

RISK MANAGEMENT FRAMEWORK

Bank Mandiri's Risk Governance Structure is developed based on four Risk Management Pillars as follows:

Active Supervision of the Board of Commissioners and Board of Directors

The risk management framework and governance at Bank Mandiri consists of the Board of Commissioners that carry out risk oversight functions through the Audit Committee, Risk Monitoring Committee and Integrated Governance Committee, as well as the Board of Directors that carry out risk policy and management functions through the Executive Committee related to risk management, namely the Risk Management & Credit Policy Committee, Assets & Liabilities Committee, Capital & Subsidiaries Committee, and Integrated Risk Committee. Operationally, the Risk Management Unit with Business Unit and Compliance Unit performs the functions of risk identification, risk measurement, risk mitigation and risk control.

The duties, responsibilities, and authorities of the Board of Commissioners related to active supervision in Risk Management activities include, among others:

1. Evaluating and approval of Risk Management Policy;
2. Evaluating the prepared-and-determined strategies by the Board of Directors in managing risks according to the regulatory taxonomy and other risks such as country risk and cyber risk.
3. Evaluating the Board of Directors' responsibility for the implementation of the Risk Management Policy;
4. Evaluating and deciding the Board of Directors' application related to transactions that require the approval of the Board of Commissioners;
5. Requesting explanation and/or accountability of the Board of Directors on Financing to certain large borrowers;
6. Providing approval on the funding to related parties;
7. Conducting active oversight, including, among others, understanding the nature and level of risks faced by the Bank, assessing the adequacy of the quality of risk management and linking the risk level with capital adequacy of the Bank;
8. Conducting active supervision related to anti-Fraud which at least includes the following:
 - a. Development of anti-Fraud awareness and culture in all levels of the organization, including anti-Fraud declarations and adequate communication on behavior categorized as Fraud;

- b. The signing of integrity pact by all organizational ranks of the Bank;
 - c. Preparation and supervision of the implementation of a code of conduct related to fraud prevention for all levels of the organization;
 - d. Preparation and supervision of the implementation of an anti-Fraud strategy as a whole;
 - e. Development of the quality of human resources (HR), particularly those related to increasing awareness and control of Fraud;
 - f. Monitoring and evaluation of Frauds and determination of follow-up; and
 - g. Development of effective communication channels for the Bank's internal and external parties, hence all executives and employees of the Bank understand and comply with the applicable policies and procedures, including policies and procedures for fraud control.
9. Providing approval, oversight and evaluation on the implementation of the Action Plan (Recovery Plan).
 10. For Resolution Plan, the Board of Commissioners shall:
 - a. Approve the Resolution Plan;
 - b. Supervise the Bank's fulfillment in compiling, updating, and/or improving the Resolution Plan to the Deposit Insurance Corporation;
 - c. Evaluate the Resolution Plan that has been prepared by the Board of Directors;
 - d. Supervise the implementation of plans to overcome potential obstacles to the implementation of resolution options.
 11. Maintaining and monitoring the Bank's Soundness Rating and take the necessary measures to maintain and/or improve the Bank's Soundness Rating;

To implement risk management as regulated by the Ministry of SOEs, the Board of Commissioners also has the duty to determine the Bank's Risk classification based on the level of Risk Intensity by considering the dimensions of the size and complexity of the Bank as proposed by the Board of Directors, in accordance with applicable regulations.

To implement Integrated Risk Management, the Board of Commissioners is responsible to:

1. Direct, approve, and evaluate Integrated Risk Management policies;