

## INTEGRATED GOVERNANCE IMPLEMENTATION

As a form of Governance transparency and accountability BNI Integrated Financial Conglomerate, follows provisions contained in the Otoritas Jasa Keuangan Regulation No.18/POJK.03/2014 dated November 18, 2014 on Integrated Governance for Financial Conglomerate juncto Otoritas Jasa Keuangan Circular No.15/SEOJK.03/2015 dated May 25, 2015 on Integrated Governance for Financial conglomerate, implemented by BNI Integrated Financial Conglomerate Governance in 2017 consisting of:

1. Report of Integrated Governance Self Assessment for 2017
2. BNI Integrated Financial Conglomerate structure
3. BNI Integrated Financial Conglomerate structure of share ownership position until
4. December 2017.
5. BNI Integrated Financial Conglomerate Structure of Management
6. BNI Integrated Financial Conglomerate Basic Principles of Governance
7. BNI Integrated Financial Conglomerate Intra-Group Transactions Policy
8. Report on the Implementation of Good Corporate Governance for BNI Main Entities in BNI Integrated Financial Conglomerate.

The following is the implementation of Good Corporate Governance for BNI Main Entities in BNI Integrated Financial Conglomerate.

### SELF ASSESSMENT REPORT ON INTEGRATED GOVERNANCE IMPLEMENTATION FOR 2017

Otoritas Jasa Keuangan Regulation No.18/POJK.03/2014 dated November 18, 2014 on Integrated Governance Share Financial Conglomerate jo. Otoritas Jasa Keuangan Circular Letter No.15/SEOJK.03/2015 dated May 25, 2015 on Integrated Governance for Financial Conglomerates, among others requires Finance Conglomerates prepare an Integrated Governance Self Assessment periodically (June and December) to Otoritas Jasa Keuangan and delivered no later than the 15th of the second month after the end of the reporting month (August 15 and February 15).

The Self Assessment implementation of the principles of Integrated Governance in BNI Integrated Financial Conglomerate was realized, and focused on the seven (7) assessment factors for Integrated Governance implementation consisting of:

#### Factor Rating

No	Factor Rating
1	Main Entity Board of Directors
2	Main Entity Board of Commissioners
3	Integrated Governance Committee
4	Integrated Compliance Unit
5	Integrated Internal Audit Unit
6	Implementation of Integrated Risk Management
7	Integrated Governance Guidelines





Theratings are categorized into 5 (five) with an explanation of each as follows:

#### Rating

Rating	Definition
1	Financial conglomerates committed to the application of very good Integrated Governance. This is reflected in the adequate fulfillment of the application of the principles of Integrated Governance. If there are weaknesses in the implementation of Integrated Governance, in general, these weaknesses are not significant and can immediately be repaired by the Main Entity and / or LJK.
2	Financial conglomerates committed to the application of good Integrated Governance. This is reflected in the adequate fulfillment of the application of the principles of Integrated Governance. If there are weaknesses in the implementation of Integrated Governance, in general, these weaknesses are less significant and can be solved by normal action by the Main Entity and / or LJK.
3	Financial conglomerates committed to the application of generally quite good Integrated Governance. This is reflected in the adequate fulfillment of the application of the principles of Integrated Governance. If there are weaknesses in the implementation of Integrated Governance, in general, these weaknesses are quite significant and require considerable attention by the Main Entity and / or LJK.
4	Financial conglomerates committed to the application of generally less well Integrated Governance. This is reflected in the inadequate fulfillment of the application of the principles of Integrated Governance. If there are weaknesses in the implementation of Integrated Governance, in general, the vulnerability is significant and require thorough repairs by the Main Entity and / or LJK.
5	Financial conglomerates committed to the application of not good Integrated Governance generally. This is reflected in inadequate fulfillment of the application of the principles of Integrated Governance. There are weaknesses in the implementation of Integrated Governance, in general the weakness are very significant and difficult to fix by the Main Entity and / or LJK.

For 2017, BNI Integrated Financial Conglomerate developed its own assessment related to the implementation of Corporate Governance as follows:

#### Integrated Governance Implementation Self Assessment

Integrated Governance Implementation Self Assessment Results		
Rating		Rating Definition
June 2017	December 2017	
2	2	The Financial Conglomerate commitment to the implementation of Integrated Governance was generally good. This was reflected in an adequate fulfillment of Integrated Governance principles. If there are weaknesses in the implementation of Integrated Governance, the general weaknesses are less significant and can be solved by normal action by the Main Entity and / or LJK.

## INTEGRATED GOVERNANCE IMPLEMENTATION

Based on the analysis of indicators on all assessment factors, the implementation of Integrated Governance concluded that:

### 1. Integrated Governance Structure

The values reflecting the strength of structural aspects BNI Integrated Financial Conglomerate follows:

- a. BNI Integrated Financial Conglomerate has adequate structure, demonstrated through:
  - the Board of Directors and Board of Commissioners have met the requirements and competencies established by the applicable regulations.
  - Has an Integrated Governance Committee and Integrated Risk Management Committee
  - Has an Integrated Compliance Unit, Integrated Internal Audit Unit, Integrated Risk Management Unit independent from the Operational Units.
  - Has an Integrated Governance Guidelines and Integrated Risk Management Public Policy.
- b. To improve coordination and monitoring of the BNI subsidiaries (LJK) performance as the Main Entity, a special unit manages its subsidiaries (UPPA).
- c. The BNI Board of Directors and Board of Commissioners have a strong commitment to the implementation of the Integrated Good Governance.

There are no values that reflect weaknesses in the Integrated Financial Conglomerate Governance structural aspects.

### 2. Integrated Governance Process

The values that reflect the strength aspect of the BNI Integrated Financial Conglomerate process are as follows:

- a. Integrated Governance Committee regularly provides input to the Board of Directors to increase Implementation of Good Governance in BNI Integrated Financial Conglomerate.
- b. Each working unit in the main entity actively coordinates with LJK work units to ensure the implementation of the Compliance, Internal Audit and Risk Management functions in accordance with prevailing regulations.

There are no values that reflect weakness aspects in the Integrated Financial Conglomerate Governance.

The values that reflect the Integrated Financial Governance strength aspect results are as follows:

- a. The Financial Conglomerate has applied the standard implementation of the Compliance, Internal Audit and Integrated Risk Management throughout all work units in the Financial Conglomerate.
- b. To improve Governance in the Integrated Financial Conglomerate, each work unit has made improvements to Governance authorities.

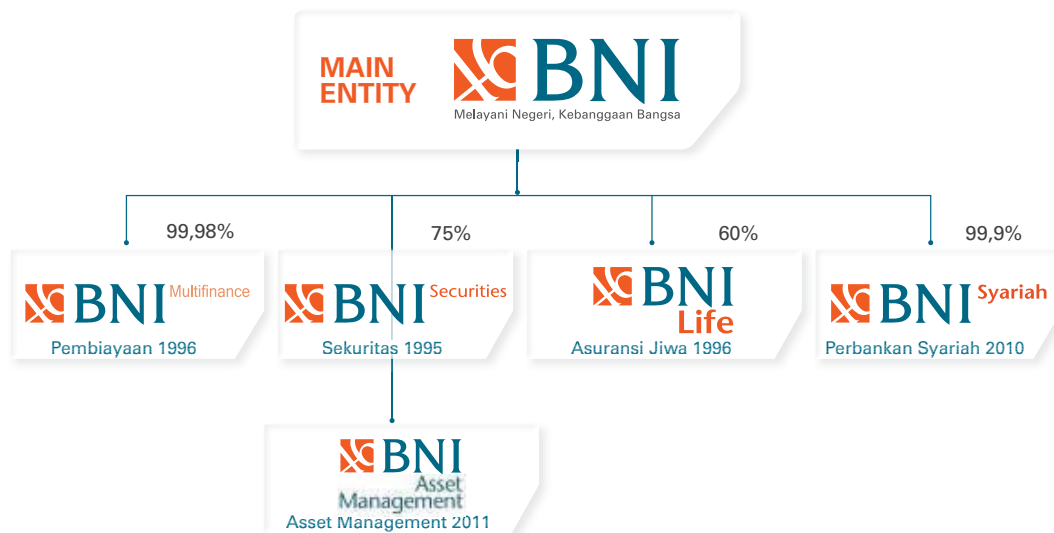
There are no values that reflect weakness aspects Integrated Financial Conglomerate Governance results.





## BNI INTEGRATED FINANCIAL CONGLOMERATE STRUCTURE

Through Board of Directors' Letter Number: DIR/102 dated March 13, 2015 the BNI Integrated Financial Conglomerate has reported its structure as follows:



BNI Integrated Financial Conglomerate has met the administrative requirements and has been recorded in the administrative supervision of Otoritas Jasa Keuangan cfm. OJK Letter No. S-48/PB.313/2015 April 15, 2015, BNI Integrated Financial Conglomerate also has an Integrated Governance Committee (TKT) as follows:

Chairman : Bapak Revrison Baswir (BNI)

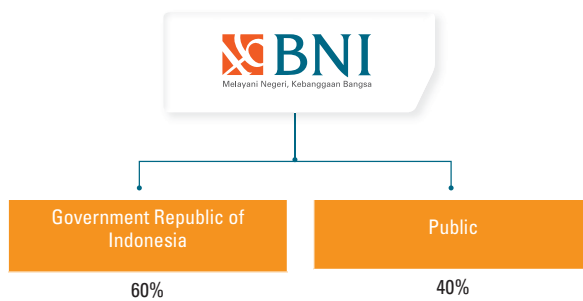
Members: • Mr. Joni Swastanto (BNI)

- Mr. Rizqullah (BNI Syariah)
- Mr. Hasanudil (DPS BNI Syariah)
- Mr. Utang Ranuwijaya (BNI Life)
- Mr. Krisna Wijaya (BNI Life)
- Mr. Edy Siswanto (BNI Sekuritas)
- Mrs. Rosa Lima Dwi Mutiara (BNI Multi Finance)
- Mrs. Setyowati (Pihak Independen Komite TKT)

The BNI Guidelines also includes Integrated Governance Guidelines, prepared and reviewed in accordance with the provisions of the laws in force, these guidelines may be accessed via [www.bni.co.id](http://www.bni.co.id).

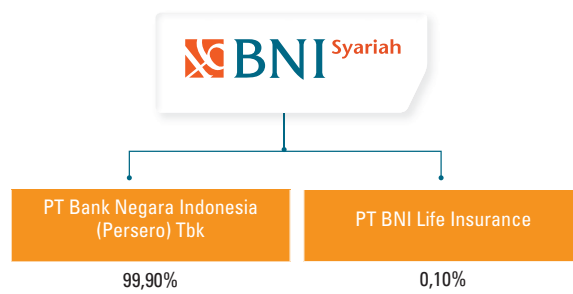
## BNI FINANCIAL CONGLOMERATE SHAREHOLDING STRUCTURE AS AT DECEMBER 2017

PT Bank Negara Indonesia (Persero) Tbk, is the Main Enty of BNI Integrated Financial Conglomerate.

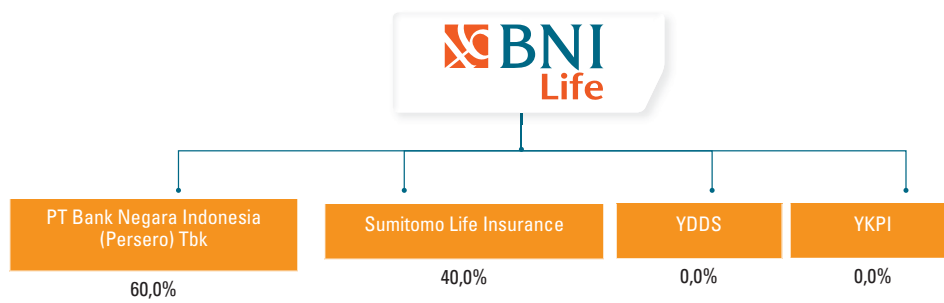


Shareholding Structure of Financial Services Institutions in BNI Integrated Financial Conglomerate, namely:

### 1. PT BNI Syariah



### 2. PT BNI Life Insurance



Information:

\* Danar Dhana Swadharma Foundation

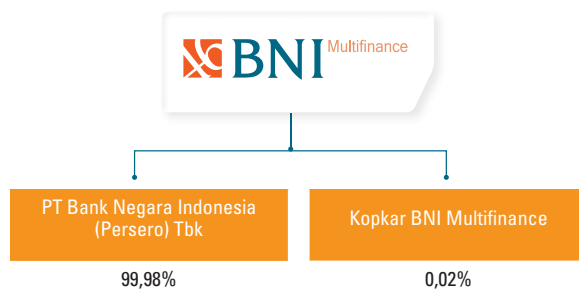
\*\* BNI Employee Welfare Foundation



### 3. PT BNI Sekuritas



### 4. PT BNI Multifinance



### 5. PT BNI Asset Management



## BNI INTEGRATED FINANCIAL CONGLOMERATE MANAGEMENT STRUCTURE

### PT Bank Negara Indonesia (Persero) Tbk

#### Board of Commissioners' Structure

Name	Position
Ari Kuncoro *)	President Commissioner/Independent Commissioner
Wahyu Kuncoro	Vice President Commissioner
Pataniari Siahaan	Independent Commissioner
Revrisond Baswir	Independent Commissioner
Bistok Simbolon	Commissioner
Joni Swastanto	Commissioner
Ahmad Fikri Asegaf	Independent Commissioner
Marwanto Harjowiryo	Commissioner

\*) Effective after receiving Fit and Proper Test Decision from OJK

#### Board of Directors' Structure

Name	Position
Achmad Baiquni	President Director
Herry Sidharta	Vice President Director
Putrama Wahju Setyawan	Director
Rico Rizal Budidarmo	Director
Anggoro Eko Cahyo	Director
Panji Irawan	Director
Adi Sulistyowati	Director
Bob Tyasika Ananta	Director
Imam Budi Sarjito	Director
Catur Budiharto	Director

### PT BNI Syariah

#### Board of Commissioners' Structure

Name	Position
Fero Poerbonegoro	President Commissioner
Rizqullah	Independent Commissioner
Max Niode	Independent Commissioner
Muhammad Syakir Sula *)	Independent Commissioner





#### Syariah Supervisory Board Structure

Name	Position
Fero Poerbonegoro	President Commissioner
Rizqullah	Independent Commissioner
Max Niode	Independent Commissioner
Muhammad Syakir Sula *)	Independent Commissioner

#### Board of Directors' Structure

Name	Position
Abdullah Firman Wibowo *)	President Director
Dhias Widhiyati	Director
Junaidi Hisom	Director
Tribuana Tunggadewi	Director

Name	Position
K.H. Ma'ruf Amin Chairman	Ketua
Hasanudin	Anggota

\*) Still waiting for fit and proper test results

#### PT BNI Life Insurance

##### Board of Commissioners' Structure

Name	Position
Krisna Wijaya	President Commissioner / Independent Commissioner
Darwin Suzandi	Commissioner
Kazuhiko Arai	Commissioner
Husain Abdullah	Independent Commissioner
Wiriadi Saputra *)	Independent Commissioner

##### Board of Directors' Structure

Nama	Jabatan
Geger N. Maulana	PLT President Director
Geger N. Maulana	Vice President Director
Naruyoshi Kuwata	Director
Hidenobu Ito **)	Director
Intan Sari Abdams Katoppo	Director



## INTEGRATED GOVERNANCE IMPLEMENTATION

### PT BNI Sekuritas

#### Board of Commissioners' Structure

Name	Position
-	President Commissioner / Independent Commissioner
Ryosuke Hayashi	Commissioner
Suhendry Hafni	Commissioner

#### Board of Directors' Structure

Name	Position
Adiyasa Suhadibroto	President Director
Reza Benito Zahar	Director
Kenichiro Matsuhisa	Director

### PT BNI Multifinance

#### Board of Commissioners' Structure

Name	Position
Rosa Lima Dwi Mutiari	President Commissioner / Independent Commissioner
Retno Murwani	Commissioner

#### Board of Directors' Structure

Name	Position
Suwaluyo	President Director
Rana Ranadi	Director

### PT BNI Aset Manajemen

#### Board of Commissioners' Structure

Name	Position
Eddy Siswanto	President Commissioner concurrently Independent Commissioner
Neny Asriani	Commissioner

#### Board of Directors' Structure

Name	Position
Reita Farianti	President Director
Putut Endro Andanawarih	Director





## BNI INTEGRATED FINANCIAL CONGLOMERATE BASIC GOVERNANCE PRINCIPLES

To support BNI Integrated Financial Conglomerate operational business, the basic principles of Integrated Governance refer to the GCG Roadmap published by OJK as well as the ASEAN Corporate Governance Scorecard as the reference for GCG implementation.

The BNI Integrated Financial Conglomerate basic principles are as follows:

1. BNI Integrated Financial Conglomerate aim to create superior performance and add economic value for shareholders and other stakeholders, and ensure BNI Integrated Financial Conglomerate operates in accordance with the laws and regulations in force, business ethics, as well as the principles of good Corporate governance.
2. Refer to the Regulation provisions that apply to a Subsidiary as a legal entity separate from BNI that has its own duties and responsibilities in the management of the company
3. A subsidiary is an independent legal entity in accordance with the provisions of existing law, which in its management, BNI is the controlling shareholder in the BNI Integrated Financial Conglomerate

4. Subsidiary Corporate Governance Principles in these guidelines apply to subsidiaries to the extent they are not regulated differently by laws that apply. If Subsidiary Articles of Association are not in accordance with this Code it shall be adjusted.

## BNI INTEGRATED FINANCIAL CONGLOMERATE INTRA-GROUP TRANSACTIONS POLICIES

Intra-group financial transactions in the BNI Integrated Financial Conglomerate should be based on sufficient cost and benefit analysis, have a clear underlying, meet the applicable accounting standards and not contrary to legislation in force.

## GOOD CORPORATE GOVERNANCE REPORT OF BNI AS THE MAIN ENTITY IN BNI INTEGRATED FINANCIAL CONGLOMERATE

In accordance with Bank Indonesia Regulation No.8/4/PBI/2006 on Implementation of Good Corporate Governance for Banks as amended by Bank Indonesia Regulation No. 8/14/PBI/2006 and Bank Indonesia Circular Letter No.15/15/DPNP dated April 29, 2013 jo. Bank Indonesia Regulation No.13/1/PBI/2011 on the assessment of the Bank, that requires each bank conducts a self assessment on the implementation of the principles of Good Corporate Governance at least every semester in June and December.

### PT Bank Main Entity GCG Self Assessment Report: PT Bank Negara Indonesia (Persero) Tbk

Integrated Governance Self-Assessment Results		
June 2017	December 2017	Rating Definition
June 2017	December 2017	
2	2	Reflects the Bank Management has implemented generally very good corporate governance. This is reflected in the adequate fulfillment of Good Corporate Governance principles, where generally weaknesses are not significant and can be solved by normal Bank management actions.

## INTEGRATED GOVERNANCE IMPLEMENTATION

Based on an analysis of indicators on all factors of GCG implementation the assessment concluded that:

### Governance Structure

1. The Bank already has an adequate GCG structure and infrastructure at every level supporting the GCG in every work line, which is regularly reviewed in accordance with prevailing laws and regulations.
2. The structure, requirements and composition of the Board of Commissioners, the Board of Directors and supporting bodies (Committees, etc.) comply with the requirements stipulated by applicable legislation, and are sufficient to perform the duties and obligations in managing the Company.
3. The Bank has set rules and / or policies and SOPs that govern good governance in BNI, which can be accessed easily by all BNI personnel.
4. The Bank has a Whistleblowing System (WBS), managed by an independent party, which facilitates complaints both internally and externally.
5. Sufficiency of Governance Structure aspects related to the implementation of internal audit function are adequate, reflected by:
  - a. BNI has an Internal Audit Unit (SPI) directly responsible to the President Director (straight line) and can communicate directly with the Board of Commissioners and / or the Audit Committee (Dotted Line).
  - b. BNI has an Internal Audit Charter, Corporate Internal Audit Guidelines, SPI Organization Structure with its main duties and functions.
  - c. The fulfillment and quality improvement for SPI staff is continuously carried out in coordination with the Human Capital Management Division (HCT), thus improving the quality through training and certification.
6. The Bank has an organizational structure to support risk management and internal control through the SPI as the Internal Audit Unit (SKAI), Bank Risk Management Division as Risk Work Unit (SKMRT), Compliance Division (KPN) as Work Unit Compliance (SKK), Risk Management and Capital Committee, Risk Management Subcommittee (RMC), and Integrated Risk Management Committee (KMRT).
7. The Bank has the infrastructure (policies, procedures and limits) for risk management, including company guidelines (PP), risk management general policy, internal control system, policies and procedures for each risk, risk appetite and risk tolerance, and fixed credit risk limits, market risk, liquidity risk and operational risk.
8. Audits by KAP are very effective and have met the criteria, established in accordance with applicable regulations.
9. The Bank has an organizational structure and infrastructure (policies, procedures and limits) for Risk Management.
10. The Bank has up-to-date written policies, systems and procedures for the provision of funds to related parties and the provision of substantial funds. The Bank also reviews periodically the Internal Rating System (corporate, commercial, and small business), Loan Portfolio Management, Loan Exposure Limit (per segment, per sector of economy and per region), LLL (for internal BNI through Internal House Limit) and Country Exposure Limit.
11. Bank Management Information System, particularly related to Internal Reporting System, is able to provide data and information in a timely, accurate, complete and reliable manner as well as being effective for management decision making, supported by IT Security System related to adequate asset and information maintenance.
12. The Bank's strategic plan has been included in the Corporate Plan, Bank Business Plan (RBB) and Business Plan, adjusted to the Bank's Vision and Mission.

Negative factors of Bank governance structure are:  
None





## Governance Process

Positive factors in Bank governance process are:

1. The Board of Directors, the Board of Commissioners and the Committees have performed their duties and obligations in accordance with the Working Guidelines, Articles of Association and prevailing laws and regulations.
2. Conflict of Interest Guidelines by all BNI personnel has become a reference in carrying out their duties and obligations.
3. Socialization and internalization of GCG principles is carried out continuously and consistently, including the signing of the GCG Commitment at the beginning of each year by the Board of Commissioners, the Board of Directors and all employees, the reading of the Principle 46 work culture, and BNI Code of Conduct on the Quality Day held routinely every month, in all BNI organizational units.
4. Banks transparently communicates information to the public through appropriate websites and media. Financial and nonfinancial information, as well as new products and activities have been reported to Regulators and stakeholders in accordance with applicable regulations.
5. All compliance work units, Internal Audit, and Risk management have performed their duties and obligations in accordance with the applicable provisions.
6. The WBS system has been effectively implemented to accept complaints, both internal and external to BNI.
7. The Public Accountant / KAP appointment has been in accordance with the requirements set forth in the provisions, with independent auditing by the Public Accountant / KAP.
8. The Board of Commissioners, and Board of Directors duties and responsibilities in relation to Risk Management and the Internal Control System have been implemented, through Risk Monitoring Committee Meetings, Board of Directors and Board of Commissioners Meetings, and through Risk Management Committee Meetings held periodically.
9. The Bank has up-to-date written policies, systems and procedures for the provision of funds to related parties and the provision of substantial funds. The Bank also conducts periodic evaluations / reviews of the Internal Rating System (Corporate, Commercial, and Small Business), Loan Portfolio Management, Loan Exposure Limit (per segment, per sector of economy and per region), LLL (for internal BNI through Internal House Limit) , and Country Exposure Limit.
10. Credit decision-making is conducted independently through a committee, consisting of Business Units and Risk Units, with the approval of the Board of Commissioners to grant credit to related parties.
11. The Bank submits financial and non-financial information transparently to the public through its website and adequate media. Information in the form of financial and non financial reports are reported to the Regulators and stakeholders, in accordance with applicable regulations.
12. The Bank submits products and services information transparently, through printed media, electronic media, BNI website, brochures / leaflets, advertisements, announcements in branch offices.
13. The Bank has effectively implemented customer complaint management in accordance with prevailing regulations, through the Online Customer Complaint (OCC) system, to accelerate the customer settlement process, and to monitor the customer complaint settlement process, in all competent units, as well as being a customer complaint database. The Bank maintains adequate customer data and personal information.
14. The Bank Business Plan (RBB) is prepared realistically, comprehensively, and is approved by the Board of Commissioners, which in its preparation and delivery is guided by the applicable provisions including:
  - a. The Board of Directors has effectively communicated and implemented the RBB;
  - b. The Board of Commissioners has conducted supervision on the RBB implementation;
  - c. The owners seriousness and support for the RBB implementation.

## INTEGRATED GOVERNANCE IMPLEMENTATION

15. The Bank has applied GCG principles to provide understanding to customers and third parties that BNI has implemented an Anti Fraud policy, and does not tolerate any form of Fraud, including but not limited to gratuities, corruption, collusion and nepotism, between others through:
  - a. Inclusion of prohibition for receiving and giving gifts (gratification) in the loan decision letter.
  - b. External media publications concerning gift prohibitions (gratification), including but not limited to the time leading up to religious holidays and the New Year.
  - c. Signing of Integrity Pact for goods and services procurement.
  - d. Direct communication including vendor gatherings.
  - e. Inclusion of prohibition for receiving and giving gifts (gratification) in appointment letter / Vendor / Supplier / Merchant / Partner appointment.

Negative factors of Bank governance process are:

The Bank already has guidelines and infrastructure related to the implementation of internal control system, but still needs improvement to the quality of the internal control system implementation.

### Governance Outcome

1. GCG Implementation in general is good, supported by independent ratings results which in 2nd semester of 2017, according on an independent assessment result, rated BNI as The Best State Owned Enterprise at The 9th IICD CG Conference & Award event, with the theme "Role of the Boards in Creating and Sustaining CG Culture" held on November 27, 2017, and on December 17, 2017 through the Corporate Governance Perception Index organized by IICG, where BNI for 7 (seven) consecutive years was included in The Most Trusted Company Category.

2. All decisions in the Board of Commissioners Meetings, or Board of Commissioners Meetings with the Board of Directors, or Director of Sectors, are recorded in the meeting minutes, and are well documented.
3. All proceedings in the Board of Commissioners Meetings, or Board of Commissioners Meeting with the Board of Directors, or Sector Directors, are recorded in the meeting minutes, including any dissenting opinions, signed by those present or absent members of the Board of Commissioners (to be known) and are well documented.
4. The Board of Commissioners and the Board of Directors are held accountable for the performance of their duties to shareholders, and have been accepted by shareholders in the 2016 Fiscal Year AGMS.
5. Each Committee has performed its functions in accordance with applicable regulations by submitting regular reports, or recommendations on the results of its performance to the Board of Commissioners.
6. The Committee results Reporta are useful input for the Board of Commissioners when conducting their duties to provide advice or input to the Board of Directors.
7. Internal policies concerning conflicts of interest applied by the Bank help prevent the occurrence of a conflict of interest, so as not to harm or reduce the Bank's profits.
8. Company Policies, Guidelines, and Products are in conformity with external regulations, or applicable laws and regulations.
9. The Bank submits a principal report on the performance of the Director in charge of the Compliance Function duties.
10. Bank compliance is good, with provisions of Prudential Banking (CAR, NPL, BMPK, GWM, and NOP) generally being met / in accordance with the provisions.



Corporate Governance





11. The quality of the internal audit function is adequate, and meets the stakeholders expectations (Commissioners), reflected in the reports being submitted by the SPI to the Board of Commissioners through the Audit Committee on a quarterly basis, including audit plan realization (RAT); significant recommendations and findings; as well as completion of audit results follow-up, and Board of Directors dispositions.
12. The quality and scope of audit results from the Public Accountant / Public Accountant Firm is good.
13. Risk Management has been implemented effectively, and no business exceeds the Bank's capital capability in absorbing risk.
14. There is no exceedance and violation of LLL or prudential principles, and as a precautionary measure, consultation for granting large credits to related parties is conducted effectively.
15. Financial and non-financial information is available in a timely and complete manner in accordance with applicable regulations.
16. The GCG implementation report reflects the actual condition of the Bank and has been submitted in a complete and timely manner to the stakeholders, in accordance with the prevailing provisions.
17. The Corporate Plan and the Business Plan are prepared by the Board of Directors and approved by the Board of Commissioners.
18. The Corporate Plan and the Business Plan, together with its realization, have been communicated by the Board of Directors to the Controlling Shareholders, and to all levels of the Bank organization.
19. The Bank's Business Plan describes the Bank's sustainable growth.
20. Bank Growth provides economic and non-economic benefits for stakeholders.
21. The bank's strategic plan is prepared on the basis of a comprehensive review (SWOT Analysis).
22. The bank's strategic plan is supported by an adequate infrastructure.
23. The Owner has established a profit sharing policy with due regard to the Bank's ability.
24. The Owner is able to support the Bank's capital condition.
25. The Bank's performance from time to time has improved significantly, although macroeconomic conditions have not always been stable.

Negative factors in Bank governance outcome are:

Up to the end of December 2017 period, there were still penalties from the regulators, but when compared to the previous period, have tended to decrease, both in terms of frequency and nominal imposition of fines.