2013 Annual Report

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Prosperous Spirit

2013 Annual Report

PT BANK MANDIRI (Persero) Tbk.
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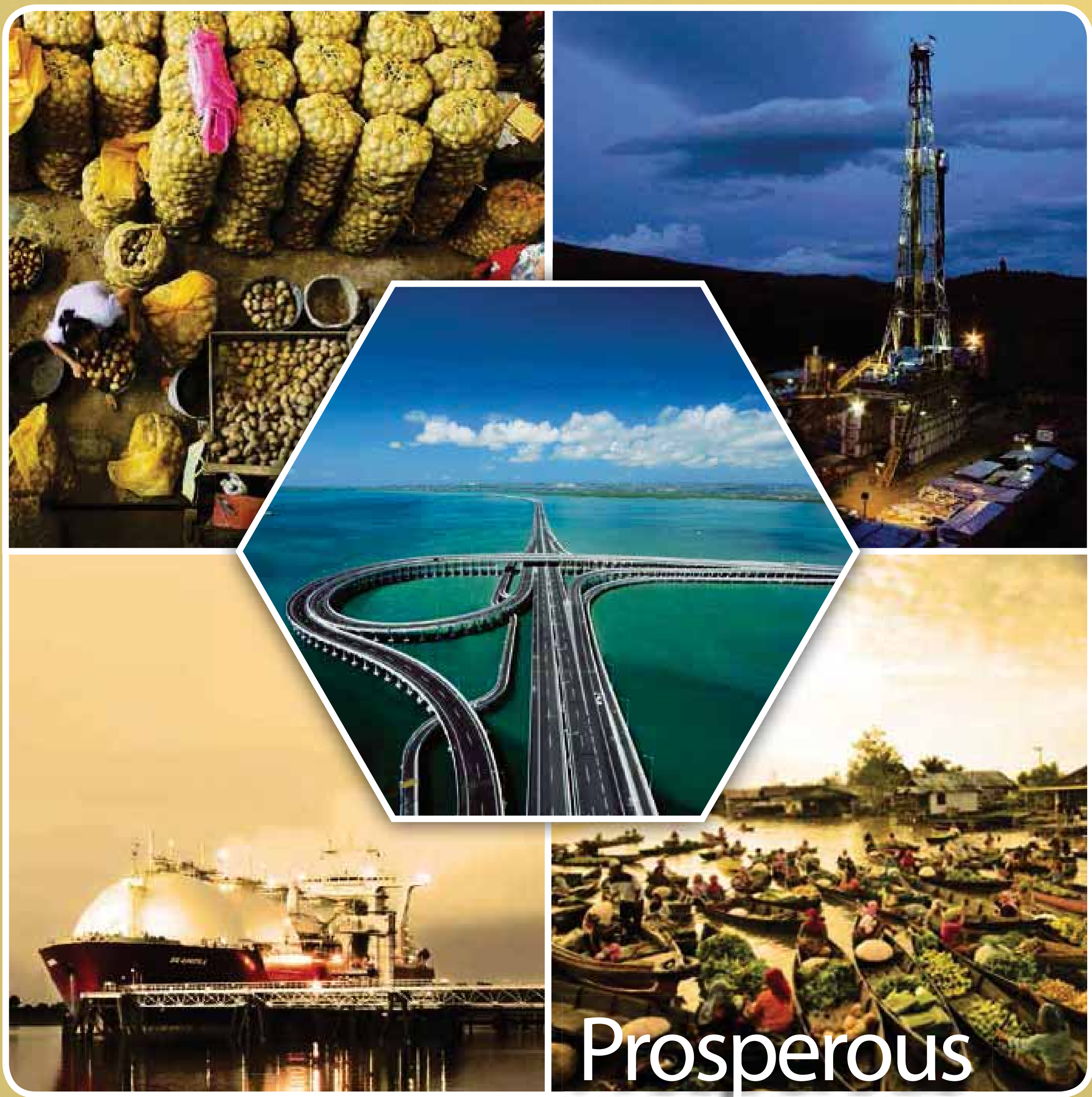

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www.bankmandiri.co.id

OTORITAS JASA KEUANGAN

IDX

Disclaimer

This annual report contains statements concerning the financial condition, operational results, projections, plans, strategies, policies, and objectives of the Company, all of which are categorized as forward-looking statements under the definitions contained in the laws and regulations, save for matters of an historical nature.

Such forward-looking statements are subject to a number of risks and uncertainties, and actual outcomes may differ materially from what is predicted in the statements

The forward-looking statements contained in this annual report are based on various assumptions regarding current and future conditions affecting the Company and the business environment in which the Company operates. The Company cannot give any assurance that the actions taken to ensure the validity of this document will also result in the achievement of the anticipated outcomes.

This terms " Bank Mandiri" and "the Company" are used interchangeably in this report to refer to PT Bank Mandiri (Persero) Tbk, which carries on business in the banking services sector.

Prosperous **Spirit**

"At Mandiri, we are imbued with Prosperous Spirit which allows us to grow in an open, positive and progressive environment so as to promote the prosperity of our partners, families, customers, communities and Indonesia as a whole."

About the Annual Report

Welcome to Bank Mandiri's 2013 Annual Report. The theme of this annual report is "Prosperous Spirit," which symbolizes the desire of everybody at Bank Mandiri to achieve a greater purpose in life than just working. This goal is achieved in stages, starting with the family, then our customers, communities, and finally Indonesia.

This annual report is prepared based on in-depth studies on the Bank Mandiri's business prospects and the dynamics affecting the banking sector in 2013. It has been prepared based upon a determination to provide something of significance, not just for Bank Mandiri but also for Indonesia.

The principal purpose of the annual report is to enhance information disclosure on Bank Mandiri for both external and internal purposes. Our annual report has developed into something that simultaneously serves as a source of pride and helps enhance the sense of solidarity among our employees. It provides a comprehensive and detailed overview our achievements and financial statements for 2013. It also provides an overview of structural and organizational duties, roles, and functions within Bank Mandiri and the application by the Bank of Good Corporate Governance.

The principal purpose of the annual report is to enhance the understanding and confidence all Bank Mandiri stakeholders through the provision of accurate, balanced, and relevant information. In this way, our employees, management, and shareholders can access the information they need in connection with the policies that have been or will be taken by Bank Mandiri, as well as the Bank's achievements in 2013.

For Bank Mandiri, the annual report is more than just a report of management accountability for the General Meeting of Shareholders but rather serves as an effective medium of communicating to all stakeholders the achievements of the Company to date and its prospects for the future. It also serves as a record of the Bank's adherence to good corporate governance, while at the same time allowing us to elicit input from various groups on what improvements can be made so as to ensure Bank Mandiri's continued role as the largest and best bank in Indonesia.

A Priceless Heritage

Bank Mandiri was formed on 2 October 1998, as a part of the Government of Indonesia's bank restructuring program. In July 1999, four state-owned banks-Bank Bumi Daya, Bank Dagang Negara, Bank Exim and Bapindo-were amalgamated into Bank Mandiri. The history of these four banks can be traced back over 150 years, and together they encapsulate the development of the Indonesian banking sector.

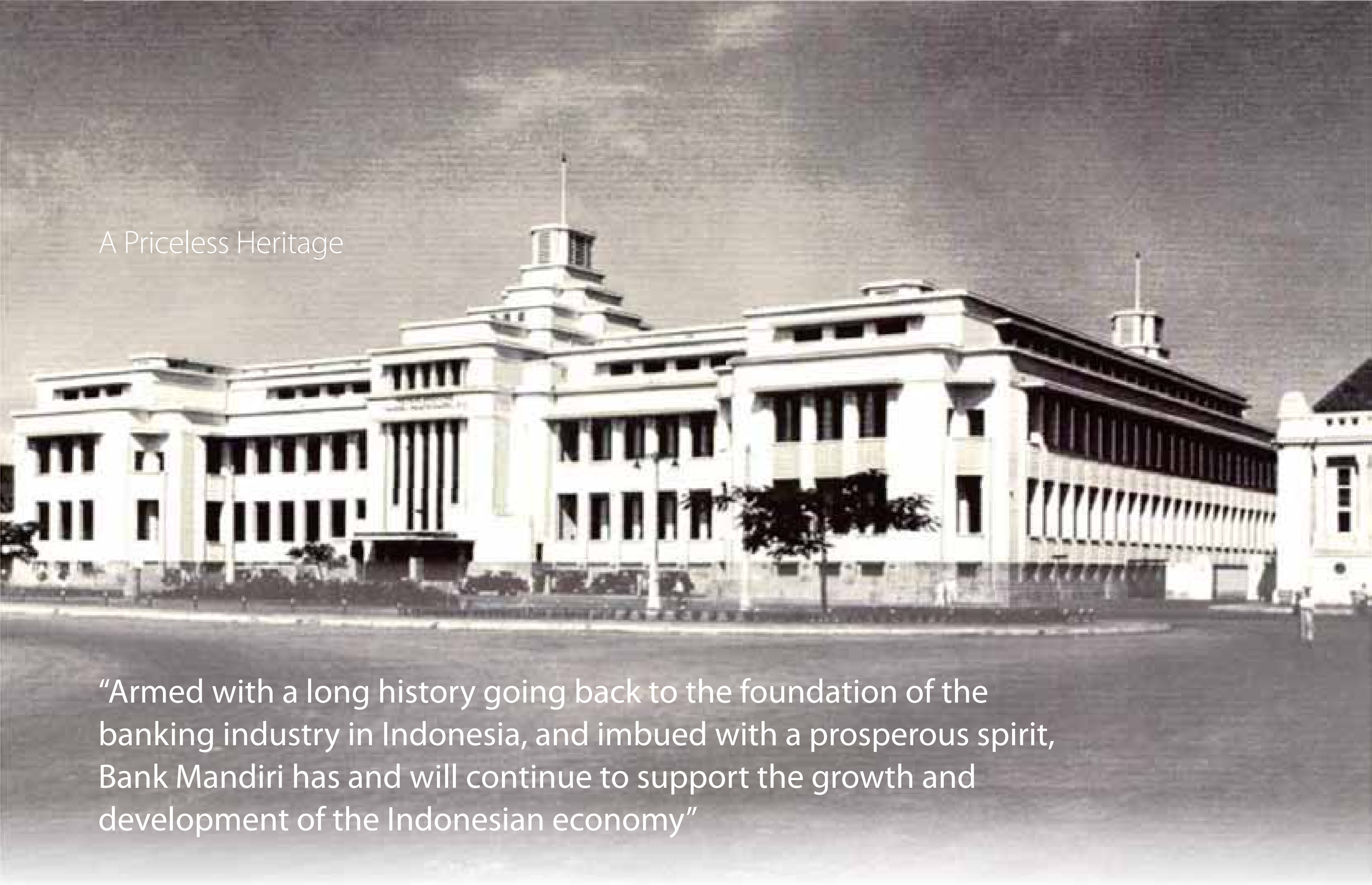
Bank Bumi Daya originated in 1959 with the nationalization of a Dutch company, De Nationale Handelsbank NV, which was renamed Bank Umum Negara in 1959. In 1964, it took over the banking business of recently nationalized Chartered Bank (formerly a British Bank). The next year, Bank Umum Negara was merged with Bank Negara Indonesia and changed its name to Bank Negara Indonesia Unit IV. Then in 1968, Bank Negara Indonesia Unit IV was reconstituted as Bank Bumi Daya.

Bank Dagang Negara was one of the first banks ever established in Indonesia and was originally known as Nederlandsch Indische Escompto Maatschappij when it was founded in Batavia (Jakarta) in 1857. Its name was changed in 1949 to Escomptobank NV, and in 1960 the bank was nationalized and renamed Bank Dagang Negara, a state bank focused on lending to the industrial and mining sectors.

Bank Ekspor Impor Indonesia's roots can be traced back to the Dutch trading company N.V. Nederlansche Handels Maatschappij, which was established in 1824 and expanded into the banking sector in 1870. The Government of Indonesia nationalized this company in 1960, and in 1965 it was merged with Bank Negara Indonesia as Bank Negara Indonesia Unit II. In 1968, Bank Negara Indonesia Unit II was split into two new units, with the unit know as Bank Negara Indonesia Unit II Export-Import Division ultimately becoming Bank Ekspor Impor Indonesia, a state bank focused on international trade financing.

Bank Pembangunan Indonesia (Bapindo) originated from Bank Industri Negara (BIN), an industrial bank that was established in 1951 with a mission to support the development of selected economic sectors, particularly plantations, industry and mining. Bapindo was established as a state-owned bank in 1960 and BIN was then merged with it. In 1970, Bapindo was designated by the government to support national development through medium and long-term financing to the manufacturing, transportation and tourism sectors.

Today, Bank Mandiri continues this tradition of more than 150 years of delivering outstanding banking and financial services that was developed by the four legacy banks, all of which played an integral role in the development of the Indonesian economy over many generations.



"Armed with a long history going back to the foundation of the banking industry in Indonesia, and imbued with a prosperous spirit, Bank Mandiri has and will continue to support the growth and development of the Indonesian economy"

CONSOLIDATION AND INTEGRATION

Immediately following the merger, Bank Mandiri embarked on a comprehensive process of consolidation. Most visibly, we closed 194 overlapping branches and reduced our combined workforce from 26,600 to 17,620 employees. Our single brand, Bank Mandiri, was rolled out across our network and all of our advertising and promotional activities. In addition, Bank Mandiri successfully implemented its new, integrated core banking system to replace the separate core banking systems of the four legacy banks.

Since its inception, Bank Mandiri's performance has continued to improve, as evidenced by an increase in profit from Rp 1.18 trillion in 2000 to Rp 5.3 trillion in 2004. In addition, the Bank marked a significant milestone in its history on 14 July 2003 by conducting a successful initial public offering of 20% of its shares, or the equivalent of 4 billion shares.

Bank Mandiri's financial performance in 2005 suffered a setback due to an increase in non-performing loans. The net consolidated Non Performing Loan (NPL) ratio increased from 1.60% in 2004 to 15.34% in 2005. As a result, Bank Mandiri's profit dropped significantly from Rp5.3 trillion in 2004 to Rp603 billion in 2005, representing a decrease of 80%. This had a direct impact on investor confidence, with the Bank's share price slumping from Rp2,050 in January 2005 to Rp1,110 in November 2005.

TRANSFORMATION PHASE ONE 2005-2010

The year 2005 marked a turning point for Bank Mandiri. The Bank resolved to become a Regional Champion Bank. To achieve this goal, Bank Mandiri formulated its Transformation Program based on 4 (four) key strategies, namely:

- The implementation of a corporate culture through performance based organizational restructuring, overhaul of the existing performance-based evaluation system, development of leadership and talent, and the alignment of human resources to meet strategic requirements.
- Aggressive Non Performing Loans Control, emphasizing the resolution of nonperforming loans and enhancing the risk management system.

- The acceleration of business expansion so as to exceed average market growth through distinctive strategies and value prepositions in each segment.
- The development and management of alliances between the Directorates and Business Units so as to optimize customer service and to explore business opportunities available related to the existing customers and their value chains.

To achieve its aspirations to become a Regional Champion Bank, Bank Mandiri divided its transformation process into 3 (three) phases, namely:

- First phase: "Back on Track" (2006 –2007). To reorganize and build the foundations of the Bank's growth in the future;
- Second phase: "Outperform the Market" (2008 – 2009). To focus on the Bank's business growth so as to deliver significant growth in all segments and to achieve above average profitability in the market;
- Third phase "Shaping the End Game" (2010). The Bank plays an active role in Indonesian banking sector consolidation.

The financial performance of Bank Mandiri has consistently improved since the implementation of the transformation process from 2005 to 2010, as reflected in its financial parameters. The Bank successfully decreased its net consolidated NPL ratio from 15.34% in 2005 to 0.62% in 2010. In addition, the Bank's net profit increased significantly from Rp0.6 trillion in 2005 to Rp9.2 trillion in 2010.

In tandem with the transformation of its business, the Bank has also conducted a process of corporate culture transformation by redefining the values of its corporate culture and embedding them in the employee code of conduct. The Bank has adopted 5 (five) corporate culture values, also known as "TIPCE": Trust, Integrity, Professionalism, Customer Focus, and Excellence.

CONTINUING TRANFORMATION

Bank Mandiri is currently at an advanced stage of the implementation of its 2010-2014 transformation program as part of which the Bank is working toward revitalizing its vision "To be the most admired and progressive Financial Institution in Indonesia". With this vision, the Bank aims to achieve a market capitalization value of over Rp225 trillion by the end of 2014, with close to a 16% market share, 2.5% ROA, and 25% ROE, while continuing to maintain asset quality as reflected in a gross NPL ratio of below 4%. In 2014, Bank Mandiri plans to achieve the largest market capitalization in Indonesia, and to become a Top 5 ASEAN Bank. Moreover, by 2020 Bank Mandiri aims to become a Top 3 Bank in ASEAN in terms of market capitalization, and to become a major regional player.

To achieve this vision, the focus of Bank Mandiri's business transformation in 2010 will focus on 3 (three) business areas, namely:

- Wholesale transactions:
  Bank Mandiri will strengthen its leadership in wholesale transactions by offering comprehensive financial transaction solutions and building holistic relations in servicing corporate and commercial institutions in Indonesia
- Retail deposits & payments:
  Bank Mandiri aspires to become the retail deposit and payment bank of choice that focuses specifically on the retail segment by providing unique and top-quality banking experiences to the customer.
- Retail financing:
  Bank Mandiri aspires to become take the number 1 or 2 position in key retail
  financing segments, primarily to overcome the competition in the mortgage, personal loan, and credit card segments, and to become a key player in micro banking.

A Priceless Heritage

These three focus areas are supported by the strengthened organization and the infrastructure improvements (branches, IT, operations, risk management) so as to provide integrated service solutions. In addition, the Bank is also supported by skilled human resources, constantly updated technology, prudent business practices and risk management, and a strong track record of good corporate governance.

As part of the effort to achieve the transformation vision, the Bank conducted a rights issue in early 2011 so as to improve its capital structure. In the third quarter of 2011, the Bank had a total capitalization of Rp59.7 trillion, making it the first financial institution in Indonesia to achieve International Bank status based on the criteria set out in the Indonesian Banking Architecture document.

The success of the first phase of transformation and the continuing transformation process have helped boost Bank Mandiri's financial performance and has drawn a warm response from investors, as reflected in the significant increase in the Bank's share price from a nadir of Rp 1,110 on 16 November 2005 to Rp7,850 at the end of 2013. Within a space of 8 years, Bank Mandiri's market capitalization increased eightfold from Rp 21.8 trillion to Rp 183.16 trillion, exceeding the market capitalization target for the continuing transformation stage.

Besides its achievements in the financial sphere, Bank Mandiri has also passed a number of milestones in terms of service quality. For six consecutive years from 2007 to 2012, the Bank was named service leader in the national banking industry based upon a survey conducted by Marketing Research Indonesia (MRI). In addition, the Bank has also received accolades from various organizations for its Good Corporate Governance.

Bank Ekspor Impor Indonesia, Kalibesar-Batavia, 1915

Bank Dagang Negara, Jl. Pintu Besar Utara, 1966

Bank Bumi Daya, Stationplein, 1950

Bank Pembangunan Indonesia, Jl. RP Soeroso, Menteng, 1970

A Priceless Heritage

As of the end of 2013, Bank Mandiri employed 33,982 staff and had 2,050 branches spread across Indonesia, and 7 overseas branches or representatives offices located in the Cayman Islands, Singapore, Hong Kong, Shanghai, London-United Kingdom, Dili-Timor Leste, Mandiri International Remittance–Kuala Lumpur, Malaysia. The Bank also operates a network of ATMs and Electronic Data Capture machines, as well as a range of other electronic channels, including Internet Banking, SMS Banking and Call Center 14000 services.

Bank Mandiri has six subsidiaries, namely, Mandiri Sekuritas (capital markets), Bank Syariah Mandiri (Shariah Banking), AXA-Mandiri Financial Services (life insurance), Bank Sinar Harapan Bali (micro, small, and medium enterprise sector), Mandiri Tunas Finance (financing), and Mandiri Axa General Insurance (general insurance).

Strengthened by a long history in the Indonesian banking industry and the support of all our stakeholders, Bank Mandiri is determined to serve the nation and be the pride of Indonesia

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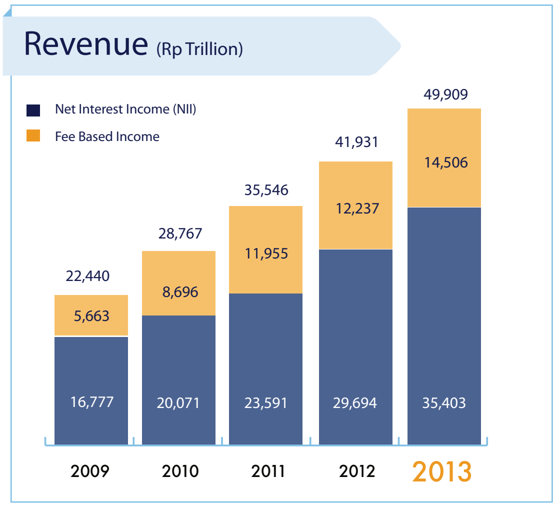
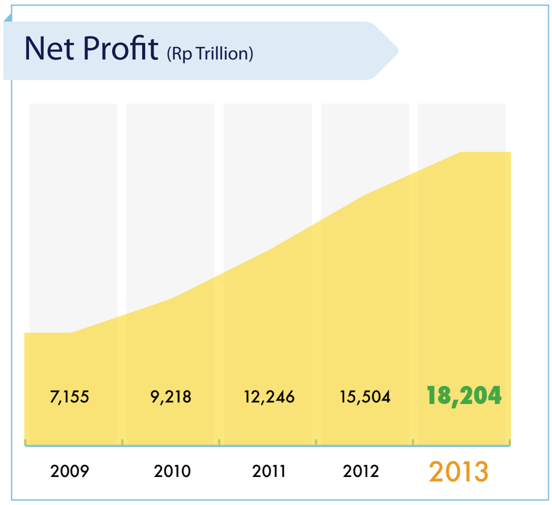
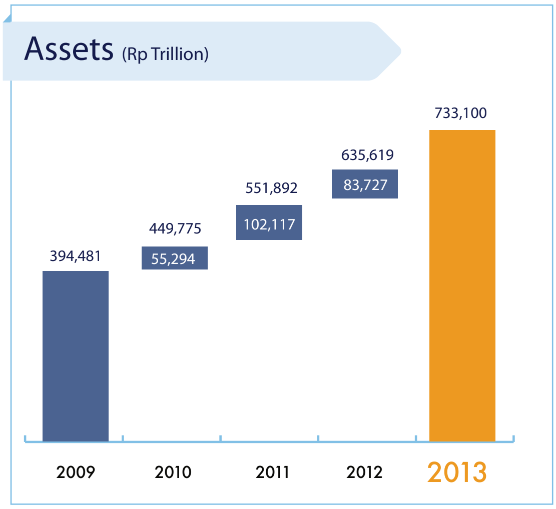
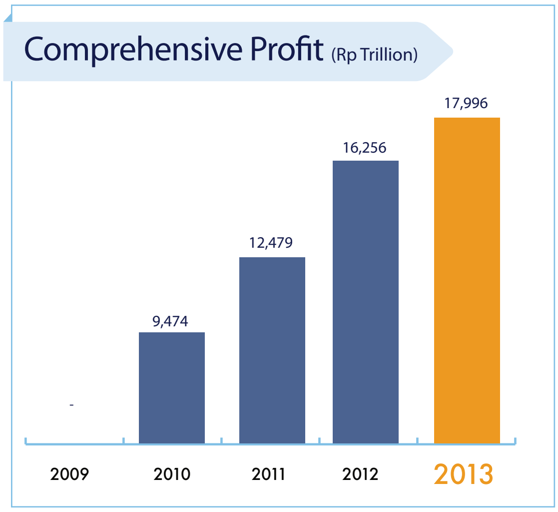
PERFORMANCE HIGHLIGHT 2013

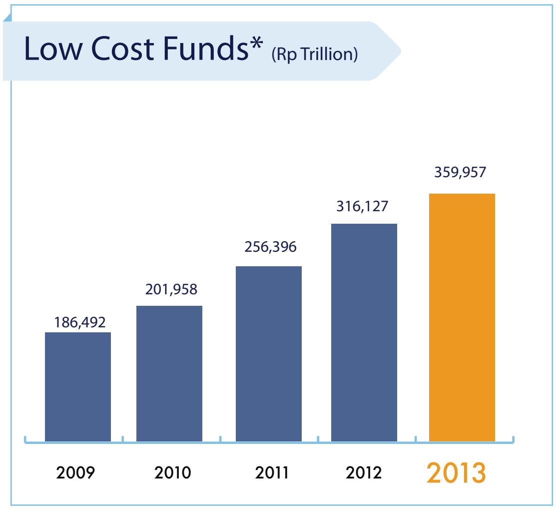
2013 Financial Highlights

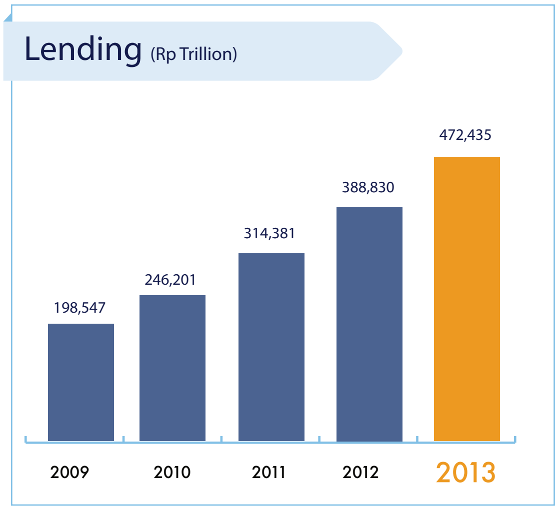












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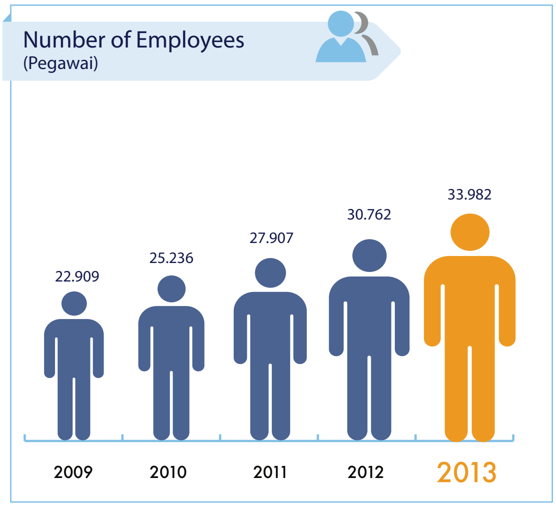
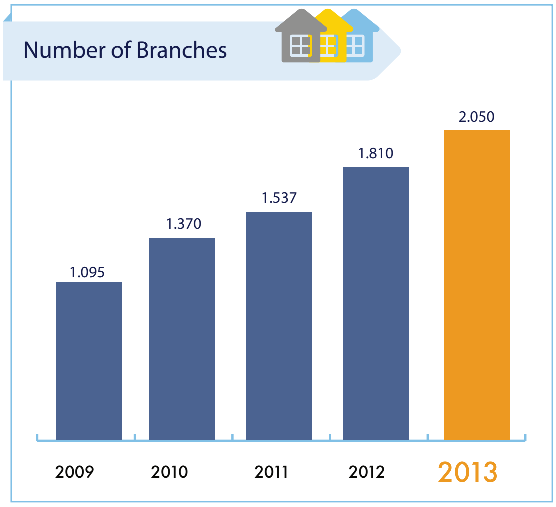
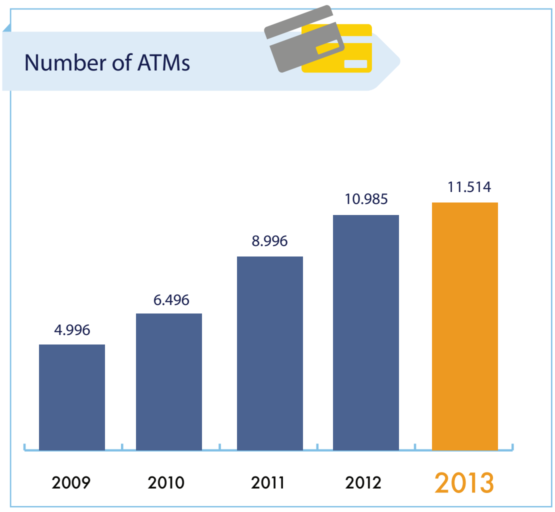
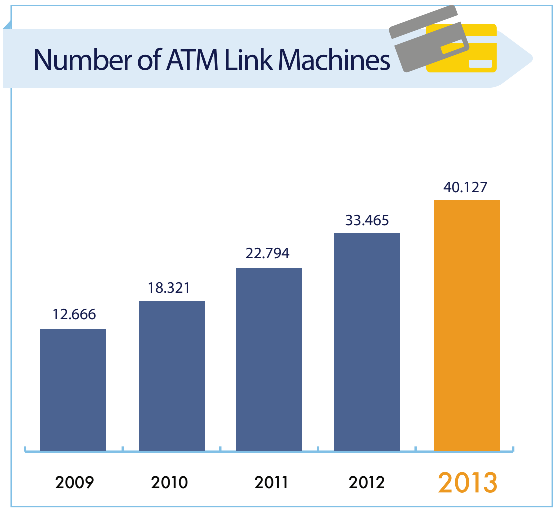
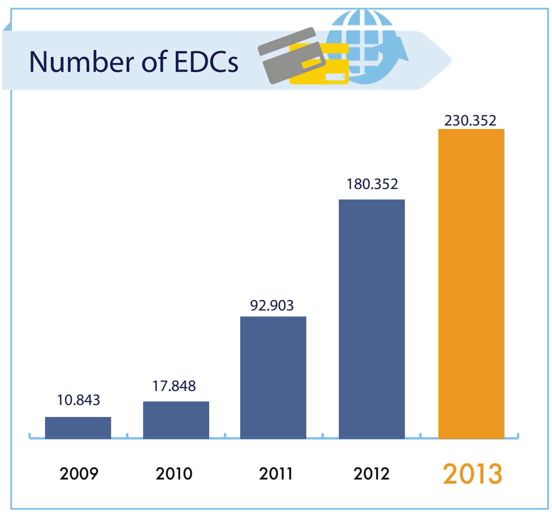
Operating Highlights

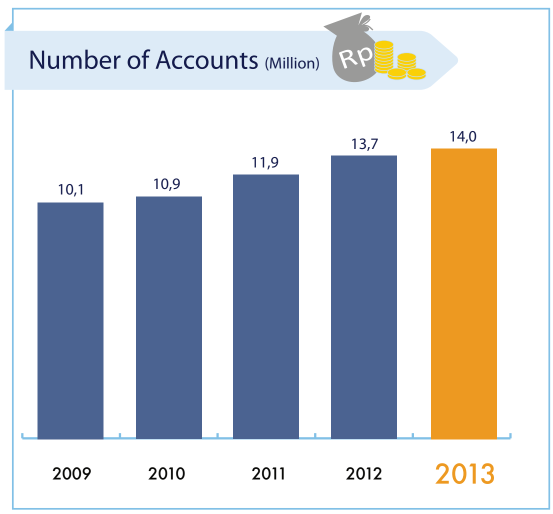












2013 Strategies

WHOLESALE TRANSACTION

RETAIL DEPOSIT & PAYMENTS

RETAIL FINANCING

2013 Strategies

- Providing transactional services to corporate customers so as to strengthen relations with corporate, commercial and institutional customers through comprehensive financial transaction solutions
- Developing relations through an holistic approach to blue-chip corporates
- In 2013, Wholesale Fees amounted to Rp 4.6 trillion and Wholesale Low-Cost Funds Rp79.6 trillion, while Cash Management Transactions increased 86.9% YoY to 24.5 million

- Bank Mandiri always provides unique and top-quality banking services, and innovative transactions solutions.
- In 2013, total retail fees amounted to Rp 6.8 trillion and retail low-cost funds to Rp 250.8 trillion (up 28.1% YoY), while the number of e-channel transactions up to end December 2013 amounted to 1,363 million.

- Becoming one of the key players in the micro-banking, mortgage and personal loan and card markets, and to dominate the Shariah banking market.
- In 2013, total retail loans stood at Rp 130.2 trillion (up 23.7% YoY), with retail lending accounting for 31.2% of total lending, while number of new MSME customers grew 18.4% YoY or by 86,333.

Summary of Important Financial Data

(in Million Rupiah)

Description	2013	2012[1]	2011[1]	2010	2009
Financial Position Report (Consolidated)					
Total Aset	733.099.762	635.618.708	551.891.704	449.774.551	394.480.527
Lending[2] - Bruto	472.435.041	388.830.299	314.380.848	246.200.576	198.546.617
Government Bonds	82.227.428	79.072.173	78.661.519	78.092.734	88.728.684
Equity Investment – Net	4.667	4.306	6.498	6.248	186.848
Total Liabilities[3]	644.309.166	559.863.119	489.237.296	407.704.515	359.318.341
Third Party Funds – Customer Deposits[3]					
• Demand deposits	123.445.524	113.911.014	92.616.188	68.372.347	72.696.847
• Savings accounts	236.510.887	202.216.209	163.779.820	133.585.356	113.795.011
• Term deposits	196.385.250	166.786.895	165.854.396	160.254.451	133.058.523
Other interest-bearing liabilities	39.570.135	32.613.314	32.420.514	20.812.639	22.935.321
Equity[4]	88.790.596	75.755.589	62.654.408	42.070.036	35.162.186

1) Declassified for purpose of consolidating mutual funds managed by subsidiaries
2) Including consumer finance receivables and net leasing investments
3) Includes remporary Syirkah funds
4) Includes non-controlling interests in consolidated net assets of subsidiaries

(in Million Rupiah)

Description	2013	2012	2011	2010	2009
Comprehensive Statement of Earnings (Consolidated)					
Interest Income:					
- Including interest on Government Bonds	50.208.842	42.550.442	37.730.019	33.931.650	32.598.964
- Excluding interest on Government Bonds	46.725.244	39.475.434	33.516.005	28.228.824	25.161.638
Net Interest Income					
- Including interest on Government Bonds	32.776.626	27.530.592	21.775.982	19.518.609	16.777.115
- Excluding interest on Government Bonds	29.293.028	24.455.584	17.561.968	13.815.783	9.339.789
Other Operating Income	14.686.637	11.897.822	11.768.351	8.432.817	5.484.363
Operating expense	21.500.987	18.913.028	16.312.021	12.074.973	10.009.867
CKPN expenses	4.871.442	3.423.067	3.297.670	2.986.234	1.147.540
Profit before Tax	24.061.837	20.504.268	16.512.035	13.972.162	10.824.074
Net profit in current year	18.829.934	16.043.618	12.695.885	9.369.226	7.198.488
Profit attributable to owner of parent company	18.203.753	15.504.067	12.246.044	9.218.298	7.155.464
Profit attributable to non-controlling interests	626.181	539.551	449.841	150.928	43.024
Comprehensive profit (loss)	17.996.086	16.256.581	12.479.456	9.474.023	-
Comprehensive profit attributable to owner of parent company	17.369.905	15.717.030	12.029.615	9.323.095	-
Comprehensive profit attributable to non-controlling interests	626.181	539.551	449.841	150.928	-
Net earnings per share (Rp)	780,16	664,46	529,33	439,38	341,72

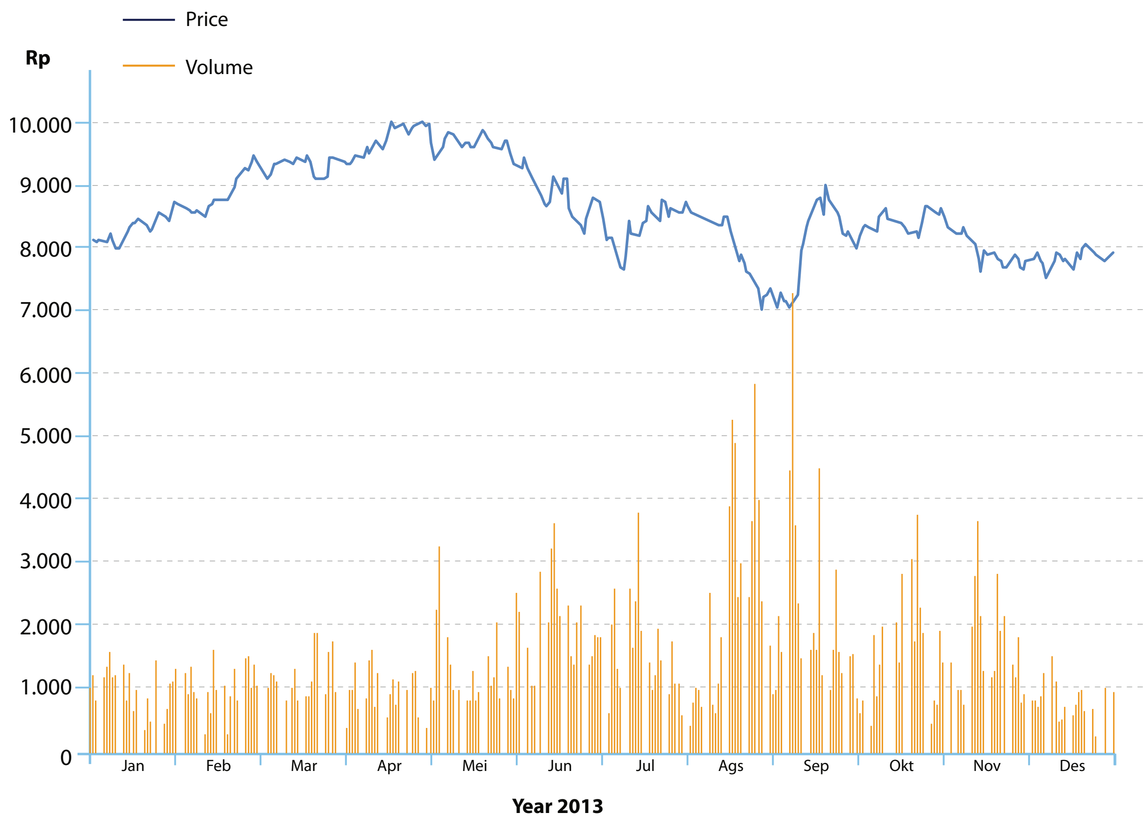
Summary of Important Financial Data

Description	2013	2012	2011	2010	2009
Financial Ratios (Bank Only)					
Capital					
Capital Adequacy Ratio (CAR)	14,93%	15,48%	15,34%	13,36%	15,43%
Productive Assets					
Productive Assets	1,17%	1,17%	1,43%	1,57%	1,87%
Productive & Non-Productive Assets	1,43%	1,45%	1,59%	1,57%	1,86%
Non-performing productive assets to total productive assets	2,86%	2,77%	2,84%	3,22%	3,75%
Financial asset CKPN to productive assets	1,60%	1,74%	2,18%	2,21%	2,62%
Non-performing loans (Net NPL)	0,37%	0,37%	0,45%	0,54%	0,32%
Profitability					
R O A	3,66%	3,55%	3,37%	3,50%	3,13%
R O E	27,31%	27,23%	25,57%	33,09%	30,26%
N I M	5,68%	5,58%	5,29%	5,39%	5,19%
B O P O	62,41%	63,93%	67,22%	66,43%	70,72%
Liquidity					
L D R	82,97%	77,66%	71,65%	65,44%	59,15%
Compliance					
Percentage of BMPK violations					
- Related parties	0,00%	0,00%	0,00%	0,00%	0,00%
- Non-related parties	0,00%	0,00%	0,00%	0,00%	0,00%
Percentage of BMPK expiry					
- Related parties	0,00%	0,00%	0,00%	0,00%	0,00%
- Non-related parties	0,00%	0,00%	0,00%	0,00%	0,00%
Minimum Rupiah Demand Deposit Requirement	8,00%	8,00%	8,00%	8,00%	5,00%
Minimum Foreign Currency Demand Deposit Requirement	8,10%	8,01%	8,06%	1,01%	1,32%
Net foreign currency position	2,40%	1,27%	1,50%	1,85%	3,44%

Bond Information

shares fluktuation & market capitalization

Period	shares price						
	price / shares (Rp)				Paid-up Shares	Trade Volume	Market Capitalization (Rp Trillion)
	open	high	low	close			
2013							
Triwulan I	8.250	10.150	8.000	10.000	23.333.333.333	1.294.194.000	233,33
Triwulan II	9.900	10.750	8.250	9.000	23.333.333.333	1.813.248.500	209,99
Triwulan III	8.900	10.300	6.250	7.950	23.333.333.333	2.587.401.000	185,49
Triwulan IV	8.050	8.950	7.300	7.850	23.333.333.333	1.665.966.500	183,16
2012							
Triwulan I	6.700	7.100	6.050	6.850	23.333.333.333	2.771.465.500	159,83
Triwulan II	6.950	7.400	6.600	7.200	23.333.333.333	1.306.539.500	167,99
Triwulan III	7.250	8.350	6.900	8.200	23.333.333.333	1.299.934.000	191,33
Triwulan IV	8.050	8.800	7.800	8.100	23.333.333.333	1.137.131.000	188,99



Bond Information

BOND INFORMATION							
Description	**Value (Rp)**	**Listed**	**Coupon**	**Effective Date**	**Maturity Date**	**Rating**	**Trustee**
Bank Mandiri Rupiah Subordinated Bond I 2009	3.500.000.000.000	Indonesia Stock Exchange	11,85 %	14 December 2009	11 December 2016	idAA+ by Pefindo	Bank Permata

PT Pemeringkat Efek Indonesia ("Pefindo"), in accordance with Letter No. 1765/PEF-Dir/X/2013 dated 9 October 2013 on the Mandiri I Rupiah Subordinated Bond 2009, period 8 October 2013 to 1 October 2014, reaffirmed its idAA+ (Double A Plus) rating on the Rp 3,500,000,000,000 Mandiri I Rupiah Subordinated Bond 2009 for the period 8 October 2013 to 1 October 2014.

In addition, Pefindo, by virtue of its Letter No. 1766/PEF-Dir/X/2013 dated 9 October 2013m on the Annual Rating Monitoring Certificate on the Mandiri I Rupiah Subordinated Bond 2009 for the period 8 October 2013 to 1 October 2014, reaffirmed its idAAA (Triple A; Stable Outlook) rating on Bank Mandiri for the period October 2013 to 1 October 2014.

In accordance with Bapepam-LK Regulation No. IX.C.11 on Debt Security Ratings, both ratings were advertised in a daily newspaper, namely, Koran Tempo on 31 October 2013. The advertisement read as follows:

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PENGUMUMAN
HASIL PEMERINGKATAN EFEK BERSIFAT UTANG ATAS OBLIGASI SUBORDINASI RUPIAH BANK MANDIRI I TAHUN 2009 DAN PEMERINGKATAN PT BANK MANDIRI (PERSERO) Tbk.
No.FST.CSC/CCM.017/2013

Guna memenuhi ketentuan sebagaimana diatur dalam Peraturan Bapepam-LK No. IX.C.11 tentang Pemeringkatan Efek Bersifat Utang dan sesuai dengan Surat PT Pemeringkat Efek Indonesia No. 1765/PEF-Dir/X/2013 tanggal 9 Oktober 2013 perihal Sertifikat Pemantauan Tahunan Pemeringkatan atas Obligasi Subordinasi Rupiah Bank Mandiri I Tahun 2009 Periode 8 Oktober 2013 sampai dengan 1 Oktober 2014, Direksi PT Bank Mandiri (Persero) Tbk. berkedudukan di Jakarta, dengan ini menyampaikan pemberitahuan sebagai berikut:

Panitia Pemeringkat PT Pefindo, sesuai dengan hasil rapatnya telah memutuskan untuk menetapkan kembali peringkat idAA+ (*Double A Plus*) terhadap **Obligasi Subordinasi Rupiah Bank Mandiri I Tahun 2009 senilai Rp3.500.000.000.000,- (Rupiah Tiga Triliun Lima Ratus Miliar)** untuk periode 8 Oktober 2013 sampai dengan 1 Oktober 2014.

"Efek hutang dengan peringkat id**AA+** memiliki sedikit perbedaan dengan peringkat tertinggi yang diberikan, dan kemampuan Obligor untuk memenuhi komitmen keuangan jangka panjang atas efek hutang tersebut, dibandingkan dengan Obligor lainnya di Indonesia, adalah **sangat kuat**."

Di samping itu, sesuai dengan Surat PT Pemeringkat Efek Indonesia No. 1766/PEF-Dir/X/2013 tanggal 9 Oktober 2013 perihal Sertifikat Pemantauan Tahunan Pemeringkatan atas PT Bank Mandiri (Persero) Tbk. Periode 8 Oktober 2013 sampai dengan 1 Oktober 2014, Direksi PT Bank Mandiri (Persero) Tbk., dengan ini juga menyampaikan pemberitahuan sebagai berikut:

Panitia Pemeringkat PT Pefindo, sesuai dengan hasil rapatnya telah memutuskan untuk menetapkan kembali peringkat id**AAA** (***Triple A; Stable Outlook***) terhadap **PT Bank Mandiri (Persero) Tbk.** untuk periode 8 Oktober 2013 sampai dengan 1 Oktober 2014.

"Obligor berperingkat id**AAA** merupakan peringkat tertinggi yang diberikan oleh PEFINDO. Kemampuan obligor untuk memenuhi komitmen keuangan jangka panjangnya, relatif terhadap obligor Indonesia Lainnya, adalah **superior**."

Demikian pengumuman ini kami sampaikan.

Jakarta, 31 Oktober 2013
PT Bank Mandiri (Persero) Tbk.
Direksi

mandiri call 14000 — Terdepan, Terpercaya. Tumbuh bersama Anda.

Milestones, 2013

17 January 2013

15 thousand new entrepreneurs created thanks to the Mandiri Young Entrepreneur (WMM) and Mandiri Young Technopreneur competitions, the finals of which were held in the Jakarta Convention Center on Thursday, 17 January. The largest entrepreneurship party in Indonesia was attended by RI Vice President Boediono

3 March 2013

Then Bank Mandiri Director, Budi G. Sadikin, on the sidelines during a meeting held as part of the "**Mandiri Sahabatku**" program in Hong Kong on Sunday, 3 March. The program is aimed at encouraging entrepreneurship among Indonesia migrant workers in Hong Kong.

2 April 2013

The Bank's Annual General Meeting of Shareholders was held on Tuesday, 2 April 2013, in Jakarta. Budi G. Sadikin is pictured as Bank Mandiri's new CEO, succeeding Zulkifli Zaini.

22 April 2013

Bank Mandiri brought together more than 400 finance directors from blue-chip domestic and international companies for the Mandiri CFO Formum 2013 in Jakarta on Monday, 22 April. The event, themed "Investing for Innovation", marked the third time such a meeting had been held since 2011.

26 Mei 2013

Bank Mandiri continued to strengthen its customer base by encouraging greater transaction volume, this time through its innovative e-money bracelet program that was launched during the Mandiri Karnaval Nusantara event at Senayan City, Jakarta, on Sunday, 26 May.

16 June 2013

For the sixth time since 2008, Bank Mandiri was named "**Best Bank in Service Excellence**" (2013) during the Banking Services Excellence Awards 2013, which were held by Marketing Research Indonesia and Inforbank magazine on Tuesday, 16 June. The award was accepted by Bank Mandiri Deputy CEO Riswinandi.

Milestones, 2013

18 July 2013

Bank Mandiri receives the award for **Best Bank in Indonesia** after being recognized by the best performing bank by Euromoney. The award, which was presented during the Euromoney Awards for Excellence Asia 2013 in Hong Kong on Thursday, 18 July, was accepted by Bank Mandiri Corporate Banking Director Fransisca N. Mok.

September 2013

Bank Mandiri CEO (far left) chats with World Bank Executive Director Sri Mulyani (far right), RI Minister of Finance Chatib Basri (second left) and the Executive Chairman of the APEC CEO Summit 2013, Wisnu Wardhana (second left) on the sidelines of the APEC CEO Summit 2013 in Bali.

27 October 2013

Bank Mandiri CEO Budi G. Sadikin, accompanied by Minister of Tourism and Creative Economy Mari Elka Pangestu, see off the contestants in the **Mandiri Jakarta Marathon** at Monas on Sunday, 27 October. The event, which drew a field of some 10,000 runners, was the first marathon ever to be held in Jakarta.

11 November 2013

Bank Mandiri stages the **Mandiri Investment Forum 2013**, which was attended by some 400 domestic and overseas investors.

23 November 2013

Bank Mandiri is named **Bank of the Year in Indonesia 2013** by The Banker magazine. The award was accepted by Bank Mandiri's Director of Commercial and Business Banking Sunarso (center) in London, on Thursday, 28 November.

5 December 2013

Bank Mandiri CEO Budi G. Sadikin accepts the award for Best State Enterprise in the Most Competitive Financial Services from Bagus Rumbogo, an expert adviser to the State Enterprises Minister, in Jakarta on Thursday, 5 December. The award was presented in recognition of Bank Mandiri's innovation in developing the banking strategies and models that have made it the most successful state enterprise in the financial sector. Tanah Air.

Awards & Accolades 2013

NATIONAL

JANUARY

Infobank Magazine	**Digital Brand of The Year 2012** - 1st, Product Digital Brand - Electronic money (e-Toll Card) - 2nd, Product Digital Brand - Debit Card
Marketeers Magazine	**Indonesia Brand Champion 2013** - Bronze Brand Champion of Most Popular Brand; Conventional Banking - Silver Brand Champion of Brand Equity; Conventional Banking (Assets > IDR 75 Trillion)

FEBRUARY

Warta Ekonomi Magazine	**20 Indonesia Most Admired CEO 2013** 20 Indonesia Most Admired CEO 2013 for Mr. Zulkifli Zaini

MEI

Fortune Indonesia	**Fortune Most Admired Companies 2013** - The First Winner In Banking and Finance Industry - The Best 20 of Most Admired Companies in Indonesia
Warta Ekonomi Magazine	**Indonesia Most Admired Companies 2013** Banking
Bisnis Indonesia	**Banking Efficiency Award 2013** State-owned banks

JUNE

Investor Magazine	**Investor Best Bank Awards 2013** 3rd, Retail Bank, Assets > Rp100 Trillion
Beritasatu.com	**Web State Enterprise Awards 2013** Website Best Transactional State Enterprise 2013
Marketing Research Indonesia dan Majalah Infobank	**Banking Service Excellence 2013** • Most Consistence Bank in Serfvice Excellence • Golden Trophy for Best Overall Performance 2013 • 2nd, Best Satpam • 1st, Best Customer Service • 1st, Best Internet Banking • 2nd, Best Phone Banking – electronic • 1st, Best Teller • 1st, Best Phone Banking – Officers • 2nd, Best Mobile Internet • 2nd, Best ATM • 1st, Best E-Banking
Property dan Bank magazine	**Acara Property And Bank Award 2013** Bank with outstanding performance – asset > Rp 200 Trillion
Indonesia Green Awards	**Indonesia Green Awards 2013** Promotion of Renewable Energy
SWA Magazine	**Indonesia Best Public Companies 2013 - Best Wealth Creator** SWA 100: Indonesia Best Public Companies 2013 Based on WAI (Wealth Added Index) method

JULY

SWA Magazine	**Indonesia Original Brand 2013** 1st place, Bank
Majalah Infobank	**Infobank Awards 2013** "Outstanding" Financial Performance 2008-2012

AUGUST

BUMN Track	**BUMN Marketing Award 2013** • Bronze Winner, Tactical Category • Bronze Winner, Strategic Category

Awards & Accolades 2013
NATIONAL

Majalah Marketeers	**Indonesia Brand Champion 2013** Silver Brand Champion of Most Popular Stock; market Capitalization < IDR 250 Trillion Q2 2013

SEPTEMBER

Economic Review	**Indonesia Banking Awards 2013; Core Capital > Rp30 T** • 1st place, Good Corporate Governance • 1st place, Corporate Communication • 2nd place, Finance • 2nd place, Marketing • 2nd place, Risk Management • 3rd place, Corporate Social Responsibility • 3rd place, Human Capital • 3rd place, Information Technology

OCTOBER

Tempo Media Group dan Center for Risk Management Studies (CRMS) Indonesia	**Indonesia Banking Awards; Best Performance Banking 2013** Bank Book 4
Coordinating Ministry for Public Welfare, Corporate rum for Community Development	**Gelar Karya Pemberdayaan Masyarakat Award 2013** Platinum CSR Best Practice for MDG's, Employment Creation and Poverty Alleviation
Ministry of State Enterprises, Indonesia Stock Exchange, OJK	**Annual Report Award 2012** 2nd place, Financial sector state enterprise-Listed
Social Media	**Social Media Awards** Housing loans (KPR)
Majalah Infobank	**4th Infobank BUMN Awards 2013** Outstanding Financial Services Provider
Markplus Insight	**Indonesia Brand Champion 2013 Award** Gold brand champion of most preferred mortgage brand.

NOVEMBER

Majalah Mix	**PR Program & People Of The Year 2013** Corporate Social Responsibility Program 2013
SSCX International dan SHIFT Magazine	**Indonesia Operational Excellence Award 2013** Innovation title "SLA 30 Menit Analisis Dokumen Ekspor: Unit Processing Tercepat di Dunia"
Warta Ekonomi magazine	**IT Banking Excellence Award 2013** 1st place, "Bank Umum Kelompok Usaha" (BUKU) 4 with Best IT
Serikat Perusahaan Pers (SPP)	**The 2nd Indonesia Public Relations Awards & Summit** Program PR Pilihan SPS 2013; Wirausaha Muda Mandiri

DECEMBER

BUMN Track	**Anugerah BUMN 2013** The Best Competitive Financial Services State Enterprises
Indonesia Institute for Corporate Governance (IICG) dan SWANetwork	**Indonesia Good Corporate Governance Award 2013** Indonesia Most Trusted Company

AWARDS & ACCOLADES 2013

INTERNATIONAL

JANUARY

Asiamoney Magazine	**Asiamoney Best Banks 2012** Best Domestic Bank in Indonesia
Asiamoney Magazine	**Asiamoney Best Managed Companies 2012** Best Executive in Indonesia: Zulkifli Zaini
Asiamoney Magazine	**Asiamoney Cash Management Poll 2012** • Best Overall Cross-Border (Local) Cash Management Services in Indonesia as Voted By Small-Sized Corporates • 3rd, Best Overall Domestic (Local) Cash Management Services in Indonesia as Voted By Medium-Sized Corporates • 2nd, Best Overall Cross-Border (Local) Cash Management Services in Indonesia as Voted By Largel-Sized Corporates • 2nd, Best Local Cash Management as Voted By Large-Sized Corporates • Best Overall Domestic (Local) Cash Management Services in Indonesia as Voted By Small-Sized Corporates • 2nd, Best Local Cash Management bank in Indonesia as Voted By Medium-Sized Corporates • 2nd, Best Overall Domestic (Local) Cash Management Services in Indonesia as Voted By Large-Sized Corporates • Best Local Currency Cash Management Services in Indonesia as Voted By Financial Institutions-IDR • 3rd, Best Local Cash Management Bank in Indonesia as Voted By Small-Sized Corporates • 2nd, Best Overall Cross-Border (Local) Cash Management Services in Indonesia as Voted By Medium--Sized Corporates
Asiamoney Magazine	**Asiamoney FX Poll 2012** • 3rd, Best Domestic Provider of FX Products & Services in Indonesia as Voted By Corporates • Best Domestic Provider for FX Options in Indonesia as Voted By Corporates • Best Domestic Provider for FX Research & Market Coverafe in Indonesia as Voted By Corporates • Best Overall Domestic Provider of FX Services in Indonesia as Voted By Corporates

MARCH

Carre-CCSL, Service Excellence Magazine, dan Marketing Magazine	**Contact Center Service Excellence Award 2013** • Call Center Award 2013 for Service Excellence for Priority Banking Industry • Call Center Award 2013 for Service Excellence for Platinum Credit Card Industry • Call Center Award 2013 for Service Excellence for Regular Banking Industry • Call Center Award 2013 for Service Excellence for Regular Credit Card Industry • Email Customer Service Award 2013 for Service Excellence for Banking – Financing – Insurance Industry
The Assets Magazine	**The Asset Triple A Transaction Banking Awards 2013** • SME Banker of The Year in Asia Pacific for Direktur Commercial & Business Banking, Bpk. Sunarso • Best SME Bank in Indonesia
Project Finance Magazine	**Asia Pacific (APAC) Transport Deal of the Year 2012** Asia Pacific Transport Deal
Corporate Governance Asia	**10th Anniversary Issue, 3rd Asian Excellence Recognition Award 2013** • Best Investor Relation Website/ Promotion • Best Investor Relations Company in Indonesia • Asia's Best CEO (Investor Relations) for CEP Zulkifli Zaini • Asia's Best CFO (Investor Relations) for Finance & Strategy Director Pahala N. Mansury
Roy Morgan	**Roy Morgan Customer Satisfaction Award 2012** Consumer Bank Of The Year

APRIL

The Asian Banker	**The Asian Banker Leadership Achievement Award** • The Best Cash Management Bank in Indonesia • The Best Leading Counterparty Bank • The Enterprise Risk Management Project

AWARDS & ACCOLADES 2013
INTERNATIONAL

JUNE

Bloomberg Businessweek dan Frontier Consulting	**Corporate Image Award 2013** 2nd, Big Asset National bank (Aseet > 250 Trillion)
Corporate Governance Asia	**9th Corporate Governance Asia Recognition Awards 2013 dan 4th Asian Corporate Director Recognition Awards 2013** • Asia's Icon (Indonesia0 • Asian Corporate Director, Bpk. Riswinandi
Enterprise Asia	**Asia Responsible Enterpreneurship Awards (AREA) 2013** Investment in People

JULY

Finance Asia	**Finance Asia's Best Managed Companies Award** • 3rd place, Best CEO • 1st place, Best CFO • 1st place, Best Investor Relations • 3rd place, Best Corporate Social Responsibility
Euromoney	**The Euromoney Awards for Excellence Asia 2013** Best Bank in Indonesia

SEPTEMBER

Finance Asia	**Finance Asia 2013 Country Awards For Achievement** • Best Foreign Exchange Bank in Indonesia • Best Private Bank in Indonesia
Alpha Southeast Asia	**7th Annual Best Financial Institution Awards 2013** • Best Bank in Indonesia • Best Private Wealth Management Bank • Best Cash Management Bank • Best Best FX Bank for Corporates & Fis
Alpha Southeast Asia	**3rd Annual Corporate Awards 2012** • 2nd place, Most Organized Investor Relations • Best CFO in Indonesia: Bapak Pahala N. Mansury • 1st place, Strongest Adherence to Corporate Governance • 2nd place, Best Senior Management in IR Support • 3rd place, Best Strategic Corporate Social Responsibility
Majalah Asiamoney	**Asiamoney Summer Awards Dinner 2013** Best Domestic Providers of FX Services voted by Financial Institutions

OCTOBER

Majalah Forbes	**Forbes Global 2000** 446th place on the Forbes Global 2000
Indonesian Intitute for Corporate Directorship	**Penghargaan The Indonesian Intitute for Corporate Directorship (IICD) 2013** Best Financial

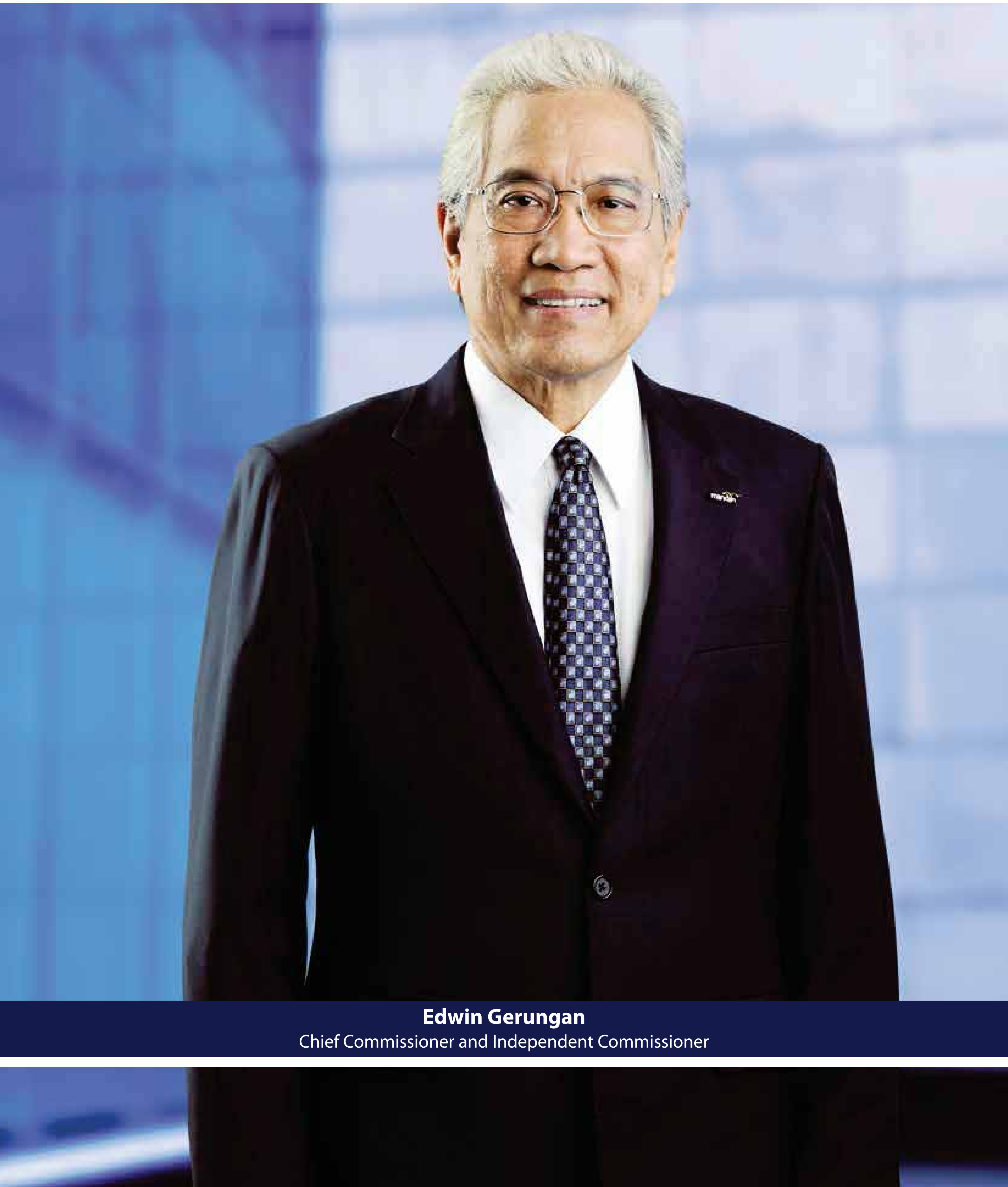
NOVEMBER

Corporate Governance Asia	**1st Asian Company Secretary of The Year Recognition Award 2013** Asia's Best Corporate Secretary in Infonesia
The Banker	**The Banker Awards 2013** Bank of The Year in Indonesia 2013


garuda wisnu kencana

Reports of the Board of Commissioners and Board of Directors

Report of the Board of Commissioners



Edwin Gerungan
Chief Commissioner and Independent Commissioner

Report of the Board of Commissioners

"The Board of Commissioners is committed to continuously strengthening the supervisory function and to taking anticipatory action in respect of the potential for a decline in asset quality in the context of achieving our profit targets and ensuring a sustainable business. We will focus our attention on prudent and diligent liquidity management, discipline in controlling asset quality, and discipline in maintaining margins."

Dear Stakeholders

Throughout 2013, the global economy tended to slow and there was increased volatility in the capital and money markets that was driven by high-risk policies on the part of the United States, such as tapering the Fed stimulus, the debate over the debt ceiling, and the government shutdown in the US. Capital reversal occurs in response in emerging markets as global investors transferred their funds to the safe havens. As a result, financial asset prices and exchange rates in emerging markets weakened significantly.

The IMF estimates that the global economy grew by 2.9% in 2013, slower than in 2012 when the figure was 3.2%. The average exchange rate in the ASEAN-5 fell by up to 8.5% with the largest depreciation being that experienced by the Rupiah, which was down 24.3%. The yield on 10-year government bonds in the ASEAN-5 rose sharply by an average of 134 bps, with the highest increase in yield being up to 326 bps in Indonesia.

The economic slowdown was reflected in macro domestic growth of 5.78%, down from 6.23% YoY in 2012. Inflation accelerated by 408 bps to 8.38% due to a reduction in fuel subsidies, as well increases in the minimum wage and electricity prices. The Rupiah also depreciated sharply, by up to 24.3% to Rp12,171 / USD on the back of increased volatility in the money and capital markets. Inflationary pressures and the weakening Rupiah spurred a policy rate increase of 175 bps during the course of 2013 to a level of 7.5%, while the average bank interest rate rose by 150 bps to 7.25% for deposits and 12% for loans.

By the end of 2013, the national banking industry was coming under some pressure both in terms of business expansion and profitability. As the economy slowed, growth in bank lending on an annualized basis was down 22% compared to the previous period. Liquidity also tightened in line with an LDR up to 90%, while deposits only grew by 13.8% YoY. While both exchange rate volatility and inflation increased, the quality of loans in the national banking sector was maintained at an NPL level of around 2% and a capital ratio of around 18%. The resilient performance of the national banking sector was also supported by anticipatory BI policies to reduce the risk of rising NPLs, such as the LTV policy for mortgages and restrictions on the issuing of credit cards.

Report of the Board of Commissioners

Amidst the various external challenges, Mandiri Group successfully achieved a number of important milestones in 2013. Consolidated assets broke through the psychological level of Rp 700 trillion to reach Rp733.1 trillion, while net profit grew 17.4% on an annualized basis. Shareholder value, as reflected in market capitalization, rose to Rp183.1 trillion by the end of 2013, even briefly touching its highest level ever, Rp250.8 trillion, in April 2013.

Mandiri Group also recorded improvements in key financial ratios such as average return on equity, which reached 22.23%, average return on assets (3.54%) and the cost-efficiency ratio (42.93%). Fee-based income also increased significantly by 18.6% YoY to Rp14.5 trillion on the back of increases in financial services transactions and retail lending, which was up 23.7%

Despite the increase in market volatility and overall tighter liquidity, Bank Mandiri successfully managed to maintain its fundamental foreign exchange exposure position. In fact, the situation in this respect was much better than in 2005 and 2008, which were also years marked by crisis. The foreign currency LDR at 67% in 2013 was significantly better than in 2005 when it stood at 123% as well as in 2008, when it was 96.5%. Meanwhile, foreign currency NPLs only amounted to 2.4%, much lower than 9.4% in 2008 and 41.1% in 2005. The coverage ratio for foreign currency loans increased significantly, by more than ninefold, from 38% in 2005 to 376.7% in 2013. During the same period, foreign exchange liquidity was successfully maintained in at more than USD 1 Billion.

Mandiri Group's business also saw loan growth of 21.5% YoY to Rp472, 4 Trillion through the channeling of retail financing of Rp130 .2 trillion, or 31.2% of total lending. Amid the Company's expanding business, Management continued to focus on maintaining asset quality with gross and net NPLs respectively standing at 1.90% and 0.58%. Amid tight liquidity, Management successfully boosted deposits by 15.2% over the previous year to Rp556.3 Trillion, with low-cost funds accounting for 64.7% of this.

In the midst of global uncertainty, Management successfully maintained liquidity, particularly foreign exchange liquidity, and selectively focused on crisis-resilient sectors for growth. Management also sought to improve customer services in various sectors and geoFigure regions through organizational development and by improving business models. The span of control in the retail business, which has undergone massive expansion, was carried out through the establishment of the Retail Risk Directorate. Management also established the Transaction Banking Directorate so as to allow Bank Mandiri in the future to better focus on transaction banking, both wholesale and retail. Management also established a special support units to manage and develop the IT system and operational transaction banking.

In addition, to improve risk management in the IT arena, Management established the post of Chief Information Officer so as to accelerate business processes, improve the reliability of electronic channels, and provide IT services solutions that bring the Bank closer to its customers. Through the various improvements to business models that have been made, the Board of Commissioners believes that the Bank's current growth levels and profitability can be sustained.

In connection with the various achievements and improvements to business processes, the Board of Commissioners diligently conducted disciplined supervision over the micro-financial and macro-external parameters so as to serve as an early warning system. The supervision process was carried out proactively based on the principles of good corporate governance and focused on strengthening the foundations for achieving our goals in our three (3) business focus areas (wholesale transactions, retail deposits and payments, and retail financing), as well as internal controls, improved risk management, and enhancements to infrastructure and human resources.

The Board of Commissioners continuously provided advice to Management for the making of improvements having regard to market developments. As regards liquidity, the Board of Commissioners encouraged management to be more selective so as to maintain loan quality, to focus on increasing the share of low-cost funds, and to routinely

Report of the Board of Commissioners

monitor foreign exchange liquidity bearing in mind the limited available of foreign exchange in the market, including financing facilities from correspondent banks.

Management made various efforts to increase deposits, including the expansion and intensification of the retail payments business strategy. The year also saw the development of supporting infrastructure, such as the addition of 240 Bank Mandiri branches, bringing the total number of branches to 2,050, and the addition of 529 ATMs so as to bring the total to 11,514 units. In addition, the use of electronic channels was intensified by optimizing ATM and EDC features, including the development of ATM payment billers and expanding the use of EDCs in merchant outlets.

Throughout 2013, Mandiri Group made important moves to strengthen the foundations for sustained growth by enhancing the efficient and effective use of capital. Management made improvements on an ongoing basis to the application of prudential banking, corporate governance (GCG) and effective internal control through the conducting of risk assessments on IT and e-channels, internal audit consolidation, GCG & risk management in Bank Mandiri's subsidiaries, the development of compliance risk assessment and IT audit management information system, refinement of the Anti Terrorim Funding and Anti Money Laundering Standard Procedures, and implementation of the Anti-Fraud Strategy. Mandiri Group has improved the internal control function by strengthening the first, second and third defense defense subsidiaries in a number of critical areas, such as electronic networks, micro banking, business banking and branch operations.

The fraud prevention, detection and investigation mechanisms applied by Mandiri Group have proven reliable in helping to prevent, and detect fraud early. In addition, Management has strengthened internal control in various operational aspects through the establishment of the Retail Risk Directorate to prioritize the span of control in the retail business. This lays a strong and critical foundation for supporting the anticipated rapid expansion of the transaction and retail businesses in the future by helping to minimize the potential for fraud and human error.

As regards the volatility of the rupiah, Management took appropriate steps to anticipate the competition to attract third party funds and to maintain liquidity. The steps taken included restricting growth in foreign currency lending, controlling the circulation of Rupiah and foreign currency, and adjusting interest rates to reflect market conditions.

In line with the product development and the increasing complexity of transactions, Management has also taken steps to optimize the Internal Audit function, both in assurance and advisory terms, by enhancing the capacity of auditors. Such capacity is not just limited to auditing knowledge and skills, but also extends to knowledge of products and banking operations. With greater knowledge of banking products and banking operations, the auditors are able to provide solutions to issues related to internal control and risk management in each unit. Enhanced competencies on the part of auditors also helps to improve coordination with the supervisory organizations in Regional Offices, particularly as regards the prevention of fraud in the micro banking business.

The risk management, good corporate governance, audit, internal control and compliance standards applied by Bank Mandiri have also been gradually extended to its subsidiaries. This is intended to achieve more comprehensive results in respect of operations of Mandiri Group so as to realize our vision being the Most Admired and Progressive Financial Institution in Indonesia in 2014.

The year 2014 is a crucial one economically and politically, with a wide range of both external and internal challenges that must be faced. Volatility in the money and capital markets is expected to remain high due to negative sentiment arising from the Fed's tapering in the U.S., as well as a global economic shift away from emerging markets. Liquidity in the banking sector will continue to be tight in tandem with high LDRs and slower funds growth as a result of a shifting into government bonds. Loan quality in the national banking could also decline, particularly in the corporate sector and sectors dependent on imports.

Report of the Board of Commissioners

External challenges to the development of the banking industry will also arise from the political arena, given that 2014 will see both legislative elections and the presidential election. In addition, the national banking sector next year will need to prepare a strong foundation to rolling out of the Asean Economic Community in 2015. Meanwhile, from the internal perspective, Mandiri Group also faces the challenge of completing its further transformation in accordance with its 2010-2014 Corporate Plan. The achievements made in 2014 will lay the foundations for the future business development and transformation.

Noting these challenges, the Board of Commissioners is committed to further strengthening its supervisory function and to taking anticipatory action against any potential decline in asset quality so as to ensure that our profitability and business sustainability targets are achieved. Our focus will be directed towards ensuring that the Mandiri Group exercises prudent and cautious liquidity management, disciplined asset quality control, and disciplined margin management. In the midst of increasing complexity and intensity in the competitive environment, we will also strengthen our oversight functions in respect of support infrastructure, human resources, technology, and risk management in the Mandiri Group.

We expect the enhanced risk management, good corporate governance, internal control, and human resources will provide a strong foundation for the Mandiri Group in preparing for the rolling out of the ASEAN Corporate Governance Scorecard system. A strong commitment on the part of Management to improve and enhance the quality of our human resources, service quality, corporate governance, risk management, work culture, cost control, and capital optimization will boost the competitiveness of the Mandiri Group at the regional level.

Overall, the Board of Commissioners will continue to diligently supervise Bank Mandiri's policies and to strengthen application of the performance-based culture so as to ensure increased productivity and optimal value for our shareholders. To help ensure completion of the transformation program until the end of 2014, the Board of Commissioners will continue to strengthen supervisory mechanisms, maximize the effectiveness of the oversight function, and encourage further improvements to risk management and internal control in the bank.

Finally, on behalf of the Board of Commissioners, I would like to express our appreciation to the Board of Directors, Management and all Mandiri Group employees for our achievements and excellent performance in 2013. We hope that the spirit, dedication, and outstanding teamwork shown throughout the year can be further enhanced to address the even greater challenges that will face us in 2014, the last year the completion of Further Transformation Phase II (2010-2014).

We would also like to express our gratitude to all of our stakeholders and customers for the support and trust. It is these that have made the Mandiri Group the leading financial institution in Indonesia, and our hope now is to become the leading financial institution in the region.

Jakarta, February 12 2014

Edwin Gerungan
Chief Commissioner and Independent Commissioner

Board of Commissioners' Supervisory Report

The Board of Commissioners in performing its supervisory and advisory duties, as mandated by the Articles of Incorporation of the Company, always focuses on the strategic activities being undertaken by the Company. The Board of Commissioners proactively provides guidance and input to the Board of Directors on strategy formulation, program implementation, performance monitoring, risk management, shareholder value and corporate governance, and to ensure that these are implemented in a comprehensive, effective and efficient manner as part of the Company policy framework.

The development of Bank Mandiri's business in 2013 was influenced by developments in the global economy, which was overshadowed by a high level of uncertainty. This was because of continued weakness in the economies of the developed countries such as the United States (U.S.), Europe and Japan. Meanwhile, the country's economy continues to be overshadowed by growing downside risks to economic growth, the current account deficit and the depreciation of the national currency, which has affected the availability of foreign exchange.

Indonesia's economy is still in a consolidation phase as the process of correcting the current account deficit continues. This process is expected to reduce the current account deficit as imports are better controlled. In addition, the cycle of high world commodity prices is coming to an end and this could hamper national economic recovery. Both trends will impinge upon the financial performance of Bank Mandiri.

Based on the observations of the Board of Commissioners, the Board of Directors has managed the Company well as regards strategy and strategy execution, risk management, human resources development, and implementation of Good Corporate Governance. This is evident from the financial performance of the Company, which continues to show improvement, as may be seen from the following indicators:

1. **Opinion on the Bank's Consolidated Financial Results**

   Bank Mandiri recorded a satisfactory performance in 2013. Pre-tax profit in 2013 reached Rp24.06 trillion or an increase of 17.35% from 2012, while profit after tax amounted to Rp18.20 trillion, up 17.41% from 2012. The increase in profit was primarily to a rise in fee-based income, which reached Rp14.50 trillion and the fact that other operating expenses came in under budget (Rp21.50 trillion). As of December 31, 2013, total assets stood at Rp733.10 trillion, up 15.34% from the previous year. Overall, the Company's financial performance in 2013 was satisfactory, with a number of key financial ratios coming in ahead of target, namely:

   a. Gross NPL ratio of 1.90% and net NPL of 0.58%.
   b. Provision-to-NPL ratio of 185.30%.
   c. ROA of 3.54%.
   d. ROE based on average equity of 22.23%
   e. NIM of 5.57%.
   f. BOPO of 67.66% and Efficiency Ratio of 42.93%.
   g. CAR after accounting for credit, market and operational risks: 14.76%.
   h. Loan-to-Deposit Ratio of 84.46%.

2. **Opinion on the Bank's Prospects**

   Despite increased competition for Third Party Funds, as well as slower lending in the short term, the Board of Commissioners believes that over the medium the banking sector in Indonesia will continue to grow and be profitable.

Board of Commissioners' Supervisory Report

As a major milestone in the achievement of our vision of becoming Indonesia 's Most Admired and Progressive Financial Institution, we are the opinion that the Board of Directors has directed the company's business well by focusing on the following three (3) key areas:

a. Strengthening leadership in wholesale transaction banking business which offers comprehensive transaction solutions, and forging holistic relationships with corporate and commercial customers.
b. Strengthening the retail deposit segment by providing a differentiated customer experience and innovative transaction solutions.
c. Strengthening the retail financing segment so as to beat the competition in the mortgage, personal loan and credit card business, and to become a major player in micro banking.

To support these three focus areas, the Board of Directors has taken the right approach to strengthening the organization so as to deliver integrated service solutions, improved infrastructure (offices, IT, operations, risk management) and enhanced human resources (HR) capabilities.
The progress of the Company's business is evident from the following indicators:

1) **Deposits**
   In 2013, the Bank attracted Rp556.34 trillion in customer deposits, representing an increase of 15.20% over the previous year, with Rp123, 44 trillion being placed in current accounts and Rp236, 51 trillion in savings accounts, up 16.96% from 2012.
   A variety of strategies were employed by Management to achieve its 2013 third party funds target, including optimizing infrastructure and technology so as to support branch operations, expanding the distribution network, the development of new products, improved services based on a customer oriented focus, ongoing promotion and marketing programs, and new retail business development initiatives so as to achieve more aggressive growth in the segment while continuing to maintain existing customers through an improved customer retention program. Thanks to the growth in customer deposits, the Company successfully retained its market share of around 13.90%.

2) **Funds Placement**
   Lending in 2013 reached Rp472.43 trillion. The Bank's loan book grew by Rp83.60 trillion or 21.5% compared to the same period the previous year, when the figure was at Rp388.83 trillion. Growth in Bank Mandiri lending over the period was above the national average of 21.20% YoY, giving the Company a market share of 12.60%.
   Bank Mandiri's NPL Ratio also improved despite a higher increase in lending than the previous period. In 2013, the Bank's Gross NPL Ratio stood at 1.90%, while Net NPLs were 0.58%, a very safe level that is far below the maximum 5% permitted by Bank Indonesia.

3) **Corporate Governance, Risk Management and Internal Control**
   Implementation of corporate governance, risk management and internal control in general has been good, and continues to be pursued in a sustainable manner. In this regard, the Board of Commissioners has noted the following:
   a) **Corporate Governance**
      The Board of Directors has been successfully implementing the long term Good Corporate Governance (GCG) Transformation Process, which will provide benefits in the form of sustainable value. GCG has been instituted through internal processes involving the Board of Commissioners, Board of Directors and all of our employees. Since the GCG Transformation Process was launched, Bank Mandiri has experienced many changes for the better, particularly in the form of better Human

Board of Commissioners' Supervisory Report

Resources (HR), so that our people are now able to work more efficiently, effectively, competitively and professionally, supported by a highly developed work culture and ethic. In addition to better quality human resources, the GCG Transformation has helped to consistently improve the Bank's financial performance, something that has strengthened its competitive position, which in turn has boosted investor interest and confidence in Bank Mandiri, thus helping it to grow sustainably over the long term.

The GCG Transformation is based on 5 (five) pillars, namely, Governance Commitment, Governance Structure, Governance Mechanism, Socialization & Evaluation and Walking the Talk.

To comply with Bank Indonesia Regulations, the Board of Directors has regularly evaluated the adequacy of corporate governance in Bank Mandiri, and conducted assessments through various. The assessments conducted to date are as follows:

(1) Bank Indonesia Self Assessment
Bank Indonesia Regulation PBI. 8/4/PBI/2006 as amended by Bank Indonesia Regulation No.. 8/14/PBI/2006, and Bank Indonesia Circular No. 15/15/DPNP, dated 29 April 2013, requires a commercial bank to conduct a self – assessment on the application of the principles of good corporate governance based on 11 (eleven) factors each semester. The scores for each of these factors are combined to provide a composite score. During a meeting with Bank Indonesia on 9 October 2013, Bank Mandiri was informed that its GCG Composite Score is 2 (Good).

(2) Corporate Governance Perception Index Rating
In order to evaluate and obtain feedback on the implementation of good corporate governance, Bank Mandiri has for many years participated in the Corporate Governance Perception Index surveys conducted by The Indonesian Institute for Corporate Governance. Based on the findings of these surveys, Bank Mandiri has received the award for "**Most Trusted Company**" for 7 consecutive years (2006/2007 to 2012/2013).

(3) Indonesian Institute for Corporate Directorship (IICD)
In 2012, Bank Mandiri was awarded the highest predicate as "Best Overall" in the application of GCG out of approximately 100 public companies with the largest market capitalizations on the Indonesia Stock Exchange, as assessed by the IICD. In 2013, Bank Mandiri was recognized as **Best Financial Institution**.

(4) SOE Awards
Bank Mandiri takes part in the assessments conducted by BUMN Track, and took the award in the Innovation in Human Resources category in both 2012 and 2013.

(5) Corporate Governance Asia
In addition to participating in surveys conducted by independent domestic agencies, Bank Mandiri also participates in the surveys conducted by independent international agency Corporate Governance Asia, which publishes the leading quarterly journal in the region on corporate governance. In recognition of its achievements, Bank Mandiri received a "Corporate Governance Asia Recognition Award" in each of the 5 (five) years between 2009 and 2013. These Corporate Governance Asia Annual Recognition Awards show that the implementation of GCG in Bank Mandiri has gained recognition around Asia.

Board of Commissioners' Supervisory Report

b) Risk Management

In line with the growth of Bank Mandiri's business, the Board of Directors regularly makes improvements to the human resources policies, infrastructure and quality, having regard to the relevant Bank Indonesia Regulations (PBI), the provisions of Basel II and international best practices, particularly as regards credit, market and operational risk management through optimum risk management in each business line.

The Board of Commissioners, through the GCG & Risk Monitoring Committee, and the Board of Directors through the Assets & Liability Committee (ALCO) and the Risk Management Committee (RMC), are actively involved in conducting risk monitoring. The Board of Directors also have its Risk Management Unit, which comes under the auspices of the Risk Management Directorate, so as to allow risk management to be conducted in a more comprehensive, integrated, measurable and controllable manner.

For the purpose of carrying out its operational duties, the Risk Management Directorate is divided into 2 (two) major sections, namely, the Credit Approval Unit, which serves as the partner of business units in the lending process (based on the four-eye principle), and the Independent Risk Management Unit, which conducts portfolio risk management in respect of credit risks, operational risks and market risks.

Bank Mandiri has also adopted the Bank Mandiri Risk Management Policies (KMRBM), which are reviewed every year. The KMRBM serve as references so as to ensure that risk management is more detailed and specific.

The Board of Directors also applies the Enterprise Risk Management (ERM) concept, which involves integrated risk management having regard to strategic planning, risk appetite, execution, risk assessment and performance evaluation as part of the effort to maximize shareholder value through a comprehensive and integrated risk management strategy that is customized to the business and operational needs of Bank Mandiri.

c) Internal Control

The strategic measures taken by Management to overcome competition and other policies requires the continuing development of the Bank Mandiri Internal Control System. The application of the Internal Control System helps the bank to maintain assets, ensure the availability of accurate information and reporting, improve the compliance of Bank Mandiri with the legislation, and reduce the risk of losses, irregularities and violations of prudential banking principles.

The improvements that have been instituted to the Internal Control System Bank include the refining of Compliance Policies and the formulation of an Anti Fraud Strategy.

Board of Commissioners' Supervisory Report

(1) Compliance Policy

In order to create and develop a Culture of Compliance and to enhance the implementation of the compliance function, as mandated by Bank Indonesia Regulation 13/2 /PBI/2011, dated 12 January 2011, the Board of Directors and Board of Commissioners have incorporate principles governing the Compliance Function in the Bank Mandiri Compliance Policies. These principals are as follows:

(a) The purpose of the supervision function is to ensure that all Bank Mandiri operations / transactions are carried out in accordance with legislation and applicable regulations.

(b) The supervision function is exercised through built-in controls by each individual at every level in the organization and in all bank operations in accordance with the relevant field.

(c) Monitoring the implementation of the Compliance Function in the line units is conducted through evaluation by the Compliance Unit so as to ensure the effectiveness of the Compliance Function in the Bank's line units.

(d) Monitoring also includes reviews by the Internal Audit Unit to assess the adequacy and effectiveness of Compliance Function plans and programs, and their implementation by the Compliance Unit.

In implementing an effective compliance function, attention needs to be paid to 3 fundamental aspects, namely, the People aspect, the Policy and Procedure aspect, and the Technology & Data aspect, as further described below:

(a) People Aspect:

i. Applying standardization and improving the competencies of compliance personnel

ii. Applying the Compliance Executive Officer concept;

(b) Policy & Procedure Aspect:

i. The conducting of reviews and assessments by independent third parties on the implementation of the compliance function in Bank Mandiri so as to ensure that it is in accordance with international best practices;

ii. Preparing a long-term compliance roadmap (2015-2020);

iii. Strengthening coordination between the units responsible for the assurance function (Compliance Unit, Risk Management Unit and Internal Audit Unit), through the application of the Governance, Risk & Compliance (GRC) concept;

(c) Technology & Data Aspect:

i. Managing compliance risks by optimizing the application of ERM;

ii. Using a 1 (one) same database to support the implementation of the assurance function.

(2) Anti-Fraud Strategy

(a) In order to comply with Bank Indonesia Circular Letter No. 13/28/DPNP dated 9 December 2011 (on the Application of Anti-Fraud Strategies in Commercial Banks) and as a further improvement to the Bank Mandiri Internal Control System, an Anti-Fraud Strategy has been formulated and adopted by the Bank. Prior to this, Bank Mandiri's anti-fraud strategy was dispersed among various Policies, Standard Operating Procedures, Technical Operational Guidelines, and other instruments. In accordance with the aforementioned Bank Indonesia

Board of Commissioners' Supervisory Report

Circular Letter and the formulation of a uniform Anti-Fraud Strategy, Bank Mandiri will harmonize every Policy, Standard Operating Procedure, Technical Operational Guideline and other instruments so as to ensure they conform to the provisions of the said Bank Indonesia Circular.

The adjustments referred to cover the matters set forth in the Anti-Fraud Strategy, namely:

(a) Prevention Function
This is the responsibility of all employees of the Bank and forms part of the Fraud Control System in the context of reducing the potential for fraud.

(b) Detection Function
This is the responsibility of all units, both in the 1st line of defense, 2nd line of defense, and 3rd line of defense, and forms part of the Fraud Control System in the context of identifying and locating fraud in Bank Mandiri operations.

(c) Investigation, Reporting & Sanctions Function
This is the responsibility of the Internal Audit Directorate and forms part of the fraud control system in the context of the investigation of fraud that has occurred and the reporting of findings to the CEO, Board of Commissioners, and Bank Indonesia, including proposed sanctions for the perpetrators of the fraud.

(d) Monitoring, Evaluation & Follow-up Function
This is the responsibility of the Internal Audit Directorate and forms part of the Fraud Control System in the context of monitoring follow-up action on investigation findings and the evaluation of the incidences of fraud so as to remedy deficiencies and reinforce the Internal Control System so as to prevent the reoccurrence of fraud through the exploitation of similar weaknesses.

4) Human Resources Development

In terms of human resources development, the Board of Commissioners is of the view that the Board of Directors has properly implemented the relevant programs. Good, integrated and effective infrastructure allows programs to be implemented in line with the Bank's Business Plan and targets.

Among the initiatives that the Board of Commissioners believes are worthy of note are the following:

Bank Mandiri is committed to fulfilling and further improving the human resources development plan so as to create world-class human capital in 2014 through the following strategies:

a) Enhancing Fulfillment Capability:
   (1) Establishing a recruitment strategy and defining sourcing channels
   (2) Developing an award winning career website
   (3) Developing an Employee Referral Strategy
b) Better aligning the Human Capital Management System (HCMS) so as to support the implementation of the Corporate Plan 2015-2020:
   (1) Improving the Individual Performance Management System
   (2) Improving Talent & Succession Management
   (3) Developing a Total Rewards System
   (4) Employee Self Service

(5) Organization Development
(6) Capacity Fulfillment
(7) Learning & Development
(8) Employee Relations

c) P Alignment of HCMS through various Human Capital initiatives, namely:
(1) Flexi Time Roll Out
(2) Flexible Benefit Roll Out
(3) Talent and succession readiness
(4) Internalization Employee Value Proposition & New Horizon TIPCE

d) Strengthening Mandiri University
(1) Development of Mandiri University infrastructure
(2) Development eKMS
(3) Development of a Competency Based Learning Curriculum

Bank Mandiri is committed to fulfilling and continually enhancing its human resources development plan so as to create world-class human capital. In this way, Bank Mandiri employees will not only be marked by their probity and integrity, but also their resilience, competencies and capabilities, and their ability to compete not only at the domestic level but also at the regional and international levels. To bring this goal to fruition, besides improving competencies Bank Mandiri will also apply the following initiative

a) Enhancing fulfillment capability so as to secure the best talent in the market.
b) Improving the Human Capital Management System (HCMS) in line with the Corporate Plan 2010-2014.
c) The alignment of the HCMS with strategic human capital initiatives.
d) Strengthening and supporting the role of Mandiri University

3. Membership of the Board of Commissioners and Committees under the supervision of the Board of Commissioners

There were a number of changes in the membership of the Board of Commissioners in 2013, namely, the withdrawal of Mr. Muchayat and Mr. Cahyana Ahmadjayadi as Commissioners by the Government of Indonesia by virtue of Ministry of State Enterprises Letter No. SR-182/MBU/2013, dated March 22, 2013. This was then Confirmed by the Annual General Meeting of Shareholders in 2013 by a resolution that was set out in Deed No.. 19 dated August 28, 2013 which granted both Commissioners honorable discharges, and appointed Mr. Agus Suprijanto, Mr. Rudi Rubiandini, and Mr. Abdul Aziz as members of the Board of Commissioners.

Mr. Agus Suprijanto and Mr. Abdul Aziz, by virtue respectively of Bank Indonesia Letters No. 15/79/GBI/DPIP / Rahasia, dated October 24, 2013, and No. 15/80/GBI/DPIP/Rahasia, dated October 24, 2013, concerning Fit and Proper Test Results for Appointment to the Board of Commissioners of PT Bank Mandiri (Persero) Tbk., were declared to have passed the fit and proper tests conducted by Bank Indonesia, thereby effectively permitting them to conduct oversight functions and to advice the Board of Directors. However, Bank Indonesia through its Letter No. 15/59/DPIP/Rahasia dated August 16, 2013 declared that the request for the nomination of Mr. Rudi Rubiandini as a Commissioner of the Company could not be acted upon as he did not meet the administrative requirements. Consequently, the Ministry of SOEs through its Letter No. SR-520/MBU/2013 dated August 18, 2013, stated that the person concerned had been withdrawn from his duties as a member of the Board of Commissioners of Bank Mandiri.

Board of Commissioners' Supervisory Report

In the performance of its duties, the Board of Commissioners is assisted by a number of committees, namely:

a. Audit Committee;
b. Risk Monitoring and Good Corporate Governance Committee, and
c. Remuneration and Nominations Committee.

All of the committee properly carried out their duties and obligations in accordance with their respective charters, and provided recommendations and reports to the Board of Commissioners on those matters that needed to be attended to by the Board of Commissioners as part of the performance of its duties and functions.

The memberships and descriptions of the Board of Commissioners and its subordinate committees are set out in the Chapter on the Board of Commissioners in the Corporate Governance Report section of this Annual Report.

The year 2013 marked an important milestone in the history of the transformation of Bank Mandiri and will serve as a barometer of success in the coming years. The achievements made in 2013 will most assuredly serve as the foundation for the next stage of Bank Mandiri's transformation of the bank. In other words, our ability to define the future direction of transformation program will depend greatly on our achievements in 2013. Bank Mandiri put in an encouraging financial performance, as reflected in business volumes and after-tax profit. Similarly, the Bank's financial ratios and operational efficiency levels also improved

Jakarta, February 12, 2014

Edwin Gerungan
Chief Commissioner and Independent Commissioner

2 7 1 4 3 6 5

1 Edwin Gerungan
Chief Commissioner and
Independent Commissioner

2 Gunarni Soeworo
Independent Commissioner

3 Pradjoto
Independent Commissioner

4 Krisna Wijaya
Independent Commissioner

5 Wahyu Hidayat
Commissioner

6 Agus Suprijanto
Commissioner

7 Abdul Aziz
Commissioner

Report of the Board of Directors

Budi G. Sadikin
Chief Executive Officer

Report of the Board of Directors

"The story of Indonesia's success in becoming a major and respected player in the global economic order of the future will be one filled with pride, and we are determined that Bank Mandiri will play a key role in that story."

Funding

Rp**556,3T**

Dear Shareholders,

The year 2013 marked the fourth year of Phase II of our transformation process of Phase II, and has earned itself a special place in the history of Mandiri Group. In the midst of the economic slowdown and pressure on our business development, particularly in the retail segment, Mandiri Group was still able to achieve a very good financial performance. We successfully completed our strategic initiatives in the three (3) focus areas of Phase II, namely Wholesale Transactions, Retail Deposits & Payments, and Retail Financing, which are the keys to the success of our sustainable business development. These three (3) areas are very important because as they will serve as the foundations for the Mandiri Group as we enter 2014, the last year of Phase of the transformation process.

ECONOMIC CONDITIONS AND FINANCIAL PERFORMANCE IN 2013

Amid unfavorable business conditions, Mandiri Group realized a net profit of Rp18, 2 trillion, up 17.4% on 2012, when the equivalent figure was Rp15.5 Trillion. Mandiri Group's profitability ratio, as reflected in return on equity (ROE) was also maintained at around 22%. This reflects a strong balance sheet and disciplined risk management. Business volumes were also boosted, including lending growth of Rp83.6 trillion or 21.5% YoY, exceeding our target of 20%. In fact, Mandiri Group's assets penetrated the psychologically important level of Rp 700 Trillion to hit Rp733.1 Trillion at the end of 2013.

Out total loan book grew 21.5% YoY to Rp472.4 Trillion, with retail financing accounting gfor Rp130.2 Trillion of this, or 31.2%. This relatively high level of growth was underpinned by good risk management and asset quality, with a Gross NPL ratio of 1.90%, much better than our 2013 target of 2.25%.

As regards customer deposits, besides maintaining our position as the bank with the biggest customer deposit base (Rp556.3 Trillion), Mandiri Group also managed to attract Rp359.9 Trillion in low-cost funds, accounting for 64.7% of total customer funds and exceeding our 2013 target of Rp350 trillion. This once again confirms the superiority of Bank Mandiri, not only in terms of growth, but also in terms of quality of service, branch network, reliability of electronic channels, and the development of downstream business based on value chains, anchor clients, operating accounts and payroll accounts.

In addition, fee-based income also increased from Rp12.2 trillion to Rp14.5 trillion as a result of growth in fee income, both from payment services, import export services (trade services) and foreign exchange (forex)

Report of the Board of Directors

transactions. The Bank's Net Interest Margin (NIM) stood at 5.57%, up 11 bps compared with 2012 and better than the 2013 target. Efficiency was managed well, as reflected by an improvement in Bank Mandiri's efficiency ratio of 254 bps to a level of 42.9% much better than the 2013 target of 45%.

The distribution network also expanded in excess of the 2013 target, with the number of branch offices increasing by 240 to 2,050.

2013 Financial Performance Exceeds Targets

Fundamentally, the Bank continued to show demonstrate sustainable growth by maintaining consistency on its three business focus areas, namely, corporate transactions, retail deposits and payments, and retail financing. Our growth was achieved while at the same time having regard to improved asset quality and prudential principles, while honing business-based transactions so as to strengthen liquidity.

Our focus on growth in the corporate transaction segment resulted in fee income for 2013 coming in at Rp 4.6 trillion, up 39.4% YoY growth and accounting for 31.7% of total fee income. Meanwhile, fee income from the retail transaction business also increased by 19.3% YoY to Rp 6.8 trillion or 46.9% of total fee income.

The growth in the corporate transaction business also boosted low-cost funds to Rp79.6 trillion, in line with an increase in cash management transactions to a total of 24.5 million transactions, up 86.9% YoY. A number of banking products aimed at corporate customers, such as trade finance, bank guarantee, cash management and foreign exchange products, are now the Bank's principal generators of Low Cost Funds.

Report of the Board of Directors

The growth in the retail deposits and payments business also boosted retail Low Cost Funds to Rp250.8 trillion, an increase of 28.1% YoY. In addition, the number of electronic transactions rose to 1,363 million, an increase of 7.6% YoY.

"The Most Trusted Indonesian Company in Good Corporate Governance"

- The Indonesian Institute for Corporate Governance

The retail financing business continued to experience very positive growth, so that by the end of 2013 total retail financing (consumer, business banking and micro) stood at Rp130.2 trillion or 31.2% of Bank Mandiri's total loan book (bank only) and yielded 35.9% of total loan interest income. Thus, it may be said that there has been a shift in income sources from the corporate segment to the retail segment.

In the midst of unfavorable conditions in the domestic economy and capital markets, Bank Mandiri shareholder value, as reflected in the Bank's market capitalization, reached Rp183.1 trillion by the end of 2013, and at one stage even touched its highest level ever of Rp250.8 trillion in April 2013, something that places Mandiri Group 6th among the top banks in the ASEAN Region. Another achievement of note was that Bank Mandiri has been able to maintain for six (6) consecutive years its status as a bank with "the best service quality." The achievement, which is certainly not an easy one, makes Bank Mandiri a service legend in the Indonesian banking industry. In addition, for seven (7) consecutive years Bank Mandiri has also able to maintain its status as "The Most Trusted Indonesian Company in Good Corporate Governance", as assessed by The Indonesian Institute for Corporate Governance. This shows that Bank Mandiri is managed in accordance with best practices at both the national and international levels.

The financial performance of the 7 (seven) Mandiri Group subsidiaries was also encouraging, with the subsidiaries total net profit amounting to Rp2.04 trillion or 11.2% of total Mandiri Group net profit. To further strengthen our presence in the insurance sector, in Quarter IV/2013 we agreed to purchase 80% of PT Asuransi Jiwa InHealth Indonesia (InHealth). The deal will be carried out in stages.

The successful development of Bank Mandiri's subsidiaries is the result of our focus on the growth of non-organic business. This focus will continue to be pursued in the coming years in a consistent manner as appropriate opportunities arise, and is designed to help us realize our vision of being "The Most Admired and Progressive Financial Institution in Indonesia," that is, a leading financial institution in segments of the financial services industry, including insurance, securities, consumer finance, and Islamic banking.

CHALLENGES IN 2013: SUSTAINABLE GROWTH, SOCIETY AND COMMUNITY DEVELOPMENT

The year 2013 was a challenging one for the global economy as growth slowed on the back of the sluggish recovery in America and Europe, and decelerating growth in China. The economic policies adopted by the United States, such as tapering, have resulted in quite significant pressures on emerging countries, including Indonesia. This is reflected in a slowing of the domestic economy, the weakening exchange rate, a widening government budget deficit, and tighter liquidity in the economy.

A number of economic indicators have come under pressure, including a decline in economic growth from 6.2% YoY in 2012 to 5.8% YoY in 2013, something that was also influenced by the stabilization policies adopted by the

Report of the Board of Directors

Government and Bank Indonesia. Inflation rose sharply to 8.38% on the back of an increase in subsidized fuel prices, minimum wage increases, and a hike in electricity prices. The Rupiah came under considerable pressure in 2013, depreciating sharply by 24.7% to Rp12.213/USD at one stage. Inflationary pressures and the weakening Rupiah forced BI to raise its policy rate by 175 bps to 7.5%. The banks then passed this on in the form of interest rate increases of up to 150 bps, with deposit rates rising on average by 7.25% and lending rates to 12%. Bank Indonesia foreign exchange reserves also came under pressure, slumping from USD112.3 billion at the end of 2012 to USD99.4 billion.

However, the external pressures were not sufficient to prevent Mandiri Group from continuing to provide a maximum contribution to society and the community, or from coming up with a range of new innovations to help improve national prosperity. Mandiri Group's experience of maintaining growth in the face of economic turbulence in 2005 and 2008 served it well in 2013, enabling it to continue being the pride of the nation.

On the domestic front, Mandiri Group maintained its position in 2013 as the largest financial institution in Indonesia with total assets of Rp733.1 Trillion and more than 14 million depositor accounts. Mandiri Group has transformed itself into a highly trustworthy and reliable financial institution, as shown by achievements such as annual growth in Low Cost Funds of 13.9%, Low Cost Funds contribution of 64.7%, loan growth of 21.5%, retail financing contribution of more than 31.2%, and net income of Rp18.2 trillion, or an increase of 17.4% annually. From the market share aspect, Bank Mandiri has the largest market share by assets and for deposits in the national banking sector, with the figures being 15.2% and 15.6%, respectively.

Assets

Rp733,1T

As the largest financial institution in Indonesia, Mandiri Group not only generates profit but also acts consistently to ensure the progress of the country and empowerment of communities. We extended financing to the infrastructure sector, either directly or as part of a syndicate, amounting to Rp59.5 trillion (bank only), including financing for the transport, tolled expressway, power generation, telecommunications, and oil and gas sectors, as well as the MP3EI program. During 2013, the number of Bank Mandiri customers involved in the export trade increased 15.25% to 2,109 customers, while total financing extended to exporters amounted to Rp 25 trillion based on a transaction volume of 51.3 thousand. We also extended Rp44.3 trillion to the palm oil industry for the development of new plantations extending to more than 930 thousand hectares, or 10% of the total area planted with oil palms in Indonesia.

In order to support the efforts to expand home ownership, we extended mortgage loans for the purchase of more than 174 thousand homes. We also provided auto financing for the purchase of more than 200 thousand vehicles. In addition, to help empower the social economy, by the end of 2013 we had disbursed Rp64.6 trillion in loans to more than 649 thousand MSME customers. We also channeled loans to more than 295 thousand customers under the People's Business Credit (KUR) scheme based on a limited of Rp14.5 trillion. The operation of this scheme is is supported by 1,778 micro units and offices throughout the archipelago and a business banking network made up of 320 outlets.

Report of the Board of Directors

Profit

Rp 18,2T

As regards corporate social responsibility, Partnership Program funds (as part of the Partnership and Environmental Development Program / PKBL) were provided to more than 1,801 people. Furthermore, our Environmental Development Program provides community development assistance for victims of natural disasters, the construction of places of worship, environmental conservation, sanitation and clean water improvements, and the education sector as an expression of Bank Mandiri's concern for the community.

The achievements made in 2013 are not the culmination. We need to ensure the long term sustainability of Bank Mandiri so that it can be bequeathed from generation to generation. To that end, we have set aside USD 82.6 million in funds for the development of our IT system and USD 785 billion for other developments. We are also working to lay strong organizational foundations for the training of knowledge workers through the development of our Enterprise Learning Management System and Enterprise Knowledge Management System. We have also inculcated the paradigm of sustainable value creation through the promotion of a culture of innovation across the organization so as to optimize the potential of every Bank Mandiri employee. The organization's cultural values have also been reaffirmed, with the emphasis on decisiveness, intrapreneurship, courage in decision making based on measurable risks, patriotism, winning mentality, alacrity, and customer satisfaction.

STRATEGIC POLICY: SUSTAINED GROWTH IN 3 (THREE) BUSINESS FOCUSES

The various achievements of Mandiri Group are inseparable from the commitment and discipline of the Bank in executing and completing the implementation of its strategic initiatives in its three business focus areas, namely, Corporate Transactions, Retail Deposits and Payments, and Retail Financing, both intra Mandiri Group and external (synergies). These strategic initiatives are as described below:

1. **Corporate transactions**

   The strategic initiatives pursued in the corporate transactions segment include the optimization of Account Plans, the development of cash management, the development of State Treasury and Budget System business (SPAN), the development of business models, the development of customer acquisition strategies for Civil Service / Local Government payroll customers, the development of collaborative programs between Work Units (PIU) and KPPNs, the development of sales models for payroll services (mortgage, KMT and Credit Card). Additionally, in 2013 we also formed two (2) new directorates in order to accelerate the achievement of Mandiri Group's goal of becoming the leading transaction bank in Indonesia.

   Our discipline in executing our strategic initiatives in the corporate transactions segment has borne fruit, as reflected in various indicators, such as an increase in Bank Mandiri's wallet share of anchor customers of up to 33.6% and a more than fourfold rise in the number of civil servant payroll and line unit partner accounts to reach 7.56 million accounts. The number of alliance payroll accounts stood at more than 1.2 million and had an average monthly absorption level of Rp 5 trillion. As for the cash management business, it had a volume of Rp2.23 trillion, 24.5 million transactions and approximately 13 thousand customers.

Report of the Board of Directors

Penetration by Bank Mandiri products among 2,532 corporate clients (product holding) increased significantly from approximately 6 products per customer in 2009 to around 9 products per customer at the end of 2013.

We also act as a money market maker, as reflected in the high volume of money market and capital market trading throughout the Mandiri Group. During 2013, the value of our money market and forex market trading transactions were worth USD 331.6 billion, or the equivalent of USD 1.33 billion per day. Meanwhile, the volume of trading in corporate and government bonds amounted to USD 17.62 billion, or the equivalent of USD 70.5 Million per day.

Our excellent relationship with our depositors, particularly our large and institutional depositors makes our funding position more sustainable, with core depositors' funds auditing to Rp71.4 trillion or 12.8% of total deposits. The introduction of Account Plans for 100 anchor clients has successfully attracted more low-cost funds. Bank Mandiri's Low Cost Funds from the corporate transaction business amounted to Rp74.3 trillion, and accounted for 48.9% of total funds. Mandiri Group has also become the market leader in fee-based income, which amounted to Rp14.5 Trillion based on a fee-based ratio increased of 29.4%, up significantly from 2006, when it stood at only 19.6%.

2. Transactional and Retail Banking

In connection with the development of our retail transaction business, we continue to improve retail customer acquisition through the intensification and extension of our e-channels, such as our ATM and EDC networks, and Mandiri Internet Banking. In order to optimize the use of ATMs and EDCs, our collaboration with 191,167 merchants has seen the installing of 230,352 EDCs and 165 billers in order to develop payment billers. In terms of network development, we have opened 2,050 domestic branch offices and installed 11,514 ATMs. We have also been developing Mandiri e-cash technology and products, and modernizing our mobile banking and internet networks so as to establish a single platform to meet the needs of business customers with high levels of mobility.

In line with Bank Mandiri's development strategy for retail transactions, the number of transactions conducted by Mandiri customers through our e-channels has increased significantly, far ahead the number of transactions conducted through our branch network. The number of e-channel transactions in 2013 amounted to 1,363 million (ATM network and internet and mobile banking) or an average of 5.45 million transactions per day, far beyond the 125.2 million transactions conducted through our branches, or an average of 501 thousand transactions per day. The number of Bank Mandiri prepaid cardholders also increased by 29.7% YoY to reach more than 3.5 million, with the number of daily transactions averaging 453.5 thousand and a daily transaction value of Rp 6.0 billion.

In developing or acquiring business customers, we focus on the development of business clusters by forging alliances between businesses and SBUs in each region. Such collaboration covers the aspects of product development, determining target markets, marketing and promotional efforts, monitoring and follow-up solutions so as to optimize the business penetration of each cluster. To date, a number of business clusters have been developed and the process continue apace so as to further enhance penetration. Growth in Mandiri Business Deposit Accounts during 2013 amounted to 44.52% so that total deposits by business customers amounted to Rp85.82 trillion. This indicates an encouraging level of penetration in business customer acquisition.

Bank Mandiri also continued to increase its presence in the retail transaction market by serving the needs of our customers' entire business value chains, where customer business operations are facilitated by the Bank 's products and services, both as regards core business chains and derivatives businesses.

Report of the Board of Directors

All transactions conducted in our branches, whether by distributors, users or suppliers, use Bank Mandiri products and services. To ensure significant increases in customer share of wallet, we measure share of wallet precisely and in detail. This is in line with our increasing ability to develop B2B business so as to penetrate into sectors and industries that have complex value chains, such as the food & beverage, consumer foods, and telecommunications sectors. All of these sectors offer huge business potential in derivative businesses.

Furthermore, we have been improving our understanding of the value chains of each business customer. This is important because it is only through a deep understanding that we will be be able to identify and serve the specific needs of customers in each focus industry so as to capture all customer transactions through the value chain from end-to-end. In addition, we are committed to developing total business relationships so as to complement our other efforts.

Fee-Based Income

Rp14,5T

Our value chain strategy has led to increased cooperation such as in the case of Pertamina's 3,693 retail outlets and average business volume of Rp1.9 Trillion per month. We also work together with 51,711 telcos and resellers with an average monthly business volume of Rp 2.3 billion. We also collaborate with 104 companies for the provision of payroll services involving 1.14 million accounts and have acquired a 13.45 million line unit accounts.

3. Retail Financing

To develop the retail finance business, particularly Business Banking and Micro Banking, the strategic initiatives that we undertook in 2013 included the improvement of sales organization and business processes, and the optimization of micro unit productivity in accordance with the characteristics of each micro unit. In our consumer finance business development initiative, we focused on increasing credit card activation, sales volume, credit card revolving rates, increased cooperation with the largest developers and brokerage houses, stabilization of the approval rate for consumer loans at around 50%, retention of program developers, increasing secondary mortgages, and the training of information systems developers and expansion of the rewards programs.

Our initiatives in the retail finance business successfully managed to increase retail credit to Rp130.2 trillion, up 23.8% YoY. The composition of retail credit to total credit increased significantly from 27.6% in 2010 to 31.2%. The Micro Network also increased by 90 units in 2013 to 1778 micro units, supported by 7,400 micro marketing sales agents. On average, each month saw more than 52 thousand new customers in the micro segment receiving financial services. The implementation of the consumer finance initiative saw 174 thousand customers obtain mortgages. We have issued more than 3.2 million credit cards, with an additional 310 thousand cards being issued last year. Total transaction value now stands at around Rp57 billion per month.

4. Intra Mandiri Group and External (Synergies)

In order to support our aspiration to become the best financial institution in the ASEAN in 2020, we are committed to providing comprehensive financial services covering all segments and all customer needs.

Report of the Board of Directors

Complementing our commitment to providing end-to-end total solutions in financial services, we are also active in seeking out opportunities for organic growth through the creation of business synergies with strategic partners.

Complementing our business in the financial segment, in 2013 Bank Mandiri, together with Kimia Farma and Jasindo, begin the process of acquiring PT Asuransi Jiwa InHealth Indonesia (InHealth), which is a subsidiary of PT Askes. When the acquisition process is completed later, the ownership of InHealth will be as follows: 80% Bank Mandiri, and 10% Jasindo and Kimia Farma, respectively. The InHealth acquisition is a concrete reflection of our commitment to helping the public by supporting the BPJS Health scheme, as well as our determination to take advantage of opportunities in the health insurance sector. Currently, InHealth has more than 1 million policyholders, and manages gross premiums of more than Rp 1.1 Trillion. Looking ahead, we are optimistic that Mandiri Group will become the leader in the Indonesian health insurance market, with average growth of 20% annually..

INFORMATION TECHNOLOGY INFRASTRUCTURE AND HUMAN RESOURCES ARE KEY ENABLERS OF BUSINESS GROWTH

From the information technology aspect, the development of information technology in Bank Mandiri has achieved the desired results in a consistent and timely manner. Currently, Bank Mandiri's information technology infrastructure consists of application architecture, information architecture, infrastructure architecture, security system architecture, and IT governance system architecture, all designed based on industry standards. Through the existing architecture, information technology has become a key business enabler for Bank Mandiri, facilitating the development of our business in an integrated and aggressive manner through business analyses, communications networks, transaction processing, business solution integration, reporting and monitoring functions, and sales marketing tools.

Furthermore, in order to support our business growth focus in the banking transaction area, Bank Mandiri has also strengthened and updated the information technology infrastructure through the development of delivery channels, a more integrated core banking system, and the development of the Management Information System (MIS), Executive Information System (EIS) and Performance Management System (PMS) all of which are supported by cutting-edge data warehouse technology, including the optimization of customer relationship management and business intelligence so as to improve our understanding of the needs of our customers and their business in the corporate and retail segments. The development and optimization of information technology is intended to create a solid foundation for applications, information and infrastructure as key enablers that can provide strategic support for the business needs of Bank Mandiri and anticipate future growth.

Completing the information technology infrastructure support, so as to protect it from changes in the macro economy, Bank Mandiri has developed a Business Command Center which serves to monitor both internal and external conditions, and prepare contingency plans that are focused, measured, comprehensive and holistic so that all units in the Bank can still optimally achieve their targets. Through the Business Command Center, Bank Mandiri applies protocols for the handling of emergency situations in a variety of areas, including as regards the liquidity, operational, business portfolio, profitability and capitalization aspects, as well as the Bank's subsidiaries, through the establishment of organizational structures and infrastructure that specifically address those aspects

Report of the Board of Directors

that are related to the crisis. We also have Crisis Management Standard Operating Procedures set out in our Assets & Liability Management Standards (SPALM). These SOPs include three protocols for the determining the existence and the management of a crisis situation as part of the Liquidity Contingency Plan (LCP) –Early Warning Condition, Crisis Alert Condition II Crisis Alert Condition I.

Through these preparations, we make every effort to secure the achievement of our targets and provide confidence to stakeholders that we can overcome any crisis situation by strengthening our financial structure, creating opportunities to grow and even increase profitability.

Various improvements in the area of people development have helped make the Mandiri Group an employer of choice, as is confirmed by the development of the Mandiri Employee Value Proposition, namely "The Spirit of National Prosperity". This Spirit calls upon our patriotic spirit to change lives as a progressive and respected nation in the global arena. Going forward, we and our more than 46 thousand employees are ready to make Mandiri Group the best in ASEAN by the end of 2020.

Our sustainability and success in achieving Bank Mandiri's aspirations will be boosted by the fact that most of our employees belong to Generation Y, the generation that is characterized by a strong spirit and motivation, greater creativity and resilience, a willingness to compete and a never-say-die attitude. Consequently, we apply total human resources management through our recruitment and retention programs, the selection of the best human resources in the market, and maintaining and developing superior human resources who are able to compete in accordance with the dynamics of the global financial markets.

During 2013, the number of employees who received training both internally and externally amounted to 58,445. This is in line with our efforts to create professional and reliable human resources who have the knowledge needed in order to support the smooth performance of their duties. This is essential bearing in mind that human resources are a very important asset for the advancement of a company. At a minimum, we are targeting that every employee participates in one type of training every year. We spend more than Rp 373 billion in 2013 on employee training.

Furthermore, to anticipate the arrival of the Asean free economic and banking market, as well as heightened competition in the banking industry, Bank Mandiri needs to equip its staff with the capacity and ability to compete at the regional level. To that end, we have established the Mandiri University, which has a presence in various parts of Indonesia, so that every employee can participate in intensive and regular training courses organized by the University. The Mandiri University consists of 6 academies,

Namely, the Wholesale Banking Academy, Banking Operations Sales & Service Academy, IT & Supporting Function Academy, Micro & Retail Banking Academy, Governance Risk & Compliance Academy and Leadership Academy. The existence of these academies helps to support the achievement of the Bank's business targets in all segment through the support of experienced, well – educated and well-trained staff who are characterized by high knowledge levels and broad perceptions.

Report of the Board of Directors

CORPORATE GOVERNANCE: DEVELOPING RISK MANAGEMENT AND SERVICE EXCELLENCE

Along with the growth in our business, we have taken some important steps to strengthen the cornerstones of sustainable growth by improving the application of prudential banking principles, good corporate governance (GCG) and internal control risk assessment through the implementation of IT & E-channel assessments; consolidating the Internal Audit, corporate governance & risk management functions of Bank Mandiri with its subsidiaries; development of compliance risk assessment and IT audit management information systems; further refinement of our anti money laundering & prevention of terrorist financing procedures; and the implementation of our anti-fraud strategy. The bank has also optimized the internal control function by strengthening the first, second and third defenses in a number of critical areas, such as our electronic networks, micro banking, business banking and branch operations.

A variety of activities have been undertaken to improve risk management capabilities, i.e., improvements to methodologies, tools and processes by conducting reviews / calibration ratings (per semester) and preparing scoring models (per quarter) for the small and micro segments (SME, KSM, BPR), and the consumer segment (mortgage, multipurpose, apartment loans, Mitrakarya, credit cards), as well as improving risk-based pricing and stress testing in the micro segment.

Bank Mandiri's commitment to the implementation of GCG as part of the effort to ensure sustainable growth has been received with widespread recognition. In 2013, Bank Mandiri once again took the title for "The Most Trusted Indonesian Companies in Good Corporate Governance," presented by The Indonesian Institute for Corporate Governance. This marked the 7th consecutive year that the Bank has taken the award. In addition, Bank Mandiri was also named as the bank with "The Best Disclosure & Transparency and "The Best Overall Corporate Governance" by Asia Money.

"The Best Disclosure & Transparency"

"The Best Overall Corporate Governance"

- Asia Money

From the aspect of service, the bank has reinforced its branding as a service legend in the banking industry by taking the award for the bank with the best service (service excellence) 6 years in a row. We recognize that a good service performance represents a competitive advantage in facing increasingly tight competition in the banking industry, especially with the implementation plan of the ASEAN Economic Community (AEC) in 2015, as part of which the flow of goods and services, human resources and capital will become easier among the ASEAN countries. To anticipate this, Bank Mandiri needs to continue to improve service quality, not only in the retail segment but across all customer contact points.

Initiatives to improve the quality of service are reflected in the consistency with which Bank Mandiri encourages the "Spirit Service" among all employees based on three main pillars, namely, Proactive and Timely Solutions, Reliable, and Friendly and Convenient. Looking ahead, the Spirit of Service must become the core component of the effort to improve service on a continuing / sustained basis. The service excellence process at Bank Mandiri will not stop at some defined point in the future, but rather will continue to evolve in line with the needs of our customers. This continuing process involves ongoing improvements in operational excellence and constant innovation so as to further strengthen the Bank's service quality on a sustainable basis through the provision of higher quality services than our competitors

Report of the Board of Directors

BUSINESS PROSPECTS: MEETING THE CHALLENGES OF 2014 AND BEYOND

Going forward, competition in the banking industry will intensify both at the domestic level and the regional level. At the domestic level, the competition will be particularly tight in attracting deposits, lending and serving customer transactions in line with the increased capacity and capabilities of Indonesia's banks. At the regional level, the implementation of financial integration in ASEAN through the ASEAN Economic Community (AEC), which will start in 2015, requires particular attention. The AEC will provide an opportunity to broaden the market, expand alternative sources of capital, and facilitate the recruitment of quality human resources.

On the other hand, however, the AEC represents is a challenge for us in competing at the regional level. To do so, we need to be well prepared. The increasing challenges in the banking industry should not necessarily be interpreted as obstacles that will hamper continuing growth in the Indonesian banking sector. Instead, the challenges should encourage all stakeholders in the banking industry in Indonesia to develop a determination to be winners in ASEAN

As part of the effort to increase competitiveness at the regional level, Bank Mandiri has developed a comprehensive strategy that focuses on managing liquidity carefully and prudently, and discipline in maintaining asset quality and margins. Our expectations in this regard are embodied in key 5 priorities for 2014, namely, growth in low-cost funds, growth in retail loans, control of NPLs, growth in fee income, and growth in net profit.

The data shows that over the long term Bank Mandiri share price has tended to continuously increase. In addition, fundamentally the Bank continues its process of evolution from a state enterprise, characterized by traditional culture, systems and human resources, to becoming a modern state-owned company with a culture, systems and human resources that are able to compete with private sector domestic banks, and even with foreign banks. This process is supported by a large customer base, strong capital structure, modern infrastructure and extensive service network throughout Indonesia and overseas. Armed with many years of experience, our shareholders should have no hesitation about participating in the historic journey of Bank Mandiri as it realizes its ambition of becoming the best bank in ASEAN by 2020.

Our confidence is, of course, based on the success of our Further Transformation Program, which has been underway since 2010 and has yielded tangible results in the form of sustained improvements in the performance of the Mandiri Group. To support high-quality growth, the sustainability of our business will continue to be our main priority at all times. The realization of our vision of being "Indonesia's Most Admired and Progressive Financial Institution" requires a series of of focused transformation processes so as to ensure business sustainability. This is not only about winning business, but also about our capacity to better understand, explore and maintain business relationships with our customers in the long run as part of our determination to continually enhance the value of the company.

Our commitment to sustainable growth must also be accompanied by efforts to continue developing the capabilities of our staff, improve service quality, apply GCG, enhance risk management, comprehensively overhaul our work culture, and control costs so as to ensure quality growth. For the future, our dream is to become the best bank in ASEAN, and we firmly believe that this dream will become a reality.

Report of the Board of Directors

DEVELOPMENT OF BUSINESS SUPPORT ORGANIZATION

In order to accelerate our penetration of the corporate transactions segment and anticipate the risks associated with a massive expansion of our retail business in the future, in November 2013 Bank Mandiri established 2 (two) new directorates, namely, the Directorate of Transaction Banking and the Directorates of Retail Risk. The purpose of the establishment of the Directorate of Transaction Banking is to ensure that in the future Bank Mandiri can better focus on tapping the potential of transaction banking, both in the corporate and retail segments, in order to increase revenue in the form of fee-based income derived from the transaction banking business. In addition, aware that the performance of the transaction banking business needs to be supported by a solid infrastructure and platforms, Bank Mandiri also established a special support unit to handle the management and development of the transaction banking IT system and operations. From the perspective of risk management, in line with the development of the retail segment, Bank Mandiri has also established a Retail Risk Directorate to ensure that risk aspect will be properly managed having regard to broad and diverse scope of the retail banking business.

One aspect that will be a particular focus of Bank Mandiri going forward as a key enabler of sustainable business development is information technology. In this respect and in line with the increasing competition in the banking industry, our expanding business capacity, and the increasingly complex needs of customers, the bank has also reorganized its IT function by appointing a Chief Information Officer (CIO) who has specific responsibility for managing and developing the IT system in order to support the development of all segments of Bank Mandiri's business.

The role of the CIO includes accelerating business processes, increasing the reliability of electronic channels and providing IT service solutions that are in line with the business needs of customers. In addition, the CIO will be responsible for ensuring that the management of the IT system is more focused, purposeful and integrated in line with Bank Mandiri's efforts to improve risk management in the IT field.

As part of our strategy to become the best bank in ASEAN by 2020, we have prepared our strategic Corporate Plan 2015-2020 as a long term blueprint for the achievement of our "Mandiri Vision 2020" strategy, which covers, among other things, our strategies in the corporate and retail transaction areas. In the corporate transactions area, we will develop a business payment & cash management platforms, and focus on sector-solution business, enhancement of account planning strategies, and strengthening the relationship management function.

In the area of retail transactions, in line with our determination to become the transaction bank of choice, we will develop our transaction banking platform as an enabler for the growth of the retail, SME, commercial and entrepreneurship segments, including the development of supporting product programs.

Report of the Board of Directors

CONCLUSION

In conclusion, we would like to thank all our stakeholders for the full support they have given us as we continue our transformation process. We see the appointment of executives drawn internally from Bank Mandiri as proof positive that our leadership regeneration process--part of our overall transformation process--has been successful. In particular, we would like to thank Mr. Zulkifli Zaini, who has led the transformation at Bank Mandiri from the outset and has put down strong foundations to support its continuation into the future. Our thanks also go to Mr. Mansour S. Nasution for his contribution to the Bank, and congratulations on his move to another state bank. We would also like to welcome Mr Hery Gunardi to the Board of Directors.

We and the more than 46 thousand Mandirians across the country, all imbued with the Spirit of National Prosperity, would like to express our sincere thanks to all our customers, shareholders and stakeholders for the support and the trust that you have given to Bank Mandiri over the years. It is a continuing source of pride for us to be the trusted partner of our customers and stakeholders.

We believe that with the support of all stakeholders, we will be able to ensure continuing sustainable growth at Bank Mandiri so as to achieve an even more satisfactory performance in the future.

Jakarta, February 12 2014

Budi G. Sadikin
Chief Executive Officer

6 15 3 11 7 8 2 1

1 Budi G. Sadikin
Chief Executive Officer

2 Riswinandi
Deputy Chief Executive Officer

3 Abdul Rachman
Director of Institutional Banking

4 Sentot A. Sentausa
Director of Risk Management

5 Ogi Prastomiyono
Director of Compliance & Human Capital

6 Pahala N. Mansury
Director of Finance & Strategy

7 Fransisca N. Mok
Director of Corporate Banking

8 Sunarso
Director of Commercial & Business Banking

9 Kresno Sediarsi
Director of Technology & Operations

10 Royke Tumilaar
Director of Treasury, Financial Institutions & Special Asset Management

11 Hery Gunardi
Director of Micro & Retail Banking

12 Riyani T. Bondan
SEVP Internal Audit

13 Tardi
SEVP Consumer Finance

14 Ventje Rahardjo
SEVP Change Management Office

15 Rico Usthavia Frans
SEVP Transaction Banking

Certificate of Accountability by Members of Board of Commissioners and Board of Directors in respect of PT Bank Mandiri (Persero) Tbk's 2013 Annual Report

We, the undersigned, hereby certify that all of the information contained in the PT Bank Mandiri (Persero) Tbk 2013 Annual Report is complete and accurate in all respects.

Jakarta,
12 February 2014

For the Board of Commissioners

Edwin Gerungan
Chief Commissioner and Independent Commissioner

Wahyu Hidayat
Commissioner

Gunarni Soeworo
Independent Commissioner

Pradjoto
Independent Commissioner

Krisna Wijaya
Independent Commissioner

Agus Suprijanto
Commissioner

Abdul Aziz
Commissioner

Jakarta,
12 Februari 2014

Board of Directors

Budi Gunadi Sadikin
Chief Executive Officer

Riswinandi
Deputy Chief Executive Officer

Abdul Rachman
Director of Institutional Banking

Sentot A. Sentausa
Director of Risk Management

Ogi Prastomiyono
Director of Compliance & Human Capital

Pahala N. Mansury
Director of Finance & Strategy

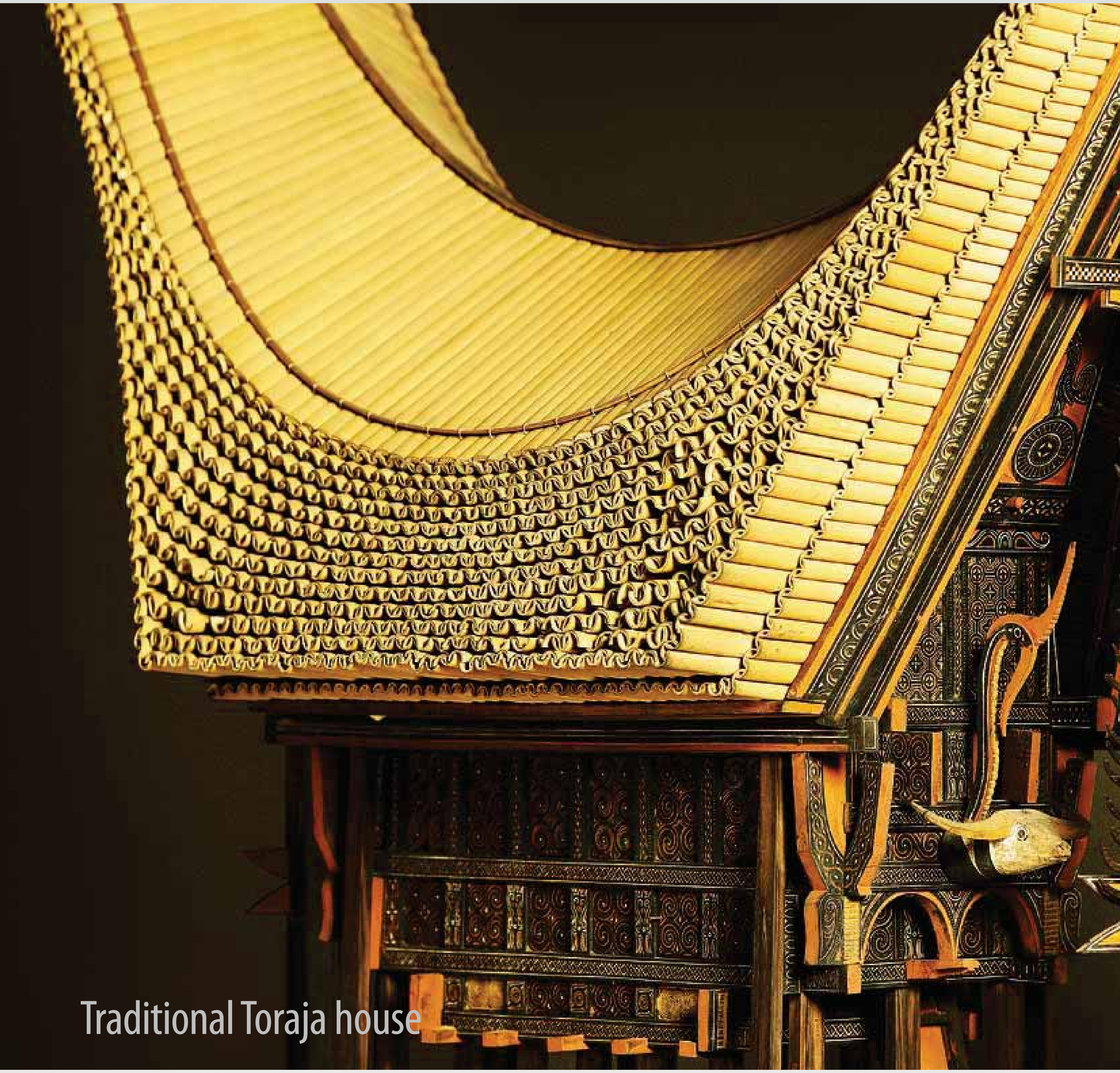
Fransisca Nelwan Mok
Director of Corporate Banking

Sunarso
Director of Commercial & Business Banking

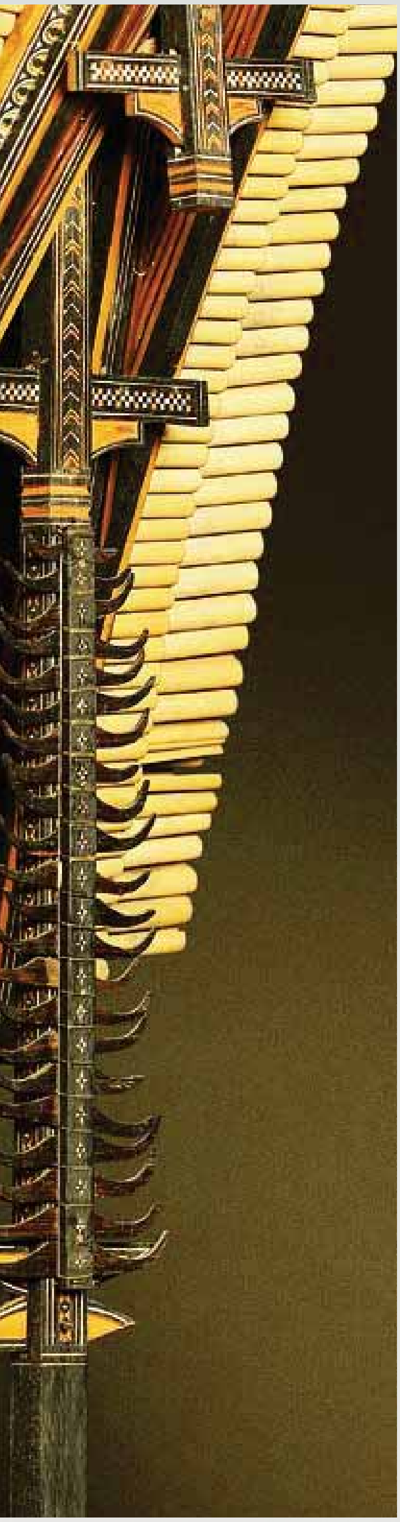
Kresno Sediarsi
Director of Technology & Operations

Royke Tumilaar
Director of Treasury, Financial Institutions & Special Asset Management

Hery Gunardi
Director of Micro & Retail Banking



Traditional Toraja house



COMPANY PROFILE

company profile

Company Name	: PT Bank Mandiri (Persero) Tbk.
Ownership	: Government of Indonesia 60%, Public 40%
Date of Establishment	: 2 October 1998
Legal Basis of Establishment	: Deed No. 10 dated 2 October 1998, executed before Notary Sutjipto, SH, and approved by Minister of Justice by virtue of his Approval No. C2-16561.HT.01.01 TH 98, dated 2 October 1998, Official Gazette of the Republic of Indonesia No. 97 dated 4 December 1998, Supplement No. 6859
Authorized Capital	: Rp16.000.000.000.000
Issued and Paid-Up Capital	: Rp11.666.666.666.500
Stock Exchange Listing:	: Company shares had been listed in Jakarta Stock Exchange and Surabaya Stock Exchange on July 14, 2003
Stock Ticker Symbol	: BMRI
Swift Code	: BMRIIDJA
Head Office	: Plaza Mandiri Jl. Jenderal Gatot Subroto Kav. 36-38 Jakarta 12190 INDONESIA
Telephone	: +6221 5265045
Facsimile	: +6221 5274477, 5275577
Call Center	: 14000, +6221 52997777
Website	: www.bankmandiri.co.id
Email	: ir@bankmandiri.co.id corporate.secretary@bankmandiri.co.id

Business Lines

As described in our Articles of Association, the objects of Bank Mandiri are to carry on business in the banking industry in accordance with the provisions of the laws and regulations in effect. In pursuing its objects, Bank Mandiri, as provided by Article 3(2) of the Articles of Association, engages in the following activities:

1. Collecting funds from the public in the form of deposits, including demand deposits, time deposits, certificates of deposit, savings and/or other similar forms;
2. Extending loans;
3. Issuing promissory notes;
4. Purchasing, selling and guarantees at its own risk, and for the benefit of and under the instructions of customers:
    a. Negotiable instruments, including negotiable instruments that are accepted by the bank and whose periods of terms are no longer than normal practice in the trading of such negotiable instruments;
    b. Acknowledgements of indebtedness and other trade papers whose terms are no longer than normal practice in the trading of such papers;
    c. State treasury certificates and government guarantees;
    d. Bank Indonesia Certificates;
    e. Bonds;
    f. Fixed-term trade papers in accordance with the provisions of the laws and regulations in effect; and
    g. Other commercial papers for terms that are in accordance with the provisions of the laws and regulations in effect.
5. Transferring funds in the Bank's own interests and in the interests of customers;
6. Placing funds with, borrowing funds from, and lending funds to other banks using paper, telecommunications facilities and bearer negotiable instruments, checks and other means;
7. Receiving payments of claims in respect of commercial papers and conducting calculations with or in respect of third parties;
8. Providing places for the storage of valuable items and papers;
9. Providing custodian services to third parties on a contractual basis;
10. Investing customer funds in other customers through the purchase of securities listed on the stock exchange;
11. Providing factoring, credit card and trusteeship services;
12. Providing financing and/or engaging in other activities in accordance with shariah principles and the relevant regulations;
13. Engaging in such other activities as are customarily engaged in by a bank in so far as they do not violate the provisions of the laws and regulations in effect.

In addition, Bank Mandiri may also:

1. Engage in foreign exchange operations in accordance with government regulations; and make investments in other banks or financial services companies, such as leasing companies, venture capital companies, stock brokerages, insurance companies, and clearing and custodian agencies, subject to the prevailing government regulations;
2. Make temporary investments so as to overcome financing or credit failures based on shariah principles, subject to such investments being subsequently withdrawn and to the prevailing government regulations;
3. Acting as the founder and manager of pension funds in accordance with the prevailing regulations governing the pension fund industry.
4. Purchasing collateral, both in its entirety or in part, through auctions or other means in a situation where a borrower has failed to fulfill its obligations to the Company, subject to the provision that such collateral must be realized as expeditiously as possible.

In conducting its business operations, Bank Mandiri offers a wide variety of products and services, as described in "Products and Services" on p. 514 of the Annual Report.

brief history

1824-1928

Bank Mandiri's history is inseparable from the long journeys of four former state owned banks, namely:

- Bank Ekspor Impor Indonesia, originally the Dutch trading company, NV Nederlansche Handels Maatschapij, which was established in 1824 and became involved in banking in 1870.
- Bank Dagang Negara, which started out as Nederlandsch Indische Escompto Maatschapij in 1857 before becoming Escomptobank NV in 1949.
- Bank Bumi Daya, which began life as the De Nationale Handelsbank NV before becoming Bank Umum Negara in 1959.
- Bank Pembangunan Indonesia, which began from the merger of Bank Industri Negara (BIN), a bank that had been involved in the development of various economic sectors in Indonesia since 1951.

1998

Establishment of Bank Mandiri on 2 October 1998 as an effort by the Indonesian government to restructure the national banking sector following the monetary crisis of 1998.

1999

Bank Ekspor Impor Indonesia, Bank Dagang Negara, Bank Bumi Daya, and Bank Pembangunan merge to form Bank Mandiri.

2003

Bank Mandiri Initial Public Offering

2005

Bank Mandiri formulates its Transformation Program to improve its competitiveness at the regional level and to improve various financial parameters on a measurable basis

Mandiri Today

"Becoming the most admired and progressive Financial Institution"

Market Cap:
IDR 136.9 trillion

Revenue Market Share:
13.4%

ROE:
24.24%

Gross NPLs: 2.42%

Stage 2

2013

Market Cap:
IDR 183.16 trillion

Revenue Market Share:
12.0%

ROE:
22.35%

Gross NPLs:
1.90%

I. Business Transformation
Focus on 3 main areas:
- Wholesale Transactions
- Retail Deposits & Payments
- Retail Financing

2010

Market Cap:
IDR 136.9 trillion

Revenue Market Share:
13.4%

ROE:
24.24%

Gross NPLs:
2.42%

II. Cultural transformation
Second stage of transformation:
- Building on stage 1 of cultural transformation
- Enrichment with best practices
- Benchmarking with world class operators

2006

Market Cap:
IDR 60 trillion

Revenue Market Share:
8%

ROE:
11%

Gross NPLs:
17.1%

Rolling Out of Corporate Culture (TIPCE)

Stage 1

Transformation of business into "Dominant Multi Specialist" through 3 stages:
- Back on Track
- Outperform the Market
- Shaping the End Game

Organizational Structure

- **Board of Commissioners**
  - Audit Committee
  - GCG & Risk Monitoring Committee
  - Remuneration and Nominations Committee

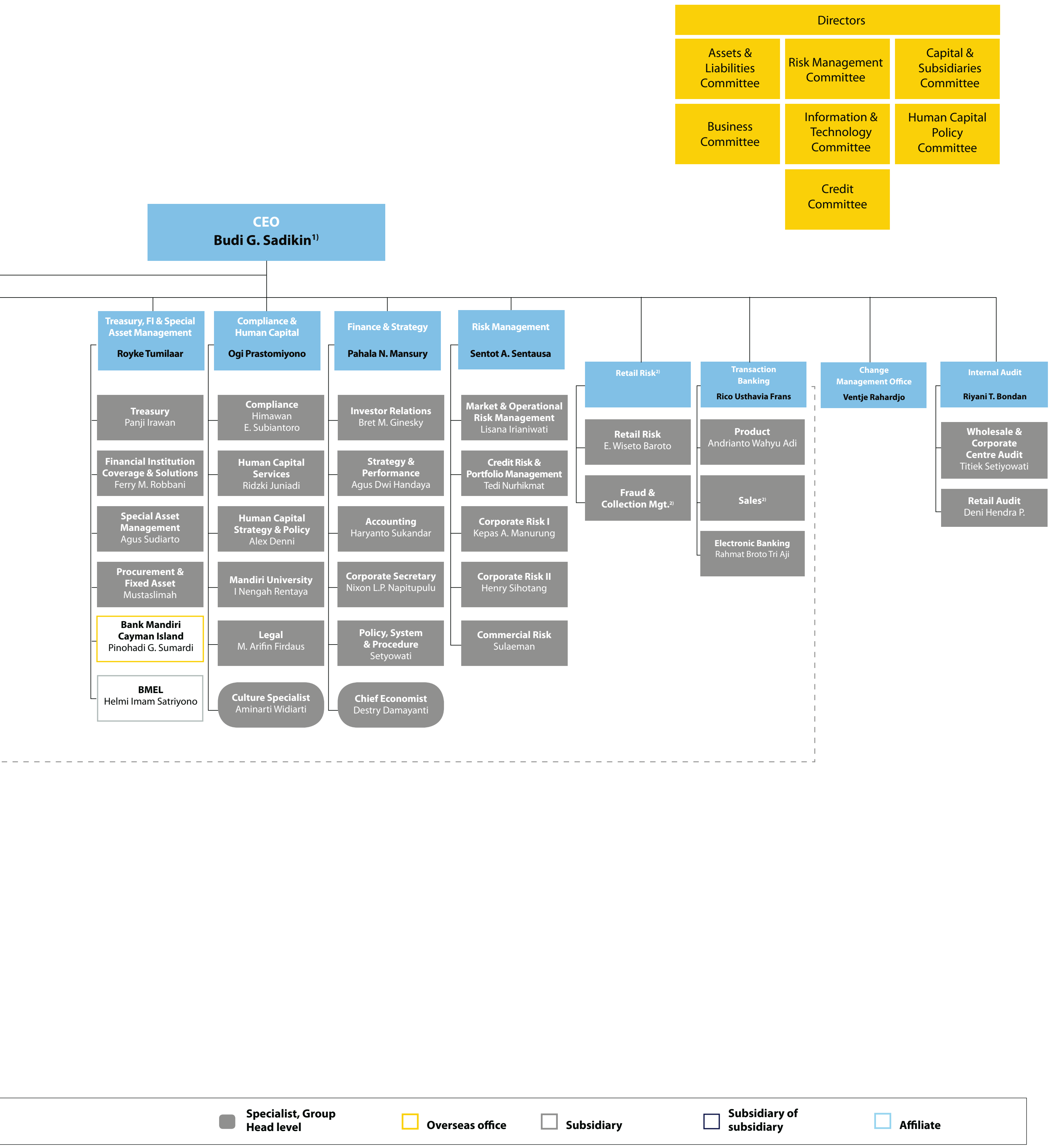
- **Deputy CEO** – Riswinandi
  - **Institutional Banking** – Abdul Rachman
    - Institutional Banking I – Indarto Pamoengkas
    - Institutional Banking II – Anton Zulkarnain
    - Dana Pensiunan Lembaga Keuangan – Yusuf Budi Baik
  - **Corporate Banking** – Fransisca N. Mok
    - Corporate Banking I – Bambang Setyogroho
    - Corporate Banking II – Didiek Hartantyo
    - Corporate Banking III – Kartini Sally
    - Corporate Banking Agro Based – Rafjon Yahya
    - Syndication Oil & Gas – Alexandra Askandar
    - Bank Mandiri Hong Kong, Singapore & Shanghai – Didik Yustandi
    - Mandiri Sekuritas – Abiprayadi Riyanto
  - **Commercial & Business Banking** – Sunarso
    - Jakarta Commercial Sales – Winarsih Budiriani
    - Regional Commercial Sales I – Aquarius Rudianto
    - Regional Commercial Sales II – Tri Prasetio
    - Business Banking I – Riduan
    - Business Banking II – Hermawan
    - Business Banking III – Tony Eko Boy
    - Bank Syariah Mandiri – Yuslam Fauzi
  - **Micro & Retail Banking** – Hery Gunardi
    - Distribution Network I – Agus Fuad
    - Distribution Network II – Chrisna Pranoto
    - Mass Banking – Riza Zulkifli
    - Micro Network Development – Maswar Purnama
    - Micro Business Development – Agus Haryoto Widodo
    - Wealth Management – Myland
    - Bank Mandiri Dili Timor Leste – M. Yani
    - AXA Mandiri – Jon Sandham
    - Bank Sinar Harapan Bali – I Wayan Sukarta
    - Mandiri International Remittance – Rachmat Widiyanto
    - Mandiri Manajemen Investasi – Muhammad Hanif
  - **Consumer Finance** – Tardi
    - Consumer Card – Boyke Yurista
    - Consumer Loans – Sarastri Baskoro
    - Mandiri Tunas Finance – Ignatius Susatyo Wijoyo
    - Mandiri AXA General Insurance – Albertus Wiroyo

- **Technology & Operation** – Kresno Sediarsi
  - Credit Operations – Herry Rukmana
  - Central Operations – Agus Retmono
  - Electronic Channel Operations – Wawandrijo P.
  - Costumer Care & Service – Basu Vitri Manugrahani
  - **Chief Information Officer**[2)]
    - IT Strategic Business Solutions – Mahesh Ranade
    - IT Aplication Services – Suharto Suleh
    - IT Operations – O.C. Harry Pudjiatmoko
    - IT Strategy Architecture & Planning – Mohammad Guntur
    - IT Operations TB Support[2)]

[1)] Has served as CEO since close of Annual General Meeting of Shareholders
[2)] Currently vacant

Legend: Commissioners and Committees under Board of Commissioners | Directorsi/SEVP | Directors and Committees under Board of Directors | Chief Officer | Group Head

Organizational Structure



vision, mission and corporate culture

As part of the Bank Mandiri Long Term Plan, 2010-2014, further refinements have been made to the Bank Mandiri Vision and Mission Statements so that they now read as follows:

vision

To be Indonesia's most admired and progressive financial institution

mission

We strive to form long term and trusted relationships with our customers-both businesses and individuals. We serve them with world-class, innovative financial solutions. We want to be known for our performance, people and teamwork.

By enabling the growth and success of our customers, we will support the long-term growth of Indonesia and we will deliver consistently strong returns to shareholders.

To support the achievement of the Bank Mandiri Vision and Mission, the Company has formulated a corporate culture that is known as TIPCE, which stands for:

trust

"To instill confidence in stakeholders through open and sincere relationships based on trustworthiness"

integrity

"To think, speak and act truthfully, with dignity and to uphold the professional code of ethics"

professionalism

"Committed to completing work accurately, based on a high level of competence and with a full sense of responsibility"

customer focus

"To always position our internal and external customers as the primary partners in mutually beneficial relationships that sustain growth"

excellence

"To always strive to achieve excellence as an expression of our love and pride as members of Bank Mandiri"

The process of internalizing and disseminating our Corporate Culture at all levels of the organization (Board of Commissioners, Board of Directors and Employees) has been carried out using both formal and informal communication, including in-class training, management discussion and guidance during visits to the regions, sms / e-mail blasts, articles in the bank's internal magazine, teleconferencing, video tapes, and so forth.

The communication program was implemented on an Intensive and continuous basis from 2005 to in 2013, with Culture Specialist Group acting as the coordinator of the program. in addition to Internal socialization within Bank Mandiri, the corporate culture has also been socialized in the Bank's subsidiaries.

Under the Bank Mandiri Long Term Plan, 2010 to 2014, the Bank's VISION is "To be Indonesia's most admired and progressive financial institution." This reflects the Bank's determination to be a financial institution that is always fully committed to building relationships with all its customers through the provision of innovative financial solutions of a world-class standard, and to participating in and contributing to the life of the nation through consistent improvements in financial performance.

CULTURAL TRANSFORMATION

Extraordinary targets will never be achieved without extraordinary efforts. Our business and cultural transformation processes are two sides of the same coin and cannot be separated one from the other. Without a strong culture, strategies cannot be implemented or at the very least their impacts are likely to be insignificant so that the transformation process will end in failure.

To complement the transformation process, Bank Mandiri further refined its Corporate Culture through a series of discussions involving all levels of senior management at Bank Mandiri. Themed "The New Horizon," the results of the discussions further spelled out our TIPCE values in the form of 11 Key Conduct guidelines, namely:

1. Honesty, sincerity, transparency and frankness
2. Empowering potential, no silos, continuously seeking synergies, and mutual respect
3. Discipline, consistency and fulfillment of commitments
4. Thinking, speaking, and acting in a commendable manner
5. Reliability, resilience, responsibility, willingness to learn, and self--confidence
6. Spirit of intrapreneurship and courage to take decisions based on measurable risk
7. Identifying the needs and desires of customers in a proactive manner and providing holistic solutions to such needs and desires
8. Providing the best possible service in a fast, precise, straightforward and accurate manner while always prioritizing customer satisfaction
9. Patriotism, a winning mentality and the courage to make a breakthroughs
10. Innovative in creating opportunities to perform beyond expectations
11. Focus and discipline in implementing Priorities

Commissioner Profiles

Edwin Gerungan
Chief Commissioner and
Independent Commissioner

Edwin (65) was born in Jakarta on 17 June 1948. He graduated in philosophy and economics from Principia College,Illinois, USA. He participated in a variety of training courses provided by Citibank, including Treasury training in Hong Kong in 1973, Corporate Finance in Singapore in 1985, Senior Management Course in France in 1986, Investment Banking in Singapore in 1994, and Fund Management in Singapore in 1995.

He commenced his professional career at Citibank N.A, where he served as Vice President from 1972-1997. In 1997 he moved to Atlantic Richfield, where he was Senior Senior Advisor until 1999. Over the next number of years, he served in various senior positions in the banking sector, including as Executive Vice President with Bank Mandiri (1999-2000), Head of the Indonesian Bank Restructuring Agency / IBRA (2000-2001), Commissioner of Bank Central Asia (2002), Commissioner of Bank Danamon (2003-2005) and Director of BHP Billiton Indonesia (2007-October 2013). On 16 May 2005, he was appointed as Chief Commissioner of Bank Mandiri. He was reappointed as Chief Commissioner by the Annual General Meeting of Shareholders on 17 Mary 2010, and continues to serve in such capacity.

Gunarni Soeworo
Independent Commissioner

Gunarni (70), was born in Ciamis on 17 March 1943 and is a graduate in economics from Padjadjaran University, Bandung. She attended a wide variety of training courses and seminars, both at home and abroad, between 1978 and 2013, including the Financial Derivatives and Security, Asia Pacific Banking Executive Conference, and Risk Management Certificated Internal Auditors Conference.

Her professional career commenced when she joined Citibank NA (1970-1987) as Pro Manager, before later being appointed Vice President. In 1987, she moved to Bank Niaga as Senior Vice President Marketing & Credit. She was promoted to CEO at Bank Niaga, in which capacity she served until 1999. From 1999 to 2007, she served as

Deputy President Commissioner of Bank Niaga, and on 16 May 2005 was appointed to serve as an Independent Commissioner by the Annual General Meeting of Shareholders. She was reappointed as an Independent Commissioner by the Annual General Meeting of Shareholders on 17 May 2010, and continues to serve in such capacity.

Commissioner Profiles

Pradjoto
Independent Commissioner

Prajoto (60) was born in Banding on 7 March 1953, and is an 1981 alumni of the University of Indonesia's Faculty of Law. He subsequently earned a Master of Arts Degree in Economics from Kyoto University in 1988. He has participated in a wide range of training programs both at home and abroad, such as training for capital market legal consultants at the Institute of Financial Management and Accounting (LMKA) in 1997 and the Advocate's Professional Training Course (PKPA) in LMKA Capital Markets. He received Risk Management Certification from the Risk Management Certification Board in London, UK, in 2008.

His professional career commenced when joined PT Bank Pembangunan Indonesia (Bapindo), where he remained from 1981 to 1993. He subsequently served as a researcher at the Institute of Economic Research at Kyoto University from 1993-1994, as Senior Partner in the law firm Pradjoto & Associates, as a lecturer in the Master of Management Program at Atma Jaya University, Yogyakarta (1999-2001), as a member of Sub-Commission E of the National Law Commission (2000 to date), as chairman of the IBRA Ombudsman Commission (2000-2001), as a Commissioner of Bank Internasional Indonesia (2002-2006), as a member of the Capital Markets Consultants Association (2002 to date), as a member of the IMF Panel on the BLBI issue in 2002, as a member of the Bank Danamon Independent Divestment Committee (2003), as Chairman of the Bank Permata Independent Divestment Committee (2004), as a member of the BI Indonesian Banking Architecture Panel (2004), as an expert advisor to the Attorney General's Office (2005), as a member of the Risk Management Certification Board (BSMR)'s Ethics Committee (2005 to date), as legal counsel to the Board of Governors of Bank Indonesia (2006 to date), and as Chairman of the Board of Ethics of the Association of National Commercial Bank (Perbanas) (June 2006 to date). He was first appointed as an Independent Commissioner of Bank Mandiri at the Annual General Meeting of Shareholders on May 16, 2005, and was reappointed as an Independent Commissioner at the Annual General Meeting on May 17, 2010. He continues to serve in such capacity.

Krisna Wijaya
Independent Commissioner

Krisna (58) was born in Jakarta on 22 July 1955, and is a 1980 graduate of the Bogor Institute of Agriculture. and subsequently earned a Master's Degree and Doctorate in Management from the University of Gadjah Mada (1990-2009). Between 1980 and 2007, he participated in a wide range of training programs and seminars in the fields of economics and banking both at home and abroad, including Supervision Training at the Bank Rakyat Indonesia Training Center, a Risk Management Certification Program provided by ABN Amro, Netherlands, and the Insurance Deposit Internasional Congress.

His professional career commenced when he joined Bank Rakyat Indonesia in 1980 as a staff officer. He served as Director from 2003-2005 and as a member of the Board of Commissioners in 2005. Thereafter, he served as member of the Board of Commissioners / Chief Executive of the Deposit Insurance Agency (LPS) from 2005-2007 and Commissioner of Bank Danamon from 2008 to 2010. He was appointed as an Independent Commissioner of Bank Mandiri at the Extraordinary General Meeting held on July 5, 2010.

Commissioner Profiles

Wahyu Hidayat
Commissioner

Wahyu was born in Jakarta on 5 September 1961, and is a 1987 graduate of the Bogor Institute of Agriculture in 1987. In 1984, he was awarded a Diploma in Development Finance by Birmingham University, England.

He honed his competencies in the management and financial administration fields by participating in various training programs and courses both in Indonesia and overseas, including an Investment Appraisal and Management course at Harvard University, USA, in 1986, International Course in Comparative Local Government for Financial Management at the International Union of Local Authorities, the Netherlands (1989), Level III Staff Development and Technical Training, Ministry of Finance (1990), and National Level Administrative Staff Leadership Training, National Institute of Administration (1995).

His professional career began in the Ministry of Finance (1980-1995), where he rose to become Head of the Sub-directorate of Corporate Planning before moving to the Ministry of State Enterprises, where he served as Secretary. He also served in senior capacities in a number of state companies including as a Commissioner of PT Adhi Karya (Persero) from 1993-1995, Director of PT Sucofindo (Persero) from 1995-1999, Managing Director of PT Merpati Nusantara Airlines (1999), Chairman of INACA (1999-2003), Director of PT Pelita Air Service (2003-2005), Chief Commissioner of PT Madani Securities (2002 – 2006), Independent Commissioner of PT Indo Exchange Tbk (2003-2006), Chief Commissioner of PT JAMSOSTEK (Persero) (2007-2008), Chief Commissioner of PT Rajawali Nusantara Indonesia (Persero) from 2008 to date and Commissioner of PT Krakatau Steel Tbk from 2012 to date. he was appointed as a Commissioner of Bank Mandiri at the Annual General Meeting held on 23 April 2012.

Abdul Aziz
Commissioner

Abdul (52) was born in Jakarta on 5 September 1961. He is a 1987 graduate of the Bogor Institute of Agriculture, after which he studies for a postgraduate degree at the Institute of Education and Management Development in 1993.

He commenced his professional experience as business developer officer at PT Pasarini Padibumi (1993-1997). He subsequently served as Commissioner in a number of companies including PT Panca Nugraha Paramitra (1997-2005), PT PLN (Persero) (2009 – 2013) and President Director of PT Sarana Jasa Utama (2005 to date). He was appointed as a Commissioner of Bank Mandiri at the Annual General Meeting held on 2 April 2013..

Commissioner Profiles

Agus Suprijanto
Commissioner

Agus (60) was born in Yogyakarta on 14 August 1953, and is a 1985 graduate in law from Udayana University. He was subsequently awarded a Master's Degree in International Economics by the University of Colorado in 1991. He has also participated in a wide range of training and development programs, including Fundamentals of Economics, University of Colorado, USA (1989), SPAMA, Ministry of Finance (1996), Government Procurement Training, Institute of Public Administration (2000), Economic Diplomacy Training, Ministry of Finance (2004), and Intensive Trade Negotiation Training provided by ITD, APEC, WTO and TICA in 2005.

His professional career began in Denpasar (1977-1995), where he last served as Head of the Financing Subsection I / III. He then held a variety of posts with the Ministry of Finance in different parts of Indonesia from 1995-2000. He served as Advisor Executive Director at the World Bank from 2000-2003 before moving back to the Ministry of Finance where he was Head of International, Regional and Bilateral Economic Cooperation from 2003-2004, Head of Regional Economic Cooperation II, Ministry of Economic Affairs (2004), Deputy Assistant V for Economic Affairs and Regional and Multilateral Cooperation, Ministry of Economic Affairs (2004-2006), Director of Overseas Loan and Grant Management, Ministry of Finance (2006), Head of Policy Analysis and Harmonization, Ministry of Finance (2006-2008), Expert Advisor on State Revenue, Ministry of Finance (2008-2010), acting Head of Fiscal Policy Office, Ministry of Finance (2010-2011), and Commissioner of Bank Rakyat Indonesia (2007-2012). He was appointed as a Commissioner of Bank Mandiri at the Annual General Meeting held on 2 April 2013.

director profiles

Budi G. Sadikin
Chief Executive Officer

Budi (49) was born in Bogor on 6 May 1964 and is a 1998 graduate of the Bogor Institute of Technology. In addition, he has attended a wide range of overseas training programs and seminars including the IBM Sales Academy in Singapore (1989), Manager of School in Hong Kong (1992), Finances for Senior Executives, Philippines (1996), Senior Management Course, Netherlands (2000), Risk Management Certification, Singapore (2007), Strategic Thinking and Management for Competitive Advantage Program, USA (2008), Global Strategic Management, USA (2009), Venture Capital Executive Program, USA (2010), and Interpersonal Dynamics for High Performance Executives, USA (2011).

His professional experience commenced at IBM Headquarters, Japan (1988-1994), as Information Systems Staff Officer. He rose to become Manager of System Integrations & Professional Services before moving to Bank Bali (1994-1999) as Manager Business Alliances. His last position at Bank Bali was as Chief General Manager Jakarta. He then joined ABN AMRO Indonesia (1999-2003) as Deputy President Director before being appointed Senior Deputy President Director Consumer. He then joined Bank Danamon (2003-2006), where he was Executive Vice President, Head of Consumer Mass Market in 2003-2006. At the Bank Mandiri Annual General Meeting in 2006, he was appointed a Director of Bank Mandiri responsible for the Directorate of Micro & Retail Banking. He was reappointed as a Director by the Annual General Meeting on 23 May 2011, and was made CEO of Bank Mandiri at the Annual General Meeting on 2 April 2013. In which capacity he continues to serve.

Riswinandi
Deputy CEO

Riswinandi (56) was born in Jakarta on 12 September 1957 and is a 1983 economics graduate from Trisakti University. He has attended a wide variety of training programs and seminars both at home and abroad, including; Basic Supervisory Development, Bogor (1989), Project Finance, Jakarta (1991), Workshop on Corporate Finance Techniques, Singapore (1991), Credit Risk and Loan Structuring, Singapore (1993), International Public Sector Financial Management, Melbourne (1995), Infrastructure Finance, Power Project Finance, Oil & Gas Finance, New York (1996), Risk Management Certification, Jakarta (2005), Achieving Strategy through Business Process Change, London (2008) and High Impact Leadership, New York (2010).

His professional experience commenced when he was appointed Senior Assistant at SGV Utomo (1984-1986). He then joined Bank Niaga as Training Development Officer (1986-1987). He was made Vice President of Bank Niaga in 2000, before being appointed Vice President of Credit Risk Management Review and Senior Vice President at the Indonesian Bank Restructuring Agency (1999-2001). He then joined Bank Danamon as EVP Corporate Lending Division (2001-2002) before being appointed Director (2002-2003). In addition, he served as a Commissioner of PT Asuransi Export Indonesia (2004-2006). At the Bank Mandiri Annual General Meeting in 2003, he was appointed a Commissioner of the Bank until 2005 and was subsequently made a Director at the 2006 Annual General Meeting, in which capacity he served until the Annual General Meeting of 17 May 2010, when was made Deputy CEO of Bank Mandiri, an office he continues to hold.

director profiles

Abdul Rachman
Director of Institutional Banking

Born in Solo on December 8, 1954, Abdul Rachman (59) graduated in accounting from Padjadjaran University in 1980 and Kansas State University in Financial Management in 1989. He was an active participant in banking sector training and seminars both at home and abroad between 1981 and 2011, such as International Finance and Investment in Jakarta, Export-Import and Trade Finance in Singapore, Country Risk and Bank Risk in Hong Kong, and Pacific Rim Bankers Programs in the United States. He was awarded Risk Management certification in Singapore, and Management for Competitive Advantage certification in the United States.

He commenced his professional career as credit supervisor and then as Head of International Affairs at Bank Pembangungan Indonesia (1981-1999). With the establishment of Bank Mandiri, he was made Senior Vice President, in which capacity he served between 1999 and 2003, and then Executive Vice President (2003-2005), Commissioner of Mandiri Sekuritas (2003-2004), and Commissioner of Bank Syariah Mandiri (2003-2005). At the Annual General Meeting in 2005, he was appointed as a Director of Bank Mandiri and was charged with leading the Corporate Banking Directorate, where he served until 2008 before being appointed to head the Directorate of Special Asset Management, where he remained until mid January 2010, when he was put in charge of the Directorate of Institutional Banking. At the Annual General Meeting on May 17, 2010, he was appointed Director of Institutional Banking, in which capacity he continues to serve.

Sentot A. Sentausa
Director of Risk Management

Born in Jakarta on June 10, 1957, Sentot (56) is a 1983 graduate in statistics from Padjadjaran University. He subsequently earned a degree in business administration from Monash University, Australia, in 1995.

His professional experience began in 1986 as an officer in the Research and Development Division of Bank Pembangunan Indonesia (Bapindo), after which he was assigned to the Directorate of Treasury Sector Assets & Liabilities Committee (ALCO). Following the establishment of Bank Mandiri, he was named Vice President of Global Market & Treasury. In 2000, he successively served as Division Head of Operations & Legal Risk and Division Head of Procurement and Fixed Assets (2001), before being appoined Group Head and Senior Vice President for Procurement and Fixed Assets in 2003. Then In 2004, was made Senior Vice President and Group Head Consumer Risk Group and Group Head Portfolio and Operational Risk in 2005. He served as coordinator Risk Management Directorate, Chairman BMEL London from 2005 to 2006. At the AGM on May 22, 2006, he was appointed a Director and assigned to lead the Risk Management Directorate before being reappointed by the AGM held on May 23, 2011.

director profiles

Ogi Prastomiyono
Director of Compliance & Human Capital

Born in Bogor on May 21, 1961, Ogi (52), is a graduated from the the Bogor Institute of Agriculture in 1984, The Economic Institute in Boulder, Colorado, USA, in 1992, and the University of Notre Dame in 1994. He has attended / apppeared in various training courses and seminars both at home and abroad, including Trade Finance Training Scheme in Jakarta and the Accelerated Development Programme 7 in London (1991), Sharia Banking Workshop in Jakarta (2004), Asian Business Dialogue on Corporate Governance in Singapore (2005), the World Economic Forum in Davos (2005), Internal Audit Managerial Level Training in Jakarta (2006), Internal Audit & Risk Management in Singapore (2006), and the Singapore Human Capital Summit in Singapore (2010). He has earned certification in various fields, including Risk Management (2004), Sharia Financial Advisor (2005), and Internal Audit (2006).

His professional experience commenced when he joined Bank Ekspor Impor Indonesian as an executive officer, before eventually being promoted to General Manager of Planning and Development (1986-1999). With the establishment of Bank Mandiri, he served successively as Head of Compliance Division, Senior Vice President, Director of Bank Syariah Mandiri, and Executive Vice President (1999-2008). At the 29th AGM in May 2008, he was appointed Director in charge of the Directorate of Compliance & Human Capital. He was reappointed a Director at the AGM held on 2 April 2013 with responsibility for Compliance & Human Capital, in which capacity he continues to serve

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Pahala N. Mansury
Director of Finance & Strategy

Born in Bogor on 8 April 1971, Pahala (42) holds a Bachelor's Degree in Economics (Accounting) from the University of Indonesia, and an MBA in Finance from the Stern School of Business, New York University, USA. He qualified as a CFA Charterholder from the CFA Institute in 2003. He began his career as a Change Management Consultant at Andersen Consulting Jakarta (1997). In 1998, he worked for an investment management company part time in New York, USA. After that, he worked as a Senior Consultant at Booz Allen Hamilton, and Project Leader at The Boston Consulting Group up until 2003, where he was involved in various projects in Southeast Asia.

Since joining Bank Mandiri, he has held various senior positions, including Group Head of Corporate Development, Change Management Office, Accounting, and Economic Research (2003-2006). In 2006, he was appointed EVP Coordinator Finance & Strategy and Chief Financial Officer. He is currently Vice President of CFA Indonesia. He was appointed Bank Mandiri's Director of Finance & Strategy at the AGM on May 17, 2010, in which capacity he continues to serve.

director profiles

Fransisca N. Mok
Director of Corporate Banking

Born in Kutoarjo on July 13, 1956, Fransisca (57) graduated from Padjadjaran University in 1981 and the Labora School of Management, Jakarta (finance) in 2002. She has attended various training courses and seminars both at home and abroad, such as Seminar on Marketing of Services in Asia (Singapore, 2003), Senior Executive Program in Hong Kong (2004), Risk Management Certification, Jakarta (2006), and Risk Management in Banking in France (2009).

Her professional career began at Bank Bumi Daya, where she served successively head of the Sugar Production & Credit Affairs Administration Section, Head of Credit Region XII, Head Export and Import Section, Gambir branch, Loan Admission Supervisor Region IV, Leader Team Credit Recovery Officer Region V (1983-1999). With the establishment of Bank Mandiri, she served as Senior Officer CRM-Corporate and Financial Institutions, Manager of Jakarta District Center Region III, CBC Manager, Head of Region III, Senior Vice President, and Executive Vice President (1999-2009). At the AGM on May 17, 2010, she was appointed Director of Corporate Banking, in which capacity she serves to date.

Sunarso
Director of Commercial & Business Banking

Born in Pasuruan on 7 November 1963, Sunarso (50) graduated from the Bogor Institute of Agriculture in 1988 and was awarded a Master of Business Administration Degree by the University of Indonesia in 2002. He has participated in a long list of training courses and seminars in various fields, including Business Communication (1993), General Management Advanced Banking (1994), Syndication and Loan Documentation (1997), Credit Implementation Principles (2000), Selling Commercial & Corporate Bank Services (2002), Dissemination Implementation of Data Cleansing (2004), Risk Management Certification (2006), Market Driving Strategies (2009), and Strategic Business Leadership: Engagement Performance & Education (2011).

His professional career began as a Credit Analyst at Bank Dagang Negara, before he was successively made Assistant Relationship Manager and Relationship Manager (1991 – 1996). Since joining Bank Mandiri in 1999, he has served successively as Senior Officer, Senior Relationship Manager, Assistant Vice President, Vice President, SVP Client Service Team Manager, SVP GH Plantation Specialist, EVP GH Corporate Banking Agro Based (1999-2010). At the AGM on 17 May In 2010 he was appointed Director of Commercial & Business Banking, in which capacity he serves to date.

director profiles

Kresno Sediarsi
Director of Technology & Operations

Born in Yogyakarta on 3 November 1958, Kresno (55) graduated from Gadjah Mada University in Economics in 1983 and the International University of Japan in International Relations in 1992. He has participated in various training courses and seminars at home and abroad, including Swift Application in Jakarta and Singapore (1993), Managing the Retail Branch in Jakarta and International Public Sector Reform in Australia (1997), Future Banking in China Conference in Jakarta, and The Future Banking in China Conference in Shanghai (2004), Indonesia HR Summit and 7th Annual Shared Services & Outsourcing (2009), and High Performance Leadership in Switzerland (2010).

His professional career began when he joined Bank Dagang Negara, where he served successively as an Assistant Accounts Officer, Head of Foreign Affairs KP, and Team Leader Planning and Development Corp.. Banking Project (1985-1999). With the establishment of Bank Mandiri, he served successively as Head of Branch Network Development Division, Acting Regional Manager in several Bank Mandiri regional offices, Group Head (GH) Commercial Business Development & Support Group, GH Small Business Sales, Credit Authority Holder (PKMK), and GH Human Capital (1999-2010). At the AGM dated May 17, 2010, he was appointed Director of Technology & Operations, in which capacity he serves to date.

Royke Tumilaar
Director of Treasury, Financial Institutions & Special Asset Management

Born in Manado on March 21, 1964, Royke (49) graduated with a degree in economics from Trisakti University in 1987 and a Master of Business Administration (Finance) from the University of Technology, Sydney, in 1999. In addition, he has attended a long list of training courses and seminars, including Corporate Finance Workshop (2003), High Impact Leadership (2008), Strategic Business Leadership Engagement (2011), and Risk Management Certification (2012).

His career began at Bank Dagang Negara, where his last position was as a Professional Staff Member of the Bank Dagang Negara Credit Resolution Team in Jakarta. In 2007, he was appointed Regional Head of Commercial Sales Group I, in which capacity he served until May 2010. In August 2009, he was also appointed to concurrently serve as a Commissioner of Mandiri Securities. In May 2010, he was appointed Group Head Jakarta Commercial Sales, where he served until May 2011. At the AGM on May 23, 2011, he was named Director of Treasury, Financial Institutions & Special Asset Management, in which capacity he continues to serve.

director profiles

Hery Gunardi
Director of Micro & Retail Banking

Born in Bengkulu on June 26, 1962, Hery (51) graduated from 17 Agustus 1945 University with a degree in Business Administration in 1987, and the University of Oregon, USA, where he majored in Finance & Accounting, in 1991. He has participated in a long list of training courses and seminars, including Foreign Exchange and Money Market Dealer training in Singapore (1987), Chartered Life Underwriter training in Singapore (2003), Chartered Financial Consultant in Singapore (2003), Certified Wealth Manager in Indonesia (2005), Certified Financial Planning in Indonesia (2007), Executive Development Programs in the USA and London (2008 and 2011), and Risk Management Level 4 in Indonesia (2012).

His professional experience began when shared Bapindo begins as a Member of the Product Development & Promotion Team, and which he served successively as a Member of the NPL Settlement Special Debtor Affairs Team and Head of the Syndicated Bond Subsection, Financial Affairs & Banking Services (1991-1998). He joined Bank Mandiri as head of the merger team before successively serving as a Merger Team member, Regional Marketing Manager, Acting Area Manager, Director of the Project to Establish a Joint Venture Project with AXA Insurance Company, Director of PT AXA Mandiri Financial Services, Senior Vice President, Chief Commissioner of PT AXA Mandiri Financial Services, Senior Vice President, and Chief Commissioner of PT Mandiri Manajemen Investasi (1998-2013), At the AGM on 2 April 2013, he was appointed Director of Micro & Retail Banking, in which capacity he continues to serve.

Senior Executive President Profiles

Riyani T. Bondan
Senior Executive Vice President
Internal Audit

Born in Jakarta on 5 November 1961, Riyani (52) graduated from the Bogor Institute Agriculture in 1984 and the University of Illinois, Urbana Champaign, in 1994. She has participated in various training courses and seminars, including Human Performance Improvement in Athens (2004), Advanced Corporate Credit Workshop in New York (2006), Leverage Finance Asia Conference in Hong Kong (2008), Specialized Corporate Credit in Shanghai (2008), the IIA International Conference in Atlanta (2010), and Strategic for Leadership in Lausanne (2010).

She started her professional career as a Credit Analyst in the Plantation Credit Bureau of Bank Ekspor Import Indonesia in 1987. In 1994, she was appointed Head of the Corporate Bureau Section, before being named Executive Secretary to the President Director in 1997, in which position she remained until 1999. Upon the establishment of Bank Mandiri, she was appointed Group Head of Corporate and Commercial Credit. In 2000-2001, was served as Head of Commercial Credit III, and in 2002 was appointed as Group Head Retail Credit Risk Approval. In 2005 she was named Group Head Learning Center. On October 21, 2008, in accordance with Directors' Resolution No. KEP.DIR/117/2008, she was appointed EVP Internal Audit Coordinator, which office is now know as SEVP Internal Audit.

Ventje Rahardjo
Senior Executive Vice President
Change Management

Born on 4 November 1954, Ventje (59) graduated with an undergraduate degree in economics from the University of Indonesia in 1980, and a Master's Degree in Economics from the University of New England, Australia, in 1986. He has participated in various training courses, both at home and abroad, such as Certification of Risk Management in Amsterdam (2004), SESPIBANK in Jakarta (1998), Advanced Course on Banking (1983), Advanced Management Programme for Overseas Bankers (1993), and Top Management Programme in Manila (1995).

His professional career began in Bapindo, where he worked successively as with Analyst and General Manager between 1981 and 1999. He then joined Bank Mandiri, where he served as a Member of the Merger Team and as Director of Commercial Banking (1999-2005), before moving to Bank Rakyat Indonesia as Director of Retail & Micro Banking (2005-2006). In the following years, he worked in a series of other capacities, including as Senior Advisor with Batasa Tazkia Consulting (2006-2007), Managing Director SME Commercial & Shari'a Banking at BRI Syariah (2007-2008), and as CEO at BRI Syariah (2008-2011). On February 21, 2012, in accordance with Directors' Resolution No. KEP.DIR/054/2012, he returned to Bank Mandiri as EVP Change Coordinator Management Office, which office is now know as SEVP Change Management Office.

Senior Executive President Profiles

Tardi
Senior Executive Vice President
Consumer Finance

Born in Sukoharjo on May 12, 1964, Tardi (49) graduated from Sebelas Maret University in March 1987. He has also participated in various training courses and seminars, including Credit Training for Lending to Finance (2000), Collateral Loss Insurance training (2011), Certified Risk Management (2007), Risk Management in Banking (2008), Risk Management Competency Certification (2011), and Developing The Strategic Leader (2011).

His professional career commenced when he joined Bank Bumi Daya as an Administrative Officer and eventually rose to the position of Senior Relations Manager (1989-2001). After the establishment of Bank Mandiri, he was then appointed to the Consumer Loans Group before becoming Group Head of Micro Business Development (2003-2010), in addition, he served as a Commissioner of Bank Syariah Mandiri (2007), PT Pengelola Investama Mandiri (2011). On April 11, 2013, in accordance with Directors' Resolution No. KEP.DIR/103/2013, he was named EVP Coordinator Consumer Finance, which office is currently known as SEVP Consumer Finance.

Rico Usthavia Frans
Senior Executive Vice President
Transaction Banking

Born in Kebumen on May 31, 1970, Rico (43) graduated from the Bandung Institute of Technology Bandung in 1992. He has also participated in various training courses and seminars at home and abroad, including Core Credit Risk, Internet & e-Commerce, Intermediate Risk, e-Business Regional Conference, and an e-Commerce Payment Gateway & Workshop.

His professional experience commenced when he was appointed a Field Manager by Schlumberger (1993-1995). He then worked with Citibank NA (1995-2010) before moving to Bank Mandiri in 2010 as Group Head Electronic Banking. On December 3, 2013, in accordance with Directors' Resolution No. KEP.DIR/319/2013, he was appointed EVP Transaction Coordinator, which office is currently known as SEVP Transaction Banking.

board of commissioners, board of directors and sevps

BOARD OF COMMISSIONERS

EDWIN GERUNGAN	Chief Commissioner and Independent Commissioner
GUNARNI SOEWORO	Independent Commissioner
PRADJOTO	Independent Commissioner
KRISNA WIJAYA	Independent Commissioner
WAHYU HIDAYAT	Commissioner
ABDUL AZIZ	Commissioner
AGUS SUPRIJANTO	Commissioner

BOARD OF DIRECTORS

BUDI G. SADIKIN	Chief Executive Officer
RISWINANDI	Deputy CEO
ABDUL RACHMAN	Direktur Institutional Banking
SENTOT A. SENTAUSA	Director of Risk Management
OGI PRASTOMIYONO	Director of Compliance & Human Capital
PAHALA N. MANSURY	Director of Finance & Strategy
FRANSISCA N. MOK	Director of Corporate Banking
SUNARSO	Director of Commercial & Business Banking
KRESNO SEDIARSI	Director of Technology & Operations
ROYKE TUMILAAR	Director of Treasury, Financial Institutions & Special Asset Management
HERY GUNARDI	Director of Micro & Retail Banking

SENIOR EXECUTIVE VICE PRESIDENT (SEVP)

RIYANI T. BONDAN	SEVP Internal Audit
VENTJE RAHARDJO	SEVP Change Management Office
TARDI	SEVP Consumer Finance
RICO USTHAVIA FRANS	SEVP Transaction Banking

group head

GROUP HEAD		
Name	Group	Direktorat
RIDUAN	Business Banking I Group	Commercial & Business Banking
HERMAWAN	Business Banking II Group	Commercial & Business Banking
TONI EKO BOY SUBARI	Business Banking III Group	Commercial & Business Banking
WINARSIH BUDIRIANI	Jakarta Commercial Sales Group	Commercial & Business Banking
AQUARIUS RUDIANTO	Regional Commercial Sales I Group	Commercial & Business Banking
TRI PRASETIO	Regional Commercial Sales II Group	Commercial & Business Banking
HIMAWAN EDHY SUBIANTORO	Compliance Group	Compliance & Human Capital
I. AMINARTI WIDIATI	Culture Specialist	Compliance & Human Capital
RIDZKI JUNIADI	Human Capital Services Group	Compliance & Human Capital
ALEX DENNI	Human Capital Strategy & Policy Group	Compliance & Human Capital
I NENGAH RENTAYA	Learning Center Group	Compliance & Human Capital
M. ARIFIN FIRDAUS	Legal Group	Compliance & Human Capital
BOYKE YURISTA AT T.M	Consumer Cards Group	Consumer Finance
SARASTRI BASKORO	Consumer Loans Group	Consumer Finance
RAFJON YAHYA	Corporate Banking Agro Based Group	Corporate Banking
BAMBANG SETYOGROHO	Corporate Banking I Group	Corporate Banking
DIDIEK HARTANTYO	Corporate Banking II Group	Corporate Banking
KARTINI SALLY	Corporate Banking III Group	Corporate Banking
ALEXANDRA ASKANDAR	Syndication, Oil & Gas Group	Corporate Banking
HARYANTO SUKANDAR	Accounting Group	Finance & Strategy
DESTRY DAMAYANTI	Chief Economist	Finance & Strategy
NIXON L.P. NAPITUPULU	Corporate Secretary Group	Finance & Strategy
SETYOWATI	Policy, System & Procedure Group	Finance & Strategy
AGUS DWI HANDAYA	Strategy & Performance Group	Finance & Strategy
BRET MATTHEW GINESKY	Investor Relations Group	Finance & Strategy
INDARTO PAMOENGKAS	Institutional Banking I Group	Institutional Banking
ANTON ZULKARNAIN	Institutional Banking II Group	Institutional Banking
DENI HENDRA PERMANA	Retail Audit Group	Internal Audit
TITIEK SETIYOWATI	Wholesale & Corporate Center Audit Group	Internal Audit
AGUS FUAD	Distribution Network I Group	Micro & Retail Banking
CHRISNA PRANOTO	Distribution Network II Group	Micro & Retail Banking
RIZA ZULKIFLI	Mass Banking Group	Micro & Retail Banking
AGUS HARYOTO WIDODO	Micro Business Development Group	Micro & Retail Banking
MASWAR PURNAMA	Micro Network Development Group	Micro & Retail Banking
MYLAND	Wealth Management Group	Micro & Retail Banking

Group Head

GROUP HEAD		
Name	Group	Direktorat
SULAEMAN	Commercial Risk Group	Risk Management
KEPAS ANTONI A. MANURUNG	Corporate Risk I Group	Risk Management
HENRY SIHOTANG	Corporate Risk II Group	Risk Management
TEDY NURHIKMAT	Credit Risk & Portfolio Management Group	Risk Management
LISANA IRIANIWATI	Market & Operational Risk Group	Risk Management
ESTHI WISETO BAROTO	Retail Risk Group	Risk Management
AGUS RETMONO	Central Operations Group	Technology & Operations
HERRY RUKMANA	Credit Operations Group	Technology & Operations
BASU VITRI MANUGRAHANI	Customer Care & Services Group	Technology & Operations
WAWANDRIJO PRIWARDONO	Electronic Channel Operations Group	Technology & Operations
SUHARTO SULEH	IT Application Services Group	Technology & Operations
O.C. HARRY PUDJIATMOKO	IT Operations Group	Technology & Operations
MAHESH RANADE	IT Strategic Business Solution Group	Technology & Operations
MOHAMMAD GUNTUR	IT Strategy, Architecture & Planning Group	Technology & Operations
RAHMAT BROTO TRIAJI	Electronic Banking Group	Transaction Banking
ANDRIANTO WAHYU ADI	Product/Sales Group	Transaction Banking
FERRY MUHAMMAD ROBBANI	Financial Institutions Coverage & Solution Group	Treasury, Financial Institutions & Special Asset Management
MUSTASLIMAH	Procurement & Fixed Assets Group	Treasury, Financial Institutions & Special Asset Management
AGUS SUDIARTO	Special Asset Management Group	Treasury, Financial Institutions & Special Asset Management
PANJI IRAWAN	Treasury Group	Treasury, Financial Institutions & Special Asset Management

human capital

DEVELOPING WORLD-CLASS HUMAN CAPITAL IMBUED WITH THE SPIRIT OF NATIONAL PROSPERITY

Bank Mandiri continues to transform itself in the area of human capital through accelerated human capital value creation and the development of strategies and policies that support Bank Mandiri's progression from a **Good Company** to a **Great Company.**

In 2013, human capital management at Bank Mandiri focused on improving the quality of human capital so as to encourage continuous improvement in Bank's performance. To that end, a Human Capital Program has been formulated based on the theme "**Aligning the Human Capital Management System toward Best in Class Practices based on Employee Value Proposition**."

Bank Mandiri has adopted an Employee Value Proposition (EVP) that serves as a "noble purpose" for staff working at Bank Mandiri. The Mandiri EVP was developed based on the aspirations of our employees, combining the aspirations of our employees with what can be given by the company. The Mandiri EVP describes "What it means to be a Mandirian".

The Mandiri Spirit of National Prosperity is summarized as follows: "At Mandiri, we are imbued with the Spirit of National Prosperity, which allows us to grow in an open, positive and progressive environment so as to promote the prosperity of our partners, families, customers, communities and Indonesia as a whole."

The Mandiri EVP provides added value to the company through increased levels of engagement on the part of both employees and customers of Bank Mandiri. It also offers a high level of competitiveness in attracting the top talent in the market and to retain such top talent in Bank Mandiri, thereby reducing the rate of employee turnover, improving the image and reputation of the Bank as an employer of choice and ultimately improving the company's intangible assets.

From the employee perspective, the Mandiri EVP makes employees feel they are an important part of the organization, and that every role or duty they perform contributes to the advancement of the organization, clients, families, communities and Indonesia as a whole. The EVP also provides employees with the opportunity to optimally apply their skills, to develop themselves individually and professionally, and to be rewarded in accordance with their competencies and performance.

Based on the Spirit of National Prosperity, Bank Mandiri has formulated its vision and aspiration of becoming the best bank in ASEAN by 2020. This vision and aspiration will be set out in the 2015-2020 Corporate Plan, with the key to its successful achievement being top quality, competent, productive and engaged employees, and a strong and resilient work culture.

HUMAN CAPITAL STRATEGY

It is recognized that in order to realize Bank Mandiri's 2010-2014 vision of become Indonesia's most admired and progressive financial institution, it is not enough to simply focus on the financial aspects. Rather, the non-financial aspects also need to be improved through good human capital management (people are the power behind our purpose).

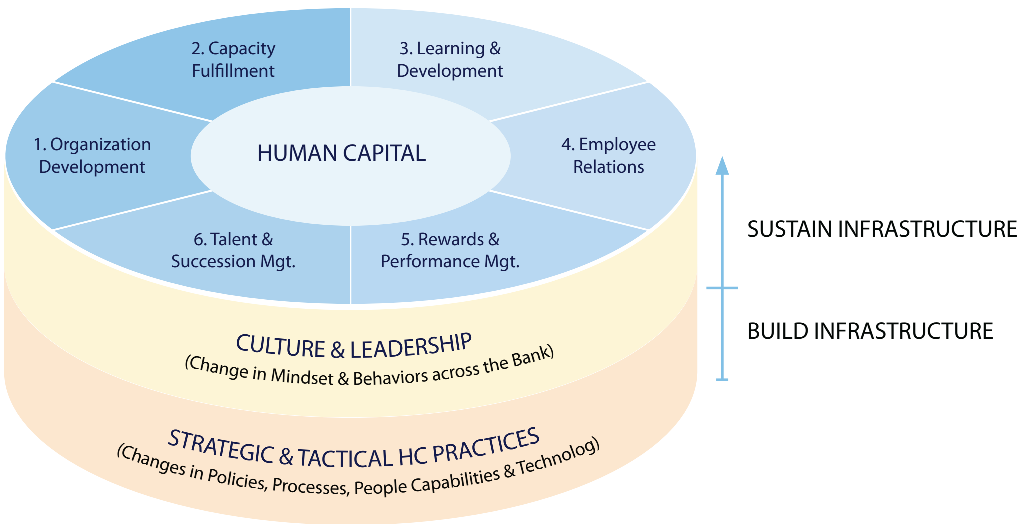
The Bank Mandiri Human Capital Management Strategy is applied having regard to prudential principles, risk management, good corporate governance, effective best in class and the Mandiri Employee Value Proposition and the Spirit of National Prosperity.

Human Capital

Our strategies in the Human Capital field have been aligned with Bank Mandiri's strategies, namely, focusing on entire employee lifecycle value chain management. The stages in the employee lifecycle consist of organization development, capacity fulfillment, learning & development, employee relations, rewards and performance management and talent & succession management. During every stage of the employee lifecycle, 2 (two) things are developed so as to ensure continuous application, namely:

1. Developing a culture and leadership that supports the transformation, including changes in mindset and behavior, and increasing the role of culture & leadership in the human capital management process.
2. Developing strategies and implementation tactics, including policies, processes, and employee and technological support capabilities support (Strategic & Tactical HC Practices)The scope of the employee lifecycle or human capital management framework may be described as follows:

The main functions of the different stages in the Human Capital Management Framework are as follows:



The main functions of the different stages in the Human Capital Management Framework are as follows:

1. **Organization Development**--development of an organization that is efficient, effective and competitive
2. **Capacity Fulfillment –** Obtaining reliable Human Capital both from internal and External sources.
3. **Learning & Development--**the development and training of Human Capital to support business needs
4. **Employee Relations--**building engagement and harmonious industrial relations
5. **Rewards & Performance Management –** top-quality performance management and competitive rewards system
6. **Talent and Succession Management--**the establishment of a leadership pipeline and succession management.

Organization and Career Development, and Flexible Working Hours

In order to support the growth of the company's business, an efficient, effective and competitive organization is needed. To that end, organization development is focused on reviews of the productivity and effectiveness of the organizational structure, providing job competencies so as to accelerate employee career development, and the designing and application of a flexitime system on a gradual basis.

Flextime is designed to facilitate employees in managing their working hours in such a way as to optimumally benefit both the employees themselves and Bank Mandiri without disrupting service and the smooth operation of the Bank's business. Total hours worked are the number of hours specified for a particular period.

Employment Opportunities, Growing and Progressing Together (Capacity Fulfillment)

Rapid growth needs to be supported by the right capacity fulfillment strategies based on the principle of "the right people with potential right fit". Capacity fulfillment policies are always tailored to take account of changes in business needs from time to time.

Bank Mandiri employee staff in units throughout Indonesia. In order to ensure equal opportunities for people from the regions--from Sabang to Merauke--to work at Bank Mandiri, recruitment is conducted in collaboration with various leading universities in Indonesia through job fair / campus hiring. In addition, we also post employment vacancies on the Bank Mandiri website (www.bankmandiri.co.id). On average each year, Bank Mandiri hires some 4,000 new employees to anticipate business growth and to replace employees who retire.

Bank Mandiri's Capacity Fulfillment Strategy consists of 2 (two) focuses, namely:

1. Bank Mandiri's internal resources through the following employee development programs: Staff Development Programme (SDP), Local Staff Development Program (LSDP), Employee Authority Holder Program (P3K), Micro Young Leadership Training Program (PPMM), and the transfer of personnel from Front Office to Back Office.
2. External resources, through the hiring of fresh graduates and experienced bankers at the senior management level. Capacity fulfillment through external resources is conducted having regard to specific issues and conditions, including a scarcity of senior management resources in particular areas, and the type of work and expertise involved, as described below:

   a. Leadership Capacity Fulfillment in Particular Areas

   Taking into account the limited number of senior management candidates available in particular areas, 2012 saw the introduction of the Papua Region Special Leadership Candidates Program (CPKP), whose participants consist of native Papuans or migrants who have long been resident in the Papua region. Bank Mandiri has also developed a the Regional Officer Development Program (ODP Pegawai) for areas such as Kalimantan, Sulawesi, and Sumatra.

   b. Capacity Fulfillment in respect of special expertise / skills

   To support the growth of Bank Mandiri and the achievement of its targets, we collaborate with executive search agencies to as to assist in the recruitment of persons who are expert in certain areas, such as information technology, so as to fill positions in executive management and middle management.

Human Capital

c. **Outsourcing**

To meet the need for manpower, especially in the case of work that is auxiliary in nature, the use of outsourcing has increased in line with our rapid growth. In 2013, we conducted a review of our outsourcing policy in order to ensure that it complies with Bank Indonesia regulations and labor regulations. The review was conducted in collaboration with banking associations PERBANAS and HIMBARA and was intended to improve the monitoring of outsourcing.

d. **Mandiri Development Program**

The Mandiri Development Program is an integrated work and learning program for high school students and university students / graduates that provides an opportunity to learn what it is like to work at Bank Mandiri.

e. **Expatriate Manpower**

The hiring of expatriate manpower is based on organizational needs, the availability of suitable candidates in Indonesia and other matters, having regard to the law and regulations governing the use of expatriate manpower. In accordance with Bank Mandiri policies, the use of expatriate manpower is permitted in those areas that require specific qualifications that are not currently available to the Bank. Bank Mandiri assigns local staff to partner with expatriate employees so as to ensure that transfer of knowledge takes place.

ONBOARDING PROGRAM

mandiri jumpstart

Every new employee that joins the Bank is required to take part in the Onboarding Program, which from the branding perspective is known as Mandiri Jumpstart. The program runs for 1 (one) year starting from the first day at work. The program must also be participated in by existing Bank Mandiri employees who are transferred or assigned to new units

The Mandiri Jumpstart Program provides a comprehensive orientation so that every employee entering a new work environment can quickly adapt and interact with everyone in the new unit.

Through this program, employees are provided with everything they need to act as accelerators in achieving the Bank's objectives and to create the anticipated added value. Mandiri Jumpstart presents the information and activities that must be faBillion to and followed by all staff and the units in which they work.

Stages in Mandiri Jumpstart

Mandiri Jumpstart consists of two stages – the Pre-Arrival Stage and the Arrival Stage. Each stage consists of 2 integrated process, as described below:

Pre (before new starter commences work)		Arrival (after new starter commences work)	
1 ACQUIRING	2 ACCOMMODATING	3 ASSIMILATING	4 ACCELERATING
This is the process of identification, recruitment and selection so as to hire competent New Starters (the right people) for the right job at the right time.	This is the process of equipping New Starters with the work facilities, attributes and information / regulations / information that they will require when performing their duties.	This is process of helping New Starters to assimilate and interact with other employees in the work environment so that they can work together well.	This is the process of helping New Starters so that they can perform optimally and complete their tasks in a timely manner.

The term “New Starter” is used for employees who are participating in the Mandiri Jumpstart Program. The Mandiri Jumpstart process does not actually begin when the New Starter starts work, but rather during the recruitment and selection process, which is the first process in which the New Starter interacts. Consequently, he or she needs to be given a good first impression during each stage of the selection process.

Quality outcomes of pre-arrival and arrival stages are:

- Speed of processing in acquiring
- Reflecting the values of the Bank
- Creates a positive impression of the Bank
- Shows concern for New Starters
- Creates a higher level of comfort for the New Starter and the existing team

HARMONIOUS INDUSTRIAL RELATIONS

Industrial relations at Bank Mandiri are based on the spirit of the parties to provide the best both for the Company and Employees. Employees perform their obligations by devoting their skills to the advancement of the Company, while the Company provides a comfortable working environment in which employees can develop and receive what they are entitled to, as mandated by the legislation, as well as other benefits.

Based on the spirit and principles of mutual respect, industrial relations, as reflected in the relationship between management and the labor union, can be maintained and even improved from year to year. Bank Mandiri has successfully implemented a series of strategic initiatives in the human capital field based on best in class practices. This in itself is testament to the harmonious nature of industrial relations in Bank Mandiri.

Human Capital

The existence of harmonious industrial relations has resulted in continuous productivity improvements over time. Higher productivity can only be achieved when there is peace in the workplace (industrial peace).

The maintenance of industrial peace in Bank Mandiri is founded on two key factors:

- The rights and obligations of the parties are guaranteed and implemented
- In the event of a dispute, the matter can be resolved internally.

As part of its harmonious industrial relations, Bank Mandiri has adopted a Joint Labor Accord (PKB), which is the result of negotiations between the Bank and the Bank Mandiri Employees Union (SPBM). The PKB sets out the terms and conditions of employment and the rights and obligations of both parties based on the manpower legislation. The first PKB in Bank Mandiri covered the period 2004-2006, and was succeeded by PKB for the periods 2006-2008, 2009-2011, 2011-2013, and most recently, 2013-2015.

Penandatanganan Perjanjian Kerja Bersama Periode 2013-2015

As part of the employment relationship, in 2013 Bank Mandiri expanded the functions of the Employee Services Center (known as hc4U, read: hc for you) to provide services and information that is accurate, fast and integrated. hc4U services include:

- **Call Center**-employee information services that can be accessed by phone.
- **Counseling-consulting** services for employees / family members which can be accessed on a face-to-face basis or by phone. Counseling services include financial advice for employees.
- **Walk-in Center** - employee information and administrative services based on the one-door concept. Services are provided by hc4U Customer Services
- **e-mail/fax/letter** - employee information services provided via e-mail/fax/letter.

EMPLOYEE ENGAGEMENT

Bank Mandiri has been running its engagement program since 2010. The engagement program is known as Mandiri i-care, which stands for "Mandiri individual commitment and actions rises engagement." Mandiri i-care is an integrated program that is designed to increase the level of engagement of Mandiri Employees. It is continuously promoted and so is much more than a catchy slogan. Rather, it is a serious effort to directly enhance the level of engagement of every Mandiri employee and the performance of every Mandiri unit. The program commenced with an engagement survey conducted by an independent consultant. This was followed by the preparation and implementation of an impact plan in each unit based on a scorecard that was designed based on the results of the survey. Employee engagement is very important and determines the success or sustainability of a company in the long term. The differentiation between one organization and other organizations will be determined by the quality of its human capital and the level of employee engagement. The success of the Mandiri i-care program is inseparable from the commitment of every individual and team.

A total of three (3) Mandiri i-care surveys have been conducted--in 2010, 2011 and 2013, with the grand mean engagement score in 2010 = 3.78, 2011 = 4.12 and 2013 =4.14. These score indicate that the level of employee engagement in Bank Mandiri has increased from year to year. The number of employees involved in completing the survey has also increased (2010 = 20 428 employees or 94.6%of the total number of employees eligible to participate in the survey; 2011 = 23,273 employees, or 97.9% of the total number of employees eligible to participate in the survey; in 2013 = 26,091 or 98.3%of the total number of employees eligible to participate in the survey). These results clearly show an increasing level of involvement, sense of ownership, and a desire to contribute to the engagement program.

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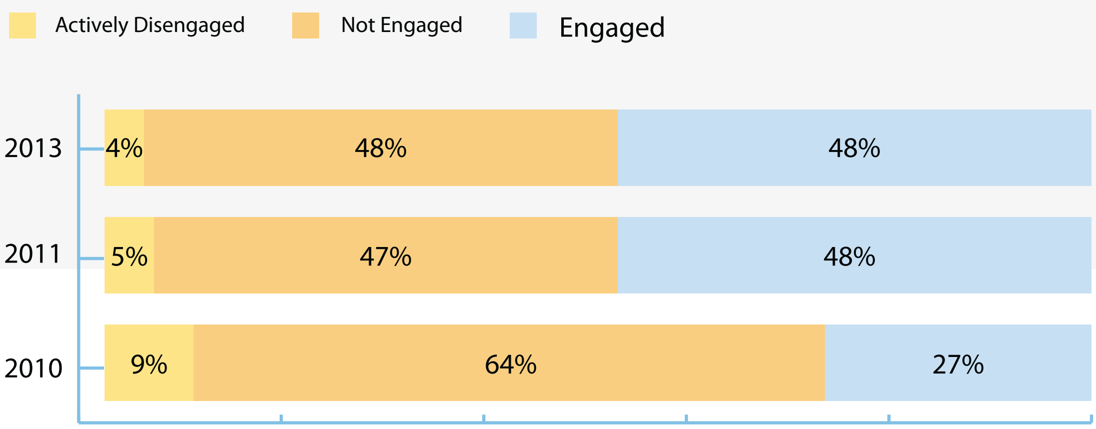
Tabel Engagement of Employees



The above chart shows the percentages of the employee population that are actively disengaged, not engaged and engaged. The employee population in the engaged group, which was 27% in 2010, experienced a significant increase in 2011 and 2013 (48% in both years). The population of employees in the not engaged group in 2010 stood at 64%. This decreased in 2011 to 47%, and to 48% in 2013. The slight increase, as compared to 2011, was due to the reduction in the employee population in the actively disengaged group in 2011 and their inclusion in the not engaged group in 2013. The percentage of employees in the actively disengaged group in 2010 stood at 9%. This declined to 5% in 2011, and fell further in 2013 to 4%.

The level of engagement of employees of Bank Mandiri in 2013, when compared with other companies in the world based on data from the Gallup Overall Database provided by Gallup Consultant, is in the 61st percentile, the same as in 2011. Bank Mandiri's ranking is relatively better than the average rankings of companies around the world. This may imply that Bank Mandiri employees have been performing well, increasing productivity, contributing top-quality ideas and showing genuine commitment to the success of Bank Mandiri in the long term. This is because our

Human Capital

employees are not only INVOLVED physically, but also mentally and emotionally. In addition, it shows that they are attached to their jobs.

Employee & Family Gathering

Bank Mandiri facilitates a variety of activities outside the office to strengthen ties between Employees and help create a pleasant working environment through the various activities and interests pursued by Mandiri Clubs. Such activities include artistic, sporting, spiritual, and social pursuits.

Mandiri Clubs

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Family Gathering

Club Aerobic

Club Karate

Planned Retirement Program

As an expression of appreciation and respect on the part of Bank Mandiri for employees who have reached retirement age, Bank Mandiri promotes the welfare of pensioners based on the principles of Good Pension Fund Governance. Bank Mandiri also organizes an appreciation program for pensioners every year. Employees who have reached retirement age also receive health facilities under the Mandiri Health Care program.

BUILDING AND DEVELOPING A CULTURE OF LEARNING

Bank Mandiri continues to make improvements to its learning & development strategies and policies so as to mold our employees into top-quality knowledge workers. Such improvements involve the harmonization of strategies and policies with business needs and the strengthening of the learning center's functions by converting it into a "corporate university" known as Mandiri University. The learning center's policy has been changed from tactical learning to strategic learning, with the Mandiri University serving as a strategic business partner for all units so as to support the achievement of the vision and mission of the Bank.

Learning and development activities basically consist of a series of comprehensive people development processes ass part of the Human Capital Management Cycle, which in turn is an integrated, comprehensive and continuous process so that its implementation is not confined to the classroom, but rather focuses more on the interaction involved in the performance of day-to-day duties. Consequently, Mandiri University as a place for development for the real development of people, although this process is not confined to the Mandiri University alonge.

In line with this concept, Mandiri University applies a learning approach known as Blended Learning Solutions (BLS), in which the learning process not only focuses on learning infrastructure alone, but rather is treated as an ongoing process that continues when employees are performing their daily duties in the office. Learning is no longer treated as a separate activity, but rather as something that is integrated with and is a part of the daily work of the employee. Therefore, the organization of learning needs to consider the broader spectrum. It is not something that is limited to the classroom but rather also applies in the workplace and through the utilization of social networks. The focus of learning is no longer just about understanding / knowing but more about doing. Through the application of the BLS approach, it is expected the learning process will be more effective.

As part of the learning and development process at Bank Mandiri, employee development is part of the responsibility of all Bank Mandiri employees, including unit heads in their capacities as people managers. The development of employee competencies is based on the talents or strengths (strength-based) of each employee so that they can be optimally assigned in accordance with their individual strengths. By strengthening the learning & development function, it is expected that Bank Mandiri will be able to mold top-quality human capital on a sustainable and continuing basis.

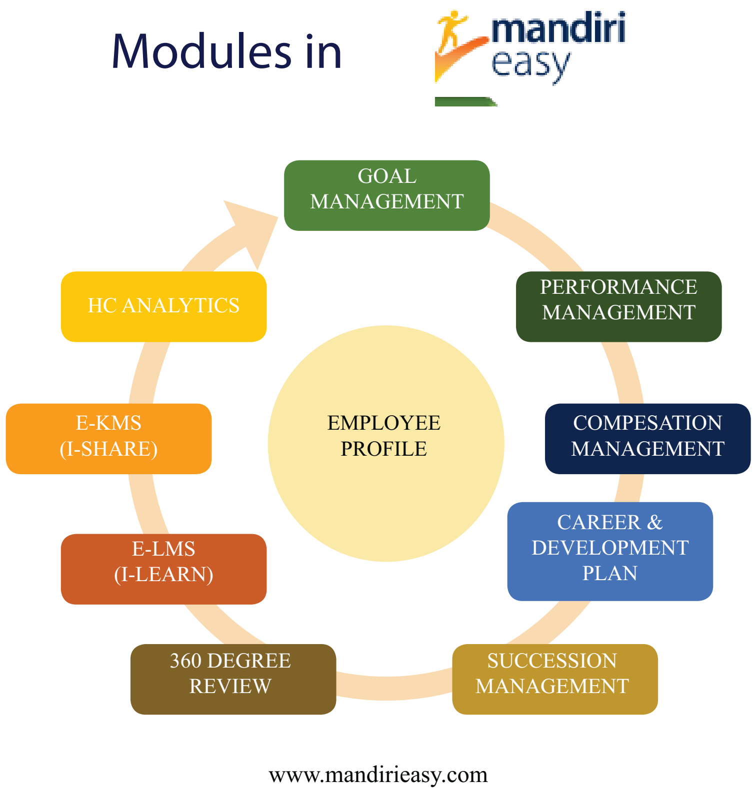
Bank Mandiri's is committed to providing campus infrastructure in selected cities so as to facilitate and accelerate the learning process.


As one example of the company's commitment to employee development and learning, every year Bank Mandiri allocates a minimum of 5% of its total personnel budget to training. In 2013, the total training budget stood at Rp 390 billion.

BUILDING A PERFORMANCE-BASED CULTURE

Performance Management is an important aspect in the management of Human Capital so as to support a sustainable financial performance at Bank Mandiri. Consequently, Human Capital continues to make sustainable improvements in the performance management field, one of which is the introduction of e-Mandiri EASy, which stands for Electronic Mandiri Employee Appreciation System. e-Mandiri Easy is an holistic appreciation system for all employees of the Bank. It is a comprehensive Internet-based system that integrates the other human capital functions

Human Capital



The e-Mandiri EASy system not only simplifies the process of performance appraisal but also helps change behavior at all levels throughout the organization so as to create an effective communication process between employees and unit heads in the conducting of periodic performance planning. With an effective communication process, every employee is able to improve his productivity, level of engagement and competencies. Employees also gain a correct understanding of how unit heads show appreciation in the form of compensation and benefits and individual development based on the result sof performance appraisals. As a comprehensive system, e-Mandiri EASy is also able to monitor the process of grooming successors to fill critical positions, thus ensuring business continuity in the organization.

Given Bank Mandiri's enormous geoFigureal coverage area from Sabang to Merauke, as well as overseas branches, the application of e-Mandiri EASy saves energy and accelerates the management, development and decision-making processes in the human capital field, compared to the old manual system.

COMPETITIVE REWARDS & BENEFITS

Bank Mandiri's reward management philosophy is based on the financial performance of the Bank, the consistent implementation of its cultural values and the achievement of the vision, mission and strategies of the Bank. The Bank's reward system is competitive and fair, with the overall rewards strategy being tailored to take account of the ability of the Bank to accommodate changes in employee demoFigures and controlling labor in the context of the achievement of the Bank's business goals. The purpose of Bank Mandiri's rewards is to attract talent, improve employee motivation, increase the level of of engagement on an ongoing basis, and to retain top talent.

To identify the position of Bank Mandiri vis-à-vis the market, we pay close attention to the annual salary surveys conducted by independent research institutions.

Innovations and improvements in the rewards field are continuously pursued by Bank Mandiri, including improvements to the healthcare program for active employees, the introduction of a flexible benefits program and a variety of other programs designed to improve the welfare of our employees, including: Special Job Allowances, Employee Loans, Allowances, Location and Special Zone Allowances, Recreation Allowances, Mandiri Best Employee Appreciation Scheme, Mandiri Health Care (healthcare program for retirees) and others.

DEVELOPMENT OF TALENT & CANDIDATE SUCCESSORS

Talent & Succession Management is an important part of the management of Human Capital. Bank Mandiri regularly reviews its Talent & Succession Management program so as to meet business needs in a timely manner (time to market) through the development of competent, productive and engaged talent. The fulfillment of talent needs is based on two (2) strategies, namely:

3. Making talent from within – this refers to a situation where talent needs are met through the development of existing Bank Mandiri employees on a continuous basis. This approach is particularly appropriate where the skills and knowledge required are not available in the labor market (external).
4. Buying external talent--this is done if there is a need that must be immediately met and where the talent required is scarce or their insufficient time to develop internal talent.

To prepare candidate successors for the leadership pipeline, Bank Mandiri applies the following programs:

- leadership development program for Senior and Middle Management employees
- Conducting assessments to obtain Success Profiles that can be used in considering the suitability of candidates for particular positions.
- Providing special assignments in Bank Mandiri projects and in Bank Mandiri subsidiaries.
- Applying the retention program to the Company's best talent.

Human Capital

EMPLOYEE PROFILE

As of 31 December 2013, Bank Mandiri had 33,982 employees. Detailed employee distribution and profile statistics are as follows:

1. Employee Profile by educational level

No	Level	Education								Total
		S3	S2	S1	D4	D3	SLTA+	SLTA	SLTP + SD	
I	Executive	5	708	1.073	1	42	3	22	0	1.854
II	Manager	1	729	8.439	7	569	10	602	0	10.357
III	Staff	0	85	16.516	61	2.595	48	2.108	74	21.487
IV	Other	0	12	272	0	0	0	0	0	284
	Total	6	1.534	26.300	69	3.206	61	2.732	74	33.982

2. Employee Profile by sex

No	Level	Gender		Total
		Male	Female	
I	Executive	1.467	387	1.854
II	Manager	5.856	4.501	10.357
III	Staff	9.422	12.065	21.487
IV	Other	139	145	284
	Jumlah	**16.884**	**17.098**	**33.982**

Human Capital

3. Employee Profile by Work Location

No	Level	Work Location				Total
		Head Office	Branch	Overseas Office	Subsidiary	
I	Executive	1.320	462	21	51	1.854
II	Manager	4.790	5.556	6	5	10.357
III	Staff	5.675	15.812	0	0	21.487
IV	Other	284	0	0	0	284
	Total	**12.069**	**21.830**	**27**	**56**	**33.982**

4. Employee Profile by Length of Service

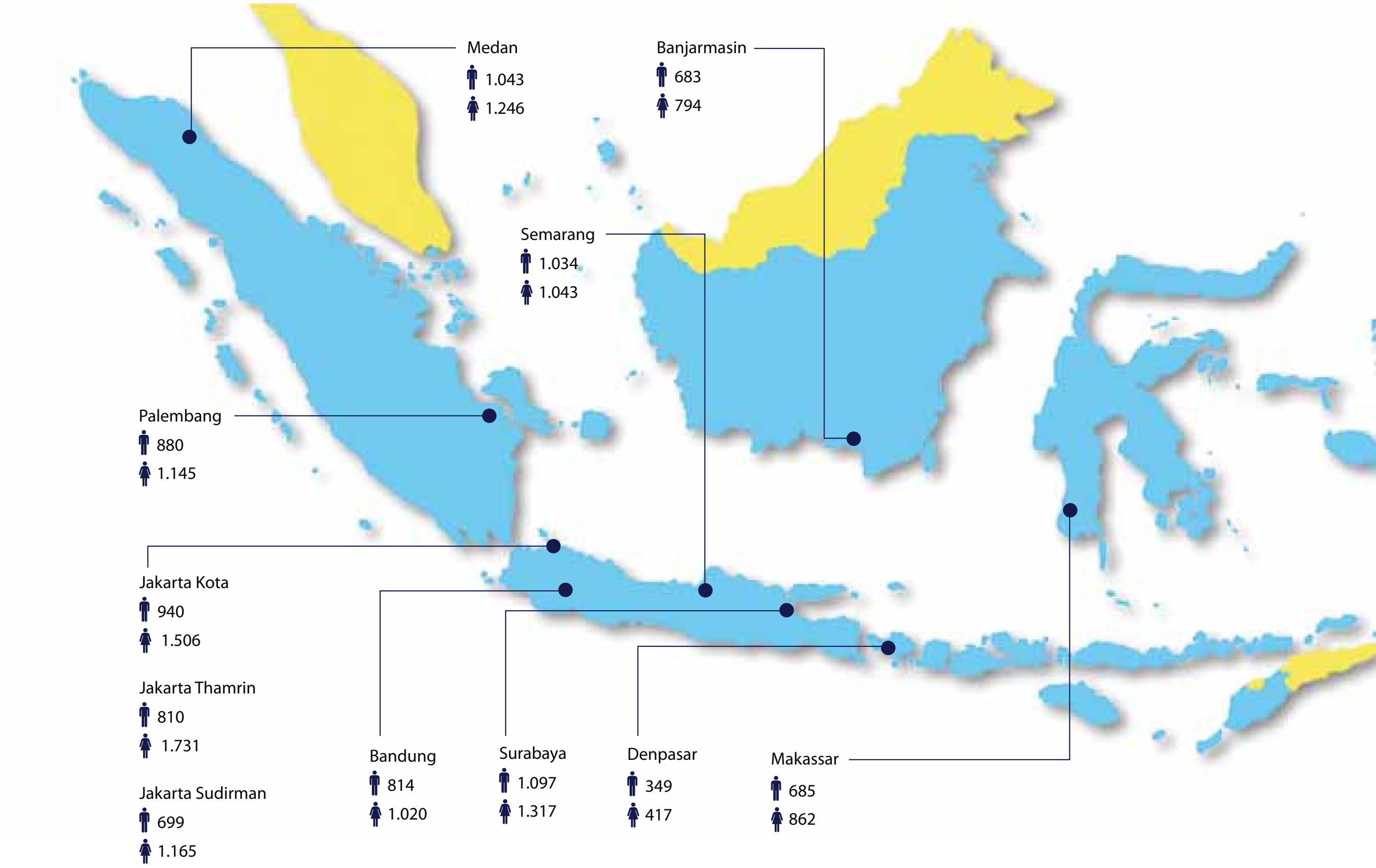
No	Level	Length of Services								Total
		< 3	3 - 5	6 - 10	11 - 15	16 - 20	21 - 25	26 - 30	> 30	
I	Executive	52	24	234	91	570	533	242	108	1.854
II	Manager	1.739	1.587	2.023	773	1.761	1.289	682	503	10.357
III	Staff	11.689	3.668	1.602	777	1.141	1.523	703	384	21.487
IV	Other	284	0	0	0	0	0	0	0	284
	Total	**13.764**	**5.279**	**3.859**	**1.641**	**3.472**	**3.345**	**1.627**	**995**	**33.982**

5. Employee Profile by Age

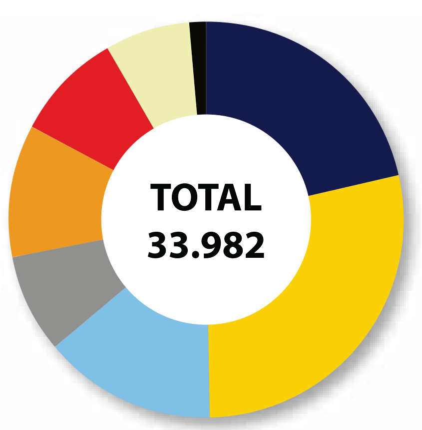
No	Level	Age								Total
		20 - 24	25 - 29	30 - 34	35 - 39	40 - 44	45 - 49	50 - 54	≥ 55	
I	Executive	0	2	109	173	488	524	442	116	1.854
II	Manager	682	1.860	2.155	1.411	1.850	1.219	1.023	157	10.357
III	Staff	6.404	7.709	2.538	1.184	1.293	1.275	957	127	21.487
IV	Other	248	36	0	0	0	0	0	0	284
	Total	**7.334**	**9.607**	**4.802**	**2.768**	**3.631**	**3.018**	**2.422**	**400**	**33.982**

Human Capital

Number of employees by area and sex

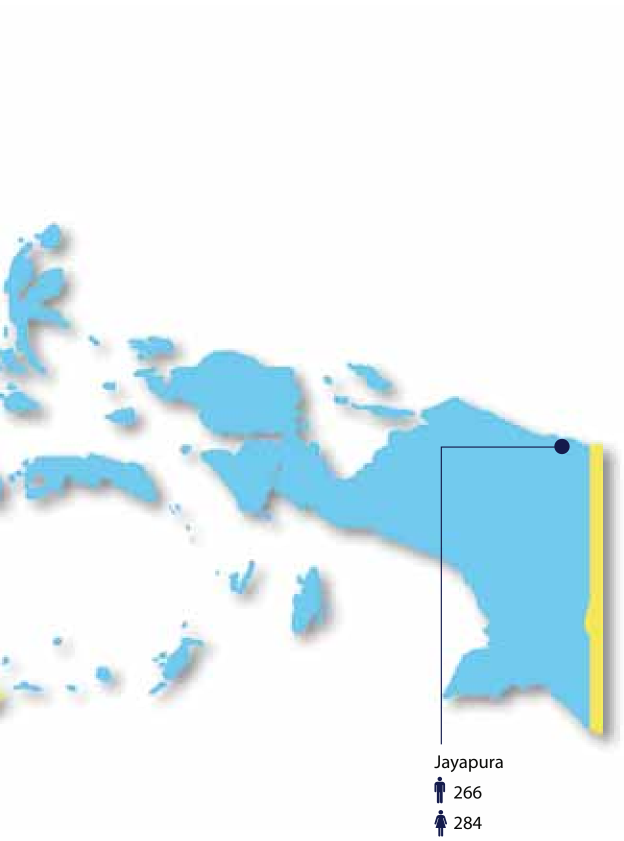


Employees by Age

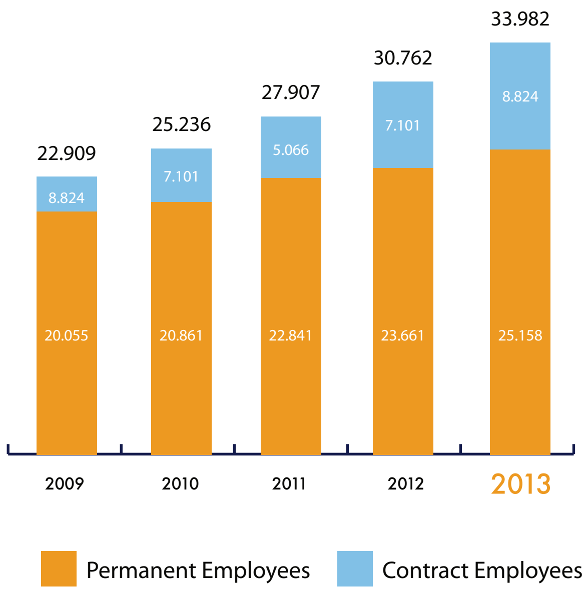


20-24	: 7.334
25-29	: 9.607
30-34	: 4.802
35-39	: 2.768
40-44	: 3.631
45-49	: 3.018
50-44	: 2.422
≥ 55	: 400

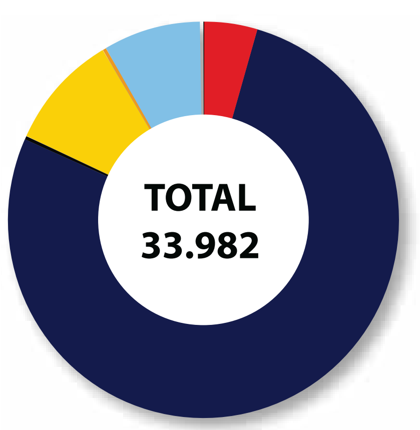
Human Capital



Employees by Employment Status



Employees by Educational Attainment



S3	: 6
S2	: 1.534
S1	: 26.300
D4	: 69
D3	: 3.206
SLTA+	: 61
SLTA	: 2.732
SLTP+SD	: 74

SHAREHOLDER COMPOSITION

As of 31 December 2013, Bank Mandiri had a total of 18,315 shareholders, consisting of 16,980 domestic shareholders and 1,334 foreign shareholders. For administrative purposes, the stock administration bureau records every nominee account as 1 shareholder.1)

BMRI SHAREHOLDING COMPOSITION PER 31 DECEMBER 2013

	Number of Shareholders	Number of Shares	Composition (%)
STATE	1	14.000.000.000	60,00000%
PUBLIC (DOMESTIC AND FOREIGN)	18.314	9.333.333.333	40,00000%
Domestic Investors			
Retail	13.585	242.181.851	1,03792%
Employees	2.820	47.454.818	0,20338%
Cooperatives	7	3.319.056	0,01422%
Foundations	30	19.734.628	0,08458%
Pension Funds	179	232.068.520	0,99458%
Insurance Companies	56	529.400.536	2,26886%
Limited liability companies	134	409.097.757	1,75328%
Mutual Funds	169	751.756.057	3,22181%
Sub Total	**16.980**	**2.235.013.223**	**23,94657%**
Foreign Investors			
Retail	87	2.293.733	0,00983%
Institutional	1.247	7.096.026.377	30,41154%
Sub Total	**1.334**	**7.098.320.110**	**30,42137%**
TOTAL (STATE & PUBLIC)	**18.315**	**23.333.333.333**	**100,00%**

SHAREHOLDERS RECORDED AS HOLDING MORE THAN 5% OF BMRI SHARES PER 31 DECEMBER 2013

No	Name	No. of Shares (lembar)	Percentage Ownership
1	Government of Indonesia	14.000.000.000	60,00%

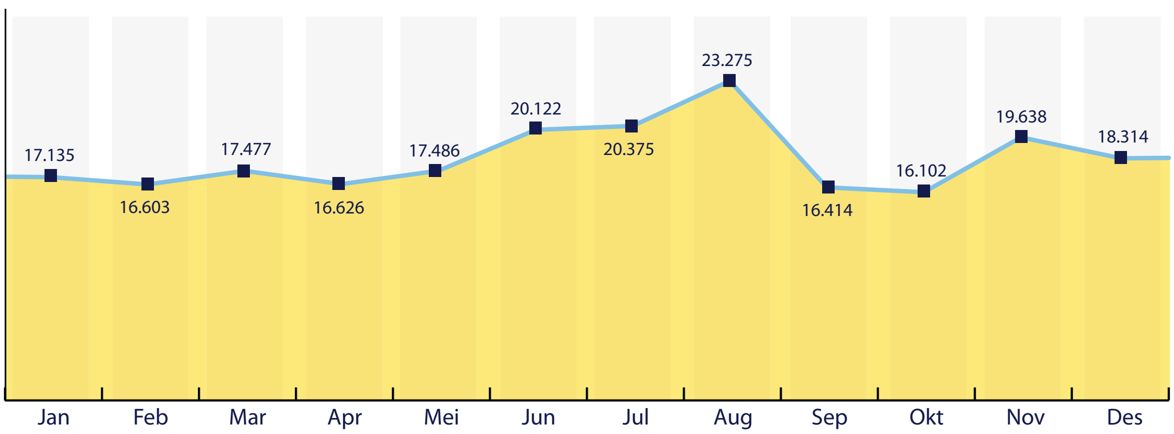
1) All information and data in this chapter is based on the Monthly Report, dated 31 December 2013, from the Bank Mandiri stock administration bureau, PT Datindo Entrycom.

shareholder composition

20 LARGEST SHAREHOLDERS PER DECEMBER 31 2013

No	Name	No. of Shares	Percentage Ownership (%)
1	NEGARA REPUBLIK INDONESIA	14.000.000.000	60,0000000
2	JPMCB - NORGES BANK	349.284.351	1,4969329
3	SSB 4545 S/A LAZARD EMERGING MARKETS EQUITY	336.017.430	1,4400747
4	PT. JAMINAN SOSIAL TENAGA KERJA (PERSERO)	320.524.106	1,3736747
5	GIC S/A GOVERNMENT OF SINGAPORE	256.385.047	1,0987931
6	BNYM SA/NV AS CUST OF EMPLOYEES PROVIDEN	199.717.794	0,8559334
7	JPMCB-SCHRODER INTERNATIONAL SELECTION FUND	189.648.492	0,8127793
8	BBH BOSTON S/A VANGRD EMG MKTS STK INFD	180.572.780	0,7738833
9	PT PRUDENTIAL LIFE ASSURANCE	163.212.509	0,6994822
10	THE BANK OF NEW YORK MELLON	155.051.550	0,6645066
11	JPMORGAN CHASE BANK NA RE NON-TREATY CLIENT	123.635.782	0,5298676
12	SSB ZM47 S/A INVESCO DEVELOPING MARKETS	121.601.000	0,5211471
13	JP MORGAN CHASE BANK RE ABU DHABI INVEST	120.216.376	0,5152130
14	SSB 0BIH S/A ISHARES MSCI EMERGING MARKET	103.119.900	0,4419424
15	JPMCB-JPMORGAN FUNDS	101.939.029	0,4368816
16	REKSA DANA SCHRODER DANA PRESTASI PLUS 9	97.588.986	0,4182385
17	HSBC BANK PLC S/A SAUDI ARABIAN MONETARY	94.041.532	0,4030351
18	THE NORTHERN TRUST AND COMPANY S/A FUTURE	83.944.529	0,3597623
19	CITIBANK NEW YORK ADR S/A CITIBANK N.A.	83.564.300	0,3581327
20	JPMCB-T.ROWE PRICE EMERGING MARKETS STOCK	83.153.845	0,3563736

NUMBER OF SHAREHOLDERS WITH LESS THAN 5% STAKES IN 2013



shareholder composition

SHAREHOLDINGS OF COMMISSIONERS AND DIRECTORS PER 31 DECEMBER 2013

Name	No. of Share	Percentage Ownership (%)
COMMISSIONERS		
Edwin Gerungan	0	0
Gunarni Soeworo	0	0
Pradjoto	0	0
Krisna Wijaya	0	0
Wahyu Hidayat	0	0
Agus Suprijanto	0	0
Abdul Aziz	0	0
DIRECTORS		
Budi G. Sadikin	3.500.500	0,0150021
Riswinandi	3.000.500	0,0128593
Abdul Rachman	3.181.500	0,0136330
Sentot A. Sentausa	4.350.335	0,0186443
Ogi Prastomiyono	485.712	0,0020816
Pahala N. Mansury	816.964	0,0035013
Fransisca N. Mok	1.000	0,0000045
Sunarso	15.749	0,0000675
Kresno Sediarsi	23.982	0,0001028
Royke Tumilaar	51.000	0,0002186
Hery Gunardi	171.500	0,0007350
TOTAL	**15.598.741**	**0,0668518**

Group Structure and Information on and Composition of Principal Shareholders

Shareholder	Ownership
GOVERNMENT OF INDONESIA	60%
PUBLIC	40%

mandiri

Subsidiary

PT Bank Syariah Mandiri	99.99%
Bank Mandiri (Europe) Limited	100%
PT Mandiri Sekuritas	99.99%
PT Bank Sinar Harapan Bali	93.23%
PT Mandiri Tunas Finance	51.00%
Mandiri International Remittance Sdn. Bhd.	100%
PT AXA Mandiri Financial Services	51.00%
PT Mandiri AXA General Insurance	60.00%

Associate Entities

PT Kustodian Sentral Efek Indonesia	10.00%
PT Bapindo Bumi Sekuritas	3.99%
Westech Electronics, Singapore	5.50%

Jointly Controlled Entities

PT Sarana Bersama Pengembangan Indonesia	34.00%

Subsidiary

No	Subsidiary	Head Office Address	Line of Business	Percentage Ownership	Total Investment (Rp '000)*	Operational Status	Total Assets before Elimination (Rp '000)	
							31 December 2013	31 December 2012
1	PT Bank Syariah Mandiri	Wisma Mandiri Jl. MH Thamrin No. 5 Jakarta 10340 INDONESIA Telpon: +6221 2300509, 39839000 Fax: +6221 39832989 www.syariahmandiri.co.id	Sharia Bank	99,99%	1.489.021.926	Beroperasi	63.965.361.178	54.209.751.997
2	Bank Mandiri (Europe) Limited	Cardinal Court (2nd Floor) 23 Thomas More Street London E1W 1YY UNITED KINGDOM Telpon : +442075538688 Fax : +442075538699 www.bkmandiri.co.uk	Bank	100%	414.227 .000	Beroperasi	3.164.503.915	1.354.109.392
3	PT Mandiri Sekuritas	Plaza Mandiri Lt. 28 Jl. Jenderal Gatot Subroto Kav. 36-38 Jakarta 12190 INDONESIA Telpon: +6221 5263445 Fax: +6221 5275711 www.mandirisekuritas.co.id	Investment Bank	99,99%	640.482.472	Beroperasi	2.968.414.130	1.963.811.000
4	PT Bank Sinar Harapan Bali	Jl. Melati No. 65 Denpasar 80232, Bali INDONESIA Telpon: +62361 227076, 227887 Fax: +62361 227783 www.banksinar.co.id	Bank	93,23%	133.837.730	Beroperasi	1.099.979.493	1.048.486.070
5	PT Mandiri Tunas Finance	Graha Mandiri Lt. 3A Jl. Imam Bonjol No. 61 Jakarta 10310 INDONESIA Telpon: +6221 2305608 Fax: +6221 2305618 www.mtf.co.id	Multifinance	51,00%	290.000.000	Beroperasi	5.639.465.969	4.388.125.714
6	Mandiri International Remittance Sendirian Berhad	Wisma MEPRO Ground & Mezzanine Floor 29 & 31 Jalan Ipoh Chow Kit 51200 Kuala Lumpur MALAYSIA Telpon: +60340454988, +60340458988 Fax: +60340437988	Remittance	100%	25.191.014	Beroperasi	11.303.129	9.559.189

Subsidiary

No	Subsidiary	Head Office Address	Line of Business	Percentage Ownership	Total Investment (Rp '000)*	Operational Status	Total Assets before Elimination (Rp '000)	
							31 December 2013	31 December 2012
7	PT Axa Mandiri Financial Services	AXA Tower Lt. 10 Jl. Prof. Dr. Satrio Kav. 18, Kuningan City Jakarta 12940 INDONESIA Telpon: +6221 30058888 Fax: +6221 30058877 www.axa-mandiri.co.id	Insurance	51,00%	98.109.000	Beroperasi	16.831.252.153	15.103.281.534
8	PT Mandiri AXA General Insurance	AXA Tower Lt. 6 Jl. Prof. Dr. Satrio Kav. 18, Kuningan City Jakarta 12940 INDONESIA	Insurance	60,00%	60.000.000	Beroperasi	612.914.639	344.128.297

**) cost-method*

Associated and Jointly Controlled Entities

No	Company	Head Office Address	Line of Business	Percentage Ownership	Total Investment (Rp Million)*
1	PT Kustodian Sentral Efek Indonesia	Jakarta	Custodian Settlement	10,00%	3.000
2	PT Bapindo Bumi Sekuritas	Jakarta	Investation	3,99%	1.955
3	PT Sarana Bersama Pengembangan Indonesia	Jakarta	Investation	34,00%	2.278
4	Westech Electronics, Singapore	Singapura	Trading	5,50%	4.361

**) cost-method*

Chronology of Stock Listings

Period	Authorized Capital	Issued & Paid-Up Capital (Rp)	Republic of Indonesia		Additional Shares Listed	Retail Investors	Portfolio Shares	Date of Listing	Stock Exchange
			Series A Two Color Share	Series B Ordinary Shares					
Pre IPO	32.000.000.000	20.000.000.000	1	19.999.999.999			12.000.000.000		
Post IPO	32.000.000.000	20.000.000.000	1	13.999.999.999	6.000.000.000	6.000.000.000	12.000.000.000	14 Juli 2003 & 11 Maret 2004	
MSOP I *	32.000.000.000	20.375.365.957	1	13.999.999.999	375.365.957	6.375.365.957	11.624.634.043		
MSOP II *	32.000.000.000	20.687.079.654	1	13.999.999.999	311.713.697	6.687.079.654	11.312.920.346		Bursa Efek Indonesia
MSOP III *	32.000.000.000	20.996.494.742	1	13.999.999.999	309.415.088	6.996.494.742	11.003.505.258		
PUT**	32.000.000.000	23.333.333.333	1	13.999.999.999	2.336.838.591	9.333.333.333	8.666.666.667	24 Februari 2011	

**) Application by the Jakarta Stock Exchange by virtue of Letter No. BEJ.PSJ/P/07-2004, dated 13 July 2004 and by the Surabaya Stock Exchange by virtue of its Letter No. JKT-023/LIST-EMITEN/BES/VII/2004 dated 13 Juli 2004*

Chronology of Other Securities Listings

Description	Value (Rp)	Listed	Coupon	Effective Date	Maturity Date	Rating	Trustee
Bank Mandiri Rupiah Subordinated Bond I 2009	3.500.000.000.000	Indonesia Stock Exchange	11,85 %	14 December 2009	11 December 2016	idAA+ oleh Pefindo	Bank Permata

Chronology of Dividend Payments

Date of GMS	*ex-date*	*recording date*	Payment date	Fiscal Year	Dividen Payout Ratio	Dividen (Rp Billion)	Dividen per Saham (Gross)
02 Apr 2013	29 Apr 2013	01 Mei 2013	16 Mei 2013	2012	30%	Rp 4.651	Rp 199,34
23 Apr 2012	16 Mei 2012	22 Mei 2012	05 Juni 2012	2011	20%	Rp 2.449	Rp 104,97
23 Mei 2011	16 Juni 2011	20 Juni 2011	30 Juni 2011	2010	35%	Rp 2.814	Rp 120,60
17 Mei 2010	10 Juni 2010	14 Juni 2010	28 Juni 2010	2009	35%	Rp 2.100	Rp 100,11
04 Mei 2009	27 Mei 2009	29 Mei 2009	12 Juni 2009	2008	35%	Rp 1.859	Rp 88,90
29 Mei 2008	20 Juni 2008	24 Juni 2008	03 Juli 2008	2007	90%	Rp 3.911	Rp 187,11
28 Mei 2007	20 Juni 2007	22 Juni 2007	29 Juni 2007	2006	60%	Rp 1.453	Rp 70,02
22 Mei 2006	15 Juni 2006	19 Juni 2006	30 Juni 2006	2005	50%	Rp 302	Rp 14,85

Names and Address of Capital Market Institutions

INFORMATION ON LISTING AND TRADING OF SHARES

Indonesia Stock Exchange
Gedung Bursa Efek Indonesia, Menara 1
Jl. Jend. Sudirman Kav 52-53, Jakarta
12190, Indonesia
Telp: 62-21 515 0515
www.idx.co.id

STOCK ADMINISTRATION BUREAU

Datindo Entrycom
Puri Datindo – Wisma Sudirman
Jl. Jend. Sudirman Kav 34, Jakarta
10220, Indonesia
Telp: 62-21 570 9009
Fax.: 62-21 526 6702
www.datindo.com

PUBLIC ACCOUNTANT

Tanudiredja, Wibisana dan Rekan (PwC)
Jl. H.R. Rasuna Said Kav. X-7 No.6
Jakarta 12940 - Indonesia
P.O. Box 2473 JKP 10001
Telp: 62-21 521 2901
Fax: 62-21 5290 5555, 5290 5050
www.pwc.com

SECURITIES RATINGS AGENCIES
(Pemeringkat Efek Indonesia)
Panin Tower - Senayan City 17th Floor
Jl.Asia Afrika Lot.19, Jakarta 10270
INDONESIA
Telp: 62-21 7278 2380
Fax: 62-21 7278 2370

Fitch Ratings Indonesia
Prudential Tower lt 20,
Jl. Jend Sudirman Kav 79
Jakarta 12910
Telp: 62-21 5795 7755
Fax: 62-21 5795 7750

Moody's Investors Service
50 Raffles Place #23-06
Singapore Land Tower
Singapore 048623, Singapore
Telp: 65 6398 8339
Fax: 65 6398 8301

Standard & Poor's Ratings Services
Suite 3003, 30/F, Edinburgh Tower,
The Landmark,
15 Queen's Road Central, Hong Kong
Telp: 852 2533 3590
Fax: 852 2533 3599

INFORMATION FOR INVESTORS

PT Bank Mandiri (Persero) Tbk.
Plaza Mandiri
Jl. Jend. Gatot Subroto Kav. 36-38
Jakarta Selatan, Jakarta 12190 Indonesia
Telp: 62-21 526 5045
Fax.: 62-21 527 4477, 527 5577
Call Center : 62-21 5299 7777, 14000
Website: http://www.bankmandiri.co.id
Swift Code: BMRIIDJA

CORPORATE SECRETARY

Nixon L. P. Napitupulu
Telp: 62-21 524 5299
Fax.: 62-21 526 3460
Website: http://www.bankmandiri.co.id
Email: corporate.secretary@bankmandiri.co.id

INVESTOR RELATIONS

Bret Ginesky
Telp: 62-21 524 5085
Fax.: 62-21 5290 4249
Website: http://ir.bankmandiri.co.id
Email: ir@bankmandiri.co.id


jambiah

MANAGEMENT ANALYSIS AND DISCUSSION

Global Economic Conditions and macroeconomic Developments

Increased External Pressure on Indonesia's Economic Fundamentals

In 2013, the global economy continued to slow due to the uncertainty over the economies of the developed countries, like the United States, Europe and Japan. The global financial markets in 2013 also had to deal with a number of risks related the Fed's tapering of its stimulus policy, the debt ceiling debate and the temporary U.S. government shutdown. Through trade, these developments in the global economy put pressure on the export performance of developing countries, including Indonesia. The economies of developing emerging markets weakened due to worsening current account balances and exchange rate depreciation.

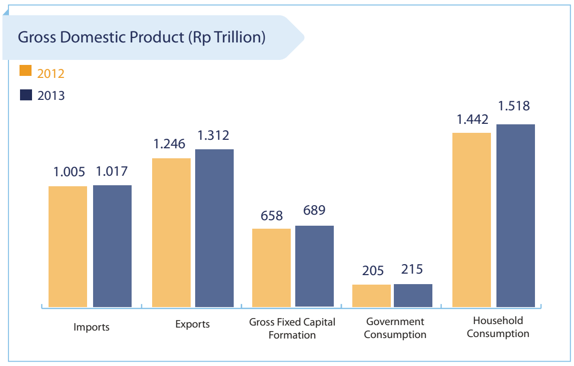
Indonesia's economic growth in 2013 was not as good as 2012, when it reached 6.2%, with inflation under control at 4.3%. The country's 2012 economic performance was supported by fairly strong domestic demand growth of 5.3%, investment growth of 9.8%, and a stable rupiah exhange rate in a range of IDR8,900 to IDR9,700 per USD. Indonesia's economic growth in 2013 continued to slow in line with previous estimates, reaching 5.8% (YoY), slower than in 2012. The economic slowdown was mainly seen on the investment side, with a decline in construction investment and lower growth in non-construction investment.

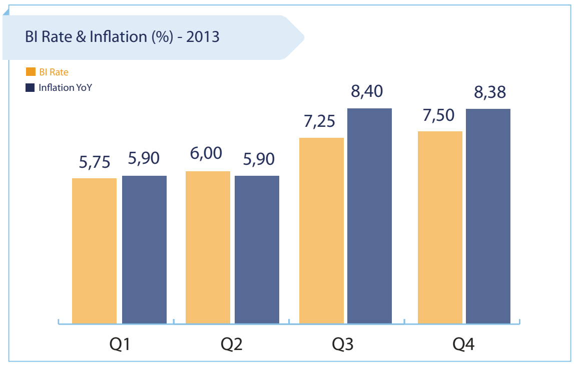
Growth in 4Q13 reached 5.72% (YoY), compared with 5.63% in 3Q13 (YoY). This resulted in overall economic growth in 2013 coming in at 5.78%. The higher growth in 4Q13 was supported by an increase in exports and a moderation in consumption spending. Export growth reached 7.40% (YoY), driven by increased demand from our trading partners in the developed countries. The increase in exports was also reflected in export-related sectors of the economy, such as mining and manufacturing. Meanwhile, domestic demand growth declined due to the slowdown of growth in total consumption and investment to 5.44% (YoY) and 4.37% (YoY), respectively, from 5.89% (YoY) and 4.54% (YoY) in 3Q13.

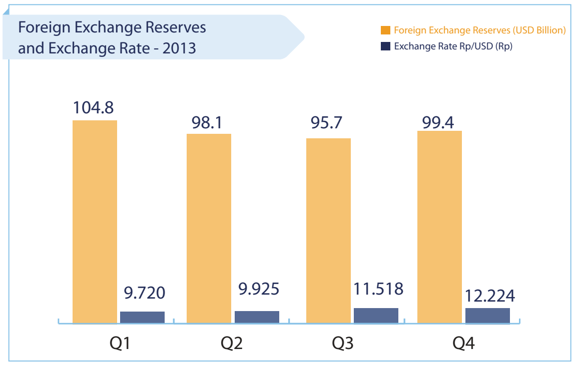
Bank Indonesia believes that the economic slowdown in Indonesia cannot be separated from the effects of the stabilization policies pursued by the Government and Bank Indonesia so as to put economic growth on a healthier and more balanced trajectory. By sector, slower growth was recorded in the mining and extractive industries sector due to lower oil production growth as a result of production disruptions in some oil and gas fields. Meanwhile, the processing and construction sectors also slowed as a result of the increase in fuel prices and ensuing decline in purchasing power.

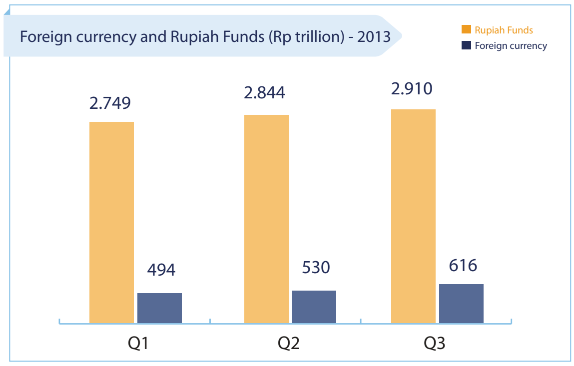
On the external front, Indonesia's balance of payments improved in 4Q13, as predicted by Bank Indonesia. The improvement was supported by a narrowing of the current account deficit as the trade balance recorded a surplus in October and November 2013 (respectively USD24 million and USD776 million). In addition, foreign capital inflows, both direct and portfolio investments, helped produced a balance of payments surplus. As of the end of December 2013, Indonesia's foreign exchange reserves were up USD2.4 Billion to USD99.4 billion, enough to finance 5.6 months of imports, or 5.4 months of imports and government external debt repayments.

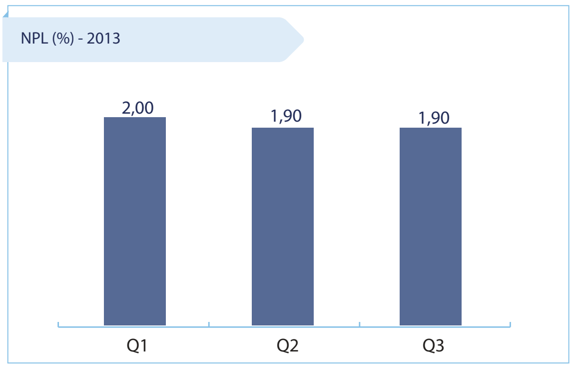
Global economic conditions and macroeconomic developments











Inflation accelerates as a result of fuel price increases

The inflation rate for 2013 increased significantly due to higher subsidized fuel prices, which were increased in June 2013, and the weakening of the rupiah. Inflation peaked in July and August 2013, when it reached 8.6% and 8.8% (YoY), respectively. After peaking, the rate of inflation subsided to 8.4% by the end of 2013 (YoY). This shows that the principal inflationary pressures resulting from the increase in subsidized fuel price increases have abated. The slowing rate of inflation was caused by deflation in the food and clothing categories. Meanwhile, during the same period, the rate of core inflation was relatively stable at 4.73%. Indonesia's Inflation record in 2013 was not as good as in 2012, when it was fairly stable at 4.3%, lower than the target of 6.8% contained in the 2012 budget assumptions. The relatively low inflation in 2012 was supported by favorable economic conditions, exchange rate stability, and the maintenance of subsidized fuel prices at their prevailing levels.

Global economic conditions and macroeconomic developments

BI reference rate increased to reduce trade deficit

The inflationary pressures resulting to higher subsidized fuel prices prompted Bank Indonesia to tighten monetary policy, leading to a 150 bps increase in the benchmark interest rate to 7.5% between June and November 2013. In addition to reducing pressure on the rupiah, the increase in the reference rate was also intended to tackle the current account deficit and to slow credit growth so as to prevent the economy overheating.

The increase in the Bank Indonesia rate encouraged the banks to raise their deposit interest rates. Between May and October 2013, the average one-month Rupiah deposit rate rose 160 bps from 5.5% to 7.1%. On the lending side, during the same period the interest rates on investment, working capital and consumer credit increased slightly from 11.3%, and 11.5% to 11.7% and 11.9%, respectively, while the interest rate on consumer loans actually decreased from 13.4% to 13.1%.

Meanwhile, the yield on government debt securities in 2013 increased on the back of the surge in inflation and capital outflows in the capital market. Yields on government 10-year bonds ended 2013 at 8.48%, an increase of 328.7 bps compared to the end of 2012, when the figure was 5.19%. Yields peaked at a level of 8.79% in early December. The bond market was under pressure due to outflows of foreign capital, which hit Rp20 trillion in June. However, unlike the stock market which to date continues to be undermined by the offloading of shares by overseas investors, the government bond market recorded net foreign inflows of Rp40 trillion between September and December 2013

Rupiah Weakens Against USD in Second Half

The Rupiah depreciated significantly during 2013. The greatest pressure started in May after the Fed announced plans to taper quantitative easing. The pressure on the Rupiah continued after the Fed, at its FOMC Meeting on December 18, 2013, announced that tapering would begin in January 2014. During the course of 2013, the Rupiah depreciated by 26.7% to Rp12,210, from Rp9,655 per USD at the end of 2012. Besides the uncertainty generated by the Fed's plan to reduce quantitative easing, other global factors triggering Rupiah volatility included the slowdown in emerging markets and fiscal uncertainty in the U.S. as a result of political instability. Meanwhile, on the domestic front, volatility was triggered by the twin current account and trade balance deficits.

The current account deficit declined from 4.4% in Q2-2013 to 3.8% in Q3-2013. However, these declines were less than had been expected by Bank Indonesia. Meanwhile, the trade balance moved into surplus in the month of December to the tune of USD1.5 billion on the back of an increase in the value of oil and gas exports as a result of higher prices. However, the total deficit during the period from January to end December 2013 stood at USD4.1 billion, much higher than during the same period in 2012, when the figure was USD853 million. This swelling of the trade deficit was due to a slowdown in exports.

National Banking Sector Remains Strong

Amid sluggish economic growth in Indonesia, the country's banks were able to maintain a positive performance. As of November 2013, banking assets were up 13% YTD from Rp4,115 trillion at end December 2012 to Rp4,818 trillion at end November 2013. The improvement in the performance of the national banking industry can be seen from the growth in lending recorded by Indonesia's national banks, which was up 22.2% YoY to Rp3,214 trillion at end November 2013, or 18.7% YTD. The increase in credit growth was the result of continuing high domestic credit demand. The national banking sector's LDR in November 2013 stood at 90%, higher than at the end of 2012, when the equivalent figure was 83.6%. The average LDR at Indonesia's 10 largest banks in Q3-2013 stood at 91%, an increase over Q3-2012, when the figure was 89%. The highest growth was experienced by investment credit, while growth in consumer and working capital loans was slower.

Global economic conditions and macroeconomic developments

As of end November 2013, investment credit was up 33.3% (YoY) to Rp775 trillion, compared with 27.4% (YoY) in 2012. Working capital loans during the period were up 21.3% (YoY) to Rp1,536 trillion, compared with 23.2% in 2012. Meanwhile, consumer lending grew 15.3% to Rp903 trillion, lower than the 19.9% growth recorded in 2012. Credit quality in the national banking system remained relatively stable amid high levels of credit growth. The gross non-performing loan (NPL) ratio in the system as of the end of November 2013 stood at 1.9%, lower than at the same time in 2012, when the equivalent figure was 2.1%.

In terms of funding, the growth in Third Party Funds (TPF) deposited with domestic banks was not as high as the growth in lending. As of the end of November 2013, total TPF amounted to Rp3,563 trillion, up 13.8% (YoY), lower than the 22% growth in lending. The growth in TPF was slightly lower than the 15.8% YoY growth recorded during the same period of 2012. Growth in savings and current accounts in the banking industry up until end November 2013 was slower than in 2012, while growth in time deposits was higher. Funds deposited in current accounts as of the end of November 2013 were up 18.3% to Rp870 trillion, slight higher than the 17.5% growth recorded in 2012. During the same period, funds deposited in savings accounts grew 12.5% to Rp1.138 trillion, down from the 19.9% growth recorded in 2012. Meanwhile, the value of time deposits grew 12.5% to Rp 1,554,8 Trillion, higher than the 11.9% growth recorded in 2012.

The condition of the national banking capital was quite stable as can be seen from the industry's capital adequacy ratio (CAR), which reached 18.7% in November 2013, well above the minimum level of 8% and better than in 2012, when the figure was 17.4%. In 2014, the national banking industry will be faced with the implementation of Basel III, which imposes new minimum capital rules on the banking industry. The rules will take effect in January 2014. Based on the new rules, banks are required to meet certain minimum total capital requirements based on their respective risk profiles. The minimum capital requirements are 8% of weighted assets for banks with risk profile 1; 9-10% for banks with risk profile 2, 10-11% for banks with risk profile 3; and 11-14% for banks with risk profiles 4 and 5. Bank Indonesia (BI) is currently targeting a minimum CAR of at least 10.5% in the national banking industry by 2019. In general, Indonesian banks will not encounter significant problems in applying the new capital rules. As was mentioned earlier, the CAR of Indonesia's 10 largest banks is far above what is required and targeted by BI.

Domestic Growth Expected to Slow in 2014

Global economic growth in 2014 is expected to improve. The IMF predicts that the global economy will expand 3.7% in 2014, higher than the 3.0% estimated for 2013. Meanwhile, the World Bank forecasts that global economic growth in 2014 will increase to 3.1% from 2.3% in 2013. The improvement in global economic growth will be supported by better economic conditions in the developed countries, like the United States and the European countries. The recovery in the U.S. economy will also be supported by continued improvement in the labor market and growing consumption. As for Europe, the recovery will be supported by higher German economic growth. The World Bank has also raised its forecast for global economic growth in 2014 to 3.2%. The projection is higher than in June 2013, when the World Bank predicted 3% growth. The growth forecast for the developed countries has been raised to 2.2% from 2% as of fiscal policy loosening so as to sustain growth. Such fiscal policy loosening is expected to boost the economies of the developed countries and also have a positive impact on the exports of emerging economies.

Global economic conditions and macroeconomic developments

Based on developments in 2013, Bank Indonesia continues to predict 2014 economic growth in Indonesia in a range of 5.8% to 6.2%. Meanwhile, Bank Mandiri's Economic Team expects the national economy to grow slightly slower in 2014 at 5.6% as a result of the continuing uncertain global economic outlook and the impact of tight monetary policy. In addition, economy growth will be affected by lower investment flows compared with previous years.

Global economic conditions in 2014 will continue to be affected by various risks. The first is the tapering of the Fed's monetary stimulus, which will have an impact on financial market volatility globally. Although the Fed has said it will maintain low interest rates until 2015, yields on the U.S. 10-year bond have increased to their highest level since July 2011 at over 3%. The increase has resulted in a lower spread between yields on U.S. government bonds and emerging market assets, thus encouraging the flow of capital back to the U.S. This have caused volatility in currency exchange rates in emerging markets, including Indonesia.

The second risk is a slowdown in economic growth in developing countries, especially China. The Chinese government tends to focus on long-term policy and will allow growth to slow down in the short term. China's economic slowdown will also affect emerging markets, such as India and Indonesia. Lower growth in the emerging markets also means lower capital flows into such countries.

Developments in the global economy will also affect the performance of the Indonesian economy in 2014. An improvement in the U.S. economy will have a positive impact on Indonesia's export performance. However, the start of tapering will result in Rupiah volatility which could disrupt the stability of the national economy. The pressure on the rupiah will be exacerbated by the current account deficit. Bank Mandiri economists predicte that current account deficit will hit 3.3% of GDP by the end of 2013, but decline to 2.7% in 2014. The rate of inflation is expected to slow in 2014 to 5.3% from 8.4% in at the end of 2013. This prediction is based on the latest inflationary developments and the assumption that there will be no subsidized fuel price increase in 2014.

The pressure on the rupiah will likely persist with the start of tapering by the Fed and the approach of next year's elections. Based on the various developments in economic conditions and both the global and domestic financial markets, Bank Mandiri predicts that Rupiah will trade in a range of between Rp12,100 and Rp12,300 per USD during the first and second quarters of 2014. The Rupiah will have an opportunity to appreciate in the third and fourth quarters of 2014 to a level of between Rp11,800 and Rp11,400 per USD. This is based on the assumption that the 2014 elections will be smooth, and that the new president is in line with market expectations.

Bank Mandiri economists expect the BI rate to rise to 7.75% in 2014. This is based on the likelihood of continued pressure on the rupiah as a result of the start of tapering by the Fed and increasing political risks ahead of the legislative elections in April 2014 and the presidential elections in July.

Business Review

In 2007, Bank Mandiri reinvented itself as a performance-based organization so as to ensure it is responsive to market requirements, to bring it closer to its customers, and to enhance efficiency in its business process, as manifested in the form of business and support units within the organizational structure of the Bank.

One aspect of the establishment of a performance-based organization is the designing of business units based on the sales and service principle. Meanwhile, support units are designed to support the achievement of business unit objectives, and to streamline existing business processes while at the same time adhering to prudential banking principles.

Bank Mandiri's decision to become a performance-based organization was aimed at developing a strong focus in each unit (whether business unit or support unit), increasing accountability, and maximizing the contribution of each unit, with the ultimate goal being the creation of added value for all Bank Mandiri shareholders.

As a banking institution, Bank Mandiri's core businesses consist of lending, taking deposits (third-party funds), and providing banking services. This review of business and support units is presented based on Bank Mandiri's product and service segments, namely: corporate, commercial and business, micro and retail, consumer, treasury, financial institutions, special asset management, institutional banking, Islamic banking subsidiaries, insurance subsidiaries, and non-Shariah and non-insurance subsidiaries.

The following review of Bank Mandiri business units is presented by segment and is followed by a review of Bank Mandiri's support units.

Business Unit Performances (Bank Only)

institutional banking | corporate banking | commercial & business banking

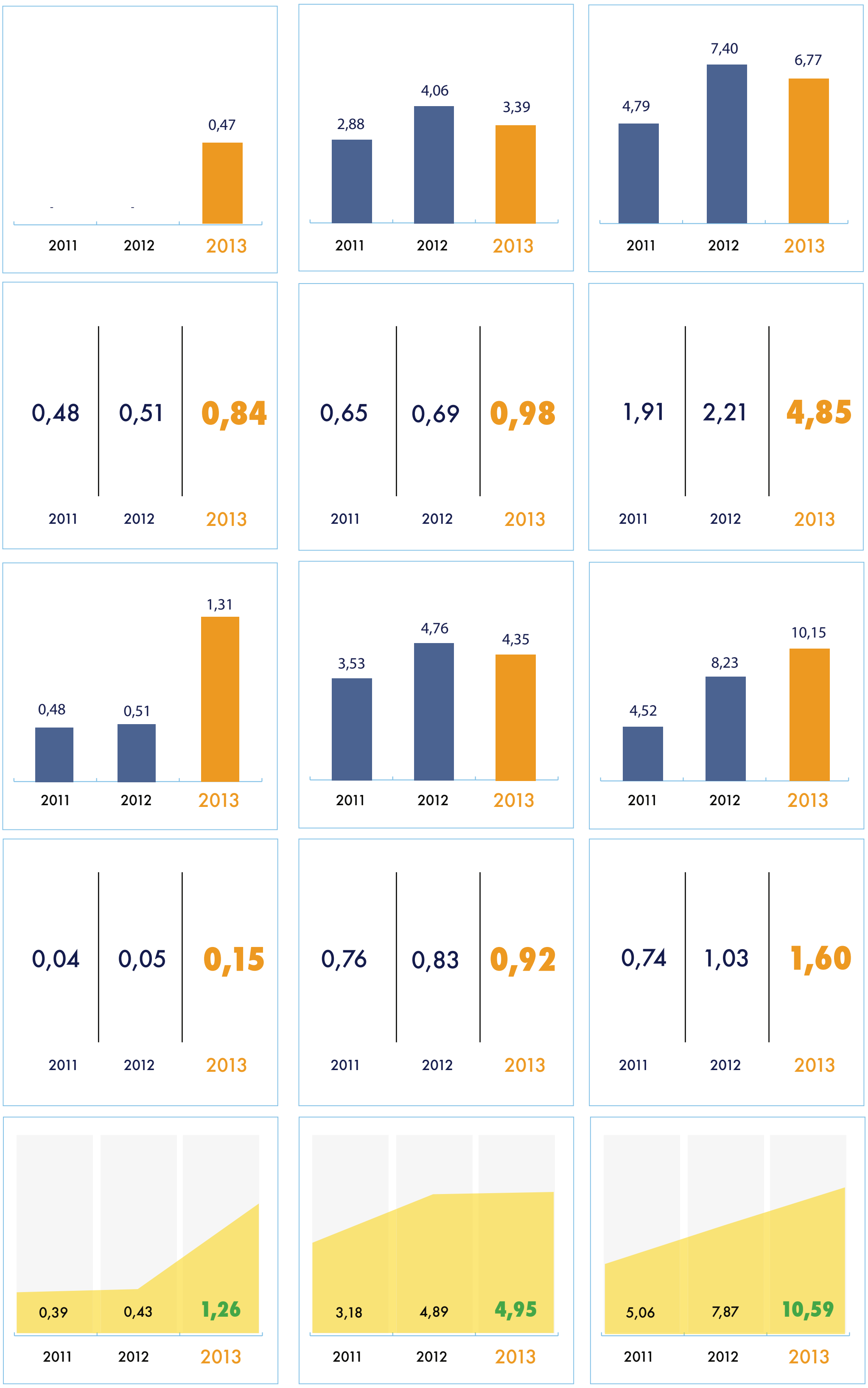
spread assets
(Rp Trillion)

spread liabilities
(Rp Trillion)

net interest income
(Rp Trillion)

fee-based income
(Rp Trillion)

contribution margin
(Rp Trillion)

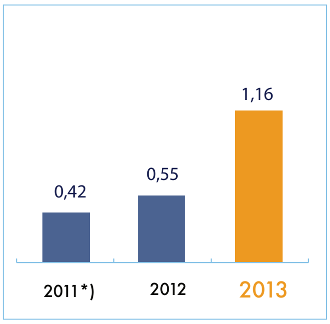


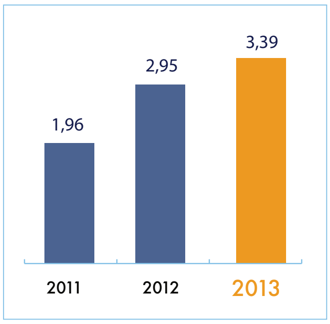
2013 Resegmentation considered

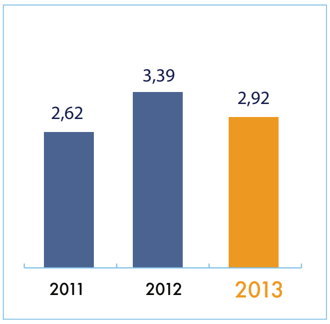
Year 2013 Direktorat Commercial & Business Banking telah memperhitungkan resegmentasi

Business Unit Performances (Bank Only)

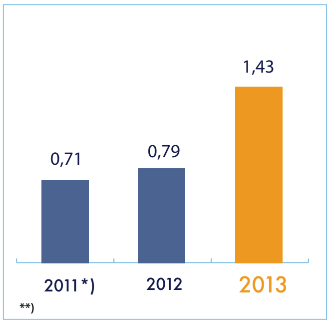
treasury, fi & sam	micro & retail banking	consumer finance

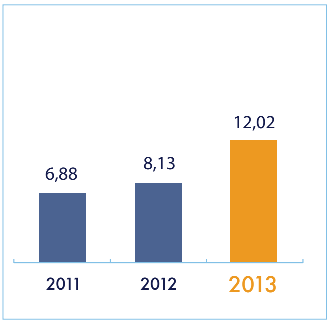


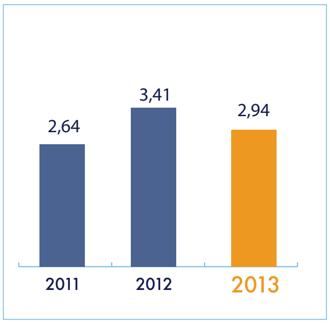




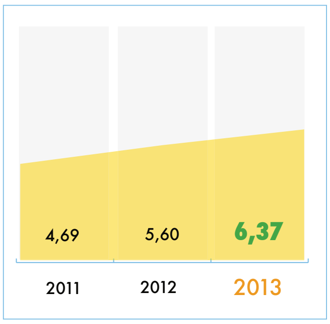
	2011	2012	2013
treasury, fi & sam	0,29 (2011 *))	0,24	**0,27**
micro & retail banking	5,08	5,12	**8,63**
consumer finance	0,02	0,02	**0,02**

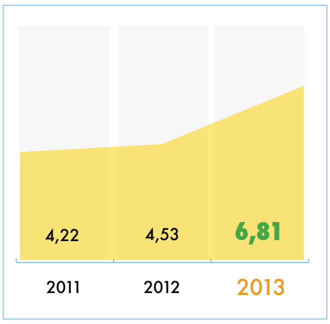


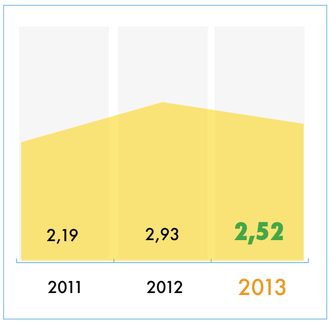




	2011	2012	2013
treasury, fi & sam	3,53	3,78	**4,83**
micro & retail banking	3,75	4,29	**4,86**
consumer finance	0,89	1,07	**1,31**







**) 2011 not include non-recurring income*
***) TRS and FICS*

institutional banking

"In managing the institutional banking segment, the Directorate of Institutional actively contribute to improving value chain execution and the forging of alliances with customers in the form of Ministries, State Institutions and State Enterprises, and serves as a key partner in the overall provision of financial solutions to our customers"

ACHIEVEMENTS IN 2013

In line with the implementation of the Bank Mandiri Long-Term Plan for the 2010-2014 period, the Directorate of Institutional Banking continues to increase its contribution in performing its dual role function of optimizing wholesale transaction banking in an integrated manner.

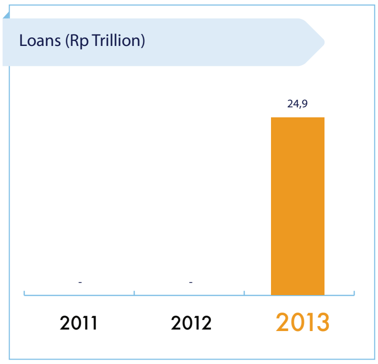
On the one hand, the Directorate of Institutional Banking continues to be a key partner for the Ministry, State Institution and State Enterprise segment in accommodating the entire range of customer needs, whether for funding, lending, or transactional products. On the other hand, the Directorate of Institutional Banking continues to play an active role as an anchor for enhancing value chain execution and the forging of alliances with the Ministry, State Institution and State Enterprise segment.

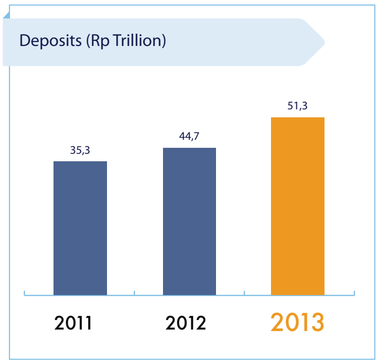
In 2013, the scope of the work performed by the Directorate of Institutional Banking was expanded to customers in the form of non public, non oil & gas and non agro-based state enterprise borrowers. This was aimed at strengthening customer relationships on an end to end ("one door") basis and encouraging sharper businesses penetration including the handling of potential alliances so as to enhance the overall efficiency of business processes and provide customers with a single and clear point of contact.

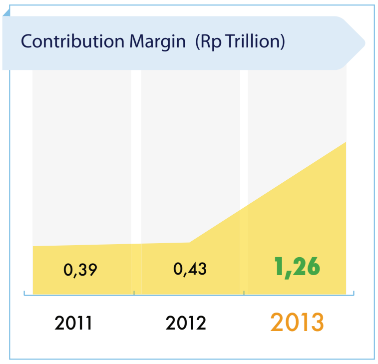
In the four years since it was established, the Directorate of Institutional Banking has continued to strengthen all aspects in terms of supporting business processes, systems and people so as to successfully compete with competitor banks in the Ministry, State Institutions and State Enterprises segment. This is reflected in the successful performance of the Directorate up to December 31, 2013, the highlights of which are as follows:

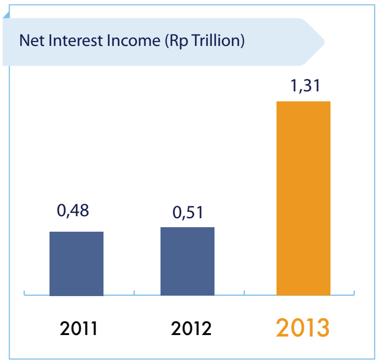
1. On the revenue side, Net Interest Income realization reached Rp 1,312 billion, which was derived from an Asset Spread of Rp474 Billion and Liability Spread of Rp 838 Billion. In terms of profitability, the Contribution Margin reached Rp 1,260 billion.
2. The Cost of Funds decreased by 0.12% from 4.33% in 2012 to 4.21% in 2013. In addition, the Ministry, State Institutions and State Enterprises segment, which is managed by the Directorate of Institutional Banking, recorded a Yield of Loan of 7.78% in 2013.
3. Third party funds reached Rp 51.3 trillion, with the proportion of the Low Cost Funds standing at 39% or Rp 19.9 trillion, with the largest contribution coming from deposits by Ministries.
4. The Directorate's loan book amounted to Rp 24.9 trillion, with a Non-Performing Loan (NPL) ratio of 0%.

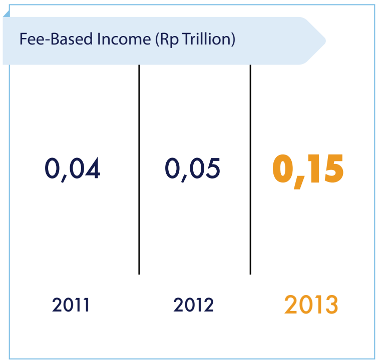
institutional banking

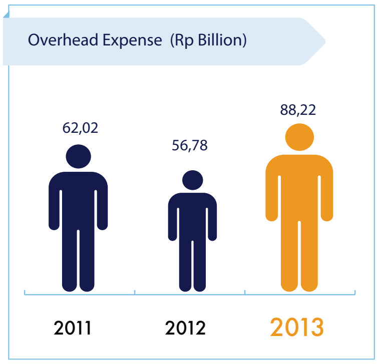


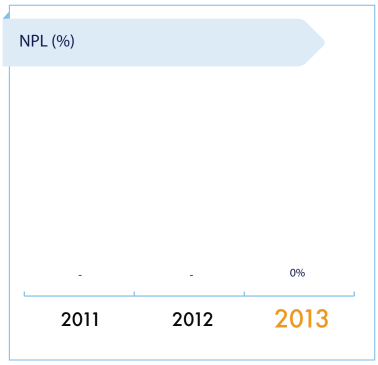


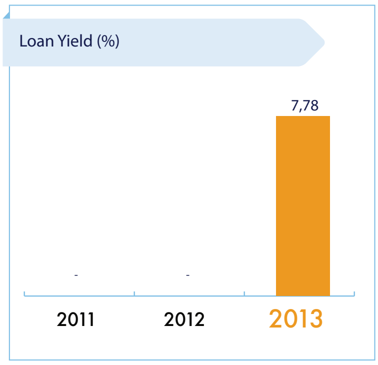


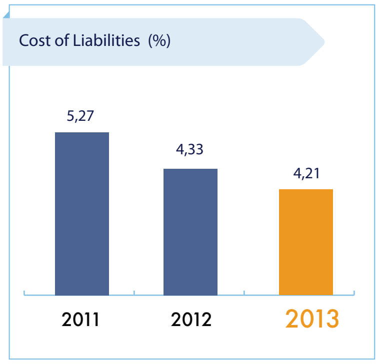


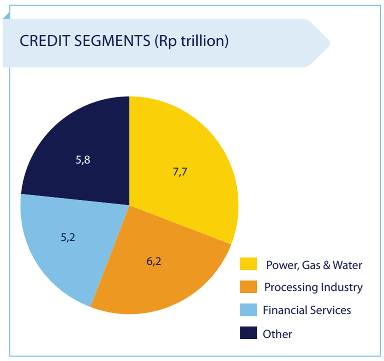


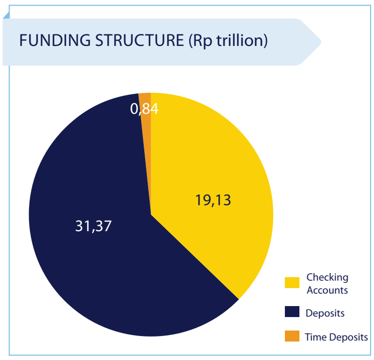


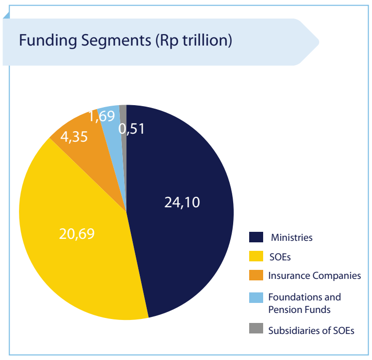












institutional banking

5. The greater part of these loans went to the electricity, gas and water, processing and financial services sectors. In 2013, the Directorate of Institutional Banking successfully captured a number major transactions related to the financing of strategic areas of the economy, such as airport and seaport infrastructure, with the value of financing commitments being respectively Rp 2.4 trillion and Rp 1, 5 trillion.
6. As regards non-interest income, Fee-Based Income at the Directorate of Institutional Banking reached Rp 153 billion. This achievement was supported by the Bank's wholesale transaction strategy and was dominated by the contribution from Bank Guarantee, Trade Finance and Managed Loan products.

In 2013, the Directorate of Institutional Banking successfully executed a number of projects focused on channeling state budget funds, government assistance, especially in the education sector, the and oil & gas industries, namely:

1. **State Treasury Budget System (SPAN)**
   State budget realization (spending), particularly in respect of personnel expenditure, capital expenditure and procurement expenditure – total state budget funds channeled through Bank Mandiri until the end of December 2013 amounted to Rp 274.4 trillion, meaning that 43.5% of state budget spending (a total of Rp 568.9 trillion) was channeled through Bank Mandiri in 2013.
2. **Education sector projects, namely:**
   - **State University Combined Student Selection Process (SBMPTN)**
     The Directorate of Institutional Banking successfully continued the tradition of Bank Mandiri acting as the sole partner bank for the SBMPTN process over 6 consecutive years (2008-2013) by providing cash management solutions to state higher education institutes..
   - **State Islamic University Student Selection Process (SNCA-PTAIN)**
     The SNCA-PTAIN is a national selection process carried out in an integrated manner by all UIN / IAIN / STAIN throughout Indonesia under the coordination of the Directorate General of Islamic Education at the Ministry of Religious Affairs.
   - **Distribution 'Bidik Misi'**
     In 2013, Bank Mandiri was the sole bank selected to channel 'Bidik Misi' assistance funds to students.
   - **Teachers' Allowances**
     This refers to allowances paid by the Government (Ministry of National Education) to teachers on a quarterly / semiannual basis, depending on the type of allowance. The Directorate of Institutional Banking played a key role in ensuring that the allowances were channeled through Bank Mandiri.
3. **Temporary Direct Social Assistance (BLSM)**
   Bank Mandiri was entrusted with the job of channeling BLSM to target households so as to compensate for the increase in fuel prices in 2013. In doing so, the Bank collaborated with PT Pos. The total value of BLSM funds that were channeled through Bank Mandiri amounted to Rp 9.3 Trillion.
4. **Oil & Gas Sector**
   Bank Mandiri facilitated goods and services procurement transactions by Production Sharing Contractors (K3S), and managed Abandonment and Site Restoration (ASR) funds. Up to the end of September 2013, Bank Mandiri managed Giro ASR funds for 14 working areas worth a total of Rp 14.12 trillion.

To complement the portfolio of products offered as part of the one-stop financial services concept, the Directorate of Institutional Banking also oversees the Mandiri Financial Institution Pension Fund (Mandiri DPLK), which provides defined contribution pension plans for both Bank Mandiri staff and employees. Mandiri DPLK features five (5) investment packages with 8 (eight) investment choices, namely, Money Market Investments, Fixed Income Investments, Equity Investments with a choice of Stocks – Money Market Investments and Stocks-Fixed Income Investments, Combination Investments (with a choice of Combination 1 or 2), and Shariah Investments (with a institutional banking

choice of Shariah-Money Market Investments or Shariah-Fixed Income Investments). As of the end of 2013 Mandiri DPLK had a total of 20,993 customers and a total of Rp 209.9 billion under management.

STRATEGIES AND PLANS FOR 2014

To support the smooth operation of the Directorate of Institutional Banking's business processes, business development in 2014 will be focused on the following:

1. **Increasing Funds and Boosting Fee-Based Income**
   Growth in funds will be achieved from two (2) sources. First, organic growth based on the GDP growth assumption for 2014. This will involve a strategy of strengthening relationships, as well as competitive pricing and participation in tenders.
   Second, Initiative / Transactional growth, that is, boosting funds from wholesale transaction banking through the implementation of strategies for improving the transactional side through wholesale transaction banking involving major customers. Wholesale Transaction Banking will be supported by innovatitive approaches, including the development of new products and new processes so as to secure new customers and new business.
2. **Maintaining Credit Quality**
   Credit growth will be focused on three (3) issues. First, maintaining credit quality so that the NPL ratio is maintained at 0%. This will involve the following strategies:
   a. Selecting customers / client projects and preparing Credit Analysis Notes based on prudential principles having regard to the customer's financial situation.
   b. Monitoring borrowers using the Wallet Tool (Watch List and Collectibility Review) regularly every 3 months and on an incidental basis (on-the-spot reviews).
   c. Maintaining good relationships with borrowers so that their financial situations can be properly monitored.

   Second, focusing on the provision of facilities to selected sectors that generate value chain business that can generate funds through transactions, and **Third**, improving the value chains of anchor clients.
3. **Support for Government Schemes**
   The Directorate of Institutional Banking will continue to encourage the implementation of government schemes in 2014, including the BPJS Kesehatan and Ketenagakerjaan scheme, and to channel assistance under Government subsidy schemes in collaboration with PT POS. In addition, Bank Mandiri will continue to support programs in the education sector and the SPAN scheme.
4. **Employee and Leadership Development**
   In addition to growting the business through the implementation of strategic initiatives, it is also very important to build the organization's capacity to produce the best talent. This is done through a variety of Human Capital Development programs. In 2013, Human Capital Development focused on enhancing leadership, engagement and productivity.

corporate banking

"The Directorate of Corporate Banking, which is responsible for managing the corporate sector, successfully recorded a margin contribution of Rp 4.95 trillion, which was generated by 5 groups at Head Office and the 3 overseas offices that are managed by the Directorate of Corporate Banking, namely, Singapore, Hong Kong and Shanghai."

In the midst of uncertain global economic conditions, the Corporate Banking business continued to see strong growth. In line with Bank Mandiri's business development, in April 2013 we conducted a rebalancing and realignment so as to improve customer management. The realignment was carried out based on a remapping of Ministry, State Institution and State Enterprise customers so as to make the preparation and execution of business strategies more focused and comprehensive in nature.

To permit accurate comparisons, we have taken April 2013 as the basis for assessing growth in the Corporate Banking segment. Various Corporate Banking key performance indicators up to end December 2013 indicate good results, including growth in low-cost funds of 39.8% to Rp 37.58 trillion, Fee-Based Income of Rp 923 billion, credit growth of 19.9% to Rp 138.78 trillion, and a Margin Contribution of Rp 4.95 trillion. Our achievements in 2013 may be summarized as follows:

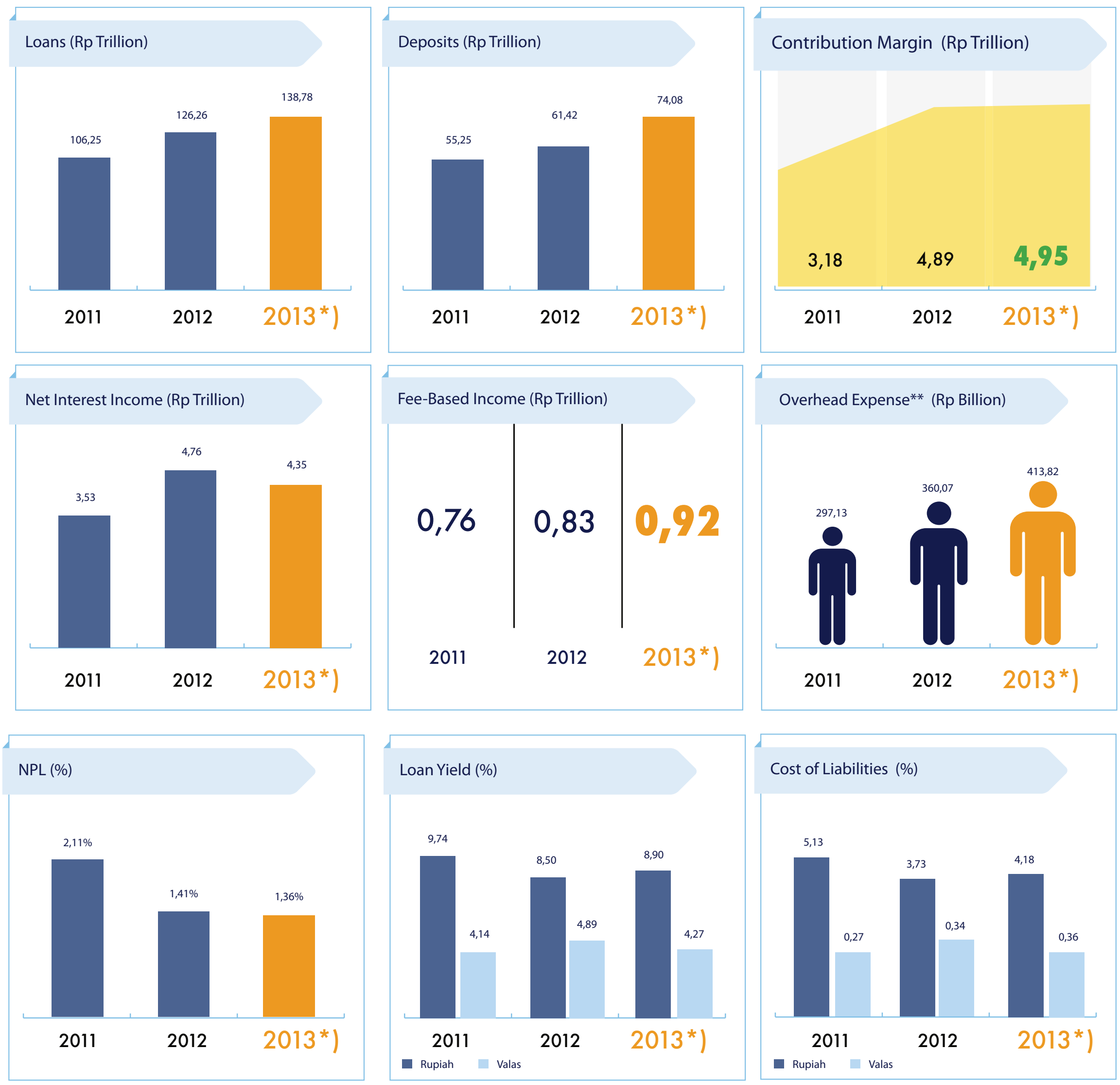
a. Business Operations

The Corporate Banking Directorate engages in three main business activities: collecting funds, extending credit and generating fee-based income. In carrying out its business operations, the Directorate of Corporate Banking focuses on wholesale transaction banking by providing solutions that are capable of enhancing customer transactions. As regards the collection of funds, the Directorate of Corporate Banking successfully collected Rp 74.1 trillion, an increase of 19.7% compared to April 2013, when the equivalent figure was Rp 61.8 trillion. The said funds consisted of low-cost funds (checking and savings) amounting to Rp 37.6 trillion and time deposits of Rp 36.5 trillion. Meanwhile, lending by the Directorate of Corporate Banking amounted to Rp 138.78 trillion, while the NPL ratio was maintained at 1.36%. The Directorate of Corporate Banking also generated Rp 923 billion in fee-based income, consisting of trade finance fees of Rp 325 billion, bank guarantee fees of Rp 155 billion, syndicated loan fees of Rp130 billion and administration fees of Rp 313 billion.

b. Revenue

Corporate Banking's main source of revenue is from its assets spread, which total revenue from this source amounting to Rp 3,389 billion, which accounted for 64% of the total revenue generated by Corporate Banking (Rp 5,295 billion). Revenue from the liabilities spread and fee-based income totaled Rp 1,906 billion. Through Bank Mandiri's wholesale transaction banking strategy, it is expected that the revenue contribution derived from the asset spread will decline, while that from the liabilities spread and fee-based income will increase.

corporate banking



*) Realization takes Remapping into account
**) Excluding Insurance Premiums

c. **Profitability**

The total Margin Contribution of the Directorate of Corporate Banking amounted to Rp 4.95 Trillion, which was generated by 5 Groups in Head Office (Rp 4.76) and 3 Overseas Offices -- Singapore, Hong Kong and Shanghai (Rp 187 billion). In line with Bank Mandiri's vision of being the best bank in ASEAN, the Bank must be able to expand the business of its overseas branches so as to produce significant contribution margins.

The achievements of the Directorate of Corporate Banking are closely linked to the 5 main strategies that were applied consistently during 2013, namely:

First, focusing on targeted customers, namely, 150 Top Groups, Multi National Companies (MNCs), and SOEs that operate in selected industry sectors, including Infrastructure, Telecommunications, Oil & Gas, and Plantations. Lending to the road, transport and power sectors in 2013 grew 39.3% YoY, while lending to the telecommunications sector grew 110.1% YoY, oil & gas sector by 174.8% YoY, and plantations by Rp 35.8 trillion or 29.1%.

corporate banking

Second, increased effectiveness of Account Plan execution for Bank Mandiri's Top 100 Corporate Clients including Corporate Banking's Anchor Clients. The purpose of the Account Plan program, which is part of our customer-focused strategy, is to increase the quality and sustainability of the Bank's revenue through holistic, long-term, and mutually supportive and beneficial relationships with selected clients. The success of the Account Plan program is evident from such criteria as share of wallet, share of mind, and significant cross-selling, especially in the case of transactional banking products (cash management, trade, foreign exchange), as well as customer value chain business.

Third, providing solutions so as to achieve a one stop-service for customer in conducting banking transactions, and adjusting business processes in order to accelerate the execution of Account Plans in an integrated manner with other relevant units.

Fourth, optimizing synergies with Mandiri Sekuritas so as to facilitate customer access to financing sources in the capital markets. Conversely, Mandiri Sekuritas can refer customers to Bank Mandiri for banking facilities. Through such synergies, customers can access solutions that provide added value to their financials.

Fifth, growing the businesses of our Overseas Offices (KLN). This strategy is focused on Indonesian-Related Companies and involves the offering of products and services such as loans, funding, trade finance, and treasury services.

As one example of the implementation of the Bank Mandiri grand strategy in Singapore, we have established a Structured Trade Finance Department that specializes in providing tailor-made financing solutions. In addition, Bank Mandiri Singapore focuses on the provision of services to Wealth Management Group customers.

STRATEGIES AND PLANS FOR 2014

One of the main pillars of the Bank Mandiri 2010-2014 Corporate Plan is wholesale transaction banking, with the key objective of this strategy being an increase in low cost funds and fee-based income derived from customer transactions. Accordingly, Corporate Banking in 2014 will further hone the wholesale transaction banking strategy in a number of areas.

The principal strategies that will be applied in 2014 are as follows:

First, increasing the collection of low-cost funds through both an intensification and extensification. Intensification involves an increase in the number of transactions with existing clients in such a way as to ensure that all customer funds and value chains go through Bank Mandiri. To that end, every account holder needs to be aware of the pattern of customer inflows / outflows so that relevant products can be offered. Meanwhile, extensification refers to efforts to increase the number of new corporate accounts, particular new accounts belonging to corporate business clients that are in the company tree, which actively engage in transactions and which may be expected to continue depositing funds with Bank Mandiri on a sustainable basis.

Second, after our success with the Top 100 Groups, including 68 Corporate Banking anchor clients, in 2014 Bank Mandiri will strengthen the implementation of the Account Plan Program so as to expand it to 134 Anchor Clients and enhance the organizational structure for managing the 68 Anchor Clients that are under the auspices of Corporate Banking. With the expansion and strengthening of the organizational structure, it is expected that customers will increasingly feel the benefit of a comprehensive range of services and the added value provided by Bank Mandiri.

Third, a bundling strategy for MCM and e-forex products so as to encourage an increase in the average balance of Low Cost Funds. In addition, such bundling will encourage growth in forex volume and fees, including the alignment of KPI with Treasury, both in terms of volume and fee income.

Fourth, strengthening alliances with subsidiaries, particularly Mandiri Sekuritas in offering capital market opportunities to corporate banking customers, including bonds, MTNs, IPOs, Right Issues, and advisory and arranger services. In addition, Bank Mandiri may also offer pre IPO financing product bundling. Based on this strategy, it is expected that Mandiri Sekuritas and Corporate Banking will be able to provide a comprehensive suite of financing solutions that meet our customers' requirements.

Fifth, Further honing the Overseas Office strategy: Bank Mandiri has a vision of being the Indonesia representative as an ASEAN Qualified Bank (AQB). This will be achieved through the application of a "Follow The Trade, Follow The People" strategy and enhanced focus on Asian markets, in accordance with the characteristics and strengths of the business of each Overseas Office.

Strengthening Human Capital Capabilities to Support Wholesale Banking Strategy

To support the wholesale transaction banking strategy, strategic acceleration is being conducted in the human capital field. This is focused on two main aspects: strengthening organizational structure and enhancing competencies.

The provision of knowledge and understanding of business models, industry outlook and industry potential so as to support the expansion of wholesale banking is carried out through the Industry Knowledge Program, which focuses on 10 types of industries in a comprehensive manner from upstream to downstream.

Looking ahead, the challenges faced by the Corporate Banking Directorate will become increasingly complex. Consequently, improvements will need to be made on an ongoing basis. The role played by Corporate Banking in the management of wholesale banking will continue to be honed and strengthened in terms both of infrastructure and capacity.

commercial & business banking

"The provision of credit by the Directorate of Commercial & Business Banking, which manages the commercial and business segments, also increased significantly with realized gross expansion amounting to Rp 89.6 trillion, consisting of gross expansion in commercial lending of Rp 70.5 trillion and gross expansion in Business Banking of Rp 19.1 trillion. Gross expansion in lending to new customers in the commercial segment amounted to Rp 16.9 trillion and Rp 5.8 trillion in the business segment."

RESULTS AND ACHIEVEMENTS OF THE DIRECTORATE OF COMMERCIAL BANKING IN 2013

As a directorate that plays a strategic role in the business of Wholesale Transaction Banking and Retail Financing businesses, the Directorate of Commercial & Business Banking consistently applies strategic themes that offer "Total Solutions" for the Commercial Banking segment and "Quick and Easy" solutions for Business Banking customers. "Total Solutions" means providing the best solutions based on customer needs, supported by the stability provided by our e-Channel system, with the aim of generating low-cost funds and fee-based income from low risk products. Meanwhile, we are able to provide "Quick & Easy" solutions thanks to our extensive branch network and easy processes, with the principal goal being to improve margins on high yield products.

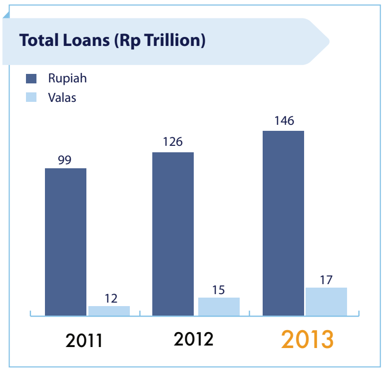
The year 2013 represented the "Profitability Building" stage, as part of which our strategies focused on market-facing initiatives. To that end, the initiatives that were undertaken focused on developing the marketing skills of Relationship Managers (RM) in a comprehensive manner through structured coaching and training programs. This stage represented a continuation of the "Capacity & Capability Building" stage in 2011 and 2012, during which time strategic initiatives were undertaken that emphasized infrastructure strengthening, including the opening of new branches and improvements to our IT infrastructure.

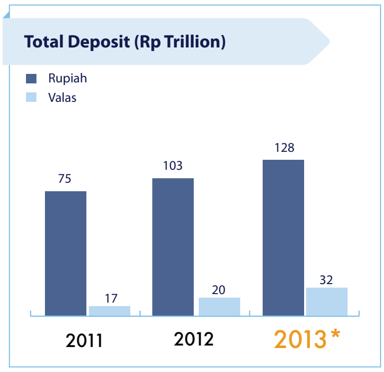
The disciplined implementation of our primary focuses during 2013 resulted in considerable progress. In the Transaction the Cash Management, Trade Finance and Bank Guarantee (BG) businesses all showed quite rapid growth. Cash Management volume increased 47% to Rp 2.231 trillion, Trade Finance grew 25% to Rp 195.9 Trillion, and BG volume grew 14% to Rp 52.6 trillion. The increase in business volume boosted Fee-Based Income to Rp 1.6 trillion, an increase of 45% over the previous year. Meanwhile, in Retail Financing business, Business Banking lending increased by 21% from 2012 to Rp 46.5 Trillion. The increase in lending in the high yield segment boosted CBB business volumes (loans and deposits) by 23% to Rp 269.0 trillion. The growth in FBI and business volumes increased CBB's Margin Contribution to Rp 10.6 trillion, 14% higher than in 2012.

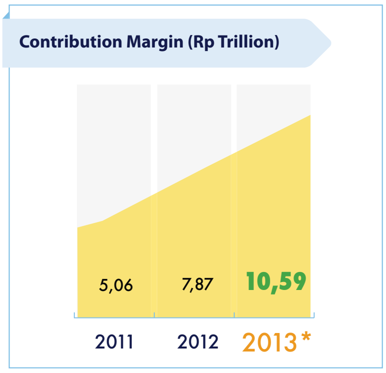
FINANCIAL INITIATIVE AND PERFORMANCE IN 2013

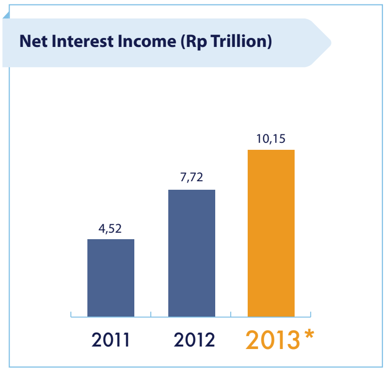
The year 2013 was one that was marked by quite onerous business challenges as the global economy struggled to recover from the crisis. Meanwhile, CBB aggressively targeted business growth both on the asset and liabilities sides. The main strategy pursued was to market credit while at the same time maintaining quality, balanced by the marketing of transaction products so as to boost the growth of low cost funds and help ensure the maintenance of our NIM. The program pursued to realize our strategies are as described below:

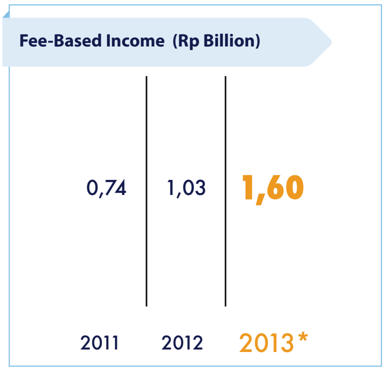
commercial & business banking

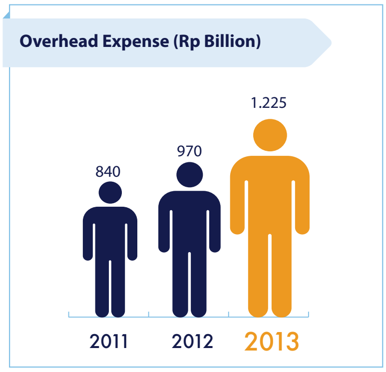


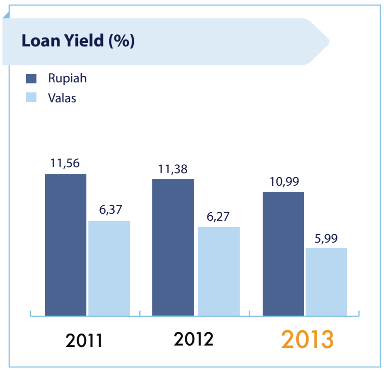


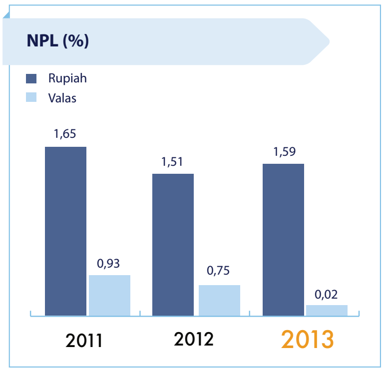












*) Includes joint management of customers formerly managed by CBB Directorate and which were transferred to the MRB Directorate in 2013

1. Low Cost Funds Enhancement Program / CASA

a. Customer Operating Account Funds Enhancement Program

Increasing customer operating account funds via a number of different programs, namely, transferring customers' operational transactions from working capital loan accounts to checking accounts and offering wholesale transactions product packages.

b. Program to enhance CASA through the development of the transaction business, especially payment and collection transactions in five (5) priority sectors.

The year 2013 saw the designating of 5 priority sectors that have high cash flow levels and are prospective sectors for the payment and collection business. The key initiative is to secure public sector funds from government programs, such as the State Budget Treasury System and local government taxes.

c. Program to increase CASA from Anchor Clients and their Value Chains

commercial & business banking

2. Innovations in Product Development, Services and Processes

To provide solutions that are truly capable of answering customer needs, product innovation is constantly carried out in the interests of customers, including: (i) the development of Bank Guarantee (BG), Trade, and Credit products, including BG Front Loading, Mandiri Global Trade (MGT), Yuan-based product bundling, Supply Chain Financing and Working Capital Overdraught-Giro. Product development is primarily aimed at optimizing customer capital structure. (ii) developing e-channel services, including Mandiri e-Tax, Mandiri Easy RTE and Mandiri File Transfer. These products are designed to facilitate the management of customer transaction data and information. (iii) Development of Giro products, including Giro Premier and Giro Yuan, and the development of Giro programs, such as Giro Regular, Giro Business and Giro Optima. The development of these products and programs is based on customer segmentation so as to optimize the management of customer funds in accordance with their transactions needs in each segment.

In addition to products and programs, the CBB Directorate has also designated 6 product champions in the wholesale field which are expected to drive the growth of low-cost funds bankwide. These product champions are CASA Wholesale, Bank Guarantees, Supply Chain Financing, Distributor Financing, Export Finance LC and Non LC negotiable instruments (PWE), and increasing Non-Revolving Working Capital Loans.

As regards innovations in the processes and services field, these include (i) implementation of front-loading to expedite the process of issuing Bank Guarantees, (ii) improving the business banking loan process for loans of under Ro 500 Million ("BB Low Line"), and (iii) optimizing the handling of credit in Business Banking through desk collectors, auction / pre-auction processes, and improving the ratio between Relationship Managers and Assistant Relationship Managers from 1:1 to 1:2 so that RMs will be able to devote most of their time to marketing. In addition, the C-DASH monitoring tool, which has to date focused on asset products, particularly loans, will be further refined by adding funding pipeline, FBI, product champion and product lifecycle features.

3. Building Organizational Capacity

Organizational capacity was further developed through the continuing intensification and extensification of our network. In the commercial banking segment, organizational development focused on the intensification process by filling Human Resources gaps in the existing network, while in the Business Banking segment, we continued to focus on extensification by extending our range with the goal of ultimately being present in every regency in Indonesia. In 2013, extension of the Business Banking network saw the opening of 20 Business Banking Floors (BB Floors), 20 BB Desks, and 20 Mandiri Business Outlets. Thus, at the end of 2013, the network consisted of 25 Commercial Banking Centers (CBC), 27 Commercial Floors, while the Business Banking network was made up of 41 Business Banking Centers (BBC), 100 BB Floors, 134 BB Desks, and 67 Mandiri Business Outlets.

To further strengthen our transaction banking services, we also improved the organization of the Wholesale Transaction Banking Solutions Group.

4. **Staff and Leadership Development**

   To develop the marketing skills required by CBB staff, and to enhance their understanding of market conditions and characteristics in each region, priority is given to local human resources and the making of the necessary adjustments to suit the needs of each region. A total of 965 people were recruited in 2013, consisting of 169 Commercial Banking & WTBS staff and 796 Business Banking staff. As a result, the total number of staff in CBB stands at 3,409, consisting of 1,121 Commercial Banking & WTBS staff and 2,288 Business Banking staff, most of whom are relatively young, i.e., 57% under 30 years of age, 14% between 30 and 40, 19% between 41 and 50 years, and only 9% over 50.

   CBB's key Human Resources Development and Improvement Program in 2013 was titled "Menjadi Pribadi Tangguh Siap Memakmurkan Negeri dan Mandirikan Indonesia" which was implemented through 3 principal programs so as to improve the productivity of young employees, namely (i) the On Boarding Program, that is, a training program that provides the basic knowledge and competencies needed by new employees for the performance of their duties. The "Spirit of Know, Able, and Willing" is also inculcated in training participants so as to turn them into strong and reliable personalities. During 2013, the program provided training to 107 batches consisting of a total of 4,266 ARM. (ii) Sharing, Workshop, & Assessment, that is, programs aimed at improve the understanding and competencies of staff members in the lending, fund management, and transaction banking fields. These programs featured workshops, sharing sessions, and training events for all units in the CBB Directorate. A total of 2,581 CBB staff received training, or 78.2% of CBB's total number of staff. (iii) Motivation Tune Up & Motivation Journey, that is, programs designed to maintain and improve the motivation of staff members in their work and in socialization. The materials were delivered directly by Bank Mandiri Commissioners and Directors, and CBB Senior Managers. This program also served as an effective medium of communication, especially as regards matters where a uniformity of perception is required, from the highest level to the lowest, and from Head Office to the field level in the regions.

   In order to ensure that everyone in the CBB Directorate understands the vision, mission and strategic initiatives of the Directorate, continuing efforts were made (as they have been since 2011) to bring together and harmonize various Bank Mandiri work programs that are aimed at improving the financial performance and reputation of the Bank. These work programs included execution discipline, pipeline management, people development, account strategies to encourage the development of total relationships, and the implementation of the TIPCE culture (Trust, Integrity, Professionalism, Customer Focus and Excellence)..

The adoption of appropriate work programs and strategic initiatives in 2013, supported by a high level of discipline at all levels of execution, yielded impressive results that were ahead of target. The CBB Margin Contribution Allotment Rp 10.6 trillion, representing an increase of 14% from the previous year. The improvement in the Margin Contribution was driven by growth in Fee-Based Income of 45% Year on Year (YoY) to Rp 1.6 trillion, and net interest income growth of 12% Year on Year (YoY) to Rp 10.2 trillion.

In line with the CBB Directorate's focus on wholesale transactions, total fee-based income derived from I transactions (Trade, Cash Management, and Bank Guarantees) in 2013 was up 28% to Rp 437 billion, accounting for 27% of total fee-based income in the CBB Directorate.

commercial & business banking

On the funding side, the CBB Directorate successfully increased funds by 30% to Rp 159.15 trillion, compared with 2012. Funds derived from the Commercial segment amounted to Rp 53.56 trillion, up 17% from 2012, while funds from the Business Banking segment amounted to Rp 105.6 trillion, up 37% from the previous year. With this, the Commercial segments market share of funds in 2013 stood at 2.32%, while the Business Banking segment's share stood at 1.39%. As regards the funding structure, low-cost funds (Business Current Accounts and Savings Accounts) were maintained at 85.1% of the total funds volume, or Rp 135.36 trillion, while Commercial's share of low-cost funds stood at Rp 36.99 trillion, or 69.1%, and Business Banking's at Rp 98.37 trillion, or 93.2%. As of the end of 2013, the number of funding customers managed by the CBB Directorate amounted to 42,497, consisting of 4,881 Commercial segment customers and 37,616 Business Banking segment customers.

The CBB Directorate's loan book also increased significantly in 2013 with gross expansion realization amounting to Rp 89.6 trillion, which consisted of gross credit expansion in the Commercial segment of Rp 70.5 Trillion and Rp 19.1 trillion in Business Banking. Gross credit expansion from new customers in the Commercial segment stood at Rp 16.9 trillion and Rp 5.8 trillion in Business Banking. With this gross expansion, the volume of lending by the CBB Directorate increased to Rp 163.4 trillion, up 16% from the previous year, with the Commercial segment accounting for Rp 116.9 trillion (up 14% from 2012) and the Business Banking segment Rp 46.5 trillion (an increase of 21% from the previous year).

Credit volume in 2013 increased so that the credit market share of the Commercial segment amounted to 10.31% and the Business Banking 10.25%, compared with 9.8% the previous year. The CBB Directorate's gross NPL level in 2013 stood at 1.43%, with the level for the Commercial segment being 0.80% and 3.00% for Business Banking. The various achievements and improvements recorded by the CBB Directorate in 2013 are closely related to the adoption of clear targets and work programs, disciplined implementation. and coordination with Risk Management and Credit Operations as part of the "3 Pillars" approach. In the regions, the Regional Managers, as CEOs in their respective regions, played an important role in forging synergies between units within Bank Mandiri and alliances with subsidiaries of Bank Mandiri.

Thanks to its excellent performance in 2013, Bank Mandiri received various awards and accolades in the wholesale transaction and SME fields from external agencies and institutions, such as awards from The Asset for Best SME Bank-Indonesia and SME Banker of the Year for the CBB Director, an award from
The Asian Banker for Best Cash Management Bank in Indonesia, and an award from Alpha SEA for Best Cash Management Bank in Indonesia.

STRATEGY & OUTLOOK FOR 2014

The year 2014 will continue to be part of the Profitability Building stage, as carried over from 2013. Consequently, concerted efforts will be required on the part of all CBB Directorate staff to improve profitability in the year ahead given that the global economy has yet to fully recover from the crisis and that 2014 will be highly politically charged. The banking industry is expected to continue facing challenges due to tight liquidity, higher interest rates, declining NIM, and a diminution in credit quality. To overcome these challenges, the CBB Directorate has identified 3 (three) principal strategies that it will pursue in the year ahead, namely:

commercial & business banking

1. Developing of business capacity
   In 2014, the CBB Directorate will continue to grow the assets and liabilities sides, and is targeting lending growth of 19.3% based on good credit quality, to be accompanied by growth in funds of 20.6%. In addition, the development of business capacity will be supported by strengthening the organization through intensification and extensification programs. The intensification program involve the fulfillment of Human Resources needs in the existing Commercial Banking network, while the extensification program will see an expansion of the Business Banking network so as to extend its scope into prospective areas that are as yet not covered. In this regard, it is planned to open a total of 5 BBCs and 15 BB Floors in 2014.

2. Developing products and improving business processes
   To improve services on the wholesale transaction side, product development initiatives in 2014 include the provision of trade bundling products to exporters on an end to end basis; the implementation of Yuan-based product bundling programs (demand deposits, remittance and trade), the development of cash-flow based financing, and improving cash management services on the sales, on-boarding and after sales servicing sides.

   In the IT infrastructure field, a number of initiatives will be pursued to support wholesale banking, including improved reporting of Export Transaction Details (RTE), enhanced cash management features, enhancing the Supply Chain Management System and continue the development of End to End Trade Finance, which commenced the previous year.

3. People & Entrepreneurial Leadership Development
   The 2013 program for fulfilling human resources needs in the CBB Directorate will be continued in 2014, including the assignment of employees to their regions of origin, having regard to the needs of each region. It is expected that the CBB Directorate will need 777 new staff members in 2014, with 80 of these being required by Commercial, and 697 by Business Banking.

Treasury, financial institutions & special asset management

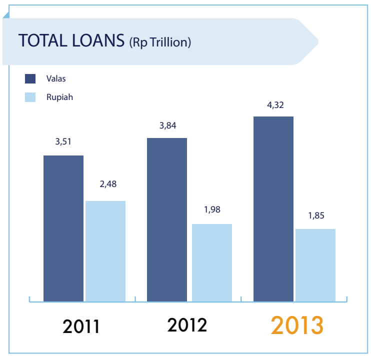
"The Treasury, Financial Institutions & Special Asset Management Directorate, which is responsible for managing the treasury, financial institutions and special asset management segments, is determined to consistently play a central and consistent role in making a significant contribution to the performance of Bank Mandiri through reliable treasury functions, the progressive development of the Bank's international business, the optimal handling of problem loans and efficient procurements processes."

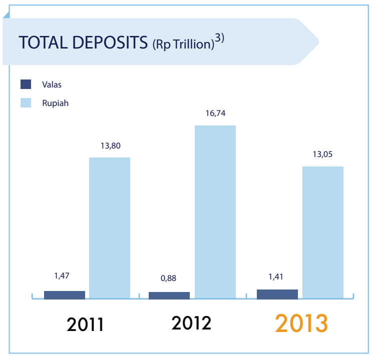
The Treasury, Financial Institutions & Special Asset Management Directorate (TFS Directorate) is determined to consistently play a central and consistent role in making a significant contribution to the performance of Bank Mandiri through reliable treasury functions, the progressive development of the Bank's international business, the optimal handling of problem loans and efficient procurements processes. The Directorate is responsible for treasury operations, asset and liability management, the international banking and capital markets business, the development of overseas branches, and supervision of the Cayman Islands branch and Bank Mandiri (Europe) Limited (BMEL). It is also responsible for the recovery of problem loans, the procurement of goods and services, and the management of Bank Mandiri's fixed assets.

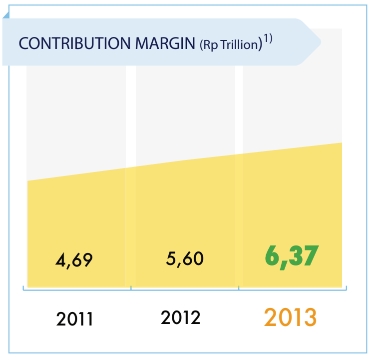
The TFS Directorate continues to take the initiative by maximizing opportunities to generate revenue, while maintaining liquidity levels, strengthen the financial structure, increasing in the volume of trade and maximizing the recovery of written-off loans. This provided a margin of Rp 6.37 trillion, compared to Rp 5.60 trillion in 2012. Fee-based income reached Rp 4.83 trillion, an increase of 27.8% compared with 2012, when the figure was Rp 3.78 trillion, with income from cash collection on written-off loans stood at Rp 2.21 trillion.

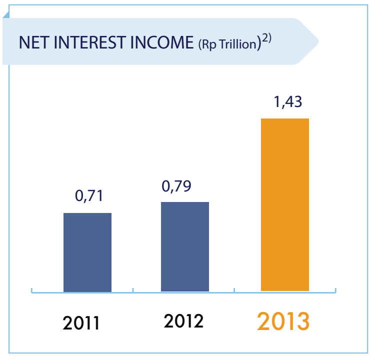
The year 2013 saw declines in the prices of three of Indonesia's principal commodities (CPO -16.5%, Coal -11% and Rubber -18.6%) and this affected the value of customers' exports. In the midst of this decline in business, Treasury managed to secure a 30.14% market share of all forex transactions with national banks, and saw growth of 1.3% (YoY) in the volume of customers' foreign exchange transactions to USD73.70 billion, while interbank foreign exchange transactions grew 8.84% (YoY) to USD123.51 billion. Money market transaction volume increased 11.58% (YoY) to USD134.40 billion, while the volume of securities transactions stood at USD17.62 billion, bringing the total volume of treasury transactions in 2013 to USD349.22 billion, up 3.59% (YoY).

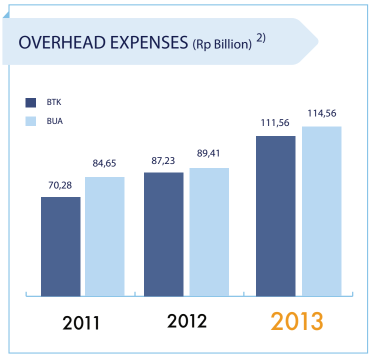
treasury, financial institutions & special asset management

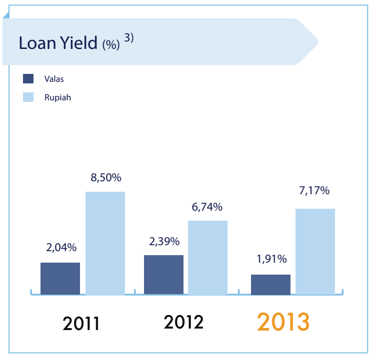


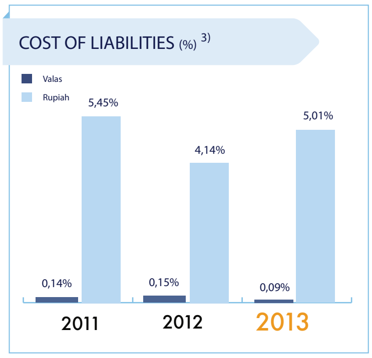


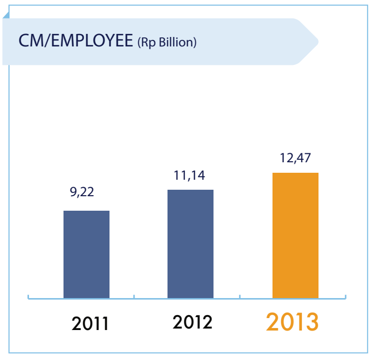












1) Treasury, FICS and SAM (Excl. Non Recurring)
2) Treasury and FICS
3) FICS

As part of Bank Mandiri's efforts to strengthen its financing structure and to anticipate a slowdown in the process of global economic recovery, the TFS Directorate has also successfully improved and strengthened its medium and long term USD and Euro funding structure. In the case of USD funding, we secured bilateral loan facility funding of USD 150 million with a tenor of three years from a global bank. As for Rupiah funding, we secured a repurchase agreement funding facility of Rp 2.5 trillion, based on a tenor of five years, from two global banks. These facilities not only strengthen our funding structure, but also show the confidence the global financial markets have in Bank Mandiri. In addition, we also secured a bilateral loan worth USD 100 Million from Agence Francaise de Developpement (AFD) of France to finance renewable energy and energy efficiency projects in Indonesia, which agreement was signed on 8 November 2013. Further, the TFS Directorate's commitment to consistently providing the best possible services in the treasury and trade fields for the retail customer segment, and corporate

treasury, financial institutions & special asset management

and financial institutions has earned us a variety of awards and accolades, Including being named "Best Foreign Exchange Bank" by Finance Asia, "Best Domestic Providers of FX Services" by Asiamoney, "Best FX Bank for Corporates and FI" by Alpha South East Asia, and "Leading Counterparty Award" by The Asian Banker for the period 2011, 2012 and 2013.

In line with Bank Mandiri's focus on growing wholesale transactions, one of the businesses that was particularly promoted in 2013 was the remittance business, supported by the development of innovative products, and focused and expansive marketing strategies. The TFS Directorate's success in managing the remittance business is evidenced by an increase in the number of remittance transactions that was 6.5% above the average market increase of only 1.7%. In addition, Bank Mandiri secured a 14.05% share of the total volume of remittance transactions handled by national banks (up from 13.17% the previous year). In the capital markets area, the Bank was appointed as a capital markets transaction payment bank for the period 2011-2015, and continued to consolidate its dominance through collaborative ventures with stock exchange members. Bank Mandiri fully supports the separation of investors accounts from those of exchange members. In addition, Bank Mandiri's custodial services recorded a significant increase in 2013, namely, an increase of 13.0% in portfolio securities in deposit, and we also acted as a custodian for Asset Backed Securities (ABS). As regards trustee services, Bank Mandiri provides such services in the capital markets arena, including acting as escrow agent, paying agent, security agent and a receiving bank for issuers companies conducting Initial Public Offerings (IPO).

In 2013, the TFS Directorate successfully recovered written off loans worth Rp 2.21 trillion. As regards asset quality management, the gross non-performing loan (NPL) ratio stood at 1.60% (bank only) in December 2013, an improvement on December 2012, when the NPL ration was 1.74%. This shows that the handling of problem loans in Bank Mandiri is proceeding well based on an appropriate account strategy. This includes the taking of legal action against uncooperative debtors, including the use of debt moratoriums (PKPU), bankruptcy petitions, the execution of court judgments and the use of civil claims.

The TFS Directorate is also playing an active role in the development and management of Bank Mandiri's assets by preparing a Corporate Real Estate (CRE) Master Plan to ensure asset optimization. Asset management is supported by a Property Management System that provides data and information on immovable fixed assets. As part of the asset development program, the TFS Directorate has constructed a number of office buildings in Solo, Palembang, and Balikpapan, while further office buildings are still at the planning stage in other cities. In addition, we are also involved in the development of the Wijayakusuma Integrated Zone, which is located in West Jakarta on a site of about 20 hectares, and includes office space, the Mandiri University complex, and residential facilities. The project, which is expected to be completed in in 2017, will support the operations of the Bank and enhance staff competencies in order to help Bank Mandiri achieve its 2020 vision.

treasury, financial institutions & special asset management

As regards procurements, we continue to enhance our procurement strategy so as to improve effectiveness, efficiency and quality. In accordance with the Procurement Roadmap 2011-2014, in 2013 we entered into sustainable procurement partnerships with strategic suppliers and implemented a number of cross functional team initiatives through joint planning sessions for the procurement of both IT and non IT projects effectively, efficiently and on time. In addition, we made various improvements to our Procurement Information System, including the introduction of zero stock for some types of goods, an online based order system, a partner management system, and the online monitoring of the signing of Minutes of Delivery (BAST). We also strengthened the procurement process in the regions through disseminating information on the procurement process to all procurement officials in the Regional Offices.

OPERATIONAL STRATEGIES & PLANS

Looking forward to the challenges and opportunities that await in 2014, the TFS Directorate will remain focused on the marketing of wholesale remittance, trade and capital markets services through product bundling. In the trade segment, we plan to develop non-LC trade financing, that is, a non-LC underlying trade transaction financing facility with a correspondent bank. We also plan to promote the integration of trade finance product agreements and intensify our marketing of trade finance products to correspondent banks. We will also improve the custody system and develop related products, such as Shariah-compliant capital market custodial services so as to maintain Bank Mandiri's market share in the capital markets business. This is important so as to maintain Bank Mandiri's position as a leading counterparty of FI bank and FI non-bank customers.

As regards problem loans, the next challenge is to maintain the NPL ratio amid anticipated continuing difficulties in the macro economy in 2014. Consequently, we will continue to optimize the use of our Early Warning System (EWS), while engaging in proactive joint efforts with Business Units in order to respond to borrowers whose loans could become problematic at an earlier stage. We believe that these approaches hold the key to the success of the bank in maintaining its NPL ratio. In line with the amendment of the Bank Indonesia Regulation on Asset Quality Rating for Commercial Banks, the focus of credit management will be on the front-end while borrowers are still managed by the Business Unit. Meanwhile, in the case of uncooperative debtors, the Bank will continue to issue warning letters, optimize the liquidation of collateral through conducting asset auction nationally, and increase its recourse to legal action. In the asset management and development arena, Bank Mandiri will push ahead with its plans for the development of new office buildings and the renovation of existing ones in a number of cities around the country, and will continue to maximize the use of bank assets. This is in line with the the Bank Mandiri Corporate Real Estate (CRE) concept, which requires the integrated management of Bank Mandiri assets both at head office and in the regions.

The Procurement Unit's operational strategies and plans include the further improvement of business processes in accordance with the 2011-2014 Procurement Roadmap. This will involve the implementation of the Action Plan for Procurement Excellence through collaboration with internal and external stakeholders so as to improve value added.

micro and retail banking

"The micro financing segment also recorded an outstanding performance, with the segment's total loan portfolio in 2013 increasing to Rp27.1 trillion, up 42.3% on 2012. This result was achieved while remaining faithful to prudential banking principles, as evidenced by the fact that the NPL ratio in 2013 was maintained at 3.02%"

In order to realize Bank Mandiri's of being the largest retail bank in Indonesia, in 2013 the Micro & Retail Banking Directorate introduced a number of strategic initiatives that produced encouraging results in terms of market share, funds composition, fee-based income, customer base, number of transactions and distribution coverage. This was achieved remains amid tight competition and a variety of economic challenges.

Despite the competition and challenges, the Micro & Retail Banking Directorate continued to focus on its primary vision, namely, to be the leading retail franchise through the application of our core strategy: expanding our customer base, strengthening customer loyalty, expanding our network, fulfilling customer transaction needs, and improving funding structure.

Significant Business Growth and Network Expansion In 2013

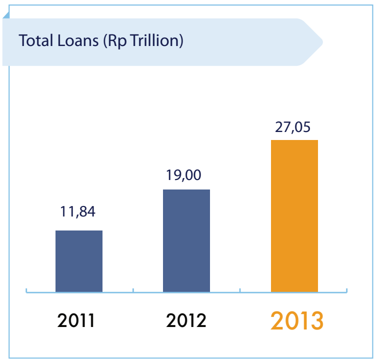
Although 2013 saw the Micro and Retail Banking Directorate facing a variety of challenges, our achievements during the course of the year were very significant. These achievements were generated by our core strategies of network expansion, improved the funding mix, the fulfillment of customer transaction needs through our e-channels, and strengthening customer loyalty. The number of accounts held with the bank amounted to 14 million at the end of 2013, an increase of 8.6% compared to 2012.

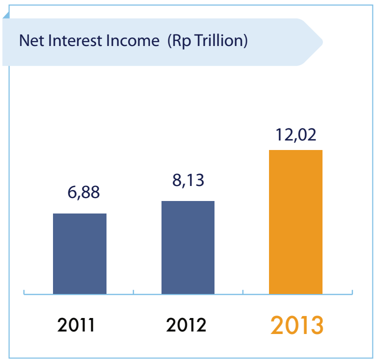
To bring us closer to our customers, Bank Mandiri added 55 new branches to its network so that the number of regular branches rose from 1,308 in 2012 to 1,363 in 2013. As regards the needs of priority customers, as of the end of 2013 Bank Mandiri had 53 priority outlets and 54 priority lounges throughout Indonesia. Services to our micro customers were also improved through network expansion, bringing the total number of micro units to 1,027, micro branches to 687, micro kiosks to 751, located all across the country.

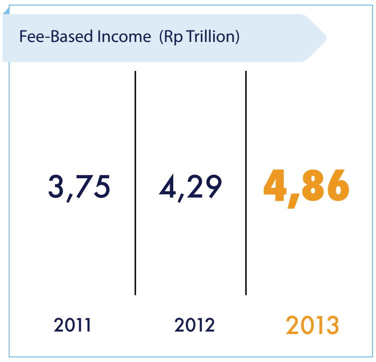
Also to meet customer transaction needs, Bank Mandiri continues to expand its ATM network, adding 529 new ATMs during 2013 so as to bring the total number to 11,514. The number of client transactions increased to 912 million, up 9% compared to 2012. By the end of 2013, Bank Mandiri also had 43 mobile ATMs in operation which provide cash and account services, and have ATMs. These operate in cities such as Jakarta, Bandung, Semarang, Surabaya, Medan, Makassar, Banjarmasin and Denpasar.

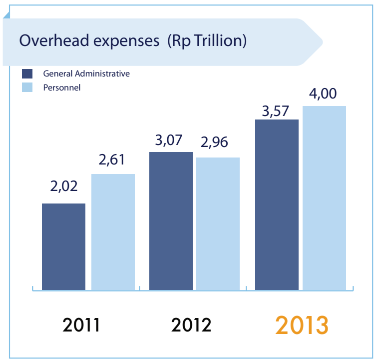
In addition to its ATM network, Bank Mandiri also continued to increase the number of EDC machines (commonly known as swipe machines) from 180,352 in 2012 to 230,352 in 2013. The machines handled 86 million transactions in 2013, an increase of 48% from the 58 million transactions handled in 2012.

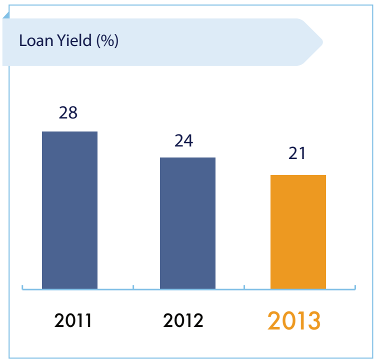
micro and retail banking

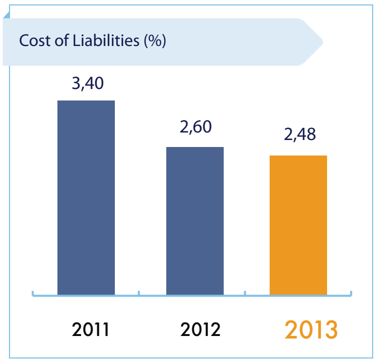












Other electronic channels that allow customers to conduct transactions anywhere and at anytime are mobile banking and internet banking. During 2013, the of mobile banking transactions reached 146.9 million, an increase of 22% from the 120.2 million conducted in 2012, while internet banking transactions amounted to 310.8 million. In terms of innovation, in 2013 Bank Mandiri also rolled out its mandiri e-cash service, a mobile phone-based cash service that allows the customer to conduct banking transactions without having to open an account at a Bank Mandiri branch.

In the prepaid arena, Bank Mandiri offers a number of e-Money cards (including its e-toll card, Indomaret card and gaz card), with the total number of e-Money card users in 2013 increasing to 3.5 million, up 30% from 2012, with the number of transactions conducted in 2013 standing at 113.4 million and transaction volume at Rp 1,514.4 billion. Each year, the Bank continues to improve its third-party funding structure, while all the time focusing on maximizing the contribution of low-cost funds. In 2013, the amount of third-party funds managed by the Micro & Retail Banking

micro and retail banking

Directorate role to Rp341.7 trillion, an increase of 26% compared to 2012, while the deposit volume increased 18% to Rp209 trillion from Rp177.3 trillion in 2012. This achievement meant that the contribution of low-cost funds as a proportion of total deposits in 2013 amounted to 61.2%.

Availing of its extensive network of regular branches and priority outlets, during 2013 Bank Mandiri successfully sold Retail ORI (ORI-010) worth Rp2.53 trillion (giving the Bank a market share of 12.5% of national sales) and Retail Sukuk (SR-005) worth Rp1.6 trillion (giving a market share of 11% of total national sales).

The micro-finance segment also turned in an outstanding performance in 2013, with its total loan portfolio reaching Rp27.05 trillion, an increase of 42% compared to 2012. This achievement was also accompanied by continued adherence to prudential principles, as evidenced by the fact that the NPL ratio in 2013 was maintained at 3.02%. The various achievements outline above had a positive effect on the Micro & Retail Banking Directorate's financial indicators. Net interest income in 2013 reached Rp12.02 trillion, up 48% from 2012, while fee-based income rose to Rp4. 86 trillion, an increase of 13.02% over 2012. These increases boost the Directorate's contribution margin, which increased significantly to Rp 6.81 trillion, up 54% from 2012. The Micro & Retail Banking Directorate also received various accolades and awards at both the domestic and international levels, including the awards for **Best Private Banking in Indonesia** from Finance Asia and **Best Private Wealth Management** from Alpha South East Asia.

2014 Operational Strategies and Plan

In 2014, the Micro and Retail Banking Directorate will continue to strive to be the best by way of growing significantly through various strategic initiatives. The first strategic initiative is to expand the Bank Mandiri network through the addition of at least 50 branches, 1,910 ATMs and 40,000 new EDCs so as to bring the total number of branches to 1,413 branches, ATMs to 13,424, and EDCs to 270,352.

The second strategic initiative is to continue pursuing our Value Chain and Cluster strategies so as to increase funding from business deposits and the low-cost funds sector. In addition, the launch of our TabunanMU (Mitra Usaha) in the Micro segment is expected to provide a substantial contribution in 2014.

The third initiative is to strengthen and enhance customer loyalty. One way in which we will do this is to continually promote our Fiestapoin scheme so as to encourage customers to increase the number of transactions they conduct through Bank Mandiri channels, as well as increase their balances. In terms of micro-banking, we will continue to lend aggressively so as to increase the Bank Mandiri portfolio while at the same time maintaining the NPL ratio.

The next strategic initiative is to continue improving service quality so as to ensure "The Best Service Excellence" in all Bank Mandiri business lines. The final initiative is to forge alliances and enhance synergies with other business units and subsidiaries. Through such alliances, Bank Mandiri will be able to continue dominating the retail payments market.

Through these four strategic initiatives, and the provision of top-quality services, Bank Mandiri is optimistic that it will become the customer's transaction bank of choice so that our vision of becoming the leading micro and retail bank in Indonesia can be achieved.

consumer finance

"In managing the consumer segment, the Consumer Finance Directorate continues to innovate and consistently strives to be the market leader in consumer finance in Indonesia by focusing on securing a significant market share contribution "

Total Consumer Financing

Rp56,6 Trillion

The Indonesian banking industry in 2013 saw increasingly tight and aggressive competition in consumer finance, as well as the issuance of a number of Bank Indonesia regulations to more tightly regulate the industry, particularly the credit card and mortgage businesses. However, Bank Mandiri, through the Consumer Finance Directorate, successfully managed to maintain its position as one of the leading players

in the segment. The Consumer Finance Directorate is responsible for managing the consumer finance business by extending mortgage loans, personal loans (payroll and unsecured loans), motor vehicle loans and credit card lending. The Directorate has also been developing a general insurance business since 2012.

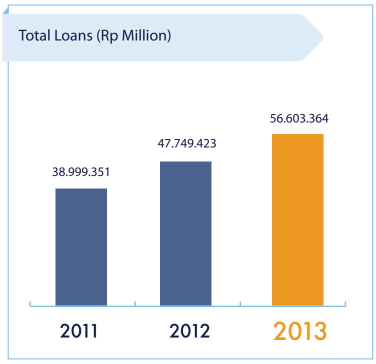
The consumer finance segment is also supported by updated regulations requiring more prudent credit-card lending and greater protection for consumers, such as regulations restricting the number of credit cards that can be held and one introducing a new method of calculating interest. Bank Mandiri's target is to become the leader and most innovative financial service provider in this segment. Throughout 2013, Bank Mandiri consistently applied a variety of marketing programs and launched a number of promotions and new products so as to boost growth and the performance of the Consumer Finance Directorate.

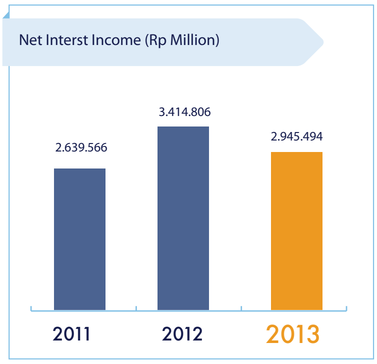
Keys to Success and Awards in 2013

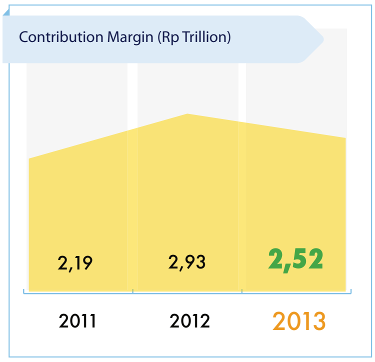
Bank Mandiri's consumer finance business continued to record a high rate growth in 2013, despite tight competition in the market and restrictive new regulations issued by Bank Indonesia. The Consumer Finance Directorate's total credit portfolio increased by 18.5% to Rp56,6 trillion from Rp47,8 trillion in 2012, while nationally the consumer finance industry registered growth of 14.3%. With growth exceeding the market average, Bank Mandiri's share of the consumer loans grew to 6.2%, an increase of 0.1% over 2012. At the same time, the Consumer Finance Directorate continued to strengthen risk management and the application of prudential principles so that the level of non-performing loans continued fell further to 1.70%, down 0.12% compared to 2012, when the figure was 1.82%. Thanks to these achievements, net interest income from the consumer segment reached Rp2.95 trillion, while fee-based income amounted to Rp 1.3 trillion. Consequently, the Consumer Finance Directorate was able to record a net net margin contribution of Rp 2.5 trillion.

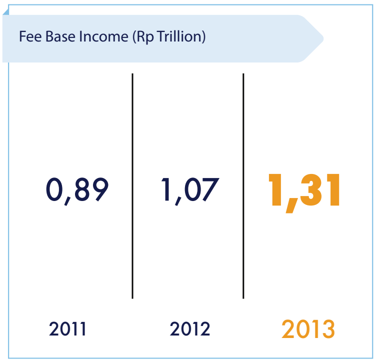
The success of the Consumer Finance Directorate in 2013 is reflected in its mortgage lending, which grew 18.3% to Rp 26.9 trillion, despite the issuance of new regulations by Bank Indonesia in October 2013 that tightened up the rules on collateral. To further strengthen the mortgage business, Bank Mandiri has established partnerships with 1,396 project developers and 179 brokerage houses throughout the country so as to reach a wider consumer base and confirm Bank Mandiri's reputation as one of the best mortgage providers in Indonesia. We have also entered into exclusive joint promotion and marketing programs with well-regarded developers and brokerage houses so as to offer competitive products both in terms of interest and other features.

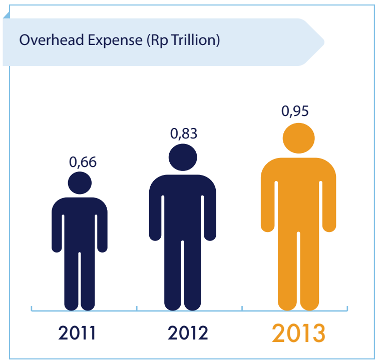
consumer finance

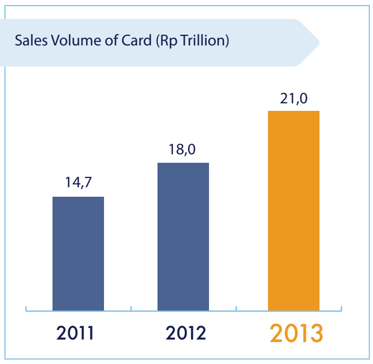


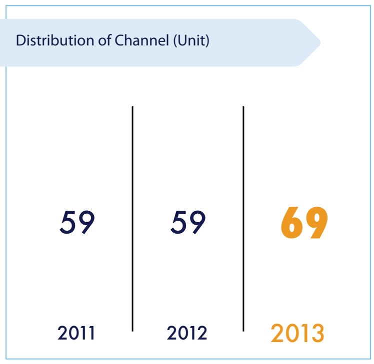












In addition to providing housing loans, Bank Mandiri in 2013 also successfully increased its personal loan portfolio, consisting of payroll and unsecured loans, to Rp 9.7 trillion, up 16.5% from 2012. The personal loan business is focused on payroll loans, with the bank availing of its database of corporate companies for the purpose of disbursing such loans.

The Bank Mandiri credit-card business recorded significant growth in 2013, in which the credit card debit balance reached Rp 5.6 trillion, an increase of 11.6% over 2012. This served to further strengthen the position of Bank Mandiri as an industry leader, with its market share of card loans standing at 10.9%. Such growth is closely related to improvements in the relevant leading indicators, including an increase in the number of Bank Mandiri credit card in circulation to 3.15 million, up 304 thousand from 2012, and a sales volume that reached Rp 20.97 trillion, representing an increase of 16.4% over 2012. The application of a reliable risk management system and prudential principles ensured that Bank Mandiri maintained the level of NPLs in the credit-card business at 2.29%, better than the industry NPL average of 3.00%.

consumer finance

The motor vehicle financing business operated by subsidiary Mandiri Tunas Finance (MTF) also recoreded good growth. Total vehicle financing by MTF amounted to Rp 15.63 trillion, an increase of 36.6% over 2012, with the Bank Mandiri joint financing portion standing at Rp 10.36 trillion. MTF also continues to expand its distribution network, which now has 81 branches throughout Indonesia. In addition, it continues to improve the quality of customer services, including the speed of processing and by offering competitive interest rates. Furthermore, MTF has forged synergies with various Bank Mandiri business units, including through agency services, distribution network referrals, collaborative ventures with Corporate Banking and Commercial & Business Banking. Actual agency service disbursements by MTF up to the end of December 2013 stood at Rp 398 billion.

The general insurance business operated by Mandiri AXA General Insurance (MAGI) has also been experiencing rapid growth. MAGI recorded premium income of Rp 392.9 billion in 2013, an increase of 105% compared to 2012, and issued some 450 thousand policies, an increase of 147% over 2012. In 2013, MAGI focused on increasing business volume of business through collaborative ventures with major partners, such as PT Mandiri Tunas Finance and PT Bank Mandiri (Persero) Tbk business units. To support the increase in business volume, MAGI also introduced a number of initiatives, including new product offerings, development of its human resources, enhanced strategic services to business partners and customers, and developing an IT technology system that suits its the needs. Currently, MAGI has entered into partnerships with 281 automotive workshops spread across 66 cities, and provides Emergency Road Assistance services in 12 major cities.

In recognition of the above achievements, Bank Mandiri received a number of awards and accolades in 2013, including recognition at the "Property Indonesia Awards 2013" as "The Best Property Service, Mortgage Lender Category", "Property & Bank Award 2013" as the "Best Bank in Mortgage Services (Commercial Bank with Assets in Excess of USD 200 Million category) "," Social Media Award 2013 for the Mortgage Bank category", "Brand Champion 2013" as "Gold Brand Champion of the Most Preferred Mortgage Brand ", "Housing Estate Award 2013" as "Favourite KPR for Houses IDR 500 Million - 1 Billion Greater Jakarta Area", and awards the Adiupaya Puritama Award as "*Second Best Housing Loan Distribution Bank Through FLPP profram categorized in Lembaga Penerbit Kredit Konvensional*".

2014 Operational Strategies & Plans

The consumer finance business development strategy in 2014 will remain focused on the development of the retail financing business, with the emphasis being on high yield products. This is in line with the Bank Mandiri corporate plan to become the leader in the mortgage, personal loan, credit card, and vehicle financing businesses.

As part of its operations plan, the Consumer Finance Directorate will focus on forging synergies with the Bank Mandiri branch office network and other units, further honing market focus in prospective regions, offering diverse and innovative products, and developing competitive pricing strategies, supported by dynamic risk management. The number of branches now stands at more than 1,400, while the number of customers has increased to more than 13 million, both of which operate as competitive advantages for the Consumer Finance Directorate in boosting market penetration through the forging of strategic alliances that optimize the use of the branch network for referrals and cross-selling of personal loan, credit card and motor vehicle loan products.

consumer finance

Bank Indonesia's new rules on collateral, which came into effect in October 2013, will have a direct impact on the mortgage business in 2014. However, Bank Mandiri still believes that the mortgage business will continue to grow and that Bank Mandiri will maintain its position as the mortgage market leader. The Consumer Finance Directorate will continue to develop secondary market financing and the the channeling of Housing Finance Liquidity Facilities (FLPP), with the focus being on those regions that offer the best prospects. In addition, the Consumer Finance Directorate will strengthen its relationships with developers and increase the number of developers with which it collaborates, particularly developers operating in the middle and FLPP segments.

In the personal business loans, Bank Mandiri will develop high-yield payroll products that will be focused on strategic alliances with other Bank Mandiri units, particularly as regards the penetration of companies in our Anchor Client and SPAN programs, as well as selected companies that have assigned payroll functions to Bank Mandiri. This process will be assisted by preferential interest rates and relatively less stringent conditions. Preapproved programs will also continue to be developed for existing blue-chip customers.

In line with the growth of the middle-income segment in Indonesia in 2014, we believe that the credit card business will also continue to grow. The middle-income segment, characterized by a high levels of purchasing power and consumption, will come to increasingly dominate Indonesian society. To optimally avail of this potential, in 2014 Bank Mandiri will develop a loyalty program that offers easier exchange of points so as to provide direct benefit to the cardholder. The program will be applied on an ongoing basis so that Mandiri Credit Cards are used in every transaction and offer value added to the cardholder. In addition, Bank Mandiri plans to expand its network of regional card centers from 7 to 12 outlets in 2014, thereby strengthening its acquisition strategy using branches that have produced good quality portfolios. Bank Mandiri, in particular the Consumer Finance Directorate, will continue to invest in and improve the competencies of our staff in order to deliver innovative solutions and value added to our customers. The risk management system will also continue to be enhanced so as to support growth. Accordingly, the Consumer Finance Directorate is confident that it will achieve an even better performance in 2014.

Subsidiaries

Our Subsidiaries at a Glance

bank syariah mandiri

total loans (Rp Trillion)	total deposit (Rp Trillion)	total fee (Rp Billion)	total NII (Rp Billion)	net income (Rp Billion)
50,13	56,46	1.193,00	3.356,91	651,24

total yield (%)	cost of liabilities (%)	NPF (%)	ROA (%)	ROE (%)
12	4,12	2,37	1,91	19,2

bank sinar harapan bali

total loans (Rp Trillion)	total deposit (Rp Trillion)	total fee (Rp Billion)	total NII (Rp Billion)	net income (Rp Billion)
0,73	0,84	11,4	101,37	17,24

total yield (%)	cost of liabilities (%)	NPF (%)	ROA (%)	ROE (%)
20,35	5,57	0,54	2,3	10,65

AXA mandiri financial services

volume AFYP (Rp Trillion)	volume FUM (Rp Trillion)	total fee (Rp Billion)	net income (Rp Billion)	ROE (%)
3,05	15,49	512,41	1.117,0	65,1

mandiri sekuritas

securities underwriting (Rp Trillion)	bond trading volume (Rp Trillion)	equity trading value (Rp Billion)	operational income (Rp Billion)	ROE (%)
10,04	60,59	120,71	519,18	10,6

mandiri tunas finance

total loans (Rp Trillion)	total aset (Rp Trillion)	total fee (Rp Billion)	total NII (Rp Billion)	net income (Rp Billion)
15,63	5,64	237,76	476,29	176,37

NPL (%)	total loan yield (%)	ROA (%)	ROE (%)
1,72	3,54	4,45	29,14

Shariah-Compliant Subsidiary

bank syariah mandiri

In 2013, Bank Syariah Mandiri increasingly revealed itself as a major player in the national Islamic banking segment. BSM's net profit as per end December 2013 amounted to Rp 651.24 billion.

In the midst of challenging economic conditions and tight competition, BSM continued to improve its performance so as to achieve its aspiration of being the "Most Trusted Islamic Bank Business Partner of Choice." Although 2013 was a year full of challenges, especially with the implementation of the Corporate Plan 2011-2015 and the new Core Banking System, all BSM units remained focused on achieving a performance that was in line with BSM's business plan.

In 2013, BSM remained focused on the retail banking business, including financing for the micro and small business segments, such as the Pawning, Warung Micro, and Consumer Finance businesses. BSM has 5 (five) main focuses to see off the competition in this segment: first, increased productivity per employee; second, control of asset quality, third, improved service quality, fourth, the implementation of Project Saturn, the 2013 Corporate Plan, the business alliance with PT Pos Indonesia and Core Banking System Phase II, and fifth, improved employee competencies and strengthening the implementation of ETHIC shared values. As regards network expansion, BSM has expanded its business channels in both the physical and virtual worlds. The physical network by the end of 2013 consisted of 853 outlets in the 33 provinces of Indonesia and a network of more than 132 thousand ATMS throughout Indonesia and in Malaysia. The ATM network consists of 909 BSM ATMs, 11,454 Mandiri ATMS, 53,722 Bersama ATMs, and 66,770 Prima ATMs. BSM also offers internet banking services through BSM Net Banking and mobile phone banking services via SMS and BSM Mobile Banking GPRS.

To improve service quality, BSM provides a wide range of products to support customers' businesses, including funding, financing, and other banking products. BSM funding products consist of a wide variety of deposit, time deposit and checking products, while its financing products consist of consumer, commercial, and corporate financing. These financing schemes can be availed of by various business sectors, including wholesale trading, agriculture, industry, retail trade, housing, public infrastructure and facilities, including telecommunications, etc. BSM also offers a comprehensive range modern banking products, including rupiah and forex remittance services both at home and overseas, billing services for such things as electricity, water, telephone, tax, etc., as well as the purchasing of a wide range of vouchers. All of these services can be accessed online.

In addition to these key strategies, BSM is also working to improve the quantity and quality of its human resources on an ongoing basis, including through the application of e-recruitment via the company's website, the provision of both in-house and public training, the Officer Development Program (ODP), and promotional and reward programs for employees.

Thanks to hard work and the implementation of these strategies, in 2013 BSM successfully maintained its position as the largest Islamic bank in Indonesia.

BSM's total assets as per end December 2013 had increased 18.00% to Rp63.97 trillion from Rp54.21 trillion in 2012, although this was lower than the average growth of 19.54% recorded by the national shariah sector, which saw the value of its assets increase from Rp 195.02 trillion in 2012 to Rp 233.13 trillion in November 2013.

Shariah-Compliant Subsidiary
bank syariah mandiri

As of November 2013, BSM continued to have the largest market share in the shariah segment at 27.87%, although this was lower than its 30.34% share in 2012. Although BSM's market share declined, the bank was nevertheless able to maintain its position in the top 20 largest national banks in terms of assets (including conventional banks), up from 21st place in 2010 and 32nd in 2006.

Financing grew 12.83%, or Rp 5.70 trillion, in 2013, increasing from Rp44.43 trillion in 2012 to Rp50.13 trillion in December 2013, although this growth was lower than average industry growth, which by the end of November 2013 was up 22.59% to Rp180.83 trillion from Rp147.51 trillion at the end of 2012.

The provision of financing at BSM also refers to the Company's mission to focus on the MSME sector. Throughout 2013, BSM increased its share of MSME financing (Non-Corporate) to 66.89%, although this was down from 73.27% in 2012. In tandem with good growth, BSM continued to apply prudential principles, although the Gross Non-Performing Financing (NPF) Ratio increased from 2.82% at the end of 2012 to 4.32% in 2013, while the Net NPF Ratio rose from 1.14% in 2012 to 2.29% at the end of December 2013.

In the funding arena, third-party funds managed by BSM rose 19:09%, or Rp 9.05 trillion, from Rp47.41 trillion in 2012 to Rp56.46 trillion at the end of December 2013. Meanwhile, shariah bank deposits up until the end of November 2013 grew 19.51% from Rp147.51 trillion in 2012 to Rp176.29 trillion at the end of November 2013. BSM also maintained the ratio of consumer funds to low-cost funds. Total BSM funding over the last 8 years has consistently been dominated by consumer funds (funds derived from individual customers). As of the end of December 2013, consumer funds accounted for 56.91% of total deposits. As of the end of December 2013, BSM managed more than 5.97 million funding account belonging to both individual and corporate customers.

As of the end of 2013, BSM continued to have the largest share of both the funding and financing markets. Nevertheless, funding market share decreased from 32.14% in 2012 to 32.03% as of the end of November 2013, while financing market share declined by 30.34% in 2012 to 27.87% at the end of November 2013.

Throughout 2013, BSM managed to maintain optimal profitability. Net profit as of the end of December 2013 amounted to Rp651.24 billion, while return on equity (ROE) reached 15.34%, and return on assets (ROA) 1.53%.

In recognition of its performance in 2013, BSM received 41 awards from external parties, including the Platinum Trophy Award, The Best Islamic Bank in Indonesia, Bank Best Service Excellence Rank: II, The Best Islamic Bank in Indonesia in 2013, Platinum Trophy Award, Indonesian Most Admired Knowledge Enterprise Award, Best Syariah 2013, The Best Islamic Bank, Annual Report Award, Best Syariah 2013, and The Most Trusted Companies Award.

Entering 2014, the challenges facing BSM are becoming more onerous, particularly as a result of increased competition from both local and foreign players. As of the end of November 2013, a total of 194 banks were operating based on shariah principles, consisting of 11 BUS, 23 UUS, and 160 BPRS. On the other hand, shareholder expectations are increasing due to both our improving financial performance and expanding market share. In an increasingly challenging business environment, BSM will constantly strive to provide increased value to our shareholders and stakeholders. BSM will also further hone its business focus on retail banking and the MSME segments through the development of the Pawning, Micro Points, CFBC and Commercial Banking businesses. To overcome the challenges facing it, BSM has indentified five (5) main business focuses for 2014: First, achieving a net profit of to Rp 1.00 trillion; second, improving the infrastructure financing process; third, implementation of the Corporate Plan Project and completion of the iBSM Project; fourth, developing our human resources; and fifth, improving our service quality (to be ranked 1st in Islamic banking).

Besides determining our focuses and instituting internal improvements, BSM will also strengthen synergies and alliances with Bank Mandiri, as its parent company, as well as with other Bank Mandiri subsidiaries, in particularly by availing of the Mandiri Group's customer base. This strategy will also be applied to fund raising and financing strategies, the sharing of branch offices so that Islamic products and insurance can be sold through the branches of Bank Mandiri and its other subsidiaries, and optimizing ATM sharing, such as happened at the end of December 2013 or ATM sharing partnership with BCA, which was introduced in 2012.

With the improvement and sharpening of our internal business strategies, and the full support of Bank Mandiri (our majority shareholder), the government, regulators, ulama, the public, customers and business partners, BSM is optimistic that it can become a bank of which the Indonesian nation can be proud.

Non-shariah / insurance subsidiary

mandiri Securities

Mandiri Securities is a securities company that resulted from the merger of a number of other securities companies owned by Bank Mandiri – Bumi Daya Sekuritas, Exim Securities and Merincorp Securities Indonesia. Mandiri Securities, which commenced operations on 31 July 2000, has paid up capital of Rp 638 billion, making it the best capitalized securities firm in Indonesia, something that allows it to participate across the entire spectrum of capital market transactions in Indonesia. Currently, Mandiri Securities is the foremost provider of investment banking and securities brokerage services in Indonesia.

The slowdown in global economic that occurred in 2013 also contributed to a decline in capital markets both globally and regionally, including the Indonesia Stock Exchange (IDX). The Jakarta Composite Index (JCI) fell from 4,316.687 at the end of 2012 to 4,212.980 at the end of December 2013, a drop of 2.40%. However, in May the index recorded its highest level ever when it closed at 5214.976.

Mandiri Securities, thanks to its commitment and determination to always be in the forefront, successfully minimized the effects of market shocks by optimally availing of all resources and opportunities at its disposal so as to close 2013 with a satisfactory performance.

As reflected through the Investment Banking Directorate (Division), Mandiri Securities in 2013 continued to lead the way in underwriting both bond and equity transactions in Indonesia, and successfully completed a number of mandates from some of Indonesia's best known companies. Mandiri Securities also maintained its dominance of capital market services in the form of stock and bond trading both on the prime and secondary markets.

In recognition of its achievements in 2013, Mandiri Securities was once again presented with various awards and accolades on both the national and international stages, including:

- Best Investment Bank in Indonesia for the ninth consecutive time by Global Finance
- Best Investment Bank, Best Equity House and Best Bond House, by FinanceAsia
- Top Bank in the Secondary Market for Corporate Bond and Top Bank Arranger, Quality and Number of Primary Corporate Bond Deals, by The Asset
- Best Investment Bank, Best Equity House and Best Bond House for the second time in a row by Alpha South East Asia
- # 1 Best Local Brokerage House in Indonesia for the third time, by Asiamoney Brokers Poll
- Indonesia's Best Domestic Debt House, by Asiamoney
- Most Active Underwriter from Capital Market Award, Indonesia Stock Exchange

Other no less significant awards were also extended in respect of a number of deals that were handled by Mandiri Securities during 2013, including:

- Treasury Shares Private Placement named Best Secondary Deal by Alpha Southeast Asia, and the Semen Baturaja IPO as Best Small-Cap Equity Deal
- Matahari Department Store re-IPO transaction named Best Secondary Offering and Best Deal by The Asset Triple A Regional and Country Awards

Non-shariah / insurance subsidiary
mandiri Securities

INVESTMENT BANKING

In 2013, Mandiri Securities successfully completed 30 stock and bond underwriting deals, and was active in providing financial advisory services to large Indonesian firms.

According to the Bloomberg League Table, Mandiri Securities is the largest underwriter in Indonesia, with the value of equity and bond deals underwritten amounting to Rp11. 432 trillion, and a market share of 15.5% (up from 13.8% in 2012).

Bonds & IPO Underwriter League Table 2013

No	Underwriter	Amount	Market Share
1	**Mandiri Sekuritas PT**	**11.432,18**	**15,5%**
2	Indo Premier Securities	8.637,59	11,7%
3	Danareksa Sekuritas PT	7.957,35	10,8%
4	Bahana Securities	7.622,63	10,3%
5	CIMB	5.580,40	7,6%
6	Standard Chartered Bank	5.291,40	7,2%
7	HSBC Bank PLC	3.108,82	4,2%
8	RHB	3.003,25	4,1%
9	BCA Sekuritas PT	2.814,69	3,8%
10	Ciptadana Sekuritas	2.604,16	3,5%
11	Others	15.802,03	21,3%
	Total	**73.854,50**	**100%**

Sumber: Bloomberg

Among the large transactions that were successfully handled in 2013 were bond issuances by Bank OCBC NISP, FIF, Garuda Indonesia, PLN and Jasa Marga, in all of which Mandiri Securities acted as the sole underwriter.. Mandiri Securities also handled IPOs by Semen Baturaja, Dyandra, Cipaganti, Sawit Sumbermas and Sido Muncul, and rights issues by Astra Otoparts, Bank Internasional Indonesia and ATPK Resources) and share placements by Telkom, Astra Otoparts and Matahari Putra Prima.

In addition, Mandiri Securities was involved in the issuance of Global Bonds worth USD 219.25 million by the Government and PT Pertamina (Persero).

In addition to bond issues, Mandiri Securities also successfully handled the issuance of Medium Term Notes (MTN) by a number of companies, including Perkebunan Nusantara III, Hotel Indonesia Natour, Pembangunan Perumahan, Perum Perumnas, Wika Beton, and Perdana Gapura Prima.

CAPITAL MARKETS

Through the Capital Markets Directorate, Mandiri Securities continue to play a major role in both bond and equity transactions on the primary and secondary markets.

In the case of bonds, the company maintained its position in 2013 as one of the most active stock exchange members in trading Government Securities on the secondary market, booking a trading volume of Rp60.6 trillion, which once again positioned Mandiri Securities in first place among the securities firms that are members of the Indonesia Stock Exchange with a market share of 15.6% (up from 11.42% in 2012).

Non-shariah / insurance subsidiary

mandiri Securities

On the equity side, despite market volatility, in 2013 Mandiri Securities was once again one of the most active securities firms, booking a transaction value that was significantly up by 69% from Rp68.4 trillion in 2012 to Rp115.2 trillion at the end of 2013, giving the company a market share of 3.81% (up from 3.06% in 2012).

In 2013, Mandiri Securities also recorded growth in its retail client base, which increased by almost 66% to 22,000, up from about 13,700 clients sat the end of 2012.

Mandiri Securities performance in 2013 was thanks to our ability to capitalize on the depth of client base, which includes both institutional and retail investors, strong human resources in the form of highly experienced professionals, reliable research and the availability of various support facilities, such as remote trading and real-time market information.

Mandiri Securities launched its client-based online trading service application in 2011. The service, which was developed in collaboration with Daishin Securities Co.., Ltd, and is supported by our extensive branch network in Jakarta, Surabaya, Malang, Bandung, Banjarmasin, Medan and other major cities around the country, provides an opportunity for Mandiri Securities to increase its retail client base and daily transaction volumes, and expand its distribution capabilities when underwriting IPOs. This is in line with our strategy to creating synergies with other Bank Mandiri units through online trading.

To anticipate increasingly onerous challenges in the future, Mandiri Securities will continue to forge synergies and engage in close all units in the Bank Mandiri Group so as to identify opportunities, ensure common approaches, perceptions and targets, and ensure that all of our clients' needs are satisfied

Non-shariah / insurance subsidiary
mandiri Securities

Awards Obtained by Mandiri Sekurities since 2013

Best Investment Bank in Indonesia 2005- 2013
Global Finance

- Best Investment Bank in Indonesia
- Best Bond House
- Best Equity House in Indonesia

FinanceAsia

- Best Secondary Offering in Indonesia for re-IPO Matahari Department Store
- Best Deal in Indonesia for re-IPO Matahari Department Store US$ 1.5 billion

The Asset

Indonesia's Best Domestic Debt House
Asiamoney

- Best Local Brokerage House in Indonesia 2010 - 2013

Asiamoney Polls

- Top Bank in the Secondary Market in Indonesia – Corporate Bonds
- Top Bank Arranger in Indonesia – Quality and Number of Primary Corporate Bond Deals

The Asset

- Best Investment Bank in Indonesia
- Best Bond House in Indonesia
- Best Equity House in Indonesia

Alpha Southeast Asia

- Best Secondary Deal (Telkom's IDR 2.4 billion Treasury Shares Private Placement)
- Best Small-Cap Equity Deal (Semen Baturaja's IDR 1.3 trillion (US$131 million) IPO)

Alpha Southeast Asia

- Most Active Underwriter 2012, 2013

Capital Market Award

- Gold Brand Champion of Most Popular Brokerage House
- *Category: Trading Value > IDR 50 Trillion*

MarkPlus: Indonesia Brand Champion

- Digital Brand Institusi Keuangan 2013 Kategori Perusahaan Sekuritas

Majalah Infobank

- #2 Best Online Trading

Portal BeritaSatu.com

Non-shariah / insurance subsidiary

mandiri tunas finance

Established in 1989 under the name PT Tunas Financindo Corporation and later PT Tunas Financindo Means, Mandiri Tunas Finance is a consumer finance firm that focuses on automotive financing. In February 2009, Bank Mandiri acquired the company and changed its name to PT Mandiri Tunas Finance, with Bank Mandiri owning 51% of the company and PT Tunas Ridean Tbk 49%. MTF's vision is to be the best, largest and most trusted auto finance company in Indonesia based on a strategy of being "top of mind" in the financing industry and providing service coverage throughout Indonesia.

In 2013, MTF posted a net profit (YTD December 2013) of to Rp 176.31 billion, up 51.28% from 2012, with a Return On Equity (ROE) of 29.13% and a NPL ratio of 1:16%. MTF was rated "idAA" by PT PEFINDO in 2013, which shows that MTF has a relatively strong and above average capacity to meet its financial obligations.

In 2013, MTF extended financing of Rp 11.59 trillion, supported by a network of 81 branch offices located in cities around Indonesia. With the alliance between MTF and Bank Mandiri branches, MTF now has a network that covers all of Indonesia. Synergies have also been created through cross selling based on Bank Mandiri's large customer base potential and fleet financing for Bank Mandiri Corporate Banking and Commercial Banking customers. In addition, MTF also has captive dealers in the Tunas Group, consisting of Tunas Toyota, Daihatsu, Isuzu, Mersindo Perkasa, Tunas BMW and Tunas Used Car. During the course of 2013, MTF availed of this infrastructure to achieve its financial targets. Realized new financing in in 2013 for new cars amounted to Rp 10.07 trillion, Rp 1.24 trillion for used cars and Rp 282 billion for motorcycles.

To support MTF's Vision 2014, the company will expand by increasing cooperation with car manufacturers and entering into strategic alliances with Bank Mandiri units / subsidiaries so as to expand the MTF new financing portfolio. To support this vision, MTF plans to expand the market share of Suzuki by a minimum of 30% and of Daihatsu by a minimum of 10%; increase the market penetration of passenger car financing for Honda, Chevrolet, Ford, Mazda and Kia, and to continue to working closely with Bank Mandiri branches in MTF's operations areas for the marketing of KKB products through the pre-approved program to Bank Mandiri customers.

In 2014, MTF will also focus on finance leases for heavy equipment for Corporate Banking and Commercial Banking borrowers. In addition to expanding financing, MTF will also apply a Risk Management Information System (RMIS) to monitor portfolio credit risk so as to ensure measurability and generate maximum returns.

subsidiary - insurance

mandiri AXA general insurance

Mandiri AXA General Insurance, which was officially launched on 27 October 2011, is a joint venture general insurance provider that has been owned by Bank Mandiri (60%) and the AXA Group (40%) since the acquisition of PT Asuransi Dharma Bangsa. Mandiri AXA General Insurance benefits from the successful AXA Mandiri brand, Bank Mandiri's extensive network and AXA's global expertise in bringing innovative products and general insurance services to its customers in Indonesia. Mandiri AXA General Insurance's ambition is to become a company of choice for customers, work partners, employees, shareholders, and the community; and it is committed to conducting its business in a responsible manner and to building relationships that are based on trust with all stakeholders.

In 2013, Mandiri AXA General Insurance focused on increasing business volumes through cooperation with key business partners, namely PT Mandiri Tunas Finance and PT Bank Mandiri (Persero) Tbk units so as to make Mandiri AXA General Insurance one of the largest and the best insurance company in Indonesia. The company has 224 employees, 5 branch offices and 8 marketing offices. In addition, it has established a network of 281 partner auto workshops in 66 cities and provides Emergency Road Assistance in 12 major cities. In line with these developments, AXA Mandiri General Insurance recorded revenue of Rp 392.9 billion in 2013, but posted a net loss of Rp26.8 billion with a CoR (% NEP) of 143%, a negative 5.6% RoA and a negative 25% RoE. Mandiri AXA General Insurance in 2013 received a number of awards and accolades, including the Indonesia Insurance Award 2013 from Business Review Magazine, the MAIPARK Award 2013 from MAIPARK, the Best Commercial Lines Gross Written Premium (GWP) Growth Award from AXA Asia and the Most Improved Reporting Team from AXA Asia CFO Conference 2013.

On the marketing side, MAGI will stay focused on the multifinance, consumer, micro, SME and commercial segments. With Bank Mandiri's broad customer base, ranging from the retail to the corporate segment, and supported by Bank Mandiri subsidiaries (such as Mandiri Tunas Finance), there are very strong potential synergies that could result in Bank Mandiri's general insurance business creating a high level of added value.

The existence of this general insurance company will provide powerful synergies so that AXA Mandiri General Insurance can optimally explore all available business opportunities, both with Bank Mandiri, Bank Mandiri's subsidiaries and Bank Mandiri's extensive customer network. Mandiri AXA General Insurance further strengthens Bank Mandiri's position as an integrated financial services provider. In addition to a general insurance company, the largest bank in Indonesia also owns a shariah bank, a finance company, a securities firm, and an investment management company.

Bank Mandiri's desire to be present in the general insurance business is based on its determination to realize its vision of being The Most Admired And Progressive Financial Institution. This vision means that Bank Mandiri is committed to providing all manner of financial products and services, not just banking products and services. With the addition of its general insurance business, Bank Mandiri has further consolidated its position as the market leader in the Indonesian financial services sector as it prepares to move up to the next level, Southeast Asia.

subsidiary - insurance

AXA mandiri financial services

PT AXA Mandiri Financial Services (AXA Mandiri) is a joint venture between Bank Mandiri (51%) and AXA (49%). The company commenced operations in December 2003; and is now represented in more than 1,100 Bank Mandiri branches and 170 Bank Syariah Mandiri branches around the country. Its operations are supported by 2,045 Financial Advisors and 144 Sales Manager, as well as 500 Telephone Sales Officer who offer protection products through telemarketing.

During 2013, AXA Mandiri booked premium income of Rp 6.2 trillion, an increase of 10.1% over 2012, while net profit per 31 December 2013 amounted to Rp 1,024.2 billion. Meanwhile, AXA Mandiri had assets of Rp 16.8 trillion per 31 December 2013 with a risk based capital (RBC) ratio of 668% (RBC is an indicator of the health of an insurance company).

AXA Mandiri provides financial planning services through a variety of insurance products that offer added value to the customer and the subsidiaries of Bank Mandiri. In the retail business, AXA Mandiri provides a combination of insurance and investment products (unit-linked) that offer flexible features and optimal returns so as to meet a variety of needs, including saving for retirement, education and other financial goals in the future. In addition to unit-linked products, AXA Mandiri also offers traditional insurance products, such as Mandiri Jiwa Sejahtera, Mandiri Jaminan Kesehatan, Mandiri Secure Plan, Mandiri Kesehatan Global dan Mandiri Kesehatan Prima, which offer life and health insurance cover, in addition to a range of additional protections in the form of riders. AXA Mandiri also provides insurance protection for Bank Mandiri credit card holders, depositors, and consumer loan and micro credit customers, as well as Bank Mandiri's subsidiaries.

In 2013, as part of its commitment to continued product innovation, AXA Mandiri launched its Corporate Solutions product, which offers insurance solutions for companies in managing their employee benefit programs. Asuransi Mandiri Corporate Solutions offers a variety of corporate products, including the Mandiri Corporate Health Plan, which provides solutions for companies in providing health protection to employees and offers a comprehensive range of benefits for both employers and employees which can customized based on the need and the company budget, Asuransi Mandiri Corporate Savings, which offers solutions to companies that want to make the best possible provision for the future welfare of their employees, and Mandiri Corporate Life Plan, which provides flexible benefits in line with company needs.

In 2013, AXA Mandiri also commenced the development of a digital distribution network by marketing the Asuransi Mandiri Secure Plan on e-commerce site www.tokone.com   and the launch of a mobile sales force to reach non walk-in Bank Mandiri customers.

subsidiary - insurance
AXA mandiri financial services

During 2013, AXA Mandiri received various accolades and awards, including:

- 2013 Call Centre Award from Service Excellence & Care Center for Customer Satisfaction & Loyalty (CCSL Care) in the Life Insurance category, with the predicate "EXCELLENCE" in Service Performance.
- Email Customer Service Award 2013 from Service Excellence & Care Center for Customer Satisfaction & Loyalty (Care CCSL) in the Banking-Financing-Insurance (BFI) category;
- Ranked 3rd Best Risk Management Life Insurance-Sharia Islamic Asset unit ≥ 100 Bn, by KARIM Business Consulting in the category of companies with assets of above Rp 100 Billion.
- Ranked 3rd Most Profitable Investment Islamic Life Insurance – Shariah Asset Unit [3] IDR 100, by KARIM Business Consulting in the category of companies with assets of above Rp 100 Billion.
- Indonesia Service to Care Champion 2013 from Marketeers & MarkPlus Insight in the Life Insurance category.
- Indonesia Brand Champion 2013 from Marketeers & MarkPlus Insight:
  * Bronze Brand Champion of the Most Popular Brand for Health Insurance category
  * Silver Brand Champion of the Most Popular Brand in the Unit-Linked Insurance Category
  * Silver Brand Champion of the Best Customer Brand in the Health Insurance category
  * Silver Brand Champion of the Best Customer Awards in the Unit-Linked Insurance Category
  * Silver Brand Champion of the Best Customer Brand Awards in the Life Insurance Category
- The Best Contact Center Indonesia 2013 from Indonesia Contact Center Association, with the predicate Best Contact Center Operations Category Silver
- Insurance Award 2013 from Media Insurance in the category of Best Life Insurance 2013 with equity of more thanRp750 billion
- Top Agent Award 2013 from Indonesia Life Insurance Association (AAJI) for Telemarketing
- The Best Insurance Company of 2013 from Investor magazine in the category of Life Insurance Assets of Rp 5 trillion - Rp15 Trillion
- Annual Report Award 2012, ranked 2, Private Non-Listed Financial Services Company, presented by the Financial Services Authority (FSA)

Non-shariah / insurance subsidiary

bank sinar harapan bali

The micro segment, which is the focus of Bank Sinar Harapan Bali (BSHB), has certain characteristics that render it immune to the effects of the global economic crisis. In 2013, micro loans accounted for 62.89% of BSHB's total loan book, while the rest was made up of SME loans. BSHB consistently strives to provide access to capital for micro-entrepreneurs, in line with its vision of being the leading bank in the Micro and SME segments in Bali.

In 2013, BSHB recorded significant lending growth to the MSME segments. As an illustration, in December 2013 BSHB's total assets amounted to Rp 1,099.9 billion, up 5.36% from December 2012, when the figure was Rp 1,043.9 billion. Total lending amounted to Rp 733.9 billion, an increase of 15.51% over the Rp 635.4 billion recorded in 2012. Profit in 2013 came in at Rp 17.2 billion, up 15.19% from Rp 14.9 billion in 2012. The non-performing loan (NPL) ratio was 1.75%, lower than the 1.81% recorded in 2012.

The short to medium term focus of BSHB is to increase its market share so as to become the dominant bank in Bali in the MSME segments. To achieve this goal, BSHB's strategies are to facilitate customer access and convenience, and to provide products that are oriented towards the micro segment, supported by competitive and responsive personnel who are capable of responding to the challenges that lie ahead. The efforts being made to achieve BSHB's goals include:

a. Strengthening Systems
   Important aspects of system strengthening include the development of Information Technology, the Los System, strengthening the risk management system, improving operational systems and procedures, and strengthening business processes.
b. Promoting a Performance-Based Culture
   Promoting a performance-based culture through the application of the company's values, enhancing the organizational structure and human resources arrangements, improving the competencies and capabilities of staff, and improving corporate governance.
c. Business Development
   Developing BSHB's business by expanding intermediation, particularly in the productive micro segment through the development of financing products for market vendors, expansion of the office network, and the development of e-channels.
d. Strengthening Capital
   To increase the resilience of the bank in supporting growth, and its competitiveness and the capacity to absorb risk, capital needs shall continue to be met having regard to the applicable regulations.

BSHB consistently strives to develop and improve the services it offers to customers. With its offices mostly located near markets, BSHB is ideally placed to provide services through our Micro Credit Sales (MKS) team, who visit borrowers every day to collect installments so that the traders do not have to neglect their businesses. In addition to MKS team, BSHB also provides a collector service, whereby bank officers visit customers to provide cash deposit services.

So as to increase the productivity of BSHB outlets, as of the end of December 2013 BSHB had upgraded the status 40 cash offices to micro branch offices and 3 sub-branches to branches. The outlets in question are located in Denpasar, Badung, Gianyar, Tabanan, Karangasem, Bangli, Buleleng and Jembrana.

For 2014, the shareholders are preparing plans for the forging of alliances with third parties so as to significantly increase BSHB's business. BSHB is committed to increasing company value, profit, asset growth and third-party funds based on a financing portfolio that is focused on the MSME segment.

Non-shariah / insurance subsidiary

mandiri investment management

PT Mandiri Investment Management (Mandiri Investasi) is a corporation that was established as a result of the spin-off of PT Mandiri Securities' investment management business. Mandiri Investasi, a subsidiary of Mandiri Securities, is the largest domestic investment management firm in Indonesia, with experience in portfolio management stretching back to 1993. Since its establishment, Mandiri Investasi has won the trust of the public and successfully catered to the needs of customers and shareholders. Over a period of 10 years, Mandiri Investasi has become the leading investment management firm in Indonesia, offering a wide range of products and services.

Supported by a deep understanding of the market situation in Indonesia, Mandiri Investasi has what it takes to grow together with our clients and portfolio investment industry players. Mandiri Investasi's vision is to be the most trusted, most serving and most innovative player in the mutual fund industry. To realize this vision, Mandiri Investasi continues to develop quality human resources and create innovative products with a diversified portfolio that emphasizes balance. All Mandiri Investasi investment products are managed with the utmost prudence.

In addition to its good operational performance, Mandiri Investasi also always applies governance and risk management practices that are based on international best practices so as to maintain customer confidence and ensure optimal management of client funds. Mandiri Investasi's track record proves that is the right partner for both clients and investment industry players in Indonesia and the Asia Pacific region as a whole.

Through management based on extensive knowledge and experience of the Indonesian capital markets, Mandiri Investasi continues to launch exciting new and innovative mutual fund products that meet the needs of customers. Mandiri Investasi has proved itself capable of producing exceptional results and performances through the application of international best practices, accompanied by a high level of dedication to providing top-class service to our customers and stakeholders. For the future, Mandiri Investasi will strive to further improve its performance and avail of all opportunities to expand our business.

2013 Performance

During 2013, Mandiri Investasi launched a total of 20 mutual fund products, consisting of 11 protected mutual funds, 5 equity funds and 1 balanced fund, 2 money market funds and 1 fixed income fund. The company successfully booked a Return on Equity of 48%, with a capital adequacy ratio (MKBD, which is an indicator of the health of an investment management company) of Rp 37.5 billion. Mandiri Investasi's market share stood at 10.03%, while Assets Under Management amounted to Rp 19.315 trillion. Mandiri Investment consistently applies the principles independence, credibility, and good corporate governance so as to comply with international best practices.

Mandiri Investasi provides a range of fund management services services in the form of Money Market, Fixed Income, Balanced, Equity and Protected Mutual Funds, Discretionary Funds, and investment advisory services. Mandiri Investasi is committed to consistently providing the best possible services to all of our stakeholders. This commitment has led to Mandiri Investasi receiving numerous awards and accolades both at home and overseas, including Top Fund Manager and CEO Of The Year.

Non-shariah / insurance subsidiary

mandiri international remittance sdn. bhd.

Mandiri International Remittance Sdn. Bhd. ("MIR") is a wholly owned subsidiary of Bank Mandiri, which was incorporated in Malaysia on 17 March 2009 under Registration No.. 850077-P. MIR and provides money transfer (remittance) services in accordance with Bank Negara Malaysia ("BNM") regulations. MIR has received operational approval from Bank Indonesia ("BI") by virtue of its letter No. 10/548/DPB1 dated 14 November 2008, and from BNM by virtue of of its letter No.. KL.EC.150/1/8562, dated 18 November 2009. MIR opened an office in Kuala Lumpur, Malaysia, on 29 November 2009. MIR's services are currently confined to money transfer services to Bank Mandiri accounts.

Non-shariah / insurance subsidiary

bank mandiri (europe) limited

Bank Mandiri (Europe) Limited ("BMEL") was established in London, England, on 22 June 1999 in accordance with the UK Companies Act 1985. It was established through the conversion of Exim Bank's London branch into a company subsidiary, and commenced operations on 31 July 1999. BMEL, whose office is in London, England, acts as a commercial bank to represent the interests of Bank Mandiri.

risk management

"Risk management at Bank Mandiri is aimed at protecting the Bank's capital, supporting the decision-making process, optimizing the risk-return profile, enhancing the Bank's value, and maintaining the reputation of the Bank"

A. BANK MANDIRI ENTERPRISE RISK MANAGEMENT (ERM)

ERM refers to integrated risk management that links strategic planning, risk appetite, business execution, risk assessment and performance evaluation as part of the effort to optimize business growth based on risk-adjusted returns and to maximize shareholder value. ERM simultaneously serves as a vehicle for the gradual implementation of Basel II and III in Bank Mandiri in accordance with Bank Indonesia regulations.

With ERM, Bank Mandiri has the ability to precisely determine the capital that is required to cover risks in the Bank, to allocate capital to all business units efficiently and rationally, and to identify opportunities for diversification and portfolio optimization.

ERM also provides a common language for all units so as to minimize the silos mentality in individual units and improve the linkage between the risk management and internal control functions, both in Bank Mandiri itself and in all of its subsidiaries. In addition, ERM plays a role in increasing transparency and accountability in both business and risk management.

Bank Mandiri comprehensive application of ERM is a first for Indonesia. The Bank's successful implementation of ERM has also been recognized internationally, including by the Asian Banker, which presented Bank Mandiri with The Asian Banker Risk Management Award 2013 in the Project Management Enterprise Risk category.

risk management

The application of risk management in Bank Mandiri through the ERM framework uses a two-prong approach, namely, risk management through capital and risk management through operations. In this way, it is expected to achieve hierarchical risk management in the overall management of the business. The four principal components supporting the application of this approach are Organization & Human Resources, Policies & Procedures, Systems & Data, and Methodology / Models & Analytics.

1. ORGANIZATION & HUMAN RESOURCES

Bank Mandiri's Risk Management Unit is responsible for managing the risks faced by the Bank, including developing the support tools needed by business processes and risk management. In addition, there is a line unit that acts as the risk counterpart for business units based on the "four-eyes" lending process.

Essential to the successful implementation of the risk management function are risk awareness and sufficient technical capabilities on the part of all line units in Bank Mandiri. This is the common responsibility of, and involves all units in, Bank Mandiri. Consequently, regular internal training is provided through the Governance, Risk & Compliance (GRC) Academy, both for the staff of the Directorate of Risk Management as well as other Directorates. In addition, every year the Bank organizes risk management information campaigns, discussion forums, internships, and programs that are consistent with the internalization of the Bank Mandiri corporate culture.

2. POLICIES & PROCEDURES

Bank Mandiri has adopted the Bank Mandiri Risk Management Policies (KMRBM) to serve as the principal guidelines for the application of risk management. At the more specific level, the Bank has adopted separate policies and procedures, for example, specific policies and procedures for credit, treasury, and operations. All the policies and procedures that have been adopted by Bank Mandiri in this respect are based on hierarchical risk management in all of the Bank's operations. The policies and procedures are reviewed and updated at least once a year.

The application of risk management in Bank Mandiri involves optimizing the use of business judgment along with an analysis of historical conditions with the aim of applying hierarchical risk management processes to our business.

3. SYSTEM & DATA

The risk management system has been developed to support greater efficiency in business processes so as to speed up the decision-making process while at the same time adhering to prudential principles. In order to maintain the integrity and quality of data, Bank Mandiri has established an Integrated Processing System and Loan Origination System which is designed to improve the efficiency of the lending process and maintain data quality in the corporate, commercial and retail segments. The system also includes an Integrated Collection System to improve collection productivity, particularly in the consumer and retail segments. For treasury and asset & liability management, Bank Mandiri uses the Summit System and the Sendero System to manage its trading book and banking book risks. So as to provide an an accurate overview of the Bank's risk profile as parent company and its risk profile as consolidated and integrated with its subsidiaries, Bank Mandiri has established the Bank Mandiri Risk Profile System (RPX), which is a web-based system that is designed to accelerate access and simplify control.

risk management

To integrate risk management on a bankwide basis, Bank Mandiri has adopted the ERM system so as to facilitate the holistic monitoring of risk management, including calculating the capital needed to cover all types of risk. The ERM system has the capacity to calculate capital charges (using the Standardized Approach and Advanced Approach), and to apply operational risk management tools, active portfolio management, stress testing and value-based management.

4. METHODOLOGY / MODEL & ANALYTICS

Bank Mandiri consistently conducts risk assessment based on international best practices using both the quantitative and qualitative modeling approaches through the development of risk models such as rating, scoring, value at risk (VaR), portfolio management, stress testing and other models so as to support judgmental decision making. The Bank's risk models are regularly recalibrated and validated by the independent Risk Model Validator Unit, whose function is to maintain the reliability and validity of models and ensure that they satisfy the regulatory requirements

RISK MANAGEMENT THROUGH FINANCING

Risk management through financing in Bank Mandiri includes the diversification of financing sources through policies that are harmonized with our long-term strategic plans, and efficient capital allocation policies in business segments that have optimal risk-return profiles (including placements in subsidiaries). This is intended to meet the expectations of our stakeholders, including investors and regulators.

Bank Mandiri consistently ensures that it has sufficient capital to cover all credit risks, market risks and operational risks based both on regulatory requirements (regulatory capital) and internal needs (economic capital). Bank Mandiri adheres to the Bank Indonesia regulations on Basel II in the calculation of its capital adequacy for credit risks, market risks and operational risks.

In the case of credit risks, Bank Mandiri uses the Basel II standardized approach (1) and has commenced simulations of the Internal Ratings-Based Approach. While the Basel II Standardized Approach to credit risks does not require the use of external ratings data from a bank's borrowers, Bank Mandiri has nevertheless initiated simulations involving the use of such external ratings data. In the market risk field, Bank Mandiri uses the Standard Model (2), while internally it uses the Value at Risk model. For operational risks, Bank Mandiri applies the Basel II Basic Indicator Approach (4) and has also conducted simulations of the Standardized Approach. As per end December 2013, AMTR and capital adequacy were as shown in the following table: (5)

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1. See SE BI No.13/6/DPNP dated February 18, 2011 on the calculation of Credit Risk RWA using the Standardized Approach.
2. See SE BI No.14/21/DPNP dated July 18, 2012 on the Amendment to Bank Indonesia Circular No. 9/33/DPNP dated December 18, 2007, on Guidelines for the Use of the Standardized Method of Calculating the Mandatory Minimum Capital Adequacy of Commercial Banks having regard to Market Risk.
3. See SE BI No.9/31/DPNP dated December 12, 2007 on Guidelines for the Use of Internal Models in Calculating the Capital Adequacy of Commercial Banks having regard to Market Risk.
4. See SE BI No.11/3/DPNP dated January 27, 2009 on the calculation of Risk Weighted Assets (RWA) for Operational Risks using the Basic Indicator Approach (PID).
5. Bank Mandiri adheres to the Bank Indonesia regulations governing transparency, publication and annual reports in the banking sector (Regulation Number 14/14 /PBI/2012 on Transparency and Publication of Bank Reports, and SE BI 14/35/DPNP on Commercial Bank Annual Reports and Certain Other Annual Reports that are submitted to Bank Indonesia).

risk management

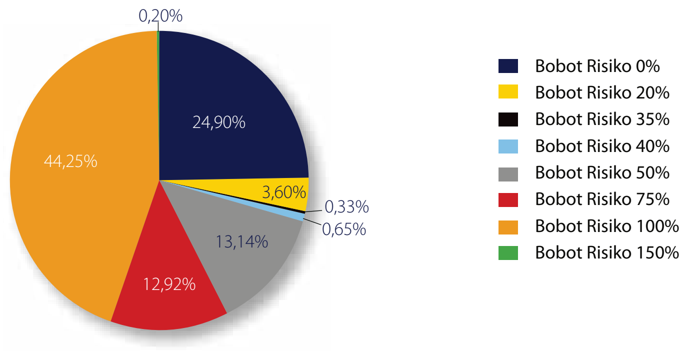
Tabel 1.a Quantitative Disclosure of Commercial Bank Capital Structure

CAPITAL COMPONENT			31 December 2013		31 December 2012	
			Bank	Consolidated	Bank	Consolidated
I CAPITAL COMPONENTS						
	A	**Core Capital**	65.853.989	71.606.641	54.438.380	58.932.922
		1 Paid up capital	11.666.667	11.666.667	11.666.667	11.666.667
		2 Additional Capital Reserves	55.739.397	60.219.128	44.369.337	47.655.277
		3 Innovative capital	-	-	-	-
		4 Factors reducing core capital	(1.552.075)	(628.743)	(1.597.624)	(679.384)
		5 Minority interests	-	349.589	-	290.362
	B	**Supplementary Capital**	7.491.432	9.001.217	7.509.124	9.003.821
		1 Upper Tier 2	6.691.917	7.160.629	5.755.636	6.226.427
		2 Lower Tier 2 Maximum 50% of core capital	2.351.590	2.351.590	3.351.112	3.351.112
		3 Factors reducing supplementary capital	(1.552.075)	(511.002)	(1.597.624)	(573.718)
	C	**Factors reducing core capital and supplementary capital**	-	-	-	-
		Securitization exposure	-	-	-	-
	D	**Additional Supplementary Capital that Satisfies Requirements (Tier 3)**	-	-	-	-
	E	**Additional Supplementary Capital allocated to anticipate market risks**	-	-	-	-
II TOTAL CORE CAPITAL AND SUPPLEMENTARY CAPITAL (A + B - C)			73.345.421	80.607.858	61.947.504	67.936.743
III TOTAL CORE CAPITAL, SUPPLEMENTARY CAPITAL AND ADDITIONAL SUPPLEMENTARY CAPITAL ALLOCATED TO ANTICIPATE MARKET RISK (A + B - C + E)			73.345.421	80.607.858	61.947.504	67.936.743
IV RISK WEIGHTED ASSETS (RWA) FOR CREDIT RISKS			431.632.851	476.508.651	350.761.176	388.424.480
V RISK WEIGHTED ASSETS (RWA) FOR OPERATIONAL RISKS			57.671.278	67.642.899	48.384.624	55.735.767
VI RISK WEIGHTED ASSETS (RWA) FOR MARKET RISK			1.972.041	1.990.242	1.044.148	1.244.238
	A	Standardized Approach	1.972.041	1.990.242	1.044.148	1.244.238
	B	Internal Model	1.759.446	1.759.446	566.650	566.650
VII RATIO OF MINIMUM CAPITAL ALLOCATIONS FOR CREDIT RISKS, OPERATIONAL RISKS AND MARKET RISKS [III : (IV + V + VI)]			14,93%	14,76%	15,48%	15,25%

Based on simulations using the Basel II Basic Indicator Approach, RWA for operational risks amount to Rp 57.67 trillion (compared with Rp 47.3 trillion using the Standardized Approach).

The credit risk capital load using the Standardized Approach based on risk weighting as per end December 2013 is as shown below:

Asset Composition by Credit Risk Weighting (Standardized Approach) – December 2013



The Bank also has to conduct lending capital load simulations using Advanced IRBA (Internal Rating Based Approach), which calculates the capital adequacy ratio more efficiently.

Currently, Bank Mandiri is also developing economic capital needs models for credit risk and operational risk assessment, while at the same time providing a basis for the Bank to commence the application of VBM (Value Based Management) through the measurement of RORAC (Return On Risk Adjusted Capital). As a first step in the implementation of VBM, Bank Mandiri has begun to use RORWA (Return On Risk Weighted Asset) indicators that are more intuitive for business units as part of the preparations for the full implementation of RORAC.

Bank Mandiri has been preparing for the implementation of Basel III based on the Basel documentation and the regulations and initiatives issued by Bank Indonesia (6). The Bank actively participates in Basel III working groups and the Quantitative Impact Studies (QIS) conducted by Bank Indonesia. Based on the position per June 2013, the QIS results showed that in general Bank Mandiri is in compliance with the Basel III guidelines, with a higher Capital Adequacy Ratio resulting from the simulations than is required under Basel II. This is because Bank Mandiri's capital structure is dominated by Tier 1 Common Equity. The QIS results also showed that Bank Mandiri operates at a low risk level, as shown by a satisfactory leverage ratio and a high liquidity ratio, which results from the tight control exercised by the Bank over off balance sheet exposure. In addition, Bank Mandiri's liquid asset position and balance sheet composition were consistent with the Basel III requirements.

RISK MANAGEMENT THROUGH OPERATIONS

Risk management through operations intended to maintain credit risks, market risks and operating risks at an acceptable level. Bank Mandiri manages risk appetite and risk tolerance by applying policy limits and system limits, which are prepared and proposed by the business units, in collaboration with the risk management unit, for approval by the Risk Management Committee. The determination of limits is based on overall limits, limits per risk type and specific limits per functional activity that entails risk exposure. These limit policies not only function in the risk management process, but also encourage business strategies and business expansion plans to adhere to optimal risk-reward profiles.

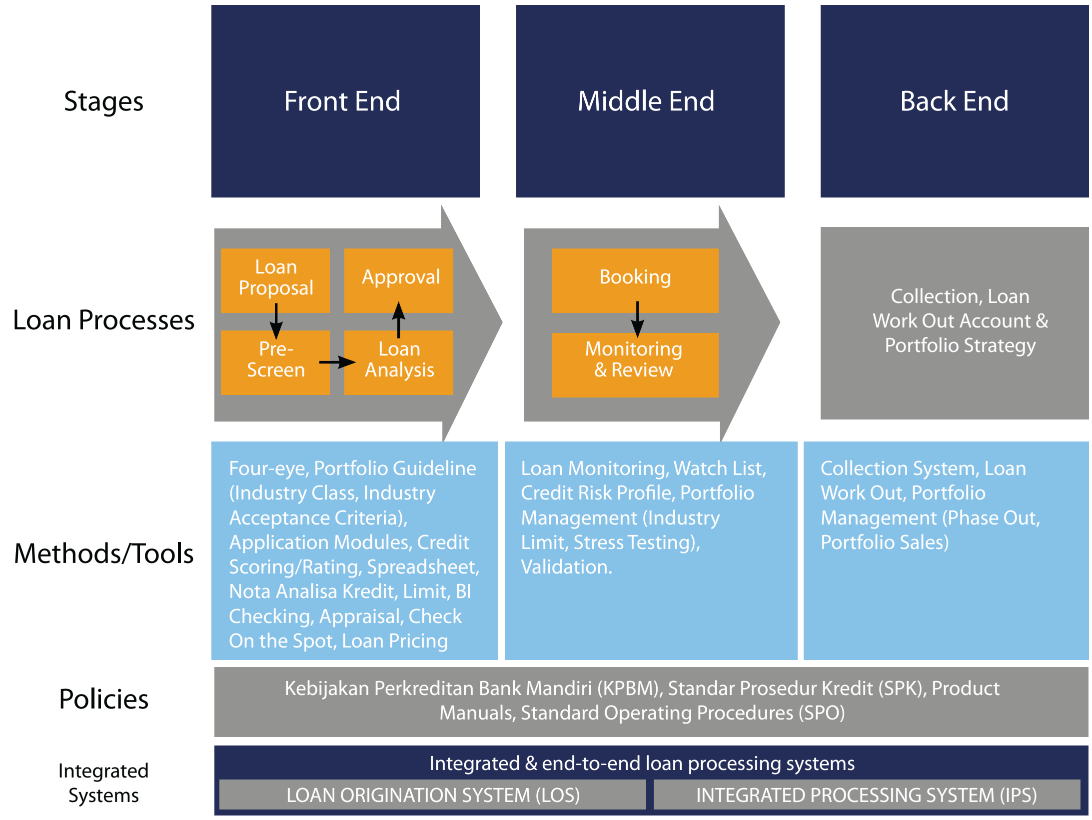
risk management

Credit risk management is performed at the front end, middle end and back end, while market and liquidity risk management is conducted through system limits. Operational risk management in respect of the Bank's products and activities is conducted by each line unit, and is reviewed bankwide by the risk management unit, with the effectiveness of assurance being assessed by the Internal Audit unit.

1. CREDIT RISK MANAGEMENT

Credit risk derives from lending operations, investments in securities and other banks, sales to customers and trading operations. Credit risk also originates from commitments and contingencies to customers and counterparties. Credit risk management is aimed at assessing, anticipating, and minimizing losses due to the failure of a borrower or counterparty to meet its obligations.

PROCESS FLOW OF CREDIT AND CREDIT RISK MANAGEMENT



The credit and credit risk management processes in Bank Mandiri are conducted in an integrated manner by the Business Unit, Credit Operation Unit and Credit Risk Management Unit. In practice, the process is supported by an integrated system that is applied end-to-end.

CREDIT POLICIES

As a guidelines for end-to-end credit management, Bank Mandiri applies the Bank Mandiri Credit Policies (KPBM), which include the Bank Mandiri Credit Culture and Credit Doctrine. Operationally, the credit policies are spelled out in greater detail in the form of standard operating procedures that are set out in a series of Credit Procedure Standards (SPK) and product manuals. The credit management process begins with the determination of the target market. This is followed by the performance of a risk assessment and credit monitoring.

risk management

Bank Mandiri consistently applies prudential principles in the extending of credit, with the credit analysis function being performed by the individual business units and an independent credit risk unit. Meanwhile, the credit approval function employs the "four eyes principle", while the credit administration function is performed by an independent credit operation unit in respect of the business units and credit risk unit.

CREDIT APPROVAL

Credit approvals and lending limits in the corporate, commercial and business banking segments (limits: Rp 5 billion to Rp10 billion) are identified and assessed by the credit rating system. An integrated and end-to-end feasibility analysis is then conducted on the business based on spreadsheets and Credit Analysis Notes (NAK) that are put through the Integrated Processing System (IPS).

While the retail segment (business banking limit: Rp 500 million to Rp 5 billion & micro) and consumer segment, assessment is based on a credit scoring system. The processing of loans and -credit risk management in the micro and consumer segments involves an end-to-end process that is integrated with the Loan Origination System (LOS).

Credit rating (wholesale) and credit scoring (retail and consumer) models are continuously developed and validated, and monitored through Scoring and Rating Model Reviews. The Credit rating and credit scoring models that are employed by Bank Mandiri are able to provide a Probability of Default (PD) assessment. The Bank also continuously develops Loss Given Default (LGD) and Credit Conversion Factors (CCF) models to calculate Exposure at Default (EAD) in the context of implementing Basel II and calculating economic capital.

In the credit process, security may take the form of the asset whose purchase was financed by credit (covers both moveable and immovable assets), or other forms such as a personal or corporate guarantee. The criteria that must be met by collateral include economic value, marketability, transferability, and legal value.

CREDIT MONITORING

Bank Mandiri consistently adheres to Bank Indonesia regulations and prudential principles in assessing and monitoring credit quality, based on such factors as an assessment of business prospects, the borrower's performance and the borrower's capacity to pay.

Credit monitoring in the corporate, commercial and business banking segments for loans of less than Rp2 billion is conducted at the borrower level using a Watch List system. This is a standard, structured and comprehensive method for monitoring the performance of borrowers that allows an action plan to be promptly prepared to prevent a decline in credit quality. Monitoring is carried out at least once every quarter so as to identify borrowers that may experience difficulties in fulfilling their obligations. The process is applied through a Loan Monitoring System that is integrated with the IPS, as well as early detection using the Watch List (Early Warning Analysis). Based on such an analysis, Bank Mandiri determines an account strategy and an early response to prevent a decline in credit quality.

Credit monitoring in the business banking (loans of less than Rp2 billion), micro and consumer segments is carrie dout at the portfolio level through a portfolio analysis of various aspects (portfolio quality and quantity from various perspectives: industry, region, product, type of credit, business unit, segment, etc.) as set out in the credit risk report. Bank Mandiri also monitors the credit process and system, and their supporting tools, through credit sessions that are held on a regular basis for each credit segment. These forums identify problems and weaknesses in business processes, credit policies and credit methodologies and tools so that they can be promptly improved.

risk management

As an anticipatory measure (early warning), simulations and stress testing of the Bank's portfolio are conducted regularly so as to assess any changes in the quality of the Bank's portfolio by segment and by industry sector, and the likely impact of extreme but plausible changes in some economic parameters. The results of these simulations alert Bank Mandiri to the need to more closely monitor particular sectors or borrowers as to enable anticipatory measures to be taken. This year, in addition to carrying out regular stress testing, Bank Mandiri also conducted stress test simulations on the impact of changes in commodity prices and increases in the provincial minimum wage.

CREDIT COLLECTION AND RECOVERY

Risk Management Directorate specifically applies policies for loan collection and recovery in the retail segment (business banking with a limit of Rp 500 million - Rp 5 billion, & Micro) and the consumer segment, which have been formulated in a focused, systematic, aggressive and integrated basis having regard to product type and bucket collection. The application of these policies is supported by an end-to-end Automated Collection System, and complented with various collection tools, including:

a. *Call Monitoring System to monitor / record all collection activities that are conducted by telephone so as to minimize reputational risks and to simultaneously serve as a training / coaching tool.*
b. *Auto Predictive Dialer (Melita), which improves the efficiency, effectiveness and productivity of the credit card collection process and is integrated with a Behavior Score system.*

To improve efficiency and effectiveness, the Bank uses a collection and recovery scorecard as part of its credit card billing strategy. This has been used since 2009 and has been continually refined and updated since then. The Bank plans to further enhance the Automated Collection System in connection with its credit card and micro credit debt relief program (restructuring) as part of its efforts to comply with the Bank Indonesia regulations restricting the collectibility of restructured loans.

PORTFOLIO MANAGEMENT AND CONCENTRATION RISK

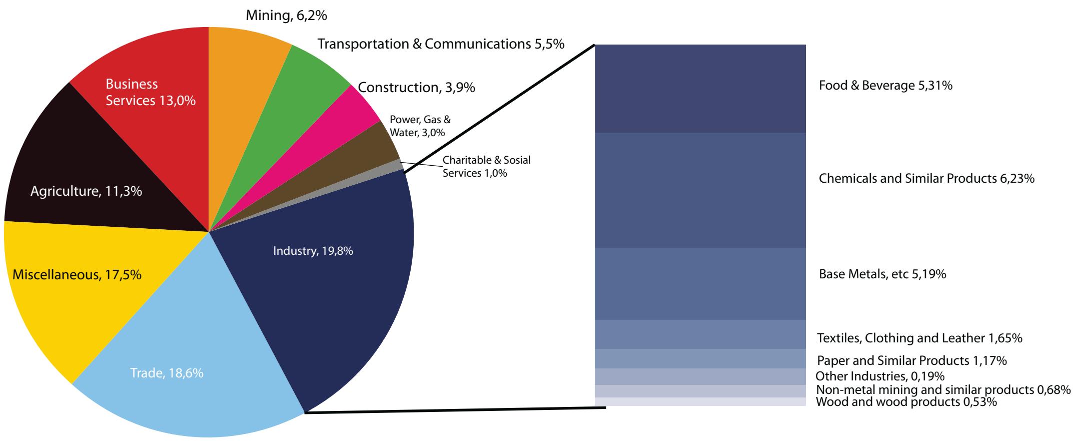
Bank Mandiri has allocated capital and applies the active portfolio management approach to the management of credit risk at the portfolio level having regard to its Portfolio Guidelines (PG), which consist of Industry Classifications, Industry Acceptance Criteria and Industry Limits, and are applied at all stages of the credit risk management process.

Industry Classification and Industry Acceptance Criteria are aimed at market leaders (winner players) in priority industries that have the potential to provide added economic value added as targeted customers. This proactive selection process has resulted in the creation of professional and sustainable partnerships between Bank Mandiri and its customersantara Bank dengan nasabah.

PORTFOLIO GUIDELINE PROCESS

The management of concentration risk includes, among other things, diversifying industry sectors based on industry class, taking into account such factors as industry / sector, the Bank's internal expertise and portfolio performance. Industry limits are set for each sector, which determined the maximum credit allocations for each industry sector in accordance with industry class. Industry limits vary according to the level of risk and return of the relevant industry. Meanwhile, the management of concentration risk at the borrower level is conducted through the setting of in-house limits, which are more conservative than the legal lending limits (LLL) set by Bank Indonesia.

BANK MANDIRI'S LOAN COMPOSITION BY ECONOMIC SECTOR (DECEMBER 2013)



risk management

To determine the impact of changes in macroeconomic conditions on the Bank's portfolio, and ultimately profitability and capital resilience, the Bank conducts regular stress testing. There are two types of stress testing conducted by the Bank, namely: sensitivity analyses and scenario analyses. Based on the results of the sensitivity analysis conducted in 2013, the impact of changes in macroeconomic variables could affect the level of NPLs in the Bank's credit portfolio (over eight years) as shown below:

CREDIT RISK SENSITIVITY ANALYSIS

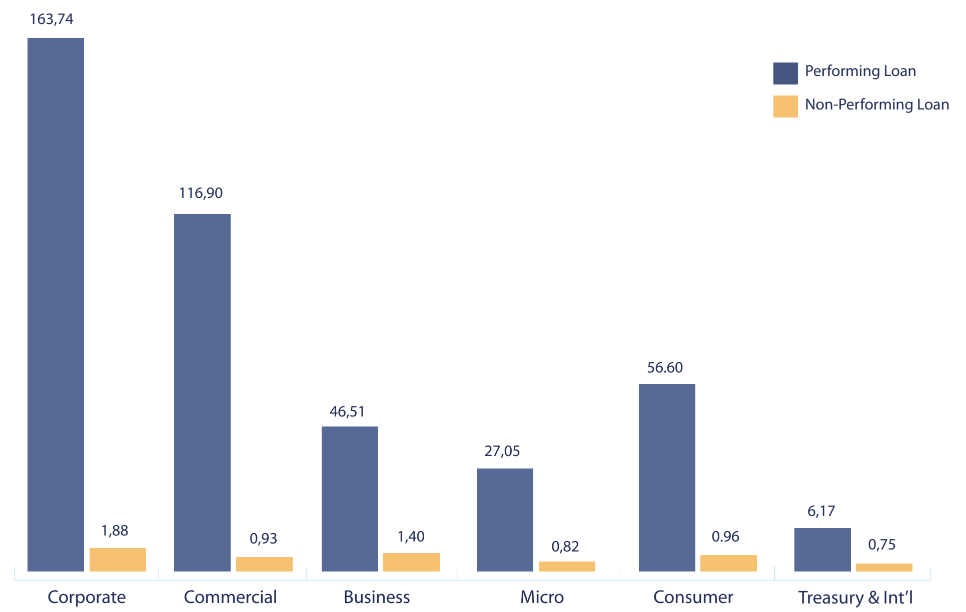
Risk Factors	Value Change*	NPL Change (bps)
GDP	↓ 100 bps	↑ 37,90
Inflation	↑ 100 bps	↑ 44,84
BI Rate	↑ 100 bps	↑ 51,93
Exchange Rate (Rp/USD)	↑ Rp100/USD	↑ 42,96

**) Other risk factors are taken as constant*

CREDIT GROWTH AND QUALITY

During 2013, Bank Mandiri recorded significant growth in lending while at the same time holding the NPL level stable. Lending across all segments (Bank's position on an individual basis) grew 22.65% (YoY) at a gross NPL level of 1.60%. Some segments experienced above average growth, such as the micro and retail banking segment, where lending expanded by 42.3% (YoY) and the NPL level was maintained at about 3%. These achievements were the result of the application of an integrated and reliable, end-to-end credit process that includes the identification of prospective credit sectors, accurate and tight underwriting, a continuous credit monitoring process, comprehensive portfolio management and the disciplined resolution of problem loans.

Bank Mandiri Credit Volume and Quality Per December 2013 (Rp trillion)



risk management

risk management

Credit Risk Exposure

Based on exposure category using the Standardized Approach, Bank Mandiri has the following exposures:

Exposure to Assets on Balance Sheet – Bank Unconsolidated and Consolidated

Table 6.1.1 Disclosure of Assets on Bank Balance Sheet Exposure– Unconsolidated

No	Portfolio Category	31 December 2013		
		Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)
1	Claims against Government	150.783.503	-	-
2	Claims against Public Sector Entities	59.495.807	29.747.904	29.695.018
3	Claims against Multilateral Development Banks and International Institutions	-	-	-
4	Claims against Banks	28.416.619	8.057.270	8.023.631
5	Collateralized housing loans	6.892.640	2.640.512	2.640.512
6	Collateralized commercial property loans	240.320	240.320	240.320
7	Loans to employees / pensioners	-	-	-
8	Claims against MSMEs and Retail Portfolio	90.630.129	67.972.597	67.091.053
9	Claims against corporations	271.878.247	271.878.247	266.964.554
10	Mature claims	1.679.863	2.393.869	2.318.607
11	Other assets	29.216.171	-	11.989.216
TOTAL		**639.233.300**	**382.930.719**	**388.962.912**

No	Portfolio Category	31 December 2012		
		Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)
1	Claims against Government	146.519.823	-	-
2	Claims against Public Sector Entities	47.149.358	23.574.679	23.574.679
3	Claims against Multilateral Development Banks and International Institutions	-	-	-
4	Claims against Banks	22.556.550	5.542.779	5.542.779
5	Collateralized housing loans	11.666.730	4.504.018	4.504.018
6	Collateralized commercial property loans	250.129	250.129	250.129
7	Loans to employees / pensioners	-	-	-
8	Claims against MSMEs and Retail Portfolio	69.992.547	52.494.410	52.454.486
9	Claims against corporations	217.994.745	217.994.745	217.805.112
10	Mature claims	1.229.875	1.718.893	1.718.717
11	Other assets	25.011.743	10.880.191	10.880.191
TOTAL		**542.371.500**	**316.959.845**	**316.730.112**

Table 6.2.1 Disclosure of Assets on Balance Sheet Exposure – Consolidated (in million rupiah)

No	Portfolio Category	31 December 2013		
		Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)
1	Claims against Government	150.995.954	114.626	114.626
2	Claims against Public Sector Entities	59.495.807	29.747.904	29.695.018
3	Claims against Multilateral Development Banks and International Institutions	-	-	-
4	Claims against Banks	26.990.618	7.838.998	7.805.359
5	Collateralized housing loans	6.892.640	2.640.512	2.640.512
6	Collateralized commercial property loans	240.320	240.320	240.320
7	Loans to employees / pensioners	-	-	-
8	Claims against MSMEs and Retail Portfolio	96.452.519	72.339.390	71.452.765
9	Claims against corporations	271.709.338	271.709.338	266.795.595
10	Mature claims	1.745.172	2.491.832	2.416.569
11	Other assets	31.712.868	-	14.438.494
TOTAL		**646.235.237**	**387.122.919**	**395.599.260**

No	Portfolio Category	31 December 2012		
		Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)
1	Claims against Government	146.821.104	95.291	95.291
2	Claims against Public Sector Entities	47.149.358	23.574.679	23.574.677
3	Claims against Multilateral Development Banks and International Institutions	-	-	-
4	Claims against Banks	22.538.084	5.565.769	5.565.769
5	Collateralized housing loans	11.666.730	4.504.018	4.504.018
6	Collateralized commercial property loans	250.129	250.129	250.129
7	Loans to employees / pensioners	-	-	-
8	Claims against MSMEs and Retail Portfolio	74.167.887	55.625.915	55.585.991
9	Claims against corporations	218.188.382	218.188.382	217.998.749
10	Mature claims	1.266.427	1.773.721	1.773.545
11	Other assets	26.305.440	-	12.015.050
TOTAL		**548.353.540**	**309.577.905**	**321.363.220**

risk management

Exposure to Commitment / Contingency Claims – Bank Unconsolidated and Consolidated

Table 6.1.2 Disclosure of Exposure to Commitment / Contingency Claims from Administrative Account Transactions – Bank Unconsolidated (in million rupiah)

No	Portfolio Category	31 December 2013		
		Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)
1	Claims against Government	20.269	-	-
2	Claims against Public Sector Entities	13.924.621	6.962.310	6.962.310
3	Claims against Multilateral Development Banks and International Institutions	-	-	-
4	Claims against Banks	10.115.159	5.057.123	5.057.123
5	Collateralized housing loans	1.522	533	533
6	Collateralized commercial property loans	5.208	5.208	5.208
7	Loans to employees / pensioners	-	-	-
8	Claims against MSMEs and Retail Portfolio	910.966	683.225	683.225
9	Claims against corporations	28.900.364	28.900.364	28.900.364
10	Mature claims	28.415	42.622	42.622
11	Other assets	-	-	-
TOTAL		**53.906.525**	**41.651.386**	**41.651.386**

No	Portfolio Category	31 December 2012		
		Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)
1	Claims against Government	634	-	-
2	Claims against Public Sector Entities	14.918.413	7.459.207	7.459.207
3	Claims against Multilateral Development Banks and International Institutions	-	-	-
4	Claims against Banks	5.504.669	2.751.137	2.751.137
5	Collateralized housing loans	-	-	-
6	Collateralized commercial property loans	-	-	-
7	Loans to employees / pensioners	-	-	-
8	Claims against MSMEs and Retail Portfolio	560.605	420.454	420.454
9	Claims against corporations	22.418.645	22.418.645	22.418.645
10	Mature claims	2.917	4.375	4.375
11	Other assets	-	-	-
TOTAL		**43.405.883**	**33.053.817**	**33.053.817**

Table 6.2.2 Disclosure of Commitment / Contingency Claims from Administrative Account Transactions – Consolidated (in million rupiah)

No	Portfolio Category	31 December 2013		
		Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)
1	Claims against Government	20.269	-	-
2	Claims against Public Sector Entities	13.924.621	6.962.310	6.962.310
3	Claims against Multilateral Development Banks and International Institutions	-	-	-
4	Claims against Banks	10.115.159	5.057.123	5.057.123
5	Collateralized housing loans	1.522	533	533
6	Collateralized commercial property loans	5.208	5.208	5.208
7	Loans to employees / pensioners	-	-	-
8	Claims against MSMEs and Retail Portfolio	915.385	686.539	686.539
9	Claims against corporations	28.900.364	28.900.364	28.900.364
10	Mature claims	28.415	42.622	42.622
11	Other assets	-	-	-
TOTAL		**53.910.943**	**41.654.700**	**41.654.700**

No	Portfolio Category	31 December 2012		
		Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)
1	Claims against Government	634	-	-
2	Claims against Public Sector Entities	14.918.413	7.459.207	7.459.207
3	Claims against Multilateral Development Banks and International Institutions	-	-	-
4	Claims against Banks	5.505.081	2.751.343	2.751.343
5	Collateralized housing loans	-	-	-
6	Collateralized commercial property loans	-	-	-
7	Loans to employees / pensioners	-	-	-
8	Claims against MSMEs and Retail Portfolio	569.812	427.359	427.359
9	Claims against corporations	22.422.885	22.422.885	22.422.885
10	Mature claims	2.917	4.375	4.375
11	Other assets	-	-	-
TOTAL		**43.419.742**	**33.065.169**	**33.065.169**

risk management

Exposure Counterparty Credit Risk - Bank Only and Consolidated

Table 6.1.3 Disclosure of Exposure Arising from Counterparty Credit Risk – Bank Unconsolidated (in million rupiah)

No	Portfolio Category	31 December 2013		
		Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)
1	Claims against Government	50.714	-	-
2	Claims against Public Sector Entities	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-
4	Claims against Banks	3.884.653	882.036	882.036
5	Claims against MSMEs and Retail Portfolio	321	241	241
6	Claims against corporations	136.277	136.277	136.277
TOTAL		**4.071.965**	**1.018.553**	**1.018.553**

No	Portfolio Category	31 December 2012		
		Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)
1	Claims against Government	10.005.775	-	-
2	Claims against Public Sector Entities	285	142	142
3	Claims against Multilateral Development Banks and International Institutions	-	-	-
4	Claims against Banks	4.564.198	931.702	931.702
5	Claims against MSMEs and Retail Portfolio	686	515	515
6	Claims against corporations	44.888	44.888	44.888
TOTAL		**14.615.831**	**977.247**	**977.247**

Table 6.2.3 Disclosure of Exposure Arising from Counterparty Credit Risk – Bank consolidated (in million rupiah)
Exposure Settlement Risk – Bank Unconsolidated and Consolidated

No	Portfolio Category	31 December 2013		
		Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)
1	Claims against Government	50.714	-	-
2	Claims against Public Sector Entities	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-
4	Claims against Banks	3.884.653	882.036	882.036
5	Claims against MSMEs and Retail Portfolio	321	241	241
6	Claims against corporations	352.150	352.150	352.150
TOTAL		**4.287.838**	**1.234.426**	**1.234.426**

No	Portfolio Category	31 December 2012		
		Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)
1	Claims against Government	10.005.775	-	-
2	Claims against Public Sector Entities	285	142	142
3	Claims against Multilateral Development Banks and International Institutions	-	-	-
4	Claims against Banks	4.564.198	931.702	931.702
5	Claims against MSMEs and Retail Portfolio	686	515	515
6	Claims against corporations	179.849	179.849	179.849
TOTAL		**14.750.793**	**1.112.208**	**1.112.208**

risk management

Exposure Settlement Risk – Bank Unconsolidated and Consolidated

Table 6.1.4 Disclosure of Exposure to Settlement Risk - Bank Unconsolidated (in million rupiah)

No	Portfolio Category	31 December 2013		
		Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)
1	Delivery versus payment	-	-	-
	a. Capital Charge 8% (5-15 days)	-	-	-
	b. Capital Charge 50% (16-30 days)	-	-	-
	c. Capital Charge 75% (31-45 days)	-	-	-
	d. Capital Charge 100% (more than days)	-	-	-
2	Non-delivery versus payment	-	-	-
TOTAL		ZERO	ZERO	ZERO

No	Portfolio Category	31 December 2012		
		Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)
1	Delivery versus payment	-	-	-
	a. Capital Charge 8% (5-15 days)	-	-	-
	b. Capital Charge 50% (16-30 days)	-	-	-
	c. Capital Charge 75% (31-45 days)	-	-	-
	d. Capital Charge 100% (more than days)	-	-	-
2	Non-delivery versus payment	-	-	-
TOTAL		ZERO	ZERO	ZERO

risk management

Table 6.2.4 Disclosure of Exposure to Settlement Risk – Bank consolidated (in million rupiah)

No	Portfolio Category	31 December 2013		
		Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)
1	Delivery versus payment	-	-	-
	a. Capital Charge 8% (5-15 days)	-	-	-
	b. Capital Charge 50% (16-30 days)	-	-	-
	c. Capital Charge 75% (31-45 days)	-	-	-
	d. Capital Charge 100% (more than days)	-	-	-
2	Non-delivery versus payment	-	-	-
TOTAL		**ZERO**	**ZERO**	**ZERO**

No	Portfolio Category	31 December 2012		
		Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)
1	Delivery versus payment	-	-	-
	a. Capital Charge 8% (5-15 days)	-	-	-
	b. Capital Charge 50% (16-30 days)	-	-	-
	c. Capital Charge 75% (31-45 days)	-	-	-
	d. Capital Charge 100% (more than days)	-	-	-
2	Non-delivery versus payment	-	-	-
TOTAL		**ZERO**	**ZERO**	**ZERO**

risk management

Securitization Exposure – Bank Unconsolidated and Consolidated

Table 6.1.5 Disclosure of Securitization Exposure – Bank Unconsolidated

No	Portfolio Category	31 December 2013	
		Capital Reduction Factor	RWA
(1)	(2)	(3)	(4)
1	Support credit facilities that meet requirements	-	-
2	Support credit facilities that do not meet requirements	-	-
3	Liquidity facilities that meet requirements	-	-
4	Liquidity facilities that do not meet requirements	-	-
5	Purchase of asset-backed that meet requirements	-	-
6	Purchase of asset-backed that do not meet requirements	-	-
7	Securitization exposure not covered by Bank Indonesia regulations on the application of prudential principles to asset securitization by commercial banks	-	-
TOTAL		**Zero**	**Zero**

No	Portfolio Category	31 December 2012	
		Capital Reduction Factor	RWA
(1)	(2)	(3)	(4)
1	Support credit facilities that meet requirements	-	-
2	Support credit facilities that do not meet requirements	-	-
3	Liquidity facilities that meet requirements	-	-
4	Liquidity facilities that do not meet requirements	-	-
5	Purchase of asset-backed that meet requirements	-	-
6	Purchase of asset-backed that do not meet requirements	-	-
7	Securitization exposure not covered by Bank Indonesia regulations on the application of prudential principles to asset securitization by commercial banks	-	-
TOTAL		**Zero**	**Zero**

risk management

Tabel 6.2.5 Pengungkapan Exposure Sekuritisasi - Konsolidasi dengan Perusahaan Anak (dalam Millionan Rupiah)

No	Portfolio Category	31 December 2013	
		Capital Reduction Factor	RWA
(1)	(2)	(3)	(4)
1	Support credit facilities that meet requirements	-	-
2	Support credit facilities that do not meet requirements	-	-
3	Liquidity facilities that meet requirements	-	-
4	Liquidity facilities that do not meet requirements	-	-
5	Purchase of asset-backed that meet requirements	-	-
6	Purchase of asset-backed that do not meet requirements	-	-
7	Securitization exposure not covered by Bank Indonesia regulations on the application of prudential principles to asset securitization by commercial banks	-	-
TOTAL		**Zero**	**Zero**

No	Portfolio Category	31 December 2012	
		Capital Reduction Factor	RWA
(1)	(2)	(3)	(4)
1	Support credit facilities that meet requirements	-	-
2	Support credit facilities that do not meet requirements	-	-
3	Liquidity facilities that meet requirements	-	-
4	Liquidity facilities that do not meet requirements	-	-
5	Purchase of asset-backed that meet requirements	-	-
6	Purchase of asset-backed that do not meet requirements	-	-
7	Securitization exposure not covered by Bank Indonesia regulations on the application of prudential principles to asset securitization by commercial banks	-	-
TOTAL		**Zero**	**Zero**

risk management

Exposure at Shariah Unit – Bank Unconsolidated and Consolidated

Table 6.1.6. Disclosure of Exposure at Shariah Unit – Bank Unconsolidated (in million rupiah)

No	Portfolio Category	31 December 2013	
		Capital Reduction Factor	RWA
(1)	(2)	(3)	(4)
1	Total Exposure	-	-

No	Portfolio Category	31 December 2012	
		Capital Reduction Factor	RWA
(1)	(2)	(3)	(4)
1	Total Exposure	-	-

Table 6.2.6. Disclosure of Exposure at Shariah Unit – Bank Consolidated (in million rupiah)

No	Portfolio Category	31 December 2013	
		Capital Reduction Factor	RWA
(1)	(2)	(3)	(4)
1	Total Exposure	-	38.020.265

No	Portfolio Category	31 December 2012	
		FCapital Reduction Factor	RWA
(1)	(2)	(3)	(4)
1	Total Exposure	-	32.883.883

Consequently, the total RWA positions at Bank Mandiri on an unconsolidated and consolidated basis are as follows:

Table 6.1.7 Disclosure of Total Credit Risks – Bank Unconsolidated (in million rupiah)

		31 December 2013	31 December 2012
TOTAL RWA CREDIT RISKS		431.632.851	350.761.176
TOTAL CAPITAL REDUCTION FACTORS		-	-

Table 6.2.7 Disclosure of Total Credit Risks – Bank Consolidated (in million rupiah)

		31 December 2013	31 December 2012
TOTAL RWA CREDIT RISKS		476.508.651	388.424.480
TOTAL CAPITAL REDUCTION FACTORS		-	-

CREDIT RISK EXPOSURE BY REGION, TIME PERIOD AND ECONOMIC SECTOR

Credit risk management by the Bank is conducted at both the portfolio and sub-portfolio levels. Calculated using the Standardized Approach, the Bank's exposures per region, time period and economic sectors are as follows:

risk management

Net Claims Per Region – Bank Unconsolidated and Consolidated

Table 2.1.a Disclosure of Net Claims Per Region – Bank Unconsolidated (in million rupiah)

No	Portfolio Category	31 December 2013					
		REGION I / MEDAN	REGION II / PALEMBANG	REGION III / JKT KOTA	REGION IV / JKT THAMRIN	REGION V / JKT SUDIRMAN	REGION VI / BANDUNG
(1)	(2)	(3)	(4)	(5)	(6)	(8)	(9)
1	Claims against Government	-	3.301	-	-	668.489	580
2	Claims against Public Sector Entities	9.597.069	3.303.973	3.155.282	15.335.535	12.014.461	1.344.268
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	131.229	301.169	194.847	616.140	380.177	257.699
5	Collateralized housing loans	548.687	692.938	470.125	450.065	696.912	416.783
6	Collateralized commercial property loans	-	244.988	-	-	-	-
7	Loans to employees / pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	6.574.621	7.897.254	5.050.164	4.903.634	21.429.889	6.402.285
9	Claims against corporations	25.672.981	16.333.425	30.934.790	28.274.515	57.116.423	9.090.955
10	Mature claims	147.978	137.100	83.447	106.962	185.810	188.060
11	Other assets	-	-	-	-	-	-
12	Exposure at Shariah Unit	-	-	-	-	-	-
TOTAL		**42.672.565**	**28.914.148**	**39.888.655**	**49.686.851**	**92.492.161**	**17.700.630**

No	Portfolio Category	31 December 2012					
		REGION I / MEDAN	REGION II / PALEMBANG	REGION III / JKT KOTA	REGION IV / JKT THAMRIN	REGION V / JKT SUDIRMAN	REGION VI / BANDUNG
(1)	(2)	(3)	(4)	(5)	(6)	(8)	(9)
1	Claims against Government	21	2.272	7	45	531.055	25
2	Claims against Public Sector Entities	8.370.621	2.559.286	3.797.093	22.885.610	13.849.824	1.683.613
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	53.252	23.920	181.440	331.950	290.608	98.001
5	Collateralized housing loans	1.016.354	1.025.357	709.797	740.177	1.491.082	1.245.716
6	Collateralized commercial property loans	-	250.044	-	-	-	-
7	Loans to employees / pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	5.156.617	5.824.950	3.734.669	3.974.006	16.466.547	4.510.398
9	Claims against corporations	22.944.584	12.825.980	29.072.796	28.982.105	52.709.688	7.802.119
10	Mature claims	94.506	104.263	61.164	95.700	123.212	92.656
11	Other assets	-	-	-	-	-	-
12	Exposure at Shariah Unit	-	-	-	-	-	-
TOTAL		**37.635.957**	**22.616.073**	**37.556.966**	**57.009.594**	**85.462.017**	**15.432.529**

risk management

	31 December 2013								
	REGION VII / SEMARANG	REGION VIII / SURABAYA	REGION IX / BANJARMASIN	REGION X / MAKASSAR	REGION XI / DENPASAR	REGION XII / JAYAPURA	KANTOR PUSAT	OVERSEAS	TOTAL
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
	-	-	-	11.258	-	-	149.669.566	501.292	150.854.486
	691.101	2.873.563	3.602.461	1.699.860	530.220	-	19.272.635	-	73.420.428
	-	-	-	-	-	-	-	-	-
	328.358	309.320	211.391	175.991	219.975	3.456	35.285.812	4.000.867	42.416.431
	734.576	1.367.768	602.189	518.876	353.495	41.748	-	-	6.894.162
	-	-	540	-	-	-	-	-	245.528
	-	-	-	-	-	-	-	-	-
	7.739.645	7.449.638	6.315.557	7.111.944	2.322.218	2.123.751	6.212.764	8.052	91.541.416
	14.552.080	36.501.168	17.412.955	6.057.157	3.737.163	1.168.792	38.332.423	15.730.061	300.914.888
	144.570	160.822	122.977	149.964	31.138	37.083	51.348	161.019	1.708.278
	-	-	-	-	-	-	29.216.171	-	29.216.171
	-	-	-	-	-	-	-	-	-
	24.190.330	**48.662.279**	**28.268.070**	**15.725.050**	**7.194.209**	**3.374.830**	**278.040.719**	**20.401.291**	**697.211.789**

	31 December 2012								
	REGION VII / SEMARANG	REGION VIII / SURABAYA	REGION IX / BANJARMASIN	REGION X / MAKASSAR	REGION XI / DENPASAR	REGION XII / JAYAPURA	KANTOR PUSAT	OVERSEAS	TOTAL
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
	-	-	233	438	-	10	155.647.236	344.889	156.526.232
	449.964	2.978.921	2.670.398	1.738.026	223.891	8.714	852.094	-	62.068.056
	-	-	-	-	-	-	-	-	-
	74.961	189.266	49.099	44.769	7.230	1.460	26.791.110	4.488.352	32.625.417
	1.174.105	1.774.826	891.128	901.029	606.004	91.154			11.666.730
	-	-	84	-	-	-	-	-	250.129
	-	-	-	-	-	-	-	-	-
	6.028.990	5.496.299	5.028.938	5.599.741	1.485.913	1.657.047	5.587.270	2.451	70.553.838
	16.112.360	30.940.610	15.677.598	5.416.282	3.560.726	936.997	5.257.434	8.218.998	240.458.277
	104.487	243.081	83.070	144.966	29.680	23.595	4.341	28.068	1.232.791
	-	-	-	-	-	-	25.011.743	-	25.011.743
	-	-	-	-	-	-	-	-	-
	23.944.867	**41.623.003**	**24.400.548**	**13.845.251**	**5.913.444**	**2.718.978**	**219.151.228**	**13.082.759**	**600.393.214**

risk management

Table 2.1.b Disclosure of Net Claims Per Region – Bank Consolidated (in million rupiah)

No	Portfolio Category	31 December 2013					
		REGION I / MEDAN	REGION II / PALEMBANG	REGION III / JKT KOTA	REGION IV / JKT THAMRIN	REGION V / JKT SUDIRMAN	REGION VI / BANDUNG
(1)	(2)	(3)	(4)	(5)	(6)	(8)	(9)
1	Claims against Government	-	3.301	-	-	668.489	580
2	Claims against Public Sector Entities	9.597.069	3.303.973	3.155.282	15.335.535	12.014.461	1.344.268
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	131.229	301.169	194.847	616.140	380.177	257.699
5	Collateralized housing loans	548.687	692.938	470.125	450.065	696.912	416.783
6	Collateralized commercial property loans	-	244.988	-	-	-	-
7	Loans to employees / pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	6.574.621	7.897.254	5.050.164	4.903.634	21.429.889	6.402.285
9	Claims against corporations	25.672.981	16.333.425	30.934.790	28.274.515	57.116.423	9.090.955
10	Mature claims	147.978	137.100	83.447	106.962	185.810	188.060
11	Other assets	-	-	-	-	-	-
12	Exposure at Shariah Unit	-	-	-	-	-	-
TOTAL		**42.672.565**	**28.914.148**	**39.888.655**	**49.686.851**	**92.492.161**	**17.700.630**

No	Portfolio Category	31 December 2012					
		REGION I / MEDAN	REGION II / PALEMBANG	REGION III / JKT KOTA	REGION IV / JKT THAMRIN	REGION V / JKT SUDIRMAN	REGION VI / BANDUNG
(1)	(2)	(3)	(4)	(5)	(6)	(8)	(9)
1	Claims against Government	21	2.272	7	45	531.055	25
2	Claims against Public Sector Entities	8.370.621	2.559.286	3.797.093	22.885.610	13.849.824	1.683.613
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	53.252	23.920	181.440	331.950	290.608	98.001
5	Collateralized housing loans	1.016.354	1.025.357	709.797	740.177	1.491.082	1.245.716
6	Collateralized commercial property loans	-	250.044	-	-	-	-
7	Loans to employees / pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	5.156.617	5.824.950	3.734.669	3.974.006	16.466.547	4.510.398
9	Claims against corporations	22.944.584	12.825.980	29.072.796	28.982.105	52.709.688	7.802.119
10	Mature claims	94.506	104.263	61.164	95.700	123.212	92.656
11	Other assets	-	-	-	-	-	-
12	Exposure at Shariah Unit	-	-	-	-	-	-
TOTAL		**37.635.957**	**22.616.073**	**37.556.966**	**57.009.594**	**85.462.017**	**15.432.529**

risk management

	31 December 2013								
	REGION VII / SEMARANG	REGION VIII / SURABAYA	REGION IX / BANJARMASIN	REGION X / MAKASSAR	REGION XI / DENPASAR	REGION XII / JAYAPURA	KANTOR PUSAT	OVERSEAS	TOTAL
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
	-	-	-	11.258	-	-	149.767.391	615.918	151.066.937
	691.101	2.873.563	3.602.461	1.699.860	530.220	-	19.272.635	-	73.420.428
	-	-	-	-	-	-	-	-	-
	328.358	309.320	211.391	175.991	219.975	3.456	30.815.149	7.045.529	40.990.430
	734.576	1.367.768	602.189	518.876	353.495	41.748			6.894.162
	-	-	540	-	-	-	-	-	245.528
	-	-	-	-	-	-	-	-	-
	7.739.645	7.449.638	6.315.557	7.111.944	2.322.218	2.123.751	12.039.534	8.091	97.368.225
	14.552.080	36.501.168	17.412.955	6.057.157	3.737.163	1.168.792	38.379.387	15.730.061	300.961.852
	144.570	160.822	122.977	149.964	31.138	37.083	116.657	161.019	1.773.587
	-	-	-	-	-	-	31.696.389	16.480	31.712.868
	-	-	-	-	-	-	66.054.001	-	66.054.001
	24.190.330	**48.662.279**	**28.268.070**	**15.725.050**	**7.194.209**	**3.374.830**	**348.141.142**	**23.577.098**	**770.488.018**

	31 December 2012								
	REGION VII / SEMARANG	REGION VIII / SURABAYA	REGION IX / BANJARMASIN	REGION X / MAKASSAR	REGION XI / DENPASAR	REGION XII / JAYAPURA	KANTOR PUSAT	OVERSEAS	TOTAL
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
	-	-	233	438	-	10	155.948.517	344.889	156.827.512
	449.964	2.978.921	2.670.398	1.738.026	223.891	8.714	852.094		62.068.055
	-	-	-	-	-	-	-	-	-
	74.961	189.266	49.099	44.769	7.230	1.460	26.773.055	4.488.352	32.607.363
	1.174.105	1.774.826	891.128	901.029	606.004	91.154	-	-	11.666.729
	-	-	84	-	-	-	-	-	250.128
	-	-	-	-	-	-	-	-	-
	6.028.990	5.496.299	5.028.938	5.599.741	1.485.913	1.657.047	9.771.817	2.451	74.738.383
	16.112.360	30.940.610	15.677.598	5.416.282	3.560.726	936.997	5.590.273	8.218.998	240.791.116
	104.487	243.081	83.070	144.966	29.680	23.595	40.893	28.068	1.269.341
	-	-	-	-	-	-	26.305.440	-	26.305.440
	-	-	-	-	-	-	56.589.077	-	56.589.077
	23.944.867	**41.623.003**	**24.400.548**	**13.845.251**	**5.913.444**	**2.718.978**	**281.871.166**	**13.082.759**	**663.113.152**

risk management

Net Claims by Remaining Contract Time – Bank Unconsolidated and Consolidated (in million rupiah)

Table 2.2.a Disclosure of Net Claims by Remaining Contract Time – Bank Unconsolidated (in million rupiah)

No	Portfolio Category	31 December 2013					
		Net Claims by Remaining Contract Time					
		< 1 year	1 Year to 3 Years	3 Years to 5 Years	>5 years	Non-Contractual	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	72.240.818	429.670	4.084.109	74.099.889	-	150.854.486
2	Claims against Public Sector Entities	17.723.353	9.513.710	5.790.843	40.392.522	-	73.420.428
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	31.583.210	3.305.234	5.875.164	1.652.823	-	42.416.431
5	Collateralized housing loans	605	94.428	288.202	6.510.927	-	6.894.162
6	Collateralized commercial property loans	-	244.988	540		-	245.528
7	Loans to employees / pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	8.196.773	25.401.401	21.313.960	36.629.282	-	91.541.416
9	Claims against corporations	64.487.942	56.193.050	63.446.949	116.786.947	-	300.914.888
10	Mature claims	248.300	687.630	341.595	430.753	-	1.708.278
11	Other assets	-	29.216.171	-	-	-	29.216.171
12	Exposure at Shariah Unit	-	-	-	-	-	-
TOTAL		**194.481.001**	**125.086.282**	**101.141.362**	**276.503.143**	**Zero**	**697.211.789**

No	Portfolio Category	31 December 2012					
		Net Claims by Remaining Contract Time					
		< 1 year	1 Year to 3 Years	3 Years to 5 Years	>5 years	Non-Contractual	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	79.836.054	609	1.863.953	74.825.616	-	156.526.232
2	Claims against Public Sector Entities	50.935	23.378.088	1.312.020	37.327.012	-	62.068.056
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	23.669.594	4.238.614	2.627.401	2.089.808	-	32.625.417
5	Collateralized housing loans	26		32	11.666.672	-	11.666.730
6	Collateralized commercial property loans	-	-		250.129	-	250.129
7	Loans to employees / pensioners	-	-	-	-	-	
8	Claims against MSMEs and Retail Portfolio	78.533	5.103.024	51.411	65.320.870	-	70.553.838
9	Claims against corporations	325.921	24.792.421	5.313.208	210.026.727	-	240.458.277
10	Mature claims	309.621	45.814	210	877.146	-	1.232.791
11	Other assets	-	25.011.743	-	-	-	25.011.743
12	Exposure at Shariah Unit	-	-	-	-	-	-
TOTAL		**104.270.684**	**82.570.314**	**11.168.235**	**402.383.981**		**600.393.214**

risk management

Table 2.2.b Disclosure of Net Claims by Remaining Contract Time – Bank Consolidated (in million rupiah)

No	Portfolio Category	31 December 2013 Net Claims by Remaining Contract Time					
		< 1 year	1 Year to 3 Years	3 Years to 5 Years	>5 years	Non-Contractual	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	72.240.818	429.670	4.084.109	74.312.340	-	151.066.937
2	Claims against Public Sector Entities	17.723.353	9.513.710	5.790.843	40.392.522	-	73.420.428
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	32.172.800	3.305.234	5.875.164	1.652.823	1.373	43.007.394
5	Collateralized housing loans	605	94.428	288.202	6.510.927		6.894.162
6	Collateralized commercial property loans	-	244.988	540	-	-	245.528
7	Loans to employees / pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	8.196.773	25.401.401	27.143.072	36.629.282	-	97.370.528
9	Claims against corporations	64.487.942	56.193.050	63.493.913	116.786.947	-	300.961.852
10	Mature claims	248.300	687.630	408.073	430.753	-	1.774.756
11	Other assets	-	29.646.197	-	-	84.781	29.730.978
12	Exposure at Shariah Unit	-	-	66.118.174	-	-	66.118.174
TOTAL		**195.070.591**	**125.516.308**	**173.202.090**	**276.715.594**	**86.154**	**770.590.737**

No	Portfolio Category	31 December 2012 Net Claims by Remaining Contract Time					
		< 1 year	1 Year to 3 Years	3 Years to 5 Years	>5 years	Non-Contractual	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	79.836.054	609	1.863.953	75.126.897	-	156.827.512
2	Claims against Public Sector Entities	50.935	23.378.088	1.312.020	37.327.012	-	62.068.056
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	23.650.715	4.238.614	2.627.401	2.089.808	824	32.607.362
5	Collateralized housing loans	26	-	32	11.666.672		11.666.730
6	Collateralized commercial property loans	-	-	-	250.129	-	250.129
7	Loans to employees / pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	78.533	5.103.024	4.235.958	65.320.870	-	74.738.385
9	Claims against corporations	325.921	24.792.421	5.646.047	210.026.727	-	240.791.117
10	Mature claims	309.621	45.814	36.762	877.146	-	1.269.344
11	Other assets	-	26.031.239	-	-	274.201	26.305.440
12	Exposure at Shariah Unit	-	-	56.589.077	-	-	56.589.077
TOTAL		**104.251.805**	**83.589.809**	**72.311.250**	**402.685.261**	**275.025**	**663.113.152**

risk management

Net Claims by Economic Sector – Bank Unconsolidated and Consolidated

Table 2.3.a Disclosure of Net Claims by Economic Sector – Bank Unconsolidated (in million rupiah)

No	Economic Sector	31 December 2013				
		Claims against Government	Claims against Public Sector Entities	Claims against Multilateral Development Banks and International Institutions	Claims against Banks	Collateralized housing loans
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Agriculture, Menial Labor and Forestry	-	13.277.249	-	-	-
2	Fisheries	-	-	-	-	-
3	Mining and Extractive Industries	631	12.587.289		-	-
4	Processing Industry	-	8.479.910	-	802	-
5	Power, Gas and Water	-	10.550.137	-	-	-
6	Construction	6.255	3.229.612	-	-	-
7	Large scale trading and retailing	3.250	79.998	-	-	-
8	Hospitality	-	401.500	-	-	-
9	Transportation, warehousing and communications	-	1.510.392	-	-	-
10	Financial intermediaries	-	7.641.426	-	1.984.456	-
11	Real estate, leasing and corporate services	409.520	1.715.885	-	207.517	9.902
12	Government administration, defense and mandatory social security	421.233	-	-	-	-
13	Education	-	-	-	-	-
14	Health and social activities	-	-	-	-	-
15	Social, cultural, entertainment and other personal services	-	1.096	-	-	-
16	Personal household services	-	-	-	-	-
17	International organizations and other extra international organizations	-	-	-	-	-
18	Indeterminate Activities	-	-	-	50.938	-
19	Non Business Field	-	-	-	5.002	6.878.667
20	Miscellaneous (add a.1 for SBI, SUN)	150.013.597	13.945.934	-	40.167.716	5.593
TOTAL		**150.854.486**	**73.420.428**	**-**	**42.416.431**	**6.894.162**

	31 December 2013						
	Kredit Beragun Properti Komersial	Loans to employees / pensioners	Claims against MSMEs and Retail Portfolio	Claims against corporations	Mature claims	Other assets	Exposure at Shariah Unit
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	-	-	2.375.411	35.672.341	53.895	-	-
	-	-	65.700	387.933	26.134	-	-
	-	-	48.775	16.544.460	5.671	-	-
	-	-	887.690	81.937.061	81.767	-	-
	-	-	21.485	3.720.632	16	-	-
	-	-	339.264	10.250.410	19.605	-	-
	-	-	18.018.035	54.351.792	699.785	-	-
	-	-	1.768.096	2.238.479	31.992	-	-
	-	-	349.042	21.017.199	36.308	-	-
	-	-	36.034	5.763.215	1.565	-	-
	245.528	-	2.734.527	15.858.740	76.047	-	-
	-	-	51.729	114.024	1.597	-	-
	-	-	13.192	132.955	163	-	-
	-	-	75.207	924.221	2.703	-	-
	-	-	10.920	179.207	-	-	-
	-	-	16.736	25.191	451	-	-
	-	-	-	-	-	-	-
	-	-	17.609	435.970	513	-	-
	-	-	59.045.829	1.837.203	458.408	-	-
	-	-	5.666.135	49.523.855	211.658	29.216.171	-
	245.528	**-**	**91.541.416**	**300.914.888**	**1.708.278**	**29.216.171**	**-**

risk management

Table 2.3.a Disclosure of Net Claims by Economic Sector – Bank Unconsolidated (in million rupiah)

No	Economic Sector	31 December 2012				
		Claims against Government	Claims against Public Sector Entities	Claims against Multilateral Development Banks and International Institutions	Claims against Banks	Collateralized housing loans
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Agriculture, Menial Labor and Forestry	-	10.850.710	-	-	-
2	Fisheries	-	-	-	-	-
3	Mining and Extractive Industries	930	3.468.078	-	-	-
4	Processing Industry	-	5.445.981	-	-	-
5	Power, Gas and Water	-	9.911.037	-	-	31
6	Construction	-	1.587.955	-	-	-
7	Large scale trading and retailing	1.343	864.229	-	-	120
8	Hospitality	-	148.253	-	-	-
9	Transportation, warehousing and communications	-	173.796	-	-	-
10	Financial intermediaries	-	6.418.375	-	32.625.417	-
11	Real estate, leasing and corporate services	248.688	1.095.469	-	-	246
12	Government administration, defense and mandatory social security	442.597	-	-	-	-
13	Education	-	-	-	-	-
14	Health and social activities	-	-	-	-	-
15	Social, cultural, entertainment and other personal services	-	-	-	-	-
16	Personal household services	-	-	-	-	-
17	International organizations and other extra international organizations	-	-	-	-	-
18	Indeterminate Activities	90.091	-	-	-	-
19	Non Business Field	-	-	-	-	11.666.333
20	Miscellaneous (add a.1 for SBI, SUN)	155.742.583	22.104.173	-	-	-
TOTAL		**156.526.232**	**62.068.056**	**-**	**32.625.417**	**11.666.730**

	31 December 2012						
	Kredit Beragun Properti Komersial	Loans to employees / pensioners	Claims against MSMEs and Retail Portfolio	Claims against corporations	Mature claims	Other assets	Exposure at Shariah Unit
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	-	-	1.988.449	31.485.016	27.211	-	-
	-	-	58.021	348.203	1.391	-	-
	-	-	51.067	13.818.336	12.101	-	-
	-	-	909.466	67.377.819	196.109	-	-
	-	-	17.099	3.092.263	3	-	-
	-	-	275.379	7.107.271	10.040	-	-
	-	-	16.439.098	43.616.365	471.135	-	-
	-	-	1.452.731	2.042.500	22.470	-	-
	-	-	253.868	18.863.897	6.325	-	-
	-	-	25.878	7.109.706	1.356	-	-
	250.129	-	2.400.283	10.897.569	51.245	-	-
	-	-	51.767	109.758	1.990	-	-
	-	-	15.917	141.286	5	-	-
	-	-	60.462	851.893	623	-	-
	-	-	9.649	272.650	16	-	-
	-	-	16.050	14.184	708	-	-
	-	-	-	13.378	-	-	-
	-	-	75.493	242.767	351	-	-
	-	-	46.243.563	758.222	329.577	-	-
	-	-	209.597	32.295.195	100.135	25.011.743	-
	250.129	**-**	**70.553.838**	**240.458.277**	**1.232.791**	**25.011.743**	**-**

risk management

Table 2.3.b Disclosure of Net Claims by Economic Sector – Bank Consolidated (in million rupiah)

No	Economic Sector	31 December 2013				
		Claims against Government	Claims against Public Sector Entities	Claims against Multilateral Development Banks and International Institutions	Claims against Banks	Collateralized housing loans
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Agriculture, Menial Labor and Forestry	-	13.277.249	-	-	-
2	Fisheries	-	-	-	-	-
3	Mining and Extractive Industries	631	12.587.289	-	-	-
4	Processing Industry	-	8.479.910	-	802	-
5	Power, Gas and Water	-	10.550.137	-	-	-
6	Construction	6.255	3.229.612	-	-	-
7	Large scale trading and retailing	3.250	79.998	-	-	-
8	Hospitality	-	401.500	-	-	-
9	Transportation, warehousing and communications	-	1.510.392	-	-	-
10	Financial intermediaries	-	7.641.426	-	1.984.456	-
11	Real estate, leasing and corporate services	409.520	1.715.885	-	207.517	9.902
12	Government administration, defense and mandatory social security	421.233	-	-	-	-
13	Education	-	-	-	-	-
14	Health and social activities	-	-	-	-	-
15	Social, cultural, entertainment and other personal services	-	1.096	-	-	-
16	Personal household services	-	-	-	-	-
17	International organizations and other extra international organizations	-	-	-	-	-
18	Indeterminate Activities	-	-	-	50.938	-
19	Non Business Field	-	-	-	5.002	6.878.667
20	Miscellaneous (add a.1 for SBI, SUN)	150.226.048	13.945.934	-	38.741.715	5.593
TOTAL		**151.066.937**	**73.420.428**	**-**	**40.990.430**	**6.894.162**

	31 December 2013						
	Kredit Beragun Properti Komersial	Loans to employees / pensioners	Claims against MSMEs and Retail Portfolio	Claims against corporations	Mature claims	Other assets	Exposure at Shariah Unit
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	-	-	2.375.411	35.672.341	53.895	-	-
	-	-	65.700	387.933	26.134	-	-
	-	-	48.775	16.544.460	5.671	-	-
	-	-	887.690	81.937.061	81.767	-	-
	-	-	21.485	3.720.632	16	-	-
	-	-	339.264	10.250.410	19.605	-	-
	-	-	18.018.035	54.351.792	699.785	-	-
	-	-	1.768.096	2.238.479	31.992	-	-
	-	-	349.042	21.017.199	36.308	-	-
	-	-	36.034	5.763.215	1.565	-	-
	245.528	-	2.734.527	15.858.740	76.047	-	-
	-	-	51.729	114.024	1.597	-	-
	-	-	13.192	132.955	163	-	-
	-	-	75.207	924.221	2.703	-	-
	-	-	10.920	179.207	-	-	-
	-	-	16.736	25.191	451	-	-
	-	-	-	-	-	-	-
	-	-	17.609	435.970	513	-	-
	-	-	59.045.829	1.837.203	458.408	-	-
	-	-	11.492.944	49.570.819	276.967	31.712.868	66.054.001
	245.528	**-**	**97.368.225**	**300.961.852**	**1.773.587**	**31.712.868**	**66.054.001**

risk management

Table 2.3.b Disclosure of Net Claims by Economic Sector – Bank Consolidated (in million rupiah)

No	Economic Sector	31 December 2012				
		Claims against Government	Claims against Public Sector Entities	Claims against Multilateral Development Banks and International Institutions	Claims against Banks	Collateralized housing loans
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Agriculture, Menial Labor and Forestry	-	10.850.710	-	-	-
2	Fisheries	-	-	-	-	-
3	Mining and Extractive Industries	930	3.468.078	-	-	-
4	Processing Industry	-	5.445.981	-	-	-
5	Power, Gas and Water	-	9.911.037	-	-	31
6	Construction	-	1.587.955	-	-	-
7	Large scale trading and retailing	1.343	864.229	-	-	120
8	Hospitality	-	148.253	-	-	-
9	Transportation, warehousing and communications	-	173.796	-	-	-
10	Financial intermediaries	-	6.418.375	-	32.607.362	-
11	Real estate, leasing and corporate services	248.688	1.095.469	-	-	246
12	Government administration, defense and mandatory social security	442.597	-	-	-	-
13	Education	-	-	-	-	-
14	Health and social activities	-	-	-	-	-
15	Social, cultural, entertainment and other personal services	-	-	-	-	-
16	Personal household services	-	-	-	-	-
17	International organizations and other extra international organizations	-	-	-	-	-
18	Indeterminate Activities	90.091	-	-	-	-
19	Non Business Field	-	-	-	-	11.666.333
20	Miscellaneous (add a.1 for SBI, SUN)	156.043.863	22.104.173	-	-	-
TOTAL		**156.827.512**	**62.068.056**	**-**	**32.607.362**	**11.666.730**

Note: Subsidiaries net claim is note in others economic sector

	31 December 2012						
	Kredit Beragun Properti Komersial	Loans to employees / pensioners	Claims against MSMEs and Retail Portfolio	Claims against corporations	Mature claims	Other assets	Exposure at Shariah Unit
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	-	-	1.988.449	31.485.016	27.211	-	-
	-	-	58.021	348.203	1.391	-	-
	-	-	51.067	13.818.336	12.101	-	-
	-	-	909.466	67.377.819	196.109	-	-
	-	-	17.099	3.092.263	3	-	-
	-	-	275.379	7.107.271	10.040	-	-
	-	-	16.439.098	43.616.365	471.135	-	-
	-	-	1.452.731	2.042.500	22.470	-	-
	-	-	253.868	18.863.897	6.325	-	-
	-	-	25.878	7.109.706	1.356	-	-
	250.129	-	2.400.283	10.897.569	51.245	-	-
	-	-	51.767	109.758	1.990	-	-
	-	-	15.917	141.286	5	-	-
	-	-	60.462	851.893	623	-	-
	-	-	9.649	272.650	16	-	-
	-	-	16.050	14.184	708	-	-
	-	-	-	13.378	-	-	-
	-	-	75.493	242.767	351	-	-
	-	-	46.243.563	758.222	329.577	-	-
	-	-	4.394.144	32.628.034	136.688	26.305.440	56.589.077
	250.129	**-**	**74.738.385**	**240.791.117**	**1.269.344**	**26.305.440**	**56.589.077**

risk management

CREDIT RISK EXPOSURE AND RESERVES

The Bank applies prudential principles to the mitigation of credit risks, including the setting aside of reserves for losses resulting from declines in asset values (impairments). Based on the Standardized Approach, the reserves allocated by the Bank for each category of claim, and changes therein, are as follows:

Reserves Per Region – Bank Unconsolidated and Consolidated

Table 2.4.a Disclosure of Claims and Reserves by Region – Bank Unconsolidated (in million rupiah)

No	Portfolio Category	31 December 2013					
		Net Claims by REGION					
		REGION I / MEDAN	REGION II / PALEMBANG	REGION III / JKT KOTA	REGION IV / JKT THAMRIN	REGION V / JKT SUDIRMAN	REGION VI / BANDUNG
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims	41.749.255	28.274.674	40.482.001	49.024.181	93.528.898	18.103.653
2	Impaired Claims						
	a. Outstanding	740	5.708	545	87.165	10.441	12.231
	b. Mature	370.374	297.180	828.462	494.729	1.102.186	673.004
3	Reserves for Impairments (CKPN) – Unconsolidated	139.683	1.388	1.227.017	794.020	4.280.173	596.889
4	Reserves for Impairments (CKPN) – Consolidated *)	258.685	240.877	132.036	461.553	337.412	255.772
5	Written-off claims **)	212.960	171.428	118.263	264.576	159.650	165.966

No	Portfolio Category	31 December 2012					
		Net Claims by Region					
		REGION I / MEDAN	REGION II / PALEMBANG	REGION III / JKT KOTA	REGION IV / JKT THAMRIN	REGION V / JKT SUDIRMAN	REGION VI / BANDUNG
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims	38.014.179	22.811.378	38.783.092	58.445.882	89.520.845	16.132.588
2	Impaired Claims						
	a. Outstanding	1.191	1.255	24.616	72.676	17.363	44.802
	b. Mature	297.282	230.788	742.617	632.785	974.125	401.293
3	Reserves for Impairments (CKPN) – Unconsolidated	188.446	13.065	869.491	1.287.128	3.906.859	511.176
4	Reserves for Impairments (CKPN) – Consolidated *)	189.776	182.239	356.635	149.160	151.969	188.883
5	Written-off claims **)	151.918	107.175	73.319	191.862	374.885	363.161

**) CKPN is in accordance with the definition of CKPN given in Circular No. 13/6/DPNP dated 18 February 2011 on the calculation of Credit RWA (without collectability 1)*

***) Written-off claims only for the bank on an unconsolidated basis*

	31 December 2013								
	Net Claims by Region								
	REGION VII / SEMARANG	REGION VIII / SURABAYA	REGION IX / BANJARMASIN	REGION X / MAKASSAR	REGION XI / DENPASAR	REGION XII / JAYAPURA	KANTOR PUSAT	OVERSEAS	TOTAL
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
	23.867.766	48.047.269	28.167.949	16.092.397	7.199.190	3.389.264	236.853.066	18.303.436	653.082.999
	86.430	800	1.005	102	65	1.972	114.704	-	321.908
	343.112	1.036.605	269.531	403.593	70.007	82.102	1.748.404	190.106	7.909.395
	425.642	983.465	10.870	296.472	58.948	308	976.632	333.160	10.124.667
	375.077	264.922	214.523	244.625	50.644	69.608	818.920	378	3.725.032
	145.952	281.695	99.207	185.213	20.897	28.505	449.909	-	2.304.223

	31 December 2012								
	Net Claims by Region								
	REGION VII / SEMARANG	REGION VIII / SURABAYA	REGION IX / BANJARMASIN	REGION X / MAKASSAR	REGION XI / DENPASAR	REGION XII / JAYAPURA	KANTOR PUSAT	OVERSEAS	TOTAL
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
	24.514.597	42.540.404	24.560.843	14.316.046	6.029.232	2.758.687	220.302.166	13.350.953	612.080.892
	87.230	36.161	657	5.944	120	3.500	-	-	295.514
	259.812	1.078.489	185.950	418.129	67.351	50.611	1.067.148	158.505	6.564.885
	376.247	273.430	123.602	249.898	76.530	22.731	1.005.874	267.890	9.172.367
	193.483	643.971	36.694	220.896	39.257	16.977	145.063	304	2.515.307
	88.985	143.596	137.664	156.071	160.903	8.920	493.470	10.980	2.462.911

risk management

Table 2.4.a Disclosure of Claims and Reserves by Region – Bank Consolidated (in million rupiah)

No	Portfolio Category	31 December 2013					
		Net Claims by Region					
		REGION I / MEDAN	REGION II / PALEMBANG	REGION III / JKT KOTA	REGION IV / JKT THAMRIN	REGION V / JKT SUDIRMAN	REGION VI / BANDUNG
(1)	(2)	(3)	(4)	(5)	(6)	(8)	(9)
1	Claims	41.749.255	28.274.674	40.482.001	49.024.181	93.528.898	18.103.653
2	Impaired Claims						
	a. Outstanding	740	5.708	545	87.165	10.441	12.231
	b. Mature	370.374	297.180	828.462	494.729	1.102.186	673.004
3	Reserves for Impairments (CKPN) – Unconsolidated	139.683	1.388	1.227.017	794.020	4.280.173	596.889
4	Reserves for Impairments (CKPN) – Consolidated *)	258.685	240.877	132.036	461.553	337.412	255.772
5	Written-off claims **)	212.960	171.428	118.263	264.576	159.650	165.966

No	Portfolio Category	31 December 2012					
		Net Claims by Region					
		REGION I / MEDAN	REGION II / PALEMBANG	REGION III / JKT KOTA	REGION IV / JKT THAMRIN	REGION V / JKT SUDIRMAN	REGION VI / BANDUNG
(1)	(2)	(3)	(4)	(5)	(6)	(8)	(9)
1	Claims	38.014.179	22.811.378	38.783.092	58.445.882	89.520.845	16.132.588
2	Impaired Claims						
	a. Outstanding	1.191	1.255	24.616	72.676	17.363	44.802
	b. Mature	297.282	230.788	742.617	632.785	974.125	401.293
3	Reserves for Impairments (CKPN) – Unconsolidated	188.446	13.065	869.491	1.287.128	3.906.859	511.176
4	Reserves for Impairments (CKPN) – Consolidated *)	189.776	182.239	356.635	149.160	151.969	188.883
5	Written-off claims **)	151.918	107.175	73.319	191.862	374.885	363.161

**) CKPN is in accordance with the definition of CKPN given in Circular No. 13/6/DPNP dated 18 February 2011 on the calculation of Credit RWA (without collectability 1)*

***) Written-off claims only for the bank only*

	31 December 2013								
	Net Claims by Region								
	REGION VII / SEMARANG	REGION VIII / SURABAYA	REGION IX / BANJARMASIN	REGION X / MAKASSAR	REGION XI / DENPASAR	REGION XII / JAYAPURA	KANTOR PUSAT	OVERSEAS	TOTAL
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
	23.867.766	48.047.269	28.167.949	16.092.397	7.199.190	3.389.264	309.457.729	18.303.436	725.687.662
	86.430	800	1.005	102	65	1.972	114.704	-	321.908
	343.112	1.036.605	269.531	403.593	70.007	82.102	1.851.981	190.106	8.012.972
	425.642	983.465	10.870	296.472	58.948	308	2.077.431	333.160	11.225.467
	375.077	264.922	214.523	244.625	50.644	69.608	818.920	378	3.725.032
	145.952	281.695	99.207	185.213	20.897	28.505	449.909	-	2.304.223

	31 December 2012								
	Net Claims by Region								
	REGION VII / SEMARANG	REGION VIII / SURABAYA	REGION IX / BANJARMASIN	REGION X / MAKASSAR	REGION XI / DENPASAR	REGION XII / JAYAPURA	KANTOR PUSAT	OVERSEAS	TOTAL
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
	24.514.597	42.540.404	24.560.843	14.316.046	6.029.232	2.758.687	283.075.760	13.350.953	674.854.486
	87.230	36.161	657	5.944	120	3.500	-	-	295.514
	259.812	1.078.489	185.950	418.129	67.351	50.611	1.128.963	158.505	6.626.700
	376.247	273.430	123.602	249.898	76.530	22.731	1.059.531	267.890	9.226.024
	193.483	643.971	36.694	220.896	39.257	16.977	145.063	304	2.515.307
	88.985	143.596	137.664	156.071	160.903	8.920	493.470	10.980	2.462.911

risk management

Reserves by Economic Sector – Bank Unconsolidated and Consolidated (in million rupiah)

Table 2.5.a. Disclosure of Claims and Reserves by Economic Sector – Bank Unconsolidated (in million rupiah)

31 December 2013							
No	Economic Sector *)	Claims **)	Impaired Claims		Reserves for Losses from Impairments (CKPN)– Unconsolidated	Reserves for Losses from Impairments (CKPN) – Consolidated ***)	Written-off Claims ****)
			Outstanding	Mature			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Agriculture, Menial Labor and Forestry	50.788.408	101	118.341	94.903	109.535	105.739
2	Fisheries	499.063	-	50.995	755	26.700	-
3	Mining and Extractive Industries	28.825.609	-	24.439	-	29.444	2.997
4	Processing Industry	93.250.174	2.125	2.004.985	6.558.599	103.402	221.475
5	Power, Gas and Water	12.382.187	-	46	260.561	433	65.365
6	Construction	13.382.134	-	42.904	257.155	26.858	35.664
7	Large scale trading and retailing	73.282.393	473	2.689.853	1.285.077	1.165.738	980.624
8	Hospitality	4.520.956	150	75.209	48.607	72.379	-
9	Transportation, warehousing and communications	23.445.965	-	335.196	667.117	53.920	313.229
10	Financial intermediaries	14.553.072	-	3.700	-	1.276	-
11	Real estate, leasing and corporate services	21.233.581	60	187.470	91.061	97.638	-
12	Government administration, defense and mandatory social security	579.459	-	2.695	-	1.403	579.130
13	Education	153.172	-	8.064	7.704	807	-
14	Health and social activities	1.014.491	-	6.126	13.428	2.807	-
15	Social, cultural, entertainment and other personal services	187.226	-	1	-	31.168	-
16	Personal household services	42.657	10	896	-	652	-
17	International organizations and other extra international organizations	-	-	-	-	-	-
18	Indeterminate Activities	503.532	-	1.064	-	502	-
19	Non Business Field	68.964.693	11.750	902.441	-	746.126	-
20	Miscellaneous (add a.1 for SBI, SUN)	245.474.227	307.239	1.454.969	839.701	1.254.246	-
TOTAL		**653.082.999**	**321.908**	**7.909.395**	**10.124.667**	**3.725.032**	**2.304.223**

risk management

Table 2.5.a. Disclosure of Claims and Reserves by Economic Sector – Bank Unconsolidated (in million rupiah)

31 December 2012							
No	Economic Sector *)	Claims **)	Impaired Claims		Reserves for Losses from Impairments (CKPN)– Unconsolidated	Reserves for Losses from Impairments (CKPN) – Consolidated ***)	Written-off Claims ****)
			Outstanding	Mature			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Agriculture, Menial Labor and Forestry	44.534.450	20	129.365	114.656	68.407	-
2	Fisheries	410.865	-	3.179	912	2.338	-
3	Mining and Extractive Industries	17.508.897	-	81.855	158.197	188	-
4	Processing Industry	79.664.741	42.227	1.978.261	5.595.224	140.142	317.155
5	Power, Gas and Water	13.058.903	-	10	38.943	124.740	-
6	Construction	9.174.633	-	81.533	174.140	19.848	137.084
7	Large scale trading and retailing	62.957.406	1.153	1.727.098	1.115.210	449.906	92.453
8	Hospitality	3.842.911	102	52.096	125.106	51.851	135.145
9	Transportation, warehousing and communications	19.969.673	-	393.451	643.030	28.758	24.248
10	Financial intermediaries	13.624.320	5.000	61.928	58.819	6.017	-
11	Real estate, leasing and corporate services	15.162.625	23.444	131.951	116.181	102.814	-
12	Government administration, defense and mandatory social security	608.953	-	4.235	-	2.841	-
13	Education	158.517	-	13	-	1.309	6.273
14	Health and social activities	935.799	-	1.219	21.484	1.336	1.630
15	Social, cultural, entertainment and other personal services	282.626	-	40	150	160	-
16	Personal household services	32.255	-	1.643	-	1.313	-
17	International organizations and other extra international organizations	13.378	-	-	-	-	-
18	Indeterminate Activities	409.904	250	701	-	1.202	264.544
19	Non Business Field	59.916.354	14.728	945.048	9.000	784.449	72.405
20	Miscellaneous (add a.1 for SBI, SUN)	269.813.681	208.589	971.261	1.729.006	-	1.411.973
TOTAL		**612.080.890**	**295.514**	**6.564.887**	**9.900.057**	**1.787.619**	**2.462.911**

**) The sectors that have been listed are those that have material balances. For sectors without material balances, these have been combined in Miscellaneous and this has been explained to the stakeholders*

***) Gross claims (reserves for impairments not yet deducted)*

****) Reserves for Impairments is in accordance with the definition given in Circular No. 13/6/DPNP dated 18 February 2011 on the calculation of Credit RWA (without collectability 1)*

*****) written-off claims only for the bank on unconsolidated basis*

risk management

Table 2.5.b. Disclosure of Claims and Reserves by Economic Sector – Bank Consolidated (in million rupiah)

31 December 2013							
No	Economic Sector *)	Claims **)	Impaired Claims		Reserves for Losses from Impairments (CKPN)– Unconsolidated	Reserves for Losses from Impairments (CKPN) – Consolidated ***)	Written-off Claims ****)
			Outstanding	Mature			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Agriculture, Menial Labor and Forestry	50.788.408	101	118.341	94.903	109.535	105.739
2	Fisheries	499.063	-	50.995	755	26.700	-
3	Mining and Extractive Industries	28.825.609	-	24.439	-	29.444	2.997
4	Processing Industry	93.250.174	2.125	2.004.985	6.558.599	103.402	221.475
5	Power, Gas and Water	12.382.187	-	46	260.561	433	65.365
6	Construction	13.382.134	-	42.904	257.155	26.858	35.664
7	Large scale trading and retailing	73.282.393	473	2.689.853	1.285.077	1.165.738	980.624
8	Hospitality	4.520.956	150	75.209	48.607	72.379	-
9	Transportation, warehousing and communications	23.445.965	-	335.196	667.117	53.920	313.229
10	Financial intermediaries	14.553.072	-	3.700	-	1.276	-
11	Real estate, leasing and corporate services	21.233.581	60	187.470	91.061	97.638	-
12	Government administration, defense and mandatory social security	579.459	-	2.695	-	1.403	579.130
13	Education	153.172	-	8.064	7.704	807	-
14	Health and social activities	1.014.491	-	6.126	13.428	2.807	-
15	Social, cultural, entertainment and other personal services	187.226	-	1	-	31.168	-
16	Personal household services	42.657	10	896	-	652	-
17	International organizations and other extra international organizations	-	-	-	-	-	-
18	Indeterminate Activities	503.532	-	1.064	-	502	-
19	Non Business Field	68.964.693	11.750	902.441	-	746.126	-
20	Miscellaneous (add a.1 for SBI, SUN)	245.474.227	307.239	1.454.969	839.701	1.254.246	-
TOTAL		**653.082.999**	**321.908**	**7.909.395**	**10.124.667**	**3.725.032**	**2.304.223**

Table 2.5.b. Disclosure of Claims and Reserves by Economic Sector – Bank Consolidated (in million rupiah)

31 December 2012							
No	Economic Sector *)	Claims **)	Impaired Claims		Reserves for Losses from Impairments (CKPN)– Unconsolidated	Reserves for Losses from Impairments (CKPN) – Consolidated ***)	Written-off Claims ****)
			Outstanding	Mature			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Agriculture, Menial Labor and Forestry	44.534.450	20	129.365	114.656	68.407	-
2	Fisheries	410.865	-	3.179	912	2.338	-
3	Mining and Extractive Industries	17.508.897	-	81.855	158.197	188	-
4	Processing Industry	79.664.741	42.227	1.978.261	5.595.224	140.142	317.155
5	Power, Gas and Water	13.058.903	-	10	38.943	124.740	-
6	Construction	9.174.633	-	81.533	174.140	19.848	137.084
7	Large scale trading and retailing	62.957.406	1.153	1.727.098	1.115.210	449.906	92.453
8	Hospitality	3.842.911	102	52.096	125.106	51.851	135.145
9	Transportation, warehousing and communications	19.969.673	-	393.451	643.030	28.758	24.248
10	Financial intermediaries	13.624.320	5.000	61.928	58.819	6.017	-
11	Real estate, leasing and corporate services	15.162.625	23.444	131.951	116.181	102.814	-
12	Government administration, defense and mandatory social security	608.953	-	4.235	-	2.841	-
13	Education	158.517	-	13	-	1.309	6.273
14	Health and social activities	935.799	-	1.219	21.484	1.336	1.630
15	Social, cultural, entertainment and other personal services	282.626	-	40	150	160	-
16	Personal household services	32.255	-	1.643	-	1.313	-
17	International organizations and other extra international organiza-tions	13.378	-	-	-	-	-
18	Indeterminate Activities	409.904	250	701	-	1.202	264.544
19	Non Business Field	59.916.354	14.728	945.048	9.000	784.449	72.405
20	Miscellaneous (add a.1 for SBI, SUN)	332.587.275	208.589	1.033.076	1.782.662	-	1.411.973
TOTAL		**674.854.485**	**295.514**	**6.626.702**	**9.953.714**	**1.787.619**	**2.462.911**

**) The sectors that have been listed are those that have material balances. For sectors without material balances, these have been combined in Miscellaneous and this has been explained to the stakeholders*

***) Gross claims (reserves for impairments not yet deducted)*

****) Reserves for Impairments is in accordance with the definition given in Circular No. 13/6/DPNP dated 18 February 2011 on the calculation of Credit RWA (without collectability 1)*

*****) written-off claims only for the bank on unconsolidated basis*

risk management

Details of Changes in Reserves – Bank Unconsolidated and Consolidated

Table 2.6.a Disclosure of Changes in Impairment Reserves – Bank Unconsolidated and Consolidated (in million rupiah)

No	Description	31 December 2013	
		Unconsolidated Impairment Reserves	Consolidated Impairment Reserves
(1)	(2)	(3)	(4)
1	Opening Impairment Reserves balance	9.639.019	4.510.769
2	Allocation (Recovery) of Impairment Reserves in the current period (Net)	2.193.018	3.557.425
	2.a Allocation of Impairment Reserves in current period	2.193.018	3.557.614
	2.b Recovery of Impairment Reserves in Current Period	-	(189)
3	Impairment Reserves used to Cover Write-Offs in current period	(524.532)	(1.779.691)
4	Other Allocation (recovery) in current period *)	(130)	(767.528)
Closing Impairment Reserve Balance **)		**11.307.375**	**5.520.975**

No	Description	31 December 2013	
		Unconsolidated Impairment Reserves	Consolidated Impairment Reserves
(1)	(2)	(4)	(5)
1	Opening Impairment Reserves balance	8.715.624	3.844.398
2	Allocation (Recovery) of Impairment Reserves in the current period (Net)	912.783	2.077.439
	2.a Allocation of Impairment Reserves in current period	-	-
	2.b Recovery of Impairment Reserves in Current Period	-	-
3	Impairment Reserves used to Cover Write-Offs in current period	(920.617)	(1.542.294)
4	Other Allocation (recovery) in current period *)	931.229	131.226
Saldo Akhir CKPN **)		**9.639.019**	**4.510.769**

**) includes foreign exchange differences from presentation in foreign currency and recognition of interest income as being excluded from impaired loans*

***) Excluding Impairment Reserves for Administrative Account transactions*

Table 2.6.b Disclosure of Changes in Impairment Reserves – Bank Consolidated (in million rupiah)

No	Description	31 December 2013	
		Unconsolidated Impairment Reserves	Consolidated Impairment Reserves
(1)	(2)	(3)	(4)
1	Opening Impairment Reserves balance	9.620.978	5.784.541
2	Allocation (Recovery) of Impairment Reserves in the current period (Net)	2.297.215	2.863.675
	2.a Allocation of Impairment Reserves in current period	2.297.215	2.863.864
	2.b Recovery of Impairment Reserves in Current Period	-	(189)
3	Impairment Reserves used to Cover Write-Offs in current period	(524.532)	(2.497.019)
4	Other Allocation (recovery) in current period *)	(131)	909.517
Saldo Akhir CKPN **)		**11.393.530**	**7.060.714**

No	Description	31 December 2013	
		Unconsolidated Impairment Reserves	Consolidated Impairment Reserves
(1)	(2)	(3)	(4)
1	Opening Impairment Reserves balance	8.801.400	4.896.296
2	Allocation (Recovery) of Impairment Reserves in the current period (Net)	816.374	2.606.693
	2.a Allocation of Impairment Reserves in current period	-	-
	2.b Recovery of Impairment Reserves in Current Period	-	-
3	Impairment Reserves used to Cover Write-Offs in current period	(920.617)	(1.830.461)
4	Other Allocation (recovery) in current period *)	1.078.164	194.184
Saldo Akhir CKPN **)		**9.775.321**	**5.866.712**

**) includes foreign exchange differences from presentation in foreign currency and recognition of interest income as being excluded from impaired loans*
***) Excluding Impairment Reserves for Administrative Account transactions*

risk management

Credit Risk Exposure Based on Rating

Standardized Approach reporting by the Bank currently does not employ external ratings of portfolio categories. Nevertheless, for simulation purposes the Bank has calculated exposure by external ratings, as shown in the following tables:

Net Claims by Rating – Bank Unconsolidated and Consolidated

Table 3.1.a Disclosure of Net Claims by Portfolio Category and Rating – Bank Unconsolidated (in million rupiah)

		31 December 2013					
		Rating Agency	Net Claims				
			Long-term Rating				
	Portfolio Category	Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3	Ba1 s.d Ba3
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d. A-(idn)	BBB+(idn) s.d BBB-(idn)	BB+(idn) s.d BB-(idn)
		PT ICRA Indonesia	[Idr]AAA	[Idr]AA+ s.d [Idr] AA-	[Idr]A+ s.d [Idr]A-	[Idr]BBB+ s.d [Idr]BBB-	[Idr]BB+ s.d [Idr] BB-
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d id A-	id BBB+ s.d id BBB-	id BB+ s.d id BB-
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	-	-	-	-	-	-
2	Claims against Public Sector Entities	-	-	-	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	-	-	-	-	-	-
5	Collateralized housing loans	-	-	-	-	-	-
6	Collateralized commercial property loans	-	-	-	-	-	-
7	Loans to employees / pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	-	-	-	-	-	-
9	Claims against corporations	-	-	-	-	-	-
10	Mature claims	-	-	-	-	-	-
11	Other assets	-	-	-	-	-	-
12	Exposure at Shariah Unit	-	-	-	-	-	-
TOTAL		**-**	**-**	**-**	**-**	**-**	**-**

Note: In calculating KPMM and Regulatory Reporting, Bank Mandiri adheres to BI Circular No. 13/6/DPNP dated 18 February 2011, by recording of all claim categories as unrated.

risk management

31 December 2013							
Net Claims							
Short Term Rating						Unrated	TOTAL
B+ s.d B-	Less than B-	A-1	A-2	A-3	Less than A-3		
B+ s.d B-	Less than B-	F1+ s.d F1	F2	F3	Less than F3		
B1 s.d B3	Less than B3	P-1	P-2	P-3	Less than P-3		
B+(idn) s.d B-(idn)	Less than B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Less than F3(idn)		
[Idr]B+ s.d [Idr]B-	Less than [Idr]B-	[Idr]A1+ s.d [Idr]A1	[Idr]A2+ s.d A2	[Idr]A3+ s.d [Idr] A3	Less than [Idr] A3		
id B+ s.d id B-	Less than idB-	idA1	idA2	idA3 s.d id A4	Less than idA4		
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
-	-	-	-	-	-	150.854.486	150.854.486
-	-	-	-	-	-	73.420.428	73.420.428
-	-	-	-	-	-	-	-
-	-	-	-	-	-	42.416.431	42.416.431
-	-	-	-	-	-	6.894.162	6.894.162
-	-	-	-	-	-	245.528	245.528
-	-	-	-	-	-	-	-
-	-	-	-	-	-	91.541.416	91.541.416
-	-	-	-	-	-	300.914.888	300.914.888
-	-	-	-	-	-	1.708.278	1.708.278
-	-	-	-	-	-	29.216.171	29.216.171
-	-	-	-	-	-	-	-
-	**-**	**-**	**-**	**-**	**-**	**697.211.789**	**697.211.789**

risk management

Table 3.1.a Disclosure of Net Claims by Portfolio Category and Rating – Bank Unconsolidated (in million rupiah)

	Portfolio Category	31 December 2012					
		Rating Agency	Net Claims				
			Long-term Rating				
		Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3	Ba1 s.d Ba3
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d. A-(idn)	BBB+(idn) s.d BBB-(idn)	BB+(idn) s.d BB-(idn)
		PT ICRA Indonesia	[Idr]AAA	[Idr]AA+ s.d [Idr] AA-	[Idr]A+ s.d [Idr]A-	[Idr]BBB+ s.d [Idr]BBB-	[Idr]BB+ s.d [Idr] BB-
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d id A-	id BBB+ s.d id BBB-	id BB+ s.d id BB-
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	-	-	-	-	-	-
2	Claims against Public Sector Entities	-	-	-	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	-	-	-	-	-	-
5	Collateralized housing loans	-	-	-	-	-	-
6	Collateralized commercial property loans	-	-	-	-	-	-
7	Loans to employees / pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	-	-	-	-	-	-
9	Claims against corporations	-	-	-	-	-	-
10	Mature claims	-	-	-	-	-	-
11	Other assets	-	-	-	-	-	-
12	Exposure at Shariah Unit	-	-	-	-	-	-
TOTAL		**-**	**-**	**-**	**-**	**-**	**-**

Note: In calculating KPMM and Regulatory Reporting, Bank Mandiri adheres to BI Circular No. 13/6/DPNP dated 18 February 2011, by recording of all claim categories as unrated.

risk management

	31 December 2012							
	Net Claims							
	Short Term Rating						Unrated	TOTAL
	B+ s.d B-	Less than B-	A-1	A-2	A-3	Less than A-3		
	B+ s.d B-	Less than B-	F1+ s.d F1	F2	F3	Less than F3		
	B1 s.d B3	Less than B3	P-1	P-2	P-3	Less than P-3		
	B+(idn) s.d B-(idn)	Less than B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Less than F3(idn)		
	[Idr]B+ s.d [Idr]B-	Less than [Idr]B-	[Idr]A1+ s.d [Idr]A1	[Idr]A2+ s.d A2	[Idr]A3+ s.d [Idr] A3	Less than [Idr] A3		
	id B+ s.d id B-	Less than idB-	idA1	idA2	idA3 s.d id A4	Less than idA4		
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	-	-	-	-	-	-	156.526.232	156.526.232
	-	-	-	-	-	-	62.068.056	62.068.056
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	32.625.417	32.625.417
	-	-	-	-	-	-	11.666.730	11.666.730
	-	-	-	-	-	-	250.129	250.129
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	70.553.838	70.553.838
	-	-	-	-	-	-	240.458.277	240.458.277
	-	-	-	-	-	-	1.232.791	1.232.791
	-	-	-	-	-	-	25.011.743	25.011.743
	-	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	**600.393.214**	**600.393.214**

risk management

Table 3.1.a Disclosure of Net Claims by Portfolio Category and Rating – Bank Unconsolidated (in million rupiah)

(Simulation using ratings)

	Portfolio Category	31 December 2013					
		Rating Agency	Net Claims				
			Long-term Rating				
		Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3	Ba1 s.d Ba3
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d. A-(idn)	BBB+(idn) s.d BBB-(idn)	BB+(idn) s.d BB-(idn)
		PT ICRA Indonesia	[Idr]AAA	[Idr]AA+ s.d [Idr] AA-	[Idr]A+ s.d [Idr]A-	[Idr]BBB+ s.d [Idr]BBB-	[Idr]BB+ s.d [Idr] BB-
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d id A-	id BBB+ s.d id BBB-	id BB+ s.d id BB-
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	-	-	-	-	-	-
2	Claims against Public Sector Entities	-	12.155.465	15.185.636	6.057.235	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	-	18.238	3.632.648	2.787.917	769.431	-
5	Collateralized housing loans	-	-	-	-	-	-
6	Collateralized commercial property loans	-	-	-	-	-	-
7	Loans to employees / pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	-	-	-	-	-	-
9	Claims against corporations	-	736.556	17.669.400	6.439.184	478.222	-
10	Mature claims	-	-	-	-	-	-
11	Other assets	-	-	-	-	-	-
12	Exposure at Shariah Unit	-	-	-	-	-	-
TOTAL		**-**	**12.910.258**	**36.487.684**	**15.284.336**	**1.247.653**	**-**

Note: In calculating KPMM, Bank Mandiri used the latest external ratings of borrowers / counterparties. Claims against government consisting of SUN, SBI and placements in BI in accordance with the regulations were assigned a 0% risk weighting

31 December 2013							
Net Claims							
Short Term Rating						Unrated	TOTAL
B+ s.d B-	Less than B-	A-1	A-2	A-3	Less than A-3		
B+ s.d B-	Less than B-	F1+ s.d F1	F2	F3	Less than F3		
B1 s.d B3	Less than B3	P-1	P-2	P-3	Less than P-3		
B+(idn) s.d B-(idn)	Less than B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Less than F3(idn)		
[Idr]B+ s.d [Idr]B-	Less than [Idr]B-	[Idr]A1+ s.d [Idr]A1	[Idr]A2+ s.d A2	[Idr]A3+ s.d [Idr] A3	Less than [Idr] A3		
id B+ s.d id B-	Less than idB-	idA1	idA2	idA3 s.d id A4	Less than idA4		
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
-	-	-	-	-	-	150.854.486	150.854.486
-	-	-	-	-	-	40.022.092	73.420.428
-	-	-	-	-	-	-	-
-	-	-	-	-	-	35.208.197	42.416.431
-	-	-	-	-	-	6.894.162	6.894.162
-	-	-	-	-	-	245.528	245.528
-	-	-	-	-	-	-	-
-	-	-	-	-	-	91.541.416	91.541.416
-	-	-	-	-	-	275.591.526	300.914.888
-	-	-	-	-	-	1.708.278	1.708.278
-	-	-	-	-	-	29.216.171	29.216.171
-	-	-	-	-	-	-	-
-	**-**	**-**	**-**	**-**	**-**	**631.281.857**	**697.211.789**

risk management

Table 3.1.a Disclosure of Net Claims by Portfolio Category and Rating – Bank Unconsolidated (in million rupiah)
(Simulation using ratings)

		31 December 2012						
		Rating Agency	Net Claims					
			Long-term Rating					
	Portfolio Category	Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-	
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-	
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3	Ba1 s.d Ba3	
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d. A-(idn)	BBB+(idn) s.d BBB-(idn)	BB+(idn) s.d BB-(idn)	
		PT ICRA Indonesia	[Idr]AAA	[Idr]AA+ s.d [Idr] AA-	[Idr]A+ s.d [Idr]A-	[Idr]BBB+ s.d [Idr]BBB-	[Idr]BB+ s.d [Idr] BB-	
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d id A-	id BBB+ s.d id BBB-	id BB+ s.d id BB-	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1	Claims against Government	-	-	-	-	-	-	
2	Claims against Public Sector Entities	-	2.955.570	20.157.580	6.090.719	-	-	
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-	
4	Claims against Banks	-	2.326	7.206.429	1.772.298	576.892	-	
5	Collateralized housing loans	-	-	-	-	-	-	
6	Collateralized commercial property loans	-	-	-	-	-	-	
7	Loans to employees / pensioners	-	-	-	-	-	-	
8	Claims against MSMEs and Retail Portfolio	-	-	-	-	-	-	
9	Claims against corporations	-	1.436.646	12.402.990	4.754.722	133.004	-	
10	Mature claims	-	-	-	-	-	-	
11	Other assets	-	-	-	-	-	-	
12	Exposure at Shariah Unit	-	-	-	-	-	-	
TOTAL		**-**	**4.394.541**	**39.766.999**	**12.617.739**	**709.897**	**-**	

Note: In calculating KPMM, Bank Mandiri used the latest external ratings of borrowers / counterparties. Claims against government consisting of SUN, SBI and placements in BI in accordance with the regulations were assigned a 0% risk weighting

risk management

	31 December 2012							
	Net Claims							
	Short Term Rating						Unrated	TOTAL
	B+ s.d B-	Less than B-	A-1	A-2	A-3	Less than A-3		
	B+ s.d B-	Less than B-	F1+ s.d F1	F2	F3	Less than F3		
	B1 s.d B3	Less than B3	P-1	P-2	P-3	Less than P-3		
	B+(idn) s.d B-(idn)	Less than B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Less than F3(idn)		
	[Idr]B+ s.d [Idr]B-	Less than [Idr]B-	[Idr]A1+ s.d [Idr]A1	[Idr]A2+ s.d A2	[Idr]A3+ s.d [Idr] A3	Less than [Idr] A3		
	id B+ s.d id B-	Less than idB-	idA1	idA2	idA3 s.d id A4	Less than idA4		
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	-	-	-	-	-	-	156.526.232	156.526.232
	-	-	-	-	-	-	32.864.187	62.068.056
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	23.067.473	32.625.417
	-	-	-	-	-	-	11.666.730	11.666.730
	-	-	-	-	-	-	250.129	250.129
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	70.553.838	70.553.838
	-	-	-	-	-	-	221.730.916	240.458.277
	-	-	-	-	-	-	1.232.791	1.232.791
	-	-	-	-	-	-	25.011.743	25.011.743
	-	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	**542.904.038**	**600.393.214**

risk management

Table 3.1.b Disclosure of Net Claims by Portfolio Category and Rating – Bank Consolidated (in million rupiah)

	Portfolio Category	31 December 2013						
		Rating Agency	Net Claims					
			Long-term Rating					
		Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-	
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-	
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3	Ba1 s.d Ba3	
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d. A-(idn)	BBB+(idn) s.d BBB-(idn)	BB+(idn) s.d BB-(idn)	
		PT ICRA Indonesia	[Idr]AAA	[Idr]AA+ s.d [Idr] AA-	[Idr]A+ s.d [Idr]A-	[Idr]BBB+ s.d [Idr]BBB-	[Idr]BB+ s.d [Idr] BB-	
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d id A-	id BBB+ s.d id BBB-	id BB+ s.d id BB-	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1	Claims against Government	-	-	-	-	-	-	
2	Claims against Public Sector Entities	-	-	-	-	-	-	
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-	
4	Claims against Banks	-	-	-	-	-	-	
5	Collateralized housing loans	-	-	-	-	-	-	
6	Collateralized commercial property loans	-	-	-	-	-	-	
7	Loans to employees / pensioners	-	-	-	-	-	-	
8	Claims against MSMEs and Retail Portfolio	-	-	-	-	-	-	
9	Claims against corporations	-	-	-	-	-	-	
10	Mature claims	-	-	-	-	-	-	
11	Other assets	-	-	-	-	-	-	
12	Exposure at Shariah Unit	-	-	-	-	-	-	
TOTAL		**-**	**-**	**-**	**-**	**-**	**-**	

Note: In calculating KPMM and Regulatory Reporting, Bank Mandiri adheres to BI Circular No. 13/6/DPNP dated 18 February 2011, by recording of all claim categories as unrated.

risk management

31 December 2013							
Net Claims							
Short Term Rating						Unrated	TOTAL
B+ s.d B-	Less than B-	A-1	A-2	A-3	Less than A-3		
B+ s.d B-	Less than B-	F1+ s.d F1	F2	F3	Less than F3		
B1 s.d B3	Less than B3	P-1	P-2	P-3	Less than P-3		
B+(idn) s.d B-(idn)	Less than B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Less than F3(idn)		
[Idr]B+ s.d [Idr]B-	Less than [Idr]B-	[Idr]A1+ s.d [Idr]A1	[Idr]A2+ s.d A2	[Idr]A3+ s.d [Idr] A3	Less than [Idr] A3		
id B+ s.d id B-	Less than idB-	idA1	idA2	idA3 s.d id A4	Less than idA4		
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
-	-	-	-	-	-	151.066.937	151.066.937
-	-	-	-	-	-	73.420.428	73.420.428
-	-	-	-	-	-	-	-
-	-	-	-	-	-	40.990.430	40.990.430
-	-	-	-	-	-	6.894.162	6.894.162
-	-	-	-	-	-	245.528	245.528
-	-	-	-	-	-	-	-
-	-	-	-	-	-	97.368.225	97.368.225
-	-	-	-	-	-	300.961.852	300.961.852
-	-	-	-	-	-	1.773.587	1.773.587
-	-	-	-	-	-	31.712.868	31.712.868
-	-	-	-	-	-	66.054.001	66.054.001
-	**-**	**-**	**-**	**-**	**-**	**770.488.018**	**770.488.018**

risk management

Table 3.1.b Disclosure of Net Claims by Portfolio Category and Rating – Bank Consolidated (in million rupiah)

	Portfolio Category	31 December 2012					
		Rating Agency	Net Claims				
			Long-term Rating				
		Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3	Ba1 s.d Ba3
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d. A-(idn)	BBB+(idn) s.d BBB-(idn)	BB+(idn) s.d BB-(idn)
		PT ICRA Indonesia	[Idr]AAA	[Idr]AA+ s.d [Idr] AA-	[Idr]A+ s.d [Idr]A-	[Idr]BBB+ s.d [Idr]BBB-	[Idr]BB+ s.d [Idr] BB-
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d id A-	id BBB+ s.d id BBB-	id BB+ s.d id BB-
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	-	-	-	-	-	-
2	Claims against Public Sector Entities	-	-	-	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	-	-	-	-	-	-
5	Collateralized housing loans	-	-	-	-	-	-
6	Collateralized commercial property loans	-	-	-	-	-	-
7	Loans to employees / pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	-	-	-	-	-	-
9	Claims against corporations	-	-	-	-	-	-
10	Mature claims	-	-	-	-	-	-
11	Other assets	-	-	-	-	-	-
12	Exposure at Shariah Unit	-	-	-	-	-	-
TOTAL		**-**	**-**	**-**	**-**	**-**	**-**

Note: In calculating KPMM and Regulatory Reporting, Bank Mandiri adheres to BI Circular No. 13/6/DPNP dated 18 February 2011, by recording of all claim categories as unrated.

	31 December 2012							
	Net Claims							
	Short Term Rating						Unrated	TOTAL
	B+ s.d B-	Less than B-	A-1	A-2	A-3	Less than A-3		
	B+ s.d B-	Less than B-	F1+ s.d F1	F2	F3	Less than F3		
	B1 s.d B3	Less than B3	P-1	P-2	P-3	Less than P-3		
	B+(idn) s.d B-(idn)	Less than B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Less than F3(idn)		
	[Idr]B+ s.d [Idr]B-	Less than [Idr]B-	[Idr]A1+ s.d [Idr]A1	[Idr]A2+ s.d A2	[Idr]A3+ s.d [Idr] A3	Less than [Idr] A3		
	id B+ s.d id B-	Less than idB-	idA1	idA2	idA3 s.d id A4	Less than idA4		
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	-	-	-	-	-	-	156.827.512	156.827.512
	-	-	-	-	-	-	62.068.056	62.068.056
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	32.607.362	32.607.362
	-	-	-	-	-	-	11.666.730	11.666.730
	-	-	-	-	-	-	250.129	250.129
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	74.738.385	74.738.385
	-	-	-	-	-	-	240.791.117	240.791.117
	-	-	-	-	-	-	1.269.344	1.269.344
	-	-	-	-	-	-	26.305.440	26.305.440
	-	-	-	-	-	-	56.589.077	56.589.077
	-	**-**	**-**	**-**	**-**	**-**	**663.113.151**	**663.113.151**

risk management

Table 3.1.b Disclosure of Net Claims by Portfolio Category and Rating – Bank Consolidated (in million rupiah)

(Simulation using ratings)

	Portfolio Category	31 December 2013					
		Rating Agency	Net Claims				
			Long-term Rating				
		Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3	Ba1 s.d Ba3
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d. A-(idn)	BBB+(idn) s.d BBB-(idn)	BB+(idn) s.d BB-(idn)
		PT ICRA Indonesia	[Idr]AAA	[Idr]AA+ s.d [Idr] AA-	[Idr]A+ s.d [Idr]A-	[Idr]BBB+ s.d [Idr]BBB-	[Idr]BB+ s.d [Idr] BB-
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d id A-	id BBB+ s.d id BBB-	id BB+ s.d id BB-
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	-	-	-	-	-	-
2	Claims against Public Sector Entities	-	12.155.465	15.185.636	6.057.235	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	-	18.238	3.632.648	2.787.917	769.431	-
5	Collateralized housing loans	-	-	-	-	-	-
6	Collateralized commercial property loans	-	-	-	-	-	-
7	Loans to employees / pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	-	-	-	-	-	-
9	Claims against corporations	-	736.556	17.669.400	6.439.184	478.222	-
10	Mature claims	-	-	-	-	-	-
11	Other assets	-	-	-	-	-	-
12	Exposure at Shariah Unit	-	168.007	-	713.368	262.316	-
TOTAL		**-**	**13.078.266**	**36.487.684**	**15.997.704**	**1.509.969**	**-**

Note: In calculating KPMM, Bank Mandiri used the latest external ratings of borrowers / counterparties. Claims against government consisting of SUN, SBI and placements in BI in accordance with the regulations were assigned a 0% risk weighting

risk management

	31 December 2013							
	Net Claims							
	Short Term Rating						Unrated	TOTAL
	B+ s.d B-	Less than B-	A-1	A-2	A-3	Less than A-3		
	B+ s.d B-	Less than B-	F1+ s.d F1	F2	F3	Less than F3		
	B1 s.d B3	Less than B3	P-1	P-2	P-3	Less than P-3		
	B+(idn) s.d B-(idn)	Less than B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Less than F3(idn)		
	[Idr]B+ s.d [Idr]B-	Less than [Idr]B-	[Idr]A1+ s.d [Idr]A1	[Idr]A2+ s.d A2	[Idr]A3+ s.d [Idr] A3	Less than [Idr] A3		
	id B+ s.d id B-	Less than idB-	idA1	idA2	idA3 s.d id A4	Less than idA4		
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	-	-	-	-	-	-	151.066.937	151.066.937
	-	-	-	-	-	-	40.022.092	73.420.428
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	33.782.196	40.990.430
	-	-	-	-	-	-	6.894.162	6.894.162
	-	-	-	-	-	-	245.528	245.528
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	97.368.225	97.368.225
	-	-	-	-	-	-	275.638.490	300.961.852
	-	-	-	-	-	-	1.773.587	1.773.587
	-	-	-	-	-	-	31.712.868	31.712.868
	-	127.831	-	-	-	-	64.782.478	66.054.001
	-	**127.831**	**-**	**-**	**-**	**-**	**703.286.564**	**770.488.018**

risk management

Table 3.1.b Disclosure of Net Claims by Portfolio Category and Rating – Bank Consolidated (in million rupiah)

(Simulation using ratings)

	Portfolio Category	31 December 2012						
		Rating Agency	Net Claims					
			Long-term Rating					
		Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-	
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-	
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3	Ba1 s.d Ba3	
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d. A-(idn)	BBB+(idn) s.d BBB-(idn)	BB+(idn) s.d BB-(idn)	
		PT ICRA Indonesia	[Idr]AAA	[Idr]AA+ s.d [Idr] AA-	[Idr]A+ s.d [Idr]A-	[Idr]BBB+ s.d [Idr]BBB-	[Idr]BB+ s.d [Idr] BB-	
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d id A-	id BBB+ s.d id BBB-	id BB+ s.d id BB-	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1	Claims against Government	-	-	-	-	-	-	
2	Claims against Public Sector Entities	-	2.955.570	20.157.580	6.090.719	-	-	
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-	
4	Claims against Banks	-	2.326	7.206.429	1.772.298	576.892	-	
5	Collateralized housing loans	-	-	-	-	-	-	
6	Collateralized commercial property loans	-	-	-	-	-	-	
7	Loans to employees / pensioners	-	-	-	-	-	-	
8	Claims against MSMEs and Retail Portfolio	-	-	-	-	-	-	
9	Claims against corporations	-	1.436.646	12.402.990	4.754.722	133.004	-	
10	Mature claims	-	-	-	-	-	-	
11	Other assets	-	-	-	-	-	-	
12	Exposure at Shariah Unit	-	303.040	-	578.837	33.000	-	
TOTAL		**-**	**4.697.581**	**39.766.999**	**13.196.576**	**742.897**	**-**	

Note: In calculating KPMM, Bank Mandiri used the latest external ratings of borrowers / counterparties. Claims against government consisting of SUN, SBI and placements in BI in accordance with the regulations were assigned a 0% risk weighting

	31 December 2012							
	Net Claims							
	Short Term Rating						Unrated	TOTAL
	B+ s.d B-	Less than B-	A-1	A-2	A-3	Less than A-3		
	B+ s.d B-	Less than B-	F1+ s.d F1	F2	F3	Less than F3		
	B1 s.d B3	Less than B3	P-1	P-2	P-3	Less than P-3		
	B+(idn) s.d B-(idn)	Less than B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Less than F3(idn)		
	[Idr]B+ s.d [Idr]B-	Less than [Idr]B-	[Idr]A1+ s.d [Idr]A1	[Idr]A2+ s.d A2	[Idr]A3+ s.d [Idr] A3	Less than [Idr] A3		
	id B+ s.d id B-	Less than idB-	idA1	idA2	idA3 s.d id A4	Less than idA4		
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	-	-	-	-	-	-	156.827.512	156.827.512
	-	-	-	-	-	-	32.864.187	62.068.056
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	23.049.417	32.607.362
	-	-	-	-	-	-	11.666.730	11.666.730
	-	-	-	-	-	-	250.129	250.129
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	74.738.385	74.738.385
	-	-	-	-	-	-	222.063.755	240.791.117
	-	-	-	-	-	-	1.269.344	1.269.344
	-	-	-	-	-	-	26.305.440	26.305.440
	-	128.474	-	-	-	-	55.545.727	56.589.077
	-	**128.474**	**-**	**-**	**-**	**-**	**604.580.625**	**663.113.151**

risk management

CREDIT RISK EXPOSURE TO DERIVATIVE AND REPO / REVERSE REPO TRANSACTIONS

In line with the dearth of derivative instruments in in Indonesia, the Bank's derivatives exposure is not very significant, with the largest position being in fx swap transactions, while exposure to derivative interest arises from interest rate swaps. Our reverse repo transactions are with other banks and corporations, while our repo transactions are with other banks backed by underlying government bonds. Based on Standardized Approach reporting, the Bank's exposures to derivative, repo and reverse repo transactions are as shown in the following tables:

Derivatives Transactions – Bank Unconsolidated and Consolidated

Table 3.2.a Disclosure of Counterparty Credit Risk: Derivatives Transactions (in million rupiah)

31 December 2013										
No	Underlying Variable	Notional Amount			Derivative Claims	Derivative Obligations	Net Claims Before MRK	MRK	Net Claims after MRK
		≤ 1 Year	> 1 Year - ≤ 5 Year	> 5 Year					
BANK UNCONSOLIDATED									
1	Interest rate	4.000.000	500.000	-	192.277	174.969	25.264	-	25.264
2	Exchange rate	26.341.943	-	-	153.184	225.119	416.597	-	416.597
3	Other	-	-	-	-	-	-	-	-
TOTAL		**30.341.943**	**500.000**	**-**	**345.461**	**400.088**	**441.861**	**-**	**441.861**
BANK CONSOLIDATED									
1	Interest rate	4.000.000	500.000	-	192.277	174.969	25.264	-	25.264
2	Exchange rate	26.341.943	-	-	153.184	225.119	416.597	-	416.597
3	Shares	-	-	-	-	-	-	-	-
4	Gold	-	-	-	-	-	-	-	-
5	Other metals besides gold	-	-	-	-	-	-	-	-
6	Others	-	-	-	-	-	-	-	-
TOTAL		**30.341.943**	**500.000**	**-**	**345.461**	**400.088**	**441.861**	**-**	**441.861**

Table 3.2.a Disclosure of Counterparty Credit Risk: Derivatives Transactions (in million rupiah)

31 December 2012										
No	Underlying Variable	Notional Amount			Derivative Claims	Derivative Obligations	Net Claims Before MRK	MRK	Net Claims after MRK
		≤ 1 Year	> 1 Year - ≤ 5 Year	> 5 Year					
BANK UNCONSOLIDATED									
1	Interest rate	1.650.000	750.000	-	90.716	120.691	-	-	-
2	Exchange rate	19.643.908	-	-	93.280	-	293.469	-	293.469
3	Other	-	-	-	-	-	-	-	-
TOTAL		**21.293.908**	**750.000**	**-**	**183.996**	**120.691**	**293.469**	**-**	**293.469**
BANK CONSOLIDATED									
1	Interest rate	1.650.000	750.000	-	90.716	120.691	-	-	-
2	Exchange rate	19.643.908	-	-	93.291	-	293.480	-	293.480
3	Shares	-	-	-	-	-	-	-	-
4	Gold	-	-	-	-	-	-	-	-
5	Other metals besides gold	-	-	-	-	-	-	-	-
6	Others	-	-	-	-	-	-	-	-
TOTAL		**21.293.908**	**750.000**	**-**	**184.007**	**120.691**	**293.480**	**-**	**293.480**

Repo Transactions – Bank Unconsolidated and Consolidated

Table 3.2.b.1. Disclosure of Counterparty Credit Risk: Repo Transactions – Bank Unconsolidated and Consolidated

risk management

(in million rupiah)

No	Portfolio Category	31 December 2013			
		Fair Repo SSB Value	Repo Obligations	Net Claims	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1	Claims against Government	5.182.903	-	5.182.903	-
2	Claims against Public Sector Entities	-	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-
4	Claims against Banks	-	4.656.149	526.753	191.446
5	Claims against MSMEs and Retail Portfolio	-	-	-	-
6	Claims against corporations	-	-	-	-
7	Exposure at Shariah Unit	-	-	-	-
TOTAL		**5.182.903**	**4.656.149**	**5.709.656**	**191.446**

No	Portfolio Category	31 December 2012			
		Fair Repo SSB Value	Repo Obligations	Net Claims	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1	Claims against Government	-	-	-	-
2	Claims against Public Sector Entities	-	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-
4	Claims against Banks	-	-	-	-
5	Claims against MSMEs and Retail Portfolio	-	-	-	-
6	Claims against corporations	-	-	-	-
7	Exposure at Shariah Unit	-	-	-	-
TOTAL		**Zero**	**Zero**	**Zero**	**Zero**

Table 3.2.b.2. Disclosure of Counterparty Credit Risk: Repo Transactions – Bank Unconsolidated and Consolidated
(in million rupiah)

risk management

No	Portfolio Category	31 December 2013			
		Fair Repo SSB Value	Repo Obligations	Net Claims	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1	Claims against Government	5.182.903	-	5.182.903	-
2	Claims against Public Sector Entities	-	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-
4	Claims against Banks	-	4.656.149	526.753	191.446
5	Claims against MSMEs and Retail Portfolio	-	-	-	-
6	Claims against corporations	-	-	-	-
7	Exposure at Shariah Unit	-	-	-	-
TOTAL		**5.182.903**	**4.656.149**	**5.709.656**	**191.446**

No	Portfolio Category	31 December 2012			
		Fair Repo SSB Value	Repo Obligations	Net Claims	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1	Claims against Government	-	-	-	-
2	Claims against Public Sector Entities	-	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-
4	Claims against Banks	-	-	-	-
5	Claims against MSMEs and Retail Portfolio	-	-	-	-
6	Claims against corporations	-	-	-	-
7	Exposure at Shariah Unit	-	-	-	-
TOTAL		**Zero**	**Zero**	**Zero**	**Zero**

Reverse Repo Transactions – Bank Unconsolidated and Consolidated

Table 3.2.c.1. Disclosure of Counterparty Risk: Reverse Repo Transactions – Bank Unconsolidated and Consolidated

risk management

(in million rupiah)

No	Portfolio Category	31 December 2013			
		Net Claims	MRK Scores	Net Claims after MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)
1	Claims against Government	-	-	-	-
2	Claims against Public Sector Entities	-	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-
4	Claims against Banks	3.103.351	-	3.103.351	620.670
5	Claims against MSMEs and Retail Portfolio	-	-	-	-
6	Claims against corporations	-	-	-	-
7	Exposure at Shariah Unit	-	-	-	-
TOTAL		**3.103.351**		**3.103.351**	**620.670**

No	Portfolio Category	31 December 2012			
		Net Claims	MRK Scores	Net Claims after MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)
1	Claims against Government	9.995.953	-	9.995.953	-
2	Claims against Public Sector Entities	-	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-
4	Claims against Banks	4.326.409	-	4.326.409	865.282
5	Claims against MSMEs and Retail Portfolio	-	-	-	-
6	Claims against corporations	-	-	-	-
7	Exposure at Shariah Unit	-	-	-	-
TOTAL		**14.322.362**	**-**	**14.322.362**	**865.282**

Tabel 3.2.c.2. Disclosure of Counterparty Risk: Reverse Repo Transactions -Bank Unconsolidated and Consolidated

risk management

(in million rupiah)

No	Portfolio Category	31 December 2013			
		Net Claims	MRK Scores	Net Claims after MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)
1	Claims against Government	-	-	-	-
2	Claims against Public Sector Entities	-	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-
4	Claims against Banks	3.103.351	-	3.103.351	620.670
5	Claims against MSMEs and Retail Portfolio	-	-	-	-
6	Claims against corporations	215.873	-	215.873	215.873
7	Exposure at Shariah Unit	-	-	-	-
TOTAL		**3.319.224**	**-**	**3.319.224**	**836.543**

No	Portfolio Category	31 December 2012			
		Net Claims	MRK Scores	Net Claims after MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)
1	Claims against Government	9.995.953	-	9.995.953	-
2	Claims against Public Sector Entities	-	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-
4	Claims against Banks	4.326.409	-	4.326.409	865.282
5	Claims against MSMEs and Retail Portfolio	-	-	-	-
6	Claims against corporations	134.950	-	134.950	134.950
7	Exposure at Shariah Unit	-	-	-	-
TOTAL		**14.457.313**	**-**	**14.457.313**	**1.000.232**

CREDIT RISK EXPOSURE AND MITIGATION

risk management

The Bank uses various credit mitigation techniques, including the use of collateral. Based on Standardized Approach reporting, the Bank's exposure and credit risk mitigation are as shown in the following tables:

Net Transactions Per Risk Weighting Category after Credit Risk Mitigation – Bank Unconsolidated and Consolidated

Table 4.1.a. Disclosure of Net Claims by Risk Weighting after Calculating Effect of Credit Risk Mitigation -- Bank Unconsolidated and Consolidated (in million rupiah)

No	Portfolio Category	31 December 2013				
		Net Claims after Calculating Effect of Credit Risk Mitigation				
		0%	20%	35%	40%	45%
(1)	(2)	(3)	(4)	(5)	(6)	(7)
A	**Balance Sheet Exposure**					
1	Claims against Government	150.783.503	-	-	-	-
2	Claims against Public Sector Entities	105.770	-	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Claims against Banks	67.278	20.503.467	-	-	-
5	Collateralized housing loans	-	-	2.330.877	4.561.763	-
6	Collateralized commercial property loans	-	-	-	-	-
7	Loans to employees / pensioners	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	414.818	1.037.145	-	-	-
9	Claims against corporations	4.913.693	-	-	-	-
10	Mature claims	425	57.404	-	-	-
11	Other assets	17.227.296	-	-	-	-
12	Exposure at Shariah Unit	-	-	-	-	-
Total Balance Sheet Exposure		173.512.782	21.598.016	2.330.877	4.561.763	-
B	**Commitment / Contingency Exposure in Administrative Account Transactions**					
1	Claims against Government	20.269	-	-	-	-
2	Claims against Public Sector Entities	-	-	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Claims against Banks	-	1.521	-	-	-
5	Collateralized housing loans	-	-	1.522	-	-
6	Collateralized commercial property loans	-	-	-	-	-
7	Loans to employees / pensioners	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	-	-	-	-	-
9	Claims against corporations	-	-	-	-	-
10	Mature claims	-	-	-	-	-
11	Exposure at Shariah Unit	-	-	-	-	-
Total Exposure TRA		20.269	1.521	1.522	-	-
C	**Counterparty Credit Risk**					
1	Claims against Government	50.714	-	-	-	-

	31 December 2013					RWA	Capital Charge *)	
	Net Claims after Calculating Effect of Credit Risk Mitigation							
	50%	75%	100%	150%	Others		RWA x 9 %	RWA x 10 %
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
	-	-	-	-	-	-	-	-
	59.390.037	-	-	-	-	29.695.018	2.672.552	2.969.502
	-	-	-	-	-	-	-	-
	7.845.875	-	-	-	-	8.023.631	722.127	802.363
	-	-	-	-	-	2.640.512	237.646	264.051
	-	-	240.320	-	-	240.320	21.629	24.032
	-	-	-	-	-			
	-	89.178.166	-	-	-	67.091.053	6.038.195	6.709.105
	-	-	266.964.554	-	-	266.964.554	24.026.810	26.696.455
	-	-	251.852	1.370.183	-	2.318.607	208.675	231.861
	-	-	11.988.194	681	-	11.989.216	1.079.029	1.198.922
	-	-	-	-	-	-	-	-
	67.235.912	89.178.166	279.444.920	1.370.864	-	388.962.912	35.006.662	38.896.291
	-	-	-	-	-	-	-	-
	13.924.621	-	-	-	-	6.962.310	626.608	696.231
	-	-	-	-	-	-	-	-
	10.113.638	-	-	-	-	5.057.123	455.141	505.712
	-	-	-	-	-	533	48	53
	-	-	5.208	-	-	5.208	469	521
	-	-	-	-	-	-	-	-
	-	910.966	-	-	-	683.225	61.490	68.323
	-	-	28.900.364	-	-	28.900.364	2.601.033	2.890.036
	-	-	-	28.415	-	42.622	3.836	4.262
	-	-	-	-	-	-	-	-
	24.038.258	910.966	28.905.572	28.415	-	41.651.385	3.748.625	4.165.139
	-	-	-	-	-	-	-	-

risk management

No	Portfolio Category	31 December 2013				
		Net Claims after Calculating Effect of Credit Risk Mitigation				
		0%	20%	35%	40%	45%
2	Claims against Public Sector Entities	-	-	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Claims against Banks	-	3.534.304	-	-	-
5	Claims against MSMEs and Retail Portfolio	-	-	-	-	-
6	Claims against corporations	-	-	-	-	-
7	Exposure at Shariah Unit	-	-	-	-	-
Total Exposure Counterparty Credit Risk		**50.714**	**3.534.304**	**-**	**-**	**-**

Notes: Includes On and Off B/S taking FKK into account

**) Capital Charge was calculated based on MPMM in accordance with risk profile for the period June 2013*

Table 4.1.a. Disclosure of Net Claims by Risk Weighting after Calculating Effect of Credit Risk Mitigation -- Bank Unconsolidated and Consolidated (in million rupiah)

No	Portfolio Category	31 December 2012				
		Net Claims after Calculating Effect of Credit Risk Mitigation				
		0%	20%	35%	40%	45%
(1)	(2)	(3)	(4)	(5)	(6)	(7)
A	**Balance Sheet Exposure**					
1	Claims against Government	146.519.823	-	-	-	-
2	Claims against Public Sector Entities	-	-	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Claims against Banks	-	19.118.319	-	-	-
5	Collateralized housing loans	-	-	3.253.471	8.413.259	-
6	Collateralized commercial property loans	-	-	-	-	-
7	Loans to employees / pensioners	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	53.233	-	-	-	-
9	Claims against corporations	189.633	-	-	-	-
10	Mature claims	117	-	-	-	-
11	Other assets	14.131.816	-	-	-	-
12	Exposure at Shariah Unit	-	-	-	-	-
Total Balance Sheet Exposure		**160.894.623**	**19.118.319**	**3.253.471**	**8.413.259**	**-**
B	**Commitment / Contingency Exposure in Administrative Account Transactions**					

	31 December 2013					RWA	Capital Charge *)	
	Net Claims after Calculating Effect of Credit Risk Mitigation							
	50%	75%	100%	150%	Others		RWA x 9 %	RWA x 10 %
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	350.350	-	-	-	-	882.036	79.383	88.204
	-	321	-	-	-	241	22	24
	-	-	136.277	-	-	136.277	12.265	13.628
	-	-	-	-	-	-	-	-
	350.350	**321**	**136.277**	**-**	**-**	**1.018.553**	**91.670**	**101.855**

	31 December 2012					RWA	Capital Charge (RWA x 8 %)
	Net Claims after Calculating Effect of Credit Risk Mitigation						
	50%	75%	100%	150%	Others		
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	-	-	-	-	-	23.574.679	1.885.974
	47.149.358	-	-	-	-	-	-
	-	-	-	-	-	5.542.779	443.422
	3.438.231	-	-	-	-	4.504.018	360.321
	-	-	-	-	-	250.129	20.010
	-	-	250.129	-	-	-	-
	-	-	-	-	-	52.454.486	4.196.359
	-	69.939.314	-	-	-	-	-
	-	-	217.805.112	-	-	217.805.112	17.424.409
	-	-	251.838	977.919	-	1.718.717	137.497
	-	-	10.879.397	530	-	10.880.191	870.415
	-	-	-	-	-	-	-
	50.587.589	**69.939.314**	**229.186.475**	**978.449**	**-**	**316.730.112**	**25.338.409**

risk management

No	Portfolio Category	31 December 2012				
		Net Claims after Calculating Effect of Credit Risk Mitigation				
		0%	20%	35%	40%	45%
1	Claims against Government	634	-	-	-	-
2	Claims against Public Sector Entities	-	-	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Claims against Banks	-	3.991	-	-	-
5	Collateralized housing loans	-	-	-	-	-
6	Collateralized commercial property loans	-	-	-	-	-
7	Loans to employees / pensioners	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	-	-	-	-	-
9	Claims against corporations	-	-	-	-	-
10	Mature claims	-	-	-	-	-
11	Exposure at Shariah Unit	-	-	-	-	-
Total Exposure TRA		**634**	**3.991**	**-**	**-**	**-**
C	**Exposure akibat Kegagalan Pihak Lawan (Counterparty Credit Risk)**					
1	Claims against Government	10.005.775	-	-	-	-
2	Claims against Public Sector Entities	-	-	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Claims against Banks	-	4.501.324	-	-	-
5	Claims against MSMEs and Retail Portfolio	-	-	-	-	-
6	Claims against corporations	-	-	-	-	-
7	Exposure at Shariah Unit	-	-	-	-	-
Total Exposure Counterparty Credit Risk		**10.005.775**	**4.501.324**	**-**	**-**	**-**

Net Transactions and Credit Risk Mitigation Techniques – Bank Unconsolidated and Consolidated

Tabel 4.1.b. Disclosure of Net Claims by Risk Weighting after Calculating Effect of Credit Risk Mitigation -- Bank

	31 December 2012					RWA	Capital Charge (RWA x 8 %)
	Net Claims after Calculating Effect of Credit Risk Mitigation						
	50%	75%	100%	150%	Others		
	-	-	-	-	-	-	-
	14.918.413	-	-	-	-	7.459.207	596.737
	-	-	-	-	-	-	-
	5.500.679	-	-	-	-	2.751.137	220.091
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	560.605	-	-	-	420.454	33.636
	-	-	22.418.645	-	-	22.418.645	1.793.492
	-	-	-	2.917	-	4.375	350
	-	-	-	-	-	-	-
	20.419.092	**560.605**	**22.418.645**	**2.917**	**-**	**33.053.817**	**2.644.305**
	-	-	-	-	-	-	-
	285	-	-	-	-	142	11
	-	-	-	-	-	-	-
	62.874	-	-	-	-	931.702	74.536
	-	686	-	-	-	515	41
	-	-	44.888	-	-	44.888	3.591
	-	-		-	-	-	-
	63.159	**686**	**44.888**	**-**	**-**	**977.247**	**78.180**

risk management

Unconsolidated and Consolidated (in million rupiah)

No	Portfolio Category	31 December 2013				
		Net Claims after Calculating Effect of Credit Risk Mitigation				
		0%	20%	35%	40%	45%
(1)	(2)	(3)	(4)	(5)	(6)	(7)
A	**Balance Sheet Exposure**					
1	Claims against Government	150.881.328	-	-	-	-
2	Claims against Public Sector Entities	105.770	-	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Claims against Banks	67.278	18.854.371	-	-	-
5	Collateralized housing loans	-	-	2.330.877	4.561.763	-
6	Collateralized commercial property loans	-	-	-	-	-
7	Loans to employees / pensioners	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	421.593	1.037.145	-	-	-
9	Claims against corporations	4.913.743	-	-	-	-
10	Mature claims	425	57.404	-	-	-
11	Other assets	17.275.195	-	-	-	-
12	Exposure at Shariah Unit	17.866.714	3.701.306	3.949.472	-	-
Total Balance Sheet Exposure		191.532.045	23.650.226	6.280.349	4.561.763	-
B	**Commitment / Contingency Exposure in Administrative Account Transactions**					
1	Claims against Government	20.269	-	-	-	
2	Claims against Public Sector Entities	-	-	-	-	
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	
4	Claims against Banks	-	1.521	-	-	
5	Collateralized housing loans	-	-	1.522	-	
6	Collateralized commercial property loans	-	-	-	-	
7	Loans to employees / pensioners	-	-	-	-	
8	Claims against MSMEs and Retail Portfolio	-	-	-	-	
9	Claims against corporations	-	-	-	-	
10	Mature claims	-	-	-	-	
11	Exposure at Shariah Unit	-	121.644	-	-	
Total Exposure TRA		20.269	123.166	1.522	-	
C	**Counterparty Credit Risk**					
1	Claims against Government	50.714	-	-	-	-
2	Claims against Public Sector Entities	-	-	-	-	-

	31 December 2013					RWA	Capital Charge *)	
	Net Claims after Calculating Effect of Credit Risk Mitigation							
	50%	75%	100%	150%	Others		RWA x 9 %	RWA x 10 %
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
	-	-	114.626	-	-	114.626	10.316	11.463
	59.390.037	-	-	-	-	29.695.018	2.672.552	2.969.502
	-	-	-	-	-	-	-	-
	8.068.969	-	-	-	-	7.805.359	702.482	780.536
	-	-	-	-	-	2.640.512	237.646	264.051
	-	-	240.320	-	-	240.320	21.629	24.032
	-	-	-	-	-	-	-	-
	-	94.993.782	-	-	-	71.452.765	6.430.749	7.145.277
	-	-	266.795.595	-	-	266.795.595	24.011.604	26.679.560
	-	-	251.852	1.435.491	-	2.416.569	217.491	241.657
	-	-	14.436.993	681	-	14.438.494	1.299.464	1.443.849
	6.485.922	-	30.202.347	40.831	1.908.201	37.251.101	3.352.599	3.725.110
	73.944.928	94.993.782	312.041.733	1.477.003	1.908.201	432.850.360	38.956.532	43.285.036
	-	-	-	-	-	-	-	-
	13.924.621	-	-	-	-	6.962.310	626.608	696.231
	-	-	-	-	-	-	-	-
	10.113.638	-	-	-	-	5.057.123	455.141	505.712
	-	-	-	-	-	533	48	53
	-	-	5.208	-	-	5.208	469	521
	-	-	-	-	-	-	-	-
	-	915.385	-	-	-	686.539	61.789	68.654
	-	-	28.900.364	-	-	28.900.364	2.601.033	2.890.036
	-	-	-	28.415	-	42.622	3.836	4.262
	1.417.696	-	-	-	359.868	769.163	69.225	76.916
	25.455.954	915.385	28.905.572	28.415	359.868	42.423.862	3.818.148	4.242.386
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

risk management

No	Portfolio Category	31 December 2013				
		Net Claims after Calculating Effect of Credit Risk Mitigation				
		0%	20%	35%	40%	45%
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Claims against Banks	-	3.534.304	-	-	-
5	Claims against MSMEs and Retail Portfolio	-	-	-	-	-
6	Claims against corporations	-	-	-	-	-
7	Exposure at Shariah Unit	-	-	-	-	-
Total Exposure Counterparty Credit Risk		**50.714**	**3.534.304**	**-**	**-**	**-**

Notes: Includes On and Off B/S taking FKK into account

**) Capital Charge was calculated based on MPMM in accordance with risk profile for the period June 2013*

Tabel 4.1.b. Disclosure of Net Claims by Risk Weighting after Calculating Effect of Credit Risk Mitigation -- Bank Unconsolidated and Consolidated (in million rupiah)

No	Portfolio Category	31 December 2012				
		Net Claims after Calculating Effect of Credit Risk Mitigation				
		0%	20%	35%	40%	45%
(1)	(2)	(3)	(4)	(5)	(6)	(7)
A	**Balance Sheet Exposure**					
1	Claims against Government	146.725.813	-	-	-	-
2	Claims against Public Sector Entities	-	-	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Claims against Banks	-	19.010.908	-	-	-
5	Collateralized housing loans	-	-	3.253.471	8.413.259	-
6	Collateralized commercial property loans	-	-	-	-	-
7	Loans to employees / pensioners	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	53.233	-	-	-	-
9	Claims against corporations	189.633	-	-	-	-
10	Mature claims	117	-	-	-	-
11	Other assets	14.291.135	-	-	-	-
12	Exposure at Shariah Unit	14.505.615	4.096.482	4.090.973	-	-
Total Balance Sheet Exposure		175.765.546	23.107.390	7.344.445	8.413.259	-
B	**Commitment / Contingency Exposure in Administrative Account Transactions**					
1	Claims against Government	634	-	-	-	-
2	Claims against Public Sector Entities	-	-	-	-	-

risk management

	31 December 2013					RWA	Capital Charge *)	
	Net Claims after Calculating Effect of Credit Risk Mitigation							
	50%	75%	100%	150%	Others		RWA x 9 %	RWA x 10 %
	-	-	-	-	-	-	-	-
	350.350	-	-	-	-	882.036	79.383	88.204
	-	321	-	-	-	241	22	24
	-	-	352.150	-	-	352.150	31.694	35.215
	-	-	-	-	-	-	-	-
	350.350	**321**	**352.150**	**-**	**-**	**1.234.427**	**111.098**	**123.443**

	31 December 2012					RWA	Capital Charge (RWA x 8 %)
	Net Claims after Calculating Effect of Credit Risk Mitigation						
	50%	75%	100%	150%	Others		
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	-	-	95.291	-	-	95.291	7.623
	47.149.358	-	-	-	-	23.574.677	1.885.974
	-	-	-	-	-	-	-
	3.527.176	-	-	-	-	5.565.769	445.262
	-	-	-	-	-	4.504.018	360.321
	-	-	250.129	-	-	250.129	20.010
	-	-	-	-	-	-	-
	-	74.114.654	-	-	-	55.585.991	4.446.879
	-	-	217.998.749	-	-	217.998.749	17.439.900
	-	-	251.838	1.014.472	-	1.773.545	141.884
	-	-	12.012.815	1.490	-	12.015.050	961.204
	3.092.435	-	25.820.196	41.473	2.591.484	31.882.522	2.550.602
	53.768.968	74.114.654	256.429.017	1.057.435	2.591.484	353.245.741	28.259.659
	-	-	-	-	-	-	-
	14.918.413	-	-	-	-	7.459.207	596.737

risk management

No	Portfolio Category	31 December 2012				
		Net Claims after Calculating Effect of Credit Risk Mitigation				
		0%	20%	35%	40%	45%
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Claims against Banks	-	3.991	-	-	-
5	Collateralized housing loans	-	-	-	-	-
6	Collateralized commercial property loans	-	-			
7	Loans to employees / pensioners	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	-	-	-	-	-
9	Claims against corporations	-	-	-	-	-
10	Mature claims	-	-	-	-	-
11	Exposure at Shariah Unit	-	40.857	-	-	-
Total Exposure TRA		634	44.847	-	-	-
C	**Counterparty Credit Risk**					
1	Claims against Government	10.005.775	-	-	-	-
2	Claims against Public Sector Entities	-	-	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Claims against Banks	-	4.501.324	-	-	-
5	Claims against MSMEs and Retail Portfolio	-	-	-	-	-
6	Claims against corporations	-	-	-	-	-
7	Exposure at Shariah Unit	-	-	-	-	-
Total Exposure Counterparty Credit Risk		**10.005.775**	**4.501.324**	**-**	**-**	**-**

Net Transactions and Credit Risk Mitigation Techniques – Bank Unconsolidated and Consolidated

Table 4.2.a Disclosure of Net Claims and Credit Risk Mitigation Techniques – Bank Unconsolidated and Consolidated (in million rupiah)

	31 December 2012					RWA	Capital Charge (RWA x 8 %)
	Net Claims after Calculating Effect of Credit Risk Mitigation						
	50%	75%	100%	150%	Others		
	-	-	-	-	-	-	-
	5.501.090	-	-	-	-	2.751.343	220.107
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	569.812	-	-	-	427.359	34.189
	-	-	22.422.885	-	-	22.422.885	1.793.831
	-	-	-	2.917	-	4.375	350
	1.950.382	-	-	-	179.995	1.001.362	80.109
	22.369.885	569.812	22.422.885	2.917	179.995	34.066.531	2.725.322
	-	-	-	-	-	-	-
	285	-	-	-	-	142	11
	-	-	-	-	-	-	-
	62.874	-	-	-	-	931.702	74.536
	-	686	-	-	-	515	41
	-	-	179.849	-	-	179.849	14.388
	-	-	-	-	-	-	-
	63.159	**686**	**179.849**	**-**	**-**	**1.112.208**	**88.977**

risk management

No	Portfolio Category	31 December 2013					
		Net Claims	Portion secured by				Portion Unsecured
			Collateral	Guarantee	Credit Insurance	Other	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (3)-[(4)+(5)+(6)+(7)]
A	**Balance Sheet Exposure**						
1	Claims against Government	150.783.503	-	-	-	-	150.783.503
2	Claims against Public Sector Entities	59.495.807	100.544	-	-	-	59.395.263
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	28.416.619	65.927	-	-	-	28.350.692
5	Collateralized housing loans	6.892.640	-	-	-	-	6.892.640
6	Collateralized commercial property loans	240.320	-	-	-	-	240.320
7	Loans to employees / pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	90.630.129	413.168	-	1.020.251	-	89.196.710
9	Claims against corporations	271.878.247	4.893.209	-	-	-	266.985.038
10	Mature claims	1.679.863	425	-	55.034	-	1.624.404
11	Other assets	29.216.171	-	-	-	-	29.216.171
12	Exposure at Shariah Unit	-	-	-	-	-	-
Total Balance Sheet Exposure		**639.233.300**	**5.473.273**	**-**	**1.075.285**	**-**	**632.684.742**
B	**Commitment / Contingency Exposure in Administrative Account Transactions**						
1	Claims against Government	20.269	-	-	-	-	20.269
2	Claims against Public Sector Entities	13.924.621	5.226	-	-	-	13.919.395
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	10.115.159	1.350	-	-	-	10.113.809
5	Collateralized housing loans	1.522	-	-	-	-	1.522
6	Collateralized commercial property loans	5.208	-	-	-	-	5.208
7	Loans to employees / pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	910.966	2.086	-	17.594	-	891.286
9	Claims against corporations	28.900.364	22.507	-	-	-	28.877.857
10	Mature claims	28.415	-	-	2.370		26.045
11	Exposure at Shariah Unit	-	-	-	-	-	-
Total Exposure Administrative Account		**53.906.525**	**31.169**	**-**	**19.965**	**-**	**53.855.391**
C	**Counterparty Credit Risk**						
1	Claims against Government	50.714	-	-	-	-	50.714
2	Claims against Public Sector Entities	-	-	-	-	-	

No	Portfolio Category	31 December 2013					
		Net Claims	Portion secured by				Portion Unsecured
			Collateral	Guarantee	Credit Insurance	Other	
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	3.884.653	-	-	-	-	3.884.653
5	Claims against MSMEs and Retail Portfolio	321	-	-	-	-	321
6	Claims against corporations	136.277	-	-	-	-	136.277
7	Exposure at Shariah Unit	-	-	-	-	-	-
Total Exposuree Counterparty Credit Risk		**4.071.965**	**-**	**-**	**-**	**-**	**4.071.965**
Total (A+B+C)		**697.211.789**	**5.504.442**	**-**	**1.095.249**	**-**	**690.612.098**

**) Under BI Circular No. 13/6/DPNP (in guidelines for the calculated of weighted assets by risk in credit risk assessment using the Standardized Method", included in credit mitigation tools are eligible financial collateral, guarantees, and credit insurance. Other than eligible financial collateral, Bank Mandiri also accepts security in the form of fixed assets, trade receivables, and stock.*

Table 4.2.a Disclosure of Net Claims and Credit Risk Mitigation Techniques – Bank Unconsolidated and Consolidated (in million rupiah)

No	Portfolio Category	31 December 2012					
		Net Claims	Portion secured by				Portion Unsecured
			Collateral	Guarantee	Credit Insurance	Other	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (3)-[(4)+(5)+(6)+(7)]
A	**Balance Sheet Exposure**						
1	Claims against Government	146.519.823	900	-	-	-	146.519.823
2	Claims against Public Sector Entities	47.149.358	112.826	-	-	-	47.036.532
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	22.556.550	72.996	-	-	-	22.483.554
5	Collateralized housing loans	11.666.730	-	-	-	-	11.666.730
6	Collateralized commercial property loans	250.129	-	-	-	-	250.129
7	Loans to employees / pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	69.992.547	558.984	-	-	-	69.433.563
9	Claims against corporations	217.994.745	2.990.689	-	-	-	215.004.057
10	Mature claims	1.229.875	-	-	-	-	1.229.875
11	Other assets	25.011.743	-	-	-	-	25.011.743
12	Exposure at Shariah Unit	-	-	-	-	-	-
Total Balance Sheet Exposure		**542.371.500**	**3.736.395**	**-**	**-**	**-**	**538.635.105**
B	**Commitment / Contingency Exposure in Administrative Account Transactions**						
1	Claims against Government	634	-	-	-	-	634
2	Claims against Public Sector Entities	14.918.413	-	-	-	-	14.918.413

risk management

No	Portfolio Category	31 December 2012					
		Net Claims	Portion secured by				Portion Unsecured
			Collateral	Guarantee	Credit Insurance	Other	
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	5.504.669	-	-	-	-	5.504.669
5	Collateralized housing loans	-	-	-	-	-	-
6	Collateralized commercial property loans	-	-	-	-	-	-
7	Loans to employees / pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	560.605	-	-	-	-	560.605
9	Claims against corporations	22.418.645	-	-	-	-	22.418.645
10	Mature claims	2.917	-	-	-	-	2.917
11	Exposure at Shariah Unit	-	-	-	-	-	-
Total Exposure Rekening Administratif		**43.405.883**	**-**	**-**	**-**	**-**	**43.405.883**
C	**Counterparty Credit Risk**						
1	Claims against Government	10.005.775	-	-	-	-	10.005.775
2	Claims against Public Sector Entities	285	-	-	-	-	285
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	4.564.198	-	-	-	-	4.564.198
5	Claims against MSMEs and Retail Portfolio	686	-	-	-	-	686
6	Claims against corporations	44.888	-	-	-	-	44.888
7	Exposure at Shariah Unit	-	-	-	-	-	-
Total Exposuree Counterparty Credit Risk		**14.615.831**	**-**	**-**	**-**	**-**	**14.615.831**
Total (A+B+C)		**600.393.214**	**3.736.395**	**-**	**-**	**-**	**596.656.819**

**) Under BI Circular No. 13/6/DPNP (in guidelines for the calculated of weighted assets by risk in credit risk assessment using the Standardized Method", included in credit mitigation tools are eligible financial collateral, guarantees, and credit insurance. Other than eligible financial collateral, Bank Mandiri also accepts security in the form of fixed assets, trade receivables, and stock.*

Tabel 4.2.b Disclosure of Net Claims and Credit Risk Mitigation Techniques – Bank Unconsolidated and Consolidated (in million rupiah)

risk management

No	Portfolio Category	31 December 2013					
		Net Claims	Portion secured by				Portion Unsecured
			Collateral	Guarantee	Credit Insurance	Other	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (3)-[(4)+(5)+(6)+(7)]
A	**Balance Sheet Exposure**						
1	Claims against Government	150.995.954	-	-	-	-	150.995.954
2	Claims against Public Sector Entities	59.495.807	100.544	-		-	59.395.263
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	26.990.618	65.927	-		-	26.924.691
5	Collateralized housing loans	6.892.640	-	-	-	-	6.892.640
6	Collateralized commercial property loans	240.320		-	-	-	240.320
7	Loans to employees / pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	96.452.519	413.168	-	1.020.251	-	95.019.100
9	Claims against corporations	271.709.338	4.893.209	-	-	-	266.816.129
10	Mature claims	1.745.172	425	-	55.034	-	1.689.713
11	Other assets	31.712.868	-	-	-	-	31.712.868
12	Exposure at Shariah Unit	64.154.793	-	-	-	-	64.154.793
Total Balance Sheet Exposure		**710.390.029**	**5.473.273**	**-**	**1.075.285**	**-**	**703.841.471**
B	**Commitment / Contingency Exposure in Administrative Account Transactions**						
1	Claims against Government	20.269	-	-	-	-	20.269
2	Claims against Public Sector Entities	13.924.621	5.226	-	-	-	13.919.395
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	10.115.159	1.350	-	-	-	10.113.809
5	Collateralized housing loans	1.522	-	-	-	-	1.522
6	Collateralized commercial property loans	5.208	-	-	-	-	5.208
7	Loans to employees / pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	915.385	2.086	-	17.594	-	895.705
9	Claims against corporations	28.900.364	22.507	-	-	-	28.877.857
10	Mature claims	28.415	-	-	2.370	-	26.045
11	Exposure at Shariah Unit	1.899.208	-	-	-	-	1.899.208
Total Exposure Rekening Administratif		**55.810.151**	**31.169**	**-**	**19.965**	**-**	**55.759.017**
C	**Counterparty Credit Risk**						
1	Claims against Government	50.714	-	-	-	-	50.714

risk management

No	Portfolio Category	31 December 2013					
		Net Claims	Portion secured by			Other	Portion Unsecured
			Collateral	Guarantee	Credit Insurance		
2	Claims against Public Sector Entities	-	-	-	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	3.884.653	-	-	-	-	3.884.653
5	Claims against MSMEs and Retail Portfolio	321	-	-	-	-	321
6	Claims against corporations	352.150	-	-	-	-	352.150
7	Exposure at Shariah Unit	-	-	-	-	-	-
Total Exposuree Counterparty Credit Risk		**4.287.838**	**-**	**-**	**-**	**-**	**4.287.838**
Total (A+B+C)		**770.488.018**	**5.504.442**	**-**	**1.095.249**	**-**	**763.888.326**

**) Under BI Circular No. 13/6/DPNP (in guidelines for the calculated of weighted assets by risk in credit risk assessment using the Standardized Method", included in credit mitigation tools are eligible financial collateral, guarantees, and credit insurance. Other than eligible financial collateral, Bank Mandiri also accepts security in the form of fixed assets, trade receivables, and stock.*

Tabel 4.2.b Disclosure of Net Claims and Credit Risk Mitigation Techniques – Bank Unconsolidated and Consolidated (in million rupiah)

No	Portfolio Category	31 December 2012					
		Net Claims	Portion secured by			Other	Portion Unsecured
			Collateral	Guarantee	Credit Insurance		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (3)-[(4)+(5)+(6)+(7)]
A	**Balance Sheet Exposure**						
1	Claims against Government	146.821.103	900	-	-	-	146.820.203
2	Claims against Public Sector Entities	47.149.358	112.826	-	-	-	47.036.532
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	22.538.084	72.996	-	-	-	22.465.088
5	Collateralized housing loans	11.666.730	-	-	-	-	11.666.730
6	Collateralized commercial property loans	250.129	-	-	-	-	250.129
7	Loans to employees / pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	74.167.887	558.984	-	-	-	73.608.903
9	Claims against corporations	218.188.382	2.990.689	-	-	-	215.197.694
10	Mature claims	1.266.427	-	-	-	-	1.266.427
11	Other assets	26.305.440	-	-	-	-	26.305.440
12	Exposure at Shariah Unit	54.417.844	-	-	-	-	54.417.844
Total Balance Sheet Exposure		**602.771.384**	**3.736.395**	**-**	**-**	**-**	**599.034.989**
B	**Commitment / Contingency Exposure in Administrative Account Transactions**						

No	Portfolio Category	31 December 2012					
		Net Claims	Portion secured by				Portion Unsecured
			Collateral	Guarantee	Credit Insurance	Other	
1	Claims against Government	634	-	-	-	-	634
2	Claims against Public Sector Entities	14.918.413	-	-	-	-	14.918.413
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	5.505.081	-	-	-	-	5.505.081
5	Collateralized housing loans	-	-	-	-	-	-
6	Collateralized commercial property loans	-	-	-	-	-	-
7	Loans to employees / pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	569.812	-	-	-	-	569.812
9	Claims against corporations	22.422.885	-	-	-	-	22.422.885
10	Mature claims	2.917	-	-	-	-	2.917
11	Exposure at Shariah Unit	2.171.233	-	-	-	-	2.171.233
Total Exposure Administrative Account		**45.590.975**	**-**	**-**	**-**	**-**	**45.590.975**
C	**Counterparty Credit Risk**						
1	Claims against Government	10.005.775	-	-	-	-	10.005.775
2	Claims against Public Sector Entities	285	-	-	-	-	285
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	4.564.198	-	-	-	-	4.564.198
5	Claims against MSMEs and Retail Portfolio	686	-	-	-	-	686
6	Claims against corporations	179.849	-	-	-	-	179.849
7	Exposure at Shariah Unit	-	-	-	-	-	-
Total Exposuree Counterparty Credit Risk		**14.750.793**	**-**	**-**	**-**	**-**	**14.750.793**
Total (A+B+C)		**663.113.151**	**3.736.395**	**-**	**-**	**-**	**659.376.757**

**) Under BI Circular No. 13/6/DPNP (in guidelines for the calculated of weighted assets by risk in credit risk assessment using the Standardized Method", included in credit mitigation tools are eligible financial collateral, guarantees, and credit insurance. Other than eligible financial collateral, Bank Mandiri also accepts security in the form of fixed assets, trade receivables, and stock.*

Exposure SECURITIZATION

The Bank does not engage in asset securitization, whether as originating creditor, provider of support credit, provider of liquidity facilities, service provider, custodian bank or investor, as shown below:

risk management

Securitization Transactions – Bank Unconsolidated and Consolidated

Table 5.1.a Disclosure of Securitization Transactions – Bank Unconsolidated (in million rupiah)

No	Securitization Exposure	31 December 2013					
		Value of Securitized Asset	Portion Secured by		Profit / Loss from Securitization	RWA	Capital Reduction
			Mature	Outstanding			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Bank acts as originating creditor - Exposure type (e.g: Claim secured by dwelling house)	Zero	Zero	Zero	Zero	Zero	Zero
2	Bank acts as provider of supporting credit a. First risk bearing facility - Exposure type (eg: Claim secured by dwelling house)	Zero	Zero	Zero	Zero	Zero	Zero
	b. Second risk bearing facility - Exposure type (eg: Claim secured by dwelling house)	Zero	Zero	Zero	Zero	Zero	Zero
3	Bank acts as provider of liquidity facility - Exposure type (eg: Claim secured by dwelling house)	Zero	Zero	Zero	Zero	Zero	Zero
4	Bank acts as service provider - Exposure type (eg: Claim secured by dwelling house)	Zero	Zero	Zero	Zero	Zero	Zero
5	Bank acts as custodian bank - Exposure type (eg: Claim secured by dwelling house)	Zero	Zero	Zero	Zero	Zero	Zero
6	Bank acts as investor a. Senior tranche - Exposure type (eg: Claim secured by dwelling house)	Zero	Zero	Zero	Zero	Zero	Zero
	b. Junior tranche - Exposure type (eg: Claim secured by dwelling house)	Zero	Zero	Zero	Zero	Zero	Zero

Table 5.1.a Disclosure of Securitization Transactions – Bank Unconsolidated (in million rupiah)

risk management

No	Securitization Exposure	31 December 2012					
		Value of Securitized Asset	Portion Secured by		Profit / Loss from Securitization	RWA	Capital Reduction
			Mature	Outstanding			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Bank acts as originating creditor - Exposure type (e.g: Claim secured by dwelling house)	Zero	Zero	Zero	Zero	Zero	Zero
2	Bank acts as provider of supporting credit a. First risk bearing facility - Exposure type (eg: Claim secured by dwelling house)	Zero	Zero	Zero	Zero	Zero	Zero
	b. Second risk bearing facility - Exposure type (eg: Claim secured by dwelling house)	Zero	Zero	Zero	Zero	Zero	Zero
3	Bank acts as provider of liquidity facility - Exposure type (eg: Claim secured by dwelling house)	Zero	Zero	Zero	Zero	Zero	Zero
4	Bank acts as service provider - Exposure type (eg: Claim secured by dwelling house)	Zero	Zero	Zero	Zero	Zero	Zero
5	Bank acts as custodian bank - Exposure type (eg: Claim secured by dwelling house)	Zero	Zero	Zero	Zero	Zero	Zero
6	Bank acts as investor a. Senior tranche - Exposure type (eg: Claim secured by dwelling house)	Zero	Zero	Zero	Zero	Zero	Zero
	b. Junior tranche - Exposure type (eg: Claim secured by dwelling house)	Zero	Zero	Zero	Zero	Zero	Zero

risk management

Tabel 5.1.b. Disclosure of Securitization Transactions – Bank Consolidated

No	Securitization Exposure	31 December 2013					
		Value of Securitized Asset	Portion Secured by		Profit / Loss from Securitization	RWA	Capital Reduction
			Mature	Outstanding			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Bank acts as originating creditor - Exposure type (e.g: Claim secured by dwelling house)	Zero	Zero	Zero	Zero	Zero	Zero
2	Bank acts as provider of supporting credit a. First risk bearing facility - Exposure type (eg: Claim secured by dwelling house)	Zero	Zero	Zero	Zero	Zero	Zero
	b. Second risk bearing facility - Exposure type (eg: Claim secured by dwelling house)	Zero	Zero	Zero	Zero	Zero	Zero
3	Bank acts as provider of liquidity facility - Exposure type (eg: Claim secured by dwelling house)	Zero	Zero	Zero	Zero	Zero	Zero
4	Bank acts as service provider - Exposure type (eg: Claim secured by dwelling house)	Zero	Zero	Zero	Zero	Zero	Zero
5	Bank acts as custodian bank - Exposure type (eg: Claim secured by dwelling house)	Zero	Zero	Zero	Zero	Zero	Zero
6	Bank acts as investor a. Senior tranche - Exposure type (eg: Claim secured by dwelling house)	Zero	Zero	Zero	Zero	Zero	Zero
	b. Junior tranche - Exposure type (eg: Claim secured by dwelling house)	Zero	Zero	Zero	Zero	Zero	Zero

Tabel 5.1.b. Disclosure of Securitization Transactions – Bank Consolidated

No	Securitization Exposure	31 December 2012					
		Value of Securitized Asset	Portion Secured by		Profit / Loss from Securitization	RWA	Capital Reduction
			Mature	Outstanding			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Bank acts as originating creditor - Exposure type (e.g: Claim secured by dwelling house)	**Zero**	**Zero**	**Zero**	**Zero**	**Zero**	**Zero**
2	Bank acts as provider of supporting credit a. First risk bearing facility - Exposure type (eg: Claim secured by dwelling house)	**Zero**	**Zero**	**Zero**	**Zero**	**Zero**	**Zero**
	b. Second risk bearing facility - Exposure type (eg: Claim secured by dwelling house)	**Zero**	**Zero**	**Zero**	**Zero**	**Zero**	**Zero**
3	Bank acts as provider of liquidity facility - Exposure type (eg: Claim secured by dwelling house)	**Zero**	**Zero**	**Zero**	**Zero**	**Zero**	**Zero**
4	Bank acts as service provider - Exposure type (eg: Claim secured by dwelling house)	**Zero**	**Zero**	**Zero**	**Zero**	**Zero**	**Zero**
5	Bank acts as custodian bank - Exposure type (eg: Claim secured by dwelling house)	**Zero**	**Zero**	**Zero**	**Zero**	**Zero**	**Zero**
6	Bank acts as investor a. Senior tranche - Exposure type (eg: Claim secured by dwelling house)	**Zero**	**Zero**	**Zero**	**Zero**	**Zero**	**Zero**
	b. Junior tranche - Exposure type (eg: Claim secured by dwelling house)	**Zero**	**Zero**	**Zero**	**Zero**	**Zero**	**Zero**

risk management

Securitization Transactions – Bank Unconsolidated and Consolidated

Table 5.2.a Disclosure of Summarized Securitization Transactions by Bank Acting as Originating Creditor – Bank Unconsolidated (in million rupiah)

NO	Underlying Asset	31 December 2013	
		Value of Securitized Asset	Profit (Loss) on Sale
(1)	(2)	(3)	(4)
1	Claims against Government	-	-
2	Claims against Public Sector Entities	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-
4	Claims against Banks	-	-
5	Loans secured by dwelling houses	-	-
6	Loans secured by commercial property	-	-
7	Employee / Pensioner Loans	-	-
8	Claims against MSMEs and Retail Portfolio	-	-
9	Claims against corporations	-	-
10	Other assets	-	-
11	Exposure at Shariah Unit	-	-
TOTAL		**Zero**	**Zero**

NO	Underlying Asset	31 December 2012	
		Value of Securitized Asset	Profit (Loss) on Sale
(1)	(2)	(3)	(4)
1	Claims against Government	-	-
2	Claims against Public Sector Entities	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-
4	Claims against Banks	-	-
5	Loans secured by dwelling houses	-	-
6	Loans secured by commercial property	-	-
7	Employee / Pensioner Loans	-	-
8	Claims against MSMEs and Retail Portfolio	-	-
9	Claims against corporations	-	-
10	Other assets	-	-
11	Exposure at Shariah Unit	-	-
TOTAL		**Zero**	**Zero**

Table 5.2.b Disclosure of Summarized Securitization Transactions by Bank Acting as Originating Creditor – Bank Unconsolidated (in million rupiah)

NO	Underlying Asset	31 December 2013	
		Value of Securitized Asset	Profit (Loss) on Sale
(1)	(2)	(3)	(4)
1	Claims against Government	-	-
2	Claims against Public Sector Entities	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-
4	Claims against Banks	-	-
5	Loans secured by dwelling houses	-	-
6	Loans secured by commercial property	-	-
7	Employee / Pensioner Loans	-	-
8	Claims against MSMEs and Retail Portfolio	-	-
9	Claims against corporations	-	-
10	Other assets	-	-
11	Exposure at Shariah Unit	-	-
TOTAL		**Zero**	**Zero**

NO	Underlying Asset	31 December 2012	
		Value of Securitized Asset	Profit (Loss) on Sale
(1)	(2)	(3)	(4)
1	Claims against Government	-	-
2	Claims against Public Sector Entities	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-
4	Claims against Banks	-	-
5	Loans secured by dwelling houses	-	-
6	Loans secured by commercial property	-	-
7	Employee / Pensioner Loans	-	-
8	Claims against MSMEs and Retail Portfolio	-	-
9	Claims against corporations	-	-
10	Other assets	-	-
11	Exposure at Shariah Unit	-	-
TOTAL		**Zero**	**Zero**

risk management

2. MARKET RISK MANAGEMENT

Market Risk - Trading Book

Trading book market risk refers to potential losses due to the way in which changes in interest and exchange rates affect the trading portfolio (including derivative instruments). In managing market risk on the trading book, the Bank applies the principle of independent segregation of duties by separating the functions and responsibilities for trading transactions in the Treasury Group, which consists of a front office unit (trading transactions), middle office unit (risk management processes, preparing policies and procedures) and the back office unit (transaction settlement process).

The Bank conducts a valuation process on a daily basis based on independent sources for all instruments classifications in the trading book portfolio. The market price sources used are: (i) the price quoted by Reuters, Bloomberg or similar sources; (Ii) the price quoted on the stock exchange (exchange price) or secondary market; (Iii) the price quoted on dealer screens (screen prices); or (iv) the most conservative quotation given by at least two reputable brokers and / or market makers, one of whom is independent.

Indonesian financial market dynamics have unique characteristics, with market prices often not being available for some instruments. In treating instruments that do not have market prices, the Bank employs the the mark-to-model approach based on appropriate methodology. To ensure the accuracy and effectiveness of the mark the model approach, reviews are regularly conducted.

In order to ensure that the Bank has sufficient capital to anticipate trading book market risk, the measurement of market risk for capital adequacy calculation purposes is conducted using two methods: the standardized model and the internal model. The standardized model is used by the Bank in calculating its Minimum Capital Adequacy Requirement (CAR) (consolidated with its subsidiaries) for reporting to Bank Indonesia on a monthly and quarterly basis. Meanwhile the internal model is applied for the purpose of preparing daily reports to management using the Value at Risk (VaR) methodology.

Table 7.1 Disclosure of Market Risk Using Standardized Method (in million rupiah)

NO	Risk Type	31 December 2013			
		Bank		Consolidation	
		Capital Charge	RWA	Capital Charge	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1	Interest rate risks				
	a. Specific Risks	5.323	66.535	6.798	84.975
	b. General risks	32.149	401.858	33.725	421.560
2	Exchange rate risks	120.292	1.503.648	114.890	1.436.126
3	Equity risks	-	-	3.806	47.581
4	Commodity risks	-	-	-	-
5	Option risks	-	-	-	-
TOTAL		**157.763**	**1.972.041**	**159.219**	**1.990.242**

NO	Risk Type	31 December 2012			
		Bank		Consolidation	
		Capital Charge	RWA	Capital Charge	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1	Interest rate risks				
	a. Specific Risks	3.123	39.035	12.081	151.010
	b. General risks	42.620	532.746	48.701	608.757
2	Exchange rate risks	37.789	472.368	36.192	452.397
3	Equity risks	-	-	2.566	32.074
4	Commodity risks	-	-	-	-
5	Option risks	-	-	-	-
TOTAL		**83.532**	**1.044.148**	**99.539**	**1.244.238**

risk management

The VaR employs two methods: (i) the Variance Covariance Method, which calculates the market risk related to plain vanilla products. This method uses the exponential weighted moving average (EWMA) concept to calculate volatility by assigning a heavier weight for the latest data, based on a decay factor of 0.94; (ii) the historical simulation method, which is used to calculate market risk in the case of derivatives transactions.

Valuation at Risk realization during 2013 is as shown in the following table:

Table 7.2.a Disclosure of Market Risk using Internal Model (Value at Risk / VaR) – Bank Unconsolidated and Consolidated (in million rupiah)

NO	Risk Type	31 December 2013			
		Average VaR	Maximum VaR	Minimum VaR	VaR at End Period
(1)	(2)	(3)	(4)	(5)	(6)
1	Interest rate risks	6.510	14.873	1.761	4.761
2	Exchange rate risks	5.609	22.775	1.647	10.646
3	Option risks	-	-	-	-
TOTAL		**9.565**	**27.041**	**2.189**	**13.135**

NO	Risk Type	31 December 2012			
		Average VaR	Maximum VaR	Minimum VaR	VaR at End Period
(1)	(2)	(3)	(4)	(5)	(6)
1	Interest rate risks	54.527	14.999	668	3.660
2	Exchange rate risks	4.876	11.700	1.277	2.254
3	Option risks	79	169	-	169
TOTAL		**7.548**	**16.663**	**1.747**	**4.842**

risk management

Table 7.2.b Disclosure of Market Risk using Internal Model (Value at Risk / VaR) – Bank Consolidated
(in million rupiah)

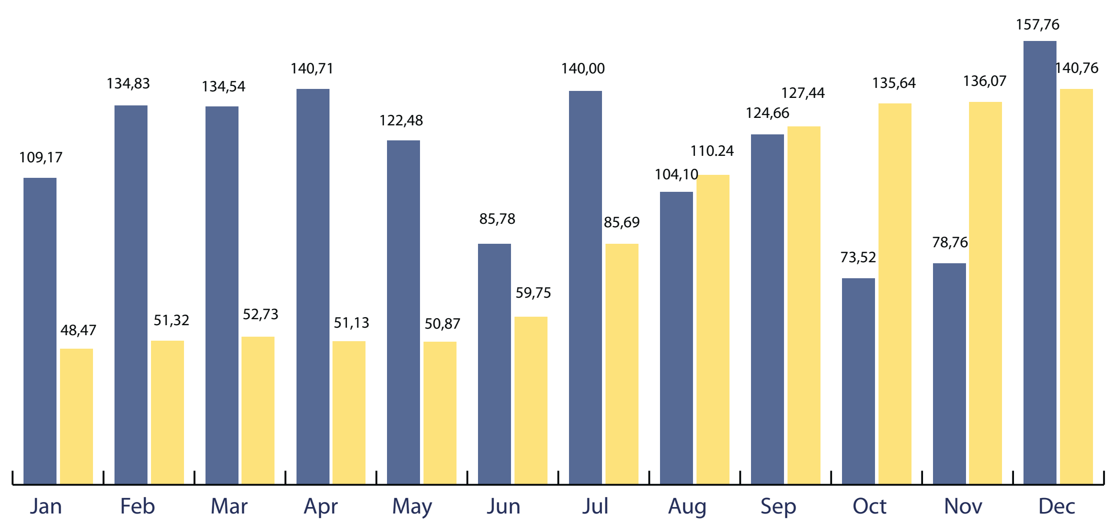
NO	Risk Type	31 December 2013			
		Average VaR	Maximum VaR	Minimum VaR	VaR at End Period
(1)	(2)	(3)	(4)	(5)	(6)
1	Interest rate risks	6.510	14.873	1.761	4.761
2	Exchange rate risks	5.609	22.775	1.647	10.646
3	Equity risks	-	-	-	-
4	Commodity risks	-	-	-	-
5	Option risks	-	-	-	-
TOTAL		**9.565**	**27.041**	**2.189**	**13.135**

NO	Risk Type	31 December 2012			
		Average VaR	Maximum VaR	Minimum VaR	VaR at End Period
(1)	(2)	(3)	(4)	(5)	(6)
1	Interest rate risks	54.527	14.999	668	3.660
2	Exchange rate risks	4.876	11.700	1.277	2.254
3	Equity risks	-	-	-	-
4	Commodity risks	-	-	-	-
5	Option risks	79	169	-	169
TOTAL		**7.548**	**16.663**	**1.747**	**4.842**

A comparison between Minimum Capital Adequacy Requirement realization as between the Standardized Model and the Internal Model is shown in the following graph:

Market Risk Capital Charge (Rp, Billion)

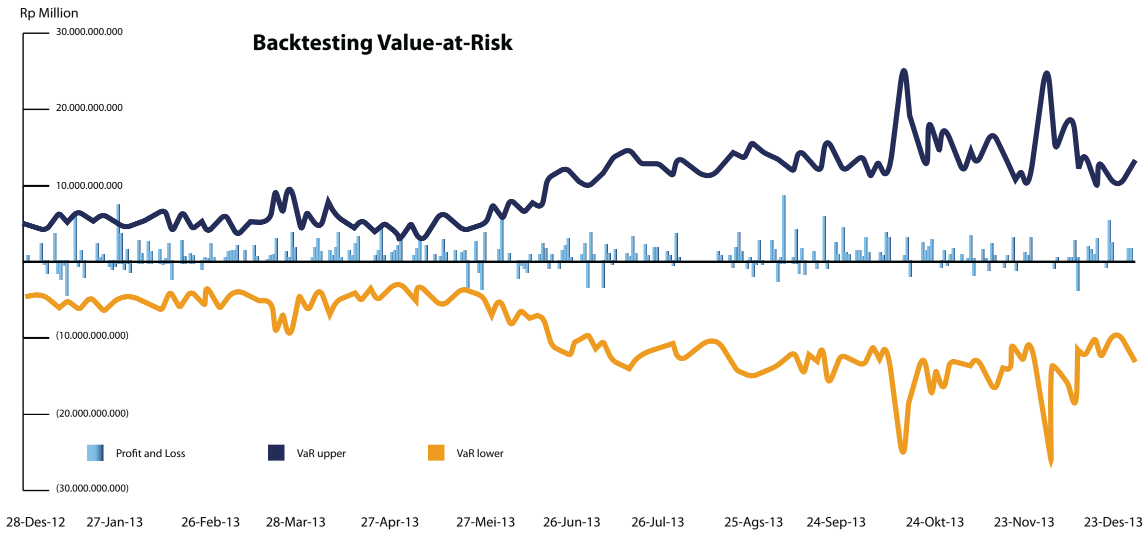
2013



risk management

In order to ensure that the risks faced are compatible with the Bank's risk appetite, the Bank conducts risk monitoring of treasury operations by comparing the results of market risk calculations with the prescribed limits. Monitoring is conducted on a daily basis in respect of limit utilization, including individual limits (Intraday Net Open Position Limit, Net Overnight Open Position Limit, Loss Limit and Holding Period Limit) and portfolio limits (VaR Limit and Greek Limit). In addition, the Bank also monitors treasury performance to ensure that business and revenue targets are achieved.

To ensure the accuracy and effectiveness of the VaR model, the Bank conducts testing using the backtesting approach. The backtesting process provides an overview of the extent to which divergences have occurred, whether the loss estimates produced by VaR calculation are in line with actual / hypothetical losses, and the extent to which divergences can be tolerated. Backtesting is conducted using two methods, namely, the Unconditional Coverage Test (Basel Zone and Kupiec Test) and Conditional Coverage Test (Christoffersen Test). Based on the results of backtesting during December 2013, it may be concluded that our VaR calculations using the two methods were "accurate", with the level of P / L deviations on the daily VaR being acceptable and not mutually influential.



In extreme market conditions, the Bank conducts stress testing to evaluate the robustness of the models to very significant large-scale movements in market factors and to prepare the necessary response strategies. Such stress testing combines stressed scenarios: (i) based on the Bank Indonesia scenario, with the largest potential loss suffered by the Bank being Rp 298.64 billion (where the interest rate increases 400 basis points and the rupiah exchange rate appreciates 20%); and (Ii) based on the Bank's historical scenario, with the largest potential loss suffered by the Bank being Rp 395.156 billion (if interest rates increase by 31-575 basis points and the Rupiah exchange rate appreciates 30%).

Market Risk - Banking Book

Banking book market risk arises due to changes in interest rates and the exchange rate, and the impacts thereof on banking book operations. Banking book market risk is managed by optimizing the Bank's balance sheet structure so as to obtain maximum returns based on a level of risk that is acceptable to the Bank. Banking book market risk is controlled by setting limits based on both regulatory provisions and internal rules. These limits are monitored on both a weekly and monthly basis by the Market Risk Management Unit.

risk management

Banking book interest rate risk arising from movements in market interest rates that run counter to the Bank's positions or transactions have the potential to affect the Bank's profitability (earnings perspective) and the value of the Bank's economic capital (economic value perspective). Banking book interest rate risks include repricing risks (repricing mismatch between assets and liabilities components), basis risk (the use of the different reference rates), yield curve risk (changes in the shape and slope of the yield curve), and option risk (loan repayment or redemption of deposits before maturity). The Bank employs a repricing gap and conducts sensitivity analyses in order to forecast Net Interest Income (NII) and Economic Value of Equity (EVE). Based on the results of the sensitivity analysis simulation that was conducted on 31 December 2013, the impact of a 100 bps change in the interest rate would result in the Bank's NII declining by 4.75% from the set target for 12 months ahead, and a fall of 2.06% in the Bank's Equity.

INTEREST SENSITIVITY ANALYSIS

Keterangan	December 2012	December 2013
NII Sensitivity 100bps, NII 12 mo (% of NII target)	2,74%	4,75%
EVE Sensitivity (100bps: % Equity)	2,82%	2,06%
Earning at Risk (% Equity)	0,26%	0,32%
Capital at Risk (% Equity)	1,06%	1,13%

Foreign exchange risks arise from exchange rate movements that are contrary to the Bank's open position. Such risks originate from foreign exchange transactions with customers and counterparties that give rise to foreign exchange open positions, or foreign exchange structural positions resulting from equity investments. The Bank manages forex rates by monitoring and managing its Net Open Position (NOP) based on internal and regulatory limits. As of 31 December 2013, the overall NOP (absolute) stood at 2.06% of capital.

Pricing Management

The Bank applies pricing policies to fund and credit products as part of its strategy to maximize net interest margin (NIM), while at the same time supporting the Bank in expanding revenue market share having regard to competitive conditions. The Bank consistently strives to apply this strategy as the market leader in terms of funds pricing. Nevertheless, taking into account liquidity and funding requirements, the Bank may from time to time adopt aggressive strategies (more expansive than principal competitors) or defensive strategies (equal or less expansive than principal competitors).

The Bank applies a risk-based pricing approach, namely, the interest rates applied to customers varies based on their respective credit risk levels. In order to minimize interest rate risk, the loan interest rate is adjusted to take account of the rates charged by funding sources. In addition to considering the cost of funds, loan interest rates are also set by considering overhead costs, credit risk premium and profit margin, while having regard to the Bank's competitiveness vis-à-vis its major competitors. Loan interest rates can be either floating or fixed.
The Bank publicizes its Rupiah Base Lending Rate through announcements posted in every Bank office and on the Bank's website. In addition, the Rupiah Base Lending Rate is published in newspapers every quarter, in line with the provisions of Bank Indonesia Circular No.13/5/DPNP dated 8 February 2011.

risk management

3. LIQUIDITY RISK MANAGEMENT

Liquidity risk may arise if the Bank is unable to provide liquidity at a reasonable price. This will adversely affect the Bank's profitability and capital. The Bank's liquidity is influenced by funding structure, asset liquidity, counterparty liabilities, and loan commitments to borrowers. Liquidity risk is measured through the use of such indicators as the primary reserve ratio (the ratio of Cash to Minimum Giro Requirement), secondary reserve (liquidity reserves), and the loan-to-deposit ratio (LDR). Liquidity risk management is conducted by setting limits having regard to both the regulatory provisions and internal rules.

As of 31 December 2013, the Rupiah Primary GWM stood at 8.00% of total Rupiah third-party funds, while the secondary GWM amounted to 18.08% of total Rupiah third-party funds. In the forex arena, the Bank maintained the GWM at 8.10% of total third-party funds denominated in foreign currency. These figures are in line with the regulatory and internal limits. The Bank applies liquidity reserve limits in the form of safety level limits that are based on projections of liquidity reserves over the next 3 months. As of 31 December 2013, the liquidity reserve was above the safety level, while the Bank's LDR stood at 82.97%.

The Bank's future liquidity condition is forecast using liquidity gap methodology, which employs maturity mismatches between the assets and liabilities components (including off-balance sheet) which are prepared for timeframes (time buckets) that are based on contractual maturity and behavioral maturity. As per 31 December 2013, the Bank's liquidity projection for the next 12 months was in an optimal surplus position.

To determine the impact of changes in market and internal factors in extreme conditions (crisis) on liquidity, the Bank conducts liquidity risk stress testing on a regular basis. The Bank has adopted a Liquidity Contingency Plan (LCP) on funding strategies, covering money market, repo and bilateral loans, FX swaps, securities sales, and pricing strategies. Under the LCP, the determination of liquidity conditions and funding strategies has regard to both internal and external conditions.

In order to anticipate the effects of the crisis in Europe to the Bank's liquidity and business, both directly or indirectly, the Bank activated the Business Command Center (BCC) to intensively manage and monitor liquidity conditions and the foreign currency LDR. In carrying out its functions, the BCC manages liquidity adequacy and the foreign exchange LDR through the selective provision of foreign currency liquidity for loans and the monitor the movements in foreign currency funding sources on a daily basis. In this way, the Bank's foreign exchange liquidity has been maintained at above the minimum liquidity reserve and LDR limits. In addition, the BCC also coordinates programs to expand the use of low-cost and stable foreign exchange funding sources.

To raise awareness of the unstable economic conditions resulting from the crisis in Europe as well as a number of domestic issues, the BCC also monitors external indicators such as the USD / IDR exchange rate, Indonesia's 5-year Credit Default Swaps (CDS), the spread between the ROI 5-Year and the UST 5 Year, the Jakarta Composite Index (JCI), Rupiah and USD interbank interest rates, USD/IDR 1M Non-Delivery Forwards (NDF) and the latest market information. Since the activation of the BCC, the Banks forex liquidity reserves have been maintained above the limits and the forex LDR at the maximum level of 85%.

risk management

Table 9.1.a Disclosure of Rupiah Maturities Profile – Bank Unconsolidated

No.	Pos-pos			Balance	maturity				
					≤ 1 month	> 1 month – 3 months	> 3 month – 6 months	> 6 month – 12 months	> 12 month
(1)	(2)			(3)	(4)	(5)	(6)	(7)	(8)
I	**BALANCE SHEET**								
	A	Assets							
		1.	Cash	14.840.826	14.840.826	-	-	-	-
		2.	Placements with Bank Indonesia	44.992.654	44.992.654	-	-	-	-
		3.	Placements with other banks	2.933.898	2.933.898	-	-	-	-
		4.	Securities	80.639.944	267.855	186.447	399.188	3.714.588	76.071.866
		5.	Loans	349.223.642	17.144.722	24.820.949	35.039.668	69.957.671	202.260.632
		6.	Other receivables	5.086.369	1.623.009	2.437.285	880.131	-	145.944
		7.	Other assets	2.719.534	1.243.016	120.495	162.912	228.718	964.393
	Total Aset			**500.436.867**	**83.045.980**	**27.565.176**	**36.481.899**	**73.900.977**	**279.442.835**
	B	Liabilities							
		1.	Third-party funds	401.898.025	359.203.482	27.328.100	7.255.797	7.867.000	243.646
		2.	Funds from Bank Indonesia	-	-	-	-	-	-
		3.	Funds from other banks	11.508.520	10.506.275	940.150	16.325	45.170	600
		4.	Securities issued	105.862	105.862	-	-	-	-
		5.	Fund borrowings	109.021	372	792	1.207	2.479	104.171
		6.	Other liabilities	1.628.274	923.523	704.751	-	-	-
		7.	Miscellaneous	4.251.148	-	697.805	-	10.652	3.542.691
	Total Liabilities			**419.500.850**	**370.739.514**	**29.671.598**	**7.273.329**	**7.925.301**	**3.891.108**
	Difference between Assets and Liabilities on Balance Sheet			**80.936.017**	**(287.693.534)**	**(2.106.422)**	**29.208.570**	**65.975.676**	**275.551.727**
II	**ADMINISTRATIVE ACCOUNT**								
	A.	Administrative Account Claims							
		1.	Commitments	175.323	-	175.323	-	-	-
		2.	Contingencies	3.076.705	2.756.815	63.292	81.749	42.228	132.621
	Total Administrative Account Liabilities			**3.252.029**	**2.756.815**	**238.615**	**81.749**	**42.228**	**132.621**
	B.	Administrative Account Liabilities							
		1.	Commitments	75.028.982	72.460.485	1.882.507	145.903	113.541	426.545
		2.	Contingencies	25.530.796	3.072.535	6.594.538	3.520.137	5.393.058	6.950.528
	Total Administrative Account Liabilities			**100.559.778**	**75.533.020**	**8.477.045**	**3.666.040**	**5.506.600**	**7.377.073**
	Difference between Administrative Account Claims and Liabilities			**(97.307.749)**	**(72.776.205)**	**(8.238.430)**	**(3.584.291)**	**(5.464.371)**	**(7.244.452)**
	Difference [(IA-IB)+(IIA-IIB)]			**(16.371.732)**	**(360.469.739)**	**(10.344.852)**	**25.624.279**	**60.511.305**	**268.307.275**
	Cumulative Difference			**-**	**(360.469.739)**	**(370.814.591)**	**(345.190.312)**	**(284.679.007)**	**(16.371.732)**

**) Includes income receivable (PYMAD), sales of assets receivable, customer transaction receivables, claims again policy holders, and on ATM and Credit Card-related Transactions*

risk management

Table 9.1.a Disclosure of Rupiah Maturities Profile – Bank Unconsolidated

No.	Pos-pos			31 December 2012					
				Balance	maturity				
					≤ 1 month	> 1 month – 3 months	> 3 month – 6 months	> 6 month – 12 months	> 12 month
(1)	(2)			(3)	(4)	(5)	(6)	(7)	(8)
I	**BALANCE SHEET**								
	A	Assets							
		1.	Cash	12.485.501	12.485.501	-	-	-	-
		2.	Placements with Bank Indonesia	53.651.197	52.660.012	991.185	-	-	-
		3.	Placements with other banks	3.442.865	3.442.865	-	-	-	-
		4.	Securities	80.238.136	77.041	767.622	86.314	34.796	79.272.363
		5.	Loans	290.353.314	2.511.799	33.861.598	25.398.433	59.925.082	168.656.402
		6.	Other receivables	3.509.491	1.081.864	1.784.796	491.358	5.529	145.944
		7.	Other assets	2.725.245	1.563.167	111.488	106.002	204.095	740.493
	Total Aset			**446.405.749**	**73.822.249**	**37.516.689**	**26.082.107**	**60.169.502**	**248.815.202**
	B	Liabilities							
		1.	Third-party funds	370.579.812	331.344.182	28.843.101	8.256.805	2.008.362	127.362
		2.	Funds from Bank Indonesia	-	-	-	-	-	-
		3.	Funds from other banks	13.211.901	13.116.901	38.140	9.615	47.245	-
		4.	Securities issued	296.075	296.075	-	-	-	-
		5.	Fund borrowings	27.120	37	1.423	8.394	791	16.475
		6.	Other liabilities	1.943.849	1.100.984	842.865	-	-	-
		7.	Miscellaneous	4.963.355	-	17.153	-	702.805	4.243.397
	Total Liabilities			**391.022.112**	**345.858.179**	**29.742.682**	**8.274.814**	**2.759.203**	**4.387.234**
	Difference between Assets and Liabilities on Balance Sheet			**55.383.637**	**(272.035.930)**	**7.774.007**	**17.807.293**	**57.410.299**	**244.427.968**
II	**ADMINISTRATIVE ACCOUNT**								
	A.	Administrative Account Claims							
		1.	Commitments	93.280	93.280	-	-	-	-
		2.	Contingencies	6.005.856	6.005.856	-	-	-	-
	Total Administrative Account Liabilities			**6.099.136**	**6.099.136**	**-**	**-**	**-**	**-**
	B.	Administrative Account Liabilities							
		1.	Commitments	83.248.504	81.494.515	1.077.742	67.224	609.023	-
		2.	Contingencies	22.577.686	2.863.338	5.909.086	3.770.115	4.297.646	5.737.501
	Total Administrative Account Liabilities			**105.826.190**	**84.357.853**	**6.986.828**	**3.837.339**	**4.906.669**	**5.737.501**
	Difference between Administrative Account Claims and Liabilities			**(99.727.054)**	**(78.258.717)**	**(6.986.828)**	**(3.837.339)**	**(4.906.669)**	**(5.737.501)**
	Difference [(IA-IB)+(IIA-IIB)]			**(44.343.416)**	**(349.155.747)**	**698.870**	**13.863.952**	**52.299.535**	**237.949.974**
	Cumulative Difference			**-**	**(349.155.747)**	**(348.456.877)**	**(334.592.925)**	**(282.293.390)**	**(44.343.416)**

**) Includes income receivable (PYMAD), sales of assets receivable, customer transaction receivables, claims again policy holders, and on ATM and Credit Card-related Transactions*

Tabel 9.1.b. Disclosure of Rupiah Maturities Profile – Bank Consolidated

No.	Pos-pos			31 December 2013					
				Balance	maturity				
					≤ 1 month	> 1 month – 3 months	> 3 month – 6 months	> 6 month – 12 months	> 12 month
(1)	(2)			(3)	(4)	(5)	(6)	(7)	(8)
I	**BALANCE SHEET**								
	A	Assets							
		1.	Cash	16.650.311	16.650.311	-	-	-	-
		2.	Placements with Bank Indonesia	53.088.376	53.088.376	-	-	-	-
		3.	Placements with other banks	5.094.203	4.033.754	604.000	451.449	5.000	-
		4.	Securities	96.056.370	11.631.055	252.518	618.538	4.027.790	79.526.469
		5.	Loans	402.033.974	16.870.419	28.613.023	39.297.339	76.380.867	240.872.326
		6.	Other receivables	5.213.753	1.645.484	2.479.062	936.961	6.302	145.944
		7.	Other assets	4.715.281	3.128.979	120.530	162.912	338.467	964.393
	Total Aset			**582.852.268**	**107.048.378**	**32.069.133**	**41.467.199**	**80.758.426**	**321.509.132**
	B	Liabilities							
		1.	Third-party funds	409.752.497	366.993.542	27.370.781	7.276.167	7.867.987	244.020
		2.	Funds from Bank Indonesia	-	-	-	-	-	-
		3.	Funds from other banks	11.394.430	10.435.685	896.650	16.325	45.170	600
		4.	Securities issued	1.779.597	105.862	-	349.715	-	1.324.020
		5.	Fund borrowings	4.128.480	840.767	1.582	2.390	459.140	2.824.601
		6.	Other liabilities	3.053.314	2.308.602	744.712	-	-	-
		7.	Miscellaneous	4.246.148	-	697.805	-	10.652	3.537.691
	Total Liabilities			**434.354.466**	**380.684.458**	**29.711.530**	**7.644.597**	**8.382.949**	**7.930.932**
	Difference between Assets and Liabilities on Balance Sheet			**148.497.802**	**(273.636.080)**	**2.357.603**	**33.822.602**	**72.375.477**	**313.578.200**
II	**ADMINISTRATIVE ACCOUNT**								
	A.	Administrative Account Claims							
		1.	Commitments	175.323	-	175.323	-	-	-
		2.	Contingencies	3.529.344	3.209.454	63.292	81.749	42.228	132.621
	Total Administrative Account Liabilities			**3.704.668**	**3.209.454**	**238.615**	**81.749**	**42.228**	**132.621**
	B.	Administrative Account Liabilities							
		1.	Commitments	76.411.072	73.842.576	1.882.507	145.903	113.541	426.545
		2.	Contingencies	25.661.560	3.203.298	6.594.538	3.520.137	5.393.058	6.950.528
	Total Administrative Account Liabilities			**102.072.632**	**77.045.874**	**8.477.045**	**3.666.040**	**5.506.600**	**7.377.073**
	Difference between Administrative Account Claims and Liabilities			**(98.367.964)**	**(73.836.420)**	**(8.238.430)**	**(3.584.291)**	**(5.464.371)**	**(7.244.452)**
	Difference [(IA-IB)+(IIA-IIB)]			**50.129.838**	**(347.472.500)**	**(5.880.827)**	**30.238.311**	**66.911.106**	**306.333.748**
	Cumulative Difference			**-**	**(347.472.500)**	**(353.353.328)**	**(323.115.017)**	**(256.203.911)**	**50.129.838**

*) Excluding Interbank Transaction

risk management

Tabel 9.1.b. Disclosure of Rupiah Maturities Profile – Bank Unconsolidated

No.	Pos-pos			31 December 2012					
				Balance	maturity				
					≤ 1 month	> 1 month – 3 months	> 3 month – 6 months	> 6 month – 12 months	> 12 month
(1)	(2)			(3)	(4)	(5)	(6)	(7)	(8)
I	**BALANCE SHEET**								
	A	Assets							
		1.	Cash	13.836.390	13.836.390	-	-	-	-
		2.	Placements with Bank Indonesia	59.076.662	58.085.477	991.185	-	-	-
		3.	Placements with other banks	5.145.966	4.426.464	633.200	67.802	18.500	-
		4.	Securities	94.309.995	10.350.275	786.451	528.333	531.271	82.113.665
		5.	Loans	332.643.020	4.744.684	37.018.011	28.762.441	63.524.824	198.593.060
		6.	Other receivables	3.583.953	1.107.424	1.811.380	503.102	15.869	146.178
		7.	Other assets	4.056.221	2.894.143	111.488	106.002	204.095	740.493
	Total Aset			**512.652.207**	**95.444.857**	**41.351.715**	**29.967.680**	**64.294.559**	**281.593.396**
	B	Liabilities							
		1.	Third-party funds	376.580.168	337.125.943	29.020.221	8.271.875	2.028.353	133.776
		2.	Funds from Bank Indonesia	-	-	-	-	-	-
		3.	Funds from other banks	13.019.869	12.924.869	38.140	9.615	47.245	-
		4.	Securities issued	1.545.876	296.075	-	51.943	-	1.197.858
		5.	Fund borrowings	2.933.774	45.571	2.492	9.997	53.826	2.821.888
		6.	Other liabilities	3.223.830	2.345.547	878.283	-	-	-
		7.	Miscellaneous	4.958.356	-	17.153	-	697.805	4.243.398
	Total Liabilities			**402.261.873**	**352.738.005**	**29.956.289**	**8.343.430**	**2.827.229**	**8.396.920**
	Difference between Assets and Liabilities on Balance Sheet			**110.390.334**	**(257.293.148)**	**11.395.426**	**21.624.250**	**61.467.330**	**273.196.476**
II	**ADMINISTRATIVE ACCOUNT**								
	A.	Administrative Account Claims							
		1.	Commitments	93.280	93.280	-	-	-	-
		2.	Contingencies	6.195.971	6.195.971	-	-	-	-
	Total Administrative Account Liabilities			**6.289.251**	**6.289.251**	**-**	**-**	**-**	**-**
	B.	Administrative Account Liabilities							
		1.	Commitments	85.029.013	81.495.014	1.279.263	1.032.546	1.222.190	-
		2.	Contingencies	22.789.431	3.075.083	5.909.086	3.770.115	4.297.646	5.737.501
	Total Administrative Account Liabilities			**107.818.444**	**84.570.097**	**7.188.349**	**4.802.661**	**5.519.836**	**5.737.501**
	Difference between Administrative Account Claims and Liabilities			**(101.529.193)**	**(78.280.846)**	**(7.188.349)**	**(4.802.661)**	**(5.519.836)**	**(5.737.501)**
	Difference [(IA-IB)+(IIA-IIB)]			**(1.025.190)**	**(344.659.322)**	**5.073.192**	**16.438.561**	**55.701.203**	**266.421.176**
	Cumulative Difference			**-**	**(344.659.322)**	**(339.586.130)**	**(323.147.569)**	**(267.446.366)**	**(1.025.190)**

*) Excluding Interbank Transaction

risk management

Tabel 9.2.a. Disclosure of Rupiah Maturities Profile – Bank Consolidated

No.	Approach	31 December 2013					
		Balance	maturity				
			≤ 1 month	> 1 month – 3 months	> 3 month – 6 months	> 6 month – 12 months	> 12 month
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I	**BALANCE SHEET**						
	A Assets						
	1. Cash	2.385.790	2.385.790	-	-	-	-
	2. Placements with Bank Indonesia	24.826.698	24.826.698	-	-	-	-
	3. Placements with other banks	20.776.992	18.674.241	2.030.491	-	-	72.260
	4. Securities	12.899.758	1.222.650	2.080.452	2.425.363	108.060	7.063.233
	5. Loans	67.754.388	7.123.413	13.887.722	4.666.835	8.885.499	33.190.919
	6. Other receivables	13.743.562	3.699.580	4.620.965	4.260.313	317.233	845.471
	7. Other assets	383.695	187.876	101.487	16.901	11.166	66.265
	Total Aset	**142.770.883**	**58.120.248**	**22.721.117**	**11.369.412**	**9.321.958**	**41.238.148**
	B Liabilities						
	1. Third-party funds	97.820.015	95.086.706	1.812.615	507.615	404.484	8.595
	2. Funds from Bank Indonesia	-	-	-	-	-	-
	3. Funds from other banks	1.152.614	1.152.614	-	-	-	-
	4. Securities issued	-	-	-	-	-	-
	5. Fund borrowings	13.885.152	866.504	1.435.427	420.373	121.380	11.041.468
	6. Other liabilities	1.640.334		1.357.207	283.127		
	7. Miscellaneous	219.467	3.540			3.540	212.387
	Total Liabilities	**114.717.582**	**97.109.364**	**4.605.249**	**1.211.115**	**529.404**	**11.262.450**
	Difference between Assets and Liabilities on Balance Sheet	**28.053.301**	**(38.989.116)**	**18.115.868**	**10.158.297**	**8.792.554**	**29.975.698**
II	**ADMINISTRATIVE ACCOUNT**						
	A. Administrative Account Claims						
	1. Commitments	172.034	-	172.034	-	-	-
	2. Contingencies	22.452.181	4.710.407	1.021.071	1.115.494	1.749.398	13.855.811
	Total Administrative Account Liabilities	**22.624.215**	**4.710.407**	**1.193.105**	**1.115.494**	**1.749.398**	**13.855.811**
	B. Administrative Account Liabilities						
	1. Commitments	24.162.274	14.289.118	5.679.687	1.508.639	1.600.632	1.084.198
	2. Contingencies	39.643.850	1.308.910	3.606.048	6.213.562	6.265.212	22.250.117
	Total Administrative Account Liabilities	**63.806.124**	**15.598.028**	**9.285.735**	**7.722.201**	**7.865.844**	**23.334.315**
	Difference between Administrative Account Claims and Liabilities	**(41.181.908)**	**(10.887.621)**	**(8.092.630)**	**(6.606.707)**	**(6.116.446)**	**(9.478.505)**
	Difference [(IA-IB)+(IIA-IIB)]	**(13.128.608)**	**(49.876.737)**	**10.023.238**	**3.551.590**	**2.676.108**	**20.497.193**
	Cumulative Difference	**-**	**(49.876.737)**	**(39.853.499)**	**(36.301.909)**	**(33.625.801)**	**(13.128.608)**

**) Includes income receivable (PYMAD), sales of assets receivable, customer transaction receivables, claims again policy holders, and on ATM and Credit Card-related Transactions*

risk management

Tabel 9.2.a. Disclosure of Valas Maturities Profile – Bank Unconsolidated

No.	Approach			31 December 2012					
				Balance	maturity				
					≤ 1 month	> 1 month – 3 months	> 3 month – 6 months	> 6 month – 12 months	> 12 month
(1)	(2)			(3)	(4)	(5)	(6)	(7)	(8)
I	**BALANCE SHEET**								
	A	Assets							
		1.	Cash	1.645.635	1.645.635	-	-	-	-
		2.	Placements with Bank Indonesia	16.178.875	16.178.875	-	-	-	-
		3.	Placements with other banks	15.819.308	15.290.635	173.764	300.015	-	54.894
		4.	Securities	5.183.309	468.817	349.939	144.533	89.810	4.130.210
		5.	Loans	49.620.377	909.832	10.779.885	2.950.139	5.194.710	29.785.811
		6.	Other receivables	10.962.850	2.087.220	4.415.177	3.139.002	651.917	669.534
		7.	Other assets	209.514	45.912	92.193	11.242	7.620	52.547
	Total Aset			**99.619.868**	**36.626.926**	**15.810.958**	**6.544.931**	**5.944.057**	**34.692.996**
	B	Liabilities							
		1.	Third-party funds	64.879.099	63.289.769	988.472	403.816	193.461	3.581
		2.	Funds from Bank Indonesia	-	-	-	-	-	-
		3.	Funds from other banks	906.979	906.979	-	-	-	-
		4.	Securities issued	-	-	-	-	-	-
		5.	Fund borrowings	8.675.059	240.938	400.511	240.938	-	7.792.672
		6.	Other liabilities	2.106.083	1.030.110	1.075.973	-	-	-
		7.	Miscellaneous	179.594	1.912	-	-	1.912	175.770
	Total Liabilities			**76.746.814**	**65.469.708**	**2.464.956**	**644.754**	**195.373**	**7.972.023**
	Difference between Assets and Liabilities on Balance Sheet			**22.873.054**	**(28.842.782)**	**13.346.002**	**5.900.177**	**5.748.684**	**26.720.973**
II	**ADMINISTRATIVE ACCOUNT**								
	A.	Administrative Account Claims							
		1.	Commitments	-	-	-	-	-	-
		2.	Contingencies	9.916.800	9.916.800	-	-	-	-
	Total Administrative Account Liabilities			**9.916.800**	**9.916.800**	**-**	**-**	**-**	**-**
	B.	Administrative Account Liabilities							
		1.	Commitments	10.398.827	2.215.749	4.475.726	922.935	1.083.041	1.701.376
		2.	Contingencies	25.951.137	1.873.083	2.713.231	3.281.401	4.980.397	13.103.025
	Total Administrative Account Liabilities			**36.349.964**	**4.088.832**	**7.188.957**	**4.204.336**	**6.063.438**	**14.804.401**
	Difference between Administrative Account Claims and Liabilities			**(26.433.164)**	**5.827.968**	**(7.188.957)**	**(4.204.336)**	**(6.063.438)**	**(14.804.401)**
	Difference [(IA-IB)+(IIA-IIB)]			**(3.560.110)**	**(22.856.208)**	**6.069.848**	**1.684.599**	**(322.374)**	**11.864.025**
	Cumulative Difference			**-**	**(22.856.208)**	**(16.786.360)**	**(15.101.761)**	**(15.424.135)**	**(3.560.110)**

**) Includes income receivable (PYMAD), sales of assets receivable, customer transaction receivables, claims again policy holders, and on ATM and Credit Card-related Transactions*

Tabel 9.2.b. Disclosure of Valas Maturities Profile – Bank Consolidated

No.	Approach	31 December 2013					
		Balance	maturity *)				
			≤ 1 month	> 1 month – 3 months	> 3 month – 6 months	> 6 month – 12 months	> 12 month
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I	**BALANCE SHEET**						
	A Assets						
	1. Cash	2.401.623	2.401.623	-	-	-	-
	2. Placements with Bank Indonesia	25.432.764	25.432.764	-	-	-	-
	3. Placements with other banks	19.556.583	19.349.062	135.262	-	-	72.259
	4. Securities	13.290.672	1.222.650	2.080.452	2.425.363	108.060	7.454.147
	5. Loans	70.401.067	9.770.092	13.887.722	4.666.835	8.885.499	33.190.919
	6. Other receivables	13.913.000	3.752.055	4.683.326	4.282.830	349.318	845.471
	7. Other assets	396.287	200.468	101.487	16.901	11.166	66.265
	Total Aset	**145.391.996**	**62.128.714**	**20.888.249**	**11.391.929**	**9.354.043**	**41.629.061**
	B Liabilities						
	1. Third-party funds	99.243.761	96.510.453	1.812.615	507.615	404.483	8.595
	2. Funds from Bank Indonesia	-	-	-	-	-	-
	3. Funds from other banks	1.048.884	1.048.884	-	-	-	-
	4. Securities issued	-	-	-	-	-	-
	5. Fund borrowings	11.868.708	-	584.160	121.700	121.380	11.041.468
	6. Other liabilities	1.640.334	-	1.357.207	283.127	-	-
	7. Miscellaneous	219.467	3.540	-	-	3.540	212.387
	Total Liabilities	**114.021.154**	**97.562.877**	**3.753.982**	**912.442**	**529.403**	**11.262.450**
	Difference between Assets and Liabilities on Balance Sheet	**31.370.842**	**(35.434.163)**	**17.134.267**	**10.479.487**	**8.824.640**	**30.366.611**
II	**ADMINISTRATIVE ACCOUNT**						
	A. Administrative Account Claims						
	1. Commitments	172.034	-	172.034	-	-	-
	2. Contingencies	22.455.473	4.713.698	1.021.071	1.115.494	1.749.398	13.855.811
	Total Administrative Account Liabilities	**22.627.507**	**4.713.698**	**1.193.105**	**1.115.494**	**1.749.398**	**13.855.811**
	B. Administrative Account Liabilities						
	1. Commitments	24.197.340	14.324.184	5.679.687	1.508.639	1.600.632	1.084.198
	2. Contingencies	39.667.080	1.332.140	3.606.048	6.213.562	6.265.212	22.250.117
	Total Administrative Account Liabilities	**63.864.421**	**15.656.325**	**9.285.735**	**7.722.201**	**7.865.844**	**23.334.315**
	Difference between Administrative Account Claims and Liabilities	**(41.236.914)**	**(10.942.627)**	**(8.092.630)**	**(6.606.707)**	**(6.116.446)**	**(9.478.505)**
	Difference [(IA-IB)+(IIA-IIB)]	**(9.866.072)**	**(46.376.789)**	**9.041.637**	**3.872.780**	**2.708.194**	**20.888.106**
	Cumulative Difference	**-**	**(46.376.789)**	**(37.335.152)**	**(33.462.372)**	**(30.754.178)**	**(9.866.072)**

*) Excluding Interbank Transaction

risk management

Tabel 9.2.b. Disclosure of Valas Maturities Profile – Bank Consolidated

No.	Approach			31 December 2012					
				Balance	maturity *)				
					≤ 1 month	> 1 month – 3 months	> 3 month – 6 months	> 6 month – 12 months	> 12 month
(1)	(2)			(3)	(4)	(5)	(6)	(7)	(8)
I	**BALANCE SHEET**								
	A	Assets							
		1.	Cash	1.645.635	1.645.635	-	-	-	-
		2.	Placements with Bank Indonesia	16.210.197	16.210.197	-	-	-	-
		3.	Placements with other banks	15.814.585	15.671.412	289	87.990	-	54.894
		4.	Securities	5.367.544	475.118	432.672	144.533	89.810	4.225.411
		5.	Loans	51.938.687	927.481	10.801.265	2.956.020	5.209.020	32.044.901
		6.	Other receivables	11.047.977	2.101.896	4.447.567	3.176.151	652.829	669.534
		7.	Other assets	217.135	53.533	92.193	11.242	7.620	52.547
	Total Aset			**102.241.760**	**37.085.272**	**15.773.986**	**6.375.936**	**5.959.279**	**37.047.287**
	B	Liabilities							
		1.	Third-party funds	66.257.696	64.668.366	988.472	403.816	193.461	3.581
		2.	Funds from Bank Indonesia	-	-	-	-	-	-
		3.	Funds from other banks	996.967	996.967	-	-	-	-
		4.	Securities issued	-	-	-	-	-	-
		5.	Fund borrowings	8.675.059	240.938	400.511	240.938	-	7.792.672
		6.	Other liabilities	2.106.083	1.030.110	1.075.973	-	-	-
		7.	Miscellaneous	179.594	1.912	-	-	1.912	175.770
	Total Liabilities			**78.215.399**	**66.938.293**	**2.464.956**	**644.754**	**195.373**	**7.972.023**
	Difference between Assets and Liabilities on Balance Sheet			**24.026.361**	**(29.853.021)**	**13.309.030**	**5.731.182**	**5.763.906**	**29.075.264**
II	**ADMINISTRATIVE ACCOUNT**								
	A.	Administrative Account Claims							
		1.	Commitments	6.242	6.242	-	-	-	-
		2.	Contingencies	9.919.327	9.919.327	-	-	-	-
	Total Administrative Account Liabilities			9.925.569	9.925.569	-	-	-	-
	B.	Administrative Account Liabilities							
		1.	Commitments	10.460.693	9.916.035	543.504	1.155	-	-
		2.	Contingencies	26.057.908	1.979.853	2.713.231	3.281.401	4.980.397	13.103.025
	Total Administrative Account Liabilities			**36.518.601**	**11.895.888**	**3.256.735**	**3.282.556**	**4.980.397**	**13.103.025**
	Difference between Administrative Account Claims and Liabilities			**(26.593.032)**	**(1.970.319)**	**(3.256.735)**	**(3.282.556)**	**(4.980.397)**	**(13.103.025)**
	Difference [(IA-IB)+(IIA-IIB)]			**(2.566.670)**	**(31.671.035)**	**9.882.365**	**2.526.329**	**775.889**	**15.919.782**
	Cumulative Difference			**-**	**(31.671.035)**	**(21.788.670)**	**(19.262.341)**	**(18.486.452)**	**(2.566.670)**

*) Excluding Interbank Transaction

4. OPERATIONAL RISK MANAGEMENT

Operational risk can result from inadequacies or failures affecting internal processes, people and systems, or from external events affecting the operations of the Bank.

Effective operational risk management can reduce losses due to operational risk. The Operational Risk Management (ORM) framework is based on Bank Indonesia regulations, Basel II and the internal regulations of Bank. The Bank's risk management policies are set out in Bank Mandiri Risk Management Policies (KMRBM) and Standard Operating Procedures (SOPs). These policies and SOPs set out technical guidelines for operational risk management, covering such aspects as governance, procedures and the reporting system.

In addition, in order to support innovation so as to meet the needs of Bank customers for products and services, the Bank has compiles risk management and mitigation guidelines for new products and activities (PAB), namely the PAB Standard Operating Procedures (SPO), which are aimed at achieving standardization for the end-to-end management of risks associated with new products and activities, and to help produce new products and activities that are reliable and will boost profitability, corporate image and quality of service at the Bank. Reflecting the Bank's commitment to the application of prudential principles and Good Corporate Governance, the PAB SOPs assess eight types of risk so as to ensure that all new products and activities of the Bank comply with the regulatory requirements.

In order to improve the effectiveness of operational risk management, the Bank has aligned operational risk and risk-based auditing methodology through risk library synchronization; provided a means of communicating with the CEO through the "Letter to the CEO" mechanism, which serves as a Whistleblower System; and adopted a suite of operational risk management tools (ORM Tools).

The said ORM Tools include the following:

A. Risk & Control Self Assessment (RCSA):
   RCSA is used to identify and assess the risks that are inherent in an activity, and to evaluate quality control.
B. Mandiri Form Operational Risk System (M-FORs):
   The Bank uses M-FORs to record losses due to operational risks in each unit.
C. Key Indicators:
   Key indicators are quantitative indicators that are used to provide an indication of the level of risk inherent at different stages of key processes in a business unit / supporting or end-to-end processes.
D. Issue & Action Management (IAM):
   IAM is a mechanism for for incorporating issues related to operational risk. The causes of these issues are analyzed and an action plan devised, whose implementation is subsequently monitored by the business unit.

In managing operational risks, the Risk Management Unit acts as a second line of defense and the Internal Audit Unit as the third line. Meanwhile, the Bank's line units, as the risk owners, serve as the first line of defense and are responsible for operational risk management in their respective areas of authority.

risk management

As output from the operational risk management process, the risk profiles of units that generate operational risks are used as the basis for risk profiling the Bank's overall operations. Operational risk profile reports at the corporate level (bankwide) are reviewed by the Internal Audit Unit and presented to the Board of Commissioners and reported to Bank Indonesia periodically.

For reporting operational risk capital adequacy to Bank Indonesia, the Bank uses the Base Indicator Approach, as shown in the following tables:

Table 8.1.a Disclosure of Quantitative Operational Risks – Bank Unconsolidated

No.	Approach	31 December 2013		
		Gross Income (average of last 3 years)*)	Capital Charge	RWA
I	II	III	IV	V
1	Base Indicator Approach	30.758.015	4.613.702	57.671.278
	Total	**30.758.015**	**4.613.702**	**57.671.278**

No.	Approach	31 December 2012		
		Gross Income (average of last 3 years)*)	Capital Charge	RWA
I	II	III	IV	V
1	Base Indicator Approach	25.805.133	3.870.770	48.384.624
	Total	**25.805.133**	**3.870.770**	**48.384.624**

*) For banks that use the Base Indicator Approach in calculating Operational Risk

Tabel 8.1.b. Disclosure of Quantitative Operational Risks – Bank Consolidated

No.	Approach	31 December 2013		
		Gross Income (average of last 3 years)*)	Capital Charge	RWA
I	II	III	IV	V
1	Base Indicator Approach	36.077.126	5.411.569	67.642.899
	Total	**36.077.126**	**5.411.569**	**67.642.899**

No.	Approach	31 December 2012		
		Gross Income (average of last 3 years)*)	Capital Charge	RWA
I	II	III	IV	V
1	Base Indicator Approach	29.725.743	4.458.861	55.735.768
	Total	**29.725.743**	**4.458.861**	**55.735.768**

*) For banks that use the Base Indicator Approach in calculating Operational Risk

Implementation of Operational Risk Management

The key strategy used as guidance in the implementation of operational risk management in relation to Risk Management, Audit & Compliance is "to proceed with anti-fraud programs, including optimizing the First Defense, Second Defense and Third Defense". The Implementation of Risk Management is focused on 4 strengthening aspects, namely:

- Risk Awareness Program, that is, a specific culture program owned by each relevant unit in relation to the identification, understanding, and mitigation of operational risk.
- Risk Profile Report, namely regular obligatory reports from the operational risk management unit to the operational risk management system mentor. Such reports must be submitted at least quarterly or at shorter intervals if necessary (ad-hoc). Regular preparation of Risk Profile Reports is intended to ensure that the operational risk profile of each Operational Risk Management Unit remains updated and maintained.
- MRO Forum is a forum used to discuss any issues relating to operational risks. Such forums must convene at least once a month. The proceedings of the forum should be reported to the operational risk management system mentor in the form of minutes.
- Data Quality of ORM Tools, in the form of processing and updating of the data/information in the ORM Tools (iMORs) including RCSA, KI, IAM, and MFORs. Data inputted into the iMORs forms the basis for the preparation of Risk Profiles of line units for the purpose of the assessment of the Bank's soundness.

risk management

An MRO Strengthening Program has been applied to all line units as a follow-on from the "No Surprise Program". The purposes of the MRO Strengthening Program in each line unit are:

a. To gain a better understanding of the Principal Operational Risks pertaining to the products and activities of each of line unit, and how to control such risks.
b. To provide a better understanding that various initiatives such as the MRO Forum mechanism, Risk Awareness Program and Letter to CEO (LTC) mechanism can support the effectiveness of the Operational Risk Management.
c. To make the DCOR and RBC the second line of defense in understanding the main risks in the unit being supervised and, accordingly, more focused in conducting supervision.

Strategi Anti Fraud, Sistem Pemantauan Fraud, dan Fraud Respon Plan

In accordance with SE BI No. 13/28/DPNP regarding the Implementation of Anti-Fraud Strategies in Commercial Banks, Bank Mandiri monitors and mitigates fraud risk through the application of the 4 pillars approach, namely: (1) Prevention; (2) Detection; (3) Investigation, Reporting and Sanctions; and (4) Monitoring, Evaluation and Follow-up. The application of this approach involves all lines of defense.

To support the implementation of the anti-fraud strategy, particularly the pillar of detection, an early detection system has been developed to detect anomalies in transactions, processes, and applications that have the potential for fraud. This system automatically alerts the Bank to transactions affected by fraud risks. The follow-up involves a process of alert data investigation by way of on-desk and onsite review so as to ascertain whether or not fraud has occurred in order that the Bank can take prompt, accurate, and focused mitigation measures (fraud response plan). Considering that the fraud detection development process is a long-term one, management will focus on business areas that are characterized by significant fraud risks. In this respect, the following business segments have been prioritized:

a) Retail Payment & Deposit Segment (Branches, EDC/Merchants, and E-Channels)
b) Retail Financing Segment (Micro Financing, Credit Card, Consumer Loans)
c) Wholesale Segment (Business Banking up to Rp 2 billion)

The Fraud Control Systems currently applied by the Bank are as follows:

a. Fraud Control System for Credit Cards
b. Fraud Control System for Debit Cards
c. Merchant Monitoring System
d. Internet & Mobile Banking Monitoring System
e. Anti-Fraud Application System
f. Early Detection System Micro

The Fraud Control Systems being developed by the Bank are as follows:

a. Fraud Detection System for Branch
b. Fraud Control System untuk Business Banking

Prevention of Money Laundering and Funding of Terrorism

In order to prevent and mitigate risks arising from money laundering and the funding of terrorism, the Bank conducts due diligence and risk management on its customers with reference to the Bank Indonesia regulations on Money Laundering and the Funding of Terrorism. The due diligence and risk management process employs a risk-based approach that identifies, classifies, monitors and manages customer transaction risks on the basis of product, customer and geographical characteristics (country, cross-border).

Business Continuity Management

In order to secure Bank operations during an emergency, the Bank has a comprehensive, documented and tested comprehensive plan setting out the steps that must be taken prior, during and after the emergency. The Bank's policies and procedures for safeguarding business operations are set out in the Business Continuity Management Plan (BCM), which consists of an Emergency Response Plan (ERP), Disaster Recovery Plan (DRP) and Business Continuity Plan (BCP). ERP is a manual to ensure the security and safety of employees in emergency situations, DRP is a work plan for recovery from an emergency affecting the Bank's IT infrastructure, and the BCP contains procedures and information designed to maintain the operations of a line unit.

5. WORST CONDITION SIMULATION & STRESS TESTING

Stress testing is done to evaluate the Bank's resilience in meeting extreme (exceptional) but plausible external situations; so as to provide the basis for contingency planning, and as to fulfill regulatory requirements. Stress testing has the objective of estimating losses and the capital resilience of the Bank in absorbing such losses, as well as to identify steps to mitigate the risk and maintain capital. The Bank conducts two types of stress tests, which are: sensitivity/shock analysis and scenario analysis (historical or hypothetic).

Stress testing simulations are based on actual scenarios, comprehensive models and an automated calculating system. Stress testing models cover primary risks such as credit risk, market risk and liquidity risk. For credit risk, a stress testing model has been developed having regard to best practice to cover the wholesale, consumer and retail segments, among others, through an econometric model linking credit risk factors with macroeconomic factors.

In 2013, there were many influencing conditions at both the global and regional levels, such as uncertainty in several European countries, low growth in developed countries and China, the situation in the United States including the debt ceiling crisis, high levels of volatility in the financial markets and a number of domestic issues.

Bank Mandiri has conducted stress testing and prepared the necessary contingency plans if these trends were to come to crisis point. During 2013, quarterly stress tests were conducted using standard shock parameters and scenarios simulating stress conditions. During 2013, a number of scenario analyses were developed for baseline, moderate and worst cases with reference to current conditions and historical global and domestic issues, such as increases in fuel prices, the minimum wage, electricity prices and interest rates.

Bank Mandiri has proved its resilience in facing the global financial crisis of 2008 and the crisis in Europe in 2011 without any significant losses or shocks. Nevertheless the Bank continues to maintain the Business Command Center in operational mode during 2013 as an integrated crisis management center to anticipate the impact of the crisis and global recession. In respect of this strategy, Bank Mandiri received the "Asian Banker Risk Management Award" for the category of Achievement in Liquidity Risk Management.

risk management

6. OTHER RISKS

Aside from primary risks, the Bank also appreciates the existence of other risks, such as compliance, legal, reputational, strategic, information technology, competitive, human resources and business interruption risks. Every year, the Bank carries out a top-down assessment and measurement of all risks, including other primary risks, by management through an Enterprise Risk Assessment voting system. Risk profiles are also assessed through a bottom-up process every quarter.

The management of other risks is conducted through the Operational Risk Committee and directly implemented by supporting line units, such as the Compliance Unit, Legal Unit, Corporate Secretary Unit and IT Operations Unit. As regards legal risk, the Bank continues to tighten its control of legal risk by, among other things, the placement of Legal Officers in line units at Head Office and in Regional Offices, which officers are obliged to ensure that all activities/transactions have been reviewed from the legal perspective.

In the strategic risk arena, the Bank carries out performance reviews and evaluations of business target development policies, and makes improvements to the strategy plan and business targets by considering both internal and external conditions, whenever required. The Bank continues to enhance the implementation of the financial performance management support program through the development of automated budgeting, PMS enhancement, and the Executive Information System (EIS).

On compliance risk, the Bank has adopted a Code of Conduct as a part of the Bank Mandiri corporate culture. At the strategic planning stage, the Bank constantly assesses the level of compliance adequacy with the prevailing laws and regulations. The Bank also applies a consistent and comprehensive rotation and transfer system to employees and officers in strategic positions.

As regards reputational risk, the Bank has adopted customer service standards that are monitored on a regular basis and are incorporated in the KPIs of branches. The Bank has established a Contact Center so that customers may submit complaints and inquiries on Bank Mandiri products and services. The Bank also has an extensive Corporate Social Responsibility program that provides assistance in the education, healthcare, culture, sports, environmental, religious and disaster relief fields.

7. MODEL VALIDATION

Bank Mandiri has an independent validation line unit in the Risk Management Directorate. This unit forms part of internal control structure of the Bank, which helps to simultaneously provide quality assurance as regards the development of models and fulfillment of Bank Indonesia regulations. This line unit validates all risk models that are to be applied and those that are being developed by the Risk Management Directorate. The validation unit is actively involved in advising on the development and improvement of risk models.

In 2013, the Bank carried out validation on 31 credit and market risk models which included scoring and rating models (including application scoring for the micro, consumer and credit card segments, collection/recovery scoring, and rating for project financing), macroeconomic and retail stress testing models, bond portfolio models, Basel II risk parameter models (probability of default) and measurement models on market risk exposure (re-pricing gap). The Bank provides advisory services that include Vasicek parameter estimation for the calculation of Potential Future Exposure (PFE), Loss Given Default (LGD) modeling, and the Operational Risk Advanced Measurement Approach (AMA). The validation of risk models is also verified by the Internal Audit Directorate to ensure that the validation process applied is in compliance with the principles of Good Corporate Governance.

CONSOLIDATED RISK MANAGEMENT

Consolidated risk management has been introduced gradually since 2008 in line with BI Regulation No. 8/6/PBI/2006 on Consolidated Risk Management for Banks with Subsidiaries. The process is a strategic initiative of the risk management unit of Bank Mandiri and progress is communicated on a regular basis to BI where they are discussed at forums on risk profile and risk based bank rating. This is deemed an important matter as Bank Mandiri understands that its business may be directly or indirectly influenced by risk exposure from its subsidiaries.

Bank Mandiri applies consolidated risk management in respect of its subsidiaries operating both in Indonesia and elsewhere by adhering to risk management principles and adjusting them so as to take account of the requirements set by the local authorities/regulators, as well as the commercial characteristics of each subsidiary.

Bank Mandiri's consolidated risk management concept is made up of two major components, namely:

1. First Line, related to BI Regulation no. 8/6/PBI/2006 on Consolidated Risk Management for Banks with Subsidiaries.
2. Second Line, which primarily reflects an approach geared to the internal needs of the Bank as a whole, covering tools, risk awareness, corporate governance, and the risk management information system.

Consolidated risk management aims to provide added value to stakeholders as it indirectly shapes a progressive and safe business environment, ensure compliance with BI regulations on consolidated risk management and reporting, and facilitate monitoring of risk exposure to the operations of subsidiaries in order to enable mitigation steps to be promptly taken when necessary.

Bank Mandiri conducts consolidated risk management with those of its subsidiaries that operate in the financial services sector (Bank Syariah Mandiri, Bank Mandiri Europe, Bank Sinar Harapan Bali, Mandiri Sekuritas, AXA Mandiri Financial Services, Mandiri Tunas Finance, Mandiri International Remittance, and Mandiri AXA General Insurance). This provides the framework for the consolidated risk management process and for policy and regulatory alignment between the Bank as the holding company and its subsidiaries. In order to increase awareness of risk management in the Bank and its subsidiaries, in 2013 Bank Mandiri staged quarterly Enterprise Risk Management Forums (FERMA) and an Annual Risk Consolidation Forum (ARCC), conducted a Risk Awareness Survey (RAWS), provided training for the use of risk management tools, and training on the application of risk management in accordance with the needs of subsidiaries. The Bank has also developed an RPX system which provides a comprehensive platform for online access by subsidiaries so as to bring about the successful consolidation of risk profile reporting.

risk management

Bank Mandiri conducts risk management on both an unconsolidated and consolidated basis. As of end December 2013, Bank Mandiri had completed unconsolidated and consolidated risk profile self-assessments, with the results being as shown in the following table:

RISK	INDIVIDUAL			KONSOLIDASI		
	Inherent Risk Rating	**Risk Management Quality Rating**	**Risk Level Rating**	**Inherent Risk Rating**	**Risk Management Quality Rating**	**Risk Level Rating**
Credit Risk	Low to Moderate	Strong	1	Low to Moderate	Strong	1
Market Risk	Low to Moderate	Strong	1	Low to Moderate	Strong	1
Liquidity Risk	Low to Moderate	Satisfactory	2	Low to Moderate	Satisfactory	2
Operational Risk	Moderate	Satisfactory	2	Moderate	Satisfactory	2
Legal Risk	Low to Moderate	Strong	1	Low to Moderate	Strong	1
Strategic Risk	Low	Strong	1	Low to Moderate	Strong	1
Compliance Risk	Low to Moderate	Satisfactory	2	Low to Moderate	Satisfactory	2
Reputational Risk	Low to Moderate	Satisfactory	2	Low to Moderate	Satisfactory	2
Composite Rating	**Low to Moderate**	**Strong**	**1**	**Low to Moderate**	Strong	**1**

Both on an unconsolidated and consolidated basis, Bank Mandiri achieved Composite Rating of 1. In accordance with BI Circular No. 13/24/DPNP dated October 25, 2011, this means that the Bank's risk profile is categorized as having very low loss potential and a very high quality of risk management, with only insignificant weaknesses that can be disregarded.

The results of these risk profile assessments show that Bank Mandiri's consolidated risk management is working well and does not reveal any significant differences in risk management activities. Accordingly, the Bank has a low composite risk profile and effective risk management.

2014 STRATEGIES AND WORK PLAN

In order to support business growth and to anticipate any changes in the macroeconomic or regulatory situation, Bank Mandiri will continue to develop its infrastructure and risk management capabilities based on the following strategies:

risk management

1. Calculation of capital based on Basel II and Basel III
   Bank Mandiri will continue to develop models and systems required to conduct risk-based capital calculation simulations based on Basel II for advanced approaches. For trading book market risks, Bank Mandiri will calculate Value at Risk (VaR) using the historical simulation method for non-linier products to supplement the parametric approach currently used. For credit risks, Bank Mandiri is currently refining the risk parameters required for the Internal Ratings-Based Approach (PD, LGD, EAD). Meanwhile, for operational risks, Bank Mandiri will prepare the initial components required for the Advanced Measurement Approach such as governance and internal loss data. In addition, Bank Mandiri will prepare simulations and systems in order to comply with Basel III if it is applied by the regulator.
2. Internal Capital Adequacy Assessment Process (ICAAP)
   To integrate the risk assessment process with the capital adequacy assessment process and capital planning process, Bank Mandiri will develop an ICAAP that covers bankwide risk appetite, comprehensive risk measurement, stress testing, and capital planning & management (including capital add-ons), with reference to the domestic regulations and international best practice.
   Currently, Bank Mandiri applies risk appetite through policy limits and system limits. The limits are determined based on overall limits, limits per risk type and limits per functional activities that entail risk exposure. The limit system is developed and proposed by business units to the risk management unit, and approved by the Board of Directors. As part of ICAAP, Bank Mandiri will further develop the limit system and risk appetite within the framework of a bankwide Risk Appetite Statement, which will reflect the capital/solvency, liquidity/funding, and operational perspectives.
3. Optimizing stress testing and contingency planning
   Based on the view that the global and domestic uncertainty will persist in 2014, Bank Mandiri will continue to implement stress testing, including refining the integrated stress testing process and improving automated credit risk stress testing. In addition, Bank Mandiri will optimize the risk monitoring process and contingency planning through its crisis management center, the Business Command Center, if economic and banking trends come to crisis point.
4. Application of risk measurement methodology, tools and supporting technology system in line with best practice
   The implementation of risk measurement methodology and tools is refined continuously with reference to BI regulations, Basel and international best practice. The rating, scoring, watch list, and portfolio guideline models are refined periodically in order to maintain their accuracy in accordance with the business growth of each segment.
   Bank Mandiri will continue to cooperate with reputable risk management consultants for the purpose of optimizing the implementation of Basel II and ERM. In terms of systems and technology, Bank Mandiri will start to implement a system to support the management of its integrated central liability system. In line with best practice in integrating risk management with internal control, Bank Mandiri has started to review the possible application of the Governance, Risk & Compliance (GRC) framework. If applied, GRC will integrate all activities related to governance, risk management and mitigation, and compliance and internal controls so as to create greater synergies and balance.

technology & operations

"The ongoing transformation in the Directorate of Technology & Operations shows our eagerness to boost national prosperity through innovative products and services, and fast, accountable and reliable operational processes, while all the time delivering service excellence."

"Improving Shared Service Capacity to Enable the Best Transaction Bank" was the theme of the transformation process in the Directorate of Technology & Operations in 2013, reflecting our work ethic in supporting Bank Mandiri's goal of **"becoming Indonesia's transaction bank"** through the development of innovative solutions, better products and fast, accountable and reliable services.

The transformation in the Directorate of Technology & Operations applies to the technology, operational, and service aspects. Technological support is reflected through the application of IT initiatives so as to generate innovative products and services in the Banks's three business focus areas: Retail Deposit & Payment, Wholesale Transaction and Retail Financing. In addition, various initiatives have been taken to anticipate significant transaction growth, including the consolidation of operational and business units, and the development of operational networks to support business growth.

The Technology & Operations Directorate ensures that Bank Mandiri is always ahead of its competitors by maintaining the quality of services in all Bank Mandiri units, as showing by the fact that 2012-2013 saw Bank Mandiri receive the Best Bank Service Excellence award for the sixth consecutive time.

INFORMATION TECHNOLOGY SUPPORT AND INNOVATION

The process of implementing information technology transformation (IT) is described in the IT Strategic Plan (ISP) for 2011-2014, which is derived from the Corporate Plan's IT development strategy. The Strategic Plan requires the Technology & Operations Directorate's IT Unit to work closely with the business units to ensure synergies with the needs of business lines and to support the work programs of the business units.

In the Retail Deposit & Payment focus area, the Bank has developed a Mass Prepaid System to support the prepaid card business and the modernization of Internet Banking. In addition, customers can also access Bank Mandiri services at various contact points, such as 11,514 ATMs, 230,352 EDCs, and 2,050 regular and micro branch offices throughout Indonesia. Bank Mandiri is also strengthening the Wholesale sector by way of stabilization and enhancement of Payment and Cash Management Sistems. As for Retail Financing, Bank Mandiri has improved the processing capacity of the "Loan Factory" in order to enhance the effectiveness and efficiency of the lending process. The Bank has also developed a Micro Loan Originating System to meet the needs of business processes and micro business models.

To meet the needs of all our customers in Indonesia, Bank Mandiri is always committed to providing the best products and services. One of the innovations that is being continuously developed is e-money. In 2013 Bank Mandiri developed "e-money Info", which is an NFC (Near Field Communication)-based application which allows users to check the remaining balances in Bank Mandiri prepaid products by simply attaching their prepaid cards to the back of their smartphones. Furthermore, e-money info can help users find the nearest merchant locations that support transactions using Bank Mandiri prepaid products. This year, Bank Mandiri also started the development of a non-card form factors as a market differentiation and segmentation strategy, namely, an e-money wristband developed in collaboration with Wonders Water World Medan.

Another innovation that came on-stream in 2013 was Mandiri e-Cash, a mobile application that gives users "the sensation of having cash in your mobile phone." With Mandiri e-Cash, customers conduct transfers and payment transactions using their phone instead of an account number, as would be needed in the case of the conventional payment system. The ease that this provides to customers is expected to drive the growth of the cashless society. It affords a practical, safe and comfortable way of making such transactions, and also saves taxpayer funds that would otherwise have to be used for the printing and destruction of banknotes. Bank Mandiri's focus on innovation is a further proof of our spirit of national prosperity.

INFORMATION TECHNOLOGY GOVERNANCE

The Technology & Operations Directorate always ensures that IT governance and management are properly performed. Improvements are consistently made so as to ensure the effective implementation of IT governance and management and to maintain the reliability of the IT system. One such improvement was the updating the Standard Operating Procedures for Information Technology (SPO TI) 2013, which became effective on 8 April 2013. This SPO was issued to unify the provision of information technology, information technology planning and development, operations, and security.

The year 2013 also saw another important milestone with the introduction of our Testing & Development Environment, which supports system development capabilities and ensures effective deployment and perfect integration with existing systems. The continuous improvements made by the Technology & Operations in IT governance and management resulted in the Bank being presented with the 2013 IT Banking Excellence Award from Warta Ekonomi.

FAST, ACCOUNTABLE AND RELIABLE OPERATIONS

Operational support to business units is provided through our operational strategies, which includes the consolidation of operations units and business units, the development of adequate infrastructure, the strengthening of operational controls, and the improvement in personnel competencies so as to support the application of GCG. The consolidation of operations and business units has been brought about by the opening of 6 Credit Operations Desks and the upgrading of the status of 7 Credit Operations Floors/Desks throughout Indonesia.

Infrastructure development has seen the revitalization of the Strong Room and Custodian Service for Legal Loan Documents in 11 Credit Operations locations. There has also been an increase in cash processing capacity and infrastructure with the establishment and relocation of cash and clearing processing following the establishment of the Cash & Clearing Processing Center (CCPC) in Batam, the relocation of the Medan CCPC, and the relocation of clearing units in Semarang and Denpasar CCPCs. Organizational productivity and capacity are also continually being upgraded, with the operations error rate in 2013 for payroll, RAOS, export, import, bank guarantee transactions being 0.184%, compared with a target of 0.342%.

technology & operations

The success of our operations, in addition to being reflected in the error rate, are also reflected in customer satisfaction. One of the mechanisms that plays an important role in maintaining customer satisfaction, both in terms of sales support and complaint handling, is Mandiri Call 14000. Our dedication to this service is evidenced by the awards received by Mandiri Call 14000 in 2013, such as: # 1 The Best Banking Service Excellence for Phone Banking Officer by Marketing Research Indonesia, the Gold Medal Award of Contact Center World - The Best Green Contact Center by Contact Center World.com, and Platinum Award - The Best Indonesian Contact Center Award for the Best Contact Center Operations above 100 Seats by ICCA (Indonesian Contact Center Association).

SERVICE EXCELLENCE AND PEOPLE DEVELOPMENT

Our commitment to providing the best possible services to our customers is continuously honed so as to meet or exceed customer expectations. This is evident from the fact that Bank Mandiri has received the Best Bank Service Excellence award six times in a row. Last year also saw the Bank receive The Golden Trophy for Banking Service Excellence for the second time and the award for Most Consistent Bank in Service Excellence for the fourth time.

As one of the important pillars supporting the success of the Technology & Operations Directorate, the quality and quantity of human resources continue to be improved. In 2013 the Bank delivered 36 certification training courses to 108 employees, including courses for CCNA, EA, CDCP, and BCM-330 and ISO 22301 certification. As regards the fulfillment of manpower needs, 321 new employees were recruited last year. In addition to above, organizational developments and improvements have been instituted so as to further enhance the capacity of the Technology & Operations Directorate to support the business operations of Bank Mandiri.

The proper deployment of people, processes and procedures has resulted in significant transaction growth, with the number of transactions in 2013 amounting to 2.5 billion, an increase of 19% year on year. This transaction growth is supported by maximizing the role of electronic channels, which are more cost-effective than traditional channels. like branches. This is evident from the fact that the ratio between the number of electronic transactions and number of branch transactions rose to 93:7 in 2013, compared to 92:8 in 2012. This clearly reflects an increase in public confidence in Bank Mandiri's e-channel products.

2014 STRATEGIC TARGETS

At the end of 2013, Bank Mandiri launched the Mandiri New Horizon 2020 program which sets out the Bank's vision to be the Best Bank in ASEAN by 2020. To help achieve this vision, Bank Mandiri is preparing its 2015-2020 Corporate Plan. In connection with the expiration of the 2011-2014 ISP period, and in order to address the challenges identified in the Corporate Plan, the Technology & Operations Directorate will prepare the 2015-2020 ISP in 2014 in tandem with the preparation of the Corporate Plan. Greater synergy and coordination in the process of preparing of IT plan and business plan will help optimize the alignment of the two plans. The 2015-2020 ISP will be accompanied by a more detailed execution plan so as to ensure the successful application of the IT function in supporting the achievement of business targets and improving competitiveness at regional level.

technology & operations

Our commitment to continuous innovation and to improving the quality of services in order to reach all levels of society can be seen from various initiatives that were undertaken in 2014. Bank Mandiri Branchless Banking represents a diversification of banking services so as to reach unbanked and under-banked customers. The Bank Mandiri Branchless Banking service currently uses the Mandiri *141*6# product which is accessible from mobile phones. In 2013, a pilot project was carried out, which was evaluated at the end of 2013 so as to identify which aspects could be improved in the future. Bank Mandiri is ready to expand the penetration of Branchless Banking as part of the Bank's commitment to the financial inclusion program, which is a concrete manifestation of the Spirit of National Prosperity.

In addition to branchless banking, 2014 will see the launch of a program to increase the capacity and quality of our e-channels through a modernization process, where the focus in 2014 will be the modernization of internet banking services for retail customers and the development of Managed File Transfer (MFT) and Transformation Gateway features for corporate customers that use Mandiri Cash Management. Improvements in quality of service will be accompanied by improvements in risk management through the implementation of Asset & Liability Management (ALM) Simulations and the Integrated Central Liability System (ICLS).

The increase in the number of banking transactions from year to year shows increasing customer confidence in Bank Mandiri, which will need to be responded to through the availability of adequate IT infrastructure. To that end, Bank Mandiri plans to increase the speed, reliability, and availability of services through the revitalization of Host Core Banking machines. In terms of infrastructure capacity management, the Technology & Operations Directorate has refined the capacity planning framework using the best practices set out in the ITIL Capacity Management Framework and COBIT. The implementation of capacity planning is expected to ensure efficient management of costs, with the capacity to be purchased being harmonized with the needs of the organization (balancing cost against required resources), and to ensure that IT resources are available to meet current and future needs of the organization. Improvements in capacity management are supported by a suite of capacity management tools to assist with the implementation of better capacity management.

To meet the future challenges that will be faced by Bank Mandiri, the Bank also continues to pay close attention to human resources development. In line with the Mandiri Employee Value Preposition, the Technology & Operations Directorate strives to provide the best possible services by improving the capabilities and professionalism of IT staff through recruitment, training, certification, internal rotation, and people development programs on an ongoing basis so as to update their knowledge and skills in order to allow them to keep up with the latest technological developments and business needs. The Technology & Operations Directorate has also strengthened capabilities in transactional banking through the addition of a new unit, the IT Operations Transaction Banking Support Unit, and the consolidation of credit operation units so as to strengthen support to business banking and micro banking.

A number of improvements to operational aspects have been made through the provision of more efficient and reliable document management/custodian services, increases in operational support for e-channel wholesale transactions, optimization of the Document Management System (DMS), and establishment of cash and clearing processing centers. In addition, the Technology & Operations Directorate provides support for the achievement of the 3 business focuses of Bank Mandiri through service quality management involving Mystery Shopping and Calling for branches, Priority Banking Outlets, Consumer Cards, Consumer Loans, e-channels, refinement of customer complaint management, and communication programs to heighten the awareness of all employees of Bank Mandiri.

compliance & human capital

"A spirit of mutual respect, a good attitude and the right principles have helped to improve the quality of industrial relations between Management and Unions from year to year"

The Compliance and Human Capital (CHC) Directorate continues its transformation through strategies to accelerate human capital value creation and the development of a road map that will help Bank Mandiri evolve from being a Good Company to being a Great Company.

The Compliance and Human Capital Directorate's strategic initiatives are focused on improvements in human capital & governance quality in order to help further boost the Bank's performance.

To this end, the following these for the unit's work program was selected: **"Aligning the Human Capital Management System with Best in Class Practices based on the Employee Value Proposition".**

The development of Human Capital strategies and policies has regard to the existing Human Capital Framework (Employee Lifecycle) and effective best practices, which are:

POLICIES AND PROCEDURES

Policy architecture in the human capital field consists of the Bank Mandiri Human Capital Policies (KHCBM) and the Human Capital Standard Guidelines (SPHC). These Policies and Standard Guidelines are reviewed and refined on a regular basis in accordance with the Bank's needs and best practices.

CAPACITY FULFILLMENT

A well-thought-out human resources strategy is required to support the Bank's rapid growth based on the principle of "right people with potential right fits". This strategy, which is adjusted from time to time to take account of business needs, has helped improve the level of employee engagement in the company. Staffing needs are fulfilled from both internal and external resources.
Employees are required by units throughout Indonesia. In order to provide opportunities for the best candidates from the regions, Bank Mandiri conducts recruitment in collaboration with prominent universities by participating in job fairs and campus hiring. In addition, recruitment is also conducted online via the Bank Mandiri website (www.bankmandiri.co.id).

There are 2 (two) strategies used to meet manpower requirements, namely:

1. Bank Mandiri's internal resources through the following employee development programs: Staff Development Programme (SDP), Local Staff Development Program (LSDP), Employee Authority Holder Program (P3K), Micro Young Leadership Training Program (PPMM), and the transfer of personnel from Front Office to Back Office.
2. External resources, through the hiring of fresh graduates and experienced bankers at the senior management level. Capacity fulfillment through external resources is conducted having regard to specific issues and conditions, including a scarcity of senior management resources in particular areas, and the type of work and expertise involved, as described below:

a. Recruitment of Executive Management Candidates in certain Regions
Taking into account the limited number of senior management candidates available in particular areas, 2012 saw the introduction of the Papua Region Special Leadership Candidates Program (CPKP), whose participants consist of native Papuans or migrants who have long been resident in the Papua region. Bank Mandiri has also developed a the Regional Officer Development Program (ODP Pegawai) for areas such as Kalimantan, Sulawesi, and Sumatra

b. Recruitment of Employees with Specific Expertise/Skills
To support the growth of Bank Mandiri and the achievement of its targets, we collaborate with executive search agencies to as to assist in the recruitment of persons who are expert in certain areas, such as information technology, so as to fill positions in executive management and middle management.

c. Outsourcing
To meet the need for manpower, especially in the case of work that is auxiliary in nature, the use of outsourcing has increased in line with our rapid growth. In 2013, we conducted a review of our outsourcing policy in order to ensure that it complies with Bank Indonesia regulations and labor regulations. We also increased the monitoring of outsourced manpower use by optimizing the use of the bankwide database system on outsourced resources.

d. Program Kriya Mandiri
The Mandiri Development Program is an integrated work and learning program for high school students and university students / graduates that provides an opportunity to learn what it is like to work at Bank Mandiri.
In addition, in order to groom top talent for future leadership roles in Bank Mandiri, the Bank has further improved the procedures for the recruitment of new employees through the Officer Development Program (ODP), with the focus being on the recruitment, selection and development stages. It is expected that with continuous enhancements, the quality of candidates recruited through the ODP will improve over time.

EMPLOYEE RELATIONS & ENGAGEMENT

Industrial relations at Bank Mandiri are based on the spirit of the parties to provide the best both for the Company and Employees. Employees perform their obligations by devoting their skills to the advancement of the Company, while the Company provides a comfortable working environment in which employees can develop and receive what they are entitled to, as mandated by the legislation, as well as other benefits.

Based on the spirit and principles of mutual respect, industrial relations, as reflected in the relationship between management and the labor union, can be maintained and even improved from year to year. Bank Mandiri has successfully implemented a series of strategic initiatives in the human capital field based on best in class practices. This in itself is testament to the harmonious nature of industrial relations in Bank Mandiri.. In 2013, the hc4U function was improved as the Employee Service Center with the addition counseling services in relation to good financial management for employees. Engagement activities through the Mandiri I-care program in 2013 (individual commitment & actions raises engagement) was focused on monitoring the development and follow-up on the Impact Plans in each line unit based on the results of the 2013 engagement survey so as to improve engagement levels and create an open, positive and progressive working environment in line with the Mandiri Employee Value Proposition.

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ORGANIZATION DEVELOPMENT

An efficient and effective organization, as well as being competitive in the marketplace, are the major requirements for propelling business growth. To that end, organization development is assessed through regular organization reviews focusing on the productivity and effectiveness of the organizational structure, the development of job competencies and the gradual introduction of flexi time in selected units.

TALENT & SUCCESSION MANAGEMENT

Talent & Succession Management is an important part of the management of Human Capital. Bank Mandiri regularly reviews its Talent & Succession Management program so as to meet business needs in a timely manner (time to market) through the development of competent, productive and engaged talent. To prepare candidate successors for the leadership pipeline, Bank Mandiri applies, among others, the following programs:

1. Leadership development program for Senior Management and Middle Management level employees.
2. Assessment programs to obtain Success Profiles that will be used to evaluate suitability for intended positions.
3. Specific assignments in projects within Bank Mandiri and its Subsidiaries.

PERFORMANCE MANAGEMENT & REWARD

Performance Management & Rewards are important aspects in the management of Human Capital so as to support a sustainable financial performance at Bank Mandiri. Consequently, Human Capital continues to make sustainable improvements in the performance management field, one of which is the introduction of e-Mandiri EASy, which stands for Electronic Mandiri Employee Appreciation System. e-Mandiri Easy is an holistic appreciation system for all employees of the Bank. It is a comprehensive Internet-based system that integrates the other human capital functions.

The Company continuously refines and improves the rewards it offers its employees, such improvements to the staff healthcare program, a flexible benefits program, and other programs to improve staff welfare.
EMPLOYEE VALUE PROPOSITION (EVP)

Bank Mandiri has adopted an Employee Value Proposition (EVP) or "prosperous spirit" which serves as a "noble purpose" for all employees working at Bank Mandiri. The Employee Value Proposition is as follows:
Prosperous Spirit: At Mandiri, we have the Prosperous Spirit, through which we can flourish in an open, positive, progressive environment and be inspired to create prosperity for our colleagues, family, customers, community and country.

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The internalization of EVP is promoted through various programs and communications media, such as: Training for Line Managers, Change Agents, Unions, Senior Management, preparation of cultural programs in line with the prosperous spirit, production of Mandiri EVP video, posters, standing banners, wallpaper, Mandiri magazines, and corporate events.

The Mandiri EVP provides added value to the company through increased levels of engagement on the part of both employees and customers of Bank Mandiri. It also offers a high level of competitiveness in attracting the top talent in the market and to retain such top talent in Bank Mandiri, thereby reducing the rate of employee turnover, improving the image and reputation of the Bank as an employer of choice and ultimately improving the company's intangible assets..

CULTURE TRANSFORMATION

To support the 2015-2020 Bank Mandiri Further Cultural Transformation, the Compliance & Human Capital Directorate and the Board of Directors, Board of Commissioners, Senior Management, and the Boards of Directors of Subsidiaries and Generasi Muda Mandiri held a New Horizon Workshop on September 2-3, 2013. During the workshop, Bank Mandiri committed itself **"To be the Best Bank in ASEAN in 2020".**

During the workshop, all the participants agreed that cultural values such as Trust, Integrity, Professionalism, Customer Focus, Excellence (TIPCE) remained relevant as the core values of Mandiri. However, to support the achievement of the above commitment, several meanings and key behaviors of the core values needed to be adjusted to take account of the challenges to be faced by Bank Mandiri.

Table of Values, Meanings, Key Behaviors in 2005 and 2013

Values	Meanings		Key Behaviors	
	2005	2013	2005	2013
Trust	Building trust and good faith among stakeholders as part of open and straightforward relationships based on reliability	Building trust and good faith as part of open and straightforward relationships based on reliability	1. Mutual respect and collaboration 2. Honest, straightforward and open	1. Honest, straightforward and not deferential. 2. Empowering potentials, eliminating silos, mutual synergies and mutual respect
Integrity	Always thinking, speaking and behaving in a laudable manner, maintaining dignity and holding the professional code of ethics in high regard	Behaving in a laudable manner, maintaining dignity and holding the professional code of ethics in high regard	3. Disciplined and consistent 4. Thinking, speaking and acting in a laudable manner	3. Disciplined, consistent and fulfilling commitments 4. Thinking, speaking and acting in a laudable manner
Professionalism	Committed to working diligently and accurately based on top-class competencies and responsibility	Working diligently and accurately based on top-class competencies and responsibility	5. Competency and responsibility 6. Providing optimum solutions and outcomes	5. Reliable, resilient, responsible, able to learn and confident 6. Imbued with spirit of intrapreneurship and courageous in taking decisions based on measured risks

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Customer Focus	Always treating the customer as the key partner for	Always positioning the customer internally and externally as the focus for developing positive, mutually beneficial and balanced growth	7. Innovative, proactive, and responsive 8. Prioritizes customer service and satisfaction	7. Elicits customer needs and wishes in a proactive manner and provides total solutions 8. Provides the best possible services in a quick, appropriate, straightforward, and accurate manner that prioritizes customer satisfaction
Excellence	eveloping and improving all areas so as to consistently obtain optimum added value and best possible results	Always striving to achieve excellence leading to perfection as an expression of love and pride for Mandiri	9. Orientated to added value and continuous improvement 10. Environmentally aware	9. Orientated to added value and continuous improvement 10. Innovative in creating opportunities so as to achieve a performance that exceeds expectations 11. Focus and discipline in executing priorities

LEARNING DEVELOPMENT

The capability and competencies of Bank Mandiri employees are continuously improved having regard to the People Development Framework. A number of strategic initiatives have been adopted, such as:

1. Coaching Culture Program
   This program is aimed at imparting the coaching culture to all employees in order to bring out the best in all Bank Mandiri employees. The Coaching Culture Program is applied in all Regional Offices and units at Head Office. The program is a follow-up to the 4 Disciplines of Execution (4DX) Program from previous years.

2. Great Leader Program
   Leadership capability development is promoted through the Great Leader Program for potential managers of line units. The objective of this program is to enhance the leadership capabilities of Bank Mandiri employees. The Great Leader Program was implemented in four phases (Department level) in 2013, with a total of 47 batches participating.

3. Program Leadership Forum
   The development of a culture of sharing knowledge and coaching has also been promoted through the Leadership and Executive Education Series Program, in which international-class speakers are invited to share their knowledge and experience with Bank Mandiri employees.

4. Mandiri University
   The Mandiri University is a corporate university being developed by Bank Mandiri through the transformation of the previous Learning Center Group. The learning center policy was changed from tactical learning to strategic learning, with Mandiri University serving as a strategic partner for business units in striving to achieve the Bank Mandiri vision. To provide an optimal contribution in line with the prosperous spirit, Mandiri University is aimed at not only equipping Bank Mandiri employees with optimum competencies, but also producing the best leaders.

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The development of the Mandiri University involves three phases: (1) Phase I, Laying the Foundations in 2011-2012, (2) Phase II, Mandiri University Implementation in 2013-2014 and (3) Phase III, Learning Organization from 2014 onwards. The transformation from the Learning Center Group to the Mandiri University was carried out in 2013. Consequently, the focuses in 2013 were on the implementation of business process in Mandiri University, implementation of end-state organization, and the establishment of a learning culture, in addition to completion of the infrastructure construction work that started in 2012.

The Mandiri University transformation process involves three pillars as the main focuses, namely: 1) People, to ensure that the staff at Mandiri University have the best competencies and capabilities; 2) Infrastructure, consisting of buildings (1 type A campus building, 8 type B campus buildings, and 19 type C campus buildings around Indonesia) and technology system infrastructure (Enterprises Learning Management System and Enterprises Knowledge Management System; 3) Curriculum, so as to ensure that the curriculum designed by Mandiri University supports the development of the necessary competencies and the achievement of the targets of business and support units in line with Bank Mandiri strategies. The Mandiri University curriculum has been developed having regard to international best practices, including its delivery.

Last year saw the designing of new learning business processes, the establishment of organizational structures focused on improving the role of Mandiri University as a business partner, and the finalizing of the curriculum based on international best practices. Infrastructure development to support the new business processes continued apace, with the Mandiri University Campus in Medan being officially inaugurated as the prototype for the construction of other campuses, the implementation of the Enterprise Learning Management System (ELMS), and the development of the Enterprise Knowledge Management System (EKMS). The competencies of trainers also need to be continuously improved by way of certification for Learning Consultants and Learning Facilitators.

Bank Mandiri is aware that the transformation from a learning center to a corporate university needs to be accompanied by the formation of mindsets, behavior and culture that supports Mandiri University in providing an optimal contribution. Therefore, in 2014, which marks the last stage of the transformation process, the Bank will focus on the promotion of learning culture and behavioral change by consistently acting as a strategic business partner, creating new innovations and further refining business processes.

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PERFORMANCE OF DUTIES AND FUNCTIONS IN COMPLIANCE FIELD

Management believes that the performance of compliance functions by Bank Mandiri has improved investor confidence in the Bank and provided added value to shareholders and other stakeholders.

The Compliance Director has performed his duties and responsibilities properly as reflected in:

1. **Good Corporate Governance**

   Bank Mandiri believes that the a strong commitment to the application of Good Corporate Governance is essential to the achievement of the Bank's vision to be Indonesia's Most Admired and Progressive Financial Institution.

   In compliance with Bank Indonesia Regulation No.8/4/PBI/2006 dated 30 January 2006 as amended by PBI No.8/14/PBI/2006 dated 5 October 2006 and SE BI No.15/15/DPNP dated 29 April 2013 (on Good Corporate Governance in Commercial Banks), Bank Mandiri routinely performs GCG Self-Assessments on both an unconsolidated and consolidated basis, with the results of such self-assessments forming an integral part of the Bank's GCG reports. Since the assessment conducted in June 2013, the assessment of GCG by subsidiaries has been conducted using the integrated Risk Profile Extended (RPX) system.

   GCG Self-Assessments, in accordance with the new BI circular, are carried out comprehensively and in a focused manner by integrating assessment factors into three (3) governance aspects, namely, governance structure, governance processes, and governance outcomes.

   In order to strengthen the implementation of GCG and to evaluate such implementation, Bank Mandiri regularly participates in GCG assessments held by independent parties, including The Indonesian Institute for Corporate Governance (IICG), where the Bank has earned the "Most Trusted" predicate for 7 (seven) years in a row since 2007.

   Likewise, in an international assessment, Bank Mandiri received the 2013 Asia's Best Companies for Corporate Governance award and the 2013 Asian Corporate Director Recognition Award-Best CEO, both presented by Corporate Governance Asia.

2. **Gift Disclosure Statement**

   The Bank has had a Code of Conduct that sets out guidelines for behavior as between employees of the Bank and external parties, such as shareholders, affiliated companies, investors, customers, suppliers, government officials, and members of the public. These guidelines are part of the corporate culture and are intended to prevent Bank employees from committing abuses of authority and incurring conflicts of interest, and to regulate matters related to employee integrity. In order to accommodate the advice of the KPK on gratuities, as set out in a letter dated 21 January 2013, the Bank has revised the Code of Conduct by adding provisions on Gift Disclosure Statements that came into effect on 2 July 2013. Through these internal regulations, it is expected that all employees of Bank Mandiri will have the same perceptions as regards the acceptance of gratuities and may immediately take the appropriate action in accordance with the rules.

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3. **Compliance Risk**

As part of the effort to support the achievement of the Bank Mandir vision, the Compliance Function has prepared a Long-Term Compliance Plan focusing on the strengthening of the compliance function's role as the 2nd line of defense. Efforts to strengthen the Compliance Function that were undertaken in 2013 include the following:

a. Refining the Bank Mandiri Compliance Policy (KKBM) and Compliance Standard Guidelines (SPKp).
b. Preparing methodology for assessing the Compliance Function's performance (Compliance Quality Charter) consisting of 3 dimensions, namely Speedy, Safe, and Steady.
c. Standardizing staff competencies in the Compliance Function through a Compliance Officer certification program.
d. Managing compliance risk in a more comprehensive and integrated manner through Enterprise Risk Management (ERM).

4. **Compliance with Anti-Money Laundering and Terrorism Funding (APU-PPT) Legislation**

In compliance with the APU-PTT legislation, the Bank has taken the following measures:

a. Further refining Bank Mandiri's APU-PPT Policies and Standard Procedures in accordance with PBI No.14/27/PBI/2012 dated 28 December 2012.
b. Heightening awareness of APU-PPT bankwide through the provision of regular APU-PPT training.
c. Enhancing AML Solution system to improve the monitoring of suspicious financial transactions.
d. Complying with requests for customer financial transaction data/documents, particularly in relation to alleged money laundering and terrorism, at the request of the regulators and law enforcement agencies (BI, PPATK, KPK, Police, Attorney General's Office and BNN), with due observance to the SLA and the prevailing laws and regulations.
e. Establishing and maintaining cooperation and coordination with the authorities, law enforcement

Pursuant to Article 55(2) and Article 7 of Law No. 21 of 2011 on the Financial Services Authority (OJK Law), as of 31 December 2013, regulatory and supervisory functions, duties, and powers over financial services in the banking sector (microprudential) were transferred from Bank Indonesia to the Financial Services Authority (OJK). The direct impact of this transition is that the Bank will be required to coordinate with 2 (two) regulators, namely BI and the OJK. Bank Mandiri is also required to continue complying with all regulations issued by BI to the extent that they are not amended, modified or revoked, or declared void by the OJK or BI. These regulations include those on:

1. adjustment in shareholdings on the part of shareholders whose holdings exceed the maximum limit over 5 (five) years counting from 1 January 2014.
2. adjustments to the commercial operations where such operations are not in accordance with BUKU.
3. the obligation of branch offices of banks that are domiciled overseas (KCBA) to place operational funds in financial assets by fulfilling certain requirement, where such placements shall amount to 8% of the relevant bank's total liabilities every month, and at least Rp 1 trillion, up to December 2017.

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Amendments to the laws and regulations during 2013 that had an impact on Bank Mandiri are as listed below:

1. **Bank Indonesia Regulation Number 15/17/PBI/2013 on Hedging Swap Transactions with Bank Indonesia**
   - Regulation amended so that Hedging Swap Hedging Transactions with Bank Indonesia may be conducted based not only on the Underlying Transactions of the Bank, but also the Underlying Transactions of the customers, namely:
     - Foreign Debt in the form of loan agreements and/or bond issues;
     - Direct Investment;
     - Forex export earnings;
     - Investments in construction of public facilities and production;
     - Investments in securities issued by the Government of Indonesia;
     - Investments in other economic activities.
   - Swap Hedging Transactions with Bank Indonesia, amended from at least the equivalent of USD 500,000.00, and not exceeding the value of the Underlying Transaction, to at least USD 10,000,000.00 and not exceeding the value of the Underlying Transaction, based on multiples of USD 1,000,000.00.

2. **Bank Indonesia Regulation Number 15/15/PBI/2013 regarding Minimum Giro Reserve Requirements (GWM) in Rupiah and Foreign Currency in Commercial Banks**
   a. Stipulates the following Rupiah Minimum Giro Reserve Requirements:
      - Primary GWM: 8% of DPK (Rupiah).
      - Secondary GWM: 4% of DPK (Rupiah). Under the previous PBI regulation, it was 2.5%.
      - LDR GWM with parameters:
        a) Lower limit of LDR Target: 78%
        b) Upper limit of LDR Target: 92%. Previous PBI regulation required 100%.
        c) Incentive KPMM: 14%
        d) Lower Disincentive Parameter: 0.1
        e) Upper Disincentive Parameter: 0.2
      - GWM in foreign currency: 8% of DPK in foreign currency.

   b. In relation to the transfer of supervisory powers over the banking sector from Bank Indonesia to the OJK, the quarterly KPMM data should be used, as assessed by the OJK. In case of inconsistency between the results of the KPMM assessment received by Bank Indonesia from the OJK and the results of the KPMM assessment conducted by the Bank, the results of the KPMM assessment conducted by the OJK will prevail.

   c. Bank Indonesia may exempt:
      1) banks conducting a merger or consolidation, with the approval of the OJK, from fulfilling the Primary GWM in Rupiah
      2) banks whose operations are restricted by the OJK in relation to credit channeling and accepting deposits, at the request of the OJK, from fulfilling the LDR GWM

   d. Means of assessing a bank's compliance with the regulation:
      1) direct audit by Bank Indonesia;
      2) joint audit by Bank Indonesia and OJK; or
      3) use by Bank Indonesia of data from OJK audit.

3. Bank Indonesia Regulation Number 15/12/PBI/2013 on Minimum Capital Requirements (KPMM) for Commercial Banks

a. The required KPMM remains the same as under the previous regulation, namely 8% of RWA) for Bank with 1st rank risk profile;

b. Components and requirements for capital instruments are as follows:
   1) Tier 1 :
      a) common equity tier 1
      b) additional equity tier 2
   2) Tier 2

   Ratio of Tier 1 capital must be minimum of 6% of Risk Weighted Assets (RWA), and ratio of common equity tier 1 capital must be 4.5% of RWA.

c. Mandatory statutory buffer introduced as of 1 January 2016. Such buffer may take following forms:
   1) Capital Conservation Buffer namely a crisis period buffer of 2.5% of RWA
   2) Countercyclical Buffer namely a buffer against excessive lending growth that could potentially harm the stability of the financial system: 0-2.5% of RWA or as specified by BI
   3) Capital Surcharge for Domestic Systematically Important Bank: 1%-2.5% of RWA in accordance with OJK regulations.

4. Bank Indonesia Regulation Number 15/11/PBI/2013 on Prudential Principles in Equity Investments

a. A bank may only make capital investments in a company engaged in the financial sector. The total size of the equity portfolio is set at a maximum in accordance with the categorization of Commercial Banks by Business Operations (BUKU). Banks are prohibited from making equity investments that exceed the limits set out in BI regulations on Legal Lending Limits.

   Banks are required to obtain approval from BI each time they make an equity investment, including shelf investments, except for equity investments arising from dividends. Equity investments can be made directly or through the capital markets but are confined to long-term investments only (not for trading).

b. A bank is required to divest an equity investment if:
   1) the investment causes or is predicted to cause a significant decrease in the capital of the Bank and/or a significant increase in the risk profile of the bank; or
   2) there is recommendation from the their Subsidiaries' authority and/or an instruction from BI.

c. A bank may divest an equity stake at its own initiative upon fulfilling the following requirements:
   1) the equity investment has been held for at least 5 (five) years;
   2) it is stated in the RBB;
   3) ithe divestment is aimed at adjusting the bank's business strategy;
   4) ithe divestment involves at least 50% of the shares held;
   5) ithe divestment is carried out on an arm's length basis;
   6) the divestment is not aimed solely at obtaining profit and has been approved by BI;
   7) Such divestment must be realized no later than 6 months from its approval by BI.

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LEGAL

Along with the increasingly wide scope of Bank Mandiri's business, the level of legal risk needs to also be taken into account and, therefore, preventive and repressive measures are required in connection with the possibility of the occurrence of an event. Such measures are as listed below:

1. Preventive actions:
   a. Legal Awareness Forum (LAF)
   Improvement of Legal Awareness. The Bank conducts sustainable legal forums for all employees. Employees are expected to ensure that every activity is legal so as to minimize legal risks.
   b. Legal Review On Site.
   Legal reviews of loan documents through research so as to ensure legal conformity and sufficiency for loan facilities, assessing how to improve legal formulations in loan documentation, including security documents, and the mitigation of any risks.
   c. Legal Advice On Site.
   Interactive discussions with participants so as to provide direct advice and assistance on legal matters in the field or in business units.
   d. Improving Competencies of Legal Officers.
   Legal competency certification in collaboration with legal academics and practitioners, and legal profession certification, namely the Advocate's Professional Course provided by the Indonesian Advocates' Association (Peradi), Capital Market Legal Consultant Professional Course, provided by the Capital Markets Legal Consultants Association, Curator/Bankruptcy Course provided by the Indonesia Curators and Administrators' Association.
   d. Mandiri Legal Clinic
   This is a legal information service that provides legal advice and legal solutions that can be accessed by telephone at 500140 ext. 3 or on a one-on-one basis at the Mandiri Legal Clinic, 9th Floor, Plaza Mandiri.
   e. Legal Risk Statement (LRS) di Mandiri e_Law
   The Legal Risk Statement (LRS) application in Mandiri e_Law (intranet) portal consists of a compilation of legal risks in Bank Mandiri which have been identified and formulated by Legal Groups and Legal Officers throughout Indonesia.

   This Legal Risk Statement (LRS) is a reference which may be used to improve knowledge and awareness of Legal Risk in Bank Mandiri, but it is NOT a guideline or manual for the resolution of legal problems.

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2. Repressive Action
    a. Reducing the number of outstanding legal cases
       In addition to preventing new cases from occurring, the Bank continuously strives to resolve litigation by, among other things, reducing the number of outstanding legal cases
    b. Out of court settlements
       The Bank strives to resolve disputes through out of court settlements
    c. Fostering good relations
       Fostering good relations with relevant authorities in an effort to accelerate dispute resolution and with customers to create win-win solutions
    d. Legal action
       To uphold the reputation of the Bank through strict legal efforts against those who harm the Bank in the context of loan disputes, fraud or those who act in bad faith and against the law.

2014 STRATEGY AND WORK PLAN

The following matters will be the main focuses of the Compliance & Human Capital Directorate in 2014:

1. Increasing Capacity Fulfillment Capability
2. Developing Detailed Design of HCMS Realignment to Support Corporate Plan 2015-2020
3. Realigning HCMS by Respective Human Capital Areas
4. Strengthening Mandiri University
5. Strengthening legal and good corporate governance

finance & strategy

"Consistency and hard work in executing strategic initiatives in 2013 was a key factor in maintaining Bank Mandiri's performance in the midst of the domestic economic uncertainties that prevailed from the middle to the end of the year"

During the course of 2013, Bank Mandiri added to its the long list of encouraging achievements since the beginning of the transformation process that was initiated in 2005. Such achievements are crucial bearing in mind that 2013 was important moment to the overall achievement of our targets by the end of 2014, which is the last year of the further transformation period.

Consistency and hard work in executing our strategic initiatives in 2013 were the key factors that helped maintain the Bank's performance amid the uncertainties that prevailed in domestic economic conditions from the middle until the end of the year. From the financial perspective, Bank Mandiri made a breakthrough by recording total assets of Rp733.1 trillion, confirming its position as the largest bank in Indonesia. Meanwhile, net profit grew 17.4% to Rp18.2 trillion. In terms of the non-financial aspects, Bank Mandiri became a service legend in the national banking industry by taking the title for the bank with "service excellence" for the sixth time in a row.

In line with these achievements, our subsidiaries also continued to record significant growth, contributing 11.2% to the Bank's totoal net profit, with earnings (before eliminations) of Rp2.04 trillion. A number of subsidiaries demonstrated an excellent performance in each business segment. AXA Mandiri Financial Services (AMFS) upped its growth to become the 2nd largest insurance company in Indonesia in terms of new business premiums. Bank Syariah Mandiri (BSM) recorded a profit of Rp651.2 billion which makes BSM the market leader in the Islamic banking market with an asset market share of around 28%. Meanwhile, Mandiri Investment Management (MMI) managed to grow into the 3rd largest asset management company in Indonesia. The upward trend is certainly positive amid the challenge of maintaining both organic and inorganic growth.

The encouraging performance of Bank Mandiri has had a positive impact in the form of an appreciation in the Bank's stock price, with Bank Mandiri's market capitalization reaching Rp250.8 trillion at a price per share of Rp10,750. Since its IPO to date, the Bank's share price has increased 10-fold.

All of our significant achievements on both the financial and non-financial sides during 2013 were the result of the optimal contribution of anagement and all our employees, who have been disciplined and consistent, working hard, working smart and worked comprehensively so as to achieve our targets and grow our business. All this makes us optimistic that we will be able to further improve our performance through more focused and in-depth business development, especially so as to see off the competition in line with our target of increasing market share across all business segments, in addition to being the country's bank of choice, one of which all our customers and stakeholders can be proud.

FINANCE & STRATEGY DIRECTORATE ACHIEVEMENTS IN 2013

The year 2013 was one of which Bank Mandiri can be proud of its achievement. The further transformation process being pursued by Bank Mandiri since 2010 recorded very encouraging progress, as reflected from the Bank's growth.

Such achievements are closely related to the role of the Finance and Strategy Directorate, which consistently strives to improve its function of applying leading-edge finance practices, promoting a performance-based culture, providing accurate, transparent and timely financial statement-related information, managing the Bank's corporate image through comprehensive and compelling communication strategies, preparing macro-economic, industrial and regional assessments and outlooks, and preparing internal policies and procedures / manuals. These diverse roles are necessary to allow the Finance & Strategy Director to ensure that the Bank's Long Term Plan for 2010-2014 can be fully and successfully at all stages until the end of 2014. In greater detail, the principal achievements and work programs of the Finance & Strategy Directorate during 2013 were as follows:

1. **Development of Subsidiaries and Non-Organic Initiatives**

   In order to achieve Bank Mandiri's 2014 vision of being Indonesia's most admired and progressive financial institution, the Mandiri Gro up needs optimal support and contributions from all employees, both at the parent company and at its subsidiaries. The strategies that have been pursued include the consolidation of collaboration between subsidiaries, the optimization of synergies between subsidiaries and the Bank and between subsidiaries themselves, and heightening business acumen in order to develop a more integrated pattern of business as between the Bank and all of its subsidiaries. The Finance and Strategy Directorate continues to monitor the realization of the long-term plans of each subsidiary so as to ensuring that their trading performances are as targeted.

   In addition, through a program of non-organic initiatives Bank Mandiri also explored the possibility of acquiring other financial services companies, including in the banking sector, as part of its strategy of developing business opportunities.

2. **Development of Reporting Automation**

   In order to improve the efficiency and quality of reporting, in 2013 the Finance & Strategy Directorate continued to automate the production of various reports, including the consolidated financial statements, up to the publication stage (including the notes to the financial statements). As part of this development, the elimination process is now applied in an integrated fashion using the IRSRS Application. This is so as to ensure that the financial statements are presented accurately and in a timely manner so as to improve the quality and accuracy of financial reporting. Since June 2013, the process of preparing on our Consolidated Financial Statements has been automated, which reduces manual processes and human error at various reporting stages so as to produce more accurate, reliable and timely reports. The Finance and Strategy Directorate has also accelerated the preparation of the consolidated financial statements through IRS & RS since June 2013 so that financial reports can be produced on the 10th day of every month (previously the 15th). This allows management to make important decisions more quickly.

finance & strategy

3. **Development of Performance Management System (PMS)**
The development of the PMS is an ongoing process that is designed to further refine concepts and methodologies in accordance with prevailing best practices. Process acceleration and improvement continue to be key focuses so that the continuity and accuracy of information on the Bank's performance can be maintained. Our performance-based culture was further refined through the application of value-driven performance measures that take risk factors or mandatory capital reserves into consideration.

4. **Reinforcement of Policy and Procedure System Standards**
In order to support the achievement of business strategies more efficiently and effectively in accordance with the applicable plans, the Finance & Strategy Directorate strengthened the policy and procedure system standards in Bank Mandiri and its subsidiaries through periodic and regular reviews and the updating of the policy and procedure system standards prudently and efficiently for all SBUs and Supporting Units, including the adjustment of policies in line with Bank Indonesia regulations and standards. During the course of 2013, we successfully conducted annual reviews on 143 manuals, prepared or amended 82 manuals and 63 sets of technical implementation guidelines so as to ensure that they complied with external regulations. We also streamlined the number of policies from 16 to 13.

5. **Strengthening of Brand Positioning through Empowering Brand Ambassador**
We continuously worked to strengthen our brand position through the development of the comprehensive and compelling Bank Mandiri equity story so as to enhance positive perceptions of Bank Mandiri in the eyes of investors and the public. In addition, we also strengthened brand positioning through the staging of forums featuring highly regarded capital market analysts and investors to serve as brand ambassadors in describing the performance and business strategies of Bank Mandiri. We also actively worked to improve communications and investor understanding of various strategies and business development initiatives through the holding of conferences with stakeholders and analysts, both domestically and internationally. In addition, we also brought our Customer Gathering road show to all regional offices by inviting prime customers in each region with a view to getting closer to our customers and exploring their real needs on the ground.

6. **Reinforcement of Public's Positive Perception and CSR Implementation**
Our work to reinforce positive public and stakeholder perceptions of Bank Mandiri is reflected in an average score of 95.4% in our Publicity Effectiveness Level. This achievement is the result of our effective dissemination of messages and information to stakeholders through various media. Brand enhancement programs were also actively organized by Bank Mandiri through national events such as Pasar Indonesia, and the Mandiri Jakarta Marathon, CFO Forum and Investment Forum.

   Through our corporate social responsibility (CSR) program, Bank Mandiri has provided a positive contribution to the community and environment as part of its efforts to help improve the welfare of Indonesian people. The CSR program is founded on 3 main pillars, namely self-reliant communities, education & entrepreneurship, and financial literacy. The CSR program in 2013 focused on the Mandiri Entrepreneurship program, which is aimed at identifying, encouraging and rewarding young entrepreneurs, especially university students and alumni who have the courage to start up their own businesses.

finance & strategy

As part of the development of the Mandiri Entrepreneurship Program, Bank Mandiri worked together with the Ministry of Education and Culture (Kemdikbud) – DIKTI to implement National Lecturer Series (NLS) Program, which consists of public lectures on entrepreneurship delivered via video streaming from the Ministry of Education and Culture to participating universities that have incorporated the Mandiri Entrepreneurship Module into their curricula. In 2013, four NLS events were held at a number of universities around the country.

7. **Strengthening Functions of Office of Chief Economist**

In line with our aspiration to be a thought leader in the banking industry, the Finance & Strategy Directorate has reinforced the role of the Office of Chief Economist to ensure strong and respected research capabilities at both the national and regional levels through the provision of industry analysis and reviews and macro-economic outlooks. The enhancements that have been made as regards quality, accuracy and in-depth analysis have helped to boost the development of business units.

During 2013, we regularly published macro-economic and industry analyses, including monthly Macro-Economic Booklets and Indonesia Update bulletins for lending business units every month so as to support their operational strategies and prudent lending. We also continued to issue reference indices as part of the early warning process. Such indices include the Mandiri Leading Economic Index and the Banking Pressure Index (a newly launched index that covers the prospects of the banking sector). Both indices were issued regularly to support business units in preparing appropriate business plans and in decision making. In addition, we also staged international level macro-economic forums, such as The International Financial Inclusion Forum 2013 and the Indonesia Investment Forum 2013. These served to strengthen the corporate image of Bank Mandiri and to encourage investment in Indonesia.

2014 STRATEGY & WORK PLAN

A business organization is required to continually make changes in order to remain competitive in an increasingly tight market. Without changes and innovation, an organization will slowly be overtaken by its competitors. The year 2014 marks the last year of the the 2010-2014 Corporate Plan. To date, many achievements have been made, but many challenges remain to be dealt with. As a dynamic company which is very open to change, Bank Mandiri will continue to make improvements to various aspects of the company's business and organization. In 2014, Bank Mandiri will continue to concentrate on our 3 focus business areas, which policy will be accompanied by enhanced management of liquidity, asset quality control discipline and optimization of margins. To support such strategies, the Finance & Strategy Directorate as a working unit, a line unit whose main function is the management of financial performance and the preparation of strategy, has developed a work program in order to optimize support for SBUs and Supporting Units. This program which will focus on five strategic initiatives, namely:

finance & strategy

1. **Mandiri Group Financial Data Integration**
    - Encouraging the application of the performance management system in subsidiaries
    - Developing an updated approach in performance management system methodology through the use of the Oracle platform
    - consolidating the performance management system and risk management reporting system
    - Developing the management information system/data architecture of Bank Mandiri Group in collaboration with the Change Management Office, Risk Management and IT.
2. **Reporting Automation and Efficiency**
    - Issuing consolidated financial statements on the 10th day of every month (previously the 15th) so that management can make more expeditious decisions related to Mandiri Group (including subsidiaries)
    - Implementing LSMK/XBRL so that Bank Mandiri can issue Monetary and Financial Stability Reports (LSMK) in XBRL format in 2014 in accordance with Bank Indonesia regulations
    - Implementing FATC in order to comply with FATCA regulations, avoid FATCA withholding tax exposure of 30% in the United States, and manage reputational risk.
3. **Improvement of business and internal policy processes**
    - To make improvements on the committee and processes side by streamlining the credit committee structure and making improvements to wholesale credit processes by enhancing products, systems, data, documents and policies.
    - Improving the quality of systems and tools by implementing IPS version 4.0, which offers various advantages such as easier application in preparing credit analysis notes and lower bandwidth requirements. In addition, we will implement proper business process management and correct yardsticks for assessing the effectiveness of credit processes in the wholesale segment.
    - Improving the wholesale financing policy with focus on anchor clients, transactional approach, cash flow based lending, risk based pricing (RORWA/RAROC), intensive monitoring, and standardization of credit analysis notes by industry category.
4. **Target to be Top of Mind in A and B Customer Segments (mass affluent)**
    - Implementing Return on Marketing Investment (ROMI) to measure brand exposure, understand customer needs, assess consumer loyalty and evaluate the effectiveness of promotional programs.
    - Integrating marketing planning through the establishment of a marketing communication organizational structure in order to conduct analyses, prepare marketing data based on research, and monitor marketing operations quarterly.
5. **To be the leader in banking research through Establishment of Mandiri Research Institute (MRI)**
    - MRI was established as an extension of the Office of Chief Economist with the purpose of becoming a think-thank that can provide insights to the stakeholders of Bank Mandiri.
    - MRI is aimed at providing useful recommendations to government, business, academia, international observers and other stakeholders.
    - MRI will encourage Bank Mandiri to contribute to international forums so as to encourage the adoption of policies at the international level that will be beneficial to Indonesia.

internal audit

"In addition to performing compliance audits as part of the assurance function, Internal Audit also performance other assurance functions to support the overall focuses of Bank Mandiri"

The Internal Audit (IA) unit is an element of the Internal Control System that functions as the third line of defense. It has an important role to play in maintaining and safeguarding the Bank's business, and is responsible to helping ensure that the Bank achieves its vision and mission. Internal Audit assists the organization to achieve its goals through a systematic and regulated approach to evaluating and improving the effectiveness of internal control, risk management, and governance.

In the performance of its functions, Internal Audit has forged alliances on the assurance function within the Bank itself and with subsidiaries. Good synergies, effectiveness and efficiency can be achieved through consistent alliances in the implementation of assurance functions. These alliances are focused on the alignment of Governance and Risk & Compliance in collaboration with risk management and compliance units. In general, such alliances are intended to help ascertain the key risks facing line units and to develop audit plans.

In addition to performing compliance audits as part of the assurance function, Internal Audit also performance other assurance functions to support the overall focuses of Bank Mandiri, such as encouraging business achievements, service improvements, cost efficiencies, prudential banking practices, and the application of GCG.

The Internal Audit Directorate (DIA) has formulated a long-term plan and strategy for the 2010 - 2014 period, which is in line with Bank Mandiri's strategic focuses in 2010-2014. This plan and strategy is evaluated and refined each year in order to improve the effectiveness of the DIA's role and function. The DIA's long-term strategy involves 5 focus strategies, namely Risk Mapping, Continuous Auditing, Integrated/Combined Assurance, RBA Enhancement and the Internal Audit Capability Model. These five focus strategies continue to be developed on an ongoing basis.

In line with the desire to imbue all employees with a culture of concern for internal control, DIA in 2012 and 2013 has been focusing on the theme "Empowering Clients.". Through the "Empowering Client" program, DIA encourages all levels, in particular the 1st and 2nd lines of defense, to optimize the use of their authority in terms of strengthening internal control. "Empower" refers to improved employee awareness, education, and the independent application of internal control. In 2012, the Empowering Client program was focused on the "first line of defense", while in 2013 empowerment was more focused on the "second and third lines of defense" in order to create more effective synergies between these two lines of defense.

internal audit

As of the end of 2013, the development of the 5 focus strategies has been in accordance with plan and the finalization of the program in 2014 also marks the end of the second stage of the transformation process, which will provide be the foundation for the next stage of the transformation process in 2014-2020. The development of 5 focus strategies up until the end of 2013, and our plans for 2014, may be described as follows:

1. **Risk Mapping**

   In 2010 - 2013, DIA improved its risk assessment processes for identifying high risk areas and key controls in the IT, e-channel and micro fields.
   The considerations involved in the making of these improvements were changes in customer transaction patterns from distribution channels (through branches) to electronic channels which, in addition to leading to an increased number of banking transactions, also results in higher risks associated with the use of IT.

   op Risks for branch and microcredit services is one of the prioritized risk mapping products in line with the Bank's primary strategy of focusing on retail payments and retail financing. Risk mapping is conducted together with all relevant units, namely business units, risk management, operations and other line units through discussions and workshops which determine action plans to effectively mitigate the identified risks.

   In 2014, DIA together together with business, risk management, compliance, operations and other line units will identify key risks and key controls within the framework of the Enterprise Risk Assessment (ERA). This program, which is integrated in the ERA framework, is part of the long-term, Integrated Assurance program.

2. **Continuous Auditing**

   DIA has developed an audit approach that is appropriate for the business model used by Bank Mandiri so that it can provide early detection of control weaknesses and significant events. This method, known as continuous auditing, makes use of a data warehouse where information analysis is conducted based on the criteria and risks that are of particular concern to the Bank. Continuous auditing not only focuses on providing early warning and serving as a basis for determining samples, but also forms part of the overall audit process both on-site and off-site. Improvements have been made to the audit process through the intensification and extension of continuous auditing based on the establishment of a centralized audit database (SIMA), which also encompasses the Executive Information System (EIS).

   In 2010 - 2013, DIA perfected tools, parameters and procedures for the implementation of continuous auditing and has been using them more widely in audit assignments as one of its strategies to optimize available resources.

   In 2014, DIA will apply continuous auditing more widely, and disseminate information on its use to the first and second lines of defense. The wider use of continuous auditing is expected to help improve the effectiveness of the early warning system.

internal audit

3. **Enhancement Metodologi RBA**

   Risk-Based Audit (RBA) methodology has been applied since 2007 and is refined continuously in order to improve audit effectiveness. The refinement of RBA is carried out so as to make the methodology more reliable in assessing the effectiveness of control, risk management and governance. The enhancement of RBA is aimed at the development of RBA tools and methodologies for auditing GCG bank-wide, activities and products, as well as control self-review methodologies and templates.

   In 2010 - 2013, the RBA methodology was improved and developed so as to ensure that the methodology can meet business and auditing needs in Bank Mandiri. These improvements include risk-based audits for large borrowers, including the refinement of risk-based audits in line with operational risk concepts and the application of combined assurance in Bank Mandiri.

   In 2014, the improved risk-based methodology will be applied as part of the new audit management information system. This will make the process of integration with the risk and compliance units much easier and help reduce duplication. The application of the new audit management information system will also enhance the effectiveness of audit supervision as supervision can be carried out directly/on-line by the supervisor.

4. **Integrated Assurance (Combined Assurance)**

   Integration of assurance functions is aimed at creating synergies, effectiveness, and efficiency so as to improve the assurance functions performed by the 1st, 2nd and 3rd lines of defense. With the integration of this function, it is expected that no risks will escape monitoring and mitigation. Integration of assurance functions is also necessary to prevent overlapping in the audit/assessment of business processes.

   During 2010 - 2013, integration in the assurance area was initiated by DIA through the preparation of audit plans in collaboration with assurance units in the regions (RBC). As regards assurance units at Head Office (DCOR), the effort to promote integration was conducted through group discussion forums. In 2013, Bank Mandiri's integrated assurance initiative was launched with the holding of regular discussions with the Risk and Compliance Units. As a quick win in 2013, the relevant units agreed to work together to make improvements to the Enterprise Risk Assessment process.

   For 2014, the integrated assurance initiative will be continued through the preparation of a blue print for long term implementation in accordance with the Bank Mandiri Corporate Plan. Gradually, GRC infrastructure and application frameworks will be developed, including risk taxonomy, organization, and reporting systems. Meanwhile, the development of a new integrated application system will take place in 2015.

internal audit

5. Internal Audit Capability Model

A program to improve the competence of auditors has been designed by the Audit Compliance & Governance Academy (ACGA). ACGA has developed internal competency standards based on the Internal Audit Capability Model (IACM). This took the form of a long-term program of improving auditor competence covering both soft skills and technical skills. A variety of mechanisms were used, including professional certification at national and international level, internships/attachments and project assignments. The program was facilitated and monitored by ACGA. The success of the program was measured in respect of the improvements in auditor competencies that were achieved and the extent to which it satisfied the needs of both line units and the Company.

During 2010 - 2013, technical competency and soft skill profiles of auditors and the competency acquisition process at various levels were compiled as the basis for the further development of auditor competence. The number of auditors obtaining national and international certification has been increasing. In addition, DIA regularly sends its auditors on attachment programs in various operational units of Bank Mandiri. This is intended to accelerate improvements in auditor competencies and to enhance the capacity of the DIA based on the models that are used. The DIA realizes that auditors are invaluable assets and, therefore, continuously strives to improve their capacity and competence. This is a commitment that consistently adhered out by DIA. In 2014, the auditor competence development program will be conducted in a more structured manner through the delivery of certain skills acquisition programs that are required for auditing and business development (i.e., risk management, micro, business banking, IT) either through attachments, training or certification.

change management office

"Approaching the final stage of the Bank Mandiri further transformation process, 2010-2014, the Change Management Office ("CMO") Directorate continues to oversee the transformation process through the implementation of various initiatives, including improving the effectiveness and efficiency of strategic initiative implementation, encouraging alliances through the implementation of Account Plan initiatives, refining business processes, optimizing synergies with subsidiaries and developing future businesses in a non-organic manner"

The wholesale transaction banking, retail deposit & payment, and retail financing segments continued to be the three focus businesses of Bank Mandiri in 2013 so as to support its vision of being Indonesia's Most Admired and Progressive Financial Institution, and to respond to rapidly changing business needs and challenges.

The role of the Change Management Office ("CMO") Directorate in maintaining Bank Mandiri's focus on these businesses is translated through four strategic duties that have a significant impact on the development of Bank Mandiri's business. These four duties are as follows:

1. Supporting current business improvement;
2. Coordinating new business development;
3. Acting as catalyst for the development of cross-directorate initiatives; and
4. Providing supporting to the Board of Directors on other strategic projects.

1. SUPPORTING CURRENT BUSINESS IMPROVEMENT

A variety of business development initiatives on the part of business and supporting units to support the achievement of the targets identified in the Bank Mandiri Corporate Plan 2010-2014 were set out in the 2013 Work Plan and Budget ("RKAP").

CMO played a role in coordinating and overseeing the business development initiatives conducted by the business and supporting units so as to sharpen strategies and improve productivity in the units concerned. In accordance with Management directives. CMO also provided support by monitoring of the effectiveness and efficiency of the alignment of IT and non-IT initiatives with the RKAP and the Corporate Plan so as to provide optimum added value to Bank Mandiri.

CMO continued to facilitate coordination and problem solving between project owners and related line units through "one-one-one meetings" so as to settle any problems immediately and comprehensively and to execute the project properly, punctually, effectively and efficiently. In 2013, the proportion of IT and Non-IT strategic initiatives solutions that were achieved stood at 89.1%, compared to 86% in 2012.

change management office

The quality of Post Implementation Reviews (PIR) were also improved, both in terms of content and issues resolution, to ensure the implementation of strategic initiatives provides an optimal contribution or yield in supporting the growth of the Bank's business. In 2013, PIR evaluations were performed on 24 initiatives. In addition to coordinating and monitoring the implementation of IT and non-IT initiatives, CMO also identified current business improvement efforts by sharpening business processes or business models so as to ensure their alignment with the 2010-2014 Corporate Plan targets. In this regard, CMO provided consultancy and mediation services to find solutions if problems arose during in the implementation phase, and to improve cross-directorate coordination.

Among the achievements of CMO in overseeing the implementation of initiatives under the Bank Mandiri Corporate Plan in 2013 are: (1) strengthening Bank Mandiri's retail financing segment through the further refining of three business pillars: Business Units, Risk Management, and Credit Operations; and (2) optimization of synergies between Bank Mandiri and its subsidiaries, such as Bank Syariah Mandiri, Mandiri AXA General Insurance and Mandiri Tunas Finance, and the promotion of synergies between other subsidiaries. In 2014, CMO will continue to support business development through: (1) monitoring the execution of strategies including the identification and resolution of issues, (2) serving as facilitator in strengthening sectoral business accompanied by focused risk control (3) continuing its efforts to improve business processes; and (4) optimizing synergies with subsidiaries.

2. COORDINATING NEW BUSINESS DEVELOPMENT

In addition to refining business strategies and improving the effectiveness of strategic initiatives to support Bank Mandiri's organic business growth, CMO also plays an active role in leading non-organic business development, either through acquisitions, joint ventures or strategic cooperation with various institutions.

The process of promoting future non-organic business development by CMO begins with the identification of potential corporate targets and potential collaborative ventures with various strategic partners that could accelerate Bank Mandiri's growth. Further, CMO leads the implementation of non-organic initiatives and plays an active role in generating shareholder value for Bank Mandiri, the acquired companies, and institutions that are strategic partners of the Bank through the preparation of future business development strategies.

CMO plays an active role in providing innovative and responsive input to ensure the successful implementation of business plans. CMO also provides assistance to post-acquisition subsidiaries, especially in the early days, including coordination with line units in connection with the consolidation of risk management.

For 2014, CMO will continue to assess non-organic growth initiatives, whether prospective joint ventures, acquisitions or other forms of partnership in the banking industry and other areas of the financial services sectors which are believed to have potential to accelerate Bank Mandiri's growth and market share, and those of the Bank Mandiri group as a whole. The sounding out of collaborative ventures with potential strategic partners continues to be finalized through the preparation of a business development strategy that will increase shareholder value for Bank Mandiri, and the institutions that are strategic partners of Bank Mandiri.

3. ACTING AS CATALYST IN DEVELOPMENT OF CROSS-DIRECTORATE INITIATIVES

CMO was established as a Directorate level unit so as to facilitate coordination with other line units in carrying out initiatives that are cross-directorate and crucial for optimizing the performance of Bank Mandiri. CMO acts as a catalyst to accelerate the development of initiatives such as strategic alliances, organizational alignments and the formulation and implementation of the Corporate Plan.

With respect to business development in the Corporate, Institutional and Commercial Banking segments, CMO plays a role in encouraging alliances/synergies between business units through the application of Account Plans that focus on increasing low cost funds and fee-based income in the Wholesale segment, as well increasing income through the cross-selling of products to 100 anchor clients, with the 2014 growth target being almost double that of 2011. Such initiatives are conducted to support the acceleration of the achievement of Bank Mandiri's targets in its three business focus areas (wholesale transactions, retail payments & deposits and retail financing).

The implementation of the Account Plan system involves the use of enablers that consist of internal business process improvements so as to accelerate the development of products and services for clients, the provision of end-to-end solutions through the development of new products, the refinement of existing products, the bundling/packaging of products in line with client needs, the development of Account Plan supporting systems and tools to assist Relationship Managers, Product Owners and Sales Teams in negotiating, monitoring and executing work plans, improvements to the quality of human resources by enhancing the competencies of Anchor Client Teams and the creation of a customer-centric organization. Another enabler is the Change Management Program, which aims to change the mindsets of employees and improve their awareness and zeal.

The successful implementation of the Account Plan program in 2013 was marked by an increase in low cost funds of 48%, fee-based income of 36% and Alliance Income of 69%. In 2014, the implementation of the Account Plan program will involve the regional offices and branches, with the focus being on value chains and cross selling.

Other initiatives jointly pursued by CMO and other line units, including the Human Capital Strategy & Policy Group, also provide support in terms of effective, efficient and competitive alignment of organizational structures so as to support the achievement of Bank Mandiri's vision, mission and strategies. The design and review of organizational structures is conducted by analyzing the business processes in each existing function and refining the organizational structure based on business and operational needs. CMO ensures that the alignment of organizational structures is in line with the Bank's long-term plan and that the functions of line units do not overlap.

With the conclusion of the 2010-2014 Corporate Plan and so as to support Bank Mandiri's vision of being "The Best Bank in ASEAN 2020", CMO has also participated in the formulation of the 2014-2020 Corporate Plan, initiatives aimed at integrating systems and business process in the Wholesale Transaction, Retail Deposits & Payment, and Retail Financing segments, and the strengthening of business initiatives in the Government sector and BUMN.

change management office

4. **SUPPORTING BOARD OF DIRECTORS ON OTHER STRATEGIC PROJECTS.**

CMO also assists Management to maximize value creation by providing innovative and responsive recommendations on business and regulatory developments.

CMO receives a wide variety of strategic assignments from Management (strategic support for the Board of Directors) and stakeholders that have significant roles to play in enhancing the performance and reputation of Bank Mandiri.

financial performance analysis

It is recommended that this Financial Performance Analysis for the year ended 31 December 2013 be read in conjunction with the Consolidated Financial Statements, including the notes to the financial statements, as set out in the next chapter.

The following discussion is based on the Consolidated Financial Statements of Bank Mandiri and its Subsidiaries per the years ended 31 December 2013 and 2012, which are presented in accordance with Indonesian Financial Accounting Standards. The financial statements have been audited by an independent auditor, KAP Tanudiredja, Wibisana & Co, a member firm of the PwC Global Network. The financial data for 2013 is also presented in U.S. dollars using the exchange rate prevailing on 31 December 2013, namely, USD1 = Rp12,170. Unless otherwise stated, all financial information relating to the Bank is presented in accordance with Indonesian Financial Accounting Standards.

Certain accounts in the consolidated financial statements dated 31 December 2012 have been reclassified to conform with GAAP and the consolidated financial statements dated 31 December 2013. These reclassifications were made in order to consolidate the the mutual funds of subsidiaries (AXA Mandiri Financial Services), reclassify non-controlling interests in respect of the net assets of subsidiaries' mutual funds so as to consolidate them with the subsidiaries, the application of line-by-line consolidated by subsidiaries in respect of investments of policyholders in unit-linked contracts.
The discussion and analysis of the Bank's financial position reports is presented in three parts: the Balance Sheet, Statement of Earnings, and Cash Flow Report.

financial performance analysis

FINANCIAL POSITION REPORT

	2012		2013		Δ Rp %
	Rp Billion	USD Million	Rp Billion	USD Million	
Consolidated Balance Sheet					
Assets	635.619	65.953	733.100	60.238	15,3%
Corning Assets (Bruto)	575.720	59.737	664.085	54.567	15,4%
Corning Assets (Netto)	560.078	58.114	645.483	53.039	15,2%
Loan (Bruto)*	388.830	40.346	472.435	38.820	21,5%
Loan Allowance for Impairment	-14.104	-1.463	-16.677	-1.370	18,2%
Invesment in Shares (Bank only)	3.218	334	3.159	260	-1,8%
Deposits	482.914	50.108	556.342	45.714	15,2%
Liabilities	559.863	58.092	644.309	52.942	15,1%
Equites (including non controling party interest of net asset consolidated subsidiaries)	75.756	7.861	88.791	7.295	17,2%

**) Including Consumer Loan Financing and Net-Investment Leasing*
***) Temporary Syirkah Funds Included*

ASSETS

Bank Mandiri's assets at the end of 2013 rose from Rp635.62 trillion in 2012 to Rp733.10 trillion in 2013, an increase of 15.3%. The increase in assets was driven by an increase in lending, consumer finance and net investment in finance leasing from Rp388.83 trillion in 2012 to Rp472.43 trillion in 2013. The improvement arose from an increase in total lending (excluding consumer finance loans and net investment in finance leasing), which rose 21.5% from Rp384.58 trillion in the 2012 to Rp467.17 trillion in 2013.

BREAKDOWN OF ASSETS ON CONSOLIDATED BALANCE SHEET

(in Million Rupiah)

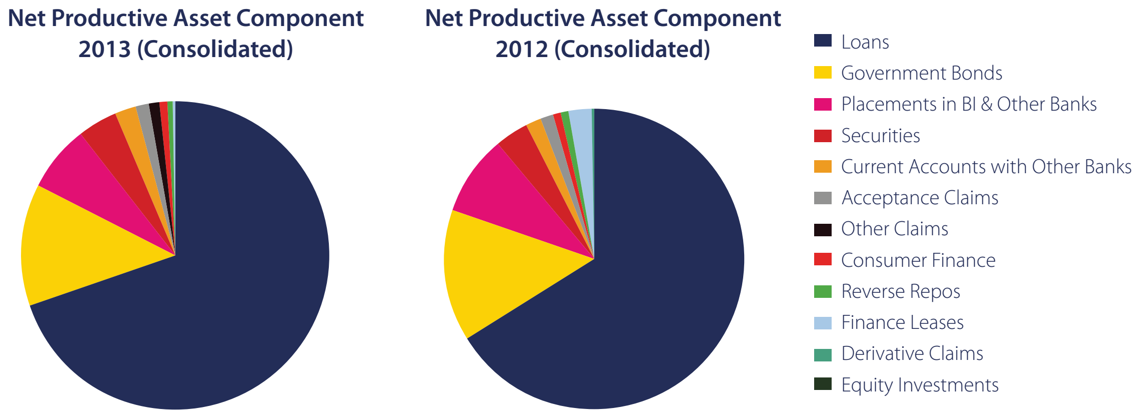
Asset Component	Consolidated 2013	Consolidated 2012
Cash	19.051.934	15.482.025
Demand deposits at BI	43.904.419	38.272.155
Demand deposits at other banks	14.036.484	9.645.504
Placements with BI and other banks – net	45.113.834	48.238.225
Securities – net	26.802.548	20.323.853
Government bonds	82.227.428	79.072.173
Reverse repo, derivate claims & other claims – net	11.432.420	20.151.781
Loans*	472.435.041	388.830.299
(Provision for loan impairments)	(16.676.544)	(14.103.894)
Acceptance Claims – net	10.114.889	7.920.471
Equity investments – net	4.667	4.306
Fixed assets – net	8.805.853	7.863.392
Other assets – net	15.846.789	13.918.418
Total assets	733.099.762	635.618.708

**) Including consumer finance receivables and net investments in finance leasing*

financial performance analysis

Similary, Bank Mandiri's productive assets rose to Rp 645.49 trillion in 2013 from Rp 560.08 trillion in 2012, an increase of 15.2%. In 2013, lending provided the largest contribution to productive assets at 71.14%, compared to 67.54% in 2012.

Composition of Net Productive Assets, 2012 & 2013 – Consolidated



Cash & Current Accounts with Bank Indonesia

Bank Mandiri's Cash position increased by 23.1% from Rp15.48 trillion in 2012 to Rp19.05 trillion in 2013. This was the result of the opening of 493 new branch offices, cash offices, micro branch offices, micro units and micro kiosks during the course of the year.

In addition, current accounts with Bank Indonesia also increased 14.7% from Rp38.27 trillion in 2012 to Rp43.90 trillion in 2013. The increased in the volume of current accounts with Bank Indonesia shows the Bank Mandiri complies diligently with the government regulations on the Minimum Current Account Reserve (GWM).

PLACEMENTS IN INDONESIA BANK AND OTHER BANKS

Placements with Bank Indonesia and other banks decreased 6.4% from Rp48.32 trillion in 2012 to Rp45.22 trillion . This decline was due to a decrease in the volume of Rupiah placements with Bank Indonesia of Rp 8.58 trillion, or 31.3%, from 2012.

Despite the decline, placements with Bank Indonesia continue to provide the largest contribution, namely, 76.6% or a total of Rp34.62 trillion, which Rupiah placement continuing to dominate at Rp18.80 trillion.

LOANS

As of December 31, 2013, outstanding loans provided by Bank Mandiri (Bank only) amounted to Rp416,978 billion, up 22.7% compared to December 31, 2012, when the figure was Rp339,974 billion.

financial performance analysis

The following table provides details of lending by segment and changes in the status of non-performing loans (Bank only) during 2013:

PROVISION OF LOANS BY SEGMENT IN 2013 (BANK ONLY)	Rp Billion
Corporate, Treasury, Financial Institutions & SAM, Institution Banking	169.922
Commercial & Business Banking	163.403
Micro & Retail	27.050
Consumer	56.603
Total	**416.978**

CHANGES IN NPL STATUS, 2013 (BANK ONLY)	Rp Billion
Balance per 31 December 2012	**5.973**
Downgrade to NPL	2.681
Upgrade from NPL	(288)
Reaccepted	(505)
Eliminated	(2.304)
Other	1.188
Balance per 31 December 2013	**6.746**

CHANGES IN NPL STATUS BY SEGMENT, 2013 (BANK ONLY)						Rp Billion Total
	Corporate	Commercial	Small	Micro	Consumer	
Downgrade ke NPL	22	193	10	8	56	288
Upgrade dari NPL	84	509	1.104	639	345	2.681
Reaccepted	48	436	591	624	605	2.304

LOAN COMPOSITION (BANK ONLY) PER 31 DECEMBER 2012						
Loan Size (Rp billion)	Number of NPL accounts			NPL Balance		
	Total	accounts	%	Total	accounts	%
<25	1.361.836	66.532	4,89%	151.082	3.889	2,57%
>=25 s.d.<100	1.377	17	1,23%	69.402	1.184	1,71%
>=100 s.d.<500	481	10	2,08%	97.335	1.673	1,72%
>=500 s.d.<1000	51	-	-	32.440	-	-
>=1000	26	-	-	66.720	-	-
Total	**1.363.771**	**66.559**	**4,88%**	**416.978**	**6.746**	**1,62%**

financial performance analysis

LOAN COMPOSITION BY BUSINESS UNIT, 2013 (BANK ONLY)					
Business Unit	Column	Current Loan Balance		Total	%
		Rupiah	Foreign Currency		
Corporate	1	116.309	44.626	160.935	98,3%
	2	326	602	928	0,6%
	3	-	-	-	0,0%
	4	-	-	-	0,0%
	5	1.035	850	1.885	1,2%
Sub Total Corporate		117.670	46.078	163.748	39,3%
Non Performing Loan		1.035	850	1.884	1,2%
Commercial	1	95.999	17.032	113.031	96,7%
	2	2.729	206	2.935	2,5%
	3	188	-	188	0,2%
	4	5	-	5	0,0%
	5	735	4	739	0,6%
Commercial Total		99.656	17.242	116.898	28,0%
Non Performing Loan		928	4	932	0,8%
Business Banking	1	43.095	108	43.203	92,9%
	2	1.905	0	1.905	4,1%
	3	103	-	103	0,2%
	4	296	-	296	0,6%
	5	998	-	998	2,1%
Sub Total Business Banking		46.397	108	46.505	11,2%
Non Performing Loan		1.397	-	1.397	3,0%
Micro	1	24.629	-	24.629	91,0%
	2	1.604	-	1.604	5,9%
	3	123	-	123	0,5%
	4	195	-	195	0,7%
	5	499	-	499	0,3%
Micro Total		27.050	-	27.050	6,5%
Non Performing Loan		817	-	817	1,5%
Special Asset Management (SAM)	1	240	1.646	1.886	45,2%
	2	446	1.246	1.692	40,6%
	3	0	0	0	0,0%
	4	6	-	6	0,1%
	5	129	456	585	14,0%
Sub Total SAM		821	3.348	4.169	1,0%

financial performance analysis

Non Performing Loan		135	456	591	14,2%
Consumer	1	49.313	-	49.313	87,1%
	2	6.327	-	6.327	11,2%
	3	151	-	151	0,3%
	4	210	-	210	0,4%
	5	602	-	602	1,1%
Consumer Total		56.603	-	56.603	13,6%
Non Performing Loan		964	-	964	1,7%
Financial Institution Coverage & Solution (FICS)	1	1.026	818	1.844	92,0%
	2	-	-	-	0,0%
	3	-	-	-	0,0%
	4	-	-	-	0,0%
	5	-	161	161	8,0%
Sub Total FICS		1.026	979	2.005	0,5%
Non Performing Loan		-	161	161	8,0%
Grand Total		**349.224**	**67.754**	**416.978**	

GOVERNMENT BONDS

GOVERNMENT BONDS BY PORTFOLIO AND INTEREST RATE					
	Fair value based on L/R Report	**Marketable**	**Held-to-Maturity**	**Total**	**Rp billion % of Total**
fixed rate bonds	1.834	12.912	1.436	16.182	19,68%
floating rate bonds	-	44.301	21.745	66.046	80,32%
Total	**1.834**	**57.213**	**23.181**	**82.228**	**100,00%**
% of Total	**2,23%**	**69,58%**	**28,19%**	**100,00%**	

OBLIGASI PEMERINTAH BERDASARKAN JATUH TEMPO					
	Fair value based on L/R Report	**Marketable**	**Held-to-Maturity**	**Total**	**Rp billion % of Total**
Less than 1 year	86	4.713	1.403	6.202	7,54%
1 - 5 Years	382	15.394	21.459	37.235	45,28%
5 - 10 Years	296	37.106	238	37.640	45,78%
More than 10 Years	1.070	-	81	1.151	1,40%
Total	**1.834**	**57.213**	**23.181**	**82.228**	**100,00%**
% of Total	**2,23%**	**69,58%**	**28,19%**	**100,00%**	

financial performance analysis

As per 31 December 2013, the bank held government bonds amounting to Rp82.23 trillion, accounting for 11.2% of the total assets of the Bank. The bonds consist of fixed rate bonds and floating rate bonds.

The fixed rate bonds carry coupons of between 5.25% and 12.80% (for IDR) and 3.3% and 10.38% (for foreign currency) per year, while the floating rate bonds have coupons equal to the 3-month rate. As of December 31, 2013, floating rate bonds accounted for 80.3% of the Banks total government bond portfolio.

In 2013, gains on the sale of government bonds amounted to Rp35.68 billion, while unrealized losses on government bonds in the same year amounted to Rp193.30 billion.

In accordance with the Indonesian Financial Accounting Standards, Government Bonds Measured at Fair Value Through the Statement of Earnings and Available for Sale, are appraised based on their fair value, while Government Bonds Held-to-Maturity are recorded based on their amortized acquisition cost.

SECURITIES HOLDINGS

The value of the securities held by the Bank increased by 31.89% from Rp20.32 trillion as per 31 December 2012 to Rp26.80 trillion as per 31 December 2013.

Securities included Rp10,461 billion (31 December 2012: Rp9,554) in investments owned by unit-linked policyholders of the Bank's subsidiaries.

LOAN WRITE-OFFS

In 2013, Bank Mandiri wrote off loans amounting to Rp 2.30 trillion and received back loans amounting to Rp 3.08 trillion that had been written off before and during 2013.

As of 31 December 2013, the balance of loan write offs amounted to Rp35.14 trillion. The written-off loans are not recorded in the financial statements.

LOAN WRITE-OFFS (BANK ONLY) (RP BILLION)

	2010	2011	2012	2013
Opening balance at start of year	32.610	32.331	32.797	32.751
Write-offs	2.921	1.984	2.463	2.304
Received Again	(2.661)	(2.202)	(3.740)	(3.075)
Other 1)	(539)	684	1.231	3.164
Closing balance at end of year	**32.331**	**32.797**	**32.751**	**35.144**

Note: 1) Includes foreign currency differences arising from conversion

RESTRUCTURED LOANS

Of total outstanding loans per 31 December 2013, 3.2% or Rp 14.95 trillion had been restructured. This was lower than per 31 December 2012, when the equivalent figures were 3.6% and Rp 13.94 trillion.

financial performance analysis

LOAN RESTRUCTURING SCHEMES AND AMOUNTS (Rp billion)	2010	2011	2012	2013
Long term loans with share options (KJPOS)	175	139	268	347
Additional credit facilities	101	93	57	37
Extension of time	7.732	6.709	6.877	8.221
Extension of time & reduction in interest	471	1.652	1.779	1.182
Extension of time & other restructuring schemes *)	6.855	6.373	4.958	5.168
Total	**15.334**	**14.966**	**13.939**	**14.955**

*Note: *)*
Other restructuring schemes principally consist of reduction in interest rate, rescheduling of interest arrears and extension of time for payment of interest arrears.

LIABILITIES

The Company's liabilities increased by 15.1% over the previous year. While there was a decrease of 55% in the payment of immediate liabilities, there was also a significant increase in liabilities arising from interbank call money transactions (291.6%). Other increases were mainly due to the increase in the value of customer deposits (including temporary syirkah funds) by 15.2% from Rp482.9 trillion in 2012 to Rp556.3 trillion in 2013.

CUSTOMER DEPOSITS (INCLUDING TEMPORARY SYIRKAH FUNDS)

Customer deposits consist of demand deposits, savings and time deposits. In 2013, third-party funds stood at Rp556.3 trillion, an increase of 15.2% over the previous year, when the equivalent figure was Rp482.9 trillion. Demand deposits registered growth of 8.4% from Rp113.9 trillion in 2012 to Rp123.4 trillion in 2013, while savings increased by 17.0% to Rp236.5 trillion in 2013 from Rp202.2 trillion in 2012. Time deposits also increased, by 17.7% from Rp166.8 trillion in 2012 to Rp196.4 trillion in 2013. Though the volume of demand deposits and savings increased, the increase was not comparable to that of time deposits. This resulted in a decrease in the Low Cost Funds ratio (CASA) of 65.5% in 2012 to 64.7% in 2013.

COMPOSITION OF CUSTOMER DEPOSITS PER 31 DECEMBER 2012 AND 2013	2012	2013
Demand Deposits (Giro)	23,6%	22,2%
Savings	41,9%	42,5%
Time Deposits	34,5%	35,3%

COMPOSITION OF CUSTOMER DEPOSITS PER 31 DECEMBER 2012 AND 2013				
Corporate	Giro	Deposito	Tabungan	Total
Rp	13.519	20.251	368	34.138
Foreign exchange	23.513	16.248	181	39.942
Total	37.032	36.499	549	74.080
Commercial & Business Banking	Giro	Deposito	Tabungan	Total
Rp	9.308	4.151	3.147	16.606

financial performance analysis

VA	7.748	2.314	590	10.652
Total	17.056	6.465	3.737	27.258
Micro & Retail	Giro	Deposito	Tabungan	Total
Rp	30.885	83.886	188.424	303.195
VA	10.943	6.958	20.570	38.471
Total	41.828	90.844	208.994	341.666
Financial Institutions Coverage & Sol.	Giro	Deposito	Tabungan	Total
Rp	968	4.052	9	5.029
VA	230	108	4	342
Total	1.198	4.160	12	5.370
Institutional Banking	Giro	Deposito	Tabungan	Total
Rp	12.974	29.127	830	42.931
VA	6.163	2.244	6	8.413
Total	19.137	31.371	836	51.344
TOTAL				
Rp	**67.654**	**141.467**	**192.778**	**401.899**
VA	**48.597**	**27.872**	**21.351**	**97.820**
Total	**116.251**	**169.339**	**214.129**	**499.719**

EQUITY

In 2013, total equity amounted to Rp88.8 trillion, an increase of 17.1% compared to 2012, when the figure was Rp75.8 trillion. The increase in total equity wasa due to growth of earnings retained earnings of 29.4% to Rp59.6 trillion in 2013.

The only distribution of 2012 net profit was a dividend payment in 2013. The dividend paid out of 2012 net profit amounted to Rp 4.65 Trillion, which was paid on May 16, 2013, while the dividend on net profit in 2011 amounted to Rp 2.45 trillion (paid on June 5, 2012). These dividend payments were recorded as reductions in the earnings balances in the statement of changes in consolidated equity for the years in which the payments were made.

An allocation of Rp 1.50 trillion was made to retained earnings for investment in developing the business and developing supporting infrastructure such as the purchase of office buildings and the development of Mandiri University.

financial performance analysis

No allocations for the Partnership and Environmental Development Program were made out of 2012 net profit. The funds allocated to the Partnership and Environmental Development Program from 2011's net profit were paid on May 31, 2012.

Bank Mandiri's business operations in 2013 were primarily funded by an increase in the deposits, and a combination of interest income from loans, fees and commissions.

In addition, the bank also availed of the interbank money market. Bank Mandiri successfully defended its liquidity reserves, which are normally larger than the Bank Indonesia Minimum Demand Deposit Requirement , so as anticipate large-scale withdrawals by customers.

On the allocation side, the bank using the bulk of its funds for lending, paying interest on deposits and borrowings, repayment of borrowings, placements in the interbank money market, and payment of operating expenses (including salaries and benefits, as well as general and administrative expenses).

CAPITAL EXPENDITURE

The following description is of realized capital expenditures for 2012 and 2013, as the 2014 capital expenditure budget:

Capital Expenditure (Rp billion)	Realization		Budgeted 2014
	2012	2013	
Land & Buildings	334	583	881
Office equipment, computers, software & vehicles	970	1.048	1.642
Office renovation	-	34	73
Total	1.304	1.665	2.596

financial performance analysis

STATEMENT OF EARNINGS

In 2013, Bank Mandiri booked a net profit of Rp 18.204 billion, up 17.4% from 2012, giving earnings per share (EPS) in 2013 of Rp 780.16. Income from administration charges, commissions and fees increased 17.6% to Rp 8.704 billion, while operational income was up 19.0% to Rp Rp 49,909 billion.

STATEMENT OF EARNINGS (LOSS) CONSOLIDATED				
	2012	2013		Δ Rp %
	Rp Billion	Rp Billion	USD Million	
Interest and Sharia Income	42.551	50.209	4.126	18,0%
Interest and Sharia Expense	(15.020)	(17.432)	(1.432)	16,1%
Net Interest and Sharia Income	**27.531**	**32.777**	**2.693**	**19,1%**
Net Premium Income	2.163	2.626	216	21,4%
Net Interest, Sharia and Premium Income	**29.694**	**35.403**	**2.909**	**19,2%**
Fees and Commisions Income	7.400	8.704	715	17,6%
Foreign Exchange Gains	1.094	1.853	152	69,3%
(Losses)/ Gains in Sell of Securities & Goverment Bonds	297	39	3	-86,8%
(Losses)/ Gains on Increase/Decrease of Securities & Goverment Bonds	42	(219)	(18)	-621,4%
Others Operating Income	3.403	4.129	339	21,3%
Operating Income	**41.930**	**49.909**	**4.101**	**19,0%**
Impairment Provision and Commitment Contigencies and Other Expense	(3.392)	(4.857)	(399)	43,2%
General & Administration Expense	(8.254)	(9.898)	(813)	19,9%
Employee Expense	(8.046)	(9.431)	(775)	17,2%
Other Operating Expense	(2.613)	(2.171)	(178)	-16,9%
Income From Operation	**19.625**	**23.552**	**1.935**	**20,0%**
Income From Non Operation-Net	879	510	42	-42,0%
Income Before Tax and Non Controlling Interet	20.504	24.062	1.977	17,4%
Net Income	**15.504**	**18.204**	**1.496**	**17,4%**

Note: USD 1 = Rp 12,170.0

LOAN INTEREST INCOME

In 2013, total loan interest income increased 18.2% from Rp 32,310 billion in 2012 to Rp 38,195 billion. This growth was primarily driven by lending growth of 21.5% from Rp 388,830 billion in 2012 to Rp 472,435 billion in 2013. Meanwhile, the loan interest income yield remained relatively stable at 11.23% for rupiah loans and 4.77% for foreign currency loans.

GOVERNMENT BIND INTEREST INCOME

The yield for government bond interest income in 2012 increased slightly from 3.9% in 2012 to 4.3% in line with changes in the reference rate (SPN). Meanwhile, the average Government Bond volume declined slightly in 2013 from Rp 78.829 billion in 2012 to Rp 76.344 billion.

financial performance analysis

The increase in bond yield resulted in total government bond interest income increasing by 13.3% in 2013 compared with the previous year, that is, from Rp 3,075 billion to Rp 3,484 billion.

INTEREST EXPENSES

Interest expenses rose 16.1% from Rp 15,020 billion in 2012 to Rp 17,432 billion in 2013. Meanwhile, interest expenses on deposits as a proportion of total interest expenses experienced a relative decline from 86.1% in 2012 to 85.1% in 2013.

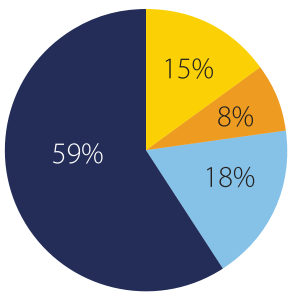
Overall, the average volume of deposits rose 4.4% from Rp 449,880 billion in 2012 to Rp 469,648 billion in 2013. The average demand deposit and saving deposit volume rose by 5.6% from Rp 272,463 billion in 2012 to Rp 287,704 billion, while the average term deposit volume increase by 2.6% from Rp 177,417 billion to Rp 181,944 billion in 2013.

The demand and savings deposit COF increased slightly in 2013 from 1.5% in 2012 to 1.6%, while the term deposit COF rose from 5.0% in 2012 to 5.6% in 2013. Overall, COF was up from 3.1% in 2012 to 3.3% in 2013.

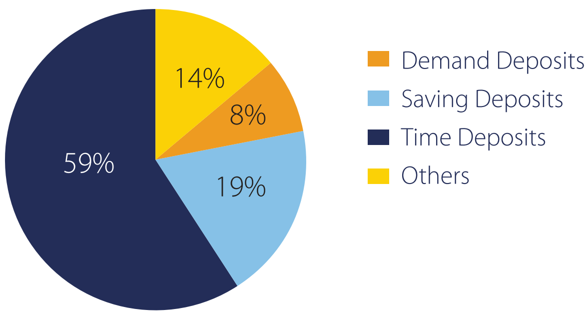
COMPOSITION OF INTEREST & SHARIA EXPENSE

	2010		2011		2012		2013	
	Rp. Billion	% Total	Rp. Billion	% Total	Rp. Billion	% Total	Rp. Billion	% Total
Demand Deposits	1.294,0	9,0%	1.116,0	7,0%	1.259,8	8,4%	1.398,9	8,0%
Saving Deposits	2.585,0	18,0%	3.009,0	18,9%	2.860,1	19,0%	3.218,4	18,5%
Time Deposits	8.939,0	62,1%	10.031,0	62,9%	8.814,4	58,7%	10.218,6	58,6%
Others	1.577,0	11,0%	1.778,0	11,3%	2.085,6	13,9%	2.596,3	14,9%
Total	**14.395,0**	**100,0%**	**15.934,0**	**100,0%**	**15.019,9**	**100,0%**	**17.432,2**	**100,0%**

Composition of Interest & Shariah Income 2013



Composition of Interest & Shariah Income 2012



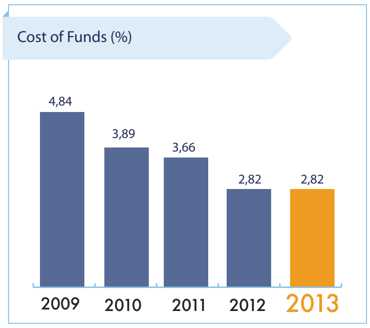
financial performance analysis

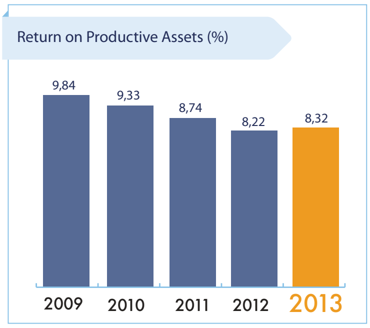
AVERAGE VOLUME DETAILS OF FUNDS (RP Billion) & YIELD								
	2010		2011		2012		2013	
	average volume	% p.a	average volume	% p.a	average volume	% p.a	average volume	% p.a
Demand Deposits	71.577	1,8%	76.343	1,5%	95.013	1,3%	100.286	1,4%
Saving Deposits	118.016	2,2%	143.801	2,1%	177.450	1,6%	187.418	1,7%
Time Deposits	147.137	6,1%	166.515	6,0%	177.417	5,0%	181.944	5,6%
Interest Bearing Liabilities	354.708	4,1%	409.067	3,9%	480.906	3,1%	501.145	3,3%

NET INTEREST INCOME

Net interest, shariah and premium income increased 19.2% from Rp 29,694 billion in 2012 to Rp 35,403 billion in 2013. This increase was primarily driven by increased lending in tandem with lower interest expenses.

The following graphs show interest income from productive assets, interest expenses on third-party funds, and net the interest income margin.





financial performance analysis

COMPOSITION OF INTEREST & SHARIAH INCOME						
	2011		2012		2013	
	Rp Billion	% p.a	Rp Billion	% p.a	Rp Billion	% p.a
Loans	26.603	70,5%	32.310	75,9%	38.195	76,1%
Government bonds	4.214	11,2%	3.075	7,2%	3.484	6,9%
Placements	1.281	3,4%	731	1,7%	847	1,7%
Securities	1.387	3,7%	887	2,1%	1.085	2,2%
Consumer finance income	546	1,5%	654	1,6%	920	1,8%
Shariah income	3.390	9,0%	4.347	10,2%	5.070	10,1%
Other	309	0,8%	546	1,3%	608	1,2%
Total	**37.730**	**100,0%**	**42.550**	**100,0%**	**50.209**	**100,0%**

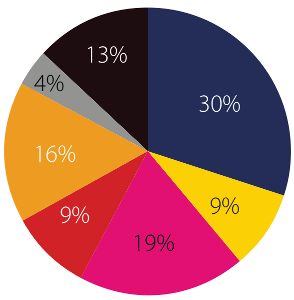
INCOME FROM ADMINISTRATION FEES (PROVISI) AND COMMISSIONS

In 2013, income from administration fees (provisi) and commissions rose 17.6% from Rp 7,400 billion in 2012 to Rp 8,704 billion. The contribution of administration fees and commissions to total other operating income in 2013 amounted to 59.3%. The fact that income from administration fees and commissions only grew by 17.6 % was because growth in fee income at Company subsidiaries in 2013 was confined to 9.7%.

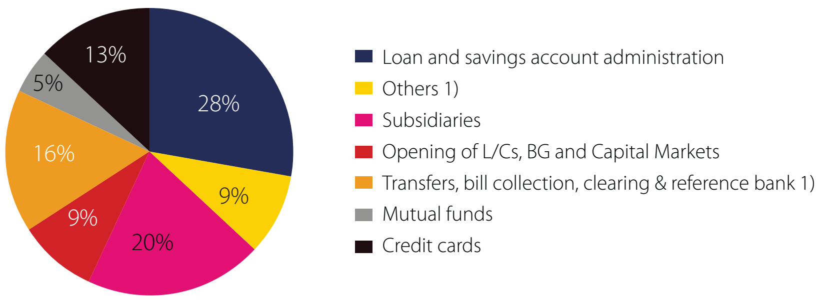
Income from Administration Fees (Provisi) and Commissions	Rp Billion		%
	2012	2013	
Loan and savings account administration	2.061	2.603	26,3%
Other	663	799	20,5%
Subsidiaries	1.502	1.648	9,7%
Opening of L/Cs, BG and Capital Markets	640	784	22,5%
Transfers, bill collection, clearing & reference bank 1)	1.201	1.373	14,4%
Mutual funds	353	359	1,7%
Credit cards	980	1.138	16,1%
Total	7.400	8.704	17,6%

1) Includes debit and ATM cards

Breakdown of Income from Administration Fees and Commissions, 2013



Breakdown of Income from Administration Fees and Commissions, 2012



SIGNIFICANT OTHER OPERATING INCOME

Other operating income in 2013 increased from Rp 12,236 billion in 2012 to Rp 14,506 billion. Net income on foreign exchange transactions also increased significantly by 69.4% from Rp 1,094 billion in 2012 to Rp 1,853 billion. Meanwhile, other income recorded an increase of 21.3% from Rp 3,403 billion in 2012 to Rp 4,129 billion. This was primarily due to the reacceptance of loans that had been written-off in the previous period and income from loan write-offs. The composition of non-interest income to total income (NII + POL) was 29.1% in 2013.

Other Operating Income (Non Interest) (Rp billion)		
	2012	**2013**
Foreign currency transactions – net	1.094	1.853
Other administration fees (provisi) and commissions	7.400	8.704
Gains/(losses)/impairments & sales of government bonds & securities	339	(180)
Other	3.403	4.129
Total	**12.236**	**14.506**

Commitments and Contingencies

Total credit risk-bearing commitments and contingencies per 31 October 2013 were 21.4% higher compared with 2012. The increase was primarily due to the provision of rupiah and foreign-currency denominated bank guarantees, which were up 17.5% and 59.5% respectively.

Commitments and contingency write-offs per 31 December 2013 and 2012 amounted to Rp 201 billion and Rp 189 billion, respectively.

Collectability of Commitments and Contingencies per 31 December 2012 – 2013 (Rp billion)		
	2012	**2013**
Performing	89.911	109.139
Non-performing	34	60

Credit Risk-Bearing Commitments & Contingencies per 31 December 2012-2013 (Rp billion)		
	2012	**2013**
Rupiah		
Loan commitments not yet drawn down	26.706	23.504
Irrevocable L/Cs	2.055	3.039
Bank Guarantees	20.239	23.778
Standby L/Cs	2.302	1.627
Total Rupiah	**51.302**	**51.948**

financial performance analysis

Credit Risk-Bearing Commitments & Contingencies per 31 December 2012-2013 (Rp billion)		
	2012	**2013**
FOREIGN CURRENCY		
Loan commitments not yet drawn down	2.674	5.406
Irrevocable L/Cs	9.909	12.179
Bank Guarantees	20.469	32.642
Standby L/Cs	5.589	7.026
Total Foreign Currency	**38.641**	**57.253**
Grand Total	**89.943**	**109.201**

GAINS (LOSSES) ON SALES OF SECURITIES AND GOVERNMENT BONDS

Gains on the sale of securities and government bonds in 2013 were recorded at Rp 39 billion, representing a decline of 86.9% compared with 2012, with the details being as follows

(Rp Billion)

	2012	**2013**
Securities	26	3
Government bonds	271	36
Total	**297**	**39**

GAINS (LOSSES) ON CHANGES IN VALUE OF SECURITIES, GOVERNMENT BONDS AND INVESTMENTS BY UNIT-LINKED CONTRACT POLICY HOLDERS

Losses resulting from changes in the value of securities, Government bonds and investments by unit-linked contract policy holders in 2013 amounted to Rp 219 billion, compared with income of Rp 42 billion in 2012.

(Rp Billion)

	2012	**2013**
Securities	26	(26)
Government bonds	16	(193)
investments by unit-linked contract policy holders	-	-
Total	**42**	**(219)**

OTHER OPERATING EXPENSES

In 2013, other operating expenses increased 13.7% from Rp 18,913 billion in 2012 to Rp 21,500 billion. However, this increase was less than the 19.0% growth recorded in total operating income (NII + POL). General and administrative expenses experienced the largest increase (19.9%) from Rp 8.254 billion in 2012 to Rp 9,898 billion in 2013. Similarly, salaries and allowances were up 17.2% from Rp 8,046 billion in 2012 to Rp 9,431 billion in 2013. Other expenses – net declined from Rp 2,613 billion in 2012 to Rp 2,171 billion in 2013.

financial performance analysis

Other Operating Expenses (Rp Billion)		
	2012	2013
General & Administrative	8.254	9.898
Wages and allowances	8.046	9.431
Other – Net	2.613	2.171
Total other operating expenses	**18.913**	**21.500**

Breakdown of Overhead Expenses			
	2012 (Rp Billion)	2013 (Rp Billion)	% Change
Overhead			
IT & Telecommunications	971	1.208	24,4%
Rental, maintenance, depreciation & miscellaneous	1.781	2.108	18,4%
Promotion and sponsorship	1.059	1.100	3,9%
Transportation & travel	502	579	15,4%
Profession & Other services	1.006	1.318	31,0%
Employee expenses	1.067	1.440	35,0%
Subsidiaries	1.868	2.146	14,9%
Total	**8.254**	**9.898**	**19,9%**
Wages & Allowances			
Gross wage costs	2.125	2.383	12,1%
Allowances	3.878	4.453	14,8%
Post-employment benefits	190	327	71,1%
Training	319	374	17,2%
Subsidiaries	1.533	1.894	23,5%
Total	**8.046**	**9.431**	**17,2%**

BEBAN CKPN

Total impairment charges in 2013 increased by 43.9% from Rp 3,380 billion in 2012 to Rp 4,861 billion. In 2013, a loan impairment charge of Rp 35.8% was imposed, higher than the lending growth of 21.5% recorded in the same year. However, thanks to the consistent application of prudent policies, the cumulative impairment provision/NPL ratio in 2013 came in at 185.3%.

Net Impairment Charges (Rp billion)	2012	2013
Loan impairment charges	3.415	4.636
(Reversals)/Other AP provisions	9	236
Total impairment charges	3.424	4.872
(Reversals)/Provision for estimated commitment and contingency losses	(44)	(11)
Total net impairment charges	**3.380**	**4.861**

financial performance analysis

OPERATING AND PRE-TAX PROFIT

In 2013, core earnings increased 23.8% from Rp 21,615 billion in 2012 to Rp 26,750 billion, providing a contribution of 94.1% to operating profit before impairment expenses.

The increase in 2013 was primarily driven by growth in net interest and shariah income from Rp 27,531 billion in 2012 to Rp 32,777 billion, and a rise in premium income from Rp 5,664 billion in 2012 to Rp 6,446 billion in 2013.

Operating profit before impairment expenses rose from Rp 23,048 billion in 2012 to Rp 28,423 billion in 2013. This increase was principally due to the increase in core earnings in line with the rises in net interest and fee income, while growth in expenses was outpaced by goriwth in earnings, particularly net interest income.

Operating Profit Before Impairment Charges		
	2012 Rp Billion	**2013 Rp Billion**
core earnings [1)]	21.615	26.750
Foreign currency gains (losses)	1.094	1.853
Gains from increases in value and sales of government bonds & securities	339	(180)
Total operating profit before provision for write-offs	**23.048**	**28.423**

Note:
Consists of net interest income, income from administration fees (provisi), commissions and other fees, and other income, less overhead and other operating expenses.

INCOME TAX EXPENSES

Income tax expenses in 2013 were recorded at Rp 5,232 billion, up from Rp 4,461 billion in 2012. Bank Mandiri and its subsidiaries apply the balance sheet liability method in determining the income tax burden. Under the liability method, in the balance sheet deferred tax assets and liabilities are recognized for all temporary differences between the asset and liability amounts recorded in the balance sheet on the basis that tax is charged on the assets and liabilities at each reporting date.

This method also requires the recognition of future tax benefits that have not been used if it is probable that these benefits can be realized in the future.

Deferred tax is calculated using the tax rates that prevailed or substantively prevailed during the period in which the asset was realized or the liability settled. Changes in the carrying amount of assets and deferred tax liabilities due to changes in tax rates are charged to the current year, except for transactions that were previously charged or credited to equity. Deferred tax assets - net on 31 December 2013 amounted to Rp 4,322 billion, while on 31 December 2012 the equivalent figure was Rp 3,967 billion.

In accordance with PMK.238, the Financial Services Authority has submitted a notification on Bank Mandiri's compliance the Revenue Service. Accordingly, the Bank's corporate income tax liabilities for the years ended 31 December 2013 and 2012 were calculated based on a rate of 20%.

financial performance analysis

NET INCOME

After income tax, the bank's net profit for 2013 amounted to Rp 18,204 billion, up from Rp 15,504 billion in 2012. Meanwhile, book value per share and earnings per share were, respectively, Rp 3,747 and Rp 780.16.

PENDAPATAN KOMPREHENSIF

The total comprehensive income account recorded a deficit of Rp 834 billion in 2013, down 491% from 2012 when a surplus of Rp 213 billion was booked. This deficit was due to a net unrealized loss arising from a reduction in the value of marketable financial assets, where losses reached Rp 1,260 billion. In 2012, the value of marketable financial assets increased so as to produce a profit of Rp 278 billion.

TOTAL COMPREHENSIVE INCOME

After calculating comprehensive income after tax, total comprehensive income in 2013 rose 10.7% to Rp 17,996 billion in 2013 from Rp 16,257 billion in 2012.

EARNINGS PER SHARE

Earnings per Share (EPS) is consolidated net profit at the end of the current year divided by the average number of shares issued and fully paid up in the current year. The weighted average number of shares outstanding used as the divisor in calculating earnings per share in 2013 was 23,333,333,333. Accordingly, earnings per share in 2013 amounted to Rp 780.16, compared with Rp 664.46 in 2012.

Net earnings in 2013 increased 17.4% from Rp 15,504 billion in 2012 to Rp18,204 billion. This increase was primarily driven by an increase in net interest and shariah income from Rp 27,531 billion in 2012 to Rp 32,777 billion in 2013.

It was also driven by an increase other operating income from Rp 12,236 billion in 2012 to Rp 14,506 billion in 2013. Book value per share as of 31 December 2013 increased 14.2% to Rp 3,747 from Rp 3,280 at the end of 2012.

Earnings and Book Value Per Share		
	2012	**2013**
Earnings per share (Rp)	664,5	780,2
Book value per share (Rp)	3.280	3.747
Total weighted average per share in circulation	**23.333.333.333**	**23.333.333.333**

financial performance analysis

CASH FLOW REPORT

ABRIDGED CASH FLOW REPORT 2012-2013	2012 Rp Billion	2013 Rp Billion
Net cash flow from (used for) operations	9.048	12.734
Net cash flow from (used for) investments	(1.546)	(12.562)
Net cash flow from (used for) funding operations	(5.508)	6.354

CASH FLOW FROM OPERATIONS

Net cash inflow from operations in 2013 amounted to Rp 12,734 billion, principally derived from interest & shariah income, and income from administration fees (Provisi) and commissions, where were respectively Rp 48,006 billion and Rp 11,330 billion. Net cash inflows were also influenced by an increase in demand and savings deposits of Rp 42,375 billion, which were offset by interest and shariah expenses of Rp 17,292 billion, and additional lending of Rp 85,610 billion.

In 2012, net cash inflows from operating activities amounted to Rp 9,048 billion, mainly derived from interest and shariah income, and administration fees and commissions of Rp 41,306 billion and Rp 9,563 billion respectively. Net cash inflows were also influenced by the increase in demand and savings deposits of Rp 55,156 billion, but were offset by interest and shariah expenses amounting to Rp 15,062 billion, as well as additional lending of Rp 74,973 billion.

CASH FLOW FROM INVESTMENTS

Net cash used for investments in 2013 amounted to Rp 12,562 billion, which was primarily used to purchase fixed assets of Rp 1,584 billion, and increase holdings of marketable and held-to-maturity securities (Rp 6,410 billion) and marketable and held-to-maturity government bonds (Rp 4,643 billion).

Meanwhile, net cash flow from investments in 2012 amounted to Rp 1,546 billion, primarily due to the purchase of fixed assets (Rp 1,669 billion), a decline in holdings of marketable and held-to-maturity government bonds (Rp 377 billion) and an increase in holdings of marketable and held-to-maturity (Rp 97 billion).

CASH FLOW FROM FUNDING OPERATIONS

During 2013, net cash flow from funding operations amounted to Rp 6,354 billion, including an increase in loans received of Rp 6,689 billion and securities sold under repurchase agreements of Rp 4,656 billion.

Meanwhile, net cash flows used for funding operations during 2012 amounted to Rp 5,508 billion, which included the payment of funding dividends from the partnership program and environmental development programs amounting to Rp 2,941 billion, and payments in respect of subordinated loans amounting to Rp 714 billion.

financial performance analysis

Total current assets in 2013 reached Rp 145,424 billion, up from Rp 129,299 billion in 2012, thereby demonstrating the robustness of the Bank's liquidity position. Total current assets at the end of 2013 amounted to 19.8% of total assets, or 26.1% of total non-bank deposits, which further indicates the satisfactory nature of the Bank's liquidity position.

To support liquidity and increase productive assets, the bank also secured funding through Collateral Fund Borrowing. In addition, cash flows from third parties also significantly influenced the liquidity position of the Bank.

BANK MANDIRI'S LIQUIDITY POSITION per 31 December 2012 and 2013

	2012 Rp Billion	2013 Rp Billion
Current assets 1)	129.299	145.424
Marketable government bonds assessed at fair value based on L/R report	55.680	59.047
Loan to Deposit Ratio 2)	80,1%	84,46%
Current assets to total assets ratio	20,3%	19,8%
Current assets to deposits ratio	26,8%	26,1%

Notes:
1) Current assets consist of cash, demand deposits at Bank Indonesia, placements with Bank Indonesia, and other banks and financial institutions, and marketable portfolio securities (excluding government bonds) assessed at fair market value based on an L/R Report.
2) Deposits do not include deposits by other banks

ability to repay debt and loan collectability

Ability to Repay Debt

The Bank's ability to repay debt can be measured by, among other things, the liquidity ratio, solvency ratio, and profitability ratio. These ratios provide the benchmarks for Bank Mandiri in calculating the the possibility of emerging risks affecting its operations.

In addition, Pefindo, in its Letter No. 1766/PEF-Dir/X/2013, dated 9 October 2013, stated that it had resolved to restore Bank Mandiri's idAAA rating (Triple A, Stable Outlook) for the period October 2013 to 1 October 2014. This demonstrates the Bank's ability to meet its long-term financial commitments is relatively better when compared to other Indonesian obligors.

Bank Liquidity

Bank liquidity is influenced by funding structure, asset liquidity, liabilities to counterparties and loan commitments to borrowers. The Bank manages liquidity risks by calculating the size of the liquidity faced by the Bank. To assess the magnitude of the liquidity risk, the Bank uses a variety of indicators, including the Primary Reserve Ratio (the ratio of Minimum Demand Deposit Reserve and Cash), Secondary Reserve Ratio (liquidity reserves), and Loan to Deposit Ratio (LDR).

As of 31 December 2013, the Primary Deposit Reserve Position amounted to 8.00% of total Rupiah-denominated third-party funds, while the LDR Deposit Reserve Position was 0.00%. This was because there had been no infringements of the LDR limits set by Bank Indonesia and Secondary Rupiah Demand Deposit Reserve stood at 18.08% of total Rupiah deposits. As for foreign currency, the Bank maintained a Demand Deposit Reserve of 8.10% of total foreign currency third-party funds in accordance with the mandatory limits.

Secondary reserves (liquidity reserves) are liquid assets that function to support the primary reserves in respect of unscheduled funding requirements. In managing its secondary reserve, the Bank maintains a liquidity reserve safety level based on project liquidity reserves for three months ahead. As of 31 December 2013, the Bank's liquidity reserves was above the safety level.

LDR is the ratio between loans to third parties and deposits denominated in Rupiah and foreign exchange. LDR is used to identify the proportion of the Bank's funds derived from customer deposits, which are generally placed with the Bank on a short-term contractual basis, that are used to finance assets in the form of loans, which in general are illiquid. As of 31 December 2013, Bank Mandiri's LDR stood at 82.97%, an increase of 5.31% from 2012. This level is categorized as "highly liquid" in the assessment of Bank Soundness. Bank Mandiri's LDR Mandiri is located within the LDR limit range set by Bank Indonesia (78% to 92%), which provides a useful indicator of the financial health of a bank.

ability to repay debt and loan collectability

Solvency

Bank Mandiri measures solvency through its capital ratio. Bank Mandiri applies prudent capital policies by diversifying sources of capital in line with the long-term strategic plan, and allocates capital efficiently to those business segment that provide an optimal risk-return profile, including making placements and investments in subsidiaries, in order to meet the expectations of stakeholders, including investors and regulators.

Bank Mandiri ensures that it has adequate capital to cover its credit risks, market risks and operational risks, as reflected in the Bank's Capital Adequacy Ratio (CAR). The Capital Adequacy Ratio is the ratio of capital to risk-weighted assets (RWA). Based on Bank Indonesia regulations, the ratio of capital to credit risk consists of core capital ("Tier I") and Supplementary Capital ("Tier II"), less investments in subsidiaries. In order to calculate market risks, the Bank may also include Additional Supplementary Capital ("Tier III"), which consists of such things as short term subordinated loans short that meet certain criteria as capital components. Bank Mandiri's Capital Adequacy Ratio (Bank only) is as shown below:

	2012	2013
CAR for core capital	13,60%	13,40%
CAR for credit risks	17,66%	16,99%
CAR for credit and operational risks	15,52%	14,99%
CAR for credit and market risks	17,61%	16,92%
CAR for credit, operational and market risks	15,48%	14,93%

Bank Mandiri's capital adequacy ratio (Bank only) on 31 December 2013, taking into account credit, operational and market risks, stood at 14.93%. This level is on border line between CAR and CAR incentive, which has been set by Bank Indonesia at 14%.

Profitability

The consolidated profitability of the Bank is measured using the following ratios:

	2013	2012	2011	2010	2009
ROE	22,23%	22,60%	21,98%	24,24%	22,06%
ROA	3,54%	3,54%	3,38%	3,40%	2,96%
NOM	5,57%	5,46%	5,11%	5,28%	5,04%
CER	42,93%	45,47%	46,13%	42,36%	44,97%
BOPO	67,66%	68,13%	70,75%	69,08%	72,73%

In 2013, the Bank recorded a stable Return on Assets of 3.54%, while Net Interest Margin increased to 5.57% from 5.46% in 2012. Based on this NIM level, Bank Mandiri is one of the Banks with a highest profitability levels.

The Bank's Cost Efficiency Ratio Bank in 2013 was 42.93%. This shows the success of the Bank in implementing strategies to boost operational efficiency and effectiveness, increase lending and expand operations.

ability to repay debt and loan collectability

The BOPO ratio decreased to 67.66% from 2012, when it was 68.13%. This ratio indicates the success of management in maintaining the efficiency and effectiveness of operations.

Taken together, the above ratios show that the bank has the capacity to generate profit and benefits from a high level of efficiency in conducting its operations.

Loan Collectability

Loan collectability at Bank Mandiri may be seen from total non-performing loans (NPLs). The level of NPLs at the Bank remained under control in 2013 at around 1.91% or Rp 9 trillion. This is significantly below the NPL ceiling set by Bank Indonesia.

(Rp Billion)

	2013	2012	2011	2010	2009
Loans	**472.435**	**388.830**	**314.381**	**246.201**	**198.547**
Performing	445.659	366.671	294.385	223.258	173.497
Under Supervision	17.755	14.856	12.986	16.924	18.838
Substandard	1.222	1.170	948	1.437	877
Doubtful	1.061	812	877	787	921
Macet	6.738	5.319	5.185	3.795	4.414
NPLs	**9.021**	**7.302**	**7.010**	**6.019**	**6.212**
NPLs (%)	1,91%	1,88%	2,23%	2,44%	3,13%

capital structure and capital structure management policies

CAPITAL STRUCTURE POLICIES

Bank Mandiri applies prudent capital policies by diversifying sources of capital in line with the long-term strategic plan, and efficiently allocating capital to business segments that provide optimal risk-return profiles, including making placements and investments in subsidiaries, in order to meet the expectations of stakeholders, including investors and regulators.

The Bank ensures that it has sufficient capital to cover credit, market and operational risks. It adheres to the relevant Bank Indonesia regulations on the calculation of capital adequacy to cover credit risks, market risks and operational risks. As regards credit risks, the Bank uses the Basel II Standardized Approach. For market risks, it applies the Standard Model, while internally its uses the Value at Risk as Internal Model approaches. For operational risk, the Bank refers to the Basel II Basic Indicator Approach, and has conducted Standardized Approach simulations.

Bank Mandiri has implemented Bank Indonesia Regulation (PBI) No.14/18/PBI/2012 dated 28 November 2012 on Minimum Capital Requirements for reporting per 31 December 2013.

In accordance with Bank Indonesia regulations, the capital adequacy ratios (bank only) in on 31 December 2013 and 2012 were:

CAPITAL STRUCTURE (Rp Billion)

	31 December	
	2013	**2012**
Capital:		
Core Capital	65.854	54.438
Supplementary capital	7.491	7.509
Total capital for credit risks, operational risks and market risks	**73.345**	**61.947**
Credit Risk Weighted Assets	431.633	350.761
Operational Risk Weighted Assets	57.671	48.385
Market Risk Weighted Assets	1.972	1.044
Total RWA for credit risks, operational risks and market risks	**491.276**	**400.190**

capital structure

	31 December	
	2013	2012
CAR for core capital	13,40%	13,60%
CAR for credit risks	16,99%	17,66%
CAR for credit and operational risks	14,99%	15,52%
CAR for credit and market risks	16,92%	17,61%
CAR for credit, operational and market risks	14,93%	15,48%
Minimum Core Capital CAR	5,00%	5,00%
Total Capital Minimum CAR	8,00%	8,00%

1. Core Capital
   This is Bank capital comprised of the paid-up share capital, reserves expressed as:
   donated capital, additional paid-in capital, retained earnings (including retained earnings reserved for specific purposes), impairments for marketable financial instruments, differences due to translation of the financial statements of foreign branches, and mandatory provisions for write-offs of non-productive assets and investments (50%). Core capital in 2013 (Bank Mandiri only) amounted to Rp 65,854 billion, an increase of 20.97% from the Rp 54,438 billion a year earlier. This was due to additional capital derived from the retained earnings component.
2. Supplementary Capital (maximum 100% of core capital)
   The definition of supplementary capital covers Bank capital consisting of the revaluation of fixed assets, provisions for write-offs of productive assets and subordinated loans and investments (50%). Supplementary capital in 2013 (Bank Mandiri only) amounted to Rp 7,491 billion, a decrease of 0.24% from Rp 7,509 billion a year earlier.

material commitments in respect of capital investments

INVESTMENTS IN AREAS OTHER THAN INFORMATION & TECHNOLOGY

Development of Distribution Network

Throughout 2013, Bank Mandiri entered into various material commitments for capital goods to expand its distribution network and services through the expansion and modernization of the Automated Teller Machine (ATM) and Electronic Data Capture (EDC) machine networks, and the construction of new branch offices in strategic locations. These commitments were denominated in both Rupiah and US Dollars, the cost being derived from the Bank's internal funds.

The branch network was expanded through the opening of 53 new branches, consisting of 1 sub-branch and 52 cash offices, 20 payment points, 1 priority outlet, and 4 priority lounges around the country, as well as 1 cash office overseas, specifically in East Timor. In addition, the micro business network was also expanded through the opening of 174 Mandiri Micro Unit branches and 138 Mandiri Micro Unit outlets. The business unit network was also expanded through the opening of 20 Business Banking Floors, 20 Business Banking Desks, 20 Mandiri Business outlets, one Trade Service Desk, three Consumer Loan Business Centers, and 7 Consumer Loan Business Outlets.

The extension and modernization of the ATM network was carried out through the addition of 529 new Mandiri ATMs, which consisted of of 469 cash dispenser machines, 50 cash deposit machines, 5 mobile ATMs, and 5 drive-thru ATMs, as well as the modernization of 971 existing Mandiri ATMs.

INVESTASI INFORMATION & TECHNOLOGY

Integrated Banking System Agreement with Vendor

On 20 July 2001, Bank Mandiri entered into an agreement with a vendor for the procurement of software and installation services for an integrated banking system, known as the Enterprise Mandiri Advanced System (eMAS), with the value of the contract (including 10% VAT) being USD47,535,022.70. Additional agreements were also entered into on 23 April 2002, 28 August 2003, 12 April 2004, 4 July 2005, 22 September 2008 and December 2009, with the contract values of each (including VAT) being USD20,467,218.20, USD462,000, USD1,014,344.21, USD44,000, USD44,000 and USD44,000, respectively. On 8 September 2008, the Bank entered into an amended agreement with the vendor related to the CRM modules contained in the contract of 23 April 2002, which changed the value of the contract from USD5.262,865. 3 to USD1,55,000, meaning that the total value of the contracts amounted to USD65,502,719.81.

As of 31 December 2011, a total of USD65,489,516.88 had been paid under the contracts. Estimated percentage completion as of 31 December 2011 was 99.98%. On 14 September 2009, the Bank entered into an agreement with the vendor to provide additional features under the eMAS Application Management Services 2008 agreement based on a blanket order system up to a maximum contract value of USD693,000. The The agreement to use the blanket order system was based on the estimation of the actual man days that would be required by the vendor to complete the work. As of 31 December 2011, the value of the contract based on a realization payment approach amounted to USD547,112.50, while Bank Mandiri had booked realization value as a fixed asset of USD449,350,00

Material commitments in respect of capital investments

so that the estimated level of project completion as of 31 December 2011 was 82.13%. On 15 January 2011, Bank Mandiri entered into an agreement with the vendor to add further features in accordance with the eMAS Application Management Services 2010 agreement based on the blanket order system up to a maximum contract value of USD1,052,722. As of 31 December 2011, the value of the contract based on a realization payment approach amounted to USD691,283.45, while Bank Mandiri had booked realization value as a fixed asset of USD359,700.00 so that the estimated level of project completion as of 31 December 2011 was 52.03%.

On 22 November 2012, Bank Mandiri entered into an agreement with the vendor to add further features in accordance with the eMAS Application Management Services 2011 agreement based on the blanket order system up to a maximum contract value of USD866,125, and under Application Management Services for USD 1,190,000, bringing the total maximum contract value to USD 2,056,125,. On 31 December 2012, the value of the contract based on a realization payment approach amounted to USD627,000, while Bank Mandiri had booked a realization value as a fixed asset of USD627,000 so that the project was completed on 31 December 2012.

As of 31 December 2013, the value of the contract based on a realization payment approach for the Application Management Services amounted to USD 1,078,350, while Bank Mandiri had booked realization value as a fixed asset of USD977,900 so that the estimated level of project completion as of 31 December 2013 was 82.18%.

RISK MITIGATION

Taking into account that the bank has assets denominated in U.S. dollars, which also provide income in U.S. Dollars, this indirectly provides a natural hedge in respect of Bank Mandiri's foreign currency denominated liabilities.

material increases in revenue

Amid generally unfavorable economic conditions, the Mandiri Group managed to significantly improve its financial performance in 2013. This improved financial performance was in line with increased volumes of high quality business, greater operational efficiency, and loans and improvements in the lending and public funds structure.

As of the end of 2013, the Mandiri Group had booked a net profit of Rp 18.2 trillion, an increase of 17.4% over 2012, when the Group's net profit amounted to Rp 15.5 Trillion. The Bank's return on equity (ROE) in 2013 stood at 22.23%.

INTEREST INCOME

Growth in the global economy slowed in 2013, with increased volatility in the money and capital markets, high inflation, and tighter liquidity. Bank Indonesia's policy of encouraging increased bank intermediation also contributed to the tightening of liquidity as reflected in the increase in Mandiri Group's LDR of 435 bps in 2013, from 80.11% in 2012 to 84.46%.

To support the growth of a healthy and sustainable business in the future, strong support is needed for the application of prudential lending principles. Consequently, the Mandiri Group in 2013 focused on improving credit quality and being selective in lending. By applying these strategies, lending grew 21.5% YoY, slightly slower that the 23.7% YoY recorded in 2012 but with continuing good credit quality. Gross NPLs were held at 1.9%, based on a quite large coverage ratio of 185.3%.

The maintenance of loan quality was accompanied by an increase in the contribution of retail loans, which amounted to 31.2% of total lending, or Rp130.2 trillion. This resulted in an 18% YoY increase in interest income during 2013 from Rp42.5 trillion in 2012 to Rp50.2 trillion. Of the total interest income, Rp38.2 trillion or 76.07% was contributed by interest income from lending operations.

Interest income from government bonds also increased by 13.29% YoY from Rp 3.08 trillion in 2012 to Rp 3.48 trillion as of the end of December 2013. This increase came on the back of a 230 bps increase in SPN interest rates from their average range of 2.5% - 3% in 2012. Bank Mandiri's total holding of government bonds amounted to Rp82.23 trillion or 11.2% of the Bank's total assets.

Breakdown of Interest and Shariah Income

Type of Interest Income	2011		2012		2013	
	Rp Billion	% Total	Rp Billion	% Total	Rp Billion	% Total
Loans	26.603	70,5	32.310	75,9	38.195	76,1
Government Bonds	4.214	11,2	3.075	7,2	3.484	6,9
Placements	1.281	3,4	730	1,7	847	1,7
Securities	1.387	3,7	887	2,1	1.085	2,2
Financing Income	546	1,4	654	1,6	920	1,8
Shariah Income	3.390	9,0	4.347	10,2	5.070	10,1
Other	**309**	**0,8**	**547**	**1,3**	**608**	**1,2**
Total Interest Income	**37.730**	**100,0**	**42.550**	**100,0**	**50.209**	**100,0**

material increases in revenue

INTEREST EXPENSES

Total interest expenses increased by 16.1% from Rp 15.0 Trillion in 2012 to Rp 17.4 trillion in 2013 due to quite significant growth in third-party funds, especially savings and time deposits, which were up respectively by 17.4% and 17%, higher than the growth in demand deposits, which increased by only 8.4% in line with the 175 bps increase in the BI rate during 2013. This also resulted in the ratio of Low Cost Funds declining from 65.5% in 2012 to 64.7% in 2013.

INTEREST EXPENSES						
	2011		2012		2013	
	Rp. Billion	% Total	Rp. Billion	% Total	Rp. Billion	% Total
Demand Deposits	1.116	7,0	1.260	8,4	1.399	8,0
Savings Deposits	3.009	18,9	2.860	19,0	3.218	18,5
Time Deposits	10.031	62,9	8.814	58,7	10.219	58,6
Other	1.798	11,3	2.086	13,9	2.596	14,9
Total	**15.954**	**100**	**15.020**	**100**	**17.432**	**100**

NET INTEREST INCOME

Net interest income and net premiums in 2013 amounted to Rp35.4 trillion, an increase over 2012, when the equivalent figure was Rp29.7 trillion. The increase was due to an increase in interest income in line with retail loan growth of 23.7% YoY so that the yield on assets increased 234 bps to 10.56% in 2013, compared with 8.22% in 2012. This in turn led to an increase in NIM of 5.46% in 2012 to 5.57% in 2013.

SIGNIFICANT OTHER OPERATING INCOME

Other Operating Income (POL) in 2013 increased 18.6% from Rp 12.2 trillion in 2012 to Rp 14. 5 Trillion in 2013. One contributor to the increase in other operating income was a rise in foreign currency transaction revenue of 69.3% from Rp 1 trillion in 2012 to Rp 1.8 trillion in 2013 on the back exchange rate movements in 2013. Miscellaneous income grew 21.3% from Rp 3.4 trillion in 2012 to Rp 4.1 trillion in 2013. Meanwhile, securities and government bond transactions decreased from Rp339 billion in 2012 so as to give a loss of Rp 180 billion in 2013. This was caused by a decrease in gains from securities trading, as well as a decrease in the volume of securities traded.

material increases in revenue

Other Operating Income (Rp Billion)		
	2012	**2013**
Administration Fees (Provisi) and Commissions	7.400	8.704
Foreign currency transaction income	1.094	1.853
Gain/(Loss) on Decline in Value of Government Bonds and Securities	339	(180)
Others	3.404	4.129
Total	**12.237**	**14.506**

OTHER OPERATING EXPENSES

In 2013, other operating expenses, consisting of general administrative expenses, salaries and allowances and others – net, increased from Rp18.91 trillion to Rp21.50 trillion, 13.7% YoY. However, the controlled increase in costs was still well below the growth in operating income of 19.0% YoY. Labor costs increased in line with the Bank's expansion, with additional staff being hired for both new and existing branches so as to optimize business potential and increase added value for the customer.

During the course of 2013, the Mandiri Group hired an additional 3,220 employees, with the total number of employees increasing from 30,762 in 2012 to 33,982 in 2013. To continue enhancing employee satisfaction, which in turn will have a positive impact on customer satisfaction, Mandiri Group made further improvements to its incentive and training programs so as to boost the capacities of staff. Thus, the increase in labor costs will in fact have a positive impact in the form of better corporate earnings.

Other Operating Expenses (Rp Billion)			
	2011	**2012**	**2013**
General and Administrative Expenses	6.578	8.254	9.899
Salaries and allowances	6.766	8.046	9.431
Other-net	2.968	2.613	2.171
Total other operating expenses	**16.312**	**18.913**	**21.501**

IMPAIRMENT AND PRODUCTIVE ASSET PROVISIONS

Total provisions for impairment losses in 2013 increased by 43.2% YoY from Rp 3.39 trillion in 2012 to Rp 4.86 trillion. This increase was deemed necessary by Bank Mandiri Management so as to anticipate the economic turbulence of 2013.

OPERATING PROFIT AND PROFIT BEFORE TAX

In 2013, income from operations increased by 19.4% to Rp23.6 trillion, compared with Rp19.6 trillion in 2012. Bank Mandiri also earned Net Non Operating Income amounting to Rp510 billion in 2013, bringing total pre-tax profit to Rp24.1 trillion, up 17.4% compared with 2012, when the figure was Rp20.5 trillion.

NET PROFIT

Net profit after taking into account corporate income tax in 2013 amounted to Rp18.2 trillion, an increase of 17.4% from 2012, when the figure was Rp15.504 trillion, while net income per share amounted to Rp780.16.

comparation between target and realization in book of year

ACHIEVEMENT OF TARGETS IN 2013

In general, Bank Mandiri recorded satisfactory progress in 2013, as evident from the following:

1. 21.5% YoY loan growth, higher than the set target of approximately 20%, with the NPL ratio being maintained at at 1.90%, much better than the target of 2.25%.
2. Low Cost Funds amounted to Rp359.96 trillion, comfortably exceeding the target of Rp350 trillion and accounting for 64.7% of total funds.
3. Net Interest Margin (NIM) of 5.57%, up 11 bps compared with 2012 and slightly better than the 2013 target of 5.46%.
4. Efficiency was improved, as reflected by a 254 bps improvement in the efficiency ratio to a level of 42.93%, much better than the target of 45%.
5. The distribution network also expanded by more than the set target. The number of branch offices increased by 240 to 2,050 in 2013, exceeding the set target by 60 units.

2014 TARGETS

For 2014, having regard to the condition of the Indonesian economy, availability of business infrastructure and the level of competition in the banking industry, the Mandiri Group is targeting the achievement of the following key milestones::

1. Retail credit growth of above 25%
2. Maintaining the contribution of Low Cost Funds cheap funds in a range of 69%
3. Maintaining the NPL ratio at 2%
4. CER ratio of below 40%

	2013 Targets	2013 Achievements	2014 Targets
Lending growth	20%	21.5%	16% – 18%
Low Cost Funds	Rp350 Tn	Rp359,96 Tn	Rp406,7 Tn
NIM.	5,50%	5,57%	~5.7%
Efficiency Ratio	45%	42,93%	<40%
Gross NPLs	2,25%	1,9%	2%

Material information and facts arising after the date of accountant's report

No material information or facts arose after the date of the accountant's report that could have a significant impact on the Company's future performance and business risks.

business prospects

The year 2013 was a challenging one for the economy and the banking industry. Risky developments in the United States, such as tapering and the government shutdown, put considerable pressure on emerging market economies, including Indonesia. They encouraged increased volatility in the money and capital markets in emerging countries, as reflected in currency depreciation and tightening liquidity. Significant internal pressures in Indonesian emerged along with reductions in fuel subsidies, and increases in electricity prices and the local minimum wage, all of which served to put the country on course for double digit inflation.

Amid the economic slowdown and the pressure on business development, especially in the retail segment, Mandiri Group was nevertheless able end 2013 with a highly satisfactory financial performance. Mandiri Group continued to show sustained business growth by maintaining consistency in its focus on three business segments, namely, Transaction Wholesale, Retail Deposits and Retail Payment & Financing. The Company continued to grow its business by focusing on improvements in asset quality and adhering to prudential principles, while further developing transaction-based business so as to strengthen liquidity. We remain committed to completing our strategic initiatives in 2013 in order to improve performance in a sustainable manner. This is very important as it will lay a strong foundation for the Mandiri Group on entering 2014, which marks the end of Stage II of the Bank's transformation process.

During the course of 2013, the Mandiri Group also took a number of important steps to ensure sustainable growth by focusing on the efficient and effective use of capital. Management consistently improves the application of prudential banking principles, good corporate governance, the internal control and auditing functions, and compliance. All of these things are being gradually introduced to Bank Mandiri's subsidiaries. This is necessary so as to obtain more comprehensive results in respect of all operations of the Mandiri Group as part of the effort to realize the Bank's vision of becoming the Most Admired and Progressive Financial Institution in Indonesia in 2014.

The year 2014 is a crucial one both economically and politically, with a wide range of external and external challenges that will need to be faced. Volatility in the money and capital markets is expected to remain high due to negative market sentiment towards tapering in the United States and a shift in the global economic landscape away from the developing economies. Liquidity in the banking industry will also be tighter in line with a high LDR and slowing growth as a result of a shift into government bonds. Loan quality in the national banking industry also has the potential to decline, especially loans provided to importers and corporations.

In the light of these global developments, Bank Indonesia forecasts economic growth in Indonesia to be in a range of 5.8% - 6.2%. BI will remain consistent in its efforts to steer inflation in the direction of its targets of 4.5% ± 1% in 2014, and 4% ± 1% in 2015, and to bring the current account deficit down to a healthier level. The current account

business prospects

deficit in 2014 is expected to be between USD 25 billion and USD 25 billion, or 2.9% of gross domestic product. This would mark an improvement on 2013, when the deficit is expected to come in at USD 31 billion, or 3.6 percent of GDP. (Source: Board of Governors of Bank Indonesia, January 2014)

The external challenges to growth in the banking industry also arise from the political arena, given that 2014 will see Indonesia hold both legislative and the presidential elections. The Indonesian banking industry will also need to prepare a strong foundation next year to prepare for the launch of Asean Economic Community in 2015. Meanwhile, internally the Mandiri Group also faces the challenge of completing its continuing transformation in accordance with the Long Term Work Plan (Corporate Plan) 2010-2014. The outcome of the transformation process in 2014 will provide the foundation for future business development and transformation.

To support the growth of the Bank's business in 2014, we will focus specifically on managing liquidity carefully and cautiously, and exercising discipline in maintaining asset quality and in managing margins so as to achieve profit and growth targets. In addition, amid increasingly complex and intense competition, we will also strengthen and our human resources, technology, and risk management infrastructure. Disciplined development and capacity building will lay strong foundations for the Mandiri Group to improve its competitiveness at the regional level and ultimately make Bank Mandiri the Best Bank in ASEAN 2020.

marketing

MARKETING STRATEGIES

In promotion and marketing, the Bank uses the "360 ° Marketing Strategy" as a guideline that serves as the basis of a variety of marketing strategies for customer contact point using both the conventional and digital media, and for assessing the success of marketing programs.

In 2013, we continued the marketing initiatives we applied in 2012. However, we also increased our budget allocation for marketing on TV and in the print media to "below the line" level, as well as for digital marketing, with the focus being on the use of online media, including paid online media, social media, and microsites. The initiative proved to be effective in encouraging increased activation of products / programs and in reducing the cost of promotion.

From a marketing aspect, alliances between the Business Units, task forces and subsidiaries of Bank Mandiri, including as regards the utilization of media, are important and were further intensified across all segments. In addition, promotional activities through alliances were also intensified, as was the development of products and programs tailored to the specific needs of customers. Looking ahead, communication and marketing alliances with subsidiaries should be further improved so as to enhance budget productivity and effectiveness, and increase the market penetration of subsidiaries.

Our value chain marketing strategy has proved effective in sustainably increasing customer deposits and so should be further intensified. Currently, customer acquisition through a value chain approach aimed at gas stations, telecommunications providers, and cement, cigarette, and textile producers has proved to be highly successful. The focus for the future will be directed at significantly increasing average balances. We also need to attract more deposits from the public, particularly low-cost funds, particularly as regards demand and savings deposits. This will be done by increasing the volume of customer transactions and developing effective marketing programs. The Export Foreign Exchange (DHE) program will be intensively implemented by all Business Units so as to directly increase the collection of foreign currency Low Cost Funds arising from export transactions. We will also encourage exporters to repatriate export proceeds back to Indonesia.

In the Corporate and Commercial segment, our marketing approach is based on customer intensification and extensification strategies focused on the potential funding capacity of SOEs and Government Agencies, which continue to play a very dominant every year and where the bank enjoys a quite large market share. The potential flow of funds from government budgets in regions around the country is also highly prospective. In addition, we also plan to increase the number of customers outside of the SOE sector, especially customers that are not specifically related to the state budget. Intensifying the collection of Low Cost Funds is also carried out by increasing the number of transactions by existing clients so as reduce dependence on SOE funds, which are characterized by quite high levels of volatility.

Our growth will focus will also be directed at increasing the number of new customer accounts, especially by corporate business customers, whose transaction and deposit levels continue to grow sustainably. Bank Mandiri always encourages client borrowers to use checking accounts.

As regards consumer cards, we plan to expand our focus in the future so as to encompass not only revolving clients but also transactor clients through the use of new, tailor-made marketing programs. Our consumer card initiative will also be supported by the development of innovative marketing programs, improved the quality of service, new customer acquisition, expansion of focus to second -tier cities, increasing the number of active accounts, stabilizing the approval rate, and selecting programs and merchants that have the potential to increase the transaction and revolver rate. Meanwhile, to increase the volume of consumer loan sales, our monthly incoming application improvement initiative needs to applied sustainability, accompanied by increasing the number of developer PKS and the disbursement level, and stabilizing the approval rate

marketing

In the retail business segment, the focus will be directed at improving the growth in savings and demand deposits through an intensification strategy aimed at existing customers. Our focus will also be directed at increasing the number of new customer accounts, in particular by business customers that actively engage in transactions and are characterized by sustainable growth in deposits.

Another aspect of marketing that is equally important is to encourage each Business Unit to conduct better customer targeting, to get to know their customers well and to familiarize themselves with the competition situation in each region so that their marketing strategies can work effectively and efficiently.

These capabilities are highly strategic in enhancing the responsiveness of the organization to the market, thereby allowing the organization to avoid being marginalized due to an inability to deal with increasingly tight competition.

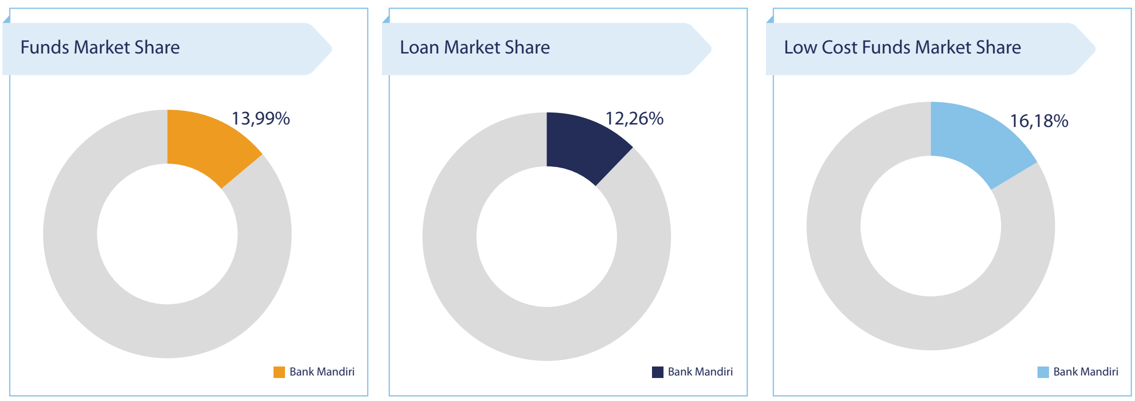
MARKET SHARE

In 2013, Bank Mandiri's assets increased to Rp733 trillion on the back of asset growth of 15.20%. Although the Bank remained dominant in asset-share terms, it faced significant competition, especially from the foreign banks operating in Indonesia.

Loan market share stood at 12.26%, which was supported by a loan growth of 21.4%. Although this was up on 2012, growth was slower as a result of unfavorable global economic developments. This also influenced our funds market share, which increased 22 bps to 13.99%.

To increase market share, we are actively marketing our products to our SOE partners and corporate customers, cross-selling products and availing of trickle-down business from our corporate and SOE customers. This is done through organizing events that offer products and services that are in line with the needs of our partners.

We apply a cross-selling strategy so as to provide integrated services to both new and existing customers. To that end, we consistently engaged in intensive coordination as between business units so as to boost the number of new customers in 2013. Trickle-down business from our corporate and SOE customers also improved the performance of other segments, such as the retail and medium segments. Our sales strategy is also becoming increasingly intense through the utilizing of our customer database, the contracting of third parties (dealers / developers), our approach to walk-in customers and the use of implant programs in collaboration with partners, such as in the case of the Home Ownership Program (HOP) and Car Ownership Program (COP).



dividend policy

DIVIDEND POLICY

In accordance with the applicable regulations in Indonesia, a dividend must be approved by the shareholders at the AGM. The determination of the size and payment procedures of a dividend is carried out having regard to various factors, including the financial soundness of the Company, capital adequacy level and the Company's funding requirements for business expansion, without prejudice to the right of the AGM to determine otherwise in accordance with the Articles of Association.

The size of a dividend is determined and approved by the AGM. The Company's management prepares plans to distribute a dividend if there is surplus cash from operations after the necessary allocations have been made for reserves, financing operations, capital expenditure and working capital needs. If necessary, the Company may decide not to distribute a dividend to Shareholders, such as in a case where the Company requires funds to undertake business development, comply with capital adequacy rules or make an acquisition.

The Company may only pay dividends our of net profit under Indonesian law. All dividends are paid in cash in Rupiah. The Company does not have any negative covenants related to third party restrictions on the payment of dividends that could prejudice the rights of public shareholders.

When paying a dividend, the Company consistently complies with stock exchange rules by making payment in a timely manner.

Date of AGM	ex-date	recording date	Payment Date	Fiscal Year	Dividend Payout Ratio	Dividend (Rp Billion)	Dividend per Share (Gross)
02 Apr 2013	29 Apr 2013	01 Mei 2013	16 Mei 2013	2012	30%	Rp 4.651	Rp 199,34
23 Apr 2012	16 Mei 2012	22 Mei 2012	05 Juni 2012	2011	20%	Rp 2.449	Rp 104,97
23 Mei 2011	16 Juni 2011	20 Juni 2011	30 Juni 2011	2010	35%	Rp 2.814	Rp 120,60
17 Mei 2010	10 Juni 2010	14 Juni 2010	28 Juni 2010	2009	35%	Rp 2.100	Rp 100,11
04 Mei 2009	27 Mei 2009	29 Mei 2009	12 Juni 2009	2008	35%	Rp 1.859	Rp 88,90
29 Mei 2008	20 Juni 2008	24 Juni 2008	03 Juli 2008	2007	90%	Rp 3.911	Rp 187,11
28 Mei 2007	20 Juni 2007	22 Juni 2007	29 Juni 2007	2006	60%	Rp 1.453	Rp 70,02
22 Mei 2006	15 Juni 2006	19 Juni 2006	30 Juni 2006	2005	50%	Rp 302	Rp 14,85

DIVIDEND PLAN

In fiscal year 2013, the Company paid a dividend of 30%, while in fiscal year the 2013 the Company will strive to maintain a Dividend Payout Ratio of 20% - 25%, while continuing to have regard to lending growth and the progress of the Company's business.

use of proceeds of public offering

Besides its Initial Public Offering (IPO) in 2003, the Bank has also conducted a number of other corporate actions in the form of a public offering of the Bank Mandiri Rupiah Subordinated Bond I of 2009 and a Rights Issue in 2011. All of the proceeds of these two corporate actions have been used as described below::

USE OF PROCEEDS OF SUB-DEBT

Bank Mandiri conducted a public offering of the Bank Mandiri Rupiah Subordinated Bond I 2009 at the end of 2009. The entire proceeds of the said public offering, net of issuance costs, were used in the manner described in the Bond's Prospectus, as described below:

(Rp Million)

Type of Public Offering	Effective Date	Actual Realization Value			Use of Proceeds		Remaining Balance of Offering Proceeds
		Total Proceeds	Cost of Offering	Net Proceeds	Lending	Total	
Bank Mandiri Rupiah Subordinated Bond I of 2009	14 December 2009	3.500.000	19.846	3.480.154	3.480.154	3.480.154	0

USE OF RIGHTS ISSUE PROCEEDS

To strengthen its capital structure, in 2011 Bank Mandiri conducted a Rights Issue offering 2,336,838,591 shares at a price of Rp 5,000, 00 per share. The total proceeds of the Rights Issue amounted to Rp11.68 trillion, with the details of the proceeds utilization being as show in the following table:

(Rp Million)

Type of Public Offering	Effective Date	Actual Realization Value			Program Proceeds Utilization in Prospectus	Realization Proceeds Utilization in Prospectus	Remaining Balance of Offering Proceeds
		Total Proceeds	Cost of Offering	Net Proceeds	Lending	Lending	
Rights Issue	27 Januari 2011	11.684.193	305.000	11.379.193	11.291.207	11.379.193	0

material information on investments, expansion, divestments, mergers, acquisitions, material conflict of interest transactions and transactions with affiliates

MATERIAL CONFLICT OF INTEREST TRANSACTIONS

During 2013, the bank did not have any material transactions involving conflicts of interest.

MATERIAL INFORMATION ABOUT INVESTMENTS, EXPANSION, DIVESTMENTS, MERGERS, ACQUISITIONS AND TRANSACTIONS WITH AFFILIATED PARTIES

1. DIVESTMENT OF BANK MANDIRI'S SHAREHOLDINGS IN PT USAHA GEDUNG BANK MANDIRI AND PT BANK BUMI DAYA PLAZA

Under Article 10 Law No. 7 of 1992, as amended by Law No. 10 of 1998, provides that commercial banks are prohibited from making capital investments except in other banks or other companies operating in the financial services sector.

To comply with this provision, Bank Mandiri was required to divest its stake in PT Usaha Gedung Mandiri ("UGM") dan PT Bank Bumi Daya Plaza ("BDP").

Implementation of Affiliated Transactions

1. The transfer of Bank Mandiri's shares in UGM to the Bank Mandiri Pension Fund ("DPBM"), the Bank Mandiri Pension Fund II ("DPBM2"), and the Bank Mandiri Employees and Pensioners Health Cooperative ("Mandiri Healthcare" or " MHC") was executed by the signing by the parties of: (i) the Share Sale and Purchase Agreement Deed No. 80 dated 21 May 2013, the Share Sale and Purchase Agreement Deed No. 81 dated 21 November 2013, and the Share Sale and Purchase Agreement Deed No. 82 dated 21 November 2013, all of which were made before Aryanti Artisari, SH, Mkn, Notary in Jakarta.
2. The transfer of Bank Mandiri's shares in BDP to DPBM, the Bank Mandiri Pension Fund I ("DPBM1"), and MHC was executed by the signing by the parties of: (i) the Share Sale and Purchase Agreement Deed No. 76 dated 21 November 2013, the Share Sale and Purchase Agreement Deed No. 77 dated 21 November 2013, and the Share Sale and Purchase Agreement Deed No. 78 dated 21 November 2013, all of which were made before Aryanti Artisari, SH, Mkn, Notary in Jakarta.

The conducting of these two transactions was reported to the Financial Services Authority ("OJK") on the same day and date through Letter No TFS/919/2013 dated 21 November 2013 in compliance with the provisions of Bapepam-LK Rule IX.E.1 on Affiliate and Conflict of Interest Transactions (Appendix to Chairman of Bapepam-LK Decision Number Kep-412/BL/2009 dated 25 November 2009).

Material information on investments, expansion, divestments, mergers, acquisitions, material conflict of interest transactions and transactions with affiliates

The transfer of Bank Mandiri's shares in UGM and BDP occured on the Effective Dates as stated in the Deed of Sale and Purchase of Shares Owned by Bank Mandiri in UGM and the Deed of Sale and Purchase of Shares Owned by Bank Mandiri in BDP (effective date means the date on which all payments are received by the Bank).

Both transactions became effective on 19 December 2013, with the receipt by Bank Mandiri of the entire transaction payments, as reported by Bank Mandiri to the OJK through Letter No. TFS/986/2013 dated 19 December 2013 on the Disclosure of Information that must be Promptly Disclosed to the Public.

Transaction Objects and Value

1. Sale and Purchase of Bank Mandiri Shares in UGM
   4,841 shares of Bank Mandiri in UGM, or 99% of the total shares of UGM, were sold to:
   a. DPBM in the amount of 3,826 shares (79.03% of the total shares owned by Bank Mandiri in UGM), for Rp104,323,900,037.00;
   b. DPBM1 in the amount of 430,871 shares (9.85% of the total shares owned by Bank Mandiri in BDP) for Rp25,999,988,431.00; and
   c. MHC in the amount of 797,112 shares (18.22% of the total shares owned by Bank Mandiri in BDP) for Rp48,100,017,820.00.
2. Sell and Purchase of Bank Mandiri Shares in BDP
   4,375,000 million shares of Bank Mandiri in BDP, or 93.33% of the total shares of BDP, were sold to:
   a. DPBM in the amount of 3,147,017 shares (71.93% of the total shares owned by Bank Mandiri in BDP) for Rp189,900,006,249.00;
   b. DPBM1 in the amount of 430,871 shares (9.85% of the total shares owned by Bank Mandiri in BDP) for Rp25,999,988,431.00; and
   c. MHC in the amount of 797,112 shares (18.22% of the total shares owned by Bank Mandiri in BDP) for Rp48,100,017,820.00.

Names of Parties Conducting Transactions

1. Seller
   Bank Mandiri, as the owner of 99% and 93.33% of the shares in UGM and BDP, respectively.
2. Buyers
   DPBM, DPBM1, DPBM2, and MHC, all of which are affiliates of Bank Mandiri.

Nature and Elements of Affiliation

1. Bank Mandiri is the founder of DPBM, DPBM1, and DPBM2. In carrying out their operations, each of DPBM, DPBM1, and DPBM2 is managed by a Management Board and overseen by a Board of Trustees, whose members are appointed by the Bank Mandiri Board of Directors. In addition, the participants in DPBM, DPBM1, and DPBM2 are all employees of Bank Mandiri who fulfill the requirements set out in the Pension Fund regulations and who came to Bank Mandiri following the merger of four banks, namely, Bank Bumi Daya, Bank Dagang Negara, Bank Ekspor Impor Indonesia, and Bank Pembangunan Indonesia.
2. A number of members of the Bank Mandiri Board of Directors serve on the MHC Advisory Board.

Material information on investments, expansion, divestments, mergers, acquisitions, material conflict of interest transactions and transactions with affiliates

Summary of Independent Appraiser's Opinion

The fair market values of BDP and UGM (for the Bank's shares in both companies) was Rp395,042,050,144.00. The independent appraiser stated that it had no affiliation, as defined by the capital market legislation, either directly or indirectly with Bank Mandiri.

The Independent Appraiser was KJPP Benedictus, Darmapuspita and Partners ("BDR"), Appraiser License No. PB-1.09.00121, MAPPI: 94-S-00409, listed as a capital markets support professional firm with Bapepam-LK under No. 03/PM/STTD-P/AB/2006.

2. ADDITIONAL INVESTMENT BANK MANDIRI IN PT BANK SYARIAH MANDIRI BACKGROUND AND REASONS

Under Article 10 of Law No. 7 of 1992 as amended by Law No. 10 of 1998 and Bank Indonesia Regulation (PBI) No. 7/2/PBI/2005 in conjunction with PBI. 14/15/PBI/2012 dated 24 October 2012, it is inter alia stipulated that banks are required to address the issue of vacant properties and foreclosed assets that it owns, including through the sale of such assets. The said provisions are accompanied by sanctions that could negatively affect the performance of the Bank in the event of non-compliance.

Implementation of Affiliated Transaction

The increase in the equity investment by Bank Mandiri in PT Bank Syariah Mandiri ("BSM") was conducted by way of capital injection (inbreng).

On 30 December 2013, Bank Mandiri executed the Deed No. 25 dated 30 December 2013, which was made in the presence of Chairul Bachtiar, SH., MH, Notary in Jakarta. The execution of the transaction was reported to the Financial Services Authority ("OJK") on the same day and date by Letter No.. DIR/007/2014 dated 16 January 2014, in compliance with Bapepam-LK Regulation No. IX.E.1 on Affiliated and Conflict of Interest Transactions (Annex to the Chairman of Bapepam-LK's Decision No. Kep-412/BL/2009 dated 25 November 2009).

Transaction Object and Value

The Bank set aside a portion of its assets in the form of abandoned properties in accordance with the mechanism established by the aforementioned PBI, which properties were then transferred to BSM, a subsidiary of Bank Mandiri, using the inbreng mechanisms. The properties in question were:

1. Vacant lands located at Jl. Otto Iskandardinata, Tasikmalaya, valued at Rp. 5,001,300,000.00;
2. Land and building located at Jl. Gen. Sudirman No. 42, Yogyakarta, valued at Rp. 18,206,177,000.00; and
3. Land and building located at Jl. S. Parman No. 15, Bengkulu, valued at Rp. 7,570,889,000.00.

The total value of the transaction amounted to Rp30,778,336,000, or the equivalent of 6,155,674 BSM shares.

Material information on investments, expansion, divestments, mergers, acquisitions, material conflict of interest transactions and transactions with affiliates

Names of Parties to Transaction

Bank Mandiri and BSM

Nature and Elements of Affiliation

Before the transfer of the three abandoned properties to BSM, Bank Mandiri held 291,648,712 shares of BSM or 99.99% of the total share capital of BSM. After the transfer of assets using an inbreng mechanism, Bank Mandiri's shareholding in BSM increased to 297,804,386 shares of BSM or 99.99% of BSM's total share capital.

Summary of Independent Appraiser's Opinion

The fair market value of the three abandoned properties was Rp30,778,336,000, consisting of:

1. Vacant lands located at Jl. Otto Iskandardinata, Tasikmalaya, valued at Rp. 5,001,300,000.00;
2. Land and building located at Jl. Gen. Sudirman No. 42, Yogyakarta, valued at Rp. 18,206,177,000.00; and
3. Land and building located at Jl. S. Parman No. 15, Bengkulu, valued at Rp. 7,570,889,000.00.

The assessment for inbreng purposes was conducted using the Market Data Approach and Cost Approach. The independent appraiser was KJPP Fitriantoro Abdullah & Partners, Business License No. 2.09.0051 which was issued by the Ministry of Finance based on Ministry of Finance Regulation No. 674/KM.1/2009 dated 13 July 2009, Public Appraiser No. P-1.09.00152, and MAPPI No. 97-S-1016.

3. CONDITIONAL SHARE SALE AND PURCHASE AGREEMENT BETWEEN BANK MANDIRI , PT KIMIA FARMA (PERSERO) TBK., PT ASURANSI JASA INDONESIA (PERSERO), PT ASKES (PERSERO) AND THE PT ASKES BHAKTI COOPERATIVE IN CONNECTION WITH THE SALE OF SHARES IN PT ASURANSI JIWA INHEALTH INDONESIA

On 23 December 2013, Bank Mandiri, PT Kimia Farma (Persero) and PT Asuransi Jasa Indonesia (Persero), as the buyers, and Badan Penyelenggara Jaminan Sosial (previously known as PT Askes (Persero)) and Koperasi Bhakti Askesas, as the sellers, entered into a Conditional Sale and Purchase Agreement for Shares of PT Asuransi Jiwa InHealth Indonesia. Under the Agreement, the transaction was to be conducted in two stages, namely:

1. Stage 1, the acquisition of an 80% stake in InHealth, to be completed no later than 31 March 2014, with the Company's portion being 60%; and
2. Stage 2, the purchase of the remaining 20% stake in InHealth, to be completed no later than 31 December 2014, bringing the Company's total shareholding to 80%.

On that date a Shareholders' Agreement was also signed between the Company, PT Kimia Farma (Persero), PT Asuransi Jasa Indonesia (Persero) and PT Askes (Persero) which became effective on the completion of the acquisition of stage I. The finalization of the PT Asuransi Jiwa InHealth acquisition was to take place upon completion of the transaction commitments made by the respective parties.

Upon the signing of the Conditional Share Purchase Agreement referred to above, Bank Mandiri made the required disclosure to the Financial Services Authority through its Letter No. FST.CSC/CMA.4013/2013 dated 23 December 2013 in compliance with Bapepam-LK Regulation No. XK1 and Indonesia Stock Exchange Regulation No.. IE dated 19 July 2004.

Material information on investments, expansion, divestments, mergers, acquisitions, material conflict of interest transactions and transactions with affiliates

4. ADDITIONAL EQUITY INVESTMENT IN PT BANK SINAR HARAPAN BALI

On 28 May 2013, Bank Mandiri has made an additional investment in PT Bank Sinar Harapan Bali (BSHB) amounted to 11.77% of the total issued and fully paid up shares, or Rp32,377,072,750.00, by purchasing shares owned by a number of BSHB's minority shareholders. The total number of shares purchased was 23,546,962

Names of Parties to Transaction

Bank Mandiri was the buyer and 12 BSHB shareholders were the sellers, namely: Putu Arniyati, Made Lely N., I Ketut Patra, I Ketut Molog, I Wayan Supatra N., Made Cangker S., Komang Sudirtha, Ni Made Kerti, I B Putui Arsana, Ida Ayu Rama Dewi, I B Ketut Mudana, and Wayan D. Arjana.

Bank Indonesia Approval

The increase in Bank Mandiri's investment in BSHB was approved by Bank Indonesia as evidenced by Bank Indonesia Letter No. 15/33/DPB1/PB1-1 dated 6 May 2013. With this approval, Bank Mandiri's ownership of BSHB increased by 11.77% to 93.23%.

Fairness of Transaction

An independent appraisal was conducted on the Bank's purchase of 18.54% of the shares of BSHB, which found that the fair value of the shares was Rp48,267,000,000.00 or Rp1,302 per BSHB share as of 30 June 2012.

The Indendent Appraiser was KJPP Toto Suharto & Partners, Appraiser License No.. PB-1.08.00060, MAPPI No. 93-S-00361, which is listed as a capital markets supporting professional firm by Bapepam-LK under No. 01/PM/STTD-P/AB/2006.

legislative and regulatory changes

The following legislative and regulatory changes have had an effect on Bank Mandiri's business:

1. **Law No. 21 of 2011 on the Financial Services Authority**
   Pursuant to Article 55(2) and Article 7 of Law No. 21 of 2011 on the Financial Services Authority (OJK Law), as of 31 December 2013, regulatory and supervisory functions, duties, and powers over financial services in the banking sector (microprudential) were transferred from Bank Indonesia to the Financial Services Authority (OJK). The direct impact of this transition is that the Bank will be required to coordinate with 2 (two) regulators, namely BI and the OJK. Bank Mandiri is also required to continue complying with all regulations issued by BI to the extent that they are not amended, modified or revoked, or declared void by the OJK or BI. These regulations include those on:
   a. adjustment in shareholdings on the part of shareholders whose holdings exceed the maximum limit over 5 (five) years counting from 1 January 2014.
   b. adjustments to the commercial operations where such operations are not in accordance with BUKU.
   c. the obligation of branch offices of banks that are domiciled overseas (KCBA) to place operational funds in financial assets by fulfilling certain requirement, where such placements shall amount to 8% of the relevant bank's total liabilities every month, and at least Rp 1 trillion, up to December 2017.

2. **Bank Indonesia Regulation Number 15/17/PBI/2013 on Hedging Swap Transactions with Bank Indonesia**
   a. Regulation amended so that Hedging Swap Hedging Transactions with Bank Indonesia may be conducted based not only on the Underlying Transactions of the Bank, **but also the Underlying Transactions of the customers**, namely:
      1) Foreign Debt in the form of loan agreements and/or bond issues;
      2) Direct Investment;
      3) Forex export earnings;
      4) Investments in construction of public facilities and production;
      5) Investments in securities issued by the Government of Indonesia;
      6) Investments in other economic activities.
   b. Swap Hedging Transactions with Bank Indonesia, amended from at least the equivalent of USD 500,000.00, and not exceeding the value of the Underlying Transaction, to at least USD 10,000,000.00 and not exceeding the value of the Underlying Transaction, based on multiples of USD 1,000,000.00.

3. **Bank Indonesia Regulation Number 15/15/PBI/2013 regarding Minimum Demand Deposit Reserve Requirements (GWM) in Rupiah and Foreign Currency in Commercial Banks**
   a. Stipulates the following Rupiah Minimum Demand Deposit Reserve Requirements:
      1) Primary GWM: 8% of DPK (Rupiah).
      2) Secondary GWM: 4% of DPK (Rupiah). Under the previous PBI regulation, it was 2.5%.
      3) LDR GWM with parameters:
         a) Lower limit of LDR Target: 78%
         b) Upper limit of LDR Target: 92%. Previous PBI regulation required 100%.
         c) Incentive KPMM: 14%
         d) Lower Disincentive Parameter: 0.1
         e) Upper Disincentive Parameter: 0.2

legislative and regulatory changes

4) GWM in foreign currency: 8% of DPK in foreign currency.

b. In relation to the transfer of supervisory powers over the banking sector from Bank Indonesia to the OJK, the quarterly KPMM data should be used, as assessed by the OJK. In case of inconsistency between the results of the KPMM assessment received by Bank Indonesia from the OJK and the results of the KPMM assessment conducted by the Bank, the results of the KPMM assessment conducted by the OJK will prevail.

c. Bank Indonesia may exempt:
   1) banks conducting a merger or consolidation, with the approval of the OJK, from fulfilling the Primary GWM in Rupiah
   2) banks whose operations are restricted by the OJK in relation to credit channeling and accepting deposits, at the request of the OJK, from fulfilling the LDR GWM

d. Means of assessing a bank's compliance with the regulation:
   1) direct audit by Bank Indonesia;
   2) joint audit by Bank Indonesia and OJK; or
   3) use by Bank Indonesia of data from OJK audit.

4. Bank Indonesia Regulation Number 15/12/PBI/2013 on Minimum Capital Requirements (KPMM) for Commercial Banks

a. The required KPMM remains the same as under the previous regulation, namely 8% of RWA) for Bank with 1st rank risk profile;

b. Components and requirements for capital instruments are as follows:
   1) Tier 1 :
      a) common equity tier 1
      b) additional equity tier 2
   2) Tier 2

   Ratio of Tier 1 capital must be minimum of 6% of Risk Weighted Assets (RWA), and ratio of common equity tier 1 capital must be 4.5% of RWA.

c. Mandatory statutory buffer introduced as of 1 January 2016. Such buffer may take following forms:
   1) Capital Conservation Buffer namely a crisis period buffer of 2.5% of RWA
   2) Countercyclical Buffer namely a buffer against excessive lending growth that could potentially harm the stability of the financial system: 0-2.5% of RWA or as specified by BI
   3) Capital Surcharge for Domestic Systematically Important Bank: 1%-2.5% of RWA in accordance with OJK regulations.

1) Bank Indonesia Regulation Number 15/11/PBI/2013 on Prudential Principles in Equity Investments

a. A bank may only make capital investments in a company engaged in the financial sector. The total size of the equity portfolio is set at a maximum in accordance with the categorization of Commercial Banks by Business Operations (BUKU). Banks are prohibited from making equity investments that exceed the limits set out in BI regulations on Legal Lending Limits. Banks are required to obtain approval from BI each time they make an equity investment, including shelf investments, except for equity investments arising from dividends. Equity investments can be made directly or through the capital markets but are confined to long-term investments only (not for trading).

legislative and regulatory changes

b. A bank is required to divest an equity investment if:
   1) the investment causes or is predicted to cause a significant decrease in the capital of the Bank and/or a significant increase in the risk profile of the bank; or
   2) there is recommendation from the their Subsidiaries' authority and/or an instruction from BI.
c. A bank may divest an equity stake at its own initiative upon fulfilling the following requirements:
   1) the equity investment has been held for at least 5 (five) years;
   2) it is stated in the RBB;
   3) the divestment is aimed at adjusting the bank's business strategy;
   4) the divestment involves at least 50% of the shares held;
   5) the divestment is carried out on an arm's length basis;
   6) the divestment is not aimed solely at obtaining profit and has been approved by BI;

   Such divestment must be realized no later than 6 months from its approval by BI.

Changes in accounting policies

No significant changes in accounting policies occurred during the course of 2013

long-term plan and strategy 2014

LONG-TERM PLAN 2010 – 2014

The first phase of the Bank Mandiri transformations process ran from 2005 to 2009 and has brought significant changes to the Bank so that it is now the leading bank in Indonesia, with an excellent performance, competitiveness level and business growth based on a foundation of strong corporate governance.

However, intense competition means that the Bank needs to further sharpen its focus in each business segment so as to emerge victorious in all segments. In addition, a various challenges facing the Bank are becoming increasingly complex future so that it needs to be able to continue improving its performance on an ongoing basis, while at the same time providing the best quality services to all its customers. Accordingly, the Bank Mandiri transformation process needs to continue.

As part of the Bank Mandiri further transformation process (2010-2014), it has revitalized its vision. The Bank's 2014 long term vision is now "To be Indonesia's most admired and progressive financial institution." This vision has been spelled out in greater detail as follows:

a. Bank Mandiri is committed in building long-term relationships based on trust with both business and individual customers. Bank Mandiri serves all its customers based on international service standards through the provision of innovative financial solutions. Bank Mandiri wants to be known for its outstanding performance, human resources and teamwork.
b. By facilitating the growth and success for customers, Bank Mandiri also plays an active role in promoting the long-term growth of Indonesia, and consistently generates excellent returns for shareholders.

The above vision was communicated to the various Stakeholders based on the following formulations:

1. Customers
   Bank Mandiri as a preferred and trustworthy financial partner that is always ready to assist its customers. To achieve this, the Bank will position itself as a trusted financial advisor, a bank that can be relied on, and a bank that is available 24 hours a day.
2. Employee
   In the long run, Bank Mandiri is the best place for employees to get ahead and develop their careers through innovation and solid teamwork. To achieve this, the Bank will position itself as a "Second home" for employees that allows them to develop their capabilities and build strong teamwork.
3. Investor
   Bank Mandiri wants to be the leading stock in Indonesia (Indonesian Anchor Stock), one that is always in demand by investors. To achieve this, the Bank will strive to produce the best possible performance on an ongoing basis.

long-term plan and strategy 2014

As part of the process of further transformation on the way to achieving the Bank's vision of being the most admired and progressive financial institution in Indonesia, in 2014 the Bank will aim to achieve the largest market capitalization in Indonesia and the 5th largest in ASEAN. Meanwhile, by 2020 the Bank expects to be the only Indonesian bank in the top three Southeast Asian banks in market capitalization terms. To achieve this, the Bank Mandiri growth strategy will focus on the following three key areas:

1. Strengthening leadership in the Wholesale Transaction Banking business. This will be achieved by offering comprehensive financial transaction solutions and building holistic relationships with the leading corporate and commercial institutions in Indonesia.
2. Becoming the bank of choice for retail deposit customers. To achieve this, the Bank will provide a unique and superior banking experience to customers ("differentiated customer experience") as well as innovative transaction solutions.
3. Becoming 1st or 2nd position in the retail financing segment. Bank Mandiri aims to overcome the competition in the mortgage, personal loan, and consumer card businesses. In addition, the Bank also plans to become a major player in the micro banking segment, and to see off the competition in the Islamic banking business.

These three focuses will also be supported by strengthening the organization so as to provide integrated service solutions, by improving infrastructure (branch office, IT, operations, risk management) and by strengthening human resources.

2014 STRATEGIC PLAN

The year 2014 will be a milestone in the transformation of Bank Mandiri as it marks the last year the Bank of the further transformation period, which lays the foundations for the next transformation program. Bank Mandiri's performance remains solid as evident from the fact that the Bank was still able to grow in the midst of the global economic crisis. Now Bank Mandiri is preparing to move up to the next level through its 2015-2020 Corporate Plan so as to achieve its "Vision 2020" of being the best bank in ASEAN.

To that end, Bank Mandiri has developed specific strategies aimed at achieving key targets in 2014, namely, to increase the proportion of low-cost funds to 68.9%, grow retail loans by 25%, maintain NPLs at below 2%, boost fee income growth to 24.1% and to maintain the CER at below 40%. These key targets will be achieved through the application of the balanced scorecard approach based on four categories of strategic goals (perspectives), as explained below:

1. **Financial Perspective**
    a) Enhancing corporate value through the achievement of market capitalization growth that outpaces the Bank's main competitors.
    b) Increasing profitability and ROE.
    c) Increasing the Bank's market share of loans and low-cost funds.
    d) Improving the quality of productive assets
    e) Growing transactional banking based on fee-based income growth targets (for wholesale and retail fee-based income)

long-term plan and strategy 2014

2. Customer Perspective

a) Increasing credit expansion by focusing on retail loans so that the contribution of retail loans can be expanded

b) Increasing the collection of funds and retail payments so as to achieve an optimal funding mix.

c) Improving customer satisfaction by increasing the quality of service through our branches and e-channels so as to provide "best bank service excellence".

3. Internal Business Process Perspective

a) Strengthening corporate governance with the goal of eliminated fraud through better internal control.

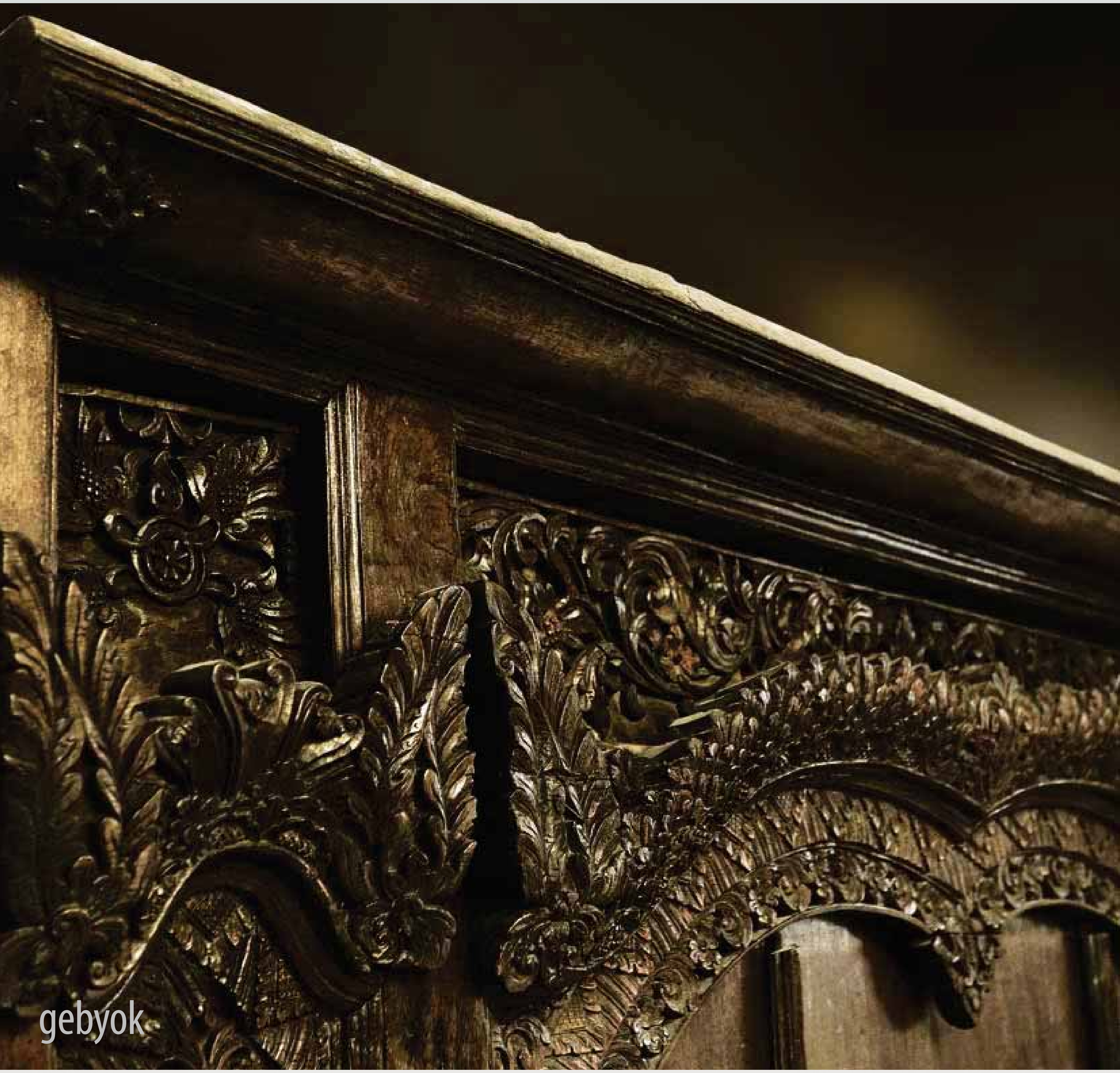
b) Increasing productivity in all of our different types of outlet so as to increase factor income..

4. Development Perspective

Improving innovation and developing alliances / synergies with the objective implementation of strategic initiatives in the Retail Financing, Retail Payment & Wholesale Transaction fields, and achieving the targets of the Account Planning, including increasing the proportion of low-cost funds and fee income from anchor clients.

To strengthen its business strategy in 2014, including our three focus businesses, Bank Mandiri has identified three key aspects, namely, better liquidity management, including increasing the collection of funds with the focus being on low-cost funds; enhancing asset quality, including by means of the retail loan growth strategy so as to increase the proportion of retail loans; and boosting margins and profitability through better management of yield of assets and cost of funds so as to optimize the profitability of productive assets and business volume growth, the management of the NPL ratio, increasing fee-based income from Wholesale Banking, and growing revenue so that it remains ahead of cost increases.

In addition, critical areas that need attention as enablers in achieving the 2014 targets are service excellence, human resources & culture, good corporate governance, information technology and risk management.



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GOOD CORPORATE GOVERNANCE

corporate governance summary

BASIS FOR APPLICATION OF GOOD CORPORATE GOVERNANCE

Good Corporate Governance (GCG) has an important role to play in ensuring good management that can guarantee the success of Bank Mandiri. The application of GCG is part of the effort by Bank Mandiri to provide more value to customers, the public, and stakeholders, in addition to boosting the corporate image of the Bank. GCG is needed to support the strength and sustainability of Bank Mandiri, and to ensure a robust structural system. The application of GCG in Bank Mandiri is in line with the provisions of the laws and regulations in effect.

Before becoming a public company whose shares are listed on the Indonesia Stock Exchange (IDX), Bank Mandiri already applied the principles of Good Corporate Governance, as outlined in the Joint Resolution of the Board of Directors and Board of Commissioners on the Principles of Corporate Governance in 2000. Since then, Corporate Governance has been further refined so as to satisfy the regulatory requirements for listing on the Indonesia Stock Exchange, which require all public companies to appoint independent officials and establish an independent organizational structure, and to assign an strategic role to the Corporate Secretary to ensure that information disclosure obligations are complied with.

GCG Policies

Bank Mandiri is committed to providing added value to stakeholders. One of the keys to realizing this commitment is to consistently apply the principles of Good Corporate Governance and make it part of the Bank's corporate culture. It is this realization that underscores everything that Bank Mandiri does as part of the application of good corporate governance to all of its operations so as to ensure the long term sustainability of its business.

Through the active participation and full support of the members of the Board of Commissioners and Board of Directors, the Bank ensures the application of good corporate governance to every aspect of its business and at all levels of the organization. This is manifested in the following aspects:

1. The performance of the duties and responsibilities of the Board of Commissioners;
2. The performance of the duties and responsibilities of the Board of Directors;
3. The establishment of committees and the performance of their functions;
4. The handling of conflicts of interest;
5. Compliance;
6. The Internal Audit function;
7. The External Audit function;
8. The Application of risk management, including the internal control system;
9. The provision of funds to related parties and large exposures;
10. Transparency in the Bank's financial and other conditions, reports on the application of Good Corporate Governance and internal reporting; and
11. The bank's strategic planning.

In preparing its Good Corporate Governance policy, Bank Mandiri, as a state-owned, limited liability bank, is highly regulated and so needs to adopt various external regulations, among others in the fields of banking, limited liability company, state, FSA regulations and guidelines, including those related to the banking industry, limited liability companies, OJK.and GCG guidelines.

Bank Mandiri has instituted good corporate governance measures in order to accommodate all of the applicable regulations, which measures include the following:

1. The corporate structure established by the Board of Directors is in line with the Company's needs.
2. The Board of Directors has properly allocated management duties and responsibilities based on qualifications.

corporate governance summary

3. The Board of Directors has formulated a Company Long Term Plan (RJPP), which includes:
   - a review of the previous RJPP
   - assumptions and analysis concerning the application of the RJPP during the current year
   - Targets, policies, strategies and RJPP implementation program.
4. The Board of Directors has performed its functions and duties in implementing development programs by participating in relevant training programs.
5. The number of Directors' meetings.

PRINCIPLES OF CORPORATE GOVERNANCE

GCG principles are applied to every aspect of Bank Mandiri's business and at all levels in the Bank's structure. The said principles consist of transparency, accountability, responsibility, independence, fairness and equality. These principles help ensure the sustainability of the Bank's business by taking into account the interests of stakeholders.

- **Transparency**
  Transparency refers to the disclosure and provision of information in a timely, adequate, clear and accurate manner so that it can be easily compared and accessed by stakeholders and members of the public. Transparency is needed so that the bank can run its business objectively and professionally, while at the same time protecting the interests of consumers.

- **Accountability**
  Transparency refers to the disclosure and provision of information in a timely, adequate, clear and accurate manner so that it can be easily compared and accessed by stakeholders and members of the public. Transparency is needed so that the bank can run its business objectively and professionally, while at the same time protecting the interests of consumers.

- **Responsibility**
  Responsibility refers to compliance with the laws and regulations, Internal regulations, the principles of sound bank management and the responsibility of Bank Mandiri towards society and the environment. Responsibility is necessary in order to ensure long term business sustainability and recognition as a good corporate citizen

- **Independence**
  This element refers to independence from the domination of others and objectivity in performing one's duties and obligations. In relation to the principle of independence, the bank is managed independently in such a way that each organ of the Bank and all of its employees cannot be dominated or subject to intervention by any third party where this could affect an employee's objectivity and professionalism in carrying out his or her duties and responsibilities.

- **Fairness and Equality**
  Fairness and equality refers to fair treatment and equal opportunities for all in line with their qualifications. In conducting its operations, Bank Mandiri must always have regard to the interests of shareholders, partners and other stakeholders based on the principles of fairness and the equality of each of party.

corporate governance summary

ROAD MAP FOR APPLICATION AND INTERNALIZING OF GOOD CORPORATE GOVERNANCE

1998
START OF MERGER PROCESS

Awareness of the importance of GCG was heightened by the Indonesian banking crisis that erupted as a result of of bad governance in the banking industry. This led to many banks being bailed out. Subsequently, bank directors and commissioners were required to sign Management Contracts with the World Bank, which contained an obligation to apply Good Corporate Governance.

2000 - 2001
LAYING OF FOUNDATIONS OF GOVERNANCE COMMITMENT, STRUCTURE AND MECHANISMS

- In response to the signing of a Management Contract with the World Bank, Bank Mandiri issues:
  - Joint Directors and Commissioners' Resolution on the principles of good corporate governance
  - Joint Directors and Commissioners' Resolution on the Bank Mandiri Code of Conduct, which serves as a guide to staff behavior in interacting with customers, partners and fellow employees.
  - Board of Directors Resolution on Compliance Policy, which requires all PT Bank Mandiri (Persero) Tbk employees to accept individual responsibility in conducting bank-related operations in their respective fields
- Bank Mandiri assigns PWC to conduct a diagnostic review on the application of GCG in the Bank.
- Standard & Poor's assesses the application of GCG in 2003 at 6.2, an increase from 5.4 the previous year.

2003
INITIAL PUBLIC OFFERING (IPO) BANK MANDIRI

In the context of the Bank Mandiri IPO, further improvements were made to the application of GCG, including:
- The establishment of a number of committees at the Board of Commissioners' level, namely
  - An Audit Committee
  - A Risk Monitoring Committee
  - A Remuneration and Nominations Committee
  - A GCG Committee
- The establishment of the Office of Corporate Secretary
- The holding of General Meetings of Shareholders in accordance with the laws and regulations applicable to public companies
- Information disclosure, including publication of Annual Report, information and material facts.
- Respecting the interests of minority shareholders
- Bank Mandiri for the first time undergoes an appraisal of GCG implementation by an independent body – The Indonesian Institute for Corporate Governance.
- National Corporate Governance Policy Committee issues GCG guidelines.

corporate governance summary

2005 CULTURAL TRANSFORMATION	2008 – 2010 FURTHER CULTURAL TRANSFORMATION
• Bank Mandiri conducts transformation through application of shared values and formulation of Bank Mandiri key behaviors (TIPCE), which encapsulate the new Bank Mandiri work culture. • Preparation of GCG Charter, which is adopted by way of a Board of Commissioners Resolution –the charter covers the principal issues related to GCG in Bank Mandiri.	• Bank Mandiri continues to improve the application of prudential banking, Good Corporate Governance, and internal control through the development of a GCG website, Compliance Risk Management Sm, Anti-Money Laundering and Prevention of Terrorisme SOPs,, Risk-Based Audit Tools, and the Audit Management Information System. • Business and other management decisions are taken based on the principles of GCG, while also having regard to the prevailing laws and regulations. • The Bank Mandiri culture internalization program involves, among other things, the holding of a Culture Fair, Culture Seminar, and Recognition Program that provides awards to the best units and change agents in implementing the culture program so as to help increase the motivation of all units and change agents.

2011 – Present

- Bank Indonesia issues Bank Indonesia Regulation 13/1/PBI/2011 on the appraisal of the soundness of commercial banks, under which bank's are required to appraise soundness on a consolidated and unconsolidated basis using the risk-based bank rating (RBBR) approach, one of the elements of which is GCG.
- Thanks to the consistent application of GCG, Bank Mandiri receives awards from various independent and professional institutions, both domestic and international, including:
  - **The Indonesian Institute for Corporate Governance (IICG)**
    The IICG, in collaboration with SWA Magazine, has compiled the Corporate Governance Perception Index (CGPI) since 2001. Bank Mandiri has participated in the process 10 times and was awarded the "Highly Trusted" title 7 times in a row.
  - **The Indonesian Institute for Corporate Directorship (IICD)** The IICD evaluates and rates the 100 public companies with the largest market capitalizations that are listed on the Indonesia Stock Exchange
  - **Corporate Governance Asia (CGA)**
    The bank also participates in the assessments conducted by Corporate Governance Asia, which is based in Hong Kong. This body conducts annual assessments of all major companies in India, China, Singapore, Malaysia, Thailand, Indonesia and other parts of in Asia. Since 2009, Bank Mandiri has consistently ranked among the best companies in the implementation of GCG.
- As part of the effort to eliminate gratuities in line with the advice of the Corruption Eradication Commission and the provisions of Law No. 20 of 2001 on the Amendment of Law No. 31 of 1999 on the Suppression of Corruption, Bank Mandiri published Technical Operational Guidelines on Gift Disclosure Statements on 2 July 2013.
- Bank Mandiri plays an active role in the effort to create an anticorruption culture by, among other things, participating in the Anticorruption Week Exhibition 2013, which was held by the Corruption Eradication Commission (KPK) on 9-11 December 2013. During the exhibition, Bank Mandiri received the award for second best stand.

corporate governance summary

IICD Award Ceremony 2013

Receiving Finance Asia Award 2013

IICG Awards, 2013

AWARDS AND ACCOLADES FOR BANK MANDIRI'S CORPORATE GOVERNANCE

For the purpose of obtaining feedback on its application of GCG, the Bank participates in the Corporate Governance Perception Index (CGPI), which is a rating exercise conducted by IICG. Bank Mandiri's participation in the exercise also encourages our employees to do everything necessary to improve GCG in the Bank.

Over the course of the ten years that Bank Mandiri has participated in the GCPI, it has been named "Highly Trusted" seven times in a row between 2006/2007 and 2012/2013.

Corporate Governance Perception Index

IICG
THE INDONESIAN INSTITUTE FOR CORPORATE GOVERNANCE

Year	Award	Score
2013	Highly Trusted	91.88
2012	Highly Trusted	91.91
2011	Highly Trusted	91.81
2010	Highly Trusted	91.67
2009	Highly Trusted	90.65
2008	Highly Trusted	89.86
2007	Highly Trusted	88.66

The Indonesian Institute for Corporate Directorship

IICD
Indonesian Institute for Corporate Directorship

Year	Award
2013	Best Financial
2012	Best Overall
2011	Best Financial
2010	Best Overall
2009	Best Overall

2. **Award for "Best Corporate Governance" from Finance Asia**
   Bank Mandiri has received a Corporate Governance Asia Recognition Award in the Asia's Best Company for Corporate Governance category five times in a row – 2009, 2010, 2011, 2012, and 2013. The awards are presented by Corporate Governance Asia. Bank Mandiri's achievements are as shown in the following table:

corporate governance summary

CorporateGovernanceAsia

CGA AWARDS			
Company Category		**CEO Category**	
Year	**Award**	**Year**	**Award**
2013	Asia's Icon Companies for Corporate Governance	2013	Asian Corporate Director Recognition Award – Best CEO
2012	Asia's Best Companies for Corporate Governance	2012	Asian Corporate Director Recognition Award – Best CEO
2011	Asia's Best Companies for Corporate Governance	2011	Asian Corporate Director Recognition Award – Best CEO
2010	Asia's Best Companies for Corporate Governance	2010	Asian Corporate Director Recognition Award – Best CEO
2009	Asia's Best Companies for Corporate Governance		

APPLICATION OF CORPORATE GOVERNANCE

Good corporate governance (GCG) is an important element in the banking industry considering that the risks and challenges faced by the industry are on the increase. The application of GCG is a long-term process designed to result in sustainable value. It is implemented as a system by internal processes involving the Board of Commissioners, Board of Directors and all employees of the Company. Since first adopting the principles of good corporate governance, Bank Mandiri has changed for the better,especially in the human resources (HR) field, with the result that our employees are now able to work more efficiently, effectively, and competitively, and are supported by a professional culture and highly developed work ethic.

The governance transformation experienced by Bank Mandiri was instituted based on the principles of good corporate governance in five stages, as shown below:

1	2	3	4	5
FORMULATION OF GOVERNANCE COMMITMENT	IMPROVING GOVERNANCE STRUCTURE	IMPROVING GOVERNANCE MECHANISMS	DISSEMINATION AND EVALUATION	WALKING THE TALK
• Formulation of Bank Mandiri strategic vision – mission • Articles of Incorporation • Formulation of corporate values • Code of Conduct • Reinforcement of Code of Conduct • GCG Charter	• Appointing members to Board of Commissioners, Board of Directors, and committees accountable to Board of Commissioners and Board of Directors • Strengthening Risk Management, Compliance and Internal Control • Improving organizational structure so as to ensure checks & balances	• Incorporating GCG principles in policies, guidelines, regulations, and SOPs • Establishing rewards and punishment system • Product transparency • Establishment of Call Center and Customer Care • Antifraud Strategy • Whistle-blowing system (Letter to CEO)	• Internalization of Corporate Values • Dissemination of Strategic initiatives • Conducting self-assessments on application of GCG • Reporting on application of GCG • Appraisal of GCG by independent third parties • Performance and recognition	• Implementing principles of GCG in all bank operations • Change agents (1:4) • Service excellence • Upholding ethics at every organizational level through: 1. e-procurement 2. Integrity pacts 3. Confidentiality • Issuance of Bank Mandiri Gift Disclosure Statement Policy in implementation of the prohibition of the acceptance of gratuities by Bank Mandiri staff. • Promoting an anticorruption culture by participating in the 2013 Anticorruption Week Exhibition, which was organized by the KPK.

corporate governance summary

I. Corporate Governance Commitment

During the formulation of the Bank Mandiri Governance Commitment, the Bank also launched a process of cultural revitalization in order to provide greater confidence and assurance. Revitalization was carried out through the adoption of a new corporate culture, known as "TIPCE," namely: Trust, Integrity, Professionalism, Customer Focus and Excellence, while the Company's vision was also revitalized so as to become "To be Indonesia's Most Admired and Progressive Financial Institution." These changes were incorporated into the Bank Mandiri 2010-2014 Corporate Plan. For the future, Bank Mandiri is aiming to become the No. 1 bank in ASEAN and to be a major regional player.

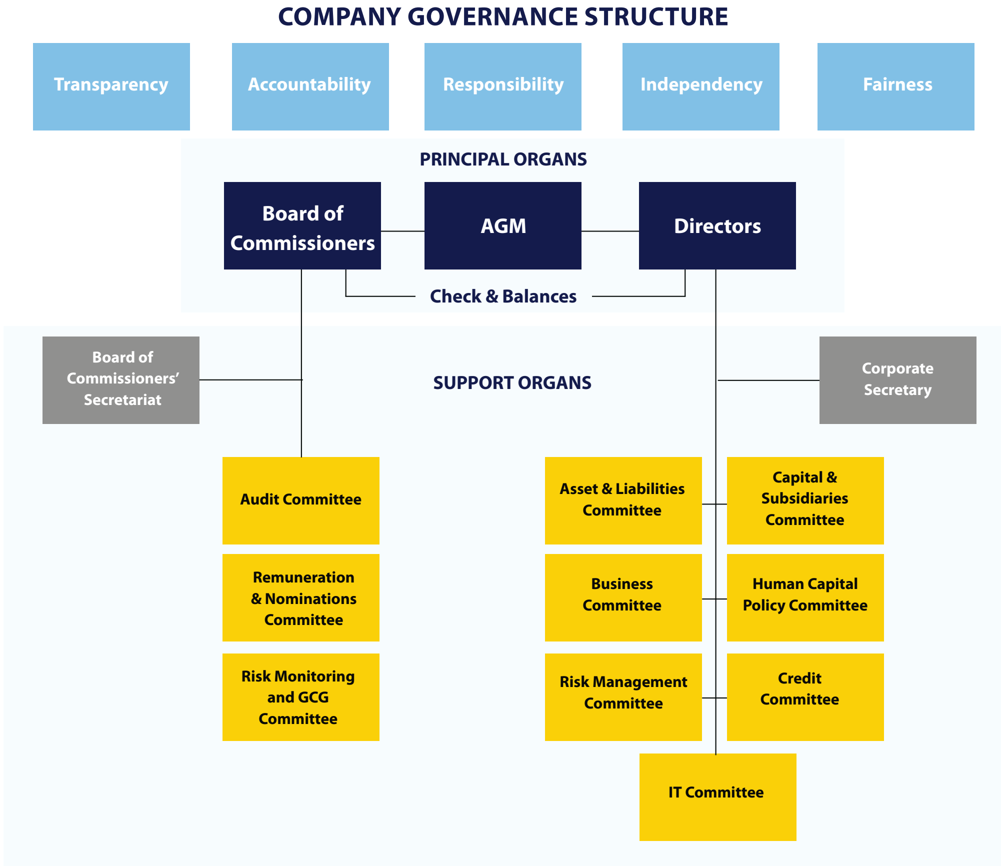
II. Corporate Governance Structure

To support the achievement of the vision, mission and strategies of Bank Mandiri, improvements to the organizational structure of the Bank continue to be made. These changes are intended to ensure a robust system of checks and balances, and clear and unequivocal accountability on the part of each corporate organ.

The application of Good Corporate Governance has been carried out systematically and consistently based on a set of practical guidelines. The Board of Commissioners has established subordinate committees to strengthen oversight functions. These committees assist the Board of Commissioners in the performance of its duties and responsibilities, and in formulating policies in line with their respective areas of focus. The committees are established by Board of Commissioners' resolution.

Management has also established a number of supporting units to control, oversee and take charge of the implementation of good corporate governance and to act as partners of the committees established by the Board of Commissioners. These units consist of the Office of the Corporate Secretary and the Internal Audit and Compliance Unit, which are accountable directly to the CEO.

corporate governance summary



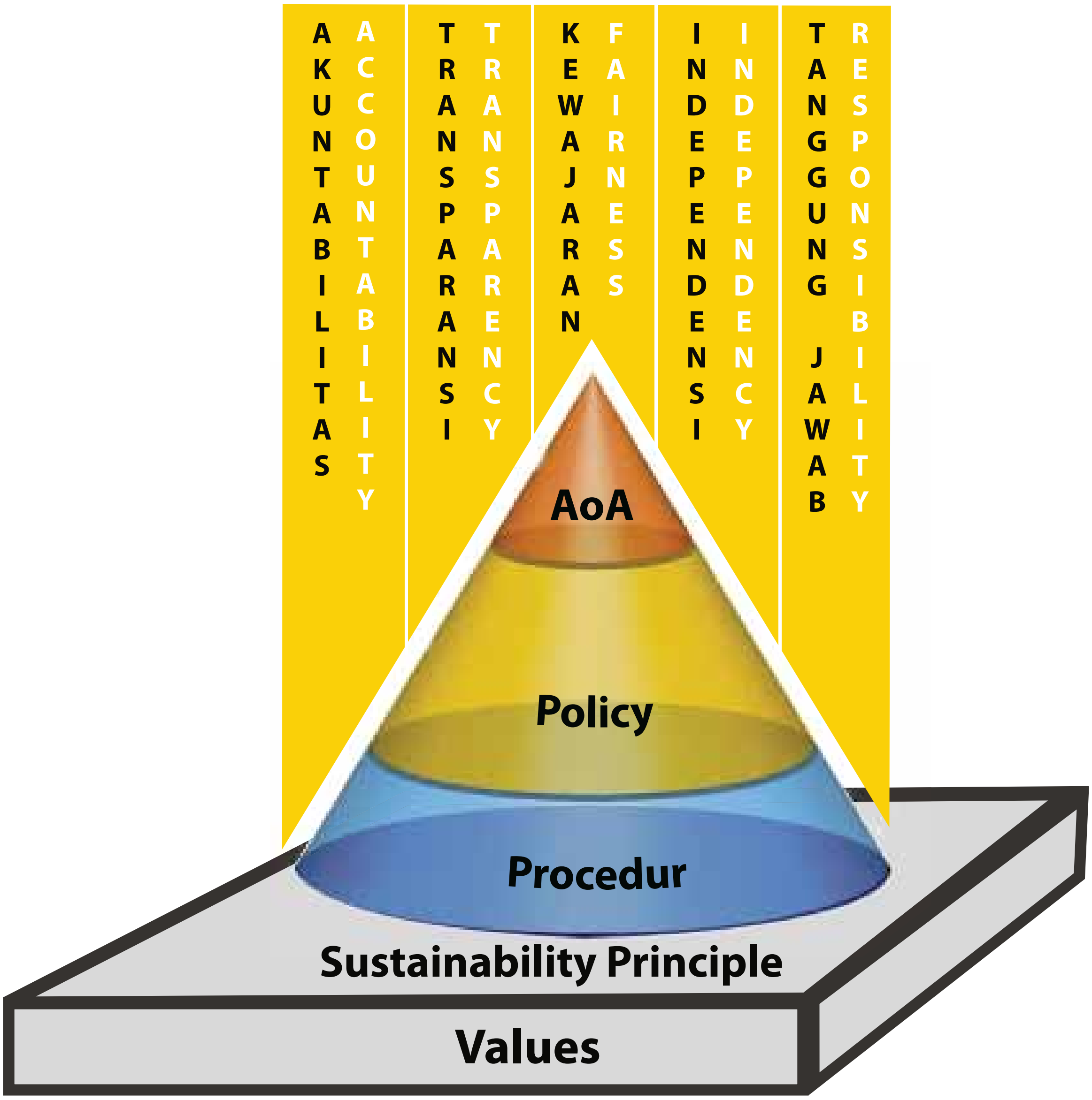
Bank Mandiri has structures and policies that support the implementation of Corporate Governance (Corporate Governance Policy) and a Code of Conduct, both of which are set out in the Company's Sustainability Charter, along with other matters. In addition, Bank Mandiri has corporate organizational guidelines to assist the organs of the Company in carrying out their duties. These include internal rules governing to work of the Board of Commissioners and the Board of Directors, charters of the committees that are accountable to the Board of Commissioners and committee resolutions at the Board of Directors' level.

Bank has also prepared a policy and procedure architecture that explains the hierarchy and categories of policies & procedures. This architecture supports the consistent application of corporate governance and is published on the internal portal as a guide for the preparation of written procedures and policies governing all activities in Bank Mandiri.

The said policies and procedures are continuously reviewed and updated in line with the latest developments, and changes in the applicable laws and regulations Order Architectural Drafting Policies and Procedures based Principles of Corporate Governance

corporate governance summary

Policy & Procedure Architecture based on GCG Principles
Requirements for Written Policies & Procedures



III. Mechanism of Corporate Governance

In this stage, the existing system was refined so as to ensure the implementation of Bank Mandiri's culture, business ethics and good corporate governance throught the Bank's Policies and Procedures Architecture, which is based on the principles of good corporate governance, corporate culture, business ethics and the code of conduct, as part of which all of the Bank's operations must be governed by the policies and rules.

IV. Dissemination and Evaluation

To ensure the implementation of GCG, dissemination was not only conducted in relation to GCG principles, but also the corporate culture, strategic initiatives and policies. Meanwhile, in order to strengthen the implementation of GCG, Bank Mandiri conducted evaluations. The purpose of the dissemination and evaluation processes was to ensure that everyone in the Bank understood and applied the Bank's vision, mission and strategies, and the principles of good corporate governance.

V. Walking the Talk

Ultimately, Bank Mandiri is aware that the four stages described above will be meaningless if they are not consistently applied so that the principles of good corporate governance are manifested in concrete action by all management levels in the Bank.

In implementing this stage (walking the talk), top and senior management needed to act as Change Management Champions and Change Agents in each unit, and as role models for the consistent implementation of the Bank Mandiri corporate culture and GCG principles.

In addition to the example provided by top and senior management as Change Agents, the Bank also established mechanisms for the implementation of good corporate governance principles through greater transparency by disclosing information on risks to all stakeholders, including:

1. Investors, as reflected in the incorporation of the Risk Management Committee Report in the Annual Report, the holding of public briefings, and the provision of information to the GMS.
2. Regulators, as reflected in the Risk Profile Report and New Products and Activities Report that is submitted to Bank Indonesia, as well as public company reports to Bapepam.
3. Customers, by providing greater product knowledge.
4. Public at large by, among other things, providing information through the media, including the Bank Mandiri website.

Bank Mandiri believes that the consistent implementation of the business transformation process, the Bank Mandiri corporate culture and GCG will ensure that the company benefits from solid and sustainable governance in the long term so that it can achieve its vision of being Indonesia's Most Admired and Progressive Financial Institution.

SELF ASSESSMENT OF CORPORATE GOVERNANCE

In compliance with Bank Indonesia Regulation No. 8/4/PBI/2006 dated 30 January 2006, as amended by Bank Indonesia Regulation No. 8/14/PBI/2006 dated 5 October 2006 and BI Circular No. 15/15/DPNP dated 29 April 2013 (on the application of Good Corporate Governance in Commercial Banks), Bank Mandiri conducted a self-assessment on the application of GCG for the period June 2013.

The results of self-assessment were ranked Level 2 by Bank Indonesia, meaning that Bank Mandiri is in general properly applying the principles of good corporate governance. The weakness found in the application of corporate governance were insignificant and were capable of being resolved through normal action by the Bank's management. The weaknesses identified in the feedback received from Bank Indonesia has been rectified so that the Bank's self-assessment for the period December 2013 resulted in Bank Mandiri receiving a Level 2 ranking (Excellent).

corporate organs

Bank Mandiri is a legal entity in the form of a limited liability company that is established based on an agreement to conduct business with an authorized capital that is divided into shares, and which meets the requirements stipulated by Law No. 40 of 2007 on Limited Liability Companies ("Companies Law").

To carry out its operations, a limited liability company requires organs that consist of the General Meeting of Shareholders, Board of Commissioners and Board of Directors. These three organs are equal to each other hierarchically, but have different functions and authority as regards the day-to- day management of the Bank.

GENERAL MEETING OF SHAREHOLDERS (GMS)

The GMS is an organ of the company that is vested with authority that has not been granted to the Board of Directors or Board of Commissioners, subject to the limits prescribed by the Companies Law and / or the Articles of Association of the Bank. Bank Mandiri's GMS serves as a forum through which all of the shareholders can make decisions for Bank Mandiri based on reasonable and transparent interests. The GMS is not permitted to intervene in the functions, duties, and authority of the other corporate organs, namely, the Board of Commissioners and Board of Directors. However, this does not diminish the authority of the GMS to exercise its rights under the Bank's Articles of Incorporation and the provisions of the laws and regulations in effect.

Bank Mandiri Shareholders

Bank Mandiri shares consist of two types, namely, the Series A Dwiwarna share, which may only be held by the Republic of Indonesia, and the Series B Shares, which may be held by the public. In accordance with Article 5(3) of the Articles of Association of Bank Mandiri, the holder of the Series A Dwiwarna share has additional rights over and above those of the Series B shareholders, which rights are to:

1. Amend the Articles of Association in connection with;
2. A change in capital;
3. The appointment and / or removal of a member of the Board of Directors and / or Board of Commissioners;
4. A merger, consolidation, acquisition, spin-off, or change in legal form; and
5. The dissolution and liquidation of the Bank.

Other than the special rights of the Series A shareholder, as described above, to the extent not otherwise provided by the Articles of Association the holders of the Series A shares and Dwiwarna Series B shares shall have the same rights as shareholders of the Bank, namely:

a. The right to attend, express opinions, and vote at the AGM based on one vote per share.
b. The right to obtain information on the Company in a timely, correct and regular manner, with the exception of confidential matters, so as to allow the shareholder to make investment decisions regarding the Company based on accurate information.
c. The right to receive a share of the profit of the Company that is reserved for the shareholders in the form of a dividend and other forms of profit sharing in an amount that is proportional to the number of shares held.
d. The right to obtain full explanations and accurate information on the procedures to be followed for the holding of the GMS so that the shareholder can participate in the decision-making process, including decisions on matters affecting the Company's existence and the rights of shareholders.

e. In the event that the Company issues more than one type and class of share, each shareholder shall be entitled to vote in accordance with the type, class and number of shares that he or she holds, and every shareholder shall be entitled to be treated equally having regard to the type and class of shares that he or she holds.
f. To alienate all or part of the assets that affect the value of the Company.

Shareholder Responsibilities

1. The controlling shareholder must:
   a. Have regard to the interests of minority shareholders and stakeholders in accordance with the the provisions of the laws and regulations in effect.
   b. Disclose to law enforcement agencies the identify of the Ultimate Shareholder in the event of suspected breaches of the laws and regulations in effect or when requested by the relevant authorities.
2. Where the controlling shareholder is also the controlling shareholder in other companies, transparency must be applied so as to clarify accountable and the relationships between companies.
3. Minority shareholders are responsible for properly exercising their right in accordance with the Articles of Association of the Company and the laws and regulations in effect.
4. Shareholders must be able to:
   a. Separate the ownership of Company assets from their private assets.
   b. Separate their functions as shareholders and as members of the Board of Commissioners or Board of Directors in a situation where a shareholder sits on one of the said two corporate organs.

Dalam melindungi kepentingan para pemegang saham, Bank Mandiri selalu mengacu pada Anggaran Dasar Perseroan, beserta seluruh ketentuan internal Perseroan yang termasuk ke dalam hierarki kebijakan Perseroan, dan sesuai dengan ketentuan perundang-undangan yang berlaku.

Shareholding Structure

Bank Mandiri has appointed PT Datindo Entrycom to act as the Company's Stock Administration Bureau, which is responsible for registering shareholders and providing updated shareholder reports on a regular basis to the Company.
The reports provided by PT Datindo Entrycom include the following:
1. List of Shares in Circulation;
2. List of Shareholders;
3. Registration Report;
4. Report on Holdings of 5% or More of Issued and Fully Paid-Up Shares;
5. Report of Shareholdings of Directors and Commissioners;
6. List of Controlling Shareholders;
7. Monthly Report on Ownership of Issuer or Public Company Shares and Recapitulation.

corporate organs - gms

Share Capital

Shareholder	2013			
	Number of Shares	Face Value per Share (Rp)	Total Value of Shares (Rp)	Percentage Share Ownership
Authorized Capital				
- Series A Dwiwarna Shares	1	500	500	0,00%
- Series B Ordinary Shares	31.999.999.999	500	15.999.999.999.500	100,00%
Total Authorized Capital	**32.000.000.000**	**500**	**16.000.000.000.000**	**100,00%**
Issued & Paid-up Capital				
Republic of Indonesia				
- Series A Dwiwarna Shares	1	500	500	0,00%
- Series B Ordinary Shares	13,999,999,999	500	6,999,999,999,500	60,00%
Public (each less than 5%)				
- Series B Ordinary Shares	9.333.333.333	500	4.666.666.666.500	40,00%
Total Issued and Paid-up Capital	**23.333.333.333**	**500**	**11.666.666.666.500**	**100,00%**

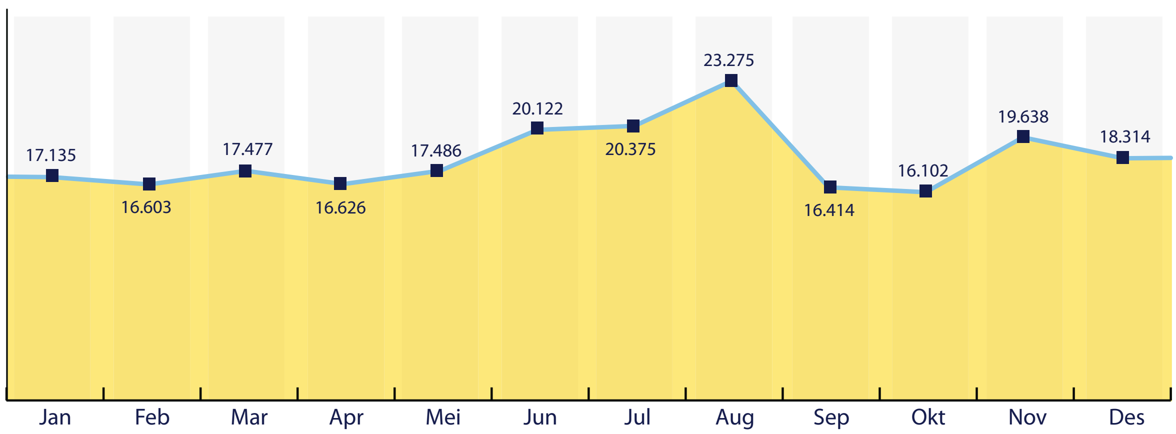
Shareholder	2012			
	Number of Shares	Face Value per Share (Rp)	Total Value of Shares (Rp)	Percentage Share Ownership
Authorized Capital				
- Series A Dwiwarna Shares	1	500	500	0,00%
- Series B Ordinary Shares	31.999.999.999	500	15.999.999.999.500	100,00%
Total Authorized Capital	**32.000.000.000**	**500**	**16.000.000.000.000**	**100,00%**
Issued & Paid-up Capital				
Republic of Indonesia				
- Series A Dwiwarna Shares	1	500	500	0,00%
- Series B Ordinary Shares	13,999,999,999	500	6,999,999,999,500	60,00%
Public (each less than 5%)				
- Series B Ordinary Shares	9.333.333.333	500	4.666.666.666.500	40,00%
Total Issued and Paid-up Capital	**23.333.333.333**	**500**	**11.666.666.666.500**	**100,00%**

20 BRMI BIGGEST SHAREHOLDERS AS PER DECEMBER 2013

No	Name	No. of Shares	Percentage Ownership (%)
1	REPUBLIC OF INDONESIA	14.000.000.000	60,0000000
2	JPMCB - NORGES BANK	349.284.351	1,4969329
3	SSB 4545 S/A LAZARD EMERGING MARKETS	336.017.430	1,4400747
4	PT. JAMINAN SOSIAL TENAGA KERJA (PERSERO)	320.524.106	1,3736747
5	GIC S/A GOVERNMENT OF SINGAPORE	256.385.047	1,0987931
6	BNYM SA/NV AS CUST OF EMPLOYEES PROVIDEN	199.717.794	0,8559334
7	JPMCB-SCHRODER INTERNATIONAL SELECTION	189.648.492	0,8127793
8	BBH BOSTON S/A VANGRD EMG MKTS STK INFD	180.572.780	0,7738833
9	PT PRUDENTIAL LIFE ASSURANCE-REF	163.212.509	0,6994822
10	THE BANK OF NEW YORK MELLON DR	155.051.550	0,6645066
11	JPMORGAN CHASE BANK NA RE NON-TREATY	123.635.782	0,5298676
12	SSB ZM47 S/A INVESCO DEVELOPING MARKETS	121.601.000	0,5211471
13	JP MORGAN CHASE BANK RE ABU DHABI INVEST	120.216.376	0,5152130
14	SSB 0BIH S/A ISHARES MSCI EMERGING MARKET	103.119.900	0,4419424
15	JPMCB-JPMORGAN FUNDS	101.939.029	0,4368816
16	REKSA DANA SCHRODER DANA PRESTASI PLUS 9	97.588.986	0,4182385
17	HSBC BANK PLC S/A SAUDI ARABIAN MONETARY	94.041.532	0,4030351
18	THE NORTHERN TRUST AND COMPANY S/A FUTURE	83.944.529	0,3597623
19	CITIBANK NEW YORK ADR S/A CITIBANK N.A.	83.564.300	0,3581327
20	JPMCB-T.ROWE PRICE EMERGING MARKETS STOCK	83.153.845	0,3563736

No significant changes were recorded in the Company's shareholding structure during 2013. The Republic of Indonesia continued to be the controlling shareholder with 60% of the Bank's shares. No other shareholder had a shareholding in excess of 5%.

NUMBER OF SHAREHOLDERS WITH HOLDINGS OF LESS THAN 5% IN 2013



corporate organs - gms

Per 31 December 2014, the four largest categories of public shareholders were the Government of the Republic of Indonesia (65%), domestic retail investors (13.6%), domestic Institutional investors (11.0%) and foreign investors (10.4%).

Holding of GMS

In the Articles of Association of Bank Mandiri, there are 2 (two) types of GMS namely, the Annual General Meeting (AGM), which should be held annually not later than 6 (six) months from the end of the last financial year, and an Extraordinary General Meeting (EGM), which may be held at any time deemed necessary by the Board of Directors at the written request of the Board of Commissioners or the holder of the Dwiwarna Series A shares and / or 1 (one) or more shareholders jointly representing at least 1/10th (one-tenth) of the total shares having valid voting rights.

During 2013, Bank Mandiri held an AGM for the 2012 financial year on 2 April 2013, but did not hold an EGM.

Notice to shareholders of AGM on 2 March 2013 → Invitation to Shareholders to Attend AGM on 18 March 2013 → AGM held on 2 April 2013 → Publication of AGM Resolutions on 4 April 2013

The notice for the AGM for the 2012 Financial Year was published on March 2, 2013 in Bisnis Indonesia and Suara Pembaruan (Indonesian language dailies), and in theJakarta Post (English language daily), and on the website of Bank Mandiri. The invitation to the AGM was made through letter No. FST.CSC/CCM.003/2013 dated March 18, 2013, which was published in the same newspapers. The agenda of the meeting was as set out in the notice of the AGM, with the motions presented to the shareholders being to:

1. Approve the Company's Annual Report and Ratify the Company's Consolidated Financial Statements, approve the Board of Commissioners' Supervisory Report and Ratify the Annual Report of the Partnership and Environmental Development Program for the financial year ended on December 31, 2012.
2. Approve the use of the Company's net profit for the financial year ended on December 31, 2012.
3. Appoint a Public Accountant's Office to audit the Company's Financial Statements and Annual Report of the Partnership and Environmental Development Program for the financial year ended on December 31, 2013.
4. Determine Directors' salaries and Commissioners' honorariums, as well as allowances and other benefits paybale to the Directors and Commissioners of the Company.
5. Approve an increase in the pension benefits payable to participants in the Dana Pensiun Bank Mandiri Satu to Dana Pensiun Bank Mandiri Empat schemes.
6. Ratify the application of Minister of State-owned Enterprise Regulation No PER-12/MBU/2012.
7. Confirm the ceiling for non-collectable receivables as determined by the GMS and approve the use thereof, including in the case of borrowers affected by natural disasters.
8. Amend the Articles of Association with respect to the provisions on write-offs.
9. Make changes to Company management.

Bank Mandiri served valid notice of the meeting on the Shareholders through an advertisement as an official notice in accordance with the Company's Articles of Association. The notice included the following notes:

1. The Company does not send separate invitations to each of its Shareholders as the announcement constitutes the official invitation in accordance with Article 13 (6) a of the Company's Articles of Association.
2. Shareholders of the Company whose names were recorded in the Company's Shareholder Register (Registrar of Members) on March 15, 2013, at 16.00 WIB (Western Indonesian Time) or holders of securities account in the collective custody of PT Kustodian Sentral Efek Indonesia (KSEI) after the market closing on March 15, 2013 (recording date) were the only ones entitled to attend or be represented at the Meeting.
3. The Company's Shareholders or their proxies who attend the Meeting are required to submit copies of their Identity Card or other forms of identification before entering the meeting room. Company shareholders in the form of legal entities are asked to bring copies of their latest Articles of Association and list of directors and commissioners. The Company's Shareholders whose shares are deposited in the Collective Depository of PT Kustodian Sentral Efek Indonesia are required to bring Written Confirmation for Meeting (KTUR) which may be obtained from the securities company or custodian bank where they have their securities account.
4. Any Company Shareholder who cannot attend the Meeting may be represented by his/her proxy, provided that none of the members of the Board of Directors / Board of Commissioners or Company employees may act as a proxy for a Shareholder of the Company at this meeting.
5. Power of Attorney forms are available during office hours from the Company's Share Registrar ("BAE") and a completed Power of Attorney form should be submitted to the Company through the Share Registrar Office, namely PT Datindo Entrycom, at Puri Datindo Wisma Diners Club International Annex, Jl. Jenderal Sudirman Kav. 34 Jakarta 10220, by 26 March 2013 at the latest.
6. All materials to be discussed at the meeting are available during office hours at the Head Office of the Company, PT Bank Mandiri (Persero) Tbk., Plaza Mandiri 3rd Floor, Jl. Jend. Gatot Subroto Kav. 36-38, Jakarta 12190, Tel. (021) 5291 3321, Fax (021) 526 3460.
7. In order to ensure the smooth conduct of the Meeting, the Company's Shareholders or their certified proxies are required to be present at the meeting venue at least 30 (thirty) minutes before the Meeting starts.

Details of GMS

Day / Date	: Tuesday, 2 April 2013
Waktu	: 9 am WIB – Conclusion
Venue	: Auditorium Plaza Mandiri Lt.3 Jl. Jend. Gatot Subroto Kav. 36-38 Jakarta 12190 - Indonesia

The AGM was attended by all members of the Board of Commissioners, and the Holder of the Dwiwarna Series A Shares and Holders of Series B Shares or their proxies, with the attendance amounting to 83.21% of total shares with voting rights. Accordingly, the meeting satisfied the quorum requirements under the Articles of Association. The meeting was also attended by representatives of the Public Accountant's Office (KAP) and the independent assessor.

corporate organs - gms

The GMS was presided over by the Chief Commissioner who read out the procedure for the GMS at the start of the Meeting, which statement formed part of the Minutes of the GMS. The chairman of the meeting gave an opportunity to the shareholders or their proxies to ask questions/give responses and/or suggestions on each of the motions. The chairman of the meeting or a Director nominated by the chairman then answered or responded to the questions of the shareholders present at the meeting. Upon answering or responding to all the questions that were asked, votes were taken, with only shareholders or their lawful proxies being entitled to cast votes. Each share entitled the holder to cast one vote. The Company appointed an independent party, namely, Notary Ashoya Ratam, SH, MKn, to tally and/or validate the votes. The Resolutions of the AGM for Financial Year 2012 were published in two Indonesian newspapers, namely, Bisnis Indonesia and Investor Daily, and in one English newspaper, The Jakarta Post, on 4 April 2013. They were also posted on the Company's website, www.bankmandiri.co.id in both English and Indonesian, as follows:

The resolutions of the GMS have been taken in compliance with the prescribed agenda that was stated in the notice of the GMS.

Procedures for the payment of the cash dividend are as follows:

1. The Cash Dividend will be paid to shareholders whose names are registered in the Shareholders Register of the Company on 1 May 2013 as at 16.00 WIB (Western Indonesian Time) and/or in the sub securities account at PT Kustodian Sentral Efek Indonesia (KSEI) at the close of the Indonesian Stock Exchange trading session on 1 May 2013 (recording date).
2. For those shareholders whose shares are deposited in the KSEI, the cash dividend shall be paid through KSEI and distributed to the sub securities account of the Securities Companies and/or Custodian Banks in KSEI on 16 May 2013. Proof of payment of the cash dividend shall be given by KSEI to the Securities Companies or their Banks or the Custodian Banks where the shareholders have their accounts. For shareholders whose shares are not deposited in collective deposit at the KSEI, the cash dividend will be transferred directly to the shareholder's account.
3. The cash dividend is subject to taxes under the prevailing laws and regulations. The amount of tax that will be borne by each shareholder and the amount of the cash dividend received by each shareholder will be net of the applicable taxes.
4. For shareholders that are domestic corporate taxpayers, they should inform their Tax Register Number (Nomor Pokok Wajib Pajak/NPWP) to the KSEI or the Company Share Registrar, PT Datindo Entrycom, Puri Datindo - Wisma Sudirman, Jl. Jend Sudirman Kav. 34 Jakarta 10220, at the latest by 16.00 WIB on 1 May 2013 and, if as of the said date KSEI or the Company Registrar has not received the NPWP, the cash dividend will be subject to withholding tax at a rate of 30%.
5. For shareholders which are non-resident taxpayers that wish to avail of a tax treaty, they must comply with article 26 of the Income Tax Law (No. 36 of 2008), and must submit a copy of a Certificate of Domicile (SKD) that has been legalized by the Indonesian Tax Service to the KSEI or BAE at the latest by 16.00 WIB on 1 May 2013 and, if as the said date the KSEI or the Company Registrar has not received the Certificate of Domicile in the required form, the cash dividend will be subject to withholding tax at a rate of 20%.
6. As of 10 June 2013, shareholders whose shares are deposited in the KSEI may collect their cash dividend tax deduction slips at the Securities Company and/or the Custodian Banks where the shareholders have their securities accounts, while the holders of Scrip Shares may collect the slip at BAE.

Information to Shareholders

Bank Mandiri has provided information to the Shareholders to enable them to exercise their rights, namely:

1. The GMS, which the Company communicates with Shareholders, provides information on the Company, and enables the Shareholders to participate in the decision making process through the granting or withholding of Shareholder approval.
2. Electronic media such as the Bank Mandiri website and email address (ir@bankmandiri.co.id) to provide relevant information, including the annual report. A shareholder who wants to receive information on the Company regularly through the email address may register their particulars and email address on the shareholders mailing list through the Company's website, www.bankmandiri.co.id.
3. Other communication media such as external meetings, news alerts, advertising campaigns, conference calls, non deal-related roadshows, site visits, and investment conferences.
4. The Company's website has a special section devoted to shareholder information which contains reports and publications that may be downloaded easily by Shareholders, as well as members of the public.

GMS RESOLUTIONS

On 2 April 2013, Bank Mandiri held its Annual General Meeting of Shareholders (AGM) with the following agenda:

Agenda	AGM RESOLUTION	In Favor	Against	Blank
First	1. a. Approves Corporate Annual Report including Supervising Report from the Board of Commissioners for financial year ended on 31 December 2012, and validates Corporate Consolidated Financial Statements for financial year ended on 31 December 2012 as audited by Tanudiredja, Wibisana & Rekan Public Accounting Firm – a member firm of PwC Global Network, with "Unqualified" opinion as evidenced by Report No. A130225001/DC2/LLS/1/2013.A dated 25 February 2013. b. Approves Partnership and Community Development Annual Report for financial year ended on 31 December 2012 as audited by Rama Wendra Public Accounting Firm with "Unqualified" opinion as evidenced by Report No. A13-YB/BM/AUNI/1091 dated 20 March 2013	19.364.307.664 (99,976%)	4.671.500	46.768.127

corporate organs - gms

Agenda	AGM RESOLUTION	In Favor	Against	Blank
	2. With the approvals of Corporate Annual Report including Supervising Report from the Board of Commissioners and Corporate Consolidated Financial Statements for financial year ended on 31 December 2012 and the Partnership and Community Development Annual Report for financial year ended on 31 December 2012, then: • The AGM provides full release and discharge (volledig acquit et de charge) to all members of Board of Directors and Board of Commissioners for their management and supervision actions in the financial year ended on 31 December 2012, as long as such actions are not contract to the law and are reflected in the Annual Report, Consolidated Financial Statements and Partnership and Community Development Annual Report for financial year ended on 31 December 2012. • Such full release and discharge are also provided to Mahmuddin Yasin as a member of Board of Commissioners of the Company from 1 January 2012 to 23 April 2012.			
Second	Approves and allocates the use of Corporate Net Income from the 2012 financial year of IDR15,504,066,523,686.20 as follows: 1. 30% of the corporate net income for the period of 1 January to 31 December 2012 or IDR4,651,219,957,105.86 shall be paid as a cash dividend to shareholders, under the following arrangements: • Dividend to the Government in respect of 14 billion shares shall be transferred to the general account of the State Treasury in IDR No. 502.000000980 at Bank Indonesia. • Provides power and authority to Board of Directors to administer cash dividends payment procedure and implementation and then announce them in line with the prevailing regulations. 2. 9.7% of corporate net profit for the period of 1 January to 31 December 2012 or IDR1,503,894,452,797.56 shall be allocated as Reserve to support investments. 3. 3. 60.3% of the corporate net profit for the period of 1 January to 31 December 2012 or IDR9,348,952,113,782.78 shall be allocated as retained earnings. n this year's AGM the Company did not allocate the 2012 net income for the Partnership and Community Development Program, but the Company shall establish a reserve for Environmental and Social Responsibility program in 2013 which amount shall be determined in accordance with the needs and capacity of the Company.	19.297.444.859 (99,984%)	3.164.000	115.138.432
Third	1. Appoints Tanudiredja, Wibisana & Rekan Public Accounting Firm, a member firm of PwC Global Network, as the public accounting office which will audit the consolidated corporate financial statements and annual partnership and corporate community development program report for the financial year ended on 31 December 2013. 2. Provides authority to the Board of Commissioners to determine honorarium and other requirements for the public accounting office, and appoints a replacement public accounting office in the event that Tanudiredja, Wibisana & Rekan Public Accounting Firm, a member firm of PwC Global Network, due to any reason whatsoever is unable to complete the audit of the consolidated corporate financial statements and annual partnership and corporate community development program report for the financial year ended on 31 December 2013.	18.940.864.911 (98,928%)	205.180.042	269.702.338

corporate organs - gms

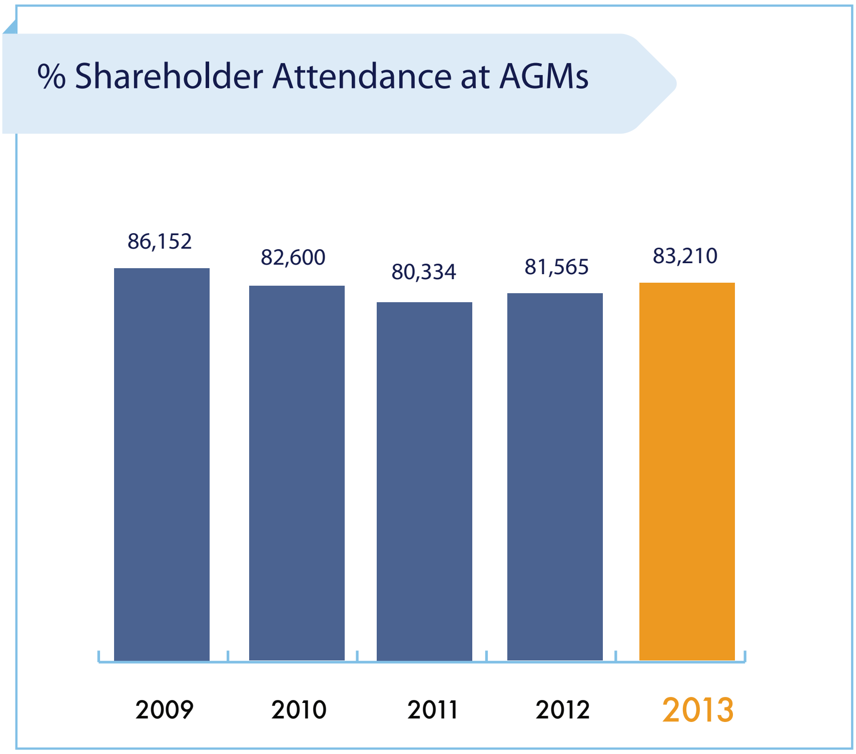
Agenda	AGM RESOLUTION	In Favor	Against	Blank
Fourth	1. Determines that the salaries of members of the Board of Directors and honorariums of members of the Board of Commissioners, and the benefits and other facilities payable to members of Board of Directors and Board of Commissioners in 2013 shall be the same as the salaries paid to members of the Board of Directors and honorariums paid to members of the Board of Commissioners, and the other benefits and facilities paid to members of the Board of Directors and Board of Commissioners in 2012. 2. Provides power and authority to the Board of Commissioners, upon first seeking approval from the Dwiwarna Series A shareholder, to set the amount of performance bonuses (tantieme) payable to members of the Board of Directors and Board of Commissioners for the 2012 financial year, and other benefits payable to members of the Board of Directors and Board of Commissioners in 2013.	18.813.508.300 (98,388%)	308.272.759	293.966.232
Fifth	1. Approves the increase in pension benefits for participants in the Dana Pensiun Bank Mandiri Satu, Dana Pensiun Bank Mandiri Dua, Dana Pensiun Bank Mandiri Tiga and Dana Pensiun Bank Mandiri Empat pension funds from 1 January 2013 in the following amounts: a. Dana Pensiun Bank Mandiri Satu with an increase of IDR200,000; b. Dana Pensiun Bank Mandiri Dua with an increase of IDR275,000; c. Dana Pensiun Bank Mandiri Tiga with an increase of IDR110,000; d. Dana Pensiun Bank Mandiri Empat with an increase of IDR240,000 2. Approves the provision of one-time other benefits in 2013 to participants who are effectively retired by the time the benefit is paid, with the amounts being as follows: a. Dana Pensiun Bank Mandiri Satu, IDR1,000,000; b. Dana Pensiun Bank Mandiri Dua, IDR1,000,000; c. Dana Pensiun Bank Mandiri Tiga, IDR1,000,000; d. Dana Pensiun Bank Mandiri Empat, IDR1,000,000 3. Pension benefit increases and/or the provision of other benefit may take place after the relevant articles of the Dana Pensiun Bank Mandiri Satu, Dana Pensiun Bank Mandiri Dua, Dana Pensiun Bank Mandiri Tiga, Dana Pensiun Bank Mandiri Empat regulations have been amended, and approval obtained from the Financial Services Authority (OJK). 4. Approves the delegation of authority to decide on pension benefit increases and/or the provision of other benefits provision to the Founding Board of Commissioners based on and in consideration of proposals from the Founding Board of Directors, provided that the following minimum requirements have been fulfilled: a. Fund Adequacy Ratio (RKD) after the increase in pension benefits and/or provision of other benefits shall not be less than 115%. b. No additional premium or accounting obligations/ costs arise based on Financial Accounting Principles (PSAK) No. 24. The increase in pension benefits and provision of other benefits is based on Law No 11/1992 on Pension Funds and its implementing regulations, in conjunction with Law No 21/2011 on the Financial Services Authority. 5. Provides power and authority to the Board of Directors of the Company to change the pension fund regulations of Dana Pensiun Bank Mandiri Satu, Dana Pensiun Bank Mandiri Dua, Dana Pensiun Bank Mandiri Tiga and Dana Pensiun Bank Mandiri Empat in line with Law No 11/1992 on Pension Funds and its implementing regulations, in conjunction with Law No 21/2011 on the Financial Services Authority.	14.674.186.947 (77,716%)	4.207.615.071	533.945.273
Sixth	Confirms the application of Minister of State-Owned Enterprises (SOE) Decree No. PER-12/MBU/2012 on Support Organs for SOE Boards of Commissioners/ Supervisory Boards, with a transition period of no later than 12 months subsequent to this AGM resolution.	19.207.313.870 (100%-suara bulat)	-	208.433.421

corporate organs - gms

Agenda	AGM RESOLUTION	In Favor	Against	Blank
Seventh	Confirms the ceiling (limit) for account receivables write-offs at Rp 5 trillion, as determined by the EGMs in 2003 and 2005, excluding receivables write-offs that have been approved by the Finance Minister in the amount of IDR7,688,045,964.46. Consequently, the available ceiling for subsequent principal write-offs now stands at IDR4,992,311,954,035.54. The said ceiling will be used for non-performing principal loan write-offs based on a policy which requires approval from the Board of Commissioners, including in the case of borrowers affected by natural disasters, as declared by the Government and/or regulator, including the Yogyakarta disaster.	14.683.803.623 (77,171%)	4.343.804.116	388.139.552
Eighth	1. Approves the amendment of Article 16 paragraph (5.f) of the Articles of Association of the Company so that it now reads as follows: 5. The following acts by the Board of Directors shall be approved in writing by the Board of Commissioners: f. Acts of transfer including selling, releasing rights to collect and/or no longer collect the following: 1) Non-performing (default) principal loans which are already written-off from the books (charged-off) for credit settlement, both partial and whole; 2) Difference between non-performing principal loans value which is already charged-off and transfer value including selling or with title transfer value, to be implemented based on a policy from the Board of Directors which already approved by the Board of Commissioners and in line with the ceiling (limit) as set out by the AGM which will be in effect until a new ceiling (limit) is set by AGM. 2. Provides authority to the Board of Directors with substitution right, to restate resolution on changes in the Articles of Association of the Company on a notarial deed and then inform it to authoritative agency and perform all other necessary actions in relation to the changes in the Articles of Association of the Company.	14.510.026.621 (76,915%)	4.354.894.905	550.825.765
Ninth	Approves the following: 1. Honorable discharge of: a. Muchayat as Deputy President Commissioner; b. Cahyana Ahmadjayadi as Commissioner; and c. Zulkifli Zaini as President Director, whose position is ended at the Meeting closing. The resignations as set out above are effective starting from the closing of this Meeting, and express the highest gratitude and appreciation for their services to the Company. Release and discharge (volledig acquite et de charge) for the work period from 1 January 2013 to 2 April 2013 shall be provided in the subsequent AGM. 2. Transfer of position for Budi Gunadi Sadikin from Corporate Director to Corporate President Director with a term of office until the closing of Corporate AGM in 2016 and shall be effective upon approval from Bank Indonesia after a fit and proper test.	14.534.295.685 (76,714%)	4.411.792.719	469.658.887

Agenda	AGM RESOLUTION	In Favor	Against	Blank
	3. Appoints the following persons:: a. Agus Suprijanto as a member of Board of Commissioners b. Rudi Rubiandini as a member of Board of Commissioners c. Abdul Aziz as a member of Board of Commissioners d. Ogi Prastomiyono as a Director e. Heri Gunardi as a Director The appointment of members of the Board of Commissioners and Board of Directors as set out above, except for Ogi Prastomiyono, shall be effective upon approval from Bank Indonesia on the Fit and Proper Test assessment results and following the prevailing laws and regulations. Appointment of Ogi Prastomiyono shall be effective upon the closing of this Meeting. Term of office of the appointed members of Board of Commissioners and Board of Directors shall be until the closing of the fifth AGM after the appointment date and shall not diminish the authority of AGM to dismiss any of them at any time. The composition of Board of Commissioners and Board of Directors after the closing of this AGM shall be as follows: **BOARD OF COMMISSIONERS** President Commissioner and Independent Commissioner: Edwin Gerungan Independent Commissioner: : Gunarni Soeworo Independent Commissioner: : Pradjoto Independent Commissioner: : Krisna Wijaya Commissioner: : Wahyu Hidayat Commissioner: : Agus Supriyanto* Commissioner: : Rudi Rubiandini* Commissioner: : Abdul Aziz* With the following terms of office: - Edwin Gerungan, Gunarni Soeworo, Pradjoto and Krisna Wijaya to the closing of AGM in 2015. - - Wahyu Hidayat to the closing of AGM in 2017. - - Agus Suprijanto, Rudi Rubiandini and Abdul Aziz to the closing of AGM in 2018. **BOARD OF DIRECTORS** President Director: : Budi Gunadi Sadikin Vice President Director: : Riswinandi Director : Abdul Rachman Director : Sentot A. Sentausa Director : Ogi Prastomiyono Director : Pahala N. Mansury Director : Fransisca N. Mok Director : Sunarso Director : Kresno Sediarsi Director : Royke Tumilaar Director : Hery Gunardi With the following terms of office: - Budi Gunadi Sadikin, Sentot A. Sentausa and Royke Tumilaar to the closing of AGM in 2016. - Abdul Rachman, Riswinandi, Pahala N Mansury, Fransisca Nelwan Mok, Sunarso and Kresno Sediarsi to the closing of AGM in 2015. - Ogi Prastomiyono and Hery Gunardi to the closing of AGM in 2018. - Under the condition that the President Director position shall be effective for Budi Gunadi Sadikin upon approval from Bank Indonesia on the Fit and Proper Test assessment results and the person shall remain as a Director prior to such approval.			

corporate organs - gms



The level of shareholder attendance at Bank Mandiri AGMs over the last 5 (five) years has ranged from 80% to 86%, thereby showing the effectiveness of the the GMS announcements and notices made by the Bank, and also reflecting a high level of awareness and participation on the part of Bank Mandiri.

BOARD OF COMMISSIONERS

The Board of Commissioners is the Company's supervisory body which is responsible for conducting general and/or specific supervisory duties in accordance with the articles of association. It acts in an advisory capacity to the Directors to ensure the company's compliance with good corporate governance at all organizational levels and components.

Independent Commissioners

Pursuant to BI Regulation No. 8/4/PBI/2006, as amended by BI regulation No. 8/14/PBI/2006 (on Good Corporate Governance in Commercial Banks), the Bank is required to have Independent Commissioners whose number shall account for at least 50% of the total membership of the Board of Commissioners. To that end and for the purpose of supporting GCG, the shareholders, through the GMS, appointed Independent Commissioners to perform supervisory functions in the Bank and its subsidiaries.

The Independent Commissioners are members of the Board of Commissioners without any financial relationships, management relationships, shareholdings and/or family relationships up to the second degree with the other Commissioners, the Directors and/or the controlling shareholders, or other relationships that could influence their ability to act independently. The objective of the Independent Commissioner mechanism is to create a positive working environment, and enhance fairness and equality overall, including protecting the interests of minority shareholders and other stakeholders.

The Bank's Independent Commissioners must not have conflicts of interest and shall act independently at all times, meaning that no conflict of interest will affect their ability to act independently and critically, whether in their relations with other commissioners or with the Directors.

A number of the Bank's Independent Commissioners occupy key positions in government agencies other than state enterprises / local government enterprises. However, all of the Independent Commissioners satisfy the main requirements to be an independent commissioner, which are as follows:

1. They do not have any financial or family relationships with the other Commissioners, the Directors and/or the controlling shareholders of Bank Mandiri, or other relationships that may influence their ability to act independently.
2. The members of the Board of Commissioners do not hold the position of Commissioner, Director or Executive Officer in more than 1 (one) non-financial institution/company, state enterprise, local government enterprise, private enterprise or other position that they should not hold in accordance with the Company's Articles of Association and the prevailing laws and regulations.
3. They have passed a Fit and Proper Test in accordance with Bank Indonesia regulations
4. They are proposed by the Shareholders and approved by the GMS.
5. In the 5 (five) years prior to their appointment:
   a. they have not been declared bankrupt.
   b. they have not served as a member of the Board of Directors or Board of Commissioners or Supervisory Board that was declared guilty of inflicting loss on a Company.
   c. they have never been convicted of a criminal offense that causes losses to the state finances and/or those of a state enterprise and/or in the financial sector.

corporate organs - board of commisioners

Membership of Board of Commissioners

As of the closing of the GMS on 2 April 2013, the Bank has had eight members of the Board of Commissioners, four of whom are Independent Commissioners. This is in compliance with the provisions of the relevant Bank Indonesia Regulation which requires that at least 57% of the Board of Commissioners shall be Independent Commissioners.

MEMBERSHIP OF BOARD OF COMMISSIONERS SUBSEQUENT TO AGM ON 2 APRIL 2013:	
Edwin Gerungan	Chief Commissioner and Independent Commissioner
Gunarni Soeworo	Independent Commissioner
Pradjoto	Independent Commissioner
Krisna Wijaya	Independent Commissioner
Wahyu Hidayat	Commissioner
Agus Supriyanto*	Commissioner
Rudi Rubiandini*	Commissioner
Abdul Aziz*	Commissioner

With their terms of office being as follows:

- Mr. Edwin Gerungan, Ms. Gunarni Soeworo, Mr. Pradjoto, Mr. Krisna Wijaya, until the closing of the Company's AGM to be held in 2015.
- Mr. Wahyu Hidayat, until the closing of the Company's AGM to be held in 2017.
- Mr. Agus Suprijanto, Mr. Rudi Rubiandini, Mr. Abdul Aziz, until the closing of the Company's AGM to be held in 2018.

Notes:

* *Bank Indonesia by virtue of its Letter no. 15/59/DPIP/Rahasia, dated 16 August 2013 terminated the fit and proper test on Mr. Rudi Rubiandini on the grounds that he was unqualified. As Mr. Rubiandini resigned from his position as a member of the Board of Commissioners on 14 August 2014, consequently he was never actually a serving member of the Board of Commissioners.*

* *Mr. Agus Suprijanto's appointment as a member of the Board of Commissioners became effective on 24 October 2013.*

* *Mr. Abdul Aziz's appointment as a member of the Board of Commissioners became effective on 24 October 2013.*

Duties and Responsibilities of the Board of Commissioners

1) To superve the Bank's management by the Directors, and provide advice to the Directors on operational plans, the Bank's development, compliance with the Articles of Associations and AGM and/or EGM resolutions, as well as required regulatory procedures.
2) To discharge the duties, authority and responsibilities as stated in the Company Articles of Association, and GMS and/or EGM resolutions in an effective and efficient manner. The Commissioners are also required to effective communication with the Directors, External Auditor, the banking regulators and the capital markets authority.
3) To uphold the interests of the Bank while having regard to shareholders' interests and its responsibilities to the GMS.
4) To review and analyze the annual report prepared by the Directors and to sign the annual report.
5) To provide feedback and advice on the Annual Operations and Budget Plan prepared by the Directors and to ratify it in accordance with the Articles of Association.
6) To monitor the progress of the Bank's operations.

7) To provide opinions and advice to the GMS with regard to important matters related to the management of the Bank.
8) To immediately report to the GMS if and when there are any indications of a decline in the Bank's performance.
9) To inform Bank Indonesia within at least seven working days of any findings of (a) violations of regulatory procedures in the finance and banking sectors, and (b) events or indications of events that could jeopardize the Bank's business growth.

Frequency of and Attendance Rate at Meetings of the Board of Commissioners

Meetings of the Board of Commissioners are held to discuss strategic matters. In practice, the Board of Commissioners may invite guests to attend its meetings, as stated in Article 8 of Board of Commissioners' Regulation No. KEP.KOM/002/2012 dated 29 May 2012.

Number of Special Meetings of the Board of Commissioners without Attendance of Directors as Invitees

No.	Name	Number of Meetings	Present	Absent	% Attendance
1	Edwin Gerungan	9	9	-	100%
2	Gunarni Soeworo	9	9	-	100%
3	Pradjoto	9	9	-	100%
4	Krisna Wijaya	9	9	-	100%
5	Wahyu Hidayat	9	9	-	100%
6	Agus Suprijanto*	9	3	-	33.3%
7	Abdul Aziz**	9	3	-	33.3%

* Mr. Agus Suprijanto's appointment as a member of the Board of Commissioners became effective on 24 October 2013

** Mr. Abdul Aziz's appointment as a member of the Board of Commissioners became effective on 24 October 2013

Number of Meetings of Board of Commissioners with Directors Present as Invitees

No.	Name	Number of Meetings	Present	Absent	% Attendance
1	Edwin Gerungan	12	12	-	100%
2	Gunarni Soeworo	12	12	-	100%
3	Pradjoto	12	12	-	100%
4	Krisna Wijaya	12	12	-	100%
5	Wahyu Hidayat	12	12	-	100%
6	Agus Suprijanto*	12	3	-	25%
7	Abdul Aziz**	12	3	-	25%

* Mr. Agus Suprijanto's appointment as a member of the Board of Commissioners became effective on 24 October 2013

** Mr. Abdul Aziz's appointment as a member of the Board of Commissioners became effective on 24 October 2013

corporate organs - board of commisioners

Working Visits by Members of the Board of Commissioners

Commissioner	Position on BOC	Training	Organizer
Edwin Gerungan	Chief Commissioner	Non Deal Roadshow	Mandiri
		Investor Conference	Bank of America Merrill Lynch
		Pertemuan dengan Wells Fargo	Bank Mandiri
		Barclays Asia Forum 2013	Barclays
		Acara CSR	Bank Mandiri - Bapekris
Gunarni Soeworo	Independent Commissioner	Working visits by Audit Committee, and Risk Monitoring and GCG Committee	Committees and Regional Office VIII, Surabaya
		Working visits by Audit Committee, and Risk Monitoring and GCG Committee	Committees and Regional Office VIII, Surabaya
		Motivation Journey	Directorate of Criminal & Business Banking
		Coordinating Meeting to Review BMEL Development	BMEL
Wahyu Hidayat	Commissioner	Indonesia Corporate Day	Mandiri Sekuritas & Investor Relations
Abdul Aziz	Commissioner	Working visit by State Minister for State Enterprises	State Enterprises
		Visit to Boeing facilities	The Boeing Company

BOARD OF COMMISSIONERS' MEMBERS DEVELOPMENT PROGRAM

During 2013, the members of the Board of Commissioners attended a variety of Trainings/Workshops/Seminars to develop their capabilities, as detailed in the following table:

Commissioner	Position on BOC	Training	Organizer
Edwin Gerungan	Chief Commissioner	Behavioral Leadership Seminar	The Conference Board - Trusted Insights for Business Worldwide
Gunarni Soeworo	Independent Commissioner	Seminar Refreshment " Getting Ready for ICAAP and SREF	Bara/LSPP
		Executive International Conference	Bara/LSPP
		Executive International Conference	Bara/LSPP
Wahyu Hidayat	Commissioner	Leadership Forum	Mandiri
		Workshop on Enhancing the Role of the BOC in Bank Supervision	LPPI
Krisna Wijaya	Independent Commissioner	Overseas Executive Training	Wharton University of Pennsylvania

corporate organs - board of commisioners

Commissioner	Position on BOC	Training	Organizer
Agus Suprijanto	Commissioner	Seminar on "Sound Practice in Operational Risk Management-Beyond Regulation"	Bara/LSPP
		Workshop on Enhancing the Role of the BOC in Bank Supervision	LPPI
Abdul Aziz	Commissioner	International Economic Seminar"Jiayou Indonesia"	Indonesian Embassy in China
		Workshop on Enhancing the Role of the BOC in Bank Supervision	LPPI

Recommendations of the Board of Commissioners

The Board of Commissioners actively provides recommendations to the Board of Directors. However, this function is carried out by taking into account the working procedures of the Board of Commissioners and the Board of Directors, as well as the principle of checks & balances in the working relationship between the Board of Commissioners and Board of Directors.

The recommendations are provided having regard to the supervisory functions of the Board of Commissioners over Bank Mandiri's performance, in line with the Board's advisory functions.

Board Charter

In performing its supervisory and advisory functions vis-à-vis the Board of Directors, the Board of Commissioners acts based on the Board Manual. The Board Manual contains the working procedures of both the Board of Commissioners and Board of Directors and explains in a structured, systematic, readily understandable and consistent way the various stages involved. It is used as a reference by the Boards of Commissioners and Directors in performing their respective duties so as to achieve the Company's Vision and Mission.

The Board Charter is set out in the Supervisory Board Charter number KEP.KOM/002/2012, dated May 29, 2012, covering:

- General provisions
- Duties, Obligations, Rights and Authority of the Board of Commissioners
- Supporting Institutions
- Meetings of the Board of Commissioners
- Allocation of Duties
- Amendment Process
- Conclusion

corporate organs - board of commisioners

BOARD OF COMMISSIONERS' PERFORMANCE INDICATORS

In performing its duties and functions, the Board of Commissioners always refers to the Articles of Association, AGM Resolutions, and the Board of Commissioners' Work Program.

The Board of Commissioners uses this work program as the basis for carrying out its duties in order to ensure the holistic application of GCG. In performing its work program, the Board of Commissioners is assisted by the Audit Committee, Risk Monitoring and GCG Committee, and Remuneration and Nominations Committee.

The realization of the Board of Commissioners' Work Program in 2013 resulted in various approvals, advisory opinions, responses, and recommendations forwarded to the Board of Directors. These were as follows:

1. Input on the implementation of the 2010-2014 strategic corporate plan.
2. Approval of the Revised Bank Mandiri Operations & Budget Plan for 2013.
3. Approval of the Revised Bank Business Plan for 2013-2015.
4. Supervisory Report on the Bank Mandiri Business Plan for Second Half of 2012.
5. Supervisory Report on the Bank Mandiri Business Plan for First Half of 2012.
6. Providing input and advice with respect on increasing corporate value and revenue market share.
7. Conducting Meetings of the Board of Commissioners, including Joint Meetings of the Board of Commissioners and the Board of Directors, to discuss realization reports on the business development plan, strategic alliances and operational efficiencies in accordance with the RKAP and RBB.

ASSESSMENT OF BOARD OF COMMISSIONERS' PERFORMANCE

The Board of Commissioners conducts self-assessment on the achievement of Key Performance Indicators as set out in the RKAP.

COMMISSIONERS' REMUNERATION POLICY

The determination of the remuneration of Commissioners is based on the Companies Law (No. 40 of 2007), Bank Mandiri's Articles of Association, and Minister of State Owned Enterprises Regulations No. PER 07/MBU/2010 (on Guidelines for Determining the Remuneration of Members of the Board of Directors, Board of Commissioners and Board of Supervisors of State-Owned Enterprises. The remuneration paid to the Commissioners of Bank Mandiri is based on Board of Commissioners Resolution No. KEP.KOM/006/2011 (on Allowances and other Facilities, and Post-Service Benefits for the Members of the Boards of Directors and Commissioners).

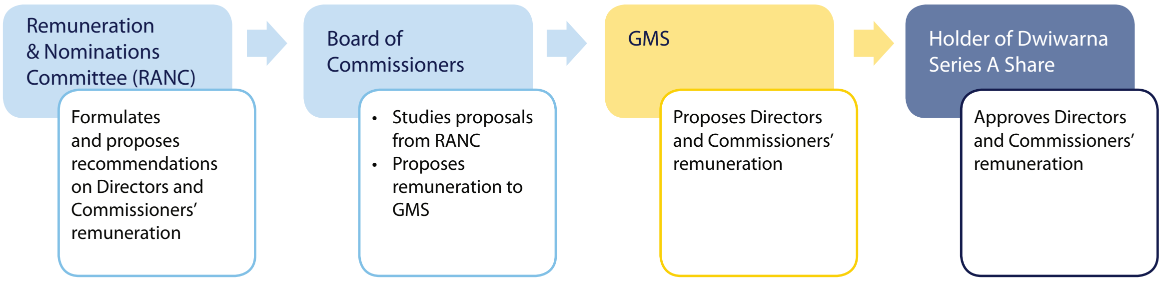
The remuneration of the members of the Board of Commissioners is determined by the General Meeting of Shareholders (GMS). The components of the remuneration members of the Boards of Directors and Commissioners consist of:

1. Salary/Honorarium
2. Allowances
3. Facilities
4. Bonuses/Performance Incentives

PROCEDURES FOR DETERMINING COMMISSIONERS' REMUNERATION

The remuneration of members of the Board of Commissioners is determined by the GMS. The mechanism (based on a formula) specified by the GMS should be first studied in depth and the amount of remuneration proposed by the Board of Commissioners based on the assessment conducted by the Remuneration & Nominations Committee in consultation with the State Minister of State Owned Enterprises, as the Holder of the Dwiwarna Series A Share, so as to determine allowances and other facilities and post-service entitlements payable to the members of the Boards of Directors and Commissioners based on an evaluation of Key Performance Indicators (KPI).

corporate organs - board of commisioners



REMUNERATION AND FACILITIES PAYABLE TO COMMISSIONERS

No.	Type of Income	Description
1	**Honorarium**	
		In the case of the Chief Commissioner, calculated based on a factor of 50% of the CEO's salary, 47.5% in the case of the Deputy Chief Commissioner, and 45% in the case of a Commissioner.
2	**Religious Holiday Bonus**	
	Religious Holiday Bonus	Paid in advance of the religious holidays celebrated by each Commissioner
	Communications Allowance	As incurred
	Post-service Allowance	Term of insurance while in office, covering accident and death insurance.
	Clothing Allowance	May be granted if special event requires special clothing
3	**Facilities**	
	Official vehicle	Extended to all Commissioners. Includes maintenance and fuel allowance in accordance with internal policy (Kep.Kom/006/2011)
	Health Facilities	Reimbursement of medical expenses
	Professional Membership Facility	Maximum of two memberships. Covers registration and annual fees
	Legal Assistance	As required
	Club Membership Allowance	Maximum of two memberships. Covers registration and annual fees
	Representation Allowance	As incurred for the purpose of representing Bank Mandiri's interests

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REMUNERATION AND FACILITY PACKAGES / POLICIES FOR BOARD OF COMMISSIONERS

Type of Remuneration / Facility	Amounts Paid in 1 Year (2013) [1]	
	Board of Commissioners	
	Persons	Millionan Rp
Remuneration :		
Honorariums [2]	10	10.003
Bonuses	-	-
Routine Allowances [3]	10	5.258
Tantiem [4]	8	43.315
Facilities paid in kind		
Housing (may not be owned)	-	-
Official vehicle (may not be owned)	-	-
Presentation (may be owned) [5]	8	1.757

Total remuneration per person in 1 year	Number of Commissioners
Above Rp 2 billion	7
Between Rp 1 billion and Rp 2 billion	-
Between Rp 500 million and Rp 1 billion	-
Less than Rp 500 million	-

1) *Gross, including tax*
2) *A total of 10 Commissioners received remuneration (honorariums and allowances) during 2013*
3) *The calculation of allowances includes religious holiday allowances, total communications allowances in 2013, transportation allowances and fuel allowances*
4) *Includes tantiem for financial year 2012 paid to Mr. Mahmuddin Yasin (whose term of office ended on 23 April 2013), and Mr. Muhayat and Mr. Cahyana Ahmadjayadi (whose terms ended on 2 April 2013)*
5) *Includes post-service presentation (net) to Mr. Cahyana Ahmadjayadi (whose term of office ended on 2 April 2013) for the 2012-2013 period, which was paid in 2013.*

CRITERIA AND PROCEDURES FOR APPOINTMENT OF MEMBERS OF THE BOARD OF COMMISSIONERS

As a State-Owned Enterprise in the form of a Public Limited Liability Company, the criteria and procedures for the appointment of members of the Board of Directors of Bank Mandiri are subject to Law No. 40 of 2007 on Limited Liability Companies ("UUPT"), Bank Indonesia Regulation No. 12/23/PBI/2010 dated 29 December 2010 regarding Fit and Proper Tests ("PBI No. 12/23/2010") and Government Regulation No. 45 of 2005 on the Establishment, Management, Supervision and Dissolution of State-Owned Enterprise ("GR No. 45/2005"). All relevant provisions in the above laws and regulations are incorporated in the Articles of Association of Bank Mandiri.

Law No. 40 of 2007 on Limited Liability Companies

Criteria

In UUPT provides that a person eligible to be appointed as a member of the Board of Commissioners shall be an individual who is qualified to perform legal acts, unless he/she has, within the last 5 (five) years prior to his/her appointment:

- been declared bankrupt;
- served as a member of a Board of Directors or Board of Commissioners that was found guilty of causing a Company's bankruptcy; or
- been convicted of a criminal act that inflicted losses on the state finances and/or is related to the financial sector.

Appointment Procedures

Members of the Board of Commissioners are appointed by a General Meeting of Shareholders (GMS), for a fixed term of office and may be reappointed. The effective date of appointment, replacement or dismissal of a Commissioner will also be stipulated in a resolution of the GMS. If the GMS does not specify the effective date of appointment, replacement, or dismissal of a member of the Board of Commissioners, then the effective date of such appointment, replacement, or dismissal of such member of the Board of Commissioners shall be as per the close of the relevant GMS.

Government Regulation No. 45 of 2005 on the Establishment, Management, Supervision and Dissolution of State Owned Enterprises

Criteria

In accordance with Article 50 of GR No. 45/2005, to be appointed as a member of the Board of Commissioners, the candidate must be a natural person who has integrity, dedication, understands the company's managerial issues in relation to one managerial functions, has sufficient experience in the company's line of business, and is able to allocate sufficient time to perform his/her duties and complies with the criteria set out in the laws and regulations on limited liability companies.

Appointment Procedures

The appointment and removal of members of the Board of Directors is the responsibility of the GMS.

Bank Indonesia Regulation No. 12/23/PBI/2010 dated 29 December 2010 on Fit and Proper Tests

Criteria

Members of the Boards of Directors and Commissioners are members of the Bank Management and, therefore, are required to pass a fit and proper test conducted by Bank Indonesia. The Bank Management must fulfill the requirements regarding integrity, competency, and financial reputation. In order to fulfill the integrity requirement, a candidate member of the Bank's Board of Commissioners should:

- be of sound moral character;
- be committed to complying with the applicable laws and regulations;
- possess a strong commitment to the development of sound banking operations;
- not be on the Disqualified List.
- In order to fulfill the competency requirement, a candidate member of the Board of Commissioners should possess:sufficient knowledge of banking relevant to the position;
- experience and expertise in banking and/or finance; and
- capacity to conduct strategic management within the framework of the development sound banking operations.

In addition, it is required that the majority of members of the Board of Commissioners have experience in bank operations of at least 5 (five) years as an executive officer in a bank.

In order to fulfill the financial reputation requirement, candidate members of the Board of Commissioners must fulfill the following conditions:

- not be on the list of recalcitrant debtors; and
- never have been declared bankrupt nor served as member of a board of directors or board of commissioners that was found guilty of causing the bankruptcy of a company during the 5 (five) years preceding his or her candidacy.

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Appointment Procedures

In order to arrange a fit and proper test, the Bank submits an application for approval of the candidate executive to Bank Indonesia. The number of candidate executives covered by one application should be no more than two persons for each vacant position and the proposed candidates must be selected in accordance with applicable laws and regulations. Approval or rejection of an application shall be given by Bank Indonesia no later than 30 (thirty) days after receipt of a complete application.

The fit and proper test process conducted by Bank Indonesia encompasses administrative due diligence and interviews. In the event that a candidate for whom approval is requested from Bank Indonesia is approved and appointed as an executive pursuant to a resolution of the GMS, but the party concerned is not approved by Bank Indonesia, the Bank shall be required to dismiss the party concerned (by means of a GMS resolution).
A candidate executive who is awaiting approval from Bank Indonesia is prohibited from performing duties as a member of the Board of Commissioners where such duties concern the operations of the Bank and/or other activities that could significantly influence the policy and financial condition of the Bank, notwithstanding that the party concerned has been approved and appointed by the GMS.

FAMILIARIZATION PROGRAM FOR NEW COMMISSIONERS

Bank Mandiri conducts a familiarization program for newly appointed members of the Board of Commissioners to give an overview of the company's business activities, future plans, work guidelines and other matters that come within the responsibilities of the Board of Commissioners. The familiarization program is designed by the Group Corporate Secretary in the form of documentary review, provided both in soft copy and hard copy, covering such things as the Company's Annual Report, Operations and Budget Plan (RKAP), Long-Term Plan (RJPP), Articles of Association, Corporate Governance Policy and Code of Conduct, the Work Programs of the Board of Commissioners and its Committees, the Board of Commissioners' Charter, the Charters of the Board of Directors and its Committees, and all the relevant laws and regulations that concern the operations of Bank Mandiri.

COMMISSIONERS' AND THEIR FAMILY MEMBERS' SHAREHOLDINGS

Nama	Shareholdings of 5% of More of Paid-up Capital					
	Bank Mandiri	Family	Other Companies	Other Banks	Non-Bank Financial Institutions	Description
Edwin Gerungan	-	-	-	-	-	Zero
Wahyu Hidayat	-	-	-	-	-	Zero
Gunarni Soeworo	-	-	-	-	-	Zero
Pradjoto	-	-	-	-	-	Zero
Krisna Wijaya	-	-	-	-	-	Zero
Agus Suprijanto	-	-	-	-	-	Zero
Abdul Aziz	-	-	-	-	-	Zero

BOARD OF DIRECTORS

The Board of Directors is the organ of the Company that is fully authorized to manage the company in the interests of the company, based on the company's intents and purposes, and to represent the company both in and out of court, pursuant to the articles of association.

Membership of the Board of Directors

The Board of Directors consists of 11 members, with the current members appointments being effective as of the close of the AGM held on 2 April 2013:

Budi G. Sadikin	CEO
Riswinandi	Deputy CEO
Abdul Rachman	Director
Sentot A. Sentausa	Director
Ogi Prastomiyono	Director
Pahala N. Mansury	Director
Fransisca N. Mok	Director
Sunarso	Director
Kresno Sediarsi	Director
Royke Tumilaar	Director
Hery Gunardi	Director

Based on the following terms of office:

- Mr. Budi G. Sadikin, Mr. Sentot A. Sentausa and Mr. Royke Tumilaar, until the closing of the Company's AGM to be held in 2016.
- Mr. Abdul Rachman, Mr. Riswinandi, Mr. Pahala N Mansury, Ms. Fransisca N. Mok, Mr. Sunarso and Mr. Kresno Sediarsi, until the closing of the Company's AGM to be held in 2015.
- Mr. Ogi Prastomiyono and Mr. Hery Gunardi, until the closing of the Company's AGM to be held in 2018.

The changes in the membership of the Boards of Directors and Commissioners of Bank Mandiri as made by the AGM on 2 April 2013, and all other resolutions of such AGM have been properly realized.

Duties and Responsibilities of the Board of Directors

Principal Duties of the Board of Directors

The principal duties of the Board of Directors are:

a. to manage the Company in the interest of and in accordance with the purposes and objectives of the Company, and to steer the management of the Company.
b. to maintain and manage the Company;

all of which duties were properly discharged during 2013.

corporate organs - board of directors

Scope and Allocation of Duties of Each Director

Chief Executive Officer

1) To coordinate and implement the Company's management as stipulated in the Articles of Association and resolutions of the GMS, having regard to the prevailing laws.
2) Together with the Deputy CEO, to coordinate, direct and supervise the work of the Company's Directorates in order that they operate smoothly, effectively, efficiently and sustainably so as to realize the Company's long term strategies.
3) To direct the ongoing transformation of Bank Mandiri by encouraging business units to market their products and services in a more dynamic and competitive way so as to overcome market challenges, having regard to comprehensive analyses from the Risk unit.
4) To promote the Company's image both at the national and international levels and to participate in building good relations with correspondent banks, investment banks, financial institutions, customers, and domestic and overseas monetary authority.
5) To act for and on behalf of the Directors and to represent the Company and, for certain acts at his/her own responsibility, to appoint one or more persons based on a power of attorney to conduct specific acts as described in the power of attorney.
6) To coordinate the work of the Regional Promotion Directors in assisting and guiding the Bank's Regional Offices and Regional CEOs in order to expand market share and enhance business volume (funding and loans).

Deputy Chief Executive Officer

1) Policies and Strategies
    a) To assist the CEO in leading and directing policies and strategies and their updating and dissemination throughout all fields in a coordinated manner.
    b) To assist the CEO in leading and directing the development of the Business Plan and the short term, mid term, and long term Action Plans, in line with Company policy.

2) Operations
    a) To ensure the proper implementation of the work of the Directorates under the direct supervision of the Deputy CEO, namely, the Institutional Banking Directorate, Corporate Banking Directorate, Commercial & Business Banking Directorate, Micro & Retail Banking Directorate, and Consumer Finance Directorate. The Deputy CEO also supervises certain Regional Offices as specified by the Board of Directors with the objective of achieve properly coordinated, effective and efficient management.
    b) To assist the CEO in directing and supervising the Directorates and Groups under the direct supervision of the Deputy CEO so that they can sustainability perform their in order to ensure the achievement of the Company's long term strategy.
    c) To assist the CEO in directing the ongoing transformation process so as to meet competition challenges by encouraging Business Units to market their products and services in a more dynamic and competitive manner.
    d) To assist the CEO in enhancing the Company image both at the national and international levels, and to participate in building good relations with correspondent banks, investment banks, financial institutions, customers, and domestic and overseas monetary authority.
    e) To act for and on behalf of the Board of Directors and to represent the Company during absences of the CEO, for whatever reason, where such absences do not need to be proven to any third party.
    f) To support the Regional CEOs role in managing coordination so as to forge alliances with other Business Units.

Director of Institutional Banking

1) Policies and Strategies
    a) To lead and direct the development and implementation of policies and strategies, and their updating and dissemination in a coordinated manner.
    b) To lead and direct the development of the Business Plan, and short term, mid term and long term Action Plans, and ensure that they are in line with Company policies.
    c) To support the Micro & Retail Banking Director in assisting and advising Regional CEOs to boost the Company's market share through the Regional Offices that are under their coordination and responsibility.
    d) To support the Micro & Retail Banking Director in assisting and advising the Regional CEOs to achieve targeted business volumes (funding and loans).

2) Operations
    a) To lead and coordinate the implementation of policies and strategies related to Institutional Banking operations based on the short term, mid term, and long term action plans.
    b) To lead, direct and supervise the groups and subsidiaries (if any) under his or her authority in a coordinated way, to carry out duties related to each of their businesses in line with Company policy, and to manage market competition in the Institutional Banking field.
    c) To lead and direct the ongoing transformation process so as to meet the challenge of market competition related to Institutional Banking.
    d) To lead, direct and coordinate the development and marketing of the best Institutional Banking products and to ensure that they are competitive and of high quality.
    e) To lead and coordinate the aggressive arrangement of Institutional Banking products, having regard to Company policies and prudential principles.
    f) To lead and coordinate the effective promotion of Institutional Banking products in line with market research and customer segment.
    g) To foster good customer relations through on-the-spot visits and the monitoring of customer projects on a regular basis.
    h) To support the roles of the Regional CEOs in performing their coordinating functions so as to forge alliances with other Business Units.

corporate organs - board of directors

3) Human Resources
To lead and direct Human Resource (HR) policies under the coordination of Institutional Banking. This includes proposing recruitment, promotion, transfer/rotation, mentoring and training policies in coordination with the Compliance & Human Capital Director.

Risk Management Director

1) Policies and Strategies
   a) To lead and direct policy and strategy development and formulation, and updating Risk Management policies and disseminating information on such policies.
   b) To lead and direct the development of the Business Plan, and the short term, mid term, long term Action Plans of the Risk Management Directorate, in line with Company policy.
   c) To support the Micro & Retail Banking Director in assisting and advising the Regional Offices to achieve the Company's targeted market share in the Regional Offices under their coordination.
   d) To support the Micro & Retail Banking Director in assisting and advising the Regional CEOs to achieve and enhance targeted business volumes (funding and loans).

2) Operations
   a) To coordinate policy and strategy implementation related to Risk Management.
   b) To lead, direct and supervise groups in a sustainable manner to ensure that they are in line with Bank strategy in carrying out their duties in their respective fields.
   c) To develop and organize Risk Management so as to establish high quality policies, procedures and methods for the implementation of risk management.
   d) To monitor compliance and surveillance procedures by units in the implementation of Risk Management.
   e) To direct the ongoing transformation processes so as to meet the challenges of market competition by offering dynamic and competitive products and services.
   f) To support the Regional CEOs in implementing their coordination functions through the forging of alliances with other Business Units.

3) Human Resources
To lead and direct Human Resources (HR) policies under the coordination of Risk Management, including proposing recruitment, promotion, transfer/rotation, mentoring and training, with the coordination of the Compliance & Human Capital Director.

Micro & Retail Banking Director

1) Policy and Strategy
   a) To lead and direct policy and strategy development and implementation, update and disseminate policies in Micro & Retail Banking, and to assist and advise PT AXA Mandiri Financial Services, PT Bank Sinar Harapan Bali and Mandiri International Remittance (Bank subsidiaries) and PT Mandiri Manajemen Investasi (subsidiary of PT Mandiri Sekuritas).
   b) To lead and direct the development of short term, mid term, and long term Action Plans for the Micro & Retail Banking Directorate in line with Company policy.
   c) To lead and direct all Bank Mandiri Regional CEOs so as to enhance market share and to achieve business volume targets (funding and loans) in all Bank Mandiri regions.

2) Operations
   a) To lead and coordinate policy and strategy implementation related to Micro & Retail Banking in respect of short term, mid term and long term operations.
   b) To direct and supervise the offshore groups and offices under his supervision and all subsidiaries for which he is responsible in a sustainable manner and ensure that they carry out their respective duties in line with Company policy, and to competently handle market competition in the Micro & Retail Banking segment.
   c) To lead and direct the ongoing transformation process so as to meet the challenges of market competition related to Micro & Retail Banking.
   d) To lead, direct, and coordinate the development and provision of the best Micro & Retail Banking products and to ensure that they are highly competitive.
   e) To lead and coordinate an aggressive Micro & Retail Banking product range in line with Company policy and prudential principles.
   f) To lead and coordinate effective advertising and promotion of Micro & Retail Banking products in line with customer segmentation and market research guidelines.
   g) To lead and direct front line marketers in correctly applying standard operating procedures in Micro & Retail Banking.
   h) To coordinate and direct the Regional CEOs in performing their coordination functions by forging alliances with other Business Units.

3) Human Resources
   To lead and direct the Human Resources (HR) policy under the coordination of Micro & Retail Banking, including proposing recruitment, promotion, transfer/rotation, mentoring and training with the coordination of the Compliance & Human Capital Director.

Compliance & Human Capital Director

1) Policy and Strategy
   a) To lead and direct the drafting and implementation of policies and strategies and, updating and disseminating of policy to Compliance & Human Capital.
   b) To lead and direct the development of short term, mid term, long term Action Plans of Compliance & Human Capital Directorate in line with the Company policy.
   c) To direct the implementation of short term and long term Human Capital strategies in line with the Bank strategy and to refine Human Capital systems policy to enhance Human Resource (HR) competency and productivity.
   d) To coordinate the development of effective HR development Strategies through employee development system with implementation based on high levels of competency.
   e) To supervise the Bank Mandiri Pension Funds and Healthcare Foundation management.
   f) To support the Micro & Retail Banking Director in directing and mentoring the Regional CEOs to achieve the Company's targeted market share in Regional Offices that are under its mentorship and coordination and to act as Regional Office mentor.
   g) To support the Micro & Retail Banking Director in directing and mentoring the Regional CEOs to achieve targets and enhance business volume (funding and loans).

corporate organs - board of directors

2) Operations
   a) To coordinate, direct and implement the principles of good corporate governance.
   b) To determine the required measures to ensure the Bank compliance with all prevailing laws and regulations.
   c) To monitor and maintain the Bank business activity in line with the applicable laws.
   d) To monitor and maintain the Bank's compliance on all agreements and commitments agreed by the Bank with external parties.
   e) To lead and coordinate comprehensively, the policy and strategy formulation related to Compliance & Human Capital for short term, mid term, and long term operation.
   f) To coordinate and direct the policies, standards and procedure with decision published by the Bank so as to fulfill the required regulatory guidelines and does not violate the principles of prudence in accordance with best industry practices.
   g) To comprehensively lead and direct the policy and strategy in the implementation of systems of recruitment, placement, staff development and transfer for short term, mid term, and long term operation.
   h) To ensure the availability of organizational structure and effective job grading, including job-grading calibration to achieve consistency between SBUs.
   i) To direct and coordinate the productive work relations' policy between the Bank and its employees both individually and with line units.
   j) To coordinate and direct the implementation of the incentive system, benefits and compensation to be managed and run well within the reward strategy philosophy and the Bank's capability.
   k) To coordinate and direct the implementation of training systems that will result in high productivity and quality in line with the Bank requirements.
   l) To coordinate and direct the implementation of corporate culture evaluation, to support the Bank objectives.
   m) To direct and ensure the implementation of service standards, conduct and the company culture values in line with the Company's cultural transformation program.
   n) To coordinate, direct and monitor the handling of complex bank-wide legal matters by optimizing legal officers for legal advice to line units and the management through legal advice.
   o) To coordinate, direct and monitor the effective legal action through integrated cases management with clear targets.
   p) To coordinate the performance achievement of Compliance & Human Capital Directorate.
   q) To support the Regional CEOs role in implementing its coordination function to carry out alliances with other Business Units.

3) Human Resource
   a) To lead and direct the Human Resources (HR) strategy in Compliance & Human Capital Directorate, including proposing the recruitment, promotion, transfer/rotation, mentoring and training.
   b) To ensure the effective and responsive implementation of operational functions and development Human Capital information systems which are up-to-date, integrated and easy to use by all working units.
   c) To monitor the employee relations to create harmonious industrial relations.
   d) To monitor the execution and delivery of the Bank's strategic policies on employment of all categories of staffing.

Finance & Strategy Director

1) Policy and Strategy
   a) To lead and direct the policy and strategy formulation and development, to update and disseminate Finance & Strategy policy.
   b) To lead and direct the development of short term, mid term and long term action plans in line with the Company policy.
   c) To support the Micro & Retail Banking Director in directing and mentoring the Regional CEOs to achieve the Company market share at Regional Offices under its coordination and mentorship.
   d) To support the Micro & Retail Banking Director in directing and mentoring the Regional CEOs to achieve targets and enhance business volume (funding and loans).

2) Operations
   a) To comprehensively lead and coordinate strategy, objectives for long term, mid term, and short term financial targets of Bank Mandiri.
   b) To lead, direct, and coordinate all investor relations activities for the purpose of carrying out financial communication to the investors in an effective, efficient, transparent, accountable, and timely manner and to improve the quality of the Company annual report as is expected of a public company.
   c) To lead and direct the accounting and bookkeeping activity so as to establish a financial system with appropriate supervision, policies and procedures and to deliver excellent, timely, complete, consistent and precise financial information and MIS.
   d) To lead and coordinate and develop the Company communication strategy and its implementation, specifically to maintain and uphold the Company image and reputation as the public company.
   e) To lead, coordinate, direct, and monitor the implementation of Corporate Action with regard to the disclosure of information with reference to the applicable provisions and the Company's other internal activities and to include those that are not limited by the execution of activities listed in the Calendar of Events and other events such as the Company's internal meetings.
   f) To lead and direct the policy and strategy implementation and development, to update and disseminate Finance & Strategy policy.
   g) To lead and direct the development of an excellent, precise, completed and consistent performance management system, and to measure its implementation timely and accurately.
   h) To lead, coordinate, direct and monitor the development of the Standard Procedure Manual, prepared by each line units in line with best industry practice, regulatory requirements, and with prudent principles.
   i) To coordinate and direct the Partnership and Community Development Program (PKBL) policy in line with prevailing laws and policies set by the General Meeting of Shareholders (GMS).
   j) To support the Regional CEOs role in implementing their coordination function in carrying out alliances with other Business Units.

3) Human Resources

   To lead and direct the Human Resource (HR) policies with the coordination of Finance & Strategy, including proposing recruitment, promotion, transfer/rotation, mentoring and training coordinated with Compliance & Human Capital Director.

corporate organs - board of directors

Commercial Banking Director

1) Policy and Strategy
   a) To lead and direct the policy and strategy implementation and development, to update and disseminate Commercial & Business Banking policy, and to act as PT Bank Syariah Mandiri mentor.
   b) To lead and direct the development of business action plans of Commercial & Business Banking short term, mid term and long-term and in line with the Company policy.
   c) To support the Micro & Retail Banking Director in directing and mentoring the Regional CEOs to achieve the Company's targeted market share in Regional Offices under their coordination and mentorship.
   d) To support the Micro & Retail Banking Director in directing and mentoring the Regional CEOs to achieve and achieve the projected business volumes (funding and loans).

2) Operations
   a) To comprehensively lead and coordinate the policy implementation of long term, mid term, and short-term strategies of Commercial & Business Banking operations.
   b) To lead, direct and coordinate all working functions of the Jakarta Commercial Sales Group to develop more marketable and profitable products and alliances.
   c) To lead, direct and coordinate all working functions of Regional Commercial Sales I Group, Regional Commercial Sales II Group, to develop more marketable and profitable products and alliances.
   d) To lead, direct and coordinate all working functions of Business Banking I Group, Business Banking II Group, in developing more marketable and profitable products and alliances.
   e) To direct and coordinate the working functions of Wholesale Transaction Banking Solutions Group in the development of products that deliver competitive products and policies.
   f) To support the Regional CEOs role in implementing its coordination function to carry out alliances with other Business Units.

3) Human Resources
   To lead and direct the Human Resources (HR) policy under the coordination of Commercial & Business Banking, which will include: proposing recruitment, promotion, transfer/rotation, mentoring and training with the coordination of the Compliance & Human Capital Director.

Corporate Banking Director

1) Policy and Strategy
   a) To lead and direct the policy, strategy implementation and development, to update and disseminate Corporate Banking policy, Bank Mandiri Hongkong Branch (Overseas Office), Bank Mandiri Singapore Branch (Overseas Office) and Bank Mandiri Shanghai Branch (Overseas Office), and to act as the mentor of PT Mandiri Sekuritas (Subsidiary), Bank Mandiri Europe Limited/BMEL (Subsidiary).
   b) To lead and direct the development of Business Action Plans of Corporate Banking Directorate for short term, mid term and long-term and in line with Company policy.
   c) To support the Micro & Retail Banking Director in directing and mentoring the Regional CEOs to achieve the targeted Company market share in Regional Offices under its coordination and mentorship.
   d) To support the Micro & Retail Banking Director in directing and mentoring the Regional CEOs to achieve and enhance the projected business volumes (funding and loans).

2) Operations
   a) To comprehensively lead and coordinate the policy implementation, of long term, mid term, and short-term strategies of Corporate Banking operations.
   b) To lead and direct as well as supervise Groups and Overseas Offices under its operations as well as subsidiaries under its responsibility for the purpose of carrying out duties related to each field to be in line with the Company policy on an ongoing basis and to address the challenges market competition in Corporate Banking.
   c) To lead and direct the ongoing transformation processes to meet market challenges related to Corporate Banking.
   d) To lead, direct, and coordinate the development of the best and most competitive Corporate Banking products and to ensure its highly competitive quality.
   e) To lead and coordinate the Corporate Banking product arrangement aggressively, following the Company policy and with prudent principles.
   f) To lead and coordinate effectively on the Corporate Banking product promotion in accordance with customer segmentation and market research.
   g) To organize customer relations mentoring, through on the spot visits and monitoring of customer projects on a regular basis.
   h) To support the Regional CEOs roles in implementing coordination functions in carrying out alliances with other Strategic Business Units.

3) Human Resources
   To lead and direct the Human Resources (HR) policies under the coordination of Corporate Banking, including proposing recruitment, promotion, transfer/rotation, mentoring and training with the coordination of Compliance & Human Capital Director.

Direktur Technology & Operations

1) Policy and Strategy
   a) To lead and direct the policy and strategy, development and implementation, to update and disseminate Technology & Operations Directorate policies dissemmination.
   b) To lead and direct the development of Business action Plans for short term, mid term and long term of Technology & Operations Directorate in line with the Company policy.
   c) To lead and direct the development and implementation of service policies and strategies to maintain the customer trust and confidence.
   d) To support the Micro & Retail Banking Director in directing and mentoring the Regional CEOs to achieve the Company market share in Regional Offices under its coordination and mentorship.
   e) To support the Micro & Retail Banking Director in directing and mentoring the Regional CEOs to achieve and achieve the projected business volume (funding and loans).

corporate organs - board of directors

2) Operations
   a) To comprehensively lead and coordinate the policies implementation for long term, mid term and short-term strategies of Technology & Operations Directorate.
   b) To direct and supervise the groups under its operations in carrying out duties related of their respective fields in line with long-term, sustainable, strategy, of the Company and Technology & Operations Directorate.
   c) To develop Information Technology as a business partner with all working units of the Company organization to ensure the application of the accurate technology solutions for the Company for both current and future business needs through effective and efficient information technology planning, development, implementation, maintenance and sustainable support.
   d) To coordinate and direct the development of the Company services strategy, communication consolidation, and programs to enhance customer service quality.
   e) To coordinate and direct the optimization of customer database to support the Company's business activities.
   f) To coordinate and direct the procedures management and development on customer complaints as well as for customer disputes.
   g) To be fully responsible if found guilty or for neglecting the implementation of duties pertaining to the best interests and business of the Company.
   h) To support the Regional CEOs' role in carrying the coordination functions to implement alliances with other Strategic Business Units.

3) Human Resource
   To lead and direct the Human Resources (HR) policies under the coordination of Technology & Operations Directorate, including proposing of recruitment, promotion, transfer/rotation, mentoring and training with the coordination of the Compliance & Human Capital Director.

Direktur Treasury, Financial Institutions & Special Asset Management

1) Policy and Strategy
   a) To lead and direct the policy and strategy implementation and development, to update and disseminate policy by the Treasury, Financial Institution, Special Asset Management, Procurement & Fixed Assets and Bank Mandiri Cayman Island Branch (Overseas Offices).
   b) To lead and direct the development of Business Plans for short term, mid term and long-term Action Plans in line with the Company policy.
   c) To support the Micro & Retail Banking Director in directing and mentoring the Regional Offices to achieve the Company's targeted market share in Regional Offices under its coordination and mentorship.
   d) To support the Micro & Retail Banking Director in directing and mentoring the Regional CEOs to achieve the projected business volume (funding and loans).

2) Operations
   a) To comprehensively lead and coordinate the short term, mid term, and long term policies and strategy implementation related to the operations activities of the Treasury, Financial Institution, Special Asset Management, Procurement & Fixed Assets and Bank Mandiri Cayman Island Branch (Overseas Office).
   b) To direct and supervise the Groups and Overseas Offices under its coordination and responsibility in a sustainable manner in carrying out their respective duties in line with the Company policy as well as to direct and coordinate with Treasury, Financial Institution and Special Asset Management in handling market competition in line with Company policy.
   c) To lead and direct the ongoing transformation processes to meet the market challenges related to Treasury, Financial Institution and Special Asset Management.
   d) To direct the activity of procurement, maintenance, warehousing and archiving, service and facilities, effectively and efficiently as well as to ensure a secure archive of all the Company documents where can be recovered quickly and efficiently.
   e) To lead, direct and coordinate the best products development and offerings of the Treasury, Financial Institution and Special Asset Management, and to ensure that the development and offers are of quality and highly competitive.
   f) To lead and coordinate the aggressive product arrangement of Treasury, Financial Institution and Special Asset Management by following the Company policy and prudential principles.
   g) To lead and coordinate the effective promotion of the products of Treasury, Financial Institution, and Special Asset Management in line with customer segments and market research findings.
   h) To lead and direct the front liner marketers in implementing the appropriate Standard Operating procedures in Treasury, Financial Institution and Special Asset Management.
   i) To support the Regional CEOs role in implementing the coordination functions in conducting alliances with other Strategic Business Units.
   j) To lead and coordinate efforts by the Replacement Director in dealing with non-performing loans through restructuring and recovery measures, either done internally, or with the cooperation of third parties, in line with the Company policy.
   k) To coordinate the write-off recommendation of non-performing loans in a timely manner.
   l) To coordinate the management of loans billing and management in a resourceful manner.
   m) To coordinate the follow-up on non-performing loans transfer from Business Unit to Recovery Unit and the returning of non-performing loans from Recovery Unit to related units in an appropriate and timely manner.
   n) To support the Regional CEOs role in implementing its coordination functions to conduct alliances with other Strategic Business Units.
3) Human Resource

   To lead and direct the Human Resources (HR) policies under the coordination of Treasury, Financial Institution, Special Asset Management and Procurement & Fixed Assets, including proposing recruitment, promotion, transfer/rotation, mentoring and training, in coordination with the Compliance & Human Capital Director.

corporate organs - board of directors

Frequency of Meetings and Attendance Rate of the Board of Directors in 2013

No.	Director	Number of Meetings	Present	Absent	% Attendance
1	Zulkifli Zaini*)	12	11	1	92%
2	Riswinandi	53	47	6	89%
3	Abdul Rachman	53	48	5	91%
4	Sentot A. Sentausa	53	47	6	89%
5	Budi G. Sadikin**)	53	47	6	89%
6	Ogi Prastomiyono	53	49	4	92%
7	Pahala N. Mansury	53	46	7	87%
8	Fransisca N. Mok	53	47	6	89%
9	Sunarso	53	45	8	85%
10	Kresno Sediarsi	53	47	6	89%
11	Royke Tumilaar	53	37	16	70%
12	Hery Gunardi***)	53	36	17	88%

**) Term of office as director ended at the closing of the AGM on 2 April 2013*
***) Appointed CEO at closing of AGM on 2 April 2013, effective since 31 July 2013 pursuant to Bank Indonesia Letter No. 15/35/GBI/DPIP/ Rahasia, dated 31 July 2013*
****) Appointed Director at closing of AGM on 2 April 2013, effective since 27 July 2013 pursuant to Bank Indonesia Letter No. 15/16/GBI/DPIP/ Rahasia, dated 27 July 2013*

Senior Executive Vice President (SEVP)

To assist the Directors in performing their respective duties, the Board of Directors may appoint an SEVP to be in charge of the Directorate. Currently, in accordance with Decision Letter of the Board of Directors No. KEP. DIR/12/2014 dated January 9, 2014, there are 4 SEVPs, formerly EVP Coordinators as follows:

I. EVP Coordinator Change Management Office

1) Policy and Strategy
   a) To lead and direct the policies, strategies and, to update and disseminate Change Management Office Directorate policy.
   b) To lead and direct the business action plan formulation for short term, mid term, and long-term in line with the Company policy.
2) Activity Operasional
   a) To lead and direct the evaluation on the candidates proposed for legal, financial and valuation specialists.
   b) To lead and direct the reorganization of SBU establishment within the Directorate as well as with other units in Bank Mandiri.
   c) To coordinate the re-organization of SBU establishment with management consultants.
   d) To recommend the re-organization of SBU while considering its implications on Human Resources policy on the recommendations for required workforce.
   e) To monitor and direct the strategic alliances program, Corporate Culture and branding implementations in a timely, efficient manner to best advantage.
   f) To lead the development of feasibility study and project brief analysis (including profitability analysis) on the synergy potential of strategic alliances program between business units.
   g) To lead and coordinate the strategic initiatives on timing, costing and realization of benefits in accordance with the project charter.
   h) To lead the initiatives related to inorganic growth (merger and acquisition).
3) Human Resources

   To lead and direct the Human Resources (HR) policy under the coordination of the Change Management Office Directorate including proposing the recruitment, promotion, transfer/rotation, mentoring and training, in coordination with Compliance & Human Capital Director.

II. SEVP Consumer Finance

1) Policy and Strategy

a) To lead and direct the policy, strategy, to update, disseminate formulate policies in Consumer Finance.

b) To lead and direct the business action plans development for short term, mid term, and long-term of the Consumer Finance Directorate in line with the Company policy.

2) Operations

a) To comprehensively lead and coordinate for short term, mid term and long-term policies and strategies implementation related to the operations activities of the Consumer Finance.

b) To direct and supervise the groups under its coordination and subsidiaries under its responsibility in a sustainable manner in carrying out their respective duties in line with the Company policy as well as to assist in the handling market competition in Consumer Finance.

c) To lead and direct the ongoing transformation processes to meet the market challenges related to the Consumer Finance.

d) To lead, direct, and coordinate the development of best products and offerings of Consumer Finance, and to ensure that the products and offers are both competitive and of high quality.

e) To lead and coordinate an aggressive product arrangement by Consumer Finance in line with Company policy and prudent principles.

f) To lead and coordinate the effective promotion of the Consumer Finance products in accordance with customer segmentation and market research findings.

g) To lead and direct the front liner marketers to implement working procedures in accordance with the Standard Operating procedures set in the Consumer Finance.

3) Human Resources

To lead and direct the Human Resources (HR) policies under the coordination of the Consumer Finance, including proposing recruitment, promotion, transfer/rotation, mentoring and training, coordinating with the Compliance & Human Capital Director.

III. SEVP Internal Audit

1) Policy and Strategy

a) To lead and direct the policy, strategy, and to update as well as disseminate the policies of Internal Audit.

b) To lead and direct the business action plan development for short term, mid term, and long-term of the Internal Audit Directorate in line with the Company policy.

2) Operations

a) To lead and plan as well as control the activities of Internal Audit Directorate aiming to achieve the objectives established by the Internal Audit Charter and the Bank objectives.

b) To ensure that Internal Audit is responsible in evaluating the adequacy and effectiveness of Internal Control System continuously in relation to the performance of Bank operations in achieving the target specified by the management.

corporate organs - board of directors

c) To provide recommendations based on the analysis and evaluation of new procedures and systems and to ensure that internal control aspects are already in place to implement the new procedures and systems.
d) To assess the risk management implementation of PT Bank Mandiri (Persero) Tbk by re-analyzing the risk assessment (risk profile report) that was provided by risk management line units, to assist in risk identification and evaluation by providing recommendations and solutions for Risk Management quality improvements.
e) To assist by the provision of assurance regarding governance implementation by conducting the assessments and recommendations and providing solutions to improve the governance process.
f) To evaluate the adequacy of follow-up implementation by the Auditee to ensure adequate internal control systems, risk management and governance process.
g) To develop, supervise and coordinate the Regional Internal Control (RIC) with the Internal Audit in the implementation of the auditing functions in an effective and efficient manner.
h) To coordinate the effectiveness of the implementation of duties of External Auditor and to monitor the follow-up of audit results by the External Auditor.
i) To report the implementation of duties and responsibilities of Internal Audit to internal and external parties.

3) Human Resources

To lead and direct the Human Resources (HR) policy under the coordination of Internal Audit Directorate including proposing recruitment, promotion, transfer/rotation, mentoring, and training through coordination with the Compliance & Human Capital Director.

IV. SEVP Transaction Banking

1) Policy and Strategy

a) To lead and direct the preparation and performance of policies and strategies and to update and disseminate transaction banking policies through product development, sales support and channel provision to main customers in order to ensure comprehensive services of marketable and profitable Transaction Banking products.
b) To lead and direct the preparation of Business Plan and Action Plan for short term, mid term and long term operation of Transaction Banking Directorate in line with the Company policy.
c) To lead and direct the IT Operation Transaction Banking Support in the system development and production support in order to ensure proper product development and Transaction Banking services for the customers.

2) Operations

a) To comprehensively lead and coordinate the implementation of policies and strategies relating to the short term, mid term and long term Transaction Banking operational activities.
b) To direct and supervise the groups under the Transaction Banking Directorate continuously in performing the duties relating to their respective authority in line with the Company policy and to deal with market competition in Transaction Banking sector.
c) To lead and direct the process of change required to meet the market challenges related to the Transaction Banking sector.

d) To lead, direct, and coordinate the development and offer of the best Transaction Banking products, and to ensure that such development and offer is highly competitive and of high quality.

e) To lead and coordinate the aggressive Transaction Banking product arrangements by following the Company policy and prudent principles.

f) To lead and coordinate effective promotions of Transaction Banking products in line with market research and customer segments.

g) To lead and direct the front line marketers to carry out Standard Procedures in Transaction Banking correctly.

3) Human Resources

To lead and direct the Human Resources (HR) policy under the coordination of Transaction Banking, including proposing recruitment, promotion, transfer/rotation, mentoring, and training through coordination with the Compliance & Human Capital Director.

SEVP Attendance at Meetings of the Board of Directors in 2013

No.	SEVP	Number of Meetings	Present	Absent	% Attendance
1	Riyani T. Bondan	53	44	9	83%
2	Ventje Rahardjo	53	48	5	91%
3	Hery Gunardi *)	9	9	0	100%
4	Tardi**)	39	36	3	92%
5	Rico Usthavia Frans***)	4	3	1	75%

**) SEVP Consumer Finance until 2 April 2013*

***) Appointed SEVP at Board of Directors' Meeting on 8 January 2013*

****) Appointed SEVP at Board of Directors' Meeting on 9 January 2013*

Guidelines and Procedures for Board of Directors and SEVPs

The Board of Directors will refer to the Board Manual. The Board Manual contains the working procedures of the Boards of Commissioners and Directors and explains the structured, systematic, understandable and consistent stages of activity, and may be used as reference by the Boards of Directors in performing their respective duties to achieve the Company's Vision and Mission and, therefore, a high working standard in line with the principles of GCG may be achieved.

The Board Charter is set out in the Decision Letter of the Board of Directors No. KEP.DIR/317/2010 dated November 15, 2010, covering:

- General provisions
- Duties, Obligations, Rights and Authority of the Board of Directors
- Organizations and Distribution of Duties
- Meeting of the Board of Directors
- General Policies
- Committee
- Correspondences and others
- Amendment
- Closure

corporate organs - board of directors

Familiarization Program for Directors

Bank Mandiri conducts a familiarization program for newly appointed members of the Board of Directors to give an overview of the company's business activities, future plans, work and other guidelines which shall be under the responsibility of the Board of Directors. The familiarization program is prepared by the Group Corporate Secretary in the form of document review provided in soft copy and hard copy such as, amongst others, Annual Report, Company's Work Plan and Budget (RKAP), Company's Long-Term Plan (RJPP), Company's Articles of Association, Company's Corporate Governance Policy, Company's Code of Conduct, Board of Directors' Charter and Committees under the Board of Directors' Charter, as well as all laws and regulations related to the business process of Bank Mandiri.

Development Program for Members of the Board of Directors and SEVPs

During 2013, the members of the Board of Directors attended the following Training/Workshops/Seminars:

NO	NAME	POSITION ON BOD	TRAINING	ORGANIZER
1	Budi G. Sadikin	CEO	Risk Management in Banking	INSEAD, France
2	Riswinandi	Deputy CEO	Getting Ready for Uncertainty in Regulation and Marked Environment	BARa
3	Abdul Rachman	Director	Leading Organizational Effectives	Darden Business School
4	Sentot A. Sentausa	Director	Strategies for Creating Shareholder Value	Kellog School of Management
5	Ogi Prastomiyono	Director	Successful Corporate Renewal	Kellog School of Management
6	Pahala N. Mansury	Director	The Emerging CFO: Strategic Financial Leadership Program	Stanford Graduate School of Business
7	Fransisca N. Mok	Director	The Womens Leadership Program	Darden Business School
8	Sunarso	Director	The Customer Focused Organization: Leadership, Strategy and Implementation	Kellog School of Management
9	Kresno Sediarsi	Director	Driving Strategic Value from IT	Kellog School of Management
10	Royke Tumilaar	Director	Making Innovation Happen Program	London Business School
11	Hery Gunardi	Director	Leading Change & Organizational Renewal	Stanford Graduate School of Business
12	Riyani T. Bondan	SEVP	Growing with Confidence: The Role of Enterprise Risk Management in Driving a Winning Strategy	BARa
13	Ventje Rahardjo	SEVP	Leading Change & Organizational Renewal	Harvard Business School
14	Tardi	SEVP	Executing Breakthrough Strategy	Columbia Business School

Key Performance Indicators of Board of Directors

No.	Strategic Target	Indicator	Realization per December 13
1.	Enhancing Company Value	BMRI has largest market capitalization among its competitors	- 3,1%
2.	Enhancing bank profitability	- Earning After Tax - ROE	16,99% 22,51%
3.	Increasing Revenue Market Share	- Loan market share - Low Cost Funds market share	12,6% 16,0%
4.	Improving quality of productive assets	- NPL Gross - NPL Netto	1,60% 0,37%
5.	Developing transactional banking	Fee Base Ratio	31,02%
6.	Increasing lending expansion and high yield contribution	- Loan growth (Net) - Loan growth	416,98% 86,18%
7.	Increasing fund & retail payment	- Growth in Low Cost Funds (demand and savings deposits - Funding mix	330,38% 66,11%
8.	Enhancing customer satisfaction	Quality of service in branches and eChannels	1%
9.	Forging alliances with SBUs	Account Planning Program's targets 100% achieved for: - Growth of Anchor's Low Cost Fund - Growth of Alliance Revenue	39,73% 3,15%
10.	Enhancing employee innovation and productivity	Implementation of strategic initiatives	100%

Board of Directors Performance Assessment

The Board of Directors performance assessment is the result of collegial work of all Directors as reflected in the realization of the Company Work Plan and Budget (RKAP) on annual basis. The Board of Directors performance assessment is conducted on Bank Soundness that includes bank's risk profile, Good Corporate Governance (GCG), rentability and capital. The parties conducting assessment of the Board of Directors performance are the Board of Commissioners, GMS.

The Board of Directors Remuneration Policy

The determination of remuneration of the Board of Directors is based on Limited Liability Law no. 40 of 2007, Bank Mandiri's Articles of Association, and Regulation of Minister of State Owned Enterprises No. PER 07/MBU/2010 regarding Guidelines for Determination of Remuneration of Board of Directors, Board of Commissioners and Board of Supervisors of State-Owned Enterprises. The remuneration of the Board of Directors of Bank Mandiri is set out in the Commissioners' Decision Letter No. KEP.KOM/006/2011 regarding Allowances and other Facilities as well as Post-Official Compensation for the Boards of Directors and Commissioners.
The remuneration of the Board of Directors is determined by a General Meeting of Shareholders (GMS). The

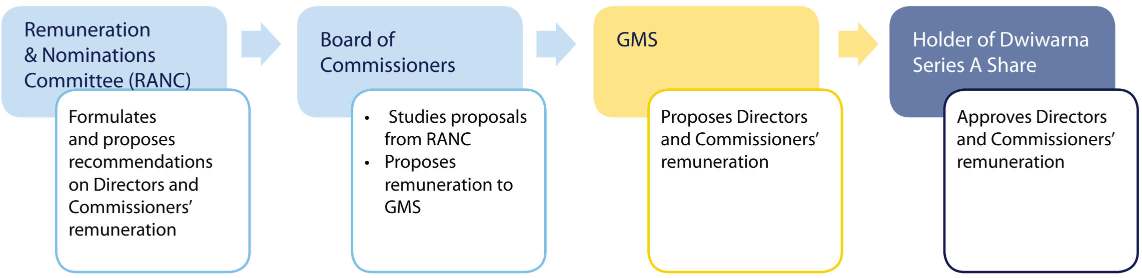
corporate organs - board of directors

components of remuneration of the Boards of Directors consist of:
1. Salary/Honorarium
2. Allowances
3. Facilities
4. Bonuses/Performance Incentives

The Board of Directors Remuneration Determination Procedure

A. In addition to being reflected in the realization of the Company Work Plan and Budget (RKAP), the determination of remuneration for the Board of Directors is reviewed and proposed on the basis of the following:
   1. In the end of the year, a business plan is prepared as set out in the Bank Business Plan (RBB), which is then delivered to the Stakeholders and regulator;
   2. Key Performance Indicators (KPI) of the CEO are prepared and they should then be approved by the Board of Commissioners and signed by the CEO and Chief Commissioner;
   3. KPI of the Vice CEO and Divisional Director are prepared to cover the KPI of the CEO;
   4. Performance of each business unit is evaluated regularly and the main target is evaluated monthly through performance review;
   5. Comprehensive assessment is conducted in the end of the year and the result thereof will be discussed in the meeting of the Board of Directors;
   6. The result of such assessment will then be reported to the Board of Commissioners and, after GMS, bonuses will be distributed to the Directors based on the result of such assessment and, therefore, the amount of bonuses may vary among the directors.

B. The remuneration for the Board of Directors is determined through a GMS. The mechanism specified by a GMS should be first reviewed and the amount of remuneration proposed by the Board of Commissioners through assessment by the Remuneration & Nomination Committee in consultation with the State Minister of State Owned Enterprises as the Holder of Dwiwarna Series A Shares to determine allowances and other facilities and post-official compensation for the Boards of Directors and Commissioners on the basis of evaluation of Key Performance Indicator (KPI).



The Remuneration for the Board of Directors shall consider the realization of achievement of Key Performance Indicator (KPI) and contribution of each Director during 2012 specified by the Remuneration and Nominations Committee.

Salaries, Allowances and Facilities Payable to Directors in 2013

No.	Type of Income	Description
1	**Salary**	Calculated based on the following factors CEO: 100% Deputy CEO: 95% Director: 90%
2	**Allowances**	
	Religious Holiday Bonus	Paid in advance of the religious holidays celebrated by each Commissioner
	Communications Allowance	As incurred
	Post-service Allowance	Term of insurance while in office, covering accident and death insurance.
	Clothing Allowance	May be granted if special event requires special clothing
	Annual Leave	Granted after serving for six consecutive months
	Extended Leave	Granted after serving for three consecutive years
	Housing allowance	Granted if official residence not provided
	Utility Allowance	As incurred for those occupying official residences, and maximum of 30% of housing allowance for those not occupying official residences
3	**Facilities**	
	Official vehicle	Extended to all Commissioners. Includes maintenance and fuel allowance in accordance with internal policy (Kep.Kom/006/2011)
	Health Facilities	Reimbursement of medical expense
	Professional Membership Facility	Maximum of two memberships. Covers registration and annual fees
	Legal Assistance	As required
	Office housing facilities	Office housing provided including maintenance and furniture, housing allowance (if housing offices is not used)
	Club Membership Allowance	Maximum of two memberships. Covers registration and annual fees
	Representation Allowance	Representation Allowance

Package/Policy on Remuneration and Other Facilities for the Board of Directors

corporate organs - board of directors

Type of Remuneration / Facility	Amounts Paid in 1 Year (2013) [1]	
	Board of Directors	
	Persons	Rp Millionan
Remuneration :		
Salaries [2]	12	31.252
Bonuses	-	-
Routine Allowances [3]	12	18.700
Performance-related Bonuses (Tantiem) [4]	11	134.982
Facilities paid in kind		
Housing (may not be owned) [5]	11	625
Official vehicle (may not be owned)	-	-
Presentation (may be owned) [6]	11	6.506
Total remuneration per person in 1 year	**Number of Commissioners**	
Above Rp 2 billion	11	
Between Rp 1 billion and Rp 2 billion	-	
Between Rp 500 million and Rp 1 billion	-	
Less than Rp 500 million	-	

1) Gross, including tax
2) A total of 12 Directors received remuneration (salaries and allowances) during 2013, including Mr. Zulkifli Zaini (whose term of office ended on 2 April 2013) and Mr. Hery Gunardi (effective 2 April 2013)
3) The calculation of allowances includes religious holiday allowances, total communications allowances in 2013, transportation allowances, annual leave allowances, extended leave allowances, housing allowances for 4 directors and fuel allowances
4) Includes tantiem for financial year 2012 paid to Mr. Zulkifli Zaini (whose term of office ended on 2 April 2013)
5) Only utility allowances for 2013, 7 Directors occupied official residences & 4 resided in their private residences
5) Post-service presentations (net)

DIRECTORS' AND THEIR FAMILY MEMBERS' SHAREHOLDINGS

Name	Shareholdings of 5% of More of Paid-up Capital					
	Bank Mandiri	Bank Mandiri by Family Members	Other Companies	Other Banks	Non-Bank Financial Institutions	Description
Budi G. Sadikin	-	-	-	-	-	Zero
Riswinandi	-	-	-	-	-	Zero
Abdul Rachman	-	-	-	-	-	Zero
Sentot A. Sentausa	-	-	-	-	-	Zero
Ogi Prastomiyono	-	-	-	-	-	Zero
Pahala Nugraha Mansury	-	-	-	-	-	Zero
Fransisca N. Mok	-	-	-	-	-	Zero
Sunarso	-	-	-	-	-	Zero
Kresno Sediarsi	-	-	-	-	-	Zero
Royke Tumilaar	-	-	-	-	-	Zero
Hery Gunardi	-	-	-	-	-	Zero

CRITERIA AND PROCEDURES FOR APPOINTMENT OF MEMBERS OF THE BOARD OF DIRECTORS

As a State-Owned Enterprise in the form of Public Limited Liability Company, the criteria and procedures for the appointment of members of the Board of Directors of Bank Mandiri is subject to Law No. 40 of 2007 on Limited Liability Companies ("**UUPT**"), Bank Indonesia Regulation No. 12/23/PBI/2010 dated December 29, 2010 regarding Fit and Proper Tests ("**PBI No. 12/23/2010**") and Government Regulation No. 45 of 2005 regarding the Establishment, Management, Supervision and Dissolution of State-Owned Enterprise ("**GR No. 45/2005**"). All relevant provisions in the above laws and regulations are incorporated in the Articles of Association of Bank Mandiri.

Law No. 40 of 2007 on Limited Liability Companies

Criteria

In UUPT it is regulated that a person eligible to be appointed as a member of the Board of Directors shall be an individual who is qualified to conduct any legal action, unless he/she has, within the last 5 (five) years prior to his/her appointment:

- been declared bankrupt;
- been a member of Board of Directors or Board of Commissioners being declared guilty to cause a Company to be bankrupt; or
- been sentenced to have committed a criminal act to cause a loss to the state finance and/or related to the financial sector.

Appointment Procedure

Members of the Board of Directors shall be appointed by a General Meeting of Shareholders (GMS), for a certain term of office and may be reappointed, which in such resolution the GMS will also determine the effective date of appointment, replacement, and dismissal. If a GMS does not specify the effective date of appointment, replacement, and dismissal of a member of the Board of Directors, then the effective date of such appointment, replacement, and dismissal of such member of the Board of Directors shall commence on the closing of the GMS appointing him/her.

Government Regulation No. 45 of 2005 regarding Establishment, Management, Supervision and Dissolution

corporate organs - board of directors

of State Owned Enterprises

Criteria

A person eligible to be appointed as a member of the Board of Directors shall be natural person who fulfill criteria of expertise, integrity, leadership, experience, honesty, good conduct, and high dedication to promote and develop the company, and other criteria as stipulated in laws and regulations on Limited Liability Companies.

Appointment Procedure

The appointment and dismissal of members of the Board of Directors shall be made by a GMS, which the GMS through the Minister of State Owned Enterprise may request for suggestion from the Minister of Finance and/or other Technical Minister. The candidate Directors appointed to be the member of the Board of Directors shall be those who have passed the fit and proper test conducted by a team or professional institution appointed by the Minister of State Owned Enterprise.

Bank Indonesia Regulation No. 12/23/PBI/2010 dated December 29, 2010 regarding Fit and Proper Tests

Criteria

Members of the Boards of Directors and Commissioners of the Bank are the members of the Bank Management and, therefore, should pass the fit and proper test conducted by Bank Indonesia. The Bank Management should fulfill requirements on integrity, competency, and financial reputation. In order to fulfill the integrity requirement, the potential members of the Bank's Board of Directors should:

- possess sound moral character;
- possess commitment to comply with applicable laws and regulations;
- possess strong commitment to the development of sound Bank operations;
- not be on the Disqualified List.

In order to fulfill the competency requirement, a Member of the Board of Directors should possess:

- sufficient knowledge of banking relevant to the position;
- experience and expertise in banking and/or finance; and
- capacity for strategic management within the framework of the development of a sound Bank.

In addition, it is required that the majority of members of the Board of Directors should have experience in bank operation for at least 5 (five) years as executive officer in banks.
In order to fulfill the financial reputation requirement, the potential members of the Board of Directors should fulfill the following conditions:

- not on the list of bad debts; and
- never declared bankrupt nor served as member of the board of directors or board of commissioners found at fault in the bankruptcy of any company during the 5 (five) years preceding the candidacy.

Appointment Procedure

In order to join the fit and proper test, the Bank shall submit an application for approval of candidate managers to Bank Indonesia. The number of candidate Managers in the application shall be no more than 2 (two) persons for each vacant position and the proposed candidates must be selected in accordance with applicable laws and regulations. Approval or rejection of the application shall be given by Bank Indonesia no later than 30 (thirty) days after receipt of the complete application.

The fit and proper test conducted by Bank Indonesia encompasses administrative due diligence and interviews. In the event that a candidate for whom approval is requested from Bank Indonesia is approved and appointed as Bank Manager pursuant to a resolution of a GMS, but the party concerned is not approved by Bank Indonesia, the Bank shall be required to dismiss the party concerned in the GMS.

So as to promote the image of the Company as Blue Chip Stock in South East Asia (Regional Champion Bank), the

relations between boards of commissioners and board of directors

Board of Commissioners and Board of Directors of Bank Mandiri are committed to maintaining a sound and strong bank through the implementation of GCG principles in the management of the company.

The duties and responsibilities of the Board of Commissioners and the Board of Directors as two organs in the company that perform daily operational activities are different. The main duty of the Board of Commissioner is principally to act as supervisor and advisor, while the main duty of the Board of Directors is to perform the resolutions of GMS, directives of the Board of Commissioners and to manage the company's operation. However, both organs should always coordinate and cooperate with each other to achieve the purpose and going concern of the company in the long term.

The working relations of the Boards of Commissioners and Directors are a checks and balances relationship for the advancement and soundness of the Bank. The Boards of Commissioners and Directors each holds the responsibility of the Bank's long-term business growth in accordance with its functions. This is reflected by the following:

1. The Bank soundness has been maintained in accordance with the prudent principles and criteria established by Bank Indonesia.
2. Good implementation of risk management as well as internal control systems.
3. The achievement of fair returns for the shareholders.
4. The protection of stakeholders' interest in a fair manner.
5. The fulfillment of GCG implementation.
6. The implementation of leadership succession and management continuity in all line organizations.

In the commitment to fulfill the responsibilities and to conduct a check and balances relationship, the Boards of Commissioners and Directors have agreed with the following matters:

1. Vision, Mission and Corporate Values.
2. Business targets, strategy, long-term plan, including annual work plan and budget.
3. Policy to fulfilling legislated regulations, the articles of association and prudential banking practices including the commitment to prevent any kind of conflict of interests.
4. The policy and the Bank performance assessment method, the Bank working units and its personnel.
5. The executive level of organization structure that is able to achieve the business goals of the Bank's business.

No member of the Board of Commissioners or Board of Directors of Bank Mandiri is a Commissioner, Director or

financial relations and family relations between members of the boards of commissioners and directors and/or the bank's controlling shareholder(s)

Executive Officer of another Bank/institution, nor does any Commissioner or Director have a familial relationship (up to the second degree) with any other member of the Board of Directors or Board of Commissioners, as the case may be. Accordingly, the Directors of Bank Mandiri are able to act independently, avoid conflicts of interest in the performance of their duties and to discharge their responsibilities independently and critically, both in their relations with other members of the Board of Directors and with the Board of Commissioners.

The Board of Directors of Bank Mandiri is presided over by the CEO who is independent of the controlling shareholder(s). A Director may not serve as the CEO or Director of another State Owned Enterprise, Local Government Owned Enterprise, Private Enterprise or other position related to the management of Bank Mandiri, including structural and other functional positions in a central or local government agency/institution, or other positions in accordance with the Articles of Association of Bank Mandiri and the prevailing laws and regulations.

Name	Family Relationship with						Family Relationship with					
	Commissioner		Director		Controlling Shareholder		Commissioner		Director		Controlling Shareholder	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Commissioner												
Edwin Gerungan		0		0		0		0		0		0
Gunarni Soeworo		0		0		0		0		0		0
Pradjoto		0		0		0		0		0		0
Krisna Wijaya		0		0		0		0		0		0
Wahyu Hidayat		0		0		0		0		0		0
Agus Suprijanto		0		0		0		0		0		0
Abdul Aziz		0		0		0		0		0		0
Director												
Budi G. Sadikin		0		0		0		0		0		0
Riswinandi		0		0		0		0		0		0
Abdul Rachman		0		0		0		0		0		0
Sentot A. Sentausa		0		0		0		0		0		0
Ogi Prastomiyono		0		0		0		0		0		0
Pahala Nugraha Mansury		0		0		0		0		0		0
Fransisca Nelwan Mok		0		0		0		0		0		0
Sunarso		0		0		0		0		0		0
Kresno Sediarsi		0		0		0		0		0		0
Royke Tumilaar		0		0		0		0		0		0
Hery Gunardi		0		0		0		0		0		0

Based on the Extraordinary General Shareholders' Meeting held on May 29, 2003, which was notarized by Notary

share options

Sutjipto, S.H., in notarial deed No. 142 dated May 29, 2003, the shareholders of Bank Mandiri agreed an employee stock ownership plan through an Employee Stock Allocation Program ("ESA") and a Management Stock Option Plan ("MSOP").

The ESA consists of a Bonus Share Plan and a Share Purchase at Discount program. MSOP is designated for directors and senior management at certain levels and based on certain criteria. All costs and discounts related to the ESA program are recognized by the Bank through allocation of reserves. The management and execution of the ESA and MSOP programs is performed by the Board of Directors, while the supervision is performed by the Board of Commissioners.

On 14 July 2003, the date of the IPO, through MSOP Stage 1, the Bank issued 378,583,785 share options for the management with an exercise price of Rp742.50 per share and a nominal value of Rp500 per share. The share options are recorded in the Shareholders' Equity account - Share Options at fair value amounting to Rp69.71 per share options. MSOP Stage 1 has been exercised totaled 375,365,957 shares, thereby increasing the total issued and fully paid-in capital by Rp187,683, agio by Rp117,193. MSOP stage 1 could be exercised up to 13 July 2008 based on Announcement of Indonesia Stock Exchange (formerly Jakarta Stock Exchange) No. Peng-262/BEJ.PJS/P/07-2004 dated 14 July 2004. The Annual General Shareholders' Meeting on 16 May 2005 approved MSOP Stage 2 amounting to 312,000,000 share options. The exercise price for each share is Rp1,190.50 to be exercised in the first year and Rp2,493 to be exercised in the second year and the following year. The nominal value per share is Rp500. The Bank recorded MSOP Stage 2 in the shareholders' equity account - Share Options with fair value amounting to Rp642.28 per share options. MSOP Stage 2 has been exercised totaled 311,713,697 shares thereby increasing the total issued and fully paid-in capital by Rp155,857 million, and agio by Rp425,233 million. The 5th period (the last period) to exercise the MSOP Stage 2 conversion option right start from 4 May 2010 during 30 trading days as published in the Announcement of the Indonesia Stock Exchange (formerly Jakarta Stock Exchange) No. Peng-97/BEJ-PSJ/P/02-2007 dated 2 February 2007.

The Annual General Shareholders' Meeting on 22 May 2006 approved MSOP Stage 3 amounting to 309,416,215 share options. The General Shareholders' Meeting also delegated an authority to the Board of Commissioners to determine the execution and monitoring policy of MSOP Stage 3 including the options implementation and report it in the next annual general shareholders' meeting. The exercise price for each share in the MSOP Stage 3 is Rp1,495.08 with nominal value of Rp500 per share. The Bank recorded MSOP Stage 3 as part of the shareholders' equity account at fair value amounting to Rp593.89 per share option. The total option that has been exercised in MSOP Stage 3 was 309,415,088 shares thereby increasing the total issued and fully paid-in capital by Rp154,707 million and agio by Rp491,651 million. The execution period of MSOP Stage 3 ended in February 2011.

1. Ratio of the highest to lowest employee salary: 39.09:1

share options

Description / Name	Total Shareholding (prior to exercising stock option) (Number of Shares)	Option Amount		Granted (Number of Shares)	Executed (Number of Shares)
		Option Price	Timeframe for Exercising Option		
Board of Commissioners					
Edwin Gerungan	0	0	0	0	0
Gunarni Soeworo	0	0	0	0	0
Pradjoto	0	0	0	0	0
Krisna Wijaya	0	0	0	0	0
Wahyu Hidayat	0	0	0	0	0
Agus Suprijanto	0	0	0	0	0
Abdul Aziz	0	0	0	0	0
Non-Commissioner Members of Board of Commissioners' Subcommittees					
Zulkifli Djaelani	0	0	0	0	0
Imam Sukarno	0	0	0	0	0
Tama Widjaja	0	0	0	0	0
Board of Directors					
Budi G. Sadikin	3.500.500	0	0	0	0
Riswinandi	3.000.500	0	0	0	0
Abdul Rachman	3.181.500	0	0	0	0
Sentot A. Sentausa	4.350.335	0	0	0	0
Ogi Prastomiyono	485.712	0	0	0	0
Pahala N. Mansury	816.964	0	0	0	0
Fransisca N. Mok	1.000	0	0	0	0
Sunarso	15.749	0	0	0	0
Kresno Sediarsi	23.982	0	0	0	0
Royke Tumilaar	51.000	0	0	0	0
Hery Gunardi	171.500	0	0	0	0
EVP Coordinator					
Riyani T. Bondan	0	0	0	0	0
Ventje Rahardjo	0	0	0	0	0
Tardi	462.518	0	0	0	0
Rico Usthavia Frans	0	0	0	0	0

ratio of highest to lowest salaries

2. Ratio of highest to lowest Director's salary: 1.1:1
3. Ratio of highest to lowest Commissioner's salary: 1.1:1
4. Ratio of highest Director's salary to highest employee's salary: 1.83:1

conflict of interest transactions

There was no transaction involving a conflict of interest during the reporting period as set out in regulation of BAPEPAM-LK No. IX.E.1 "Conflict of Interest".

buy back shares dan/atau obligasi

During 2013, Bank Mandiri did not conduct any share and/or bond buybacks.

In supporting its supervisory and advisory functions, the Board of Commissioners is assisted by the Secretary to

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the Board of Commissioners and three Subcommittees accountable to the Board of Commissioners, namely: Audit Committee, Remuneration and Nominations Committee, and Risk Monitoring & GCG Committee.

LEGAL BASIS FOR ESTABLISHMENT OF SUBCOMMITTEES BY BOARD OF COMMISSIONERS

The establishment of subcommittees under the Board of Commissioners is based on:

- The Board of Commissioners resolution regarding Committee Establishment and Committee Budget Determination
- The Board of Commissioners resolution on Establishment of the Audit Committee
- The Board of Commissioners resolution on the Remuneration and Nominations Committee Establishment
- The Board of Commissioners resolution on the establishment of the Risk Monitoring and Good Corporate Governance Committee

SECRETARY TO THE BOARD OF COMMISSIONERS

The Secretary to the Board of Commissioners (SBC) is appointed by and responsible to the Board of Commissioners. The responsibilities of SBC are, amongst others, to organize administration and perform proper and good governance in order to assist the Board of Commissioners to perform effective supervisory function.

In addition, SBC is responsible to prepare meeting, to provide materials and information for meeting or report of the Board of Commissioners, to draw up minutes of meeting, to provide information required by the Board of Commissioners in decision making process and information required periodically, to prepare annual work plan and budget of the Board of Commissioners, to prepare reports of the Board of Commissioners, to keep documents on performance of activities of the Board of Commissioners and to ensure that the documents are properly kept in the Company for the orderliness of administration and performance of good governance, to ensure that the Board of Commissioners complies with the laws and regulations and implements the principles of GCG, to coordinate with relevant internal and external parties for the effective performance of the duties of the Board of Commissioners, to attend meetings of the Board of Commissioners and meetings of the Committee, and to receive and inform any Whistleblowing, and to give response to the informant regarding its settlement.

Profile of the Secretary to the Board of Commissioners

ANDUS WINARNO

Secretary to the Board of Commissioners

Earned bachelor's degree in accounting from Malang Merdeka University in 1994 and master of business law from University of Indonesia in 2011.

He started his career in the Directorate General of State-Owned Enterprise Development, Ministry of Finance in 1996 and currently serves as the Head of Primary Industry Business IIIC Division, Ministry of State-Owned Enterprises.

In 2000, he was assigned to be the Secretary Staff of the Board of Commissioners of PT Bank Mandiri (Persero) and in 2011 appointed as the Secretary to the Board of Commissioners of PT Bank Mandiri (Persero) to date.

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SUBCOMMITTEES OF THE BOARD OF COMMISSIONERS

In order for the Company to be managed in line with the GCG principles consistently, the Board of Commissioners has established Subcommittees under the Board of Commissioners to professionally, independently and collectively assist the Board of Commissioners in performing its supervisory and advisory duties and functions. The independence of each member of the Committees under the Board of Commissioners has been set out in the Committees under the Board of Commissioners Charter, which is regularly updated in order to be in compliance with the prevailing laws and regulations. In addition to being set out in the Committees under the Board of Commissioners Charter, each member of the Committees under the Board of Commissioners signs a statement of Committee independence every year.

AUDIT COMMITTEE

Bank Mandiri established an Audit Committee based on the Decree of State-Owned Enterprise Ministry, Capital Market Supervisory Board Chairman Decree, and Bank Indonesia Regulation to assist and facilitate the Commissioners in the implementation of duties and supervisory functions on matters related to financial information, internal control system, effectiveness of external and internal auditor investigation, risk management effectiveness and compliance to prevailing regulations.

The Chairman and members of the Audit Committee shall have the duty and responsibility to monitor the adequacy of internal control, adequacy and correctness of the process in preparing financial statements, work effectiveness of internal and external auditors, to identify matters requiring the Commissioners' attention, to prepare the concept and analysis relating to the Audit Committee's function, and to perform any other duties assigned by the Commissioners, covering: financial statements, compliance, internal audit, external audit and risk management. With respect to Internal Audit, the Audit Committee has the responsibility to monitor and evaluate the performance of Internal Audit works, namely:

1. To evaluate the work program of Internal Audit line unit.
2. To thoroughly review all significant findings and follow-ups thereto from Internal Audit and Investigation Activity.
3. To evaluate audit program and scope in the framework of implementation of annual work program of Internal Audit.
4. To evaluate the performance of Internal Audit Activity and Investigation Activity by Internal Audit line unit to ensure that the audit program has been in operation with the appropriate scope.
5. To hold periodic meetings with Internal Audit line unit to discuss significant Internal Audit and Investigation findings and to give inputs deemed necessary in the performance of Internal Audit Activity and Investigation Activity of Internal Audit line unit.
6. To ask for assistance of the Internal Audit line unit to conduct investigation in case of any Internal Audit findings and or information relating to breaches of the prevailing laws and regulations.
7. To periodically report the results of monitoring and to give inputs on matters requiring the Commissioners' attention.

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Structure of Membership of the Audit Committee

Chairman	Gunarni Soeworo	Chairman and member (independent Commissioner)
Member	Krisna Wijaya	Member (independent Commissioner)
	Wahyu Hidayat	Member (Commissioner)
	Agus Suprijanto	Member (Commissioner)
	Zulkifli Djaelani	Member (independent)
	Imam Sukarno	Member (independent)

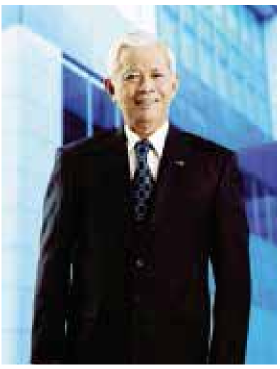
Profile of Audit Committee

The following are the profile of members of the Audit Committee who are not also the members of the Board of Commissioners:

ZULKIFLI DJAELANI

Members of Audit Committee

Studied in the Faculty of Economics of Universitas Indonesia, Jakarta until 1975.
He started his career as Assistant Accountant of PT Rohm & Haas Indonesia in 1975. During his career, he has served as branch director and regional director of Bank Niaga between 1984-1994 prior to being appointed to be Director of Operation & Human Resources of Bank Niaga in 1994.
From 1999 to date, he serves as the member of Audit Committee of PT Bank Mandiri (Persero) Tbk.



IMAM SUKARNO

Member of Audit Committee

Earned his S1 degree from Universitas 17 Agustus 1945 in 1973 and Master of Management degree from Asian Institute of Management – Manila in 1985, as well as Magister of (Business) Law degree from Universitas Gadjah Mada (UGM) in 2011.
He started his career in Department of Balance of Payments & Monetary – Economic & Statistic Affairs of Bank Indonesia in 1975.
During his career, he has served as Supervisory Director of People's Credit Bank from 1998-2000, Director of Bank Licensing & Information Directorate from 2000-2002 and Supervisory Team of Bank Universal in 2002. From 2003 to date, he serves as the member of Audit Committee of PT Bank Mandiri (Persero) Tbk.

Audit Committee Independency and Skills

With reference to the Audit Committee Charter it is hereby stated that:

1. Audit Committee Members is to consist of at least 1 (one) Independent Commissioner as the Chairman and member, 1 (one) Independent member with finance and accounting skills, and 1 (one) Independent member with legal or banking skills.
2. The total Audit Committee members including the Independent Commissioner and Independent members as referred to in point 1 should make up at least 51% of the total members of the Audit Committee.
3. Of the Audit Committee members, the Independent Commissioner is assigned as Audit Committee Chairman. If

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more than 1 (one) of the Audit Committee members are Independent Commissioners, one of it will be assigned as the Audit Committee Chairman.

Audit Committee Duties and Responsibilities

Audit Committee duties and responsibilities are to provide opinions to the Board of Commissioners on reports and other matters delivered by the Directors, as well as to identify matters that need to be taken into account by the Board of Commissioners, by the following methods:

a) Reviewing the financial reports presented by the management.
b) Reviewing the effectiveness of internal control implementation.
c) Reviewing the effectiveness of implementation and investigation results by Internal Audit line unit.
d) Reviewing on:
    - Independency and objectivity of Public Accountant Firm (KAP) that will participate in the tender
    - Audit Fee and audit coverage presented by the chosen Public Accountant Firm
    - Report on audit results presented by the chosen Public Accountant Firm
e) Reviewing the compliance to applicable regulations.
f) Reviewing and reporting any potential possibility of risks.
g) Specifying the annual work program.
h) Specifying the schedule of annual meeting.
i) Preparing periodic reports on the Audit Committee's activities and matters deemed necessary to be considered by the Commissioners.
j) Making Self-Assessment on the effectiveness of the Audit Committee's activities.
k) Holding meetings regularly.
l) Reviewing the meeting materials before the meeting.
m) Attending meetings.
n) Playing an active role and giving contribution in any activities of the committee.
o) Preparing the meeting minutes.
p) Conducting field work visits.

Audit Committee Activities

During 2013, the Audit Committee has performed the following activities:

1. Discussing and approving the development of NPL Consumer Loans and Consumer Card
2. Discussing and approving the Collection Results
3. Discussing significant findings in Quarter IV/2012
4. Discussing fraud cases in Quarter IV/2012
5. Discussing and approving the development of selection of Public Accountant Firm for the purpose of Financial Statements of PT Bank Mandiri (Persero) Tbk for 2013
6. Discussing the audit plan on the Financial Statements of Bank Mandiri for 2013 Financial Year
7. Discussing and approving the Management Letter on Result of Audit of Bank Mandiri Financial Statements for 2013 Financial Year with KAP Tanudiredja Wibisana & Rekan – PricewaterhouseCoopers
8. Discussing and approving the performance of transaction reconciliation of ATM Bersama and Link in a systematically manner
9. Discussing the follow-up to the result of audit of Bank Indonesia and BPK RI
10. Discussing and approving e-Channel Risk Control Improvement
11. Discussing and approving the Second Lines of Defense of Directorate of MRB

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12. Discussing and approving the performance of functions and duties of Central Operations Group
13. Discussing and approving the 2013 Education/Training Program Plan and Performance
14. Discussing and approving the performance of procurement and purchasing efficiency & effectiveness enhancement project
15. Discussing and approving the Complete Audit Plan on Bank Mandiri Financial Statements for 2013 Financial Year with KAP Tanudiredja, Wibisana & Rekan – PWC (TWR-PWC)
16. Discussing and approving Interim Management Letter of Audit Result for 2013 Financial Year and Interim Report of Audit Result of Bank Mandiri Financial Statements for 2013 Financial Year with KAP TWR-PWC
17. Discussing and approving the Annual Audit Plan of Directorate of Internal Audit for year 2014

Frequency of Audit Committee Meetings and Attendance Rate

No	Name	Number of Meetings**)	Present	% Attendance
1	Gunarni Soeworo	43	43	100%
2	Agus Suprijanto*)	43	6	13%
3	Krisna Wijaya	43	35	90%
4	Wahyu Hidayat	43	23	53%
5	Zulkifli Djaelani	43	43	100%
6	Imam Sukarno	43	42	97%

*) Mr. Agus Suprijanto effective as Commissioner per 24 October 2013

**) 43 meetings of Audit Committee in one year consisting of 36 meetings of the Audit Committee sitting on its own, and 7 joint meetings with Risk Monitoring and GCG Committee

REMUNERATION AND NOMINATIONS COMMITTEE

Remuneration and Nominations Committee is established to assist the Board of Commissioners in supervisory functions on matters related to qualification determination and nomination process as well as remuneration of Commissioners, Directors and Executive Officers.

Membership of Remuneration and Nominations Committee

Chairman	Edwin Gerungan	Chairman and member (independent Commissioner)
Member	Abdul Aziz	Member (Commissioner)
	Gunarni Soeworo	Member (independent Commissioner)
	Pradjoto	Member (independent Commissioner)
	Agus Suprijanto	Member (Commissioner)
	Krisna Wijaya	Member (independent Commissioner)
	Wahyu Hidayat	Member (Commissioner)

Profiles of Members of Remuneration and Nominations Committee

All members of the Remuneration and Nominations Committee are also the member of the Board of Commissioners and, therefore, their profile shall be as set out in previous section.

Remuneration and Nominations Committee Independency and Skills

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Referring to the Remuneration and Nominations Committee Charter it is hereby stated that:

1. The Remuneration and Nominations Committee members are to at least possess the following qualifications:
   1) Integrity, objectivity, and a record of ethical conduct
   2) High competency in the following matters:
      a. Ample knowledge of prevailing laws and required regulatory procedures.
      b. Understanding comprehensive human resource management concepts and ample knowledge on remuneration and nomination systems and the bank succession plan.
2. Remuneration and Nominations Committee member should at least consist of 1 (one) Independent Commissioner, 1 (one) Commissioner as voting member, and Human Capital Group Head (ex officio) as a non-voting member.
3. Remuneration and Nominations Committee is chaired by an Independent Commissioner.
4. If there are more than 3 (three) Remuneration and Nominations Committee members, 2 (two) at least are to be Independent Commissioners.
5. If necessary, the Remuneration and Nominations Committee may appoint a member from independent parties outside Bank Mandiri.
6. The Remuneration and Nominations Committee members are appointed by the Directors based on the decision of a Commissioners' meeting.

Remuneration and Nominations Committee Functions, Authority and Duties

1. Function

   To assist the Commissioners in order to propose any recommendation to the holder of Dwiwarna 'A' shares in:
   1. Preparing, executing and analyzing the criteria and procedure of nomination for candidates of Commissioners and Directors.
   2. Identifying candidates of Directors, either from inside or outside, and candidates of Commissioners eligible to be nominated/appointed Directors or Commissioners.
   3. Preparing the criteria for evaluation of the performance of the Board of Directors.
   4. Preparing, executing and analyzing the criteria and procedure of dismissal of Commissioners and Directors.
   5. Assisting the Commissioners in proposing a remuneration system suitable for the Commissioners and Board of Directors in the form of systems for payment of salary and allowances, evaluation on the system, the options given and the retirement system.

2. Authority
   1. To ask PT. Bank Mandiri (Persero) Tbk. to conduct survey according to the requirements of the Nomination and Remuneration Committee.
   2. To ask from various parties for any required information, either internal or external of PT. Bank Mandiri (Persero) Tbk.

3. Duties and Responsibilities

   Chairman and Committee Members have duties and responsibilities to perform the following:
   1) To prepare the concept and analysis relating to the functions of the Nomination and Remuneration Committee.
   2) To assist the Commissioners in giving recommendation on the number of members of the Commissioners and Directors.
   3) To assist the Commissioners in establishing the Personnel General Policy.
   4) To recommend the approval of amendments to the organizational structure up to one level below the Board

of Directors.

5) To assist the Commissioners in obtaining and analyzing the data of prospective candidates of officials one level below the Board of Directors quarterly and at any time in case of any alteration.
6) To assist the Commissioners in giving recommendation on option to the Commissioners, Directors and Employees, among others share options and the supervision of its implementation.
7) To hold the database of the candidates of Directors and Commissioners.
8) To evaluate the remuneration policy and provide recommendation to the Board of Commissioners, regarding:
    - Remuneration policy for the Board of Commissioners and Directors to be presented at the General Meeting of Shareholders.
    - Remuneration policy for the Executive Managements and all employees to be presented to the Directors.
9) To develop and provide recommendations of appointments and replacement, systems and procedures, for members of the Board of Commissioners and Directors, to the Board of Commissioners to be presented at the General Meeting of Shareholders.
10) To develop and provide recommendations on the candidates for membership to the Board of Commissioners and Directors to the Board of Commissioners to be presented at the General Meeting of Shareholders.
11) To provide recommendation on independent parties that will be appointed to the Audit Committee and Risk Monitoring Committee.

Remuneration and Nominations Committee Activities

During 2013, the Remuneration and Nominations Committee has conducted the following discussions:

1) Talent Pool
2) Performance of Fit & Proper Test of Candidate Commissioners and Directors of Bank Mandiri
3) Performance assessment of the Board of Directors of PT Bank Mandiri (Persero) Tbk
4) Follow-up discussion of 2013 GMS regarding Recommendation
5) Fit and Proper Test in BI
6) Professional Executive Remuneration Packete

Frequency of Remuneration and Nominations Committee Meetings and Attendance Rate

No.	Name	Number of Meetings	Present	Absent	% Attendance
1	Edwin Gerungan	5	5	0	100%
2	Abdul Aziz*	5	1	4	20%
3	Wahyu Hidayat	5	5	0	100%
4	Agus Suprijanto	5	0	5	0%
5	Gunarni Soeworo	5	5	0	100%
6	Pradjoto	5	5	0	100%
7	Krisna Wijaya	5	3	2	60%

**) Effective per 24 October 2013*

RISK MONITORING AND GOOD CORPORATE GOVERNANCE COMMITTEE

1. Definition of Risk Monitoring and GCG Committee
   The Risk Monitoring and GCG Committee, hereinafter referred to as the Committee, is a committee established by the Board of Commissioners to conduct active supervision of the risk management and Good Corporate Governance practices in Bank Mandiri.
2. Vision and Mission

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1) Vision
   a. To be a reliable committee for monitoring the risk policy established by the management of Bank Mandiri, hence all risks faced by Bank Mandiri are well-managed
   b. To be a reliable committee to assist Bank Mandiri in implementing GCG
2) Mission
   a. To ensure that the company's risk management is performed effectively and efficiently
   b. To ensure that the company's performance is consistent with the business plan
   c. To assist the Board of Commissioners in the performance of supervisory duties and functions
   d. To strengthen the implementation of GCG principles in Bank Mandiri to improve the shareholder value

Membership of Risk Monitoring and Good Corporate Governance Committee

Chairman	Pradjoto	Chairman and member (independent Commissioner)
Member	Edwin Gerungan	Member (independent Commissioner)
	Krisna Wijaya	Member (independent Commissioner)
	Tama Widjaja	Member (independent)

Membership of Risk Monitoring and Good Corporate Governance Committee

The following are the profile of members of the Risk Monitoring & Good Corporate Governance Committee who are not also the members of the Board of Commissioners:

TAMA WIJAYA

Member of Risk Monitoring and Good Corporate Governance Committee

Graduated from MBA program in Fort Hays State University, Kansas, USA.
He started his career in banking sector in 1987 as Trainee in PT Bank Niaga. In 1990, he served as Treasury Manager in PT Fuji Bank International Indonesia. In 1993, he served as General Manager, Treasury Group, PT Raja Garuda Mas. In 2001, he served as Senior Vice President of Treasury & International Banking Group Head, PT Bank Bumiputera Indonesia, Tbk, before being appointed as member of the Risk Monitoring Committee of PT Bank Mandiri (Persero) Tbk in 2006 to date.

Risk Monitoring & Good Corporate Governance Committee Independency and Skills

Referring to Risk Monitoring and GCG Committee Charter article 4 hereby stated that:

1. Committee member should at least consist of 3 (three) members.
2. Committee members should consist of at least 1 (one) Independent Commissioner as the Chairman and member, 1 (one) Independent Party with finance skills, and 1 (one) Independent Party with risk management skills.
3. Previous members of the Bank's Directors or Executive Management or other related parties with the Bank that may influence its ability to act independently, cannot be appointed as Independent Parties in Bank Mandiri Committee Members, without a prior "cooling off" period, as stipulated in Bank Indonesia prevailing regulations.
4. Committee members assigned from external parties must fulfill the following requirements:
   1) Do not have business relationships with the Bank.
   2) Do not have family relations with the Directors, Commissioners and Controlling Shareholders.
   3) Have high integrity, capability, knowledge, and adequate experience in their duties, and proper knowledge of banking.

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Responsibilities and Authority

1. Responsibilities
    a. The Chairman of the Committee shall have the duty and responsibility to coordinate the Committee's meeting and proposes the meeting materials.
    b. Members of the Committee shall have the duties and responsibilities:
        i. To hold meetings regularly;
        ii. To first study the meeting materials;
        iii. To attend meetings;
        iv. To contribute and play an active role in meetings;
    c. The Chairman and Members of the Committee shall jointly perform their duties and responsibilities covering as follows:
        i. Giving inputs to the Commissioners in preparing and improving the risk management policy relating to risk control in management of assets & liabilities, liquidity, credit and operations and performance of Good Corporate Governance before obtaining the Commissioners' approval.
        ii. Having discussions with the Board of Directors or the line unit relating to the issue for which risk management is required or being discussed.
        iii. Ensuring the implementation of risk management policy and GCG in the activity of Bank Mandiri.
        iv. Studying and reviewing the policy and internal regulations on the risk management policy established by the Board of Directors.
        v. Ensuring to have considered any significant risks in the new products of Bank Mandiri and any impacts of existing significant changes or events either from internal or external aspects of Bank Mandiri.
        vi. Observing and studying decisions of the Risk Management Committee.
        vii. Conducting the study on quarterly reports of Bank Mandiri's risk profile individually or in consolidation with subsidiaries.
        viii. Giving inputs to Commissioners on matters requiring attention and discussion with the Board of Directors, in order that the Board of Directors conducts the follow-up of the result of risk management evaluation by the Committee.
        ix. Pro-actively holding meetings with the Board of Directors, if the Committee anticipates any risk occurrence, particularly in case of any significant events or external regulations affecting the business line of Bank Mandiri.
        x. Making periodical evaluation on the development of changes of the organizational structure up to one degree below the Board of Directors being performed by Bank Mandiri.
        xi. Monitoring any negative information of the customers of Bank Mandiri that may cause any increase of credit risk.

2. Authority

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The Committee's authority extends to the following matters:

a. The Chairman and Members of the Committee may attend the Risk Management Committee Meeting as invitees.
b. The Chairman and Members of the Committee may ask for internal reports relating to risk control in management of assets & liabilities, credit, treasury and operations and implementation of GCG covering:
    i. Risk exposure;
    ii. Compliance with policy and procedure and designation of limits;
    iii. Realization of risk control implementation compared to the set target.
    iv. Periodical individual or consolidated reports of Bank Mandiri's risk profile to Bank Indonesia.
    v. Report of GCG Implementation in Bank Mandiri.
c. Cooperating with the Audit Committee in general and in particular to ask the Group's Internal Audit to conduct audit on any certain fields having worsening risk exposure.
d. Familiarizing and giving counseling session to Directors and officers for the implementation of GCG.
e. Communication with external parties/institutions in relation to GCG subject to prior approval of the Board of Commissioners.

Performance of Risk Monitoring and Good Corporate Governance Committee's Duties

During 2013, the Risk Monitoring and GCG Committee conducted meetings with parties deemed relevant to the risk issues being discussed such as:

1. Significant issues/findings during Q4 of 2013
2. BM Risk Profile and consolidation with subsidiaries in Q4 of 2013
3. Liquidity position (USD & IDR) and projection for the next 12 months
4. Trading position (Forex, MM, Bond Recap/SUN and MTM, Derivatives, etc.)
5. Outstanding Legal Cases (i.e. Status, Lawyer, Fee, Judicial Court etc.) & risk mitigation
6. Hedge Fund Market Development in Indonesia and the Latest Development of Products
7. BM New Activities (Wealth Management) and risk mitigation
8. Evaluation of Bank IT Policies and Risk Mitigation related to:
    1) Exponential acceleration of e-banking transaction volume
    2) Fraud & cyber-attack, internally & externally
    3) Evaluation of cooperation between ATM BMRI and BCA
9. Bank Mandiri Risk Profile and Consolidation with Subsidiaries in Q1 of 2013
10. Liquidity position (USD & IDR) and projection for the next 12 months
11. Trading position (Forex, MM, Bond Recap/SUN and MTM, Derivatives, etc.)
12. SBU Progress Report on "100 Account Plan" to Increase Fee Based Income, Value Chain, etc,
13. Significant issues/findings during Q2 of 2013
14. Progress Report of Basel II & III implementation
15. BM Risk Profile and Consolidation with Subsidiaries in Q2 of 2013
16. Stress Test on NPL, CAR, NIM with assumptions such as (for Fair and Worst Scenario): inflation rate of 9%, reference interest rate of BI at 9-10%, USD/IDR exchange rate of 12,000-13,000, USD interest rate – 10 years, Treasury Bill of 4% p.a.
17. Impact of policies issued by the Government and the Bank on: (such as LDR of 78%-92%, increase in IDR interest rate, BI Deposit Certificate, Foreign Exchange TD, Relaxation of Provision on Foreign Exchange Purchase, etc.) issued or to be issued on:

    1) Liquidity position (USD & IDR) and projection for the next 12 months
    2) Trading position (Forex, MM, Bond Recap/SUN and MTM, Derivatives, etc.)
    3) Anticipation and mitigation
18. Significant issues/findings during Q1, Q3 of 2013
19. Outstanding Legal Cases & Risk Mitigationnya
20. Self Assessment GCG selama Q3 2013
21. Organizational Structure Change and Addition Plan:
    1) Direktorat Risk Management
    2) Direktorat Global Transaction Banking
22. Evaluation of Bank IT Policies and risk mitigation related to:
    Capacity of IT and Human Resources with respect to e-banking products that have been and will be marketed such as E-commerce verified by Visa (VBV), Standing Instruction via EDC (post-dated EDC) for hedge fund purchasing transaction through e-channel internet banking, cross-bank fund transfer in EDC in artajasa network, EDC intensification, etc.
23. Progress Report of Basel II and III
24. BM Risk Profile and consolidation with subsidiaries in Q3 of 2013
25. Progress Report of Partnership and Community Development Program
26. 2014 Indonesia Economic Outlook (i.e.: Trade Balance, Balance of Payment, Inflation, Interest Rates, Exchange Rates, NPL, Capital Outflow, etc.)
27. Liquidity position (USD & IDR) and projection for the next 12 months
28. Trading position (Forex, MM, Bond Recap/SUN and MTM, Derivatives, etc.)

Frequency of Risk Monitoring and GCG Committee Meetings and Attendance Rate

No.	Name	Number of Meetings	Present	Absent	% Attendance
1	Pradjoto	16	9	7	56%
2	Edwin Gerungan	16	14	2	87%
3	Krisna Wijaya	16	16	0	100%
4	Tama Widjaja	16	16	0	100%

To support the effective performance of duties and responsibilities of the Board of Directors, a number of

subcommittees accountable to board of directors

subcommittees have been established by virtue of Board of Directors Resolution No. KEP.DIR/266/2011 dated November 8, 2011 regarding Executive Committees under the Supervision of the Board of Directors, which subcommittees are as follows:

1. Risk and Capital Committee;
2. Retail & Support Executive Committee;
3. Wholesale Executive Committee;
4. Human Capital Policy Committee;
5. Information Technology Committee; and
6. Credit Committee.

In 2013, to optimize the committee function more effectively, an adjustment was made to the Committees under the supervision of the Board of Directors by virtue of Board of Directors Resolution No. KEP.DIR/168/2013 dated June 21, 2013 regarding Executive Committee and, therefore, the composition of the subcommittees under the Board of Directors, effective as of May 7, 2013, is as follows:

1. Assets & Liabilities Committee;
2. Risk Management Committee;
3. Capital & Subsidiaries Committee;
4. Business Committee;
5. Information Technology Committee;
6. Human Capital Policy Committee; and
7. Credit Committee.

In this annual report, the discussion of subcommittees under the supervision of the Board of Directors during 2013 will be divided into 2 periods, namely: January-May 2013 and May-December 2013, in accordance with the aforesaid decision of the Board of Directors.

JANUARY-MAY 2013

1. RISK & CAPITAL COMMITTEE (RCC):

The RCC is a committee established to assist the Directors in carrying out their oversight functions as regards the duties of each subcommittee.

Risk and Capital Committee (RCC) consists of 4 (four) subcommittees, namely:

1) Risk Management Committee (RMC)
2) Asset and Liabilities Committee (ALCO)
3) Capital and Investment Committee (CIC)
4) Operational Risk Committee (ORC)

1.1 Risk & Capital Committee – Risk Management Committee (RCC-RMC)

RCC-RMC is a subcommittee established to assist the Directors in discussing and recommending amendments to Risk management policies and making strategic changes in scope of Risk Management.

subcommittees accountable
to board of directors

Frequency of Meetings and Attendance Rate of Directors and SEVPs

NO	Name	No. of Meetings	Total Attendance	Total Absent	% Attendance
PERMANENT VOTING MEMBERS					
1	Zulkifli Zaini	1	0	1	0%
2	Budi G Sadikin *)	1	1	0	100%
3	Riswinandi	2	2	0	100%
4	Sentot A. Sentausa	2	2	0	100%
5	Pahala N. Mansury	2	1	1	50%
6	Kresno Sediarsi	2	2	0	100%
7	Ventje Rahardjo	2	1	1	50%
NON PERMANENT VOTING MEMBERS					
8	Abdul Rachman	1	0	1	0%
9	Sunarso	1	1	0	100%
10	Fransisca N. Mok	1	0	1	0%
11	Royke Tumilaar	2	2	0	100%
12	Hery Gunardi	1	0	1	0%
13	Tardi	1	0	1	0%
PERMANENT NON VOTING MEMBERS					
14	Ogi Prastomiyono	2	2	0	100%
Invitee					
15	Riyani T. Bondan	2	1	1	50%

**) Mr. Budi Gunadi Sadikin attended the RCC RMC on 1 May 2013 as CEO (voting member)*

In 2013 (January 2013 – 6 May 2013) RCC-RMC has made the following discussions:

1. 2013 VaR Limit Review
2. 2013 Delta Option Limit Review
3. Data Quality Awareness (DQA) Initiative Update
4. 2013 Portfolio Guideline Review (Industry Classification & Industry Limit)
5. 2013 KMRBM review

subcommittees accountable
to board of directors

1.2. Risk & Capital Committee – Assets and Liabilities Committee (RCC-ALCO)

RCC-ALCO is a subcommittee established to assist the Directors in stipulating policies, strategies and limits with respect to assets and liabilities management.

Frequency of Meeting and Attendance Rate of the Board of Directors

During January – 6 May 2013, 2 meetings of ALCO have been held with details as follows:

NO	Name	No. of Meetings ALCO	Total Present	Total Absent	% Attendance
PERMANENT VOTING MEMBERS ALCO					
1	Budi G. Sadikin	2	2	0	100%
2	Riswinandi	2	2	0	100%
3	Abdul Rachman	2	1	1	50%
4	Sentot A. Sentausa	2	2	0	100%
5	Hery Gunardi	2	2	0	100%
6	Pahala N. Mansury	2	2	0	100%
7	Fransisca N. Mok	2	2	0	100%
8	Sunarso	2	2	0	100%
9	Royke Tumilaar	2	2	0	100%
10	Tardi	2	2	0	100%
PERMANENT NON-VOTING MEMBERS ALCO					
11	Ogi Prastomiyono	2	2	0	100

In 2013 (January 2013 – 6 May 2013) RCC ALCO has conducted discussions of following matters:

1) Funding

In the effort to manage Bank Mandiri liquidity, RCC ALCO has reviewed and made decision on interest rate movement in Rupiah and Foreign Exchange Deposit special rate, and in Foreign Exchange Current Account special rate.

2) Kredit

With respect to loan interest rate, ALCO has reviewed and made decision on:

- Mandiri Tunas Finance Loan Interest Rate
- Publication of Loan Basic Interest Rate (SBDK), and
- Interest Rate of Rupiah Fixed Rate Loan.

subcommittees accountable
to board of directors

1.3. Risk & Capital Committee – Capital & Investment Committee (RCC-ICC)

RCC-ICC is a subcommittee established to assist the Directors in stipulating, discussing and recommending policies and strategies as well as limitations of subsidiary management.

Frequency of Meetings & Attendance Rate

Presentase Kehadiran Rapat Capital & Invesment Committee *) Year Jan-April 2013				
Nama	No. of Meetings	Present	Absent	% Attendance
Group A				
Zulkifli Zaini	1	1	0	100%
Riswinandi	1	1	0	100%
Sentot A. Sentausa	1	1	0	100%
Pahala N. Mansury	1	1	0	100%
Ventje Rahardjo	1	1	0	100%
Group B (present for particular discussions)				
Abdul Rachman	0	0	0	0%
Sunarso	1	0	1	0%
Fransisca N. Mok	0	0	0	0%
Budi G. Sadikin	1	1	0	100%
Royke Tumilaar	0	0	0	0%
Kresno Sediarsi	0	0	0	0%
Hery Gunardi	0	0	0	0%
Contributing Member				
Ogi Prastomiyono	0	0	0	0%
Invitee				
Riyani T. Bondan	0	0	0	0%

**) Number of meetings of each group based on agenda*

In 2013 (January 2013 – 6 May 2013) RCC-CIC has made the following discussions:

1. Approval of Amendment to Articles of Association of PT AXA Mandiri Financial Services
2. Updating of Acquisition Process of PT AXA Life Indonesia by PT AXA Mandiri Financial Services
3. Capital Plan/IPO of PT Bank Syariah Mandiri
4. Proposed Agenda of GMS of Internal Audit and Establishment of Audit Committee in Subsidiaries
5. Proposed Agenda of 2012 AGM of PT Bank Syariah Mandiri
6. Proposed Agenda of 2012 AGM of PT Bank Sinar Harapan Bali
7. Proposed Agenda of 2012 AGM of PT AXA Mandiri Financial Services
8. Proposed Agenda of 2012 AGM of PT Mandiri Tunas Finance
9. Proposed Agenda of IPO Plan of PT Bank Syariah Mandiri
10. Proposed Agenda of 2012 AGM of PT Mandiri AXA General Insurance
11. Proposed Agenda of 2012 AGM of PT Mandiri Sekuritas
12. Proposed Agenda of 2012 AGM of PT Mandiri Manajemen Investasi

subcommittees accountable
to board of directors

1.4. Risk & Capital Committee – Operational Risk Committee (RCC-ORC)

RCC-ORC is a subcommittee established to assist the Directors in preparing, discussing and recommending operational policies of Bank Mandiri, bank product transparency policies and Customer personal data use.

Frequency of Meetings & Attendance Rate*)

NO	Name	No. of Meetings	Total Present	Total Absent	% Attendance
PERMANENT VOTING MEMBERS					
1	Zulkifli Zaini	1	1	0	100%
2	Riswinandi	1	1	0	100%
3	Sentot A. Sentausa	1	1	0	100%
4	Pahala N. Mansury	1	1	0	100%
5	Kresno Sediarsi	1	1	0	100%
NON PERMANENT VOTING MEMBERS					
6	Abdul Rachman	-	-	-	-
7	Budi G. Sadikin	1	1	0	100%
8	Sunarso	1	1	0	100%
9	Fransisca N. Mok	1	1	0	100%
10	Royke Tumilaar	-	-	-	-
11	Mansyur S. Nasution	-	-	-	-
12	Ventje Rahardjo	-	-	-	-
PERMANENT NON-VOTING MEMBERS					
13	Ogi Prastomiyono	1	1	1	100%
Invitee					
14	Riyani T. Bondan	-	-	-	-

*) Number of meetings of each group based on agenda

In 2013 (January 2013 – 6 May 2013) RCC-ORC has made the following discussions:

1. Approval of Segmentation SPO and Customer Management
2. Approval of Refined SP PKBL
3. Approval of Refined CO Loan SPO - Retail

2. RETAIL AND SUPPORT EXECUTIVE COMMITTEE (RSEC)

subcommittees accountable
to board of directors

RSEC is a subcommittee established to assist the Directors in stipulating product and development strategies or in performing activities in retail sector including Micro and Retail Banking, Consumer Finance and Business Banking and in setting up standardization and strategies relating to scope of bank-wide procurement of goods and services, general services and real estates.

Frequency of Meetings and Attendance Rate*)

Name	No. of Meetings	Present	Absent	% Attendance
PERMANENT VOTING MEMBERS				
Budi G. Sadikin	5	5	0	100%
Sentot A. Sentausa	6	6	0	100%
Pahala N. Mansury	6	6	0	100%
Kresno Sediarsi	6	6	0	100%
Mansyur S. Nasution	1	1	0	100%
Hery Gunardi	4	4	0	100%
Tardi	2	2	0	100%
Ventje Rahardjo	6	6	0	100%
NON PERMANENT VOTING MEMBERS				
Sunarso	2	2	0	100%
Royke Tumilaar	1	1	0	100%
PERMANENT NON-VOTING MEMBERS				
Ogi Prastomiyono	6	6	0	100%

**) Number of meetings of each group based on agenda*

The Retail & Support Executive Committee Duties and Responsibilities: Assisting the Directors in the implementation of their functions, including:

1. To determine the strategy and procedure of funding products, loans and services or retail activity covering Micro & Retail Banking, Consumer Finance and Business Banking in accordance with Product Manual or Loans Standard Procedure (SPK) inclusive of developments and amendments. The Business Banking supervision and management remain under the Commercial & Business Banking Directorate.
2. To review, establish and monitor the retail strategic initiatives such as Product Manual/Skim/Projects that covers Micro & Retail Banking, Consumer Finance and Business Banking including the bank-wide services and goods procurement, general services and real estates.
3. To determine and decide on issues that are related to the cross-Directorate Performance Management System (PMS) through coordination with the related Field Director.
4. To discuss and stipulate business development related with the cross-Committee alliances by inviting the related Field Director and EVP Coordinator and Group Heads.
5. To conduct the strategic discussion in the scope of Retail, inclusive of but not limited, to the discussion of subsidiaries and entities under the control of the Company.

subcommittees accountable
to board of directors

In 2013 (Jan – 6 May 2013) RSEC has conducted the following:

1. To give approval of New Products and Activities (PAB) and direction on:
   - Proposed Issuance of Mandiri Visa Distribution Card Tirta Amarta
   - Proposed Issuance of Co-Brand Credit Card of Sulselbar Brand
2. To give approval and direction on:
   - Proposed Mandiri Deposito on Call Product Manual
   - Proposed e-Money Product Manual
   - Proposed Mandiri TabunganMU Product Manual
   - Proposed Consumer Segment Credit Product Manual Revision (except for Credit Card)
3. To give approval and direction on:
   - Proposed Pilot Project of Business Banking Credit Process for Limit above Rp 200 million – Rp 500 million by issuing Procedure Memorandum
   - Proposed Amendment to Pilot Project Process Flow for Micro Business Credit Extension (KUM) and Bad Debt Handling and Procedure Memorandum Issuance

3. WHOLESALE EXECUTIVE COMMITTEE (WEC)

WEC is a subcommittee established to assist the Directors in stipulating product, development and activity strategies in wholesale sector covering Corporate Banking, Commercial Banking, Treasury, Financial Institution and Special Asset Management.

Frequency of Meetings and Attendance Rate*)

Name	No. of Meetings	Present	Absent	% Attendance
PERMANENT VOTING MEMBERS				
Sunarso	3	3	0	100%
Abdul Rachman	4	2	2	50%
Sentot A. Sentausa	4	2	2	50%
Pahala N. Mansury	4	2	2	50%
Fransisca N. Mok	4	2	2	50%
Royke Tumilaar	4	1	3	25%
Ventje Rahardjo	4	3	3	75%
NON PERMANENT VOTING MEMBERS				
Hery Gunardi	4	1	3	25%
Kresno Sediarsi	4	3	1	75%
Budi G. Sadikin	1	1	0	100%
Riswinandi	1	1	0	100%
PERMANENT NON-VOTING MEMBERS				
Ogi Prastomiyono	4	3	1	75%

**) Number of meetings of each group based on agenda*

In 2013 (Jan – 27 May 2013), Wholesale Executive Committee has stipulated the following:

subcommittees accountable
to board of directors

1. Conversion from SE to MP of Product Immediate Cash
2. Conversion from SE to MP of Product e-Biz Card
3. Mandiri e-tax PAB
4. Conversion from SE to MP of Product Shipping Guarantee
5. Conversion from SE to MP of Product UPAS
6. Receivables Financing Product Manual
7. Manual Revision of Cooperation/Loan Facility Product through/to Financing Company for the purpose of End User Financing
8. Wholesale SPK Revision
9. KMK Product Reorganization
10. Trust Services
11. Post-Dated Check Warehousing Services
12. Provision on Principal Write-Off
13. MP of Mandiri Corporate Auto Debit
14. MP of Mandiri Corporate Bill Collection
15. MP Revision of Contractor/Subcontractor Facility of APBN Project
16. Foreign Exchange Business
17. Line Collective Treasury Offering of Agrobased Group Customers

MAY – DECEMBER 2013

1. ASSETS & LIABILITIES COMMITTEE (ALCO)

Assets & Liabilities Committee is a committee established by virtue of Decision Letter of the Board of Directors No. KEP.DIR/169/2013 dated June 21, 2013 to assist the Directors in stipulating assets and liabilities management strategies of the Company, determining interest rate and liquidity and other matters relating to the assets and liabilities management of the Company.

ASSETS & LIABILITIES COMMITTEE DUTIES AND RESPONSIBILITIES

ALCO has the following duties and responsibilities with respect to:

1. Stipulation, development and re-assessment of strategy modification of assets & liabilities management.
2. Evaluation on the Bank assets & liabilities position in accordance with the objectives of liquidity risk, interest rate risk, and exchange rate risk management.
3. Evaluation of the Company position and Assets & Liabilities Management ("ALM") strategy to ensure the risk taking position results of the Company are consistent with the objectives of liquidity risk, interest rate risk, and exchange rate risk management.
4. Re-assessment on the asset and liabilities pricing to ensure optimum funding investment from that pricing, to minimize funding cost and to maintain the Company balance sheet structure, in accordance with the Company ALM strategy.
5. Re-analyzing the deviation between realization with projection of the budget and business plan of the Company.
6. Setting up limits of Liquidity Management, GAP Management, Pricing Management, FX Management;
7. Setting up Fund Transfer Pricing methodology;
8. Strategic discussion of the ALM scopes, inclusive but not limited, to the discussion on subsidiaries under the control of the Company

   In the capacity as committee, ALCO is not authorized to act for and on behalf of the Company to bind the

subcommittees accountable
to board of directors

Company or to enter into any agreement with any third party. Any and all actions for and on behalf of the Company shall be taken in accordance with the Company's Articles of Association.

From 7 May 2013 to the date of ALCO Meeting, the following discussions have been conducted:

1. **Funding**
   In the effort to manage Bank Mandiri liquidity, ALCO has done various reviews and has taken the Decision on interest rate movement that covered Rupiah Deposit counter interest rate, Foreign Exchange Savings, Rupiah and Foreign Exchange Deposit special, Rupiah and Foreign Exchange Current Account special rate and Rupiah Premier Current Account.
2. **Loans**
   With respect to loan interest rate, ALCO has made reviews and decisions on:
   - Rupiah Loan Interest Rate
   - Publication of Loan Basic Interest Rate (SBDK), and
   - Interest Rate of Rupiah Fixed Rate Loan.
3. **Banking Book Portfolio Risk Management Limit**
   Covering the Liquidity Risk, Interest Rate Risk, and Exchange Rate Risk

Frequency of Meetings and Attendance Rate *)

NO	Name	No. of Meetings	Total Present	Total Absent	% Attendance
PERMANENT VOTING MEMBERS ALCO					
1	Budi G. Sadikin	11	10	1	91%
2	Riswinandi	11	11	0	100%
3	Abdul Rachman	11	10	1	91%
4	Sentot A. Sentausa	11	9	2	82%
5	Hary Gunardi	11	8	3	73%
6	Pahala N. Mansury	11	9	2	82%
7	Fransisca N. Mok	11	11	0	100%
8	Sunarso	11	8	3	73%
9	Royke Tumilaar	11	10	1	91%
10	Tardi	11	10	1	91%
PERMANENT NON - VOTING MEMBERS ALCO					
11	Ogi Prastomiyono	11	11	0	100%

**) Number of meetings of each group based on agenda*

subcommittees accountable
to board of directors

2. BUSINESS COMMITTEE

Business Committee is a committee established by virtue of Decision of The Board of Directors No. KEP. DIR/174/2013 dated 21 June 2013 to assist the Directors in determining the Company business management strategies in an integrated manner, the Company products and/or activities management and marketing communication strategies and effectiveness in wholesale and retail banking sector.

BUSINESS COMMITTEE (BC) DUTIES AND REPONSIBILITIES

BC has the following duties and responsibilities::

1. To evaluate and determine the Company's business strategies
2. To discuss and determine integrated business development, including product development, related procedures, rates, infrastructure & facilities and business supporting technology
3. To discuss and determine business strategies with the Company's anchor client
4. To monitor and evaluate the results of business/project strategic initiatives
5. To discuss and settle strategic business issues including alliance between the Company's line units and alliance with subsidiaries.
6. To delegate authority to officers appointed to decide and perform operational business matters

In the capacity as a committee, BC is not authorized to act for and on behalf of the Company to bind the Company or to enter into any agreement with any third party. Any and all actions for and on behalf of the Company shall be taken in accordance with the Company's Articles of Association.

From 7 May 2013 to date, BC has made the following decisions:

1. Current Account Improvement Program;
2. MP of Mandiri Confirmed LC/SBL/SKBDN;
3. MP of Trade Financing to Correspondent;
4. MP of Mandiri Forfeiting;
5. MP of Bank to Bank Export Bills Discounting;
6. MP of Intraday & Overnight Facility;
7. MP of KIK (Collective Investment Contract) Current Account;
8. Improvement and harmonization program of KPI Monitoring with respect to Current Account;
9. Food & Energy Security Loan Business Review;
10. Small Scale Business Loan Review;
11. Mandiri Showroom Business Financing Review;
12. Micro Business Review;
13. BPR Financing Business Review;
14. Current Account Strategy;
15. Low Cost Fund Increase through End Year BG Program;
16. Foreign Exchange Saving MP Revision

Frequency of Meetings and Attendance Rate *)

subcommittees accountable
to board of directors

NO	Name	No. of Meetings	Total Present	Total Absent	% Attendance
PERMANENT VOTING MEMBERS					
1	Budi G. Sadikin	3	1	2	33%
2	Riswinandi	3	3	0	100%
3	Sunarso	3	3	0	100%
4	Hery Gunardi	3	2	1	67%
5	Abdul Rachman	3	2	1	67%
6	Sentot A. Sentausa	3	2	1	67%
NON PERMANENT VOTING MEMBERS					
7	Fransisca N. Mok	3	2	1	67%
8	Royke Tumilaar	3	2	1	67%
9	Kresno Sediarsi	3	2	1	67%
10	Pahala N. Mansury	3	1	2	33%
11	Ventje Rahardjo	3	0	3	0%
12	Tardi	3	2	1	67%
PERMANENT NON - VOTING MEMBERS					
13	Ogi Prastomiyono	3	1	2	33%
INVITEE					
14	Riyani T. Bondan	3	2	1	67%

**) Number of meetings of each group based on agenda*

3. RISK MANAGEMENT COMMITTEE

Risk Management Committee is a committed established by virtue of Decision of the Board of Directors No. KEP.DIR/170/2013 dated 21 June 2013 to assist the Directors in discussing and recommending any policies and procedures other than those related to human capital and in monitoring profiles and managing all risks of the Company.

RISK MANAGEMENT COMMITTEE (RMC) DUTIES AND RESPONSIBILITIES

Risk Management Committee has the following duties, authority and responsibilities:

1. To discuss & recommend policies and to determine the Company's procedures, other than policies and procedures related to human capital
2. To monitor risk profile and to manage all risks for the purpose of determining risk appetite, integrated risk management strategy and capital adequacy
3. To determine methodology, scenario, evaluation including stress conditions in the risk assessment and contingency plan
4. To refine the implementation of risk management periodically and incidentally as follow-up to changes in internal and external conditions which affect the capital adequacy and risk profile of the Company
5. To hold strategic discussion in the scope of risk management including subsidiaries
6. To decide matters relating to business decisions with special condition (such as decision on significant business expansion exceeding the prescribed business plan of the Company)
7. To delegate authority to officers appointed to decide and perform any operational matters.
8. To supervise Risk & Business Control ("RBC") Supervisory Team.

In the capacity as a committee, RMC is not authorized to act for and on behalf of the Company to bind the

Company or to enter into any agreement with any third party. Any and all actions for and on behalf of the Company shall be taken in accordance with the Company's Articles of Association.

In 2013 (7 May May 2013 to date), RMC has made the following decisions:
1. The Committee accepted the refined SPO of Electronic Money Management
2. The Committee approved the refined SPO of Policy and Procedure Preparation
3. The Committee approved SPO of Business Continuity Management
4. The Committee accepted report on incorporation of BI regulation into Internal Regulations
5. The Committee approved proposed addition to the requirements of Deposit Secured Loan – Sriwijaya Project
6. The Committee recommended proposed revision to APU PPT Policy for approval of the Boards of Directors and Commissioners and the Committee approved the revised SP of APU PPT
7. The Committee approved SPA revision
8. The Committee approved SPK Consumer revision
9. The Committee approved SPK FI revision
10. The Committee accepted report of Credit Session and Credit Risk Model
11. The Committee approved Electronic Money Management SPO revision
12. The Committee approved Wealth Management Service SPO revision
13. The Committee approved Corporate Secretary SP
14. The Committee approved revisions to Commercial SPK, Business Banking SPK and CSP BMDTL
15. The Committee recommended revision to Bank Mandiri Legal Policies (KHBM) for approval of the Boards of Directors and Commissioners
16. The Committee approved Legal Procedure Standard (SPH) revision
17. The Committee approved New Products and Activities (PAB) SPO revision
18. The Committee approved Capital Market Service SPO revision
19. The Committee recommended revision to Bank Mandiri Compliance Policy (KKBM) for approval of the Boards of Directors and Commissioners
20. The Committee recommended the combination of the Bank Mandiri Capital Contribution Policy and Bank Mandiri Subsidiary Management Policy into the Capital Contribution and Subsidiary Management Policy for approval of the Boards of Commissioners and Directors
21. The Committee approved Other Service Operational Guideline Standard (SPO) revision
22. The Committee approved Trust Service SPO revision
23. The Committee approved Customer Complaint Management SPO revision
24. The Committee approved Operational Risk Management SPO revision
25. The Committee recommended KOBM revision for approval of the Boards of Directors and Commissioners
26. The Committee recommended KTBM revision for approval of the Boards of Directors and Commissioners
27. The Committee recommended KCSBM revision for approval of the Boards of Directors and Commissioners
28. The Committee approved e-Banking Service SPO revision
29. The Committee approved SPT revision

Frequency of Meetings and Attendance Rate *)

subcommittees accountable
to board of directors

NO	Name	No. of Meetings	Total Present	Total Absent	% Attendance
PERMANENT VOTING MEMBERS					
1	Riswinandi	**7**	6	1	86%
2	Sentot A. Sentausa	**7**	7	0	100%
3	Pahala N. Mansury	**7**	6	1	86%
4	Kresno Sediarsi	**7**	6	1	86%
5	Ventje Rahardjo	**7**	7	0	100%
NON PERMANENT VOTING MEMBERS					
6	Budi G Sadikin	0	0	0	0%
7	Abdul Rachman	0	0	0	0%
8	Sunarso	**1**	1	0	100%
9	Fransisca N. Mok	**1**	1	0	100%
10	Royke Tumilaar	3	3	0	100%
11	Hery Gunardi	**5**	3	0	60%
12	Tardi	**1**	1	0	100%
PERMANENT NON-VOTING MEMBER					
13	Ogi Prastomiyono	**7**	7	0	100%
INVITEE					
14	Riyani T. Bondan	**4**	2	2	50%

**) Number of meetings of each group based on agenda*

4. HUMAN CAPITAL POLICY COMMITTEE

Human Capital Policy Committee is a committee established by virtue of Decision of the Board of Directors No. KEP.DIR/171/2013 dated 21 June 2013 to assist the Directors in stipulating the Company's human capital management strategies;

Human Capital Policy Committee Duties and Responsibilities

HCPC has the following duties, authority and responsibilities:

1. To discuss/recommends policies and to stipulate procedures and operational systems of human capital management;
2. To determine the strategic and operational direction of human capital management, including the company's culture and values;
3. To establish the strategic human resource development policy in the Subsidiary, Financial Institution Pension Fund (DPLK), Bank Mandiri Pension Fund (DPBM), Foundations related to Bank Mandiri as well as the Company Subsidiaries among others;
4. To set Strategic Direction of Human Capital Information System Development;
5. To establish and develop organization including fulfillment, development & training of human capital in accordance with the Company's business requirements;
6. To set individual performance management & rewards, talent & succession management and employee relations management;
7. To set the Authority Limits Policy in Conducting the Human Capital Management;
8. To discuss and settle strategic issues related to human capital management. In the capacity as a committee, HCPC is not authorized to act for and on behalf of the Company to bind the Company or to enter into any agreement with any third party. Any and all actions for and on behalf of the Company shall be taken in accordance with the Company's Articles of Association.

In 2013 Human Capital Policy Committee has conducted the following:

subcommittees accountable
to board of directors

1. Discussion of Proposal and Resolution on Remuneration and Bonus Agenda, and GMS Management for 2012 financial year in PT Bank Harapan Sinar Bali (BSHB)
2. Discussion of Proposal and Resolution on Remuneration and Bonus Agenda, and GMS Management for 2012 financial year in PT Mandiri Tunas Finance (MTF)
3. Discussion of Proposal and Resolution on Remuneration and Bonus Agenda, and GMS Management for 2012 financial year in PT Axa Mandiri Financial Services (AMFS)
4. Discussion of Proposal and Resolution on Remuneration and Bonus Agenda, and GMS Management for 2012 financial year in PT Bank Syariah Mandiri (BSM)
5. Discussion of Proposal and Resolution on Remuneration and Bonus Agenda, and GMS Management for 2012 financial year in PT Mandiri Manajemen Investasi
6. Discussion of Proposal and Resolution on Remuneration and Bonus Agenda, and GMS Management for 2012 financial year in PT Mandiri Axa General Insurance
7. Granting of Appreciation and Retention to the Management of PT Mandiri Sekuritas
8. Flexible Working Hours (Flexi Time)
9. Overtime Policy
10. Organic Security Employee Career Ladder
11. Additional Benefit for Women Healthcare Facility
12. Determination of salary for Directors of PT Axa Mandiri Finance Services and PT Mandiri Axa General Insurance in 2013
13. Flexible Benefit Policy Proposal
14. Flexi Time Implementation Update
15. Employee Assessment Revision Proposal
16. Kriya Mandiri Program Improvement Proposal
17. Employee Training Cost Allocation

Frequency of Meetings and Attendance Rate:

Name	No. of Meetings	Present	Absent	% Attendance
PERMANENT VOTING MEMBER				
Budi G. Sadikin	6	6	0	100%
Riswinandi	6	6	0	100%
Ogi Prastomiyono	6	6	0	100&
Hery Gunardi	6	6	0	100%
NON-PERMANENT VOTING MEMBER*)				
Abdul Rahman	1	1	0	100&
Sentot A. Sentausa	3	3	0	100&
Fransisca N. Mok	3	3	0	100%
Sunarso	2	2	0	100%
Ventje Rahardjo	4	4	0	100%
Tardi	2	2	0	100%
Riyani T. Bondan	3	3	0	100%
Pahala N. Mansury	3	3	0	100%
Kresno Sediarsi	2	2	0	100%

**) Number of meetings of each group based on agenda*

5. INFORMATION TECHNOLOGY COMMITTEE

subcommittees accountable to board of directors

Information Technology Committee is a committee established by virtue of Decision of the Board of Directors No. KEP.DIR/172/2013 dated 21 June 2013 to assist the Directors in performing controlling function through determination of ISP, IT strategic project and IT security strategy;

Information & Technology Committee Duties:

a) To determine the Bank Mandiri IT Strategic Plan (ISP).
b) To establish the strategic reference framework on IT Resources development.
c. To determine the policy and action plan on projects and their budget.
d. To set the IT security strategy and IT risk management
e. To ensure and monitor the implementation of IT projects and IT risk management.
f. To set the priorities and allocation of IT budgets that has been decided by the Directors
g. To provide the decisions or directions related to strategic IT system planning, development and addition.
h. To discuss and settle any strategic issues in the scope of IT and direction of IT investment including in subsidiaries
i. To delegate authority to officers appointed to decide and perform operational IT matters.

In the capacity as a committee, ITC is not authorized to act for and on behalf of the Company to bind the Company or to enter into any agreement with any third party. Any and all actions for and on behalf of the Company shall be taken in accordance with the Company's Articles of Association.

In 2013 IT Committee has conducted the following:

1. Approving the delegation of authority in Information Technology SPO.
2. Approving the 2013 IT Strategic Initiative Budget Proposal Tier 2 and IT Strategic Initiative Management Review
3. Reviewing 2013 IT Initiative Budget and Approving the Proposes Adjustment to 2013 IT Initiative Budget
4. Reviewing 2013 IT Investment
5. Approving 2014 Investment Budget Proposal

In 2013 IT Committee has conducted the following:

Name	No. of Meetings	Total Present	Total Absent	% Attendance
PERMANENT VOTING MEMBER				
Budi G. Sadikin*	3	3	0	100%
Riswinandi	4	4	0	100%
Sentot A. Sentausa	4	4	0	100%
Pahala Nugraha Mansury	4	4	0	100%
Kresno Sediarsi	4	4	0	100%
Ventje Rahardjo	4	3	1	75%
NON-PERMANENT VOTING MEMBER				
Abdul Rachman	4	1	3	25%
Fransisca N. Mok	3	2	1	66.7%
Sunarso	4	1	3	25%
Royke Tumilaar	4	2	2	50%
Tardi	4	3	1	75%
Hery Gunardi	3	0	3	0%
PERMANENT NON-VOTING MEMBER				
Ogi Prastomiyono**	4	4	0	100%

**) Per 7 June 2013, the CEO sat as non-permanent voting member*
***) Director of Compliance & Human Capital may delegate the functions of Director of Compliance to Group Head Compliance*

6. CAPITAL & SUBSIDIARIES COMMITTEE

Capital & Subsidiaries Committee is a committee established to assist the Directors in determining subsidiary management strategy, capital investment and divestment recommendation and remuneration and management appointment of subsidiary.

CAPITAL & SUBSIDIARIES COMMITTEE (CSC) DUTIES, AUTHORITY AND RESPONSIBILITIES

CSC has the following duties, authority and responsibilities:

1. To determine strategies and limits of subsidiary management
2. To discuss and recommend capital investment business strategic initiatives
3. To evaluate and decide the additional capital investment in subsidiary to the extent not changing the status of majority owner.
4. To recommend investment & divestment plan and to evaluate the financial performance of subsidiaries
5. To recommend strategies for management, remuneration and management/supervision of subsidiaries as well as Company Work Plan and Budget ("RKAP") and administration of General Meeting of Shareholders ("GMS") of subsidiaries.
6. To recommend capital allocation plan in the Strategic Business Unit ("SBU") and to evaluate the investment performance in SBU.
7. To monitor and evaluate the Financial Institution Pension Fund ("DPLK") management and financial strategies and Pension Fund investment strategies.

In the capacity as a committee, CSC is not authorized to act for and on behalf of the Company to bind the Company or to enter into any agreement with any third party. Any and all actions for and on behalf of the Company shall be taken in accordance with the Company's Articles of Association.

In 2013 CSC has conducted the following:

1. Governance of Bank Mandiri Subsidiary Investment Performance
2. Assignment of Bank Mandiri Employees/Officials as the Chief Commissioner and Commissioner of PT Digital Artha Media (DAM)

Frequency of Meetings and Attendance Rate *)

Name	No. of Meetings	Present	Absent	% Attendance
GROUP A				
Budi G. Sadikin	6	5	1	83%
Riswinandi	6	6	0	100%
Sentot A. Sentausa	6	5	1	83%
Pahala N. Mansury	6	4	2	67%

subcommittees accountable
to board of directors

Ventje Rahardjo	6	6	0	100%
GROUP B (PRESENT FOR PARTICULAR DISCUSSIONS)				
Abdul Rachman	-	-	-	-
Sunarso	4	3	1	75%
Fransisca N. Mok	4	4	0	100%
Royke Tumilaar	-	-	-	-
Kresno Sediarsi	-	-	-	-
Hery Gunardi	4	4	0	100%
Tardi	4	4	0	100%
CONTRIBUTING MEMBER				
Ogi Prastomiyono	6	5	1	83%
INVITEE				
Riyani T. Bondan	1	1	0	100%

**) Number of meetings of each group based on agenda*

7. CREDIT COMMITTEE

In an effort to firmly implement the GCG principles and in ensuring prudent loans disbursement in line with the best practice of risk management principles, Bank Mandiri has completely restructured its loan disbursement process. On every loan disbursement in the wholesale segment, a forum discussion must be conducted through the Loan Committee Meeting, to facilitate the implementation of the four-eye-principle as well as a checks and balances process by Business Unit as the initiator and Risk Management as the Risk Mitigation Unit. The Legal Group and Compliance Group must attend this committee meeting to provide opinions from the legal and compliance points of view in order to strengthen the independency aspect, to prevent a unit domination, to avoid conflict of interest, and to ensure that decision-making is objective and free of pressure.

I. Credit Committee Authority, Duties and Responsibilities in accordance with SPK per segment

A. Credit Committee Authority

The Credit Committee is authorized to recommend and or decide the loan disbursement (new, addition, reduction, extension, and or restructuring) managed by Business Unit within the limit of its authority, including establishing/changing loan structure. The loan structure includes, but not limited to, credit limit, purpose/objective of financing, type of loan, loan nature, availability period, grace period, payment portion, covenant, and collateral.

B. Credit Committee – Restructuring is authorized to make recommendation and or decision on:

1. Restructuring and settlement of loans with collectability 3, 4, 5 and collectability 1 and 2 after restructuring, still managed by Credit Recovery Unit.
2. Restructuring of loans with collectability 1 and 2 in the watch list categories as specified by Credit Risk Management Unit
3. Rescue/settlement of ekstrakomtabel credit, including decision of Repossessed Assets (AYDA).
4. Write-off and haircut

C. Credit Committee/Credit Committee – Restructuring is responsible for loans recommended or decided in accordance with its limit of authority including deciding/changing the credit structure as referred to above by conducting the following:

1. To ensure that every loan disbursement has complied with general banking norms and sound credit principles
2. To ensure that the loan disbursement has complied with credit disbursement guideline/procedure prevailing in the Bank
3. To ensure that the loan disbursement has been based on fair, objective, careful, and cautious

subcommittees accountable
to board of directors

assessment and shall be free from influence of related parties to loan applicants

4. To make sure that the loan so disbursed will be repaid in timely manner and will not become bad debt.

Frequency of Meetings and Attendance Rate

Name	No. of Meetings	Attendance	% Attendance
RISK MANAGEMENT FUNCTION			
Zulkifli Zain	2	2	100%
Budi G. Sadikin	7	7	100%
Riswinandi	35	35	100%
Sentot A. Sentausa	52	52	100%
Pahala N. Mansury	9	9	100%
Kresno Sediarsi	34	34	100%
Ventje Rahardjo	28	28	100%
BUSINESS FUNCTION			
Abdul Rachman	29	29	100%
Royke Tumilaar	33	33	100%
Sunarso	43	43	100%
Fransisca N. Mok	58	58	100%
Hery Gunardi	17	17	100%
Tardi	35	35	100%

To enhance its service to the capital community, Bank Mandiri as a public company established a Corporate

corporate secretary

Secretary that serves as the Bank's liaison with investors, the capital market's community, regulators and observers. The Corporate Secretary facilitates effective communications and ensures information availability for interested parties and acts as the main liaison between the Bank, Financial Services Authority, Indonesia Stock Exchange and the public.

CORPORATE SECRETARY FUNCTIONS AND DUTIES

The Corporate Secretary has significant role in facilitating the communication between the Company's organs, relationship between the Company and Stakeholders, and compliance with the laws and regulations. To support this role, the Corporate Secretary has several main functions to assist the Directors in performing their duties such as Compliance Officer, Liaison Officer (Corporate Communication), GCG Implementation, and Administration of policy documents and minutes of meeting. Such functions and roles are in compliance with Bapepam regulation IX.I.4 concerning the establishment of Corporate Secretary as well as the Decree of Minister of State-Owned Enterprise No. KEP-117/M-MBU/2002 concerning the Implementation of Good Corporate Governance Practices at the State-Owned Enterprises and in accordance with the Decree of the Company Directors No. 31/Kep.Dir/1999 dated 8 September 1999.

The Corporate Secretary has the following duties and responsibilities:

1. The Company's Compliance with respect to capital market:
   - To direct the administration of a GMS for its proper performance
   - To decide the internal and external materials relating to the administration of GMS to ensure the compliance of such materials with the prevailing regulations
   - To direct the internal coordination relating to compliance aspect of the capital market and to review the capital market regulation and its impact on the Company in order to have awareness of the Company's compliance with such regulation.
2. The Company's Reputation in Public & Media
   - To determine the strategy for the implementation of corporate communication program for general, media, and internal public in order to maintain the Company's goods reputation in the opinion of Stakeholders.
   - To direct the corporate communication program for general, media, and internal public in order to maintain the Company's goods reputation in the opinion of Stakeholders.
3. Publication Materials
   - To set implementation strategy of the Company's non-media publication for non-financial public, investors and financial community in order to maintain the Company's goods reputation and market expectation.
   - To set implementation strategy of the Company's mass media advertisement related to financial and non-financial aspects in order to maintain the Company's goods reputation and market expectation.
   - To direct the management of Bank Mandiri website content in order to ensure completeness and accessibility of data.
4. Internal Communication
   - To determine and evaluate the implementation process of internal communication media to contribute to the establishment of favorable working climate
   - To direct and evaluate the preparation of the Company's presentation materials related to financial and non-financial aspects to ensure information accuracy in an integrated manner.
   - To direct the Company's internal events for proper performance of such events
   - To direct the Company's documentation in order to ensure the availability of the Company's documentation database.
5. GCG Manual Building
   - To direct the GCG manual planning in order to ensure the completeness of documents

- To direct the synchronizing process between the Board of Commissioners charter and the Board of Directors charter and the Company's management policy, ethic standard, evaluation and monitoring process and GCG Manual, so that all policies of the Company are in harmony.

6. To plan, determine and perform the Bank security system control
7. To manage the Partnership Program and to distribute fund for Community Development Program.
8. GCG Database
   To ensure the completeness of GCG manual database, to update GCG manual database at Bank Mandiri portal and GCG library at Bank Mandiri portal in order to guarantee the data availability and accessibility.
9. Company Secretariat Administration
   To direct the Company secretariat administration to ensure the availability of complete documents including submission of meeting materials no later than 5 days before the Board of Directors meeting or the Board of Commissioners meeting.

The Corporate Secretary has a mission namely to determine, develop, direct and prepare strategies for the implementation of Corporate Communication, Good Corporate Governance and secretariat administration in order to support the achievement of Bank Mandiri vision and mission with due observance to the principles of Code of Conducts and values.

To support such duties, the Corporate Secretary is in charge of several Departments namely:

- Capital Market & Assurance Department
- Office of The Board Department
- Corporate Communication Department
- Brand Management Department
- Corporate Social Responsibility Department
- Security Department

PROFILE OF CORPORATE SECRETARY

NIXON L. P. NAPITUPULU

Corporate Secretary

An Indonesian Citizen, 45 years of age, Nixon L.P. Napitupulu earned his S1 degree from Universitas Sumatera Utara (USU) in 1994. He started his career in Bank Ekspor Impor Indonesia (BankExim) in 1996. During his career, he served as Department Head of Performance Management System – Strategy & Performance Group, Department Head of PMS Production & Development – Strategy & Performance Group, SBU Decision Support – Corporate BK Head - Strategy & Performance Group, Group Head of Micro Network Development Group, Group Head of Strategy & Performance Group. Starting 16 January 2013, Nixon L.P. Napitupulu served as Group Head of Corporate Secretary of PT Bank Mandiri (Persero) Tbk., by virtue of Decision of the Board of Directors No. KEP.DIR/189/2013 dated July 2, 2013.

- **Development History of Corporate Secretary**
- Legal & Accounting:
  Certification of Risk Management-1, Certification of Risk Management-2, Train the Trainers Accounting e-MAS, Indonesian Bank Accounting Guideline
- Corporate Secretary:
  Basics of Corporate Secretary, Good Corporate Governance
- Others:
  Service Excellence, Accountability Session, Great Leader Program, Coaching for Leader, Adversity Quotient, Corporate Transformation, Performance Management System, dan Corporate Valuation.

In order to support the Bank Mandiri's vision to be Indonesia's Most Admired and Progressive Financial Institution as set out in the 2013 Bank Business Plan (RBB), it is the commitment of the Bank to be at all times in compliance with

compliance function

the prevailing laws and regulations.

3. Compliance Function Implementation

a. Level of Compliance with Laws and Regulations

The commitments are detailed as follows:

1. To grow and develop Compliance Culture in all organizational levels and business activities of the Bank.
2. To ensure firm application of compliance function in order for all Bank's activities to be in compliance with the prevailing regulations of Banking Authority, legislated laws and rules as well as principles of prudence.
3. The compliance is not intended only to the written rules, but also to the underlying soul and spirit. It is important to maintain the Bank's reputation as an institution engaged in financial services.
4. All personnel of the Bank are responsible for the performance of compliance function in each activity of their respective unit.
5. In addition to comply with the prevailing laws and regulations in Indonesia, foreign offices should comply with the laws and regulations applicable in local country. In case of inconsistency between the regulations prevailing in Indonesia and another country, more prudent steps should be taken.

Based on the foregoing, the Bank sets the principles of compliance as follows:

1. Bank shall at all times comply with the prevailing laws and regulations and apply the principles of prudence in the performance of all its activities (mandatory).
2. Members of the Boards of Directors and Commissioners shall be the role model of trustworthiness and integrity to make the compliance performance the Bank culture (starts from the top).
3. All personnel of the Bank shall be responsible for the performance of compliance function in their respective activity.

During 2013, all policies decided by the Management have been in compliance with/have not violated the prevailing laws and regulations.

b. Fulfillment of commitment to the competent authority

Bank Mandiri is intended to fulfill all commitments to Bank Indonesia and competent authority. To ensure compliance with the commitments to Bank Indonesia, the Bank's Compliance Unit continuously monitors all such commitments described in function of Supervisory services, Review/examination (ex-ante and ex-post), Consultation services and Regulatory services.

During 2013, all commitments to the Authority have been completed/fulfilled properly.

4. Director in charge of Compliance Function

The process of appointment, dismissal and/or resignation of the Director in charge of Compliance Function of Bank Mandiri has been governed as follows:

a. The appointment, dismissal, and/or resignation of the Director in charge of the Compliance Function of Bank Mandiri have referred to the provisions on appointment, dismissal and/or resignation of members of the Board of Directors as contemplated in Bank Indonesian regulations on Commercial Bank, and PBI No. 13/2/PBI/2011 dated 12 January 2011 regarding Compliance Function Implementation.

b. In case of permanent absence, resignation, or office term expiration of the Director in charge of the Compliance Function, the Bank shall immediately appoint his/her replacement.

c. During the process of replacement of the Director in charge of the Compliance Function, another Director shall be appointed to temporarily carry out the duties of the Director in charge of the Compliance Function.

d. The Director temporarily carrying out the duties of the Director in charge of the Compliance Function due to his/her permanent or temporary absence shall not be the CEO and or Vice CEO and Director in charge of functions which may affect the independency of Compliance Function. In case of no Director concurrently the Director in charge of the Compliance Function, such position will be temporarily performed by another Director in charge of operational functions.

e. Every replacement of the Director in charge of the Compliance Function shall be reported to Bank Indonesia.

The appointment of the Director in charge of the Compliance Function shall be made upon Fit & Proper Test in accordance with Bank Indonesian Regulation.

5. Compliance line unit

Bank Mandiri Compliance line unit is directly under and responsible to the Director in charge of the Compliance Function.

Every appointment and/or dismissal of the Head of Bank Mandiri Compliance line unit has referred to Bank Mandiri Compliance Policy and shall be reported to Bank Indonesia with the following criteria:

a. Fulfilling the Independency requirement
b. Understanding Bank Indonesia regulations and prevailing legislated laws
c. Not carrying out duties other than those of Compliance Function
d. Having strong commitment to implementing and developing Compliance Culture.

The duties and responsibilities of Compliance line unit of Head office in relation to the Compliance Function implementation shall be as follows:

1. To conduct steps required to support the establishment of Compliance Culture in all business activities of the Bank in all organizational levels.
2. To conduct identification, assessment, monitoring, and control of Compliance Risk with reference to Bank Indonesian regulation on Application of Risk Management for Commercial Banks.
3. To assess and evaluate the effectiveness, adequacy, and compliance of the policies, regulations, systems and procedures established by the Bank with the prevailing laws and regulations.
4. To review and/or recommend update and refinement of policies, regulations, systems and procedures established by the Bank in order to make them in compliance with Bank Indonesian regulations and the prevailing legislated laws.
5. To take any measures required to ensure that the policies, regulations, systems, procedures and business activities of the Bank are in compliance with Bank Indonesia regulations and prevailing legislated laws.
6. To perform other duties related to the Compliance Functions.

The Compliance line unit so established does not take over the responsibilities of Heads of Bank line units for compliance implementation in their respective units.

INTERNAL AUDIT FUNCTIONS, INTERNAL AUDIT COVERAGE AND EFFECTIVENESS IN

internal audit

ASSESSMENT OF ALL THE BANK ASPECTS AND OPERATIONS

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.

INTERNAL AUDIT ROLES AND FUNCTIONS

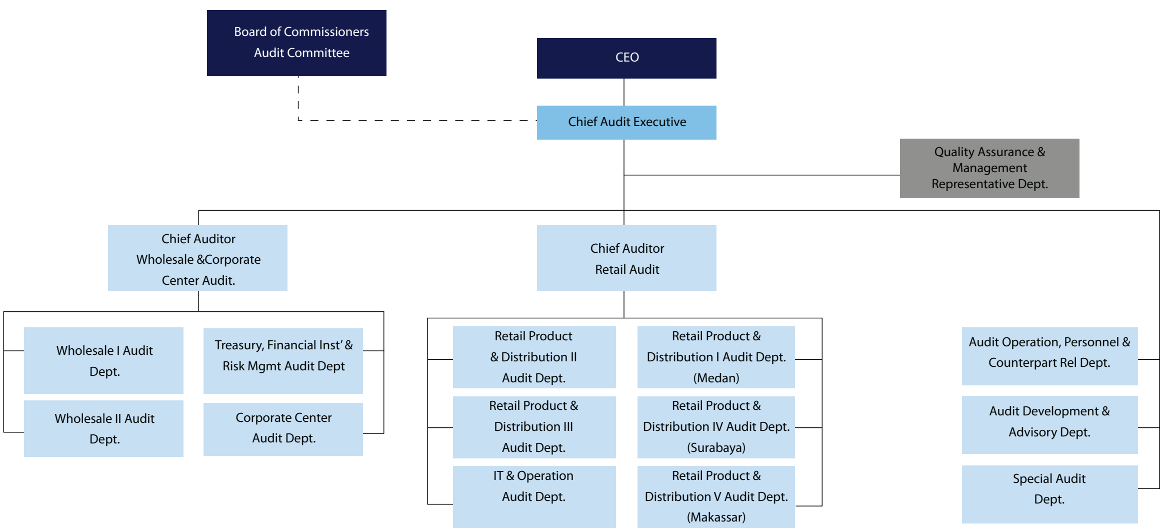
In the implementation of its functions, IA has carried out alliances on assurance functions within the bank organizations, including subsidiaries. Good synergy, effectiveness and efficiency will be accomplished through consistent alliances in the assurance functions implementation. The alliances of assurance 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.

ORGANIZATION OF INTERNAL AUDIT DIRECTORATE (DIA)

To maintain independency and objectivity in order to express undistorted opinions and judgments, the position of DIA in organization is in the level of Directorate and should be responsible directly to the CEO and may communicate with the Board of Commissioners directly through the Audit Committee. The organizational structure of DIA is adjusted to the business strategy of the Organization, namely Retail and Wholesale segment and Corporate Center. The Organizational Structure of Internal Audit is also completed with special audit function (investigation), research & development, operation and quality assurance. Detailed organizational structure of DIA is as follows:

ORGANIZATIONAL STRUCTURE OF INTERNAL AUDIT DIRECTORATE



INTERNAL AUDIT CHARTER

The position, authority and responsibility of Internal Audit (IA) have been declared formally in the Internal Audit

Charter. This Internal Audit Charter is consistent with the Bank Internal Audit Function Performance Standard (SPFAIB) and Decree of the Chairman of Capital Market and Financial Institution Supervisory Board (BAPEPAM-LK) regarding Preparation and Guideline for Preparation of Internal Audit Charter and best practice in accordance with IPPF (International Professional Practice Framework) standard by IIA (Institute of Internal Auditor).

The Internal Audit Charter is approved by the CEO and the Board of Commissioners which the said Charter regulates that IA should be able to place its function above all interests and the vision and mission of IA should be able to ensure the realization of sound Bank which may grow reasonably.

CHIEF AUDIT EXECUTIVE (CAE)

The Internal Audit Directorate is led by Riyani T. Bondan as Chief Audit Executive (CAE) with position of Senior Executive Vice President (SEVP) since 2005 by virtue of Decision of the Board of Directors No. KEP.DIR/117/2008 dated 21 October 2008. Riyani T. Bondan graduated from her S1 program in Institut Pertanian Bogor in 1984 and earned MBA degree from University of Illinois, Urbana Champaign, USA in 1994.

She started her professional experience as Credit Analyst in Plantation Credit Bureau of Bank Eskpor Impor Indonesia in 1987, and in 1994 she served as Head of Corporate Bureau Section, before being appointed as Executive Secretary to CEO in 1997 until 1999. Upon merger of several banks into Bank Mandiri, she was appointed as Group Head Corporate & Commercial Credit. Then from 2000-2001, she was appointed as Head of Commercial Credit III Department, and in 2002 she was appointed as Group Head of Retail Credit Risk Approval. In 2005, she was assigned to be Group Head Learning Center. On 21 October 2008, she was appointed as EVP Coordinator of Internal Audit, which is not SEVP of Internal Audit.

During 2010-2013, she served as General Chairperson of Communication Forum of Internal Control Unit (FKSPI) and from 2013-2016, she occupies the position of Chairperson of Governing Board of FKSPI. The Chief Audit Executive is appointed and dismissed by the CEO of Bank Mandiri upon approval of the Board of Commissioners and such appointment or dismissal shall be reported to Bank Indonesia and the Capital Market and Financial Institution Supervisory Board.

SCOPE, DUTIES AND RESPONSIBILITIES

Scope of work of IA includes all operation areas of Bank Mandiri, its subsidiaries/affiliates (in accordance with the applicable governance), to determine the adequacy of internal control, risk management implementation, and governance process.

IA assists the organization in achieving its objectives through Internal Audit Activities (assurance and consulting) and Investigation Activities.

- ***Assurance***

  To conduct testing objectively on evidence in order to provide independent assessment of internal control, risk management implementation, and governance process in the organization.
- ***Consulting***

  To render advisory service related to Client's activities which characteristic and scope are agreed with the Client and aimed at giving added value and improving internal control, risk management implementation, and governance process, without taking over any operational responsibility.
- ***Investigasi***

  To collect evidence using investigation techniques with respect to result of initial analysis result of existing indications and/or frauds. The purpose of investigation is to find out the modus operandi, causes, potential losses, perpetrator and other parties involved. Investigation covers the obtaining of evidence and statements, report writing, testimony of findings and follow-up monitoring as may be deemed necessary.

AUTHORITY OF IA

1. To conduct Internal Audit Activities for activities of all line units of Bank Mandiri and its subsidiaries/affiliates in

internal audit

accordance with the applicable governance.
2. To conduct direct communication with the Board of Directors, Board of Commissioners, and/or Audit Committee of Bank Mandiri and its subsidiaries/affiliates in accordance with the applicable governance.
3. To hold regular and incidental meetings with the Board of Directors, Board of Commissioners, and/or Audit Committee of Bank Mandiri and its subsidiaries/affiliates in accordance with the applicable governance.
4. To access all employees' information, records, and including, without limitation, their accounts/records and resources and other matters as may be deemed necessary relating to its duties and functions.
5. To conduct Investigation Activities for cases/issues in all aspects and components of activities indicated as fraud and violation of code of conduct.

RESPONSIBILITIES OF IA

1. To plan and perform Internal Audit Activities with focus given on areas/activities with high risk and to evaluate existing procedure/control system to make sure that the purpose and objective of the Bank may be achieved optimally and continuously.
2. To investigate, report and recommend sanctions on fraud to the Management.
3. To develop and perform programs to evaluate and improve the quality of IA.
4. To be responsible for any recommendations given and to conduct monitoring of the follow-up to the results of Internal Audit Activities and Investigation Activities.
5. To cooperate with Audit Committee to anticipate any risks and events that may cause the Bank to incur loss.
6. To coordinate its activities with the external audit activities and with other assurance provider units/functions.

In relation to Subsidiaries, DIA is authorized to conduct audit and/or investigation activities to Subsidiaries through mechanism: request from the Board of Commissioners of relevant Subsidiary to the Internal Audit, resolution of GMS of relevant Subsidiary, or any other mechanism agreed upon by both parties. In addition to assurance service, DIA provides consulting service to Mandiri Sekuritas (Mansek), Bank Syariah Mandiri (BSM), and Mandiri Manajemen Investasi (MMI). Alliance and knowledge transfer with subsidiaries are also conducted by way of assignment of the SKAI head of the subsidiaries and preparation of Annual Audit Plan.

2013 AUDIT PLAN & REALIZATION

As a response to the business strategies and risk faced by Bank Mandiri, changes in business environment, results of 2013 Enterprise Risk Assessment and management expectation (inputs from directorates), Internal Audit has established risk priorities which should be focused on during 2013 audit. It is in line with risk based audit approach applied by the Internal Audit, namely to ensure control effectiveness, risk management and governance of risks with high potential.

The top 6 risks which become the main focus during 2013 audit are: Information Technology, Competitor, Default, Fraud, Reputation and Human Resources Risks. Based on the top 6 risks above, the 2013 audit plan is prepared to cover areas exposed with such risks as presented in the following table. The audit plan is also prepared with an intention to achieve the three focused strategies of Bank Mandiri and 10 Bank priorities for 2013. In addition to the top 6 risks, Internal Audit has conducted audit for other 3 risks namely interest rate risk, compliance risk and strategic risk, with consideration that though such risks are not Bank's priorities, the Internal Audit considers that such risks should be audited to ensure the Bank compliance with external regulations, interest rate risk management and that the Bank strategy plan is in line with the specified vision.

The six (6) top risks are covered in the 2013 Annual Audit Plan (AAP) through thematic or regular audit. The thematic audit is conducted comprehensively, so that the main issues, distribution, and recommendation given to the management may give added value. The regular audit is focused more on certain line units, products, and activities with limited scope in accordance with the specified sample.

TOP 6 RISK	AUDIT SUBJECT
IT RISK	• Application systems, including risk management application system • IT Infrastructure • IT strategic initiatives **) Critical business processes: e-channels*
COMPETITOR RISK	• Account Plan IT infrastructure • Cash Management • SPAN • E-Channel (EDC) **) Promotion (Marketing Communication)*
DEFAULT RISK	• Loan management in Corporate, CBB, Mikro, Consumer Loan - Consumer Card segments • Bad debt management at Mandiri Sekuritas • Credit Risk & Portofolio Management (CRPM)
FRAUD RISK	• E-Channel (transaction & development) • Top risks in areas & branches, micro business banking • Financing management at BSM • Regional Treasury Marketing • Treasury Operation (pooling cash) • Procurement **) Audit of "empowerment 1st line and alliance with 2nd and 3rd lines of defense in strengthening internal control in micro business"*
REPUTATION RISK	• Social Media • E-channel transaction • Customer services • Treasury operation (settlement) • Extending special rates (WMG)
HR RISK	• eHCMS data quality • LCG/MU **) Optimization of people manager competencies*

Several risk indicators focused on in 2013 audit will be bank-wide monitored through continuous auditing mechanism in order to detect indication of deviation earlier. Such detection may be known by observing risk

internal audit

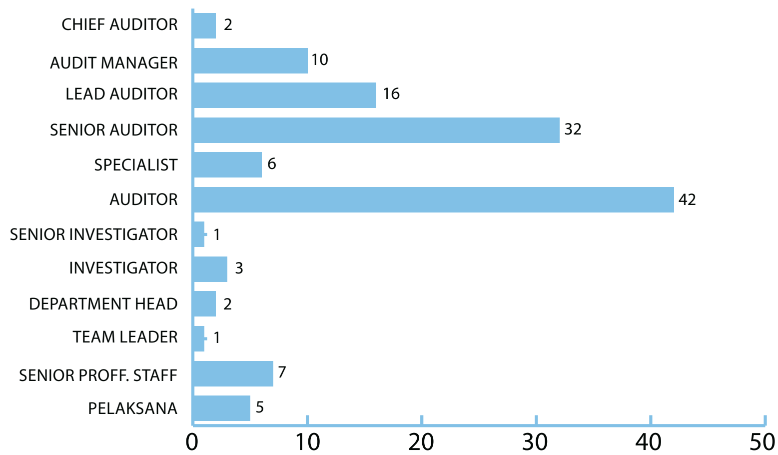
indicators exceeding the specified threshold. The result of the continuous auditing will be submitted to the related unit for immediate correction, and if more advanced evaluation is required, on-site and surprised audit may be carried out by internal audit. Through continuous auditing strategy, the audit coverage of certain risks may be broader and more intensive. For main risks not monitored through continuous auditing mechanism, on-site or on-desk audit will be carried out.

In general, the 2013 Annual Audit Plan may be realized in accordance with the targets as set out in the following table:

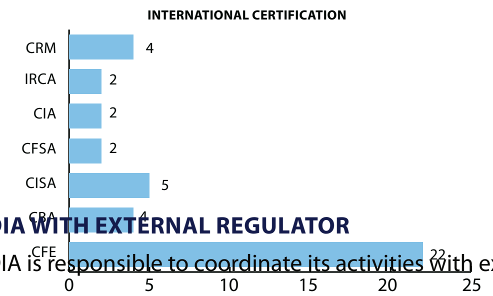
2012				2013 (s/d Sept)			
Assignment Type	Target	Realization	Achievement (%)	Assignment Type	Target	Realization	Achievement (%)
Routine	217	236	108.44	Routine	193	216	147.85
Mandatory	4	4		Mandatory	13	13	
Thematic	4	4		Thematic	3	3	
Special	0	32		Special	0	77	

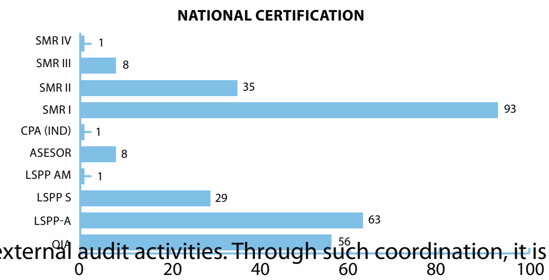
DIA RESOURCES

The Internal Audit Directorate is supported by 112 auditors, 10 professional staff, and 5 executors totaling 127 personnel.



The competency of such 112 auditors is continuously improved and assessed through professional certification required for each type of audit. Every auditor may obtain more than 1 type of certification in line with the company's requirements.





DIA WITH EXTERNAL REGULATOR

DIA is responsible to coordinate its activities with external audit activities. Through such coordination, it is expected that a comprehensive and optimal audit result will be obtained. The coordination is established through, amongst others, periodic meetings by both parties to discuss important matters. In addition, DIA should conduct evaluation of the performance of external auditor particularly the Public Accountant Firm in the following aspects: its understanding of issues faced by the Bank, cooperation, communication, experience, expertise and deliverable (output given).

ROLE OF DIA IN CSR

As part of Corporate Social Responsibility (CSR) and Prosperous Spirit, DIA actively transfers knowledge of internal audit management particularly the application of risk based audit, not only to subsidiaries and Bank customers namely: PLN, Kimia Farma, Pegadaian and Jamsostek, but also to the regulators namely Bank Indonesia, Financial Services Authority and State Audit Board (BPK).

IMPLEMENTATION OF ANTI-FRAUD STRATEGY (SAF)

The Bank has implemented the Anti-Fraud Strategy as part of the internal control system in accordance with Bank Indonesia Circular Letter No. 13/28/DPNP dated 9 December 2011 regarding Implementation of Anti-Fraud Strategy for Commercial Banks. The Anti-Fraud Strategy constitutes the commitment of the Bank management to control Fraud by way of Fraud control system which is part of the Bank internal control system. The pillars in SAF programs namely pillar I: Prevention, pillar II: Detection, pillar III: Investigation, Reporting and Sanction and pillar IV: Monitoring, Evaluation and Follow-up keeps being improved. DIA as the coordinator in the implementation of Anti-Fraud Strategy should conduct monitoring consistently of the implementation of SAF. With consistent implementation of SAF, it is expected that the number of frauds may be minimized.

The Bank business rapidly develops but the number of internal frauds has been able to be minimized as presented in the following table.

Number of internal fraud cases

Internal fraud cases in 1 year	Number of Cases Involving:					
	Managers		Permanent Employees		Non-Permanent Employees	
	2012	2013	2012	2013	2012	2013
Total Fraud	-	-	31	23	15	12
Resolved	-	-	31	21	15	10
In process of internal resolution by Bank	-	-	-	2	-	2
Yet to be handled	-	-	-	-	-	-
In Legal Process	-	-	4	3	-	1

DIA IN WHISTLEBLOWER PROGRAM: LETTER TO CEO (LTC)

As part of the Anti-Fraud Program, the Bank has implemented the whistleblower program: "Letter to CEO (LTC)" coordinated by the Risk Management Unit. In this program, DIA will follow up letters categorized into fraud and violation of internal control. In each on-site audit to line units, DIA will allocate time to participate in socialization of LTC programs. DIA will also conduct and encourage improvement of LTC program such as LTC expansion for use by vendors.

external audit

EXTERNAL AUDIT FUNCTIONS, EFFECTIVENESS OF EXTERNAL AUDIT IMPLEMENTATION AND THE BANK COMPLIANCE WITH THE REGULATIONS REGARDING RELATIONS BETWEEN THE BANK, PUBLIC ACCOUNTANT AND BANK INDONESIA FOR CONVENTIONAL BANKS

In performing its operation, the Bank is supervised by Bank Indonesia (in this case, the Financial Services Authority), State Audit Board and a Public Accountant Firm.

The Internal Audit holds the responsibility to coordinate its activities with those of the External Auditors. Through this coordination, a comprehensive and optimum audit result can be achieved. Coordination can be done by periodic meetings by both parties to discuss important issues. In addition, Internal Auditor should conduct evaluation of the performance of External Auditor in the following aspects: its understanding of issues faced by the Bank, cooperation, communication, experience, expertise and output given.

COMPANY ACCOUNTANT

KAP APPOINTMENT PROCESS

1. The Board of Commissioners submitted a request to the Board of Directors to conduct pitching of Public Accountant Firm for audit of 2013 financial statements.
2. Bank Mandiri held a procurement process to select Public Account Firm, started with the establishment of Procurement Team of Public Accountant Firm in relation to the procurement of 2013 financial statements audit service and ended with evaluation of technical and financial aspects of the proposals submitted by the Bidders.
3. The Board of Directors submitted the result of evaluation of technical and financial aspects of the proposals submitted by Bidders to the Audit Committee.
4. The Audit Committee gave recommendation on the appointment of Public Accountant Office that would audit the 2013 financial statements to the Board of Commissioners for presentation at AGM.
5. The Board of Commissioners proposed to the AGM the Public Accountant Firm that would audit the 2013 financial statements.
6. The AGM held on 2 April 2013 resolved:
   a. To appoint KAP Tanudiredja, Wibisana & Rekan as the Public Accountant Firm that would audit the 2013 financial statements
   b. To confer power upon the Board of Commissioners to determine the fee and other requirements for the selected Public Accountant Firm.
7. Bank Mandiri delivered Notice to Bidders regarding the results of AGM.

external audit

Public Accountant's Offices that Have Audit PT Bank Mandiri (Persero) Financial Statements

Financial year	Name of Public Accountant	Public Accountant Period	Accountant	Accounting Period	Fee *) (Rp. Millionan)
2009	Haryanto Sahari & Rekan (PricewaterhouseCoopers)	1	Drs. Haryanto Sahari, CPA	**3**	10.697,5
2010	Tanudiredja, Wibisana & Rekan (PwC)	4	Drs. Haryanto Sahari, CPA		11.495,0
2011	Tanudiredja, Wibisana & Rekan (PwC)		Drs. Haryanto Sahari, CPA		11.800,0
2012	Tanudiredja, Wibisana & Rekan (PwC)		Lucy Luciana Suhenda, SE, AK, CPA	1	9.500,0
2013	Tanudiredja, Wibisana & Rekan (PwC)		Drs. Haryanto Sahari, CPA	1	9.975,0

*Note : *) Tax included*

The amount of fee for External Auditor namely KAP Tanudiredja, Wibisana & Rekan for 2013 financial year is Rp9.975 billion as stated above, inclusive of other attestation service fees.

Other services in addition to audit of annual financial statements should be agreed reliable procedures of a reporting system to Bank Indonesia, PSA 62 audit and security system of scriptless securities, custodian service, evaluation of Bank Mandiri performance, and evaluation of PKBL performance.

The appointment of KAP Tanudiredja, Wibisana & Rekan as the Public Accountant Firm to audit the 2013 financial statements is decided in AGM held on 2 April 2013 and has been in accordance with the regulations of Bank Indonesia, Bapepam-LK (in this case Financial Services Authority) and other related regulations.

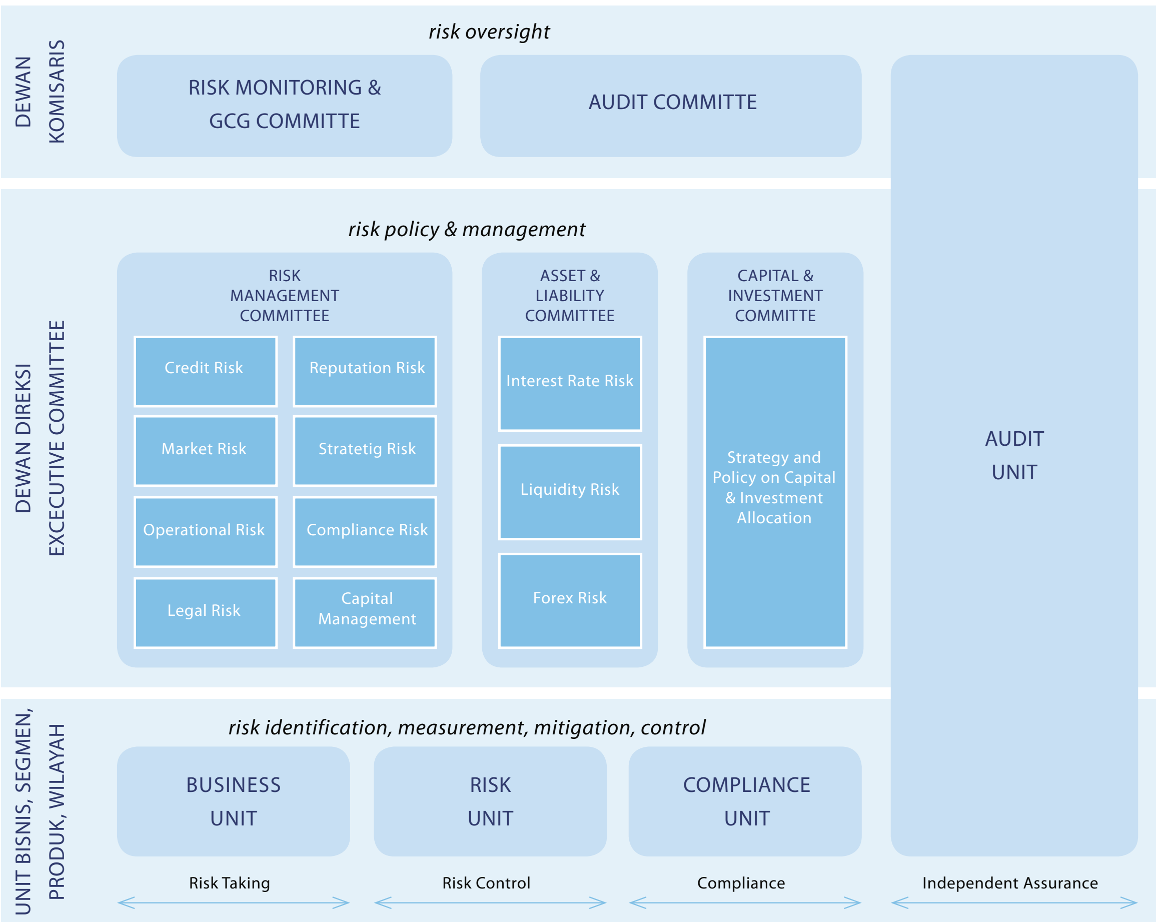
risk management

OVERVIEW OF RISK MANAGEMENT SYSTEM

Risk management implementation is conducted by the guidelines of Bank Indonesia Regulation (PBI) concerning the Implementation of Risk Management for Commercial Banks No. 5/8/PBI/2003 dated 19 May 2003 as amended with PBI No. 11/25/PBI/2009 and Bank Indonesia Circular Letter No. 13/23/DPNP dated 25 October 2011 concerning the Amendment to Circular Letter No. 5/21/DPNP regarding the Implementation of Risk Management for Commercial Banks. The implementation was carried out through risk management framework and governance and using risk management processes, namely identification, measurement, monitoring and controlling of risk in all levels.

Bank Mandiri conducts proactive risk management principles to support sound and sustainable growth of the Bank, as well as maintaining the level of optimized risk-adjusted return. The risk management of Bank Mandiri thereby has a mission to create and implement a comprehensive approach to identify, mitigate, prioritize, manage, and monitor risks that have a direct impact on the business, operations and organization. The Bank also continues to find business opportunities to optimize risk-adjusted return and shareholder value. Bank Mandiri has developed policies in process, competency, accountability, reporting and supporting technology with the objective to support effective and efficient risk management implementation.

OVERALL ORGANIZATIONAL STRUCTURE OF RISK MANAGEMENT



OVERALL ORGANIZATIONAL STRUCTURE OF RISK MANAGEMENT

The risk management frameworks and organizations in Bank Mandiri consist of the Board of Commissioners in charge of the risk oversight function through the Risk Monitoring & Good Corporate Governance Committee, and the Audit Committee, the Board of Directors in charge of the risk policy function through Executive Committee related to risk management namely Risk Management Committee, Asset & Liability Committee, and Capital & Investment Committee. On operations, Risk Management line unit with the business and compliance line units are in charge of risk identification functions, risk measurement, risk mitigation and risk control.

Bank Mandiri adopts risk management implementation with an Enterprise Risk Management (ERM) approach, which consists of 4 building blocks, namely Organization & Human Resource, Policy & Procedure, System & Data, as well as Methodology/Model & Analytics.

Considering that the bank going concern is affected by risk exposure arising directly from its business activities or indirectly from its subsidiaries' business activities, the Bank should ensure that the principles of prudence and risk management are also applied in the subsidiaries.

IMPLEMENTATION OF RISK MANAGEMENT

The risk management and internal control of Bank Mandiri are implemented in all lines (3 layers of defense) and in all levels, as follows:

1. Active Supervision of the Boards of Commissioners and Directors
    a. The Boards of Commissioners and Directors understood the risks that are faced by the Bank and has provided clear direction, carried out active supervision and mitigation, as well as developed the Risk Management culture in the Bank.
    b. The Directors established the organization structure that clearly reflected the limits of authority, responsibility and functions, as well as independency between business units and line units of bank risk management.
    c. The Board of Commissioners holds the responsibility in the approval and periodical observation of the risk strategy and policy that covers the Bank tolerance levels toward risk, the cyclic trends of domestic and international economy, as well as the design for long-term requirements.
    d. The Directors are responsible in implementing the risk strategy and policy, by clearly outlining and communicating of risk strategy policy, monitoring and controlling risks and evaluating of the implementation of policy and strategy.
    e. The Directors monitor the internal and external conditions, to ensure the execution of the Bank strategy has taken into account the risk impacts and to ensure that the line units in the Bank have the authority and responsibility that supports the formulation and monitoring of strategy implementation, including the corporate plan and business plan.
    f. The Directors established the procedure of adequate review on the accuracy of risk assessment methodology, risk management information system implementation adequacy, as well as risk limit and procedure policy.

risk management

2. The Adequacy of Policy, Limits Determination and Procedure
   a. The implementation of Risk Management in Bank Mandiri is supported by the framework covering the Risk Management policies and procedures, and limits the risks, as clearly defined by the vision, mission and the Bank business strategy.
   b. The Bank has written policies and procedures that comply with the principles of transparency, improving the quality of customer service & obligations to stakeholders and the policy must be in accordance with the legislation in force.
   c. The Bank risk management policy is developed in accordance with the Bank mission, business strategy, capital adequacy, HR capability, and risk appetite.
   d. The Bank conducts evaluation and renews its risk management policies by taking into the development of internal and external conditions.
   e. Determination of risk limits has been adequate, including limit per product/transaction, per risk types and per functional activity, and the adequacy of monitoring procedures on a regular basis.
3. The adequacy of the process Identification, Measurement, Monitoring of risk and controlling risk as well as the Risk Management Information System
   a. The Bank conducts accurate risk identification and measurement process on every product or transaction deemed to be with risk.
   b. Risk identification is proactive, covers all business activities of the Bank and is conducted to analyze the sources and the possibility of the incidence of risk and its impact.
   c. The Bank already has adequate risk exposure monitoring systems, including the existence of independent functions to routinely monitor the risk exposure, provide accurate and timely information and feedback and follow-up on repairing and refinement.
   d. The Bank developed the management information system that tailored to the characteristic, activities and complexities of the Bank business activities.
4. A comprehensive Internal Control System
   a. The Bank implements internal control systems into Bank Risk Management application with reference to the established policies and procedures.
   b. The determination of authority and responsibility on the compliance monitoring in line with the policies, procedures and limits.
   c. The determination on line reporting and clear separation of functions from operational line units and line units controlling functions.
   d. Sufficient procedures to ensure the Bank compliance toward prevailing laws.
   e. The Bank conducts an effective, independent, and objective review of the policies, framework and Bank operations which frequency/intensity of these procedures can be judged, based on the Bank Risk exposures, market movements, measurement methods, and Risk management.
   f. Internal Audit line unit conducts the audit on a regular basis with adequate coverage, documenting the audit findings and the management feedbacks on audit results, and reviewing the follow-up on audit findings.
   g. Comprehensive description of risk factors and efforts to manage each of the risk may be viewed in Overview and Business Condition relating to Risk Management section.

INTERNAL CONTROL SYSTEM

The Internal Control System is an ongoing control mechanism established by the Board of Directors with approval of the Board of Commissioners with the following purposes:

(a) To guard and secure Bank's assets,
(b) To guarantee the availability of more accurate financial reporting,
(c) To increase Bank's compliance towards the applicable provisions and regulations,
(d) To reduce the risks of loss, deviations including frauds, and violations to the prudential aspects, and
(e) To improve organization effectiveness and cost efficiency.

As a process implemented by all lines of the Bank, the Internal Control System should be started from the strategy determination in all organizations and should be designed to be able to identify possible events which may affect the company, and to keep risks within the tolerance limit (risk appetite), in order to give adequate certainty in achieving the company's objectives. The Internal Control System consists of 8 interrelated components that determine the effectiveness of the process, namely:

1. Internal Environment
2. Objective Setting
3. Event Identification
4. Risk Assessment
5. Risk Response
6. Control Activities
7. Information & Communication
8. Monitoring

As a process implemented by all levels of the Bank, the Internal Control System covers the strategies for all organizations. Therefore, the Bank has implemented the concept of three lines of defense in the Internal Control System. The implementation of three lines of defense categorizes the party in charge of the supervision into three groups namely:

a. role of business units as the first line of defense in their function to manage the internal control aspects in their line units,
b. role of risk and compliance unit in ensuring the bank-wide risk management, and compliance with the external regulations in the second line of defense,
c. role of internal audit unit in the performance of independent assurance as the third line of defense.

It is expected that by the implementation of such three lines of defense concept the Bank's Internal Control System may be strengthened in cooperation with all organizations of the Bank in the first, second and third line of defense.

The aforesaid framework is applied in all processes and decisions namely planning, execution and evaluation process in the form of code of conduct, distribution of duties, authority, procedures in which there is adequate risk assessment, risk mitigation, limit establishment, approval, and reporting.

EVALUATION OF RISK MANAGEMENT SYSTEM EFFECTIVENESS

To observe the effectiveness of the Risk Management System and its implementation, internal and external evaluations and reviews are conducted. Internally, the Risk Monitoring & Good Corporate Governance Committee (KPR & GCG) and the Audit Committee have the duties and responsibilities to conduct review and evaluation of the policy and implementation of risk management of the Bank, and to give input and recommendation to the Board of Commissioners in performing its supervisory function. The internal audit line unit regularly reviews and audits the implementation of the Bank's risk management using risk-based audit principles for the purpose of not only internal control, but also ongoing improvement of risk management implementation.

risk management

Externally, the evaluation of risk management implementation is conducted by external auditor or auditor of Bank Indonesia. Particularly in 2013, Bank Mandiri assigned an international external consultant to review the implementation of Basel II and Enterprise Risk Management (ERM) in Bank Mandiri. As a recognition for the implementation of ERM in Bank Mandiri, Bank Mandiri earned an award from The Asian Banker for the category of Enterprise Risk Management Project in 2013.

TYPES OF RISK AND THEIR MANAGEMENT DURING 2013

Bank Mandiri focuses its risk management on eight categories of risk as stipulated by Bank Indonesia, namely credit risk, market risk, liquidity risk, operations risk, strategic risk, reputational risk, legal risk, and compliance risk. Furthermore, the Bank also conducts management for other risks, such as information technology risk.

The risk management in daily business is conducted in order to make the risk not exceed the specified risk tolerance, including credit risk management through front end, middle end and back end, market and liquidity risk management through limit systems and operational risk management.

Aside from primary risks, the Bank understands and managed other risks, such as compliance, legal, reputation, strategic, information technology, and competitors risk. Other risks are measured using top down and bottom up assessment. Every year, the management carries out a top-down assessment using the voting system of Enterprise Risk Assessment (ERA), while a bottom-up process is also measured through the Risk Profile at every quarter.

The risk management in functional activities of Bank Mandiri covers 8 (eight) types of risk as described below:

1. **Credit Risk**

   With reference to Bank Indonesia regulation, credit risk is defined as follows:
   "Credit Risk is the Risk arising from default by a debtor and/or counterparty in meeting its obligations to the Bank" (11/25/PBI/2009).
   Bank Mandiri maintains an integrated credit process and credit risk management by Business Unit, Credit Operation Unit, and Credit Risk Management Unit. The process is supported by an integrated system and applied in an end-to-end manner.

2. **Market Risk**

   With reference to Bank Indonesia regulation, market risk is defined as follows:
   "Market Risk is the Risk on the balance sheet and off balance sheet position including the derivative transactions due to the overall changes of the market condition, including the option price Risk changes" (11/25/PBI/2009).
   The market risk management of Bank Mandiri includes trading book, banking book, exchange rate, and pricing management as described below:

   a. **Market Risk – Trading Book**

      The trading book's market risk was attributable to changes in market factors (interest rate and exchange rate) on the trading portfolio of the Bank in the form of treasury trading activity including cash instruments and derivative instruments.
      In the implementation of trading market risk management with consideration of GCG, Bank Mandiri applies principle of segregation of duties by separating front office units (executing trading transactions), middle-office units (implementing risk management processes, developing policies and procedures) and back office unit (executing the transaction settlement process).
      The level of risk exposure of trading activities of the Bank is measured using Value at Risk (VaR) method. The market risk control is conducted by specifying the VaR Limit and sensitivity limit daily monitored by market risk management line unit.

b. Market Risk – Banking Book

The banking book's market risk is attributable to, interest rate and exchange rate fluctuations on banking book activity which could affect the Bank's profitability as well as the economic value of the Bank's capital.

Bank Mandiri performs controls over the Banking book's market risk by setting a limit which refers to the regulator's requirements and the internal policies, and utilizing the repricing gap and performing sensitivity analysis to obtain the projected Net Interest Income (NII) and Economic Value of Equity (EVE).

As the implementation of prudential principles, the calculation is monitored on a weekly and monthly basis by the market risk management unit and measures should be taken if the limits are exceeded due to the occurrence of the following risk sources:

Sources of Banking Book Interest Risks	
Repricing risk	*repricing mismatch between assets and liabilities*
Basis risk	use of different reference rates
Yield curve risk	changes in shape and slope of yield curve
Option risk	repayment of loans / redemption of deposits before maturity

c. Market Risk – Exchange Rate

Exchange rate risk is attributable to unfavorable exchange rate movements in the market when the Bank has an open position.

The Bank applies a proper exchange rate risk identification on assets, derivative transactions and other financial instruments with exchange rate risk in certain functional activities or Bank activities as a whole.

The Bank conducts the exchange rate risk measurement using Gap Analysis method. In gap analysis, the Net Open Position (NOP) namely net difference between foreign exchange assets or receivables and foreign exchange liabilities or payables, plus net difference between receivables and payables which are the off balance sheet commitment or contingency for each foreign exchange rate in Rupiah.

d. Pricing Management

As part of the interest rate risk management, the Bank applies a pricing policy for loans and deposit products as one of the Bank's strategies to maximize Net Interest Margin (NIM) and simultaneously support the Bank to achieve revenue and market share in the competitive market.

In the pricing management, the Bank implements risk-based pricing to customers, which varies according to the level of credit risk. In order to minimize interest rate risk, the lending interest rate is adjusted with the interest rate from the cost of funds.

Other than cost of funds, lending interest rates are determined by considering overhead costs, credit risk premiums and profit margins as well as taking into account the Bank's competitiveness with its major competitors. Lending rates can be either be floating or fixed rates.

risk management

3. Liquidity Risk

With reference to Bank Indonesia regulation, liquidity risk is defined as follows:
"Liquidity Risk is the Risk which is caused by Bank's inability to meet its obligation from cash flow funding sources and/or the high quality liquid asset which can be pledged, without disturbing the activity and financial condition of the Bank" (11/25/PBI/2009).
The Bank's liquidity is influenced by the funding structure, asset liquidity, liabilities to counterparty and loan commitment to debtors. Bank Mandiri measures the liquidity ratio using 2 (two) ratio approaches, namely Nominal Stock Based and Flow Based.

4. Operational Risk

With reference to Bank Indonesia regulation, operational risk is defined as follows:
*"Operational Risk is the Risk which is caused by the inadequacy and/or non-functioning internal process, human error, system failure, and/or external events which influence Bank's operational" (*11/25/PBI/2009).
The operational risk management is intended to reduce losses due to non-functioning internal process, human error, system failure, or external factors which influence Bank's operation. The Bank conducts effective operational risk management to reduce losses due to operational risk.

Frameworks for Operational Risk Management (ORM) are based on Bank Indonesia regulations and Basel II and the provisions of the Bank's internal regulations. At this time, the Bank has an ORM risk management policy namely Mandiri Risk Management Policy (KMRBM), and Standard Operating Procedures (SOPs), which contains technical operational risk management in terms of governance, procedure and reporting systems aspects. The Bank also establishes procedures for risk management and mitigation steps on New Products and Activities (PAB) namely SPO PAB containing assessment methodologies on 8 (eight) types of risk.

5. Legal Risk

With reference to Bank Indonesia regulation, legal risk is defined as follows:
"Legal Risk is Risk that happened because of legal claim and/or weakness of jurisdiction aspect" (source: 11/25/PBI/2009)
Legal risk may happen in all transaction aspects of Bank Mandiri, including contracts executed with the customers and other parties and may have impact on other risks such as compliance risk, market risk, reputational risk and liquidity risk.

6. Strategic Risk

With reference to Bank Indonesia regulation, strategic risk is defined as follows:
"Strategic Risk is Risk because of imprecision in taking and/or executing a strategic decision as well as failure in anticipating business environment change" (source: 11/25/PBI/2009)

risk management

7. Compliance Risk

With reference to Bank Indonesia regulation, compliance risk is defined as follows:

"Compliance Risk is the Risk when Bank does not obey and/or implement the relevant rules and regulation" (source: 11/25/PBI/2009).

In practice, the Bank's business activities relate to various prevailing laws and regulations, such as credit risk related to provisions on Capital Adequacy Ratio (KPMM), Productive Assets Quality, Provision to Productive Assets (PPAP), Legal Lending Limit (BMPK), market risk related to provisions on Net Open Position (PDN), strategic risk related to provision on Bank's Annual Work Plan and Budget (RKAT), and other risks related to certain provisions.

Since there are numerous related provisions, the compliance risk management is conducted continuously to improve the compliance culture in all business activities and organizational levels of the bank and to mitigate any potential compliance risk.

8. Reputational risk

With reference to Bank Indonesia regulation, reputational risk is defined as follows:

"Reputational risk is the Risk which is caused by the decrease of the stakeholder trust level that is caused by negative perception towards the Bank" (source: 11/25/PBI/2009)

The scope of reputational risk is quite broad and is not limited only to the reputation of a bank, but it may trigger another risk and affect the performance of banking sector as a whole. The risk event may occur in one bank whose risk control is not sufficient. However, the reputation of each product or sector may affect the banking industry as a whole.

Despite the economic slowdown, in 2013 Indonesia still recorded significant economic growth above 5.5% with bank credit growth of around 20%. Globally, the threat to economic growth and stability of the financial markets resulted from the crisis in America and Europe as well as the economic slowdown in China and developing countries. Bank Mandiri performs proactive and anticipatory risk management through, among others, stress testing and preparation of contingency plan and operation of the Business Command Center as an integrated crisis management center.

risk management

PERFORMANCE & RISK PROFILE	
Good quality lending growth	Lending growth of 22.65% (YoY) with NPL maintained at 1.62% (Bank only) Diversified loan portfolio with application of policy limits (industry and borrower limits). During 2013, exposures to the mining, commodities and textile sectors, and sectors that are susceptible to depreciation of the Rupiah (high import content) were closely monitored and expansion conducted selectively.
Strong liquidity and market access	Good liquidity supported business operations with LDR of 82.05%. Simulated Liquidity Coverage Ratio (LCR) of 409% and Net Stable Funding Ratio (NSFR) of 120%. Good access to funding having regard to the quality, reliability, and pricing of funds in crisis conditions (liquidity contingency plan) in the form of Interbank Repo, Repo to Bank, Lending Facilities, Swaps, and Collateralized Funding.
Reliable risk management application	Active supervision by Board of Commissioners and Board of Directors. Risk management policies prepared in accordance with the mission, business strategies, capital adequacy, human resources capacity and risk appetite of the Bank. Awarded Risk Management Award 2013 in the Enterprise Risk Project Management category from The Asian Banker.
Trustworthy application of Good Corporate Governance	Ensuring compliance with both internal and external regulations. Recognition and awards from party independent third parties for quality of Good Corporate Governance (GCG), including the Corporate Governance Perception Index Indonesia.

Bank Mandiri conducted a bank-wide integrated evaluation of the risks being faced. Several uncertainties faced by Bank Mandiri and the mitigation steps taken during 2013 are as follows:

Uncertainty	Description	Mitigation
Credit concentration	Overexposure to one individual or entity, a related entity group, a geographical region, certain products and the like with common systematic criteria, with a potential of highly material loss	· Use a tool called Portfolio Guidance on all credit risk management stage · Limit exposure by limit policy (industrial limit and debtor limit)
Business process complexity and wide network coverage	In line with aggressive and non-organic business growth, Bank Mandiri has complex and various businesses and wide networks including overseas branch offices and subsidiaries	· Implement enterprise risk management · Perform gradual and sustainable risk management consolidation with subsidiaries
Internal & eksternal *fraud*	Deliberate acts of deviation and omission to deceive, fraud, or manipulate the Bank, customers or other parties, which occur in the Bank domain and/or use Bank facilities thus causing the Bank, customers or other parties to suffer a loss and/or the fraud perpetrators to obtain direct or indirect financial benefits	· Operational risk management by all work units. · Increase risk awareness through a series of publication programs including the "NO Surprise" program to all work units · Operational risk management implementation which is periodically monitored by operational risk management forum in central and regional offices · Implement due diligence and risk management process to customers by referring to regulations of Bank Indonesia and based on risk-based approach principles

risk management

Uncertainty	Description	Mitigation
Global crisis and economic growth slowdown	European sovereign debt crisis has caused economic growth slowdown and financial market volatility. Economic growth slowdowns in China and India threaten commodity demand. Significant increase in BI key reference rate to reduce financial market volatility due to stimulus tapering off by the Federal Reserve.	· Perform regular and comprehensive stress testing, and prepare a contingency plan · Operate Business Command Center as an integrated crisis management center · Close monitoring to industrial sectors with strong crisis and recession potentials, including mining, commodity and textile · Develop special watch list tools for coal mining and oil palm plantation sectors to monitor debtors in the two sectors
National economic slowdown	Oil fuel price adjustment which supports higher inflation and interest rates	Perform active portfolio management to obtain credit portfolio in prospective sectors
Banking liquidity	Financial market volatility caused tighter banking liquidity, thus increasing market interest rates and competition to obtain funds	Proactive and prudent liquid assets management and increasing market access
Changes in regulator and government regulations	Changes in regulations by regulator which increase the Bank's exposure	Increase risk portfolio or exposure for the Bank thus reducing the impact of changes in regulator/ government regulations, including by Bank portfolio diversification, higher capital and the like
Higher competition in banking industry	Better economic condition supports higher competition in banking industry, including in interest rate pricing and credit processing time	· Implement market leader strategy in funding pricing · Implement risk-based pricing, which is different credit interest rates based on credit risk level · Develop cash flow-based lending method/ approach for financing distributor · Implement new credit process for credit with a limit from IDR200 million to IDR500 million

legal matters

CASE STATUS

Legal Issue	Board of Commissioners		Board of Directors		Total	
	Non Criminal	Criminal	Non Criminal	Criminal	Non Criminal	Criminal
Decided (permanent and binding legal effect	-	-	-	-	67 matters	16 cases
Still in process	-	-	-	-	175 matters	32 cases
Total	**Zero**	**Zero**	**Zero**	**Zero**	**242 matters**	**48 cases**

IMPACTS ON THE COMPANY

The civil and criminal cases during the current financial year have been filed through legal process and the impact thereof on the company is not significant because they have been mitigated.

In addition, there is no administrative sanction imposed on the Issuer, Directors, and Commissioners, with respect to the case handling by the Bank.

information on financial and non-financial conditions that have not been disclosed in other reports:

access to information and corporate data

Bank Mandiri has been facilitating information access and corporate data to the public, through: Mandiri Call Center 62-21 5299 7777, 14000; corporate website: www.bankmandiri.co.id; Investor Relations website: ir.bankmandiri.co.id; email: ir@bankmandiri.co.id; mass media; mailing list, bulletins, periodical analyst meetings; and/or through Bank Mandiri branches.

INFORMATION ON FINANCIAL AND NON-FINANCIAL CONDITIONS THAT HAVE NOT BEEN DISCLOSED IN OTHER REPORTS:

Bank Mandiri has submitted all the financial and non-financial reports in a transparent manner to public through several print and electronic media, including financial report publication on the website of Bank Mandiri, Bank Indonesia, Indonesia Stock Exchange and the Portal of the Ministry of State Owned Enterprises. Such reports are made available in a timely, complete and accurate manner.

MEDIA ENGAGEMENT PROGRAM

No	Month	Activity	Media Target	Provided Information
1	January	1. Media Briefing WMM dan MYT 2012	National media reporters, including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, and Detik.com	Background and developments of Mandiri Young Entrepreneur (*Wirausaha Muda Mandiri/* WMM) and Mandiri Young Technopreneur for massive multiplier effect
		2. Press Conf WMM dan MYT 2012	National media reporters and photographers, including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, ANTARA and Detik.com	Success of WMM and MYT programs in spreading entrepreneurship to university students and alumni to increase the number of award and workshop participants
		3. Informal media meeting	Media Indonesia, Bisnis Indonesia, Detik.com, Indonesia Finance Today and Kompas.com	Limited provided information, with the informal meeting essence to get Bank Mandiri to be closer to the media

access to information and corporate data

No	Month	Activity	Media Target	Provided Information
2	February	1. Media Briefing IFIF 2013	National media reporters, including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, and Detik.com	Background of Bank Mandiri participation in the Indonesia Financial Inclusion Forum and expectation from holding the international event
		2. Press Conf IFIF 2013	National media reporters and photographers, including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, ANTARA and Detik.com	Bank Mandiri is also active in publicizing financial inclusion, including through branchless banking program as implemented to subsidiaries
		3. Press Conf Q4/2012 Performance	National media reporters and photographers, including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, ANTARA and Detik.com and foreign wirenews	Bank Mandiri recorded 23.7% in assets growth to IDR635.6 trillion in Q4/2012, closer to the aspiration of becoming the most admirable and progressive financial institution in Indonesia
		4. Chief Editor Gathering	National media chief editors, including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, and Detik.com	In line to an aspiration to become one of the leading banks in ASEAN by 2020, Bank Mandiri is continuously expanding to main transaction bank for customers and expanding to regional level
		5. Informal media meeting	Republika, Tempo, Media Indonesia and photographers from Antara, Bisnis Indonesia, Kontan, Indonesia Finance Today, Media Indonesia, and Kompas	Bank Mandiri wants to strengthen constructive and mutually beneficial relations with media to obtain supports in relation to corporate business agenda

access to information and corporate data

No	Month	Activity	Media Target	Provided Information
3	March	1. Informal media meeting	Bisnis Indonesia, The Jakarta Post, Dow Jones, Majalah SWA, and Indonesia Finance Today	Bank Mandiri wants to maintain relationship quality through programmed informal activities to strengthen relationship with media
4	April	1. Press Conf 2013 AGM	National media reporters and photographers, including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, ANTARA and Detik.com	As an institution that supports Good Corporate Governance principles, Bank Mandiri holds AGM to obtain shareholder approval on corporate performance and business strategies
		2. Press Conf CFO Forum 2013	National media reporters and photographers, including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, ANTARA and Detik.com	Bank Mandiri gathers CEOs from various sectors to increase competition through funding for innovation. This activity is one of the efforts to strengthen synergy with corporate world to jointly support business growth
		3. Press Conf Q1/2013 Performance	National media reporters and photographers, including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, and Detik.com	Bank Mandiri recorded Rp641 trillion in total assets in Q1/2013, a growth of 17.1% yoy, supported by consistency in business expansion by maintaining earning assets quality
		4. Chief editor Gathering	National media chief editors, including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, and Detik.com	Bank Mandiri has prepared itself to welcome the ASEAN economic community and maintains active contributions to improve public welfare
5	May	1. Press Conf Macro-economic Outlook Q1/2013	National media reporters, including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, and Detik.com	Bank Mandiri continue to contribute to country welfare through current review which is beneficial to media
		2. Informal media meeting	Bisnis Indonesia, Kontan, Vivanews.com and Media Indonesia	The importance of media for corporate business and non-business target achievements
6	June	1. Informal media meeting	Media Indonesia, Bisnis Indonesia, Detik.com, Vivanews.com and Republika	The importance of media for corporate business and non-business target achievements

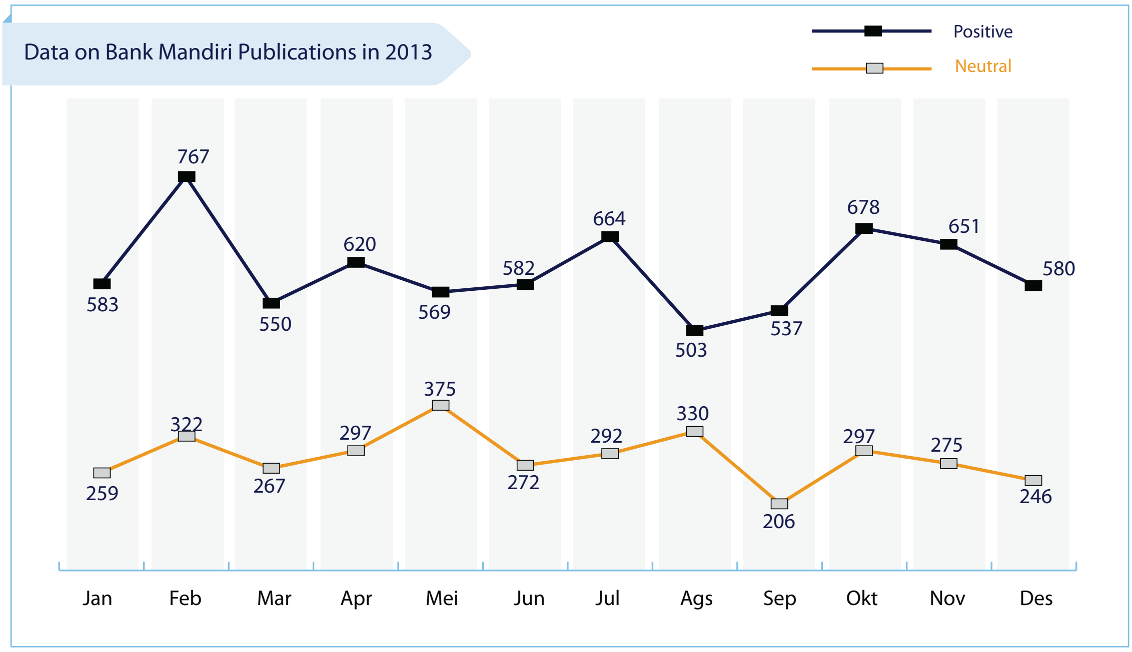
access to information and corporate data

No	Month	Activity	Media Target	Provided Information
7	July	1. Breakfasting with Reporters	National media reporters, including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, and Detik.com, and economy desk photographers	Bank Mandiri readiness in welcoming 2013 fasting month and Eid holiday
		2. Press Conf Q2/2013 Performance	National media reporters, including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, and Detik.com	Bank Mandiri recorded 22.3% growth in credit to Rp428.7 trillion in Q2/2013. This resulted in total assets hike to Rp672.2 trillion.
		3. Breakfasting with chief editors	National media chief editors, including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, and Detik.com	Bank Mandiri readiness in welcoming 2013 fasting month and Eid holiday
8	August	1. Press Conf Macro-economic Outlook Q2/2013	National media reporters, including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, and Detik.com	Bank Mandiri is always a reliable research institution for media through comprehensive reviews on national economy
		2. Informal media meeting	Bisnis Indonesia, Kontan, Detik.com, Media Indonesia, and Tempo	Bank Mandiri and media have mutual need and mutually-beneficial relationship
		3. Media visit	Kontan	Bank Mandiri consistently implements GCG principles in all business activities
9	September	1. Informal media meeting	Vivanews.com, Okezone.com, Bisnis Indonesia, Rakyat Merdeka, Majalah Infobank, Republika, Detik.com, Media Indonesia, Tempo, and Jawa Pos	Bank Mandiri wants to optimize media role in delivering corporate latest updates to stakeholders

access to information and corporate data

No	Month	Activity	Media Target	Provided Information
10	October	1. Media Briefing Jakarta Marathon	National media reporters and photographers, including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, ANTARA and Detik.com	Bank Mandiri supports national sports developments particularly athletic as a potential sport to record achievement in international events
		2. Press Conf Q3/2013 Performance	National media reporters and photographers, including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, ANTARA and Detik.com	Bank Mandiri recorded 19% growth in total assets to Rp700.1 trillion yoy in Q3/2013
		3. Lunch with executive editors	National media editors and executive editors, including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, and Detik.com	Bank Mandiri wants to be the top leading bank in Southeast Asia by 2020
		4. Media visit	Sinar Harapan	Bank Mandiri consistently implements GCG principles in all business activities
11	November	1. Media visit	Tempo Group	Bank Mandiri consistently implements GCG principles in all business activities
		2. Media Training: Media Reporters	National media reporters, including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, and Detik.com	Bank Mandiri is on the right track to realize its vision to be the best in ASEAN by 2020
12	December	1. Press Conf Macro-economic Outlook Q3/2013	National media reporters, including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, and Detik.com	Bank Mandiri is always a reliable research institution for media through comprehensive reviews on national economy
		2. Informal media meeting	Kontan and Detik.com	Bank Mandiri wants to continue optimizing media role in delivering corporate latest updates to stakeholders

access to information and corporate data



CUSTOMER COMPLAINTS

To handle customer complaints and to provide the right solutions quickly, Bank Mandiri has established a special line unit to handle this issue with standardized, comprehensive and reliable, operational policies.

The basic principle in handling customer complaint is "Welcome Complaint", in which many channels have been created by Bank Mandiri for quick and easy access by customers. The Channels are:

- Mandiri 24 Hours Call Center at number 14000
- Website www.bankmandiri.co.id and chose the menu: contact us
- Through email address: customer.care@bankmandiri.co.id
- Direct visits to Bank Mandiri
- Official letters for the attention of Bank Mandiri, whether by direct submission, through facsimile or by postal service
- Readers letters in in mass media columns, both prints or electronic
- Via Twitter account @mandiricare

Customer complaint settlement level up to 31 October 2013 was as follows:

Type of Complaint	Number of Complaints in 2013	Resolved in 2013
Financial	113.498	110.312
Non Financial	8.171	8.171
Total	**121.669**	**118.483**

code of conduct and corporate culture

Bank Mandiri has the Code of Conduct that sets the principles of personal and professional behavior to be upheld by all members of the Bank. This Code of Conduct gives members of the Bank proper and trustworthy standards of behavior.

The Code of Conduct of Bank Mandiri was prepared in 2000 and has been revised in 2010. The application of Bank Mandiri Code of Conduct shall be followed with mechanism of violation reporting system established by Bank Mandiri as a reporting media for any violation of code of conduct and Discipline Rules of Bank Mandiri regulating types of violation and violation handling mechanism.

CONTENT OF CODE OF CONDUCT

Bank Mandiri has the Code of Conduct that sets the ethical standards (business and professional ethic) and behavior to be upheld by all employees of the Bank, which regulates the following:

1. Conflict of interest
2. Confidentiality
3. Position Abuse
4. Insiders Behavior
5. Integrity and the Bank Data Accuracy
6. Banking System Integrity
7. Employee Accounts Management
8. Annual Disclosures
9. Fraud/incompliance Sanctions
10. Supervision of Implementation and Updates

Code of conduct is valid for all bank personnel namely the Board of Commissioners, Directors, and employees of Bank Mandiri in all organizational levels of Bank Mandiri. Every year, the Boards of Commissioners and Directors will sign the designated commitment form to perform the Company's code of conduct. Bank Mandiri requires every employee to prepare and sign the Employee Statement by which the employees commit themselves to personally and responsibly act by the Indonesia Banker Ethics Code, Bank Code of Conduct and all internal and external prevailing regulations.

Bank Mandiri also issued the Business Ethics Policy/Guidelines that must be observed by all bank personnel, which policy elaborates Personal Integrity, Discrimination Act Prevention on the Bank Business Implementation and others. In the effort to effectively implement the Indonesia Banker Ethics Code, Code of Conduct and business ethics, any violation, negligence, and breach thereof will be sanctioned in accordance with the prevailing laws.

IMPLEMENTATION AND ENFORCEMENT EFFORTS

The implementation and enforcement efforts of Bank Mandiri code of conducts are carried out consciously and continuously in attitude, commitment and provision, including:

Compliance Statement of Bank Mandiri Code of Conduct

For effective implementation of Code of Conduct, all employees of Mandiri are required to read, and understand and sign the "Compliance Statement of Mandiri's Employee to Code of Conduct".

code of conduct and corporate culture

Management Commitment

Confirmation of commitment of Bank Mandiri Management relates to the commitment of Bank Mandiri not to accept and/or request any gift or parcel in any form and for any reason whatsoever from customer, debtor, and business partner or any third party in mass media and on website of Bank Mandiri.

Annual Disclosure of Conflicts of Interest

Upon preparation of derivative policy of Bank Mandiri Code of Conduct in the form of Conflict of Interest Handling Guideline of Bank Mandiri, all employees of Bank Mandiri are required to prepare annual disclosure with respect to any conflict of interest every year, and all line units are required to submit transaction report/decision with Conflict of Interest each quarter.

Integrity Pact

The issuance of integrity pact to all Bank Mandiri partners that establish cooperation in the procurement of goods and/or services.

Awareness Program

the induction program of bank mandiri code of conduct is carried out on all new employees of bank mandiri through jump start program in education center of bank mandiri and continuous and consistent socialization of policies. in addition, socialization is also conducted to all line units of bank mandiri in relation to code of conduct such as anti-fraud strategy of bank mandiri, compliance culture, and service culture.

CORPORATE CULTURE

To support the achievement of vision, mission, and to make its strategy successful, Bank Mandiri has formulated and implemented a corporate culture namely TIPCE as explained below:

TRUST

To build and maintain confidence with stakeholders through open and sincere relationships based on trust.

INTEGRITY

To think, speak and act truthfully, with dignity and uphold the professional code of ethics.

PROFESSIONALISM

Committed to perform work accurately, with a high level of competence and with a full sense of responsibility.

CUSTOMER FOCUS

To always position our customers as the primary partners in mutually beneficial relationships that sustain growth.

EXCELLENCE

To develop and improve in all areas and to achieve optimum value and best results.

Internalization and socialization process of Corporate Culture for all organizational levels (Board of Commissioners, Board of Directors, and Employees) is carried out through formal and informal communication media, such as: in-class training, discussion and briefing of Management when conducting field visit, sms/email blast, articles in Mandiri magazine, teleconference/videotaped materials, and others.

Intensively and continuously this communication program has been implemented from 2005 to 2013 with Culture Specialist Group as coordinator of this Program. In addition, for Bank Mandiri internal members, the socialization will involve Subsidiaries.

code of conduct and corporate culture

In the 2010-2014 Long-Term Plan (RJP) of Bank Mandiri, the Bank has determined its VISION to be "Indonesia's most admired and progressive financial institution". Through such Vision, the aspiration of Bank Mandiri to be a financial institution fully committed to developing relationship with all its customers through innovative financial solution with international standard and giving contribution to the country through consistent performance improvement is reflected.

Cultural Transformation

Extraordinary target will have never been achieved with ordinary efforts. Business and cultural transformations carried out by Bank Mandiri become a unit which cannot be separated from each other. Both transformations are like two sides of a coin which support each other where without a strong culture the strategy cannot be implemented or its impact is insignificant and, therefore, a successful transformation cannot be achieved. To complete the transformation process, Bank Mandiri sharpened the Corporate Culture through a series of discussions involving the entire senior management at the Bank with the theme "Bank Mandiri The New Horizon". The results of these discussions are the formulation of TIPCE as stated in the guidelines of 11 main behaviors:

1. Trustworthy, sincere, open & wholehearted
2. Empowering potential, not materialistic, synergetic, and having mutual respect
3. Disciplined, consistent and fulfilling commitment
4. Commendable thinking, talking and acting
5. Reliable, resilient, responsible, learner and confident
6. Having intrapreneurship spirit and courage to make decision with measured risk
7. Having ability to found out the customer's needs and desires proactively and to give total solution
8. Giving the best service rapidly, accurately, effortlessly to the satisfaction of the customer
9. Patriotic, having winning mentality and courage to make a breakthrough
10. Innovative in creating opportunity to achieve performance beyond expectation
11. Focused and disciplined in executing Priorities.

corruption prevention

PROHIBITION ON GRATUITIES

For the strengthening of GCG, Bank Mandiri has reconfirmed the prohibition on the acceptance of gratuities by all employees. This is related to the commitment as set out in the 2000 Code of Conduct of Bank Mandiri, regulating conflict of interest, abuse of authority prohibition and employees' integrity.

The gratuity prohibition is the follow-up to appeal letter of KPK dated 21 January 2013 regarding Gratuity as organized around PTO Gift Disclosure Statement effective as of 2 July 2013.

The Bank is very aware of the need to maintain good relationship with the customers, partners and all stakeholders by considering the ethics and avoiding any things which may be categorized into gratuity.

In line with gratuity prohibition program, Bank Mandiri also participates in effort to create anti-corruption culture such as attending the 2013 Anti-Corruption Exhibition administered by the Corruption Eradication Commission (KPK) held from 9 to 11 December 2013. In such exhibition, Bank Mandiri was awarded as the 2nd best stand.

STRATEGI ANTI FRAUD

THE ANTI-FRAUD STRATEGY OF BANK MANDIRI CONSTITUTES THE COMMITMENT OF BANK MANDIRI TO CONTROLLING FRAUD, WITH ZERO TOLERANCE TOWARDS ANY FORMS OF FRAUD, INTERNALLY OR EXTERNALLY.

TRAINING

Anti-corruption materials become part of training program on leadership development as given in the following table:

Topic & Material	Participants		Employees
	Board of Directors	Employees	
Code of Conduct and Business Ethics	yes	yes	GCG Familiarization
Compliance	yes	yes	GCG Familiarization
Information Leaks	yes	yes	GCG Familiarization
Antibribery	yes	yes	Reporting violations and Ethical Standards
Anti-trust	yes	yes	GCG Familiarization
Conflicts of Interest	yes	yes	GCG Familiarization
Confidentiality	yes	yes	GCG Familiarization
Human rights	yes	yes	Training on Leadership & Corporate Values, Application of GCG

whistleblowing system

LETTER TO CEO (WHISTLEBLOWING SYSTEM)

Letter to CEO is one of the operational risk mitigation of Operational Risk by improving the effectiveness of the application of fraud control systems focusing on reporting violations (Whistleblower System). Letter to CEO (LTC) is a fraud reporting media from the employee to CEO focusing on disclosure of the complaint to improve effectiveness of fraud control system implementation.

STATUS OF LETTER TO CEO

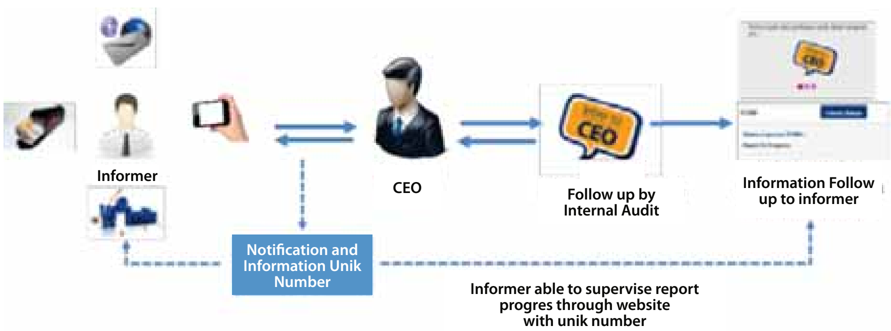
2009	2013
• Letter to CEO mechanism established in 2009 • Whistleblower must identify himself • Only for employees • LTCs can be sent by letter, email and SMS • Reports submitted through LTC mechanism must be related to fraud/ and improvements / excellence 2013	• Revitalization of LTC mechanism in 2013 • Whistleblowers no longer need to identify themselves • No only for employees but also for vendors • Reporting channels expanded to include LTC website • Reports submitted by LTC must concern fraud

LTC MECHANISM

LTC reporting mechanism is as follows:

1. LTC submission method
   Whistleblower may submit report using the following media:
   - SMS to 0811-900-7777
   - Email to lettertoceo@bankmandiri.co.id
   - Letter through PO BOX 14000 JKTM 12700
   - Internal Website, namely lettertoceo

   Every report submitted by whistleblowers will be given a Random Unique Number
2. Protection for the whistleblower
   With reference to the Bank's internal regulations
3. Complaint Handling
   The admitted reports will be handed over to Internal Audit Group and then will be investigated and followed up. The whistleblower may get information of the outcome of such complaint handling through the received Random Unique Number, for future check of reporting status through lettertoceo website.
4. Complaint management
   The Internal Audit Group will be the line unit that handles and manage complaints.
5. Outcome of complaint handling
   The report will be followed up by the Internal Audit in accordance with the stipulated SLA.



whistleblowing system

BENEFITS OF LTC

The following are the benefits expected to be achieved by the implementation of LTC program, among others:

1. Improvements including: (1) fulfill customer needs (ii) develop the business (iii) increase the market share (iv) increase revenue & reduce cost (v) decrease processing time (vi) improve the employee engagement.
2. Prevention of violations (Anti-Fraud) including: (i) increased participation of employees in control measures (ii) establishing early warning systems of fraud (iii) to decrease the risk of the bank losses.

TYPE OF LTC REPORT

The report submitted through LTC is a report related to Fraud as described below:

a. Definition of Fraud
    1) A deviating act or a purposeful neglect undertaken in order to deceive, cheat, or manipulate Bank, customer, or another party, that occurs inside the Bank, and/or
    2) Using Bank's facility so as to cause the Bank, customer, or another party to suffer a loss, and/or
    3) to cause the fraudster gain a financial benefit, both directly and indirectly.
b. Types of Fraud:
    1) Corruption, namely receiving/asking for reward and/or misappropriation or misuse of bank money for personal or others' interest and/or making or causing others to make plans that harm the Bank.
    2) Deceit, namely deceiving Bank, customers or third parties and/or falsifying documents, signature, physical evidence and/or any authentic proof.
    3) Theft, namely taking part and/or all of Bank's assets or data illegally.
    4) Neglect, namely intentionally and deliberately ignoring procedures or responsibilities as the Bank employees.
    5) Violation, namely violating the Bank's internal regulations or any external regulations or defrauding the Bank using technology (cybercrime) and/or not, including making devious plot in financial statements or committing banking criminal offense as stipulated in Banking Law and any other acts equivalent thereto.

SOCIALIZATION OF LETTER TO CEO (LTC) PROGRAM

Letter to CEO (LTC) program is socialized through 3 (three) stages namely:

1) Pre-launch, namely an educational stage for Mandiri's employees regarding fraud. The socialization in this stage is carried out through the following media:
    a. Running Text on Bank Mandiri Portal, inviting the Mandiri members to know and prevent fraud.
    b. Poster attached to the back office of the Head Office, Regional Offices, Area and Branch of Bank Mandiri in accordance with the predetermined schedule. Monitoring of posters attachment is done by Market & Operational Risk Group (MOR Group) by asking the line unit to send proof of poster attachment via email. The poster consists of 4 (four) designs (attachment 1. Picture of poster design) namely:
        - Poster I intended to educate the Mandiri's employees about fraud.
        - Poster II intended to invite the Mandiri's employees to be responsible to keep Bank Mandiri free from fraud.
        - Poster III intended to inform the Mandiri's employees about the impact of fraud on career and future.
        - Poster IV intended to inform the Mandiri's employees about the impact of fraud on their family.
    c. Letter from the CEO to every Mandiri's employees containing request to prevent fraud (attachment 2. Sample Letter)
    d. Delivery of email Blast
    e. Lettertoceo website (attachment 3. Screen capture of lettertoceo website
    f. Attachment of wallpapers intended to invite Mandiri's employees to be responsible to keep Bank Mandiri free from fraud.
    g. Socialization in the form of TIB program sharing to all line units.

whistleblowing system

2) Launch, namely a stage that invites and encourages the employees to keep Bank Mandiri free from fraud. The socialization is carried out through the following media:
   a. Poster attached to the back office of the Head Office, Regional Offices, Area and Branch of Bank Mandiri in accordance with the predetermined schedule. Monitoring of posters attachment is done by asking the line unit to send proof of poster attachment via email. The poster consists of 3 (three) designs namely:
      - Poster I intended to improve awareness of Mandiri's employees, starting from themselves in order to bring positive impact on Bank Mandiri.
      - Poster II intended to invite the Mandiri's employees to participate in the eradication of Fraud "With 1 click, you have participated in eradicating fraud".
      - Poster III intended to invite the Mandiri's employees to report any fraud event "Don't be asleep, let's report, be whistleblower".
   b. Anti-Fraud TVC, namely a socialization media in the form of video in digital media within the Bank Mandiri and lettertoceo website.
   c. Email blast, SMS blast, Wallpaper, lettertoceo website, and socialization, with same explanation as referred to in pre-launch section above.
   d. Interactive Quiz to all Mandiri's employees intended to observe the enthusiasm and understanding of Mandiri's employees with respect to fraud through LTC program

3) Sustain, namely a stage to remind all Mandiri's employees about fraud in order to keep Bank Mandiri free from fraud. The socialization is carried out through the following media:
   a. Sustain Poster intended to refresh the Mandiri's employees about the implementation of anti-fraud strategy through LTC.
   b. Email blast, Wallpaper, lettertoceo website, socialization and interactive quiz to all Mandiri's employees intended to observe the enthusiasm and understanding of Mandiri's employees with respect to fraud through LTC program.

COMPLAINT RESPONSE OUTCOMES

Year	Submission Channel			Submission Channel		Number of Reports Acted Upon	umber of Competed Report Responses
	Letter	Email	Website	Fraud	Non Fraud		
2013	33	6	2	11	30	21	10

The following are the details of the provision of funds to related parties and large fund exposures as of

provision of funds to related parties and large fund exposures

No.	Provision of Funds	Number	
		Borrowers	Value (Billion Rp)
1	To related parties	445 *)	6.168
2	To key borrowers		
	a. Individual	3	14.900
	b. Group	22	107.635
TOTAL KEY BORROWERS		**25**	**122.535**

*) Consists of Bank Mandiri subsidiaries and 435 executives

In conducting its business, Bank Mandiri is not only concerned with profit alone but also considers the interests of society and the environment around the line units of Bank Mandiri across Indonesia. As a form of social responsibility, Bank Mandiri has set aside some of the profits to build the society and environment. Throughout 2013, Bank Mandiri has implemented a range of activities as a form of social responsibility as follows:

DESCRIPTION OF ENVIRONMENTAL DEVELOPMENT PROGRAM ACTIVITIES IN 2013	
Type of Activity	**Amount (Rp Billion)**
Social Activities	
BUMN Peduli Program	-
BUMN Pembina Program, consisting of:	
- Natural disasters	24,006
- Education and/or Training	115,693
- Infrastructure and/or public facilities	28,810
- Places of worship	9,834
- Health	1,693
- Environmental conservation	6,356
Political activities	**Zero**
TOTAL	**186,392**

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press release 2013

January

10 Mandiri dominates Indonesian syndicated loan market
14 Bank Mandiri Continues to Encourage Entrepreneurship so as to Boost Growth
17 Bank Mandiri Creates the Best Entrepreneurs, More than 15 Thousand Entrepreneurs Assisted
18 Bank Mandiri brings together young entrepreneurs and investors
20 Mdi Provides Water Purifiers and 8,000 Assistance Packages to Jakarta Flood Victims
21 Mandiri Provides Rp 1.035 Billion for Educating Da'I, Lecturers and Koranic Teachers
22 Mandiri Finances Domestically Produced Fast Missile Boats
31 Mandiri, Pos Indonesia and Taspen for Joint Venture Bank

February

3 Bank Mandiri Empowers Jakarta People through "Mandiri Kotaku Bersih Jakartaku" Program
8 Mandiri Supports Selection of New Students for State Islamic Universities
24 Mandiri Plants 2,300 Mangrove Plants at Angke Kapuk Nature Park
24 Mandiri Presents Awards to 72 RT for Cleanliness and Neatness
25 Bank Mandiri Lending Grows 23.7% to Rp 635.6 Trillion on Bank of Asset Growth
26 Mandiri Brings together Financial and Banking Stakeholders to Promote Financial Inclusion
28 Bank Mandiri Expands Network in Cirebon to Support Growth of SMEs

March

1 Mandiri Extends Financing of Rp 54.68 Trillion by End 2012 to Support SMEs
3 Mandiri Encourages Indonesian Migrants to Become Entrepreneurs
3. Bank Mandiri Strengthens its Business in Hong Kong
6. Bank Mandiri and Jasa Marga Operate Special E-Tollpass Gates
8. Bank Mandiri Strengthens Business in Nusa Tenggara
14 Bank Mandiri Strengthens Export Financing
15 Mandiri Handles Jasindo Premium Payment Transactions
15 Mandiri Prepares Online Payment System for Payment of State University Selection Exam Fees
20 Bank Mandiri Supports Renovation of Al-Hikmah Mosque and Islamic Center in Sawah Besar District
21 Bank Mandiri Extends Rp 600 Billion Loan to Summarecon Agung

April

2 Bank Mandiri Distributes Rp 4.65 Trillion in Dividend
10 Mandiri Serves Jiwasraya Premium Payment Transactions
10 Encouraging Business Between Indonesia and Korea, Bank Mandiri Teams up with KB Kookmin Bank
22 Mandiri Brings Together Chief Financial Officers to Boost Innovation
24 Bank Mandiri Gains International Recognition
29 Consistent Business Growth Boosts Bank Mandiri's Assets to Rp 641 Trillion, SME Lending up 46.6%
29 Bank Mandiri, Pos Indonesia and Taspen form Joint Venture Bank

May

8 Empowering People in Manggarai Barat, Mandiri Rolls Out "Bersahabat Kotaku, Mandiri Labuan-Bajoku"
20 Mandiri Education: Strengthening Leadership Among Students as Future Leaders
21 Bank Mandiri Strengthens Consumer Business
26 Mandiri Eyes Younger Customers through E-Money Bracelet
31 Boosting Economic Growth in Nusa Tenggara Timur, Mandiri Opens Branch in Labuan Bajo

June

4 Bank Mandiri Manages Payments for 1000 Metrodata Outlets
16 Mandiri Strengthens IT and Human Resources, Improves Service Quality to Overcome Competition
19 More than 1,900 Students Participate in Phase 1 of National Lecturer Series 2013
21 Strengthening E-Money Business, Mandiri Rolls Out E-Ticketing for Trains
23 Mandiri Strengthens Indonesian Trading Sector
23 Bank Mandiri Stages Discount Sales for Ramadan
25 Bank Mandiri Named GCG Icon
26 Mandiri Launches Online Debit Card Transaction Features
27 Ahead of MEA, Mandiri Stages Asean Trade Processing Conference
29 Bank Mandiri Holds Discount Sale of Household Essentials at Presidential Guard Headquarters
30 Bank Mandiri Holds Discount Sale of Household Essentials at Army Special Forces Headquarters

July

4 Bank Mandiri Foils Funds Withdrawal from Fictitious Terms Deposit Accounts
4 Bank Mandiri Boosts Gas Station Transactions
8 Bank Mandiri Delivers 20 Thousand Mandiri Cookers to PMI and PNPB
9 June 2013, Mandiri E-Money Transactions Reach Rp 673 Billion
26 Mandiri Provides Assistance for 800 Children
29 Bank Mandiri Lending Grows 22.3% to Rp 428.7 Trillion, Assets Exceed Rp 679 Trillion
30 Bank Mandiri Supports Application of e-KTP in Banking Transactions

August

1 Mandiri Adds Record Number of New ATMs
1 Mandiri Disburses Syndicated Loan of USD 260 Million for Medco Energi Gas Field
2 Bank Mandiri Stages Discount Sale at Kostrad Headquarters
3 Bank Mandiri and PBNU Stage Joint "Mudik"
19 Bank Mandiri Provides Recognition to Outstanding Teachers to Boost Education
21 Strengthening Credit Card business, Mandiri Teams up with Tirta Amarta to Develop D-Card
26 Bank Mandiri Teams Up with Metraplasa to Develop Mandiri Young Entrepreneur and Coaching Partner Businesses
28 Bank Mandiri Serves Asabri Pension Payment Transactions
30 1,997 Students Benefit from Bank Mandiri Lectures

September

5 Developing Educational dan Entrepreuneurship in Jombang, Mandiri gives more than 500 million Rupiah

5 to strengthen National Navy Equipment, Bank Mandiri funded TNI AL's Patrol boat

6 Business enlargement, Bank Mandiri present Banking Lounge

17 Helping Pilgrimage, Bank Mandiri opens financial service counter

18 To improve jetty services, Bank Mandiri facilitates TPK Koja financial operational

19 2000 Indonesian students involve in Bank Mandiri's lecture

19 Bank Mandiri support APEC commemoration in Bali. More than 300 ATM and 9000 EDC has been prepared

23 Bank Mandiri and Jasa Marga Bali Tol operate Mandiri e-money in Nusa Dia – Ngurah Rai – Benoa Toll

26 Business strengthen, Bank Mandiri develop valas transaction

27 Mandiri empowered Yogyakarta Community

29 Bank Mandiri helps ICT based learning facility for High School in syuradikara Ende – Nusa Tenggara TImur.

29 Bank Mandiri strengthen business in Hongkong

October

3 Bank Mandiri becomes the best public company in Indonesia

4 To improve user friendly, Mandiri introduce Mandiri e-Money Application in smart phone.

6 Mandiri gives Pension Funds for Performs Athletics Athlete

6 Strengthen Indonesia – China trade flow, Mandiri launch Mandiri Renmimbi

19 Developing community partnership, Bank Mandiri present Pasar Indonesia

24 Mandiri present Educational and entrepreneurial workshop for students

30 Consistently Developing Business, Bank Mandiri's Assets reach Rp700 Billion.

November

8 Bank Mandiri side by side with AFD support renewable energy development.

11 To keep business growth, Mandiri strengthen the market.

28 Mandiri strengthen cooperation with Asia Pacific Bank

28 Mandiri obtain Bank of the Year in Indonesia from the Banker

December

6 Bank Mandiri side by side with BSM present International Islamic Expo

6 Mandiri develop tourism in Bayan

20 Mandiri strengthen SME competitiveness and tax compliance.

Ancient Sculpture

CORPORATE SOCIAL RESPONSIBILITY

corporate social responsibility

"Implementation of Corporate Social Responsibility (CSR) is a form of the Bank's commitment to support the establishment of sustainable development. Through the implementation of CSR activities, Bank Mandiri hopes to help address social and environmental issues through the sustainable implementation of CSR programs directly touching aspects of community life"

OVERVIEW

As part of the State Owned Enterprises (BUMN), Bank Mandiri is always required to make a real contribution to the national development process. Therefore, in the normal course of business Bank Mandiri always seeks to minimize negative impacts and optimize the positive impacts of its operations on all stakeholders in economic, social and environmental aspects with an objective to achieve sustainable development through the implementation of CSR (Corporate social Responsibility), or in accordance with the laws and regulations then prevailing particularly to BUMN. The term CSR is also known as Partnership and Community Development (PKBL) program.

During its development, Bank Mandiri is constantly working to improve its CSR program in order to better provide a positive impact on Bank Mandiri and the community surrounding the Bank's operational areas.
With the vision "Building Self-Reliant Indonesian community through CSR program as an inspiration to be Indonesia's progressive financial institution which grows along the growth of Indonesia", the following are Mandiri CSR program's pillars:

corporate social responsibility

IMPLEMENTATION OF MANDIRI CSR PILLARS

In 2013, the implementation and achievements of Mandiri CSR strategy through the three pillars of activities are as follows:

1. SELF-RELIANT COMMUNITY

The pillar of Self-Reliant Community is implemented through the Self Reliance With Mandiri Program or also known as Mandiri Bersama Mandiri (MBM) Program, a program aimed to foster the communities in an integrated manner in terms of capacity, infrastructure, capability and access. The program is based on the belief that the empowerment of communities in a region will have wider and more comprehensive impact. In addition, long-term empowerment of community will have an impact on improving the standard of living, independence and the business ability of the community in such region.

Through the implementation of the MBM program, Bank Mandiri is committed to encouraging small business community in a particular area to be better in production capability and profitability, promoting economic development of the community and enhancing creative and productive activity patterns of the community and ultimately establishing a prosperous life order.

1.1 MBM Region

MBM program has been carried out since 2011 and currently this MBM program has been implemented in several regions, such as the following:

The program of mentoring and empowering local potential in a comprehensive, integrated and unified manner to create food self-sufficiency, starting from the Desa Argorejo, Argosari and Giwangan, Yogyakarta and specifically focused on agriculture, livestock and creative industries.

Until the end of December 2013, the development of MBM program implementation in the region is as follows:

Development of MBM Program

Activity	Previous	Subsequent
Rice productivity	7,4 ton/hektar	7.4 tons/hectare
Recycling of cow dung	n/a	Recycling of cow dung into compost provides additional income of approximately Rp 600 thousand / 1 management cycle
Utilization of biogas	n/a	Utilization of biogas as a fuel results in savings of approximately Rp 120 thousand/month per household
Use of unirrigated land	n/a	Use of approximately 5,000 m2 of unirrigated land for productive purposes

- The establishment of Tourism Village community in Pasir Panjang, West Manggarai, East Nusa Tenggara is carried out by optimizing the local marine tourism potential to create job opportunities for the local community. The MBM program in the region is implemented through the trainings on hygiene, improvement of water facilities and tourist infrastructure in the form of a glass bottom boat and kayak.
- Establishment of sustainable Tourism Village community in the Desa Bayan, Lombok. The MBM program

corporate social responsibility

in the region is implemented in the form of training in the field of tourism, restorative, administrative aspects and training on security and convenience for travelers. In addition, the implementation of the MBM program is also conducted in the form of community empowerment and infrastructure development to attract tourists in the form of Mandala Spring, Bayan Traditional House and Tourism Center.

- Empowerment of weaving artisans and blacksmiths in Desa Tanjung Pinang and Limbang Jaya, Kabupaten Ogan Ilir, Palembang. The purpose of the implementation of MBM program in this area is to establish typical Palembang Tourism Village community through improvement of productivity and creativity of the weavers and blacksmiths and village institutional improvement.
- Formation of community based industrial cluster of Straw Mushroom in Desa Balonggandu, Karawang. The MBM program is implemented in the region in the form of production capacity training, management training, processed mushroom training, establishment of institutions, supply of supporting machines and product standardization facilitation.
- Establishment of Independent Creative Village in Pengotan region, Bali. Through training program that lasts for 6 months until the end of 2013 in the region, Bank Mandiri tries to expand production capacity and business independence of the 8 business groups in the region with a focus on labor-intensive sectors such as handicrafts, tourism, agriculture and eco-tourism.

1.2 MBM Challenge

In 2012, Bank Mandiri has administered MBM Challenge event namely competition held in order to encourage the growth of social entrepreneurship in Indonesia. The program aims to give recognition to individuals/ communities that have been successful in developing social entrepreneurship and have helped accelerate the process of social independence in an area for use by the community.

Out of 601 participants enrolled in such event, 13 participants have been selected as the winner of MBM Challenge and, therefore, entitled to a project capital for expansion of their business as part of the effort to support the well-being of local communities. The following are the implementation of a project capital granted to some of the winners of MBM Challenge held in 2013:

- Team of Pasar Sehat Genteng – The Winner II of MBM Challenge for the category of semi-established agricultural business has tried to empower the farmers and traders in Cilawu, Garut to be able to directly sell in Pasar Sehat Genteng, so that the amount of profits received by farmers from their crops can be higher. The following are the development of sociopreneur activities carried out by the Team of Pasar Sehat Genteng through project capital support received from Bank Mandiri:

Description	Previous	Subsequent
Number of Traders	96	125
Average turnover per trader		
- vegetables	Rp 300ribu – 1Million	Rp 750ribu – 3 Million
- dry foods	Rp 600ribu – 1,5Million	Rp 1Million – 5Million
- Wholsaling	Rp 8Million – 15Million	Rp 15 Million – 35Million
Number of contract businesses in vicinity of market	3	7
Number of motorcycle taxi providers	12	25

- Kraviti Team – Winner I of MBM Challenge for the category of semi-established creative business, has tried to develop business of batik patchwork creation through the empowerment of women and inmates in Bandung Correctional Institution, so that they can still be productive. The following are Kraviti development after receiving project capital support from Bank Mandiri:

corporate social responsibility

Description	Previous	Subsequent
Aceptance by and change in mindsets of inmates	Programnot accepted by all inmates	inmates who received mentoring became more positive, optimistic, less sarcastic, their lives became less monotonous
Number of persons helped	3 person	10 person
Promotional support	no comprehensive promotion	comprehensive promotion using website, social media, brochure, company profile and so forth
Marketing network	- Stocked by 2 store in Jakarta - limited distribution in Indonesia - onlu participated in local expos	- Stocked by 2 store in Jakarta and 4 stores in Bali - sold in Indonesia and europe - participated i expos in Jakarta and Netherlands - 3 regular clients based on purchase order system

- Nalacity Team – Winner I of MBM Challenge for the category of creative start-up business, has tried to empower the former leprosy patients by developing creative fashion business in Desa Sitanala, Tangerang, West Java. The following are the development of social entrepreneurial activities by Nalacity after receiving project capital support from Bank Mandiri:

Description	Previous	Subsequent
Number of persons helped	20 women who were former leprosy patients	25 women who were former leprosy patients
Earnings	Rp 400 thousand – 800 thousand per month	Rp 1 Million – 1,6 Million per month
Production volume	20-40 jilbab per month	50-80 hijab per month
Number of styles produced	5 styles	13 styles

corporate social responsibility

2. EDUCATION AND ENTREPRENEURSHIP

2.1 MANDIRI YOUNG ENTREPRENEUR

Based on data of Central Bureau of Statistics, it is estimated that the number of entrepreneurs in Indonesia in 2012 is about 1.65% of the total population. This is of course not in line with the result of research presented by entrepreneurship expert David McClelland, which, to be a prosperous country, a country must have a minimum number of entrepreneurs of 2% of the total population.

As per the above mentioned facts, Bank Mandiri realizes that entrepreneurship development programs, especially for the younger generation needs to be intensified to encourage their awareness in order for them to become job creators, and not job seekers. Entrepreneurial sector can drive the national economy because of the multiplier effect it creates. An entrepreneur will build a business system that turns over capital, creates jobs, generates products that will be absorbed by the market so as to accumulate capital and be able to create continuous business and, eventually, such entrepreneur will become potential customer for Bank Mandiri in the future.

Therefore, since 2007 Bank Mandiri has launched the Mandiri Young Entrepreneur (WMM), a flagship program of the main pillar of CSR program of Bank Mandiri (education and entrepreneurship pillar), which the main focus of the implementation of this program is to find potential young entrepreneurs and to give appreciation to those who have courage to entre entrepreneurship and to implement continuous guidance with an expectation that their business can progress. Some series of WMM activities that have been implemented from 2007 to 2013 are as follows:

2.1.1 Workshop

WMM workshop aims at providing overview of the benefits of entrepreneurship to students through the participation of national experts and entrepreneurs who serves as guest speaker to provide insight and inspiration to the younger generation, so that they have a serious passion for entrepreneurship.

WMM Workshop has been held from 2007 to 2013 attended by more than 31,000 participants. Workshop was held in several major cities in Indonesia such as Surabaya, Bandung, Makassar, Yogyakarta, Manado, Malang, Medan, Banjarmasin, Palembang, Denpasar, Bogor, Ambon, Jayapura, Balikpapan, Lampung and Mataram. Particularly in 2013, a workshop was held in three cities, namely Bandung, Sumbawa and Yogyakarta attended by around 1,900 participants.

Successful entrepreneurs who served as resource persons to share their motivations and experiences as well as tips for entrepreneurship in such event include Nicko Widjaja – CEO of Systec Group, Wahyu Aditya - Owner of PT HelloMotion Korpora Indonesia and Arif Budiman - CEO of Petak Umpet.

2.1.2 AWARDS

The awards represent Bank Mandiri's appreciation and recognition for the achievements of the young generation in their efforts to become entrepreneurs and readiness to make innovations to develop the Country through actual contribution to real sector.

In its implementation, the Awards activities are divided into two, namely Mandiri Young Entrepreneur (WMM) Award and Mandiri Young Technopreneur (MYT) Award. The WMM award is given to young people who have the courage to be entrepreneur in catering, creative and industry, trade and services sectors. Meanwhile, MYT award is given to young people who involve in IT and non-IT technology sector.

corporate social responsibility

The winners of WMM and MYT awards will receive not only benefit in the form of prize money, trophies and certificates, but also support for entrepreneurship construction. In addition, particularly for the winners of MYT award, they will receive project capital to implement their technological innovations in order to support the development of a region.

The growth of WMM and MYT Awards participants is as follows:

Year	WMM Awards	MYT Awards
2007	488	-
2008	1.057	-
2009	1.706	-
2010	3.294	-
2011	3.751	617
2012	4.725	1.292
2013	6.745	837

2.1.3 ENTREPRENEURSHIP COACHING

One of the main advantages of WMM and MYT Awards compared to other entrepreneurial awards event is the presence of entrepreneurial coaching and mentoring program for the participants. After the granting of award, the participants will not be released, but they will be given various coaching programs in order for them to be able to improve their business.

As a series of coaching to all national finalists of 2012 WMM and MYT Awards, in the beginning of January 2013 Bank Mandiri held a series of coaching in the form of boot camp program with topics including financial management, digital marketing, product design, financial statement, taxation and others. After the implementation of the boot camp, all finalists visited Bogasari mill and saw directly Bogasari's production process.

In addition, Bank Mandiri also introduced the national finalists of 2012 WMM and MYT awards with angel investors who are members of the Global Entrepreneur Program Indonesia (GEPI) and representatives of venture capital to improve the professionalism of young entrepreneurs in order to be able to penetrate regional and international markets so that their business can continue to grow and help improve the welfare of society.

Not only providing education and training, Bank Mandiri also implements Business Mentoring program which aims at finding out the needs, constraints, and solutions which should be faced by entrepreneurs, both in terms of financial management, human resource management, and the determination of effective promotional strategies. In 2013, this program was followed by Winners and Finalists of 2010-2011 WMM and 2011 MYT held in 5 cities namely Jakarta, Yogyakarta, Surabaya, Palembang and Makassar. This program consists of four stages starting with a one-day seminar entitled "Accurate Strategies for Successful, Prosperous and Ethical Business" in order to select 1,000 participants attending the program. From the selection, 250 entrepreneurs were selected and entitled to join boot camp for six consecutive months. Then, the monitoring stage was administered after coaching over the next six months.

corporate social responsibility

In addition to providing training support, Bank Mandiri seeks to help promote the products and businesses of the winners and finalists of WMM and MYT through exhibitions and publications of their efforts through social media and website of WMM. Furthermore, in 2013 Bank Mandiri involves the winners and finalists of WMM and MYT in Mandiri Entrepreneur Expo, 2013 National Entrepreneurship Movement Expo, Mandiri Women Entrepreneur Festival, 2013 Indonesia Market and Katumbiri Expo.

2.1.4 Expo

Since it was held for the first time in 2008, Mandiri Entrepreneur Expo has a noble mission to open up opportunities and business networking for business development of partners fostered by Bank Mandiri. In addition, the implementation of the expo is expected to be a gathering event for all stakeholders including the public and academicians in realizing the commitment of entrepreneurship development in Indonesia.

In 2013, the organization of WMM Expo was the last part of the series of events in the 2012 WMM & MYT Award and attended by 250 participants from WMM National Finalists of 2012 WMM, Winners and Finalists of 2007-2011 WMM, Mandiri Fostered Partners and Mandiri Women Entrepreneurs. Various products displayed at the expo ranged from craft products, clothes, food and beverages, educational toys, designs, housing developers, photography to technology.

Students and young people who visited the expo could also attend a creative industry talk show that was held with a different theme each day. On the first day, a talk show discussed about design with the theme of Creaboration by Decorous, on the second day a talk show discussed about indie music by Homogenic & SAE Institute, on the third day a talk show discussed about creative films by Joko Anwar and animation by Hellofest, and on the fourth day a closing talk show discussed about IT & gaming by Google, Kaskus and Agate Games Studio.

2.2 National Lecturer Series

Administered for the first time in 2011, the National Lecturer Series (NLS) is a program that aims to spread the spirit of entrepreneurship to the young generation, where the activities are carried out in collaboration with the Directorate General of Higher Education of the Ministry of National Education and Culture. NLS is a form of general lecturer of entrepreneurship via streaming video media attended by Universities that has made Independent Entrepreneurship Module as part of the their curriculum.

NLS forum involves various business practitioners to share experiences, such as Bank Mandiri CEO Budi G. Sadikin, Bank Mandiri Director of Finance & Strategy Pahala N. Mansury, Minister of Trade Gita Wirjawan, Deputy Minister of Education and Culture Musliar Kasim and others. Until 2012, NLS has been held for seven times and has involved 11,280 students from 95 universities in Indonesia. Particularly in 2013, NLS activities were conducted in 4 cities in Indonesia, namely Jakarta, Surabaya, Padang and Denpasar and was attended by more than 8,400 students.

2.3 WMM Goes to Pesantren (Islamic Boarding Schools)

To follow up the previous year program, Bank Mandiri continues to keep its commitment to creating resilient young entrepreneurs who are from the Islamic boarding schools. The background of this activity is to promote the role of Islamic boarding schools in the national economy because the existence of Islamic boarding schools in the community has strategic significance in the development of economic centers that may improve the welfare of the community. Through WMM Goes to Pesantren program, Bank Mandiri also would like to improve the skills of Islamic boarding school students in order to foster their sense of business that will eventually create potential young entrepreneurs.

corporate social responsibility

From 2012 until the end of 2013, WMM Goes to Pesantren workshop has been attended by a total of 2,750 students who were from Islamic Boarding School (PP) Martapura, PP Asrama Perguruan Islam Tegalrejo Magelang, PP Manonjaya Tasikmalaya, PP Qodratullah Palembang, PP Bago Lombok Mataram and PP Tebuireng Jombang.

2.4 Mandiri My Friend

Currently, Indonesia is included as one of the countries in Southeast Asia that dispatches many of its workforce abroad. According to data of BNP2BMI as of June 2012, the number of Indonesian Migrant Workers (BMI) who work abroad reached nearly 4 million people. Of this number, approximately 72% of BMI are women and 92% of that figure work as domestic workers.

When it comes to BMI, what often comes to our mind are the problems frequently talked about by the people, such as unpaid salaries, violence, rape and death penalty. However, there are still larger social issues which are rarely exposed to the public and actually they are no less important than the abovementioned problems as it relates to the future of Indonesia. Such social problems include, amongst others, condition of children who have lost a mother figure, BMI's confusion and uncertainty in relation for how long they will work abroad and eventually they will lose direction and be mired in a miserable life.

Starting from an idea with good intentions to 'humanize humans', Bank Mandiri launched the Mandiri My Friend program, namely a BMI empowerment program with a mission of creating new entrepreneurs of former BMI, conducted through the provision of knowledge and techniques of entrepreneurship, so that they will be able to live independently and no longer need to work as BMI.

For BMI, the Mandiri My Friend program can be an alternative for the improvement of life, preparation for the next step of life as well as be an effective and productive means of communication among BMI to share experience and life plan. In its implementation this program is organized in collaboration with Universitas Ciputra Entrepreneur Center (UCEC) through a few patterns, namely:

- Educating BMI to have focused-forward, developing and optimistic mindset
- Educating BMI to have the energy or enthusiasm to achieve their goal
- Educating BMI to work efficiently and to make better decisions

Through the above patterns, BMI are guided to develop adequate mindset, attitude, skill, knowledge and creativity to start a new business.

To date, Mandiri My Friend has been followed by 5,300 BMI in Hong Kong and Malaysia and to maintain the established communication, Mandiri My Friend uses social and digital media to give assistance to BMI in finding information of entrepreneurship.

corporate social responsibility

2.5 Mandiri Cares About Education

Mandiri Cares About Education Program (MPP) is organized as an implementation of Education and Entrepreneurship pillar and the form of Bank Mandiri's commitment and concern on the sustainability and success of the education sector in Indonesia. It is motivated from the notion that education is a key factor in creating a quality young generation, where the higher the quality of education that is owned by the younger generation, the higher the level of welfare of the nation where they live.

2.5.1 Mandiri Education

One of the MPP key programs is Mandiri Education, namely a program that the Bank has consistently been promoting since 2009. In 2013, the Bank held Mandiri Education program in 210 schools and 12 universities across the country. Over 31,500 students of elementary, junior, and senior high schools and 6,000 university students took part in this program. In addition to the education activity, Bank Mandiri also donated books for the library in 210 schools and 12 universities.

The Mandiri Education program is aimed to expand the student's knowledge and insights on banking, education and leadership. In this program, the entire board of directors and more than one thousand employees of Bank Mandiri throughout Indonesia simultaneously visit directly the universities and schools.

2.5.2 Outstanding Teacher Award

The giving of awards to outstanding teachers is one of the implementation of Bank Mandiri's CSR program that has been running since 2005. From the first implementation to date, there are approximately 3,300 outstanding educators consisting of teachers, principals and school supervisors have received awards from Bank Mandiri.

In the opinion of Bank Mandiri, teachers are at the forefront of education. Without teachers, the education system built to create the next generation that is resilient and independent will not work. Bank Mandiri hopes that the giving of this appreciation will encourage the creativity and activity of teachers, school principals and school supervisors in improving the quality of education.

2.5.3 Book Publishing

The implementation of the MPP program is also manifested in the form of book-writing, especially entrepreneurial education- and art & culture-themed books that need to be preserved by the people of Indonesia. Therefore, in order to support such action, Bank Mandiri tries to publish books with the purpose of enabling the public to know better the various assets owned by Indonesia.

During 2013, Bank Mandiri has published books entitled "My First Cartoonal Encyclopebee – Dunia Perbankan", "My First Vocabeelary - Lets Go To The Bank", "Peranti Saji Indonesia" and "Mandiri Sahabatku".

2.5.4 Scholarships and Other Educational Supports

Another form of the Bank's commitment in educational sector is the provision of assistance in the form Mandiri Scholarship to outstanding students from underprivileged families. The scholarship program is implemented in cooperation with Educational Institutions or Foundations that care for the progress of education in Indonesia. During 2013, Bank Mandiri has provided scholarships to more than 700 students in Indonesia.

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Other educational supports provided by Bank Mandiri include, amongst others, the implementation of the Vocational Training program for high school and vocational school students in cooperation with PT Krakatau Steel, the supply of Mandiri Smart Vessel in collaboration with the United Indonesia Cabinet Wife Solidarity as a means of education for the children in the border region and the implementation of Training of Trainers program in collaboration with Koran Study Center to improve the competence of Preachers/religious counselors/teaching staff in the teaching of Koran professionally and with moderate insight.

3. FINANCIAL LITERACY

Last pillar of Mandiri CSR strategies is Financial Literacy program, namely an educational activity to make the people able to prepare personal and family financial planning. Bank Mandiri hopes that through the implementation of this program, a new mindset can be instilled in the public that proper financial planning will support the financial progress in overall.

Financial Literacy program is implemented in the form of workshops and consultation clinics which were held for the first time in 2013 and is targeted to be attended by more than 10 thousand participants. The event attended by around 2,000 participants is expected to support the improvement in the economy of the participants.

4. OTHER CSR ACTIVITIES

In addition to the three pillars of Mandiri CSR activities as mentioned above, Bank Mandiri has carried out several other CSR activities in the form of:

4.1Mandiri Cares About Environment

To support the establishment of a clean and healthy environment, through Mandiri Kotaku Bersih Jakartaku program, Bank Mandiri and Indopos Newspaper have tried to empower the citizens of Jakarta and Kepulauan Seribu. The program was implemented by selecting the best areas in terms of cleanliness and waste management, household medicinal herbs planting, community service, aesthetics, local policies and branding.

The main objective of this program is to inspire a sense of social solidarity and to maintain the cooperative spirit and to improve public awareness in managing and maintaining the cleanliness of the environment. For the winner of the competition Bank Mandiri gave cash prize in order to assist the social activities of the people, to purchase supplies for cleaning, replanting and social activities.

In addition to MKBJ program, Bank Mandiri also conducts Bersabahat Kotaku, Mandiri Labuan Bajoku Labuan program as a commitment and concern to make Labuan Bajo city, NTT cleaner, more beautiful, comfortable and in good order which will ultimately support the success of tourism sector in Labuan Bajo, which has been widely known as Komodo Tourism City. Activities conducted in the Bersahabat Kotak, Mandiri Labuan Bajoku program are to build public awareness to maintain the cleanliness of their home environment and to jointly cooperate with other members of the community in their neighborhood, to maintain hygienic environment and to preserve the natural environment both in their home yard and in locations where replanting is needed.

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One form of the commitments and concerns of Bank Mandiri to other environmental efforts is realized through the implementation of Mandiri Village Electricity program for indigenous people in Banten Kidul living within Gunung Halimun Salak National Park in the southern border of West Java and Banten provinces. The supply of electricity is sourced from Micro Hydro Power (PLTMH) that utilizes the hydropower of Cisono River as a source of renewable energy. With the relationship and interdependence between forests, water and operation of PLTMH it is expected that the community will preserve the operational continuity of PLTMH through forest conservation.

4.2 Mandiri Cares About Health

An implementation of the Bank's CSR program is through care about community program in health sector, both in the implementation of activities as well as provision of health supporting facilities. With respect to health activities, the key program that has been held since 2004 includes efforts to reduce the prevalence of tuberculosis (TBC), in collaboration with Indonesian Tuberculosis Mitigation Association (PPTI). Until 2013, the number of tuberculosis patients who had received medical support is more than 9,000 persons. In addition, to support the medication process for the patients, Bank Mandiri has provided assistance by renovating the PPTI's Lung Clinic building, so that TB patients can be treated comfortably and safely.

In addition to PPTI, Bank Mandiri has established cooperation with Yayasan Kanker Indonesia to help 140 people with cancer from poor families in order to cope with cancer they suffered from and to help with the cost of treatment and initial medical treatment for such patients. Specifically to support the cure rate of children with cancer, Bank Mandiri in collaboration with Yayasan Onkologi Anak Indonesia has provided transport car to make them easier to get treatment.

Bank Mandiri's social concern in healthcare sector to the underprivileged people is evidenced from its assistance for cleft lip surgery, hernia surgery, cataract surgery and mass circumcision. In addition, Bank Mandiri organized a Bazaar by supplying 40,000 food packages in 10 locations. The food packages being supplied contain 5 kg of rice, 1 liter of oil, 1 kg of sugar, 5 packs of instant noodles and 2 packets of biscuits. The whole package was sold at an affordable price namely 50% cheaper than the market price. Through this activity, Bank Mandiri would like to share the joy of Ramadan 1434 Hijri before the first day of Idul Fitri with all members of the community in various places and to ease their burden due to the rising fuel price.

4.3 Mandiri Cares About Facilities

Mandiri Cares about Facilities program is a form of social responsibility of Bank Mandiri to the neighborhood around the working area of Bank Mandiri, which is realized through the renovation or construction of public infrastructure and facilities as well as places of worship and assistance to the poor.

During 2013, Bank Mandiri has carried out renovation and construction of facilities to support the educational development of more than 16 buildings in various educational institutions (ranging from elementary to university level). In addition, Bank Mandiri has provided other educational supporting infrastructure in the

corporate social responsibility

form of smart cars, campus buses, construction of lanes, bus stops and campus bicycles, library facilities and computers and printers. The improvement of other public facilities was carried out in the form of restoration of Bung Karno site, construction of latrines, water pumps, pest vacuum and manual weaving tools.

In addition, during 2013 Bank Mandiri has constructed or renovated worship facilities across Indonesia including 32 mosques, 22 churches and 2 temples.

In addition to the provision of facilities and infrastructure, Bank Mandiri has provided compensation to 800 children ranging from orphanages/unfortunates, deaf students in SLB and children with cancer around Greater Jakarta. This activity is a form of Bank Mandiri's concern for the neighborhood with an expectation that the assistance so provided may ease the burden of and make the orphans and unfortunates happy.

In addition to Idul Fitri compensation, Bank Mandiri and General Manager of Nahdlatul Ulama held Joint Homecoming program for nahdliyin member in Greater Jakarta to Java, Madura and Bali. This Joint Homecoming program is an effort of Bank Mandiri to help people who want to celebrate Idul Fitri together with their families in their hometown.

4.4 Mandiri Cares About Disaster

As a form of concern for the victims of natural disasters, during 2013 Bank Mandiri has provided assistance to victims of floods in some areas namely: DKI Jakarta, Ambon-North Sulawesi, Manado-North Sulawesi, Karawang-West Java and Cikampek-West Java, Lampung and Kendari-Southeast Sulawesi. In addition, Bank Mandiri has provided assistance to the victims of the landslides in Manado, North Sulawesi and Jorong, West Sumatra, and to victims of earthquake in Lombok, NTB and Central Aceh.

In addition to providing immediate relief to disaster victims, Bank Mandiri has supplied 20 thousand of Mandiri Stoves along with 20 thousand of fuel refills to the Indonesian Red Cross and the National Disaster Management Agency for distribution in the event of disaster. The versatile and portable stove was invented by the winner of 2011 Mandiri Young Technopreneur namely Achmad Ferdiansyah who, as the winner, has been awarded a project capital by Bank Mandiri to produce Mandiri Stove and supply the fuel refill which is expected to be used in disaster relief efforts in various regions throughout Indonesia.

PARTNERSHIP PROGRAM

Through the implementation of the Partnership Program, Bank Mandiri encouraged the capabilities of the people to become more independent and prosperous, which the Partnership Program did not offer only an alternative solution of financial resources to the entrepreneurs, but also stimulation for Fostered Partners to further develop their potential through the construction given, so that the Fostered Partners could grow to be a resilient, independent, ethical entrepreneurs who would be able to access banking facilities on a commercial basis. Besides providing loan through one-on-one mechanism, Bank Mandiri also organized a linkage loan disbursement through the

Partnership Program in cooperation with companies and institutions in a mutually beneficial plasma care scheme. In its implementation, the disbursement of the Partnership Program with linkage scheme is organized in cooperation with the companies who are also Bank Mandiri's customers, especially those from the corporate and commercial segments. These companies are selected based on their capabilities and commitments to conducting

corporate social responsibility

sustainable mentoring to their business partners.

During 2013, the Bank recorded a total of 1,801 small-scale independent businesses as Mandiri Mentored Partners, bringing a total of 54,867 Partners by 2013. To support the development of efforts made by the Mentored Partners, Bank Mandiri has provided not only loans, but also commitment to providing guidance to the Mentored Partners in order to make them bankable entrepreneurs who were capable of developing into a resilient and independent entity.

In 2013, Bank Mandiri has organized training activities for Mentored Partners including trainings on bookkeeping, preparation of financial statements, motivation and the introduction to taxation as well as Managing the Brand, Customer Service, and Product Design trainings.

Thing being carried out by Bank Mandiri were promotional assistance for Mandiri Mentored Partners in the form of exhibitions, which during 2013 Bank Mandiri has managed to engage some of the other Mentored Partners in Mandiri Entrepreneurship Expo, Java Week, Mandiri Expo – Pre-evet of Indonesian Market, Ramadan Bazar, Indonesian Market and 2013 IBEX.
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FINANCIAL SERVICES AUTHORITY (OJK) REFERENCE

FINANCIAL SERVICES AUTHORITY (OJK) REFERENCES		
GENERAL	**DESCRIPTION**	**PAGE**
I. Umum		
The annual report must be presented in the proper Indonesian language and it is recommended that the Report is also presented in English language		√
The annual report shall be printed with good quality and use highly readable font size and type		√
The annual report includes clear corporate identity	Company name and annual report year shall be printed on: Front cover; Report spine; Back cover; Every page	√
The annual report shall be displayed on the company's website		√
II. Summary of Key Financial Highlights		
Summary of corporate business results is presented in comparison with previous 3 (three) fiscal years or since commencement of business if the company started its business for less than 3 years.	Contains the following information: 1. Business revenue/sales 2. Profit (loss) 3. Total comprehensive profit (loss) 4. Profit (loss) per share	16
Summary of corporate business results is presented in comparison with previous 3 (three) fiscal years or since commencement of business if the company started its business for less than 3 years.	Contains the following information: 1. Net working capital 2. Total investments in associated entity and/or joint venture 3. Total assets 4. Total liabilities 5. Total equities	16
Summary of corporate business results is presented in comparison with previous 3 (three) fiscal years or since commencement of business if the company started its business for less than 3 years.	Contains 5 (five) general financial ratios which are relevant to corporate industry.	17
Stock price information in the form of tables and graphs.	Information in the form of tables and graphs which include: 1. Total outstanding stocks; 2. Market capitalization; 3. Highest, lowest and closing stock prices; and 4. Trade volume for each quarter for the last 2 (two) fiscal years (if applicable)	18
Information regarding bonds, sukuk or convertible bonds which are still outstanding in the last 2 (two) fiscal years.	Information in the form of tables and graphs which include: 1. Total outstanding stocks; 2. Market capitalization; 3. Highest, lowest and closing stock prices; and 4. Trade volume for each quarter for the last 2 (two) fiscal years (if applicable).	19
III. Reports from the Board of Directors and Board of Commissioners		
Report from the Board of Commissioners	Contains the following items: 1. assessment on the performance of the Directors in managing the company; 2. view on the prospects of the company's business as established by the Directors; and 3. changes in the composition of the Board of Commissioners and the reason (if any).	29-40
Report from the Board of Directors	Contains the following items: 1. analysis on the company's performance, including strategic policies, comparison between results and targets, and challenges faced by the company; 2. business prospects; 3. implementation of Good Corporate Governance by the company; and 4. changes in the composition of the Directors and the reason (if any).	45-55

FINANCIAL SERVICES AUTHORITY (OJK) REFERENCES		
GENERAL	**DESCRIPTION**	**PAGE**
Signature of members of the Board of Directors and Board of Commissioners	Consists of the following: 1. Signatures shall be appended on separate sheet 2. Disclosure that the Board of Commissioners and the Directors are fully responsible for the accuracy of the annual report 3. Shall be signed by all members of the Board of Commissioners and Directors by including their names and positions 4. Written elucidation in a separate letter from a member of the Board of Directors or Board of Commissioners in the event the member did not sign the annual report, or: written elucidation in a separate letter from other member in the event of no elucidation in writing from the said member	58-59
IV. Corporate Profile		
Name and complete address of the company	Including name, address, postal code, telephone number, facsimile number, email and website address	3-7, 62
Brief history of the company	Date/year of incorporation, company name and name change (if applicable)	64
Line of business	Including: 1. Line of business according to the latest articles of association; and 2. Elucidation on product and/or service	63
Organizational structure	In a form of chart, including name and position no less than one level below director position	66-67
Corporate vision and mission	Including: 1. Vision 2. Mission; and 3. Note that the vision and mission have been approved by the Board of Directors/Board of Commissioners	68-69
Identity and brief profile of members of the Board of Commissioners	Including: 1. Name 2. Position (including position in other company/ agency); 3. Age; 4. Education; 5. Work experience; 6. Date of the first appointment as member of the Board of Commissioners	70-73
Identity and brief profile of members of the Board of Directors	Including: 1. Name 2. Position (including position in other company/ agency); 3. Age; 4. Education; 5. Work experience; 6. Date of the first appointment as member of the Board of Commissioners	74-81
Total employees (2-year comparison) and description of competence developments (including: training and education aspect)	Including: 1. Total employees for each organizational level 2. Total employees for each education level 3. Trainings that are already provided to employees which reflected equal opportunity to all employees 4. Incurred expense	51, 85-99
Composition of shareholders	Including: 1. Names of shareholder with more than 5% stake 2. Names of director and commissioner who own shares 3. Public shareholders with less than 5% stake, and the percentage of ownership	100-102

FINANCIAL SERVICES AUTHORITY (OJK) REFERENCES		
GENERAL	**DESCRIPTION**	**PAGE**
List of subsidiaries and/or associated companies	Including: 1. Names of subsidiary and/or associated company 2. Stake percentage 3. Information on line of business of the subsidiaries and/or associated companies 4. Operating status of the subsidiaries and/or associated companies (operational or not yet operational)	104-105
Corporate group structure	Including subsidiaries, associated companies, joint ventures and special purpose vehicles (SPV), or statement of not having any group	103
Stock listing chronology	Including: 1. Stock listing chronology 2. Corporate action type which caused stock composition change 3. Change in the number of stocks from the beginning of listing to the end of fiscal year 4. Name of stock exchange where the stocks are listed	106
Other securities listing chronology	Including: 1. Other securities listing chronology 2. Corporate action type which caused other securities composition change 3. Change in the number of other securities from the beginning of listing to the end of fiscal year 4. Name of stock exchange where the other securities are listed 5. Ratings for the securities	106
Name and address of capital market supporting institutions and/or professionals	Including: 1. Name and address of the Securities Administration Bureau (BAE) 2. Name and address of the public accounting office 3. Name and address of the securities rating agency	107
Penghargaan dan/atau sertifikasi yang diterima perusahaan baik yang berskala nasional maupun internasional	Including: 1. Award and/or certificate name 2. Year of bestowment 3. Institution which gave the award and/or certification 4. Validity period (for certification)	22-25, 360-361
Nama dan alamat entitas anak dan/atau kantor cabang atau kantor perwakilan (jika ada)		104-105, 524
V. Management Analysis and Discussion on Corporate Performance		
Operational review per business segment	Including descriptions on: 1. Business activity/ production; 2. Increase/ decrease in production capacity; 3. Business revenue/ sales; 4. Profitability; 5. For each business segment as disclosed in the financial statements (if applicable)	115-158
Corporate financial performance outlook	Financial performance analysis which includes comparison between the related year and subsequent year (in description and tables), including about: 1. Current, non-current and total assets; 2. Short-term, long-term and total liabilities; 3. Equity; 4. Business revenue/ sales, profit (loss) and cost, other comprehensive revenue and total comprehensive profit (loss) 5. Cash flows	305-325
Discussion and analysis on debt repayment capacity and trade receivables collection rate, by using relevant ratios	Elucidation on: 1. Debt repayment capacity, in short- and long-term 2. Receivables collection rate	326-328

FINANCIAL SERVICES AUTHORITY (OJK) REFERENCES		
GENERAL	**DESCRIPTION**	**PAGE**
Capital structure and management of capital structure policies	Information on: 1. Capital structure; and 2. Capital structure policies	329
Discussion on material commitments for capital expenditures	Information on: 1. Objective of the commitment; 2. Sources of funds which are projected to meet the said commitments; 3. Denomination currency 4. Measures as planned by the company to protect the related foreign currency position risk. Note: Please disclose if the a company has no related commitments without ties to capital goods investments	331-332
If financial statements disclose material increase or decrease in net revenue/ sales, provides elucidation on how much the change is related to product or service, and/or new product or service	Including: 1. Amount of increase/ decrease in net revenue or sales 2. Factors behind the material increase/ decrease in net revenue or sales in relation to product or service, and/or new product or service	333-335
Comparison between target in the beginning of fiscal year and realizations, and target or projection for the following year, regarding revenue, profit, capital structure and other information deemed material for the company	Including: 1. Comparison between target in the beginning of fiscal year and realizations 2. Target or projection for the following year	336
Material fact and information after the date of accountant report (subsequent events)	Describes material events after the date of accountant report including the impacts on business risks and future performance. Note: if there is no such event, please provide such information	336
Corporate business prospect information	Describes corporate prospect in relation to general industry and economy with supporting quantitative and valid data	337-338
Marketing aspect information	Describes marketing aspect of products and/or corporate services, including marketing strategy and market share	339-340
Information on dividends policy and total cash dividend per share and dividends per year as announced and paid in the last 2 (two) fiscal years	Including: 1. Total cash dividends 2. Total cash dividends per share 3. Payout ratio for each year Note: include the reason in the event of no dividend payout	341
Realization of initial public offering proceeds (in the event the company is still required to submit fund realization report)	Including: 1. Total proceeds 2. Fund use plan 3. Fund use details 4. Fund balance, and 5. Date of AGM on fund use change (if applicable)	342
Material information on investment, expansion, divestment, business merger/ combination, acquisition or debt/ capital restructuring	Including: 1. Purpose of transaction; 2. Transaction value or restructured amount; 3. Source of fund Note: if there is no such transaction, please provide such information	343-347

FINANCIAL SERVICES AUTHORITY (OJK) REFERENCES		
GENERAL	**DESCRIPTION**	**PAGE**
Material transaction with conflict of interests and/or transaction with affiliated party	Including: 1. Name of party in the transaction and the nature of affiliation; 2. Elucidation on the fairness of the transaction; 3. Reason behind the transaction; 4. Realization of the transaction in the current period; 5. Corporate policy regarding review mechanism for the transaction; 6. Compliance to the related provisions and regulations Note: if there is no such transaction, please provide such information	343-347
Changes in regulation with significant impact on the company	Including changes in laws and regulations and the impact on the company. Note: if there is no such regulation change, please provide such information	348-350
Changes in accounting policy	Including changes in accounting policy, rationale and impact on financial statements. Note: if there is no such change, please provide such information	350
VI. Good Corporate Governance		
Board of Commissioners	Including: 1. Responsibilities of the Board of Commissioners 2. Disclosure on procedure to determine remuneration 3. Remuneration structure which shows remuneration component and nominal amount per component for each member of the Board of Commissioners 4. Meeting frequency to improve the competency of the Board of Commissioners 5. Training program to improve the competency of the Board of Commissioners 6. Disclosure on the Board Charter (guidelines and work discipline of the Board of Commissioners)	379-388
Board of Directors	Including: 1. Scope of duties and responsibilities of each member of the Board of Directors 2. Meeting frequency 3. Meeting attendance level of members of the Board of Directors 4. Training program to improve the competency of the Board of Directors 5. Disclosure on the Board Charter (guidelines and work discipline of the Board of Directors)	389-410
Assessment on members of the Board of Commissioners and/or Board of Directors	Including: 1. Assessment on performance of members of the Board of Commissioners and Board of Directors 2. Performance assessment criteria 3. The party who performs the assessment	384, 404-405
Remuneration policy for the Board of Directors	Including: 1. Disclosure on remuneration setting procedure 2. Remuneration structure which shows type and amount of short-term remuneration, post-work remuneration and/or other long-term remuneration for each member of the Board of Directors 3. Disclosure on measurement indicator for performance of the Board of Directors	406-408

FINANCIAL SERVICES AUTHORITY (OJK) REFERENCES		
GENERAL	**DESCRIPTION**	**PAGE**
Information regarding major and controlling shareholders, both direct and indirect, down to individual owner	In a form of chart or diagram	103
Disclosure of affiliation with other members of the Board of Directors, Board of Commissioners, and major and/or controlling shareholders	Including: 1. Affiliation between members of the Board of Directors 2. Affiliation between member of Board of Directors and member of Board of Commissioners 3. Affiliation between member of Board of Directors and major and/or controlling shareholder 4. Affiliation between members of the Board of Commissioners 5. Affiliation between member of Board of Commissioners and major and/or controlling shareholder Note: if there is no such affiliation, please provide such information	411-412
Audit Committee	Including: 1. Name and position of members of the Audit Committee 2. Educational qualification and work experience of members of the Audit Committee 3. Independency of members of the Audit Committee 4. Job description and responsibility details 5. Activity summary of the Audit Committee Meeting frequency and member attendance level	416-419
Nomination and Remuneration Committee	Including: 1. Name, position and CV of members of the Nomination and/or Remuneration Committee 2. Independency of members of the Nomination and/or Remuneration Committee 3. Job description and responsibility details 4. Activity summary of the Nomination and/or Remuneration Committee 5. Meeting frequency and member attendance level	419-421
Other committees in the company under the Board of Commissioners	Including: 1. Name, position and CV of members of the Nomination and/or Remuneration Committee 2. Independency of members of the Nomination and/or Remuneration Committee 3. Job description and responsibility details 4. Activity summary of the Nomination and/or Remuneration Committee 5. Meeting frequency and member attendance level	422-425
Description of tasks and function of the Corporate Secretary	Including: 1. Name and brief CV 2. Job details	444
Description of the company's internal audit unit	Including: 1. Name of the head of the internal audit unit 2. Total staff (internal auditor) in the internal audit unit 3. Professional qualification/ certification as internal auditor 4. Position of the internal audit unit in the corporate structure 5. Job description and implementation 6. Party with authority to appoint/ dismiss the head of internal audit unit	448-454

FINANCIAL SERVICES AUTHORITY (OJK) REFERENCES		
GENERAL	**DESCRIPTION**	**PAGE**
Corporate accountant	Including: 1. Total periods of which financial statements are audited by accountant 2. Total periods of which annual financial statements are audited by public accounting firm 3. Total fees for each type of service from public accounting firm 4. Other services which are provided by accountant other than annual financial statements audit Note: if there is no such other service, please provide such information	454-455
Corporate risk management	Including: 1. Description on risk management system 2. Description on evaluation on the risk management system's effectiveness 3. Description on risks that are faced by the company 4. Efforts to manage such risks	456-465 159-275
Internal control system	Including: 1. Summary of internal control system, including operating and financial controls 2. Description on suitability of the internal control system with international framework/ COSO (control environment, risk assessment, control activities, information and 3. Description on evaluation on the internal control system's effectiveness	37-38, 297, 448, 453, 458-459
Description of corporate social responsibility in relation to the environment	Including: 1. Policy, 2. Performed activities, and 3. Financial impact from environmental program activities which are related to company operation, including the use of environmentally-friendly and recyclable materials and energy, waste treatment system and the like 4. Environmental certification owned by the company	507-508
Description of corporate social responsibility in relation to employment, work health and safety	Including: 1. Policy, 2. Performed activities, and 3. Financial impact from activities which are related to employment, work health and safety, including gender work equality and opportunity, work safety facilities, employee turnover rate and the like	508
Description of corporate social responsibility in relation to social and community developments	Including: 1. Policy, 2. Performed activities, and 3. Financial impact from activities which are related to social and community developments, including the employment of local people, empowerment of communities located around the company, social facilities and infrastructure improvements, type of other donations and the like	499-501
Description of corporate social responsibility in relation to consumer	Including: 1. Policy, 2. Performed activities, and 3. Financial impact from activities which are related to product accountability, including consumer health and safety, product information, facility for consumer complaints, number and resolution of consumer complaint cases and the like	507

FINANCIAL SERVICES AUTHORITY (OJK) REFERENCES		
GENERAL	**DESCRIPTION**	**PAGE**
Important cases faced by the company, subsidiaries, current members of the Board of Commissioners and Directors	Including: 1. Substance of the case/ claim; 2. Status of settlement of case/ claim; 3. Impacts on the condition of the company; 4. Administrative sanctions imposed to entity, members of the Board of Commissioners and Directors, by the related authority (capital market, banking and other) during the last fiscal year (or a statement of no administrative sanction) Note: if there is no such case, please provide such information	466
Access to corporate data and information	Description on the availability of corporate data and information to the public, including website (in Indonesian and English language), mass media, mailing list, bulletin, meeting with analysts and the like	467-472
Code of conduct	Memuat uraian antara lain: 1. Contents of code of conduct 2. Disclosure that the code of conduct is applicable to all corporate levels 3. Implementation and enforcement measures 4. Disclosure on corporate culture	473-476
Description of whistleblowing system	Including the following whistleblowing system mechanism: 1. Breach reporting 2. Protection for the whistleblower 3. Breach report handling 4. Party who manage the report 5. Result of the report handling	453, 477-479
VII. Financial Information		**530**
Disclosure from the Board of Directors and/or Board of Commissioners on responsibility for financial statements	Suitability to related regulations on responsibility for financial statements	Consolidated financial statements
Opinion from independent auditor on financial statements		Consolidated financial statements
Description from independent auditor in opinion	Description includes: 1. Name and signature 2. Date of audit report 3. Public accounting office and public accountant license numbers	Consolidated financial statements
Complete financial statements	Include all elements of financial statements: 1. Balance sheet 2. Income statement 3. Change in equity 4. Cash flows 5. Notes to financial statements 6. Beginning balances in the beginning of comparative periods which are presented when an entity implement a retrospective accounting principle or restatements of financial accounts, or when an entity re-classified its accounts in the financial statements (if relevant)	Consolidated financial statements APPENDIX 1/1 - 5/199
Pengungkapan dalam catatan atas laporan keuangan ketika entitas menerapkan suatu kebijakan akuntansi secara retrospektif atau membuat penyajian kembali pos-pos laporan keuangan, atau ketika entitas mereklasifikasi pos-pos dalam laporan keuangannya	Ada atau tidak ada pengungkapan sesuai dengan PSAK	APPENDIX 5/198 - 5/199

FINANCIAL SERVICES AUTHORITY (OJK) REFERENCES		
GENERAL	**DESCRIPTION**	**PAGE**
Profitability rate comparison	Comparison of profit (loss) of the current year than previous years	Consolidated financial statements APPENDIX 2/1 - 2/2
Cash flows report	Meet the following provisions: 1. Classification into three group of activities: operating, investing and financing 2. The use of direct method in cash flows reporting from operating activities 3. Separate presentation between cash revenue and/or expenditure in the current year on operating, investing and financing activities 4. Disclosure of non-cash transactions shall be included in the notes to financial statements	Consolidated financial statements APPENDIX 4/1 - 4/2
Summary of accounting policy	Include the following disclosure: 1. Disclosure of compliance to Financial Accounting Standards (SAK) 2. Basis for measurement and preparation of the financial statements 3. Cost and expense recognition 4. Fixed assets 5. Financial instruments	Consolidated financial statements APPENDIX 5/14 - 5/47
Disclosure on transactions with related parties	The following matters shall be disclosed: 1. Name of the related party, and nature and relation with the related party; 2. Transaction value and its percentage to total revenue and related cost; and 3. Total balance and its percentage to total assets and liabilities	Consolidated financial statements APPENDIX 5/140 - 5/147
Disclosure in relation to taxation	The following matters shall be disclosed: 1. Fiscal reconciliation and current tax expense calculation; 2. Elucidation on link between tax expense (revenue) and financial net income; 3. Elucidation on link between tax expense (revenue) and financial net income; 4. Details of withholding taxes on assets and liabilities which are recognized in financial position report for each reporting period, and total expense (revenue) of withholding taxes which are recognized in income statement if the amount is not evident in total withholding taxes on assets and liabilities as recognized in financial position report; and 5. Disclosure on tax dispute, if any	Consolidated financial statements APPENDIX 5/101 - 5/105
Disclosure in relation to fixed assets	The following matters shall be disclosed: 1. The employed depreciation method; 2. Description of the selected accounting policy, between revaluation model and cost model;	Consolidated financial statements APPENDIX 5/35
	3. Significant assumptions and methods which are used to estimate fair value of fixed assets (for revaluation model) or disclosure of fair value of fixed assets (for cost model); and	APPENDIX 5/88
	4. Reconciliation between gross amount and fixed assets accumulated depreciation in the beginning and end of period by showing: addition, subtraction and reclassification	APPENDIX 5/86 - 5/587

FINANCIAL SERVICES AUTHORITY (OJK) REFERENCES		
GENERAL	**DESCRIPTION**	**PAGE**
Accounting policy in relation to remuneration	The following matters shall be disclosed 1. Type of work remuneration as provided to employees;; 2. General description on type of post-work remuneration program as provided by the company; 3. Corporate accounting policy in recognizing actuarial income and loss; and 4. Recognition of income and loss for curtailment and settlement	APPENDIX 5/46
Disclosure in relation to financial instrument	The following matters shall be disclosed 1. Accounting policy, requirements and conditions for each type of financial instruments; 2. Financial instrument classification; 3. Fair value of each financial instruments group;	Consolidated financial statements APPENDIX 5/15 - 5/27
	4. Risk management objective and policy; 5. Disclosure of risks which are related to financial instruments: market risks, credit risks and liquidity risks; and 6. Quantitative risk analysis in relation to financial instruments	APPENDIX 5/155 - 5/194
Financial statements publication	Including: 1. Date of which the financial statements are authorized for publication; and 2. The party who is responsible to authorize the financial statements	Consolidated financial statements APPENDIX 5/14


keris naga sasra

PRODUCTS AND SERVICES

product and services

wholesale banking

Institutional Banking	
Funds	**Financial Institution Pension Funds (Dpik)**
Savings deposits	Money market investment packages
Demand deposits	Fixed income investment packages
On-call deposits	Fixed income investment packages
Time deposits	Equities Investment packages
	Shariah investment packages

Corporate Banking		
Cash Loan	**Funds**	**Services / Non-cash Loans**
Investment loans	Business savings deposits	Bank Guarantee
Working capital loans	Demand deposits	Counter Guarantee
Long term Loans	Deposit On Call	Trade Service - Export Financing: Pre-export Financing, Wesel Export Financing - Import Financing: UPAS (Usance Payable at Sight), Trust Receipt, L/C, Non L/C, SBLC - Cash Pick-up & Delivery Service - Post-dated Checque (PDC) Warehousing - Corporate Service Window
Overdrafts	Time Deposits	Mandiri Escrow & Account Bank Services - Revenue & Cost Sharing - Sales & Purchase - Paying Agent for Special Purpose
Special transaction loans	e-Tax	
Fasilitas Treasury Line	Special warrants	
	Remote Area PIB	

Institutional Banking
Pure syndication
Club Deal
Arranger
Facility Agent
Security Agent
Assets Sales
Co-marketing dengan Mandiri Sekuritas untuk Financial Advisory
(Restructuring, Financial Advisor & Structured Finance, Debt Structure, Merger & Acquisition)
Escrow Agent for Cash & Account Management Agreement

product and services
wholesale banking

Commercial & Business Banking		
Trade Finance	Assets	Cash Management
L/C Import	Mandiri Heavy Machinery Loans	Mandiri Cash Management
Deferred Payment/ Trust Receipt	Mandiri Working Capital Loan Plus	Mandiri Mass Transaction System
Bill Purchasing	Mandiri Working Capital Loans – Fixed Loan	Mandiri Retail Collection Point
Bill Collection	Mandiri Facilities for Contractors / Subcontractors in Mining Firms	Mandiri Virtual Account
Domestic Document-Based Credit Letter (SKBDN)	Mandiri Facilities for Contractors / Subcontractors in State Budget Projects	Mandiri Bill Payment
Standby Letter of Credit/Standby L/C	Mandiri Collaboration Facilities / Credit through / to Finance Companies in the Context of extending Finance to End-Users	Mandiri Bill Aggregator
Bank Guarantee	Mandiri Short Term Loans	Mandiri Cash Concentration
Supply Chain Financing	Mandiri Kredit Agunan Deposito	Mandiri National Pooling
Pre-export Financing	Mandiri Facilities for Contractors / Subcontractors, and Telecommunications Partners	Mandiri SOPP (Sistem Online Pembelian Produk Pertamina)
Forfeiting	Working Capital Loans based on Warehouse Receipts	Mandiri Cashier Cash Management
Shipping Guarantee	Mandiri Dealer Financing	Mandiri Escrow dan Account Bank Service
Open Account Financing	Mandiri Distributor Financing	Mandiri Auto-debit
Counter Guarantee dalam rangka Sindikasi	Financing for Contractors/Suppliers/ Vendors/ Bank Mandiri Partners/State Enterprises/Local Government Enterprises	Mandiri PDC Warehousing
	Mandiri Supplier Financing	Mandiri Cash Pick-Up & Delivery
	Program Bundling : a. Electronic Trade Sector b. Food and beverages sector c.. Telecommunications sector d. Oil and gas sector	Mandiri e-Tax
	Artificial Insemination for Cattle Loans	Mandiri Corporate SWIFT
		Mandiri Corporate Payable
		Mandiri Cash Services Others Management

Fund Products	Service Products
Mandiri Treasury Line	Trade Service
Mandiri Surat Keterangan Bank (SKB)	Arranger
Mandiri Giro Premiere	Underwriter
Mandiri Giro Escrow	Agent (Facility Agent: Security Agent & Escrow Agent)
Mandiri Deposito Premier	L/C Advice
Mandiri Giro Solusi (Bundling)	L/C Confirmation
	Mandiri Global Trade
	Mandiri easy-RTE

Trade Finance & Service
Export & Import Advisory

product and services

export & import advisory

Treasury International Banking Product & Services		
	Trade Finance	Trade Services
1. Cash Transaction Foreign Exchange Transaction (Today, Tomorrow, Spot) incl. Bank Notes	Export Usance Bills Discounting	L/C Issuance & Amendment
2. Derivative • Foreign Exchange Transaction • Interest Rate Transaction (Interest Rate Swap, Forward Rate Agreement) • Foreign Exchange and Interest Rate Transaction (Cross Currency Swap)	Forfeiting	Forfeiting L/C Advising
3. High Yield Investment Product • Government bonds (SPN, ORI, Sukuk, ROI, Fixed Rate, Variable Rate, Zero Coupon) • Bank Indonesia Certificates (SBI) • Corporate Bonds	Trust Receipt	L/C Negotiation
4. Mandiri e-fx services	Usance Payable at Sight (UPAS) Financing	L/C Confirmation

Treasury International Banking Product & Services		
	Trade Finance	Trade Finance
5. Treasury Gallery Services	Bilateral Trade Financing	Inter Mandiri Transaction
	ECA Covered Buyers Credit	Export Bills Collection
	Risk Participation	Documentary Collection
	Standby L/C	
	Bank Guarantee under Counter Guarantee	
	Reimbursing Bank	

Assets Product	Custodial Services	Trustee Services
	General Custody	Trustee
	Sub Registry SUN & SBI	Paying Agent
	Local Custody for ADR/GDR Program	Security Agent
Working Capital Loan	Mutual Fund Administration	Escrow Agent
	Discretionary Fund Administration	Receiving Bank
	Euroclear	

Banker's Acceptance Financing	Securities Lending & Borrowing	Trustee Services
General Custody	Custody for Exchange Traded Fund (ETF)	
	Custody for Asset Backed Securities	

Others	Liabilities Product
Mandiri Money Transfer	Demand Deposits
International Cheque Collection	Time Deposits
Mandiri Direct Settlement	Certificate of Deposits
Vostro Account	Escrow Agent
Financial Advisory	Receiving Bank
Bank Reference	
Intra-day Facility for Securities Company	
Overnight Facility for Securities Company	
Payment Bank for Indonesian Central-Securities Depository (KSEI)	

PRODUCT AND SERVICES TREASURY INTERNATIONAL BANKING

SERVICES	Regional Treasury Marketing	Mandiri Money Changer	Mandiri e-fx	Treasury Gallery	Custodial Services	Mutual Fund & Discretionary Fund Administration	Trustee Services
	Intraday & Overnight Facility for Securities Company	Payment Bank for Indonesian Central-Securities Depository	Bank Reference	Risk Participation Brokerage	Forfaiting Brokerage	Trust Services	
INVESTMENT	Government Bonds (SPN, Shariah Bonds, Fixed Rate, Variable Rate, Zero Coupon, ROI, USD Fixed Rate Bonds)	Retail Bonds (ORI, Retail Sukuk)	Bank Indonesia Certificates	Corporate Bonds			
CURRENCY & DERIVATIVES	Foreign Exchange Transactions (Today,Tom,Spot) incl. Bank Notes	Currency Forward	Currency Swap	Currency Option	Interest Rate Swap	Forward Rate Agreement	Cross Currency Swap
COLLECTIONS	Cash Letter						
LIQUIDITY	Mandiri Giro Vostro	Mandiri Giro Kontrak Investasi Kolektif (KIK)	Mandiri Giro Escrow				
PAYMENT	Incoming Telegraphic Transfer (TT)	Outgoing Telegraphic Transfer	Mandiri Money Transfer Services (MMTS	Mandiri Direct Settlement (MDS)	Mandiri Multi Currency Remittance (MMCR)	Mandiri RMB Remittance	
FINANCING	Risk Participation	Bilateral Trade Financing (BTF)	UPAS Bank-to-Bank Financing	LC/SKBDN Bank-to-Bank Forfaiting	Bank to Bank Export Bills Discounting	Export Usance Bills Discounting	Bank-to-Bank Trust Receipt
	Working Capital Loan	Cash Collateral Loan	Banker's Acceptance Financing	ECA Covered Buyers Credit	Confirmed LC/SBLC/ SKBDN	BG atas dasar CG	BG Confirmation

product and services

retail banking

Mass & Electronic Banking		
Savings Accounts	**Mandiri Demand Deposits**	**Mandiri Time Deposits**
Mandiri Tabungan	Mandiri Giro Rupiah	Mandiri Deposito Rupiah
Mandiri Tabungan Rencana	Mandiri Giro Valas	Mandiri Deposito Valas
Mandiri Tabungan Bisnis		
Mandiri Tabungan Bisnis Valas		
Mandiri Tabungan Haji & Umrah		
Mandiri Tabungan KAPEL		
Mandiri Tabungan Valas		
Mandiri Tabungan TKI		
Mandiri Tabungan Investor		
Tabunganku		

Mandiri Debit Cards	Mandiri Prepaid Cards	E-channel
Mandiri Debit	Gaz Card	Mandiri Internet
Mandiri Debit Bisnis	Indomaret Card	Mandiri Internet Bisnis
	e-Toll Card	Mandiri SMS
	e-Money	Mandiri Mobile
		Mandiri ATM
		Mandiri Call
		Mandiri EDC
		Mandiri Clickpay

Other Services
Mandiri Auto Payment
Mandiri Payroll Package
Mandiri Safe Deposit Box
Mandiri Bank Draft
Mandiri Money Transfer
Standing Instruction
Bank Reference
Clearing/RTGS
ICollection
Rupiah Transfer

Mikro
Micro Business Loans (KUM)
Micro Multipurpose Loans (KSM) • Micro Multipurpose Loans Civil Servants/Members of TNI/National Police • Micro Multipurpose Loans to Pensioners • Micro Multipurpose Hajj Loans
Loans to BPR
Partnership & Environmental Development Program

Wealth Management		
Bancassurance	Mutual Funds	Securities
Regular Premium Unit Link: • Mandiri Rencana Sejahtera Plus • Mandiri Rencana Sejahtera Plus Shariah	Money market funds	Retail Government Bonds
Single Premium Unit Link: • Mandiri Investasi Sejahtera Plus • Mandiri Investasi Sejahtera Plus Shariah	Fixed income funds	Retail sukuk
Health & Protection • Mandiri Jiwa Sejahtera • Mandiri Kesehatan Global • Mandiri Kesehatan Prima • Mandiri Jaminan Kesehatan FA • Personal Accident	Balanced funds	
Additional Protection (Riders) • Accident Protector • Critical Illness • Medicash • Payor Protector • Waiver Protector	Equity funds	
Bundling Product: Mandiri Tabungan Rencana Credit Life Protection	Protected funds	

product and services
retail banking

Mandiri Priority Resegmentation New Services			
Card / Service	Affluent	Hni (High Net Worth Individual)	Private
Free annual fee kartu kredit Mandiri Platinum	yes	yes	yes
Medium SBD*	yes	yes	yes
Lifestyle Magazine (2 choices)			yes
Souvenir Welcoming Pack	yes	yes	yes
Birthday present	yes	yes	yes
Executive Lounge	1 pax	2 pax	4 pax
Airport Handling	1 pax	2 pax	4 pax
Airport Baggage Wrapping		1 pax	2 pax
Golf Clinic & Golf Privilege Card			yes
Medical Second Opinion			yes
Lifestyle Concierge		yes	yes
Market Update SMS Service	Weekly	Weekly	Daily
Meeting Room **	yes	yes	yes
Consolidated Statement	yes	yes	yes
Merchant Discount	yes	yes	yes
Consultation Services (by Appointment)		yes	yes
Exclusive Events		yes	yes
Choice of Benefits	yes	yes	yes
Relationship Manager/Priority Banking Officer	Priority Banking Officer	Priority Banking Officer	Relationship Manager

Consumer Finance	
Secured Loans	Unsecured Loans
Mandiri KPR	**Payroll Loans**
Mandiri KPR Take Over	Mandiri KTA Payroll
Mandiri KPR Top Up	
	Non Payroll Loans
	Mandiri KTA Non Payroll

product and services
retail banking

Product	Programs & Features
Mandiri Visa Silver Card	**Program Partnership & Usage**
Mandiri Visa Gold Card	Mandiri Power Discount
Mandiri Visa Platinum Card	Mandiri Power Buy
Everyday Card	Mandiri Auto Installment
SKYZ Card	Mandiri Power Cash
Golf Card Gold/Platinum	Mandiri Power Bills
Feng Shui Card	Mandiri Power Refill
Hypermart Card Silver/Gold	Mandiri Protection
Kartu Kredit BTN Silver/Gold/Platinum	Mandiri Insurance
Corporate Card	Mandiri Shopping Catalog
	www.tokone.com
	Program Loyalty
	Mandiri Power Points
	Mandiri Power Auction
	Mileage Redemption
	Golf Tournament
	Executive Lounge
	Fitur
	Travel Insurance
	Travel Accident Insurance
	Travel Inconvenience Insurance
	Purchase Protection
	Mandiri e-Billing
	Verified by Visa
	MasterCard Secure Code
	Payment via ATM
	Payment via Branch
	Payment via e-Channel
	Mandiri Call 14000

product and services

branch office addresses

OVERSEAS BRANCH / REPRESENTATIVE OFFICES

OFFICE	address	TELEPHONE	FAX	SWIFT
Bank Mandiri, Singapore Branch	3 Anson Road #12-01/02 Springleaf Tower Singapore, 079909 www.ptbankmandiri.com.sg	65-6213-5688 (General) / 65-6213-5880 (Dealer) / 65-6532-6086 (Dealer Board)	5-6438-3363 (General) / 65-6536-3008 (Dealer)	BMRISGSG
Bank Mandiri, Hong Kong Branch	7th Floor, Far East Finance Centre 16 Harcourt Road, Hong Kong www.bankmandirihk.com	+852-2527-6611 / +852-2877-3632	852-2529-8131 / 852-2877-0735	BMRIHKHH
Remittance Office Hongkong	Shop 3. G/F. Keswick Court, 3 Keswick Street Causeway Bay, Hongkong	+852-2881-6850	852-2881-6850	
Cayman Island Branch	Cardinal Plaza 3rd Floor, #30 Cardinal Avenue PO BOX 10198, Grand Cayman KY 1-1002 Cayman Islands	+1-345-945-8891	+1-345-945-8892	BMRIKYKY
Dili Branch	Avenida Presidente Nicolau Lobato No. 12 Colmera, Dili - Timor Leste	+670-331-7777 +6221-526-3769 +6221-527-1222	+670-331-7190 +670-331-7444 +6221-252-1652 +6221-526-3572	
Shanghai Representative Office	Bank of Shanghai Tower 12th Floor, No. 168 Ying Cheng (M) Road, Pudong Area Shanghai 200120	+86-21-5037-2509	+86-21-5037-2509	BMRICNSH
Bank Mandiri (Europe) Limited, London	Cardinal Court (2nd Floor), 23 Thomas More Street, London E1W 1YY, United Kingdom	+44-207-553-8688	+44-207-553-8699	BMRIGB2L
Mandiri International Remittance Sdn. Bhd.	Wisma MEPRO Ground & Mezzanine Floor 29 & 31 Jalan Ipoh Cho w Kit, 51200 Kuala Lumpur mandiri4u@mandiriremittance.com.my	+603-4045 4988	+603-4043 7988	

DOMESTIC BRANCH OFFICES

The list of branch offices presented below is confined to the area level. A full list of branch offices and units is contained in the enclosed CD.

OFFICE	ADDRESSS	REGENCY / MUNICIPALITY	POSTAL CODE	PROVINCE	TELEPHONE	FAX	E-MAIL
REGION I/ MEDAN	Jl. Pulau Pinang No. 1	Medan	20111	SUMATERA UTARA	(061) 4153396, 4555434	4153273	
AREA MEDAN IMAM BONJOL	Jl. Imam Bonjol No. 7	Kota Medan	20112	SUMATERA UTARA	(061) 4150600	4527365, 4155385	
AREA MEDAN BALAIKOTA	Jl. Balaikota No. 8-10	Kota Medan	20111		(061) 4524900	4152209, 4577691	mdn_balaikota.mgr@bankmandiri.co.id
AREA BANDA ACEH	Jl. Teuku H. Daud Beureuh No. 15 H	Kota Banda Aceh	23123		(0651) 23981, 21793, 23974	25455, 636154	

product and services
branch office addresses

OFFICE	ADDRESSS	REGENCY / MUNICIPALITY	POSTAL CODE	PROVINCE	TELEPHONE	FAX	E-MAIL
AREA PEMATANGSIANTAR	Jl. Jend. Sudirman No. 14	Kota Pematangsiantar	21117		(0622) 22035	23211	pts_sudirman.mgr@bankmandiri.co.id pts_sudirman.opm@bankmandiri.co.id
AREA PEKANBARU	Jl. Jend. Sudirman No. 140	Pekanbaru	28113		(0761) 31786, 32881, 32403, 32223	28683, 33500, 46920	pkb_sudirmanbawah.mgr@bankmandiri.co.id pkb_sudirmanbawah.opm@bankmandiri.co.id
AREA DUMAI	Jl. Jend. Sudirman No. 133 A	Kota Dumai	28812	RIAU	(0765) 31088, 31218, 31710	(0765) 31097	
AREA BATAM	Jl. Imam Bonjol No. 90	Kota Batam	29432		(0778) 454444, 458137, 458280	452606, 452607, 431740	btm_imambonjol.mgr@bankmandiri.co.id 10900.opm@bankmandiri.co.id
WILAYAH II/ PALEMBANG	Jl. Kapten A. Rivai No. 1008	Palembang	30135		(0711) 364008 - 012, 364013	310992, 3120417, 374279	
AREA JAMBI	Jl. Jend. Gatot Subroto No. 60 A	Kota Jambi	36138		(0741) 31581 - 2, 21412 (0741) 34819	20066, 29966, 23644	jkt_gatotsubroto.hub@bankmandiri.co.id
AREA PADANG	Jl. Bagindo Aziz Chan No. 12	Kota Padang	25211		(0751) 31501 - 2	31505, 36726	pdg_lapanganimambonjol.mgr@bankmandiri.co.id
AREA PALEMBANG SUDIRMAN	Jl. Jend. Sudirman No. 419	Palembang	30134		(0711) 311177, 358325	310393, 317159	Plg_sudirman.mgr@bankmandiri.co.id
AREA PALEMBANG ARIEF	Jl. Kapten A. Rivai No. 27	Kota Palembang	30129		(0711) 310952	313379	plg_arief.mgr@bankmandiri.co.id
AREA BANDAR LAMPUNG	Jl. Laksamana Malahayati No. 3	Bandar Lampung	35221		(0721) 481222, 486146, 481431	489064, 473752	11400.hub@bankmandiri.co.id
AREA PANGKALPINANG	Jl. Jend. Sudirman No. 7	Kota Pangkalpinang	33128		(0717) 432385	421530, 432623	pangkalpinang.mgr@bankmandiri.co.id
WILAYAH III/ JAKARTA KOTA	Jl. Lapangan Stasiun No. 2	Jakarta Barat	11110		(021) 6922004, 2600500 (021) 6922343 (021) 6922343 (021) 6922005 (021) 6922204 (021) 6918695 (021) 69833162-3 (021) 6916454	6922006	
AREA JAKARTA KOTA	Jl. Lapangan Stasiun No. 2	Jakarta Barat	11110		(021) 2600500, 2600506	2600505, 2600508	jkt_kota.hub@bankmandiri.co.id
AREA JAKARTA KYAI TAPA	Jl. Kyai Tapa No. 99	Jakarta Barat	11440		(021) 5634614	5634613, 5634622	jkt_kyaitapa.hub@bankmandiri.co.id
AREA JAKARTA DAAN MOGOT	Jl. Daan Mogot	Jakarta Barat	11460		(021) 56961890	5606252, 5606249	jkt_daanmogot.hub@bankmandiri.co.id
AREA JAKARTA TANJUNGPRIOK ENGGANO	Jl. Enggano No. 42	Jakarta Utara	14310		(021) 43902536, 4351167, 4351169	43933637, 4351168	jkt_tanjungpriokenggano.hub@bankmandiri.co.id
AREA TANGERANG KI SAMAUN	Jl. Ki Samaun No. 214	Kota Tangerang	15118		(021) 5523618, 5522145	5525344	tng_kisamaun.mgr@bankmandiri.co.id
AREA CILEGON	Jl. Raya Anyer No. 2	Kota Cilegon	42431	BANTEN	(0254) 391515	391396, 386622	clg_anyer.mgr@bankmandiri.co.id

product and services
branch office addresses

OFFICE	ADDRESSS	REGENCY / MUNICIPALITY	POSTAL CODE	PROVINCE	TELEPHONE	FAX	E-MAIL
AREA JAKARTA PLUIT SELATAN	Jl. Raya Pluit Selatan No. 31-35	Jakarta Utara	14450		(021) 6670909, 6670101	6697201, 6670044	pluitselatan.mgr@bankmandiri.co.id
AREA JAKARTA GREEN VILLE	Komplek Perumahan dan Perkantoran Green Ville Real Estate Blok BG No. 31-36	Jakarta Barat	11510		(021) 5689044-46	5689048	jkt_greenville.hub@bankmandiri.co.id
AREA TANGERANG BINTARO	Jl.Jend.Sudirman Kav. B7/A1-03 CBD Bintaro Jaya Sektor 7	Kota Tangerang Selatan	15224		(021) 7455390 - 91	7455331	12800.areamgr@bankmandiri.co.id
AREA JAKARTA PULOGADUNG	Jl. Raya Bekasi Km. 21, Pulogadung	Jakarta Utara	14250		(021) 4602877, 4602923	4602875, 4602879	jkt_pulogadung.mgr@bankmandiri.co.id
WILAYAH IV/ JAKARTA THAMRIN	Jl. Kebon Sirih No. 83	Jakarta Pusat	10340		(021) 23565700, 39832922, 39832921, 30400144, 30400147, 30400105 (021) 39832924	39832917, 39832918, 39832923	
AREA JAKARTA KEBON SIRIH	Jl. Tanah Abang Timur No. 1-2	Jakarta Pusat	10110		(021) 2311800	2310604, 2310216, 2310160	jkt_kebonsirih.mgr@bankmandiri.co.id
AREA JAKARTA THAMRIN	Jl. Kebon Sirih No. 83	Jakarta Pusat	10340		(021) 2302411	2303744, 2302567	jkt_thamrin.hub@bankmandiri.co.id
AREA JAKARTA IMAM BONJOL	Jl. Imam Bonjol No. 61	Jakarta Pusat	10310		(021) 2301555, 2301545	2300433, 2300569	jkt_imambonjol.hub@bankmandiri.co.id
AREA JAKARTA CIKINI	Jl. Cikini Raya No. 56	Jakarta Pusat	10330		(021) 31931732	31927002, 3925464	jkt_cikini.mgr@bankmandiri.co.id
AREA JAKARTA JATINEGARA TIMUR	Jl. Jatinegara Timur No. 58	Jakarta Timur	13310		(021) 2800033	8508770, 2800056	jkt_jatinegaratimur.hub@bankmandiri.co.id
AREA BEKASI	Jl. Ir. H. Juanda No. 155	Kota Bekasi	17112		(021) 88358784, 88358783	88359811	bks_juanda.mgr@bankmandiri.co.id
AREA JAKARTA PONDOK KELAPA	Jl. Pondok Kelapa Indah Blok A Kav 1,2,3, 22 & 23	Jakarta Timur	13450		(021) 8645173	8652418	jkt_pondokkelapa.hub@bankmandiri.co.id
Jakarta Pondok Kelapa	Jl. Pondok Kelapa Indah Blok A Kav 1,2,3, 22 & 23	Jakarta Timur	13450	DKI JAKARTA	(021) 8645173	8652418	jkt_pondokkelapa@bankmandiri.co.id
Priority Banking Jakarta Pondok Kelapa					(021) 8645172, 8645173	(021) 86900436	prioritas.jkt_pdklp@bankmandiri.co.id
Jakarta Kalimalang	Jl. Raya Tarum Barat Blok M I No. 2, Kav. Billy Moon, Kalimalang	Jakarta Timur	13450	DKI JAKARTA	(021) 8645943-4	8656511, 8645944	jkt_kalimalang@bankmandiri.co.id
Jakarta Pahlawan Revolusi	Jl. Pahlawan Revolusi No. 12 , Pondok Bambu	Jakarta Timur	13470	DKI JAKARTA	(021) 8625120	8625120	jkt_pahlawanrevolusi@bankmandiri.co.id
Jakarta D.I. Panjaitan	Jl. D.I. Panjaitan Kav. 9, Gedung Wika	Jakarta Timur	13340	DKI JAKARTA	(021) 2800088	8195074	jkt_dipanjaitan@bankmandiri.co.id
AREA BEKASI JATIWARINGIN	Jl. Raya Jatiwaringin No. 363, Pondok Gede	Kota Bekasi	17411		(021) 8466850, 8465362	8473566	area.bekasi.mgr@bankmandiri.co.id
AREA JAKARTA GAMBIR	Jl. Ir. H. Juanda No. 18	Jakarta Pusat	10120		(021) 3864026, 3808367	3808357	jkt_gambir.hub@bankmandiri.co.id
AREA JAKARTA PASAR REBO	Plaza PP, Jl. Letjend. T.B. Simatupang No. 57	Jakarta Timur	13760		(021) 8408283	8403961, 8414446	jkt_pasarrebo.mgr@bankmandiri.co.id

product and services
branch office addresses

OFFICE	ADDRESSS	REGENCY / MUNICIPALITY	POSTAL CODE	PROVINCE	TELEPHONE	FAX	E-MAIL
WILAYAH V/ JAKARTA SUDIRMAN	Jl. Jend. Sudirman Kav. 54-55	Jakarta Selatan	12190		(021) 5266566, 5267368	5267371, 5267365	
AREA JAKARTA PLAZA MANDIRI	Jl. Jend. Gatot Subroto Kav. 36-38	Jakarta Selatan	12190		(021) 5263553	5263654, 5263656	jkt_plazamandiri.hub@bankmandiri.co.id
AREA JAKARTA SUDIRMAN	Plaza Bapindo, Jl. Jend. Sudirman Kav. 54-55	Jakarta Selatan	12190		(021) 5266527	5266528, 5266529	jkt_sudirman.hub@bankmandiri.co.id
AREA JAKARTA FALATEHAN	Jl. Falatehan I No.44	Jakarta Selatan	12160		(021) 2700501 - 9, 2700444, 2700234	2700516, 2700512	jkt_falatehan.mgr@bankmandiri.co.id
AREA JAKARTA PONDOK INDAH	Jl. Metro Pondok Indah Kav.II UA No. 48-50	Jakarta Selatan	12310		(021) 7507208 - 9, 7694982	7694850, 75906781	jkt_pondokindah.hub@bankmandiri.co.id
AREA JAKARTA FATMAWATI	Jl. R.S. Fatmawati No. 8, Cilandak	Jakarta Selatan	12430		(021) 7504791	7504326	jkt_fatmawati.mgr@bankmandiri.co.id
AREA DEPOK	Jl. Margonda Raya No. 2	Depok	16432		(021) 7520569, 7760903	7762684	depok.mgr@bankmandiri.co.id
AREA BOGOR	Jl. Ir. H, Juanda No. 12	Kota Bogor	16121		(0251) 8313644, 8320008, 8324836	8323967, 8382401	13300.hub@bankmandiri.co.id
AREA JAKARTA TEBET SUPOMO	Jl. Prof. Dr. Supomo, SH No. 43, Tebet	Jakarta Selatan	12180		(021) 83790218, 83790244, 83790249	83790229	jkt_tebetsupomo.mgr@bankmandiri.co.id
WILAYAH VI/ BANDUNG	Jl. Soekarno Hatta No. 486	Bandung	40266		(022) 7506242, 7511878	7505810, 7506632	
AREA BANDUNG ASIA-AFRIKA	Jl. Asia Afrika No. 107	Kota Bandung	40112		(022) 4207026, 4203461, 4336693	4206998, 4233546, 4230137	13000.hub@bankmandiri.co.id
AREA BANDUNG SURAPATI	Jl. Surapati No. 2	Kota Bandung	40115		(022) 4241411	4207552, 4241436	bdg_surapati.mgr@bankmandiri.co.id
AREA BANDUNG BRAGA	Jl. Braga No. 133	Kota Bandung	40111		(022) 4236030	4204444, 4238129, 4233456	13200.hub@bankmandiri.co.id
AREA CIREBON	Jl. Yos Sudarso No. 11	Kota Cirebon	45111		(0231) 205506 - 7, 234350-1, 206204	203084, 83930980	13400.hub@bankmandiri.co.id
WILAYAH VII/ SEMARANG	Jl. Pemuda No. 73	Semarang	50139		(024) 3517349, 3520484, 3520487	3520485	
AREA SEMARANG PEMUDA	Jl. Pemuda No. 73	Kota Semarang	50139		(024) 3514321	3545365	smg_pemuda.mgr@bankmandiri.co.id
AREA SEMARANG PAHLAWAN	Jl. Pahlawan No. 3	Kota Semarang	50241		(024) 8415362	8311366	smg_pahlawan.mgr@bankmandiri.co.id
AREA YOGYAKARTA	Jl. Jend. Sudirman No. 26	Kota Yogyakarta	55232		(0274) 557069, 586425	561893, 586432	ygy_sudirman.mgr@bankmandiri.co.id ygy_sudirman.opm@bankmandiri.co.id
AREA SOLO	Jl. Brigjend. Slamet Riyadi No. 294	Kota Solo	57141		(0271) 715455	711888	slo_sriwedari.mgr@bankmandiri.co.id

product and services
branch office addresses

AREA TEGAL	Jl. Arief Rahman Hakim No. 19	Kota Tegal	52123		(0283) 351181	353628, 358544	tgl_arifrahmanhakim.mgr@bankmandiri.co.id tgl_arhakim.opm@bankmandiri.co.id
WILAYAH VIII/ SURABAYA	Jl. Basuki Rahmat No. 129-137	Surabaya	60271		(031) 5316764 - 66	5316776, 5320641, 5316597	
AREA SURABAYA NIAGA	Jl. Veteran No. 42-44	Kota Surabaya	60175		(031) 3524223 - 6	3547571, 3533029	sby_niaga.mgr@bankmandiri.co.id
AREA SURABAYA GENTENGKALI	Jl. Gentengkali No. 93-95	Kota Surabaya	60275		(031) 5319511 - 15	5316716, 5478401	sby.gentengkali_mgr@bankmandiri.co.id
AREA SURABAYA BASUKI RAHMAT	Jl. Basuki Rahmat No. 129-137	Kota Surabaya	60271		(031) 5316760 - 66	5316778, 5320631, 5316752	sby.basukirahmat_mgr@bankmandiri.co.id
AREA JEMBER	Jl. Jend. Ahmad Yani No. 3	Kab. Jember	68118		(0331) 486671	485461, 487704	14300.hub@bankmandiri.co.id
AREA MALANG	Jl. K.H. Wahid Hasyim No. 5-7	Kota Malang	65119		(0341) 364961 - 2	364977 - 342102	mlg_wahidhasyim.mgr@bankmandiri.co.id
Malang Wahid Hasyim	Jl. K.H. Wahid Hasyim No. 5-7	Kota Malang	65119	JAWA TIMUR	(0341) 364961 - 2	364977 - 342102	mlg_wahidhasyim.hom@bankmandiri.co.id
AREA KEDIRI	Jl. Diponegoro No. 17	Kota Kediri	64123	JAWA TIMUR	(0354) 694320 (0354) 694305	(0354) 694391	area.kediri_mgr@bankmandiri.co.id area.kediri_om@bankmandiri.co.id
WILAYAH IX/ BANJARMASIN	Jl. Lambung Mangkurat No. 3	Banjarmasin	70111		(0511) 3365767	3352249, 4366719	
AREA PONTIANAK	Jl. Diponegoro No. 17	Kota Pontianak	78123		(0561) 769769	733767, 768330	ptk_diponegoro.mgr@bankmandiri.co.id ptk_diponegoro.opm@bankmandiri.co.id
AREA BANJARMASIN	Jl. Lambung Mangkurat No. 3	Kota Banjarmasin	70111		(0511) 4368475, 4367812, 3365831	4367856, 3352510, 3366051	lambungmangkurat.mgr@bankmandiri.co.id lambungmangkurat.opm@bankmandiri.co.id
AREA PALANGKARAYA	Jl. Jend. Ahmad Yani No. 70	Kota Palangkaraya	73111	KALIMANTAN TENGAH	(0536) 3222961	3221781, 3234283	plk_ahmadyani.mgr@bankmandiri.co.id
AREA SAMARINDA	Jl. Mulawarman No. 23	Kota Samarinda	75112		(0541) 742097, 741464, 741462, 741464, 749062	742855, 205720, 743292	smd_mulawarman.mgr@bankmandiri.co.id smd_mulawarman.opm@bankmandiri.co.id
AREA BALIKPAPAN	Jl. Jend. Ahmad Yani No. 15	Kota Balikpapan	76113		(0542) 733564, 427777, 424994, 422882, 415593, 396950, 424994	422109, 424933	14900.hub@bankmandiri.co.id bpn_ayani.opm@bankmandiri.co.id
WILAYAH X/ MAKASSAR	Jl. R.A. Kartini No. 12-14	Makassar	90111		(0411) 3629096, 3629097, 3634811; 3633913	3629095 3650367	

product and services
branch office addresses

AREA MANADO	Jl. Dotulolong Lasut No. 15	Kota Manado	95122		(0431) 866228, 863477, 863278	857579, 863577	Mnd_datulolonglasut.mgr@bankmandiri.co.id
AREA PALU	Jl. Dr. Sam Ratulangi No. 60	Kota Palu	94111		(0451) 424971, 423975, 423942	424766	plu_samratulangi.mgr@bankmandiri.co.id plu_samratulangi.opm@bankmandiri.co.id
AREA MAKASSAR	Jl. R.A. Kartini No. 12-14	Kota Makassar	90111		(0411) 324095, 3619424, 3619441, 3619443	3610778, 335741	mks_kartini.mgr@bankmandiri.co.id mks_kartini.opm@bankmandiri.co.id
AREA KENDARI MESJID AGUNG	Jl. H. Abdullah Silondae 45, Mondonga	Kota Kendari	93111		(0401) 3121394, 327708, 3122109	3122386	kendari.mgr@bankmandiri.co.id
AREA PARE PARE	Jl. Andi Isa No. 5	Kota Pare Pare	91114		(0421) 21046, 24339, 25339, 25439, 21339	21416	parepare.mgr@bankmandiri.co.id
WILAYAH XI/ DENPASAR	Jl. Veteran No. 1	Denpasar	80111		(0361) 226761 - 3	224077, 261453, 235924	
AREA DENPASAR	Jl. Veteran No. 1	Kota Denpasar	80111		(0361) 226761 - 3	224077, 261453, 235924	dps_veteran.mgr@bankmandiri.co.id dps_veteran.opm@bankmandiri.co.id
AREA MATARAM	Jl. AA Gde Ngurah No. 48 A-B	Kota Mataram	83231		(0370) 631813, 636071	631810	16100.areamgr@bankmandiri.co.id 16100.opm@bankmandiri.co.id
WILAYAH XII/ JAYAPURA	Jl. Dr. Sutomo No. 1	Jayapura	99111		(0967) 537081, 537183-4, 537189	(0967) 537181	
AREA JAYAPURA	Jl. Jend. Ahmad Yani No. 35	Jayapura	99111		(0967) 531028, 534186, 534189, 533919	534494, 531836	jayapura.mgr@bankmandiri.co.id jayapura.opm@bankmandiri.co.id
AREA SORONG	Jl. Basuki Rahmat No. 22	Kota Sorong	98401		(0951) 323845, 323844, 321440	321113	srg_basukirahmat.mgr@bankmandiri.co.id

kalung naga

FINANCIAL STATEMENT

PT BANK MANDIRI (PERSERO) Tbk.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2013 AND 2012

mandiri

BOARD OF DIRECTORS' STATEMENT
REGARDING
THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2013
PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES

PT Bank Mandiri (Persero) Tbk.
Plaza Mandiri
Jl. Jend. Gatot Subroto Kav. 36-38
Jakarta 12190, Indonesia
Tel. (62-21) 526 5045, 526 5095
Fax. (62-21) 527 4477, 527 5577
www.bankmandiri.co.id

We, the undersigned:

1.	Name	:	Budi Gunadi Sadikin
	Office address	:	Jl. Jend. Gatot Subroto Kav. 36-38 Jakarta 12190
	Residential address as stated in ID	:	Jl. Duta 4 Blok EE No.7 RT. 001 RW.022 Kelurahan Bojong Rawalumbu, Kecamatan Rawalumbu, Kotamadya Bekasi
	Phone number	:	021 – 5245649
	Title	:	President Director
2.	Name	:	Pahala N. Mansury
	Office address	:	Jl. Jend. Gatot Subroto Kav. 36-38 Jakarta 12190
	Residential address as stated in ID	:	Jl. Empu Sendok No.23 RT.008 RW.003 Kelurahan Selong, Kecamatan Kebayoran Baru, Kotamadya Jakarta Selatan
	Phone number	:	021 – 5245577
	Title	:	Director

in the above positions acted as and on behalf of the Board of Directors of PT Bank Mandiri (Persero) Tbk. declare that:

1. We are responsible for the preparation and presentation of the consolidated financial statements of PT Bank Mandiri (Persero) Tbk. ("Bank") and Subsidiaries;
2. The consolidated financial statements of the Bank and Subsidiaries have been prepared and presented in accordance with Indonesian Financial Accounting Standard;
3. a. All information in the consolidated financial statements of the Bank and Subsidiaries have been disclosed in a complete and truthful manner;
   b. The consolidated financial statements of the Bank and Subsidiaries do not contain any incorrect information or material facts, nor do they omit information or material fact;
4. We are responsible for the Bank and Subsidiaries' internal control system.

Thus, this statement is made truthfully.

Jakarta, 10 February 2014

METERAI TEMPEL
PAJAK MEMBANGUN BANGSA
794F3AAF653180234
ENAM RIBU RUPIAH
6000 DJP

Budi G. Sadikin	**Pahala N. Mansury**
President Director	Director

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF

PT BANK MANDIRI (PERSERO) Tbk.

We have audited the accompanying consolidated financial statements of PT Bank Mandiri (Persero) Tbk. (the "Bank") and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT Bank Mandiri (Persero) Tbk. and its subsidiaries as at 31 December 2013, the consolidated financial performance, and its consolidated cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

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A140210003/DC2/HSH/I/2014.B

Other matters

Our audit of the accompanying consolidated financial statements of the Bank and its subsidiaries as at 31 December 2013 and for the year then ended was conducted to form an opinion on the consolidated financial statements taken as a whole. The supplementary financial information of PT Bank Mandiri (Persero) Tbk. (parent entity only) which comprises the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity, and statement of cash flow for the year then ended (collectively referred to as "Parent Entity Financial Information"), which is presented as a supplementary information to the accompanying consolidated financial statements, is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements prepared in accordance with the Indonesian Financial Accounting Standards. Management is responsible for the Parent Entity Financial Information, which was derived from and relates directly to the underlying accounting and other records used to prepare the accompanying consolidated financial statements. The Parent Entity Financial Information has been subjected to auditing procedures applied in the audit of the consolidated financial statements in accordance with the Standards of Auditing established by the Indonesian Institute of Certified Public Accountants. In our opinion, the Parent Entity Financial Information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

JAKARTA
10 February 2014

Drs. Haryanto Sahari, CPA
License of Public Accountant No. AP.0223

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2013 AND 2012

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Appendix

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PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
31 DECEMBER 2013 AND 2012 AND 1 JANUARY 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	31 December 2013	31 December 2012 *)	1 January 2012 *)
ASSETS				
Cash	2c, 2g	19,051,934	15,482,025	11,572,429
Current Accounts with Bank Indonesia	2c, 2g, 2h, 4	43,904,419	38,272,155	36,152,674
Current Accounts with Other Banks	2c, 2f, 2g, 2h, 5			
Related parties	55	39,388	16,079	44,516
Third parties		14,008,687	9,635,693	9,783,153
		14,048,075	9,651,772	9,827,669
Less: Allowance for impairment losses		(11,591)	(6,268)	(10,841)
Current Accounts with Other Banks - net		14,036,484	9,645,504	9,816,828
Placements with Bank Indonesia and Other Banks	2c, 2f, 2i, 6			
Related parties	55	916,782	1,343,968	785,494
Third parties		44,302,651	46,979,515	50,754,297
		45,219,433	48,323,483	51,539,791
Less: Allowance for impairment losses		(105,599)	(85,258)	(146,729)
Placements with Bank Indonesia and Other Banks - net		45,113,834	48,238,225	51,393,062
Marketable Securities	2c, 2f, 2j, 7			
Related parties	55	8,937,255	4,190,754	6,398,232
Third parties		18,451,995	16,376,099	14,451,931
		27,389,250	20,566,853	20,850,163
Less: Unamortised discounts, unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities and allowance for impairment losses		(586,702)	(243,000)	(330,481)
Marketable Securities - net		26,802,548	20,323,853	20,519,682
Government Bonds - Related party	2c, 2f, 2k, 8, 55	82,227,428	79,072,173	78,661,519
Other Receivables - Trade Transactions	2c, 2f, 2l, 9			
Related parties	55	3,904,858	3,784,548	2,752,711
Third parties		5,043,525	2,889,870	3,138,579
		8,948,383	6,674,418	5,891,290
Less: Allowance for impairment losses		(1,424,454)	(1,125,015)	(1,079,302)
Other Receivables - Trade Transactions - net		7,523,929	5,549,403	4,811,988
Securities Purchased under Resale Agreements	2c, 2f, 2m, 10			
Related parties	55	-	-	758,703
Third parties		3,737,613	14,515,235	11,611,182
Securities Purchased under Resale Agreements - net		3,737,613	14,515,235	12,369,885
Derivative Receivables	2c, 2f, 2n, 11			
Related parties	55	2,792	231	4,391
Third parties		168,086	86,912	109,266
Derivative Receivables - net		170,878	87,143	113,657
Loans	2c, 2f, 2o, 12			
Related parties	55	57,315,200	45,952,610	36,846,173
Third parties		409,855,249	338,629,096	274,247,133
Total loans		467,170,449	384,581,706	311,093,306
Less: Allowance for impairment losses		(16,535,651)	(14,011,350)	(12,105,048)
Loans - net		450,634,798	370,570,356	298,988,258

*) Reclassified, refer to Note 64.

The accompanying notes form an integral part of these consolidated financial statements.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
31 DECEMBER 2013 AND 2012 AND 1 JANUARY 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	31 December 2013	31 December 2012 *)	1 January 2012 *)
ASSETS (continued)				
Consumer Financing Receivables	2c, 2f, 2p, 13			
Related parties	55	5,738	5,197	5,876
Third parties		4,639,163	3,913,949	3,242,684
		4,644,901	3,919,146	3,248,560
Less: Allowance for impairment losses		(133,356)	(90,777)	(62,990)
Consumer Financing Receivables - net		4,511,545	3,828,369	3,185,570
Net Investment in Lease Financing - net of allowance for impairment losses of Rp7,537 Rp1,767 and Rp197 as at 31 December 2013 and 2012 and 1 January 2012	2c, 2q, 14	612,154	327,680	38,785
Acceptance Receivables	2c, 2f, 2u, 15			
Related parties	55	779,807	1,505,031	892,184
Third parties		9,398,563	6,452,481	5,658,919
		10,178,370	7,957,512	6,551,103
Less: Allowance for impairment losses		(63,481)	(37,041)	(40,667)
Acceptance Receivables - net		10,114,889	7,920,471	6,510,436
Investments in Shares - net of allowance for impairment losses of Rp3,224, Rp3,044 and Rp829 as at 31 December 2013 and 2012 and 1 January 2012	2s, 16	4,667	4,306	6,498
Prepaid Expenses	17	1,489,010	1,435,757	1,404,758
Prepaid Taxes	2ad, 33a	1,126,549	28,174	21,540
Fixed Assets - net of accumulated depreciation of Rp5,612,651, Rp4,938,075 and Rp4,346,115 as at 31 December 2013 and 2012 and 1 January 2012	2r, 18	7,645,598	7,002,690	6,049,246
Intangible Assets - net of amortisation of Rp1,354,113, Rp1,213,891 and Rp1,125,502 as at 31 December 2013 and 2012 and 1 January 2012	2r.i, 2s, 19	1,160,255	860,702	698,713
Other Assets - net of allowance for possible losses of Rp289,412, Rp276,769 and Rp300,005 as at 31 December 2013 and 2012 and 1 January 2012	2c, 2t, 2v, 20	8,908,732	8,487,874	5,775,764
Deferred Tax Assets	2ad, 33e	4,322,498	3,966,613	3,800,412
TOTAL ASSETS		**733,099,762**	**635,618,708**	**551,891,704**

*) Reclassified, refer to Note 64.

The accompanying notes form an integral part of these consolidated financial statements.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
31 DECEMBER 2013 AND 2012 AND 1 JANUARY 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	31 December 2013	31 December 2012 *)	1 January 2012 *)
LIABILITIES, TEMPORARY *SYIRKAH* FUNDS AND EQUITY				
LIABILITIES				
Obligation due Immediately	2w	762,130	1,694,231	1,301,472
Deposits from Customers				
Demand deposits	2c, 2f, 2x, 21			
Related parties	55	26,507,150	25,554,282	23,327,168
Third parties		96,920,499	88,353,574	69,203,418
Total Demand deposits		123,427,649	113,907,856	92,530,586
Saving deposits	2c, 2f, 2x, 22			
Related parties	55	202,205	928,851	748,157
Third parties		215,815,405	183,040,905	149,120,176
Total Saving deposits		216,017,610	183,969,756	149,868,333
Time deposits	2c, 2f, 2x, 23			
Related parties	55	27,976,500	21,604,790	28,651,516
Third parties		141,574,497	123,355,461	113,678,168
Total Time deposits		169,550,997	144,960,251	142,329,684
Total Deposits from Customers		508,996,256	442,837,863	384,728,603
Deposits from Other Banks				
Demand and saving deposits	2c, 2f, 2y, 24			
Related parties	55	63,613	141,996	214,580
Third parties		2,989,406	2,103,494	2,353,571
Total Demand and saving deposits		3,053,019	2,245,490	2,568,151
Inter-bank call money - Third parties	2c, 2y, 25	1,280,850	327,100	58,281
Time deposits	2c, 2y, 26			
Third parties		8,109,444	11,444,247	9,691,453
Total Deposits from Other Banks		12,443,313	14,016,837	12,317,885
Liability to Unit-Linked Holders	2z, 27	12,002,997	11,034,239	9,044,266
Securities sold under Repurchase Agreements	2c, 2f, 2m, 28			
Related parties	55	1,509,324	-	-
Third parties		3,146,825	-	-
Securities sold under Repurchase Agreements		4,656,149	-	-
Derivative Payables	2c, 2f, 2n, 11			
Related parties	55	372	333	3,880
Third parties		225,796	112,924	161,498
Total Derivative Payables		226,168	113,257	165,378
Acceptance Payables	2c, 2f, 2u, 29			
Related parties	55	445,929	262,481	286,007
Third parties		9,732,441	7,695,031	6,265,096
Total Acceptance Payables		10,178,370	7,957,512	6,551,103
Marketable Securities Issued	2c, 2f, 2aa, 30			
Related parties	55	328,000	205,000	158,000
Third parties		1,454,862	1,343,076	2,056,177
		1,782,862	1,548,076	2,214,177
Less: Unamortised issuance cost		(3,265)	(2,200)	(2,589)
Total Marketable Securities Issued		1,779,597	1,545,876	2,211,588

*) Reclassified, refer to Note 64.

The accompanying notes form an integral part of these consolidated financial statements.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
31 DECEMBER 2013 AND 2012 AND 1 JANUARY 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	**31 December 2013**	**31 December 2012 *)**	**1 January 2012 *)**
LIABILITIES, TEMPORARY *SYIRKAH* FUNDS AND EQUITY (continued)				
LIABILITIES (continued)				
Estimated Losses on Commitment and Contingencies	31c	200,501	189,085	234,364
Accrued Expenses	2c, 2af, 32	3,326,475	2,344,762	2,267,167
Taxes Payable	2ad, 33b			
Current Income Tax		1,673,030	2,110,829	761,737
Other Taxes		453,834	551,592	529,326
Total Current Tax Payable		2,126,864	2,662,421	1,291,063
Employee Benefit Liabilities	2ai, 34, 50	4,585,069	3,813,318	2,829,919
Provision		822,582	746,821	728,094
Other Liabilities	2c, 35	14,166,214	13,780,041	10,153,552
Fund Borrowings	2c, 2f, 2ab, 36			
Related parties	55	778,314	934,868	1,104,665
Third parties		15,218,874	10,673,964	10,598,833
Total Fund Borrowings		15,997,188	11,608,832	11,703,498
Subordinated Loans	2c, 2f, 2ac, 37			
Related parties	55	1,939,800	1,936,800	1,895,000
Third parties		2,525,815	3,201,150	3,956,798
Total Subordinated Loans		4,465,615	5,137,950	5,851,798
TOTAL LIABILITIES		**596,735,488**	**519,483,045**	**451,379,750**
TEMPORARY *SYIRKAH* FUNDS	2f, 2ae, 38			
Deposits from Customers				
Related parties	55			
Saving Deposits - Restricted Investment and *Mudharabah* Saving Deposits - Unrestricted Investment	38a.2a	94,833	30,105	9,127
Mudharabah Time Deposits - Unrestricted Investment	38a.3	931,213	1,948,412	2,371,249
Total related parties		1,026,046	1,978,517	2,380,376
Third parties				
Demand Deposits - Restricted Investments and *Mudharabah Musytarakah*	38a.1	17,875	3,158	85,602
Saving Deposits - Restricted Investment and *Mudharabah* Saving Deposits - Unrestricted Investment	38a.2a	20,398,444	18,216,348	13,902,360
Mudharabah Time Deposits - Unrestricted Investment	38a.3	25,903,040	19,878,232	21,153,463
Total third parties		46,319,359	38,097,738	35,141,425
Total Deposits from Customers		47,345,405	40,076,255	37,521,801
Deposits from Other Banks				
Third parties				
Mudharabah saving deposit - Unrestricted investment	38b	144,876	181,054	162,546
Mudharabah time deposit - Unrestricted investment	38b	83,397	122,765	173,199
Total Deposits from Other Banks		228,273	303,819	335,745
TOTAL TEMPORARY *SYIRKAH* FUNDS		**47,573,678**	**40,380,074**	**37,857,546**

*) Reclassified, refer to Note 64.

The accompanying notes form an integral part of these consolidated financial statements.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
31 DECEMBER 2013 AND 2012 AND 1 JANUARY 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	31 December 2013	31 December 2012 *)	1 January 2012 *)
LIABILITIES, TEMPORARY *SYIRKAH* FUNDS AND EQUITY (continued)				
EQUITY				
Share Capital - Rp500 (full amount) par value per share. Authorised Capital - 1 share Dwiwarna Series A and 31,999,999,999 common shares Series B. Issued and Fully Paid-in Capital - 1 share Dwiwarna Series A and 23,333,333,332 common shares Series B as at 31 December 2013 and 2012 and 1 January 2012	40a	11,666,667	11,666,667	11,666,667
Additional Paid-in Capital/Agio	40b	17,316,192	17,195,760	17,195,760
Differences Arising from Translation of Financial Statements in Foreign Currencies	2e	221,620	47,677	56,794
Unrealised Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - net of Deferred Tax	2j, 2k, 2s	(1,417,240)	(409,449)	(631,529)
Retained Earnings (accumulated losses of Rp162,874,901 were eliminated against additional paid-in capital/agio as a result of quasi-reorganisation as at 30 April 2003)	40c			
- Appropriated		7,431,162	5,927,268	5,927,268
- Unappropriated		52,200,836	40,152,197	27,578,259
Total Retained Earnings		59,631,998	46,079,465	33,505,527
Non Controlling Interests in Net Assets of Consolidated Subsidiaries	2d, 39	1,371,359	1,175,469	861,189
TOTAL EQUITY		**88,790,596**	**75,755,589**	**62,654,408**
TOTAL LIABILITIES, TEMPORARY *SYIRKAH* FUNDS AND EQUITY		**733,099,762**	**635,618,708**	**551,891,704**

*) Reclassified, refer to Note 64.

The accompanying notes form an integral part of these consolidated financial statements.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2013	2012
INCOME AND EXPENSES FROM OPERATIONS			
Interest Income and Sharia Income	2f, 2af, 41, 55	50,208,842	42,550,442
Interest Expense and Sharia Expense	2f, 2af, 42, 55	(17,432,216)	(15,019,850)
NET INTEREST AND SHARIA INCOME		**32,776,626**	**27,530,592**
Premium Income	2ag	6,446,149	5,664,495
Claims Expense	2ag	(3,820,143)	(3,501,423)
NET PREMIUM INCOME		**2,626,006**	**2,163,072**
NET INTEREST, SHARIA AND PREMIUM INCOME		**35,402,632**	**29,693,664**
Other Operating Income			
Other fees and commissions	2ah	8,704,095	7,400,355
Foreign exchange gains - net	2e	1,853,099	1,094,476
Others	43	4,129,443	3,402,991
Total Other Operating Income		14,686,637	11,897,822
Allowance for Impairment Losses	2c, 44	(4,871,442)	(3,423,067)
Reversal for Impairment Losses on Commitments and Contingencies	2c, 31c	10,784	43,937
Allowance/(reversal) for Possible Losses	2t, 45	4,324	(13,090)
Unrealised (Losses)/Gains from (Decrease)/Increase in Fair Value of Marketable Securities, Government Bonds and Policyholders' Investment in Unit-Linked Contracts	2j, 2k, 2z, 46	(219,353)	42,470
Gains on Sale of Marketable Securities and Government Bonds	2j, 2k, 47	39,116	296,739
Other Operating Expenses			
Salaries and employee benefits	2f, 2ai, 48, 50, 55	(9,431,337)	(8,045,716)
General and administrative expenses	2r, 49	(9,898,400)	(8,253,902)
Others - net	51	(2,171,250)	(2,613,410)
Total Other Operating Expenses		(21,500,987)	(18,913,028)
INCOME FROM OPERATIONS		**23,551,711**	**19,625,447**
Non Operating Income - Net	52	510,126	878,821
INCOME BEFORE TAX EXPENSE AND NON CONTROLLING INTEREST		**24,061,837**	**20,504,268**
Income Tax Expense			
Current	2ad, 33c, 33d	(5,288,489)	(4,640,513)
Deferred	2ad, 33c, 33e	56,586	179,863
Income Tax Expense - Net		(5,231,903)	(4,460,650)
NET INCOME		**18,829,934**	**16,043,618**

The accompanying notes form an integral part of these consolidated financial statements.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2013	2012
Other Comprehensive Income			
Difference Arising from Translation of Financial Statements in Foreign Currencies	2e	173,943	(9,117)
Net Unrealised (Losses)/Gains from (Decrease)/ increase in Fair Value of Available for Sale Financial Assets	2j, 2k	(1,259,738)	277,581
Income Tax related to other comprehensive income		251,947	(55,501)
Other Comprehensive Income - Net of Tax		(833,848)	212,963
TOTAL COMPREHENSIVE INCOME		**17,996,086**	**16,256,581**
Net Income Attributable to:			
Parent Entity		**18,203,753**	**15,504,067**
Non Controlling Interest	2d	**626,181**	**539,551**
		18,829,934	**16,043,618**
Comprehensive Income Attributable to:			
Parent Entity		**17,369,905**	**15,717,030**
Non Controlling Interest	2d	**626,181**	**539,551**
		17,996,086	**16,256,581**
EARNING PER SHARE	2aj		
Basic (full amount)		**780.16**	**664.46**
Diluted (full amount)		**780.16**	**664.46**

The accompanying notes form an integral part of these consolidated financial statements.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Issued and Fully Paid-in Capital	Additional Paid-in Capital/Agio	Differences Arising from Translation of Financial Statements in Foreign Currencies	Net Unrealised Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - Net of Deferred Tax	Retained Earnings*) Appropriated	Retained Earnings*) Unappropriated	Retained Earnings*) Total	Non Controlling Interest in Net Assets of Consolidated Subsidiaries **)	Total Equity
Balance as at 1 January 2013		**11,666,667**	**17,195,760**	**47,677**	**(409,449)**	**5,927,268**	**40,152,197**	**46,079,465**	**1,175,469**	**75,755,589**
Dividends allocated from 2012 net income	40c	-	-	-	-	-	(4,651,220)	(4,651,220)	-	(4,651,220)
The establishment of specific reserves from net profit in 2012	40c	-	-	-	-	1,503,894	(1,503,894)	-	-	-
Non controlling interest arising from distribution of dividend, consolidation of mutual funds by Subsidiary and changes in Subsidiary's equity	2d	-	-	-	-	-	-	-	(430,291)	(430,291)
Comprehensive income for the year ended 31 December 2013		-	-	173,943	(1,007,791)	-	18,203,753	18,203,753	626,181	17,996,086
Gain from sale of Subsidiaries to entities under common control and others	1g, 40b	-	120,432	-	-	-	-	-	-	120,432
Balance as at 31 December 2013		**11,666,667**	**17,316,192**	**221,620**	**(1,417,240)**	**7,431,162**	**52,200,836**	**59,631,998**	**1,371,359**	**88,790,596**

*) Accumulated losses of Rp162,874,901 have been eliminated with additional paid-in capital/agio due to quasi-reorganisation as at 30 April 2003.
**) Reclassified, refer to Note 64.

The accompanying notes form an integral part of these consolidated financial statements.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Issued and Fully Paid-in Capital	Additional Paid-in Capital/Agio	Differences Arising from Translation of Foreign Currencies Financial Statements	Net Unrealised Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - Net of Deferred Tax	Retained Earnings*)			Non Controlling Interest in Net Assets of Consolidated Subsidiaries **)	Total Equity
						Appropriated	Unappropriated	Total		
Balance as at 1 January 2012		**11,666,667**	**17,195,760**	**56,794**	**(631,529)**	**5,927,268**	**27,578,259**	**33,505,527**	**861,189**	**62,654,408**
Dividends allocated from 2011 net income	40c	-	-	-	-	-	(2,449,209)	(2,449,209)	-	(2,449,209)
Fund allocated to cooperative and community development programs from net income of 2011	40c	-	-	-	-	-	(491,675)	(491,675)	-	(491,675)
Non controlling interest arising from distribution of dividend, consolidation of mutual funds by Subsidiary and changes in Subsidiary's equity	2d	-	-	-	-	-	10,755	10,755	552,005	562,760
Comprehensive income for the year ended 31 December 2012		-	-	(9,117)	222,080	-	15,504,067	15,504,067	539,551	16,256,581
Reclassification of non-controlling interest of Subsidiary mutual fund	64	-	-	-	-	-	-	-	(777,276)	(777,276)
Balance as at 31 December 2012		**11,666,667**	**17,195,760**	**47,677**	**(409,449)**	**5,927,268**	**40,152,197**	**46,079,465**	**1,175,469**	**75,755,589**

*) Accumulated losses of Rp162,874,901 have been eliminated with additional paid-in capital/agio due to quasi-reorganisation as at 30 April 2003.
**) Reclassified, refer to Note 64.

The accompanying notes form an integral part of these consolidated financial statements.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2013	2012*)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interest income and sharia income		48,006,235	41,306,034
Receipts from fees, commissions and premium - net		11,330,101	9,563,427
Payments of interest expense and sharia expense		(17,291,592)	(15,061,545)
Receipts from the sale of Government Bonds - fair value through profit or loss		26,689,634	63,020,694
Acquisition of Government Bonds - fair value through profit or loss		(26,364,288)	(63,299,911)
Foreign exchange gains/(losses) - net		(1,684,990)	542,860
Operating income - others		1,126,887	878,819
Operating expenses - others		(1,295,075)	(2,449,179)
Salaries and employee benefits		(8,659,586)	(7,062,317)
General and administrative expenses		(8,935,985)	(7,543,342)
Non-operating income		523,356	878,821
Cash flow from operating activities before changes in operating assets and liabilities		23,444,697	20,774,361
Decrease/(increase) in operating assets:			
Placements with Bank Indonesia and other banks		(975,057)	43,263
Marketable securities - fair value through profit or loss		(743,827)	1,021,680
Other receivables - trade transactions		(2,273,965)	(783,128)
Loans		(85,610,294)	(74,972,786)
Securities purchased under resale agreements		10,777,622	(2,145,350)
Consumer financing receivable		(833,329)	(762,916)
Net investment in lease financing		(291,229)	(290,465)
Prepaid taxes		(1,098,375)	(6,634)
Prepaid expenses		(53,253)	(30,999)
Other assets		172,342	(2,466,353)
Proceeds from collection of financial assets already written-off		3,002,556	2,550,099
Increase/(decrease) in operating liabilities and temporary *syirkah* funds:			
Conventional Banking			
Demand deposits		10,098,878	20,800,328
Saving deposits		32,276,298	34,355,704
Time deposits		21,255,943	4,383,361
Inter-bank call money		953,750	268,819
Obligation due immediately		(932,101)	392,759
Liability to unit – Linked Holders		968,758	1,989,973
Other taxes payable		(211,620)	10,573
Payment of corporate income tax		(5,911,725)	(3,266,066)
Other liabilities		1,523,844	4,659,131
Sharia Banking - Temporary *Syirkah* Funds			
Demand deposit - restricted investment and demand deposit - *mudharabah musytarakah*		14,717	(82,444)
Saving deposit - restricted investment and *mudharabah* saving deposit - unrestricted investment		2,210,646	4,353,474
Mudharabah time deposit - unrestricted investment		4,968,241	(1,748,502)
Net cash provided by operating activities		**12,733,517**	**9,047,882**

*) Reclassified, refer to Note 64.

The accompanying notes form an integral part of these consolidated financial statements.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2013	2012*)
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in marketable securities - available for sale and held to maturity		(6,410,209)	(97,314)
(Increase)/decrease in Government Bonds - available for sale and held to maturity		(4,642,580)	376,925
Proceeds from sale of fixed assets		119,287	94,547
Acquisition of fixed assets	18	(1,584,388)	(1,668,666)
Acquisition of intangible assets	19	(439,775)	(251,873)
Sale of investment in PT Bumi Daya Plaza	1g	264,000	-
Sale of investment in PT Usaha Gedung Mandiri	1g	132,000	-
Net cash used in investing activities		**(12,561,665)**	**(1,546,381)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease/(increase) of investment in subsidiaries		98,830	(1,002,251)
Increase/(decrease) in marketable securities issued		233,721	(665,712)
Increase/(decrease) in fund borrowings		6,688,977	(185,754)
Payment of Subordinated Loans		(672,335)	(713,848)
Increase liabilities sold with repo agreements to repurchase (Repo)	28	4,656,149	-
Payments of dividends, partnership program and community development program	40c	(4,651,220)	(2,940,884)
Net cash provided by/(used in) financing activities		**6,354,122**	**(5,508,449)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**6,525,974**	**1,993,052**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**2,993,395**	**642,083**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**111,503,789**	**108,868,654**
CASH AND CASH EQUIVALENTS AT END OF YEAR		**121,023,158**	**111,503,789**
Cash and cash equivalents at end of year consist of:			
Cash		19,051,934	15,482,025
Current accounts with Bank Indonesia	4	43,904,419	38,272,155
Current accounts with other banks	5	14,048,075	9,651,772
Placements with Bank Indonesia and other banks		44,018,730	48,097,837
Total Cash and Cash Equivalents		**121,023,158**	**111,503,789**
Supplemental Cash Flows Information			
Activities not affecting cash flows:			
Unrealised losses from decrease in fair value of available for sale marketable securities and Government Bonds - net of deferred tax		(1,417,240)	(409,449)
Acquisition of fixed assets - payable		(812,181)	(570,233)

*) Reclassified, refer to Note 64.

The accompanying notes form an integral part of these consolidated financial statements.

1. GENERAL

a. Establishment

PT Bank Mandiri (Persero) Tbk. (hereinafter referred to as “Bank Mandiri” or the “Bank”) was established on 2 October 1998 in the Republic of Indonesia based on notarial deed No. 10 of Sutjipto, S.H., under Government Regulation No. 75 of 1998 dated 1 October 1998. The deed of establishment was approved by the Ministry of Justice of the Republic of Indonesia in its decision letter No. C2-16561.HT.01.01.TH.98 dated 2 October 1998 and was published in Supplement No. 6859 of State Gazette No. 97 dated 4 December 1998.

Bank Mandiri was established through the merger of PT Bank Bumi Daya (Persero) (“BBD”), PT Bank Dagang Negara (Persero) (“BDN”), PT Bank Ekspor Impor Indonesia (Persero) (“Bank Exim”) and PT Bank Pembangunan Indonesia (Persero) (“Bapindo”) (hereinafter collectively referred to as the “Merged Banks”).

Based on Article 3 of the Bank’s Articles of Association, Bank Mandiri is engaged in banking activities in accordance with prevailing laws and regulations. The Bank commenced its operations on 1 August 1999.

Bank Mandiri’s Articles of Association have been amended several times. The latest amendment were relating to loan written off and changes of Bank’s management in relation to resignation and appointment of the Bank’s Board of Commisioners and Directors. The changes of Articles of Association has been notarised in notarial deed of Ashoya Ratam, S.H., M.kn, No. 19 dated 28 August 2013, which has been reported to the Ministry of Law and Human Rights of Republic of Indonesia through a report No. AHU-AH.01.10-36868 dated 5 September 2013 and has been registered in company listing No. AHU-0083558.AH.01.09.Year 2013 dated 5 September 2013.

b. Merger

At the end of February 1998, the Government of the Republic of Indonesia (hereinafter referred to as “Government”) announced its plan to restructure the Merged Banks. In connection with that restructuring plan, the Government established Bank Mandiri in October 1998 through the payment of cash and the acquisition of the Government’s shares of stock of the Merged Banks (Notes 40a and 40b). The difference between the transfer price and the book value of the shares of stock at the time of the restructuring was not calculated as it was considered as not practicable to do so. All losses incurred during the year of restructuring were taken into account in the Recapitalisation Program.

The above mentioned restructuring plan was designed for the merger of the Merged Banks into Bank Mandiri in July 1999 and the recapitalisation of Bank Mandiri. The restructuring of the Merged Banks and Bank Mandiri also covered the following:

- Restructuring of loans
- Restructuring of non-loan assets
- Rationalisation of domestic and overseas offices
- Rationalisation of human resources

Based on the notarial deed of Sutjipto, S.H., No. 100 dated 24 July 1999, the Merged Banks were legally merged into Bank Mandiri. The merger deed was legalised by the Ministry of Justice of the Republic of Indonesia in its decision letter No. C-13.781.HT.01.04.TH.99 dated 29 July 1999 and approved by the Governor of Bank Indonesia in its decision letter No. 1/9/KEP.GBI/1999 dated 29 July 1999. The merger was declared effective by the Chief of the South Jakarta Ministry of Industry and Trade Office in its decision letter No. 09031827089 dated 31 July 1999.

1. GENERAL (continued)

b. Merger (continued)

Effective from the date of the merger:

- All assets and liabilities of the Merged Banks were transferred to Bank Mandiri as the surviving bank,
- All operations and business activities of the Merged Banks were transferred to and operated by Bank Mandiri,
- Bank Mandiri received additional paid-in capital amounting to Rp1,000,000 (one million Rupiah) (full amount) or equivalent to 1 (one) share represented the remaining shares owned by the Government in the Merged Banks (Notes 40a and 40b).

On the effective date, the Merged Banks were legally dissolved without liquidation process and Bank Mandiri, as the surviving bank, received all the rights and obligations from the Merged Banks.

c. Recapitalisation

In response to the effects of the adverse economic conditions on the banking sector in Indonesia, on 31 December 1998, the Government issued Regulation No. 84 of 1998 regarding Recapitalisation Program for Commercial Banks, which was designed to increase the paid-in capital of commercial banks to enable them to meet the minimum requirement of Capital Adequacy Ratio (“CAR”). The eligibility of commercial banks for inclusion in the Recapitalisation Program is based on requirements and procedures set forth in the Joint Decrees No. 53/KMK.017/1999 and No. 31/12/KEP/GBI dated 8 February 1999 of the Ministry of Finance and the Governor of Bank Indonesia. Under the Joint Decrees, the Government, among others, shall implement the Recapitalisation Program for Commercial Banks with respect to all State-Owned Banks, Regional Development Banks, and Commercial Banks, with the status of “Taken Over Bank”, by the Indonesian Bank Restructuring Agency (“IBRA”).

On 28 May 1999, the Government issued Regulation No. 52 of 1999 (PP No. 52/1999) regarding additional capital investment by the Government of Republic of Indonesia in Bank Mandiri through issuance of Government Recapitalisation Bonds to be issued then by the Ministry of Finance with a value of up to Rp137,800,000. The implementation of PP No. 52/1999 is set forth in Joint Decrees - No. 389/KMK.017/1999 and No. 1/10/KEP/GBI dated 29 July 1999 of the Ministry of Finance and the Governor of Bank Indonesia.

While the Government Recapitalisation Bonds had not yet been issued, at the point in time, Bank Mandiri has accounted the bonds as “Due from the Government” amounting to Rp137,800,000 in accordance with the Government’s commitment through the Ministry of Finance’s letter No. S-360/MK.017/1999 dated 29 September 1999 and the approval of the Ministry of State-Owned Enterprises in letter No. S-510/M-PBUMN/1999 dated 29 September 1999.

Based on Bank Indonesia Letter No. 1/1/GBI/DPIP dated 11 October 1999, concerning the issuance of Government Bonds/Debentures in connection with the Government of the Republic of Indonesia’s investment in Bank Mandiri, Bank Indonesia agreed to include the above receivable as Bank Mandiri’s core capital (Tier 1) for the purposes of calculating its Capital Adequacy Ratio (CAR) as at 31 July 1999 through 30 September 1999, with a condition that not later than 15 October 1999 the Government Bonds/Debentures should have been received by Bank Indonesia.

Based on Government Regulation No. 97 of 1999 dated 24 December 1999 concerning the increase in capital of the Government in Bank Mandiri in relation to the Recapitalisation Program, the Government increased its investment to a maximum of Rp42,200,000, so that the total maximum investment amounting to Rp180,000,000.

1. GENERAL (continued)

c. Recapitalisation (continued)

In relation to the implementation of the above Government Regulations No. 52 and No. 97 of 1999, in the Temporary Recapitalisation Agreement between the Government and Bank Mandiri and its amendment, the Government issued Government Recapitalisation Bonds in 2 (two) tranches of Rp103,000,000 on 13 October 1999 and Rp75,000,000 on 28 December 1999 so that as at 31 December 1999 the total Government Recapitalisation Bonds issued in accordance with the aforementioned agreements amounting to Rp178,000,000.

Based on the Management Contract dated 8 April 2000 between Bank Mandiri and the Government, the total amount of recapitalisation required by Bank Mandiri was Rp173,931,000, or less than the amount of the Government Recapitalisation Bonds. The excess of Rp1,412,000 was used as additional paid-in capital and the remaining balance of Rp2,657,000 was returned to the Government on 7 July 2000 in the form of Government Recapitalisation Bonds equivalent to 2,657,000 (two million six hundred and fifty seven thousand) units.

Based on the Letter of the Ministry of Finance of the Republic of Indonesia No. S-174/MK.01/2003 dated 24 April 2003 regarding the return of the excess Government Recapitalisation Bonds, which was previously used as additional paid-in capital, Government Recapitalisation Bonds amounting to Rp1,412,000 were returned to the Government on 25 April 2003 (Note 40b).

The Ministry of Finance of the Republic of Indonesia issued decrees ("KMK-RI") No. 227/KMK.02/2003 dated 23 May 2003 and KMK-RI No. 420/KMK-02/2003 dated 30 September 2003 confirmed that the final amount of the addition of the Government's participation in Bank Mandiri was amounting to Rp173,801,315 (Note 40b).

d. Initial Public Offering, Limited Public Offering, Changes in Share Capital and Public Offering of Bank Mandiri Subordinated Bonds

Initial Public Offering of Bank Mandiri

Bank Mandiri submitted its registration for an Initial Public Offering (IPO) to Financial Service Authority (OJK), previously the Capital Market Supervisory Board and Financial Institution ("Bapepam and LK") on 2 June 2003 and became effective based on the Letter of the Chairman of Bapepam and LK No. S-1551/PM/2003 dated 27 June 2003.

The Bank's name was changed from PT Bank Mandiri (Persero) to PT Bank Mandiri (Persero) Tbk. based on an amendment to the Articles of Association which been held with notarial deed of Sutjipto, S.H., No. 2 dated 1 June 2003 and approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its decision letter No. C-12783.HT.01.04.TH.2003 dated 6 June 2003 that was published in the State Gazette No. 63 dated 8 August 2003, Supplement No. 6590.

On 14 July 2003, Bank Mandiri sold its 4,000,000,000 Common Shares Series B through IPO, with a nominal value of Rp500 (full amount) per share with an initial selling price of Rp675 (full amount) per share. The IPO represents a divestment of 20.00% of the ownership of the Government in Bank Mandiri (Note 40a).

On 14 July 2003, 19,800,000,000 of Bank Mandiri's Common Shares Series B were listed on the Jakarta Stock Exchange and Surabaya Stock Exchange based on Jakarta Stock Exchange's Approval Letter No. S-1187/BEJ.PSJ/07-2003 dated 8 July 2003 and Surabaya Stock Exchange's Approval Letter No. JKT-028/LIST/BES/VII/2003 dated 10 July 2003.

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

d. Initial Public Offering, Limited Public Offering, Changes in Share Capital and Public Offering of Bank Mandiri Subordinated Bonds (continued)

Limited Public Offering of Bank Mandiri

To strengthen the capital structure, the Bank increased its issued and paid up capital through the Limited Public Offering ("LPO") with Pre-emptive rights ("Rights"). Bank Mandiri submitted the first and second registration statement of this LPO to Financial Service Authority (OJK), previously the Capital Market Supervisory Board and Financial Institution ("Bapepam and LK") on 26 December 2010 and 18 January 2011 and received the effective notification from Bapepam and LK on 27 January 2011 based on the Bapepam and LK letter No. S-807/BL/2011. The Bank also obtained an approval from the shareholders based on the Extraordinary General Shareholder Meeting dated 28 January 2011 as notarised by Dr. A. Partomuan Pohan, S.H., LLM No. 15 dated 25 February 2011 and reported it to the Ministry of Law and Human Rights Republic of Indonesia with the receipt No. AHU-AH.01.10-07446 dated 10 March 2011. The Bank also registered it to company listing No. AHU-0019617.AH.01.09 Year 2011 dated 10 March 2011.

Number of Rights issued by Bank Mandiri was 2,336,838,591 shares at a price of Rp5,000 (full amount) per share determined on 25 January 2011 and the execution period of pre-emptive rights trading started from 14 February 2011 until 21 February 2011.

The Government of the Republic of Indonesia as the controlling shareholder of Bank Mandiri, did not execute its right to acquire the pre-emptive rights, and transferred it to other shareholders. As a result of this, Government's ownership in Bank Mandiri was reduced or diluted from 66.68%, prior to the execution of Pre-emptive Rights, to 60.00% after the execution of the pre-emptive rights.

Changes in Share Capital of Bank Mandiri

The details of changes in Issued and Paid-in-Share Capital (Note 40a) are as follows:

	Number of shares
Initial capital injection by the Government in 1998	4,000,000
Increase in share capital by the Government in 1999	251,000
	4,251,000
Increase in paid-in capital by the Government in 2003	5,749,000
	10,000,000
Decrease in par value per share from Rp1,000,000 (full amount) to Rp500 (full amount) per share through stock split in 2003	20,000,000,000
Shares from conversion of MSOP I in 2004	132,854,872
Shares from conversion of MSOP I in 2005	122,862,492
Shares from conversion of MSOP I in 2006	71,300,339
Shares from conversion of MSOP II in 2006	304,199,764
Shares from conversion of MSOP I in 2007	40,240,621
Shares from conversion of MSOP II in 2007	343,135
Shares from conversion of MSOP III in 2007	77,750,519
Shares from conversion of MSOP I in 2008	8,107,633
Shares from conversion of MSOP II in 2008	399,153
Shares from conversion of MSOP III in 2008	147,589,260
Shares from conversion of MSOP II in 2009	86,800
Shares from conversion of MSOP III in 2009	64,382,217
Shares from conversion of MSOP II in 2010	6,684,845
Shares from conversion of MSOP III in 2010	19,693,092
Increase of Capital through Limited Public Offering (LPO) with Pre-emptive Rights in 2011	2,336,838,591
	23,333,333,333

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

d. Initial Public Offering, Limited Public Offering, Changes in Share Capital and Public Offering of Bank Mandiri Subordinated Bonds (continued)

Public Offering of Bank Mandiri Subordinated Bonds

On 3 December 2009, Bank Mandiri received the effective approval from the Chairman of Bapepam and LK through in its letter No. S-10414/BL/2009 dated 3 December 2009 to conduct the public offering of Bank Mandiri Rupiah Subordinated Bond I 2009 with a nominal value of Rp3,500,000. On 14 December 2009, the aforementioned Bond was listed on Indonesia Stock Exchange (Note 37).

e. Quasi-Reorganisation

In order for Bank Mandiri to eliminate the negative consequences of being burdened by accumulated losses, the Bank undertook quasi-reorganisation as approved in the Extraordinary General Shareholders' Meeting ("RUPS-LB") on 29 May 2003.

The quasi-reorganisation adjustments were booked on 30 April 2003 where the accumulated losses of Rp162,874,901 were eliminated against additional paid-in capital/agio.

Bank Mandiri's Articles of Association were amended to due the changes in additional paid-in capital as a result of quasi-reorganisation, based on notarial deed of Sutjipto, S.H., No. 130 dated 29 September 2003 which was approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its decision letter No. C-25309.HT.01.04.TH.2003 dated 23 October 2003 and was published in the State Gazette No. 910, Supplement No. 93 dated 23 October 2003.

On 30 October 2003, Bank Mandiri's RUPS-LB approved the quasi-reorganisation as at 30 April 2003, which were notarised by Sutjipto, S.H. in notarial deed No. 165 dated 30 October 2003.

f. Divestment of Government Share Ownership

On 11 March 2004, the Government divested another 10.00% of its ownership in Bank Mandiri which was equivalent to 2,000,000,000 Common Shares Series B through private placements (Note 40a).

g. Subsidiaries & Associates

Subsidiaries included in the consolidated financial statements as at 31 December 2013 and 2012, are as follows:

Name of Subsidiaries	Nature of Business	Domicile	Percentage of Ownership 2013	Percentage of Ownership 2012
PT Bank Syariah Mandiri (BSM)	Sharia Banking	Jakarta	99.99	99.99
PT Usaha Gedung Mandiri	Property Management	Jakarta	- ***)	99.00
PT Bumi Daya Plaza	Property Management	Jakarta	- ***)	93.33
Bank Mandiri (Europe) Limited (BMEL)	Commercial Banking	London	100.00	100.00
PT Mandiri Sekuritas	Securities	Jakarta	99.99	99.99*)
PT Bank Sinar Harapan Bali (BSHB)	Commercial Banking	Denpasar	93.23**)	81.46
PT Mandiri Tunas Finance (MTF)	Consumer Financing	Jakarta	51.00	51.00
Mandiri International Remittance Sendirian Berhad (MIR)	Remittance	Kuala Lumpur	100.00	100.00
PT AXA Mandiri Financial Services	Life Insurance	Jakarta	51.00	51.00
PT Mandiri AXA General Insurance (MAGI)	General Insurance	Jakarta	60.00	60.00

*) Effective starting from 27 December 2012
**) Effective starting from 28 May 2013
***) Condolidated up to date19 December 2013

The Subsidiaries' total assets as at 31 December 2013 and 2012 (before elimination) amounting to Rp94,293,194 and Rp78,782,852 or 12.86% and 12.39% of the total consolidated assets, respectively.

1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

PT Bank Syariah Mandiri

PT Bank Syariah Mandiri ("BSM") is engaged in banking activities in accordance with sharia banking principles. BSM was established in the Republic of Indonesia on 15 June 1955 under the name of PT Bank Industri Nasional ("PT Bina"). Then PT Bina changed its name to PT Bank Maritim Indonesia on 12 September 1968 which then subsequently changed the name to become PT Bank Susila Bhakti on 6 June 1974, a Subsidiary of BDN. Subsequently it became PT Bank Syariah Mandiri based on notarial deed of Sutjipto, S.H., No. 23 dated 8 September 1999. BSM obtained a license as a commercial bank based on the decision letter of the Minister of Finance of the Republic of Indonesia No. 275122/U.M.II dated 19 December 1995 and officially commenced its sharia operations in 1999.

On 18 March 2011, Bank Mandiri made an additional capital contribution in form of cash to Subsidiary amounted to Rp200,000. Bank Mandiri already obtained an approval from Bank Indonesia through its letter dated 31 January 2011 and from shareholders through the shareholder circular resolution letter dated 28 February 2011 on the increase in capital.

On 29 December 2011, Bank Mandiri made an additional capital contribution in form of cash to Subsidiary amounted to Rp300,000. Bank Mandiri already obtained an approval from Bank Indonesia through its letter dated 27 December 2011 and from shareholders through the shareholder circular resolution letter dated 29 December 2011 on the increase in capital.

On 21 December 2012, Bank made an additional capital contribution in form of cash to Subsidiary amounted to Rp300,000. Bank Mandiri already obtained an approval from Bank Indonesia through its letter dated 21 December 2012 and from shareholders through the shareholder circular resolution letter dated 21 December 2012 on the increase in capital.

On 30 December 2013, Bank Mandiri made an additional capital contribution in form of non cash, land and building (*inbreng*), to Subsidiary amounted to Rp30,778. Bank Mandiri already obtained an approval from Bank Indonesia through its letter dated 19 December 2013 and from shareholders through the shareholder circular resolution letter dated dated 27 December 2013 on the increase in capital.

PT Usaha Gedung Mandiri

PT Usaha Gedung Mandiri ("UGM", formerly PT Usaha Gedung Bank Dagang Negara ("UGBDN")) is engaged in property management and office rental activities. UGBDN was established in Jakarta based on notarial deed No. 104 of Abdul Latief, S.H., dated 29 October 1971 and officially commenced its operations in that year. The Company's Article of Association has been amended several times. The latest amendment as notarised by Hadijah, SH number 11 dated 9 May 2011 and has been approved by the Ministry of Law and Human Rights Republic of Indonesia No. AHU-32285.AHA.01.02 Year 2011 dated 28 June 2011. UGBDN owns 25.00% of PT Pengelola Investama Mandiri ("PIM") share capital, a company which was initially established to manage ex-legacy banks' share investments that have now been transferred to PIM.

The amendment of the UGBDN's name to become UGM was undertaken on 9 November 2012, in accordance with a resolution on notarial deed No. 44 dated 26 September 2012, notarised by notarial Hadijah, S.H., MKn regarding changes in entity's logo and entity's name from PT Usaha Gedung Bank Dagang Negara to become PT Usaha Gedung Mandiri. The Articles of Association was approved by the Ministry of Law and Human Rights Republic of Indonesia in its decision letter No. AHU-57420.AH.01.02 dated 9 November 2012.

1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

PT Usaha Gedung Mandiri (continued)

Bank Mandiri sold all of its shares in Subsidiary to entities under common control with selling price amounted to Rp132,000. The transfer of ownership was became effective after the Bank received all payment from the sales on 19 December 2013. The Bank recorded the difference between selling price and investment carrying value amounted to (Rp5,429) and Rp46,468 as additional paid in capital/agio in the consolidated financial statements and in Parent Entity only, respectively (note40b).

PT Bumi Daya Plaza

PT Bumi Daya Plaza ("BDP") is engaged in property management and office rental activities. BDP was established in Jakarta, Indonesia based on notarial deed No. 33 of Ny. Subagyo Reksodipuro, S.H., dated 22 December 1978 and officially commenced its operations in that year. The Company's Articles of Association has been amended several times, where the latest amendment has been approved by the Ministry of Justice of the Republic of Indonesia based on its decision letter No. AHU-27050.AH.01.02 Year 2010, dated 26 May 2010. The amendment has been registered in the company listing of Ministry of Law and Human Rights of the Republic of Indonesia No. AHU-0040061.AH.01.09 Year 2010 dated 26 May 2010. BDP owns 75.00% of PIM's share capital.

Bank Mandiri sold all of its shares in Subsidiary to entities under common control with selling price amounted to Rp264,000. The transfer of ownership was became effective after the Bank received all payment from the sales on 19 December 2013. The Bank recorded the difference between selling price and investment carrying value amounted to Rp119,246 and Rp227,464 as additional paid in capital/agio in the consolidated financial statements and in Parent Entity only, respectively (note40b).

Bank Mandiri (Europe) Limited

Bank Mandiri (Europe) Limited ("BMEL") was established in London, United Kingdom on 22 June 1999 under *"The Companies Act 1985 of the United Kingdom"*. It was established from the conversion of Bank Exim London branch to a Subsidiary and operate effectively on 31 July 1999. BMEL, located in London, United Kingdom, is mandated to act as a commercial bank to represent the interests of Bank Mandiri.

PT Mandiri Sekuritas

PT Mandiri Sekuritas was established in Jakarta on 31 July 2000 based on notarial deed of Ny. Vita Buena, S.H., replacing Sutjipto, S.H., No. 116 It was established through the merger of PT Bumi Daya Sekuritas ("BDS"), PT Exim Sekuritas ("ES") and PT Merincorp Securities Indonesia ("MSI"), whereby BDS and ES merged into MSI. MSI obtained its brokerage and underwriting licenses from the Chairman of the Capital Market Supervisory Agency through decree No. KEP-12/PM/1992 and No. KEP-13/PM/1992 and officially commenced its operations dated 23 January 1992. The merger was approved by the Ministry of Law and Legislation of the Republic of Indonesia on 25 August 2000 based on decision letter No. C-18762.HT.01.01-TH.2000 and the business license that was previously obtained by MSI can still be used by PT Mandiri Sekuritas. PT Mandiri Sekuritas owns 99.90% of the total share capital of PT Mandiri Manajemen Investasi, a Subsidiary established on 26 October 2004 and engaged in investment management and advisory activities.

1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

PT Mandiri Sekuritas (continued)

On 28 December 2012, the Bank made additional equity investments in Subsidiary, amounted to Rp29,512. The Bank has obtained an approval from Bank Indonesia through a letter dated 31 October 2012 and the approval from Decision Out of Meeting of Shareholder (circular resolution) dated 27 December 2012 on the increase in capital. Through this additional capital, the share ownership of Bank Mandiri in Mandiri Sekuritas increased from 95.69% to 99,99% of the total issued shares in Mandiri Sekuritas.

PT Bank Sinar Harapan Bali

PT Bank Sinar Harapan Bali ("BSHB") was established on 3 November 1992 based on the notarial deed No. 4 of Ida Bagus Alit Sudiatmika, S.H., in Denpasar. BSHB obtained its license based on the decision letter of the Minister of Finance of the Republic of Indonesia No. 77/KMK.017/1994 and officially commenced its operations on 10 March 1999. On 3 May 2008, the signing of the acquisition deed was made between the shareholders of BSHB and Bank Mandiri as covered in the acquisition deed No. 4 dated 3 May 2008 of I Wayan Sugitha, S.H., in Denpasar. The signing deed marked the beginning of the Bank's 80.00% ownership of BSHB whereby subsequently, BSHB was managed separately and independently from Bank Mandiri. BSHB is treated as a stand alone bank in order to predominantly focus on the expansion of Micro Business and Small Business.

On 22 October 2009, the Bank increased its share ownership in BSHB by 1.46% of the total issued and fully paid shares or equivalent to Rp1,460,657,000 (full amount) by purchasing all of the shares owned by BSHB's President Director of 2,921,314 shares as documented in Shares Sales-Purchase Agreement No. 52 of notary Ni Wayan Widastri, S.H., dated 22 October 2009 in Denpasar, Bali.

The increase of Bank Mandiri's share ownership in BSHB was conducted in order to meet Bank Indonesia's requirements regarding Good Corporate Governance, as the BSHB's President Director must be an independent party of BSHB. Bank Mandiri has obtained an approval from Bank Indonesia through its letter No. 11/103/DPB1/TPB1-1 dated 21 August 2009 for the additional capital in BSHB.

Through this additional capital, the Bank's ownership in BSHB increased from 80.00% to 81.46% of the total issued shares by BSHB with a total investment value increased to Rp81,461 from Rp80,000.

On 28 May 2013, the Bank made an additional investment in BSHB, of 11.77% from the total shares issued and fully paid or amounted to Rp32,377,072,750 (full amount), by purchasing BSHB's shares owned by several minority shareholders amounted to 23,546,962 shares (full amount). Bank Mandiri has obtained an approval from Bank Indonesia through its letter No.15/33/DPB1/PB1-1 dated 6 May 2013 for the additional capital in BSHB.

Goodwill arising from the acquisition of BSHB amounted to Rp19,219 was amortised over 5 (five) years on a straight line basis as it represented the estimated economic life. As at 31 December 2010, the unamortised goodwill balance amounted to Rp8,969. With the additional capital in May 2013, the goodwill balance of BSHB becomes Rp21,043. Effective 1 January 2011, the Bank ceased the amortisation of goodwill and will regularly asses and evaluate goodwill impairment in accordance with SFAS No. 22 "Business Combination" (refer to Note 2s).

1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

PT Mandiri Tunas Finance

PT Mandiri Tunas Finance ("MTF", formerly PT Tunas Financindo Sarana ("TFS")) is a company engaged in consumer financing activities. MTF was established based on notarial deed of Misahardi Wilamarta, S.H., No. 262 dated 17 May 1989 and approved by the Ministry of Justice through its decision letter No. C2-4868.HT.01.01.TH.89 dated 1 June 1989 and published in State Gazette No. 57, Supplement No. 1369 dated 18 July 1989. MTF commenced its commercial activities in 1989. MTF obtained a business license to operate in leasing, factoring and consumer financing from Minister of Finance in its decision letter No. 1021/KMK.13/1989 dated 7 September 1989, No. 54/KMK.013/1992 dated 15 January 1992 and No. 19/KMK.017/2001 dated 19 January 2001. Based on notarial deed Dr. A. Partomuan Pohan, S.H., LLM, dated on 6 February 2009, the Bank entered into a sales and purchase agreement with MTF's shareholders (PT Tunas Ridean Tbk. and PT Tunas Mobilindo Parama) to acquire 51.00% ownership of MTF through its purchase of 1,275,000,000 shares of MTF (the nominal value of Rp100 (full amount)) per share amounting to Rp290,000.

The acquisition of 51.00% of MTF shares ownership by Bank Mandiri was approved in the Extraordinary General Shareholders' Meeting of MTF as stated in the Minutes of Extraordinary General Shareholders' Meeting No. 8 dated 6 February 2009 and listed in Legal Administration Ministry of Law and Human Rights as affirmed by the Ministry of Law and Human Rights through its letter No. AHU-AH.01.10-01575 dated 11 March 2009.

This acquisition has been approved by Bank Indonesia through the Decree of the Governor of Bank Indonesia No. 11/3/DPB1/TPB1-1 dated 8 January 2009.

The amendment of the TFS's name to become MTF was undertaken on 26 June 2009, in accordance with a resolution on notarial deed of PT Tunas Financindo Sarana No. 181 dated 26 June 2009, notarised by notarial Dr. Irawan Soerodjo, S.H., Msi. The Articles of Association was approved by the Ministry of Law and Human Rights Republic of Indonesia in its decision letter No. AHU-4056.AH.01.02.TH.09 dated 26 August 2009.

Goodwill arising from acquisition of MTF amounted to Rp156,807 was amortised over 5 (five) years on a straight line basis as its represented the estimate economic life. The unamortised goodwill balance as at 31 December 2010 amounted to Rp96,697. Effective 1 January 2011, the Bank ceased the amortisation of goodwill and will regularly asses and evaluate goodwill impairment in accordance with SFAS No. 22 "Business Combination" (refer to Note 2s).

Mandiri International Remittance Sendirian Berhad

Mandiri International Remittance Sendirian Berhad ("MIR") is a wholly owned Subsidiary of Bank Mandiri and became a Malaysian legal entity on 17 March 2009 based on registration No. 850077-P. MIR is engaged in money remittance service under the provisions of the Bank Negara Malaysia ("BNM"). MIR has obtained an approval from Bank Indonesia ("BI") through letter No. 10/548/DPB1 dated 14 November 2008 and approval from BNM to conduct operational activities through its letter No. KL.EC.150/1/8562 dated 18 November 2009. MIR officially commenced its operations on 29 November 2009 and is currently located in Kuala Lumpur, Malaysia. The services provided by MIR is currently limited to remittance service to Bank Mandiri's customer accounts.

1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

PT AXA Mandiri Financial Services

PT AXA Mandiri Financial Services ("AXA Mandiri") is a joint venture company between PT Bank Mandiri (Persero) Tbk. ("Bank Mandiri") and National Mutual International Pty Ltd ("NMI") that is engaged in Life Insurance. AXA Mandiri was formerly established under the name of PT Asuransi Jiwa Staco Raharja on 30 September 1991 by notarial deed No. 179 of Muhani Salim, S.H. The deed of establishment was approved by the Minister of Justice of the Republic of Indonesia through its letter No. C2-6144.HT.01.01.TH.91 dated 28 October 1991. The Company obtained its life insurance license through General Directorate of Finance Institution decision letter No. KEP.605/KM.13/1991 and officially commenced its operations on 4 December 1991. The Company's name was then changed to PT Asuransi Jiwa Mandiri and subsequently changed to PT AXA Mandiri Financial Services. This change was approved by the Ministry of Justice and Human Rights in its decision letter No. C-28747.HT.01.04.TH.2003 dated 10 December 2003, and was published in State Gazette No. 64, Supplement No. 7728 dated 10 August 2004 with composition shareholder 51.00% of NMI and 49.00% of Bank Mandiri.

The shareholders of Bank Mandiri, at the Annual General Meeting held on 17 May 2010 (in article 7), had approved the acquisition of additional shares in AXA Mandiri through the purchase of 2.00% of the total shares issued and fully paid shares in AXA Mandiri directly from NMI.

On 20 August 2010, the Bank signed a Sale and Purchase Agreement (AJB) to acquire 2,027,844 (two million twenty seven thousand eight hundred fourty four) shares (for an amount of Rp48,427) or 2.00% of AXA Mandiri issued and fully paid in capital from NMI which was performed in front of Notary Dr. A. Partomuan Pohan, S.H., LLM. The addition of 2.00% shares in AXA Mandiri was approved by Bank Indonesia through it's letter No. 12/71/DPB1/TPB1-1 dated 22 July 2010. After this acquisition, the Bank's percentage of ownership in AXA Mandiri is 51.00%.

Goodwill arising from acquisition of AXA Mandiri amounting to Rp40,128 was amortised using the straight-line method over 5 (five) years in line with the estimation of economic benefits of the goodwill. The balance of unamortised goodwill as at 31 December 2010 amounted to Rp37,194. Effective 1 January 2011, the Bank ceased the amortisation of goodwill and will regularly asses and evaluate goodwill impairment in accordance with SFAS No. 22 "Business Combination" (refer to Note 2s).

PT Mandiri AXA General Insurance

PT Mandiri AXA General Insurance ("MAGI") is a joint venture between Bank Mandiri with AXA Société Anonyme engaged in general insurance. MAGI formerly known as PT Maskapai Asuransi Dharma Bangsa (PT Insurance Society Dharma Bangsa Ltd) which was established based on Notarial Deed of Sie Khwan Djioe No. 109 dated 28 July 1961 in Jakarta and approved by the Minister of Justice through its letter No. J.A.5/11/4 dated 20 January 1962. The name of the Company, PT Maskapai Asuransi Dharma Bangsa, was subsequently changed to PT Asuransi Dharma Bangsa as notarised by Imas Fatimah, S.H. No. 54 dated 17 December 1997, and approved by the Minister of Justice through the Ministry of Justice Decree No. C2-2421.HT.01.04.TH.98 dated 26 March 1998.

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

PT Mandiri AXA General Insurance (continued)

In Bank Mandiri's General Shareholder Meeting dated 23 May 2011, Bank Mandiri's shareholders approved the Bank's plans to acquire 120,000 (one hundred and twenty thousand) new shares issued by PT Asuransi Dharma Bangsa. The Bank's investment in PT Asuransi Dharma Bangsa was approved by Bank Indonesia through its letter No. 13/59/DPB1/TPB1-1 dated 28 July 2011.

On 11 October 2011, Bank Mandiri acquired 120,000 (one hundred and twenty thousand) new shares issued by PT Asuransi Dharma Bangsa with a total value of Rp60,000 as notarised by Notarial deed of Yualita Widyadhari, S.H. No. 23 dated 11 October 2011. After this acquisition, Bank Mandiri became the controlling shareholder of PT Asuransi Dharma Bangsa with 60.00% ownership. This was ractified in the General Shareholder Meeting of PT Asuransi Dharma Bangsa in accordance with notarial deed of Yualita Widyadhari, SH No. 22 dated 11 October 2011. The notarial deed had been submitted and received by the Ministry of Justice and Human Rights Republic of Indonesia as documented in its letter No. AHU-AH.01.10-10-33252 dated 17 October 2011 regarding Acceptance Notification on the Amendment of PT Asuransi Dharma Bangsa's Article of Association.

Subsequently, the name of PT Asuransi Dharma Bangsa, was changed to PT Mandiri AXA General Insurance in accordance with the notarial deed of Yualita Widyadhari, S.H. No. 90 dated 18 October 2011. The notarial deed had been submitted and received by the Ministry of Justice and Human Rights of the Republic of Indonesia as documented in its letter No. AHU-51976.AH.01.02 dated 25 October 2011 regarding Acceptance Notification on the amendment of PT Mandiri AXA General Insurance's Article of Association.

In conducting its business, MAGI already obtained a license from the Insurance Bureau of Bapepam and LK Ministry of Finance of the Republic of Indonesia *(Biro Perasuransian Bapepam dan LK Kementerian Keuangan)* through letter No. S-12583/BL/2011 dated 22 November 2011 concerning the Activation of General Insurance Business License and Change of the Company Name from PT Asuransi Dharma Bangsa to PT Mandiri AXA General Insurance.

h. Structure and Management

Bank Mandiri's head office is located on Jl. Jend. Gatot Subroto Kav. 36-38, South Jakarta, Indonesia. As at 31 December 2013 and 2012, Bank Mandiri's domestic and overseas offices are as follows:

	2013*)	**2012*)**
Domestic Regional Offices	12	12
Domestic Branches:		
Area	70	68
Community Branches	992	949
Mandiri Mitra Usaha offices	687	502
Cash Outlets	301	291
	2,050	1,810
Overseas Branches	5	5

*) Unaudited

As at 31 December 2013 and 2012, Bank Mandiri has overseas branches located in Cayman Islands, Singapore, Hong Kong, Timor Leste and Shanghai (People's Republic of China).

Bank Mandiri has obtained branch establishment license from China Banking Regulatory Commission on 3 November 2010. The Shanghai branch commenced its operations on 17 November 2011.

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

h. Structure and Management (continued)

To support Bank Mandiri's vision to be Indonesia's most admired and progressive financial institution, Bank Mandiri has amended its organisation structure into Strategic Business Units (SBU). In general, SBU consists of three major groups, which are:

1. Business Units, responsible for the Bank's main business development consists of 7 (seven) Directorates namely Institutional Banking, Corporate Banking, Commercial & Business Banking, Consumer Finance, Micro & Retail Banking, Treasury, Financial Institution & Special Asset Management and Transaction Banking;
2. Corporate Center, responsible for the management of the Bank's critical resources and providing support for the Bank's policies, consisting of 6 (six) Directorates which are Risk Management, Compliance & Human Capital, Finance & Strategy, Retail Risk, Change Management Office and Internal Audit;
3. Shared Services, as a supporting unit to the Bank's operational activities and is managed by the Directorate of Technology & Operations.

As at 31 December 2013 and 2012, the members of Bank Mandiri's Board of Commissioners and Directors are as follows:

	2013	2012
Board of Commissioners		
Chairman and Independent Commissioner	: Edwin Gerungan	Edwin Gerungan
Deputy Chairman	: -	Muchayat
Commissioner	: -	Cahyana Ahmadjayadi
Commissioner	: Wahyu Hidayat	Wahyu Hidayat
Independent Commissioner	: Pradjoto	Pradjoto
Independent Commissioner	: Gunarni Soeworo	Gunarni Soeworo
Independent Commissioner	: Krisna Wijaya	Krisna Wijaya
Commissioner	: Agus Suprijanto	-
Commissioner	: Abdul Aziz	-

	2013	2012
Board of Directors		
President Director	: Budi Gunadi Sadikin	Zulkifli Zaini
Deputy President Director	: Riswinandi	Riswinandi
Institutional Banking Director	: Abdul Rachman	Abdul Rachman
Risk Management Director	: Sentot A. Sentausa	Sentot A. Sentausa
Compliance & Human Capital Director	: Ogi Prastomiyono	Ogi Prastomiyono
Finance & Strategy Director	: Pahala N. Mansury	Pahala N. Mansury
Corporate Banking Director	: Fransisca N. Mok	Fransisca N. Mok
Commercial & Business Banking Director	: Sunarso	Sunarso
Technology & Operations Director	: Kresno Sediarsi	Kresno Sediarsi
Treasury, Financial Institution & Special Asset Management Director	: Royke Tumilaar	Royke Tumilaar
Micro & Retail Banking Director	: Hery Gunardi	Budi Gunadi Sadikin

As at 31 December 2013 and 2012, the members of Bank Mandiri's Audit Committees are as follows:

	2013	2012
Chairman, concurrently as member	: Gunarni Soeworo	Gunarni Soeworo
Member	: Krisna Wijaya	Krisna Wijaya
Member	: -	Cahyana Ahmadjayadi
Member	: Wahyu Hidayat	Wahyu Hidayat
Member	: Agus Suprijanto	-
Member	: Zulkifli Djaelani	Zulkifli Djaelani
Member	: Imam Soekarno	Imam Soekarno

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

h. Structure and Management (continued)

As at 31 December 2013 and 2012, the members of Bank Mandiri's Remuneration and Nomination Committees are as follows:

		2013	2012
Chairman, concurrently as member	:	Edwin Gerungan	Edwin Gerungan
Member	:	Pradjoto	Pradjoto
Member	:	-	Muchayat
Member	:	Gunarni Soeworo	Gunarni Soeworo
Member	:	Krisna Wijaya	Krisna Wijaya
Member	:	-	Cahyana Ahmadjayadi
Member	:	Wahyu Hidayat	Wahyu Hidayat
Member	:	Agus Suprijanto	-
Member	:	Abdul Aziz	-
Secretary (ex-officio)	:	Alex Denni	Alex Denni

As at 31 December 2013 and 2012, the Risk Monitoring and Good Corporate Governance Committee Bank Mandiri are as follows:

		2013	2012
Chairman, concurrently as member	:	Pradjoto	Pradjoto
Member	:	Edwin Gerungan	Edwin Gerungan
Member	:	-	Muchayat
Member	:	-	Cahyana Ahmadjayadi
Member	:	Krisna Wijaya	Krisna Wijaya
Member	:	Tama Widjaja	Tama Widjaja
Secretary (ex-officio)	:	Lisana Irianiwati	Lisana Irianiwati

As at 31 December 2013 and 2012, Head of Internal Audit Bank Mandiri is Riyani T. Bondan.

As at 31 December 2013, Corporate Secretary Bank Mandiri is Nixon L.P. Napitupulu (2012: Sukoriyanto Saputro).

As at 31 December 2013 and 2012 Bank Mandiri has a total of 33,982 employees and 30,762 employees (unaudited), respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Bank and Subsidiaries ("Group") were authorised to be issued by the Board of Directors on 10 February 2014.

The principal accounting policies adopted in preparing the consolidated financial statements of the Bank and Subsidiaries are set out below:

The consolidated financial statements have been prepared in accordance with Indonesian Financial Accounting Standards, and the Capital Market Supervisory Agency and Financial Institution (Bapepam and LK) regulation No. VIII.G.7 Attachment of the Chairman of Bapepam and LK's decree No. KEP-347/BL/2012 dated 25 June 2012, "Financial Statements Presentation and Disclosure for Issuer or Public Companies".

a. Basis of Preparation of the Consolidated Financial Statements

The consolidated financial statements have been prepared under the historical cost, except for financial assets classified as available for sale, financial assets and liabilities held at fair value through profit or loss and all derivative instruments which have been measured at fair value. The consolidated financial statements are prepared under the accrual basis of accounting, except for the consolidated statements of cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of Preparation of the Consolidated Financial Statements (continued)

Consolidated statements of cash flows are prepared using the direct method by classifying cash flows in operating activities, investing and financing activities.

The financial statements of a Subsidiary company engaged in sharia banking have been prepared in conformity with the Statement of Financial Accounting Standards (SFAS) 101, "Presentation of Financial Statement for Sharia Banking", SFAS 102 "Accounting for *Murabahah"*, SFAS 104 "Accounting for *Istishna*", SFAS 105 "Accounting for *Mudharabah"*, SFAS 106 "Accounting for *Musyarakah*", SFAS 107 "Accounting for *Ijarah*", SFAS 110 "Accounting for *Sukuk*" Accounting Guidelines for Indonesian Sharia Banking (PAPSI) and other Statements of Financial Accounting Standards established by the Indonesian Institute of Accountants and also accounting and reporting guidelines prescribed by the Indonesian banking regulatory authority and Bapepam and LK.

The preparation of financial statements in accordance with Indonesian Financial Accounting Standards requires the use of estimates and assumptions. It also requires management to make judgments in the process of applying the accounting policies the Group. The area that is complex or requires a higher level of consideration or areas where assumptions and estimates could have a significant impact on the consolidated financial statements as disclosed in Note 3.

All figures in the consolidated financial statements, are rounded and presented in million rupiah ("Rp") unless otherwise stated.

b. Changes in accounting policies

On 1 January 2013, the Group implemented new statements of financial accounting standards ("SFAS") and the withdrawal of SFAS and revision, effective starting on that date. Changes to the Group's accounting policies has been made, in accordance with the transitional provisions in the respective standards and interpretations.

Implementation of the new or revised standards, which are relevant to the Group's operations and have impacts on the consolidated financial statements, are as follows:

b.i. SFAS 60 - Financial Instruments: Disclosures

On 19 October 2012, Financial Accounting Standard Board of Indonesian Accountant Institute (DSAK-IAI) issued enhancement to the SFAS 60 which became effective on 1 January 2013. Early implementation of the enhancements was permitted. The Group has decided to early adopt SFAS 60 in the financial year ended 31 December 2012, and therefore it has no impact to the financial statements for the year ended 31 December 2013.

The enhancements mainly relate to the disclosure of financial assets, including the withdrawal of requirements to disclose:

1) Fair value of collateral held as security for financial assets both "past due but not yet impaired" and "impaired"; and,
2) Carrying amount of financial asset that are neither past due nor impaired whose terms have been renegotiated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies (continued)

b.ii. SFAS 38 - Entities Under Common Control

Business combination transaction amongst entities under common control, in form of transfer of business conducted for the purpose of reorganisation of entities under common control, does not represent a change of ownership in terms of economic substance, therefore, there shall be no gain or loss recognised by the group as a whole and by individual entities within the group.

Since the business combination transaction amongst entities under common control does not cause a change in economic substance of ownership of the transferred business, therefore the transaction is recognised at book value using the pooling interest method.

The entity that accepts or releases a business in a combination or separation of business amongst entities under common control, shall recognise the difference between benefits being transferred or received and the recorded amount of every business combination transaction as equity and present it under additional paid-in capital/agio.

b.iii. Unearned Premium Reserves (UPR)

Since 1 January 2013, the Bank’s subsidiary (AXA Mandiri Financial Services) change its accounting policy in calculating unearned premium reserve from aggregate method at a minimum 40% of net premiums into daily basis method. The impact of changes in accounting policy is not significant to the Group’s consolidated financial statements, therefore it is charged to current year statement of comprehensive income, and the consolidated financial statements for the year ended 31 December 2012 were not restated.

c. Financial instruments

A. Financial assets

The Group classifies its financial assets in the following categories of (a) financial assets at fair value through profit and loss, (b) loans and receivables, (c) held-to-maturity financial assets, and (d) available-for-sale financial assets. The classification depends on the purpose for which the financials assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated by the Group as at fair value through profit or loss upon initial recognition.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments.

A financial asset designated as fair value through profit or loss at inception are held to back the insurance liabilities of Subsidiary measured at fair value of the underlying assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

A. Financial assets (continued)

(a) Financial assets at fair value through profit or loss (continued)

Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to the consolidated statement of income. Gains and losses arising from changes in fair value and sales of these financial instruments are included directly in the consolidated statement of comprehensive income and are reported respectively as "Unrealised gains/(losses) from increase/(decrease) in fair value of financial instruments" and "Gains/(losses) from sale of financial instruments". Interest income on financial instruments held for trading are included in "Interest income".

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- those that the Group intends to sell immediately or in the short term, which are classified as held for trading, and those that the Group upon initial recognition designates as at fair value through profit or loss;
- those that the Group upon initial recognition designates as available for sale; or
- those for which the Group may not recover substantially all of its initial investment, other than because of loans and receivables deterioration.

Loans and receivables are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Income on financial assets classified as loans and receivables is included in the consolidated statement of income and is reported as "Interest income". In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the financial assets classified as loan and receivables and recognised in the consolidated statement of income as "Allowance for impairment losses".

(c) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity, other than:

- those that the Group upon initial recognition designates as at fair value through profit or loss;
- those that the Group designates as available for sale; and
- those that meet the definition of loans and receivables.

Held-to-maturity financial assets are initially recognised at fair value including transaction costs and subsequently measured at amortised cost, using the effective interest method.

Interest income on held-to-maturity financial assets is included in the consolidated statement of income and reported as "Interest income". In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the investment and recognised in the consolidated financial statements as "Allowance for impairment losses".

(d) Available-for-sale financial assets

Available-for-sale are financial assets that are intended to be held for indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or that are not classified as loans and receivables, held-to-maturity or financial assets at fair value through profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

A. Financial assets (continued)

(d) Available-for-sale financial assets (continued)

Available-for-sale financial assets are initial recognised at fair value, plus transaction costs, and measured subsequently at fair value with gains or losses arising from the changes in fair value being recognised in the consolidated statement of comprehensive income, except for impairment losses and foreign exchange gains or losses for debt instrument, for equity instrument, foreign exchange gains or losses is recognised as part of equity, until the financial assets is derecognised. If an available-for-sale financial asset is determined to be impaired, the cumulative unrealised gain or loss arising from the changes in fair value previously recognised in the consolidated statement of comprehensive income is recognised in the consolidated statement of income. Interest income is calculated using the effective interest method, and foreign currency gains or losses on monetary assets classified as available for-sale are recognised in the consolidated statement of comprehensive income.

Recognition

The Bank uses trade date accounting for regular way contracts when recording marketable securities and Government Bonds transactions. Financial assets that are transferred to a third party but not qualify for derecognition are presented in the consolidated statement of financial position as “Pledged assets”, if the transferee has the right to sell or repledge them.

B. Financial liabilities

The Group classified its financial liabilities in the category of (a) financial liabilities at fair value through profit or loss and (b) financial liabilities measured at amortised cost. Financial liabilities are derecognised from the consolidated statement of financial position when redeemed or otherwise extinguished.

(a) Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held for trading, and financial liabilities designated by the Group as at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments.

Gains and losses arising from changes in fair value of financial liabilities classified held for trading are included in the consolidated statement of income and are reported as “Unrealised gains/(losses) from increase/(decrease) in fair value of financial instruments”. Interest expenses on financial liabilities held for trading are included in “Interest expenses”.

If the Group designated certain debt securities upon initial recognition as at fair value through profit or loss (fair value option), then this designation cannot be changed subsequently. According to SFAS 55, the fair value option is applied on the debt securities consists of debt host and embedded derivatives that must otherwise be separated.

Fair value changes relating to financial liabilities designated at fair value through profit or loss are recognised in “Gains/(losses) from changes in fair value of financial instruments”.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

B. Financial liabilities (continued)

(b) Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially recognised at fair value minus transaction costs.

After initial recognition, Group measures all financial liabilities at amortised cost using effective interest rates method. Effective interest rate amortisation is recognised as “Interest expense”.

C. Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Group tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition). Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

Collateral furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions is not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

D. Reclassification of financial assets

The Group shall not reclassify any financial instrument out of or into the fair value through profit or loss category while it is held or issued.

The Group shall not classify any financial assets as held-to-maturity if Group has, during the current financial year or during the two preceding financial years, sold or reclassified more than an insignificant amount of held-to-maturity financial assets before maturity (more than insignificant in relation to the total amount of held-to-maturity financial assets) other than sales or reclassifications that:

(a) are so close to maturity or the financial asset's call date that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;
(b) occur after the Group has collected substantially all of the financial asset's original principal through scheduled payments or prepayments; or
(c) are attributable to an isolated event that is beyond the Group's control, is non-recurring and could not have been reasonably anticipated by the Group.

Reclassification of financial assets from held to maturity classification to available for sale are recorded at fair value. Unrealised gains or losses are recorded in other comprehensive income component and shall be recognised in the consolidated statement of comprehensive income until the financial assets is derecognised, at which time the cumulative gain or loss previously recognised in other comprehensive income shall be recognised in consolidated statement of income under gain/loss from sale of financial assets .

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

E. Classes of financial instrument

The Group classifies the financial instruments into classes that reflects the nature of information and take into account the characteristic of those financial instruments. The classification of financial instrument can be seen in the table below:

<table>
<tr><th colspan="2">Category as defined by SFAS 55</th><th>Class (as determined by the Bank and Subsidiaries)</th><th>Sub-classes</th></tr>
<tr><td rowspan="25">Financial assets</td><td rowspan="3">Financial assets at fair value through profit or loss</td><td rowspan="3">Financial assets held for trading</td><td>Marketable securities</td></tr>
<tr><td>Government Bonds</td></tr>
<tr><td>Derivative receivables - Non hedging related</td></tr>
<tr><td rowspan="16">Loans and receivables</td><td colspan="2">Cash</td></tr>
<tr><td colspan="2">Current accounts with Bank Indonesia</td></tr>
<tr><td colspan="2">Current accounts with other banks</td></tr>
<tr><td colspan="2">Placements with Bank Indonesia and other banks</td></tr>
<tr><td colspan="2">Marketable securities</td></tr>
<tr><td colspan="2">Other receivables- trade transactions</td></tr>
<tr><td colspan="2">Securities purchased under resale agreements</td></tr>
<tr><td colspan="2">Loans</td></tr>
<tr><td colspan="2">Consumer financing receivables</td></tr>
<tr><td colspan="2">Net investment in lease financing</td></tr>
<tr><td colspan="2">Acceptance receivables</td></tr>
<tr><td rowspan="5">Other assets</td><td>Accrued income</td></tr>
<tr><td>Receivables from customer transactions</td></tr>
<tr><td>Receivables from sale of marketable securities</td></tr>
<tr><td>Receivables from transactions related to ATM and credit card</td></tr>
<tr><td>Receivables to policyholder</td></tr>
<tr><td rowspan="2">Held-to-maturity investments</td><td colspan="2">Marketable securities</td></tr>
<tr><td colspan="2">Government Bonds</td></tr>
<tr><td rowspan="3">Available-for-sale financial assets</td><td colspan="2">Marketable securities</td></tr>
<tr><td colspan="2">Government Bonds</td></tr>
<tr><td colspan="2">Investments in shares</td></tr>
</table>

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

E. Classes of financial instrument (continued)

<table>
<tr><th colspan="2">Category as defined by SFAS 55</th><th>Class (as determined by the Bank and Subsidiaries)</th><th>Sub-classes</th></tr>
<tr><td rowspan="19">Financial liabilities</td><td>Financial liabilities at fair value through profit or loss</td><td>Financial liabilities held for trading</td><td>Derivative payables - non hedging related</td></tr>
<tr><td rowspan="18">Financial liabilities at amortised cost</td><td rowspan="3">Deposits from customers</td><td>Demand deposits</td></tr>
<tr><td>Saving deposits</td></tr>
<tr><td>Time deposits</td></tr>
<tr><td rowspan="3">Deposits from other banks</td><td>Demand and saving deposits</td></tr>
<tr><td>Inter-bank call money</td></tr>
<tr><td>Time deposits</td></tr>
<tr><td colspan="2">Securities sold under repurchase agreements</td></tr>
<tr><td colspan="2">Acceptance payables</td></tr>
<tr><td colspan="2">Marketable securities issued</td></tr>
<tr><td colspan="2">Accrued expenses</td></tr>
<tr><td rowspan="6">Other liabilities</td><td>Payable to customer</td></tr>
<tr><td>Guarantee deposits</td></tr>
<tr><td>Payable from purchase of marketable securities</td></tr>
<tr><td>Claim payable</td></tr>
<tr><td>Liability related to ATM and credit card transaction</td></tr>
<tr><td>Other liabilities related with UPAS transactions</td></tr>
<tr><td colspan="2">Fund Borrowings</td></tr>
<tr><td colspan="2">Subordinated loans</td></tr>
<tr><td rowspan="4">Off-balance sheet financial instruments</td><td colspan="3">Committed unused loan facilities granted</td></tr>
<tr><td colspan="3">Outstanding irrevocable letters of credit</td></tr>
<tr><td colspan="3">Bank Guarantees issued</td></tr>
<tr><td colspan="3">Standby letters of credit</td></tr>
</table>

F. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

G. Allowance for impairment losses of financial assets

(a) Financial assets carried at amortised cost

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of impairment loss include:

1. significant financial difficulty of the issuer or obligor;
2. a breach of contract, such as a default or delinquency in interest or principal payments;
3. the lender, for economic or legal reasons relating to the borrower’s financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
4. probability that the borrower will enter bankruptcy or other financial reorganisation;
5. the disappearance of an active market for that financial asset because of financial difficulties; or
6. observable data indicating that there is a measurable decrease in the estimation.

The Group has determined specific objective evidence of an impairment loss for loans including:

1. Loans classified as Sub-standard, Doubtful and Loss (non-performing loans) in accordance with Bank Indonesia Regulation No. 7/2/PBI/2005 dated 20 January 2005 regarding Asset Quality Rating for Commercial Banks, as amended by Bank Indonesia Regulation No. 11/2/PBI/2009 dated 29 January 2009. Since 24 October 2012, Group follows Bank Indonesia Regulation No. 14/15/PBI/2012 regarding Asset Quality Rating for Commercial Banks.
2. All restructured loans.

The Group initially assesses whether objective evidence of impairment for financial asset exists as described above. The individual assessment is performed on the individually significant impaired financial asset, using discounted cash flows method. The insignificant impaired financial assets and non-impaired financial assets are included in group of financial asset with similar credit risk characteristics and collectively assessed.

If the Group assesses that there is no objective evidence of impairment for financial asset assessed individually, both for significant and insignificant amount, hence the account of financial asset will be included in a group of financial asset with similar credit risk characteristics and collectively assesses them for impairment. Accounts that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

G. Allowance for impairment losses of financial assets (continued)

(a) Financial assets carried at amortised cost (continued)

In evaluating impairment for loans, the Bank determines loan portfolio into these three categories:

1. Loans which individually have significant value and if impairment occurred will have material impact to the consolidated financial statements, i.e. loans with Gross Annual Sales (GAS) Corporate and Commercial, as well as loans with GAS outside Corporate and Commercial with outstanding balance more than Rp5,000;
2. Loans which individually have no significant value, i.e. loans with GAS Business, Micro and Consumer with outstanding balance is less or equal to Rp5,000; and
3. Restructured loans.

Bank determines loans to be evaluated for impairment through individual evaluation if one of the following condition is met:

1. Loans which individually have significant value and objective evidence of impairment; or
2. Restructured loans which individually have significant value.

Bank determines loans to be evaluated for impairment through collective evaluation if one of the following condition is met:

1. Loans which individually have significant value and there are no objective evidence of impairment; or
2. Loans which individually have insignificant value; or
3. Restructured loan which individually have insignificant value.

<u>Individual impairment calculation</u>

The amount of the loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows (excluding future impairment losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the allowance for impairment losses account and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan or held-to-maturity financial assets has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

G. Allowance for impairment losses of financial assets (continued)

(a) Financial assets carried at amortised cost (continued)

Individual impairment calculation (continued)

The Bank uses a fair value of collateral method as a basis for future cash flow if, one of the following conditions is met:

1. Loans are collateral dependent, i.e. if source of loans repayment comes only from the collateral; or
2. Foreclosure of collateral is most likely to occur and supported with legal binding aspect.

Collective impairment calculation

For the purpose of a collective evaluation of impairment, financial asset are grouped on the basis of similar credit risk characteristics such by considering credit segmentation and past-due status. Those characteristics are relevant to the estimation of future cash flows for groups of such assets which indicate debtors or counterparties' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Bank. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

The Group uses statistical model analysis methods, namely roll rates analysis method and migration analysis method for financial assets impairment which collectively assessed, using at the minimum of 3 (three) years historical data.

In migration analysis method, management determines 12 months as the estimated and identification period between a loss occuring for each identified portfolio, except for Micro banking segment in which the loss identification period used 9 months.

When a loan is uncollectible, it is written off against the related allowance for loan impairment losses. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and marketable securities (in held-to-maturity and loans and receivables categories) are classified into "Allowance for impairment losses".

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the impairment reversal is recognised in the consolidated statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

G. Allowance for impairment losses of financial assets (continued)

(a) Financial assets carried at amortised cost (continued)

Collective impairment calculation (continued)

Subsequent recoveries of loans written off in the current year are credited to the allowance account.

Subsequent recoveries of loans written off in previous year, are recognised as other non-operating income.

Allowance for possible posses on earning assets of Sharia's Subsidiary

Subsidiary engaged in sharia business calculated allowance for possible losses of earning assets in accordance with Bank Indonesia Regulation (PBI) No. 8/21/PBI/2006 dated 5 October 2006 regarding The Quality Rating of assets of Commercial Banks Conducting Business Based on Sharia principles, which has been amended with PBI No. 9/9/PBI/2007 dated 18 June 2007, PBI No. 10/24/PBI/2008 dated 16 October 2008 and the latest amendment PBI No. 13/13/PBI/2011 dated 24 March 2011, as follows:

a. General reserve shall be no less than 1% of total earning asset classified as Current;
b. Specific reserve shall be at least:
   - 5% of earning assets classified as Special Mention after deducted by collateral value;
   - 15% of earning assets classified as Substandard after deducted by collateral value;
   - 50% of earning assets classified as Doubtful after deducted by collateral value;
   - 100% of earning asset classified as Loss after deducted by collateral value.
c. The requirement to establish allowance for possible losses shall not be applicable for *ijarah* leasing or *ijarah muntahi'yah bittamlik.*

(b) Financial assets classified as available for sale

The Group assesses at each date of the consolidated statements of financial position whether there is objective evidence that a financial asset or a group of financial assets is impaired. Refer to Note 2c.G.(a) for the criteria of objective evidence of impairment.

In the case of debt instruments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss. If any such evidence exists for available for sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in consolidated statements of comprehensive income - is removed from equity and recognised in the consolidated statement of comprehensive income.

If, in a subsequent period, the fair value of a financial asset classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

G. Allowance for impairment losses of financial assets (continued)

(c) Financial guarantee contracts and commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss incurred because a specified debtor defaulted to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other institutions on behalf of customers to secure loans and other banking facilities.

Financial guarantees are initially recognised in the consolidated financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at inception is likely to equal the premium received because all guarantees are agreed on arm's length terms. Subsequent to initial recognition, the bank's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgement of management. The fee income earned is amortised over the period of guarantees using the straight line method.

Increase in the liability relating to guarantees is reported as other operating expense in consolidated statement of comprehensive income.

Bank determines impairment losses on financial assets of financial guarantee contracts that have credit risk and commitment based on the value of the higher of the amortised value (carrying value) and the present value of the payment of liabilities that are expected to occur (when payment under the guarantee has become probable) or value impairment losses were calculated based on historical loss data for a collective evaluation of impairment.

H. Determination of fair value

The fair value of financial instruments traded in active markets, such as marketable securities and Government Bonds, is determined based on quoted market prices at the statement of financial position date from credible sources such quoted market prices from Bloomberg, Reuters or broker's quoted price. Investments in mutual fund units are stated at market value, in accordance with the net value of assets of the mutual funds at the consolidated statement of financial position date.

A financial instrument is regarded as quoted in an active market, if quoted prices are readily and regularly available from an exchange, dealer, broker and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For marketable securities with no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which substantially have the same characteristic or calculated based on the expected cash flows of the underlying net asset base of the marketable securities.

For Government Bonds with no quoted market prices, a reasonable estimate of the fair value is calculated based on the present value of expected future cash flows using next-repricing method with deflator adjustment.

(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Principles of Consolidation

The consolidated financial statements include the financial statements of Bank Mandiri and its majority-owned or controlled Subsidiaries. Control is presumed to exist where more than 50.00% of a Subsidiary's voting power is controlled by Bank Mandiri, or Bank Mandiri is able to govern the financial and operating policies of a Subsidiary, or control the removal or appointment of the majority of a Subsidiary's Board of Directors. In the consolidated financial statements, all significant inter-company balances and transactions have been eliminated. Non-controlling interest in net income of subsidiaries is presented as a deduction of consolidated net income in order to present the Bank's income. Non-controlling interest in net assets are presented as part of equity in the consolidated statement of financial position, except for non-controlling interest from mutual fund consolidation are presented as part of liabilities in the consolidated statement of financial position.

The consolidated financial statements are prepared based on a consistent accounting policy for transactions and events in similar circumstances. The accounting policies adopted in preparing the consolidated financial statements have been consistently applied by the Subsidiaries, unless otherwise stated.

If the control on an entity is obtained or ends in the current year, the entity's net income are included in the consolidated statement of income from the date of acquisition of the control or until the date of the control is ceased.

e. Foreign Currency Transactions and Balances

Subsidiaries and overseas branches

Bank Mandiri maintains its accounting records in Indonesian Rupiah. For consolidation purposes, the financial statements of the overseas branches and overseas subsidiary of Bank Mandiri denominated in foreign currency are translated into Rupiah based on the following bases:

(1) Assets and liabilities, commitments and contingencies - using the Reuters spot rates at the consolidated statement of financial position date.
(2) Revenues, expenses, gains and losses - using the average middle rates during each month when the transaction occurs.
(3) Shareholders' equity accounts - using historical rates on the date of transaction.
(4) Statements of cash flows - using the Reuters spot rates at the reporting date, except for income and loss statement balances which are translated using the average middle rates and shareholders' equity balances which are translated using historical rates.

The resulting net translation adjustment is presented as "Differences Arising from Translation of Foreign Currency Financial Statements" under the Shareholders' Equity section of the consolidated statement of financial position.

Transactions and balances in foreign currencies

Transactions in currencies other than Rupiah are recorded into Rupiah by using rates on the date of the transactions. At consolidated statement of financial position date, all foreign currency monetary assets and liabilities are translated into Rupiah using the Reuters spot rates at 4.00 p.m. WIB (Western Indonesian Time) on 31 December 2013 and 28 December 2012. The resulting gains or losses are credited or charged to the current year's consolidated statements of comprehensive income.

The exchange rates used against the Rupiah at the dates of the consolidated statements of financial position are as follows (amounts in full Rupiah):

	2013	2012
Great Britain Pound Sterling 1/Rp	20,110.93	15,514.93
Euro 1/Rp	16,759.31	12,731.62
United Stated Dollar 1/Rp	12,170.00	9,637.50
Japanese Yen 100/Rp	11,575.00	11,177.00

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Transactions with Related Parties

The Bank and Subsidiaries enter into transactions with parties which are defined as related parties in accordance with Statement of Financial Accounting Standards (SFAS) No. 7 regarding "Related Party Disclosures" and Regulation of Financial Services Authority (formerly Bapepam and LK) No. KEP-347/BL/2012 regarding "Financial Statements Presentation and Disclosure of Issuers or Public Companies", which are defined, among others, as:

I. entities under the control of the Bank and Subsidiaries;
II. associated companies;
III. investors with an interest in the voting that gives them significant influence;
IV. entities controlled by investors under Note III above;
V. key employees and family members; and
VI. entity that is controlled, jointly controlled or significantly influenced by Government, which is defined as the Minister of Finance or Provincial Government who has share ownership in the entity.

All significant transactions with related parties have been disclosed in Note 55.

g. Cash and Cash Equivalents

Cash and cash equivalents consist of cash, current accounts with Bank Indonesia and current accounts with other banks and other short term highly liquid investments with original maturities of 3 (three) months or less.

h. Current Accounts with Bank Indonesia and Other Banks

Current accounts with Bank Indonesia and Other Banks are classified as loans and receivables. Refer to Note 2c for the accounting policy of loans and receivables.

Subsidiary that engages in sharia banking presents current accounts with Bank Indonesia and Other Banks at their outstanding balance net of allowance for impairment losses.

The Minimum Statutory Reserve

Based on Bank Indonesia Regulation No.10/19/PBI/2008 dated 14 October 2008 concerning Statutory Reserves of Commercial Banks in the Bank Indonesia in Rupiah and Foreign Currency, as amended by Bank Indonesia Regulation No. 10/25/PBI/2008 dated 23 October 2008 as amended by Bank Indonesia Regulation No. 12/19/PBI/2010 dated 4 October 2010 as amended by Bank Indonesia Regulation No. 13/10/PBI/2011 dated 9 February 2011 which has been amended with PBI No. 15/15/PBI/2013 dated 24 December 2013, the Bank should comply with a minimum reserve requirement (GWM) in Bank Indonesia in Rupiah and foreign currencies. Minimum reserve requirement in Rupiah consists of Primary GWM, Secondary GWM and Loan to Deposit Ratio GWM.

Primary GWM in Rupiah is set at 8.00% from the Rupiah third party funds, secondary GWM in Rupiah is set at minimum 4.00% from the Rupiah third party funds and GWM LDR in Rupiah is calculated by multiplying the difference between lower disincentive parameter or higher disincentive parameter with the difference between Bank's LDR and target LDR by taking into account the difference between Bank's Capital Adequacy Ratio (CAR) and incentive CAR. Primary GWM and secondary GWM are applied effectively starting 1 November 2010 and GWM LDR is applied effectively starting 1 March 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Current Accounts with Bank Indonesia and Other Banks (continued)

Starting from 1 March 2011 up to 31 May 2011, GWM in foreign currency is set at 5.00% of foreign currency third party fund and starting 1 June 2011 GWM in foreign currency is set at 8.00% of foreign currency third party fund.

Subsidiary company that engaged in business operation using Sharia principle, had implemented the Minimum Statutory Reserve in accordance with Bank Indonesia Regulation No. 6/21/PBI/2004 dated 3 August 2004 regarding the Minimum Statutory Reserve in Rupiah and foreign currencies for Commercial Bank that engaged in business operation based on Sharia principle, which amended by Bank Indonesia Regulation No. 8/23/PBI/2006 dated 5 October 2006 and the latest amendment using Bank Indonesia Regulation No. 10/23/PBI/2008 dated 16 October 2008, where every bank is obliged to maintain the Minimum Statutory Reserve in Rupiah by 5.00% from TPF in Rupiah and in foreign currencies by 1.00% from TPF in foreign currencies

i. Placements with Bank Indonesia and Other Banks

Placements with Bank Indonesia and other banks represent placements in the form of Bank Indonesia deposit facility (FASBI), sharia FASBI, call money, “fixed-term” placements, time deposits and others.

Placements with Bank Indonesia and other banks are stated at amortised cost using effective interest rate less any allowance for impairment losses.

Placement with Bank Indonesia and other banks are classified as loans and receivables. Refer to Note 2c for the accounting policy of loans and receivables.

j. Marketable Securities

Marketable securities consist of securities traded in the money market such as Certificates of Bank Indonesia (SBI), Sharia Certificates of Bank Indonesia (SBIS), *Surat Perbendaharaan Negara* (SPN), Negotiable Cerfiticates of Deposits, medium term notes, floating rate notes, promissory notes, Treasury Bills issued by government of other country and Government of Republic of Indonesia, export bills, securities traded on the capital market such as mutual fund units and securities traded on the stock exchanges such as shares of stocks and bonds including Sharia Corporate bonds.

Marketable securities are classified as financial assets at fair value through profit or loss, available for sale, held to maturity and loan and receivables. Refer to Note 2c for the accounting policy of financial assets at fair value through profit or loss, available for sale and held to maturity.

Investments in mutual fund units are stated at market value, in accordance with the net value of assets of the mutual funds at the consolidated statement of financial position date.

For marketable securities which are traded in organised financial markets, fair value is generally determined by reference to quoted market prices by the stock exchanges at the close of business on the consolidated statement of financial position date. For marketable securities with no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which substantially have the same characteristic or calculated based on the expected cash flows of the underlying net asset base of the marketable securities. Any permanent decline in the fair value of marketable securities classified as held to maturity and available for sale is charged to current year’s consolidated statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Marketable Securities (continued)

Reclassification of marketable securities to held to maturity classification from available for sale are recorded at fair value. Unrealised gains or losses are recorded in the equity section and will be amortised up to the remaining live of the marketable securities using the effective interest rate method to consolidated statement of comprehensive income.

k. Government Bonds

Government Bonds represent bonds issued by the Government of the Republic of Indonesia. Government Bonds consists of Government Bonds from the recapitalisation program and Government Bonds purchased from the market.

Government Bonds are classified as financial assets at fair value through profit or loss, available for sale and held to maturity. Refer to Note 2c for the accounting policy of financial assets at fair value through profit or loss, available for sale and held to maturity.

l. Other Receivables - Trade Transactions

Other receivables - Trade Transactions represent receivables resulting from contracts for trade-related facilities given to customers, which will be reimbursed on maturity.

Other receivables - Trade Transactions are classified as financial assets in loans and receivables. Refer to Note 2c for the accounting policy of loans and receivables.

m. Securities Purchased/Sold under Resale/Repurchase Agreements

Securities purchased under resale agreements are presented as assets in the consolidated statement of financial position at the agreed resale price less unamortised interest income and allowance for impairment losses. The difference between the purchase price and the agreed selling price is treated as deferred (unamortised) interest income and amortised as income over the period, commencing from the acquisition date to the resale date using the effective interest rate method.

Securities purchased under resale agreements are classified as financial assets in loans and receivables. Refer to Note 2c for the accounting policy of loans and receivables.

Securities sold under repurchase agreements are presented as liabilities in the consolidated statement of financial position at the agreed repurchase price net of the unamortised prepaid interest. The difference between the selling price and the agreed repurchase price is treated as prepaid interest and recognised as interest expense over the period, commencing from the selling date to the repurchase date using effective interest rate method.

Securities sold under repurchase agreements are classified as financial liabilities at amortised cost. Refer to Note 2c for the accounting policy for financial liabilties at amortised cost.

n. Derivative Receivables and Derivative Payables

All derivative instruments (including foreign currency transactions for funding and trading purposes) are recognised in the consolidated statement of financial position at their fair values. Fair value is determined based on market value using Reuters rate at reporting date or discounted cash flow method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Derivative Receivables and Derivative Payables (continued)

Derivative receivables are presented at the amount of unrealised gain from derivative contracts, less allowance for impairment losses. Derivative payables are presented at the amount of unrealised loss from derivative contracts.

Gains or losses from derivative contracts are presented in the consolidated financial statements based on its purpose designated upon acquisition, as (1) fair value hedge, (2) cash flow hedge, (3) net investment in a foreign operation hedge, and (4) trading instruments as follows:

1. Gain or loss on a derivative contract designated and qualifying as a fair value hedging instrument and the gain or loss arising from the changes in fair value of hedged assets and liabilities is recognised as gain or loss that can be set off one another during the same accounting period/year. Any difference representing hedge ineffectiveness is directly recognised as gain or loss in the consolidated statement of income in current year.

2. The effective portion arising from gain or loss of derivative contracts, which are both designated and qualify as a cash flow hedge instruments is reported as other comprehensive income. The hedge ineffectiveness portion is recognised as a gain or loss in the current year consolidated statement of income.

3. Gain or loss arising from derivative contract that is designated, qualifies as a net investment hedge in a foreign operation and that is highly effective is reported as other comprehensive income, as long as the transactions are effectively recognised as hedge transactions.

4. Gain or loss arising from derivative contract not designated as a hedging instrument (or derivative contract that does not qualify as a hedging instrument) is recognised in the current year consolidated statement of income.

Derivative receivables are classified as financial assets at fair value through profit or loss, meanwhile derivative payables are classified as financial liabilities at fair value through profit or loss. Refer to Note 2c for the accounting policy of financial assets and liabilities at fair value through profit or loss.

o. Loans

Loans represent agreement to provide cash or cash equivalent based on agreements with borrowers, where borrowers are required to repay their debts with interest after a specified period, and matured trade finance facilities which have not been settled within 15 days.

Syndicated loans, direct financing and joint financing, and channeling loans are stated at their outstanding balances in proportion to the risks borne by the Bank and its Subsidiaries.

Included in loans are financing by Bank Syariah Mandiri (“BSM”), a Subsidiary, in the form of sharia receivables, sharia financing and funds of *Qardh*.

Brief explanation for each type of sharia financing is as follows:

Mudharabah financing is a co-operation for certain project between first party (*malik*, *shahibul mal* or Subsidiary) as owner of fund and second party (*amil*, *mudharib* or debtors) as fund manager whereas the profit sharing will be shared in accordance with percentage as stated in the agreement, meanwhile losses will be borne by the Subsidiary except if the second party does negligence, error or violate the agreement. *Mudharabah* financing is stated at the outstanding financing balance less allowance for possible losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Loans (continued)

Musyarakah financing is a co-operation between two or more parties in a certain business wherein each party provides a portion of fund on condition that the profit shall be shared in the agreement, whereas losses shall be borne in accordance with the portion of the fund of each party. Permanent *musyarakah* is *musyarakah* in which the fund portion of each partner is stated explicitly in the contract and remains the same until the contract expires. Declining *musyarakah* (*musyarakah mutanaqisha*) is *musyarakah* in which the fund portion of the Bank will be transferred in several stages to the other partner, resulting in the declining of fund portion of the Bank and, at the end of contract, the other partner will become the sole owner of the business. *Musyarakah* financing is stated at the outstanding financing balance less allowance for possible losses.

Ijarah receivables are the financing on the availability of fund in relation to transferring the right to use and benefit of a good and service based on rental transaction which was not followed by transfer of the goods ownership to the lessee. *Ijarah muntahiyah bittamlik* is an agreement on the availability of fund in relation to transferring the use right and benefit of a good or service based on rental transaction with an option to transfer the ownership title of goods to the lessee. *Ijarah* receivables are recognised at due date at the amount of it lease income not yet received and presented at its net realisable value, which is the outstanding balance of the receivables.

Murabahah receivables are the financing such goods by confirming purchase price to a buyer and the buyer pays it with a higher price as an agreed profit. *Murabahah* receivables are stated at the balance of the receivable less deferred margin and allowance for possible losses.

Istishna receivables are the financing such goods in the form of manufacturing the ordered goods with the agreed criteria and specification by both of orderer or buyer (*Mustashni*) and manufacturer or seller (*Shani*). *Istishna* receivables are presented based on the outstanding billings less allowance for possible losses.

Qardh receivables are a borrowing at the condition that the borrower should repay the loan at specified period of time. The Subsidiary will obtain a free (*ujrah*) from this transaction, which is recognised upon receipt. *Qardh* receivables included *Hawalah* and *Rahn* financing agreement. *Hawalah* is transfer of debts from debtors to other party (subsidiary) which obligate to bear or paid.

Rahn represents the mortgage of goods or assets owned by the customer for an equivalent amount of money. Assets or goods mortgaged are appraised based on market value, less a certain deduction percentage. The Subsidiary will obtain a fee (*ujrah*), which is recognised upon receipt. *Qardh* receivables is stated at its outstanding balance less allowance for possible losses.

Loans are classified as financial assets in loans and receivables. Refer to Note 2c for the accounting policy of loans and receivables.

Loan Restructuring

Loan restructuring may involve a modification of the terms of the loans, conversion of loans into equity or other financial instruments and/or a combination of both.

Losses on loan restructurings due to modification the terms of the loans are recognised as part of allowance for impairment losses only if the present value of total future cash receipts specified by the new terms of the loans including receipts designated as interest and loan principal, are less than the carrying amount of loans before restructuring.

For loan restructurings which involve a conversion of loans into equity or other financial instruments, a loss on loan restructuring is recognised as part of allowance for impairment losses only if the fair value of the equity or financial instruments received, deducted by estimated expenses to sell the equity or other financial instruments, is less than the carrying amount of loans.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Loans (continued)

Loan Restructuring (continued)

Overdue interest, which is capitalised to loans under new restructuring agreements, is recorded as deferred interest income and is amortised proportionately based on the amount of capitalised interest relative to the loan principal upon collection. Losses on loan restructuring are presented as part of allowance for impairment losses.

p. Consumer Financing Receivables

Subsidiary's consumer financing receivables are recognised initially at fair value, added with directly attributable transaction costs and deducted by yield enhancing income, and subsequently measured at amortised cost using the effective interest rate method.

Subsidiary's consumer financing receivables are classified as loans and receivables. Refer to Note 2c for the accounting policy of loans and receivables.

Early termination is treated as a cancellation of an existing contract and the resulting gain or loss is credited or charged to the current year's consolidated statement of comprehensive income at the transaction date.

Subsidiary's unearned consumer financing income is the difference between total installments to be received from customers and the total financing which is recognised as income over the term of the contract using effective interest rate.

Consumer financing receivables are stated net of joint financing receivables where joint financing providers bear credit risk in accordance with its portion (without recourse), unearned consumer financing income and allowance for impairment losses.

Joint financing receivables where jointly financed with other parties, bear credit risk in accordance with their financing portion (without recourse) and presented on a net basis in the consolidated statement of financial position. Consumer financing income and interest expense related to joint financing without recourse are also presented on a net basis in the consolidated statement of comprehensive income.

For joint financing without recourse, Subsidiary has the right to set higher interest rates to customers than those as stated in the joint financing agreements with joint financing providers. The difference is recognised as revenue and disclosed as "Consumer financing income".

q. Net Investment in Finance Lease

Net investment in finance lease represent lease receivable plus the residual value at the end of the lease period and stated net of unearned lease income, security deposits and the allowance for impairment losses. The difference between the gross lease receivable and the present value of the lease receivable is recognised as unearned lease income. Unearned lease income is allocated to current year consolidated statement of comprehensive income based on a constant rate of return on net investment using the effective interest rate.

The lessee has the option to purchase the leased asset at the end of the lease period at a price mutually agreed upon at the commencement of the agreement.

Early termination is treated as a cancellation of an existing contracts and the resulting gain or loss is credited or charged to the current year consolidated statement of comprehensive income.

(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Net Investment in Finance Lease (continued)

Net investment in finance leases are classified as loans and receivables. Refer to Note 2c to the accounting policy for loans and receivables.

r. Fixed Assets and Leased Assets

i. Fixed assets and Software

Fixed assets except for land is stated at cost less accumulated depreciation and impairment losses. Such cost includes the cost of replacing part of the fixed assets when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs that do not have future economics benefit are recognised in the consolidated statement of income as incurred. Software is recognised as intangible assets.

Depreciation and amortisation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

	Years
Buildings	20
Furniture, fixtures, office equipment and computer and vehicles	4-5
Software	5

Fixed assets are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in consolidated statement of comprehensive income in the year the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate, at each financial year end.

Construction in progress is stated at cost and is presented as part of fixed assets. Accumulated costs are reclassified to the appropriate fixed assets account when the assets are substantially complete and are ready for their intended use.

Prior to January 1, 2012, the land assets are recorded in accordance with SFAS 47, "Accounting for Land", all costs and expenses incurred in connection with the acquisition of land rights, among others, the cost, the cost of survey and measurement, notary fees and taxes associated with it, are deferred and presented separately from the cost of land acquisition. Cost of acquiring land rights are deferred are presented as part of "Other Assets" in the consolidated statements of financial position and is amortised over the useful life of the relevant land rights using the straight-line method.

In addition, SFAS 47 also states that the right to land is not amortised unless it meets certain conditions specific.

Starting 1 January 2012, SFAS 47 has been revoked and replaced by PSAK 16 “Fixed Assets”.

Starting 1 January 2012, in accordance with IAS 16 "Fixed Assets" and ISAK 25 "Land Rights". The cost of land rights in the form of right to cultivate, right to build and use rights are recognised as fixed assets. The acquisition cost is the cost that are directly attributable to obtain land rights, including the cost of legal rights to the land when the land was first acquired.

Land rights in the form of right to cultivate, right to build and use rights are not depreciated, unless there is evidence to indicate that the extension or renewal of land is likely to or definitely not obtained.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Fixed Assets and Leased Assets (continued)

i. Fixed assets and Software (continued)

SFAS No. 48 (Revised 2009), "Impairment of Assets" states that the carrying amounts of fixed assets are reviewed at each consolidated statement of financial position date to assess whether they are recorded in excess of their recoverable amounts and, when carrying value exceeds this estimated recoverable amount, assets are written down to their recoverable amount.

Effective 1 January 2008, Bank Mandiri applied SFAS No. 16 (Revised 2007) "Fixed Assets". Bank Mandiri and Subsidiaries chose the cost model, and therefore, the balance of fixed assets revaluation reserve at the first time adoption of SFAS No. 16 (Revised 2007), which were presented in the shareholders' equity section amounting to Rp3,046,936 in the consolidated statement of financial position, were reclassified to appropriated retained earnings in 2008.

ii. Leased assets

The Group apply SFAS No. 30 (Revised 2011) of the Lease, effective beginning on or after 1 January 2008. Under SFAS No. 30 (Revised 2011), determination of whether an agreement is a lease agreement or lease agreement containing the substance of the agreement based on the inception date and whether the fulfillment of the agreement depends on the use of an asset and the agreement provides a right to use the asset. According to this revised SFAS, leases that transfer substantially all the risks and rewards incidental to ownership, are classified as finance leases. Further, a lease is classified as operating leases, if the lease does not transfer substantially all the risks and benefits incidental to ownership of assets.

Based on SFAS No. 30 (Revised 2011), under a finance leases, Bank and Subsidiaries recognise assets and liabilities in its consolidated statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Lease payment is apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Finance charges are reflected in the consolidated statement of income. Capitalised leased assets (presented under fixed assets) are depreciated over the shorter of the estimated useful life of the assets and the lease term, if there is no reasonable certainty that the Bank will obtain ownership by the end of the lease term.

Under an operating lease, the Bank recognise lease payments as an expense on a straight-line basis over the lease term.

If a rental agreement contains elements of land and buildings, the Bank assessed the classification of each element as a finance lease or an operating lease separately.

s. Investments in Shares

Investments in shares represent long-term investments in non-publicly-listed companies and temporary investments in debtor companies arising from conversion of loans to equity.

Investments in shares representing ownership interests of 20.00% to 50.00% are accounted for using the equity method. Under this method, investments are stated at cost and adjusted for the Bank's proportionate share in the net equity of the investees and reduced by dividends earned starting the acquisition date net of by allowance for impairment losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s. Investments in Shares (continued)

Temporary investment is written-off from the consolidated statement of financial position if it is held for more than 5 years in accordance with Bank Indonesia Regulation No. 7/2/PBI/2005 dated 20 January 2005 on "Asset Quality Ratings for Commercial Banks", as amended by Bank Indonesia Regulation No. 11/2/PBI/2009 dated 29 January 2009. Since 24 October 2012, Group follows Bank Indonesia Regulation No. 14/15/PBI/2012 dated 24 October 2012 Regarding "Asset Quality Rating for Commercial Banks".

Investment in shares with ownership below 20% are classified as financial assets available for sale. Refer to Note 2c for the accounting policy of financial assets available for sale.

Goodwill is recognised, when there is a difference between the acquisition cost and the Bank's portion of the fair value of identified assets and liabilities at the acquisition date. Goodwill is presented as other assets. Starting 1 January 2011, with the effective implementation of SFAS No. 22 "Business Combination", Goodwill arised from acquisition prior to 1 January 2011 is not amortised but subject to regular impairment assessment. Prior to 1 January 2011, Goodwill is amortised as expense over the period using the straight-line method, unless there is other method considered more appropriate in certain conditions. The Goodwill amortisation period is 5 (five) years, but a longer amortisation period may be applied (with maximum 20 years period) with appropriate basis.

t. Allowance for Possible Losses on Non-Earning Assets

Non-earning assets of Bank Mandiri and the Subsidiaries' assets consist of repossessed assets, abandoned properties, inter-office accounts and suspense accounts.

The Bank provided an allowance for impairment of collateral confiscated and abandoned property to the value of the lower of carrying amount and fair value net of costs to sell. As for the inter-office account and suspense account, the value of the lower of carrying value and the recovery value.

u. Acceptance Receivables and Payables

Acceptance receivables are classified as financial assets in loans and receivables. Refer to Note 2c for the accounting policy of loans and receivables.

Acceptance payables are classified as financial liabilities at amortised cost. Refer to Note 2c for the accounting policy for financial liabilities at amortised cost.

v. Other Assets

Other assets include accrued income for interest, provision and commissions, receivables, repossessed assets, abandoned properties, inter-branch accounts and others.

Repossessed assets represent assets acquired by Bank Mandiri and Subsidiaries, both from auction and non auction based on voluntary transfer by the debtor or based on debtor's approval to sell the collateral where the debtor could not fulfill their obligations to Bank Mandiri and Subsidiaries. Repossessed assets represent loan collateral acquired in settlement of loans and is included in "Other Assets".

Abandoned properties represent Bank and Subsidiaries' fixed assets in form of property which were not used for Bank and Subsidiaries' business operational activity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Other Assets (continued)

Repossessed assets and abandoned properties are presented at their net realisable values. Net realisable value is the fair value of the repossessed assets less estimated costs of liquidating the repossessed assets. Any excess of the loan balance over the value of the repossessed assets, which is not recoverable from the borrower, is charged to the allowance for impairment losses. Differences between the estimated realisable value and the proceeds from sale of the repossessed assets are recognised as current year's gain or loss at the time of sale.

Expenses for maintaining repossessed assets and abandoned properties are recognised in the current year's consolidated statement of comprehensive income. The carrying amount of the repossessed assets is impaired to recognise a permanent decrease in value of the repossessed asset. Any impairment occurred will be charged to the current year's consolidated statement of comprehensive income. Refer to Note 2t for changes in accounting policy to determine impairment losses on repossessed assets and abandoned properties.

w. Obligation due Immediately

Obligations due immediately are recorded at the time of the obligations occurred from customer or other banks. Obligation due immediately are classified as financial liabilities at amortised cost.

x. Deposits from Customers

Deposits from customers are the funds placed by customers (excluding banks) with the Bank and Subsidiaries which operate in banking industry based on a fund deposit agreements. Included in this account are demand deposits, saving deposits, time deposits and other similar deposits.

Demand deposits represent deposits of customers that may be used as instruments of payment, and which may be withdrawn at any time by cheque, automated teller machine card (ATM) or other orders of payment or transfers.

Saving deposits represent deposits of customers that may only be withdrawn over the counter and via ATMs or funds transfers by SMS Banking, Phone Banking and Internet Banking when certain agreed conditions are met, but which may not be withdrawn by cheque or other equivalent instruments.

Time deposits represent customers deposits that may only be withdrawn after a certain time based on the agreement between the depositor and the Bank. These are stated at amortised cost in the certificates between the Bank and the holders of time deposits.

Included in demand deposits are *wadiah* demand and saving deposits. *Wadiah* demand deposits can be used as payment instruments and can be withdrawn any time using cheque and *bilyet giro*. *Wadiah* demand and saving deposits earn bonus based on Bank's policy. *Wadiah* saving and demand deposits are stated at the Bank's liability amount.

Deposits from customers are classified as financial liabilities at amortised cost. Incremental costs directly attributable to acquistion of deposits from customers are included in the amount of deposits and amortised over the expected life of the deposits. Refer to Note 2c for the accounting policy for financial liabilities at amortised cost.

y. Deposits from Other Banks

Deposits from other banks represent liabilities to local and overseas banks, in the form of demand deposits, saving deposits, inter-bank call money with original maturities of 90 days or less and time deposits. Deposits from other banks are recorded as liability to other banks.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

y. Deposits from Other Banks (continued)

Included in the deposits from other banks are sharia deposits in form of *wadiah* deposits, and Certificates Mudharabah Investment Bank (SIMA). SIMA is an investment certificate issued by the BSM which adopts profit sharing practice and in form of placement among banks. SIMA financing period ranges from 1 - 6 months.

Deposits from other banks are classified as financial liabilities at amortised cost. Incremental costs directly attributable to acquistion of deposits from other banks are included in the amount of deposits and amortised over the expected life of the deposits. Refer to Note 2c for the accounting policy for financial liabilities at amortised cost.

z. Insurance Contract

Insurance contracts is a contract under which the insurer accepts significant insurance risk from the policyholders. Significant insurance risk is defined as the possibility of paying significantly more benefit to the policyholder upon the occurrence of insured event compared to the minimum benefit payable in a scenario where the insured event does not occur. Scenarios considered are those with commercial substance.

The Subsidiary issues insurance contracts that accepted siginificant insurance risk from the policyholders. The Subsidiary defines significant insurance risk as the possibility of having to pay benefits on the occurence of an insured event of at least 10% more than the benefits payable if the insured event did not occur.

Investment contracts are those contracts without significant insurance risk.

Once a contract has been classified as an insurance contract, no reclassification is subsequently performed unless the terms of the agreement are later amended.

The Subsidiary unbundles the deposit component of unit-linked contract when required by SFAS 62 when both the following conditions are met:
- The Subsidiary can measure separately the “deposit” component (including any embedded surrender option, i.e. without taking into account the “insurance” component);
- The Subsidiary’s accounting policies do not otherwise require to recognise all obligations and rights arising from the “deposit” component.

No such condition currently exists within the Subsidiary. In accordance with SFAS 62, the Subsidiary continues to use the accounting principles previously applied by the Subsidiary related to unit-linked contracts.

<u>Liability adequacy tests</u>

Liability adequacy testing is performed at reporting date for contract individually or group of products determined in accordance with the Subsidiary’s manner of acquiring, servicing and measuring the profitability of its insurance contracts.

For life insurance, the liabilities to policyholder in particular the liabilities for future claim is tested to determine whether they are sufficient to cover all related future cash out flow include all benefit guaranteed and guaranteed embedded additional benefit, non guaranteed participation benefit feature (if any), all the expense for policies issuance and maintaining the policies, as well as reflecting the future cash inflow, i.e. premium receipt in the future. The liabilities are calculated based on discounted cash flow basis for all related cash flow i.e. both of cash outflow and cash inflow as mentioned above using a set of most recent best estimate actuarial assumptions which is set by the Subsidiary’s appointed actuary, include discount rate assumptions, mortality/morbidity assumptions, lapse assumptions, expense assumptions and inflation assumptions as well as margin for adverse deviation assumptions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z. Insurance Contract (continued)

Liability adequacy tests (continued)

For loss insurance, Subsidiary performs liability adequacy testing on the reporting date by using present value of future cash flow based on insurance contracts.

If the testing shows deficiency between insurance liabilities (deducted withdeffered acquisition lost for loss insurance) and estimation of future cash flow, the deficiency will be recorded to the consolidated statement of comprehensive income.

Reinsurance

The Subsidiary reinsures a portion of its risk with reinsurance companies. The amount of premium paid or portion of premium from prospective reinsurance transactions is recognised over the reinsurance contract in proportion with the protection received.

Reinsurance assets include balances expected to be recovered from reinsurance companies for ceded liability for future policy benefits, ceded estimated claim liabilities and ceded unearned premiums. Amounts recoverable from reinsurers are estimated in a manner consistent with the liability associated with the reinsured policy.

Subsidiary presents separately reinsurance asset as asset of the insurance liability.

If a reinsurance asset is impaired, the Subsidiary reduces the carrying amount accordingly and recognises that impairment loss in the statement of income. A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the Subsidiary may not receive all amounts due to it under the terms of the contract, and the impact on the amounts that the Subsidiary will receive from the reinsurer can be reliably measured.

Liability for future policy benefit

The liabilities for future policy benefits represent the present value of estimated future policy benefits to be paid to policyholders or their heirs less present value of estimated future premiums to be received from the policyholders and recognised consistently with the recognition of premium income. The liabilities for future policy benefits are determined and computed based on certain formula by the Subsidiary’s actuary or registered independent actuary.

Starting 1 January 2013, the Subsidiary calculates the liability for future policy benefits using Gross Premium Reserve method that reflect the present value of estimated payments throughout the guaranteed benefits including all the embedded options available, the estimated present value of all handling costs incurred and also considering the future premium receipt. Prior to 1 January 2013, the Subsidiary used Net Level Premium to calculate liabilities for future policy benefits. This change is deemed as a change in accounting estimates, therefor applied prospectively.

Increase (decrease) in future policy benefits is recognised in the current year’s statement of comprehensive income.

Liability to unit-linked policyholders classified as insurance liability.

The liability to unit-linked policyholders is recognised at the time the funds received are converted into units, net of related expenses and will increase or decrease in accordance with effective net asset value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z. Insurance Contract (continued)

Liability for future policy benefit (continued)

Funds received from customers for non-sharia unit-linked products are reported as gross premiums in the consolidated statements of comprehensive income. Liabilities to unit-linked policyholders are recognised in the consolidated statement of financial position computed based on unearned premium reserves using daily method from the cost of insurance to cover mortality risk plus reserves for the accumulated invested fund of unit-linked policyholders. Prior to 1 January 2013, the liabilities to unit-linked policyholders are recognised in the statements of financial position computed based on unearned premium reserves using aggregate basis at a minimum 40% of the cost of insurance to cover mortality risk plus reserves for the accumulated invested fund of unit-lined policyholders.

Any interest, gain or loss due to increases or decreases in market value of investments are recorded as income or expense, with a corresponding recognition of increase in liability to unit-linked policyholders in the consolidated statements of comprehensive income and liability to unit-linked policyholders in the consolidated statement of financial position.

Funds received from customers for unit-linked products is recognised as liabilities to unit-linked policyholders in the consolidated statement of financial position for the amount received net of the portion representing the Subsidiary's fees in managing the unit-linked product revenue.

aa. Marketable Securities Issued

Marketable securities issued by the Bank and its Subsidiaries, include bonds, subordinated notes, medium term notes and travelers' cheques, are initially measured at fair value plus directly attributable transaction costs. Subsequently transactions costs are amortised using the effective interest rate up to the maturity of marketable securities issued.

Marketable securities issued are classified as financial liabilities at amortised cost. Refer to Note 2c for the accounting policy for financial liabilities at amortised cost.

ab. Fund Borrowings

Fund borrowings represent funds received from other banks, Bank Indonesia or other parties with the obligation of repayment in accordance with the requirements of the loan agreement.

Fund borrowings are initially measured at fair value minus directly attributable transaction costs. Fund borrowings are classified as financial liabilities at amortised cost. Refer to Note 2c for the accounting policy for financial liabilities at amortised cost.

ac. Subordinated Loans

Subordinated loans are initially measured at fair value minus directly attributable transaction costs. Subsequently transactions costs are amortised using the effective interest rate up to the maturity of subordinated loans.

Subordinated loans are classified as financial liabilities at amortised cost. Refer to Note 2c for the accounting policy for financial liabilities at amortised cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ad. Income Tax

The tax expense comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Group's management periodically evaluates the implementation of prevailing tax regulations especially those that are subject to further interpretation on its implementation, including evaluation on tax assessment letters received from tax authorities. Where appropriate the Bank establishes provisions based on the amounts expected to be paid to the tax authorities.

The balance sheet liability method is applied to determine income tax expense in Bank Mandiri and Subsidiaries. Under the balance sheet liability method, deferred tax assets and liabilities are recognised for all temporary differences arising between the tax base of assets and liabilities and their carrying amount in the consolidated statement of financial position at each reporting date. This method also requires the recognition of future tax benefits, to the extent that realisation of such benefits is probable.

Currently enacted or substantially enacted tax rates at the time deferred tax assets has been realised or deferred tax liabilities has been settled are used in the determination of deferred income tax. The changes to the carrying value of deferred tax assets and liabilities due to the changes of tax rates are charged in the current year, except for transactions which previously have been directly charged or credited to shareholders' equity.

Amendments to taxation obligations are recorded when an assessment is received or, if appealed against, when the result of the appeal is determined. Management provides provision for future tax liability at the amount that will be payable to the tax office on probable tax exposure, based on assessment as at the date of consolidated statement of financial position. Assumptions and estimation used in the provisioning calculation may involve element of uncertainty.

The estimated corporate income tax of Bank Mandiri and Subsidiaries is calculated for each company as a separate legal entity. Current tax assets and current tax liabilities for different legal entities can not be set-off in the consolidated financial statements. Corporate tax payables and other tax payables of Bank Mandiri and Subsidiaries are presented as taxes payable in the consolidated statement of financial position. Deferred tax assets are presented net of deferred tax liabilities in the consolidated statements of financial position.

ae. Temporary *Syirkah* Funds

Temporary *syirkah* funds represent investment received by Subsidiary (PT Bank Syariah Mandiri). The Subsidiary has the right to manage and invest funds in accordance with either the Subsidiary's policy or restriction set by the depositors with the agreed profit sharing.

Relationship between the Subsidiary and the owner of temporary *syirkah* funds are based on partnership *mudharabah muthlaqah, mudharabah muqayyadah* or *musyarakah*. The examples of temporary *syirkah* funds are investment funds received from *mudharabah muthlaqah, mudharabah muqayyadah, mudharabah musytarakah* and other similar accounts.

1) *Mudharabah muthlaqah* represents *mudharabah* in which the fund owner (*shahibul maal*) entrusts to fund manager (*mudharib*/Subsidiary) in managing its investment.
2) *Mudharabah muqayyadah* represents *mudharabah* in which the fund owner sets restrictions against fund manager regarding, among others, the place, the means and/or the object of investment.
3) *Mudharabah musytarakah* represents *mudharabah* in which fund manager also submits its capital or fund in the investment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ae. Temporary *Syirkah* Funds (continued)

Temporary *syirkah* funds cannot be classified as liability. This is due to the Subsidiary does not have any liability to return the fund to the owners, except for losses due to the Subsidiary's management negligence or misrepresentation. On the other hand, temporary *syirkah* funds also cannot be classified as equity, because of the existence of maturity period and the depositors do not have the same rights as the shareholders, such as voting rights and the rights of realised gain from current asset and other non-investment accounts.

Temporary *syirkah* funds represent one of the consolidated statement of financial position accounts which is in accordance with sharia principle that provide right to the Subsidiary to manage fund, including to mixing the funds with the other funds.

The owner of temporary *syirkah* funds receive parts of profit in accordance with the agreement and receive loss based on the proportion to the total funds. The profit distribution of temporary *syirkah* funds might be based on profit sharing or revenue sharing concept.

af. Interest and Sharia Income and Expense

(i) Conventional

Interest income and expense for all interest-bearing financial instruments are recognised within "interest income" and "interest expense" in the consolidated statement of comprehensive income using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees, commissions and other fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised on the non-impaired portion of the impaired financial assets using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(ii) Sharia income

Included in interest income and expense are sharia income and expense. The Subsidiaries's income as a fund manager (*mudharib*) consists of income from *murabahah* and *istishna* transactions, income from *ijarah* (leasing), income from profit sharing of *mudharabah* and *musyarakah* financing and other main operating income.

Murabahah income by deferred payment or by installment is recognised during the period of the contract based on effective method (annuity).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

af. Interest and Sharia Income and Expense (continued)

(ii) Sharia income (continued)

Subsidiary determine risk policy based on the internal requirement. Subsidiary ceases the amortisation of deferred income when the financing were classified as non performing.

Income from *istishna* is recognised using the percentage of completion or full completion method.

Income from *Ijarah* is recognised proportionally during the contract period.

Profit sharing for passive partner in *musyarakah* is recognised in the period when the right arise in accordance with the agreed sharing ratio.

Profit sharing income from *mudharabah* is recognised in the period when the right arise in accordance with agreed sharing ratio and the recognition based on projection of income is not allowed.

(iii) Third Parties' Share on Return of Temporary *Syirkah* Funds

Third parties' share on the return of temporary *syirkah* funds represent fund owners' share of the profit of Subsidiary derived from managing of such funds under *mudharabah mutlaqah*, *mudharabah muqayyadah* and *mudharabah musytarakah* principles. The profit sharing is determined on a cash basis.

Distribution of profit sharing is based on profit sharing principle which calculated from the Subsidiary's gross profit margin.

Margin income and profit sharing on financing facilities and other earning assets are distributed to fund owners and the Subsidiary based on proportion of fund used in the financing and other earning assets. Margin income and profit sharing income allocated to the fund owners are then distributed to fund owners as *shahibul maal* and the Subsidiary as *mudharib* based on a predetermined ratio. Margin income and profit sharing from financing facilities and other earning assets using the Subsidiary's funds, are entirely shared for the Subsidiary, including income from the Subsidiary's fee-based transactions.

ag. Premium Income and Claims Expenses

Premium received from short duration insurance contracts is recognised as revenue over the period of risk coverage in proportion to the amounts of insurance protection provided. Premiums from long duration contracts are recognised as revenue when the policy is due.

Premiums received before the due date of the respective policies are reported as policyholders' deposits in the consolidated statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ag. Premium Income and Claims Expenses (continued)

Claims and benefits consist of settled claims, claims that are still in process of completion and estimated of claims incurred but not yet reported (IBNR). Claims and benefits are recognised as expenses when the liabilities to cover claims are incurred. Claim recoveries from reinsurance companies are recognised and recorded as deduction from claims expenses consistent in the same period with the claim expenses recognition.

Total claims in process, including claims incurred but not yet reported, are stated at estimated amounts determined based on the actuarial technical insurance calculations. Changes in estimated claims liabilities as a result of further evaluation and the difference between estimated claims and paid claims are recognised as addition to or deduction from expenses in the period the changes occurred.

ah. Fees and Commissions Income

Fees and commissions income and transaction cost that are directly attributable to lending and consumer financing activities, are recognised as a part/(deduction) of outstanding loan and consumer financing receivables and will be recognised as interest income by amortising the carrying value of loan and consumer financing receivables with effective interest rate method.

The unamortised fees and commissions balances relating to loans and consumer financing receivables which settled prior to maturity are recognised upon settlement date.

Other fees and commissions income which are not directly related to lending activities or a specific periods are recognised as revenue on the transaction date.

ai. Employee Benefits

Pension Liability

Bank Mandiri established a defined contribution pension plan covering substantially all of its eligible employees from 1 August 1999 and also defined benefit pension plans, which were derived from each of the Merged Banks' pension plan. This program is funded through payment to pension fund management as defined in the regular actuarial calculation.

Bank Mandiri and Subsidiaries' pension liability has been calculated by comparing the benefit that will be received by an employee at normal pension age from the Pension Plans with the benefit as stipulated under the Labor Law No. 13/2003 after deducting accumulated employee contributions and the results of its investments. If the pension benefit from the Pension Plans is less than the benefit as required by the Labor Law No. 13/2003, the Bank and Subsidiaries will have to pay such shortage.

The pension plan based on the labor law is a defined benefit plan because the labor law requires a certain formula to calculate the minimum pension benefit. A defined contribution plan is a pension plan that defines an amount of pension contribution based on pension Fund Regulation and all contribution including investment return are recorded in its account's member as pension benefit as stated in Pension Fund Law No. 11 year 1992 dated 20 April 1992 regarding Pension Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ai. Employee Benefits (continued)

Pension Liability (continued)

The liability recognised in the consolidated statements of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service cost. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method on a regular basis for periods not exceed one year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefit will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions. Should the actuarial gains/losses is exceeding 10.00% of defined benefit or 10.00% of fair value program's asset are charged or credited to income or expense over the average remaining service lives of the related employees.

Other Post-Employment Benefit Obligations

The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar but simplified to that for defined benefit pension plans. These obligations are valued annually by independent qualified actuaries.

Tantiem Distribution

Bank Mandiri records tantiem on an accrual basis and charges it to the consolidated statements of comprehensive income.

aj. Earnings Per Share

Earnings per share is calculated by dividing the consolidated net profit at end of year with the weighted average number of shares issued and fully paid-in during the year.

The weighted-average number of outstanding shares used in computing earnings per share as at 31 December 2013 and 2012 are 23,333,333,333 shares and 23,333,333,333 shares, respectively.

ak. Segment Information

An operating segment is a component of entity which:

(a) involves with business activities to generate income and expenses (include income and expenses relating to the transactions with other components from the same entity);
(b) operations result is observed regularly by chief decision maker to make decisions regarding the allocation of resources and to evaluate the works; and
(c) separate financial information is available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ak. Segment Information (continued)

The Group presents operating segment based on internal reports that are presented to the group decision-making operations in accordance with SFAS 5 - Operating Segment. Operating decision maker is the Board of Directors. The operating segments have been divided into the following segments: corporate, commercial and business; micro and retail; consumer, Treasury, Financial Institution and Special Asset Management (SAM), Institutional banking, head office, Subsidiaries: Subsidiary - sharia, Subsidiary – insurance and Subsidiary - others.

A geographical segment is a distinguishable component of the Bank and its Subsidiaries that is engaged in providing services within a particular economic environment and that is subject to risks and returns that are different from those operating in other economic environments. Geographical segments are divided into Indonesia, Asia (Singapore, Malaysia, Hong Kong and Timor Leste and Shanghai), Western Europe (England) and Cayman Islands.

al. Partnership program and community development program

Since 2013, fund allocation for partnership program and community development program approved by General shareholders meeting, are not allocated from retained earning instead, it is accrued and charged directly to the current year consolidated statement of comprehensive income at respective year.

3. USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain estimates and assumption are made in the preparation of the consolidated financial statements. These often require management judgement in determining the appropriate methodology for valuation of assets and liabilities.

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFAS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

Although these estimates and assumption are based on management's best knowledge of current events and activities, actual result may differ from those estimates and assumption.

Key sources of estimation uncertainty

a. Allowances for impairment losses of financial assets

Financial assets accounted for at amortised cost are evaluated for impairment on a basis described in Note 2c.

The specific condition of impaired counterparty is considered in calculating allowances for impairment applies to financial assets and evaluated individually for impairment based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about the counterparty's financial situation and the net realisable value of any underlying collateral. Each impaired financial assets is assessed on its merits, and the workout strategy and estimated cash flows considered recoverable are independently accepted and approved by the Credit Risk Management Unit.

3. USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty (continued)

a. Allowances for impairment losses of financial assets (continued)

Collectively assessed impairment allowances cover credit losses inherent in portfolios of financial assets with similar risk characteristics when there is objective evidence to suggest that they contain impaired financial assets, but the individual impaired items cannot yet be identified. In assessing the need for collective allowances, management considers factors such as credit quality and type of product. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well these estimate future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances.

b. Determining fair values of financial instruments

In determining the fair value for financial assets and financial liabilities for which there is no observable market price, the Group uses the valuation techniques as described in Note 2c for financial instruments that are traded infrequently and a lack of price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

c. Employee benefit

Pension programs are determined based on actuarial valuation. The actuary valuation involves making assumptions about discount rate, expected rate of return investments, future salary increases, mortality rate, resignation rate and others (refer to Note 2ai and 50). Any changes in those assumptions will impact to the liability balance of employee benefit obligations.

The Group determines the appropriate discount rate at the end of each year including interest rate that should be used to determine the present value of estimated future cash outflows expected to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of Government Bonds denominated in the similar currency with payments that will be made and have terms to maturity approximating the terms of the related employee benefit liability. Other key assumptions for pension obligations are determined based in part on current market conditions.

d. Insurance liabilities on insurance contracts

Technical reserves of subsidiaries recorded in the consolidated statement of financial position as part of “Other liabilities” are calculated based on actuarial calculation using certain actuarial assumptions. Included in the technical reserves are liability for future policy benefits, estimated claim liabilities, unearned premium income, unexpired risk reserve (URR) and liability to policyholders. Since 1 January 2013, the Subsidiary uses Gross Premium Reserve method in calculating liability for future policy benefits which are based on best estimate assumptions and margin for adverse risk.

(Expressed in millions of Rupiah, unless otherwise stated)

4. CURRENT ACCOUNTS WITH BANK INDONESIA

	2013	2012
Rupiah	34,292,655	31,699,458
United States Dollar (Note 61B.(v))	9,611,764	6,572,697
	43,904,419	**38,272,155**

As at 31 December 2013 and 2012, the Bank's Minimum Statutory Reserve complies with Bank Indonesia (BI) Regulation No. 13/10/PBI/2011 dated 9 February 2011, latest amended by BI Regulation No. 15/15/PBI/2013 dated 24 Desember 2013 regarding Minimum Statutory Reserve of Commercial Banks in Rupiah and foreign currencies which are as follows:

	2013	2012
Rupiah		
- Primary Minimum Statutory Reserve	8.00%	8.00%
- Secondary Minimum Statutory Reserve	4.00%	2.50%
Foreign Currencies	8.00%	8.00%

Primary Minimum Statutory Reserve is a minimum reserve that should be maintained by the Bank in the Current Accounts with Bank Indonesia, Secondary Minimum Statutory Reserve is the minimum reserves that should be maintained by the Bank, comprises of Certificates of Bank Indonesia (SBI), Certificate of Bank Indonesia Deposit (SDBI), Treasury Bills and/or Excess Reserve, which represent the excess balance of the Bank's Current Accounts in Rupiah over the Primary Minimum Statutory Reserve and the Minimum Statutory Reserve on Loan to Deposit Ratio (LDR). The Minimum Statutory Reserve on LDR ratio is the additional reserve that should be maintained by the Bank in the form of Current Account with Bank Indonesia, if the Bank's LDR below the minimum of LDR targeted by Bank Indonesia (78%) and if the Bank's LDR above the maximum of LDR targeted by Bank Indonesia (92%) given that the Capital Adequacy Ratio is above BI requirement of 14%.

The ratio of the Minimum Statutory Reserve requirement (Bank Mandiri only) for its Rupiah and foreign currencies accounts as at 31 December 2013 and 2012, are as follows:

	2013	2012
Rupiah		
- Primary Minimum Statutory Reserve	8.00%	8.00%
- Secondary Minimum Statutory Reserve	18.08%	24.96%
- Minimum Statutory Reserve on Loan to Deposit Ratio*)	0.00%	0.00%
Foreign currencies	8.10%	8.01%

*) The additional minimum reserve calculated based on difference between Bank's LDR with the minimum or the maximum Bank Indonesia's Loan to Deposit Ratio Target. Difference between Bank's LDR with the minimum Bank Indonesia's LDR target multiply by 10%, whereas difference between Bank's LDR with the maximum Bank Indonesia's LDR target multiply by 20%. Effective starting 1 March 2011.

(Expressed in millions of Rupiah, unless otherwise stated)

5. CURRENT ACCOUNTS WITH OTHER BANKS

a. By Currency, Related Parties and Third Parties:

	2013	2012
Rupiah		
Related parties (Note 55)	38,982	15,693
Third parties	162,747	125,988
Total Rupiah	201,729	141,681
Foreign currencies (Note 61B.(v))		
Related parties (Note 55)	406	386
Third parties	13,845,940	9,509,705
Total foreign currencies	13,846,346	9,510,091
Total	14,048,075	9,651,772
Less: Allowance for impairment losses	(11,591)	(6,268)
	14,036,484	**9,645,504**

Included in foreign currencies are mainly Pound Sterling, Euro, United States Dollar, Yen, Australian Dollar, Hong Kong Dollar and Singapore Dollar.

b. By Bank Indonesia's Collectibility:

	2013	2012
Rupiah - Current	201,729	141,681
Foreign currencies		
Current	13,841,687	9,506,551
Loss	4,659	3,540
Total foreign currencies	13,846,346	9,510,091
Total	14,048,075	9,651,772
Less: Allowance for impairment losses	(11,591)	(6,268)
	14,036,484	**9,645,504**

c. The Average Interest Rate (yield) per Annum:

	2013	2012
Rupiah	0.02%	0.20%
Foreign currencies	0.06%	0.16%

d. Movements of allowance for impairment losses on current accounts with other banks are as follows:

	2013	2012
Balance at beginning of year	6,268	10,841
Allowance/(reversal) during the year (Note 44)	3,726	(4,938)
Others*)	1,597	365
Balance at end of year	**11,591**	**6,268**

*) Includes effect of foreign currency translation.

Management believes that the allowance for impairment losses on current accounts with other banks is adequate.

e. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 61A.

(Expressed in millions of Rupiah, unless otherwise stated)

6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS

a. By Type, Currency, Maturity and Bank Indonesia's Collectibility:

2013

	Maturity	Current	Loss	Total
Rupiah:				
Bank Indonesia	< 1 month	18,795,721	-	18,795,721
Call Money	< 1 month	2,785,000	-	2,785,000
Time Deposit	< 1 month	1,045,652	-	1,045,652
	≥ 1 month ≤ 3 months	604,000	-	604,000
	> 3 months ≤ 6 months	451,449	-	451,449
	> 6 months ≤ 12 months	5,000	-	5,000
Saving	no maturity	1,373	-	1,373
Total Rupiah		23,688,195	-	23,688,195
Foreign currencies:				
Bank Indonesia	< 1 month	15,821,000	-	15,821,000
Call Money	< 1 month	3,741,791	-	3,741,791
	≥ 1 month ≤ 3 months	9,736	-	9,736
	> 12 months	-	66,079	66,079
Fixed-Term Placement	< 1 month	1,757,734	-	1,757,734
	≥ 1 month ≤ 3 months	122,235	-	122,235
	> 12 months	-	1,521	1,521
Time Deposit	< 1 month	7,851	-	7,851
	≥ 1 month ≤ 3 months	3,291	-	3,291
Total foreign currencies (Note 61B.(v))		21,463,638	67,600	21,531,238
Total				45,219,433
Less: Allowance for impairment losses				(105,599)
				45,113,834

2012

	Maturity	Current	Loss	Total
Rupiah:				
Bank Indonesia	< 1 month	26,386,019	-	26,386,019
	≥ 1 month ≤ 3 months	991,185	-	991,185
Call Money	< 1 month	3,170,000	-	3,170,000
	≥ 1 month ≤ 3 months	200,000	-	200,000
Time Deposit	< 1 month	1,113,960	-	1,113,960
	≥ 1 month ≤ 3 months	433,200	-	433,200
	> 3 months ≤ 6 months	67,802	-	67,802
	> 6 months ≤ 12 months	18,500	-	18,500
Saving	no maturity	824	-	824
Total Rupiah		32,381,490	-	32,381,490
Foreign currencies:				
Bank Indonesia	< 1 month	9,637,500	-	9,637,500
Call Money	< 1 month	4,013,557	-	4,013,557
	> 12 months	-	50,198	50,198
Fixed-Term Placement	< 1 month	2,050,462	-	2,050,462
	≥ 1 month ≤ 3 months	289	-	289
	> 3 months ≤ 6 months	87,990	-	87,990
	> 12 months	-	1,156	1,156
Time Deposit	< 1 month	100,841	-	100,841
Total foreign currencies (Note 61B.(v))		15,890,639	51,354	15,941,993
Total				48,323,483
Less: Allowance for impairment losses				(85,258)
				48,238,225

(Expressed in millions of Rupiah, unless otherwise stated)

6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (continued)

b. By Related Parties and Third Parties:

	2013	2012
Rupiah:		
Related parties (Note 55)	668,504	665,511
Third parties	23,019,691	31,715,979
Total Rupiah	23,688,195	32,381,490
Foreign currencies:		
Related parties (Note 55)	248,278	678,457
Third parties	21,282,960	15,263,536
Total foreign currencies (Note 61B.(v))	21,531,238	15,941,993
Total	45,219,433	48,323,483
Less: Allowance for impairment losses	(105,599)	(85,258)
	45,113,834	**48,238,225**

c. Average Interest Rate (yield) per Annum:

	2013	2012
Rupiah	3.50%	3.64%
Foreign currencies	0.16%	0.22%

d. As at 31 December 2013 and 2012, there were no placements pledged as cash collateral.

e. Movements of allowance for impairment losses on placements with other banks:

	2013	2012
Balance at beginning of year	85,258	146,729
Allowance/(reversal) during the year (Note 44)	8,548	(75,272)
Others*)	11,793	13,801
Balance at end of year	**105,599**	**85,258**

*) Includes effect of foreign currency translation.

Management believes that the allowance for impairment losses on placements with Bank Indonesia and other banks is adequate.

Bank Mandiri has a placement with a financial institution (in liquidation), which has been classified as loss or "impaired". Bank Mandiri's claims that have been approved by the Trustee based on the creditors meeting on 5 November 2009 amounted to EUR16,395,092 (full amount) for the placement. On 10 March 2010, 24 November 2010 and 6 September 2012, the Trustee has paid a portion of the claims (interim distribution) to Bank Mandiri, after a set-off with the balance of demand deposit, inter-bank call money and L/C UPAS obligation of the Subsidiary to the financial institution. The balance of Bank Mandiri's placement with the financial institution (in liquidation) as at 31 December 2013 and 2012 amounted to EUR4,033,599 (full amount) and EUR4,033,599 (full amount), respectively. As at 31 December 2013 and 2012, Bank Mandiri has established full reserve for impairment losses on the remaining outstanding balance of placement with the financial institution.

f. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 61A.

(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES

a. By Purpose, Related Parties and Third Parties:

	2013	2012
Marketable securities		
Related parties (Note 55):		
Fair value through profit or loss	939,437	225,002
Available for sale	3,661,685	417,019
Held to maturity	334,199	228,041
At cost*)	423,000	283,000
	5,358,321	1,153,062
Third parties:		
Fair value through profit or loss	1,644,183	1,709,545
Available for sale	6,764,572	5,625,547
Held to maturity	2,831,050	1,994,635
At cost*)	316,778	519,169
Loans and Receivables	13,210	10,817
	11,569,793	9,859,713
Investments in unit-linked contracts **)		
Related parties (Note 55):		
Fair value through profit or loss	3,578,934	3,037,692
Third parties:		
Fair value through profit or loss	6,882,202	6,516,386
Total	27,389,250	20,566,853
Add/(less):		
Unamortised discounts	1,496	624
Unrealised (loss)/gain on (decrease)/increase in fair value of marketable securities	(271,132)	37,889
Allowance for impairment losses	(317,066)	(281,513)
	(586,702)	(243,000)
	26,802,548	**20,323,853**

*) Marketable securities owned by Subsidiary which was recorded in accordance with SFAS 110 "Accounting for Sukuk", which was effective since 1 January 2012.
**) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary's unit-linked contracts which are presented at fair value.

b. By Type, Currency and Bank Indonesia's Collectibility:

	2013						
	Cost/ Nominal Value*)	Unamortised Premiums/ (Discounts)	Unrealised Gains/ (Losses)	Fair Value/Amortised Cost **) Current	Substandard	Loss	Total
Rupiah:							
Fair value through profit or loss							
Marketable securities							
Bonds	1,400,328	-	(12,645)	1,387,683	-	-	1,387,683
Investments in mutual fund units	969,861	-	1,089	970,950	-	-	970,950
Shares	695	-	(216)	479	-	-	479
	2,370,884	-	(11,772)	2,359,112	-	-	2,359,112
Investments in unit-linked contracts ***)							
Shares	10,155,646	-	-	10,155,646	-	-	10,155,646
Bonds	205,139	-	-	205,139	-	-	205,139
Investments in mutual fund units	100,351	-	-	100,351	-	-	100,351
	10,461,136	-	-	10,461,136	-	-	10,461,136
	12,832,020	-	(11,772)	12,820,248	-	-	12,820,248

*) Held to maturity securities are presented at nominal value.
**) Held to maturity securities are presented at amortised cost.
***) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary's unit-linked contracts which are presented at fair value.

(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

b. By Type, Currency and Bank Indonesia's Collectibility (continued):

	2013						
	Cost/ Nominal Value*)	Unamortised Premiums/ (Discounts)	Unrealised Gains/ (Losses)	Fair Value/Amortised Cost **) Current	Substandard	Loss	Total
Rupiah (continued):							
Available for sale							
Investments in mutual fund units	5,427,000	-	32,446	5,459,446	-	-	5,459,446
Bonds	1,655,854	-	(15,826)	1,640,028	-	-	1,640,028
Medium term notes	600,058	-	982	601,040	-	-	601,040
Certificates of Bank Indonesia	4,928	-	-	4,928	-	-	4,928
	7,687,840	-	17,602	7,705,442	-	-	7,705,442
Held to maturity							
Bonds	1,077,000	(1,183)	-	989,049	-	86,768	1,075,817
Export bills	168,985	-	-	168,985	-	-	168,985
Certificates of Bank Indonesia	130,000	(162)	-	129,838	-	-	129,838
	1,375,985	(1,345)	-	1,287,872	-	86,768	1,374,640
At cost***)							
Sharia Corporate bonds	728,000	2,841	-	593,841	-	137,000	730,841
Export bills	11,778	-	-	11,778	-	-	11,778
	739,778	2,841	-	605,619	-	137,000	742,619
Total Rupiah	22,635,623	1,496	5,830	22,419,181	-	223,768	22,642,949
Foreign currencies:							
Fair value through profit or loss							
Treasury bills	212,736	-	(65)	212,671	-	-	212,671
Available for sale							
Bonds	2,617,430	-	(270,645)	2,346,785	-	-	2,346,785
Treasury bills	120,879	-	(6,252)	114,627	-	-	114,627
Shares	108	-	-	-	-	108	108
	2,738,417	-	(276,897)	2,461,412	-	108	2,461,520
Held to maturity							
Export bills	1,789,264	-	-	1,789,264	-	-	1,789,264
Loans and receivables bond	13,210	-	-	-		13,210	13,210
Total foreign currencies (Note 61B.(v))	4,753,627	-	(276,962)	4,463,347	-	13,318	4,476,665
Total	27,389,250	1,496	(271,132)	26,882,528	-	237,086	27,119,614
Less: Allowance for impairment losses							(317,066)
Net							**26,802,548**

*) Held to maturity securities are presented at nominal value.
**) Held to maturity securities are presented at amortised cost.
***) Marketable securities owned by Subsidiary which was recorded in accordance with SFAS 110 "Accounting for Sukuk", which was effective since 1 January 2012.

(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

b. By Type, Currency and Bank Indonesia's Collectibility (continued):

	2012					
	Cost/ Nominal Value*)	Unamortised Premiums/ (Discounts)	Unrealised Gains/ (Losses)	Fair Value/Amortised Cost **) Current	Loss	Total
Rupiah:						
Fair value through profit or loss						
Marketable securities						
Investments in mutual fund units	1,046,698	-	21,717	1,068,415	-	1,068,415
Bonds	608,446	-	3,161	611,607	-	611,607
Shares	21,486	-	(5,449)	16,037	-	16,037
	1,676,630	-	19,429	1,696,059	-	1,696,059
Investments in unit-linked contracts ****)						
Shares	8,984,158	-	-	8,984,158	-	8,984,158
Bonds	480,265	-	-	480,265	-	480,265
Investments in mutual fund units	89,655	-	-	89,655	-	89,655
	9,554,078	-	-	9,554,078	-	9,554,078
	11,230,708	-	19,429	11,250,137	-	11,250,137
Available for sale						
Investments in mutual fund units	5,040,770	-	18,783	5,059,553	-	5,059,553
Bonds	526,924	-	350	527,274	-	527,274
Medium term notes	290,114	-	(101)	290,013	-	290,013
	5,857,808	-	19,032	5,876,840	-	5,876,840
Held to maturity						
Bonds	1,092,000	(3,358)	-	1,002,115	86,527	1,088,642
Export bills	112,415	-	-	112,415	-	112,415
Certificates of Bank Indonesia	40,000	(746)	-	39,254	-	39,254
	1,244,415	(4,104)	-	1,153,784	86,527	1,240,311
At cost***)						
Sharia Corporate bonds	779,000	4,728	-	646,728	137,000	783,728
Export bills	23,169	-	-	23,169	-	23,169
	802,169	4,728	-	669,897	137,000	806,897
Total Rupiah	19,135,100	624	38,461	18,950,658	223,527	19,174,185
Foreign currencies:						
Fair value through profit or loss						
Treasury bills	257,917	-	(138)	257,779	-	257,779
Available for sale						
Treasury bills	95,724	-	(434)	95,290	-	95,290
Shares	89	-	-	-	89	89
Export bills	88,945	-	-	88,945	-	88,945
	184,758	-	(434)	184,235	89	184,324
Held to maturity						
Export bills	978,261	-	-	978,171	90	978,261
Loans and receivables bond	10,817	-	-	-	10,817	10,817
Total foreign currencies (Note 61B.(v))	1,431,753	-	(572)	1,420,185	10,996	1,431,181
Total	20,566,853	624	37,889	20,370,843	234,523	20,605,366
Less: Allowance for impairment losses						(281,513)
Net						**20,323,853**

*) Held to maturity securities are presented at nominal value.
**) Held to maturity securities are presented at amortised cost.
***) Marketable securities owned by Subsidiary which was recorded in accordance with SFAS 110 "Accounting for Sukuk", which was effective since 1 January 2012.
****) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary's unit-linked contracts which are presented at fair value.

(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

c. By Remaining Period to Maturity:

	2013	2012
Marketable securities		
Rupiah:		
No maturity date	1,064,557	1,175,955
< 1 year	2,747,514	589,670
≥ 1 < 5 years	7,878,416	7,602,397
≥ 5 ≤ 10 years	484,000	213,000
Total Rupiah	12,174,487	9,581,022
Foreign currencies:		
No maturity date	108	89
< 1 year	2,002,001	1,142,053
≥ 1 < 5 years	250,652	173,517
≥ 5 ≤ 10 years	2,500,866	106,541
> 10 years	-	9,553
Total foreign currencies	4,753,627	1,431,753
Investments in unit-linked contracts *)		
Rupiah:		
No maturity date	10,255,997	9,073,813
< 1 year	93,421	304,982
≥ 1 < 5 years	58,001	94,373
≥ 5 ≤ 10 years	53,717	80,910
Total Rupiah	10,461,136	9,554,078
Total	27,389,250	20,566,583
Add/(less):		
Unamortised discounts	1,496	624
Unrealised (loss)/gain on (decrease)/increase in fair value of securities	(271,132)	37,889
Allowance for impairment losses	(317,066)	(281,513)
	(586,702)	(243,000)
	26,802,548	**20,323,853**

*) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary's unit-linked contracts which are presented at fair value.

d. By Issuer:

	2013	2012
Marketable securities		
Corporate	13,292,637	9,169,558
Central Bank	322,558	95,150
Banks	2,598,377	1,449,576
Government	714,542	298,491
	16,928,114	11,012,775
Investments in unit-linked contracts *)		
Banks	2,514,009	1,986,700
Corporate	7,947,127	7,567,378
	10,461,136	9,554,078
Total	27,389,250	20,566,853
Add/(less):		
Unamortised premiums/(discounts)	1,496	624
Unrealised (loss)/gain on (decrease)/increase in fair value of securities	(271,132)	37,889
Allowance for impairment losses	(317,066)	(281,513)
	(586,702)	(243,000)
	26,802,548	**20,323,853**

*) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary's unit-linked contracts which are presented at fair value.

(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

e. Details of Bonds by Rating:

		Rating*)		Fair Value/Amortised Cost**)	
	Rating Agencies	2013	2012	2013	2012
Rupiah					
Fair value through profit or loss					
Marketable securities					
Bonds					
PT Jasa Marga (Persero) Tbk.	Pefindo	idAA	idAA	149,625	94
PT Federal International Finance	Pefindo	idAA+	idAA+	74,411	10,070
PT Bank OCBC NISP Tbk.	Pefindo	idAAA	-	58,702	-
PT Sarana Multigriya Finansial (Persero)	Pefindo	idAA	idAA	54,964	55,236
PT BCA Finance Tbk.	Pefindo	idAA+	idAA+	24,820	65,033
PT Adira Dinamika Multifinance Tbk.	Pefindo	idAA+	idAA+	13,911	15,406
PT Bank International Indonesia Tbk.	Pefindo	idAAA	idAAA	10,863	61,111
PT Aneka Tambang (Persero) Tbk.	Pefindo	idAA-	idAA	6,531	7,335
PT Sumberdaya Sewatama	Pefindo	idA	idA	967	101,169
PT Verena Multi Finance Tbk.	Pefindo	-	idA	-	100,227
PT Lautan Luas Tbk.	Pefindo	-	idA-	-	2,028
Others ***)	Various	idA- - idAAA AA- (idn)	idAA- - idAAA	992,889	193,898
				1,387,683	611,607
Investments in unit-linked contracts ******)					
PT Astra Sedaya Finance	Pefindo	idAA+	idAA+	53,520	68,235
PT AKR Corporindo Tbk.	Pefindo	idAA-	idAA-	52,617	58,307
PT Bank CIMB Niaga Tbk.	Pefindo	idAAA	idAAA	22,281	24,097
PT Jasa Marga (Persero) Tbk.	Pefindo	idAA	-	14,486	-
PT Bank Pan Indonesia Tbk.	Pefindo	idAA	idAA	13,435	14,485
PT Toyota Astra Financial Services	Pefindo	idAA	idAA	11,817	9,328
PT Adira Dinamika Multi Finance Tbk.	Pefindo	idAA+	idAA+	4,942	145,858
Others	Pefindo	idA – idAAA	idA – idAAA	32,041	159,955
				205,139	480,265
				1,592,822	1,091,872
Available for sale					
Bonds					
PT Indofood Sukses Makmur Tbk.	Pefindo	idAA+	idAA+	316.638	100.000
PT Wijaya Karya (Persero) Tbk.	Pefindo	idA+	-	300.000	-
PT Jasa Marga (Persero) Tbk.	Pefindo	idAA	idAA	199.580	14.100
PT Astra Sedaya Finance	Pefindo	idAA+	idAA+	198.750	75.015
PT Bank Internasional Indonesia Tbk.	Pefindo	idAAA	idAAA	120.183	100.050
PT Sarana Multigriya Finansial (Persero)	Pefindo	idAA	idAA	100.025	100.000
PT Bank OCBC NISP Tbk.	Pefindo	idAAA	-	97.350	-
PT Medco Energi Internasional Tbk.	Pefindo	idAA-	-	68.600	-
PT Panorama Sentrawisata Tbk.	Pefindo	idA-	-	50.260	-
PT Pembangunan Jaya Ancol Tbk.	Pefindo	idAA-	idAA-	49.062	50.000
Others	Various	idA- - idAAA AA- (idn)	idA- - idAA-	139.580	88.109
				1,640,028	527,274

(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

e. Details of Bonds by Rating (continued):

	Rating*)			Fair Value/Amortised Cost**)	
	Rating Agencies	**2013**	**2012**	**2013**	**2012**
Rupiah (continued)					
Held to maturity					
Bonds					
PT Tunas Baru Lampung Tbk.	Pefindo	idA	idA	500,000	500,000
PT Medco Energi International Tbk.	Pefindo	idAA-	idAA-	223,000	223,000
PT Indosat Tbk.	Pefindo	idAA+	idAA+	211,049	224,115
PT Arpeni Pratama Ocean Line Tbk.	Pefindo	idD	idD	86,768	86,527
PT Mayora Indah Tbk.	Pefindo	idAA-	idAA-	55,000	55,000
				1,075,817	1,088,642
At cost***)**					
Sharia Corporate Bonds					
PT Perusahaan Listrik Negara (Persero)	Pefindo	idAAA	idAA+	316,581	117,591
PT Indosat Tbk.	Pefindo	idAA+	idAA+	108,007	168,040
PT Berlian Laju Tanker Tbk.	Pefindo	idD	idD	87,000	87,000
PT Salim Ivomas Pratama Tbk.	Pefindo	idAA	idAA	60,000	60,000
Others	Various	A+ (idn) idD – idA+	BBB+(idn) - A+ (idn), idD - idAAA-	159,253	351,097
				730,841	783,728
				1,806,658	1,872,370
Total Rupiah				5,039,508	3,491,516
Foreign currencies					
Available for sale					
Bonds					
PT Pertamina (Persero)	Fitch	BBB-	-	2,071,368	-
PT Bank Rakyat Indonesia (Persero) Tbk.	Moody's	Baa3	-	114,094	-
Lembaga Pembiayaan Ekspor Indonesia	Moody's	Baa3	-	72,473	-
PT Bank Negara Indonesia (Persero) Tbk.	Moody's	Baa3	-	36,528	-
Bank Of East Asia	S&P	A-	-	26,588	
Bank of China Hongkong	S&P	A+	-	25,734	-
				2,346,785	-
Loan and Receivable					
Bond					
Advance SCT****)	-		-	13,210	10,817
Total foreign currencies				2,359,995	10,817

*) Information on rating of bonds were obtained from Bloomberg, which is based on ratings issued by the rating agencies, such as Pemeringkat Efek Indonesia (Pefindo), Standard and Poor's, and Fitch Ratings.
**) Held to maturity securities are stated at amortised costs.
***) The bonds with fair value through profit or loss classification mainly comprise of treasury bills (Surat Perbendaharaan Negara) which has no rating.
****) The bond is not rated.
*****) Marketable securities owned by Subsidiary which was recorded in accordance with SFAS 110 "Accounting for Sukuk", which was effective since 1 January 2012.
******) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary's unit-linked contracts which are presented at fair value.

(Expressed in millions of Rupiah, unless otherwise stated)

7. MARKETABLE SECURITIES (continued)

f. Average Interest Rate (yield) per Annum:

	2013	2012
Rupiah	5.25%	4.52%
Foreign currencies	6.02%	7.72%

g. Movements of allowance for impairment losses on marketable securities:

	2013	2012
Balance at beginning of year	281,513	251,093
Allowance during the year (Note 44)	30,199	29,411
Others*)	5,354	1,009
Balance at end of year	**317,066**	**281,513**

*) Includes effect of foreign exchange translation.

Management believes that the allowance for impairment losses on marketable securities is adequate.

h. Information in respect of classification of “non-impaired” and “impaired” is disclosed in Note 61A.

As at 31 December 2013 and 2012, the Bank has investment in mutual fund units classified as available for sale, which consist of Reksa Dana Terproteksi BNP Paribas Selaras, Reksa Dana Terproteksi BNP Paribas Selaras 2, Reksa Dana Terproteksi Schroder Regular Income Plan X, Reksa Dana Terproteksi Schroder Regular Income Plan XI, Reksa Dana Terproteksi Schroder Regular Income Plan XII and Reksa Dana EMCO Terproteksi with fair value as at 31 December 2013 amounting to Rp1,507,088, Rp1,008,918, Rp803,804, Rp807,095, Rp901,011 and Rp405,124 respectively (2012: amounting to Rp1,504,461, Rp1,006,583, Rp802,353, Rp804,945 and Rp900,089 and RpNil), respectively.

i. In December 2013, the Subsidiary, Bank Mandiri (Europe) Limited reclassified all of marketable securities from “held to maturity” into “available for sale” classification with nominal value of Rp194,720. The reclassification was not more than insignificant amount of the “held to maturity” portfolio in the consolidated financial statements, therefore, it did not resut to a breach of tainting rule in the consolidated financial statements.

8. GOVERNMENT BONDS

This account consists of bonds issued by Government of the Republic of Indonesia which are obtained by the Group from primary and secondary markets as at 31 December 2013 and 2012. With details as follows:

	2013	2012
Related party (Note 55)		
Government Bonds		
Fair value through profit or loss, at fair value	1,381,747	2,176,870
Available for sale, at fair value	57,213,114	53,367,029
Held to maturity, at amortised cost	22,467,976	22,341,536
At cost*)	712,585	1,050,321
Investments in unit-linked contracts **)		
Fair value through profit or loss, at fair value	452,006	136,417
	82,227,428	**79,072,173**

*) Government Bonds owned by Subsidiary which was recorded in accordance with SFAS 110 “Accounting for Sukuk”, which was effective since 1 January 2012.

**) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary’s unit-linked contracts which are presented at fair value.

(Expressed in millions of Rupiah, unless otherwise stated)

8. GOVERNMENT BONDS (continued)

a. By Maturity

The Government Bonds, by remaining period of maturity, are as follow:

	2013	2012
Rupiah		
Fair value through profit or loss		
Government Bond		
Less than 1 year	77,856	573,861
1 - 5 years	363,993	374,982
5 - 10 years	226,558	143,498
Over 10 years	651,622	713,561
	1,320,029	1,805,902
Investments in unit-linked contracts **)		
Less than 1 year	8,523	30,934
1 - 5 years	17,578	12,803
5 - 10 years	7,963	12,194
Over 10 years	417,942	80,486
	452,006	136,417
	1,772,035	1,942,319
Available for sale		
Less than 1 year	1,091,145	-
1 - 5 years	13,791,159	4,004,180
5 - 10 years	33,997,367	45,983,525
	48,879,671	49,987,705
Held to maturity		
Less than 1 year	1,190,166	108,481
1 - 5 years	20,722,372	21,856,910
5 - 10 years	55,851	78,913
Over 10 years	80,743	111,161
	22,049,132	22,155,465
At cost*)		
Less than 1 year	-	339,151
1 - 5 years	712,585	711,170
	712,585	1,050,321
Total Rupiah	73,413,423	75,135,810
Foreign currency		
Fair value through profit or loss		
5 - 10 years	61,718	216,941
Over 10 years	-	154,027
	61,718	370,968
Available for sale		
Less than 1 year	3,621,881	-
1 - 5 years	1,602,618	-
5 - 10 Years	3,108,944	1,564,500
Over 10 years	-	1,814,824
	8,333,443	3,379,324
Held to maturity		
Less than 1 year	212,599	-
1 - 5 years	24,331	186,071
5 - 10 years	181,914	-
	418,844	186,071
Total foreign currency (Note 61B.(v))	8,814,005	3,936,363
	82,227,428	**79,072,173**

*) Government Bonds owned by Subsidiary which was recorded in accordance with SFAS 110 “Accounting for Sukuk”, which was effective since 1 January 2012.

**) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary’s unit-linked contracts which are presented at fair value.

(Expressed in millions of Rupiah, unless otherwise stated)

8. GOVERNMENT BONDS (continued)

b. By Type

	2013				
	Nominal	Interest Rates per Annum	Fair Value	Maturity Dates	Frequency of Interest Payment
Rupiah					
Fair value through profit or loss					
Government Bonds					
Fixed rate bonds	**1,378,823**	5.25% - 12.80%	**1,320,029**	23/02/2014 – 15/02/2044	1 and 6 months
Investments in unit-linked contracts **)					
Fixed rate bonds	**452,006**	6.00% - 11.60%	**452,006**	23/2/2014 – 15/03/2034	1 and 6 months
Available for sale					
Fixed rate bonds	4,910,875	5.25% - 6.25%	4,578,589	21/09/2015 – 15/5/2018	1 and 6 months
Variable rate bonds	44,874,774	SPN 3 months	44,301,082	25/12/2014 – 25/07/2020	3 months
	49,785,649		**48,879,671**		

	Amortised Cost	Interest Rates Per Annum	Maturity Dates	Frequency of Interest Payment
Rupiah				
Held to maturity				
Fixed rate bonds	304,534	9.00% - 11.75%	15/10/2014 – 15/05/2037	6 months
Variable rate bonds	21,744,598	SPN 3 months	25/12/2014 – 25/09/2017	3 months
	22,049,132			
At cost*)				
Fixed rate bonds	**712,585**	9.25% - 11.80%	15/08/2015 – 15/09/2015	6 months

	Nominal	Interest Rates per Annum	Fair Value	Maturity Dates	Frequency of Interest Payment
Foreign currency					
Fair value through profit or loss					
Fixed rate bonds	**60,850**	3.50%	**61,718**	15/05/2017	6 months
Available for sale					
Fixed rate bonds	**8,705,603**	3.30% - 10.38%	**8,333,443**	10/3/2014 – 17/10/2023	6 months

	Amortised Cost	Interest Rates Per Annum	Maturity Dates	Frequency of Interest Payment
Foreign currency				
Held to maturity				
Fixed rate bonds	**418,844**	5.38% - 10.38%	10/03/2014 – 17/10/2023	6 months

*) Government Bonds owned by Subsidiary which was recorded in accordance with SFAS 110 "Accounting for Sukuk", which was effective since 1 January 2012.

**) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary's unit-linked contracts which are presented at fair value.

(Expressed in millions of Rupiah, unless otherwise stated)

8. GOVERNMENT BONDS (continued)

b. By Type (continued)

	2012				
	Nominal	Interest Rates per Annum	Fair Value	Maturity Dates	Frequency of Interest Payment
Rupiah					
Fair value through profit or loss					
Government Bonds					
Fixed rate bonds	**1,613,545**	5.63% - 14.28%	**1,805,902**	10/02/2013- 15/04/2042	1 and 6 months
Investments in unit-linked contracts **)					
Fixed rate bonds	**136,417**	5.63% - 14.28%	**136,417**	15/08/2013- 15/05/2033	1 and 6 months
Available for sale					
Fixed rate bonds	1,800,875	6.25%	1,859,403	21/09/2015 - 15/10/2015	1 month
Variable rate bonds	48,740,774	SPN 3 bulan	48,128,302	25/12/2014 - 25/07/2020	3 months
	50,541,649		**49,987,705**		

	Amortised Cost	Interest Rates Per Annum	Maturity Dates	Frequency of Interest Payment
Rupiah				
Held to maturity				
Fixed rate bonds	410,867	9.00% - 14.28%	20/02/2013 - 15/05/2037	6 months
Variable rate bonds	21,744,598	SPN 3 bulan	25/12/2014 - 25/09/2017	3 months
	22,155,465			
At cost*)				
Fixed rate bonds	**1,050,321**	9.00% -11.80%	15/10/2013 - 15/09/2015	6 months

	Nominal	Interest Rates per Annum	Fair Value	Maturity Dates	Frequency of Interest Payment
Foreign currency					
Fair value through profit or loss					
Fixed rate bonds	**342,950**	3.30% - 5.25%	**370,968**	21/11/2018 - 17/01/2042	6 months
Available for sale					
Fixed rate bonds	**3,213,856**	3.30% - 5.88%	**3,379,324**	21/11/2018 - 21/11/2022	6 months

	Amortised Cost	Interest Rates Per Annum	Maturity Dates	Frequency of Interest Payment
Foreign currency				
Held to maturity				
Fixed rate bonds	**186,071**	6.75% - 10.38%	10/03/2014 - 09/03/2017	6 months

*) Government Bonds owned by Subsidiary which was recorded in accordance with SFAS 110 "Accounting for Sukuk", which was effective since 1 January 2012.

**) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary's unit-linked contracts which are presented at fair value.

(Expressed in millions of Rupiah, unless otherwise stated)

8. GOVERNMENT BONDS (continued)

c. Other Information

During 2013, Government Bonds with total nominal amount of Rp5,482,742 was sold under repurchase agreements, whereas during 2012 it was RpNil (Note 28).

In 2012, the Bank participated in debt switching program, which was arranged by the Ministry of Finance of the Republic of Indonesia. Through this program, the Bank switched variable rate Government Bonds, which were classified as Available For Sale, with total nominal amount of Rp3,700,000 with fixed rate Government Bonds.

As at 31 December 2013, Government Bonds with total nominal amount of IDR14,012,379 and USD158,300,000 (full amount) (2012: Rp12,063,884) had been pledged as collateral for funds borrowing from other banks and subordinated loans (Note 36d and 37).

In December 2013, the Subsidiary, Bank Mandiri (Europe) Limited reclassified all of Government Bonds from “held to maturity” into “available for sale” classification with nominal value of Rp121.700. This reclassification was not more than insignificant amount of the “held to maturity” portfolio in the consolidated financial statements, therefore, it did not result to a breach of tainting rule in the consolidated financial statements. On 18 December 2013, the Subsidiary sold a portion of these Government Bonds amounting to Rp129,565 and recognised gains of Rp7,865.

9. OTHER RECEIVABLES - TRADE TRANSACTIONS

a. By Type, Currency, Related Parties and Third Parties:

	2013	2012
Rupiah:		
Related parties (Note 55)		
Usance L/C payable at sight	19,533	57,581
Others	2,815,817	2,064,178
	2,835,350	2,121,759
Third parties		
Usance L/C payable at sight	681,186	346,107
Others	965,060	576,190
	1,646,246	922,297
Total Rupiah	4,481,596	3,044,056
Foreign currencies:		
Related parties (Note 55)		
Usance L/C payable at sight	988,190	1,628,031
Others	81,318	34,758
	1,069,508	1,662,789
Third parties		
Usance L/C payable at sight	1,426,719	1,122,512
Others	1,970,560	845,061
	3,397,279	1,967,573
Total foreign currencies (Note 61B.(v))	4,466,787	3,630,362
Total	8,948,383	6,674,418
Less: Allowance for impairment losses	(1,424,454)	(1,125,015)
	7,523,929	**5,549,403**

(Expressed in millions of Rupiah, unless otherwise stated)

9. OTHER RECEIVABLES - TRADE TRANSACTIONS (continued)

b. By Bank Indonesia's Collectibility:

	2013	2012
Current	7,497,681	5,465,807
Special mention	459,251	393,133
Loss	991,451	815,478
Total	8,948,383	6,674,418
Less: Allowance for impairment losses	(1,424,454)	(1,125,015)
	7,523,929	**5,549,403**

c. By Maturity:

	2013	2012
Rupiah:		
Less than 1 month	1,340,698	908,480
1 - 3 months	2,105,976	1,486,727
3 - 6 months	882,676	486,802
6 - 12 months	6,302	15,869
Over 12 months	145,944	146,178
Total Rupiah	4,481,596	3,044,056
Foreign currencies:		
Less than 1 month	794,118	822,177
1 - 3 months	1,312,949	1,105,616
3 - 6 months	1,477,670	1,032,123
6 - 12 months	36,579	912
Over 12 months	845,471	669,534
Total foreign currencies (Note 61B.(v))	4,466,787	3,630,362
Total	8,948,383	6,674,418
Less: Allowance for impairment losses	(1,424,454)	(1,125,015)
	7,523,929	**5,549,403**

d. Movements of allowance for impairment losses on other receivables - trade transactions:

	2013	2012
Balance at beginning of year	1,125,015	1,079,302
Allowance/(reversal) during the year (Note 44)	39,848	(13,263)
Others*)	259,591	58,976
Balance at end of year	**1,424,454**	**1,125,015**

*) Includes effect of foreign exchange translation.

Management believes that the allowance for impairment losses on other receivables - trade transactions is adequate.

e. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 61A.

(Expressed in millions of Rupiah, unless otherwise stated)

10. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

a. Securities purchased under resale agreements

			2013		
Type of Securities	**Starting Date**	**Maturity Date**	**Resale Amount**	**Unamortised Interest**	**Carrying Amount**
Third parties					
Rupiah					
Obligasi SR005	31/12/2013	07/01/2014	501,962	614	501,348
Obligasi FR0045	19/12/2013	03/01/2014	488,205	183	488,022
Obligasi SPN87-310714	18/12/2013	08/01/2014	390,243	523	389,720
Obligasi SPN85-030714	18/12/2013	08/01/2014	339,934	456	339,478
Obligasi FR0040	20/12/2013	06/01/2014	324,974	304	324,670
Obligasi SR005	31/12/2013	07/01/2014	302,908	371	302,537
Obligasi ORI008	23/12/2013	06/01/2014	247,914	235	247,679
Obligasi FR0068	23/12/2013	06/01/2014	215,017	204	214,813
Obligasi FR0044	20/12/2013	06/01/2014	179,971	168	179,803
Obligasi FR0044	19/12/2013	03/01/2014	115,323	43	115,280
SBSN	27/12/2013	24/01/2014	99,306	412	98,894
Saham	11/11/2013	08/05/2014	84,474	9,161	75,313
Saham	17/10/2013	15/04/2014	58,300	1,907	56,393
SBSN	06/12/2013	03/01/2014	49,850	26	49,824
SBSN	06/12/2013	03/01/2014	49,850	26	49,824
SBSN	13/12/2013	10/01/2014	49,909	87	49,822
SBSN	13/12/2013	10/01/2014	49,909	87	49,822
SBSN	27/12/2013	24/01/2014	49,529	205	49,324
SBSN	13/12/2013	10/01/2014	46,049	81	45,968
Saham	13/12/2013	11/06/2014	47,700	2,415	45,285
Saham	12/12/2013	10/06/2014	32,100	1,867	30,233
SBSN	06/12/2013	03/01/2014	24,925	13	24,912
Obligasi SR004	29/11/2013	28/01/2014	5,197	57	5,140
Saham	30/10/2013	28/04/2014	2,170	111	2,059
Obligasi SR003	29/11/2013	28/01/2014	1,466	16	1,450
Total			3,757,185	19,572	3,737,613
Allowance for impairment losses					-
Net					**3,737,613**

(Expressed in millions of Rupiah, unless otherwise stated)

10. SECURITIES PURCHASED UNDER RESALE AGREEMENTS (continued)

a. Securities purchased under resale agreements (continued)

	2012				
Type of Securities	**Starting Date**	**Maturity Date**	**Resale Amount**	**Unamortised Interest**	**Carrying Amount**
Third parties					
Rupiah					
Obligasi FR0058	09/11/2012	08/02/2013	1,080,592	5,188	1,075,404
Obligasi FR0043	28/12/2012	29/01/2013	914,813	3,140	911,673
Obligasi FR0059	09/10/2012	08/01/2013	854,775	752	854,023
Obligasi FR0047	22/11/2012	02/01/2013	685,924	84	685,840
Obligasi FR0054	19/12/2012	26/03/2013	686,278	7,307	678,971
Obligasi FR0054	21/11/2012	19/02/2013	678,814	4,202	674,612
Obligasi FR0020	27/12/2012	29/01/2013	642,559	2,413	640,146
Obligasi FR0061	13/12/2012	12/02/2013	612,549	3,192	609,357
Obligasi FR0056	12/12/2012	19/03/2013	606,952	5,924	601,028
Obligasi FR0056	26/12/2012	28/01/2013	589,386	2,091	587,295
Obligasi FR0059	19/12/2012	26/02/2013	535,562	3,733	531,829
Obligasi FR0040	28/12/2012	29/01/2013	475,887	1,633	474,254
Obligasi FR0057	30/11/2012	05/03/2013	444,834	3,546	441,288
Obligasi FR0053	13/12/2012	12/02/2013	443,213	2,309	440,904
Obligasi FR0027	12/12/2012	19/02/2013	409,746	2,499	407,247
Obligasi FR0056	14/12/2012	15/02/2013	401,756	2,247	399,509
Obligasi FR0060	17/12/2012	17/01/2013	257,106	541	256,565
Obligasi FR0043	09/10/2012	08/01/2013	249,674	220	249,454
Obligasi FR0054	30/11/2012	05/03/2013	235,232	1,875	233,357
Obligasi FR0058	20/12/2012	03/01/2013	221,491	57	221,434
Obligasi FR0054	18/12/2012	18/02/2013	211,193	1,349	209,844
Obligasi FR0058	17/12/2012	18/01/2013	203,104	454	202,650
Obligasi FR0059	26/12/2012	25/01/2013	200,181	631	199,550
Obligasi FR0054	18/12/2012	18/02/2013	199,460	1,274	198,186
Obligasi FR0058	17/12/2012	18/01/2013	192,688	430	192,258
Obligasi FR0035	14/12/2012	15/02/2013	188,964	1,057	187,907
Obligasi FR0057	26/12/2012	25/01/2013	187,196	590	186,606
Obligasi FR0053	12/12/2012	19/02/2013	158,201	965	157,236
Obligasi FR0058	03/12/2012	03/01/2013	157,028	41	156,987
Obligasi FR0058	03/12/2012	03/01/2013	130,857	34	130,823
Obligasi FR0050	17/12/2012	17/01/2013	128,656	271	128,385
Obligasi FR0047	26/12/2012	25/01/2013	127,146	401	126,745
Obligasi FR0058	09/11/2012	08/02/2013	120,065	576	119,489
Obligasi FR0057	17/12/2012	17/01/2013	119,302	251	119,051
Obligasi FR0058	03/12/2012	03/01/2013	115,154	30	115,124
Saham	12/10/2012	10/04/2013	116,600	3,630	112,970
Obligasi FR0056	20/12/2012	03/01/2013	111,480	28	111,452
Obligasi FR0044	17/12/2012	18/01/2013	110,677	247	110,430
Obligasi FR0058	03/12/2012	04/01/2013	110,083	43	110,040
Obligasi FR0058	03/12/2012	03/01/2013	104,686	28	104,658
Obligasi FR0035	13/12/2012	12/02/2013	100,898	526	100,372
Obligasi FR0058	03/12/2012	04/01/2013	99,599	39	99,560
Obligasi FR0057	18/12/2012	18/02/2013	95,975	613	95,362
Obligasi FR0053	14/12/2012	15/02/2013	57,608	322	57,286
Obligasi FR0059	09/10/2012	08/01/2013	44,656	39	44,617
Obligasi FR0064	09/10/2012	08/01/2013	43,731	39	43,692
SBSN	27/12/2012	23/01/2013	31,256	89	31,167
SBSN	27/12/2012	23/01/2013	24,844	70	24,774
Obligasi FR0064	26/12/2012	25/01/2013	23,332	74	23,258
Saham	30/11/2012	29/05/2013	21,200	1,417	19,783
Obligasi FR0054	09/10/2012	08/01/2013	16,618	14	16,604
Saham	06/06/2012	03/05/2013	2,312	115	2,197
SBSN	27/12/2012	23/01/2013	1,988	6	1,982
Total			14,583,881	68,646	14,515,235
Allowance for impairment losses					-
Net					**14,515,235**

(Expressed in millions of Rupiah, unless otherwise stated)

10. SECURITIES PURCHASED UNDER RESALE AGREEMENTS (continued)

b. By Bank Indonesia's Collectibility:

	2013	2012
Current	3,737,613	14,515,235
Less: Allowance for impairment losses	-	-
	3,737,613	**14,515,235**

As at 31 December 2013 and 2012, there is no securities purchased under resale agreements classified as impaired.

11. DERIVATIVE RECEIVABLES AND PAYABLES

As at 31 December 2013, the summary of derivative transactions are as follow:

Transactions	Notional Amount (Equivalent Rupiah)	Fair Value: Derivative Receivables	Fair Value: Derivative Payables
Related parties (Note 55)			
Foreign Exchange Related			
1. Forward - buy			
United States Dollar	10,962	55	42
2. Forward – sell			
United States Dollar	79,379	46	135
3. Swap - sell			
United States Dollar	489,910	2,691	195
Total related parties		2,792	372
Third parties			
Foreign Exchange Related			
1. Forward - buy			
United States Dollar	1,812,261	71,351	1,497
Others	29,898	-	56
2. Forward - sell			
United States Dollar	3,479,371	11,531	48,697
Others	30,991	30	82
3. Swap - buy			
United States Dollar	6,142,524	33,040	38,150
4. Swap - sell			
United States Dollar	12,619,832	28,819	131,164
Others	205,783	551	694
Interest Rate Related			
1. Swap - interest rate			
Others	-	22,764	5,456
Total third parties		168,086	225,796
Total		170,878	226,168
Less: Allowance for impairment losses		-	-
		170,878	**226,168**

(Expressed in millions of Rupiah, unless otherwise stated)

11. DERIVATIVE RECEIVABLES AND PAYABLES (continued)

As at 31 December 2012, the summary of derivative transactions is as follow:

		Fair Value	
Transactions	**Notional Amount (Equivalent Rupiah)**	**Derivative Receivables**	**Derivative Payables**
Related parties (Note 55)			
Foreign Exchange Related			
1. Swap - buy			
United States Dollar	48,835	-	333
2. Swap - sell			
United States Dollar	38,944	231	-
Total related parties		231	333
Third parties			
Foreign Exchange Related			
1. Forward - buy			
United States Dollar	3,395,783	568	15,108
Others	390,354	8,490	-
2. Forward - sell			
United States Dollar	379,606	4,610	687
3. Swap - buy			
United States Dollar	2,129,324	4,067	16,662
Others	950,855	722	1,905
4. Swap - sell			
United States Dollar	10,699,005	67,841	26,427
Others	1,425,147	614	22,160
Interest Rate Related			
1. Swap - interest rate			
Others	-	-	29,975
Total third parties		86,912	112,924
Total		87,143	113,257
Less: Allowance for impairment losses		-	-
		87,143	**113,257**

As at 31 December 2013 and 2012, Bank Indonesia's collectibility for derivative receivables are as follows:

	2013	**2012**
Current	170,878	87,143
Less: Allowance for impairment losses	-	-
	170,878	**87,143**

As at 31 December 2013 and 2012, there is no derivative receivables classified as impaired.

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS

A. Details of loans:

a. By Currency, Related Parties and Third Parties:

	2013	2012
Rupiah:		
Related parties (Note 55)	41,242,751	35,419,722
Third parties	355,526,631	297,223,297
Total Rupiah	396,769,382	332,643,019
Foreign currencies:		
Related parties (Note 55)	16,072,449	10,532,888
Third parties	54,328,618	41,405,799
Total foreign currencies (Note 61B.(v))	70,401,067	51,938,687
Total	467,170,449	384,581,706
Less: Allowance for impairment losses	(16,535,651)	(14,011,350)
	450,634,798	**370,570,356**

b.1 By Type:

	2013		
	Non-impaired**)	Impaired*)**)	Total
Rupiah:			
Working capital	151,686,333	7,571,323	159,257,656
Investment	113,068,612	3,953,663	117,022,275
Consumer	92,986,516	1,676,538	94,663,054
Export	12,128,811	560,005	12,688,816
Syndicated	9,748,668	252,648	10,001,316
Government program	1,498,009	196,973	1,694,982
Employees	1,434,988	6,295	1,441,283
Total Rupiah	382,551,937	14,217,445	396,769,382
Foreign currencies:			
Working capital	18,312,562	2,026,443	20,339,005
Investment	21,786,906	2,443,768	24,230,674
Consumer	69,591	-	69,591
Export	13,923,589	866,077	14,789,666
Syndicated	9,330,277	1,640,183	10,970,460
Employees	1,671	-	1,671
Total foreign currencies (Note 61B.(v))	63,424,596	6,976,471	70,401,067
Total	445,976,533	21,193,916 [1)]	467,170,449
Less: Allowance for impairment losses	(4,335,050)	(12,200,601) [2)]	(16,535,651)
	441,641,483	**8,993,315** [3)]	**450,634,798**

*) Included in "impaired portfolio" are (i) loans classified as sub-standard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, (ii) all restructured loans (Note 2c.G.(a)).
**) Including loan of Subsidiary engaged in sharia banking in which allowance for impairment losses is calculated based on Bank Indonesia Regulation.
1) Loans evaluated by using individual and collective assessment are amounting to Rp13,052,734 and Rp8,141,182, respectively,
2) Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp9,583,003 and Rp2,617,598, respectively,
3) Loans - net evaluated by using individual and collective assessment are amounting to Rp3,469,731 and Rp5,523,584, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

A. Details of loans (continued):

b.1 By Type (continued):

	2012		
	Non-impaired[**)]	**Impaired**[*)**)]	**Total**
Rupiah:			
Working capital	143,311,676	7,384,278	150,695,954
Investment	87,089,010	2,062,063	89,151,073
Consumer	76,901,955	1,199,442	78,101,397
Syndicated	7,107,450	313,249	7,420,699
Export	3,202,967	10,440	3,213,407
Government program	2,581,525	172,066	2,753,591
Employees	1,301,370	5,528	1,306,898
Total Rupiah	321,495,953	11,147,066	332,643,019
Foreign currencies:			
Working capital	12,560,268	2,759,895	15,320,163
Investment	20,290,887	3,146,313	23,437,200
Consumer	47,099	727	47,826
Syndicated	4,169,939	475,029	4,644,968
Export	7,972,839	369,224	8,342,063
Government program	77,405	-	77,405
Employees	2,048	-	2,048
Others	65,568	1,446	67,014
Total foreign currencies (Note 61B.(v))	45,186,053	6,752,634	51,938,687
Total	366,682,006	17,899,700 [1)]	384,581,706
Less: Allowance for impairment losses	(3,678,313)	(10,333,037) [2)]	(14,011,350)
	363,003,693	**7,566,663** [3)]	**370,570,356**

*) Included in "impaired portfolio" are (i) loans classified as sub-standard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, (ii) all restructured loans (Note 2c.G.(a)).
**) Including loan of Subsidiary engaged in sharia banking in which allowance for impairment losses is calculated based on Bank Indonesia Regulation.
1) Loans evaluated by using individual and collective assessment are amounting to Rp12,103,790 and Rp5,795,910, respectively.
2) Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp8,302,030 and Rp2,031,007, respectively.
3) Loans - net evaluated by using individual and collective assessment are amounting to Rp3,801,760 and Rp3,764,903, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

12. **LOANS** (continued)

A. Details of loans (continued):

b.2 By Type and Bank Indonesia's Collectibility:

	2013					
	Current	Special Mention	Sub-standard	Doubtful	Loss	Total
Rupiah:						
Working capital	149,785,619	5,472,865	493,497	481,525	3,024,150	159,257,656
Investment	112,892,363	2,556,822	355,970	196,596	1,020,524	117,022,275
Consumer	85,972,562	7,141,053	300,837	315,956	932,646	94,663,054
Export	12,673,053	926	4,396	-	10,441	12,688,816
Syndicated	9,881,343	-	-	-	119,973	10,001,316
Government program	1,395,028	102,981	33,400	24,253	139,320	1,694,982
Employees	1,423,515	11,473	218	948	5,129	1,441,283
Total Rupiah	374,023,483	15,286,120	1,188,318	1,019,278	5,252,183	396,769,382
Foreign currencies:						
Working capital	18,452,181	1,212,181	-	-	674,643	20,339,005
Investment	23,171,139	814,008	-	-	245,527	24,230,674
Consumer	69,387	204	-	-	-	69,591
Export	14,223,512	106,628	-	-	459,526	14,789,666
Syndicated	10,879,925	-	63	-	90,472	10,970,460
Employees	1,671	-	-	-	-	1,671
Total foreign currencies (Note 61B.(v))	66,797,815	2,133,021	63	-	1,470,168	70,401,067
Total	440,821,298	17,419,141	1,188,381	1,019,278	6,722,351	467,170,449
Less: Allowance for impairment losses	(5,791,666)	(4,487,182)	(347,632)	(529,934)	(5,379,237)	(16,535,651)
	435,029,632	**12,931,959**	**840,749**	**489,344**	**1,343,114**	**450,634,798**

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

A. Details of loans (continued):

b.2 By Type and Bank Indonesia's Collectibility (continued):

	2012					
	Current	Special Mention	Sub-standard	Doubtful	Loss	Total
Rupiah:						
Working capital	142,293,608	4,817,838	493,969	461,093	2,629,446	150,695,954
Investment	86,588,997	1,697,023	162,532	37,143	665,378	89,151,073
Consumer	71,523,094	5,378,866	276,644	245,934	676,859	78,101,397
Syndicated	7,107,450	192,291	120,958	-	-	7,420,699
Export	3,194,921	8,046	-	-	10,440	3,213,407
Government program	2,420,123	161,402	88,799	22,389	60,878	2,753,591
Employees	1,295,218	6,152	234	114	5,180	1,306,898
Total Rupiah	314,423,411	12,261,618	1,143,136	766,673	4,048,181	332,643,019
Foreign currencies:						
Working capital	13,524,071	1,231,383	50	-	564,659	15,320,163
Investment	22,259,165	901,072	-	-	276,963	23,437,200
Consumer	47,099	-	-	-	727	47,826
Syndicated	4,431,212	139,915	-	15,022	58,819	4,644,968
Export	7,954,823	18,016	3,320	-	365,904	8,342,063
Government program	77,405	-	-	-	-	77,405
Employees	2,048	-	-	-	-	2,048
Others	65,568	-	-	-	1,446	67,014
Total foreign currencies (Note 61B.(v))	48,361,391	2,290,386	3,370	15,022	1,268,518	51,938,687
Total	362,784,802	14,552,004	1,146,506	781,695	5,316,699	384,581,706
Less: Allowance for impairment losses	(4,646,964)	(3,877,033)	(429,429)	(422,658)	(4,635,266)	(14,011,350)
	358,137,838	**10,674,971**	**717,077**	**359,037**	**681,433**	**370,570,356**

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

A. Details of loans (continued):

c.1 By Economic Sector:

	2013		
	Non-impaired[**)]	**Impaired**[*) **)]	**Total**
Rupiah:			
Trading, restaurant and hotel	73,442,892	3,268,693	76,711,585
Manufacturing	70,819,381	4,963,701	75,783,082
Business services	55,785,529	1,206,601	56,992,130
Agriculture	47,745,815	873,158	48,618,973
Transportation, warehousing and communications	20,758,151	792,508	21,550,659
Construction	15,349,089	891,278	16,240,367
Electricity, gas and water	10,694,714	462,004	11,156,718
Mining	4,983,708	20,642	5,004,350
Social services	4,563,173	147,086	4,710,259
Others	78,409,485	1,591,774	80,001,259
Total Rupiah	382,551,937	14,217,445	396,769,382
Foreign currencies:			
Trading, restaurant and hotel	9,609,759	581,515	10,191,274
Manufacturing	11,424,281	5,355,385	16,779,666
Business services	3,239,216	364,183	3,603,399
Agriculture	4,338,076	-	4,338,076
Transportation, warehousing and communications	3,972,526	266,072	4,238,598
Construction	2,079,637	19,684	2,099,321
Electricity, gas and water	2,593,870	389,520	2,983,390
Mining	24,078,215	-	24,078,215
Social services	125,950	112	126,062
Others	1,963,066	-	1,963,066
Total foreign currencies (Note 61B.(v))	63,424,596	6,976,471	70,401,067
Total	445,976,533	21,193,916 [1)]	467,170,449
Less: Allowance for impairment losses	(4,335,050)	(12,200,601) [2)]	(16,535,651)
	441,641,483	**8,993,315** [3)]	**450,634,798**

*) Included in "impaired portfolio" are (i) loans classified as sub-standard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, (ii) all restructured loans (Note 2c.G.(a)).
**) Including loan of Subsidiary engaged in sharia banking in which allowance for impairment losses is calculated based on Bank Indonesia Regulation.
1) Loans evaluated by using individual and collective assessment are amounting to Rp13,052,734 and Rp 8,141,182, respectively,
2) Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp9,583,003 and Rp2,617,598, respectively,
3) Loans - net evaluated by using individual and collective assessment are amounting to Rp3,469,731 and Rp5,523,584, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

A. Details of loans (continued):

c.1 By Economic Sector (continued):

	2012		
	Non-impaired[**)]	**Impaired**[*) **)]	**Total**
Rupiah:			
Manufacturing	62,482,173	4,366,331	66,848,504
Trading, restaurant and hotel	60,930,101	2,496,836	63,426,937
Business services	44,868,633	584,070	45,452,703
Agriculture	42,198,274	824,935	43,023,209
Transportation, warehousing and communications	16,135,507	746,302	16,881,809
Construction	12,585,836	832,126	13,417,962
Electricity, gas and water	8,789,960	81,553	8,871,513
Mining	3,567,483	17,080	3,584,563
Social services	4,287,288	62,351	4,349,639
Others	65,650,698	1,135,482	66,786,180
Total Rupiah	321,495,953	11,147,066	332,643,019
Foreign currencies:			
Manufacturing	7,035,386	4,878,390	11,913,776
Trading, restaurant and hotel	5,203,042	620,711	5,823,753
Business services	2,421,227	327,921	2,749,148
Agriculture	4,305,318	14,034	4,319,352
Transportation, warehousing and communications	3,482,996	246,640	3,729,636
Construction	1,728,632	617	1,729,249
Electricity, gas and water	2,098,300	415,714	2,514,014
Mining	18,225,493	247,880	18,473,373
Social services	189,648	-	189,648
Others	496,011	727	496,738
Total foreign currencies (Note 61B.(v))	45,186,053	6,752,634	51,938,687
Total	366,682,006	17,899,700 [1)]	384,581,706
Less: Allowance for impairment losses	(3,678,313)	(10,333,037) [2)]	(14,011,350)
	363,003,693	**7,566,663** [3)]	**370,570,356**

*) Included in "impaired portfolio" are (i) loans classified as sub-standard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, (ii) all restructured loans (Note 2c.G.(a)).
**) Including loan of Subsidiary engaged in sharia banking in which allowance for impairment losses is calculated based on Bank Indonesia Regulation.
1) Loans evaluated by using individual and collective assessment are amounting to Rp12,103,790 and Rp5,795,910, respectively.
2) Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp8,302,030 and Rp2,031,007, respectively.
3) Loans - net evaluated by using individual and collective assessment are amounting to Rp3,801,760 and Rp3,764,903, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

A. Details of loans (continued):

c.2 By Economic Sector and Bank Indonesia's Collectibility:

	2013					
	Current	Special Mention	Sub-standard	Doubtful	Loss	Total
Rupiah:						
Trading, restaurant and hotel	70,913,582	3,206,214	268,168	373,033	1,950,588	76,711,585
Manufacturing	72,967,003	1,611,505	153,275	18,041	1,033,258	75,783,082
Business services	53,237,718	2,863,698	150,635	193,721	546,358	56,992,130
Agriculture	47,641,918	595,754	93,398	92,885	195,018	48,618,973
Transportation, warehousing and communications	20,781,796	374,447	57,856	13,803	322,757	21,550,659
Construction	15,198,755	697,079	114,036	15,116	215,381	16,240,367
Electricity, gas and water	10,691,184	429,273	360	26,381	9,520	11,156,718
Mining	4,912,969	71,665	2,380	2,254	15,082	5,004,350
Social services	4,414,485	163,856	77,940	12,398	41,580	4,710,259
Others	73,264,073	5,272,629	270,270	271,646	922,641	80,001,259
Total Rupiah	374,023,483	15,286,120	1,188,318	1,019,278	5,252,183	396,769,382
Foreign currencies:						
Trading, restaurant and hotel	9,593,383	45,369	-	-	552,522	10,191,274
Manufacturing	14,256,031	1,683,600	-	-	840,035	16,779,666
Business services	3,525,837	-	63	-	77,499	3,603,399
Agriculture	4,332,179	5,897	-	-	-	4,338,076
Transportation, warehousing and communications	3,950,117	288,481	-	-	-	4,238,598
Construction	2,062,718	36,603	-	-	-	2,099,321
Electricity, gas and water	2,983,390	-	-	-	-	2,983,390
Mining	24,005,348	72,867	-	-	-	24,078,215
Social services	125,950	-	-	-	112	126,062
Others	1,962,862	204	-	-	-	1,963,066
Total foreign currencies (Note 61B.(v))	66,797,815	2,133,021	63	-	1,470,168	70,401,067
Total	440,821,298	17,419,141	1,188,381	1,019,278	6,722,351	467,170,449
Less: Allowance for impairment losses	(5,791,666)	(4,487,182)	(347,632)	(529,934)	(5,379,237)	(16,535,651)
	435,029,632	**12,931,959**	**840,749**	**489,344**	**1,343,114**	**450,634,798**

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

A. Details of loans (continued):

c.2 By Economic Sector and Bank Indonesia's Collectibility (continued):

	2012					
	Current	Special Mention	Sub-standard	Doubtful	Loss	Total
Rupiah:						
Manufacturing	63,816,866	1,823,312	269,767	87,717	850,842	66,848,504
Trading, restaurant and hotel	58,896,625	2,566,827	219,295	316,289	1,427,901	63,426,937
Business services	43,627,724	1,385,041	138,787	96,387	204,764	45,452,703
Agriculture	42,141,669	641,991	81,730	27,646	130,173	43,023,209
Transportation, warehousing and communications	16,111,778	345,115	3,581	3,924	417,411	16,881,809
Construction	12,399,610	602,771	167,546	9,478	238,557	13,417,962
Electricity, gas and water	8,783,501	6,459	4,063	1	77,489	8,871,513
Mining	3,479,403	89,406	276	12,170	3,308	3,584,563
Social services	4,108,864	207,363	5,012	7,353	21,047	4,349,639
Others	61,057,371	4,593,333	253,079	205,708	676,689	66,786,180
Total Rupiah	314,423,411	12,261,618	1,143,136	766,673	4,048,181	332,643,019
Foreign currencies:						
Manufacturing	9,493,924	1,638,187	3,320	4,205	774,140	11,913,776
Trading, restaurant and hotel	5,242,854	135,924	-	10,817	434,158	5,823,753
Business services	2,690,222	-	50	-	58,876	2,749,148
Agriculture	4,305,319	14,033	-	-	-	4,319,352
Transportation, warehousing and communications	3,482,996	246,640	-	-	-	3,729,636
Construction	1,728,632	-	-	-	617	1,729,249
Electricity, gas and water	2,514,014	-	-	-	-	2,514,014
Mining	18,225,493	247,880	-	-	-	18,473,373
Social services	189,648	-	-	-	-	189,648
Others	488,289	7,722	-	-	727	496,738
Total foreign currencies (Note 61B.(v))	48,361,391	2,290,386	3,370	15,022	1,268,518	51,938,687
Total	362,784,802	14,552,004	1,146,506	781,695	5,316,699	384,581,706
Less: Allowance for impairment losses	(4,646,964)	(3,877,033)	(429,429)	(422,658)	(4,635,266)	(14,011,350)
	358,137,838	**10,674,971**	**717,077**	**359,037**	**681,433**	**370,570,356**

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

A. Details of loans (continued):

d. By Period:

	2013	**2012**
Rupiah:		
Less than 1 year	97,714,585	89,266,985
1 - 2 years	45,596,406	31,043,123
2 - 5 years	111,478,432	103,058,449
Over 5 years	141,979,959	109,274,462
Total Rupiah	396,769,382	332,643,019
Foreign currencies:		
Less than 1 year	26,577,567	14,919,212
1 - 2 years	2,910,791	3,531,242
2 - 5 years	15,877,770	15,892,310
Over 5 years	25,034,939	17,595,923
Total foreign currencies (Note 61B.(v))	70,401,067	51,938,687
Total	467,170,449	384,581,706
Less: Allowance for impairment losses	(16,535,651)	(14,011,350)
	450,634,798	**370,570,356**

The ratio of non-performing loans of Bank Mandiri and Subsidiaries on a gross basis (before deducted with the allowance for impairment losses) as at 31 December 2013 and 2012, were 1.90% and 1.87%, respectively (the ratios for Bank Mandiri only were 1.60% and 1.74% as at 31 December 2013 and 2012, respectively), while the ratio of non-performing loans of Bank Mandiri and Subsidiaries on a net basis as at 31 December 2013 and 2012, were 0.58% and 0.46%, respectively (the ratios for Bank Mandiri only were 0.37% and 0.37% as at 31 December 2013 and 2012, respectively).

The calculation of non-performing loans ratio for Bank Mandiri and Subsidiaries as at 31 December 2013 and 2012 are in accordance with Bank Indonesia Circular Letter No. 3/30/DPNP dated 14 December 2001 with regards to Quarterly and Monthly Published Report for Commercial Banks and Certain Reports to Bank Indonesia, as last amended by Bank Indonesia Circular Letter No. 13/30/DPNP dated 16 December 2011, is calculated from the loan amount excluding loan to other banks amounting to Rp2,530,617 and Rp1,962,925 as at 31 December 2013 and 2012, respectively.

B. Other significant information related to loans:

a. Included in loans are sharia financing receivables granted by Subsidiary amounting to Rp50,125,273 and Rp44,427,037, respectively, as at 31 December 2013 and 2012, which consist of:

	2013	**2012**
Receivables from *Murabahah* and *Istishna*	33,265,329	27,617,247
Musyarakah financing	7,338,125	6,336,769
Other sharia financing	9,521,819	10,473,021
Total	50,125,273	44,427,037
Less: Allowance for impairment losses	(1,523,485)	(1,261,929)
	48,601,788	**43,165,108**

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

B. Other significant information related to loans (continued):

b. Average interest rates (yield) and range of profit sharing per annum are as follow:

Average interest rates (yield) per annum:

	2013	2012
Rupiah	11.23%	11.47%
Foreign currencies	4.77%	5.02%

Range of profit sharing per annum:

	2013	2012
Receivables from *Murabahah* and *Istishna*	5.86% - 14.59%	2.74% - 15.66%
Musyarakah financing	2.62% - 14.32%	10.57% - 12.98%
Other sharia financing	11.81% - 29.42%	13.18% - 18.69%

c. Collaterals for Loans

Loans are generally secured by pledged collateral, bond with powers of attorney in respect of the rights to sell, time deposits or other collateral acceptable by Bank Mandiri and Subsidiaries. Deposits from customers and deposits from other banks that pledge as cash collateral for loans as at 31 December 2013 and 2012 amounted to Rp15,181,045 and Rp11,211,743, respectively (Notes 21c, 22c, 23e, 24c and 26d).

d. Government Program Loans

Government Program Loans consist of investment loans, permanent working capital loans, working capital loans and KPR Sejahtera FLPP (*Fasilitas Likuiditas Pembiayaan Perumahan*) which can be partially and/or fully funded by the Government.

e. Syndicated Loans

Syndicated loans represent loans provided to borrowers under financing agreements with other banks. The percentage share of Bank Mandiri as the facility agent in a syndicated loans at 31 December 2013 and 2012 were respectively ranged from 16.67 % to 94.52% and 11.36% to 94.52% of the total syndicated loans. While the percentage share of Bank Mandiri, as a member in syndicated loans at 31 December 2013 and 2012 were respectively ranged from 0.02% to 94.33% and 0.02% to 63% of the total syndicated loans.

f. Restructured Loans

Below is the type and amount of restructured loans as at 31 December 2013 and 2012:

	2013	2012
Extension of loan maturity dates	8,220,775	6,876,783
Extension of loan maturity dates and reduction of interest rates	1,181,698	1,779,387
Long-term loans with options to convert debt to equity	346,594	267,589
Additional loan facilities	37,380	57,036
Extension of loan maturity dates and other restructuring schemes*)	5,168,842	4,957,790
	14,955,289	**13,938,585**

*) Other restructuring schemes mainly involve reduction of interest rates, rescheduling of unpaid interest and extension of repayment periods for unpaid interest.

Total restructured loans under non-performing loans (NPL) category as at 31 December 2013 and 2012 are amounting to Rp2,327,956 and Rp1,627,003 respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

B. Other significant information related to loans (continued):

g. Loans to Related Parties

Total loans to related parties and its percentage to the total consolidated assets are disclosed in Notes 55.

Loans to related parties include loans to Bank Mandiri key employees. The loans to Bank Mandiri key employees consist of interest-bearing loans at 4.00% per annum which are intended for the acquisition of vehicles and/or houses, and are repayable within 1 (one) to 15 (fifteen) years through monthly payroll deductions.

h. Legal Lending Limit (LLL)

As at 31 December 2013 and 2012, there are no breach and violation of Legal Lending Limit (LLL) to third parties and related parties as required by Bank Indonesia regulations.

i. Bank Mandiri has several channeling loan agreements with several international financial institutions (Note 60).

j. Movements of allowance for impairment losses on loans:

The movements of allowance for impairment losses on loans are as follows:

	2013	**2012**
Balance at beginning of year[1)]	14,011,350	12,105,048
Allowance during the year (Note 44)	4,635,551	3,414,546
Write back[2)]	-	1,149,068
Write-offs[3)]	(3,021,551)	(2,633,454)
Others[*)]	910,301	(23,858)
Balance at end of year[4)]	**16,535,651**	**14,011,350**

*) Includes effect of foreign currency translation and implication from interest income recognised on the non-impaired portion of the impaired loans (Note 44).
1) Beginning balance 2013 and 2012 consists of Rp8,302,030 and Rp7,460,410 which are calculated using individual assessment and Rp5,709,320 and Rp4,644,638 which are calculated using collective assessment.
2) Write back as at 31 December 2013 and 2012 consists of Rp Nil and Rp1,117,154 which are calculated using individual assessment RpNil and Rp31,914 which are calculated using collective assessment.
3) Write-off as at 31 December 2013 and 2012 consists of Rp524,532 and Rp911,936 which are calculated using individual assessment and Rp2,497,019 and Rp1,721,518 which are calculated using collective assessment.
4) Ending balance as at 31 December 2013 and 2012 consists of Rp9,583,003 and Rp8,302,030 which are calculated using individual assessment and Rp6,952,648 and Rp5,709,320 which are calculated using collective assessment.

Management believes that the allowance for impairment losses on loans is adequate.

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

B. Other significant information related to loans (continued):

k. Summary of non-performing loans based on economic sector and the corresponding allowances for impairment losses is as follows:

	Non-performing Loans (based on Bank Indonesia regulation)	
	2013	**2012**
Rupiah:		
Trading, restaurant and hotel	2,591,789	1,963,485
Manufacturing	1,204,574	1,208,326
Business services	890,714	439,938
Others	2,772,702	2,346,241
Total Rupiah	7,459,779	5,957,990
Foreign currencies:		
Trading, restaurant and hotel	552,522	444,975
Manufacturing	840,035	781,665
Business services	77,562	58,926
Others	112	1,344
Total foreign currencies	1,470,231	1,286,910
	8,930,010	**7,244,900**

Total minimum allowance for impairment losses based on Bank Indonesia regulation is as follows:

	Minimum Allowance for Impairment Losses	
	2013	**2012**
Rupiah:		
Trading, restaurant and hotel	2,095,811	1,480,963
Manufacturing	1,043,989	848,080
Business services	568,316	258,968
Others	1,736,790	1,628,932
Total Rupiah	5,444,906	4,216,943
Foreign currencies:		
Trading, restaurant and hotel	552,522	439,566
Manufacturing	840,035	776,740
Business services	77,508	58,884
Others	112	1,344
Total foreign currencies	1,470,177	1,276,534
	6,915,083	**5,493,477**

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

B. Other significant information related to loans (continued):

l. Write-off of "Loss" category Loans

For the year ended 31 December 2013 and 2012, Bank Mandiri written-off loans in the "loss" category amounting to Rp2,304,223 and Rp2,462,911 (Bank Mandiri only), respectively. The criteria for loan write-offs are as follows:

a. Loan facility has been classified as loss;
b. Loan facility has been provided with 100.00% provision from the loan principal;
c. Collection and recovery efforts have been performed, but the result is unsuccessful;
d. The debtors' business has no prospect or performance is bad or they do not have the ability to repay the loan; and
e. The write-offs are performed for all loan obligations, including non-cash loan facilities, and the write-offs shall not be written-off partially.

m. Written-off loans are recorded in extra-comtable. The Bank still continues pursuing for collection for the written-off loans. These loans are not reflected in the consolidated statement of financial position of the Bank. A summary of movements of extra-comtable loans for the years ended 31 December 2013 and 2012 are as follows (Bank Mandiri only):

	2013	2012
Balance at beginning of year	32,751,370	32,796,549
Write-offs	2,304,223	2,462,911
Cash recoveries and write back	(3,075,755)	(3,739,749)
Others*)	3,163,741	1,231,659
Balance at end of year	**35,143,579**	**32,751,370**

*) Includes effect of foreign currency translation.

n. Loans channelled by Bank Mandiri through direct financing (executing) to Multifinance Company and joint financing mechanism as at 31 December 2013 and 2012 were amounted to Rp12,119,550 and Rp10,738,072 respectively.

o. The carrying amount of loans at amortised cost is as follows:

	2013	2012
Loans (Note 12A)	467,170,449	384,581,706
Accrued interest receivables (Note 20)	1,587,351	1,259,493
Deferred income (directly attributable) (Note 35)	(560,814)	(654,504)
Allowance for impairment losses (Note 12A and 12B,j)	(16,535,651)	(14,011,350)
	451,661,335	**371,175,345**

(Expressed in millions of Rupiah, unless otherwise stated)

13. CONSUMER FINANCING RECEIVABLES

a. Details of Subsidiary's consumer financing receivables are as follows:

	2013	2012
Consumer financing receivables - gross		
Direct financing		
Rupiah		
Related parties (Note 55)	5,738	5,197
Third parties	17,844,672	13,127,962
	17,850,410	13,133,159
Less:		
Joint financing (without recourse)		
Rupiah		
Related parties	(11,858,993)	(8,188,571)
Third parties	-	-
	(11,858,993)	(8,188,571)
Total consumer financing receivables - gross	**5,991,417**	**4,944,588**
Less:		
Unearned income on consumer financing		
Direct financing		
Rupiah		
Third parties	(2,842,296)	(2,019,404)
Less:		
Joint financing (without recourse) - gross		
Rupiah		
Related parties	1,495,780	993,928
Third parties	-	34
	1,495,780	993,962
Total unearned income on consumer financing	(1,346,516)	(1,025,442)
Total consumer financing receivables	4,644,901	3,919,146
Less: Allowance for impairment losses	(133,356)	(90,777)
Net	**4,511,545**	**3,828,369**

On 6 February 2009, the Bank and PT Mandiri Tunas Finance (MTF), as Subsidiary, signed a Joint Financing Agreement with the total joint financing facility in the amount of Rp2,000,000, whereby the MTF bears the credit risk in accordance with its financing portion (without recourse). The agreement was amended several times, the latest by the amendment of the Joint Financing agreement between Bank Mandiri and MTF. dated 29 August 2013, which increase the total joint financing facility to Rp12,200,000 and dated 27 December 2013, which increase the portion of joint financing facility to minimum of 1.00% from the MTF and a maximum of 99.00% from Bank Mandiri.

On 29 August 2013, PT Bank Mandiri (Persero) Tbk and MTF signed a Consumer Asset Purchase Agreement with a total facility of Rp1,100,000, whereby MTF bears the credit risk in accordance with its financing portion (without recourse). The periods of this facility started on 29 August 2013 up to 28 February 2014.

Financing period for contracts disbursed by the Subsidiary on motor vehicles ranges from 12 - 60 months.

Included in the above is consumer financing receivables transactions with related parties of Rp5,738 and Rp5,197 as at 31 December 2013 and 2012, respectively (refer to Note 55).

(Expressed in millions of Rupiah, unless otherwise stated)

13. CONSUMER FINANCING RECEIVABLES (continued)

b. Details of consumer financing receivables by Bank Indonesia's collectibility as at 31 December 2013 and 2012 are as follows:

	2013	**2012**
Current	4,261,668	3,577,945
Special mention	306,429	283,479
Sub-standard	30,454	23,678
Doubtful	40,038	30,777
Loss	6,312	3,267
Total	4,644,901	3,919,146
Less: Allowance for impairment losses	(133,356)	(90,777)
	4,511,545	**3,828,369**

c. Movements of allowance for impairment losses on consumer financing receivables are as follows:

	2013	**2012**
Balance at beginning of year	90,777	62,990
Allowance during the years (Note 44)	150,153	120,117
Cash recoveries	27,290	25,294
Write-offs	(134,864)	(117,624)
Balance at end of year	**133,356**	**90,777**

Management believes that the allowance for impairment losses on consumer financing receivables is adequate.

d. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 61A.

14. NET INVESTMENT IN LEASE FINANCING

a. Details of Subsidiary's net investment in lease financing are as follows:

	2013	**2012**
Net investment in lease financing		
Rupiah		
Third parties		
Gross lease financing receivables	713,332	385,316
Guaranteed residual value	173,118	81,789
Deferred lease income	(93,641)	(55,869)
Security deposit	(173,118)	(81,789)
Total net investment in lease financing	**619,691**	**329,447**
Less: Allowance for impairment losses	(7,537)	(1,767)
Net	**612,154**	**327,680**

Financing period for contracts disbursed by the Subsidiary on motor vehicles ranges between 12 - 36 months.

(Expressed in millions of Rupiah, unless otherwise stated)

14. NET INVESTMENT IN LEASE FINANCING (continued)

b. Details of net investment in lease financing by Bank Indonesia's collectibility as at 31 December 2013 and 2012 are as follows:

	2013	2012
Current	576,394	308,903
Special mention	29,361	20,544
Substandard	3,568	-
Doubtful	1,253	-
Loss	9,115	-
Total	619,691	329,447
Less: Allowance for impairment losses	(7,537)	(1,767)
	612,154	**327,680**

c. Movements of allowance for impairment losses on net investment in lease financing are as follows:

	2013	2012
Balance at beginning of year	1,767	197
Allowance during the years (Note 44)	6,756	1,570
Write-offs	(1,486)	-
Cash recoveries	500	-
Balance at end of year	**7,537**	**1,767**

Management believes that the allowance for impairment losses on net investment in lease financing is adequate.

d. Information in respect of classification of "not impaired" and "impaired" is disclosed in Note 61A.

15. ACCEPTANCE RECEIVABLES

a. By Currency, Related Parties and Third Parties:

	2013	2012
Rupiah:		
Receivables from other banks		
Related parties (Note 55)	53,201	46,919
Third parties	241,133	107,676
Receivables from debtors		
Related parties (Note 55)	178,887	223,329
Third parties	258,936	161,973
Total Rupiah	732,157	539,897
Foreign currencies:		
Receivables from other banks		
Third parties	387,330	752,233
Receivables from debtors		
Related parties (Note 55)	547,719	1,234,783
Third parties	8,511,164	5,430,599
Total foreign currencies (Note 61B.(v))	9,446,213	7,417,615
Total	10,178,370	7,957,512
Less: Allowance for impairment losses	(63,481)	(37,041)
	10,114,889	**7,920,471**

(Expressed in millions of Rupiah, unless otherwise stated)

15. ACCEPTANCE RECEIVABLES (continued)

b. By Maturity:

	2013	2012
Rupiah:		
Less than 1 month	304,786	198,944
1 - 3 months	373,086	324,653
3 - 6 months	54,285	16,300
Total Rupiah	732,157	539,897
Foreign currencies:		
Less than 1 month	2,957,937	1,279,718
1 - 3 months	3,370,377	3,341,951
3 - 6 months	2,805,160	2,144,029
6 - 12 months	312,739	651,917
Total foreign currencies (Note 61B.(v))	9,446,213	7,417,615
Total	10,178,370	7,957,512
Less: Allowance for impairment losses	(63,481)	(37,041)
	10,114,889	**7,920,471**

c. By Bank Indonesia's Collectibility:

	2013	2012
Current	10,153,572	7,950,387
Special mention	24,798	6,690
Sub-standard	-	435
Total	10,178,370	7,957,512
Less: Allowance for impairment losses	(63,481)	(37,041)
	10,114,889	**7,920,471**

d. Movements of allowance for impairment losses on acceptance receivables:

	2013	2012
Balance at beginning of year	37,041	40,667
Reversal during the year (Note 44)	(3,649)	(51,341)
Others*)	30,089	47,715
Balance at end of year	**63,481**	**37,041**

*) Includes effect of foreign currency translation.

Management believes that the allowance for impairment losses on acceptance receivables is adequate.

e. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 61A.

16. INVESTMENTS IN SHARES

a. The detail of investments in shares is as follows:

	2013	2012
Investment in shares	7,891	7,350
Less: Allowance for impairment losses	(3,224)	(3,044)
	4,667	**4,306**

(Expressed in millions of Rupiah, unless otherwise stated)

16. INVESTMENTS IN SHARES (continued)

a. The detail of investments in shares is as follows (continued):

The detail of investments in shares as at 31 December 2013 is as follows:

Investee Companies	Nature of Business	Percentage of Ownership	Carrying Amount
Fair Value Method:			
Westech Electronics	Trading and retail	5.50%	1,362
Cost and Equity Method:			
Others (each less than Rp3,000)	Various	3.99% - 34.00%	6,529
Total			7,891
Less: Allowance for impairment losses			(3,224)
			4,667

The detail of investments in shares as at 31 December 2012 is as follows:

Investee Companies	Nature of Business	Percentage of Ownership	Carrying Amount
Fair Value Method:			
Westech Electronics	Trading and retail	5.50%	1,060
Cost and Equity Method:			
Others (each less than Rp3,000)	Various	3.99%- 34.00%	6,290
Total			7,350
Less: Allowance for impairment losses			(3,044)
			4,306

b. Investments in shares by Bank Indonesia's collectibility:

	2013	2012
Current	6,528	6,234
Doubtful	1,362	1,060
Loss	1	56
Total	7,891	7,350
Less: Allowance for impairment losses	(3,224)	(3,044)
	4,667	**4,306**

c. Movements of allowance for impairment losses on investments in shares:

	2013	2012
Balance at beginning of year	3,044	829
Allowance during the year (Note 44)	310	2,237
Others*)	(130)	(22)
Balance at end of year	**3,224**	**3,044**

*) Includes effect of foreign currency translation

Management believes that the allowance for impairment losses on investments in shares is adequate.

(Expressed in millions of Rupiah, unless otherwise stated)

17. PREPAID EXPENSES

	2013	2012
- Prepaid rent	789,658	737,746
- Building maintenance	454,705	410,197
- Others	244,647	287,814
	1,489,010	**1,435,757**

Prepaid rent mostly consists of rent on buildings which are used as the Group branch's offices across Indonesia.

18. FIXED ASSETS

The details of fixed assets were as follows:

Movements from 1 January 2013 to 31 December 2013	Beginning Balance	Additions	Deductions	Reclassifications	Ending Balance
Cost/Revalued Amount					
Direct ownership					
Land	2,783,546	47,715	(27,265)	3,071	2,807,067
Buildings	2,402,634	65,009	(158,851)	282,550	2,591,342
Furnitures, fixtures, office equipment and computer equipment	5,511,558	249,920	(66,842)	680,003	6,374,639
Vehicles	234,601	35,238	(13,109)	3,206	259,936
Construction in progress	995,931	1,186,506	(837)	(968,830)	1,212,770
	11,928,270	1,584,388	(266,904)	-	13,245,754
Leased assets	12,495	-	-	-	12,495
	11,940,765	1,584,388	(266,904)	-	13,258,249
Accumulated Depreciation (Note 49)					
Direct ownership					
Buildings	1,267,706	113,110	(97,327)	-	1,283,489
Furnitures, fixtures, office equipment and computer equipment	3,575,089	669,855	(38,201)	-	4,206,743
Vehicles	94,395	38,603	(12,089)	-	120,909
	4,937,190	821,568	(147,617)	-	5,611,141
Leased assets	885	625	-	-	1,510
	4,938,075	822,193	(147,617)	-	5,612,651
Net book value					
Direct ownership					
Land					2,807,067
Buildings					1,307,853
Furniture, fixtures, office equipment and computer equipment					2,167,896
Vehicles					139,027
Construction in progress					1,212,770
					7,634,613
Leased assets					10,985
					7,645,598

(Expressed in millions of Rupiah, unless otherwise stated)

18. FIXED ASSETS (continued)

The details of fixed assets were as follows: (continued)

Construction in progress as at 31 December 2013 was comprised of:

	Balance
Buildings	638,895
Computers and other hardware that have not been installed	427,977
Office equipment and inventory	106,833
Vehicles	2,746
Others	36,319
	1,212,770

The estimated percentage of completion of construction in progress as at 31 December 2013 for computers and other hardwares that have not been installed was ranging between 20% - 97% and 31 December 2012 was ranging between 25% - 95%.

Movements from 1 January 2012 to 31 December 2012	**Beginning Balance**	**Additions**	**Deductions**	**Reclassifications**	**Ending Balance**
Cost/Revalued Amount					
Direct ownership					
Land	2,780,439	3,111	(4)	-	2,783,546
Buildings	2,036,746	81,395	(1,313)	285,806	2,402,634
Furnitures, fixtures, office equipment and computer equipment	4,179,972	484,295	(104,071)	951,362	5,511,558
Vehicles	202,612	34,261	(12,036)	9,764	234,601
Construction in progress	1,183,097	1,065,604	(5,838)	(1,246,932)	995,931
	10,382,866	1,668,666	(123,262)	-	11,928,270
Leased assets	12,495	-	-	-	12,495
	10,395,361	1,668,666	(123,262)	-	11,940,765
Accumulated Depreciation (Note 49)					
Direct ownership					
Buildings	1,169,521	98,703	(469)	(49)	1,267,706
Furnitures, fixtures, office equipment and computer equipment	3,102,078	490,583	(17,621)	49	3,575,089
Vehicles	74,256	30,764	(10,625)	-	94,395
	4,345,855	620,050	(28,715)	-	4,937,190
Leased assets	260	625	-	-	885
	4,346,115	620,675	(28,715)	-	4,938,075
Net book value					
Direct ownership					
Land					2,783,546
Buildings					1,134,928
Furniture, fixtures, office equipment and computer equipment					1,936,469
Vehicles					140,206
Construction in progress					995,931
					6,991,080
Leased assets					11,610
					7,002,690

(Expressed in millions of Rupiah, unless otherwise stated)

18. FIXED ASSETS (continued)

The details of fixed assets were as follows (continued):

Construction in progress as at 31 December 2012 was comprised of:

	Balance
Computers and other hardware that have not been installed	561,170
Buildings	348,069
Office equipment and inventory	66,816
Vehicles	3,206
Others	16,670
	995,931

Others

a. On 22 February 1990, the Bank signed a Joint Operation agreement (KSO) with PT Pakuwon Jati, where PT Pakuwon Jati will build a shopping center and office tower with 17 storeys and other supporting facilities on land owned by Bank Mandiri, which located on Jalan Basuki Rachmat No. 2, 4, 6 Surabaya. PT Pakuwon Jati is entitled to utilise the building for 22 years. The KSO agreement has matured on 21 February 2012 and the ownership of building has been transferred to Bank Mandiri.

   Through the Temporary utilisation agreement No. 05 dated 21 February 2012, developers can still utilise the building in the form of room rental for one year period until 20 February 2013. As at 20 February 2013, the agreement has been extended until 20 February 2014. However, the Bank has the right to terminate the agreement anytime if the Bank will utilise the building or transfer the rights to third party.

   On 14 June 1991, the Bank signed an Amendment I of Joint Operation agreement (KSO) with PT Duta Anggada Realty Tbk., in which PT Duta Anggada Realty Tbk. will build 2 office towers with 32 storeys on land owned by Bank Mandiri which located on Jalan Jenderal Sudirman lot 53-56, Jakarta. The agreement became effective from 14 June 1991 up to 20 years from the date of the construction was completed, but not longer than 23 years starting the construction was completed (the office building will be handed over in May 2014 for the first tower and in May 2016 for the second tower). On the expiry date of the agreements, PT Duta Anggada Realty Tbk. will hand over the ownership of the building to Bank Mandiri.

b. Estimated fair values of land and buildings owned by the Bank as at 31 December 2013 and 2012 are determined using value of Sales Value of Tax Object (NJOP). NJOP is regarded as the best estimates which reflect the fair value. As at 31 December 2013, the NJOP of land and buildings owned by the Bank are Rp8,832,130 and Rp2,185,870, respectively (2012: Rp8,199,856 and Rp1,859,879, respectively). For assets other than lands and buildings, there is no significant difference between the estimated fair value and carrying value of fixed assets.

c. Land rights acquired through Leasehold Certificate ("HGB") that can be renewed will expire between 2014 and 2039. Based on past experience, the Group has the confidence to extend the HGB.

(Expressed in millions of Rupiah, unless otherwise stated)

18. FIXED ASSETS (continued)

Others (continued)

d. As at 31 December 2013, Bank Mandiri have insured their fixed assets (excluding land rights, construction in progress and leased assets) to cover potential losses from risk of fire, theft and natural disaster with PT Asuransi Adira Dinamika, PT Asuransi Bina Dana Arta Tbk., PT Asuransi Bringin Sejahtera Artamakmur, PT Asuransi Dayin Mitra Tbk., PT Asuransi Himalaya Pelindung, PT Asuransi Indrapura, PT Asuransi Jasatania, PT Asuransi Jasa Indonesia (Persero), PT Asuransi Jasaraharja Putera, PT Asuransi Jaya Proteksi, PT Asuransi Parolamas, PT Asuransi Raksa Pratikara, PT Asuransi Rama Satria Wibawa, PT Asuransi Ramayana Tbk., PT Asuransi Staco Mandiri (formerly PT Asuransi Staco Jasapratama), PT Asuransi Umum Mega, PT Asuransi Wahana Tata, PT Caraka Mulia, PT Estika Jasatama, PT Gelora Karya Jasatama, PT Krida Upaya Tunggal, PT Asuransi Raya, PT Asuransi Purna Artanugraha, PT Mandiri AXA General Insurance (formerly PT Asuransi Dharma Bangsa), PT Sarana Lindung Upaya, PT Asuransi Bosowa Periskop, PT Asuransi Umum Bumiputeramuda 1967 and PT Asuransi Astra Buana, with total sum insured of Rp3,931,075 and USD92,520,780 (full amount) (2012: Rp1,721,667 and USD76,357,754 (full amount)). Management believes that the above insurance coverage is adequate to cover possible losses that may arise on the assets insured.

e. Management also believes that there is no impairment of fixed assets as at 31 December 2013 and 2012.

19. INTANGIBLE ASSETS

	2013	2012
- Software	1,005,320*)	717,842*)
- Godwill	154,935	142,860
	1,160,255	**860,702**

*) Net of amortisation of Rp1,354,113 and Rp1,213,891 as at 31 December 2013 and 2012.

Software is amortised over its useful lives, which is 5 years (refer to Note 2.r.i).

As at 31 December 2013 and 2012, include in the software balance are construction in progress for software amounting to Rp314,410 and Rp288,621, respectively. The estimated percentage of completion of software as at 31 December 2013 was ranging between 5% - 95% (2012: 15% - 95%).

Goodwill arises from the difference between the cost of acquisition with the fair value of Subsidiary's assets acquired. Increase of goodwill balance in 2013 due to the Bank's additional capital contribution to a Subsidiary (PT Bank Sinar Harapan Bali) in May 2013 (refer to Note 1g). Goodwill is assessed regularly for impairment. As at 31 December 2013 and 2012 there is no impairment on the Bank's goodwill.

20. OTHER ASSETS

	2013	2012
Accrued income	2,563,524	1,926,902
Others - net	6,345,208	6,560,972
	8,908,732	**8,487,874**

Accrued Income

	2013	2012
Rupiah	2,175,900	1,716,630
Foreign currencies (Note 61B.(v))	387,624	210,272
	2,563,524	**1,926,902**

Accrued income mainly consist of accrued interest receivables from placements, marketable securities, Government Bonds, loans and accrued fees and commissions.

(Expressed in millions of Rupiah, unless otherwise stated)

20. OTHER ASSETS (continued)

Others - net

	2013	2012
Rupiah:		
Receivables from customer transactions	1,860,011	980,166
Receivables from mutual fund	1,000,521	1,370,981
Receivables from transactions related to ATM and credit card	597,376	872,740
Abandoned properties - net of accumulated losses arising from impairment in net realisable value amounting to Rp947 and Rp10,349 as at 31 December 2013 and 2012, respectively	150,376	169,931
Receivables from policyholders	81,735	272,331
Repossessed assets - net of accumulated losses arising from impairment in net realisable value amounting to Rp9,850 and Rp9,850 as at 31 December 2013 and 2012, respectively	23,988	23,988
Receivables from sales of marketable securities	254	214,351
Others	2,287,150	2,196,271
Total Rupiah	6,001,411	6,100,759
Foreign currencies:		
Receivables from customer transactions (Note 61B.(v))	5,622	4,996
Receivables to policyholder (Note 61B.(v))	3,046	1,870
Others	624,541	730,116
Total foreign currencies	633,209	736,982
Total	6,634,620	6,837,741
Less: Allowance for possible losses	(289,412)	(276,769)
	6,345,208	**6,560,972**

Receivables from customer transactions mainly consist of receivables arising from securities transactions of PT Mandiri Sekuritas (Subsidiary). As at 31 December 2013 and 2012, included in receivables from customer transactions is an impaired portfolio amounting to Rp89,330 and Rp166,216, respectively.

Receivables from mutual fund related with receivable from securities portfolio transactions of unit-linked contracts, from mutual funds that consolidated by Subsidiary.

Receivables related to ATM and credit card transactions represent receivable arising from ATM transactions within ATM Bersama, Prima and Link network and receivable from Visa and MasterCard on credit card transactions.

Receivables to policyholders represent the Subsidiary's receivables to policyholders related to policyholders' premium of non unit-linked products.

Receivables from sales of marketable securities represent receivables arising from sale of marketable securities which have settlement date on 2 January 2014 and 3 January 2013, respectively for the year 2013 and 2012.

Others mainly consist of inter-office accounts, various receivables from transaction with third parties, including clearing transactions and others.

Movement of allowance for possible losses on other assets are as follows:

	2013	2012
Balance at beginning of the year	276,769	300,005
Reversal during the year (Note 45)	(23,070)	(13,124)
Others*)	35,713	(10,112)
Balance at end of the year	**289,412**	**276,769**

*) Including effect of foreign currency translation.

Management believes that the allowance for possible losses is adequate.

(Expressed in millions of Rupiah, unless otherwise stated)

21. DEPOSITS FROM CUSTOMERS - DEMAND DEPOSITS

a. By Currency, Related Parties and Third Parties:

	2013	2012
Rupiah:		
Related parties (Note 55)	11,183,111	12,876,389
Third parties	62,224,062	64,971,338
Total Rupiah	73,407,173	77,847,727
Foreign currencies:		
Related parties (Note 55)	15,324,039	12,677,893
Third parties	34,696,437	23,382,236
Total foreign currencies (Note 61B.(v))	50,020,476	36,060,129
	123,427,649	**113,907,856**

Included in demand deposits were *wadiah* deposits amounting to Rp7,507,387 and Rp6,430,911 as at 31 December 2013 and 2012, respectively.

b. Average Interest Rates (Cost of Funds) and Range of Profit Sharing per Annum:

Average interest rates (cost of funds) per annum:

	2013	2012
Rupiah	1.97%	2.04%
Foreign currencies	0.29%	0.22%

Range of profit sharing per annum on *wadiah* deposits:

	2013	2012
Rupiah	0.72% – 0.87%	0.75% - 1.10%
Foreign currencies	0.17% – 0.87%	0.19% - 0.68%

c. As at 31 December 2013 and 2012, demand deposits pledged as collateral for bank guarantees, loans and trade finance facilities (irrevocable Letters of Credits) were amounting to Rp3,392,353 and Rp2,440,972, respectively (Note 12B.c and 31e).

22. DEPOSITS FROM CUSTOMERS - SAVING DEPOSITS

a. By Currency, Type, Related Parties and Third Parties:

	2013	2012
Rupiah:		
Related parties (Note 55)		
Mandiri Saving	194,151	165,577
Third parties		
Mandiri Saving	193,529,509	167,555,465
Mandiri Haji Saving	943,190	938,976
Total Rupiah	194,666,850	168,660,018
Foreign currencies:		
Related parties (Note 55)		
Mandiri Saving	8,054	763,274
Third parties		
Mandiri Saving	21,342,706	14,546,464
Total foreign currencies (Note 61B.(v))	21,350,760	15,309,738
	216,017,610	**183,969,756**

Included in saving deposits were *wadiah* deposits amounting to Rp9,115,337 and Rp7,332,437 as at 31 December 2013 and 2012, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

22. DEPOSITS FROM CUSTOMERS - SAVING DEPOSITS (lanjutan)

b. Average Interest Rates (Cost of Funds) per Annum:

	2013	2012
Rupiah	1.54%	1.61%
Foreign currencies	0.21%	0.22%

c. As at 31 December 2013, saving deposits pledged as collateral for loans was amounting to Rp579 (Notes 12B.c).

23. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS

a. By Currency, Related Parties and Third Parties:

	2013	2012
Rupiah		
Related parties (Note 55)	20,137,578	17,233,023
Third parties	121,540,895	112,839,400
Total Rupiah	141,678,473	130,072,423
Foreign currencies		
Related parties (Note 55)	7,838,922	4,371,767
Third parties	20,033,602	10,516,061
Total foreign currencies (Note 61B.(v))	27,872,524	14,887,828
	169,550,997	**144,960,251**

b. By Contract Period:

	2013	2012
Rupiah:		
1 month	90,271,968	81,288,822
3 months	29,572,387	30,279,072
6 months	12,436,614	14,657,520
12 months	9,222,714	3,613,750
Over 12 months	174,790	233,259
Total Rupiah	141,678,473	130,072,423
Foreign currencies:		
1 month	25,084,080	13,292,026
3 months	1,295,605	787,908
6 months	966,597	297,357
12 months	507,168	490,862
Over 12 months	19,074	19,675
Total foreign currencies (Note 61B.(v))	27,872,524	14,887,828
	169,550,997	**144,960,251**

c. By remaining period until maturity dates:

	2013	2012
Rupiah:		
Less than 1 month	98,919,518	92,986,410
1 - 3 months	27,370,781	26,652,009
3 - 6 months	7,276,167	8,271,875
6 - 12 months	7,867,987	1,971,598
Over 12 months	244,020	190,531
Total Rupiah	141,678,473	130,072,423

(Expressed in millions of Rupiah, unless otherwise stated)

23. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS (continued)

c. By remaining period until maturity dates: (continued)

	2013	**2012**
Foreign currencies:		
Less than 1 month	25,139,216	13,532,537
1 - 3 months	1,812,614	754,434
3 - 6 months	507,615	403,816
6 - 12 months	404,484	190,147
Over 12 months	8,595	6,894
Total foreign currencies (Note 61B.(v))	27,872,524	14,887,828
	169,550,997	**144,960,251**

d. Average Interest Rates (Cost of Funds) per Annum:

	2013	**2012**
Rupiah	5.50%	5.15%
Foreign currencies	0.68%	0.68%

e. As at 31 December 2013 and 2012, total time deposits pledged as collateral on loans were amounting to Rp12,893,916 and Rp9,876,087, respectively (Note 12B.c).

24. DEPOSITS FROM OTHER BANKS - DEMAND AND SAVING DEPOSITS

a. By Currency, Related Parties and Third Parties:

	2013	**2012**
Demand Deposits		
Related parties (Note 55)		
Rupiah	63,613	10,056
Foreign currencies (Note 61B.(v))	-	131,940
	63,613	141,996
Third parties		
Rupiah	937,632	721,210
Foreign currencies (Note 61B.(v))	988,034	546,989
	1,925,666	1,268,199
Total Demand Deposits	1,989,279	1,410,195
Saving Deposits		
Third parties		
Rupiah	1,063,740	835,295
Total Saving Deposits	1,063,740	835,295
Total Demand and Saving Deposits	**3,053,019**	**2,245,490**

Included in deposits from other banks - demand deposits are *wadiah* deposits amounting to Rp28,199 and Rp37,976 as at 31 December 2013 and 2012, respectively.

b. Average Interest Rates (Cost of Funds) and Profit Sharing per Annum:

Average interest rates (cost of funds) per annum:

	2013	**2012**
Demand Deposits		
Rupiah	1.97%	2.04%
Saving Deposits		
Rupiah	1.54%	1.61%

(Expressed in millions of Rupiah, unless otherwise stated)

24. DEPOSITS FROM OTHER BANKS - DEMAND AND SAVING DEPOSITS (continued)

b. Average Interest Rates (Cost of Funds) and Profit Sharing per Annum: (continued)

Range of profit sharing per annum on *wadiah* demand deposits:

	2013	2012
Rupiah	0.72% – 0.87%	0.75% - 1.10%

c. As at 31 December 2013 and 2012, total demand and saving deposits from other banks pledged as collateral on loans and bank guarantees were amounting to Rp16,446 and Rp8,249, respectively (Note 12B.c and 31e).

25. DEPOSITS FROM OTHER BANKS - INTER-BANK CALL MONEY

a. By Currency:

	2013	2012
Third parties		
Rupiah	1,220,000	250,000
Foreign currencies (Note 61B.(v))	60,850	77,100
	1,280,850	**327,100**

b. By Remaining Period Until Maturity Date:

	2013	2012
Rupiah		
Less than 1 month	1,220,000	250,000
Foreign currencies		
Less than 1 month	60,850	28,913
More than 1 month	-	48,187
Total foreign currencies (Note 61B.(v))	60,850	77,100
	1,280,850	**327,100**

c. Average Interest Rates (Cost of Funds) per Annum:

	2013	2012
Rupiah	6.56%	4.81%
Foreign currencies	1.76%	0.56%

26. DEPOSITS FROM OTHER BANKS - TIME DEPOSITS

a. By Currency:

	2013	2012
Third parties		
Rupiah	8,109,444	11,203,309
Foreign currencies (Note 61B.(v))	-	240,938
	8,109,444	**11,444,247**

(Expressed in millions of Rupiah, unless otherwise stated)

26. DEPOSITS FROM OTHER BANKS - TIME DEPOSITS (continued)

b. By Contract Period:

	2013	2012
Rupiah:		
1 month	6,463,990	11,103,799
3 months	1,542,759	37,600
6 months	35,300	9,115
12 months	13,985	52,795
above 12 months	53,410	-
Total Rupiah	8,109,444	11,203,309
Foreign currencies:		
1 month	-	240,938
Total foreign currencies (Note 61B.(v))	-	240,938
	8,109,444	**11,444,247**

c. Average Interest Rates (Cost of Funds) per Annum:

	2013	2012
Rupiah	5.50%	5.15%
Foreign currencies	0.68%	0.68%

d. As at 31 December 2013 and 2012, time deposits from other banks pledged as collateral on loans amounting to Rp94,681 and Rp102,415, respectively (Note 12B.c).

27. LIABILITY TO UNIT-LINKED HOLDERS

This account represents Subsidiary's liability to unit-linked holders placed in unit-linked investment, with details as follow:

	2013	2012
Non-Sharia	11,251,409	10,282,995
Sharia	751,588	751,244
	12,002,997	**11,034,239**

The details of non-sharia unit-linked investments type of contracts are as follow:

	2013	2012
Dynamic Money	5,903,460	6,122,382
Progressive Money	2,022,887	2,150,890
Attractive Money	2,345,304	1,409,386
Excellent Equity	735,400	382,341
Secure Money	77,602	86,409
Active Money	109,912	77,715
Fixed Money	47,821	46,360
Money Market	9,023	7,512
	11,251,409	**10,282,995**

Underlying assets of the policyholders' investment in the above unit-linked contracts are financial assets mainly consist of cash, marketable securities and Goverment Bonds. As at 31 December 2013 and 2012 the investment of policyholders a were recorded based on each type of the financial assets in the consolidated statement of financial position.

27. POLICYHOLDERS' INVESTMENT AND LIABILITY TO UNIT-LINKED HOLDERS (continued)

The policyholders' funds - non-sharia placed in statutory deposits as of 31 December 2013 and 2012 amounted to Rp177,639 and Rp177,548, respectively.

Included in the above policyholders' investments in unit-linked contracts are policyholders' fund in foreign currency as at 31 December 2013 and 2012 amounted to USD2,603,328 (full amount) and USD3,503,323 (full amount), respectively.

Dynamic Money
This is an equity fund with underlying exposures in stocks listed in Indonesia Stock Exchange and money market instruments through mutual fund Schroder Dana Prestasi Dinamis.

Progressive Money
This is a balanced fund with underlying exposures in stocks and bonds listed in Indonesia Stock Exchange and money market instruments through mutual fund Schroder Dana Campuran Progresif.

Attractive Money
This is an equity fund with underlying exposures in stocks and bonds listed in Indonesia Stock Exchange and money market instruments through mutual fund Mandiri Saham Attractive.

Excellent Equity
This is an equity fund with underlying exposures in small cap equities (exclude top 20) traded in Indonesia Stock Exchange and money market instruments through mutual fund Mandiri Dynamic Equity.

Secure Money
Secure Money Rupiah fund is a fixed income fund with underlying exposures in fixed income securities listed in Indonesia Stock Exchange and money market instruments through mutual fund Schroder Dana Obligasi Mantap. The USD fund has underlying exposures in fixed income securities listed in Indonesia Stock Exchange as well as foreign stock exchanges and money market instruments through mutual fund Investa Dana Dollar Mandiri.

Active Money
This is a balanced fund with underlying exposures in stocks and bonds listed in Indonesia Stock Exchange and money market instruments through mutual fund Mandiri Aktif (2011: mutual fund Mandiri Investa Aktif).

Fixed Money
This is a fixed income fund with underlying exposures in Indonesian Government Bonds and money market instruments through mutual fund Mandiri Investa Dana Obligasi II.

Money Market
This is money market fund with underlying exposures in money market instrument including term deposits and fixed income securities listed in Indonesia Stock Exchange through mutual fund Mandiri Investa Pasar Uang.

(Expressed in millions of Rupiah, unless otherwise stated)

27. POLICYHOLDERS' INVESTMENT AND LIABILITY TO UNIT-LINKED HOLDERS (continued)

The details of sharia unit-linked investments type of contracts are as follow:

	2013	2012
Attractive Money Syariah	640,873	649,302
Active Money Syariah	77,473	71,487
Advanced Commodity Syariah	21,467	28,549
Amanah Equity Syariah	11,775	1,906
	751,588	**751,244**

The policyholders' funds - sharia placed in statutory deposits as of 31 December 2013 and 2012 amounted to Rp15,917 and Rp15,235, respectively.

Attractive Money Syariah
This is an equity fund with underlying exposures in stocks and bonds listed in Indonesia Stock Exchange and money market instruments in accordance with sharia principle through mutual fund Mandiri Saham Syariah Attractive.

Active Money Syariah
This is a balanced fund with underlying exposures in stocks and bonds listed in Indonesia Stock Exchange and money market instruments in accordance with sharia principle through mutual fund Mandiri Berimbang Syariah Aktif.

Advanced Commodity Syariah
This is an equity fund with underlying exposures mainly in commodity and commodity - related stocks that listed in Indonesia Stock Exchange and money market instruments in accordance with sharia principle through mutual fund Mandiri Komoditas Syariah Plus.

Amanah Syariah Equity
This is an equity fund with underlying exposures in stocks listed in Indonesia Stock Exchange and money market instruments in accordance with sharia principle through mutual fund BNP Paribas Pesona Amanah.

28. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	31 December 2013						
	Securities	Nominal Value	Start Date	Maturity Date	Buy Back Value	Unamortised Interest Expense	Net Value
Rupiah							
Related parties							
	Obligasi VR0026	550,000	31/12/2013	07/01/2014	505,092	588	504,504
	Obligasi VR0026	550,000	31/12/2013	07/01/2014	505,092	588	504,504
	Obligasi VR0028	280,000	31/12/2013	09/01/2014	250,548	390	250,158
	Obligasi VR0028	280,000	31/12/2013	09/01/2014	250,547	389	250,158
Jumlah		1,660,000			1,511,279	1,955	1,509,324
Third parties							
	Obligasi FR0066	900,000	21/06/2013	15/05/2018	1,026,776	286,542	740,234
	Obligasi FR0066	900,000	21/06/2013	15/05/2018	1,026,776	286,542	740,234
	Obligasi FR0066	650,000	21/06/2013	15/05/2018	741,560	201,139	540,421
	Obligasi VR0027	622,742	20/06/2013	20/06/2018	702,888	191,333	511,555
	Sukuk SR004	250,000	30/12/2013	07/01/2014	206,261	251	206,010
	Obligasi ORI009	250,000	30/12/2013	06/01/2014	205,288	206	205,082
	Sukuk SR005	250,000	30/12/2013	08/01/2014	203,579	290	203,289
Total		3,822,742			4,113,128	966,303	3,146,825
		5,482,742			**5,624,407**	**968,258**	**4,656,149**

As at 31 Desember 2012, securities sold under repurchase agreements were RpNil.

(Expressed in millions of Rupiah, unless otherwise stated)

29. ACCEPTANCE PAYABLES

a. By Currency, Related Parties and Third Parties:

	2013	2012
Rupiah:		
Payable to other banks		
Related parties (Note 55)	138,029	47,371
Third parties	299,794	337,931
Payable to debtors		
Related parties (Note 55)	89,003	22,234
Third parties	205,331	132,361
Total Rupiah	732,157	539,897
Foreign currencies:		
Payable to other banks		
Related parties (Note 55)	125,065	101,398
Third parties	8,933,818	6,563,984
Payable to debtors		
Related parties (Note 55)	93,832	91,478
Third parties	293,498	660,755
Total foreign currencies (Note 61B.(v))	9,446,213	7,417,615
	10,178,370	**7,957,512**

b. By Maturity:

	2013	2012
Rupiah:		
Less than 1 month	304,786	198,944
1 - 3 months	373,086	324,653
3 - 6 months	54,285	16,300
Total Rupiah	732,157	539,897
Foreign currencies:		
Less than 1 month	2,957,937	1,279,718
1 - 3 months	3,370,377	3,341,951
3 - 6 months	2,805,160	2,144,029
6 - 12 months	312,739	651,917
Total foreign currencies (Note 61B.(v))	9,446,213	7,417,615
	10,178,370	**7,957,512**

30. MARKETABLE SECURITIES ISSUED

By Type and Currency:

	2013	2012
Rupiah :		
Related Party(Note 55)		
Bonds	278,000	155,000
Subordinated Notes Syariah Mudharabah	50,000	50,000
Total Related Party	328,000	205,000
Third Party		
Bonds	699,000	397,000
Subordinated Notes Syariah Mudharabah	450,000	450,000
Medium-Term Notes (MTN)	200,000	200,000
Mandiri travelers' cheques	105,298	295,512
Others	564	564
Total Third Party	1,454,862	1,343,076
	1,782,862	1,548,076
Less: Unamortised issuance cost	(3,265)	(2,200)
	1,779,597	**1,545,876**

(Expressed in millions of Rupiah, unless otherwise stated)

30. MARKETABLE SECURITIES ISSUED (continued)

Bonds

On 7 June 2013, the Subsidiary (PT Mandiri Tunas Finance) issued and registered Continuous Bonds I Mandiri Tunas Finance Phase I year 2013 ("Continuous bonds") to the Indonesia Stock Exchange with a nominal value of Rp500,000 consisting of 2 (two) series:

Bonds	Nominal Value	Fixed Interest Rate per Annum	Maturity Date
Seri A	425,000	7.75%	5 Juni 2016
Seri B	75,000	7.80%	5 Juni 2017

The trustee for Mandiri Tunas Finance Bonds VI Year 2011 is PT Bank Mega Tbk.

On 20 May 2011, the Bank’s subsidiary (PT Mandiri Tunas Finance) issued and registered Mandiri Tunas Finance Bonds VI Year 2011 ("Bonds VI") on the Indonesian Stock Exchange (formerly the Surabaya Stock Exchange) with a nominal value of Rp600,000 consisting of 4 (four) series:

Bonds	Nominal Value	Fixed Interest Rate per Annum	Maturity Date
Series A	48,000	8.60%	23 May 2012
Series B	52,000	9.60%	19 May 2013
Series C	350,000	10.00%	19 May 2014
Series D	150,000	10.70%	19 May 2015

Mandiri Tunas Finance Bonds VI Year 2011 Series A for Rp48,000 and Seri B for Rp52,000 had been paid at the time of maturity.

The trustee for Mandiri Tunas Finance Bonds VI Year 2011 is PT Bank Mega Tbk.

On 31 December 2013, the rating for Continuous Bonds and Bonds VI is idAA (double A).

Subordinated Notes *Syariah Mudharabah*

On 19 December 2011, PT Bank Syariah Mandiri (BSM) conducted a limited offering and sale of Sukuk Subordinated Notes *Syariah Mudharabah* Year 2011 (“BSM subnotes”) with a nominal value Rp500,000. The period of these BSM subnotes is 10 (ten) years with call option on the 5th (fifth) year starting the issuance date. The issuance of BSM Subnotes is conducted in 3 (three) phases, as follows:

- Phase I dated 19 December 2011 with a nominal amount of Rp75,000
- Phase II dated 19 December 2011 with a nominal amount of Rp275,000
- Phase III dated 19 December 2011 with a nominal amount of Rp150,000

(Expressed in millions of Rupiah, unless otherwise stated)

30. MARKETABLE SECURITIES ISSUED (continued)

Medium Term Notes (MTN)

In order to support its consumer financing expansion, on 16 February 2010, PT Mandiri Tunas Finance, a Subsidiary, issued Medium Term Notes (MTN) II amounting to Rp350,000, with a fixed interest rate of 11.60% per annum. MTN II has an effective period of 2 (two) years starting from 16 February 2010 and had been paid at the time of maturity on 16 February 2012.

On 24 January 2012, Subsidiary had issued and registered Medium Term Notes (MTN) III amounting to Rp200,000 with a fixed interest rate of 9.95% per annum, at Kustodian Sentral Efek Indonesia (KSEI). MTN III has 3 (three) years effective period starting from 2 February 2012 to 2 February 2015.

2013 and 2012					
Type	Arranger	Maturity Date	Tenor (months)	Interest Rate Per Annum	Nominal Amount
Medium Term Notes III	PT UOB Kayhian Securities	2 February 2015	36	9.95%	200,000
					200,000

Subsidiary had paid the interest of the above marketable securities issued in accordance to the interest payment schedule for the period from 1 January 2013 to 31 December 2013.

For the period from 1 January 2013 to 31 December 2013, Subsidiary had fulfilled the covenants as stipulated in the agreements.

31. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES

a. Transactions of commitment and contingent in the ordinary course of business of Bank Mandiri and its Subsidiaries activities that have credit risk are as follows:

	2013	**2012**
Rupiah:		
Bank guarantees issued (Note 53)	23,777,965	20,239,328
Committed unused loan facilities granted (Note 53)	23,503,517	26,705,562
Outstanding irrevocable letters of credit (Note 53)	3,039,253	2,055,455
Standby letters of credit (Note 53)	1,626,837	2,302,326
Total Rupiah	51,947,572	51,302,671
Foreign currencies:		
Bank guarantees issued (Note 53)	32,641,571	20,469,371
Committed unused loan facilities granted (Note 53)	5,405,644	2,674,467
Outstanding irrevocable letters of credit (Note 53)	12,178,877	9,909,283
Standby letters of credit (Note 53)	7,025,509	5,588,537
Total foreign currencies	57,251,601	38,641,658
	109,199,173	**89,944,329**

(Expressed in millions of Rupiah, unless otherwise stated)

31. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES (continued)

b. By Bank Indonesia's collectibility:

	2013	2012
Current	108,786,436	89,692,146
Special mention	352,792	218,654
Sub-standard	383	3,126
Doubtful	509	276
Loss	59,053	30,127
Total	109,199,173	89,944,329
Less: Allowance for impairment losses	(200,501)	(189,085)
Commitments and contingencies - net	**108,998,672**	**89,755,244**

c. Movements of allowance for impairment losses on commitments and contingencies:

	2013	2012
Balance at beginning of year	189,085	234,364
Reversal during the year	(10,784)	(43,937)
Others*)	22,200	(1,342)
Balance at end of year	**200,501**	**189,085**

*) Includes effect of foreign currencies translation.

Management believes that the allowance for impairment losses on commitments and contingencies is adequate.

d. Information in respect of classification of “non-impaired” and“impaired” is disclosed in Note 61A.

e. Deposits from customers and deposits from other banks pledged as collateral for bank guarantee and irrevocable letters of credit as at 31 December 2013 and 2012 amounting to Rp1,216,930 and Rp1,215,980, respectively (Notes 21c and 24c).

32. ACCRUED EXPENSES

	2013	2012
- Fixed asset and software procurement	1,094,820	778,167
- Interest expenses	699,474	540,525
- Promotions	336,129	215,756
- Outsourcing expenses	225,672	129,468
- Employee related costs: uniform, recreation and others	88,352	107,674
- Others	882,028	573,172
	3,326,475	**2,344,762**

Included in the fixed asset and software procurement are payables to vendors related with operational and maintenance activities for buildings, equipments, software, ATM machines and Bank's IT System.

(Expressed in millions of Rupiah, unless otherwise stated)

33. TAXATION

a. Prepaid Taxes

	2013	2012
Bank Mandiri	1,108,430	853
Subsidiaries	18,119	27,321
	1,126,549	**28,174**

b. Tax Payables

	2013	2012
Current Income tax payables		
Bank Mandiri		
Corporate Income Tax - Article 29	1,515,818	1,919,588
Subsidiaries		
Corporate Income Tax - Article 29	157,212	191,241
	1,673,030	**2,110,829**
Taxes Payables - Others		
Bank Mandiri		
Income taxes		
Article 25	-	185,437
Article 21	90,059	98,773
Article 4 (2)	196,617	155,275
Others	65,935	49,961
	352,611	489,446
Subsidiaries	101,223	62,146
	453,834	**551,592**
Total Taxes Payables	**2,126,864**	**2,662,421**

c. Tax (Benefit)/Expense

	2013	2012
Tax expense - current:		
Bank Mandiri	4,528,782	3,906,338
Subsidiaries	759,707	734,175
	5,288,489	4,640,513
Tax (benefit)/expense - deferred:		
Bank Mandiri	(70,285)	(158,410)
Subsidiaries	13,699	(21,453)
	(56,586)	(179,863)
	5,231,903	**4,460,650**

As explained in Note 2ad, income tax for Bank Mandiri and its subsidiaries are calculated for each separate legal entity.

(Expressed in millions of Rupiah, unless otherwise stated)

33. TAXATION (continued)

d. Tax Expense - Current

The reconciliation between income before tax benefit/(expense) as shown in the consolidated statements of income and income tax calculations and the related estimated current tax expense for Bank Mandiri and its Subsidiaries are as follows:

	2013	2012
Consolidated income before tax expense and non-controlling interests	24,061,837	20,504,268
Less:		
Income before tax expense of Subsidiaries - after elimination	(3,408,523)	(3,656,605)
Impact of changes in presenting investment in Subsidiaries by using cost method (previously equity method)	1,018,151	1,202,166
Income before tax expense and non-controlling interests - Bank Mandiri only	21,671,465	18,049,829
Add/(deduct) permanent differences:		
Non-deductible expenses/(non-taxable income)	626,250	661,014
Losses from overseas branches	-	13,385
Others	(5,229)	15,412
Add/(deduct) temporary differences:		
Allowance for impairment losses on loans and write-offs	(762,212)	326,312
Allowance for impairment losses on financial assets other than loans	417,111	(39,224)
Provision for post-employment benefit expense, provisions for bonuses, leave and Holiday (THR) entitlements	717,993	904,464
Unrealised gain on BOT transactions	(15,597)	(272,950)
Allowance for estimated losses arising from legal cases	66,412	(11,948)
Provision for estimated losses on commitments and contingencies	11,693	(45,549)
Allowance for possible losses of repossessed assets	-	(1,489)
Depreciation of fixed assets	(61,070)	(74,631)
Unrealised lossess on decrease/increase in fair value of marketable securities and Government Bonds - fair value through profit or loss	6,052	7,091
Difference in net realisable value of repossessed assets	-	(22)
Allowance for possible losses on other assets	(19,555)	-
Allowance for possible losses of abandoned properties	(9,402)	-
Estimated taxable income	22,643,911	19,531,694
Estimated tax expense-current		
Bank Mandiri only	4,528,782	3,906,338
Subsidiaries	759,707	734,175
Estimated tax expense-current	**5,288,489**	**4,640,513**

The calculation of income tax for the year ended 31 December 2013 is a preliminary estimate made for accounting purposes and are subject to change at the time of the Bank submit its annual tax return.

Tax calculation for the year ended 31 December 2012 in accordance with the income tax (SPT) Bank Mandiri.

(Expressed in millions of Rupiah, unless otherwise stated)

33. TAXATION (continued)

d. Tax Expense - Current (continued)

The tax on Bank Mandiri and Subsidiaries (Group)'s profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits on the consolidated entities as follows:

	2013	2012
Consolidated income before tax expense and minority interest	24,061,837	20,504,268
Tax calculated at applicable tax rates:	5,186,425	4,524,118
Tax effect of:		
Bank Mandiri		
- Income not subject to tax and final tax	(150,620)	(166,121)
- Expense not deductible for tax purposes	274,824	304,083
	124,204	137,962
Subsidiaries	(78,726)	(201,430)
Total tax effect	45,478	(63,468)
Income tax expense	**5,231,903**	**4,460,650**

Under the taxation laws of Indonesia, Bank Mandiri and Subsidiaries submit the annual corporate income tax returns to the tax office on the basis of self assessment. The Directorate General of Taxation may assess or amend taxes within 5 (five) years from time when the tax becomes due.

Starting from 2009, Bank Mandiri has recognised written-off loans as deduction of gross profit by fullfiling the three requirements stipulated in UU No. 36 Year 2008 and Regulation of the Minister of Finance No. 105/PMK.03/2009 dated 10 June 2009, which was amended by Regulation of the Minister of Finance No. 57/PMK.03/2010 dated 9 March 2010.

Based on UU No. 36 Year 2008 regarding Income Tax, Government Regulation No. 81 Year 2007 dated 28 December 2007 which is subsequently replaced by Government Regulation (GR) No. 77 Year 2013 dated 21 November 2013 regarding Reduction of Tax Rate of Income Tax Resident Corporate Tax Payers and Regulation of the Minister of Finance No. 238/PMK.03/2008 dated 30 December 2008 regarding Procedures for Implementing and Supervising the Granting of Reduction of the Tax Rate of Income Tax Resident Corporate Taxpayers in the Form of Public Listed Company, a public listed company can obtain a reduction of income tax rate by 5% lower from the highest income tax rate by fulfilling several requirements, which include 40% of total issued and fully paid in capital shares traded in Indonesia Stock Exchange and must be recorded in depository and settlement institutional and the shares are owned by at least 300 parties and each party can only own less than 5% of the total paid up shares. The above requirements must be fulfilled by the taxpayer at the minimum 183 (one hundred and eighty three) calender days in a period of (1) one fiscal year.

Based on No.DE/I/2014-0111 Certificate dated 3 January 2014 (2012: Certificate No. DE/I/2013-0098 dated 3 January 2013) regarding Monthly Stock Ownership of Publicly Listed Companies Report and the Recapitulation No.X.H.I-2 from PT Datindo Entrycom (Securities Administration Agency) to Bank Mandiri, it was stated the Bank has met the requirements to obtain the income tax rate reduction above. In accordance with PMK.238, Financial Service Authority, formerly Bapepam-LK will submit information on the above requirement fulfillment by the Bank to the authorised Tax Office. Until the date of the consolidated financial statements, the implementation guidance of GR No.77 Year 2013 which will be formalised into Minister of Finance Regulation (PMK) has not been issued. As of now, the effective date of GR No.77 Year 2013 is still in discussion therefore the confirmation of the fulfilment of GR No.77 Year 2013 will be clarified by PMK which will be issued. However Management believes that Bank Mandiri has met all requirements to obtain income tax reduction for 2013 fiscal year. Therefore, the Bank's corporate income tax for the year ended 31 December 2013 and 2012 are calculated using the tax rate of 20%.

(Expressed in millions of Rupiah, unless otherwise stated)

33. TAXATION (continued)

e. Deferred tax assets - net

Deferred tax arises from temporary differences between book value based on commercial and tax calculation are as follows:

	2013			
	Beginning balance	Credited/ (charged) to consolidated statement of comprehensive income	Charged to equity	Ending balance
Bank Mandiri				
Deferred tax assets:				
Loans write-off until 2008	1,707,651	(221,648)	-	1,486,003
Allowance for impairment loan losses	850,527	69,206	-	919,733
Allowance for impairment losses on financial assets other than loans	296,370	83,422	-	379,792
Provision for post-employment benefit expense, provision for bonuses, leave and holiday (THR) entitlements	720,872	143,599	-	864,471
Allowance for estimated losses arising from legal cases	112,496	13,282	-	125,778
Estimated losses on commitments and contingencies	37,223	2,339	-	39,562
Allowance for possible losses on abandoned properties	33,940	(3,911)	-	30,029
Allowance for possible losses on repossessed assets	1,994	-	-	1,994
Accumulated losses arising from difference in net realisable value of abandoned properties	2,069	(1,880)	-	189
Accumulated losses arising from difference in net realisable value of repossessed assets	1,969	-	-	1,969
Unrealised losses on increase/decrease in fair value of marketable securities and Government Bonds (available for sale)	101,158	-	246,370	347,528
Deferred tax assets	**3,866,269**	**84,409**	**246,370**	**4,197,048**
Deferred tax liabilities:				
Unrealised gain on BOT transactions	(54,590)	(3,119)	-	(57,709)
Unrealised (gain)/losses on increase/decrease in fair value of marketable securities and Government Bonds (fair value through profit or loss)	(1,102)	1,210	-	108
Net book value of fixed assets	(33,466)	(12,215)	-	(45,681)
Deferred tax assets - Bank Mandiri only	**3,777,111**	**70,285**	**246,370**	**4,093,766**
Net deferred tax assets - Subsidiaries	189,502			228,732
Total consolidated deferred tax assets - net	**3,966,613**			**4,322,498**

(Expressed in millions of Rupiah, unless otherwise stated)

33. TAXATION (continued)

e. Deferred tax assets - net (continued)

	2012			
	Beginning balance	Credited/ (charged) to consolidated statement of comprehensive income	Charged to equity	Ending balance
Bank Mandiri				
Deferred tax assets:				
Loans write-off until 2008	1,883,339	(175,688)	-	1,707,651
Allowance for impairment loan losses	609,577	240,950	-	850,527
Allowance for impairment losses on financial assets other than loans	304,215	(7,845)	-	296,370
Provision for post-employment benefit expense, provision for bonuses, leave and holiday (THR) entitlements	539,979	180,893	-	720,872
Allowance for estimated losses arising from legal cases	114,886	(2,390)	-	112,496
Estimated losses on commitments and contingencies	46,333	(9,110)	-	37,223
Allowance for possible losses on abandoned properties	33,940	-	-	33,940
Allowance for possible losses on repossessed assets	2,292	(298)	-	1,994
Accumulated losses arising from difference in net realisable value of abandoned properties	2,069	-	-	2,069
Accumulated losses arising from difference in net realisable value of repossessed assets	1,973	(4)	-	1,969
Unrealised losses on increase/decrease in fair value of marketable securities and Government Bonds (available for sale)	131,084	-	(29,926)	101,158
Deferred tax assets	**3,669,687**	**226,508**	**(29,926)**	**3,866,269**
Deferred tax liabilities:				
Unrealised gain on BOT transactions	-	(54,590)	-	(54,590)
Unrealised (gain)/losses on increase/decrease in fair value of marketable securities and Government Bonds (fair value through profit or loss)	(2,520)	1,418	-	(1,102)
Net book value of fixed assets	(18,540)	(14,926)	-	(33,466)
Deferred tax assets - Bank Mandiri only	**3,648,627**	**158,410**	**(29,926)**	**3,777,111**
Net deferred tax assets - Subsidiaries	**151,785**			**189,502**
Total consolidated deferred tax assets - net	**3,800,412**			**3,966,613**

Deferred tax assets are calculated using applicable tax rate or substantially enacted tax rate at consolidated statement of financial position dates.

Management believes that it is possible that future taxable income will be available against the temporary difference, which results in deferred tax assets, can be utilised.

f. Tax assessment letters

On 6 December 2012, the Bank received Tax Underpayment Assessment Letters (SKPKB) which stated underpayments of corporate income tax and Value Added Tax (VAT) and Tax Collection Letter penalties (STP) for fiscal year 2010 totalled to Rp1,108,071.

Management disagree with the tax assessment result and on 4 March 2013, Bank has submitted a tax objection letter to the tax office and paid all the tax underpayment which recorded as prepaid tax.

On December 2013, the Tax Office issued a decision letter to the Bank's objection letters above and partially accepted the Bank's objection, therefore the Tax office refunded the prepaid tax related to value added tax. Bank disagreed with the above decision letter and will submit appeal letters on the above decision letter to the Tax Court.

Until the date of this consolidated financial statements, Bank is still waiting on the results of the objection for SKPKB of Income Taxes.

(Expressed in millions of Rupiah, unless otherwise stated)

34. EMPLOYEE BENEFIT LIABILITIES

	2013	2012
Rupiah		
- Provision for post-employment benefit (Note 50)	1,965,656	1,635,427
- Provisions for bonuses, leave and holiday entitlements	2,619,413	2,177,891
	4,585,069	**3,813,318**

The provision for post-employment benefit such as pension fund and other long term remuneration is according to Bank and Subsidiaries' policy which had been calculated using actuarial calculation.

35. OTHER LIABILITIES

	2013	2012
Rupiah:		
Liability to policyholders	1,955,475	1,342,629
Payable to customers	1,271,409	1,058,361
Liability related to ATM and credit card transaction	1,001,071	1,231,126
Non controlling interest from Subsidiary's mutual fund consolidation	857,009	777,276
Guarantee deposits	744,712	878,283
Deferred income (directly attributable)	555,001	653,656
Deferred income (not directly attributable)	181,831	142,884
Customers transfer transaction	138,046	130,256
Payable from purchase of marketable securities	726	22,940
Others	4,624,750	3,614,293
Total Rupiah	11,330,030	9,851,704
Foreign currencies:		
Guarantee deposits (Note 61B.(v))	1,357,207	1,030,110
Customers transfer transaction	535,090	623,867
Deferred income (not directly attributable)	447,467	313,707
Other liabilities related to UPAS transactions (Note 61B.(v))	283,127	1,075,973
Deferred income (directly attributable)	5,813	848
Others	207,480	883,832
Total foreign currencies	2,836,184	3,928,337
	14,166,214	**13,780,041**

Liabilities to policyholders consists of Subsidiary's (AXA Mandiri Financial Services and Mandiri AXA General Insurance) liability for future policy benefits for non unit-linked policyholders, claim payables, unearned premium income and estimated claim liabilities, amounting to Rp1,368,306, Rp35,394, Rp399,103 and Rp152,672 as at 31 December 2013 and amounting to Rp1,042,530, Rp33,526, Rp160,266 and Rp106,307 as at 31 December 2012.

Payable to customers are mostly represent payable arising from marketable securities transactions done by PT Mandiri Sekuritas (the Bank's subsidiary).

Liability related to ATM and credit card transactions represents payable arising from ATM transactions via ATM Bersama, ATM Link and ATM Prima network and payable to Visa and MasterCard on credit card transactions.

Non-controling interest from Subsidiary's mutual funds consolidation represents the portion of non-controling arises from consolidation of mutual funds controlled by Subsidiary (AXA Mandiri Financial Services).

Guarantee deposits are cash guarantee deposited by the Bank's customers for export and import transaction and bank guarantee issuance.

Deferred income (directly attributable) represents unamortised provision/commissions income directly attributable to loans.

Deferred income (not directly attributable) represents unamortised provision/commissions income not directly attributable to loans.

Payable from purchase of marketable securities represents the Bank's liability related to purchase of marketable securities transactions that have been subsequently settled on 3 January 2014 and 3 January 2013, respectively for the year 2013 and 2012.

(Expressed in millions of Rupiah, unless otherwise stated)

35. OTHER LIABILITIES (continued)

Other liabilities related to UPAS transactions represents liability to the paying bank in foreign currencies in relation to UPAS receivables from importer.

Others mostly consist of inter-office account, liabilities related to import transaction, and suspense such as settlement of customer's financial transaction such as money transfer.

36. FUND BORROWINGS

	2013	2012
Rupiah:		
Related parties (Note 55)		
(a) PT Permodalan Nasional Madani (Persero)	2,369	18,712
(g) Others	775,945	916,156
	778,314	934,868
Third parties		
(b) Bank Indonesia	-	755
(c) Ministry of Public Housing (Kemenpera)	109,021	17,262
(g) Others	3,241,145	1,980,889
	3,350,166	1,998,906
Total Rupiah	4,128,480	2,933,774
Foreign currencies:		
Third parties		
(d) Direct Off-shore Loans	8,121,615	6,828,922
(e) Bilateral Loan	3,041,233	963,750
(f) Trade Financing Facilities	705,860	882,386
Total foreign currencies (Note 61B.(v))	11,868,708	8,675,058
	15,997,188	**11,608,832**

(a) PT Permodalan Nasional Madani (Persero)

This account represents fund borrowings granted by PT Permodalan Nasional Madani (Persero) to Bank Mandiri and Bank Sinar Harapan Bali (BSHB). The outstanding loan balance as at 31 December 2013 and 2012 for Bank Mandiri are RpNil and Rp9,102, respectively, and for BSHB are Rp2,369 and Rp9,610, respectively. These facilities bear interest rate at 7.00% per annum. The payment schedule of fund borrowing terms depend on the terms of the individual loan agreement, the last in June 2013 for the Bank and for the month of June 2014 for BSHB. Bank Mandiri lent this fund to the members of Primary Cooperation (*Kredit Koperasi Primer kepada Anggotanya* [KKPA]). The Bank has repaid the loan on June 2013. The outstanding balance as at 31 December 2013 was from BSHB.

(b) Bank Indonesia

This account represents credit liquidity facility obtained from Bank Indonesia (BI), which was lent to Bank Mandiri's debtors under the Government Credit Program. The administration and monitoring of the credit facility are performed by PT Permodalan Nasional Madani (Persero), a state-owned enterprise, based on Law No. 23/1999 dated 17 May 1999 regarding BI, BI Regulation No. 2/3/PBI/2000 dated 1 February 2000 and BI Regulation No. 5/20/PBI/2003 dated 17 September 2003 regarding the hand-over of Bank Indonesia's Credit Liquidity Management in relation to Credit Program. This facility bears interest at rates ranging from 3.75% per annum and wil be matured on various dates, the latest is at the end of 2013. This facility was already paid at the maturity date. The details of this account are as follows:

	2013	2012
Small-Scale Investment Loans (KIK)	-	**755**

(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(c) Ministry of Public Housing (Kemenpera)

This account represents a Liquidity Facility of House Financing (FLPP) with sharing financing of 70.00% from Ministry of Public Housing's fund and 30.00% from Bank Mandiri's fund, in accordance with the Memorandum of Understanding between the Ministry of Public Housing No. 07/SKB/M/2012 and PT Bank Mandiri (Persero) Tbk. No. DIR.MOU/003/2012 dated 15 February 2012 regarding the Amendment of Memorandum of Understanding between the Ministry of Public Housing No. 13/SKB/DP/2011 and PT Bank Mandiri (Persero) Tbk. No. DIR.MOU/015/2011 regarding the Funding Distribution of Liquidity Facility of House Financing (FLPP) in the framework of the housing procurement through the Welfare House Ownership Loan. The agreement was followed by Operational Cooperation Agreement between Public Service Center of House Financing Agency of the Ministry of Public Housing of the Republic of Indonesia No. 02/SK.9/HK.02.04/2/2012 with PT Bank Mandiri (Persero) Tbk. No. DIR.PKO/010/2012 dated 15 February 2012 regarding the Funding Distribution of Liquidity Facility of House Financing (FLPP) in the framework of the housing procurement through the Welfare House Ownership Loan.

The outstanding loan balance as at 31 December 2013 and 2012 was amounted to Rp109,021 and Rp17,262. The facility bears interest at 0.50% per annum. The loan has a payment schedule of maximum 240 months (20 years) with the first installment start at the following month (for fund disbursed from date of 1 until 10), and start the next two months (for the fund disbursed from date of 11 until the end of the month). The repayment (principal and interest) to Kemenpera will be made not later than the date of 10 for each month.

(d) Direct Off-shore Loans

The details of direct off-shore loans are as follows:

	2013	**2012**
Deutsche Bank AG, Singapore	3,651,000	2,891,250
Standard Chartered Bank, Singapore	3,042,500	2,409,375
Asian Development Bank		
- Tranche A	544,570	574,018
- Tranche B	121,380	191,819
Agence Française de Développement	762,165	762,460
	8,121,615	**6,828,922**

Deutsche Bank AG, Singapore

2013

Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount USD (full amount)	Nominal amount Rupiah equivalent
Standby Loan	Deutsche Bank AG, Singapore	23 June 2016	60	LIBOR (6 months) + certain margin	300,000,000	3,651,000

2012

Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount USD (full amount)	Nominal amount Rupiah equivalent
Standby Loan	Deutsche Bank AG, Singapore	23 June 2016	60	LIBOR (6 months) + certain margin	300,000,000	2,891,250

(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(d) Direct Off-shore Loans (continued)

On 16 June 2011, Bank Mandiri obtained a loan facility from Deutsche Bank AG, Singapore. The agreement has amended by latest addendum of agreement dated 31 July 2013 whereby the Bank has been provided borrowing of USD300,000,000 (full amount) with interest rate at a 6-months LIBOR plus a certain margin.

This loan facility has a tenor of 5 (five) years and will be matured on 23 June 2016. During the tenor of the loan facility, Bank Mandiri could drawdown and repay the outstanding loan at any time. On 27 June 2011, Bank Mandiri exercised the first drawdown on this loan facility amounting to USD100,000,000 (full amount) and subsequently on 28 September 2011, the Bank exercised the second drawdown amounting to USD200,000,000 (full amount). As at 31 December 2013, this loan facility is secured by Government Bonds VR0031 series with a nominal value of Rp5,457,447 (2012: Rp4,297,228) (Note 8c).

Standard Chartered Bank, Singapore

2013

Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount USD (full amount)	Nominal amount Rupiah equivalent
Bilateral Loan	Standard Chartered Bank, Singapore	09 July 2015	36	LIBOR (6 months) + certain margin	250,000,000	3,042,500

2012

Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount USD (full amount)	Nominal amount Rupiah equivalent
Bilateral Loan	Standard Chartered Bank, Singapore	09 July 2015	36	LIBOR (6 months) + certain margin	250,000,000	2,409,375

On 28 June 2012, Bank Mandiri obtained a loan facility from Standard Chartered Bank, Singapore for USD250,000,000 (full amount) with interest rate at a 6-months LIBOR plus a certain margin.

This loan facility has a tenor of 3 (three) years and will mature on 9 July 2015. On 9 July 2012, Bank Mandiri has conducted drawdown on this loan facility amounting to USD250,000,000 (full amount). As at 31 December 2013, this loan facility is secured by Government Bonds VR0030 series with a nominal value of Rp3,000,000 (2012: Rp3,000,000) and VR0031 series with a nominal value of Rp843,746 (2012: Rp343,746) (Note 8c).

Asian Development Bank

2013

Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount USD (full amount)	Nominal amount Rupiah equivalent
Tranche A	Asian Development Bank	31 October 2016	84	LIBOR (6 months) + certain margin	45,000,000	547,650
Less: Unamortised issuance costs					(253,063)	(3,080)
					44,746,937	**544,570**
Tranche B	Asian Development Bank	31 October 2014	60	LIBOR (6 months) + certain margin	10,000,000	121,700
Less: Unamortised issuance costs					(26,274)	(320)
					9,973,726	**121,380**
					54,720,663	**665,950**

(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(d) Direct Off-shore Loans (continued)

Asian Development Bank (continued)

2012

Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount USD (full amount)	Nominal amount Rupiah equivalent
Tranche A	Asian Development Bank	31 October 2016	84	LIBOR (6 months) + certain margin	60,000,000	578,250
Less: Unamortised issuance costs					(439,122)	(4,232)
					59,560,878	**574,018**
Tranche B	Asian Development Bank	31 October 2014	60	LIBOR (6 months) + certain margin	20,000,000	192,750
Less: Unamortised issuance costs					(96,553)	(931)
					19,903,447	**191,819**
					79,464,325	**765,837**

On 30 October 2009, as further amended and restated on 13 November 2009, Bank Mandiri signed a long-term credit agreement with Asian Development Bank (ADB) with a total facility amounting to USD105,000,000 (full amount).

The loan consists of 2 (two) facilities, where Tranche A Facility is a direct loan from ADB with total facility amounting to USD75,000,000 (full amount) and will be matured in 7 (seven) years after the agreement date, whilst Tranche B from ADB as Lender of Record is funded by commercial banks through the Participation Agreements between ADB and the commercial banks with a total facility amounting to USD30,000,000 (full amount) and will be matured in 5 (five) years after the agreement date. The loan was withdrawn on 28 January 2010. Until 31 December 2013, the Bank has repaid this loan amounting to USD50,000,000 (full amount). As at 31 December 2013 and 2012, this loan facility is secured by Government Bonds series VR0031 with a nominal value of Rp1,286,663 (Note 8c).

Agence Française de Développement

2013

Type	Arranger	Maturity Date	Interest Rate per annum	Nominal amount USD (full amount)	Nominal amount Rupiah equivalent
Bilateral Loan	Agence Française de Développement	31 March 2016	LIBOR (6 months) + certain margin	13,636,364	165,954
Less: Unamortised issuance costs				(26,087)	(317)
				13,610,277	**165,637**
Bilateral Loan	Agence Française de Développement	30 September 2018	LIBOR (6 motnhs) + certain margin	11,428,571	139,086
Less: Unamortised issuance costs				(32,786)	(399)
				11,395,785	**138,687**

(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(d) Direct Off-shore Loans (continued)

Agence Française de Développement (continued)

2013

Type	Arranger	Maturity Date	Interest Rate per annum	Nominal amount USD (full amount)	Nominal amount Rupiah equivalent
Bilateral Loan	Agence Française de Développement	30 September 2017	LIBOR (6 months) + certain margin	29,090,909	354,036
Less: Unamortised issuance costs				(85,653)	(1,042)
				29,005,256	**352,994**
Bilateral Loan	Agence Française de Développement	31 March 2019	LIBOR (6 months) + certain margin	8,642,857	105,184
Less: Unamortised issuance costs				(27,688)	(337)
				8,615,169	**104,847**
				62,626,487	**762,165**

2012

Type	Arranger	Maturity Date	Interest Rate per annum	Nominal amount USD (full amount)	Nominal amount Rupiah equivalent
Bilateral Loan	Agence Française de Développement	31 March 2016	LIBOR (6 months) + certain margin	19,090,909	183,989
Less: Unamortised issuance costs				(50,731)	(489)
				19,040,178	**183,500**
Bilateral Loan	Agence Française de Développement	30 September 2018	LIBOR (6 months) + certain margin	13,714,286	132,171
Less: Unamortised issuance costs				(48,064)	(463)
				13,666,222	**131,708**
Bilateral Loan	Agence Française de Développement	30 September 2017	LIBOR (6 months) + certain margin	36,363,636	350,455
Less: Unamortised issuance costs				(132,264)	(1,275)
				36,231,372	**349,180**
Bilateral Loan	Agence Française de Développement	31 March 2019	LIBOR (6 months) + certain margin	10,214,286	98,440
Less: Unamortised issuance costs				(38,227)	(368)
				10,176,059	**98,072**
				79,113,831	**762,460**

(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(d) Direct Off-shore Loans (continued)

Agence Française de Développement (continued)

On 17 June 2010, Bank Mandiri signed a loan facility agreement with Agence Française de Développement (AFD) of USD100,000,000 (full amount) to assist the financing for projects related to climate change and energy efficiency.

This long term facility has a tenor of 5 to 10 years (including grace period) with an interest rate of 6-months LIBOR plus a certain margin and will be used to finance the projects that related to the carbon emission reduction.

As part of the above loan agreement, Bank Mandiri and AFD will finance the training programs aimed to develop the Bank Mandiri's capacity, especially in relation to climate change and energy efficiency.

On 15 December 2010, the Bank drawdown the borrowing from AFD by USD30,000,000 (full amount), which will be matured on 31 March 2016.

On 16 February 2012, 30 May 2012 and 31 May 2012, the Bank drawdown the borrowing amounting to USD16,000,000 (full amount), USD40,000,000 (full amount) and USD11,000,000 (full amount), respectively, which will be matured on 30 September 2018, 30 September 2017 and 31 March 2019.

The drawdown of above facilities are intended to fulfill the fund requirement to finance the environmental friendly projects in Bank Mandiri.

On 8 November 2013, Bank Mandiri signed a new loan facility agreement with AFD of USD100,000,000 (full amount) to assist the financing for projects related to climate change and energy efficiency. This long term facility has a tenor of 5 to 10 years (including grace period) with an interest rate of 6-months LIBOR plus a certain margin. Up to 31 December 2013, the Bank has not drawdown the facility from AFD.

(e) Bilateral Loans

The details of bilateral loans are as follows:

	2013	**2012**
JP Morgan, Jakarta	1,824,233	-
Standard Chartered Bank, Jakarta	1,217,000	963,750
	3,041,233	**963,750**

JP Morgan, Jakarta

2013						
Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount USD (full amount)	Nominal amount Rupiah equivalent
Bilateral Loan	JP Morgan, Jakarta	21 November 2016	36	LIBOR (3 bulan) + marjin tertentu	150,000,000	1,825,500
Less: Unamortised issuance costs					(104,136)	(1,267)
					149,895,864	**1,824,233**

On 15 November 2013, the Bank obtained a loan facility from JP Morgan, Jakarta of USD150.000.000 (full amount) with an interest rate of LIBOR 3 (three) months plus a certain margin.

(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(e) Bilateral Loans (continued)

JP Morgan, Jakarta (continued)

This loan facility has a tenor of 3 (three) years and will expire on 21 November 2016. Bank Mandiri has drawdown this credit facility amounted to USD150,000,000 (full amount) on 21 November 2013. As at 31 December 2013, this loan facility was secured by Government Bonds ORI 009 series with a nominal value of Rp288,276, ROI 23 series with a nominal value of USD17,500,000 (full value), ROI 15 series with a nominal value of USD40,000,000 (full amount) and ROI 14 series with a nominal value of USD100,800,000 (full amount) (Note 8c).

Standard Chartered Bank, Jakarta

2013

Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount USD (full amount)	Nominal amount Rupiah equivalent
Bilateral Loan	Standard Chartered Bank, Jakarta	11 July 2016	60	LIBOR (3 months) + certain margin	100,000,000	**1,217,000**

2012

Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount USD (full amount)	Nominal amount Rupiah equivalent
Bilateral Loan	Standard Chartered Bank, Jakarta	11 July 2016	60	LIBOR (3 months) + certain margin	100,000,000	**963,750**

On 4 July 2011, Bank Mandiri obtained a loan facility from Standard Chartered Bank, Jakarta of USD100,000,000 (full amount) with interest rate at a 3-months LIBOR plus a certain margin.

This loan facility has a tenor of 5 (five) years and will mature on 11 July 2016. On 11 July 2011, Bank Mandiri has drawdown this loan facility amounted to USD100,000,000 (full amount). As at 31 December 2013 and 2012, this loan facility was secured by Government Bonds VR0031 series with a nominal value of Rp1,074,788 (Note 8c).

(f) Trade Financing Facilities (Bankers Acceptance)

Trade financing facilities represent short-term borrowings with tenors between 90 to 365 days and bear interest at LIBOR or SIBOR plus a certain margin. These borrowings are guaranteed by letters of credit issued by Bank Mandiri. The balance as at 31 December 2013 and 2012 are as follows:

	2013	**2012**
Bank of America NA, Hong Kong	243,400	63,199
Bank of America NA, Singapore	243,400	337,312
Bank of New York, Mellon, Singapore	158,210	-
Bank of Montreal, Hongkong	60,850	-
Bank of Nova Scotia, Singapore	-	433,687
Deutsche Bank AG, Singapore	-	48,188
	705,860	**882,386**

(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(g) Others

	2013	2012
PT Panin Bank Tbk.	1,155,421	1,089,319
PT Bank Central Asia Tbk,	954,787	377,742
PT Sarana Multigriya Finansial (Persero)	600,000	600,000
PT Bank DKI	297,449	191,375
PT Bank BTPN Tbk	200,000	-
PT Bank Negara Indonesia (Persero) Tbk,	175,945	316,156
PT Bank Jabar Banten Tbk,	175,933	74,461
PT Bank Internasional Indonesia Tbk,	150,000	-
The Hong Kong and Shanghai Banking Corporation Ltd,	120,000	-
PT Bank Commonwealth	99,122	-
Standard Chartered Bank, Jakarta	45,000	45,000
PT Bank OCBC NISP Tbk,	36,772	86,522
PT Bank Danamon Indonesia Tbk,	6,661	66,642
PT Bank UOB Indonesia	-	49,828
	4,017,090	**2,897,045**

PT Panin Bank Tbk.

On 16 February 2011, 8 August 2011 and last 20 November 2013, the Subsidiary and PT Panin Bank Tbk. (Panin) signed a loan agreement whereby Panin provide some term loan facility with a total limit of Rp2,600,000 which is non-revolving and bears a fixed interest rate. The facility has a diverse maturity and ranging from February 2014 until March 2017.

On 12 May 2011, the Subsidiary and Panin also signed loan agreement whereby Panin provide a revolving money market facility with total limit of Rp200,000 and bears a floating interest rate. This agreement had been amended based on latest agreement signed on 12 November 2012 with additional facility up to Rp300,000 and will mature on 12 May 2014.

On 11 July 2013, the Subsidiary entered into working capital facility agreement with Panin. The agreement has been amended by latest addendum of agreement dated 25 June 2013, whereby Bank Panin granted working capital facility of Rp200,000 cross clearing facility of Rp200,000, forex transaction facility (spot/forward) USD10,000,000 and bank gurantee facility of Rp200,000 and will be due on 30 June 2014. Based on the terms of the agreement, interest for the working capital is determined based on the annual term lending rate of Bank Panin.

PT Bank Central Asia Tbk.

On 7 March 2001, the Subsidiary and PT Bank Central Asia Tbk. (BCA) signed a loan agreement where BCA provide an overdraft facility and bears a floating interest rate. This agreement had been amended based on latest agreement signed on 24 March 2011 with additional facility up to Rp55,000 and maturity date was extended to 12 March 2014.

On 24 March 2011 and the last on 14 December 2012, the Subsidiary and BCA has also entered into several loan agreements where BCA provides some term loan facility with a total limit of Rp800,000 non-revolving and bears a fixed interest rate. The facility has a maturity that is diverse and ranges from April 2014 through to March 2016.

On 19 July 2013, the Subsidiary and BCA signed a loan agreement whereby BCA provide term loan facility with a total limit of revolving Rp533,750 (uncommitted) and at fixed rates. The facility has a diverse maturity and ranges from July 2014 through to September 2016.

36. FUND BORROWINGS (continued)

(g) Others (continued)

PT Bank Central Asia Tbk. (continued)

On 25 February 2013, the Subsidiary entered into banking facility agreement with BCA, whereby the Subsidiary has been provided by multifacility banking facility of Rp200,000, consist of money market line facility, bank guarantee facility, and foreign exchange line. The facility will be due on 24 February 2014. The interest for funding is determined based on agreed interest rate on facility drawdown.

On 11 June 2013, the Subsidiary and BCA signed a loan agreement whereby the Bank gives money market facility with a limit of Rp100,000 revolving and bears a floating interest rate. The facility matures on 12 March 2014.

PT Sarana Multigriya Finansial (Persero)

On 3 October 2011, the Subsidiary (*Mudharib*) and PT Sarana Multigriya Finansial (SMF) (*Shahibul Mal*) has entered into a *Mudharabah wal Murabahah* financing agreement which will be matured within 3 (three) years from the date of financing, amounting to Rp300,000. The financing is intended to support the *Mudharib*'s working capital in mortgage financing to debtors (PPR) using *Murabahah* or *Musyarakah Mutanaqishah* principles. The agreed revenue sharing is 65.00% for *Shahibul Mal* and 35.00% for the *Mudharib* from gross income received by *Mudharib* before deducted by related costs. Disbursement of financing implemented in two phases, respectively Rp100,000 and Rp200,000 which began in October 2011. Revenue sharing will be paid monthly starting from November 2011.

On 29 December 2011, PT SMF provided additional facility amounting to Rp300,000 for 3 years since the date of financing establishment to provide *Mudharib* working capital for PPR facility by using *Murabahah* or *Musyarakah Mutanaqishah* principles. The agreed revenue sharing is 62.00% for Shahibul Mal and 38.00% for *Mudharib* from gross income received by *Mudharib* before deducted by related costs. Disbursement of financing implemented in two phases, each at Rp150,000 on 29 December 2011 and 30 January 2012. Revenue sharing will be paid monthly starting from January 2012.

PT Bank DKI

On 17 September 2013, the Subsidiary and PT Bank DKI (Bank DKI) signed a loan agreement whereby the Bank DKI provides several facilities with a total term loan facility of Rp540,000 which is non-revolving and bears a fixed interest rate. These facilities have a diverse maturity and range from March 2014 to September 2016.

PT Bank BTPN Tbk.

On 26 January 2011, the Subsidiary entered into money market facility agreement amounting to Rp150,000 with PT Bank Tabungan Pensiunan Nasional Tbk ("BTPN"). The agreement has been amended by latest addendum of agreement dated March 6, 2013 with increase in facility limit to Rp200,000 and validity period until 26 January 2014. The agreement has been subsequently extended until 26 January 2015. Under the terms of the agreement, the interest for the funding facility is determined based on the annual term lending rate of BTPN.

36. FUND BORROWINGS (continued)

(g) Others (continued)

PT Bank Negara Indonesia (Persero) Tbk.

On 23 November 2011, the Subsidiary and PT Bank Negara Indonesia (Persero) Tbk. (BNI) signed the joint financing agreement where BNI provides several joint financing facilities with total limit of Rp633,509 which is revolving and bears a fixed interest rate. These facilities have various maturity dates ranging between January 2014 up to June 2016.

PT Bank Jabar Banten Tbk.

On 1 November 2011 and 30 November 2012, the Subsidiary and PT Bank Jabar Banten Tbk. (BJB) signed loan agreement whereby BJB provided several term loan facility with total limit of Rp300,000 which is non-revolving and bears a fixed interest rate. These facilities have various maturity dates ranging between October 2014 up to November 2015.

PT Bank International Indonesia Tbk

On 30 May 2011, the Subsidiary entered into money market line facility agreement with PT Bank Internasional Indonesia Tbk ("BII"), whereby the Subsidiary has been granted money market line facility of Rp150,000 and sub limit facility in the form of uncommitted bank guarantee facility of Rp100,000 with validity period until 1 June 2012. This facility has been extended to 1 June 2014. Under the terms of the agreement, interest for the money market line facility is determined based on the annual term lending rate of BII.

The Hong Kong and Shanghai Banking Corporation Ltd,

On 23 February 2011, the Subsidiary entered into renewal short-term funding facilities and exposure risk limit (weighted)/option facility agreements with The Hongkong and Shanghai Banking Corporation Limited ("HSBC") amounted to Rp175,000,000 (full amount), USD5,000,000 (full amount), and USD1,000,000 (full amount), respectively. Under the terms of the agreement, interest for the funding facility is determined based on the annual term lending rate of HSBC. On 30 May 2013, these facility agreements are renewed.

PT Bank Commonwealth

On 5 March 2013, the Subsidiary and PT Bank Commonwealth signed a loan agreement in which Commonwealth provides a non revolving facility amounting to Rp130,000 and bears fixed interest rate. The facility has various maturity dates ranging between March 2016 up to April 2016.

Standard Chartered Bank, Jakarta

On 8 September 2006, the Subsidiary entered into working capital facility agreement with Standard Chartered Bank ("SCB"). The agreement has been amended by latest addendum of agreement dated 31 August 2012, whereby the Subsidiary has been provided by bank guarantee facility of Rp100,000 and was due on 31 August 2013. This facility has been automatically extended for one year. The bank guarantee is issued for KPEI as one of factors considered in determining the Subsidiary's limit of shares information.

On 28 September 2010, the Subsidiary is also granted short-term loan facility amounted to Rp175,000. The agreement has been amended by latest addendum of agreement dated 31 August 2012 and will be matured on 31 August 2013. The facility has been automatically extended for one year. The extension of facility validity period is in process. Under the terms of the agreement, interest for this facility is 1 % above the annual term funding rate of SCB.

(Expressed in millions of Rupiah, unless otherwise stated)

36. FUND BORROWINGS (continued)

(g) Others (continued)

PT Bank OCBC NISP Tbk.

On 27 June 2011 and 16 December 2011, the Subsidiary and PT Bank OCBC NISP Tbk. (OCBC) signed loan agreement whereby OCBC provides several non revolving term loan facility with total facility of Rp150,000 and bear fixed interest rate. These facility have various maturity dates ranging between June 2014 up to February 2015.

PT Bank Danamon Indonesia Tbk.

On 20 May 2010, the Subsidiary and PT Bank Danamon Indonesia Tbk. (Danamon) signed a loan agreement No. 26 dated 20 May 2010. This agreement has been extended up to 20 June 2014. Danamon provides a revolving working capital facility amounting to Rp100,000 and bears a floating interest rate. Danamon also provides several revolving term loan facilities with total facility of Rp51,000 and bear fixed interest rate. These facility have various maturity dates ranging between February 2014 up to July 2014.

PT Bank UOB Indonesia

On 29 November 2010, the Subsidiary and PT Bank UOB Indonesia (UOB) signed a loan agreement whereby UOB provides several non revolving term loan facilities with total facilities of Rp150,000 and bear fixed interest rate. These facilities have various maturity dates ranging between 1 December 2013 up to 30 December 2013. This loan has been paid by the Subsidiary.

Bank Mandiri and its Subsidiaries have paid all interests for fund borrowings in accordance with the interest payment schedules for the period from 1 January 2013 to 31 December 2013.

For the period from 1 January 2013 to 31 December 2013, Bank Mandiri and its Subsidiaries have fulfilled all debt covenants as stipulated in all of the above fund borrowing agreements.

37. SUBORDINATED LOANS

By Type and Currency:

	2013	2012
Rupiah:		
Related parties (Note 55)		
Subordinated Bond Rupiah Bank Mandiri I	1,939,800	1,936,800
Third parties		
Two-Step Loans (TSL)		
(a) Nordic Investment Bank (NIB)	74,566	95,870
(b) ASEAN Japan Development Fund - Overseas Economic Cooperation Fund (AJDF - OECF)	-	6,501
	74,566	102,371
Bank Indonesia	687,153	1,374,306
Subordinated Bond Rupiah Bank Mandiri I	1,544,629	1,544,879
	2,306,348	3,021,556
Total Rupiah	4,246,148	4,958,356

(Expressed in millions of Rupiah, unless otherwise stated)

37. SUBORDINATED LOANS (continued)

By Type and Currency (continued):

	2013	2012
Foreign currencies:		
Third parties		
Two-Step Loans (TSL)		
(c) Asian Development Bank (ADB)	219,467	179,594
Total foreign currencies (Note 61B.(v))	219,467	179,594
	4,465,615	**5,137,950**

Two-Step Loans (TSL)

(a) Nordic Investment Bank (NIB)

This account represents a credit facility obtained from Nordic Investment Bank (NIB) to the Government of the Republic of Indonesia, through the Ministry of Finance of the Republic of Indonesia, which re-lent the proceeds to participating banks to finance several projects in Indonesia. The detail of this facility is as follows:

Credit Facility	Purpose	Repayment Period
Nordic Investment Bank IV	To promote and finance high priority investment projects in Indonesia, primarily in the private sector, or joint Indonesian and Nordic interests.	15 April 1997 - 28 February 2017 with the 1st installment on 31 August 2002.

The details of credit facilities from NIB are as follow:

	2013	2012
Nordic Investment Bank IV (NIB IV)	**74,566**	**95,870**

The interest rates of NIB IV facility is based on floating interest rates as determined by Bank Indonesia in accordance with the prevailing average interest rates of Bank Indonesia in the last 3 (three) months.

(b) ASEAN Japan Development Fund - Overseas Economic Cooperation Fund (AJDF - OECF)

This account represents a credit facility obtained from ASEAN Japan Development Fund - Overseas Economic Cooperation Fund (AJDF - OECF) to the Government of the Republic of Indonesia, through the Ministry of Finance of the Republic of Indonesia, which re-lent the proceeds to participating banks to finance several projects in Indonesia. The detail of this facility is as follows:

Credit Facility	Purpose	Repayment Period
Pollution Abatement Equipment Program (PAE)	To purchase the equipment to prevent the pollution.	19 August 1993 - 19 August 2013, with 1st installment on 15 August 1998.
Small Scale Industry (SSI)	To finance small-scale industry.	19 August 1993 - 19 August 2013, with 1st installment on 15 August 1998.

(Expressed in millions of Rupiah, unless otherwise stated)

37. SUBORDINATED LOANS (continued)

Two-Step Loans (TSL) (continued)

(b) ASEAN Japan Development Fund - Overseas Economic Cooperation Fund (AJDF - OECF) (continued)

The details of outstanding credit facilities from AJDF - OECF are as follow:

	2013	2012
(a) Pollution Abatement Equipment Program (PAE)	-	6,293
(b) Small Scale Industry (SSI)	-	208
	-	**6,501**

Tenor on the above AJDF - OECF facilities are within 20 (twenty) years after the first drawdown (inclusive of a 5 years grace period) and will be settled in 30 (thirty) semi-annual installments starting from 15 August 1998 to 15 February 2013. This loan has been repaid at maturity date.

The PAE facility bears a floating interest rates and determined every 6 (six) months based on the prevailing average Bank Indonesia's interest rate for the last 3 (three) months, less 5.00% per annum.

The SSI facility bears a floating interest rates and determined every 6 (six) months based on the prevailing average Bank Indonesia's interest rate for the last 3 (three) months, less 2.50% per annum.

(c) Asian Development Bank (ADB)

This account represents a credit facility from Asian Development Bank (ADB) to the Government of the Republic of Indonesia, through the Ministry of Finance of the Republic of Indonesia, which are re-lent to participating banks to finance several projects in Indonesia. The detail of this facility is as follows:

Credit Facility	Purpose	Repayment Period
ADB 1327 - INO (SF)	To finance Micro Credit Project (PKM).	15 January 2005 - 15 July 2029 with 1st installment on 15 January 2005.

The details of credit facilities from ADB are as follow:

	2013	2012
ADB 1327 - INO (SF)	**219,467**	**179,594**

(Expressed in millions of Rupiah, unless otherwise stated)

37. SUBORDINATED LOANS (continued)

Two-Step Loans (TSL) (continued)

(c) Asian Development Bank (ADB) (continued)

The Minister of Finance through its letter No. S-596/MK.6/2004 dated 12 July 2004, has approved the transfer of management of Micro Credit Project (PKM) of ADB loans No. 1327 - INO (SF) from Bank Indonesia to Bank Mandiri. With that approval, an amendment was made on the channeling loan agreement No. SLA-805/DP3/1995 dated 27 April 1995, which was revised by amendment No. AMA-287/SLA-805/DP3/2003 dated 22 April 2003, between the Republic of Indonesia and Bank Indonesia to the Republic of Indonesia and PT Bank Mandiri (Persero) Tbk., with amendment No. AMA-298/SLA-805/DP3/2004 dated 16 July 2004.

The ADB loans for Micro Credit Projects was granted in SDR (Special Drawing Rights) currency in amount of SDR15,872,600.44 (full amount) which required Bank Mandiri to repay in SDR currency to the Government in 50 (fifty) prorate semi-annual installments every 15 January and 15 July, with the first installment paid on 15 January 2005 and will ended on 15 July 2029. The ADB loans are subject to a service charge of 1.50% per annum which is charged on every 15 January and 15 July every year starting from its drawdown.

Bank Indonesia

This account represents loans arising from the conversion of Bank Indonesia's Credit Liquidity which was used to enhance the capital structure of PT Bank Dagang Negara (BDN) and PT Bank Pembangunan Indonesia (Persero) (Bapindo). BDN and Bapindo were the ex-legacy of the Bank.

The details of this facility as at 31 December 2013 and 2012, are as follow:

Bank	Tenor	2013	2012	Interest Rate
PT Bank Mandiri (Persero) Tbk.	30 November 2004 - 31 March 2014 with 1st installment on 30 November 2004	687,153	1,374,306	0.20% per annum
		687,153	**1,374,306**	

Bank Indonesia agreed to restructure the subordinated loans of BDN amounting to Rp736,859 and from Bapindo (previously recorded as Loan Capital) amounting to Rp1,755,000 as stated in Bank Indonesia letter No. 6/360/BKr dated 23 November 2004 regarding the Restructuring of Subordinated Loans. Under the restructuring, the subordinated loans of both ex-legacies are combined into the amount of Rp2,491,859, with a repayment period of 10 (ten) years from 2004 to 2014. The restructured loan bears an interest rate of 0.20% per annum which is calculated based on the remaining principal loan balance. The restructuring of the subordinated loans was legalised in the notarial deed of Restructuring Agreement of Subordinated Loan No. 4 dated 7 December 2004 by Notary Ratih Gondokusumo Siswono, S.H. in Jakarta.

Based on Bank Indonesia letter No. 14/327/DKBU dated 19 December 2012 regarding the Restructuring of Subordinated Loans, Bank Indonesia agreed to restructure the subordinated loans by changing the composition of principal amount installment over the remaining period and required additional collateral pledged in form of Government Bonds VR0029 series amounting to Rp2,061,459 without preference rights (Note 8c). The restructuring of the subordinated loans was legalised in the notarial deed No. 15 regarding the Addendum of the Restructuring of Subordinated Loans Agreement and notarial deed No. 16 regarding the submission of Collateral, which both dated on 19 December 2012 by Notary Mutiara Siswono Patiendra, S.H. in Jakarta.

(Expressed in millions of Rupiah, unless otherwise stated)

37. SUBORDINATED LOANS (continued)

Subordinated Bond Rupiah Bank Mandiri I 2009

In order to strengthen the capital structure and support the loan expansion, on 14 December 2009, Bank Mandiri has issued Subordinated Bond Rupiah Bank Mandiri I 2009 (Subordinated Bond) amounting to Rp3,500,000. The proceeds from the issuance of Subordinated Bond is treated as lower tier 2 capital in accordance with regulation of Bank Indonesia. As at 31 December 2013, the unamortised issuance cost of Subordinated Bond is amounting to Rp10,571 (2012: Rp13,321).

The Subordinated Bond has obtained an approval from Bank Indonesia through the letter No. 11/III/DPB1/TPB1-1 dated 14 December 2009 and became effective through the letter of Chairman of the Financial Service Authority (OJK) (formerly Capital Market & Financial Institutions Supervisory Agency (Bapepam and LK)), No. S-10414/BL/2009 dated 3 December 2009.

Bank Mandiri had listed the Subordinated Bond at the Indonesia Stock Exchange (BEI) on 14 December 2009, based on announcement from BEI on 11 December 2009. The Subordinated Bond has tenor of 7 (seven) years and will mature on 11 December 2016, issued as scripless trading with a fixed coupon rate of 11.85% per annum. The trustee for the Subordinated Bond issued is PT Bank Permata Tbk.

The interest on the Subordinated Bond are payable quarterly, with the first interest payment date on 11 March 2010 and the last payment date including the maturity date of the Subordinated Bond on 11 December 2016. The Bank has paid the interest of Subordinated Bond in accordance to the interest payment schedule.

There was no breach to the covenant of trusteeship agreement of Subordinated Bond for the period 1 January 2013 to 31 December 2013.

As at 31 December 2013 and 2012, the rating of the Subordinated Bond based on Pefindo was $_{id}$AA+ (double A Plus).

38. TEMPORARY *SYIRKAH* FUNDS

Temporary *Syirkah* funds consists of:

a. Deposits from Customers

1) Demand Deposits

	2013	2012
Rupiah		
Third parties		
Demand deposits - *Mudharabah Musytarakah*	14,263	2,212
Demand deposits - restricted investment	3,612	271
Total Rupiah	17,875	2,483
Foreign currency		
Third parties		
Demand deposits - *Mudharabah Musytarakah*	-	675
Total foreign currency	-	675
	17,875	**3,158**

The demand deposits - restricted investment are deposit from third parties which will receive return from Subsidiary's restricted investment based on the agreed share (*nisbah*) of the Subsidiary's revenue.

(Expressed in millions of Rupiah, unless otherwise stated)

38. TEMPORARY *SYIRKAH* FUNDS (continued)

Temporary *Syirkah* funds consists of: (continued)

a. Deposits from Customers (continued)

2) Saving Deposits

a. Based on type:

	2013	2012
Related parties (Note 55)		
Mudharahah saving deposits - unrestricted investment		
Institution *Mudharahah* saving deposits	76,586	17,820
BSM saving deposits	16,177	9,866
Investa Cendekia saving deposits	1,217	1,246
Berencana BSM saving deposits	778	1,031
Mabrur saving deposits	75	142
	94,833	30,105
Third parties		
Saving deposits - restricted investment	689,174	720,451
Mudharahah saving deposits - unrestricted investment		
BSM saving deposits	16,293,842	14,421,195
Mabrur saving deposits	2,939,918	2,674,293
Investa Cendekia saving deposits	290,818	245,105
Berencana BSM saving deposits	156,646	146,550
Retirement saving deposits	27,493	8,235
Qurban saving deposits	549	489
Al Washilyah Mandiri saving deposits	4	30
	20,398,444	18,216,348
	20,493,277	**18,246,453**

The saving deposits - restricted investment represent deposit from third parties which will receive return from Subsidiary's restricted investment based on the agreed share (*nisbah*) of the Subsidiary's revenue.

The *Mudharabah* saving deposits - unrestricted investment represent third parties' deposits which will receive return from Subsidiary's investment based on the agreed share (*nisbah*) of the Subsidiary's revenue.

b. Ranging of the Annual Profit Sharing Ratio for *Mudharabah* Saving Deposits - unrestricted investment:

	2013	2012
Profit sharing ratio	0.23% - 5.64%	0.23% - 7.17%

3) *Mudharabah* Time Deposit - Unrestricted Investment

	2013	2012
Rupiah		
Related parties (Note 55)	930,768	1,948,288
Third parties	23,430,232	18,630,912
Total Rupiah	24,361,000	20,579,200
Foreign currency		
Related parties (Note 55)	445	124
Third parties	2,472,808	1,247,320
Total foreign currencies	2,473,253	1,247,444
	26,834,253	**21,826,644**

(Expressed in millions of Rupiah, unless otherwise stated)

38. TEMPORARY SYIRKAH FUNDS (continued)

b. Deposits from Other Banks

	2013	2012
Third parties		
Mudharabah saving deposits - unrestricted investment	144,876	181,054
Mudharabah time deposits - unrestricted investment	83,397	122,765
	228,273	**303,819**

c. Other significant information related to the time deposits for deposits from customers and deposits from other banks.

1) By contract period:

	2013	2012
Rupiah:		
1 month	15,584,006	9,603,663
3 months	3,764,378	7,357,607
6 months	1,895,872	1,861,073
12 months	3,200,141	1,879,622
Total Rupiah	24,444,397	20,701,965
Foreign currency:		
1 month	1,697,126	922,050
3 months	297,369	271,829
6 months	398,047	16,870
12 months	80,711	36,695
Total foreign currencies	2,473,253	1,247,444
	26,917,650	**21,949,409**

2) By remaining period until maturity dates:

	2013	2012
Rupiah:		
Less than 1 month	16,875,441	12,227,135
1 - 3 months	2,772,305	2,030,792
3 - 6 months	2,981,251	5,918,354
6 - 12 months	1,815,400	525,684
Total Rupiah	24,444,397	20,701,965
Foreign currency:		
Less than 1 month	2,448,867	959,493
1 - 3 months	12,080	215,710
3 - 6 months	10,317	45,215
6 - 12 months	1,989	27,026
Total foreign currencies	2,473,253	1,247,444
	26,917,650	**21,949,409**

Mudharabah time deposits represent third parties' deposits which received a profit sharing return from the Subsidiary's income over utilisation of its fund based on an agreed profit sharing ratio arranged in *Mudharabah Muthlaqah* agreement.

3) Ranging of the Annual Profit Sharing Ratio for *Mudharabah* Time Deposits:

	2013	2012
Rupiah	4.06% - 6.51%	4.69% - 6.80%
Foreign currency	1.17% - 1.74%	1.36% - 1.81%

4) *Mudharabah* time deposits with *Mudharabah Muthlaqah* agreement that is pledged as collateral for receivables and financing is amounting to Rp926,464 and Rp769,144 as at 31 December 2013 and 2012, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

39. NON CONTROLLING INTEREST IN NET ASSETS OF CONSOLIDATED SUBSIDIARIES

This account represents non controlling interests in net assets of consolidated Subsidiaries as follow:

	2013	2012
AXA Mandiri Financial Services	941,561	785,967
Mandiri Tunas Finance	337,047	259,193
Mandiri AXA General Insurance	80,180	89,149
Bank Sinar Harapan Bali	12,475	31,090
Bumi Daya Plaza *)	-	8,696
Usaha Gedung Mandiri *)	-	1,295
Mandiri Sekuritas	96	79
	1,371,359	**1,175,469**

*) Bank sold its share ownership in these 2 entities on 19 December 2013 (refer to Note 1g and 40b).

40. SHARE CAPITAL

a. Authorised, Issued and Fully Paid Capital

The Bank's authorised, issued and fully paid capital as at 31 December 2013 and 2012, respectively, were as follows:

	2013 and 2012			
	Number of Shares	Nominal Value Per Share (full amount)	Share Value (full amount)	Percentage Of Ownership
Authorised Capital				
- Dwiwarna Share Series A	1	500	500	0.00%
- Common Shares Series B	31,999,999,999	500	15,999,999,999,500	100.00%
Total Authorised Capital	**32,000,000,000**		**16,000,000,000,000**	**100.00%**
Issued and Fully Paid Capital				
Republic of Indonesia				
- Dwiwarna Share Series A	1	500	500	0.00%
- Common Shares Series B	13,999,999,999	500	6,999,999,999,500	60.00%
Public (less than 5% each)				
- Common Shares Series B	9,333,333,333	500	4,666,666,666,500	40.00%
Total Issued and Fully Paid Capital	**23,333,333,333**		**11,666,666,666,500**	**100.00%**

Based on notarial deed No. 10 of Notary Sutjipto, S.H., dated 2 October 1998, the authorised capital of Bank Mandiri is amounted to Rp16,000,000 with a nominal value of Rp1,000,000 (full amount) per share.

The determination of issued and fully paid capital amounted to Rp4,000,000 by the Government of the Republic of Indonesia at the date of establishment of Bank Mandiri was carried out as follows:

40. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid-in Capital (continued)

1. Cash payment through Bank Indonesia amounted to Rp1,600,004.
2. Placements in shares recorded as investments in shares of the Merged Banks amounted to Rp599,999 each or totaling Rp2,399,996, through the transfer of shares of the Government of the Republic of Indonesia in each of the Merged Banks to Bank Mandiri, as resolved during the respective Extraordinary General Shareholders' Meetings of the Merged Banks. Based on the agreement ("*inbreng*") notarised by Notarial Deed No. 9 of Notary Sutjipto, S.H. dated 2 October 1998, Bank Mandiri and the Government of the Republic of Indonesia agreed to transfer those shares as payment for new shares to be issued by Bank Mandiri.

Based on the amendments to the Articles of Association of Bank Mandiri by virtue of Notarial Deed No. 98 of Notary Sutjipto, S.H. dated 24 July 1999, the shareholders resolved to increase the paid-in capital (share capital) of Bank Mandiri from Rp4,000,000 to Rp4,251,000 to be entirely paid by the Government of the Republic of Indonesia. The increase of Rp251,000 was a conversion from additional paid-in capital to share capital as a result of an excess from recapitalisation bonds issued under the First Recapitalisation Program as per Government Regulation No. 52 in 1999.

Based on the Extraordinary General Shareholders' Meeting resolution dated 29 May 2003, which was documented in Notarial Deed No. 142 of Notary Sutjipto, S.H., dated 29 May 2003, the shareholders approved these following matters:

(i) Execution of Initial Public Offering
(ii) Changes in capital structure of Bank Mandiri
(iii) Changes in Articles of Association of Bank Mandiri

In relation to the shareholders' decision to change the capital structure, Bank Mandiri increased its issued and fully paid capital to Rp10,000,000 and split the share price (stock split) from Rp1,000,000 (full amount) per share to Rp500 (full amount) per share. Accordingly, the number of authorised shares increased from 16,000,000 shares to 32,000,000,000 shares, and the number of issued and fully paid shares increased from 10,000,000 shares with a nominal value of Rp1,000,000 (full amount) to 20,000,000,000 shares with a nominal value of Rp500 (full amount) which consists of 1 Dwiwarna share Series A and 19,999,999,999 Common shares Series B which owned by the Republic of Indonesia.

In relation to the change in capital structure of Bank Mandiri, the Extraordinary General Shareholders' Meeting also approved the allocation on part of Recapitalisation Fund amounting to Rp168,801,315 as share premium.

The above changes in capital structure became effective started from 23 May 2003, with the conditional requirement that the Bank should conduct a quasi-reorganisation before the end of 2003 as required in the General Shareholders Meeting.

The Dwiwarna share Series A represents a share owned by the Republic of Indonesia, which is not transferrable. It provides the Republic of Indonesia with the privileges where General Shareholders' Meeting can make decision only if the Dwiwarna Series A Shareholders attend and approve certain agendas.

40. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid-in Capital (continued)

The General Shareholders' Meeting agendas where the Dwiwarna Series A shareholder are mandatory to attend and approve are:

1. Increases in capital.
2. Appointment and termination of the Boards of Directors and Commissioners.
3. Amendment of the Articles of Association.
4. Mergers, acquisitions and takeovers.
5. Dissolution and liquidation.

The changes in the capital structure were based on the Minutes of Meeting regarding the amendment of the Articles of Association (Pernyataan Keputusan Rapat Perubahan Anggaran Dasar) of PT Bank Mandiri (Persero) as notarised by Notary Sutjipto, S.H. No. 2 dated 1 June 2003. The amendment was approved by the Ministry of Law and Human Rights of the Republic of Indonesia through Decision Letter No. C-12783.HT.01.04.TH.2003 dated 6 June 2003 and announced in Appendix No. 6590 of State Gazette of the Republic of Indonesia No. 63 dated 8 August 2003.

The increase in issued and fully paid capital of Bank Mandiri from Rp4,251,000 to Rp10,000,000 was made through the following:

1. Partial return of fully paid capital of Rp251,000 to the Government as a part of the return of excess recapitalisation fund of Rp1,412,000 which was retained by Bank Mandiri, and an increase in paid-in capital amounting to Rp1,000,000 from the capitalisation of reserves, based on Government Regulation (PP) No. 26 year 2003 dated 29 May 2003, regarding the "Conversion of the Investment of the Republic of Indonesia into the Paid-in Capital of PT Bank Mandiri (Persero)", and Decree of the Ministry of State-Owned Enterprises, as the Bank's shareholders', No. KEP-154/M-MBU/2002 dated 29 October 2002.

2. Increase in fully paid capital of Rp5,000,000 from the additional paid-in capital based on the Decree of the Ministry of Finance of the Republic of Indonesia ("KMK RI") No. 227/202.02/2003 dated 23 May 2003 regarding "The Final Amount and Implementation of the Government's Rights Arising from the Additional Share of the Government of the Republic of Indonesia in PT Bank Mandiri (Persero) in Relation to the Commercial Banking Recapitalisation Program".

Based on the Extraordinary General Shareholders' Meeting held on 29 May 2003, which was notarised by Notary Sutjipto, S.H., in notarial deed No. 142 dated 29 May 2003, the shareholders' agreed on employee stock ownership plan through an Employee Stock Allocation Program (ESA) and a Management Stock Option Plan (MSOP). The ESA consists of a Bonus Share Plan and a Share Purchase at Discount program. MSOP is designated for directors and senior management at certain levels and based on certain criteria. All costs and discounts related to the ESA program are recognised by the Bank through allocation of reserves. The management and execution of the ESA and MSOP programs is performed by the Board of Directors, while the supervision is performed by the Board of Commissioners.

On 14 July 2003, the Government of the Republic of Indonesia divested 4,000,000,000 shares representing 20.00% of its ownership in Bank Mandiri through an Initial Public Offering (IPO).

40. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid Capital (continued)

As a follow up action on the Government of Republic of Indonesia Regulation No. 27/2003 dated 2 June 2003, which approved the divestment of the Government ownership in Bank Mandiri of up to 30.00%, and based on a decision of *Tim Kebijakan Privatisasi Badan Usaha Milik Negara* No. Kep-05/TKP/01/2004 dated 19 January 2004, the Government of the Republic of Indonesia divested an additional 10.00% ownership interest in Bank Mandiri or 2,000,000,000 shares of Common Shares of B Series on 11 March 2004 through private placement.

On 14 July 2003, the date of the IPO, through MSOP Stage 1 (Management Stock Option Plan - Stage 1), the Bank issued 378,583,785 share options for the management with an exercise price of Rp742.50 (full amount) per share and a nominal value of Rp500 (full amount) per share. The share options are recorded in the Shareholders' Equity account - Share Options at fair value amounted to Rp69.71 (full amount) per share options. MSOP Stage 1 has been exercised in total 375,365,957 shares, thereby increasing the total issued and fully paid capital by Rp187,683, share premium by Rp117,193. MSOP stage 1 could be exercised until 13 July 2008 based on Announcement of Indonesia Stock Exchange (formerly Jakarta Stock Exchange) No. Peng-262/BEJ.PJS/P/07-2004 dated 14 July 2004.

The Annual General Shareholders' Meeting on 16 May 2005 approved MSOP Stage 2 amounted to 312,000,000 share options. The exercise price for each share is Rp1,190.50 (full amount) to be exercised in the first year and Rp2,493 (full amount) to be exercised in the second year and the following year. The nominal value per share is Rp500 (full amount). The Bank recorded MSOP Stage 2 in the shareholders' equity account - Share Options with fair value amounted to Rp642.28 (full amount) per share options. MSOP Stage 2 has been exercised in total 311,713,697 shares thereby increasing the total issued and fully paid capital by Rp155,857, share premium by Rp425,233. The fifth period (the last period) to exercise the MSOP Stage 2 conversion option right start from 4 May 2010 during 30 trading days as published in the Announcement of the Indonesia Stock Exchange (formerly Jakarta Stock Exchange) No. Peng-97/BEJ-PSJ/P/02-2007 dated 2 February 2007. The un-exercised MSOP Stage 2 stock option was 286,303 shares or amounting to Rp184 that has expired and recorded as additional paid-in capital/agio.

The Annual General Shareholders' Meeting on 22 May 2006 approved MSOP Stage 3 amounted to 309,416,215 share options. The General Shareholders' Meeting also delegated an authority to the Board of Commissioners to determine the execution and monitoring policy of MSOP Stage 3 including the options implementation and report it in the next annual general shareholders' meeting.

The exercise price for each share in the MSOP Stage 3 is Rp1,495.08 (full amount) with nominal value of Rp500 (full amount) per share. The Bank recorded MSOP Stage 3 as part of the shareholders' equity account at fair value amounted to Rp593.89 (full amount) per share option. The total option that has been exercised in MSOP Stage 3 was 309,415,088 shares thereby increasing the total issued and fully paid capital by Rp154,707 and share premium by Rp491,651. The execution period of MSOP Stage 3 ended in February 2011, before the commencement Bank Mandiri pre-emptive rights trading dated 14 February 2011 until 21 February 2011. The un-exercised MSOP Stage 3 stock option was 1,127 shares or amounting to Rp4 that has expired and recorded as additional paid-in capital/agio.

On 27 December 2010, Bank Mandiri submitted a first registration to the Financial Services Authority (formerly Capital Market Supervisory Board and Financial Institution ("Bapepam and LK")) in relation to the limited public offering to the Bank's shareholders in respect to the issuance of pre-emptive rights ("Rights") of 2,336,838,591 shares series B. The limited public offering has been approved by the Board of Commissioners through its letter dated 29 April 2010. The Bank has submitted the notification letter regarding the limited public offering to Bank Indonesia through its letter dated 17 September 2010. The limited public offering has been enacted through the Indonesian Government Regulation No. 75 of 2010 dated 20 November 2010.

40. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid Capital (continued)

The Limited Public Offering (LPO) has been approved by the Capital Market Supervisory Board and Financial Institution ("Bapepam and LK") through its letter No. S-807/BL/2011 dated 27 January 2011, and the LPO has become effective after obtaining approval in the Extraordinary General Shareholders Meeting held on 28 January 2011.

The pre-emptive rights of 2,336,838,591 shares were traded during the period of 14 - 21 February 2011 with an exercise price of Rp5,000 (full amount) per share which resulted in an additional of issued and paid-up capital amounted to Rp1,168,420.

b. Additional Paid-In Capital/Share Premium

The additional paid-in capital/agio as at 31 December 2013 and 2012 amounted to Rp17,316,192 and Rp17,195,760 are derived from Limited Public Offering and Recapitalisation Program (Note 1c) and Sale of Bank Mandiri Shareholding in PT Usaha Gedung Mandiri and PT Bumi Daya Plaza (Note 1g). As at 31 December 2013 and 2012, the share premium amount of Rp17,316,192 and Rp17,195,760 already includes the share premium from LPO (Note 40a) amounted to Rp10,515,774 before deducted by expenditures related to the LPO amounted to Rp274,078. The additional share premium in 2013 amounting Rp113,817 in the consolidated financial statements (Rp273,932 in Parent Entity financial statements) is generated from the transfer of share ownership of Bank Mandiri in UGM and BDP to entities under common control, which represents the difference between selling price and book value of shares in consolidated financial statements (Note 1g). The difference between selling price and book value of shares recorded as share premium in Parent Entity and consolidated financial statements are amounted to Rp273,932 and Rp113,817, respetively.

Based on the results of a due diligence review conducted on behalf of the Government dated 31 December 1999 and Management Contract (IMPA) dated 8 April 2000, it was decided that there was an excess on recapitalisation amounted to Rp4,069,000. The Bank has refunded Rp2,657,000 of Government Recapitalisation Bonds to the Government on 7 July 2000 pursuant to the Management Contract. The remaining balance of Rp1,412,000 was refunded to the Government on 25 April 2003 based on approval from the shareholders during its meeting on 29 October 2002 and the Ministry of State-Owned Enterprises Decision Letter No. KEP-154/M-MBU/2002 dated 29 October 2002.

The refund for above excess of recapitalisation amounted to Rp1,412,000 includes a portion of issued and fully paid capital of Rp251,000.

On 23 May 2003, the Minister of Finance of the Republic of Indonesia issued Decree ("KMK-RI") No. 227/KMK.02/2003 dated 23 May 2003, which was amended by KMK-RI No. 420/KMK.02/2003 dated 30 September 2003, which provides further guidance on Government Regulations No. 52 year 1999 and No. 97 year 1999 regarding the additional Government participation in Bank Mandiri's capital.

The following are the matters decided under the KMK-RI:

a. The final Bank Mandiri recapitalisation amount is Rp173,801,315;
b. The recapitalisation fund of Rp5,000,000 is converted into 5,000,000 new shares issued by Bank Mandiri with a nominal value of Rp1,000,000 (full amount) per share;
c. The remaining recapitalisation fund amount of Rp168,801,315 is recorded as share premium within the capital structure of Bank Mandiri.

(Expressed in millions of Rupiah, unless otherwise stated)

40. SHARE CAPITAL (continued)

b. Additional Paid-In Capital/Share Premium (continued)

Through quasi-reorganisation, the Bank's accumulated losses as at 30 April 2003 amounted to Rp162,874,901 were eliminated against additional paid-in capital/share premium.

c. Distribution of Net Income

Based on the Annual General Shareholders' Meeting held on 2 April 2013 and 23 April 2012, the shareholders approved the distribution of the 2012 and 2011 net income as follows:

	2012	2011
Dividends	4,651,220	2,449,209
Cooperative Development Fund Program	-	122,461
Community Development Fund Program	-	367,381
	4,651,220	2,939,051
Retained Earnings		
Appropriated	1,503,894	-
Unappropriated	9,348,953	9,306,993
	15,504,067	**12,246,044**
Dividend per share (full amount)	**199.33799**	**104.96609**

Dividends from 2012 net income amounted to Rp4,651,220 were paid on 16 May 2013. Dividends from 2011 net income amounted to Rp2,449,209 were paid on 5 June 2012. Payment of dividends were recorded in the consolidated statement of changes in equity on the respective payment date.

The appropriated retained earnings amounting Rp1,503,894 is allocated to business expansion and supporting infrastructure construction such as procurement of office building and construction of Mandiri University.

There is no funds allocated to cooperative and community development programs from net profit of 2012. The funds allocation for the Cooperative and Community Development Program generated from net profit of 2011 were paid on 31 May 2012.

41. INTEREST INCOME AND SHARIA INCOME

Interest income and sharia income are as follow:

	2013	2012
Interest income		
Loans	38,195,089	32,310,460
Government Bonds	3,483,598	3,075,008
Marketable securities	1,085,226	886,746
Placements with Bank Indonesia and other banks	846,733	730,463
Consumer financing income	919,784	654,336
Others	608,123	546,243
Total	45,138,553	38,203,256

(Expressed in millions of Rupiah, unless otherwise stated)

41. INTEREST INCOME AND SHARIA INCOME (continued)

	2013	2012
Sharia income		
Murabahah and *Istishna* income - net	3,779,632	3,081,755
Mudharabah income	543,973	629,465
Musyarakah income	704,007	602,855
Ijarah income - net	42,677	33,111
Total	5,070,289	4,347,186
Total Interest Income and Sharia Income	**50,208,842**	**42,550,442**

Included in interest income from loans is interest income recognised on the non-impaired portion of the impaired loans (time value unwinding) for the year ended 31 December 2013 and 2012 amounting to Rp428,314 and Rp470,836 and fees and commissions income directly attributable to lending activities amortised using effective interest rate method for the year ended 31 December 2013 and 2012 amounting to Rp1,142,351 and Rp1,021,887.

As at 31 December 2013 and 2012, included in the interest income is interest income from financial assets at fair value through profit or loss amounting to Rp187,609 and Rp152,464, respectively.

As at 31 December 2013 and 2012 included in interest income and sharia income is income from transaction with related parties on Government Bonds and Treasury Bill amounting to Rp3,511,576 and Rp3,114,634 (refer to Note 55).

42. INTEREST EXPENSE AND SHARIA EXPENSE

Interest expense and sharia expense are incurred on the following:

	2013	2012
Time deposits	10,218,571	8,814,381
Saving deposits	3,218,371	2,860,075
Demand deposits	1,398,900	1,259,805
Insurance premiums on third party funds guarantee program (Note 63)	1,032,792	890,977
Fund borrowings	643,431	484,377
Subordinated loans	428,942	421,366
Marketable securities issued	218,599	107,535
Others	272,610	181,334
	17,432,216	**15,019,850**

Included in interest expense of time deposits and saving deposits is expense based on *sharia* principle for the years ended 31 December 2013 and 2012 amounting to Rp2,183,205 and Rp1,913,566, respectively.

Included in interest expense and sharia expense above are interest expense from related parties transactions from fund borrowings for the years ended 31 December 2013 and 2012 amounting to Rp77,562 and Rp82,522, respectively (refer to Note 55).

(Expressed in millions of Rupiah, unless otherwise stated)

43. OTHER OPERATING INCOME - OTHERS

	2013	2012
Recovery of written-off loans in the previous period related to implementation of SFAS 55	2,667,367	2,284,796
Income from loan written-off	335,189	265,303
Income from penalty	129,525	112,844
Stamp duty income	52,369	52,250
Safety deposit box	35,243	29,831
Others	909,750	657,967
	4,129,443	**3,402,991**

44. ALLOWANCE FOR IMPAIRMENT LOSSES

	2013	2012
(Allowance)/reversal for provision of impairment losses on:		
Current accounts with other banks (Note 5d)	(3,726)	4,938
Placements with other banks (Note 6e)	(8,548)	75,272
Marketable Securities (Note 7g)	(30,199)	(29,411)
Other receivables - trade transactions (Note 9d)	(39,848)	13,263
Loans (Note 12B.j)	(4,635,551)	(3,414,546)
Consumer financing receivables (Note 13c)	(150,153)	(120,117)
Net investment in lease finance (Note 14c)	(6,756)	(1,570)
Acceptance receivables (Note 15d)	3,649	51,341
Investments in shares (Note 16c)	(310)	(2,237)
	(4,871,442)	**(3,423,067)**

45. (ALLOWANCE)/REVERSAL FOR POSSIBLE LOSSES

	2013	2012
(Allowance)/reversal provision for:		
Estimated losses arising from fraud cases	(4,337)	(9,603)
Estimated losses arising from legal cases	(14,409)	(16,611)
Others assets (Note 20)	23,070	13,124
	4,324	**(13,090)**

46. UNREALISED GAINS/(LOSSES) FROM INCREASE/(DECREASE) IN FAIR VALUE OF MARKETABLE SECURITIES AND GOVERNMENT BONDS

	2013	2012
Marketable securities	(26,049)	26,680
Government Bonds	(193,304)	15,790
Changes in market value of policyholders' investment and increase/(decrease) in liability in unit-linked contracts		
- Change in market value of policyholders' investment	(737,407)	351,192
- Increase in liability in unit-linked contracts	737,407	(351,192)
	(219,353)	**42,470**

(Expressed in millions of Rupiah, unless otherwise stated)

47. GAIN/(LOSS) ON SALE OF MARKETABLE SECURITIES AND GOVERNMENT BONDS

	2013	2012
Marketable securities		
Fair value through profit and loss	6,145	76,919
Available for sale	(2,709)	(50,992)
Government Bonds		
Fair value through profit and loss	(11,293)	91,293
Available for sale	46,973	179,519
	39,116	**296,739**

48. SALARIES AND EMPLOYEE BENEFITS

	2013	2012
Salaries, wages, pension and tax allowances	5,233,494	4,476,187
Holidays (THR), leave and related entitlements	956,753	810,835
Employee benefits in kind	752,661	579,503
Training and education	423,474	371,976
Provision for post-employment benefit expenses	321,791	174,395
Provision of tantiem	160,243	112,739
Bonuses and others	1,582,921	1,520,081
	9,431,337	**8,045,716**

Total gross salaries and allowances, bonus/*tantiem,* long-term employment benefits of the Boards of Commissioners, Directors, Audit Committee and Risk Monitoring and Good Corporate Governance Committee, Sharia Supervisory Board and Executive Vice President and Senior Vice President are amounting to Rp586,221 and Rp521,447 (Note 55) for the years ended 31 December 2013 and 2012, respectively as follows:

	2013			
	Salaries and Allowance	**Bonus/ *Tantiem***	**Long-term Employment Benefits**	**Total**
The Board of Commissioners	29,173	52,636	1,757	83,566
Directors	111,619	169,158	11,482	292,259
Audit Committee and Risk Monitoring and Good Corporate Governance Committee	3,133	1,129	-	4,262
Sharia Supervisory Board	1,159	21	-	1,180
Executive Vice Presidents and Senior Vice Presidents	119,644	74,614	10,696	204,954
	264,728	**297,558**	**23,935**	**586,221**

	2012			
	Salaries and Allowance	**Bonus/ *Tantiem***	**Long-term Employment Benefits**	**Total**
The Board of Commissioners	35,001	43,883	2,333	81,217
Directors	105,432	137,306	12,415	255,153
Audit Committee and Risk Monitoring and Good Corporate Governance Committee	2,941	1,117	-	4,058
Sharia Supervisory Board	1,110	220	-	1,330
Executive Vice Presidents and Senior Vice Presidents	106,846	63,157	9,686	179,689
	251,330	**245,683**	**24,434**	**521,447**

(Expressed in millions of Rupiah, unless otherwise stated)

49. GENERAL AND ADMINISTRATIVE EXPENSES

	2013	2012
Professional fees	1,978,886	1,376,443
Rent	1,157,268	964,594
Promotions	989,542	1,000,810
Repairs and maintenance	883,411	861,311
Depreciation of fixed assets (Note 18)	822,193	620,675
Goods/services provided by third parties	829,061	634,016
Communications	824,442	763,002
Electricity, water and gas	433,332	380,490
Office supplies	412,631	356,873
Transportations	294,589	265,332
Traveling expenses	212,948	167,844
Amortisation of intangible assets	131,282	89,884
Insurance expenses	75,737	65,550
Others	853,078	707,078
	9,898,400	**8,253,902**

For the year ended 31 December 2013 and 2012, promotions expenses include the sweepstakes prize expense of third party funds amounting to Rp21,880 and Rp34,006, respectively.

50. EMPLOYEE BENEFITS

Under the Bank's policy, in addition to salaries, employees are entitled to allowances and benefits, such as holiday allowance (THR), medical reimbursements, death allowance, leave allowance, functional allowance for certain levels, pension plan for permanent employees, incentives based on employee's and the Bank's performance, and post-employment benefits in accordance with prevailing Labor Law.

Pension Plan

Bank Mandiri has five pension plans in the form of Employer Pension Plans (DPPK) as follows:

a. One defined contribution pension fund, *Dana Pensiun Pemberi Kerja Program Pensiun Iuran Pasti* (DPPK-PPIP) or Bank Mandiri Pension Plan (*Dana Pensiun Bank Mandiri* (DPBM)) which was established on 1 August 1999. The DPBM's regulations were approved by the Minister of Finance of the Republic of Indonesia through its Decision Letter No. KEP/300/KM.017/1999 dated 14 July 1999 and was published in supplement of the State Gazette of the Republic of Indonesia No. 62 dated 3 August 1999 and Bank Mandiri's Directors' Resolution No. 004/KEP.DIR/1999 dated 26 April 1999 and were amended based on the Minister of Finance of the Republic of Indonesia's Decision Letter No. KEP-213/KM.5/2005 dated 22 July 2005 and was published in the supplement of the State Gazette of the Republic of Indonesia No. 77 dated 27 September 2005 and Bank Mandiri's Directors' Resolution No. 068/KEP.DIR/2005 dated 28 June 2005.

   Bank Mandiri and the employees contribute 10.00% and 5.00% of the Base Pension Plan Employee Income, respectively.

   The Board of Directors and the members of the Supervisory Board of the DPBM are active employees of Bank Mandiri; therefore, in substance, Bank Mandiri has control over the DPBM. DPBM invests a part of its investment fund in Bank Mandiri time deposits and deposit on-call, of which total balance as at 31 December 2013 and 2012 were Rp97,200 and Rp82,260 respectively. The interest rates on these time deposits are given on arms-length basis.

   For the years ended 31 December 2013 and 2012, the Bank has paid pension contributions amounting to Rp252,762 and Rp226,929, respectively.

50. EMPLOYEE BENEFITS (continued)

Pension Plan (continued)

b. Four defined benefit pension funds, *Dana Pensiun Pemberi Kerja Program Pensiun Manfaat Pasti* (DPPK-PPMP) which were derived from the respective pension plans of the ex-legacy Merged Banks, namely *Dana Pensiun Bank Mandiri Satu* or DPBMS (BBD), DPBMD (BDN), DPBMT (Bank Exim) and DPBME (Bapindo). The regulations of the respective pension plans were approved by the Minister of Finance of the Republic of Indonesia's through its decision letters No. KEP-394/KM.017/1999, No. KEP-395/KM.017/1999, No. KEP-396/KM.017/1999 and No. KEP-397/KM.017/1999 all dated 15 November 1999. Based on the approval from shareholders No. S-923/M-MBU/2003 dated 6 March 2003, Bank Mandiri has adjusted pension benefits for each Pension Fund. Such approval has been incorporated in each of the Pension Fund's Regulations *(Peraturan Dana Pensiun (PDP))* which have been approved by the Minister of Finance of the Republic of Indonesia based on its decision letters No. KEP/115/KM.6/2003 for PDP DPBMS, No. KEP/116/KM.6/2003 for PDP DPBMD, No. KEP/117/KM.6/2003 for PDP DPBMT, and No. KEP/118/KM.6/2003 for DPBME, all dated 31 March 2003.

   The members of the defined benefit pension plans are the employees from the legacy banks who have rendered three or more services years at the time of merger and are comprise of active employees of the Bank, former employee (those who have resigned and did not transfer their beneficial right to other pension plan) and pensioners.

   Based on the decision of the General Meeting of Shareholders dated 28 May 2007, Bank Mandiri increased the pension benefit from each of the Pension Plans. The decision was stated in each Pension Plan Regulation and has been approved by the Minister of Finance of the Republic of Indonesia with decision letter No. KEP-144/KM.10/2007 (DPBMS); No. KEP-145/KM.10/2007 (DPBMD); No. KEP-146/KM.10/2007 (DPBMT) and No. KEP-147/KM.10/2007 (DPBME), all dated 20 July 2007.

   Based on the approval of the General Meeting of Shareholders (AGM) on 17 May 2010, Bank Mandiri increased the retirement benefits of each pension fund. Decision to increase pension benefits was set forth in the Regulation of Pension Fund respectively and approved by the Minister of Finance Decree No. KEP-441/KM.10/2010 dated 10 August 2010 (DPBMS); No. KEP-442/KM.10/2010 dated 10 August 2010 (DPBMD); No. KEP-443/KM.10/2010 dated 10 August 2010 (DPBMT) and No. KEP-444/KM.10/2010 dated 10 August 2010 (DPBME).

   Based on the approval of the General Meeting of Shareholders (AGM) on 23 May 2011, Bank Mandiri increased the retirement benefits of each pension fund. Decision to increase pension benefits was set forth in the Regulation of Pension Fund respectively and has been approved by the Minister of Finance Decree No. KEP-588/KM.10/2011 dated 20 July 2011 (DPBMS); No. KEP-589/KM.10/2011 dated 20 July 2011 (DPBMD); No. KEP-590/KM.10/2011 dated 20 July 2011 (DPBMT) and No. KEP-591/KM.10/2011 dated 20 July 2011 (DPBME).

   Based on the approval of the General Meeting of Shareholders (AGM) on 2 April 2013, Bank Mandiri increased the retirement benefits of each pension fund. Decision to increase pension benefits was set forth in the Regulation of Pension Fund respectively and has been approved by the Minister of Finance Decree No. KEP-349/NB.1/2013 dated 14 June 2013 (DPBMS); No. KEP-350/NB.1/2013 dated 14 June 2013 (DPBMD); No. KEP-351/NB.1/2013 dated 14 June 2013 (DPBMT) and No. KEP-352/NB.1/2013 dated 14 June 2013 (DPBME).

   As at 31 December 2013 and 2012, the provision for pension benefit obligation are calculated by the independent actuary as shown in the independent actuarial report of PT Dayamandiri Dharmakonsilindo dated 13 January 2014 for the year ended 31 December 2013 and the independent actuarial report of PT Dayamandiri Dharmakonsilindo dated 21 January 2013 for the year ended on 31 December 2012. The assumptions used for the years ended 31 December 2013 and 2012 are as follows:

(Expressed in millions of Rupiah, unless otherwise stated)

50. EMPLOYEE BENEFITS (continued)

Pension Plan (continued)

	DPBMS	DPBMD	DPBMT	DPBME
Discount rate	9.15% per annum (2012: 6.40%)	9.15% per annum (2012: 6.40%)	9.15% per annum (2012: 6.40%)	9.15% per annum (2012: 6.40%)
Expected rate of return on pension plan assets	9.50% per annum (2012: 8.75%)	9.00% per annum (2012: 9.25%)	8.50% per annum (2012: 8.00%)	9.00% per annum (2012: 8.00%)
Working period used	As at 31 July 1999	As at 31 July 1999	As at 31 July 1999	As at 31 July 1999
Pensionable salary (PhDP) used	Last month salary of 31 July 1999, which adjusted on 31 December 2002	Last month salary of 31 July 1999, which adjusted on 31 December 2002	Last month salary of 31 July 1999, which adjusted on 31 December 2002	Last month salary of 31 July 1999, which adjusted on 31 December 2002
Expected rates of PhDP increase	Nil	Nil	Nil	Nil
Mortality Rate Table	2013 and 2012: Indonesian Mortality Table 2011 (TMI III) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners	2013 and 2012: Indonesian Mortality Table 2011 (TMI III) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners	2013 and 2012: Indonesian Mortality Table 2011 (TMI III) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners	2013 and 2012: Indonesian Mortality Table 2011 (TMI III) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners
Turnover rate	2013 and 2012: 5.00% for employees' age of 25 and decreasing linearly by 0.167% each year up to 0.00% age 55 and after	2013 and 2012: 5.00% for employees' age of 25 and decreasing linearly by 0.167% each year up to 0.00% age 55 and after	2013 and 2012: 5.00% for employees' age of 25 and decreasing linearly by 0.167% each year up to 0.00% age 55 and after	2013 and 2012: 5.00% for employees' age of 25 and decreasing linearly by 0.167% each year up to 0.00% age 55 and after
Disability rate	2013 and 2012: 10.00% of TMI III	2013 and 2012: 10.00% of TMI III	2013 and 2012: 10.00% of TMI III	2013 and 2012: 10.00% of TMI III
Actuarial method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Normal retirement age	48 years to 56 years depending on the grades	56 years for all grades	56 years for all grades	56 years for all grades
Maximum defined benefit amount	80.00% of PhDP	80.00% of PhDP	62.50% of PhDP	75.00% of PhDP
Expected rate of pension benefit increase	Nil	Nil	Nil	2.00% per year
Tax rates - average	2013 and 2012: 3.00% of pension benefit	2013 and 2012: 3.00% of pension benefit	2013 and 2012: 3.00% of pension benefit	2013 and 2012: 3.00% of pension benefit

(Expressed in millions of Rupiah, unless otherwise stated)

50. EMPLOYEE BENEFITS (continued)

Pension Plan (continued)

The projected benefit obligations and fair value of plan assets as at 31 December 2013, based on independent actuarial report, are as follows:

	DPBMS	DPBMD	DPBMT	DPBME
Projected benefit obligations	1,215,780	1,472,346	589,041	422,773
Fair value of plan assets	1,540,476	1,770,137	816,426	551,037
Funded Status	324,696	297,791	227,385	128,264
Unrecognised past service cost	-	-	-	-
Unrecognised actuarial gains	(279,941)	(268,790)	(213,160)	(65,822)
Surplus based on SFAS No. 24	44,755	29,001	14,225	62,442
Asset ceiling*)	-	-	-	-
Pension Plan Program Assets recognised in statements of financial position **)	-	-	-	-

*) There are no unrecognised accumulated actuarial loss-net nor unrecognised past service cost and there are no present value of available future refunds or reductions of future contributions.

**) There are no plan assets recognised in the statements of financial position because the requirements under SFAS No. 24 regarding "Employee Benefits" are not fulfilled.

The projected benefit obligations and fair value of plan assets as at 31 December 2012, based on independent actuarial report, are as follow:

	DPBMS	DPBMD	DPBMT	DPBME
Projected benefit obligations	1,193,395	1,485,326	610,097	436,301
Fair value of plan assets	1,688,723	1,879,761	833,891	610,795
Funded Status	495,328	394,435	223,794	174,494
Unrecognised past service cost	-	-	-	-
Unrecognised actuarial gains	(369,619)	(221,405)	(190,852)	(63,214)
Surplus based on SFAS No. 24	125,709	173,030	32,942	111,280
Asset ceiling*)	-	-	-	-
Pension Plan Program Assets recognised in statements of financial position **)	-	-	-	-

*) There are no unrecognised accumulated actuarial loss-net nor unrecognised past service cost and there are no present value of available future refunds or reductions of future contributions.

**) There are no plan assets recognised in the statements of financial position because the requirements under SFAS No. 24 regarding "Employee Benefits" are not fulfilled.

(Expressed in millions of Rupiah, unless otherwise stated)

50. EMPLOYEE BENEFITS (continued)

Labor Law No. 13/2003

Bank Mandiri has implemented an accounting policy for employment benefits SFAS 24 to recognise provision for employee service entitlements. As at 31 December 2013 and 2012 the Group recognised a provision for employee services entitlements in accordance with Labor Law No. 13/2003 amounting to Rp1,965,656 (including compensation benefits for employees who have resigned which compensation have not yet been paid and excluded from actuarial calculation amounted to Rp8,240) and Rp Rp1,635,427 (including compensation benefits for employees who have resigned which compensation have not yet been paid and excluded from actuarial calculation amounted to Rp8,240) based on the estimated post employment benefit in the independent actuarial reports (Note 34).

Provision for employee service entitlements as at 31 December 2013 and 2012 are estimated using the employees service entitlements calculation for the years ended 31 December 2013 and 2012 as shown in the independent actuarial reports of PT Dayamandiri Dharmakonsilindo dated 13 January 2014 for the year ended 31 December 2013 and the independent actuarial reports of PT Dayamandiri Dharmakonsilindo dated 21 January 2013 for the year ended 31 December 2012. The assumptions used by the actuary for the year ended 31 December 2013 and 2012 are as follows:

a. Discount rate is 8.65% per annum (2012: 5.45% per annum).
b. Expected rate of annual salary increase is 9.50% (2012: 8.50% per annum).
c. Mortality rate table used is Indonesia Mortality Table 2011 or TMI III.
d. Turnover rate is 5% for employees' age of 25 and decreasing linearly by 0.167% each year up to 0% at age 55.
e. Actuarial method is projected unit credit method.
f. Normal retirement age is 56 years.
g. Disability rate is 10% of TMI III.

Reconciliations between the provision for post employment benefits presented in the statements of financial position and statements of income, based on independent actuarial report, are as follows (Bank Mandiri only):

	2013	2012
Present value of obligations	1,597,813	1,757,767
Unrecognised past service cost	(21,952)	38,537
Unrecognised actuarial gains/(losses)	140,547	(348,134)
Provision for post employment benefits presented in statements of financial position	**1,716,408**	**1,448,170**
Current service cost	209,180	144,609
Interest cost	96,467	90,499
Amortisation of unrecognised past service cost	5,142	(1,138)
Amortisation of unrecognised actuarial gains/(losses)	16,494	15,285
Recognition of past service cost - vested	119	-
Cost of Pension benefits	**327,402**	**249,255**

Reconciliations of provision for post employment benefits are as follows:

	2013	2012
Bank Mandiri		
Beginning balance of provision for post employment benefits	1,448,170	1,273,102
Expenses during the year	327,402	249,255
Payments of benefits	(59,164)	(74,187)
Provision for post employment benefits (Bank Mandiri)	**1,716,408**	**1,448,170**
Subsidiaries		
Provision for post employment benefits	**241,008**	**179,017**
Total provision for post employment benefits	**1,957,416** *)	**1,627,187** *)

*) As at 31 December 2013 and 2012, the amount does not include unpaid severance for resigned employees amounting to Rp8,240 and Rp8,240 respectively, which was excluded from actuarial computation.

(Expressed in millions of Rupiah, unless otherwise stated)

50. EMPLOYEE BENEFITS (continued)

Labor Law No. 13/2003 (continued)

The present value of funded benefit obligations, fair value of plan assets and the surplus on the program for the last five years, which are (Bank Mandiri only):

	2013	2012	2011	2010	2009
Present value of defined benefit obligations	1,597,813	1,757,767	1,547,952	1,262,717	947,923
Fair value of plan assets	-	-	-	-	-
Deficit program	1,597,813	1,757,767	1,547,952	1,262,717	947,923
Experience adjustments on liabilities program	24,497	93,991	127,820	(58,912)	94,130
Experience adjustments on plan assets	-	-	-	-	-

51. OTHER OPERATING EXPENSES - OTHERS - NET

	2013	2012
Fees and commissions expenses	563,784	460,895
Insurance sales force compensation	341,997	322,128
Fees related to Credit card and ATM transactions	239,117	205,900
Fees from RTGS, remittance and clearing transactions	56,038	73,467
Employee restructuring costs	-	245,477
Others	970,314	1,305,543
	2,171,250	**2,613,410**

Others mainly consist of Subsidiary’s commission expense from bancassurance and other commission expenses.

52. NON-OPERATING INCOME - NET

	2013	2012
Gain on sale of fixed assets	129,416	4,558
Building rental income	61,201	126,231
BOT transactions income (Note 18a)	15,597	325,930
Penalties	(9,759)	(5,382)
Gain on sale of foreclosed asset	-	361,295
Others - net	313,671	66,189
	510,126	**878,821**

(Expressed in millions of Rupiah, unless otherwise stated)

53. COMMITMENTS AND CONTINGENCIES

The following accounts represent accounts which are recorded as off-balance sheet:

	2013	2012
COMMITMENTS		
Commitment Payables:		
Unused loan facilities granted*)		
Third parties	61,640,491	62,067,865
Related parties	23,511,102	21,329,639
	85,151,593	83,397,504
Outstanding irrevocable letters of credit (Note 31):		
Third parties	9,420,727	6,557,295
Related parties	5,797,403	5,407,443
	15,218,130	11,964,738
Total Commitment Payables	100,369,723	95,362,242
Commitment Payables - Net	**(100,369,723)**	**(95,362,242)**
CONTINGENCIES		
Contingent Receivables:		
Guarantees received from other banks	18,560,454	10,173,423
Interest receivable on non-performing assets	7,391,633	5,909,145
Others	32,730	32,729
Total Contingent Receivables	25,984,817	16,115,297
Contingent Payables:		
Guarantees issued in the form of:		
Bank guarantees (Note 31):		
Third parties	42,996,519	32,484,895
Related parties	13,423,017	8,223,804
	56,419,536	40,708,699
Standby letters of credit (Note 31)		
Third parties	2,553,754	3,335,790
Related parties	6,098,592	4,555,073
	8,652,346	7,890,863
Others	256,757	247,777
Total Contingent Payables	65,328,639	48,847,339
Contingent Payables - Net	**(39,343,822)**	**(32,732,042)**
COMMITMENTS AND CONTINGENCIES PAYABLE - NET	**(139,713,545)**	**(128,094,284)**

*) Include committed and uncommitted unused loan facilities.

54. FOREIGN CURRENCY TRANSACTIONS

The fair value of forward and cross currency swap transactions are presented as derivative receivables/payables in the consolidated statement of financial position (Note 11).

Details of outstanding buy and sell foreign currency spot transactions (Bank Mandiri only) as at 31 December 2013 and 2012 are as follows:

(Expressed in millions of Rupiah, unless otherwise stated)

54. FOREIGN CURRENCY TRANSACTIONS (continued)

	2013			
	Spot - Buy		Spot - Sell	
Original Currency	Original Currency (full amount)	Rupiah Equivalent	Original Currency (full amount)	Rupiah Equivalent
United States Dollar	89,920,346	1,094,331	82,703,495	1,006,502
Others*)	-	142,876	-	181,257
		1,237,207		**1,187,759**

	2012			
	Spot - Buy		Spot - Sell	
Original Currency	Original Currency (full amount)	Rupiah Equivalent	Original Currency (full amount)	Rupiah Equivalent
United States Dollar	72,741,000	701,041	62,770,520	604,951
Others*)	-	72,314	-	66,283
		773,355		**671,234**

*) Consist of various foreign currencies.

55. RELATED PARTY TRANSACTIONS

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following related parties:

- **Related party relationship as the controlling shareholder:**
  The Government of the Republic of Indonesia through Ministry of Finance

- **Related parties relationship by ownership and/or management:**

Related Parties	Nature of Relationship
PT Kustodian Sentral Efek Indonesia	Associate Company
PT Sarana Bersama Pengembangan Indonesia	Associate Company
Dana Pensiun Bank Mandiri	Bank Mandiri as a founder
Dana Pensiun Bank Mandiri 1	Bank Mandiri as a founder
Dana Pensiun Bank Mandiri 2	Bank Mandiri as a founder
Dana Pensiun Bank Mandiri 3	Bank Mandiri as a founder
Dana Pensiun Bank Mandiri 4	Bank Mandiri as a founder
PT Usaha Gedung Mandiri	Controlled by Dana Pensiun Bank Mandiri (since 19 December 2013)
PT Bumi Daya Plaza	Controlled by Dana Pensiun Bank Mandiri (since 19 December 2013)
PT Pengelola Investama Mandiri	Controlled by Dana Pensiun Bank Mandiri (since 19 December 2013)
PT Estika Daya Mandiri	Controlled by Dana Pensiun Bank Mandiri 1
PT Asuransi Staco Mandiri (formerly PT Asuransi Staco Jasapratama)	Controlled by Dana Pensiun Bank Mandiri 2
PT Mulia Sasmita Bhakti	Controlled by Dana Pensiun Bank Mandiri 3
PT Krida Upaya Tunggal	Controlled by Dana Pensiun Bank Mandiri 4
PT Wahana Optima Permai	Controlled by Dana Pensiun Bank Mandiri 4
PT Mandiri Management Investasi	Controlled by the same ultimate shareholders
Koperasi Kesehatan Pegawai dan Pensiunan Bank Mandiri (Mandiri Healthcare)	Employees and pensioners as member and key management relationship

55. RELATED PARTY TRANSACTIONS (continued)

The nature of transactions with related parties includes among others, current accounts with other banks, investments in shares, securities, employee's pension plan, loans, deposits from customers and bank guarantee.

- **Related parties relationship with government related entities**

Related Parties	Nature of Relationship
Adhi Multipower Pte. Ltd.	Subsidiary of State Owned Enterprise
PT Krakatau Daya Listrik	Subsidiary of State Owned Enterprise
PT Nusantara Regas	Subsidiary of State Owned Enterprise
PT Bromo Steel Indonesia	Subsidiary of State Owned Enterprise
PT Geo Dipa Energi	Subsidiary of State Owned Enterprise
PT Indonesia Chemical Alumina	Subsidiary of State Owned Enterprise
PT Indonesia Comnets Plus	Subsidiary of State Owned Enterprise
PT Indonesia Power	Subsidiary of State Owned Enterprise
PT Pertamina Drilling Services Indonesia	Subsidiary of State Owned Enterprise
PT Pertamina Hulu Energi	Subsidiary of State Owned Enterprise
PT Petro Jordan Abadi	Subsidiary of State Owned Enterprise
PT Petrokimia Gresik	Subsidiary of State Owned Enterprise
PT Pupuk Kalimantan Timur/PT Pupuk Kaltim	Subsidiary of State Owned Enterprise
PT Pupuk Kujang	Subsidiary of State Owned Enterprise
PT Rekayasa Industri/PT REKIND	Subsidiary of State Owned Enterprise
PT Semen Padang	Subsidiary of State Owned Enterprise
PT Semen Tonasa	Subsidiary of State Owned Enterprise
PT Trans Marga Jateng	Subsidiary of State Owned Enterprise
PT Asuransi Jiwa Inhealth Indonesia	Subsidiary of State Owned Enterprise
PT Bahana Artha Ventura	Subsidiary of State Owned Enterprise
PT Balebat Dedikasi Prima	Subsidiary of State Owned Enterprise
PT Bank Negara Indonesia Syariah	Subsidiary of State Owned Enterprise
PT Bank BRI Syariah	Subsidiary of State Owned Enterprise
PT Infomedia Nusantara	Subsidiary of State Owned Enterprise
PT Reasuransi Internasional Indonesia	Subsidiary of State Owned Enterprise
PT Telekomunikasi Indonesia International	Subsidiary of State Owned Enterprise
PT Telekomunikasi Selular	Subsidiary of State Owned Enterprise
PT Wijaya Karya Beton	Subsidiary of State Owned Enterprise
PT Wijaya Karya Intrade Energy	Subsidiary of State Owned Enterprise
PT Wijaya Karya Realty	Subsidiary of State Owned Enterprise

55. RELATED PARTY TRANSACTIONS (continued)

- **Related parties relationship with government related entities** (continued)

Related Parties	Nature of Relationship
Perum BULOG	State Owned Enterprise
Perum DAMRI	State Owned Enterprise
Perum Jaminan Kredit Indonesia (Jamkrindo)	State Owned Enterprise
Perum Jasa Tirta II	State Owned Enterprise
Perum Pegadaian	State Owned Enterprise
Perum Percetakan Negara Republik Indonesia	State Owned Enterprise
Perum Percetakan Uang Republik Indonesia/Perum Peruri	State Owned Enterprise
Perum Perumnas	State Owned Enterprise
PT Adhi Karya (Persero) Tbk.	State Owned Enterprise
PT Amarta Karya	State Owned Enterprise
PT Aneka Tambang (Persero) Tbk.	State Owned Enterprise
PT Angkasa Pura I (Persero)	State Owned Enterprise
PT Angkasa Pura II (Persero)	State Owned Enterprise
PT ASABRI (Persero)	State Owned Enterprise
PT ASDP Indonesia Ferry (Persero)	State Owned Enterprise
PT ASKES (Persero)	State Owned Enterprise
PT Asuransi Ekspor Indonesia	State Owned Enterprise
PT Asuransi Jasa Indonesia (Persero)	State Owned Enterprise
PT Asuransi Jiwasraya (Persero)	State Owned Enterprise
PT Asuransi Kredit Indonesia/PT Askrindo (Persero)	State Owned Enterprise
PT Bahana Pembinaan Usaha Indonesia	State Owned Enterprise
PT Balai Pustaka	State Owned Enterprise
PT Bank Negara Indonesia (Persero) Tbk.	State Owned Enterprise
PT Bank Rakyat Indonesia (Persero) Tbk.	State Owned Enterprise
PT Bank Tabungan Negara (Persero) Tbk.	State Owned Enterprise
PT Barata Indonesia (Persero)	State Owned Enterprise
PT Berdikari (Persero)	State Owned Enterprise
PT Bhanda Ghara Reksa (Persero)	State Owned Enterprise
PT Bina Karya (Persero)	State Owned Enterprise
PT Bio Farma (Persero)	State Owned Enterprise
PT Biro Klasifikasi Indonesia (Persero)	State Owned Enterprise
PT Boma Bisma Indra (Persero)	State Owned Enterprise
PT Brantas Abipraya (Persero)	State Owned Enterprise
PT Cambrics Primissima (Persero)	State Owned Enterprise

55. RELATED PARTY TRANSACTIONS (continued)

- **Related parties relationship with government related entities** (continued)

Related Parties	Nature of Relationship
PT Dahana (Persero)	State Owned Enterprise
PT Danareksa (Persero)	State Owned Enterprise
PT Dirgantara Indonesia (Persero)	State Owned Enterprise
PT Djakarta Llyod	State Owned Enterprise
PT Dok & Perkapalan Kodja Bahari	State Owned Enterprise
PT Dok dan Perkapalan Surabaya	State Owned Enterprise
PT Elnusa Tbk.	State Owned Enterprise
PT Energi Manajemen Indonesia	State Owned Enterprise
PT Garam (Persero)	State Owned Enterprise
PT Garuda Indonesia (Persero) Tbk.	State Owned Enterprise
PT Hotel Indonesia Natour	State Owned Enterprise
PT Hutama Karya (Persero)	State Owned Enterprise
PT Iglas (Persero)	State Owned Enterprise
PT Indah Karya	State Owned Enterprise
PT Indofarma (Persero) Tbk.	State Owned Enterprise
PT Indosat Tbk.	State Owned Enterprise
PT Indra Karya (Persero)	State Owned Enterprise
PT Industri Kereta Api (INKA)	State Owned Enterprise
PT Industri Sandang Nusantara	State Owned Enterprise
PT Industri Telekomunikasi Indonesia (ITI)	State Owned Enterprise
PT Inhutani I	State Owned Enterprise
PT Inhutani II	State Owned Enterprise
PT Inhutani III	State Owned Enterprise
PT Inhutani IV	State Owned Enterprise
PT Inhutani V	State Owned Enterprise
PT INTL (Persero)	State Owned Enterprise
PT Istaka Karya	State Owned Enterprise
PT Jamsostek (Persero)	State Owned Enterprise
PT Jasa Marga (Persero) Tbk.	State Owned Enterprise
PT Kawasan Berikat Nusantara (Persero)	State Owned Enterprise
PT Kawasan Industri Makasar (Persero)	State Owned Enterprise
PT Kawasan Industri Medan (Persero)	State Owned Enterprise
PT Kawasan Industri Wijayakusuma (Persero)	State Owned Enterprise
PT Kereta Api Indonesia (Persero)	State Owned Enterprise
PT Kertas Kraft Aceh (Persero)	State Owned Enterprise
PT Kertas Leces (Persero)	State Owned Enterprise
PT Kimia Farma (Persero) Tbk.	State Owned Enterprise
PT Kliring Berjangka Indonesia (Persero)	State Owned Enterprise

55. RELATED PARTY TRANSACTIONS (continued)

- **Related parties relationship with government related entities** (continued)

Related Parties	Nature of Relationship
PT Krakatau Steel (Persero) Tbk.	State Owned Enterprise
PT LEN Industri (Persero)	State Owned Enterprise
PT Merpati Nusantara Airlines	State Owned Enterprise
PT Nindya Karya (Persero)	State Owned Enterprise
PT PAL Indonesia (Persero)	State Owned Enterprise
PT Pann Multi Finance (Persero)	State Owned Enterprise
PT Pelabuhan Indonesia I (Persero)	State Owned Enterprise
PT Pelabuhan Indonesia II (Persero)	State Owned Enterprise
PT Pelabuhan Indonesia III (Persero)	State Owned Enterprise
PT Pelabuhan Indonesia IV (Persero)	State Owned Enterprise
PT Pelayaran Bahtera Adiguna	State Owned Enterprise
PT Pelayaran Nasional Indonesia (Persero)/ PT PELNI	State Owned Enterprise
PT Pembangunan Perumahan (Persero) Tbk.	State Owned Enterprise
PT Perikanan Nusantara	State Owned Enterprise
PT Perkebunan Nusantara I (Persero)	State Owned Enterprise
PT Perkebunan Nusantara II (Persero)	State Owned Enterprise
PT Perkebunan Nusantara III (Persero)	State Owned Enterprise
PT Perkebunan Nusantara IV (Persero)	State Owned Enterprise
PT Perkebunan Nusantara V (Persero)	State Owned Enterprise
PT Perkebunan Nusantara VI (Persero)	State Owned Enterprise
PT Perkebunan Nusantara VII (Persero)	State Owned Enterprise
PT Perkebunan Nusantara VIII (Persero)	State Owned Enterprise
PT Perkebunan Nusantara IX (Persero)	State Owned Enterprise
PT Perkebunan Nusantara X (Persero)	State Owned Enterprise
PT Perkebunan Nusantara XI (Persero)	State Owned Enterprise
PT Perkebunan Nusantara XII (Persero)	State Owned Enterprise
PT Perkebunan Nusantara XIII (Persero)	State Owned Enterprise
PT Perkebunan Nusantara XIV (Persero)	State Owned Enterprise
PT Permodalan Nasional Madani (Persero)	State Owned Enterprise
PT Pertamina (Persero)	State Owned Enterprise
PT Pertani (Persero)	State Owned Enterprise
PT Perusahaan Gas Negara Tbk.	State Owned Enterprise
PT Perusahaan Listrik Negara (Persero)	State Owned Enterprise
PT Perusahaan Pengelola Aset	State Owned Enterprise
PT Perusahaan Perdagangan Indonesia (Persero)	State Owned Enterprise
PT Pindad (Persero)	State Owned Enterprise
PT Pos Indonesia (Persero)	State Owned Enterprise
PT Pupuk Indonesia Holding Company (previously PT Pupuk Sriwidjaja (Persero))	State Owned Enterprise

55. RELATED PARTY TRANSACTIONS (continued)

- **Related parties relationship with government related entities** (continued)

Related Parties	Nature of Relationship
PT Rajawali Nusantara Indonesia	State Owned Enterprise
PT Reasuransi Umum Indonesia	State Owned Enterprise
PT Rukindo	State Owned Enterprise
PT Sang Hyang Seri	State Owned Enterprise
PT Sarana Karya	State Owned Enterprise
PT Sarana Multi Infrastruktur (Persero)	State Owned Enterprise
PT Sarana Multigriya Finansial (Persero)	State Owned Enterprise
PT Sarinah (Persero)	State Owned Enterprise
PT Semen Baturaja (Persero)	State Owned Enterprise
PT Semen Indonesia (Persero) Tbk. (dahulu PT Semen Gresik (Persero) Tbk.)	State Owned Enterprise
PT Semen Kupang	State Owned Enterprise
PT Sucofindo (Persero)	State Owned Enterprise
PT Survey Udara Penas	State Owned Enterprise
PT Surveyor Indonesia	State Owned Enterprise
PT Tambang Batubara Bukit Asam (Persero) Tbk.	State Owned Enterprise
PT Taspen	State Owned Enterprise
PT Telekomunikasi Indonesia Tbk/PT Telkom Tbk.	State Owned Enterprise
PT Timah (Persero) Tbk.	State Owned Enterprise
PT Varuna Tirta Prakasya (Persero)	State Owned Enterprise
PT Virama Karya	State Owned Enterprise
PT Waskita Karya (Persero)	State Owned Enterprise
PT Wijaya Karya (Persero) Tbk.	State Owned Enterprise
PT Yodya Karya (Persero)	State Owned Enterprise
Lembaga Pembiayaan Ekspor Indonesia	Government Agency
Pusat Investasi Pemerintah	Government Agency
PT Indonesia Infrastruktur Finance	Government Agency

Nature of transactions with government related entities are current accounts with other bank, placements with other banks, marketable securities, Government Bonds, other receivables - trade transaction, securities purchased under resale agreement, derivative receivables, loans, consumer financing receivables, acceptance receivables, derivative payables, deposit from customers, deposits from other bank, *interbank call money*, acceptance payables, marketable securities issued, fund borrowing, subordinated loan, unused loan facility, bank guarantees, irrevocable letters of credit and standby letters of credit.

In the ordinary course of its business, the Group also purchases or pays for services, such as telecommunication expense, utility expense and other expenses to Government related entities.

On 19 December 2013, Bank Mandiri sold all of its shares in UGM to Dana Pensiun Bank Mandiri, Dana Pensiun Mandiri 2, Mandiri Healthcare and BDP to Dana Pensiun Bank Mandiri, Dana Pensiun Mandiri 1, Mandiri Healthcare with market value amounting to Rp396,000. This transaction represents transaction between entities under common control (refer Note 1g and 40b).

(Expressed in millions of Rupiah, unless otherwise stated)

55. RELATED PARTY TRANSACTIONS (continued)

- **Transactions with management and key personnel of Bank Mandiri**

  Total gross salaries and allowances, bonus/*tantiem*, long-term employment benefits of the Boards of Commissioners, Directors, Audit Committee and Risk Monitoring and Good Corporate Governance Committee, Syariah Supervisory Board and Executive Vice President and Senior Vice President (Note 48) for the years ended 31 December 2013 and 2012 amounting to Rp586,221 and Rp521,447 or 2.73% and 2.76% of total consolidated operating expenses - others, respectively.

  Shares owned by the Board of Directors from MSOP program for the years ended 31 December 2013 and 2012 amounting to 15,598,741 shares and 22,132,760 shares or 0.05% and 0.07% of total authorised capital, respectively.

Details of significant transactions with related parties as at 31 December 2013 and 2012, are as follows:

	2013	2012
Assets		
Current accounts with other banks (Note 5a)	39,388	16,079
Placements with Bank Indonesia and other banks (Note 6b)	916,782	1,343,968
Marketable securities (Note 7a)*)	8,937,255	4,190,754
Government Bonds (Note 8)	82,227,428	79,072,173
Other receivables - trade transactions (Note 9a)	3,904,858	3,784,548
Derivative receivables (Note 11)	2,792	231
Loans (Note 12A.a and 12B.g)	57,315,200	45,952,610
Consumer financing receivables (Note 13a)	5,738	5,197
Acceptance receivables (Note 15a)	779,807	1,505,031
Total assets with related parties	154,129,248	135,870,591
Total consolidated assets	**733,099,762**	**635,618,708**
Percentage of total assets with related parties to total consolidated assets	**21.02%**	**21.38%**
Liabilities		
Deposits from customers		
Demand deposits (Note 21a)	26,507,150	25,554,282
Saving deposits (Note 22a)	202,205	928,851
Time deposits (Note 23a)	27,976,500	21,604,790
Deposits from other banks		
Demand and saving deposits (Note 24a)	63,613	141,996
Liabilities sold with repo agreements to repurchase (Note 28)	1,509,324	-
Derivative payables (Note 11)	372	333
Acceptance payables (Note 29a)	445,929	262,481
Marketable securities issued (Note 30)	328,000	205,000
Fund borrowings (Note 36)	778,314	934,868
Subordinated loans (Note 37)	1,939,800	1,936,800
Total liabilities with related parties	59,751,207	51,569,401
Total consolidated liabilities	**596,735,488**	**519,483,045**
Percentage of total liabilities with related parties to total consolidated liabilities	**10.01%**	**9.93%**
Temporary *Syirkah* Funds (Note 38)	**1,026,046**	**1,978,517**
Percentage to total temporary *syirkah* funds	**2.16%**	**4.90%**

*) Marketable securities is presented gross before unamortised discount and unrealised (losses)/gains from (decrease)/increase in value of marketable securities.

(Expressed in millions of Rupiah, unless otherwise stated)

55. RELATED PARTY TRANSACTIONS (continued)

	2013	2012
Statements of Comprehensive Income		
Interest income from Government Bonds and Treasury bills (Note 41)	3,511,576	3,114,634
Percentage to interest income and sharia income	**6.99%**	**7.32%**
Interest expense from fund borrowing (Note 42)	77,562	82,522
Percentage to interest expense and sharia expense	**0.44%**	**0.55%**

56. SEGMENT INFORMATION

The Group reports operating segments in a manner consistent with the internal reporting provided for operational decision making (refer to Note 2ak).

The following describes the operations in each of reportable segments:

- Corporate : includes loans, deposits and other transactions by corporate customers.
- Commercial and Business : includes loans, deposits and other transactions by commercial and business banking customers (small to medium size).
- Micro and Retail : focuses on products and services for individual customers in micro and retail segments. It includes loans, deposits, payment transactions and other transactions by retail customers.
- Consumer : represents consumer financing business including housing loan, credit cards and other transactions by consumer customers.
- Treasury, Financial Institution and Special Assets Management (SAM) : treasury undertakes treasury activities which include foreign exchange, money market, and fixed income business. Financial institution undertakes international business banking, capital market and Cayman islands branch. SAM activities include non performing loan and abandoned properties management.
- Institutional Banking : focuses on handling deposits and other transactions with government related entities, which are not undertaken by other segments.
- Head Office : mainly manages Group’s assets and liabilities that are not managed by other segments, act as cost centre for providing central shared services to other segments and absorb costs that are not allocated to other segments.
- Subsidiary – Sharia : includes all transactions undertaken by a Subsidiary engages in sharia banking.
- Subsidiary – Insurance : includes all transactions undertaken by a Subsidiary engages in life and general insurance.
- Subsidiaries – other than Sharia and insurance : includes all transactions undertaken by Subsidiaries engage in consumer financing, remittances, securities, building management and banking.

(Expressed in millions of Rupiah, unless otherwise stated)

56. SEGMENT INFORMATION (continued)

					2013							
Account	**Corporate**	**Commercial and Business**	**Micro and Retail**	**Consumer**	***Treasury, Financial Institution and SAM***	***Institutional Banking* [1]**	**Head Offce**	**Subsidiary - Sharia**	**Subsidiary - Insurance**	**Subsidiaries - other than Sharia and insurance**	**Adjustment and elimination **)**	**Total**
Consolidated statement of income												
Interest and sharia income *)	12,018,419	16,856,799	20,653,671	6,344,540	3,808,308	4,698,210	3,264,806	5,437,851	218,690	1,230,528	(24,322,980)	50,208,842
Interest and sharia expense *)	(7,667,647)	(9,325,243)	(8,638,040)	(3,399,046)	(2,217,925)	(3,385,380)	(1,924,889)	(2,183,205)	-	(534,844)	21,844,003	(17,432,216)
Net Interest and sharia income	4,350,772	7,531,556	12,015,631	2,945,494	1,590,383	1,312,830	1,339,917	3,254,646	218,690	695,684	(2,478,977)	32,776,626
Net Premium income	-	-	-	-	-	-	-	-	2,626,006	-	-	2,626,006
Net Interest and sharia and premium income	4,350,772	7,531,556	12,015,631	2,945,494	1,590,383	1,312,830	1,339,917	3,254,646	2,844,696	695,684	(2,478,977)	35,402,632
Other operating income:												
Other fees and commission	900,670	445,954	4,041,935	937,724	422,442	153,097	642,292	1,163,604	-	483,402	(487,025)	8,704,095
Others	22,704	1,088,117	817,706	369,105	4,409,035	-	(972,912)	29,259	336,678	348,911	(466,061)	5,982,542
Total	923,374	1,534,071	4,859,641	1,306,829	4,831,477	153,097	(330,620)	1,192,863	336,678	832,313	(953,086)	14,686,637
(Allowance)/reversal for impairment losses on financial assets and others	205,493	(1,180,931)	(1,092,837)	(780,436)	312,215	(16,236)	(1,345,587)***	(835,662)	-	(154,539)	32,186	(4,856,334)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, Government Bonds, and policyholders' investment in unit-linked contracts	-	-	-	-	-	-	(2,769)	-	(219,954)	3,370	-	(219,353)
Gain on sale of marketable securities and Government Bonds	-	-	-	-	-	-	24,514	-	-	14,602	-	39,116
Other operating expenses:												
Salaries and employee benefit	(261,471)	(847,072)	(4,004,417)	(260,809)	(201,637)	(42,969)	(1,919,002)	(1,192,403)	(139,754)	(561,803)	-	(9,431,337)
General and administrative Expenses	(146,545)	(313,624)	(3,567,833)	(607,836)	(343,854)	(45,248)	(2,727,525)	(1,335,341)	(427,938)	(382,656)	-	(9,898,400)
Others - net	(131,151)	(64,790)	(1,398,858)	(79,342)	(87,666)	(101,190)	448,271	(209,201)	(886,960)	(147,388)	487,025	(2,171,250)
Total	(539,167)	(1,225,486)	(8,971,108)	(947,987)	(633,157)	(189,407)	(4,198,256)	(2,736,945)	(1,454,652)	(1,091,847)	487,025	(21,500,987)
Non operating income - net	10,121	24	3,397	39	542,935	-	(189,384)	8,934	1,030	160,396	(27,366)	510,126
Tax expense	-	-	-	-	-	-	(4,458,497)	(232,596)	(417,229)	(123,581)	-	(5,231,903)
Net income	4,950,593	6,659,234	6,814,724	2,523,939	6,643,853	1,260,284	(9,160,682)	651,240	1,090,569	336,398	(2,940,218)	18,829,934
Net income attributable to:												
Non controlling interest	-	-	-	-	-	-	-	-	-	-	-	**626,181**
Parent Entity	-	-	-	-	-	-	-	-	-	-	-	**18,203,753**
Consolidated statements of financial position												
Loans – gross	138,784,783	163,402,908	27,049,793	56,603,364	6,174,114	24,963,069	-	50,125,273	-	734,028	(666,883)	467,170,449
Total Assets	136,546,324	160,654,227	39,209,271	56,823,336	128,696,764	25,026,890	101,293,365	63,965,361	17,444,167	13,270,221	(9,830,164)	733,099,762
Demand deposits	(37,031,828)	(17,056,237)	(41,827,746)	-	(1,198,359)	(19,136,692)	-	(7,507,387)	-	(67,941)	398,541	(123,427,649)
Saving deposits	(548,760)	(3,736,665)	(208,994,444)	-	(12,349)	(836,436)	-	(1,607,950)	-	(281,006)	-	(216,017,610)
Time deposits	(36,499,077)	(6,464,592)	(90,843,597)	-	(4,160,344)	(31,370,914)	-	-	-	(488,825)	276,352	(169,550,997)
Total deposit from customers	(74,079,665)	(27,257,494)	(341,665,787)	-	(5,371,052)	(51,344,042)	-	(9,115,337)	-	(837,772)	674,893	(508,996,256)
Total Liabilities	(74,545,756)	(25,121,684)	(338,136,349)	(465,220)	(17,926,045)	(52,445,688)	(57,048,121)	(11,529,685)	(15,428,860)	(10,552,166)	6,464,086	(596,735,488)

*) Include a component of internal transfer pricing amongst operating segments.
**) Include elimination of internal transfer pricing or reclassification amongst operating segment and elimination against Subsidiaries.
***) Represent impact of foreign exchange which not being allocated to each operating segment.
1) For risk management disclosure purpose in Note 61, institutional banking business included in corporate.

(Expressed in millions of Rupiah, unless otherwise stated)

56. SEGMENT INFORMATION (continued)

2012

Account	Corporate	Commercial and Business	Micro and Retail	Consumer	*Treasury, Financial Institution and SAM*	*Institutional Banking* [1]	Head Offce	Subsidiary - Sharia	Subsidiary - Insurance	Subsidiaries - other than Sharia and insurance	Adjustment and elimination **)	Total
Consolidated statement of income												
Interest and sharia income *)	11,179,760	15,168,996	15,129,767	5,786,510	3,210,850	1,917,590	2,923,364	4,684,793	142,823	940,247	(18,534,258)	42,550,442
Interest and sharia expense *)	(6,421,316)	(6,971,830)	(6,995,761)	(2,371,704)	(2,267,151)	(1,409,200)	(1,565,686)	(2,006,353)	-	(394,832)	15,383,983	(15,019,850)
Net Interest and sharia income	4,758,444	8,197,166	8,134,006	3,414,806	943,699	508,390	1,357,678	2,678,440	142,823	545,415	(3,150,275)	27,530,592
Net Premium income	-	-	-	-	-	-	-	-	2,163,072	-	-	2,163,072
Net Interest and sharia and premium income	4,758,444	8,197,166	8,134,006	3,414,806	943,699	508,390	1,357,678	2,678,440	2,305,895	545,415	(3,150,275)	29,693,664
Other operating income:												
Other fees and commission	777,846	776,216	3,531,603	806,074	397,644	46,386	-	1,119,136	-	381,754	(436,304)	7,400,355
Others	52,680	252,593	757,380	259,247	3,385,313	-	(354,039)	18,784	207,896	250,921	(333,308)	4,497,467
Total	830,526	1,028,809	4,288,983	1,065,321	3,782,957	46,386	(354,039)	1,137,920	207,896	632,675	(769,612)	11,897,822
(Allowance)/reversal for impairment losses on financial assets and others	(236,969)	(1,196,443)	(885,021)	(720,624)	702,118	-	(635,296)***	(375,859)	-	(63,615)	19,489	(3,392,220)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, Government Bonds, and policyholders' investment in unit-linked contracts	-	-	-	-	-	-	4,274	-	41,524	(3,328)	-	42,470
Gain on sale of marketable securities and Government Bonds	-	-	-	-	-	-	287,327	-	9,532	(120)	-	296,739
Other operating expenses:												
Salaries and employee benefit	(221,486)	(618,825)	(2,963,937)	(215,520)	(158,450)	(26,796)	(2,307,501)	(973,160)	(116,596)	(443,445)	-	(8,045,716)
General and administrative expenses	(134,182)	(262,597)	(3,066,128)	(558,450)	(315,318)	(29,981)	(2,019,042)	(1,202,600)	(344,956)	(320,648)	-	(8,253,902)
Others - net	(110,289)	(88,176)	(1,108,674)	(57,777)	(75,099)	(69,084)	(456,650)	(173,639)	(810,762)	(132,069)	468,809	(2,613,410)
Total	(465,957)	(969,598)	(7,138,739)	(831,747)	(548,867)	(125,861)	(4,783,193)	(2,349,399)	(1,272,314)	(896,162)	468,809	(18,913,028)
Non operating income – net	(16)	42	19,054	211	724,781	-	(2,507)	6,031	(3,140)	134,365	-	878,821
Tax expense	-	-	-	-	-	-	(3,747,928)	(291,442)	(323,615)	(97,665)	-	(4,460,650)
Net income	**4,886,028**	**7,059,976**	**4,418,283**	**2,927,967**	**5,604,688**	**428,915**	**(7,873,684)**	**805,691**	**965,778**	**251,565**	**(3,431,589)**	**16,043,618**
Net income attributable to:												
Non controlling interest	-	-	-	-	-	-	-	-	-	-	-	**539,551**
Parent Entity	-	-	-	-	-	-	-	-	-	-	-	**15,504,067**
Consolidated statements of financial position												
Loans - gross	126,259,131	141,142,003	19,004,605	47,749,423	5,818,528	-	-	44,427,037	-	779,993	(599,014)	384,581,706
Total Assets	133,557,576	142,425,332	27,813,991	47,805,736	158,692,158	2,312	52,807,951	54,209,752	15,447,410	9,125,690	(6,269,200)	635,618,708
Demand deposits	(38,142,374)	(33,257,452)	(18,695,848)	-	(1,262,936)	(16,471,096)	-	(6,430,912)	-	(55,682)	408,444	(113,907,856)
Saving deposits	(1,223,345)	(4,053,475)	(177,281,950)	-	(6,095)	(219,595)	-	(901,524)	-	(283,772)	-	(183,969,756)
Time deposits	(22,050,800)	(15,000,567)	(75,855,107)	-	(3,964,132)	(27,974,141)	-	-	-	(711,036)	595,532	(144,960,251)
Total deposit from customers	(61,416,519)	(52,311,494)	(271,832,905)	-	(5,233,163)	(44,664,832)	-	(7,332,436)	-	(1,050,490)	1,003,976	(442,837,863)
Total Liabilities	(67,811,902)	(55,047,747)	(276,210,117)	(464,453)	(23,340,322)	(46,906,348)	(22,672,978)	(9,648,974)	(12,945,828)	(7,553,871)	3,119,495	(519,483,045)

*) Include a component of internal transfer pricing amongst operating segments.
**) Include elimination of internal transfer pricing or reclassification amongst operating segment and elimination against Subsidiaries.
***) Represent impact of foreign exchange which not being allocated to each operating segment.
1) For risk management disclosure purpose in Note 61, institutional banking business included in corporate.

(Expressed in millions of Rupiah, unless otherwise stated)

56. SEGMENT INFORMATION (continued)

Geographical Segment

The principal operations of the Group is managed in Indonesia, Asia (Singapore, Hong Kong, Timor Leste, Shanghai, Malaysia), Western Europe (England) and Cayman Islands. Information concerning the geographical segments of the Group is set out in the table below:

Information on geographical segment for the year ended 31 December 2013:

	Indonesia	Asia	West Europe	Cayman Islands	Consolidated
Consolidated statement of income					
Interest and sharia income	49,830,621	255,613	23,580	99,028	50,208,842
Interest and sharia expense	(17,391,388)	(23,988)	(2,376)	(14,464)	(17,432,216)
Net Interest and sharia income	32,439,233	231,625	21,204	84,564	32,776,626
Net Premium income	2,626,006	-	-	-	2,626,006
Net Interest and sharia and premium income	35,065,239	231,625	21,204	84,564	35,402,632
Other operating income:					
Other fees and commissions	8,584,119	73,700	-	46,276	8,704,095
Others	5,920,308	26,043	34,324	1,867	5,982,542
Total	14,504,427	99,743	34,324	48,143	14,686,637
Allowance for impairment losses	(4,921,810)	25,838	784	38,854	(4,856,334)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, Government Bonds, and policyholders' investment in unit-linked contracts	(219,423)	70	-	-	(219,353)
Gain on sale of marketable securities and Government Bonds	40,460	(1,344)	-	-	39,116
Other operating expenses:					
Salaries and employee benefit	(9,293,151)	(103,361)	(28,860)	(5,965)	(9,431,337)
General, administrative expenses and others	(11,950,785)	(77,637)	(23,306)	(17,922)	(12,069,650)
Total	(21,243,936)	(180,998)	(52,166)	(23,887)	(21,500,987)
Non operating income - net	458,131	54,452	67	(2,524)	510,126
Tax expense	(5,210,764)	(21,139)	-	-	(5,231,903)
Net income	**18,472,324**	**208,247**	**4,213**	**145,150**	**18,829,934**
Net income attributable to:					
Non controlling interest	-	-	-	-	**626,181**
Parent Entity	-	-	-	-	**18,203,753**
Consolidated statements of financial position					
Loans - gross	455,298,247	9,587,501	39	2,284,662	467,170,449
Total Assets	710,133,177	15,060,004	3,164,504	4,742,077	733,099,762
Demand deposits	(121,571,613)	(1,854,819)	-	(1,217)	(123,427,649)
Saving deposits	(214,945,793)	(1,071,817)	-	-	(216,017,610)
Time deposits	(166,618,886)	(2,932,111)	-	-	(169,550,997)
Total deposit from customers	(503,136,292)	(5,858,747)	-	(1,217)	(508,996,256)
Total Liabilities	(574,390,876)	(15,031,364)	(2,593,230)	(4,720,018)	(596,735,488)

(Expressed in millions of Rupiah, unless otherwise stated)

56. SEGMENT INFORMATION (continued)

Information on geographical segment for the year ended 31 December 2012:

	Indonesia	Asia	West Europe	Cayman Islands	Consolidated
Consolidated statement of income					
Interest and sharia income	42,201,619	232,508	41,057	75,258	42,550,442
Interest and sharia expense	(14,977,028)	(34,110)	(8,712)	-	(15,019,850)
Net Interest and sharia income	27,224,591	198,398	32,345	75,258	27,530,592
Net Premium income	2,163,072	-	-	-	2,163,072
Net Interest and sharia and premium income	29,387,663	198,398	32,345	75,258	29,693,664
Other operating income:					
Other fees and commissions	7,330,740	56,560	-	13,055	7,400,355
Others	4,456,463	32,395	5,712	2,897	4,497,467
Total	11,787,203	88,955	5,712	15,952	11,897,822
Allowance for impairment losses	(3,494,341)	16,775	53,209	32,137	(3,392,220)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, Government Bonds, and policyholders' investment in unit-linked contracts	42,530	(60)	-	-	42,470
Gain on sale of marketable securities and Government Bonds	294,125	1,847	-	767	296,739
Other operating expenses:					
Salaries and employee benefit	(7,931,943)	(80,992)	(28,580)	(4,201)	(8,045,716)
General, administrative expenses and others	(10,777,604)	(59,010)	(17,275)	(13,423)	(10,867,312)
Total	(18,709,547)	(140,002)	(45,855)	(17,624)	(18,913,028)
Non operating income - net	859,215	18,000	(1)	1,607	878,821
Tax expense	(4,439,033)	(21,617)	-	-	(4,460,650)
Net income	**15,727,815**	**162,296**	**45,410**	**108,097**	**16,043,618**
Net income attributable to:					
Non controlling interest	-	-	-	-	**539,551**
Parent Entity	-	-	-	-	**15,504,067**
Consolidated statements of financial position					
Loans - gross	377,184,222	6,334,372	144,556	918,556	384,581,706
Total Assets	621,279,365	10,175,130	1,354,109	2,810,104	635,618,708
Demand deposits	(112,777,678)	(1,091,132)	(38,082)	(964)	(113,907,856)
Saving deposits	(183,171,643)	(798,113)	-	-	(183,969,756)
Time deposits	(143,662,824)	(1,130,699)	(166,728)	-	(144,960,251)
Total deposit from customers	(439,612,145)	(3,019,944)	(204,810)	(964)	(442,837,863)
Total Liabilities	(505,646,101)	(10,162,873)	(869,022)	(2,807,049)	(519,483,045)

(Expressed in millions of Rupiah, unless otherwise stated)

57. CAPITAL ADEQUACY RATIO

Capital Risk Management

Bank Mandiri's capital policy is to prudently diversify the source of its capital to anticipate the long-term strategic plan and to allocate capital efficiently to business segment that has a potential to provide an optimum risk of return, includes investment in subsidiaries in order to fulfil the stakeholders (investor and regulator) expectations.

Bank Mandiri ensures it maintains adequate capital to cover credit risk, market risk and operational risk, irrespective under the normal condition or distress condition which is used by the Bank as the basis to implement VBM (Value Based Management) through measurement of RORAC (Return on Risk Adjusted Capital) and RORWA (Return On Risk Weight Asset). Through the VBM, the Bank can identify which business units, segments, products and regions provide the best value adds to the Bank. Therefore, the Bank can be more focus in expanding the line of business which provide the most value adds to the Bank.

The Bank refers to Bank Indonesia regulation in calculating the capital adequacy for credit risk, market risk and operational risk. For credit risk, the Bank uses Basel II Standardised Approach. For the market risk, Bank Mandiri uses Standardised Model and has also used Value at Risk for its internal model. For operational risk, the Bank refers to Basel II Basic Indicator Approach and has simulated the Standardised Approach.

In implementing SE BI No. 13/6/DPNP dated 18 February 2011 regarding credit risk weighted asset using Standardised Approach, the Bank's risk weighted assets as at 31 December 2013 is amounting to Rp431,632,851 with the component of counterparty credit risk weighted assets amounting to Rp1,018,553 which is dominated by securities sold under repurchase agreement and securities purchase under resale agreement transactions. The market risk weighted assets using Standardised Approach and operational risk weighted assets using Basic Indicator Approach are amounting to Rp1,972,041 and Rp57,671,278, respectively.

Currently the Bank is developing calculation for capital requirement for credit risk with IRBA approach as well as economic capital approach. The economic capital approach is developed both for credit risk and operational risk.

The Capital Adequacy Ratio (CAR) is the ratio of the Bank's capital over its Risk-Weighted Assets (RWA). Based on Bank Indonesia regulations, the total capital for credit risk consist of core capital (Tier I) and supplementary capital (Tier II) less investments in subsidiaries. To calculate the market risk exposure, the Bank could include the supplementary capital (Tier III) in the form of short-term subordinated loans which meet the criteria as capital components. The CAR of Bank Mandiri (Bank Mandiri only) as at 31 December 2013 and 2012 are as follows:

	2013	2012
Capital:		
Core Capital*)	65,853,989	54,438,380
Supplementary Capital	7,491,432	7,509,124
Total Capital for credit risk, operational risk and market risk charge	**73,345,421**	**61,947,504**
Risk-Weighted Assets for credit	431,632,851	350,761,176
Risk-Weighted Assets for operasional	57,671,278	48,384,624
Risk-Weighted Assets for market risk	1,972,041	1,044,148
Total Risk-Weighted Assets for credit, operational and market risk charge	**491,276,170**	**400,189,948**

*) Excludes the impact of deferred tax benefit/(expense) of Rp70,285 and Rp158,410 and unrealised losses of available for sale Marketable Securities and Government Bonds (Bank Mandiri Only) of Rp(1,737,644) and Rp(505,790) respectively as at 31 December 2013 and 2012. On 30 April 2003, Bank Mandiri underwent a quasi-reorganisation which accumulated losses of Rp162,874,901 was eliminated against additional paid-in capital/agio

(Expressed in millions of Rupiah, unless otherwise stated)

57. CAPITAL ADEQUACY RATIO (continued)

	2013	2012
CAR for core capital	13.40%	13.60%
CAR for credit risk	16.99%	17.66%
CAR for credit risk and operational risk	14.99%	15.52%
CAR for credit risk and market risk	16.92%	17.61%
CAR for credit risk, operational and market risk	14.93%	15.48%
Minimum CAR core capital	5.00%	5.00%
Minimum CAR total capital	8.00%	8.00%

The Bank's capital adequacy ratio on a consolidated basis as at 31 December 2013 including credit, operational and market risk is 14.76% and taking into account credit and operational risk is 14.81%.

58. NON-PERFORMING EARNING ASSETS RATIO, ALLOWANCE FOR IMPAIRMENT LOSSES ON EARNING ASSETS RATIO, SMALL-SCALE LOANS RATIO AND LEGAL LENDING LIMIT

Non-performing earning assets to total earning assets ratio as at 31 December 2013 and 2012 (Bank Mandiri only) were 1.15% and 1.14% respectively. For Non-Performing Loan (NPL) ratio refer to Note 12.A.d.

The ratio of total allowance for impairment losses on earning assets provided by Bank Mandiri as at 31 December 2013 and 2012 compared to the minimum allowance for impairment losses on earning assets under the guidelines prescribed by Bank Indonesia as at 31 December 2013 and 2012 were 125.85% and 126.95% respectively.

The ratio of small-scale and micro business loans to total loans provided by Bank Mandiri for the years ended as at 31 December 2013 and 2012 were 6.56% and 6.50% respectively.

The Legal Lending Limit (LLL) as at 31 December 2013 and 2012 did not exceed the LLL regulation for related parties and third parties, LLL is calculated in accordance with Bank Indonesia Regulation No. 7/3/PBI/2005 dated 20 January 2005 regarding Legal Lending Limit for Commercial Bank as amended in Bank Indonesia Regulation No. 8/13/PBI/2006 dated 5 October 2006.

59. CUSTODIAL SERVICES AND TRUST OPERATIONS

Custodial Services

Bank Mandiri started providing custodial services in 1995. The operating license for custodial services was renewed based on Decision Letter of Capital Market and Financial Institutions Supervisory Board No. KEP.01/PM/Kstd/1999 dated 4 October 1999. Bank Mandiri's Custodial, which is the part of Financial Institutions Coverage & Solutions Group, provides a full range of custodial services as follows:

a. Settlement and handling services for script and scriptless trading transactions;
b. Safekeeping and administration of marketable securities and other valuable assets;
c. Corporate action services which starting from administrating the safe keeping of customer's ownership right on marketable securities until that right become effective in the customer's account;
d. Proxy services for its customers' shareholders' meetings and bond holders' meetings;
e. Reporting and information submission related to the customers' marketable securities and/or other valuable assets which is kept and administred by Bank Mandiri's custodial.

In order to fulfill the investors' needs in investing on various marketable securities instruments, Bank Mandiri's Custodial has facilitate it by acting as:

59. CUSTODIAL SERVICES AND TRUST OPERATIONS (continued)

Custodial Services (continued)

a. General custodial which provide services for investors that investing in capital market or money market in Indonesia;
b. Local custodial for American Depository Receipts (ADRs) and Global Depository Receipts (GDR) which is needed by the investors that are willing to convert the companies' shares listed in local and overseas stock exchange (dual/multi listing);
c. Sub-registry which provide services for investors that conduct the transaction and investment in Government Debenture Debt (SUN, either Government Bonds or *Surat Perbendaharaan Negara*) and SBI;
d. Custodial for mutual funds and discretionary fund issued and managed by investment manager;
e. As direct participant of Euroclear for customer who is conducting investment and settlement of securities transactions listed in overseas market and recorded in Euroclear Operations Centre, Brussels;
f. Securities lending and borrowing as services for customers who want to maximise their investment return by lending their securities to securities companies through intermediary and guarantee of PT Kliring Penjaminan Efek Indonesia (PT KPEI);
g. Custodial services for Exchange Traded Fund (ETF) which issued and managed by an investment manager where the unit of participation will be traded on stock exchange.
h. Custodial services for Asset-Based Securities (EBA) in the form of collective investment contract (KIK) which was issued by the investment manager and custodial bank in relation to asset securitisation transactions owned by banks or other financial institutions.

As at 31 December 2013 and 2012, Bank Mandiri's Custodial Operations has 795 and 535 customers, respectively, which consist of pension funds, insurance companies, banks, institution, securities companies, mutual funds, other institution/legal entity and individual customer. Total portfolio value by currency as at 31 December 2013 (unaudited) is amounting to Rp232,241,890, USD705,528,525 (full amount), EUR106,336 (full amount) and HKD16,000,000 (full amount) and as at 31 December 2012 (unaudited) is amounting to Rp198,239,571, USD623,303,525 (full amount), JPY594,444,444 (full amount) and EUR105,956 (full amount). Assets kept in custodial services activities are not included in the consolidated financial statements of the Group.

Bank Mandiri insures the customer's portfolio against potential losses from safekeeping and transfer of securities in accordance with the Financial Services Agency regulation.

Trust Operations

Bank Mandiri has provided trust operations services starting from 1983. The operating license for trust operations activities services was renewed and re-registered to Capital Market Supervisory Board and Financial Institution as stipulated in Decision Letter No. 17/STTD-WA/PM/1999 dated 27 October 1999. The type of services offered by the Bank are as follows:

a. Trustee for bonds & MTN
b. Escrow Account Agent
c. Paying Agent
d. Initial Public Offering/IPO Receiving Bank
e. Security Agent

As at 31 December 2013, Bank Mandiri as Trustee has 55 trustee customers with the total value of bonds and MTN issued amounting to Rp31,633,000 and as at 31 December 2012 has 55 trustee customers with the total value of bonds and MTN issued amounting to Rp37,106,000 (unaudited).

Both Bank Mandiri's Trust operations and Custodial Services have received Quality Certification ISO 9001:2008.

(Expressed in millions of Rupiah, unless otherwise stated)

60. CHANNELING LOANS

Channeling loans based on sources of funds and economic sectors are as follows (unaudited):

	2013	2012
Government:		
Electricity, gas and water	9,018,350	9,338,921
Transportation and communications	1,609,404	1,644,790
Agriculture	590,105	817,409
Manufacturing	91,200	91,200
Construction	32,149	32,148
Others	68,221	96,509
	11,409,429	**12,020,977**

Bank Mandiri has been appointed to administer the loans received by the Government of the Republic of Indonesia in various currencies from several bilateral and multilateral financial institutions to finance the Government's projects through State Owned Enterprises, Region Owned Enterprises and Regional Governments, such as: Asian Development Bank, Banque Français & Credit National, Barclays, BNP Paribas, BNP Paribas & CAI Belgium, Calyon & BNP Paribas, CDC NES, Export Finance and Insurance Corporation (EFIC) Australia, IDA, International Bank for Reconstruction and Development, Japan Bank for International Cooperation, Kreditanstalt Fur Wiederaufbau, Nederland Urban Sector Loan & De Nederlanse Inveseringsbank voor Ontwikkelingslanden NV, Switzerland Government, RDI - KI, Spain, U.B Denmark, US Export Import Bank and Overseas Economic Cooperation Fund.

Channeling loans are not included in the consolidated statements of financial position as the credit risk is not borne by the Bank and its Subsidiaries. Bank Mandiri's responsibilities under the above arrangements include, among others, collections from borrowers and payments to the Government of principal, interest and other charges and the maintenance of loan documentation. As compensation, Bank Mandiri receives banking fee which varies from 0.05% - 0.50% from the average of outstanding loan balance in one year.

61. RISK MANAGEMENT

Bank Mandiri clearly segregates risk management functions from the business units functions in line with the requirement of Bank Indonesia's Regulations and international best practices, which are applied in banking industry. Bank Mandiri also adopts the Enterprise Risk Management (ERM) concept as one of the comprehensive and integrated risk management strategies in line to the Bank's business process and operations. The ERM implementation gives an added value to the Bank and stakeholders, especially in respect of the implementation of Strategic Business Unit (SBU) and Risk Based Performance.

ERM is a risk management process embedded in the business strategies and operations that are integrated into daily decision making processes. It is a holistic approach that establishes a systematic and comprehensive risk management framework (credit risk, market risk and operational risk) by connecting the capital management and business processes to risks. In addition, ERM also applies consolidated risk management to the subsidiaries, which will be implemented gradually to maximise the effectiveness of bank's supervision and value creation to the bank based on Bank Indonesia Regulation No. 8/6/PBI/2006 dated 30 January 2006.

61. RISK MANAGEMENT (continued)

The Bank's risk management framework is based on Bank Indonesia's Regulation No. 5/8/PBI/2003 dated 19 May 2003 regarding Risk Management Implementation for Commercial Banks as amended by Bank Indonesia's Regulation No. 11/25/PBI/2009 dated 1 July 2009 regarding The Amendment of Bank Indonesia's Regulations No. 5/8/PBI/2003 regarding the Implementation of Risk Management for Commercial Bank. The Bank's risk management framework is stated in the Bank Mandiri Risk Management Policy (KMRBM), which is in line with the implementation plan of Basel II Accord in Indonesia. Risk management framework consists of several policies as the guideline to the business growth and as a business enabler to ensure the Bank conduct prudential principle by examining the risk management performance process (identification - measurement - mitigation - monitoring) at all organisation levels.

Active supervision of the Board of Directors and the Board of Commissioners on the Bank's risk management activities, directly and indirectly, are implemented through the establishment of committees at the level of the Board of Commissioners which are Risk Monitoring & Good Corporate Governance (KPR & GCG) Committee and the Audit Committee. The Executive Committee under the supervision of the Board of Directors consists of Assets & Liabilities Committee (ALCO),Risk Management Committee (RMC), Capital & Investment Committee (CSC), Business Committee (BC), Information Technology Committee (ITC), Human Capital Policy Committee (HCPC), and Credit Committee.

Risk Management Committee (RMC) is the committee directly related to the management of risks, which discusses and recommends policies and procedures as well as monitoring risk profile and managing the entire risks of the company. Moreover, Asset & Liability Committee (ALCO) are also related to risk management in the decision of assets and liabilities management strategy, designation of interest rate and liquidity, along with other aspects related to the management of the company's assets and liabilities.

Risk Monitoring and GCG Committee and Audit Committee are responsible for assessing and evaluating the policies and the implementation of Bank's risk management and it is also responsible for providing recommendations to Board of Commissioners in implementing monitoring function.

The Risk Management Directorate is lead by a Director who reports to the Board of Directors which is a voting member in the Risk and Capital Committee (RCC). The Bank also established a risk management working unit which is under the Risk Management Directorate.

Operationally, the Risk Management Directorate is divided into 2 (two) main functions: 1) Credit Approval as part of four-eye principle, and 2) Independent Risk Management Unit which is divided into two groups: Credit Risk and Portfolio Management Group which manages credit risk and portfolio risk and integrated risk management through ERM, and Market and Operational Risk Group which manages market risk, liquidity risk and operational risk.

The Risk Management Directorate and each strategic business unit are responsible for maintaining/coordinating 8 (eight) types of risk faced by the Bank, discussing and proposing risk management policies and guidelines.

All risks will be disclosed in a quarterly risk profile report and Bank soundness report semi-annually to portrait all risks embedded in the Bank's business activities, including consolidation with subsidiaries' risk.

A. Credit Risk

The Bank's credit risk management is mainly focused to improve the balance between prudent loan expansion and loan maintenance in order to prevent quality deterioration (downgrading) to Non Performing Loan (NPL) category and to optimise capital utilisation to achieve optimum Return On Risk Adjusted Capital (RORAC).

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

To support this objective, the Bank periodically reviews and updates its policies and procedures. These policies and procedures are intended to provide a comprehensive credit risk management guideline for identification, measurement and mitigation of credit risks in the end-to-end loan acceptance process, from market targeting, loan analysis, approval, documentation, disbursement, monitoring and settlement process for troubled/restructured loans.

To improve the Bank’s social role and concern to the environmental risk and as an implementation of Good Corporate Governance (GCG), the Bank has set up a Guideline for Technical Analysis of Environmental and Social in Lending which is used as a reference in analysing environmental risk in a credit analysis. This Guideline is in line with Bank Indonesia regulation regarding Assessing the Quality of Asset on Commercial Bank regulating that the assessment on debtor business process should also consider the debtor’s effort to maintain its environment.

In principle, credit risk management is implemented at both the transactional and portfolio levels. At the transactional level, the Bank has implemented the four-eye principle concept, whereby each loan approval involves Business Unit and Credit Risk Management Unit which work independently to make an objective credit decision. The four-eye principle is executed by Credit Committee according to the authority limit and the loan approval process is conducted through Credit Committee Meeting mechanism. Executive Credit Officer as Credit Committee members, must be highly competent as well as having strong capacity and integrity so that the loan granting process can be conducted objectively, comprehensively and prudently. To monitor the performance of the credit authority holders in approving and maintaining loans, the Bank has developed a database for authority-holder monitoring. By using this system, the Bank can monitor the amount and quality of the loans approved by the credit authority holders, so that the performance of the Executive Credit Officer can be monitored from time to time.

To identify and measure risk of each credit application processed in the transactional level, the Bank uses Rating and Scoring systems. The Rating and Scoring systems consist of Bank Mandiri Rating System (BMRS), Small Medium Enterprise Scoring System (SMESS), Micro Banking Scoring System (MBSS) and Consumer Scoring System (application, behaviour, collection and anti-attrition).

The Bank has also developed a Rating System for Financial Institutions/Banks, called Bank Mandiri Financial Institution Rating (BMFIR), so that the Bank, in granting Credit Line facilities, can identify and measure the risk level of Counterparty Bank which can be tolerated. The Bank is also developing a rating system for Financial Institution - Non Bank, i.e. Multifinance Companies.

To improve the measurement of transactional risk in the overseas branches, the Bank has implemented BMRS. The Bank has also developed a rating system tailored for *Bank Perkreditan Rakyat* (BPR), to enable the Bank in measuring the risk for each individual debtor based on the respective risk rating. Furthermore the Bank has also conducted a calibration on the scoring model for Small Medium Enterprise (SME) therefore the Bank currently has 4 (four) risk measurement models for SME segment.

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

In quarter IV of 2012, in order to maintain consistency level of estimation model, the Bank performed calibration or model development. For the micro segment, the Bank is implementing Collection model and developing Probability of Default (PD) model for *Kredit Usaha Mikro* (KUM). For Business Banking segment, the Bank is performing calibration for credit limit below Rp500 million, 2 – 5 billion limit, and PD model for Capital Charge calculation. For Corporate and commercial segment , the Bank has developed models of Exposure at Default (EAD). While for the Consumer Loan, the Bank is performing calibration on application model for Housing Loans (KPR) which is segmented based on 3 (three) regional segmentations. Moreover, a PD model for the Consumer Loan segment is being developed for unsecured loan (KTA) and *Mitra Karya Mandiri* (MKM), while the application model for *Mitra Karya Mandiri* (MKM) has been implemented in the system. For the Consumer Card segment, the application model is being developed for the areas of Medan, Makassar, Semarang, Balikpapan, and Palembang. Additionally, the PD and LGD model for credit card products and scoring application model for Sales – RCC Bandung has been implemented.

To support the development of these tools, the Bank has issued Guideline for the Development of Credit Rating and Credit Scoring Models, which serves as a complete reference for the Bank in developing credit rating and credit scoring models. In addition, to monitor the performance of credit rating and credit scoring models, the Bank reviews the scoring and rating results conducted by Business Units. By reviewing and monitoring the rating models using validation methodology, the Bank can understand the performance of the models from time to time. At the moment, the model validation is conducted internally by Model Risk Validation unit, which is an independent unit and separated from the model development unit. This is conducted to minimise user's mistake in measuring credit risk, particularly in determining the Probability of Default (PD) value and debtors' rating. In both measuring economic capital for credit risk and to comply with Basel II, the Bank has been developing Long Term PD, and also reviewing Exposure at Default (EAD) and Lost Given Default (LGD) model internally. In order to monitor rating and scoring gathered in the database, the Bank prepares Credit Scoring Review and Rating Outlook which are issued quarterly and semi-annually. The reports contain information concerning scoring and rating parameters presented by industrial sector. The reports are useful for Business Units particularly as a reference in determining targeted customer which are good (performing), so that the quality of credit expansion process will improve.

To implement prudential banking practice for identifying, measuring and monitoring credit risk in the loan approval process, the Bank uses not only Rating and Scoring tools but also uses other tools such as financial spread sheet, a comprehensive Credit Note Analysis (NAK) and Loan Monitoring System in the form of Watch List Tools which have been integrated to Integrated Processing System (IPS)/Loan Origination System (LOS) to cover the end-to-end loan process.

To mitigate credit risk per individual debtor, the Credit Committee makes decision in credit structure including determining the appropriate credit covenants relevant to the needs and conditions of the debtor, so that the loan granted will be effective and profitable for both the debtor and the Bank.

In response to the global economic crisis which has not ended yet, to identify debtors which may experience difficulty in repaying their loan obligation, the Bank conducts early warning analysis called Watch List analysis for all Corporate and Commercial loans with collectability 1 and 2 on quarterly basis using Loan Monitoring System. Based on the analysis, the Bank should determine account strategy and early actions to prevent NPL.

The Bank also conducts Watch List analysis for Business Banking segment using individual method for debtors that have facility limit above 2 (two) billion rupiah (full amount) and portfolio method for debtor that have facility limit up to 2 billion Rupiah (full amount), in order to strengthen the monitoring over Business Banking's debtors. The expectation is that it could become an early warning and therefore could improve the management of NPL (Non Performing Loan) level.

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

At the portfolio level, risk management is conducted through an active portfolio management approach in which the Bank proactively maintains portfolio diversification at optimum levels with risk exposure within the risk appetite level decided by the Bank. In its implementation, the Bank uses several tools called Portfolio Guideline (PG). PG consists of three items i.e. Industry Classification, Industry Acceptance Criteria and Industry Limit.

Industry Classification (IC) classifies industrial sectors into three categories based on the prospects and risks of the corresponding industry. The Bank uses IC in determining the industry target market. The second tool is Industry Acceptance Criteria (IAC) which gives basic criteria (quantitative and qualitative) which serves as key success factors in certain industrial sector. The Bank uses IAC in determining targeted customers. The third tool is Industry Limit (IL) which provides maximum exposure limit which can be given to a particular industrial sector.

PG has fundamentally changed the business process in credit where the Bank now proactively gives priority to industries which give economic value added and select the best companies and individuals within those industries (winner players) which are set as targeted customers. By using this proactive approach, the Bank has successfully attracted the companies that are profitable and classified in the prospective industrial sector. This proactive approach will also prevent risk concentration within one particular industry or particular debtor because the Bank actively limits the exposure through Limit Policies (Industry Limit and Debtor Limit). The Bank has been implementing an integrated Limit Management System Solution to monitor and manage limit and exposures, for both individual and portfolio level.

PG is periodically reviewed and the back testing of PG is conducted regularly so that the guideline will remain relevant and up-to-date and has predictive value at an acceptable level. The Bank has already to reviewed Industry Classification to ensure the appropriateness of industry classification with the recent developments. To support the use of Industry Classification, the Bank set up Industry Portfolio Analysis to identify the performance of the Bank's portfolio in a specific industry sector.

Bank also issues Portfolio Outlook in an ad hoc manner to anticipate the changes of economic conditions which can influence the loan portfolio performance. The issuance of Portfolio Outlook is an early warning before the changes in economic condition as mentioned above affect the loan portfolio performance.

As part of its active portfolio management, the Bank always monitors the development of credit risk portfolio by calculating the Bank's credit risk profile which reflects the inherent risk and the effectiveness of the risk control system. The Bank also monitors the development and the quality of the portfolio based on concentration e.g. per business segment, 25 largest debtors, industrial sector, regions, product type, currency type and risk class. Therefore, the Bank can take anticipatory steps and risk mitigation in both individual and portfolio level.

To monitor the quality and to test the elasticity of portfolio quality (NPL and Yield) to changes in economic variables which can affect the Bank's capital adequacy, the Bank regularly and incidentally (ad hoc) conducts a stress test to the credit portfolio e.g. per large borrower group, business segment, industry and products based on various scenarios. With this stress test, the Bank is able to get an understanding regarding the possibility of negative potentials to the business performance of Bank Mandiri, as well as earlier anticipate and take steps for controlling portfolio and finding the best and optimal solution as short-term and long-term strategies. Therefore, the Bank's portfolio quality and capital adequacy can be well maintained. In anticipating the growth of global economy filled with uncertainties and considering how weak the recovery global economy is, the conduct of stress test in Q2 2013 focuses more on the depreciation of Rupiah and the increase of BI-rate, both which are the points of concern in banking sector.

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

In continuously developing the quality of human resource in risk management, the Bank has developed a Risk Management Academy which has 18 (eighteen) modules, specifically prepared for improving the knowledge and risk awareness of the Bank's employee.

(i) Maximum exposure to credit risk before collateral held and other credit support

Maximum credit risk exposures on financial assets are presented net after allowance for impairment losses without considering collateral and other credit support as at 31 December 2013 and 31 December 2012 are as follows:

	2013	2012
Current accounts with Bank Indonesia	43,904,419	38,272,155
Current accounts with other banks	14,036,484	9,645,504
Placement with Bank Indonesia and other banks	45,113,834	48,238,225
Marketable securities *)		
Government		
Fair value through profit or loss	597,309	202,635
Available for sale	114,626	95,290
Non Government		
Fair value through profit or loss	1,974,474	1,751,203
Available for sale	10,051,962	5,965,512
Held to maturity	3,003,478	2,091,936
At cost	599,563	663,199
Loans and receivables	-	-
Government Bonds **)		
Fair value through profit or loss	1,381,747	2,176,870
Available for sale	57,213,114	53,367,029
Held to maturity	22,467,976	22,341,536
At cost	712,585	1,050,321
Other receivables - trade transactions	7,523,929	5,549,403
Securities purchased under resale agreements	3,737,613	14,515,235
Derivatives receivables	170,878	87,143
Loans		
Corporate	162,334,201	125,042,756
Commercial and Business Banking	157,934,782	137,061,344
Consumer	55,521,352	46,782,161
Micro and Retail	26,242,674	18,518,987
Sharia	48,601,789	43,165,108
Consumer financing receivables	4,511,545	3,828,369
Net investment in finance leases	612,154	327,680
Acceptances receivables	10,114,889	7,920,471
Other assets		
Accrued income	2,563,524	1,926,902
Receivables from customer transactions	1,777,864	890,445
Receivables from transactions related to ATM and credit card	597,376	872,740
Receivable from policyholder	84,781	274,201
Receivable from sale of marketable securities	254	214,351
	683,501,176	**592,838,711**

*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.
**) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

Credit risk exposures relating to administrative accounts net after impairment provision as 31 December 2013 and 2012 are as follows:

	2013	2012
Bank guarantees issued	56,380,588	40,678,003
Committed unused credit facilities granted	28,830,629	29,308,882
Outstanding irrevocable letters of credit	15,135,211	11,879,038
Standby letter of credit	8,652,244	7,889,321
	108,998,672	**89,755,244**

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

The above table represents the maximum financial assets exposure on credit risk to Bank Mandiri and Subsidiaries as at 31 December 2013 and 2012, without taking into account any collateral held or other credit support attached. For financial assets in the statement of financial position, the exposures set out above are based on carrying amounts as reported in the consolidated financial statements.

Concentration of risks of financial assets with credit risk exposure

a) Geographical sectors

The following table breaks down Bank Mandiri's and Subsidiaries' credit exposure at their gross amounts (without taking into account any allowance for impairment losses, collateral held or other credit support), as categorised by geographical region as of 31 December 2013 and 2012. For this table, Bank Mandiri and Subsidiaries have allocated exposures to regions based on the geographical area of where the transactions are recorded.

	2013					
	Jawa Bali	**Sumatera**	**Kalimantan**	**Sulawesi**	**Others**	**Total**
Current accounts with Bank Indonesia	43,904,419	-	-	-	-	43,904,419
Current accounts with other banks	12,600,070	3	16,257	-	1,431,745	14,048,075
Placement with Bank						
Indonesia and other banks	42,488,961	-	-	-	2,730,472	45,219,433
Marketable securities *)						
Government						
Fair value through profit or loss	572,201	-	-	-	25,108	597,309
Available for sale	-	-	-	-	114,626	114,626
Non Government						
Fair value through profit or loss	1,786,910	-	-	-	187,564	1,974,474
Available for sale	9,776,811	-	-	-	275,525	10,052,336
Held to maturity	2,230,777	-	-	-	933,127	3,163,904
At cost	742,619	-	-	-	-	742,619
Loans and receivables	-	-	-	-	13,210	13,210
Government Bonds **)						
Fair value through profit or loss	1,381,747	-	-	-	-	1,381,747
Available for sale	57,170,170	-	-	-	42,944	57,213,114
Held to maturity	22,049,132	-	-	-	418,844	22,467,976
At cost	712,585	-	-	-	-	712,585
Other receivables-trade transactions	8,481,703	-	258	-	466,422	8,948,383
Securities purchased under resale						
agreements	3,737,613	-	-	-	-	3,737,613
Derivatives receivables	170,878	-	-	-	-	170,878
Loans						
Corporate	119,805,908	26,787,874	9,083,723	2,156,552	11,834,584	169,668,641
Commercial and Business Banking	112,026,207	29,600,649	12,864,511	6,985,717	1,512,265	162,989,349
Consumer	41,237,847	6,523,232	3,896,246	4,104,322	841,756	56,603,403
Micro and Retail	15,954,854	6,183,077	1,976,325	2,618,920	1,050,607	27,783,783
Sharia	31,899,657	11,961,106	3,286,796	2,477,604	500,110	50,125,273
Consumer financing receivables	2,783,608	1,292,806	329,595	238,892	-	4,644,901
Net investment in						
finance leases	559,942	517	-	59,232	-	619,691
Acceptances receivables	10,178,370	-	-	-	-	10,178,370
Other assets						
Accrued income	2,051,404	263,654	98,926	73,008	76,532	2,563,524
Receivables from customer						
transactions	1,865,633	-	-	-	-	1,865,633
Receivables from transactions	597,376	-	-	-	-	597,376
related to ATM and credit card	66,147	11,660	3,617	3,357	-	84,781
Receivable to policyholder						
Receivables from sale of marketable						
securities	254	-	-	-	-	254
	546,833,803	**82,624,578**	**31,556,254**	**18,717,604**	**22,455,441**	**702,187,680**

*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.
**) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

a) Geographical sectors (continued)

	2012					
	Jawa Bali	**Sumatera**	**Kalimantan**	**Sulawesi**	**Others**	**Total**
Current accounts with Bank Indonesia	38,272,155	-	-	-	-	38,272,155
Current accounts with other banks	8,934,160	-	5,076	712,536	-	9,651,772
Placement with Bank Indonesia and other banks	45,427,042	-	-	-	2,896,441	48,323,483
Marketable securities *)						
Government						
Fair value through profit or loss	182,942	-	-	-	19,693	202,635
Available for sale	-	-	-	-	95,290	95,290
Non Government						
Fair value through profit or loss	1,696,059	-	-	-	55,144	1,751,203
Available for sale	5,876,840	-	-	-	89,034	5,965,874
Held to maturity	1,656,205	-	-	-	562,367	2,218,572
At cost	806,897	-	-	-	-	806,897
Loans and receivables	-	-	-	-	10,817	10,817
Government Bonds **)						
Fair value through profit or loss	2,163,238	-	-	-	13,632	2,176,870
Available for sale	53,325,409	-	-	-	41,620	53,367,029
Held to maturity	22,155,465	-	-	-	186,071	22,341,536
At cost	1,050,321	-	-	-	-	1,050,321
Other receivables-trade transactions	6,669,516	592	581	-	3,729	6,674,418
Securities purchased under resale agreements	14,515,235	-	-	-	-	14,515,235
Derivatives receivables	86,595	-	-	-	548	87,143
Loans						
Corporate	93,761,230	22,530,757	5,989,515	2,153,407	7,297,866	131,732,775
Commercial and Business Banking	97,313,461	24,760,773	11,876,337	5,930,523	1,151,335	141,032,429
Consumer	34,197,931	5,610,818	3,400,495	3,785,438	754,741	47,749,423
Micro and Retail	12,023,031	4,032,093	1,331,388	1,580,411	673,120	19,640,043
Sharia	27,538,013	11,481,788	2,582,047	2,221,243	603,945	44,427,036
Consumer financing receivables	2,252,422	1,173,845	326,313	166,566	-	3,919,146
Net investment in finance leases	312,671	791	-	15,985	-	329,447
Acceptances receivables	7,957,512	-	-	-	-	7,957,512
Other assets						
Accrued income	1,526,041	204,267	82,328	62,299	51,967	1,926,902
Receivables from customer transactions	985,162	-	-	-	-	985,162
Receivables from transactions related to ATM and credit card	872,740	-	-	-	-	872,740
Receivable to policyholder	274,201	-	-	-	-	274,201
Receivables from sale of marketable securities	214,351	-	-	-	-	214,351
	482,046,845	**69,795,724**	**25,594,080**	**16,628,408**	**14,507,360**	**608,572,417**

Credit risk exposure relating to administrative accounts are as follows:

	2013					
	Jawa Bali	**Sumatera**	**Kalimantan**	**Sulawesi**	**Others**	**Total**
Administrative accounts						
Bank guarantees issued	55,516,417	12,724	11,151	1,556	877,688	56,419,536
Committed unused credit facilities granted	19,960,528	4,545,088	678,338	374,280	3,350,927	28,909,161
Outstanding irrevocable letters of credit	14,280,318	-	-	-	937,812	15,218,130
Standby letter of credit	8,464,320	-	-	-	188,026	8,652,346
	98,221,583	**4,557,812**	**689,489**	**375,836**	**5,354,453**	**109,199,173**

*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.
**) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

a) Geographical sectors (continued)

	2012					
	Jawa Bali	**Sumatera**	**Kalimantan**	**Sulawesi**	**Others**	**Total**
Administrative accounts						
Bank guarantees issued	40,421,058	-	-	-	287,641	40,708,699
Committed unused credit facilities granted	22,538,345	5,153,041	748,651	371,987	568,005	29,380,029
Outstanding irrevocable letters of credit	11,108,552	-	-	-	856,186	11,964,738
Standby letter of credit	7,741,182	-	-	-	149,681	7,890,863
	81,809,137	**5,153,041**	**748,651**	**371,987**	**1,861,513**	**89,944,329**

b) Industry sectors

The following table breaks down Bank's credit exposure at gross amounts (without taking into account any allowance for impairment losses collateral held or other credit support), as categorised by the industry sectors as at 31 December 2013 and 2012.

	2013						
	Government	**Financial institution Bank**	**Manufacturing**	**Agriculture**	**Business services**	**Others**	**Total**
Current accounts with Bank Indonesia	-	43,904,419	-	-	-	-	43,904,419
Current accounts with other banks	-	14,048,075	-	-	-	-	14,048,075
Placement with Bank Indonesia and other banks	-	45,219,433	-	-	-	-	45,219,433
Marketable securities *)							
Government							
Fair value through profit or loss	597,309	-	-	-	-	-	597,309
Available for sale	114,626	-	-	-	-	-	114,626
Non Government							
Fair value through profit or loss	-	1,676,800	54,850	5	233,675	9,144	1,974,474
Available for sale	-	6,344,982	2,475,980	501,040	360,404	369,930	10,052,336
Held to maturity	-	2,088,087	778,000	-	297,817	-	3,163,904
At cost	-	24,814	111,216	-	561,589	45,000	742,619
Loans and receivables	-	-	13,210	-	-	-	13,210
Government Bonds **)							
Fair value through profit or loss	1,381,747	-	-	-	-	-	1,381,747
Available for sale	57,213,114	-	-	-	-	-	57,213,114
Held to maturity	22,467,976	-	-	-	-	-	22,467,976
At cost	712,585	-	-	-	-	-	712,585
Other receivables - trade transactions	-	1,733,109	3,427,968	11,933	186,447	3,588,926	8,948,383
Securities purchased under resale agreements	-	3,737,613	-	-	-	-	3,737,613
Derivatives receivables	-	88,916	57,018	21,459	3,383	102	170,878

*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.
**) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

b) Industry sectors (continued)

	2013						
	Government	**Financial institution Bank**	**Manufacturing**	**Agriculture**	**Business services**	**Others**	**Total**
Loans							
Corporate	1,777,232	1,014,516	41,507,712	34,887,117	16,534,924	73,947,140	169,668,641
Commercial and Business Banking	-	35,848	48,582,184	14,355,865	19,238,557	80,776,895	162,989,349
Consumer	-	-	-	-	10,761,702	45,841,701	56,603,403
Micro and Retail	-	1,238,390	208,846	2,074,325	3,194,093	21,068,129	27,783,783
Sharia	-	2,715,633	2,264,009	1,640,499	9,309,522	34,195,610	50,125,273
Consumer financing receivables	-	-	2,140	2,974	17,069	4,622,718	4,644,901
Net Investment in finance leases	-	-	-	-	77,408	542,283	619,691
Acceptances receivables	-	681,664	487,461	-	-	9,009,245	10,178,370
Other assets							
Accrued income	32,145	121,317	289,348	119,829	128,117	1,872,768	2,563,524
Receivables from customer transactions	-	-	-	-	-	1,865,633	1,865,633
Receivables from transactions related to ATM and credit card	-	-	-	-	-	597,376	597,376
Receivable to policyholder	-	-	-	-	-	84,781	84,781
Receivables from sale of marketable securities	-	254	-	-	-	-	254
	84,296,734	124,673,870	100,259,942	53,615,046	60,904,707	278,437,381	702,187,680

	2012						
	Government	**Financial institution Bank**	**Manufacturing**	**Agriculture**	**Business services**	**Others**	**Total**
Current accounts with Bank Indonesia	38,272,155	-	-	-	-	-	38,272,155
Current accounts with other banks	-	9,651,772	-	-	-	-	9,651,772
Placement with Bank Indonesia and other banks	-	48,323,483	-	-	-	-	48,323,483
Marketable securities *)							
Government							
Fair value through profit or loss	202,635	-	-	-	-	-	202,635
Available for sale	95,290	-	-	-	-	-	95,290
Non Government							
Fair value through profit or loss	-	1,578,017	15,785	10,014	28,881	118,506	1,751,203
Available for sale	-	5,481,648	120,100	200,000	104,112	60,014	5,965,874
Held to maturity	-	1,129,930	555,000	-	310,642	223,000	2,218,572
At cost	-	66,219	240,048	-	455,630	45,000	806,897
Loans and receivables	-	-	10,817	-	-	-	10,817
Government Bonds **)							
Fair value through profit or loss	2,176,870	-	-	-	-	-	2,176,870
Available for sale	53,367,029	-	-	-	-	-	53,367,029
Held to maturity	22,341,536	-	-	-	-	-	22,341,536
At cost	1,050,321	-	-	-	-	-	1,050,321
Other receivables - trade transactions	-	955,418	3,683,388	159,294	176,822	1,699,496	6,674,418
Securities purchased under resale agreements	-	14,380,286				134,949	14,515,235
Derivatives receivables	-	82,569	3,094	-	6	1,474	87,143

*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.
**) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

b) Industry sectors (continued)

	2012						
	Government	Financial institution Bank	Manufacturing	Agriculture	Business services	Others	Total
Loans							
Corporate	858,505	443,886	36,438,281	27,678,134	12,429,042	53,884,927	131,732,775
Commercial and Business Banking	-	1,016	39,923,539	16,356,252	16,208,634	68,542,988	141,032,429
Consumer	-	-	104	-	7,887,694	39,861,625	47,749,423
Micro and Retail	-	1,357,727	216,288	1,583,335	2,804,722	13,677,971	19,640,043
Sharia	-	3,436,384	2,184,067	1,725,653	5,827,397	31,253,535	44,427,036
Consumer financing receivables	-	-	11,088	2,711	23,252	3,882,095	3,919,146
Net Investment in finance leases	-	-	-	-	49,542	279,905	329,447
Acceptances receivables	-	906,828	1,468,988	-	-	5,581,696	7,957,512
Other assets							
Accrued income	52,585	487,776	228,158	96,622	81,896	979,865	1,926,902
Receivables from customer transactions	-	-	-	-	-	985,162	985,162
Receivables from transactions related to ATM and credit card	-	-	-	-	-	872,740	872,740
Receivable to policyholder	-	-	-	-	-	274,201	274,201
Receivables from sale of marketable securities	-	214,351	-	-	-	-	214,351
	118,416,926	**88,497,310**	**85,098,745**	**47,812,015**	**46,388,272**	**221,212,208**	**607,211,125**

Credit risk exposure relating to administrative accounts items are as follows:

	2013						
	Government	Financial institution Bank	Manufacturing	Agriculture	Business services	Others	Total
Administrative accounts							
Bank guarantees issued	25,449	21,881,068	11,996,191	97,756	152,729	22,266,343	56,419,536
Committed unused credit facilities granted	30,588	2,194,560	6,179,895	1,753,712	4,335,647	14,414,759	28,909,161
Outstanding irrevocable letters of credit	-	98,878	3,303,609	10,929	464,094	11,340,620	15,218,130
Standby letter of credit	-	-	794,207	365,100	182,127	7,310,912	8,652,346
	56,037	**24,174,506**	**22,273,902**	**2,227,497**	**5,134,597**	**55,332,634**	**109,199,173**

	2012						
	Government	Financial institution Bank	Manufacturing	Agriculture	Business services	Others	Total
Administrative accounts							
Bank guarantees issued	338	11,064,868	13,332,644	73,539	168,753	16,068,557	40,708,699
Committed unused credit facilities granted	30,149	1,398,050	6,774,845	2,468,645	6,665,847	12,042,493	29,380,029
Outstanding irrevocable letters of credit	-	33,837	2,488,828	26,341	-	9,415,732	11,964,738
Standby letter of credit	-	-	742,279	168,656	701,787	6,278,141	7,890,863
	30,487	**12,496,755**	**23,338,596**	**2,737,181**	**7,536,387**	**43,804,923**	**89,944,329**

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets

As at 31 December 2013 and 2012, exposure to credit risk on financial assets are as follows:

	2013					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Total
Current accounts with Bank Indonesia	43,904,419	-	-	43,904,419	-	43,904,419
Current accounts with other banks	14,043,416	-	4,659	14,048,075	(11,591)	14,036,484
Placement with Bank Indonesia and other banks	45,151,833	-	67,600	45,219,433	(105,599)	45,113,834
Marketable securities *)						
Government						
Fair value through profit or loss	597,309	-	-	597,309	-	597,309
Available for sale	114,626	-	-	114,626	-	114,626
Non Government						
Fair value through profit or loss	1,974,474	-	-	1,974,474	-	1,974,474
Available for sale	10,052,228	-	108	10,052,336	(374)	10,051,962
Held to maturity	2,973,004	-	190,900	3,163,904	(160,426)	3,003,478
At cost	605,619	-	137,000	742,619	(143,056)	599,563
Loans and receivables	-	-	13,210	13,210	(13,210)	-
Government Bonds **)						
Fair value through profit or loss	1,381,747	-	-	1,381,747	-	1,381,747
Available for sale	57,213,114	-	-	57,213,114	-	57,213,114
Held to maturity	22,467,976	-	-	22,467,976	-	22,467,976
At cost	712,585	-	-	712,585	-	712,585
Other receivables - trade transactions	6,141,947	-	2,806,436	8,948,383	(1,424,454)	7,523,929
Securities purchased under resale agreements	3,737,613	-	-	3,737,613	-	3,737,613
Derivatives receivables	170,878	-	-	170,878	-	170,878
Loans						
Corporate	157,986,759	11,755	11,670,127	169,668,641	(7,334,440)	162,334,201
Commercial and Business Banking	154,739,774	2,817,586	5,431,989	162,989,349	(5,054,567)	157,934,782
Consumer	49,297,970	6,214,684	1,090,749	56,603,403	(1,082,051)	55,521,352
Micro and Retail	24,643,781	2,310,422	829,580	27,783,783	(1,541,109)	26,242,674
Sharia	45,890,795	2,063,007	2,171,471	50,125,273	(1,523,484)	48,601,789
Consumer financing receivables	4,261,667	306,429	76,805	4,644,901	(133,356)	4,511,545
Net Investment in finance leases	576,395	29,361	13,935	619,691	(7,537)	612,154
Acceptances receivables	9,931,266	-	247,104	10,178,370	(63,481)	10,114,889
Other assets						
Accrued income	2,563,524	-	-	2,563,524	-	2,563,524
Receivables from customer transactions	1,776,303	-	89,330	1,865,633	(87,769)	1,777,864
Receivables from transactions related to ATM and credit card	597,376	-	-	597,376	-	597,376
Receivable to policyholder	84,781	-	-	84,781	-	84,781
Receivables from sale of marketable securities	254	-	-	254	-	254
	663,593,433	**13,753,244**	**24,841,003**	**702,187,680**	**(18,686,504)**	**683,501,176**

*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.
**) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

	2012					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Total
Current accounts with Bank Indonesia	38,272,155	-	-	38,272,155	-	38,272,155
Current accounts with other banks	9,648,232	-	3,540	9,651,772	(6,268)	9,645,504
Placement with Bank Indonesia and other banks	48,272,129	-	51,354	48,323,483	(85,258)	48,238,225
Marketable securities *)						
Government						
Fair value through profit or loss	202,635	-	-	202,635	-	202,635
Available for sale	95,290	-	-	95,290	-	95,290
Non Government						
Fair value through profit or loss	1,751,203	-	-	1,751,203	-	1,751,203
Available for sale	5,965,785	-	89	5,965,874	(362)	5,965,512
Held to maturity	2,079,517	-	139,055	2,218,572	(126,636)	2,091,936
At cost	669,897	-	137,000	806,897	(143,698)	663,199
Loans and receivables	-	-	10,817	10,817	(10,817)	-
Government Bonds **)						
Fair value through profit or loss	2,176,870	-	-	2,176,870	-	2,176,870
Available for sale	53,367,029	-	-	53,367,029	-	53,367,029
Held to maturity	22,341,536	-	-	22,341,536	-	22,341,536
At cost	1,050,321	-	-	1,050,321	-	1,050,321
Other receivables - trade transactions	3,772,884	7,489	2,894,045	6,674,418	(1,125,015)	5,549,403
Securities purchased under resale agreements	14,515,235	-	-	14,515,235	-	14,515,235
Derivatives receivables	87,143	-	-	87,143	-	87,143
Loans						
Corporate	121,065,728	-	10,667,047	131,732,775	(6,690,019)	125,042,756
Commercial and Business Banking	134,299,464	2,247,925	4,485,040	141,032,429	(3,971,085)	137,061,344
Consumer	43,427,767	3,451,938	869,718	47,749,423	(967,262)	46,782,161
Micro and Retail	17,911,051	1,109,759	619,233	19,640,043	(1,121,056)	18,518,987
Sharia	41,530,343	1,638,031	1,258,662	44,427,036	(1,261,928)	43,165,108
Consumer financing receivables	3,577,945	283,479	57,722	3,919,146	(90,777)	3,828,369
Net Investment in finance leases	308,903	20,544	-	329,447	(1,767)	327,680
Acceptances receivables	6,642,047	-	1,315,465	7,957,512	(37,041)	7,920,471
Other assets						
Accrued income	1,926,902	-	-	1,926,902	-	1,926,902
Receivables from customer transactions	818,946	-	166,216	985,162	(94,717)	890,445
Receivables from transactions related to ATM and credit card	872,740	-	-	872,740	-	872,740
Receivable to policyholder	274,201	-	-	274,201	-	274,201
Receivables from sale of marketable securities	214,351	-	-	214,351	-	214,351
	577,138,249	**8,759,165**	**22,675,003**	**608,572,417**	**(15,733,706)**	**592,838,711**

As at 31 December 2013 and 31 December 2012, exposure to credit risk on administrative accounts are as follows:

	2013					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Total
Administrative accounts						
Bank guarantees issued	48,299,302	-	8,120,234	56,419,536	(38,948)	56,380,588
Committed unused loan facilities granted	28,433,865	-	475,296	28,909,161	(78,532)	28,830,629
Outstanding irrevocable letters of credit	13,847,770	-	1,370,360	15,218,130	(82,919)	15,135,211
Standby letter of credit	8,652,346	-	-	8,652,346	(102)	8,652,244
	99,233,283	**-**	**9,965,890**	**109,199,173**	**(200,501)**	**108,998,672**

*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.
**) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

	2012					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Total
Administrative accounts						
Bank guarantees issued	32,664,094	-	8,044,605	40,708,699	(30,696)	40,678,003
Committed unused loan facilities granted	27,695,974	-	1,684,055	29,380,029	(71,147)	29,308,882
Outstanding irrevocable letters of credit	11,125,309	-	839,429	11,964,738	(85,700)	11,879,038
Standby letter of credit	7,889,321	-	1,542	7,890,863	(1,542)	7,889,321
	79,374,698	**-**	**10,569,631**	**89,944,329**	**(189,085)**	**89,755,244**

As at 31 December 2013 and 2012, details of the quality of loans that are neither past due nor impaired based on internal ratings are as follows:

	2013		
	Not under monitoring	**Under monitoring**	**Total**
Assets			
Current accounts with Bank Indonesia	43,904,419	-	43,904,419
Current accounts with other banks	14,043,416	-	14,043,416
Placement with Bank Indonesia and other banks	45,151,833	-	45,151,833
Marketable securities *)			
Government			
Fair value through profit or loss	597,309	-	597,309
Available for sale	114,626	-	114,626
Non Government			
Fair value through profit or loss	1,974,474	-	1,974,474
Available for sale	10,052,228	-	10,052,228
Held to maturity	2,959,365	13,639	2,973,004
At cost	605,619	-	605,619
Loans and receivables	-	-	-
Government Bonds **)			
Fair value through profit or loss	1,381,747	-	1,381,747
Available for sale	57,213,114	-	57,213,114
Held to maturity	22,467,976	-	22,467,976
At cost	712,585	-	712,585
Other receivables - trade transactions	5,159,351	982,596	6,141,947
Securities purchased under resale agreements	3,737,613	-	3,737,613
Derivatives receivables	170,878	-	170,878
Loans			
Corporate	142,472,699	15,514,060	157,986,759
Commercial and Business Banking	145,537,095	9,202,679	154,739,774
Consumer	49,297,970	-	49,297,970
Micro and Retail	24,643,781	-	24,643,781
Sharia	45,890,795	-	45,890,795
Consumer financing receivables	2,080,847	2,180,820	4,261,667
Net Investment in finance leases	399,827	176,568	576,395
Acceptances receivables	8,712,777	1,218,489	9,931,266
Other assets			
Accrued income	2,563,524	-	2,563,524
Receivables from customer transactions	1,776,303	-	1,776,303
Receivables from transactions related to ATM and credit card	597,376	-	597,376
Receivable to policyholder	84,781	-	84,781
Receivables from sale of marketable securities	254	-	254
Total	**634,304,582**	**29,288,851**	**663,593,433**

*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.
**) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

	2012		
	Not under monitoring	**Under monitoring**	**Total**
Assets			
Current accounts with Bank Indonesia	38,272,155	-	38,272,155
Current accounts with other banks	9,648,232	-	9,648,232
Placement with Bank Indonesia and other banks	48,272,129	-	48,272,129
Marketable securities *)			
Government			
Fair value through profit or loss	202,635	-	202,635
Available for sale	95,290	-	95,290
Non Government			
Fair value through profit or loss	1,751,203	-	1,751,203
Available for sale	5,965,785	-	5,965,785
Held to maturity	2,015,020	64,497	2,079,517
At cost	669,897	-	669,897
Loans and receivables	-	-	-
Government Bonds **)			
Fair value through profit or loss	2,176,870	-	2,176,870
Available for sale	53,367,029	-	53,367,029
Held to maturity	22,341,536	-	22,341,536
At cost	1,050,321	-	1,050,321
Other receivables - trade transactions	2,112,727	1,660,157	3,772,884
Securities purchased under resale agreements	14,515,235	-	14,515,235
Derivatives receivables	87,143	-	87,143
Loans			
Corporate	119,557,667	1,508,061	121,065,728
Commercial and Business Banking	128,586,796	5,712,668	134,299,464
Consumer	43,427,767	-	43,427,767
Micro and Retail	17,911,051	-	17,911,051
Sharia	41,530,343	-	41,530,343
Consumer financing receivables	1,644,451	1,933,494	3,577,945
Net Investment in finance leases	172,502	136,401	308,903
Acceptances receivables	5,172,719	1,469,328	6,642,047
Other assets			
Accrued income	1,926,902	-	1,926,902
Receivables from transactions related to ATM and credit card	872,740	-	872,740
Receivables from customer transactions	818,946	-	818,946
Receivable to policyholder	274,201	-	274,201
Receivables from sale of marketable securities	214,351	-	214,351
Total	**564,653,643**	**12,484,606**	**577,138,249**

As at 31 December 2013 and 2012, details of the loan's quality of administrative account that are neither past due nor impaired based on internal ratings are as follows:

	2013		
	Not under monitoring	**Under monitoring**	**Total**
Administrative accounts			
Bank guarantees issued	47,709,398	589,904	48,299,302
Committed unused loan facilities granted	27,870,525	563,340	28,433,865
Outstanding irrevocable letters of credit	11,689,200	2,158,570	13,847,770
Standby letter of credit	8,371,796	280,550	8,652,346
	95,640,919	**3,592,364**	**99,233,283**

*) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.
**) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

	2012		
	Not under monitoring	Under monitoring	Total
Administrative accounts			
Bank guarantees issued	32,540,322	123,772	32,664,094
Committed unused loan facilities granted	27,480,861	215,113	27,695,974
Outstanding irrevocable letters of credit	9,871,929	1,253,380	11,125,309
Standby letter of credit	7,725,678	163,643	7,889,321
	77,618,790	**1,755,908**	**79,374,698**

The credit quality of financial assets that are neither past due nor impaired is explained as follows:

- Not under monitoring
  There is no doubt on the recovery of the financial assets;

- Under monitoring

  Bank Mandiri:
  There are certain considerations in relation to the debtor's ability in repaying the loan at maturity date. However, up to 31 December 2013 and 2012 there was no late payment in term of principal installment as well as interest at maturity date. This amount included credit exposure on marketable securities (export bills), other receivables - trade transactions and acceptance receivables with Bank Indonesia's collectibility 2 but have no overdue as at 31 December 2013 and 31 December 2012.

  Subsidiaries:
  Financial assets which have experienced past due in the past but no overdue as at 31 December 2013 and 31 December 2012.

Financial assets that were past due, but not impaired can be disaggregated based on days overdue at 31 December 2013 and 31 December 2012 as follows:

	2013			
	1 - 30 days	31 - 60 days	61 - 90 days	Total
Assets				
Loans				
Corporate	11,755	-	-	11,755
Commercial and Business Banking	1,757,189	540,986	519,411	2,817,586
Consumer	5,099,735	638,381	476,568	6,214,684
Micro and Retail	1,727,348	306,227	276,847	2,310,422
Sharia	1,143,850	277,571	641,586	2,063,007
Consumer financing receivables	215,377	65,433	25,619	306,429
Net Investment in finance leases	24,892	538	3,931	29,361
	9,980,146	**1,829,136**	**1,943,962**	**13,753,244**

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

c) Credit quality of financial assets (continued)

	2012			
	1 - 30 days	**31 - 60 days**	**61 - 90 days**	**Total**
Assets				
Other receivables - trade transactions	7,489	-	-	7,489
Loans				
Corporate	-	-	-	-
Commercial and Business Banking	1,085,510	561,105	601,310	2,247,925
Consumer	2,410,667	575,942	465,329	3,451,938
Micro and Retail	596,201	255,981	257,577	1,109,759
Sharia	1,194,808	173,700	269,523	1,638,031
Consumer financing receivables	194,334	64,426	24,719	283,479
Net Investment in finance leases	20,544	-	-	20,544
	5,509,553	**1,631,154**	**1,618,458**	**8,759,165**

(ii) Loans

The gross amount of impaired loans, along with the provision for impairment, by class of asset at 31 December 2013, are summarised in the tables below:

	2013					
	Corporate	**Commercial and Business Banking**	**Consumer**	**Micro and Retail**	**Sharia**	**Total**
Individually Impaired						
Gross amount	9,132,532	3,899,302	-	20,900	-	13,052,734
Impairment provision	(7,055,726)	(2,507,298)	-	(19,979)	-	(9,583,003)
Carrying amount	2,076,806	1,392,004	-	921	-	3,469,731
Collectively impaired						
Gross amount	2,537,595 *)	1,532,687 *)	1,090,749	808,680	2,171,471	8,141,182
Impairment provision	(4,469)	(732,782)	(488,084)	(471,680)	(920,583)	(2,617,598)
Carrying amount	2,533,126	799,905	602,665	337,000	1,250,888	5,523,584
Total gross amount	11,670,127	5,431,989	1,090,749	829,580	2,171,471	21,193,916
Total impairment provision	(7,060,195)	(3,240,080)	(488,084)	(491,659)	(920,583)	(12,200,601)
Total carrying amount	**4,609,932**	**2,191,909**	**602,665**	**337,921**	**1,250,888**	**8,993,315**

*) Represent restructured and non performing debtors which had been subject to individual assessment but not impairment loss are recognised and therefore are collectively assessed.

	2012					
	Corporate	**Commercial and Business Banking**	**Consumer**	**Micro and Retail**	**Sharia**	**Total**
Individually Impaired						
Gross amount	8,669,697	3,414,735	-	19,358	-	12,103,790
Impairment provision	(6,443,394)	(1,839,522)	-	(19,114)	-	(8,302,030)
Carrying amount	2,226,303	1,575,213	-	244	-	3,801,760
Collectively impaired						
Gross amount	1,997,350 *)	1,070,305 *)	869,718	599,875	1,258,662	5,795,910
Impairment provision	(4,012)	(482,076)	(443,973)	(347,887)	(753,059)	(2,031,007)
Carrying amount	1,993,338	588,229	425,745	251,988	505,603	3,764,903
Total gross amount	10,667,047	4,485,040	869,718	619,233	1,258,662	17,899,700
Total impairment provision	(6,447,406)	(2,321,598)	(443,973)	(367,001)	(753,059)	(10,333,037)
Total carrying amount	**4,219,641**	**2,163,442**	**425,745**	**252,232**	**505,603**	**7,566,663**

*) Represent restructured and non performing debtors which had been subject to individual assessment but not impairment loss are recognised and therefore are collectively assessed.

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(iii) Current accounts with other banks

	2013		
	Non-impaired (collective assessment)*)	**Impaired (individual assessment)**	**Total**
Rupiah	201,729	-	201,729
Foreign currencies	13,841,687	4,659	13,846,346
Total	14,043,416	4,659	14,048,075
Less: Allowance for impairment losses	(6,932)	(4,659)	(11,591)
	14,036,484	**-**	**14,036,484**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

	2012		
	Non-impaired (collective assessment)*)	**Impaired (individual assessment)**	**Total**
Rupiah	141,681	-	141,681
Foreign currencies	9,506,551	3,540	9,510,091
Total	9,648,232	3,540	9,651,772
Less: Allowance for impairment losses	(2,728)	(3,540)	(6,268)
	9,645,504	**-**	**9,645,504**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

(iv) Placement with Bank Indonesia and other banks

	2013		
	Non-impaired (collective assessment)*)	**Impaired (individual assessment)**	**Total**
Rupiah:			
Bank Indonesia	18,795,721	-	18,795,721
Call money	2,785,000	-	2,785,000
Time deposits	2,106,101	-	2,106,101
Saving	1,373	-	1,373
Total Rupiah	23,688,195	-	23,688,195
Foreign currencies:			
Bank Indonesia	15,821,000	-	15,821,000
Call money	3,751,527	66,079	3,817,606
“Fixed-Term” Placement	1,879,969	1,521	1,881,490
Time deposit	11,142	-	11,142
Total foreign currencies	21,463,638	67,600	21,531,238
Total	45,151,833	67,600	45,219,433
Less: Allowance for impairment losses	(37,999)	(67,600)	(105,599)
	45,113,834	**-**	**45,113,834**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(iv) Placement with Bank Indonesia and other banks (continued)

	2012		
	Non-impaired (collective assessment)*)	**Impaired (individual assessment)**	**Total**
Rupiah:			
Bank Indonesia	27,377,204	-	27,377,204
Call money	3,370,000	-	3,370,000
Time deposits	1,633,462	-	1,633,462
Saving	824	-	824
Total Rupiah	32,381,490	-	32,381,490
Foreign currencies:			
Bank Indonesia	9,637,500	-	9,637,500
Call money	4,013,557	50,198	4,063,755
“Fixed-Term” Placement	2,138,741	1,156	2,139,897
Time deposit	100,841	-	100,841
Total foreign currencies	15,890,639	51,354	15,941,993
Total	48,272,129	51,354	48,323,483
Less: Allowance for impairment losses	(33,904)	(51,354)	(85,258)
	48,238,225	**-**	**48,238,225**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

(v) Marketable securities

	2013		
	Non-impaired (collective assessment)*)	**Impaired (individual assessment)**	**Total**
Government			
Rupiah			
Bonds	572,200	-	572,200
Foreign currencies:			
Treasury bills	139,735	-	139,735
Total Government	711,935	-	711,935
Non Government			
Rupiah:			
Investments in mutual fund	6,430,396	-	6,430,396
Bonds	3,444,560	86,768	3,531,328
Sharia Corporate bonds	593,841	137,000	730,841
Medium term notes	601,040	-	601,040
Export bills	157,068	23,695	180,763
Certificates of Bank Indonesia	134,766	-	134,766
Shares	479	-	479
Total Rupiah	11,362,150	247,463	11,609,613
Foreign currencies:			
Export bills	1,708,827	80,437	1,789,264
Treasury bills	187,563	-	187,563
Bonds	2,346,785	13,210	2,359,995
Shares	-	108	108
Total foreign currencies	4,243,175	93,755	4,336,930
Total Non Government	15,605,325	341,218	15,946,543
Total	16,317,260	341,218	16,658,478
Less: Allowance for impairment losses	(16,246)	(300,820)	(317,066)
	16,301,014	**40,398**	**16,341,412**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(v) Marketable securities (continued)

	2012		
	Non-impaired (collective assessment)*)	**Impaired (individual assessment)**	**Total**
Government			
Foreign currencies:			
Treasury bills	297,925	-	297,925
Total Government	297,925	-	297,925
Non Government			
Rupiah:			
Investments in mutual fund	6,127,968	-	6,127,968
Bonds	2,140,996	86,527	2,227,523
Sharia Corporate bonds	646,728	137,000	783,728
Medium term notes	290,013	-	290,013
Export bills	135,584	-	135,584
Certificates of Bank Indonesia	39,254	-	39,254
Shares	16,037	-	16,037
Total Rupiah	9,396,580	223,527	9,620,107
Foreign currencies:			
Export bills	1,014,678	52,528	1,067,206
Treasury bills	55,144	-	55,144
Bonds	-	10,817	10,817
Shares	-	89	89
Total foreign currencies	1,069,822	63,434	1,133,256
Total Non Government	10,466,402	286,961	10,753,363
Total	10,764,327	286,961	11,051,288
Less: Allowance for impairment losses	(14,547)	(266,966)	(281,513)
	10,749,780	**19,995**	**10,769,775**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

(vi) Other receivables - trade transactions

	2013		
	Non-impaired (collective assessment)*)	**Impaired (individual assessment)**	**Total**
Rupiah:			
Usance L/C payable at sight	672,234	28,485	700,719
Others	2,294,038	1,486,839	3,780,877
Total Rupiah	2,966,272	1,515,324	4,481,596
Foreign currencies:			
Usance L/C payable at sight	2,041,602	373,307	2,414,909
Others	1,134,073	917,805	2,051,878
Total foreign currencies	3,175,675	1,291,112	4,466,787
Total	6,141,947	2,806,436	8,948,383
Less: Allowance for impairment losses	(18,322)	(1,406,132)	(1,424,454)
	6,123,625	**1,400,304**	**7,523,929**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(vi) Other receivables - trade transactions (continued)

	2012		
	Non-impaired (collective assessment)*)	**Impaired (individual assessment)**	**Total**
Rupiah:			
Usance L/C payable at sight	358,740	44,948	403,688
Others	864,110	1,776,258	2,640,368
Total Rupiah	1,222,850	1,821,206	3,044,056
Foreign currencies:			
Usance L/C payable at sight	2,394,155	356,388	2,750,543
Others	163,368	716,451	879,819
Total foreign currencies	2,557,523	1,072,839	3,630,362
Total	3,780,373	2,894,045	6,674,418
Less: Allowance for impairment losses	(19,661)	(1,105,354)	(1,125,015)
	3,760,712	**1,788,691**	**5,549,403**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

(vii) Acceptance receivables

	2013		
	Non-impaired (collective assessment)	**Impaired (individual assessment)**	**Total**
Rupiah	650,861	81,296	732,157
Foreign currencies	9,280,405	165,808	9,446,213
Total	9,931,266	247,104	10,178,370
Less: Allowance for impairment losses	(35,388)	(28,093)	(63,481)
	9,895,878	**219,011**	**10,114,889**

	2012		
	Non-impaired (collective assessment)	**Impaired (individual assessment)**	**Total**
Rupiah	362,562	177,335	539,897
Foreign currencies	6,279,485	1,138,130	7,417,615
Total	6,642,047	1,315,465	7,957,512
Less: Allowance for impairment losses	(24,365)	(12,676)	(37,041)
	6,617,682	**1,302,789**	**7,920,471**

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(viii) Consumer financing receivables

	2013		
	Non-impaired (collective assessment)	**Impaired (individual assessment)**	**Total**
Rupiah	4,568,096	76,805	4,644,901
Foreign currencies	-	-	-
Total	4,568,096	76,805	4,644,901
Less: Allowance for impairment losses	(107,346)	(26,010)	(133,356)
	4,460,750	**50,795**	**4,511,545**

	2012		
	Non-impaired (collective assessment)	**Impaired (individual assessment)**	**Total**
Rupiah	3,861,424	57,722	3,919,146
Foreign currencies	-	-	-
Total	3,861,424	57,722	3,919,146
Less: Allowance for impairment losses	(73,483)	(17,294)	(90,777)
	3,787,941	**40,428**	**3,828,369**

(ix) Investment in finance lease

	2013		
	Non-impaired (collective assessment)	**Impaired (individual assessment)**	**Total**
Rupiah	605,756	13,935	619,691
Foreign currencies	-	-	-
Total	605,756	13,935	619,691
Less: Allowance for impairment losses	(4,161)	(3,376)	(7,537)
	601,595	**10,559**	**612,154**

	2012		
	Non-impaired (collective assessment)	**Impaired (individual assessment)**	**Total**
Rupiah	329,447	-	329,447
Foreign currencies	-	-	-
Total	329,447	-	329,447
Less: Allowance for impairment losses	(1,767)	-	(1,767)
	327,680	**-**	**327,680**

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(x) Estimated losses on commitments and contingencies

	2013		
	Non-impaired *) **)	Impaired (individual assessment)	Total
Rupiah:			
Bank guarantees issued	17,488,468	6,289,497	23,777,965
Committed unused loan facilities granted	23,108,797	394,720	23,503,517
Outstanding irrevocable letters of credit	2,173,772	865,481	3,039,253
Standby letters of credit	1,626,837	-	1,626,837
Total Rupiah	44,397,874	7,549,698	51,947,572
Foreign currencies:			
Bank guarantees issued	30,810,835	1,830,736	32,641,571
Committed unused loan facilities granted	5,325,068	80,576	5,405,644
Outstanding irrevocable letters of credit	11,673,997	504,880	12,178,877
Standby letters of credit	7,025,509	-	7,025,509
Total foreign currencies	54,835,409	2,416,192	57,251,601
Total	99,233,283	9,965,890	109,199,173
Less: Allowance for impairment losses	(6,847)	(193,654)	(200,501)
	99,226,436	**9,772,236**	**108,998,672**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.
**) Including balance amounting to Rp38,979 which is classified as "special mention" and the calculation of provision for impairment losses is collectively assessed amounting to Rp6,847.

	2012		
	Non-impaired *) **)	Impaired (individual assessment)	Total
Rupiah:			
Committed unused loan facilities granted	25,139,679	1,565,883	26,705,562
Bank guarantees issued	13,525,053	6,714,275	20,239,328
Outstanding irrevocable letters of credit	1,482,296	573,159	2,055,455
Standby letters of credit	2,302,326	-	2,302,326
Total Rupiah	42,449,354	8,853,317	51,302,671
Foreign currencies:			
Committed unused loan facilities granted	2,556,295	118,172	2,674,467
Bank guarantees issued	19,139,041	1,330,330	20,469,371
Outstanding irrevocable letters of credit	9,643,013	266,270	9,909,283
Standby letters of credit	5,586,995	1,542	5,588,537
Total foreign currencies	36,925,344	1,716,314	38,641,658
Total	79,374,698	10,569,631	89,944,329
Less: Allowance for impairment losses	(6,048)	(183,037)	(189,085)
	79,368,650	**10,386,594**	**89,755,244**

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.
**) Including balance amounting to Rp43,073 which is classified as "special mention" and the calculation of provision for impairment losses is collectively assessed amounting to Rp6,048.

61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk

(i) Liquidity Risk Management

Liquidity risk represents potential loss due to the Bank's inability to meet all financial liabilities when they due from its financing cash flows and/or high quality liquid assets that can be pledged, without negatively impacting the Bank's activities and financial condition. The Bank's liquidity is influenced by the funding structure, asset liquidity, liabilities to counterparty and loan commitment to debtors. Liquidity risk is also caused by inability of the Bank to provide liquidity at fair price which would impact the profitability and capital of the Bank.

The Bank's liquidity risk is measured through several indicators, which among others include primary reserve ratio (GWM ratio and cash), secondary reserve (liquidity reserve), loan to deposit ratio (LDR) and dependency on large customer deposits. GWM is a minimum current account required to be maintained by the Bank in the form of current accounts with Bank Indonesia or securities in which the minimum amount is set by Bank Indonesia based on certain percentage from total customer deposits (DPK).

As at 31 December 2013, the Bank maintained primary reserve of 8.00% from total outstanding deposit denominated in Rupiah in accordance with the regulated limit, GWM LDR reserve of 0.00% and GWM secondary reserve of 18.08% from the outstanding deposit denominated in Rupiah. Meanwhile for the foreign exchange, the Bank maintained GWM at 8.10% from the outstanding deposits denominated in foreign exchange in accordance with the required regulatory limit.

Secondary reserve (liquidity reserve) is the Bank's liquidity to support primary reserve as liquidity reserve to anticipate unexpected needs of fund. In managing the secondary reserve, the Bank has liquidity reserve limit in the form of safety level limit, which represents the Bank's liquidity reserve projection for three subsequent months. As at 31 December 2013, the liquidity reserve balance is above safety level (unaudited).

LDR is a ratio of loan to third parties in Rupiah and foreign currency against total deposits. LDR is used to measure the portion of illiquid long-term asset in form of loans that are funded by deposits, which are usually short-term in nature. As at 31 December 2013, the Bank's LDR is 84.60%, which is categorised as "very liquid" in the assessment of Bank Soundness (*Tingkat Kesehatan Bank*).

The Bank uses liquidity gap methodology to project its liquidity conditions in the future. Liquidity gap is created on the basis of maturity mismatch between the components of assets and liabilities (including off-balance sheet), which are organised into time periods (time buckets) based on their contractual maturity or behavioral maturity. As at 31 December 2013, the Bank's liquidity forecast up to 12 months in the future is at an optimal surplus position. Currently, Bank's already prepared in order to deal with the possibility of market liquidity diminish due to the upward trend in interest rates.

To determine the impact of changes in market factors and internal factors in extreme conditions (crisis) to the condition of liquidity, the Bank conducts stress testing of liquidity risk on a regular basis. The results of stress-testing per 30 September 2013 which was presented to the Management and Risk Monitoring Committee shows that in times of crisis, the liquidity conditions remain optimal in a surplus position. The Bank has Liquidity Contingency Plan (LCP) which covers funding strategy and pricing strategy. The funding strategy consists of money market lending, repo, bilateral loan, FX swap, sale of marketable securities. In LCP, the determination of liquidity condition and funding strategies has taken internal and external conditions into consideration.

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk

(i) Liquidity Risk Management (continued)

In order to anticipate direct and indirect impacts from European crisis to the Bank's liquidity condition and business, the Bank has activated Business Command Center (BCC) to manage and monitor intensively the liquidity condition and Loan to Deposit Ratio (LDR) in foreign currency. BCC manages the adequacy of Bank's liquidity and foreign currency LDR by providing foreign currency liquidity for selective credit disbursement and monitoring the movement of foreign currency source of fund on a daily basis. Therefore, the foreign currency liquidity reserve can be maintained above the minimum liquidity reserve and LDR limits. BCC also coordinates programs to improve the source of funds for cheap and stable foreign currency.

To increase awareness of unstable economic condition, either from crisis in Europe or various domestic issues, BCC also monitors external indicators, including USD/IDR exchange rate, Indonesia's five year Credit Default Swap (CDS), Spread between 5-years ROI compared with 5-years UST, composite stock price index (IHSG), Rupiah interest rate and USD interbank, Non Delivery Forward (NDF) USD/IDR IM and the latest market informations.

Since the activation of BCC, the Bank's foreign currency liquidity reserve can be controlled over the limit and the foreign currency LDR realisation is at the maximum level of 85%.

The maturity profile as at 31 December 2013 and 2012 are based on the remaining period from these dates. Historically, there was a large portion of deposits to be renewed upon maturity. If there is a need for liquidity, Government Bonds (fair value through profit and loss and available for sale) can be liquidated by selling or using it as collateral in interbank market. Steps taken by the Bank in managing the maturity gap between monetary assets and liabilities is by setting a gap limit which has been adjusted with the Bank's and its Subsidiaries' ability to obtain immediate liquidity.

The maturity profile of financial assets and liabilities presented using "discounted" cash flows method is as follows:

				2013				
Description	**Total**	**No maturity Contract**	**Less than 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**More than 3 years**
Assets								
Current accounts with Bank Indonesia	43,904,419	-	43,904,419	-	-	-	-	-
Current accounts with other banks - gross	14,048,075	-	14,043,416	-	-	-	4,659	-
Placements with Bank Indonesia and other banks - gross	45,219,433	1,373	43,954,749	739,262	451,449	5,000	67,600	-
Marketable securities - gross	27,119,614	11,320,938	1,532,767	656,046	849,961	1,804,544	5,907,151	5,048,207
Government Bonds	82,227,428	-	-	1,676,924	2,193,940	2,331,306	15,595,465	60,429,793
Other receivables-trade transactions - gross	8,948,383	-	2,134,816	3,418,925	2,360,346	42,881	-	991,415
Securities purchased under resale agreements - gross	3,737,613	-	3,528,330	-	209,283	-	-	-
Derivative receivables - gross	170,878	-	67,411	60,427	11,993	21,143	9,904	-
Loans - gross	467,170,449	-	26,757,680	41,825,558	43,556,313	84,188,905	70,729,092	200,112,901
Consumer financing receivables - gross	4,644,901	-	155,548	309,232	446,017	857,443	2,481,137	395,524
Net Investment finance lease	619,691	-	26,846	55,598	74,402	146,742	316,103	-
Acceptance receivables - gross	10,178,370	-	3,262,723	3,743,463	2,859,445	312,739	-	-
Other assets - gross	5,111,568	84,781	3,244,665	222,017	179,813	349,634	354,286	676,372
	713,100,822	**11,407,092**	**142,613,370**	**52,707,452**	**53,192,962**	**90,060,337**	**95,465,397**	**267,654,212**
Allowance for impairment losses	(18,686,504)							
Total	**694,414,318**							

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk

(i) Liquidity Risk Management (continued)

The maturity profile of financial assets and liabilities presented using "discounted" cash flows method is as follows (continued):

2013								
Description	**Total**	**No maturity Contract**	**Less than 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**More than 3 years**
Liabilities								
Deposit from customers								
Demand deposits	123,427,649	-	123,427,649	-	-	-	-	-
Saving deposits	216,017,610	-	216,017,610	-	-	-	-	-
Time deposits	169,550,997	-	124,058,734	29,183,396	7,783,782	8,272,470	252,615	-
Deposits from other banks								
Demand and saving deposits	3,053,019	-	3,053,019	-	-	-	-	-
Interbank call money	1,280,850	-	1,280,850	-	-	-	-	-
Time deposits	8,109,444	-	7,150,699	896,650	16,325	45,170	600	-
Liabilities sold with repo agreements	4,656,149	-	2,123,705	-	-	-	-	2,532,444
Derivative payables	226,168	-	62,858	98,005	40,247	25,058	-	-
Acceptance payables	10,178,370	-	3,262,723	3,743,463	2,859,445	312,739	-	-
Marketable securities issued	1,779,597	-	105,862	-	349,715	-	749,392	574,628
Accrued expenses	3,326,475	113,360	3,148,459	45,042	17,266	2,348	-	-
Other liabilities	4,693,648	35,395	2,273,207	2,101,919	283,127	-	-	-
Fund borrowings	15,997,188	-	840,767	585,742	124,091	580,520	12,145,813	1,720,255
Subordinated loans	4,465,615	-	3,540	697,805	-	14,192	3,555,356	194,722
	566,762,779	**148,755**	**486,809,682**	**37,352,022**	**11,473,998**	**9,252,497**	**16,703,776**	**5,022,049**
Maturity gap	**146,338,043**	**11,258,337**	**(344,196,312)**	**15,355,430**	**41,718,964**	**80,807,840**	**78,761,621**	**262,632,163**
Net position, net of allowance for impairment losses	**127,651,539**							

2012								
Description	**Total**	**No maturity Contract**	**Less than 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**More than 3 years**
Assets								
Current accounts with Bank Indonesia	38,272,155	-	38,272,155	-	-	-	-	-
Current accounts with other banks - gross	9,651,772	-	9,648,232	-	-	-	3,540	-
Placements with Bank Indonesia and other banks - gross	48,323,483	824	46,472,339	1,624,674	155,792	18,500	51,354	-
Marketable securities - gross	20,605,366	10,266,477	558,915	561,747	672,866	226,031	6,703,074	1,616,256
Government Bonds	79,072,173	-	-	657,375	-	395,050	6,639,170	71,380,578
Other receivables-trade transactions - gross	6,674,418	-	1,730,657	2,592,343	1,518,925	16,781	234	815,478
Securities purchased under resale agreements - gross	14,515,235	-	7,161,097	7,219,189	134,949	-	-	-
Derivative receivables - gross	87,143	-	60,771	25,979	393	-	-	-
Loans - gross	384,581,706	-	5,672,166	47,819,275	31,718,462	68,733,843	72,358,451	158,279,509
Consumer financing receivables - gross	3,919,146	-	158,138	315,343	454,359	831,399	1,934,603	225,304
Net Investment finance lease	329,447	-	11,247	22,849	35,184	70,864	183,137	6,166
Acceptance receivables - gross	7,957,512	-	1,478,662	3,666,604	2,160,329	651,917	-	-
Other assets - gross	4,273,356	274,201	2,673,475	203,680	117,245	211,715	307,744	485,296
	618,262,912	**10,541,502**	**113,897,854**	**64,709,058**	**36,968,504**	**71,156,100**	**88,181,307**	**232,808,587**
Allowance for impairment losses	(15,733,706)							
Total	**602,529,206**							

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk

(i) Liquidity Risk Management (continued)

2012

Description	Total	No maturity Contract	Less than 1 month	1-3 months	3-6 months	6-12 months	1-3 years	More than 3 years
Liabilities								
Deposit from customers								
Demand deposits	113,907,856	-	113,907,856	-	-	-	-	-
Saving deposits	183,969,756	-	183,969,756	-	-	-	-	-
Time deposits	144,960,251	-	106,518,947	27,406,443	8,675,691	2,161,745	197,425	-
Deposits from other banks								
Demand and saving deposits	2,245,490	-	2,245,490	-	-	-	-	-
Interbank call money	327,100	-	278,913	48,187	-	-	-	-
Time deposits	11,444,247	-	10,822,774	400,775	173,453	46,345	900	-
Derivative payables	113,257	-	35,607	47,412	3,173	4,005	23,060	-
Acceptance payables	7,957,512	-	1,478,662	3,666,604	2,160,329	651,917	-	-
Marketable securities issued	1,545,876	-	296,076	-	51,943	-	697,857	500,000
Accrued expenses	2,344,762	17,836	2,244,127	82,799	-	-	-	-
Other liabilities	5,329,913	33,120	2,312,427	1,908,393	1,075,973	-	-	-
Fund borrowings	11,608,832	-	286,508	643,749	9,805	4,375	3,577,573	7,086,822
Subordinated loans	5,137,950	-	2,763	17,153	-	13,415	1,430,730	3,673,889
	490,892,802	**50,956**	**424,399,906**	**34,221,515**	**12,150,367**	**2,881,802**	**5,927,545**	**11,260,711**
Maturity gap	**127,370,110**	**10,490,546**	**(310,502,052)**	**30,487,543**	**24,818,137**	**68,274,298**	**82,253,762**	**221,547,876**
Net position, net of allowance for impairment losses	**111,636,404**							

The following table provides information regarding maturities contractual undiscounted cash flows of liabilities at 31 December 2013 and 31 December 2012:

2013

Description	Total	No maturity Contract	Less than 1 month	1-3 months	3-6 months	6-12 months	1-3 years	More than 3 years
Liabilities								
Deposit from customers								
Demand deposits	123,543,328	-	123,543,328	-	-	-	-	-
Saving deposits	216,286,171	-	216,265,286	2,404	3,417	6,099	7,245	1,720
Time deposits	171,390,385	-	124,921,887	29,655,486	8,027,275	8,528,992	256,745	-
Deposits from other banks								
Demand and saving deposits	3,205,555	-	3,063,994	11,500	130,061	-	-	-
Interbank call money	1,282,437	-	1,282,437	-	-	-	-	-
Time deposits	8,158,509	-	7,201,145	892,768	17,410	46,583	603	-
Liabilities sold with repo agreements	5,624,407	-	2,126,407	-	-	-	-	3,498,000
Derivative payables	236,600	-	63,278	104,199	44,634	24,489	-	-
Acceptance payables	10,178,370	-	3,262,723	3,743,463	2,859,445	312,739	-	-
Marketable securities issued	1,934,125	-	105,862	-	363,217	-	870,173	594,873
Accrued expenses	3,326,475	113,360	3,148,459	45,042	17,266	2,348	-	-
Other liabilities	4,693,648	35,395	2,273,207	2,101,919	283,127	-	-	-
Fund borrowings	17,582,966	-	849,673	688,858	299,726	390,238	12,810,655	2,543,816
Subordinated loans	5,781,029	-	5,222	805,504	-	338,291	4,417,962	214,050
Total	**573,224,005**	**148,755**	**488,112,908**	**38,051,143**	**12,045,578**	**9,649,779**	**18,363,383**	**6,852,459**

2012

Description	Total	No maturity Contract	Less than 1 month	1-3 months	3-6 months	6-12 months	1-3 years	More than 3 years
Liabilities								
Deposit from customers								
Demand deposits	114,562,058	-	114,562,058	-	-	-	-	-
Saving deposits	184,203,237	-	184,176,251	1,910	3,363	7,285	8,930	5,498
Time deposits	146,547,705	-	107,667,901	27,687,941	8,792,996	2,198,534	200,333	-
Deposits from other banks								
Demand and saving deposits	2,247,499	-	2,247,499	-	-	-	-	-
Interbank call money	369,971	-	321,703	48,268	-	-	-	-
Time deposits	12,038,348	-	11,412,693	402,536	174,837	47,378	904	-
Derivative payables	113,257	-	35,607	47,412	3,173	4,005	23,060	-
Acceptance payables	7,957,512	-	1,478,662	3,666,604	2,160,329	651,917	-	-
Marketable securities issued	2,132,170	-	296,076	-	53,869	-	827,364	954,861
Accrued expenses	2,344,762	17,836	2,244,127	82,799	-	-	-	-
Other liabilities	5,329,913	33,120	2,312,427	1,908,393	1,075,973	-	-	-
Fund borrowings	12,566,156	-	286,820	644,633	10,052	4,421	4,543,353	7,076,877
Subordinated loans	7,153,490	-	2,875	18,222	-	18,741	1,482,380	5,631,272
Total	**497,566,078**	**50,956**	**427,044,699**	**34,508,718**	**12,274,592**	**2,932,281**	**7,086,324**	**13,668,508**

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(i) Liquidity Risk Management (continued)

The following table provides information regarding maturities contractual undiscounted cash flows of administrative accounts at 31 December 2013 and 31 December 2012:

	2013							
Description	Total	No maturity Contract	Less than 1 month	1-3 months	3-6 months	6-12 months	1-3 years	More than 3 years
Administrative accounts								
Bank guarantees issued	56,419,536	-	56,419,536	-	-	-	-	-
Committed unused loan facilities granted	28,909,161	-	28,909,161	-	-	-	-	-
Outstanding irrevocable letters of credit	15,218,130	-	8,952,660	4,658,213	927,134	665,123	15,000	-
Standby letter of credit	8,652,346	-	8,652,346	-	-	-	-	-
	109,199,173	-	102,933,703	4,658,213	927,134	665,123	15,000	-

	2012							
Description	Total	No maturity Contract	Less than 1 month	1-3 months	3-6 months	6-12 months	1-3 years	More than 3 years
Administrative accounts								
Bank guarantees issued	40,708,699	-	40,708,699	-	-	-	-	-
Committed unused loan facilities granted	29,380,029	-	29,380,029	-	-	-	-	-
Outstanding irrevocable letters of credit	11,964,738	-	8,291,880	3,212,835	191,279	268,744	-	-
Standby letter of credit	7,890,863	-	7,890,863	-	-	-	-	-
	89,944,329	-	86,271,471	3,212,835	191,279	268,744	-	-

(ii) Interest Rate Risk Management

Market risk of banking book arises due to changes in interest rates and exchange rates in banking book activities. Banking book’s interest rate risk arises from movements in market interest rates as opposed to the position or transactions held by the Bank, which could affect the Bank's profitability (earnings perspective) as well as the economic value of the Bank's capital (economic value perspective).

Banking book’s market risk is managed by optimising the structure of the Bank's statement of financial position to obtain maximum yield at acceptable risk level to the Bank. The controls over Banking book’s market risk is performed by setting a limit which refers to the regulator’s requirements and the internal policies, and is monitored on a weekly and monthly basis by the Market Risk Management Unit.

The sources of banking book’s interest rate risk are repricing risk (repricing mismatch between asset and liability components), basis risk (usage of different interest rate reference), yield curve risk (changes in the shape and slope of the yield curve) and the option risk (loan repayment or release of deposit before maturity). The Bank uses the repricing gap and performs sensitivity analysis to obtain the projected Net Interest Income (NII) and Economic Value of Equity (EVE).

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(ii) Interest Rate Risk Management (continued)

a. Sensitivity to net income

The table below shows the sensitivity of net income to interest rate movement on Bank Mandiri as at 31 December 2013 and 2012:

	Increased by 100 bps	Decreased by 100 bps
31 December 2013		
Increase/(decrease) net income (Rp Billion)	777.23	(1,386.55)
31 December 2012		
Increase/(decrease) net income (Rp Billion)	640.74	(830.41)

The projections assumed that all other variables are held constant at reporting date.

b. Sensitivity to unrealised gains on available for sale marketable securities

The table below shows the sensitivity of Bank Mandiri's unrealised gains on available for sale marketable securities to movement of interest rates as at 31 December 2013 and 2012:

	Increased by 100 bps	Decreased by 100 bps
31 December 2013		
Increase/(decrease) unrealised gains on available for sale marketable securities (Rp Billion)	391.45	(391.45)
31 December 2012		
Increase/(decrease) unrealised gains on available for sale marketable securities (Rp Billion)	396.62	(380.82)

The projections assumed that all other variables are held constant at reporting date.

The above sensitivities of net income and unrealised gains on available for sale marketable securities do not incorporate hedging and actions that Bank Mandiri would take to mitigate the impact of this interest rate risk. In practice, Bank Mandiri proactively seeks to mitigate the effect of prospective interest movements.

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(ii) Interest Rate Risk Management (continued)

c. Bank Mandiri's exposure to interest rate risk (repricing gap)

The tables below summarise Bank Mandiri's financial asset and liabilities at carrying amounts categorised by earlier of contractual repricing date or maturity dates:

	2013									
	Less than 1 month	**Over 1 month to 3 months**	**Over 3 months to 1 year**	**1 year to 2 years**	**2 year to 3 years**	**3 year to 4 years**	**4 year to 5 years**	**Over 5 years**	**Non interest bearing**	**Total**
Current accounts with Bank Indonesia	-	-	-	-	-	-	-	-	43,904,419	43,904,419
Current accounts with other banks	13,493,751	-	-	-	-	-	-	-	554,324	14,048,075
Placements with Bank Indonesia and other banks	38,504,749	739,262	456,449	-	-	-	-	-	5,518,973	45,219,433
Marketable securities	236,152	325,742	1,958,391	4,895,292	866,258	1,349,396	875,330	2,458,270	14,154,783	27,119,614
Government Bonds	25,715,827	41,995,076	2,319,801	2,474,912	909,173	665,094	2,668,063	4,731,537	747,945	82,227,428
Other receivables - trade transactions	419,555	1,117,641	1,281,609	-	-	-	-	-	6,129,578	8,948,383
Securities purchased under resale agreements	3,109,940	-	-	-	-	-	-	-	627,673	3,737,613
Derivative receivables	141	2,808	9,910	9,904	-	-	-	-	148,115	170,878
Loans	64,508,752	287,164,291	28,548,718	16,053,374	13,422,945	1,517,421	1,374,267	4,455,408	50,125,273	467,170,449
Consumer financing receivables	155,548	309,232	1,303,460	1,522,976	958,161	346,657	48,867	-	-	4,644,901
Net investment finance lease	26,846	55,598	221,144	242,864	73,239	-	-	-	-	619,691
Acceptance receivables	-	-	-	-	-	-	-	-	10,178,370	10,178,370
Other assets	-	-	-	-	-	-	-	-	5,111,568	5,111,568
	146,171,261	331,709,650	36,099,482	25,199,322	16,229,776	3,878,568	4,966,527	11,645,215	137,201,021	713,100,822
Deposits from customers										
Demand deposits	67,941	-	115,678,457	-	-	-	-	-	7,681,251	123,427,649
Saving deposits	257,653	193,029,400	19,939,414	4,485	2,760	1,216	503	2,469	2,779,710	216,017,610
Time deposits	124,051,544	29,190,586	16,056,252	252,613	2	-	-	-	-	169,550,997
Deposits from other banks										
Demand and saving deposits	-	3,004,511	20,309	-	-	-	-	-	28,199	3,053,019
Interbank call money	1,280,850	-	-	-	-	-	-	-	-	1,280,850
Time deposits	7,158,699	943,650	6,495	600	-	-	-	-	-	8,109,444
Liabilitties sold with repo agreements	2,123,705	-	-	-	-	-	2,532,444	-	-	4,656,149
Derivative payables	-	-	5,456	-	-	-	-	-	220,712	226,168
Acceptance payables	-	-	-	-	-	-	-	-	10,178,370	10,178,370
Marketable securities issued	-	-	349,715	349,277	400,114	74,628	-	-	605,863	1,779,597
Accrued expenses	-	-	-	-	-	-	-	-	3,326,475	3,326,475
Other liabilities	-	-	-	-	-	-	-	-	4,693,648	4,693,648
Fund borrowings	5,099,895	1,347,114	6,270,728	212,706	1,327,303	1,030,421	-	109,021	600,000	15,997,188
Subordinated loans	-	761,719	-	-	3,484,429	-	219,467	-	-	4,465,615
	140,040,287	228,276,980	158,326,826	819,681	5,214,608	1,106,265	2,752,414	111,490	30,114,228	566,762,779
Total interest repricing gap	**6,130,974**	**(103,432,670)**	**(122,227,344)**	**24,379,641**	**11,015,168**	**2,772,303**	**2,214,113**	**11,533,725**	**107,086,793**	**146,338,043**

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(ii) Interest Rate Risk Management (continued)

c. Bank Mandiri's exposure to interest rate risk (repricing gap) (continued)

	2012									
	Less than 1 month	**Over 1 month to 3 months**	**Over 3 months to 1 year**	**1 year to 2 years**	**2 year to 3 years**	**3 year to 4 years**	**4 year to 5 years**	**Over 5 years**	**Non interest bearing**	**Total**
Current accounts with Bank Indonesia	-	-	-	-	-	-	-	-	38,272,155	38,272,155
Current accounts with other banks	9,476,885	-	-	-	-	-	-	-	174,887	9,651,772
Placements with Bank Indonesia and other banks	45,065,894	1,624,674	174,293	-	-	-	-	-	1,458,622	48,323,483
Marketable securities	114,850	61,663	656,797	729,986	941,881	209,135	1,040,346	363,010	16,487,698	20,605,366
Government Bonds	28,761,585	41,159,247	55,898	379,099	2,053,562	62,141	40,508	4,890,105	1,670,028	79,072,173
Other receivables - trade transactions	777,434	1,112,623	1,048,454	-	-	-	-	-	3,735,907	6,674,418
Securities purchased under resale agreements	7,161,097	7,219,189	134,949	-	-	-	-	-	-	14,515,235
Derivative receivables	-	-	-	-	-	-	-	-	87,143	87,143
Loans	68,683,956	236,418,147	14,941,234	1,682,319	1,885,480	3,276,383	1,881,256	11,385,894	44,427,037	384,581,706
Consumer financing receivables	158,139	315,343	1,285,758	1,239,453	695,150	208,949	16,354	-	-	3,919,146
Net investment finance lease	11,247	22,849	106,048	118,715	64,422	6,166	-	-	-	329,447
Acceptance receivables	-	-	-	-	-	-	-	-	7,957,512	7,957,512
Other assets - gross	-	-	-	-	-	-	-	-	4,273,356	4,273,356
	160,211,087	287,933,735	18,403,431	4,149,572	5,640,495	3,762,774	2,978,464	16,639,009	118,544,345	618,262,912
Deposits from customers										
Demand deposits	55,682	107,421,262	-	-	-	-	-	-	6,430,912	113,907,856
Saving deposits	257,287	182,785,869	10,648	6,598	2,332	2,027	806	2,665	901,524	183,969,756
Time deposits	106,518,947	27,406,443	10,837,436	197,425	-	-	-	-	-	144,960,251
Deposits from other banks										
Demand and saving deposits	8,482	2,199,032	-	-	-	-	-	-	37,976	2,245,490
Interbank call money	278,913	48,187	-	-	-	-	-	-	-	327,100
Time deposits	11,000,033	252,877	191,337	-	-	-	-	-	-	11,444,247
Derivative payables	-	1,180	5,735	23,060	-	-	-	-	83,282	113,257
Acceptance payables	-	-	-	-	-	-	-	-	7,957,512	7,957,512
Marketable securities issued	296,076	-	51,943	349,133	348,724	-	-	-	500,000	1,545,876
Accrued expenses	-	-	-	-	-	-	-	-	2,344,762	2,344,762
Other liabilities	-	-	-	-	-	-	-	-	5,329,913	5,329,913
Fund borrowings	286,508	643,749	14,180	386,834	3,190,739	4,804,907	1,439,588	242,327	600,000	11,608,832
Subordinated loans	2,763	17,153	13,415	1,401,136	29,593	32,356	3,503,382	138,152	-	5,137,950
	118,704,691	320,775,752	11,124,694	2,364,186	3,571,388	4,839,290	4,943,776	383,144	24,185,881	490,892,802
Total interest repricing gap	**41,506,396**	**(32,842,017)**	**7,278,737**	**1,785,386**	**2,069,107**	**(1,076,516)**	**(1,965,312)**	**16,255,865**	**94,358,464**	**127,370,110**

To assess the impact of changes in interest rates and exchange rates at extreme conditions (crisis) to earnings and capital, the Bank conduct regular stress testing on the market risk of banking book.

(iii) Pricing Management

As part of the management of interest rate risk, the Bank applies pricing policy for loans and deposit products. The pricing policy is one of the Bank's strategy to maximise Net Interest Margin (NIM) and simultaneously support the Bank to achieve revenue market share in the competitive climate.

Bank consistently seeks to apply the strategy as a market leader in terms of pricing of funding. However, taking into account liquidity conditions and funding needs, the Bank may implement an aggressive strategy (greater than major competitors) or defensive (equal to or smaller than major competitors).

61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(iii) Pricing Management (continued)

In setting interest rates, the Bank implements risk-based pricing to customers, which varies based on the level of credit risk. In order to minimise interest rate risk, the lending interest rate is adjusted with interest rate from cost of funds. Other than cost of funds, lending interest rates are determined by considering overhead costs, credit risk premiums and profit margins as well as taking into account the Bank's competitiveness with its major competitors. Lending rates can be either a floating or a fixed rate for certain tenures.

(iv) Market Risk Management

Market risk is the risk of loss due to the movement of market factors, consisting of interest rates and exchange rates on the trading portfolio which includes cash instruments and derivative instruments.

In the implementation of trading market risk management, the Bank applied segregation of duties principle by separating front office units (execute trading transactions), middle-office units (implementing risk management processes, developing policies and procedures) and back office units (execute the transaction settlement process).

Market risk analysis over treasury trading activity is performed on a daily basis using available best practice approach and in line with the internal and external regulations.

(v) Foreign Exchange Risk Management

Exchange rate risk represents potential loss arising from unfavourable exchange rate movements in the market when the Bank has an open position. The Bank applies a proper foreign exchange risk management to avoid loss arising from exchange rate changes or volatility. Exchange rate risk arises from foreign exchange currency transactions with customer or counterparty which leads to an open position in foreign currency or structural positions in foreign currency due to capital investment. The Bank manages exchange rate risk by monitoring and managing the Net Open Position (NOP) in accordance with internal limits and the regulation of Bank Indonesia.

Net Open Position as at 31 December 2013 and 2012 is calculated based on Bank Indonesia's Regulation No. 7/37/PBI/2005 dated 30 September 2005. In accordance with that regulation, the overall Net Open Position ratio is the sum of the absolute amount from the net difference between assets and liabilities for each foreign currency on statement of financial position (Rupiah equivalent) and the net difference between receivables and payables from commitments and contingencies for each foreign currency (Rupiah equivalent) recorded in administrative accounts. The net open position for the financial position is the net difference between total assets and liabilities for each foreign currency (Rupiah equivalent).

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(v) Foreign Exchange Risk Management (continued)

a. Net Open Position

Below is the Net Open Position of Bank Mandiri, as at 31 December 2013 by currency (Rupiah equivalent):

Currency	Assets	Liabilities	Net Open Position
OVERALL (ON-STATEMENTS OF FINANCIAL POSITION AND ADMINISTRATIVE ACCOUNTS)			
United States Dollar	141,365,598	140,351,277	1,014,321
Euro	1,935,689	2,082,806	147,117
Singapore Dollar	2,059,465	1,844,423	215,042
Japanese Yen	365,560	350,394	15,166
Australian Dollar	330,601	316,297	14,304
Great Britain Pound Sterling	125,039	128,600	(3,561)
Hongkong Dollar	114,489	95,404	19,085
Others	399,775	68,702	331,073*)
Total			**1,752,547**
ON-STATEMENTS OF FINANCIAL POSITION			
United States Dollar	132,096,093	123,119,352	8,976,741
Euro	1,866,473	1,941,095	(74,622)
Singapore Dollar	1,825,666	1,168,757	656,909
Japanese Yen	278,931	218,604	60,327
Australian Dollar	274,483	128,647	145,836
Great Britain Pound Sterling	91,414	53,023	38,391
Hong Kong Dollar	90,147	71,065	19,082
Others	386,530	53,708	332,822**)
Total			**10,155,486**
Total Tier I and Tier II Capital less investments in Subsidiaries (Note 57)			**73,345,421**
NOP Ratio (On-Statements of Financial Position)			13.85%
NOP Ratio (Overall)			2.40%

Below is the Net Open Position ratio of Bank Mandiri, as at 31 December 2013 if calculated using November 2013 capital (unaudited):

Capital November 2013	72,846,777
NOP Ratio (On-Statements of Financial Position)	13.94%
NOP Ratio (Overall)	2.42%

*) Sum from the absolute amount of difference between assets and liabilities from other foreign currencies.
**) Sum from the amount of difference between assets and liabilities from other foreign currencies.

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(v) Foreign Exchange Risk Management (continued)

a. Net Open Position (continued)

Below is the Net Open Position of Bank Mandiri, as at 31 December 2012 by currency (Rupiah equivalent):

Currency	Assets	Liabilities	Net Open Position
OVERALL (ON-STATEMENTS OF FINANCIAL POSITION AND ADMINISTRATIVE ACCOUNTS)			
United States Dollar	91,646,107	91,302,844	343,263
Euro	8,559,952	8,531,856	28,096
Singapore Dollar	1,176,785	1,076,614	100,171
Japanese Yen	550,803	522,610	28,193
Australian Dollar	497,472	465,117	32,355
Great Britain Pound Sterling	87,271	34,351	52,920
Hongkong Dollar	52,699	34,227	18,472
Others	643,712	463,492	180,220*)
Total			**783,690**
ON-STATEMENTS OF FINANCIAL POSITION			
United States Dollar	85,049,764	78,260,576	6,789,188
Euro	7,642,537	7,562,343	80,194
Singapore Dollar	1,105,806	814,043	291,763
Japanese Yen	429,138	362,634	66,504
Australian Dollar	257,101	98,857	158,244
Great Britain Pound Sterling	82,617	34,351	48,266
Hong Kong Dollar	50,000	30,285	19,715
Others	208,956	29,680	179,276**)
Total			**7,633,150**
Total Tier I and Tier II Capital less investments in Subsidiaries (Note 57)			**61,947,504**
NOP Ratio (On-Statements of Financial Position)			12.32%
NOP Ratio (Overall)			1.27%

Below is the Net Open Position ratio of Bank Mandiri, as at 31 December 2012 if calculated using November 2012 capital (unaudited):

Capital November 2012	62,500,222
NOP Ratio (On-Statements of Financial Position)	12.21%
NOP Ratio (Overall)	1.25%

*) Sum from the absolute amount of difference between assets and liabilities from other foreign currencies.
**) Sum from the amount of difference between assets and liabilities from other foreign currencies.

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(v) Foreign Exchange Risk Management (continued)

b. Bank Mandiri exposure to foreign currency exchange rate risk

The table below summaries the Group's exposure to foreign currency exchange rate risk as at 31 December 2013 and 2012. Included in the table are the Group's financial instruments at carrying amount, categorised by currency.

	2013								
	United States Dollar	**Euro**	**Singapore Dollar**	**Yen**	**Australian Dollar**	**Hong Kong Dollar**	**Pound Sterling**	**Others**	**Total**
ASSET									
Cash	1,395,902	145,158	604,656	53,146	179,707	17,107	4,927	1,161	2,401,764
Current accounts with Bank Indonesia	9,611,764	-	-	-	-	-	-	-	9,611,764
Current accounts with other banks	12,009,554	1,030,876	177,172	155,209	87,242	21,345	79,945	285,003	13,846,346
Placement with Bank Indonesia and other banks	21,259,107	168,127	101,032	-	-	-	-	2,972	21,531,238
Marketable Securities	4,223,713	8,889	201,726	4,286	-	37,458	-	593	4,476,665
Government Bonds	8,814,005	-	-	-	-	-	-	-	8,814,005
Other receivables - trade transactions	4,015,426	316,951	36,879	62,526	-	7,614	-	27,391	4,466,787
Derivatives receivable	147,533	30	471	-	80	-	-	-	148,114
Loans	69,567,153	86,746	745,045	-	-	2,123	-	-	70,401,067
Acceptances receivable	9,293,690	75,937	3,790	72,125	-	-	671	-	9,446,213
Other assets	393,946	206	1,945	185	-	10	-	-	396,292
Total Assets	140,731,793	1,832,920	1,872,716	347,477	267,029	85,657	85,543	317,120	145,540,255
LIABILITIES									
Deposits from Customers									
Demand deposits	48,199,274	1,059,833	509,154	92,360	82,391	28,977	29,616	18,871	50,020,476
Saving deposits	20,872,085	-	466,574	10,795	-	-	-	1,306	21,350,760
Time deposits	27,582,578	79,969	118,901	5,873	32,488	33,793	13,168	5,754	27,872,524
Deposits from other banks									
Demand and saving deposits	976,179	198	11,656	-	-	-	-	1	988,034
Inter bank call money	60,850	-	-	-	-	-	-	-	60,850
Time deposits	-	-	-	-	-	-	-	-	-
Derivative payable	219,880	138			241		447	6	220,712
Acceptances payable	9,293,690	75,937	3,790	72,125	-	-	671	-	9,446,213
Accrued Expenses	543,052	1,555	26,416	-	24	4,643	321	50	576,061
Other liabilities	2,079,538	678,339	7,816	36,264	12,054	98	9,983	12,092	2,836,184
Fund Borrowings	11,868,708	-	-	-	-	-	-	-	11,868,708
Subordinated Loans	219,467	-	-	-	-	-	-	-	219,467
Total liabilities	121,915,301	1,895,969	1,144,307	217,417	127,198	67,511	54,206	38,080	125,459,989
Net on statements of financial position	**18,816,492**	**(63,049)**	**728,409**	**130,060**	**139,831**	**18,146**	**31,337**	**279,040**	**20,080,266**
Administrative accounts - net	**-**	**(72,495)**	**(441,867)**	**(45,162)**	**(131,533)**	**2**	**(41,951)**	**(1,749)**	**(734,755)**

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(v) Foreign Exchange Risk Management (continued)

b. Bank Mandiri exposure to foreign currency exchange rate risk (continued)

	2012								
	United States Dollar	**Euro**	**Singapore Dollar**	**Yen**	**Australian Dollar**	**Hong Kong Dollar**	**Pound Sterling**	**Others**	**Total**
ASSETS									
Cash	653,745	241,245	474,819	58,618	100,798	5,650	12,494	105,155	1,652,524
Current accounts with Bank Indonesia	6,572,697	-	-	-	-	-	-	-	6,572,697
Current accounts with other banks	2,405,323	6,335,189	106,448	307,607	155,595	29,362	72,151	98,416	9,510,091
Placement with Bank Indonesia and other banks	15,727,220	52,627	161,512	-	-	-	-	634	15,941,993
Marketable Securities	1,317,293	4,342	85,539	17,291	-	6,716	-	-	1,431,181
Government Bonds	3,936,363	-	-	-	-	-	-	-	3,936,363
Other receivables - trade transactions	3,606,790	20,730	-	2,117	-	725	-	-	3,630,362
Derivatives receivable	77,317	8,454	36	-	1,336	-	-	-	87,143
Loans	51,515,270	120,383	287,361	14,527	-	-	1,146	-	51,938,687
Acceptances receivable	6,441,823	941,553	2,881	29,692	1,666	-	-	-	7,417,615
Investments in shares	-	-	1,060	-	-	-	-	-	1,060
Other assets	215,891	444	608	195	-	-	-	-	217,138
Total Assets	**92,469,732**	**7,724,967**	**1,120,264**	**430,047**	**259,395**	**42,453**	**85,791**	**204,205**	**102,336,854**
LIABILITIES									
Deposits from Customers									
Demand deposits	28,946,208	6,386,090	355,229	280,866	61,424	8,288	19,385	2,639	36,060,129
Saving deposits	15,027,052	-	273,694	8,926	-	-	-	66	15,309,738
Time deposits	14,639,843	70,453	138,800	83	23,046	8,794	6,809	-	14,887,828
Deposits from other banks									
Demand and saving deposits	557,818	109,655	11,456	-	-	-	-	-	678,929
Inter bank call money	77,100	-	-	-	-	-	-	-	77,100
Time deposits	240,938	-	-	-	-	-	-	-	240,938
Derivative payable	59,217	22,849	-	-	563	-	-	654	83,283
Acceptances payable	6,441,823	941,553	2,881	29,692	1,666	-	-	-	7,417,615
Accrued Expenses	517,891	243	10,762	-	20	2,742	125	6	531,789
Other liabilities	2,052,474	39,531	4,319	5,756	459	1,893	812	839	2,106,083
Fund Borrowings	8,675,058	-	-	-	-	-	-	-	8,675,058
Subordinated Loans	179,594	-	-	-	-	-	-	-	179,594
Total liabilities	**77,415,016**	**7,570,374**	**797,141**	**325,323**	**87,178**	**21,717**	**27,131**	**4,204**	**86,248,084**
Net on statements of financial position	**15,054,716**	**154,593**	**323,123**	**104,724**	**172,217**	**20,736**	**58,660**	**200,001**	**16,088,770**
Administrative accounts - net	**(6,258,779)**	**(50,373)**	**(191,592)**	**(38,311)**	**(125,889)**	**(1,243)**	**(1,578)**	**944**	**(6,666,821)**

c. Sensitivity to net income

The table below shows the sensitivity of Bank Mandiri’s net income to movement of foreign exchange rates on 31 December 2013 and 31 December 2012:

	Increased by 5%	**Decreased by 5%**
31 December 2013		
Increase/(decrease) net income	446,965	(446,965)
31 December 2012		
Increase/(decrease) net income	337,970	(337,970)

The projection only assumes that the US Dollar rate moves while other foreign exchange rates remain unchanged. US Dollars is the majority foreign exchange rate held by the Bank. The projection also assumes that all other variables are held constant at reporting date.

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(vi) Fair value of financial assets and liabilities

Valuation is also an important component to manage most of all risks in banking industry including market risk, credit risk and liquidity risk. Valuation process is performed on all trading book position including marketable securities owned by the Group in its available for sale portfolio.

The table below analyses financial instruments carried at fair value based on method of valuation levels. The difference at each level of assessment methods is described as follows:

- Quoted prices in active market for the same/identical instrument (level 1);
- Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly (as a price) or indirectly (derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (unobservable information) (Level 3);

The table below shows Group assets and liabilities that are measured at fair value at 31 December 2013 and 2012:

	2013			
	Level 1	**Level 2**	**Level 3**	**Fair value**
Assets				
Marketable securities				
Fair value through profit or loss	11,687,464	1,345,455	-	13,032,919
Available for sale	5,868,507	4,298,455	-	10,166,962
Government Bonds				
Fair value through profit or loss	1,743,500	90,253	-	1,833,753
Available for sale	1,744,391	55,468,723	-	57,213,114
Derivatives Receivables	-	170,878	-	170,878
Total assets	**21,043,862**	**61,373,764**	**-**	**82,417,626**
Liabilities				
Derivatives Payables	-	226,168	-	226,168
Total Liabilities	**-**	**226,168**	**-**	**226,168**

	2012			
	Level 1	**Level 2**	**Level 3**	**Fair value**
Assets				
Marketable securities				
Fair value through profit or loss	11,083,317	424,599	-	11,507,916
Available for sale	5,416,076	644,726	-	6,060,802
Government Bonds				
Fair value through profit or loss	2,313,287	-	-	2,313,287
Available for sale	5,238,727	48,128,302	-	53,367,029
Derivatives Receivables	-	87,143	-	87,143
Total assets	**24,051,407**	**49,284,770**	**-**	**73,336,177**
Liabilities				
Derivatives Payables	-	113,257	-	113,257
Total Liabilities	**-**	**113,257**	**-**	**113,257**

(Expressed in millions of Rupiah, unless otherwise stated)

61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(vi) Fair value of financial assets and liabilities

As at 31 December 2013 and 2012, marketable securities classified as illiquid amounting to Rp44,301,082 (72.18% of total assets level 2) and Rp48,128,302 (97.65% of total assets level 2), respectively, which represent Government Bonds with variable interest rates and are classified as available for sale.

The fair value of financial instruments traded in active markets (such as trading securities and available-for-sale) is determined based on quoted market prices at the reporting date. A market is considered active if the information regarding price quotations can be easily and regularly available from an exchange, securities dealer or broker, the market price of a particular industry assessors, regulators and those prices reflect actual and regular market transactions at a reasonable rate. Quoted market price for financial assets owned by the Group are now using offering price. These instruments are included in level 1. The instruments included in level 1 generally include equity investments in IDX securities classified as held for trading and available for sale.

The fair value of financial instruments that are not traded in an active market (i.e., over-the-counter derivatives and inactive Government Bonds) is determined by internal valuation techniques.

The valuation techniques maximise the use of observable market data when available and as far as possible to minimise the use of specific estimates of the entity. If all the inputs needed to determine the fair value of financial instruments are observable, the instrument is included in level 2.

As at 31 December 2013 and 2012, the carrying value of the Bank's financial assets and liabilities approximates their fair value except for the following financial instruments:

	2013		2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets				
Marketable securities				
Held to maturity	3,003,478	2,989,733	2,091,936	2,080,890
At cost*)	599,563	569,722	663,199	683,124
Government Bonds				
Held to maturity	22,467,976	22,278,994	22,341,536	22,226,617
At cost*)	712,585	749,935	1,050,321	1,114,824
Loans	450,634,798	449,509,644	370,570,356	369,256,561
Consumer financing receivable	4,511,545	4,772,654	3,828,369	4,095,951
Net Investment finance lease	612,154	609,468	327,680	328,122
	482,542,099	**481,480,150**	**400,873,397**	**399,786,089**
Liabilities				
Marketable securities issued	1,779,597	1,679,335	1,545,876	1,542,669
Fund borrowings	15,997,188	15,944,696	11,608,832	11,598,667
Subordinated loans	4,465,615	4,656,186	5,137,950	5,440,943
	22,242,400	**22,280,217**	**18,292,658**	**18,582,279**

*) Marketable securities and Government Bonds owned by Subsidiary in accordance with SFAS 110 "Accounting for Sukuk", which has been effective since 1 January 2012.

61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(vi) Fair value of financial assets and liabilities (continued)

(i) Current accounts with Bank Indonesia, current accounts with other banks, placement with Bank Indonesia and other banks, other receivables, securities purchased under resale agreements, acceptance receivables and other assets.

Placements with Bank Indonesia and other banks represent placements in the form of Bank Indonesia deposit facility (FASBI), sharia FASBI, call money, "fixed-term" placements, time deposits and others.

The carrying amount of current accounts, placements and overnight deposits, which uses floating rate, is a reasonable approximation of fair value.

The estimated fair value of fixed interest bearing placements, other receivables, securities purchased under resale agreements, acceptance receivables and other assets is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and remaining maturity. Since the remaining maturity is below one year, the carrying amount of fixed interest bearing placements, other receivables, securities purchased under resale agreements, acceptance receivables and other assets is a reasonable approximation of fair value.

(ii) Marketable securities (held to maturity) and Government Bonds (held to maturity)

The fair value for held to maturity marketable securities and Government Bonds is based on market prices or broker/dealer price quotations. When this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics or using internal valuation model.

(iii) Loans and consumer financing receivables

Loans and consumer financing receivables are recorded at carrying amount net of charges for impairment. The estimated fair value of loans and consumer financing receivables represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value of loans and consumer financing receivable.

(iv) Deposits from customers and other banks, acceptance payables and other liabilities

The estimated fair value of deposits on demand, which includes non-interest bearing deposits, is the carrying amount when the payable is paid.

The estimated fair value of fixed interest bearing deposits, acceptance payables and other liabilities not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity. As the remaining maturity is below one year, the carrying amount of fixed interest bearing deposits, acceptance payables and other liabilities is a reasonable approximation of fair value.

(v) Marketable securities issued, borrowings and subordinated loans

The aggregate fair values are calculated based on quoted market prices. For those notes where quoted market prices are not available, a discounted cash flow model is used based on the current yield curve appropriate for the remaining term to maturity.

61. RISK MANAGEMENT (continued)

C. Operational Risk

Operational Risk is defined as the risk of loss resulting from inadequate or disfunctioning internal processes, human error and systems or from external factors which impact the Bank's operations. Effective operational risk management may reduce losses due to operational risk.

Framework for Operational Risk Management (ORM) is based on Bank Indonesia regulations, Basel II and the provisions of the Bank's internal regulations. Currently, the Bank has a policy and Standard Operating Procedures (SOPs) which contains both the technical aspects of operational risk management governance and reporting systems.

In addition, the Bank has established procedures regarding risk management and mitigation measures on 8 (eight) types of risks for New Products and Activities (PAB).

In order to improve the effectiveness of operational risk management, the Bank has performed the following initiatives: (i) define framework of operational risk management, (ii) review the operational risk management policy and procedure periodically, (iii) strengthen the operational risk management to all units in head office and regional office, (iv) provide "Letter to CEO" as a Whistle Blower System that can be used as a communication tool between CEO (President Director) and all employees including vendors who works with the Bank, to report fraud or fraud indication, and (v) implement Operational Risk Management Tools (ORM Tools) called Integrated-Mandiri Operational Risk System (i-MORs).

ORM Tools used for carrying out ORM are as follows:

A. Risk & Control Self Assessment (RCSA)

RCSA is used for identification and assessment of inherent risks in Bank's activities, and assessing the quality of control.

B. Mandiri Form Operational Risk System (MFORs)

The Bank uses MFORs to record losses due to operational risk which is inherent in each business unit of work.

C. Key Indicator (KI)

KI is a quantitative indicator used to provide an indication of inherent risk level in key processes within each business/supporting unit or end-to-end processing.

D. Issue & Action Management (IAM)

IAM is a tool used to document issue/problems related to operational risk. These issues/problems are analysed to determine the root causes as well as the action plan and monitoring of the action plan by the business unit.

With regard to operational risk management, Risk Management Unit acts as the second line of defense and Internal Audit as the third line of defense. Business Unit as a risk owner is the first line of defense responsible for the operational risk management of each unit of the Bank.

61. RISK MANAGEMENT (continued)

C. Operational Risk (continued)

As the output of Operational Risk Management process, each Business Unit generates an operational risk profile describing operational risk exposures of the respective business unit which will be used as the basis in preparing the operational risk profile of the Bank. The Bank's operational risk profile report, is reviewed by Internal Audit and presented to the Board of Commissioners and reported to Bank Indonesia periodically.

Capital Charge Calculation to Cover Operational Risk

Based on Bank Indonesia Circular Letter No. 11/3/DPNP dated 27 January 2009, the Bank has performed calculation of Risk Weighted Assets for operational risk and the Minimum Capital Requirement.

The Bank has also calculated operational risk capital requirement using the Standardised Approach (SA), as this approach is in line with the implementation of the risk-based performance measurement for Strategic Business Unit. Capital expense of operational risk (Bank only) in 2013 amounting to Rp4,613,702, was obtained using the Basic Indicator Approach (BIA) and 15% alpha value. The Risk Weighted Assets for operational risk (Bank only) amounted to Rp57,671,278.

62. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. Integrated Banking System Agreement with Vendor

On 22 November 2012, the Bank made an agreement with vendor to enhance eMAS features in accordance with Application Management Services 2011 agreement amounting to USD866,125 (full amount, after VAT) and Application Management Services 2012 agreement amounting to USD1,190,000 (full amount, after VAT) with blanket order system so that the maximum total value of the contract amounting to USD2,056,125 (full amount, after VAT).

On 31 December 2013, the value of the contract using payment realisation approach for Application Management Services 2012 was USD1,078,350 (full amount, after VAT) and the Bank has recorded it as fixed asset based on the realisation value of USD977,900 (full amount, after VAT), with estimated completion as at 31 December 2013 of 82.18%.

b. Legal Matters

The Bank is still facing a number of litigation cases, including lawsuits with debtors and/or fund owners as the result of agreement disputes which have been decided by the Court where the Bank was sentenced to pay compensation amounting to Rp89,130. Currently the Bank is still in the legal process/remedy to appeal against the decision.

The Bank's total potential exposure arising from outstanding lawsuits as at 31 December 2013 and 2012 were amounting to Rp4,686,426 and Rp2,015,906, respectively. As at 31 December 2013 and 2012, the Bank has provided provision amounting to Rp634,375 and Rp562,698, respectively and believes that the provision is adequate.

62. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

c. Value Added Tax (VAT) on Bank Syariah Mandiri (BSM) *Murabahah* Financing Transactions

In 2004 and 2005, the Head Office and several branch offices of BSM received tax assessments for under payment of taxes (SKPKB) and tax collection letters (STP) on Value Added Tax (VAT) for the tax period January to December 2003 from the Directorate General of Taxes (DGT) with the total amount of Rp37,649 in relation to BSM in performing its intermediary function by distributing the fund based on sharia principles in the form of *Murabahah* financing.

The details of the tax assessments and tax collection letters are as follow : Jakarta head office amounting to Rp25,542, Jambi branches amounting to Rp1,589, Solo branches amounting to Rp5,831, Bandar Lampung branches amounting to Rp2,378 and Pekalongan branches amounting to Rp2,309.

In relation to the SKPKB and STP, BSM did not make any payments based on the ground of uncertainty in the legal status of *Murabahah* financing transactions. There was no specific and explicit regulations overseeing the sharia bank operation, particularly *Murabahah* financing, and therefore a process of interpretation was required.

BSM argued that *Murabahah* financing is a part of banking services as stipulated in Law No. 7 Year 1992 regarding Banking, as amended by Law No. 10 Year 1998 and Law No. 21 Year 2008 regarding Sharia Banking, such as *Murabahah* financing should not be subjected to VAT. This is in accordance with Law No. 8 Year 1983 as amended by Law No. 18 Year 2000 regarding VAT for goods and services and sales of luxury goods.

DGT believes that *Murabahah* activities undertaken by BSM is subject to VAT because the transaction were based on purchasing and selling of goods principles and such as, *Murabahah* transaction shall not be included as a type of banking services.

On 15 October 2009, the Government has issued Laws No. 42 year 2009 regarding the third change of Laws No. 8 year 1983 regarding Value Added Tax for Goods and Services and Tax for Sales of Luxurious Goods which is effective starting from 1 April 2010. The Laws reiterates that financing services in sharia principles are categorised as services that are not subjected to VAT.

In 2010, the Government issued Laws of Republic of Indonesia No. 2 Year 2010 regarding Change of Laws No. 47 year 2009 regarding Budget of Government's Income and Expenses Year 2010 dated 25 May 2010. On the article 3 (2) b and explanatory paragraph stated that VAT *Murabahah* liabilities for several banks were being shouldered by the Government. Based on explanatory paragraph from article 3 (2) the Bank's VAT that is borne by the Government amounting to Rp25,542 from the total SKPKB and STP received by BSM amounting to Rp37,649 as mentioned in the previous paragraph.

BSM believes that the difference between VAT borne by the Government and total SKPKB and STP received by BSM shall not be billed to BSM which is inline with objective and purposes of the law.

d. Trade Financing with Asian Development Bank (ADB)

On 25 November 2009, Bank Mandiri signed a Confirmation Bank Agreement (CBA), Issuing Bank Agreement (IBA) and Revolving Credit Agreement (RCA) under Trade Finance Facilitation Program (TFFP) with ADB.

Based on CBA and IBA, Bank Mandiri can act either as confirming bank or issuing bank for its customer's L/C based export import transactions. As a confirming bank, Bank Mandiri can request a guarantee from ADB for L/C issued by issuing bank and as issuing bank, Bank Mandiri can obtain confirmation guarantee from ADB for L/C that has been issued.

62. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

d. Trade Financing with Asian Development Bank (ADB) (continued)

TFFP scheme is a program initiated by ADB to facilitate the L/C based trade transactions within Asian developing countries to increase the trade-volume growth. Becoming a participant in this program, Bank Mandiri will have an easier access to increase its trade finance credit lines, its trade volume and to open new business opportunities especially to countries that have low trade volume with Indonesia.

Pursuant to the RCA, Bank Mandiri received a credit revolving facility up to USD25,000,000 (full amount). By using the facility, Bank Mandiri will be charged with interest of total margin plus LIBOR during the interest period.

e. Business Synergies between PT Bank Mandiri (Persero) Tbk, PT TASPEN (Persero), PT Pos Indonesia (Persero) and PT Bank Sinar Harapan Bali

On 31 January 2013, Bank Mandiri along with PT Taspen (Persero), PT Pos Indonesia (Persero) and PT Bank Sinar Harapan Bali ("BSHB") (the Bank's Subsidiaries) have signed a "Memorandum of Understanding on Strategic Partnership to Achieve Business Synergies between PT Bank Mandiri (Persero) Tbk, PT Taspen (Persero), PT Pos Indonesia (Persero) and PT Bank Sinar Harapan Bali". The signing of the agreement has approved the shared ownership of Bank Mandiri, PT Taspen and PT Pos in BSHB, in which Bank Mandiri remains as the majority shareholder of BSHB.

On 29 April 2013, Bank Mandiri along with PT Taspen, PT Pos Indonesia and PT Bank Sinar Harapan Bali ("BSHB") (the Bank's Subsidiaries) have signed the conditional agreement regarding payment of shares in which it has been agreed that BSHB will issue 800.000.000 (full amount) of new shares that will be subscribed by Bank Mandiri, PT Taspen and PT Pos with capital payment and final ownership composition of 51%; 20.2% and 20.2% respectively from the total shares issued and fully received by BSHB.

Up until the consolidated financial statement date, the agreement mentioned above has not been effective yet since the parties involved are still in the process of fulfilling the agreed terms and conditions.

f. The conditional agreement of share transaction between PT Bank Mandiri (Persero) Tbk., PT Kimia Farma (Persero) Tbk., PT Asuransi Jasa Indonesia (Persero), PT Askes (Persero) and Koperasi Bhakti PT Askes regarding the sale of shares PT Asuransi Jiwa InHealth Indonesia

On 23 Desember 2013, the Bank with PT Kimia Farma (Persero) and PT Asuransi Jasa Indonesia (Persero) as the buyers with Badan Penyelenggara Jaminan Sosial (formerly known as PT Askes (Persero)) and Koperasi Bhakti Askes as the sellers have signed a Conditional Purchase and Sale Agreement for PT Asuransi Jiwa Inhealth Indonesia where the transaction will be conducted in 2 (two) stages as follow :

i. Stage 1, takeover of 80% ownership in InHealth that was planned to be finalised at the latest on 31 March 2014, in which the ownership of the Bank is 60%; and
ii. Stage 2, purchase of 20% ownership in InHealth that was planned to be finalised at the latest on 31 December 2014, in which the total ownership of the Bank becomes 80%.

On that date, the signing of Shareholders Agreement between Bank, PT Kimia Farma (Persero), PT Asuransi Jasa Indonesia (Persero) and PT Askes (Persero) has also been conducted and will be effective when the takeover of PT Asuransi Jiwa InHealth Indonesia on Stage 1 is finalised.

The takeover transaction finalisation of PT Asuransi Jiwa InHealth Indonesia will be conducted after the fulfilment of the terms and conditions which have been agreed by all parties.

(Expressed in millions of Rupiah, unless otherwise stated)

63. GOVERNMENT GUARANTEE FOR THE OBLIGATIONS OF LOCALLY INCORPORATED BANKS

Based on the Law of the Republic of Indonesia No. 24/2004 dated 22 September 2004, the Government of Republic Indonesia has established an independent insurance corporation by the name of Indonesia Deposit Insurance Corporation (LPS). LPS insures public funds, including funds from other banks in form of demand deposits, time deposits, certificates of deposit, savings and/or other equivalent form.

Based on the Indonesia Deposit Insurance Corporation Regulation No. 1/PLPS/2006 dated 9 March 2006 concerning the Deposit Guarantee Program, the maximum guaranteed amount for each customer in one bank is Rp100,000,000 (full amount).

Furthermore, in accordance with Government Regulation (PP) No. 66 year 2008 regarding the Amount of the Guaranteed Savings Guaranteed by Indonesia Deposit Insurance Corporation, the value of each customer deposits in one bank guaranteed by the Government increased to Rp2,000,000,000 (full amount) from Rp100,000,000 (full amount) previously, effective starting from 13 October 2008.

The interest rate of deposit insurance corporation as at 31 December 2013 and 2012 is 7.25% and 5.5% for deposits denominated in Rupiah, and 1.5% and 1.0% for deposits denominated in foreign currency, respectively.

Based on the Law of the Republic of Indonesia No. 7/2009, Government Regulation in Lieu of Law on the Indonesia Deposit Insurance Corporation has been enacted into Law starting from 13 January 2009.

64. ACCOUNTS RECLASSIFICATION

Certain accounts in the consolidated financial statements as at 31 December 2012 and 1 January 2012 have been reclassified to conform with the presentation of the consolidated financial statements as at 31 December 2013. The reclassification is related to mutual fund consolidation owned by the Bank’s subsidiary (Axa Mandiri Financial Services), the reclassification of non-controlling interest over net asset of the subsidiary’s mutual fund being consolidated by the Bank’s Subsidiary, the application of line-by-line consolidation by the Bank’s subsidiary upon policyholder’s investment on unit-linked contracts.

The details of the account reclassifications are as follows:

	31 December 2012		
	Before Reclassification	Reclassification	After Reclassification
Consolidated statement of financial position			
Cash	15,286,190	195,835	15,482,025
Marketable securities	10,769,775	9,554,078	20,323,853
Government Bonds	78,935,756	136,417	79,072,173
Other assets - net	7,339,965	1,147,909	8,487,874
Policyholders’ investment in unit-linked contracts	11,034,239	(11,034,239)	-
Non controlling interests in net assets of consolidated subsidiaries	1,952,745	(777,276)	1,175,469
Other liabilities	13,002,765	777,276	13,780,041
Consolidated statement of cash flows			
Cash flow from operating activities			
Acquisition of Government Bonds – fair value through profit or loss	(63,501,981)	202,070	(63,299,911)
(Increase)/decrease in operating assets:			
Marketable securities – fair value through profit or loss	2,058,994	(1,037,314)	1,021,680
Other assets	(1,428,970)	(1,037,383)	(2,466,353)
(Increase)/decrease in operating liabilities and temporary *syirkah* funds:			
Liability to unit-linked holders	-	1,989,973	1,989,973
Other liabilities	3,885,183	773,948	4,659,131
Cash flow from investing activities			
(Increase)/decrease in Government Bonds - available for sale and held to maturity	513,342	(136,417)	376,925
Increase of investment in subsidiaries	(228,303)	(773,948)	(1,002,251)
Cash and cash equivalents at end of year	(111,307,954)	(195,835)	(111,503,789)
Cash and cash equivalents at beginning of year	108,653,748	214,906	108,868,654

(Expressed in millions of Rupiah, unless otherwise stated)

64. ACCOUNTS RECLASSIFICATION (continued)

	1 January 2012		
	Before Reclassification	Reclassification	After Reclassification
Consolidated statement of financial position			
Cash	11,357,523	214,906	11,572,429
Marketable securities	12,002,918	8,516,764	20,519,682
Government Bonds	78,459,449	202,070	78,661,519
Other assets - net	5,665,238	110,526	5,775,764
Policyholders' investment in unit-linked contracts	9,044,266	(9,044,266)	-

65. NEW ACCOUNTING PRONOUNCEMENTS

Financial Accounting Standard Board of Indonesian Institute of Accountants (DSAK-IAI) has issued several new or revision of SFAS and IFAS below, that are relevant to Group consolidated financial statement, but not yet effective for the financial year beginning 1 January 2013 are:

- SFAS 102 (Revised 2013) Accounting for Murabahah, Technical Bulletin 9: Implementation of Annuity Method in Murabahah and Accounting Guidelines for Indonesian Sharia Banking (PAPSI) 2013.

  Bank Indonesia as the banking regulator in Indonesia has issued the revision of Accounting Guidelines for Indonesian Sharia Banking (PAPSI) and BI regulation No 15/26/DPbS "Guidance on implementation of PAPSI 2013" which should be effectively implemented on 1 August 2013. In September 2013, the Association of Bank Syariah Indonesia (ABISINDO) as the representative from syariah banking industry has submitted a letter to Bank Indonesia to request postponement of the implementation PAPSI 2013 above until 1 January 2016. Currently the Subsidiary is still in the process of preparing action plan in relation with implementation of PAPSI 2013.

  In December 2013, the Islamic Accounting Standards Boards of Indonesian Istitute of Accountants has issued PSAK 102 Revision which will be effectively implemented on 1 January 2014 on a prospective catch-up basis. Major change in the PSAK 102 Revision is related to the accounting treatment for murabahah transaction which in substance categorised as financing transaction. Under PSAK 102 Revision, murabahah transaction which in substance is a murabahah financing should follow the accounting treatment of SFAS 55: Financial Instrument: Recognition and Measurement, SFAS 50: Financial Instrument: Presentation and PSAK 60: Financial Instruments: Disclosures and other relevant PSAK. With the issuance of PSAK 102 Revision, starting from 1 January 2014 the Subsidiary will implement the previously issued Technical Bulletin 9 Implementation of Annuaity Method in Murabahah as indicated in the Basis for Conclusion in SFAS 102 Revision. Currently, the Subsidiary is still in the process of evaluating the impact this PSAK 102 Revision.

- IFAS 27 "Transfer assets from customer"
- IFAS 28 "Extinguishing financial liabilities with equity instrument"
- SFAS 65 "Consolidated financial statements" *)
- SFAS 66 "Joint arrangements" *)
- SFAS 67 "Disclosure of interests in other entities" *)
- SFAS 68 "Fair value measurement"
- SFAS 1 (revised 2013) "Presentation of financial statements" *)
- SFAS 4 (revised 2013) "Separate financial statements" *)
- SFAS 15 (revised 2013) "Investment in associates and joint ventures" *)
- SFAS 24 (revised 2013) "Employee benefits" *)

*) Early adoption of these new and revised standards prior to 1 January 2015 is not permitted.

66. NEW ACCOUNTING PRONOUNCEMENTS (continued)

SFAS 102, IFAS 27 and 28 will become effective for annual period beginning 1 January 2014 while the other new and revised standards will become effective for the annual period beginning 1 January 2015.

As at the authorisation date of this consolidated of financial statements, Bank Mandiri and Subsidiaries are still evaluating the potential impact of these new and revised SFAS and IFAS.

67. SUPPLEMENTARY INFORMATION

The information presented in Appendix 6/1 - 6/9 is a supplementary financial information of PT Bank Mandiri (Persero) Tbk., the Parent Entity only, which presents the Bank’s investments in Subsidiaries under the cost method.

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF FINANCIAL POSITION - PARENT ENTITY ONLY
AS AT 31 DECEMBER 2013 AND 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	2013	2012
ASSETS		
Cash	17,226,616	14,131,136
Current Accounts with Bank Indonesia	40,602,631	35,955,368
Current Accounts with Other Banks		
Related parties	100,701	113,044
Third parties	13,334,609	9,305,627
	13,435,310	9,418,671
Less: Allowance for impairment losses	(4,659)	(3,540)
Current Accounts with Other Banks - net	13,430,651	9,415,131
Placements with Bank Indonesia and Other Banks		
Related parties	2,731,740	1,127,588
Third parties	36,760,561	42,590,618
	39,492,301	43,718,206
Less: Allowance for impairment losses	(105,099)	(83,558)
Placements with Bank Indonesia and Other Banks - net	39,387,202	43,634,648
Marketable Securities		
Related parties	4,331,214	677,172
Third parties	9,605,262	7,703,497
	13,936,476	8,380,669
Less: Unamortised discounts, unrealised (losses)/gains from (decrease)/ increase in value of marketable securities and allowance for impairment losses	(414,115)	(122,438)
	13,522,361	8,258,231
Government Bonds - Related parties	79,843,595	77,025,672
Other Receivables - Trade Transactions		
Related parties	3,904,858	3,784,548
Third parties	4,746,703	2,730,282
	8,651,561	6,514,830
Less: Allowance for impairment losses	(1,424,454)	(1,125,015)
Other Receivables - Trade Transactions - net	7,227,107	5,389,815
Securities Purchased under Resale Agreements		
Related parties	-	1,456,340
Third parties	3,103,351	12,866,022
Securities Purchased under Resale Agreements - net	3,103,351	14,322,362
Derivative Receivables		
Related parties	2,792	231
Third parties	168,086	86,901
Derivative Receivables - net	170,878	87,132
Loans		
Related parties	56,955,282	45,934,586
Third parties	360,022,748	294,039,104
Total loans	416,978,030	339,973,690
Less: Allowance for impairment losses	(15,002,015)	(12,740,561)
Loans - net	401,976,015	327,233,129

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF FINANCIAL POSITION - PARENT ENTITY ONLY
AS AT 31 DECEMBER 2013 AND 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	2013	2012
ASSETS (continued)		
Acceptance Receivables		
Related parties	779,807	1,505,031
Third parties	9,398,563	6,452,481
	10,178,370	7,957,512
Less: Allowance for impairment losses	(63,481)	(37,041)
Acceptance Receivables - net	10,114,889	7,920,471
Investments in Shares - net of allowance for impairment losses of Rp54,899 and Rp22,532, as at 31 December 2013 and 2012	3,104,566	3,195,543
Prepaid Expenses	907,842	767,457
Prepaid Taxes	1,108,430	853
Fixed Assets - net of accumulated depreciation and amortisation of Rp4,807,311 and Rp4,226,501 as at 31 December 2013 and 2012	6,893,588	6,184,445
Intangible Assets- net of and amortisation of Rp1,288,191 and Rp1,173,596 as at 31 December 2013 and 2012	889,842	656,013
Other Assets - net of allowance for possible losses of Rp276,350 and Rp263,707 as at 31 December 2013 and 2012	4,646,847	5,150,539
Deferred Tax Assets	4,093,766	3,777,111
TOTAL ASSETS	**648,250,177**	**563,105,056**

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF FINANCIAL POSITION - PARENT ENTITY ONLY
AS AT 31 DECEMBER 2013 AND 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	2013	2012
LIABILITIES AND EQUITY		
LIABILITIES		
Obligation due Immediately	762,130	1,694,231
Deposits from Customers		
Demand deposits		
Related parties	26,904,930	25,553,634
Third parties	89,345,932	82,276,072
Total demand deposits	116,250,862	107,829,706
Saving deposits		
Related parties	199,373	926,505
Third parties	213,929,281	181,857,954
Total saving deposits	214,128,654	182,784,459
Time deposits		
Related parties	28,249,099	21,595,937
Third parties	141,089,425	123,248,810
Total time deposits	169,338,524	144,844,747
Total Deposits from Customers	499,718,040	435,458,912
Deposits from Other Banks		
Demand and saving deposits		
Related parties	159,681	32,672
Third parties	2,960,349	2,166,360
Total demand and saving deposits	3,120,030	2,199,032
Inter-bank call money		
Related parties	137,000	327,100
Third parties	1,250,850	125,000
Total inter-bank call money	1,387,850	452,100
Time deposits		
Related parties	30,000	-
Third parties	8,123,254	11,467,747
Total time deposits	8,153,254	11,467,747
Total Deposits from Other Banks	12,661,134	14,118,879
Securities sold under Repurchase Agreements		
Related parties	1,509,324	-
Third parties	3,146,825	-
Securities sold under Repurchase Agreements	4,656,149	-
Derivative Payables		
Related parties	372	333
Third parties	224,462	112,924
Total Derivative Payables	224,834	113,257
Acceptance Payables		
Related parties	445,929	262,481
Third parties	9,732,441	7,695,031
Total Derivative Payables	10,178,370	7,957,512
Marketable Securities Issued - net of unamortised discount of RpNil and RpNil as at 31 December 2013 and 2012	105,862	296,076

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF FINANCIAL POSITION - PARENT ENTITY ONLY
AS AT 31 DECEMBER 2013 AND 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	2013	2012
LIABILITIES AND EQUITY (continued)		
LIABILITIES (continued)		
Estimated Losses on Commitments and Contingencies	197,807	186,114
Accrued Expenses	2,808,305	2,035,275
Current Tax Payable		
Income Tax	1,515,818	1,919,588
Other Tax	352,611	489,446
Total Tax Payable	1,868,429	2,409,034
Employee Benefits Liabilities	4,323,446	3,604,359
Provision	822,582	746,821
Other Liabilities	8,896,985	9,988,272
Fund Borrowings		
Related parties	-	9,102
Third parties	13,994,173	8,693,075
Total Fund Borrowings	13,994,173	8,702,177
Subordinated Loans		
Related parties	1,944,800	1,941,800
Third parties	2,525,815	3,201,150
Total Subordinated Loans	4,470,615	5,142,950
TOTAL LIABILITIES	**565,688,861**	**492,453,869**
EQUITY		
Share Capital - Rp500 (full amount) par value per share, Authorised Capital - 1 share Dwiwarna Series A and 31,999,999,999 common shares Series B, Issued and Fully Paid-in Capital - 1 share Dwiwarna Series A and 23,333,333,332 common shares Series B, Issued and Fully Paid-in Capital as at 31 December 2013 and 2012	11,666,667	11,666,667
Additional Paid-in Capital/Agio	17,476,308	17,195,760
Differences Arising from Translation of Foreign Currency Financial Statements	126,010	72,694
Unrealised Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - Net of Deferred Tax	(1,413,082)	(427,599)
Retained Earnings (accumulated losses of Rp162,874,901 were eliminated against additional paid-in capital/agio as a result of quasi-reorganisation as at 30 April 2003)		
- Appropriated	7,431,162	5,927,268
- Unappropriated	47,274,251	36,216,397
Total Retained Earnings	54,705,413	42,143,665
TOTAL EQUITY	**82,561,316**	**70,651,187**
TOTAL LIABILITIES AND EQUITY	**648,250,177**	**563,105,056**

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF COMPREHENSIVE INCOME - PARENT ENTITY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	2013	2012
INCOME AND EXPENSES FROM OPERATIONS		
Interest Income	43,339,930	36,800,542
Interest Expense	(14,732,324)	(12,636,628)
NET INTEREST INCOME	**28,607,606**	**24,163,914**
Other Operating Income		
Other fees and commissions	7,544,114	6,335,769
Foreign exchange gains - net	1,812,685	1,069,830
Others	3,921,070	3,283,344
Total Other Operating Income	13,277,869	10,688,943
Allowance for Impairment Losses	(3,907,443)	(2,990,221)
Reversal of Allowance for Impairment Losses on Commitments and Contingencies	9,124	44,130
Reversal/(Provision) of alowance for Possible Losses	1	(26,143)
Unrealised (Losses)/Gains from Increase in Fair Value of Marketable Securities and Government Bonds	(2,769)	4,274
Gains on Sale of Marketable Securities and Government Bonds	24,514	287,327
Other Operating Expenses		
Salaries and employee benefits	(7,537,377)	(6,512,515)
General and administrative expenses	(7,752,465)	(6,385,697)
Others - net	(1,414,726)	(1,965,749)
Total Other Operating Expenses	(16,704,568)	(14,863,961)
INCOME FROM OPERATIONS	**21,304,334**	**17,308,263**
Non-operating Income - net	367,131	741,566
INCOME BEFORE TAX EXPENSE	**21,671,465**	**18,049,829**
Tax Expense		
Current	(4,528,782)	(3,906,338)
Deferred	70,285	158,410)
Total Tax Expense - net	(4,458,497)	(3,747,928)
NET INCOME	**17,212,968**	**14,301,901**
Comprehensive Income		
Difference arising from translation of financial statements in foreign currency	53,316	(10,588)
Unrealised net (losses)/gains from (decrease)/ increase in fair value of available for sale financial assets	(1,231,853)	149,708
Income Tax related to other comprehensive income	246,370	(29,926)
Comprehensive Income After Tax	(932,167)	109,194
TOTAL COMPREHENSIVE INCOME	**16,280,801**	**14,411,095**

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF CHANGES IN EQUITY - PARENT ENTITY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	Issued and Fully Paid-in Capital	Additional Paid-in Capital/Agio	Differences Arising from Translation of Financial Statements in Foreign Currencies	Unrealised Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - Net of Deferred Tax	Retained Earnings*)			Total Equity
					Appropriated	Unappropriated	Total	
Balance as at 1 January 2013	**11,666,667**	**17,195,760**	**72,694**	**(427,599)**	**5,927,268**	**36,216,397**	**42,143,665**	**70,651,187**
Dividends allocated from 2012 net income	-	-	-	-	-	(4,651,220)	(4,651,220)	(4,651,220)
The establishment of general and special reserves of net profit in 2012 (refer to Note 40c)	-	-	-	-	1,503,894	(1,503,894)	-	-
Comprehensive income for the year ended 31 December 2013	-	-	53,316	(985,483)	-	17,212,968	17,212,968	16,280,801
Gain from sale of Subsidiaries to entitiy under common control and others (refer to Note 40b)	-	280,548	-	-	-	-	-	280,548
Balance as at 31 December 2013	**11,666,667**	**17,476,308**	**126,010**	**(1,413,082)**	**7,431,162**	**47,274,251**	**54,705,413**	**82,561,316**

*) Accumulated losses of Rp162,874,901 have been eliminated with additional paid-in capital/agio due to quasi-reorganisation as at 30 April 2003

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF CHANGES IN EQUITY - PARENT ENTITY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	Issued and Fully Paid-in Capital	Additional Paid-in Capital/Agio	Differences Arising from Translation of Financial Statements in Foreign Currencies	Unrealised (Losses)/Gains from (Decrease)/Increase in Fair Value of Available for Sale Marketable Securities and Government Bonds - Net of Deferred Tax	Retained Earnings*)			Total Equity
					Appropriated	Unappropriated	Total	
Balance as at 1 January 2012	**11,666,667**	**17,195,760**	**83,282**	**(547,381)**	**5,927,268**	**24,853,547**	**30,780,815**	**59,179,143**
Dividends allocated from 2011 net income	-	-	-	-	-	(2,449,209)	(2,449,209)	(2,449,209)
Fund allocated to cooperative development and community development program from 2011 net income	-	-	-	-	-	(489,842)	(489,842)	(489,842)
Comprehensive income for the year ended 31 December 2012	-	-	(10,588)	119,782	-	14,301,901	14,301,901	14,411,095
Balance as at 31 December 2012	**11,666,667**	**17,195,760**	**72,694**	**(427,599)**	**5,927,268**	**36,216,397**	**42,143,665**	**70,651,187**

*) Accumulated losses of Rp162,874,901 have been eliminated with additional paid-in capital/agio due to quasi-reorganisation as at 30 April 2003

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF CASH FLOWS - PARENT ENTITY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from interest income	41,236,356	35,147,725
Receipts from fees, commissions and premium - net	7,544,114	6,335,769
Payments of interest expense	(14,601,875)	(12,615,643)
Receipts from the sale of Government Bonds - fair value through profit or loss	26,635,916	62,709,922
Acquisition of Government Bonds - fair value through profit or loss	(25,456,801)	(63,177,702)
Foreign exchange gains/(losses) - net	(389,302)	865,294
Operating income - others	918,211	732,308
Operating expenses - others	(676,604)	(1,671,815)
Salaries and employee benefits	(6,818,290)	(5,619,577)
General and administrative expenses	(7,039,429)	(5,938,233)
Non-operating income/(expenses)	373,747	741,566
Cash flow from operating activities before changes in operating assets and liabilities	21,726,043	17,509,614
(Increase)/decrease in operating assets:		
Placements with Bank Indonesia and other banks	(1,182,586)	(200,461)
Marketable securities - fair value through profit or loss	(843,318)	3,199,422
Other receivables - trade transactions	(2,136,731)	(916,375)
Loans	(76,232,808)	(67,357,344)
Securities purchased under resale agreements	11,219,011	(2,151,452)
Prepaid tax	(1,107,577)	(2)
Prepaid expenses	(140,385)	(182,643)
Other assets	1,086,923	(706,491)
Proceeds from collection of financial assets already written-off	3,002,556	2,550,099
Increase/(decrease) in operating liabilities:		
Demand deposits	9,114,254	18,051,209
Saving deposits	31,572,095	33,953,891
Time deposits	21,179,285	4,653,443
Inter-bank call money	935,750	243,818
Obligation due immediately	(932,101)	407,157
Taxes payable	(1,289,056)	58,427
Payment of corporate income tax	(5,117,989)	(2,598,048)
Other liabilities	1,048,608	3,718,178
Net cash provided by operating activities	**11,901,974**	**10,232,442**
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase)/decrease in marketable securities - available for sale and held-to-maturity portfolio	(4,459,784)	(1,485,663)
Decrease in Government Bonds - available for sale and held-to-maturity portfolio	(4,958,007)	413,860
Proceeds from sale of fixed assets	14,749	94,665
Acquisition of fixed assets	(1,322,377)	(1,246,959)
Acquisition of intangible assets	(348,424)	(197,114)
Sale of investment in PT Bumi Daya Plaza	264,000	-
Sale of investment in PT Usaha Gedung Mandiri	132,000	-
Net cash used in investing activities	**(10,677,843)**	**(2,421,211)**

PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF CASH FLOWS - PARENT ENTITY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	2013	2012
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital injection to PT Bank Sinar Harapan Bali (Subsidiary)	(32,377)	-
Capital injection to PT Bank Syariah Mandiri (Subsidiary)	-	(300,000)
Capital injection to PT Mandiri Sekuritas (Subsidiary)	-	(29,512)
Decrease in marketable securities issued	(190,214)	(120,101)
(Decrease)/Increase in fund borrowings	3,133,509	(549,153)
Payments of subordinated loans	(672,335)	(713,848)
Increase in marketable securities sold under repurchase agreement	4,656,149	-
Payments of dividends, cooperative development fund program and community development fund program	(4,651,220)	(2,939,051)
Net cash provided by/(used in) financing activities	**2,243,512**	**(4,651,665)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**3,467,643**	**3,159,566**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**2,883,248**	**648,944**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**102,872,010**	**99,063,500**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**109,222,901**	**102,872,010**
Cash and cash equivalents at end of year consist of:		
Cash	17,226,616	14,131,136
Current accounts with Bank Indonesia	40,602,631	35,955,368
Current accounts with other banks	13,435,310	9,418,671
Placements with Bank Indonesia and other banks	37,958,344	43,366,835
Total Cash and Cash Equivalents	**109,222,901**	**102,872,010**
Supplemental Non-Cash Flow Information		
Activities not affecting cash flows:		
Unrealised losses from decrease in value of available for sale marketable securities and Government Bonds - net of deferred tax	(1,413,082)	(427,599)
Dividend receivable from Subsidiaries	-	10,435
Acquisition of fixed assets - payable	(812,181)	(570,233)
Capital injection to Bank Syariah Mandiri via inbreng mechanism	(30,778)	-