

DISCLOSURE OF INFORMATION

In Fulfilment of OJK Regulation No. IX.B.2
In Connection with The Company's Plan to Conduct Shares Buyback
In the Context of Management and Employees Long Term Incentive Program



PT Bank Pembangunan Daerah Jawa Timur Tbk
(Company)

Main Office:

Jl. Basuki Rachmat No.98-104 Surabaya 60271 – East Java
Phone: (031) 531 0090 ext 346, 355 Fax: (031) 547 0159
Homepage : www.bankjatim.co.id
Email : corsec@bankjatim.co.id

**INFORMATION TO SHAREHOLDERS
IN CONNECTION WITH THE COMPANY'S PLAM TO CONDUCT SHARES BUYBACK
IN THE CONTEXT OF MANAGEMENT AND EMPLOYEES LONG TERM INCENTIVE PROGRAM**

PT Bank Pembangunan Daerah Jawa Timur (Persero) Tbk (The Company) plans to conduct a buyback of company's shares, which have been issued and listed in Indonesian Stock Exchange by referring to the regulation No. XI.B.2 regarding buyback of shares, which have been issued by issuers or public companies with the attachment of Capital Market Supervisory Agency and Financial Institutions' decision No. Kep 105/BL/2010, which is going to be used for the implementation of Management and Employee Long Term Incentive Program, with the fund allocation up to Rp 1,206,000,000.00, which is going to be conducted gradually counted since February 1, 2017 until June 1, 2017. Execution of shares purchase transaction is going to be conducted based on consideration of Board of Directors of the Company through Indonesian Stock Exchange.

Annual General Meeting of Shareholders to approve the implementation of the shares buyback in the connection of implementation of LTI program, which is going to be implemented on January 31, 2017 take place in Bromo Room 5th floor PT Bank Pembangunan Daerah Jawa Timur Tbk, Jl. Basuki Rachmad 98-104 Surabaya

Disclosure of Information is published in Surabaya on December 23, 2016

INDICATIVE TIMETABLE

1	Notification to OJK and IDX on the Shares Buyback Plan, and Announcement of Disclosure of Information on IDX's and the Company's website on www.bankjatim.co.id	December 23, 2016
3	Shares Buyback Period	February 1, 2017 until June 1, 2017

INFORMATION ABOUT LONG TERM INCENTIVE PROGRAM

According to the regulation of OJK No. 45/POJK.03/2015 regarding the Implementation of Good Governance in Distributing Remuneration to Commercial Banks (further called POJK NO. 45/2015), in the connection of facing the dynamics of global economy, banking industry needs to improve endurance, which is going to be conducted through enhancement of good governance in Distributing the Remuneration to encourage the conduct of prudent risk taking so that the Company business continuity could be sustained. Further bank could formulate a remuneration policy, which is permanent and variable, which notices on the performances and risks and conducts the establishment of measurement methods based on scales and complexity of bank business activities.

According to article 17 POJK No. 45/2015, the Company as a bank, which is listed as public company has formulated Remuneration, which is variable and petitioned for Annual General Meeting of shareholders' approval by distributing the remuneration, which is variable in the form of:

1. Cash and/ or
2. Shares or shares-based instrument, which have been issued by the Company.

In connection with that matter, the Company has arranged Long Term Incentive Program with the criterion of LTI Program Participant eligibility by noticing the duties and responsibilities of taking decision, which implicates significant to the Company risk profile, which consists of:

1. Company Director Members

Shares allocation within the LTI Program is going to be implemented by noticing:

1. Approval of Annual General Meeting of shareholders in relation to the Remuneration which is variable in the form of Shares.
2. Approval of Annual General Meeting of shareholders in relation to Shares buyback, which could be allocated in the LTI Program.
3. It has been executed the Shares buyback according to applicable legislation, with numbers which could be allocated within the LTI Program.
4. The Committee of Remuneration has delivered the shares allocation calculation for the Participants of LTI Program to the board of directors and board of commissioners' meeting, and The calculation has been approved within the Meeting of Board of Directors and Board of Commissioners.
5. The implementation of shares allocation in LTI Program refers to POJK No. 45/2015 and noticing the implementation of Good Corporate Governance within the Company.

LTI Program Requirements

1. Lock-up Period
 - a. For the Board of Directors and Board of Commissioners of the Company are locked up until They are no longer officiate.
 - b. For the Company's employees according to the level of Program Participant's position. In the lock-up period, participants are not able to shift and/ or conduct shares transaction, which are obtained from the LTI Program 2016/2017, either through Indonesian Stock Exchange or outside it.
2. Supervision
LTI Program 2016/2017 supervision is going to be conducted by Board of Directors and reported to the closest Annual General Meeting of Shareholders upon the implementation of the program.

ESTIMATION ON BUYBACK COST IN THE CONTEXT OF LTI PROGRAM AND AMOUNT OF SHARES TO BE PURCHASED BACK

Company's shares buyback financing in connection with the LTI Program, is going to be taken from the Retained Earnings of undetermined usage per September 30, 2016, which were recorded at Rp. 836,577,000,000 (eight hundred and thirty-six billion, five hundred and seventy-seven million rupiah), this amount is going to be used to finance the Shares Buyback in the context of LTI Program 2016/2017 to be no greater than Rp. 1,206,000,000.00 (one billion two hundred and six million rupiah).

PRICE RESTRICTION IN THE CONTEXT OF COMPANY'S SHARES BUYBACK

The Company's shares buyback is going to be conducted at a price that is lower or the same as the previous offer price.

SHARES BUYBACK PERIOD

The Company's Shares Buyback is going to be conducted during the period of 4 (four) months counted since February 1, 2017 until June 1, 2017.

SHARES BUYBACK METHOD

1. The Company has chosen PT Bahana Securities to conduct the Company's Shares Buyback for the period February 1, 2017 until June 1, 2017 by also noticing the application legislation.
2. The Shares Buyback is conducted through trading in Indonesian Stock Exchange.
3. The Buyback is going to be conducted on the lower price or equal to the closing price in the previous trading.
4. Either party who is either:
 - a. The Company's Board of Directors;
 - b. Parties who in the last 6 (six) months cease to become parties as mentioned in point (a) are prohibited from making any transaction on the Company's shares during the Shares Buyback Period or on the same day of the selldown of the buyback shares.

MANAGEMENT DISCUSSION AND ANALYSIS ON THE IMPACT OF SHARES BUYBACK ON THE OPERATIONS AND GROWTH OF THE COMPANY

With the assumption the Company uses fund to conduct Company's Shares Buyback in the context of LTI Program 2016/2017 to be no greater than Rp. 1,206,000,000.00 (one billion two hundred and six million rupiah) including the transaction fees, asset and equity is going to be reduced by Rp. 1,206,000,000.00 (one billion two hundred and six million rupiah). The Company believes that the implementation of the Company's Shares Buyback in the context of LTI Program, which is going to be allocated to the LTI Program participants as remuneration, which is variable is not going to give material negative impacts of the Company's business considering this issue is a part of remuneration, which is expected to encourage the prudent risk taking act, so that the Company business continuity could be sustained and is going to improve the Company's performance in the future.

The following is proforma of net profit and EPS and ROE of Consolidated Financial Report per September 30, 2016 by calculating the financing of the Company's Shares Buyback all program no greater than Rp. 1,206,000,000.00 (one billion two hundred and six million rupiah) including the transaction fees of 0.5%.

(in million)

	September, 30 2016		
	WITHOUT SHARES BUYBACK	IMPACT	WITH SHARES BUYBACK
Total Assets	50,154,863	(1,206)	50,154,863
Current Earning	836,577		836,577
Equity	7,019,142	(1,206)	7,017,935
EPS (earning per share)	55.98		55.98
Return On Asset	3.09%		3.09%
Return On Equity	20.14%		20.14%

Assumption:

- Shares Buyback is conducted on September 30, 2016 with the transaction fees of 0.15% from the Shares Buyback transaction value.

THE COMPANY'S PLAN ON THE REPURCHASED SHARES

The Company implements the shares buyback in the context of LTI Program, which directly after the number of shares has been repurchased has reached the number, which could be allocated to the LTI Program Participants, before the implementation of shares allocation within LTI Program, so the shares, which have been repurchased is going to be noted as shares buyback (treasury stock). The Company is going to announce the plan of allocation on shares, which have been repurchased to the LTI Program Participants through the website of IDX and the website of the Company www.bankjatim.co.id no later than 14 (fourteen) days before the implementation of shares allocation within the LTI Program.

Should there is some of the shares and/ or in the implementation of shares distribution within the LTI Program could not be implemented as mentioned within the POJK 45/ 2015, so shares, which have been repurchased is going to remind noted in the Shares account, which Have Been Repurchased (treasury stock) by also noticing applicable regulation. Therefore, the Board of Directors could shift the shares through the trading in IDX by noticing the regulation No. XI.B.2.

Shares, which have been repurchased by the Company before allocated to the LTI Program Participants, shares, which are still listed within the treasury stock could not be used to raise voice in the Annual General Meeting of Shareholders and not considered in determining the number of quorum, which has to be reached according to the applicable legislation. Besides, these shares have no rights to obtain dividend distribution.

The Company's Board of Directors is going to report the Company's Shares Buyback implementation or the result of shares allocation within the LTI Program, which have been repurchased within the Annual General Meeting of Shareholders, which is held by the Company during the period of the Company's Shares Buyback takes place.

TAMBAHAN INFORMASI

For the Shareholders who need further and additional information could contact the Company during the working hours with the address:

Corporate Secretary
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