



INTERNAL AUDIT

The Internal Audit has the function and responsibility to ensure and assist the Company's Management on GCG through assessment and audit of the implementation of Policies and Procedures of the Company's effective operational activities. The audit function and responsibility shall be carried out with the independent principles.

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.

Profile of Head of Internal Audit



Danis Subiyantoro

Senior Executive Vice President/
SEVP Internal Audit

Age

53 Tahun

Nationality

Indonesian

Domicile

Bekasi

Education

Bachelor of Agriculture from University of Gadjah Mada.

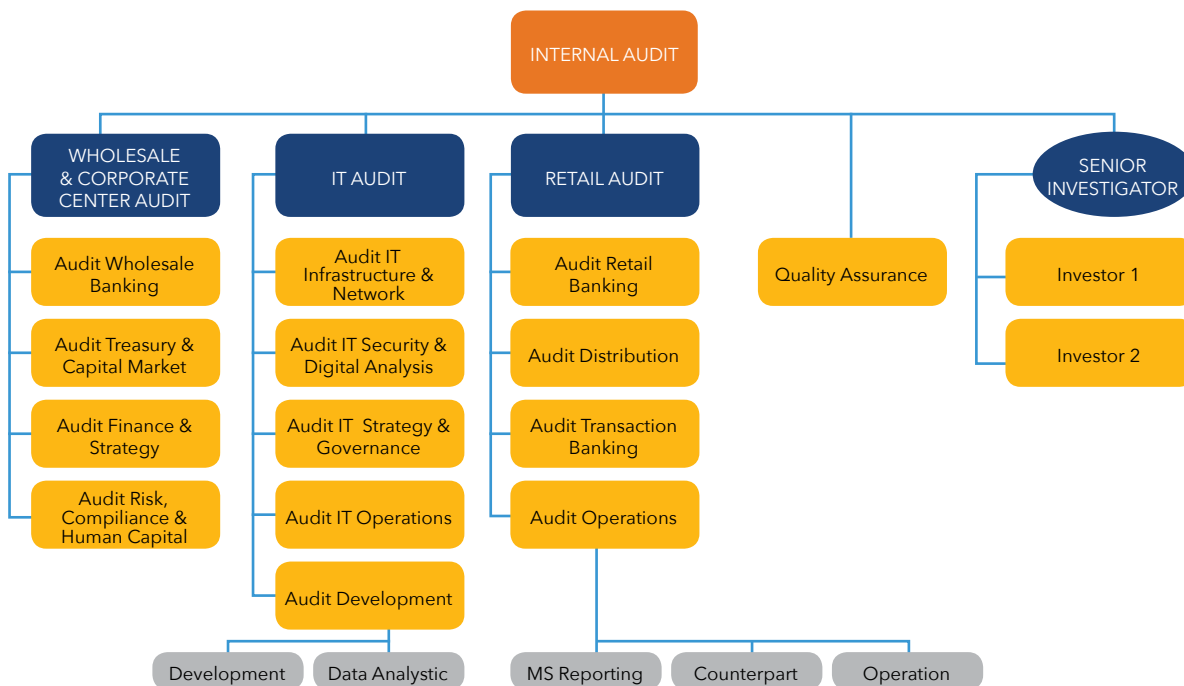
Employment History

- Category B Executive Credit Officer (2017-2018)
- Corporate Risk Group Head (2018-2020)
- Senior Executive Vice President Wholesale Risk (2020-2021)
- Senior Executive Vice President Internal Audit (2021 - present)

Basis Of Appointment

Serves as Senior Executive Vice President/SEVP Internal Audit since 2021 based on Directors Decree No. KEP.DIR/045/2021 dated 23 August, 2021.

Organizational Structure of Internal Audit



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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 1 November 2017, Internal Audit operates 4 (four) Units which works are adapted to Bank Mandiri's business strategy, namely the Wholesale & Corporate Centre Audit Group, Retail Audit Group, IT Audit Group and Senior Investigator. In addition, Internal Audit also has 1 (one) Department, the Quality Assurance Department, which is directly responsible to the Senior Executive Vice President/ Chief Audit Executive.

Parties in Charge of the Appointment and Dismissal of the Head of Internal Audit

The Chief Audit Executive is appointed and dismissed and is directly responsible to the President Director with the approval of the Board of Commissioners by considering the Audit Committee recommendations and subsequently reported to the OJK. The appointment has been reported to the OJK through a letter dated 2 September 2021.

Internal Audit Charter

Internal Audit has a Charter ratified by the President Director and President Commissioner, which was last updated on 9 October 2019. The Internal Audit Charter provides guidance regarding the purpose, position, authority, responsibilities and scope of internal Audit works. The position, authority and responsibilities expressed formally

in the Internal Audit Charter are in accordance with the OJK Regulation No. 1/POJK.03/2019 on Implementation of Internal Audit function in the Commercial Banks.

Internal Audit Duties and Responsibilities

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

1. Planning and implementing internal audit activities with emphasis on high-risk areas/ activities and evaluate existing procedures/control system to gain confidence that the Bank's objectives and targets can be achieved optimally and continuously.
2. Conducting investigations, reporting, and conveying recommendations/conclusions on fraud to the 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 duties 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 achieve comprehensive and optimum audit results. Coordination can be carried out through periodic meetings to discuss matters that are important to both sides.

8. Communicating directly with the Board of Directors, the Board of Commissioners, the Audit Committee and the Integrated Governance Committee.
9. Developing analysis and assessment in the areas of finance, accounting, operations, and other activities through audit.
10. Identifying possibilities to improve and enhance efficiency of resources and funding.
11. Providing suggestions on improvements and objective information about the activities audited at all levels of management.

Internal Audit Authority

The authority owned by the Internal Audit are, among others:

1. Conducting internal audit activities of all working units in the Bank's organization, subsidiaries and affiliates in accordance with the prevailing governance.
2. Communicating directly with the Board of Directors, Board of Commissioners, and the Audit Committee as well as Integrated Governance Committee.
3. Communicating and coordinating with external parties including regulators and external auditors.



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4. Organising the meetings periodically and incidental with the President Director, Board of Commissioners, 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/issues in every aspect and element of activities that are indicative of fraud and violation of the code of Conduct in the Bank's organization, subsidiaries and affiliates in accordance with the prevailing governance.
7. Participating in the strategic meeting without voting rights.

Internal Audit Personnel Composition

In carrying out its duties, the Bank's Internal Audit is supported by competent and qualified resources. The following is Internal Audit personnel composition.

Position	Headcount
SEVP/ Chief Audit Executive	1
Chief Auditor	3
Senior Investigator Head	1
Audit Manager	11
Investigator Head	1
Department Head	3
Specialist Investigator	2
Lead Auditor	21
Lead Investigator	3

Position	Headcount
Team Leader	2
Section Head	1
Investigator	2
Senior Auditor	23
Auditor	29
Junior Investigator	3
Officer	6
Supporting	13

Internal Audit Professional Certification

Internal Audit 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 2021 can be seen in the table below.

2021 National Profession Certification Table

Certification	Headcount
Qualified Internal Auditor - Dasar	17
Qualified Internal Auditor - Lanjutan	14
Qualified Internal Auditor - Manajerial	14
Audit Intern Bank - Auditor	65

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Certification	Headcount
Audit Intern Bank - Supervisor	35
Audit Intern Bank - Manajer	1
General Banking	9

2021 National Profession Certification Table

Certification	Headcount
Chartered Accountant	5
Assessor	1
Level I Risk Management Certificate	106
Level II Risk Management Certificate	46
Level III Risk Management Certificate	12
Level IV Risk Management Certificate	4

2021 National Profession Certification Table

Certification	Headcount
Certified Internal Auditor	3
Certified Fraud Examiner	8
Certified Bank Auditor	1
Certified Information System Auditor	17
Certified Financial Services Auditor	2
Certified Information Security Manager	1
Certified in the Governance of Enterprise IT	1
Control Objectives for Information and Related Technology	2
Information Technology Infrastructure Library	3
Certified Information Systems Security Professional	2

2021 National Profession Certification Table

Certification	Headcount
Certified Ethical Hacker	2
EnCase Certified Examiner	2
International Software Testing Qualifications Board	1
Cybersecurity Fundamentals Certificate	1
eLearnSecurity Mobile Application Penetration Tester	1
Security+	1
Penetration Testing+	1
CyberOps	1
Oxygen Forensic Certified Examiner	1
Cisco Certified Network Associate	1
Certified Master of Handwriting Analyst	1

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:



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Activity/Organization	Position	Period
Bank Internal Auditor Association (IAIB)	Two Audit Manager (AM) of Internal Audit as Secretary General and Deputy Secretary General	2020-2023
	One Internal Audit Department Head (DH) as Official in Standard, Ethics, Research and Development.	2020-2023

In 2021, several institutions conducted benchmarking with Bank Mandiri's Internal Audit. Those institutions were:

No.	Benchmarking Date	Institution	Focus of Discussion
1	2 February 2021	Bank Rakyat Indonesia	Integrated IAU
2	30 March 2021	Bank Negara Indonesia	Internal Audit & Second Line of Defense
3	26 August 2021	Bank Syariah Indonesia	Audit Management System
4	09 September 2021	Bank Mandiri Taspen Pos	TCM & IACF
5	02 November 2021	Bukit Asam	Audit Management System & Whistleblowing System
6	12 November 2021	Kereta Api Indonesia	Risk Based Audit, CAAT, Investigasi dan Consulting
7	24 November 2021	Bank Mandiri Taspen Pos	Quality Assurance
8	2 Desember 2021	Mandiri Tunas Finance	Audit Development

To broaden the insight of the Internal Auditor, Bank Mandiri also conducted benchmarking to the several other banking companies as follows:

No.	Benchmarking Date	Institution	Focus of Discussion
1	28 January 2021	CIMB Niaga	Data Analytics & Audit Tools
2	22 February 2021	UOB Indonesia	Data Analytics & Audit Tools
3	22 March 2021	BCA	Data Analytics & Audit Tools

Auditor Code of Ethics

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 are as follows:

- 1. Integrity**
Internal Auditors has the 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 audited. 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 obtained information and does not disclose the information without authorization unless there is a legal or professional obligation to disclose the information.
- 4. Competency**
The Internal Auditor uses knowledge, skills and experience required to carry out the audit duties. Internal

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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.

Internal Audit Capacity Building

The Internal Audit competency development is presented in the Profile Chapter of this Annual Report.

Information System of Internal Audit

To improve the effectiveness of audit implementation and provide a full picture to the Management

regarding the audits, the audit activities consisting of planning, implementation, reporting and monitoring stages are carried out using an application called the Audit Management Information System (SIMANIS) which is carried out internally as a system of recording and monitoring the results of audits and investigations. The SIMANIS application had been applied since 21 February 2020 and, is constantly developed to improve from previous versions.

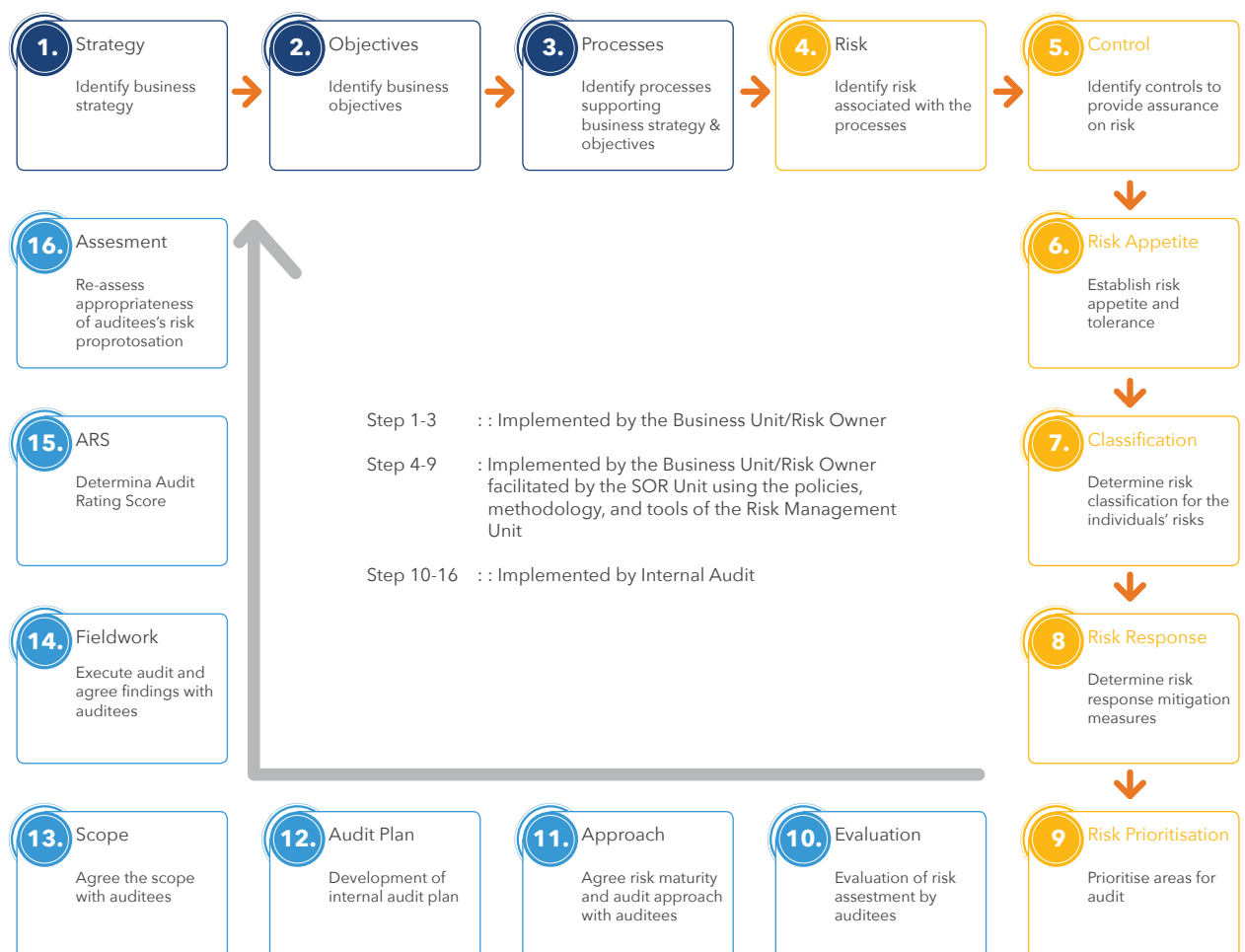
Audit Methods

Internal Audit applies a risk-based audit methodology for internal

audit activities by focusing on high-risk areas. The application of this methodology is in accordance with the needs of the Company, regulatory and best practices.

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

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





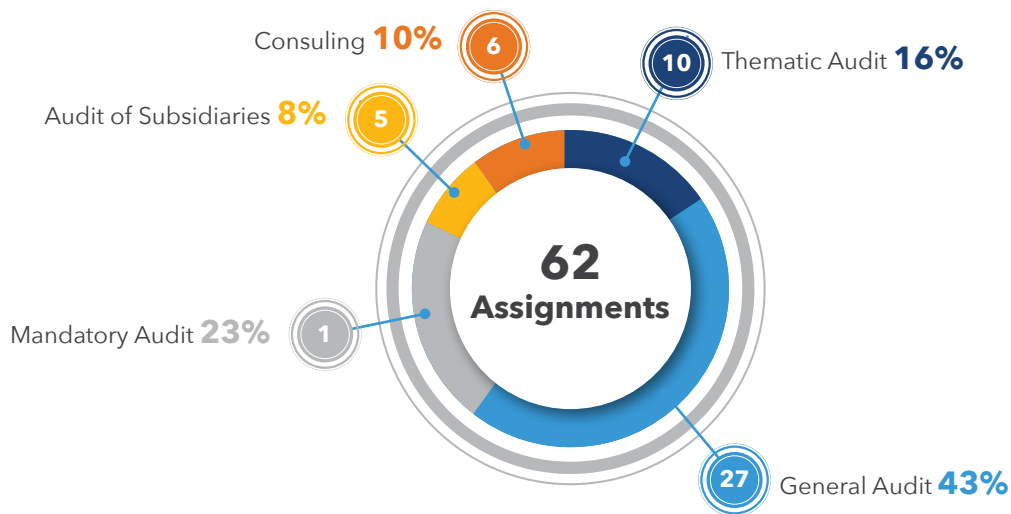
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Internal Audit Work Programs

In 2021 the Internal Audit has prepared audit plans with 62 (sixty-two) subjects of assignments consisting of Thematic Audits,

General Audits, Audit Mandatory, Audit of Subsidiaries and Consulting. These assignments are carried out by three operating units in Internal Audit, namely the

Wholesale & Corporate Center Audit Group, Retail Audit Group, and Information & Technology Audit Group. The details of the assignment subjects can be seen in the following chart.



Audit Activities in 2021

The dynamic development of the internal audit methodology encouraged the Company's Internal Audit unit to be more responsive and proactive. With this change,

the audit plan which was originally static had become more dynamics, adapting to the conditions and needs of the Company. As for 2021, audit activities were carried out based on the previously prepared

audit plan hence the audit results will be followed up and used as material to make continuous improvements in the Company.

Findings and Follow Up on Internal Audit Results

Year	Outstanding	Closed	Total
2015	0	426	426
2016	0	628	628
2017	0	627	627
2018	0	547	547
2019	0	470	470
2020	0	357	357
2021	98	561	659

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Standard Implementation of Bank Internal Audit Function

In the Financial Services Authority (OJK) published POJK No. 1/POJK.03/2019 on the implementation of Internal Audit function of Commercial Banks, effective as of 29 January 2019 in lieu of the standard implementation of the internal Bank Audit function (SPFAIB) that has been used. Following up on the issuance of the POJK, Internal Audit has adopted the regulation on the internal rules, namely the Internal Audit Charter, Bank Mandiri Internal Control Policy (KICN), Internal Audit Guidelines Standards (SPIA) and Internal Audit Technical Guidelines (PTIA). The

changes to the Internal Control Policy were approved by the President Director and the Board of Commissioners in October 2019. Meanwhile, the latest changes to other internal regulations were approved by Bank Mandiri Management (in this case Directors and Group Heads) in 2020.

OJK Regulation No. 38/POJK.03/2016 and OJK Circular No. 21/SEOJK.03/2017

In conducting Audit, in particular IT Audit, the Bank is also subject to the provisions set out in the OJK regulation No. 38/POJK.03/2016 concerning Risk Management Application in the

use of Information Technology by Commercial Banks, and OJK Circular No. 21/SEOJK.03/2017 on Risk Management Application in the use of Information Technology by Commercial Banks, which aims to improve IT Audit work process in Bank Mandiri.

The International Standards for the Professional Practice of Internal Auditing

In addition to regulatory, 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).