ATTACHMENT III.2.9.a

Matrix of Rating Determination of Inherent Risk for Reputation Risk

Rating	Definition of Rating
Low (1)	By taking into consideration business activities conducted by Bank, the possibility of losses that face the Bank from Reputation Risk is considered to be **very low** during certain period of time in the future. **Sample characteristics of banks included in this rating are among others**: • In general, there is no negative reputation influence from Bank's owner and related companies. On the other hand, Bank's owner and related companies are expected to give extremely positive influence on Bank's reputation. • Violations or potential violations against business ethics are extremely minimal. Bank has a reputation of a company that extremely upholds business ethics. • Bank's products are not complex and very easy to be understood by customers. • Number of business cooperation with business partners is very minimal. • Frequency of negative news on Bank is very minimal, negative news is extremely immaterial, and the scope of the news is limited. • Frequency of submissions of customers' complaints is very minimal and extremely immaterial.
Low to Moderate (2)	By taking into consideration business activities conducted by Bank, the possibility of losses that face the Bank from Reputation Risk is considered to be **low** during certain period of time in the future. **Sample characteristics of banks included in this rating are among others**: • There is negative reputation influence from Bank's owner and related companies but the scale of the influence is not significant and can be well mitigated. • Violations or potential violations against business ethics are minimal.

	Bank has a reputation of a company that upholds business ethics. • Bank's products are simple and therefore relatively do not require special understanding on the part of the customers. • Number of business cooperation with business partners is minimal. • Frequency of negative news on Bank is minimal, negative news is immaterial, and the scope of the news is relatively not significant compared to the scale of the Bank. • Frequency of submissions of complaints is minimal and immaterial.
Moderate (3)	By taking into consideration business activities conducted by Bank, the possibility of losses that face the Bank from Reputation Risk is considered to be **sufficiently high** during certain period of time in the future. **Sample characteristics of banks included in this rating are among others**: • There is negative reputation influence from Bank's owner and related companies. Although the scale of the influence is relatively large, it can still be controlled. • There have been violations or potential violations against business ethics with sufficiently significant scale of influence and require management's attention. • Bank's products are sufficiently complex and therefore to a certain degree require special understanding on the part of the customers. • Number of business cooperation with business partners is sufficiently numerous. • Frequency of negative news on Bank is sufficiently high, negative news is sufficiently material, and the scope of the news is sufficiently extensive compared to the scale of the Bank. • Frequency of submissions of complaints is sufficiently high and sufficiently material.
Moderate to High (4)	By taking into consideration business activities conducted by Bank, the possibility of losses that face the Bank from Reputation Risk is considered to be **high** during certain period of time in the future. **Sample characteristics of banks included in this rating are among others**:

	• There is negative reputation influence from Bank's owner and related companies. The scale of the influence is material and it requires special attention from the management. • There have been violations or potential violations against business ethics with material scale of influence and require special attention from the management. • Bank's products are complex and therefore require special understanding on the part of the customers. • Number of business cooperation with business partners is material. • Frequency of negative news on Bank is high, negative news is material, and the scope of the news is extensive compared to the scale of the Bank. • Frequency of submissions of complaints is high and material.
High (5)	By taking into consideration business activities conducted by Bank, the possibility of losses that face the Bank from Reputation Risk is considered to be **extremely high** during certain period of time in the future. **Sample characteristics of banks included in this rating are among others**: • There is negative reputation influence from Bank's owner and related companies. The scale of the influence is extremely material and it requires immediate follow up by the management. • There have been violations or potential violations against business ethics with extremely material scale of influence and require attention from the management. • Bank's products are extremely complex and therefore very much require special understanding on the part of the customers. • Number of business cooperation with business partners is material. • Frequency of negative news on Bank is extremely high, negative news is extremely material, and the scope of the news is extremely extensive compared to the scale of the Bank. • Frequency of submissions of complaints is extremely high and extremely material.

ATTACHMENT III.2.9.b

Matrix of Rating Determination of Risk Management Quality for Reputation Risk

Rating	Definition of Rating
Strong (1)	Reputation Risk management quality is **extremely adequate**. Although there are minor weaknesses, these weaknesses are not significant and therefore can be ignored. **Sample characteristics of banks included in this rating are among others**: • Board of Commissioners and Board of Directors have extremely good awareness and understanding of Reputation Risk management. • Formulation of Risk appetite and Risk tolerance is extremely adequate and is already in line with Bank's overall strategic targets and business strategy. • Reputation Risk management culture is extremely strong and has been very well internalized at all organizational levels. • Overall implementation of the tasks of Board of Commissioners and Board of Directors is extremely adequate. • Independent Reputation Risk management function has clear tasks and responsibilities and has been operating extremely well. • Delegations of authorities are controlled and periodically monitored and have been operating extremely well. • Reputation Risk strategy is very much in line with Risk appetite and Operational Risk tolerance. • Policies and procedures of Reputation Risk Management are extremely adequate and available for all areas of Reputation Risk management, in line with the implementation, and well understood by the employees. • The process of Reputation Risk management is extremely adequate in terms of the identification, measuring, monitoring, and control of Reputation Risk. • Reputation Risk Management Information System is extremely good that it produces comprehensive and integrated Reputation Risk reports for Board of Commissioners and Board of Directors.

	• In general, human resources at the Reputation Risk management function are extremely adequate in terms of quantity as well as competency. • Internal control system is extremely effective in supporting the implementation of Risk management. • Implementations of independent reviews by internal audit working unit and by the function that undertakes independent reviews are extremely adequate in terms of methodology, frequency, as well as reporting to Board of Commissioners and Board of Directors. • In general, there are no significant weaknesses based on results of independent reviews. • Follow ups on independent reviews have been executed in extremely adequate manner.
Satisfactory (2)	Reputation Risk management quality is **adequate**. Although there are a number of minor weaknesses, these weaknesses can be resolved in normal business activities. **Sample characteristics of banks included in this rating are among others**: • Board of Commissioners and Board of Directors have good awareness and understanding of Reputation Risk management. • Formulation of Risk appetite and Risk tolerance is adequate and is already in line with Bank's overall strategic targets and business strategy. • Reputation Risk management culture is strong and has been well internalized at all organizational levels. • In general, implementation of the tasks of Board of Commissioners and Board of Directors is adequate. There are a number of weaknesses but these weaknesses are not significant and can be immediately improved. • Reputation Risk management function has clear tasks and responsibilities and has been operating well. There are a number of minor weaknesses, but these weaknesses can be resolved in normal business activities.

	• Delegations of authorities are controlled and periodically monitored and have been operating well. • Reputation Risk strategy is in line with Risk appetite and Operational Risk tolerance. • Policies and procedures of Reputation Risk Management are adequate and available for all areas of Reputation Risk management, in line with the implementation, and well understood by the employees despite minor weaknesses. • The process of Reputation Risk management is adequate in terms of the identification, measuring, monitoring, and control of Reputation Risk. • Reputation Risk Management Information System is good that it produces comprehensive and integrated Reputation Risk reports for Board of Commissioners and Board of Directors. There are minor weaknesses but these weaknesses can be improved easily. • Human resources at the Reputation Risk management function are adequate in terms of quantity as well as competency. • Internal control system is effective in supporting the implementation of Reputation Risk management. • Implementations of independent reviews by internal audit working unit and by the function that undertakes independent reviews are adequate in terms of methodology, frequency, as well as reporting to Board of Commissioners and Board of Directors. • There are weaknesses but these are not significant based on results of independent reviews. • Follow ups on independent reviews have been adequately executed.
Fair (3)	Reputation Risk management quality is **sufficiently adequate**. Although minimum requirements are fulfilled, there are a number of weaknesses that require management's attention. **Sample characteristics of banks included in this rating are among others**: • Board of Commissioners and Board of Directors have sufficiently good awareness and understanding of Reputation Risk management.

	• Formulation of Risk appetite and Risk tolerance is sufficiently adequate but is not always in line with Bank's overall strategic targets and business strategy. • Reputation Risk management culture is sufficiently strong and has been sufficiently well internalized although has not always been implemented consistently. • In general, implementation of the tasks of Board of Commissioners and Board of Directors is sufficiently adequate. There are weaknesses in several aspects of assessment that require management's attention. • Reputation Risk management function is sufficiently good but there are a number of weaknesses that require management's attention. • Delegations of authorities have been operating sufficiently well but not well controlled and monitored. • Reputation Risk strategy is sufficiently in line with Risk appetite and Operational Risk tolerance. • Policies and procedures of Reputation Risk management are sufficiently adequate but have not always been consistent with the implementation. • The process of Reputation Risk management is sufficiently adequate in terms of the identification, measuring, monitoring, and control of Reputation Risk. • Reputation Risk Management Information System meets minimum expectation but there are a number of weaknesses including the reporting to Board of Commissioners and Board of Directors that require management's attention. • In general, human resources at the Reputation Risk management function are sufficiently adequate in terms of quantity as well as competency. • Internal control system is sufficiently effective in supporting the implementation of Risk management. • Implementations of independent reviews by internal audit working unit and by the function that undertakes independent reviews are sufficiently adequate. There are a number of weaknesses in terms of

	methodology, frequency, as well as reporting to Board of Commissioners and Board of Directors that require management's attention. • There are weaknesses that are sufficiently significant based on results of independent reviews that require management's attention. • Follow ups on independent reviews have been executed in sufficiently adequate manner.
Marginal (4)	Reputation Risk management quality is **less adequate**. There are significant weaknesses on various aspects of Reputation Risk management that require immediate improvements. **Sample characteristics of banks included in this rating are among others**: • Board of Commissioners and Board of Directors have significant weaknesses in awareness and understanding of Reputation Risk management. • Formulation of Risk appetite and Risk tolerance is less adequate and is not in line with Bank's overall strategic targets and business strategy. • Reputation Risk management culture is not so strong and has not been well internalized at all organizational levels. • In general, implementation of the tasks of Board of Commissioners and Board of Directors is less adequate. There are a number of weaknesses in various aspects of assessment that require immediate improvements. • Reputation Risk management function has significant weaknesses that require immediate improvements. • Delegations of authorities have been weak and have not been well controlled and monitored. • Reputation Risk strategy is less in line with Risk appetite and Operational Risk tolerance. • There are significant weaknesses in Reputation Risk policies, procedures, and limits. • The process of Reputation Risk management is less adequate in terms of the identification, measuring, monitoring, and control of Reputation

	Risk. • Reputation Risk Management Information System has significant weaknesses including the reporting to Board of Commissioners and Board of Directors that require immediate improvements. • Human resources at the Reputation Risk management function are less adequate in terms of quantity as well as competency. • Internal control system is less effective in supporting the implementation of Reputation Risk management. • Implementations of independent reviews by internal audit working unit and by the function that undertakes independent reviews are less adequate. There are weaknesses in terms of methodology, frequency, as well as reporting to Board of Commissioners and Board of Directors that require immediate improvements. • There are significant weaknesses based on results of independent reviews that require immediate improvements. • Follow ups on independent reviews have been executed less adequately.
Unsatisfactory (5)	Reputation Risk management quality is **inadequate**. There are significant weaknesses on various aspects of Reputation Risk management which resolution actions are beyond management's capability. **Sample characteristics of banks included in this rating are among others**: • Board of Commissioners and Board of Directors have significant weaknesses in awareness and understanding of Reputation Risk management. • Formulation of Risk appetite and Risk tolerance is inadequate and is not in line with Bank's overall strategic targets and business strategy. • Reputation Risk management culture is not strong or non-existence. • Reputation Risk management function has significant weaknesses that require fundamental improvements. • Delegations of authorities are extremely weak or non-existence. • Reputation Risk strategy is not in line with Risk appetite and Operational Risk tolerance.

	• The process of Reputation Risk management is inadequate in terms of the identification, measuring, monitoring, and control of Reputation Risk. • Reputation Risk Management Information System has fundamental weaknesses. Reporting of Reputation Risk to Board Commissioners and Board of Directors is extremely inadequate. • Human resources at the Reputation Risk management function are inadequate in terms of quantity as well as competency. • Internal control system is ineffective in supporting the implementation of Reputation Risk management. • Implementations of independent reviews by internal audit working unit and by the function that undertakes independent reviews are inadequate. There are weaknesses in terms of methodology, frequency, as well as reporting to Board of Commissioners and Board of Directors that require fundamental improvements. • There are extremely significant weaknesses based on results of independent reviews which resolution actions are beyond management's capability. • Follow ups on independent reviews have been executed inadequately or not exist.

ATTACHMENT III.2.10.a

Matrix of Rating Determination of Inherent Risk for Rate of Return Risk

Rating	Definition of Rating
Low (1)	By taking into consideration business activities conducted by Bank, the possibility of losses that face the Bank from Rate of Return Risk is considered to be **very low** during certain period of time in the future. **Sample characteristics of banks included in this rating are among others**: • Management of fund sources on investors with high rate of return risk has been extremely well performed. • Fund placement portfolios are dominated by exposure that has high rate of return and has risk that has been extremely well mitigated. • Fund placement exposure has been diversified in extremely significant manner to contracts that have certain and fixed rates of return. • Fund placement has extremely good quality. • Bank's fund placement strategy or business model is considered stable. • Fund placement portfolios are relatively not influenced by changes in external factor.
Low to Moderate (2)	By taking into consideration business activities conducted by Bank, the possibility of losses that face the Bank from Rate of Return Risk is considered to be **low** during certain period of time in the future. **Sample characteristics of banks included in this rating are among others**: • Management of fund sources on investors with high rate of return risk has been well performed. • Fund placement portfolios are dominated by exposure that has relatively high rate of return and has risk that has been well mitigated. • Fund placement exposure has been diversified in relatively significant manner to contracts that have certain and fixed rates of return. • Fund placement has good quality. • Bank's fund placement strategy or business model is considered relatively stable.

	• Fund placement portfolios are relatively less influenced by changes in external factor.
Moderate (3)	By taking into consideration business activities conducted by Bank, the possibility of losses that face the Bank from Rate of Return Risk is considered to be **sufficiently high** during certain period of time in the future. **Sample characteristics of banks included in this rating are among others**: • Management of fund sources on investors with high rate of return risk has been relatively well performed. • Fund placement portfolios are dominated by exposure that has sufficiently high rate of return and has risk that has been sufficiently well mitigated. • Fund placement exposure has been diversified in sufficiently significant manner to contracts that have certain and fixed rates of return. • Fund placement has relatively good quality. • Bank's fund placement strategy or business model is considered sufficiently stable. • Fund placement portfolios are sufficiently influenced by changes in external factor.
Moderate to High (4)	By taking into consideration business activities conducted by Bank, the possibility of losses that face the Bank from Rate of Return Risk is considered to be **high** during certain period of time in the future. **Sample characteristics of banks included in this rating are among others**: • Management of fund sources on investors with high rate of return risk has been less well performed. • Fund placement portfolios are dominated by exposure that has relatively low rate of return and has risk that has been less well mitigated. • Fund placement exposure has been diversified in sufficiently significant manner to contracts that have certain and fixed rates of

	return. • Fund placement has relatively not so good quality. • There have been significant changes in Bank's fund placement strategy or business model. • Fund placement portfolios are influenced by changes in external factor.
High (5)	By taking into consideration business activities conducted by Bank, the possibility of losses that face the Bank from Rate of Return Risk is considered to be **extremely high** during certain period of time in the future. **Sample characteristics of banks included in this rating are among others**: • Management of fund sources on investors with high rate of return risk has not been well performed. • Fund placement portfolios are dominated by exposure that has relatively low rate of return and has risk that has not been well mitigated. • Fund placement exposure has not been diversified to contracts that have certain and fixed rates of return. • Fund placement has bad quality. • There have been extremely significant changes in Bank's fund placement strategy or business model. • Fund placement portfolios are extremely influenced by changes in external factor.

ATTACHMENT III.2.10.b

Matrix of Rating Determination of Risk Management Quality for Rate of Return Risk

Rating	Definition of Rating
Strong (1)	Rate of Return Risk management quality is **extremely adequate**. Although there are minor weaknesses, but these weaknesses are not significant and therefore can be ignored. **Sample characteristics of banks included in this rating are among others**: • Strategy for the management of fund sources on investors with high rates of return risk has been extremely well performed. • Strategy for fund placement is directed to portfolios that contain high rates of return and are diversified as well as has extremely good quality. • Formulation of Risk appetite and Risk tolerance is extremely adequate and is already in line with Bank’s overall strategic targets and business strategy. • Board of Commissioners and Board of Directors have extremely good awareness and understanding of Rate of Return Risk management. • Rate of Return Risk management culture is extremely strong and has been very well internalized at all organizational levels. • Overall implementation of the tasks of Board of Commissioners and Board of Directors is extremely adequate. • Independent Rate of Return Risk management function has clear tasks and responsibilities and has been operating extremely well. • Delegations of authorities are controlled and periodically monitored and have been operating extremely well. • Financing strategy is extremely good and very much in line with Risk appetite and Operational Risk tolerance. • Policies, procedures, and limits of Rate of Return Risk are extremely adequate and available for all areas of Rate of Return Risk management, in line with the implementation, and well understood by the employees.

	• The process of Rate of Return Risk management is extremely adequate in terms of the identification, measuring, monitoring, and control of Rate of Return Risk. • Rate of Return Risk Management Information System is extremely good that it produces comprehensive and integrated Rate of Return Risk reports for Board of Commissioners and Board of Directors. • In general, human resources at the Rate of Return Risk management function are extremely adequate in terms of quantity as well as competency. • Internal control system is extremely effective in supporting the implementation of Rate of Return Risk management. • Implementations of independent reviews by internal audit working unit and by the function that undertakes independent reviews are extremely adequate in terms of methodology, frequency, as well as reporting to Board of Commissioners and Board of Directors. • In general, there are no significant weaknesses based on results of independent reviews. • Follow ups on independent reviews have been executed in extremely adequate manner.
Satisfactory (2)	Rate of Return Risk management quality is **adequate**. Although there are a number of minor weaknesses, but these weaknesses can be resolved in normal business activities. **Sample characteristics of banks included in this rating are among others**: • Strategy for the management of fund sources on investors with high rates of return risk has been well performed. • Strategy for fund placement is directed to portfolios that contain relatively high rates of return and are relatively diversified as well as has good quality. • Formulation of Risk appetite and Risk tolerance is adequate and is already in line with Bank’s overall strategic targets and business strategy. • Board of Commissioners and Board of Directors have good awareness

	and understanding of Rate of Return Risk management. • Rate of Return Risk management culture is strong and has been well internalized at all organizational levels. • In general, implementation of the tasks of Board of Commissioners and Board of Directors is adequate. There are a number of weaknesses but these weaknesses are not significant and can be immediately improved. • Rate of Return Risk management function has clear tasks and responsibilities and has been operating well. There are a number of minor weaknesses, but these weaknesses can be resolved in normal business activities. • Delegations of authorities are controlled and periodically monitored and have been operating well. • Financing strategy is good and in line with Risk appetite and Operational Risk tolerance. • Policies, procedures, and limits of Rate of Return Risk are adequate and available for all areas of Rate of Return Risk management, in line with the implementation, and well understood by the employees. • The process of Rate of Return Risk management is adequate in terms of the identification, measuring, monitoring, and control of Rate of Return Risk. • Rate of Return Risk Management Information System is good that it produces comprehensive and integrated Rate of Return Risk reports for Board of Commissioners and Board of Directors. There are minor weaknesses but these weaknesses can be easily improved. • Human resources at the Rate of Return Risk management function are adequate in terms of quantity as well as competency. • Internal control system is effective in supporting the implementation of Rate of Return Risk management. • Implementations of independent reviews by internal audit working unit and by the function that undertakes independent reviews are adequate in terms of methodology, frequency, as well as reporting to Board of Commissioners and Board of Directors.

	• There are weaknesses but these are not significant based on results of independent reviews. • Follow ups on independent reviews have been adequately executed.
Fair (3)	Rate of Return Risk management quality is **sufficiently adequate**. Although minimum requirements are fulfilled, there are several weaknesses that require management's attention. **Sample characteristics of banks included in this rating are among others**: • Strategy for the management of fund sources on investors with high rates of return risk has been sufficiently well performed. • Strategy for fund placement is directed to portfolios that contain sufficiently high rates of return and are sufficiently diversified as well as has sufficiently good quality. • Formulation of Risk appetite and Risk tolerance is sufficiently adequate but is not always in line with Bank's overall strategic targets and business strategy. • Board of Commissioners and Board of Directors have sufficiently good awareness and understanding of Rate of Return Risk management. • Rate of Return Risk management culture is sufficiently strong and has been sufficiently well internalized although has not always been implemented consistently. • In general, implementation of the tasks of Board of Commissioners and Board of Directors is sufficiently adequate. There are weaknesses in several aspects of assessment that require management's attention. • Rate of Return Risk management function is sufficiently good but there are a number of weaknesses that require resolutions by management. • Delegations of authorities have been operating sufficiently well but control and monitoring have not always been well executed. • Financing strategy is sufficiently in line with Risk appetite and Operational Risk tolerance. • Policies, procedures, and limits of Rate of Return Risk are sufficiently

	adequate but have not always been consistent with the implementation and/or have not always been well understood by employees. • The process of Rate of Return Risk management is sufficiently adequate in terms of the identification, measuring, monitoring, and control of Rate of Return Risk. • Rate of Return Risk Management Information System meets minimum expectation but there are a number of weaknesses including the reporting to Board of Commissioners and Board of Directors that require management's attention. • In general, human resources at the Rate of Return Risk management function are sufficiently adequate in terms of quantity as well as competency. • Internal control system is sufficiently effective in supporting the implementation of Rate of Return Risk management. • Implementations of independent reviews by internal audit working unit and by the function that undertakes independent reviews are sufficiently adequate. There are a number of weaknesses in terms of methodology, frequency, as well as reporting to Board of Commissioners and Board of Directors that require management's attention. • There are weaknesses that are sufficiently significant based on results of independent reviews. • Follow ups on independent reviews have been executed in sufficiently adequate manner.
Marginal (4)	Rate of Return Risk management quality is **less adequate**. There are significant weaknesses on various aspects of Rate of Return Risk management that require immediate improvements. **Sample characteristics of banks included in this rating are among others**: • Strategy for the management of fund sources on investors with high rates of return risk has been less well performed. • Strategy for fund placement is directed to portfolios that contain low rates of return and are less diversified as well as has less good quality.

	• Formulation of Risk appetite and Risk tolerance is less adequate and is not in line with Bank's overall strategic targets and business strategy. • Board of Commissioners and Board of Directors have significant weaknesses in awareness and understanding of Rate of Return Risk management. • Rate of Return Risk management culture is not so strong and has not been well internalized at all organizational levels. • In general, implementation of the tasks of Board of Commissioners and Board of Directors is less adequate. There are a number of weaknesses in various aspects of assessment that require immediate improvements. • Rate of Return Risk management function has significant weaknesses that require immediate improvements. • Delegations of authorities are weak, not well controlled, and monitored. • Financing strategy is less in line with Risk appetite and Operational Risk tolerance. • There are significant weaknesses in Rate of Return Risk policies, procedures, and limits. • The process of Rate of Return Risk management is less adequate in terms of the identification, measuring, monitoring, and control of Rate of Return Risk. • Rate of Return Risk Management Information System has significant weaknesses including the reporting to Board of Commissioners and Board of Directors that require immediate improvements. • Human resources at the Rate of Return Risk management function are less adequate in terms of quantity as well as competency. • Internal control system is less effective in supporting the implementation of Rate of Return Risk management. • Implementations of independent reviews by internal audit working unit and by the function that undertakes independent reviews are less adequate. There are weaknesses in terms of methodology, frequency, as well as reporting to Board of Commissioners and Board of Directors

	that require immediate improvements. • There are significant weaknesses based on results of independent reviews that require immediate improve actions. • Follow ups on independent reviews have been executed less adequately.
Unsatisfactory (5)	Rate of Return Risk management quality is **inadequate**. There are significant weaknesses on various aspects of Rate of Return Risk management which resolution actions are beyond management's capability. **Sample characteristics of banks included in this rating are among others**: • Strategy for the management of fund sources on investors with high rates of return risk has been badly performed. • Strategy for fund placement is directed to portfolios that contain low rates of return and are not diversified as well as has bad quality. • Formulation of Risk appetite and Risk tolerance is inadequate and is not in line with Bank's overall strategic targets and business strategy. • Board of Commissioners and Board of Directors have significant weaknesses in awareness and understanding of Rate of Return Risk management. • Rate of Return Risk management culture is not strong and has not been internalized at each working unit level. • Overall implementation of the tasks of the Board of Commissioners and Board of Directors is inadequate. There are weaknesses in a number of aspects of assessment that require immediate improvements. • Rate of Return Risk management function has significant weaknesses that require immediate improvements. • Delegations of authorities are extremely weak, not well controlled and monitored. • Financing strategy is not in line with Risk appetite and Rate of Return Risk tolerance. • There are extremely significant weaknesses in Rate of Return Risk

	policies, procedures, and limits. • The process of Rate of Return Risk management is inadequate in terms of the identification, measuring, monitoring, and control of Rate of Return Risk. • Rate of Return Management Information System has significant weaknesses, including the reporting to Board of Commissioners and Board of Directors, which require immediate improvements. • Human resources at the Rate of Return Risk management function are inadequate in terms of quantity as well as competency. • Internal control system is ineffective in supporting the implementation of Rate of Return Risk management. • Implementations of independent reviews by internal audit working unit and by the function that undertakes independent reviews are inadequate. There are weaknesses in terms of methodology, frequency, as well as reporting to Board of Commissioners and Board of Directors that require immediate improvements. • There are extremely significant weaknesses based on results of independent reviews that require immediate improvements. • Follow ups on independent reviews have been executed inadequately.

ATTACHMENT III.2.11.a

Matrix of Rating Determination of Inherent Risk for Equity Investment Risk

Rating	Definition of Rating
Low (1)	By taking into consideration business activities conducted by Bank, the possibility of losses that face the Bank from Equity Investment Risk is considered to be **extremely low** during certain period of time in the future. **Sample characteristics of banks included in this rating are among others**: • Portfolio of fund placement based on profit sharing (mudharabah dan musyarakah contracts) is extremely not significant. • Fund placement based on profit sharing (mudharabah and musyarakah contracts) has extremely good quality. • Bank's fund placement strategy or business model for contracts based on revenue sharing are extended to customers who have extremely good track records at banks and customer's business controlled by bank as well as have extremely low risk. • Portfolio for fund placement based on profit sharing is relatively not influenced by changes in external factor.
Low to Moderate (2)	By taking into consideration business activities conducted by Bank, the possibility of losses that face the Bank from Equity Investment Risk is considered to be **low** during certain period of time in the future. **Sample characteristics of banks included in this rating are among others**: • Portfolio of fund placement based on profit sharing (mudharabah dan musyarakah contracts) is not significant. • Fund placement based on profit sharing (mudharabah and musyarakah contracts) has good quality. • Bank's fund placement strategy or business model for contracts based on profit sharing are extended to customers who have good track records at banks and customer's business controlled by bank as well as have low risk. • Portfolio for fund placement based on profit sharing is less influenced

	by changes in external factor.
Moderate (3)	By taking into consideration business activities conducted by Bank, the possibility of losses that face the Bank from Equity Investment Risk is considered to be **sufficiently high** during certain period of time in the future. **Sample characteristics of banks included in this rating are among others**: • Portfolio of fund placement based on profit sharing (mudharabah and musyarakah contracts) is relatively significant. • Fund placement based on profit sharing (mudharabah and musyarakah contracts) has sufficiently good quality. • Bank's fund placement strategy or business model for contracts based on profit sharing are extended to customers who have sufficiently good track records at banks and customer's business controlled by bank as well as have moderate risk. • Portfolio for fund placement based on profit sharing is sufficiently influenced by changes in external factor.
Moderate to High (4)	By taking into consideration business activities conducted by Bank, the possibility of losses that face the Bank from Equity Investment Risk is considered to be **high** during certain period of time in the future. **Sample characteristics of banks included in this rating are among others**: • Portfolio of fund placement based on profit sharing (mudharabah and musyarakah contracts) is significant. • Fund placement based on profit sharing (mudharabah and musyarakah contracts) has not so good quality. • Bank's fund placement strategy or business model for contracts based on profit sharing are extended to customers who have not so good track records at banks and customer's business controlled by bank as well as have sufficiently high risk. • Portfolio for fund placement based on profit sharing is influenced by changes in external factor.
High (5)	By taking into consideration business activities conducted by Bank, the

	possibility of losses that face the Bank from Equity Investment Risk is considered to be **extremely high** during certain period of time in the future. **Sample characteristics of banks included in this rating are among others**: • Portfolio of fund placement based on profit sharing (mudharabah and musyarakah contracts) is extremely significant. • Fund placement based on profit sharing (mudharabah and musyarakah contracts) has bad quality. • Bank’s fund placement strategy or business model for contracts based on profit sharing are extended to customers who have bad track records at banks and customer’s business controlled by bank as well as have extremely high risk. • Portfolio for fund placement based on profit sharing is extremely influenced by changes in external factor.

ATTACHMENT III.2.11.b

Matrix of Rating Determination of Risk Management Quality for Equity Investment Risk

Rating	Definition of Rating
Strong (1)	Equity Investment Risk management quality is **extremely adequate**. Although there are minor weaknesses, but these weaknesses are **not significant** and therefore can be ignored. **Sample characteristics of banks included in this rating are among others**: • Formulation of Risk appetite and Risk tolerance is extremely adequate and is already in line with Bank's overall strategic targets and business strategy. • Board of Commissioners and Board of Directors have extremely good awareness and understanding of Equity Investment Risk management. • Equity Investment Risk management culture is extremely strong and has been very well internalized at all organizational levels. • Overall implementation of the tasks of Board of Commissioners and Board of Directors is extremely adequate. • Independent Equity Investment Risk management function has clear tasks and responsibilities and has been operating extremely well. • Delegations of authorities are controlled and periodically monitored and have been operating extremely well. • Financing strategy is extremely good and very much in line with Risk appetite and Equity Investment Risk tolerance. • Policies, procedures, and limits of Equity Investment Risk are extremely adequate and available for all areas of Equity Investment Risk management, in line with the implementation, and well understood by the employees. • The process of Equity Investment Risk management is extremely adequate in terms of the identification, measuring, monitoring, and control of Equity Investment Risk. • In general, the process of fund placement is extremely adequate from the underwriting process up to the handling of problem assets.

	• Equity Investment risk grading system is extremely good, is implemented consistently, and well understood by the employees. There is a financing review that is independent and is operating well. • Equity Investment Risk Management Information System is extremely good that it produces comprehensive and integrated Equity Investment Risk reports for Board of Commissioners and Board of Directors. • In general, human resources at the Equity Investment Risk management function are extremely adequate in terms of quantity as well as competency. • Internal control system is extremely effective in supporting the implementation of Equity Investment Risk management. • Implementations of independent reviews by internal audit working unit and by the function that undertakes independent reviews are extremely adequate in terms of methodology, frequency, as well as reporting to Board of Commissioners and Board of Directors. • In general, there are no significant weaknesses based on results of independent reviews. • Follow ups on independent reviews have been executed in extremely adequate manner.
Satisfactory (2)	Equity Investment Risk management quality is **adequate**. Although there are a number of minor weaknesses, these weaknesses can be resolved in normal business activities. **Sample characteristics of banks included in this rating are among others**: • Formulation of Risk appetite and Risk tolerance is adequate and is already in line with Bank's overall strategic targets and business strategy. • Board of Commissioners and Board of Directors have good awareness and understanding of Equity Investment Risk management. • Equity Investment Risk management culture is strong and has been well internalized at all organizational levels. • In general, implementation of the tasks of Board of Commissioners and Board of Directors is adequate. There are a number of weaknesses

	but these weaknesses are not significant and can be immediately improved. • Independent Equity Investment Risk management function has clear tasks and responsibilities and has been operating well. There are a number of minor weaknesses, but these weaknesses can be resolved in normal business activities. • Delegations of authorities are controlled and periodically monitored and have been operating well. • Financing strategy is good and in line with Risk appetite and Equity Investment Risk tolerance. • Policies, procedures, and limits of Equity Investment Risk are adequate and available for all areas of Equity Investment Risk management, in line with the implementation, and well understood by the employees. • The process of Equity Investment Risk management is adequate in terms of the identification, measuring, monitoring, and control of Equity Investment Risk. • The process of fund placement is good. There are minor weaknesses in one or more aspects of fund placement but these weaknesses can be easily improved. • Equity Investment risk grading system is good, is implemented consistently, and well understood by the employees. There is a financing review that is independent and is operating well. There are minor weaknesses that do not disrupt the overall process. • Equity Investment Risk Management Information System is good that it produces comprehensive and integrated Equity Investment Risk reports for Board of Commissioners and Board of Directors. There are minor weaknesses but these weaknesses can be easily improved. • Human resources at the Equity Investment Risk management function are adequate in terms of quantity as well as competency. • Internal control system is effective in supporting the implementation of Equity Investment Risk management. • Implementations of independent reviews by internal audit working unit

	and by the function that undertakes independent reviews are adequate in terms of methodology, frequency, as well as reporting to Board of Commissioners and Board of Directors. • There are weaknesses but these are not significant based on results of independent reviews. • Follow ups on independent reviews have been adequately executed.
Fair (3)	Equity Investment Risk management quality is **sufficiently adequate**. Although minimum requirements are fulfilled, there are a number of weaknesses that require management's attention. **Sample characteristics of banks included in this rating are among others**: • Formulation of Risk appetite and Risk tolerance is sufficiently adequate but is not always in line with Bank's overall strategic targets and business strategy. • Board of Commissioners and Board of Directors have sufficiently good awareness and understanding of Equity Investment Risk management. • Equity Investment Risk management culture is sufficiently strong and has been sufficiently well internalized although has not always been implemented consistently. • Overall implementation of the tasks of Board of Commissioners and Board of Directors is sufficiently adequate. There are weaknesses in several aspects of assessment that require management's attention. • Equity Investment Risk management function is sufficiently good but there are a number of sufficiently significant weaknesses that require immediate resolutions by management. • Delegations of authorities have been operating sufficiently well but not well controlled and monitored. • Financing strategy is sufficiently in line with Risk appetite and Equity Investment Risk tolerance. • Policies, procedures, and limits of Equity Investment Risk are sufficiently adequate but have not always been consistent with the implementation and/or have not always been well understood by

	employees. • The process of Equity Investment Risk management is sufficiently adequate in terms of the identification, measuring, monitoring, and control of Equity Investment Risk. • The process of fund placement is sufficiently good. There are weaknesses in one or more aspects of fund placement that require management's attention. • Equity Investment Risk grading system and financing review are sufficiently good, but there are a number of weaknesses that require management's attention. • Equity Investment Risk Management Information System meets minimum expectation but there are a number of weaknesses including the reporting to Board of Commissioners and Board of Directors that require management's attention. • Human resources at the Equity Investment Risk management function are sufficiently adequate in terms of quantity as well as competency. • Internal control system is sufficiently effective in supporting the implementation of Equity Investment Risk management. • Implementations of independent reviews by internal audit working unit and by the function that undertakes independent reviews are sufficiently adequate. There are a number of weaknesses in terms of methodology, frequency, as well as reporting to Board of Commissioners and Board of Directors that require management's attention. • There are weaknesses that are sufficiently significant based on results of independent reviews. • Follow ups on independent reviews have been executed in sufficiently adequate manner.
Marginal (4)	Equity Investment Risk management quality is **less adequate**. There are significant weaknesses on various aspects of Equity Investment Risk management that require immediate improvements. **Sample characteristics of banks included in this rating are among others**:

	• Formulation of Risk appetite and Risk tolerance is less adequate and is not in line with Bank's overall strategic targets and business strategy. • Board of Commissioners and Board of Directors have significant weaknesses in awareness and understanding of Equity Investment Risk management. • Equity Investment Risk management culture is not so strong and has not been well internalized at all organizational levels. • Overall implementation of the tasks of Board of Commissioners and Board of Directors is less adequate. There are weaknesses several aspects of assessment that require immediate improvements. • Equity Investment Risk management function has significant weaknesses that require immediate improvements. • Delegations of authorities are weak, not well controlled, and monitored. • Financing strategy is less in line with Risk appetite and Equity Investment Risk tolerance. • There are significant weaknesses in Equity Investment Risk policies, procedures, and limits. • The process of Equity Investment Risk management is less adequate in terms of the identification, measuring, monitoring, and control of Equity Investment Risk. • The process of fund placement is less good. There are weaknesses in one or more aspects of fund placement that require immediate improvements. • Equity Investment risk grading system and financing review are less good. There are several weaknesses that require immediate improvements. • Equity Investment Risk Management Information System has significant weaknesses including the reporting of Risk to Board of Commissioners and Board of Directors that require immediate improvements. • Human resources at the Equity Investment Risk management function are less adequate in terms of quantity as well as competency.

	• Internal control system is less effective in supporting the implementation of Equity Investment Risk management. • Implementations of independent reviews by internal audit working unit and by the function that undertakes independent reviews are less adequate. There are weaknesses in terms of methodology, frequency, as well as reporting to Board of Commissioners and Board of Directors that require immediate improvements. • There are significant weaknesses based on results of independent reviews that require immediate improvements. • Follow ups on independent reviews have been executed less adequately.
Unsatisfactory (5)	Equity Investment Risk management quality is **inadequate**. There are significant weaknesses on various aspects of Equity Investment Risk management which resolution actions are beyond management's capability. **Sample characteristics of banks included in this rating are among others**: • Formulation of Risk appetite and Risk tolerance is inadequate and is not in line with Bank's overall strategic targets and business strategy. • Board of Commissioners and Board of Directors have significant weaknesses in awareness and understanding of Equity Investment Risk management. • Equity Investment Risk management culture is not strong and has not been internalized at each working unit level. • Overall implementation of the tasks of the Board of Commissioners and Board of Directors is inadequate. There are weaknesses in a number of aspects of assessment that require immediate improvements. • Equity Investment Risk management function has significant weaknesses that require immediate improvements. • Delegations of authorities are extremely weak, not well controlled, and monitored. • Financing strategy is not in line with Risk appetite and Equity

	Investment Risk tolerance. • There are extremely significant weaknesses in Equity Investment Risk policies, procedures, and limits. • The process of Equity Investment Risk management is inadequate in terms of the identification, measuring, monitoring, and control of Equity Investment Risk. • The process of fund placement is not good. There are weaknesses in one or more aspects of fund placement that require immediate improvements. • Equity Investment risk grading system and financing review are not good. There are several weaknesses that require immediate improvements. • Investment Management Information System has significant weaknesses, including the reporting to Board of Commissioners and Board of Directors, which require immediate improvements. • Human resources at the Equity Investment Risk management function are inadequate in terms of quantity as well as competency. • Internal control system is ineffective in supporting the implementation of Equity Investment Risk management. • Implementations of independent reviews by internal audit working unit and by the function that undertakes independent reviews are inadequate. There are weaknesses in terms of methodology, frequency, as well as reporting to Board of Commissioners and Board of Directors that require immediate improvements. • There are extremely significant weaknesses based on results of independent reviews that require immediate improvements. • Follow ups on independent reviews have been executed inadequately.

ATTACHMENT III.3

Matrix of Ratings of Good Corporate Governance Factor

Rating	Definitions
1	This rating reflects that in general Good Corporate Governance has been extremely well implemented by Bank's management. This is reflected in extremely adequate implementation of Good Corporate Governance principles. If there are weaknesses in the implementation of Good Corporate Governance principles, in general these weaknesses are not significant and can be immediately improved by Bank's management.
2	This rating reflects that in general Good Corporate Governance has been well implemented by Bank's management. This is reflected in adequate implementation of Good Corporate Governance principles. If there are weaknesses in the implementation of Good Corporate Governance principles, in general these weaknesses are less significant and can be resolved with normal actions by Bank's management.
3	This rating reflects that in general Good Corporate Governance has been sufficiently well implemented by Bank's management. This is reflected in sufficiently adequate implementation of Good Corporate Governance principles. If there are weaknesses in the implementation of Good Corporate Governance principles, in general these weaknesses are sufficiently significant and require adequate attention from Bank's management.
4	This rating reflects that in general Good Corporate Governance has been less well implemented by Bank's management. This is reflected in less adequate implementation of Good Corporate Governance principles. There are weaknesses in the implementation of Good Corporate Governance principles, which in general are significant and require overall improvements by Bank's management.
5	This rating reflects that in general Good Corporate Governance has been poorly implemented by Bank's management. This is reflected in inadequate implementation of Good Corporate Governance principles. There are weaknesses in the implementation of Good Corporate

	Governance principles, which in general are extremely significant and difficult to be improved by Bank’s management.

ATTACHMENT III.4

Matrix of Ratings of Earnings Factor

Rating	Definitions
1	Earnings are extremely adequate, profit exceeds target and supports Bank's capital growth. Banks that are categorized in this rating meet all or most of the following sample characteristics: • Bank's performance in gaining earnings is extremely adequate. • Main sources of earnings coming from core earnings are extremely dominant. • Components that support core earnings are extremely stable. • Capacity of profit to step up capital and future prospect of profit is extremely high. • Implementation of Bank's social function is implemented in an extremely good and significant manner.
2	Earnings are adequate, profit exceeds target and supports Bank's capital growth. Banks that are categorized in this rating meet all or most of the following sample characteristics: • Bank's performance in gaining earnings is adequate. • Main sources of earnings coming from core earnings are dominant. • Components that support core earnings are stable. • Capacity of profit to step up capital and future prospect of profit is high. • Implementation of Bank's social function is implemented in a good and significant manner.
3	Earnings are sufficiently adequate, profit exceeds target but there is a stress on profit performance which can cause a decline in profit but it can sufficiently support Bank's capital growth. Banks that are categorized in this rating meet all or most of the following sample characteristics: • Bank's performance in gaining earnings is sufficiently adequate.

	• Main sources of earnings coming from core earnings are sufficiently dominant however there is a sufficiently large influence from non-core earnings. • Components that support core earnings are sufficiently stable. • Capacity of profit to step up capital and future prospect of profit is sufficiently good. • Implementation of Bank's social function is implemented in a sufficiently good manner.
4	Earnings are less adequate, profit does not meet target, and it is predicted that the condition will stay the same in the future and therefore profit will be less able to support Bank's capital growth and the sustainability of Bank's business. Banks that are categorized in this rating meet all or most of the following sample characteristics: • Bank's performance in gaining earnings is inadequate or Bank is experiencing losses. • Main sources of earnings come from non-core earnings. • Components that support core earnings are less stable. • Capacity of profit to step up capital and future prospect of profit is not so good or it might even have a negative influence on Bank's capital. • Implementation of Bank's social function is implemented in a less adequate/less good manner.
5	Earnings are inadequate, profit does not meet target and cannot be relied upon and it requires an immediate step up in profit performance to ensure the sustainability of Bank's business. Banks that are categorized in this rating meet all or most of the following sample characteristics: • Bank is experiencing significant losses. • Main sources of earnings come from non-core earnings. • Components that support core earnings are unstable. • Bank's losses significantly influence Bank's capital. • Bank's social function has not been implemented.

ATTACHMENT III.5

Matrix of Ratings of Capital Factor

Rating	Definitions
1	Bank capital's quality and adequacy is extremely adequate relative to its Risk profile, which is supplemented by capital management that is extremely strong in line with the characteristics, business scale, and business complexity of the Bank. Banks that are categorized in this rating meet all or most of the following sample characteristics: • Bank has capital level that is extremely adequate, extremely able to anticipate all Risks that is faced and to support Bank's business expansion in the future. • Quality of capital components is in general extremely good, permanent, and able to absorb losses. • Bank has undertaken a stress test and the result shows that Bank can cover all Risks it faces extremely adequately. • Bank has capital management that is extremely good and/or Bank has capital adequacy assessment process that is extremely good in line with the business strategy and objectives, as well as business complexity and the scale of the Bank. • Bank has extremely good access to capital sources and/or Bank has capital support from the business group or parent company.
2	Bank capital's quality and adequacy is adequate relative to its Risk profile, which is supplemented by capital management that is strong in line with the characteristics, business scale, and business complexity of the Bank. Banks that are categorized in this rating meet all or most of the following sample characteristics: • Bank has capital level that is adequate and able to anticipate almost all Risks that is faced. • Quality of capital components is in general good, permanent, and able to absorb losses. • Bank has undertaken a stress test and the result shows that Bank can

	cover all Risks it faces adequately. • Bank has capital management that is good and/or Bank has capital adequacy assessment process that is good. • Bank has good access to capital sources and/or Bank has capital support from the business group or parent company.
3	Bank capital's quality and adequacy is sufficiently adequate relative to its Risk profile, which is supplemented by capital management that is sufficiently strong in line with the characteristics, business scale, and business complexity of the Bank. Banks that are categorized in this rating meet all or most of the following sample characteristics: • Bank has capital level that is sufficiently adequate and sufficiently able to anticipate almost all Risks that is faced. • Quality of capital components is in general sufficiently good, sufficiently permanent, and sufficiently able to absorb losses. • Bank has undertaken a stress test and the result shows that Bank can cover all Risks it faces adequately. • Bank has capital management that is sufficiently good and/or Bank has capital adequacy assessment process that is sufficiently good. • Bank has sufficiently good access to capital sources but support from the business group or parent company is not provided in an explicit manner.
4	Bank capital's quality and adequacy is less adequate relative to its Risk profile, which is supplemented by capital management that is weak compared to the characteristics, business scale, and business complexity of the Bank. Banks that are categorized in this rating meet all or most of the following sample characteristics: • Bank has capital level that is less adequate and unable to anticipate almost all Risks that is faced. • Quality of capital components is in general less good, less permanent, and less able to absorb losses. • Bank has undertaken a stress test and the result shows that Bank is less

	able to cover all Risks it faces. • Bank has capital management that is less good and/or Bank has capital adequacy assessment process that is less good. • Bank is less able to access capital sources and does not get support from the business group or parent company.
5	Bank capital's quality and adequacy is inadequate relative to its Risk profile, which is supplemented by capital management that is extremely weak compared to the characteristics, business scale, and business complexity of the Bank. Banks that are categorized in this rating meet all or most of the following sample characteristics: • Bank has capital level that is inadequate so that Bank has to add capital to anticipate all Risks that is faced in normal condition as well as in crisis condition. • Quality of capital components is in general bad, not permanent, and unable to absorb losses. • Bank has undertaken a stress test and the result shows that Bank is unable to cover all Risks it faces. • Bank has capital management that is not good and/or Bank has capital adequacy assessment process that is not good. • Bank is unable to access capital sources and does not get support from the business group or parent company.

Enacted in Jakarta
On 11 June 2014
EXECUTIVE HEAD OF BANK SUPERVISION

NELSON TAMPUBOLON

COPY IN ACCORDANCE WITH THE ORIGINAL
LEGAL DIRECTOR I

LEGAL DEPARTMENT,

TINI KUSTINI