GOOD CORPORATE GOVERNANCE IMPLEMENTATION REPORT

PT BANK CENTRAL ASIA Tbk

YEAR OF 2014


The GCG Implementation Report of BCA for 2014 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, 2014, 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, 2014 under the deed of Minutes of Annual General Meeting of Shareholders of BCA Number: 80 dated August 14, 2014 is as follows:
Number, composition, criteria and independency of the members of the Board of Directors

As of December 31, 2014, 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, 2014 under the deed of Minutes of Annual General Meeting of Shareholders of BCA No. 80 dated August 14, 2014 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>Henry Koenaiifi</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 Yuris Ang</td>
</tr>
<tr>
<td>Independent Director</td>
<td>Rudy Susanto</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.

**Independency 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.

**Independency 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 the internal audit function at each management level and following up Internal Audit findings in accordance with the policies
4. Submitting the 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 the Annual Report and other financial documents of the company as referred to in the prevailing laws and regulations.

8. Following up the audit findings and recommendations of the External Auditors, and the results of monitoring activities by the Financial Services Authority, Bank Indonesia and/or other authorities, including but not limited to the Indonesia Stock Exchange.

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. Implementation of Duties of the Board of Commissioners/Recommendations of Board of Commissioners

One of the duties and responsibilities of the Board of Commissioners is to provide advice to the Board of Directors for the benefit of the Company in accordance with the purposes and objectives of the Company.

In 2014, the advice and recommendations provided by the Board of Commissioners to the Board of Directors included:

1. Relating to Business Management in general:
   a. 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 integrated risk control that is both effective and efficient while being in line with the prevailing rules and regulations.
   b. Given the economic development at home and abroad that is not very conducive, the implementation of the program/business objectives carried in the Bank’s Business Plan and Annual Budget Plan shall consider the prudential banking and compliance aspects, and socialize this to all branches and business units.
   c. Capitalization will increasingly become a challenge in the coming years so good capital planning is required.

2. Relating to Risk Management:
   a. Credit Risk
      - A risk of high concentration of one group/specific industry in lending should be avoided.
      - In relation with the fluctuating Rupiah exchange rate, foreign currency loans must be monitored and reviewed if necessary.
b. Market Risk
In relation with the exchange rate fluctuations associated with the weakening of the Rupiah against the USD, Treasury shall manage the risk of the exchange rate and maintain the Net Open Position (NOP) of BCA at a solid position.

c. Liquidity Risk
Taking into account the tightening liquidity conditions, competition in getting the third party funds, as well as the high demand for credit, BCA’s secondary reserves has to be adequate and LDR must be maintained at a predetermined range.

d. Operational Risk
In terms of operational risk, the security of information technology requires special attention in order to maintain BCA’s excellence in transactional banking.

e. Reputation Risk
In the increasing light of interactive communication by the public through social media and BCA’s role as a transaction bank, the monitoring and provision of a timely response is a must.

f. Strategic Risk
- It is necessary to develop a lean organization concept and planning for the availability of competent human resources in accordance with the requirements of BCA.
- Anticipating the decline in the net interest margin of banks in the future, a fee-based income strategy should be prepared.

3. Relating to Audit and Compliance:
  a. A risk based approach becomes important to Internal Audit when conducting an assessment/audit function so that the Internal Audit
is able to be more focused on high-risk problems or business units.
b. Regulatory compliance needs to get special attention from all functions and levels, not only in terms of internal control and internal audit, but in order to mitigate starting from the front line.

2. Completeness and performance of duties of the Committees

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

- The Audit Committee comprises of 3 (three) members, which consists of:
  - a Chairman 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, 2014 is as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
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</thead>
<tbody>
<tr>
<td>Sigit Pramono</td>
<td>Chairman (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 business relationship with BCA, which may affect their ability to act independently.
Structure, membership, expertise and independence of the members of Risk Oversight Committee

- The Risk Oversight Committee comprises of 3 (three) members, which consists of:
  - a Chairman 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 financial risk management and the other one is an expert in financial and information technology risk.
- Composition of the members of the Risk Oversight Committee as of December 31 2014, as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cyrillus Harinowo</td>
<td>Chairman (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>

- Mr. Andreas E. Susetyo resigned as member of Risk Oversight Committee effectively starting 1 January 2015.
- Mr. Wimpie Rianto effectively has become a member of Risk Oversight Committee starting 1 February 2015

- 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 business 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 Chairman 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 the Remuneration and Nomination Committee as of 31 December 2014, is as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
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</thead>
<tbody>
<tr>
<td>Raden Pardede</td>
<td>Chairman (concurrently as Independent Commissioner)</td>
</tr>
<tr>
<td>Djohan 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 systems and/or nominations as well as of 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 business 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 audits as well as monitoring the follow-up actions of audit findings in order to assess the adequacy of internal controls, including the adequacy of the financial reporting process.
2. In order to carry out the above-stated duties and to provide recommendations to the Board of Commissioners, the Audit Committee conducts monitoring and evaluation on:
   a. The implementation of duties by the Internal Audit Division (DAI).
   b. The compliance of audit implementation by the Public Accountant Firm to the applicable auditing standards.
   c. The compliance of Financial Statements with the prevailing 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 DAI, Public Accountants and Financial Service Authority supervision results.

3. Reviewing other financial information that will be issued by BCA to the public and/or to the Regulator documents such as projections, and other reports relating to the financial information of BCA.

4. Reviewing the compliance of BCA with the laws and regulations in the field of banking, Capital Markets 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 the Public Accountant Firm based on the independency, the scope of assignment, and the fee to be submitted to a General Meeting of Share-holders.

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 making recommendations to the Board of Commissioners in order to improve oversight in implementation of tasks and responsibilities in risk management and to ensure that risk management policies are properly implemented.

2. In regard with the process to provide recommendation, the Risk Oversight Committee should:
   a. Evaluate the consistency between risk management policies and implementation.
   b. Monitor and evaluate the Risk Management Committee and the Risk Management Unit.

Duties and Responsibilities of the Remuneration and Nomination Committee:

1. To evaluate the remuneration and nomination policies of BCA.

2. To give recommendations to the Board of Commissioners on:
   a. Remuneration policy for the Board of Commissioners and Board of Directors to be submitted to the General Meeting of Shareholders of BCA.
   b. Remuneration policy for all Executive Officers and employees to be delivered by the Board of Commissioners to the Board of Directors.

3. To develop and recommend election systems and procedures and/or replacement of members of the Board of Commissioners and the Board of Directors to the Board of
Commissioners, to be further submitted to the AGM.

4. To ensure that the remuneration policies of BCA are in compliance with the prevailing legislation.

5. To advise the Board of Commissioners regarding prospective members of the Board of Commissioners and/or prospective members of the Board of Directors to be submitted to the AGM.

6. To recommend independent parties as prospective members of the Audit Committee and the Risk Oversight Committee to the Board of Commissioners.

7. To assess the feasibility of the facilities policy provided to the Board of Commissioners and Board of Directors.

8. To carry out other duties assigned by the Board of Commissioners regarding remuneration and nomination in accordance with the applicable regulations.

9. To report the results of assessments and recommendations with respect to the duties of the Remuneration and Nomination Committee to the Board of Commissioners when required.

c. Frequency of the Audit Committee meeting

The Audit Committee holds at least 4 (four) meetings in one year as stipulated in the Audit Committee Charter and Code of Conduct. During 2014, the Audit Committee held 26 (twenty six) meetings.

Minutes of meetings are prepared for each Audit Committee Meeting, describing the date of meeting, attendance of the Audit Committee members, meeting agenda, and meeting materials. Results of the Audit Committee meeting are always documented orderly and properly.
Attendance of the members of the Audit Committee at the Audit Committee meetings during the year 2014 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>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 Risk Oversight Committee Charter and Code of Conduct of the Risk Oversight Committee. Throughout 2014, the Risk Oversight Committee held 9 (nine) 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.

Attendance of the members of the Risk Oversight Committee at the Risk Oversight Committee meetings during the year 2014 was as follows:

<table>
<thead>
<tr>
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<th>Attendance</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Cyrillus Harinowo</td>
<td>9</td>
<td>9</td>
<td>100%</td>
</tr>
<tr>
<td>Endang Swasthika Wibowo</td>
<td>9</td>
<td>9</td>
<td>100%</td>
</tr>
<tr>
<td>Andreas E. Susetyo</td>
<td>9</td>
<td>7</td>
<td>78%</td>
</tr>
</tbody>
</table>
Frequency of the Remuneration and Nomination Committee meeting

The Remuneration and Nomination Committee holds meetings in accordance with BCA requirements, at least 1 (one) time a year as stipulated in the Guidelines and Code of Conduct of the Remuneration and Nomination Committee. During 2014, the Remuneration and Nomination Committee held 7 (seven) 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, 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.

Attendance of the members of the Remuneration and Nomination Committee at the Remuneration and Nomination Committee meetings during the year 2014 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>Raden Pardede</td>
<td>7</td>
<td>7</td>
<td>100%</td>
</tr>
<tr>
<td>Djohan Emir</td>
<td>7</td>
<td>7</td>
<td>100%</td>
</tr>
<tr>
<td>Setijoso</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lianawaty Suwono</td>
<td>7</td>
<td>7</td>
<td>100%</td>
</tr>
</tbody>
</table>


d. Reports on the Implementation of Audit Committee Work Program in 2014

1. Conducted meetings with the KAP Siddharta & Widjaja (now Siddharta Widjaja & Rekan), a member firm of KPMG International, to discuss the final audit results of BCA’s Financial Statement for the 2013 fiscal year and its Management Letter.

2. Evaluated and approved the proposal for extending the contract with KAP Siddharta & Widjaja (now Siddharta Widjaja & Rekan), a member firm of KPMG International, which is affiliated with KPMG International in a Business Review Business Support Brief
Letter to Shareholders and recommended it to the Board of Commissioners to perform the audit the BCA Financial Statements for financial year 2014.

3. Conducted meetings with KAP Siddharta & Widjaja (now Siddharta Widjaja & Rekan), a member firm of KPMG International, to discuss the plan and scope of the audit of BCA’s Financial Statements for the 2014 fiscal year.

4. Conducted meetings with the Division of Finance and Planning to review the Financial Statements of BCA which will be published every quarter.

5. Assessed the analysis of financial realization against budget.

6. Conducted 8 (eight) 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 results deemed significant.

7. Conducted 6 (six) visits to the Branch Office and Subsidiaries to attend internal audit exit meetings.

8. Reviewed reports of internal audit results (over 187 reports) and monitored follow-ups.

9. Assessed BCA compliance with prevailing legislation provisions in the field of banking through a review of the reports of compliance to the prudent banking principles as reported every quarter.

10. Assessed credit portfolio reports issued every semester.

11. Monitored the risk management implementation through quarterly reports of BCA’s Risk Profile and monthly reports of the Operation Risk Management Information System (ORMIS).

12. Conducted discussions with related units to evaluate operational risk and internal control activities in strategic work units: Funding and Service Development, Wealth Management, Finance and Corporate Planning, and Credit Services in order to provide an opinion to the Board of Commissioners regarding the adequacy of
mitigation efforts for the various existing risks.

13. Conducted studies on:
   a. Results of the inspection conducted by the Financial Services Authority and follow-up actions.

14. Reported the results of reviews and routine evaluations to the Board of Commissioners on aspects such as governance, risk management, compliance and internal control on a quarterly basis.

15. Attended the GMS, Analyst Meetings, and BCA National Work Meetings in order to monitor the implementation of GCG.

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

In 2014, the Risk Oversight Committee’s work program was as follows:

1. Conducted:
   a. Monitoring of risk by reviewing and evaluating risk reports prepared by the risk control units. The Risk Oversight Committee gives opinions and recommendation in writing and can request further clarification or explanations through special meetings to discuss the topic.
   b. Reviewing the Quarterly Stress Test results.
   c. Monitoring of risks profile by a risk dashboard report to comply with the regulation.
   d. Reporting the progress of monitoring duties to the Board of Commissioners quarterly.

2. Conducted special monitoring on:
   a. Operational risks, particularly the risk of Information Technology (IT) to ensure that operational risks are under control implementation of Business Continuity Plan (BCP) and Crisis Management Protocol.
b. Analysis the stress test specifically on the aspects of:
   • Liquidity risk based on various macro indicators scenarios and testing the resistance of liquidity reserves;
   • Credit risk including consumer credit, SME and Corporate credit;
   • Capital allocation and reserves to support economic conditions.
3. Evaluated the implementation of good corporate governance by reviewing the risk management documents of SKMR and the Risk Management Committee.
4. Provided recommendation to the Board of Commissioners on the implementation and development of the risk management process regarding:
   b. Consumer Credit Risk on a national level.
   c. The targets of the SME credit program, by regulator corresponding with economic conditions and potential.
   d. The Implementation of integrated risk management and assessment mechanisms.
5. Ensured that BCA has an excellent infrastructure for controlling risk, therefore the evaluation are conducted by:
   a. Reviewing the rules and guidelines for risk management.
   b. Evaluating the risk methods, indicators and measurement.
6. Ensuring implementation of GCG by attending the General Meeting of Shareholders, Analyst Meetings and the Annual National Work Meeting.

Work Program of the Remuneration and Nomination Committee and the realization thereof

1. In order to prepare the executives of BCA to gain a complete knowledge and experience as officials at the Head Office or Branch Office(s), plans for several knowledge-enriching and cross-function placements have been run. The rotation of officials from the Head to
Branch Offices and vice versa has been implemented at several levels. The Committee emphasizes the importance of supervising the execution of enrichment programs for more specialized work functions in Head Office with the aim of equipping Head Office officials with knowledge of actual conditions at Branch Offices so that when they return to their original posts they will have a better understanding of the needs of Branch Offices. Officials are then expected to make decisions, design systems and products, and carry out other duties that fulfill the needs of Branch Offices and customers more effectively.

2. Recommended to the Board of Commissioners the distribution of the tantiem of financial year 2013 to all members of the Board of Commissioners and management who held office during the 2013 financial year so that it may be delivered by the Board of Commissioners during the Annual General Meeting of Shareholders on 07 April 2014 for approval.

3. Recommended to the Board of Commissioners the nomination of a new member to the Board of Directors, Mr. Rudy Susanto, to be delivered during the Annual General Meeting of Shareholders on 07 April 2014 for approval.

4. Recommended to the Board of Commissioners a remuneration package for the Boards of Commissioners and Directors for the term of office of 2 (two) years, from 2014 to 2016, in accordance with decisions reached during the Annual General Meeting of Shareholders PT Bank Central Asia on 12 May 2011 regarding the appointment of Boards of Commissioners and Directors members for the 2011-2014 period and the GMS and Extraordinary GMS decisions on 16 May 2012 regarding the change in term of office for members of the Boards of Commissioners and Directors from 3 (three) years to 5 (five) years, from 2011 to 2016.

5. Recommended to the Board of Commissioners the granting of a remuneration package to
Mr. Renaldo Hector Barros for the term of office from January 2014 to May 2014 in accordance to GMS Decision on 07 April 2014 which approved the resignation of Mr. Renaldo Hector Barros, effective on 1 June 2014.

6. The Talent Mapping process as a part of the Talent Management process must always be consistent with the Company’s business strategy. This must be reflected in the manpower planning process, which is the basis for recruitment and employee development strategies that are appropriate for business needs. The Talent Mapping process observes and records the work and potential of individuals in order to provide employees with placements and developments that suit their skills while still prioritizing the business needs of the Company. The aim of talent mapping is to place “the right talent in the right place at the right time” in order to produce optimal results for the Company’s progress. The Committee recommended that the Board of Commissioners carries out the Direction Panel consistently each year, keeping in mind that one of the sources of nominations for members of the Boards of Directors and Commissioners are from the internal officials of the Company.

7. In relation to Mr. Andreas Eddy Susetyo’s resignation as a member of the Risk Oversight Committee as of 1 January 2015, the Remuneration and Nomination Committee recommended Mr. Wimpie Rianto as a Risk Oversight Committee member, replacing Mr. Andreas Eddy Susetyo.


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

Implementation of compliance function
Given that the Bank is in an industry regulate an closely monitored, as well as the increasing complexity of the banking business, major
impacts from risk exposure are faced by banks one of which is compliance risk. To manage an mitigate compliance risk, BCA has appointed one of the members of the Board of Director as the Director in charge of the compliance function. The Compliance Unit has been formed to assist the Director in charge of the compliance function.

The position of the Compliance Unit is equivalent to Divisions within the Head Office and is directly responsible to the Director in charge of the compliance function. The Compliance Unit is independent and free from the influence of other working units, as well as having direct access to the Director in charge of the compliance function. The Compliance Unit is responsible for the implementation of the compliance function as well as function as well for the implementation of provisions related to Anti-Money Laundering and Combating the Financing of Terrorism.

In order to ensure the implementation of the compliance function of BCA, the Board of Commissioners and Board of Directors conduct active monitoring of compliance. The active monitoring is conducted in the form of, among others, approval of policies and procedures, periodic reporting, demand of explanations, and meetings.

Compliance Activities during 2014

- Undertook measures to encourage the creation of Compliance Culture, among others:
  - Conducted socialization of regulations;
  - Implemented consultative functions related to the implementation of then applicable regulations;
  - Provided information on OJK and Bank Indonesia regulations, as well as other laws in the BCA portal site that can be accessed by employees;
  - Ensured the adjustment of internal regulations with the applicable regulations.
• Performed gap analysis and the impact of new provisions to the operations of BCA and the adjustment of manual as well as necessary internal policies and procedures.
• Performed compliance risk assessment and prepared quarterly compliance risk profile reports in order to minimize compliance risk.
• Conducted review and provide opinion on new products and activities plan to ensure that the new products and activities that will be produced in accordance with the applicable regulations.
• Approved the draft of internal regulations to be published.
• Assessed the compliance of corporate credit release.
• Tested the compliance of the implementation of the provisions in the branch offices, in cooperation with the Branch Internal Supervisor.
• Followed-up BCA’s commitment to the OJK, Bank Indonesia and other regulators.
• Performed coordination in order to assess the Risk-based Bank Health Level.

Activities Related to the Application of Anti-Money Laundering and Prevention of Terrorism Financing (APU and PPT)

• Updated the Manual of Credit Card provisions related AML and PTF.
• Conducted review on the new products and activities plan to ensure compliance to the AML and PTF regulations.
• Monitored suspicious financial transactions using the Suspicious Transaction Identification Model (STIM) application.
• Reported suspicious financial transactions, cash transactions and financial transactions abroad to the Center of Financial Transaction Reports and Analysis Center (PPATK).
• Coordinated the implementation of customer data updating through the formulation of target and monitoring of the realization of the target.
• Completed the system to filter money transfer transactions which is part of the upgrading of the STIM application.
• Renewed OFAC List and UN List as terrorist database to filter customers and transactions.
• Conducted training and socialization of AML and PTF on an ongoing basis.
• Developed e-learning materials on the application of AML and PTF.
• Published a comic book on AML and PTF distributed to all branch offices as part of an effort to socialize.
• Tested the compliance on the application of AML and PTF in the branch offices in cooperation with the Branch Internal Supervisors.

Indicators of Compliance
Compliance indicators in 2014 are reported as:
• Capital Adequacy Ratio (CAR) including credit risk, market risk and operational risk was 16.88%, above the prevailing Bank Indonesia regulation of a minimum CAR of between 9% and less than 10% (CAR based on BCA’s risk profile which is ranked as 2).
• NPL ratio (net) of 0.22%, well below the maximum allowed by Bank Indonesia regulation of 5%.
• The Bank did not exceed nor violate the Legal Lending Limit (LLL), either to related parties or to business groups.
• Accounted for Rupiah Account Mandatory Minimum (GWM) primary reserve of 8.36% and Secondary reserves of 20.74%, in conformity with the provisions of the Bank regarding primary Rupiah reserves.
• Foreign Currency Account Mandatory Minimum reserve of (GWM) 8.60%, in conformity with the provisions for a Foreign Exchange Bank for required reserve levels.
• Net Open Position (NOP) at 0.55%, within the Bank Indonesia regulation of 20% of capital.
• All commitments to the Financial Services Authority, Bank Indonesia and other supervising authorities were well fulfilled.

Implementation of internal audit function
The Internal Audit Division was established to generate value and improve the operations of BCA through independent and objective
evaluation of various aspect, of the operation of the Bank and consulting activities.

In performing its function, the Internal Audit Division evaluates the adequacy and effectiveness of risk management, internal control, and governance processes, and provides consulting services to BCA internal parties in need.

Duties and Responsibilities of the Internal Audit Division

1. Develop and implement a risk-based annual audit plan and report the realization of the plan.
2. Test and evaluate the risk management, internal control, and governance to assess its adequacy and effectiveness.
3. Carry out credit quality assessment.
4. Provide recommendations for improvements and objective information on the activities examined.
5. Carry out special investigations/examinations upon request of the Board of Commissioners, Audit Committee, Board of Directors, work units or based on specific indications.
6. Monitor, analyze and report the implementation of follow-up by auditors based on the audit result recommendations.
7. Act as a consultant for BCA internal parties, especially concerning the internal audit scope of duties.
8. Compile a program to evaluate the quality of internal audit activities.

Implementation Standards

Activities of the Internal Audit Division are guided by the Internal Audit Division Work Manual and the Internal Audit Charter as set forth in Directors Decision No. 074A/SK/DIR/2012 dated April 30, 2012 which was prepared in accordance with the Standard Implementation of Internal Audit for Banks issued by Bank Indonesia and regulations on the Preparation and Formulation Guidelines of the Internal Audit Charter by Bapepam-LK. As a reference towards global best practices, the Internal Audit Division also uses the standards and the code of ethics issued by the Institute
of Internal Auditors (IIA) as well as the Information System Audit & Control Association (ISACA).

The effectiveness of the Internal Audit Division and its compliance with Internal Audit Function Implementation Standards in Banking (SPFAIB) is reviewed by an independent external party at least once every 3 (three) years. The most recent review was undertaken at the end of 2013.

Activities of the Internal Audit Division in 2014
Internal Audit Division activities in 2014 focused on the following:
1. Renewed the Strategic Audit Plan 2015-2017 based on the Bank’s Business Plan 2015-2017 and the expectations of the Board of Commissioners, Audit Committee and the Board of Directors.
2. Performed audits of the Branch Offices, Regional Offices, Divisions/Working Units at the head office and the subsidiaries based on the results of risk assessments.
4. Performed audits on the implementation of Internal Capital Adequacy Assessment Process (ICAAP), and the application of Card-Based Payment Instrument (APMK), in accordance to Bank Indonesia regulations.
5. Performed audits on outsourced activities, especially activities that support banking transactions, such as the management of ATM and EDC machines.
6. Performed audits on the core application, namely Deposit and Loan System.
7. Improved the effectiveness of methodology through the development and implementation of continuous auditing to support the role of audit as an early warning system.

Audit Plan Focus in 2015
1. The 2015 Audit will focus on:
   • IT Governance, in line with the increasing complexity of information technology applied.
• Electronic channels, along with the increasing volume of transactions through e-channels.
• Management of outsourcing, in connection with the increasing number of outsourced activities.
• The process of SME, commercial, and corporate loans, to maintain good credit quality.

2. Carry out audits in Branch Offices, Regional Offices, Head Office Division/Working Units and Subsidiaries determined based on the results of risk assessments.
3. Develop Audit Management System to improve the efficiency and effectiveness of the internal audit management.
4. Develop and implement continuous auditing to support the audit’s role as an early warning system.

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 on Transparency and Publications of Bank Reports and Bank Indonesia Circular Letter Number: 3/32/DPNP concerning the relationship between the Bank, the Public Accounting Firms and the Bank Indonesia, BCA has implemented the following:

1. BCA Financial Statements have been audited by an independent, competent, professional, and objective Certified Public Accountant, who uses professional skills carefully and thoroughly (due professional care).

2. The Public Accountant appointed by BCA has conducted audits in accordance with professional standards, employment agreements, and the scope of the audit.

3. Based on the decision of the Annual General Meeting, the appointment of Public Accountant and the determination of fee have been conducted by the Board of Commissioners with consideration on the recommendation from the Audit Committee.
4. The appointment of the Public Accountant Firm has been conducted according to the applicable provisions, among others:

- Is a Public Accountant Firm and Public Accountant (partner-in-charge) registered in the Financial Service Authority/Bank Indonesia. BCA only considers the 4 (four) largest Public Accountant Firms registered in the Financial Service Authority/Bank Indonesia.
- The Public Accountant Firm will not provide other services to BCA during the year in order to avoid the possibility of conflict of interest.
- The Public Accountant Firm provides audit services for no more than 5 (five) years in a row.

The Public Accountant Firm Siddharta & Widjaja, affiliated with KPMG International, was appointed as the auditor of BCA to audit its financial statements for the fiscal year ending December 31, 2014, with an estimated fee of USD 510,000 (excluding VAT).

5. BCA grants power to the Public Accountant Firm to submit audited financial statements (audit report) accompanied by a Management Letter to Bank Indonesia no later than 4 (four) months after the fiscal 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>Year</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
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<td>Firm</td>
<td>Public Accountant Siddharta &amp; Widjaja (now Siddharta &amp; Widjaja &amp; Rekan)</td>
<td>Public Accountant Siddharta &amp; Widjaja</td>
<td>Public Accountant Siddharta &amp; Widjaja</td>
</tr>
<tr>
<td>2014</td>
<td>Elisabeth Imelda</td>
<td>Elisabeth Imelda</td>
<td>Elisabeth Imelda</td>
</tr>
</tbody>
</table>

4. Implementation of risk management including internal control system

The BOC & BOD are responsible for the implementation of risk management and internal control system in BCA. Application of risk...
management and internal control systems BCA include:

- Active supervision by the Board of Commissioners and the Board of Directors.
- Adequacy of policies, procedures and limits.
- Adequacy of the process of identification, measurement, monitoring and control of risk and the risk management information system.
- The system of internal controls.

BCA implements risk management and internal control systems which are effectively tailored to the goals and policies of the business, the size and complexity of the business activities of the Bank in accordance to the regulations of Bank Indonesia, the Financial Services Authority and with reference to best practices through the following actions:

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

2. Establishing a Risk Oversight Committee tasked to ensure that the risk management framework provides adequate protection against all risks faced by BCA. The Risk Oversight Committee’s main duty is to provide advice and professional opinion independently regarding the appropriateness of the policy and the implementation of the risk management policies to the Board of Commissioners, as well as monitor and evaluate the implementation by the Risk Management Committee (KMR) and the Risk Management Unit (SKMR).

3. Establishing the Risk Management Committee (KMR) with the main duty to develop policies, strategies and guidelines for risk management, to enhance the implementation of risk management based on the results of the evaluation of the implementation of effective risk management process and system while implementing on matters related to business decisions that deviate from normal procedures (irregularities).

4. Establishing the Risk Management Unit (SKMR) designed to ensure that the risks faced by
BCA can be identified, measured, monitored, controlled, and properly reported through the appropriate application of the risk management framework.

5. Managing risks and ensuring the provision of policies and the establishment of risk limits that are supported by procedures, reports, and information systems to provide accurate and timely information and analysis to management, including the development of measures to deal with changes in market conditions.

6. Ensuring that work systems and procedures have been developed with consideration to operations and business as well as the level of risk that may exist in a respective work unit.

7. Ensuring that an internal control system has been applied properly according to the applicable provisions.

8. Monitoring BCA’s conformity with sound banking principles according to the applicable regulations through the Compliance Unit.

9. Preparing quarterly Risk Profile and the Consolidated Risk Profile Reports and submitting these to the Financial Services Authority in a timely manner.

Based on the results of the assessment of BCA’s risk profile, the composite risk of BCA is Low to Moderate, the result of the inherent risk assessment is Low to Moderate and quality of risk management is Satisfactory.

Risk Management System
In order to control risk, the Bank has implemented an integrated Risk Management Framework set forth in the Basic Policy on Risk Management (KDMR). The framework is used as an instrument for the determination of strategy, organization, policies and guidelines, as well as BCA’s infrastructure to ensure that all
risks faced by the Bank can be 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 the Bank 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 deal with specific risks, namely the Credit Policy Committee, the Credit Committee and the Asset and Liability Committee (ALCO).


8 (eight) Types of Risk Managed by BCA:

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 and the credit risk analysis.
   - BCA has developed a Basic Bank Credit Policy (KDPB) that is continually refined in line with BCA’s growth, Bank Indonesia Regulations, OJK Regulations and according to “International Best Practice”.
   - Refinement of credit risk management procedures and the system is conducted through the development of the “Loan Origination System” on loan processing (from start to finish) to allow an efficient and effective credit process. The development of a debtor risk profile measurement system continues to be improved in order to be applied as a whole, while the development of a credit database continues to be conducted and refined.
• To properly maintain credit quality, credit quality monitoring continues to be conducted on a regular basis, either by credit category (Corporate, Commercial, Small & Medium Enterprise (SME), Consumer and Credit Card) or on an overall loan portfolio basis.

• BCA has developed a credit risk management system by conducting a stress-testing analysis on the credit portfolio and monitoring the result. As a response to changing market conditions and economic volatility, it conducts the testing on a regular basis. Stress testing is beneficial to the Bank as a tool for estimating the impact of risk in “stressful conditions” so that the Bank can make appropriate strategies mitigating these risks as part of the implementation of the “contingency plan”.

• In order to monitor and control credit risk that may occur in subsidiaries, BCA conducts monitoring of subsidiary credit risk on a regular basis, while ensuring that subsidiaries have sound and effective Credit Risk Management policies.

2. Market Risk

• In managing foreign exchange risk, BCA centralizes the management of its net open position through the Treasury Division, which combines daily reports of net open positions from all branches. Each branch is required to cover their total foreign exchange risk at the end of each working day, although there is a maximum net open position limit for each branch depending on the volume of foreign exchange activity in the transacting branch. BCA creates a daily net open position report that combines the net open positions in the consolidated financial position statement and the administrative account (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 to report BCA’s compliance to the Minimum
Capital Requirements the Bank uses Bank Indonesia’s standard methodology.

- The main components of the Bank’s liabilities that are sensitive to the movements of interest rates is customer deposits, while BCA’s sensitive assets are government bonds, securities, and loans. ALCO regularly monitors market developments and adjusts interest rates on deposits and loans.
- 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 other banks.

3. Liquidity Risk

- BCA attaches great importance on the maintenance of adequate liquidity to meet its commitments to its customers and other parties within the framework of the provision of credit, repayment of customer deposits, and in meeting operational liquidity needs. The function of managing the overall bank liquidity is conducted by ALCO and implemented operationally by the Treasury Division.
- Measurement and control of liquidity risk is conducted by monitoring the liquidity reserves and the Loan to Deposit Ratio (LDR), reviewing maturity profile analysis, preparing cash flow projections, and undertaking periodic stress tests to measure possible impact on the Bank’s liquidity in extreme conditions. BCA also has a contingency funding plan to deal with extreme conditions.
- BCA has followed the provisions related to liquidity as stipulated in Bank Indonesia Regulation which requires the Bank to maintain Rupiah liquidity (Statutory Reserves) on a daily basis, which consists of Primary GWM, and LDR GWM in Rupiah deposits at Bank Indonesia as well as secondary reserves consisting of SBI, SDBI, SUN, and excess reserves, and foreign currency reserve in the form of foreign currency current accounts in Bank Indonesia.
4. Operational Risk

• The Basel II Accord requires a Bank to include operational risk as a component in the calculation of capital adequacy of a bank. In connection with this, BCA implemented Risk Control Self-Assessment (RCSA) in all branch/ regional offices followed by divisions or work units with high risks in the Head Office. One goal of the implementation of RCSA is to embed risk culture (the culture to manage risk) and increase risk awareness, which is a main requirement in risk management.

• BCA maintains a database of cases/ losses related to operational risk occurring in all of the working units known as the Loss Event Database (LED). The LED is one of the means to record operational losses which will be used by the Bank to calculate capital charge and to continuously monitor cases that may lead to operational losses.

The LED is also used by BCA to analyze cases or problems, so that corrective/prevention actions can be taken to minimize/ mitigate operational risk losses that may occur in the Bank. BCA has implemented a Key Risk Indicator (KRI) identification system as an application used to provide indicators (early warning signs) on the possibility of an increased operational risk within a working unit.

• BCA has calculated the Bank’s minimum capital requirement for operational risk based on the Basic Indicator Approach, in accordance with the regulations of Bank Indonesia in relation 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 is assessed based on the potential losses on court cases involving BCA and its subsidiaries, compared to BCA’s capital and consolidated capital. The parameters used to calculate the potential losses of the cases in court proceedings are the basis of lawsuit
In order to identify, measure, monitor and control legal risks, the Bank has established a Legal Group at Headquarters and legal units in most of the Regional Offices.

In order to mitigate legal risks, the Legal Group has taken the following measures to:

- Establish 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.

- Organize legal communication forum to improve the competence of the legal staff.

- Conduct socialization on the impacts of prevailing regulations on the banking activities of BCA and various modus operandi of banking felony as well as the legal handling guidelines for related branch or working unit officers.

- Conduct legal defense on civil and criminal cases that involve the Bank which are currently in court proceedings, as well as monitoring the progress of the cases.

- Develop a loan security strategy (in collaboration with other work units, among others the Credit Settlement Bureau) in relation to issues of non-performing loans.

- Register with the authorized institutions the assets belonging to BCA, among others, intellectual property (HAKI) on banking products and services as well as the rights on BCA’s land and buildings.

- Monitor and conduct legal actions for violations of BCA’s assets including violations on BCA’s intellectual property (HAKI).

- Monitor and analyze cases in court proceedings faced by BCA and its Subsidiaries.
- Conduct an inventory, monitoring, analysis, and calculate loss potentials which may arise related to the occurring legal cases.

6. Reputation Risk

- Assessment of reputation risk is performed using parameters such as frequency of complaints and negative publicity as well as the achievement of complaint resolution. The assessment is compiled in a quarterly report of reputation risk profile.
- To manage and control reputation risk, the Bank I supported by Halo BCA (24-hour telephone hotline service for information, suggestions, and complaints).
- Reputation Risk management is carried out based on:
  - Regulation of the Financial Services Authority No. 1/POJK.07/2013 dated July 26, 2013 on Financial Services Sector Consumer Protection.

7. Strategic Risk

- Assessment of inherent strategic risk is performed using parameters such as the suitability between the strategy and the business environment, low risk strategy versus high-risk strategy, the position of
the Bank’s business and the achievement of the Bank’s Business Plan.

• Assessment of the quality of strategic risk management is conducted 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 Risk

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

• BCA has developed compliance policies and procedures. These policies address the process of adjusting applicable internal system of rules and regulations and communicating relevant provisions to employees in line with new Bank Indonesia or OJK guidelines. The Bank also has implemented compliance guidelines for the reviews of new products/activities, periodic compliance testing and training of employees and the issuance of monthly compliance reports to the Board of Directors and Board of Commissioners.

• BCA has applied Bank Indonesia and international policies and regulations for Anti-Money Laundering and for 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 2014 was “Low to moderate”, which was the result of an assessment of “Low to Moderate” inherent risk and the assessment of “Satisfactory” quality of risk management.

The composite risks of the 8 (eight) types of risk assessed are as follows:

- Risks with low composite risk are Market Risk, Liquidity Risk and Legal Risk.
Risks with low to moderate composite risk are Credit Risk, Operational Risk, Reputation Risk, Strategic Risk and Compliance Risk.

BCA implemented effective and efficient risk management of its activities allowing the "low to moderate" composite risk level to be achieved.

The trend of inherent risks in the next quarter is to remain stable, since based on projection results, the Bank predicts that there will be no significant changes in inherent risks. The trend of the quality of risk management remains stable. These trends are attributable to the Bank’s continuous improvement on the implementation of risk management in all of its activities so that the Bank is able to identify, measure, monitor, and control any existing risks.

Implementation Of Internal Control System

BCA’s internal control system 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 from policy.

In addition, BCA has developed a business continuity plan and disaster recovery plan to speed up the recovery process in the event of a disaster and in order to have a backup system to prevent the failure of a high-risk venture.

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 BCA, Branch Internal Control, Regional Internal Control and Internal Control of Specified Work Unit at the Headquarters

1. Internal control is implemented through:
   a. **Financial Control**, where:
      • BCA has established a Business Plan that details BCA’s overall strategy, including business development direction.
      • The development of a strategy has taken into account the impacts on the Bank’s capital, including projected capital and the Bank’s CAR (Capital Adequacy Ratio).
      • Directors actively engage in discussions, providing input and monitoring internal conditions and external factors that directly or indirectly could affect the Bank’s business strategy.
      • BCA has implemented financial control through the monitoring of efforts on the realization compared with the financial budget in a report that is generated periodically and delivered in time of need for follow up from the Board of Directors.
   
b. **Operational Control**, where:
      • BCA has completed the standard operating procedures/work manuals detailing the work procedures of each banking operation transaction conducted in BCA related to new products and new activities, including the mitigation of the related operational risk. The creation of work procedures was performed by Division of Operations and Service Development (DPOL) and has been reviewed by a variety of related work units to ensure that the operational risks that may exist in such activities have been mitigated.
      • BCA imposed restrictions on the authority of officers through the establishment of limits in conducting transactions; and restrictions to the officers’ access to IT and computer
networks through use of user IDs and passwords as well as the installation of finger scanners.

- **BCA** has established a good organizational structure, equipped with monitoring units/control to support the operational control as in:
  - Separation of functions that can give rise to conflict of interest.
  - Supervisor function to oversee the daily implementation of internal control at the Branches.
  - PIC functions to periodically oversee the implementation of internal control at the Branches.
  - PKIW functions to oversee the implementation of internal control at the regional offices.
  - Internal control which functions to oversee the implementation of internal control in specific working units at the Head Office.
  - Risk Management Unit (SKMR), Legal Group, Compliance Unit (SKK).

- **DAI**:
  - Independent from the risk taking unit.
  - Examines and assesses the adequacy/effectiveness of the system of internal control, risk management and corporate governance by performing an annual audit plan.

c. **Compliance to other laws and regulations, where**:

- **BCA** has a strong commitment to comply with the prevailing rules and regulations and takes steps to rectify shortcomings, if any.
- **BCA** has a Compliance Unit (SKK) that is independent from the operational units in carrying out compliance functions.
- Monthly compliance monitoring of BCA’s Precautionary Provisions submitted to the Board of Commissioners and Board of Directors.
• BCA’s risk management strategy has the policy to always comply with the applicable regulations and take proactive preventive action to prevent (ex-ante) in order to minimize the occurrence of violations and curative action ex-post) in order to repair shortcomings.

2. BCA has implemented an effective internal control system which is adjusted with the goals, business polices, size and complexity of the Bank’s business activities and based on the requirements and procedures as set out by Bank Indonesia Regulation as well as with reference to best practice through the following actions:

• Determination of clear reporting lines and separation of functions between the operating units and work units carrying out control functions. Control functions are performed by the Risk Management Unit (SKMR), Law Group (GHK), Compliance Unit (SKK) and the Internal Audit Division (DAI).

• The Internal Audit Division independently and objectively reviews BCA’s procedures and operational activities periodically. The result of the review is presented in Audit Reports and Audit Follow-up Reports to the Board of Directors.

• Branch Internal Oversight (PIC), Regional Office Internal Oversight (PIKW) and the Audit Division (DAI) have conducted evaluations on the implementation of the systems and procedures in BCA. The results of the evaluation from PIC, PIKW and DAI become the benchmark of compliance level of the working units to the system and procedures that have been established.

5. Provision Of Funds To Related Parties And Large Exposures

BCA has a policy regarding the provision of funds to related parties and large exposures, as stipulated in the Credit Manual. Evaluation and update of the policies in the Credit Manual are performed regularly. Lending to related
parties and large exposures to debtors are always conducted with respect to the precautionary principle, and in compliance with Bank Indonesia Regulations and other prevailing laws and regulations, among others concerning the aspect of Legal Lending Limit (LLL). In addition, lending to related parties should be decided by the Board of Commissioners independently. Routine reporting of LLL to Bank Indonesia is conducted in a timely manner. Throughout 2014, there was no violation of or exceeding limits of LLL.

Provision of Funds to Related Parties and to Main Individual and Group Debtors (Large Exposures) in BCA during 2014

<table>
<thead>
<tr>
<th>No.</th>
<th>Lending</th>
<th>Total</th>
</tr>
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<td></td>
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<td>Debtor</td>
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<tr>
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<td>To Related Parties</td>
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<tr>
<td>2.</td>
<td>To main Debtors</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Individual</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>b. Group</td>
<td>30</td>
</tr>
</tbody>
</table>

6. Strategic plan


As part of its policy direction and strategic initiatives towards its vision and mission statements, BCA has developed a number of business initiatives that are specifically designed to accommodate the growing and changing customer needs.

BCA Strategic Plan in 2015
Although faced with various challenges, BCA is optimistic that Indonesia will see a smooth transition period. The presidential elections and the transition to the new administration went smoothly with the election of Joko Widodo giving high confidence for businesses and consumers. The Bank believes that the solid base developed by Susilo Bambang Yudhoyono’s administration and the new approaches offered by Joko Widodo’s administration will open up new opportunities for businesses.

Overall, BCA sees the Indonesian economy and the banking sector on a solid footing to face a period of economic transition and consolidation in 2015. BCA supports the efforts of the Indonesia Financial Services Authority and Bank Indonesia to maintain national credit growth at sustainable levels and maintain a healthy capital and liquidity of the banking sector.

In the long run, BCA is optimistic about the prospects of the economy and banking in Indonesia. The growth of the middle class in Indonesia and infrastructure development will support domestic economic growth in the future.

Supported by sound capital and solid liquidity position, BCA is committed to continuing investments in 2015 in order to strengthen the Bank’s franchise value. Strategic priorities in 2015 will remain directed at deepening customer relationships through enhanced payment settlement services, prudent lending, and new businesses development. Opportunities for lending and development of new businesses will optimize the Bank’s preeminence as a transaction bank. Below is a further elaboration of the three major business objectives:

- **Enhancing Payment Settlement Services**
  BCA believes that excellence in payment settlement services will strengthen the long term competitive advantage and will support the growth of the Bank’s third party funds particularly in the stable CASA accounts. As such, BCA continues to improve the capability of payment settlement services, including through innovation and improvement
of product features and services. BCA will follow, explore and apply the latest technological developments in line with the level of customer acceptance. On network expansion, the Bank will increase the number of branches and electronic delivery channels, supported by enhanced capability and capacity of information technology infrastructure. In addition, cash management capabilities will continue to be improved.

BCA will continue to assess the development of the banking sector, in particular liquidity and CASA trends, with consideration to economic growth and business activities. If necessary, BCA can actively raise funds through time deposits products by adjusting interest rates. This is essential to maintaining third party funds and a strong and healthy liquidity position.

- **Lending**
  
  In developing the credit portfolio in the coming years, BCA will continue to implement ongoing policies while taking into account liquidity and capital capacity, as well as monitoring macroeconomic developments accompanied by the implementation of a prudent and effective risk management regime.

  In the short term, the Bank will prioritize lending to qualified customers and segments that can contribute to CASA and overall third-party funds growth. For business lending, the Bank will actively explore lending to sectors with broad value chains. For individual customer lending, the Bank believes that mortgages, vehicle loans, and credit card loans have great potential for growth in the long term. Thus, although individual loans are expected to grow slower than loans in the business sector. In short medium term, BCA is committed to being a leader and maintaining a strategic presence in the market.

  BCA sees that the lending activities play an important role in maintaining long-term
relationships with customers. To that end, the Bank will continue to enhance lending infrastructure in the various segments both in branches and at headquarters in support of sustainable credit growth.

- **Business Development Through Subsidiaries**

To meet the increasingly diverse needs of customers, BCA is developing a wide range of comprehensive financial products and services through new lines of businesses together with its subsidiaries in the field of vehicle financing, Sharia banking, securities, remittance, general insurance and life insurance.

In general, the subsidiaries continued to grow and have begun showing positive results in recent years. In late 2014, BCA Life, providing life insurance products, began operations and will complete the Bank’s financial products and solutions for customers. BCA Finance, an established subsidiary entity active in the 4-wheeler financing industry, consistently provides a significant contribution to BCA’s profitability.

In the coming years, the Bank will continue to support the growth of its subsidiaries and strengthen synergies with the Bank’s main business lines in the field of payment settlement services and lending. BCA will provide capital support progressively in line with business growth of respective subsidiaries.

The Bank believes that the strategy and the policy will support BCA in strengthening the Bank’s long-term competitive advantages. Consistent strategic moves are believed to be able to build a quality customer base amid rising competition of Indonesian banking industry.
7. **Transparency Of Bank Financial And Non Financial Conditions Not Disclosed In Other Reports**

Information on the financial conditions of BCA has been disclosed in a transparent manner in several reports, among others:

**Transparency of Financial Conditions**

1. **Annual Report**, which among others covers:
   a. Financial highlights including stock performance, reports of the Board of Commissioners and Board of Directors, Company profile, management analysis and discussion on business and financial performance, corporate governance, and corporate social responsibility.
   b. The Annual Financial Statements that have been audited by a Public Accountant and Public Accountant Firm that is registered at Bank Indonesia. The annual Financial Statements cover a period of 1 (one) fiscal year with comparison to the previous fiscal year.
   c. Statement of responsibilities of the Board of Commissioners and 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 Board of Directors.

2. **Quarterly Published Financial Reports**

BCA releases Quarterly Published Financial Reports in accordance with the prevailing regulations. The Published Financial Reports are signed by 2 (two) members of the Board of Directors. The Published Financial Reports are published in 3 (three) major daily newspapers, 2 (two) in Indonesian language and 1 (one) in English, which have a wide circulation in the location of BCA’s Head Office.

3. **Monthly Published Financial Reports**

BCA prepares and submits a monthly financial report in the Commercial Bank Monthly Report format in accordance with Bank Indonesia regulations. This report in turn forms the basis for Bank Indonesia to prepare the
monthly financial reports for banks published on its website.

**Transparency of Non-Financial Conditions**

BCA provides clear, accurate and up-to-date information on its banking products. The information can be easily obtained by customers in the form of leaflets, brochures and other written materials in every BCA branch office in easily accessible locations, and/or in the form of electronic information provided through the hotline service/call center or website.

In addition, BCA also provides information on customer complaints and the settlement of disputes with customers in accordance with Bank Indonesia regulations concerning customer complaints and banking mediation.

In relation to the above, BCA has conducted the following:

1. Transparently published the financial and non-financial conditions to stakeholders, among others in the form of Periodic Financial Reports, and the submission of Routine Legal Lending Limit Reports to Bank Indonesia, Quarterly Published Financial Reports, as well as publishing on BCA’s website in accordance with the prevailing regulations.

2. Prepared and presented reports in a manner, type and scope as stipulated in Bank Indonesia regulation on Transparency of Bank Financial Conditions.

3. Disclosed information regarding BCA’s products in accordance with Bank Indonesia regulation on Transparency of Information of Banking Products and on Utilization of Customer’s Personal Data.

4. Transparently disclosed information on the handling of customer complaints and the settlement of disputes with customers, in accordance with Bank Indonesia regulation on Customer Complaints and Banking Mediation.

5. Submitted Annual Reports to Bank Indonesia, other regulatory bodies, and other
institutions as required by the relevant regulations or as deemed necessary.

6. Published the Ownership Structure in the Annual Report and the BCA 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 members of the Board of Commissioners that amount to 5% or more of the paid-up capital

<table>
<thead>
<tr>
<th>Name</th>
<th>Share ownership of the members of the Board of Commissioners that amount 5% or more of the paid-up capital in</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BCA</td>
</tr>
<tr>
<td>Djohan Emir Setijono</td>
<td>-</td>
</tr>
<tr>
<td>Tonny Kusnadi</td>
<td>-</td>
</tr>
<tr>
<td>Cyrillus Harinowo</td>
<td>-</td>
</tr>
<tr>
<td>Raden Pardede</td>
<td>-</td>
</tr>
<tr>
<td>Sigit Pramono</td>
<td>-</td>
</tr>
</tbody>
</table>

Description:
√ = owns shares that amount to 5% (five percent) or more of the Paid-up Capital
Share ownership of members of the Board of Directors that amounts 5% or more of the paid-up capital

<table>
<thead>
<tr>
<th>Name</th>
<th>Share Ownership of Members of the Board of Directors that amounts to 5% or more of the Paid-up Capital at:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BCA</td>
</tr>
<tr>
<td>Jahja Setiaatmadja</td>
<td>-</td>
</tr>
<tr>
<td>Eugene Keith Galbraith</td>
<td>-</td>
</tr>
<tr>
<td>Dhalia M. Ariotedjo</td>
<td>-</td>
</tr>
<tr>
<td>Anthony Brent Elam</td>
<td>-</td>
</tr>
<tr>
<td>Suwignyo Budiman</td>
<td>-</td>
</tr>
<tr>
<td>Henry Koenaiifi</td>
<td>-</td>
</tr>
<tr>
<td>Tan Ho Hien/Subur Tan</td>
<td>-</td>
</tr>
<tr>
<td>Armand W. Hartono</td>
<td>-</td>
</tr>
<tr>
<td>Erwan Yuris Ang</td>
<td>-</td>
</tr>
<tr>
<td>Rudy Susanto</td>
<td>-</td>
</tr>
</tbody>
</table>

Description:
√ = owns shares amounting to 5% (five percent) or more of the 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 connection to the second degree or financial relationships with fellow members of the Board of Commissioners, members of the Board of Directors and/or Controlling Shareholders, or a relationship with BCA that may affect their ability to act independently.
The majority of members of the Board of Directors of BCA have no financial, management, stock ownership and family relationships with members of the Board of Commissioners, fellow members of the Board of Directors and/or Controlling Shareholders or business relationship with BCA that may affect their ability to act independently.
D. Remuneration package/policy and other facilities for the Board of Commissioners and the Board of Directors.

The Remuneration structure that shows the components of remuneration and the nominal amount per components for all members of the Board of Commissioners for 2014:

<table>
<thead>
<tr>
<th>Type of Remuneration and other facilities</th>
<th>Amount Received in 1 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>THE BOARD OF COMMISSIONERS</strong></td>
<td></td>
</tr>
<tr>
<td>Person</td>
<td>In million Rupiah</td>
</tr>
<tr>
<td>1. Remuneration (salary, bonus,</td>
<td>5</td>
</tr>
<tr>
<td>routine allowances, tantiem,</td>
<td></td>
</tr>
<tr>
<td>and other non-natura facilities)</td>
<td>71,694</td>
</tr>
<tr>
<td>2. Other natura facilities:</td>
<td></td>
</tr>
<tr>
<td>a. Business Travel Allowance</td>
<td>3</td>
</tr>
<tr>
<td>b. Health Benefits</td>
<td>5</td>
</tr>
<tr>
<td>c. Health &amp; Golf Club Membership</td>
<td>2</td>
</tr>
<tr>
<td>d. Option to purchase service vehicles</td>
<td>5</td>
</tr>
<tr>
<td>at the end of leasing period</td>
<td>78</td>
</tr>
<tr>
<td>3. Benefit retirement (owned at the</td>
<td>5</td>
</tr>
<tr>
<td>end of the duty)</td>
<td>USD 825,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>78,001 + USD 825,000</td>
</tr>
</tbody>
</table>

The amount of remuneration for each member of the Board of Directors in 1 (one) year is above Rp 2 billion, received in cash throughout 2014.

The Remuneration Structure showing the remuneration components and nominal value for each component for all members of the Board of Directors in 2014 is as follows:

<table>
<thead>
<tr>
<th>Type of Remuneration and other facilities</th>
<th>Type of Remuneration and Other Facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>THE BOARD OF DIRECTORS</strong></td>
<td></td>
</tr>
<tr>
<td>Person</td>
<td>In million Rupiah</td>
</tr>
<tr>
<td>1. Remuneration (salary, bonus,</td>
<td>10</td>
</tr>
<tr>
<td>routine allowances, tantiem,</td>
<td>254,915</td>
</tr>
<tr>
<td>and other non-natura facilities)</td>
<td></td>
</tr>
<tr>
<td>2. Other natura facilities:</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>7</td>
</tr>
<tr>
<td>d. Option to buy service vehicle at</td>
<td>10</td>
</tr>
<tr>
<td>the end of leasing period</td>
<td>560</td>
</tr>
<tr>
<td>3. Benefit retirement (owned at the</td>
<td>10</td>
</tr>
<tr>
<td>end of the duty)</td>
<td>USD 2,190,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>272,915 + USD 2,190,000</td>
</tr>
</tbody>
</table>
The amount of remuneration for each member of the Board of Directors in 1 (one) year is above Rp 2 billion, received in cash throughout 2014.

E. SHARES BUY BACK
In 2014, there were no corporate actions of share repurchase (Shares Buy Back).

F. HIGHEST AND LOWEST SALARY RATIO

What is meant by salary is the employee’s right received and expressed in the form of money as a reward from BCA as the employer to the employee which is determined and paid according to the employment contracts, agreements or laws, including benefits for employees and their families, for the tasks and/or services which has 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>Highest and lowest employee salary ratio</td>
<td>42.60</td>
</tr>
<tr>
<td>Highest and lowest Director salary ratio</td>
<td>2.88</td>
</tr>
<tr>
<td>Highest and lowest Commissioner salary ratio</td>
<td>1.63</td>
</tr>
<tr>
<td>The ratio of the highest Director salary and the highest employee salary</td>
<td>6.14</td>
</tr>
</tbody>
</table>

Salaries comparable in the salary ratio mentioned above, is the reward received by members of the Board of Commissioners, members of the Board of Directors and employees per month. What is meant by employee is permanent employee of BCA to executive.

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.

Board of Commissioners Meetings
The Board of Commissioners meeting schedule is set at the beginning of the year. Throughout 2014, the Board of Commissioners held 50 (fifty) meetings. BCA is in compliance with Bank Indonesia regulations regarding minimum mandatory Board meetings of 4 (four) times a year, with physical attendance of at least 2 (two) times a year.

Decision-making is conducted through consensus agreement. In the event consensus agreement does not occur, decision-making is carried out based on majority vote.
All decisions taken in the meeting of the Board of Commissioners shall be binding. Differences of opinion (dissenting opinions) that occur in the Board of Commissioners meetings shall be clearly stated in the minutes of the meeting along with the reasons for dissent.

**Frequency and Attendance of the Board of Commissioners for 2014 are detailed in the following:**

<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>50</td>
<td>46</td>
<td>92%</td>
</tr>
<tr>
<td>Tonny Kusnadi</td>
<td>50</td>
<td>46</td>
<td>92%</td>
</tr>
<tr>
<td>Cyrillus Harinowo</td>
<td>50</td>
<td>39</td>
<td>78%</td>
</tr>
<tr>
<td>Raden Pardede</td>
<td>50</td>
<td>42</td>
<td>84%</td>
</tr>
<tr>
<td>Sigit Pramono</td>
<td>50</td>
<td>48</td>
<td>96%</td>
</tr>
</tbody>
</table>

**Board of Directors Meetings**

The Board of Directors meeting schedule is set at the beginning of the year. Throughout 2014, the Board of Directors held 45 (forty five) meetings. The decision making is conducted through consensus agreement. In the event consensus agreement is not reached, the decision making 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 2014

<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>45</td>
<td>42</td>
<td>93%</td>
</tr>
<tr>
<td>Eugene Keith Galbraith</td>
<td>45</td>
<td>36</td>
<td>80%</td>
</tr>
<tr>
<td>Dhalia M. Ariotedjo</td>
<td>45</td>
<td>35</td>
<td>78%</td>
</tr>
<tr>
<td>Anthony Brent Elam</td>
<td>45</td>
<td>36</td>
<td>80%</td>
</tr>
<tr>
<td>Suwignyo Budiman</td>
<td>45</td>
<td>38</td>
<td>84%</td>
</tr>
<tr>
<td>Tan Ho Hien/Subur Tan</td>
<td>45</td>
<td>39</td>
<td>87%</td>
</tr>
<tr>
<td>Renaldo Hector Barros *</td>
<td>24</td>
<td>9</td>
<td>37.5%</td>
</tr>
<tr>
<td>Henry Koenaifi</td>
<td>45</td>
<td>37</td>
<td>82%</td>
</tr>
<tr>
<td>Armand W. Hartono</td>
<td>45</td>
<td>35</td>
<td>78%</td>
</tr>
<tr>
<td>Erwan Yuris Ang</td>
<td>45</td>
<td>35</td>
<td>78%</td>
</tr>
<tr>
<td>Rudy Susanto **</td>
<td>17</td>
<td>14</td>
<td>82%</td>
</tr>
</tbody>
</table>

* Mr. Renaldo Hector Barros resigned as Director of BCA effectively starting 1 June 2014
** Mr. Rudy Susanto effectively has become a Director of BCA starting 21 July 2014

### The frequency of Joint Meetings between the Board of Commissioners and the Board of Directors and Attendance of Members of the Board of Commissioners during these joint meetings in 2014 is detailed in the following:

<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>15</td>
<td>14</td>
<td>93%</td>
</tr>
<tr>
<td>Tonny Kusnadi</td>
<td>15</td>
<td>15</td>
<td>100%</td>
</tr>
<tr>
<td>Cyrillus Harinowo</td>
<td>15</td>
<td>12</td>
<td>80%</td>
</tr>
<tr>
<td>Raden Pardede</td>
<td>15</td>
<td>13</td>
<td>87%</td>
</tr>
<tr>
<td>Sigit Pramono</td>
<td>15</td>
<td>13</td>
<td>87%</td>
</tr>
</tbody>
</table>
The Board of Commissioners and Board of Directors Joint Meeting frequency and level of attendance of members of the Board of Directors at the Joint Meetings throughout 2014 are as follows:

<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>15</td>
<td>11</td>
<td>73%</td>
</tr>
<tr>
<td>Eugene Keith Galbraith</td>
<td>15</td>
<td>12</td>
<td>80%</td>
</tr>
<tr>
<td>Dhalia M. Ariotedjo</td>
<td>15</td>
<td>10</td>
<td>67%</td>
</tr>
<tr>
<td>Anthony Brent Elam</td>
<td>15</td>
<td>12</td>
<td>80%</td>
</tr>
<tr>
<td>Suwignyo Budiman</td>
<td>15</td>
<td>11</td>
<td>73%</td>
</tr>
<tr>
<td>Tan Ho Hien/Subur Tan</td>
<td>15</td>
<td>13</td>
<td>87%</td>
</tr>
<tr>
<td>Renaldo Hector Barros *</td>
<td>8</td>
<td>2</td>
<td>25%</td>
</tr>
<tr>
<td>Henry Koenalifi</td>
<td>15</td>
<td>14</td>
<td>93%</td>
</tr>
<tr>
<td>Armand W. Hartono</td>
<td>15</td>
<td>10</td>
<td>67%</td>
</tr>
<tr>
<td>Erwan Yuris Ang</td>
<td>15</td>
<td>11</td>
<td>73%</td>
</tr>
<tr>
<td>Rudy Susanto **</td>
<td>7</td>
<td>5</td>
<td>71%</td>
</tr>
</tbody>
</table>

* Mr. Renaldo Hector Barros resigned as Director of BCA effectively starting 1 June 2014
** Mr. Rudy Susanto effectively has become a Director of BCA starting 21 July 2014

H. Internal Fraud

Internal fraud is the deviation/fraud committed by management, permanent and temporary employees related to the work processes and operational activities of BCA. Throughout 2014, there were some internal frauds with nominal above Rp100 million (one hundred million rupiah). 2 (two) internal frauds were committed by permanent employees and 1 (one) by a temporary employee. The three cases have been solved internally in BCA.

<table>
<thead>
<tr>
<th>Internal fraud in 1 Year</th>
<th>Total Found</th>
<th>Resolved</th>
<th>In the process of internal settlement within BCA</th>
<th>Settlement has not been sought</th>
<th>Followed up through the legal process</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Prior Year</td>
<td>Current Year</td>
<td>Prior Year</td>
<td>Current Year</td>
<td>Prior Year</td>
</tr>
<tr>
<td></td>
<td>Management</td>
<td>Permanent Employees</td>
<td>Temporary Employees</td>
<td>Management</td>
<td>Permanent Employees</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Found</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Resolved</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Settlement has not been sought</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Followed up through the legal process</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
</tbody>
</table>
I. Important Cases And Administrative Sanctions (Legal Issues)

The numbers of civil and criminal cases with the value above Rp 100,000,000 (one hundred million Rupiah) which have been resolved (having binding legal force) and which are still in the process of settlement as of December 31, 2014 are as follows:

<table>
<thead>
<tr>
<th>Legal Cases</th>
<th>Civil Cases</th>
<th>Criminal Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have been resolved (having binding legal force):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Rp 101 million – Rp 500 million</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>• Above Rp 500 million</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>In the process of settlement:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Rp 101 million – Rp 500 million</td>
<td>47</td>
<td>1</td>
</tr>
<tr>
<td>• Above Rp 500 million</td>
<td>4</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>51</td>
<td>1</td>
</tr>
<tr>
<td>Total Cases</td>
<td>56</td>
<td>3</td>
</tr>
</tbody>
</table>

During 2014, there were no important cases faced by BCA, BCA subsidiary entities, members of the Board of Commissioners and members of the Board of Directors during the period of this annual report, thus providing no effect on the BCA’s financial condition.

During 2014 there were no material administrative sanctions, imposed by the authorities (the Financial Services Authority, Bank Indonesia, the Stock Exchange, and other authorities) to BCA, members of the Board of Commissioners, and the members of the Board of Directors.

J. Transactions with Conflict of Interest and Affiliated Transaction

BCA is committed to handling all transactions with conflict of interest by complying with applicable laws and regulations, among others, the regulations from Bank Indonesia and Bapepam-LK. To support this, BCA has internal policies regarding conflict of interest, among others, published in:

• BOD Decision No. 219/SK/DIR/2003 dated November 10, 2003 on the provisions related to conflict of interest.
• BOD Decision No. 137/SK/DIR/2008 dated September 26, 2008 on the provisions related to transactions with parties affiliated to BCA.
• BOD Decision on the provisions related to the procurement of goods/services for logistics, and building including those related to Information
Technology (IT) applicable at the Head Office, in all Regional Offices and Branch Offices of BCA.
• BCA’s Articles of Association.
• BCA’s Code of Ethics.
• The Code of Ethics of the Logistic and Building Division.
• Policy/internal memos related to Affiliation Transactions.

In order to prevent conflict of interest in the procurement of goods and/or services, procurement system conducted consists among others:
1. Centralized Procurement
   Procurement of logistics goods/services as well as building through the Logistics and Building Division – BCA Head Office
2. Decentralized Procurement
   Procurement of logistics goods/services as well as building without going through the Logistics and Building Division – BCA Head Office, but is conducted by:
   - Head Office Work Unit located at the Branch, or
   - BCA Regional Office (for all main branches and sub-branches bellow).

BCA has an internal policy that requires all members of the Board of Commissioners, members of the Board of Directors and officials with the rank Echelon 1 (S1) to echelon 5 (S5) to make an annual statement (annual disclosure) that contains all the circumstances or situations that may lead to a conflict of interest, which is updated on a yearly basis.

In 2014, BCA did not have transactions containing conflict of interest

K. Shares Buy Back and/or Bond Buy Back
   In 2014, there were no corporate actions of share repurchase (Shares Buy Back).

L. Donation for Social Activities and/or Political Activities during the Reporting Period (Provision Of Funds For Social Activities)
   BCA actively contributes to the improvement of public welfare and environmental causes through various corporate social responsibility activities. Under the ‘Bakti BCA’ program.
Overall, BCA’s social activities programs during 2014 were focused on 3 (three pillars), among others:

A. Smart Solution Pillar (*Pilar Solusi Cerdas*), which consists of:
   1. Non-degree Accounting Education Program (PPA)
   2. Non-degree Information Technology Education (PPTI)
   3. Bakti BCA Internship
   4. Integrated partner schools
   5. Bakti BCA Scholarship
   6. Banking education and partnership with other institutions in education, and charity/donation for other education institutions

B. Sinergy Solution Pillar (*Pilar Solusi Energi*), which consists of:
   1. Culture
   2. Health Area:
      a. Bakti BCA Cataract operations service
      b. Bakti BCA Blood Donor
      c. Bakti BCA Public Health Service Partnership
   3. Environmental Conservation area
   4. Bakti BCA Empathy Program in form of donation for natural disaster victims, and sports program

C. Excellent Business Solution Pillar (*Pilar Solusi Bisnis Unggul*), which consists of:
   1. Partnership with communities
   2. Business Development Institution

In addition to the programs mentioned above, BCA also participates in giving charity or donation to other social institutions.

The total funds distributed for BCA’s social activities in 2014 is as explained in the chapter on Corporate Social Responsibility in this BCA Annual Report.

A full description of the Company’s social responsibility activities throughout 2014 is reported in the chapter on Corporate Social Responsibility in this BCA Annual Report.