

INTERNAL AUDIT WORK UNIT

The Internal Audit retains the vision to become the management's strategic partner in supporting the Bank's growth to attain the organization's set goals. In carrying out its duties, the Internal Audit has 2 (two) functions.

The first is the assurance function, where the Internal Audit evaluates the governance process, risk management, and effectiveness of the internal control on all aspects of the Bank's activities through the risk-based approach.

Second, the consultative function, where the Internal Audit provides feedback on internal control to other directorates, such as by extending recommendations or suggestions for improvements in various audits conducted, feedback on policy or procedure drafts, feedback on the Bank's main initiatives, and others.

PROFILE

Nurhajati Soerjo Hadi

Head of Internal Audit

Nationality	Indonesian
Domicile	Jakarta
Age	54 years as of the end of fiscal year 2022
Place, Date of Birth	Jakarta, 11 August 1968
Basis of Appointment	Appointed as President Director upon approval of the Board of Commissioners since 1 January 2017, through the Decision Letter No. PS/BOC/009/XII/2016 on the Approval of the Board of Commissioners related to the Replacement of the Head of Internal Audit of PT Bank BTPN Tbk.
Educational Background	Bachelor of Arts in Business Administration from Oregon State University, Corvallis – Oregon, USA (1991)
Work Experience	<ul style="list-style-type: none"> • Fraud Management Unit Head, PT Bank BTPN Tbk (2015-2016) • Quality Assurance and Corporate Client Execution Head, PT ANZ Bank Indonesia (2015) • Business Development Director (Business Manager) to International Banking, The Royal Bank of Scotland N.V., Jakarta Branch (2009–2013) • Business Development Director (Business Manager) to Executive Country, ABN AMRO Bank N.V. / The Royal Bank of Scotland N.V., Jakarta Branch (2008–2013) • Director, PT RBS Finance Indonesia (2008–2012) • Credit Portfolio Management Head, ABN AMRO Bank N.V., Jakarta Branch (2005–2008) • Deputy Head Financial Restructuring & Recovery (FRR), ABN AMRO Bank N.V., Jakarta Branch (2003–2005) • Financial Restructuring & Recovery Officer, ABN AMRO Bank N.V., Jakarta Branch (1999–2005) • Relationship Manager for Corporate Banking, ABN AMRO Bank N.V., Jakarta Branch (1996- 1998) • Corporate Credit Account Officer di PT IBJ Indonesia Bank, Jakarta (1991–1995)
Certification	<ul style="list-style-type: none"> • Manajemen Risiko (SMR) Level 5 • Qualified Internal Auditor (QIA)
Affiliate Relationship	No affiliation with the Board of Directors, Board of Commissioners and Controlling Shareholders.

APPOINTMENT AND DISMISSAL

The Head of Internal Audit is appointed and dismissed by the President Director with the approval of the Board of Commissioners. The appointment and dismissal of the Head of Internal Audit are reported to the Financial Services Authority (OJK).

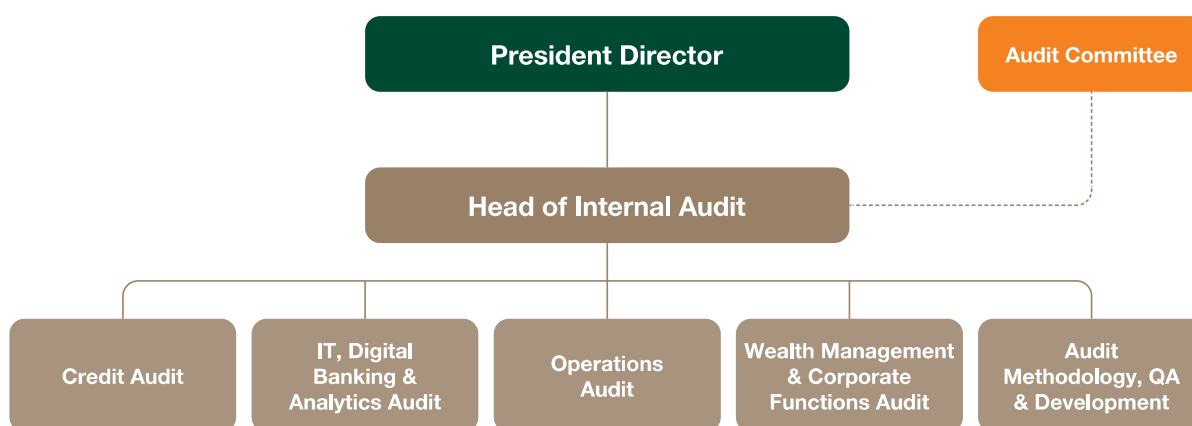


INTERNAL AUDIT WORK UNIT

ORGANIZATION AND POSITION OF THE INTERNAL AUDIT IN THE COMPANY'S STRUCTURE

The Internal Audit is an independent directorate directly responsible to the President Director and, functionally, to the Board of Commissioners through the Audit Committee. As of 15 October 2022, the directorate made a change in the number of audit divisions, from 6 (six) to 5 (five) divisions, in connection with the alignment to the management's directives regarding the vision, mission, and strategy of the Bank as well as the implementation to expand its control.

Following is the organizational structure effective as of 15 October 2022:



- Credit Audit Division**
 Responsible for the audit of all credit activities for the Wholesale and Commercial business segments, including Cash Management and Trade Finance services, as well as Retail Lending, Micro Business, and Business Banking business segments.
- IT, Digital Banking and Analytics Audit Division**
 Responsible for the audit of the Directorate of Information Technology and Digital Banking (Jenius), as well as supporting other audit divisions in examining other directorates that utilize technology support. Data Analytics is responsible for the continuous audit/off-site monitoring and supporting other audit assignments through data provision.
- Operations Audit Division**
 Responsible for the audit of the Operations directorate, both at the Head Office and the branch offices
- Wealth Management and Corporate Functions Audit Division**
 Responsible for the audit of Wealth Management business and the corporate functions at the Head Office (outside of Information Technology and Operations directorates), including the Treasury directorate.
- Audit Methodology, Quality Assurance, and Development Division**
 Responsible for preparing the Annual Audit Plan, developing audit methodology, reviewing the suitability of Internal Audit activities with applicable standards, as well as improving the competence of Internal Audit staff through mapping of effective training.

DUTIES AND RESPONSIBILITIES

The Internal Audit reports all results of the audit implementation, including recommendations for improvement to the President Director, the Audit Committee, and the Board of Commissioners, with a copy to the Director of Compliance. Periodically, the Internal Audit presents the audit results to the Board of Directors and the Audit Committee, as well as provides a summary of the audit results to the President Director, the Board of Directors, and the Audit Committee.

Each year, the Internal Audit also prepares the risk-based Annual Audit Plan related to the Bank's main activities. The Audit Plan is also discussed together with the related Director and Internal Audit Department of Sumitomo Mitsui Banking Corporation (SMBC) in connection with the audit collaboration plan to align with the directives of the overall business development and to obtain the approval from the President Director, the Audit Committee and the Board of Commissioners.

Details of the general duties and responsibilities of the Internal Audit are as follows:

1. Prepare a risk-based annual audit plan and obtain a review and approval from the President Director, the Audit Committee, and the Board of Commissioners.
2. Communicate the plan to the President Director and the Audit Committee if there are limited resources that might affect the annual audit plan.
3. Review and adjust the annual audit plan if there are significant changes in the business, risk, operation, program, system and control. Such changes must acquire the approval of the President Director, the Audit Committee, and the Board of Commissioners.
4. Implement the approved annual audit plan by analyzing and evaluating the effectiveness of Governance, Risk Management, and Internal Control (GRC) to maximally support the Bank's objectives and goals.
5. Perform consultative audits/review of the Bank's new initiatives/products if required by both the management as well as regulators.
6. Identify possibilities for improvement and increase the efficiency in the use of resources.
7. Periodically submit audit reports to the President Director and the Board of Commissioners through the Audit Committee, containing an overview of the audit activities results, with a copy to the Director of Compliance.
8. Monitor and report the progress of the implementation of the audit results follow-up to the President Director, the Board of Commissioners, the Audit Committee and the Board of Directors.
9. Ensure that Internal Audit function at the Bank and monitoring of the Internal Audit Function in subsidiaries are effectively running.
10. Work together with other internal control functions, including the external audit, to achieve comprehensive audit results.
11. Prepare and review the Internal Audit charter, policies, and procedures periodically.

INTERNAL AUDIT CHARTER

Duties and responsibilities, including the authorities of the Internal Audit in conducting audits, as well as each of the employee's code of ethics, are contained in the Internal Audit Charter, as approved by the Audit Committee and the Board of Commissioners. Periodically, the Internal Audit reviews and aligns the charter, policies, and procedures with applicable provisions and standards.

Implementation of activities and the Internal Audit Charter refer to the Financial Services Authority Regulation No.1/POJK.03/2019 regarding the Implementation of the Internal Audit Function of Commercial Banks, International Practices of Professional Framework (IPPF), Internal Audit, as well as the Annual Audit Plan.

BASIS OF IMPLEMENTATION OF INTERNAL AUDIT

Bank BTPN has the standards and methodologies for conducting internal audits, as contained in the 2022 Internal Audit Policy. In general, this Internal Audit policy includes general policies, audit policies, documentation and administration policies, as well as resource policies. These policies refer to applicable laws and regulations and best practices in the industrial sector, among others, including the following:

1. Financial Services Authority Regulation No. 1/ POJK.03/2019 on the Implementation of the Internal Audit Function for Commercial Banks.
2. Financial Authority Regulation No. 18/ POJK.03/2014 on the Implementation of the Integrated Governance for Financial Conglomerates.
3. Financial Services Authority Regulation No. 45/ POJK.03/2020 on Financial Conglomeration.
4. Financial Services Authority Regulation No.11/ POJK.03/2022 on the Implementation of Information Technology (IT) by Commercial Banks and the Financial Services Authority Circular Letter No.21/SEOJK.03/2017 on the Implementation of Risk Management in the Use of Information Technology by Commercial Banks.
5. International Standards for the Professional Practice of Internal Auditing (IPPF)



INTERNAL AUDIT WORK UNIT

HUMAN RESOURCES

Up until the end of the fiscal year 2022, the number of manpower in the Internal Audit division totaled 50 employees.

Details of the Manpower Distribution

Directorate/Division	Total Manpower
Head of Internal Audit	1
Credit Audit	11
IT, Digital Banking and Data Analytics Audit	13
Operations Audit	11
Wealth Management and Corporate Functions Audit	10
Audit Methodology, QA and Development	4
Total	50

QUALIFICATION AND CERTIFICATION

Standard Qualification Internal Audit Manpower

Position	Minimum Qualification
Head of Internal Audit	Risk Management Certificationv (SMR) Level 5, Professional Certification related to Internal Audit
Audit Division Head	Risk Management Certificationv (SMR) Level 3, Professional Certification related to Internal Audit
Audit Lead	Risk Management Certificationv (SMR) Level 2
Senior Auditor/ Auditor	Risk Management Certificationv (SMR) Level 1

Ownership of Professional Certification

Professional Certification	Total Employee with Certificate
CIA (Certified Internal Auditor)	1
CISA (Certified Information Systems Auditor)	2
CISM (Certified Information Security Manager)	1
CSX (Cyber Security Nexus)	1
QIA (Qualified Internal Auditor)	5
CBIA (Certified Bank Internal Audit)	15
SMR (Sertifikasi Manajemen Risiko)	49

Participation in Professional Association

Professional Association	Number of Employee Involved
IIA (Institute of Internal Auditors)	6
ISACA (Information Systems Audit and Control Association)	2
IAIB (Ikatan Auditor Intern Bank)	All personnel of Internal Audit

IMPLEMENTATION OF ACTIVITIES IN 2022

Until December 2022, Internal Audit has conducted audits which included mandatory audits in accordance with the regulations, such as on Fund Transfer, Regulatory Reporting (SCV and SLIK) and Internal Capital Adequacy Assessment Process (ICAAP), the business segments and such as branch networks as in commercial Banking, Retail Banking (including Retail Lending Business, Wealth Management Business, Retail Collection & Recovery Management), Business Banking (SME), Digital Banking, the adequacy of credit reserves (Reserves for Impairment Losses/CKPN), branch office, as well as the Support Functions including Information Technology (IT), Treasury, Operations, and Anti-Fraud Management.

Furthermore, until the end of the year 2022, Internal Audit has also conducted joint audits together with SMBC Internal Audit Department on Legal and Compliance activities (covering Legal & Litigation function, AML & CFT and Compliance), General Operations (covering the functions of Remittance & Payment Operations, Corporate Real Estate & Services and Trade Finance) and Human Resources. Audits on Legal and Compliance and General Operations were completed in 2022. Meanwhile, audits on Human Resources started as of Q4 2022 and are estimated to be completed by Q1 2023 or following the fiscal year of SMBC Internal Audit Department, in line with the 2022 Annual Audit Plan as approved by the President Director, the Audit Committee and the Board of Commissioners in November 2021.

Furthermore, as a form of supervision of the parent company towards subsidiaries, the Internal Audit also completed the audit on TUR financing of subsidiaries (PT Bank BTPN Syariah, Tbk.) in a joint audit with

the Internal Audit of PT Bank BTPN Syariah, Tbk. In accordance with the Revised 2022 Annual Audit Plan approved by the President Director, the Audit Committee, and the Board of Commissioners in July 2022, the Internal Audit also completed an additional audit plan in connection with the closing of the Nanggroe Aceh Darussalam branch office as impacted by the implementation of Qanun.

The types of audit completed were mandatory audit (3 assignments), general audit (6 assignments), and thematic audit (13 assignments), including limited review (3 assignments) as an alteration to the thematic audit for credit card approved through the Revised 2022 Annual Audit Plan and the branch audit (4 assignments), with a completion rating of 100% of the agreed audit plan. As previously conveyed, the current ongoing audit on the Human Resources is a joint audit with SMBC Internal Audit Department scheduled for completion in accordance with SMBC Internal Audit Department’s fiscal year, namely by Q1 2023.

On existing weaknesses/findings, related business/work units have carried out the follow-up plans for improvement, which were continuously monitored by the Internal Audit.

In addition to completing the 2022 Annual Audit Plan, the Internal Audit also conducted a consultative audit (9 assignments) of reviews of the pre and post-implementation of electronic banking services development and Digital Jenius, Wealth Management Business, as well as Digital SME banking services. In addition, the Internal Audit also conducted continuous monitoring/audit (9 assignments) on the analysis of fund transfer transactions from the accounts of employees in the Retail Lending Business segment, analysis on the change in birth data of customers in the Retail Lending Business segment, analysis of Customer Reference Number (CRN) and Customer Identification File (CIF), analysis of dormant accounts, analysis of financial transactions of customer accounts conducted by an officer at the branch office, data analysis related to data update process of customers who passed away and high-risk profile customers, risk profile analysis of priority customers, analysis of Current Account (CA) and Savings Account (SA), as well as conformity analysis of information on the customer telephone number and email address.

The Internal Audit provides periodic updates on the implementation of the audit plan, audit results, and follow-ups of business/work units on findings/recommendations of the Internal Audit to the Board of Directors (every two months) and the Audit Committee (quarterly). To provide the overall picture of the audit

results for a certain period (semester/annual), each semester, the Internal Audit provides an overview report to the President Director, the Board of Directors, and the Audit Committee on potential opportunities for existing improvements, to further strengthen internal control over a business and other support functions.

Apart from the above, the Internal Audit also held meetings with OJK at least once a year, namely on 12 December 2022, in accordance with the requirements stipulated in POJK No.1/POJK.03/2019. In implementing integrated governance for Bank Business Groups (KUB), the Internal Audit had regular communication between the Head of BTPN’s Internal Audit and the Head of Internal Audit of PT Bank BTPN Syariah, Tbk. (monthly), carried out supervision at PT Bank BTPN Syariah, Tbk., and held an annual meeting between the Head of BTPN Internal Audit, the Head of Internal Audit of PT Bank BTPN Syariah, Tbk., and the Board of Commissioners of PT Bank BTPN Syariah, Tbk., on 5 December 2022, in accordance with the provisions of the Financial Services Authority (OJK).

In the effort to maintain and guarantee the quality of the implementation of the Internal Audit function, as well as referring to OJK Regulation (POJK) No. 1/POJK.03/2019 regarding the Implementation of the Internal Audit Function in Commercial Banks, at least once in 3 (three) years, the Internal Audit, based on the recommendation of the Audit Committee, appoints an independent assessor to conduct a review of Internal Audit activities. In June 2022, the Internal Audit appointed PT RSM Indonesia Konsultan as the independent party responsible for the review. From the results of the review, PT RSM Indonesia Konsultan believed that the activities of the Internal Audit, in general, complied (“Generally Conform”) with the standards that apply to both local regulations (POJK) and international (IPPF). The review results were submitted to the Financial Services Authority on 30 August 2022. The next review will be carried out in 2025 while remaining to appoint an independent, competent, and experienced public accountant.

INTERNAL AUDIT MEETING

	Meeting with		
	Board of Directors	Board of Commissioners	Audit Committee
Number of Meeting	6	2	4



INTERNAL AUDIT WORK UNIT

TRAINING AND COMPETENCY DEVELOPMENT

Number of Participant	Training Period	Type of Training	Organizer
50	January – December 2022	Mandatory E-Learning	Internal
50	January – December 2022	Online Class (training, workshop, sharing session)	Internal & Eksternal

2023 STRATEGIC PLAN

To encourage the strengthening of the Internal Audit team in carrying out its audit plans and employee competency development, in line with the Bank’s growth and several main initiatives, several matters have been planned or implemented as follows:

1. Audit knowledge and soft skills

- Continue to provide sessions to improve comprehension on the Bank’s process/ activities, which are carried out through training, internal and external certification programs, sharing on strategy development or business priorities, the Bank’s business and product development, as well as updates on audit methodology.
- Continue training related to soft skills that support the implementation of field audits, such as communication skills, negotiation skills, and others.

2. Increase the effectiveness of audit process

Internal Audit uses the Audit Management System (AMS) to assist the Internal Audit team to be more effective in preparing, conducting and completing audit assignments, as well as monitoring the follow-up on audit findings. Going forward, Internal Audit will replace the currently use AMS as concerned provide is no longer able to service the needs of the Internal Audit for system development. The replacement of AMS is hoped to cover the development of a monitoring system related to the fulfillment of follow-up on external audit results as well as a reporting system that can assist reporting needs to the management, regulator and related external parties.

3. Continuous audit

The Internal Audit will continue to develop continuous audits that can assist the Bank in implementing continuous monitoring that is not only focused on certain business lines but for the Bank in general.

4. Improvement in data analytics quality

The Internal Audit team uses the Audit Command Language (ACL) software as a data analysis tool and will develop an ‘Internal Audit Dashboard’ to generate several information, such as performance of each business line, data anomalies, MRA, early warning, and other information of near real-time and that can be updated periodically. This will assist the Internal Audit team in analyzing data in order to improve the risk-based audit approach more effectively and provide value-added input for the Bank.

5. Continuous improvement of sustainable Internal Audit quality

The Internal Audit will continuously collaborate with leading institutions in banking and internal auditing that can provide insights, advice, and tools to boost enhancement in Internal Audit quality.

As the SMBC Group mandates, the Internal Audit has also developed a methodology focusing on risk assessment to audit all branch offices. This methodology is formulated based on the Macro Risk Assessment (MRA), which has been used and modified in accordance with the latest developments and regulations and implemented in the 2022 audits.

The Annual Audit Plan for 2023 is formulated and approved by the President Director, the Audit Committee, and the Board of Commissioners in November 2022.