

Implementation of Basel

In the context of risk management, particularly the implementation of Basel II and Pillar 1, which applies to all commercial banks, the Company has fulfilled the following provisions:

Requirement	Status
The bank has implemented market risk measurement using the standardized model as stipulated in OJK Regulation No. 38/SEOJK.03/2016 dated September 15, 2016, concerning Guidelines for the Use of the Standardized Method in Calculating the Minimum Capital Adequacy Ratio for Commercial Banks, Considering Market Risk. The portfolio considered in determining the market risk weighted assets (KPMM) consists of the trading book portfolio for interest rate risk, as well as the trading book and banking book portfolios for exchange rate risk. In 2023, the bank prepared for OJK Regulation No. 23/SEOJK.03/2022 dated December 7, 2022, regarding the Calculation of Risk-Weighted Assets for Market Risk for Commercial Banks, which will be implemented starting January 1, 2024, by conducting trial calculations and reporting to OJK for ATMR Market positions in June 2023, September 2023, and December 2023.	✓

Implementation of Basel II Pillar 2

Requirement	Status
The bank has submitted the results of the risk management application for Interest Rate in the Banking Book (IRRBB) and the calculation report of IRRBB to the regulator on a quarterly basis in accordance with OJK Regulation No. 12/SEOJK.03/2018 dated August 21, 2018, regarding the Implementation of Risk Management and Measurement of the Standardized Approach for Interest Rate Risk in The Banking Book for banks.	✓

Implementation of Basel III

Requirement	Status
Regarding the regulator's plan to implement Basel III as regulated in OJK Regulation No. 11/POJK.03/2016, the Company has specifically maintained a Capital Adequacy Ratio (CAR) of 20.17%, above the minimum requirement under the Basel III framework, which is 10.5%.	✓

IMPLEMENTATION OF PRINCIPLES OF PRUDENCE [GRI 2-23]

Know Your Customer (KYC) dan Know Your Employee (KYE)

To strengthen the implementation of prudential principles, the Company adopts the know your customer (KYC) and know your employee (KYE) approaches in managing operational risks in banking business activities. The KYC approach has evolved into customer due diligence (CDD), which includes identification, verification, and monitoring activities conducted by the Company to ensure that transactions comply with the profile of prospective customers, walk-in customers (WIC), or existing customers, in accordance with PBI No. 14/27/PBI/2012. To enhance employees' understanding of the implementation of prudential principles, the Company provides access to online training with CDD materials containing relevant case examples related to prudential principles.

Anti-Money Laundering (AML), Countering the Financing of Terrorism (CFT), and Countering the Proliferation of Weapons of Mass Destruction (CPWMD)

The Company implements AML, CFT, and CPWMD programs in customer identification activities in accordance with applicable regulations. As part of efforts to enhance the effectiveness of the AML, CFT, and CPWMD programs to meet regulatory requirements, the Company has established a Special Working Unit (SWU) for AML, CFT, and CPWMD at the Head Office. Furthermore, the implementation of AML, CFT, and CPWMD programs at regional offices and branch offices is the responsibility of each Regional Office Head and Branch Manager.

In addition to implementation at the head office, the Company also ensures that the AML, CFT, and CPWMD SWU program is implemented at regional offices and branch offices. This is intended to promote the effective implementation of these programs and comply with regulatory requirements.