



## INTERNAL CONTROL SYSTEM

on an assessment of the risks and relevant controls.

### Control and Separation of Functions Activities

Control activities include control activities and segregation of duties, with the following description:

#### 1. Control Activities

Control activities engage all levels of the Company, which includes planning, setting policies and procedures, implementing controls and early verification processes to ensure that policies and procedures have been consistently adhered to, and are activities that cannot be separated from every function or activity of the Company on a daily basis. Control activities are implemented at all levels of functions according to the Company's organizational structure, which includes:

- a. Review by the Board of Directors (Top Level Review)  
The Board of Directors periodically requests explanations (information) and operational performance reports from the Head of the Work Unit in order to review the realization results compared to the targets that have been set. Based on the review, the Board of Directors immediately detects problems, such as control weaknesses, financial statement errors or other irregularities (fraud).

#### b. Functional Review

This review is carried out by Internal Audit Unit at the time of audit or in the process of reporting to the regulator, which includes:

- Review the risk assessment (risk profile report) produced by the Risk Management Unit.
- Analysing operational data, both data related to risk and financial data, namely verifying details and transaction activities compared to outputs (reports) produced by the Risk Management Unit.
- Review the realization of the implementation of work plans and budgets made by each work unit (Group/Branch), in order to:
  - Identifying the causes of significant deviations.
  - Sets the requirements for corrective actions.

#### c. Control of information systems

- The Company carries out verification of the accuracy and completeness of transactions, as well as the implementation of authorization procedures in accordance with applicable regulations.
- The Company carries out IT control measures to produce systems and data to maintain

confidentiality and integrity and support the achievement of the Company's objectives.

- Control of information systems includes:

- Control over data centre operations (databases), procurement systems, development and maintenance of systems/applications. Such control is applied to servers, and user work stations, as well as networks.
- Application control is applied to the program used by the Company in processing transactions and to ensure the availability of an effective audit process and to check the correctness of the audit process.

#### d. Physical controls

- Physical asset control is carried out to ensure the implementation of physical security of the Company's assets.
- Physical asset control includes securing assets, records and documentation, as well as limited access to application programs.
- The Company must check the value of assets (appraisal) periodically.

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- e. Documentation
  - The Company formalizes and documents all policies, procedures, systems and work standards adequately.
  - All policies, procedures, operational systems and accounting standards are updated regularly to describe actual operational activities, and must be informed to the Bank's officials and employees.
  - Upon request, documents are always available for the benefit of internal auditors, external auditors and the Banking Supervisory Authority.
  - The Internal Audit Unit assesses the accuracy and availability of these documents when conducting routine and non-routine audits.
2. Segregation of Duties
  - a. The separation of functions is intended for everyone in his/her position to not have the opportunity to commit and hide errors or deviations in the performance of his/her duties at all levels of the organization and all steps of operational activities.
  - b. The organizational structure is made by separating the functions of recording, audit, operational and non-operational (segregation of duties), hence to create
    - a system of dual control, dual custody and avoid duplication of work in every activity and avoid conflicts of interest.
  - c. In carrying out the separation of functions, the Company takes measures, including:
    - Establish certain functions or tasks in the Company that are separated or allocated to several people in order to reduce the risk of manipulation of the Company's data/information or misuse of the Company's assets.
    - Such separation of functions is not limited to front and back-office activities, but also in the control against:
      - approval of the expenditure of funds and the realization of expenses.
      - customer account and bank owner's account.
      - transactions in the Bank's books.
      - providing information to the Bank's customers.
      - assessment of the adequacy of credit documentation and monitoring of debtors after credit disbursement.
      - other business activities that may cause conflicts of interest.
  - d. Directors and Employees have an adequate job description that contains functions, duties, authorities and responsibilities.
  - e. The Board of Directors and Employees are prohibited from concurrently holding positions in the Bank's internal environment that can cause conflicts of interest.

Accountancy,  
Information and  
Communication  
Systems

1. Accounting System
  - a. The Bank has written accounting policies that meet the generally accepted accounting principles.
  - b. The Bank Accounting System includes methods and records in order to identify, group, analyse, classify, record/post and report all transactions and activities of the Bank.
  - c. The Accounting System must be applied consistently and persistently to all Bank transactions.
  - d. The Bank is obliged to reconcile the accounting data with the management information system every