

Legal risk is risk resulting from legal claim and/or weakness in judicial aspect and aims to ensure that legal risk management process can minimize potential negative impact from such weakness in judicial aspect, in the absence and/or changes in the laws and regulations as well as the litigation process.

1. Legal Risk Management Framework

The Director of Compliance is an independent director, who is not supervising over the business and operation units, nor such other units as the treasury, finance, internal audit. For that reason, the Legal and Litigation Division independently provides legal opinion by putting attention on prevailing laws and regulations in Indonesia without being influenced by other work units.

The Legal and Litigation Division also provides legal services, in writing or verbal in the form of legal opinion, legal document examination, drafting of legal document, legal information research, legal accompaniment. In addition, provide legal assistance on litigation and/or legal dispute handling with Alternative Dispute Resolution (ADR) mechanism.

2. Adequacy in Policies, Procedures and Limit

The Legal & Litigation Division has the policies, procedures and limitation of authority over its work function. There is Legal Risk Review on transactions that are material in nature conducted by the Legal & Litigation Division, so that potential legal risk may be anticipated and mitigated from the beginning of the transaction, for example, the requirement of using standard draft agreement.

3. Adequacy of Processes in Risk Identification, Measurement, Monitoring, and Control, and Risk Management Information Systems

The Board of Directors and the Board of Commissioners unceasingly supervise all of the Bank's matters/cases, through such mechanisms as follows:

- *Legal Weekly Report to the Compliance Director*
- *Legal Monthly Report to the General Council, Compliance Director and the Board of Commissioners*
- *Legal Quarterly Report to the Board of Commissioners*
- *Ad Hoc Report to the Board of Commissioners (if any)*

Although such regular reports are managed, however, the General Council may readily provide report or verbal opinion at any time required, for an emergency decision making by initially coordinating with the Director of Compliance.

4. Legal Risk Internal Control System

The Bank has a legal risk internal control system by monitoring periodically on cases that have been carried out by courts and / or non-courts and potential disputes

Legal risk management organization

