

## **BOARD OF DIRECTORS COMMITTEES (EXECUTIVE COMMITTEE/EXCO)**

The Executive Committee is the committee at the Board of Directors level, established to support the conduct of the duties and responsibilities of the Board of Directors.

With the growing complexity of business and the importance of good governance, CIMB Niaga maintains 6 (six) Executive Committees:

1. Risk Management Committee (RMC)
2. Asset & Liability Committee (ALCO)
3. Information Technology Steering Committee (ITSC)
4. Operational Risk Management Committee (ORC)
5. Credit Policy Committee (CPC)
6. Capital Management & Recovery Plan Committee (CMRP)

In addition, CIMB Niaga also maintains other Committees specifically established by the Director in charge (related to certain aspects under the responsibility of such Director) or a designated Director (hereinafter referred to as “Designated Director”), which include among others BDC, MarCom, PPC, CC, DC and DGC with the segregation of duties and responsibilities clearly defined in the Terms of Reference (TOR) of each Committee.

The membership structure and description of the duties of the Executive Committee of CIMB Niaga are as follows:

### ▪ **Risk Management Committee (RMC)**

RMC is the committee in charge of providing recommendations to the President Director in formulating and refining policies, evaluating the progress and conditions of the risk profile, and providing recommendations and remedial measures.

#### **Structure and Membership**

**Chairman** : President Director  
**Deputy Chairman 1** : Risk Management Director  
**Deputy Chairman 2** : Credit Director

#### **Members:**

- Operations and Information Technology Director
- Compliance, Corporate Affairs and Legal Director
- Strategy and Finance Director
- Consumer Banking Director
- Business Banking Director
- Sharia Banking Director
- Treasury and Capital Markets Director

- Human Resources Director
- Chief of Corporate Banking
- Chief of MSME
- Chief of Audit Executive
- Chief of Corporate Strategic Initiatives

**Secretary:** Market Risk Management Head

### **Roles and Responsibilities**

1. Develop and recommend risk management policies and frameworks, including the Bank's risk management strategy and Risk Appetite Statement (RAS).
2. Conduct a review of risk exposures and implementation of risk management in the Company and its subsidiaries, periodically or incidentally, as a result of changes in the Bank's external and internal conditions.
3. Approve the risk profile report, stress testing including the scenarios, and risk mitigation follow up.
4. Approve specific risk management policies beyond the policies approved by other executive committees.
5. Review the adequacy of capital in the Bank and its subsidiaries.
6. Approve the Bankwide limit/Management Action Trigger (MAT); such as sector/industry limit, VaR limit, etc.
7. Evaluate and approve treasury market risk limits, exceeds market risk limits, and changes in market risk measurement processes.
8. Obtain decision reports made by other risk management committees which include: ALCO (Asset & Liabilities Committee), ORC (Operational Risk Committee) and CPC (Credit Policy Committee).
9. Be notified of the decision of the Business Development Committee (BDC) regarding new products and activities.

## ▪ **Asset & Liability Committee (ALCO)**

ALCO is support BOD in analysing and evaluating the management of assets and liabilities, as well as the related decision-making process through the formulation of policies, strategies and targets to manage the Bank's assets and liabilities in an integrated manner.

### **Structure and Membership**

**Chairman** : President Director  
**Deputy Chairman 1** : Strategy and Finance Director  
**Deputy Chairman 2** : Treasury and Capital Market Director

### **Members:**

- Business Banking Director
- Risk Management Director
- Operations and Information Technology Director
- Credit Director
- Consumer Banking Director
- Sharia Banking Director
- Human Resources Director
- Compliance, Corporate Affairs and Legal Director

**Secretary:** Asset & Liability Management Head

### **Roles and Responsibilities**

#### Review of Balance Sheet and Net Interest Income (NII)

- Review and analyse bank balance sheets by business, composition of assets and liabilities, currencies, growth, revenues and margins.
- Assess the variances arising from the plan and the actualization of the balance sheet and how it affects funding and lending, balance sheet ratios, and whether banks remain within the limits of the Risk Appetite.
- Assess NII and Net interest Margin (NIM) trends, as well as differences between actual conditions and projected outcomes.
- Assess the impacts on the NII under Base case conditions, and under Stressed Economic Scenarios.
- Review and ensure that the Fund Transfer Pricing (FTP) framework is appropriate and serves as a connector among business lines and prioritizes consistency in the Bank's performance.
- Review and approve Pricing that requires regulatory approval as well as Pricing of new and old products in line with the Bank's strategic and business objectives.

#### Contingency Funding Plans

- Review the Contingency Funding Plan ("CFP") as an operational business plan and measure the capacity of the business plan to ensure that management actions to be taken are realistic; and
- Ensure that Early Warning Indicators are relevant to current conditions.

#### Asset Liability Management

- Review the Asset and Liability Management (ALM) framework and policies to ensure that the framework and policies are in accordance with the current and future size and operational complexity of CIMB Niaga.
- Uphold the consistent implementation of practices and policies in the Bank
- Approve Management Action Trigger (“MAT”)/liquidity risk limits and interest rates within the Banking Book.
- Establish, supervise and review hedging strategies of bank entities under CIMB Niaga.
- Review and ensure that the Bank’s risk profile is within the limits specified in the MAT/liquidity risk limits and interest rate risk in the Banking Book, including reviewing internal stress tests as well as those established by the regulator for all currencies and all CIMB Niaga entities;
- Review and approve ALM risk parameter model and validation model; and
- Identify and assess funding and liquidity needs, and take appropriate steps for certain liquidity and funding conditions.

## ▪ Information Technology Steering Committee (ITSC)

ITSC is the committee in charge of providing views and recommendations on the policy of IT system management and development in CIMB Niaga.

### Structure and Membership

Directors who become members of ITSC must comprise at least 2/3 of the total number of Board of Directors, and an Executive Officer one level below the appointed Director.

The membership of the Committee consists of:

<b>Chairman</b>	: President Director
<b>Deputy Chairman 1</b>	: Operations and Information Technology Director
<b>Deputy Chairman 2</b>	: Strategy and Finance Director

### Members:

- Risk Management Director
- Consumer Banking Director
- Treasury and Capital Market Director
- Credit Director
- Sharia Banking Director
- Business Banking Director
- Human Resources Director
- Compliance, Corporate Affairs and Legal Director
- Head of Internal Audit (Chief of Audit Executive)

**Secretary:** Head of Information Technology Unit

### Roles and Responsibility

The roles and responsibilities of the ITSC are to provide recommendations related to:

1. IT Strategic Plan which is in line with the Bank's strategic business plan. Things should be considered are as follows:
  - a. road map to achieve IT requirements that support the Bank's business strategy;
  - b. resources needed;
  - c. benefits gained when the IT Strategic Plan is implemented; and
  - d. constraints that may arise in the execution of the IT Strategic Plan.
2. Formulation of major IT policies, standards and procedures, such as IT key policies and IT risk management policies.
3. Alignment between IT projects approved with the IT Strategic Plan. The IT Steering Committee also sets the priority status of a critical IT project with significant impact on the Bank's operational activities.
4. Alignment between IT project implementation and agreed project plan (Project Charter). The IT Steering Committee also equips the recommendation with the results of analysis of key IT projects. The agenda is also part of the CIC (Capital Investment Committee) agenda.

5. Alignment between IT and management information system needs and the Bank's business needs.
6. The effectiveness of steps taken to minimize the Bank's investment risks in the IT sector so that the Bank's investment in the IT sector contributes to the achievement of the Bank's business objectives.
7. Monitoring of IT performance and the improvement efforts.
8. Efforts to resolve various IT-related issues that cannot be solved by the user's business units and the provider of IT services in an effective, efficient, and timely manner.
9. Adequacy and allocation of resources owned by the Bank.

▪ **Operational Risk Management Committee (ORC)**

ORC has the roles and responsibilities to manage operational risk policies, to ensure an adequate level of operational risk to implement control.

**Structure and Membership**

**Chairman** : Risk Management Director

**Deputy Chairman 1** : Operations and Information Technology Director

**Deputy Chairman 2** : President Director

**Members:**

- Credit Director
- Compliance, Corporate Affairs and Legal Director
- Treasury and Capital Market Director
- Strategy and Finance Director
- Consumer Banking Director
- Human Resources Director
- Sharia Banking Director
- Business Banking Director
- Chief of Audit Executive
- Chief of Corporate Strategic Initiative
- Chief of Micro Small Medium Enterprise
- Chief of Corporate Banking
- Chief of Commercial Banking

**Secretary:** Head of Operational Risk Management

**Roles and Responsibility**

1. Accept the operational risk framework and policy to ensure that the framework is appropriate for the Bank's current and future size and operational complexity.
2. Review the Bank's significant operational risks and monitor management responses/actions in order to actively manage the Bank's operational risks.
3. Supervise the Bank's overall operational risk control environment by:
  - a. Reviewing risk reports from each directorate;
  - b. Requesting and reviewing thematic reports.
4. Review and approve the Bank's operational policies and the changes that are escalated to the ORC as required.
5. Review other important or critical matters that ORC needs to decide upon.

## ▪ **Credit Policy Committee (CPC)**

The CPC assists the Board of Directors in formulating credit policies, as well as providing advice on improvements related to credit policies. The CPC also serves to ensure compliance with GCG principles in credit policy for the benefit of the Bank and stakeholders.

### **Structure and Membership**

**Chairman** : President Director  
**Deputy Chairman 1** : Credit Director  
**Deputy Chairman 2** : Risk Management Director

#### **Members:**

- Consumer Banking Director
- Compliance, Corporate Affairs and Legal Director
- Strategy and Finance Director
- Operations and Information Technology Director
- Treasury and Capital Market Director
- Human Resources Director
- Sharia Banking Director
- Business Banking Director

**Secretary** : Wholesale and Commercial Credit Policy Head

### **Roles and Responsibility**

1. Establish the direction of credit policy, including Risk Acceptance Criteria, credit approval and the process of credit approval, in line with the Bank's risk appetite to drive credit growth with good quality yet still considering prudential banking practices.
2. Establish and ensure consistency of:
  - a. the Bank's compliance with credit management policies and prevailing regulations, particularly those that govern significant risk exposures;
  - b. approval of the Bank's credit management policies and strategies; and
  - c. supervision on the implementation of credit policy.



## ▪ **Capital Management & Recovery Plan Committee (CMRP)**

The CMRP direct and oversee the risks arising from capital management that focuses on the Bank either individually or consolidation, and to consider execution of recovery action and communication plan under conditions of possible breach or in the event of breach of Recovery Plan (RP) triggers.

### **Structure and Membership**

The Committee consists of all members of the Board of Directors plus the Bank's Executive Officers appointed by the Board of Directors.

Structure of committee membership consists of:

- Chairman** : President Director  
**Deputy Chairman 1** : Strategy and Finance Director  
**Deputy Chairman 2** : Risk Management Director

#### **Members:**

Committee members appointed based on the CMRP meeting as of December 5, 2017 consisting of:

#### **a) Voting Members**

- President Director
- Strategy and Finance Director
- Treasury and Capital Market Director
- Risk Management Director
- Consumer Banking Director
- Business Banking Director
- Sharia Banking Director
- Credit Director
- Compliance, Corporate Affairs and Legal Director

#### **b) Non-voting Members**

- Head of Finance / ALM Finance Group Head
- Head of Wholesale Banking Credit / ALM Risk Group Head / Integrated Risk & BASEL PMO Head
- Head of Funding & Gapping

**c) Invitee:** Executive Officers – Corporate Strategy Initiatives

**d) Sekretaris:** Head of Finance

### **Purposes**

The Purpose of the CMRP is as follows:

- a. Establish, achieve, and maintain sound and optimal capital targets, and efficient capital structure for the Bank.
- b. Ensure the diversification of capital sources.
- c. Allocate capital efficiently among operational entities and business units, in line with the Bank's long-term business strategy and relevant returns.

- d. Assess and select the most appropriate recovery action, as well as communication channels based on the events that caused the recovery conditions.

### **Functions**

Functions related to capital management:

- a. Review market conditions and solutions/instruments related to capital management, such as more optimal funding sources, and solutions to meet capital adequacy targets, etc.
- b. Establish and determine capital management policies, strategies and procedures that are appropriate with the Bank's size, characteristics, business complexity, and risk level, and ensure the Bank maintains adequate capital levels to anticipate Bank's risks.
- c. Ensure the Bank's strategic plan includes capital management strategies that reflect capital needs, anticipate capital expenditures, capital targets to be achieved, and expected capital resources.
- d. Ensure capital management strategies, policies and procedures are communicated and implemented.
- e. Review and approve the Internal Capital Target (ICT) ratio including the Trigger Ratio which is the minimum level of capital that triggers necessary follow-up measures.
- f. Review and approve targeted dividend payout ratio to ensure and balanced the capital adequacy and capital structure efficiency.

Functions related to Recovery Plan (RP):

- i. Business-as-Usual Conditions ("BAU"):
  1. Maintain and update RP framework, policies and processes which comprise analysis of core business lines, critical economic functions, interdependencies, RP stress tests, RP triggers, and recovery options, at least annually.
  2. Resubmit the revised RP to the Board of Commissioners, Board of Director, shareholders, and regulators to obtain the relevant approval, if necessary approval is needed.
  3. Receive the current level information of established Early Warning Indicators (EWI) and Recovery Indicators on a regular basis from business and support units. EWIs could serve as a sign for potential breach of recovery indicator.
  4. Provide declaration and activation of "Recovery Stage" upon assessment of recovery indicators.
  5. Determine if any technical reasons are prevalent which impacted RP triggers and provide management overlay on the formal activation of "Recovery Stage".
  6. Provide direction, review and approval RP prior to submission to the regulators and parent company.
  7. Determine the appropriate RP triggers.
  8. Deliberate on the possible actions and strategies at disposal to Bank under "Recovery Stage" and shortlist preferred actions and strategies.
  9. Approve budget related to RP activities.
  10. Carry out a dry run on an annual basis to ensure governance and communication structures can be executed during the recovery phase.

11. Validate the readiness of infrastructure to support recovery options after “Recovery Stage” declaration.
- ii. During activation of RP:
1. Receive notification from the management committee/business unit and support unit when the recovery indicator is exceeded and perform the “Recovery Stage” activation declaration.
  2. When recovery indicator triggers are exceeded, the committee shall provide notification to the Board of Directors, Board of Commissioners, shareholders, and the relevant regulators.
  3. Notify other relevant committees (case-by-case basis) such as Crisis Management Committee and Funding Crisis Management Team (FCMT) that recovery indicator triggers have been triggered and support may be required.
  4. Deliberate and approve recovery options and strategies with assistance of the Management Committee(s).
  5. Provides directions on the execution of RP based on the shortlisted recovery options prespecified in BAU phase.
  6. Determine the involvement of business units and support units in support of “Recovery Phase” .
  7. Activate RP communication strategies.
  8. Activate Non-Credit Discretionary Powers to utilize unplanned recovery costs (unbudgeted).