

RISK MANAGEMENT

Bank Mandiri's self-assessment of its Risk Profile at the individual level as of 30 December 2021 resulted in it being at rank 2 ("Low To Moderate") with Inherent Risk Level that was "Low To Moderate" and at "Satisfactory" level for the Quality of Risk Management Implementation, with the following details:

STATEMENTS FROM THE BOARD OF DIRECTORS AND/OR THE BOARD OF COMMISSIONERS OR THE AUDIT COMMITTEE ON THE ADEQUACY OF RISK MANAGEMENT SYSTEM

The internal control system performed by Bank Mandiri was considered effective and adequate, reflected in the effectiveness of the implementation of internal

Rating for Semester II of 2020 and Semester I of 2021 to the Regulator in time.

- b. The Consolidated Risk Profile consists of the management of 8 types of risk (Credit, Market, Liquidity, Operational, Legal, Reputational, Strategic, and Compliance). In 2021, Bank Mandiri reported its self-assessment of Consolidated Risk Profile for Quarter I

Risks	Inherent Risk Rating	KPMR Rating	Risk Level Rating
Credit Risk	Moderate	Satisfactory	Low to moderate
Market Risk	Low	Strong	Low
Liquidity Risk	Low	Strong	Low
Operational Risk	Moderate	Fair	Moderate
Legal Risk	Low	Strong	Low
Strategic Risk	Low	Satisfactory	Low
Compliance Risk	Low to moderate	Satisfactory	Low to moderate
Reputation Risk	Low	Satisfactory	Low
Composite Rating	Low to moderate	Satisfactory	Low to moderate

REVIEW OF RISK MANAGEMENT SYSTEM EFFECTIVENESS

The assessment of Bank Mandiri's Risk Profile at the individual or Consolidated/Integrated level throughout 2021 reflected that the risks faced by Bank Mandiri at both levels can be managed well so that further business development can be ensured. In other words, Risk Management was finely and effectively executed by Bank Mandiri.

control functions, including internal audit function, risk management, compliance, financial and operational controls.

RISK MANAGEMENT ACTIVITY REPORT IN 2021

Concerning BSL and RPR individual assessment, throughout 2021 Bank Mandiri had prepared and reported the following:

- a. Bank Soundness Rating using a Risk-Based Bank Rating (RBBR) at the individual level, consisting of assessments of Risk Profile, Governance, Rentability, and Capital. In 2021, Bank Mandiri reported its individual Bank Soundness

and Quarter III 2021 to the Regulator in a timely manner.

Risk Management during the Pandemic

In navigating through the COVID-19 pandemic, the Bank faced several risks such as:

- Potential decline in portfolio quality especially in sectors affected by the COVID-19
- Weakened Company Performance and declining Consumption/Public Demand as a result of Social Restriction and Mobility Restriction
- Uncertainty risk concerning Commodity prices
- Disruptions to the financial system including cyber attacks, disruptions to banking services, payment system, or supporting operations.