

In the process of preparing the Annual Work Plan and Corporate Budget (RKAP) each year referring to RJPP, it must be submitted to the Board of Commissioners for approval.

Performance Assessment of Board of Directors

Performance Assessment of the Board of Directors was conducted in several procedures, among others:

Performance Assessment of the Board of Directors by the GMS

The process of assessing the performance of the Board of Directors by the Shareholders was conducted through the General Meeting of Shareholders (GMS) by referring to Key Performance Indicators (KPI) previously agreed by the Shareholders, Board of Commissioners and Board of Directors.

Procedure of Performance Assessment of the Board of Directors

Performance of the Board of Directors is reported to the Shareholders in the GMS.

Performance Evaluation Criteria of the Board of Directors

Performance evaluation criteria of the Board of Directors based on Key Performance Indicator (KPI), namely:

1. Financial and market perspectives
2. Focus on Customers
3. Effectiveness of products and processes
4. Focus on Manpower
5. Leadership, governance and CSR

Party Performing Assessment

Parties performing performance assessment of the Board of Directors were the Board of Commissioners and GMS. In assessing the performance of the Board of Directors, the Board of Commissioners referred to the KPI indicators. Subsequently, the Board of Commissioners and Board of Directors would be responsible for the achievement of their performance in the period of 2017, including the implementation of the duties and responsibilities of the Board of Commissioners and Board of Directors in the GMS to be held in 2018.

Performance Assessment Result of the Board of Directors

The performance assessment result of the Board of Directors based on KPI can be seen in the table below.

| STRATEGIC TARGET | | Weight | Size | Score |
|--------------------------------------|---|--------|--|-------|
| Financial And Market Perspectives | | 24% | | |
| 1. | Increasing Profitability | 5,0% | EAT (Earning After Tax) is higher than last year (Rp billion) | 6,50 |
| | | 5,0% | ROE Ratio (Av. Equity) is better than Bank Industry | 6,50 |
| 2. | Increasing Company Value | 5,0% | Market Cap Growth is higher than Bank Industry (%) | 4,33 |
| 3. | Maintaining Asset Quality | 4,0% | NPL Ratio is better than Bank Industry (%)* | 3,34 |
| 4. | Increasing Efficiency | 5,0% | Cost to Income Ratio is better than last year (%) | 4,65 |
| | | | | 25,32 |
| Focus on Customer | | 22,0% | | |
| 5. | Increasing the Satisfaction of External Customers and Regulators. | 11,0% | The minimum rating of the Bank is in the top 10 industries. | 11,00 |
| | | 11,0% | Minimum 80% PAB approved by OJK has "DONE" status. | 11,14 |
| | | | | 22,14 |
| Effectiveness of Product And Process | | 20,0% | | |
| 6. | Increasing the HIMBARA (Association of State-Owned Banks) synergy | 5,0% | ATM and EDC Merah Putih are implemented according to the project target (unit). | |
| | | | a. ATM Implementation of 9,900 units | 2,50 |
| | | | b. EDC Implementation of 50,000 units | 2,56 |
| 7. | Increasing inclusion and financial literacy | 5,0% | The number of branchless banking agents is achieved according to the bank target (unit). | 5,32 |
| 8. | Increasing the disbursement of non-oil export credit | 5,0% | The disbursed non-oil export credit is achieved according to bank target (% total credit). | 6,50 |
| 9. | Increasing the profitability of subsidiaries. | 5,0% | Profit of Subsidiaries (PA) (Rp billion) | 4,82 |
| | | | | 21,70 |
| Focus On Manpower | | 17,0% | | |

| STRATEGIC TARGET | | Weight | Size | Score | |
|--------------------------------|---|--------|---|--------------------------------|------|
| 10. | Increasing Human Capital capability and competence. | 9,0% | Employee productivity is better than last year (Rp million/Worker). | 11,70 | |
| | | 8,0% | Human Capital Score lebih baik dibandingkan tahun lalu. | | |
| | | | a. | Attrition Rate max 2%. | 2,74 |
| | | | b. | Talent Development Program. | 2,71 |
| | | | c. | Employee Development Coverage. | 3,47 |
| | | | | 20,62 | |
| LEADERSHIP, GOVERNANCE AND CSR | | 17,0% | | | |
| 11. | Increasing excellent performance and competitiveness | 6,0% | KPKU Score is better than last year. | 6,19 | |
| 12. | Increasing the bank's contribution to the welfare improvement of society. | 5,0% | PKBL Realization of minimum 80% of RKAP budget (%) | 6,50 | |
| 13. | Increasing the implementation of Good Corporate Governance (GCG) | 6,0% | CGPL Score is better than last year. | 6,00 | |
| | | | | 18,69 | |
| Total | | 100,0% | | 108,47 | |

Performance Self Assessment of the Board of Commissioners

In reference to the Financial Service Authority (POJK) No.55/POJK.03/2016 on the Implementation of Integrated Corporate Governance, the performance assessment of the Board of Directors was held by using the Self Assessment.

Procedure of Performance Assessment of the Board of Directors

Performance assessment of the BOC including the GCG self assessment of the Company was conducted every semester.

Performance Evaluation Criteria of the Board of Directors

Self-Assessment Criteria of the Board of Directors related to GCG implementation were divided into 3 (three) groups, namely Governance Structure, Governance Process and Governance Outcome. Governance structure consisted of 16 indicators, Governance Process consisted of 14 indicators while governance outcome consisted of 10 indicators.

Party Performing Assessment

Implementation of an individualized governance assessment that includes execution of duties and responsibilities of the Board of Directors through self assessment by the Board of Directors

Performance Assessment Result of the Board of Directors

The results of GCG self-assessment of Bank Mandiri in the first semester The year 2017 is Composite 1 ("Very Good"), nevertheless on dated October 2, 2017, OJK provides feedback on the assessment referred to as Composite 2 ("Good").

In addition, the results of self assessment in the second half of 2017 is Composite 1 ("Very Good"). The results of this assessment are supported by assessment of Board of Directors' performance on the implementation of governance principles.

Performance Assessment of the Board of Directors by Using Asean CG Scorecard

Bank Mandiri has aligned governance practices in line with ASEAN Corporate Governance (CG Scorecard) standards.

Procedure of Conducting Performance Assessment of the Board of Directors

Procedures for conducting a performance assessment based on the Board of Directors ASEAN CG Scorecard criteria are based on information and public documents relating to GCG practices conducted by the Board of Directors.

Performance Evaluation Criteria of The Board of Directors

The following are the criteria to conduct evaluation on the performance of the Board of Directors by using the ASEAN CG Scorecard:

Party Performing Assessment

Parties conducting the ASEAN CG Scorecard assessment at the Bank Mandiri is the Indonesian Institute for Corporate Directorship (IICD), an Independent Institute of Advocates, Training and Service Providers research in corporate governance.

Performance Assessment Result of The Board of Directors

The score of ASEAN CG Scorecard from Bank Mandiri on the performance assessment of the Board of Commissioners or the fifth main component for 2016 was 36.75 or with good predicate. It indicated that the Board of Commissioners and Board of Directors of Bank Mandiri had given efforts and been consistent to fulfill GCG principles in every activity of the Board of Commissioners and Board of Directors.

Performance Assessment Result of the Board of Directors

ASEAN CG Scorecard score from Bank Mandiri on performance appraisal The Board of Directors continues to increase every year.

Performance Assessment Criteria of the Board of Directors

Assessment criteria of KPKU are adopted and adapted from Malcolm Baldrige Criteria for Performance Excellence that have been firstly applied by BUMN since 2012 by means of the Letter of the Ministry of SOEs No. S-153/S.MBU/2012, dated 19 July 2012. Assessment criteria of KPKU consist of several questions representing fundamental aspects of organization/corporate management within the context of achieving excellent performance.

Performance Assessment of The Committees Under The Board of Directors

In performing its stewardship duties, the Board of Directors was also assisted by a Committee under the Board of Directors or also called the Executive Committee of 9 (nine) Committees, namely:

1. Assets And Liabilities Committee (ALCO)
2. Business Committee (BC)
3. Risk Management Committee (RMC)
4. Human Capital Policy Committee (HCPC)
5. Information Technology Committee (ITC)
6. Capital And Subsidiaries Committee (CSC)
7. Credit Committee/Credit Committee Meeting (RKK)
8. Integrated Risk Committee (IRC)
9. Policy And Procedure Committee (PPC)

The Board of Directors assessed that during 2017, committees under the Board of Directors had performed their duties and responsibilities well.

Assets And Liabilities Committee (ALCO) was the committee assigned to assist the Board of Directors in performing the function of determining the strategy of asset and liabilities, interest rate and liquidity, and other matters related to the management of the Company's assets and liabilities. During 2017, ALCO had conducted 8 (eight) meetings and had performed its duties well.

Business Committee was the committee assigned to assist the Board of Directors in determining the Company's integrated business management strategy, product arrangement and/or activity of the Company as well as determining the marketing communication strategy and effectiveness in the field of wholesale banking and retail banking. During 2017, BC had conducted 18 (eight) meetings and had performed its duties well.

Risk Management Committee (RMC) was the committee assigned to assist the Board of Directors in monitoring and managing the Company's risk profile, evaluating the Company's performance in stressful conditions, and improving the implementation of risk management due to internal and external changes. During 2017, RMC had conducted 9 (eight) meetings and had performed its duties well.

Human Capital Policy Committee (HCPC) was the committee assigned to assist the Board of Directors in determining the human capital management strategy of the Company. During 2017, HCPC had conducted 2 (eight) meetings and had performed its duties well.

Information Technology Committee (ITC) was the committee assigned to assist the Board of Directors in the decision-making process related to the Company's operational management policy in the field of Information Technology (IT). During 2017, ITC had conducted 6 (eight) meetings and had performed its duties well.

Capital and Subsidiaries Committee (CSC) was the committee assigned to assist the Board of Directors in determining subsidiaries' management strategies, recommendations for equity participation and divestments as well as remuneration and management establishment of subsidiaries. During 2017, CSC had conducted 11 (eight) meetings and had performed its duties well.

Credit Committee/Credit Committee Meeting (RKK) was the committee assigned to assist the Board of Directors in deciding whether to grant credit (new, additional, decreasing and/or renewals) managed by the Business Unit within the limits of authority, including the establishment/alteration of credit structure. During 2017, Credit Committee had conducted 484 meetings for the Corporate segment and 426 meetings for the Commercial segment Commercial as well as had performed its duties well.

Integrated Risk Committee (IRC) was the committee assigned to assist the Board of Directors in the preparation of, among others, Integrated Risk Management policy and improvement or refinement of Integrated Risk Management policy based on the results of implementation evaluation. During 2017, IRC had conducted 5 (eight) meetings and had performed its duties well.