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# 06 Corporate Governance

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## Introduction

For Bank Mandiri, a GCG implementation is not merely addressed to comply with the regulations, but also a fundamental element which refers to international best practices. The management believes that GCG implementation will be able to enhance value creation of the Company.

The effort of GCG implementation conducted by Bank Mandiri so far has been demonstrating a positive contribution as well as delivering the real to Bank Mandiri, such as improved competitiveness, company performance and Bank Mandiri's stakeholders trust, both domestic and foreign investors. Based on these benefits and in order to maintain the stakeholders' trust and interests, Bank Mandiri continues to consistently strengthen its commitment on promoting integrity and GCG values in running all of its business activities.

Aside from considering ethics and the best business practice as the interest, Bank Mandiri is aware of the importance of GCG implementation for the company to achieve vision and mission as well as to grow sustainably. Bank Mandiri's vision is constantly adjusted as reflected in 2016 vision of Bank Mandiri to be The Most Admired and Progressive Financial Institution and starting mid of 2016 the Board of Directors and Board of Commissioners of Bank Mandiri has launched a new aspiration, which is Indonesia's best, ASEAN's prominent. To achieve the vision and mission, Bank Mandiri is committed to always placing GCG as the primary basis of doing business Companies as well as to keep the existence of the company in the face of challenges and competition increasingly stringent in the future, especially in the sector the banking industry.

This commitment is fully support by all the board of management and the employees of Bank Mandiri. As a highly regulated company, the GCG implementation within Bank Mandiri refers to several applicable provisions, among others:

1. Law No. 19 Year 2003 on State Owned Enterprise
2. Law No. 40/2007 on Limited Liability Company; Law No. 19/2003 on State Owned Enterprise; Bank Indonesia Regulation (PBI) No. 8/4/PBI/2006 on GCG Implementation in Commercial Banks, as amended by PBI No. 8/14/PBI/2006.
3. Regulation of the Minister of State Owned Enterprise No. PER-01/MBU/2011 on GCG Implementation in State Owned Enterprise.
4. Regulation of the OJK No. 18/POJK.03/2014 sanctioned on November 18, 2014 on the Integrated Corporate Governance.
5. Regulation of the Financial Services Authority (OJK) No. 8/POJK.04/2015 on the Website of Issuer or Public Company.
6. Regulation of the OJK No. 55/POJK.03/2016 on Corporate Governance Implementation of Commercial Bank.

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## Principle and Roadmap of Corporate Governance

In order to achieve sustainable business, Bank Mandiri consistently puts some efforts to run a healthy banking business based on GCG principles as the foundation. Best practices of GCG at national, regional as well as international levels which are relevant to be continuously implemented within Bank Mandiri as an effort of GCG Structure improvement. Bank Mandiri also disseminates information of GCG Structure sustainably and conducts self-assessment on GCG implementation on regular basis to become more effective.

The implementation of GCG principles in Bank Mandiri is described below:

GCG Principles	Description
<b>Transparency</b>	<ol style="list-style-type: none"> <li>1) The Bank discloses information in a timely, adequate, clear, accurate and comparable manner, as well as makes it accessible to the concerned parties (the stakeholders).</li> <li>2) The Bank discloses information that includes but is not limited to the vision, mission, business objectives, strategy, financial and non-financial conditions, structure of the Board of Directors (BOD) and the Board of Commissioners (BOC), controlling shareholders, risk management, internal monitoring and control system, implementation of compliance function, GCG system and implementation, as well as material information and fact that may affect investors' decision.</li> <li>3) The Bank' policy shall be made in writing and communicated to the stakeholders who have the right to obtaining information on the said policy.</li> <li>4) The principles of transparency are subject to the banking secrecy rules, professional confidentiality and personal rights in accordance with the applicable regulations.</li> </ol>
<b>Accountability</b>	<ol style="list-style-type: none"> <li>1) The Bank determines its business objectives and strategies with regard to accountability to the stakeholders.</li> <li>2) The Bank sets up clear roles and responsibilities for each BOC and BOD member, along with all subordinate staff in accordance with the vision, mission, corporate values and the Bank's business objectives and strategies.</li> <li>3) The Bank must ensure that each BOC and BOD member and all subordinate staff have the competencies suitable to their responsibilities and that they understand their roles in GCG implementation.</li> <li>4) The Bank applies check &amp; balance system in conducting its management</li> <li>5) The Bank has the performance benchmark of all positions in the Bank in reference to the agreed standard, in accordance with the Corporate Culture Values, the Bank' s business objectives and strategies, which are equipped with a rewards and punishment system.</li> </ol>
<b>Responsibility</b>	<ol style="list-style-type: none"> <li>1) The Bank adheres to the principles of prudential banking practices and guarantees compliance with the applicable regulations.</li> <li>2) The Bank, as a good corporate citizen, shows concerns on the environment and duly fulfills its social responsibilities.</li> </ol>
<b>Independence</b>	<ol style="list-style-type: none"> <li>1) The Bank avoids undue domination by any stakeholders and is not affected by unilateral interest and conflict of interest.</li> <li>2) The Bank makes decision objectively and free from pressure exerted by any parties.</li> </ol>
<b>Fairness and Equality</b>	<ol style="list-style-type: none"> <li>1) The Bank takes into account the interests of all stakeholders in accordance with the principles of equality and fairness (equal treatment).</li> <li>2) The Bank gives all stakeholders equal opportunities to express opinions and makes suggestions in its greater interests, and provides access to information according to the principle of transparency.</li> </ol>

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## Purposes of Corporate Governance Implementation

Bank Mandiri has committed to implement GCG which has the following main purposes:

1. Encouraging earnestness of the management in implementing the principles of transparency, accountability, responsibility, independence, fairness and prudence in managing the Bank;
2. Improving the Bank's performance, efficiency and service to the stakeholders;
3. Attracting interest and securing trust from the investors;
4. Serving the shareholders' interests on the improvement of shareholder' values;
5. Protecting the Bank from political intervention and legal claim;

By implementing GCG, Bank Mandiri believes that Corruption, Collusion and Nepotism (KKN) practices will be avoided and the supervisory function in managing Bank Mandiri will increase.

## Basic Policy of GCG

Bank Mandiri has several basic policies of GCG which are in conjunction with the prevailing rules and regulations as well as the Company's needs covering GCG Code, Code of Conduct, Business Ethics, Board Manual, Whistle-Blowing System (WBS) Policy and various bank operational policies. The existence of such policies have shown a strong commitment of Bank Mandiri to improve the quality and scope of work in implementing GCG on an ongoing basis.

## Flashback of the Implementation of GCG

Bank Mandiri GCG implementation has been carried out in a structured way, consistently and sustainably with the following stages:

Year	GCG Achievements
<b>1998</b> <b>Early Merger</b>	Awareness of GCG implementation was raised by banking crisis due to comprehensive bad governance in banking industry that led to banks bailout and eventually required the Bank's Directors and Commissioners to sign a Management Contract with the World Bank, in which the banks were obliged to implement GCG.
<b>2000 - 2001</b> <b>Laying Down the Fundamental of Governance Commitment, Structure and Mechanisms</b>	<ul style="list-style-type: none"> <li>• Bank Mandiri followed up on the Management Contract with the World Bank by issuing the following provisions: <ul style="list-style-type: none"> <li>• A Joint Decree of BOC and BOD on the GCG Principles,</li> <li>• A Joint Decree of BOC and BOD on Bank Mandiri's Code of Conduct, which serves as a guideline for proper interaction with the customers, partners and fellow employees,</li> <li>• Decree of BOD on Compliance Policy which requires all Bank Mandiri employees to hold individual responsibility for running the Bank's operations in their respective fields.</li> </ul> </li> <li>• Bank Mandiri has assigned independent consultant to make diagnostic review on GCG implementation.</li> <li>• In accordance with this GCG implementation, the Independent Rating Agency has rated 2003 GCG implementation with a score of 6.2, higher than the score for the previous year of 5.4.</li> </ul>
<b>2003</b> <b>Initial Public Offering (IPO) of Bank Mandiri</b>	<p>With regard to the IPO, Bank Mandiri made improvements on GCG implementation by taking the following measures:</p> <ul style="list-style-type: none"> <li>• Establishment of Committees at the BOC level, namely: <ul style="list-style-type: none"> <li>• Audit Committee</li> <li>• Risk Monitoring Committee</li> <li>• Remuneration and Nominations Committee</li> <li>• GCG Committee</li> </ul> </li> <li>• Establishment of a Corporate Secretary</li> <li>• The holding of General Meeting of Shareholders (RUPS) in accordance with the applicable laws and regulations for public company</li> <li>• Providing disclosure of information in a timely manner, including publication of Financial Statements, information and any material incident or fact</li> <li>• Providing timely, adequate, clear and accurate Annual Report</li> <li>• Considerate the interests of minority shareholders</li> <li>• Engaging in assessment of GCG implementation by Independent Agency, namely the Indonesian Institute for Corporate Governance (IICG)</li> </ul>

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Year	GCG Achievements
<b>2005</b> <b>Cultural Transformation</b>	<ul style="list-style-type: none"> <li>Bank Mandiri began this transformation by applying shared values and formulating key corporate behaviors (TIPCE), which encapsulates its Corporate Culture.</li> <li>Preparation of a GCG Charter as set forth in a BOC Decree, which sets the basic guidelines for implementing GCG in Bank Mandiri.</li> <li>For the first time ever, GCG Rating in the Corporate Governance Perception Index (CGPI) was "Highly Trusted".</li> </ul>
<b>2008-2010</b> <b>Advanced Cultural Transformation</b>	<ul style="list-style-type: none"> <li>Bank Mandiri continues to improve the implementation of prudent banking, GCG and internal control by developing a GCG website, Compliance Risk Management System, Anti-Money Laundering and Terrorism Funding SOP, Risk-Based Audit Tools and Audit Management Information System.</li> <li>Business and other management decisions were made upon consideration of the GCG principles, in addition to the applicable regulatory provisions.</li> <li>The implementation of further culture internalization programs includes, among other things, holding Culture Fair, Culture Seminar and Recognition Program that provided awards for the best work units and change agent in the implementation of such programs.</li> </ul>
<b>2011 – 2013</b>	<ul style="list-style-type: none"> <li>Bank Indonesia issued PBI No. 13/1/PBI/2011 on Assessing the Soundness of Commercial Bank's, which requires the Bank to make either consolidated or unconsolidated GCG assessment using Risk-Based Bank Rating (RBBR) approach.</li> <li>Consistent GCG implementation by Bank Mandiri won accolades from various</li> <li>independent and professional agencies, both nationally and internationally. <ul style="list-style-type: none"> <li>With regard to GCG Rating given by the Indonesian Institute for Corporate Directorship (IICD) for 100 public companies having the highest market capitalization in the Indonesia Stock Exchange, Bank Mandiri was awarded with the Best Financial.</li> <li>With regard to GCG Rating by the Hong Kong-based Corporate Governance Asia (CGA), Bank Mandiri has always been rated the best company in GCG implementation since 2009.</li> </ul> </li> <li>Implementing gratification control by providing Gift Disclosure Statement dated July 2, 2013 as an effort to prevent gratification in line with the suggestion of the Corruption Eradication Commission (KPK).</li> <li>Actively participated in developing anti-corruption culture, including taking part in the 2013 Anti-Corruption Week held by KPK.</li> </ul>
<b>2014</b>	<ul style="list-style-type: none"> <li>With regard to GCG Rating by the IICD in ASEAN CG Scorecard, Bank Mandiri won the "Best Overall" category.</li> <li>With regard to GCG Rating by the CGA in Hong Kong, Bank Mandiri won the ICON title in Corporate Governance.</li> <li>Implementation of Good Corporate Citizen (GCC) complies with the Bank's Corporate Plan 2015-2020 which includes socio-economic impact, in which one of the components is the role model corporate citizen. Bank Mandiri had completed a diagnostic review on its implementation of GCG.</li> <li>Revising the provisions on prevention of gratification as set forth in the Operating Technical Guideline (OTG) for Gift Disclosure Statement in accordance with the KPK's suggestion.</li> </ul>
<b>2015</b>	<ul style="list-style-type: none"> <li>Executing Transformation Stage III</li> <li>The CGPI is a research and rating program for GCG implementation carried out by an independent agency, i.e. the IICG, in which Bank Mandiri has taken part in the assessment for the last 12 years since 2003. In 2015, Bank Mandiri was once again rated the "Highly Trusted" for the 9<sup>th</sup> consecutive times.</li> <li>As for GCG Rating by the IICD in ASEAN CG Scorecard, Bank Mandiri won the "Best Financial Sector" category.</li> <li>With regard to GCG Rating by the CGA, Bank Mandiri won the ICON title in Corporate Governance.</li> <li>Implementation of Integrated Corporate Governance <ul style="list-style-type: none"> <li>Implementation of the integrated corporate governance and work unit under Mandiri Group according to the Regulation of OJK No. 18/POJK.03/2014 dated November 18, 2014 on the Integrated Corporate Governance.</li> <li>Establishment of Compliance Unit, Integrated Risk Management Unit and Integrated Internal Audit Unit, as well as Integrated Corporate Governance Committee.</li> <li>Preparation of a Guideline for Integrated Corporate Governance.</li> </ul> </li> <li>Upgrading OTG for Gift Disclosure Statement into OTG for Gratification Control that came into effect as of July 3, 2015 and launching of a Gratification Control Unit (UPG) on July 9, 2015. Bank Mandiri's UPG was awarded the SOE with Best Gratification Control Unit in 2015 by KPK.</li> </ul>
<b>2016</b>	<ul style="list-style-type: none"> <li>Corporate Governance Perception Index (CGPI) is a research and rankings program GCG implementation carried out by independent institutions, namely the Indonesian Institute for Corporate Governance (IICG), where Bank Mandiri has followed CGPI ratings for 13 (thirteen) years in a row since 2003. In 2016 the Bank achieved the title of "Most Trusted" as many as 10 times in a row.</li> <li>GCG Rating by The Indonesian Institute for Corporate Directorship (IICD) in the event of ASEAN CG Scorecard. In 2016, Bank Mandiri won the category "The Best Overall".</li> <li>Following Gratification Control Unit of the National Forum held on 31 October to 3 November 2016 in Bogor, West Java.</li> <li>Following the Festival International Anti-Corruption Day 2016, held on 8-10</li> <li>December 2016 in Pekanbaru Riau, where Bank Mandiri was elected as a state with The Best Gratification Control Systems.</li> </ul>

# Corporate Governance Structure

In line with the provisions of the Company Law Limited No. 40 of 2007, the structure of Bank Mandiri consists GCG of the General Meeting of Shareholders (AGM), the Board of Commissioners, and the Board of Directors.

GMS is the highest forum which has authority exclusive that is not owned by the Board of Commissioners and Board of Directors.

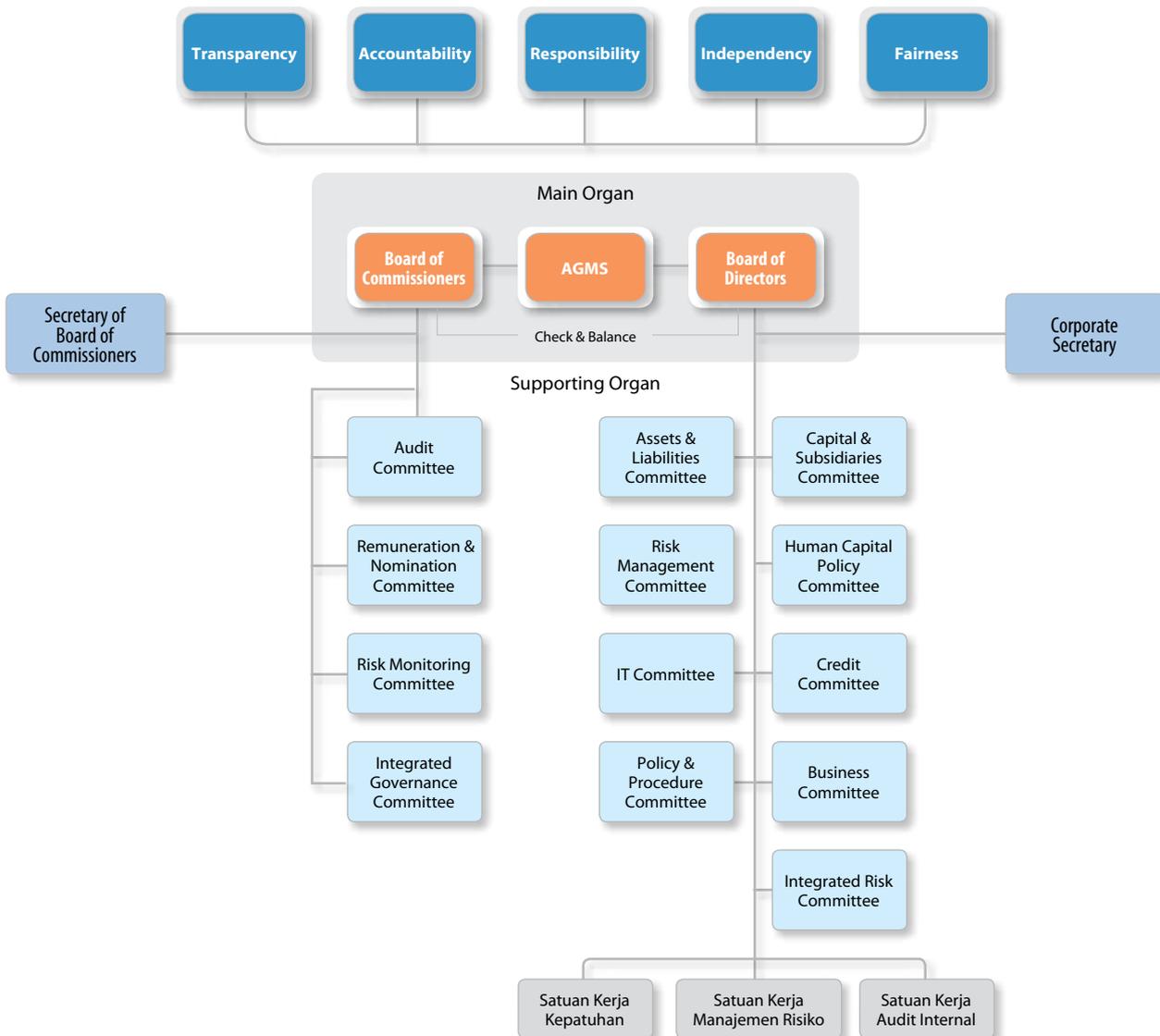
In order to improve the oversight function, the Board of Commissioners are supported by committees which are in

underneath. These committees work in accordance with the scope of the relevant committee assignments established by the Decree of the Board of Commissioners.

While the Board of Directors is assisted by the management of the bank tasked to manage, control, oversee, and responsible for implementing the GCG assisted by committees under the Board of Commissioners, the Secretary of the Board of Commissioners, Committees under the Board of Directors and Corporate Secretary.

Here is a chart of Corporate Governance Structure:

## Bank Mandiri Corporate Governance Structure



## Focus of Corporate Governance of Bank Mandiri in 2016

Bank Mandiri realizes that non-financial factors such as GCG is an important factor in maintaining Company's sustainability with a culture that upholds professionalism, integrity, quality service and prudent banking for financial achievement is not the only indicators that a company has managed to be in the forefront.

Recognizing that the implementation of GCG is one of main things to be achieved then in 2016 Bank Mandiri seeks to strengthen GCG implementation, among others focus on:

### 1) ASEAN Corporate Governance Scorecard

Bank Mandiri has made synchronization practice governance standards in line with the ASEAN Corporate Governance (CG Scorecard) and Guidelines for governance the implementation and application of the principle aspects of management public company. Bank Mandiri is one of the company is participating in the rating ASEAN Corporate Governance (CG) Scorecard held by Indonesian Institute for Corporate Directorship (IICD). The increasing value in ASEAN CG Scorecard is one of Key Performance Indicator (KPI) of the entire Board of Directors and Board of Commissioners of Bank Mandiri.

The Bank Mandiri's breakthrough to improve the ASEAN CG Scorecard Score is to form an ASEAN CG Scorecard cross reference in website to be available accessed by all stakeholders. As a result of the continuous improvement was "Best Overall in GCG Implementation" from IICD at the 8<sup>th</sup> IICD Corporate Governance Conference & Award on November 7, 2016.

### 2) Gratification Control

Continuing the gratuity control program which has been actively carried out since 2015, Bank Mandiri consistently improves the implementation of gratuity control. In addition to 2015, Bank Mandiri has established Gratuity Control Unit on July 9, 2015 and imposed the Operating Technical Guideline (PTO) of Gratuity Control since July 3, 2015. In 2016, (i) Bank Mandiri became KPK's strategic partner in gratuity control by actively participating in activities organized by Corruption Eradication Commission (KPK), (ii) adjusting the determination of the limit values of gratification imposed fairness to all Bank Mandiri level from the Board of Commissioners, Board of Directors, up to employees including part-time employees. (iii) Specify the commitments in each labor agreement together with customers, vendors, partners, partners and all stakeholders based on ethics, sense mutual trust and responsibility.

Aside from that, Bank Mandiri strives to build the values of Good Corporate Governance and invests the integrity value to the subsidiaries. Bank Mandiri has gathered all Compliance Divisions of subsidiaries on June 9, 2016 to disseminate the gratification control. As the implementation of gratification control in subsidiaries, the preparation of control guidelines gratification by subsidiaries has been undertaken. Whereas, some of its subsidiaries are still in the process of establishing guidelines for gratification control.

### STATEMENT OF THE IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE PRINCIPLES

All members of the Board of Commissioners, Board of Directors and employees of Bank Mandiri are committed and have implemented the Good Corporate Governance Principles and there was no material violation to the prevailing rules and regulations. In addition, Bank Mandiri conducts Governance principles in accordance with ASEAN Corporate Governance Scorecard. The principles which have not been accommodated by Bank Mandiri have been explained in Bank Mandiri website.

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## Assessment on GCG Implementation

### Assessment to Fulfill OJK Requirement

GCG assessment in Bank Mandiri refers to Bank Indonesia Regulation (PBI) No. 8/14/PBI/2006 on Amendment to PBI No.8/4/PBI/2006 on GCG Implementation for Commercial Banks, Bank Indonesia Circular No. 15/15/DPNP on GCG Implementation for Commercial Banks and Bank Indonesia Circular No. 13/24/DPNP on Assessment on the Level of Commercial Bank's Soundness.

As fulfillment of GCG commitment, Bank Mandiri regularly conducts internal GCG assessment using a Self-Assessment method, both unconsolidated and consolidated with its Subsidiaries. An OJK Circular under document No. 15/SEOJK.03/2015 on Integrated Corporate Governance of Financial Conglomeration regulates a compulsory assessment of Integrated Corporate Governance for the Main Entities each semester, which shall be performed at the end of June and December.

Individual self-assessment of GCG implementation in Bank Mandiri for Semester I of 2015 had also been Submitted to OJK. Bank Mandiri was assigned to Ranking 1 ("Very Good"). This was indicated by the sufficient fulfillment of GCG principles. With regard to the weakness in GCG implementation, such weakness was considered less significant and improvement through normal measures could be made by the Bank's management.

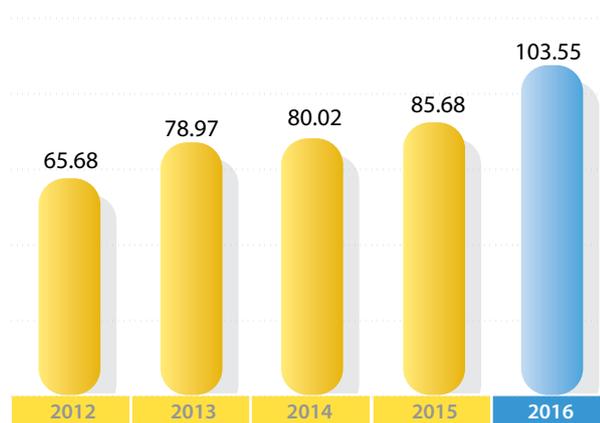
The result individual self-assessment of GCG implementation has submitted to OJK. The results of self-assessment in first and second semester of the year 2016 obtained the rating 1 (one) or Very Good reflecting the Bank Management has generally made a very good implementation of good corporate governance. This is reflected in a very adequate fulfillment of the principles of good corporate governance. If there are weaknesses in the application Good Corporate Governance principles, then generally these weaknesses are not significant and can immediately be repaired by the Bank's management. The results of individual self-assessment of the Bank in the first half of 2016 has been getting feedback from OJK in the prudential meeting on 30 November 2016, and Bank Mandiri got 2<sup>nd</sup> rank or Good. This is reflected in an adequate fulfillment of the principles of good corporate governance. If there are weaknesses in the application of the principles of Good Corporate Governance, it must be less significant weakness and can be solved with normal action by the Bank's management. With these results, Bank Mandiri will continue to follow up on the results of OJK assessment so that the assessment results the bank will continue to increase.

Additionally, Bank Mandiri had submitted Report on the Implementation of Integrated Corporate Governance to the OJK for the assessment period Semester I and II of 2016. Bank Mandiri was assigned to Ranking 1 which indicated that the Financial Conglomeration was considered as having properly conducted GCG implementation. This was indicated by the highly satisfying fulfillment of GCG principles. In the event of weakness found in the implementation of Integrated Corporate Governance, such weakness was considered insignificant and the Main Entity and/or LJK was capable of making immediate improvements. Bank Mandiri has not received any feedback from OJK regarding Integrated Corporate Governance assessment.

### ASEAN CG Scorecard

In order to improve the implementation of GCG, Bank Mandiri consistently participates in the ASEAN CG Scorecard. Bank Mandiri continues to achieve higher score of ASEAN CG Scorecard. Following is the results of Bank Mandiri.

ASEAN CG Scorecard Bank Mandiri 2012 - 2016



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## Rating GCG – CGPI Award

Bank Mandiri participates in Corporate Governance Perception Index (CGPI) rating and survey every year. CGPI is a GCG research and rating program for assessment of Corporate Governance quality. Participants of CGPI are public companies (issuers), State Owned Enterprises, banking and other private Companies. Bank Mandiri has been participating in CGPI assessment for 13 (thirteen) consecutive years since 2003. The purposes, benefits and aspects of CGPI assessment are described below:

### Purposes

- 1) To develop ethical, sound, distinguished and sustainable business practices.
- 2) To encourage all stakeholders, including the Government, Business Entities and Business
- 3) Community and Business Supports to implement GCG best practices.
- 4) To motivate businesses to implement CG concept and promote participation of the wider community in proactively developing and implementing GCG.

### Benefits

- 1) To reform corporate organization to support GCG implementation and map strategic issues in companies, especially those related to GCG implementation.
- 2) To build the capacity of both the organizations and their personnel in terms of GCG implementation.
- 3) To enhance mutual awareness within the company and among the stakeholders in regards to the importance of GCG for sustainable growth.
- 4) To improve the quality of GCG implementation for developing the competitiveness and achieving corporate sustainability.

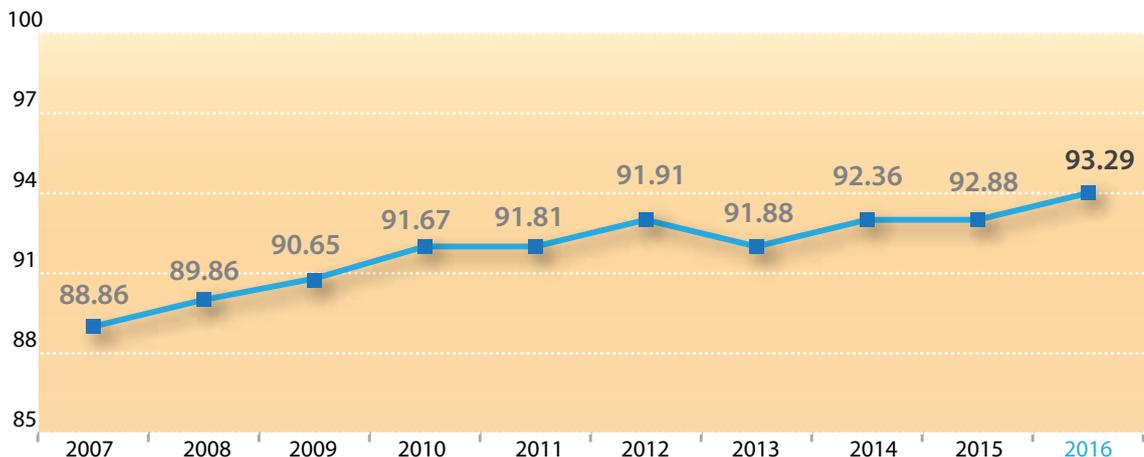
### Assessment aspects in 2016:

Stage	Proportion of Assessment	Score of Bank Mandiri
Self Assessment	30%	27.74
Documentation System	26%	24.17
Papers	15%	14.22
Observation	29%	27.17
<b>Score</b>		<b>93.29</b>

In the 2015/2016 CGPI “GCG in Sustainable Perspective”, Bank Mandiri achieved the highest GCG score and was rated as a “The Most Trusted Company”. This became the tenth consecutive award for Bank Mandiri won during 2007-2016. In the 2016 CGPI Assessment, Bank Mandiri scored 93.29 earning the title “The Most Trusted Company”. The result of CGPI assessment for the last ten years is as follows:

### Bank Mandiri’s CGPI Score in 2007-2016

#### Corporate Governance Perception Index (CGPI)



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## GCG Quality Improvement

Bank Mandiri puts some efforts to continuously improve the implementation of corporate governance based on TARIF principle. One of the aspects that should be improved by Bank Mandiri is transparency aspect which aims at:

### Quality Improvement on Conducting GMS

In a bid to enhance transparency aspect, improvements had been made on disclosure of information regarding the announcement and invitation to GMS, detailed information on the Meeting's code of conducts and agenda including description of each agenda item, voting and improvements on the transparency of information put on Bank Mandiri's website at [www.bankmandiri.co.id](http://www.bankmandiri.co.id).

### Public Official's Wealth Report (LHKPN)

In order to further the effectiveness of its GCG implementation, Bank Mandiri complies with the mandatory provisions on LHKPN pursuant to Decree of the Head of the KPK No. KEP.07/KPK/02/2005 on Procedures for Registration, Examination and Announcement of Public Official's Wealth Report as has been replaced by Commission Regulation No. 7 year 2016 regarding Registration Procedures, Announcements and News State Officials Wealth dated May 31, 2016, and Circular No. SE-O8/01/10/2016 on the instructions LHKPN technical delivery and management.

As a concrete effort in achieving transparency and preventing corruption in the Bank, as well as building a country that is clean and free from corruption, collusion and nepotism, the BOC and BOD members, Executive Officials at 1 (one) level below BOD and other Structural Officials in the Bank are required to submit their LHKPN.

The provisions for LHKPN are stipulated in specific policies set forth in a BOD Decree are updated from time to time in accordance with the applicable regulations.

#### 1) Determining Officials required to submit the LHKPN

No	Decree	Subject
1	KEP.DIR/091/2015, dated March 20, 2015	Public Official's Wealth Report at PT Bank Mandiri (Persero) Tbk
2	KEP.DIR/071/2011, dated March 22, 2011	Extension of Appointing Officials Required to Submit Public Official's Wealth Report of PT Bank Mandiri (Persero) Tbk.
3	KEP.DIR/090/2009, dated June 29, 2009	List of PT Bank Mandiri (Persero) Tbk. Officials Required to Submit Public Official's Wealth Report

- The above policies set out the obligation of Public Officials to submit LHKPN by virtue of their offices (ex-officio), with such reports stating the officials' wealth before, during and after serving the offices.
- The list of officials required to submit LHKPN is based on the designated criteria as stipulated in the prevailing legislation, including all members of the BOC and BOD, Group Heads/equivalent, Regional CEO, Branch Heads and other Structural Officials who are required to submit the report pursuant to the BOD Decree

#### 2) Appointment of LHKPN Coordinator

No	Decree	Subject
1	KEP.DIR/342/2013, dated December 27, 2013	Appointment of Coordinator and Application User of LHKPN at PT Bank Mandiri (Persero) Tbk
2	KEP.DIR/214/2010, dated August 5, 2010	Adjustment on Appointment of Coordinator and Application User of LHKPN at PT Bank Mandiri (Persero) Tbk
3	KEP.DIR/091/2009, dated June 29, 2009	Appointment of Coordinator and Application User of Officials' LHKPN at PT Bank Mandiri (Persero) Tbk

- The managing coordinator determines the officials required to submit LHKPN, monitors the submission of LHKPN and disseminates information on LHKPN obligation.
- In addition, the managing coordinator should updates LHKPN data in collaboration with the KPK and informs every change within Bank Mandiri.

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Submission of LHKPN until the end of 2016 was continuously monitored and evaluated, particularly with regard to structural positions subjected to compulsory LHKPN submission totaling 285 personnel which consist of the management, including BOC, BOD, SEVPs and Structural Officials. Those subject to compulsory LHKPN submission have fulfilled their obligation according to the proportion of reporting submission until October 7, 2016 as indicated by the issuance of Wealth ID Number (NHK) by the KPK for those who had met their relevant obligations; and the majority of these Officials have submitted their wealth report.

The following is the recapitulation of LHKPN Compliance at PT Bank Mandiri (Persero) Tbk as of October 7, 2016

No	Work Unit	Number of LHKPN Reporting Officials	Total Reporting Official Number		Non-Reporting Officials					
			Number	%	Form A	%	Form B	%	Total	%
					Number		Number		Number	
1	Board of Commissioners	8	4	50.00	0	0.00	4	50.00	4	50.00
2	Board of Directors	10	4	40.00	2	20.00	4	40.00	6	60.00
3	PT Bank Mandiri (Persero) Tbk	233	152	65.24	34	14.59	47	20.17	81	34.76
4	Subsidiaries	34	12	35.29	9	26.47	13	38.24	22	64.71
	<b>Total</b>	<b>274</b>	<b>285</b>	<b>172</b>	<b>60.35</b>	<b>45</b>	<b>15.79</b>	<b>68</b>	<b>23.86</b>	<b>113</b>

### Quality Improvement Plan for Implementation of GCG in 2017

Bank Mandiri realizes that the implementation of sustainable corporate governance has an important role in ensuring the maximum benefit gained by the company, which then will further strengthen the company's internal condition, improve the performance of the company, improve the management of the risk and improve their reputation or positive image as a company that supports national economy. In accordance with the Corporate Plan (2015-2020), the management has committed to make Bank Mandiri to be the leader in the implementation of Good Corporate Governance.

In addition, Bank Mandiri also implements Integrated Governance to create added value for sustainable financial conglomerate that includes initiatives to improve the quality and execution of the organs integrated governance. Bank Mandiri also constantly enhances governance structure of the subsidiaries to achieve the implementation of good governance in their respective industries. This is done to realize synergy of Mandiri Group to achieve the aspirations of Indonesia's best, ASEAN's prominent.

## General Meeting of Shareholders

General Meeting of Shareholders is the organ with the highest power within the company and has the authority that is not given to the Board of Directors and Board of Commissioners. Through GMS, the shareholders are able to use their rights, express opinions and submit their votes in important decision-making process related to the development and the future of Bank Mandiri fairly and transparent.

### Authority and Responsibilities of Shareholders in GMS

The GMS's authority which, among others, includes appointing and dismissing members of the Board of Commissioners (BOC) and the Board of Directors (BOD); evaluating the performance of the BOC and BOD; approving the amendments and ratifications of the Articles of Association; approving annual reports and determining the form and the amount of remuneration for BOC and BOD members; and taking decisions pertaining to corporate actions or other strategic resolutions proposed by BOD, profit allocation and payment of dividends. Resolutions achieved through GMS are in the best interest of the Company. Without prejudice to the power and authority it exercises, GMS or shareholders may not perform any interventions with the performance of duties, functions and authorities of both BOC and BOD in fulfilling their rights and obligations pursuant to the Articles of Association and legislation. Decision making in GMS is carried out in a reasonable and transparent manner.

The responsibilities of Shareholders can be distinguished among others:

1. The controlling shareholders must be able to:
  - a. Have regard to the interests of minority shareholders and stakeholders in accordance with the prevailing rules and regulations;
  - b. In the event of suspected violation to the applicable laws and regulations, the controlling shareholders' names up to Ultimate Shareholders shall be disclosed to law enforcement agencies or whenever requested by the competent authorities.
2. In the event of the controlling shareholder is also the controlling shareholder in several companies, efforts have to be made to maintain transparency in accountability and inter-listed companies relationship;
3. Properly exercising rights by Minority shareholders in accordance with the Articles of Association and the laws and regulations;
4. The shareholders must be able to:
  - a. Separate the ownership of Company assets from their private assets;
  - b. Separate their functions as shareholders and as members of BOC or BOD in the event that a shareholder sits on one of the said two corporate organs.

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## The Execution of 2016 Annual GMS

Throughout 2015, Bank Mandiri has convened one GMS, namely Annual GMS on:

Day/Date : Monday, March 21, 2016  
 Time : 14.47 until 18.02 Western Indonesia Time  
 Venue : Auditorium Plaza Mandiri 3<sup>rd</sup> Floor  
 Jl. Jend. Gatot Subroto Kavling 36 - 38  
 Jakarta Selatan

The execution of such GMS began from pre-GMS until post-GMS through several stages according to the regulations as follows:

No	Description	IDX Regulation	OJK Regulation (No.32/POJK.04/2014)	Date	Remarks
1.	<b>Notification of GMS to OJK</b>		<b>Article 8 Clause 1-3</b> No later than 5 (five) working days before the announcement of the GMS, excluding the announcement date.  The meeting agenda as mentioned must be disclosed clearly and in detail.	<b>3 February 2016</b>	Submitted to OJK through letter No.FST/083/2016 dated February 3, 2016 concerning Holding Annual General Meeting of Shareholders of PT Bank Mandiri (Persero) for the year 2015.
2.	<b>GMS Announcement</b>		<b>Article 10 Clause 2 and 4</b> 14 (fourteen) days at the latest before the calling for GMS, excluding the date of the announcement and the date of calling. The GMS announcement to the shareholders must be made at least via: a. 1 (one) Indonesian language daily newspaper with national circulation; b. The Stock Exchange's website; and c. The Public Limited Company's website, in the Indonesian and foreign languages, at least English.  <b>Article 10 Clause 3</b> Shall state that the GMS is held by the Public Limited Company based on the request the shareholders.	<b>11 February 2016</b>	Published in Bisnis Indonesia, Suara Pembaruan and The Jakarta Post newspapers as well as uploaded to the Company's website (www.bankmandiri.co.id) at the same day.
3.	<b>Submission of GMS Announcement Proof to OJK and IDX</b>	<b>IDX Rule No.1-E Point IV.5:</b> At the latest on the same Exchange Day as the date of the advertisement.	<b>Article 10 Clause 8</b> No later than 2 (two) working days after the announcement of GMS.  <b>Article 10 Clause 9</b> If the GMS is conducted based on the request of the shareholders, the submission of the proof of GMS announcement as mentioned in clause (8) shall also be accompanied by a copy of the request letter to hold a GMS.	<b>11 February 2016</b>	Through IDXNet Electronic Reporting and OJK Reporting as well as hard copy submission
4.	<b>Recording Date</b>	.	<b>Article 19 Clause 2</b> 1 (one) working day before the calling of GMS.	<b>25 February 2016</b>	

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No	Description	IDX Regulation	OJK Regulation (No.32/POJK.04/2014)	Date	Remarks
5.	<b>Calling of GMS</b>		<p><b>Article 13 Clause 1 and 3</b> No later than 21 (twenty one) days before the GMS is held, excluding the date of calling and the date of the GMS which shall be made at least via:</p> <ol style="list-style-type: none"> <li>1 (one) Indonesian language daily newspaper with national circulation;</li> <li>The Stock Exchange's website; and</li> <li>The Public Limited Company's website, in the Indonesian and foreign languages, at least English.</li> </ol> <p><b>The curriculum vitae of the Board of Commissioners and/or the Board of Directors to be appointed must be available:</b></p> <ol style="list-style-type: none"> <li>At the website of the Public Limited Company at least since the calling of GMS until the day it is held; or</li> <li>At another time besides the time specified in point (a), however it should not be no later than the time when the GMS takes place, provided that it is stipulated in laws and regulations.</li> </ol>	<b>26 February 2016</b>	Published in Bisnis Indonesia, Suara Pembaruan and The Jakarta Post newspapers as well as uploaded to the Company's website ( <a href="http://www.bankmandiri.co.id">www.bankmandiri.co.id</a> ) at the same day.
6.	<b>Submission of the proof of announcement of GMS Calling to OJK and IDX</b>	<b>IDX Rule No.1-E Point IV.5:</b> At the latest on the same Exchange Day as the date of the advertisement.	<b>Article 13 Clause 7</b> No later than 2 (two) working days after the calling of GMS.	<b>26 February 2016</b>	Through IDXNet Electronic Reporting and OJK Reporting as well as hard copy submission
7.	<b>GMS</b>		<b>Article 26 Clause 1.a</b> GMS can be done if it is attended by more than ½ (half) of total shareholders with voting rights or their representatives, unless the Law and/ or Articles of Association of the Public Limited Company defines a bigger quorum number.	<b>21 March 2016</b>	
8.	<b>Publication on GMS Result</b>	<b>IDX Rules No.I-E Item IV.6:</b> At the latest 2 (two) days Exchange next after General Meeting of Shareholders equipped resume the meeting of the created Notary.		<b>22 March 2016</b>	Pursuant to ASEAN CG Scorecard, Bank Mandiri published the GMS Resolutions through website ( <a href="http://www.bankmandiri.co.id">www.bankmandiri.co.id</a> ) one day prior to holding GMS.
9.	<b>Submission of GMS Resolutions to OJK and IDX</b>	<b>IDX Rule No.I-E B Point IV.6:</b> At the latest 2 (two) following Exchange Days after the GMS or GMB, attaching summary of meeting resolution made by a Notary.		<b>23 March 2016</b>	Through IDXNet Electronic Reporting and OJK Reporting as well as hard copy submission
10.	<b>GMS Brief Minutes Ads</b>		<p><b>Article 34 Clause 2 and 6</b> Not later than 2 (two) working days after the GMS is conducted which shall be announced to the people at least via:</p> <ol style="list-style-type: none"> <li>1 (one) Indonesian language daily newspaper with national circulation;</li> <li>The Stock Exchange's website; and</li> <li>The Public Limited Company's website, in the Indonesian and foreign languages, at least English.</li> </ol>	<b>23 March 2016</b>	Published in Bisnis Indonesia, Suara Pembaruan and The Jakarta Post newspapers as well as uploaded to the Company's website ( <a href="http://www.bankmandiri.co.id">www.bankmandiri.co.id</a> ) at the same day.

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No	Description	IDX Regulation	OJK Regulation (No.32/POJK.04/2014)	Date	Remarks
11	<b>Submission of the proof of announcement of the GMS brief minutes to OJK and IDX</b>		<b>Article 34 Clause 7</b> Not later than 2 (two) working days after the announcement is made.	<b>23 March 2016</b>	Through IDXNet Electronic Reporting and OJK Reporting as well as hard copy submission
12.	<b>GMS Minutes</b>		<b>Article 33</b> (1) GMS minutes must be submitted to the Financial Services Authority not later than 30 (thirty) days after the GMS is conducted. (2) If the submission day of GMS minutes as mentioned in clause (1) falls on a holiday, the GMS minutes must be submitted on the following working day at the latest.	<b>18 April 2016</b>	Submitted to OJK through letter CEO. CSC/CMA.794/2016 dated 18 April 2016 concerning Submission of Brief Summary of Annual GMS Minutes of PT Bank Mandiri (Persero).

The GMS was chaired by Mr. Wimboh Santoso as President Commissioner pursuant to the resolution of the Board of Commissioners' meeting dated February 17, 2016 and was attended by all the Board Members as follows:

#### Board of Commissioners

1. President Commissioner : Mr. Wimboh Santoso
2. Deputy Chief Commissioner: Mr. Imam Apriyanto Putro
3. Independent Commissioner : Mr. Abdul Aziz (Chairman of Risk Management Committee and Integrated Governance Committee)
4. Independent Commissioner: Ms. Aviliani (Chairman of Audit Committee)
5. Commissioner: Mr. Askolani
6. Commissioner: Mr. Suwhono
7. Independent Commissioner: Mr. Goei Siauw Hong
8. Independent Commissioner: Mr. B. S. Kusmulyono (Chairman of Nomination and Remuneration Committee)

#### Direksi

1. President Director : Mr. Budi G. Sadikin
2. Vice President Director: Mr. Sulaiman A. Arianto
3. Director of Distributions : Mr. Sentot A. Sentausa
4. Director of Technology & Operations : Mr. Ogi Prastomiyono
5. Director of Treasury & Market : Mr. Pahala N. Mansury
6. Director of Corporate Banking : Mr. Royke Tumilaar
7. Director of Consumer Banking : Mr. Hery Gunardi
8. Director of Micro & Business Banking : Mr. Tardi
9. Director of Risk Management & Compliance: Mr. Ahmad Siddik Badruddin
10. Director of Commercial Banking : Ms. Kartini Sally
11. Director of Finance & Strategy : Mr. Kartika Wirjoatmodjo

Besides Board of Commissioners and Directors, the Audit Committee members from independent parties who attended at the Meeting are: Mr. Budi Sulistio dan Mr. Ridwan Dharmawan Ayub.

The shareholders and/or their proxies/representatives who represented 19,860,757,741 shares, among them Series A Dwiwarna Share or constituting 85.117% of the total shares with valid voting rights issued by the Company up to the day when the Meeting was held, i.e. 23,333,333,333 shares comprising:

- 1 (one) Series A Dwiwarna Share; and
- 23,333,333,332 (twenty-three billion three hundred thirty-three million three hundred thirty-three thousand three hundred thirtytwo) Series B Shares; having regard to the Company Shareholder Register as per November 25, 2015 up to 16.00 Western Indonesia Time.

Such numbers increased to 84.73% compared to the previous year, indicating that the announcement and invitation of Bank Mandiri's GMS have been effectively executed as well as the great concern and participation of the Shareholders.

The Meeting provided the opportunities to the Shareholders and their proxies to raise questions and/or to submit opinions for each of the Meeting agenda.

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## Mechanism of Decision-Making

Decision-making mechanism will be resolved based on an amicable deliberation to reach mutual consensus. In the event that the resolutions based on the amicable deliberation fail to reach a mutual consensus, the resolutions shall be resolved by voting. The resolutions of the first agenda until the sixth agenda were resolved through open voting system by raising their hands. Meanwhile, the seventh agenda concerning the change in the Board of Commissioners and the Board of Directors will be resolved by closed-door voting system. The voting which is carried out by voting cards will be counted electronically.

## Independent Party Vote Counter

The Company has appointed Notary Ashoya Ratam SH, Mkn and PT Datindo Entrycom as independent parties to calculate and or validate votes.

Following is the detail of resolutions as stipulated in the deed "Minutes of Annual General Meeting of Shareholders of PT BANK MANDIRI Tbk" No. 25 dated March 21, 2015 which was made before Notary Ashoya Ratam SH, MKn

<b>First Agenda</b>	Approval of Financial Statements including Approval of Corporate Consolidated Financial Statements and Supervision Report of the Board of Commissioners for the financial year ended on December 31, 2015, and the Approval of Annual Report including Partnership and Community Development Program (Partnership and Community Development Program) for the financial year ended on December 31, 2015 and granting full responsibility release and discharge (acquit et de charge) to the Board of Directors and Board of Commissioners of the Company for their management and supervision during the financial year ended on December 31, 2015.		
<b>Number of Shareholders submitting questions</b>	6 person		
<b>Voting Result</b>	<b>Affirmative Votes</b>	<b>Abstain Votes</b>	<b>Disapproving Votes</b>
	99.547% shares or 100% of all shares with voting rights presented at the Meeting.	0.312% shares or 100% of all shares with voting rights presented at the Meeting.	0.139% shares or 100% of all shares with voting rights presented at the Meeting.
<b>Resolutions</b>	<ol style="list-style-type: none"> <li>Approve the Annual Report of the Company including Supervisory Report of the Board of Commissioners for the financial year ended on December 31, 2015, and approve the Consolidated Financial Statements of the Company for the financial year ended on December 31, 2015 as audited by the Public Accounting Office of Purwantono, Sungkoro &amp; Surja with an audit opinion of no modification (formerly unqualified).</li> <li>Approve the Annual Report of the Implementation of Partnership and Community Development Program for the financial year ended on December 31, 2015 as audited by the Public Accounting Office Purwantono, Sungkoro &amp; Surja with an audit opinion of no modification (formerly unqualified).</li> <li>For the approval of the Annual Report of the Company including approval of Supervisory Report of the Board of Commissioners for the financial year ended on December 31, 2015, and the approval of Consolidated Financial Statements of the Company for the financial year ended on December 31, 2015 and Annual Report of the Implementation of Partnership and Community Development Program for the financial year ended on December 31, 2015, provide full release and discharge of responsibility (volledig acquit et decharge) to all members of the Board of Directors and Board of Commissioners for the management and supervision acts for the financial year ended on December 31, 2015, as long as the acts are not a criminal act and the acts are reflected in the Annual Report, Consolidated Financial Statements of the Company and Annual Report of Partnership and Community Development Program for the financial year ended on December 31, 2015.</li> </ol> <p>The release and discharge are also awarded to:</p> <ul style="list-style-type: none"> <li>Mr. Yasin, Mr. Pradjoto, Mr. Anton H. Gunawan, Mr. Krisna Wijaya who on January 1, 2015 until March 16, 2015 served as a member of the Board of Commissioners and Mr. Nasution who on June 11, 2015 until August 12, 2015 served as Commissioner of the Company; and</li> <li>Mr. Riswinandi, Mr. Abdul Rachman, Mr. Kresno Sediarsi, Mr. Sunarso and Ms. Fransisca N Mok on January 1, 2015 until March 16, 2015 served as member of the Board of Directors.</li> </ul>		
<b>Realization Year</b>	<b>2016</b>		

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<b>Second Agenda</b>	Determination of the allocation of net income of the Company for the financial year ended on December 31, 2015		
<b>Number of Shareholders submitting questions</b>	3 person		
<b>Voting Result</b>	<b>Affirmative Votes</b>	<b>Abstain Votes</b>	<b>Disapproving Votes</b>
	99.086% shares or 100% of all shares with voting rights presented at the Meeting.	0.286% shares or 100% of all shares with voting rights presented at the Meeting.	0.627% shares or 100% of all shares with voting rights presented at the Meeting.
<b>Resolutions</b>	<p>Approve and set the use of net income of the Company for the financial year ended on December 31, 2015 at Rp20,334,967,510,904.70 with the following allocation:</p> <p>a. 30% of net income of the Company for the period of January 1, 2015 to December 31, 2015 or Rp6,100,490,253,271.41 is allocated as cash dividends to shareholders and dividends for the state of the Republic of Indonesia will be transferred in accordance with the rules and regulations. To grant the power and authority to the Board of Directors to manage the cash dividends payout procedure and implementation and then announce it in accordance to the prevailing regulations.</p> <p>b. 11.2% of net income of the Company for the period of January 1, 2015 to December 31, 2015 or Rp2,277,516,361,221.33 is allocated as Targeted Reserve for the investment purposes of the Company. The Targeted Reserve will be used gradually and the implementation will be in line with the conditions and needs of the Company.</p> <p>c. 58.8% of net income of the Company or 11,956,960,896,411.96 is allocated as Retained Earnings. Fund for Partnership and Community Development Program for the financial year of 2016 is equivalent to (around) 0.5% of net income for the financial year ended on December 31, 2015 which source of fund is from Corporate cost and the remaining balance of PKBL fund from previous years.</p>		
<b>Realization Year</b>	<b>2016</b>		
<b>Third Agenda</b>	Determination of remuneration and honorarium for the financial year of 2016 and tantiem on the performance for the financial year ended on December 31, 2015 for the members of Board of Directors and Board of Commissioners of the Company		
<b>Number of Shareholders submitting questions</b>	None		
<b>Voting Result</b>	<b>Affirmative Votes</b>	<b>Abstain Votes</b>	<b>Disapproving Votes</b>
	96.601% shares or 100% of all shares with voting rights presented at the Meeting.	0.885% shares or 100% of all shares with voting rights presented at the Meeting.	2.512% shares or 100% of all shares with voting rights presented at the Meeting.
<b>Resolutions</b>	To grant the power and authority to the Board of Commissioners by first asking for approval from the A Dwiwarna series shareholders to determine the salary for the members of Board of Directors and honorarium for the members of Board of Commissioners of the Company for the financial year of 2016 and tantiem for the performance of the members of Board of Directors and Board of Commissioners for the financial year ended on December 31, 2015 following the Regulation of State Owned Enterprise Minister number PER-04/MBU/2014 on Guidelines to Determine Income of Board of Directors, Board of Commissioners and Supervisory Board of State Owned Enterprise.		
<b>Realization Year</b>	<b>2016</b>		
<b>Fourth Agenda</b>	Appointment of the Public Accountant Office to audit the Financial Statements of the Company and the Annual Report of on the Partnership and Community Development Program for the financial year ended on December 31, 2016		
<b>Number of Shareholders submitting questions</b>	None		
<b>Voting Result</b>	<b>Affirmative Votes</b>	<b>Abstain Votes</b>	<b>Disapproving Votes</b>
	96.601% shares or 100% of all shares with voting rights presented at the Meeting.	0.885% shares or 100% of all shares with voting rights presented at the Meeting.	2.512% shares or 100% of all shares with voting rights presented at the Meeting.
<b>Resolutions</b>	<ol style="list-style-type: none"> <li>To approve Public Accounting Office of Purwantono, Sungkoro &amp; Surja as the Public Accounting Office to audit the Consolidated Financial Statements of the Company and Annual Report of the Implementation of the Partnership and Community Development Program for the financial year ended on December 31, 2016.</li> <li>To grant the authority to the Board of Commissioners to determine honorarium and other requirements for the Public Accounting Office, and appoint substitute Public Accounting Office in the event the Public Accounting Office Purwantono, Sungkoro &amp; Surja, due to any reason whatsoever could not finish the audit of Consolidated Financial Statements of the Company and Annual Report of the Implementation of the Partnership and Community Development Program for the financial year ended on December 31, 2016.</li> </ol>		
<b>Realization Year</b>	<b>2016</b>		

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<b>Fifth Agenda</b>	Approval to amend the Fund Adequacy Ratio of the pension fund of Dana Pensiun Bank Mandiri Satu, Dana Pensiun Bank Mandiri Dua, Dana Pensiun Bank Mandiri Tiga and Dana Pensiun Bank Mandiri Empat as set out in the resolution of the Annual General Meeting of Shareholders dated April 2, 2013 from a minimum of 115% to a minimum of 105% which the implementation of resolution to increase Pension Benefits and Other Benefits have been delegated to the Board of Commissioners.		
<b>Number of Shareholders submitting questions</b>	None		
<b>Voting Result</b>	<b>Affirmative Votes</b>	<b>Abstain Votes</b>	<b>Disapproving Votes</b>
	78.403% shares or 100% of all shares with voting rights presented at the Meeting.	2.032% shares or 100% of all shares with voting rights presented at the Meeting.	19.564% shares or 100% of all shares with voting rights presented at the Meeting.
<b>Resolutions</b>	<p>To change the minimum RKD for Dana Pensiun Bank Mandiri Satu, Dana Pensiun Bank Mandiri Dua, Dana Pensiun Bank Mandiri Tiga and Dana Pensiun Bank Mandiri Empat as decided in the resolution of Annual GMS dated April 2, 2013 from a minimum of 115% to a minimum of 105% which the decision on pension and/or other benefits upgrade is delegated to the Founding Board of Commissioners, hence the delegation of authority to the Founding Board of Commissioners in relation to the pension or other benefits upgrade in Dana Pensiun Bank Mandiri Satu to Dana Pensiun Bank Mandiri Empat, has fulfilled the following minimum conditions:</p> <ol style="list-style-type: none"> <li>1. RKD after the upgrade in pension and/or other benefits at a minimum of 105% based on the mortality table as determined by the Company as the Founder.</li> <li>2. There is a surplus and no additional contribution and accounting obligation based on PSAK number 24</li> </ol>		
<b>Realization Year</b>	<b>2016</b>		
<b>Sixth Agenda</b>	Approval for the share ownership program by management and employees to provide long-term performance-based incentive.		
<b>Number of Shareholders submitting questions</b>	4 person		
<b>Voting Result</b>	<b>Affirmative Votes</b>	<b>Abstain Votes</b>	<b>Disapproving Votes</b>
	77.309% shares or 100% of all shares with voting rights presented at the Meeting.	1.217% shares or 100% of all shares with voting rights presented at the Meeting.	21.472% shares or 100% of all shares with voting rights presented at the Meeting.
<b>Resolutions</b>	To approve the provision of share ownership program to provide long-term performance-based incentive to the management of the Company and power and authority to the Board of Commissioners of the Company by first obtaining approval from A series Dwiwarna shareholders to determine the method and mechanism including the amount of share ownership program by the management to provide long-term performance-based incentive.		
<b>Realization Year</b>	<b>2016</b>		
<b>Seventh Agenda</b>	Change in the management of Company.		
<b>Number of Shareholders submitting questions</b>	None		
<b>Voting Result</b>	<b>Affirmative Votes</b>	<b>Abstain Votes</b>	<b>Disapproving Votes</b>
	78.403% shares or 100% of all shares with voting rights presented at the Meeting.	2.032% shares or 100% of all shares with voting rights presented at the Meeting.	19.564% shares or 100% of all shares with voting rights presented at the Meeting.
<b>Resolutions</b>	<ol style="list-style-type: none"> <li>1. To cordially dismiss the following names as members of the Board of Directors of the Company: <ol style="list-style-type: none"> <li>a. BUDI GUNADI SADIKIN as President Director;</li> <li>b. SENTOT A SENTAUSA as Director;</li> <li>c. ROYKE TUMILAAAR as Director.</li> </ol> <p>The dismissal of the members of the Board of Directors shall be from the Meeting adjournment with gratitude for their work during their term as members of the Board of Directors of the Company.</p> </li> <li>2. To switch the assignment of Mr. KARTIKA WIRJOATMODJO who is appointed pursuant to the resolution of 2015 GMS of the Company from Director to President Director of the Company with a term of office of continuing the remaining term of office following the resolution of the GMS.</li> <li>3. Appoint the following names as members of the Board of Directors of the Company: <ol style="list-style-type: none"> <li>a. Mr.RICO USTHAVIA FRANS as Director;</li> <li>b. Mr.ROYKE TUMILAAAR as Director.</li> </ol> <p>The expiration of the term of office of the appointed members of the Board of Directors is until the adjournment of the fifth Annual GMS since the appointment, by considering the rules and regulations of the capital markets and without reducing the right of the GMS of the Company for dismissal at any time.</p> </li> </ol>		

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	<p>4. Appoint ARDAN ADIPERDANA as Commissioner of the Company. The expiration of the term of office of the appointed members of the Board of Directors is until the adjournment of the fifth Annual GMS since the appointment, by considering the rules and regulations of the capital markets and without reducing the right of the GMS of the Company for dismissal at any time.</p>
	<p>5. To transfer the appointment of WIMBOH SANTOSO who is appointed based on the resolution of the 2015 Extraordinary GMS of the Company from the President Commissioner of the Company to President Commissioner and Independent Commissioner of the Company with the term of office of the remaining term of the office as set out in the resolution of the Extraordinary GMS. Notes: Bank Mandiri did not continue the GMS resolution due to the unmet provision of six months cooling off period. Therefore, the concurrent position as President Commissioner and Independent Commissioner shall not be effective.</p>
	<p>6. With the dismissal, appointment and transfer of position of members of Board of Directors and members of Board of Commissioners, the composition of members of Board of Directors and Board of Commissioners of the Company is as follows:</p> <p><b>Board of Directors</b> President Director : Mr. KARTIKA WIRJOATMODJO; Vice President Director: Mr. SULAIMAN A. ARIANTO; Director : Mr. OGI PRASTOMIYONO; Director : Mr. PAHALA N. MANSURY; Director : Mr. HERY GUNARDI; Director : Mr. TARDI; Director : Mr. AHMAD SIDDIK BADRUDDIN; Director : Ms. KARTINI SALLY; Director : Mr. ROYKE TUMILAAAR; Director : Mr. RICO USTHAVIA FRANS;</p> <p><b>Commissoners</b> President Commissioner/Independent Commissioner : Mr.WIMBOH SANTOSO; Deputy Chief Commissioner: Mr.IMAM APRIYANTO PUTRO; Independent Commissioner : Ms. AVILIANI; Independent Commissioner: Mr. GOEI SIAUW HONG. Independent Commissioner: Mr. BANGUN S. KUSMULYONO; Independent Commissioner: Mr. ABDUL AZIZ; Commissioner : Mr. ASKOLANI; Commissioner : Mr. SUWHONO; Commissioner : Mr. ARDAN ADIPERDANA.</p>
	<p>7. To grant the power and authority to the Board of Directors of the Company with substituting right to perform all necessary acts in relation to the resolution of such agenda in accordance with the prevailing laws and regulations, including preparation of a separate Notary Deed and announce the composition of the members of the Board of Directors and Board of Commissioners of the Company to the Ministry of Justice and Human Rights, and ask the Financial Services Authority to perform Fit &amp; Proper Test to the candidates for the member of Board of Directors and Board of Commissioners of the Company following the prevailing regulations.</p>
<b>Realization Year</b>	<b>2016</b>

## Previous AGMS Resolutions and Its Realization

### 1. AGMS ( March 6, 2015)

Agenda	Resolutions	Realization Date	Description
Approval of the Annual Report and Approval of the Consolidated Financial Statements, Approval of Report on Supervisory Duties of the Board of Commissioners and Approval of the Annual Report on the Implementation of Partnership and Environmental Development Program for the fiscal year ending on December 31, 2014	1. To approve the Company's Annual Report, including Report on Supervisory Duties conducted by BOC for the fiscal year ending on December 31, 2014, and approve the Consolidated Financial Statements for the fiscal year ending on December 31, 2014 as audited by the Public Accounting Firm (KAP) TANUDIREJJA, WIBISANA & Partners, with an "unqualified" opinion as reflected in its report dated February 2, 2015, and with the approval of the Annual Report, the Report on Supervisory Duties by BOC and the Consolidated Financial Statements for the fiscal year ending on December 31, 2014, the GMS fully released and discharged (volledig acquit et de charge) all BOC and BOD members who held their offices during the aforementioned fiscal year to the extent that their acts did not constitute criminal offenses and such acts were reflected in the Company's Annual Report and Consolidated Financial Statements.	2015	Implemented

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Agenda	Resolutions	Realization Date	Description
	2. To approve the Annual Report on the Implementation of Partnership and Environmental Development Program for the fiscal year ending on December 31, 2014 as audited by KAP TANUDIREDDJA, WIBISANA & Partners. With an "unqualified opinion" as reflected in its report dated February 20, 2015, and with the approval of the Company's Annual Report for the said fiscal year and the approval of the Annual Report on the Implementation of Partnership and Environmental Development Program for the same fiscal year, the GMS fully released and discharged (volledig acquit et de charge) all BOC and BOD members from the management and supervision conducted during the fiscal year ending on December 31, 2014 to the extent that their acts did not constitute criminal offenses and such acts were reflected in the Company's Annual Report and Annual Report on the Implementation of Partnership and Environmental Development Program for the fiscal year ending on December 31, 2014	2015	Implemented
<b>Approval of the Company's allocation of net profit for the fiscal year ending on December 31, 2014;</b>	<ol style="list-style-type: none"> <li>To approve and set out the Company's allocation of (consolidated) net profit in FY 2014 amounting to Rp19,871,873,276,792.6 (nineteen trillion eight hundred seventy-one billion eight hundred seventy-three million two hundred seventy-six thousand seven hundred ninety-two rupiahs and sixty cents) as follows: <ol style="list-style-type: none"> <li>As much as 25% of the Company's net profit for the period January 1-December 31, 2014, or Rp 4,967,968,319,198.15 (four trillion nine hundred sixty-seven billion nine hundred sixty-eight million three hundred nineteen thousand one hundred ninety-eight rupiahs and fifteen cents) to be distributed as cash dividends to the shareholders.</li> <li>To grant the authority and power with the right of substitution to BOD to establish procedures for dividend payment in accordance with the applicable regulations.</li> </ol> </li> <li>As much as 13.20% of the Company's net profit for the period January 1- December 31, 2014, or totaling Rp2,622,936,000,000.36 (two trillion six hundred twenty-two billion nine hundred thirty-six million Rupiahs and thirty-six cents) to be set aside as Reserves to support investment.</li> <li>The rest of the Company's net profit from FY 2014, after allocation for dividend payments and Reserves as mentioned in point 1 and 2, is designated as Retained Earnings.</li> </ol>	2015	Implemented
<b>Appointment of a Public Accounting Firm to audit the Company's Financial Statements and the Annual Report on the Implementation of Partnership and Environmental Development Program for the fiscal year ending on December 31, 2015.</b>	<ul style="list-style-type: none"> <li>To grant the authority as specified in Article 11 paragraph (2) letter c of the Articles of Association stipulating that "In the Annual GMS, a Public Accounting Firm shall be appointed to audit current Company's books based on recommendation from the Board of Commissioners" to BOC to choose an Accounting Firm that will audit the Company's Consolidated Financial Statements and Annual Report on the Implementation of Partnership and Environmental Development Program for the fiscal year ending on December 31, 2015, including to determine the fee and other requirements for such Accounting Firm, including to choose a substitute Accounting Firm in the event that the Accounting Firm appointed and chosen, due to any reasons, cannot complete the audit of the Company's Consolidated Financial Statements and Annual Report on the Implementation of Partnership and Environmental Development Program for 2015.</li> </ul>	2015	Implemented
<b>Determining the salaries of BOD, honorarium of BOC and bonuses as well as other benefits for all members of BOC and BOD</b>	To grant the power and authority to BOC with prior approval from the Shareholder of Series A Dwiwarna to decide the amount of bonuses paid to members of BOC and BOD serving in FY 2014 and to determine the amount of salaries, honorarium, and other benefits, including allowances and facilities, for BOC and BOD members in 2015.	2015	Implemented

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Agenda	Resolutions	Realization Date	Description
Amendments to the Company's Articles of Association in connection with the provisions of (i) Regulation of the Financial Services Authority (POJK) No. 32/POJK.04/2014 on Planning and Holding a Public Company's General Meeting of Shareholders, and (ii) POJK No. 33/POJK.04/2014 concerning Board of Directors and Board of Commissioners of an Issuer or Public Company	<ol style="list-style-type: none"> <li>To approve the amendments to Company's Articles of Association conforming to POJK No. 32/POJK.04/2014 concerning Planning and Holding a Public Company's General Meeting of Shareholders and POJK No. 33/POJK.04/2014 concerning Board of Directors and Board of Commissioners of an Issuer or Public Company.</li> <li>To approve the reconstitution of all provisions in the Articles of Association which relate to the amendments referred to in point no. 1 of the resolutions above.</li> <li>To grant the power and authority with the right of substitution to BOD to take the necessary acts pertaining to the resolutions on the Meeting's agenda, including to reconstitute and restate all Articles of Association pursuant to the resolutions mentioned on point 2 (two) into a Notarial Deed and thereafter to submit the same to the competent authority for approval and/or receipt of notification concerning amendments to the Company's Articles of Association, and to conclude all matters as deemed necessary and useful for such purpose without any exception, including making any addition and/or change in the amendments of the Articles of Association, if required by the competent authority.</li> </ol>	2015	Implemented
Approval of changes in the members of the Company's BOC and BOD	<ol style="list-style-type: none"> <li>To honorably discharge BOC and BOD members ending their tenure on the closing of the Meeting with deepest gratitude for their great contributions in their respective capacity as BOC and BOD members.</li> </ol> <hr/> <ol style="list-style-type: none"> <li>To accept the resignation of Mr. Mahmuddin Yasin from his tenure as the Chief Commissioner pursuant to his letter dated March 10, 2015 with deepest gratitude for his contributions in his capacity as a member of BOC.</li> </ol> <hr/> <ol style="list-style-type: none"> <li>To honorably discharge Mr. Anton Hermanto Gunawan as an Independent Commissioner effective from the closing of the Meeting with deepest gratitude for his great contributions in his capacity as a member of Company's BOC.</li> </ol> <hr/> <ol style="list-style-type: none"> <li>To appoint: <ul style="list-style-type: none"> <li>Members of the Company's BOC <ol style="list-style-type: none"> <li>Mr. Darmin Nasution as Chief Commissioner;</li> <li>Mr. Imam Apriyanto Putro as Deputy Chief Commissioner;</li> <li>Mr. Goei Siau Hong as Independent Commissioner;</li> <li>Mr. Suwhono as Commissioner;</li> <li>Mr. BS Kusmulyono as Independent Commissioner;</li> <li>Ms. Cahaya Dwi Rembulan Sinaga as Independent Commissioner;</li> </ol> </li> <li>Members of the Company's BOD <ol style="list-style-type: none"> <li>Mr. Sulaiman Arif Arianto as Vice President Director;</li> <li>Mr. Pahala Nugraha Mansury as Director;</li> <li>Ms. Kartini Sally as Director;</li> <li>Mr. Kartika Wirjoatmodjo as Director;</li> <li>Mr. Ahmad Siddik Badruddin as Director;</li> <li>Mr. Tardi as Director;</li> </ol> </li> </ul> </li> </ol>	2015	Implemented

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Agenda	Resolutions	Realization Date	Description
	<p>The appointment of BOC and BOD members was declared effective following approval from the OJK based on the Fit and Proper Test and upon compliance with the applicable legislation, except for the appointment of Mr. PAHALA NUGRAHA MANSURY which was effective as of the closing of this Meeting. The tenure of the appointed members of BOC and BOD shall end by the closing of the fifth Company's Annual GMS as of their appointment without prejudice to the rights of the Meeting to dismiss any of them at any time.</p> <p>To re-assign Mr. ABDUL AZIZ from Commissioner to Independent Commissioner post for the remainder of his tenure as a Commissioner. Therefore, upon the closing of the Meeting, the members of the Company's BOC and BOD shall be as follows:</p> <p><b>BOARD OF COMMISSIONERS</b></p> <ul style="list-style-type: none"> <li>• Chief Commissioner: Mr. DARMIN NASUTION</li> <li>• Deputy Chief Commissioner: Mr. IMAM APRIYANTO PUTRO</li> <li>• Independent Commissioner: Ms. AVILIANI</li> <li>• Independent Commissioner: Mr. GOEI SIAUW HONG</li> <li>• Commissioner: Mr. SUWHONO</li> <li>• Independent Commissioner: Mr. ABDUL AZIZ</li> <li>• Commissioner: Mr. ASKOLANI</li> <li>• Independent Commissioner: Mr. B.S. KUSMULYONO</li> <li>• Independent Commissioner: Ms. CAHAYA DWI REMBULAN SINAGA</li> </ul> <p><b>BOARD OF DIRECTORS</b></p> <ul style="list-style-type: none"> <li>• President Director: Mr. BUDI GUNADI SADIKIN</li> <li>• Vice President Director: Mr. SULAIMAN ARIF ARIANTO</li> <li>• Director: Mr. ROYKE TUMILAAAR</li> <li>• Director: Mr. HERY GUNARDI</li> <li>• Director: Mr. SENTOT A SENTAUSA</li> <li>• Director: Mr. OGI PRASTOMIYONO</li> <li>• Director: Mr. PAHALA NUGRAHA MANSURY</li> <li>• Director: Ms. KARTINI SALLY</li> <li>• Director: Mr. KARTIKA WIRJOATMODJO</li> <li>• Director: Mr. AHMAD SIDDIK BADRUDDIN</li> <li>• Director: Mr. TARDI</li> </ul>	2015	Implemented
	<p>5. To grant the power and authority with the right of substitution to BOD to take all the necessary acts relating to the resolutions on the Meeting's agenda in line with the applicable legislation, including stating changes in the membership of BOC and BOD in a Notarial Deed and notifying the Ministry of Law and Human Rights of the Republic of Indonesia of the BOC and BOD membership as well as requesting the OJK to conduct a Fit and Proper Test for appointed Board's members in accordance with the applicable legislation.</p>		

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## 2. EGMS (December 18, 2015)

Agenda	Resolutions	Realization Date	Remarks
<b>Perubahan Pengurus Perseroan</b>	<p>1. Approved the dismissal of Mr. Darmin Nasution as the Chief Commissioner as of his official appointment as the Coordinating Minister for Economic Affairs of the Republic of Indonesia on August 12, 2015 by extending deepest gratitude for his great contributions in his capacity as the Chief Commissioner.</p> <p>2. Approved and appointed Mr. Wimboh Santoso as the Chief Commissioner. The appointment of the Chief Commissioner was effective following approval from the OJK based on the Fit and Proper Test and compliance with the applicable legislation.</p> <p>The tenure of the newly appointed Chief Commissioner would end on the closing of the fifth Annual GMS as of his appointment, with due observance of legislation regulating Capital Market and without prejudice to the rights of the Meeting to dismiss him at any time.</p> <p>3. Therefore, following the approval from OJK of that appointment, the membership of BOC would be as follows: Board of Commissioners: Chief Commissioner: Mr. Wimboh Santoso Deputy Chief Commissioner: Mr. Imam Apriyanto Putro Independent Commissioner: Mr. Abdul Aziz Independent Commissioner: Ms. Aviliani Commissioner: Mr. Askolani Commissioner: Mr. Suwhono Independent Commissioner: Mr. Goei Siau Hong Independent Commissioner: Mr. Bangun Sarwito Kusmuljono</p> <p>4. To grant the power and authority to BOD with the right of substitution to take all the necessary acts relating to the resolutions of the Agendas in accordance with the applicable legislation, including stating the structure of BOC membership in a Notarial Deed and giving notification to the Ministry of Law and Human Rights of such membership, and requesting OJK to conduct a Fit and Proper Test for the Appointed Chief Commissioner in accordance with the applicable legislation.</p>	2015	Implemented
<b>Determining the enforcement of Regulation of the Minister of State Owned Enterprises No. PER-09/MBU/07/2015 dated July 3, 2015 concerning Partnership and Environmental Development Program of State Owned Enterprises</b>	To approve the decision to enforce Regulation of the Minister of State Owned Enterprises No. PER-09/MBU/07/2015 dated July 3, 2015 concerning Partnership and Environmental Development Program of State Owned Enterprises as a guideline for conducting Partnership and Environmental Development Programs which will be implemented in 2016.	2015	Implemented

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## The Board of Commissioners

Board of Commissioners (BOC) is the main organ of the Company who has function in terms of supervision, providing advices and approval as well as other functions given based on the Articles of Association, provisions and regulations.

### Duties and Responsibilities of the BOC

In performing its function, the BOC is responsible collectively and collegially, assisted by 4 (four) committees under the BOC, namely Audit Committee, Remuneration and Nomination Committee, Risk Monitoring Committee and Integrated Governance Committee.

According to Article 19 of the Articles of Association, the BOC has the following duties and responsibilities:

#### Duties of BOC:

1. To conduct supervision and responsible for supervision over the management policies, management in general, either upon the Company or the Company's business and to provide advice to the Board of Directors for the interest of the Company and in accordance with the purposes and objectives of the Company.
2. To perform duties specifically mandated based on the Articles of Association, prevailing laws and regulations and/or under the resolutions of the GMS;
3. To perform duties and responsibilities in accordance with the provisions set forth in the Articles of Association of the Company and resolutions of the GMS in good faith, with full responsibility and due care;
4. In performing their duties, the Board of Commissioners shall act for the interests of the Company and shall be responsible to the GMS;
5. To examine and review the annual report prepared by the Board of Directors and sign such annual report.

#### Responsibilities of BOC encompass:

1. To supervise the implementation of the Business Plan and the Company's budget;
2. To follow the development of the Company's activities and in the event that the Company indicates a decline, the Board of Commissioners shall immediately report to the GMS as soon as possible and shall render advice on the improvements steps that shall be taken;
3. To propose to the GMS on the appointment of a Public Accountant that will audit the Company's books;
4. To perform other supervisions determined by the GMS;
5. To render response to a periodical report of the Board of Directors and at any time required to give response to the Company's development and report the results thereof to the Shareholders of Series A Dwiwarna share in a timely manner.
6. To respond and approve the Business Plan and annual budget as well as long-term Business Plan of the Company

- prepared and submitted to the Board of Directors;
7. To approve the Business Plan and annual budget of the Company at the latest on the thirtieth (30<sup>th</sup>) day of the first month after the commencement date of the new financial year;
  8. In case of until the deadline as referred to in point 7 of this paragraph, the Board of Commissioners have not yet approved the Business Plan and annual budget of the Company, the Company's Business Plan and annual budget of last financial year shall apply.

The abovementioned duties and responsibilities are applied to all members of BOC, however the President Commissioner has special assignment, which are leading the internal meetings and performing invitation in writing to all members of BOC to attend the meeting

#### Duties and Responsibilities of President Commissioner

- a. Serving a notice to the Meeting of the Board of Commissioners in written which is submitted to all members of the Board of Commissioners by mentioning the agenda, date, time, and the venue of Meeting.
- b. Acting as Chairman in the Board of Commissioners' Meetings.
- c. Ensuring the arrangement of the Board of Commissioners' Meeting and other Committees' Meetings including the administration or Minutes of Meeting.
- d. Receiving reports from the Committees under the Board of Commissioners
- e. Coordinating all the duties of the Board of Commissioners which should, to the greatest possible extent, already been evenly distributed.

### Working Guidelines and Code of Conduct for BOC (Board Charter)

In order to carry out the supervisory function as a part of duties and responsibilities in an efficient, effective, transparent, competent, independent, and accountable, the BOC in the Decree number KEP. KOM/002/2015 dated December 21, 2015, has established guidelines and rules of conduct which include:

1. General Provisions;
2. Function and Duties of the BOC;
3. Obligation of the BOC;
4. Rights and Authorities of the BOC;
5. Information, Bank Confidentiality and Conflict of Interests;
6. Committees and Other Supporting Institutions.
7. Meetings of the BOC and
8. the Division of Tasks.
9. Others

The working guidelines were prepared under the following regulations:

1. Articles of Association.
2. Law No.40/2007 on Limited Liability Companies.
3. Law No.19/2003 on SOE.
4. OJK Regulation No. 33-POJK.04-2014 on the Board of Directors and Commissioner of Listed or Public Companies.
5. SOE Minister Regulation No.PER-09/MBU/2012 concerning Amendment to the Regulation of the Minister of State Owned Enterprise No. PER-01/MBU/2011 on the Implementation of Good Corporate Governance (GCG) in SOEs.
6. Indonesia's Code of the National Committee on Governance (NCG) and Guidelines for GCG (GCG Code) Bank Mandiri.

## Rights and Authorities of the BOC

Based KEP.KOM/005/2016 on the order of the Board Commissioner, the rights and authority of the Board of Commissioners is as following:

1. Provide decisions for the actions of the Board of Directors as set forth in the Articles of Association.
2. Any Commissioner shall, jointly or independently, be entitled to enter the premises or any other places used or controlled by the Bank and to examine the books, evidence documents, stock of goods, to examine and verify the cash condition for the purpose of verification and commercial papers as well as to be informed of any actions which have been taken by the Board of Directors.
3. Such actions as referred to in paragraph (2) shall be taken in the capacity as the Board of Commissioners and must be reported in the Meeting of the Board of Commissioners concerning such actions.
4. If deemed necessary, the Board of Commissioners shall be entitled to request for the assistance of experts in performing its duties for a limited period at the account of the Bank.
5. Any Commissioner shall be entitled to require an explanation concerning any matters from the Board of Directors as well as from all the lines under it and the Board of Directors shall be obligated to give an explanation.
6. Any Commissioner shall be entitled to attend the meetings held by the Board of Directors or its subordinate units without participating in making decisions.
7. The Board of Commissioners shall, by majority votes, be entitled at any time to suspend one or more members of the Board of Directors, if it is evident that they have acted against the Articles of Association or if they are proven to have neglected their obligations or in the event of any reason which is urgent to the Bank.
8. Such suspension shall be notified in writing to the persons concerned accompanied with the reason for such action.
9. Within 90 (ninety) days following the date of suspension, the Board of Commissioners shall be obligated to hold a GMS to decide whether the members of the Board of Directors concerned will be permanently dismissed or be returned to their position, where the persons concerned shall be given the opportunity to appear and defend themselves.

## Obligations of the BOC

Based on KEP.KOM/005/2016 regarding Board of Commissioners rules, the BOC has obligations which can be described as follows:

1. Approve and supervise the implementation of RKAP.
2. Follow-up the results of supervision and recommendations provided in the event of any deviation from the applicable laws and regulations, articles of association and prudential banking practices.
3. Following the progress of Bank's activities, and in the event that the Bank shows any sign of decline, immediately holding a GMS for reporting to the Shareholders accompanied with remedial actions to take.
4. Providing opinions and advice to the GMS on any issues deemed important for the Bank's management.
5. Performing other supervisory duties as determined by the GMS and the laws and regulations.
6. Developing anti-fraud culture and concern throughout the Bank's organization.
7. Giving directives in credit consultancy and reviewing the approval of credit exceeding a certain amount as agreed upon by the Board of Commissioners and the Board of Directors.

## Criteria for BOC

Besides Articles of Association and Bank Indonesia regulation, the appointment criteria for BOC of Bank Mandiri also refers to other provisions, among others POJK No. 33/POJK.04/2014 and Regulation of the Minister of State Owned Enterprises No. PER-02/MBU/02/2015.

The BOC members shall meet the following competency requirements:

1. Having adequate knowledge in the field of banking relevant to the position;
2. Having expertise and experience in banking and/or finance; and
3. The ability for strategic management in order to develop a healthy bank.

Other requirements that should be fulfilled by members of BOC are related to integrity as follows:

1. Having a good character, morals and integrity;
2. Capable to perform legal actions;
3. Never been sentenced due to a crime charged with 5 years or more imprisonment; and/or
4. In the last 5 (five) years prior to the appointment and during his/her term of office:
  - a. Never been declared bankrupt;
  - b. Never become a member of board of directors and/or BOC being declared guilty causing a company being bankrupt;
  - c. Never been sentenced due to a crime causing losses to the state finance and/or related to financial sectors; and.

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5. Never become a member of board of directors and/or BOC who is during his/her term of office:
  - a. Once refrained from convening an annual GMS;
  - b. His/her accountability as a member of Board of Directors and/or Board of Commissioners was once not accepted by the GMS or he/she once did not provide accountability as a member of Board of Directors and/or Board of Commissioners to the GMS; and
  - c. He/she once causing a company that had obtained license, approval, or registration from Financial Service Authority failed to be in compliance with the obligation for submission of annual reports and/or financial statement to the Financial Service Authority.
6. Having commitment to comply with the laws and regulations;

## BOC Determination Procedure

Determination of the Board of Commissioners must go through the process of fit and proper test by the Financial Services Authority through a petition filed by the Bank. Board of proposed amounted to a maximum of two (2) people for each vacancy, and the determination of candidates proposed has been conducted in accordance with the applicable legislation. The fit and proper test conducted by the Financial Services Authority, covering the administrative examination and interview. Approval or rejection of the application by the Financial Services Authority no later than 30 (thirty) days after receipt of the complete application.

In the case of candidates who requested the approval of the Financial Services Authority has been approved and appointed as the Bank Management in accordance GMS, but is concerned not approved by the Financial Services Authority, the Bank through the AGM shall dismiss concerned.

Candidate Management of Banks that have not been approved by the Financial Services Authority are prohibited from doing duty as a Member of the Board in the operations of the Bank and or other activities that have a significant influence on the policies and financial condition of the Bank, although it has been approved and appointed by the AGM.

## Composition of the Board of Commissioners prior to the Annual GMS

Pursuant to Article 18 of the Articles of Association, the BOC shall comprise at least 3 (three) members, one of them may be appointed as the President Commissioner and if deemed necessary, another one of them may be appointed as the Deputy Chief Commissioner.

Name	Designation	Legal Basis of Appointment	Term of Office	Fit and Proper	Domicile
Wimboh Santoso	President Commissioner/ Independent Commissioner	EGMS dated December 18, 2015	2016 - present	OJK	Indonesia
Imam Apriyanto Putro	Deputy Chief Commissioner	AGMS dated March 16, 2015	2015 - present	OJK	Indonesia
Aviliani	Independent Commissioner	EGMS dated May 21, 2014	2014 - present	OJK	Indonesia
Goei Siauw Hong	Independent Commissioner	AGMS dated March 16, 2015	2015 - present	OJK	Indonesia
B.S. Kusmulyono	Independent Commissioner	AGMS dated March 16, 2015	2015 - present	OJK	Indonesia
Abdul Aziz	Independent Commissioner	AGMS dated April 2, 2013	2013 - present	OJK	Indonesia
Askolani	Commissioner	EGMS dated May 21, 2014	2014 - present	OJK	Indonesia
Suwhono*	Commissioner	AGMS dated March 16, 2015	2015 - present	OJK	Indonesia

\*) Served until March 29, 2016. The period of his employment at the bank ended because it has got a new assignment as Director of PT Berdikari (Persero).

In 2016, there was change in composition of the Board of Commissioners, which was the appointment of Ardan Adiperdana as member of the Board of Commissioner and the termination period of Suwhono as member of the Board of Commissioner due to his appointment as President Director at one of SOE Companies. Therefore, the number of the Board of Commissioners as of December 31, 2016 were 8 person which consisted of one President Commissioner, one Deputy Chief Commissioner, four Independent Commissioners and two Commissioners with the following details:

Name	Designation	Legal Basis of Appointment	Term of Office	Fit and Proper Test Organizer	Domicile
Wimboh Santoso	President Commissioner	EGMS dated December 18, 2016	2016 - present	OJK	Indonesia
Imam Apriyanto Putro	Deputy Chief Commissioner	AGMS dated March 16, 2015	2015 - present	OJK	Indonesia

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Aviliani	Independent Commissioner	EGMS dated May 21, 2014	2014 - present	OJK	Indonesia
Goei Siauw Hong	Independent Commissioner	AGMS dated March 16, 2015	2015 - present	OJK	Indonesia
B. S. Kusmulyono	Independent Commissioner	AGMS dated March 16, 2015	2015 - present	OJK	Indonesia
Abdul Aziz	Independent Commissioner	AGMS dated April 2, 2013	2013 - present	OJK	Indonesia
Askolani	Commissioner	EGMS dated May 21, 2014	2014 - present	OJK	Indonesia
Ardan Adiperdana	Commissioner	AGMS dated March 21, 2016	2016 - present	OJK	Indonesia

## Fit and Proper Test

The Board of Commissioners as the Bank's management shall meet the requirements of integrity, competence and financial reputation as well as pass the fit and proper test organized by Financial Services Authority as stipulated in POJK No.27/POJK.03/2016 on Fit and Proper Test for Primary Party of Financial Services Institutions

Each member of the Board of Commissioners has participated in Fit and Proper Test conducted by Financial Services Authority and being considered passed the test.

**Table of Fit and Proper Test**

Name	Designation	Fit and Proper Test Organizer	Date of Assignment
Wimboh Santoso	President Commissioner	OJK	February 16, 2016
Imam Apriyanto Putro	Deputy Chief Commissioner	OJK	June 11, 2015
Aviliani	Independent Commissioner	OJK	September 3, 2014
Goei Siauw Hong	Independent Commissioner	OJK	June 25, 2015
B.S. Kusmulyono	Independent Commissioner	OJK	June 25, 2015
Abdul Aziz	Independent Commissioner	OJK	June 25, 2015
Askolani	Commissioner	OJK	September 3, 2014
Suwhono*)	Commissioner	OJK	June 25, 2015
Ardan Adiperdana	Commissioner	OJK	September 27, 2016

\*) Serving as Commissioner until March 29, 2016. His term of office at Bank Mandiri has ended due to his new assignment as President Director of PT Berdikari (Persero)

## Policy of Diversity in Composition of the Board of Commissioners

Diversity is one of the elements that should be considered in determining the composition of the Board of Commissioners which are also tailored to the needs and complexity of business. Bank Mandiri strives to maintain the diversity of the composition of the Board of Commissioners, as reflected in the BOC Profile page 72-75.

Aspects of diversity in the composition of the Board of Commissioners can be seen from some of the elements that are owned by the members of the Board of Commissioners including among them is the independence, expertise/education, work experience, age and gender.

### Diversity Aspects

Education	The diversity of educational backgrounds of the Bank Commissioners, indicated by a mix of education, namely: <ul style="list-style-type: none"> <li>Educational qualification from Bachelor, Master to Doctorate</li> <li>Competence fields including the field of Economic Accounting, Development Studies, Strategic Management, Business Administration, Finance, Marketing, Environmental Management, Social Politics, Agronomy/Agriculture, Fisheries/Social Economy.</li> </ul>
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Working Experience	The diversity of work experience of the Board of Commissioners of Bank Mandiri, among others, namely: <ul style="list-style-type: none"> <li>• Director of IMF (2013-2015)</li> <li>• 1<sup>st</sup> Rank Officials of the Ministry of SOEs</li> <li>• 1<sup>st</sup> Rank Officials of the Ministry of Finance</li> <li>• Member of Committee for the Acceleration and Expansion of Indonesia's Economic Development (2012-2014)</li> <li>• 20 Chairman of National Committee for Micro Finance Empowerment</li> <li>• President Director at private company</li> <li>• Head of Finance and Development Supervisory Agency</li> </ul>
Age	The diversity of ages of the Board of Commissioners is in the quite productive age range, i.e. 50-55 years old = 5 person and 56-60 years old = 2 person, and one person whose age is above 70 years old.
Sex	There is one woman member of the Board of Commissioners at Bank Mandiri.

Composition of the Board of Commissioners has met the diversity elements which are a combination of independence, expertise/ education, work experience, age and gender. All members of the Board of Commissioners of Bank Mandiri has integrity, competence and good financial reputation. All members of the Board of Commissioners have obtained the approval of Financial Services Authority and have passed fit and proper test. In relation to the expertise of the Board of Commissioners of Bank Mandiri has been explained in Profile of the Board of Commissioners in this Annual Report.

## Job Descriptions of the Supervisory Board of Commissioners

The BOC has established committee pursuant to Decree of the Board of Commissioners of PT Bank Mandiri (Persero) Tbk No. KEP.KOM/004/2016 on the Change in the Membership of Audit Committee, Risk Monitoring Committee, Integrated Governance Committee and Remuneration and Nomination Committee of PT Bank Mandiri (Persero) Tbk as supporting organ of the BOC in conducting supervisory function.

The division of tasks and responsibilities of the Board of Commissioners is set based on the role of each member of the Board of Commissioners as Chairman and Vice Chairman of the committee under the coordination of the Board of Commissioners, in accordance with the competence and experience as can be seen in the following table:

Committee	Member of Committee (Board of Commissioners)
Audit	<ol style="list-style-type: none"> <li>1. Aviliani as Chairman and Member</li> <li>2. Askolani as Member</li> <li>3. Goei Siau Hong as Member</li> <li>4. Ardan Adiperdana as Member</li> </ol>
Remuneration and Nomination	<ol style="list-style-type: none"> <li>1. B. S. Kusmulyono as Chairman and Member</li> <li>2. Wimboh Santoso as Member</li> <li>3. Imam Apriyanto Putro as Member</li> <li>4. Abdul Azis as Member</li> <li>5. Askolani as Member</li> <li>6. Aviliani as Member</li> <li>7. Goei Siau Hong as Member</li> <li>8. Ardan Adiperdana as Member</li> </ol>
Risk Monitoring	<ol style="list-style-type: none"> <li>1. Abdul Azis as Chairman and Member</li> <li>2. Wimboh Santoso as Member</li> <li>3. Goei Siau Hong as Member</li> <li>4. B.S. Kusmulyono as Member</li> </ol>
Tata Kelola Terintegrasi	<ol style="list-style-type: none"> <li>1. Membership of Bank Mandiri: <ol style="list-style-type: none"> <li>a. Abdul Azis as Chairman</li> <li>b. Goei Siau Hong sebagai Anggota</li> <li>c. Imam Apriyanto Putro as Member</li> <li>d. Aviliani as Member</li> <li>e. B.S. Kusmulyono as Member</li> </ol> </li> <li>2. Membership of Subsidiaries</li> </ol>

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## Management Risk Certification

In 2016, Board of Commissioners has passed the certification of risk management as followed:

Name	Certificate Issuer	No. Competence Certificate	No. Reg	Level	Field/Area	Date Issuer	Validity Period	Expiry Date
Wimboh Santoso	National Professional Certification Agency / LSPP	64120 1210 6 0000043 2016	KEU.030 1875016	Level 1	Risk Management	15-Jan-16	4 years	15-Jan-20
Imam Apriyanto Putro	Risk Management Certification Institution (BSMR)	00680024	1504110020068900	Level 1	Risk Management	11-Apr-15		
Abdul Aziz	Bara Risk Forum	BR.149/CTF/11/2016			Refreshment: Revisit Enterprise Risk Management and Learning Best Practices of Credit Risk Management di Bandung	30-Nov-16		
	LSPP	64120 1239 5 0003548 2015	KEU.030 9392115	Level 2	Banking Risk Management	11-Apr-15	4 years	11-Apr-19
Askolani	LSPP	64120 1239 4 0006885 2014	KEU.030 9000827	Level 1	Banking Risk Management	24-Jun-14		24-Jun-18
Aviliani	BARa Risk Forum	BR.246/CTF/09/2014			Risk Management Certification Refreshment Program -Moscow	15-Sep-14		
	BARa Risk Forum				Refreshment @ Stockholm 19 - 21 Sept 2016	21-Sep-16		21-Sep-18
Suwono (Non-aktif)	LSPP	64120 1239 4 0003833 2015	KEU.030 9392315	Level 1	Banking Risk Management	17-Apr-15	4 years	17-Apr-19
Goei Siauwhong	LSPP	64120 1239 5 0003834 2015	KEU.030 9392215	Level 2	Banking Risk Management	17-Apr-15	4 years	17-Apr-19
B.S. Kusmulyono	LSPP				Refreshment: Managing Risk to make a Healthy Credit Portfolio	16-Nov-16		
	BSMR		0508100050000899		Risk Management Certification Refresher Course	14-15 May 2014		
	BSMR				Risk management in Retail Banking	22-25 Feb 2010		
	BSMR				Refreshment Program: Risk Management Certification	23 May 2008		
	Bank Indonesia				Risk Management Training for Bank Commissioner	10-Aug-05		
Ardan Adiperdana	LSPP			Level 1 KOM	Refreshment Manajemen Resiko Perbankan	15-Dec-16		

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## Independent Commissioner

In order to support the implementation of GCG as well as to create work environment to be more objective and based on fairness principles among the stakeholders (shareholders, regulators, business partner, customers and others), having an adequate number of Independent Commissioners is a must for Bank Mandiri.

Based on the AGMS Resolutions held on March 21, 2016, four person out of eight members of the Board of Commissioners have been appointed as Independent Commissioners, namely Ms. Aviliani, Mr. Goei Siauw Hong, Mr. Abdul Aziz and Mr. Bangun Sarwito Kusmuljono. Therefore, the composition of Bank Mandiri's Independent Commissioners has reached more than 50% as the regulation of FSA.

### Criteria for Independent Commissioner

The criteria for Independent Commissioner within the BOC as required by OJK are as follows.

1. A Member of the BOC with no financial, managerial, share ownership, family relationship with other fellow members of BOC, Board of Directors and/or controlling shareholders and have the relation with the bank, which can affect their judgment to act independently.
2. Have not been people who have worked or have had any authority and responsibility for planning, directing, controlling, or supervising the activities of the Issuer or Public Company within 6 (six) months, except for reappointment as an Independent Commissioner of Public Company for the next period.
3. Shall not have shares either directly or indirectly in the Issuer or the Public Company.
4. Shall not have any affiliation relationship with the Issuer or Public Company, a member of the BOC, a member of the Board of Directors or the primary shareholders of the Issuer or a Public Company.
5. Shall meet the requirements as stipulated in applicable regulations.
6. Shall not have any business relationship, directly or not directly related to the business activities of the Issuer or a Public Company.

### Statement of Independent Commissioner

Each Independent Commissioner of Bank Mandiri made a statement of their independence and submitted it to OJK with the following contents::

#### Statement of Independence

I signed below  
Name:  
Place/Date of Birth:  
Domicile Address (Copy of ID/Driving License attached):  
Home Telephone:  
Designation:  
Name of Company:  
Company Telephone:

Herewith I declare that I:

1. Do not have financial, managerial, stock ownership, family relation with other members of the BOC, Board of Directors and/or controlling shareholders or have any relationship with the bank, which would affect my judgment to act independently in the implementation of GCG for the Commercial Bank.
2. If in the future, I am found having any of the above relationships as stated in point 1, therefore I'm willing to surrender my position as Independent Commissioner and willing to be replaced.

Thereby the statement of independence which I made truthfully.

### Independence of the BOC

The affiliate relationship between the Board of Directors, BOC and Controlling Shareholders to measure the independence of the BOC which covers:

1. Affiliate relationships between fellow members of the Board of Directors;
2. Affiliate relationships between members of the Board of Directors and the BOC;
3. Affiliate relationships between the Board of Directors with the ultimate and/or controlling Shareholders;
4. Affiliate relationships between fellow members of the BOC; and
5. Affiliate relationship between members of the Board of Commissioners with the ultimate and/ or controlling shareholder

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Table of Affiliate Relationship of the BOC

Name	Financial and Family Relationship of BOC											
	Financial Relationship With						Family Relationship With					
	BOC		BOD		Controlling Shareholders		BOC		BOD		Controlling Shareholders	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Wimboh Santoso		√		√		√		√		√		√
Imam Apriyanto Putro		√		√		√		√		√		√
Aviliani		√		√		√		√		√		√
Goe Siau Hong		√		√		√		√		√		√
B.S. Kusmulyono		√		√		√		√		√		√
Abdul Aziz		√		√		√		√		√		√
Askolani		√		√		√		√		√		√
Suwhono*)		√		√		√		√		√		√
Ardan Adiperdana		√		√		√		√		√		√

\* Served until March 29, 2016. The period of his employment at the bank ended because it has got a new assignment as Director of PT Berdikari (Persero).

## Stock Ownership of the Board of Commissioners

Until December 31, 2016, the stock ownership of the Board of Commissioners of Bank Mandiri did not reach 5% (five percent) of the paid up capital of Bank Mandiri, other banks, non-bank financial institutions and other companies domiciled inside or outside the country as provided on the following table:

Board of Commissioners	Designation	Stock Ownership of 5% or Above of Paid Up Capital				
		Bank Mandiri	By Family at Bank Mandiri	Other Companies	Other Bank	Non-Bank Financial Institution
Wimboh Santoso	President Commissioner/ Independent Commissioner	Nil	Nil	Nil	Nil	Nil
Imam Apriyanto Putro	Deputy Chief Commissioner	Nil	Nil	Nil	Nil	Nil
Aviliani	Independent Commissioner	Nil	Nil	Nil	Nil	Nil
Goei Siau Hong	Independent Commissioner	Nil	Nil	Nil	Nil	Nil
B.S. Kusmulyono	Independent Commissioner	Nil	Nil	Nil	Nil	Nil
Abdul Aziz	Independent Commissioner	Nil	Nil	Nil	Nil	Nil
Askolani	Commissioner	Nil	Nil	Nil	Nil	Nil
Suwhono*)	Commissioner	Nil	Nil	Nil	Nil	Nil
Ardan Adiperdana	Commissioner	Nil	Nil	Nil	Nil	Nil

\* Served until March 29, 2016. The period of his employment at the bank ended because it has got a new assignment as Director of PT Berdikari (Persero)..

## Concurrent Position and Conflict of Interest

The members of Bank Mandiri BOC do not serve in a concurrent position beyond which are admitted by the regulations and may cause a conflict of interest prohibited by legislation.

The BOC may serve in a concurrent position as a member of a BOC, Board of Directors or as an Executive Officer at 1 (one) institution/company that is not a financial institution; or in order to carry out oversight functions on one (1) non-bank subsidiaries controlled by Bank Mandiri.

If a non-independent member of the Board of Commissioners runs functional tasks of the shareholders which are legal entities in the group effort, and/or members of the Board of Commissioners hold positions at organizations or nonprofits, all concerned not neglect the duties and responsibilities as a member of the Board of Commissioners of Bank Mandiri, therefore it does not count as double post.

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#### Table of Concurrent Position of the BOC

Name	Designation	Designation at Other Companies/ Institutions	Name of Other Companies/ Institutions
Wimboh Santoso	President Commissioner	Director	Indonesian Banking Development Institute
Imam Apriyanto Putro	Deputy Chief Commissioner	Secretary to Ministry	Ministry of Soe
Aviliani	Independent Commissioner	Independent Commissioner	PT Dyandra Media Internasional, Tbk.
Goei Siau Hong	Independent Commissioner	President Director	PT Gagas Prima Solusi
B.S. Kusmulyono	Independent Commissioner	-	-
Abdul Aziz	Independent Commissioner	-	-
Askolani	Commissioner	Director General of Budget	Ministry of Finance
Suwono*)	Commissioner	-	-
Ardan Adiperdana	Commissioner	Chairman	Finance and Development Supervisory Agency

\* Serving as Commissioner until March 29, 2016. His term of office at Bank Mandiri is ended due to his new assignment as President Director of PT Berdikari (Persero)

#### Management of the BOC's Conflict of Interest

The Board of Commissioners are prohibited from taking actions that could harm the Company and must disclose conflicts of interest referred to Board of Commissioners charter, the transparency of information and conflicts of interest are set as follows:

- Each Commissioner shall keep the information shall be kept confidential by legislation including provisions on Insider Trading and other information that the Company has not been disclosed to the public.
- Each Commissioner shall :
  - Their shareholding in the Company as well as in other companies domiciled inside or outside the country
  - Financial relations and family relations with other members of the Board of Commissioners and Board of Directors members and their families
  - Other information which according to legislation must be disclosed to the public
- Board of Commissioners are prohibited to involved in decision making related to banking operations and/or decision-making that may pose a conflict of interest.
- The Board of Commissioners in performing their duties, responsibilities and authority are forbidden to take advantage of the Company for personal, family, company or certain parties in a manner contrary to the laws and the Company's code of conduct.

## Meeting of the BOC

The Board of Commissioners shall convene a meeting at least 1 (one) time in two (2) months or at any time when deemed necessary by one or more members of the Board of Commissioners on written request of the Board of Directors according to the provisions stipulated in the Articles of Association. In addition, the Board of Commissioners is required to convene meetings with the Board of Directors periodically at least 1 (one) time in 4 (four) months.

A notice for the meeting of Board of Commissioners shall be served by the President Commissioner, and in case of the President Commissioner is prevented from doing so, the meeting shall be

notified by the Deputy Chief Commissioner. In the event that the Deputy Chief Commissioner is prevented from doing so, the notice to the meeting shall be served by one of the members of the Board of Commissioners. The notice to the meeting of Board of Commissioners shall be served in writing containing the agenda, date, time, and the venue of Meeting, then delivered to each member of the Board of Commissioners against a sufficient receipt, or by the prepaid registered mail or courier service, email or any other means at the latest 3 (three) days prior to the meeting so that the BOC had the opportunity to examine information and/or request information additional prior to the meeting. However, if the meeting has been scheduled by the decision of the previous meeting, then do not call another meeting.

Meeting of the Board of Commissioners is chaired by the President Commissioner, if unable to do by the Deputy Chief Commissioner, and if unable to do by a member of the Board of Commissioners. Meeting is valid and may adopt binding resolutions if attended or represented by more than ½ (one half) the number of members of the Board of Commissioners. All decisions taken in a meeting with deliberation and consensus, if not achieved, the meeting decisions taken by majority vote. All decisions of the meeting are binding to all members of the Board of Commissioners.

There will be minutes of meeting made on each Board of Commissioners meeting which is signed by the Chairman of the Meeting and the Board of Commissioners in attendance.

In addition to the meetings as described above, the meeting of the Board of Commissioners also can be held through media teleconference, video conference or other electronic media that enables all meeting participants can see each other and/or hear directly as well as participating in the meeting.

Besides the Board of Directors and Secretary to the Board of Commissioners, the meeting is also attended by members of the Committees under the Board of Commissioners upon invitation of the President Commissioner. The President Commissioner may invite other guests as listed in Article 8 of the Board Charter.



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Meeting Date	Meeting Agenda	Wimboh Santoso***	Imam Apriyanto Putro	Aviliani	Goel Siau Hong	B.S Kusmulyono	Abdul Aziz	Askolani	Suwihono *	Ardan Adiperdana **
20 Jun	Approval of Revision of RBB (2016-2018) and 2016 RKAP	√	√	√	√	√	√	√		
22 Jun	1. Approval of Pension Benefit Increase and Other Benefits for Pension Fund Bank Mandiri 1 until 4 Participants in 2016 2. Approval of Credit Facility for Kimia Farma Group 3. Miscellaneous	√	√	√	√	√	√	√		
29 Jun	1. Approval of Credit Line Facility Extension under name Bank Mandiri (Europe) Limited 2. Approval of the Change in Provisions and Credit Covenant under name Mandiri Utama Finance	√	√	√	√	√	√	√		
20 Jul	1. Approval of Capital Injection for PT Bank Syariah Mandiri (Persero) Tbk. 2. Approval of Land Capping of PT Bank Mandiri (Persero) Tbk for MRT area	√	√	√	√	√	√	√		
27 Jul	Update on Problematic Debtors Handling	√	√	√	√	√	√	√		
3 Aug	Presentation of the Performance of PT Mandiri Sekuritas as of June 2016	√	√	√	√	√	√	√		
9 Aug	Interview with the Candidate of Audit Committee's Member	√	√	√	√	√	√	√		√
15 Aug	Follow Up on the Result of BPKP Review on Joint Venture Process with BC Card	√	√	√	√	√	√	√		√
24 Aug	1. The Commissioners' Approval for: • Extension, additional and provision of Credit Facility for Astra Group • Commercial Line New Facility Counter Guarantee of LC Import/SKBDN for PT Asuransi Jasa Indonesia (Persero)/ Jasindo 2. Monitoring reports of Business plans Bank (RBB) Semester 1/2016	√	√	√	√	√	√	√		√
7 Sep	Approval of Organizational Structure	√	√	√	√	√	√	√		√
14 Sep	1. Approval of Period Extension of Intraday Facility under name PT Mandiri Sekuritas 2. Persetujuan Perpanjangan Fasilitas Credit Line PT Bank Syariah Mandiri 3. Proposed QAB in Malaysia and Development Plan for Bank Mandiri's Network in ASEAN	√	√	√	√	√	√	√		√
28 Sep	Proposed the Additional Budget for 2016 Credit Account Write Off	√	√	√	√	√	√	√		√
12 Oct	Approval of Capital Injection Plan for PT Bank Mandiri Taspen Pos (Bank Mantap)	√	√	√	√	√	√	√		√
19 Oct	1. Approval of Proposal of Facility Extension for PT Federal International Finance and New Facility to several companies within Astra Group 2. Approval of KPBM Revision	√	√	√	√	√	√	√		√
26 Oct	1. Approval of Fund Provision to Related Party on Consumer Credit Facility and Credit Card 2. Approval of Period Extension of Facility and Facility Limit Increase to Related Party under name PT Ananta Auto Andalan 3. Approval of Investment Credit Facility, Extension of Facility Validity Period, and Changes in Terms and Condition under name Kimia Farma	√	√	√	√	√	√	√		√
2 Nov	Approval on the Extension and Enhancement of Credit Line Facility under the name of PT Bank Mandiri Taspen Pos	√	√	√	√	√	√	√		√
23 Nov	1. Approval of Proposal for Additional Budget -Write Off 2. Approval of Proposal for 2017 RKAP and RBB (2017-2019) 3. Approval of Proposal for 2016-2020 Bank Mandiri Corporate Plan 4. Approval of Credit Facility Extension to Related Party under name PT Tunas Ridean and PT Mandiri Utama Finance 5. Approval of Limit Increase and Availability Period Extension for Astra Group 6. Approval of Fund Provision to Related Party on Consumer Credit Facility and Credit Card.	√	√	√	√	√	√	√		√
30 Nov	Approval on Provision of Investment Credit Facility to PT Trans Bumi Serbaraja (TBS) - Astra Group	√	√	√	√	√	√	√		√
14 Dec	1. Update Collection tahun 2016 dan Strategi tahun 2017 2. Update on 2016 Collection and 2017 Strategy 3. Update on Operational Progress of BMEL and Overseas Offices 4. Update on Bank Mandiri Assets	√	√	√	√	√	√	√		√
21 Dec	1. Approval of Validity Period Extension and Limit Increase of PKS and MTF 2. Improvement of 2016 Board Charter	√	√	√	√	√	√	√		√
<b>Number of Meetings</b>		32	35	35	35	35	35	35	10	8
<b>Number of Attendance</b>		32	35	35	35	35	35	35	10	8
<b>Percentage of Attendance</b>		100%	100%	100%	100%	100%	100%	100%	100%	100%

\*) Serving as Commissioner until March 29, 2016. His term of office at Bank Mandiri is ended due to his new assignment as President Director of PT Berdikari (Persero)

\*\*) According to Fit and Proper Test result, Mr. Ardan Adiperdana served as a member of the BOC effective as of September 27, 2016.

\*\*) Mr. Wimboh Santoso effectively served as President Commissioner with regard to fit & proper test as of February 16, 2016.

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## Decrees of the Board of Commissioners in 2016

Throughout 2016, the Board of Commissioners has released the following policies:

Number	Date	Subject
KOM/036/2016	April 4, 2016	Change of Organizational Structure of PT Bank Mandiri (Persero) Tbk
KOM/070/2016	June 21, 2016	Revised 2016 RKAP and 2016-2018 Annual RBB of PT Bank Mandiri (Persero) Tbk
KOM/084/2016	July 20, 2016	Planning of Additional Capital of PT Bank Syariah Mandiri in 2016
KOM/123/2016	September 29, 2016	Proposal on Additional Budget for 2016 Credit Write Off
KOM/131/2016	October 19, 2016	Material of Credit Policy of Bank Mandiri

## Induction Program for the New Commissioner

In order to provide an overview of business activities, the Company's future plans, guides and other work that is the responsibility of the Board of Commissioners, Bank Mandiri conducts an induction program for new members of the Board of Commissioners which is prepared by the Corporate Secretary of the Group in the form of soft copy and hard copy documents.

Such documents among others Annual Report, the Work Plan and Budget (CBP), Long-Term Plan of the Company (RJPP), Articles of Association, Corporate Governance Policy, Code of Ethics, Work Program Committee of the Board of Commissioners and the Board of Commissioners, the Code of Conduct of the Board of Commissioners, Board of Directors Code of Conduct and the Code of Conduct of Committees under the Board of Commissioners, as well as laws and regulations related to the business process of Bank Mandiri.

Induction program is also conducted through on site (visits) to units in the Head Office, as well as in the region to meet and face to face with the ranks of Bank Mandiri in the Central and Regional Offices.

Regarding the change in composition of the Board of Commissioners of Bank Mandiri based on the AGMS Resolution dated March 21, 2016, Bank Mandiri conducted program of induction and enhancement of capabilities for the new Commissioner by distributing Codes Board (Board Manual) as a reference in carrying out the functions of supervisory duties.

Mr. Ardan Adiperdana as the new member of the Board of Commissioners who was appointed at AGMS has participated in the following induction program:

Type of Program	Date of Implementation
Refreshment Public Training – Optimizing Market Risk Management	15 December 2016

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## Program of Training/Competence Development for the BOC

In carrying out duties and responsibilities, the BOC shall possess strong commitment to enhance his/her knowledge and competence, particularly related to the banking industry development.

Throughout 2016, the BOC has participated in a series of trainings/workshops/seminars both domestic as well as overseas as follows:

BOC	Designation	Training/Workshop/Seminar	Date	Venue	Organizer
<b>Wimboh Santoso</b>	President Commissioner	Leadership Forum 2016	21-24 April 2016	Lombok	Bank Mandiri
		Investor Conference dan Non Deal Road show	28-30 April 2016	New York, Boston, San Fransisco – USA	World Economic Forum
		2017 Economic Outlook Seminar "Facing Global Challenges For Better Economic Growth in 2017"	9 December 2016	Jakarta	IBI – LSPP
<b>Imam Apriyanto Putro</b>	Deputy Chief Commissioner Utama	Kunjungan Kerja Dekom	2 December 2016	Semarang	Bank Mandiri
<b>Aviliani</b>	Independent Commissioner	Leadership Forum 2016	21-24 April 2016	Lombok	Bank Mandiri
		Interviewee at Socialization of Indonesian Economy in Myanmar	17-18 August 2016	Myanmar	ISEI
		Refreshing of BARa Risk Certification - Enhancing The Power of Enterprise Risk Management in Creating a Sound Bank and Financial Risk Management	18-22 September 2016	Stockholm-Sweden	BARA
		2017 Economic Outlook Seminar "Facing Global Challenges For Better Economic Growth in 2017"	9 December 2016	Jakarta	IBI – LSPP
<b>Goei Siauw Hong</b>	Independent Commissioner	Leadership Forum 2016	21-24 April 2016	Lombok	Bank Mandiri
		Bank Mandiri CFO Sharing Forum 2016 "Optimizing Growth in Uncertain Economic Condition"	28-29 July 2016	Singapore	Bank Mandiri
		Internal Rating Based Basel II - Credit Risk	8 November 2016	Hotel Pullman-Jakarta	GPS & Partner – Consulting Group
		Investor Conference dan Non Deal Road show Nomura	28 November 2016	Tokyo-Jepang	Nomura
<b>B. S. Kusmulyono</b>	Independent Commissioner	Leadership Forum 2016	21-24 April 2016	Lombok	Bank Mandiri
		Overseas Training - University of California Berkeley Center "Asean Global Leadership Program" by SRW & Co	8 – 13 May 2016	USA	University of Berkeley
		FKDP Seminar "The Readiness of Banking in Facing the Assessment of Financial Action Tas Force on Money Laundering (FATF)"	26 May 2016	Jakarta	Forum Komunikasi Direktur Kepatuhan
		Refreshment Public LSPP - Managing Risk for a Healthy Credit Portfolio	16 November 2016	Hotel Pullman-Jakarta	LSPP
<b>Abdul Aziz</b>	Independent Commissioner	Leadership Forum 2016	21-24 April 2016	Lombok	Bank Mandiri
		Bara Risk Forum : Revisit Entrprise Risk Management and Learning Best Practices of Credit Risk Management	30 November 2016	Bandung	BARA
<b>Askolani</b>	Commissioner	Leadership Forum 2016	21-24 April 2016	Lombok	Bank Mandiri
		2017 Economic Outlook Seminar "Facing Global Challenges For Better Economic Growth in 2017"	9 December 2016	Jakarta	IBI – LSPP
<b>Ardan Adiperdana</b>	Commissioner	Leadership Forum 2016	21-24 April 2016	Lombok	Bank Mandir
		FKDP Seminar "The Readiness of Banking in Facing the Assessment of Financial Action Task Force on Money Laundering (FATF)"	15 December 2016	Jakarta	Bank Mandiri

## Assessment of the Board of Commissioners' Performance

Once a year, the assessment of performance of the Board of Commissioners is conducted by using the method of self assessment. The success of the performance of the Board of Commissioners is measured by observing risk profile aspects, Good Corporate Governance (GCG), earnings and bank capital which are reflected the Healthy Level of Bank. The Board of Commissioners performance measurement of success is an integral part in the scheme of compensation/incentives for the Board of Commissioners which can be viewed in the realization of the Annual Work Plan Budget (CBP) as the result of the collegial work of the entire Board of Commissioners.

The Shareholders render the results of the performance evaluation of the Board of Commissioners as a whole and the performance of each of the Board of Commissioners individually as basic considerations for Shareholders to discharge and/or reappointed Board of Commissioners concerned.

### Assessment Procedures for the Board of Commissioners' Performance

The performance of the Board of Commissioners is reported to the shareholders at GMS and assessed based on criteria which are relevant to the implementation of duties and responsibilities of the Board of Commissioners covering several aspects: structural and operational, briefing and supervision as well as reporting.

### Indicators of Performance Evaluation of the BOC

The indicators that used in evaluating the performance of the BOC are as follows:

1. Implementation of duties and supervisory function of the Commissioner according to the Articles of Association;
2. Compliance with regulations;
3. Healthy level of Bank;
4. Level of attendance at the meeting of the Board of Commissioners as well as meetings with existing committees;
5. Involvement of the BOC in specific assignments.

### Parties to Conduct Assessment

Aside from the Self Assessment method, the assessment of the performance of the Board of Commissioners can be conducted by GMS and Bank Indonesia. The assessment by Bank Indonesia is conducted with reference to the Circular of Bank Indonesia No.15/15/DPNP on Implementation of Corporate Governance for Commercial Banks whereas the assessment is based on the report of GCG self assessment to Bank Indonesia on regular basis. The indicators used for assessment are related to the implementation of duties and responsibilities of the Board of Commissioners including the TARIF principles in running the supervisory function to the management of Bank Mandiri.

While the assessment by GMS is conducted when the Board of Commissioners submits the supervisory report that has been done during the fiscal year as mentioned in the Annual Report. Furthermore, the GMS will grant full release and discharge (acquitt et decharge) to the Board of Commissioners for the relevant financial year of operations.

### Mechanism of Resignation and Dismissal of the BOC

As stipulated in Article 15 of the Articles of Association of Bank Mandiri, the mechanism of resignation of the BOC is as follows:

- a. A member of the BOC may voluntary resign from his/her office prior to expiry of his/her term of office and the relevant member of the BOC shall submit the written notice regarding such intention to the Company.

The Company shall convene a GMS to resolve the application for resignation of the said member of the BOC not later than 90 (ninety) days as of the date of the said application for such resignation received.

If the GMS is convened less than 90 (ninety) days and resolves to accept such resignation of the said member of the BOC, the GMS may resolve to accept such resignation effective earlier than 90 (ninety) days after such application for resignation.

- b. The resigned member of the BOC shall be discharged from any duties after the GMS properly accepts such resignation and obtain release and discharge from the Annual GMS.

While the mechanism of dismissal of the BOC is as follows:

- a. The BOC can be dismissed by virtue of a resolution of the GMS by stating the reasons thereof, i.e.:
  3. failed to comply with the laws and regulations and/or provisions of the Articles of Association.
  4. involved in any action harming the Company and/or the State;
  5. being declared guilty under the final and enforceable court verdict; or
  6. voluntary resignation ;
  7. other reasons deemed properly by the GMS for the purposes and interests of the Company.
- b. The relevant member of the BOC is being rendered an opportunity to defend him/her self in the relevant GMS in respect of the dismissal.

### Loan Policy for the Board of Commissioners

The internal regulation of Bank Mandiri discloses that the Board of Commissioners is treated equally with regular customers and there is no special interest loan for the Board of Commissioners. In 2016, none of the members of the Board of Commissioners received the loan from Bank Mandiri. If there is loan for the Board of Commissioners, therefore it will be counted based on legal lending limit of Bank Mandiri pursuant to Regulation of Bank Indonesia No. 8/13/PBI/2006 dated 5 October 2006.

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## The Board of Directors

Board of Directors is one of the Company's main organs that plays an important role which is responsible collegially on the Company's management for the interest and purpose of the Company.

As stipulated in the Articles of Association of the Company, the Board of Directors is entitled to represent the Company, both inside and outside the court.

As a manifestation of the accountability of the Company's management, the Board of Directors is responsible to GMS according to the GCG principles.

### Duties and Responsibilities of the Board of Directors

The main duties of the Board of Directors according to the Articles of Association are:

- a. To operate and responsible for the management of the Company for the interests of and in accordance with the purposes and objectives of the Company stipulated in the Articles of Association, and lead the management of the Company.
- b. To maintain and manage the Company's assets.

The Board of Directors shall be fully responsible for the performance of their duties for the interests of the Company in order to achieve the Company's purposes and objectives.

### Charter of the Board of Directors

As a commitment of the Board of Directors in order to carry out the role and management function of the company as well as to manage the relationship with the Board of Commissioners effectively, therefore the Board Manual was established by virtue of the Decree of the Board of Directors No KEP. DIR/69/2015 dated February 23, 2015 which consists of:

1. General Provisions
2. Capacity to Act
3. Organization and Area of Division
4. General Policy
5. Work Ethics and Working Time
6. Meetings of the Board of Directors
7. Committee
8. Correspondences

Such Board Manual contains the explanation of the working relationship between the Board of Directors and the Board of Commissioners in carrying out their duties in order to create a professional, transparent and efficient management of the Company.

The establishment of such Board Manual has been complied with corporate law principles, legislation in force, Articles of Association, resolutions of the GMS and GCG principles.

### Authorities of the Board of Directors

As stipulated in the Board Charter, the Board of Directors has two authorities, namely authority to represent and authority to make decision as specified below:

#### 1. Capacity to Represent

- a. The Board of Directors will be entitled to represent the Bank before and outside the court and to take any actions and perform, whether concerning the management or concerning ownership, as well as to bind the Bank with other parties and/or other parties with the Bank.
- b. The President Director will be entitled and authorized to represent the Company for and on behalf of the Board of Directors. If the President Director is not available or is unavailable for any reason, the Vice President Director will be entitled and authorized to represent the Bank for and on behalf of the Board of Directors. In the event that the Vice President Director is not available or is unavailable for any reason 1 (one) other member of the Board of Directors will be appointed and authorized by virtue of a resolution of the Board of Directors Meeting to represent the Bank for and on behalf of the Board of Directors. In the absence of the resolution of the Board of Directors on such appointment, 2 (two) other members of the Board of Directors will be entitled and authorized to represent the Bank for and on behalf of the Board of Directors.
- c. For facilitating the performance of its daily duties, the Board of Directors confers authorities to each Director to independently represent the Bank according to their respective duties for and on behalf of the Board of Directors as stipulated in a separate document.
- d. For certain actions the Board of Directors will be entitled to appoint one person or more as its representatives or proxies by conferment him or them authorities to take such certain actions as provided for in the power of attorney.

#### 2. Capacity to Make Decision

- a. Authority of the Board of Directors to make decisions may be specifically delegated to other Members of the Board of Directors, as stipulated in the Bank's Articles of Association.

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- b. Authority to make decisions as referred to in point 1 may be specifically delegated to the members of the Board of Directors in compliance with the provisions of the Articles of Association, Job Description and the provisions of the Bank's Alternate Board of Directors.

## Obligations of the Board of Directors

The Board of Directors is obliged to carry out management of the company with good faith and put the Bank's interest in priority above personal interest.

## Criteria for Determination of Board of Directors

Bank management should meet the requirements of integrity, competency, and financial reputation. In order to meet the requirements of integrity, candidates for the BOD of bank must have good moral character and commitment to comply with applicable laws and regulations, have a strong commitment to the development of a healthy bank operations and are not included in the Disqualified List.

Meanwhile, in order to meet the competency requirements of Directors shall have adequate knowledge in the field of banking relevant to the position, having experience and expertise in banking and/or finance and have the ability to perform strategic management in order to develop a healthy bank. In addition, it required also that the majority of members of the Board of Directors shall have operational experience in the bank at least 5 (five) years as an executive officer at the bank.

Prospective members of the Board of Directors must meet the requirements of financial reputation, namely:

- Not included in the list of bad debts; and
- Not been declared bankrupt or become directors or commissioners found at fault in causing a company to go bankrupt, within 5 (five) years prior to nomination.

## Directors' Determination Procedure

Someone who was appointed as Directors must undergo Fit and Proper Test before performing their duties as Directors of the Bank, as stipulated in the Regulation of the Financial Services Authority No. 27/POJK.03/2016 on Fit And Proper Home For The Financial Services Institute. Since 2014 the function of Fit and Proper Test for BOD and BOC has been transferred from Bank Indonesia to Financial Services Authority. Therefore management of a Bank must graduate in the fit and proper test conducted by the Financial Services Authority.

In a fit and proper test. Board candidates submitted by the Bank in the petition amount to a maximum of two (2) people for each vacancy, and the determination of candidates proposed has been conducted in accordance with the applicable legislation. The fit and proper test conducted by the FSA, including administrative research and interviews. Approval or rejection of the application by the FSA no later than 30 (thirty) days after receipt of the complete application.

If the candidate who requested the approval of the FSA has been approved and appointed as the Bank Management in accordance GMS, but is concerned not approved by the FSA, the Bank through the AGM shall dismiss concerned. Candidate Management of Banks that have not been approved by the FSA prohibited from doing duty as a Member of the Board of Directors in the operations of the Bank and or other activities that have a significant influence on the policies and financial condition of the Bank, although it has been approved and appointed by the AGM.

## Policy of Diversity in Board of Directors' Composition

Composition of the Board of Directors of Bank Mandiri established taking into account the needs and complexity of the bank including attention to elements of diversity that includes education, skills, knowledge, and experience required. Composition of the Board of Directors of Bank Mandiri, which at this time has met the elements of such diversity as reflected in the Profile of Directors on page 78-83.

The diversity of the composition of the Board of Directors has met the elements of diversity which is a combination of the education, work experience and age. Associated with such diversity, the bank has a Director in charge / charge of accounting or finance, Mr Pahala N. Mansury, qualifications, background, certification training and work experience in finance (his profile can be viewed at the Board of Directors profile page 80).

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### Aspects of Diversity

Education	The diversity of educational backgrounds Directors of the Bank, indicated by a mix of education, namely: <ul style="list-style-type: none"> <li>• Qualification includes the level of Bachelor and Masters</li> <li>• Competence areas including Finance, Accounting, Management, Electrical Engineering, Information Systems Management, Business Administration, Dentistry, Agriculture, Animal Husbandry.</li> </ul>
Work Experience	Diversity of work experiences Directors of Bank Mandiri, among others, namely: besides there is coming from a career officer of Bank Mandiri, Bank Mandiri Board members are professionals in various hierarchy at the national banks, multinationals and other financial institutions. While Based on the experience of all members of the Board of Directors have work experience in the field of Financial Services in particular Bank.
Age	Diversity Directors of the Bank are in the age range is quite productive, the age group 43-50 years = 3 and 51-68 years = 7
Gender	There is one woman member of the Board of Directors in Bank Mandiri

The diversity of the composition of the Board of Directors has met the elements of diversity which is a combination of the education, work experience and age.

As the Company grows, Bank Mandiri has dealt with more complex problems. Therefore, with the diverse composition of the Board of Directors, it is expected to provide several alternatives to solve the problem and produce the best result.

## Scope of Work and Responsibilities of Each Member of the Board of Directors

### President Director

1. To conduct management of the Company for the interest of the Company and in accordance with the purposes and objectives of the Company.
2. To perform all acts and deeds regarding the management as well as the ownership of the Company's assets.
3. To perform his duties in good faith and with full responsibility with due observance of the Articles of Association, Resolutions of GMS and prevailing laws and regulations.
4. To take full responsibility personally for the loss of the Company when deemed guilty or negligent in their duties for the interest and business of the Company unless it can be proved, among others, by managing the Company with good faith and prudence for the interest and in accordance with the purposes and objectives of the Company.
5. To represent the Company before and outside the Court in all respects and events; both the management and the ownership, binding the Company with other parties and other parties with the Company.
6. To coordinate policy and strategy unit under the supervision of President Director as contained in the Decree of the Board of Directors related to the job descriptions and authorities of members of the Board of Directors.
7. To monitor and evaluate the activities of Region Builder Director.

### Vice President Director

1. **Policies and Strategies**
  - a. Directing, evaluating, and promoting policies and strategies across areas of responsibility.
  - b. Directing and evaluating the preparation of short term, medium term and long term Business Plan and Action Plan to be in line with Company policy.

### 2. Operational Activities

- a. Directing, evaluating, and coordinating the implementation of the management of the Company as set out in the Articles of Association, the decision of the AGM of the Company, and legislation.
- b. To direct, evaluate, and coordinate the work units under the coordination of the Vice President Director, in coordination with the President Director and other Directors.
- c. Together with President Director in directing the processes of change that are needed to meet the challenges of market competition of the Company's products and services by taking into account risk aspects.
- d. Together with President Director coordinate the implementation of the Region Builder Director in directing and fostering Regional CEO to achieve the target market (market share) and increase the volume of business (funding and credit) of the Company throughout Region/Regional.
- e. To maintain the company image and establish a good relationship with regulators and stakeholders.

### 3. Human Resources

- a. To assist the President Director to provide direction of Human Resources Policy of Bank Mandiri
- b. Together with President Director determine the job descriptions between the Board of Directors and establish organizational structure with due observance of the Articles of Association of the Company.

### Director of Operations

#### 1. Policy and Strategy

- a. Directing, evaluating, and socializing the policy and strategy in operations.
- b. To direct and evaluate the preparation of short term, medium term and long term Business Plan and Action Plan to be in line with Company policy.
- c. To support the Director of Distributions in directing and fostering Regional to transform the distribution network, optimization of business units in the region

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both in terms of financial, service excellence, Good Corporate Governance and Fraud Prevention, as well as to achieve and increase the designated target volume of business (funds and loans).

## 2. Operational Activities

- a. Directing, evaluating, and coordinating the implementation of the management of the Company in the areas of Operations, as stipulated in the Articles of Association, the Resolutions of AGM of the Company, and legislation.
- b. Directing, evaluating, and coordinating work units in the areas of Operations, as well as coordinating with other Directors.
- c. Coordinating and directing the preparation of the Company's service strategy, consolidation of communication and programs to improve the quality of service to customers.
- d. Coordinating and directing the optimization of the use of customer data to support the business activities of the Company.
- e. Coordinating and directing the preparation and management procedures for handling complaints and customer disputes.
- f. Maintaining the company image and establishing a good relationship with regulators and stakeholders.
- g. Supporting the role of Regional CEO in performing coordination functions to align with other Strategic Business Unit.

## 3. Human Resources

Leading and directing the policies of Human Resources (HR) under the coordination of areas of Operations, including proposing the recruitment, promotion, transfer/ rotation, coaching and training through coordination with SEVP Human Capital.

## Director of Finance & Treasury

### 1. Policy and Strategy

- a. Directing, evaluating, and socializing the policy and strategy in Finance & Treasury.
- b. To direct and evaluate the preparation of short term, medium term and long term Business Plan and Action Plan to be in line with Company policy.
- c. To support the Director of Distributions in directing and fostering Regional to transform the distribution network, optimization of business units in the region both in terms of financial, service excellence, Good Corporate Governance and Fraud Prevention, as well as to achieve and increase the designated target volume of business (funds and loans).

### 2. Operational Activities

- a. Directing, evaluating, and coordinating the implementation of the management of the Company in the field of Finance & Treasury as stipulated in the Articles of Association, the decision of the AGM of the Company, and legislation.
- b. Directing, evaluating, and coordinating the work units and subsidiaries which are in the field of Finance and

- c. Treasury, as well as coordinating with other Directors.
- c. Leading, directing, and coordinating the development as well as offering the best products of Finance and Treasury and ensuring that development as well as the offering are the products with high quality and competitive.
- d. Leading and coordinating the arrangement of Finance & Treasury products aggressively with due observance of Company policy and the precautionary principle.
- e. Leading and coordinating an effective promotion of Finance & Treasury products according to the market research and customer segments.
- f. Fostering customer relations through the visit (on the spot) and monitoring the customer projects on a regular basis.
- g. Maintaining the company image and establishing a good relationship with regulators and stakeholders.
- h. Supporting the role of Regional CEO in performing coordination functions to align with other Strategic Business Unit.

### 3. Human Resources

Leading and directing the policies of Human Resources (HR) under the coordination of areas of Finance & Treasury, including proposing the recruitment, promotion, transfer/ rotation, coaching and training through coordination with SEVP Human Capital.

## Director of Corporate Banking

### 1. Policy and Strategy

- a. Directing, evaluating, and socializing the policy and strategy in Corporate Banking.
- b. To direct and evaluate the preparation of short term, medium term and long term Business Plan and Action Plan to be in line with Company policy.
- c. To support the Director of Distributions in directing and fostering Regional to transform the distribution network, optimization of business units in the region both in terms of financial, service excellence, Good Corporate Governance and Fraud Prevention, as well as to achieve and increase the designated target volume of business (funds and loans).

### 2. Operational Activities

- a. Directing, evaluating, and coordinating the implementation of the management of the Company in the field of Corporate Banking as stipulated in the Articles of Association, the decision of the AGM of the Company, and legislation.
- b. Directing, evaluating, and coordinating the work units and subsidiaries which are in the field of Corporate Banking, as well as coordinating with other Directors.
- c. Leading, directing, and coordinating the development as well as offering the best products of Corporate Banking and ensuring that development as well as the offering are the products with high quality and competitive.
- d. Leading and coordinating the arrangement of Corporate Banking products aggressively with due observance of Company policy and the precautionary principle.

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- e. Leading and coordinating an effective promotion of Corporate Banking products according to the market research and customer segments.
- f. Fostering customer relations through the visit (on the spot) and monitoring the customer projects on a regular basis.
- g. Maintaining the company image and establishing a good relationship with regulators and stakeholders.
- h. Supporting the role of Regional CEO in performing coordination functions to align with other Strategic Business Unit.

### 3. Human Resources

Leading and directing the policies of Human Resources (HR) under the coordination of areas of Corporate Banking, including proposing the recruitment, promotion, transfer/ rotation, coaching and training through coordination with SEVP Human Capital.

## Director of Distributions

### 1. Policy and Strategy

- a. Directing, evaluating, and socializing the policy and strategy in Distributions.
- b. To direct and evaluate the preparation of short term, medium term and long term Business Plan and Action Plan to be in line with Company policy.
- c. To support the Director of Distributions in directing and fostering Regional to transform the distribution network, optimization of business units in the region both in terms of financial, service excellence, Good Corporate Governance and Fraud Prevention, as well as to achieve and increase the designated target volume of business (funds and loans).

### 2. Operational Activities

- a. Directing, evaluating, and coordinating the implementation of the management of the Company in the field of Distributions as stipulated in the Articles of Association, the decision of the AGM of the Company, and legislation.
- b. Directing, evaluating, and coordinating the work units and subsidiaries which are in the field of Distributions, as well as coordinating with other Directors.
- c. Leading and coordinating the distribution of Bank Mandiri products through units which run the Distribution function aggressively with due observance of the Company policy and precautionary principle.
- d. Fostering customer relations through the visit (on the spot) and monitoring the customer projects on a regular basis.
- e. Maintaining the company image and establishing a good relationship with regulators and stakeholders.
- f. Supporting the role of Regional CEO in performing coordination functions to align with other Strategic Business Unit.

### 3. Human Resources

Leading and directing the policies of Human Resources (HR) under the coordination of areas of Operations, including proposing the recruitment, promotion, transfer/ rotation, coaching and training through coordination with SEVP Human Capital.

## Director of Retail Banking

### 1. Policy and Strategy

- a. Directing, evaluating, and socializing the policy and strategy in Retail Banking.
- b. To direct and evaluate the preparation of short term, medium term and long term Business Plan and Action Plan to be in line with Company policy.
- c. To support the Director of Distributions in directing and fostering Regional to transform the distribution network, optimization of business units in the region both in terms of financial, service excellence, Good Corporate Governance and Fraud Prevention, as well as to achieve and increase the designated target volume of business (funds and loans).

### 2. Operational Activities

- a. Directing, evaluating, and coordinating the implementation of the management of the Company in the field of Retail Banking as stipulated in the Articles of Association, the decision of the AGM of the Company, and legislation.
- b. Directing, evaluating, and coordinating the work units and subsidiaries which are in the field of Retail Banking, as well as coordinating with other Directors.
- c. Leading, directing, and coordinating the development as well as offering the best products of Retail Banking and ensuring that development as well as the offering are the products with high quality and competitive.
- d. Leading and coordinating the arrangement of Retail Banking products aggressively with due observance of Company policy and the precautionary principle.
- e. Leading and coordinating an effective promotion of Retail Banking products according to the market research and customer segments.
- f. Leading and directing the front liner marketers to implement Standard of Procedures in Retail Banking correctly.
- g. Fostering customer relations through the visit (on the spot) and monitoring the customer projects on a regular basis.
- h. Maintaining the company image and establishing a good relationship with regulators and stakeholders.
- i. Supporting the role of Regional CEO in performing coordination functions to align with other Strategic Business Unit.

### 3. Human Resources

Leading and directing the policies of Human Resources (HR) under the coordination of areas of Retail Banking, including proposing the recruitment, promotion, transfer/ rotation, coaching and training through coordination with SEVP Human Capital.

## Director of Risk Management & Compliance

### 1. Policy and Strategy

- a. Directing, evaluating, and socializing the policy and strategy in Risk Management & Compliance.
- b. To direct and evaluate the preparation of short term, medium term and long term Business Plan and Action Plan to be in line with Company policy.
- c. To support the Director of Distributions in directing and

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fostering Regional to transform the distribution network, optimization of business units in the region both in terms of financial, service excellence, Good Corporate Governance and Fraud Prevention, as well as to achieve and increase the designated target volume of business (funds and loans).

## 2. Operational Activities

- a. Directing, evaluating, and coordinating the implementation of the management of the Company in the field of Risk Management & Compliance as stipulated in the Articles of Association, the decision of the AGM of the Company, and legislation.
- b. Directing, evaluating, and coordinating the work units and subsidiaries which are in the field of Risk Management & Compliance, as well as coordinating with other Directors.
- c. Coordinating and directing the implementation of good corporate governance principles
- d. Determining actions needed to ensure that Bank has complied with all prevailing rules and regulations as well as maintaining the business activity for not being distorted from the regulations.
- e. Monitoring and maintaining the Bank's compliance to all agreements and commitments made by Bank to external party.
- f. Developing work organization of Risk Management & Compliance so that the Company has policy, procedure and reliable method in implementing Risk Management & Compliance.
- g. Monitoring compliance and supervision action attached to all work units of Risk Management & Compliance.
- h. Coordinating, directing and monitoring the handling of complex and/or bankwide legal cases through legal advice provision to work units, management as well as optimizing legal officer.
- i. Coordinating, directing and monitoring legal action effectively through integrated case handling with clear target.
- j. Maintaining the company image and establishing a good relationship with regulators and stakeholders.
- k. Supporting the role of Regional CEO in performing coordination functions to align with other Strategic Business Unit.

## 3. Human Resources

Leading and directing the policies of Human Resources (HR) under the coordination of areas of Risk Management & Compliance, including proposing the recruitment, promotion, transfer/ rotation, coaching and training through coordination with SEVP Human Capital.

### Director of Commercial Banking

#### 1. Policy and Strategy

- a. Directing, evaluating, and socializing the policy and strategy in Commercial Banking.
- b. To direct and evaluate the preparation of short term, medium term and long term Business Plan and Action Plan to be in line with Company policy.
- c. To support the Director of Distributions in directing and fostering Regional to transform the distribution

network, optimization of business units in the region both in terms of financial, service excellence, Good Corporate Governance and Fraud Prevention, as well as to achieve and increase the designated target volume of business (funds and loans).

## 2. Operational Activities

- a. Directing, evaluating, and coordinating the implementation of the management of the Company in the field of Commercial Banking as stipulated in the Articles of Association, the decision of the AGM of the Company, and legislation.
- b. Directing, evaluating, and coordinating the work units and subsidiaries which are in the field of Commercial Banking, as well as coordinating with other Directors.
- c. Leading, directing, and coordinating the development as well as offering the best products of Commercial Banking and ensuring that development as well as the offering are the products with high quality and competitive.
- d. Leading and coordinating the arrangement of Commercial Banking products aggressively with due observance of Company policy and the precautionary principle.
- e. Leading and coordinating an effective promotion of Commercial Banking products according to the market research and customer segments.
- f. Leading and directing the front liner marketers to implement Standard of Procedures in Commercial Banking correctly.
- g. Fostering customer relations through the visit (on the spot) and monitoring the customer projects on a regular basis.
- h. Maintaining the company image and establishing a good relationship with regulators and stakeholders.
- i. Supporting the role of Regional CEO in performing coordination functions to align with other Strategic Business Unit.

## 3. Human Resources

Leading and directing the policies of Human Resources (HR) under the coordination of areas of Commercial Banking, including proposing the recruitment, promotion, transfer/ rotation, coaching and training through coordination with SEVP Human Capital.

### Director of Digital Banking & Technology

#### 1. Policy and Strategy

- a. Directing, evaluating, and socializing the policy and strategy in Digital Banking & Technology.
- b. To direct and evaluate the preparation of short term, medium term and long term Business Plan and Action Plan to be in line with Company policy.
- c. To support the Director of Distributions in directing and fostering Regional to transform the distribution network, optimization of business units in the region both in terms of financial, service excellence, Good Corporate Governance and Fraud Prevention, as well as to achieve and increase the designated target volume of business (funds and loans).

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## 2. Operational Activities

- a. Directing, evaluating, and coordinating the implementation of the management of the Company in the field of Digital Banking & Technology as stipulated in the Articles of Association, the decision of the AGM of the Company, and legislation.
- b. Directing, evaluating, and coordinating the work units and subsidiaries which are in the field of Digital Banking & Technology, as well as coordinating with other Directors.
- c. Leading, directing, and coordinating the development as well as offering the best products of Digital Banking & Technology and ensuring that development as well as the offering are the products with high quality and competitive.
- d. Leading and coordinating the arrangement of Digital Banking & Technology products aggressively with due observance of Company policy and the precautionary principle.
- e. Leading and coordinating an effective promotion of Digital Banking & Technology products according to the market research and customer segments.
- f. Developing Information Technology to work as a business partner with all units within the Company's organization and ensure that the Company has the most appropriate technology solutions for the current situation and business requirements in the future through planning of information technology effectively and efficiently, development, achievement, implementation, maintenance and ongoing support.
- g. Coordinating and directing the optimization of customer data usage to support the Company's business activities.
- h. Fostering customer relations through the visit (on the spot) and monitoring the customer projects on a regular basis.
- i. Maintaining the company image and establishing a good relationship with regulators and stakeholders.
- j. Supporting the role of Regional CEO in performing coordination functions to align with other Strategic Business Unit

## 3. Human Resources

Leading and directing the policies of Human Resources (HR) under the coordination of areas of Digital Banking & Tehcnology, including proposing the recruitment, promotion, transfer/ rotation, coaching and training through coordination with SEVP Human Capital.

## Number and Composition of the Board of Directors

The determination of the Board of Directors' number as referred to in the applicable regulations such as PBI No.8/4/PBI/2006 as amended by PBI No.8/14/PBI/2006 on Implementation of GCG for Commercial Banks, stating that a number of the members of the Board of Directors at, while pursuant to POJK No.33/POJK.04/2014 on Board of Directors and Board of Commissioners, mentioning that members of the Board of Directors

In order to achieve effectivity in decision making, the number of the Board of Directors has been determined by virtue of the needs to achieve purpose and objective of the company and being adapted for the company's condition which covers characteristic, capacity and size of the Company.

### Composition of the Board of Directors Before Annual GMS

Name	Designation	Legal Basis of Appointment	Term of Office	Fit and Proper Test Organizer	Domicile
Budi Gunadi Sadikin	President Director	The Annual General Meeting's decision, dated April 2, 2013 (shifting positions of Director became President Director)	April 23, 2013 – 2016	Bank Indonesia 31 Juli 2013 (as President Director)	Indonesia
Sulaiman A. Arianto	Vice President Director	The Annual General Meeting's decision, dated March 16, 2015	March 16, 2015 – Current	Financial Services Authority June 19, 2015	Indonesia
Sentot A. Sentausa	Director of Distributions	The Annual General Meeting, dated June 2, 2006	June 2, 2006 – 2016	Bank Indonesia October 3, 2006	Indonesia
Ogi Prastomiyono	Director of Technology & Operation	The Annual General Meeting dated May 29, 2008	May 29, 2008 – Current	Bank Indonesia July 12, 2010	Indonesia
Pahala N. Mansury	Director of Treasury & Markets	The Annual General Meeting dated May 17, 2010	May 17, 2010 – Current	Bank Indonesia July 12, 2010	Indonesia
Royke Tumilaar	Director of Corporate Banking	The Annual General Meeting dated May 23, 2011	May 23, 2011 – Current	Bank Indonesia July 15, 2011	Indonesia
Hery Gunardi	Director of Consumer Banking	The Annual General Meeting dated 2 April 2013	2 April 2013 – Current	Bank Indonesia June 27, 2013	Indonesia
Tardi	Director of Micro & Business Banking	The Annual General Meeting, dated March 16, 2015	March 16, 2015 – Current	Financial Services Authority September 16, 2015	Indonesia
Ahmad Siddik Badruddin	Director of Risk Management & Compliance	The Annual General Meeting, dated March 16, 2015	March 16, 2015– Current	Financial Services Authority June 19, 2015	Indonesia

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Name	Designation	Legal Basis of Appointment	Term of Office	Fit and Proper Test Organizer	Domicile
Kartini Sally	Director of Commercial Banking	The Annual General Meeting, dated March 16, 2015	March 16, 2015 – Current	Financial Services Authority June 1, 2015	Indonesia
Kartika Wirjoatmodjo	Director of Finance & Strategy	The Annual General Meeting, dated March 16, 2015	March 16, 2015 – Current	Financial Services Authority July 3, 2015	Indonesia

In 2016, there was change in composition of the Board of Directors. Pursuant to the resolutions of AGMS dated March 21, 2016, Kartika Wirjoatmodjo who previously served as Director was then appointed as President Director, replacing Budi Gunadi Sadikin. At the same time, Rico Usthavia Frans was also appointed as Director, replacing Sentot A. Sentausa. Therefore, the members of the Board of Directors as of December 31, 2016 were 10 person consisting one President Director, one Vice President Director and 8 Directors with the following details:

Name	Designation	Legal Basis of Appointment	Term of Office	Fit and Proper Test Organizer	Domicile
Kartika Wirjoatmodjo	President Director	The Annual General Meeting dated March 21, 2016	2016 – Current	Financial Services Authority May 11, 2016	Indonesia
Sulaiman A. Arianto	Vice President Director	The Annual General Meeting's decision, dated March 16, 2015	March 16, 2015 – Current	Financial Services Authority June 19, 2015	Indonesia
Ogi Prastomiyono	Director of Operations	The Annual General Meeting's decision, dated May 29, 2008	May 29, 2008 – Current	Bank Indonesia December 12, 2008	Indonesia
Pahala N. Mansury	Director of Finance & Treasury	The Annual General Meeting dated May 17, 2010	May 17, 2010 – Current	Bank Indonesia July 12, 2010	Indonesia
Hery Gunardi	Director of Distributions	The Annual General Meeting dated 2 April 2013	2 April 2013 – Current	Bank Indonesia June 27, 2013	Indonesia
Tardi	Director of Retail Banking	The Annual General Meeting, dated March 16, 2015	March 16, 2015 – Current	Financial Services Authority September 16, 2015	Indonesia
Ahmad Siddik Badruddin	Director of Risk Management & Compliance	The Annual General Meeting, dated March 16, 2015	March 16, 2015 – Current	Financial Services Authority June 19, 2015	Indonesia
Kartini Sally	Director of Commercial Banking	The Annual General Meeting, dated March 16, 2015	March 16, 2015 – Current	Financial Services Authority June 1, 2015	Indonesia
Royke Tumilaar	Director of Corporate Banking	The Annual General Meeting dated March 21, 2016	2016 – Current	Financial Services Authority	Indonesia
Rico Usthavia Frans	Director of Digital Banking & Technology	The Annual General Meeting dated March 21, 2016	2016 – Current	Financial Services Authority July 18, 2016	Indonesia

## Fit and Proper Test

As well as the Board of Commissioners, the Board of Directors as the Bank's management shall meet the requirements of integrity, competence and financial reputation as well as to pass fit and proper test organized by Financial Services Authority as stipulated in POJK No.27/POJK.03/2016 on Fit and Proper Test for the Primary Party of Financial Services Institutions.

Each member of the Board of Directors has passed Fit and Proper Test held by Bank Indonesia or Financial Services Authority as can be seen in the following table:

Name	Designation	Fit and Proper Test Organizer	Effective Appointment Date
Kartika Wirjoatmodjo	President Director	Financial Services Authority	May 17, 2016
Sulaiman A. Arianto	Vice President Director	Financial Services Authority	June 25, 2015
Ogi Prastomiyono	Director of Technology & Operation	Bank Indonesia	December 24, 2008
Pahala N. Mansury	Director of Finance & Treasury	Bank Indonesia	July 16, 2010
Hery Gunardi	Director of Distribution	Bank Indonesia	July 4, 2013
Tardi	Director of Retail Banking	Financial Services Authority	September 22, 2015
Ahmad Siddik Badruddin	Director of Risk Management & Compliance	Financial Services Authority	June 25, 2015
Kartini Sally	Director of Commercial Banking	Financial Services Authority	June 10, 2015
Royke Tumilaar	Director of Corporate Banking	Financial Services Authority	June 15, 2015

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Name	Designation	Fit and Proper Test Organizer	Effective Appointment Date
Rico Usthavia Frans	Director of Digital Banking & Technology	Financial Services Authority	July 20, 2016

## Criteria and Independence of the Board of Directors

Independence of Bank Mandiri's Board of Directors is proved by not having any family relationship until second degree either vertical or horizontal and financial relationship with Controlling Shareholders, fellow member of the Board of Directors, and member of the Board of Commissioners as presented on the following table.

Name	Financial and Family Relations											
	Financial Relations						Family Relations					
	Board of Commissioners		Board of Directors		Controlling Shareholder		Board of Directors		Board of Commissioners		Controlling Shareholder	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Kartika Wirjoatmodjo		√		√		√		√		√		√
Sulaiman A. Arianto		√		√		√		√		√		√
Ogi Prastomiyono		√		√		√		√		√		√
Pahala N. Mansury		√		√		√		√		√		√
Hery Gunardi		√		√		√		√		√		√
Tardi		√		√		√		√		√		√
Ahmad Siddik Badruddin		√		√		√		√		√		√
Kartini Sally		√		√		√		√		√		√
Royke Tumilaar		√		√		√		√		√		√
Rico Usthavia Frans		√		√		√		√		√		√

## Stock Ownership by the Board of Directors

As of December 31, 2016, stock ownership by each member of the Board of Directors of Bank Mandiri did not reach 5% (five percent) of the paid up capital of Bank Mandiri, other banks, non bank financial institutions and other companies domiciled in the country or overseas. Following is the table of stock ownership by the Board of Directors:

Board of Directors	Position	Share ownership 5% or more from paid in capital				
		Bank Mandiri	By Family in Bank Mandiri	Other Company	Other Bank	Financial Institution other than Bank
Kartika Wirjoatmodjo	President Director	Null	Null	Null	Null	Null
Sulaiman A. Arianto	Vice President Director	Null	Null	Null	Null	Null
Ogi Prastomiyono	Director	Null	Null	Null	Null	Null
Pahala N. Mansury	Director	Null	Null	Null	Null	Null
Hery Gunardi	Director	Null	Null	Null	Null	Null
Tardi	Director	Null	Null	Null	Null	Null
Ahmad Siddik Badruddin	Director	Null	Null	Null	Null	Null
Kartini Sally	Director	Null	Null	Null	Null	Null
Royke Tumilaar	Director	Null	Null	Null	Null	Null
Rico Usthavia Frans	Director	Null	Null	Null	Null	Null

## Concurrent Positions of the Board of Directors

According to POJK No. 55/POJK.03/2016 on Implementation of GCG for Commercial Banks, each member of the Board of Directors is prohibited to serve in concurrent positions as the member of the Board of Commissioners, Board of Directors or Executives of the

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Bank, other companies/institutions except it is allowed by such regulations.

The members of Bank Mandiri's Board of Directors do not serve in a concurrent position beyond which are admitted by the regulations and may cause a conflict of interest prohibited by legislation.

If a member of the Board of Directors who is responsible for supervision on the subsidiaries, carries out functional tasks as a member of the Board of Commissioners at non-bank Subsidiaries controlled by Bank, all concerned not neglect the duties and responsibilities as a member of the Board of, therefore it is not considered as double post.

## Conflict of Interest Management Policy

As stipulated in the GCG Charter, Bank Mandiri has conflict of interest management policy as follow:

- Board of Commissioners, Board of Directors and executive Officers having commitment to avoid all types of conflict of interest.
- In the event Board of Directors personally having interest in one transaction, contract or proposed contract where Bank is one of the party therein, then must be declared nature of its interest in Meeting of Board of Directors and the relevant member of Board of Directors reserve no rights for voting.
- In the event Board of Commissioners personally having interest in one transaction, contract or proposed contract where Bank is one of the party therein, then must be declared nature of its interest in Meeting of Board of Commissioners and the relevant member of Board of Commissioners reserve no rights for voting.

## Implementation of Duties and Responsibilities of the Board of Directors in 2016

In general, aside from conducting internal meetings and GMS, the implementation of duties and responsibilities of the Board of Directors is related to the performance of Bank Mandiri during 2016, among others:

1. Issuance of Sustainable Bonds I of Bank Mandiri Year 2016 as much as Rp5,000,000,000,000 with effective date September 22, 2016.
2. Development plan of Mandiri University which is addressed to employees of Mandiri Group and other institutions.
3. Conducting various events such as Mandiri Investment Forum (MIF) 2016, Mandiri Art Charity exhibition.
4. To hire disabled workers as Call Center Operator.
5. Development of e-Commerce business through various electronic banking channel.
6. Launching the technology innovation in the form of online CPO Supporting Fund.
7. Conducting anticipative moves to grow healthy and sustainable, among others by establishing strong

allowances in order to strengthen productive assets structure to be more solid and anticipate the Non Performing Loan increasing trend in banking industry in the future.

8. Supporting Digital Financial Services Program in order to create banking financial system which is east, fast, and can reduce deviation risk as well as to extend the financial inclusion program to public.
9. Conducting tax amnesty socialization in order to support government policy to improve tax basis and government revenue.
10. Collaborating with Indonesian Institute for Corporate Governance (IICG), Bank Mandiri constantly monitors corporate governance perception index.
11. Supporting national strategic infrastructure projects through Special Transaction Loan of Rp1.2 trillion to PT Kereta Api Indonesia (KAI).

## Meeting of the Board of Directors

Meeting of Bank Mandiri's Board of Directors is held at least once a month, attended by all directors and executive officers reporting to the Board of Directors to supervise operational performance. Meeting decision is taken by deliberation and consensus. In the event that consensus can not be reached a decision, the decision taken by majority voting agreed and the decision shall be accepted as a joint decision (mutual).

In addition, the Board of Directors may also adopt valid and binding decisions without convening a meeting, with the requirement of all members of the Board of Directors have known the intended decision proposal, given their written approval and signed the agreement. The decision making shall have an equal power to the decision making through formal meetings.

The meeting schedules also correspond with Circular Letter of the Minister of SOE No. SE-03/MBU/2011 dated October 27, 2011 which requires the Board of Directors to conduct meetings every Tuesday and if necessary the Board of Directors may invite the Board of Commissioners for participated in the meeting.

## Meeting Frequency, Level of Attendance and Meeting Agenda of the Board of Directors

During 2016, the Board of Directors has convened 53 internal meetings with the following details of agenda and frequency of attendance of each member of the Board of Directors:

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Date of Meetings	Meeting Agenda	Budi Gunadi Sadikin*	Kartika Wirjoatmodjo	Sulaiman A. Arianto	Sentot A. Sentausa**	Ogi Prastomyono	Pahala N. Mansury	Royke Tumilaar	Hery Gunardi	Tardi	Ahmad Siddik Badruddin	Kartini Sally	Rico Usthavia Frans***
5 Jan	- Proposed Agenda 2016 Board of Directors Meeting and Agenda Review Meeting of the Board of Directors 2015 - Discussion on Human Capital - Strategic Agenda Retail Update	√	√	√	√	√	√	√	√	√	√	√	
12 Jan	- Discussion on Human Capital - Financial Performance December 2015 - KLN Initiatives Update - Strategic Agenda Retail Update	√	√	√		√	√	√	√	√	√	√	
19 Jan	- Update Risk Management - Industrial Sector Forecast 2016 - Strategic Agenda Wholesale Update - Strategic Agenda Retail Update		√	√	√	√	√	√	√		√	√	
26 Jan	- Update Audit of Financial Statements per December 31, 2015 - Discussion of Performance Review 2015 - Risk Based Bank Rating Q IV/2015 - Discussion on the Implementation of the Annual General Meeting - Strategic Agenda Wholesale & Retail Update - Customer Satisfaction Survey	√	√	√	√	√	√	√			√	√	
2 Feb	Discussion of Bank Mandiri Pension Fund	√	√		√	√	√	√		√	√	√	
5 Feb	Discussion on Human Capital	√	√		√	√	√	√	√	√	√	√	
9 Feb	- Proposed FTP - Discussion on Human Capital - Risk-based Bank Rating Integrated - Policy revision Bank Mandiri - Strategic Agenda Retail Update - Update Report Internal Audit Q1 2016			√		√	√	√	√	√	√	√	
16 Feb	- Financial performance in January 2016 - Media Plan Q1 2016 - Update Strategic Agenda Retail & IT - Discussion on the Implementation of the Annual General Meeting - Update Legal - Discussion on Human Capital	√		√		√	√	√	√	√	√	√	
23 Feb	- Culture Excellence Award and Independent Innovation Award 2015 - Update Distribution Network Transformation - Wholesale Funding Strategy - Preparation of a Public Expose Q4 2015 & Analyst Meeting - Update Cooperation Customer	√	√	√	√	√	√	√	√	√	√	√	
1 Mar	- Discussion on Human Capital - Update Strategic Agenda Wholesale - Update Strategic Agenda Retail - Update Strategic Agenda IT	√	√	√	√	√	√	√	√	√	√	√	
5 Mar	- Discussion on Human Capital - Update Audit	√	√	√	√	√	√	√	√	√	√	√	
15 Mar	- Financial performance in February 2016 - Discussion on the Implementation of the Annual General Meeting - Update Business Strategy Subsidiary Companies - Discussion on Human Capital - Update Strategic Agenda Retail	√	√	√		√	√	√	√	√	√	√	
22 Mar	Follow-up Decision of the Annual General Meeting		√	√		√	√	√	√	√	√	√	
29 Mar	- Job descriptions of Directors - Discussion on Human Capital - Update Implementation Revaluation of Assets - Proposed Use "Plafon Hapus Buku" Q1 2016 - Update Strategic Agenda Retail		√	√		√	√	√			√	√	
5 Apr	- Job descriptions and Alternate Directors - Discussion on Human Capital		√			√	√	√	√	√		√	





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Date of Meetings	Meeting Agenda	Budi Gunadi Sadikiri*	Kartika Wirjoatmodjo	Sulaiman A. Arianto	Sentot A. Sentausa**	Ogi Prastomyono	Pahala N. Mansury	Royke Tumilaar	Hery Gunardi	Tardi	Ahmad Siddik Badruddin	Kartini Sally	Rico Usthavia Frans***
15 Nov	- Corporate Plan Initiatives - Discussion on Human Capital - Projection NPL - Financial Performance Month October 2016 - Update Strategic Agenda Retail		√			√	√	√	√	√	√	√	√
22 Nov	- Update Strategic Agenda Retail - Strategic Update Subsidiary - Discussion on Human Capital		√	√		√	√	√	√	√	√	√	
29 Nov	- Proposed Use "Plafond Hapus Buku" November 2016 - Discussion on Human Capital		√	√		√	√	√	√				√
13 Dec	Proposed Treasury Group							√	√	√	√	√	√
20 Dec	- Proposed Use "Plafond Hapus Buku" in December 2016 - Subsidiary Strategic Update - Proposed Sponsorship Bank Mandiri - Discussion on Human Capital		√	√		√		√	√	√	√	√	√
21 Dec	Financial Performance in November 2016		√	√		√		√	√	√	√	√	
29 Dec	- Discussion of Human Capital - Proposed Corporate Secretary Group		√	√		√	√			√	√	√	
<b>Number of Meetings</b>		12	56	56	12	56	56	56	56	56	56	56	24
<b>Total Attendance</b>		10	50	48	8	53	50	49	49	50	51	54	18
<b>Percentage of Attendance</b>		<b>83%</b>	<b>89%</b>	<b>86%</b>	<b>67%</b>	<b>95%</b>	<b>89%</b>	<b>88%</b>	<b>87%</b>	<b>89%</b>	<b>91%</b>	<b>96%</b>	<b>75%</b>

\*) Serving until March 21, 2016

\*\*) Serving until March 21, 2016

\*\*\*) According fit and proper test result, Mr. Rico Usthavia Frans effectively held position as of July 18, 2016

### Joint Meeting of the Board of Directors and the Board of Commissioners

In addition, the joint meeting is also conducted at least once in 4 (four) months as mentioned in the Articles of Association.

Throughout 2016, the Joint Meeting has been conducted 12 times whereas 3 meetings held upon request of the Board of Directors, while the rest of 9 meetings were upon request of the Board of Commissioners.

The level of attendance of the Board Members can be seen on the following table:

Date of Meetings	Meeting Agenda	Wimboh Santoso	Imam Apriyanto Putro	Aviliani	Goei Siau Hong	B. S. Kusmulyono	Abdul Aziz	Askolani	Suwono*)	Ardan Adiperdana *)	Kartika Wirjoatmodjo	Sulaiman A. Arianto	Ogi Prastomyono	Pahala N. Mansury	Hery Gunardi	Tardi	Ahmad Siddik Badruddin	Kartini Sally	Royke Tumilaar	Rico Usthavia Frans**	
13 Jan	- Financial Statements Financial Performance December 2015 - Approval of Offer Credit Facility New to PT Kimia Farma (Persero) Tbk and PT Kimia Farma Pharmacy (Kimia Farma Group) - Agreement on the Facilitation of Kredit Kesejahteraan Employees (NOA) to the Executive Officers of the Bank as Related parties - Others		√	√	√	√	√	√	√		√	√	√	√	√				√	√	

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Date of Meetings	Meeting Agenda	Wimboh Santoso	Imam Apriyanto Putro	Aviliani	Goei Siau Hong	B. S. Kusmulyono	Abdul Aziz	Askolani	Suwihono*)	Ardan Adiperdana *)	Kartika Wirjoatmodjo	Sulaiman A. Arianto	Ogi Prastomyono	Pahala N. Mansury	Hery Gunardi	Tardi	Ahmad Siddik Badruddin	Kartini Sally	Royke Tumilaar	Rico Usthavia Frans**
17 Feb	- Financial Statements Financial Performance in January 2016 - AGM Update for Fiscal Year 2015 - Appointment of KAP Mandiri Pension Fund - Others	√	√	√	√	√	√	√	√			√	√	√	√	√		√	√	
16 Mar	- Financial Statements Financial Performance in February 2016 - Approval of the Firm's Financial Statements PT Bank Mandiri (Persero) Tbk in Book 2016 - Approval principle of cooperation proposals Menara Mandiri land borrowing as a location for building cooling tower/ventilation Tower Station MRT - Approval of the addition of plafond and the provision of new facilities Comm line PT Asuransi Jasa Indonesia study the impact of lower interest rates on Bank Mandiri - Approval of credit facilities short-term and facilities treasury line for PT Astra Sedaya Finance - Approval fasilas Cash Loan and on Cash for PT United Tractors Semen Gresik - Others	√	√	√	√	√	√	√	√			√	√	√	√	√		√	√	
20 Apr	- Financial statements April 2016 Financial Performance - Bank Mandiri communication update program	√	√	√	√	√	√	√			√	√	√	√	√	√	√	√		
11 May	- Bank Mandiri important Issue - Consolidated Financial Report	√	√	√	√	√	√	√			√			√		√		√	√	
18 May	- Laporan Keuangan Kinerja Keuangan bulan April 2016 - Update Program komunikasi Bank Mandiri	√	√	√	√	√	√	√			√	√	√	√	√	√	√	√		
20 Jul	Financial Performance in June 2016	√	√	√	√	√	√	√			√	√	√	√	√	√	√	√		√
31 Aug	Financial Performance in July 2016	√	√	√	√	√	√	√			√	√			√		√		√	√
21 Sep	- Financial Performance in August 2016 - Approval of the budget increase to remove the book credit the financial year 2016 amounting to Rp2.5 trillion	√	√	√	√	√	√	√				√	√	√						√

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Date of Meetings	Meeting Agenda	Wimboh Santoso	Imam Apriyanto Putro	Aviliani	Goei Siauw Hong	B. S. Kusmulyono	Abdul Aziz	Askolani	Suwihono*)	Ardan Adiperdana *)	Kartika Wirjoatmodjo	Sulaiman A. Arianto	Ogi Prastomyono	Pahala N. Mansury	Hery Gunardi	Tardi	Ahmad Siddik Badruddin	Kartini Sally	Royke Tumilaar	Rico Usthavia Frans**	
19 Oct	- Financial Performance In September 2016 - POJK Regulation No. 34/POJK/03/2016 about the minimum capital requirement for commercial banks their impact in the quarterly financial statements September 30, 2016 positions	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
23 Nov	- In October 2016 Financial Performance - RKAP 2017 and RBB 2017-2019 Proposal	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
21 Dec	Financial performance in November 2016	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
<b>Number of Meetings</b>		11	12	12	12	12	12	12	0	12	12	12	12	12	12	12	12	12	12	12	6
<b>Total Attendance</b>		11	12	12	12	12	12	12	0	9	11	9	9	10	9	7	10	9	8	6	6
<b>Percentage of Attendance (%)</b>		100%	100%	100%	100%	100%	100%	100%	0	75%	92%	75%	75%	83%	75%	58%	83%	75%	66%	100%	100%

The Board of Directors who attended are the Directors relating to the material covered in the meeting.

\*) Serving as Commissioner until March 29, 2016. His term of office at Bank Mandiri was over due to his new assignment as President Director of PT Berdikari (Persero)

\*\*\*) According to fit and proper test result, Mr. Rico Usthavia Frans effectively held position as of July 18, 2016

## Induction Program for New Member of the Board of Directors

In order to provide an overview of business activities, the Company's future plans, guides and other work that is the responsibility of the Board of Directors, Bank Mandiri conducts an induction program for new members of the Board of Directors which is prepared by the Corporate Secretary of the Group in the form of soft copy and hard copy documents.

Such documents among others Annual Report, the Work Plan and Budget (CBP), Long-Term Plan of the Company (RJPP), Articles of Association, Corporate Governance Policy, Code of Ethics, Work Program of the Board of Directors and Committees under the Board of Directors, Code of Conduct of the Board of Directors, Code of Conduct of Committees under the Board of Directors, as well as laws and regulations related to the business process of Bank Mandiri.

Induction program is also conducted through on site (visits) to units in the Head Office, as well as in the region to meet and face to face with the ranks of Bank Mandiri in the Central and Regional Offices.

Regarding the change in composition of the Board of Directors of Bank Mandiri based on the AGMS Resolution dated March 21, 2016, Bank Mandiri conducted program of induction and enhancement of capabilities for the new Director by distributing Codes Board (Board Manual) as a reference in carrying out the functions of management duties.

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## Competence Development of the Board of Directors

The Board of Directors is demanded to always improve competence and update his/her knowledge. For that reason, Bank Mandiri constantly facilitate their needs through various sustainable education such as training, workshop, seminar, conference in order to improve the effectivity of the Board of Directors' function which are held routinely both domestic and overseas.

Throughout 2016, the members of the Board of Directors have participated in Training/Workshop/Seminar in order to improve their competences which were held either domestic or overseas, as follow :

Name	Designation	Training/Workshop/Seminar	Date	Venue	Organizer
Kartika Wlrjoatmodjo	President Director	Executive training di IMD Laussane, Switzerland	February 2016	Lausanne, Switzerland	IMD
		Leadership Forum 2016	21-24 April 2016	Lombok	PT Bank Mandiri (Persero) Tbk
		FGD Sinergi BUMN	May 2016	Prapat	Ministry of SOE
Sulaiman A. Arianto	Vice President Director	Leadership Forum 2016	21-24 April 2016	Lombok	PT Bank Mandiri (Persero) Tbk
Ogi Prastomiyono	Director	Leadership Forum 2016	21-24 April 2016	Lombok	PT Bank Mandiri (Persero) Tbk
		Speaker on the Indonesia's Economic Socialization in Myanmar	17-18 August 2016	Myanmar	MMUGM, IBI, LSPP
		Refreshing Sertifikasi Risiko Bara - Enhancing The Power of Enterprise Risk Management in Creating a Sound Bank and Financial Risk Management"	18-22 September 2016	Stockholm-Swedia	IBI dan LSPP
		Seminar economic outlook 2017 "Facing Global Challanges For Better Economic Growth in 2017"	9 December 2016	Jakarta	PT Bank Mandiri (Persero) Tbk
Pahala N. Mansury	Director	Leadership Forum 2016	21-24 April 2016	Lombok	PT Bank Mandiri (Persero) Tbk
		FGD Sinergi BUMN	Mei 2016	Prapat	Ministry of SOE
Hery Gunardi	Director	Leadership Forum 2016	21-24 April 2016	Lombok	PT Bank Mandiri (Persero) Tbk
		Strategic Initiative Workshop Distributions Direktorat	Mei 2016	Denpasar	PT Bank Mandiri (Persero) Tbk
Tardi	Director	Leadership Forum 2016	21-24 April 2016	Lombok	PT Bank Mandiri (Persero) Tbk
Ahmad Siddik Badruddin	Director	Leadership Forum 2016	21-24 April 2016	Lombok	PT Bank Mandiri (Persero) Tbk
Kartini Sally	Director	Leadership Forum 2016	21-24 April 2016	Lombok	PT Bank Mandiri (Persero) Tbk
Royke Tumilaar	Director	Leadership Forum 2016	21-24 April 2016	Lombok	PT Bank Mandiri (Persero) Tbk
Rico Usthavia Frans	Director	Leadership Forum 2016	21-24 April 2016	Lombok	PT Bank Mandiri (Persero) Tbk
		Seminar and Rakernas Perbarindo	October 2016	Pontianak	PT Bank Mandiri (Persero) Tbk
		Workshop e-Banking 2016	November 2016	Denpasar	PT Bank Mandiri (Persero) Tbk
		Workshop TB SME Sales Group	November 2016	Yogyakarta	PT Bank Mandiri (Persero) Tbk
		Workshop Bank Mandiri – Dirjen Pajak : Work in Shymphony	November 2016	Denpasar	PT Bank Mandiri (Persero) Tbk

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## Risk Management Certification

In 2016, the Directors who have earned the certification of risk management were as follow:

Name	Agency that issued the certificate	No. certificate of competence	No. Reg	Level	Field/Area	Certificate date issued	Validity period	Expiry date
Kartika Wirjoatmodjo	Badan Nasional Sertifikasi Profesi/ LSPP	64120 1210 8 0003832 2015	KEU. 030 9415015	Level 5	Banking Risk Management	17-Apr-15	2 Years	17-Apr-17
Sulaiman A. Arianto	BARA-LSPP	BR.083/ CTF/03/2015	-	-	Risk Management Certification Refreshment Program in Jakarta	1-2 April 2015	2 Years	1-2 April 2017
	BARA-LSPP	BR.717/ CTF/07/2012	-	-	Risk Management Certification Refreshment Program in Frankfurt	10 July 2012	2 Years	9 July 2014
Ogi Prastomyono	IBI-LSPP-MMUGM	027/IRMRP/ MMUGM/X/2016	-	-	Refreshment program - International Risk Management Refreshment Program for Executives Europe Class 2016 (Milan)	21-Oct-16	2 Years	21 October 2018
	LSPP	-	KEU. 030 0001931 2014	-	Refreshment - Risk management Banking level 5 in Hong Kong	27-Nov-14	2 Years	27 October 2016
	BARA- LSPP	BR.1053/ CTF/11/2012	-	-	Risk management certification refreshment program in Tokyo	12-Nov-12	2 Years	12 November 2014
	BSMR	-	040820031 0000315	-	Risk management certification refreshment Program for Executives in Bali	19-Feb-08	2 Years	19 February 2010
	Indonesian risk professional association	-	-	-	Program for Executives Risk management certification	20-Aug-04	2 Years	20 August 2006
Pahala N. Mansury	Badan Nasional Sertifikasi Profesi/ LSPP	00027090695011	-	Level 5	Banking Risk Management	17 December 2011	2 Years	17 December 2013
	BARA Risk Forum	BR.049/CTF/3/2015	-	-	Risk Management Certification Refreshment Program in Bandung	5-Mar-15	2 Years	5-Mar-17
Royke Tumilaar	Badan Nasional Sertifikasi Profesi/ LSPP	0012152.0440911	-	Level 5	Banking Risk Management	12-Jun-12	2 Years	12 June 2014
	BARA Risk Forum	-	-	-	Refreshment at Stockholm 19 - 21 Sept 2016	21-Sep-16	2 Years	21-Sep-18

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Name	Agency that issued the certificate	No. certificate of competence	No. Reg	Level	Field/Area	Certificate date issued	Validity period	Expiry date
Hery Gunardi	Badan Nasional Sertifikasi Profesi/ LSP	64120 1210 8 0008004 2015	KEU.030 0849471	Level 5	Banking Risk Management	2 Juli 2015	2 Years	13-Apr-17
Tardi	Badan Nasional Sertifikasi Profesi/ LSP	64120 1210 8 0003351 2015	KEU. 030 9350715	Level 5	Banking Risk Management	4-Apr-15	2 Years	4-Apr-17
Ahmad Siddik Badruddin	Badan Nasional Sertifikasi Profesi/ LSP	64120 1210 8 0003544 2015	KEU. 030 8521914	Level 5	Banking Risk Management	11-Apr-15	2 Years	11-Apr-17
	BARa Risk Forum	-	-	-	Refreshment @ Stockholm 19 - 21 Sept 2016	21-Sep-16	2 Years	21-Sep-18
Kartini Sally	Badan Nasional Sertifikasi Profesi/ LSP	64120 1210 8 0003545 2015	KEU. 030 9392015	Level 5	Banking Risk Management	11-Apr-15	2 Years	11-Apr-17
Rico Usthavia Frans	Badan Sertifikasi Manajemen Resiko (BSMR)	00002270/000322	06111801 20009897	Level 5	Banking Risk Management	7-May-16	2 Years	7-May-18
	Badan Sertifikasi Manajemen Resiko (BSMR)	-	06111801 20009897	Level 4	Banking Risk Management	25-Apr-10	2 Years	25 April 2012
	Badan Sertifikasi Manajemen Resiko (BSMR)	-	06111801 20009897	Level 2	Banking Risk Management	2-Jun-07	2 Years	2 June 2011
	Badan Sertifikasi Manajemen Resiko (BSMR)	-	-	Level 1	Banking Risk Management	9-Aug-07	2 Years	9 August 2011

### Performance Assessment of the Board of Directors

Every year, the performance of each member of the Board of Directors including President Director will be assessed individually according to their field of work that refers to four criteria of assessment i.e financial, people, process, and customer. The performance assessment is conducted based on achievement target and Key Performance Indicator (KPI) which have been agreed at the beginning of the year.

Parameter for the performance assessment is related to the implementation of duties and responsibilities comprising of TARIF principles in performing function to manage Bank Mandiri. The parameter is considered as benchmark for the Board of Directors to conduct assessment based on GCG self assessment result submitted to Bank Indonesia periodically which refers to Circular of Bank Indonesia No.15/15/DPNP on Implementation of Good Corporate Governance for Commercial Banks.

Successful Indicators for performance of the Board of Directors is inseparable part in compensation scheme/ incentive for the Board of Directors which can be seen on the realization of Work and Budget Plan (RKAP) of the Company yearly whereas such RKAP is a reflection of the achievement of the Board of Directors collegially

### BOD Performance Evaluation Criteria

Following are the criteria that used for the assessment of each member of the Board of Directors which is conducted annually :

1. Implementation of duties and management function by the Board of Directors according to Articles of Association.
2. Compliance with the applicable regulations.
3. The healthy level of Bank.
4. Level of attendance in Meeting of the Board of Directors as well as Committees' Meetings.
5. Involvement of the Board of Directors in certain assignments.
6. Key Performance Indicator of each member of the Board of Directors is presented on the following table:

06  
Corporate  
Governance

07  
Integrated Corporate  
Governance

08  
Corporate Social  
Responsibility

09  
Cross Reference of  
ARA 2016 Criteria

10  
Consolidated Financial  
Statements

#### President Director

- Market Capitalization BMRI
- Earning after tax
- Return on equity
- Market share of funds and credit
- Maximum NPL (Non Performing Loan)
- Fee Based Income Ratio
- Growth and volume of credit and loan volume retail
- Growth and volume CASA and funding mix CASA
- Ranked ASEAN CG Scorecard
- MRI Survey
- Strategic Initiatives Corporate Plan
- Cost Efficiency Ratio, and Income Factor (Total Revenue – Total Operating Expense) / FTE

#### Vice President Director

- RORWA (Return on Risk Weighted Assets) Wholesale segment
- Contribution margin Wholesale segment
- Average balance of low cost funds and credit the Wholesale segment
- NPL rate Wholesale segment
- Market share of low cost funds and credits area 8 Surabaya
- Crosssale ratio
- Anchor clients revenue (CASA, loan, and transaction)
- CASA value chain
- Human capital score.
- Ranked ASEAN CG Scorecard

#### Director of Operations

- Realized growth in market capitalization
- Earning After Tax bank only dan Earning After Tax consolidation
- Return on Equity (after tax)
- Cost of Credit (bank only)
- The volume of credit (bank only) and Community Fund (bank only)
- Wholesale Customer Satisfaction Index
- Retail Customer Satisfaction Index
- Ranked ASEAN CG Scorecard
- Operational Reliability
- Availability e-Channel
- Credit cycle end-to-end bankwide
- Implementation of strategic initiatives IT and Non IT under the Directorate of operations
- Human Capital Score Bankwide
- Composite Group Index

#### Director of Finance & Treasury

- Realized growth in market capitalization
- Earning After Tax bank only dan Earning After Tax consolidation
- Total Revenue Treasury and FI Segment
- Growth of International Product Revenues
- Return on Equity (after tax)
- Cost of Credit (bank only)
- The volume of credit (bank only) and Community Fund (bank only)
- Wholesale Customer Satisfaction Index
- Retail Customer Satisfaction Index
- Mandiri Sekuritas and BMEL Net Profit
- Ranked ASEAN CG Scorecard
- Implementation of strategic initiatives IT and Non IT under the Directorate of Finance & Treasury
- Human Capital Score Bankwide
- Composite Group Index

#### Director of Corporate Banking.

- Realized growth in market capitalization
- Earning After Tax bank only dan Earning After Tax consolidation
- Return on Equity (after tax)
- Cost of Credit (bank only)
- Fee Based Income Corporate Banking
- The volume of credit (bank only) and Community Fund (bank only)
- Wholesale Customer Satisfaction Index
- Volume Average Balance Kredit dan Dana Murah Corporate Banking
- Profit after tax of all subsidiaries under the Directorate of Corporate Banking
- Ranked ASEAN CG Scorecard
- Implementation of strategic initiatives IT and Non IT under the Directorate of Corporate Banking
- Human Capital Score Bankwide

#### Director of Distributions

- Realized growth in market capitalization
- Earning After Tax bank only dan Earning After Tax consolidation
- Return on Equity (after tax)
- Cost of Credit (bank only)
- The volume of credit (bank only) and Community Fund (bank only)
- Wholesale Customer Satisfaction Index
- Retail Customer Satisfaction Index
- Profit of subsidiaries
- Ranked ASEAN CG Scorecard
- Human Capital Score Bankwide
- Development of new network in accordance RBB
- Composite Regional Index

#### Director of Retail Banking

- Realized growth in market capitalization
- Earning After Tax bank only dan Earning After Tax consolidation
- Return on Equity (after tax)
- Cost of Credit (bank only)
- Fee Based Income Retail Banking
- The volume of credit (bank only) and Community Fund (bank only)
- Retail Customer Satisfaction Index
- Volume Average Balance Dana Pihak Ketiga dan Kredit segmen Retail Banking
- Profit after tax of all subsidiaries under the Directorate of Retail Banking
- Ranked ASEAN CG Scorecard
- Implementation of strategic initiatives IT and Non IT under the Directorate of Retail Banking
- Human Capital Score Bankwide
- Composite Group Index

#### Director of Risk Management & Compliance

- Contribution Margin
- Average balance CASA
- Average balance kredit
- Delinquency rate 30+ DPD for the main products of individual credit (credit quality)
- Profit of subsidiaries
- ROMI (Return on Marketing Investment) bankwide
- Market share index , market share and credit funds 7 regional offices Semarang
- Survey customer satisfaction
- Cross sell ratio nasabah prioritas
- Strategic Initiatives Corporate Plan
- Human capital score.
- Ranked ASEAN CG Scorecard

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#### Director of Commercial Banking

- Realized growth in market capitalization
- Earning After Tax bank only dan Earning After Tax consolidation
- Return on Equity (after tax)
- Cost of Credit (bank only)
- Fee Based Income Commercial Banking
- The volume of credit (bank only) and Community Fund (bank only)
- Average Balance Dana Masyarakat dan Kredit Commercial Banking
- Percentage of Transactions Operations Debtors Main Directorate of Commercial Banking
- BSM Net profit
- Wholesale Customer Satisfaction Index
- Ranked ASEAN CG Scorecard
- Implementation of strategic initiatives IT and Non IT under the Directorate of Commercial Banking
- Human Capital Score Bankwide

#### Director of Digital Banking & Technology

- Realized growth in market capitalization
- Earning After Tax bank only dan Earning After Tax consolidation
- Return on Equity (after tax)
- Cost of Credit (bank only)
- Revenue from transactions of wholesale trade & e-channel
- The volume of credit (bank only) and Community Fund (bank only)
- Wholesale Customer Satisfaction Index
- Retail Customer Satisfaction Index
- Volume Average Balance Giro Bankwide
- Productivity Quadrant ATM A, B, dan C
- Sales Volume EDC
- Frequency of transactions Mobile & Internet Banking
- Ranked ASEAN CG Scorecard
- Human Capital Score Bankwide
- Implementation of strategic initiatives IT and Non IT under the Directorate of Digital Banking & Technology.
- Composite Group Index

In 2016, the performance assessment of each member of the Board of Directors has been conducted based on the above mentioned criteria with the following results:

Name	Designation	Result
Kartika Wirjoatmodjo	President Director	95.78
Sulaiman A. Arianto	Vice President Director	95.78
Ogi Prastomiyono	Director	98.78
Pahala N. Mansury	Director	95.57
Hery Gunardi	Director	96.49
Tardi	Director	93.35
Ahmad Siddik Badruddin	Director	98.2
Kartini Sally	Director	96.15
Royke Tumilaar	Director	98.46
Rico Usthavia Frans	Director	93.86

#### Party to Conduct Assessment:

The measurement of performance success of the Board of Directors is reflected in realization of Annual Work Plan and Budget as well as the bank healthy level covering Risk Profile, Good Corporate Governance, Rentability and Capital. The parties who conduct assessment to the performance of the Board of Directors are the Board of Commissioners and GMS.

In addition, several issues related to the assessment of performance of the Board of Directors are as follows:

- As SOE, the performance of the Board of Directors is measured by Controlling Shareholders (Ministry of SOE) periodically every year by using Criteria for Performance Excellence method which adopts Malcomm Balridge criteria.
- For the implementation of GCG, the assessment of the Board of Directors' performance can be conducted through Self Assessment mechanism by virtue of BI and OJK regulations and can be measured through Third Party Assessment by using International Standar, namely ASEAN CG Scorecard.

## Mechanism of Resignation and Dismissal for the Board of Directors

As referred to in Article 15 of Articles of Association of Bank Mandiri, the mechanism of resignation for the Board of Directors is as follow:

- A member of the Board of Directors may voluntary resign from his/her office prior to expiry of his/her term of office and the relevant member of the Board of Directors shall submit the written notice regarding such intention to the Company.
- The Company shall convene a GMS to resolve the application for resignation of the said member of the Board of Directors not later than 90 (ninety) days as of the date of the said application for such resignation received.
- If the GMS referred to in this paragraph is convened less than 90 (ninety) days and resolves to accept such resignation of the said member of the Board of Directors, the GMS may resolve to accept such resignation effective earlier than 90 (ninety) days after such application for resignation.
- The resigned member of the Board of Directors shall be discharged from any duties after the GMS properly accepts such resignation and obtain release and discharge from the Annual GMS.

While the dismissal mechanism for the Board of Directors is as follow:

- The Board of Directors may be dismissed by virtue of the GMS by stating the reasons thereof, i.e.:
  - failed to comply with the laws and regulations and/or provisions of the Articles of Association;
  - involved in any action harming the Company and/or the State;
  - being declared guilty under the final and enforceable court verdict; or
  - voluntary resignation ;
  - other reasons deemed properly by the GMS for the purposes and interests of the Company.

- b. Members of the Board of Directors may be suspended at any time by the Board of Commissioners by specifying the reasons thereof. Upon suspension, the following provisions shall apply:
- Resolution of the Board of Commissioners shall be performed in accordance with the procedures of decision making of the Board of Commissioners.
  - The written notice shall be served to the relevant person by describing the reasons of such action with a copy of such notice delivered to the Board of Directors.
  - Such notice shall submitted no later than 2 (two) working days as of the stipulation of suspension.
  - No later than 90 (ninety) days as of the date of the suspension, the Board of Commissioners shall convene the GMS to revoke or sustain such resolution on suspension.
  - The suspended member of the Board of Directors, shall not be entitled;
    - a) to carry out the Company's management on behalf of the Company in accordance with the purposes and objectives of the Company.
    - b) to represent the Company within or outside the Court.
  - Upon the expiry of the time period for convening the GMS as referred to in letter d of this paragraph or the GMS fails to resolve resolutions, the suspension shall be annulled.
  - In the GMS, such member of the Board of Directors shall be rendered an opportunity to defend him/her self.
  - The GMS shall be presided over by one of the Shareholders selected by and amongst the attending Shareholders.

## Decree of the Board of Directors in 2016

Throughout 2016, the Board of Directors has released several decrees as follows:

Number	Date	Subject
KEP.DIR/134/2016	11 April 2016	Organizational Structure
KEP.DIR/134/2016	11 April 2016	Job Descriptions and Authorities of Members of the Board of Directors and Determination on List of Substitute Director
KEP.DIR/135/2016	11 April 2016	Determination of Region Builder Director Along with the Duties and Authorities
KEP.DIR/169/2016	28 April 2016	Establishment of 2016 Marketable Securities Issuance Team of PT Bank Mandiri (Persero) Tbk
KEP.DIR/352/2016	26 September 2016	Organizational Structure

## Reconsideration of Annual Strategy of the Company

The Board of Directors encourages the Company performance for next year by reconsidering the annual strategy of the Company conducted at the end of the current year. In 2016, the reconsideration of annual strategy of the Company was conducted through Meeting of the Board of Directors

## Loan Policy for the Board of Directors

There is no privilege given to the Board of Directors in terms of loan and interest. Otherwise, Bank Mandiri treats the members of the Board of Directors as regular customers. According to PBI No.8/13/PBI/2006, the loan for the Board of Directors will be counted as legal lending limit.

## Remuneration Policy for the Board of Commissioners and the Board of Directors

The formulation of Remuneration policy for the Board of Commissioners and the Board of Directors members has considered aspects which cover short term and long term liquidity needs, strengthening the Bank's capital adequacy, financial stability, creating effectiveness of risk management and earnings potential in the future.

In providing both the Fixed Remuneration and Variable-Dependent Remuneration. Bank Mandiri considers the prudential principles. Aside from not conflicting with legislation in force, Fixed Remuneration considers the scale of business, business complexity, peer group, the rate of inflation, conditions, and financial capacity. Meanwhile, the Variable-Dependent Remuneration Policy shall pay attention to things related to the Fixed Remuneration and also encourages prudent risk taking.

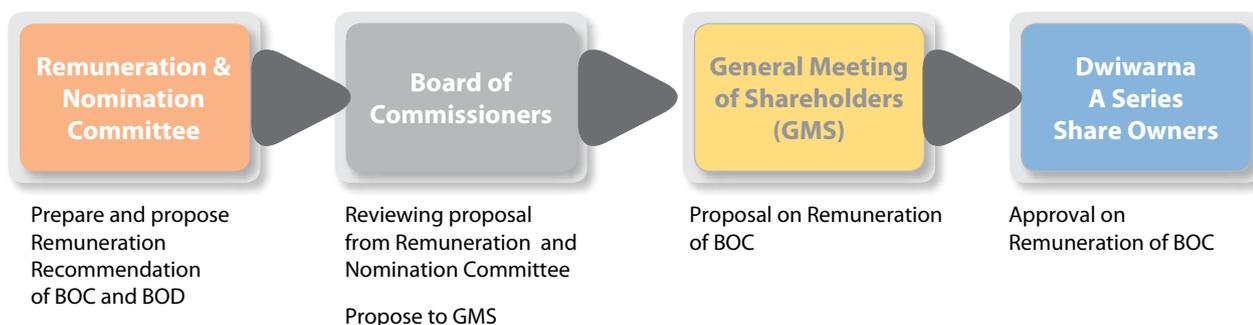
### Determination of the Board of Commissioners' Remuneration

The indicators used for determining remuneration of members of the Board of Commissioners are as follows:

1. Key Performance Indicator (KPI)
2. Performance of the Company
3. Business Size
4. Remuneration benchmarking of Banking Industry
5. Long-term goals and strategies of the Bank

### Procedure for Determination of the Board of Commissioners' Remuneration

The GMS determines the remuneration the Board of Commissioners based on a formula set by GMS is being reviewed at the first place. The Board of Commissioners will propose the remuneration with the involvement of Nomination and Remuneration Committee for further review. In terms of allowances and other facilities as well as post-service allowance for the Board of Commissioners, the Nomination and Remuneration Committee will consult with the Minister of SOEs, as the holder of the Series A Dwiwarna share.



### Remuneration and Facilities Structure of BOC

No.	Type of Income	Regulation
1	<b>Honorarium</b>	Amount of Position Factor President Commissioner 50% of President Director Chief Deputy Commissioner 47.5% Commissioner 45%
2	<b>Company's Strategic Initiative</b>	
	Religious Allowance	1 time of honorarium
	Communication Allowance	Not eligible
	Transportation Allowance	20% of honorarium
	Annual Leave Allowance	Not eligible
	Post Employment Benefit	Insurance Premium not exceeded 25% of honorarium
	Suit Allowance	Eligible for any special occasion that need special suit

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No.	Type of Income	Regulation
3	<b>Employees Strategic Plan</b>	
	Company Car	Transportation allowance 20% of honorarium
	Medical Facility	Medical reimbursement according Internal Policy KEP. KOM/003/2014
	Professional facility collector	Maximum two membership for registration and annual fee
	Legal council facility	As needed, according to KEPKOM/003/2014

Following is the detail of remuneration for the Board of Commissioners

Name	Salary	Routine Allowance	Tantiem	Benefits	Total Remuneration per Commissioner in a Year	
					Above Rp2 Billion	Above Rp1 billion to Rp2 billion
Wimboh Santoso	√	√	√	√	√	-
Imam Apriyanto Putro	√	√	√	√	√	-
Aviliani	√	√	√	√	√	-
Goei Siauw Hong	√	√	√	√	√	-
B.S Kusmulyono	√	√	√	√	√	-
Abdul Aziz	√	√	√	√	√	-
Askolani	√	√	√	√	√	-
Suwhono	√	√	√	√	√	-
Ardan Adiperdana	√	√	-	√	√	-
Darmin Nasution	-	-	√	-	√	-
Mahmudin Yasin	-	-	√	-	-	√
Pradjoto	-	-	√	-	-	√
Krisna Wijaya	-	-	√	-	-	√
Anton H. Gunawan	-	-	√	-	-	√
<b>TOTAL (in million Rp)</b>	<b>Rp15,977</b>	<b>Rp4,670</b>	<b>Rp65,783</b>	<b>Rp2,965</b>	<b>-</b>	<b>-</b>

2015 Tantiem was given to the Board of Commissioners who served until the closing of 2015 Annual GMS, namely: Wimboh Santoso, Imam Apriyanto Putro, Aviliani, Goei Siauw Hong, B.S Kusmulyono, Abdul Aziz, Askolani, Suwhono, Darmin Nasution, Mahmudin Yasin, Pradjoto, Krisna Wijaya, Anton H. Gunawan.

## Determination of the Board of Directors' Remuneration

The indicators used for determining remuneration in order to comply with the objective of the remuneration policy are as follows:

1. Key Performance Indicator (KPI)
2. Performance of the Company
3. Business Size
4. Remuneration benchmarking of Banking Industry
5. Long-term goals and strategies of the Bank

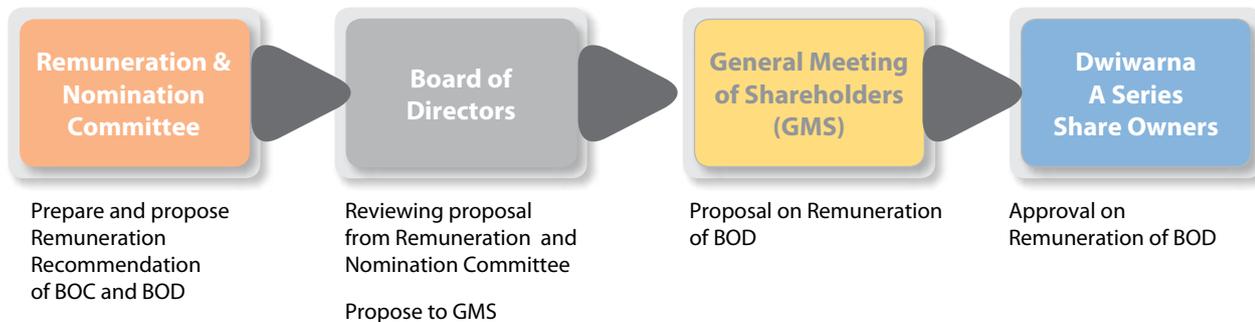
### Procedure for Determination of the Board of Directors' Remuneration

Other than as reflected in the Bank Mandiri Business and Budget Plan (CBP), the determination of the Board of Directors' remuneration is also studied and proposed by virtue of the following procedures:

1. Submission of Bank Business Plan (RBB) to stakeholders and regulators at the end of the year;
2. Defining Key Performance Indicators (KPI) for the President Director which is approved by the Board of Commissioners, and signed by the President Director and the President Commissioner;
3. Defining KPI for the Vice President Director and individual Directors to cover the President Director's KPI;
4. Performance of each business unit is regularly evaluated and the key targets are evaluated on a monthly basis through performance reviews;
5. At the end of the year, a comprehensive assessment is conducted which is then discussed at the meeting of the Board of Directors;
6. The assessment results are reported to the Board of Commissioners and the tantiem will be distributed to the Board Directors based on the assessment following the GMS, so that the tantiem may differ from one Director to another.

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The GMS determines the remuneration the Board of Directors based on a formula set by GMS is being reviewed at the first place. The Board of Commissioners will propose the remuneration with the involvement of Nomination and Remuneration Committee for further review. In terms of allowances and other facilities as well as post-service allowance for the Board of Directors, the Nomination and Remuneration Committee will consult with the Minister of SOEs, as the holder of the Series A Dwiwarna share.



### Remuneration and Facilities Structure of BOD

No.	Type of Income	Regulation
1	<b>Honorarium</b>	
		Amount of Position Factor
		President Director 100%
		Vice President Director 95%
		Director 90%
2	<b>Allowance</b>	
	Religious Allowance	1 time of honorarium
	Communication Allowance	At cost
	Post Employment Benefit	Insurance Premium not exceeded 25% of honorarium/year
	Housing Allowance	Rp27,500,000 per month including utility cost, if did not utilize the company house
	Annual Leave Allowance	Not eligible (12 days annual leave, not included collective leave)
	Suit Allowance	Eligible for any special occasion that need special suit
3	<b>Facility</b>	
	Company Car	Provided 1 rental car, vehicle specification based on internal policy KEP.KOM/003/2014
	Medical Facility	Medical reimbursement based on internal policy KEP. KOM/003/2014
	Professional facility collector	Maximum two membership for registration and annual fee
	Legal council facility	As needed, according to KEP.KOM/003/2014
	Housing Facility	Directors are not eligible for company housing facility nevertheless provided housing allowance included utility allowance Directors that appointed before the Regulation of State Owned Enterprises No. PER-04/MBU/2014 and stayed at the company housing, were eligible to utilize the facility prior to the end of his/her tenure

Following is the detail of remuneration for the Board of Directors

Name	Salary	Routine Allowance	Tantiem	Benefits	Housing	Remuneration per Director in a Year
						Above Rp2 billion
Kartika Wirjoatmodjo	√	√	√	√	√	√
Sulaiman A. Arianto	√	√	√	√	√	√
Ogi Prastomiyono	√	√	√	√	-	√
Pahala N. Mansury	√	√	√	√	√	√
Hery Gunardi	√	√	√	√	√	√
Tardi	√	√	√	√	√	√
Ahmad Siddik Badruddin	√	√	√	√	√	√
Kartini Sally	√	√	√	√	-	√
Royke Tumilaar	√	√	√	√	-	√
Rico Usthavia Frans	√	√	√	√	√	√
Budi Gunadi Sadikin	√	-	√	√	-	√
Sentot A. Sentaosa	√	√	√	√	√	√

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Name	Salary	Routine Allowance	Tantiem	Benefits	Housing	Remuneration per Director in a Year
						Above Rp2 billion
Riswinandi	-	-	√	-	-	√
Abdul Rachman	-	-	√	-	-	√
Sunarso	-	-	√	-	-	√
Fransisca N. Mok	-	-	√	-	-	√
Kresno Sediarsi	-	-	√	-	-	√
<b>TOTAL (in million Rp)</b>	<b>Rp39.062</b>	<b>Rp7.804</b>	<b>Rp212.039</b>	<b>Rp2.965</b>	<b>Rp337</b>	<b>-</b>

Note:

Scale and business complexity in every company are different, therefore Bank Mandiri still considers to disclose the remuneration of the Board of Commissioners and the Board of Directors in total amount and has not yet disclosed the remuneration of each individual.

2015 Tantiem was given to the Board of Directors who served until the closing of 2015 Annual GMS, namely: Kartika Wirjoatmodjo, Sulaiman A. Arianto, Ogi Prastomiyono, Pahala N. Mansury, Hery Gunardi, Tardi, Ahmad Siddik Badruddin, Kartini Sally, Royke Tumilaar, Rico Usthavia Frans, Budi Gunadi Sadikin, Sentot A. Sentausa, Riswinandi, Abdul Rachman, Sunarso, Fransisca N. Mok, Kresno Sediarsi.

#### Remuneration Policy Based on OJK Regulation No.45/POJK.03/2015 on Implementation of Governance in Providing Remuneration for Commercial Banks

The remuneration policy of Bank Mandiri is on progress for improvements to meet the OJK regulation concerning the remuneration, which is tailored to the complexity of Bank Mandiri organization. There are certain parts in drawing up the remuneration policy with due observance of inputs from independent consultant such as Willis Towers Watson.

#### Policy on Resignation of the Board of Commissioners and the Board of Directors if Involved in Financial Crime

The Articles of Association of Bank Mandiri has regulated the policy on resignation of the Board of Commissioners and the Board of Directors if involved in financial crime. When the members of the Board of Commissioners are no longer fulfilled the legislation requirements including involved in financial crime, therefore the term of office of the Board of Commissioners will be automatically ended.

## Working Relationship of the Board of Commissioners and the Board of Directors

As stipulated in the GCG Charter, the working relationship of the Board of Commissioners and Board of Directors is the relationship of checks and balances with the principle that the two organs have equal footing, but both have duties, responsibilities and authority which differ according to the Articles of Association of the Company. The main duty of the Board of Commissioners at its core is exercising oversight and advisory, while the main duty of the Board of Directors is to manage the Company, maintain and take care of the company assets with due observance of GMS resolutions and guidance from the Board of Commissioners. However, they continue to coordinate and work together to achieve the goals and the company's sustainability in the long term.

Dewan Komisaris dan Direksi sesuai dengan fungsinya masing-masing bertanggung jawab atas kelangsungan usaha Bank dalam jangka panjang. Hal ini tercermin pada:

1. The Bank's health with regard to the prudential principles and criteria specified by the Banking Authorities is preserved.
2. Well implementation of risk management as well as internal control system.
3. Achievement of fair return for the stakeholder;
4. Fair protection to interest of the stakeholder;
5. Fulfillment of implementation of GCG;
6. Succession and management continuity in all organization lines are implemented

In order to meet the responsibility and performing check and balances, the Board of Commissioners and the Board of Directors have agreed on the followings:

1. Vision, mission and Corporate Values;
2. Business target, strategic, long term plan as well as working plan and annual budget;
3. Policies for fulfillment of regulation, Article of Association of Bank and prudential banking practices including commitment for avoidance of all types of conflict of interest;
4. Policy and methods of performance appraisal of bank, work units within Bank and their personnels.
5. Structure of organization at executive level which has capability of supporting the achievement of business target of Bank.

## Committee Under the Board of Commissioners

In carrying out its duties related to supervisory function, the Board of Commissioners established Audit Committee, Risk Monitoring Committee, Remuneration and Nomination Committee, as well as Integrated Governance Committee. The four Committees are responsible directly and collectively to the Board of Commissioners.

### Audit Committee

Audit Committee (previously known as Audit Board) was established by the Board of Commissioners of Bank Mandiri pursuant to Decree Number 013/KEP/KOM/1999 dated August 19, 1999. Aside from ensuring the compliance of the Company to the prevailing rules and regulations, the Audit Committee also supports the Board of Commissioners in carrying the duties and supervisory function on matters which are related to the financial information, internal control system, audit effectivity by external and internal auditors, collaborating with Risk Monitoring Committee to ensure the effectiveness of the risk management implementation.

#### Basis of Establishment

The establishment of the Audit Committee based on regulations as follows:

1. Financial Services Authority (OJK) Regulation No.55/POJK.03/2016 on Implementation of Governance for Commercial Banks.
2. OJK Regulation No. 55/POJK.04/2015 on the Establishment and Implementation of Audit Committees.
3. Regulation I-A Attachment I Decree of the Board of Directors of PT Bursa Efek Indonesia No.KEP-00001/BEI/01-2014 dated January 20, 2014 on Listing of Stock and Other Equity Based Securities Issued by Issuer Companies.
4. Decree of the Board of Commissioners No. KEP. KOM//004/2016 dated October 19, 2016 concerning Change of Audit Committee, Risk Monitoring Committee, Integrated Governance Committee and Remuneration and Nomination Committee of PT Bank Mandiri (Persero) Tbk which was affirmed by Decree of the Board of Directors No. KEP.DIR/374/2016 concerning The Establishment of Audit Committee Membership.

#### Duties and Responsibilities of Audit Committee

The Chairman of Committee has the duties and responsibilities for conducting coordination to the whole activities of the Audit Committee activities according to its establishment, among others being responsible for any matters as follows:

1. To determine annual work program and annual report schedule.
2. To prepare periodical report concerning the activities of the Audit Committee, as well as any matters that are deemed necessary to become the attention of the Board of Commissioners.
3. To prepare Self Assessment concerning the effectiveness of activities of the Audit Committee.
4. To conduct analysis on the independency and objectivity of the Public Accountant Office that will join the tender and provide recommendation concerning the appointment of Public Accountant and Public Accountant Office to the Board of Commissioners. In addition, Audit Committee also provides recommendation to the Board of Commissioners on changes or termination of Public Accountant Office.

#### Authorities of Audit Committee

The Audit Committee has the authorities for implementing the matters as follows:

- a. To provide opinion to the Board of Commissioners concerning financial report and or other matters as submitted by the Board of Directors.
- b. To conduct communication with the Head of Work Unit and other parties in Bank Mandiri for acquiring information, clarification as well as requesting documents and reports as required.
- c. Requesting report on the result of examination by internal auditor and external auditor as well as other supervisory/examination institutions.
- d. Requesting the internal auditor and or external audit for conducting special examination/investigation, in the event that it is found strong assumption that it has occurred fraudulence, violation against the law and violation against prevailing laws and regulations.
- e. To access the record or information concerning employees, funds, assets as well other resources of the company relating to the implementation of their duties.

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### Independence of Audit Committee

All Audit Committee members of the Bank have met the independence criteria as follows:

1. Not a member of a public accounting firm, law firm or other party that provides audit services, Non-audit services and/or other consulting services to the Bank within 1 (one) year prior to becoming a member of the Committee.
2. Having no shares of Bank Mandiri, either directly or indirectly.
3. Having no affiliations with Bank Mandiri, BOC, BOD or the principal shareholders of Bank Mandiri.
4. Having no business relationships, directly or indirectly, with the Bank.

### Structure, Membership and Expertise of Audit Committee

Members of Audit Committee shall consist of at least 1 (one) person Independent Commissioner as Chairman concurrently member, 1 (one) person of Independent Party who has expertise in financial or accounting sector and 1 (one) person of Independent Party who has expertise in Law and Banking sector. Independent Commissioner and Independent Party who become members of audit committee at least 51% of total members of audit committee. Member of Audit committee which constitute independent commissioner shall be appointed as chairman of Audit Committee. In case of independent commissioner who becomes audit committee more than 1 (one) person, then one of them shall be appointed as chairman of audit committee.

As of December 31, 2016, composition of Audit Committee is as follow:

Name	Designation	Legal Basis of Appointment
Aviliani	Chairman (Independent Commissioner)	KEP.DIR/374/2016
Askolani	Member (Commissioner)	KEP.DIR/374/2016
Goei Siau Hong	Member (Independent Commissioner)	KEP.DIR/374/2016
Ardan Adipermana	Member (Commissioner)	KEP.DIR/374/2016
Budi Sulistio	Member (Independent Party)	KEP.DIR/374/2016
Lisa Irna	Member (Independent Party)	KEP.DIR/374/2016

### Period and Term of Office of Audit Committee Members

Term of Office of Audit Committee members who serve as Commissioner shall not be longer than the term of office of Commissioners and shall be reappointed only for the next one period.

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## Brief Profile of Audit Committee

Members of Audit Committee who serve as members of the Board of Commissioners, their profile have been presented in section of the Board of Commissioners' Profile on page 72-75.

Profile of Mr. Budi Sulistio and Ms. Lista Irna as members of Audit Committee who are non-members of the Board of Commissioners can be seen as follow.

	<b>Budi Sulistio</b> Indonesian Citizen, 62 years old Term of Office: 2014 - present	
	<b>Educational Background</b> <ul style="list-style-type: none"> <li>• Master Degree, Master of Business Administration, University of Illinois (1994)</li> <li>• Bachelor Degree, Economic Faculty, University of Indonesia (1985)</li> </ul>	<b>Work Experience</b> <ul style="list-style-type: none"> <li>• 2014-present: Member of Audit Committee of PT Bank Mandiri (Persero) Tbk</li> <li>• 2014-2016: Member of Risk Monitoring Committee, PT Bank Mandiri (Persero) Tbk</li> <li>• 2006-2010: Group Head Accounting, PT Bank Mandiri (Persero) Tbk</li> <li>• 2005-2006: Regional Manager Kanwil VII Semarang, PT Bank Mandiri (Persero) Tbk</li> </ul>
	<b>Lista Irna</b> Indonesian Citizen, 49 years old Term of Office: 2016-present	
	<b>Educational Background</b> <ul style="list-style-type: none"> <li>• Master Degree, Master of Business Administration, Swiss German University – Serpong Indonesia (2005)</li> <li>• Bachelor Degree, Technic Faculty – Mining, University of Sriwijaya (1990)</li> </ul>	<b>Work Experience</b> <ul style="list-style-type: none"> <li>• 2016 – present: Member of Audit Committee, PT Bank Mandiri (Persero) Tbk</li> <li>• 2014 – 2016: Chief Credit Officer (CCO) Consumer and Mass Market, Bank Danamon Indonesia (EVP)</li> <li>• 2010 – 2014: Enterprise Risk &amp; Policy Integrated Risk, Bank Danamon Indonesia.</li> <li>• 2007 – 2010: Head of Consumer Risk Credit Operation (VP), Standard Chartered Bank</li> <li>• Feb 2007 – Aug 2007: Credit Planning, MIS Reporting &amp; QA Head, Credit – Consumer Banking (AVP), Standard Chartered Bank.</li> <li>• 2006 – 2007: National Head of Telemarketing, Shared Distribution, Standard Chartered Bank</li> </ul>

## Brief Report of Activities Implementation of Audit Committee in 2016

In 2016, Audit Committee has carried out its function to assist and facilitate the Board of Commissioners in running its duties and supervisory function on matters which are related to the financial information, internal control system, audit effectivity by external and internal auditors, and the compliance of prevailing rules and regulation.

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Such function and duties were conducted through formal meetings with respected work unit throughout 2016 as follow :

No.	Date	Subject	Work Unit
1	January 28, 2016	Discussion on Final Result Audit of Bank Mandiri F/S as of Dec 31 2015 with Accounting Public Office (KAP) PSS-EY	- Internal Audit - Accounting Group
2	February 10, 2016	- Report of Audit Result for the fourth Quarter 05 2015 - List of Follow Up Monitoring by BPK and OJK - 2016 Annual Audit Plan of Internal Audit Directorate	- Internal Audit - Accounting Group
3	March 14, 2016	Discussion on Selection of KAP for 2016 Financial Statement of Bank Mandiri	- Internal Audit - Accounting Group
4	March 14, 2016	Credit Risk to Business Entity & Debtors Group financed by Cross Directorate with limit >Rp500 billion  Principal Permit on collaboration proposal for land use and borrowing of Mandiri Tower as location of Cooling Tower Station MRT Jkt Istora	- Directorate of Corporate Banking - Directorate of Commercial Banking - Directorate of Consumer Banking - Directorate of Risk Management & Compliance - Directorate of Wholesale Risk - Corporate Real Estate Group
5	March 23, 2016	Approval of Additional Plafond and New Facility of Commercial Line for PT Astra Sedaya Finance Approval of Short Term Credit Facility and TL Facility for PT Astra Sedaya Finance Approval of CL and NCL Facilities for PT United Tractor Semen Gresik (SI Group) Approval of KI Facility and Change in Terms and Condition of Existing Credit Facility for PT Marga Mandalasakti (Astra Group)	Directorate of Corporate Banking
6	March 30, 2016	Approval of Additional Capital for PT MAGI Approval of Additional Capital for PT MUF Risk Based Bank Rating (RBBR) Semester II 2015 Outstanding Legal Cases	- Directorate of Finance & Treasury - Directorate of Risk Management & Compliance - Legal Group
7	April 27, 2016	Management Letter from KAP PSS - EY due to Audit of Bank Mandiri for the year ended Dec 31, 2015	- Internal Audit - Accounting Group - SPM Group
8	May 11, 2016	Explanation of Bank Mandiri Financial Statement as of March 31, 2016 (Unaudited)	- Internal Audit - Accounting Group
9	May 25, 2016	Significant Findings and Fraud Case in First Quarter of 2016	Internal Audit
10	June 22, 2016	Update on additional review for Commercial Credit by KAP PSS-EY	- Internal Audit - Accounting Group
11	August 15, 2016	Audit Result Report Semester I/2016 List of Monitoring on Follow Up of BPK finding, OJK and Accounting Public Office (KAP) PSS-EY	Internal Audit
12	Sept 14, 2016	Update on Performance of Subsidiaries as of July 2016 Position of Bank Mandiri against Competitors as of June 2016	Strategic Performance Management Group
13	Sept 21, 2016	Request for the approval of additional budget for 2016 write off	- Directorate of Special Assets Management - Directorate of Wholesale Risk - Directorate of Retail Risk
14	October 19, 2016	Explanation of update on Credit Audit Sample by Accounting Public Office (KAP) PSS-EY for audit as of December 2016 Update on OJK Regulation No.34/POJK.03/2016 on Obligation to Provide Minimum Capital of Commercial Banks and the Implication in Quarterly Financial Report as of Sept 30, 2016	Accounting Group Accounting Group
15	November 16, 2016	Significant Findings and Fraud Cases at Third Quarter of 2016 and Follow Up on Findings of BPK and OJK	Internal Audit
16	November 23, 2016	NPL Projection and Proposal of Additional Budget for Write Off Proposal of 2017 RKAP and 2017-2019 RBB Proposal of 2016-2020 Restart Corporate Plan	- Directorate of Risk Management & Compliance - Directorate of Wholesale Risk - Directorate of Special Assets Management - Directorate of Retail Risk

#### Statement of Audit Committee on Effectiveness of Internal Control System and Risk Management

Internal Control System conducted by Bank Mandiri is considered effective and adequate which is reflected by the effectiveness of internal control function implementation, among others function of internal audit, risk management, compliance, financial and control operations.

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### Audit Committee Meeting

Audit Committee meeting shall be organized at least 12 (twelve) times in a year and shall be considered legitimate in the event that it is attended by at least 51% from total members including a Commissioner and an Independent Party. The meeting shall be presided over by the Chairman of Audit Committee or member who is appointed in writing, in the event that the Chairman of Audit Committee is absent. The meeting resolution is conducted based on consultation to achieve an agreement. In case that it has not occurred a consultation to achieve an agreement, the resolution adoption is conducted based on majority votes. Dissenting opinion as occurred in the meeting of committee is obligatory to mention clearly in the minutes of meeting along with the reasons of such dissenting opinion. The Audit Committee meeting has to be laid down in the minutes of meeting which is signed by the whole members who are present as well as it is documented properly.

### Meeting Frequency and Attendance Level of Audit Committee

Throughout 2016, Audit Committee held 16 meetings with the following level of attendance of each member:

Date of Meeting	Meeting Agenda	Aviliani	Askolani	Goei Siauw Hong	Ardan Adipardana**	Budi Sulistio	Ridwan Ayub *	Lista Irma**
28 Jan	Update on additional review for Commercial Credit by KAP PSS-EY	√	√	√		√	√	
10 Feb	<ul style="list-style-type: none"> <li>Report of Audit Result Q4/2015</li> <li>List of Monitoring on Follow Up of BPK and OJK</li> <li>2016 Annual Audit Plan of Internal Audit Directorate</li> </ul>	√	√	√		√	√	
14 Mar	Discussion on Selecting KAP for 2016 Financial Report of Bank Mandiri	√	√	√		√	√	
14 Mar	<ul style="list-style-type: none"> <li>Credit Risk to Business Entity and Debtors Group financed by Cross Directorate with limit &gt;Rp500 billion</li> <li>Principal Permit on collaboration proposal for land use and borrowing of Mandiri Tower as location of Cooling Tower Station MRT Jkt Istora</li> </ul>	√	√	√		√	√	
23 Mar	<ul style="list-style-type: none"> <li>Approval of Additional Plafond and New Facility of Commercial Line for PT Astra Sedaya Finance</li> <li>Approval of Short Term Credit Facility and TL Facility for PT Astra Sedaya Finance</li> <li>Approval of CL and NCL Facilities for PT United Tractor Semen Gresik (SI Group)</li> <li>Approval of KI Facility and Change in Terms and Condition of Existing Credit Facility for PT Marga Mandalasakti (Astra Group)</li> </ul>	√		√		√	√	
30 Mar	<ul style="list-style-type: none"> <li>Approval of Additional Capital for PT MAGI</li> <li>Approval of Additional Capital for PT MUF</li> <li>Risk Based Bank Rating (RBBR) Semester II 2015</li> <li>Ongoing Legal Cases</li> </ul>	√	√	√		√	√	
27 Apr	Management Letter from KAP PSS - EY due to Audit of Bank Mandiri for the year ended Dec 31, 2015			√		√	√	
11 May	Explanation of Bank Mandiri Financial Statement as of March 31, 2016 (Unaudited)	√	√	√		√	√	
25 May	Significant Findings and Fraud Case in First Quarter of 2016	√		√		√	√	
22 Jun	Update on additional review for Commercial Credit by KAP PSS-EY	√		√		√	√	
15 Aug	<ul style="list-style-type: none"> <li>Report of Audit Result Semester I/2016</li> <li>List of Monitoring on Follow Up of BPK finding, OJK and Accounting Public Office (KAP) PSS-EY</li> </ul>	√	√			√	√	
14 Sep	<ul style="list-style-type: none"> <li>Update on Performance of Subsidiaries as of July 2016</li> <li>Position of Bank Mandiri against Competitors as of June 2016</li> </ul>	√	√	√		√	√	
21 Sep	Request for the approval of additional budget for 2016 write off		√	√		√	√	
19 Oct	<ul style="list-style-type: none"> <li>Explanation of update on Credit Audit Sample by Accounting Public Office (KAP) PSS-EY for audit as of December 2016</li> <li>Update on OJK Regulation No.34/POJK.03/2016 on Obligation to Provide Minimum Capital of Commercial Banks and the Implication in Quarterly Financial Report as of Sept 30, 2016</li> </ul>	√		√	√	√		√
16 Nov	Significant Findings and Fraud Cases at Third Quarter of 2016 and Follow Up on Findings of BPK and OJK		√	√	√	√		√
23 Nov	<ul style="list-style-type: none"> <li>NPL Projection and Proposal of Additional Budget for Write Off</li> <li>Proposal of 2017 RKAP and 2017-2019 RBB</li> <li>Proposal of 2016-2020 Bank Mandiri Corporate Plan</li> </ul>	√	√	√	√	√		√
<b>Number of Meeting</b>		16	16	16	3	16	13	3
<b>Number of Attendance</b>		13	11	15	3	16	13	3
<b>Percentage of Attendance</b>		81%	69%	94%	100%	100%	100%	100%

\*) No longer serving as Audit Committee Member since October 19, 2016.

\*\*) Serving as Audit Committee Member since October 19, 2016.

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### Education and/or Training for Audit Committee Members

Throughout 2016, the members of Audit Committee have participated in following various trainings:

Name	Designation	Training/Workshop/Seminar	Date	Venue	Organizer
Budi Sulistio	Member	"The Implementation of IFRS 9 Impairment Requirements by Banks"	October 3, 2016	Jakarta	KPMG Indonesia Board Governance Forum
Lista Irna	Member	Role of Audit Committee in Tax Amnesty	November 8, 2016	Jakarta	Indonesia Audit Committee Association

### Statement of Audit Committee Charter

In performing its duties and responsibilities, Audit Committee of Bank Mandiri has Charter as a guidance which was established pursuant to Decree No.013/KEP/KOM/1999 dated August 19, 1999 and contains matters, among others: (a) Duties and Responsibilities of Committee, (b) Authorities of Committee, (c) Meeting of Committee and (d) Organization of Committee and miscellaneous. The Charter has been reviewed and updated in 2015. The Committee Audit Charter is available and can be accessed by public through official website of Bank Mandiri.

### Remuneration of Audit Committee Members

Regulation of the Minister of State Owned Enterprises No. PER-12/MBU/2012 also stipulates remuneration for the Audit Committee Independent Members with honoraria at maximum 20% (twenty percent) of the salary of the Company's President Director, with taxes paid by the Company. The Committee members are also not allowed to receive any other income in addition to the honoraria. Member of the Board of Commissioners who chairs the Audit Committee/sitting as Committee member is not entitled to extra income from the role except for members of Committee from independent party who obtain monthly honoraria in the amount as determined by the Board of Commissioners.

### Follow Up on Duties and Recommendation of Audit Committee

Throughout 2016, Audit Committee has provided several recommendation or advices to the Board of Commissioners, among others:

1. Proposal of Public Accounting Firm's name which has undergone a complete procurement procedure for conducting audit process of 2016 Financial Statements of Bank Mandiri.
2. In relation to the Internal Audit work unit or the chosen Public Accounting Firm, Audit Committee provided advices, among others:
  - The necessity to perform intensive audit to debtors accounts, particularly to business units with higher Non Performing Loan (NPL).
  - Due to the audit findings on the fraud occurrence at branch offices, Internal Audit was suggested to strengthen the implementation of overall procedures that need dual control.

- The audit sample selection by the chosen Public Accounting Firm is expected to represent the current condition.
  - The audit on Information Technology is expectedly well performed by Internal Audit or the chosen Public Accounting Firm to prevent.
  - Audit shall be performed toward preventive actions on the event occurrence. For example NPL of the Bank, audit is expected to acknowledge the fairness of NPL value and shall be an early warning signal/detection prior to NPL.
3. Proposal on Approval of 2017 RKAP and 2017-2019 Business Plan as well as 2016-2020 Corporate Plan proposed by the Board of Directors.

### Appointment and Discharge of the Audit Committee Members

The Chairman and members of the Audit Committee are appointed and dismissed by BOC. The Committee members may resign or be discharged, including prior to the expiry of their terms, in the event of:

- 1) Resignation.
- 2) Loss of citizenship.
- 3) Passed Away.
- 4) Acting contrary to the interests of Bank Mandiri.
- 5) Violating or failing to fulfill the requirements for serving as a member of the Audit Committee, as stipulated in the relevant Bank Indonesia Regulations.
- 6) Being unable to carry out his or her duties and responsibilities, as certified by BOC.

Members of the Audit Committee who serve as the members of the Board of Commissioners will be automatically dismissed when his/her term of office as commissioner ends.

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## Risk Monitoring Committee

Risk Monitoring Committee is established by the Board of Commissioners of PT bank Mandiri (Persero) under the framework of assisting the Board of Commissioners in performing its tasks and responsibilities under the framework of supervising and providing advices to Board of Directors for obtaining proper confidence in order that the implementation of the risks management of the Bank will keep complying with the procedures compliance and methodologies of risk management, thus activities of Bank will keep under control within the acceptable limit and profitable for Bank.

### Basis of Establishment of Risk Monitoring Committee

Establishment of the Committee was relied on and based on regulation of laws as well as the best applicable practices in banking institutions in Indonesia, i.e.:

- Article of Association of PT Bank Mandiri (Persero) Tbk and amendments thereof.
- Regulation of Financial Service Authority No. 17/POJK.03/2014 dated 18 November 2014 regarding Implementation of Integrated Risk Management for Financial Conglomeration.
- Financial Services Authority (OJK) No.55/POJK.03/2016 on Implementation of Governance for Commercial Banks.
- Regulation of Bank of Indonesia No. 5/8/PBI/2003 regarding Risk Management Application for Commercial Bank.
- Regulation of Minister of the State-Owned Enterprise Number PER-09/MBU/2012 dated 6 July 2012 regarding amendment to Regulation of Minister of the State Owned Enterprise Number PER-01/MBU/2011 dated, regarding Implementation of Good Corporate Governance at the State Owned Enterprise.
- Regulation of Minister of the State-Owned Enterprise Number PER-12/MBU/2012 regarding Supporting Organ of Board of Commissioners / Board of Supervisory of the State Owned Enterprise.

### Duties and Responsibilities of Risk Monitoring Committee

The Committee has tasks and responsibilities of assisting Board of Commissioners in performing monitoring and advising tasks to Board of Directors by providing opinions in form of suggestion and recommendation related but not limited to:

- Evaluation on conformity between risk management policy of Bank with the integrated risk management policy with implementation of those policies.
- Monitoring and evaluation to implementation of tasks of the integrated risk management policy and Work Unit of Integrated Risk Management.
- Review to performance of Integrated Risk Management consist of:
  - Risk profile report both individually (Bank only) and consolidated with subsidiary companies (integrated risk profile)
  - Risk based Bank's health level report both individually (Bank only) and consolidated with subsidiary companies (integrated risk profile)
  - Other reports related to management of 10 (ten) types of risks, they are credit risk, market risk, operational risk, liquidity risk, legal risk, compliance risk, reputation risk, strategic risk, inter-group transaction risk and insurance risk

- Monitoring adequacy of identification, measurement, monitoring, controlling processes and risk management information system.
- Evaluating compliance of Bank to Article of Association, regulations of Bank Supervisory Authority and Capital Market, as well as other regulations related to risk management.
- Arranging working manual and orders of the committee (charter) and reviewing based on the needs at least once in 2 (two) years.
- Performing other tasks and responsibilities mandated by Board of Commissioners from time to time.
  - Determining the annual working plan, specifying schedule of annual meeting.
  - Drawing up regular reports regarding activities of risk management committee and matters considered necessary for attention of Board of Commissioners.
  - Preparing Self-Assessment on effectiveness of activities of risk monitoring committee.
- Members of the Committee shall have the following tasks and responsibilities:
  - Organizing regular meetings
  - Learning meeting material in advance
  - Presenting the meeting
  - Actively participating and having contribution in each activities of the committee
  - Drawing up minutes of the meeting
  - Performing site working visit

### Authorities of Risk Monitoring Committee

Committee within scope of responsibilities of Committee has the following authorities :

- Searching and obtaining various of information including required documents from ;
  - Bank's Party (including staff of the Bank)
  - Other interested parties.
- Obtaining input and or suggestion from external party of the Bank related to tasks thereof.

### Independence of Risk Monitoring Committee

All members of Risk Monitoring Committee has fulfilled the following criteria of independence:

- Having no shares of Bank Mandiri, either directly or indirectly;
- Having no affiliations with Bank Mandiri, BOC, BOD or the principal shareholders of Bank Mandiri;
- Having no business relationships, directly or indirectly, with the Bank

### Structure, Membership and Expertise of Risk Monitoring Committee

Risk Monitoring Committee is under coordination of the Board of Commissioners and structurally responsible to the Board of Commissioners.

The membership of Risk Monitoring Committee consists of:

- An Independent Commissioner
- An Independent party with financial expertise; and
- An Independent party with risk management expertise.

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As of December 31, 2016, membership composition of Risk Monitoring Committee is as follow:

Name	Designation	Legal Basis of Appointment
Abdul Aziz	Chairman (Independent Commissioner)	Decree of the Board of Directors No.KEP.DIR/375/2016
Wimboh Santoso	Member (President Commissioner)	
Goei Siau Hong	Member (Independent Commissioner)	
B.S. Kusmulyono	Member (Independent Commissioner)	
Ridwan D. Ayub	Member (Independent Party)	
Lista Irna	Member (Independent Party)	

#### Period and Term of Office of Risk Monitoring Committee Members

The term of office of Risk Monitoring Members who serve as members of the Board of Commissioners shall not be longer than the Commissioners' term of office and shall be reappointed only for the next one period.

#### Brief Profile of Risk Monitoring Committee

The profiles of Risk Monitoring members who serve as the Board of Commissioners can be viewed in Profile of the Board of Commissioners section on page 72-75.

Profile of Ms. Lista Irna can be seen in profile of Audit Committee members on page 308, while profile of Mr. Ridwan D. Ayub is presented as follow.

	<b>Ridwan D. Ayub</b> Indonesia Citizen, 54 years old Period and Term of Office: 2014-present	
	<b>Educational Background</b> <ul style="list-style-type: none"> <li>Master Degree, Specializing in Financial Management, University of Mercu Buana (2008)</li> <li>Bachelor Degree, Faculty of Social and Political Science, Catholic University of Parahyangan (1985)</li> </ul>	<b>Work Experience</b> <ul style="list-style-type: none"> <li>Member of Risk Monitoring Committee, PT Bank Mandiri (Persero) Tbk (2014 - present)</li> <li>Member of Audit Committee, PT Bank Mandiri (Persero) Tbk (2014 - 2016)</li> <li>Member of Risk Monitoring Committee, PT Bank Rakyat Indonesia (Persero) Tbk (2006 - 2014)</li> <li>Vice Head of Operational Risk Division, PT Bank internasional Indonesia Tbk (2002 -2005)</li> </ul>

#### Brief Report on Activities of Risk Monitoring Committee in 2016

Risk Monitoring Committee has function to assist the Board of Commissioners to perform duties and responsibilities in evaluating and ensuring the implementation of risk management of Bank Mandiri has met the elements of procedure adequacy and risk management methodology, therefore the activities of Bank Mandiri can be manageable on acceptable risk limit.

For that purpose, during 2016, the Risk Monitoring Committee has conducted meetings with the Board of Directors/respected Work Unit in order to evaluate the implementation and management of risk

No	Date	Subject	Work Unit
1	15 February 2016	<ul style="list-style-type: none"> <li>Discussion on Fixed Assets dormant</li> <li>Performance of the Year in 2015 and 2016 Work Plan Mandiri Pension Fund</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Real Estate Group</li> <li>Mandiri DPLK</li> </ul>
2	14 March 2016	<ul style="list-style-type: none"> <li>Credit Risk into Enterprises &amp; Debtor Group Traffic Directorate which is financed with limit &gt;Rp500 million</li> <li>Permit Principle Land Use and loan cooperation proposals Mandiri Tower as the building site Jakarta Istora MRT Station Cooling Tower</li> </ul>	<ul style="list-style-type: none"> <li>Directorate of Corporate Banking</li> <li>Directorate of Commercial Banking</li> <li>Directorate of Consumer Banking</li> <li>Directorate of Risk Management &amp; Compliance</li> <li>Directorate of Wholesale Risk</li> <li>Corporate Real Estate Group</li> </ul>

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No	Date	Subject	Work Unit
3	23 March 2016	<ul style="list-style-type: none"> <li>Discussion on the addition of plafond and Giving New Facilities Commercial Line PT Asuransi Sedaya Finance</li> <li>Discussion on Short-term Loan Facilities and Treasury Line Facilities for PT Astra Sedaya Finance (ASF).</li> <li>Discussion of CL and NCL provision of facilities for PT United Tractors Semen Gresik (SI Group)</li> <li>Discussion KI Facility and Amendment of Existing Credit Facility Requirements PT Marga Mandalasakti (Astra Group)</li> </ul>	Directorate of Corporate Banking
4	30 Maret 2016	<ul style="list-style-type: none"> <li>Discussion on Capital Increase PT MAGI</li> <li>Discussion of Capital Increase PT MUF</li> <li>Risk Based Bank Rating (RBBR) Semester II 2015</li> <li>Outstanding Legal Cases</li> </ul>	<ul style="list-style-type: none"> <li>- Directorate of Finance &amp; Treasury</li> <li>- Directorate of Risk Management &amp; Compliance</li> <li>- Legal Group</li> </ul>
5	06 April 2016	<ul style="list-style-type: none"> <li>Realization of Strategic Initiatives in 2015 and Plan for 2016 Strategic Initiatives</li> <li>Update Distribution Network Transformation Project Implementation</li> </ul>	Corporate Transformation
6	13 April 2016	<ul style="list-style-type: none"> <li>Liquidity Position (USD and ISR) Q1 2016 &amp; Position Trading (Forex, MM, Bond Recap/SUN and MTM, derivatives)</li> <li>Study of Macro economic conditions in 2016 related to a decrease in interest rate and its impact into Bank Mandiri Business</li> </ul>	<ul style="list-style-type: none"> <li>- Treasury Group</li> <li>- Chief Economist</li> </ul>
7	04 Mei 2016	<ul style="list-style-type: none"> <li>Discussion on New Lending and Extension term of Credit payment to Related Party PT Sasmita Bakti Mulia</li> <li>Vendor Usage Reduction Strategy Plan under Development Application</li> </ul>	<ul style="list-style-type: none"> <li>- Directorate of Commercial Banking</li> <li>- Chief Technology Officer</li> </ul>
8	11 Mei 2016	Discussion Provision of Funds to Related Parties in the form of the New Credit facility to PT Surya Sudeco	Directorate of Commercial Banking
9	18 Mei 2016	Discussion on the Credit Facility PT Astra International Tbk, PT Federal International Finance and PT Surya Artha Nusantara	Directorate of Corporate Banking
10	08 June 2016	Discussion Extension Period and Additions Fas. KMK to PT Indonesian post	Directorate of Corporate Banking
11	15 June 2016	Proposed Revision RBB 2016-2018 and CBP 2016	<ul style="list-style-type: none"> <li>- Directorate of Corporate Banking</li> <li>- Directorate of Commercial Banking</li> </ul>
12	22 June 2016	<ul style="list-style-type: none"> <li>Proposed Increase Award Retirement Benefits and Other Benefits Provision to DPBM 1 to 4 Participants 2016</li> <li>Granting Credit Facility to Kimia Farma Group</li> <li>Providing New Credit Facility and Extension term of Credit payment to PT Bank Mandiri Tunas Finance</li> </ul>	<ul style="list-style-type: none"> <li>- Directorate of Human Capital</li> <li>- Directorate of Commercial Banking</li> </ul>
13	29 Juni 2016	<ul style="list-style-type: none"> <li>Proposed Extension of Facility Credit Line BMEL is mandated</li> <li>Proposed Changes to these Terms &amp; Conditions / Covenant Credit Related Party to PT MUF</li> </ul>	<ul style="list-style-type: none"> <li>- Directorate of Finance &amp; Strategy</li> <li>- Directorate of Commercial Banking</li> </ul>
14	20 July 2016	Proposed Capital Increase PT BSM - Proposed acquisition Most of the land owned by PT Bank Mandiri to land MRT	<ul style="list-style-type: none"> <li>- Directorate of Commercial Banking</li> <li>- Directorate of Operasional</li> </ul>
15	03 August 2016	<ul style="list-style-type: none"> <li>Business Management and Performance Foreign Office</li> <li>Progress Repair Credit Process Segment Commercial</li> </ul>	<ul style="list-style-type: none"> <li>- Directorate of Finance Treasury</li> <li>- Directorate of Commercial Banking</li> </ul>
16	24 August 2016	<ul style="list-style-type: none"> <li>Policy Architectures BM - Discussion of Extension of Credit Facilities Astra Group</li> <li>Discussion Extension Commercial Line facility to PT Asuransi Jasindo</li> </ul>	<ul style="list-style-type: none"> <li>- Directorate of Risk Management &amp; Compliance</li> <li>- Directorate of Corporate Banking</li> </ul>
17	07 Sept 2016	<ul style="list-style-type: none"> <li>Implementation of Risk Appetite Statement Update 2016</li> <li>Implementation of New Credit Rating System Process Segments Wholesale</li> <li>Bases Banking Risk Rating (RBBR) semester I 2016</li> </ul>	Directorate of Corporate Banking

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No	Date	Subject	Work Unit
18	14 Sept 2016	<ul style="list-style-type: none"> <li>Proposed Renewal Intraday term of payment PT Mandiri Sekuritas</li> <li>Proposed Extension of Fas. Credit Line BSM</li> </ul>	Directorate of Corporate Banking
19	21 Sept 2016	Update Mandiri University Group	Mandiri University
20	28 Sept 2016	Handling Credit Intrakomtabel and ekstrakomtabel to Special Asset Management	<ul style="list-style-type: none"> <li>Special Asset management Group</li> <li>Directorate of Commercial Banking</li> <li>Directorate of Retail Banking</li> <li>Directorate of Risk Management &amp; Compliance</li> </ul>
21	05 Oct 2016	Role and Function of Customer Care and Strategic Handling of Complaints Customer	Customer Care Group
22	12 Oct 2016	Proposal on Capital Increase Plan of PT Bank Mandiri TASPEN Pos (Bank Mantap)	Directorate of Retail Banking
23	19 Oct 2016	<ul style="list-style-type: none"> <li>Proposed Facility Extension PT Federal International Finance and Administration the new facility to the Astra Group</li> <li>Proposed Revised KPBM</li> </ul>	<ul style="list-style-type: none"> <li>Directorate of Risk Management &amp; Compliance</li> <li>Directorate of Corporate Banking</li> </ul>
24	26 Oct 2016	<ul style="list-style-type: none"> <li>Proposal for Provision of Funds to Related Party on Consumer Credit Facilities and the Credit Card</li> <li>Proposed Additions to the associated Facility Limit PT Ananta Auto Mainstay</li> <li>Proposed Facility KI, Extension of Period of Practice Facilities As well as changes Terms to Kimia Farma Group</li> <li>Update Asset Abandoned</li> </ul>	<ul style="list-style-type: none"> <li>Directorate of Corporate Banking</li> <li>Directorate of Operation</li> <li>Directorate of Commercial Banking</li> <li>Directorate of Micro</li> </ul>
25	2 Nov 2016	Proposed Approval of Extension and Improvement of Credit Line Facility PT Bank Mandiri TASPEN Pos	Directorate of Finance & Strategy
26	23 Nov 2016	<ul style="list-style-type: none"> <li>Proposed Extension of Credit Facility Agreement on Related Party PT Tunas and PT Mandiri Utama Finance</li> <li>Proposed Improvement and Extension Limit Availability period to the Astra Group</li> <li>Proposed Provision of Funds to Related Party on Consumer Credit Facilities and the Credit Card</li> </ul>	<ul style="list-style-type: none"> <li>Directorate of Commercial Banking</li> <li>Directorate of Retail Banking</li> <li>Directorate of Corporate Banking</li> </ul>
27	30 Nov 2016	Proposed Facility Investment Credit to the PT Trans Earth Serbaraja (TBS) - Astra Group	Directorate of Corporate Banking
28	21 Dec 2016	Application for Extension and Additions to the Joint Financing Limit PT Mandiri Tunas Finance (MTF)	Directorate of Retail Banking

#### Meeting of Risk Monitoring Committee

Meeting of Risk Monitoring Committee can be held at least of once in 1 (one) month. Meeting of Risk Monitoring Committee will be considered as valid if attended by at least 51% from the total members including one Commissioner and Independent Party. In the absence of Head of Monitoring Committee, then the Meeting will be presided over by Head of Monitoring Committee or member appointed in written. Resolution of the Meeting will be taken based on amicable negotiation. For the non-occurrence of amicable negotiation, resolution will be taken based on majority votes. Any difference of opinions in committee meeting must be clearly attached in minutes of the meeting including reasons of such difference of opinions. Meeting of Risk Monitoring Committee must be included in a minutes of the meeting signed by all presenting members and to be well documented.

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### Meeting Frequency and Level of Attendance of Risk Monitoring Committee

Throughout 2016, the Risk Monitoring Committee held 28 meetings with the following level of attendance:

Meeting Date	Meeting Agenda	Wimboh Santoso	Abdul Aziz	Imam Apriyanto (Putro *)	Suwihono *)	Goei Siauw Hong (**)	B.S Kusmulyono (**)	Budi Sulistio (*)	Ridwan D. Ayub	Lista Irma (**)
15 Feb	<ul style="list-style-type: none"> <li>Discussion on Fixed Assets dormant</li> <li>Performance of the Year in 2015 and 2016 Work Plan Mandiri Pension Fund</li> </ul>		√		√			√	√	
14 Mar	<ul style="list-style-type: none"> <li>Credit Risk into Enterprises &amp; Debtor Group Traffic Directorate which is financed with limit &gt;Rp500 million</li> <li>Permit Principle Land Use and loan cooperation proposals Mandiri Tower as the building site Jakarta Istora MRT Station Cooling Tower</li> </ul>		√	√	√		√	√	√	
23 Mar	<ul style="list-style-type: none"> <li>Discussion on the addition of plafond and Giving New Facilities Commercial Line PT Astra Sedaya Finance</li> <li>Discussion on Short-Term Credit Facilities and amenities TL for PT Astra Sedaya Finance</li> <li>Discussion of CL and NCL provision of facilities for PT United Tractors Semen Gresik (SI Group)</li> <li>Discussion KI Facility and Amendment of Existing Credit Facility Requirements PT Marga Mandalasakti (Astra Group)</li> </ul>		√				√	√	√	
30 Mar	<ul style="list-style-type: none"> <li>Discussion on Capital Increase PT MAGI</li> <li>Discussion on Capital Increase PT MUF</li> <li>Risk Based Bank Rating (RBBR) Semester II 2015</li> <li>Outstanding Legal Cases</li> </ul>		√	√				√	√	
6 Apr	<ul style="list-style-type: none"> <li>Realization of Strategic Initiatives in 2015 and Plan for 2016 Strategic Initiatives</li> <li>Update Distribution Network Transformation Project Implementation</li> </ul>		√					√	√	
13 Apr	<ul style="list-style-type: none"> <li>Liquidity Position (USD and ISR) Q1 2016 &amp; Position Trading (Forex, MM, Bond Recap/SUN and MTM, derivatives)</li> <li>Study of Macro economic conditions in 2016 related to a decrease in interest rate and its impact into Bank Mandiri Business</li> </ul>		√	√				√	√	
4 Mei	<ul style="list-style-type: none"> <li>Discussion on New Lending and Extension term of Credit payment to Related Party PT Sasmita Bakti Mulia</li> <li>Vendor Usage Reduction Strategy Plan under Development Application</li> </ul>		√	√				√	√	
11 Mei	Discussion Provision of Funds to Related Parties in the form of the New Credit facility to PT. Surya Sudeco		√	√				√	√	
18 Mei	Discussion on the Credit Facility PT Astra International Tbk, PT Federal International Finance and PT Surya Artha Nusantara		√					√	√	
8 Jun	Discussion Extension Period and Additions Facilities KMK to PT Indonesian post		√					√	√	
15 Jun	Proposed Revision RBB 2016-2018 and CBP 2016		√	√				√	√	
22 Jun	<ul style="list-style-type: none"> <li>Proposed Increase Award Retirement Benefits and Other Benefits Provision to DPBM 1 to 4 Participants 2016</li> <li>Granting Facilities Credit to Kimia Farma Group</li> <li>Providing Facilities New Credit and Extension term of Credit payment to PT Bank Mandiri Tunas Finance</li> </ul>		√	√				√	√	
29 Jun	<ul style="list-style-type: none"> <li>Proposed Extension of Facilities Credit Line BMEL is mandated</li> <li>Proposed Changes to these Terms &amp; Conditions/Covenant Credit Related Party to PT MUF</li> </ul>		√	√				√	√	
20 Jul	Proposed Capital Increase PT BSM - Proposed acquisition Most of the land owned by PT Bank Mandiri to land MRT		√	√				√	√	
3 Aug	<ul style="list-style-type: none"> <li>Business Management and Performance Foreign Office</li> <li>Progress Repair Credit Process Segment Commercial</li> </ul>		√	√				√	√	
24 Aug	<ul style="list-style-type: none"> <li>Policy Architectures BM - Discussion of Extension of Credit Facilities Astra Group</li> <li>Discussion Extension Commercial Line facility to PT Asuransi Jasindo</li> </ul>		√	√				√	√	
7 Sep	<ul style="list-style-type: none"> <li>Implementation of Risk Appetite Statement Update 2016</li> <li>Implementation of New Credit Rating System Process Segments Wholesale</li> <li>Bases Banking Risk Rating (RBBR) semester I 2016</li> </ul>		√	√				√	√	

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Meeting Date	Meeting Agenda	Wimboh Santoso	Abdul Aziz	Imam Apriyanto Putro *)	Suwahono *)	Goei Siau Hong **)	B.S Kusmulyono **)	Budi Sulistio *)	Ridwan D. Ayub	Lista Irna **)
14 Sep	• Proposed Renewal Intraday term of payment PT Mandiri Sekuritas • Proposed Extension of Facilities Credit Line BSM		√	√				√	√	√
21 Sep	Update Mandiri University Group		√	√				√	√	√
28 Sep	Handling Credit Intrakomtabel and ekstrakomtabel to Special Asset Management		√	√				√	√	√
5 Oct	Role and Function of Customer Care and Strategic Handling of Complaints Customer		√	√				√	√	√
12 Oct	Proposal on Capital Increase Plan of PT Bank Mandiri TASPEN Pos (Bank Mantap)		√	√		√	√	√	√	
19 Oct	• Proposed Facility Extension PT Federal International Finance and Administration the new facility to the Astra Group • Proposed Revised KPBM	√	√			√	√		√	√
26 Oct	• Proposal for Provision of Funds to Related Party on Consumer Credit Facilities and the Credit Card • Proposed Additions to the associated Facility Limit PT Ananta Auto Mainstay • Proposed Facility KI, Extension of Period of Practice Facilities as well as changes Terms to Kimia Farma Group • Update Asset Abandoned					√	√		√	√
2 Nov	Proposed Approval of Extension and Improvement of Credit Line Facility PT Bank Mandiri TASPEN Pos	√	√			√	√		√	√
23 Nov	• Proposed Extension of Credit Facility Agreement on Related Party PT Tunas and PT Mandiri Utama Finance • Proposed Improvement and Extension Limit Availability period to the Astra Group • Proposed Provision of Funds to Related Party on Consumer Credit Facilities and the Credit Card	√	√			√	√		√	√
30 Nov	Proposed Facility Investment Credit to the PT Trans Earth Serbaraja (TBS) - Astra Group	√	√				√		√	√
21 Dec	Application for Extension and Additions to the Joint Financing Limit PT Mandiri Tunas Finance (MTF)	√	√			√	√		√	√
<b>Number of Meeting</b>		6	28	22	2	6	19	28	28	6
<b>Number of Attendance</b>		5	27	17	2	5	6	22	28	6
<b>Percentage of Attendance</b>		83%	96%	77%	100%	83%	100%	100%	100%	100%

Note

\*) No longer serving as member of Risk Monitoring Committee since October 19, 2016

\*\*) Serving as member of Risk Monitoring Committee since October 19, 2016

**Education and/or Training for Members of Risk Monitoring Committee**

Throughout 2016, the members of Risk Monitoring Committee have participated in various trainings as follows:

Name	Designation	Training/Workshop/Seminar	Date	Venue	Organizer
Ridwan Ayub	Member	"Building Premium Holding Company"	November 2-3, 2016	Hotel Fairmont Jakarta	Pertamina Training & Consultant
Lista Irna	Member	"Verifying the Toughness of Indonesian Economy"	December 6, 2016	Jakarta	Institute for Development of Economics and Finance (INDEF)

**Charter of Risk Monitoring Committee Statement**

In performing duties and responsibilities, the Risk Monitoring Committee of Bank Mandiri has charter as working guidance which was updated in 2015 and consists of matters, among others: (a) Duties and Responsibilities of Committee, (b) Authorities of Committee, (c) Meetings of Committee and (d) Organization of Committee and miscellaneous.

The Charter of Risk Monitoring Committee is available to be accessed by public through official website of Bank Mandiri.

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Support Function**Remuneration of Risk Monitoring Committee**

Regulation of the Minister of State Owned Enterprises No. PER-12/MBU/2012 also stipulates remuneration for the Risk Monitoring Committee independent members with honoraria at maximum 20% (twenty percent) of the salary of the Company's President Director, with taxes paid by the Company. The Risk Monitoring Committee members are also not allowed to receive any other income in addition to the honoraria. Members of the Board of Commissioners who chairs the Risk Monitoring Committee/sitting as Committee member are not entitled to extra income from the role except for members of Committee from independent party who obtain monthly honoraria in the amount as determined by the Board of Commissioners.

**Follow Up on Activities and Recommendation of Risk Monitoring Committee**

Throughout 2016, the Risk Monitoring Committee has provided several recommendation or advices to the Board of Commissioners, among others :

1. Proposal on credit facility and provision of funds to respected party, either extension, additional, changes or new provision.
2. Proposal on organizational structure of Bank Mandiri proposed by the Board of Directors.
3. Review on the achievement of financial performance of Bank Mandiri quarterly
4. Review on strategy and implementation of Non Performing Loan management at Bank Mandiri.
5. Review on implementation of integrated risk management at Bank Mandiri.

**Appointment and Discharge of the Risk Monitoring Committee Members**

The Chairman and members of the Risk Monitoring Committee are appointed and dismissed by the Board of Commissioners, of which it is reported to the GMS. The Risk Monitoring Committee members may resign or be discharged, including prior to the expiry of their terms, in the event of:

- 1) Resignation
- 2) Loss of citizenship
- 3) Passed Away
- 4) Acting contrary to the interests of Bank Mandiri
- 5) Violating or failing to fulfill the requirements for serving as a member of the Risk Monitoring Committee, as stipulated in the relevant Bank Indonesia Regulations.
- 6) Being unable to carry out his or her duties and responsibilities, as certified by the Board of Commissioners.

Members of the Risk Monitoring Committee who serve as the members of the Board of Commissioners will be automatically dismissed when his/her term of office as commissioner ends.

**Remuneration and Nomination Committee**

In order to support the effectiveness of implementation of duties and responsibilities, the Board of Commissioners is assisted by Remuneration and Nomination Committee who is responsible for matters related to the determination of qualification, process of nomination and remuneration of the Board of Commissioners, Board of Directors and Executives of the Company.

**Establishment Basis of Remuneration and Nomination Committee**

The establishment of Remuneration and Nomination Committee referred to:

1. Articles of Association of the Company
2. Law No.19/2003 on SOE
3. Financial Services Authority (OJK) Regulation No.55/POJK.03/2016 on Implementation of Governance for Commercial Bank.
4. Minister of State Owned Enterprises No. PER-12/MBU/2012 on the Organs Supporting the Board of Commissioners of State Owned Enterprises.
5. Financial Services Authority (OJK) Regulation No. 34/POJK.04/2014 on Remuneration and Nomination Committee of Public Company, and OJK Regulation No. 45/POJK.03/2015 on Remuneration Procedures for Commercial Banks
6. Decree of the Board of Commissioners No. KEP.KOM//004/2016 dated October 19, 2016 concerning Change of Audit Committee, Risk Monitoring Committee, Integrated Governance Committee and Remuneration and Nomination Committee of PT Bank Mandiri (Persero) Tbk which was affirmed by Decree of the Board of Directors No. KEP.DIR/376/2016 concerning The Establishment of Remuneration and Nomination Committee Membership.

**Duties and Responsibilities of Remuneration and Nomination Committee**

Remuneration and Nomination Committee has duties and responsibilities as follow:

1. To prepare the concept and analysis relating to the function of the Committee for Remuneration and Nomination.
2. To assist the Board of Commissioners for providing recommendation concerning total members of Board of Commissioners and Board of Directors.
3. To assist the Board of Commissioners in stipulating general policy on Human Resources.
4. To recommend the approval for change of organizational structures up to one level below the Board of Directors.
5. To assist the Board of Commissioners to acquire and analyze the data of prospective candidate of Board of Directors from one level below the Board of Directors quarterly and any time if there is any change.
6. To assist the Board of Commissioners in providing recommendation concerning option to the Board of Commissioners, Board of Directors and Employee, among others share option as well as supervision in its implementation.
7. To possess data base and talent pool of candidates of members of Board of Directors and Board of Commissioners

8. To conduct evaluation against the policy on remuneration and providing recommendation to the Board of Commissioners concerning
  - Remuneration policy for the Board of Commissioners and the Board of Directors for submission to the General Meeting of Shareholders.
  - The policy on remuneration for Executive Official and Employee in its entirety for submission to the Board of Directors.
9. To prepare and provide recommendation concerning system as well as procedure of election and/or change or members of Board of Commissioners and Board of Directors to the Board of Commissioners for further submission to the General Meeting of Shareholders.
10. To Provide recommendation regarding members candidates of the Board of Commissioners and/or the Board of Directors to the Commissioners to be delivered in the General Meeting of Shareholders.
11. To identify candidate of the Board of Directors either from internal or external and candidate of the Board of Commissioners who has met the requirements to be proposed for the appointment as Director or the Board of Commissioners which is tailored to the Company strategy.
12. To provide recommendation concerning independent party who will become the member of Audit Committee and Risk Monitoring Committee.

#### Authorities of Remuneration and Nomination Committee

1. To request PT Bank Mandiri (Persero) Tbk for conducting survey according to the needs of Committee for Nomination and Remuneration.
2. To request information on matters as required from various parties both within and outside of PT Bank Mandiri (Persero) Tbk.

#### Independence of Remuneration and Nomination Committee

All members of Remuneration and Nomination Committee has met the following independence criteria:

1. Not include in the management team.
2. Free from business relationships and other relationship which may affect the decision.
3. Not the majority shareholders of the Company or employee who is directly related to the Company's majority shareholders.
4. Not employee of previously worked as executive of the company or affiliated company member, at least 3 (three) years prior to the appointment as committee member.
5. Not an advisor or professional primary consultant who is considered material to the company or affiliated company or employee who is directly related to the service provider, at least 3 (three) years prior his/her appointment as committee member.
6. Not supplier or primary customers from company or affiliated company or employee from/or directly or indirectly related to the supplier or primary customers.
7. Having no agreement relationship with the company or other affiliated company as the Board of Directors.

#### Structure, Membership and Expertise of Remuneration and Nomination Committee

The number and composition of members of Remuneration and Nomination Committee of Bank Mandiri consist of at least 3 (three) person: an Independent Commissioner as Chairman, an independent party who has expertise in Accounting/ Finance and an independent party who has expertise in legal as stipulated in Circlar of Bank Indonesia No.15/15/DPNP concerning Implementation of GCG for Commercial Banks. Other members are an Executive in Human Resources or an employee representative according to POJK No.45/POJK.03/2015.

As of December 31, 2016, the composition of Remuneration and Nomination membership of Bank Mandiri is as follow:

Name	Designation	Legal Basis of Appointment
B.S. Kusmulyono	Chairman (Independent Commissioner)	Decree of the Board of Directors No.KEP.DIR/376/2016
Imam Apriyanto Putro	Member (Deputy Chief Commissioner)	
Wimboh Santoso	Member (President Commissioner)	
Abdul Aziz	Member (Independent Commissioner)	
Askolani	Member (Commissioner)	
Aviliani	Member (Independent Commissioner)	
Goei Siau Hong	Member (Independent Commissioner)	
Ardan Adiperdana	Member (Commissioner)	
Sanjay N. Bharwani	Member	

#### Term of Office of Remuneration and Nomination Committee Members

Term of office of Remuneration and Nomination Committee members shall not be longer than term of office of the Board of Commissioners and may be reappointed for the next period.

#### Brief Profile of Remuneration and Nomination Committee

Members of Remuneration and Nomination Committee who also serve as the Board of Commissioners' members, their profile can be seen in Profile of the Board of Commissioners on page 72-75.

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Meanwhile the profile of Mr. Sanjay N. Bharwani who is not a member of the Board of Commissioners can be seen as follow:

	<b>Sanjay N. Bharwani</b> Indonesian Citizen, 55 years old Domiciled in Jakarta	
	<p><b>Basis of Appointment:</b> Appointed as SEVP Wholesale Risk through BOD Decree No. KEPDIR / 094/2015 dated March 26, 2015</p> <p><b>Educational Background</b></p> <ul style="list-style-type: none"> <li>• Bachelor Degree in the field of Technology &amp; Business from University of Australia – Victoria (1993)</li> </ul> <p><b>Seminars and Workshops:</b></p> <ul style="list-style-type: none"> <li>• <i>Executive Overview of Islamic Banking</i>, Lembaga Pengembangan Perbankan Indonesia (2013)</li> <li>• <i>Risk Management Certification Refreshment Program</i>, BARA (2013)</li> <li>• <i>Leading high impact teams</i>, Kellogs School of Management (2011)</li> <li>• Certified Recruiter, Standard Charter Bank (2008)</li> <li>• Watson Wyet Proprietary Job Evaluation tools, Watson Wyatt (2004)</li> <li>• Finance for non-finance manager, Accenture (2003)</li> </ul>	<p><b>Work Experience</b></p> <ul style="list-style-type: none"> <li>• Director of Human Capital at PT Rajawali Corpora</li> <li>• Group Head Human Capital Strategy &amp; Policies at Bank Mandiri (2008-2012)</li> <li>• Senior Vice President HR Centres of Expertise &amp; Operation at Bank Permata (2007-2008)</li> <li>• Senior Consultant di Gyann Consultant Jakarta dan Australia (2006-2007)</li> <li>• Country Head Watson Wyatt - Mumbani India (2004-2005)</li> <li>• Senior Manager Consulting at Accenture – Jakarta (1997-2004)</li> </ul>

#### Brief Report on the Implementation of Activities and Recommendation of Remuneration and Nomination Committee in 2016

In 2016, as stipulated in Charter of Remuneration and Nomination Committee of PT Bank Mandiri (Persero) Tbk concerning Nomination system, the Committee has submitted recommendation/proposal of candidates who met the requirements as President Director and members of the Board of Directors and the Board of Commissioners of PT Bank Mandiri (Persero) Tbk to the Board of Commissioners to be delivered to GMS. The proposal was obtained through a series of processes conducted by Remuneration and Nomination Committee covering establishment of policy, criteria and qualifications needed in the process of nominating candidates of the the Board of Directors and the Board of Commissioners which correspond with strategic plan of the Company. The Remuneration and Nomination Committee also assisted the Board of Commissioners to acquire and analyze data of prospective candidate of Board of Directors from the talent pool of official of one level below the Board of Directors.

In addition to nomination system, the Remuneration and Nomination Committee also assisted the Board of Commissioners in proposing remuneration system which suited the Board of Directors and the Board of Commissioners of PT Bank mandiri (Persero) Tbk in the form of payroll/honoraria system, facilities/allowances, tantiem and so on in 2016.

During 2016, the Nomination and Remuneration Committee has issued several recommendation to the Board of Commissioners as follow :

1. Proposal of Prospective Candidates of President Director and Directors of PT Bank Mandiri (Persero) Tbk
2. Recommendation on Candidates of the Board of Commissioners of PT Bank Mandiri (Persero) Tbk
3. Proposal of Long Term Incentives for the Management of PT Bank Mandiri (Persero) Tbk

4. Proposal of 2016 Salaries/Honoraria for the Board of Directors and the Board of Commissioners of PT Bank Mandiri (Persero) Tbk
5. Proposal of Determination of Remuneration and Tantiem for the Board of Directors and the Board of Commissioners of PT Bank Mandiri (Persero) Tbk
6. Proposal of determination of 2016 facilities and allowances for the Board of Directors of PT Bank Mandiri (Persero) Tbk.

#### Meeting of Remuneration and Nomination Committee

The meeting of Committee for Remuneration and Nomination shall be organized according to the needs and assignment from the Board of Commissioners, at least 2 (two) times in 1 (one) year and can only be implemented in the event it is attended by at least 51% (fifty one percent) of total members including one member of Board of Commissioners and Group Head Human Capital Group. The meeting shall be attended by all members and if necessary it can be attended by members with voting right (voting member). The meeting shall be presided over by the Chairman or member who is appointed by the members who are present, in the event that the Chairman is impeded. The Resolution of Meeting shall be conducted based on consultation to achieve an agreement. In case that the consultation to achieve an agreement has not occurred, the adopted decision shall be conducted based on majority votes. The result or the resolution of meeting is obligatory to be laid down in the minutes of meeting which is signed by the whole members who are present and it is documented properly.

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### Meeting Frequency and Level of Attendance of Remuneration and Nomination Committee

Throughout 2016, the Remuneration and Nomination Committee held 11 meetings with the following level of attendance:

Meeting Date	Meeting Agenda	Wimboh Santoso	Imam Apriyanto Putro	Abdul Aziz	Askolani	Aviliani	Goei Siauw Hong	B.s Kusmulyono	Ardan Adiperdana*	Suhono	Sanjay N Bharwani
3 Feb	Candidate Recommendation on Directors		√	√	√	√	√	√		√	√
17 Feb	Recommendations Candidate Manager PT Bank Mandiri (Persero) Tbk.	√		√		√	√	√		√	√
24 Feb	Discussion Draft Letter to the Minister of State Enterprises	√			√	√	√	√		√	√
2 Mar	Implementation Interviews with Directors of PT Bank Mandiri (Persero) Tbk.	√	√	√	√	√	√	√		√	√
16 Mar	Proposal of the Remuneration Board of Bank Mandiri	√	√	√	√	√	√	√		√	√
21 Mar	Proposed Candidates for the Board in the Annual General Meeting for financial year 2015**							√			
6 Apr	Discussion Follow Up Result of Annual General Meeting regarding Remuneration for Bank Mandiri Management Team (Especially LTI)	√		√		√	√	√			√
13 Apr	Follow-up Discussion Proposed Long Term Incentives (LTI)		√	√		√	√	√			√
24 Jun	Discussion on Revised Proposed Remuneration of Directors and Commissioners of PT Bank Mandiri (Persero) Tbk	√		√	√	√	√	√			√
29 Jun	Discussion Revised Proposed Remuneration of Directors and Commissioners of PT Bank Mandiri (Persero) Tbk	√	√	√	√			√			√
15 Agt	Discussion SOE Minister Regulation No. 02/MBU/06/2016 Discussion on Revised Rules of Conduct of the Board of Commissioners	√	√	√	√	√					√
<b>Total Meetings</b>		9	10	10	10	10	10	11	-	5	10
<b>Total Attendance</b>		8	6	9	7	9	8	10	-	5	10
<b>Percentage of Attendance</b>		89%	60%	90%	70%	90%	80%	91%	-	100%	100%

Note

\*) Serving as Remuneration and Nomination Committee member since October 19, 2016

\*\*) Meeting at the Ministry of SOEs represented by the Chairman of the Remuneration and Nomination Committee

### Education and/or Training for Remuneration and Nomination Members

Education and/or trainings for Committee Members who concurrently serve as the Board of Commissioners can be viewed in Profile of the Board of Commissioners on page 72-75. While the education and/or trainings for Committee Members who are not member of the Board of Commissioners can be seen in Profile of Mr. Sanjay N. Bharwani on page 320.

### Charter of Nomination and/or Remuneration Function Committee

In performing duties and responsibilities, the Remuneration and Nomination Committee of Bank Mandiri is guided by Charter which has been stipulated based on Decree No.KEP.KOM/004/2016 dated October 19, 2016. The Charter of Remuneration and Nomination function which consists of matters related to: (a) Function, Authorities and Responsibilities of Committee, (b) Membership and Rules of Order, (c) Remuneration and Nomination System and miscellaneous. The Charter has been reviewed and updated in 2016. The Charter of Remuneration and Nomination Committee is available to be accessed by public through official website of Bank Mandiri.

### Remuneration of Remuneration and Nomination Committee Members

Regulation of the Minister of State Owned Enterprises No. PER-12/MBU/2012 also stipulates remuneration for the Committee members with honoraria at maximum 20% (twenty percent) of the salary of the Company's President Director, with taxes paid by the Company. The Committee members are also not allowed to receive any other income in addition to the honoraria. Member of the Board of Commissioners who chairs the Remuneration and Nomination Committee/sitting as Committee member are not entitled to extra income from the role except for members of Committee from independent party who obtain monthly honoraria in the amount as determined by the Board of Commissioners.

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### Appointment and Discharge of the Remuneration and Nomination Committee Members

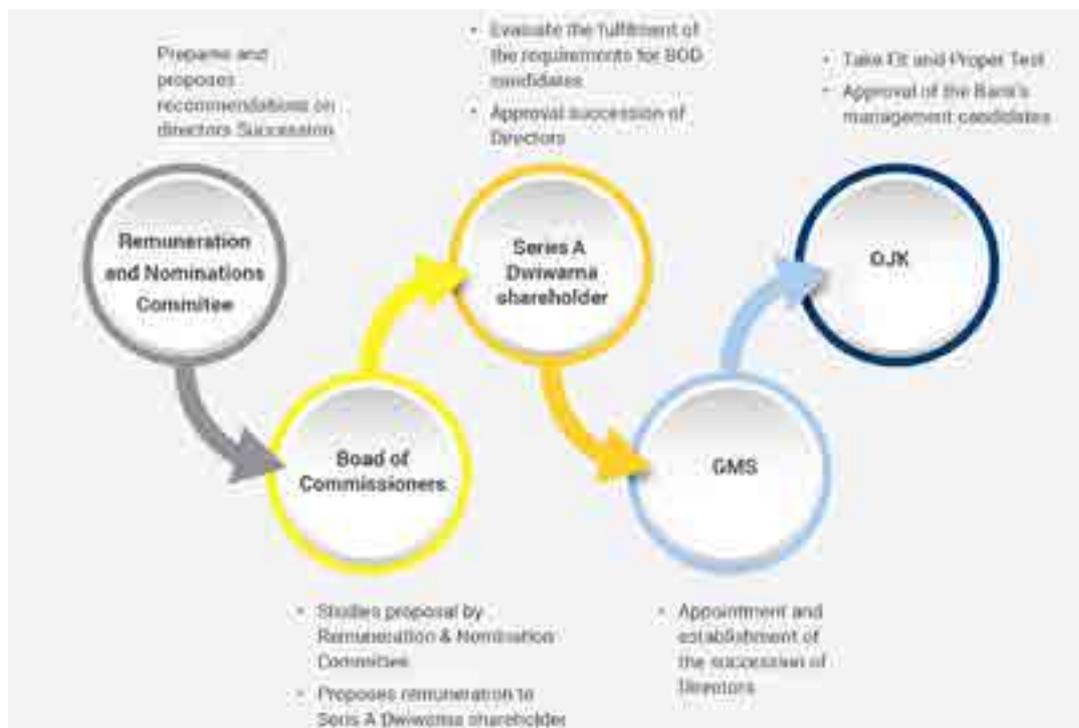
The Chairman and members of the Remuneration and Nomination Committee are appointed and dismissed by the Board of Commissioners, of which it is reported to the GMS. The Remuneration and Nomination Committee members may resign or be discharged, including prior to the expiry of their terms, in the event of:

- 1) Resignation
- 2) Loss of citizenship
- 3) Passed Away
- 4) Acting contrary to the interests of Bank Mandiri
- 5) Violating or failing to fulfill the requirements for serving as a member of the Remuneration and Nomination Committee, as stipulated in the relevant POJK.
- 6) Being unable to carry out his or her duties and responsibilities, as certified by the Board of Commissioners.

Members of the Remuneration and Nomination Committee who serve as the members of the Board of Commissioners will be automatically dismissed when his/her term of office as commissioner ends..

### Directors Succession Policy

In order to prepare the regeneration of the Bank's leadership in the future, Bank Mandiri has designed Talent & Succession Management, a Directors Succession Policy which has been harmonized with the Regulation of the Minister of State Enterprises No. PER-03/MBU/02/2015 on Terms and Procedures for Appointment and Dismissal of Directors of State Owned Enterprises. In addition, as a public company, Bank Mandiri also refers to OJK regulation No.33/POJK.04/2014 concerning Board of Directors and Board of Commissioners of Issuer or Public Companies.



### Appraisal Company for the Selection of Candidates of the Board of Commissioners and the Board of Directors

The Remuneration and Nomination Committee determines criteria of candidates of the Board of Commissioners and the Board of Directors, and then performing selection on the candidates who meet the established criteria. Furthermore, Bank Mandiri teams up with the Appraisal Company to assess the candidates of the Board of Commissioners and the Board of Directors.

In 2016, Bank Mandiri teamed up with several Appraisal Companies such as PT Daya Dimensi Indonesia. The names recommended by the Appraisal Company will be reported by the Remuneration and Nomination Committee to the Board of Commissioners as candidates which then will be submitted to GMS for the approval.

## Integrated Governance Committee

Integrated Governance Committee was established by the Board of Commissioners of PT Bank Mandiri (Persero) Tbk with the objective to assist and facilitate the Board of Commissioners in performing its tasks and functions to supervise the implementation of Governance in each Financial Service Institution (FSI) under Financial Conglomeration of Bank Mandiri in order to comply with the Manual on Integrated Governance; supervising performance of tasks and responsibilities of the Board of Directors of Bank Mandiri, as well as providing direction or advices to the Board of Directors of Bank Mandiri for implementation of Manual for Integrated Governance; and evaluating Manual for Integrated Governance as well as directing for improvement.

### Basis of Establishment of Integrated Governance Committee

Aside from guiding by best practices in general applied in banking institutions in Indonesia, the Integrated Governance Committee was also established with due observance of rules and regulations

- Articles of Association of PT Bank Mandiri (Persero) Tbk and amendments thereof
- Regulation of Financial Service Authority Number 18/POJK.03/2014 dated 18 November 2014 regarding Implementation of Integrated Governance for Financial Conglomeration.
- Law Number 21 of Year 2011 regarding Financial Service Authority
- OJK Regulation No.55/POJK.03/2016 on Implementation of Governance for Commercial Banks.
- Regulation of Minister of the State Owned Enterprise Number PER-09/MBU/2012 dated 6 July 2012 regarding amendment to Regulation of Minister of the State Owned Enterprise Number PER-01/MBU/2011 dated, regarding Implementation of Good Corporate Governance at the State Owned Enterprise
- Regulation of Minister of the State Owned Enterprise Number PER-12/MBU/2012 regarding Supporting Organ of the Board of Commissioners / Board of Supervisory of the State Owned Enterprise
- Decree of the Board of Commissioners No. KEP KOM//004/2016 dated October 19, 2016 concerning Change of Audit Committee, Risk Monitoring Committee, Integrated Governance Committee and Remuneration and Nomination Committee of PT Bank Mandiri (Persero) Tbk which was affirmed by Decree of the Board of Directors No. KEP. DIR/377/2016 concerning The Establishment of Integrated Governance Committee Membership.

### Brief Report of Implementation of Duties of Integrated Governance Committee in 2016

During 2016, the Integrated Corporate Governance Committee already discuss and assign related matters :

- On February 12, 2016, Integrated Governance Committee held meeting to discuss self assessment result for the second semester of 2015 and efforts to be taken for improvements.
- On October 12, 2016, Integrated Governance Committee has discussed the self assessment result for the first

semester of 2016 and efforts to be taken for improvements. In addition, the meeting also discussed initiatives of Integrated Compliance Work Unit (SKKT), Integrated Internal Audit Work Unit (SKAIT), and Integrated Risk Management Work Unit (SKMRT) during 2016.

### Duties and Responsibilities of Integrated Governance Committee

#### A. Properness of Integrated Internal Control :

##### a) Adequacy of Internal Control Integrated

- Performing evaluation that Bank Mandiri and Subsidiary Companies have had standard integrated internal control system in compliance with the applicable practice by reviewing the Manual for Integrated Governance applicable at Bank Mandiri.
- Performing monitoring and evaluation on effectiveness of implementation of integrated internal control by reviewing Regular Report and Investigation Report issued by the Integrated Internal Audit Unit.
- Performing regular meetings with the Integrated Internal Audit Unit to discuss matters related to integrated internal control and implementation thereof.
- Performing monitoring and evaluation on implementation of follow-up by the Board of Directors of Bank Mandiri and Subsidiary Companies on the results of findings by the Integrated Internal Audit Unit, Public Accountant Office, and results of supervision by Financial Service Authority on weakness to system and implementation of integrated internal control.
- Make regular reports to results of monitoring and provide advice on matters related to integrated internal control need to become attention by the Board of Commissioners of Bank Mandiri and Subsidiary Companies.

##### b) Implementation of Integrated Compliance Function

- Performing monitoring and evaluation on the compliance of Bank Mandiri and Subsidiary Companies against the applicable legislations in Capital Market as well as regulation of Financial Service Authority, Bank Indonesia and other regulation related to banking, insurance, securities and financing business through coordination with Integrated Compliance Unit.
- Studying on the regular report and investigation report related to compliance to internal and external regulations issued by the Integrated Compliance Unit and external auditor.
- Performing regular meetings with Integrated Compliance Unit to discuss matters related to compliance by Bank Mandiri and Subsidiary Companies to internal and external regulations.
- Performing monitoring and evaluation on the implementation of follow-up by the Board of Directors of Bank Mandiri and Subsidiary Companies for result of findings by Integrated Compliance Unit, Public Accountant Office, and result of supervision by Financial Service authority regarding weakness

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on system and implementation of integrated compliance function.

- Reporting in regular basis on the monitoring results and provide advices to matters related to compliance of Bank Mandiri and Subsidiary Companies to internal and external regulations need to become attention of the Board of Commissioners of Bank Mandiri and Subsidiary Companies.

- Provide recommendation to the Board of Commissioners of Bank Mandiri to improve Manual for Integrated Governance.

#### Authorities of Integrated Governance Committee

Integrated Governance Committee has authorities to conduct the following things:

- Rendering opinions to the Board of Commissioners of Bank Mandiri regarding implementation of Integrated Governance by assessment on properness of internal control and implementation of integrated compliance functions.
- Establish communication with the Integrated Compliance Unit and the Integrated Internal Audit Unit for the purposes of obtaining information, clarification as well as requesting documents and necessary required reports.

#### Independence of Integrated Governance Committee

Independence of Integrated Governance Committee of Bank Mandiri is measured by the following criteria:

- Free from business relationships and other relationship which may affect the decision.
- Not the majority shareholders of the Company or employee who is directly related to the Company's majority shareholders.
- Not employee of previously worked as executive of the company or affiliated company member, at least 3 (three) years prior to the appointment as committee member.
- Not an advisor or professional primary consultant who is considered material to the company or affiliated company or employee who is directly related to the service provider, at least 3 (three) years prior his/her appointment as committee member.
- Not supplier or primary customers from company or affiliated company or employee from/or directly or indirectly related to the supplier or primary customers.
- Having no agreement relationship with the company or other affiliated company as the Board of Directors.

All members of Integrated Governance Committee of Bank Mandiri have met the abovementioned criteria.

#### Structure, Membership and Expertise of Integrated Governance Committee

According to Integrated Governance Committee Charter, mentioning that:

- The Committee Members shall consist of at least one Independent Commissioner who holds concurrent position as Chairman and member, one independent party with expertise in finance and one independent party with expertise in risk management.
- Former members of the Board of Directors or Executive Officer of the Bank or parties who have a relationship with the Bank may affect the ability to act independent, it can not be an independent party as a member of the committee at the Bank

Mandiri before cooling off period as provided in the provisions of the applicable Bank Indonesia.

- The Committee members originated from external party shall meet the following requirements
  - Having no business relation with Bank
  - Having no family relationship with the Board of Directors, the Board of Commissioners and Controlling Shareholders.
- Having highly integrity, ability, knowledge, and adequate experience in their field of duties as well as having comprehension of banking.

As of December 31, 2016, the composition of Integrated Governance Committee is as follow:

Name	Designation	Legal Basis of Appointment
Abdul Aziz	Chairman (Independent Commissioner)	
Aviliani	Member (Independent Commissioner)	
Goei Siau Hong	Vice Chairman and Member (Independent Commissioner)	Decree of the Board of Directors No.KEP.DIR/377/2016
B.S Kustumulyono	Member (Independent Commissioner)	
Imam A. Putro	Member (Commissioner)	
Ridwan D. Ayub	Member (Independent)	

#### Term of Office of Integrated Governance Committee Members

Term of office of Integrated Governance Committee members who are the members of the Board of Commissioners shall not be longer than term of office of Commissioners and may be reappointed only for the next 1 (one) period.

#### Brief Profile of Integrated Governance Committee

Most of Integrated Governance Committee members also serve as members of the Board of Commissioners. Therefore, their profiles have been presented in Profile of the Board of Commissioners on page72-75. Meanwhile, profile of non-independent members can be seen as follow :

#### Meeting of Integrated Governance Committee

Pursuant to OJK Regulation No.18/POJK.03/2014, the Integrated Governance Committee shall conducts at least one meeting in every semester. The meeting can be convened through video conference.

Meetings of the Integrated Governance Committee shall be held at least once in 6 (six) months which is led by Chairman of Integrated Governance Committee and is considered as valid if being attended by at least 51% from total members including one Independent Commissioner of Bank Mandiri and the Independent Party. Recommendation of the Meeting will be taken based on an amicable negotiation for reaching a mutual consensus. Dissenting of opinion occurred in a meeting of the committee must be expressly described in the minutes of the meeting including reasons of the disenting opinion. Meeting of the Integrated Governance Committee must be included in a minute of the meeting signed by all presenting members and to be well documented.

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### Meeting Frequency and Level of Attendance of Integrated Governance Committee

Throughout 2016, the Integrated Governance Committee has conducted 2 meetings with the following level of attendance of Committee Members:

Meeting Date	Meeting Agenda	Abdul Aziz	Aviliani	Goei Siauw Hong	B. S. Kusmulyono	Imam A. Putro*	Ridwan D. Ayub	Budi Sulistio**
Feb 12	<ul style="list-style-type: none"> <li>Presentation and Explanation on Self Assessment Result of Integrated Governance in Second Semester of 2015</li> <li>Presentation on Performance of Subsidiaries in 2015, namely Bank Syariah Mandiri, Mandiri Sekuritas and Mandiri Manajemen Investasi</li> </ul>	√	√	√	√	-	√	√
Oct 12	<ul style="list-style-type: none"> <li>Assessment Result of Integrated Governance in the 1<sup>st</sup> Semester of 2016</li> <li>Implementation of Duties and Responsibilities of Integrated Governance Committee</li> </ul>	√	√	√	√	-	√	√
<b>Number of Meetings</b>		2	2	2	2	-	2	2
<b>Percentage of Attendance</b>		100%	100%	100%	100%	-	100%	100%

\* Serving as Integrated Governance Committee member since October, 19, 2016.

\*\* No longer serving as Integrated Governance Committee member since October, 19, 2016.

### Education and/or Training for Integrated Governance Committee Members

Education and/or training for Committee Members who serve as the members of the Board of Commissioners can be viewed in profile of the Board of Commissioners on page 72-75.

### Charter of Integrated Governance Committee

In carrying duties and responsibilities, the Integrated Governance Committee of Bank Mandiri has Charter as working guidance which was established in 2016 pursuant to Decree No.KEP.KOM/004/2016 dated October 19, 2016. The Charter regulates matters related to among others duties, authorities and responsibilities of Committee as well as conducting Committee Meeting.

### Remuneration of Integrated Governance Committee Members

Regulation of the Minister of State Owned Enterprises No. PER-12/MBU/2012 also stipulates remuneration for the Committee members with honoraria at maximum 20% (twenty percent) of the salary of the Company's President Director, with taxes paid by the Company. The Committee members are also not allowed to receive any other income in addition to the honoraria. Member of the Board of Commissioners who chairs the Integrated Governance Committee/sitting as Committee member are not entitled to extra income from the role except for members of Committee from independent party who obtain monthly honoraria in the amount as determined by the Board of Commissioners.

### Follow Up on Execution of Activities of Integrated Governance Committee

- Respected work unit conducted recommendation on Committee Meeting on February 12, 2016, among others to improve initiatives of implementing duties and responsibilities of SKKT, SKAIT, and SKMR.
- In Integrated Governance Committee meeting on October 12, 2016, it has been reported either the accomplished and on progress initiatives from the implementation of duties and responsibilities of SKKT, SKAIT, SKMRT as well as discussing action plan to encounter 2017.

### Recommendation of Integrated Governance Committee

After discussing the follow up on the implementation of Integrated Governance, the TKT Committee has agreed to convene meeting to discuss the progress of the implementation duties and responsibilities of Integrated Governance Committee, including the implementation duties and responsibilities of other organs of Integrated Governance such as SKKR, SKAIT, and SKMRT.

### Appointment and Discharge of the Integrated Governance Committee Members

The Chairman and members of the Integrated Governance Committee are appointed and dismissed by the Board of Commissioners, of which it is reported to the GMS. The Integrated Governance Committee members may resign or be discharged, including prior to the expiry of their terms, in the event of:

- Resignation
- Loss of citizenship
- Passed Away
- Acting contrary to the interests of Bank Mandiri
- Violating or failing to fulfill the requirements for serving as a member of the Integrated Governance Committee, as stipulated in the relevant Bank Indonesia Regulations.
- Being unable to carry out his or her duties and responsibilities, as certified by the Board of Commissioners.

Members of the Integrated Governance Committee who serve as the members of the Board of Commissioners will be automatically dismissed when his/her term of office as commissioner ends.

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### Assessment of Performance of Committees Under the Board of Commissioners

Evaluation and assessment of performance of Committees under the Board of Commissioners are conducted once a year by using the method designated by the Board of Commissioners. The implementation of activities and performance of Committees under the Board of Commissioners is constantly evaluated and assessed by the Board of Commissioners for the interest to improve the effectiveness of implementation of activities and performance of Committees in the years to come.

## Secretary to the Board of Commissioners

Pursuant to Regulation of the Minister of State Owned Enterprises No. PER-12/MBU/2012 on the Organs Supporting the Board of Commissioners of State Owned Enterprises, the Board of Commissioners may form a Secretariat to the Board of Commissioners led by the Secretary to the Board of Commissioners to assist the smoothness administration of the duties and responsibilities of the Board of Commissioners. The Secretary to the Board of Commissioners is originated from outside the Company and is appointed, dismissed as well as responsible to the Board of Commissioners.

### Duties and Responsibilities of Secretary to the Board of Commissioners

Pursuant to Working Guidelines as stipulated in Decree

No. KEP.KOM/005/2016 about The board of Commissioners code of conduct, the secretary to the Board of Commissioners has the following duties and responsibilities:

1. To make preparations for meetings, to provide materials and information for meetings or reports of the Board of Commissioners, to draw up minutes of meetings.
2. To provide information required by the Board of Commissioners in the decision making process and any required information periodically.
3. To assist the Board of Commissioners in preparing reports and work plan and budget plan.

### Profile of Secretary to the Board of Commissioners

Secretary to the Board of Commissioners is currently held by Dini Desvalina who was appointed pursuant to Decree of the Board of Commissioners No.001/2016. Following is her brief profile.

	<b>Dini Desvalina Indonesian Citizen, 31 years old</b> <b>Term of Office: January 13, 2016 - present</b>	
	<b>Educational Background</b> <ul style="list-style-type: none"> <li>• Master Degree, Sharia Financial Management, Magister of Management University of Indonesia. Graduated in 2013.</li> <li>• Bachelor Degree, Accounting, University of Indonesia. Graduated in 2009.</li> <li>• Diploma in Accounting, State College of Accounting. Graduated in 2006</li> </ul>	<b>Work Experience</b> <ul style="list-style-type: none"> <li>• Financial Analyst at Ministry of SOE (2007)</li> <li>• Section Head of Logistic and Industrial Estate IIb at Ministry of SOE (2014)</li> <li>• Section Head of Bureaucracy Reformation at Ministry of SOE (2015-present)</li> </ul>

### Brief Report on Duties Implementation of Secretary to the Board of Commissioners

Secretary to the Board of Commissioners has formed the following 2016 work program principles:

1. Prepare and compile materials and coordinate meetings related to the monitoring, evaluation and provision of feedback on the implementation of Bank Mandiri strategic policy in the Corporate Plan for the period 2016-2020, the 2016-2018 Bank Business Plan (RBB), and 2016 CBP 2016 with due respect to liquidity aspect, NPL, the achievement of market share, the value of market capitalization and profitability;
2. Prepare and draw up materials as well as coordinating meetings related to monitoring and providing feedback on the policy and strategy of the Board of Directors/ management in order to implement strategic goals in 2016 CBP and business development program;
3. Prepare and compose materials as well as coordinating meetings related to monitoring and providing inputs/ suggestions to the Board of Directors in the implementation of the nonorganic company's development;
4. Prepare and compile materials as well as coordinating meetings related to the monitoring of infrastructure development (IT and non IT) program, Human Capital and sustainable legal in compliance with the business strategy and the capacity of the Bank;
5. Prepare and draw up materials as well as coordinating meetings related to monitoring the implementation of the principles of Good Corporate Governance, Compliance and Risk Management which is integrated with subsidiaries;
6. Prepare and compose materials as well as coordinating meetings related to the monitoring and evaluation of the planning and execution of audit / internal control system as well as monitoring on the follow up of audit results /other examination, including subsidiaries;

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7. Prepare and coordinate meetings related to training for refreshment in order to increase insight in the field of Risk Management and others for the Board of Commissioners;
8. Prepare and coordinate field trips for the Board of Commissioners;
9. Develop a refinement concept against the Board of Commissioners Rules of Conduct to conform with current/the latest legislation.

Secretary to the Board of Commissioners use this work program as a guideline in carrying out their duties in order to support and facilitate the work program of the Board of Commissioners. Outside the referred work program, Secretary of the Board of Commissioners also perform other duties to facilitate monitoring duties and providing inputs made by the Board of Commissioners.

## Committees Under the Board of Directors

In order to support the effectiveness of implementation of duties and responsibilities of the Board of Directors, Bank mandiri established committees which are responsible directly to the Board of Directors and collectively provide certain assistance which requires specific expertise.

Up to present, Bank Mandiri has 9 Committees under the Board of Directors or being known as Executive Committee.

### Assets & Liabilities Committee (ALCO)

ALCO has tasks to carry out the function in determining assets and liabilities management strategy, interest and liquidity as well as other things related to the management of assets and liabilities of the Company.

#### Structure and Membership of ALCO

Pursuant to KEP.DIR/387/2016 concerning Assets & Liabilities Committee dated November 2, 2016, the composition of ALCO Members is as follow:

Members of Assets & Liabilities Committee (ALCO)	
Chairman	President Director
Secretary	Group Head Market Risk
Secretary (Alternate II)	Group Head Treasury
Permanent Voting Member	<ol style="list-style-type: none"> <li>1. President Director</li> <li>2. Vice President Director</li> <li>3. Director of Finance &amp; Treasury</li> <li>4. Director of Commercial Banking</li> <li>5. Director of Corporate Banking</li> <li>6. Director of Retail Banking</li> <li>7. Director of Distributions</li> <li>8. Director of Digital Banking &amp; Technology</li> <li>9. SEVP Wholesale Risk</li> <li>10. SEVP Retail Risk</li> <li>11. SEVP Special Asset Management</li> <li>12. SEVP Corporate Banking</li> <li>13. PE Digital Banking &amp; Technology</li> </ol>
Non-Permanent Voting Member:	Member of the Board of Directors / SEVP-related material is present as an invitation.
Permanent Non-Voting Members:	Director of Risk Management & Compliance*) or the Group Head of Compliance Group Compliance or appointed officials.

\*) In the case of the material covered in the committee is a matter proposed by SEVP Internal Audit, the SEVP Internal Audit acts as a Voting Member

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### Term of Office of ALCO Committee Members

When someday there is a change in the Company's organizational structure, therefore the membership of committee remains unchanged to the extent the job descriptions are suitable with the new organizational structure and still included in job description of committee members. In addition, the term of offices of ALCO committee members who serve as the Board of Directors or SEVP will be ended as their term of offices as the Board of Directors or SEVP are over.

### Statement of Independence of ALCO Committee

Members of ALCO Committee shall constantly act independently in performing duties thereof. The independence means free from conflict of interest which may interfere the implementation of duties and responsibilities thereof.

### Duties, Authorities and Responsibilities of ALCO

Duties, authorities and responsibilities of ALCO are as follows:

1. Establishing, developing and reviewing strategies management of assets and liabilities.
2. Evaluating the position of assets and liabilities of the Company in accordance with the objectives of liquidity risk, interest rate and exchange rate.
3. Evaluating the Company's position and strategy of Assets & Liabilities Management (ALM) to ensure that the Company's risk taking position has been consistent with the objective of interest rate risk management, liquidity and exchange rate risk.
4. Reviewing the pricing of assets and liabilities to ensure that pricing can optimize the results of placement of funds by minimizing the cost of funds and maintain the balance sheet structure of the Company in accordance with the Company's ALM strategy.
5. Reviewing the deviation between actual with projected budgets and business plans of the Company.
6. Conducting a study limitation liquidity management, gap management, pricing management, and FX management.
7. Establishing a fund transfer pricing methodology.
8. Discussing the scope of ALM including subsidiaries/entities under the control of the Company.

However, ALCO has no authority to act on behalf of and on behalf of the Company, or signing of binding agreements with third parties, where all actions for and on behalf of the Company must be made in accordance with the Articles of Association of the Company.

### Brief Profile of ALCO Members

Profile of ALCO Committee Members who serve as the members of the Board of Directors can be viewed in Profile of the Board of Directors on page 78-83. While the profile of ALCO Committee members hold position as SEVP can be seen on the following:

	<b>Riyani T. Bondan</b> Indonesian Citizen, 55 years old Domiciled in Jakarta	
	<b>Basis of Appointment</b> Appointed as Senior Executive Vice President Retail Risk of Bank Mandiri through BOD Decree No. KEP.DIR / 093/2015 dated March 26, 2015	<b>Work Experience</b> <ul style="list-style-type: none"> <li>• Senior Executive Vice President Retail Risk at Bank Mandiri (2015 - present)</li> <li>• Executive Vice President Coordinator Internal Audit (2008-2015)</li> <li>• Group Head Learning Center at Bank Mandiri (2005)</li> <li>• Group Head Retail Credit Risk Approval at Bank Mandiri (2002)</li> <li>• Head of Commercial Credit III at Bank Mandiri (2000-2001)</li> <li>• Group Head Corporate &amp; Commercial Credit at Bank Mandiri</li> <li>• Executive Secretary to President Director at Bank Exim (1997-1999)</li> <li>• Head of the Corporate Bureau Section at Exim Bank (1994)</li> <li>• Credit Analyst in the Plantation Credit Bureau at Bank Ekspor Impor Indonesia (Exim Bank) (1987)</li> </ul>
	<b>Educational Background</b> <ul style="list-style-type: none"> <li>• Bachelor of Soil Science from Bogor Agricultural University (IPB) (1984)</li> <li>• Master of Business Administration, University of Illinois, Urbana Champaign (1994)</li> </ul>	<b>Workshop and Training</b> <ul style="list-style-type: none"> <li>• Strategic for Leadership in Lausanne (2010)</li> <li>• IIA International Conference in Atlanta (2010)</li> <li>• Leverage Finance Asia Conference in Hongkong (2008)</li> <li>• Specialized Corporate Credit in Shanghai (2008)</li> <li>• Advanced Corporate Credit Workshop in New York (2006)</li> <li>• Human Performance Improvement in Athena (2004)</li> </ul>

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	<b>Kepas Antoni Manurung</b> Indonesian Citizen, 55 years old Domiciled in Jakarta	
	<p><b>Basis of Appointment</b> Appointed as SEVP Wholesale Risk through BOD Decree No. KEP.DIR / 094/2015 dated March 26, 2015</p> <p><b>Educational Background</b></p> <ul style="list-style-type: none"> <li>• Master in the field of Management from Gajah Mada University (1997)</li> <li>• Master in the field of Management from IPPM (1989)</li> <li>• Bachelor Degree in the field of Agronomy from Bogor Agricultural Institute (1984)</li> </ul> <p><b>Workshop and Training</b></p> <ul style="list-style-type: none"> <li>• Wholesale Bankers Program 2014</li> <li>• Seminar Green Banking (AFD) (2014)</li> <li>• Mandiri New Horizon Workshop (2013)</li> <li>• Workshop Great Leader Program (2012)</li> </ul>	<ul style="list-style-type: none"> <li>• Risk Management Competency Certification (2011)</li> <li>• Great Leader Training Program Phase III (2011)</li> <li>• Workshop 4DX – Direktorat Risk Management (2011)</li> <li>• Training Service Mindset (2010)</li> </ul> <p><b>Work Experience</b></p> <ul style="list-style-type: none"> <li>• Senior Executive Vice President Wholesale Risk (2015 - present)</li> <li>• Group Head Corporate Risk I (2013)</li> <li>• PKMK Risk Management di Commercial Risk Group (2011)</li> <li>• Regional Risk Manager di Commercial Risk Group (2007-2010)</li> <li>• Department Head – Credit Policy (2006)</li> <li>• Professional Staff Portofolio &amp; Operational Risk Management (2001)</li> <li>• Group Head CRM-Retail KUK Region 3 &amp; 6 (1999)</li> <li>• Senior Officer CRM-Retail KUK Region 3 (1999)</li> </ul>

	<b>Toni Eko Boy Subari</b> Indonesian Citizen, 52 years old Domiciled in Jakarta	
	<p><b>Basis of Appointment</b> Appointed as SEVP Special Asset Management through BOD Decree No. KEP.DIR/137/2016 dated April 11, 2016</p> <p><b>Educational Background</b> Bachelor Degree in Technology of Agricultural Industry from Bogor Agricultural University (1988)</p> <p><b>Workshop and Training</b></p> <ul style="list-style-type: none"> <li>• Mandiri Club Senior Risk Forum (2016)</li> <li>• Quickwin Trn Plan Wave II: Entrepreneurial (2015)</li> <li>• Wholesale Bankers Summit (2014)</li> <li>• Euromoney Corporate Valuations - Techniques &amp; Mode (2009)</li> </ul>	<p><b>Work Experience</b></p> <ul style="list-style-type: none"> <li>• Senior Executive Vice President Special Asset Management (2016 – present)</li> <li>• Regional CEO I/Sumatera I (2015-2016)</li> <li>• Executive of CEO I/Sumatera I in region I Medan (2015)</li> <li>• Group Head Business Banking I (2014 – 2015)</li> <li>• Executive of Group Head Business Banking I (2013)</li> <li>• Executive of Group Head Business Banking III (2013)</li> <li>• Executive Business Officer – Category B in PKMK Commercial &amp; Business Banking (2010-2013)</li> <li>• Corporate Banking Manager Medan (2009 – 2010)</li> <li>• Client Service Team Manager (2008 – 2009)</li> <li>• Senior Recovery Manager (2003 – 2008)</li> <li>• Started his professional career and has served in various key positions (1989-2003)</li> </ul>

#### Meeting of ALCO

ALCO Meeting of Bank Mandiri is held at least 3 (three) times in a year or any time when considered as necessary upon request of one or more voting members or upon request of the Board of Directors or written request from respected work unit by submitting material to be discussed and team up with Secretary to the Committee.

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### Meeting Frequency and Level of Attendance of ALCO Committee

Throughout 2016, ALCO Committee has conducted 12 meetings with the following level of attendance:

#### Before Reorganization

No.	Name	Total			% Attendance
		Meeting	Attendance	Absence	
<b>Permanent Voting Member</b>					
1	Budi G. Sadikin	3	1	2	33%
2	Sulaiman A. Arianto	3	3	0	100%
3	Kartika Wirjoatmodjo	3	3	0	100%
4	Kartini Sally	3	2	1	67%
5	Royke Tumilaar	3	2	1	67%
6	Pahala N. Mansury	3	2	1	67%
7	Tardi	3	2	1	67%
8	Hery Gunardi	3	2	1	67%
9	Sentot A. Sentausa	3	2	1	67%
10	Riyani T. Bondan	3	2	1	67%
11	Rico Usthavia Frans	3	2	1	67%
12	Kepas Antoni Manurung	3	3	0	100%
<b>Non-Permanent Voting Member</b>					
13	Ahmad Siddik Badruddin	3	3	0	100%

#### After Reorganization

No.	Name	Total			% Attendance
		Meeting	Attendance	Absence	
<b>Permanent Voting Member</b>					
1	Kartika Wirjoatmodjo	7	4	3	57%
2	Sulaiman A. Arianto	9	6	3	67%
3	Pahala N. Mansury	9	8	1	89%
4	Royke Tumilaar	9	7	2	78%
5	Hery Gunardi	9	6	3	67%
6	Kartini Sally	9	4	5	44%
7	Tardi	9	8	1	89%
8	Rico Usthavia Frans	9	5	4	56%
9	Riyani T. Bondan	9	8	1	89%
10	Kepas Antoni Manurung	9	6	3	67%
11	Toni Eko Boy Subari	9	4	5	44%
<b>Non-Permanent Voting Member</b>					
13	Ahmad Siddik Badruddin	9	5	4	56%

### Education and/or Training for ALCO Committee Members

Education and/or training for ALCO Committee members who are the Board of Directors' members can be seen in Profile of the Board of Directors on page 78-83.

While the education and/or training for ALCO Committee members who hold position as SEVP can be seen in the abovementioned profile of ALCO Committee members.

### Brief Report of Activities of ALCO Committee in 2016

Throughout 2016, ALCO Committee has conducted activities, among other to convene meetings with the following discussion:

- Optimizing Balance Sheet which aims at improving Net Interest Margin (NIM) and strategy to reduce Cost of Liabilities with measurable risk.
- Funding
 

Related to the funding of Bank Mandiri, ALCO has conducted studies covering:

  - Strategy of liquidity management on stringent liquidity market condition
  - Strategy of reducing fund interest as a follow up on OJK direction related to Single Digit Credit
  - Deposit On Call (DOC) Program
  - Issuance of Negotiable Certificate of Deposit (NCD)
  - Strategy to anticipate the liquidity needs on Eid Mubarak holiday

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- f. Determination on Current Account Interest Rate
- g. Management of Loan to Funding Ratio and Liquidity at the end of the year
- h. Determination of strategy on potential repatriation fund from Tax Amnesty
- 3. Credit
  - Related to credit interest rate, ALCO has reviewed and taken decision on the following:
    - a. Determination of Credit Basic Interest Rate
    - b. Review on Fixed Rate Loan
    - c. Strategy of reducing fund interest for Single Digit Credit program

#### Statement of ALCO Charter

In carrying out its duties and responsibilities, ALCO Committee of Bank Mandiri refers to Decree of the Board of Directors No.KEP. DIR/387/2016 dated November 2, 2016 concerning Assets & Liabilities Committee.

## Business Committee (BC)

Business Committee (BC) is a committee established to assist BOD in determining the Company's integrated business management strategy, the Company's products and/or services arrangement and determine strategy and effectiveness of marketing communication both in wholesale banking and retail banking. Prior to become Business Committee in November 2, 2016, the committee was separated into two different committee, namely Retail Business Committee (RBC) and Wholesale Business Committee (WBC).

#### Structure and Membership of BC

Structure of BC members according to BOD Decree of KEP.DIR/392/2016 dated November 2, 2016 as follows:

Retail Business Committee Member Structure	
Chairman	President Director
Secretary (Wholesale Segment)	Transaction Banking Wholesale Product Group Head
Secretary (Retail Segment)	Consumer Deposits Group Head
Permanent Voting Member	Permanent Voting Member: <ol style="list-style-type: none"> <li>1. President Director</li> <li>2. Vice President Director</li> <li>3. Finance &amp; Treasury Director</li> <li>4. Distributions Director</li> <li>5. Retail Banking Director</li> <li>6. Commercial Banking Director</li> <li>7. Digital Banking &amp; Technology Director</li> <li>8. SEVP Retail Risk</li> <li>9. SEVP Wholesale Risk</li> <li>10. SEVP Corporate Banking</li> </ol> Non-Permanent Voting Member: BOD Members/SEVP Coordinators related to material presented as invitees
Permanent Non-Voting Member	Risk Management and Compliance Director or Compliance Group Head or appointed Compliance Group officer.

#### Period and Term of Service of the BC Committee Members

If there any changes of organizational structure of the Company in the future, the committee membership remain unchanged, in term of job descriptions of the corresponding new organizational structure included in the field of duty members of the committee. The member positioned as Board of Directors or SEVP level shall ended of the services along with the end of his tenure as Directors or SEVP.

#### Independency Statement of BC Committee

BC Committee members continue to act independently in performing their duties. The meaningful of independency in term of free from conflicts of interest that could interfere with the implementation of tasks and responsibilities.

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### BC Duties, Authorities and Responsibilities

In carrying out its functions, BC has duties, authorities and responsibilities include:

1. Discussing and establishing a business strategy of the Company's wholesale segment and retail segment includes the subsidiaries' business strategy.
2. Discussing, evaluating and establishing business development wholesale segment and the retail segment in an integrated manner, including product development, business process, tariff, infrastructure facilities and infrastructure as well as supporting technology marketing communication business.
3. Discussing, evaluating and defining business strategies with the Company's anchor clients.
4. Monitoring and evaluating the performance results of the strategic and business initiatives/projects the wholesale segment and the retail segment.
5. Discussing and resolving business issues including strategic alliances between units of the Company and alliances with subsidiaries or corporate entities under the control of the Company.
6. Delegating authority to designated officials to decide upon and implement the things that are the operational business.

In its capacity as a committee, BC does not have authority to act on behalf of and on behalf of the Company or signed binding agreements with third parties, which must be done in accordance with the provisions of the Articles of Association.

### Brief Profile of BC Members

Committee member profile BC which is a member of the Board of Directors can be found on the Profile of Directors on page 78-83.

The profile of SEVP as member of BC Committee as follows:

	<p style="text-align: center;"><b>Alexandra Askandar</b> Indonesian Citizen, 47 years old Domicile in Jakarta</p>	
	<p><b>Basis Appointment</b> Appointed as SEVP Corporate Banking based on BOD Decree No. KEP.DIR/138/2016 dated April 11, 2016</p> <p><b>Educational Background</b></p> <ul style="list-style-type: none"> <li>• Master in Finance from Boston University (1999)</li> <li>• Bachelor in Economics from Universitas Indonesia (1995)</li> </ul> <p><b>Workshop and Trainings:</b></p> <ul style="list-style-type: none"> <li>• 17<sup>th</sup> Annual Coaltrans Asia Conference, Bali (2012)</li> <li>• Team Work Session 4DX, Jakarta (2011)</li> <li>• Transactional Banking – Level Managerial, Jakarta (2010)</li> <li>• Transactional Banking – Level Managerial, Jakarta (2010)</li> <li>• Structuring &amp; Financing Telecom- Euromoney Training Project, Dubai (2008)</li> <li>• Competitive Marketing : Strategy and Tac- Michigan Business Asia, Hong Kong (2008)</li> <li>• Designing Optimal Capital Structured- Training Center Bank Mandiri, Jakarta (2007)</li> <li>• Workshop Corporate Finance for Bank - Learning Center Group, Jakarta (2006)</li> <li>• 14<sup>th</sup> Asia Petrochemical Summit Workshop - Centre for Management Technology, Hong Kong (2006)</li> </ul>	<p><b>Work Experience</b></p> <ul style="list-style-type: none"> <li>• March 2016-present: Senior Executive Vice President Corporate Banking of Bank Mandiri</li> <li>• Senior Vice President - Syndication, Oil &amp; Gas Group of Bank Mandiri (2011-2016)</li> <li>• Senior Vice President - Syndicated &amp; Structured Finance Group of Bank Mandiri (2010-2011)</li> <li>• Vice President – Corporate Banking III of Bank Mandiri (2006-2008)</li> <li>• Senior Relationship Manager of Bank Mandiri (2000-2005)</li> <li>• Account Manager – Loan Work Out Division of Bank Mandiri (1999-2000)</li> <li>• ISO 9000 &amp; 14000 Consultant in PT Surveyor Indonesia (1996-1997)</li> </ul>
	<p style="text-align: center;"><b>Joseph Georgino Godong</b> Indonesian Citizen, 55 years old Domicile in Jakarta</p>	
	<p><b>Basis Appointment</b> Appointed as Chief Technology Officer / SEVP Information &amp; Technology based on DOC Decree No. KEP.DIR/010/2015 dated January 2, 2015.</p> <p><b>Educational Background</b> Bachelor's degree in Electrical Engineering from Trisakti University (1986)</p>	<p><b>Work Experience</b></p> <ul style="list-style-type: none"> <li>• Chief Technology Officer di Bank Mandiri (2015-present)</li> <li>• Chief Information Officer di Bank Mandiri (2014-2015)</li> <li>• Executive Officer in Bank Mega (2014)</li> <li>• Technology and Operational Director in Bank Mega (2013-2014)</li> <li>• Technology, Operational and Finance Director in Bank Mega (2010-2013)</li> <li>• Information Technology and Operational Director in Permata Bank (2008-2009)</li> <li>• Compliancy Director in Permata Bank (2008, 2009-2010)</li> <li>• Information Technology and Operational Director in Permata Bank (2006-2008, 2009)</li> </ul>

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Profiles of other BC Committee members with a level of SEVP, namely Riyani T. Bondan and Kepas Antoni Manurung available in the profile of ALCO Committee at page 328-329.

### BC Meetings

The BC of Bank Mandiri conducted meetings at least three times in a year or at certain time if necessary based on request from at least one of Voting Member or based on BOD request or based on written proposal from related working unit by providing discussion material and coordinated with Committee Secretary. The RBC of Bank Mandiri conducted meeting at least once in a month lead by Chairman of RBC Committee.

### Meeting Frequency and Attendance Level of BC

In 2016 BC has conducted 12 times of meetings with the attendance level as follows:

No.	Name	Total			% Attendance
		Meeting	Attendance	Absence	
1	Kartika Wirjoatmodjo	12	4	8	33%
<b>Voting Member</b>					
2	Sulaiman A. Arianto	12	9	3	75%
3	Pahala N. Mansury	12	8	4	67%
4	Royke Tumilaar	12	9	3	75%
5	Hery Gunardi	12	7	5	58%
6	Tardi	12	10	2	83%
7	Kartini Sally	12	11	1	92%
8	Rico Usthavia Frans	12	9	3	75%
9	Riyani T. Bondan	12	6	6	50%
10	Kepas Antoni Manurung	12	11	1	92%
11	Alexandra Askandar	12	8	4	67%
<b>Non-Permanent Voting Member</b>					
1	Toni Eko Boy Subari	2	1	1	50%
2	Ogi Prastomiyono	1	1		100%
3	Joseph Georgino Godong	1	1		100%
<b>Permanent Non-Voting Member</b>					
1	Ahmad Siddik Badruddin	12	12		100%

### Education and/or Training of RBC Members

Education and/or training of BC Committee members positioned as BOD available in the section of BOD profile in page 78-83.

Education and/or training of BC Committee members positioned as SEVP available in the section of ALCO Committee profile (Riyani T. Bondan and Kepas Antoni Manurung) in BC Committee profile in page 328-329.

### Report of 2016 BC Activities

BC has conducted several meeting activities, with the agenda as follows:

1. Management Limit Astra Group
2. Management Limit Salim Group
3. Management Limit Gama Group
4. Management Limit Incasi Group
5. Management Limit Ciputra Group
6. Management Limit Pertamina Group
7. Management Limit Pupuk Indonesia Group
8. Management Limit Sungai Budi Group
9. Recovery Credit and Waivers of Interest and Penalty Program
10. Management Limit Gudang Garam Group
11. Management Limit Permata Hijau Group
12. Management Limit PLN Group
13. Anchor Clients Commercial Banking
14. Management Limit Djarum Group
15. Management Limit Pembangunan Perumahan Group
16. Export Money Order Document Takeover Simplification Based on Region LC/SKBDN
17. Management Limit Wilmar Group
18. Management Limit Republik Indonesia Group

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19. Revisi Management Limit PLN Group
20. Management Limit PGN Group
21. Management Limit Teladan Group
22. Management Limit Semen Indonesia Group
23. Management Limit Pelindo II Group
24. Management Limit Pelindo III Group
25. 1<sup>st</sup> Semester Performance Expose of MUF of 2016 and Limit Extension Proposal of MKK
26. Cobranding and Loyalty Card Cooperation Plan with Pertamina
27. Leads Management System Implementation
28. Account Strategy ASML Group (Argyle Street Management Limited)
29. Leads Management System
30. Treasury Line Management
31. IT Strategic Initiative of 2017
32. Bank at Work
33. Appointment of Anchor Clients Commercial Banking
34. Ebiz Financing
35. Account Strategy Astra Group
36. Account Strategy Salim Group
37. Product Manual Revision Proposal of Mandiri Working Kapital Credit
38. New Approach Small Business Retail – Mandiri KUK

#### Statement of BC Committee Code of Conduct

In pertaining its duties and responsibilities, Bank Mandiri BC Committee refers to BOD Decree No. KEP.DIR/392/2016 dated November 2, 2016 regarding Business Committee.

## Retail Business Committee (RBC)

#### Structure and Membership of RBC

Members of RBC according to BOD Decree No. KEP.DIR/35/2015 dated January 15, 2015, as follows:

Members of Retail Business Committee (RBC)	
Chairman	President Director
Secretary	Group Head Consumer Deposits
Alternate Secretary	Group Head Value Chain Solution (Alternate)
Permanent Voting Member	1. President Director 2. Consumer Banking Director 3. Micro & Business Banking Director 4. Distributions Director 5. SEVP Transaction Banking 6. SEVP Retail Risk 7. SEVP Chief Technology Officer
Non-Permanent Voting Member	Non-Permanent Voting Member: BOD Members/SEVP Coordinators related to material presented as invitees Permanent Non-Voting Member Appointed Risk Management & Compliance Director <sup>*)</sup> or Group Head Compliance or appointed Compliance Group Officer <sup>*)</sup> In term of the absence of Risk Management & Compliance Director in seven straight days, the function of Compliancy Director delegated to Group Head Compliance or appointed Compliance Group officer.

#### Period and Term of Service of the RBC Committee Members

If there any changes of organizational structure of the Company in the future, the committee membership remain unchanged, in term of job descriptions of the corresponding new organizational structure included in the field of duty members of the committee. The member positioned as Board of Directors or SEVP level shall ended of the services along with the end of his tenure as Directors or SEVP.

#### Independency Statement of RBC Committee

RBC Committee members continue to act independently in performing their duties. The meaningful of independency in term of free from conflicts of interest that could interfere with the implementation of tasks and responsibilities.

#### Profil Members Brief Profile RBC

Profil Committee member profile RBC which is a member of the Board of Directors can be found on the Profile of Directors on page 78-83.

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Profile of RBC Committee members positioned as SEVP of Riyani T. Bondan available in the section of ALCO Committee in page 328 and Josep G. Godong available in the section of BC Committee profile in page 332.

#### Meeting Frequency and Attendance Level of RBC

RBC Meeting held at least three (3) times in a year and led by RBC Committee Chairman. In 2016 RBC has conducted 4 times of meetings with the attendance level as follows:

Name	Number of Meetings	Attendance	Absence	% of Attendance
Budi G. Sadikin	4	0	4	0
Hery Gunardi	4	2	2	50
Tardi	4	1	3	25
Sentot A. Sentausa	4	3	1	75
Rico Usthavia Frans	4	3	1	75
A. Siddik Badruddin	4	4	0	100
Riyani T. Bondan	4	3	1	75
Joseph G. Godong	4	4	0	100
Mustaslimah	4	3	1	75
Kartini Sally	1	1	0	100
Ogi Prastomiyono	1	1	0	100

#### Education and/or Training of RBC Members

Education and/or training of RBC Committee members positioned as BOD available in the section of BOD profile in page 78-83.

Education and/or training of RBC Committee members positioned as SEVP of Riyani T. Bondan available in the section of ALCO Committee in page 328 and Josep G. Godong available in the section of BC Committee profile in page 332.

#### Report of 2016 RBC Activities

During 2016, Retail Business Committee has carried out the activities of which held meetings, with routine, strategic and ad hoc agendas as follows:

1. Strategic:
  - Mandiri Ebiz
  - e-Commerce Strategy Update
  - Micro Risk Management Update
  - Wealth Management System Digital Platform
  - SME Digital Solutions Update
  - Micro operating platform
2. Adhoc:
  - EDC & Branchless Banking Dili Update
  - Bundling Retail Product for client tiering corporate banking
  - KPR, KTA & Kartu Kredit Acceleration Process Proposal
  - Solution for Settlement Consumer Credit Debtors with covers from 3 non-operating insurance
  - KLN Dili Credit Process Review

#### Statement of RBC Committee Code of Conduct

In pertaining its duties and responsibilities, Bank Mandiri BC Committee refers to BOD Decree No. KEP.DIR/35/2015 dated January 15, 2015 regarding Retail Business Committee.

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## Wholesale Business Committee (WBC)

Wholesale Business Committee (WBC) is an executive committee with responsibility to determine the Company's integrated business strategy, product and/or activity arrangement and determine marketing communications strategy and effectiveness on wholesale banking segment.

### Structure and Membership of WBC

Members of WBC according to BOD Decree No. KEP.DIR/34/2015 dated January 15, 2015, as follows:

Members of Wholesale Business Committee (WBC)	
Chairman	Vice President Director
Secretary	Transaction Banking Product Development Group Head
Alternate Secretary	Transaction Banking Sales Group Head (Alternate)
Permanent Voting Member	Permanent Voting Member: 1. Vice President Director 2. Director of Corporate Banking 3. Director of Commercial Banking 4. Director of Treasury & Markets 5. SEVP Transaction Banking 6. SEVP Wholesale Risk Non-Permanent Voting Member: BOD Members/SEVP Coordinators related to material presented as invitees
Permanent Non-Voting Member	Appointed Risk Management & Compliance Director <sup>*)</sup> or Group Head Compliance or appointed Compliance Group Officer <sup>*)</sup> in term of the absence of Risk Management & Compliance Director in seven straight days, the function of Compliance Director delegated to Group Head Compliance or appointed Compliance Group officer.

### Period and Term of Service of the WBC Committee Members

If there any changes of organizational structure of the Company in the future, the committee membership remain unchanged, in term of job descriptions of the corresponding new organizational structure included in the field of duty members of the committee. The member positioned as Board of Directors or SEVP level shall ended of the services along with the end of his tenure as Directors or SEVP.

### Independency Statement of WBC Committee

BC Committee members continue to act independently in performing their duties. The meaningful of independency in term of free from conflicts of interest that could interfere with the implementation of tasks and responsibilities.

### Duties, Authorities and Responsibilities of Wholesale Business Committee (WBC)

Duties, Authorities and Responsibilities of Wholesale Business Committee (WBC), include:

1. Evaluating and establishing the Company's business strategy Wholesale segment
2. Discussing and establishing the wholesale segment of business development in an integrated manner, including the development of product development, business process, tarif, infrastructure facilities and infrastructure as well as supporting technology businesses.
3. Discussing and establishing a business strategy with the Company's anchor client.
4. Monitoring and evaluating the performance of the business strategic initiatives/projects the wholesale segment.
5. Discuss and resolving business issues including strategic alliances between units of the Company and alliances with subsidiaries.
6. Delegating authority to designated officials to decide upon and implement the things that are the operational business.

In its capacity as a committee, the WBC did not have the authority to act on behalf of and on behalf of the Company or signed binding agreements with third parties, which must be done in accordance with the provisions of the Articles of Association.

### Members Brief Profile WBC

Committee member profile WBC which is a member of the Board of Directors can be found on the Profile of Directors on page 78-83.

Profile of WBC Committee members positioned as SEVP of Kepas Antoni Manurung available in the section of ALCO Committee in page 328 and Josep G. Godong available in the section of BC Committee profile in page 332.

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### WBC Meetings

The WBC of Bank Mandiri conducted meetings at least three times in a year or at certain time if necessary based on request from at least one of Voting Member or based on BOD request or based on written proposal from related working unit by providing discussion material and coordinated with Committee Secretary. Committee meetings may be held if they meet the quorum of presence, which was attended by more than ½ (one half) of the number of members of the Permanent Voting Member. For director/SEVP duplicate is only calculated for the Main posts.

### WBC Meeting Frequency and Attendance Level

In 2016, WBC Committee conducted 4 times meetings with attendance level is as follows:

No.	Name	Total			% Attendance
		Meeting	Attendance	Absence	
1	Budi G. Sadikin	4	1	3	25%
<b>Permanent Voting Members</b>					
1	Sulaiman A. Arianto	4	4	-	100%
2	Royke Tumilaar	4	2	2	50%
3	Kartini Sally	4	4	-	100%
4	Pahala N. Mansury	4	2	2	50%
5	Rico Usthavia Frans	4	3	1	75%
6	Kepas Antoni Manurung	4	4	-	100%
<b>Non-Permanent Voting Members</b>					
1	Ogi Prastomiyono	2	2	-	100%
2	Kartika Wirjoatmodjo	1	1	-	100%
3	Joseph Georgino Godong	1	1	-	100%
<b>Permanent Non-Voting Members</b>					
1	Ahmad Siddik Badruddin	4	3	1	75%

### Education and/or Training of WBC Members

Education and/or training of WBC Committee members positioned as BOD available in the section of BOD profile in page 78-83.

Education and/or training of WBC Committee members positioned as SEVP of Kepas Antoni Manurung available in the section of ALCO Committee in page 329 and Josep G. Godong available in the section of BC Committee profile in page 332.

### Brief Report of WBC Activities in 2016

1. Updating Business Bond Potential, Automotive Sector Potential and Sinarmas Group Business
2. Changing the Bank Guarantee Manual Product
3. Re-Engineering Credit Process
4. Approving MP Mandiri Deposit Swap Approval
5. Upgrading MIS Tools and MCM System Initiative

### Statement of BC Committee Code of Conduct

In pertaining its duties and responsibilities, Bank Mandiri BC Committee refers to BOD Decree No. KEP.DIR/34/2015 dated January 15, 2015 regarding Wholesale Business Committee.

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## Risk Management Committee (RMC)

Risk Management Committee (RMC) is an executive committee that responsible in discussion and provide recommendation of policy and procedure except of human capital and reviewing and managing entire the Company's risks profile.

### Structure and Membership of RMC

Members of RMC according to BOD Decree No. KEP.DIR/388/2016 dated November 2, 2016, as follows:

Members of Risk Management Committee (RMC)	
Chairman	Vice President Director
Secretary	Group Head Credit Portfolio Risk
Alternate Secretary	Group Head Wholesale Operational Risk (Alternate I) Group Head Retail & IT Operational Risk (Alternate II)
Permanent Voting Member	Permanent Voting Member: 1. Vice President Director 2. Risk Management & Compliance Director 3. Operations Director 4. Finance & Treasury Director 5. SEVP Corporate Transformations 6. SEVP Wholesale Risk 7. SEVP Retail Risk  Non-Permanent Voting Member: BOD Members/SEVP Coordinators related to material presented as invitees
Non-Permanent Voting Member	Group Head Compliance or appointed Compliance Group officer shall attend in Committee Meeting

### Period and Term of Service of the RMC Committee Members

If there any changes of organizational structure of the Company in the future, the committee membership remain unchanged, in term of job descriptions of the corresponding new organizational structure included in the field of duty members of the committee. The member of RMC positioned as Board of Directors or SEVP level shall ended of the services along with the end of his tenure as Directors or SEVP.

### Independency Statement of RMC Committee

RMC Committee members continue to act independently in performing their duties. The meaningful of independency in term of free from conflicts of interest that could interfere with the implementation of tasks and responsibilities

### RMC Duties, Authorities and Responsibilities

Duties, authorities and responsibilities are as follows :

1. Monitoring the risk profile and management of all risks in order to set risk appetite, integrated risk management strategy and capital adequacy.
2. Establishing methodology, scenarios, including the evaluation of the stress condition in the risk assessment and contingency plan.
3. Improving the implementation of risk management on a regular basis and incidental to follow up changes in internal and external conditions that affect capital adequacy and risk profile.
4. Conducting a strategic discussion within the scope of risk management, including subsidiaries.
5. Establishing matters related to business decisions that have special conditions (such as business expansion decision is significant in comparison with the business plan of the Company are set).
6. Delegating authority to designated officials to decide upon and implement the things that are operational.

In its capacity as a committee, RMC does not have the authority to act on behalf of and on behalf of the Company or signing agreements with third parties, which must be done in accordance with the provisions of the Articles of Association.

### Brief Profile of RMC Members

Committee member profile RMC which is a member of the Board of Directors can be found on the Profile of Directors on page 78-83.

Profile of RMC Committee member positioned as SEVP of Riyani T. Bondan and Kepas Antoni Manurung available in the section of ALCO Committee in page 328-329 and Alexandra Iskandar available in section of BC Committee profile in page 332. Profile of Ventje Rahardjo available below:

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**Ventje Rahardjo**  
Indonesian Citizen, 62 years old  
Domicile Jakarta

#### Basis Appointment

Appointed as SEVP Corporate Transformation, previously known as Change Management, based on BOD Decree No. KEPDIR/005/2015 dated January 2, 2015

#### Educational Background

- Master in Economics from The University of New England, Australia (1986)
- Bachelor in Economics from Universitas Indonesia (1980)

#### Workshop and Seminars

- Certified Risk Management in di Amsterdam (2004)
- SESPIBANK in Jakarta (1998)
- Advance Course on Banking (1983)
- Advance Management Programme for Overseas Banker (1993)
- Top Management Programme di Manila (1995)

#### Work Experience

- Senior Executive Vice President Corporate Transformation (2015-present)
- Senior Executive Vice President Change Management Office di Bank Mandiri (2012-2015)
- CEO BRI Syariah (2008-2011)
- Managing Director SME Commercial & Syariah Banking Bank International Indonesia (2007-2008)
- Senior Advisor Batasa Tazkia Consulting (2006-2007)
- Direktur Retail & Micro Banking in BRI (2005-2006)
- Member of Merger Team and positioned as Commercial Banking Director in Bank Mandiri (1999-2005)
- Analyst and General Manager in Bapindo (1981-1999)

#### RMC Meetings

The RMC of Bank Mandiri conducted meetings at least three times in a year or at certain time if necessary based on request from at least one of Voting Member or based on BOD request or based on written proposal from related working unit by providing discussion material and coordinated with Committee Secretary.

#### Meeting Frequency and Attendance Level of RMC

In 2016 RMC has conducted 8 times of meetings and 1 circular with the attendance level of BOC and SEVP as follows:

NO	NAME	TOTAL			% Attendance
		Meeting	Attendance	Absence	
<b>Permanent Voting Member</b>					
1	Kartika Wirjoatmodjo	2	0	2	0%
2	Sulaiman A. Arianto	8	8	0	100%
3	Ogi Prastomiyono	8	7	1	88%
4	Pahala N. Mansury	6	5	1	83%
5	Ahmad Siddik Badruddin	8	8	0	100%
6	Riyani T. Bondan	8	7	1	88%
7	Ventje Rahardjo	8	5	3	63%
8	Kepas Antoni Manurung	8	8	0	100%
<b>Non-Permanent Voting Member</b>					
9	Kartini Sally	1	1	0	100%
10	Tardi	1	1	0	100%
11	Alexandra Askandar	1	1	0	100%
<b>Permanent Non-Voting Member</b>					
12	Chrisna Pranoto / (Pejabat Compliance)	8	8	0	100%
13	Baban Sudarman	8	7	1	88%

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## Note

Based on AGMS in March 2016, there was changes in Permanent Voting Member positioned as BOD/ Direksi / SEVP of RMC as follows :

BOD / SEVP	Before AGMS in March 2016	After AGMS in March 2016
a. Kartika Wirjoatmodjo	<b>Finance &amp; Strategy Director</b> 2 times invited as permanent voting member in January 20, 2016 and March 15, 2016 RMC Meeting before positioned as President Director.	<b>President Director</b> Based on RMC Decree, President Director not Permanent Voting Member of RMC.
b. Pahala N. Mansury	<b>Treasury Director</b> Treasury Director not Permanent Voting Member of RMC, therefore were not invited as permanent voting member in January 20, 2016 and March 15, 2016 RMC Meeting	<b>Finance &amp; Treasury Director</b> Finance & Strategy Directorate and Treasury Directorate was reorganized into Finance & Treasury Directorate. Finance & Treasury Director was invited in 6 times RMC Meeting as permanent voting member.

## Education and/or Training of RMC Members

Education and/or training of RMC Committee members positioned as BOD available in the section of BOD profile in page 78-83. Education and/or training of RMC Committee members positioned as SEVP available in the section of RMC Committee profile (Kepas Antoni Manurung) in page 329.

## Statement of RMC Committee Code of Conduct

In pertaining its duties and responsibilities, Bank Mandiri RMC Committee refers to BOD Decree No. KEP.DIR/388/2016 dated November 2, 2016 regarding Risk Management Committee.

## Report of 2016 RMC Activities

RMC has conducted several meeting activities and resulted decrees, with the agenda as follows:

1. Bank Mandiri Risk Profile Assessment Report (Bank Only) Q4-2015
2. Approval on External Rating Initiative Proposal by CB-CBC Rating Institute
3. Approval on Plan Risk Management Committee Working Plan Proposal for 2016
4. Report on Bottom Up Stress Test Implementation for 2016 (OJK)
5. Report in Integrated Risk Profile Assessment for Q1-2016
6. Approval on Delta Limit Treasury Head Office and Overseas Branch Proposal
7. Q1-2016 Leverage Ratio Calculation Trial Report Update
8. Q1-2016 Liquidity Coverage Implementation Update
9. Approval on Portfolio Guideline Proposal for 2016
10. Approval on 2016 Risk Appetite Statement Proposal
11. Mandatory Reporting Compliancy Monitoring Update
12. Q2-2016 Liquidity Coverage Implementation Report Update
13. Q2-2016 Leverage Ratio Calculation Trial Report Update
14. Approval on New Rating System Implementation Proposal
15. Review on Individual Risk-based Bank Rating (RBBR) Methodology
16. Review on 2016 Portfolio Guideline
17. Review on Subsidiaries Rule-rating Risk-based Bank Rating
18. Bank Mandiri Risk Profile Assessment Report (Bank Only/Individuai) Q3-2016
19. Approval on 2016 Bank Mandiri Debtor Rating by External Rating Institution
20. Report on 2016 Consolidated Risk Profile Assessment
21. Approval on 2016 Bank Mandiri Debtor Rating by External Rating Institution
22. Approval on 2017 Bankwide Risk Appetite Statement (RAS) Proposal
23. Q3-2016 Liquidity Coverage Implementation Update
24. Q3-2016 Leverage Ratio Calculation Trial Report Update

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## Human Capital Policy Committee (HCPC)

Human Capital Policy Committee is an executive committee that responsible in determining human capital strategy of the Company.

### Structure and Membership of HCPC

Members of HCPC according to BOD Decree No. KEP.DIR/391/2016 dated November 2, 2016, as follows:

Members of Human Capital Policy Committee (HCPC)	
Chairman	President Director
Secretary	Group Head HC Talent, Organization & Performance
Alternate Secretary	Group Head Human Capital Engagement
Permanent Voting Member	Permanent Voting Member: 1. President Director 2. Vice President Director 3. Distributions Director 4. Operations Director 5. Finance & Treasury Director 6. Risk Management & Compliance Director 7. SEVP Human Capital
	Non-Permanent Voting Member: BOD Members/SEVP Coordinators related to material presented as invitees.
Non-Permanent Voting Member	Risk Management & Compliance Director or Group Head Compliance or appointed Compliance Group Officer.

### Period and Term of Service of the HCPC Committee Members

If there any changes of organizational structure of the Company in the future, the committee membership remain unchanged, in term of job descriptions of the corresponding new organizational structure included in the field of duty members of the committee. The member of HCPC positioned as Board of Directors or SEVP level shall ended of the services along with the end of his tenure as Directors or SEVP.

### Independency Statement of HCPC Committee

HCPC Committee members continue to act independently in performing their duties. The meaningful of independency in term of free from conflicts of interest that could interfere with the implementation of tasks and responsibilities.

### Duties, Authorities and Responsibilities of HCPC

HCPC has the duties, authorities and responsibilities as follows:

1. Establishing strategic direction and operational management of Human Capital, including the company's culture and values.
2. Establishing Human Resources management policies that are strategic in Subsidiary Companies, Financial Institutions Pension Fund (Pension Fund), the pension fund of Bank Mandiri (DPBM), Foundation second tier subsidiary.
3. Establishing strategic direction of development of information systems Human Capital.
4. Establishing and developing organizations including compliance, development and training of Human Capital according to business needs of the company.
5. Establishing individual performance management and rewards, talent & succession management and employee relations.
6. Establishing limits of authority in Human Capital management.
7. Discussing and resolving problems in the management of strategic Human Capital.

In its capacity as an executive committee, HCPC does not have the authority to act on behalf of and in the name of the company or signing of binding agreements with third parties, which must be done in accordance with the provisions of the Company's Articles of Association.

### Brief Profile of HCPC Members

Committee member profile HCPC which is a member of the Board of Directors can be found on the Profile of Directors on page 78-83.

Profile of HCPC Committee members positioned as SEVP of Sanjay N. Bharwani available in the section of Remuneration and Nomination Committee member in page 320 .

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### Meeting Frequency and Attendance Level of HCPC

In 2016 HCPC has conducted 1 time of meeting with the attendance level of BOC and SEVP as follows:

No	Name	Position	Number of Meeting	Attendance	Percentage
<b>Permanent Voting Member</b>					
1	Kartika Wirjoatmodjo	President Director	1	1	100%
2	Sulaiman A. Arianto	Vice President Director	1	0	-
3	Ogi Prastomiyono	Operations Director	1	1	100%
4	Pahala N. Mansury	Finance & Treasury Director	1	1	100%
5	Hery Gunardi	Distributions Director	1	1	100%
6	Ahmad Siddik Badruddin	Risk Management & Compliance Director	1	1	100%
7	Sanjay N. Bharwani	SEVP Human Capital	1	1	100%
<b>Non-Permanent Voting Member</b>					
8	Tardi	Retail Banking Director	1	1	100%

### Education and/or Training of HCPC Members

Education and/or training of HCPC Committee members positioned as BOD available in the section of BOD profile in page 78-83.

Education and/or training of HCPC Committee members positioned as SEVP of Sanjay N. Bharwani available in the section of Remuneration and Nomination Committee member in page 320.

### Statement of BC Committee Code of Conduct

In pertaining its duties and responsibilities, Bank Mandiri HCPC Committee refers to BOD Decree No. KEP.DIR/391/2016 dated November 2, 2016 regarding Human Capital Policy Committee.

### Report of 2016 HCPC Activities

HCPC has conducted several activities in 2016 as follows:

1. Officer Fulfillment Policy Adjustment
2. Sales Incentive Governing Board
3. Back Office Skill and Adjustment of Pensiun Age Limit for Operations Position
4. Maximum Age Limit for TAD Placement
5. Disability Skill
6. Internal Job Posting

## Information Technology Committee (ITC)

IT Committee (ITC) is an executive committee responsible in decision making process related to the management policy of the Company's operations in the field of Information Technology (IT). IT Committee assists the BOD in determining the IT Strategic Plan and IT budgeting, the establishment of the Strategic IT projects and IT security.

### Structure and Membership of ITC

Members of ITC according to BOD Decree No. KEP.DIR/390/2016 dated November 2, 2016, as follows:

<b>Members of Information Technology Committee (ITC)</b>	
Chairman	President Director
Secretary	Group Head IT Strategy & Architecture
Alternate Secretary	Group Head IT Application Development
Permanent Voting Member	Permanent Voting Member: 1. President Director 2. Finance & Treasury Director 3. Digital Banking & Technology Director 4. SEVP Corporate Transformations 5. SEVP Retail Risk 6. SEVP Chief Technology Officer
	Non-Permanent Voting Member: BOD Members/SEVP Coordinators related to material presented as invitees.
Non-Permanent Voting Member	Risk Management & Compliance Director or Group Head Compliance or appointed Compliance Group Officer.

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### Period and Term of Service of the ITC Committee Members

If there any changes of organizational structure of the Company in the future, the committee membership remain unchanged, in term of job descriptions of the corresponding new organizational structure included in the field of duty members of the committee. The member of ITC positioned as Board of Directors or SEVP level shall ended of the services along with the end of his tenure as Directors or SEVP.

### Independency Statement of ITC Committee

ITC Committee members continue to act independently in performing their duties. The meaningful of independency in term of free from conflicts of interest that could interfere with the implementation of tasks and responsibilities.

### Duties, Authorities and Responsibilities of ITC

ITC has the duties, authorities and responsibilities as follows:

1. Discuss and establishing IT Strategic Plan (ITSP) of PT Bank Mandiri (Persero).
2. Establishing strategic reference framework for managing IT Resources.
3. Establishing a strategy and plan of action on the projects and their budget.
4. Establishing IT security strategies and risk management of IT usage.
5. Ensuring and monitoring the implementation of IT projects in accordance with the ISP, IT budgets and IT project delivery.
6. Setting priorities and IT budget allocations have been decided by the Board of Directors.
7. Breaking or provide direction related to the planning, development and addition of strategic IT systems.
8. Discuss and resolve issues that are strategic in scope and direction of IT investment in IT including subsidiaries.
9. Delegating authority to designated officials to decide upon and implement the things that are IT operations.

In its capacity as a committee, IT Committee has no authority to act on behalf of and on behalf of the Company or signed binding agreements with third parties, which must be done in accordance with the provisions of the Articles of Association.

### Brief Profile of ITC Members

Committee member profile ITC which is a member of the Board of Directors can be found on the Profile of Directors on page 78-83.

Profile of HCPC Committee members positioned as SEVP (Riyani T. Bondan and Kepas Antoni Manurung) available in the section of ALCO Committee member in page 328-329 and profile of BC Committee (Joseph G. Godong) in page 332. Profile of Ventje Rahardjo available in profile of RMC Committee in page 339.

### ITC Meetings

The ITC of Bank Mandiri conducted meetings at least three times in a year or at certain time if necessary based on request from at least one of Voting Member or based on BOD request or based on written proposal from related working unit by providing discussion material and coordinated with Committee Secretary.

### Meeting Frequency and Attendance Level of ITC

In 2016 ITC has conducted 5 times of meeting with the attendance level of BOC and SEVP as follows:

Before the Reorganization

Name	Number of Meeting	Attendance	Absence	% of Attendance
<b>Permanent Voting Member</b>				
Budi G. Sadikin	2	2	0	100%
Ogi Prastomiyono	2	2	0	100%
Kartika Wirjoatmodjo	2	2	0	100%
Riyani T. Bondan	2	2	0	100%
Ventje Rahardjo	2	0	2	0%
Joseph Georgino Godong	2	2	0	100%
<b>Non-Permanent Voting Member</b>				
Sulaiman A. Arianto	2	2	0	100%
Rico Ustha via Frans	2	2	0	100%
<b>Permanent Non-Voting Member</b>				
Ahmad Siddik Badruddin	2	2	0	100%

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#### Prior to Reorganization

Name	Number of Meeting	Attendance	Absence	% of Attendance
<b>Permanent Voting Member</b>				
Kartika Wirjoatmodjo	3	3	0	100%
Pahala N. Mansury	3	3	0	100%
Rico Usthavia Frans	3	3	0	100%
Riyani T. Bondan	3	3	0	100%
Ventje Rahardjo	3	3	0	100%
Joseph Georgino Godong	3	3	0	100%
<b>Non-Permanent Voting Member</b>				
Sulaiman A. Arianto	3	2	1	66,7%
Ogi Prastomiyono	1	1	0	100%
Royke Tumilar	1	1	0	100%
Hery Gunardi	2	1	1	50%
Tardi	3	3	0	100%
Kepas Antoni Manurung	2	2	0	100%
Kartini Sally	1	2	0	100%
Alexandra Askandar	1	1	0	100%
<b>Permanent Non-Voting Member</b>				
Ahmad Siddik Badruddin	2	2	0	100%

#### Education and/or Training of ITC Members

Education and/or Training of ITC Members which is a member of the Board of Directors can be found on the Profile of Directors on page 78-83.

Education and/or Training of ITC Members positioned as SEVP (Riyani T. Bondan and Kepas Antoni Manurung) available in the section of ALCO Committee member in page 328-329 and profile of BC Committee (Joseph G. Godong) in page 332. Profile of Ventje Rahardjo available in profile of RMC Committee in page 339.

#### Statement of ITC Committee Code of Conduct

In pertaining its duties and responsibilities, Bank Mandiri ITC Committee refers to BOD Decree No. KEP.DIR/390/2016 dated November 2, 2016 regarding Information Technology Committee.

#### Report of 2016 ITC Activities

ITC has conducted several activities in 2016 as follows:

1. Approval on Implementation and Construction of Second DC/DRC and reviewing the new location.
2. Approval on changes of 2016 IT Initiative related to grouping changes, drop project implementation, 2016 merging activity project, bankwide initiative management, new incentive scheme and budget allocation and composition of 2016 IT initiative budget.
3. Approval on budget management mechanism of IT strategic investment budget and activity changes mechanism.
4. Approval on IT cost efficiency related to operations of DRC engine.
5. Approval on strategy of maximizing IT services operational performance through optimizing on system critical infrastructure capacity.
6. Acceptance on expose of strengthening IT governance strategy.
7. Approval on 2017 IT Initiative Budget management mechanism.
8. Acceptance on expose of prioritizing IT strategic initiative and principal acceptance 2017 IT Strategic Initiative principle

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## Capital & Subsidiaries Committee (CSC)

Capital & Subsidiaries Committee (CSC) is executive committee responsible in setting the strategic management of a subsidiary, investment and divestment recommendations as well as board remuneration and determination of subsidiaries.

### Structure and Membership of CSC

Members of CSC according to BOD Decree No. KEP.DIR/389/2016 dated November 2, 2016, as follows:

Members of Capital & Subsidiaries Committee (CSC)	
Chairman	President Director
Secretary	Group Head Strategy & Performance Management
Alternate Secretary	Head of Project Merger & Acquisition
Permanent Voting Member	1. President Director 2. Vice President Director 3. Finance & Treasury Director 4. SEVP Corporate Transformations 5. SEVP Wholesale Risk 6. SEVP Retail Risk
	Non-Permanent Voting Member: BOD Members
Non-Permanent Voting Member	Risk Management & Compliance Director or Group Head Compliance or appointed Compliance Group Officer.

### Period and Term of Service of the CSC Committee Members

If there any changes of organizational structure of the Company in the future, the committee membership remain unchanged, in term of job descriptions of the corresponding new organizational structure included in the field of duty members of the committee. The member of CSC positioned as Board of Directors or SEVP level shall ended of the services along with the end of his tenure as Directors or SEVP.

### Independency Statement of CSC Committee

CSC Committee members continue to act independently in performing their duties. The meaningful of independency in term of free from conflicts of interest that could interfere with the implementation of tasks and responsibilities.

### Duties, Authorities and Responsibilities of CSC

CSC has the duties, authorities and responsibilities as follows:

1. Establishing management strategy and restrictions on subsidiaries, Including company under subsidiaries if needed.
2. Discuss, recommend and approve the equity participation of subsidiaries including the release of additional equity and equity/divestiture with the provisions in terms of ownership or disposal of the capital resulted in the change of control in subsidiaries under the authority of the Board of Directors Meeting.
3. Evaluate and discuss the financial performance of subsidiaries include companies that are under the control of subsidiaries if needed.
4. Discuss, recommend, and approve remuneration (include salaries, honoraria, allowances and facilities) members of the Board of Directors and Board of Commissioners subsidiaries include companies that are under the control of subsidiaries that have been recommended by the Human Capital business unit responsible for the material remuneration.
5. Discuss, recommend and approve the remuneration (include salaries, honoraria, allowances and facilities) members of the Board of Directors and Board of Commissioners subsidiaries include companies that are under the control of subsidiaries that have been recommended by the Human Capital business unit responsible for the material remuneration.
6. Discuss, recommend and approve the candidacy/nomination of members of the Board of Directors and/or Board of Commissioners subsidiaries include companies that are under the control of subsidiaries is derived from the Company's internal or external without prejudice to the authority of the Board of Directors Meeting to continue to break the candidature/nomination of members of the Board of Directors and BOC subsidiaries, and companies that are under the control of subsidiaries.
7. Discuss, recommend and approve the Work Plan and Budget ("CBP") subsidiaries, including companies which are under the control of subsidiaries if needed.
8. Discuss, recommend, specify / disconnects implementation as well as the agenda of the General Meeting of Shareholders ("AGM") of subsidiaries, including companies which are under the control of subsidiaries when necessary and decide on the requests or proposals that require a decision of the Company as Shareholders.
9. Discuss, recommend and approve the management and financial strategies Financial Institution Pension Fund ("Pension Fund").
10. Set up a power to represent the Company as shareholders in subsidiaries (Proxy Shareholder).

In its capacity as a committee, CSC not have the authority to act on behalf of and in the name of the company or signing of binding agreements with third parties, which must be done in accordance with the provisions of the Company's Articles of Association.

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### Brief Profile of CSC Members

Committee member profile CSC which is a member of the Board of Directors can be found on the Profile of Directors on page 78-83.

Profile of CSC Committee members positioned as SEVP of Sanjay N. Bharwani available in the section of Remuneration and Nomination Committee member in page 320, Riyani T. Bondan and Kepas Antoni Manurung available in the section of ALCO Committee member in page 328-329 and profile of BC Committee (Joseph G. Godong) in page 332. Profile of Ventje Rahardjo available in profile of RMC Committee in page 339.

### CSC Meetings

The CSC of Bank Mandiri conducted meetings at least three times in a year or at certain time if necessary based on request from at least one of Voting Member or based on BOD request or based on written proposal from related working unit by providing discussion material and coordinated with Committee Secretary.

### Meeting Frequency and Attendance Level of CSC

In 2016 CSC has conducted 9 times of meeting with the attendance level of BOC and SEVP as follows:

No.	Name	Total			% of Attendance
		Meeting	Attendance	Absence	
<b>Permanent Voting Member *</b>					
1	Budi G. Sadikin**	3	0	3	0%
2	Kartika Wirjoatmodjo	9	6	3	66%
3	Sulaiman A. Arianto	9	7	2	77%
4	Pahala N. Mansury *	6	6	0	100%
5	Ventje Rahardjo	9	8	1	88%
6	Riyani T. Bondan	9	9	0	100%
7	Kepas Antoni Manurung	9	9	0	100%
<b>Non-Permanent Voting Member</b>					
1	Sentot A. Sentausa**	3	0	3	0%
2	Ogi Prastomiyono	6	5	1	83.3%
3	Pahala N. Mansury**	2	2	0	100%
4	Royke Tumilaar	6	5	1	83.3%
5	Heri Gunardi	6	5	1	83.3%
6	Tardi	9	7	2	77%
7	Kartini Sally	8	7	1	87.5%
8	Rico Usthavia Franz	6	6	0	100%
9	Sanjay N. Bharwani	6	6	0	100%
10	Joseph Georgino Godong	5	5	0	100%
11	Alexandra Wiyoso	4	4	0	100%
<b>Permanent Non-Voting Member</b>					
1	Ahmad Siddik Badruddin	9	7	2	77.7%

Note :

\*) Permanent voting member changes prior to Bank Mandiri reorganization stated in AGMS dated March 16, 2015. Pahala N. Mansury effective date on June 25, 2015 based on letter number FST/528/2015.

\*\*\*) Meeting Period (January-February)

### Education and/or Training of CSC

Education and/or Training of CSC which is a member of the Board of Directors can be found on the Profile of Directors on page 78-83.

Education and/or Training of CSC members positioned as Profile of CSC Committee members positioned as SEVP of Sanjay N. Bharwani available in the section of Remuneration and Nomination Committee member in page 320, Riyani T. Bondan and Kepas Antoni Manurung available in the section of ALCO Committee member in page 328-329 and profile of BC Committee (Joseph G. Godong) in page 332. Profile of Ventje Rahardjo available in profile of RMC Committee in page 339.

### Statement of CSC Committee Code of Conduct

In pertaining its duties and responsibilities, Bank Mandiri CSC Committee refers to BOD Decree No. KEP.DIR/389/2016 dated November 2, 2016 regarding Capital & Subsidiaries Committee.

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### Report of 2016 CSC Activities

CSC has conducted several activities in 2016 as follows:

1. Appointment of Subsidiary's Management – Mandiri Inhealth.
2. Appointment of Project Acquiring Aggregator (AA) Management.
3. Proposal of 2015 AGMS of Mandiri subsidiary, beside Management and Remuneration Agenda for MTF, MAGI, AMFS, MMI, MUF, Mantap, MCI
4. Proposal of 2015 AGMS of Mandiri subsidiary (Inhealth, BSM, Mansek, MIR, BMEL) and Additional AGMS agenda of MUF.
5. Appointment of Coordinating Director of Mandiri Capital Indonesia (MCI).
6. Discussion on Proyek Majapahit.
7. Proposal on appointment of management (MAGI, MUF, BSM, Inhealth, Mansek dan MIR) and remuneration of subsidiaries management (all subsidiaries).
8. Subsidiaries management update:
  - a. Mandiri Sekuritas (Mansek)
  - b. Mandiri Utama Finance (MUF)
9. Appointment of subsidiaries proxy.
10. BSM Capital Plan and Management of subsidiaries
11. Proposal of Additional Capital for Bank Mandiri Taspen Pos (Mantap)
12. Proposal of management changes in subsidiaries:
  - a. Mandiri International Remittance (MIR)
  - b. Mandiri Sekuritas (Mansek)
13. Proposal Additional Capital for Bank Mandiri Taspen Pos (Mantap)
14. Proposal Additional Capital for Mandiri Manajemen Investasi (MMI).

## Credit Committee (RKK)

Every credit in the wholesale segment must be made via the discussion forum Credit Committee Meeting as a means of implementation of the four - eye principle and the process of checks and balances between the Business Unit as an initiator unit with Credit Risk Management as Risk Mitigation Unit. In these committees, Legal Group and Compliance Group also must always be present to give an opinion on the legal and compliance aspects in order to strengthen the independence, avoid the domination of one unit, to avoid conflict of interest and ensure decisions are objective and free of pressure. In the event that one member of the credit committee functioning credit recovery called Restructuring Credit Committee.

Credit Committee established based on BOD Decree No. KEP.DIR/386/2016, dated November 2, 2016 regarding executive committee. RCC members regulated in standard of credit procedure, which were every member stands to Four Eyes Principles (balanced composition between business authority and credit risk authority). The Committee's secretary is Group Head Corporate Risk and Group Head Commercial Risk.

### Structure and Membership of RKK

Credit Committee Member (RKK)																																
Chairman	: There is no Head of Credit Committee																															
Secretary	: Group Head Corporate Risk & Commercial Risk																															
Voting Member	Permanent Voting Member:																															
	<table> <tr> <td>Business:</td> <td>Risk:</td> </tr> <tr> <td>1. Budi G. Sadikin,<sup>1)</sup></td> <td>1. Sulaiman A. Arianto</td> </tr> <tr> <td>2. Kartika Wirjoatmodjo,</td> <td>2. Riyani T. Bondan,</td> </tr> <tr> <td>3. Ogi Prastomiyono,</td> <td>3. Kepas Antoni A. Manurung</td> </tr> <tr> <td>4. Ventje Rahardjo,</td> <td>4. Tatang Tabroni,</td> </tr> <tr> <td>5. Sulaeman,</td> <td>5. Karya Prasetya Budi,</td> </tr> <tr> <td>6. Pahala N. Mansury,</td> <td>6. M. Sigit Pambudi</td> </tr> <tr> <td>7. Royke Tumilaar,</td> <td>7. Executive risk officer that regularly evaluated of its authority.</td> </tr> <tr> <td>8. Hery Gunardi,</td> <td></td> </tr> <tr> <td>9. Tardi,</td> <td></td> </tr> <tr> <td>10. Kartini Sally,</td> <td></td> </tr> <tr> <td>11. Rico Usthavia Frans,</td> <td></td> </tr> <tr> <td>12. Toni Eko Boy Subari,</td> <td></td> </tr> <tr> <td>13. Alexandra Askandar,</td> <td></td> </tr> <tr> <td>14. Sucipto Prayitno,</td> <td></td> </tr> <tr> <td>15. Executive business officer, that regularly evaluated of its authority.</td> <td></td> </tr> </table>	Business:	Risk:	1. Budi G. Sadikin, <sup>1)</sup>	1. Sulaiman A. Arianto	2. Kartika Wirjoatmodjo,	2. Riyani T. Bondan,	3. Ogi Prastomiyono,	3. Kepas Antoni A. Manurung	4. Ventje Rahardjo,	4. Tatang Tabroni,	5. Sulaeman,	5. Karya Prasetya Budi,	6. Pahala N. Mansury,	6. M. Sigit Pambudi	7. Royke Tumilaar,	7. Executive risk officer that regularly evaluated of its authority.	8. Hery Gunardi,		9. Tardi,		10. Kartini Sally,		11. Rico Usthavia Frans,		12. Toni Eko Boy Subari,		13. Alexandra Askandar,		14. Sucipto Prayitno,		15. Executive business officer, that regularly evaluated of its authority.
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Non-Voting Member	: Risk Management & Compliance Director or Group Head Compliance or appointed Compliance Group Officer.																															

<sup>1)</sup> until March 21, 2016

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### Period and Term of Service of the RKK Committee Members

If there any changes of organizational structure of the Company in the future, the committee membership remain unchanged, in term of job descriptions of the corresponding new organizational structure included in the field of duty members of the committee. The member of RCC positioned as Board of Directors or SEVP level shall ended of the services along with the end of his tenure as Directors or SEVP.

### Independency Statement of RKK Committee

RCC Committee members continue to act independently in performing their duties. The meaningful of independency in term of free from conflicts of interest that could interfere with the implementation of tasks and responsibilities.

### Duties, Authorities and Responsibilities of RKK

RCC has the duties, authorities and responsibilities as follows:

#### A. Authorities of the Credit Committee

Credit Committee has the authority to recommend or decide on the granting of credit (new, additional, reduced, extension, and or restructuring) which is managed according to the authority limit Business Unit, including the establishment/change the credit structure. Credit structure including but not limited to credit limit, purpose/object financing, loan types, the nature of credit, the credit period, the grace period, the portion of the financing, credit conditions/agreement and collateral.

#### B. Credit Committee - Restructuring has the authority to recommend or decide on:

1. Restructuring and settlement of loans collectability 3, 4, 5 and collectability 1 and 2 after the restructuring is still manageable Credit Recovery Unit.
2. Restructuring credit collectability 1 and 2 category watch list established by the Credit Risk Management Unit.
3. Rescuing/resolving extra compatible credit including deciding foreclosed assets.
4. Removing the book and removing credit bill.

#### C. Credit Committee/Credit Committee - responsible for the Restructuring of loans recommended or disconnected according to the authority limit, including the determination/change of the credit structure, as mentioned above by doing the following :

1. Ensuring any loans granted in compliance with the general norms of banking and in accordance with the principles of a healthy credit.
2. Ensuring the implementation of the provision of credit in accordance with basic provisions/ guidelines applicable lending in the Bank.
3. Ensuring the provision of credit has been based on an assessment of honest, objective, accurate, and thorough as well as from the influence of parties with an interest in credit applicants.
4. Ensuring credit to be given can be repaid on time, and will not develop into a credit crunch.

### Brief Profile of RKK Members

Committee member profile RKK which is a member of the Board of Directors can be found on the Profile of Directors on page 78-83.

Profile of RKK Committee members positioned as Profile of CSC Committee members positioned as SEVP of Riyani T Bondan, Kepas Antoni Manurung and Toni Eko Boy Subari available in the section of ALCO Committee member in page 328-329, Alexandra Askandar available in the section of BC Committee member in page 332 and profile of Ventje Rahardjo available in profile of RMC Committee in page 339.

### RKK Meetings

The RKK of Bank Mandiri conducted meetings at least three times in a year or at certain time if necessary based on request from at least one of Voting Member or based on BOD request or based on written proposal from related working unit by providing discussion material and coordinated with Committee Secretary.

### Meeting Frequency and Attendance Level of RKK

In 2016 RCC has conducted 417 times of meeting with the attendance level of BOC and SEVP as follows:

No.	Name	Total			% of Attendance
		Meeting	Attendance	Absence	
<b>Risk Management Function</b>					
1	Budi G. Sadikin	2	2	-	100%
2	Kartika Wirjoatmodjo	23	23	-	100%
3	Ogi Prastomiyono	146	146	-	100%
4	Ventje Rahardjo	0	0	-	100%
5	Riyani T. Bondan	14	14	-	100%
6	Kepas Antoni Manurung	392	392	-	100%

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No.	Name	Total			% of Attendance
		Meeting	Attendance	Absence	
7	Sulaeman	111	111	-	100%
8	Tatang Tabroni	345	345	-	100%
9	Karya Prasetya Budi	235	235	-	100%
10	M. Sigit Pambudi	93	93	-	100%
<b>Business Unit Function</b>					
1	Pahala N. Mansury	45	45	-	100%
2	Royke Tumilaar	324	324	-	100%
3	Hery Gunardi	40	40	-	100%
4	Tardi	156	156	-	100%
5	Kartini Sally	261	261	-	100%
6	Rico Usthavia Frans	79	79	-	100%
7	Toni Eko Boy Subari	66	66	-	100%
8	Alexandra Askandar	280	280	-	100%
9	Sucipto Prayitno	63	63	-	100%

#### Education and/or Training of RKK Members

Education and/or Training of RKK Members which is a member of the Board of Directors can be found on the Profile of Directors on page 78-83.

Education and/or Training of RKK Members positioned as SEVP of Riyani T Bondan, Kepas Antoni Manurung and Toni Eko Boy Subari available in the section of ALCO Committee member in page 328-329, Alexandra Askandar available in the section of BC Committee member in page 332 and profile of Ventje Rahardjo available in profile of RMC Committee in page 339.

#### Statement of RKK Committee Code of Conduct

In pertaining its duties and responsibilities, Bank Mandiri RKK Committee refers to BOD Decree No. KEP.DIR/389/2016 dated November 2, 2016 regarding Risk Credit Committee.

#### Report of 2016 RKK Activities

RKK has conducted several decision making in in 2016 regarding distribution of the Company's credit.

## Integrated Risk Committee (IRC)

Integrated Risk Committee (IRC) is a committee that responsible to assist the Directors in the preparation of, among others, Integrated Risk Management policy and revision or improvement of Integrated Risk Management policy based on evaluation of the implementation.

#### Structure and Membership of IRC

Members of IRC according to BOD Decree No. KEP.DIR/394/2016 dated November 2, 2016, as follows:

Members of Integrated Risk Committee (IRC)	
Chairman	Risk Management & Compliance Director
Secretary	Group Head Credit Portfolio Risk
Alternate I Secretary	Group Head Wholesale Operational Risk
Alternate II Secretary	Group Head Retail & IT Operational Risk
Permanent Member	1. Risk Management & Compliance Director 2. Finance & Treasury Director 3. Operations Director 4. SEVP Corporate Transformations 5. SEVP Wholesale Risk 6. SEVP Retail Risk
Subsidiaries Permanent Member	1. Risk Management Director Bank Syariah Mandiri 2. Risk Management Director Mandiri Sekuritas 3. Risk Management Director Mandiri Tunas Finance 4. Risk Management Director Axa Mandiri Financial Services
Non-Permanent Member (related to discussion material)	1. Director/SEVP other than Permanent Member 2. Subsidiaries Director other than Subsidiaries Permanent Member

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### Period and Term of Service of the IRC Committee Members

If there any changes of organizational structure of the Company in the future, the committee membership remain unchanged, in term of job descriptions of the corresponding new organizational structure included in the field of duty members of the committee. The member of IRC positioned as Board of Directors or SEVP level shall ended of the services along with the end of his tenure as Directors or SEVP.

### Independency Statement of IRC Committee

IRC Committee members continue to act independently in performing their duties. The meaningful of independency in term of free from conflicts of interest that could interfere with the implementation of tasks and responsibilities.

### Duties, Authorities and Responsibilities of IRC

IRC has the duties, authorities and responsibilities as follows:

1. Adequacy of identification, measurement, monitoring, controlling risks in an integrated manner, and Integrated Risk Management information systems;
2. Adequacy of the internal control system and comprehensive response to the implementation of the Integrated Risk Management;
3. Implementation of Risk Management in their respective Subsidiaries;

### Brief Profile of IRC Members

Committee member profile IRC which is a member of the Board of Directors can be found on the Profile of Directors on page 78-83.

Profile of IRC Committee members positioned as Profile of IRC Committee members positioned as SEVP of Riyani T. Bondan and Kepas Antoni Manurung available in the section of ALCO Committee member in page 328-329 and profile of Ventje Rahardjo available in profile of RMC Committee in page 339.

### IRC Meetings

The IRC of Bank Mandiri conducted meetings at least three times in a year or at certain time if necessary based on request from at least one of Voting Member or based on BOD request or based on written proposal from related working unit by providing discussion material and coordinated with Committee Secretary.

### Meeting Frequency and Attendance Level of IRC

In 2016 IRC has conducted 5 times of meeting with the attendance level of BOC and SEVP as follows:

Name	Designation	Number of Meeting	Attendance	Absence	% of Attendance
<b>Permanent Member (Bank Mandiri)</b>					
Ahmad Siddik Badruddin	Director of Risk Management & Compliance	5	4	1	80%
Ogi Prastomiyono	Director of Operations	5	4	1	80%
Kartika Wirjoatmodjo	Director of Finance & Strategy	5	0	5	0%
Riyani T. Bondan	SEVP Retail Risk	5	4	1	80%
Kepas Antoni Manurung	SEVP Corporate Transformation	5	4	1	80%
Ventje Radhardjo	SEVP Wholesale Risk	5	4	1	80%
<b>Subsidiaries Permanent Member</b>					
Bank Syariah Mandiri	Director of Risk Management Bank Syariah Mandiri	5	5	0	100%
Mandiri Sekuritas	Director of Risk Management Mandiri Sekuritas	5	3	2	60%
Mandiri Tunas Finance	Director of Risk Management Mandiri Tunas Finance	5	5	0	100%
AXA Mandiri Financial Services	Director of Risk Management AXA Mandiri Financial Services	5	4	1	80%

### Education and/or Training of IRC Member

Education and/or Training of IRC Member which is a member of the Board of Directors can be found on the Profile of Directors on page 78-83.

Education and/or Training of IRC Member positioned as Profile of IRC Committee members positioned as SEVP of Riyani T. Bondan and Kepas Antoni Manurung available in the section of ALCO Committee member in page 328-329 and profile of Ventje Rahardjo available in profile of RMC Committee in page 339.

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### Statement of IRC Committee Code of Conduct

In pertaining its duties and responsibilities, Bank Mandiri IRC Committee refers to BOD Decree No. No. KEP.DIR/394/2016 dated November 2, 2016 regarding Integrated Risk Committee.

### Report of 2016 IRC Activities

IRC has conducted several activities in 2016 in relation with:

1. Q4-2015 Risk Based Bank Rating
2. Q4-2015 Integrated Risk Profile
3. Semester II-2015 Integrated Governance Assessment
4. Q1-2016 Integrated Risk Profile
5. Q2-2016 RBBR Assessment
6. Q3-2016 Risk Profile

## Policy & Procedure Committee (PPC)

Policy & Procedure Committee (PPC) is an executive committee with the responsibility to discuss and recommend adjustments/improvement of the Company's policies and establish procedures including human capital policies and procedures and to discuss and decide on the granting of authority to an officer of the Company (ex-officio).

### Structure and Membership of PPC

Members of PPC according to BOD Decree No. KEP.DIR/393/2016 dated November 2, 2016, as follows:

#### PPC Category A

Policy & Procedure Committee Member	
Chairman	Risk Management & Compliance Director
Secretary	Group Head Policy & Procedure
Alternate Secretary	Group Head Compliance
Permanent Voting Member	Permanent Voting Member: 1. Risk Management & Compliance Director 2. Operations Director 3. Distributions Director 4. SEVP Corporate Transformations
	Non-Permanent Voting Member: BOD Members/SEVP
Non-Permanent Voting Member	Risk Management & Compliance Director or Group Head Compliance or appointed Compliance Group Officer

#### PPC Category B

Policy & Procedure Committee Member	
Chairman	Risk Management & Compliance Director
Secretary	Group Head Policy & Procedure
Alternate Secretary	Group Head Compliance
Permanent Voting Member	Permanent Voting Member: 1. Risk Management & Compliance Director 2. Group Head Policy & Procedure 3. Group Head Legal 4. Group Head Operational Risk 5. Group Head Compliance
	Non-Permanent Voting Member: BOD Members/SEVP Coordinators related to material presented as invitees.

### Period and Term of Service of the PPC Committee Members

If there any changes of organizational structure of the Company in the future, the committee membership remain unchanged, in term of job descriptions of the corresponding new organizational structure included in the field of duty members of the committee. The member of PPC positioned as Board of Directors or SEVP level shall ended of the services along with the end of his tenure as Directors or SEVP.

### Independency Statement of PPC Committee

PPC Committee members continue to act independently in performing their duties. The meaningful of independency in term of free from conflicts of interest that could interfere with the implementation of tasks and responsibilities.

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### Duties, Authorities and Responsibilities of PPC

PPC has the duties, authorities and responsibilities as follows:

1. PPC Category A:
  - a. Discussing and making recommendations to the BOD on adjustments/improvements of corporate policies including human capital policies.
  - b. Discussing and deciding on the granting of authority to the Company ex-officio officers
2. PPC Category B:
  - a. Discussing and determining and/or adjustment/finalizing of corporate policies including human capital policies.
  - b. Discussing and deciding on the granting of authority to the Company ex-officio officers other than Category A authority.

In its capacity as a committee, PPC not have the authority to act on behalf of and in the name of the company or signing of binding agreements with third parties, which must be done in accordance with the provisions of the Company's Articles of Association.

### Brief Profile of PPC Members

Committee member profile PPC which is a member of the Board of Directors can be found on the Profile of Directors on page 78-83.

Profile of PPC Committee members positioned as SEVP of Sanjay N. Bharwani available in the section of Remuneration and Nomination Committee member in page 320, Riyani T. Bondan, Kepas Antoni Manurung and Toni Eko Boy Subari available in the section of ALCO Committee member in page 328-329 and profile of Ventje Rahardjo available in profile of RMC Committee in page 339.

### PPC Meetings

The PPC of Bank Mandiri conducted meetings at least three times in a year or at certain time if necessary based on request from at least one of Voting Member or based on BOD request or based on written proposal from related working unit by providing discussion material and coordinated with Committee Secretary.

### Meeting Frequency and Attendance Level of PPC

In 2016 PPC has conducted 10 times of meeting with the attendance level of BOC and SEVP as follows:

#### 1. BOD and SEVP: (included PPC Category A and B)

No.	Name	Total			% of Attendance
		Meeting	Attendance	Absence	
<b>Permanent Voting Member</b>					
1	Ahmad Siddik Badruddin	10	10	-	100%
2	Ogi Prastomiyono	6	5	1	83%
3	Sentot A. Sentausa (ex)	5	4	1	80%
4	Hery Gunardi	2	2	-	100%
5	Ventje Rahardjo	6	6	-	100%
<b>Non-Permanent Voting Member</b>					
6	Kartika Wirjoatmodjo	3	3	-	100%
7	Pahala N. Mansury	5	4	1	80%
8	Royke Tumilaar	3	3	-	100%
9	Tardi	3	2	1	67%
10	Kartini Sally	3	2	1	67%
11	Rico Usthavia Frans	4	3	1	75%
12	Riyani T. Bondan	3	3	-	100%
13	Sanjay N. Bharwani	3	3	-	100%
14	Joseph Georgino Godong	3	3	-	100%
15	Kepas Antoni Manurung	4	9	-	100%
16	Toni Eko Boy Subari	3	9	-	100%

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## 2. Group Head (PPC Kategori B)

No.	Name	Total			% of Attendance
		Meeting	Attendance	Absence	
<b>Permanent Voting Member</b>					
1	GH Policy & Procedure	4	4	-	100%
2	GH Legal	4	4	-	100%
3	GH Compliance	4	4	-	100%
4	GH Operational Risk	4	4	-	100%
<b>Non-Permanent Voting Member</b>					
5	GH IT Infrastructure	1	1	-	100%
6	GH IT Application & Development	1	1	-	100%
7	GH IT Application Support	1	1	-	100%
8	GH Wealth Management	1	1	-	100%
9	GH Special Asset Management 1	1	1	-	100%
10	GH Special Asset Management 2	1	1	-	100%
11	GH Retail Credit Recovery	1	1	-	100%
12	GH International Banking & Financial Institutions	1	1	-	100%
13	GH Strategy & Performance	1	1	-	100%
14	GH Enterprise Data Management	1	1	-	100%
15	GH Credit Portfolio Risk	1	1	-	100%

### Education and/or Training of PPC Member

Education and/or Training of PPC Member which is a member of the Board of Directors can be found on the Profile of Directors on page 78-83.

Education and/or Training of PPC Member positioned as SEVP of Sanjay N. Bharwani available in the section of Remuneration and Nomination Committee member in page 320, Riyani T. Bondan, Kepas Antoni Manurung and Toni Eko Boy Subari available in the section of ALCO Committee member in page 328-329 and profile of Ventje Rahardjo available in profile of RMC Committee in page 339.

### Statement of PPC Committee Code of Conduct

In pertaining its duties and responsibilities, Bank Mandiri PPC Committee refers to BOD Decree No. KEP.DIR/393/2016 dated November 2, 2016 regarding Policy & Procedure Committee.

### Report of 2016 PPC Activities

PPC has conducted several activities in 2016 as follows:

- The Company's policy adjustment, included
  - Revision on Bank Mandiri Legal Procedure
  - Revision on HR Policy
  - Revision on Bank Mandiri Credit Policy
- Adjustment of Standard Guidance/Produce, included
  - Revision on SPO of Cash Money Management
  - Revision on SPO of Electronic Money
  - Revision on SPO of Product or New Activities
  - Revision on SPO of Credit Collection and Recovery
  - Revision on SPO of Operational Risk Management
  - Revision on SPO of Information Technology
  - Revision on SPO of Wealth Management Services
  - Revision on SPO of Credit Collection and Recovery
  - Revision on SPO of Overseas Office
  - Revision on SPO of Customer's Segmentation
  - Revision on SPO of Financial Institution
  - Revision on SPO of Assets and Liability Management
  - Revision on SPO of Risk Model
- Reporting on Operational Technical Guidance
- Authority Segregation to the Company's officer
- Adjustment of Subsidiary Guideline and Data Management Framework

### Assessment of Committees under the BOD

Activities and performance of the Committees under the BOD are regularly evaluated and assessed by the BOD for the sake of increasing the effectiveness of implementation and performance of committees in the coming year. Based on the assessment, the performance of Committees under the BOD is rated Good.

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## Corporate Secretary

The Corporate Secretary assumes as supported organ of the Company positioned as a liaison officer between the Bank and stakeholders including regulator, investor and public particularly in connection with capital markets community with the responsibility to ensure the Company's compliancy to applied regulations as part of Good Corporate Governance (GCG) implementation.

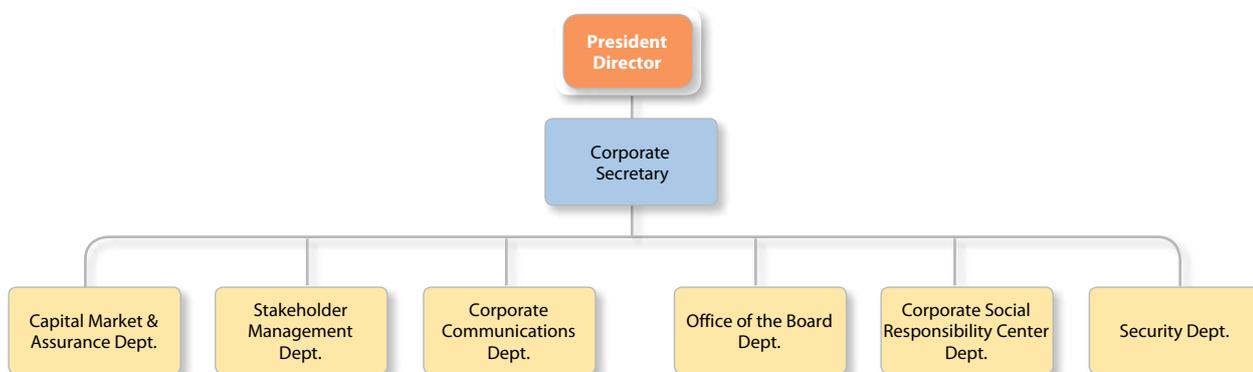
The Bank's Corporate Secretary was established in view of, among others, the following regulations:

- Regulation of the Financial Services Authority (POJK) No. 35/POJK.04/2014 concerning Corporate Secretary of Issuers or Public Companies.
- Regulation of the Minister of State Owned Enterprises No. PER-01/MBU/2011 as amended by PER-09/MBU/2012, Chapter Nine concerning Corporate Secretary.

### Duties and Responsibilities of Corporate Secretary

The Corporate Secretary has the duties and responsibilities as follows:

1. To coordinate, carry out administrative and development of corporate communication strategies and programs.
2. To meet the obligations of the Company as a public company based on GCG principles.
3. To support the BOC, BOD, SEVP and other executive officers.
4. To maintain the reputable image of the Bank.
5. To exercise the Bank's security system control.
6. To carry out Corporate Social Responsibility (CSR) activities through Partnership and Environmental Development Program (PKBL) in accordance with the appropriate targets so as to give positive contribution to improving the image of Bank Mandiri.



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### Corporate Secretary Profile

**Rohan Hafas**  
Corporate Secretary

An Indonesian citizen, 55 years old. Domicile in Jakarta, he was appointed as Corporate Secretary of Bank Mandiri since October 1, 2014, virtue of Decree of the Senior Executive Vice President (SEVP) No. KEP.SEVP/272/2014 concerning the Appointment and Designation of a Bank Mandiri Official. He began his career at Bank Susila Bakti in 1987 as Assistant Manager, prior to his career in the Indonesian Bank Restructuring Agency (BPPN) and positioned as Communication Division Team Leader, Communication Division Group Head and Communication Division Head. Prior to his career in Bank Mandiri, he graduated from the Faculty of Economics, the University of Indonesia in 1987 was Corporate Secretary Division Head at PT Bank Mutiara Tbk.

### 2016 Company Secretary Competency Enhancement Program

As a liaison with external parties, Company Secretary must always follow the development of capital markets and consistently improve their competence in the field of Law/Legal, Accounting and Secretariat. To that end, Corporate Secretary of Bank Mandiri regularly attend various useful training to maximize its important role in the company.

Throughout 2016, the Corporate Secretary has attended various training/Workshop/Seminar including banking Risk Management Refresment level 1 in Jakarta on November 23, 2016

### Organization Structure of Corporate Secretary

Secretary appointed and dismissed and is directly responsible to the President Director. Some Department under Secretary of the Company, namely Capital Market & Assurance Department, Stakeholder Management, Corporate Communications Department, Office of the Board Department, Corporate Social Responsibility Center Department and Security Department.

### Duties Company Secretary 2016

1. Holding a General Meeting of Shareholders dated March 21, 2016.
2. Organizing the annual mandatory public expose.
3. Organizing Meeting of Board of Directors and Board of Commissioners.
4. Preparing the Board of Directors Decree.
5. Reporting to the regulators in the position of the Bank duty as public company
6. Organizing Mandiri Jakarta Marathon 2016.
7. Corporate activity ceremonial coverage.
8. Publishes 2016 corporate advertising materials.
9. Organizing and distributing the Community Development program.
10. Carrying out service function, order and security of offices and assets of Bank Mandiri.

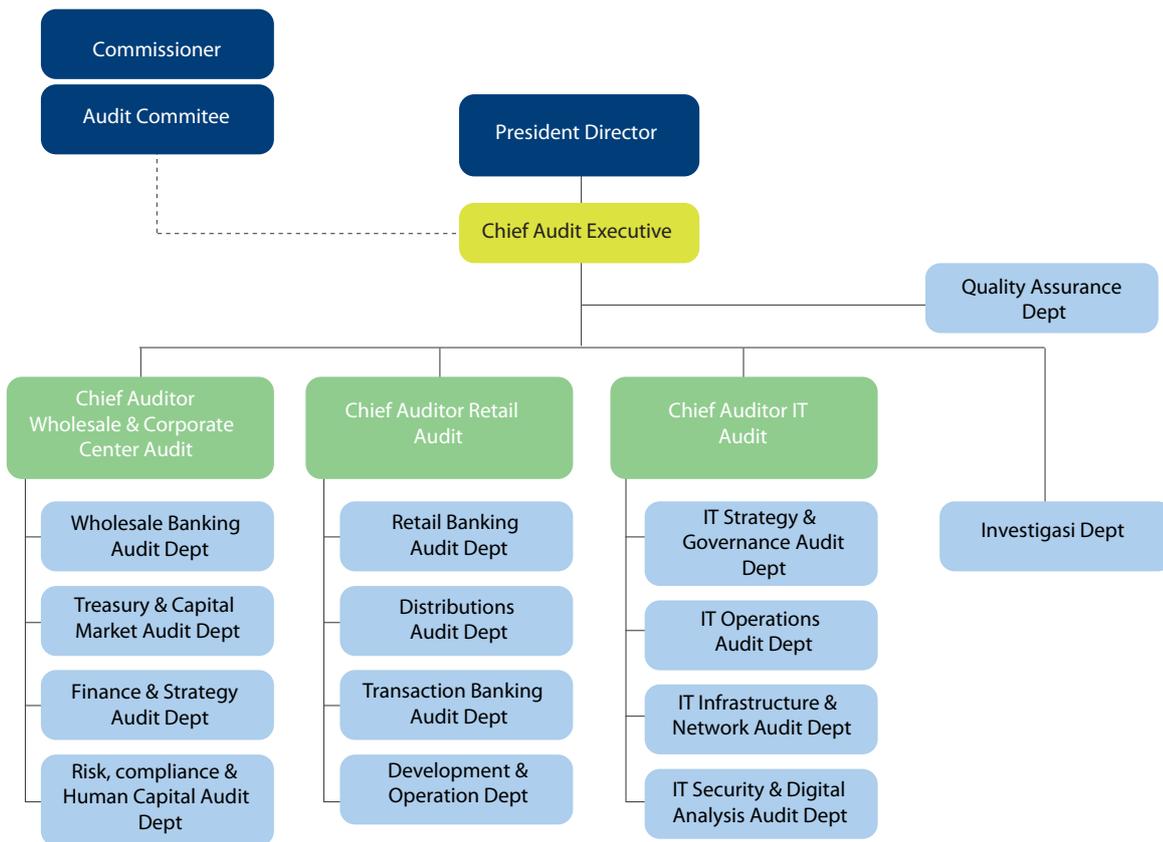
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## Internal Audit

Internal Audit of Bank Mandiri, with the role as third line of defenses, ensure that internal control in every line of defenses getting stronger and mature. Internal Audit continues to innovate in the use of audit methodologies and tools so that the implementation of more effective and efficient audit. In accordance with a long-term plan 2015-2020 Internal Audit with the theme "Creating Long-Term Value Through Sustained Assurance to be The Best in Class IA Function" in 2016, Internal Audit has completed 5 of 14 strategic initiatives.

### Internal Audit Position In Organizational Structure

Internal Audit in the organization at the level of the Directorate and reports directly to the President Director and be able to communicate with the Board of Commissioners through the Audit Committee. Since December 18, 2014, Internal Audit has divided into 3 Group as an adjustment of Bank Mandiri business strategy, namely Wholesale & Corporate Center Audit Group, Retail Group Audit and IT Audit Group. On the other hand, the internal audit also has two departments responsible directly to CAE namely Audit Investigation Department and Quality Assurance Department.



### Appointment and Dismissal of Chief Audit Executive (CEA)

Chief Audit Executive (CEA) is appointed and dismissed and directly responsible to the President Director with the approval of the Board of Commissioners and subsequently reported to Bank Indonesia, the Financial Services Authority (FSA).

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## Chief Audit Executive (CAE) Profile



### Mustaslimah

Indonesian Citizen, 51 years old  
Term of Office: 2015 - present

#### Basis of Appointment

Appointed as Chief Audit Executive pursuant to Decree of the Board of Directors No. SK.DIR/161/2015 dated March 17, 2015

#### Educational Background

Bachelor Degree from Bogor Agricultural Institute (1988)

#### Seminar and Courses

- Bank Risk Management Level 5, Banking Professional Certification Agency-LSPP (2016)
- International Internal Auditor (IIA) Conference, IIA (2016)
- High Performance Leadership for Influencing and Collaboration Workshop, International Institute for Management Development /IMD, Switzerland (2016)
- International Internal Auditor (IIA) Conference, IIA (2015)
- Achieve Outstanding Performance Course, INSEAD (2012)
- Workshop Taking The Leap Before Any Crisis, Bank Mandiri (2011)
- Communication forum of Compliance, Bank Mandiri (2010)
- Smart Procurement, Edge Commerce (2010)
- Leadership Course, Center of Creative Leadership (2009)
- Workshop Marshal Goldsmith, Training Center Bank Mandiri (2009)
- Leaders Forum, Bank Mandiri (2009)
- Executive Program, Australia Graduate School of Management (2008)
- Asia Project Finance, Euromoney Training (2007)
- ESQ Leadership – National Executive, Training Center Bank Mandiri (2006)
- National Seminar – Good Corporate Governance, IBC Asia (2006)
- Improvement of Credit Quality, LCG(2006)

#### Work Experience

- Member of Audit Committee, PT Bank Mandiri (Persero) Tbk (2016 – present)
- Group Head Human Capital & Services (2014 – 2015)
- Group Head Procurement & Fixed Asset (2010 – 2014)
- Group Head Compliance (2006 – 2010)
- Department Head Credit Operation (2004 – 2005)
- Department Head Asset Maintenance & Warehouse (2004)
- Department Head Procurement & Fixed Asset Services (2001)
- Group Head Logistics (2001)
- Group Head CRM-MOL Risk (2000)
- Senior Officer Support Function (1999)
- Regular Instructure (1997)
- Marketing Officer (1993)
- Assistant Marketing Officer (1990)

### Duties and Responsibilities of Internal Audit

The scope of work covers all areas of Internal Audit operations of the Bank, its subsidiaries and affiliates (appropriate governance applicable) to determine the adequacy of internal control quality, risk management practices and the implementation of good corporate governance in order to achieve its vision and mission. The scope of the activity described in assurance, consulting and investigations.

#### Assurance

Conduct testing objectively on the evidence in order to provide an independent assessment of the adequacy of internal control, risk management and governance process in the organization.

#### Consulting

Provide advisory services based on the client needs and consent in order to provide added value and internal control improvement, the application of risk management and governance processes without operational transfer of responsibility.

#### Investigation

Evidence findings using investigative techniques on the review of the indications and / or fraud that occurred. The objective of investigation to reveal the modus operandi, the causes, the potential losses, actors and other parties involved. Investigations include the acquisition of evidence and statements, preparation of reports, statements on their findings and follow-up monitoring is required.

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### The authority of Internal Audit

1. Conducting internal audit activities of all organizational units within the Bank, its subsidiaries and affiliates which apply the appropriate governance.
2. To communicate directly with the Director, the Board of Commissioners through Audit Committee.
3. Communication with external parties including regulators, in particular those relating to the audit.
4. Hold regular meetings and incidental to the Director, the Board of Commissioners, and/or the Audit Committee.
5. Accessing all information, notes, employee, and including but not limited to accounts/records of employees and resources as well as other matters as may be necessary related to its duties and functions.
6. Investigation activity on the case/problem on every aspect and element of activities that indicated fraud and breach of code of conduct.

### Responsibility of Internal Audit

1. Plan and execute internal audit activities with an emphasis on areas/activities are high risk and evaluate procedures/control system is there to gain confidence that the Bank's goals and objectives can be achieved in an optimal and sustainable
2. Carry out an investigation, report and make recommendations/conclusions on fraud to the Management.
3. Developing and running a program to evaluate and improve the quality of Internal Audit.
4. Provide recommendations on the results of the audit and monitor the follow-up results of the internal audit activity and investigative activity.
5. Cooperating with the Audit Committee in carrying out oversight functions.
6. To coordinate its activities with the activities of the external audit and the units/functions other assurance providers, in order to achieve a comprehensive audit results and optimal.

In accordance POJK No. 18/POJK.03/2014 Internal Audit of Bank Mandiri as an Integrated Internal Audit Unit (SKAIT) has duties and responsibilities as stipulated in the Code of Integrated Governance namely:

1. Monitoring the implementation of internal audit at each of its subsidiaries in the financial conglomerate. In the implementation of the Internal Audit include :
  - a. Evaluation of the internal audit plan audit of subsidiaries in the conglomeration of Finance in the framework of an integrated audit plan alignment.
  - b. Evaluation of the results of internal and external audits of subsidiaries in financial conglomeration its follow-up in the framework of integrated internal audit report preparation.
2. Carry out audits in subsidiaries in the financial conglomerate either individually, jointly or audit by internal audit report of Subsidiary Companies in the financial conglomerate.

In order to implement POJK 18 SKAIT has made synchronization that includes:

### Commitment

SKAIT and SKAI Subsidiary has made synchronization IA Charter where the Children's Charter Process Management has included a clause stating "Bank Mandiri as the main entity can perform audit services to children in order to ascertain the activities of internal control, risk management and governance process". IA Charter should be signed by each Commissioner and Director of subsidiaries.

### Structure

- Placement of the Head of Internal Audit of subsidiaries with regard to the recommendation SKAIT.
- Implementation of Application Integration Audit Committee Meeting Kids can invite SKAIT.
- Implementation of Internal Audit forum Mandiri Group on a quarterly basis.

### Methodology & Tools

- Harmonize the Internal Audit policies and procedures of subsidiaries with Bank Mandiri's Audit Policy which includes among others the alignment of audit methodology and Internal Control Rating.
- Alignment of Bank Mandiri audit plan and SKAI Subsidiary with workshops held each year end.

### Reporting

Preparation of Internal Audit Integrated Reporting framework that contains Reports Fundamentals and Developments Follow-up Audit PA, which lists as follows:

- The audit results.
- The audit investigation/handling fraud.
- Development of Follow-up of audit results and external SKAIT.

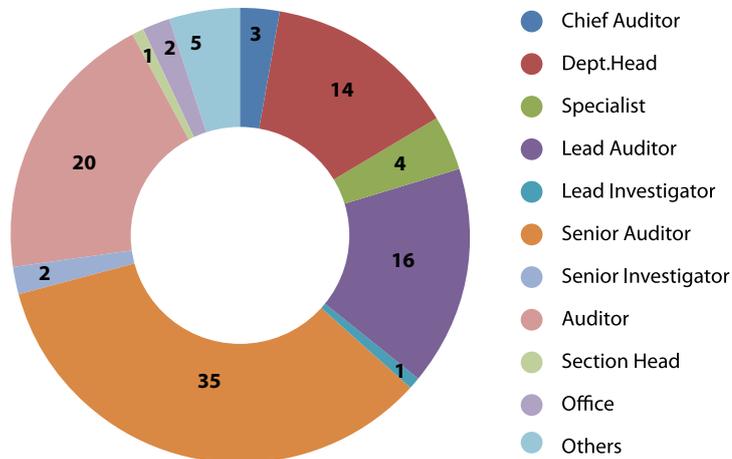
This report is submitted biannually to the Director, the Director of Supervision of subsidiaries, and the Board of Commissioners through the Audit Committee and the Director of the Bank in charge of the compliance function.

### Internal Audit Charter

Internal Audit has the Internal Audit Charter which was passed by the Managing Director and Commissioner of Bank Mandiri with the latest revision dated December 17, 2015. Internal Audit Charter provides guidelines for the purpose, position, authority, responsibilities and internal audit scope of work. Position, authority and responsibility are formally defined in the Internal Audit Charter in accordance with Bank Indonesia regulations regarding the implementation of Standards Internal Audit Bank (SPFAIB) and the Chairman of Capital Market and Financial Institutions Supervisory Board on the Establishment and Guidelines for Internal Audit Charter and international best practices based on on the standard IPPF (International Professional Practices Framework) by IIA (the Institute of Internal Auditors).

**Human Resources**

Internal audit headcount of 103 employees with the following composition:



Internal Audit is always working to provide continuing education for all personnel to have adequate qualify and competency. The Education provided through certified professional education whether they are national or international, program attachment and trainings both local and overseas.

Internal audit establishes an auditor with following qualifications:

1. Have integrity by building confidence (trust), which became the basis of reliable assessment (judgment).
2. Demonstrate a high objectivity in accordance with professional standards in collecting, evaluating, and communicating information about the activity or examined process.
3. Conduct an assessment (judgment) is balanced (balanced) by taking into account all relevant circumstances and not be influenced by personal or other people's.
4. Respect the value and ownership of information received and does not disclose such information without the authorization of the authorities unless there is a legal or professional obligation to information disclosure.
5. Using the knowledge, skills, and experience necessary in conducting audit.

The program to improve the competence and employee development has referred to the Internal Audit Internal Audit Competency Framework (IACF) to ensure targeted development program and as needed. IACF is framework which indicates the level of good behavior and technical competency that need to be owned by any position in Internal Audit. 2016 has conducted an assessment to determine the competency gap between the existing and subsequently prepared a development program for each auditor. Employee development programs implemented in the various approaches as follows: e-learning, training, nationwide and international professional certification, internships/attachments, and special assignment project. The program is monitored continuously and measured its success in supporting employee performance and organizational performance.

Below is the certification of employees of Internal Audit to the end of December 2016:



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### International Certification



#### Notes

QIA	: Qualified Internal Auditor
LSPP-A	: LembagaSertifikasiProfesPerbankan - Auditor
LSPP S	: LembagaSertifikasiProfesiPerbankan - Senior Auditor
LSPP AM	: LembagaSertifikasiProfesiPerbankan - Auditor Manajer
ASESSOR	: Penguji
CPA (Ind)	: Certified Public Accountant
SMR I	: SertifikatManajemenRisiko level I
SMR II	: SertifikatManajemenRisiko level II
SMR III	: SertifikatManajemenRisiko level III
SMR IV	: SertifikatManajemenRisiko level IV
CFE	: Certified Fraud Examiner
CBA	: Certified Bank Auditor
CISA	: Certified Information System Auditor
CIA	: Certified Internal Auditor
CA	: Chartered accountant
IRCA	: International Register of Certificated Auditor
CRMA	: Certification in Risk Management Assurance

#### Internal Audit Work Plan 2016

Bank Mandiri has faced various challenges while started its third phase of transformation, both internally and externally. From an external, due to falling of global economy and fluctuation of oil prices, slowdown in China economy, and strengthen of United States economy, has an impact on national economy and industry that cannot be denied, also affect the bank. Bank Mandiri, in line with the business, also faced on potential operational risks, especially related to the IT field by the complexity of expansive products through e-Channel. Internally, Bank Mandiri has a one-year run in which one strategy to support third phase of transformation program is to strengthen the distribution network by integrating all business segments and subsidiaries. Implementation of these strategies followed with challengers in infrastructure readiness, changes in work culture and capability of Human Resources.

Through the audit plan in 2016 with the theme "Effective Internal Audit: Driving Towards Sustainable Growth", Internal Audit wants to ensure the growth of the business can be run Bank Mandiri sustain. Internal Audit also want to believe aspiration to become The Best Bank in ASEAN in 2020 can be realized with the stronger support in internal controls throughout the area of operations of the Bank.

2016 Internal Audit has set 7 Audit Thematic, 9 Audit General, 4 Audit Mandatory, 9 Audit of subsidiaries, and 5 studies that cover areas of significant and relevant to the conditions and challenges facing the Bank, which is an audit of the Credit Quality, end-to-end management of Microcredit and KUR, Distribution Network Transformation Implementation, e-Channel Security and Availability, implementation APU PPT, Procurement and Regulatory Reporting.

In preparing the 2016 audit plan, Internal Audit has analyzed 9 key input through workshops and focus group discussion involving the 1<sup>st</sup> line and 2<sup>d</sup> line of defense includes the External Auditor. The nine key inputs are:

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#### Information:

1. Results of Enterprise Risk Assessment (ERA) in 2016-2015 for forward looking.
2. Loss Events: Data event/significant losses over the last three years.
3. Internal and External Findings 2015: internal and external significant audit findings in the previous year.
4. Bank Mandiri Corporate Plan 2020: alignment with long-term plans which are Corporate Plan 2020.
5. Concern Management and the Audit Committee of the Board of Directors, Audit Committee dan Management of Bank Mandiri.
6. Regulation and Compliance: Compliance with internal and external regulation (Regulation/Compliance).
7. Risk Profile Bank Mandiri and Subsidiaries
8. Work up Business Risk Control, Internal Audit of subsidiaries, and the External Auditor
9. Best Practices: Emerging topics in today's banking world according to best practices

Internal Audit continues to innovate in the use of audit methodologies and tools so that the implementation of more effective and efficient audit. In 2015, the Internal Audit has set up Long Term Plan (RJP) Internal Audit 2015 to 2020 with the theme "Creating Value Through Sustained long term Assurance to be The Best in Class IA Function" with 14 strategic initiatives which will be implemented 2015-2020 Internal Audit to escort reorganization implementation in Bank Mandiri towards Corporate Plan 2020. In 2016, the internal audit has been completed five initiatives are:

#### 1. IA Audit Rating Methodology

2016 audit rating of Internal Audit methodology to develop a more implemented expected to be more powerful in decision-making by management primarily related to the prioritization of internal control improvements. The rating structured audit approach which has been aligned with the Bank's Operational Risk Management so that output can also support the implementation of a combined assurance at Bank Mandiri

#### 2. Tools integrated IA

Since 2015 internal audit have developed the Internal Audit Tools consisting of Access Management Information Systems Audit-TR (SIMA-TR) via the Internet, the implementation of resource management, the data analytic software tools and dashboards. SIMA 2016, improvements TR and data analytics tools that the implementation of more effective and efficient tools to support audit activities. In addition, training/knowledge transfer to all auditors related to the use of tools is also being conducted to ensure that all auditors can operate tools-tools in each audit assignment.

#### 3. IA Training Plan dan IA Competency Framework

Internal Audit has had an internal auditor competency framework for each position level consisting of Independent Behavior Competency, IA Behavior Competency, General Technical Competency, Specific Technical Competency. 2016, Internal Audit has conducted assessments to all auditors and have acquired competence profile of each auditor for the next training program drawn up in accordance with the competency gap.

#### 4. Risk, Compliance, and Audit Alliance Framework

Internal Audit in collaboration with the Group Operational Risk and Compliance Group compiled a Risk Register which is group wide. The purpose of the strategic initiative is that all units of both the Bank and its subsidiaries have the same risk language. 2016 development focus on the preparation of Integrated Risk Register Level 4, IRR database mapping with Subsidiary risk event and make the results of re-cleansing dissemination of IRR Level I to subsidiaries.

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In addition to audit and CPR, Internal audits are also constantly monitoring plan follow-up on audit findings. The following tables follow-up status Internal Audit:

### Internal Findings that Monitored its Follow Up



Internal Audit also conducted external coaching and monitoring, along with following up monitoring in internal findings. Table of status on external auditor follow up as follows

Auditor	2013		2014		2015		2016	
	Finished	Process	Finished	Process	Finished	Process	Finished	Process
Bank Indonesia	187	0	0	0	45	0	0	0
OJK	0	0	87	2	9	0	68	12
BPK	0	0	763	2	146	0	195	8
KAP	29	0	48	2	0	0	8	3

#### Bank compliance to the rules and regulations and a commitment to the competent authorities

Internal Audit as a contribution in realizing the corporate governance practices in Bank Mandiri is to ensure banks have and comply with all applicable laws as well as the commitment by the relevant authorities. In preparing the audit plan at the end of 2015, an internal audit has been analyzing all the external conditions that require a specific activity to be carried out an audit each year. 2016, Internal Audit implement mandatory audits including audits of SKNBI, RTGS, SSSS, eMas Loan, eMas Remittance, Risk Management, People's Business Credit.

In addition, Internal audit also make adherence to regulation as one focus of the audit in every assignment. Internal audit has ensured internal regulations based on bank activities in the scope of the audit in 2016 refers to the external conditions.

Meanwhile, the internal audit concern towards the fulfillment of commitments by followed up by the competent authorities have reflected throughout recommendations for improvement on the results of external audit procedures in accordance commitments agreed upon. Internal audit has a special unit that is equipped with monitoring tools to monitor the completion of that commitment. In addition, to be more convincing in terms of implementation of recommendations of Internal Audit to check on the field when the audit assignment.

#### Effectiveness of Internal Audit

In an effort to improve the effectiveness and efficiency of the audit, the Internal Audit has implemented a Management Information System (SIMA). The audit by SIMA, enabling tiered review done remotely so that the audit process can be done more quickly and surely audit quality is maintained. Attention to quality is also supported by the Quality Assurance which ensures compliance and quality audits in accordance with the standards. Following the realization of the audit year 2014-2016:

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Tasks	2014			2015			2016		
	Target	Realization	Achievement	Target	Realization	Achievement	Target	Realization	Achievement
Rutin	12	60		20	20		28	28	
Mandatory	22	22		12	12		7	7	
Tematik	157	158	126%	110	110	117%	49	49	157%
Consulting				8	8		8	8	
Adhoc				0	25		0	52	

The use of SIMA is also one form of responsibility of Internal Audit to secure information assets from the bank's risk of information leakage given the role of Internal Audit is very close to the Bank of confidential information. In addition, SIMA also be part of the competence development process for its benefits as a knowledge center for all auditors.

### Implementation of Anti-Fraud Strategy

Bank Mandiri has implemented an AFS set out in each Policies, Standard Operating Procedures, Technical Instructions Operating and other settings. AFS Bank Mandiri Bank Indonesia Circular reference No. 13/28 / DPNP regarding Anti Fraud Strategy Implementation for Commercial Banks. Implementation of AFS in each Policies, Standard Operating Procedures and Technical Instructions Operating become one of the refinement of the Internal Control System Policy Bank. The formulation of the AFS is as follows:

#### 1. Prevention Function

Is the responsibility of all employees of Bank (work unit) and is part of the Fraud Control System in order to reduce the potential for fraud.

#### 2. Detection Function

Is the responsibility of the entire unit, both 1<sup>st</sup> line of defense, 2<sup>nd</sup> and 3<sup>rd</sup> line of defense line of defense and is part of the Fraud Control System in order to identify and locate fraud in banking operations.

#### 3. Functions of Investigation, Reporting, & Sanctions

It is the responsibility of the Directorate of Internal Audit and Fraud sections of the Control System in the handling of fraud that occurred through the investigation and the results are reported to the President Director, BOC and Bank Indonesia, including the proposed imposition of sanctions for the perpetrators of fraud.

#### 4. Function Monitoring, Evaluation, and Follow-Up

It is the responsibility of the Directorate of Internal Audit and Control System is part of the monitoring of fraud in order to follow up the results of the investigation and evaluation of the incidence of fraud to correct weaknesses and strengthen the Internal Control System in order to prevent the reoccurrence of similar fraud in weakness.

Repair programs SAF both Pillar I "Prevention", Pillar II "Detection", Pillar III "Investigating, Reporting and Sanctions" and Pillar IV "Monitoring, Evaluation and Follow-up" continues to anticipate potential future risks in line with business development bank. One improvement that is done is to implement the Memorandum of Procedure Delegation of Authority and sanctions. Through the implementation of the MP, the handling of cases of fraud including loss recovery process becomes faster, expand the range of event detection and follow-up monitoring of the repair fraud incident evaluation conducted by the Internal Audit Regional Business Center (RBC) in the region.

Here is the number of internal fraud in 2016:

Internal Fraud in a year	Total Fraud Conducted by:					
	BOC and BOD members		Permanent Employees		Contract Employee	
	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year
Total Fraud	-	-	22	22	13	22
Settled	-	-	22	21	13	21
Internal Process	-	-	-	1	-	1
Unprocessed	-	-	-	-	-	-
Legally Processed*	-	-	6	1	4	1

\*Legally process fraud is part of settled fraud

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## External Auditor

### Implementation of the External Auditor Function

External Auditor has audit function of the Financial Statements of the Bank, to form and express an opinion on the fairness of financial statements of the Bank and testing of internal control (Internal Control Review), including re-testing of items that have been tested by the Internal Audit and observation of procedures performed by the Internal Audit.

### Appointment of Public Accountant

Public Accounting Firm (KAP) Purwanto, Sungkoro and Surja determined as External Auditor who audited Consolidated Financial Statements and the Annual Report on the Implementation of the Partnership Program and Community Development for the fiscal year ended December 31, 2016 (Financial Statements for FY 2016) at the Annual General Meeting dated March 21, 2016 based on the provisions of Bank Indonesia, the Financial Services Authority and other relevant provisions. The fiscal year 2016 was second audit year period for KAP Purwanto, Sungkoro & Surja.

Chronological process in establishing the External Auditor Financial Statements for Fiscal Year 2016 are as follows:

- 1) The Board of Commissioners of Bank Mandiri submit a request to the Board of Directors of the Bank to perform pitching KAP financial reports audited 2016 financial year.
- 2) The Board of Directors of Bank Mandiri procurement process KAP election request the Board of Commissioners of Bank Mandiri, which began with the formation stages Procurement Team up with the stage of evaluating the technical aspects and financial aspects of the proposals KAP bidder.
- 3) Annual Shareholder's Meeting on March 21, 2016, decided:  
Establish Purwanto, Sungkoro & Surja as a public accounting firm to audit the Consolidated Financial Statements and the Annual Report on the Implementation of the Partnership Program and Community Development for the year will end on December 31, 2016, including giving authority to the Board of Commissioners to determine the honorarium and other requirements for KAP, as well as set KAP analogs in KAP Purwanto, Sungkoro & Surja, for whatever reason cannot complete the audit of Consolidated Financial Statements and the Annual Report on the Implementation of the Partnership Program and Community Development for the year will end on December 31 2016.
- 4) Bank Mandiri convey the determination AGM by mail to KAP bidder on the results of the procurement process of the Consolidated Financial Services PT Bank Mandiri (Persero) Tbk and Subsidiaries and Financial Report of Partnership and Community Development PT Bank Mandiri (Persero) Tbk. the date and for the Year ended December 31, 2016.

Bank Mandiri apply these principles in making the determination of Professional Ethics of External Auditors/Independent Auditor, namely:

1. The responsibility of the profession;
2. The public interest (public);
3. Integrity;
4. Objectivity;
5. Competence and professional prudence;
6. Confidentiality;
7. Professional Conduct;
8. The technical standards.

### Total Period Public Accounting Firm (KAP) and the Public Accountant (AP)

The following chronological assignment of KAP and the AP have audited financial statements of Bank Mandiri 2010-2016 fiscal year as follows:

Fiscal Year	Name of KAP	KAP Period	Name of AP	AP Period
2016	Purwanto, Sungkoro & Surja (EY)	2	Danil Setiadi Handaja, CPA	2
2015	Purwanto, Sungkoro & Surja (EY)		Danil Setiadi Handaja, CPA	
2014	Tanudiredja, Wibisana & Rekan (PwC)	5	Drs. Haryanto Sahari, CPA	2
2013	Tanudiredja, Wibisana & Rekan (PwC)		Drs. Haryanto Sahari, CPA	
2012	Tanudiredja, Wibisana & Rekan (PwC)		Lucy Luciana Suhenda, SE, AK, CPA	1
2011	Tanudiredja, Wibisana & Rekan (PwC)		Drs. Haryanto Sahari, CPA	2
2010	Tanudiredja, Wibisana & Rekan (PwC)		Drs. Haryanto Sahari, CPA	

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## Review Result

Opinion of review on Financial Report Audited for years of 2010-2016 are as follows:

Year	Financial Report Opinion
2016	Unqualified consolidated Financial Report, comply with Indonesia Financial Accounting Standard
2015	Unqualified consolidated Financial Report, comply with Indonesia Financial Accounting Standard
2014	Unqualified consolidated Financial Report, comply with Indonesia Financial Accounting Standard
2013	Unqualified consolidated Financial Report, comply with Indonesia Financial Accounting Standard
2012	Unqualified consolidated Financial Report, comply with Indonesia Financial Accounting Standard
2011	Unqualified consolidated Financial Report, comply with Indonesia Financial Accounting Standard
2010	Unqualified consolidated Financial Report, comply with Indonesia Financial Accounting Standard

## Compensation of Audit Service

Compensation on audit services for year of 2016 was Rp7,850 million, comprises of audit services fee amounted Rp6,096 million and other attestation service fee amounted Rp1,754 million.

Following chart is reference for audit fee services for fiscal year 2010 to 2016:

Year	Audit Service Fee (in million rupiah)*
2016	7,850
2015	7,330
2014	8,300
2013	9,975
2012	9,500
2011	11,800
2010	11,495

\*Charges included OPE & VAT and included other attestation services.

## Other Provided Attestation Services

Other KAP (external auditor) provided attestation services is a top audit services Compliance with Laws and Regulations and Application Procedures Agreed (Agreed Upon Procedures) on the reporting system of PT Bank Mandiri (Persero) Tbk to Bank Indonesia, Depository Services, Security Systems Recording scripless securities (S4), Bank Performance Evaluation and Performance Evaluation Partnership Program and Community Development.

## Effectiveness on implementation of external audit and the Bank compliancy to the regulation

To meet the principles of Good Corporate Governance and the rules and legislation applicable, the necessary result of financial statement audit performed by an independent party, the Public Accounting Firm, the audit report was further submitted to Financial Services Authority.

Basic implementation of the transparency of the financial statements are based on the provisions of Bank Indonesia and the Financial Services Authority are as follows:

1. POJK No. 55/POJK.03/ 2016 on Good Corporate Commercial Banks Implementation.
2. POJK No. 6/POJK.03/2015 on Transparency and Publication Bank Reports.
3. POJK No. 32/POJK.03/2016 on Amendments to POJK No. 6/POJK.03/2015 on Transparency and Publication Bank Reports.

## Relationship Between Bank, Public Accountant and Regulator

In performing audit, aside from complying with prevailing rules and regulations, Bank Mandiri constantly improves communication with Public Accountant Firm (KAP). Accounting Unit is responsible for coordinating KAP activities with Internal Audit. Moreover, the Audit Committee along with Internal Audit always watch over the audit process performed by KAP.

The chosen KAP will communicate the plan of audit implementation on Bank Mandiri Financial Report to Audit Committee and propose the audit plan coupled with audit methodology and sample audit which will be used to Internal Audit. During implementation, discussion on audit progress and audit findings as well as other important issues are discussed periodically by both parties including audit findings related to internal control. Periodically, Audit Committee has monitored KAP performance through Audit Committee meetings in which Internal Audit and related Board of Directors participated. At the meeting, follow up on audit findings by KAP are also discussed. Through such coordination, it is expected to achieve comprehensive and optimal audit result.

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## Risk Management

The principle of the Bank's risk management is to proactively support the Bank in achieving healthy and sustainable growth as well as maintaining the level of risk-adjusted return that is optimized in accordance with the desired risk appetite.

Risk management is the Bank's mission is to create and implement a comprehensive approach to identify, quantify, prioritize, manage and monitor the risks affecting the business, operations and organization, and seek business opportunities to optimize the risk-adjusted return and shareholder value. Bank Mandiri formulate policies, processes, competence, accountability, reporting and technology in order to support the implementation of risk management is effective and efficient.

Implementation of the Bank's risk management refers to the FSA Regulation No. 18/POJK.03/2016 and the FSA Circular Letter No. 34/SEOJK.03/2016 concerning Application of Risk Management for Commercial Banks. With the development of risk management for financial institutions in Indonesia, FSA FSA has issued Regulation No. 17/POJK.03/2014 and the FSA Circular Letter No. 14/SEOJK.03/2015 on Integrated Risk Management Application for Financial conglomerate.

Bank Mandiri approach Enterprise Risk Management (ERM), which is a risk management framework in an integrated manner to maximize shareholder value, which was built by the four building blocks, namely the Organization and Human Resources, Policies & Procedures, Systems & Data and Methodology/Model & Analytics.

### Bank Mandiri Risk Management System

Risk management plays an important role for the Bank in risk management in order to support the Bank's business activities in a sustainable manner. With good risk management, the Bank seeks to minimize potential losses that will occur. Through risk management is appropriate and effective, the Bank get the latest information about the potential risks to be faced so that it can quickly take steps to mitigate those risks. In the end, the Bank can provide added value (value added) for the shareholder.

The application of the precautionary principle and risk management not only done within the Bank but also performed in subsidiaries. This is because the continuity of the Bank's business is affected by exposure to risks arising, directly from business activities or indirectly from the business activities of subsidiaries.

Framework and governance of risk management at the Bank consists of the Board of Commissioners that exercises risk oversight by the Audit Committee, Risk Monitoring Committee, Remuneration & Nomination Committee, Corporate Governance Committee Integrated, as well as the Board of Directors that perform the function of risk policy through the Executive Committee related to risk management is the risk management Committee, Asset & Liability Committee, Capital & Subsidiaries Committee, and Integrated risk Committee. At the operational level, the Risk Management Unit together Business Unit and the Compliance Unit perform the functions of risk identification, risk assessment, risk mitigation and risk control.

Bank Mandiri Risk Management Framework developed by factors internal and external factors which include but are not limited to provisions Regulator, development methodologies and best practices, Business Bank, Data risk loss data.

Bank Mandiri has a policy of Enterprise Risk Management (ERM), which is used as a guideline in the implementation of integrated risk management, linking strategic planning, risk appetite, business execution, risk assessment and performance evaluation. ERM implementation as well as a vehicle for the implementation of Basel II and III in Bank Mandiri gradually in accordance with the regulations of Bank Indonesia.

### Enterprise Risk Management (ERM) Bank Mandiri

Through the implementation of ERM, Bank Mandiri was able to determine capital needed to cover the Bank's risks, to allocate capital to all business lines and to identify the opportunity to diversified and optimized its portfolios.

The application of risk management at Bank Mandiri through ERM framework uses a two-prong approach, namely risk management through capital and risk management through operational activities, which is expected to achieve hierarchical risk management in the overall management of the business.

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The four principal components supporting the application of this approach are :

#### 1. Organization and Human Resources

Bank Mandiri's Risk Management Unit is responsible for the management of risks encountered by the Bank, including developing supporting tools needed for business processes and risk management. In addition, there is a line unit that acts as the risk counterpart for business units in the four-eye lending process.

Risk management is the common responsibility and involves all units in Bank Mandiri. Essential to the successful implementation of the risk management function are risk awareness and sufficient technical capabilities on the part of all line units in Bank Mandiri. Consequently, regular internal training is provided through the Governance, Risk & Compliance (GRC) Academy, both for the staff of the Risk Management Directorate and of other Directorates. In addition, every year the Bank organizes risk management information campaigns, discussion forums, internships, and programs that are consistent with the internalization of the Bank Mandiri corporate culture.

#### 2. Policies & Procedures

Bank Mandiri has adopted the Bank Mandiri Risk Management Policies (KMRBM) to serve as the principal guideline for the application of risk management. At the more specific level, the Bank has adopted separate policies and procedures, for example, specific policies and procedures for credit, treasury and operations. All the policies and procedures that have been adopted by Bank Mandiri in this respect are based on hierarchical risk management in all of the Bank's operations, and are reviewed as well as updated at least once a year.

In the application, each Bank Risk Operational Management Unit shall be guided by technical operation direction/procedure/guideline, implement Operational Risk Management based on its business target, implement Operational Risk Management instrument and provided Operational Risk Profile Report.

#### 3. System & Data

The risk management system has been developed to support greater efficiency in business processes so as to speed up the decision making process while at the same time adhering to prudential principles. In order to maintain the integrity and quality of data, Bank Mandiri has established an Integrated Processing System and Loan Origination System which is designed to improve the efficiency of the lending process and maintain data quality in the corporate, commercial and retail segments. The system also includes an Integrated Collection System to improve collection productivity, particularly in the consumer and retail segments.

Bank Mandiri uses the Summit System and the Sendero System to manage its trading book and banking book risks for treasury and asset & liability management.

To provide an accurate overview of its risk profile as parent company and as consolidated and integrated with its subsidiaries, the Bank has established the Bank Mandiri Risk Profile System (RPX) which refers to a web-based system designed to expedite access and simplify control.

To integrate risk management bank-wide, Bank Mandiri has adopted the ERM system so as to facilitate the holistic monitoring of risk management, including calculating the capital needed to cover all types of risk. The ERM system has the capacity to calculate capital charges (using the Standardized Approach and Advanced Approach), and apply operational risk management tools, active portfolio management, stress testing and value-based management.

#### 4. Methodology/Models & Analytics

Bank Mandiri consistently conducts risk assessment based on international best practices using both the quantitative and qualitative modeling approaches through the development of risk models such as rating, scoring, value at risk (VaR), portfolio management, stress testing and other models so as to support judgmental decision making. The Bank's risk models are regularly recalibrated and validated by the independent Risk Model Validator Unit, whose function is to maintain the reliability and validity of models and ensure that they satisfy the regulatory requirements.

In order to align the application of Basel II and ERM with the Basel II regulations and best practices, the Bank has worked closely with one of the leading consultants in the field of risk management for the adoption and implementation of the Basel II framework and ERM. The implementation of Basel II and ERM in Bank Mandiri covers Credit Risk, Market Risk, Liquidity Risk, Interest Rate Risk in the Banking Book Position, Operational Risk, Capital Management and the Internal Capital Adequacy Assessment Process (ICAAP).

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## Implementation of Basel II and ERM

Implementation Aspect	Implementation Scope
Credit Risk	Development and refinement of Basel II Risk Parameters for the implementation of the Internal Rating Based Approach (PD, LGD, and EAD)
Market Risk	Measurement of risk structured products, treasury trading limits, and infrastructure treasury system
Liquidity Ratio and Interest Rate	Development of liquidity limit framework, core deposit analysis, Risk Appetite Statement (RAS), stress testing liquidity, re-pricing gap method, and system implementation banking book market risk.
Operational Risk	Development Framework and Governance Operational Risk Management (ORM).
Capital Management	Completion of Economic Capital models, development framework and Capital Optimization Portfolio Optimization
Internal Capital Adequacy Assessment Process (ICAAP)	Application of Risk Appetite Statement, Stress Testing, Capital Planning, and synchronization premises related regulations Risk Based Bank Rating (RBBR).

## Risk Management Application

The risk management and internal control of Bank Mandiri are implemented in all lines (three layers of defense) and at all levels as explained below:

1. Active Supervision of the BOC and BOD
  - a. The BOC and BOD understand the risks faced by the Bank and have provided clear direction, carried out active supervision and mitigation as well as developed Risk Management culture in the Bank.
  - b. The BOD establishes an organization structure that clearly reflects the limits of authority, responsibility and functions, as well as independency between the Bank's business units and line units of risk management.
  - c. The BOC assumes the responsibility for the approval and periodical observation of the risk strategy and policy that covers the Bank tolerance levels toward risk, the cyclic trends of domestic and international economy, as well as the design for long-term requirements.
  - d. The BOD is responsible for implementing risk strategy and policy by clearly outlining and communicating risk strategy policy, monitoring and controlling risks and evaluating the implementation of the related policy and strategy.
  - e. The BOD monitors the internal and external conditions to ensure the execution of the Bank strategy has taken into account the risk impacts and ensure that the line units have the authority and responsibility that support the formulation and monitoring of strategy implementation, including the corporate plan and business plan.
  - f. The BOD establishes the procedure for adequate review on the accuracy of risk assessment methodology, risk management information system implementation adequacy, as well as risk limit and procedure policy
2. The Adequacy of Policy, Limit Establishment and Procedure
  - a. Risk Management application at Bank Mandiri is supported by a framework that covers policies and procedures for Risk Management and risk limits which are clearly defined in line with the vision, mission and business strategy of the Bank.
  - b. Bank Mandiri has written policies and procedures that fulfill the principles of transparency, improving service quality towards customers and stakeholders, and the policy must comply with the prevailing legislation.
  - c. Bank Mandiri risk management policies are prepared according to the Bank's mission, business strategy, capital adequacy, human resource capacity and risk appetite.
  - d. Bank Mandiri conducts evaluation and updates the risk management policies by taking into consideration development in internal and external conditions.
  - e. The establishment of risk limits, which include limits per product/transaction, per type of risk and per functional activity, has been sufficient and monitoring limit is carried out periodically.
3. The Adequacy of Identification Process, Measurement, Monitoring and Risk Control as well as the Risk Management Information System
  - a. The Bank undertakes accurate risk identification and measurement processes on every product or transaction deemed to be having risks.
  - b. Risk identification is proactive, covers all business activities of the Bank and is conducted to analyze the sources and the possibility of risk incidence and its impact.
  - c. The Bank already has adequate risk exposure monitoring systems, including the existence of independent functions to routinely monitor risk exposure, provide accurate and timely information, feedback and follow-up on corrective actions and improvements.

- d. The Bank develops a management information system tailored to the characteristics, activities and complexities of the Bank business activities.
4. A Comprehensive Internal Control System
  - a. The Bank implements internal control systems into Bank Risk Management application in reference to the established policies and procedures.
  - b. There are delegation of authority and responsibility for monitoring the compliance with the policies, procedures and limits.
  - c. There are clear reporting line and separation of functions between operational line units and line units assuming control functions.
  - d. Bank Mandiri has established sufficient procedures for ensuring compliance with the prevailing laws.
  - e. The Bank conducts an effective, independent and objective review of the policies, framework and procedures for Bank operations of which the frequency/intensity of these procedures can be improved based on the risk exposure, market movements, measurement methods and risk management.
  - f. Internal Audit line unit conducts the audit on a regular basis with adequate coverage, documenting the findings and the management's feedbacks on audit results and reviewing the follow-up on such findings.
  - g. A comprehensive description of the risk factors and efforts to manage each risk may also be consulted in the Overview of Business Support Functions, in Risk Management section.

## Types of Risk and Risk Mitigation

The risk management focused especially on the types of risks determined by the OJK, such as credit risk, market risk, liquidity risk, operations risk, strategic risk, reputational risk, legal risk, compliance risk and insurance as well as intragroup transactions. However, the Bank also manages other risks, such as those associated with information technology.

In line with the global economic that has not yet been its post-crisis recovery, high volatility of foreign exchange rates, trend in declining commodity prices and the volatile growth of the Indonesian economy, Bank Mandiri conducts risk management in an a proactive and anticipatory manner including, inter alia, through stress testing, intensive monitoring of each business segment and the preparation of contingency plan.

Bank Mandiri conducts a bank-wide integrated evaluation of the risks encountered. Some of the uncertainty faced by the Bank following mitigation undertaken as follows:

Uncertainty	Description	Mitigation
<b>Credit Concentration</b>	Overexposure to one individual or entity, a related entity group, a geographical region, certain products and the likes with common systematic criteria, with a potential of highly material loss	<ul style="list-style-type: none"> <li>• Use a tool called Portfolio Guidance on all credit risk management stage</li> <li>• Limit exposure by limit policy (industrial limit and debtor limit)</li> <li>• Monitoring on credit distribution through Loan at Risk (LaR) report , both for wholesale and retail segment</li> </ul>
<b>Business Process Complexity and wide network coverage</b>	In line with the aggressive and nonorganic business growth, Bank Mandiri has a diverse and complex business as well as an extensive network encompassing overseas offices and subsidiaries.	<ul style="list-style-type: none"> <li>• Apply the ERM to risk management.</li> <li>• Carry out consolidated risk management with subsidiaries engaged in the financial sector in a gradual and viable manner.</li> </ul>
<b>Internal &amp; external fraud</b>	Deliberate acts of deviation and omission to deceive, defraud, or manipulate the Bank, customers or other parties, which occur in the Bank domain and/or use Bank facilities thus causing the Bank, customers or other parties to suffer a loss and/or the fraud perpetrators to obtain direct or indirect financial benefits	<ul style="list-style-type: none"> <li>• Operational risk management by all work units.</li> <li>• Increase risk awareness through a series of publication programs including the "NO Surprise" program to all work units.</li> <li>• Implementation of Operational Risk Management which is periodically monitored by operational risk management forum (MRO) in central and regional offices.</li> <li>• Complete due diligence and risk management processes to customers by referring to regulations of Bank Indonesia and using risk-based approach principles..</li> </ul>

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<b>Global crisis and slowdown in economic growth</b>	<p>Capital outflows from Indonesia due to US Federal Reserve plan to increase the interest rate.</p> <p>China economic slowdown threatened commodities demand.</p> <p>There was uncertainty prior to British plan to exit from European Community (Brexit).</p> <p>Changes on the benchmark rate from BI Rate to 7-days Reverse Repo Rate &amp; Operational Term Structure</p>	<ul style="list-style-type: none"> <li>• Mel- Conducting regular comprehensive stress testing and set up the contingency plan.</li> <li>• Efficient AFS exposure and fixed assets portfolio management.</li> <li>• Strict review on industry sector that impacted from China economic slowdown, included mining, commodity and textile.</li> <li>• Development of calculation method and Value at Risk (VaR) monitoring based on Risk Factor.</li> <li>• Managing exposure that exposed by interest rate risk through PV01 limit implementation.</li> </ul>
<b>Indonesia Economic Condition</b>	Changes on improvement on national economic growth .	<ul style="list-style-type: none"> <li>• Conduct prudent portfolio management (obtain prospective sector and less volatile to economic turnover, watchlist monitoring, and better end-to-end credit management).</li> </ul>
<b>Banking Liquidity</b>	Financial market volatility caused tighter banking liquidity, thus increasing market interest rates and competition to obtain funds.	<ul style="list-style-type: none"> <li>• Proactive and prudent liquid assets management and increasing market access.</li> </ul>
<b>Regulation Changes from the Government and Regulator</b>	Changes in regulations concerning regulator which increases the Bank's exposure.	<ul style="list-style-type: none"> <li>• Review and plan of implementation based on time limit of the changes or newly issued regulation that impacted to the Bank.</li> <li>• Adjust the risk portfolio or exposure for the Bank thus reducing the impact of changes in regulator/ government regulations, including by Bank portfolio diversification, higher capital and likes.</li> </ul>
<b>The increase of banking industry competition</b>	Better economic conditions support higher competition in banking industry, including in interest rate pricing and credit processing time.	<ul style="list-style-type: none"> <li>• Implement market leader strategy in funding pricing.</li> <li>• Implement risk-based pricing, which is different credit interest rates based on credit risk level.</li> </ul>

## Evaluation of the Effectiveness of the Risk Management System

The risk management system applied by Bank Mandiri is useful for analyzing risks or potential risks to be faced at the moment and in the future, and finding mitigation of such risks. The system in place needs to be evaluated in order to evaluate its effectiveness. Through this evaluation, Bank Mandiri is able to analyze whether the strategies employed to handle the risks have complied with what has been determined.

Evaluation and reviews on Bank Mandiri risk management system are conducted both internally and externally. Internally, the Risk Monitoring and Integrated Corporate Governance and Audit Committees have the duty and responsibility of conducting studies and evaluation of integrated policies and implementation of risk management of the Bank, as well as providing input and recommendations to the BOC as part of the oversight functions carried out. Internal audit, on a regular basis, reviews and audits the implementation of risk management based on the principle of risk-based auditing, with the aim of not only ensuring internal control, but also continuously improving risk management. Externally, the evaluation of risk management is performed by external auditors and Bank Indonesia auditors. Bank Mandiri worked closely with international external consultants to carry further development on infrastructure of Enterprise Risk Management (ERM) in Bank Mandiri based on Basel II and best practices.

## Risk Management Strategic Goals in 2017

In order to support business growth and anticipate changes in macroeconomic conditions and the implementation of new regulations, the Bank is continuing to develop the infrastructure and risk management capabilities, among others, include the following:

1. Alignment of the level of risk in the Bank
  - a. Implementation of Risk Appetite Statement (RAS) as formal guidelines in the process of taking the risk to achieve business targets.
  - b. Develop systems that aggregate calculation of stress testing for credit risk, liquidity risk, market risk, the impact on the profit/loss and capital adequacy ratio (CAR), in Bank Mandiri and Subsidiaries.
2. Strengthening Credit Portfolio Management Strategy through Portfolio Management, Portfolio Mix, Pipeline Management, and Credit Supervisory via Credit Portfolio Management Strategy Project.
3. Improve end to end credit process in the wholesale segment through:
  - a. Business process improvement wholesale segment with limits for anchor client and specific sectors.
  - b. Implementation Name Clearance on the determination of the debtor pipeline and Proactive Loan Monitoring System for credit monitoring.
  - c. Strengthening the resources of the debtor in order to analyze and monitor credit quality.
  - d. Credit Enhancement Processing System in order to improve end-to-end credit process.
  - e. Optimizing the use of limit management system.
4. Efficient use of capital through :
  - a. IRBA implementation of Phase III.
  - b. Modeling Enhancement Basel II Risk Parameters for Retail Portfolio.
  - c. Implementation of New Operational Risk Reporting System.
  - d. Enhancement Calculation of Operational Risk Capital Expenses.
  - e. Intended and extended of Validation Functions.
5. Development of a model Expected Credit Loss in preparation for the implementation of IFRS 9.
6. Optimizing the Management of Assets & Liabilities by managing yield of earning assets and cost of liabilities, Pricing Strategy, and Implementation of New ALM Solutions.
7. Optimizing the implementation of Operational Risk management framework by improving the policies, procedures, tools, and systems, as well as the implementation of the Operational Risk Forum.
8. Compliance Disaster Recovery Center (DRC) in the framework of sustainability of the Risk Management System.

More information related to risk management can be found in Chapter Management Discussion and Analysis on page 143-202.

## Internal Control System

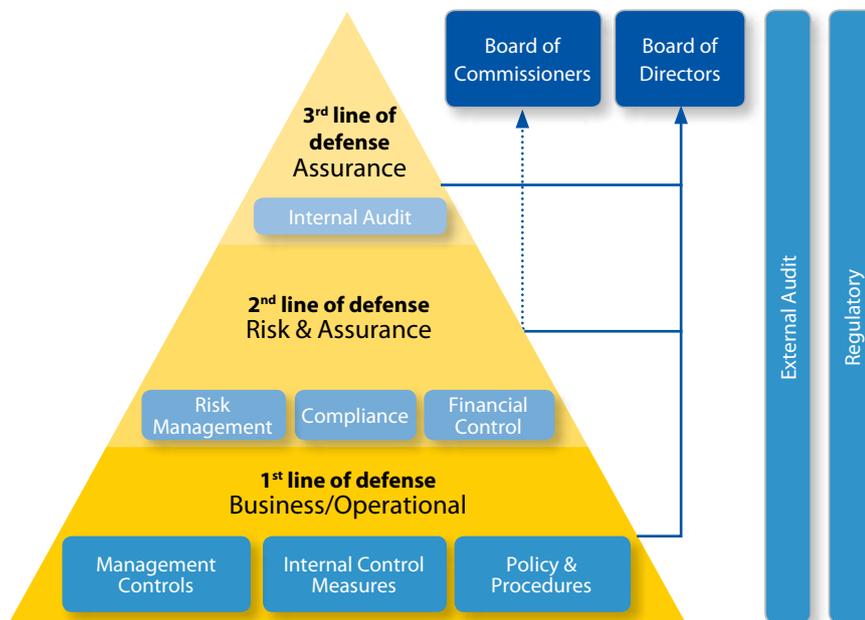
Implementation of Good Corporate Governance sustainable and prudential principles in the organization and management of the Bank, the management committed to improve work ethics and integrity as well as creating a culture that emphasizes the importance of the implementation of the Internal Control System (SPI), a reliable and effective in each level of organization.

Implementation of Internal Control System effectively that help the Bank in maintaining assets, ensure the availability of accurate information and reporting, increasing the Bank's compliance to the rules and regulations in force, as well as reduce the risk of loss, fraud and violation of the principle of prudence.

### Internal Control System Framework

The internal control system framework is implemented in all the processes and decisions that include the process of planning, execution and evaluation of the implementation of the Code of Conduct, the division of duties, powers, procedures which included a risk assessment, risk mitigation, limits, approval, and the presence of adequate reporting.

The internal control system framework adopted by Bank Mandiri is a Three Lines of Defense concept which represents a recent implementation of a control strategy in accordance with COSO – Internal Control Framework system. This concept refers to a collaboration of the roles in on-going monitoring and separate monitoring by involving the business unit in managing internal control, unit that acts as Quality Assessment, Compliance unit, inspection, Risk Management with the function to monitor specific risk as well as Internal Audit with the function in providing independence assurance.



Note :

- 1) Business/Operational Unit (first line of defense): As the owner of the risks that play a role managing the internal control aspects in their work unit, ensuring a conducive environment to exerting control and consistency in the implementation of risk management policies and procedures.
- 2) Risk and Compliance Unit (second line of defense): Develop and monitor the implementation of the risk management of companies overall, the supervision order business function to implement risk management policies and procedures standard operating according to the corridors which have been established as well as monitor and report the risks companies thoroughly to the organ that has the highest accountability in the Company.
- 3) Internal Audit Unit (third line of defense): As an Independent Assurance role is to conduct the Review and evaluation of the design and implementation of an overall risk management as well as ensure that the defense of the first layer and the second layer goes as expected.

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With the implementation of the three lines of defense are expected to strengthen the internal control system of the Bank Mandiri as a result of cooperation across the lines of the Bank ranks ranging from first, second and third lines of defense. In addition, the Bank has set the Internal Control System Policy Bank Mandiri (KSPIBM) as a cornerstone in the implementation of the Internal Control System, which is a control mechanism established by the Board of Directors with the approval of the Board of Commissioners on an ongoing basis (on-going basis) for the following purposes:

1. Maintaining and securing the assets of the Bank,
2. Ensuring the availability of more accurate reports,
3. Improving compliance with applicable regulations,
4. Reducing financial impacts/losses, irregularities including fraud, and violation of the precautionary principle, and
5. Improving organizational effectiveness and cost efficiency

As the process is being run by all levels of the Bank, the Internal Control System applied in determining the strategy throughout the organization and is designed to be able to identify the potential for an occurrence that may affect the company, and to manage risk in order to remain within the limits of tolerance (risk appetite), for provide reasonable assurance in order to achieve company goals. Internal Control System consists of eight components that are interrelated with each other and determine the effectiveness of the application, namely:

#### 1. Internal Environment

Internal environment is the basis for assessing the risk management and control as well as how to react. This forms the basis and the driving factor goes seven other components of the Internal Control System.

#### 2. Objective Setting

The Bank set a target (objective setting) as a requirement for the event identification, risk assessment and risk response is effective.

#### 3. Event Identification

The management identifies events that could potentially affect the Bank's ability to implement strategies and achieve goals effectively. Such identification is carried out on the events of the estimated negative impact (risk) which requires assessment and response to the Bank. Identification is also made to the events that are expected to positively impact opportunities for management in the preparation of strategies to achieve the goals of the Bank. The management also considers all aspects of the organization in identifying potential events.

#### 4. Risk Assessment

Risk assessment is a series of actions starting from the identification, analysis and risk measurement Bank to achieve the goals set. The risk assessment was conducted

on all types of risks inherent in any process/activity that could potentially harm the Bank.

#### 5. Risk Response

The Management establishes measures to respond to the risks based on an assessment of risks and the relevant control.

#### 6. Control Activities

Control activities cover the activities in control and segregation of duties.

#### 7. Information & Communication

- a. The Bank has information system that can generate reports or provide data/information that is sufficient and comprehensive information regarding the business, financial condition, risk management practices, adherence to rules and regulations, market information or external circumstances and conditions necessary in order right decision.
- b. The Bank has information system that can generate reports or provide data/information that is sufficient and comprehensive information regarding the business, financial condition, risk management practices, adherence to rules and regulations, market information or external circumstances and conditions necessary in order right decision.

#### 8. Monitoring

Monitoring activities include monitoring and corrective weakness and aberration correction action.

### Internal Control System Evaluation

Management is responsible for the implementation of the Internal Control System is a reliable and effective and is obliged to promote effective risk culture and shall ensure that it has been embedded at every level of the organization.

Internal Audit is responsible to evaluate and take an active role in improving the effectiveness of the Internal Control System on an ongoing basis with regard to the implementation of the operations of the Bank in achieving the goals that have been established by the Bank.

Internal Audit conducted a review and periodic inspection of all activities in the Unit of Work and subsidiaries. The evaluation results submitted to management for follow up and monitor their implementation to ensure the Internal Control System was effective. In order to strengthen the Internal Control System, in particular to control fraud, the Bank adopted a strategy of comprehensive anti-fraud and integrated as part of a strategic policy.

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## Compliance Function

The greater competition and the bigger scope of business of Bank Mandiri came with challenge to put attention to compliance risk. Preventive action is needed to minimize the violation of respective regulations. Compliance function implementation not limited to prevention of violation on regulations, but also to the spirit as the base of mind. It is important to put the Bank reputation as financial services institution.

As part of Good Corporate Governance process and in relation with implementing compliance function as stipulated in Bank Indonesia Regulation No. 13/2/PBI/2011 regarding Implementation of Compliance Function for Public Bank, Bank Mandiri already have the policy and compliance standard guideline that emphasize role and responsibilities of Compliance Unit in implementing compliance function.

### Organizational Structure of Compliance Unit

The structure and status of the Compliance Unit (SKK) is set out in the Bank Mandiri Compliance Policy (KKBM), which contains detailed Compliance Standards (SPKP). The organizational structure of the Compliance Unit is as follows :

1. Director responsible for compliance function;
2. Compliance Unit in Head Office;
3. Compliance Unit in Business Units.

### Director Responsible for Compliance Function

Director in charge of compliance function is Ahmad Siddik Badruddin as Risk Management & Compliance Director. Brief profiles can be seen on the profiles of Directors.

### The Process of Director Appointment, Dismissal and/or Resignation

The process of appointment, dismissal and/or resignation of Director in charge of compliance function in the bank has been set as follows :

- 1) The appointment, dismissal and/or resignation of the Director of the Compliance Function in charge of the bank has reference to the provisions on the appointment, dismissal and/or resignation of members of the Board of Directors as stipulated in Bank Indonesia regulating commercial banks, and Bank Indonesia Regulation (PBI) No. 13/2/ PBI/2011 dated January 12, 2011 on the Implementation of Compliance Function.
- 2) If the Director is in charge of the Compliance function remains incapacitated, resigns, or outgoing, the Bank immediately appoint a successor Director in charge of Compliance Function.
- 3) During the process of replacing the Director in charge of Compliance Function, designated one of the other Directors

to temporarily carry out the duties Director in charge of Compliance Function.

- 4) Directors who carry out duties temporarily as Director in charge of the Compliance function, either because absent temporary or permanent, is not held by Director and/or Deputy Director and the Director in charge of functions that may affect independence. In the case of other directors who concurrently post of executive director in charge of compliance function does not exist, then the post of executive director in charge of compliance functions while concurrently by another Director in charge of operational functions.
- 5) Any replacement post of executive director in charge of Compliance Function is always reported to Bank Indonesia.

Appointment of Director in charge of Compliance Function has been through the Fit and Proper Test in accordance with the provisions of Bank Indonesia.

### Compliance Unit at Head Office

Compliance Group is a Compliance Unit at the Head Office of Bank Mandiri that directly reports to the Director in charge of Compliance functions. Compliance Unit at Head Office does not take over the responsibility of each Head of Work Unit at the Bank for the implementation of compliance in each unit.

Compliance Unit at Head Office have to fulfill several criteria in implementing compliance function, as follows:

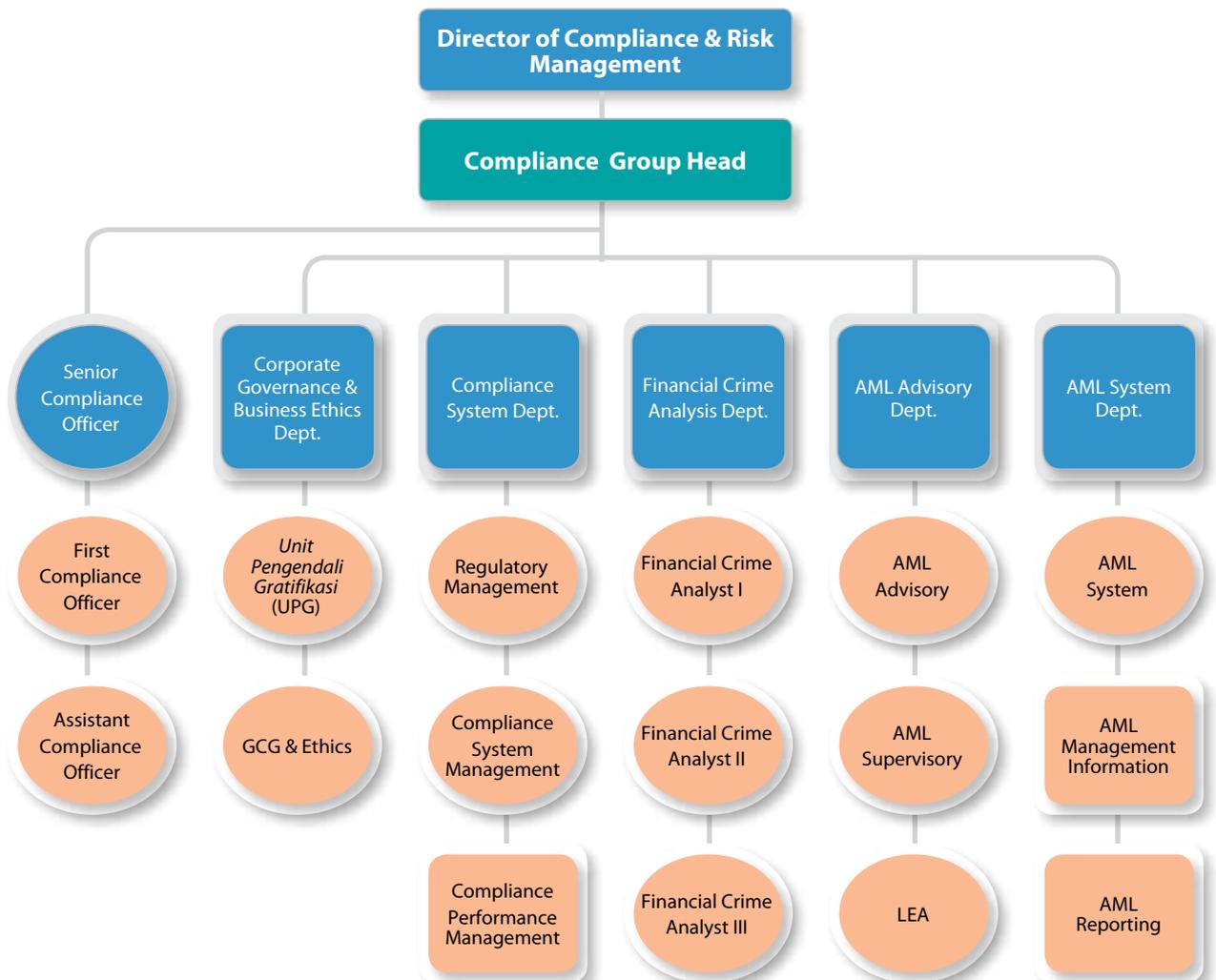
- a. Independent.
- b. Mastering in Bank Indonesia and other regulations.
- c. Do not carry other function in addition to Compliance Function.
- d. High level of commitment to implement and develop compliance culture

Duties and responsibilities of the Compliance Unit at the Central Office in relation to the implementation of the compliance function are as follows :

- 1) Making the steps in order to support the creation of a Culture of Compliance in all bank business activities at every level of the organization.
- 2) Performing the identification, measurement, monitoring, and control of the Compliance Risk with reference to Bank Indonesia regulation concerning Risk Management Implementation for Commercial Banks.
- 3) Assessing and evaluating the effectiveness, adequacy and suitability of policies, regulations, system and procedures that are owned by the Bank with the legislation in force.
- 4) Conducting a review and/or recommend updating and refinement of policies, regulations, systems and procedures that are owned by the Bank to comply with Bank Indonesia regulations and legislation in force.
- 5) Taking measures to ensure that policies, regulations, systems and procedures, as well as the business activities of the Bank in accordance with Bank Indonesia and the legislation in force.

Moreover, in line with the implementation POJK No. 18/POJK.03/2014 on the Application of Integrated Governance For conglomeration of Finance, Bank Mandiri has set Compliance Group as Integrated Compliance Unit (SKKT) which oversees the implementation of the compliance function in Mandiri.

In pertaining compliance function, the Compliance Group consists of 5 Department and 1 Compliance Officer Function, as follows:



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**Compliance Group Head**

Head Office Compliance Unit (SKK) lead by Head of Compliance Unit. Every appointment and/or dismissal of the Head of Compliance Unit, Bank Mandiri has referred to the Compliance Policy Bank Mandiri and Bank Indonesia and Financial Services Authority (FSA)

**Profile of Compliance Group Head**

**Chrisna Pranoto**

Chrisna Pranoto was born in Jakarta December 28, 1962. Graduated from the Bogor Agricultural University Department of Agronomy in 1986 and Magister International Business University of Gajah Mada in 1998 and followed various training at home and abroad related to risk management, trading, leadership, finance and training related to other banking business.

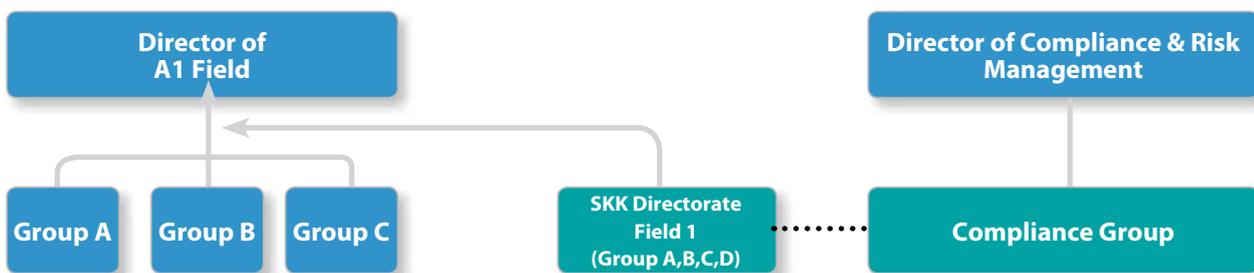
Chrisna Pranoto has experience as a Branch Manager Employees Medan City Hall (1989-1992), Branch Semarang (1992-1995), P. International (1995-1996), PJ KA. Section JPD Headquarters & LN; Eczema & FX; EKSIM Forex Foreign Exchange Services (1996-1997), the head of the International P. Head Office; EXIM-FX; Currency EXIM- exports (1997-1999), SRM: Group Head Trade Services Operation; Trade Service (1999-2001), SRM: Department Head Central Operations; Trade Service Operations (2001-2003), AVP: DH-Trade Service Operations Central Operations; Trade Service Operations (2003-2005), AVP: DH-Trade Service Operations Central Operations; Trade Service Operations (2005-2006), DH Trade Service Operations Central Operations Group; Trade Service Operations (2006), PJ Group Head Credit Operations (2006-2007), Group Head Credit Operations (2007-2012), Group Head Distribution Network II (2013-2014), Servant Leadership Change Management Office (2014) and PJ Group Head Policy, System & Procedure (2014-2015).

Chrisna Pranoto also been carrying out other duties as a member of the team merged Bank Mandiri of Operations (1998-2002), Application Systems Implementation Team Trade, Member of the Supervisory Board of Bank Mandiri Pension Fund (2006-2009), Member of the Supervisory Board of Bank Mandiri Pension Fund (2009-2010), Program Manager Solutions Development Loan Factory (2010-2013), Management Representative during CLA Negotiation (2013), Commissioner of PT Mandiri Manajemen Investasi (2013-2014), Secretary of the RCC-RMC (2014) and President Commissioner of PT Mandiri Manajemen Investasi (2014- present).

Appointment of Chrisna Pranoto as Group Head of Compliance by the Decree of the Senior Executive Vice President of PT Bank Mandiri No. KEP.SEVP/338/2014 on Appointment and Position Determination in the Context of Changes in Organizational Structure.

**Compliance Unit at Business Units**

Compliance Unit (SKK) at Work Unit is the technical implementation of operational in each Directorate to assist in carrying out the Director of Compliance Function. Compliance Unit (SKK) on the work unit headed by Chief SKK in work units directly responsible to in charge Director. The existence of SKK Head Unit of Work does not eliminate the responsibility of the Director of Compliance/ Group SEVP and Head of the implementation of the compliance function in their work unit.



In order to monitor the implementation of the compliance function in the work unit, the SKK at Headquarters have no direct reporting relationship with SKK at Work Unit

**Policies and Standards Compliance Guidelines**

Efforts are ex-ante is necessary to minimize the potential risk of the Bank's business activities. Therefore, the Bank has established policies and standards compliance guidelines are the basis for all employees in growing compliance culture so that the Bank's activities always in line with the rules and regulations in force and based on the precautionary principle. Policy guidelines and standards referred to be periodically examined at least once a year according to the needs of banks and follow the changing legislation and regulations.

## Compliance Policy Bank Mandiri (KKBM)

In general, the Bank Compliance Policy contains guidelines for all employees in the running of Culture of Compliance include: Public Policy, Organization, Authority and Responsibility, Compliance Risk Management, Reporting, Monitoring and principles of compliance. The principles of compliance of the Bank are as follows :

1. The Bank always obey the laws and regulations and apply the precautionary principle in implementing all the activities (mandatory).
2. The Board of Commissioners and Board of Directors to be an example (role model) that is based on honesty and integrity so that the implementation of a culture of compliance Bank (starts from the top).
3. The whole range of the Bank shall be fully responsible for implementing compliance within each activity respectively.

## Standards Compliance Guidelines (SPKp) Bank Mandiri

SPKp a more detailed elaboration of the Compliance Policy which contains guidelines for the implementation of the Compliance Function, which includes procedures for the implementation of the compliance function, device compliance, handling compliance incidents, mitigate compliance risks, as well as the relationship Compliance Unit (SKK) with Unit Internal Audit (SKAI) and risk Management unit (SKMR), particularly operational risk management unit.

Compliance incident is a violation (non-compliance event) or event that may be regarded as a violation of (potential non-compliance event) to the legislation and regulations.

## Technical Guidelines Compliance (PTKp)

PTKp procedures and operational technical work processes in the implementation of compliance, which is a translation of SPKp. Especially for the implementation of the compliance with the relevant provisions of the Anti-Money Laundering and Combating the Financing of Terrorism (AML and CFT), apply policies and standards guidelines for Anti-Money Laundering and Combating the Financing of Terrorism (AML PPT) of its own.

In relation to the implementation of the compliance function is integrated, which Bank Mandiri as main Entity, Subsidiary Companies are required to have compliance policies in line with the Bank Compliance Policy and comply with the provisions in force in each of the industries Subsidiary question. As for Overseas Branch adapted to legislation and regulations in the local country.

## Compliance Strategy 2016

To support the achievement of the vision of the Bank in 2020, Bank Mandiri has set compliance strategies so as to minimize the likelihood of compliance risk and improve the culture of compliance at each of the Bank.

## Risk Appetite Statement (RAS) Compliance Risk

The complexity of the business and the aggressive growth in the coming year should be balanced with compliance risk management more forward looking and more sensitive to the dynamic changes. For 2016, the bank has set the level of compliance risk to be taken (risk appetite) as one of the strategies of compliance.

Risk appetite is poured in the form of the Risk Appetite Statement (RAS), which is a reference for all levels of banks in running the bank so that the business targets can be achieved by taking into account the limits of risk that may occur. RAS compliance risk prudently prepared using the historical data according to compliance risk assessment parameters as stipulated in Bank Indonesia Circular Letter No. 13/24/DPNP dated October 25, 2011 concerning Commercial Bank Rating. RAS compliance risk is determined by the Risk Management Committee (RMC) through the process of alignment between the two perspectives, namely top-down perspective of Commissioners and the Board of Directors and the bottomup based on the input and synchronization with the business units and work units. In the future, RAS will be regularly reviewed in accordance with the needs of banks and business developments as well as regulatory changes.

## End-to-End Regulatory e-Submissions

As a highly regulated industry in which some major advances in the regulation mechanism of various financial services, Bank Mandiri innovative approach through the creation of monitoring reporting system to cope with the volume of reporting that must be fulfilled.

Innovation system is designed to provide end-to-end regulatory management system ranging from resume preparing new regulations, assess their impact on the bank's activities, preparation of the reporting obligation, compliance reporting reminder to the submission of evidence reporting to regulators. With this system is expected to breach some critical areas, such as delays in reporting of Commercial Bank Daily Report (LHBU), late reporting of Commercial Bank Monthly Report (LBBU), and the delay in transfer of tax transactions can be mitigated.

## Compliance Implementation Work Plan 2016

In support of the vision, mission and business plan of the bank, the implementation of the compliance function refers to the work plan of compliance in 2016 focused on strengthening the role of compliance ranks as the second line of defense so that the bank's activities is always directed and maintained in accordance with applicable law. Broadly speaking, compliance work plan in 2016 include the following :

1. Implementation of Compliance Function
  - a. Compliance risk management.
  - b. Strengthening a culture of compliance through a review of policies and standard procedures of the Bank and publishing product plans and activities of the Bank.

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- 2. Implementation of the Anti-Money Laundering and Combating the Financing of Terrorism (AML-PPT)
  - a. Submission of reports on suspicious financial transactions to the regulator in accordance with applicable regulations
  - b. Increased understanding of the holders of authority related to APU-PPT and Improvement Branch operational quality in the field of APU PPT
  - c. AML System Implementation and monitoring application development of new CIF.
- 3. Implementation of Integrated Compliance  
In line with POJK No. 18/POJK.03/2014 on the Application of Integrated Governance Share Financial conglomerate, then the Bank as the main entity shall apply the integrated supervision to all subsidiaries as a member of the financial conglomerate.

**Compliance Implementation Work Plan 2016**

**a. Compliance Risk Management**

- a. Enterprise Risk Management (ERM) concepts in risk management is one of the bank's compliance risk management strategy that is comprehensive and integrated, tailored to the needs of the business and operations of the Bank. Compliance risk management through ERM will provide added value (value added) for the Bank and its stakeholders, especially for the effective implementation of the compliance function is more forward looking and more sensitive to the dynamic changes. In 2016, the bank has set a Risk Appetite Statement (RAS) on the compliance risk is the reference for all levels of the bank in carrying out business activities of the bank. Implementation RAS compliance risk will continue to be monitored realization by Group Compliance and risk management unit. RAS compliance risk will be reviewed once a year to see compliance with changes in business strategy targets and the Bank as well as regulatory developments and historical data breach that occurred.
- b. In addition, the Bank has also developed integrated risk library (IRL) previously obtained from the database of compliance risk by each Directorate turned into a single database bank wide. It supports the improvement of the accuracy of the determination of the Top 10 bank wide compliance risk.

**b. Strengthening Compliance Culture**

- a. In line with the development of the bank's business activities have a major impact on increased risk exposure faced, one of the efforts to mitigate the risks in order to maintain performance is sustained among others through the development of a culture of compliance that is inherent in any decision-making. Routinely, bank compliance unit reviewed the Policies and Procedures Standard Bank to ensure that policies, regulations, systems and procedures as well as business activities conducted by the Bank in accordance with Bank Indonesia regulations and legislation in force. Additionally, the unit also monitors the banks' compliance discipline units in realizing the plan to the products and activities of the Bank in accordance with the schedule.

- b. To optimize the implementation of the compliance function, the Bank also has developed a monitoring system for reporting to do a reminder to the reporting unit automatically making compliance risk, particularly the risk for delay in submission of reporting can be minimized.
- c. The Bank also increased competence of personnel unit compliance through compliance certification program consisting of three (3) levels, as follows :

Level Competency	Certification
Compliance & AML Officer (Level 1)	Knowledgeable
Compliance & AML Officer (Level 2)	Analytical (Case Study)
Compliance & AML Officer (Level 3)	Concept, Strategy, Policy, Plan, Evaluate

**a. Implementation of Integrated Compliance**

Synergies implementation of compliance with its subsidiaries can enhance cooperation and coordination are more solid. The synergy of the compliance function is performed by aligning compliance policies and compliance risk management, particularly compliance risk assessment parameters between Bank Mandiri as the Main Entities (EU) and its subsidiaries as members of the Financial conglomerate.

**Fulfillment of commitments to the competent authority**

Bank Mandiri is committed to fulfill all commitments to Bank Indonesia and authorities. To ensure compliance with the commitments made to Bank Indonesia, Bank Compliance Unit is continuously monitoring the whole of the commitments outlined in the form of services supervisory function, Review/ Examination services, consultation services and Regulatory services.

During 2016, all the commitments to regulators and authorities have been completed/fulfilled properly.

**Application of Anti-Money Laundering (AML) and Combating the Financing of Terrorism (PPT)**

Money laundering is a threat for the banks, because basically banks can be used by the perpetrators, especially the perpetrators of money laundering. Banking, in this case facing various risks due to the use of banks as a means of money laundering, such as operational risk, legal risk, compliance risk, concentration risk, and reputation risk.

Therefore, application of the AML Program PPT becomes a necessity, and has become a commitment for the bank to run it consistently and effectively. In order to improve the effectiveness of APU PPT Program in Bank Mandiri, has also been supported by active supervision of the Board of Directors and Board of Commissioners. The role of the Board of Directors and Board of Commissioners in supervising obviously affects the attainment of organizational goals in implementing APU PPT Program, including at subsidiaries. In addition, the role of the Board of Directors and Board of Commissioners also can motivate employees and work units in encouraging a culture of compliance throughout the organization.

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Implementation of APU PPT program conducted by the Special Working Unit (UKK) APU PPT is structurally under the Compliance Unit (SKK) Bank Mandiri Head Office and directly responsible to the Director of Risk Management & Compliance is in charge of the compliance function in the bank.

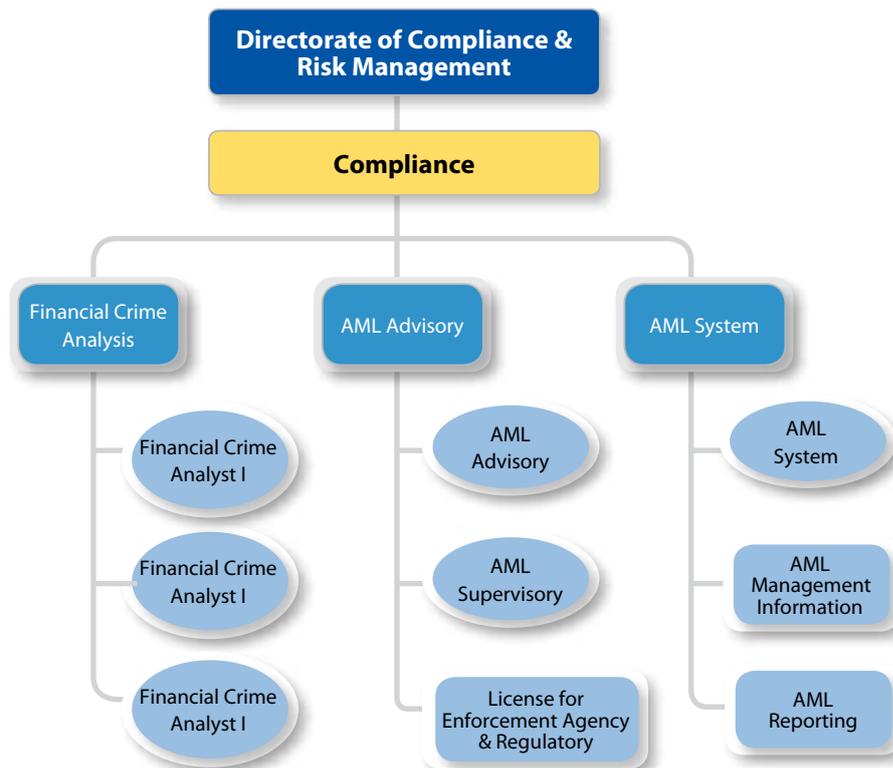
#### PPT APU Policy

In accordance Indonesia Bank Regulation No. 14/27/PBI/2012 dated December 28, 2012 on the Implementation of Anti-Money Laundering and Combating the Financing of Terrorism for Banks, the implementation of APU PPT program is part of the implementation of risk management as a whole are at least include :

1. Active Supervision Board of Directors and Board of Commissioners;
2. Policies and procedures;
3. The internal control;
4. The management information system; and
5. Human resources and training

#### Organizational structure

The increasing complexity of the business, products and financial services offered by the Bank, the higher the risk of the use of the Bank is used as a means of Money Laundering and Financing of Terrorism. APU PPT UKK organizations focus on ensuring the implementation of APU PPT program is getting stronger, with developing UKK APU PPT in the Central Office into 3 (three) Department, as shown in the chart of the organizational structure as follows:



In line with the Bank in ensuring the implementation of APU PPT can be run effectively and comply with the regulator as well as to protect the Bank as a means of money laundering, the implementation of the tasks APU PPT Unit Head Office attached to the Compliance Unit at the Unit of Work, and in branch by anti-Money Laundering Officer (AMLO) based in the Regional Office. In addition to considering the workload and complexity of business operations, has also been appointed Person in Charge (PIC) APU PPT in every branch tasked to carry out or supervise the application program at APU PPT branch supervision.

#### Evaluation of Effectiveness of the Compliance Function

Implementation of the activities and performance of the Compliance Function regularly evaluated and assessed by the Director of Risk Management & Compliance for the sake of increasing the effectiveness of the implementation of the activities and performance of the Compliance Function in the years to come. Compliance Function assessment criteria based on the Annual Work Plan, Key Performance Indicator (KPI) and the Work Program/Work Activity Non Key Performance Indicator (Non KPI). The assessment is based on KPI cover aspects of the Financial Perspective, perspective Customer, Internal Business Perspective and Development Perspective. Evaluation is expected to improve the quality of the implementation of a culture of compliance and compliance risk management in minimizing the risks that may occur as a result of non-compliance with applicable regulations.

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## Control Program Gratification

Bank Mandiri realizes that controlling gratification is an important activity to keep business processes running in accordance with the business ethic that values integrity. Therefore, since 2013, Bank Mandiri has the Technical Guidelines of Operations (PTO) Gift Disclosure Statement governing the admission prohibition Gratuities for all employees of the Bank. In addition, the control Gratification aims to build the values of Good Corporate Governance and instill value integrity to all employees of the Bank so that in performing activities of daily business with customers, vendors, partners and all stakeholders based on ethics, mutual trust, and responsible, thus the interests of the business continues to run well and ethically, but not contrary to the prohibition of gratification. Until now, the bank seeks continuous improvement in the implementation of gratification controls.

As part of its commitment as a strategic partner of Bank Mandiri Commission in establishing the National Integrity System signed on 4 November 2014 and the Commission Regulation No. 2 of 2014 on December 9, 2014 on Guidelines for the Reporting and Determination of Status Gratuities, then perfecting control of gratification in Bank Mandiri has been done through changes PTO Gift Disclosure Statement becomes PTO Gratuity Control which will then be reviewed periodically and predefined Control Unit Gratification (UPG) by Decree (SK) the Board of Directors is valid from July 3, 2015, in addition the bank also has implemented control Gratification through continuous socialization, the signing of the pact of integrity and centralized reporting UPG Gratification through Bank Mandiri.

Following up on landing the Corruption Eradication Commission (KPK) in relation to the determination of the limit values of fairness and adjustments to the current conditions in which the Bank in performing activities of daily business needs to maintain good cooperative relationship with customers, vendors, partners, business partners and all stakeholders that are based on ethics, mutual trust, and responsible, then the bank has complete control program by revising PTO

gratification gratuity control that came into effect in August 2016. Under the revised gratuity control PTO has arranged some new things as follows:

- a. Extended coverage gratification receiver in the Bank Mandiri
- b. Settings gratification of Subsidiary
- c. Determination of the value limit of reasonableness
- d. Changes in reporting deadline rejection/acceptance of gratuities
- e. Storage mechanisms of money/goods /parcel
- f. The signing of Integrity Pact

In order to support the eradication of corruption, the Bank actively participates in activities coordinated by the Commission include:

- a. Following the workshop together with the Commission and fit (Ministries, Institutions, Organizations and Government) in the discussion Indonesia Corporate University to support the National Integrity System.
- b. Following Gratification Control Unit of the National Forum held on 31 October to 3 November 2016 in Bogor, West Java.
- c. Following the Festival International Anti-Corruption Day 2016, held on 8-10 December 2016 in Pekanbaru Riau, where the Bank was elected as a state with Best Gratuity Control System.

### Gratification Control Unit

Gratification Control Unit (UPG) the Bank is in Compliance Group, the Corporate Governance and Business Ethics (CGB) Department. UPG serve to control the environment Gratification in Bank Mandiri and assisted in their duties by the DCOR and AMLO. The UPG organizational structure of the bank is as follows:

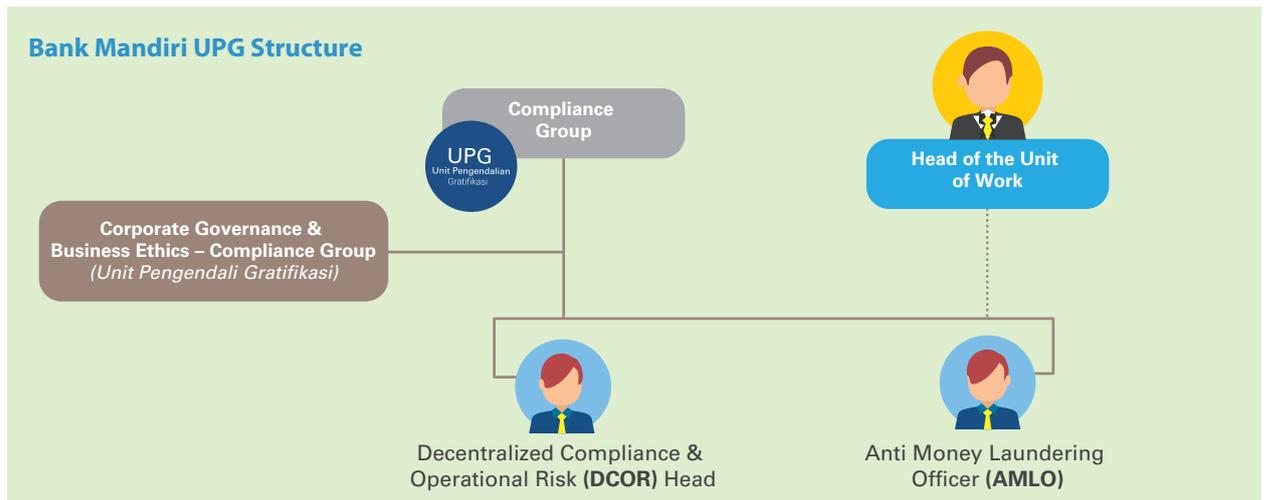
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## Gratification Control Implementation in Bank Mandiri

### A. Integrity Pact

In order to support control programs gratuities, Bank Mandiri has a program Integrity Pact is a statement of the whole range of the Bank's commitment to uphold morality and integrity, protect and preserve the image, credibility and interests of the Bank by not soliciting or accepting gratuities from parties having a conflict interests.

Integrity Pact will be signed by the Board of Commissioners and Board of Directors at the time of signing re-established and once every year and signed by the Board of the Bank (other than the Board of Commissioners and Board of Directors) the first time they worked at the bank and the signing of a birthday once every 2 years.

### B. Socialization Gratification Control

Socialization is done in a sustainable manner by UPG coordinate with any DCOR Head and AMLO told Work Unit at the Central Office, Region or through regular classes ODP/SDP/Basic Branch Manager (BM)/Intermediate BM/BM Advance.

Until December 2016, has been socialized to-face to the approximately 3,450 employees of Bank Mandiri. Besides socialization done through the installation poster Gratification Control Region (Banking Hall) and Central Office (Plaza Mandiri), through the delivery of Email Blast, Screen Saver, Tabloid Mandiri, the manufacture of a display of goods gratuities and appealed to all the partners/partner Bank for does not provide gratuities related to religious celebrations and the new year through the medium of national newspapers.

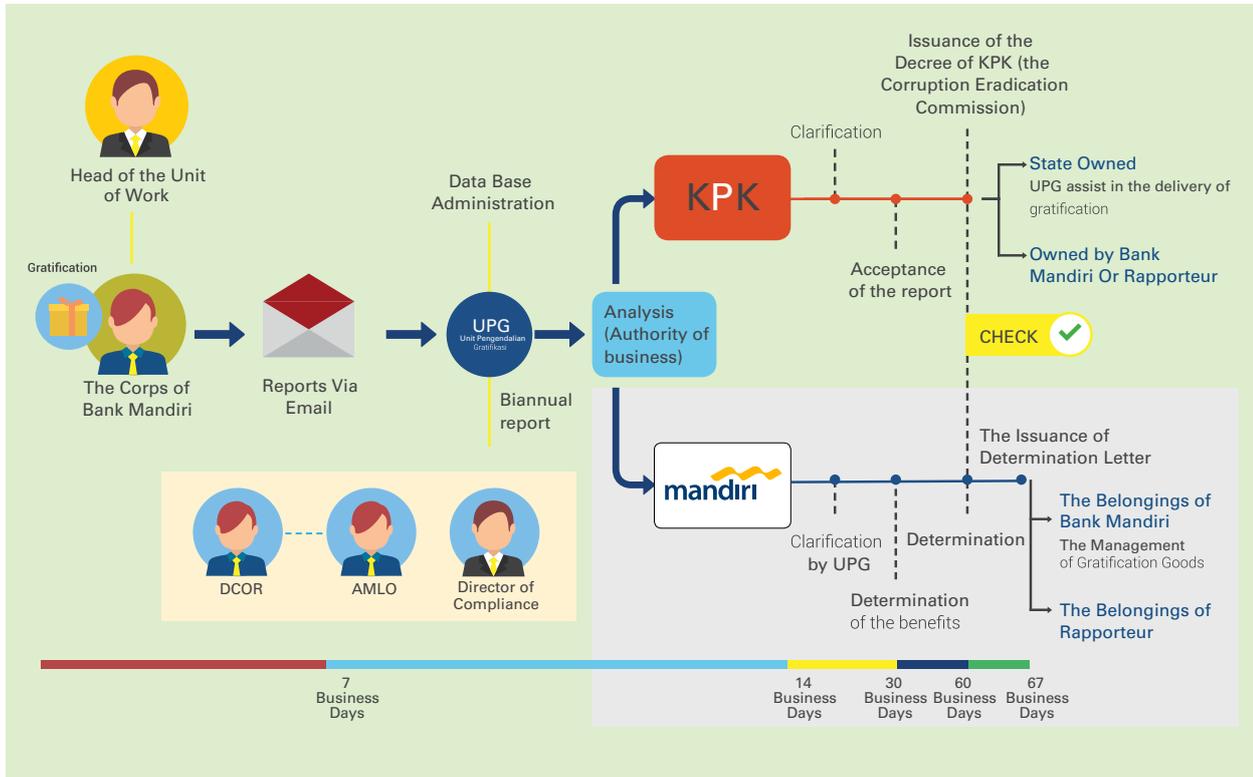
### C. Reporting Gratification

Gratification reporting in Bank Mandiri is done by sending an email to UPG. Bank Mandiri employees who accept/reject gratuities reported acceptance/rejection of the UPG via email functionality at the most 5 workday after acceptance/rejection of gratification by sending a reporting form of gratification that can be obtained through the office of the Commission or website KPK or through files at PTO Gratification Control accompanied by documents supporting items such as photographs, proof of the handover ceremony, invitations and other supporting documents. After receiving the report, UPG will review and categorize report gratuities whether the authority of the Bank or the authority of the Commission. Until December 2016, the number of reports acceptance/rejection Gratification many as 126 reports. Acceptance Gratification reported included honorarium, electronic goods, souvenirs and food.

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**D. Reporting Mechanism Gratification**

Bank Mandiri has a reporting mechanism gratification customized reporting mechanisms KPK. The mechanism can be seen from the image below:



**E. Gratification Control Program in Subsidiaries**

As a step to embody a culture of integrity as one of the standard "One Culture" in the Mandiri Group, has conducted a meeting with all the Compliance Division Subsidiary Company on June 9, 2016.

Following up the meeting, PT AXA Mandiri Finance Services (AMFS) has had Gratification Control Guidelines that apply to all employees, Energy Marketing and Partners AMFS, such guidelines had been established on October 20, 2016 and is valid from the date of the determination.

In addition to the above, in the framework of the implementation of the Integrated Compliance Unit program, has done an internship program for Compliance Unit PT Bank Syariah Mandiri since October to December 2016 which includes also material control program Gratuities at Bank Mandiri.

**F. "Budaya RAKSA" Program**

As one of the efforts for implementation of controls gratuities in Bank Mandiri, then Control Program Gratification has been added to Team Program Internalization Cultural Centre, through Badges Mercury - Culture Excellent Scoreboard, the program is a reward from the program fiestapoin and Work Culture Winning the Bank related to the theme of Governance , the purpose of this program is in order to establish values of Good Corporate Governance and Integrity instill value to all employees of Bank Mandiri.

## Codes and Culture

As part of Bank Mandiri's commitment to continually apply the principles of GCG, Bank Mandiri pick The code contains the basic rules guiding the behavior for all employees of the Bank in carrying out their duties and responsibilities of everyday so as to promote the establishment of professional behavior, responsible, reasonable, fair and trustworthy in doing business with customers, partners and colleagues.

Standards of conduct that must be applied by all individuals of the Bank consists of:

1. the work ethic as an elaboration of the basic principles of personal and professional behavior that is expected to be done by all beings Bank Mandiri in their duties.
2. The business ethics is a moral principle related to the behavior of individuals, protection of property bank, and the bank's business organizing one of them in interacting with stakeholders, as the basis of all human behavior Bank Mandiri in conducting business activities.

### The Existence of the Code of Ethics

Based on the Joint Decree of the Board of Directors and Board of Commissioners No. 002/KEP.DIR.KOM/2000, the bank made a Code of Conduct containing the basic principles of personal and professional behavior performed by all employees of Bank Mandiri. Therefore, the existence of a code of conduct to guide the behavior and responsibilities for the Board of Commissioners, Directors and all employees of the Bank at all levels of the organization. In 2013, the Code was revised to suit the company's development.

### The Contents of the Code of Ethics

Bank Mandiri's code of ethics includes setting the work ethic and business ethics.

The work ethic that governs the behavior of individuals Bank Mandiri, covering the following aspects:

#### 1. Conflict of Interest

Conflict of interest is a condition in which the Board of the Bank in carrying out its duties and responsibilities have interests beyond the interests of the service, both concerning personal, family or the interests of other parties so that the Board of the Bank of the possible loss of objectivity in making decisions and policies appropriate authority has been given Bank him. Therefore:

- a. The entire Board of the Bank shall avoid activities that may pose a conflict of interest. If one reason or another cannot be avoided, then the question shall report to the direct supervisor.
- b. The entire Board of the Bank is prohibited from giving consent or request approval for the loan, as well as preferential rates or other specificity:

- i. Himself/herself.
- ii. Family.
- iii. Companies where he or his family have interests.
- c. The entire Board of the Bank are prohibited from working in another company as directors, employees, consultants or commissioners, unless the assignment or have obtained written permission from the Bank. Exclusively for members of the Board of Commissioners and Board of Directors, have a position to follow the provisions regarding corporate governance regulator.
- d. The entire Board of the Bank was barred from the partner directly or indirectly, either partner for goods or services to the Bank.
- e. The entire Board of the Bank is prohibited from taking goods belonging to the Bank's own interest, family or other outside interests.
- f. The entire Board of the Bank is only allowed to conduct securities transactions, foreign exchange, precious metals, derivatives and other goods for their own interests if there is no conflict of interest, breach of insider trading rules of the Capital Market Authority, and other regulations.

#### 2. Confidentiality

- a. The entire Board of Bank is required to understand and maintain the confidentiality of any information, good information about customers and other information in accordance with prevailing regulations.
- b. The entire Board of the Bank to use the information received only for the banking activities and not for personal gain, and other family or activities outside the Bank.
- c. In providing information, each line of the Bank shall act in accordance with applicable regulations.
- d. To prevent abuse, the spread of customer information internally within the Bank carried out carefully and only to interested parties.
- e. The entire Board of the Bank are prohibited from disseminating information to outsiders about:
  - i. Bank activities with the Government of the Republic of Indonesia.
  - ii. Internal policies and procedures of the Bank.
  - iii. Management Information Systems, Data and Reports
  - iv. Data employee, whether active or not
  - v. Bank's business activities, including activities with customers and partners. Except with the consent of the Bank authorized officer or as a command based on applicable legislation.
- f. The obligation to keep the special things that should be kept secret remains in effect for former employees of the Bank.

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### 3. Abuse of Position

- a. Prohibited abuse their authority and taking advantage, either directly or indirectly, from the knowledge gained from the Bank's business activities:
  - i. Personal gain.
  - ii. Benefits for family members.
  - iii. Benefits for other parties.
- b. May solicit or accept, allow, or agree to receive gratification associated with his position and contrary to its obligations under the legislation in force. It also includes a ban solicit or accept, approve or agree to accept a gift or remuneration from third parties obtaining or trying to obtain facilities from the Bank in the form of credit facilities (cash loan or non-cash loan), or in order to purchase or discounting letters bill of exchange, promissory notes, checks and paper trading or other liabilities of evidence, or other facilities related to the operations of the Bank. The types of gratuities and reporting mechanism will be regulated in separate provisions.
- c. May solicit or accept, approve or agree to accept a gift or remuneration from third parties obtaining or trying to get a job related to the procurement of goods and services of the Bank.
- d. In terms of customers, partners, and others to give gifts in the form of goods or in any other form at certain moments such as the Eid ul Fitr celebrations, disasters and others, if:
  - i. As a result of acceptance of the gift is believed to have a negative impact and influence the bank's decision, and
  - ii. The parcel prices beyond reasonable limits, the Board of the Bank who receives the gift should immediately return the gift with a polite explanation that the Board of the Bank are not allowed to receive gifts.
- e. In terms of gift giving as mentioned in paragraph (d) above for one reason or another hard-refundable, Bank Board member who receives the gift should be immediately reported to his superior to take follow-up in accordance with applicable regulations.
- f. In terms of customers, partners, and other parties provide goods sale, then throughout the campaign due to the receipt of goods believed to not cause a negative impact and influence the decision of the Bank, the Bank Board is possible to receive such promotional items.
- g. In order to procure goods and services from third parties for official purposes Bank, Board Bank should strive to get the best price with maximum price cuts. Rebate (discount) obtained should be recorded for the benefit of the Bank.
- h. Prohibited recourse to borrowing from clients or owed to customers.
- i. May not take the opportunity to use facilities Bank for its own advantage beyond that provided by the Bank.

### 4. Conduct

- a. The Bank's employees who have confidential information are not permitted to use such information to take advantage for himself, his family or other third parties, with:
  - i. Affect customers or individuals or institutions in conducting transactions with the Bank.
  - ii. Spread the information to customers or individuals or institutions.
- b. Prohibited from using internal information to make a purchase, or trade in securities, unless the information is already known by the public at large.
- c. Shall not abuse his position and take advantage, either directly or indirectly, for himself, his family members or other parties and/or influence the decision process related to him.
- d. The decision to sell or buy the assets of the Bank as well as other services to do with the interests of the Bank without being influenced by Insiders.

### 5. Integrity and Accuracy of Data Bank

- a. Must present data that is accurate and reliable.
- b. Not allowed to record and/or modify and/or delete bookkeeping, with the intent to obscure the transaction.
- c. Only allowed to make any changes or deletion of data based on the authorization of the competent authorities in accordance with procedures established Bank.
- d. Not allowed to manipulate the document.

### 6. Banking System Integrity

- a. Must always introspective and avoid the Bank's involvement in criminal activities in the field of finance and banking.
- b. Mandatory suspect unusual transactions and required preventive action in detecting suspected accounts have been used for activities such as money laundering, terrorism financing, corruption and other crimes

As for business ethics as the basis of the behavior of every member of the bank in operation, covering the following aspects:

#### 1. Individual Behavior

- a. Personal integrity
  - i. Uphold moral, self-esteem and a strong discipline.
  - ii. The Bank's employees maintain personal integrity according to the rules, regulations, policies and systems in place.
  - iii. Committed to maintain the image and reputation of the Bank.
  - iv. Leaned all the acts and behavior of the pure conscience.
  - v. Act in a responsible and respectable and free from the influence that allows the loss of objectivity in the discharge of the Bank or cause loss of business or reputation.
  - vi. Refrain from activities associated with an organization or individual that allow conflicts of interest.

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- vii. Both individually and together constantly strive to not get involved in things that can weaken or degrade the integrity of the banking system in Indonesia.
- b. Treatment / Action Discrimination
  - i. Uphold human rights.
  - ii. Discourage the practice of discrimination in all its forms.
  - iii. Harassment Board of Bank action required to avoid any action that violate public order and morality.

## 2. Protection of Possession Bank

- a. Bank Owned property
  - i. always maintain and protect all assets of the Bank both tangible and intangible.
  - ii. Banks use the property only for activities related to the interests of the Bank.
  - iii. Utilize the bank's possessions Bank with full responsibility, including the suitability of its designation.
- b. Protection of Confidential Information
  - i. Protect and prevent the information is valuable and confidential from loss, misuse, leakage and theft.
  - ii. Not disseminate reports/information regarding the Bank which are not intended for the public.
- c. Intellectual Property rights of Bank
  - i. Bank safeguards intellectual property rights.
  - ii. dedicate their competence for the benefit of the Bank as the Bank of intellectual property rights.
- d. Recording and reporting  
Responsible for the accuracy and completeness of records and reports presented.

## 3. The organization Business Bank

- a. Mis-representation
  - i. The Bank's employees who represent the Bank in dealings with third parties acting according to the capacity and authority.
  - ii. The Bank's employees who represent the Bank to provide information, documents and reports are correct in the right way.
  - iii. The Bank management refrain from actions that could lead to a misunderstanding of the other party.
- b. Relationships with Partners
  - i. Always prioritize the interests of the Bank in dealing with business partners.
  - ii. Preventing corruption, collusion, and nepotism as well as a negative image in dealing with business partners.
  - iii. In collaboration with partners to apply the principles of professionalism and fairness which is based on good faith.
- c. Behavior in Compete
  - i. Was responsible for creating and maintaining healthy competition in the running business.
  - ii. Away, avoiding and preventing ways unhealthy competition in to develop his career.

- d. Relations with Other Organizations
  - i. Can make business contacts with other organizations including competitors along provide benefits to the Bank.
  - ii. Refrain from all forms of collaboration/partnership is not worth the other parties.
- e. Obtaining and Using Third Party Information
  - i. Avoid the acquisition of confidential information from third parties / competitors in a way that inappropriate.
  - ii. Not recruit employees of a competitor in order to obtain confidential information of the company's competitors.
- f. Relationship with Regulator  
Uphold the principles of ethics and regulations in relationships with the Regulator.

## Disclosure and dissemination of the code of ethics

Disclosure and dissemination of the code of conduct has been made to all employees of Bank Mandiri, which consists of the Board of Commissioners, Board of Directors, senior officers under the Board of Directors and all employees of the Bank, including through:

1. The official site of the company.
2. Email administrator sent to all employees of the Bank.
3. At the signing of the collective agreement made between the union and company management company.
4. Installation Standing banners, flyers and other advertising media at the company's office area.

## Efforts Implementation and Enforcement of the code of ethics

Letter to CEO (LTC) is a reporting mechanism that can be used by employees to report alleged violations of the implementation of the code of conduct to superiors. Such violations will be further processed if accompanied by data and/or accurate evidence. Sanctions will be imposed for any violation of the code of conduct in accordance with applicable regulations. Throughout the 2016 complaint for violations of the code of conduct documented integrated on LTC mechanism as described in section Whistleblowing System on page 392-393.

Efforts implementation and enforcement of the code of ethics of Bank Mandiri in the form of commitment, attitude, actions and conditions that can be done in a sustainable manner described as follows:

### 1) Statement of Compliance with the Code of Bank Mandiri

Every human being the Bank was required to read and understand the fine and required to sign a "Statement of Compliance the Board of the Bank of the Code of Conduct and corporate culture.

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## 2) Management Commitment and Employee entire Bank Mandiri

Commitment not to accept gratuities in the form of money and/or goods and/or gifts associated with the obligations or duties. Publication commitment publicized through the media and the official website of the company.

## 3) Annual Statement of Conflict of Interest

Every year, all human the Bank shall make an annual statement (annual disclosure) related to conflicts of interest. Each quarter there is an obligation for every unit to report transactions/decisions that conflict of interest. This statement is in line with the Conflict of Interest Guidelines for Handling of Bank Mandiri, which is a derivative policy of the Code of Bank Mandiri.

## 4) The Integrity Pact

The integrity pact signed by the competent authorities and all partners / partner the Bank is involved in the loan process, procurement of goods and services, as well as accreditation partner. In addition, in order to control the implementation of Gratification, the Board of Commissioners, Board of Directors, Executive Officers of the Bank and all employees of the bank also required to sign an Integrity Pact Annual

## 5) Awareness Program

Bank Mandiri has an induction program Code of the Bank in the form of a jump start education programs and dissemination of Bank Mandiri continuous and consistent policy aimed at new employees of Bank Mandiri. For the entire unit of the Bank Mandiri also provided socialization related codes of conduct such as anti-fraud strategy of the Bank, compliance culture, and a culture of service.

## Internalization of corporate culture

As the embodiment of the spirit of the Bank to grow and develop together as a large group, the Bank has a Working Culture of Excellence "Culture of Excellence" which is based on the 5 TIPCE Cultural Values and Behavior 11 Insan Mandiri Utama.

Bank Mandiri process of internalizing and socializing Working Culture of Excellence "Culture of Excellence" at all levels within the Group Mandiri through various media such as in class training, discussion and direction of management during a visit to the region, SMS/email, article in the magazine Self, materials teleconference/video, and others.

In addition to using the media mentioned above, Bank Mandiri also creates a system called culture excellence scoreboard. To improve human enthusiasm Mandiri in implementing the work culture is superior.

The internalization process superior work culture is intended that the bank not only excel in the financial aspect, but also in the non-financial aspects. In addition, the bank may have qualified individuals who may be supporting the achievement of the Bank's vision to be the best in ASEAN by 2020.

## Type Sanctions Violations Code

Sanctions are categorized into three types, namely sanctions mild, moderate and severe. Each violation of the Code will be penalized in accordance Employee Discipline Regulations in force at the Bank, including criminal sanctions provided for in the legislation in force.

## Reports are Completed Actionable

During 2016 there were 354 the number of code violations or violations of discipline consisting of 164 lighter penalties, 166 penalties and 24 being severe sanctions.

## Report Procurement of Goods and Services

With the growing size of the Bank's business activities, the greater the funds needed by the Bank in the procurement of goods and services to support the Bank's business wheel. It is necessary to get attention and special handling by the Bank so as not to cause harm and violation of applicable law. At this time, the bank has had a work unit to process the procurement of goods and services as well as provisions in the form of SOPs (Standard Operating Guidelines) Procurement (Procurement) which serve as guidelines in carrying out procurement activities.

### Procurement of Goods and Services

Related Conditions Procurement of Goods and Services Procurement SPO is determined by the Board of Directors of the Bank. SPO Procurement Bank Mandiri is a guideline in the process of procurement of goods and services that are strategic and non-strategic to support the Bank's operations according to the quality, quantity and time are set at the best price as well as applying the principles of risk control management.

To realize the procurement activities with the procurement principles of effective, efficient, open, competitive, transparent, fair and not discriminatory, accountability, responsibility, and the Independent, the Bank implemented the following matters:

1. Segregation of duties on Procurement Implementation Unit that is, units which perform the candidate selection partners/vendors, the unit undertaking the procurement process, the units that make up Estimate Alone; and Compliance Work Unit
2. Always subject to and comply with internal and external regulations
3. Application of the principles of risk management includes the identification, assessment, mitigation and monitoring and measurement of operational risk.
4. Guided by the work culture of the Company, which is based on the values TIPCE (Trust, Integrity, Professionalism, Customer Focus, and Excellence), GCG, and adhere to the Code of Conduct and to implement the precautionary principle

### Procurement Ethics

All parties involved in the procurement process of the Bank include Executive Unit Procurement of Goods and Services Users and providers of goods and services required from time to time in compliance with ethics as follows: :

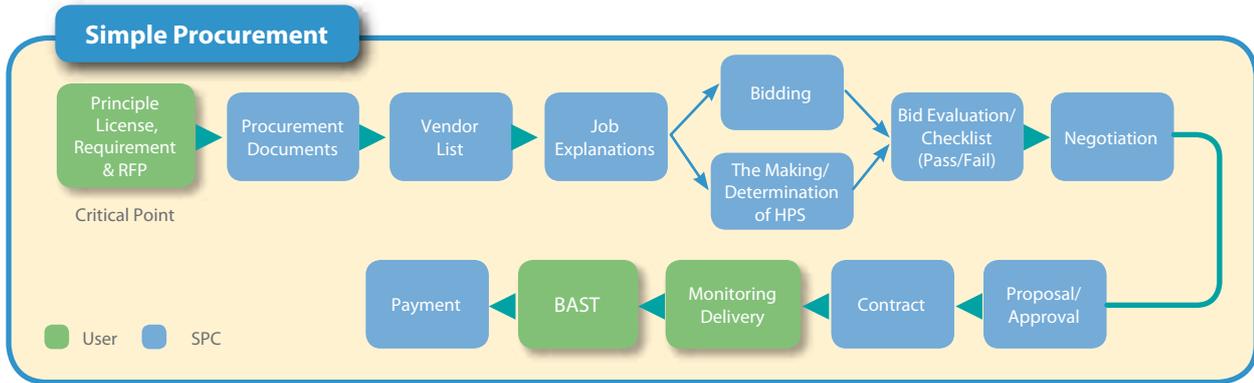
- a. Implement their respective obligations in an orderly manner with a sense of responsibility to achieve smoothness and accuracy achievement of Procurement.
- b. Work professionally and independently on the basis of honesty and confidentiality of documents should not be disclosed, such as the Self-Estimated Price (HPS), to prevent the occurrence of irregularities in the implementation of procurement activities.
- c. Not affect each other, either directly or indirectly to prevent and avoid unfair competition.
- d. Accept and be responsible for any decision taken in accordance with the agreement of the parties.
- e. Avoid and prevent conflicts of interest between the parties.
- f. Avoid and prevent wastage in the implementation of procurement activities.
- g. Avoiding and preventing the abuse of authority and/or collusion with the purpose of personal gain, class or other parties that may directly or indirectly impair the Bank.
- h. Avoid and prevent corruption, collusion and nepotism (KKN) in the procurement process.
- i. Not receiving a gift or compensation in any form, either directly or indirectly.

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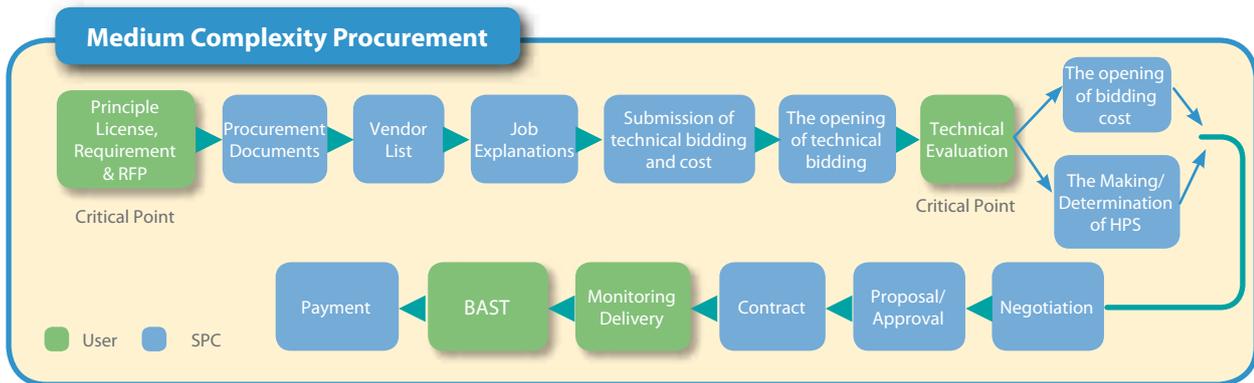
### Procurement Procedures

Bank Mandiri has procedures in the procurement of goods and services which can be described through three schemes below

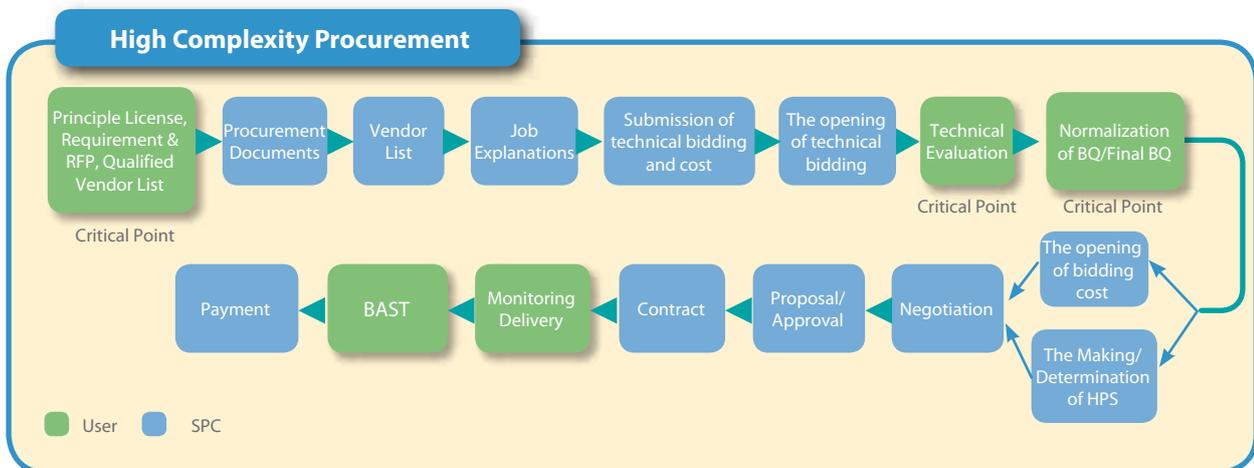
#### Flow Process Simple Procurement (One Step One Page)



#### Flow Process Medium Complexity Procurement (One Stage Two Pages)



#### Flow Process High Complexity Procurement (Two Stages)



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## Authority and Responsibility Procurement

Working Unit	User	Group PFA
Budget/Preliminary Approval	v	-
Product Policy	v	-
Procurement Policy	-	v
Procurement Request Nota	v	
User Requirement/Technical Specs/RFP & BoQ	v	-
Procurement Documents	v	v
Vendor Qualification/Vendor Shortlist	-	v
OE/ HPS	-	v
Sending of RFP/Procurement Documents	-	v
Acceptance of Proposal	-	v
Technical Evaluation	v	
Sign Off SOW	v + IT *)	-
Administrative Evaluation	-	v
Technical Evaluation	v + IT*) + IT**)	
Price Evaluation	-	v
Negotiations	v	v
Proposal Memorandum	v + IT **)	v
Contract	V * *)	v
License Agreement (If Any)	v + IT **)	v
Implementation	v	-
BAST	v	-
Recomendation on Payment	-	v
Payment	-	v + Accounting

Note :

\*) Exclusively for IT procurement

\*\*) If it is deemed necessary

\*\*\*) For the contracts, one of which was signed by GH SPC, SPC Legal Unit be reviewed

## Conditions for Procurement of Goods and Services

Provisions of the procurement of goods and services of the Bank include the following aspects:

Procurement	<p>a. Through the providers of goods and services: Procurement can be implemented if the specification of goods which will be held clearly, more efficient, timely manner.</p> <p>b. Self-management: Activities to obtain goods and services carried out by a planned, carried out and supervised by the Bank using its own power, owned-equipments, or piece rate workers.</p>
Implementing Organization Goods and Services	<p>a. Procurement Implementation Unit</p> <p>b. Users Work Unit Goods / Services hereinafter User</p> <p>c. Related Work Unit</p> <p>d. Procurement Officer Tim breakers</p>
Procurement Planning	Each Procurement Planning Procurement process to be carried out should be preceded by careful planning that includes clear specifications, the number of work packages to be undertaken, budget and implementation time. Planning question must be well coordinated between the relevant work units, among others, work unit owner's budget, the work unit system Trustees and work units responsible for the implementation of the procurement process.
Handover of Work	Unit of Work Users of Goods/Services (User) is responsible for ensuring that all work submitted by the vendor has met all the requirements, scope and specifications according to which has been set in the document of Employment and supporting documents.

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Guarantees In Procurement	In order to control the risks that may arise on Procurement of Goods and Services caused wan achievement, then the provider of goods and services required to provide a guarantee
Procurement Implementation Activities To Solve Specific Conditions	In conditions requiring rapid handling due to natural disasters and other Force Majeure circumstances, so handling should be done immediately, it can be : <ol style="list-style-type: none"> <li>1. Pointed Directly, without issuing HPS/Entry deals/Publishing SP/SPK/Contract, the Real Cost is reimbursable without adding margin, Fee for providers of goods and services based on agreements and fairness.</li> <li>2. If there is not a reasonable price based on the results of the review, the Executive Unit Procurement clarification and negotiation with providers of goods and services that carry out the work specified in the Minutes of Clarification &amp; Negotiation.</li> <li>3. Head of Procurement Implementation Unit shall monitor the implementation of the work and make accountability reports to officials and one level above or Natural Disaster Team.</li> </ol>
Document and Payment Process	Payment Process include : <ol style="list-style-type: none"> <li>1. Payment Document Research,</li> <li>2. Approval of the payment by the competent authority,</li> <li>3. Payments are made in Rupiah or other currency according to the value or price listed in the CMS or the Contract,</li> <li>4. Recording the actual cost of each payment in accordance with the eyes of its budget.</li> </ol>

## Procurement of Goods and Services in 2016

Here's a comparison of the procurement of the Bank in 2015 and 2016 that have been realized:

Work unit	Value Procurement (in billion Rp)		Acquisition Value Currency (in million USD)		Rated Total (in billion Rp)		Amount Procurement	
	2015	2016	2015	2016	2015	2016	2015	2016
SPC (Headquarters)	5,596	7,310	89	26	6,404	7,670	1,833	1,936
Regional Offices	310	470	-	-	310	470	1,098	1,078
Working Units	1,183	978	13	1	1,368	1,465	2,898	2,661

Until December 2016, the total value of procurement conducted by the Bank in the Central Office (SPC) of Rp7,670 billion, while the Regional Office of Rp470 billion, and to the work unit is Rp1,465 billion.

Number Procurement conducted for the Bank until December 2016 SPC many as 1,936, while the Regional Office as much as 1,078, and for as many as 2,661 Work Unit.

## Procurement Audit

To ensure SPO Procurement and Bank policies have been implemented in accordance with the provisions, the Bank continues to do audits periodically and at any time, through the Internal and External Audit.

During 2016, there were no findings of an audit, either by the external auditors and internal auditors regarding the procurement of adverse Bank Mandiri.

## Competence Development Program Supplier

Bank Mandiri has been carrying out development activities to improve the quality of vendor Bank Mandiri, through the implementation of Vendor Award Gathering and conferring with the following caption:

Implementation Date	November 16, 2016
Venue	Auditorium, 3rd Floor, Plaza Mandiri - Jakarta
Partner Invited	<ul style="list-style-type: none"> <li>• IT Fields (Software and Hardware): 23 vendors</li> <li>• Non-IT Fields (i.e. Advertising and Promotion, Vehicles, Office, Printing, Insurance, Expedition): 35 vendors</li> <li>• Construction: 10 vendors</li> </ul>

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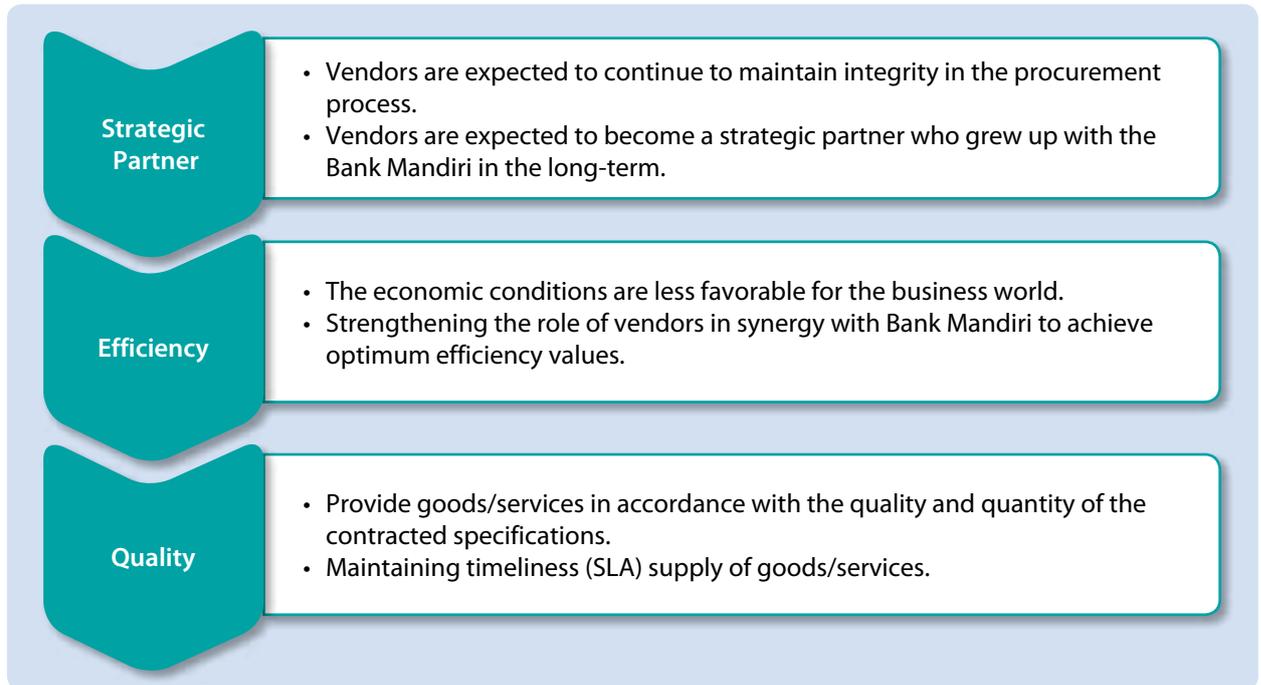
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Gathering the materials Vendor as follows :

1. Sharing values between Bank Mandiri with the vendor.
2. Economy Outlook Update Indonesia, including Indonesia's macroeconomic conditions and the performance of the national banking sector.
3. Refreshment important aspects related to th procurement of goods and services, among others



4. Communication and discussion among vendor and Bank Mandiri to gain input in relation with efficient and effective procurement process.

### Creditor's Rights Policy

In general, fulfillment of creditor's rights which is the payment of interest and total loan conducted in timely manner, information regarding financial report easily access by creditors, and to assure that all term and condition of credit agreement has been settled.

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# Whistleblowing System

## Presence and Purpose WBS

With reference to Bank Indonesia Regulation No. 5/8/PBI/2003 amended by Regulation No. 11/23/PBI/2009 and Bank Indonesia Circular Letter No. 13/28/DPNP the Anti-Fraud Policy, Whistleblowing Policy System (WBS) called Letter to CEO (LTC) is applied by Bank Mandiri.

LTC is the delivery of media reports of complaints of fraud or indications of fraud, of employees as well as suppliers to the CEO with an emphasis on the disclosure of complaints that aims to make the implementation of internal control systems within the Bank is becoming increasingly effective.

Some of the benefits obtained with the implementation of LTC within the Bank include:

1. The improvement of aspects such as (a) the fulfillment of the requirements of customers; (b) business development; (c) increased market share; (d) an increase in revenue and cost reduction; (e) decreased processing time and (f) the involvement of employees.
2. Prevention of Abuse (anti-fraud) which includes (a) an increase in employee participative control; (b) means of early warning system of fraud and (c) reduction in the risk of bank losses.

## Delivery and Media Abuse Report

Reporting can report fraud indication with the following mechanism:

- a. Complaints through media reporting, namely:
  - 1) Email to [lettertoceo@bankmandiri.co.id](mailto:lettertoceo@bankmandiri.co.id)
  - 2) Letter submitted to JKTM PO BOX 14000 12700
  - 3) SMS to 0811900777
  - 4) Website, by typing letter to CEO on the browser (intranet).
- b. Reporting will get a Unique Random Number (RUN) on report indicates fraud.
- c. Reports on complaints received directly by the Group CEO and followed up by the relevant Working Unit.
- d. Related work units to follow up the report, if necessary will be investigated further.
- e. Reporting will get feedback on the status of complaints reported.

## Complaint handling and party business

Internal Audit Division is a unit that manages Work-related complaints where the reports received by the Group CEO and then followed up by the related units. Where appropriate, the work unit will be investigated further.

## Submission Scheme of Violation Report



## For Whistleblower Protection

Each complainant will be given a guarantee of protection from Bank Mandiri where the reporter's identity (name, address, telephone number, email and work unit/company) will be kept confidential. Moreover, the complainant is allowed to not include the identity (anonymous).

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## Socialization Whistleblowing System

In order to improve understanding of the Whistleblowing System at all levels in the organization, the Bank has consistently held socialization related to it in various ways, including through the placement of brochures or posters around the office environment, do a variety of presentations and using print media such as internal magazines Mandiri.

## Violation Type to Reported

1. Complaints that go through LTC Bank Mandiri is fraud-related reports/indications of fraud with the following definition:
  - a. Measures irregularities or omissions deliberately done to deceive, cheat, or manipulate the bank, customers or other parties, which occurred in the Bank, and/or
  - b. Using the means Bank resulting bank, customers or other parties suffers from loss, and/or
  - c. Perpetrators of fraud obtaining financial benefit either directly or indirectly.
2. Types of fraud
  - a. Corruption is receiving/requests reward and/or misappropriation or misuse of bank money for personal interests or others and/or mobilizing others or make plans to harm the Bank.
  - b. Namely trick Bank fraud, the customer or a third party and/or falsified documents, signature, physical evidence and/or any authentic evidence.
  - c. Theft is taking partial and/or total assets or data bank that is not a right.
  - d. Ignorance is ignoring the procedure obligation or responsibility as an employee of the Bank knowingly and intentionally.
  - e. Violations that violate the provisions of the Bank's internal or external or do piercing Bank with the technology (cybercrime), and/or without technology, including engineering financial reporting or criminal offense banking (banking criminal acts) as stipulated in the Basic Law of Banking and other measures thereto.

## Whistleblowing System Reports 2016

The report complaints of violations that go through the channel LTC either by phone, email, facsimile or the mailbox is as follows:

Year	Media Submission					Classification Report		Status report	
	Letter	Email	Website	SMS	Others	Fraud	Non Fraud	Report in process	Reports are completed actionable
2016	0	4	0	0	2	2	4	0	6

## The Development Plan WBS

To demonstrate the commitment of the Bank to the LTC policies, the Bank continues to make improvements LTC policy to be able to adapt to a dynamic business environment Bank.

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## Material Cases Involving Bank Mandiri in 2016

### Material Cases Involving Serving Directors and Commissioners

During 2015, no serving members of the Board of Directors (BOD) or the Board of Commissioners (BOC) of Bank Mandiri were involved in any legal issue, whether civil or criminal.

### Legal Issues of Bank Mandiri

In 2015 Bank Mandiri faced legal problems in the form of important lawsuit/ accusation and have been filed through the legal process, as the following table:

No.	Legal Issue	Total		
		Civil	Criminal Cases	Industrial Relations
1.	In the Resolution Process	187	3	N/A
2.	Has been completed (already own a permanent legal force)	5	N/A	N/A

Among all legal issues, there were three significant cases that affected the Company condition as stipulated in below table:

No.	Law Suit	Resolution Status	Effect to the Company	Sanction
1	Asset Law Suit No. 487/Pdt.G/2015/PN.Mdn between Tjong Afie Trading Company and PT Bank Mandiri (Persero) Tbk	It is currently in process of High Court of Appeal in Medan	Risk of Losing of Assets	None
2	Asset Law Suit in Diponegoro Street Pontianak No. 154/Pdt.G/2016/PN.Ptk between H. Abdul Razak and PT Bank Mandiri (Persero) Tbk	It is currently in mediation process of Pontianak State Court		None
3	Law Suit of PT. Dewata Royal International No. 683/Pdt.G/2016/PN.Jkt.Sel of Rustandi Yusuf	It is currently in process of Pontianak State Court	Reputation risk	None
4	Alleged Corruption in Giving Faskred to PT Central Steel Indonesia (CSI) in the Attorney	Investigation in Attorney General	Reputation risk	
5	Alleged Crime Fraud, forgery of documents and/or in connection with the provision of Banking Credit Facility to PT Rockit Aldeway	Investigation in Criminal Office of Central Police		
6	Alleged Corruption in provision of Credit Facility to PT Anugerah Lautan Luas	Investigation in Attorney General		

### Disclosure of Administrative Sanctions from OJK

Throughout 2015, no significant administrative sanctions that would hinder the business viability of Bank Mandiri were imposed, and no administrative sanctions were imposed on members of the BOC and BOD too.

### Impact on the Company

The impact of civil and criminal cases where Bank Mandiri was involved in the legal proceedings was insignificant as the Bank had taken mitigation measures through its Legal Unit under the Risk Management & Compliance

## Access to Information and Data Company

The public can access the full report on the condition of financial and non-financial that has delivered the bank a transparent manner through various print and electronic media, including the publication of financial statements in the official website of Bank Mandiri, Bank Indonesia, the Indonesia Stock Exchange and Portal Ministry of SOEs provided timely, complete and accurate.

Access to information and corporate data to the public, facilitated by Bank Mandiri through:

1. Mandiri Call Center 14000, 62-21 5299 7777;
2. The official website of the Company:  
www.bankmandiri.co.id;
3. Investor Relations:  
Website: ir.bankmandiri.co.id;  
Email: ir@bankmandiri.co.id;  
Phone: 62-21 524 5299  
Fax: 62-21 526 3460
4. The mass media;
5. Mailing list, bulletin analyst meetings regularly; and/or through Branch of Bank Mandiri.

### Policy Communication and Media Company Information

Communication policy with shareholders or investors conducted by Bank Mandiri Investor Relations Division under the coordination of the Corporate Secretary. It is intended that shareholders or investors get a clearer understanding of the information that has been published to the public such as newsletters, information disclosure, condition or business prospects and performance, as well as the implementation of corporate governance Open. The policy has been disclosed on the website of Bank Mandiri,

Some media that can be used by the public, especially the shareholders to access information and data concerning the Bank are as follows :

#### Website

Through the <http://www.bankmandiri.co.id> site, which includes a variety of updated information the Bank, including the Profile Bank Mandiri, bank products and services, 24 hours services, information governance, organizational structure and corporate groups, the ranks Board of Commissioners and Board of Directors, shareholder information, financial performance and stock information, and so forth. Through the website, the public can upload a variety of information such as the Annual Report and Financial Statements 5 (five) years, Press Release, and others. Bank Mandiri also ensure that all information contained on the company's website is always up-to-date.

#### Print Media

The provision of information in the form of posters or magazine Bank Mandiri and others covering all internal activities of the Company to be known by the shareholders, stakeholders and the public at large.

#### Electronic Media

- As a means of dissemination of information or correspondence with stakeholders use of electronic media such as email.
- Ad serving on the promotion of its activities or products through the national private television or Youtube.

#### Annual Report

Annual Report is prepared each year and submitted to the shareholders, regulators, the media and the public that can be accessed through the official website of Bank Mandiri.

#### Sustainability Report

Bank Mandiri activities related to social responsibility contained in the Sustainability Report published in conjunction with the Annual Report and communicated to shareholders, regulators, the media and the public.

Bank Mandiri provision requires all *Insan Mandiri* to keep bank secrecy and office as well as possible. Bank Mandiri can express access to confidential information if there are legitimate reasons as required by the legislation in force.

### Internal Communications Forum and Media Engagement Program

In addition to a communication medium that has been described above, the bank also has an internal communication forum intended for employees who are means of discussion for employees with management conducted periodically by each work unit either through a family gathering, meeting, morning briefing and in the forms of competition (sports and events of the company) as well as through newsletters such as Mandiri's Magazine and Publications of Mandiri Institute.

Bank Mandiri realizes that the role of mass media is very important in the dissemination of corporate information. Therefore, in order to improve communication and maintaining relationships with the media, Bank Mandiri organize Media Engagement Program with various parties, especially the media which generally includes, among others, media briefings, press conferences, dinner with the editor, an informal meeting with the media, gathering together managing editor, lunch meeting, visit media, *iftar* and media training.

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## Internal Communication Forum and Media Engagement Program

Below is the detail of Media Engagement Programs with various parties in 2016:

No.	Month	Date	Activity	Target Media	Information released
1	January	6	Press Release Submission	All Media	Mandiri Distributes KUR Amounted to Rp3.5 trillion
2		8	Media visit to Mataram	The Jakarta Post, Media Indonesia, Bisnis Indonesia	"Introducing the archipelago to students" program
3		8	Press Release Submission	All Media	Mandiri Strengthens the Students Pride in Nation's Culture
4		9	Press Release Submission	All Media	Mandiri Opens New Branches in Gili Trawangan and Senggigi
5		14	Press Release Submission	All Media	Bank Mandiri Operates Normally
6		15	Press Release Submission	All Media	Mandiri Serves Online Payment for Public University Selection
7		20	Press Release Submission	All Media	Mandiri Finances Health Facilities Charges for BPJS Kesehatan Care Partners
8		21	Press Release Submission	All Media	
9		22	Press Release Submission	All Media	Mandiri Donates Auditorium Building for Bogor Agricultural University Students
10		25	Press Release Submission	All Media	
11		27	Press Release Submission	All Media	800 IT Developers Compete the Idea in e-Cash Mandiri Hackaton Indonesia
12		27	Press Release Submission	All Media	
13		27	Press Release Submission	All Media	Active Users of Mandiri Fiestapoin Grow 185% in 2015
14		28	Press Release Submission	All Media	Boost the Investment, Bank Mandiri Held Mandiri Investmen Forum 2016
15		29	FGD arrangement in Solo	Local Media in Solo and representative of national media	Mandiri Capital Indonesia Officially Operates
16		29	Press Release Submission	All Media	Promoting Automotive Markets, Mandiri Held Autofiesta
17		31	Press Release Submission	All Media	Bank Mandiri Distributes Macro Credit of Rp42.4 trillion
18	February	1	Press Release Submission	All Media	Mandiri Cooperates with Ministry of Agrarian to Facilitate Collateral Debtor Certification
19		1	Press Release Submission	All Media	Bank Mandiri Facilitates GMRA Indonesia in All BPD
20		3	Press Release Submission	All Media	Bank Mandiri Strengthens Credit Syndication
21		4	Press Release Submission	All Media	Welcoming Chinese New Year, Mandiri Gives Promotion
22		9	Press Release Submission	All Media	Mandiri Develops Micro Entrepreneurship through KUR
23		15	Press Release Submission	All Media	Boost Customers Transaction, Mandiri Promotes Program Fiestapoin
24		16	Press Release Submission	All Media	Strengthening Loyalty, Mandiri Held Chinese New Year Gathering with Priority Customers
25		22	Press Release Submission	All Media	Bank Mandiri Delivers Investment Credit of Rp1.6 trillion to Blue Bird

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No.	Month	Date	Activity	Target Media	Information released	
26	February	23	Lunch Meeting with managing editor	Kompas, Bisnis Indonesia, Investor Daily, Republika, Koran Sindo, Suara Pembaruan, TV One	Bank Mandiri's Performance and its capability in managing sustainable business growth	
		23	FGD Event in Pekanbaru	Local Media in Riau Islands	Surviving Farmers' Economy amidst the Fall Down of Palm Oil Price	
27		23	Submission of Press Release	All Media	Growth of 12.4%, Bank Mandiri Credit Pushes the Increase of Asset up to Rp910.1 trillion	
28		25	FGD Event in Batu	radar malang, malang pos, jawa pos and representative of national media	KUR for Economic Development	
29		25	Submission of Press Release	All Media	Mandiri and PRKI Held Cap Gomeh Festival in Krendangan Raya	
30		25	FGD Event in Lombok	Economic Journalist Association in NTB	Calculating Tourism Potential in MEA	
31		25	FGD Event in Medan	Local Media in Medan and North Sumatera	Boost the Strength of Creative Industry in Medan	
32		26	FGD Event in Bandung	Local Media in Bandung	Opportunity in Creative Economy Development in Jawa Barat	
33		26	Press Release Submission	All Media	Seeding Technopreneur seeds, Mandiri Held Hackathon Competition	
34		29	FGD Events in Denpasar	Bali Pos, Bisnis Bali, Radar, representative of national media	Bali Tourism Opportunity and Challenges in MEA era	
35		29	FGD Event in Batam	Local Media in Batam	Increasing Competitiveness of SMEs	
36		29	Press Release Submission	All Media	Creating Excellent HR in Banking, Bank Mandiri Builds Integrated Campus	
37		March	1	Press Release Submission	All Media	Handling Agriculture Sector, Bank Mandiri Cooperates with NongHyup Financial Group
38			8	Press Release Submission	All Media	Mandiri Group Held Automotive Expo in Yogyakarta
39	8		Press Release Submission	All Media	Strengthening Entrepreneur Ecosystem, Bank Mandiri Introduces 24 Young and Potential Entrepreneur	
40	10		Press Release Submission	All Media	Accelerating Business Mortgage, Bank Mandiri Focuses on Existing Customers	
41	11		Press Release Submission	All Media	Mandiri and UNS Solo Synergize Debit Cards	
42	13		Press Release Submission	All Media	Develops Micro Customers, Mandiri Distributes TabunganMu Gifts	
43	17		Press Release Submission	All Media	Bank Mandiri Publishes Co-Branding Membership of NU Card	
44	18		Press Release Submission	All Media	Strengthens Quality of KTA, Bank Mandiri Cooperates with Jamkrindo	
45	21		Press Release Submission	All Media	AGMS approves Kartika Wirjoatmodjo as Managing Director of Bank Mandiri	
46	23		Press Release Submission	All Media	Mandiri Strengthens its Expansion in East Timor	
47	27		Press Release Submission	All Media	Mandiri Decreases its Interest Rate	
48	29		FGD Event in Surabaya	Jawa Pos, Bisnis Harian, Surya, Radar Surabaya, representative of national media	e-Commerce Opportunities and Product Marketing Improvement in SMEs in facing the ASEAN Economic Community	
49	29		Press Release Submission	All Media	Bank Mandiri disburses Rp7 trillion of Syndication Loan for Infrastructure	

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No.	Month	Date	Activity	Target Media	Information released
50	April	3	FGD Event in Medan	National Media in North Sumatera and Local Media	Creating Solutions to Strengthen tis Service to BPJS Health
61		5	Press Release Submission	All Media	Bank Mandiri Serves Government Receipt of Rp324.6 trillion in 2015
62		6	Press Release Submission	All Media	Bank Mandiri Set Commercial Bottom Line of Counter-Guarantee of Rp2.7 trillion to Jasindo
63		10	FGD Event in Pekanbaru	Local and National Media in Pekanbaru	Creating Solutions to Strengthen Service BPJS Kesehatan
64		10	Press Release Submission	All Media	Bank Mandiri disburses KUR Rp3,659 trillion in the first quarter / 2016
65		11	Press Release Submission	All Media	Mandiri Contributes to Certification Process of 12 Land Collateral Micro Debtors in Brebes
66		14	Press Release Submission	All Media	As of March, Bank Mandiri Syndicated Loan for Infrastructure Reaches Rp15.11 trillion
67		16	FGD Event in Pangkal Pinang	Media lokal di Kepri	Pepper production development in Bangka Belitung
68		18	FGD Event in Semarang	Local Media in Central Java	KUR Boosts SME Business Scale
69		20	FGD Event in Yogyakarta	Local Media in Yogyakarta	Micro Enterprise Development by KUR
70		20	Press Release Submission	All Media	Encourages Infrastructure Development, Mandiri Cooperates with KfW IPEX-Bank
71		22	Press Release Submission	All Media	Mandiri Supports Street Lighting and Waste Management in Gili Trawangan
72		24	FGD Event in Surabaya	Local Media in East Java	Discussion on Investment Differentiation and Money Game
73		25	Press Release Submission	All Media	Business runway mortgage, mortgage Introduce 8.5%
74		27	Press Release Submission	All Media	Mandiri Develop e-Commerce
75		May	3	Press Release Submission	All Media
76	9		Press Release Submission	All Media	Held Mandiri Sahabatku, Bank Mandiri Educated 1,000 Indonesian Labors for Entrepreneurship
77	10		FGD Event in Batam	Local and National Media in Batam	Banking and Strengthening Shipyard Industries
78	10		Press Release Submission	All Media	Bank Mandiri Cooperates with K24 to Expands Access Community Health
79	11		Press Release Submission	All Media	Bank Mandiri Disburses Microcredit of Rp45.47 trillion per April 2016
80	12		Press Release Submission	All Media	As of April 2016, Bank Mandiri Disburses SME Loans of Rp55.2 trillion
81	13		Press Release Submission	All Media	Mandiri Serves Non-Cash Payments to The Body Shop®
82	15		Press Release Submission	All Media	Bank Mandiri Operating Profit Grows by15.9%
83	16		Press Release Submission	All Media	Mandiri Lowers Interest Rates For Credit Under Rp500 million
84	19		Press Release Submission	All Media	Supports the effectiveness of Airport Management, Mandiri Serves Financial Transactions of AP2
85	23		Press Release Submission	All Media	Mandiri Expands Public Access to Bank through Branchless Banking
86	23		Press Release Submission	All Media	Mandiri Donates 3 Trash Motorcycles to Labuan Bajo District Government

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No.	Month	Date	Activity	Target Media	Information released
87	May	25	FGD Event in Malang	Media lokal di Malang dan Jawa Timur	Arts & Culture Discussion as Tourism Assets
88		26	FGD Event in Mataram	Media lokal NTB	Strengthening Micro Economics in Tourism Sector
89		26	Press Release Submission	All Media	Bank Mandiri Serves Oil Palm Levy Payment via e-Channel
90		28	Media Visit to Danau Toba	Photo Antara and Bisnis Indonesia	SOE Expedition to Lake Toba
91		30	FGD Event in Kupang	Pos Kupang and Local Media of NTT	The Role of Banking to Support the Development of SMEs in Tourism Sector
92		30	FGD Event in Denpasar	Local and National Media in Bali	Encouraging access to financing SME Sector in Bali
92		30	FGD Event in Bandung	Pikiran Rakyat, National Media in Bandung	Supporting Infrastructure of Jabar In Facing MEA in Bandung
93		27	Press Release Submission	All Media	Strengthening the Culture, Mandiri Supports Arts Festival event ART   JOG
94		June	2	Press Release Submission	All Media
95	2		Press Release Submission	All Media	Bank Mandiri Strengthens Quality of its Service
96	8		Press Release Submission	All Media	Boosting the Automotive Market, Mandiri Supports GIIAS 2016
97	9		Press Release Submission	All Media	Boosting Transactions, Mandiri Serves Payment in SOGO
98	10		Breakfasting with Chief Editor	National Media	Bank Mandiri's business plan and efforts to improve non-performing loans
99	13		Press Release Submission	All Media	Mandiri e- Money Serves Border Toll of Cikopo- Palimanan- East Brebes
100	15		Breakfasting with Reporters	National Media	Bank Mandiri efforts to maintain and update NPL Lending of Bank Mandiri
101	15		Press Release Submission	All Media	Mandiri Operates 200 Branch Offices During Leaves Lebaran 2016
102	21		Media Visit and Garthering in Palembang	Republika, Antara, Bisnis Indonesia	Breakfasting with Himbara and orphans
103	22		Press Release Submission	All Media	Bank Mandiri disburses Grocery Deals TNI and Polri
104	24	Press Release Submission	All Media	Bank Mandiri Serves New Money Changer	
105	28	Press Release Submission	All Media	Developing Entrepreneurship, Mandiri Presents Mandiri Business Incubator	
106	29	Media Gathering in Medan	All Media	Preparation of Bank Mandiri Region I Sumatra to Face Lebaran 1437 H and Socialization of Cashless Society and Digital Banking	
107	29	Press Release Submission	All Local Media	Bank Mandiri dispatched 3,195 <i>pemudik</i> to hometown.	
108	July	21	Press Release Submission	All Media	Mandiri Develops Business Distributor and Retailer of Semen Gresik
109		25	Press Release Submission	All Media	Strengthening Telecommunications Infrastructure, Mandiri Distributes Rp875 Billion for Palapa Ring Project West
110		26	Press Release Submission	All Media	Strengthening Business, Mandiri Will Grow Inorganically in Southeast Asia
111		27	Press Release Submission	All Media	Mandiri Prepares Finance for Khong Guan Group Distributor
112		29	Press Release Submission	All Media	Reserves Repatriation Fund, Bank Mandiri Prepares New Products

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No.	Month	Date	Activity	Target Media	Information released	
113	August	3	Press Release Submission	All Media	Mandiri Launches Online Debit Product to Serve Ads Payments on Facebook	
114		3	Press Release Submission	All Media	Bank Mandiri Cooperates with Other Banks to Boost Micro Financing for Civil Servants and Members of TNI / Polri	
115		3	Press Release Submission	All Media	Bank Mandiri Operating Profit Grows by 13.3%	
116		10	FGD Event in Jakarta	Justice Announcers and Police	Discretion Authority Officials to Support Economy	
117		11	Press Release Submission	All Media	Mandiri Group Serves Financial Transactions in GIIAS 2016	
118		12	FGD Event in Banjarmasin	Banjarmasin Post, Radar	Wise and Smart Investment	
119		15	FGD Event in Denpasar	All Local Media	Tax Amnesty Socialization and Implementation Constraints	
120		17	Media Visit to P. Haruku, Ambon	Photo Antara, Kompas, Media Indonesia	Bank Mandiri's Commitment in Increasing Financial Inclusion in Indonesia	
121		22	Press Release Submission	All Media	Mandiri Disburses Loan of Rp700 billion to Cempaka Sinergy Realty	
122		23	Media Visit to Atambua	Kompas, Bisnis Indonesia, The Jakarta Post	Improving the quality and quantity of services in the border region of Indonesia	
123		24	Press Release Submission	All Media	Bank Mandiri Issues Sustainable Bonds I Phase I Worth Rp5 trillion	
124		26	FGD Event in Surabaya	Jawa Pos, Surya, Antara, Radar	Synergizing Potential of e-Commerce Industry in Property Sector	
125		26	FGD Event in Palembang	Sumek, Palembang Post, Tribun	Improving Financial Access to SMEs in South Sumatra	
126		29	FGD Event in Balikpapan	Local Media in East Kalimantan and National Media Representative	Harbor As Economic Locomotive in Balikpapan	
127		29	Press Release Submission	All Media	Bank Mandiri Encourages KPR Business Growth	
128		30	Press Release Submission	All Media	Mandiri Supports MCI Developing Business of Fintech Business Communities	
129		31	FGD Event di Banjarmasin	Media lokal Sumatera Utara	Assessing Banking Support At Cooperatives World and SMEs	
130		31	Press Release Submission	All Media	Together with Pelindo III, Mandiri Launches e-Port Card	
131		September	1	Press Release Submission	All Media	Bank Mandiri Boosts Tax Amnesty Socialization
132			8	Press Release Submission	All Media	Bank Mandiri disburses KUR of Rp7,417 trillion on Jan - July 2016
133	12		Press Release Submission	All Media	Bank Mandiri Shares and Donates Qurban for the Nation	
134	14		Press Release Submission	All Media	Bank Mandiri Competes Fintech in the Event of WMM 2016	
135	16		Press Release Submission	All Media	Boosting End of Year Holidays transaction, Bank Mandiri Supports ASTINDO Jakarta Travel Fair 2016	
136	22-24		Media Training in Belitung	National and Local Media in Each Region	Bank Mandiri's Performance Nationally and in the Region of Sumatera I and Update the Macro economic Conditions	
137	22		Press Release Submission	All Media	Bank Mandiri Distributes Aid To Flood Victims in Garut	
138	22		Press Release Submission	All Media	Continuous Bond I Phase I of Bank Mandiri Attracts Investors	
139	22		Press Release Submission	All Media	Bank Mandiri Disburses Rp92.8 trillion for Infrastructure Development	
140	22		Press Release Submission	All Media	Tax Amnesty Funds of Bank Mandiri Reaches to Rp6.6 trillion	
141	23		Press Release Submission	All Media	Bank Mandiri Disburses KUR of Rp7,817 trillion	
142	25		Press Release Submission	All Media	Tax Amnesty Funds In Bank Mandiri Achieves Rp7.37 trillion	
143	28		Press Release Submission	All Media	Strengthening Connectivity, Mandiri Disburses Credit of Rp 1 trillion for KAI	

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No.	Month	Date	Activity	Target Media	Information released	
144	October	2	Press Release Submission	All Media	Realizing SOE Synergy, Mandiri Gives Wholesale and Retail Banking Services for KAI	
145		6	Press Release Submission	All Media	Empowering Fishermen in Lamongan, Bank Mandiri Distributes KUR	
146		9	Media Visit to Gianyar	Republika, Antara and Local Media in Bali	Distribution of Non-cash Donation in Gianyar	
147		13	Press Release Submission	All Media	Developing Marine Sector, Mandiri Continuously Disburses Funding Nets Scheme	
148		16	Media Visit to Maumere	Kompas, Media Indonesia	Maumere Jazz Performances	
149		23	Press Release Submission	All Media	Absorbency Repatriation Fund, Bank Mandiri Develops Non-Financial Product Innovation	
150		24	Press Release Submission	All Media	Bank Mandiri Boosts Utilization of e-Money for Electronic Parking	
151		25	Press Release Submission	All Media	Bank Mandiri Books Credit Increase to 11.5% in Third Quarter of 2016	
152		26	Press Release Submission	All Media	Strengthening Human Resources Quality, Mandiri Holds Leadership Seminar	
153		26	Press Release Submission	All Media	Strengthening Customer Experience, Mandiri Organizes Carnival	
154		27	Media Visit to NTT	Kompas, TV One, Antara, Media Indonesia, Republika, Detik, Bisnis Indonesia	Implementation of Joint Anniversary of SOE	
155		30	Press Release Submission	All Media	Accelerating Electronic Transactions, Bank Mandiri Holds Anniversary Carnival	
156		November	2	Press Release Submission	All Media	Increasing Debit And Credit Card Transactions, Mandiri Conducts an Auction
157			9	Press Release Submission	All Media	Develops Fintech Startup Through Mandiri Competition
158			10	Press Release Submission	All Media	Bank Mandiri and HSBC Signs GMRA Indonesia
159	15		Press Release Submission	All Media	Bank Mandiri Restores Branches of Cultural Property	
160	23		Press Release Submission	All Media	Strengthening Syariah Business, Mandiri Injects Capital to BSM of Rp500 billion	
161	24		Press Release Submission	All Media	Bank Mandiri Becomes the Best Main Dealer of SUN	
162	25		Press Release Submission	All Media	Bank Mandiri Assures Micro Credit to Askrindo	
163	26		Press Release Submission	All Media	Strengthening Financial Literacy, Bank Mandiri Promotes Laku Pandai in Malang	
164	28		Press Release Submission	All Media	Encouraging Investments, Bank Mandiri Serves Receipts Transaction in BP Batam	
165	28		Press Release Submission	All Media	Bank Mandiri Facilitates Receipt Payment of Enseval Business Network	
166	29	Press Release Submission	All Media	Bank Mandiri Funds Business Expansion for Bukit Asam		
167	December	1	Media Visit to Cirebon	Antara, Bisnis Indonesia, Media Indonesia, Investor Daily	Distribution of Aids to Boarding School	
168		1	Press Release Submission	All Media	Supporting Achievement in Sustainable Finance Agenda, Mandiri Continuously Grows Laku Pandai	
169		5	Press Release Submission	All Media	Bank Mandiri Expands Inclusive Financial Services Access	
170		6	Press Release Submission	All Media	Mandiri Recruits Disability Employees	
171		7	Press Release Submission	All Media	Realizing Sea Toll Program, Bank Mandiri Focuses to Develop Port Sector	

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No.	Month	Date	Activity	Target Media	Information released
172	December	8	Press Release Submission	All Media	Acceleration of Infrastructure Development, Mandiri Supports PT Pembangunan Perumahan
173		14	Press Release Submission	All Media	Mandiri Develops Debtor Business Capacity of Micro KUR
174		15	Press Release Submission	All Media	Bank Mandiri Cooperates with Tokopedia to Facilitate BPJS Payment
175		15	Press Release Submission	All Media	Bank Mandiri Set up an Online Application to Develop SMEs
176		27	Press Release Submission	All Media	Mandiri Distributes Rp1.2 trillion to KAI for the Development of Double Track in South Sumatera
177		29	Press Release Submission	All Media	Developing SMEs, Mandiri Synergizes MIB with Creative House of SOE

## Policy on Insider Trading

Policy related to insider trading is recorded in the Bank Mandiri Ethical Code on the Conflict of Interest points F, where it is said that the entire Management of the Bank is only allowed to conduct securities transactions, foreign exchange, precious metals, derivatives and other goods for their own interests and if there is no conflict of interest, violation of insider trading regulations of the Capital Market Authority, and other regulations.

## Other Important Information

### Transaction with Conflict of Interest

Throughout 2016, there is no conflict of interest transactions during 2016 as mentioned in the regulations of Bapepam-LK No. IX.E.1 "Conflict of Interest".

### Bank Mandiri Internal Conflict

During 2016, there were no internal disputes in Bank Mandiri with regard to intervention by owners, remuneration policy and other causes.

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## Provision of Funds to Related Party and Large Exposure

In accordance with the regulation of Bank Indonesia on Maximum Lending for Commercial Banks, Bank Mandiri has established guidelines policies and procedures related to the provision of funds to related party and/or large exposures.

Bank Mandiri seeks to implement the deployment/diversified portfolio of provision funds as part of the implementation of prudence principles and risk management in providing funds.

This was done in order to prevent business failure as a result of the concentration of provision of funds, and in order to increase the independence committee towards potential intervention from the parties involved.

Provision of funds to related parties and large exposures position as of 31 December 2016 are as follow:

No	Provision of Fund	Total	
		Debtor (person)	Number (million Rp)
1	To related party	355 *	9,626,830
2	To main debtor/lender:		
	a. Personal	5	22,517,836
	b. Group	20	124,061,271
	<b>Total main debtor/lender</b>	<b>25</b>	<b>146,579,107</b>

\*) Consist of 14 subsidiary companies of Bank Mandiri and 341 executive officials

In reference to Bank Mandiri internal policy on loan, the provision fund to related party (personal or group, including executive official, Directors and Commissioners of the Bank) has been executed in a proper way and approved by the Board of Commissioners.

## Providing Fund for Social Activities and/or Politics

### Funds for Social Activities 2016

Bank Mandiri has to prove to its stakeholders that the bank is not only on profit, but also show interests to the society and its surroundings (non-financial) around the working unit Bank Mandiri across Indonesia.

As a form of responsibility to the society, Bank Mandiri has put aside part of its profits to develop the people and its surroundings.

Description related to corporate social responsibility presented in the "Corporate Social Responsibility" section and the Sustainability Report 2016, which became an integral part in this Annual Report.

### Funds for Political Activities 2016

Throughout the year 2016, Bank Mandiri has not provided any fund for political activities or parties.

### Highest and Lowest Salary Ratio

In 2016, highest and lowest Salary ratio Bank Mandiri were as follow:

1. Highest and lowest employees Salary ratio: 57: 1
2. Highest and lowest Directors Salary ratio: 1, 1: 1
3. Highest and lowest Commissioners Salary ratio: 1, 1: 1
4. Highest Director and Employees Salary ratio: 1, 3: 1

### Bank Buy Back Stock and Bond Issuance

Throughout the year 2016, Bank Mandiri Issues Sustainable Bonds I Phase I worth Rp5 trillion and didn't purchase buy back shares.

### Internal Conflict

Throughout the year 2016, no internal conflicts in Bank Mandiri occurred related to ownership intervention, remuneration policy or other conflicts.

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### Press Release 2016

There are 127 Press Releases distributed throughout the year 2016, such as:

No.	Month	Date	Title
1	January	6	Disburses KUR of Rp 3.5 trillion
2		8	Mandiri Strengthens Students' Pride in Nation's Culture
3		9	Mandiri Opens New Branches in Gili Trawangan and Senggigi
4		14	Bank Mandiri Operates Normally
5		15	Mandiri Serves Online Payment for the Joint Selection of Public University
6		20	Mandiri to Finance BPJS Kesehatan Charges of BPJS Kesehatan Partners
7		21	Mandiri Donates Building Auditorium for Students in Institut Pertanian Bogor
8		22	800 TI Developers Compete in e-Cash Mandiri Hackaton Indonesia
9		25	Mandiri Fiestapoin Active Users Grow 185% in 2015
10		27	Accelerating the Investments, Bank Mandiri Mandiri Conducts Investment Forum in 2016
11		27	Mandiri Capital Indonesia Officially Operates
12		27	Supporting Market Automotive, Mandiri Organizes Autofiesta
13		28	Microcredit of Bank Mandiri Disburses of Rp42.4 trillion
14		29	Mandiri Bandung Autofiesta Targets 10 thousand of Visitors
15		31	Bank Mandiri Distributes Rp1 trillion of Loan to Kalbe Farma
16	February	1	Cooperated with the Ministry of Agrarian, Mandiri Facilitates Debtor Collateral Certification
17		1	Bank Mandiri Facilitates GMRA Indonesia in All BPD
18		3	Bank Mandiri Strengthens Loan Syndication
19		4	Welcoming Chinese New Year, Mandiri Gives Promotion
20		9	Mandiri Develops Micro Entrepreneurship through KUR
21		15	Boosting Customers Transactions, Mandiri Accelerates Fiestapoin Program
22		16	Strengthening Loyalty, Mandiri Conducts Priority Customers' Lunar Gathering
23		22	Bank Mandiri Disburses Investment Credit of Rp1.6 trillion to Blue Bird
24		23	Grow up to 12.4%, Bank Mandiri's Credit Increase in Assets up to Rp910.1 trillion
25		25	Mandiri and PRKI Conducts Festival Cap Gomeh in Krendangan Raya
26		26	Seeding Technopreneur Seeds, Mandiri Conducts Hackathon Competition
27		29	Creating Excellence HR Banking, Bank Mandiri Builds Integrated Campus
28		March	1
29	8		Mandiri Group Holds Vehicle Expo in Yogyakarta
30	8		Strengthening Entrepreneurship Ecosystem, Bank Mandiri Introduces 24 Potential Young Businessman
31	10		Boosting Mortgage Business, Bank Mandiri Targets Existing Customers
32	11		Mandiri and UNS Solo Synergizing Debit Cards
33	13		Developing Micro Customers, Mandiri Gives TabunganMu Gift
34	17		Bank Mandiri Publishes Co-Branding of NU Membership Card
35	18		Strengthening KTA Quality, Bank Mandiri Cooperates with Jamkrindo
36	21		AGMS Approves Kartika Wirjoatmodjo as Managing Director of Bank Mandiri
37	23		Mandiri Strengthens Expansion in Timor Leste
38	27		Mandiri Lowers Interest Rate
39	29	Bank Mandiri Disburses Rp7 trillion of Loan Syndication for Infrastructure	

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No.	Month	Date	Title
40		5	Bank Mandiri Serves Government Receipt of Rp324.6 trillion in 2015
41		6	Bank Mandiri Set Commercial Bottom Line of Counter-Guarantee of Rp2.7 trillion to Jasindo
42		10	KUR of Rp3,659 trillion in the first quarter/2016
43	April	11	Mandiri Supports Certification Process of Land Collateral for 12 Micro Debtors in Brebes
44		14	As of March, Bank Mandiri's Loan Syndication for Infrastructure Reaches Rp15.11 trillion
45		20	Boosting Infrastructure Development, Mandiri Cooperates with KfW IPEX-Bank
46		22	Mandiri Supports Street Lighting and Waste Management in Gili Trawangan
47		25	Boosting Mortgage Business, Mandiri Introduces Mortgage of 8.5%
48			27
49	May	3	Anticipating Break Long in 5-8 May 2016, Mandiri Sets Rp4 trillion
50		9	Held Mandiri Sahabatku, Bank Mandiri Educated 1,000 Indonesian Labors for Entrepreneurship
51		10	Bank Mandiri Cooperates with K24 Expands Access Community Health
52		11	Bank Mandiri Disburses Microcredit Rp45.47 trillion per April 2016
53		12	As of April 2016, Bank Mandiri Disburses Rp 55.2 trillion SME Loans
54		13	Mandiri Serves Non-Cash Payments to The Body Shop®
55		15	Bank Mandiri Operating Profit Grows 15.9%
56		16	Mandiri Lowers Interest Rates for Credit Under Rp500 million
57		19	Supports the effectiveness of Airport Management, Mandiri Serves Financial Transactions of AP2
58		23	Mandiri Expands Public Access to Bank through Branchless Banking
59		23	Mandiri Donates 3 Trash Motorcycles to Labuan Bajo District Government
60		26	Bank Mandiri Serves Oil Palm Levy Payment via e-Channel
61	27	Strengthening the Culture, Mandiri Supports Arts Festival event ART  JOG	
62	June	2	Bank Mandiri Strengthens National Fertilizer Industry
63		2	Bank Mandiri Strengthens Service Quality
64		8	Mandiri Group Serves Financial Transactions in GIIAS 2016
65		9	Boosting Transactions, Mandiri Serves Payment in SOGO
66		13	Mandiri e- Money Serves Border Toll of Cikopo- Palimanan- East Brebes
67		15	Mandiri Operates 200 Branch Offices During Leaves Lebaran 2016
68		22	Bank Mandiri Disburses Grocery Offers TNI and Polri Environment
69		24	Bank Mandiri Serves New Money Changer
70		28	Developing Entrepreneurship, Mandiri Presents Mandiri Business Incubator
71		29	Bank Mandiri Dispatches 3,195 Persons to Homeland
72	July	21	Mandiri Develops Business Distributor and Retailer of Semen Gresik
73		25	Strengthening Telecommunications Infrastructure, Mandiri Distributes Rp875 billion for Palapa Ring Project West
74		26	Strengthening Business, Mandiri Will Grow Inorganically in Southeast Asia
75		27	Mandiri Prepares Finance for Khong Guan Group Distributor
76		29	Reserves Repatriation Fund, Bank Mandiri Prepares New Products
77	August	3	Mandiri Launches Online Debit Payment Products to Serve Ads on Facebook
78		3	Bank Mandiri Cooperates with Other Banks to Boost Micro Financing for Civil Servants and Members of TNI/Polri
79		3	Bank Mandiri's Operating Profit Grows 13.3%
80		11	Mandiri Group Serves Financial Transactions in GIIAS 2016
81		22	Mandiri Disburses Loan of Rp700 billion to Cempaka Sinergy Realty
82		24	Bank Mandiri Issued Sustainable Bonds I Phase I Worth Rp5 trillion
83		29	Bank Mandiri Encourages KPR Business Growth
84		30	Mandiri Supports MCI Developing Business of Fintech Business Communities
85		31	Together with Pelindo III, Mandiri Launches e-Port Card

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No.	Month	Date	Title
86	September	1	Bank Mandiri Boosts Tax Amnesty Socialization
87		8	Bank Mandiri Disburses KUR Rp7,417 trillion on Jan - July 2016
88		12	Bank Mandiri Shares and Donates Qurban for the Nation
89		14	Bank Mandiri Competes Fintech in the Event of WMM 2016
90		16	Boosting End of Year Holidays transaction, Bank Mandiri Supports ASTINDO Jakarta Travel Fair 2016
91		22	Bank Mandiri Distributes Aid To Flood Victims in Garut
92		22	Continuous Bond I Phase I Bank Mandiri Attracts Investors
93		22	Bank Mandiri Disburses Rp92.8 trillion for Infrastructure Development
94		22	Bank Mandiri's Tax Amnesty Fund Reaches Rp6.6 trillion
95		23	Bank Mandiri Disburses KUR of Rp7,817 trillion
96		25	Tax Amnesty Funds in Bank Mandiri to Achieve Rp7.37 trillion
97		28	Strengthening Connectivity, Mandiri Disburses Credit of Rp1 trillion for KAI
98		October	2
99	6		Empowering Fishermen in Lamongan, Bank Mandiri Distributes KUR
100	13		Developing Marine Sector, Mandiri Continuously Disburses Funding Nets Scheme
101	23		Absorbency Repatriation Fund, Bank Mandiri Develops Non-Financial Product Innovation
102	24		Bank Mandiri Boosts Utilization of e-Money for Electronic Parking
103	25		Bank Mandiri Books Credit Increase of 11.5% in Third Quarter 2016
104	26		Strengthening Human Resources Quality, Mandiri Conducts Leadership Seminar
105	26		Strengthening Customer Experience, Mandiri Organizes Carnival
106	30		Accelerating Electronic Transactions, Bank Mandiri Holds Anniversary Carnival
107	November		2
108		9	Develops Fintech Startup Through Competition
109		10	Bank Mandiri and HSBC Signs GMRA Indonesia
110		15	Bank Mandiri Restores Branch of Cultural Property
111		23	Strengthening Syariah Business, Mandiri Injects Capital Rp500 billion to BSM
112		24	Bank Mandiri Becomes the Best Main Dealer of SUN
113		25	Bank Mandiri Assures Micro Credit to Askrindo
114		26	Strengthening Financial Literacy, Bank Mandiri Promotes Laku Pandai in Malang
115		28	Encouraging Investments, Bank Mandiri Serves Receipts Transaction in BP Batam
116		28	Bank Mandiri Facilitates Receipt Payment of Enseval Business Network
117		29	Bank Mandiri Funds Business Expansion for Bukit Asam
118	December	1	Supporting Achievement in Sustainable Finance Agenda, Mandiri Continuously Grows Laku Pandai
119		5	Bank Mandiri Expands Inclusive Financial Services Access
120		6	Mandiri Recruits Disability Employees
121		7	Realizing Sea Toll Program, Bank Mandiri Focuses to Develop Port Sector
122		8	Acceleration of Infrastructure Development, Mandiri Supports PT Pembangunan Perumahan
123		14	Mandiri Develops Business Capacity of KUR Debtor Micro
124		15	Bank Mandiri Cooperates with Tokopedia to Facilitate BPJS Payment
125		15	Bank Mandiri Sets up an Online Application to Develop SMEs
126		27	Mandiri Distributes Rp1.2 trillion to KAI for the Development of Double Track in South Sumatera
127		29	Developing SMEs, Mandiri Synergizes MIB House Creative with SOE

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## Investor Relations Activity 2016

To improve the communications with the Capital Market Analyst in 2016, PT Bank Mandiri (Persero) Tbk has done the following activities:

No.	Types of Activities	Details	Location
1	Analyst Meeting	Full Year 2015 (February), 1 <sup>st</sup> Quarter 2016 (May), 2 <sup>nd</sup> Quarter 2016 (July), 3 <sup>rd</sup> Quarter 2016 (October)	Jakarta
2.	Public Expose	Full Year 2015 (February), 1 <sup>st</sup> Quarter 2016 (May), 2 <sup>nd</sup> Quarter 2016 (July), 3 <sup>rd</sup> Quarter 2016 (October)	Jakarta
3	Investor Conference	Local Investor Conference: 5	Indonesia
		International Investor Conference: 7	Asia & US
4	Non Deal Roadshow	Local Non Deal Roadshow: 2	Indonesia
		International Non Deal Roadshow: 9	Asia, Europe & US

To provide clear and latest strategic guidance to both local and foreign shareholders, Bank Mandiri actively participated in investors meetings. Such meetings help them to increase their confidence to our business model and our management team strength.

Over the past 12 months we have addressed this through our active participation in several events including the organizing of Analyst Meetings to provide financial results quarterly to the analyst, press releases distribution on important developments, one-on-one meeting, organized an event for the Analysts, facilitating visits to the branch/business under Bank Mandiri network and attended a domestic and overseas conference, and Non-Deal Roadshows.

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# 07 Integrated Corporate Governance





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## Integrated Corporate Governance Organization

### Integrated Corporate Governance Committee (TKT)

Bank Mandiri has formed TKT committee with member coming from Independent Commissioner of Bank Mandiri and its Subsidiary Companies representing each industry. TKT committee has the least duty and responsibility, which is:

- 1) Evaluating internal implementation and execution of an integrated compliance functions. In conducting the evaluation, TKT Committee obtains the information in the form of an evaluation of internal audit and compliance functions implementation of each Subsidiary Company and its Board of Commissioners whom become member of TKT Committee.
- 2) Provide recommendation to Bank Mandiri Board of Commissioners on:
  - a) TKT implementation evaluation result;
  - b) Completion of TKT guidance.
- 3) Conducting meeting of Integrated Corporate Governance Committee at least 1 (one) time per semester.

TKT Committee Bank Mandiri chaired by Mr. Abdul Aziz as an Independent Commissioner of Bank Mandiri. During 2016, the Integrated Corporate Governance Committee has conducted two (2) meetings which held on 12 February 2016 with an agenda of presentation and explanation of the results of self-assessment on integrated corporate governance in semester II of 2015, and on 12 October 2016 in discussion ratings of integrated corporate governance integrated on semester I 2016 and tasks and responsibilities of TKT Committee.

### Integrated Compliance Working Unit

Along with the implementation of POJK No. 18/POJK.03/2014, Bank Mandiri has appointed Compliance Group as the Integrated Compliance Working Unit (SKKT) that monitor the implementation of compliance function at Mandiri Group.

Following are duty and responsibilities of SKKT:

- 1) Monitoring and evaluating the implementation of compliance function to all subsidiary companies.
- 2) Drafting and submitting implementation report on task and responsibilities to Bank Mandiri Compliance Director or Appointed Director to conduct monitoring function to all subsidiary companies.
- 3) Organized forum with the Subsidiary Company on the implementation of integrated compliance function.

Throughout the year 2016, SKKT Bank Mandiri has done a number of initiative as part of TKT implementation, which are as follow:

- 1) On quarterly basis, the subsidiary company has submitted Compliance report to SKKT.
- 2) In 2015, Bank Mandiri has draft the Integrated Corporate Governance Annual Report with its subsidiary company.
- 3) Completion of Governance Mechanism of Corporate Governance for the Subsidiary Company by forming the organization of governance in each subsidiary company such as Compliance, Risk Management Policy and Whistleblowing System.

### Integrated Audit Working Unit

Main entities have established Internal Audit as an independent SKAIT to operational work units. SKAIT, in this case the Internal Audit, has also collaborated with the internal audit of 1<sup>st</sup> line, 2<sup>nd</sup> line and subsidiary company to ensure the implementation of effective internal control in Mandiri Group. SKAIT have duty and responsibility as stipulated in TKT Guidelines as follow:

- 1) Conduct audit to Subsidiary Company both individual, joint audit or based on report from subsidiary company SKAI;
- 2) Monitor the implementation of internal audit on each Subsidiary Companies by doing the following task:
  - a. Evaluate audit plan for SKAI Subsidiary Company to get in line integrated audit plan;
  - b. Evaluate subsidiary company internal and external audit results and follow up as part of drafting integrated audit report.

In 2016, SKAIT Bank Mandiri has confirmed the implementation of internal control function for its subsidiary company:

- 1) Conduct audit to 9 (nine) subsidiary companies individually by SKAIT and joint audit with SKAI subsidiary company especially for BSM and Bank Mantap
- 2) Evaluate and leverage audit plan with subsidiary company before drafting Annual Audit Plan of Bank Mandiri and its subsidiary company
- 3) Review the Audit Result Report of SKAI Subsidiary Company and its follow up on quarterly basis.
- 4) Draft Report on the implementation of Integrated Internal Audit Function

Other than that, SKAIT Bank Mandiri has also done a number of initiatives as part of improving Integrated SKAI function such as:

- 1) Drafting Audit Rating Methodology.
- 2) Provide integrated IA Tools such as SKAIT and subsidiary company SKAI.
- 3) Drafting methodology and implementation of subsidiary company control rating.
- 4) Internal audit Long Term Plan implementation for Subsidiary Company related to leverage risk database for Groupwide in the form of Integrated Risk Register (IRR) Project.

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## Integrated Risk Management Working Unit

Integrated Risk Management Working Unit stand-alone from other operational working unit and has own adequate policies, procedures and risk limits. Integrated Risk Management Working Unit has the following duty and responsibility as stipulated in TKT Guidelines:

- 1) Provide inputs to Board of Directors in drafting integrated risk management policy;
- 2) Monitor the implementation of integrated risk management including the procedure development and instrument to identify, measure, monitor and control the risk;
- 3) Conduct risk monitoring to financial conglomerate based on the following rate:
  - a. Risk profile each Subsidiary Company in financial conglomerate;
  - b. The risk level of each risk in an integrated way;
  - c. Risk profile in an integrated way.

Throughout the year 2016, SKMRT has done a number of initiative as part of the implementation of integrated governance, such as:

- 1) Monitoring the improvement of sustainable risk awareness through Risk Awareness Survey (RAWS).
- 2) The implementation of integrated risk management between Bank Mandiri and its subsidiary company has referred to Mandiri Group Principle Guideline and TKT Guideline, as well as Integrated Risk Committee as part of better decision process.

### The implementation of Compliance Function, Internal Control and Risk Management of Subsidiary Companies

The implementation of compliance function, internal control and risk management of Bank Mandiri subsidiaries in 2016 already stated in the Annual Reports of Subsidiary Companies.

## Integrated Corporate Governance Report

### Integrated Corporate Governance Rating

Bank Mandiri and its subsidiary companies has done Ratings (self-assessment) in reference to SE OJK No. 15/SEOJK.03/2015 regarding Integrated Corporate Governance Implementation for Financial Conglomerate and refer to subsidiary companies sector regulations.

The results of integrated corporate governance throughout the year 2016 are as follow:

### Semester I 2016 Rating

Bank Mandiri TKT rating results on semester I 2016 was 1 or assessed to have done Integrated Corporate Governance generally very good. This is reflected in a very adequate fulfilment for the application of TKT principle. Should there is weaknesses in the implementation of Integrated Corporate Governance, in general these weaknesses were not significant and can be immediately repaired by the Main Entities and/or LJK.

Bank Mandiri conglomerate has made the implementation of TKT generally very good, by fulfilling three aspects of TKT which consist of structure aspects, process and outcome. Fulfilment of sufficient structural aspects and effective TKT process has an outcome on the implementation of good TKT in Bank Mandiri Conglomerate, which reflected through performance, transparency of the financial statements and the implementation of audit and compliance functions.

TKT implementation assessment conducted by Bank Mandiri involving all of its subsidiary companies. Of the seven (7) the parameters stated in the SE OJK No. 15/SEOJK.03/2015 we can say that all of these parameters have been well implemented. Nevertheless, there are still some Subsidiary companies that should complete its Corporate Governance Guidelines according to Bank Mandiri TKT Guideline.

### Semester II 2016 Rating

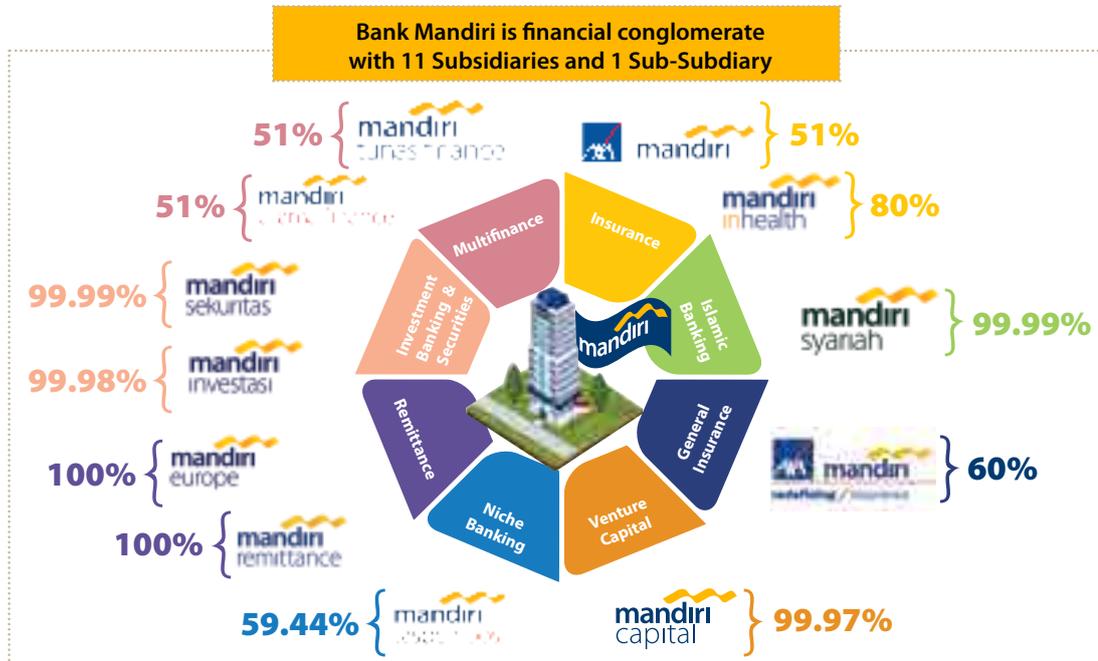
Bank Mandiri TKT rating results on semester II 2016 was 1 or assessed to have done Integrated Corporate Governance generally very good. This is reflected in a very adequate fulfilment for the application of TKT principle. Should there is weaknesses in the implementation of Integrated Corporate Governance, in general these weaknesses were not significant and can be immediately repaired by the Main Entities and/or LJK. Bank Mandiri conglomerate has made the implementation of TKT generally very good, by fulfilling three aspects of TKT which consist of structure aspects, process and outcome.

Fulfilment of sufficient structural aspects and effective TKT process has an outcome on the implementation of good TKT in Bank Mandiri Conglomerate, which reflected through performance, transparency of the financial statements and the implementation of audit and compliance functions.

Of the seven (7) the parameters stated in the SE OJK No. 15/SEOJK.03/2015 we can say that all of these parameters have been well implemented. Nevertheless, with regard to rating parameter for TKT Committee, TKT Guideline and Remuneration Policy still need to be completed.

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### Financial Conglomerate Membership Structure



### Shareholders Ownership Structure on Financial Conglomerate

Until December 2016, Bank Mandiri financial conglomerate consist of Bank Mandiri as the main entity and 11 (eleven) subsidiary company and 1 (one) sub-subsubsidiary company as follow:

Status	No.	Name of Company	Ownership Percentage
Main Entity	1	PT Bank Mandiri (Persero) Tbk	
			Bank Mandiri 99.99%
Member	1	PT Bank Syariah Mandiri	Mandiri Sekuritas 0.01%
	2	Bank Mandiri (Europe) Limited	Bank Mandiri 100.00%
			Bank Mandiri 59.44%
	3	PT Bank Mandiri Taspen Pos	Taspen 23.30%
			Pos 16.17%
			Lainnya 1.09%
	4	PT AXA Mandiri Financial Services	Bank Mandiri 51.00%
			AXA 49.00%
	5	PT Mandiri AXA General Insurance	Bank Mandiri 60.00%
			AXA 40.00%
	6	PT Asuransi Jiwa Inhealth Indonesia	Bank Mandiri 80.00%
			Kimia Farma 10.00%
		Jasindo 10.00%	
7	PT Mandiri Tunas Finance	Bank Mandiri 51.00%	
		Tunas Ridean 49.00%	
8	PT Mandiri Sekuritas	Bank Mandiri 99.99%	
		Koperasi Mandiri 0.01%	
9	Mandiri International Remittance Sdn Bhd	Bank Mandiri 100.00%	
10	PT Mandiri Utama Finance	Bank Mandiri 51.00%	
		Tunas Ridean 12.00%	
		Asco 37.00%	
11	PT Mandiri Manajemen Investasi **)	Mandiri Sekuritas 99.98%	
		Koperasi Mandiri 0.02%	
12	PT Mandiri Capital Indonesia	Bank Mandiri 99.97%	
		Mandiri Sekuritas 0.03%	

\*\*) sub-subsubsidiary

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### Management and Financial Conglomerate Structure

Management structure of Bank Mandiri's financial conglomerate can be seen on the profile of the Board of Directors and Board of Commissioners of Bank Mandiri. For each subsidiary companies already stated in the Annual Report of respective subsidiaries.

**Table Management and Financial Conglomerate Structure**

GCG Mechanism	Subsidiary Company												
	BSM	Taspen Pos	MTF	MIR	MI	MAGI	BMEL	AMFS	MMI	MS	MUF	MCI*	
1 Corporate Governance Guideline	√	√	√	√	√	√	√	√	√	√	√	√	On progress
2 Compliance Working Unit	√	√	√	√	√	√	√	√	√	√	√	√	On progress
3 Policy and Compliance Procedure	√	√	√	√	√	√	√	√	√	√	√	√	On progress
4 Internal Audit Working Unit	√	√	√	√	√	√	√	√	√	√	√	√	√
5 Policy & Internal Audit Procedure	√	√	√	√	√	√	√	√	√	√	√	√	On progress
6 Risk Management Working Unit	√	√	√	√	√	√	√	√	√	√	√	√	√
7 Policy & Risk Management Procedure	√	√	√	√	√	√	√	√	√	√	√	√	√

\*Mandiri Capital Indonesia (MCI) is the latest subsidiary company of Bank Mandiri which has yet to full operate, and has the legal entity on 26 June 2016.

### Internal Group Transaction Policy

The development of Bank Mandiri and its subsidiary companies aggressively in various business segments make the Bank and its subsidiaries to synergize and collaborate in one business ecosystem. This has led to transaction exposure of intragroup in the Mandiri Group. The Bank continues to maintain that intragroup transactions are in accordance with external and internal regulation in terms of both exposure and process.

The whole process of intragroup transactions as well as the cooperation in the Mandiri Group is run in accordance with the applicable internal provisions (Standard Operating Procedures and Technical Guidelines) and always guided by the Mandiri Group Principles Guideline, which is a guideline for the Mandiri Group in building the ecosystem of business collaboration. The policy regarding the risk of intragroup transactions in Bank Mandiri refers to POJK 17/POJK.03/2014 dated 18 November 2014 and SEOJK 14/SEOJK.03/ 2015 dated 25 May 2015 regarding Integrated Risk Management for Financial Conglomerate. Policies on the risks of intragroup transactions stated on Bank Mandiri Risk Management Policy (KMRBM) and Standard Procedures Risk Based Bank Rating (SP RBBR).

Bank always monitors the performance of the business and risks arising from the business synergies with its subsidiary companies. In this case, the Bank always make sure that the Mandiri Group Intragroup Transactions always in accordance with the rules and established limits Regulator.

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## Mandiri Subsidiary Management Principles Guideline (MSMPG)

MSMPG is a guidance for Bank Mandiri and Subsidiaries in building ecosystem of business collaboration through performance culture which can create added value sustainably by holding on Good Corporate Governance principles and Articles of Association of each subsidiary.

MSMPG is a manifestation of Bank Mandiri commitment to constantly implement GCG and Integrated Risk. MSMPG is established with regard to mandate of OJK Regulation No.17/POJK.03/2014 dated November 18, 2014 concerning The Implementation of Integrated Corporate Governance for Financial Conglomeration.

The management principle of Subsidiaries is in accordance with the provision of MSMPG which cover activities of controlling, consolidation, and/or assistance of aspects, namely Integrated Governance; Financial Statement; Human Capital; Procurement; Anti Money Laundering and Prevention of Terrorism Funding; Synergy of Subsidiaries Businesses; Corporate Culture Values; and Collaboration of Information Technology. MSMPG is enacted by referring to Basic Principle of Subsidiary Management as follows:

- Subsidiary is a separate entity from Bank Mandiri.
- The management of subsidiaries is conducted professionally with no intervention in operational activities of subsidiaries.
- The management of subsidiaries is conducted without ruling out the duties and responsibilities of the Board of Directors and the Board of Commissioners of Subsidiaries according to Articles of Association.
- The management of Subsidiaries is addressed to obtain sustainable profit optimization, reduce risk and regulatory compliance.
- The management of Subsidiaries in business development aspect is directed to harmonize business strategy of Subsidiaries with Bank Mandiri business strategy to constantly develop alliance/ synergy between Subsidiaries and Bank Mandiri as well as inter-Subsidiaries by constantly placing basic principle that Subsidiary is a separate entity which has different business characteristics.

## Implementation of Integrated Corporate Governance Bank Mandiri and Its Subsidiary Companies Activity

No	Activity	Details	Name of Subsidiary Company	Time Activity		
				Month	Date	
1	Audit to Subsidiary Company	Audit was done on its own by SKAIT and joint audit with SKAI PA specific for BSM and Bank Mantap	MMI	March – April	1 - 30	
			Bank Mantap	April – May	1 - 30	
			Mandiri Sekuritas	June – July	1 - 30	
			Bank Syariah Mandiri	August – October	1 - 30	
			MTF	October	1 - 30	
			Inhealth	October	1 - 28	
			Bank Mandiri Europe Ltd	November	21 - 30	
			AMFS	November	3 - 22	
			MAGI	December	1 - 16	
2	Subsidiary Company Audit Committee Meeting	SKAIT periodically attended in Subsidiary Company Audit Committee Meeting as Non-Voting Member as a support to encourage the monitoring function of Subsidiary Company SKAI.	MTF	January	21	
				July	14	
				October	10	
			AMFS	February	24	
				April	20	
				May	13	
				June	23	
				August	26	
				September	30	
				October	31	
			MMI	June	21	
				Mandiri Sekuritas	December	5

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No	Activity	Details	Name of Subsidiary Company	Time Activity	
				Month	Date
3	Integrated Risk Management Forum (IRMF)	Communication forum and discussion between Working Unit related to risk profile report of Bank Mandiri and its subsidiary company which done periodically (quarterly) - Q1.2016	BSM, MTF, MS, AMFS, MAGI, MI, MMI, MUF & MCI	March	29-31
4	Audit Income to Risk Profile	Audit income submission on risk profile report for Bank mandiri and its Subsidiary Company which done periodically (quarterly) - Q1.2016	BSM, MTF, MS, AMFS, MAGI, MI, MMI, MUF & MCI	April	15
5	Integrated Risk Management Forum (IRMF)	Communication forum and discussion between Working Unit related to risk profile report of Bank Mandiri and its subsidiary company which done periodically (quarterly) - Q2.2016	BSM, MTF, MS, AMFS, MAGI, MI, MMI, MUF & MCI	June	27-29
6	Assisting Subsidiary Company	Integrated Risk Register	All PA Jakarta	July	19 - 28
7	Self-Assessment Presentation on Subsidiary Company GCG rating	Review audit on Self-Assessment GCG rating of subsidiary company	BSM, MTF, MS, AMFS, MAGI, MI, MMI, MUF & MCI	July	20 - 22
8	Audit Income to Risk Profile	Audit income submission on risk profile report for Bank mandiri and its Subsidiary Company which done periodically (quarterly) - Q2.2016	BSM, MTF, MS, AMFS, MAGI, MI, MMI, MUF & MCI	August	3
9	Integrated Risk Management Forum (IRMF)	Communication forum and discussion between Working Unit related to risk profile report of Bank Mandiri and its subsidiary company which done periodically (quarterly) - Q3.2016	BSM, MTF, MS, AMFS, MAGI, MI, MMI, MUF & MCI	September	22-28
10	Audit Income to Risk Profile	Audit income submission on risk profile report for Bank mandiri and its Subsidiary Company which done periodically (quarterly) - Q3.2016	BSM, MTF, MS, AMFS, MAGI, MI, MMI, MUF & MCI	October	21
11	Focus Group Discussion Internal Audit Bank Mandiri and Internal Audit Subsidiary Company		All PA	December	21
12	Integrated Risk Management Forum (IRMF)	Communication forum and discussion between Working Unit related to risk profile report of Bank Mandiri and its subsidiary company which done periodically (quarterly) - Q4.2016	BSM, MTF, MS, AMFS, MAGI, MI, MMI, MUF & MCI	December	15-20
13	Audit Income to Risk Profile	Audit income submission on risk profile report for Bank mandiri and its Subsidiary Company which done periodically (quarterly) - Q4.2016	BSM, MTF, MS, AMFS, MAGI, MI, MMI, MUF & MCI	December	30
14	Drafting Integrated Internal Audit Function Report.	Review on internal audit by SKAI on subsidiary company		December	31

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## Aspect and Principle of Corporate Governance Implementation According to Financial Service Authority

No	Aspect; Principle; Recommendation	Comply or Explain
<b>A</b>	<b>Aspect 1: Company Open Relations with the Shareholders in Guaranteeing the Shareholders rights.</b>	
A.1.	Principle 1: Improving the value of shareholders Annual General Meeting (RUPS) management.	
A.1.1.	Recommendation 1: Public Listed Company has way or technical procedure of voting both an open or close vote by placing independence ahead and the need of shareholders.	<p>In the Shareholders Annual General Meeting (RUPS) and Extraordinary General Meeting, Bank Mandiri has done voting process both open and closed as stated in the AGM regulations.</p> <p>At 2015 AGM for Closing Book, voting mechanism was done open by raising hand follow by card submission for those who does not agree. While the mechanism of a closed ballot conducted by officers approached all shareholders who then put a card into the provided box</p> <p>The Company has made the AGM Regulation which can be downloaded in the Company's website and distributed to shareholders at the time of the AGM.</p> <p><b>Note : Comply</b></p>
A.1.2.	Recommendation 2: All member of Board of Directors and Board of Commissioners of the Company attended the AGM.	<p>In 2015 AGM for Closing Book, all member of the BOD and BOC presented.</p> <p><b>Note : Comply</b></p>
A.1.3.	Recommendation 3: Summary of AGM is available in the Public Listed company website for at least 1 (one) year.	<p>Bank Mandiri has made summary of AGM in both Bahasa Indonesia and English, and has been announced 2 (two) working days after the AGM which was through the Company's website.</p> <p>In details it can be found in Standard Guide for Corporate Secretary (SPCS) Chapter III.A.2.b.1) Summary after AGM</p> <p>b) AGM summary must be announce to the public at least 2 (two) working days after the AGM through:</p> <ol style="list-style-type: none"> <li>(1) 1 (one) National daily newspaper in Bahasa Indonesia;</li> <li>(2) Stock exchange website; and</li> <li>(3) Public Listed Company website in Bahasa Indonesia and Foreign language in condition to use at least English as the foreign language.</li> </ol> <p><b>Note : Comply</b></p>
A.2.	Principle 2: Improving the Public Listed Company Communications Quality with Shareholders or Investors.	
A.2.1.	Recommendation 4: Public Listed Company has a Communications Policy with Shareholders or Investors.	<p>Bank Mandiri has a communications policy with shareholders and investors as stipulated in the Standard Guideline of Corporate Secretary (SPCS) Chapter III.A.I. Information disclosure.</p> <p>In addition, Bank mandiri has an agenda of Public Expose held every three (3) months which aims to meet the regulations requirement and providing information to the public and investors, such as periodic report, information disclosure, business condition or prospects and performance, and the implementation of corporate governance of Public listed company.</p> <p>Information disclosure to stakeholders giving importance has been drafted in reference to the regulations of Capital Market and Stock Exchange and other relevant regulations, briefly and grouped into:</p> <ol style="list-style-type: none"> <li>a. Reporting both periodic and incidental to the relevant institutions (the Financial Services Authority, Bank Indonesia LPS, Ministry of Law and Human Rights, the Stock Exchange) and reporting through the website</li> <li>b. Shareholders Annual General Meeting (AGM) Held in reference to the regulations and Bank Budget which consist of annual AGM and other AGM (Extraordinary AGM)</li> <li>c. Conduct other activity related to corporate action and/or open information</li> </ol> <p>Activity includes :</p> <ul style="list-style-type: none"> <li>- Public Expose (quarterly)</li> <li>- Analyst Meeting</li> </ul> <p><b>Note : Comply</b></p>

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No	Aspect; Principle; Recommendation	Comply or Explain
A.2.2.	Recommendation 5 : Public Listed company stated the communication policy of Public Listed Company with the shareholders and investor in the website.	The company has communications policy of Public listed company with shareholders or other issuer as stipulate under SP Corporate Secretary and has been uploaded in Bank Mandiri website. <b>Note : Comply</b>
<b>B.</b>	<b>Aspect 2: Function and Role of Board of Commissioners</b>	
B.1.	Principle 3 : Strengthen the Membership and Composition of Board of Commissioners.	
B.1.1.	Recommendation 6 : Determine the number of Board of commissioners member considering the Public listed company condition.	Bank Mandiri has met the requirement as stipulate under Article 20 POJK No. 33/POJK.04/2014 which is the number of Board of Commissioners member more than 2 (two) person. Number of Board of Commissioner Bank Mandiri is 8 (eight) person consist of 4 (four) independent commissioner and 4 (four) person non-independent. <b>Note : Comply</b>
B.1.2.	Recommendation 7 : Determining the composition member of Board of Commissioners in reference to diversity, skills, knowledge and experience needed.	Based on the shareholders policy, the composition of Board of Commissioners should refer to the need and complexity of Bank Mandiri business which is by considering diversity, skills, educational background, and experience without distinguish gender. Such thing is needed for duty effectivity of BOD, for that Bank mandiri should maintain mixture of skills and experience of its BOC member. <b>Note : Comply</b>
B.2.	Principle 4 : Improving the Quality of Duty and Responsibility of BOC.	
B.2.1.	Recommendation 8 : BOC has its own policy for self-assessment to rate BOC performance	BOC has its own policy of self assessment as stated in the board manual as described in the BOC performance evaluation part. <b>Note : Comply</b>
B.2.2.	Recommendation 9 : Self-assessment to rate BOC performance stated in the Annual Report of Public Listed Company.	The self assessment policy to rate BOC performance, stated in the Annual Report on Procedure of Assessment Implementation for BOC performance. <b>Note : Comply</b>
B.2.3.	Recommendation 10 : BOC has a policy related to membership withdrawal when involve in the financial crime.	The Company has a policy related to the resignation of members of the Board of Commissioners if it is involved in financial crimes as stipulated in the Articles of Association. Referring to the Articles of Association Article 18, paragraph 12, when members of the Board of Commissioners no longer meets the requirements of the legislation, including engaging in financial crimes, the membership terms of the Board of Commissioners by itself ends. In the case of the Board of Commissioners members resignation as part of financial crimes involvement, then the members of the Board of Commissioners shall submit a request to the Company and the Company is obliged to carry out the AGM to decide on such resignation no later than 90 (Ninety) days after resignation submitted by the Company. <b>Note : Comply</b>

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No	Aspect; Principle; Recommendation	Comply or Explain
B.2.4.	Recommendation 11 : Board of Committee or Committee which done the function of Nomination and Remuneration should draft success policy in Nominating BOD process.	<p>Bank Mandiri has the Remuneration and Nomination Committee to assist the BOC to submit recommendations to the shareholders of Series A Dwiwarna in term of:</p> <ol style="list-style-type: none"> <li>1. Drafting, conducting and analyzing the nomination criteria and procedures for potential BOC and BOD</li> <li>2. Identifying potential BOD both from the internal or external and potential BOC which meet the requirement to be proposed/appointed as BOC or BOD.</li> </ol> <p>The appointment and dismissal of the Board of Directors is based on the principles of professionalism and corporate governance. As State-own Enterprise, the policy of successor BOD refers to the Regulation of State Own Enterprise Minister No. PER-03/MBU/2015 regarding the requirements, procedures for the appointment and dismissal of members of the Board of Directors of SOEs. In addition, as a public listed company, the Company policy also refers to the Regulation of the Financial Services Authority No. 33/POJK.04/2014 regarding the Board of Directors and Board of Commissioners of Public Company.</p> <p><b>Note : Comply</b></p>
<b>C.</b>	<b>Aspect 3 : Function and Role BOD</b>	
C.1.	Principle 5 : Strengthening Membership and Composition of BOD.	
C.1.1.	Recommendation 12 : Determining the number of BOD member in consideration with the Public listed Company condition and effectivity in making decision.	<p>Determining the number of Board of Directors referred to the Regulations applied which is based on POJK 33/POJK.04/2014 regarding Board of Directors and Board of Commissioners of Public Company stated that the Board of Directors of Public Company consist of at least two (2) members the Board of Directors. The number of Directors of the Bank is 10 (ten) people and in its determination was based on the need to achieve the objectives of the Company and the Company adapted to the conditions suit the needs and complexity of Bank Mandiri.</p> <p><b>Note : Comply</b></p>
C.1.2.	Recommendation 13 : Determining the composition of BOD member by considering diversity, skills, knowledge, and experience needed.	<p>Diversity composition of the Board of Directors is expected to provide an alternative solution to a problem that banks face which gets more complex compared to BOD that is homogeneous, so that the decisions made are the best after considering various alternatives decision from diversity of the Board of Directors. Based on the policy of Shareholders, the Board of Directors composition determination has been made to suit the needs and complexity of the Bank Mandiri.</p> <p><b>Note : Comply</b></p>
C.1.3.	Recommendation 14 : BOD member for accounting or finance should have skills and knowledge on accounting.	<p>Director in charge of accounting or finance is Mr. Pahala N. Mansury with a brief history as follows:</p> <p>He holds a Bachelor of Economics in Accounting from University of Indonesia, and an MBA in Finance from the Stern School of Business, New York University, USA. Qualifying as a CFA charterholder from the CFA Institute since 2003.</p> <p>He joined Bank Mandiri and held various positions, including Group Head of Corporate Development, Change Management Office, Accounting and Economic Research (2003-2006), EVP Coordinator Finance &amp; Strategy (2006) and Chief Financial Officer. He is currently active as a board in CFA Indonesia as Vice President.</p> <p>Thus, it can be concluded that Mr. Pahala N. Mansury meet the criteria of expertise and/or knowledge in the field of accounting</p> <p><b>Note : Comply</b></p>

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Main Highlights	Management Report	Company at a Glance	Management Discussion and Analysis on Company's Performance	Review of Business Support Function

No	Aspect; Principle; Recommendation	Comply or Explain
C.2.	Principle 6 : Improving the Quality of Implementing Task and Responsible of BOD.	
C.2.1.	Recommendation 15 : BOD has self-assessment policy to rate BOD performance.	<p>The Board of Directors had a self-assessment policy which listed in the manual board as described in the performance evaluation of the Board of Directors.</p> <p><b>Note : Comply</b></p>
C.2.2.	Recommendation 16 : Self-assessment policy to rate BOD performance stated in the annual report of Public listed company.	<p>Self assessment in order to assess the performance of the Board of Directors has been done. Self assessment of company's management presented in the Annual Report contained in the Corporate Governance section.</p> <p><b>Note : Comply</b></p>
C.2.3.	Recommendation 17 : BOD has policy regarding resignation from the BOD membership when involved in the financial crime.	<p>The Company has a policy related to the resignation of members of the Board of Directors if it is involved in financial crimes as stipulated in Company Budget.</p> <p>Based on the Company Budget article 15, paragraph 2, which can be a member of the Board of Directors are those who meets the requirements upon appointment and during his tenure, one of which is within 5 (five) years prior to appointment and during his tenure: not been declared bankrupt; never a member of the Board of Directors and/or members of the Board of Commissioners who were found guilty for causing a company to go bankrupt; never been sentenced for a criminal offense that is detrimental to the country's financial and/or related to the financial sector.</p> <p>Referring to the Articles of Association Article 15, paragraph 13, where members of the Board of Directors no longer meets regulatory requirements, including financial crimes involved in the tenure of the Board on its own ends.</p> <p>In the case of members of the Board of Directors his resignation if it is involved in financial crimes, then the members of the Board of Directors is obliged to submit a request to the Company and the Company is obliged to carry out the AGM to decide upon such resignation no later than 90 (Ninety) days after receipt of the resignation by the Company.</p> <p><b>Note : Comply</b></p>

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No	Aspect; Principle; Recommendation	Comply or Explain
<b>D.</b>	<b>Aspect 4 : Stakeholders Participation</b>	
D.1.	Principle 7 : Improving Corporate Governance Aspect through Stakeholders Participation.	
D.1.1.	Recommendation 18 : Public listed company has a policy to avoid insider trading.	<p>The policy to avoid insider trading is stipulate under SP SDM</p> <ul style="list-style-type: none"> <li>- Chapter III.D. 2 regarding the Code of Conduct and Business Ethics is the ethical standards that must be followed by all levels of the bank in performing official duties and every day and doing business with customers, partners as well as with colleagues.</li> <li>- Chapter III.D.4 concerning employee Disciplinary Regulations governing the obligations, prohibitions and sanctions to employees.</li> </ul> <p>SP Corporate Secretary</p> <p>Chapter III.A.5 Information Disclosure principle, which governs:</p> <ul style="list-style-type: none"> <li>- Employee who have insider information are prohibited from influencing any party, including the family Insiders to purchase or sell shares</li> <li>- People In addition to the Board of Directors and Board of Commissioners of the offense as set out above and proven transaction and/or provide insider transformation will be subject to disciplinary sanctions as stipulated in the Standard Guidelines for Human Resources (SPSDM)</li> <li>- The Board of Directors and the Board of Commissioners and the parties because of the position, profession/ specific relationship with the Bank and insider trading responsibilities under the applicable provisions</li> </ul>
D.1.2.	Recommendation 19 : Public Listed Company has Corruption and anti-fraud policy.	<p><b>Note : Comply</b></p> <p>Bank Mandiri has Anti-Fraud policy effective 2 May 2012, as a follow up of Bank Indonesia disposition letter No. 13/28/DPNP dated 09 December 2011 regarding Anti-Fraud Strategy Implementation (SAF). SAF regulate about organization and 4 SAF Pillars of Bank Mandiri, namely:</p> <p>Pilar 1 : Anticipation</p> <p>Pilar 2 : Detection</p> <p>Pilar 3 : Investigation, Reporting and Sanction</p> <p>Pilar 4 : Monitoring, Evaluation and Follow up</p> <p>Bank Mandiri submitted SAF Report to OJK regularly every semester and incidental report on cases which may impact Bank operational as the applicable regulation.</p> <p><b>Gratuity Control</b></p> <p>Bank Mandiri has made improvements PTO on Gift Disclosure Statement to be PTO Gratuity Control and formed Gratification Control Unit (Unit Pengendalian Gratifikasi/UPG) to function as controller as per BOD Decree (SK) dated 3 July 2015.</p> <p><b>Note : Comply</b></p>

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D.1.3.	Recommendation 20 : Public Listed Company has a policy on selection and improvement of supplier or vendor.	<p>The Implementation Corporate Governance Practice of Public Listed Company regarding Selection and Improvement of Supplier/Vendor skills has been applied by Bank Mandiri on:</p> <ol style="list-style-type: none"> <li>1. Bank Mandiri Operational Policy (KOBM), Article 420 regarding Procurement</li> <li>2. Standard Operational Guideline (SPO) Procurement, Chapter III.B. Regulations for the Implementation of Procurement of Goods and Services includes: <ol style="list-style-type: none"> <li>a. Procedures of procurement of goods and services</li> <li>b. Procurement process</li> <li>c. Steps of procurement process</li> <li>d. Work execution and handover</li> <li>e. Procedures of additional work (additional/reduce) especially on construction services</li> <li>f. Execution activities on procurement to manage special condition</li> <li>g. Documenting and payment process</li> </ol> </li> <li>3. On PTO Procurement, procedures of partner selection is described in Chapter XIII. The selection procedures of Partner with Pre-qualification/Post-qualification and accredited potential goods and services provider.</li> <li>4. Basic principle for Procurement</li> <li>5. Selection criteria of good and services provider (Partner)</li> <li>6. In the event of selecting Goods and Services Provider, company has determine aspect that should be reviewed periodically as a basic for Vendor selection.</li> <li>7. Company has determine partner criteria which recommended to be invited in the Procurement process.</li> <li>8. Vendor evaluation should be done through 2 (two) model which are project performance evaluation and periodic evaluation</li> </ol> <p><b>Note : Comply</b></p>
D.1.4.	Recommendation 21 : Public Listed Company policy on creditor rights.	<p>Policies on creditor rights stipulate on :</p> <p>SPO Fund Product, Manual Product and SPO Customer Complains Management, which in summary regulate :</p> <ol style="list-style-type: none"> <li>1. Rights to receive enough explanation on product characteristic</li> <li>2. Rights to receive access on rules and regulations product through Bank Mandiri website</li> <li>3. Access to transaction from branches, e-banking services and other facilities provided by the Bank</li> <li>4. Receive interest which number determine by the Bank regulation</li> <li>5. Procedures on handling and solving customer's complain</li> </ol> <p><b>Note : Comply</b></p>

06 Corporate Governance	07 <b>Integrated Corporate Governance</b>	08 Corporate Social Responsibility	09 Cross Reference of ARA 2016 Criteria	10 Consolidated Financial Statements
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D.1.5.	Recommendation 22 : Public Listed Company has a policy on whistleblowing system.	<ol style="list-style-type: none"> <li>1. Whistleblowing system at Bank Mandiri implemented through a letter to CEO (LTC). LTC is a facility to submit fraud complain report or fraud indication from employee as well as vendor to Group CEO by highlighting in the complaint statement to increase effectivity the implementation of internal control system at Bank Mandiri.</li> <li>2. Company has a policy which rules about whistleblowing system.</li> <li>3. LTC has been implemented since 2009 and revitalized in 2013.</li> <li>4. Type of violation which can be reported through LTC are: corruption, fraud, theft, ignorance and violation.</li> <li>5. Complain can be made by reporter using the following channels: <ul style="list-style-type: none"> <li>- Email to <a href="mailto:lettertoceo@bankmandiri.co.id">lettertoceo@bankmandiri.co.id</a></li> <li>- Letter to Po Box 14000 JKTM 12700.</li> <li>- SMS to 0811900777.</li> <li>- Website, by clicking lettertoceo in the browser (intranet).</li> </ul> </li> <li>6. Bank guarantee the confidentiality of reporter and allow not to include his/her name (anonymous) in the report/complaint. Bank also guarantee protection for reporter as stipulate in internal bank regulations.</li> <li>7. Incoming report handled and follow up by Internal Audit according to service level agreement (SLA) which has been stated.</li> </ol> <p style="text-align: right;"><b>Note : Comply</b></p>
D.1.6.	Recommendation 23 : Public listed company has policy on giving long term incentive to BOD and Employees.	<p>At the Shareholders Annual General Meeting dated 21 March 2016, the shareholders have determined long-term incentives to directors and employees of the Company. The Company has implemented a long-term incentive as stipulated in the Shareholders Annual General Meeting and applicable Laws.</p> <p>The Company is currently working on a long-term incentive policy to the Directors and employees in reference to OJK Regulation No. 45/POJK.03/2015 regarding Governance In Granting Remuneration for Commercial Banks and Regulation of Minister of State-own Enterprise No. PER-04/MBU/2014 on Guidelines Income for BOD, BOC and Board of Trustees for State Owned Enterprises.</p> <p style="text-align: right;"><b>Note : Comply</b></p>
<b>E.</b>	<b>Aspect 5 : Transparent Information</b>	
E.1.	Principle 8 : Improving the Implementation of Transparent Information.	
E.1.1.	Recommendation 24 : Public listed company utilize the use of information technology broadly other than website as media of transparency information	<p>Bank Mandiri website provide all information related to transparency information. Beside the website, Company utilize technology and other social media application such as SMS Banking, Phone Banking, Instagram, Facebook and Twitter.</p> <p style="text-align: right;"><b>Note : Comply</b></p>
E.1.2.	Recommendation 25 : the Company Annual Report disclose benefit to share owner of Public Listed Company at least 5% (five percent), in addition to the beneficial for main shareholder and controller.	<p>The company stated information on shareholder which own more than 5% shares or more of the Company in the Annual Report.</p> <p style="text-align: right;"><b>Note : Comply</b></p>