Risk Management Policy Summary

PT Bank JTrust Indonesia Tbk

The implementation of Bank Jtrust Indonesia's risk management refers to the Financial Services Authority Regulation No.18/POJK.03/2016 and the OJK Circular Letter No.34/SEOJK.03/2016 concerning the Implementation of Risk Management for Commercial Banks.

In carrying out the Risk Management function, the Bank establishes sound risk management governance, an Independent Risk Management Work Unit, formulates the level of risk to be taken (risk appetite) and risk tolerance and develops risk management policies and procedures to maintain the level of risk. at the specified limits.

As a conventional commercial bank, Bank JTrust Indonesia has 8 (eight) risks inherent in its operations and business, with details as follows:

1. Credit Risk
   Risks due to failure of other parties to fulfill obligations to the Bank, including Credit Risk due to debtor failure, credit concentration risk, counterparty credit risk, and settlement risk.

2. Market Risk
   Risks arising from the movement of market variables from the portfolio owned by the Bank, both cash transactions and derivative transactions, which can harm the Bank. Included in market variables are interest rates, exchange rates, stock prices, and commodity prices including derivatives of these types of market risk and the risk of changes in option prices.

3. Liquidity Risk
   Liquidity risk is the risk due to the Bank's inability to meet maturing obligations from cash flow funding sources and/or from high quality liquid assets that can be used as collateral, without disrupting the Bank's activities and financial condition.

4. Operational Risk
   Operational risk is the risk caused by, among others, inadequate and/or malfunctioning internal processes, human factor errors, system failures, or external problems that affect the Bank's operations.

5. Compliance Risk
   Compliance risk is the risk caused by the Bank not complying with and/or not implementing the prevailing laws and regulations and other provisions.

6. Legal Risk
   Legal risk is the risk caused by a weakness in the juridical/legal aspects or because the transaction is not properly documented. This risk is not limited to risks arising from the possibility of contracts/agreements that cannot be implemented, lawsuits/lawsuits from third parties, non-compliance with applicable laws and regulations, weakness of the engagement, imperfect binding of guarantees, inability to implement court decisions, court decisions that may interfere with or affect operations or condition of the Bank.

7. Reputational Risk

Reputation risk is the risk due to a decrease in the level of stakeholder trust originating from negative perceptions of the Bank which can affect the Bank's image.

8. Strategic Risk
   Strategic risk is the risk of inaccuracy in making and/or implementing a strategic decision and failure to anticipate changes in the business environment.

Risk Management Organization

1. Risk Monitoring Committee (KPR)
   The Committee was formed by the Board of Commissioners with the aim of assisting the Board of Commissioners in carrying out their duties and responsibilities in supervising and providing advice to the Board of Directors to obtain adequate assurance so that the Bank's risk management implementation continues to meet the elements of the adequacy of policies, procedures, limits and risk management methodologies. Bank's business activities can still controlled at the limits/limits that are acceptable and profitable for the Bank.

2. Risk Management Committee (KMR)
   Committee under the Board of Directors which aims to evaluate and provide recommendations to the President Director regarding Bank Risk Management. The membership of the Risk Management Committee shall at least consist of a majority of the Board of Directors and Executive Officers.

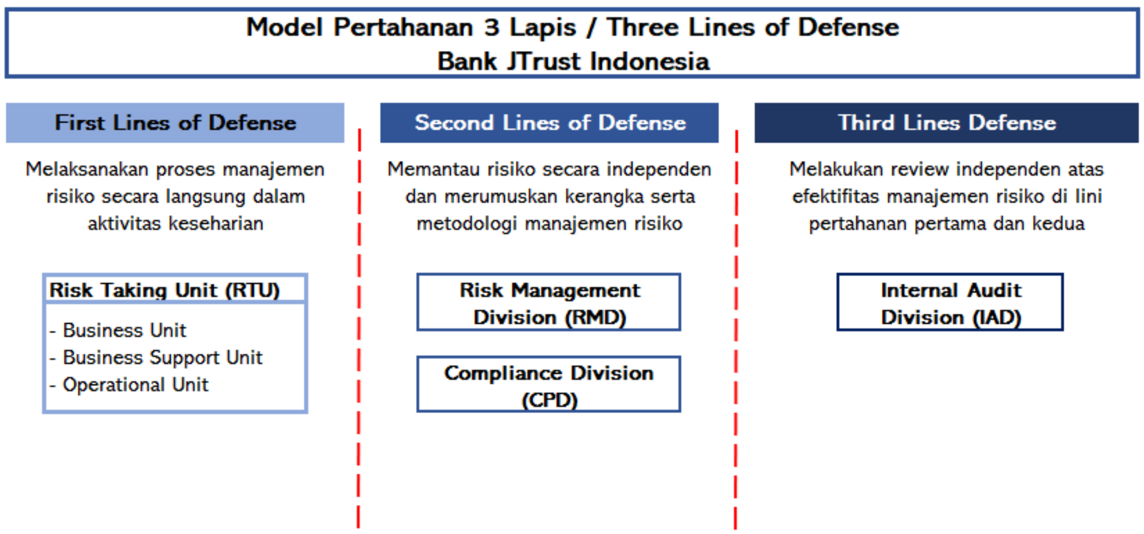
3. Risk Management Division (RMD)
   Is a work unit that handles risk management policies including identifying, measuring, monitoring and controlling risks and submitting reports on risk levels. RMD is independent of the Bank's business work units.

4. Work Relations and Interaction between Work Units
   Business Units, Support Business Units and/or Operational Units as the first line of defense carry out risk management processes (identification, measurement, monitoring and control of risks) in the work activities carried out.
   The Business Unit, Support Business Unit and/or Operational Unit are required to report the risk exposure inherent in the work unit concerned to the Risk Management Division on a regular basis to jointly determine the risk mitigation efforts that need to be carried out.

   In the second line of defense, there is a Risk Management Division and a Compliance Division. The Risk Management Division formulates the framework and methodology for implementing risk management and ensures it runs well. The Compliance Division formulates the framework and methodology for implementing good corporate governance.

   The Internal Audit Division as the third line of defense carries out post-control risk control through tracking activities that have been carried out by the first line of defense and second line of defense. The Internal Control function must include compliance risk in the risk assessment framework and methodology.

The Internal Audit Division and the Risk Management Division work together in implementing a risk based audit framework for operational work units and business units.
The Internal Audit Division is a separate work unit from the Compliance Unit (compliance function). This is intended so that the activities of the Compliance Unit can be independently reviewed. The Internal Audit Division can submit audit findings related to compliance to the Compliance Unit.



Application of Risk Management

The implementation of Bank JTrust Indonesia's Risk Management is carried out in accordance with the provisions of the regulator, namely by implementing the four pillars of Risk Management implementation as follows:

1) Active supervision of the Board of Commissioners and the Board of Directors;
   The Board of Commissioners and Board of Directors of Bank JTrust Indonesia understand the risks faced by the Bank and provide clear directions, carry out active supervision and mitigation. The Board of Commissioners carries out the risk oversight function through the Risk Monitoring Committee. The Board of Directors carries out the function of risk policy (risk policy) through the Risk Management Committee.

   The duties, responsibilities and authorities of the Board of Commissioners related to active supervision in Risk Management activities include:
   a. Understanding the risks inherent in the Bank's functional activities, especially those that may affect the Bank's financial condition;
   b. Evaluating and approving Risk Management policies that are carried out at least once a year or at a higher frequency in the event that there are changes in factors that significantly affect the Bank's business activities;
   c. Evaluating the accountability of the Board of Directors for the implementation of the risk management policies mentioned above, which is carried out at least on a quarterly basis;

d. Provide consultation to the Board of Directors on transactions or business activities with large amounts of funds.
e. Provide credit approval to bank related parties and/or transactions involving conflicts of interest.

The duties and responsibilities of the Board of Directors in implementing risk management include:

a. Develop written and comprehensive risk management policies and strategies;
b. Responsible for the implementation of risk management policies and risk exposures taken by the Bank as a whole;
c. Evaluate and decide on transactions that require the approval of the Board of Directors;
d. Develop a Risk Management culture at all levels of the organization;
e. Ensuring the improvement of human resource competencies related to Risk Management;
f. Ensure that the Risk Management function operates independently.
g. Carry out periodic reviews to ensure:
    - The accuracy of the Risk assessment methodology;
    - Adequacy of Risk Management information system implementation; and
    - Accuracy of Risk Management Policies and Procedures and determination of risk limits.

2) Adequacy of Risk Management policies and procedures and determination of Risk limits;
Bank Jtrust Indonesia has a General Risk Management Policy (KUMR) which is the main guideline in implementing risk management. For more specific business areas, the Bank has more specific policies and procedures, for example in the areas of credit, treasury, and operations. The policies and procedures, among others, regulate the setting of limits for each activity, both at the portfolio and transactional levels.
All policies and procedures at Bank Jtrust Indonesia are a form of risk management that
Attached to every operational activity of the Bank which is evaluated and updated regularly.

3) Adequacy of Risk Management Process and Risk Management Information System;
Implementation of the Bank's risk management for 8 (eight) risks, namely Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Legal Risk, Strategic Risk, Compliance Risk and Reputational Risk. The implementation of risk management includes, among others, carrying out the Process of Identification, Measurement, Monitoring, Risk Control, and Risk Management Information System. The risk identification process is carried out covering all functional activities (operational activities) as well as combining and analyzing risk information from all available information sources.

The Bank has continuously developed risk measurement tools and reviewed them regularly. The risk management information system is also important to support the implementation of risk identification, measurement, monitoring and control processes.
As part of the risk management information system, the Risk Management Unit has prepared a report on the Bank's risk profile which is submitted periodically to the Board of Directors and the Risk Management Committee.

4) A comprehensive internal control system.
An internal control system for the risk management function is needed to ensure that the risk management process runs properly and in accordance with the precautionary principle.
The internal control system is carried out jointly by the relevant work units, the Risk Management Division, the Compliance Division and the Internal Audit Division as follows:

a. The official is responsible for the implementation of the supervisory function attached to his work unit and is responsible for the results of his supervision.
b. *Compliance Division and Quality Control are responsible for direct supervision of the implementation of applicable regulations by branches and divisions/work units.*
c. *The Risk Management Division conducts indirect supervision through the processing of quantitative and qualitative data submitted by the work unit and Quality Control using available measuring and control tools.*
d. *The Internal Audit Division carries out overall supervision of the implementation of the risk management framework implemented by the work unit and the Risk Management Division.*