

## 1. Credit Committee

The Credit Committee shall recommend and or terminate the credit (new, addition, decline, and/or renewal) managed by the Business Unit in accordance with the authority limit, including the determination/ amendment of the credit structure. Credit structures include but are not limited to credit limit, financing purpose/object, credit type, credit nature, credit term, grace period, financing portion, credit/Covenant terms and collateral.

## 2. Credit Committee – restructuring

Credit Committee – Restructuring is authorized to recommend and or discontinue as authorized by:

- Restructuring and completion of credit for Collectability 3, 4, 5 and collectability 1 and 2 post-restructuring which still managed Credit Recovery Unit.
  - Restructuring of collectability Credits 1 and 2 category watch lists.
  - Rescue/settlement of credit extraction tables, including severing the acquired assets (AYDA).
  - Write-off the book and remove the credit bill.
3. Credit Committee/Credit Committee-restructuring is responsible for the credit that is recommended and/or terminated according to the limit of authority including the determination/change of credit structure as mentioned above by doing the following things:

- Ensuring every given credit has fulfilled the general norms of banking and has been in accordance with the principles of healthy crediting.
- Ensuring that the implementation of credit disbursement is in accordance with the basic provisions / guidelines for granting credit at the Bank.
- Ensuring that credit grant is based on honest, objective, thorough and careful assessment and regardless of the influence of interested parties with credit applicants.
- Believing the credit to be granted can be paid in time, and will not develop into a non-performing loan.

### CREDIT COMMITTEE TASKS IMPLEMENTATION

Throughout the year 2019, the Credit Committee has conducted a meeting of 91 (ninety one) times for the Corporate segment and 126 (one hundred and twenty six) times for the Commercial segment.

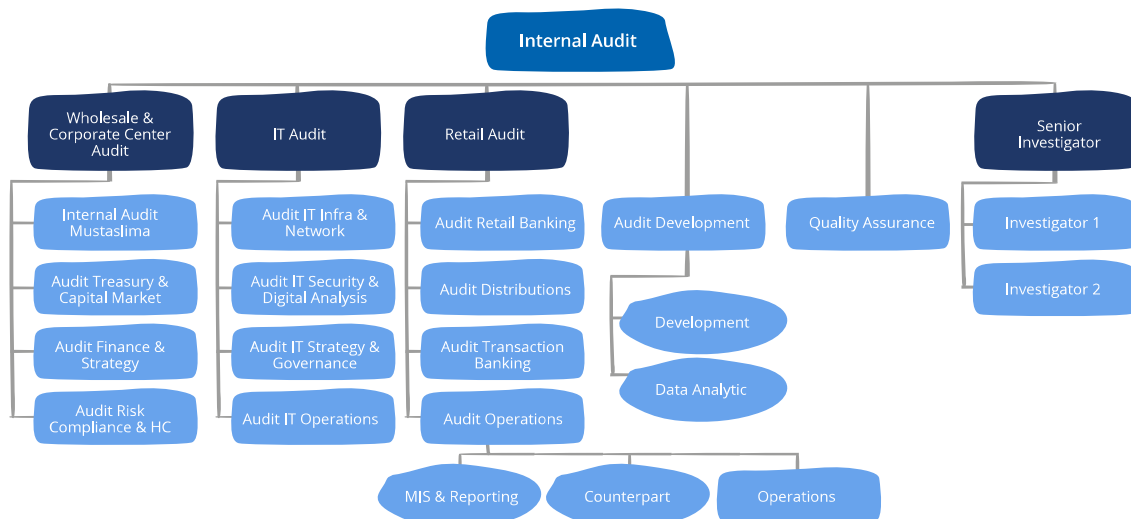
### CREDIT COMMITTEE YEAR 2020 WORK PLAN

In 2020, Credit Committee has established a work plan that will be discussed through the meeting. The RKK work plan in 2020 includes recommending and/or disconnecting credit (new, addition, decline, and/or renewal) which is managed by the Business Unit according to the authority limit, including the determination/change of credit structure

## INTERNAL AUDIT

Holding a role as the Third line of defence, Bank Mandiri's Internal Audit ensures that Internal control in each line of defence is getting stronger and more mature. Therefore, Internal Audit continues to innovate in the use of audit methodologies and tools so that audits are more effective and efficient.

### ORGANIZATIONAL STRUCTURE AND CHAIRMAN OF INTERNAL AUDIT





## POSITION OF THE INTERNAL AUDIT IN THE ORGANIZATIONAL STRUCTURE

At Bank Mandiri, Internal Audit is directly responsible to the President Director and can communicate with the Board of Commissioners through the Audit Committee. Since November 1, 2017, Internal Audit possesses 4 (four) Working Units whose work is adjusted to Bank Mandiri's business strategy, i.e. Wholesale & Corporate Centre Audit Group, Retail Audit Group, IT Audit Group and Senior Investigator. In addition, Internal Audit also has 2 (two) Departments that are directly responsible to the Senior Executive Vice President / Chief Audit Executive, i.e. the Audit Development Department and Quality Assurance Department.

## PROFILE OF HEAD OF INTERNAL AUDIT



**Mustaslimah**  
Senior Executive Vice President/  
SEVP Internal Audit

<b>Age</b>	54 years old
<b>Nationality</b>	Indonesian Citizen
<b>Domicile</b>	Depok
<b>Education</b>	Bachelor in Agricultural Industrial Engineering from Bogor Agricultural Institute (1988).
<b>Employment history</b>	<ul style="list-style-type: none"> <li>- Group Head Compliance (2006-2010)</li> <li>- Group Head Procurement and Fixed Asset (2010-2014)</li> <li>- Group Head Human Capital and Services (2014-2015)</li> <li>- Senior Executive Vice President/SEVP Internal Audit (2015 – saat ini)</li> </ul>
<b>Basis of Appointment:</b>	Since 2015 he has served as Senior Executive Vice President / SEVP Internal Audit based on Directors Decree No. KEP.DIR / 095/2015 dated March 26, 2015
<b>Certification</b>	Level 5 Risk Management Certification

## APPOINTING AND DISMISING PARTIES OF THE HEAD OF INTERNAL AUDIT

The Chief Audit Executive is appointed and dismissed and is responsible directly to the President Director with the approval of the Board of Commissioners or the Audit Committee and subsequently reported to the Financial Services Authority. The appointment of the Company's Chief Audit Executive has been reported to the Financial Services Authority through a letter dated April 14, 2015.

## INTERNAL AUDIT CHARTER

Internal Audit has an Internal Audit Charter ratified by the President Director and chairman of Bank Mandiri, which was last updated on 9 October 2019. Internal Audit Charter provides guidance regarding the purpose, position, authority, responsibilities and scope of internal Audit work. The position, authority and responsibilities expressed formally in the Internal Audit Charter are in accordance with the FSA regulation of the Republic of Indonesia No. 1/POJK. 03/2019 on implementing the internal Audit function of the commercial Bank.

## INTERNAL AUDIT TASKS AND RESPONSIBILITIES

In carrying out its functions, the tasks and responsibilities of Internal Audit are as follows:

1. Planning and implementing internal audit activities with emphasis on areas/activities that are of high risk and evaluate existing procedures/control system to gain confidence that the Bank's objectives and objectives can be achieved optimally and continuously.
2. Conducting investigations, reporting, and conveying recommendations/conclusions on fraud to management.
3. Acting as a system builder for investigative activities, including for investigations carried out by work units outside of Internal Audit.
4. Developing and running programs to evaluate and improve the quality of Internal Audit.
5. Providing recommendations on audit results and monitor follow-up activity results of internal audit and investigative activities.
6. Assisting the tasks of the President Director and Board of Commissioners in conducting oversight by describing the operational operations of both

planning, implementation, and monitoring the audit results.

7. Coordinate its activities with external audit activities and other units/functions of assurance provider, in order to be achieved comprehensive and optimum audit results. Coordination can be carried out through periodic meetings to discuss things that are important to both sides.
8. Communicating directly with the board of directors, the BOC, the Audit Committee and the Integrated Governance Committee.
9. Making analysis and assessment in the field of finance, accounting, operations, and other activities through auditing.
10. Identifying everything possible to improve and improve the efficiency of resource and fund use.
11. Providing suggestions on improvements and objective information about the activities examined at all levels of management.

### INTERNAL AUDIT AUTHORITY

The authority is owned by the Internal Audit, among others, as follows:

1. Conducting internal audit activities of all working units in the organization of the Bank, subsidiaries and in accordance with the prevailing governance.
2. To communicate directly with the board of Directors, Board of Commissioners, and the Audit Committee and Integrated Governance Committee.
3. Conducting communication and coordination with external parties including regulators and external auditors.
4. Convene meetings periodically and incidental to the President Director, BOC, and Audit committee.
5. Access all information, records, employees, and including but not limited to accounts and resources and other matters deemed necessary in connection with their tasks and functions.
6. Conducting investigative activity on the cases/problems in every aspect and element of activities that are indicative of fraud and violation of the code of Conduct in the organization of the Bank, subsidiaries and in accordance with the prevailing governance affiliation.
7. Joining strategic meeting without voting rights.

### INTERNAL AUDIT PERSONNEL COMPOSITION

In carrying out its tasks, the company's Internal Audit is supported by competent and qualified resources. The number of Internal Audit personnel composition is as follows.

**Table of Composition of Internal Audit Personnel for 2019**

Position	Headcount
SEVP/ Chief Audit Executive	1
Chief Auditor	3
Senior Investigator Head	1
Audit Manager	11
Investigator Head	2
Department Head	3
Specialist	1
Specialist Investigator	4
Lead Auditor	14
Lead Investigator	2
Team Leader	1
Section Head	1
Investigator	3
Senior Auditor	19
Auditor	37
Junior Investigator	3
Officer	5
Supporting	8

### INTERNAL AUDIT PROFESSIONAL CERTIFICATION

Internal Audit always strives to provide an ongoing education for all personnel to meet adequate qualifications and competencies. Education provided in the form of professional education that is certified both national and international, the program of attachment and training in the country and abroad. The professional certification that has been owned by the Internal Audit personnel until the year 2019 can be seen in the table below.

**Table of National Professional Certification in 2019**

Certification	Headcount
Qualified Internal Auditor – Basic	15
Qualified Internal Auditor – Advanced	16
Qualified Internal Auditor – Managerial	17
Banking Profession Certification Institute – Auditor	9



Certification	Headcount
Banking Profession Certification Institute – Supervi-sor	22
Banking Profession Certification Institute – Manager	1
General Banking Assessor	9
Certified Public Accountant (CPA Ind)	1
Level I Risk Management Certificate	102
Level II Risk Management Certificate	53
Level III Risk Management Certificate	18
Level IV Risk Management Certificate	4
Chartered Accountant	8

**Table of International Professional Certification in 2019**

Certification	Headcount
Certified Fraud Examiner	10
Certified Bank Auditor	1
Certified Information System Auditor	11
Certified Financial Services Auditor	1
Certified Internal Auditor	3

## PARTICIPATION IN THE INTERNAL AUDIT PROFESSION ASSOCIATION

In order to broaden the professional insight and competence of internal auditors, Internal Audit has participated in the profession Association of Internal Audit, among others:

Name of activity/organization	Position	Time
Association of Internal Bank Auditors (IAB)	SEVP Internal Audit as Chairman of the Board of Trustees	2017-2020
	One of the Department Head (DH) of Internal Audit as the management of Education and Training	2017-2020
Communication Forum for internal supervision unit	SEVP Internal Audit as Chairman	2019 - sekarang

In 2019, some institutions benchmark to Internal Audit Bank Mandiri. The list of institutions that perform Benchmarking is as follows.

No	Benchmarking Date	Institution	Focus on discussion
1	2 May 2019	PT Pegadaian (Persero)	Audit Information System (AIS)
2	12 August 2019	Direktorat Jenderal Pajak	Information system based Internal control system
3	3 October 2019	Perum Peruri	Risk Based Audit and Investigation Audit
4	15 November 2019	PT Dahana (Persero) PT INTI (Persero)	Internal control and risk management systems

## CODE OF ETHICS FOR AUDITOR

In carrying out the duties and responsibilities the Internal Auditors of Bank Mandiri are required to be professional and obey the established code of ethics. The Bank Mandiri Internal Auditor's code of ethics is as follows:

### 1. Integrity

Internal Auditors possess integrity by building trust which is the basis for making reliable judgments.

### 2. Objectivity

The Internal Auditor shows high objectivity in accordance with professional standards in collecting, evaluating and communicating information about the activities or processes being examined. In addition, the Internal Auditor conducts balanced judgments by paying attention to all relevant conditions and not influenced by personal or other people's interests.

### 3. Confidentiality

The Internal Auditor respects the value and ownership of the received information and does not disclose the information without authorized authorization unless there is a legal or professional obligation to disclose the information.

### 4. Competency

The Internal Auditor uses knowledge, skill and experience required to carry out the audit duties.

Internal audit activities must be carried out with professional skills and expertise that is having the knowledge, skills and other competencies needed to perform their responsibilities.

## DEVELOPMENT OF INTERNAL AUDIT COMPETENCY

Development of Internal Audit competency can be seen in the Profile Chapter of This Annual Report.

## INFORMATION SYSTEM OF INTERNAL AUDIT

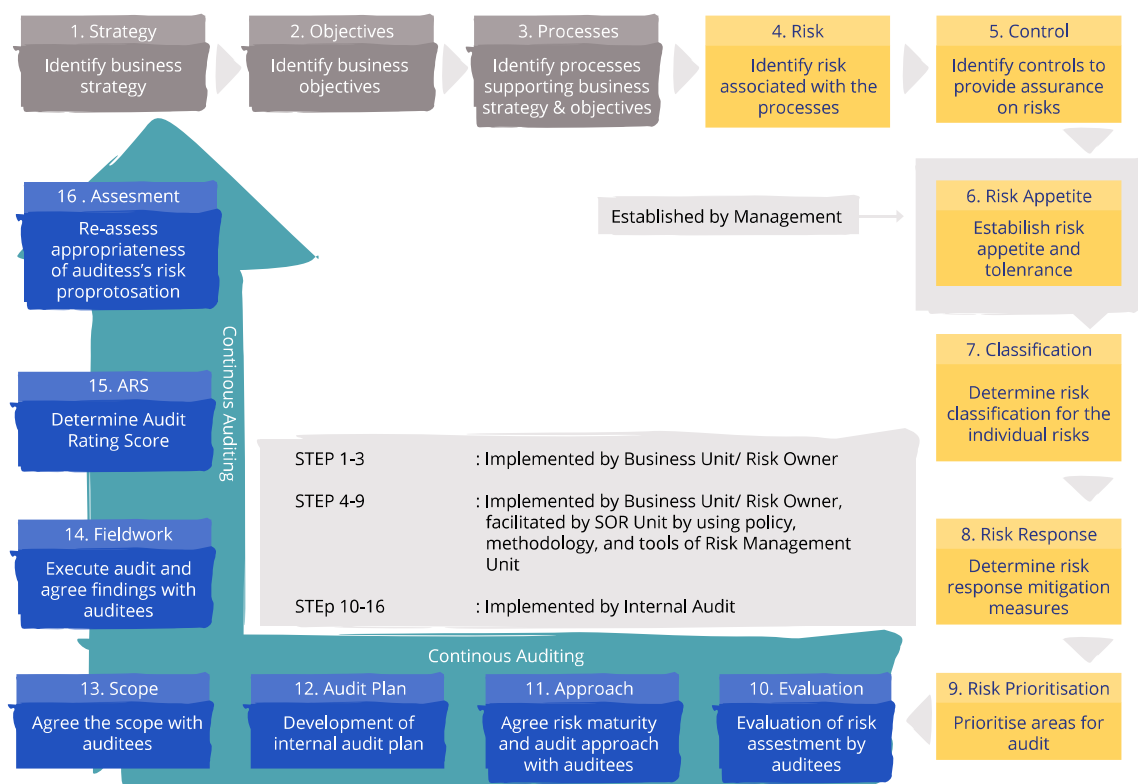
To improve the audit effectiveness and to provide the whole picture to the Management related to the implementation of the audit, the audit activities which consist of the planning, implementation, reporting and monitoring phases are carried out using an application called as Audit Management Information System. The Audit Management Information System application has been utilized since April 26, 2013 and continues to improve its performance, and in 2018 SIMA has been updated to 4.5 version.

## AUDIT METHOD

Internal Audit applies a risk-based audit methodology in performing internal audit activities by focusing on high-risk areas. The application of this methodology is in accordance with the needs of the Company, Regulator provisions and best practices.

The application of a risk based audit methodology requires good cooperation between Internal Audit and the Operational Risk Management Work Unit and the Client.

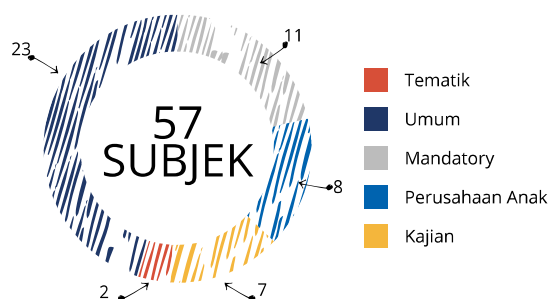
The following is the grand design of the application of the risk based audit at Bank Mandiri:





## INTERNAL AUDIT WORK PROGRAM

In 2019 the Internal Audit has compiled an audit plan of 51 (fifty one) subject to assignments consisting of thematic Audit, General Audit, Audit Mandatory, Audit of subsidiaries and studies. These assignments are carried out by three working units in Internal Audit, namely the Wholesale working Unit & Corporate Center Audit Group, Retail Audit Group, and IT Audit Group. The details of the assignment subject can be seen in the following chart.



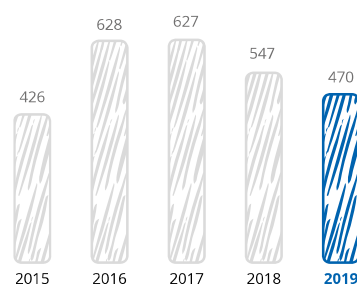
## AUDIT ACTIVITIES FOR THE YEAR 2019

The development of the internal audit methodology is quite dynamic encouraging the company's Internal Audit work units to be more responsive/responsive and proactive. With this change, the audit plan that is initially static becomes more dynamic, adapting to the condition and needs of the company. As for the year 2019 have been conducted audit activities based Audit plans that have been pre-compiled for the subsequent results of the audit will be followed and made one of the materials to make ongoing repairs in Bank Mandiri. The number of findings and follow-up audit results during the year 2019 can be seen on the following chart:

## FINDINGS AND FOLLOW UP ON INTERNAL AUDIT RESULTS

Tahun	Outstanding	Closed	Total
2015	0	426	426
2016	0	628	628
2017	0	627	627
2018	0	547	547
2019	0	470	470

## Internal Findings and Follow Up



## STANDARD IMPLEMENTATION OF BANK INTERNAL AUDIT FUNCTION

At 2019 Financial Services Authority (FSA) published POJK No. 1/POJK. 03/2019 on implementing the internal Audit function of the commercial Bank, effective 29 January 2019 replaces the standard implementation of the internal Bank Audit function (SPFAIB) that has been used. Following the publication of the POJK, Internal Audit has reported readiness status of the implementation of the regulation to President Director, Commissioner and Audit Committee periodically. The finalization of the Internal Audit readiness is characterized by the adoption of the Regulation on Internal provisions namely Internal Audit Charter, Internal Control Bank Mandiri Policy (KICN) and the Internal Audit Guidelines Standard (SPIA). Changes to these internal provisions have been approved by the President Director and Board of Commissioners in October 2019.

## FSA REGULATION NO. 38/POJK. 03/2016 AND CIRCULAR LETTER FSA NO. 21/SEOJK. 03/2017

In conducting Audit, in particular IT Audit, the Bank is also subject to the provisions set out in the FSA regulation No. 38/POJK. 03/2016 concerning the application of risk management in the use of information technology by public Bank and circular letter FSA No. 21/SEOJK. 03/2017 about the implementation of risk management in the use of information technology by the public Bank which aims to improve the process of working IT Audit Bank Mandiri.

## THE INTERNATIONAL STANDARDS FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDITING

In addition to regulatory provisions, the implementation of Internal Audit of Bank Mandiri adjusts to The International Standards for the Professional Practice of Internal Auditing (ISPPA) stipulated by The Institute of Internal Auditors (IIA).