



## Review of The Effective Risk Management System of Issuer or Public Company

The Risk Profile Assessment in Bank BTN, both Conventional and Sharia during 2023 reflects that risks faced by Bank BTN (both conventional and sharia) can be well-managed so it can support sustainable business development. In short, Risk Management has been applied by Bank BTN effectively and correctly. The evaluation result of effective Risk Management of Bank BTN in 2022 by external parties (consultants) through the Risk Maturity Index (RMI) is in the **Managed** rank with criteria complying with applicable provisions of regulation related to risk management, and activities. During 2023, improvements have been made to the implementation of risk management in accordance with recommendations from the results of the Risk Maturity Index (RMI) carried out by independent parties so that the implementation of Risk Management continues to improve and is standardized in each work unit and risk management has become part of Bank BTN's work processes and culture.

### Statements of the Board of Directors and/or the Board of Commissioners or Audit Committee to Risk Management System Adequacy

The Internal Control System conducted by Bank BTN has effectively operated and sufficiently reflected from the effective implementation of internal control functions, which are internal audit, risk management, compliance, financial and operational control. The Bank's risk governance is based on Good Corporate Governance principles and the involvement of the Bank's entire organs in risk management. This is evident in the structure of the Bank's risk management organization. The Board of Commissioners through Risk Monitoring Committee and the Board of Directors through the Risk Management Committee meetings are responsible for ensuring that the implementation of Risk Management is adequate and in accordance with the Bank's characteristics, complexity, and risk profile. Based on the results of the review that has been carried out, the Board of Directors and the Board of Commissioners consider that the risk management system has been implemented adequately.

The Board of Commissioners and the Board of Directors are actively participating in mitigating the Company's risks by monitoring Risk Management Implementation Quality, which includes risk governance, risk management framework, risk management process, adequacy of risk management information system and human resources, as well as the adequacy of the internal control system. The adequacy of the Bank's Risk Management System is supported by:

#### Risk Monitoring Committee

The Risk Monitoring Committee has the duty and responsibility of providing recommendations to the Board of Commissioners, i.e. by evaluating the Company's risk management policy guidelines (credit risks, market risks, liquidity risks, operational risks, legal risks, strategic risks, compliance risks, and reputation risks), evaluating the conformance between the

Company's risk management policies guideline and its actual implementation, as well as monitoring and evaluating the Risk Management Committee's performance. In executing its duties and responsibilities, the Risk Monitoring Committee holds periodic coordination with the Enterprise Risk Management Division to discuss current issues, the Company's quarterly risk profile, bank soundness rate, recovery plan, and issues related to the Company's risk management, including review of Risk Management Policies Guideline which contains the Company's Risk Appetite and Risk Tolerance.

#### Risk Management Committee

The Risk Management Committee (KOMAR) is responsible for providing recommendations to the President Director with regards to the risk associated with the policies that will be stipulated by the Board of Directors, as well as evaluating provisions that are deemed to be less suitable with current development and that require adjustment. KOMAR is actively participating in assessing the risks associated with individual new products and/or services/activities, thus allowing the Company to take necessary mitigation measures as well as to evaluate the Risk Management Policy Guideline (KUMR).

#### Risk Management Task Force

The Risk Management Unit is a work unit that directly reports to the Director, overseeing the Risk Management function, and operates independently from the Operational Units, which are risk-taking units, as well as the Internal Audit Unit and the Compliance Unit.

The Risk Management Work Unit is led by a Division Head who reports directly to the Risk Management Director. The Risk Management Work Unit consists of the Enterprise Risk Management Division and the Digital & Operations Risk Management Division.

#### Risk Management Policies and Procedures

The Bank has had management policies in risk management, which are Risk Management General Policy (KUMR), which contains the minimum provisions required by the Regulation of Bank Indonesia/Financial Services Authority.

The policy guidelines in the field of risk management have also been complemented with its internal derivative policies, including but not limited to Guides for Implementation of Bank Risk Profiles Reporting and Assessment, Implementation of Reporting and Assessment of Bank Health Levels, Risk Model Validation Procedures, Guidelines for Implementing Risk Data Collection for the BTN-Loss Event Database (BTN-LED Tool) Application, Instructions for Implementing the Liquidity Risk Measurement Process, Implementation Instructions Calculation and Reporting of Liquidity Coverage Ratio, Instructions for Implementing the Market Risk Measurement Process, Interest Rate Risk Management in the Banking Book, Instructions for Implementing Stress Testing, Risk Model Validation Procedures, Liquidity Monitoring Guidelines, Risk Management Policy Guidelines (PKMR), Risk & Control Self Assessment, Instructions for implementing action plans (Recovery Plan), Risk Culture, Guidelines and Risk Profile Assessment for