

## 2. OPERA Learning

is a learning or training program concerning with the management of operational risks for the sake of risk awareness employees in the form of e-Course which can be downloaded via i-Learn, and it deploys a post test to measure the extent of understanding. To date, there have been available 2 (two) OPERA modules which must be followed by all employees, namely the introduction to operational risk management module (5W1H) and Information Security (Infosec), as well as 1 (one) e-module containing competency test especially for Branch Managers.

## 3. OPERA Forum

OPERA Forum is held as a forum of discussion with regard to the management of operational risks. OPERA forum falls into 2 (two) categories, namely the MRO Forum and the OPERA Workshop.

- a. The MRO Forum is a periodic forum which is specifically held by the Operational Risk Management Unit along with each Group, and it is attended by the Head of the Work Unit alongside the staffs. This quarterly forum aims at addressing the issues corresponding to the Profile of Operational Risks in the Work Unit of Risk Owner with the verification agenda of control testing results, the discussion of key signification issues, and the action plans which need to be immediately resolved.
- b. The OPERA Workshop is a workshop oriented towards operational risk awareness that is held by the operational risk management unit.
  - At the beginning of the year, the workshop is held together with the management teams and 250 representatives of senior level from the overall Groups and Regions of Jakarta.
  - At the end of the year, the Operational Risk Forum is held together with the operational risk practitioners from 21 National Public Banks in Indonesia,

As the foregoing, both of the workshops incorporate external speakers and the speakers from banking industry, either domestic or foreign. Besides, the 12th OPERA Road show of Region Office is held throughout the year with 840 people as the total number of the participants.

In light of the presence of the aforementioned awareness-related program, the employees can more easily understand as well as remember the importance of operational risk management. Hence, the management of operational risks can run more effectively and efficiently.

### Bank Mandiri Launches the OPERA Program



On January 15, 2018 the OPERA Program was launched. with the DARE tagline: Detection, Secure and Response.

## Risk Assessment

The results of Bank Mandiri's Risk Profil self-assessment as of December 31, 2018 are ranked 1 (low) with Risk Rating Inherent low to moderate and strong Risk Management Implementation (KPMR) Rating.

Self assessment of the risk profile of Bank Mandiri (individually) for the December 31, 2018 position is as follows:



Types of Risks	The Level of Inherent Risk	The Level of Risk Management Implementation Quality	The Rank of Risk Level
Credit Risk	Moderate	Satisfactory	Low to moderate
Market Risk	Low	Strong	Low
Liquidity Risk	Low	Strong	Low
Operational Risk	Moderate	Satisfactory	Low to moderate
Legal Risk	Low	Strong	Low
Strategic Risk	Low	Strong	Low
Compliance Risk	Low to moderate	Strong	Low
Reputation Risk	Low	Satisfactory	Low
<b>Composite Rating</b>	<b>Low to moderate</b>	<b>Strong</b>	<b>Low</b>

## The Evaluation of Risk Management Systems

Bank Mandiri constantly evaluates the effectiveness of the risk management systems. The evaluation entails adjusting the strategy and the framework of risks as the constituent of risk management policies, considering the adequacy of risk management information systems and the adequacy of risk identification, measurement, monitoring and control processes.

One form of evaluation on risk management policy is an annual evaluation of Management Policy Risk and Standard Procedure. The Board of Commissioners has an active role in the implementation of management system evaluations risk by reviewing the results of evaluations conducted by the Board of Directors as the organ responsible for effectiveness of implementing a risk management system. The results of the annual evaluation indicate that risk management is at Bank Mandiri during 2018 **was adequate**.

## Internal Control System

The Internal Control System (ICS) refers to a monitoring mechanism which is established by the company's management on an on-going basis. An effective ICS is an important component in the company management and becomes the foundation of the company operational activities which are proper and secured. An effective ICS can help the Board of Commissioners and Directors in safeguarding the assets of the company, ensuring the availability of credible financial and managerial reporting, increasing the company's compliance with laws and regulations, and decreasing the risk of loss, deviation, and violations of prudential aspects. The application of ICS in the company refers to the Internal Control Policy (ICP).

As a process executed by all levels of the company's organization, ICS is applied in the strategy setting in all work units, and it is designed to capably identify the plausible occurrence of an event that can impact the company, to manage risk in order to still remain within the risk appetite, and to provide adequate confidence in order to achieve the company goals.

## The Objectives of Controls

The objectives of implementing an effective ICS are classified into 4 (four) main objectives as follows:

### 1. The Compliance Objective

It is to ensure that all of the company's business activities have been undertaken resting upon the applicable laws and regulations, both the provisions issued by the Government, the Banking Supervision Authority, the Capital Market Authority and the company's internal policies, provisions, as well as procedures.

### 2. The Information Objective

It is to provide accurate, complete, on-time, and relevant information required in an effort to make appropriate and accountable decisions, including financial and non-financial reports needed by both internal and external parties of the company.

### 3. The Operational Objective

It is to enhance the effectiveness and efficiency in using assets and other resources as well as to protect the Bank from the risk of losses including those on account of fraud event.