

COMMITTEES UNDER THE BOARD OF DIRECTORS

In order to support the effectiveness of the execution of its duties and responsibilities, the Board of Directors has committees that are responsible for assisting the Board of Directors to provide suggestion and recommendations that can be used as a reference in decision making related to the implementation of the duties and responsibilities of the Board of Directors.

The following are committees under the Board of Directors:

- Risk Management Committee
- Human Resources Committee
- Assets & Liabilities Committee
- IT Steering Committee
- Integrated Risk Management Committee

RISK MANAGEMENT COMMITTEE

Committee Structure and Membership

Chairman : Director of Integrated Risk

Members :

- President Director
- Director of Legal & Compliance
- Director of Syariah & Operation
- Director of Finance & Micro Banking
- Director of Consumer, SME & Branch Network
- Director of HR

Duties and Responsibilities of the Committee

- a. Support the Board of Directors in performing its duties with regard to risk management.
- b. Establish the risk management plan, direction, policies, strategies of Danamon and its Subsidiaries.
- c. Ensure that all Danamon activities are in line with the prevailing rules and regulations.
- d. Decide on matters concerning business decisions that deviate from normal procedures.
- e. Define the most suitable risk management methodologies for managing the risks, build up reserves through policies to accommodate the inherent potential risks and ensure the availability of post disaster restoration procedures.
- f. Monitor the development of procedures and risk strategies and provide recommendations to the Board of Directors for approval on all strategies, key policies, processes and systems of risk management.
- g. Review credit portfolios, market liquidity, operations and significant risks, periodically reporting Danamon's risk profile and risk exposures to the Board of Directors.
- h. Evaluate the implementation of risk management processes and perform improvement in line with external and internal events affecting Danamon's or its subsidiaries' capital adequacy or risk profiles.
- i. Evaluate the risks of the organizational structure of Danamon and its subsidiaries to ensure that the process of risk management is in line with organizational development.

HUMAN RESOURCES COMMITTEE

Structure and Membership of Committee

Chairman : President Director

Alternative Chairman, Secretary : Director of HR

Members :

- Director of Syariah & Operation
- Director of Consumer, SME & Branch Network
- Director of Finance & Micro Banking
- Director of Integrated Risk
- Director of Legal & Compliance

Duties and Responsibilities of the Committee

- a. Provide strategic direction and develop general policies in the field of Human Resources including amendments, in the following areas:
 - Human Resources Strategy
 - General Policy on Employment
 - Employee compensation and benefit
 - Performance Assessment Management, including promotion
 - Talent Management and Succession Planning
 - Organizational structure and rank level
 - Employee Training and Development
 - Corporate culture and values and Employee Engagement
 - Development of employee and industrial relations
 - Policy alignment with subsidiaries
 - Manpower planning
 - Organizational Health and Safety
- b. Carry out other duties and responsibilities that may be granted by the Board of Directors to the HR Committee, from time to time.
- c. The Human Resources Committee may establish sub-Committees to undertake the scope of duties and responsibilities of the HR Committee.

ASSETS & LIABILITIES COMMITTEE (ALCO)

Structure and Membership of ALCO

- Chairman : President Director
Alternative Chairman : Director of Finance & Micro Banking
Members :
- Director of Integrated Risk
 - Director of Consumer, SME & Branch Network

Duties and Responsibilities of ALCO

- Define the scope of work with meeting procedures, work process, and the formation of sub-committees to support it.
- Decide on the policies and directions on liquidity risk, interest risk, and capital management of Danamon and its subsidiaries which reflect the adequacy of liquidity and capital, stable and diversified financing by complying with the prevailing regulations.
- Perform evaluation on market conditions and their impacts on the conditions of Danamon's liquidity, NII, and capitalization, and approve the most appropriate action.
- Conduct reviews and determine the balance sheet structure to improve profitability.
- Perform evaluation on the composition of financing and approve every modification on strategy and alternative financing including new institutional/structural financing.
- Conduct reviews on liquidity, interest rate, and capital strategies proposed by the Treasury Capital Market, and at the same time monitor its implementation.
- Perform evaluation on the following:
 - Economic and Market Overview
 - Current movement of the key components of the balance sheet, Yield/COF and NIM
 - Fund Transfer Pricing (FTP)
 - Interest rates on financing and loans
 - Market risk profile and liquidity on the balance sheet, AFS portfolio and trading book
 - Monitor Emergency Funding Policy (CFP)
 - Management of capital and other matters related to ALCO
- Conduct periodic evaluations on the following:
 - The framework of market and liquidity risk limits on the balance sheet, AFS portfolio and derivatives for funding
 - Assumptions for stress testing on liquidity risk and interest rate
 - Calculation of core balance on liquidity risk, interest rate risk and FTP calculation
 - Policy and methodology of FTP
 - Emergency Funding Policy
 - Target Loan to Funding Ratio (LFR)

IT STEERING COMMITTEE

Structure and Membership of the Committee

Chairman : Director of Finance & Micro Banking

Members :

- Director of Consumer, SME & Branch Network
- Director of Integrated Risk
- Director of Syariah & Operation
- Director of HR
- Transaction Banking Head
- Treasury & Capital Market
- Chief Transformation Officer
- Chief Information Officer
- Internal Audit Head (no voting rights)

Duties and Responsibilities

- a. Periodically review and recommend Danamon's IT strategy plan, and ensure that IT projects are in line with their strategic plans.
- b. Review and recommend IT policies, including IT Security Policy and IT Risk Management Policy.
- c. Review and recommend all IT projects that are in line with Danamon's strategy or with Capex investment value of more than IDR 10 billion.
- d. Review the progress of projects and adapt them to Danamon's strategy in terms of project status, time, cost & benefits, which will be presented by the relevant Business Project Manager Team.
- e. Review the post-implementation of a strategic project & benefit from its realization after implementation in terms of costs and benefits.
- f. Review the number of transactions through channels and provide recommendations to increase e-channel transactions in order to align with the digital banking strategy.
- g. Periodically review IT Risk Management covering the following topics:
 - Current strategy/strategic projects.
 - IT security issues and Cyber security and its remediation.
 - IT audit findings and follow-ups on the improvement.
- h. Ensure accurate and proper allocation of IT resources. If necessary, use a third party to assist with implementation of the project. KPTI must ensure the existence of policies and procedures for the selection and appointment processes of third parties.
- i. Review recommendations from subcommittees and other committees on IT related matters.
- j. Provide recommendations on resolving IT-related issues that cannot be solved by the IT user and provider in an effective, efficient, and timely manner.
- k. Carry out other duties and responsibilities delegated by the Board of Directors from time to time.
- l. Prepare the committee activity report each year



Integrated Risk Management Committee

Structure and Membership of the Committee

Chairman : Main Entity's Director of Integrated Risk
Risk Entity Members :

- Designated Directors of each Subsidiary
- Division Heads in Integrated Risk Management Unit

Duties and Responsibilities

- a. Provide recommendations to the Board of Directors of the Main Entity in relation to the preparation of the Integrated Risk Management policy;
- b. Provide recommendations to the Board of Directors of the Main Entity related to the improvement of the Integrated Risk Management policy based on the results of the implementation evaluation.