

## COMMITTEES UNDER THE BOARD OF DIRECTORS

In order to support the effectiveness of the implementation of the duties and responsibilities of the Board of Directors, the Board of Directors has committees under the Board of Directors whose task is to assist the Board of Directors to provide advice and recommendations that can be used as a reference in making decisions related to the implementation of the duties and responsibilities of the Board of Directors. Based on the Decree of the Board of Directors of PT Bank Danamon Indonesia Tbk No. Kep: DIR-005 on the Establishment and Reaffirmation of Committees of the Board of Directors dated 24 September 2024, the Committees under the Board of Directors are as follows:

1. Risk Management Committee
2. Credit or Financing Policy Committee
3. Credit or Financing Committee
4. Information Technology Steering Committee
5. Integrated Risk Management Committee
6. Assets & Liability (ALCO) Committee

### Committee Work Guidelines and Rules

Each committee under the Board of Directors has a charter that binds and offers guidance to its members. The Committees' charters govern, among other matters, membership, duties and responsibilities, meeting convention and reporting. The committees' charters are always updated in accordance with Danamon's developments and regulatory changes.

## 1. RISK MANAGEMENT COMMITTEE

### Structure and Membership

Chairperson	: President Director
Alternate Chairperson	: Refer to BOD circular resolution concerning duties and authorities of BOD Members
Permanent Members	: Board of Directors
Non – Permanent Members (non – voting)	: Executive Officers: <ul style="list-style-type: none"><li>• Chief Human Capital</li><li>• Chief Internal Auditor</li><li>• Chief Strategy Officer</li><li>• Chief Financial Officer</li></ul>
Secretary	: Credit & Enterprise Risk Management Head

### Roles and Responsibilities

Risk Management Committee is responsible for evaluating and giving recommendation to President Director and other Directors on matters related to Bank's risk management including risk management for Sharia Business Unit and fulfillment of sharia principle according to DPS recommendation consist of, among others:

1. Assist the BOD in fulfilling its responsibility related to Risk Management including Sharia Business Unit.
2. Development of Risk Management strategies, policies and frameworks, including the establishment of Risk Appetite parameter and thresholds, Key Risk Indicators

- and Risk Tolerance limits to help establish boundaries within which the Banks' management may operate towards achieving Bank's business objectives.
3. Development of contingency plans to anticipate various risks that may emerge from time to time and enable the Bank to continue to operate even under stressed conditions.
  4. Ensure Good Corporate Governance in the implementation of Risk Management, including among other with appropriate frameworks for the timely identification, measurement and escalation of risks, Legal Lending Limit provisions including fulfillment of disbursement provisions for credit/financing to Related Party and deviations of business policies and/or decisions.
  5. Ensure that all business and operational activities are in-line with the prevailing regulations, risk policies and procedures, with approval and oversight over exceptions, deviations and violations that may have occurred.
  6. Ensure that the Bank maintains sufficient provisions and reserves to protect against the realization of potential inherent Risks, as well as ensure that the Bank has sufficient disaster recovery procedures for business continuity.
  7. Review of the various existing and emerging Risks faced by the Bank, including:
    - a. Credit Risk including country risk and transfer risk.
    - b. Market and Liquidity Risk.
    - c. Operational Risk and Fraud.
    - d. Reputational Risk.
    - e. Information Technology and Cyber Risk.
    - f. Legal and Litigation Risk.
    - g. Compliance Risk, including financial crime Risk.
    - h. Strategic Risk.
    - i. Investment Risk.
    - j. Rate of Return Risk, and
    - k. other major Risk issues periodically.
  8. Implementation of Risk Management process and remedial actions in line with external and internal changes that may affect capital adequacy ratio and their respective Risks profiles.
  9. Assess the Bank's Risk organization and infrastructure to ensure that risk management processes, systems and tools are in line with the organization's development and business plan.
  10. Review the implementation result of Bankwide ICAAP stress test (including country risk & transfer risk, climate risk stress test and other stress test (such as to fulfill the regulator requirement and others).
  11. Conduct oversight towards implementation of Sustainable Finance.
  12. Conduct oversight towards implementation of Internal Control over Financial Reporting (ICoFR).
  13. Oversee and evaluate sub-committees under Risk Management Committee.

## 2. CREDIT OR FINANCING POLICY COMMITTEE

### **Structure and Membership**

Chairperson	:	President Director
Alternate Chairperson	:	Risk Management Director
Permanent Members	:	<ul style="list-style-type: none"> <li>• Vice President Director</li> <li>• SME Credit Director</li> <li>• EB &amp; FI Director</li> <li>• Chief Internal Auditor (provide independent review with no voting rights)</li> </ul>
Permanent Invitees	:	<ul style="list-style-type: none"> <li>• Compliance Director</li> <li>• Global Alliance Strategy Director</li> </ul>
Secretary	:	Credit & Enterprise Risk Management (CERM) Head

### **Roles and Responsibilities**

1. Provide recommendations / inputs to the BOD in the development of Credit Risk Policy (CRP) and other related documents to ensure maintenance of prudential principles in credit or financing.
2. Ensure that CRP can be applied and implemented consistently and consequently, and in adherence to the overall Risk Appetite established by the Board of Commissioners (BOC).
3. Recommend to the BOD, solutions when there are obstacles in the implementation of CRP. In addition, Credit or Financing Policy Committee to conduct periodic reviews of the CRP on regular basis and provide recommendations to the BOD if changes or revisions are needed.
4. Monitor, ensure, and evaluate:
  - a. the effective implementation of CRP.
  - b. the overall growth and quality of credit or financing portfolios.
  - c. the effective implementation of credit or financing approval authorities and the performance of the delegated authority holders within the Business and Credit Risk teams, with respect to the asset quality where they have acted as approvers.
  - d. the implementation of good corporate governance principles as related to Risk Management in the extension of credit or financing, including the launch of new financing products, new client segments, or new credit product programs and guidelines.
  - e. policies related to the implementation of Legal Lending Limit, Large Single Name Concentrations and asset quality of credit or financing granted to Large Exposures clients including to Related Parties.
  - f. the compliance of policies to prevailing laws and other regulations in providing the loan or financing, including the implementation of Sharia principles in accordance with Sharia Supervisory Board (DPS) opinion.
  - g. policies related to settlement or recovery of non performing loan or financing including write-offs and charge-offs in accordance with the CRP.
  - h. policies related to the formulation of provisioning methodology and the implementation, including monitoring and validating.
  - i. policies related to the formulation of credit rating methodology and the implementation, including monitoring and validating.

- j. supervision on risk management implementation related to country risk and transfer risk carried out by the Bank including the implementation of evaluation and testing (stress testing).
  - k. review regarding Credit Risk (other than governed above) which may arise and faced by the Bank.
5. Submit reports (including in the form of material presentation) on regular basis to the BOD, and BOC (through Risk Oversight Committee) regarding:
- a. the result of oversight on the application and implementation of credit policies; and
  - b. the result of monitoring and evaluation on the matters as stated in point no. 4.
6. Provide the recommendation for improvement to the BOD, and BOC (through Risk Oversight Committee) on the matters related to point 5.
7. If there is any deviation in the implementation of credit policies related to the fulfillment of Sharia principles, then the report should be submitted to Sharia Supervisory Board.

### **3. CREDIT OR FINANCING COMMITTEE**

#### **Structure and Membership**

- Member : Credit or Financing Committee (CC) Member are appointed considering his/her professionalism, experience, and capability qualification. Further governance on the CC Member refer to Credit or Financing approval authority policy.
- Secretary : Credit & Enterprise Risk Management (CERM) Head. CERM Head are responsible for maintaining the CC Charter and prepare the minutes of meeting if the meeting is held physically or virtually.

#### **Roles and Responsibilities**

CC in their duties, especially in deciding on Credit or Financing must be carried out based on their competence honestly, objectively, carefully and thoroughly. The duties and responsibilities of CC are regulated in more detail on the Credit Risk Policy.

#### **Authorities**

CC are authorized to approve credit or financing proposal, additional, renewal or changes on the existing exposure and remedial or settlement of non performing loan or financing. Credit or financing authorities up to the maximum amount in where they may provide the final approval are further governed in the current Credit or Financing approval authority policy.

#### 4. INFORMATION TECHNOLOGY STEERING COMMITTEE

##### **Structure and Membership**

- Chairperson : Vice President Director  
Vice Chairperson : Risk Management Director  
Members :
  - Information Technology & Digital Director
  - Global Alliance Strategy Director
  - Enterprise Banking & Financial Institutions Director
  - Chief Financial Officer

Other invitations depend on the relevance of each area:

- Member :
  - Bank Danamon Director and Subsidiary
  - Bank Danamon Business Head and Subsidiary
  - Bank Danamon Head Support Function and Subsidiary
  - President Director
- Secretary : BPR, Control & Compliance Head

##### **Roles and Responsibilities**

1. Periodically review, formulate, and recommend Bank's IT strategic plan, IT policies, standards, and procedures, and ensure alignment of IT projects with the strategic plan by monitoring IT performance and improvement of the performance.
2. Review and recommend IT projects that are aligned with Bank's strategy and proposed as part of IT project prioritization with Capex investment equal to or greater than USD 500 thousand, or total cost ownership (TCO) equal to or greater than USD 2 million over 5 years, or its equivalent IDR.
3. Review post implementation of strategic projects & benefit realization after implementation in terms of cost and benefit. Project that approved through ITSC meeting with investment amount equal to or greater than USD 500 thousand or total cost ownership (TCO) equal to or greater than USD 2 million over 5 years and had been implemented project will be tracked by Financial Planning (FP) and result will be presented by respective user/ LoB in ITSC meeting.
4. Ensure the allocation of adequate and proper IT resources. If required to engage a third party to assist in project implementation, ITSC should ensure that policies and procedures are in place according to bank internal policy and involve Procurement in relation to third party engagement and IT from the beginning if this related with technology to be implemented and/or used for the bank.
5. Review recommendations from other sub/ working committees for matters related to Information Technology.
6. Provide recommendations for solving IT related issues that can't be resolved by the working unit of IT users and providers in an effective, efficient, and timely manner.
7. Perform such other duties and responsibilities as may be assigned to the Committee, from time to time, by the BoD.
8. Conduct a self-assessment by filling out the worksheet and preparing committee's activities report every year as an evaluation report on the committee's work performance.
9. ITSC Secretary is responsible to coordinate the ITSC review, as well as manage documentations, meeting materials and meeting schedule of the committee.

## 5. INTEGRATED RISK MANAGEMENT COMMITTEE

### **Structure and Membership**

Chairperson	:	Risk Management Director of Bank Danamon
Alternate Chairperson	:	Refer to Bank Danamon BOD circular resolution concerning duties and authorities of BOD members
Permanent Member	:	<ul style="list-style-type: none"> <li>• Compliance Director of Bank Danamon</li> <li>• SME Credit Director of Bank Danamon</li> <li>• Appointed Director from Adira Dinamika Multi Finance</li> <li>• Appointed Director from MUFG Bank Ltd. Jakarta Branch</li> <li>• Appointed Director from Home Credit Indonesia</li> <li>• Credit &amp; Enterprise Risk Management Division Head of Bank Danamon</li> <li>• Operational Risk Management, Fraud &amp; QA Division Head of Bank Danamon</li> <li>• Market &amp; Liquidity Risk Management Division Head of Bank Danamon</li> </ul>
Permanent Invitee	:	Chief Internal Auditor of Bank Danamon
Secretary	:	Credit and Enterprise Risk Management Division of Bank Danamon

### **Authority, Roles and responsibilities**

Integrated Risk Management Committee has the authority, roles and responsibility to evaluate and provide recommendation to the Board of Directors of the Main Entity on matters related to:

1. Preparation of the integrated risk management policy, framework and guideline and periodic improvement or refinement based on the results of implementation evaluation. The refinement of Integrated Risk Management policy, among others, is in the form of refinement of strategy and risk framework based on the results of implementation evaluation. The refinement of Integrated Risk Management policy is conducted periodically or incidentally as a result of changes in internal and external conditions that affect capital adequacy, risk profile, and effectiveness of Integrated Risk Management implementation based on the evaluation results.
2. Evaluation of the effectiveness of implementation of the Integrated Risk Management policy, framework, and guideline.
3. Identification of issues that may impact financial, compliance/ regulatory, legal and reputation risks for the Financial Conglomeration based on data/ information being shared by Financial Conglomeration members.
4. Escalation of all risk related matters that require the attention of the Directors of the Main Entity or entities within the Financial Conglomeration.
5. Assessment of key risks in the entities and across entities within Financial Conglomeration including the formulation of strategies to deal with existing and emerging risk issues.
6. Review and recommend the semi annual integrated risk profile report.
7. Preparation of the integrated capital management policy and strategy within Financial Conglomeration including review of the integrated capital report.
8. Knowledge sharing/lessons learned between entities in the Financial Conglomeration so that it can improve the implementation of integrated risk management to be more effective.

## 6. ASSETS & LIABILITY (ALCO) COMMITTEE

### Structure and Membership

- |                         |   |  |
|-------------------------|---|--|
| Chairperson             | : | President Director   |
| Alternative Chairperson | : | Vice President Director  |
| Members                 | : | Chief Financial Officer (CFO) and Director and/or appointed member of the following division/ business unit:   |
|                         |   | <ul style="list-style-type: none"> <li>• Retail Banking</li> <li>• SME</li> <li>• Enterprise Banking &amp; Financial Institution, Transaction Banking</li> <li>• Risk Management</li> <li>• Treasury &amp; Capital Market</li> </ul> |

### Roles and Responsibilities

1. To establish committee coverage, meeting procedures, working process and sets sub committees to support ALCO.
2. To determine policies and guidelines for liquidity risk, interest rate risk and capital management for BDI and its subsidiaries that reflect adequate liquidity and capital, stable and diversified funding profile, with compliance to all regulatory requirements.
3. To determine issuance of securities or instruments in the framework of providing the Bank with adequate liquidity, capital and diversified funding structure.
4. To evaluate market condition and its likely impact on the Bank's liquidity condition, NII, and capital, and to approve best course of action.
5. To review and determine the Balance Sheet structure to improve the bank profitability.
6. To review funding composition and to approve any change in funding strategy and alternatives including new institutional / structural funding.
7. To review the following topics on monthly basis:
  - a. Economic Overview and Market Outlook
  - b. Recent movements in key components of Balance Sheet, Yield/COF and NIM
  - c. Funds Transfer Pricing (FTP)
  - d. Funding and Lending products pricing
  - e. Market & Liquidity Risk profile on the Balance Sheet, AFS Portfolio and Trading book
  - f. Contingency Funding Plan (CFP) monitoring
  - g. Capital Management
  - h. and other ALCO related issues
8. On a periodic basis, review and approve the followings:
  - a. Market & Liquidity Risk limit framework for Balance Sheet, AFS Portfolio and Derivative for funding. The framework should be presented to BOC for endorsement.
  - b. Liquidity and Interest Rate Risk stress test assumptions
  - c. Core balance calculation for interest rate risk, liquidity risk and FTP calculation
  - d. FTP policies and methodology
  - e. Contingency Funding Plan (CFP) Policy
  - f. Rasio Intermediasi Makroprudensial (RIM) target