



**ANNUAL REPORT**  
**ON THE IMPLEMENTATION OF INTEGRATED GOVERNANCE OF**  
**P.T. BANK BUMI ARTA TBK. AND**  
**P.T. ASURANSI ARTARINDO**  
**2016**

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## Introduction

In connection with the issuance of the Financial Services Authority Regulation No. 18/POJK.03/2014 dated November 18, 2014 and the Financial Services Authority Circular No. 15/SEOJK.03/2015 dated May 25, 2015 on the implementation of Integrated Governance for Financial Conglomerate, P.T. Bank Bumi Arta Tbk. as a Financial Services Institution which is interrelated with other financial services institution which are included in the Financial Conglomerate as stipulated in the provisions of the Financial Services Authority, should implement the Integrated Governance.

P.T. Bank Bumi Arta Tbk. and P.T. Asuransi Artarindo are committed to implement the Integrated Governance by applying the principles of governance in each of its business activities at all levels and ranks of the organization, as follows: Transparency, Accountability, Responsibility, Independency, and Fairness.

We herewith present the Annual Report of the Integrated Governance of P.T. Bank Bumi Arta Tbk. and P.T. Asuransi Artarindo of 2016 consisting of :

- I. Self-Assessment Report of the Implementation of Integrated Governance of P.T. Bank Bumi Arta Tbk. and P.T. Asuransi Artarindo of 2016.
- II. Financial Conglomerate structure of P.T. Bank Bumi Arta Tbk. and P.T. Asuransi Artarindo
- III. Shareholding structure of the Financial Conglomerate of P.T. Bank Bumi Arta Tbk. and P.T. Asuransi Artarindo, that depicts the Parties who are the Shareholders at P.T. Bank Bumi Arta Tbk. and P.T. Asuransi Artarindo up to the Last Controlling Shareholders (Ultimate Shareholders)
- IV. The management structure of P.T. Bank Bumi Arta Tbk. as the Main Entity and P.T. Asuransi Artarindo as the Interrelated Company
- V. Intra-Group Transactions Policy

I. Self-Assessment Report of the Implementation of Integrated Governance of P.T. Bank Bumi Arta Tbk. and P.T. Asuransi Artarindo of 2016

SELF-ASSESSMENT RESULT OF THE IMPLEMENTATION OF INTEGRATED GOVERNANCE	
Rank	Rank Definition
2	Financial Conglomerate has been assessed to have implemented the Integrated Governance which is generally good. This is reflected from the sufficient fulfillment on the application of the Integrated Governance principle. Should there are weaknesses in the implementation of Integrated Governance, generally the weaknesses are less significant and can be solved through normal actions by the Main Entity (P.T. Bank Bumi Arta Tbk.) and/or the interrelated Financial Services Institution(P.T. Asuransi Artarindo).
Analysis	
Implementation of Governance which includes structure, process, and result of Integrated Governance between P.T. Bank Bumi Arta Tbk. and P.T. Asuransi Artarindo is sufficient. The existing weaknesses in the implementation of Integrated Governance is less significant and can be immediately resolved.	

Based on the analysis of all the assessment indicators of the implementation of Integrated Governance, it can be concluded that :

**A. Structure of Integrated Governance**

1. The positive factors of the aspects of Integrated Governance Structure are:

a. The Board of Directors of the Bank as the Main Entity

The Board of Directors of the Bank as the Main Entity has met the requirements of integrity, competency, and financial reputation as well as has received the approval from the Financial Services Authority.

b. The Board of Commissioners of the Bank as the Main Entity

The Board of Commissioners Bank as the Main Entity has met the requirements of integrity, competency, and financial reputation and has received approval from the Financial Services Authority.

c. Integrated Governance Committee

The number, composition and competence of the members of the Integrated Governance Committee are in accordance with the requirement of the Financial Conglomerate with regard to the representation of their respective financial services sectors.

d. Integrated Compliance Unit

The Work Unit of Integrated Compliance is independent to the operating work unit.

e. Integrated Internal Audit Work Unit

Integrated Internal Audit Work Unit is independent to the operating unit.

f. Implementation of Integrated Risk Management

The Bank as the Main Entity has sufficient organizational structure to support the implementation of the Integrated Risk Management as stipulated in the provisions of the Financial Services Authority on the application of the Integrated Risk Management for Financial Conglomerate, among others having the Integrated Risk Management Committee and the Integrated Risk Management Work Unit.

g. Integrated Governance Guidelines

Integrated Governance Guidelines have included the framework of integrated governance for the Bank as the Main Entity and Insurance as the Interrelated Financial Services Institution.

**B. Process of Integrated Governance**

1. The positive factors of the aspects of Integrated Governance Process are :

a. The Board of Directors of the Bank as the Main Entity

The Board of Directors of the Bank as the Main Entity has submitted to the Guidelines of Integrated Governance to the Board of Insurance Directors as the Interrelated Financial Services Institution in the Financial Conglomerate.

b. The Board of Commissioners Bank as Main Entity

The Board of Commissioners Bank as the Main Entity has conducted supervision on the implementation of the duties and responsibilities of the Board of Directors of the Bank as the Main Entity, particularly in the preparation of Integrated Governance Guidelines.

c. Integrated Governance Committee

The Integrated Governance Committee has meeting to evaluate the implementation of Integrated Governance least through the assessment of sufficient internal controls and the implementation of the integrated compliance function.

d. Integrated Compliance Work Unit

The Integrated Compliance Work Unit has monitored and evaluated the implementation of the compliance function at the Bank and Insurance in the Financial Conglomerate.

e. Integrated Internal Audit Work Unit

The Integrated Internal Audit Work Unit has monitored the implementation of internal audit at the Bank and Insurance in the Financial Conglomerate.

f. Implementation of the Integrated Risk Management

The Bank as the Main Entity has implemented the Integrated Risk Management in accordance with the provisions of the Financial Services Authority on the application of the Integrated Risk Management for Financial Conglomerate.

g. Integrated Governance Guidelines

The implementation of the Integrated Governance process by the Bank as the Main Entity and the Insurance as the interrelated Financial Services Institution has referred to the Integrated Governance Guidelines.

### **C. Result of the Integrated Governance**

1. The positive Factors of the aspects of Integrated Governance are :

a. Direksi Bank sebagai Entitas Utama

The Board of Directors of the Bank as the Main Entity has ensured that the audit findings and recommendations of the integrated Internal Audit Work Unit, the external auditors, and the supervision result of the Financial Services Authority have been followed up by the Bank and the Insurance in the Financial Conglomerate.

b. Board of Commissioners of the Bank as the Main Entity

The Board of Commissioners of the Bank as the Main Entity has formed the Integrated Governance Committee.

c. Integrated Governance Committee

The result of the Integrated Governance Committee meeting has been recorded in the minutes of the meeting and is well documented.

d. Integrated Compliance Work Unit

The Integrated Compliance Work Unit has submitted reports on the implementation of duties and responsibilities to the Director in charge of the Bank Compliance function to perform oversight over the Bank and the Insurance in the Financial Conglomerate.

e. Integrated Internal Audit Work Unit

The Integrated Internal Audit Work Unit has submitted the report on the implementation of duties and responsibilities to the Board of Commissioners and the Director in charge of the Compliance functions of the Bank as the Main Entity.



f. Implementation of Integrated Risk Management

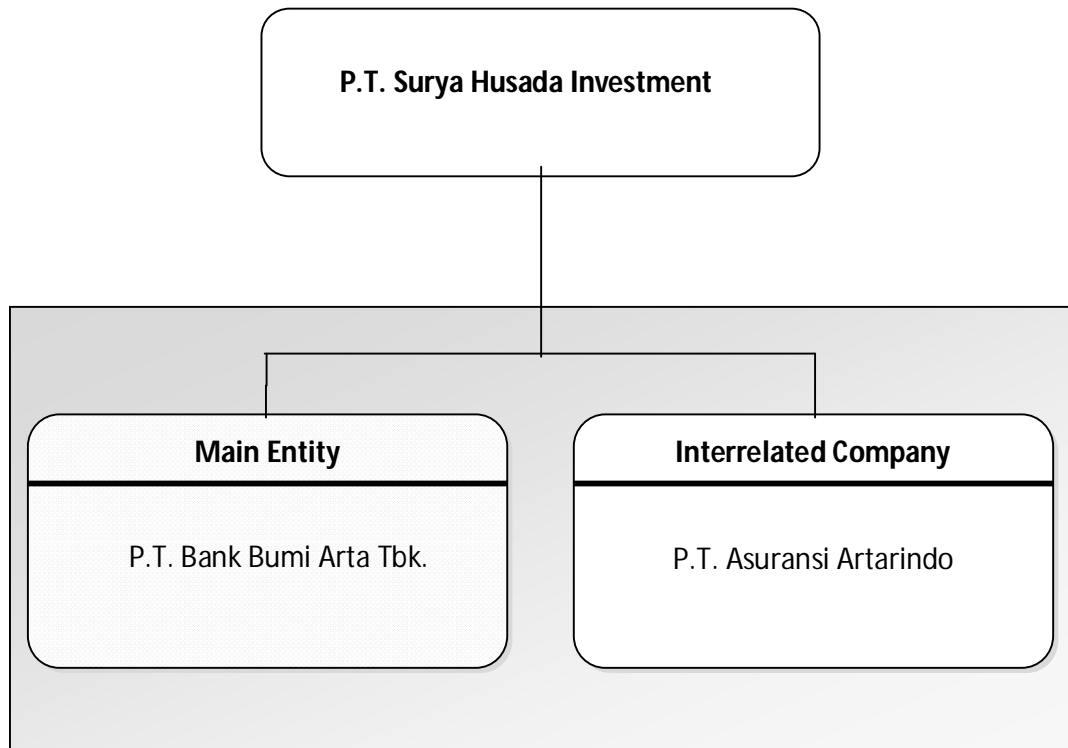
The Bank as the Main Entity has applied the Integrated Risk Management effectively in accordance with the characteristics and complexity of the Financial Conglomerate.

g. Integrated Governance Guidelines

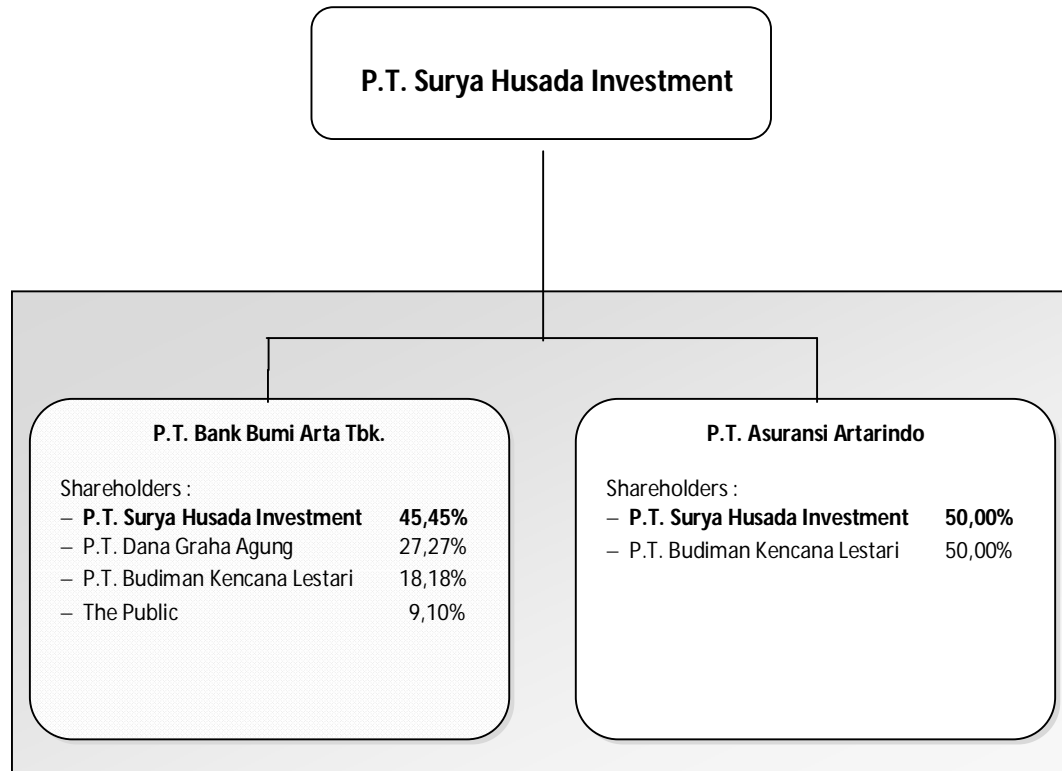
The result of the Integrated Governance has reflected that the Bank as the Main Entity and Insurance as the interrelated Financial Services Institution in the Financial Conglomerate have implemented the principles of good governance in accordance with the Integrated Governance Guidelines.

## II. Structure of Financial Conglomerate of P.T. Bank Bumi Arta Tbk. and P.T. Asuransi Artarindo

P.T. Bank Bumi Arta Tbk. based on the appointment of P.T. Surya Husada Investment as the controlling shareholder of P.T. Bank Bumi Arta Tbk. and P.T. Asuransi Artarindo, is the Main Entity in Financial Conglomerate with a member of an interrelated company, namely P.T. Asuransi Artarindo.



**III. Shareholding structure at the Financial Conglomerate of P.T. Bank Bumi Arta Tbk. and P.T. Asuransi Artarindo, that depicts the Parties who are the Shareholders at P.T. Bank Bumi Arta Tbk. and P.T. Asuransi Artarindo up to the Last Controlling Shareholders (Ultimate Shareholders)**



**IV. The management structure of P.T. Bank Bumi Arta Tbk. as the Main Entity and P.T. Asuransi Artarindo as the Interrelated Company**

**A. Management structure at P.T. Bank Bumi Arta Tbk.**

Board of Commissioners	
Position	Name
President Commissioner	Ir. Rachmat Mulia Suryahusada, MBA
Vice President Commissioner (Independent)	Daniel Budi Dharma
Commissioner (Independent)	R.M. Sjariffudin

Board of Directors	
Position	Name
President Director	Wikan Aryono S
Credit and Marketing Director	Hendrik Atmaja
Compliance Director	Tan Hendra Jonathan

**B. Management Structure at P.T. Asuransi Artarindo**

Dewan Komisaris	
Position	Name
President Commissioner	Handi Widodo
Commissioner	Hendry Agus
Commissioner (Independent)	Muhammad Yus Firdaus
Commissioner (Independent)	Jonsen <sup>1</sup>

Board of Directors	
Position	Name
President Director	Suhartono
Director	Indah Yuliani
Director	Jeneman Iskandar

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<sup>1</sup>Jonsen has been appointed as an Independent Commissioner since May 16, 2016 based on the Deed of Shareholders Decision P.T. Asuransi Artarindo No. 20 dated April 26, 2016.

**C. Duties and Responsibilities of the Board of Commissioners and the Board of Directors of P.T. Bank Bumi Arta Tbk. as the Main Entity**

1. The Duties and Responsibilities of the Board of Commissioners of the Bank as the Main Entity

The Board of Commissioners of the Bank as the Main Entity supervises the application of Integrated Governance, at least:

- a. Monitoring the application of governance in each of the Financial Services Institution in the Financial Conglomerate in accordance with the Integrated Governance Guidelines.
- b. Overseeing the implementation of the duties and responsibilities of the Main Entity Board of Directors, and providing directives or advices to the Main Entity Board of Directors on the implementation of Integrated Governance Guidelines.
- c. Approving the Integrated Governance Guidelines.
- d. Evaluating the Integrated Governance Guidelines and providing guidance for improvements.

2. The Duties and Responsibilities of the Board of Directors of the Bank as the Main Entity

The Board of Directors as the Main Entity shall ensure the application of Integrated Governance in the Financial Conglomerate, at least :

- a. Preparing the Integrated Governance Guidelines.
- b. Directing, monitoring and evaluating the implementation of Integrated Governance guidelines.
- c. Following-up the instructions/advice of the Board of Commissioners of the Bank as the Main Entity in order to improve the Integrated Governance Guidelines.
- d. Ensuring that audit findings and recommendations of the integrated internal audit work unit, external auditors, the Financial Services Authority and/or

results from other authorities have been acted upon by the Bank and the Insurance.

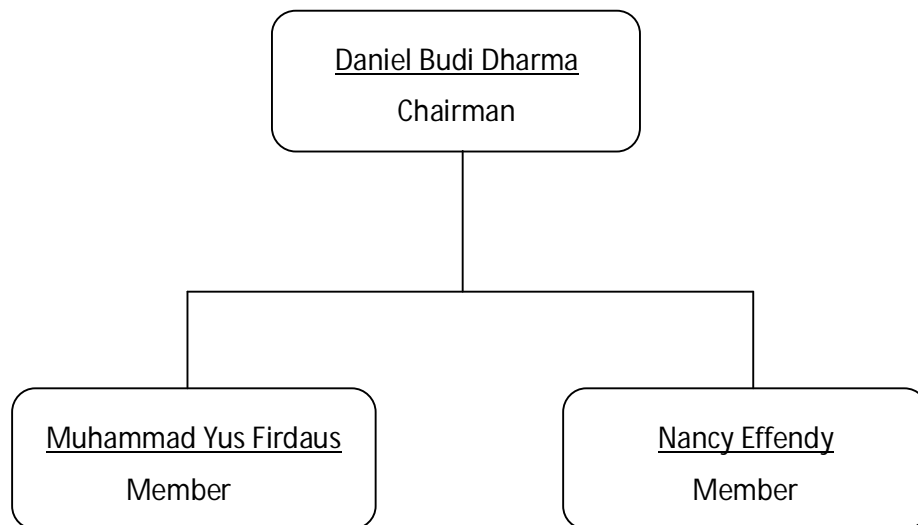
- e. Delivering the Integrated Governance Guidelines to the Insurance Director as the Interrelated Company.

#### D. Integrated Governance Committee

In order to support the effectiveness of the performance of its duties, the Board of Commissioners of the Bank as the Main Entity Board of Commissioners has established the Integrated Governance Committee.

##### 1. Structure and Integrated Governance Committee Membership

The Committee of the Integrated Governance was effectively formed on November 16, 2015. The Structure of the Integrated Governance Committee is as follows :



The structure of the Integrated Governance Committee membership consists of :

- a. Daniel Budi Dharma, Commissioner P.T. Bank Bumi Arta Tbk., As Chairman and Member.
- b. Muhammad Yus Firdaus, Independent Commissioner of P.T. Asuransi Artarindo, as a Member.
- c. Nancy Effendy, independent party, as a Member.

2. The Authorities and Responsibilities of the Integrated Governance Committee

The Integrated Governance Committee has the authorities and responsibilities as follows :

- a. Evaluate the implementation of Integrated Governance at least through the assessment of the sufficient internal controls and the implementation of the integrated compliance function.
- b. Provide recommendations to the Board of Commissioners of the Bank as the Main Entity Board of Commissioners for the improvement of the Integrated Governance Guidelines.

3. Frequency of the Integrated Governance Committee Meeting

In exercising the authorities and responsibilities, the Integrated Governance Committee shall perform meetings of at least 1 (one) time each semester.



## **V. Intra-Group Transactions Policy**

In order to supervise and monitor the transactions of the Intra-Group Financial Conglomerates as well as to minimize the risk of dependence of an entity either directly or indirectly to other entities in a Financial Conglomerate, the preparation of an Intra-Group Transactions Policy is required.

### **A. General Provisions**

1. Intra-group Transactions are transactions between an entity either directly or indirectly to other entities in a Financial Conglomerate.
2. Intra-Group Transactions Risks are risks resulted by reliance of an entity either directly or indirectly to other entities in a Financial Conglomerate in order to fulfill the obligations of a written agreement or an unwritten agreement either followed by the transfer of funds and/or not followed by the transfer of funds.

### **B. Identification**

Intra-Group Transactions risks may arise from, among others:

1. Cross ownership between Financial Services Institution in the Financial Conglomerate;
2. Centralized management of short-term liquidity;
3. Collaterals, loans, and commitments given or obtained by a Financial Services Institution from other Financial Services Institution in the Financial Conglomerate;
4. Exposure to the controlling shareholders, including the exposure of loans and off-balance sheet such as collaterals and commitments;
5. Purchase or sale of assets to a Financial Services Institution in the Financial Conglomerate;
6. Transfer of risk through reinsurance; and/or

7. Transactions to transfer risk exposure to a third party risk within the Financial Services Institution in a Financial Conglomerate.

### C. Management

Bank Bumi Arta as the Main Entity is required to manage and monitor the integrated Intra-Group Transactions.

The management of Intra-Group Transactions is carried out with due regard to the applicable provisions, among others :

1. The provisions of the Legal Lending Limit,
2. The provisions of fund placement restrictions of a third-party;
3. The provisions of determining the applicable interest rate;
4. The provisions of conflict of interest;
5. The provisions of equity investment in the subsidiary.

Monitoring of Intra-Group transactions is carried out through among others :

1. The composition of Intra-Group transactions in the Financial Conglomerate;
2. Completeness of documentation and Intra-group transactions fittingness;
3. Other information related to Intra-group transactions.

### D. Mitigation

Control of Intra-Group transaction is done by taking into account, among others :

1. Each Intra-group transaction must comply with applicable law and regulation both internally and externally.
2. Completeness of documentation and justification of Intra-Group transactions.

Jakarta, April 25<sup>th</sup> 2017  
P.T. Bank Bumi Arta Tbk.



Wikan Aryono S.  
President Director



T. Hendra Jonathan  
Compliance Director

## WORKSHEET FOR SELF ASSESSMENT ON INTEGRATED GOVERNANCE IMPLEMENTATION

### ASSESSMENT FACTORS : MAIN ENTITY BOARD OF DIRECTORS

A. MAIN ENTITY BOARD OF DIRECTORS	
1. INTEGRATED GOVERNANCE STRUCTURE	
Indicator	Analysis
<p>a. The Main Entity Board of Directors has met the requirements of financial integrity, competency, and reputation and has received the approval from the Financial Services Authority.</p> <p>b. The Main Entity of the Board of Directors has the knowledge on Main Entity, among others on the understanding of the main business activities and the main risks of the Financial Services Institution within the Financial Conglomerate.</p>	<p>The Board of Directors of the Bank as the Main Entity has met the requirements of financial integrity, competency, and reputation and has received the approval from the Financial Services Authority.</p> <p>The Board of Directors of the Bank as the Main Entity has the knowledge of the Bank, among others the understanding of the main business activities and the main risks of the Bank and Insurance as the Interrelated Financial Services Institution.</p>
2. INTEGRATED GOVERNANCE PROCESS	
Indicator	Analysis
<p>a. The Board of Directors delivers the Guidelines of the Integrated Governance to the Board of Directors of the Financial Services Institution in the Financial Conglomerate.</p> <p>b. The Main Entity Board of Directors directs, monitors, and evaluates the implementation of Integrated Governance Guidelines.</p> <p>c. The Main Entity Board of Directors follow-up the directions or advices of the Main Entity Board of Commissioners in order to improve the Integrated Governance Guidelines.</p>	<p>The Board of Directors of the Bank as the Main Entity has delivered the Guidelines of the Integrated Governance to the Insurance Board of Directors as the Interrelated Financial Services Institution in the Financial Conglomerate</p> <p>The Board of Directors of the Bank has directed, monitored and evaluated the implementation of the Integrated Governance Guidelines.</p> <p>The Board of Directors of the Bank as the Main Entity shall follow-up the directions or advices of the Board of Commissioners in order to improve the Integrated Governance Guidelines.</p>

**ASSESSMENT FACTORS :  
MAIN ENTITY BOARD OF DIRECTORS**

A. MAIN ENTITY BOARD OF DIRECTORS	
<p>d. The Main Entity Board of Directors follows up the findings of the Integrated Internal Audit Work Unit and the Integrated Compliance Work Unit.</p>	<p>The Board of Directors of the Bank as the Main has been followed up the findings of the Integrated Internal Audit Work Unit and the Integrated Compliance Work Unit.</p>
3. INTEGRATED GOVERNANCE OUTCOME	
Indicator	Analysis
<p>a. The Integrated Governance Guidelines have been perfected in accordance with the direction of the Board of Commissioners.</p> <p>b. Main Entity Board of Directors has ensured that the audit findings and recommendations of :</p> <ol style="list-style-type: none"> <li>1. The Integrated Internal Audit Work Unit;</li> <li>2. The External auditors;</li> <li>3. The supervision result of the Financial Services Authority;</li> <li>4. The supervision result of other authorities such as Bank Indonesia, and/or;</li> <li>5. The supervision result of the supervisory authorities to the Head offices of the Financial Services Institution in terms of the Financial Services Institution are branch offices of the entity located overseas,</li> </ol> <p>have been followed up by the Financial Services Institution in the Financial Conglomerate.</p>	<p>The Integrated Governance Guidelines will be refined in accordance with the directions of the Board of Commissioners.</p> <p>The Board of Directors of the Bank as the Main Entity has ensured that the audit findings and recommendations of:</p> <ol style="list-style-type: none"> <li>1. The Integrated Internal Audit Work Unit;</li> <li>2. The External auditors;</li> <li>3. The supervision result of the Financial Services Authority;</li> <li>4. The supervision result of other authorities such as Bank Indonesia,</li> </ol> <p>have been followed up by the Financial Services Institution in the Financial Conglomerate.</p>

**ASSESSMENT FACTORS:  
MAIN ENTITY BOARD OF COMMISSIONERS**

<b>B. MAIN ENTITY BOARD OF COMMISSIONERS</b>	
<b>1. INTEGRATED GOVERNANCE STRUCTURE</b>	
<b>Indicator</b>	<b>Analysis</b>
<p>a. The Main Entity Board of Commissioners has met the requirements of financial integrity, competence and reputation and has obtained the approval from the Financial Services Authority.</p> <p>b. The Main Entity Board of Commissioners has the knowledge on Main Entity, among others understanding of main business activities and main risks of the Financial Services Institution in the Financial Conglomerate.</p>	<p>The Board of Commissioners of the Bank as the Main Entity has met the requirements of financial integrity, competence and reputation and has obtained the approval from the Financial Services Authority.</p> <p>The Board of Commissioners of the Bank as the Main Entity has the knowledge on Main Entity, among others understanding of main business activities and main risks of the Bank and Insurance as the interrelated Financial Services Institution.</p>
<b>2. INTEGRATED GOVERNANCE PROCESS</b>	
<b>Indicator</b>	<b>Analysis</b>
<p>a. The Main Entity Board of Commissioners holds a meeting of the Board of Commissioners periodically at least 1 (one) time in each semester.</p> <p>b. The Main Entity Board of Commissioners supervises the implementation of the duties and responsibilities of the Main Entity Board of Directors.</p> <p>c. The Main Entity Board of Commissioners supervises the implementation of Integrated Governance.</p> <p>d. The Main Entity Board of Commissioners evaluates the Integrated Governance Guidelines.</p>	<p>During 2016, the Main Entity Board of Commissioners had held 2 (two) meetings.</p> <p>The Board of Commissioners of the Bank as the Main Entity has conducted supervision on the implementation of the duties and responsibilities of the Board of Directors of the Bank as the Main Entity, particularly in the preparation of Integrated Governance Guidelines.</p> <p>The Board of Commissioners Bank as the Main Entity has conducted supervision on the implementation of Integrated Governance.</p> <p>The Board of Commissioners of the Bank as the Main Entity shall evaluate the Integrated Governance Guidelines and provide directions for improvements.</p>

**ASSESSMENT FACTORS:  
MAIN ENTITY BOARD OF COMMISSIONERS**

B. MAIN ENTITY BOARD OF COMMISSIONERS	
3. INTEGRATED GOVERNANCE OUTCOME	
Indicator	Analysis
<p>a. The result of the Main Entity Board of Commissioners meeting has been recorded in the minutes of the meeting and is well documented, including clear disclosure of dissenting opinions along with the reasons that occurred in the meeting of the Main Entity Board of Commissioners.</p> <p>b. The recommendations on the supervision result of the Main Entity Board of Commissioners are regarding :</p> <ol style="list-style-type: none"> <li>1. The implementation of duties and responsibilities of the Main Entity Board of Directors;</li> <li>2. The implementation of Integrated Governance;</li> <li>3. The evaluation result of the Integrated Governance Guidelines by the Main Entity Board of Commissioners,</li> </ol> <p style="padding-left: 40px;">have been delivered to the Main Entity Board of Directors.</p> <p>c. The Main Entity Board of Commissioners has established the Integrated Governance Committee.</p>	<p>The meeting result of the Board of Commissioners of the Bank has been recorded in the minutes of the meeting and is well documented, including clear disclosures of dissenting opinions along with the reasons that occurred in the meeting of the Board of Commissioners.</p> <p>The recommendations on the supervision result of the Board of Commissioners of the Bank as the Main Entity are regarding :</p> <ol style="list-style-type: none"> <li>1. The implementation of duties and responsibilities of the Board of Directors of the Bank;</li> <li>2. The implementation of Integrated Governance;</li> </ol> <p>have been delivered to the Main Entity Board of Directors.</p> <p>The Board of Commissioners of the Bank as the Main Entity has formed the Integrated Governance Committee.</p>

**ASSESSMENT FACTORS :  
INTEGRATED GOVERNANCE COMMITTEE**

C. INTEGRATED GOVERNANCE COMMITTEE	
1. INTEGRATED GOVERNANCE STRUCTURE	
Indicator	Analysis
<p>a. The Integrated Governance Committee comprises at least of :</p> <ol style="list-style-type: none"> <li>1. One Independent Commissioner who is the chairman at one of the Committees in the Main Entity, as the Chairman and concurrently as member;</li> <li>2. An Independent Commissioner who represents and the appointed by a Financial Services Institution in the Financial Conglomerate, as a member;</li> <li>3. An independent party as a member;</li> </ol> <p>b. The number and composition of Independent Commissioners who are members of the Integrated Governance Committee are in accordance with the requirement of the Financial Conglomerate as well as the efficiency and effectiveness of the implementation of the Integrated Governance Committee's duties with regard to the representation of their respective financial services sectors.</p>	<p>The Integrated Governance Committee consists of :</p> <ol style="list-style-type: none"> <li>1. One Independent Commissioner who is the chairman at one of the committees of the Bank as the Main Entity, as the Chairman and concurrently as member;</li> <li>2. An Independent Commissioner and appointed from the Insurance as the Interrelated Financial Services Institution in the Financial Conglomerate, as a member;</li> <li>3. An independent party as a member.</li> </ol> <p>The number and composition of Independent Commissioners who are members of the Integrated Governance Committee are in accordance with the requirement of the Financial Conglomerate as well as the efficiency and effectiveness of the implementation of the Integrated Governance Committee's duties with regard to the representation of their respective financial services sectors.</p>

**ASSESSMENT FACTORS :  
INTEGRATED GOVERNANCE COMMITTEE**

<b>C. INTEGRATED GOVERNANCE COMMITTEE</b>	
<b>2. INTEGRATED GOVERNANCE PROCESS</b>	
<b>Indicator</b>	<b>Analysis</b>
<p>a. The Integrated Governance Committee evaluates the implementation of Integrated Governance least through the assessment of sufficient internal controls and the implementation of the integrated compliance function.</p> <p>b. The Integrated Governance Committee holds a meeting of Integrated Governance Committee at least 1 (one) time in each semester.</p>	<p>The Integrated Governance Committee has evaluated the implementation of Integrated Governance least through the assessment of sufficient internal controls and the implementation of the integrated compliance function.</p> <p>During 2016, the Integrated Governance Committee had held 2 (two) meetings.</p>
<b>3. INTEGRATED GOVERNANCE OUTCOME</b>	
<b>Indicator</b>	<b>Analysis</b>
<p>a. The Integrated Governance Committee has evaluated the implementation of the Integrated Governance, at least through the assessment of sufficient internal controls and the implementation of the integrated compliance function.</p> <p>b. The Integrated Governance Committee has provided recommendations to the Main Entity Board of Commissioners for the perfection of the Integrated Governance Guidelines.</p> <p>c. The result of the Integrated Governance Committee meeting has been recorded in the minutes of the meeting and is well documented, including clear disclosures of dissenting opinions along with the reasons that occurred in the Integrated Governance Committee meeting.</p>	<p>The Integrated Governance Committee has evaluated the implementation of Integrated Governance, at least through the assessment of sufficient internal controls and the implementation of the integrated compliance function.</p> <p>The Integrated Governance Committee will provide recommendations to the Board of Commissioners of the Bank for the perfection of the Integrated Governance Guidelines.</p> <p>The result of the Integrated Governance Committee meeting has been recorded in the minutes of the meeting and is well documented, including clear disclosures of dissenting opinions along with the reasons that occurred in the Integrated Governance Committee meeting.</p>



**ASSESSMENT FACTORS:  
INTEGRATED COMPLIANCE WORK UNIT**

<b>D. INTEGRATED COMPLIANCE WORK UNIT</b>	
<b>1. INTEGRATED GOVERNANCE STRUCTURE</b>	
<b>Indicator</b>	<b>Analysis</b>
a. Integrated Compliance Unit independent of the operating unit.	Integrated Compliance Unit has been independent of the operating unit.
b. Entities Directors meet the needs of qualified human resources as members of Integrated Compliance Unit.	The Board of Directors of the Bank as the entity meets the needs of qualified human resources as members of Integrated Compliance Unit.
<b>2. INTEGRATED GOVERNANCE PROCESS</b>	
<b>Indicator</b>	<b>Analysis</b>
Integrated Compliance Unit to monitor and evaluate the compliance function at the Financial Services Authority under the Financial Conglomerate.	Integrated Compliance Unit has been monitoring and evaluating the implementation of the compliance function at the Bank and Insurance in Financial Conglomerate.
<b>3. INTEGRATED GOVERNANCE OUTCOME</b>	
<b>Indicator</b>	<b>Analysis</b>
Integrated Compliance Unit has submitted reports on the performance of duties and responsibilities to the Director of the Compliance function entity in charge or director appointed to conduct oversight of the Financial Services Authority in the conglomeration of Finance.	Integrated Compliance Unit has submitted reports on the performance of duties and responsibilities to the Director in charge of Bank Compliance function to perform oversight of the Bank and Insurance in Financial Conglomerate.

**ASSESSMENT FACTORS:  
INTEGRATED INTERNAL AUDIT WORK UNIT**

<b>E. INTERGRATED INTERNAL AUDIT WORK UNIT</b>	
<b>1. INTEGRATED GOVERNANCE STRUCTURE</b>	
<b>Indicator</b>	<b>Analysis</b>
<p>a. The Integrated Internal Audit Work Unit is independent from the operating work unit.</p> <p>b. The Main Entity Board of Directors has met the requirements of qualified human resources as members of the Integrated Internal Audit Work Unit.</p>	<p>The Integrated Internal Audit Work Unit is independent from the operating work unit.</p> <p>The Board of Directors of the Bank as the Main Entity has met the requirements of qualified human resources as members of the Integrated Internal Audit Work Unit.</p>
<b>2. INTEGRATED GOVERNANCE PROCESS</b>	
<b>Indicator</b>	<b>Analysis</b>
<p>The Integrated Internal Audit Work Unit has monitored the implementation of internal audit in the Financial Services Institution in the Financial Conglomerate.</p>	<p>The Integrated Internal Audit Work Unit has monitored the implementation of the internal audit at the Bank and Insurance in the Financial Conglomerate.</p>
<b>3. INTEGRATED GOVERNANCE OUTCOME</b>	
<b>Indicator</b>	<b>Analysis</b>
<p>a. The Integrated Internal Audit Work Unit has submitted the report on the implementation of duties and responsibilities to :</p> <ol style="list-style-type: none"> <li>1. The Director appointed to conduct oversight function of the Financial Services Institution in the Finance Conglomerate;</li> <li>2. The Main Entity Board of Commissioners; and</li> <li>3. The Director in charge of the Main Entity Compliance function.</li> </ol>	<p>The Integrated Internal Audit Work Unit has submitted a report on the implementation of duties and responsibilities to :</p> <ol style="list-style-type: none"> <li>1. The Board of Commissioners of Bank as the Main Entity, and</li> <li>2. The Director in charge of the Compliance functions of the Bank as the Main Entity.</li> </ol>

**ASSESSMENT FACTORS:  
INTEGRATED INTERNAL AUDIT WORK UNIT**

E. INTERGRATED INTERNAL AUDIT WORK UNIT	
<p>b. The Integrated Internal Audit Work Unit shall act objectively in monitoring the implementation of audit.</p> <p>c. Recommendations of the Audit result are in accordance with the problems and are used as a reference for improvement.</p>	<p>The Integrated Internal Audit Work Unit has acted objectively in monitoring the implementation of audit.</p> <p>Recommendations of the Audit result has been adjusted with the problems and used as a reference for improvement.</p>

**ASSESSMENT FACTORS :  
APPLICATION OF THE INTEGRATED RISK MANAGEMENT**

<b>F. APPLICATION OF THE INTEGRATED RISK MANAGEMENT</b>	
<b>1. INTEGRATED GOVERNANCE STRUCTURE</b>	
<b>Indicator</b>	<b>Analysis</b>
<p>a. The Main Entity has sufficient organizational structure to support the application of the Integrated Risk Management as stipulated in the provisions of the Financial Services Authority on the application of the Integrated Risk Management for Financial Conglomerate.</p>	<p>The Bank as the Main Entity has sufficient organizational structure to support the application of the Integrated Risk Management as stipulated in the provisions of the Financial Services Authority on the application of the Integrated Risk Management for Financial Conglomerate, among others of having established the Integrated Risk Management Committee and the Integrated Risk Management Work Unit.</p>
<p>b. The Main Entity has established policies, procedures, and determination of appropriate risk limits as stipulated in the provisions of the Financial Services Authority on the application of the Integrated Risk Management for Financial Conglomerate.</p>	<p>The Bank as the Main Entity has established policies, procedures, and determination of appropriate risk limits as stipulated in the provisions of the Financial Services Authority on the application of the Integrated Risk Management for Financial Conglomerate.</p>
<b>2. INTEGRATED GOVERNANCE PROCESS</b>	
<b>Indicator</b>	<b>Analysis</b>
<p>The Main Entity applies the Integrated Risk Management in accordance with the provisions of the Financial Services Authority on the application of the Integrated Risk Management for Financial Conglomerate.</p>	<p>Bank as the Main Entity has applied the Integrated Risk Management in accordance with the provisions of the Financial Services Authority on the application of the Integrated Risk Management for Financial Conglomerate.</p>
<b>3. INTEGRATED GOVERNANCE OUTCOME</b>	
<b>Indicator</b>	<b>Analysis</b>
<p>a. The Main Entity applies the Integrated Risk Management effectively in accordance with the characteristics and complexity of the Financial Conglomerate business.</p>	<p>Bank as the Main Entity has applied the Integrated Risk Management effectively in accordance with the characteristics and complexity of the Financial Conglomerate business.</p>

**ASSESSMENT FACTORS :**  
**APPLICATION OF THE INTEGRATED RISK MANAGEMENT**

<b>F. APPLICATION OF THE INTEGRATED RISK MANAGEMENT</b>	
<p>b. Main Entity Board of Directors and the Board of Commissioners have the ability to perform the duties and responsibilities related to Integrated Risk Management in accordance with the Financial Services Authority on the application of the Integrated Risk Management..</p>	<p>The Board of Directors and the Board of Commissioners of the Bank as the Main Entity has performed their duties and responsibilities related to the Integrated Risk Management in accordance with the Financial Services Authority on the application of the Integrated Risk Management.</p>

**ASSESSMENT FACTORS :  
INTEGRATED GOVERNANCE GUIDANCE**

G. INTEGRATED GOVERNANCE GUIDANCE	
1. INTEGRATED GOVERNANCE STRUCTURE	
Indicator	Analysis
<p>a. The Integrated Governance Guidelines should at least include :</p> <ol style="list-style-type: none"> <li>1. The Framework of the Integrated Governance for the Main Entity;</li> <li>2. The Framework of the Integrated Governance for the Financial Services Institution.</li> </ol> <p>b. The Framework of the Integrated Governance for the Main Entity contains at least :</p> <ol style="list-style-type: none"> <li>1. the terms of the Main Entity Board of Directors and the Main Entity Board of Commissioners;</li> <li>2. the duties and responsibilities of the Main Entity Board of Directors and the Main Entity Board of Commissioners;</li> <li>3. the duties and responsibilities of the Integrated Governance Committee;</li> <li>4. the duties and responsibilities of the Integrated Compliance Work Unit;</li> <li>5. the duties and responsibilities of the Integrated Internal Audit Work Unit;</li> </ol>	<p>The Integrated Governance Guidelines have included :</p> <ol style="list-style-type: none"> <li>1. The Framework of Integrated Governance or the Bank as the Main Entity;</li> <li>2. The Framework of Integrated Governance for the Bank and Insurance.</li> </ol> <p>The Framework of Integrated Governance for the Bank as the Main Entity has contained :</p> <ol style="list-style-type: none"> <li>1. the terms of Board of Directors of the Bank and the Board of Commissioners of the Bank as the Main Entity;</li> <li>2. the duties and responsibilities of the Board of Directors of the Bank and the Board of Commissioners as a Main Entity;</li> <li>3. the duties and responsibilities of the Integrated Governance Committee;</li> <li>4. the duties and responsibilities of the Integrated Compliance Work Unit;</li> <li>5. the duties and responsibilities of the Integrated Internal Audit Work Unit;</li> </ol>

**ASSESSMENT FACTORS :  
INTEGRATED GOVERNANCE GUIDANCE**

<b>G. INTEGRATED GOVERNANCE GUIDANCE</b>	
<p>6. the application of the Integrated Risk Management.</p> <p>c. The Framework of Integrated Governance for the Financial Services Institution in the Financial Conglomerate should contain at least :</p> <ol style="list-style-type: none"> <li>1. the qualifications for member candidates of the Board of Directors and member candidates of the Board of Commissioners;</li> <li>2. the structure of the Board of Directors and the Board of Commissioners;</li> <li>3. action independence of the Board of Commissioners;</li> <li>4. the implementation of management functions of the Financial Services Institution by the Board of Directors;</li> <li>5. the implementation of oversight function by the Board of Commissioners;</li> <li>6. the implementation of the compliance function, the internal audit function, and the implementation of external audit;</li> <li>7. the implementation of the Risk Management function;</li> <li>8. the remuneration policy, and</li> <li>9. the management of conflicts of interest.</li> </ol>	<p>6. the application of the Integrated Risk Management.</p> <p>The Framework of the Integrated Governance for the Bank and the Insurance in Financial Conglomerate has contained :</p> <ol style="list-style-type: none"> <li>1. the qualifications for member candidates of the Board of Directors and member candidates of the Board of Commissioners;</li> <li>2. the structures of the Board of Directors and Board of Commissioners;</li> <li>3. action independence of the Board of Commissioners;</li> <li>4. the implementation of management functions by the Board of Directors;</li> <li>5. the implementation of oversight function by the Board of Commissioners;</li> <li>6. the implementation of the compliance function, the internal audit function, and the implementation of external audit;</li> <li>7. the implementation of the Risk Management function;</li> <li>8. the remuneration policy, and</li> <li>9. the management of conflicts of interest.</li> </ol>

**ASSESSMENT FACTORS :  
INTEGRATED GOVERNANCE GUIDANCE**

<b>G. INTEGRATED GOVERNANCE GUIDANCE</b>	
<b>2. INTEGRATED GOVERNANCE PROCESS</b>	
<b>Indicator</b>	<b>Analysis</b>
The implementation of the Integrated Governance process by the Main Entity of the Financial Services Institution shall at least have referred to the Integrated Governance Guidelines.	The implementation of the Integrated Governance process by the Bank as the Main Entity and the Insurance as the Interrelated Financial Services Institution has referred to the Integrated Governance Guidelines.
<b>3. INTEGRATED GOVERNANCE OUTCOME</b>	
<b>Indicator</b>	<b>Analysis</b>
The result of the Integrated Governance has reflected that the Main Entity and the Financial Services Institution in the Financial Conglomerate have implemented the principles of good governance in accordance with the Integrated Governance Guidelines.	The result of the Integrated Governance has reflected that the Bank as the Main Entity and the Insurance as the Interrelated Financial Services Institution in the Financial Conglomerate have implemented the principles of good governance in accordance with the Integrated Governance Guidelines.