

Loan Policy for Board of Commissioners and Board of Directors

Bank Mandiri has a credit granting policy for the Board of Commissioners and Directors who take into account to the principle of fairness through a generally valid credit granting process such as the loan process to regular customers.

Funding to related parties and to debtors with large amounts of funds is always carried out with due regard to the precautionary principle, as well as fulfilling the provisions of the OJK as well as other applicable laws and regulations, including the aspects of the Legal Lending Limit (BMPK).

Remarks	Loans	Excess of BMPK	Violation of BMPK
Board of Commissioners	Nil	Nil	Nil
Board of Directors	Nil	Nil	Nil

During 2018 there was no violation and/or exceeding the BMPK for the provision of funds to the Related Party of Bank Mandiri. BMPK is calculated in accordance with Bank Indonesia Regulation - PBI No. 7/3/PBI/2005 dated January 20, 2005 concerning the Legal Lending Limit for Commercial Banks as amended by PBI No. 8/13/PBI/2006 dated October 5, 2006.

Changes to Legal Regulations and The Impact to Bank Mandiri

Changes to laws and regulations that affect the Bank and the impact and response of the Bank to these changes during 2018 are as follows.

Table of New Regulations and the Impacts on the Performance of Bank Mandiri and Subsidiaries

No	Regulations of Law	Core Provision of the New Regulation or Regulation Amendment Significantly Different from the Previous Regulation	Background to the Issuance of Regulations or Regulation Amendments	Effect on Bank Mandiri
1	Financial Services Authority Regulation No. 12/POJK.03/2018 on Digital Banking Service Delivery by Conventional Banks	Banks are obliged to: <ol style="list-style-type: none"> 1. Have a strategic plan; 2. Establish policies, procedures, and standards; 3. Employ HR with expertise in technology, information, and finance; 4. Submit an application for registration to the Financial Services Authority (OJK) for any change in its business model, business progress, institution, and operations of innovations in digital finance. 	Among the innovations in public service is the adoption of the strategy by providing customer-centric service through the development of digital service. In connection with such needs, OJK issues this Financial Services Authority Regulation (POJK) as guidelines for banks in providing Digital Banking Service by upholding risk management.	Bank Mandiri has implemented and complied with the regulation, among others by: <ol style="list-style-type: none"> a. Establishing policies and procedures for selecting its partners in Digital Banking Service provision; and b. Obtaining approval from OJK for any transactional Electronic Banking service product it releases.
2	Financial Services Authority Regulation No. 13/POJK.02/2018 on Digital Finance Innovations in the Financial Service Sector	Banks are obliged to: <ol style="list-style-type: none"> 1. Submit an electronic application for registration to OJK via OJK's registration system; and 2. Implement the principles of independent supervision of governance, customer protection, education, and data confidentiality; anti-money laundering and counter-terrorism financing (APU PPT); and information transparency. 	To minimize the negative effect of innovations resulting from attempts to promote innovations in digital finance, OJK applies the principles of customer protection and prudence related to innovations and competition to govern and monitor them.	Bank Mandiri has implemented and complied with the regulation, and established policies and procedures for selecting its partners in Digital Banking Service provision.