

ATTACHMENT III.2.4.b

**Matrix of Rating Determination of Risk Management Quality
for Liquidity Risk**

Rating	Definition of Rating
Strong (1)	<p>Liquidity Risk Management quality is extremely adequate. Although there are minor weaknesses, these weaknesses are not significant and therefore can be ignored.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • 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 Liquidity Risk management. • Liquidity 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 Liquidity Risk management function, including ALCO and other related Committees, have clear tasks and responsibilities and the Liquidity Risk management function has been operating extremely well. • Delegations of authorities are controlled and periodically monitored and have been operating extremely well. • Liquidity management strategy is extremely adequate, covering among others funding strategy, intra-day position management strategy and Liquidity Risk, intra-group position management and Liquidity Risk, management of high quality liquid assets as collaterals, and Contingency Funding Plan (CFP). • Liquidity Risk policies, procedures, and limits are extremely adequate and available for all areas of Liquidity Risk management, in line with the implementation, and well understood by the employees. • The process of Liquidity Risk management is extremely adequate in

	<p>terms of the identification, measuring, monitoring, and control of Liquidity Risk.</p> <ul style="list-style-type: none"> • Liquidity Risk Management Information System is extremely good that it produces comprehensive and integrated Liquidity Risk reports for Board of Commissioners and Board of Directors. • In general, human resources at the Liquidity 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 Liquidity 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.
<p>Satisfactory (2)</p>	<p>Liquidity Risk Management quality is adequate. Although there are a number of minor weaknesses, but these weaknesses can be resolved in normal business activities.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • 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 Liquidity Risk management. • Liquidity Risk management culture is strong and has been well internalized at all organizational levels. • Overall 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

	<p>improved.</p> <ul style="list-style-type: none"> • Independent Liquidity Risk management function, including ALCO and other related Committees, have clear tasks and responsibilities and the Liquidity Risk management function has been operating well. There are minor weaknesses but they can be resolved in normal business activities. • Delegations of authorities are controlled and periodically monitored and have been operating well. • Liquidity management strategy is adequate, covering among others funding strategy, intra-day position management strategy and Liquidity Risk, and intra-group position management and Liquidity Risk, management of high quality liquid assets as collaterals, and Contingency Funding Plan (CFP). • Liquidity Risk policies, procedures, and limits are adequate and available for all areas of Liquidity Risk management, in line with the implementation, and well understood by the employees. • The process of Liquidity Risk management is adequate in terms of the identification, measuring, monitoring, and control of Liquidity Risk. • Liquidity Risk Management Information System is good that it produces comprehensive and integrated Credit Risk reports for Board of Commissioners and Board of Directors. • Human resources at the Liquidity Risk management function are in general adequate in terms of quantity as well as competency. • Internal control system is effective in supporting the implementation of Liquidity 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 they are not significant based on results of independent reviews. • Follow ups on independent reviews have been adequately executed.
Fair (3)	Liquidity 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:

- 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 Liquidity Risk management.
- Liquidity Risk management culture is sufficiently strong and has been sufficiently well internalized at all levels of the organization.
- Implementation of the tasks of Board of Commissioners and Board of Directors is sufficiently adequate. There are a number of weaknesses in several aspects of assessment that require management's attention.
- Independent Liquidity Risk management function, including ALCO and other related Committees, have been operating sufficiently well, but there are a number of quite significant weaknesses that require management's attention.
- Delegations of authorities are sufficiently good, but the control and monitoring have not always been well executed.
- Liquidity management strategy is sufficiently adequately. There are a number of weaknesses in one or more aspects of liquidity management that require management's attention.
- Liquidity Risk policies, procedures, and limits are sufficiently adequate but have not always been in line with the implementation.
- The process of Liquidity Risk management is sufficiently adequate in terms of the identification, measuring, monitoring, and control of Liquidity Risk.
- Liquidity 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 Liquidity Risk management function are in

	<p>general sufficiently adequate in terms of quantity as well as competency.</p> <ul style="list-style-type: none"> • Internal control system is sufficiently effective in supporting the implementation of Liquidity 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 sufficiently significant weaknesses based on results of independent reviews. • Follow ups on independent reviews have been executed in sufficiently adequate manner.
Marginal (4)	<p>Liquidity Risk management quality is less adequate. There are significant weaknesses on various aspects of Liquidity Risk management that require immediate improvements.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • Formulation of Liquidity 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 Liquidity Risk management. • Liquidity Risk management culture is not so strong and has not been well internalized at each working unit level. • Overall implementation of the tasks of Board of Commissioners and Board of Directors is less adequate. There are a number of weaknesses in several aspects of assessment that require immediate improvements. • Liquidity Risk management function has significant weaknesses that require immediate improvements. • Delegations of authorities are weak and are not controlled or

	<p>monitored well.</p> <ul style="list-style-type: none"> • Liquidity management strategy is less adequate. There are a number of weaknesses in aspects of liquidity management that require immediate improvements. • There are significant weaknesses in Liquidity Risk policies, procedures, and limits. • The process of Liquidity Risk management is less adequate in terms of the identification, measuring, monitoring, and control of Liquidity Risk. • Liquidity Risk 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 Liquidity 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 Liquidity Risk management. • Implementations of independent reviews by internal audit working unit and by the function that undertakes independent reviews are less adequate. There several 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 in less adequate manner.
<p>Unsatisfactory (5)</p>	<p>Liquidity Risk management quality is inadequate. There are significant weaknesses on various aspects of Liquidity Risk management, which resolution actions are beyond management's capability.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • Formulation of Risk appetite and Risk tolerance is not adequate and is not in line with Bank's overall strategic targets and business strategy. • Board of Commissioners and Board of Directors have extremely weak

	<p>awareness and understanding of Liquidity Risk management.</p> <ul style="list-style-type: none"> • Liquidity Risk management culture is not strong or non-existence. • Implementation of the tasks of Board of Commissioners and Board of Directors is not adequate. There are significant weaknesses in almost all aspects of assessment which resolution actions are beyond management's capability. • Liquidity Risk management function has significant weaknesses that require fundamental improvements. • Delegations of authorities are extremely weak or non-existence. • Liquidity management strategy is inadequate. There are weaknesses in almost all aspects of liquidity management that require immediate improvements. • There are extremely significant weaknesses in Liquidity Risk policies, procedures, and limits. • The process of Liquidity Risk management is inadequate in terms of the identification, measuring, monitoring, and control of Liquidity Risk. • Liquidity Risk Management Information System has fundamental weaknesses. Reporting to Board of Commissioners and Board of Directors is extremely inadequate. • Human resources at the Liquidity Risk management function are not adequate in terms of quantity as well as competency. • Internal control system is not effective in supporting the implementation of Liquidity Risk management. • Implementations of independent reviews by internal audit working unit and by the function that undertakes independent reviews are not 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 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
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ATTACHMENT III.2.5.a

Matrix of Rating Determination of Inherent Risk for Operational Risk

Rating	Definition of Rating
Low (1)	<p>By taking into consideration business activities conducted by Bank, the possibility of losses that face the Bank from Operational Risk is considered to be very low during certain period of time in the future.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • Bank's business has the characteristics of being extremely simple. Products and services are not varied, business mechanism is very simple, transaction volume is low, organization structure is not complex, there have not been any significant corporate actions, and the use of outsourcing services is extremely minimal. • Human resources are extremely adequate, in terms of adequacy of quantity as well as quality. Historical data shows that losses due to human errors are not significant. • Information Technology is extremely mature and there have been no significant changes to the IT system. Susceptibility of the IT system to disruptions/attacks is extremely low. Supporting infrastructures are extremely reliable in supporting Bank's business. • Frequency and materiality of internal and external frauds are extremely low and resulting losses have not been significant compared to Bank's transaction volume/income. • Threats that have disrupted business caused by external events have been extremely low.
Low to Moderate (2)	<p>By taking into consideration business activities conducted by Bank, the possibility of losses that face the Bank from Operational Risk is considered to be low during certain period of time in the future.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • Bank's business has the characteristics of being extremely simple. Products and services are relatively less varied, business mechanism is

	<p>simple, transaction volume is relatively low, organization structure is less complex, corporate actions have been less significant, and the use of outsourcing services is minimal.</p> <ul style="list-style-type: none"> • Human resources are adequate, in terms of adequacy of quantity as well as quality. Historical data shows that losses due to human errors are less significant. • Information Technology is relatively mature and there have been no significant changes to the IT system. Susceptibility of the IT system to disruptions/attacks is low. Supporting infrastructures are reliable in supporting Bank's business. • Frequency and materiality of internal and external frauds are low and resulting losses have been less significant compared to Bank's transaction volume/income. • Threats that have disrupted business caused by external events have been low.
Moderate (3)	<p>By taking into consideration business activities conducted by Bank, the possibility of losses that face the Bank from Operational Risk is considered to be sufficiently high during certain period of time in the future.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • Bank's business has the characteristics of being sufficiently complex. Products and services are sufficiently varied, business mechanism is sufficiently complex, transaction volume is sufficiently high, organization structure is sufficiently complex, corporate actions have been sufficiently significant, and the use of outsourcing services is sufficiently significant. • Human resources are sufficiently adequate, in terms of adequacy of quantity as well as quality. Historical data shows that losses due to human errors are sufficiently significant. • Information Technology is in the process of becoming mature and there can be significant changes to the IT system. The IT system is sufficiently susceptible to disruptions/attacks. Supporting

	<p>infrastructures are adequately reliable in supporting Bank's business.</p> <ul style="list-style-type: none"> • Frequency and materiality of internal and external frauds are sufficiently high and resulting losses have been sufficiently significant compared to Bank's transaction volume/income. • Threats that have disrupted business caused by external events have been sufficiently high.
<p>Moderate to High (4)</p>	<p>By taking into consideration business activities conducted by Bank, the possibility of losses that face the Bank from Operational Risk is considered to be high during certain period of time in the future.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • Bank's business has the characteristics of being complex. Products and services are varied, business mechanism is complex, transaction volume is high, organization structure is complex, corporate actions have been significant, and the use of outsourcing services is significant. • Human resources are adequate, in terms of adequacy of quantity as well as quality. Historical data shows that losses due to human errors are significant. • Information Technology is not mature and there have been significant changes to the IT system. The IT system is susceptible to disruptions/attacks. Supporting infrastructures are less reliable in supporting Bank's business. • Frequency and materiality of internal and external frauds are high and resulting losses have been significant compared to Bank's transaction volume/income. • Threats that have disrupted business caused by external events have been high.
<p>High (5)</p>	<p>By taking into consideration business activities conducted by Bank, the possibility of losses that face the Bank from Operational Risk is considered to be extremely high during certain period of time in the future.</p> <p>Sample characteristics of banks included in this rating are among</p>

	<p>others:</p> <ul style="list-style-type: none">• Bank's business has the characteristics of being extremely complex. Products and services are extremely varied, business mechanism is extremely complex, transaction volume is extremely high, organization structure is extremely complex, corporate actions have been significant, and the use of outsourcing services is extremely high.• Human resources are not adequate, in terms of adequacy of quantity as well as quality. Historical data shows that losses due to human errors are extremely significant.• Information Technology is not mature and there have been significant changes to the IT system. The IT system is extremely susceptible to disruptions/ attacks. Supporting infrastructures are not reliable in supporting Bank's business.• Frequency and materiality of internal and external frauds are extremely high and resulting losses have been extremely significant compared to Bank's transaction volume/income.• Threats that have disrupted business caused by external events have been extremely high.
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ATTACHMENT III.2.5.b

**Matrix of Rating Determination of Risk Management Quality
for Operational Risk**

Rating	Definition of Rating
Strong (1)	<p>Operational Risk management quality is extremely adequate. Although there are minor weaknesses, but these weaknesses are not significant and therefore can be ignored.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • 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 Operational Risk management. • Operational 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 Operational Risk management function has clear tasks and responsibilities and has been operating extremely well. • Delegations of authorities have been operating extremely well. • Operational Risk strategy is very much in line with Risk appetite and Operational Risk tolerance. • Operational Risk policies, procedures, and limits are extremely adequate and available for all areas of Operational Risk management, in line with the implementation, and well understood by the employees. • The process of Operational Risk management is extremely adequate in terms of the identification, measuring, monitoring, and control of Operational Risk. • Business Continuity Management is extremely reliable and very well tested. • Operational Risk Management Information System is extremely good

	<p>that it produces comprehensive and integrated Operational Risk reports for Board of Commissioners and Board of Directors.</p> <ul style="list-style-type: none"> • In general, human resources at the Operational 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 Operational 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.
<p>Satisfactory (2)</p>	<p>Operational Risk management quality is adequate. Although there are a number of minor weaknesses, but these weaknesses can be resolved in normal business activities.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • 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 Operational Risk management. • Operational 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 Operational Risk management function has clear tasks and responsibilities and has been operating well. There are a number of

	<p>minor weaknesses, but these weaknesses can be resolved in normal business activities.</p> <ul style="list-style-type: none"> • Delegations of authorities have been operating well. • Operational Risk strategy is in line with Risk appetite and Operational Risk tolerance. • Operational Risk policies, procedures, and limits are adequate and available for all areas of Operational Risk management, in line with the implementation, and well understood by the employees despite minor weaknesses. • The process of Operational Risk management is adequate in terms of the identification, measuring, monitoring, and control of Operational Risk. • Business Continuity Management is reliable and well tested. • Operational Risk Management Information System is good that it produces comprehensive and integrated Operational 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 Operational Risk management function are adequate in terms of quantity as well as competency. • Internal control system is effective in supporting the implementation of Operational 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.
<p>Fair (3)</p>	<p>Operational Risk management quality is sufficiently adequate. Although minimum requirements are fulfilled, there are a number of weaknesses that require management's attention.</p> <p>Sample characteristics of banks included in this rating are among others:</p>

	<ul style="list-style-type: none">• 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 Operational Risk management.• Operational Risk management culture is sufficiently strong and has been sufficiently well internalized at all organizational levels although has not always been executed consistently.• In general, implementation of the tasks of Board of Commissioners and Board of Directors is sufficiently adequate.• Operational 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.• Operational Risk strategy is sufficiently in line with Risk appetite and Operational Risk tolerance.• Operational Risk policies, procedures, and limits are sufficiently adequate but are not always consistent with the implementation.• The process of Operational Risk management is sufficiently adequate in terms of the identification, measuring, monitoring, and control of Operational Risk.• Business Continuity Management is sufficiently reliable.• 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 Operational 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 Operational Risk management.• Implementations of independent reviews by internal audit working unit and by the function that undertakes independent reviews are sufficiently adequate. There are several weaknesses in terms of
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	<p>methodology, frequency, and/or reporting to Board of Commissioners and Board of Directors that require management's attention.</p> <ul style="list-style-type: none"> • 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)	<p>Operational Risk management quality is less adequate. There are significant weaknesses on various aspects of Operational Risk management that require immediate improvements.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • 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 Operational Risk management. • Operational 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 weaknesses in various aspects of assessment that require immediate improvements. • Operational Risk management function has significant weaknesses that require immediate improvements. • Delegations of authorities are weak. • Operational Risk strategy is less in line with Risk appetite and Operational Risk tolerance. • There are significant weaknesses in Operational Risk policies, procedures, and limits. • The process of Operational Risk management is less adequate in terms of the identification, measuring, monitoring, and control of Operational Risk. • Business Continuity Management is less reliable. • Operational Risk Management Information System has significant

	<p>weaknesses including the reporting to Board of Commissioners and Board of Directors that require immediate improvements.</p> <ul style="list-style-type: none"> • Human resources at the Operational 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 Operational 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.
<p>Unsatisfactory (5)</p>	<p>Operational Risk management quality is inadequate. There are significant weaknesses on various aspects of Operational Risk management which resolution actions are beyond management's capability.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • Formulation of Risk appetite and Risk tolerance is not 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 Operational Risk management. • Operational Risk management culture is not strong or non-existence. • Implementation of the tasks of Board of Commissioners and Board of Directors is not adequate. There are significant weaknesses in almost all aspects of assessment and the resolution actions are beyond the Bank's capability. • Operational Risk management function has significant weaknesses that require fundamental improvements. • Delegations of authorities are extremely weak.

	<ul style="list-style-type: none">• Operational Risk strategy is not in line with Risk appetite and Operational Risk tolerance.• There are extremely significant weaknesses in Operational Risk policies, procedures, and limits.• The process of Operational Risk management is not adequate in terms of the identification, measuring, monitoring, and control of Operational Risk.• Business Continuity Management is not reliable.• Operational Risk Management Information System has fundamental weaknesses.• Human resources at the Operational Risk management function are not adequate in terms of quantity as well as competency.• Internal control system is not effective in supporting the implementation of Operational 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 that require immediate improvements.• Follow ups on independent reviews have been executed inadequately or are non-existence.
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ATTACHMENT III.2.6.a

Matrix of Rating Determination of Inherent Risk for Legal Risk

Rating	Definition of Rating
Low (1)	<p>By taking into consideration business activities conducted by Bank, the possibility of losses that face the Bank from Legal Risk is considered to be very low during certain period of time in the future.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • There is no litigation process undergoing against the Bank or there is litigation process but the frequency and/or impact of its financial suits does not significantly disrupt Bank's financial condition and does not cause big impact on Bank's reputation. • Agreements made by Bank are extremely adequate. • All Bank's activities and products are already in line with prevailing legislations.
Low to Moderate (2)	<p>By taking into consideration business activities conducted by Bank, the possibility of losses that face the Bank from Legal Risk is considered to be low during certain period of time in the future.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • There is litigation process undergoing against the Bank but the frequency and/or impact of its financial suits less significantly disrupting Bank's financial condition and cause less impact on Bank's reputation. • Agreements made by Bank are adequate. • There are activities and products that are not yet regulated in prevailing legislations with insignificant amounts.
Moderate (3)	<p>By taking into consideration business activities conducted by Bank, the possibility of losses that face the Bank from Legal Risk is considered to be sufficiently high during certain period of time in the future.</p> <p>Sample characteristics of banks included in this rating are among others:</p>

	<ul style="list-style-type: none"> • There is litigation process undergoing against the Bank and the frequency and/or impact of its financial suits is sufficiently significant but does not quite disrupt Bank's financial condition. However, it can potentially create Reputation Risk for the Bank. • Agreements made by Bank are sufficiently adequate. • There are activities and products that are not yet regulated in prevailing legislations with sufficiently significant amounts.
<p>Moderate to High (4)</p>	<p>By taking into consideration business activities conducted by Bank, the possibility of losses that face the Bank from Legal Risk is considered to be high during certain period of time in the future.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • There is litigation process undergoing against the Bank and the frequency and/or impact of its financial suits is significant so that when the Bank loses on the suits, the results can disrupt Bank's financial condition and cause big impact on Bank's Reputation • Agreements made by Bank are inadequate. • There are activities and products that are not yet regulated in prevailing legislations with significant amounts.
<p>High (5)</p>	<p>By taking into consideration business activities conducted by Bank, the possibility of losses that face the Bank from Legal Risk is considered to be extremely high during certain period of time in the future.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • There is litigation process undergoing against the Bank by Bank's customers/debtors and the frequency and/or impact of its financial suits is extremely significant so that when the Bank loses based on court decisions, the results will influence Bank's business condition significantly. • Agreements made by Bank are inadequate. • There are activities and products that are not yet regulated in prevailing legislations with extremely significant amounts.

ATTACHMENT III.2.6.b

**Matrix of Rating Determination of Risk Management Quality
for Legal Risk**

Rating	Definition of Rating
Strong (1)	<p>Legal Risk management quality implementation is extremely adequate. Although there are minor weaknesses, but these weaknesses are not significant and therefore can be ignored.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • 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 Legal Risk management. • Legal 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 Legal 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. • Legal Risk strategy is very much in line with Risk appetite and Risk tolerance. • Policies and procedures of Legal Risk Management are extremely adequate and available for all areas of Legal Risk management, in line with the implementation, and well understood by the employees. • The process of Legal Risk management is extremely adequate in terms of the identification, measuring, monitoring, and control of Legal Risk. • Legal Risk Management Information System is extremely good that it produces comprehensive and integrated Legal Risk reports for Board of Commissioners and Board of Directors. • In general, human resources at the Legal Risk management function

	<p>are extremely adequate in terms of quantity as well as competency.</p> <ul style="list-style-type: none"> • 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)	<p>Legal Risk management quality implementation is adequate. Although there are a number of minor weaknesses, these weaknesses can be resolved in normal business activities.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • 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 Legal Risk management. • Legal 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. • Legal 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. • Legal Risk strategy is in line with Risk appetite and Legal Risk

	<p>tolerance.</p> <ul style="list-style-type: none"> • Policies and procedures of Legal Risk Management are adequate and available for all areas of Legal Risk management, in line with the implementation, and well understood by the employees despite minor weaknesses. • The process of Legal Risk management is adequate in terms of the identification, measuring, monitoring, and control of Legal Risk. • Business Continuity Management is reliable and well tested. • Legal Risk Management Information System is good including Legal Risk reporting for Board of Commissioners and Board of Directors. There are minor weaknesses but these weaknesses can be improved easily. • Human resources at the Legal Risk management function are adequate in terms of quantity as well as competency. • Internal control system is 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 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.
<p>Fair (3)</p>	<p>Legal Risk management quality is sufficiently adequate. Although minimum requirements are fulfilled, there are a number of weaknesses that require management's attention.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • 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 Legal Risk management.

	<ul style="list-style-type: none">• Legal 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.• Legal Risk management function is sufficiently good but there are a number of weaknesses require management's attention.• Delegations of authorities have been operating sufficiently well but control and monitoring have not always been well executed.• Legal Risk strategy is sufficiently in line with Risk appetite and Legal Risk tolerance.• Policies and procedures of Legal Risk Management are sufficiently adequate but have not always been consistent with the implementation.• The process of Legal Risk management is sufficiently adequate in terms of the identification, measuring, monitoring, and control of Legal Risk.• Legal 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 Legal 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.
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	<ul style="list-style-type: none"> Follow ups on independent reviews have been executed in sufficiently adequate manner.
Marginal (4)	<p>Legal Risk management quality is less adequate. There are significant weaknesses on various aspects of Legal Risk management that require immediate improvements.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> 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 Legal Risk management. Legal 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. Legal Risk management function has significant weaknesses that require immediate improvements. Delegations of authorities are weak and are not well controlled and monitored. Legal Risk strategy is less in line with Risk appetite and Legal Risk tolerance. There are significant weaknesses in Legal Risk policies, procedures, and limits. The process of Legal Risk management is less adequate in terms of the identification, measuring, monitoring, and control of Legal Risk. Legal 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 Legal Risk management function are less adequate in terms of quantity as well as competency.

	<ul style="list-style-type: none"> • Internal control system is less effective in supporting the implementation of Legal 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.
<p>Unsatisfactory (5)</p>	<p>Legal Risk management quality is not adequate. There are significant weaknesses on various aspects of Legal Risk management which resolution actions are beyond management's capability.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • Formulation of Risk appetite and Risk tolerance is not 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 Legal Risk management. • Legal Risk management culture is not strong or non-existence. • Legal Risk management function has significant weaknesses that require fundamental improvements. • Delegations of authorities are extremely weak or non-existence. • Legal Risk strategy is not in line with Risk appetite and Legal Risk tolerance. • The process of Legal Risk management is not adequate in terms of the identification, measuring, monitoring, and control of Legal Risk. • Legal Risk Management Information System has fundamental weaknesses. Reporting of Legal Risk to Board of Commissioners and Board of Directors is extremely inadequate. • Human resources at the Legal Risk management function are

	<p>inadequate in terms of quantity as well as competency.</p> <ul style="list-style-type: none">• Internal control system is not effective in supporting the implementation of Legal 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.
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ATTACHMENT III.2.7.a

Matrix of Rating Determination of Inherent Risk for Strategic Risk

Rating	Definition of Rating
Low (1)	<p>By taking into consideration business activities conducted by Bank, the possibility of losses that face the Bank from Strategic Risk is considered to be very low during certain period of time in the future.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • Bank's strategies are considered conservative or of low risk. • Bank's business products/activities are considered stable, not complex, and diversified. • Bank continues existing strategies with high success level • Bank has stable competitive advantages, and there have not been any threats from the competitors. • Achievement of Bank's business plan has been extremely adequate.
Low to Moderate (2)	<p>By taking into consideration business activities conducted by Bank, the possibility of losses that face the Bank from Strategic Risk is considered to be low during certain period of time in the future.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • Bank's strategies are considered to be of low risk but with an increasing trend. • Bank's business products/activities are considered to be not complex and diversified. • Bank continues the same strategies or has several new strategies but they are still within Bank's core business and competency. • Bank has competitive advantages, and threats from the competitors have been considered to be minor. • Achievement of Bank's business plan has been adequate.
Moderate (3)	<p>By taking into consideration business activities conducted by Bank, the possibility of losses that face the Bank from Strategic Risk is considered to be sufficiently high during certain period of time in the future.</p>

	<p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • Bank’s strategies are considered to be moderate. • Bank’s business products/activities are in general diversified, but there are several products/activities that are considered complex. • The success of Bank’s strategies is considered to be moderate as there have been threats from the competitors. • Bank has moderate competitive advantages, and there are threats from the competitors. • Achievement of Bank’s business plan has been sufficiently adequate.
<p>Moderate to High (4)</p>	<p>By taking into consideration business activities conducted by Bank, the possibility of losses that face the Bank from Strategic Risk is considered to be high during certain period of time in the future.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • Bank’s strategies are considered to be moderate however with an increasing trend. • Several of Bank’s business products/activities are concentrated and considered complex. • Bank is implementing a strategy for entering a new business/market with uncertain success level. • Bank less competitive advantages, or there are significant threats from the competitors. • Achievement of Bank’s business plan has been less adequate.
<p>High (5)</p>	<p>By taking into consideration business activities conducted by Bank, the possibility of losses that face the Bank from Strategic Risk is considered to be extremely high during certain period of time in the future.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • Bank’s strategies is considered to be high risk. • Bank’s business products/activities are extremely concentrated and considered complex. • Most of Bank’s strategies have shifted to areas that are not its main

	<p>business lines and not within its competency.</p> <ul style="list-style-type: none">• Bank has no competitive advantages, and there are extremely significant threats from the competitors.• Achievement of Bank's business plan has been inadequate.
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ATTACHMENT III.2.7.b

**Matrix of Rating Determination of Risk Management Quality
for Strategic Risk**

Rating	Definition of Rating
Strong (1)	<p>Strategic Risk management quality is extremely adequate. Although there are minor weaknesses, these weaknesses are not significant and therefore can be ignored.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • 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 Strategic Risk management, sources of Strategic Risk and level of Strategic Risk at the Bank. • Strategic 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 Strategic 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. • Policies and procedures of Strategic Risk Management are extremely adequate and available for all areas of Strategic Risk management, in line with the implementation, and well understood by the employees. • The process of Strategic Risk management is extremely adequate in terms of the identification, measuring, monitoring, and control of Strategic Risk. • Strategic Risk Management Information System is extremely good that it produces comprehensive and integrated Strategic Risk reports for Board of Commissioners and Board of Directors. • In general, human resources at the Strategic Risk management

	<p>function are extremely adequate in terms of quantity as well as competency.</p> <ul style="list-style-type: none"> • 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)	<p>Strategic Risk management quality is adequate. Although there are a number of minor weaknesses, but these weaknesses can be resolved in normal business activities.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • 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 Strategic Risk management. • Strategic 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. • Strategic 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

	<p>and have been operating well.</p> <ul style="list-style-type: none"> • Policies and procedures of Strategic Risk Management are adequate and available for all areas of Strategic Risk management, in line with the implementation, and well understood by the employees despite minor weaknesses. • The process of Strategic Risk management is adequate in terms of the identification, measuring, monitoring, and control of Strategic Risk. • Strategic Risk Management Information System is good that it produces comprehensive and integrated Strategic 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 Strategic Risk management function are adequate in terms of quantity as well as competency. • Internal control system is effective in supporting the implementation of Strategic 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)	<p>Strategic Risk management quality is sufficiently adequate. Although minimum requirements are fulfilled, there are several weaknesses that require management's attention.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • 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 Strategic Risk management. • Strategic Risk management culture is sufficiently strong and has been

	<p>sufficiently well internalized although has not always been implemented consistently.</p> <ul style="list-style-type: none">• 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.• Strategic Risk management function is sufficiently good but there are a number of weaknesses require management's attention.• Delegations of authorities have been operating sufficiently well but control and monitoring have not always been well executed.• Policies and procedures of Strategic Risk Management are sufficiently adequate but have not always been consistent with the implementation.• The process of Strategic Risk management is sufficiently adequate in terms of the identification, measuring, monitoring, and control of Strategic Risk.• Strategic 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 Strategic 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.
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<p>Marginal (4)</p>	<p>Strategic Risk management quality is less adequate. There are significant weaknesses on various aspects of Strategic Risk management that require immediate improvements.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • 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 Strategic Risk management. • Strategic 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. • Strategic Risk management function has significant weaknesses that require immediate improvements. • Delegations of authorities are weak, not well controlled, and monitored. • There are significant weaknesses in Strategic Risk policies, procedures, and limits. • The process of Strategic Risk management is less adequate in terms of the identification, measuring, monitoring, and control of Strategic Risk. • Strategic 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 Strategic 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 Strategic Risk management. • Implementations of independent reviews by internal audit working unit
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	<p>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.</p> <ul style="list-style-type: none"> • There are significant weaknesses based on results of independent reviews that require immediate improvements. • Follow ups on independent reviews have been executed less adequately.
<p>Unsatisfactory (5)</p>	<p>Strategic Risk management quality is inadequate. There are significant weaknesses on various aspects of Strategic Risk management which resolution actions are beyond management's capability.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • 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 Strategic Risk management. • Strategic Risk management culture is not strong or non-existence. • In general, implementation of the tasks of Board of Commissioners and Board of Directors is inadequate. There are significant weaknesses in almost all aspects of assessment which resolution actions are beyond management's capability. • Strategic Risk management function has significant weaknesses that require fundamental improvements. • Delegations of authorities are extremely weak or non-existence. • There are significant weaknesses in the policies, procedures, and limits of Strategic Risk. • The process of Strategic Risk management is not adequate in terms of the identification, measuring, monitoring, and control of Strategic Risk. • Strategic Risk Management Information System has fundamental weaknesses.

	<ul style="list-style-type: none">• Human resources at the Strategic Risk management function are inadequate in terms of quantity as well as competency.• Internal control system is not effective in supporting the implementation of Strategic 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 non-existence.
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ATTACHMENT III.2.8.a

Matrix of Rating Determination of Inherent Risk for Compliance Risk

Rating	Definition of Rating
Low (1)	<p>By taking into consideration business activities conducted by Bank, the possibility of losses that face the Bank from Compliance Risk is considered to be very low during certain period of time in the future.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • There have been no violations against regulations. • There have been no violations against sharia principles on the operations of funds mobilization, funds provisions, as well as provision of services. • Bank's track record in compliance all this time has been extremely good. • Bank has implemented almost all prevailing financial standards and code of ethics.
Low to Moderate (2)	<p>By taking into consideration business activities conducted by Bank, the possibility of losses that face the Bank from Compliance Risk is considered to be low during certain period of time in the future.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • There have been relatively minor violations against regulations which can immediately improved by the Bank. • There have been relatively minor violations against sharia principles on the operations of funds mobilization, funds provisions, as well as provision of services. • Bank's track record in compliance all this time has been good. • Bank has implemented almost all prevailing financial standards and code of ethics.
Moderate (3)	<p>By taking into consideration business activities conducted by Bank, the possibility of losses that face the Bank from Compliance Risk is considered to be sufficiently high during certain period of time in the</p>

	<p>future.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • There have been sufficiently significant violations against regulations which require management's attention. • There have been sufficiently significant violations against sharia principles on the operations of funds mobilization, funds provisions, as well as provision of services. • Bank's track record in compliance all this time has been sufficiently good. • There have been minor violations against prevailing financial standards and code of ethics.
<p>Moderate to High (4)</p>	<p>By taking into consideration business activities conducted by Bank, the possibility of losses that face the Bank from Compliance Risk is considered to be high during certain period of time in the future.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • There have been significant violations against regulations which require immediate improvements. • There have been significant violations against sharia principles on the operations of funds mobilization, funds provisions, as well as provision of services. • Bank's track record in compliance all this time has been not so good. • There have been significant violations against prevailing financial standards and code of ethics.
<p>High (5)</p>	<p>By taking into consideration business activities conducted by Bank, the possibility of losses that face the Bank from Compliance Risk is considered to be extremely high during certain period of time in the future.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • There have been extremely significant violations against regulations which require immediate improvements.

	<ul style="list-style-type: none">• There have been extremely significant violations against sharia principles on the operations of funds mobilization, funds provisions, as well as provision of services.• Bank's track record in compliance all this time has been bad.• There have been extremely significant violations against prevailing financial standards and code of ethics.
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ATTACHMENT III.2.8.b

**Matrix of Rating Determination of Risk Management Quality
for Compliance Risk**

Rating	Definition of Rating
Strong (1)	<p>Compliance Risk management quality is extremely adequate. Although there are minor weaknesses, but these weaknesses are not significant and therefore can be ignored.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • Board of Commissioners, Board of Directors, and Sharia Supervisory Board, have extremely good awareness and understanding of Compliance 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. • Compliance 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, Board of Directors, and Sharia Supervisory Board, is extremely adequate. • Independent Compliance 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. • Compliance Risk strategy is very much in line with Risk appetite and Risk tolerance. • Policies and procedures of Compliance Risk Management are extremely adequate and available for all areas of Compliance Risk management, in line with the implementation, and well understood by the employees. • The process of Compliance Risk management is extremely adequate in terms of the identification, measuring, monitoring, and control of Compliance Risk.

	<ul style="list-style-type: none"> • Compliance Risk Management Information System is extremely good that it produces comprehensive and integrated Compliance Risk reports for Board of Commissioners, Board of Directors, and Sharia Supervisory Board. • In general, human resources at the Compliance 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, Board of Directors, and Sharia Supervisory Board. • 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)	<p>Compliance Risk management quality is adequate. Although there are a number of minor weaknesses, but these weaknesses can be resolved in normal business activities.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • Board of Commissioners, Board of Directors, and Sharia Supervisory board have good awareness and understanding of Compliance 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. • Compliance Risk management culture is strong and has been well internalized at all organizational levels. • In general, implementation of the tasks of Board of Commissioners, Board of Directors, and Sharia Supervisory Board is adequate. There

are a number of weaknesses but these weaknesses are not significant and can be immediately improved.

- Compliance 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.
- Compliance Risk strategy is in line with Risk appetite and Risk tolerance.
- Policies and procedures of Compliance Risk Management are adequate and available for all areas of Compliance Risk management, in line with the implementation, and well understood by the employees despite minor weaknesses.
- The process of Compliance Risk management is adequate in terms of the identification, measuring, monitoring, and control of Compliance Risk.
- Compliance Risk Management Information System is good that it produces comprehensive and integrated Compliance Risk reports for Board of Commissioners, Board of Directors, and Sharia Supervisory Board. There are minor weaknesses but these weaknesses can be easily improved.
- Human resources at the Compliance Risk management function are adequate in terms of quantity as well as competency.
- Internal control system is effective in supporting the implementation of Compliance 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, Board of Directors, and Sharia Supervisory Board.
- There are weaknesses but these are not significant based on results of independent reviews.
- Follow ups on independent reviews have been adequately executed.

<p>Fair (3)</p>	<p>Compliance Risk management quality is sufficiently adequate. Although minimum requirements are fulfilled, there are a number of weaknesses that require management's attention.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • Board of Commissioners, Board of Directors, and Sharia Supervisory Board, have sufficiently good awareness and understanding of Compliance 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. • Compliance 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, Board of Directors, and Sharia Supervisory Board is sufficiently adequate. There are weaknesses in several aspects of assessment that require management's attention. • Compliance Risk management function is sufficiently good but there are a number of weaknesses require management's attention. • Delegations of authorities have been operating sufficiently well but control and monitoring have not always been well executed. • Compliance Risk strategy is sufficiently in line with Risk appetite and Risk tolerance. • Policies and procedures of Compliance Risk Management are sufficiently adequate but have not always been consistent with the implementation. • The process of Compliance Risk management is sufficiently adequate in terms of the identification, measuring, monitoring, and control of Compliance Risk. • Compliance Risk Management Information System meets minimum expectation but there are a number of weaknesses including the reporting to Board of Commissioners, Board of Directors, and Sharia
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	<p>Supervisory Board that require management's attention.</p> <ul style="list-style-type: none"> • In general, human resources at the Compliance 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, Board of Directors, and Sharia Supervisory Board 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)	<p>Compliance Risk management quality is less adequate. There are significant weaknesses on various aspects of Compliance Risk management that require immediate improvements.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • Board of Commissioners, Board of Directors, and Sharia Supervisory Board, have significant weaknesses in awareness and understanding of Compliance 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. • Compliance 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, Board of Directors, and Sharia Supervisory Board is less adequate. There are weaknesses in various aspects of assessment that require immediate improvements. • Compliance Risk management function has significant weaknesses

	<p>that require immediate improvements.</p> <ul style="list-style-type: none"> • Delegations of authorities are weak and are well controlled and monitored. • Compliance Risk strategy is less in line with Risk appetite and Risk tolerance. • There are significant weaknesses in Compliance Risk policies, procedures, and limits. • The process of Compliance Risk management is less adequate in terms of the identification, measuring, monitoring, and control of Compliance Risk. • Compliance Risk Management Information System has significant weaknesses including the reporting to Board of Commissioners, Board of Directors, and Sharia Supervisory Board that require immediate improvements. • Human resources at the Compliance 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 Compliance 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, Board of Directors, and Sharia Supervisory Board 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.
<p>Unsatisfactory (5)</p>	<p>Compliance Risk management quality is inadequate. There are significant weaknesses on various aspects of Compliance Risk management which resolution actions are beyond management's capability.</p> <p>Sample characteristics of banks included in this rating are among others:</p> <ul style="list-style-type: none"> • Board of Commissioners, Board of Directors, and Sharia Supervisory

	<p>Board, have significant weaknesses in awareness and understanding of Compliance Risk management.</p> <ul style="list-style-type: none"> • Formulation of Risk appetite and Risk tolerance is inadequate and is not in line with Bank's overall strategic targets and business strategy. • Compliance Risk management culture is not strong. • Compliance Risk management function has significant weaknesses that require fundamental improvements. • Delegations of authorities are extremely weak. • Compliance Risk strategy is not in line with Risk appetite and Risk tolerance. • The process of Compliance Risk management is not adequate in terms of the identification, measuring, monitoring, and control of Compliance Risk. • Compliance Risk Management Information System has fundamental weaknesses. Reporting of Compliance Risk Management to Board of Commissioners, Board of Directors, and Sharia Supervisory Board is extremely inadequate. • Human resources at the Compliance Risk management function are inadequate in terms of quantity as well as competency. • Internal control system is not effective in supporting the implementation of Compliance 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, Board of Directors, and Sharia Supervisory Board 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 non-existence.
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