

Response to Changes in the Direction of the Monetary Policy

The response made by Company to BI's monetary policy which lowered BI's benchmark interest rate and taking into account liquidity conditions in the market that was getting looser included the pricing policy for fund and credit interest rates as follows:

1. Decrease in the maximum deposit interest rate throughout 2020
 - a. The counter rate deposit interest rate fell by ± 150 bps
 - b. The special rate deposit interest rate fell by ± 225 bps.
2. Reduction of promo and credit counter interest rates throughout 2020
 - a. KPR/KPA decreased by ± 70 -120 bps
 - b. BUMN Commercial Credit
 - Investment credit : decreased by ± 49 bps
 - Contractor KMK : decreased by ± 74 bps
 - Yasa Griya Loans (KYG) : decreased by ± 65 bps
 - c. KUMK Credit
 - KMK BUMN bowheer partnership : decreased by ± 75 bps
 - KMK for Non BUMN Bowheer Partnership: decreased by ± 25 bps
3. Decrease in the Prime Lending Rate (SBDK) throughout 2020
 - a. Corporate loans decreased by ± 110 bps
 - b. Retail Loans decreased by ± 135 bps
 - c. KPR Consumption Credit decreased by ± 80 bps
 - d. Non-KPR Consumer Credit decreased by ± 25 bps

Prohibitions, Limitations and/or Significant Obstacles for Provisioning Fund Among the Bank and Other Entities in a Business Group

As a form of implementation in implementing the principles of Good Corporate Governance as stipulated in the provisions of the Financial Services Authority, The Company had a Standard Operating Procedure (SOP) related to the Legal Lending Limit and Provision of Funds to Related Parties, Provision of Large Funds and Provision of Funds to Other Parties and Circular of the Board of Directors Number 55/SE/DIR/CMLD/2019 dated October 24, 2019 regarding Guidelines Preparation of a Report on the Legal Lending Limit and Large Fund Provision for Commercial Banks.

In Provision of Funds to Borrowers and Borrower Groups, Related Parties and other than Related Parties and to other parties who had an interest in the Bank, Companys were required to apply prudential principles and manage risks arising as a result of Provision of Funds, hence the Company had to owned the capacity in managing the portfolio concentration of Provision of Funds to Borrowers and Borrower Groups.

In addition to the well-known forms of Provision of Funds, with regard to the recent rapid development of banking with the emergence of innovative Provision of Funds products, the Company had to develop measurement techniques for several forms of concentration risk arising from Provision of Funds. This was particularly true in the form of indirect Provision of Funds linked to claims reinforced by guarantees or collateral in various forms.

The Company was required to apply the principles of prudence and risk management in providing Provision of Funds, including Provision of Funds to Related Parties, Provision of Large Funds and Provision of Funds to other parties having an interest in the Bank. This was intended so that implementation was carried out fairly (arm's length basis) in accordance with the Company's capital capacity, and not concentrated significantly on the Borrower or certain groups. Other parties who had an interest in the Company were, among others, Company officials or employees and their families.