

## Report on the Execution of the Committee's Duties

The Committee reports to the BOC and must submit a report on every execution of duties, followed by recommendations if necessary, both on a quarterly and yearly basis which is signed off by the Chair and the Committee members.

## Evaluation and Assessment of the Committee's Performance

Evaluation and assessment of the performance of the Committee are to be carried out every year by using the method determined by BOC. The activities and performance of the Committee are regularly evaluated and assessed by BOC for improving their effectiveness in the following year.

## 2. Audit Committee

The Audit Committee was formed with the aim of assisting and facilitating the Board to perform its supervisory duties and functions on matters related to financial information, internal control system,

effectiveness of internal and external audits, risk management effectiveness (together with the Risk Monitoring Committee) and compliance with the legislation in force.

## Basis for Establishment of the Audit Committee

The Audit Committee was established based on:

1. PBI No. 8/4/PBI/2006 on the Implementation of Good Corporate Governance in Commercial Banks, as amended by PBI No. 8/14/PBI/2006 on Amendment to PBI No. 8/4/PBI/2006;
2. Regulation of the Minister of State Owned Enterprises No. PER-01/MBU/2011 on the Implementation of Good Corporate Governance in State Owned Enterprises, as amended by Regulation of the Minister of State Owned Enterprises No. PER-09/MBU/2012;
3. Regulation of the Minister of State Owned Enterprises No. PER-12/MBU/2012 on the Organs Supporting the Board of Commissioners of State Owned Enterprises;
4. Directive of the Chair of BAPEPAM No. KEP-643/BL/2012 on the Establishment and Implementation of Audit Committees.

## Criteria for the Committee Members

Members of the Audit Committee are required to have good integrity, character and moral. Besides, they are required to meet the competency, experience and independence requirements:

### Competency and Experience Requirements:

- 1) Have good integrity, character and moral as well as good communication skills;
- 2) Independent Members shall have expertise in finance or accounting;
- 3) Independent Members shall have expertise in law or banking;
- 4) Have sufficient knowledge to read and understand financial statements;
- 5) Have adequate knowledge of the laws and regulations governing capital markets and banking sector.

### Independence Requirements:

- 1) Not a member of a public accounting firm, law firm or other party that provides audit services, non-audit services and/or other consulting services to the Bank within 1 (one) year prior to becoming a member of the Committee;
- 2) Do not own the Bank's stocks, either directly or indirectly;
- 3) Do not have affiliations with Bank Mandiri, BOC, BOD or the principal shareholders of Bank Mandiri;
- 4) Do not have business relationships, directly or indirectly, with the Bank.

## Appointment and Discharge of the Committee Members

The Chair and members of the Audit Committee are appointed and dismissed by BOC, of which it is reported to the RUPS.

The Committee members may resign or be discharged, including prior to the expiry of their terms, in the event of:

- 1) Resignation
- 2) Loss of citizenship
- 3) Death
- 4) Acting contrary to the interests of Bank Mandiri
- 5) Violating or failing to fulfill the requirements for serving as a member of the Audit Committee, as stipulated in the relevant Bank Indonesia Regulations.
- 6) Being unable to carry out his or her duties and responsibilities, as certified by BOC.

Member of the Audit Committee who sits in BOC will be automatically dismissed when his/her term of office as commissioner ends.

### Committee Member's Term of Office

Regulation of the Minister of State Owned Enterprises No. PER-12/MBU/2012 states that the term of office of the Audit Committee members not serving as Commissioner is maximum three years and may be extended once for a term of two years, without prejudice to the right of the BOC to dismiss them at any time.

## Membership of the Audit Committee

In 2015, the Annual RUPS honorably discharged Mr. Anton Hermanto Gunawan, Mr. Krisna Wijaya and Mr. Pradjoto as Commissioners; accepted the resignation of Mr. Mahmuddin Yasin; and appointed Mr. Darmin Nasution, Mr. Imam Apriyanto Putro, Mr. Goei Siauw Hong, Mr. Suwhono and Mr. Bangun Sarwito Kusmuljono as members of the BOC.

With this change in the BOC composition, the membership of the Audit Committee also changed as shown below:

Composition of the Audit Committee as of December 2015 is as follows:

Name	Role
Aviliani	Chair (Independent Commissioner)
Askolani	Member (Independent Commissioner)
Goei Siauw Hong	Member (Commissioner)
Budi Sulistio	Member (Independent)
Ridwan Darmawan Ayub	Member (Independent)

## Profiles of the Committee Members

The Audit Committee consists of BOC members and Independent Members. The profiles of the Committee Members who also sit in the BOC have been presented in the BOC section. As for Independent Members of

the Committee, their profiles are presented in the Integrated Corporate Governance Committee section.

## Independence of the Audit Committee

In accordance with Article 12 paragraph 1 of PBI No. 8/4/PBI/2006 on the Implementation of Good Corporate Governance in Commercial Banks published on January 30, 2006, as amended by Regulation No. 8/14/PBI/2006 dated October 5, 2006; and Decree of the BOC No. KEP.KOM/001/2014 dated February 25, 2014 on Changes in Audit Committee Membership as

confirmed by Decree of the BOC No. KEP.DIR/64/2014 dated March 12, 2014 on Changes in Membership of the Audit Committee of PT Bank Mandiri (Persero) Tbk.:

1. The Audit Committee must consist of at least 1 (one) Independent Commissioner as the Chair

- and concurrent member and 1 (one) Independent Member who has expertise in finance or accounting as well as 1 (one) Independent Member with in law or banking expertise.
- The Independent Commissioner and Independent Members of the Audit Committee, as referred to in paragraph 1 (a), must account for at least 51% of the total membership of the Committee.
  - The Committee member who is an Independent Commissioner shall be appointed as Chair of the Audit Committee. In case more than one Independent Commissioner sits as member of the Audit Committee, one of them shall be appointed as the Chair.

Name	Criteria							Status
	1	2	3	4	5	6	7	
Aviliani	v	v	v	v	v	v	v	Independent
Askolani	v	x	x	v	v	v	v	Independent
Goei Siauw Hong	v	v	v	v	v	v	v	Non-Independent
Budi Sulistio	v	v	v	v	v	v	v	Independent
Ridwan Dharmawan Ayub	v	v	v	v	v	v	v	Independent

#### Independence Criteria

- Not sitting in the Bank's board of management
- Not having business relationship and any other relationships that might influence discretion
- Not the Company's majority shareholder or employee dealing directly with the majority shareholder
- Not an employee or formerly an executive in the company or its affiliates, at least three years prior to sitting in the Committee
- Not a key professional adviser or material consultant for the company or its affiliates, or employee dealing directly with service providers for at least three years prior to becoming a Committee member
- Not a supplier or anchor of the company or its affiliates or an employee of/who directly or indirectly works with a supplier or anchor
- Not having an agreement with the company or other affiliates as Director

### Familial & Financial Relationships, Managerial Roles and Share Ownership of the Committee Members

Name	Role	Familial Relationship with			Financial Relationship with			Managerial Roles & Share Ownership in Other Companies		
		Other Committees	BOD	BOC	Other Committees	BOD	BOC	BOD	BOC	Shareholder
Aviliani	Chair (Independent Commissioner)	-	-	-	-	-	-	-	-	-
Askolani	Member (Commissioner)	-	-	-	-	-	-	-	-	-
Goei Siau Hong	Member (Independent Commissioner)	-	-	-	-	-	-	-	-	-
Budi Sulistio	Member (Independent)	-	-	-	-	-	-	-	-	-
Ridwan Darmawan Ayub	Member (Independent)	-	-	-	-	-	-	-	-	-

In 2015, all members of Bank Mandiri Audit Committee had no familial and financial relationships with members of the BOC, BOD and other Committees and did not serve as Commissioners, Directors and shareholders in other companies.

### The Audit Committee Charter

In performing its functions and roles, the Audit Committee is guided by the Audit Committee Charter, which was signed jointly by Members of the Audit Committee and the BOC on May 2, 2014. The Charter, inter alia, includes: (a) General Purpose, (b) Authority, (c) Membership, (and) Membership Criteria, (e) Duties and Responsibilities, (f) Work Relationship, (g) Meeting, (h) Reporting, (i) Term of Office and Compensation, (j) Bank Confidentiality, (k) Closing.

The Audit Committee Charter is periodically reviewed to ensure that the scope of the guidelines always meet the existing needs, PBIs and/or other relevant regulations in effect.

## Duties, Authorities and Responsibilities of the Audit Committee

The duties and responsibilities of the Audit Committee are to provide opinions to the BOC on reports and other matters raised by the BOD, as well as to identify matters that need to be taken into account by the BOC by:

1. Formulating the annual work plan.
2. Specifying the annual meeting schedule.
3. Writing regular reports on the activities of the Audit Committee and on matters deemed necessary to raise concerns on the part of the BOC.
4. Conducting self-assessment of the effectiveness of activities undertaken by the Committee.
5. Conducting monitoring and evaluation of the financial information, including financial statements, projections and other relevant information.
6. Conducting monitoring and evaluation of the effectiveness and the results of internal auditor work in respect of internal control.
7. Conducting monitoring and evaluation of the Bank's compliance with laws and regulations on capital markets and Bank Indonesia Regulations and other regulations related to banking.
8. Conducting monitoring and evaluation of the performance of the Internal Audit Unit.
9. Conducting monitoring and evaluation of the follow-up actions taken by the auditee with regard to the results of audit by the External Auditor.
10. Examining the independence and objectivity of the Public Accounting Firm participating in the bid and making recommendations on the appointment of Public Accountants and Public Accounting Firm to the BOC. In addition, the Audit Committee provides recommendations to the BOC on the replacement or termination of the public accounting firm.
11. Identifying matters requiring the attention of the BOC.
12. Developing concepts and analysis related to the functions of the Audit Committee.
13. Performing other duties as assigned by the BOC.

## Remuneration of the Committee Members

Regulation of the Minister of State Owned Enterprises No. PER-12/MBU/2012 also stipulates remuneration for the Committee members with honoraria at maximum 20% (twenty percent) of the salary of the Company's President Director, with taxes paid by the Company. The Committee members are also not allowed to receive any other income in addition to the honoraria and members of the BOC chairing

the Audit Committee/sitting as Committee member are not entitled to extra income from the role. The income of the Committee members is determined by the BOC with regard to the Company's financial capacity. Honoraria of the Independent Members of Audit Committee have been explained in the section discussing the Integrated Corporate Governance Committee.

## Work Plan of the Audit Committee

Before the current financial year, the Committee shall prepare and submit annual work plan and budget to the BOC to be established and to the Board to be known. The Audit Committee has drawn up a work program in 2015 that covers the following areas:

1. Adequacy and correctness of the process in making financial reports.
2. Monitoring of the adequacy of internal controls.
3. The effectiveness of the work of internal and external auditors.
4. Monitoring and evaluation of the company's compliance with the regulations in the capital market, Bank Indonesia Regulation and the Financial Services Authority as well as other regulations related to the business of banking.

## Execution of the Audit Committee's Duties

During 2015, the Audit Committee has been carrying out their duties by doing activities such as meetings and working visits as follows:

Date of Meeting/Visit	Agenda
18-01-2015	A visit to Jakarta 2 Region
20-01-2015	<ul style="list-style-type: none"> <li>• Final Audit of Financial Statements BSM FY 2014 Book of KAB TWR and Partners (TWR-PwC)</li> <li>• The development of KAP Election 2015</li> </ul>
26-01-2015	A visit to Jakarta 3 Region
28-01-2015	Development of Business and Consumer Banking Risk Management
18-02-2015	<ul style="list-style-type: none"> <li>• Liquidity Position (USD &amp; S) and the projection of the next 12 months</li> <li>• Position Trading (Forex, MM, Bond Recap/SUN along MTM, Derivatives)</li> <li>• Market Update &amp; Outlook 2015 (related to fluctuations in fall/rise in fuel prices)</li> <li>• Risk Rating Base Bank in December 2014:</li> </ul>
25-02-2015	<ul style="list-style-type: none"> <li>• The development of KAP Selection for Bank Mandiri Financial Statements for Fiscal Year 2015</li> <li>• Update GNC</li> <li>• Report to the Regulator Fines delay 2014</li> <li>• Update the IAS Regulation</li> </ul>
11-03-2015	<ul style="list-style-type: none"> <li>• Significant findings and Quarterly Fraud Case IV/2014</li> <li>• Follow-up Inspection Results FSA and CPC</li> <li>• Other things that need to be reported</li> </ul>
11-03-2015	Developments Selection of KAP to the Financial Statements PT Bank Mandiri (Persero), Tbk for Fiscal Year 2015
02-04-2015	<ul style="list-style-type: none"> <li>• Interviews Candidates Head of Internal Audit</li> <li>• Discussion of the Head of Internal Audit Approval</li> </ul>
22-04-2015	<ul style="list-style-type: none"> <li>• The position of Bank Mandiri between banks Competitors</li> <li>• Projects Implementation Progress Initiatives in Group-group</li> <li>• Organizational Structure Determination related KPI (SO) New</li> </ul>

Date of Meeting/Visit	Agenda
29-04-2015	<ul style="list-style-type: none"> <li>Explanation Subsidiary Guidelines (Integrated Governance Guidelines) in order to comply with POJK No. 18/POJK.03/2014 Date 18 November 2014 concerning Governance Share Financial conglomeration</li> <li>Risk Profile Bank Mandiri and Subsidiaries Consolidated TRW I 2015</li> <li>Updated Outstanding Legal Cases and Risk Mitigation his</li> </ul>
29-04-2015	Sharing of Insider Trading of KAP EY
06-05-2015	Visits to Sumatra Regional 1
25-05-2015	Discussion about Clarification Procurement Financial Services Bank Mandiri for financial year 2015 by KAP Purwantono, Suherman & Surja (EY)
01-06-2015	<ul style="list-style-type: none"> <li>Development and Project Status Enterprise Data Management</li> <li>Review of Risk Management of Electronic Channel Operations</li> <li>Organization, Scope and Risk Management Data Recovery Center (DRC) BM</li> <li>Review of Risk Management Customer Care</li> </ul>
03-06-2015	<ul style="list-style-type: none"> <li>Significant findings and the first quarter of 2015 Fraud Case</li> <li>The position of Bank Mandiri bank among competitors per March 31, 2015</li> </ul>
17-06-2015	Bank Mandiri Credit Policy (KPBm)
17-06-2015	<ul style="list-style-type: none"> <li>Business Development and Risk Management Corporate Banking</li> <li>Business Development Commodity (Steel, Mine, Coal, Oil, Rubber)</li> </ul>
29-07-2015	<ul style="list-style-type: none"> <li>Significant findings and Fraud Case II quarter 2015</li> <li>Other things that need to be reported</li> </ul>
12-08-2015	<ul style="list-style-type: none"> <li>Risk Rating Bank Base June 2015</li> <li>Development of Integrated Risk Management in order Conditions Fulfillment FSA no. 17/03/2014</li> </ul>
18-08-2015	A visit to Java 3 Region
25-08-2015	Discussion of the Audit Plan Bank Mandiri Complete Financial Statements Financial Year 2015 with KAP Purwantono, Suherman & Surja (EY)
02-09-2015	Developments Subsidiary Performance per June 2015
16-09-2015	Visits to Regional Sulawesi and Maluku
19-10-2015	Projected Credit Risk Management and Credit Collectible BM until End of 2015
11-11-2015	<ul style="list-style-type: none"> <li>Significant findings and Fraud Case II quarter 2015</li> <li>Other things that need to be reported</li> </ul>
02-12-2015	<ul style="list-style-type: none"> <li>Liquidity Position until End of 2015</li> <li>Anti-Fraud Detection System</li> <li>Revised Management Policy Subsidiaries</li> </ul>
29-12-2015	Discussion EY Audit Firm



## Audit Committee Meeting

As explained in the Minister of SOE No. PER-12/MBU/2012 that the Committee held a meeting at least equal to the minimum requirements BOC meeting set out in the articles of association and documented in minutes of meetings are submitted in writing by the committee to the BOC.

Bank Mandiri's Audit Committee meeting held in accordance with the needs of the Bank, a minimum of once a month as set out in the Audit Committee Charter. The meeting was overseen by the Chair of the

Audit Committee or the Audit Committee members, when the Chair of the Audit Committee was unable to attend and can only be implemented if attended by a minimum of 51% of the number of members including an Independent Commissioner and Independent parties. Resolutions of the Committee are taken by consensus and consensus. In the event that consensus cannot be reached a decision, the decision taken by a majority vote, provided that the decisions are taken by majority vote.

## Frequency and Attendance of the Audit Committee Meeting

The presence of the committee members at the meeting reported on quarterly reports as well as the annual report. The Audit Committee has conducted a meeting as much as 23 (twenty three) times until the end of December 2015. The number of meetings and level of attendance of members of the Audit Committee in 2015 as follows:

Name	Role	Total			% of Attendance
		Meeting	Attendance	Absence	
Krisna Wijaya*	Chair	6	5	1	83%
Aviliani	Chair/Member	23	22	1	96%
Anton. H Gunawan*	Member	6	6	0	100%
Askolani	Member	23	19	4	83%
Goei Siauw Hong**	Member	8	7	1	88%
Budi Sulistio	Member (Independent)	23	23	0	100%
Ridwan D. Ayub	Member (Independent)	23	23	0	100%

### Note:

- According KEP.KOM/005/2014 dated May 28, 2014 and KEP.KOM/006/2014 dated August 25, 2014 on the Amendment of the Audit Committee Member and Risk Monitoring Committee as follows: Mr. Krisna Wijaya (KW) as Chairman and member \*), Ms. Aviliani (AV) as Members, Mr. Askolani (AS) as Members, Mr. Herman Anton Gunawan (AHG) as Members \*), Mr. Budi Sulistio (BS) as Independent Member and Mr. Ridwan Darmawan Ayub (RDA) as Independent Member
  - \*) Mr. Krisna Wijaya and Mr. Anton H. Gunawan according EGM results, per March 16, 2015 had not served as a Commissioner of Bank Mandiri
- According KEP.DIR/136/2015 dated 24-03-2015 on Membership Changes Under the Committees of the BOC as follows: Ms. Aviliani (AV) as Chairman concurrently Member, Mr. Askolani (AS) as Members, Mr. Goei Siauw Hong (GSH) as Member \*), Mr. Budi Sulistio (BS) as Independent Member and Mr. Ridwan Darmawan Ayub (RDA) as Independent Member.
  - \*\*) Mr. Goei Siauw Hong appropriate fit & proper test results, as of June 19, 2015 effectively served as a Commissioner of Bank Mandiri.
- Mr. Budi Sulistyo and Mr. Ridwan Darmawan Ayub per June 2, 2014 authorized concurrent positions as members of the Audit Committee and also a member of the Risk Monitoring Committee and in accordance KEP.DIR 136/2015 dated 30 April 2015 Mr. Budi Sulistio and Mr. Ridwan Darmawan Ayub has served as an independent member of the Integrated Governance Committee.

## Report on the Execution of the Committee's Duties

The Committee reports to the BOD and must submit a report to the BOC on every execution of tasks, followed by recommendations if necessary both quarterly and annual and signed by the Chairman of the Committee and the Committee members.

## Statement of the Audit Committee on the Effectiveness of Internal Control System



Internal control system carried out by the Bank is considered to be effective and adequately reflected in the effective discharge of the functions of internal control, among others, includes the functions of internal audit, risk management, compliance, and financial and operational controls.

## Evaluation and Assessment of the Committee's Performance

Evaluation and assessment of the performance of the Committee carried out every year by using the method determined by the BOC. Implementation of the activities and performance of the Committees

under the BOC regularly evaluated and assessed by the BOC for the sake of increasing the effectiveness of implementation and performance of committees in the coming year.

## 3. Remuneration and Nominations Committee

Remuneration and Nomination Committee, established by and directly responsible to the BOC. Remuneration and Nomination Committee was formed to assist the Board in carrying out its duties and oversight on matters relating to the determination

of the qualifications and the nomination process as well as the remuneration of the BOC, BOD and Executive Officers in order to realize good corporate governance.

### Basis for Establishment of the Remuneration and Nominations Committee

Remuneration and Nomination Committee established by reference to the Articles of Association, Law No. 19 of 2003 on SOEs and Bank Indonesia regulations specifically listed in Bank Indonesia Regulation Number 8/4/PBI/2006, 2006 on Implementation of Good Corporate Governance for Banks, as amended by Bank Indonesia Regulation No. 8/14/PBI/2006; set out in article 12, paragraph 1 stated the BOC shall establish a Remuneration and Nomination Committee in order to support the effective implementation of

duties and responsibilities, Minister of State Owned Enterprises No. PER-12/MBU/2012 on the Organs Supporting the Board of Commissioners of State Owned Enterprises, the Financial Services Authority (OJK) Regulation No. 34/POJK.04/2014 on Komite Nomination and Remuneration of Public Company, and POJK No. 45/POJK.03/2015 on Remuneration Procedures for Commercial Banks.