

### Risk Management Information System

The Risk Management Information System is developed according to the needs of the Company in order to implement effective Risk Management. The Risk Management Information System and the resulting information are tailored to the characteristics and complexity of the Company's business activities and are adaptive to changes. In developing information system technology and new software, the Company makes sure that the implementation of the information system and new technologies will not disrupt the continuity of the Company's information system.

### A Comprehensive Internal Control System

1. Effective implementation of Risk Management is equipped with a reliable internal control system. Reliable and effective implementation of the Company's internal control system is the responsibility of all operational and supporting units and also IAD. Effective implementation of the internal control system in the implementation of the Company's Risk Management refers to the set policies and procedures.
2. The Company implements the four eyes principle (segregation of functions) between the loan units and risk management unit, especially in terms of decision making in lending by the Credit Risk Desk unit.
3. The internal control system in the application of Risk Management at least includes:
  - Correspondence between the internal control system with the type and level of Risks inherent in the Bank's business activities;
  - Establishment of authority and responsibility for monitoring the compliance with policies, procedures, and limits;

- Determination of reporting lines and a clear segregation of functions of the operating units with the unit performing control function;
- Organization structure that clearly illustrates the duties and responsibilities of each unit and individual;
- Accurate and timely financial and operational reporting;
- Adequate procedures to ensure the Bank's compliance with the legislation in force;
- An effective, independent, and objective review of the Bank's policies, frameworks, and operating procedures;
- Adequate testing and review of the management information system;
- Complete and adequate documentation of the audit scope, operational procedures, audit findings, as well as the Bank management's response to the audit results;
- Periodic and continuous verification and review of handling the Company's weaknesses that are material and the bank management's actions to fix occurring deviations.

4. Periodic Review of the Risk Management implementation at least every year by the RMD and IAD.

### Risk Management Specific Implementation

The Company applies risk management that includes 8 (eight) Risks, namely Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Legal Risk, Strategic Risk, Compliance Risk, and Reputation Risk



## 8 (eight) Risk



### CREDIT RISK

#### Credit Risk Management

As part of credit risk management, the Bank regularly reviews and updates the Risk Management Policy Guidelines and the Credit and Financing Policy Guidelines for Bank loans and financing as part of the risk assessment process. Credit Risk exposures are monitored from the process of granting credit to the maturity of the credit. Monitoring and controlling credit risk includes evaluating credit risk exposure to the Risk Appetite & Risk Tolerance. The Bank is reviewing Internal Credit Rating policies between business units and the Credit Risk Division (CRD) for commercial credit in analyzing risk credit. CRD consists of CRD at Head Office, RCRH (Regional Credit Risk Head) in Regional Offices and BCRH (Branch Credit Risk Head) and BCRA (Branch Credit Risk Analyst) at Branch Offices and currently the Bank has implemented the Four Eyes Principle. In addition, a Monitoring Department in the Commercial Lending Division (CMLD) was formed specifically to monitor credit exposures of large debtors (50 core debtors). In contrast to commercial credit, the credit risk control process for consumer credit is carried out through the Consumer Banking system, which complements the application with the Credit Scoring Model (CSM). Management of Kol-2 consumer credit and NPL debtors is carried out by the Consumer Collection and Remedial Division (CCD) equipped with the Desk Call unit and the Consumer Collection and Remedial Unit (CCRU) unit at the Branch Office. Collection of debtors in arrears > 360 days (Consumer & Commercial loans), transfer of debtors (Novation, Receipt) and auctions managed by Asset Management Division (AMD).

As a follow-up to the implementation of Pillar 1 Basel II, the Bank has implemented the measurement of credit risk using the Standardized Approach in accordance with FSA Circular No. 42/SEOJK.03/2016 dated September 28, 2016 on Guidelines for Calculating Risk Weighted Assets (RWA) for Credit Risk using the Standard Approach.

The disclosures of Net Receivables by Region, Net Receivables by Contractual Maturity, Net Receivables by Economic Sector, Receivables and Reserves by Region, Receivables and Reserves by Economic Sector, as well as Movement of the Allowance for Impairment Loss (CKPN) are described in the following tables:

**Table: Disclosure of Net Receivables by Region per December 31st 2017 and December 31st 2018**

No	Portfolio Category	December 31, 2017				
		Net Receivables by Region				
		Jabodetabek	Java Non Jabodetabek	Sumatera	Others	Total
1	Receivables to Government	45,427,435	-	-	-	45,427,435
2	Receivables to Public Sector Entities	394,809	-	-	-	394,809
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables to Bank	2,023,720	16,553	289	-	2,040,562
5	Loans Secured by Residential Property	60,682,877	38,956,028	23,696,509	24,169,762	147,505,176
6	Loans Secured by Commercial Real Estate	13,142,233	6,041,279	2,746,879	2,761,830	24,692,221
7	Employee/Retired Loans	523,014	374,502	191,777	199,701	1,288,994
8	Receivables to Micro, Small Business and Retail Portfolio	1,923,775	1,624,915	823,869	2,529,034	6,901,593
9	Receivables to Corporations	12,402,604	4,297,576	1,064,536	1,236,493	19,001,209
10	Past Due Receivables	966,583	711,365	533,996	888,346	3,100,290
11	Other Assets	4,836,185	2,182,664	572,505	968,405	8,559,759
	<b>Total</b>	<b>142,323,235</b>	<b>54,204,882</b>	<b>29,630,360</b>	<b>32,753,571</b>	<b>258,912,048</b>

\* Others consist of Kalimantan, Sulawesi, Bali, Maluku and Papua

**Table: Disclosure of Net Receivables by Contractual Maturity per December 31st 2017 and December 31st 2018**

No	Portfolio Category	December 31, 2017					
		Net Receivables by Contractual Maturity					
		<1 Year	> 1 Year - 3 Years	> 3 Years - 5 Years	>5 Years	Non Contractual	Total
1	Receivables to Government	40,559,434	3,709,960	354,642	803,399	-	45,427,435
2	Receivables to Public Sector Entities	53,487	20,936	196,510	123,876	-	394,809
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables to Bank	1,260,451	726,024	54,087	-	-	2,040,562
5	Loans Secured by Residential Property	307,535	2,450,109	5,443,674	139,303,858	-	147,505,176
6	Loans Secured by Commercial Real Estate	6,266,653	12,156,922	5,080,524	1,188,122	-	24,692,221
7	Employee/Retired Loans	2,484	33,912	63,379	1,189,219	-	1,288,994
8	Receivables to Micro, Small Business and Retail Portfolio	828,603	821,249	614,973	4,636,768	-	6,901,593
9	Receivables to Corporations	8,981,952	4,006,449	1,600,888	4,411,920	-	19,001,209
10	Past Due Receivables	770,237	217,994	295,793	1,816,266	-	3,100,290
11	Other Assets	-	-	-	-	8,559,759	8,559,759
	<b>Total</b>	<b>59.030.836</b>	<b>24.143.555</b>	<b>13.704.470</b>	<b>153.473.428</b>	<b>8.559.759</b>	<b>258.912.048</b>



(Rp million)

No	Portfolio Category	December 31, 2018				
		Net Receivables by Region				
		Jabodetabek	Java Non Jabodetabek	Sumatera	Others	Total
1	Receivables to Government	48,436,894	-	-	-	48,436,894
2	Receivables to Public Sector Entities	4,396,793	32,721	-	-	4,429,514
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables to Bank	2,289,693	36,566	231	26	2,326,516
5	Loans Secured by Residential Property	73,888,564	46,489,642	29,496,132	30,608,861	180,483,199
6	Loans Secured by Commercial Real Estate	12,762,100	7,025,289	2,731,995	2,706,805	25,226,189
7	Employee/Retired Loans	635,411	441,782	227,676	240,080	1,544,949
8	Receivables to Micro, Small Business and Retail Portfolio	1,593,127	1,438,857	687,896	1,366,592	5,086,472
9	Receivables to Corporations	14,843,223	4,612,722	1,116,771	1,304,477	21,877,193
10	Past Due Receivables	1,179,554	1,010,470	662,954	1,091,326	3,944,304
11	Other Assets	6,815,693	2,322,784	697,224	1,137,669	10,973,370
	Total	166,841,052	63,410,833	35,620,879	38,455,836	304,328,600

\* Others consist of Kalimantan, Sulawesi, Bali, Maluku and Papua

(Rp million)

No	Portfolio Category	December 31, 2018					
		Net Receivables by Contractual Maturity					
		<1 Year	> 1 Year - 3 Years	> 3 Years - 5 Years	>5 Years	Non Contractual	Total
1	Receivables to Government	43,610,741	3,011,337	363,665	1,451,151	-	48,436,894
2	Receivables to Public Sector Entities	2,673,335	1,107,124	600,887	48,168	-	4,429,514
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables to Bank	1,832,091	494,425	-	-	-	2,326,516
5	Loans Secured by Residential Property	155,711,328	2,435,328	6,259,200	16,077,343	-	180,483,199
6	Loans Secured by Commercial Real Estate	5,793,389	11,086,660	8,346,140	-	-	25,226,189
7	Employee/Retired Loans	1,417,185	40,634	87,130	-	-	1,544,949
8	Receivables to Micro, Small Business and Retail Portfolio	3,628,566	778,525	611,415	67,966	-	5,086,472
9	Receivables to Corporations	15,691,460	4,349,719	1,736,503	99,511	-	21,877,193
10	Past Due Receivables	3,072,487	530,199	235,455	106,163	-	3,944,304
11	Other Assets	-	-	-	-	10,973,370	10,973,370
	Total	233,430,582	23,833,951	18,240,395	17,850,302	10,973,370	304,328,600

Table: Disclosure of Net Receivables by Economic Sectors per December 31<sup>st</sup> 2017 and December 31<sup>st</sup> 2018

No	Economic Sector	Receivables to Government	Receivables to Public Sector Entities	Receivables to Multilateral Development Banks and International Institutions
(1)	(2)	(3)	(4)	(5)
<b>December 31, 2017</b>				
1	Agriculture, Hunting, Forestry	-	-	-
2	Fishery	-	-	-
3	Mining and Quarrying	-	-	-
4	Manufacturing	-	5,009	-
5	Electricity, Gas and Water	-	221,888	-
6	Construction	-	71,489	-
7	Wholesale and Retail Trading	-	40,063	-
8	Hotel and Food and Beverage	-	-	-
9	Transportation, Warehousing and Communication	-	30,092	-
10	Financial Intermediary	37,914,975	26,268	-
11	Real Estate, Rental and Business Services	-	-	-
12	Public Administration, Defense and Compulsory Social Security	-	-	-
13	Education Services	-	-	-
14	Health Services and Social Activities	-	-	-
15	Community Service, Socio-Culture, Entertainment and Other Individual Services	-	-	-
16	Individual Services for Households	-	-	-
17	International Agency and Other Extra-International Bodies	-	-	-
18	Undefined Activities	-	-	-
19	Non Business Field	-	-	-
20	Others	7,512,460	-	-
	<b>Total</b>	<b>45,427,435</b>	<b>394,809</b>	<b>-</b>
<b>31 December 2018</b>				
1	Agriculture, Hunting, Forestry	-	-	-
2	Fishery	-	-	-
3	Mining and Quarrying	-	-	-
4	Manufacturing	-	8,337	-
5	Electricity, Gas and Water	-	186,573	-
6	Construction	-	1,775,413	-
7	Wholesale and Retail Trading	-	1,251,608	-
8	Hotel and Food and Beverage	-	-	-
9	Transportation, Warehousing and Communication	-	538,945	-
10	Financial Intermediary	43,581,917	54,707	-
11	Real Estate, Rental and Business Services	-	581,210	-
12	Public Administration, Defense and Compulsory Social Security	-	-	-
13	Education Services	-	-	-
14	Health Services and Social Activities	-	-	-
15	Community Service, Socio-Culture, Entertainment and Other Individual Services	-	-	-
16	Individual Services for Households	-	-	-
17	International Agency and Other Extra-International Bodies	-	-	-
18	Undefined Activities	-	-	-
19	Non Business Field	-	32,721	-
20	Others	4,854,977	-	-
	<b>Total</b>	<b>48,436,894</b>	<b>4,429,514</b>	<b>-</b>



(Rp million)

	Receivables to Bank	Loans Secured by Residential Property	Loans Secured by Commercial Real Estate	Employee/Retired Loans	Receivables to Micro, Small Business and Retail Portfolio	Receivables to Corporations	Past Due Receivables	Other Assets
	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	-	-	-	-	5,728	15,622	17,004	-
	-	-	-	-	-	-	-	-
	-	-	-	-	8,017	142,679	16,274	-
	-	-	-	-	20,460	96,182	24,196	-
	-	-	-	-	13,357	117,304	433	-
	-	-	21,933,515	-	425,558	8,901,650	503,935	-
	-	-	-	-	181,647	1,372,949	124,472	-
	-	-	-	-	13,477	612,892	104,440	-
	-	-	-	-	14,250	170,318	5,835	-
	2,040,562	-	-	-	39,823	1,526,841	11,521	-
	-	-	2,758,706	-	17,739	1,982,439	11,670	-
	-	-	-	-	-	5,012	-	-
	-	-	-	-	14,436	207,998	12,145	-
	-	-	-	-	24,518	419,289	12,674	-
	-	-	-	-	119,213	589,114	34,443	-
	-	-	-	-	959	8,313	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	23,900	121,213	532	-
	-	147,505,176	-	1,288,994	5,974,100	2,711,394	2,220,716	-
	-	-	-	-	4,411	-	-	8,559,759
	2,040,562	147,505,176	24,692,221	1,288,994	6,901,593	19,001,209	3,100,290	8,559,759
	-	-	-	-	2,373	4,644	14,355	-
	-	-	-	-	1,420	1,538	2,650	-
	-	-	-	-	9,055	68,538	8,933	-
	-	-	-	-	17,123	93,632	32,161	-
	-	-	-	-	7,796	81,213	1,204	-
	-	-	23,082,548	-	433,781	10,386,550	1,175,779	-
	-	-	-	-	152,595	2,414,204	144,807	-
	-	-	-	-	16,048	699,269	22,040	-
	-	-	-	-	9,379	687,628	9,061	-
	2,326,516	-	-	-	23,311	877,773	20,575	-
	-	-	2,143,641	-	29,445	2,276,819	17,691	-
	-	-	-	-	-	-	-	-
	-	-	-	-	17,730	282,937	12,496	-
	-	-	-	-	12,496	383,508	17,646	-
	-	-	-	-	46,117	337,748	139,789	-
	-	-	-	-	4,037	7,120	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	22,730	475,526	33,649	-
	-	180,483,199	-	1,544,949	4,268,710	2,798,546	2,291,468	-
	-	-	-	-	12,326	-	-	10,973,370
	2,326,516	180,483,199	25,226,189	1,544,949	5,086,472	21,877,193	3,944,304	10,973,370

Table: Disclosure of Receivables and Reserves by Region per December 31<sup>st</sup> 2017 and December 31<sup>st</sup> 2018

No	Description	December 31, 2017				
		Receivables by Region				
		Jabodetabek	Java Non Jabodetabek	Sumatera	Others	Total
1	Receivables	135,852,279	52,701,486	29,447,262	32,592,751	250,593,778
2	Impaired Receivables	349,353	161,466	23,198	124,942	658,959
	a. Non Past Due	165,001	74,590	6,912	17,843	264,346
	b. Past Due	184,352	86,876	16,286	107,099	394,613
3	Allowances for Impairment Losses - Individual	156,853	62,567	19,768	108,714	347,902
4	Allowances for Impairment Losses - Collective	768,772	377,837	319,105	559,260	2,024,974
5	Written Off Receivables	326,871	118,123	75,325	145,050	665,369

Table: Disclosure of Receivables and Reserves by Economic Sectors per December 31<sup>st</sup> 2017 and December 31<sup>st</sup> 2018

No	Economic Sector	Receivables	Impaired Receivables		Allowances for Impairment Losses - Individuals	Allowances for Impairment Losses - Collective	Written Off Receivable
			Non Past Due	Past Due			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
December 31, 2017							
1	Agriculture, Hunting, Forestry	74,774	9,377	26,794	26,111	10,631	9,307
2	Fishery	-	-	-	-	-	672
3	Mining and Quarrying	178,499	-	-	-	14,514	8,984
4	Manufacturing	170,983	-	23,800	15,903	13,962	19,774
5	Electricity, Gas and Water	353,380	-	-	-	485	255
6	Construction	29,352,289	175,041	151,407	153,167	637,619	254,388
7	Wholesale and Retail Trading	1,843,859	60,732	23,992	24,885	134,899	202,918
8	Hotel and Food and Beverage	839,785	-	126,443	68,719	40,951	9,731
9	Transportation, Warehousing and Communication	243,077	17,540	270	18,933	4,020	29,675
10	Financial Intermediary	41,577,436	-	1,695	1,695	37,084	10,470
11	Real Estate, Rental and Business Services	4,778,660	-	6,478	6,155	19,819	37,148
12	Public Administration, Defense and Compulsory Social Security	5,012	-	-	-	3	-
13	Education Services	239,100	-	-	-	4,943	375
14	Health Services and Social Activities	495,345	1,656	33,734	32,334	7,712	202
15	Community Service, Socio-Culture, Entertainment and Other Individual Services	751,077	-	-	-	36,866	583
16	Individual Services for Households	9,272	-	-	-	5	-
17	International Agency and Other Extra-International Bodies	-	-	-	-	-	-
18	Undefined Activities	145,981	-	-	-	4,145	-
19	Non Business Field	160,736,422	-	-	-	1,057,316	80,887
20	Others	8,798,827	-	-	-	-	-
	Total	250,593,778	264,346	394,613	347,902	2,024,974	665,369



(Rp million)

No	Description	December 31, 2018				
		Receivables by Region				
		Jabodetabek	Java Non Jabodetabek	Sumatera	Others	Total
1	Receivables	158,310,825	62,004,555	35,538,043	38,344,849	294,198,272
2	Impaired Receivables	2,820,702	912,494	312,185	924,055	4,969,436
	a. Non Past Due	2,669,054	808,535	227,556	858,123	4,563,268
	b. Past Due	151,648	103,959	84,629	65,932	406,168
3	Allowances for Impairment Losses - Individual	584,175	268,557	117,900	374,875	1,345,507
4	Allowances for Impairment Losses - Collective	721,854	420,703	344,860	487,369	1,974,786
5	Written Off Receivables	230,846	199,721	176,736	179,898	787,201

(Rp million)

No	Economic Sector	Receivables	Impaired Receivables		Allowances for Impairment Losses- Individuals	Allowances for Impairment Losses - Collective	Written Off Receivable
			Non Past Due	Past Due			
			(1)	(2)			
December 31, 2018							
1	Agriculture, Hunting, Forestry	32,443	-	9,377	5,098	6,051	28,036
2	Fishery	7,218	-	-	-	1,616	-
3	Mining and Quarrying	93,175	9,402	-	1,418	5,243	11,019
4	Manufacturing	193,356	4,577	24,720	26,032	17,654	2,205
5	Electricity, Gas and Water	279,069	2,900	-	2,212	96	-
6	Construction	34,557,960	3,267,293	268,419	949,160	732,745	328,596
7	Wholesale and Retail Trading	4,165,798	112,606	26,504	104,474	110,171	196,252
8	Hotel and Food and Beverage	797,715	437,799	31,793	54,527	6,067	72,058
9	Transportation, Warehousing and Communication	1,274,581	25,013	270	21,737	8,646	15,915
10	Financial Intermediary	46,924,317	10,802	4,111	12,980	47,258	10,518
11	Real Estate, Rental and Business Services	5,132,235	590,970	15,735	79,007	19,628	18,946
12	Public Administration, Defense and Compulsory Social Security	-	-	-	-	-	-
13	Education Services	322,062	4,712	1,535	3,354	5,775	17
14	Health Services and Social Activities	433,539	35,900	-	12,282	8,288	31,449
15	Community Service, Socio-Culture, Entertainment and Other Individual Services	570,212	-	-	-	88,583	7
16	Individual Services for Households	12,826	5,380	-	1,670	1	-
17	International Agency and Other Extra-International Bodies	-	-	-	-	-	-
18	Undefined Activities	540,872	-	-	-	10,878	-
19	Non Business Field	192,375,750	55,913	23,704	71,556	906,086	72,183
20	Others	6,485,144	1	-	-	-	-
	Total	294,198,272	4,563,268	406,168	1,345,507	1,974,786	787,201



## RISK MANAGEMENT

**Table: Disclosure of the Movement of Allowance for Impairment Losses (CKPN) per December 31<sup>st</sup> 2017 and December 31<sup>st</sup> 2018**

No	Description	December 31, 2017	
		Individual CKPN	Collective CKPN
1	Starting Balance - Allowance for Impairment Losses	378,570	1,753,387
2	Additional (reversal) allowance for impairment losses during the year (Net)	174,127	732,161
2.a	Additional allowance for impairment losses during the year	174,127	732,161
2.b	Reversal allowance for impairment losses during the year	-	-
3	Allowance for impairment losses used for written off receivables during the year	(204,795)	(460,574)
4	Other additional (reversal) of allowance during the year	-	-
	Ending Balance of Allowance for Impairment Losses	347,902	2,024,974

Disclosure of Net Receivables Based on Portfolio Categories and Rating Scale and Counterparty Credit Risk are described as follows:

**Table: Disclosure of Net Receivables by Portfolio and Rating Category per December 31<sup>st</sup> 2017**

No	Portfolio Category	Rating Agency	Long-Term Rating			
		Standards and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d A-(idn)	BBB+(idn) s.d BBB-(idn)
		PT. ICRA Indonesia	[Idr] AAA	[Idr]AA+ s.d [Idr]AA-	[Idr]A+ s.d [Idr]A-	[Idr]BBB+ s.d [Idr]BBB-
		PT Pemeringkat Efek Indonesia	idAAA		idA+ s.d id A-	id BBB+ s.d id BBB-
December 31 2017						
1	Receivables to Government		-	-	-	40,383,100
2	Receivables to Public Sector Entities		278,428	-	5,005	-
3	Receivables to Multilateral Development Banks and International Institutions		-	-	-	-
4	Receivables to Bank		1,791,159	-	28,227	-
5	Loans Secured by Residential Property		-	-	-	-
6	Loans Secured by Commercial Real Estate		-	-	-	-
7	Employee/Retired Loans		-	-	-	-
8	Receivables to Micro, Small Business and Retail Portfolio		-	-	-	-
9	Receivables to Corporations		-	-	-	-
10	Past Due Receivables		-	-	-	-
11	Other Assets		-	-	-	-



(Rp million)

No	Description	December 31, 2018	
		Individual CKPN	Collective CKPN
1	Starting Balance - Allowance for Impairment Losses	347,902	2,024,974
2	Additional (reversal) allowance for impairment losses during the year (Net)	1,244,838	489,781
	2.a Additional allowance for impairment losses during the year	1,244,838	489,781
	2.b Reversal allowance for impairment losses during the year	-	-
3	Allowance for impairment losses used for written off receivables during the year	(247,233)	(539,969)
4	Other additional (reversal) of allowance during the year	-	-
	Ending Balance of Allowance for Impairment Losses	1,345,507	1,974,786

(Rp million)

Net Receivables								Without Rating	Total	
			Short-Term Rating							
BB+ s.d BB-	B+ s.d B-	Kurang dari B-	A-1	A-2	A-3	Kurang dari A-3				
BB+ s.d BB-	B+ s.d B-	Kurang dari B-	F1+ s.d F1	F2	F3	Kurang dari F3				
Ba1 s.d Ba3	B1 s.d B3	Kurang dari B3	P-1	P-2	P-3	Kurang dari P-3				
BB+(idn) s.d BB-(idn)	B+(idn) s.d B-(idn)	Kurang dari B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Kurang dari F3(idn)				
[[Idr]BB+ s.d [Idr]BB-	[[Idr]B+ s.d [Idr]B-	Kurang dari [Idr]B-	[[Idr]A1+ s.d [Idr]A1	[[Idr]A2+ s.d [Idr]A2	[[Idr]A3+ s.d [Idr]A3	Kurang dari [Idr]A3				
id BB+ s.d id BB-	id B+ s.d id B-	Kurang dari idB-	idA1	idA2	idA3 s.d id A4	Kurang dari idA4				
-	-	-	-	-	-	-	-	5,044,335	45,427,435	
-	-	-	-	-	-	-	-	111,376	394,809	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	221,176	2,040,562	
-	-	-	-	-	-	-	-	147,505,176	147,505,176	
-	-	-	-	-	-	-	-	24,692,221	24,692,221	
-	-	-	-	-	-	-	-	1,288,994	1,288,994	
-	-	-	-	-	-	-	-	6,901,593	6,901,593	
-	-	-	-	-	-	-	-	19,001,209	19,001,209	
-	-	-	-	-	-	-	-	3,100,290	3,100,290	
-	-	-	-	-	-	-	-	8,559,759	8,559,759	

**Table: Disclosure of Net Receivables by Portfolio and Rating Category per December 31<sup>st</sup> 2018**

No	Portofolio Category	Rating Agency	Long-Term Rating			
		Standards and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d A-(idn)	BBB+(idn) s.d BBB-(idn)
		PT. ICRA Indonesia	[ldr] AAA	[ldr]AA+ s.d [ldr]AA-	[ldr]A+ s.d [ldr]A-	[ldr]BBB+ s.d [ldr]BBB-
		PT Pemeringkat Efek Indonesia	idAAA		idA+ s.d id A-	id BBB+ s.d id BBB-
		December 31 2018				
1	Receivables to Government	-	-	-	42,419,586	
2	Receivables to Public Sector Entities	282,634	-	4,884	101,709	
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	
4	Receivables to Bank	1,212,506	-	51,057	-	
5	Loans Secured by Residential Property	-	-	-	-	
6	Loans Secured by Commercial Real Estate	-	-	-	-	
7	Employee/Retired Loans	-	-	-	-	
8	Receivables to Micro, Small Business and Retail Portfolio	-	-	-	-	
9	Receivables to Corporations	-	-	-	-	
10	Past Due Receivables	-	-	-	-	
11	Other Assets	-	-	-	-	

Whereas the Counterparty Credit Risk is divided into 2, namely:

**1. Derivatif Over the Counter Transactions**

The Company does not have any derivative transactions as of December 31, 2018 and December 31, 2017.

**2. Repo Transactions**

The description related to the Repo Transaction is described in the following table:

**Table: Repo Transactions per December 31<sup>st</sup> 2017 and December 31<sup>st</sup> 2018**

No	Portofolio Category	December 31, 2017			
		SB Repo Fair Value	Repo Liabilities	Net Receivables	RWA
1	Receivables to Government	1,532,720	1,400,539	132,181	-
2	Receivables to Public Sector Entities	-	-	-	-
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-
4	Receivables to Bank	-	-	-	-
5	Receivables to Micro, Small Business and Retail Portfolio	-	-	-	-
6	Receivables to Corporations	-	-	-	-
	Total	1,532,720	1,400,539	132,181	-



(Rp million)

Net Receivables								Without Rating	Total	
			Short-Term Rating							
BB+ s.d BB-	B+ s.d B-	Kurang dari B-	A-1	A-2	A-3	Kurang dari A-3				
BB+ s.d BB-	B+ s.d B-	Kurang dari B-	F1+ s.d F1	F2	F3	Kurang dari F3				
Ba1 s.d Ba3	B1 s.d B3	Kurang dari B3	P-1	P-2	P-3	Kurang dari P-3				
BB+(idn) s.d BB-(idn)	B+(idn) s.d B-(idn)	Kurang dari B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Kurang dari F3(idn)				
[[Idr]BB+ s.d [Idr]BB-	[[Idr]B+ s.d [Idr]B-	Kurang dari [Idr]B-	[[Idr]A1+ s.d [Idr]A1	[[Idr]A2+ s.d [Idr]A2	[[Idr]A3+ s.d [Idr]A3	Kurang dari [Idr]A3				
id BB+ s.d id BB-	id B+ s.d id B-	Kurang dari idB-	idA1	idA2	idA3 s.d id A4	Kurang dari idA4				
-	-	-	-	-	-	-	-	6,017,308	48,436,894	
-	-	-	-	-	-	-	-	4,040,287	4,429,514	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	1,062,953	2,326,516	
-	-	-	-	-	-	-	-	180,483,199	180,483,199	
-	-	-	-	-	-	-	-	25,226,189	25,226,189	
-	-	-	-	-	-	-	-	1,544,949	1,544,949	
-	-	-	-	-	-	-	-	5,086,472	5,086,472	
-	-	-	-	-	-	-	-	21,877,193	21,877,193	
-	-	-	-	-	-	-	-	3,944,304	3,944,304	
-	-	-	-	-	-	-	-	10,973,370	10,973,370	

(Rp million)

No	Portfolio Category	December 31, 2018			
		SB Repo Fair Value	Repo Liabilities	Net Receivables	RWA
1	Receivables to Government	1,059,534	947,579	111,955	-
2	Receivables to Public Sector Entities	-	-	-	-
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-
4	Receivables to Bank	-	-	-	-
5	Receivables to Micro, Small Business and Retail Portfolio	-	-	-	-
6	Receivables to Corporations	-	-	-	-
	Total	1,059,534	947,579	111,955	-

### 3. Reverse Repo Transaction

The Company does not have any Reverse Repo transactions as of December 31, 2018 and December 31, 2017.

In order to reduce credit risk exposure, the Company conducts pre-screening of debtors, requires debtors to fulfill required collateral, analyzes and evaluates credit worthiness, and legally engages in credit. The Company has allocated credit exposures based on the geographical area / region where they operate and allocated credit exposures based on the industrial sector to see the concentration of credit risk. The description regarding Disclosure of Net Receivables Based on Risk Weight after Calculating the Impact of Credit Risk Mitigation and Disclosure of Net Receivables and Credit Risk Mitigation Techniques are described as follows:

**Table: Net Receivables based on Risk Weighting after Considering the Impact of Credit Risk Mitigation per December 31<sup>st</sup> 2017**

No	Portofolio Category					
		0%	20%	25%	35%	
<b>A</b>	<b>Balance Sheet Exposures</b>					
1	Receivables to Government	45,295,254	-	-	-	
2	Receivables to Public Sector Entities	-	278,427	-	-	
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	
4	Receivables to Bank	-	1,967,335	-	-	
5	Loans Secured by Residential Property	-	63,786,597	-	83,718,579	
6	Loans Secured by Commercial Real Estate	-	-	-	-	
7	Employee/Retired Loans	-	-	-	-	
8	Receivables to Micro, Small Business and Retail Portfolio	248,441	709,819	-	-	
9	Receivables to Corporations	962,090	5,602	-	-	
10	Past Due Receivables	-	349,443	-	-	
11	Other Assets	1,027,556	-	-	-	
	<b>Total Exposures - Balance Sheet</b>	<b>47,533,341</b>	<b>67,097,223</b>	<b>-</b>	<b>83,718,579</b>	
<b>B</b>	<b>Commitment Liability Exposure / Contingencies in Administrative Account Transactions</b>					
1	Receivables to Government	-	-	-	-	
2	Receivables to Public Sector Entities	-	-	-	-	
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	
4	Receivables to Bank	-	-	-	-	
5	Loans Secured by Residential Property	-	-	-	-	
6	Loans Secured by Commercial Real Estate	-	-	-	-	
7	Employee/Retired Loans	-	-	-	-	
8	Receivables to Micro, Small Business and Retail Portfolio	-	-	-	-	
9	Receivables to Corporations	-	-	-	-	
10	Past Due Receivables	-	-	-	-	
	<b>Total TRA Exposure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>C</b>	<b>Exposures due to Counterparty Credit Risk</b>					
1	Receivables to Government	132,181	-	-	-	
2	Receivables to Public Sector Entities	-	-	-	-	
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	
4	Receivables to Bank	-	-	-	-	
5	Receivables to Micro, Small Business and Retail Portfolio	-	-	-	-	
6	Receivables to Corporations	-	-	-	-	
	<b>Total Counterparty Credit Risk</b>	<b>132,181</b>	<b>-</b>	<b>-</b>	<b>-</b>	



(Rp million)

December 31, 2017								RWA	Capital Expenses
Net Receivables after Considering the Impact of Credit Risk Mitigation									
40%	45%	50%	75%	100%	150%	Lainnya			
-	-	-	-	-	-	-	-	-	
-	-	116,382	-	-	-	-	113,876	10,454	
-	-	-	-	-	-	-	-	-	
-	-	73,227	-	-	-	-	430,080	39,481	
-	-	-	-	-	-	-	42,058,822	3,861,000	
-	-	-	-	24,631,423	-	-	24,631,423	2,261,165	
-	-	1,288,994	-	-	-	-	644,497	59,165	
-	-	-	5,936,253	-	-	-	4,594,154	421,743	
-	-	-	-	15,016,749	-	-	15,017,869	1,378,640	
-	-	-	-	1,693,306	1,057,541	-	3,349,506	307,485	
-	-	-	-	7,454,613	77,590	-	7,570,998	695,018	
-	-	1,478,603	5,936,253	48,796,091	1,135,131	-	98,411,225	9,034,151	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	60,799	-	-	60,799	5,581	
-	-	-	-	-	-	-	-	-	
-	-	-	7,080	-	-	-	5,310	487	
-	-	-	-	3,016,768	-	-	3,016,768	276,939	
-	-	-	-	-	-	-	-	-	
-	-	-	7,080	3,077,567	-	-	3,082,877	283,007	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	

**Table: Net Receivables based on Risk Weighting after Considering the Impact of Credit Risk Mitigation per December 31<sup>st</sup> 2018**

No	Portfolio Category					
		0%	20%	25%	35%	
<b>A</b>	<b>Balance Sheet Exposures</b>					
1	Receivables to Government	48,324,939	-	-	-	
2	Receivables to Public Sector Entities	32,680	282,634	-	-	
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	
4	Receivables to Bank	-	2,239,641	-	-	
5	Loans Secured by Residential Property	-	105,241,996	37,676,914	37,564,289	
6	Loans Secured by Commercial Real Estate	-	-	-	-	
7	Employee/Retired Loans	-	-	-	-	
8	Receivables to Micro, Small Business and Retail Portfolio	334,967	150,199	-	-	
9	Receivables to Corporations	2,335,427	3,194	-	-	
10	Past Due Receivables	-	372,405	-	-	
11	Other Assets	1,243,616	-	-	-	
	<b>Total Exposures - Balance Sheet</b>	<b>52,271,629</b>	<b>108,290,069</b>	<b>37,676,914</b>	<b>37,564,289</b>	
<b>B</b>	<b>Commitment Liability Exposure / Contingencies in Administrative Account Transactions</b>					
1	Receivables to Government	-	-	-	-	
2	Receivables to Public Sector Entities	-	-	-	-	
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	
4	Receivables to Bank	-	-	-	-	
5	Loans Secured by Residential Property	-	-	-	-	
6	Loans Secured by Commercial Real Estate	-	-	-	-	
7	Employee/Retired Loans	-	-	-	-	
8	Receivables to Micro, Small Business and Retail Portfolio	-	-	-	-	
9	Receivables to Corporations	-	-	-	-	
10	Past Due Receivables	-	-	-	-	
	<b>Total TRA Exposure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>C</b>	<b>Exposures due to Counterparty Credit Risk</b>					
1	Receivables to Government	111,955	-	-	-	
2	Receivables to Public Sector Entities	-	-	-	-	
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	
4	Receivables to Bank	-	-	-	-	
5	Receivables to Micro, Small Business and Retail Portfolio	-	-	-	-	
6	Receivables to Corporations	-	-	-	-	
	<b>Total Counterparty Credit Risk</b>	<b>111,955</b>	<b>-</b>	<b>-</b>	<b>-</b>	



(Rp million)

December 31, 2018								RWA	Capital Expenses
Net Receivables after Considering the Impact of Credit Risk Mitigation									
	40%	45%	50%	75%	100%	150%	Lainnya		
	-	-	-	-	-	-	-	-	-
	-	-	4,114,064	-	-	-	-	2,113,559	193,602
	-	-	-	-	-	-	-	-	-
	-	-	86,875	-	-	-	-	491,366	45,009
	-	-	-	-	-	-	-	43,615,129	3,995,146
	-	-	-	-	25,190,990	-	-	25,190,990	2,307,495
	-	-	1,544,949	-	-	-	-	772,474	70,759
	-	-	-	4,579,978	-	-	-	3,465,024	317,396
	-	-	-	-	15,739,311	-	-	15,739,950	1,441,779
	-	-	-	-	1,865,224	1,706,675	-	4,499,718	412,174
	-	-	-	-	9,652,163	77,591	-	9,768,548	894,799
	-	-	5,745,888	4,579,978	52,447,688	1,784,266	-	105,656,758	9,678,159
	-	-	-	-	-	-	-	-	-
	-	-	137	-	-	-	-	68	6
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	35,199	-	-	35,199	3,224
	-	-	-	-	-	-	-	-	-
	-	-	-	21,329	-	-	-	15,997	1,465
	-	-	-	-	3,799,261	-	-	3,799,261	348,012
	-	-	-	-	-	-	-	-	-
	-	-	137	21,329	3,834,460	-	-	3,850,525	352,707
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-



Table: Net Receivables and Credit Risk Mitigation Techniques per December 31<sup>st</sup> 2017 and December 31<sup>st</sup> 2018

No	Portfolio Category	December 31, 2017					Unsecured Portion
		Net Receivables	Secured Portion				
			Collateral	Guarantee	Loan Insurance		
<b>A</b>	<b>Balance Sheet Exposures</b>						
1	Receivables to Government	45,295,254	-	-	-	-	45,295,254
2	Receivables to Public Sector Entities	394,809	-	-	-	-	394,809
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables to Bank	2,040,562	-	-	-	-	2,040,562
5	Loans Secured by Residential Property	147,505,176	-	-	63,786,598	-	83,718,578
6	Loans Secured by Commercial Real Estate	24,631,423	-	-	-	-	24,631,423
7	Employee/Retired Loans	1,288,994	-	-	-	-	1,288,994
8	Receivables to Micro, Small Business and Retail Portfolio	6,894,513	248,441	-	709,819	-	5,936,253
9	Receivables to Corporations	15,984,441	962,090	-	5,602	-	15,016,749
10	Past Due Receivables	3,100,290	-	-	349,443	-	2,750,847
11	Other Assets	8,559,759	-	-	-	-	8,559,759
	Total Exposures - Balance Sheet	255,695,221	1,210,531	-	64,851,462	-	189,633,228
<b>B</b>	<b>Commitment Liability Exposure / Contingencies in Administrative Account Transactions</b>						
1	Receivables to Government	-	-	-	-	-	-
2	Receivables to Public Sector Entities	-	-	-	-	-	-
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables to Bank	-	-	-	-	-	-
5	Loans Secured by Residential Property	-	-	-	-	-	-
6	Loans Secured by Commercial Real Estate	60,799	-	-	-	-	60,799
7	Employee/Retired Loans	-	-	-	-	-	-
8	Receivables to Micro, Small Business and Retail Portfolio	7,080	-	-	-	-	7,080
9	Receivables to Corporations	3,016,768	-	-	-	-	3,016,768
10	Past Due Receivables	-	-	-	-	-	-
	Total TRA Exposure	3,084,647	-	-	-	-	3,084,647
<b>C</b>	<b>Exposures due to Counterparty Credit Risk</b>						
1	Receivables to Government	132,181	-	-	-	-	132,181
2	Receivables to Public Sector Entities	-	-	-	-	-	-
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables to Bank	-	-	-	-	-	-
5	Receivables to Micro, Small Business and Retail Portfolio	-	-	-	-	-	-
6	Receivables to Corporations	-	-	-	-	-	-
	Total Eksposur Counterparty Credit Risk	132,181	-	-	-	-	132,181



(Rp million)

No	Portfolio Category	December 31, 2018				
		Net Receivables	Secured Portion			Unsecured Portion
			Collateral	Guarantee	Loan Insurance	
<b>A</b>	<b>Balance Sheet Exposures</b>					
1	Receivables to Government	48,324,939	-	-	-	48,324,939
2	Receivables to Public Sector Entities	4,429,378	32,680	-	-	4,396,698
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables to Bank	2,326,516	-	-	-	2,326,516
5	Loans Secured by Residential Property	180,483,199	-	-	88,636,110	91,847,089
6	Loans Secured by Commercial Real Estate	25,190,990	-	-	-	25,190,990
7	Employee/Retired Loans	1,544,949	-	-	-	1,544,949
8	Receivables to Micro, Small Business and Retail Portfolio	5,065,144	334,966	-	150,200	4,579,978
9	Receivables to Corporations	18,077,932	2,335,428	-	3,193	15,739,311
10	Past Due Receivables	3,944,304	-	-	372,405	3,571,899
11	Other Assets	10,973,370	-	-	-	10,973,370
	<b>Total Exposures - Balance Sheet</b>	<b>300,360,721</b>	<b>2,703,074</b>	<b>-</b>	<b>89,161,908</b>	<b>208,495,739</b>
<b>B</b>	<b>Commitment Liability Exposure / Contingencies in Administrative Account Transactions</b>					
1	Receivables to Government	-	-	-	-	-
2	Receivables to Public Sector Entities	137	-	-	-	137
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables to Bank	-	-	-	-	-
5	Loans Secured by Residential Property	-	-	-	-	-
6	Loans Secured by Commercial Real Estate	35,199	-	-	-	35,199
7	Employee/Retired Loans	-	-	-	-	-
8	Receivables to Micro, Small Business and Retail Portfolio	21,329	-	-	-	21,329
9	Receivables to Corporations	3,799,261	-	-	-	3,799,261
10	Past Due Receivables	-	-	-	-	-
	<b>Total TRA Exposure</b>	<b>3,855,926</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,855,926</b>
<b>C</b>	<b>Exposures due to Counterparty Credit Risk</b>					
1	Receivables to Government	111,955	-	-	-	111,955
2	Receivables to Public Sector Entities	-	-	-	-	-
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables to Bank	-	-	-	-	-
5	Receivables to Micro, Small Business and Retail Portfolio	-	-	-	-	-
6	Receivables to Corporations	-	-	-	-	-
	<b>Total Eksposur Counterparty Credit Risk</b>	<b>111,955</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>111,955</b>

## Asset Securitization

The Bank's objective in conducting securitization is to transform illiquid assets into liquid assets in the form of securities/marketable securities (referred to as Asset Backed Securities (ABS)). The Bank conducts KPR Asset Securitization for the purpose of, among others, mitigating maturity mismatch, as alternative sources of KPR financing, and increasing lending capacity.

The Bank's functions in securitization transactions are as follows: 1. Originator, 2. Servicer, 3. Investor.

In the securitization of receivables on KPR ("collective receivables"), the Bank has been selling the collective receivables to third parties (KPR securitization).

The Bank recognizes the securitization of housing loans (Asset-Backed Securities) as the sale on the KPR receivable because the Bank has transferred the risks and benefit of the ownership to the counter party. Therefore, the effective date of the Bank's securitization derecognizes the mortgage collective receivables including in the securitization.

The description regarding the calculation of RWA for Credit Risk by using the standard approach is as follows:

**Table: Asset Securitization, Rating, and Rating Agency**

(Rp million)

No	Year of Securitization	Securities Series	Amount of Securitization	Senior Class	Junior Class	Rating - Senior Class	Rating Agency
1	2018	SP BTN 04	2,000,000	1,824,000	176,000	idAAA	PT Pemeringkat Efek Indonesia
2	2017	SP BTN 03	1,000,000	913,000	87,000	idAAA	PT Pemeringkat Efek Indonesia
3	2016	SP BTN 02	1,000,000	913,000	87,000	idAAA	PT Pemeringkat Efek Indonesia
4	2015	SP BTN 01	200,000	181,600	18,400	idAAA	PT Pemeringkat Efek Indonesia
5	2014	KIK DBTN 05	1,500,000	1,371,000	129,000	idAAA	PT Pemeringkat Efek Indonesia
6	2013	KIK DBTN 04	1,000,000	928,000	72,000	idAAA	PT Pemeringkat Efek Indonesia
7	2012	KIK DBTN 03	1,000,000	925,000	75,000	idAAA	PT Pemeringkat Efek Indonesia
8	2011	KIK DBTN 02	703,450	645,000	58,450	idAAA	PT Pemeringkat Efek Indonesia
9	2010	KIK DBTN 01	750,000	688,500	61,500	idAAA	PT Pemeringkat Efek Indonesia
10	2009	KIK DSMF II	391,305	360,000	31,305	idAAA	PT Pemeringkat Efek Indonesia
11	2009	KIK DSMF I	111,111	100,000	11,111	AAA	PT Moody's Indonesia



Description of Securitization Transactions and Summary of securitization transaction activities - The Company acts as the original creditor described as follows:

**Table: Securitization Transactions per December 31<sup>st</sup> 2017**

(Rp million)

No	Eksposur Sekuritisasi	Value of Securitized Assets	Impaired Value of Securitized Assets		Profit/Loss from Securitization	RWA	Asset Deduction
			Past Due	Not Yet Due			
1	Bank acts as the Originator - Receivables secured by Residential Property	7,655,866	-	-	-	-	-
2	Bank acts as Supporting Credit Facility						
	a. First loss facility	-	-	-	-	-	-
	b. Second loss facility	-	-	-	-	-	-
3	Banks act as the Liquidity Facility Provider	-	-	-	-	-	-
4	Banks act as the Service Provider	7,655,866	-	-	-	-	-
5	Banks act as the Custodian Bank	-	-	-	-	-	-
6	Banks act as the Investor						
	a. Senior tranche						
	- Receivables secured by Residential Property	-	-	-	-	-	-
	b. Junior tranche						
	- Receivables secured by Residential Property	-	-	-	-	-	467.227

**Table: Securitization Transactions per December 31<sup>st</sup> 2018**

(Rp million)

No	Exposure of Securitization	Value of Securitized Assets	Impaired Value of Securitized Assets		Profit/Loss from Securitization	RWA	Asset Deduction
			Past Due	Not Yet Due			
1	Bank acts as the Originator - Receivables secured by Residential Property	9,655,866	-	-	-	-	-
2	Bank acts as Supporting Credit Facility						
	a. First loss facility	-	-	-	-	-	-
	b. Second loss facility	-	-	-	-	-	-
3	Banks act as the Liquidity Facility Provider	-	-	-	-	-	-
4	Banks act as the Service Provider	9,655,866	-	-	-	-	-
5	Banks act as the Custodian Bank	-	-	-	-	-	-
6	Banks act as the Investor						
	a. Senior tranche						
	- Receivables secured by Residential Property	-	-	-	-	-	-
	b. Junior tranche						
	- Receivables secured by Residential Property	-	-	-	-	-	595.415

**Table – Summary of Securitization Activities – The Company acts as an Initiator per December 31<sup>st</sup> 2017 and December 31<sup>st</sup> 2018**

(Rp million)

No	Underlying Asset	31 Desember 2017		31 Desember 2018	
		Value of Securitized Assets	Sales Profit (Loss)	Value of Securitized Assets	Sales Profit (Loss)
1	Receivables to Government	-	-	-	-
2	Receivables to Public Sector Entities	-	-	-	-
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-
4	Receivables to Bank	-	-	-	-
5	Loans Secured by Residential Property	-	-	-	-
6	Loans Secured by Commercial Real Estate	7,655,866	-	9,655,866	-
7	Employee/Retired Loans	-	-	-	-
8	Receivables to Micro, Small Business and Retail Portfolio	-	-	-	-
9	Receivables to Corporations	-	-	-	-
10	Other Assets	-	-	-	-
	Total	7,655,866	-	9,655,866	-

The description regarding the calculation of RWA for Credit Risk using the standard approach is as follows:

### 1. On-Balance Sheet Asset Exposure

**Table: On-Balance Sheet Asset Exposure**

(Rp million)

No	Portfolio Category	December 31, 2017			December 31, 2018		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
1	Receivables to Government	45,295,254	-	-	48,324,939	-	-
2	Receivables to Public Sector Entities	394,809	113,876	113,876	4,429,378	2,129,899	2,113,559
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables to Bank	2,040,562	430,081	430,080	2,326,516	491,366	491,366
5	Loans Secured by Residential Property	147,505,176	51,626,812	42,058,822	180,483,199	54,955,803	43,615,129
6	Loans Secured by Commercial Real Estate	24,631,423	24,631,423	24,631,423	25,190,990	25,190,990	25,190,990
7	Employee/Retired Loans	1,288,994	644,497	644,497	1,544,949	772,474	772,474
8	Receivables to Micro, Small Business and Retail Portfolio	6,894,513	5,170,885	4,594,154	5,065,144	3,798,858	3,465,024
9	Receivables to Corporations	15,984,441	15,984,441	15,017,869	18,077,932	18,077,932	15,739,950
10	Past Due Receivables	3,100,290	3,630,372	3,349,506	3,944,304	4,800,402	4,499,718
11	Other Assets	8,559,759	7,570,998	7,570,998	10,973,370	9,768,548	9,768,548
	Total	255,695,221	109,803,384	98,411,225	300,360,721	119,986,271	105,656,758



## 2. Off-Balance Sheet Asset Exposure

Table: Off-Balance Sheet Asset Exposure

(Rp million)

No	Portfolio Category	December 31, 2017			December 31, 2018		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
1	Receivables to Government	-	-	-	-	-	-
2	Receivables to Public Sector Entities	-	-	-	137	68	68
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables to Bank	-	-	-	-	-	-
5	Loans Secured by Residential Property	-	-	-	-	-	-
6	Loans Secured by Commercial Real Estate	60,799	60,799	60,799	35,199	35,199	35,199
7	Employee/Retired Loans	-	-	-	-	-	-
8	Receivables to Micro, Small Business and Retail Portfolio	7,080	5,310	5,310	21,329	15,997	15,997
9	Receivables to Corporations	3,016,768	3,016,768	3,016,768	3,799,261	3,799,261	3,799,261
10	Past Due Receivables	-	-	-	-	-	-
	Total	3,084,647	3,082,876	3,082,877	3,855,926	3,850,525	3,850,525

## 3. Exposures Causing Counterparty Credit Risk

Table: Exposures Causing Counterparty Credit Risk

(Rp million)

No	Portfolio Category	December 31, 2017			December 31, 2018		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
1	Receivables to Government	132,181	-	-	111,955	-	-
2	Receivables to Public Sector Entities	-	-	-	-	-	-
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables to Bank	-	-	-	-	-	-
5	Receivables to Micro, Small Business and Retail Portfolio	-	-	-	-	-	-
6	Receivables to Corporations	-	-	-	-	-	-
	Total	132,181	-	-	111,955	-	-

#### 4. Exposures causing Credit Risk due to Settlement Risk The Company has not been exposed to credit risk due to settlement risk as of 31 December 2018 and 2017

**Table: Exposures causing Credit Risk due to Settlement Risk**

(Rp million)

No	Portfolio Category	December 31, 2017			December 31, 2018		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
1	Delivery versus payment	-	-	-	-	-	-
	a. Capital Expenses (5-15 days)	-	-	-	-	-	-
	b. Capital Expenses (16-30 days)	-	-	-	-	-	-
	c. Capital Expenses (31-45 days)	-	-	-	-	-	-
	d. Capital Expenses (more than 45 days)	-	-	-	-	-	-
2	Non-Delivery versus payment	-	-	-	-	-	-
	Total	-	-	-	-	-	-

#### 5. Securitization Exposure

**Table: Securitization Exposure**

(Rp million)

No	Type of Transaction	December 31, 2017		December 31, 2018	
		Reducing Capital Factors	RWA	Reducing Capital Factors	RWA
1	Eligible Supporting Loan Facility	-	-	-	-
2	Ineligible Supporting Loan Facility	-	-	-	-
3	Eligible Supporting Liquidity Facility	-	-	-	-
4	Ineligible Supporting Liquidity Facility	-	-	-	-
5	Eligible Purchase of Assets Collateralized Securities	-	-	-	-
6	Ineligible Purchase of Assets Collateralized Securities	-	-	-	-
7	Exposure to Securitizations not Included in Bank Indonesia Regulation on the Principle of Prudence in Securitization Activities for Commercial Banks	-	-	-	-
	Total	-	-	-	-

#### 6. Total Credit Risk Measurement

**Table: Credit Risk Measurement**

(Rp million)

No	Description	December 31, 2017	December 31, 2018
1.	Total RWA Credit Risk	109,507,283	101,494,102
2.	Total Capital Deduction Factor	595,415	467,227



## MARKET RISK

Market risk is the risk on statement of financial position and administrative accounts, due to changes in overall market conditions. In measuring market risk, the Company uses the Standardized Method in calculating CAR for market risk. Exchange rate risk arises from fluctuations in exchange rates maintained by keeping the net open position in accordance with Bank Indonesia regulations. External shocks are also being considered by stress testing, which is done to measure the extent to which the Bank can survive some scenario changes in external conditions, particularly changes in market interest rates.

All the foreign exchange transactions conducted by the Company are spot transactions. At present, the Company has no derivative foreign currency transaction. The Company uses standard methods to calculate CAR as stipulated in OJK Circular Letter No. 38/SEOJK.03/2016 dated 8 September 2016 on the Guidelines for Using a Standardized Method for Calculating the Minimum Capital Adequacy Requirement for Commercial Banks by Considering Market Risks. A description of the Market Risk using standard method is as follows:

**Table: Market Risk using Standardized Method**

(Rp million)

No	Risk Type	December 31, 2017		December 31, 2018	
		Bank		Bank	
		Capital Expenses	RWA	Capital Expenses	RWA
1	Interest Rate Risk	32,618	407,726	33,503	418,790
	a. Specific Risk	-	-	-	-
	b. General Risk	32,618	407,726	33,503	418,790
2	Exchange Rate Risk	20,529	256,614	47,077	588,459
3	Equity Risk	-	-	-	-
4	Commodity Risk	-	-	-	-
5	Option Risk	-	-	-	-
	Total	53,147	664,340	80,580	1,007,249

### Eksposur Interest Rate Risk in the Banking Book (IRRBB) (%)

Description	31 Desember 2017	31 Desember 2018
NII Sensitivity, NII 12 12 Bulan (25bps)	0.65	0.48



## RISK MANAGEMENT

### LIQUIDITY RISK

Liquidity risk is the risk arising from the inability of the Bank to meet the maturing obligations from cash flow funding sources and/or from high-quality liquid assets that can be pledged, without disturbing the activities and financial condition of the Bank. The inability to obtain funding for cash flows resulting to liquidity risk can be contributed, among others, by:

1. Inability to generate cash flows from productive assets as well as from the sale of assets, including liquid assets; and/or
2. inability to generate cash flows from funding, interbank transactions and fund borrowings.

### OPERATIONAL RISK

Operational risk is a risk arising from the inadequacy and/or failure of internal processes, human error, system failure, and/or the presence of external events that can affect the operations of the Bank. Operational risk arising should be anticipated. Provision of capital held by bank is calculated based on minimum Capital Adequacy Ratio (CAR) which is one of anticipatory measures in order for the operational risk exposure not to interfere Bank's capital structure. In order to calculate the minimum Capital Adequacy Ratio (CAR) for operational risk, the Bank applies the Basic Indicator Approach, in accordance with Bank Indonesia Circular Letter No. 11/3/DPNP dated January 27, 2009 regarding the calculation of Risk Weighted Assets (RWA) for Operational Risk Calculated using Basic Indicator Approach (PID).

The Company measures Operational Risk using the Basic Indicator Approach in accordance with OJK Circular Letter No.24/SEOJK.03/2016 dated 14 July 2016 on the Calculation of Risk-Weighted Assets for Operational Risk by using the Basic Indicator Approach.

A description of the Operational Risk is provided below:

**Table: Operational Risk**

(Rp million)

No	Approach	31 December 2017			31 December 2018		
		Gross Revenue (Average for the Last 3 Years)	Capital Expenses	RWA	Gross Revenue (Average for the Last 3 Years)	Capital Expenses	RWA
1	Approach	7,964,706	1,194,706	14,933,824	11,180,456	1,677,068	20,963,355



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SELAMAT DATANG DI BTN SMART BRANCH HARMONI

PAKSI UANG	USA	SGP	IND	INA	GBR	TUR
USD	14.310	10.070	16.001	100.00	100.00	100.00
SGD	24.560	10.000	16.000	100.00	100.00	100.00

## RISK MANAGEMENT

A description of Maturity Profile in Rupiah and Foreign Currency is elaborated as follows:

**Table: Rupiah Maturity Profile per December 31<sup>st</sup> 2017**

No	Accounts	December 31, 2017				
		Balance	Past Due			
			≤ 1 Month	> 1 Month - 3 Months	> 3 Months - 6 Months	> 6 Months - 12 Months
<b>I</b>	<b>Balance Sheet</b>					
	<b>A. Assets</b>					
	1. Cash	1,022,212	1,022,212	-	-	-
	2. Placement to Bank Indonesia	37,200,523	37,200,523	-	-	-
	3. Interbank Placement	865,498	865,498	-	-	-
	4. Securities	14,619,701	11,399,094	559	35,594	870,195
	5. Loans granted	198,990,581	4,099,939	1,523,607	3,815,228	5,710,801
	6. Other receivables	8,351	8,351	-	-	-
	7. Others	7,632,120	7,632,120	-	-	-
	<b>Total Asset</b>	<b>260,338,986</b>	<b>62,227,737</b>	<b>1,524,166</b>	<b>3,850,822</b>	<b>6,580,996</b>
	<b>B. Liabilities</b>					
	1. Third Party Funds	192,583,585	154,058,217	20,110,272	3,118,493	14,315,661
	2. Liabilities to Bank Indonesia	-	-	-	-	-
	3. Interbank Liabilities	7,993,870	5,445,431	513,492	370,855	1,607,040
	4. Issues Securities	17,932,020	-	-	899,157	-
	5. Loans Received	10,990,372	-	1,299,911	3,998,083	1,693,127
	6. Other Liabilities	1,393,081	5,277	863	1,941	450,000
	7. Others	8,417,661	8,417,661	-	-	-
	<b>Total Liabilities</b>	<b>239,310,589</b>	<b>167,926,586</b>	<b>21,924,538</b>	<b>8,388,529</b>	<b>18,065,828</b>
	Difference between Balance Sheet Asset and Liabilities	21,028,397	(105,698,849)	(20,400,372)	(4,537,707)	(11,484,832)
<b>II</b>	<b>Off-Balance Sheet</b>					
	<b>A. Off-Balance Sheet Receivables</b>					
	1. Commitment	-	-	-	-	-
	2. Contingency	8,419,466	8,419,466	-	-	-
	<b>Total Off-Balance Sheet Receivables</b>	<b>8,419,466</b>	<b>8,419,466</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>B. Off-Balance Sheet Liabilities</b>					
	1. Commitment	18,753,171	18,753,171	-	-	-
	2. Contingency	2,930,233	2,930,233	-	-	-
	<b>Total Off-Balance Sheet Liabilities</b>	<b>21,683,404</b>	<b>21,683,404</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Difference between Off-Balance Sheet Assets and Liabilities	(13,263,938)	(13,263,938)	-	-	-
	Difference [(IA-IB)+(IIA-IIIB)]	7,764,459	(118,962,787)	(20,400,372)	(4,537,707)	(11,484,832)
	Cummulative Difference	7,764,459	(118,962,787)	(20,400,372)	(4,537,707)	(11,484,832)



(Rp million)

No	Accounts	December 31, 2018					
		Balance	Past Due				
			≤ 1 Month	> 1 Month - 3 Months	> 3 Months - 6 Months	> 6 Months - 12 Months	> 12 Months
<b>I Balance Sheet</b>							
<b>A. Assets</b>							
1.	Cash	1,240,510	1,240,510	-	-	-	-
2.	Placement to Bank Indonesia	38,951,379	38,851,379	25,000	-	-	75,000
3.	Interbank Placement	258,234	258,234	-	-	-	-
4.	Securities	12,402,226	9,218,508	559	35,594	856,962	2,290,603
5.	Loans granted	237,757,674	5,969,746	2,246,973	3,142,422	6,521,652	219,876,881
6.	Other receivables	528,418	270	362,388	165,760	-	-
7.	Others	10,716,645	10,716,645	-	-	-	-
	<b>Total Asset</b>	<b>301,855,086</b>	<b>66,255,292</b>	<b>2,634,920</b>	<b>3,343,776</b>	<b>7,378,614</b>	<b>222,242,484</b>
<b>B. Liabilities</b>							
1.	Third Party Funds	226,861,029	175,382,370	35,325,012	5,087,263	1,412,801	9,653,583
2.	Liabilities to Bank Indonesia	-	-	-	-	-	-
3.	Interbank Liabilities	3,514,194	3,514,194	-	-	-	-
4.	Issues Securities	20,140,377	-	2,221,227	4,227,380	13,691,770	-
5.	Loans Received	18,499,012	-	-	7,799,922	3,312,372	7,386,718
6.	Other Liabilities	1,463,148	-	-	528,148	-	935,000
7.	Others	9,087,156	9,087,156	-	-	-	-
	<b>Total Liabilities</b>	<b>279,564,916</b>	<b>187,983,720</b>	<b>37,546,239</b>	<b>17,642,713</b>	<b>18,416,943</b>	<b>17,975,301</b>
	Difference between Balance Sheet Asset and Liabilities	22,290,170	(121,728,428)	(34,911,319)	(14,298,937)	(11,038,329)	204,267,183
<b>II Off-Balance Sheet</b>							
<b>A. Off-Balance Sheet Receivables</b>							
1.	Commitment	57,687	57,687	-	-	-	-
2.	Contingency	10,108,195	10,108,195	-	-	-	-
	<b>Total Off-Balance Sheet Receivables</b>	<b>10,165,882</b>	<b>10,165,882</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>B. Off-Balance Sheet Liabilities</b>							
1.	Commitment	21,908,920	21,908,920	-	-	-	-
2.	Contingency	3,712,682	3,712,682	-	-	-	-
	<b>Total Off-Balance Sheet Liabilities</b>	<b>25,621,602</b>	<b>25,621,602</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Difference between Off-Balance Sheet Assets and Liabilities	(15,455,720)	(15,455,720)	-	-	-	-
	Difference [(IA-IB)+(IIA-IIB)]	6,834,450	(137,184,148)	(34,911,319)	(14,298,937)	(11,038,329)	204,267,183
	Cummulative Difference	6,834,450	(137,184,148)	(34,911,319)	(14,298,937)	(11,038,329)	204,267,183

Table: Rupiah Maturity Profile per December 31st 2018

No	Accounts	December 31, 2017				
		Balance	Past Due			
			≤ 1 Month	> 1 Month - 3 Months	> 3 Months - 6 Months	> 6 Months - 12 Months
I	Balance Sheet					
	<b>A. Assets</b>					
	1. Cash	5,342	5,342	-	-	-
	2. Placement to Bank Indonesia	45,248	45,248	-	-	-
	3. Interbank Placement	351,604	351,604	-	-	-
	4. Securities	632,438	481,211	-	27,674	123,553
	5. Loans granted	-	-	-	-	-
	6. Other receivables	-	-	-	-	-
	7. Others	-	-	-	-	-
	<b>Total Asset</b>	<b>1,034,632</b>	<b>883,405</b>	<b>-</b>	<b>27,674</b>	<b>123,553</b>
	<b>B. Liabilities</b>					
	1. Third Party Funds	391,244	378,631	12,497	-	116
	2. Liabilities to Bank Indonesia	-	-	-	-	-
	3. Interbank Liabilities	-	-	-	-	-
	4. Issues Securities	-	-	-	-	-
	5. Loans Received	-	-	-	-	-
	6. Other Liabilities	-	-	-	-	-
	7. Others	-	-	-	-	-
	<b>Total Liabilities</b>	<b>391,244</b>	<b>378,631</b>	<b>12,497</b>	<b>-</b>	<b>116</b>
	<b>Difference between Balance Sheet Asset and Liabilities</b>	<b>643,388</b>	<b>504,774</b>	<b>(12,497)</b>	<b>-</b>	<b>27,558</b>
II	Off-Balance Sheet					
	<b>A. Off-Balance Sheet Receivables</b>					
	1. Commitment	-	-	-	-	-
	2. Contingency	79,735	79,735	-	-	-
	Total Off-Balance Sheet Receivables	79,735	79,735	-	-	-
	<b>B. Off-Balance Sheet Liabilities</b>					
	1. Commitment	-	-	-	-	-
	2. Contingency	70,955	70,955	-	-	-
	Total Off-Balance Sheet Liabilities	70,955	70,955	-	-	-
	<b>Difference between Off-Balance Sheet Assets and Liabilities</b>	<b>8,780</b>	<b>8,780</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Difference [(IA-IB)+(IIA-IIB)]</b>	<b>652,168</b>	<b>513,554</b>	<b>(12,497)</b>	<b>-</b>	<b>27,558</b>
	<b>Cummulative Difference</b>	<b>652,168</b>	<b>513,554</b>	<b>(12,497)</b>	<b>-</b>	<b>27,558</b>



(Rp million)

No	Accounts	December 31, 2018				
		Balance	Past Due			
			≤ 1 Month	> 1 Month - 3 Months	> 3 Months - 6 Months	> 6 Months - 12 Months
<b>I Balance Sheet</b>						
<b>A. Assets</b>						
1.	Cash	3,105	3,105	-	-	-
2.	Placement to Bank Indonesia	2,927,599	2,927,599	-	-	-
3.	Interbank Placement	1,478,034	1,478,034	-	-	-
4.	Securities	700,788	549,561	-	27,674	123,553
5.	Loans granted	-	-	-	-	-
6.	Other receivables	-	-	-	-	-
7.	Others	-	-	-	-	-
	<b>Total Asset</b>	<b>5,109,526</b>	<b>4,958,299</b>	<b>-</b>	<b>27,674</b>	<b>123,553</b>
<b>B. Liabilities</b>						
1.	Third Party Funds	3,030,830	2,643,307	375,896	-	11,627
2.	Liabilities to Bank Indonesia	-	-	-	-	-
3.	Interbank Liabilities	-	-	-	-	-
4.	Issues Securities	-	-	-	-	-
5.	Loans Received	-	-	-	-	-
6.	Other Liabilities	-	-	-	-	-
7.	Others	-	-	-	-	-
	<b>Total Liabilities</b>	<b>3,030,830</b>	<b>2,643,307</b>	<b>375,896</b>	<b>-</b>	<b>11,627</b>
	<b>Difference between Balance Sheet Asset and Liabilities</b>	<b>2,078,696</b>	<b>2,314,992</b>	<b>(375,896)</b>	<b>-</b>	<b>16,047</b>
<b>II Off-Balance Sheet</b>						
<b>A. Off-Balance Sheet Receivables</b>						
1.	Commitment	-	-	-	-	-
2.	Contingency	130,569	130,569	-	-	-
	<b>Total Off-Balance Sheet Receivables</b>	<b>130,569</b>	<b>130,569</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>B. Off-Balance Sheet Liabilities</b>						
1.	Commitment	-	-	-	-	-
2.	Contingency	81,283	81,283	-	-	-
	<b>Total Off-Balance Sheet Liabilities</b>	<b>81,283</b>	<b>81,283</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Difference between Off-Balance Sheet Assets and Liabilities</b>	<b>49,286</b>	<b>49,286</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Difference [(IA-IB)+(IIA-IIB)]</b>	<b>2,127,982</b>	<b>2,364,278</b>	<b>(375,896)</b>	<b>-</b>	<b>16,047</b>
	<b>Cummulative Difference</b>	<b>2,127,982</b>	<b>2,364,278</b>	<b>(375,896)</b>	<b>-</b>	<b>16,047</b>

**Tabel Liquidity Coverage Ratio (LCR)**

	LCR value (%)			
	Quarter I	Quarter II	Quarter III	Quarter IV
<b>2017</b>				
Bank (Individual)	156.20%	154.52%	150.79%	144.95%
<b>2018</b>				
Bank (Individual)	166.29%	153.20%	121.65%	108.99%

## LEGAL RISK

Legal risks are jointly measured by the Risk Management Division (RMD) and the Legal Division based on the analysis and evaluation report on individual legal cases against the contingency liability arising from the lawsuits. Legal Risks are monitored by the Risk Management Division by evaluating the effectiveness of policies, procedures, and compliance with policies, regulations and bank limits. Monitoring is routinely carried out for Legal Risk positions. The provides legal input and recommendation for all divisions and units and conducts a periodical review on the agreements and partnership contracts with counterparties to control Legal Risks.

## STRATEGIC RISK

Strategic risk is the risk arising from the inaccuracies in the decision making and/or the execution of a strategic decision and failure to anticipate changes in the business environment. Strategic Risk identification is based on the strategic risk factors on specific functional activities, such as lending, treasury and investment activities, as well as operations and services through a business plan prepared by the Strategy and Performance Management Division (SPMD) as elaborated in the General Policy of the BOD.

Strategic risk and parameter measurement are based on the Company's performance by comparing actual results with targets that have been set. Strategic risk monitoring is carried out by SPMD periodically to monitor the achievement of Key Performance Indicator and risk exposure compared to the Bank's risk appetite.

## COMPLIANCE RISK

Compliance risk is the risk arising from the Company's inability to comply and/or carry out laws and regulations. In identifying compliance risks, Compliance Division (CMPD) conducts a review regarding compliance risk associated with exposure to external provision inherent in internal regulations. In addition, CMPD analyzes the events that led to the emergence of risk, which are reported to and reviewed by RMD and RMC.

In order to minimize the Compliance Risk, Legal Division (LGD) has provided a special access called Internal Access Management Standards (AIMS) for easy access to the internal regulations of the Bank for the entire business units. In addition, CMPD monitors the events that contributed to compliance risk and reports these matters to RMD.

## REPUTATIONAL RISK

Reputation Risk is a risk due to a decrease in the level of trust of stakeholders (stakeholders) originating from negative perceptions of the Bank. Reputation Risk can be sourced from the following various Bank activities:

- 1) Events that have harmed the Bank, such as negative reporting in the mass media, violating business ethics and debt complaints; or
- 2) Other things that can cause Reputation Risk, for example weaknesses in governance, corporate culture, and business practices of the Bank.