

BOARD OF DIRECTORS COMMITTEES (EXECUTIVE COMMITTEE/EXCO)

To assist and support the Board of Directors' duties and responsibilities, CIMB Niaga established Committees responsible to the Board of Directors, namely Executive Committee. In accordance with prevailing regulations, the Bank is mandatory to have 3 (three) Executive Committees namely the Risk Management Committee, the Asset & Liability Committee and the IT Steering Committee. However, the Board of Directors also has the authority to establish other Executive Committees based on the Bank's business needs.

In line with current Bank's business complexity developments and the improvement of GCG implementation, thus the Board of Directors established several other committees. At the end of 2019, CIMB Niaga has 4 (four) Executive Committee (EXCO), namely:

1. Risk Management Committee (RMC)
2. Asset & Liability Committee (ALCO)
3. Information Technology Steering Committee (ITSC)
4. Credit Policy Committee (CPC)

POSITION OF THE COMMITTEE IN THE BANK'S ORGANIZATION STRUCTURE

Those 4 Executive Committees are directly responsible to the Board of Directors, as described in the committees' governance structure in Risk Management section of the Bank's Annual Report.

1. RISK MANAGEMENT COMMITTEE (RMC)

Main Functions and Authorities

RMC was established with the main functions and authorities to provide 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

In line with the Bank's Board of Directors' Charter dated 27 September 2019, members of the RMC constitute at least 2/3 (two-thirds) of the total Board of Directors members, plus Executive Officers one level below the appointed Directors.

Through the RMC Terms of Reference (ToR), approved at the RMC meeting on 23 October 2018, the RMC membership structure was established, and at the same time the following Committee members were assigned.

RMC Membership Structure

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

Members:

1. Finance & SPAPM Director
2. Business Banking Director
3. Operations & Information Technology Director
4. Treasury & Capital Markets Director
5. Consumer Banking Director
6. Compliance, Corporate Affairs & Legal Director
7. Sharia Banking Director
8. Human Resources Director
9. Chief of Corporate Banking & Financial Institutions; and Chief of Transaction Banking
10. Chief of Micro, Small & Medium Enterprise
11. Chief Audit Executive
12. Chief of Transformation Officer

Secretary: Market Risk Management Head

Duties and Responsibilities

1. Establish and recommend risk management policies and frameworks, including the Bank's Risk Strategy and Risk Appetite Statement (RAS).
2. Review risk exposures and implementation of risk management in the Bank and its subsidiaries, periodically or incidentally, due to rapid changes in the Bank's external and internal conditions.
3. Approve the risk profile report, stress testing report and scenarios including its mitigation plan.
4. Approve the specific risk management policies that are not covered by other Executive Committees.
5. Review and analyse the adequacy of capital in the Bank and its subsidiaries.
6. Approve the Bank's portfolio limit/Management Action Trigger (MAT); e.g. sector limit, house limit, VaR limit, etc.
7. Evaluate and approve treasury trading limit, excess trading limit, changes in market risk measurement and credit risk factors for treasury products.
8. Receive notifications from other risk management committees which include, such as ALCO (Asset & Liabilities Committee), ORC (Operational Risk Committee) and CPC (Credit Policy Committee).

9. Receive notifications from the Business Development Committee (BDC) regarding new products and activities.
10. Overseeing Management response to asset quality issues:
 - a. To review that the business units, have clearly defined the Asset Quality Review and Early Warning process for identifying, classifying, reporting and monitoring any non-performing loan(s) in line with regulatory authorities/credit policies and procedures.
 - b. To review the asset quality so it is in line with the Bank's overall risk appetite.
 - c. To review and deliberate portfolios and asset quality trends to identify any emerging risks.
11. Approving the risk related models for capital, and other business uses.

Meetings, Quorum, and Resolutions

1. Meetings are held at least 10 (ten) times a year.
2. Quorum attendance must be 5 (five) persons including 4 (four) Directors, one of them being the Chairman or Vice Chairman.
3. If the Chairman is not present, the Deputy Chairman will chair the meeting.
4. If the Chairman and Deputy Chairman are absent, any one of the Members must be appointed to chair the meeting and the Chairman chosen must be a Director.
5. Quorum decisions require more than 50% (fifty percent) of attending members with voting rights; including 2 (two) Directors, one of them being the Chairman or Deputy Chairman.

2. ASSET & LIABILITY COMMITTEE (ALCO)

Main Functions and Authorities

The ALCO was established to support the Board Directors in analyzing and evaluating assets and liabilities management, as well as for making decisions related to formulation of policies, strategies and targets for managing the Bank's assets and liabilities, integratedly. In addition, ALCO also has the authority over the Syariah Pricing Committee ("Syariah PC"), who has the autonomy to make decisions mainly related to determining the level of gross yield distribution, which will be reported regularly at the ALCO meetings.

Structure and Membership

In line with the Bank's Board of Directors' Charter dated 27 September 2019, members of ALCO constitute at least 2/3 (two-thirds) of the total members of the total Board of Directors members, and appointed Senior Executive one level below the Board of Directors.

Through ALCO Term of Reference (ToR) approved at the Board of Directors meeting on 21 May 2019, the ALCO membership structure was established (including the Syariah PC membership structure), and at the same time the following Committee members were assigned.

ALCO Membership Structure

Chairman	: President Director
Deputy Chairman 1	: Finance & SPAPM Director
Deputy Chairman 2	: Treasury & Capital Market Director

Members:

1. Risk Management Director
2. Consumer Banking Director
3. Business Banking Director
4. Sharia Banking Director
5. Credit Director
6. Operations & Information Technology Director
7. Human Resources Director
8. Compliance, Corporate Affairs & Legal Director

Secretary: Asset & Liability Management Head

Sharia PC Membership Structure

Chairman	: Sharia Banking Director
Deputy Chairman 1	: Finance & SPAPM Director

Deputy Chairman 2 : Treasury & Capital Market Director

Members:

1. Head of Syariah Business Banking
2. Head of Syariah Consumer, Product & Business Analytics
3. Head of Retail Product
4. Advisory & Legal Head

Duties and Responsibilities

1. Balance Sheet and Net Interest Income (NII)
 - a. Review and analyse the Bank's balance sheets based on business, composition of assets and liabilities, currencies, growth, revenues and margins.
 - b. Review any discrepancies arising from the plan and the actualization of the balance sheet and how it affects funding and lending, balance sheet ratios, and whether the Bank remains within the Risk Appetite limit.
 - c. Review the NII and Net interest Margin (NIM) trends, as well as differences between actual conditions and projected results.
 - d. Assess the impacts on the NII under the Base Case conditions, and under Stressed Economic Scenarios.
 - e. Review and ensure the Fund Transfer Pricing (FTP) framework is appropriate and serves as a link among business lines and prioritizes consistency in the Bank's performance.
 - f. Review and approve Pricing that requires regulatory approval and Pricing of new and old products in line with the Bank's strategic and business objectives.
2. Contingency Funding Plans
 - a. 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
 - b. Ensure the Early Warning Indicators are relevant to current conditions.
3. Asset Liability Management
 - a. 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 complexity of CIMB Niaga's operations;
 - b. Uphold the consistent implementation of practices and policies in the Bank;
 - c. Approve the Management Action Trigger ("MAT")/liquidity risk limits and interest rates within the Banking Book;
 - d. Establish, supervise and review hedging strategies of entities under CIMB Niaga, as well as review and ensure the Bank's risk profile is within the limits set in the MAT/liquidity risk limit and interest rate risk in the Banking Book;
 - e. Review and approve the ALM risk parameter and validation model; and

- f. Identify and review funding and liquidity demands, and take appropriate actions for certain liquidity and funding conditions.
4. Sharia PC
 - a. Determining the Gross Yield for the current month and ensuring the Gross Yield is in accordance with Sharia Compliance.
 - b. Establishing or changing the ratio levels, if needed.
 - c. Determining the ratios (if any) to be given.
 - d. Carrying out any activities delegated by ALCO.

Meetings, Quorum and Resolutions

ALCO

1. Meetings are held at least 12 (twelve) times a year.
2. Quorum attendances must be more than 2/3 (two thirds) of the total number of Board of Directors members.
3. Quorum decisions require approval from more than 2/3 (two thirds) of the attending Board of Directors members.
4. The quorum for meetings and the decision-making quorum is delegated to at least 2 (two) out of 3 (three) members of the Board of Directors as follows:
 - Chairman : President Director
 - Deputy Chairman 1 : Finance & SPAPM Director
 - Deputy Chairman 2 : Treasury & Capital Market Director

SHARIA PC

1. Quorum attendances must be more than 1/2 (one half), or a minimum 6 (six) Sharia PC members, including the Chairman or Deputy Chairman
2. In the event of the absence of a Sharia PC member, he/ she may be replaced by a substitute appointed by the respective members of the Sharia PC.
3. Meeting decisions can be taken when the meeting quorum is fulfilled.

3. INFORMATION TECHNOLOGY STEERING COMMITTEE (ITSC)

Main Functions and Authorities

ITSC is a committee tasked with the duties to providing views and recommendations on the policies of CIMB Niaga's technology and information system management and development.

Structure and Membership

In line with the Bank's Board of Directors' Charter dated 27 September 2019, members of the ITSC constitute at least 2/3 (two-thirds) of the total Board of Directors members, and appointed Senior Executive one level below the Board of Directors.

Through the ITSC Terms of Reference (ToR), approved at the ITSC meeting on 21 May 2019, the ITSC membership structure was established, and at the same time the following Committee members were assigned.

ITSC Membership Structure was adjusted in accordance with POJK No. 38/POJK.03/2016 and SEOJK No.21/SEOJK/03/2017 concerning the Implementation of Risk Management in the Use of Information Technology by Commercial Banks.

ITSC Membership Structure

Chairman	: President Director
Deputy Chairman 1	: Operations & Information Technology Director
Deputy Chairman 2	: Finance & Strategy Director

Members:

1. Risk Management Director
2. Consumer Banking Director
3. Treasury & Capital Market Director
4. Credit Director
5. Sharia Banking Director
6. Business Banking Director
7. Human Resources Director
8. Compliance, Corporate Affairs & Legal Director
9. Chief Audit Executive
10. Head of IT (member concurrently Secretary)

Duties and Responsibilities

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

1. The Information Technology (IT) Strategic Plan alignment with the Bank's Business Strategic Plan. Matters should be taken into consideration are as follows:

- a. IT Road map to support the Bank's business strategy;
 - b. Resources required;
 - c. Benefits gained when the IT Strategic Plan is implemented; and
 - d. Challenges that might arise during the implementation of the IT Strategic Plan.
2. Formulation of major IT policies, standards and procedures, such as IT security policies and IT Risk Management policies in the Bank.
 3. Alignment between approved IT projects with the IT Strategic Plans. The IT Steering Committee also sets the priority status of a critical IT projects with significant impact on the Bank's operational activities.
 4. Alignment between IT project implementation and the agreed project plan (Project Charter). The ITSC also equips the recommendation with the analysis results of the key IT projects. The agenda is also part of the CIC (Capital Investment Committee) agenda.
 5. Alignment between IT and management information system and the Bank's business activities requirements.
 6. Review the effectiveness of steps taken to minimize the risks in the Bank's IT investment to ensure it contributes to the achievement of the Bank's business objectives. This agenda is also part of the CIC (Capital Investment Committee) agenda.
 7. Monitoring of IT performance and the improvement efforts.
 8. Efforts to resolve various IT-related issues that cannot be resolved by the business unit users and IT providers in an effective, efficient, and timely manner.
 9. Adequacy and allocation of resources owned by the Bank.
 10. Cybersecurity Strategic Plan, in line with the Bank's risk appetite, followed by a comprehensive technology operations and risk management work plan.

Meetings, Quorum and Resolutions

1. Meetings are held at least 4 (four) times a year.
2. Quorum attendances must be more than 2/3 (two thirds) of the total number of Board of Directors members.
3. Quorum decisions require approval from more than 2/3 (two thirds) of the attending Board of Directors members.

4. CREDIT POLICY COMMITTEE (CPC)

Main Functions and Authorities

CIMB Niaga's CPC was established to support the Board of Directors in preparing credit policies, as well as to provide suggestions for credit policy improvements. CPC also functions to ensure the fulfilment of of Corporate Governance principles in the area of credit policy for the interest of the Bank and stakeholders.

Structure and Membership

In line with the Bank's Board of Directors' Charter dated 27 September 2019, members of the CPC constitute at least 2/3 (two-thirds) of the total Board of Directors members, and appointed Senior Executive one level below the Board of Directors.

Through the CPC Charter, approved at the CPC meeting in May 2019, the CPC membership structure was established, and at the same time the following Committee members were assigned.

The CPC Membership Structure is inline with POJK No. 42/POJK.03/2017 concerning Obligations for the Compilation and Implementation of Credit Policy or Bank Financing for Commercial Banks.

CPC Membership Structure

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

Members:

1. Business Banking Director
2. Treasury & Capital Market Director
3. Consumer Banking Director
4. Operations & Information Technology Director
5. Compliance, Corporate Affairs & Legal Director
6. Finance & SPAPM Director
7. Human Resources Director
8. Sharia Banking Director
9. Chief of Micro, Small & Medium Enterprise
10. Chief of Corporate Banking & Financial Institution; and Chief of Transaction Banking
11. Chief of Transformation Officer

Secretary: Head of Credit Assurance Testing & Wholesale and Commercial Credit Policy
Head

Duties and Responsibilities

1. Determine the direction of credit policies (including Risk Acceptance Criteria, credit process and approval) are in line with the Bank's risk appetite to encourage good quality credit growth while continuing to consider 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.
3. Approve the criteria for selecting senior Bank employees as members of the Credit Committee.

Meetings, Quorum and Resolutions

1. Meetings are held at least 10 (ten) times a year.
2. Quorum attendances must be more than 2/3 (two thirds) of the total number of Board of Directors members.
3. Quorum decisions require approval from more than 2/3 (two thirds) of the presence Board of Directors members.

MECHANISM FOR APPOINTMENT AND DISMISSAL OF THE EXECUTIVE COMMITTEES (EXCO) CHAIRMAN

All CIMB Niaga Exco are chaired by the Bank's President Director whose appointment and dismissal and term of office is determined through the GMS. The membership structure of each committee, including the Committee Chairman, is as stipulated in each Exco ToR.

In addition to Exco, CIMB Niaga also established Special Committees (called "Speco") formed by respective Director in charge. This establishment is optional and based on the needs of the Bank, include the Operational Risk Committee (ORC), Executive Credit Committee (ECC), Non-Performing Loans Credit Committee (NPLCC), Asset Quality Committee (AQC) and Customer Experience Committee (CXC).

Speco members comprise of 1 (one) Director in charge and other relevant Directors (if needed), as well as Bank's Executive Officer who are appointed at Speco meetings.

The division of duties and responsibilities for each Speco is regulated in each Committee's Terms of Reference (ToR).