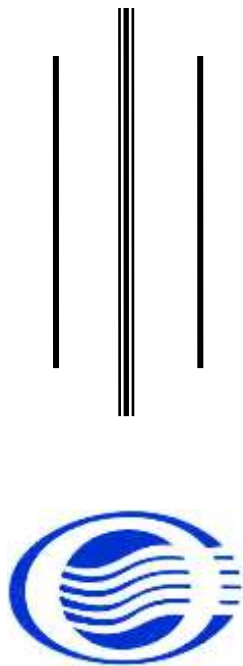


**REPORT ON IMPLEMENTATION OF  
GOOD CORPORATE GOVERNANCE  
2016**



**P.T. BANK BUMI ARTA Tbk.**

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## INTRODUCTION

P.T. Bank Bumi Arta Tbk. (Bank Bumi Arta) understands that rapid development in banking industry and the ever-increasing complexity of Bank activities will increase risk exposures for the Bank. Considering these increasing risks and challenges, Bank Bumi Arta has committed to implement Good Corporate Governance into its business practices.

In addition to enhancing Bank performance, the implementation of Good Corporate Governance also aims to protect stakeholders' interests and improve the compliance with laws and regulations, as well as with the common ethical values in banking industry. Implementation of Good Corporate Governance in Bank Bumi Arta is based on five fundamental principles of Good Corporate Governance, namely Transparency, Accountability, Responsibility, Independence and Fairness.

In addition, the implementation of Good Corporate Governance in Bank Bumi Arta also bases on the Regulation of Financial Services Authority No. 55/POJK.03/2006 of December 7, 2016, and Circular of Bank Indonesia No. 15/15/DPNP of April 29, 2013 on Implementation of Good Corporate Governance for Commercial Banks.

Bank Bumi Arta commits to practice and implement the principles of Good Corporate Governance in every business activity at all organization levels and stages.

The Report on Implementation of Good Corporate Governance of Bank Bumi Arta of 2016 consists of 2 (two) sections as follows:

- I. Transparency of Implementation of Good Corporate Governance.
- II. Report of Self Assessment on Implementation of Good Corporate Governance.

## I. Transparency of Implementation of Good Corporate Governance

### A. Disclosures of Good Corporate Governance Practices

#### 1. Fulfillment of Duties and Responsibilities of the Board of Commissioners and the Board of Directors

The role of the Board of Commissioners and the Board of Directors in public company management is highly important. Assignment of duties and responsibilities of the Board of Commissioners and the Board of Directors is basically set forth in the Law on Limited Liability Company, the Articles of Association and the Regulation of Bank Indonesia concerning Good Corporate Governance, and the internal policy of Bank Bumi Arta in general serves as a guidance for the Board of Commissioners and the Board of Directors in performing their duties and responsibilities with regard to the management of Bank Bumi Arta.

##### a. The Number, Composition, Criteria and Independence of members of the Board of Commissioners and the Board of Directors

The Board of Commissioners in Bank Bumi Arta consists of 3 people as follows :

- 1) Ir. Rachmat Mulia Suryahusada, MBA, as the President Commissioner
- 2) Daniel Budi Dharma as Independent Vice President Commissioner
- 3) R.M. Sjariffudin (Mohammad Sjariffudin) as Independent Commissioner

Meanwhile, the Board of Directors in Bank Bumi Arta consists of 3 (three) people as follows :

- 1) Wikan Aryono (Wikan Aryono S) as the President Director
- 2) Hendrik Atmaja as the Credit and Marketing Director
- 3) Tan Hendra Jonathan as the Compliance Director

President Director and Compliance Director of Bank Bumi Arta are Independent Parties.

All members of the Board of Commissioners and the Board of Directors have obtained approval from Bank Indonesia.

b. Duties, Responsibilities, and Authorities of the Board of Commissioners and the Board of Directors

1) Duties, Responsibilities and Authorities of the Board of Commissioners

Pursuant to the provisions in the Articles of Association of Bank Bumi Arta, the Board of Commissioners supervises policy made by the Board of Directors with regard to the management, running of the management of Bank Bumi Arta in general and management of businesses owned by Bank Bumi Arta, as well as provides advice for the Board of Directors and performs other duties as set forth over times by the General Meeting of Shareholders (GMS).

The internal policies of Bank Bumi Arta which govern the practice of good corporate governance for the duties, responsibilities, and authorities of the Board of Directors are as follows :

- a) The duties and responsibilities of the Board of Commissioners
  - (1) The Board Commissioners shall ensure the implementation

of Good Corporate Governance in every business managed by the Bank at all organization levels and stages

- (2) The Board of Commissioners supervises and is responsible for the oversight of management policies, the course of management in general, both concerning the Bank and the Bank's business, and provide advice to the Board of Directors, including the monitoring on the implementation of duties and responsibilities of the Board of Directors, among others by directing, monitoring, and evaluating the implementation of the strategic policies of the Bank.
- (3) The Board of Commissioners of the Bank as the Main Entity conducts supervision on the implementation of Integrated Governance, at least:
  - (a) Monitoring the implementation of governance in each of the Financial Service Institutions (*LJK*) in order to be consistent with the Guidelines of Integrated Governance;
  - (b) Overseeing the implementation of the duties and responsibilities of the Board of Directors of the Bank as the Main Entity, as well as providing guidance and advice to the Board of Directors of the Bank as the Main entity for the implementation of Integrated Governance Guidelines; and
  - (c) Evaluating and directing the Integrated Governance Guidelines for improvement.
- (4) In certain circumstances, the Board of Commissioners shall hold the Annual Meeting of Shareholders and other General Meeting of Shareholders in accordance with their authority as stipulated in the laws and regulations and the articles of association.

- (5) In order to support the effective implementation of their duties and responsibilities, the Board of Commissioners is required to establish at least :
  - (a) An Audit Committee;
  - (b) A Risk Monitoring Committee;
  - (c) A Nomination and emuneration Committee;
  - (d) An Integrated Governance Committee.
- (6) The appointment of committee members as referred to in point 1) item a) number (5) above is carried out by the Board of Directors based on the decision of the Board of Commissioners.
- (7) The Board of Commissioners shall ensure that the Committees which have been formed run their duties effectively and shall evaluate the performance of the Committees which assist the implementation of the duties and responsibilities as referred to in point 1) item a) number (5) at each financial year end.
- (8) The Board of Commissioners shall evaluate the implementation of the compliance function of the Bank for at least two (2) times in one (1) year and provide suggestions that may be required to improve the quality of functions compliance performance.
- (9) Each member of the Board of Commissioners shall jointly and severally be responsible for loss of the Bank caused by fault or negligence of the members of the Board of Commissioners in carrying out their duties.
- (10) Members of the Board of Commissioners may not be held liable for any losses of the Bank as referred to in point 1) item a) number (9) when they can prove :
  - (a) the loss is not due to fault or negligence;

- (b) have performed the management in good faith, responsibly, and with prudence for the interests and in accordance with the purposes and objectives of the Bank;
  - (c) have no conflict of interest, either directly or indirectly, for any management actions that resulted in losses; and
  - (d) have taken actions to prevent such losses arising or continuing.
- (11) The Board of Commissioners shall ensure that the Board of Directors has followed up the findings of the audit and recommendations of the internal audit work unit of the Bank, external auditors, request of the Board of Commissioners to the Board of Directors, the supervisory result of Bank Indonesia and/or results from other supervisory authorities.
- (12) The Board of Commissioners shall inform Bank Indonesia within 7 (seven) working days since the discovery of :
- (a) violation of the laws and regulations in the field of finance and banking.
  - (b) the condition or estimated condition that may endanger the Bank.
- (13) The Board of Commissioners will conduct an evaluation/ assessment of the performance of the Board of Directors are held once every year by way of self assessment taking into account the recommendations of the Nomination and Remuneration Committee.
- (14) The Board of Commissioners will conduct evaluation/ appraisal BOC held once every year by way of self assessment.



b) Authority of the Board of Commissioners

- (1) The Board of Commissioners is authorized to temporarily suspend the members of the Board of Director by stating the reasons.
- (2) The Board of Commissioners may take actions of managing the Bank under certain circumstances for a certain period of time. Such circumstances include cases in which the entire Board of Directors has a conflict of interest with the Bank, or in the case of all the members of the Board of Directors is absent or temporarily suspended.
- (3) The authority as referred to point 1) item b) number (2) above shall be determined based on the deed of establishment or the decision of the GMS.
- (4) In conducting supervision as referred to in point 1) item b) number (2), the Board of Commissioners are prohibited to be engaged in the decision-making of the bank operations unless :
  - (a) Provision of funds to related parties in accordance with Bank Indonesia on the Legal Lending Limit for Commercial Banks; and
  - (b) Other matters specified in the deed of establishment or the applicable laws and regulations.
- (5) Decisions made by the Board of Commissioners as referred to points 1) item b) number (4) is part of the supervisory duties by the Board of Commissioners, in such a way that does not negate the responsibility of the Board of Directors on the implementation of the management of the Bank.
- (6) Request the Board of Directors to prepare a work plan and short-term and medium-term (business plan) budgets or long term budget (corporate plan).

- (7) Monitor and review/evaluate the performance of the Board of Directors in realizing the Business Plan of the Bank each semester enclosed with supporting data for review/evaluation.
- (8) Ensure the implementation of the Integrated Risk Management is in accordance with the characteristics and complexity of the Financial Conglomerate, particularly in its function as the Main Entity Board of Commissioners, among others :
  - (a) To direct, approve, and evaluate the Integrated Risk Management policy;
  - (b) To evaluate the implementation of the Integrated Risk Management policy of the Board of Directors of the Bank as the main entity of at least 1 (one) time in 1 (one) year or at any time in case of changes in the factors which significantly affects the business.
- (9) Ensure the implementation of Integrated Capital Management comprehensively and effectively in accordance with the characteristics and complexity of the Financial Conglomerate, particularly in its function as the Main Entity Board of Commissioners, among others :
  - (a) To direct, approve, and evaluate policies, strategies, and procedures of integrated capital management; and
  - (b) To evaluate the implementation of policies, strategies and procedures of integrated capital management by the Board of Directors of the Bank as the Main Entity.
- (10) Propose to the GMS based on the decision of the Board of Commissioners Meeting to appoint a Public Accountant by considering the recommendation of the Audit Committee.

(11) Evaluate the policies compiled by the Board of Directors in accordance with the provisions of Bank Indonesia.

2) Duties, Responsibilities and Authorities of the Board of Directors

Pursuant to the provisions in the Articles of Association of Bank Bumi Arta, the Board of Directors is held responsible for performing its duties for the interest of Bank Bumi Arta. In achieving its goal and objective, the Board of Directors represents Bank Bumi Arta lawfully and directly both inside and outside the Justice Court for all matters and in all events, binds Bank Bumi Arta with other party and other party with Bank Bumi Arta, as well as performs any action related to the management or ownership, but with certain limitation.

Bank Bumi Arta internal policies governing the practice of good corporate governance for the duties, responsibilities, and authorities of the Board of Directors are as follows :

a) Duties and Responsibilities of the Board of Directors

- (1) The Board of Directors is in charge of running and is fully responsible for the implementation of the Bank management for the benefit of the Bank in accordance with the policies deemed appropriate, and in accordance with the purposes and objectives set out in the Deed of Establishment of the Bank.
- (2) The Board of Directors must manage the Bank according to its authorities and responsibilities as set forth in the Articles of Association and the applicable laws and regulations.
- (3) In carrying out the duties and responsibilities of the management of the Bank, the Board of Directors shall convene the Annual General Meeting of Shareholders as

stipulated in the laws and regulations and the Deed of Establishment.

- (4) Each member of the Board of Directors shall perform the duties and responsibilities of the Bank's management in good faith, responsibly, and prudence.
- (5) The Board of Directors must implement the principles of Good Corporate Governance in every business managed by the Bank at all organizational levels and stages.
- (6) The Board of Directors shall follow up the audit findings and recommendations from the Internal Audit Work Unit of the Bank, external auditors, Bank Indonesia, and/or other supervisory authorities. In addition, the Board of Directors of the Bank as the Main Entity is also required to follow up the findings of the Integrated Internal Audit Work Unit.
- (7) The Board of Directors must follow up the advice/memorandum from the Board of Commissioners on the Result of Meeting of the Board of Commissioners for issues under the concern of the Board of Commissioners.
- (8) The Board of Directors of the Bank as the Main Entity has the authority and responsibility for ensuring the implementation of Integrated Risk Management in accordance with the characteristics and complexity of the Financial Conglomerate business, which includes at least :
  - (a) formulating a written comprehensive policy for the Integrated Risk Management and in accordance with the provisions of Regulation of the Financial Services Authority;
  - (b) implementing the Integrated Risk Management policy that has been set, including :

- i. evaluating the Integrated Risk Management implementation in the Financial Conglomerate;
    - ii. ensuring all significant risks and the impact of the risks concerned have been followed up;
    - iii. submitting reports to the Main Entity Board of Commissioners regularly;
    - iv. communicating the Integrated Risk Management policy effectively to all relevant levels of the organization in the Financial Conglomerate in order to be understood clearly.
  - (c) developing a Risk culture as part of the implementation of Integrated Risk Management in the Financial Conglomerate;
  - (d) ensuring the effectiveness of human resource management which includes competency, qualification, and the adequacy of human resources in the Main Entity to perform the functions of the Integrated Risk Management;
  - (e) ensuring that the application of the Integrated Risk Management has been conducted independently;
  - (f) evaluating the result review of the Integrated Risk Management Work Unit regularly opposed to the Integrated Risk Management process.
- (9) The Board of Directors of the Bank as the Main Entity shall evaluate and adjust strategies and risk framework as part of the Integrated Risk Management policy as referred to in point 2) item a) number (8).(a), at least 1 (one) time in 1 (one) year or at any time in case there are changes in the factors significantly affecting the operations of the Financial Conglomerate.

- (10) In order to carry out the authorities and responsibilities as stipulated in point 2) item a) number (8), the Board of Directors of the Bank as the Main Entity shall have sufficient understanding of the risks inherent in all business activities in the Financial Conglomerate and able to take necessary actions in accordance with the Risk Profile of the Financial Conglomerate.
- (11) The Board of Directors of the Bank as the Main Entity shall ensure the implementation of Integrated Governance in Financial Conglomerate, at least :
- (a) Preparing the Integrated Governance Guidelines:
  - (b) Directing, supervising, and evaluating the implementation of the Integrated Governance Guidelines; and
  - (c) Following-up the instructions or advice of the Board of Commissioners of Bank as the Main Entity in order to improve the Integrated Governance Guidelines.
- (12) The Board of Directors of the Bank as the Main Entity shall ensure that audit findings and recommendations of the integrated internal audit work unit, the external auditors, the supervision result of the Financial Services Authority and/or other authorities have been acted upon by the Financial Services Institutions in the Financial Conglomerate.
- (13) The Board of Directors of the Bank as the Main Entity is authorized and responsible for ensuring the implementation of the Integrated Capital Management comprehensively and effectively in accordance with the characteristics and complexity of the Financial Conglomerate, which includes at least :

- (a) formulating policies, strategies, and procedures for the integrated capital according to the size, characteristics, business complexity and the risk level of the Financial Conglomerate; and
  - (b) implementing the policies, strategies and procedures of the capital management in an integrated manner.
- (14) The Board of Directors shall make a written report supplemented with the supporting data regarding the follow-up of the Board of Directors on the call/memorandum from the Board of Commissioners.
- (15) The Board of Directors shall be accountable for the implementation of its duties to shareholders through the General Meeting of Shareholders.
- (16) The Directors shall disclose to the employees of the Bank of the strategic policies in the field of employment.
- (17) In order to implement the principles of Good Corporate Governance, the Board of Directors shall establish at least :
- (a) An Internal Audit Work Unit;
  - (b) A Risk Management Work Unit and a Risk Management Committee;
  - (c) A Compliance Work Unit;
- (18) In order to support the effective implementation of their duties and responsibilities, the Board of Directors may establish committees, and the Board of Directors shall evaluate the performance of each committee of the end of fiscal year.
- (19) The Board of Directors is obliged to provide accurate, relevant, data and information to the Board of Commissioners in a timely manner.

- (20) Each member of the Board of Directors is responsible jointly and severally for the losses of the Bank caused by fault or negligence of the members of the Board of Directors in carrying out their duties.
- (21) Member of the Board of Directors cannot be held liable for any losses of the Bank as referred to point 2) item a) number (20), when it can be proven that :
- (a) the loss is not due to fault or negligence;
  - (b) have performed the management in good faith, responsibly, and with prudence for the interests and in accordance with the purposes and objectives of the Bank;
  - (c) have no conflict of interest, either directly or indirectly, for any management actions that resulted in losses; and
  - (d) have taken actions to prevent such losses arising or continuing.
- (22) The Board of Directors will make an evaluation/ assessment of performance of Directors is held once every year by way of self assessment to then be reviewed by the Board of Commissioners.
- b) Authorities of the Board of Directors:
- (1) The Board of Directors has the authority to represent the Bank in and outside of court.
  - (2) Members of the Board of Directors are not authorized to represent the Bank, if :
    - (a) there is a litigation between the Bank and the relevant member(s) of the Board of Directors; and



- (b) members of the Board of Directors concerned have interests that conflict with the interests of the Bank.
- (3) In the event of a situation as referred point 2 item b) number (2) above, the Bank is entitled to represent :
  - (a) Other members of the Board of Directors who do not have a conflict of interest with the Bank;
  - (b) The Board of Commissioners in the event that all members of the Board of Directors have a conflict of interest with the Bank; or
  - (c) Other parties appointed by the GMS in the event that all members of the Board of Directors or Board of Commissioners have conflict of interest with the Bank.
- c. Recommendation from the Board of Commissioners

The Board of Directors must take into account the recommendation from the Board of Commissioners according to the result of the General Meeting of Shareholders and the Meeting of the Board of Commissioners.

## 2. Completeness and Fulfillment of Duties of the Committees

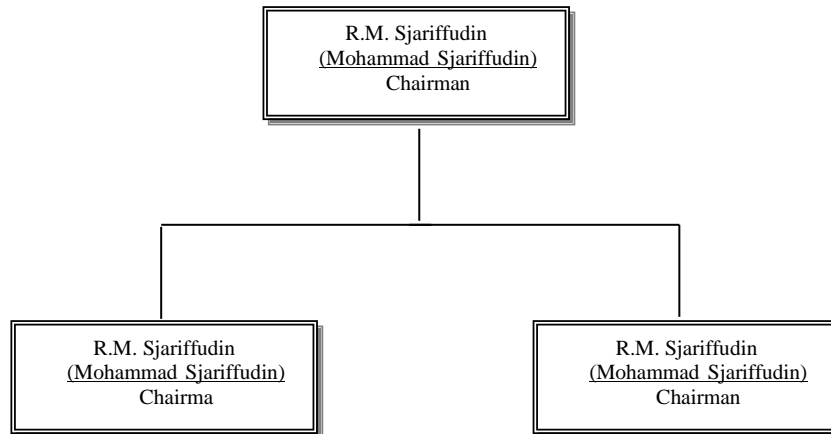
To support the effectiveness of implementation of duties and responsibilities of the Board of Commissioners, the Board of Commissioners has established the Audit Committee, Risk Monitoring Committee and Nomination and Remuneration Committee.

### a. Audit Committee

- 1) The Structure, membership, skills and independence of members of the Committee

The Audit Committee was established on June 30, 2006, and commenced effective on July 1, 2006. The structure of the Audit

Committee has changed and as from March 16, 2013, the structure of the Audit Committee is as follows:



The structure of the Audit Committee consists of:

- a) R. M. Sjariffudin (Mohammad Sjariffudin) as the Chairman and Independent Party, the Commissioner cum Independent Commissioner.
- b) Dr. Timotius, Ak as Member and Independent Party, who has expertise in financial field.
- c) Lexyndo Hakim, SH, MH, M.KN as Member and Independent Party, who has expertise in legal field or banking<sup>1</sup>.

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<sup>1</sup> Lexyndo Hakim, SH, MH, M.KN has been reappointed as a member of the Audit Committee for 1 (one) subsequent period, based on the Decision of the Board of Directors No. DIR/215/III/2016 dated March 8, 2016.

### 2) Duties and Responsibilities of the Committee

Audit Committee has the following duties and responsibilities :

- a) Performing analysis on financial information to be published by Bank for public and/or the authorities, such as financial statement, projection and other reports related to financial information of the Bank.
- b) Performing analysis on legal compliance with regard to Bank's activities.
- c) Providing independent opinion in the event of dissenting opinions between the management board and the Accountant on the provided service.
- d) Providing recommendation to the Board of Commissioners on the appointment of Public Accounting Firm in consideration of the independence, scope of duty and fee, which will be presented before the General Meeting of Shareholders.
- e) Investigate complaints related to the process of accounting and Bank financial reports.
- f) Performing analysis and providing advices to the Board of Commissioners with regard to conflict of interests potentials in the Bank.
- g) Performing analysis on implementation of audit by internal auditor and monitoring the implementation of follow-ups by the Board of Directors with regard to the findings collected by the internal auditor.
- h) Conducting monitoring and evaluation on audit planning and implementation and monitoring of follow up to audit result in order to assess internal control adequacy, including financial reporting adequacy.
- i) Providing recommendation to the Board of Commissioners on the result of monitoring and evaluation on the following :

- (1) Performance of duties of the Internal Audit Task Force.
  - (2) Compliance of the Audit performed by the Public Accounting Firm with the applicable Auditing Standard.
  - (3) Compliance of financial statement with the applicable auditing standard.
  - (4) Implementation of follow up by the Board of Directors with regard to the findings collected by the Internal Audit Task Force, Public Accountant and result of monitoring by Financial Services Authority.
- j) Keeping the confidentiality of bank documents, data and information.

### 3) Authorities of the Committee

In performing its duties, Audit Committee has the following authorities :

- a) Access Bank documents, data, and information on the employees, funds, assets, and Bank resources required.
- b) Communicate directly with the employees, including the Board of Directors and parties running the functions of internal audit, risk management, and accounting in relation to the duties and responsibilities of the Audit Committee.
- c) Involve independent parties outside the members of the Audit Committee required to assist the implementation of duties (if required).
- d) Perform other authorities granted by the Board of Commissioners.

### 4) Frequency of meeting of the Committee

In fulfilling its duties and responsibilities, the Audit Committee holds no less than 1 (once) meetings in 3 months.

### 5) Committee Work Plan and Realization

During 2016, the Audit Committee has :

- a) Held 6 meetings that are attended by all members of the Audit Committee.

Attendance of members of Audit Committee in 2016.

Audit Committee (Date)	Tw1	Tw2	Tw3	Tw4
	21/03/16	24/06/16	21/09/16	17/11/16
R.M.Sjariffudin (Mohammad Sjariffudin), Chairman	√	√	√	√
Dr. Timotius, Ak, Member	√	√	√	√
Lexyndo Hakim, SH, MH, M.Kn, Member	√	√	√	√

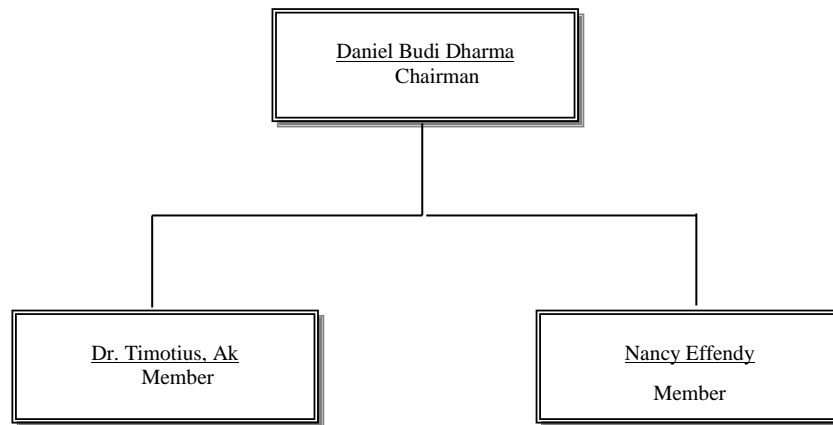
Result of meeting of Audit Committee is presented in the Minutes of Meeting as documentation and the Audit Committee has provided the memorandum of recommendation with regard to the result of Meeting of Audit Committee for the Board of Commissioners on issues under the concern of the Audit Committee.

- b) Performing analysis on Financial information to be published by Bank for public and/or the authorities, such as financial statement, projection and other reports related to financial information of the Bank, legal compliance of the Bank, implementation of audit by the internal auditor and monitor the implementation of follow up by the Board of Directors with regard to the findings collected by the internal auditor, which will be submitted to the Board of Commissioners in the Minutes of meeting of Audit Committee.

### b. Risk Monitoring Committee

#### 1) Structure, membership, skills and independence of members of the Committee

Risk Monitoring Committee was established on April 16, 2007, and commenced effective on June 01, 2007. The structure of Risk Monitoring Committee has changed and as from August 1, 2012, the structure of the Committee is as follows :



The structure of Risk Monitoring Committee consists of :

- a) Daniel Budi Dharma as the chairman and Vice President Commissioner cum Independent Commissioner, who has expertise in banking field.
- b) Dr. Timotius, Ak as Member and Independent Party, who has expertise in financial field.
- c) Nancy Effendy as Member and Independent Party, who has expertise in risk management.

### 2) Duties and Responsibilities of the Committee

Duties and responsibilities of Risk Monitoring Committee are as follows :

- a) Providing recommendation for the Board of Commissioners on the result of:
  - (1) Evaluation on conformity of risk management policy to the implementation of the policy.
  - (2) Monitoring and evaluation on the fulfillment of duties of Risk Management Committee and Risk Management Task Force.
- b) Performing evaluation (assessment) based on the risk condition on field, among others by considering:
  - (1) Lending Approval Authority Limit ("BWMK").
  - (2) Competence and Integrity aspect of Human Resource.
  - (3) Adequacy of office facility and infrastructure.
  - (4) Information from other party related to the operational activities that are exposed to risk.
- c) Keeping the confidentiality of Bank's document, data and information.

### 3) Frequency of meeting of the Committee

In fulfilling its duties and responsibilities, Risk Monitoring Committee holds no less than 4 (four) meetings in a year and, when necessary, may hold a meeting other than the scheduled meeting.

### 4) Committee Work Plan and Realization

During 2016, Risk Monitoring Committee has:

- a) Held 4 meetings that are attended by all members of Risk Monitoring Committee.

### Attendance of members of Risk Monitoring Committee in 2016

Risk Monitoring Committee (Date)	Tw1	Tw2	Tw3	Tw4
	21/03/16	24/06/16	21/09/16	15/12/16
Daniel Budi Dharma, Chairman	√	√	√	√
Nancy Effendy, Member	√	√	√	√
Dr. Timotius, Ak, Member	√	√	√	√

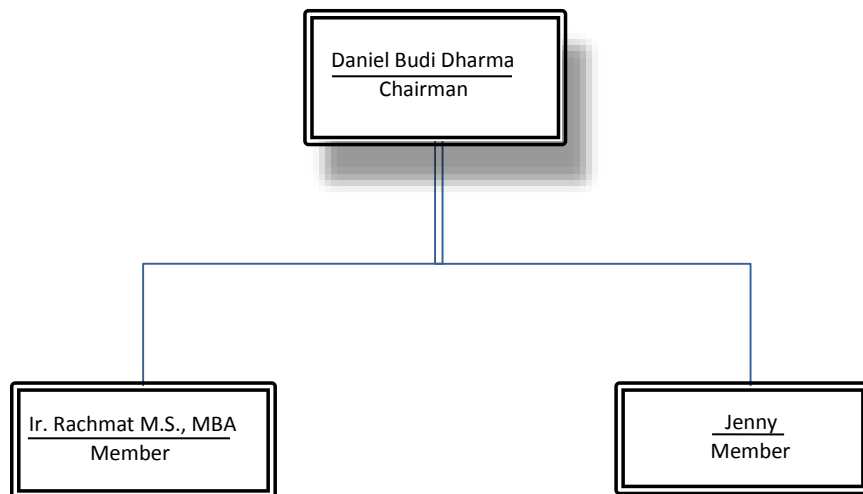
- b) Made analysis on Report on Risk Profile, implementation of risk management policy and the duties of Risk Monitoring Committee and Risk Management Unit, which will be submitted to the Board of Commissioners in the Minutes of meeting of Risk Monitoring Committee and Risk Monitoring Committee has submitted the memorandum of recommendation with regard to the result of Meeting of Risk Monitoring Committee to the Board of Commissioners on issues under the concern of Risk Monitoring Committee.



### c. Nomination and Remuneration Committee

#### 1) Structure, membership, skills and independence of members of the Committee

The structure, membership, skills and independence of members of the Committee Remuneration and Nomination Committee was established on April 16, 2007 and commenced effective as from June 1, 2007. All members of the Committee Remuneration and Nomination Committee have been reappointed based on the Decision of the Board of Directors No. DIR/217/V/2016 dated May 31, 2016 for 5 (five) subsequent period, as from May 31, 2016, the structure of the Committee is as follows :



The structure of Nomination and Remuneration Committee consists of :

- a) Daniel Budi Dharma as the chairman and Vice President Commissioner cum Independent Commissioner, who has expertise in banking field.
- b) Ir. Rachmat Mulia Suryahusada, MBA, as Member and President Commissioner, having expertise in banking field.

c) Jenny as Member and HRD Division Head, who has expertise in human resource field.

### 2) Duties and Responsibilities of the Committee

The Nomination and Remuneration Committee has duties and responsibilities as follows :

#### a) Related to the Nomination Function

(1) provide recommendations to the Board of Commissioners regarding :

(a) the position composition of the members of the Board of Directors and/or members of the Board of Commissioners;

(b) policies and criteria required in the process of nomination;

(c) policy on performance evaluation for members of the Board of Directors and/or members of the Board of Commissioners;

(2) assist the Board of Commissioners assesses the performance of members of the Board of Directors and/or members of the Board of Commissioners based on the benchmarks that have been prepared as evaluation material;

(3) provide recommendations to the Board of Commissioners regarding the development programs on the performances of members of the Board of Directors and/or members of the Board of Commissioners;

(4) propose candidates who qualify as members of the Board of Directors and/or members of the Board of Commissioners to the Board of Commissioners to be submitted to the GMS;

(5) Preparing and providing recommendation on the system and procedures for appointment and/or replacement of the

Board of Commissioners and the Board of Directors for the Board of Commissioners, to be presented before the General Meeting of Shareholders.

- (6) Provide recommendations to the Independent Party candidates who are to become members of the Committee to the Board of Commissioners.

b) Related to the Remuneration Function

- (1) Provide recommendations to the Board of Commissioners regarding :

(a) Remuneration structure, which can be:

- i. Salary;
- ii. Honorarium;
- iii. Incentives; and/or
- iv. Allowances which are fixed and/or variable.

(b) The policy on Remuneration;

- i. for members of the Board of Commissioners and/or members of the Board of Directors to be submitted to the GMS;
- ii. for Executive Officers and employees as a whole to be submitted to the Board of Directors.

(c) The amount of Remuneration;

- (2) Assist the Board of Commissioners assesses the performance to the suitability of Remuneration received by each member of the Board of Directors and/or members of the Board of Commissioners.
- (3) The Nomination and Remuneration Committee shall maintain the confidentiality of documents, data, and Information of the Bank.

- (4) Each member of the Nomination and Remuneration Committee may not take personal advantage, either directly or indirectly from its activities other than their legitimate income.
- (5) Members of the Board of Commissioners who became chairman or member of the Nomination and Remuneration Committee is not provided additional income other than the income as a member of the Board of Commissioners.

3) Frequency of meeting of the Committee

In fulfilling its duties and responsibilities, the Nomination and Remuneration Committee holds no less than once meeting in 4 (four) months and, when necessary, may hold a meeting other than the scheduled meeting.

4) Committee Work Plan and Realization

During 2016, the Nomination and Remuneration Committee :

- a) Has held 4 (four) meetings that are attended by members of the Nomination and Remuneration Committee.

Attendance of members of the Nomination and Remuneration Committee in 2016

Nomination and Remuneration (Date)	Tw1	Tw2	Tw3	Tw4
	15/02/16	06/04/16	23/08/16	19/12/16
Daniel Budi Dharma, Chairman	√	√	√	√
Ir. Rachmat Mulia Suryahusada, MBA, Member	√	√	√	√
Jenny, Member	√	√	√	√

- b) Provided recommendation for the Board of Commissioners on the remuneration policy for the Board of Commissioners and the Board of Directors, as well as recommendation on candidates of member of the Board of Commissioners that will be provided in the Minutes of meeting of Nomination and Remuneration Committee, which will be presented before the General Meeting of Shareholders, and the Nomination and Remuneration Committee has submitted the memorandum for recommendation on the result of Meeting of Nomination and Remuneration Committee to the Board of Commissioners on issues under the concern of the Nomination and Remuneration Committee.

### **3. Implementation of Compliance, Internal Audit and External Audit Function**

#### a. Compliance Function

Compliance Function in Bank Bumi Arta is under the responsibility of the Compliance Director and implemented by Compliance Task Force that is independent from the other task forces. Appointment of Compliance Director is the commitment of Bank Bumi Arta to always complying with the laws and regulations, both the regulation issued by Financial Services Authority, Bank Indonesia or other laws and regulations.

The general duty of Compliance Director is to advise all organizational levels, from the highest level to the operating personnel to comply with the principles of prudential banking. This general duty can be fulfilled in several ways, such as by issuing the circulars, providing advice in several summits and work meetings.

The Compliance Director must prevent the Board of Directors of the Bank from making policy and/or decision that violates Financial Services Authority, Bank Indonesia Regulation and other applicable laws and regulation, which may harm the continuity of Bank's business.

Bank's Compliance Function includes measures for:

- 1) Realizing the development of Compliance Culture at all organizational levels and Bank's business activities;
- 2) Managing Compliance Risk faced by the Bank;
- 3) Ensuring that the policy, provision, system and procedures, as well as business activities carried out by the Bank, have complied with Financial Services Authority, Bank Indonesia regulation and the applicable laws and regulations.
- 4) Ensuring Bank's compliance with the commitment made between the Bank and Bank Indonesia and/or other supervisory authorities.

In managing Compliance Risk that the Bank may face, the Compliance Task Force performs identification, measurement, monitoring and controlling of Compliance Risk based on the reports received from related units, which include functional activities related to lending, treasury and investment, operational and service, trade financing, funding and debt instruments, Information System Technology and Management Information System, as well as Human Resource Management.

Compliance Director gives approval for Report on Compliance Risk made by the Compliance Task Force. Report on Compliance Risk will be submitted to the Risk Management Unit to prepare Report on Risk Profile in Bank Bumi Arta.

In order to ensure that the Bank has complied with Financial Services Authority, Bank Indonesia Regulation and other applicable laws and regulations, Compliance Director -together with the Compliance Task Force- coordinate with the relevant work units to ensure the availability and conformity of the guideline, system and procedures in each work unit to Financial Services Authority, Bank Indonesia Regulation and the applicable laws and regulations for the Principles of Prudential Banking.

In order to monitor and maintain Bank's compliance with all agreements and commitments made between the Bank and Bank Indonesia or other supervisory authorities, Compliance Director performs monitoring of implementation of agreement, fulfillment of commitment, Bank's commitment to obey the command and prohibition from Financial Services Authority, Bank Indonesia or other supervisory authorities.

The Compliance Director has the following duties and responsibilities :

- 1) Formulating the strategy to encourage the development of Bank's Compliance Culture

The general duty of Compliance Director is to advise all organizational levels, from the highest level to the operating personnel to comply with the principles of prudential banking for the development of Bank's Compliance Culture.

This general duty can be fulfilled in several ways, such as by issuing the circulars, providing advices in several summits and work meetings.

- 2) Proposing the compliance policy or compliance principles to be stipulated by the Board of Directors.

The Compliance Director issues Decree of the Board of Directors on Compliance Analysis for monitoring of all provisions of fund in the form of lending (exposure group > 5 billion) and gives approval for Compliance Analysis made by the Compliance Task Force.

- 3) Specifying compliance system and procedures (Compliance Guideline).

Compliance Director specifies the Compliance Guideline that is a guideline for the implementation of Compliance Function to perform properly. This guideline is specified according to the duties and responsibilities of Compliance Director pursuant to Bank Indonesia Regulation No. 13/2/PBI/2011 of January 12, 2011 on Implementation of Compliance Function for Commercial Banks.

- 4) Ensuring that the policy, provision, system and procedures, as well as business activities carried out by the Bank, have complied with Financial Services Authority, Bank Indonesia regulation and the applicable laws and regulations.

In order to ensure that the Bank has complied with Financial Services Authority, Bank Indonesia Regulation and other applicable laws and regulations for Principles of Prudential Banking, Compliance Director - together with the Compliance Task Force-coordinate with the relevant work units to ensure the availability and conformity of the guideline, system and procedures in each work unit to Financial



Services Authority, Bank Indonesia Regulation and the applicable laws and regulations for the Principles of Prudential Banking.

5) Minimizing Bank's Compliance Risk.

In order to minimize Bank's Compliance Risk, the Compliance Director gives approval for Report on Compliance Risk made by the Compliance Task Force and provides advices for the management board, both verbally and in written by sending an Internal Memo, in the event that some improvements are necessary.

6) Taking preventive measures to avoid the policy and/or decision made by the Board of Directors of the Bank violating Financial Services Authority, Bank Indonesia regulation and the applicable laws and regulations.

The Compliance Director must prevent the Board of Directors of the Bank from making policy and/or decision that violates Financial Services Authority, Bank Indonesia Regulation and other applicable laws and regulations, which may harm the continuity of Bank's business.

7) Performing other duties related to Compliance Function.

In order to monitor and maintain Bank's compliance with all agreements and commitments made between the Bank and Financial Services Authority, Bank Indonesia or other supervisory authorities, Compliance Director performs monitoring of implementation of agreement, fulfillment of commitment, Bank's commitment to obey

the command and prohibition from Financial Services Authority, Bank Indonesia or other supervisory authorities.

To promote the effectiveness of fulfillment of its duties and responsibilities, the Compliance Director supervises Compliance Task Force that is independent from the operational task force.

Duties and responsibilities of the Compliance Task Force are as follows:

- 1) Taking measures for supporting the development of Compliance Culture in all Bank's business activities at all organizational levels.
- 2) Performing identification, measurement, monitoring and controlling of Compliance Risk with reference to Financial Services Authority regulation on the Implementation of Risk Management for Commercial Banks.
- 3) Assessing and evaluating the effectiveness, adequacy and conformity of policy, provision, system and procedures in the Bank to the applicable laws and regulations.
- 4) Making a review and/or recommending update and improvement of Bank's policy, provision, system and procedures to comply with Financial Services Authority, Bank Indonesia regulation and the applicable laws and regulations.
- 5) Putting efforts to ensure that the policy, provision, system and procedures, as well as business activities carried out by the Bank, have complied with Financial Services Authority, Bank Indonesia regulation and the applicable laws and regulations.
- 6) Assisting the fulfillment of duties of Compliance Director in monitoring and maintaining Bank's compliance with all agreements and commitments made between the Bank and Financial Services Authority, and Bank Indonesia.

- 7) Performing monitoring of all provisions of fund in the form of lending (exposure group > 5 billion Rupiah) for Compliance Analysis.
- 8) Coordinating the distribution of duties and responsibilities of the staffs of Compliance Task Force.
- 9) As a member of the Risk Management Committee, responsible for providing recommendations to the Board of Directors in the preparation of risk management policies and changes, repairs or improvements of the application of Risk Management, and justification on matters related to business decisions that deviate from the normal procedures.
- 10) Applying anti-fraud strategies and reporting or not hiding known fraud events, providing direction and fostering awareness for fraud risk control to staff.
- 11) Compliance Task Force as the integrated Compliance Task Force have the duty of monitoring and evaluating the implementation of the compliance function at the Institute of Financial Services in the Financial Conglomerate.
- 12) Compliance Task Force as the integrated Compliance Task Force prepare and submit reports on the implementation of duties and responsibilities to Primary Entity Compliance Director.
- 13) Performing other duties assigned by the Compliance Director as far as they are within the scope of duties and function of the Head of Compliance Task Force.

Result of monitoring of the existing procedures or policy in 2016 indicates that the Bank has complied with the principles of prudential banking as required by Financial Services Authority, Bank Indonesia, the applicable laws and regulations, and by taking into account Bank's business activities, Bank's exposure to loss and Compliance Risk is considered Low.

Bank's Compliance Track Record is proven good and the principles of prudential banking in carrying out its business activities have been the fundamental attitude of Bank Bumi Arta. This fundamental attitude is realized by putting its best efforts to comply with the principles of prudential banking specified by Financial Services Authority, Bank Indonesia regulation and the applicable laws and regulations. There are minor violations to the regulation that can be improved by the Bank, which are not intentionally committed to violate the principles of prudential banking specified by Bank Indonesia, but rather due to negligence and different interpretation of the regulations. The Bank has implemented almost all available financial standards.

b. Internal Audit Function

Internal Audit Function in Bank Bumi Arta is performed by the Internal Audit Division, which is also known as the Internal Audit Task Force ("SKAI"). IATF ("SKAI") is an independent institution from the operational task force that is responsible to the President Director and communicates directly to the Board of Commissioners and the Audit Committee. The Chairman of IATF is Lauw Janto, who is appointed the Chairman of IATF by Decree of the Board of Directors No. 009/KEP/IV/99/Dir dated April 13, 1999, having his Degree from Tarumanegara University, in Accounting Department, Faculty of Economics in 1991 and has acquired Risk Management Certification Level 3 ("BSMR") and International Certificate in Banking Risk and Regulation (GARP) in 2009. The Chairman of IATF is appointed and dismissed by the President Director upon approval from the Board of Commissioners.

The implementation of Internal Audit by the IATF refers to the Bank Internal Audit Function Standard (“SPFAIB”) set forth in Bank Indonesia Regulation No. 1/6/PBI/1999 of September 29, 1999 on Compliance Director Assignment and the Implementation of Bank Internal Audit Function Standard. In general, the scope of duties of IATF includes any independent auditing activity and assessment on adequacy and effectiveness of the Internal Control System, Risk Management, Good Corporate Governance, Information Technology and all business activities by the Bank, as well as the quality of performance of the management board in fulfilling its duties and responsibilities.

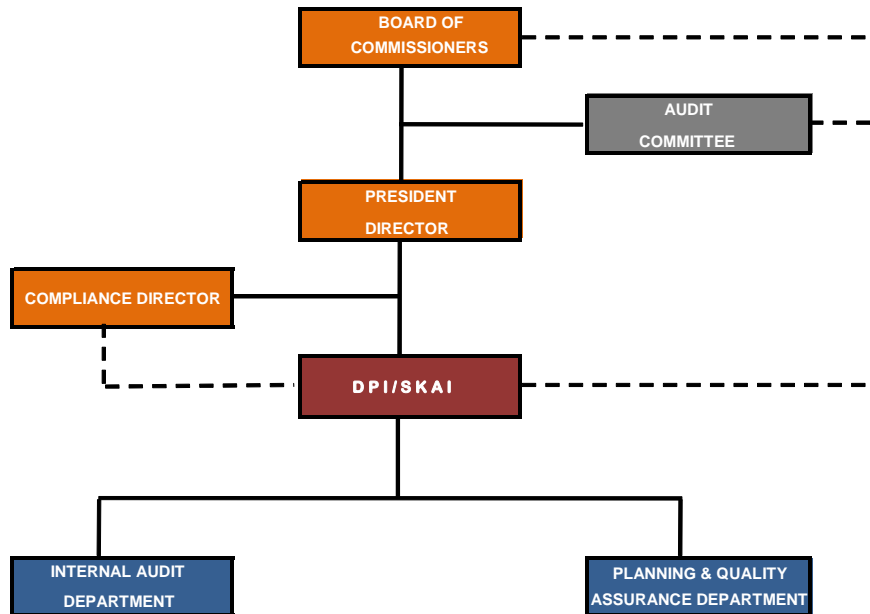
Periodically, IATF, according to the work plan, carries out annual audit the work units in the Operational Head Office, Branch Office, Supporting Branch Office, Cash Office and Payment Point, and supporting functions in the Non-Operational Head Office, such as the HR, Compliance, Prevention of Money Laundering and Terrorist Financing (“APU&PPT”), Risk Management, Overseas Affairs and Information Technology.

Result of findings and comments in the audit are reported to the Board of Commissioners, Audit Committee, the Board of Directors and the Audited for improvement follow up. Improvement follow up that is carried out by the Audited is monitored by the Auditor in the Internal Supervision and Audit Division in the Head Office.

To improve the internal auditor’s knowledge, develop the internal auditor’s skill and to anticipate the latest update in banking, the IATF continually provides training and education to the internal auditor, both in internal and external program. In addition, to improve the quality and standard of the internal audit function, assessment on IATF performance

is carried out every 3 (three) years by an Independent Public Accounting Firm.

**STRUKTUR ORGANISASI SKAI**



c. External Audit Function

The External Audit Function in Bank Bumi Arta is performed by Satrio Bing Eny & Partners (formerly Osman Bing Satrio & Eny) Public Accounting Firm, a member of Deloitte Touche Tohmatsu, which is registered in Financial Services Authority.

The duties of the PAF are to carry out the audit according to the auditing standard specified by the Institute of Indonesian Chartered Accountants (the "generally-accepted auditing standard").

The objective of the audit is to express the opinion on the fairness of the financial statement for the year ending on December 31, 2016, in all material aspects according to the generally-accepted accounting principles in Indonesia.

The implementation of KAP audit shall also refer to:

- 1) Regulation of Bank Indonesia No. 3/22/PBI/2001 dated December 13, 2001 on Transparency of Bank Financial Condition.
- 2) Bank Indonesia Circular Letter No. 3/32/DPNP dated December 14, 2001 on Relations between Banks, Public Accountants and Bank Indonesia.
- 3) Regulation of the Financial Services Authority No. 6/POJK.03/2015 dated March 31, 2015 on Report Transparency and Publication of the Bank.
- 4) Financial Services Authority Circular Letter No. 43/SEOJK.03/2016 dated September 28, 2016 on Report Transparency and Publication on Conventional Commercial Banks.

External Audit is carried out to obtain adequate certainty that the financial report is free from material misstatements, whether caused by error or fraud.

In general, the scope of external audit consists of :

- 1) Consideration of the internal control for financial reporting, as the basis for determining audit procedures according to the existing condition but is not intended to provide opinion on the effectiveness of Company's internal control for its financial reporting.
- 2) Examination on a test basis, evidences that support the number and disclosure in the financial statement.

- 3) Discussion with Company's management board and the audit committee to find out fraud or suspected fraud that affects the company.
- 4) Assessment of the implemented accounting principles and significant estimation made by the management board.
- 5) Assessment of presentation of the overall financial statement.

#### **4. Implementation of Risk Management and Internal Control System**

Bank Bumi Arta has implemented the integrated Risk Management Structure, which is a means in determining the strategy, organization, policy and guideline to ensure that all risks faced by the Bank are identified, measured, monitored and controlled properly.

In line with the road map specified by Bank Indonesia according to Basel II Capital Accord, in 2016 Bank Bumi Arta keeps on improving its Good Corporate Governance, policy, procedures and risk management process, as well as keeps on improving the competence of its human resource.

Risk Management Process that is implemented by Bank Bumi Arta refers to Regulation of the Financial Services Authority No. 18/POJK.03/2016 dated March 16, 2016 and Financial Services Authority Circular Letter No. 34/SEOJK.03/2016 5/8/PBI/2003 dated September 1, 2016, on the Implementation of Risk Management for Commercial Banks.

One of the implementations of risk management is the arrangement of Bank's risk profile that is submitted to Bank Indonesia on quarterly basis. Such report on risk profile indicates the inherent risk in Bank's business



activities, including the Quality of Implementation of Risk Management for each risk type.

Assessment of risk profile in Bank Bumi Arta is made on 8 (eight) types of risks, i.e. Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Legal Risk, Strategic Risk, Compliance Risk and Reputational Risk. The result of composite risk in Bank Bumi Arta per December 31, 2016 is Low to Moderate, which is a combination of the Low to Moderate Aggregate Inherent Risk and the Fair Quality of Implementation of Satisfactory Risk Management.

a. Credit Risk

1) Active Supervision by the Board of Commissioners and the Board of Directors

The Board of Commissioners and the Board of Directors elaborate and evaluate Credit Risk policy and strategy, as well as perform monitoring of work plan of the related unit.

The Bank has established the Credit Committee in each Branch Office and Credit Committee in the Non-Operational Head Office. Credit Committee is a work team that consists of credit officers. The main duties of this committee are to assess a credit proposal and to make credit decision.

2) Adequacy of Policy, Procedures and Limitation

The Bank has the policy and procedures for Credit Risk control, such as Credit Policy of Bank Bumi Arta ("KPBB"), Buku Pedoman Kredit dan Prosedur (BPKP) Guide Book of Risk Management ("BPMR") and related Circulars.

Limitation is available, such as limit of assets portfolio composition and concentration level, limit of credit quality provision and adequacy of reserve, Mortgage of Deed of Grant ("APHT") and limit of financial ratio that are always adjusted to the business growth and credit expansion plan.

3) Adequacy of Identification, Measurement, Monitoring and Risk Management, as well as Risk Management Information System

The Bank makes analysis on business capital requirement, financial condition of the prospective borrowers, cash flow projection, etc. Appraisal has been carried out by Credit Administration Department/ Appraisal Department.

The Bank has a credit rating and scoring system for the outstanding debt with a certain credit limit, except for pension credit and credit with cash collateral and carries out monitoring of result of the system for comparison with the realization of credit collectability.

Independent loan review function has been fulfilled by the Review Department in the Non-Operational Head Office according to the Lending Approval Authority Limit ("BWMK").

The Bank has a Remedial Department in the Non-Operational Head Office that regularly monitors arrears and overdraft debtors and finds a solution for potentially non-performing debtors or non-performing debtors. Remedial Department in the Non-Operational Head Office also make analysis and provides recommendation/opinion for settlement of non-performing loans and Foreclosed Collateral ("AYDA") for the Board of Directors, as well as performing follow up for settlement of non-performing loans and the Foreclosed Collateral.

Remedial Department in the Non-Operational Head Office will make chronological of non-performing debtors status.

Report on credit progress, including Credit Risk reporting, is submitted regularly to the Board of Commissioners and the Board of Directors.

d) Internal Control System

Credit Risk Control is performed by determining a definite organizational structure that defines the limit of authority and responsibility of each work unit and the availability of regular audit by Internal Audit Division.

b. Market Risk

1) Active Supervision by the Board of Commissioners and the Board of Directors

The Board of Commissioners and the Board of Directors have made agreement on Market Risk policy and strategy and performed an evaluation on Market Risk management policy in the meeting of Asset & Liability Management Committee (ALCO), at least once in a month.

2) Adequacy of Policy, Procedures and Limitation

The Bank has the policy and strategy for Market Risk control, such as Buku Pedoman Manajemen Risiko (Guide Book of Risk Management - "BPMR") and Circulars on Market Risk, which determine the provision for determination of interest rate for Third Party Loans.

Limitation is available, such as volume limit and limit of portfolio composition, limit of potential interest loss risk in banking book, limit of sensitivity to market risk, NOP limit, intraday limit, cut loss limit, dealer limit, etc.

3) Adequacy of Identification, Measurement, Monitoring and Risk Management, as well as Risk Management Information System

Identification, measurement and Market Risk measurement are carried out using market interest growth and foreign exchange rate as well as performing monitoring using repricing gap to identify Risk Sensitivity Asset (RSA) position to Risk Sensitivity Liabilities (RSL) on a periodical basis.

Every month the Bank performs measurements Interest Rate Risk in the Banking Book by using the Net Interest Income Gap, where the mapping positions of assets, liabilities and off-balance sheet prepared on the assumption repricing time that has been determined by the Bank.

The report related with Market Risk is reported in ALCO meeting and to Board of Directors at least once in a month.

4) Internal Control System

Market Risk Control is performed by determining a definite organizational structure that defines the limit of authority and responsibility of each work unit and and the availability of regular audit by Internal Audit Division.

### c. Liquidity Risk

#### 1) Active Supervision by the Board of Commissioners and the Board of Directors

The Board of Commissioners and the Board of Directors have made agreement and performed evaluation on the policy and strategy for Liquidity Risk in the meeting of Asset & Liability Management Committee (ALCO) at least once in a month.

The Bank has established the Treasury Credit Committee that is in charge and responsible for determining the market, instrument and transaction with the eligible counterparty.

#### 2) Adequacy of Policy, Procedures and Limitation

The Bank has proper policy and procedures for management of Liquidity Risk as set forth in (Guide Book of Risk Management ("BPMR") and the provision set forth in the Circular for Guideline to Liquidity in Bank Bumi Arta.

Limitation is available, such as limit of composition and asset, liabilities, and administrative account transaction, limit of concentration and asset and liabilities, limit of sensitivity to funding needs, and limit of other liquidity ratio.

#### 3) Adequacy of Identification, Measurement, Monitoring and Risk Management, as well as Risk Management Information

System Identification, measurement and monitoring of Liquidity Risk are carried out through analysis on the maturity profile, cash flow, growth of Third Party Loans and assets and Liquidity ratio. The Bank makes regular analysis on Third Party Loans. Measurement of Liquidity Risk has been adjusted to the external and internal

condition.

Report that is related to liquidity comprehensively is submitted to the Board of Directors on a daily basis and in ALCO meeting.

#### 4) Internal Control System

Liquidity Risk Control is performed by determining a definite organizational structure that defines the limit of authority and responsibility of each work unit and the availability of regular audit by Internal Audit Division.

#### d. Operational Risk

##### 1) Active Supervision by the Board of Commissioners and the Board of Directors

The Board of Commissioners and the Board of Directors have made agreement and performed regular evaluation on the policy and strategy for Operational Risk. The Board of Directors has approved the policy and strategy for Operational Risk management. The operational policy and strategy have been made in consideration with Bank's internal and external condition.

##### 2) Adequacy of Policy, Procedures and Limitation

The Bank has the policy and procedures for Operational Risk management, such as Buku Pedoman Penggunaan Teknologi Sistem Informasi (Guide Book of Utilization of Information System Technology ("BPPTSI")), Pedoman Penerapan Manajemen Risiko dalam Penggunaan Teknologi Informasi (Guideline to Implementation of Risk Management in Utilization of Information Technology - "PPMRPTI"), Guide Book of Risk Management ("BPMR"), Guideline to Anti Money

Laundering Program and Prevention of Terrorist Financing ("APU dan PPT") and the relevant Circulars.

Limitation is available, such as fraud limit, transaction limit, currency limit, SWIFT limit, etc.

- 3) Adequacy of Identification, Measurement, Monitoring and Risk Management, as well as Risk Management Information System  
Identification, measurement and monitoring of Operational Risk are carried out through analysis on operational events data, OEOI ratio, Bank's compliance with Anti Money Laundering and Terrorist Financing program ("APU dan PPT"), and so forth.

Report that is related to the Operational Risk is submitted to the Board of Directors no less than once in a month.

- 4) Internal Control System

Operational Risk Control is performed by determining a definite organizational structure that defines the limit of authority and responsibility of each work unit and the availability of regular audit by Operational Risk Function and monitoring by Internal Audit Division.

### e. Legal Risk

- 1) Active Supervision by the Board of Commissioners and the Board of Directors

The Board of Directors has made the policy and procedures that cover the Legal Risk. Bank's Policy and Strategy have taken into account the external and internal factors. The Board of Commissioners and the

Board of Directors have made agreement and regular evaluation on the policy and procedures that cover the Legal Risk.

### 2) Adequacy of Policy, Procedures and Limitation

The Bank has the policy and procedures for Legal Risk management as set forth in Credit Policy of Bank Bumi Arta ("KPBB"), Guideline to Implementation of Risk Management in Utilization of Information Technology ("PPMRPTI"), Guide Book of Risk Management ("BPMR"), Circulars and Decrees, as well as Company Regulation.

Limitation is available, such as limit of legal litigation/case faced by the Bank, limit of absence/amendment of laws and regulations and weakness of agreement.

### 3) Adequacy of Identification, Measurement, Monitoring and Risk Management, as well as Risk Management Information

System Identification, measurement and monitoring of Legal Risk are carried out through, among others, analysis on legal case faced by the Bank, factors of weakness of agreement, absence/amendment of laws and regulations. Legal Risk of the Bank has been regularly monitored.

Branch Offices prepare monthly report on the presence/absence of claims or lawsuits against the Branch Office and send it to the Corporate Legal Department. Report that is related to the Legal Risk is submitted to the Board of Directors no less than once in a month.

### 4) Internal Control System

Legal Risk Control is performed by determining a definite organizational structure that defines the limit of authority and



responsibility of each work unit and the availability of regular audit by Internal Audit Division.

Bank Bumi Arta has had Corporate Legal Department and Credit Legal Department at the Headquarters. The role of the Corporate Legal Department among others are reviewing and analyzing every binding credit and guarantees, reviewing contracts and agreements between the Bank and other parties/clients under the regulations in force, and analysis of legal cases faced by the Bank. While the role of Credit Legal Department, among others, reviewing and analyzing each binding of credit and guarantees.

f. Strategic Risk

1) Active Supervision by the Board of Commissioners and the Board of Directors

The Board of Commissioners and the Board of Directors give approval and evaluate the policy and procedures related to Strategic Risk. The operational policy and strategy have been made in consideration with Bank's internal (weaknesses and strengths of the Bank) and external condition. The strategic plan and business plan include new products or activities to be launched.

The Bank has established a Team of Budget and Business Plan Coordinator of the Bank (*PPA* and *RBB* Team) in order to assist the Board of Directors in the preparation of the Budget and Business Plan of the Bank, including the plan to improve business performance, as well as strategies to realize the plan in accordance with the target and the time set, with regards to the provision fulfillment of prudence and the application of Risk Management.

### 2) Adequacy of Policy, Procedures and Limitation

The Bank has the policy and procedures for Strategic Risk management as set forth in Guide Book of Risk Management ("BPMR"), guideline to budgeting as set forth in written in the Circular and Inter-Branch Memo for drafting of Corporate Plan/Business Plan.

Limitation is available, such as limitation on violation to Bank's Business Plan, conformity of the strategy to business environment, and Bank's business position.

### 3) Adequacy of Identification, Measurement, Monitoring and Risk Management, as well as Risk Management Information System

Identification, measurement and monitoring of Strategic Risk are carried out through analysis on the performance of strategic plan (corporate plan) and business plan.

The Bank has established a Team of Budget and Business Plan Coordinator of the Bank (*PPA* and *RBB* Team) in order to assist the Board of Directors in the preparation of the Budget and Business Plan of the Bank.

Report on Strategic Risk has been arranged and submitted to the Board of Directors once in a month. Report on Realization of Business Plan has been made and submitted to the Board of Directors once in a month and has been submitted to Financial Services Authority on a quarterly basis.

### 4) Internal Control System

Strategic Risk Control is performed by determining a definite organizational structure that defines the limit of authority and

responsibility of each work unit and the availability of regular audit by Internal Audit Division.

g. Compliance Risk

1) Active Supervision by the Board of Commissioners and the Board of Directors

The Board of Commissioners and the Board of Directors are aware of the Compliance Risk, in which regular evaluation is performed on Bank's compliance with laws and regulations and other applicable provisions for the principles of prudential banking. The policy and procedures for Compliance Risk control have been approved by the Board of Directors.

The Board of Directors has established the Compliance Task Force for monitoring and evaluation on the implementation of the strategy. The Board of Directors obliges all task forces to refer to the applicable regulations, both the internal and external regulations, in performing their operational activities.

2) Adequacy of Policy, Procedures and Limitation

The Bank has the policy and procedures for management of Compliance Risk as set forth in Guideline to Compliance, Guideline to Anti Money Laundering Program and Prevention of Terrorist Financing ("APU and PPT"), Guide Book of Risk Management ("BPMR") and the Circulars.

Limitation of Compliance Risk is intended for the implementation of principles of prudential banking and compliance with Bank Indonesia regulation, such as Minimum Capital Adequacy ("KPPM"), Legal

Lending Limit ("BMPK"), sound lending according to the Guideline to Arrangement of Bank Credit Policy ("PPK-PB"), limitation on the Earning Assets Quality ("KAP"), Minimum Statutory Reserves ("GWM") and limitation related to Foreign Currency transaction that includes Net Open Position ("PDN") and so forth.

- 3) Adequacy of Identification, Measurement, Monitoring and Risk Management, as well as Risk Management Information System  
Identification, measurement and monitoring of Compliance Risk are carried out through analysis on Bank's compliance with Bank Indonesia, Financial Services Authority regulation and regulation of other authorities.

The Bank has regularly monitored Compliance Risk based on the identification of violation and noncompliance with the applicable laws and regulations.

Compliance Risk Control is performed, among others, by regular evaluation on Bank's compliance with the applicable laws and regulations.

Report that is related to the Compliance Risk is submitted to the Board of Directors once in a month. Report on fulfillment of duties and responsibilities of the Compliance Director are submitted to the President Director with a copy for the Board of Commissioners on a quarterly basis. Compliance Report is submitted to Financial Services Authority with a copy for the President Director and the Board of Commissioners on a biannually basis.

### 4) Internal Control System

Compliance Risk Control is performed by determining a definite organizational structure that defines the limit of authority and responsibility of each work unit and the availability of regular audit by Internal Audit Division.

### h. Reputational Risk

#### 1) Active Supervision by the Board of Commissioners and the Board of Directors

The Board of Commissioners and the Board of Directors actively give approval and make regular evaluation on the policy and procedures for Reputational Risk. The policy and strategy for Reputational Risk are adjusted to the applicable laws and regulations for consumer's protection.

The Board of Directors has established a special function of handling and settlement of customer complaints and appointed Corporate Secretary in charge of providing necessary information/explanation for the customer and other external parties.

#### 2) Adequacy of Policy, Procedures and Limitation

The Bank has the policy and procedures for Reputational Risk management as set forth in Buku Pedoman Manajemen Risiko (Guide Book of Risk Management - "BPMR"), policy and procedures for transparency of Bank's product information and the use of customers' personal data, as well as handling of customer complaints to minimize the Reputational Risk arising from adverse publication of the Bank as set forth in the Circular.

Limitation is available, such as limitation of losses due to customer complaints and limitation of loss due to adverse publication, influence from reputation of Bank Owner and related companies, breach of business ethics and so forth.

- 3) Adequacy of Identification, Measurement, Monitoring and Risk Management, as well as Risk Management Information System  
Identification, measurement and monitoring of Reputational Risk are carried out through analysis on the frequency and impact of customer complaints and adverse publication of the Bank.

Report that is related to Reputational Risk is submitted to the Board of Directors once in a month.

- 4) Internal Control System  
Reputational Risk Control is performed by determining a definite organizational structure that defines the limit of authority and responsibility of each work unit and the availability of regular audit by Internal Audit Division.

**5. Lending to Related Party and Large Exposures**

Total debit balance for lending to related party and debtors/core group per December 2016 is as follows :

No.	Lending	Amount	
		Debtor	Nominal
			(in million Rupiah)
1	To Related Party	16	74.876 <sup>2</sup>
2	To Core Debtors		
	a. Individual	8	291.088
	b. Group	7	383.237
	Total	15	674.325

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<sup>2</sup> Lending to Related Party to an amount of Rp 74,876 million is secured by cash collateral to an amount of Rp 42,033 million, and therefore, lending that is calculated as the Lega Lending Limit (BMPK) to Related Party is Rp 32,843 million.

### 6. Bank's Strategic Plan

Strategic Plan of Bank Bumi Arta is arranged in the form of Business Plan according to the vision and mission of the Bank. Arrangement of this Business Plan refers to Financial Services Authority Regulation No. 5/POJK.03/2016 dated January 26, 2016 on Business Plan of the Bank and Financial Services Authority Circular Letter No. 25/SEOJK.03/2016 dated July 14, 2016 on Business Plan of Commercial Banks.

Business Plan of Bank Bumi Arta is arranged to be realistic, comprehensive and achievable by taking into account the composite risk level of Risk Control System (RCS) — *Strategic Risk*, principles of prudential banking and responsive to internal and external changes that may affect the continuity of Bank's business.

Arrangement of Business Plan of Bank Bumi Arta is based on the policy and strategy of Bank Bumi Arta, such as management policy, risk management and compliance policy, business development strategy, strategy for anticipation of external change, human resource development strategy and remuneration policy, and it is supported by SWOT Analysis, macro and micro analysis, and consideration of the external and internal condition as well as national banking condition.

Business Plan of Bank Bumi Arta has been approved by the Board of Commissioners and the Board of Directors has presented this Business Plan to the Shareholders and to all organizational levels in the Bank, as well as implemented all plans and specified targets effectively.



To ensure the realization of the arranged plan, achievement of midterm and short-term target in Bank's Business Plan, the Board of Directors regularly monitor the achievement. Result of monitoring of Bank's Business Plan is reported to Financial Services Authority in the form of Quarterly Report on Realization of Business Plan.

The Board of Commissioners also perform supervision on the implementation of Bank's Business Plan through the report on Bank's Business Plan, which is submitted by the management board and Meeting of the Board of Commissioners, to evaluate and provide direction for the Board of Directors. Result of supervision of Bank's Business Plan by the Board of Commissioners is reported to Financial Services Authority in the form of Biannually Report on Supervision of Business Plan.

### **7. Transparency of Financial and Non Financial Condition Undisclosed in Other Reports**

Bank Bumi Arta has presented all financial and non-financial condition transparently in all reports submitted to the external parties.

### **8. Other Information Related to Good Corporate Governance of the Bank**

During 2016, there is no intervention of the owner, there is no internal disputes, and there is no problems arising from the remuneration policy in Bank Bumi Arta that may interfere with bank business and performance.

### **B. Share Ownership by Members of the Board of Commissioners and the Board of Directors of 5% (Five Per Cent) or More of the Paid-Up Capital**

Share ownership by members of the Board of Commissioners and the Board of Directors of 5% (five percent) or more and paid-in capital at Bank Bumi Arta, other Banks, Non-Bank Financial Institution and other Companies are as follows :

1. Ir. Rachmat Mulia Suryahusada, MBA, as the President Commissioner, owns 903 units of common stock (20,07%) in P.T. Dana Graha Agung<sup>3</sup>.
2. Hendrik Atmaja, as Credit and Marketing Director, owns 1.900 units of common stock (21,11%) in P.T. Surya Husada Investment<sup>4</sup> and 1.500 units of common stock (10,00%) in P.T. Arta Tritunggal Jaya.

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<sup>3</sup> PT. Dana Graha Agung is the shareholder in P.T. Bank Bumi Arta Tbk. to an amount of 27,27%

<sup>4</sup> PT. Surya Husada Investment is the shareholder in P.T. Bank Bumi Arta Tbk. to an amount of 45,45%

**C. Financial Relations and Family Relations of Members of the Board of Commissioners and the Board of Directors with Other Members of the Boards and/or With the Majority Shareholders**

Name	Position	Financial Relationship/Family Relationship
Ir. Rachmat Mulia Suryahusada, MBA	President Commissioner	Has a Family Relationship with Hendrik Atmaja, the Credit and Marketing Director, and does not have Financial Relationship with other members of the Board of Commissioners, other members of the Board of Directors and/ or the Majority
Daniel Budi Dharma	Vice President Commissioner	Does not have Financial Relationship and Family Relationship with other members of the Board of Commissioners, other members of the Board of Directors and/or the Majority Shareholders of the Bank.
R.M. Sjariffudin (Mohammad Sjariffudin)	Commissioner	Does not have Financial Relationship and Family Relationship with other members of the Board of Commissioners, other members of the Board of Directors and/or the Majority Shareholders of the Bank.
Wikan Aryono (Wikan Aryono S)	President Director	Does not have Financial Relationship and Family Relationship with other members of the Board of Commissioners, other members of the Board of Directors and/or the Majority Shareholders of the Bank.
Hendrik Atmaja	Credit and Marketing Director	Has Family Relationship with Ir. Rachmat Mulia Suryahusada, MBA, the President Commissioners and does not have Financial Relationship with other members of the Board of Commissioners, other members of the Board of Directors and/or the Majority
Tan Hendra Jonathan	Compliance Director	Does not have Financial Relationship and Family Relationship with other members of the Board of Commissioners, other members of the Board of Directors and/or the Majority.

**D. Remuneration Package/Policy and Other Facilities for the Board of Commissioners and the Board of Directors**

1. By taking into account the Articles of Association of Bank Bumi Arta and the recommendation from the Nomination and Remuneration Committee, the Board of Commissioners has proposed the Remuneration Policy and other facilities for the Board of Commissioners and the Board of Directors in the General Meeting of Shareholders, and the General Meeting of Shareholders has decided the followings :
  - a. Giving the authority to the majority shareholders to determine the remuneration for the Board of Commissioners.
  - b. Giving the authority to the Board of Commissioners to determine the remuneration for the Board of Directors.
2. Remuneration and other Facilities for members of the Board of Commissioners and members of the Board of Directors are as follows :

Type of Remuneration and Other Facilities	The Received Amount in 2016			
	The Board of Commissioners		The Board of Directors	
	People	Million Rupiah	People	Million Rupiah
1. Remuneration (salary, bonus, regular allowance, tantiem and other fringe benefits)	3	2.160	3	5.348
2. Other fringe benefits (housing, transportation, health insurance and so forth) that are*) :				
a. Acquirable	-	-	-	-
b. Non-Acquirable	-	-	-	-
<b>Total</b>	<b>3</b>	<b>2.160</b>	<b>3</b>	<b>5.348</b>

\*) received in cash.

## REPORT ON GOOD CORPORATE GOVERNANCE 2016

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3. The number of members of the Board of Commissioners and the Board of Directors who receive the remuneration package for 2016 are classified in income level range is as follows :

(person unit)

Amount of Remuneration per person in 2016*)	Number of the Board of Commissioners	Number of the Board of Directors
Above Rp 2 billion	-	1
Above Rp 1 billion s.d. Rp 2 billion	1	2
Above Rp 500 million s.d. Rp 1 billion	1	-
Rp 500 million and below	1	-

\*) received in cash

**E. Shares Option**

Shares Option is the option to buy Bank's shares by members of the Board of Commissioners, the Board of Directors and Bank's Executive Officers that are provided through stock offering or share option offering in for provision of compensation for members of the Board of Commissioners, the Board of Directors and Bank's Executive Officers as decided in the General Meeting of Shareholders and/or Articles of Association of the Bank.

Bank Bumi Arta does not offer Shares Option in 2016, and therefore :

1. Bank Bumi Arta does not have the policy for provision of Share Option.
2. No shares are owned by members of the Board of Commissioners, the Board of Directors and the Executive Officers until Share Option is provided.
3. No Share Options are given.
4. No Share Options are executed until the end of the reporting period.
5. No Share Options are given.
6. There is no validity period for Share Option

Information/ Name	Number of owned shares (share units)	Number of Options		Price of Options (Rupiah)	Period
		provided (share units)	executed (share units)		
The Board of Commissioners	-	-	-	-	-
The Board of Directors	-	-	-	-	-
Executive Officers	-	-	-	-	-
Total	-	-	-	-	-

### F. Highest to Lowest Salary Ratio

Salary is the right of the employee that is received and expressed in the form of cash as the reward from the Bank or the employer to the employees, which is specified and paid according to an employment contract, agreement or laws and regulation, including allowance for employees and their family for a work and/or service provided.

The following information explains salary ratio in Bank Bumi Arta, in which the compared salaries are the reward received monthly by the Board of Commissioners, the Board of Directors and Bank's permanent employees in 2016 :

1. The highest and lowest employee's salary are 45,46 : 1 or the highest salary is 45,46 times higher than the lowest salary.
2. The highest and lowest salary of the Board of Directors are 1,93 : 1, or the highest salary is 1,93 times higher than the lowest salary.
3. The highest and lowest salary of the Board of Commissioners are 2,93 : 1, or the highest salary is 2,93 times higher than the lowest salary.
4. The highest salary of the Board of Directors and the highest employee's salary are 1,65: 1, or the highest salary of the Board of Directors is 1,65 times higher than the highest employee's salary.

**G. Frequency of Meeting of the Board of Commissioners**

To fulfill its duties and responsibilities more optimally, the Board of Commissioners regularly holds meeting at least 4 (four) in a year that is attended by all members of the Board of Commissioners at least twice (2) in a year.

In 2016, the Board of Commissioners has held 8 (eight) meetings, in which members of the Board of Commissioners physically attended all meetings of the Board of Commissioners.

Attendance of members of the Board of Commissioners in 2016

The Board of Commissioners (Date)	Tw1	Tw2			Tw3		Tw4	
	17/02/16	20/04/16	28/04/16	22/06/16	27/07/16	25/08/16	19/10/16	21/12/1
Ir. Rachmat Mulia Suryahusada, MBA, President Commissioner	√	√	√	√	√	√	√	√
Daniel Budi Dharmas, Vice President Commissioner	√	√	√	√	√	√	√	√
R.M. Sjariffudin (Mohammad Sjariffudin), Commissioner	√	√	√	√	√	√	√	√



**H. The Number of Internal Fraud**

In 2016 there are no internal fraud performed by member of the Board Commissioners, member of Board of Directors, regular employees, and irregular employees (honorary and otsourcing) related to work processes and operations of the Bank, therefore :

1. There is no internal fraud which has been completed
2. There is no internal fraud being settled in Bank's internal affairs.
3. There is no internal fraud that has not been sought for settlement.
4. There is no internal fraud that has been followed up by legal proceedings.

(unit)

Internal Fraud in 1 year	Number of Cases Committed by					
	Management Board		Permanent Employee		Non - Permanent Employee	
	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year
Total Fraud	-	-	-	-	-	-
Settled Fraud		-		-		-
Being Settled in Bank's Internal Affairs	-	-	-	-	-	-
Has Not Been Sought for	-	-	-	-	-	-
Has Been Followed Up by Legal		-		-		-

**I. Legal Cases**

During 2016, Bank Bumi Arta, members of the Board of Commissioners and members of the Board of Directors do not face significant legal cases that may affect the continuity of Bank's business.

(unit)

Legal Cases	Number	
	Civil	Criminal
Closed (with final and legally binding decision)	-	-
In proceedings	-	-
Total	-	-

**J. Transaction Bearing Conflict of Interests**

As specified in the Articles of Association of Bank Bumi Arta, transaction that bears conflict of interests between personal interests of members of the Board of Directors, the Board of Commissioners or Shareholders and the economic interests of the Bank shall obtain approval from the General Meeting of Shareholders ("GMS"). During 2016, Bank Bumi Arta does not commit transaction that bears conflict of interests that requires approval from the General Meeting of Shareholders ("GMS").

No.	Name and Position of the Party Having Conflict of Interests	Name and Position of the Party Making the Decision	Type of Transaction	Amount of Transaction (In Million Rupiah)	Note *)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

\*) Noncompliant with the applicable system and procedures.

### **K. Shares Buyback and/or Bonds Buy Back**

In 2016, Bank Bumi Arta does not issue any Bond and does not execute Shares Buyback or repurchase shares issued by the Bank, and therefore :

1. Bank Bumi Arta does not have the policy for shares buyback and/or bonds buyback.
2. There is no repurchased share and/or bond.
3. There is no repurchase of share and/or bond unit.
4. There is no increase in earnings per share and/or bond unit.

### **L. Donations for Corporate Social Responsibility and Political Activities**

As a good public company, Bank Bumi Arta holds the social responsibility and commitment to the community. In 2016, as a form of concern for social and environmental issues, Bank Bumi Arta has granted donation of the following social programs :

1. Donation to the Institute Scholarship Benefit Foster Parents Integrated School Pahoia amounted to Rp 20.000.000,-.
2. The implementation of a blood donation activities involving the participation of employees of the Bank in Jakarta amounted to Rp 9.889.800,-.

During 2016, Bank Bumi Arta does not provide any donation for political activities.

**II. Report on Self-Assessment on Implementation of Good Corporate Governance**

Result of self-assessment on the implementation of Good Corporate Governance of Bank Bumi Arta in 2016 is as follows :

RESULT OF SELF ASSESSMENT ON IMPLEMENTATION OF GCG	
Rank	Definition of Rank
2	Indicates that the Bank Management had performed a generally good Good Corporate Governance implementation. It is evident in the sufficient compliance on the Good Corporate Governance principles. If there were any flaws in the Good Corporate Governance implementation, the flaws were generally insignificant and could be solved by the Bank Management.

According to the analysis on all criteria/indicators for assessment of Good Corporate Governance, it is concluded that :

**A. Governance Structure**

1. Positive factors in Bank governance structure aspect :
  - a. Fulfillment of Duties and Responsibilities of the Board of Commissioners
    - Number, composition, integrity and competence of member of the Board of Commissioners is in accordance with the size and complexity of Bank business and have complied with the applicable regulation.
    - The Board of Commissioners has a work guideline and code of conducts.
    -

- b. Fulfillment of Duties and Responsibilities of the Board of Directors
- Number, composition, integrity and competence of members of the Board of Directors are in accordance with the size and complexity of Bank business and have complied with the applicable regulation.
  - The Board of Directors has a work guideline and code of conducts.
- c. Completeness and Fulfillment of Duties of the Committee
- Number, composition, integrity and competence of members of the Committees are in accordance with the size and complexity of Bank business and have complied with the applicable regulation.
  - Any Independent Party member of the Committee does not have any financial, managerial, share ownership and/or family relationship with the Board of Commissioners, the Board of Directors and/or the Majority Shareholders or relationship with the Bank, which may affect his capability to act independently.
- d. Handling of Conflict of Interests
- The Bank has the policy, system and procedures of settlement of conflict of interests set forth in company's regulation, BBA Credit Policy (KPBBA) and Bank Circular.
- e. Implementation of Bank's Compliance Function
- Compliance Task Force is independent from the operational task force
  - Appointment of Director in charge of Compliance Function is in accordance with Bank Indonesia Regulation.
- f. Implementation of Internal Audit Function
- Bank has the Bank Internal Audit Function Standard ("SPFAIB").
  - Internal Audit Task Force ("SKAI") is independent from the operational task force.

g. Implementation of External Audit Function

Appointment of auditing work to the Public Accountant and Public Accounting Firm has met the specified aspects.

h. Implementation of Risk Management and Internal Control System

- The Bank has a proper organizational structure to perform Risk Management and internal control, such as the SKAI, Risk Management Unit (“UMR”) and Risk Management Committee, as well as Compliance Task Force.
- The Bank has proper policy, procedures and risk limit as set forth in the Guideline to Risk Management (“BPMR”).

i. The provision of fund to the Related Parties and the provision of Large Funds (Large Exposures)

The Bank has sufficient policies, systems, and procedures for the provision of funds to related parties and large exposures, as stated in the Policy of Legal Lending Limit (*BMPK*) and Financing Authority Limit (*BWMK*).

j. Transparency of Bank’s Financial and Non-Financial Condition, Report on Implementation of Good Corporate Governance and Internal Reporting

- The Bank has the policy and procedures for implementation of transparency of financial and non-financial condition.
- The Bank has made the Report on Implementation of GCG at the end of each financial year with a scope that is in accordance with the applicable provisions.
- Availability of proper internal reporting and accurate and timely information.

k. Bank's Strategic Plan

- Bank's strategic plan has been set forth in the form of a Corporate Plan and Business Plan in accordance with vision and mission of the Bank.
- Bank's strategic plan is fully supported by the Owner, as reflected in Owner's commitment and efforts in strengthening Bank's capital.

2. Negative aspects in Bank's governance structure are:

- a. Transparence of Bank's Financial and Non-Financial Condition, Report on Implementation of Good Corporate Governance and Internal Reporting  
A reliable information system and proper IT security system are available, but improvement is necessary for the human resource.

### **B. Governance Process**

1. Positive factors in Bank's governance process are :

- a. Fulfillment of Duties and Responsibilities of the Board of Commissioners
- Fulfillment of duties and responsibilities of the Board of Commissioners has satisfied the principles of Good Corporate Governance and has been performed effectively.
  - There is no intervention of the Owner in the fulfillment of duties of the Board of Commissioners that may interfere with Bank's operational activities.

b. Fulfillment of Duties and Responsibilities of the Board of Directors

- The Board of Directors manages the Bank in accordance with its authority and responsibilities as specified in the Articles of Association and the applicable laws and regulations.
- There is no intervention of the Owner in the fulfillment of duties of the Board of Directors that may interfere with Bank's operational activities.

c. Completeness and Fulfillment of Duties of the Committee

- The implementation of the duties of committees has been effective. The Nomination and Remuneration Committee has conducted the remuneration evaluation.
- Result of committee meeting on issues under Committee's concern has been presented in a memorandum for the Board of Commissioners.
- There is no intervention of the Owner in the fulfillment of duties of the Committee.

d. Handling of Conflict of Interests

There is no conflict of interests that disadvantages or decreases Bank's profit.

e. Implementation of Bank's Compliance Function

- Director in charge of Compliance Function and Compliance Task Force has fulfilled his duties according to the applicable provisions.
- The Board of Directors has approved Bank's compliance policy and communicated all policies, guidelines, systems and procedures to the relevant organization level.
- The Bank has followed up the findings of the Financial Services Authority in accordance with the target time.



f. Implementation of Internal Audit Function

- The Bank has implemented internal audit function effectively on all aspects.
- The Bank performs regular review on the effectiveness of fulfillment of duties of IATF (“SKAI”) and its compliance with SPFAIB by external parties once every three years.
- There is no violation in the realization of audit plan by Bank’s IATF.
- IATF (“SKAI”) has performed the supervisory function independently for an adequate task scope and in accordance with the specified plan, implementation and monitoring of audit result.

g. Implementation of External Audit Function

- Appointment of Public Accountant and Public Accounting Firm is carried out by the Board of Directors with the authority granted by the General Meeting of Shareholders on recommendation from the Audit Committee through the Board of Commissioners.
- Public Accountant has fulfilled the audit independently and professionally.
- Public Accountant has reported audit result and Management Letter to Financial Services Authority.

h. Implementation of Risk Management and Internal Control System

- The Board of Commissioners has approved and evaluated Risk Management policy and evaluated the accountability of the Board of Directors and provided guidance for improvement of implementation of Risk Management as set forth in the Appeal/Memorandum of the Board of Commissioners to the Board of Directors.
- The Board of Directors has arranged and evaluated Risk Management policy as set forth in the Guideline to Risk Management (“BPMR”), ensured the implementation of improvement measures of issues or

violation found by the IATF (“SKAI”), as well as developed a Risk Management culture at all organizational levels.

- i. Lending to Related Party and Large Exposure Lending
  - The Bank has ensured that lending to related party and large exposure lending has been in accordance with the principles of prudential banking.
  - The making of decision on lending has been made independently by the Board of Management without any intervention of related party and/or other parties.
  
- j. Transparency of Bank’s Financial and Non-Financial Condition, Report on Implementation of Good Corporate Governance and Internal Reporting
  - The Bank has transparently presented its financial and non-financial condition to the stakeholders, including by publishing its quarterly Condensed Financial Statement, and has reported it to Financial Services Authority or the stakeholders in accordance with the applicable provisions.
  - The Bank has transparently provided information on Bank’s product in accordance with Bank Indonesia and Financial Services Authority regulations on transparency of Bank Product Information and the Use of Customer.
  - The Bank has transparently informed the procedures for customer complaint and settlement of dispute to the customers according to Bank Indonesia and Financial Services Authority regulations on Customer Complaints and Banking Mediation.
  - The Bank has drawn the Report on Implementation of GCG with a scope that is in accordance with the applicable provisions and has presented data and information in accordance with the findings of audit by Financial Services Authority.

k. Bank's Strategic Plan

- Bank's Strategic Plan has been approved by the Board of Commissioners.
- The Board of Directors has communicated Bank's Business Plan to all shareholders and to all organizational levels in the Bank.
- The arrangement and submission of Bank's Business Plan have followed the guidance set forth in Bank Indonesia regulation on Bank's Business Plan and have considered the external and internal factors that may affect the performance of Bank's business, principles of prudential banking, implementation of Risk Management and sound banking principles.
- The Board of Commissioners has performed supervision of implementation of Bank's Business Plan.

2. Negative factors of the aspect of Bank governance process are :

a. Fulfillment of Duties and Responsibilities of the Board of Directors

The Board of Directors has followed up audit findings and recommendation from the IATF, external auditor and result of supervision by Financial Services Authority and/or result of supervision by other authorities, although still found weaknesses in lending activities.

b. Application of the Risk Management including the Internal Control System

The Bank has implemented sufficient internal control system, although in practice improvements are still needed.

### **C. Governance Outcome**

1. Positive factors in Bank's governance outcome aspect are :
  - a. Fulfillment of Duties and Responsibilities of the Board of Commissioners
    - Result of meeting of the Board of Commissioners has been provided in a minutes of meeting and has been documented properly, supplied with opinions of the participants of meeting.
    - The Board of Commissioners has disclosed share ownership, financial and family relationship, remuneration and other facilities as well as the owned shares option in the Report on Implementation of GCG.
    - There is no intervention of the owner on the composition and/or fulfillment of duties of the Board of Commissioners that may interfere with Bank's operational activities.
  - b. Fulfillment of Duties and Responsibilities of the Board of Directors
    - The Board of Directors has reported its accountability in fulfilling its duties to the shareholders in the General Meeting of Shareholders ("RUPS").
    - Result of meeting of the Board of Directors has been presented in the minutes of meeting and documented properly, and has been supplied with opinions of the participants of meeting.
    - The Board of Directors has disclosed share ownership, financial and family relationship, remuneration and other facilities as well as the owned shares option in the Report on Implementation of GCG.
    - There is no intervention of the owner on the composition and/or fulfillment of duties of the Board of Commissioners that may interfere with Bank's operational activities.
    - The Bank has improved its payroll system and procedure.

c. Completeness and Fulfillment of Duties of the Committee

- Summary of Committee meeting has been documented properly and has been supplied with opinions of the participants of meeting.
- The existing Committees have provided recommendation for the Board of Commissioners.

d. Handling of Conflict of Interests

Bank's operational activities are free of intervention of the owner/related party/other parties that may cause conflict of interests that may disadvantage or decrease Bank's profit.

e. Implementation of Bank's Compliance Function

- The Bank has delivered the implementation principal report of the duties of the Director who heads the Compliance Function to the Financial Services Authority and related parties.
- The Bank has followed up the findings of the Financial Services Authority in accordance with the target time.

f. Implementation of Internal Audit Function

- The Board of Directors has submitted activity report on implementation of Bank's internal audit to the GMS ("RUPS").
- IATF ("SKAI") has act objectively in performing the audit.
- Internal audit function has been performed properly.

g. Implementation of External Audit Function

- Audit result and Management Letter have indicated problems faced by the Bank and been submitted to Financial Services Authority in a timely manner.
- Auditor acts objectively in performing the audit.

- h. Implementation of Risk Management and Internal Control System
- The Bank has implemented Risk Management effectively in accordance with the objective, business policy, size and complexity as well as with Bank capacity.
  - The Board of Commissioners and the Board of Directors have performed active supervision on implementation of Risk Management policy and strategy.
  - The Bank has not undertaken business activities that are beyond the ability of the capital to absorb the risk of losses.
- i. Lending to Related Party and Large Exposure Lending
- There is no violation to Legal Lending Limit (“BMPK”) and there is no Legal Lending Over Limit (“BMPK”).
  - Diversification of lending is spread evenly or the comparison between the amount of large exposure lending/major debtor and the total lending is not significant.
  - The Bank has submitted periodical report on lending by the Bank to related party and/or large exposure lending to Financial Services Authority in a timely manner.
- j. Transparence of Bank’s Financial and Non-Financial Condition, Report on Implementation of Good Corporate Governance and Internal Reporting
- The Bank has submitted the Annual Report and Report on Implementation of Good Corporate Governance to the specified parties completely and in a timely manner.
  - The Bank has presented the Annual Report, Quarterly Condensed Financial Report and Report on Implementation of Good Corporate Governance on the homepage in a timely manner.

- Mediation for settlement of complaints by customers of the Bank has been performed properly.

k. Bank's Strategic Plan

- Corporate Plan and Business Plan is arranged by the Board of Directors and have been approved by the Board of Commissioners.
- Bank's strategic plan is arranged in accordance with the comprehensive analysis by taking into account business opportunities and strength of the Bank, as well as identifying the weaknesses and threats (SWOT Analysis).
- The Bank has amended the Strategic Plan of Information Technology (RSTI) which is part of the Business Plan of the Bank with regards to the suitability of the Bank's strategic plan.
- Bank has made a study that underlies the formation of Marketing Area positions.
- There is no intervention of the Owner to the sharing of Bank's profit.

2. Negative factors in Bank's governance outcome aspect are :

a. Implementation of Bank's Compliance Function

There are violations to the applicable regulation, as indicated by the number of recorded penalties.


b. Implementation of Internal Audit Function

Findings collected by IATF ("SKAI") have been followed up by the Board of Directors and the Auditee. There are some findings that are similar to previous findings but has been followed up and corrected by the Auditee.

c. Bank's Strategic Plan

The business plan of the Bank in general is almost achieved.

Jakarta, April 25<sup>th</sup> 2017

P.T. Bank Bumi Arta Tbk. 



Ir. Rachmat M.S., MBA.  
President Commissioner



Wikan Aryono S.  
President Director



WORKSHEET FOR SELF- ASSESSMENT ON GOOD CORPORATE GOVERNANCE

ASSESSMENT FACTOR :  
FULFILLMENT OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF COMMISSIONERS

A. FULFILLMENT OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF COMMISSIONERS	
1. Governance Structure	
Criteria/Indicator	Analysis
<p>a. The number of members of the Board of Commissioners shall not be less than 3 (three) people and shall not exceed the number of members of the Board of Directors.</p> <p>b. No less than 1 (one) member of the Board of Commissioners shall reside in Indonesia.</p> <p>No less than 50% (fifty percent) of the number of members of the Board of Commissioners shall be Independent Commissioner.</p> <p>d. The Board of Commissioners do not hold concurrent positions except otherwise specified in Bank Indonesia Regulation on Implementation of GCG for Commercial Banks, i.e. concurrent post as member of the Board of Commissioners, the Board of Directors or Executive Officer:</p> <p>1) In 1 (one) non-financial institution/company; or</p> <p>2) Performing the supervisory function in 1 (one) non-Bank subsidiary under Bank’s control;</p>	<p>The Board of Commissioners consists of 3 (three) people and the Board of Directors consists of 3 (three) people.</p> <p>All members of the Board of Commissioners reside in Indonesia.</p> <p>2 (two) of the 3 (three) members of the Board of Commissioners are Independent Commissioners.</p> <p>The Board of Commissioners do not hold concurrent positions as a Commissioner, Director or Executive Officer in another Bank.</p>

**ASSESSMENT FACTOR :  
FULFILLMENT OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF COMMISSIONERS**

<b>A. FULFILLMENT OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF COMMISSIONERS</b>	
<p>e. Independent Commissioner may hold concurrent positions as the Chairman of Committee in a maximum of 2 (two) Committees in a same Bank.</p>	<p>Concurrent positions held by the Independent Commissioner is at a maximum of 2 (two) positions as the Chairman of Committee in a same Bank, i.e. in the Risk Monitoring Committee and Nomination and Remuneration Committee.</p>
<p>f. The majority of the members of the Board of Commissioners do not have family relationship to the second degree with the other members of the Board of Commissioners and/or the Board of Directors.</p>	<p>2 (two) of the 3 (three) members of the Board of Commissioners do not have family relationship to the second degree with the other members of the Board of Commissioners and/or the Board of Directors.</p>
<p>g. The Board of Commissioners has a work guideline and code of conduct, including regulation on work ethics, working hour and meeting.</p>	<p>The Board of Commissioners has a work guideline and code of conduct that contain regulation on work ethics, working hour and meeting.</p>
<p>h. All members of the Board of Commissioners have proper integrity, competence and financial reputation.</p>	<p>All members of the Board of Commissioners have proper integrity, competence and financial reputation.</p>
<p>i. All members of the Board of Commissioners who are the former members of the Board of Directors or Bank's Executive Officers or parties related to the Bank, which may affect their capacity to act independently and do not perform supervisory function and are from the Bank itself, have been in the cooling-off period of no less than 1 (one) year.</p>	<p>Members of the Board of Commissioners who are the former members of the Board of Directors do not hold the function as the Independent Commissioners, and therefore do not have to go through the cooling-off period.</p>

**ASSESSMENT FACTOR :  
FULFILLMENT OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF COMMISSIONERS**

<b>A. FULFILLMENT OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF COMMISSIONERS</b>	
<p>j. All Independent Commissioners do not have financial, managerial, ownership and family relationship with other members of the Board of Commissioners, the Board of Directors and/or the Majority Shareholders, or relationship with the Bank, which may affect their capacity to act independently.</p> <p>k. All members of the Board of Commissioners have passed the F&amp;P Test and secured the approval from Bank Indonesia.</p> <p>l. Members of the Board of Commissioners have sufficient and relevant competence to their positions to fulfill their duties and responsibilities, as well as in order to be able to implement their competences in the fulfillment of duties and responsibilities.</p> <p>m. Members of the Board of Commissioners have the willingness and capacity to carry out continuous learning in order to develop their knowledge on banking field and the latest improvement on financial/other fields, which supports the fulfillment of their duties and responsibilities.</p> <p>n. Composition of the Board of Commissioners does not meet the requirement due to intervention of the owner.</p>	<p>All Independent Commissioners do not have financial, managerial, ownership and family relationship with other members of the Board of Commissioners, the Board of Directors and/or the Majority Shareholders, or relationship with the Bank, which may affect their capacity to act independently.</p> <p>All members of the Board of Commissioners have passed the F&amp;P Test and secured the approval from Bank Indonesia.</p> <p>Members of the Board of Commissioners have sufficient and relevant competence to their positions to fulfill their duties and responsibilities, as well as in order to be able to implement their competences in the fulfillment of duties and responsibilities.</p> <p>Members of the Board of Commissioners have the willingness and capacity to carry out continuous learning in order to develop their knowledge on banking field and the latest improvement on financial/other fields, which supports the fulfillment of their duties and responsibilities.</p> <p>Composition of the Board of Commissioners has met the requirement.</p>

**ASSESSMENT FACTOR :  
FULFILLMENT OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF COMMISSIONERS**

A. FULFILLMENT OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF COMMISSIONERS	
2. Governance Process	
Criteria/Indicator	Analysis
<p>a. Replacement and/or appointment of Commissioners are carried out in accordance with the recommendation from the Nomination Committee or the Nomination and Remuneration Committee and have been approved by the GMS (“RUPS”).</p> <p>b. The Board of Commissioners has fulfilled its duties to ensure the implementation of principles of GCG in every business activity of the Bank at all organizational levels.</p> <p>c. The Board of Commissioners has performed supervision on the fulfillment of duties and responsibilities of the Board of Directors on a regular basis or at any time necessary, as well as it has provided advices for the Board of Directors.</p> <p>d. In order to perform the supervisory duty, the Commissioners have directed, monitored and evaluated the implementation of Bank’s strategic policies.</p> <p>e. The Board of Commissioners is not involved in the making of decision for Bank’s operational activities, except for lending to related party and other matters set forth in the Articles of Association of the Bank and/or the applicable law and regulation in order to perform the supervisory function.</p>	<p>Replacement and/or appointment of Commissioners have been carried out in accordance with the recommendation from the Nomination Committee or the Nomination and Remuneration Committee and have been approved by the GMS (“RUPS”).</p> <p>The Board of Commissioners has fulfilled its duties to ensure the implementation of principles of GCG in every business activity of the Bank at all organizational levels.</p> <p>The Board of Commissioners has performed supervision on the fulfillment of duties and responsibilities of the Board of Directors on a regular basis or at any time necessary, as well as it has provided advices for the Board of Directors.</p> <p>The Board of Commissioners has directed, monitored and evaluated the implementation of Bank’s strategic policies.</p> <p>The Board of Commissioners is not involved in the making of decision for Bank’s operational activities, except in the context of carrying out supervisory functions, among others the Board of Commissioners knows the provision of credit facilities with certain nominal according to the decision of the Board of Commissioners meeting. This is line with the supervisory functions of the Board Commissioners as set forth in the Articles of Association of the Bank.</p>

**ASSESSMENT FACTOR :  
FULFILLMENT OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF COMMISSIONERS**

<b>A. FULFILLMENT OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF COMMISSIONERS</b>	
<p>f. The Board of Commissioners has ensured that the Board of Directors has followed up audit findings and the recommendation from the Internal Audit Task Force (“SKAI”), external auditor, result of monitoring by Bank Indonesia and/or result of monitoring by other authorities.</p>	<p>The Board of Commissioners has ensured that the Board of Directors has followed up audit findings and the recommendation from the Internal Audit Task Force (“SKAI”), external auditor, result of monitoring by Financial Services Authority and/or result of monitoring by other authorities.</p>
<p>g. The Board of Commissioners shall inform to Bank Indonesia no later than 7 (seven) business days as of the finding of violation to laws and regulation on financial and banking matters, and condition or predicted condition that may harm the continuity of Bank’s business.</p>	<p>During 2016, there is no violation to the law and regulation on financial and banking matters, and there is no condition or predicted condition that may harm the continuity of Bank’s business.</p>
<p>h. The Board of Commissioners has fulfilled its duties and responsibilities independently.</p>	<p>The Board of Commissioners has fulfilled its duties and responsibilities independently.</p>
<p>i. The Board of Commissioners has established the Audit Committee, Risk Monitoring Committee, and Nomination and Remuneration Committee</p>	<p>The Board of Commissioners has established the Audit Committee, Risk Monitoring Committee, and Nomination and Remuneration Committee.</p>
<p>j. Appointment of Committee members is carried out by the Board of Directors in accordance with the result of meeting of the Board of Commissioners.</p>	<p>Appointment of Committee members is carried out by the Board of Directors in accordance with the result of meeting of the Board of Commissioners.</p>
<p>k. The Board of Commissioners has ensured that these Committees have fulfilled their duties effectively.</p>	<p>The Board of Commissioners has ensured that these Committees have fulfilled their duties effectively.</p>
<p>l. The Board of Commissioners has provided sufficient time to fulfill its duties and responsibilities optimally.</p>	<p>The Board of Commissioners has provided sufficient time to fulfill its duties and responsibilities optimally.</p>

**ASSESSMENT FACTOR :  
FULFILLMENT OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF COMMISSIONERS**

<b>A. FULFILLMENT OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF COMMISSIONERS</b>	
<p>m. Meeting of the Board of Commissioners discusses issues that are specified in the agenda and is held periodically, no less than 4 (four) times in a year, and shall be physically attended by no less than 2 (twice) in a year, or is held through a teleconference in the event that the members of the Board of Commissioners cannot physically attend the meeting.</p>	<p>During 2016, the Board of Commissioners had held 8 (eight) meetings, in which members of the Board of Commissioners physically attended all of these meetings.</p>
<p>n. Decision in the meeting of the Board of Commissioners shall be made through a deliberation, or based on the majority vote in the event that deliberation is not made.</p>	<p>Decision in the meeting of the Board of Commissioners is made through a deliberation or based on the majority vote in the event that deliberation is not made.</p>
<p>o. Members of the Board of Commissioners shall not make use of the Bank for their own interest, or for their family and/or other party interests that may harm or decrease Bank's profit.</p>	<p>Members of the Board of Commissioners do not make use of the Bank for their own interest, or for their family and/or other party interests that may harm or decrease Bank's profit.</p>
<p>p. Members of the Board of Commissioners shall not take and/or receive personal advantage from the Bank other than from the remuneration and other facilities as specified in the GMS ("RUPS").</p>	<p>Members of the Board of Commissioners do not take and/or receive personal advantage from the Bank other than from the remuneration and other facilities as specified in the GMS ("RUPS").</p>
<p>q. The Owner intervenes with the performance of duties of the Board of Commissioners that affects Bank's operational activities, which results in the decrease of Bank's profit and/or disadvantages the Bank.</p>	<p>There is no intervention of the Owner in the performance of duties of the Board of Commissioners that affects Bank's operational activities, which results in the decrease of Bank's profit and/or disadvantages the Bank.</p>

**ASSESSMENT FACTOR :**  
**FULFILLMENT OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF COMMISSIONERS**

A. FULFILLMENT OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF COMMISSIONERS	
3. Governance Outcome	
Criteria/Indicator	Analysis
<p>a. Result of the meeting of the Board of Commissioners has been presented in the summary of report and documented properly, including the disclosure of dissenting opinions arising in the meeting obviously.</p> <p>b. Result of meeting of the Board of Commissioners has been distributed to all members of the Board of Commissioners and related party.</p> <p>c. Result of meeting of the Board of Commissioners is a recommendation and/or a direction to be implemented by the GMS (“RUPS”) and/or the Board of Directors.</p> <p>d. In the report on implementation of GCG, members of the Board of Commissioners have disclosed :</p> <ol style="list-style-type: none"> <li>1) Share ownership of 5% (five percent) or more in the Bank or in other domestic and overseas Bank and company;</li> <li>2) Financial relationship and family relationship with other members of the Board of Commissioners, members of the Board of Directors and/or Majority Shareholders of the Bank;</li> <li>3) Remuneration and other facilities;</li> <li>4) Shares option owned by the Board of Commissioners.</li> </ol>	<p>Result of meeting of the Board of Commissioners has been presented in the minutes of meeting and documented properly, including the opinions of the attending participants.</p> <p>Result of meeting of the Board of Commissioners has been distributed to all members of the Board of Commissioners and related party.</p> <p>Result of meeting of the Board of Commissioners is a recommendation and/or a direction to be implemented by the GMS (“RUPS”) and/or the Board of Directors as set forth in the memorandum.</p> <p>In the report on implementation of GCG, members of the Board of Commissioners have disclosed :</p> <ol style="list-style-type: none"> <li>1) Share ownership in the Bank or in other domestic and overseas Bank and company;</li> <li>2) Financial relationship and family relationship with other members of the Board of Commissioners, members of the Board of Directors and/or Shareholders of the Bank;</li> <li>3) Remuneration and other facilities;</li> <li>4) Shares option owned by the Board of Commissioners.</li> </ol>

**ASSESSMENT FACTOR :  
FULFILLMENT OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF COMMISSIONERS**

<b>A. FULFILLMENT OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF COMMISSIONERS</b>	
<p>e. Improvement of knowledge, skills and capacity of Members of the Board of Commissioners in supervising the Bank is indicated by the increase in Bank’s performance, settlement of issues faced by the Bank, and achievement result that satisfies the expectation of the stakeholders.</p> <p>Development of sustainable learning culture for improvement of knowledge on banking field and the latest improvement on financial/other fields, which supports the fulfillment of duties and responsibilities of the Board of Commissioners.</p> <p>f. Bank’s operational activities are affected and/or providing unfair advantage to the owner, which results in decrease of Bank’s profit and/or disadvantage for the Bank due to intervention of the Owner to the composition and/or fulfillment of duties of the Board of Commissioners.</p>	<p>Improvement of knowledge, skills and capacity of Members of the Board of Commissioners in supervising the Bank is indicated by the increase in Bank’s performance, settlement of issues faced by the Bank, and achievement result that satisfies the expectation of the stakeholders.</p> <p>Development of sustainable learning culture for improvement of knowledge on banking field and the latest improvement on financial/other fields, which supports the fulfillment of duties and responsibilities of the Board of Commissioners, has been implemented by participating in training.</p> <p>There is no intervention of the Owner to the composition and/or fulfillment of duties of the Board of Commissioners that may affect Bank’s operational activities and/or provide unfair advantage to the Owner, which may result in the decrease of Bank’s profit and/or disadvantage for the Bank.</p>



ASSESSMENT FACTOR :  
 FULFILLMENT OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

B. FULFILLMENT OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS	
1. Governance Structure	
Criteria/Indicator	Analysis
<p>a. The number of members of the Board of Directors is no less than 3 (three) people.</p> <p>b. All members of the Board of Directors reside in Indonesia.</p> <p>c. The majority of members of the Board of Directors has no less than 5 (five) years of experience in the operational field as Bank's Executive Officer, except for Sharia Bank (minimum 2 years of experience).</p> <p>d. The Board of Directors does not hold concurrent position as the Board of Commissioners, the Board of Directors or Executive Officer in other Bank, company and/or institution except for matters specified in Bank Indonesia Regulation on the Implementation of GCG for Commercial Banks, i.e. holding concurrent position as the Board of Commissioners for fulfillment of supervisory function for investment at non-bank subsidiary under the control of the Bank.</p> <p>e. Members of the Board of Directors, both individually and collectively, do not own more than 25% (twenty five percent) of share and paid-in capital in another company.</p> <p>f. The majority of the members of the Board of Directors do not have family relationship to the second degree with the other members of the Board of Directors and/or the Board of Commissioners.</p>	<p>The number of members of the Board of Directors is 3 people.</p> <p>All members of the Board of Directors reside in Indonesia.</p> <p>The majority of members of the Board of Directors has no less than 5 (five) years of experience in the operational field as Bank's Executive Officer.</p> <p>The Board of Directors does not hold concurrent position as the Board of Commissioners, the Board of Directors or the Executive Officer in other Bank, company and/or institution.</p> <p>Members of the Board of Directors, both individually and collectively, do not own more than 25% (twenty five percent) of share and paid-in capital in another Bank and/or company.</p> <p>The majority of the members of the Board of Directors do not have family relationship to the second degree with the other members of the Board of Directors and/or the Board of Commissioners.</p>

**ASSESSMENT FACTOR :  
FULFILLMENT OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS**

<b>B. FULFILLMENT OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS</b>	
<p>g. Replacement and/or appointment of members of the Board of Directors are carried out in accordance with the recommendation from the Nomination Committee or the Nomination and Remuneration Committee.</p> <p>h. The Board of Directors has a work guideline and code of conducts that includes guideline to work ethics, working hours and meeting.</p> <p>i. The Board of Directors does not hire an individual advisor and/or professional service provider as a consultant except for special project under a definite contract that specifies the scope of work, responsibilities, time of completion and costs, and the consultant is an Independent Party having qualification to perform work for special project.</p> <p>j. All members of the Board of Directors have proper integrity, competence and financial reputation.</p> <p>k. The President Director or the Managing Director are the party independent from the Majority Shareholders, i.e. does not have financial, managerial, share ownership and family relationship.</p> <p>l. All members of the Board of directors have passed the F&amp;P Test and secured the approval from Bank Indonesia.</p>	<p>Replacement and/or appointment of members of the Board of Directors are carried out in accordance with the recommendation from the Nomination and Remuneration Committee.</p> <p>The Board of Directors has had a work guideline and code of conducts that includes guideline to work ethics, working hours and meeting.</p> <p>The Board of Directors does not hire an individual advisor and/or professional service provider as a consultant.</p> <p>All members of the Board of Directors have proper integrity, competence and financial reputation.</p> <p>The President Director or the Managing Director are the party independent from the Majority Shareholders, i.e. does not have financial, managerial, share ownership and family relationship.</p> <p>All members of the Board of directors have passed the F&amp;P Test and secured the approval from Bank Indonesia.</p>

**ASSESSMENT FACTOR :  
FULFILLMENT OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS**

<b>B. FULFILLMENT OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS</b>	
<p>m. Members of the Board of Directors have sufficient and relevant competence to their positions to fulfill their duties and responsibilities and are capable of implementing their competencies in fulfillment of duties and responsibilities.</p> <p>n. Members of the Board of Directors have the willingness and capacity to carry out continuous learning in order to develop their knowledge on banking field and the latest improvement on financial/other fields, which supports the fulfillment of their duties and responsibilities.</p> <p>o. Members of the Board of Directors develop a continuous learning in order to develop their knowledge on banking field and the latest improvement on financial/other fields, which supports the fulfillment of their duties and responsibilities at all organizational levels.</p> <p>p. Composition of the Board of Directors does not meet the requirement due to intervention of the owner.</p>	<p>Members of the Board of Directors have sufficient and relevant competence to their positions to fulfill their duties and responsibilities and are capable of implementing their competencies in fulfillment of duties and responsibilities.</p> <p>Members of the Board of Directors have the willingness and capacity to carry out continuous learning in order to develop their knowledge on banking field and the latest improvement on financial/other fields, which supports the fulfillment of their duties and responsibilities, such as by participating in seminars and training.</p> <p>Members of the Board of Directors develop a continuous learning in order to develop their knowledge on banking field and the latest improvement on financial/other fields, which supports the fulfillment of their duties and responsibilities at all organizational levels, such as by holding internal or external training on various fields of expertise and by engaging the employees in seminars/training/workshops and risk management certification/refreshment.</p> <p>Composition of the Board of Directors has met the requirement.</p>

**ASSESSMENT FACTOR :  
FULFILLMENT OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS**

B. FULFILLMENT OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS	
2. Governance Process	
Criteria/Indicator	Analysis
a. The Board of Directors has assigned Committee members according to the result of meeting of the Board of Commissioners.	The Board of Directors has assigned Committee members according to the result of meeting of the Board of Commissioners.
b. Members of the Board of Directors do not give general authority to other party that may lead to transfer of duties and function of the Board of Directors.	Members of the Board of Directors do not give general authority to other party that may lead to transfer of duties and function of the Board of Directors.
c. The Board of Directors is fully responsible for the implementation of management of the Bank.	The Board of Directors is fully responsible for the implementation of management of the Bank.
d. The Board of Directors manages the Bank according to its authority and responsibilities as specified in the Articles of Association and the applicable laws and regulations.	The Board of Directors manages the Bank according to its authority and responsibilities as specified in the Articles of Association and the applicable laws and regulations.
e. The Board of Directors has fulfilled its duties and responsibilities independently to the shareholders.	The Board of Directors has fulfilled its duties and responsibilities independently to the shareholders.
f. The Board of Directors has implemented the principles of GCG in every business activities of the Bank at all organizational levels.	The Board of Directors has implemented the principles of GCG in every business activities of the Bank at all organizational.
g. The Board of Directors has followed up audit findings and recommendation from the IATF, external auditor and result of supervision by Bank Indonesia and/or result of supervision by other authorities.	The Board of Directors has followed up audit findings and recommendation from the IATF, external auditor and result of supervision by Financial Services Authority and/or result of supervision by other authorities, although still found weaknesses in lending activities.

**ASSESSMENT FACTOR :  
FULFILLMENT OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS**

<b>B. FULFILLMENT OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS</b>	
<p>h. The Board of Directors has provided data and information that is complete, accurate, updated and timely to the Board of Commissioners.</p>	<p>The Board of Directors provides data and information that is complete, accurate, updated and timely to the Board of Commissioners, such as the Financial Statement, Risk Profile, Business Plan, Compliance Director Report, etc.</p>
<p>i. Decision in the meeting of the Board of Directors has been made through a deliberation, or based on the majority vote in the event that deliberation is not made.</p>	<p>Decision in the meeting of the Board of Directors has been made through a deliberation, or based on the majority vote in the event that deliberation is not made.</p>
<p>j. Every decision of the meeting made by the Board of Directors can be implemented and is in accordance with the policy, work guideline and code of conduct.</p>	<p>Every decision of the meeting made by the Board of Directors can be implemented and is in accordance with the policy, work guideline and code of conduct.</p>
<p>k. The Board of Directors has set the strategic policy and decision through a meeting of the Board of Directors.</p>	<p>The Board of Directors has set the strategic policy and decision through a meeting of the Board of Directors.</p>
<p>l. The Board of Directors does not make use of the Bank for its own interest, for their family and/or other party interests that may harm or decrease Bank's profit.</p>	<p>The Board of Directors does not make use of the Bank for their own interest, or for their family and/or other party interests that may harm or decrease Bank's profit.</p>
<p>m. The Board of Directors does not take and/or receive personal advantage from the Bank other than from the remuneration and other facilities as specified in the GMS ("RUPS").</p>	<p>The Board of Directors does not take and/or receive personal advantage from the Bank other than from the remuneration and other facilities as specified in the GMS ("RUPS").</p>
<p>n. The Owner intervenes with the performance of duties of the Board of Commissioners that affects Bank's operational activities, which results in the decrease of Bank's profit and/or disadvantages the Bank.</p>	<p>There is no intervention of the Owner in the performance of duties of the Board of Commissioners that affects Bank's operational activities, which results in the decrease of Bank's profit and/or disadvantages the Bank.</p>

ASSESSMENT FACTOR :  
 FULFILLMENT OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

B. FULFILLMENT OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS	
3. Governance Outcome	
Criteria/Indicator	Analysis
<p>a. The Board of Directors has submitted the accountability report on the implementation of its duties to the shareholders in the GMS.</p> <p>b. Accountability of the Board of Directors for the fulfillment of its duties and responsibilities is obtained received by the shareholders through the GMS (“RUPS”).</p> <p>c. The Board of Directors has disclosed Bank’s strategic policy in employment to its employee through a media that is easily accessible.</p> <p>d. The Board of Directors has communicated to its employee the direction of Bank’s business in order to achieve the mission and vision of the Bank.</p> <p>e. Result of the meeting of the Board of Directors has been presented in the summary of report and documented properly, including the disclosure of dissenting opinions arising in the meeting of the Board of Directors.</p>	<p>The Board of Directors has submitted the accountability report on the implementation of its duties to the shareholders in the GMS.</p> <p>Accountability of the Board of Directors for the fulfillment of its duties and responsibilities is obtained received by the shareholders through the GMS (“RUPS”).</p> <p>The Board of Directors has disclosed Bank’s strategic policy in employment to its employee through a media that is easily accessible, such as <i>Buku Peraturan Perusahaan</i> (Guideline to Company Regulation) and <i>Surat Edaran Manajemen</i> (Circular of the Management Board). The Bank has improved its payroll system and procedures.</p> <p>The Board of Directors has communicated to its employee the direction of Bank’s business in order to achieve the mission and vision of the Bank in the Meeting of the Board of Directors and Executive Meeting.</p> <p>Result of meeting of the Board of Directors has been presented in the minutes of meeting and documented properly, including the opinions of the attending participants.</p>

**ASSESSMENT FACTOR :  
FULFILLMENT OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS**

<b>B. FULFILLMENT OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS</b>	
<p>f. In the report on implementation of GCG, members of the Board of Directors have disclosed :</p> <ol style="list-style-type: none"> <li>1) Share ownership of 5% (five percent) or more in the Bank or in other domestic and overseas Bank and company;</li> <li>2) Financial relationship and family relationship with other members of the Board of Directors, members of the Board of Directors and/or Majority Shareholders of the Bank;</li> <li>3) Remuneration and other facilities;</li> <li>4) Shares option owned by the Board of Directors.</li> </ol> <p>g. Improvement of knowledge, skills and capacity of Members of the Board of Directors in supervising the Bank is indicated by the increase in Bank's performance, settlement of issues faced by the Bank, and achievement result that satisfies the expectation of the stakeholders.</p> <p>h. Improvement of knowledge, skills and capacity of all employees in the Bank is indicated by the increase in individual according to their duties and responsibilities.</p>	<p>In the report on implementation of GCG, members of the Board of Directors have disclosed :</p> <ol style="list-style-type: none"> <li>1) Share ownership in the Bank or in other domestic and overseas Bank and company;</li> <li>2) Financial relationship and family relationship with other members of the Board of Directors, members of the Board of Directors and/or Majority Shareholders of the Bank;</li> <li>3) Remuneration and other facilities;</li> <li>4) Shares option owned by the Board of Directors.</li> </ol> <p>Improvement of knowledge, skills and capacity of Members of the Board of Directors in supervising the Bank is indicated by the increase in Bank's performance, settlement of issues faced by the Bank, and achievement result that satisfies the expectation of the stakeholders.</p> <p>Improvement of knowledge, skills and capacity of all employees in the Bank is indicated by the increase in individual according to their duties and responsibilities.</p>

**ASSESSMENT FACTOR :  
FULFILLMENT OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS**

<b>B. FULFILLMENT OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS</b>	
<p>i. Development of sustainable learning culture for improvement of knowledge on banking field and the latest improvement on financial/other fields, which supports the fulfillment of duties and responsibilities at all organizational levels, which is indicated in the increasing participation of Bank’s employees in banking certification and/or education/training for individual quality improvement.</p> <p>j. Bank’s operational activities are affected and/or providing unfair advantage to the owner, which results in decrease of Bank’s profit and/or disadvantage for the Bank due to intervention of the Owner to the composition and/or fulfillment of duties of the Board of Director.</p>	<p>Development of sustainable learning culture for improvement of knowledge on banking field and the latest improvement on financial/other fields, which supports the fulfillment of duties and responsibilities at all organizational levels, which is indicated in the increasing participation of Bank’s employees in banking certification and/or education/training for individual quality improvement.</p> <p>There is no intervention of the Owner to the composition and/or fulfillment of duties of the Board of Commissioners that may affect Bank’s operational activities and/or provide unfair advantage to the Owner, which may result in the decrease of Bank’s profit and/or disadvantage for the Bank.</p>



**ASSESSMENT FACTOR :  
COMPLETENESS AND FULFILLMENT OF DUTIES OF THE COMMITTEE**

C. COMPLETENESS AND FULFILLMENT OF DUTIES OF THE COMMITTEE	
1. Governance Structure	
Criteria/Indicator	Analysis
<p><b>a. Audit Committe</b></p> <p>1) Members of the Audit Committee shall at least consist of an Independent Commissioner, an Independent Party having expertise in financial or accounting field, and an Independent Party having expertise in legal or banking field.</p> <p>2) Audit Committee is led by the Independent Commissioner</p> <p>3) No less than 51% (fifty one percent) of members of the Audit Committee is the Independent Commissioner and Independent Party.</p> <p>4) Members of the Audit Committee have proper integrity, characters and morals.</p>	<p><b>Audit Committe</b></p> <p>1) Members of the Audit Committee shall at least consist of an Independent Commissioner, an Independent Party having expertise in financial or accounting field, and an Independent Party having expertise in legal or banking field.</p> <p>Lexiyndo Hakim, SH, MH, M.Kn has been reappointed as a member of the Audit Committee for 1 (one) subsequent period, based on the Decision of the Board of Directors No. DIR/215/III/2016 dated March 8, 2016.</p> <p>2) Audit Committee is led by the Independent Commissioner.</p> <p>3) Members of the Audit Committee consist of the Independent Commissioner and the Independent Party.</p> <p>4) Members of the Audit Committee have proper integrity, characters and morals.</p>

**ASSESSMENT FACTOR :  
COMPLETENESS AND FULFILLMENT OF DUTIES OF THE COMMITTEE**

<b>C. COMPLETENESS AND FULFILLMENT OF DUTIES OF THE COMMITTEE</b>	
<p><b>b. Risk Monitoring Committee</b></p> <ol style="list-style-type: none"> <li>1) Members of the Risk Monitoring Committee shall at least consist of an Independent Commissioner, an Independent Party having expertise in financial or accounting field, and an Independent Party having expertise in legal or risk management field.</li> <li>2) Risk Monitoring Committee is led by the Independent Commissioner.</li> <li>3) No less than 51% (fifty percent) of the number of members of the Risk Monitoring Committee is the Independent Commissioner and the Independent Party.</li> <li>4) Members of the Risk Monitoring Committee have proper integrity, characters and morals.</li> </ol> <p><b>c. Nomination and Remuneration Committee</b></p> <ol style="list-style-type: none"> <li>1) Members of the Nomination and Remuneration Committee shall at least consist of an Independent Commissioner, a Commissioner and an Executive Officer in charge of human resource affair or an employee representative.</li> <li>2) The Executive Officer or employee representative shall have the necessary knowledge and understand the provisions for nomination and/or remuneration system and Bank's Succession Plan.</li> </ol>	<p><b>Risk Monitoring Committee</b></p> <ol style="list-style-type: none"> <li>1) Members of the Risk Monitoring Committee shall at least consist of an Independent Commissioner, an Independent Party having expertise in financial or accounting field, and an Independent Party having expertise in legal or risk management field.</li> <li>2) Risk Monitoring Committee is led by the Independent Commissioner.</li> <li>3) Members of the Risk Monitoring Committee consist of the Independent Commissioner and the Independent Party.</li> <li>4) Members of the Risk Monitoring Committee have proper integrity, characters and morals.</li> </ol> <p><b>Nomination and Remuneration Committee</b></p> <ol style="list-style-type: none"> <li>1) The members of the Nomination and Remuneration Committee consist of an Independent Commissioner, a Commissioner and an Executive Officer in charge of human resource affair.</li> <li>2) The Executive Officer has the necessary knowledge and understands the provisions for nomination and/or remuneration system and Bank's Succession Plan.</li> </ol>

**ASSESSMENT FACTOR :  
COMPLETENESS AND FULFILLMENT OF DUTIES OF THE COMMITTEE**

<b>C. COMPLETENESS AND FULFILLMENT OF DUTIES OF THE COMMITTEE</b>	
<p>3) Nomination and Remuneration Committee is led by an Independent Commissioner.</p> <p>4) In the event that the member of the Nomination and Remuneration Committee is specified to be more than 3 (three) people, the members of the Independent Commissioner shall be no less than 2 (two) people.</p> <p>5) In the event that the Bank established the Committee separately :</p> <p style="margin-left: 20px;">a) The Executive Officer or employee representative in the members of the Remuneration Committee shall have the knowledge on Bank's remuneration system; and</p> <p style="margin-left: 20px;">b) The Executive Officer in the member of the Nomination Committee shall have the knowledge on Bank's nomination system and succession plan.</p> <p>d. Members of the Audit Committee and Risk Monitoring Committee shall not be appointed from the Board of Directors of the same Bank or the other Bank.</p> <p>e. Concurrent Position as the Independent Party in the same Bank, other Bank and/or other company has been taken in consideration of the competence, independence criteria, confidentiality, ethic codes and fulfillment of duties and responsibilities.</p>	<p>3) Nomination and Remuneration Committee is led by an Independent Commissioner.</p> <p>4) 1 (one) of the 3 (three) members of the Nomination and Remuneration Committee is an Independent Commissioner.</p> <p>5) The Bank does not establish the Remuneration and Nomination Committee separately.</p> <p>Members of the Audit Committee and Risk Monitoring Committee are not appointed from the Board of Directors of the same Bank or the other Bank.</p> <p>Concurrent Position of the Independent Party in the same Bank, other Bank and/or other company has been taken in consideration of the competence, independence criteria, confidentiality, ethic codes and fulfillment of duties and responsibilities.</p>

**ASSESSMENT FACTOR :  
COMPLETENESS AND FULFILLMENT OF DUTIES OF THE COMMITTEE**

<b>C. COMPLETENESS AND FULFILLMENT OF DUTIES OF THE COMMITTEE</b>	
<p>f. No Independent Parties in the members of the Committee has financial, managerial, share ownership and/or family relationship with the Board of Commissioners, the Board of Directors and/or the Majority Shareholders or relationship with the Bank, which may affect their capacity to act independently</p> <p>g. All Independent Parties who are the former members of the Board of Directors or Bank's Executive Officers from the same Bank and do not perform supervisory function or other parties related to the Bank, which may affect their capacity to act independently, have been in the cooling-off period of 6 (six) months.</p> <p>h. Meeting of the Audit Committee and Risk Monitoring Committee shall be attended by no less than 51% (fifty one percent) of the members, including the Independent Commissioner and the Independent Party.</p>	<p>No Independent Parties in the members of the Committee has financial, managerial, share ownership and/or family relationship with the Board of Commissioners, the Board of Directors and/or the Majority Shareholders or relationship with the Bank, which may affect their capacity to act independently.</p> <p>All Independent Parties are not the former Members of the Board of Directors of Bank Bumi Arta. Whereas, the Independent Party who are the Executive Officer of Bank Bumi Arta perform the supervisory function, and therefore does not have to undergo the cooling-off period of 6 (six) months.</p> <p>Meeting of the Audit Committee is attended by all members, including the Independent Commissioner and the Independent Party. In addition, the meeting is also attended by the Chairman of IATF who presents an explanation of the executed audit work plan, including audit result and internal control evaluation.</p> <p>Meeting of the Risk Monitoring Committee is attended by all members, including the Independent Commissioner and the Independent Party. In addition, the meeting is also attended by the Head of Risk Management Unit ("UMR") who presents an explanation of Bank's risk profile.</p>

**ASSESSMENT FACTOR :  
COMPLETENESS AND FULFILLMENT OF DUTIES OF THE COMMITTEE**

C. COMPLETENESS AND FULFILLMENT OF DUTIES OF THE COMMITTEE	
<p>i. Meeting of the Nomination and Remuneration Committee shall be attended by no less than 51% (fifty one percent) of the members, including an Independent Commissioner and an Executive Officer or employee representative.</p> <p>j. Composition of the Committee does not comply with the requirement due to intervention of the Owner.</p>	<p>Meeting of the Nomination and Remuneration Committee is attended by all members, including an Independent Commissioner and an Executive Officer.</p> <p>Composition of the Committee has met the requirement.</p>
2. Governance Process	
Criteria/Indicator	Analysis
<p>a. <b>Komite Audit</b> To provide recommendation for the Board of Commissioners :</p> <p>1) The Audit Committee has monitored and evaluated the audit planning and implementation, as well as monitored the follow up of audit result in order to assess the adequacy of the internal control, including the adequacy of the financial reporting process.</p> <p>2) The Audit Committee has reviewed :</p> <p>a) the implementation of duties of the IATF; b) the conformity of audit by the Public Accounting Firm to the applicable audit standard; c) the conformity of financial statement to the applicable accounting standard; and</p>	<p><b>Komite Audit</b> To provide recommendation for the Board of Commissioners :</p> <p>1) The Audit Committee has monitored and evaluated the audit planning and implementation, as well as monitored the follow up of audit result in order to assess the adequacy of the internal control, including the adequacy of the financial reporting process.</p> <p>2) The Audit Committee has reviewed :</p> <p>a) the implementation of duties of the IATF; b) the conformity of audit by the Public Accounting Firm to the applicable audit standard; c) the conformity of financial statement to the applicable accounting standard; and</p>

**ASSESSMENT FACTOR :  
COMPLETENESS AND FULFILLMENT OF DUTIES OF THE COMMITTEE**

<b>C. COMPLETENESS AND FULFILLMENT OF DUTIES OF THE COMMITTEE</b>	
<p>d) implementation of the follow-up by Board of Directors on the findings from SKAI, Public Accountant and supervision result of Bank Indonesia.</p> <p>3) Audit Committee has provided recommendation of the appointment of Public Accountant and KAP in accordance with the applicable provisions under RUPS through Board of Commissioners.</p> <p><b>b. Risk Monitoring Committee</b> To provide the recommendation for the Board of Commissioners :</p> <p>1) the Risk Monitoring Committee evaluates risk management policy and implementation;</p> <p>2) the Risk Monitoring Committee monitors and evaluates the implementation of duties of the Risk Management Committee and Risk Management Task Force.</p>	<p>d) Implementation of the follow-up by Board of Directors on the findings from SKAI, Public Accountant and supervision result of Financial Services Authority.</p> <p>Audit Committee has made evaluation report for the follow-up by Board of Directors on the findings from SKAI, Public Accountant, and supervision result of Financial Services Authority.</p> <p>3) Audit Committee has provided recommendation of the appointment of Public Accountant and KAP in accordance with the applicable provisions under RUPS through Board of Commissioners.</p> <p><b>Risk Monitoring Committee</b> To provide the recommendation for the Board of Commissioners :</p> <p>1) the Risk Monitoring Committee evaluates risk management policy and implementation;</p> <p>2) the Risk Monitoring Committee monitors and evaluates the implementation of duties of the Risk Management Committee and Risk Management Task Force through the result of assessment of Bank's risk profile and other related information exposed to the risk, such as Human Resource issues, completeness of the operational facility and infrastructure in Branch Office.</p>

**ASSESSMENT FACTOR :  
COMPLETENESS AND FULFILLMENT OF DUTIES OF THE COMMITTEE**

<b>C. COMPLETENESS AND FULFILLMENT OF DUTIES OF THE COMMITTEE</b>	
<p><b>c. Nomination and Remuneration Committee</b> To provide recommendation for the Board of Commissioners :</p> <ol style="list-style-type: none"> <li>1) The Remuneration Committee has evaluated the remuneration policy for :               <ol style="list-style-type: none"> <li>a) The Board of Commissioners and the Board of Directors, which has been presented before the GMS; and</li> <li>b) The Executive Officer and the employees, which has been presented before the Board of Directors.</li> </ol> </li>   <li>2) With regard to the nomination policy, the Committee has set the system and procedures for the appointment and/or replacement of members of the Board of Commissioners and the Board of Directors to be presented before the GMS.</li>   <li>3) The Nomination Committee has provided recommendation on candidates of members of the Board of Commissioners and/or the Board of Directors to be presented before the GMS.</li>   <li>4) The Nomination Committee has provided recommendation on candidates of members of the Committee to the Board of Commissioners.</li> </ol>	<p><b>Nomination and Remuneration Committee</b> To provide recommendation for the Board of Commissioners :</p> <ol style="list-style-type: none"> <li>1) The Nomination and Remuneration Committee has evaluated the remuneration policy for :               <ol style="list-style-type: none"> <li>a) The Board of Commissioners and the Board of Directors, which has been presented before the GMS; and</li> <li>b) The Executive Officer and the employees, which has been presented before the Board of Directors.</li> </ol> <p style="text-align: center; margin: 10px 0;">The Nomination and Remuneration Committee has conducted the remuneration evaluation.</p> </li>   <li>2) With regard to the nomination policy, the Committee has set the system and procedures for the appointment and/or replacement of members of the Board of Commissioners and the Board of Directors to be presented before the GMS.</li>   <li>3) The Nomination and Remuneration Committee has provided recommendation on candidates of members of Independent Commissioner.</li>   <li>4) The Nomination and Remuneration Committee has provided recommendation on candidates of members of the Committee to the Board of Commissioners.</li> </ol>

**ASSESSMENT FACTOR :  
COMPLETENESS AND FULFILLMENT OF DUTIES OF THE COMMITTEE**

C. COMPLETENESS AND FULFILLMENT OF DUTIES OF THE COMMITTEE	
<p>d. Meeting of the Committee is held in accordance with the need of the Bank.</p> <p>e. Decision of meeting is made upon deliberation or the majority vote, in the event that deliberation cannot be made.</p> <p>f. Result of meeting of the Committee is a recommendation to be used optimally by the Board of Commissioners.</p> <p>g. The Owner intervenes with the fulfillment of duties of the Committee, such as by providing unfair remuneration for the related party, recommendation on nominees for the Board of Commissioners/Directors that does not comply with the specified procedures for appointment and/or replacement.</p>	<p>During 2016, the following meetings have been held:</p> <ul style="list-style-type: none"> <li>• 6 (six) Meetings of the Audit Committee,</li> <li>• 4 (four) Meetings of the Risk Monitoring Committee, and</li> <li>• 4 (four) Meetings of the Nomination and Remuneration Committee.</li> </ul> <p>Decision of meeting is made upon deliberation or the majority vote, in the event that deliberation cannot be made.</p> <p>Result of meeting of the Committee regarding issues under the concern of the Board of Commissioners is presented in a memorandum for the Board of Commissioners.</p> <p>The Owner does not intervene with fulfillment of duties of the Committee.</p>
3. Governance Outcome	
Criteria/Indicator	Analysis
<p>a. Result of minutes of meeting shall be made, including the disclosure of dissenting opinions and must be documented properly.</p>	<p>Minutes of meeting has been documented properly and has disclosed the opinions of the attending participants.</p>



**ASSESSMENT FACTOR :  
COMPLETENESS AND FULFILLMENT OF DUTIES OF THE COMMITTEE**

<b>C. COMPLETENESS AND FULFILLMENT OF DUTIES OF THE COMMITTEE</b>	
b. Each Committee has performed its function according to the applicable regulation, such as provision of recommendation for the Board of Commissioners.	Each Committee has performed its function according to the applicable regulation, such as provision of recommendation for the Board of Commissioners.

**ASSESSMENT FACTOR :  
HANDLING OF CONFLICT OF INTEREST**

D. HANDLING OF CONFLICT OF INTEREST	
1. Governance Structure	
Criteria/Indicator	Analysis
<p>The Bank has the policy, system and procedures for settlement of :</p> <p>a. conflict of interests that binds all members of the management board and employees of the Bank;</p> <p>b. administration, documentation and disclosure of conflict of interests as referred to in the Minutes of meeting.</p>	<p>The Bank has the policy, system and procedures for settlement of conflict of interests as set forth in company regulation, <i>Kebijakan Perkreditan BBA</i> (Credit Policy of BBA- "KPBB") and Circular of the Bank.</p>
2. Governance Process	
Criteria/Indicator	Analysis
<p>In the event of conflict of interests, members of the Board of Commissioners, members of the Board of Directors and the Executive Officer shall not take any measure that may harm or decrease Bank's profit.</p>	<p>There is no conflict of interests</p>
3. Governance Outcome	
Criteria/Indicator	Analysis
<p>a. Conflict of Interests that may harm the Bank or decrease Bank's profit has been disclosed in each decision and has been documented properly.</p> <p>b. Bank's operational activities are free of intervention of the Owner/other related parties that may lead to conflict of interests, which may harm the Bank or decrease Bank's profit.</p>	<p>There is no conflict of interests</p> <p>Bank's operational activities are free of intervention of the Owner/other related parties that may lead to conflict of interests, which may harm the Bank or decrease Bank's profit.</p>

**ASSESSMENT FACTOR :  
HANDLING OF CONFLICT OF INTEREST**

<b>D. HANDLING OF CONFLICT OF INTEREST</b>	
c. The Bank has succeeded in settling the arising conflict of interests.	The Bank has succeeded in settling the arising conflict of interests.

**ASSESSMENT FACTOR :  
IMPLEMENTATION OF BANK'S COMPLIANCE FUNCTION**

<b>E. IMPLEMENTATION OF BANK'S COMPLIANCE FUNCTION</b>	
<b>1. Governance Structure</b>	
<b>Criteria/Indicator</b>	<b>Analysis</b>
<p>a. The compliance task force is independent from the operational task force.</p> <p>b. Appointment, dismissal and/or resignation of the Director in charge of the Compliance Function shall be made in accordance with Bank Indonesia regulation.</p> <p>c. The Bank has provided quality human resource for the Compliance Task Force to perform its duties effectively.</p>	<p>The compliance task force is independent from the operational task force.</p> <p>Appointment, dismissal and/or resignation of the Director in charge of the Compliance Function shall be made in accordance with Bank Indonesia regulation.</p> <p>The Bank has provided quality human resource for the Compliance Task Force to perform its duties effectively.</p>
<b>2. Governance Process</b>	
<b>Criteria/Indicator</b>	<b>Analysis</b>
<p>a. Compliance Director is responsible for :</p> <p>1) Ensuring Bank's compliance to Bank Indonesia regulation and the applicable laws and regulations by :</p>	<p>With reference to Bank Indonesia Regulation No. 13/2/PBI/2011 of January 12, 2011 on the Fulfillment of Compliance Function for Commercial Banks, the duties and responsibilities of the Compliance Director are :</p> <p>1) Ensures Bank's compliance with the regulation of the Financial Services Authority ("OJK"), Bank Indonesia regulation and the applicable laws and regulations by :</p>



**ASSESSMENT FACTOR :  
IMPLEMENTATION OF BANK’S COMPLIANCE FUNCTION**

<b>E. IMPLEMENTATION OF BANK’S COMPLIANCE FUNCTION</b>	
<p>c) monitoring and maintaining Bank's compliance with all agreements and commitments made between the Bank and Bank Indonesia and other authorities.</p>	<p>c) monitoring and maintaining Bank's compliance with all agreements and commitments made between the Bank Indonesia and other authorities.</p> <p>The Director in charge of Compliance Function monitors the implementation of agreement, performance of commitment, Bank’s commitment to obey the command and prohibition from the Financial Services Authority, Bank Indonesia or from other supervisory authorities.</p> <p>The Bank has followed up the report of the results of general audit of the Financial Services Authority of 30 April 2015 in accordance with the target set.</p> <p>The Bank has followed up the report of the results of general audit of the Financial Services Authority of 31 January 2016 in accordance with the target set. There is still one finding that requires follow-up.</p> <p>The Bank has followed up the report of the results of general audit of the Financial Services Authority in Surakarta and Medan branch of September 2016 in accordance with the target set. There is still one finding that requires follow-up.</p>

**ASSESSMENT FACTOR :  
IMPLEMENTATION OF BANK'S COMPLIANCE FUNCTION**

<b>E. IMPLEMENTATION OF BANK'S COMPLIANCE FUNCTION</b>	
<p>2) Submitting the report on fulfillment of duties and responsibilities on a periodical basis to the President Director with a copy to the Board of Commissioners or other authorities according to the organizational structure of the Bank.</p> <p>3) Formulate the strategy to encourage the development of Bank's Compliance Culture.</p> <p>4) Proposing the compliance policy or compliance principles to be stipulated by the Board of Directors.</p>	<p>2) The Director in charge of Compliance Function has submitted the quarterly report on fulfillment of duties and responsibilities to the President Director, supplied with a copy to the Board of Commissioners.</p> <p>3) Formulate the strategy to encourage the development of Bank's Compliance Culture.</p> <p>The general duty of Director in charge of Compliance Function is to advise all organizational levels from the highest level to the operating personnel to comply with the principle of prudential banking, in order to develop Bank's Compliance Culture.</p> <p>Therefore, Circular of the Management Board No. 069 on June 16, 2011 Compliance Culture has been issued.</p> <p>4) Proposing the compliance policy or compliance principles to be stipulated by the Board of Directors.</p> <p>Compliance Director has proposed compliance policies and principles that contained in the Compliance Cultures, Guidelines, and Assessments.</p>







**ASSESSMENT FACTOR :  
IMPLEMENTATION OF BANK’S COMPLIANCE FUNCTION**

<b>E. IMPLEMENTATION OF BANK’S COMPLIANCE FUNCTION</b>	
<p>9) Performing other duties related to the Compliance Function.</p> <p>b. Appointment of the Compliance Director conforms to the applicable laws and regulations.</p> <p>c. The Board of Director has :</p> <ol style="list-style-type: none"> <li>1) Approved Bank's compliance policy in the form of a formal document of the effective compliance function.</li> <li>2) Been held responsible for establishing an effective and permanent compliance function as a part of Bank's overall compliance policy.</li> <li>3) Responsible for creating an effective and permanent compliance function as part of the overall Bank's compliance policies.</li> </ol>	<p>9) Performing other duties related to the Compliance Function.</p> <p>In order to monitor and maintain Bank's compliance with all agreements and commitments made between the Bank and Financial Services Authority, Bank Indonesia or other supervisory authorities, Compliance Director performs monitoring of implementation of agreement, fulfillment of commitment, Bank's commitment to obey the command and prohibition from Financial Services Authority, Bank Indonesia or other supervisory authorities.</p> <p>Appointment of the Compliance Director conforms to the applicable laws and regulations.</p> <p>The Board of Director has :</p> <ol style="list-style-type: none"> <li>1) Approved Bank's compliance policy in the form of a formal document of the effective compliance function.</li> <li>2) Been held responsible for establishing an effective and permanent compliance function as a part of Bank's overall compliance policy.</li> <li>3) Responsible for creating an effective and permanent compliance function as part of the overall Bank's compliance policies.</li> </ol>

**ASSESSMENT FACTOR :  
IMPLEMENTATION OF BANK’S COMPLIANCE FUNCTION**

<b>E. IMPLEMENTATION OF BANK’S COMPLIANCE FUNCTION</b>	
<p>d. Compliance Task Force holds the duties and responsibilities to :</p> <ol style="list-style-type: none"> <li>1) Take necessary measures to develop Compliance Culture in all Bank’s business activities at all organizational levels;</li>   <li>2) Carry out identification, measurement, monitoring and control of Compliance Risk with reference to Bank Indonesia Regulation on Implementation of Risk Management for Commercial Banks;</li> </ol>	<p>Compliance Task Force holds the duties and responsibilities to :</p> <ol style="list-style-type: none"> <li>1) In order to support the development of Compliance Culture in all Bank’s business activities at all organizational levels. Compliance Task Force has disseminated the information on regulation of the Financial Services Authority, Bank Indonesia Regulation and the applicable laws and regulations, both verbally or in written as in the Internal Memo, Inter-Branch Memo, training, etc.;</li>   <li>2) Compliance Task Force has carried out identification, measurement, monitoring and control of Compliance Risk based on the reports from the relevant work units, which include credit, treasury and investment functions, operational and service, trade financing, funding and debt instruments, Information System Technology and Management Information System, as well as Human Resource Management.</li> </ol> <p>In the event of violation to the applicable regulation or other issues that need improvement, the Compliance Task Force shall coordinate with the relevant work units both verbally or in written trough the internal memo.</p> <p>Risk Management Unit receives the report on Compliance Risk that is made by the Compliance Task Force to arrange report on risk profile/composition with reference to Financial Services Authority on Implementation of Risk Management for Commercial Banks.</p>

**ASSESSMENT FACTOR :  
IMPLEMENTATION OF BANK’S COMPLIANCE FUNCTION**

<b>E. IMPLEMENTATION OF BANK’S COMPLIANCE FUNCTION</b>	
<p>3) Assess and evaluate the effectiveness, adequacy and conformity of Bank’s policy, provision, system and procedures with the applicable laws and regulations;</p> <p>4) Carry out review and/or recommend update and improvement of Bank’s policy, system and procedures for compliance with Bank Indonesia regulation and the applicable laws and regulations;</p> <p>5) Put efforts to ensure that Bank’s policy, provision, system and procedures, as well as business activities have complied with Bank Indonesia regulation and other applicable laws and regulations;</p>	<p>3) Compliance Task Force has assessed and evaluated the effectiveness, adequacy and conformity of Bank’s policy, provision, system and procedures with the regulation of the Financial Services Authority, Bank Indonesia regulation and other applicable laws and regulations in order to implement the principles of Prudential Banking;</p> <p>4) Compliance Task Force has reviewed and/or recommended update and improvement of Bank’s policy, system and procedures for compliance with the regulation of Financial Services Authority, Bank Indonesia regulation and the applicable laws and regulations, buy sending Internal Memo to the System and Procedures Department or to the relevant Work Unit with regard to the arrangement/review/update/ improvement of the said policy, provision, system or procedures;</p> <p>5) Compliance Task Force has carried out coordination and monitoring of arrangement/ review/update/improvement of the said policy, provision, system or procedures to ensure that Bank’s policy, provision, system and procedures, as well as business activities have complied with the regulation of Financial Services Authority, Bank Indonesia regulation and other applicable laws and regulations;</p>

**ASSESSMENT FACTOR :  
IMPLEMENTATION OF BANK’S COMPLIANCE FUNCTION**

E. IMPLEMENTATION OF BANK’S COMPLIANCE FUNCTION	
<p>6) Perform other duties related to the Compliance Function.</p>	<p>6) Perform other duties related to the Compliance Function, such as :</p> <p>a) Monitoring of provision of fund in the form of credit (exposure group &gt; 5 billion Rupiah) for Compliance Analysis.</p> <p>b) Compliance Task Force assists the fulfillment of duties of the Director in charge of Compliance Function in monitoring and keeping Bank’s compliance with all agreements and commitments made by the Bank with the Financial Services Authority and Bank Indonesia by following up the result of audit by Financial Services Authority and Bank Indonesia, in order to ensure that it complies with the specified requirements/deadline, by :</p> <ul style="list-style-type: none"> <li>• Sending Internal Memo or Inter-Branch Memo to the relevant units on: Follow-Up for Result of Audit;</li> <li>• Holding a coordination meeting with the relevant work units to carry out monitoring of improvement.</li> </ul>
3. Governance Outcome	
Criteria/Indicator	Analysis
<p>a. The Bank has submitted the report on fulfillment of duties of the Director in charge of Compliance Function and special report to Bank Indonesia and related party.</p>	<p>The Bank has submitted the report on fulfillment of duties of the Director in charge of Compliance Function and special report to Financial Services Authority, Bank Indonesia and related party.</p>

**ASSESSMENT FACTOR :  
IMPLEMENTATION OF BANK’S COMPLIANCE FUNCTION**

<b>E. IMPLEMENTATION OF BANK’S COMPLIANCE FUNCTION</b>	
<p>b. Scope of the report on fulfillment of duties of the Director in charge of Compliance Function conforms to the applicable Bank Indonesia regulation.</p> <p>c. The Bank has succeeded in reducing violation of the applicable regulation;</p> <p>d. The Bank has succeeded in developing compliance culture in decision-making and its operational activities.</p>	<p>Scope of the report on fulfillment of duties of the Director in charge of Compliance Function conforms to the applicable Bank Indonesia regulation.</p> <p>There are some violations to the applicable regulation as indicated by the number of recorded penalties.</p> <p>The Bank has succeeded in developing compliance culture in decision-making and its operational activities.</p> <p>1) The Bank has followed up the report of the results of general audit of the Financial Services Authority of 30 April 2015 in accordance with the target set.</p> <p>2) The Bank has followed up the report of the results of general audit of the Financial Services Authority of 31 January 2016 in accordance with the target set. There is still one finding that requires follow-up.</p> <p>3) The Bank has followed up the report of the results of general audit of the Financial Services Authority in Surakarta and Medan branch of September 2016 in accordance with the target set. There is still one finding that requires follow-up.</p>

**ASSESSMENT FACTOR :  
IMPLEMENTATION OF INTERNAL AUDIT FUNCTION**

F. IMPLEMENTATION OF INTERNAL AUDIT FUNCTION	
1. Governance Structure	
Criteria/Indicator	Analysis
<p>a. The organizational structure of Bank’s IATF is in accordance with the applicable provision.</p> <p>b. Satisfying the Internal Audit Function Standard for Commercial Banks ("SPFAIB"), by :</p> <ol style="list-style-type: none"> <li>1) Arranging the Internal Audit Charter;</li> <li>2) Establishing the Internal Audit Task Force ("SKAI")</li> <li>3) Arranging the guideline to internal audit.</li> </ol> <p>c. The IATF is independent from the operational task force.</p> <p>d. Providing quality human resource for effective fulfillment of duties.</p>	<p>The organizational structure of Bank’s IATF is in accordance with the applicable provision.</p> <p>Satisfying the Internal Audit Function Standard for Commercial Banks ("SPFAIB") by :</p> <ol style="list-style-type: none"> <li>1) Arranging the Internal Audit Charter;</li> <li>2) Establishing the Internal Audit Task Force ("SKAI")</li> <li>3) Arranging the guideline to internal audit.</li> </ol> <p>The IATF is independent from the operational task force.</p> <p>Providing quality human resource for effective fulfillment of duties.</p>
2. Governance Process	
Criteria/Indicator	Analysis
<p>a. The Board of Directors is responsible for :</p> <ol style="list-style-type: none"> <li>1) Establishment of internal control system, and ensuring the implementation of Bank’s internal audit function at all managerial levels;</li> <li>2) Follow-up for findings of Bank’s internal audit under the policy and direction from the Board of Commissioners.</li> </ol>	<p>Direksi bertanggung jawab atas :</p> <ol style="list-style-type: none"> <li>1) Establishment of internal control system, and ensuring the implementation of Bank’s internal audit function at all managerial levels;</li> <li>2) Follow-up for findings of Bank’s internal audit under the policy and direction from the Board of Commissioners.</li> </ol>

**ASSESSMENT FACTOR :  
IMPLEMENTATION OF INTERNAL AUDIT FUNCTION**

<b>F. IMPLEMENTATION OF INTERNAL AUDIT FUNCTION</b>	
<p>b. The Bank implements internal audit function effectively in all aspects and elements of its activities that may directly be considered affecting the interests of the Bank and the community.</p> <p>c. The Bank carries out periodical analysis by an external party on the effectiveness of performance of IATF and its compliance with the SPFAIB every three years.</p> <p>d. Proper audit plan by Bank’s IATF, adequacy of scope of audit and the depth of audit.</p> <p>e. There is no violation in the realization of audit plan by Bank’s IATF.</p> <p>f. Bank was Planning and realizing quality improvement of human resource skills on a regular and sustainable basis.</p> <p>g. The IATF has Performed the supervisory function independently with proper scope of duties and in accordance with the plan, implementation or monitoring of audit result.</p> <p>h. IATF has Fulfilled the duties that at least include the following assessments on :</p> <ol style="list-style-type: none"> <li>1) the adequacy of Bank’s Internal Control System</li> <li>2) the effectiveness of Bank's Internal Control System</li> <li>3) performance quality</li> </ol> <p>i. Reporting all findings of examination according to the applicable provisions.</p>	<p>The Bank implements internal audit function effectively in all aspects and elements of its activities that may directly be considered affecting the interests of the Bank and the community.</p> <p>The Bank carries out periodical analysis by an external party on the effectiveness of performance of IATF and its compliance with the SPFAIB every three years.</p> <p>Proper audit plan by Bank’s IATF, adequacy of scope of audit and the depth of audit.</p> <p>There is no violation in the realization of audit plan by Bank’s IATF.</p> <p>Bank was Planning and realizing quality improvement of human resource skills on a regular and sustainable basis.</p> <p>The IATF has Performed the supervisory function independently with proper scope of duties and in accordance with the plan, implementation or monitoring of audit result.</p> <p>IATF has Fulfilled the duties that at least include the following assessments on :</p> <ol style="list-style-type: none"> <li>1) the adequacy of Bank's Internal Control System</li> <li>2) the effectiveness of Bank's Internal Control System</li> <li>3) performance quality</li> </ol> <p>Reporting all findings of examination according to the applicable provisions.</p>



**ASSESSMENT FACTOR :  
IMPLEMENTATION OF INTERNAL AUDIT FUNCTION**

F. IMPLEMENTATION OF INTERNAL AUDIT FUNCTION	
<p>j. Monitoring, analyzing and reporting the progress of improvement follow up carried out by the audited.</p> <p>k. IATF has compiled and updated the guidelines as well as systems and procedures for implementing the duties for internal auditors on a regular basis according to applicable laws and regulations.</p>	<p>Monitoring, analyzing and reporting the progress of improvement follow up carried out by the audited.</p> <p>IATF has compiled and updated the guidelines as well as systems and procedures for implementing the duties for internal auditors on a regular basis according to applicable laws and regulations, among others :</p> <p>The Bank has completed the job description of one of the duties of SKAI particularly in relation to the handling and application of anti-fraud strategy, namely by clearly breaking down the descriptions and authorities of each department.</p> <p>The bank has completed the internal inspection manual related to the provisions concerning the period of preparation of the inspection work plan.</p>
3. Governance Outcome	
Criteria/Indicator	Analysis
<p>a. The Board of Directors is responsible for the availability of report on implementation of Bank’s internal audit to the GMS.</p> <p>b. Findings of audit by the IATF have been followed-up and there is no recurrent finding.</p> <p>c. IATF act objectively in performing the audit.</p>	<p>The Board of Directors has submitted the report on implementation of Bank’s internal audit to the GMS.</p> <p>Findings of audit by the IATF have been followed-up by the Board of Directors and the Auditee. There are some recurrent findings, but follow-up has been made by the Audited.</p> <p>IATF has acted objectively in performing the audit.</p>

**ASSESSMENT FACTOR :  
IMPLEMENTATION OF INTERNAL AUDIT FUNCTION**

<b>F. IMPLEMENTATION OF INTERNAL AUDIT FUNCTION</b>	
<p>d. Internal Audit function has been carried out properly while taking into account the followings :</p> <ol style="list-style-type: none"> <li>1) Audit program includes all work units on which the implementation considers risk level in each work unit.</li> <li>2) Audit program and scope of audit are properly in accordance with the principles of SPFAIB, among others by the fulfillment of independence, objectivity, no limitation of scope and extent of internal audit.</li> <li>3) Fulfillment of the number and quality of internal auditor.</li> </ol>	<p>Internal Audit function has been carried out properly while taking into account the followings :</p> <ol style="list-style-type: none"> <li>1) Audit program includes all work units on which the implementation considers risk level in each work unit.</li> <li>2) Audit program and scope of audit are properly in accordance with the principles of SPFAIB, among others by the fulfillment of independence, objectivity, no limitation of scope and extent of internal audit.</li> <li>3) Fulfillment of the number and quality of internal auditor.</li> </ol>

**ASSESSMENT FACTOR :  
IMPLEMENTATION OF EXTERNAL AUDIT FUNCTION**

G. IMPLEMENTATION OF EXTERNAL AUDIT FUNCTION	
1. Governance Structure	
Criteria/Indicator	Analysis
<p>Assignment of audit to the Public Accountant and Public Accounting Firm shall at least meet the following aspects :</p> <ul style="list-style-type: none"> <li>a. Capacity of the appointed PAF</li> <li>b. Legality of contract agreement</li> <li>c. Scope of audit</li> <li>d. Professional standard of public accountant; and</li> <li>e. Communication between Bank Indonesia and the said PAF.</li> </ul>	<p>Assignment of audit to the Public Accountant and Public Accounting Firm shall have met the specified aspects.</p>
2. Governance Process	
Criteria/Indicator	Analysis
<ul style="list-style-type: none"> <li>a. In the audit of Bank’s financial statement, the Bank appointed a Public Accountant and PAF registered in Bank Indonesia.</li> <li>b. Appointment of the same Public Accountant and PAF has complied with the applicable laws and regulations.</li> <li>c. Appointment of Public Accountant and PAF is made upon approval from the GMS based on the recommendation from the Audit Committee through the Board of Commissioners.</li> </ul>	<p>In the audit of Bank’s financial statement, the Bank appointed a Public Accountant and PAF Firm Satrio Bing Eny &amp; Partners (formerly Osman Bing Satrio &amp; Eny), a member of Deloitte Touche Tohmatsu that is registered in Financial Services Authority.</p> <p>Appointment of the same Public Accountant and PAF has complied with the applicable laws and regulations.</p> <p>Appointment of Public Accountant and PAF is made upon approval from the GMS based on the recommendation from the Audit Committee through the Board of Commissioners.</p>

**ASSESSMENT FACTOR :  
IMPLEMENTATION OF EXTERNAL AUDIT FUNCTION**

G. IMPLEMENTATION OF EXTERNAL AUDIT FUNCTION	
<p>d. The appointed Public Accountant and PAF are capable of performing independently, satisfying the professional standard of public accountant and contract agreement, as well as the specified scope of audit.</p> <p>e. Public Accountant has communicated with Bank Indonesia with regard to the condition of the audited Bank for the preparation and execution of the audit.</p> <p>f. Public Accountant has performed the audit independently and professionally.</p> <p>g. Public Accountant has reported the result of audit and the Management Letter to Bank Indonesia.</p>	<p>The appointed Public Accountant and PAF are capable of performing independently, satisfying the professional standard of public accountant and contract agreement, as well as the specified scope of audit.</p> <p>Public Accountant has communicated with Financial Services Authority with regard to the condition of the audited Bank for the preparation and execution of the audit.</p> <p>Public Accountant has performed the audit independently and professionally.</p> <p>Public Accountant has reported the result of audit and the Management Letter to Financial Services Authority.</p>
3. Governance Outcome	
Criteria/Indicator	Analysis
<p>a. Result of audit and Management Letter indicates significant problems in the Bank and has been submitted in a timely manner to Bank Indonesia by the appointed PAF.</p> <p>b. Scope of audit result shall at least conform to the scope of audit set forth in the applicable provision.</p> <p>c. The auditor acts independently in the audit.</p>	<p>Result of audit and Management Letter indicates significant problems in the Bank and has been submitted in a timely manner to the Financial Services Authority.</p> <p>Scope of audit result shall at least conform to the scope of audit set forth in the applicable provision.</p> <p>The auditor acts independently in the audit.</p>

**ASSESSMENT FACTOR:  
IMPLEMENTATION OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM**

H. IMPLEMENTATION OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM	
1. Governance Structure	
Criteria/Indicator	Analysis
<p>a. The Bank has a proper organizational structure to support the implementation of Risk Management and Internal Control System, such as the IATF, RMTF (“SKMR”) and Risk Management Committee, as well as the Compliance Task Force.</p> <p>b. The Bank has proper policy, procedures and determination of risk limit.</p>	<p>The Bank has a proper organizational structure to support the implementation of Risk Management and Internal Control System, such as the IATF, Risk Management Unit, and Risk Management Committee, as well as the Compliance Task Force.</p> <p>The Bank has proper policy, procedures and determination of risk limit as set forth in the Guideline to Risk Management (“BPMR”).</p>
2. Governance Process	
Criteria/Indicator	Analysis
<p>a. The Board of Commissioners has definite duties and responsibilities, among others :</p> <p>1) Giving approval for Risk Management policy, including Risk Management strategy and work frame that are specified in accordance with the risk appetite and risk tolerance;</p> <p>2) Evaluating Risk Management policy and Risk Management Strategy no less than once in a year or more, in the event that there is change of factors that significantly affect Bank’s business;</p>	<p>The Board of Commissioners has definite duties and responsibilities, among others :</p> <p>1) Giving approval for Risk Management policy, including Risk Management strategy and work frame that are specified in accordance with the risk appetite and risk tolerance as set forth in the Guideline to Risk Management (“BPMR”).</p> <p>2) Evaluating Risk Management policy and Risk Management Strategy.</p>

**ASSESSMENT FACTOR:  
IMPLEMENTATION OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM**

<b>H. IMPLEMENTATION OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM</b>	
<p>3) Evaluating the accountability report of the Board of Directors and periodically providing direction for improvement of implementation of Risk Management policy. Evaluation is made in order to ensure that the Board of Directors manages Bank's activities and risks effectively.</p> <p>b. The Board of Directors has definite duties and responsibilities, among others :</p> <p>1) Making Risk Management policy, including Risk Management strategy and frame work in written and comprehensively, including the overall risk limit and limit for each risk type, in accordance with risk appetite and risk tolerance to capital adequacy. Upon approval from the Board of Commissioners, the Board of Directors shall set the said Risk Management policy, strategy and frame work;</p> <p>2) Arranging, specifying and updating the procedures and instruments for identifying, measuring, monitoring and controlling the risk;</p> <p>3) Arranging and specifying the mechanism of transaction approval, including for the over limit transaction and the authority of each position level;</p>	<p>3) Evaluating the accountability report of the Board of Directors and periodically providing direction for improvement of implementation of Risk Management policy, which stipulated in appeal/Memorandum of the Board of Commisioners to the Board of Directors. Evaluation is made in order to ensure that the Board of Directors manages Bank's activities and risks effectively.</p> <p>The Board of Directors has definite duties and responsibilities, among others :</p> <p>1) menyusun kebijakan Manajemen Risiko termasuk strategi dan Making Risk Management policy, including Risk Management strategy and frame work in written and comprehensively, including the overall risk limit and limit for each risk type, in accordance with risk appetite and risk tolerance to capital adequacy as set forth in the Guideline to Risk Management. Upon approval from the Board of Commissioners, the Board of Directors shall set the said Risk Management policy, strategy and frame work;</p> <p>2) Arranging, specifying and updating the procedures and instruments for identifying, measuring, monitoring and controlling the risk;</p> <p>3) Arranging and specifying the mechanism of transaction approval, including for the over limit transaction and the authority of each position level;</p>

**ASSESSMENT FACTOR:  
IMPLEMENTATION OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM**

<b>H. IMPLEMENTATION OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM</b>	
<p>4) Evaluating and/or updating the policy, strategy and frame work of Risk Management no less than once in a year or more, in the event that there is change of factors that significantly affect Bank’s business, risk exposure, and/or risk profile.</p> <p>5) Determining the organizational structure, including the definite authority and responsibility with regard to the implementation of Risk Management;</p> <p>6) Being responsible for the implementation of Risk Management policy, strategy and frame work approved by the Board of Commissioners and evaluating and providing direction based on the reports submitted by the RMTF, including the report on risk profile;</p> <p>7) Ensuring that all material risks and impacts arising from the said risk have been followed-up and that accountability report has been submitted regularly to the Board of Commissioners. The said report includes –among others- progress report and issues related to material risks, supplied with improvement measures that have been taken, being taken and will be taken;</p> <p>8) Ensuring that the implementation of improvement measures for issues or violation in Bank’s business is identified by the IATF;</p>	<p>4) Evaluating and/or updating the policy, strategy and frame work of Risk Management as set forth in the Guideline to Risk Management (“BPMR”).</p> <p>The Bank has improved and/or completed the policy in accordance with the applicable provision and the finding of the examination of the Financial Services Authority.</p> <p>5) Determining the organizational structure, including the definite authority and responsibility with regard to the implementation of Risk Management;</p> <p>6) Being responsible for the implementation of Risk Management policy, strategy and frame work approved by the Board of Commissioners and evaluating and providing direction based on the reports submitted by the RMTF, including the report on risk profile;</p> <p>7) Ensuring that all material risks and impacts arising from the said risk have been followed-up and that accountability report has been submitted regularly to the Board of Commissioners;</p> <p>8) Ensuring that the implementation of improvement measures for issues or violation in Bank’s business is identified by the IATF;</p>

**ASSESSMENT FACTOR:  
IMPLEMENTATION OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM**

H. IMPLEMENTATION OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM	
<p>9) Developing Risk Management culture, including risk awareness, at all organizational levels, including proper communication among all organizational levels on the importance of effective internal control;</p> <p>10) Ensuring the adequacy of financial capacity and infrastructure to manage and control the risk;</p> <p>11) Ensuring that Risk Management function has been implemented independently, as reflected in the separation of function between the RMTF -that performs risk identification, measurement, monitoring and control- and task force that execute and finalize the transaction.</p> <p>c. The Bank has implemented comprehensive and reliable internal control system.</p>	<p>9) Developing Risk Management culture, including risk awareness, at all organizational levels, including proper communication among all organizational levels on the importance of effective internal control;</p> <p>10) Ensuring the adequacy of financial capacity and infrastructure to manage and control the risk;</p> <p>11) Ensuring that Risk Management function has been implemented independently, as reflected in the separation of function between the RMTF -that performs risk identification, measurement, monitoring and control- and task force that execute and finalize the transaction.</p> <p>The Bank has implemented proper control system. Improvement is necessary on the implementation.</p>
3. Governance Outcome	
Criteria/Indicator	Analysis
<p>a. The Bank has implemented effective Risk Management, which is adjusted to the objective, business policy, size and complexity of Bank’s business and capacity.</p> <p>b. The Board of Commissioners and Directors (Management Board) are capable of performing active supervision of the implementation of Risk Management policy and strategy.</p>	<p>The Bank has implemented effective Risk Management, which is adjusted to the objective, business policy, size and complexity of Bank’s business and capacity.</p> <p>The Board of Commissioners and Directors (Management Board) are capable of performing active supervision of the implementation of Risk Management policy and strategy.</p>



**ASSESSMENT FACTOR:  
IMPLEMENTATION OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM**

<b>H. IMPLEMENTATION OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM</b>	
c. The Bank does not commit business activities exceeding its capital capacity to absorb loss risk.	The Bank does not commit business activities exceeding its capital capacity to absorb loss risk.

**ASSESSMENT FACTOR:  
LENDING TO RELATED PARTY AND LARGE EXPOSURES**

I. LENDING TO RELATED PARTY AND LARGE EXPOSURES	
1. Governance Structure	
Criteria/Indicator	Analysis
<p>The Bank has Had the written and definite policies, systems and procedures for the provision of lending to related party and large exposure lending, monitoring and settlement of the problem.</p>	<p>The Bank has Had the written and definite policies, systems and procedures for the provision of lending to related party and large exposure lending, which stipulated in Legal Lending Limit ("BMPK") policy and Lending Approval Authority Limit ("BWMK").</p>
2. Governance Process	
Criteria/Indicator	Analysis
<p>a. The Bank has regularly evaluates and update policies, systems and procedures referred to in order to comply with the provisions and the applicable legislation.</p> <p>b. There is a proper process to ensure lending to related party and large exposure lending in accordance with the principles of prudential banking.</p> <p>c. Decision-making in the lending is made independently by the Management Board without any intervention of the related party and/or other parties.</p>	<p>The Bank has regularly evaluates and update policies, systems and procedures referred to in order to comply with the provisions and the applicable legislation.</p> <p>There is a proper process to ensure lending to related party and large exposure lending in accordance with the principles of prudential banking.</p> <p>Decision-making in the lending is made independently by the Management Board without any intervention of the related party and/or other parties.</p>

**ASSESSMENT FACTOR:  
LENDING TO RELATED PARTY AND LARGE EXPOSURES**

1. LENDING TO RELATED PARTY AND LARGE EXPOSURES	
3. Governance Outcome	
Criteria/Indicator	Analysis
<p>a. Implementation of lending to related party and/or large exposure lending by the Bank have :</p> <ol style="list-style-type: none"> <li>1) Complied with Bank Indonesia regulation on Legal Lending Limit and taking into account the principles of prudential banking and the applicable laws and regulations;</li> <li>2) Considering capital capacity and distribution/diversification of lending portfolio.</li> </ol> <p>b. The report as referred to in number 1) has been submitted regularly to Bank Indonesia in a timely manner.</p>	<p>Implementation of lending to related party and/or large exposure lending by the Bank have :</p> <ol style="list-style-type: none"> <li>1) Complied with Bank Indonesia regulation on Legal Lending Limit and taking into account the principles of prudential banking and the applicable laws and regulations;</li> <li>2) Considering capital capacity and distribution/diversification of lending portfolio.</li> </ol> <p>The Bank has delivered the report of fund provision by the Bank to related parties and/or the provision of large exposures regularly to the Financial Services Authority in a timely manner.</p>

**ASSESSMENT FACTOR :  
TRANSPARANCY OF FINANCIAL AND NON FINANCIAL CONDITION, REPORT ON IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE AND INTERNAL REPORTING**

<b>J. TRANSPARENCY OF FINANCIAL AND NON FINANCIAL CONDITION, REPORT ON IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE AND INTERNAL REPORTING</b>	
<b>1. Governance Structure</b>	
<b>Criteria/Indicator</b>	<b>Analysis</b>
<p>a. The Bank has the policy and procedures for methods of implementation fo transparance fo financial and non-financial condition.</p> <p>b. The Bank must submit the Report on Implementation of GCG at every end of financial year, with a scope that is in accordance with the applicable provision.</p> <p>c. Availability of complete, accurate and timely internal reporting that is supported by proper MIS.</p> <p>d. Availability of reliable information system that is supported by competent human resource and proper IT security system.</p>	<p>The Bank has the policy and procedures for methods of implementation fo transparance fo financial and non-financial condition.</p> <p>The Bank must submit the Report on Implementation of GCG at every end of financial year, with a scope that is in accordance with the applicable provision.</p> <p>Availability of complete, accurate and timely internal reporting that is supported by proper MIS.</p> <p>Reliable information system si available, but improvement is needed for human resource competence and proper IT security system.</p>
<b>1. Governance Process</b>	
<b>Criteria/Indicator</b>	<b>Analysis</b>
<p>a. The Bank has transparently presented its financial and non-financial conditions to the stakeholders, including the quarterly Condensed Financial Statements, and has reported to Bank Indonesia or stakeholders pursuant to the applicable regulations.</p>	<p>The Bank has transparently presented its financial and non-financial conditions to the stakeholders, including the quarterly Condensed Financial Statements, and has reported to Bank Indonesia or stakeholders pursuant to the applicable regulations.</p>

**ASSESSMENT FACTOR :  
 TRANSPARANCY OF FINANCIAL AND NON FINANCIAL CONDITION, REPORT ON IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE AND INTERNAL REPORTING**

<b>J. TRANSPARENCY OF FINANCIAL AND NON FINANCIAL CONDITION, REPORT ON IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE AND INTERNAL REPORTING</b>	
<p>b. The Bank has made the products information become transparent in accordance with Bank Indonesia regulations on the Transparency of Bank’s Products Information and the Use of Customer Personal Data, such as :</p> <ol style="list-style-type: none"> <li>1) Written information on Bank’s product that meets the specified minimum requirements;</li> <li>2) Bank Officers (the Customer Service and Marketing Officer) have explained product information to the customers;</li> <li>3) Product information is disclosed according to its true condition;</li> <li>4) The Bank has disclosed to the customers whenever there are changes of product information;</li> <li>5) Product information can be read and understood easily;</li> <li>6) The Bank has product information service that is easily accessible for public;</li> <li>7) The Bank has explained to the customers the objective and consequence of distribution of personal data.</li> <li>8) The customers whose personal data are distributed have given their approval for disclosure of personal data.</li> </ol>	<p>The Bank has made the products information become transparent in accordance with Bank Indonesia and Financial Services Authority regulations on the Transparency of Bank’s Products Information and the Use of Customer Personal Data.</p>

**ASSESSMENT FACTOR :**

**TRANSPARANCY OF FINANCIAL AND NON FINANCIAL CONDITION, REPORT ON IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE AND INTERNAL REPORTING**

J. TRANSPARENCY OF FINANCIAL AND NON FINANCIAL CONDITION, REPORT ON IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE AND INTERNAL REPORTING	
<p>c. The Bank has made transparent the procedures for customer complaints and settlement of disputes to the customer in accordance with Bank Indonesia regulation on Customer Complaints and Banking Mediation.</p> <p>d. The Bank has prepared and presented a report with the procedure, type and scope specified in Bank Indonesia regulation on Transparency of Bank's Financial Condition.</p> <p>e. The bank has prepared a report on the implementation of GCG with the contents and scope that are in accordance with the applicable provisions.</p> <p>f. In the event that the Report on Implementation of GCG does not conform to the real condition, the Bank shall immediately submit the revision completely to Bank Indonesia, and any Bank that has its homepage shall publish it on the homepage.</p> <p>g. In the event that there is difference in the Rank of GCG Factor from the self assessment in Bank's Report on Implementation of GCG and assessment result of implementation of GCG by Bank Indonesia, the Bank :</p> <p style="margin-left: 20px;">1) Shall at least make a revision of the Rank of GCG Factor and Definition of Rank from the said self assessment to the public in a Condensed Financial Statement for the nearest period;</p>	<p>The Bank has made transparent the procedures for customer complaints and settlement of disputes to the customer in accordance with Bank Indonesia and Financial Services Authority regulations on Customer Complaints and Banking Mediation.</p> <p>The Bank has prepared and presented a report with the procedure, type and scope specified in Financial Services Authority regulation on Transparency of Bank's Financial Condition.</p> <p>The bank has prepared the report on the implementation of GCG in accordance with the applicable regulations, by providing the data and information according to the findings of examination by Financial Services Authority.</p> <p>Report on Implementation of GCG conforms to the real condition.</p> <p>There is no difference in the Rank of GCG Factor from the self-assessment in Bank's Report on Implementation of GCG and assessment result of implementation of GCG by the Financial Services Authority.</p>

**ASSESSMENT FACTOR :  
TRANSPARANCY OF FINANCIAL AND NON FINANCIAL CONDITION, REPORT ON IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE AND INTERNAL REPORTING**

J. TRANSPARENCY OF FINANCIAL AND NON FINANCIAL CONDITION, REPORT ON IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE AND INTERNAL REPORTING	
<p>2) Shall immediately submit the complete revision of self-assessment on Bank's GCG to Bank Indonesia, and any Bank that has its homepage shall publish it on the homepage.</p>	
2. Governance Outcome	
Criteria/Indicator	Analysis
<p>a. Report on Implementation of GCG has been submitted completely and in a timely manner to the shareholders and to :</p> <ol style="list-style-type: none"> <li>1) Bank Indonesia;</li> <li>2) Indonesian Consumers Protection Foundation ("YLKI");</li> <li>3) Rating Agency in Indonesia;</li> <li>4) National Bank Association in Indonesia;</li> <li>5) Indonesian Banking Development Institute ("LPPI");</li> <li>6) 2 (two) Research Agencies in Economics and Finance;</li> <li>7) 2 (two) Economics and Finance Magazines.</li> </ol> <p>b. The Bank has presented the report on its homepage with the specified scope, including :</p> <ol style="list-style-type: none"> <li>1) Annual Report (financial and non-financial);</li> <li>2) Quarterly Condensed Financial Statements on no less than 1 (one) Indonesian newspapers having a wide distribution range in the area where head office of the Bank resides or the domiciles of KCBA.</li> </ol>	<p>Report on Implementation of GCG has been submitted completely and in a timely manner to the shareholders and to :</p> <ol style="list-style-type: none"> <li>1) Financial Services Authority;</li> <li>2) Indonesian Consumers Protection Foundation ("YLKI");</li> <li>3) Rating Agency in Indonesia;</li> <li>4) National Bank Association in Indonesia;</li> <li>5) Indonesian Banking Development Institute ("LPPI");</li> <li>6) 2 (two) Research Agencies in Economics and Finance;</li> <li>7) 2 (two) Economics and Finance Magazines.</li> </ol> <p>The Bank has presented the report on its homepage with the specified scope, including :</p> <ol style="list-style-type: none"> <li>1) Annual Report (financial and non-financial);</li> <li>2) Quarterly Condensed Financial Statements on no less than 1 (one) Indonesian newspapers having a wide distribution range in the area where head office of the Bank resides or the domiciles of KCBA.</li> </ol>

**ASSESSMENT FACTOR :  
 TRANSPARANCY OF FINANCIAL AND NON FINANCIAL CONDITION, REPORT ON IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE AND INTERNAL REPORTING**

**J. TRANSPARENCY OF FINANCIAL AND NON FINANCIAL CONDITION, REPORT ON IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE AND INTERNAL REPORTING**

<p>c. GCG implementation report has reflected the actual condition of the Bank or the condition according to the result of Bank’s self-assessment and has been supplied with the result of Bank’ self-assessment to :</p> <ol style="list-style-type: none"> <li>1) Scope of GCG as referred to in BIR on GCG and the result of self-assessment on the implementation of GCG;</li> <li>2) Share ownership by members of the Board of Commissioners and financial relationship and family relationship between members of the Board of Commissioners and other members of the Board of Commissioners, members of the Board of Directors and/or Bank’s share holders;</li> <li>3) Share ownership by members of the Board of Directors and financial relationship and family relationship between members of the Board of Directors and other members of the Board of Commissioners, members of the Board of Directors and/or Bank’s share holders;</li> <li>4) Share ownership by members of the Board of Directors and financial relationship and family relationship between members of the Board of Directors and members of the Board of Commissioners, other members of the Board of Directors and/or Bank’s share holders;</li> <li>5) Remuneration package/policy and other facilities for members of the Board of Commissioners and the Board of Directors;</li> <li>6) Share option owned by the Board of Commissioners, the Board of Directors and Executive Officers;</li> </ol>	<p>GCG implementation report has reflected the actual condition of the Bank or the condition according to the result of Bank’s self-assessment and has been supplied with the result of Bank’ self-assessment.</p>
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**ASSESSMENT FACTOR :  
TRANSPARANCY OF FINANCIAL AND NON FINANCIAL CONDITION, REPORT ON IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE AND INTERNAL REPORTING**

J. TRANSPARENCY OF FINANCIAL AND NON FINANCIAL CONDITION, REPORT ON IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE AND INTERNAL REPORTING	
<p>7) The highest to lowest salary ratio;</p> <p>8) Frequency of meeting of the Board of Commissioners meets the requirements;</p> <p>9) The number of internal fraud and settlement efforts by the Bank;</p> <p>10) Transaction with conflict of interests;</p> <p>11) Share buy-back and/or Bank’s bond buy-back;</p> <p>12) Provision of fund for social program and political activities, both in cash or non-cash;</p> <p>d. Report on Implementation of GCG has been submitted completely and in a timely manner to the shareholders and to :</p> <p>1) Bank Indonesia;</p> <p>2) Indonesian Consumers Protection Foundation (“YLKI”);</p> <p>3) Rating Agency in Indonesia;</p> <p>4) National Bank Association in Indonesia;</p> <p>5) Indonesian Banking Development Institute (“LPPI”);</p> <p>6) 2 (two) Research Agencies in Economics and Finance;</p> <p>7) 2 (two) Economics and Finance Magazines.</p> <p>e. Report on Implementation of GCG has been published on the homepage in a timely manner.</p> <p>f. Mediation for settlement of customer complaint has been carried out properly.</p> <p>g. The Bank implements transparence of information on product and the use of customer’s data.</p>	<p>The Bank has published the Report on Implementation of GCG on the homepage in a timely manner.</p> <p>Mediation for settlement of customer complaint has been carried out properly.</p> <p>The Bank has implemented transparence of information on product and the use of customer’s data.</p>

**ASSESSMENT FACTOR:  
BANK'S STRATEGIC PLAN**

K. BANK'S STRATEGIC PLAN	
1. Governance Structure	
Criteria/Indicator	Analysis
<p>a. Bank's strategic plan has been arranged in the form of a Corporate Plan and Business Plan according to the vision and mission of the Bank.</p> <p>b. Bank's strategic plan is fully supported by the Owner, as indicated by the commitment and efforts of the Owner to strengthen Bank's capital.</p>	<p>Bank's strategic plan has been arranged in the form of a Corporate Plan and Business Plan according to the vision and mission of the Bank.</p> <p>The Bank has submitted the Corporate Plan in accordance with the recommendation of the Financial Services Authority.</p> <p>Bank's strategic plan is fully supported by the Owner, as indicated by the commitment and efforts of the Owner to strengthen Bank's capital.</p>
2. Governance Process	
Criteria/Indicator	Analysis
<p>a. The Bank has arranged its realistic, comprehensive and achievable Business Plan while considering the principles of prudential banking and being responsive to the internal and external changes.</p> <p>b. Bank's Business Plan is approved by the Board of Commissioners.</p> <p>c. The Board of Directors has communicated Bank's Business Plan to :</p> <p style="margin-left: 20px;">1) Bank's Shareholders</p> <p style="margin-left: 20px;">2) All organizational levels in the Bank</p>	<p>The Bank has arranged its realistic, comprehensive and achievable Business Plan while considering the principles of prudential banking and being responsive to the internal and external changes.</p> <p>Bank's Business Plan is approved by the Board of Commissioners.</p> <p>The Board of Directors has communicated Bank's Business Plan to Bank's Shareholders and all organizational levels in the Bank</p>

**ASSESSMENT FACTOR:  
BANK'S STRATEGIC PLAN**

<b>K. BANK'S STRATEGIC PLAN</b>	
<p>d. The Board of Directors has implemented Bank's Business Plan ("RBB") effectively.</p> <p>e. The arrangement and submission of RBB refers to Bank Indonesia regulation on Bank's Business Plan, and the Bank has taken into account the followings :</p> <ol style="list-style-type: none"> <li>1) The external and internal factors that may affect the continuity of Bank's business;</li> <li>2) Principles of prudential banking;</li> <li>3) Implementation of Risk Management;</li> <li>4) Sound Banking principles.</li> </ol> <p>f. The Board of Commissioners has performed supervision on the implementation of Bank's Business Plan.</p> <p>g. The Owner does not express seriousness and/or does not take necessary measures to support the Bank's strategic plan, as indicated in the weak commitment and efforts of the Owner to strengthen Bank's capital.</p>	<p>The Board of Directors has implemented Bank's Business Plan ("RBB") effectively.</p> <p>The arrangement and submission of RBB refers to Bank Indonesia regulation on Bank's Business Plan, and the Bank has taken into account the followings :</p> <ol style="list-style-type: none"> <li>1) The external and internal factors that may affect the continuity of Bank's business;</li> <li>2) Principles of prudential banking;</li> <li>3) Implementation of Risk Management;</li> <li>4) Sound Banking principles.</li> </ol> <p>The Board of Commissioners has performed supervision on the implementation of Bank's Business Plan.</p> <p>The Owner does not express seriousness and/or does not take necessary measures to support the Bank's strategic plan, as indicated in the weak commitment and efforts of the Owner to strengthen Bank's capital.</p>

**ASSESSMENT FACTOR:  
BANK'S STRATEGIC PLAN**

K. BANK'S STRATEGIC PLAN	
3. Governance Outcome	
Criteria/Indicator	Analysis
<p>a. Corporate Plan and Business Plan are drawn by the Board of Directors and approved by the Board of Commissioners.</p> <p>b. Bank's Corporate Plan and Business Plan, along with the realization, have been communicated by the Board of Directors to the Majority Shareholders and to all organizational levels in the Bank.</p> <p>c. Bank's Business Plan indicates the continuing growth of the Bank.</p> <p>d. Bank's Growth provides economic and non-economic values for the stakeholders.</p> <p>e. Bank's strategic plan is made based on the comprehensive analysis by considering business opportunities and strength of the Bank, as well as by identifying its weakness and the threats (SWOT Analysis).</p> <p>f. Bank's strategic plan shall be supported by provision of proper infrastructure, such as HR, IT, office network, policy and procedures.</p>	<p>Corporate Plan and Business Plan are drawn by the Board of Directors and approved by the Board of Commissioners.</p> <p>Bank's Corporate Plan and Business Plan, along with the realization, have been communicated by the Board of Directors to the Majority Shareholders and to all organizational levels in the Bank.</p> <p>Bank's Business Plan indicates the continuing growth of the Bank. The business plan of the Bank in general is almost achieved.</p> <p>Bank's Growth provides economic and non-economic values for the stakeholders.</p> <p>Bank's strategic plan is made based on the comprehensive analysis by considering business opportunities and strength of the Bank, as well as by identifying its weakness and the threats (SWOT Analysis).</p> <p>Bank's strategic plan shall be supported by provision of proper infrastructure, such as HR, IT, office network, policy and procedures.</p> <p>The Bank has amended the Strategic Plan of Information Technology (RSTI) which is part of the Business Plan of the Bank with regards to the suitability of the Bank's strategic plan.</p> <p>Bank has made a study that underlies the formation of Marketing Area positions.</p>

**ASSESSMENT FACTOR:  
BANK'S STRATEGIC PLAN**

K. BANK'S STRATEGIC PLAN	
<p>g. There is intervention of the Owner on the sharing of Bank's profit without considering capitalization efforts to support Bank's strategic plan.</p> <p>h. The Owner is not capable of overcoming the shortfall of Bank's capital or Bank's capital is lower than the specified requirement.</p>	<p>There is no intervention of the Owner on the sharing of Bank's profit.</p> <p>Bank's capital meets the specified requirement.</p>