

INTERNAL AUDIT

Internal Audit (IA) is an element of Internal Control System that functions as the third line of defense with important roles to maintain and secure the bank business activity, as well as to be responsible to guard the bank vision and mission accomplishments. IA assists the organization to achieve its goal through a systematic and regulated approach to evaluate and improve the effectiveness of internal control, risk management, and governance process.

In the implementation of its functions, IA has carried out alliances on assurance functions within the bank organizations, including subsidiaries. Good synergy, effectiveness and efficiency will be accomplished through consistent alliances in the assurance functions implementation. The alliances of assurance functions are focused on alignment of Governance and Risk & Compliance, in collaboration with the risk management units and compliance units. In general, the alliances are implemented to determine the top risks of line units and the development of an audit plan.

In addition to executing audits which is the function of compliance assurance within the applicable rules, IA also conducts the assurance functions to support the overall focus of Bank Mandiri such as business achievements, services, cost efficiency, prudential banking practices, and the application of good corporate governance.

INTERNAL AUDIT ORGANIZATIONAL MANAGEMENT

The organizational management of the Bank Mandiri Internal Audit unit is the responsibility of the SEVP Internal Audit, who is directly responsible to the CEO.

CHIEF AUDIT EXECUTIVE (CAE) PROFIL — 2008 to April 8 2015



RIYANI T BONDAN

Riyani T Bondan was appointed as the Head of Internal Audit and served that position until April 8, 2015. Her Dismissal as Chief Auditor Executive has been reported to the FSA and other related Regulator at the same time Bank Mandiri report the appointment of Mustaslimah as her successor.

CHIEF AUDIT EXECUTIVE (CAE) PROFIL — April 8 2015 until now



MUSTASLIMAH

Mustaslimah is appointed as Chief Audit Executive (CAE) in The Internal Audit Directorate who previously is led by Riyani T. Bondan with hold the position since 2005. Her appointment is by virtue of Decision of the Board of Directors No.KEP.DIR/095/2015 dated March 17, 2015 and was approved by the Board Commissioners on 8 April 2015. The dismissal of Riyanti T Bondan and appointment of Mustaslimah as CAE has been reported to Otoritas Jasa Keuangan (Indonesian Financial Services Authority) and other related regulators

Mustaslimah graduated from her S1 program in Institut Pertanian Bogor in 1988 and joined PT Bank Dagang Negara (Persero) in 1990 as a Marketing Officer. Upon merger of PT Bank Dagang Negara (Persero) Tbk to Bank Mandiri, she was assigned to support credit administration and later appointed as Head of Credit Risk Management and hold position as one of the Head of Procurement and Fixed Assets Group from 2001 up to September 2004 when she was assigned as Head of Credit Operations Policy & Procedures. In 2006, she was appointed as Group Head of Compliance until 2007 when she was assigned as Group Head of Human Capital Services Group. She hold that position until her appointment as the CAE – Senior Executive Vice President.

OPTIMIZING USE OF AUDIT MANAGEMENT INFORMATION SYSTEM

Along with Bank Mandiri's business growth and increasingly complex organizational structure, internal audit faces the challenge of conducting effective and efficient audits. Internal Audit has established an Audit Management Information System (SIMA) to improve the effectiveness and efficiency of the audit process.

The use of the SIMA has been continuously improved so as to secure the information assets of the Bank from the risk of information leakage, particularly important given that the role of internal audit as a provider of assurance is close related to the Bank's confidential information.

All stages of the audit process conducted through SIMA result in process reviews that can be accessed remotely. Documenting the audit process can also be reviewed on an ongoing basis by Quality Assurance to ensure the compliance and quality of the audit process. SIMA can also be used as a knowledge center for auditors.

Internal Audit plans to develop SIMA as part of the development of risk-based auditing with the aim of facilitating the process of integration and collaboration as between the audit function, risk management function and compliance function so as to minimize duplication in the implementation of the assurance function.

DIGITAL FORENSIC SOLUTIONS

Technological development has also increased the risk of bank fraud involving information technology. It is expected that the combination of reliable tools and auditor skills will help reduce the risk of fraud. In line with management concerns about fraud risks, internal audit has equipped itself with Digital Forensic Solutions as part of the initial phase of implementation of digital forensic handling. These Digital Forensic Solutions reflect best practice and have a level of integrity that has been recognized by the law enforcement authorities. Through the implementation of digital forensic solutions, the process of investigation and auditing of information technology (IT) is more effective, and ensures the implementation of a forensic approach in accordance with the applicable rules and the level of integrity recognized by the law enforcement authorities.

CONSISTENCY IN MAINTAINING QUALITY

A commitment to providing quality audits reflects the determination of Internal Audit to continue to transform itself into a reliable strategic business partner. Various improvements have been introduced by Internal Audit so as to produce satisfactory results in the Quality Assurance Review (QAR) 2014 conducted by an independent consultant.

When compared with the results of the review in 2011, all aspects (technology, process, people, structure, and strategy) have improved. This shows that the spirit of transformation has become the culture in each line of Internal Audit. Behind these improvements, there is still room for further improvement, especially in relation to technology and people.

Following on from the results of QAR 2014 and in line with long-term planning in internal audit, a variety of strategic initiatives have been formulated, including the integration of Bank Mandiri internal audit tools group-wide, including internal control in subsidiaries, and improving competencies through certification programs for auditors. All of these strategic initiatives are aimed at strengthening five aspects: technology, process, people, structure, and strategy, so that internal audit can not only surpass Bank Mandiri's competitors, but also can become a leading practice in the banking industry