

ATTACHMENT IV

FINANCIAL SERVICES AUTHORITY CIRCULAR LETTER
NUMBER 10/SEOJK.03/2014

CONCERNING

RISK-BASED BANK RATING FOR ISLAMIC COMMERCIAL BANKS AND ISLAMIC
BUSINESS UNITS

REPORT ON RESULTS OF RISK BASED BANK RATING

- Attachment IV.1 : Report on Results of Risk Based Bank Rating
- Attachment IV.2 : Risk Profile Factor Assessment
- Attachment IV.3 : Risk Analysis Assessment
- Attachment IV.4 : Good Corporate Governance Factor Assessment
- Attachment IV.5 : Earnings Factor Assessment
- Attachment IV.6 : Capital Factor Assessment

**REPORT ON
RESULTS OF RISK BASED BANK RATING**

Name of Bank :

Position :

No	Assessment Factors	Rating	
		Individual	Consolidated*)
1	Risk Profile		
2	Good Corporate Governance		
3	Earnings		
4	Capital		
Risk Based Bank Rating			

*) In the case of Banks owning subsidiaries which should be consolidated.

Analysis	
<p>Analysis concerning Bank's overall condition is reflected in four factors of risk-based bank rating:</p> <ul style="list-style-type: none"> • Analysis of Risk Profile, which comprises inherent Risk, Risk Management quality, and Risk level for each Risk as well as Risk rating level • Analysis of Good Corporate Governance implementation • Analysis of Earnings • Analysis of Capital <p>In the case Bank has subsidiary companies that have to be consolidated, Bank should calculate the Risk impact, Good Corporate Governance implementation, and performances of earnings as well as capital of subsidiary companies against Bank's Risk profile and financial performance by taking into consideration the significance and materiality of subsidiary companies and or the significance of subsidiary companies' problems.</p>	
Date:	Date:
Prepared By:	Approved By:

ASSESSMENT OF RISK PROFILE FACTOR

Name of Bank :

Position :

Risk Profile	INDIVIDUAL			CONSOLIDATED		
	Inherent Risk Rating	Risk Management Quality Rating	Risk Rating	Inherent Risk Rating	Risk Management Quality Rating	Risk Rating
Credit Risk						
Market Risk						
Liquidity Risk						
Operational Risk						
Legal Risk						
Strategic Risk						
Compliance Risk						
Reputation Risk						
Rate of Return Risk						
Equity Investment Risk						
Composite Rating			Risk Profile Rating			Risk Profile Rating

Analysis

Description concerning the conclusion on overall Bank Risk profile covers assessments of inherent Risk and Risk Management quality, with the focus of the analysis on Risk exposures that are significant and material on the Bank. For example, in general Credit Risk is the most dominant Risk in Bank's activities, and as such has a higher significance compared to other Risks. Therefore, the rating of Bank's Risk profile will be more influenced by the rating of Credit Risk as the most dominant Risk at the Bank, and after that by other Risks that are considered significant, such as Market Risk, Liquidity risk, and/or Operational Risk.

In the case Bank owns subsidiary companies that should be consolidated, Bank takes into account the impacts of the subsidiary companies' Risks on Bank's Risk profile by taking into consideration the significance and materiality of the subsidiary companies and/or significance of the subsidiary companies' problems.

ASSESSMENT OF ANALYSIS OF RISK.....*)

Name of Bank :
 Position :

Analysis
<p><i>Risk Rating:</i> The final conclusion on Bank Risk level which covers the levels of inherent Risk, Risk Management quality until Bank's Risk level is described.</p> <p><i>Inherent Risk:</i> Description concerning assessment of inherent Risk based on analysis of assessment factors by using quantitative as well as qualitative indicators until the level of Bank's inherent Risk is described.</p> <p><i>Risk Management quality:</i> Analysis of the Risk Management quality comprises governance Risk; Risk management framework; Risk Management process, Human Resources, and MIS; and Risk control.</p>

*) This working paper is used to support the analysis of Risks at Bank, which covers Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Legal Risk, Strategic Risk, Compliance Risk, Reputation Risk, Rate of Return Risk, and Equity Investment Risk.

ASSESSMENT OF GOOD CORPORATE GOVERNANCE FACTOR

Name of Bank :

Position :

	Rating	Definition of Rating
Individually		
Consolidated		
Analysis		
<p>Description concerning the conclusion of the assessment of Bank's Good Corporate Governance implementation shall be made by taking into consideration comprehensive and structured Good Corporate Governance assessment factors, which covers governance structure, governance process and governance outcome. This description at least also explains identification of problems comprising of the weaknesses and the causal roots and strengths of Good Corporate Governance implementation.</p> <p>In the case Bank owns Subsidiary Companies that should be consolidated:</p> <ul style="list-style-type: none"> • Assessment should be made on the problems of the Subsidiary Companies' Good Corporate Governance implementation that are considered to have significant impacts on Bank's consolidated Good Corporate Governance. • Assessment factors of Subsidiary Companies' Good Corporate Governance that are used to assess the consolidated implementation of Good Corporate Governance principles are determined by giving attention to the Subsidiary Companies' business characteristics as well as being supported by adequate data and information. • Determination of Bank's consolidated Good Corporate Governance rating is undertaken by taking into consideration the impact of the subsidiary companies' Good Corporate Governance implementation. 		

ASSESSMENT OF EARNINGS FACTOR

Name of Bank :

Position :

Earnings Rating	Individually	Consolidated
Analysis		
The final conclusion concerning Bank's earnings performance shall be made by taking into consideration earnings assessment factors. In the case Bank owns subsidiary companies that should be consolidated, Bank takes into account the impact of the subsidiary companies' earnings performance on Bank's overall earnings by taking into consideration the significance and materiality of the subsidiary companies.		

ASSESSMENT OF CAPITAL FACTOR

Name of Bank :

Position :

Capital Rating	Individually	Consolidated
Analysis		
<p>The final conclusion concerning Bank's capital performance shall be made by taking into consideration capital assessment factors. In the case Bank owns subsidiary companies that should be consolidated, Bank takes into account the impact of the subsidiary companies' capital performance on Bank's overall capital by taking into consideration the significance and materiality of the subsidiary companies.</p>		

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