

REVIEW OF COMPANY ANNUAL STRATEGY

The Board of Directors sought to encourage the Company's performance for the following year by reviewing the Company's annual strategy conducted at the end of the current year. In 2018, the review of the Company's annual strategy was conducted through the Board of Directors' meeting.

EVALUATION OF COMPANY STRATEGY

Evaluation of the Company's strategy in line with the Company's Vision and Mission as well as current business environment was constantly conducted periodically and involved all Directors and executive officials at Bank Mandiri in the annual Corporate Work Plan and Budget (RKAP) discussion forum and the Company's Long-Term Plan (RJPP) to find out the achievement level and business direction.

PERFORMANCE ASSESSMENT OF THE BOARD OF DIRECTORS

The process of evaluating the performance of the Directors can be seen from the achievement of Key Performance Indicators (KPI) Directors individually and KPI Directors individually collegial assessment by Shareholders is conducted through the mechanism of the General Meeting of Shareholders (GMS).

INDIVIDUAL DIRECTORS PERFORMANCE ASSESSMENT

President Director

- Maintaining the Bank's Soundness.
- The achievement of business finance targets in accordance with RKP and RBB.
- The KPKU assessment is at least the same as the KPKU assessment in the previous year.
- The achievement of CSR distribution for social, education, and religion in accordance with the work plan.
- Implementation of the Company's Compliance as an Open Company.
- Achieving an increase in business volume in the region.
- Achieving an increase funding / Fee Based Income in the region.
- Achieving an increase in the volume of digital transactions by customers in the region.
- Maintaining the Quality of Assets / Performing Loans.

Vice director

- Maintaining the Bank's Soundness.
- The achievement of business finance targets in accordance with RKP and RBB.
- The KPKU assessment is at least the same as the KPKU assessment in the previous year.

Director of Corporate Banking

- Achieving an increase in business volume for the Corporate Banking segment.
- Achieving increased funding / Fee Based Income for the Corporate Banking segment.
- Increasing volume of digital transactions by Corporate Banking segment customers.
- Maintaining the Quality of Assets / Performing Loans.

Director of Consumer and Retail Transaction

- Achieving an increase in business volume for the Retail Banking segment.
- Achieving increased funding / Fee Based Income for the Retail Banking segment.
- Increasing volume of digital transactions by Retail Banking segment customers.
- Maintaining the Quality of Assets / Performing Loans.

Director of Institutional Relations

- Achieving an increase in business volume for the Institutional segment.
- Achieving an increase in funding / Fee Based Income for the Institutional segment.
- Increasing volume of digital transactions by Institutional segment customers.
- Maintaining the Quality of Assets / Performing Loans.

Risk Management Director

- Ensuring that the application of risk management has gone well.
- Ensuring the implementation of a risk management culture at all levels of the organization

Director of Technology & Information

- Implementation of effective technology and information governance.

Director of Operations

- Achieving an increase in fee based income.
- The achievement of increased business transactions.

Director of Treasury, International Banking & SAM

- Maintaining the Company's liquidity.
- Achieving Credit Restructuring.
- Settlement of Non-Performing Loans.
- Improving the Quality of Non-Performing Loans to Performing Loans.



- The percentage of case settlement is better than the previous year
- The achievement of the Special Assets Management management target

Director of Finance & Strategy

- Maintain a CAR ratio between 20% -21%.
- Business realization according to RKAP / RBB.
- The achievement of specified financial ratios.
- The KPKU assessment is at least the same as the KPKU assessment in the previous year.

Director of Compliance & HR

- The achievement of compliance implementation at Bank Mandiri.
- Achieving a reduction in the ratio of the number of sanctions fines from the regulator.
- The achievement of the specified percentage of case resolution is better than the previous year.
- The achievement of Human Capital management strategies and targets.

PERFORMANCE OF COLLEGIAL DIRECTORS PERFORMANCE ASSESSMENT

An evaluation of the Board of Directors' performance is based on the achievement (KPI) previously agreed through the GMS mechanism by the Shareholders, the Board of Commissioners, and the Board of Directors.

PROCEDURE OF PERFORMANCE ASSESSMENT OF THE BOARD OF DIRECTORS

The performance of the Board of Directors is reported to the shareholders in the GMS.

CRITERIA OF PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS

The criteria of performance evaluation of the Board of Directors based on the Key Performance Indicators (KPI) are:

1. Financial and market perspectives
2. Focus on customers
3. Effectiveness of products and processes
4. Focus on manpower
5. Leadership, governance, and CSR
6. Agent of development

PARTIES PERFORMING ASSESSMENT

The parties making assessment of the Board of Directors' performance are the Board of Commissioners and the GMS. In evaluating the performance of the Board of Directors, the Board of Commissioners refers to the KPI. The Board of Commissioners and Directors will then account for their performance achievements in the 2018 period, including the implementation of their duties and responsibilities in the GMS to be held in 2019.

RESULTS OF PERFORMANCE ASSESSMENT OF THE BOARD OF DIRECTORS

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

Strategic Targets		Percentage	Indicators	Score
FINANCIAL AND MARKET PERSPECTIVE		24,0%		
1.	Increase Profitability	6,0%	Earning after Tax (EAT) in 2019 is higher than the realization in 2018 (Rp billion)	6,34
2.	Increase Company Value	6,0%	Market Cap growth is higher than the Indonesian Banking Industry	3,91
3.	Maintaining the Quality of Assets	6,0%	NPL ratio is better than the Banking Industry *)	6,80
4.	Increase Efficiency	6,0%	Cost to Income Ratio is better than last year **)	6,02
			Sub Total	23,07
CUSTOMER FOCUS		22,0%		
5.	Increase External Customer Satisfaction and Regulators.	11,0%	The Bank Ranking of the survey results from independent surveyors are better than last year	14,30
		11,0%	Minimum 80% of BAO approved by OJK has the status of "DONE".	11,83
			Sub Total	26,13
EFEKTIVITAS PRODUK DAN PROSES		20,0%		
6.	Increase banking digitalization	7,0%	The percentage of banking transactions (financial) that have been digitalized in 2019 is higher than in 2018.	7,10
7.	Increase financial inclusion and literacy	7,0%	The number of branchless banking agents has increased compared to the realization in 2018:	9,07
			a. Digital Financial Services (LKD)	4,52
			b. LAKU Pandai	4,55
			Total	

Strategic Targets		Percentage	Indicators	Score
8.	Improve the effectiveness of KUR management	6,0%	The online subrogation system for KUR can be done for all debtors in all branches.	7,20
			Sub Total	23,37
FOCUS OF EMPLOYMENT		17,0%		
9.	Improve the capabilities and competencies of Human Resources.	9,0%	Employee productivity is better than last year (Rp. Million / worker).	9,70
		8,0%	Bankwide's Employee Engagement Score in 2019 is better than the score in 2018.	8,04
			Sub Total	17,74
LEADERSHIP, GOVERNANCE, AND CSR		17,0%		
10.	Increase superior performance and competitiveness	6,0%	KPKU's score is better than 2018.	6,57
11.	Increasing the bank's contribution to improving people's welfare.	5,0%	PKBL realization is at least 100% of the RKAP budget. a. Partnership Program (Not Distributing) b. Community Development	6,50
12.	Improve the application of Good Corporate Governance (GCG)	6,0%	CGPI scores are better than 2018.	6,06
			Sub Total	19,13
AGENT OF DEVELOPMENT		20,0%		
13.	Creating the Synergy of BUMN	2,0%	Implementation of ICT Himbara (E-KYC) synergy	12,00
		2,0%	ATM and EDC Merah Putih implemented according to the target project (unit). a. ATM implementation b. EDC implementation	5,50 5,50
14.	Increasing Downstream and Local Content	2,0%	Fee Based Income realization is higher than the realization in 2018.	10,78
		2,0%	Realization of subsidiaries' profits is higher than the realization in 2018.	14,30
15.	Accelerating Integrated Regional Economic Development	2,0%	The number of Creative Houses successfully built up to 2019 is higher than 2018.	12,74
		2,0%	The number of BUMDes formed until 2019 is higher than in 2018 a. Account b. Agent	11,32 4,38 6,94
16.	Increasing Financial Independence and Value Creation	2,0%	The realization of Bank Mandiri financing to the infrastructure sector is higher than the realization in 2018.	12,61
17.	Carrying out Government Assignments as a manifestation of the Present SOE for the Country	2,0	The realization of KUR distribution in 2019 was reached 100% according to the target set by the government.	11,01
		2,0	Distribution of Bansos and Farmer Cards 100% accordingly a. Bansos	
			- BPNT (KPM)	
			a. Channeling Wallet	2,41
			b. Withdrawal to KPM Account	1,79
			- PKH (people)	
			a. Channeling to Savings	1,62
			b. KPM Fund Disbursement	1,56
	b. Farmer Card		6,27	
			Sub Total	13,65
Total		120,0%		98,50



Strategic Targets	Percentage	Indicators	Score
Total Skor Agent of Development	10,0%		10,94
Skor Bankwide Per Januari - Desember 2019			109,44
Skor Bankwide Per Januari - Juni 2019			111,31
Final Skor Bankwide (Average)			110,37

Information:

* Industry data using October 2019 position

** Exclude non-recurring items

PERFORMANCE ASSESSMENT OF THE COMMITTEE UNDER THE BOARD OF DIRECTORS AND THE BASIS OF THE ASSESSMENT

In carrying out its management duties, the Board of Directors is also assisted by 9 (nine) Committees under the Board of Directors called the Executive Committees, namely:

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

The Board of Directors considered that during 2018 the committees it supervised had carried out their duties and responsibilities properly.

The Assets and Liabilities Committee (ALCO) is a committee formed to assist the Board of Directors in carrying out the functions of determining the strategy of managing assets and liabilities, setting interest rates and liquidity, as well as other matters related to managing the Company's assets and liabilities, as well as monitoring and implementing the Recovery Plan when the Company is in a condition of financial pressure / crisis. During 2019, the basis for the assessment was that ALCO had conducted 9 (nine) meetings and had carried out its duties properly.

Business Committee (BC) is a committee formed to assist the Board of Directors in determining the Company's integrated business management strategy, managing the Company's products and / or activities as well as determining the strategy and effectiveness of marketing

communication in the field of wholesale banking and retail banking. During 2019, the basis for the assessment is that BC has conducted 7 (seven) meetings and has carried out its duties properly.

The Capital and Subsidiaries Committee (CSC) is a committee formed to assist the Board of Directors in managing the Subsidiary, among others determining the management strategy of the Subsidiary, capital participation, release of capital, determining the members of the Board of Directors and / or members of the Board of Commissioners of the Subsidiary and remuneration for Members of the Directors and / or a member of the Board of Commissioners of a Subsidiary. During 2019, the basis for the assessment was that the CSC had conducted 27 (twenty-seven) meetings and carried out their duties properly.

The Human Capital Policy Committee (HCPC) is a committee formed to assist the Board of Directors in determining the Company's Human Capital management strategy, establishing and developing the organization, and setting the strategic direction for developing the Human Capital Information System. During 2019, the basis of the assessment is that HCPC has held 4 (four) meetings and carried out their duties properly.

The Information Technology Committee (ITC) is a committee formed to assist the Board of Directors in determining IT strategic plans and IT budgeting, determining strategic IT projects and IT security. During 2019, the basis of the assessment is that the ITC has conducted 4 (four) meetings and has carried out its duties properly.

The Integrated Risk Committee (IRC) is a committee that is tasked with assisting the Board of Directors in the formulation of, among others, Integrated Risk Management policy and improvement or improvement of the Integrated Risk Management policy based on the results of the implementation evaluation. During 2019, the basis for the assessment was that the IRC had conducted 4 (four) meetings and had carried out its duties properly.

The Policy and Procedure Committee (PPC) is a committee formed to discuss and recommend to the Directors in the preparation and / or adjustment / refinement of Company policies and establish Company procedures including Human Capital policies and procedures and to discuss and decide upon the granting of authority to company officials (ex-officio). During 2019, the basis for the assessment was that the PPC had held 21 (twenty-one) meetings and had carried out their duties properly.

The Risk Management & Credit Policy Committee (RMPC) is a committee divided into two categories A and Category B with the task of Category A, which is to identify, measure and monitor risks, determine risk management policies and strategies and Category B has the task of formulating credit policies, oversee implementation credit policy, monitor the development and condition of the loan portfolio and provide recommendations for corrective measures. During 2019, the basis for the assessment was that the RMPC had conducted 14 (fourteen) meetings and had carried out its duties properly

Credit Committee / Credit Committee Meeting (RKK) is a committee that is tasked with assisting the Board of Directors in deciding credit disbursements (new, additional, decreasing, and / or extending) managed by the Business Unit in accordance with the authority limit, including the determination / change of the credit structure.

Throughout 2019, the basis for the assessment is that the Credit Committee has conducted 91 (Ninety-one) Times meetings for the Corporate segment and 126 (one hundred twenty-six) times for the Commercial segment.

RESIGNATION AND DISMISSAL MECHANISM FOR THE BOARD OF DIRECTORS

Resignation and dismissal mechanism for the Board of Directors is regulated by the Articles of Association are as follows:

1. The GMS may dismiss the Board of Director's members at any time by stating its arguments.
2. The dismissal of a member of Board of Directors is called for if, based on the factual circumstance, the said members:
 - a. is unable/inadequate to fulfill the obligations as agreed in the management contract;
 - b. is unable to perform duties appropriately;
 - c. violates the provisions of the Articles of Association and/or the applicable laws;
 - d. engages in actions that harm the Company and/or country;
 - e. conduct actions that violate ethics and/or propriety that should be valued as the member;
 - f. is declared guilty by the Court's decision that has permanent legal force;
 - g. resigns;
 - h. other reasons deemed appropriate by the GMS for the interests and objectives of the company.
3. The dismissal by the reasons aforementioned is conducted after the person(s) concerned in the event of dismissal is given the opportunity to raise defense, excluding the dismissal specified in the provisions of point (2) letter f and g.
4. The dismissal due to reasons as referred to in point letter d and f are considered dishonorable discharge.
5. Among the Board of Director's members and between the Board of Directors' members and the Board of Commissioners' members, there shall not be any blood relationship of three generations, either vertical or horizontal in the family tree, including the familial relationship arising from marriage.
6. In the event that such condition prevails, the GMS has the authority to dismiss one of the members.
7. A member for the Board of Directors may resign from his/her position before his/her term of office expires. In the event that a member of the Board of Directors resigns, the said member shall submit a written request for resignation to the Company.
8. The Company must hold the GMS to decide on the resignation request of a member of the Board of Directors no later than 90 (ninety) days after receiving the letter of resignation.
9. The Company is obliged to provide information transparency to the public and submit it to the Financial Service Authority no later than 2 (two) working days after:
 - a. The approval of the resignation application from a member of the Board of Directors.
 - b. The achievement of the GMS results.
10. Before the resignation is effective, the concerned member of the Board of Directors shall assume responsibility to complete the duties and the responsibilities in accordance with the Articles of Association and the applicable laws.
11. The resigning member will be released from any responsibility after obtaining discharge of duty from the annual GMS.
12. A member of the Board of Directors is dismissed if:
 - a. effectively resigned;