



Investor Update on Covid19 Impact and Mitigation Strategies – 2nd Edition

April 28th, 2020

Supporting Employees, Communities and Customers During Covid19

Employees

1. Work Safety Policy

Social distancing, work from home policy, business travel restrictions, building entrance procedures, required to wear protective equipments, health checks & employee isolation.

2. Employee Facility Program

Lunch, supplement, hand sanitizer & thermogun, transportation, official residence / hotel for Split Operation employee will be provided. Bereavement and scholarship will be provided for families of victims of the COVID19 pandemic.

3. Health Check Services

Standby health clinic, 24 hours ambulance services and collaborations with Inhealth hospitals.

4. Assistance of Exposed Employees

The Covid19 monitoring team helps employees to obtain hospital services, monitor employees' health and provide counseling & psychologist services.

5. Establishing Media Center in Human Capital

Socialization, communications via Podcast, campaigns, spiritual programs and employee information services.

6. In-class Digital Training

Virtual classroom, e-learning & podcast.

Communities

1. Mandiri Love Indonesia

Directors and employees voluntarily set aside their salaries to be given to groups of people who lost their income due to Covid19 pandemic.

2. Communication Program for Education & CSR

Socialization with regards to virus prevention & CSR programs in various media.

3. Assistance for Hospital and Medical Personnel

Providing logistics (basic needs and vitamins), medical health equipments, (APD, masks, gloves, hand sanitizers), and compensation for doctors and nurses.

4. Sanitation and Prevention from Covid19

Providing antiseptics, disinfectants, sinks, supplies (masks, handgloves, sanitizers), and basic needs such as rice and etc.

5. SOE First Response Task Force Coordinator

Established disaster task force centres in several cities to monitor hospitals' needs & aid distributions.

6. Insurance Protection for Health Workers

AXA Mandiri Insurance provides insurance protection to 35,000 referral hospital medical workers with a maximum coverage value of Rp 1 Tn.

Customers

1. Accelerate & Improve Digital Services Offerings

Launch online onboarding for savings account opening and waive charges for several online transactions.

2. Loan Moratorium

Loans < Rp 10 Bn (micro, consumer and SME), are prioritized for moratorium allowing deferral of principal and interest payment up to 12 months. We also help clients with loan > Rp 10 Bn for restructuring if their businesses are impacted by Covid19.

3. Credit Card Relaxation

Lower interest rate cap on credit card from 2.5% to 2%/month, lower minimum payments from 10% to 5% and late payment penalties from 3% or max Rp 150,000 to 1% or max Rp 100,000.

4. Educating Bank Mandiri's Customers

Published educational content in order to optimized e-channel services utilization during social restriction.

5. Working Capital Support

Loan disbursement is prioritized to support existing customers with good fundamental and need working capital to survive during Covid19 crisis.

■ Summary of Regulatory Relaxation Related to Financials

Topic	Before Relaxation	After Relaxation
Loan classification & restructuring	<ul style="list-style-type: none"> Asset quality classification & restructuring follows OJK rule (three pillars assessment) 	<ul style="list-style-type: none"> Asset quality classification for loan < Rp 10 Bn uses 1 pillar (payment punctuality) After restructuring, loan is classified under Current category Relaxation is temporary until March 2021
IFRS 9 (PSAK 71) Implementation	<ul style="list-style-type: none"> Performing restructured loan is classified in Stage 2 loan Additional loan loss provision is required 	<ul style="list-style-type: none"> Performing restructured loans due to Covid19 could remain in Stage 1 loan Additional loan loss provision is not mandatory, unless the borrower's condition continues to worsen
Marketable securities mark-to-market (MTM) valuation	<p>MTM valuation is mandatory using latest market price</p>	<ul style="list-style-type: none"> Until September 2020, MTM valuation uses price as of March 31st 2020 for government securities and corporate securities whose fundamentals remain good For corporate securities with enough evidence of higher inherent risk, MTM valuation uses fair value assessment

■ Eligibility for Covid-related Restructuring

Combining general criteria stipulated in POJK No 11/POJK.03/2020 and Bank Mandiri's internal criteria

WHOLESALE						
Corporate & Commercial						
Sectors	<ul style="list-style-type: none"> Tourism, Hotel, Restaurant & Accommodation, Transportations, Warehouses, Agriculture & Forestry Trading, Mining, Construction, Trading, Multifinance, F&Bs, Pharmaceuticals, Fertilizers & Pesticides and Other Sectors which are directly and indirectly impacted by Covid19 and determined by Credit Recovery and Credit Risk teams 					
Borrower's Criteria	<ul style="list-style-type: none"> Decline in revenue or cash flow due to Covid19 outbreak Borrowers affected by: <ul style="list-style-type: none"> the ban on air traffic and tourist flow significant decline in exports/imports volume due to disrupted supply chains and trading activities the delay in infrastructure developments due to disruption in supply, manpower and machineries from countries impacted by Covid19 government's policies in the wake of Covid19 Borrowers with currency mismatch between IDR revenue and FX liabilities/expense 					
RETAIL						
	SME	Consumer				Micro (KUM + KUR)
		Mortgage	Auto	Credit Card	KSM	
Borrower's Criteria	<ul style="list-style-type: none"> Outstanding loan is within 90 days past due 	<ul style="list-style-type: none"> Outstanding loan is within 30 days past due Borrowers are: <ul style="list-style-type: none"> (i) confirmed positive for Covid19, or (ii) experiencing decrease in revenue due to the impact of Covid19 For mortgage and auto loans, only borrowers who have been borrowing for 3 months at minimum 				<ul style="list-style-type: none"> Outstanding loan is within 90 days past due
Sectors	<ul style="list-style-type: none"> Tourism, Hotel, Restaurant & Accommodation, Transportations, Warehouses, Agriculture & Forestry Trading, Mining, Construction, Trading, Financial Services, Pharmaceutical, Textile, Automotive, Creative Services and Other Sectors which are determined by respective Business Unit Head 					

Progress of Covid19 Related-Loan Restructuring

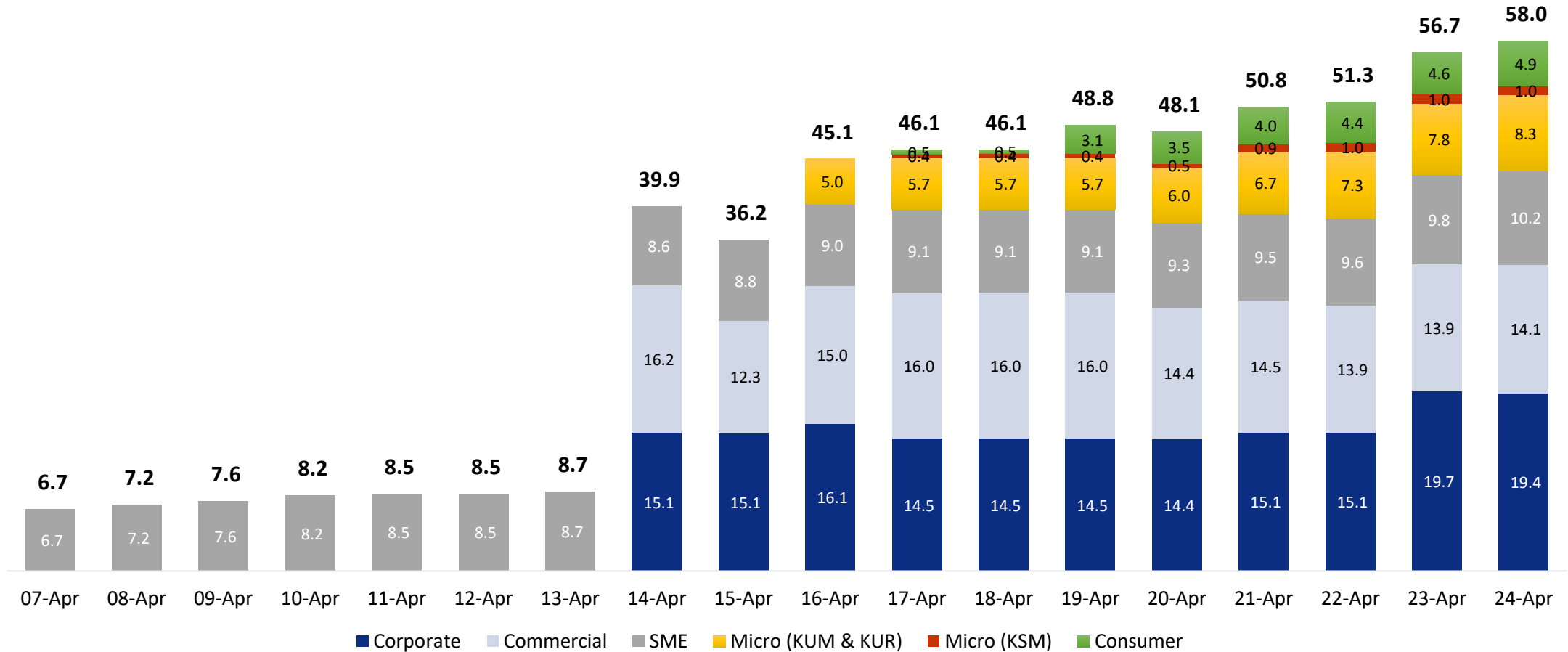
- As of 24 April 2020, we have received a pipeline for restructuring requests from our customers amounting to Rp 58 Tn.

Group	Segment	Ending Loan Balance as of 31 Dec 2019 (Rp Tn)	Eligible for Restructuring ^{*)} (Rp Tn)	Eligible for Restructuring/ Ending Loan Balance (%)	Restructuring Pipeline (Rp Tn)	Restructuring Pipeline/ Ending Loan Balance (%)
Wholesale	Corporate	364.8	46.3	12.7%	19.4	5.3%
	Commercial	151.6	18.7	12.3%	14.1	9.3%
Total Wholesale		516.4	65.0	12.6%	33.5	6.5%
Retail	SME	58.7	27.4	46.7%	10.2	17.4%
	Micro productive: KUM & KUR	46.7	33.2	71.1%	8.3	17.8%
	Micro: Salary Based Loan (KSM)	76.2	6.5	8.5%	1.0	1.3%
	Consumer	94.3	18.9	20.1%	4.9	5.2%
Total Retail		276.0	86.0	31.2%	24.5	8.9%
Total Bank-Only		792.4	151.0	19.1%	58.0	7.3%

^{*)} for wholesale segment, the eligible loan for restructuring is based on regulator criteria and after we seek confirmation from each respective borrower. For retail, it is purely from our assessment.

■ Daily Trend of Restructuring Pipeline

Restructuring Pipeline by Segment^{*)}
(Rp Tn)



^{*)}Consumer segment excludes Automotive Loan

■ Sectoral Breakdown of Wholesale Loan Eligible for Covid19 Restructuring

- As of 24 April 2020, total wholesale loan that are eligible for Covid19 Restructuring is Rp 65 Tn.

Industry Sectors	Eligible for Restructuring ^{*)} (Rp Tn)	Industry Sectors	Eligible for Restructuring ^{*)} (Rp Tn)
CORPORATE		COMMERCIAL	
Construction - Infrastructure	21.0	Property - Investment	4.5
Property - Landed House	6.6	Hotel, Restaurant & Accommodation	2.7
Metal Mining	2.9	Textile	1.1
Construction - Non Infrastructure	2.5	Financial Services	1.1
Air Transportation	2.4	Metal Trading	1.1
Land Transportation	2.2	Construction - Non Infrastructure	0.9
Property - Investment	1.7	Rubber	0.9
Oil & Gas	1.5	Fertilizer & Pesticide	0.7
Mining	1.5	Agriculture & Forestry Trading	0.7
Hotel, Restaurant & Accommodation	1.2	Water Transportation	0.6
Others	2.7	Others	4.4
TOTAL	46.3	Total	18.7

**)Covid19 restructuring eligibility is based on general criteria, such as borrowers whose: (1) industry sector is vulnerable, (2) cash flow situation is deteriorating, (3) business is adversely impacted by Government's action related to Covid19, (4) disruption in supply chain, (5) liabilities is in FX with currency mismatch; and after we seek confirmation from borrower*

■ Conservative Accounting Policy

Loan Moratorium

1 Interest Income Accrual

Segment	Interest Income Accrual
Corporate	Selective +/- 50%
Commercial	Very Selective +/- 25%
Retail	0%

2 Loan Loss Provision

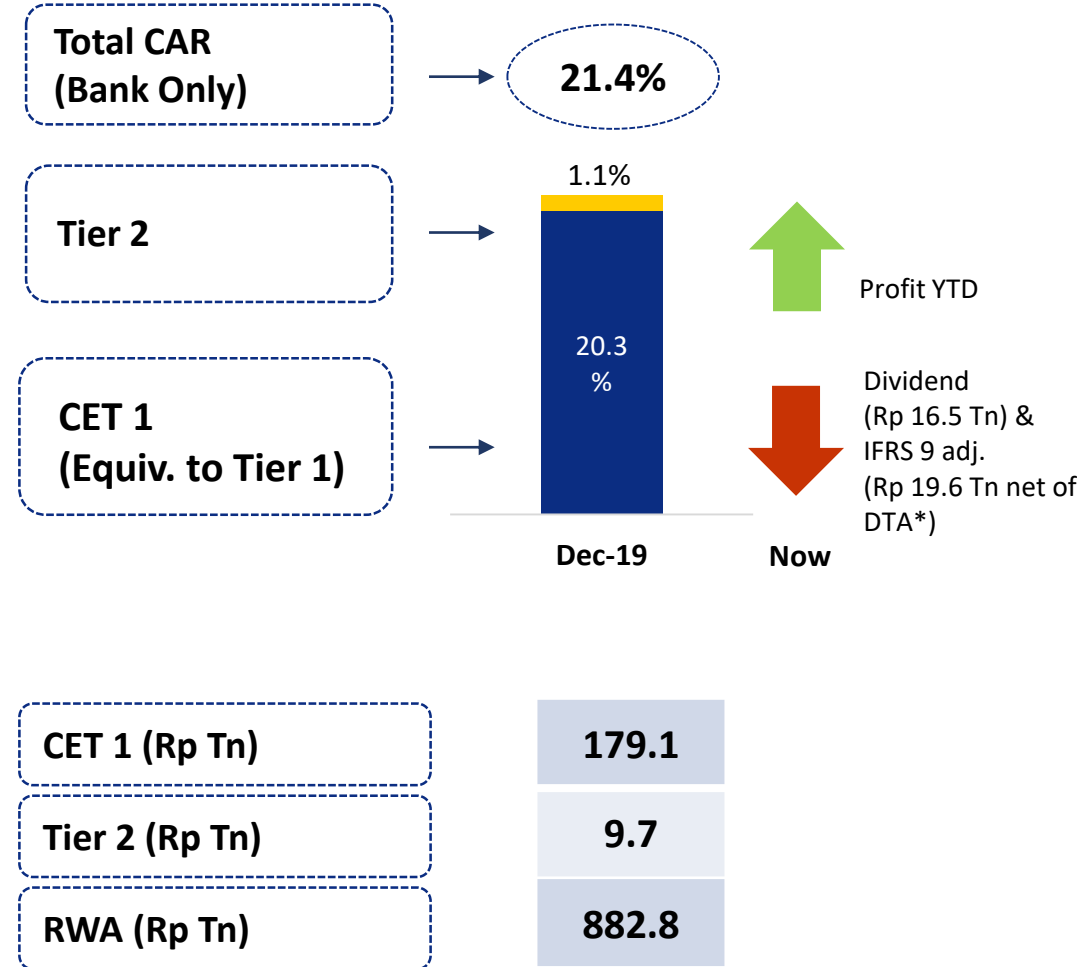
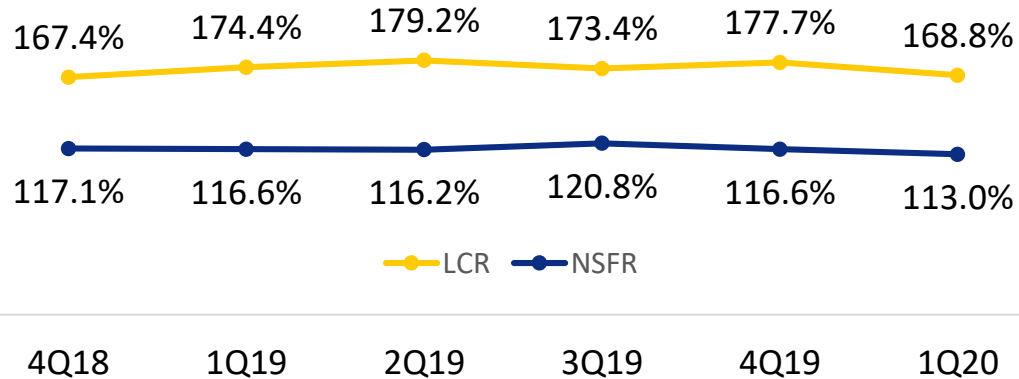
- Despite of Stage 1 Classification, we are still going to book an additional provision using our best judgment, to reflect high degree of economic uncertainties of Covid19 outcome after loan moratorium period ends.
- NPL and LaR coverage to remain elevated.

- Conservative accounting policy is the right approach when uncertainties are very high
 - No one could predict when Covid19 ends
 - Even after it ends, restarting business is more straightforward than restarting consumption in the economy
- Regulatory relaxation related to accounting policy (loan restructuring and classification) are only until March 2021
- It is important not to delay potential problems and to have a clean start after the pandemic ends

■ Sound Liquidity Position

- We expect deposit growth to outstrip loan growth from March 2020 onwards, providing additional liquidity buffer.
- To be prudent in terms of liquidity management during Covid19 outbreak, we increase our internal minimum safety level of excess liquidity.
- Even after dividend payment and IFRS 9 one-off adjustment in 1Q20, our CET1 ratio is still at a healthy level. At this stage, we are not planning for capital raising and are still committed to pay dividend.

LCR & NSFR



*IFRS 9 one-off adjustment's impact to Loan Loss Provision was Rp 24.2 Tn; and the net impact to Equity after 19% Deferred Tax Asset (DTA) was Rp 19.6 Tn

■ Conclusion

* Smooth banking operation with minimal disruption

* Active monitoring by performing sensitivity analysis on our portfolio and will take precautionary action accordingly, such as exposure management and proactive restructuring

* Comfortable with overall liquidity positions and continue to monitor conditions through liquidity stress test for both local and foreign currencies

* Conservative accounting policy related to interest accrual and loan loss provision

* We remain focus on asset quality and liquidity over growth to minimize the impact from Covid19 outbreak



Thank You
