## 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		2018 (Themonth)						2019 (Themonth)								2020		
	Documents Attached	9 10 11 12	1	2 3	4 :	56	7	8 9	10 1	1 12	1	2 3	34	5 6	7	89	10 11	12	1
Stage   : Initial Preparation (no later than Q4/2017)																			
1. 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																		
<ol> <li>Setting up the Task Force and work programs in detail including timeline and targets</li> </ol>	BoD's Decree and action plan details									)									
4. Preparation of RBB (bank Business Plan) that taking into account additional costs for IFRS 9 implementation									,	)									
*) adjustment, if any											L		11		1 1		1 1	[	
Tahap II: Gap analysis (no later than Q //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; 2) improvements proposal on the business model and																		
3. The adequacy of resources (i.e human, funds, infrastructiure, policies and procedures)	resources																		
													_ _						
Gap Analysis on Impairment																			
1. Identify a potentially impaired financial assset	1) Results of Quantitative and Qualitative studies on																		
2. Mapping internal ratings with indicators of impairment requirements under PSAK 71	impairment of financial instruments 2) Improvements proposal in credit risk indicators (i.e.																		
<ol> <li>The adequacy of resources (i.e human, funds, infrastructiure, policies and procedures)</li> </ol>	internal ratings and impairment indicators) as well as resources																		
Gap Analysis on Hedge Accounting (Optional)																			
Review on existing derivative transaction and hedging needs	1) Results of Quantittative and Qualitative studies on					1		1	TT	Т						1			
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)																		
3. Notice at the need to change existing hedge accounting (in accordance with PSAK 55) with hedge accounting under PSAK 71	<ul> <li>2) Improvement proposal on market risk management and resources</li> </ul>																		
3. The adequacy of resources (i.e human, funds, infrastructiure, policies and procedures)																			
Teles III Development (as later (los 00/000)					I I -		I - I -				I				I I -		I I		
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																		-
2. 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																			
4. 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		+												+	_		I	

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	Documents Attached	2017 (themonth)			2018 (Themonth)							2019 (Themonth)								
		9 10	) 11 12	1	2 3	4 5	67	89	10 1	1 12	1 2	234	15	67	3910	) 11 12				
evelopment on Impairment	7																			
Building a model:	Models from PD, LGD, EAD that proposed and							ТТ					1 1							
a. Probability of Default (PD)	approved by BoD																			
b. Loss Given Default (LGD)																				
c. Exposure at Default (EAD)																				
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																			
	., ., ., ., ., ., ., ., ., ., ., ., ., .																			
c. Development system	_			-																
C. Development system	Reports on the results of system testing			-													-			
Adjustment on policies regarding IFRS 9 implementation including medium and long term contracts with third parties as well as off	Reports on the results of system testing			-																
Augustinent on policies regarding in Ko simplementation including meulum and long term contracts with unit parties as well as on lance sheet elements	Draft of contract changes																			
ance sheet elements The development on resources (i.e. human, funds infrastructure, policies and procedures)	1) Draft of Policies, 2) Training realization			-																
Providing data/information required for diclosure under PSAK 71	Draft of disclosures on financial reports			-													<u> </u>			
Providing data/information required for diclosure under PSAK / I	Drait of disclosures on imancial reports																			
evelopment on Hedge Accounting (Optional)																				
The development on risk management strategy and risk management objective (people, tools, and policies) in accordance to PSAK 71	1) Draft of policies regarding risk related (i.e.risk																			
	management and ALMA)	_																		
The development of accounting for risk management activity in accordance to PSAK 71	2) SOP Draft on Hedge Accounting											_	_		_		<u> </u>			
The development of hedge effective test (include economic relationship, credit risk does not dominate dan hedge ratio) in accordance to																				
SAK 71															_		<u> </u>			
Adjustment on MIS (if required)	The Approval and the development of MIS (if required)																			
Providing data/information required for disclosures under PSAK 71	Draft of disclosures on financial reports																			
hap IV: Final Preparation dan parallel run (at least in 6 months)																				
Finalization (MIS PSAK 71)	Minutes of Meeting																			
Approval of changes on Policies and Procedures as well as related Business Process (i.e. Accounting, Credit, Treasury, Risk																				
nagement)	A letter of approval of policies and procedures																			
	Parallel run analysis report, as well as the																			
Parallel run	improvements (if required)																			
		1 1	<u> </u>		<u> </u>	1 1			<u> </u>								L			
Live	Implementation reports of PSAK 71	1 1	1 1			П	T	1 1	r r			1 1	1 1	1 1						
	implementation reports or PSAK / I			11		1 1		1							1					