

## Assessment of Board of Directors Performance

The Annual General Meeting of Shareholders is a forum for the Board of Directors to report and account for the performance of the Company to shareholders based on the Management Performance Contract, which is to evaluate the performance of the Board of Directors individually and the performance of each Committee as a supporting organ of the Board of Directors. The General Policy regarding the evaluation of the performance of the Board of Directors refers to the Guidelines and Work Rules of the Board of Directors. The performance appraisal for the Board of Directors is carried out based on the benchmarks for the performance appraisal of each member of the Board of Directors.

### Performance Assessment Procedure of the Board of Directors

The procedure for evaluating the performance of the Board of Directors was carried out in the GMS forum. GMS became a meeting attended by Shareholders who meet the quorum requirements and held by the Board of Directors at the request of the Board of Commissioners, Directors or shareholders who represent 1/10 of the total shares in order to make decisions and/ or to make decisions on matters under their authority not submitted to the Board of Directors or Commissioners. The results of the evaluation of the overall performance of the Board of Directors and the performance of each individual Member of the Board of Directors including President Director formed an integral part of the compensation scheme and incentives members of the Board of Directors.

## Performance Evaluation Criteria for the Board of Director

The evaluation of the Board of Directors is carried out using several criteria and measuring instruments, including:

### 1. The Board of Directors' Key Performance Indicators (KPI)

The performance of the Board of Directors and each member of the Board of Directors including President Director will be evaluated by the Board of Commissioners. KPI realization of each member of the Board of Directors is reported to the Board of Commissioners and subsequently reviewed by the Remuneration and Nomination Committee as a consideration in determining the amount of remuneration for each member of the Board of Directors. KPI aims to ensure the achievement of the company's strategic goals, improve the effectiveness of company performance, ensure that the company operates in a tolerable and predetermined risk corridor, optimizes efforts to capitalize the company's potential, accelerates growth in company performance and assesses the performance of the Board of Directors fairly.

The individual performance of the Board of Directors can be seen specifically in individual KPIs consisting of Joint KPIs and Directorate KPIs. The individual KPIs of each Board of Directors including President Director in 2020 can be seen below:

Category	No	KPI of President Director	CASCADING							
			Consumer & Commercial Lending	Distribution & Retail Funding	Remedial & Wholesale Risk	Operation, IT & Digital Banking	Finance, Treasury & Planning	Enterprise Risk, Management & Big Data Analytics	Human Capital, Legal & Compliance	
Economic and Social Value for Indonesia	Financial	1	Profit After Tax	•	•	•	•	•	•	•
		2	CAR	•	•	•	•	•	•	•
		3	PPOP			•		•	•	
		4	RAROC (Risk Adjusted Return on Capital) $\geq$ WACC					•	•	
		5	Cost of Credit	•	•	•	•	•	•	•
	Social	6	Loan to support special assignment (IDR realization of distribution of subsidized housing loan)	•						
		7	Gross Margin of distribution of subsidized Housing Loans (Yield – CoF)	•						
		8	Loan to support development agenda for subsidized housing loan (unit)	•						

Business Model Innovation	9	Implementation of PAB that has been approved by OJK	•	•		•	•		
	10	Result of Customer Engagement Index		•					
	11	Consumer Credit business process improvement (RPC)			•			•	
Technology Leadership	12	IT service availability				•			
	13	Customer growth of branchless banking		•					
Investment Increase	14	CGPI Index							•
	15	Bank Health Level	•	•	•	•	•	•	•
Talent Development	16	Approval of the formation of the SOEs Institute cluster/sub-cluster							•
	17	Approval from the Ministry of SOEs for the Cluster/Sub-cluster Talent Development Program including the succession program for the Board of Directors and the development of young top talent ( $\leq 40$ years)							•
	18	Employee Productivity							•
	19	Employee Engagement Survey							•

## 2. Board of Directors' Work Plans

The Board of Directors has compiled the 2020 Work Plan as the target or focus of the Company. This is done in order to develop the Company and carry out the assignment of Shareholders and fulfill the KPI targets that have been prepared, which consist of:

No	Area	Activities
1.	Lending	Strengthening business positioning in the housing sector and bringing the One Sejuta Rumah (Million House) Program a success.
2.	Credit Quality and PSAK 71 implementation	Credit quality improvement is focused on improving the credit process and increasing collection effectiveness
3.	Funding	Increasing the DPK Low Cost as an effort to support the target of growth and profitability refinement.
4.	Fee Based Income dan Pembentukan Anak Usaha	Increase NOA and expand corporate banking and treasury activities by developing targeted transactions for commercial and institutional customers.
5.	Bisnis Syariah	Optimizing the leveraging model, one of which is mirroring the features of BTN Sharia services with BTN parent services and optimizing the parent network in selling sharia products.
6.	Permodalan	Increase BTN profitability and make loans/bonds.
7.	Human Capital	Increasing Employee Productivity to Support Sustainable Growth is aligned and based on the development of the digitalization era to strengthen and improve human capital business processes.
8.	IT infrastructure	Prepare information technology architecture that supports the bank's business strategy in increasing transaction-based low-cost funding, operational effectiveness and efficiency.
9.	Good Corporate Governance (GCG), Risk Management, and Compliance	Implementing banking management in accordance with the principles of prudence and GCG increases shareholder value.
10.	Network Development (Delivery Channel)	Consistently strengthening the organizational structure and business processes that are based on GCG principles.

### 3. Board of Directors' GCG Assessment

The assessment is carried out based on the criteria parameters for the Assessment of Duties and Responsibilities of the Board of Directors in the Self Directors has an assessment mechanism that refers to the POJK and the Ministry of SOEs Regulation with the following criteria:

a). Bank GCG Self-Assessment; b) ASEAN CG Scorecard.

#### a. Self-Assessment GCG Bank

In conducting the assessment of the Board of Directors of the Company, GCG Self Assessment refers to the RKAP targets that have been set at the beginning of the period and outlined as Key Performance Indicators (KPI) of the Board of Directors based on their accountability in the aspects of supervision, risk mitigation and compliance with all regulations applicable laws.

Further explanation regarding the results of the Company's GCG Self Assessment aspects of the Board of Directors based on BI/OJK provisions is described in the GCG Assessment section of this Annual Report.

#### b. ASEAN CG Scorecard

The performance evaluation of the Board of Directors also calculates the Third Party Assessment using international standards, namely the ASEAN CG Scorecard. Further explanation regarding the assessment of the ASEAN CG Scorecard is described in the section Building the Company's GCG Implementation Commitment.

### The Party Evaluating BOD Performance

The parties that assess the performance of the Board of Directors are the Board of Commissioners and the GMS. In assessing the performance of the Board of Directors, the Board of Commissioners refers to the KPI indicator. Then, the Board of Commissioners and Directors will be accountable for the achievement of the Company's performance in the 2020 period, including the implementation of the duties and responsibilities of the Board of Commissioners and Directors in the GMS which will be held in 2021. The Board of Directors Performance Assessment for the year of 2020 has been conducted through collegial KPI of the Board of Directors and individual KPI of each member of Board of Directors including President Director. Individual Board of Directors KPI is a collegial translation of the Board of Directors KPI in accordance with the duties, functions and responsibilities of each member of the Board of Directors.

### Performance Appraisal of Committees Under the Board of Directors, Corporate Secretary, Internal Audit Unit, Risk Management Unit and the Basis for Assessment

Assessment of GCG implementation as stipulated in OJK Circular Letter No. 13/SEOJK.03/2017 concerning Implementation of Governance for Commercial Banks. In addition, the Board of

In carrying out its management duties, the Board of Directors was assisted by the Committee under the Board of Directors, namely:

1. Risk Management Committee
2. Asset and Liability Management Committee (ALCO)
3. Credit Policy Committee
4. Credit Committee
5. Personnel Committee
6. Information Technology (IT) Steering Committee.
7. Transformation Steering Committee
8. Business Committee

During 2020, the Board of Directors assessed that the committees under the Board of Directors had performed their duties and responsibilities properly

Risk Management Committee was a Committee that had a role in providing recommendations to the President Director regarding the risks attached to the policy to be determined by the Board of Directors and providing evaluation of provisions considered less suitable with the latest developments and need to be adjusted. The Risk Management Committee was actively involved in conducting risk assessments attached to each new product and/or service/activity so that the Bank could take the necessary mitigation measures and also evaluate the Risk Management Policy Guidelines (PKMR). Throughout 2020, the Risk Management Committee had held 5 (five) meetings and had carried out its duties properly.

*Assets and Liabilities Committee (ALCO) was a Committee that played a role in the formulation of policies, strategies and objectives as well as means in monitoring and making decisions related to the implementation of the Company's Asset Liability Management (ALMA). Throughout 2020, ALCO had held 14 (fourteen) meetings and had carried out its duties properly.*

The Credit Committee was the Committee tasked with providing recommendations and deciding the provision of credit (new credit and credit restructuring) for the commercial and consumer credit segments following the highest authority based on the Limit of Credit Disconnection Authority (BWMK). Throughout 2020, the Credit Committee had carried out 76 (seventy-six) meetings, and had performed its duties well.

The Personnel Committee had a role in policy formulation, supervising the implementation of policies, monitoring the development and conditions of Manpower and providing suggestions for improvement measures in accordance with

the Company's Manpower regulations and the Applicable Manpower Law in Indonesia. Throughout 2020, the Personnel Committee had held 16 (sixteen) meetings, and had carried out its duties properly.

The Information Technology Steering Committee played a role in the formulation of policies, strategies and objectives as well as means in monitoring and making decisions related to the implementation of the Management of Information Technology. Throughout 2020, the Information Technology Steering Committee had held 4 (four) meetings and had carried out its duties properly.

The Transformation Steering Committee played a role in the transformation process of the Company. During 2020, the Transformation Steering Committee held 13 (thirteen) meetings and had carried out its duties properly.

The Business Committee assisted the Board of Directors in formulating, supervising and monitoring the implementation of business policies and strategies to monitor developments and provide suggestions for corrective steps related to the Company's products. During 2020, the Business Committee held 4 (four) meetings and carried out their duties properly.

Apart from being assisted by Committees under the Board of Directors, in carrying out its duties the Board of Directors was also assisted by supporting units including the Corporate Secretary, Internal Audit Unit and Risk Management Unit. regarding to the performance appraisals for the Corporate Secretary, Internal Audit Unit and Risk Management Unit were assessed based on Key Performance Indicators (KPI), namely Financial, Customer, Business Process and Learning and Growth. The KPI achievement in 2020 for the Corporate Secretary was 98%, the Internal Audit Unit was 98% and the Risk Management Unit was 100%. The Corporate Secretary, Internal Audit Unit and Risk Management Unit carried out their duties properly.