## ILLUSTRATIVE EXAMPLES ON PREPARATION OF IFRS 9 IMPLEMENTATION Bank 123 Ltd.

The following table is an illustrative example. The Bank prepares a roadmap in accordance with conditions of eash bank's circumstances, with keep attention to deadlines of each stage so that the implementation target of January 1st, 2020 can be achieved

	Documents Attached	2017 (themonth)	2018 (Themonth)	2019 (Themonth) 2020
	Documents Attached	9 10 11 12	1 2 3 4 5 6 7 8 9 10 11 12	1 2 3 4 5 6 7 8 9 10 11 12
Stage I: Initial Preparation (no later than Q4/2017)	<u> </u>			
Discussions with Board of Commissioners, Directors, Audit Committee, and related Working units	Minutes of Meeting			
2. Training and socialization of the application of PSAK 71 to related work units	Training schedule and realization			
3. Setting up the Task Force and work programs in detail including timeline and targets	BoD's Decree and action plan details		")	
4. Preparation of RBB (bank Business Plan) that taking into account additional costs for IFRS 9 implementation			7	
*) adjustment, if any				
Tahap II: Gap analysis (no later than Q I/2018)				
Gap Analysis on classification and measurement	1) Results of Quantitative and Qualitative Studies on			
1. Solely Payment of Principal and Interest test (SPPI test) *	Classification and Measurement of Financial			
2. Business Model Review	Instruments;			
3. The adequacy of resources (i.e human, funds, infrastructiure, policies and procedures)	improvements proposal on the business model and resources			
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Gap Analysis on Impairment				
Identify a potentially impaired financial assset	Results of Quantitative and Qualitative studies on			
Mapping internal ratings with indicators of impairment requirements under PSAK 71	impairment of financial instruments 2) Improvements proposal in credit risk indicators (i.e.			
	internal ratings and impairment indicators) as well as			
3. The adequacy of resources (i.e human, funds, infrastructiure, policies and procedures)	resources			
Gap Analysis on Hedge Accounting (Optional)				
Review on existing derivative transanction and hedging needs	1) Results of Quantittative and Qualitative studies on			
2. Reviewing the existence of risk management and compare with hedge accounting in accordance to PSAK 71	hedge accounting (for banks that are not actively			
	involve on hedging, the analysis can be simplified)  2) Improvement proposal on market risk management			
3. Notice at the need to change existing hedge accounting (in accordance with PSAK 55) with hedge accounting under PSAK 71	and resources			
	and resources			
3. The adequacy of resources (i.e human, funds, infrastructiure, policies and procedures)				
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Tahap III: Development (no later than Q2/2018)				
Development on Classification and Measurement				
1. The Development of financial asset classification criteria based on SPPI	The policy draft on the classification of financial			
The Development on business model includes contract changes with thid parties, if required	instruments, as well as contract (if required)			
3. Changes in policies and procediures	_			<u> </u>
Adjustment on MIS for financial instruments, if required	Approval of changes on MIS and User requirement			
5. Providing data/information required for disclosures in accordance to PSAK 71	Draft of Disclosure on financial reports			
o. I Toylang data/information required for disclosures in accordance to F OAN 7.1	prair or piscusure on illiandal reports			

	Documents Attached	2017 (themonth)	2018 (Themonth)					2019 (Themonth)							
		9 10 11 12	1 2 3 4 5 6 7 8 9 10 11 12					11 12	1 2 3 4 5 6 7 8 9 10 11 1						1
Development on Impairment															
1. Building a model:	Models from PD, LGD, EAD that proposed and														. L
a. Probability of Default (PD)	approved by BoD														
b. Loss Given Default (LGD)															. —
c. Exposure at Default (EAD)															. —
2. The development of a supporting system for the calculation of impairment:	1)Proposal and approval of changes on MIS														. —
a. Preparation of system design	2)User requirement														
b. Procurement system	3)Progress report on the development MIS														ı
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c. Development system															
3. System testing	Reports on the results of system testing														ı
4. Adjustment on policies regarding IFRS 9 implementation including medium and long term contracts with third parties as well as off															
balance sheet elements	Draft of contract changes														ıl
5. The development on resources (i.e. human, funds infrastructure, policies and procedures)	1) Draft of Policies, 2) Training realization														. —
6. Providing data/information required for diclosure under PSAK 71	Draft of disclosures on financial reports						-	_				+			. —
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Development on Hedge Accounting (Optional)	٦														
The development on risk management strategy and risk management objective (people, tools, and policies) in accordance to PSAK 71	Draft of policies regarding risk related (i.e.risk							$\neg$				т т			
1. The development on risk management strategy and risk management objective (people, tools, and policies) in accordance to PSAK 71	nanagement and ALMA)														ı İ
7	SOP Draft on Hedge Accounting							_				+			ı
2. The development of accounting for risk management activity in accordance to PSAK 71		$\longrightarrow$	$\vdash$						$\vdash$		_	+			. —
3. The development of hedge effective test (include economic relationship, credit risk does not dominate dan hedge ratio) in accordance to															ıl
PSAK 71	T. A											+			ı <del></del>
4. Adjustment on MIS (if required)	The Approval and the development of MIS (if required)														ı İ
															. —
5. Providing data/information required for disclosures under PSAK 71	Draft of disclosures on financial reports														
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Tahap IV: Final Preparation dan parallel run (at least in 6 months)															
1. Finalization (MIS PSAK 71)	Minutes of Meeting					T = T	T 1								ı
<ol><li>Approval of changes on Policies and Procedures as well as related Business Process (i.e. Accounting, Credit, Treasury, Risk</li></ol>	·		-				+	-							ı
Management)	A letter of approval of policies and procedures														ı İ
management/	Parallel run analysis report, as well as the	<del>                                     </del>	+	++	-	++	+	-	$\vdash$	$\vdash$	-				. —
3. Parallel run	improvements (if required)								1 1						ı I
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So Live	Implementation reports of PSAK 71	1 1 1 1 1	1 1	1 1 1	1 1	1 1		1 1	1 1	1 1 1	- 1	1	1 1	1 1 1	