

RISK OVERSIGHT COMMITTEE CHARTER (ROC)

This Risk Oversight Committee Charter is established as a guideline and reference for the Risk Oversight Committee in carrying out its duties, functions, and responsibilities in an effective, professional, and independent manner. This Charter outlines the working principles, authorities, scope of duties, and mechanisms for implementing the Committee's activities in order to support the implementation of Good Corporate Governance and prudent risk management.

Through the implementation of this Charter, the Risk Oversight Committee is expected to perform its role optimally in assisting the Board of Commissioners in supervising risk management policies and their implementation, in order to ensure the sustainability of the Bank's operations and the achievement of the Bank's objectives on a sustainable basis.

The Risk Oversight Committee Charter consists of the following main provisions:

1. Structure and composition of membership
2. Membership requirements
3. Appointment and dismissal of committee members
4. Duties and responsibilities
5. Authority
6. Concurrent positions
7. Committee meetings, quorum, and decision-making
8. Term of office
9. Competency
10. Working time
11. Code of ethics
12. Conflict of interest
13. Reporting
14. Performance evaluation mechanism
15. Charter review period

1. Structure and Composition of Membership

The structure and composition of the Risk Oversight Committee are established to ensure that the risk oversight function is carried out effectively, independently, and professionally.

The provisions are as follows:

- a. The Risk Oversight Committee is accountable to the Board of Commissioners in the performance of its duties and functions.
- b. The membership of the Risk Oversight Committee shall consist of at least:
 - 1) 1 (one) Independent Commissioner;
 - 2) 1 (one) Independent Party with expertise in Risk Management; and
 - 3) 1 (one) Independent Party with expertise in Islamic banking.
- c. The Risk Oversight Committee shall be chaired by an Independent Commissioner who concurrently serves as a member.
- d. 1 (one) member of the Sharia Supervisory Board may be appointed as a member of the Risk Oversight Committee in accordance with prevailing regulations.
- e. The composition of the Risk Oversight Committee membership must observe the principle of independence, whereby the majority of members shall consist of Independent Commissioners and Independent Parties.

2. Membership Requirements

a. Independence of Independent Parties

Members of the Risk Oversight Committee who represent Independent Parties must come from outside the Bank and must not have financial, management, share ownership, and/or family relationships with the Board of Commissioners, Board of Directors, Sharia Supervisory Board, and/or Controlling Shareholders, or any other relationship with the Bank that may affect their ability to act independently.

b. Cooling-Off Period

Former members of the Board of Directors, Executive Officers, or other parties who have had relationships with the Bank that may affect their independence must observe a cooling-off period of at least 6 (six) months before being appointed as an Independent Party in the Risk Oversight Committee.

c. Exception to the Cooling-Off Period

The cooling-off period provision as referred to above does not apply to former members of the Board of Directors responsible for oversight functions or Executive Officers performing oversight functions, provided that the individual concerned has served for at least 1 (one) year prior to the appointment.

d. Competency Requirements for Independent Parties

Independent Parties who serve as members of the Risk Oversight Committee must possess expertise in risk management and/or Islamic banking with the following requirements:

- 1) Expertise in Risk Management, evidenced by:
 - a) Possession of a competency certificate in risk management issued by a recognized domestic or international institution, as applicable to members of the Board of Directors; and
 - b) At least 2 (two) years of working experience in the field of risk management.
- 2) Expertise in Islamic Banking, evidenced by:
 - a) Possession of a competency certificate in the relevant field, including but not limited to Sharia supervisory certification issued by a recognized domestic or international institution; and/or
 - b) At least 5 (five) years of working experience in the field of Islamic banking.

- e. Integrity and Financial Reputation
Each member of the Risk Oversight Committee must possess good integrity and financial reputation, which among others are reflected in:
 - 1) Good character and moral conduct, a high sense of responsibility, and commitment to accountability;
 - 2) Commitment to comply with the Bank's internal policies and prevailing laws and regulations; and
 - 3) Not being listed in the record of non-performing loans and/or financing.
 - f. Recommendation Process
The appointment of Risk Oversight Committee members from Independent Parties must obtain a recommendation from the Remuneration and Nomination Committee, which shall be submitted to the Board of Commissioners for approval.
3. Appointment and Dismissal of Committee Members
The appointment and dismissal of members of the Risk Oversight Committee shall be carried out by the Board of Directors based on a resolution of the Board of Commissioners' meeting.
4. Duties, Responsibilities, and Authorities
- a. Duties and Responsibilities
 - 1) To evaluate and assess the conformity of the implementation of risk management with the risk management policies established by the Bank.
 - 2) To periodically evaluate the results of the Bank's risk profile assessment, including the results of stress testing implementation on credit risk, market risk, and liquidity risk.
 - 3) To monitor and evaluate the implementation of risk appetite and risk tolerance policies to ensure that risk management is conducted within the established limits.
 - 4) To monitor and evaluate the effectiveness of the Risk Management Committee and the Risk Management Work Unit in managing the Bank's risks.
 - 5) To evaluate the implementation of risk management strategies and policies related to cybersecurity to ensure system resilience and protection against information technology risks.
 - 6) To monitor and evaluate the implementation of risk management related to country risk and transfer risk, including the implementation and results of stress testing for such risks.
 - 7) To submit to the Board of Commissioners the results of evaluations that require attention, and to provide input and recommendations for improving the Bank's risk management strategy, policies, framework, and processes.
 - 8) To evaluate and provide recommendations for approval of the policies on Anti-Money Laundering (AML), Counter-Terrorism Financing (CTF), and Counter-Proliferation Financing of Weapons of Mass Destruction (CPF).
 - 9) To evaluate the effectiveness of the implementation of AML, CTF, and CPF policies on an ongoing basis.
 - b. Authorities
 - 1) To request information, data, and/or explanations directly from Management regarding the Bank's risk management, where deemed necessary to support the evaluation and oversight functions.
 - 2) To exercise other authorities granted by the Board of Commissioners insofar as they are relevant to the duties and functions of the Risk Oversight Committee.

5. Concurrent Positions
 - a. The Chairperson of the Risk Oversight Committee may concurrently serve as the Chairperson of no more than 1 (one) other committee within the Bank.
 - b. Members of the Risk Oversight Committee who are Independent Parties may concurrently serve as Independent Parties in other committees within the Bank and/or in other banks, provided that the individual concerned:
 - 1) Meets all established competency requirements;
 - 2) Continues to fulfill the independence criteria;
 - 3) Is able to maintain the confidentiality of the Bank in accordance with prevailing regulations;
 - 4) Complies with the applicable code of ethics and regulations; and
 - 5) Does not neglect the duties and responsibilities as a member of the Risk Oversight Committee in the Bank.
 - c. All members of the Risk Oversight Committee are prohibited from concurrently holding positions as members of the Board of Directors, either in the same Bank or in other banks.

6. Committee Meetings, Quorum, and Decision-Making
 - a. Meetings of the Risk Oversight Committee shall be held at least 1 (one) time in 1 (one) month.
 - b. A meeting shall be deemed valid and authorized to make decisions if attended by the majority of the Committee members.
 - c. Meetings may be conducted in person and/or through teleconference media or other communication facilities that enable all participants to interact directly.
 - d. Meetings conducted via teleconference must be supported by:
 - 1) Recorded evidence of the meeting implementation which is maintained and/or administered in accordance with applicable laws and regulations and/or the Bank's internal policies; and
 - 2) Fulfillment of other administrative requirements in accordance with provisions governing meeting procedures.
 - e. Decisions in meetings shall be made based on deliberation to reach consensus. In the event that consensus cannot be reached, decisions shall be taken based on a majority vote, with the principle that 1 (one) member has 1 (one) vote.
 - f. In the event that the Risk Oversight Committee does not have a member from the Sharia Supervisory Board, the Committee must request the opinion of the Sharia Supervisory Board in every discussion related to Sharia Principles.
 - g. Minutes of Committee Meetings
 - 1) The results of meetings shall be documented in written minutes of meeting which at a minimum contain the agenda, attendance list, and decisions and/or discussion results.
 - 2) All meeting decisions must be documented in the form of minutes of meeting.
 - 3) Any dissenting opinions arising in meetings must be clearly recorded in the minutes, including the reasons underlying such dissenting opinions.
 - 4) The minutes of meeting shall be signed by all attending members of the Risk Oversight Committee, whether attending in person or via teleconference, and shall be documented in accordance with applicable laws and regulations and the Bank's policies.
 - 5) Copies of the minutes of meeting shall be distributed to all meeting participants, either directly or through electronic media.

7. Term of Office

The term of office of the members of the Risk Oversight Committee shall be determined based on the Appointment Decree issued by the Board of Directors after obtaining approval from the Board of Commissioners. Provisions regarding the duration of the term of office, extension, and/or dismissal of Committee members shall refer to such decision as well as applicable laws and regulations and the Bank's internal policies.

8. Competency

In addition to possessing expertise and competencies relevant to their duties, each member of the Risk Oversight Committee is required to continuously improve their knowledge and capabilities. Such competency enhancement may be carried out through participation in training, education, seminars, workshops, and/or other professional development programs relevant to risk management, Islamic banking, and corporate governance.

9. Working Time

Each member of the Risk Oversight Committee is required to allocate adequate time and attention to effectively and optimally perform their duties and responsibilities. This time commitment is necessary to ensure that the risk management oversight function is carried out comprehensively, with quality, and in accordance with applicable regulations.

10. Code of Ethics

Each member of the Risk Oversight Committee must comply with and adhere to the Bank's Code of Ethics. Compliance with the Code of Ethics reflects the commitment to uphold integrity, professionalism, independence, and the principles of good corporate governance in carrying out their duties and responsibilities.

11. Conflict of Interest

- a. To avoid any form of conflict of interest in carrying out their duties and responsibilities, both related to the management and supervision of the Bank's business activities.
- b. In the event that a conflict of interest exists or has the potential to arise, Committee members must disclose such conflict of interest transparently in any related discussion and decision-making process.
- c. To reject and/or not accept instructions or requests from shareholders, affiliated parties, and/or other parties that may affect the independence of the Committee, including but not limited to requests to:
 - 1) Perform actions related to the Bank's business activities and/or other activities that are not in line with the principles of Good Corporate Governance;
 - 2) Commit acts that constitute criminal offenses and/or are indicated as criminal offenses; and
 - 3) Undertake actions that may harm, potentially harm, and/or reduce the Bank's profits.

12. Reporting

- a. To submit reports to the Board of Commissioners on every assignment given. Such reports may be submitted in writing and/or through the Board of Commissioners' meeting forum depending on the needs and urgency of the matter discussed.
- b. To prepare an annual report on the implementation of the duties and activities of the Risk Oversight Committee, which shall be disclosed in the Bank's Annual Report in accordance with applicable laws and regulations and internal policies.

13. Performance Evaluation Mechanism

The performance evaluation of the Risk Oversight Committee shall be conducted by the Board of Commissioners at least 1 (one) time in 1 (one) year, namely at the end of each financial year. The evaluation aims to assess the effectiveness of the Committee in performing its duties, functions, and responsibilities in supporting the supervisory function of the Board of Commissioners.

14. Charter Review Period

The Risk Oversight Committee Charter shall be reviewed periodically to ensure its alignment with the development of laws and regulations, the dynamics of the Bank's business activities, and good corporate governance practices.

Such review shall be conducted at least 1 (one) time every 3 (three) years or at any time when deemed necessary based on needs and changes in applicable regulations.