

## **DIRECTORS WORKING GUIDELINES**

### **A. Function**

The function of the Company's Board of Directors is the organ responsible for the maintenance of the Company's interests and objectives of the Company represent the Company's fiber both inside out of court in accordance with the Articles of Association.

### **B. Composition and Requirements of The Board of Directors :**

1. The composition of the Board of Directors of the Bank today is :

- a. President Director
- b. Operation Director
- c. Medium Business and Corporate Director
- d. Compliance Director
- e. Agrobisnis & Sharia Business Director

The composition can be changed according to the needs of the Company and decided in the General Meeting of Shareholders, which previously have been studied and get recommendation of the Nomination and Remuneration Committee.

2. Requirements

There are 4 (four) kinds of requirements that must be met by the prospective members of the Board of Directors of the Bank. These requirements are Formal Terms, Conditions Materials, Other Conditions and Special Conditions.

a. Indonesian citizen who:

- Be cautious to God Almighty
- Loyal and obedient to the State and the Government of the Republic of Indonesia
- Do not engage directly or indirectly in the activities of treason to the Republic of Indonesia
- Physically and mentally healthy are supported by the Medical Certificate
- Never carry out activities that are detrimental to the State or actions in the field of banking
- There was never punished and deprived of their right to vote by a court decision

b. Individuals who are legally competent, except within 5 (five) years prior to the

appointment concerned ever :

- 1) Declared Bankrupt
- 2) Being a member of the Board of Directors or Board of Commissioners found at fault for causing a company to go bankrupt
- 3) Convicted of a criminal offense that harm the State Treasury, the Company or relating to the financial sector

### **C. Terms of the material**

1. Have the competence, integrity, good morals ;  
Concerned is not involved :
  - a. Deeds engineering and deviant practices in the management of the company / institution where the work in question before the nomination (dishonest)
  - b. The act of breach of commitments made in accordance with the company / institution where you were working before nomination
  - c. Acts that can be categorized unlawfully benefit in the company / place their work before nomination
  - d. Acts that can be categorized as a violation of the provisions relating to the principles of sound management of the company (misbehaving)
2. Have expertise in banking or financial institution, proven track record (track record) of at least 5 (five) years and attach a certified photocopy of the training of banking or financial institutions that have been followed;
3. Have experience of 5 (five) years in operation as executive officer of Commercial Banks (official responsible directly to the Board or have an influence on the policies and operations of the Bank);
4. Have a strong commitment to the progress and development of the company as well as a commitment to comply with the legislation;
5. Not having credit problems / jam
6. Not been declared bankrupt or become a member of the Board of Directors or the Board of Commissioners found at fault in causing a company to be declared bankrupt by a court decision within 5 (five) years prior to nomination;
7. Have a Certificate of Competency Test Risk Management Level 5 (five), attaching a certificate BSMR / LSPP. For official level 4 (four) can register and once approved the RUPS must immediately resolve BSMR / LSPP level 5 (five) to obtain the approval of the Otoritas Jasa Keuangan;

8. Psychological, concerned has a level of intellectual, emotional and spiritual sufficient to carry out his duties as member of the Board of Directors

#### **D. Other Conditions**

1. Willing to comply with rules and regulations in force, especially in banking;
2. Open a member of a political party and / or members of the legislature, not the candidate for the head / deputy head or head / deputy head of the region;
3. Aged does not exceed 56 years when it will serve the Board of Directors;
4. Not being served as an officer at Financial Institutions or other companies regulated in the Law of the Republic of Indonesia No. 32 of 2004 on Regional Government Except willing to sign a statement resigning from that position if elected as member of the Board of Directors;
5. There should be concurrent positions as members of the Board of Directors for two (2) year period of consecutive or position which may give rise to a conflict of interest directly or indirectly by the Company and / or contrary to the legislation in force;
6. Have the dedication and provide fully time to do its job;
7. Physically and mentally healthy (not suffering from a task-related diseases could hamper the implementation of the Board);
8. Not having a family relationship to the second degree, including a relative of fellow members of the Board of Directors or the Board of Commissioners;
9. Pass assessment and compliance capabilities (fit and proper test) in accordance with the provisions of the Otoritas Jasa Keuangan about the fit and proper (fit and proper test);

#### **E. Specific requirements**

1. For members of the Board of Directors to be appointed must meet the requirements of specific details of specific requirements will be outlined in the GMS; / company can develop applications which are details of competency and other things required for candidates for the Board of Directors according to the needs of the company, which would then be delivered and set forth in the decision of the RUPS;
2. The executive officer of the bank, in this case the official one level below the Board of Directors, including the Main Branch;

3. At least have two (2) times the Branch Manager positions are different, at least 4 (four) years cumulatively;
4. Has follow SESPI Bank, for executive shake that has not followed the Bank SESPI can complete after the RUPS approved and passed the fit and proper test of the Otoritas Jasa Keuangan;
5. Minimal S1 and S2 preferably
6. For prospective Directors of external parties is an executive officer who operates nationally and has assets at least equal to the assets of Bank Jatim

#### **F. Membership of the Board of Directors**

1. Company managed and led by a Board of Directors consisting of at least four (4) Directors, one of whom was appointed as Director;
2. The members of the Board of Directors are appointed and dismissed by the RUPS;
3. Prospective members of the Board of Directors proposed in the RUPS must be proposed by shareholders representing at least 20% (twenty percent) of the total shares with valid voting rights by referring to the legislation in force;
4. The procedure for the appointment of members of the Board of Directors will be set forth in detail in a resolution of the RUPS

#### **G. Procedure for submission of application**

1. All candidates for the Board of Directors are only allowed to apply for one of the positions that will be vacant;
2. Request candidate addressed to the Board of Directors through the Secretary of the Board of Commissioners, by attaching :
  - Curriculum vitae
  - 4x6 color photograph (1 sheet)
  - Certificate BSMR / LSPP
  - Certificate SESPI Bank (only for candidates who have followed SESPI Bank)
  - Other Certificate (last five years)
3. Registration of candidates for the Board of Directors held by Decision of the Board of Directors or Board of Commissioners;
4. The overall selection process and assessment is the part that must be followed / traversed by all candidates for the Board of Directors. The exclusion of one of the stages of selection and assessment of candidates for the Board of Directors makes the otherwise resign

## **H. Fit And Proper Test**

### **1. Proposed candidates**

- Member of the Board of Directors is being served;
- Member of the Board of Commissioners of the incumbent;
- Executive officers 1 (one) level below the Board of Directors proposed by the Board of Commissioners;
- For prospective directors who come from outside to be served as Director of Commercial Bank a maximum of the last 3 years

### **2. The process of setting List of Candidates**

- The Board of Commissioners and the Remuneration and Nomination Committee receives and look for proposals of candidates;
- Proposed candidates come from internal Bank Jatim submitted to the Board by the Remuneration and Nomination Committee;
- All data on the proposed candidate is administered by the Remuneration and Nomination Committee;
- Remuneration and Nomination Committee proposed the selection of the candidates based on the criteria and administrative requirements are set, to draw up a list of candidates;
- The list of candidates contains two (2) people for each job position of Directors and signed by the Remuneration and Nomination Committee;
- Remuneration and Nomination Committee submits a list of candidates to the Board of Commissioners to do assessment

### **3. Setting Process**

- BOC conduct a final evaluation on the Best Candidate test results fit and proper to establish one (1) candidate elected to each office of the Board of Directors;
- In the final evaluation, the Board can conduct direct interviews with selected candidates and candidates for the Board the results of the fit and proper test;
- Determination of the appointment of the selected candidate set out in the RUPS;
- List of candidates or elected candidates to be proposed and or set out in the RUPS must be approved or proposed by shareholders representing at least 20% (twenty percent) of the total shares with valid voting rights by referring to the laws regulations applicable;

- Candidates elected to sign a management contract with the BOC before it is set to be members of the Board of Directors;
- Selected candidates sign a statement that contains the ability to perform their duties well and are willing to be dismissed at any time based on consideration of the RUPS;
- Directors who have been appointed and started serving effectively as from the date of appointment or as of the date specified in the decision of the RUPS

#### **I. The term of office of Directors**

1. Tenure of members of the Board of Directors as of the date specified in his appointment RUPS and ending at the close of the Annual General Meeting to 4 (four) after the date of appointment;
2. Unless otherwise specified in the RUPS, and may be reappointed for a second term time if it has a good record with demonstrated achievement of targets set by the RUPS for each member of the Board of Directors without prejudice to the rights RUPS to dismiss them at any time based on reason has been established;
3. RUPS may appoint another person to replace the post of member of the Board of Directors were removed from office or to fill a vacant position is for the remaining term of office of members of the Board concerned;
4. If by any reason the company does not have a member of the Board of Directors, then temporarily Company shall be managed by the Board of Commissioners appointed by the meeting of the Board of Commissioners, with the obligation at the latest 30 (thirty) days or sixty (60) days after the occurrence of vacancy, for calling the RUPS in order to fill such vacancy;
5. In the event of additional members of the Board of Directors, the office of the Board members will expire simultaneously with the expiration of the term of office of other members of the Board of Directors appointed last

#### **Other Provisions**

- a. The members of the Board of Directors granted the following salaries facilities and / or allowance that the number and type determined by resolution of the RUPS and RUPS powers and authority of the General Meeting may be delegated to the Board of Commissioners;

- b. If by any reason office of one or more or all members of the Board of Directors is vacant, then within 60 (sixty) days from the occurrence of vacancy RUPS must be held to fill the vacancy;
- c. If by any reason all the vacant post of member of the Board of Directors, for a while liability is maintained by members of the Board of Commissioners appointed by the Board of Commissioners;
- d. A member of the Board of Directors may apply resign from office by giving written notification to the Company of its intention;
- e. The Company shall hold the RUPS to decide on the resignation of members of the Board of Directors within a maximum period of 60 (sixty) days after receipt of the letter of resignation;
- f. In the event that the company does not hold the RUPS within the period referred to in this paragraph, then with the elapse of this period the resignation of members of the Board of Directors to be valid without requiring the approval of the RUPS, but the company must submit a report / resignations at the RUPS which will come;
- g. Before the resignation becomes effective, member of the Board of Directors is concerned is still obliged to complete the task and responsibilities in accordance with the statutes and regulations;
- h. The new Board of Directors who resigned are free of responsibility after obtaining the release of the responsibility of the Annual Meeting;
- i. In this case the members of the Board of Directors to resign so that the resulting number of Board members be less than four (4) people, the resignation is valid if it has been determined by the RUPS and has appointed a new Board that meets the requirements of a minimum number of members of the Board of Directors
- j. Members of the Boards ended if :
  - 1. Loss of citizenship Indonesia;
  - 2. Resignation;
  - 3. No longer meets the requirements of laws and regulations;
  - 4. Passed away;
  - 5. The period of office has expired, unless reappointed as referred to in paragraph (4) of this article;



6. Dismissed by decision of the RUPS on the basis of;
  - No longer meets the applicable requirements as a member of the Board of Directors,
  - Performance and achievements generated does not match the expected target
7. Declared bankrupt or put under clement based on a court decision
- k. In addition to other provisions, the provisions of item 7 letter j, members of the Board of Directors may be dismissed if :
  1. Unable to meet its obligations agreed upon in the Key Performance Indicator (KPI);
  2. Unable to carry out their duties properly;
  3. Violating the provisions of statutes and / or regulations;
  4. Engaging in actions that hurt the company
  5. Engaging in actions that violate the ethical and / or propriety that should be respected as a member of the Board of Directors / Board of Commissioners;
  6. Declared guilty by a court decision that has had permanent legal force;
  7. Dismissed by the Controlling Shareholder;
  8. Controlling Shareholder or RUPS based on other reasons are considered appropriate in the interests and objectives of the company (bank)
- l. Each appointment and dismissal of members of the Board of Directors notified to Otoritas Jasa Keuangan and other agencies in accordance with the legislation in force;
- m. Member of the Board of Directors may be dismissed for a time by the Board of Commissioners if they act contrary to the statute or there are indications do harm to the company with regard to the provisions as follows :
  1. BoC's decision regarding the suspension members of the Board of Directors carried out in accordance with the procedures of decision making of the Board of Commissioners;
  2. Temporary dismissal, the question must be notified in writing to the person concerned and the reasons that led to such action with a copy to the Board of Directors;
  3. Notification referred to in paragraph b of this paragraph submitted no later than 2 (two) days after the enactment of the suspension;



4. Member of the Board of Directors who has been suspended is not authorized to carry out the management of the company and represents the company both within and outside the Court;
5. In a period of at least 45 (forty five) days after the suspension is to be held shareholders' meeting proposed by the Board of Commissioners who will decide whether to revoke or upheld the suspension;
6. In the RUPS as referred to in paragraph e of this paragraph, members of the Board of Directors is concerned given the opportunity to defend themselves;
7. RUPS as referred to in paragraph e of this paragraph is headed by one of the shareholders elected by and from among the shareholders present;
8. In the case of the RUPS set forth in paragraph e of this paragraph can not take a decision or after the termination of the period referred to the RUPS is not held, then the suspension members of the Board of Directors will be canceled;
9. Suspension can not be extended or set back for the same reason, if the suspension is declared null set forth in paragraph h of this paragraph;
10. If the RUPS to cancel the event of a suspension or referred to in this paragraph letter h, then the members of the Board of Directors concerned shall carry out its duties back as it should;
11. A member of the Board of Directors has the right to resign from his position by stopping in writing of its intention to the Company with a copy to the Board of Commissioners and Board of Directors else no later than 30 (thirty) days before the date of his resignation, and to the members of the Board of Directors who resigned are still held accountable since his appointment until the date of the determination of his resignation at the RUPS;
12. Member of the Board of Directors may be dismissed at any time based on the RUPS's decision stating the reasons, and for the implementation is done based the current legislation and / or statutes of this;
13. If a member of the Board of Directors to quit or be dismissed before his term expires, the tenure of his successor is the rest of the term of office of his predecessor; in the event of additional members of the Board of Directors, the term of office of members of the Board of Directors will expire simultaneously with the expiration of the tenure of members of the Board of Directors who have been there

### **Duties and Responsibilities of Directors**

Under the Articles of Association of Bank Jatim, organ of the company's Board of Directors is authorized and responsible for implementing all measures relating to the management and ownership of Bank Jatim for Bank Jatim in accordance with the purposes and objectives of Bank Jatim. The Board of Directors is also authorized to represent the Bank Jatim both inside and outside the court on all matters and all events with restrictions as set forth in the legislation, Articles of Association of Bank Jatim, RUPS Decisions and internal regulations of Bank Jatim other. The following is the responsibility of the Board of Directors:

### **Tanggung Jawab Umum**

1. Accounting for the implementation of the management of Bank Jatim for Bank Jatim to the Shareholders General Meeting of Shareholders (RUPS);
2. Take full responsibility for the implementation of Bank Jatim management and / or management of Bank Jatim accordance with the authority and responsibilities as stipulated in the statutes and / or regulations and legislation;
3. Determine and evaluate the operational and non-operational design of Bank Jatim well as setting policy and strategic decisions;
4. Representing Bank Jatim both in and out of court;
5. Represent and act on behalf of Bank Jatim in doing the signing, attended the event and other things that are involved in important activities required; and
6. Approve and submit a report to Bank Indonesia and / or other relevant external parties in accordance with the regulations and legislation.

### **Fungsi Strategis**

1. Evaluate and define a vision and mission statement of Bank Jatim periodically;
2. Develop and establish a strategic plan of Bank Jatim to support the achievement of the vision and mission statement of Bank Jatim periodically;
3. Establish a long-term strategic plan, medium-term and short-term Bank Jatim including the budget needed to carry out these activities;
4. Establish strategic planning, organizational development and human resources refers to the development plan for the overall organization of Bank Jatim, both at head office and branch offices;

5. Monitor and evaluate the realization of the strategic, organizational and human resource development plan, budget, business performance and business developments on a regular basis and making recommendations;
6. Make the necessary changes to the organizational structure that reflects the authority, responsibility and relationships between work units are clear and meet the standards of good corporate governance;
7. Establish strategies and policy recommendations related to the development and / or operations of the Bank Jatim reclassification;
8. Develop and establish the Board of Directors of Public Policy (KUD);
9. Monitor the internal conditions (weaknesses and strengths of Bank Jatim) and growth factor / external conditions (the challenges and threats to the Bank Jatim) that directly or indirectly affect the Bank's business strategy in East Java that has been set

#### **Operational Support Functions**

1. Applying the business model and / or collaboration with third parties in accordance with business objectives and / or cooperation to support the Bank's business development in East Java;
2. Establish Bank Jatim imaging strategy and decide the implementation of promotional programs, Social and Environmental Responsibility, sponsorships and other programs that involve cooperation with third parties;
3. Establish policies and procedures related systems throughout the business process of Bank Jatim;
4. Establish the operational strategy of the overall business process, both primary business activity and business support activities Bank Jatim;
5. Decides credit transactions and / or financing and other transactions that exceed the authorized officer of the Bank Jatim one level below the Board of Directors;
6. Assign products and / or new activities and marketing concept based on the functions and objectives of Bank Jatim;
7. Decides legal measures which are beyond the competence of Bank Jatim officials under the Board of Directors and represents Bank Jatim in court if necessary;
8. Evaluate and approve the Annual Report of Bank Jatim;
9. Approve and assign the implementation of HR operational activities that go beyond the authority of officials under the Board of Directors;

10. Approve the request for cooperation with third parties to support lending and financing; and
11. Ensure that the delegation of authority to effectively supported by the consistent application of accountability

### **Risk Control Function**

1. 1. Establish policies and risk management strategies in writing and comprehensively, including the establishment and approval of the overall risk limits, per type of risk, and a functional activity (business policy) Bank of East Java;
2. Responsible for the implementation of risk management policies and risk exposures taken by the Bank Jatim overall, evaluate and provide direction risk management strategies based on reports submitted by the Risk Management Division and the submission of accountability reports to the Board of Commissioners;
3. Develop a risk management culture at all levels of the organization, to define and communicate the risk policy and strategy related to all work units and evaluate the implementation of policies and strategies intended;
4. Ensure compliance with competence and qualifications of human resources associated with the implementation of risk management and competency development, among others, with education and continuous training, especially with regard to risk management systems and procedures;
5. Ensure that risk management function has been implemented independently as reflected among other things by the separation of functions between the Risk Management Unit to identify, measure, monitor and control risks by working unit to a transaction;
6. Reviewing periodically with a frequency to meet the needs of Bank Jatim, to ensure:
  - The accuracy of risk assessment methodologies;
  - The adequacy of the implementation of the information system risk management;
7. Ensure that the determination of the strategy for achieving the objectives of the Bank Jatim has calculated the overall risk impact on the Bank Jatim;
8. Approve Risk Profile Report and the Bank Jatim and decided to risk control measures to be taken;

9. Monitor the adequacy and effectiveness of internal control systems;
10. Creating and maintaining effective Internal Control System as well as ensuring that the system is run in a safe and healthy appropriate internal control objectives established by the Bank Jatim.