



BANK BUMI ARTA

DECREE

**BOARD OF
DIRECTORS**

Head Office : Member of the Board of Directors and
Officers to Division Head # 181
Branches : Branch Manager and Officers to
Division Head # 181

Subject:

Date: July 31, 2013

BOARD OF DIRECTORS DECREE

NO. DIR/181/VII/2013

CONCERNING

INTERNAL AUDIT CHARTER

Bank Bumi Arta Board of Directors

Referring, : 1. Board of Directors Decree No.
considering DIR/002/CP/94 dated May 16, 1994
and concerning "General Policy Statement in
in viewing Internal Control and Audit".

2. Board of Directors Decree No.
DIR/003/CP/94 dated May 17, 1994
concerning "Internal Audit Function on
Bank Bumi Arta".

3. Board of Directors Decree No.
DIR/004/CP/94 dated May 18, 1994
concerning "Practices of Code of Conduct



on Bank Bumi Arta".

4. Bank Indonesia Regulation No. 1/6/PBI/1999 dated September 20, 1999 concerning "Appointment of the Compliance Director dan Implementation of Internal Audit Function Standard on Commercial Banks".
5. Bank Indonesia Regulation No. 5/8/PBI/2003 dated May 19, 2003 concerning "Implementation of Risk Management for Commercial Banks" and Bank Indonesia Regulation No. 11/25/PBI/2009 dated July 01, 2009, concerning Amendment to Bank Indonesia Regulation NO. 5/8/PBI/2003 concerning Implementation of Risk Management for Commercial Banks"
6. Bank Indonesia Regulation No.8/4/PBI/2006 dated January 30, 2006 concerning "Implementation of Good Corporate Governance for Commercial Banks" and Bank Indonesia Regulation No. 8/14/PBI/2006 dated October 5, 2006 concerning "Amendment to Bank Indonesia



Regulation No. 8/4/PBI/2006 dated January 30, 2006 concerning Implementation of Good Corporate Governance for Commercial Banks.

7. Bank Indonesia Regulation No. 9/15/PBI/2007 dated November 30, 2007 concerning "Implementation of Risk Management in the Use of Information Technology by Commercial Banks".
8. Decree of the Chief of Capital Market Supervisory Agency and Financial Institution No. KEP-496/BL/2008 dated November 28, 2008 concerning "Establishment and Guidelines for Internal Audit Charter Compilation".
9. Implementation Standard of Bank Internal Audit Function (Standar Pelaksanaan Fungsi Audit Intern Bank - SPFAD3) on Bank Indonesia of 1999.
10. Standard Guidelines for Internal Control System for Commercial Banks of Bank Indonesia of 2003.

Has Decided:



Enacting : Decree concerning "Internal Audit Charter of Bank Bumi Arta".

Structure and Status on Bank Bumi Arta

Article 1

1. The internal audit function on the Bank Bumi Arta (hereinafter referred to as "Bank") is carried out by the Division of Internal Control and Audit (hereinafter referred to as "DPPI"), Internal Control and Audit Section based in Non-Operational Headquarters and Internal Control Staff based in the Operational Headquarters and Branch Offices as an integral part of the Division of Internal Control and Audit.
2. Internal audit on Bank organization is "staff function", means "non-line function".
3. DPPI shall be led by a Head of DPPI.
4. Head of DPPI shall be appointed and dismissed by the President Director with the approval of the Board of Commissioners.
5. President Director can dismiss the head of **DPPI**, after obtaining the approval of the Board of Commissioners, in case of the Head of the DPPI does not qualify as an



auditor of DPPI as set forth in the Internal Audit Charter and fails or incompetent in performing duties.

6. Head of DPPI shall be responsible for the President Director.
7. Head of Internal Control Division and Head of Internal Audit Section shall be directly responsible to the Head of DPPI.
8. DPPI auditor shall not be permitted / prohibited from holding double functions and duties of the implementation of operational activities on Banks and on Subsidiary Banks.

Internal Audit Mission

Article 2

PPI shall be able to support the achievement of the health of a bank, reasonable Bank development, the application of prudent principle, risk management and good corporate governance in the management of the Bank.

Internal Audit Objectives

Article 3

Internal Audit objectives of Bank are:



1. Internal audit objective on the Bank is to assist the President Director and Board of Commissioners to obtain reasonable assurance for the implementation and maintenance of a common control mechanism, effective risk management and corporate governance process as has been stipulated by the Bank to strengthen the position thereof.
2. Other objective of internal audit on Bank is to assist the members of the bank's organization, especially the members of the management at all hierarchies to carry out their respective duties and responsibilities effectively.
3. In order to achieve these objectives, internal audit shall present various analyzes, assessments, recommendations, advice and information relating to the audited activities.

Scope of Internal Audit Activities

Article 4

1. Scope of internal audit activities includes audit and assessment of adequacy and effectiveness of Internal Control System, Risk Management, Good Corporate Governance, Information Technology, and the entire Bank's business operations and the quality of management performance in carrying out the duties and responsibilities thereof.



2. Internal Control System is an oversight mechanism established by the Bank's management on an ongoing basis, in order to:
 - a. maintain and secure the assets;
 - b. ensure the availability of the report more accurate and timely;
 - c. improve compliance with the applicable regulations;
 - d. reduce the risk of loss, irregularities, fraud and violation of prudent principle;
 - e. enhance organizational effectiveness and improve costs and operational efficiency.
3. Risk management is a set of procedure and methodology used to identify, measure, monitor, and control risks arising from the Bank's business operations.
4. Good Corporate Governance is a Bank's governance implementing the principles of transparency, accountability, responsibility, independence, and fairness.
5. Information technology is a means of computer-related technology, telecommunications and other Banking Electronic used in the processing of financial data and/or banking services. Electronic Banking is a service that



allows the Bank's customers to obtain information, communicate and make banking transactions through electronic media, among others, ATM, phone banking, electronic fund transfer, internet banking, mobile phone.

**Supervisory Responsibility and Authority of
Board of Commissioners and Board of Directors**

Article 5

Supervisory responsibility and authority of the Board of Commissioner shall include:

1. Final responsibility for supervision shall be conducted by the Board of Commissioners.
2. Board of Commissioners shall evaluate the audit findings by the Division of Internal Control and Audit.
3. Board of Commissioners shall be authorized to ask the Board of Directors to follow up the audit findings of the Internal Control and Audit Division.

Article 6

Supervisory responsibility and authority of the Board of Directors shall include:

1. Board of Directors shall be responsible for creating the internal control structure.



2. Board of Directors shall be responsible for ensuring the implemented Internal Audit Function on Bank Bumi Arta in every level of management.
3. Board of Directors shall be obliged to follow up the findings of the Division of Internal Control and Audit.
4. Board of Directors shall also liable for reporting the above-mentioned activities to the General Meeting of Shareholders.

Duties and responsibilities of Internal Audit

Article 7

1. Shall prepare and implement Annual Work Plan of the Internal Audit.
2. Shall review the level of trust and integrity of financial and operational information and tools and means used to identify, measure, classify and report such information.
3. Shall review the systems created to ensure compliance with all policies, plans, procedures, laws and regulations that may have a significant impact on operations and reports, and determine whether the organization complies with such policies, plans, procedures, laws and regulations.
4. Shall review the means used to protect assets and a proper way to test the truth of the existence of such assets



5. Shall assess the level of economical and efficient use of the available resources.
6. Shall review business operations or programs to ensure whether the results achieved are consistent with the goals and objectives as have been set forth and whether the operations or programs are running as planned.
7. Shall conduct audit and assessment of the efficiency and effectiveness of finance, accounting, operations, human resources, marketing, and other relevant activities.
8. Shall undertake audit and evaluation of the implementation of information technology and all aspects of the use of such Information Technology.
9. Shall provide corrective suggestions and objective information regarding activities audited and reviewed at all levels of management.
10. Shall make the audit report and submit it to the President, Director, Compliance Director, Auditee and Board of Commissioner.
11. Shall monitor, analyze and report the implementation of corrective follow-up as has been suggested.
12. Shall communicate and cooperate with the Audit Committee.



13. Shall prepare a program to evaluate the quality of internal audit activities performed.
14. Shall undertake special audit when necessary.

Internal Audit Authority

Article 8

1. Related to the duties and functions thereof, internal audit shall have the authority to access all information corresponding to the object of internal audit.
2. Shall communicate directly with the Board of Directors, Board of Commissioners, and/or Audit Committee and members of the Board of Directors, Board of Commissioners, and/or Audit Committee.
3. Shall hold a regular and incidental meeting with the Board of Directors, Board of Commissioners, and/or Audit Committee.
4. Shall coordinate the activities thereof with the activities of the external auditor.
5. The Head of DPPI and other internal auditors shall not be authorized and not responsible for the activities/functions audited by them and also not to be involved in the implementation of the Bank's operations.



Duties and Responsibilities of Head of DPPI

Article 9

1. Shall secure/ensure that the practices of internal audit on the Bank as a whole are carried out by using the professional skills of the internal auditors on proficiency and due professional care basis.
2. Shall seek as maximum as possible that the officers of DPPI have the technical expertise and educational background consistent with their audit duties. Therefore, the Head of DPPI under the guidance of the President Director and other members of the Board of Directors shall determine the criteria of education and experience required for various duties of audit by also considering the scope and level of responsibility for various duties of audit.
3. Shall attempt as maximum possible that DPPI, as a working unit and each individual internal audit as well, has a wide range of knowledge, skills and disciplines as required to carry out audit duties, including expertise in applying norms of internal audit, procedures for internal audit and audit techniques. Disciplines in question include accounting, economics, banking expenditure in general, statistics, taxes, law and electronic data processing. Given impossible for an internal audit officer



to master himself all disciplines, then the Head of DPPI must ensure that the internal auditors on Bank Bumi Arta should collectively have a wide of knowledge and skills as referred to above in order to perform audit duties adequately.

4. Shall secure/ensure that the internal audit function is properly supervised. Head of DPPI shall be responsible for proper audit supervision, which is a continuous process that begins with planning and ending with the conclusion of audit duties. Such supervision also covers the following respects:
 - a. Shall give appropriate instructions to the officials/subordinate officers on initial audit and give approval for an audit program.
 - b. Shall view that the approved audit program has been performed unless any irregularities can be justified and approved.
 - c. Shall determine that the audit work papers support adequately all audit findings, audit conclusions and audit reports.
 - d. Shall ensure that inspection reports are accurate, objective, clear, concise, constructive and timely.



- e. Determining that the goals/objectives achieved examination.
5. Assure / ensure that the Bank's internal audit officer and himself as supreme internal inspection officials Bank, comply with the code of ethics Bank's internal audit practice.
 6. Shall secure/ensure that the Bank's internal audit officers and himself as the highest skilled and reliable officers of the Bank's internal audit in terms of dealing with others (human relations) and in communicating effectively.
 7. Shall maintain and develop technical skills, human skills and conceptual skills of the internal auditors and himself as the highest officials of the Bank's internal audit through the educational process in a sustainable broad sense.
 8. Shall view and keep that each of the Bank's internal audit work always includes:
 - a. The planning process of audit
 - b. Testing and evaluation of information
 - c. Communication regarding the results of audit, and
 - d. Efforts of follow-up.



9. Shall manage properly the DPPI and all staff thereof, so that:
- a. Such audit work meets the general objectives and responsibilities of internal audit function as the Board of Directors has approved.
 - b. Existing resources shall be efficiently and effectively employed.
 - c. Audit work shall be conducted in accordance with the applicable norms of internal audit.
10. Under the guidance of the President Director and other members of the Board of Directors, Head of the DPPI shall create and prepare a statement concerning a statement of purpose, authority, and responsibility of DPPI.
11. Shall prepare a plan to carry out the duties of DPPI and all staffs thereof. Such plan shall be consistent with the purposes of the DPPI and objectives of Banks' organization. The planning process includes the establishment of:
- a. Targets
 - b. Audit work schedules
 - c. Staffing plans and financial budgets), and
 - d. Activity reports.



12. Under the guidance of the President Director and other members of the Board of Directors, Head of the DPPI shall compile the written policies and procedures to guide the internal auditors.
13. Under the guidance of the President Director and other members of the Board of Directors, Head of the DPPI shall compile a program selection, staffing and human resource development in charge in internal audit division. Such program shall include:
- a. Division of smooth and balanced duties for internal audit officers with their respective competency.
 - b. Shall prepare job description job for each internal audit official.
 - c. Selection procedure of the qualified and competent person.
 - d. The process of training and providing ongoing educational opportunity for each internal auditor.
 - e. Performance assessment process of each internal audit official shall be conducted at least once a year.
 - f. The process of providing advice to the internal auditors with regard to the scope of internal audit



work and also in terms of their professional development respectively.

14. Shall become a point of coordination between the works of external audit undertaken by a public accountant with the internal audit function. Such coordination shall include:
 - a. Regular meeting to discuss common interest issues.
 - b. Access to audit programs and respective working papers.
 - c. Exchange of audit reports and management letters.
 - d. The same understanding regarding audit techniques, methods of audit and audit terminologies.
15. Shall determine and maintain the quality assurance program in order to evaluate operations of DPPI and all staffs thereof.

Internal Audit Code of Conduct

Article 10

1. Independence

DPPI and internal auditors shall uphold their profession and always maintain independence in the execution of their duties as well as improve the technical ability and



knowledge in accordance with the duties and responsibilities thereof.

2. Confidentiality/Security

- a. Each internal auditor shall be prudent in using information obtained during the investigation tasks thereof.
- b. Each internal auditor shall keep confidential information in order to avoid from disclosure.
- c. Save for the delivery of confidential information to authorized parties to acquire thereof pursuant to an order/direction of the Head of DPPI.
- d. Each internal auditor shall not use confidential information for personal benefit or in a manner that may have adverse affect to the welfare of the organization in general, members of commissioners as representatives of the shareholders and/or management.
- e. Each internal auditor shall take the security measures as required to maintain the confidentiality of records and various data that should be confidential.

3. Conflict of Interest



- a. Each internal auditor should observe the policies of Bank Bumi Arta that apply with regard to conflict of interest.
- b. Each internal auditor shall restrain in order not engaged in any activity contrary to the interests of the organization or that will obstruct the ability and willingness to carry out the duties and responsibilities thereof as an internal auditor on an objective basis.
- c. Each internal auditor shall not be allowed to receive any fee or gift and employees of Bank Bumi Arta, members of management, Board of Directors, Board of Commissioners, customers and other parties, in case of such fee or gift related to the duties as internal auditor.

4. Integrity/Personal Conduct

Each internal auditor shall be very careful to avoid situations that are known or suspected violations of law or company policies, and must report the situation immediately to relevant authorities on the Bank Bumi Arta pursuant to the applicable organizational structure.

5. Objectivity



- a. Each internal auditor shall be obliged to carry out their duties with honesty, objectivity and diligence.
- b. Objectivity requires each internal auditor holds freedom of mental attitude, and honest trust of the results of the audit work.
- c. Shall create the concept of procedures, design systems, install system, carry out system are not the internal audit function. Every employee of Bank Bumi Arta in his capacity as an internal auditor shall not be allowed at all to get involved or engages in the works referred to above as judged to reduce the objectivity of audit.

6. Fact Based Reporting

- a. Each internal auditor shall rely their objective audit findings on existing facts.
- b. Thus, an internal auditor in officer in expressing his opinion on the results of the audit shall be very prudent and ensures that his opinion is supported by sufficient real evidence.
- c. In reporting the results of the audit an internal auditor shall disclose various relevant and material facts known by him, which, if undisclosed may result



in a distortion of reporting about the audited activities or conceal an unauthorized practice.

- d. Each internal auditor shall not be allowed completely and consciously to misrepresent the facts/misrepresent the observed conditions.

7. Professionalism/Expertise

- a. Each internal auditor shall constantly strive to maintain and improve the image of professionalism, morality, dignity, level of competence, proficiency and effectiveness of work thereof both for himself as an individual and for his working unit.
- b. Each internal auditor shall furnish himself with skills with various skills possessed by other fellow internal auditor for the sake of ensuring the compliance of the purpose of internal audit on Bank Bumi Arta.

8. Loyalty

Each internal auditor should show loyalty to the organization in general. However, the internal auditor shall not knowingly be involved in activities deviating or violating the law.



Internal Auditor Requirements

Article 11

1. Shall hold integrity and professional behavior, independent, trustworthy and objective in implementing their duties.
2. Shall hold the technical knowledge and experience of the audit and disciplines relevant to their respective sectors.
3. Shall have knowledge of the legislation in the sectors of Banking, Capital Markets and other related regulation of legislation and Bank Indonesia Regulation and Circular of Bank Indonesia.
4. Shall have the ability to interact and communicate both verbally and in writing effectively.
5. Shall meet the Implementation Standard of Bank Internal Audit Function (Standar Pelaksanaan Fungsi Audit Intern Bank - SPFAIB) and generally accepted professional standards.
6. Shall comply with Internal Audit Code of Conduct.
7. Shall keep confidentiality of information and/or data of Bank associated with the implementation of the duties and



responsibilities of internal audit, unless required by provision of legislation or by court stipulation/decision.

8. Shall understand the principles of good corporate governance and risk management.
9. Shall be willing to improve the knowledge, skills and professional capabilities continuously.

Internal Auditor Accountability

Article 12

1. Internal audit on Bank Bumi Arta serves in accordance with the policies established by Bank Bumi Arta Board of Directors.
2. To carry out the duties thereof, the Head of DPPI receives a mandate from the Board of Directors and shall be accountable for the results of the internal audit work under the supervisor thereof to the President Director. This Internal Audit Charter of Bank is the realization of the mandate from the Board of Directors as described above.
3. Head of Internal Audit and Head of Internal Control shall be accountable for the results of internal audit work under the supervision thereof to the Head of DPPI.



4. The Head of DPPI and other internal auditors shall not be authorized and not responsible for the activities/ functions audited by them and also not to be involved in the implementation of the Bank's operations.
5. The responsibility of internal audit is to serve organization of Bank in a consistent manner with various norms of internal audit and applicable code of conduct on Bank Bumi Arta.
6. This responsibility also includes the coordination of internal audit activities with the activities of other working units in order to achieve various goals/targets of audit and goals/targets of Bank organization in the best possible way.

With the enactment of this Decree, then automatically supersedes the Decree of Board of Directors No. DIR/135/VIII/2010 dated August 2, 2010.

Enacted in Jakarta,

Dated July 31, 2013

Approval by members of Board of Commissioners:

Wikan Aryono S

President Director

Hendrik Atmaja

Director

Ir. Rachmat M.S., MBA

President Commissioner

I, **FATCHUROZAK**, a Sworn and Authorized Translator
by the virtue of Jakarta Capital Territory Governor's Decree **No. 1690/2007**, practicing in Jakarta,
do solemnly and sincerely declare that the foregoing document is a true and faithful translation
from Indonesian into English of the original version.

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Jakarta, December 26, 2015

