of quality in the implementation of risk management.

Work Program of the Remuneration and Nomination Committee and the realization thereof
1. Recommended the re-adjustment of ranks level in BCA in connection with the most recent changes in employment policy.
2. Formulated the principles of remuneration and nomination policy as follows:
   a. Basic principle in stipulating remuneration policy:
      • Complying with the applicable provisions of employment (compliance).
      • The position is competitive in its industry (positioning and competitiveness).
      • Based on the classification/type and weight of the job (job weight).
      • It is linked with individual performance (performance driven) in order that an employee is always encouraged to perform, but still pays attention to the potential risk.
      • In accordance with the BCA performance and capabilities.
      • Observing an increase in the cost of living (Decent Living Needs/KHL), the movement of inflation, etc.)
   b. Basic principles for selecting nominees of the executive officers and members
of the Board of Commissioners and the Board of Directors:

• Complying with the provisions of Articles of Association, GCG, and Bank Indonesia Regulation (PBI).
• Existence of the Company’s requirement.
• Qualification of candidates (competence, experience and achievements, personality which shall be in accordance with the corporate values, clean track record.)
• Prioritizing internal development, but also considering external recruitment in a planned way to enrich points of views in the management and decision making for the company.
• Observing the alignment with the candidate’s career development plan.

3. Recommended further studies of the remuneration policy to anticipate an aggressive decision making so that the risk factors become less noticed.

4. Recommended to the Board of Commissioners the distribution of bonus for the 2012 financial year to all members of the Board of Commissioners and the Board of Directors holding office during the 2012 financial year in order that it is presented by the Board of Commissioners to the Annual General Meeting of Shareholders (AGMS) held on May 6, 2013 for approval.

5. Recommended to the Board of Commissioners necessary adjustments to several components of remuneration in connection with the resolutions of Annual General Meeting of Shareholders (AGMS) and Extraordinary General Meeting of Shareholders (EGMS) held on May 16, 2012 regarding changes in term of office of the Board of Commissioners and the Board of Directors from 3 (three) years to 5 (five) years.

3. Implementation of compliance, internal audit and external audit functions

Implementation of compliance function
In running its business, BCA has a strong commitment to comply with the regulations of Bank Indonesia and the prevailing laws and regulations. Within the framework of implementing these commitments, the establishment of a permanent compliance
function is an important element in minimizing the compliance risks and establishing a compliance culture.

BCA has established a Compliance Working Unit that is independent and free from the influence of other working units. The Compliance Working Unit was established to assist the implementation of duties of the Compliance Director. The Compliance Working Unit is positioned at the same level as a Division and directly responsible to the Compliance Director.

In order that the compliance function works properly, the Board of Commissioners and the Board of Directors of BCA perform active supervision. The active supervision is conducted in the form of, among others, approval upon the policies and procedures, periodic reporting, and request for explanations.

The Compliance Working Unit has established policies and procedures in order to minimize the compliance risk. In addition, the Compliance Working Unit also conducts socialization and training, is involved in the approval upon new products and activities, approval for the issuance of internal regulations, conducts reviews of the releases of large exposures, carries out compliance tests of internal control related to the compliance with the working unit, monitors the adherence of the Company to the commitments made to regulators.

The Compliance Working Unit, in addition to being responsible for the implementation of the compliance function, is also responsible for the implementation of the provisions of Anti-Money Laundering and Prevention of Terrorism Financing (AML and PTF). The AML and PTF is an international standard that must be implemented in order to prevent the Bank being used as an instrument or a target of crime.

**Compliance Activities during 2013**

- Performed gap analysis and its impact on new provisions against the BCA operations and made necessary adjustments of the internal policies.
- Performed compliance risk assessment and prepared compliance risk profile report every quarter, within the framework of managing the compliance risks.
- Conducted socialization and training to the employees as an effort to realize a compliance culture. Socialization and training are not
only addressed to the existing employees, but also to new employees.

- Provided approval for new products and activities plans, to ensure that the new products and activities to be launched have been in compliance with the applicable provisions.
- Provided approval for draft of internal regulations to be issued.
- Conducted a review of the compliance of corporate credit release.
- Performed consultative function with other working unit associated with the implementation of the applicable regulations.
- Monitored fulfillment of reporting obligations to external parties.
- Ensured the Company’s compliance to the commitments made by the Company to Bank Indonesia and/or other supervisory authorities.
- Performed coordination within the framework of conducting assessment on the Risk-based Bank Soundness level.

Activities related to the Implementation of Anti Money Laundering and Preventing Terrorism Financing (AML and PTF) during 2013:

- Conducted training and socialization of AML and PTF continuously.
- Ensuring new products and activities have complied with the AML and PTF regulations.
- Monitoring suspicious financial transactions by using application Suspicious Transaction Identification Model (STIM).
- Reporting suspicious financial transactions and cash transactions to the Financial Transaction Reporting and Analysis Center (INTRAC).
- Improving STIM application parameters for identifying suspicious financial transactions.
- Coordinating the implementation of customer data updating through target preparation and monitoring of the realization of the targets.
• Increasing the STIM applications capacity to be completed in 2014.

Compliance indicators at year end 2013 are reported as follows:

• Capital Adequacy Ratio (CAR) including credit risk, market risk and operational risk was 15.66%, above the prevailing Bank Indonesia regulations which is 9% to less than 10% (CAR based on BCA risk profile was ranked second).

• NPL ratio (net) was 0.19%, well within the maximum allowed by Bank Indonesia regulation of 5% (net).

• There was no exceedances or violations of the Legal Lending Limit (LLL), either to the related parties or to the business groups.

• Primary Rupiah Currency Statutory Reserve Requirements (GWM) of 8.30% and Secondary - Rupiah GWM of 20.45%, was in conformity with the provisions of the Bank Indonesia regulations concerning Rupiah Currency Statutory Reserve Requirements (GWM).

• Foreign Currency Statutory Reserves Requirements (GWM) of 8.54%, was in conformity with Bank Indonesia regulations concerning Foreign Currency Statutory Reserves Requirements (GWM).

• Net Open Position (NOP) at 0.24%, far within the limited allowed by the Bank Indonesia regulations for a maximum of 20% of the capital.

• Commitments to Bank Indonesia and other supervising authorities were fulfilled well.

Implementation of internal audit function

In performing its functions, the Internal Audit Division assesses the adequacy and effectiveness of the processes of risk management, internal control, governance and providing consultation for the internal party of BCA as required.

Duties and Responsibilities of the Internal Audit Division:

1. Preparing and implementing a risk based annual internal audit plan and reporting the realization thereof.

2. Examining and evaluating the processes of risk management, internal control, and governance to assess the adequacy and effectiveness thereof.

3. Carrying out credit quality review.

4. Providing recommendations for improvements and objective information on the activities examined.

5. Conducting investigations/special inspection
upon the request of the Board of Commissioners/ the Board of Directors/Audit Committee, the working unit or the existence of certain indications.

6. Monitoring, analyzing and reporting the implementation of the follow-up that has been done by the auditee over the audit finding recommendations.

7. Acting as a consultant for internal BCA as required, especially concerning the Internal Audit scope of duties.

8. Compiling a program to evaluate the quality of internal audit activities.

**Audit Implementation Standards**

Activities of the Internal Audit Division are guided by the Work Manual and Charter of Internal Audit as set forth in the Resolutions of the Board of Directors Number 074A/SK/DIR/2012 dated April 30, 2012 prepared in accordance with the Standard of Implementation of Internal Audit Function of Banks issued by Bank Indonesia and the regulation on the Establishment and Guideline for Preparation of Internal Audit Charter issued by the Bapepam-LK. As a reference towards global best practices, the Internal Audit Division also uses standards and codes of ethics issued by The Institute of Internal Auditors (IIA) and the Information Systems Audit & Control Association (ISACA).

The effectiveness of the implementation of Internal Audit Division function and the compliance with the Standard of Implementation of Internal Audit Function of Banks (SIIAFB) is reviewed by an independent external party at least once in 3 (three) years. The most recent review was undertaken at the end of 2013.

**Audit Implementation in 2013**

The Internal Audit Division activities in 2013 were as follows:

1. Implemented auditing processes related the activities of: e-channel development, procurement of IT goods and services, social media, development of Customized branch format and branch offices network, system development life cycle, cash and cash Office and cash Car.

2. Implemented auditing on outsourced activities, records/files management and cash replenishment services of ATMs.

3. Implemented 26 continuous auditing programs within the scope of branch operations and
lending, operations centers, IT security.

4. Enhanced electronic working papers applications to improve the utilization of information technology in the audits (completed the user acceptance test phase)

5. Made adjustments (alignment) to the Risk Management Working Unit regarding the use of the risk scale and risk grading in branch operations.

6. Implemented audit quality development projects in the implementation of risk-based audits for the audit execution and audit reporting phases through training programs as well as interactive meetings with the help of a consultant.

Focus of Audit Plan in 2014

1. Focusing 2014 audit on the business strategies of BCA related to maintaining BCA's position in the DPK particularly CASA, fee-based income improvement and efficiency as well as overall optimization of payment settlement costs.

2. Implementing end-to-end process audit approach to the application of the AML/PTF provisions, implementation of corporate social responsibility, the process of foreign exchange transactions, development of partnership credit schemes, the function of Branch Internal Control activities, branch cash management and ATM management by branches.

3. Implementing audit on outsourced activities particularly activities which support transaction banking, such as: management of ATMs and EDCs machines.

4. Implementing audit on the activities of the subsidiaries: BCA Sekuritas, BCA Finance Limited Hongkong, BCA Syariah.

5. Improving the audit finding report and implementing the enhanced RBA approach to each new rating audit assignment and implementation.

6. Implementing new applications of enhanced electronic working papers at each assignment.

7. Following up the external reviewer’s recommendations on the quality assurance review activities in 2013 to the Internal Audit Division.

Implementation of external audit function

In order to fulfill the implementation of External Audit functions in accordance with Bank Indonesia Regulation Number: 14/14/PBI/2012 concerning Bank Transparency Reports and Publications, and Bank Indonesia Circular Letter Number: 3/32/DPNP
concerning the relationship between the Bank, the Public Accounting Firms and the Bank Indonesia:

1. The BCA Financial Statements have been audited by a Certified Public Accountants which is independent, competent, professional, and objective using due professional care.

2. The Certified Public Accountants designated by BCA to conduct an audit in accordance with professional standards, employment agreements, and the scope of the audit.

3. According to the resolutions of Annual General Meeting of Shareholders, the designation of Public Accounting Firm and the determination of its fees shall be made by the Board of Commissioners with due observance of the recommendation of the Audit Committee.

4. The designation of Public Accounting Firm shall be made in accordance with applicable regulations, among others:

   • Such Public Accounting Firms and Certified Public Accountants (partner in charge) are registered with Bank Indonesia. BCA only considers 4 (four) largest Public Accounting Firms that are registered with Bank Indonesia.

   • The relevant Public Accounting Firm will not provide other services to BCA for the year to avoid a possible conflict of interest.

   • The relevant Public Accounting Firm only provides audit services for no more than audit period of 5 (five) financial years continuously.

The Public Accounting Firm Siddharta & Widjaja affiliated with KPMG International, was designated as BCA auditor to audit the BCA’s financial statements for the financial year ended December 31, 2013.

5. BCA authorizes the Public Accounting Firm to submit audited financial statements (audit report) accompanied by a Management Letter to Bank Indonesia no later than 4 (four) months after the financial year.

The Registered Public Accounting Firm and the Public Accountants who have audited the Financial Statements of BCA with the past 3 (three) years:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered Public Accounting Firm</td>
<td>Siddharta &amp; Widjaja</td>
<td>Siddharta &amp; Widjaja</td>
<td>Purwantono, Suherman &amp;</td>
</tr>
</tbody>
</table>
4. Implementation of risk management including internal control system

The implementation of BCA risk management include:

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

BCA implement risk management and internal control systems which are effectively tailored to the goals and policies of the business lines, the size and complexity of the business activities of the Bank based on the requirements and procedures as set down in the Bank Indonesia Regulations, and with reference to best practice through the following actions:

1. Identifying and controlling all risks including those arising from new products and new activities.

2. Having a Risk Oversight Committee (ROC) which aims to ensure that the existing risk management framework has provided adequate protection against all risks faced by BCA and the ROC has main duty to provide recommendation and an independent opinion professionally regarding the appropriateness of policy and implementation of risk management policies to the Board of Commissioners, as well as to monitor and evaluate the performance of duties of the Risk Management Committee (RMC) and the Risk Management Unit (RMU).

3. Having a Risk Management Committee (RMC) which has the main duties to develop policies, strategies and guidelines for implementation of risk management, to enhance the implementation of risk management based on the results of the evaluation of the implementation process and effective risk management system, and stipulate the matters related to business decisions that deviate from normal procedures (irregularities).

4. Having a Risk Management Unit (RMU) which aims
to ensure that the risks faced by BCA can be identified, measured, monitored, controlled, and properly reported through the appropriate implementation of a risk management framework.

5. Managing the risk and ensuring the availability of policies and risk limits which are supported by procedures, reports, and information systems providing accurate and timely information and analysis to the management including development of measures to face the change market conditions.

6. Ensuring that the development of the existing working systems and procedures with due observance of operations and business activities as well as level of risk that may occur in a working unit.

7. Ensuring that there is clearly defined reporting lines segregation of functions between operational working unit and the working unit carrying out control functions. The control functions shall be carried out by the Risk Management Unit (RMU), Legal Group (LG), Compliance Unit (CU), and Internal Audit Division (IAD).

8. Ensuring that Internal Audit Division (IAD) has regularly performed independent and objective review of the procedures and operational activities of BCA. The results of review performed by the IAD shall be presented in the form of the Audit Report and Audit Follow-up Report to the Board of Directors.

9. Monitoring the BCA compliance with the sound banking management principles in accordance with applicable regulations through Compliance Unit (CU).

10. Ensuring that the Branch Internal Control (BIC), Regional Office Internal Control (ROIC) and Internal Audit Division (IAD) have performed their evaluation functions of the existing systems and procedures at BCA. The valuation results by the BIC, ROIC, and IAD serve as benchmark to measure the compliance level of working unit against the systems and procedures which have been developed.

11. Preparing BCA Risk Profile Reports and Consolidated Risk Profile Reports quarterly and submitting the same to the Bank Indonesia in a timely manner.

Based on the results of an assessment of risk profile, BCA has Low to Moderate composite risk
level. These results can be achieved due to the quality of risk management implementation that supports the effectiveness of BCA-wide-risk-based supervision framework.

The risk profile assessment includes 8 (eight) major risks faced by BCA, such as credit risk, market risk, liquidity risk, operational risk, legal risk, reputation risk, strategic risk and compliance risk. BCA also has set out its policies and procedures for managing the risks inherent in new products and new activities of BCA.++

**Risk Management System**

In order to control the risk, BCA has implemented an integrated Risk Management Framework set forth in the Risk Management Basic Policy (RMBP). The framework is used as an instrument for the determination of strategy, organization, policies and guidelines, as well as infrastructure of BCA to ensure that all risks faced by BCA can be properly identified, measured, controlled and reported.

In order for the application of risk management to be carried out effectively and optimally, BCA has a Risk Management Committee that works to address issues of risk faced by BCA as a whole and recommend risk management policies to the Board of Directors.

In addition to the above Committee, BCA has formed several other Committees assigned to handle more specific risks faced by the Bank among others the Credit Policy Committee, the Credit Committee and the Asset and Liability Committee (ALCO).


**8 (eight) types of risk managed by the Bank:**

1. **Credit Risk**
   - Organization of credit continues to be refined based on the application of the "four eyes principle" whereby credit decisions are taken based on the consideration of both the business development side and credit risk analysis side.
   - BCA has a Bank Basic Credit Policy (BBCP) that is continually refined and developed
in line with the BCA’s growth, Bank Indonesia Regulations and in accordance with "International Best Practice".

- Refinement or improvement in procedures and systems of the credit risk management is made through the development of the "Loan Origination System" over workflow of lending process (from start to finish) so that the loan processing can be achieved effectively and efficiently. Development of debtor risk profile measurement systems continues to be developed and improved so that it can be applied as a whole, as well as the development process of lending database continues to be done and enhanced.

- To properly maintain credit quality, the monitoring of credit quality continues to be done on a regular basis, either by credit category (Corporate, Commercial, Small & Medium Enterprise (SME), Consumer and Credit Card) and on an overall loan portfolio basis.

- BCA has developed a credit risk management by analyzing the loan portfolio stress testing and monitoring of the results of the stress testing. In response to changes in market conditions and economic turmoil, BCA conducts stress-testing analysis on a regular basis. Stress testing is beneficial to the Bank as a tool for estimating the impact of risk in "stressful condition" so that the Bank can devise appropriate strategies to mitigate these risks as part of the implementation of "contingency plans".

- In order to monitor and control credit risk that occurs in subsidiaries, BCA has conducted monitoring of subsidiary credit risk on a regular basis, while ensuring that the Subsidiaries have sound and effective Credit Risk Management Policy.

2. Market Risk

- In managing its foreign exchange risk, BCA centralizes the net open position at the Treasury Division, which combines daily reports of net open position from all branches. In general, each branch is required to cover its total foreign exchange risk at the end of each working day, although there was a tolerance limit of net open position for each branch depending on the
amount of foreign exchange transaction activity in the branch. BCA creates a daily net open position that combines the net open position in the consolidated statement of financial position (balance sheet) and off-balance sheet accounts.

- To measure foreign exchange risk, BCA uses the Value at Risk (VaR) methodology with Historical Simulation approach for internal reporting purposes, while reporting of the BCA’s compliance with Minimum Capital Requirement using Bank Indonesia standard methodology.
- The main components of BCA sensitive liability against the interest rate movements are customer deposits, while the BCA sensitive assets are Government Bonds, Securities, and extended loans. ALCO regularly monitor the development of markets and adjust the interest rates on the deposits and loans extended.
- BCA determines the interest rates on deposits based on market conditions and competition by monitoring the movement of the benchmark interest rate and the interest rates offered by Bank competitors.

3. Liquidity Risk

- BCA is very concerned with maintenance of adequate liquidity to meet its commitments to its customers and other parties, either within the framework of the provision of credit, repayment of customer deposits and to meet operational liquidity needs. The function of managing the overall bank liquidity needs is undertaken by ALCO and operationally implemented by the Treasury Division.
- Measurement and control of liquidity risk is done by monitoring the liquidity reserves and the loan to deposit ratio (LDR), maturity profile analysis, cash flow projections, as well as periodic stress tests to measure the impact on the Bank liquidity in the face of extreme conditions. BCA also has a contingency funding plan to deal with the extreme conditions.
- BCA has complied with the provisions relating to liquidity as stipulated in Bank Indonesia Regulation which requires the
Bank to maintain Rupiah liquidity (Statutory Reserve) on a daily basis, which consists of Primary GWM and GWM LDR in Rupiah deposits with Bank Indonesia, a Secondary GWM consisting of SBI, SDBI, SUN, and excess reserves, as well as reserve currency in the foreign exchange currency current accounts with Bank Indonesia.

4. Operational Risk

- Basel II Accord requires the Bank to include operational risk as a component in the calculation of capital adequacy of a Bank. In connection with this, the Bank implemented preliminary Risk Control Self Assessment (RCSA) for all the branches/regional offices and all divisions in the Headquarters. One goal of this implementation is to embed a RCSA risk culture and increase risk awareness which is the main requirement for risk management.

- BCA also has a database of cases/operational risk losses that occur throughout the working unit known as the Loss Event Database (LED). LED aims to assist BCA in recording and analyzing cases or problems, so that corrective and preventive actions can be taken for the similar cases. The ultimate purpose of the LED is that the risk of operational losses that may occur can be minimized. In addition, the LED is also a method of collecting data of operational losses risk to be used by BCA to calculate the capital charge and continuously monitoring cases that might lead to operational losses such as those that have taken place in BCA.

- BCA has implemented Key Risk Indicator (KRI) is an application used to provide an early warning sign on the possibility of an increased operational risk in a working unit.

- BCA has calculated the Bank’s capital adequacy for operational risk based on the Bank Basic Indicator Approach. Currently BCA has implemented the relevant Bank Indonesia Regulation related to the inclusion of operational risk in the calculation of risk capital adequacy ratio (CAR) in addition to credit risk and market risk.
5. Legal Risk

- Inherent legal risk can be assessed as potential losses based on the cases occurring against BCA and Subsidiaries of BCA which are currently under the court process divided by BCA capital and consolidated capital. The parameters used to calculate the potential losses of court cases are the basis of a lawsuit (position case), the value of the case, and legal documentation.

- To identify, measure, monitor and control legal risks, BCA has established a Legal Group at Headquarters and legal units in most of the Regional Office.

- In order to mitigate legal risks, the Legal Group has taken the following actions:
  - Establishing Legal Risk Management Policy, having internal regulations which govern the organizational structure and the job description of the Legal Group as well as establishing legal document standardization.
  - Organizing legal communication forum to improve the competence of legal staff.
  - Doing socialization on the impact of prevailing regulations on the banking activities of BCA and various modus operandi of banking felony as well as the legal handling guidelines for the related branch and unit officers.
  - Conducting legal defense on civil and criminal cases that involve BCA which are in the court process, as well as monitoring the progress of the cases.
  - Developing a loan security strategy plan (in collaboration with other working units, among others the Credit Settlement Bureau) in relations to issues of non performing loan.
  - Registering the assets belonging to BCA including intellectual property rights (IPR) on banking products and services as well as land and building rights belonging to BCA to the (relevant) authorities.
  - Monitoring and taking legal actions for violations of BCA’s assets, including violations of BCA’s intellectual property rights (IPR).
  - Monitoring and analyzing the court cases faced by BCA and Subsidiary Entities.
- Conducting an inventory, monitoring, analyzing and calculating the potential losses that may arise related to pending legal cases.

6. Reputation Risk

- Assessment of reputational risk is performed using parameters such as frequency of complaints and negative publicity as well as the achievement complaint resolution. An assessment report is compiled in a quarterly reputational risk profile.
- To manage and control the reputational risk, BCA is supported by Halo BCA facility (a 24-hour telephone hot line service, e-mail and social media, as well as walk-in customers for information, suggestions and complaints).
- Reputational risk management is carried out based on:

7. Strategic Risk

- Assessment of inherent strategic risks is performed using parameters such as the conformance of the strategy with the business environment, low-risk strategy and high-risk strategy, positioning of BCA business and achievement of Bank Business Plan.
- Assessment of the quality of strategic risk management is done by using parameters such as risk governance, the risk management framework, risk management processes, MIS and human resources, as well as the adequacy of the risk control system.

8. Compliance Risks

- In accordance with the applicable Bank Indonesia provisions, BCA has appointed a member of the Board of Directors as a Director in charge of compliance function.
In the performance of duties, the Compliance Director is supported by the Compliance Unit is responsible for managing the BCA compliance risk.

- BCA has developed compliance applies and procedures containing, among others, the process to constantly adjust the rules and internal systems with the applicable regulations and to communicate such provisions to the related employees, to make review of new products/activities, to conduct periodic compliance testing, to organize training for the employees and to make monthly compliance reports to the Board of Directors and the Board of Commissioners.

- BCA already has and apply the Programs of Anti-Money Laundering and Preventing the Financing of Terrorism. BCA has also developed applications to identify suspicious financial transactions in accordance with applicable regulations.

BCA's composite risk in the fourth quarter of 2013 was "Low to Moderate", this arises from an assessment of inherent risk as "Low to Moderate" with an assessment of quality of risk management as "Satisfactory". The quality of risk management implementation is a reflection of the scope of risk management set down in the Risk Management Basic Policy (RMBP) of BCA. The risk of the composite of 8 (eight) types of risk assessed are as follows:
- Risks that have a composite risk "low" are Market Risk, Liquidity Risk and Legal Risk.
- Risks that have a composite risk "low to moderate" are Credit Risk, Operational Risk, Reputation Risk, and Strategic Risk.
- Risks that have a composite risk "Moderate" are Compliance risk.

The trend of the bank inherent risks in the fourth quarter of 2013 was stable since based on projection results, it was estimated there would be no significant changes in inherent risks. The trend of the quality of consolidated risk management implementation for the fourth quarter of 2013 was stable since BCA was continuously improving adjustment of risk management in all of its activities so that BCA was able to identify, measure, monitor, and control any existing risks.

Implementation of internal control system
BCA has a policy of internal control system which includes 5 (five) components:

- Supervision by management and a risk control culture
- Identification and assessment of risk
- Control activities and segregation of duties
- Accounting, information, and communication systems
- Monitoring and corrective action against deviations

In addition, BCA has also a business continuity plan and disaster recovery plan to accelerate the recovery process in the event of a disaster has a system backup to prevent the high risk of business failure.

All management and employees of BCA have a role and responsibility in improving the quality and implementation of BCA’s internal control system.

The parties involved and responsible for the implementation of BCA’s internal control system include the Board of Commissioners, the Audit Committee, the Board of Directors, the Internal Audit Division, officers and employees of BCA, the Internal Control of Branch, the Internal Control of Regional Office and the Internal Control of Specified Working Unit at the Headquarters.

1. Internal controls are implemented among others through:

   a. Financial Control:

   - BCA has prepared a Bank Business Plan that details BCA overall strategy including the business development direction.
   - Development of the strategy that takes into account the impacts on the BCA’s capital, among others projected capital and CAR (Capital Adequacy Ratio).
   - The Board of Directors are actively engaged in discussions/provide input and monitor internal conditions and external factors development that directly or indirectly affect the BCA’s business strategy.
   - BCA has procedures to monitor and measure the company performance on a monthly, quarterly, semi-annual, and
annual basis.

- BCA has implemented financial control processes through realization monitoring efforts compared with financial budget in a report which is periodically generated and used for follow-up remedial action by the Board of Directors.

b. Operational Control:

- BCA has completed standard operating procedures/operating manuals detailing the working procedures of each banking operating transaction applied in BCA related to new products and activities, including mitigation of the related operational risks. Preparation of the working procedures performed by the Division of Operations and Services Development (DOSD) and have been reviewed by various related working units to ensure that any operational risk that may exist in such activities has been properly mitigated.

- BCA applies the restriction on authority to the officers by setting the limit in conducting transactions as well as restriction on access to the officers to IT & computer networks through the use of user ID and password as well as fingerscan installation.

- BCA has established an organizational structure, a well-equipped internal control unit to support the operational control:
  - Separation of functions that can give rise to conflict of interest.
  - Supervisor oversees the day-to-day operation of internal controls at Branches.
  - Branch Internal Control (BIC) oversees the periodic operation of internal controls at Branches.
  - Regional Office Internal Control (ROIC) oversees the operation of internal controls in the Regional Offices.
  - Internal Control of Specified Working Unit at the Headquarters
oversees the operation of internal control in a specified working unit at the Headquarters.
- Risk Management Working Unit (RMWU), Legal Group, Compliance Working Unit (CWU)
- Internal Audit Division (IAD):
  • Independent of the risk-taking unit.
  • Checking and assessing the adequacy/effectiveness of the internal control system, risk management and corporate governance by implementing the annual audit plan.

c. Compliance with other laws and regulations:
  • BCA has a strong commitment to comply with the prevailing laws and regulations and take steps to improve the shortcomings, if any.
  • BCA has a Compliance Working Unit (CWU) that is independent of operational working unit in carrying out compliance functions.
  • The existence of Monthly Report of Monitoring of Compliance with BCA’s Precautionary Provisions submitted to the Board of Commissioners and the Board of Directors.
  • BCA’s Compliance Risk Management Strategy has the policy to always comply with applicable regulations and take proactive preventive action (ex-ante) in order to minimize the occurrence of violations and curative actions (ex-post) in order to improve the shortcomings.

2. BCA has implemented an effective internal control system which is adjusted to the purpose, business policy, the size and complexity of BCA business activities based on the requirements and procedures as set down in the Bank Indonesia Regulation as well as with reference to best practice through the following actions:
  • There is a determination of reporting lines and a clear separation of functions between the operating working unit and the working unit which carry out control functions.
Control functions carried out by the Risk Management Working Unit (RMWU), Legal Group (LG), Compliance Working Unit (CWU) and the Internal Audit Division (IAD).

- Internal Audit Division (IAD) has carried out independently & objectively a review of BCA the procedures and operational activities periodically. IAD review results are presented in the form of the Audit Reports and Audit Findings Follow-up Reports to the Board of Directors.

- Branch Internal Control (BIC), Regional Office Internal Control (ROIC) and Internal Audit Division (IAD) has conducted evaluation function of the system and procedures the implementation in BCA. The evaluation results of the BIC, the ROIC and IAD shall serve as a benchmark for the level of compliance of the working unit with the systems and procedures in place.

5. Lending to related parties and large exposures

BCA has a policy on lending to the related parties and large exposures, as stipulated in the Credit Provisions Manual. The evaluation and updating of the policies in the Credit Provisions Manual shall be done periodically. The lending to the related parties and large exposures are always undertaken with due observance of the prudent principles and always in compliance with Bank Indonesia regulations or other prevailing laws and regulations, among others concerning the Legal Lending Limit (LLL).

In addition, the Lending to the related parties must also be decided by the Board of Commissioners independently.

Routine reporting of LLL to the Bank Indonesia shall be conducted in a timely manner. Throughout the year of 2013 there were no violations or exceedances of the LLL.

The Lending to the Related Parties and to the Individuals Core and Groups Debtors (large exposure) in BCA during 2013.

<table>
<thead>
<tr>
<th>No.</th>
<th>Lending</th>
<th>Debtor</th>
<th>Nominal (Million Rupiah)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>To the Related Parties</td>
<td>195</td>
<td>2,963,487</td>
</tr>
<tr>
<td>2.</td>
<td>To the Core Debtors</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Individual</td>
<td>50</td>
<td>66,081,139</td>
</tr>
</tbody>
</table>
6. **Strategic plan**

In anticipation of the dynamics of changes in the external environment, BCA always reviews its short, medium and long-terms strategies as outlined in the Bank Strategic Plan in the form of Bank Business Plan (BBP) and Annual Work Plan & Budget (AWPB). The formulation of Bank Strategic Plan is undertaken with reference to the Bank Indonesia Regulation Number: 12/21/PBI/2010 dated October 19, 2010 concerning the Bank Business Plan and the Circular Letter of Bank Indonesia Number: 12/27/DPNP dated October 25, 2010 concerning the Bank Business Plan.

As part of BCA’s policies direction and strategic measures to achieve its vision and mission, BCA has designed and developed a number of business initiatives oriented to meet the evolving customers' needs.

**BCA Strategic Plan in 2014**

Overall, BCA sees the Indonesian economy and banking sector has a solid footing to face any economic slowdown in 2014. BCA supports Bank Indonesia's efforts to manage national loan growth at a sustainable level as well as to maintain the sound banking capital and liquidity.

In the long term, BCA is very optimistic about the prospects for Indonesian economic and banking. The solid economic growth in Indonesia over the past decade has produced a GDP per capita of more than US$ 3,500 accompanied by an increase in the middle class growth, which serve as a magnet for investment flows as well as supports an expanding domestic economy.

With the support of the good capital and liquidity positions, BCA commits to keep making investments in 2014 in order to maintain and increase BCA’s franchise value. BCA will continue to strive to support its customers who have established a good relationship, in meeting the credit needs, transaction needs and fund placement as well as other banking activities.

Strategic priorities in 2014 will remain open to the sustainable development of customer relationships through enhancing payment settlement services, lending, especially for the existing customers and development of new businesses. Lending opportunities and development of new businesses will optimize the superiority of BCA.
as a provider of banking transaction services. The following is a further elaboration of three main business objectives:

- **Enhancing payment settlement services**
  BCA will focus on funding, particularly strengthening the transactional accounts (current and savings accounts) by continuing to improve payment settlement services and developing new transaction related products and services. With regard to the network expansion, BCA will increase the number of branches and banking electronic delivery channels, supported by the increase in the capability and capacity of information technology infrastructure. BCA also continues the process of improving its capabilities in cash management. Amid tight liquidity and rising of interest rates, BCA will keep paying attention and make adjustments to the deposit interest rate required to maintain the position of the third party funds and to achieve a strong and sound liquidity position.

- **Lending**
  BCA will continue to provide lending to all segments with a priority towards business customers who have established good relationships with BCA and has a solid track record. BCA believes that fostering relationships with the customers through consistent lending is a key to maintaining loyalty of the qualified debtors. In the consolidation phase of the credit activity, BCA will continue to review and improve credit infrastructure to support the short-term and long-term interests. Furthermore, streamlining of the credit process will be continued to be made.

- **Development of new businesses**
  BCA also continue to develop new business through its subsidiaries in the field of Sharia Banking, insurance, securities and consumer finance designed to complement BCA’s main business. In 2014, BCA will explore the life insurance business through the establishment of a new subsidiary. Development of new businesses is expected to provide more comprehensive financial solutions to its customers. Faced with the challenges of the current macro-economic, BCA believes that the medium-term strategy will support BCA in strengthening the long-term competitive advantages. BCA
believes that this consistent strategic measure is able to build a quality customers base even with increasing banking competition in Indonesia.

7. **Transparency of financial and non-financial conditions that have not been disclosed in other reports**

Information on BCA’s financial condition has been set forth clearly and transparently in several reports, including as follows:

1. **Annual Report**, among others, including:
   a. Financial highlights including shares performance, the report of the Board of Commissioners, the report of Board of Directors, company profiles, management analysis and discussion on business and financial performance, corporate governance and corporate social responsibility.
   b. Annual Financial Statements that have been audited by the Public Accountants and the Public Accounting Firm registered with the Bank Indonesia. Annual Financial Statements covers a period of 1 (one) Financial Year and presented with a ratio of 1 (one) previous financial year.
   c. Statement of responsibilities of the Board of Commissioners and the Board of Directors regarding the accuracy of the contents of the Annual Report. The statements are set forth in the statement letter which is signed by all members of the Board of Commissioners and all members of the Board of Directors.

2. **Quarterly Published Financial Statement**

BCA has announced a Quarterly Published Financial Statements in accordance with the prevailing regulations. The Published Financial Statement shall be signed by 2 (two) members of the Board of Directors of BCA. The Published Financial Statements shall be announced in 3 (three) daily newspapers, 2 (two) daily newspapers published in Indonesian language and 1 (one) daily newspaper published in English-language, which have a wide circulation in the place of domicile of the BCA Headquarters.

3. **Monthly Published Financial Statement**

BCA prepares and submits a Monthly Financial Statement in the format of Commercial Bank Monthly Report (CBMR) in accordance with the Bank Indonesia regulations. Furthermore, the report shall be used as a basis by the Bank Indonesia to publish monthly financial state-
ments on the website of Bank Indonesia.

Transparency of Non-Financial Conditions

BCA provides clear, accurate and up-to-date information on BCA products. Such information can be easily obtained by the customers, among others in leaflets, brochures or other written forms at each BCA branch offices in locations easily accessible to customers, and/or in the form of electronic information that is provided through hotline service/call center or on the website.

In addition, BCA provides and informs the procedures for customer complaints and the settlement of disputes to the customers in accordance with Bank Indonesia regulations concerning customer complaints and banking mediation.

In connection with the above matters, BCA has taken the following actions:

a. Publicating transparently the financial and non-financial conditions to the stakeholders, including Periodic Financial Statement, LLL Routine Reporting to Bank Indonesia, Quarterly Published Financial Statements, and the same are posted on the BCA’s website in accordance with prevailing regulations.

b. Preparing and presenting a report in a manner, type and scope as stipulated in the Bank Indonesia regulations concerning Transparency of Bank Financial Conditions.

c. Publishing the BCA’s product information in accordance with the Bank Indonesia regulations concerning Transparent Information of Banking Products and Utilization of Customer’s Personal Data.

d. Providing procedures for customer complaints and the settlement of disputes for the customers in accordance with Bank Indonesia regulations concerning Customer Complaints and Banking Mediation.

e. Submitting the Annual Report to Bank Indonesia, regulators and other agencies as required or other agencies deemed necessary to have them.

f. Disclosing the Ownership Structure in the Annual Report and on the BCA’s website.

8. Other Information relating to Corporate Governance

No intervention from the owner in:

- the composition of the members of the Board of Commissioners and the Board of Directors;
- implementation of the duties of the Board of Commissioners and the Board of Directors;

which causes the BCA operations is disrupted that
result in the BCA's profits being reduced and/or causing harm to BCA.

- the composition of the Committees under the Board of Commissioners;
- the implementation of duties of the Committees under the Board of Commissioners;

B. **Share ownership of the members of the Board of Commissioners and the Board of Directors with an equity amount of 5% (five percent) or more than the amount of paid-up capital**, including the type and number of shares in:
   a. BCA;
   b. Other banks;
   c. Non-Bank Financial Institutions; and
   d. Other companies;

domiciled in Indonesia or overseas.

**Share ownership of the members of the Board of Commissioners totaling 5% or more than the amount of paid-up capital**

<table>
<thead>
<tr>
<th>Name</th>
<th>BCA</th>
<th>Other Banks</th>
<th>Non-Bank Financial Institutions</th>
<th>Other companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Djohan Emir Setijono</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>√</td>
</tr>
<tr>
<td>Tonny Kusnadi</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Cyrillus Harinowo</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Raden Pardede</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>√</td>
</tr>
<tr>
<td>Sigit Pramono</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

**Remarks:**

√ = Possessing shares totaling 5% (five percent) or more than the amount of paid up capital
Share ownership of the members of the Board of Directors totaling 5% or more than the amount of paid-up capital

<table>
<thead>
<tr>
<th>Name</th>
<th>Share ownership of the members of the Board of Directors totaling 5% or more than the amount of paid-up capital in</th>
<th>BCA</th>
<th>Other Banks</th>
<th>Non-Bank Financial Institutions</th>
<th>Other companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jahja Setiaatmadja</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>√</td>
</tr>
<tr>
<td>Eugene Keith Galbraith</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dhalia M. Ariotedjo</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Anthony Brent Elam</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Suwignyo Budiman</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Renaldo Hector Barros</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Henry Koenaifi</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tan Ho Hien/Subur Tan</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Armand W. Hartono</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>√</td>
</tr>
<tr>
<td>Erwan Yuris Ang</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Remarks:
√ = Possessing shares totaling 5% (five percent) or more than the amount of paid up capital

C. Financial relationship and family relationships of members of the Board of Commissioners and the Board of Directors with other members of the Board of Commissioners, other members of the Board of Directors and/or Controlling Shareholders

All members of the Board of Commissioners of BCA have no family relationship to the second degree and financial relationships with fellow members of the Board of Commissioners, the members of the Board of Directors and the controlling shareholders.

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Family Relations to the Second Degree with:</th>
<th>Financial Relation with:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Board of Commissioners</td>
<td>Board of Directors</td>
</tr>
<tr>
<td>Djohan Emir Setijono</td>
<td>President Commissioner</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Tonny Kusnadi</td>
<td>Commissioner</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Cyrilus Harinowo</td>
<td>Independent Commissioner</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Raden Pardede</td>
<td>Independent Commissioner</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Sigit Pramono</td>
<td>Independent Commissioner</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

All members of the Board of Directors do not have the financial, management, shares ownership and family relationships with other members of the Board of Commissioners and other members of the Board of Directors. The majority of the members of the Board of Directors do not have financial, management, shares ownership and
family relationship with the Controlling Shareholders or relationship with BCA that may affect their ability to act independently. The President Director shall be appointed from an independent party against the Controlling Shareholder.

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Family Relations to the Second Degree with:</th>
<th>Financial Relation with:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Board of Commissioners</td>
<td>Board of Directors</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Jahja Setiaatmadja</td>
<td>President Director</td>
<td>-</td>
<td>✓</td>
</tr>
<tr>
<td>Eugene Keith Galbraith</td>
<td>Vice President Director</td>
<td>-</td>
<td>✓</td>
</tr>
<tr>
<td>Dhalia M. Ariotedjo</td>
<td>Director</td>
<td>-</td>
<td>✓</td>
</tr>
<tr>
<td>Anthony Brent Elam</td>
<td>Director</td>
<td>-</td>
<td>✓</td>
</tr>
<tr>
<td>Suwignyo Budiman</td>
<td>Director</td>
<td>-</td>
<td>✓</td>
</tr>
<tr>
<td>Renaldo Hector Barros</td>
<td>Director</td>
<td>-</td>
<td>✓</td>
</tr>
<tr>
<td>Henry Koenaiji</td>
<td>Director</td>
<td>-</td>
<td>✓</td>
</tr>
<tr>
<td>Tan Ho Hien/Subur Tan</td>
<td>Director</td>
<td>-</td>
<td>✓</td>
</tr>
<tr>
<td>Armand Wahyudi Hartono</td>
<td>Director</td>
<td>-</td>
<td>✓</td>
</tr>
<tr>
<td>Erwan Yuris Ang</td>
<td>Director</td>
<td>-</td>
<td>✓</td>
</tr>
</tbody>
</table>

D. Remuneration package/policy and other facilities for the Board of Commissioners and the Board of Directors

Remuneration structure that shows the components of remuneration and the nominal amount per components for all members of the Board of Commissioners for 2013

<table>
<thead>
<tr>
<th>Type of Remuneration and other facilities</th>
<th>Amount Received in 1 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>THE BOARD OF COMMISSIONERS</td>
</tr>
<tr>
<td></td>
<td>Person</td>
</tr>
<tr>
<td>1. Remuneration (salary, bonus, routine allowance, tantiem and other non-natura facilities)</td>
<td>5</td>
</tr>
<tr>
<td>2. Other form of facilities (in kind):</td>
<td></td>
</tr>
<tr>
<td>a. Business Travel Allowance</td>
<td>4</td>
</tr>
<tr>
<td>b. Health Benefits</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>61,241.06</td>
</tr>
</tbody>
</table>

The amount of remuneration for each member of the Board of Commissioners for one year is in excess of IDR 2 billion received in cash during 2013.
Remuneration structure that shows the components of remuneration and the nominal amount per components for all members of the Board of Directors for 2013

<table>
<thead>
<tr>
<th>Type of Remuneration and other facilities</th>
<th>THE BOARD OF DIRECTORS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Person</td>
</tr>
<tr>
<td>1. Remuneration (salary, bonus, routine allowance, tantiem and other non-natura facilities)</td>
<td>10</td>
</tr>
<tr>
<td>2. Other form of facilities (in kind):</td>
<td></td>
</tr>
<tr>
<td>a. Business Travel Allowance</td>
<td>10</td>
</tr>
<tr>
<td>b. Health Benefits</td>
<td>10</td>
</tr>
<tr>
<td>c. Health Club Membership</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
</tr>
</tbody>
</table>

The amount of remuneration for each member of the Board of Directors for one year is in excess of IDR 2 billion received in cash during 2013.

E. **Share Options**

In 2013, BCA did not have a Share Option Program.

F. **Highest to lowest salary ratios**

The definition of employee salary is the rights received and expressed in the form of money as compensation from BCA as the employer to the employees as determined and paid according to the employment contract, agreements, or laws and regulations, including allowances for employees and their families for a job and/or services that have been conducted. The following is the highest and lowest salary ratio in comparison scale.

<table>
<thead>
<tr>
<th>Ratio</th>
<th>Comparison Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio of highest and lowest salaries of employees</td>
<td>47.52</td>
</tr>
<tr>
<td>Ratio of highest and lowest salaries of Directors</td>
<td>2.19</td>
</tr>
<tr>
<td>Ratio of highest and lowest salaries of Commissioners</td>
<td>1.63</td>
</tr>
<tr>
<td>Ratio of highest salaries of Director and employees</td>
<td>4.87</td>
</tr>
</tbody>
</table>

Salaries that are comparable in salary ratio as referred to above is the consideration received by the members of the Boards of Commissioners, the members of the Board of Directors and employees per month. The definition of employee is a regular employee of BCA.

G. **Frequency of the Board of Commissioners Meetings, the Board of Directors Meetings and Joint Meetings between the Board of Commissioners and the Board of Directors.**

The Board of Commissioners meeting schedule was set at the beginning of the year. Throughout 2013, the Board of Commissioners held 49 (forty nine) meetings. BCA
has complied with Bank Indonesia regulations regarding minimum mandatory Board of Commissioners Meetings of 4 (four) times a year, with physical attendance by at least 2 (two) times a year.
The decision shall be made through consensus agreement. In the event consensus agreement is not reached, the decision shall be made based on majority vote.
All decisions made in the Board of Commissioners Meetings shall be binding. Dissenting opinions that occur in the Board of Commissioners meetings shall be clearly stated in the minutes of meeting along with the reasons thereof.

**Frequency of the Board of Commissioners Meetings and Attendance of the Members of the Board of Commissioners for 2013**

<table>
<thead>
<tr>
<th>Name</th>
<th>Total Meetings</th>
<th>Attendance</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Djohan Emir Setijono</td>
<td>49</td>
<td>46</td>
<td>94%</td>
</tr>
<tr>
<td>Tonny Kusnadi</td>
<td>49</td>
<td>44</td>
<td>90%</td>
</tr>
<tr>
<td>Cyrrillus Harinowo</td>
<td>49</td>
<td>45</td>
<td>92%</td>
</tr>
<tr>
<td>Raden Pardeed</td>
<td>49</td>
<td>42</td>
<td>86%</td>
</tr>
<tr>
<td>Sigit Pramono</td>
<td>49</td>
<td>41</td>
<td>84%</td>
</tr>
</tbody>
</table>

**Board of Directors Meetings**
The Board of Directors meeting schedule was set at the beginning of the year. Throughout 2013, the Board of Directors held 43 (forty three) meetings.
The decision shall be made through consensus agreement. In the event consensus agreement is not reached, the decision shall be made based on majority vote.
All decisions made in the Board of Directors Meetings shall be binding. Dissenting opinions that occur in the Board of Directors meetings shall be clearly stated in the minutes of meeting along with the reasons thereof.

**Frequency of the Board of Directors Meetings and Attendance of the Members of the Board of Directors for 2013**

<table>
<thead>
<tr>
<th>Name</th>
<th>Total Meetings</th>
<th>Attendance</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jahja Setiaatmadja</td>
<td>43</td>
<td>39</td>
<td>91%</td>
</tr>
<tr>
<td>Eugene Keith Galbraith</td>
<td>43</td>
<td>31</td>
<td>72%</td>
</tr>
<tr>
<td>Dhalia M. Ariotedjo</td>
<td>43</td>
<td>35</td>
<td>81%</td>
</tr>
<tr>
<td>Anthony Brent Elam</td>
<td>43</td>
<td>35</td>
<td>81%</td>
</tr>
<tr>
<td>Suwignyo Budiman</td>
<td>43</td>
<td>33</td>
<td>77%</td>
</tr>
<tr>
<td>Tan Ho Hien/Subur Tan</td>
<td>43</td>
<td>35</td>
<td>81%</td>
</tr>
<tr>
<td>Renaldo Hector Barros</td>
<td>43</td>
<td>35</td>
<td>81%</td>
</tr>
<tr>
<td>Henry Koenaiifi</td>
<td>43</td>
<td>34</td>
<td>79%</td>
</tr>
<tr>
<td>Armand W. Hartono</td>
<td>43</td>
<td>30</td>
<td>70%</td>
</tr>
<tr>
<td>Erwan Yuri Ang</td>
<td>43</td>
<td>31</td>
<td>72%</td>
</tr>
</tbody>
</table>
Frequency of the Joint Meetings between the Board of Commissioners and the Board of Directors and the Attendance of the Members of the Board of Commissioners in the Joint Meetings for 2013

<table>
<thead>
<tr>
<th>Name</th>
<th>Total Meetings</th>
<th>Attendance</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Djohan Emir Setijono</td>
<td>20</td>
<td>18</td>
<td>90%</td>
</tr>
<tr>
<td>Tonny Kusnadi</td>
<td>20</td>
<td>18</td>
<td>90%</td>
</tr>
<tr>
<td>Cyrillus Harinowo</td>
<td>20</td>
<td>16</td>
<td>80%</td>
</tr>
<tr>
<td>Raden Pardeke</td>
<td>20</td>
<td>14</td>
<td>70%</td>
</tr>
<tr>
<td>Sigit Pramono</td>
<td>20</td>
<td>19</td>
<td>95%</td>
</tr>
</tbody>
</table>

Frequency of the Joint Meetings between the Board of Commissioners and the Board of Directors and the Attendance of the Members of the Board of Directors in the Joint Meetings for 2013

<table>
<thead>
<tr>
<th>Name</th>
<th>Total Meetings</th>
<th>Attendance</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jahja Setiaatmadja</td>
<td>20</td>
<td>17</td>
<td>85%</td>
</tr>
<tr>
<td>Eugene Keith Galbraith</td>
<td>20</td>
<td>16</td>
<td>80%</td>
</tr>
<tr>
<td>Dhalia M. Ariotedjo</td>
<td>20</td>
<td>17</td>
<td>85%</td>
</tr>
<tr>
<td>Anthony Brent Elam</td>
<td>20</td>
<td>19</td>
<td>95%</td>
</tr>
<tr>
<td>Suwignyo Budiman</td>
<td>20</td>
<td>16</td>
<td>80%</td>
</tr>
<tr>
<td>Tan Ho Hien/Subur Tan</td>
<td>20</td>
<td>14</td>
<td>70%</td>
</tr>
<tr>
<td>Renaldo Hector Barros</td>
<td>20</td>
<td>12</td>
<td>60%</td>
</tr>
<tr>
<td>Henry Koenaiji</td>
<td>20</td>
<td>13</td>
<td>65%</td>
</tr>
<tr>
<td>Armand W. Hartono</td>
<td>20</td>
<td>15</td>
<td>75%</td>
</tr>
<tr>
<td>Erwan Yuris Ang</td>
<td>20</td>
<td>14</td>
<td>70%</td>
</tr>
</tbody>
</table>

H. Internal Fraud

Internal fraud is defined as a violation/fraud committed by the management, regular employees and non-regular employees with regards to a work process or operational activity of BCA.

Throughout 2013, there were internal fraud cases with a nominal amount each above IDR 100 million (one hundred million rupiah), i.e. 2 (two) internal fraud cases committed by regular employees and such cases have been resolved. 1 (one) internal fraud case committed by non-regular employee and such case has been followed up through legal process.

<table>
<thead>
<tr>
<th>Internal fraud in 1 Year</th>
<th>number of fraud Cases committed by:</th>
<th>Management</th>
<th>Regular Employees</th>
<th>Non-Regular Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Previous Year</td>
<td>Current Year</td>
<td>Previous Year</td>
</tr>
<tr>
<td>Total Found</td>
<td></td>
<td>-</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Resolved</td>
<td></td>
<td>-</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Under the Resolution</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Process in Internal BCA</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>The resolution of which</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
I. Legal Issues

Civil and criminal cases with a value of more than IDR 100,000,000 (One hundred million Rupiah) which have been settled (had has permanent legal force) and which are still under the process of settlement as of December 31, 2013 are detailed below:

<table>
<thead>
<tr>
<th>Legal Issues</th>
<th>Civil Cases</th>
<th>Criminal Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have been settled (had has permanent legal force)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• IDR 101 million – IDR 500 million</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>• Above IDR 500 million</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2</strong></td>
<td><strong>0</strong></td>
</tr>
<tr>
<td>Under the Process of Settlement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• IDR 101 million – IDR 500 million</td>
<td>47</td>
<td>1</td>
</tr>
<tr>
<td>• Above IDR 500 million</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>49</strong></td>
<td><strong>2</strong></td>
</tr>
<tr>
<td><strong>Total Cases</strong></td>
<td><strong>51</strong></td>
<td><strong>2</strong></td>
</tr>
</tbody>
</table>

Throughout 2013, there were no significant cases faced by BCA, subsidiaries of BCA, the members of the Board of Commissioners and the members of the Board of Directors who served during the period of this Annual Report, so that there was no adverse impact on BCA’s financial conditions.

Throughout 2013, there were no material administrative sanctions, imposed by the relevant Authorities (Bank Indonesia, the Financial Services Authority and other agencies) on BCA, on the members of the Board of Commissioners and the members of the Board of Directors.

J. Transactions with Conflict of Interest

BCA is committed to ensuring that all transactions with potential conflict of interest are resolved in accordance with the provisions of applicable laws and regulations, among others, Bank Indonesia Regulations and Bapepam-LK Regulations.

BCA has an internal policy whereby all members of the Board of Commissioners and members of the Board of Directors, and Echelon 1 (S1) officers up to Echelon 5 (S5) officers shall prepare an annual disclosure report describing all conditions or situations that may lead to a conflict of interest and such reports are updated annually. There were no transactions with conflict of interest in 2013.

K. Share Buy Back and/or Bond Buy Back

In 2013, there were no corporate actions of share buy back conducted by BCA.
L. Donation for Social Activities and/or Political Activities during the Reporting Period

BCA actively contributes to the improvement of public welfare and environmental condition through various corporate social responsibility activities. Under the 'Bakti BCA' program, social activities are focused in the area of education and health especially for people who need them.

Overall, BCA’s Social Activity Program during 2013 focused on several activities, among others:

1. **Education Sector**, consists of:
   a. Non degree Accounting Education Program.
   b. *Bakti BCA* Internship.
   c. *Bakti BCA*.
   d. Partnership with educational institutions.
   e. Integrated *Bakti BCA*.
   f. Banking educations and donations to other educational institutions.

2. **Cultural Sector**, including:
   a. *BCA* for Wayang Indonesia.
   b. Partnership with charitable organizations.

3. **Health Sector**, including:
   a. Cataract Surgery Services – *Bakti BCA*.
   b. Blood Donor – *Bakti BCA*.
   c. Partnership of Health Services – *Bakti BCA*.
   d. Assistance – *Bakti BCA*.
   e. Sports.

4. **Environmental Conservation Sector**

5. **Participation in other social institutions**, in the form of donations or contributions to Social Institutions and in the form of Donations to Natural Disaster Victims.

Total funds disbursed for social activities conducted by BCA during 2013 is IDR 42,032,045,269.- (forty two billion thirty two million forty five thousand two hundred sixty nine Rupiahs)

As in the previous years, during 2013 BCA never made the provision of funds for political activities.

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_I, Manimbul Luhut Sitorus, certified, authorized and sworn translator, appointed by virtue of the Decree of the Governor of Jakarta Special Capital Region number 5226/1998 SK GUB DKI, dated June 17, 1998, hereby certify that to the best of my_
ability this translation is correct and true to the document written in the Indonesian language which was submitted to me. Jakarta, July 8, 2014.