



passion to perform for **indonesia**

2014

Annual report

PT BANK MANDIRI (Persero) Tbk.

www.bankmandiri.co.id



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.



passion to perform for Indonesia

”

In order to realize our mission of playing a key role in spurring Indonesia's long-term economic growth, we at Bank Mandiri make every effort to consistently working for Indonesia. This involves a determination to make Bank Mandiri the bank with the best financial and operational performance, and to provide the greatest possible contribution to society and the environment. Our dream is a bank that can give the best to all stakeholders in the form of economic prosperity (profit), social wellbeing (people), and the preservation of the environment (the planet) so that we can contribute to the realization of a sustainable Indonesia.

continuity theme



PASSION TO PERFORM FOR INDONESIA

We consistently make every effort to work for Indonesia by making Bank Mandiri the bank with the best financial and operational performance, a bank that Indonesia can be proud of.



PROSPEROUS SPIRIT

We are imbued with what we call "prosperous spirit," whereby our goals are to promote national economic growth, develop and grow the business sector, keep the wheels of the economic turning, and help realize the dreams of our customers.



MANDIRI FOR WHATEVER YOUR DREAMS

As the largest financial institution in Indonesia, Bank Mandiri is committed to swift, proactive and innovative responses in delivering solutions to the financial needs of all our customers.



PASSION IN FULFILLING YOUR DREAMS

Bank Mandiri is committed to consistently answer your every need with sincerity. Our financial performance is supported by a corporate culture that focuses on trust, integrity, professionalism, customer service and excellence.



annual report at a glance

Welcome to the 2014 Bank Mandiri Annual Report. The theme of the annual report this year is “passion to perform for indonesia,” which symbolizes the commitment of all of us at Bank Mandiri to consistently make every effort to work for Indonesia. We believe in a greater purpose in life than just work in itself, namely, a determination and commitment to make Bank Mandiri the bank with the best financial and operational performance, a bank that contributes as much as possible to society and the environment.

The annual report is based on an in-depth assessment of the outlook for the Bank’s business and the dynamics of the banking industry in 2014, and the work we have done over the reporting period, not only to ensure the growth of the Bank’s business, but also the growth of the Indonesian economy.

The main purpose of the annual report is to provide full disclosure of information on Bank Mandiri on both internal and external matters, and also to serve as an internal information resource for the Bank itself.

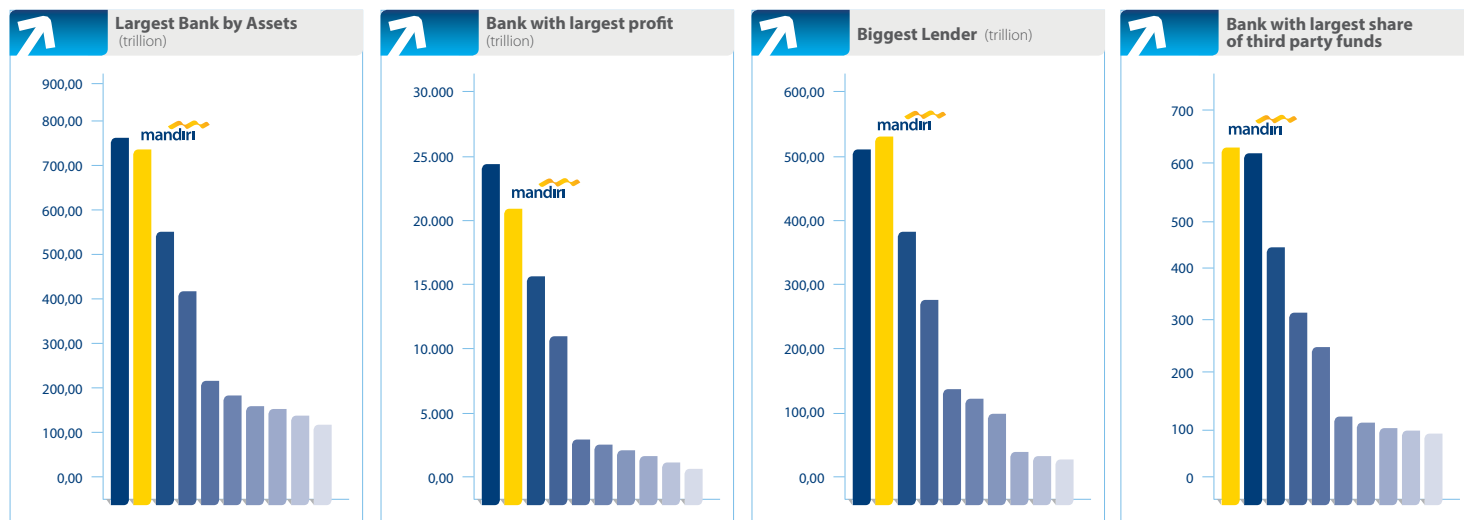
The report provides a comprehensive and detailed information on the performance and statements of financial position, income, and cash flow of the Bank. It also

provides an overview of the duties, roles, and functions of the bodies established as part of the organizational structure of the Bank, and how they reflect the implementation of good corporate governance.

The main objective of the report is to enhance the understanding and trust of all stakeholders by providing information appropriate, balanced, and relevant information on the Bank so that all employees, executives, and shareholders can obtain adequate information related to the policy measures that have been and will be taken following the Bank’s achievements in 2014.

For Bank Mandiri, the annual report is not just a mechanism for reporting management accountability to the General Meeting of Shareholders, but rather serves as an effective medium of communication to all stakeholders about the performance and prospects of the company in the future. It also represents a form of implementation of good corporate governance, as well as a means for Bank Mandiri to obtain input on the quality of its reporting, while at the same time further consolidating Bank Mandiri’s position as the best and biggest bank in Indonesia.

Optimistic of Becoming Best Bank



LONG EXPERIENCE. EXTENSIVE NETWORK. SUPPORTED BY SOLID GROUP BUSINESS.

For more information, see description of Bank Mandiri on pages 66-118 and pages 234-249.

INTEGRATED PRODUCTS AND SERVICES. SATISFIES CUSTOMER NEEDS IN ALL SEGMENTS.

For more information, see description of Bank Mandiri on pages 100-107 and 136-162..

ACTIVELY PROVIDES FINANCING SUPPORT FOR GOVERNMENT INFRASTRUCTURE PROGRAM SO AS TO BOOST NATIONAL ECONOMY.

For more information, see description of Bank Mandiri on pages 30-42.

LIQUIDITY

Bank Mandiri retains its position as the bank with the strongest liquidity based on a number of indicators, including primary reserve ratio, secondary reserves and loan to deposit ratio (LDR) of 82.02%.

Third-Party Funds

14,39% TO
RP636,382 TRILLION

LOAN QUALITY

For more information, see description of Bank Mandiri on pages 100-107 dan 136-162.

NPL 2,15%

Bank Mandiri is the second biggest lender in Indonesia. Lending growth of 12.2% has been achieved while maintaining a low level of NPLs through the application of prudential principles.

CAPITAL ADEQUACY

For more information, see description of Bank Mandiri on pages 30-42.

CAR 16,60%

Healthy capital structure is based on strong Tier 1 capital. Provides solid

ROA of 3,39% and ROE 20,95%.

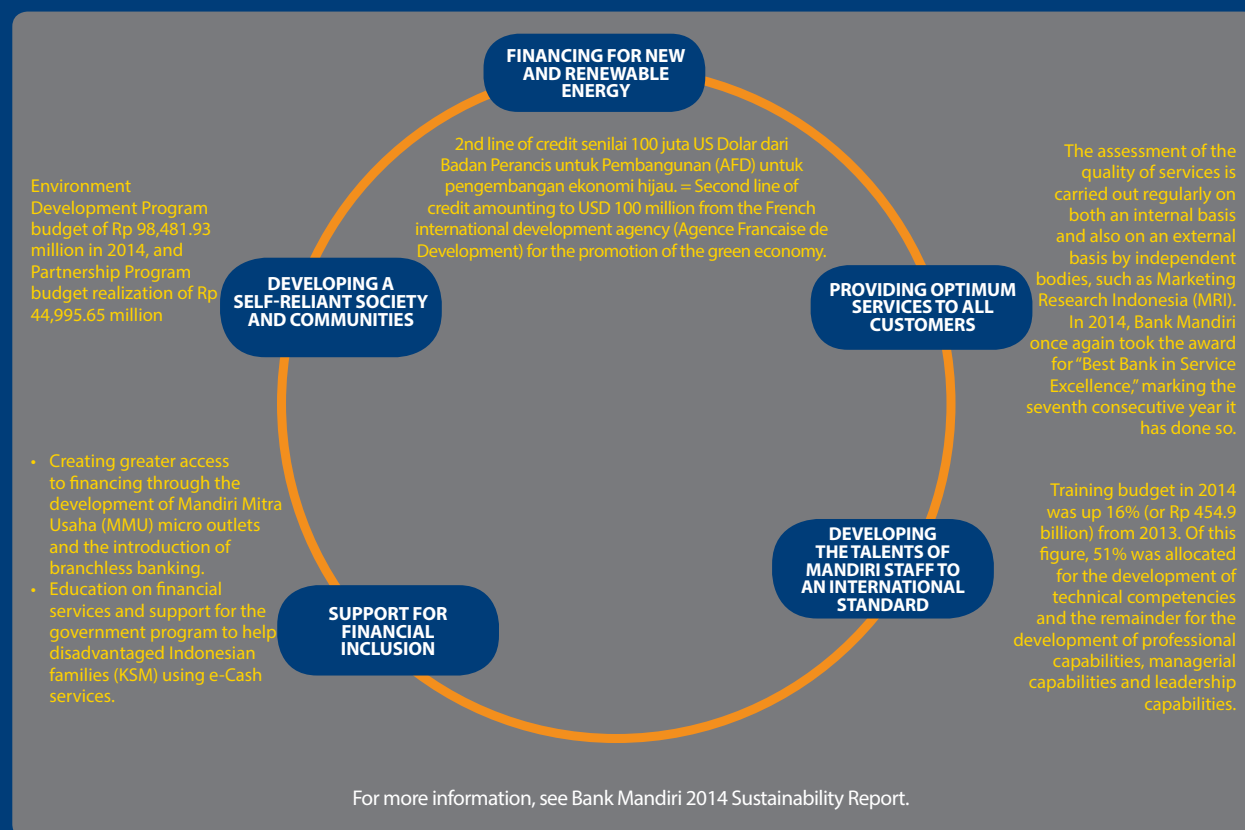
CORPORATE GOVERNANCE

To be the best bank in ASEAN, Bank Mandiri will require better quality management in Bank Mandiri, including the strengthening of internal control through the application of the assurance function, covering internal audit, risk management, and compliance. Bank Mandiri has taken the initiative to apply integrated governance to improve oversight and anticipate future risks in tandem with the development of the banking industry in the ASEAN Economic Community post 2015

For more information, see description of Bank Mandiri on pages 420-598.

CORPORATE SOCIAL RESPONSIBILITY

Ongoing CSR programs at Bank Mandiri cover the Bank's relations with the customers, the environment and staff, and the development of communities, as described below:



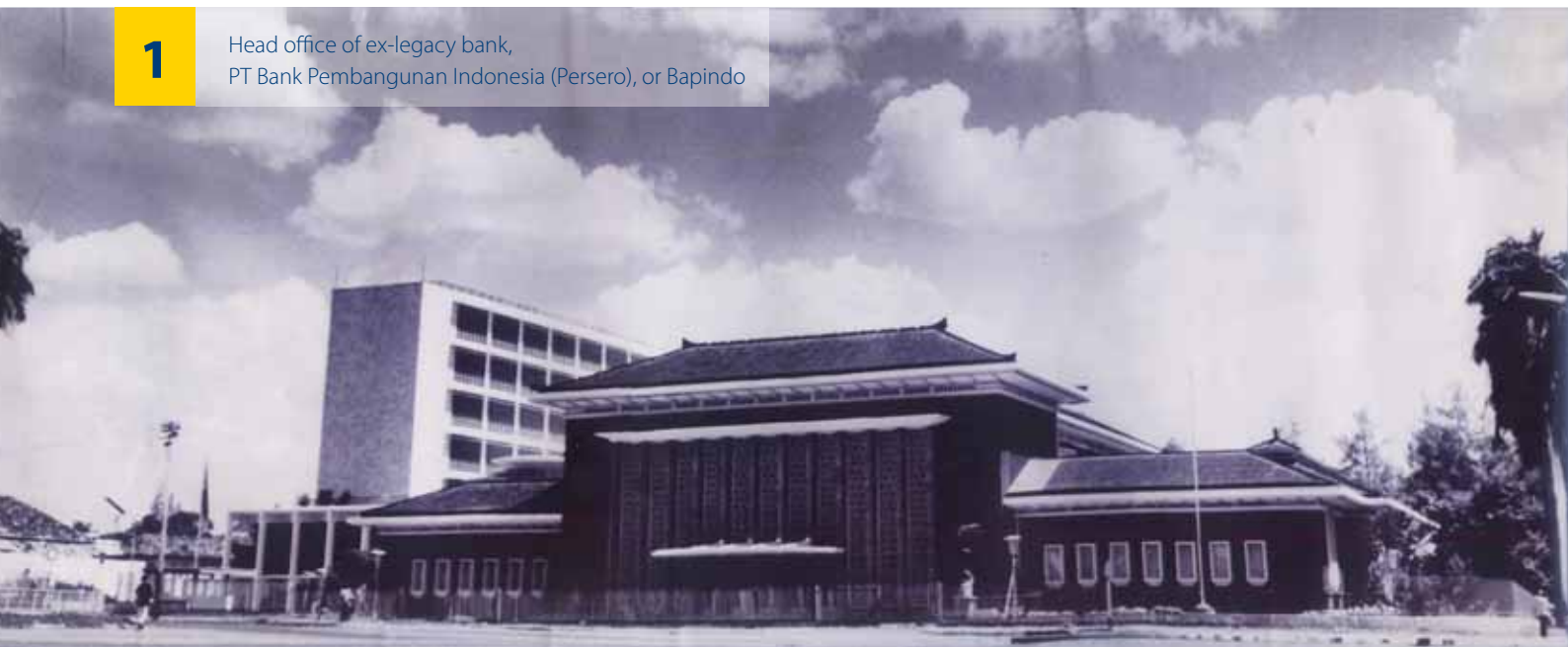
The Bank's CSR vision: "Building self-reliant Indonesian communities through CSR programs as inspiration to become a progressive Indonesian financial institution that grows in tandem with the growth of Indonesia", reflects the Bank's commitment to being a Good Corporate Citizen (GCC). Bank Mandiri consistently plays a role in developing communities, education, entrepreneurship and financial literacy through its CSR program pillars. One of the ways it does this is through the provision of education on financial services and support for the government program to help disadvantaged Indonesian families (KSM) using e-Cash services. For more information, see description of Bank Mandiri on pages 604-624.

priceless heritage

“Armed with a long history and the spirit of national prosperity, Bank Mandiri has and will continue to demonstrate its commitment to making a maximum contribution to the growth and development of the Indonesian economy”

1

Head office of ex-legacy bank,
PT Bank Pembangunan Indonesia (Persero), or Bapindo



2

Head office of ex-legacy bank,
PT Bank Bumi Daya (Persero) or BBD



3

Head office of ex-legacy bank,
PT Bank Dagang Negara (Persero) or BDN



4Head office of ex-legacy bank,
PT Bank Export Import (Persero) or Bank Exim

CONSOLIDATION AND INTEGRATION

Immediately following the merger, Bank Mandiri embarked on a comprehensive process of consolidation, including the successful implementation of 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.

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:

01

Corporate Culture Implementation 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.

02

Aggressive Non Performing Loans Control emphasizing the resolution of nonperforming loans and enhancing the risk management system

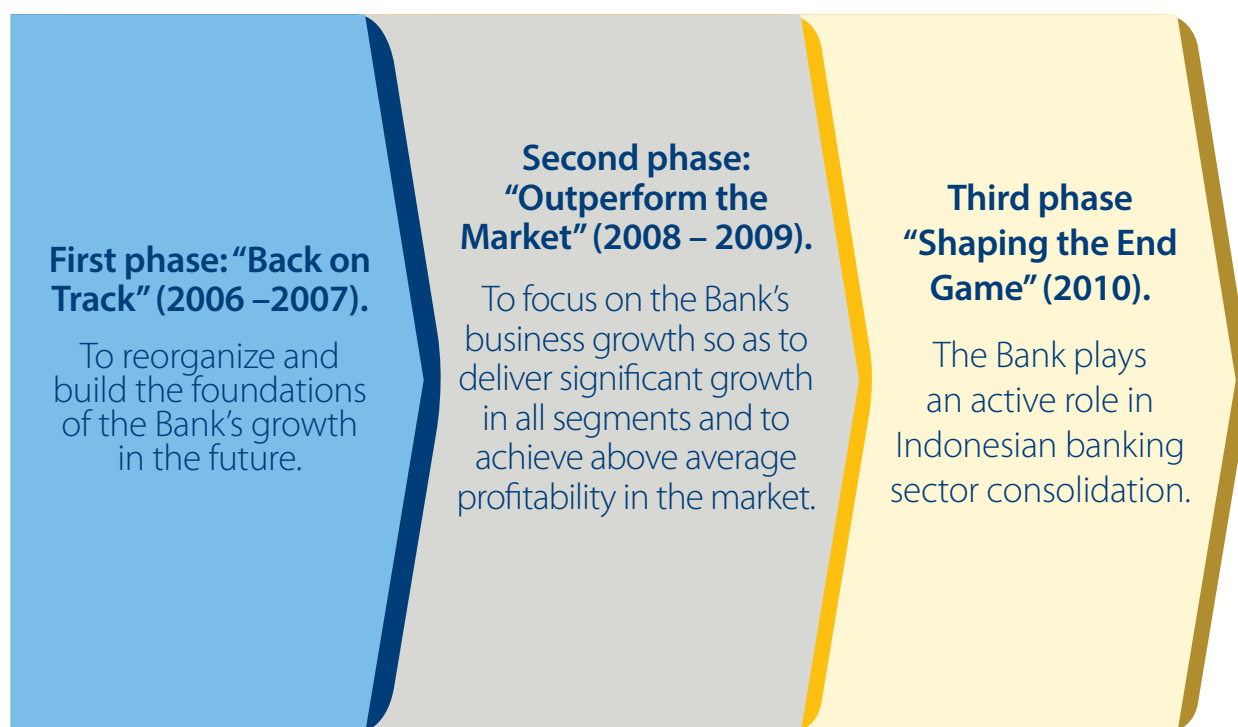
03

The acceleration of business expansion so as to exceed average market growth through distinctive strategies and value propositions in each segment.

04

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

In order to achieve the aspirations of becoming a Regional Champion Bank, Bank Mandiri to transform gradually through three (3) phases:



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 adopted 5 (five) corporate culture values, also known as "TIPCE": Trust, Integrity, Professionalism, Customer Focus, and Excellence.

CONTINUING TRANSFORMATION

To maintain and improve its financial performance, Bank Mandiri launched its 2010-2014 continuing transformation program as part of which the Bank would revitalize its vision "To be the most admired and progressive Financial Institution in Indonesia". With this vision, the Bank aimed at achieving a financial milestone in 2014, namely, a market capitalization of over Rp225 trillion, with close to a 16% market share of revenue, ROA approaching 2.5%, and ROE approaching 25%, while continuing to maintain asset quality as reflected in a gross NPL ratio of below 4%. In

2014, Bank Mandiri planned 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 was focused on 3 (three) business areas, namely:

Wholesale Transaction

Bank Mandiri to 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 Deposit & Payment

Bank Mandiri 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 to 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.

The success of our 2010-2014 continuing transformation program is shown by the achievement of a market capitalization of Rp254 trillion, return on assets of 3.39%, and a non-performing loan ration of 2.17%. Bank Mandiri has successfully retained the title as "the best bank in

service excellence" from the Market Research Institute (MRI) for eight (8) consecutive years, and the title as "Most Trusted Company" from The Indonesian Institute for Corporate Governance (IICG) for 7 (seven) years in a row.

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our contribution to national progress



We continue to enhance our contribution to the advancement of the nation through the various roles that we perform. In 2014, Bank Mandiri played a key role in supporting national development with the provision of financing for the construction of 13 toll road segments of 272.34 KM in length, providing 30% of the financing for the national power plant development program, and helping realize the dream of the Indonesian nation to have a world class port.

Our commitment to making Indonesia a better place has been manifested through the financing we have provided for the development of various infrastructure sectors, including telecommunications, oil and gas, electricity, transport and various other sectors, all of which will help every Indonesian to participate in and contribute to the development of the nation.



TELECOMMUNICATIONS
15.212,03 Million



OIL AND GAS
37.341,79 Million



POWER GENERATION
22.028,04 Million



TRANSPORTATION
10.079,86 Million



EXPRESSWAYS
27.353,74 Million

We also help boost employment every year through the trickle-down effect from the financing we provide to the corporate sector, which allows for the creation of sustainable jobs.

RESILIENT YOUNG ENTREPRENEURS

Imbued with the spirit of national prosperity, we have enhanced the economic capacity of:

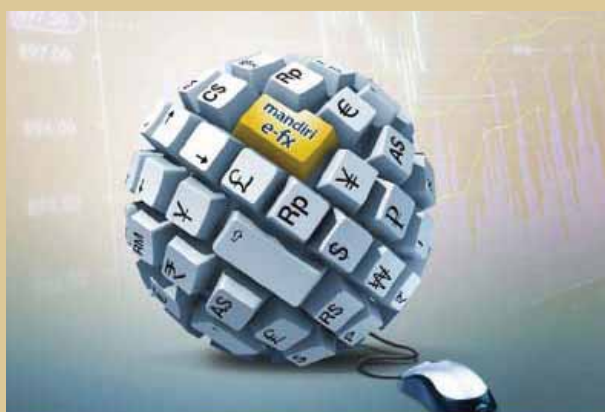
27 thousand businesses
in the commercial segment

724 thousand micro, small
and medium enterprises in 657 thousand in the micro segment

3,000 migrant workers
to become successful entrepreneurs

2014 performance

2014 STRATEGIES




**STRENGTHENING
LEADERSHIP IN
WHOLESALE
TRANSACTIONS**

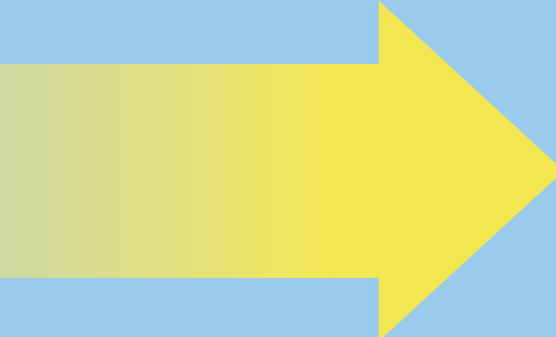



**BEING THE RETAIL
DEPOSIT AND
PAYMENT BANK
OF CHOICE FOR
CUSTOMERS**



**BEING A WINNER
IN RETAIL
FINANCING
SEGMENT**

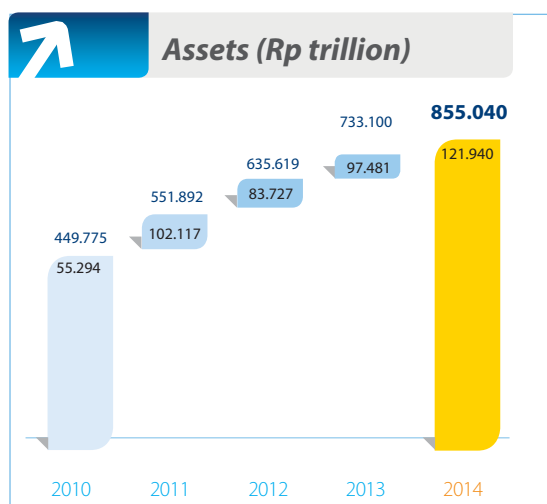
- 
- offering comprehensive financial transaction solutions and building holistic relations in servicing corporate, commercial and institutional
 - strengthening relations with well-known companies based on an holistic approach.
 - In 2014, income from wholesale fees amounted to Rp 4.4 trillion and from wholesale Low Cost Funds Rp 73.2 trillion, while the number of cash management transactions grew 80.4% to 44.2 million

- 
- Bank Mandiri always strives to provide unique, innovative and top-quality banking experiences.
 - In 2014, income from retail fees reached Rp 6.7 trillion, and retail Low Cost Funds amounted to Rp 279.3 trillion, while the number of e-channel transactions during 2014 amounted to 1,820 million.

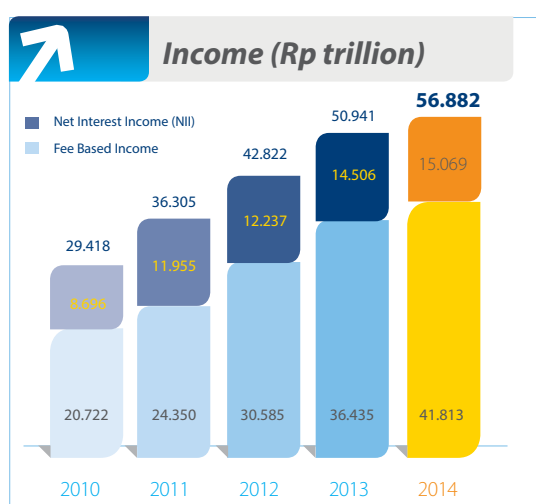
- 
- To be a key player in micro banking, home loans, personal loans and cards, and to dominate syariah banking
 - in 2014, total retail lending amounted to Rp 158.0 trillion, up 21.4% YoY, accounting for 33.2% of total lending. The number of MSME customers grew 15.5% YoY, or by 100 thousand customers.

KEY ACHIEVEMENTS IN 2014

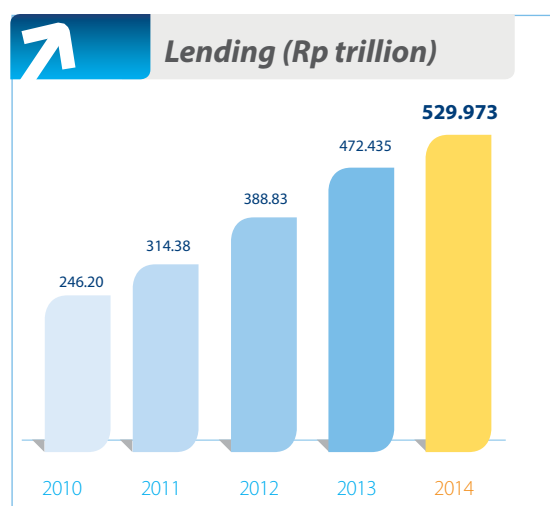
Bank Mandiri successfully retained its title as “the best bank in service excellence” from MRI for seven (7) consecutive years. Retained the title, “Most Trusted Company,” from IICG for 7 (seven) years in a row.



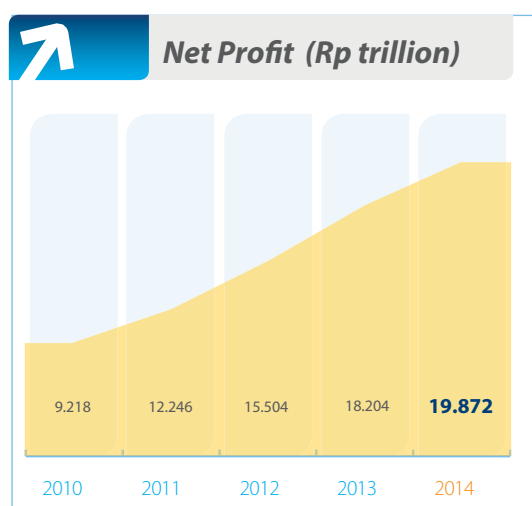
Assets increased 16.63% to Rp 855.040 trillion, compared with Rp 733.100 trillion the previous year



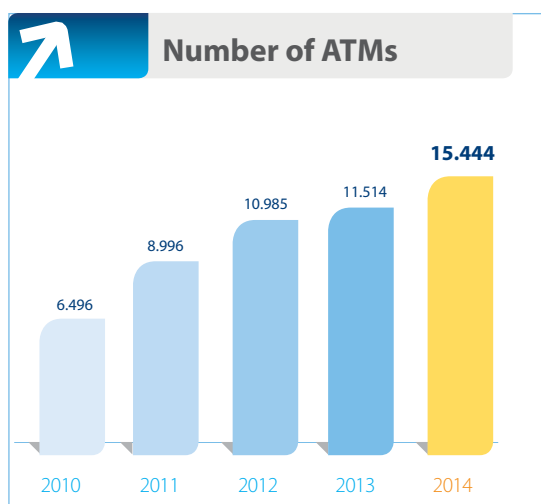
Income increased 11.66% to Rp 56.881 trillion compared with the previous year, with net interest income accounting for 73.51% of revenue and fee-based income 26.49%



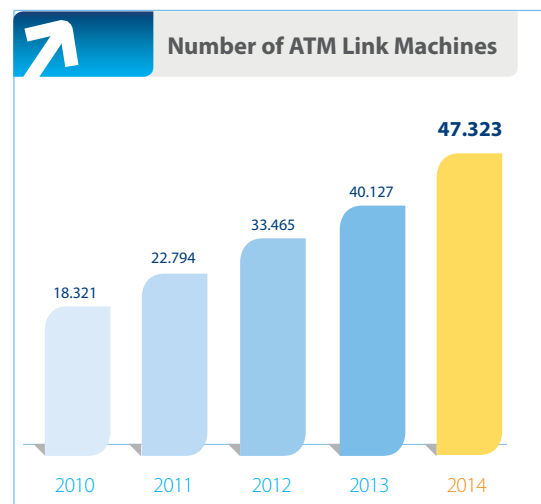
Lending rose 12.18% to Rp 529.973 trillion, compared with Rp 472.435 trillion the previous year



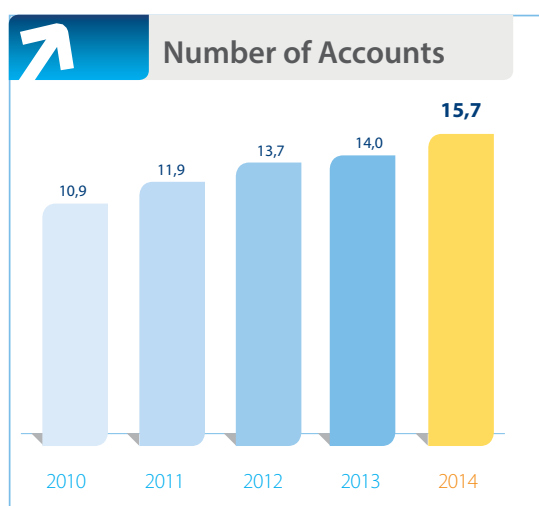
Net profit was up 9.16% to Rp 19.872 trillion, compared with Rp 18.204 trillion the previous year



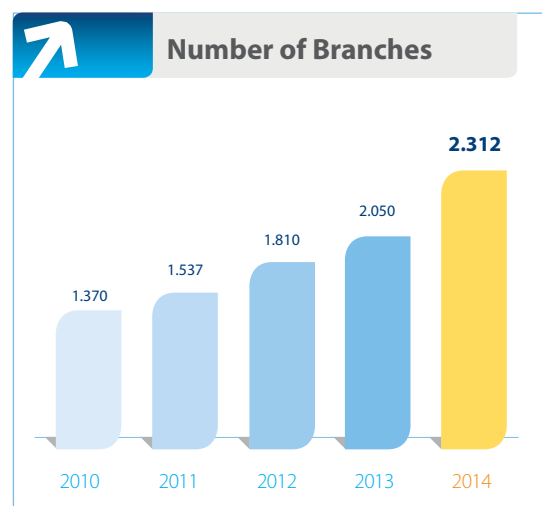
The number of ATMs increased 34.13% to 15,444 compared with 11,514 the previous year



The number of ATM Link machines rose 17.93% to 47,323, compared with 40,127 the previous year



The number of accounts increased 12.14% to 15.7 million compared with 14.0 million the previous year.



The number of branches rose 12.78% to 2,312, compared with 2,050 the previous year

summary of important financial information last 5 years

Consolidated (in Rp million)

The amounts given in all tables and figures in the Annual Report use Bahasa Indonesia numeric style

explanation	2014	2013	2012	2011	2010
Financial Position					
Total Asset	855.039.673	733.099.762	635.618.708	551.891.704	449.774.551
Lending ¹⁾ - Gross	529.973.541	472.435.041	388.830.299	314.380.848	246.200.576
Government Bonds	86.153.906	82.227.428	79.072.173	78.661.519	78.092.734
Equity Investments - Net	55.490	4.667	4.306	6.498	6.248
Total Liabilitas ²⁾	750.195.111	644.309.166	559.863.119	489.237.296	407.704.515
Third Party Funds - Customer Deposits ³⁾					
- Demand Deposits	128.067.091	123.445.524	113.911.014	92.616.188	68.372.347
- Savings Accounts	252.444.999	236.510.887	202.216.209	163.779.820	133.585.356
- Term Deposits	255.870.003	196.385.250	166.786.895	165.854.396	160.254.451
Other Interest Bearing Liabilities	53.870.042	39.570.135	32.613.314	32.420.514	20.812.639
Equity ³⁾	104.844.562	88.790.596	75.755.589	62.654.408	42.070.036
Statement of Earnings					
Interest Income					
- including interest on government bonds	62.637.942	50.208.842	42.550.442	37.730.019	33.931.650
- excluding interest on government bonds	58.003.439	46.725.244	39.475.434	33.516.005	28.228.824
Net Interest Income *)					
- including interest on government bonds	39.132.424	33.809.418	28.421.569	22.535.156	20,169,666
- excluding interest on government bonds	34.497.921	30.325.820	25.346.561	18.321.142	14,466,840
Other Operating Income	14.687.815	14.686.637	11.897.822	11.768.351	8,432,817
Operating Expenses *)	25.374.351	22.533.779	19.804.005	17.071.195	12,726,030
CKPN Expenses	5.718.130	4.871.442	3.423.067	3.297.670	2.986.234
Profit before Tax	26.008.015	24.061.837	20.504.268	16.512.035	13.972.162
Net Profit in Current Year	20.654.783	18.829.934	16.043.618	12.695.885	9.369.226
Profit Attributable to Owner of Parent Company	19.871.873	18.203.753	15.504.067	12.246.044	9.218.298
Profit Attributable to Non Controlling Interests	782.910	626.181	539.551	449.841	150.928
Comprehensive Profit (Loss)	21.482.680	17.996.086	16.256.581	12.479.456	9.474.023
Comprehensive Profit Attributable to Owner of Parent Company	20.699.770	17.369.905	15.717.030	12.029.615	9.323.095
Comprehensive Profit Attributable to Non-Controlling Interests	782.910	626.181	539.551	449.841	150.928
Net Earnings Per Share (Rp)	851,66	780,16	664,46	529,33	439,38

1) Declassified for purpose of consolidating mutual funds managed by subsidiaries

2) Including consumer finance receivables and net leasing

3) Includes temporary Syirkah funds

4) Includes non-controlling interests in consolidated net assets of subsidiaries

explanation	2014	2013	2012	2011	2010
Financial Ratios (Bank Only)					
Capital					
Capital Adequacy Ratio (CAR)	16,60%	14,93%	15,48%	15,34%	13,36%
Productive Assets					
Productive Assets & Non Productive Assets (Non-Performing Assets) to Total Productive Assets & Non Productive Assets	1,15%	1,17%	1,17%	1,43%	1,57%
Non-performing Productive Assets to Total Productive Assets	1,42%	1,43%	1,45%	1,59%	1,57%
Financial Asset CKPN to Productive Assets	2,61	2,86%	2,77%	2,84%	3,22%
Non Performing Loans (Gross NPL)	1,66%	1,60%	1,74%	2,18%	2,21%
Net NPL	0,44%	0,37%	0,37%	0,45%	0,54%
Profitability					
R O A	3,57%	3,66%	3,55%	3,37%	3,50%
R O E	25,81%	27,31%	27,23%	25,57%	33,09%
N I M	5,94%	5,68%	5,58%	5,29%	5,39%
B O P O	64,98%	62,41%	63,93%	67,22%	66,43%
Liquidity					
L D R	82,02%	82,97%	77,66%	71,65%	65,44%
Compliance					
Percentage of BMPK violations					
- Related parties	-	-	-	-	-
- Non related parties	-	-	-	-	-
Percentage of BMPK violations					
- Related parties	-	-	-	-	-
- Non related parties	-	-	-	-	-
Minimum rupiah demand deposit	8,00%	8,00%	8,00%	8,00%	8,00%
Minimum foreign currency demand deposit	8,49%	8,10%	8,01%	8,06%	1,01%
exchange Netto position	2,01%	2,40%	1,27%	1,50%	1,85%

awards, accolades and certifications

BANK MANDIRI AWARDS & ACCOLADES, 2014

Bank Mandiri consistently strives to give optimal returns to all stakeholders. This is evidenced by the fact that the Bank has obtained more than 40 awards and accolades from leading domestic and international institutions, including the following:

Month	Award / Accolade		Presented by
	Name of Award / Accolade	Award / Accolade Category	
January	Brand Finance PK Brand Rating	3rd Place in Most Valueble Indonesian Brands 2013	Brand Finance
	Infobank Digital Brand of The Year 2013	<ul style="list-style-type: none"> 1st Place Digital Conventional Retail Bank Brand 1st Place Digital e-Money Brand 1st Place Digital Credit Card Brand 1st Place Digital Wealth Management Brand 2nd Place Digital Conventional Retail Bank Savings Brand 3rd Place Digital Conventional Retail Bank Term Deposit Brand 	Infobank magazine
February	Top Brand Award	Housing Loans	Marketing magazine
	Global Customer Satisfaction Standar 2013	<ul style="list-style-type: none"> 2nd place Bank Category 2nd place Credit Card Category 	MIX MarComm magazine
March	Customer Satisfaction Award	Consumer Bank of The Year Indonesia 2013	Roy Morgan
	Asia Pacific Oil & Gas Deal of The Year 2013	Oil & Gas	Project Finance Magazine



Month	Award / Accolade		Presented by
	Name of Award / Accolade	Award / Accolade Category	
April	Fortune Most Admired Companies 2014	<ul style="list-style-type: none"> The Second Winner in Finance Industry The Best 20 of Most Admired Companies in Indonesia 	Fortune Indonesia and Hay Group Indonesia
	Asia-Pacific Country Transaction Bank Awards 2013	Best Trade Finance Bank in Indonesia	The Corporate Treasurer
	25 Years of Asiamoney Poll of Polls 2014	<ul style="list-style-type: none"> Best Domestic Bank in Indonesia (2004, 2010-2012) Best Domestic Interest Rates Service Provider in Indonesia 	Asiamoney
	4th Asian Excellence Recognition Awards 2014	<ul style="list-style-type: none"> Asia's Best CEO (Indonesia) – Budi G. Sadikin Asia's Best CFO (Indonesia) Best CSR Best Corporate Communications Team Best Investor Relations Company Best Investor Relations Officer – Bret Ginesky 	Corporate Governance Asia
	Contact Center Service Excellence Award 2014	<ul style="list-style-type: none"> Call Center Regular Banking with predicate Excellent Call Center Priority Banking with predicate Excellent Call Center Regular Credit Card with predicate Excellent Call Center Platinum Credit Card with predicate Excellent Email Customer Care with predicate Excellent 	Marketing magazine and Carre-Center for Customer Satisfaction & Loyalty (CCSL)
	The 6th Annual Global CSR Summit and Awards 2014	2nd Place, Excellence Improvition Literacy and Education Awards	The Pinnacle Group International (TPGI)
	The Asset Triple A Transaction Banking Awards 2014 – Treasury, Trade and Risk Management	<ul style="list-style-type: none"> CFO of the Year, Indonesia Managing Director of Finance & Strategy Best in Treasury and Working Capital-SMEs, Indonesia Best Service Provider - Cash Management, Indonesia 	The Assets
May	Capital Market Awards 2014	Best Bond Issuer	Otoritas Jasa Keuangan (Financial Services Authority)

Month	Award / Accolade		Presented by
	Name of Award / Accolade	Award / Accolade Category	
June	Public Relations Competency Certificate		Asean Public Relations Network
	Corporate Image Award 2014	2nd place, Bis asset nation bank (Asset > 250 trillion)	Tempo Media Group and Frontier Consulting Group
	SQ Diamond Award	Priority Banking	Carre-CCSL
	Investor Best Bank 2014	3rd place, Retail Bank with Asets of over Rp100 trillion	Investor magazine
	Pariwara Mitra Keluarga Award 2014	Financial services products, television media version	Badan Kependudukan dan Keluarga Berencana Nasional (BKKBN)
	Banking Service Excellence 2014	<ul style="list-style-type: none"> • Golden Trophy for Banking Service Excellence • The Most Consistent Bank in Service Excellence • 1st place, The Best Overall Performance • 1st place, The Best Customer Service • 1st place, The Best ATM cabang • 1st place, The Best Satpam • 1st place, The Best Phone Banking – Officer • 1st place, The Best Internet banking • 2nd place, The Best Teller • 2nd place, The Best Mobile Internet 	Infobank and MRI
	BUMN Internal Media Awards 2014	<ul style="list-style-type: none"> • Gold Award, Majalah Mandiri edition 358 May 2013 • Silver Award, Majalah Mandiri edition 379 March 2014 • Bronze Award, Majalah Mandiri edition 364 July 2013 	BUMN Track magazine
	Property & Bank Award 2014	Home loans service	Property & Bank magazine
	Social Business Innovation Award 2014		Warta Ekonomi magazine
	The Asian Banking & Finance Wholesale Banking Awards 2014 dan Retail Banking Awards 2014	Domestic Retail Bank of the Year - Indonesia	Asian Banking & Finance magazine
July	Brand Finance pk Rating	<ul style="list-style-type: none"> • 3rd place, Most Valuable Indonesian Brands 2014 • 3rd place, Strongest Indonesian Brands 2014 • 1st place, Most Promising Indonesian Brands 2014 • 1st place, The Highest Brand Value Growth in Indonesia 2014 	Brand Finance – SWA magazine
	Infobank Awards 2014	Bank with predicate “very good”	Infobank magazine

Month	Award / Accolade		Presented by
	Name of Award / Accolade	Award / Accolade Category	
August	Forbes Global 2000 Awards	478th place in World, and 1st in Indonesia	Forbes
	BUMN Marketing Award 2014	<ul style="list-style-type: none"> Gold Winner Brand Management Silver Winner Product Management Silver Winner Customer Management Silver Winner Communication Silver Winner Sales Silver Winner Service 	BUMN Track
	Alpha Southeast Asia's 8th Annual Best Financial Institution Awards & Corporate Awards	<ul style="list-style-type: none"> Best Bank in Indonesia (6) Consecutive Years Best Private Wealth Management Bank (6) Consecutive Years Best Best FX Bank for Corporates & FIs (4) Consecutive Years Best Trade Finance Bank Best CFO in Indonesia: Bapak Pahala N. Mansury Best CFO in Southeast Asia: Bapak Pahala N. Mansury 2nd place, Most Organized Investor Relations (2nd rank) 2nd place, Best Senior Management in IR Support 1st place, Strongest Adherence to Corporate Governance 3rd place, Best Strategic Corporate Social Responsibility 	Alpha SEA Magazine
September	Finance Asia 2014 Country Awards	<ul style="list-style-type: none"> Best Bank - Indonesia Best Foreign Exchange Bank - Indonesia 	Finance Asia Magazine



Month	Award / Accolade		Presented by
	Name of Award / Accolade	Award / Accolade Category	
October	Annual Report Award 2013	2nd Place, BUMN Keuangan Listed (1. BRI)	Kementerian BUMN RI, Indonesia Stock Exchange, OJK
	Indonesia Banking Award 2014	<ul style="list-style-type: none"> 3rd Place, Bank BUKU 4 (1. BRI, 2. BCA) The Best Bank In Digital Services 	Indonesia Banking School and Koran Tempo
	PR Program & People of The Year 2014	<ul style="list-style-type: none"> 2nd Place, Program Mandiri Karnaval Nusantara 1st Place, Indonesia Best Corporate Secretary Team 2014 	MIX MarComm magazine
	10th Corporate Governance Asia Recognition Awards 2014	<ul style="list-style-type: none"> ICON on Corporate Governance (6 consecutive times) Asian Corporate Director of the Year to Bank Mandiri CEO Budi G. Sadikin 	Corporate Governance Asia
	Infobank BUMN Awards 2014	"Excellent" Financial Performance 2009-2013	Infobank magazine
November	SPEX2 Award 2014	The Best in Banking Industry	GML Performance Consulting & Kompas Gramedia
	Anugerah Perbankan Indonesia 2014	CEO of the Year 2014, Bpk. Budi G. Sadikin	Economic Review and Perbanas Institute
	Brand Activation Award 2014	Running Activation - Mandiri Run	MIX MarComm magazine
December	The 6th IICD CG Conference and Award	Best Corporate Governance Overall	Indonesia Institute for Corporate Directorship (IICD)
	2nd Asian Company Secretary of the Year Award 2014	Asia's Best Corporate Secretary in Infonesia to Nixon L. P. Napitupulu	Corporate Governance Asia
	Indonesia Most Trusted Companies Awards 2014	Indonesia Most Trusted Companies	Indonesia Institute for Corporate Governance (IICG)

CERTIFICATIONS

Type of Certification	Recipient Unit	Provider
ISO 20000:2011 IT Service Management	IT Operation Group/ IT Infrastructure Group	Societe Generale de Surveillance (SGS) Indonesia Valid until August 9, 2015
ISO 9001:2008 Provision of Security Services in Bank Mandiri Head Office and Registrasion & Logistic	Finance & Startegy Directorate	SGS Indonesia Valid until February 3, 2017
ISO 9001:2008 Operation & Development of Data Center, DRC & Infrastructure	Technology & Operations Directorate	SGS Indonesia Valid until October 9, 2015
ISO 9001:2008 Operations Process of issuing PK for loan disbursement Security Approval LPA KJPP Reviews Documentation Issuance of Bank Guarantees Setup Limit Process	Technology & Operations Directorate	SGS Indonesia Valid until October 31, 2016



2014 milestones

Date	Milestones	Photo
15 January 2014	<p>Mandiri Young Entrepreneur (WMM) and Mandiri Young Technopreneur (MYT)</p> <p>Minister of Cooperatives and SMEs, Syarif Hasan, State Enterprises Minister Dahlan Iskan, Minister of Women Empowerment and Child Protection Linda Gumelar, Bank Mandiri CEO Budi Gunadi Sadikin and Bank Mandiri Director Pahala N Mansury pose with the winners of the 2013 Mandiri Young Entrepreneur (WMM) competition at the Istora Senayan in Jakarta. Bank Mandiri has help mould thousands of innovative young entrepreneurs who can help develop the country through the Mandiri Young Entrepreneur (WMM) and the Mandiri Young Technopreneur (MYT) programs. In 2013, a total of 6,745 participants took part in the WMM competition and 837 in the MYT competition. The selection process was conducted in 10 cities, namely, Medan, Palembang, Jakarta, Bandung, Semarang, Surabaya, Denpasar, Banjarmasin, Makassar and Jayapura, with the jury members being drawn from various professions, such as journalists, businesspeople, academics and government officials.</p>	
26 February 2014	<p>Mini Master Repo Agreement (MRA)</p> <p>Bank Mutiara Director Ahmad Fajar, Bank Mayapada Director Hariyono Tjajariyadi, Bank Mandiri CEO Budi Gunadi Sadikin, Bank Mayapada Director Hariati Tupang, Bank Indonesia Deputy Governor Hendar, Deputy Head of Global Markets ICBC Indonesia, Andy Setiawan Alimarga, Bank ICB Bumiputra Treasury Group Head, Roy Iskandar Kusuma, Bank Hana Bayu Director Wishnu Wardana and Bank Mandiri Director of Treasury, FI and Special Asset Management, Royke Tumilaar, enjoy a chat before signing an MRA agreement with 24 domestic commercial banks at Plaza Mandiri, Jakarta. Following the agreement, a total of 55 national commercial banks are able to conduct repo / reverse repo transactions with Bank Mandiri as an alternative source of funding. Since 2013, the value of Bank Mandiri repo / reverse repo transactions has amounted to Rp26.5 trillion.</p>	
26 March 2014	<p>Bank Mandiri Integrates Business in Singapore</p> <p>The Indonesian Ambassador to Singapore, Andri Hadi, Bank Mandiri CEO Budi Gunadi Sadikin, the Assistant Managing Director of the Monetary Authority of Singapore, Leong Sing Chiong, and the Head of Bank Indonesia Singapore Representative Office, Nirwansyah, share a light moment after the opening of new offices for the Singapore branch of Bank Mandiri at Asia Square Tower 2, Singapore. In 2013, Bank Mandiri Singapore's third-party deposits rose 98.7% to US\$244.61 million, up from US\$123.10 million the previous year. Per the end of 2014, Bank Mandiri's funding position stood at US\$263.52 million</p>	
2 April 2014	<p>Best Bank</p> <p>Bank Mandiri CEO Budi Gunadi Sadikin receives the award for Best of the Best Domestic Bank in Indonesia from Asiamoney editor, Richard Morrow, in Jakarta. The award was in recognition of Bank Mandiri's excellent performance in growing its business. As evidence of Bank Mandiri's successfully management strategy for its subsidiaries, Asiamoney also gave the award for Best of the Best Domestic Debt House in Indonesia to Mandiri Sekuritas and the award for Best of the Best Domestic Islamic Bank in Indonesia to Bank Syariah Mandiri.</p>	
4 May 2014	<p>Mandiri Archipelago Carnival</p> <p>Hundreds of visitors enjoy a concert by Raisa at the Mandiri Archipelago Carnival in the East Parking Lot of the Gelora Bung Karno in Senayan, Jakarta. In addition to musical entertainment, the carnival also featured the Mandiri Run 5 KM and 10 KM, which were billed as the "kickoff to the Mandiri Jakarta Marathon." The marathon will be held next October and is expected to attract a field of 15,000 participants from some 50 countries.</p>	
13 Juni 2014	<p>Best Bank Services</p> <p>Bank Mandiri Deputy CEO Riswinandi lifts up the Banking Service Excellence trophy, flanked by Bank Indonesia Deputy Governor, Ronald Waas, in Jakarta. In the 2014 BSEM survey conducted by MRI & Infobank magazine in Jakarta, Bogor, Tangerang, Yogyakarta and Palembang, Bank Mandiri once again came top of a list of the 10 "Best Banks in Service Excellence" with a score of 89.56. This marked the seventh time Bank Mandiri has taken the title. The Bank also took the title for The Most Consistent Bank In Service Excellence for the fifth time, and The Golden Trophy for Banking Service Excellence for the third time.</p>	

26 July 2014	<p>Breaking the Fast with Orphans</p> <p>To celebrate the holy month of Ramadan 1435 H, the bank shared the happiness with about 800 orphaned and deaf children, as well as children with cancer. The bank also handed out school kits worth Rp250,000 to each child.</p>	
August 2014	<p>Retail Banking Award</p> <p>Bank Mandiri Director of Micro & Retail Banking, Hery Gunardi, receives an award from the Editor in Chief of Asian Banking & Finance, Timothy Charlton, during The Asian Banking and Finance Wholesale Banking and Retail Banking Awards 2014 in Singapore. Asian Banking & Finance, which is a monthly journal that is based in Singapore and which focuses on retail and wholesale business news, conferred the Retail Banking Award 2014 on Bank Mandiri in the category Domestic Retail Bank of the Year-Indonesia.</p>	
4 September 2014	<p>Best Bank in Asia</p> <p>Bank Mandiri Deputy CEO Riswinandi receives the Best Bank in Indonesia award from Finance Asia during the Finance Asia Country Awards 2014 in Singapore. Bank Mandiri became the first Indonesian bank to be named the best bank in Asia in the 12 since the launching of the awards. In addition to Best Asian Bank, Bank Mandiri was also named the Best Bank in Indonesia, Best Foreign Exchange Bank in Indonesia and Best Private Bank in Indonesia.</p>	
22 October 2014	<p>Indonesia Bazaar</p> <p>Some visitors try out fabrics produced by an exhibitor at the 2014 Indonesia Bazaar in Jakarta. The event was held on 22 to 26 October 2014 to mark the 16th anniversary of the establishment of Bank Mandiri. The event provided a showcase for the creative and culinary products of 164 Mandiri coaching partners. As of September 2014, Bank Mandiri was providing assistance to 756 coaching partners throughout Indonesia.</p>	
26 October 2014	<p>Mandiri Jakarta Marathon</p> <p>Participants leave the starting line during the Jakarta Marathon 2014 at Monas in Jakarta. The marathon was held as part of a series of events to mark the 16th anniversary of the establishment of Bank Mandiri, including a 42.195 KM marathon, half marathon (21 KM), run and 10 KM and 5 KM runs. The events drew some 14,000 participants from 50 countries.</p>	
4 November 2014	<p>Commitment to Culture of Integrity</p> <p>Managing Director of Bank Mandiri Budi Gunadi Sadikin the center received a plaque integrity of KPK deputy prevention Johan Budi at Plaza Mandiri Jakarta. Bank Mandiri is committed to implementing the system integrity in the work culture and control graft to strengthen the implementation of GCG in every business process. This commitment is expected to make the Bank as a strategic partner in transmitting the virus to the integrity of the corporate world.</p>	
9 December 2014	<p>2014 Women's Leadership Discussion</p> <p>Managing Director of Bank Mandiri Budi Gunadi Sadikin was talking with President Director of PT Hotel Indonesia Natour (HIN) Diamond Katoppo and Director of PT Holcim Indonesia Farida Helianti S after opening a seminar Women Leadership Summit 2014 in Jakarta. About 200 women who occupy the chief level in various national and international companies attended the event which supported the bank.</p>	



REPORT OF THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS

message from the board of commissioners



The Board of Commissioners is committed to strengthening oversight and anticipatory measures against a potential decline in asset quality in order to achieve sustainable profitability and expansion in the context of phase III of our transformation project. We will focus on strengthening the oversight of risk management, corporate governance and the internal control system”

By the end of 2014, the unfavorable economic and liquidity pressures affected the performance of the national banking system in terms of business expansion and profitability. At the end of November 2014, national bank lending had grown 11.9%, down from the previous period. Bank liquidity was also tighter in line with an increase in the LDR of up to 88.65%, while deposits only grew by 13.8%. Despite the slowdown in the national economy and rising inflation, loan quality in the domestic banking industry remained good, with the NPL ratio maintained at 2.35% and capital ratio at 19.77%. The resilience of the domestic banking industry's performance was also supported by anticipatory policies taken by Bank Indonesia to reduce the risk of rising NPLs.

In the midst of these external challenges, the Mandiri Group managed to achieve some important milestones. Assets on a consolidated basis rose to Rp 855.04 trillion, surpassing the psychologically important level of Rp 800 trillion, while net profit growth reached 9.16%. Shareholder value in Bank Mandiri as reflected in the Bank's market capitalization, rose to Rp251.4 trillion as of the end of 2014. Mandiri Group also recorded an improvement in key financial ratios, such as the average return on equity ratio, which reached 20.95%, average yield on assets, which reached 3.39%, and the cost to revenue ratio, which rose 44.91%. Fee-based income amounted to Rp14.69 trillion, giving a ratio to revenue of 25.82% in line with increase in financial transaction activity. The Mandiri Group also saw loan growth of 12.2% to Rp529.9 trillion. In the midst of continuing expansion, management successfully maintained asset quality, as reflected in gross and net NPLs of 2.15% and 0.81%,

respectively. Deposits grew by 14.39% over the previous year to Rp636.38 trillion, with low-cost funds accounting for 59.79% of this. The Bank's excellent performance is closely related to management's consistency in executing the 3 business focus strategies of Phase II of our Transformation, namely, strengthening leadership in wholesale transaction banking business, strengthen the retail deposit business, and strengthening the retail financing segment.

In a disciplined manner, management has controlled liquidity well and has selectively grown the business with the focus on strategic sectors. Management has also sought to provide more comprehensive service facilities in various sectors and geographical areas by improving business processes and organizational development as part of Phase III of the Transformation (2015-2020). Through the various improvements we are making to business processes, the Board of Commissioners believes that our growth and profitability can be maintained in a sustainable manner. Together with our achievements and improvements in business processes, the Board of Commissioners has conducted careful monitoring of the parameters related to the risk management, corporate governance and internal control systems.

During the course of 2014, Mandiri Group took some important steps to strengthen the foundations of sustainable growth, with special attention being paid to the long term transformation of good corporate governance and the more efficient and effective use of capital. Management has made sustainable improvements as regards the application of effective prudential banking,



Mahmuddin Yasin
CHIEF COMMISSIONER

corporate governance (GCG), risk management and internal control through improvements to our policies, infrastructure and the quality of our human resources, having regard at all times to Bank Indonesia Regulations (PBI), the provisions of Basel III and international best practice, active monitoring through the GCG and Risk Oversight Committee and by the Board of Directors through the Executive Committees, that is, the Asset & Liability Committee (ALCO) and Risk Management Committee (RMC), the consolidation of the internal audit function, GCG and risk management in Bank Mandiri's subsidiaries, review of risk management policies and the internal control systems, and the implementation of the Bank's Anti-Fraud Strategy. Mandiri Group is also optimizing the internal control function by strengthening the first, second and third lines of defense in a number of critical areas, such as electronic networks, micro banking, business banking and branch operations.

The fraud prevention, detection and investigation mechanism applied by Mandiri Group has proven itself sufficiently reliable to prevent and detect fraud at an early stage. In addition, management has also strengthened internal controls in various operational aspects through the development of organizational structures that enhance the span of control in the regions based on a reorganization approach. This has provided a strong and critical foundation that supports our business in all lines, as well deepens business potential. In tandem with the weakening rupiah and the competition to attract third party funds and maintain liquidity, management has taken concrete steps in response. These include restrictions on foreign currency loan growth, controlling the allocation of rupiah and foreign currency, and adjustments to our interest rates so as to reflect market conditions.

The risk management, corporate governance, auditing and internal control and compliance standards applied by Bank Mandiri are also being gradually implemented in all of our subsidiaries. This is being done so as to achieve more comprehensive results from all Mandiri Group activities in the context of realizing our vision of being the best bank in ASEAN by 2020. The year 2015 will be a crucial one both economically and politically, with various external and internal challenges that must be faced. The level of volatility in the money and capital markets is expected to remain

high due to the negative sentiment among market plays as regards tapering in the US and the trend towards a global economic landscape that is dominated by a strengthening US economy. Bank liquidity will also be tighter in tandem with a high LDR, and slower funds growth as a result of a shift to instruments that offer higher returns such as time deposits. Loan quality in the national banking industry also has the potential to decline, especially in respect of those related to importers and corporations.

External challenges to the growth of the banking industry also arise from the political sphere, given that 2015 will see the start of implementation of new government programs that require strong coordination with Parliament. In addition, national banks will need to start preparing next year for the implementation of the Asean Economic Community. Meanwhile, internally, Mandiri Group will start the implementation of its 2015-2020 Long-Term Corporate Plan, which provides the foundations for our growth so that we can realize our goal of becoming the best bank in ASEAN.

Having regard to these challenges, the Board of Commissioners remains committed to strengthening oversight and anticipatory action against a potential decline in asset quality in order to ensure sustainable profitability and growth in the context of preparing for phase III of our transformation project. We will focus on strengthening the oversight of risk management, corporate governance and the internal control system. In addition, in the midst of increasingly intense and complex competition, we will also strengthen our monitoring function in relation to improving the productivity of support infrastructure, including our human resources and technology.

We expect that gradual and sustainable improvements will be made to risk management, corporate governance, internal control, and the capacity of our human resources, thereby providing strong foundations for the Mandiri Group in preparing for the implementation of the ASEAN Corporate Governance Scorecard and ASEAN Qualified Bank regimes. Management's strong commitment to improving and enhancing the quality of our human resources and services, the implementation of good corporate governance, risk management, the implementation of our work culture, controlling

costs, and optimization capital will all help improve the competitiveness of the Mandiri Group at the regional level.

Overall, the Board of Commissioners will continue to improve its supervision of the implementation of business strategy and our performance-based culture to ensure higher productivity enhancement in the context of optimizing shareholder value. Furthermore, in order to ensure the successful implementation of our continuing transformation process until 2020, the Board of Commissioners will apply a more comprehensive monitoring mechanism so as to maximize the effectiveness of the oversight function, and encourage the strengthening of risk management and internal control in Bank Mandiri.

Finally, on behalf of the Board of Commissioners, I would like to express our appreciation to the Board of Directors, management and all of our employees for our outstanding performance during in 2014. We hope that the spirit, dedication, and teamwork shown throughout last year can be intensified further so as to cope with the even greater challenges we will face in 2015, the first year of Phase III of our Continuing Transformation (2015-2020). We would also like to thank all of the stakeholders and customers of Mandiri Group for their support and trust to date. It is your support that has made Mandiri Group the leading financial institution in Indonesia today, and the pillar on which rests our aspiration of being the best bank in the ASEAN region.

Jakarta, 20 February 2015



Mahmuddin Yasin
Chief Commissioner

report on the duties and supervision conducted by the board of commissioners

The Board of Commissioners in performing its duties of supervising the work of and advising the Board of Directors is guided by the Articles of Incorporation and the provisions of the laws and regulations in effect. In carrying out its duties and responsibilities, the Board of Commissioners does so in a responsible, objective and independent manner, and focuses on the strategic activities of the company. The Board of Commissioners proactively provides guidance and advice to the Board of Directors concerning the formulation of strategy, program implementation and performance monitoring, and makes all efforts to ensure that internal control, risk management, shareholder value and good corporate governance are upheld comprehensively, effectively and efficiently within the framework of company policy. In 2014, macroeconomic conditions remained challenging

as a result of various external and internal factors. Among the external factors were the economic slowdown in China, the fact that the US economic recovery has yet to fully show positive results, and the decline in world oil prices. Meanwhile, the internal factors included the weakening rupiah, high inflation, falling commodity prices and a relatively stagnant national export performance. In the midst of these macroeconomic conditions, the Board of Directors has managed the company well and, with the support and hard work of all employees, the Bank's performance in 2014 was considerably better than in the previous year, as reflected by a range of key indicators. In this regard, the Board of Directors would like to express its appreciation for the achievements recorded by Bank Mandiri in 2014, and our comments on the following aspects:

1. VIEWS ON THE BANK'S FINANCIAL PERFORMANCE

A. BALANCE SHEET

In 2014, Bank Mandiri achieved total consolidated assets of Rp855.04 trillion, while bank only assets amounted to Rp757.04 trillion, or 102.9% of our target of Rp735.8 trillion. When compared with the position in 2013, when Bank Mandiri's assets on a consolidated basis stood at Rp733.10 trillion, total assets at the end of 2014 were up Rp121.94 trillion, or 16.6%. On a bank only basis, total assets at the end of 2013 amounted to Rp648.25 trillion, meaning that they increased 16.8%, or by Rp121,94 trillion, during 2014.

Broadly speaking, the details of the Statement of Financial Position may be described as follows:

- 1) On the asset side, a number of items exceeded the targets, namely, Placements with other banks, Securities Held (excluding Government Bonds) and Reverse Repo Securities Claims. Placements with other banks (net) reached Rp27,365 billion in the bank, and Rp24,131 billion on a bank only

basis, compared with the target of Rp20,996 billion. Meanwhile, Securities Held (net) on a Consolidated Basis amounted to Rp40,465 , and Rp17,870 billion on a bank only basis, compared with the target of Rp14,454 billion, while Reverse Repo Securities Claims (net) amounted to Rp19,745 billion on a consolidated basis, and Rp18,528 billion on a bank only basis, compared with the target of Rp6,796 billion.

- 2) Lending in 2014 increased compared to 2013 by Rp57.6 trillion or 12.2%, from Rp472.4 trillion in 2013 to Rp 530.0 trillion in 2014.
- 3) The Consolidated Gross NPL Ratio stood at 2.15%, and 1.66% on a bank only basis, better than the target of 2.08%, while Consolidated Net NPL Ratio stood at 0.81%, and 0.44% on a bank only basis, also better than the target of 0.59%. Loan CKPN to cover the consolidated NPL amounted to 157.11%, and 201.43% on a bank only basis, compared with a target of 200.01%.

- 4) On the liabilities side, the items that exceeded the targets included Time Deposits and Borrowings. Consolidated Time Deposits stood at Rp255,870 billion, and Rp223,829 billion on a bank only basis, compared with a target of Rp192,934 billion, while consolidated borrowings amounted to Rp24,227 reached Rp21,367 billion, compared with a target of Rp8.996 billion.
- 5) Third Party Funds (DPK) on a consolidated basis amounted to Rp636.4 trillion, and Rp576.3 trillion on a bank only basis, or 100.2% of the target of Rp575.1 trillion, while Low Cost Demand Deposit Funds and Low Cost Savings Deposit Funds respectively on a consolidated basis amounted to Rp128.1 trillion and Rp252.4 trillion, and on a bank only basis Rp123.0 trillion and Rp 229.5 trillion. Meanwhile, Time Deposits on a consolidated basis stood at Rp255.9 trillion, and Rp223.8 trillion on a bank only basis (116.0% of the target).

On a consolidated basis, compared with the position as of December 31, 2013, when the figure was Rp360 trillion, Demand and Savings Deposits as components of low funds funds rose Rp20.5 trillion to Rp380.5 trillion, or 5.7%.

On a bank only basis, compared with the position as of December 31, 2013, when the figure was Rp330.4 trillion, Demand and Savings Deposits as components of low funds funds rose Rp22.1 trillion to Rp352.5 trillion, or 6.7%.

- 6) On a consolidated basis, equity stood at Rp104.8 trillion, and on a bank only basis Rp97.3 trillion, or 98.4% of the target of Rp98.9 trillion. Compared with the position at the end of 2013 on a consolidated basis, the figures were Rp88.8 trillion, and Rp82.6 trillion on a bank only basis, giving an increase in net equity of Rp16 trillion on a consolidated basis, or 18.1%, and Rp14.7 trillion on a bank only basis, or 17.8%.

In connection with Bank Mandiri's financial performance in 2014, there are some things that require attention, namely:

- a) In terms of realized lending, this reached Rp530.0 trillion on a consolidated basis and Rp475.3 trillion on a bank only basis. Continuity in lending growth needs to be maintained, with due regard to prudential

principles, improvements in the quality of internal control and the application of adequate risk management. With regard to growth in retail financing, this needs to be supported infrastructure and human resources development, and enhanced internal control. Bearing in mind the unstable conditions in the global economy, lending in foreign currency needs to more selective and aligned with foreign exchange fund raising capabilities.

- b) As regards attracting customer funds, the volume and composition of low-cost funds did not exceed the target. However, the volume of funds reached 100.2% of the target. The strategy for attracting customer funds should be more progressive so as to boost low-cost funds in all segments, both through strengthening account plans and the development of effective programs to attract Low Cost Funds, so as to ensure that customer deposits grow in line with loan growth.

B. EARNINGS

Profit before tax and non-controlling interests on a consolidated basis amounted to Rp26 trillion in 2014, and Rp24.19 trillion on a bank only basis, or 111.4% of the target of Rp21.71 trillion, while profit after tax on a consolidated basis stood at Rp19.87 trillion or 105.4% of the target of Rp18.86 trillion, and on a bank only basis Rp19.43 trillion or 111.9% of the target of Rp17.37 trillion.

The consolidated profit after tax was mainly the result of operating expenses other than interest coming in at Rp30.96 trillion, while net interest income amounted to Rp41.81 trillion and non-interest operating income Rp15.13 trillion. Compared to 2013, when after-tax profit was Rp18,20 trillion, after-tax profit in 2014 was up Rp1.67 trillion.

The bank only profit after tax was mainly the result of operating expenses other than interest coming in at Rp24.42 trillion, while net interest income amounted to Rp34.68 trillion and non-interest operating income Rp13.90 trillion. Compared to 2013, when after-tax profit was Rp17.21, after tax profit in 2014 was up Rp2.22 trillion.

C. COMMITMENTS AND CONTINGENCIES

Total Net Commitments per December 31 on a consolidated basis amounted to Rp107 trillion, and Rp106.1 trillion on a bank only basis, or 97.5% of the target of Rp108.8 trillion. Total Net Contingencies Total stood at Rp46.1 trillion, and Rp46.9 trillion on a bank only basis, or 116.1% of the target of Rp40.4 trillion.

D. FINANCIAL RATIOS

In general, Bank Mandiri achieved its targets in 2014. The financial ratios pertaining to Asset Quality and Profitability exceeded the set targets:

- 1) NPLs on consolidated basis amounted to Rp11.4 trillion, and Rp7.9 trillion on a bank only basis, compared with the target of Rp9.9 trillion, with the consolidated gross NPL ratio standing at 2.15%, and 1.66% on a bank only basis, compared with the target 2.08%, and the consolidated net NPL ratio coming in at 0.81%, and 0.44% on a bank only basis, compared with the target of 0.59%.
- 2) Provision-to-NPL on a consolidated basis stood at 157.11%, and 201.43% on a bank only basis, compared with the target of 200.01%.
- 3) Consolidated ROA reached 3.39%, and 3.57% on a bank only basis, compared with the target of 3.21%.
- 4) Consolidated ROE on an average equity basis stood at 20.95%, and 22.02% on a bank only basis, compared with the target of 19.88%. Meanwhile, Consolidated ROE on an average core capital basis stood at 24.52%, and 25.81% on a bank only basis, compared with the target of 23.22%.
- 5) Consolidated NIM stood at 5.97%, and 5.94% on a bank only basis, compared with the target of 5.97%.
- 6) Consolidated BOPO stood at 70.02%, and 64.98% on a bank only basis, compared with the target of 68.63%, while the Efficiency Ratio reached 36.47%, compared with the target of 39.11%.

The figures for capital and liquidity ratios were as follows:

- 1) Consolidated CAR after credit, market and operational risks stood at 16.13%, and 16.60% on a bank only basis, compared with the target of 14.88%.
- 2) Consolidated Loan-to-Deposit Ratio amounted to 82.86%, and 83.10% on a bank only basis, compared with the target of 83.10%.

2. VIEWS ON THE BANK'S PROSPECTS

The year 2014 marks the fifth and final year of the second phase of the Bank's transformation project, which ran from 2009 until 2014. We are now set to embark on the third stage of transformation project, which runs from 2015 to 2020. Bank Mandiri's vision of becoming Indonesia's Most Admired and Progressive Financial Institution has been realized, as can be seen from the company's key financial indicators, which have almost doubled. The value of Bank Mandiri's assets on a consolidated basis stood at Rp855.04 trillion at the end of 2014, and Rp757.04 on a bank only basis, compared to Rp394.62 trillion and Rp370.31 trillion at the end of 2009. Similarly, total third-party funds on a consolidated basis at the end of 2014 stood at Rp636.4 trillion, and Rp576.3 trillion on a bank only basis, compared with total third-party funds in 2009 on a consolidated basis of Rp319.55 trillion, and Rp299.72 trillion on a bank only basis, while consolidation lending in 2014 amounted to Rp530.0 trillion, and Rp475.3 trillion on a bank only basis, compared with consolidation lending in 2009 of Rp198.5 trillion, and Rp179.7 trillion on a bank only basis.

The Board of Commissioners believes that these key financial indicators show that Bank Mandiri has the capacity to grow its business, and reflect the strong position of the Bank in the Indonesian financial market. In addition, the Bank's operations program and targets are realistic, and reflect the potential of the Bank to continue to grow and develop in accordance with the directions set out in the Bank Business Plan.

The Bank's performance and achievements during the second phase of the transformation project provide strong capital for the Bank on entering the third stage of transformation, as part of which Bank Mandiri has set itself two (2) key financial targets, namely, to become the bank with the largest market capitalization in the ASEAN region and to achieve a high Return on Assets (ROA) compared with competitor banks in the ASEAN region. In addition, Bank Mandiri has set itself the non-financial target of becoming the best bank in corporate governance.

BOC is aware that increasingly intense competition in the future means that improvements in all areas must be

carried out in order to anticipate the growing strength of other large banks in the ASEAN region.

3. SUPERVISORY ACTIVITIES

The Board of Commissioners aware of the importance of achieving sustainable growth targets and therefore conducts disciplined and diligent monitoring of the micro financial and external macro parameters so part of management's early warning system. In overseeing the performance of the duties of the Board of Directors in managing the company, the Board of Commissioners, through the Audit Committee, Risk & GCG Oversight Committee and the Nominations and Remuneration Committee, has performed its duties in accordance with the applicable rules and regulations.

The organs of the Board of Commissioners functioned properly in accordance with the scope of their responsibilities. Supervisory duties and responsibilities were exercised through the following mechanisms:

1. Meetings of the Board of Commissioners
2. Meetings of the Board of Commissioners to which Directors are invited.
3. Committee Meetings with Directors and relevant units
4. Scheduled visits to a Bank Mandiri work areas.

Based on our discussions with the Board of Directors and relevant units, the following matters have been identified as requiring attention from the Board of Directors:

1. Attracting Depositor Funds

The contribution of low-cost funds needs to be increased and proactive relationships need to be forged in handling customer needs by providing comprehensive solutions to such needs through innovative banking products, and developing value-chain-based alliances, in tandem with the expansion of the branch, ATM and EDC networks so as to meet the needs of the customers and businesses.

2. Distribution of Funds

The distribution of funds must comply with prudential principles and adequate risk management. Bank Mandiri should become the market leader in channeling funds, particularly as regards developing retail financing in the consumer finance segment and Micro & Retail Banking.

3. Capital

The Bank should increase its capital in anticipation of business growth and increasing competition ahead of the implementation of the Asean Economic Community in 2015.

4. Good Corporate Governance (GCG)

The Bank should improve the application of good corporate governance by ensuring that it is implemented consistently and continuously, and should constantly make such improvements as are needed in order to improve the company's reputation and support business development in the future.

5. Non-Organic Growth

Non-organic growth will support and improve the overall performance of the company, but must comply with prudential principles, including the application of adequate risk management.

6. Risk Management

Business risks can be mitigated through good risk management, and by maintaining the composite risk level in the low to moderate category (score 2).

7. Compliance

Familiarization and internalization of compliance awareness needs to be done on an ongoing basis at all levels in Bank Mandiri, including evaluating the effectiveness of such efforts so as to prevent violations of the rules and regulations.

8. Internal Control

The quality of internal control should be improved through such things as:

- Improving the implementation of Data Quality Audits in line with the implementation of Data Quality Management and the development of the Data Warehouse.
- Improving the Technical Guidelines for Compliance Risk Assessment and the Compliance Guideline Standard.
- Increase Regional Risk Forum activities in all Bank Mandiri Regional Offices so as to raise awareness of the importance of control and ensuring sufficient control / mitigation of operational risks in individual units.
- Enhancing Risk, Control, Audit and Governance competencies through the Audit Compliance Governance Academy program.

9. Information Technology

Improvements should be made to the Management Information System (MIS) and data warehouse to support Bank Mandiri cross-selling transactions and the bank's operations so that it can realize its vision.

10. Human Resources

HR planning needs to be integrated having regard to the Corporate Plan, RBB and RKAP, and in accordance with real needs having regard to the company's business development requirements.

4. COMPOSITION OF THE BOARD OF COMMISSIONERS AND COMMITTEES UNDER THE SUPERVISION OF THE BOARD OF COMMISSIONERS

- a. On February 27, 2014, Bank Mandiri held its Annual General Meeting and the results have been reported to the Financial Services Authority (FSA). On May 21, 2014, Bank Mandiri held an Extraordinary General Meeting to decide on the honorable removal of 4 members of the Board of Commissioners (Mr. Edwin Gerungan, Ms. Gunarni Soeworo, Mr. Agus Suprijanto and Mr. Wahyu Hidayat) and the appointment of four replacement members of the Board of Commissioners (Mr. Mahmuddin Yasin, Mr. Anton Hermanto Gunawan, Ms. Aviliani and Mr. Askolani). The results of this meeting have also been reported to the FSA.

Acting on the resolutions of the Extraordinary General Meeting, the Bank has applied for the conducting of fit and proper test processes to the FSA, as described below:

- 1) Letter No.TOP/367/2014 dated May 28, 2014, application on behalf of Mr. Mahmuddin Yasin, as Chief Commissioner, and Mr. Anton Harmanto Gunawan, as Independent Commissioner.

- 2) Letter No.CHC /403/2014 dated June 16, 2014, application on behalf of Ms. Aviliani, as Independent Commissioner.
- 3) Letter No.CHC/442/2014 dated July 2, 2014, application on behalf of Mr. Askolani, as Commissioner.

On September 3, 2014, the FSA approved the appointment of the following members of the Board of Commissioners:

- 1) Letter No.SR-149/D.03/2014 dated September 3, 2014, approving the appointment of Mr. Askolani.
- 2) Letter No.SR-150/D.03/2014 dated September 3, 2014, approving the appointment of Ms. Aviliani.
- 3) Letter No.SR-151/D.03/2014 dated September 3, 2014, approving the appointment of Mr. Anton Hermanto Gunawan.
- 4) Letter No.SR-152/D.03/2014 dated September 3, 2014, approving the appointment of Mr. Mahmuddin Yasin.

In respect of the letters of approval for the appointment of members of the Board of Commissioners, Bank Mandiri reported the effective appointments of the new members of the Board of Commissioners to:

- 1) The FSA through letter No.WDR / 628/2014 dated 9 September 2014
- 2) The Ministry of SOEs through letter No.WDR / 629/2014 dated 9 September 2014
- 3) The Board of Commissioners through letter No.WDR / 630/2014 dated 9 September 2014

This is in accordance with PBI 11/1/PBI/2009 on Commercial Banks, as amended by PBI 13/27/PBI/2011, which require declarations of effectiveness of appointments of Commissioners to be reported to the FSA no later than 10 days subsequent to the declaration of effectiveness.

- b. The Board of Commissioners was assisted by a number of committees, consisting of the following:
 - 1) Audit Committee
 - 2) Risk and Good Corporate Governance Monitoring Committee
 - 3) Remuneration and Nominations Committee

All of these Committees performed their duties and obligations in accordance with their respective charters, and provided recommendations and reports to the Board of Commissioners on matters that came to the attention of the Board of Commissioners in the performance of its duties and functions.

Information on the memberships of the Board of Commissioners and its subordinate Committee is provided in the chapter on the Board of Commissioners and in the Good Corporate Governance Report, both contained in this annual report.

The year 2014 marked an important moment in the history of Bank Mandiri's transformation, and will serve as a barometer in measuring the success of our continuing transformation in the coming years. Our achievements in 2014 provide a strong foundation

for the further transformation of the Bank. Thus, it is not an exaggeration to say that the next stage in the transformation will be greatly facilitated by our achievements in 2014. In conclusion, Bank Mandiri performed outstandingly in 2014, as reflected in our business volumes and after-tax profit achievements. Likewise, our financial ratios and operational efficiency levels have all improved.

report of the board of directors



Budi G. Sadikin
Chief Executive Officer

Dear Shareholders,

Our Company earned a net profit of Rp 19.872 trillion in 2014, up 9.16% from Rp 18.2 trillion in 2013.

In the midst of the unfavorable conditions facing the national banking industry, Mandiri successfully completed Phase II of its transformation project, with a return on equity of 20.95% and a market capitalization of Rp 251.4 trillion. These are encouraging achievements amid the national economic downturn and increasing global volatility. Fundamentally, Mandiri continues to demonstrate positive and sustainable growth by remaining consistent to its three main business strategy focuses, namely, wholesale transaction, retail payments and retail financing.

The year 2014 was one that was full of challenges for the national economy and the banking industry as a result of a variety of events experienced by the Indonesian nation, such as the increase in subsidized fuel prices at the end of the year by 30% and an increase in electricity tariffs of up to 20%. These occurrences had an impact on the inflation rate, which increased to 8.36% (yoy). To anticipate the impact of inflation, Bank Indonesia gradually raised its rate, which was under 6% in 2013, to 7.75% as of December 2014. In addition, the rupiah also experienced volatility due to the high demand for foreign currency so that it touched the level of Rp12,440 / USD.

The impact of these economic conditions was also felt in the financial sector and in national banking growth. As of the end

of the month of November 2014, lending was up 11.9% and deposits by 13.8%, while the capital ratio stood at 19.77%. Liquidity conditions also grew tighter, as reflected in a loan to deposit ratio (LDR) of 88.65%.

In addition, the foreign exchange market also experienced fluctuation, as reflected in the rupiah-dollar exchange rate, which suffered a high level of volatility as a result of significant movements of foreign funds (inflows and outflows). Anticipating this, Bank Indonesia increased the BI policy rate to 7.75% on November 18, 2014. Under these circumstances, overall the market in 2014 was not favorable for the economy or the banking industry.

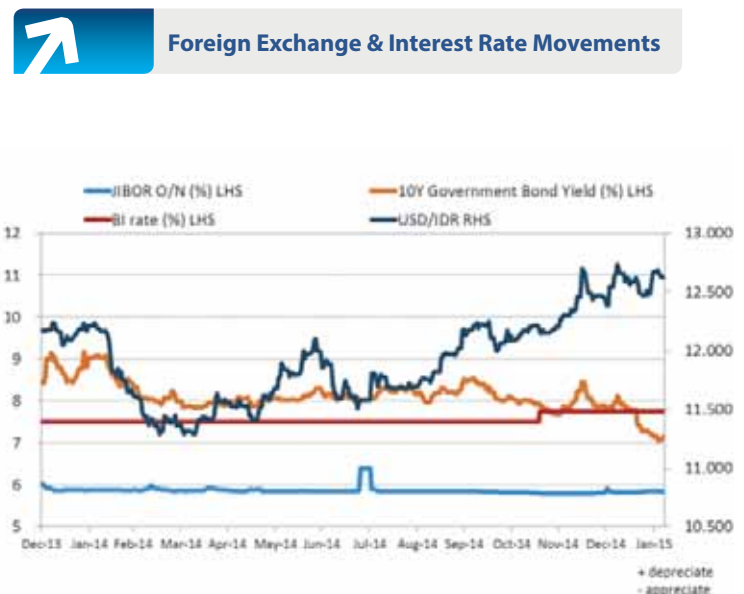
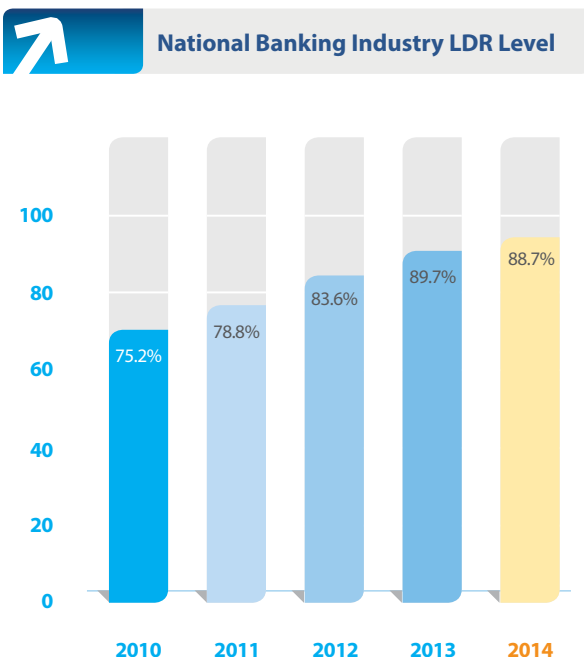
The year 2014 also saw the Indonesian nation take another significant step towards becoming a mature democracy. We had two successful elections, despite the unfavorable domestic economic conditions, the general economic slowdown in emerging markets and a surge in volatility on the global financial markets.

Given these conditions, Bank Mandiri took a number of strategic steps to maintain the sustainability of its growth model and to anticipate a possible worsening in external conditions. To that end, we focused on three main strategies, namely, strengthening liquidity, managing our margins and maintaining asset quality.

Amid tight liquidity, we encouraged the growth of low-cost funds (demand and savings deposits) by, among other things, optimizing the use of checking accounts as the operating accounts of our borrowers, increasing the number of checking transactions by corporate and government institutions, and boosting savings deposits through an intensification of customer value chains. These strategies succeeded in maintaining Bank Mandiri's liquidity, as reflected in an LDR ratio of 82.86%.

We successfully managed our margins by growing retail lending, which provides greater returns, through the expansion of our micro-loan distribution network and the expansion of the geographical coverage area of our consumer card business. In addition, we also pressed ahead with the development of business models for our business banking and consumer card segments. As a result of these endeavors, our margins increased, as reflected in the NIM (net interest margin) ratio, which rose to 5.97%, from 5.74% at the end of December 2013.

As regards asset quality, we conducted tight monitoring on vulnerable sectors, developed the "debtor's path" approach to improve loan quality, established an NPL "flying team" to quickly respond to deteriorations in borrower cash flows, and strengthened our credit risk management. As a result, our gross NPL level was maintained at 2.15% as per the end of December 2014.



In addition to our branch network, Bank Mandiri also continues to strive to meet the transactional needs of our customer by expanding our ATM network. During 2014, Bank Mandiri added 3,830 ATMs so as to bring the total number of ATMs across Indonesia to 15,344 units. The number of customer transactions serviced reached 684 million, up 7.29% compared to 2013. In 2014, the Bank also operated 57 ATM mobile units that provide cash, account opening, and ATM services in cities that include Jakarta, Bandung, Semarang, Surabaya, Medan, Palembang, Batam, Malang, Yogyakarta, Pekanbaru, Makassar, Banjarmasin, and Denpasar.

Bank Mandiri also expanded its EDC network from 230,352 machines in 2013 to 270,352 in 2014. The number of transactions conducted in 2014 amounted to 104.7 million, an increase of 21% from 86.5 million transactions in 2013. The EDC network is one of the main channels used by the Bank to encourage in savings deposits by businesses.

Mobile banking and internet banking are two other electronic channels that allow customers to conduct transactions at any time and any where. During 2014, the number of mobile banking transactions amounted to 68.9 million, an increase of 140.2% from 28.7 million transactions in 2013, while the number of internet banking transactions reached 41.1 million. In terms of innovation, after launching Mandiri e-Cash in 2013, in 2014 Bank Mandiri launched another innovation, namely the Mandiri Fiestapoin program.

In the prepaid arena, Bank Mandiri offers its own standalone e-Money cards (including e-Toll Card, Indomaret Card, and Gaz

Card), with the total number of e-Money cards in circulation in 2014 reaching 5 million, up 42.9% from 2013, with the total number of transactions amounting to 143 million and transaction volume Rp 1.6 trillion.

Each year, Bank Mandiri continues to improve its third party funds composition, with low-cost funds making the largest contribution. In 2014, third-party funds managed by the Micro & Retail Banking Directorate amounted to Rp402.9 trillion, an increase of 17.9% compared to 2013, while the volume of savings deposits increased by 7.4% to Rp224.4 trillion from Rp 208.9 trillion in 2013. This achievement resulted in the contribution of Low Cost Funds to total third-party funds in 2014 amounting to 68.2%.

Availing of the number and geographical distribution of our regular and priority branch outlets, Bank Mandiri successfully marketed Retail ORI (ORI-011) worth Rp 2 trillion in 2014, giving it a national market share of 9.5%, and Retail Sukuk (SR-006) worth Rp 2.2 trillion, giving it a national market share of 11.5%.

The micro-financing segment also showed a remarkable improvement, with the total loan portfolio in 2014 reaching Rp36 trillion, an increase of 33.3% compared to 2013. This was achieved while all the time adhering to prudential lending principles, as evidenced by our success in maintaining our NPL level at the end of 2014 at 2.91%.

I	The Spirit of National Prosperity: Mandiri Group's Key Role in Fueling Sustainable National Economic Growth
II	Challenging Macro Economic Conditions
III	Overview of Achievements in 3 Business Focus Areas in 2014: Phase II of Transformation Project
IV	Future Challenges - Transformation Phase III
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VII	Synergy Between Mandiri Group And Mandiri Subsidiaries
VIII	Strengthening the Oversight Function - Internal Audit, Risk Management and Compliance
IX	Strengthening Information Technology Function to Support Business Development and Implementation of Transformation 2015-2020

I. THE SPIRIT OF NATIONAL PROSPERITY: MANDIRI GROUP'S KEY ROLE IN FUELING SUSTAINABLE NATIONAL ECONOMIC GROWTH

To help realize the dream of becoming a great and self-reliant nation, in the wholesale segment plays a key role as an agent of development through participation in the financing of infrastructure projects, with a lending limit of Rp79.8 trillion for the construction of toll roads, power plants, ports, airports, oil and gas refineries, and transportation and telecommunications infrastructure. Mandiri Group has facilitated the physical construction of 13 toll roads stretching for 272.34 KM and financed 30% of the national electricity generation development program with a capacity of 2,820 Megawatts. Our company has helped realize the dream of the Indonesian nation of having a world class port through its financing for the Kali Baru port, which has a loading and unloading capacity of 12.5 million TEUs per year.

In addition to support for the infrastructure sector, we also help boost employment every year through the trickle-down effect from the financing we provide to the corporate sector, which allows for the creation of sustainable jobs. For example, we have promoted the development of the palm oil industry, which is now a high-performing sector of the Indonesian economy, employing many workers. Our financing portfolio in this sector stands at some Rp48.4 trillion (on farm and off farm) and covers a plantation area of 930 thousand hectares, or 10% of the total area of oil palm plantations in Indonesia.

In the retail segment, Mandiri Group has enhanced the economic capacity of 724 thousand MSME entrepreneurs in Indonesia and 382 thousand KUR entrepreneurs through the provision of loans and other banking facilities. The role of Bank Mandiri becomes even more apparent when it is revealed that, through our financing programs, we have facilitated the construction of 319 thousand homes for Indonesian families and allowed Indonesian families to purchase 373 thousand motor vehicles.

Our commitment to encouraging sustainable economic growth is reflected through the provision of financial support and access to financial services in order to promote

financial inclusion in Indonesia. We have provided training on financial services to 82 community groups (KSM) in Kota - North Jakarta, 89 KSM in Alak - Kupang, and 1,172 KSM in Dukupuntang - Cirebon, so as to allow them to obtain access to banking services through Mandiri E-Cash. For the future, we are ready to support 15.5 million KSM that will receive social assistance through the Government's Indonesia Sehat Program.

Our company also encourages the growth of financial transactions in Indonesia so as to support more efficient mobility of funds. The volume of real time gross settlement (RTGS) transactions conducted through Mandiri Group amounted to Rp68.4 trillion / day, or 22% of total national RTGS transactions. Transactions conducted via electronic channels amounted to Rp8.19 trillion / day or 30% of total electronic channel transactions nationally.

On the Treasury and Capital Markets side, 2014 saw the volume of money market and foreign exchange transactions reach USD 428 billion. Meanwhile, the brokerage business in both the equity market and the bond market carried on by Bank Mandiri and Mandiri Sekuritas saw transaction volume reach more than Rp 2 trillion per day. As for underwriting transactions, equity transaction volume amounted to Rp3.43 trillion, while bond transaction volume stood at Rp7.13 trillion.

II. CHALLENGING MACRO ECONOMIC CONDITIONS

Throughout 2014, the media continued to report unfavorable economic developments, such as capital outflows, the downside of the global economic recovery. This meant that the nation's banks had to work harder to maintain liquidity and asset quality.

The unfavorable economic conditions were also felt in the financial sector and had an impact on national banking

growth. At the end of the month of November 2014, loans were up 11.9% and deposits 13.8%, while the capital ratio stood at 19.77%. Likewise, margins in the national banking industry came under pressure, declining from 4.88% in 2013 to 4.24% last year.

1. LIQUIDITY MANAGEMENT

Liquidity is the cornerstone of running our business, so we continuously focus on monitoring liquidity and maintaining sufficient liquidity levels. As an anticipatory measure in the face of the unfavorable global economic conditions that have prevailed since 2013, all of our employees were asked to focus on three principal things: liquidity, loan quality and margins.

In fact, although liquidity in the national banking industry is quite tight, we were still able to increase our third party funds so that liquidity remained good, as reflected in our LDR of 82.86%. Meanwhile, our forex LDR remained in excellent shape at 73.24%, while our rupiah LDR was even better at 83.91%.

Our liquidity management efforts includes through endeavors to increase third-party funds, optimal placement of productive assets, the development of our e-channels, improved relationships with customers, and the development of transaction-based services so as to encourage depositors to place their money with us.

2. LOAN QUALITY

Although the unfavorable national economic conditions had impact on loan quality in the national banking system, Bank Mandiri was able to maintain good loan quality, as reflected in an NPL ratio of 2.15%.

We tightly control asset quality, particularly our NPL ratio, by having regard to the sectors that are affected by the unfavorable economic conditions. We also focus on raising awareness of the need for good NPL control, including through the implementation of a more disciplined watch list system for borrowers that may experience a downgrade. As regards the handling of relapses, we have also conducted close monitoring and improved our handling of non-performing loans so that the relapse ratio does not exceed the specified threshold ratios. Through this actions, our NPL can be maintained at a low level.

3. NET INTEREST MARGIN (NIM) HIGHER AMID PRESSURE FROM HIGHER INTEREST RATES

Amid pressure from the unfavorable conditions affecting the national banking industry, including higher interest rates and the weakening of the rupiah, Mandiri has been able to maintain profitability at an satisfactory level, as reflected in an NIM ratio of 5.97%, up 0.23% from the previous year.

Among the factors that supported this improved profitability were Mandiri's Low Cost Funds position, which was maintained at 56.49% in line with the success of our retail deposit strategy, which in turn was supported by a large customer base. Moreover, in tandem with the increase in market interest rates, we also adjusted upwards our interest rates on productive assets to maintain asset quality. In addition, we also benefitted from an increase in interest income from government bonds in line with the increases in market interest rates. Another contributing factor is the Bank's large corporate customer base, which helped propel an increase in the volume of foreign exchange transactions handled by Mandiri in 2014 to USD 202.9 billion, up 10.4% from the previous year, with the income generated amounting to Rp1.56 trillion.

III. OVERVIEW OF ACHIEVEMENTS IN 3 BUSINESS FOCUS AREAS IN 2014: PHASE II OF TRANSFORMATION PROJECT

We completed the implementation of our Phase II Transformation Strategic initiative in 2014 by achieving the following financial and non-financial milestones:

- Ncapitalization per December 2014 rose to Rp254.1 trillion, exceeding the target of Rp 225 trillion.
- Return on Assets reached 3.39%, exceeding the target of 2.5%.

- Non-performing loans stood at 2.15%, better than the target of 3.5%.
- We retained our title of “the best bank in service excellence” from MRI for the seventh year in a row.
- We retained our title of “very reliable company” from IICG for the eighth consecutive year.

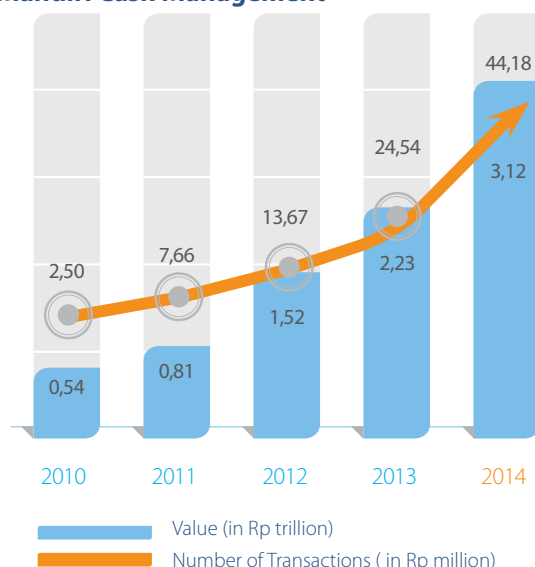
These achievements reflect the success of our business strategy of focusing on wholesale transaction, retail payments and deposits, and retail financing, as explained below:

1. WHOLESALE TRANSACTION

We undertook a number of initiatives to support the development of our wholesale transaction business, namely, the development of distributor financing solutions, cash management development, providing total solutions for integrated financial transactions, the implementation of host-to-host transactions for customers, and acceleration of account plan execution.

Our discipline in executing our strategic initiatives in the wholesale transaction segment has produced results. Our share of wallet in transactions involving anchor clients (including CASA, Fx, Trade, SCF, BG and Remittance products) increased to 47%. In the cash management business, volume rose to 3.12 trillion based on 44.18 million transactions and approximately 13.8 thousand customers, up 193% from 2009, when we only had 4,736 customers.

Mandiri Cash Management



Our excellent relationships with our depositors, particularly large / institutional depositors, make our funding position more sustainable, with core depositor funds amounting to Rp94.4 trillion, or 56% of total third-party funds. The implementation of account plans for 76 anchor clients in the Corporate & Institutional Banking segment has successfully resulted in an increase in low-cost funds. Mandiri Group low cost funds sourced from the wholesale transaction business amounted to Rp73.2 trillion, with the ratio of low-cost funds to total wholesale funding standing at 51.9%. Fee-based income generated by the wholesale segment stood at Rp4.4 trillion.

We also have helped ensure the success of our anchor clients' businesses by providing smooth supply and distribution on the upstream and downstream sides by extending supply chain financing of Rp3.54 trillion to 4,125 suppliers, and distributor financing facilities amounting to Rp 3.63 trillion to 1,222 distributors of our anchor clients.

2. RETAIL PAYMENT & DEPOSIT

In our retail transaction business, we undertook various initiatives to increase transactions and funds using business savings deposit tools and the intensification of value chains in the gasoline retailing, telecommunications, cement, cigarette, and cluster industries. Other initiatives in the retail transactions segment included building customer loyalty through the fiestapoin program; developing the payroll and value chain businesses, educating customers about e-channel transactions, improving e-channel service, extending the use of ATM, EDC and Internet Banking e-channels, opening 262 new branches and installing 3,820 new ATMs.

To meet the needs of customers with high mobility levels and busy routines, we have developed our e-Money prepaid card service, where such cards can be used in supermarkets, gas stations, and to pay for transportation services such as Commuter Line, Busway and expressway tolls.

We also continued to introduce digital banking innovations through the development of non Mandiri e-cash accounts, namely, server-based electronic money that utilizes mobile telecommunications technology applications and USSD, otherwise known as “cash in the phone,” which allows the holder to conduct banking transactions without having to open an account at a Bank Mandiri branch. The advantage of this product lies in the social banking experience for holders and the ease of use. By the end of 2014, the number

of e-cash users was up 335% to more than 157 thousand, compared with 36 thousand users the previous year.

In line with the Mandiri Group's retail transaction development strategy, customer transactions conducted through Mandiri e-channels have increased significantly so as to greatly exceed the number of transactions conducted through branches. The number of e-channel transactions per December 2014 amounted to 1.8 billion (ATM, Internet, mobile banking), or an average of 4.9 million transactions per day, far beyond the number of branch-based transactions, which amounted to 147.9 million transactions, or a mean average of 547 thousand transactions per day. The number of active Mandiri e-Money cards also increased 84.1% from 2013 to 1,152 million, while average transaction frequency per day stood at 392 thousand, and daily transaction value at Rp4.45 billion.

In a spirit of togetherness, we also delivered innovative retail transaction products for all of our customer value chains so that both principal value chains and derivative value chains can be served by Mandiri Group. To ensure that a significant increase in our share of wallet occurred, we conducted more detailed and disciplined assessments, focusing on our penetration of the food & beverage, consumer foods, and telecommunications industries. We also endeavored to gain an in-depth understanding of the businesses of each of our customers in order to identify and serve their specific needs in each focus industry on an end-to-end basis. As part of this process, we also focused on the

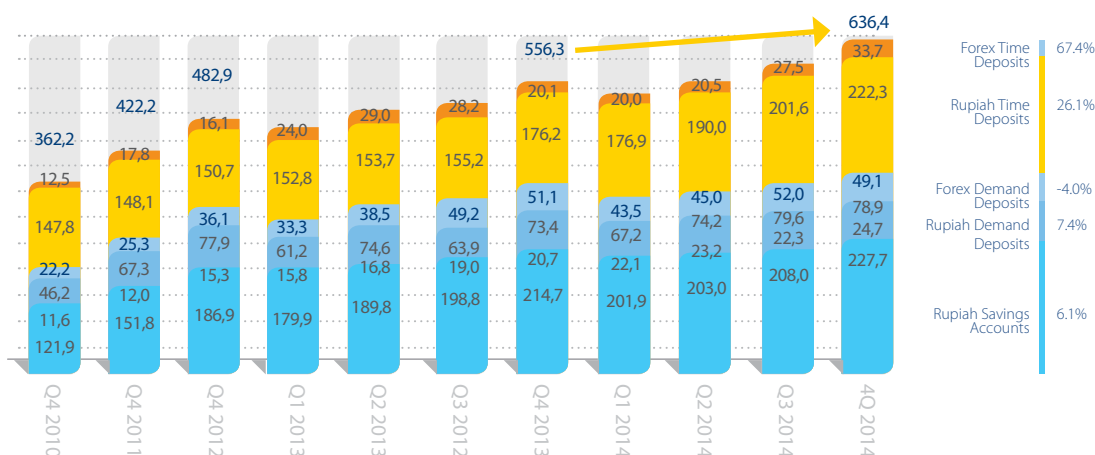
development of total business relationships.

Our attention to value chains has led to increased collaboration with key customers, such as our collaboration with Pertamina and 3,797 retail outlets that has resulted in average deposits of Rp2.4 trillion per month. Meanwhile, our collaboration with telcos and authorized dealer has led to the acquisition of 104,818 resellers, resulting in average monthly deposits by authorized dealers and resellers of Rp 5 trillion.

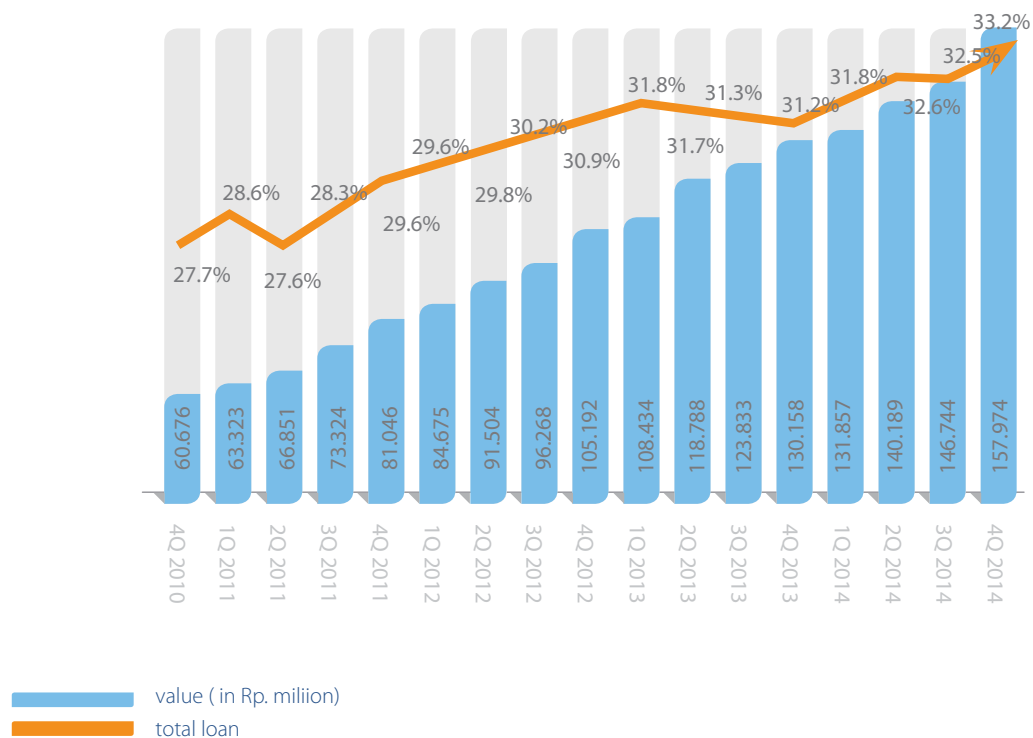
3. RETAIL FINANCING

In the retail finance business, the strategic initiatives that we pursued in 2014 included developing value chain-based alliances with cross-selling potential so as to increase product holding; improve basic product facilities; rolling out the checking account program and checking account competition; optimize the use of checking accounts as the operating accounts of borrowers through cashback and premiere checking account programs; increasing micro savings through both borrower and non-borrower savings products; developing the home ownership program (HOP) in collaboration with various companies; developing special alliances with priority banking customers, corporate / commercial banking management; launching the community card program; adding the number of strategic partner for co-branded cards, corporate cards and commercial cards; expanding our card marketing coverage area to secondary cities; and developing loyalty programs.

Deposits by Type (consolidated (Rp trillion))



Lending - Retail and Composition



The implementation of initiatives in the retail finance business successfully increased retail lending to Rp93.3 trillion or by 26.8% annually. The ratio of retail loans to total loans increased from 17.6% in 2013 to 20.4%. Our micro unit network also expanded by 55 units in 2014 to 1,833, supported by a 8386 micro marketing sales outlets, so that on average each month 53 thousand new micro customers received financial services. As a result, Bank Mandiri is now the second largest provider of financing to the micro segment at the present time, only surpassed by a competitor that has a long history of providing such services.

Our consumer financing initiatives have successfully provided financing to 170 thousand customers to purchase their own homes with mortgages. We have issued more than 3.6 million credit cards, with an additional 509 thousand new cards in 2014 and a monthly transaction value of approximately Rp2.28 trillion.

Our successful implementation of initiatives has also been supported by growth in retail financing on the part of our subsidiary, Mandiri Tunas Finance, which in 2014 had Accounts Receivable of Rp20.8 trillion, an ninefold increase from 2009, when the figure was 2.3 trillion. In terms of new disbursements, Mandiri Tunas Finance successful increased its volume of financing 7.5-fold, from Rp 1.9 trillion in 2009 to Rp 14.8 trillion in 2014, while at the same time maintaining good loan quality. In 2014, Mandiri Tunas Finance contributed a profit of Rp233.9 billion, up 31% compared with 2013, giving an ROE of 29.66% in 2014.

The overall performance of this subsidiary has been much better than its competitors. This can be seen from the growth in Mandiri Tunas Finance' market share for new four-wheeled vehicles financing, which put it in third place in the market in November 2014, up from fifth place the previous year. In terms of market share for new car financing, Mandiri Tunas Finance had a market share of 12.3% in November 2014, up from 8.9% the previous year.

IV. FUTURE CHALLENGES - TRANSFORMATION PHASE III

1. TRANSFORMATION PHASE III 2015- 2020

We realize that the future challenges facing Mandiri, both external and internal, will be increasingly large and complex. The banking industry is characterized by intense competition in line with the expansion of regional and global banks into Indonesia. Customer expectations have also changed, with the need for banking partners who understand and have expertise in their business sectors, particularly in the Wholesale and SME segments. Digital trends are also fueling the demands of customers for products and banking services that can be accessed quickly and easily.

In the banking landscape, changes in the structure and regulation of the banking industry have become a major challenge. The growth in LDR from 30% in 2000 to 88.65% in November 2014 has led to intensified competition among banks to attract third party funds (TPF). The banks that dominate TPF will also become the dominant players in the competitive landscape of the banking industry. Changes in the capital structure of banks as a result of Basel III will also cause banks to become more selective and efficient in lending.

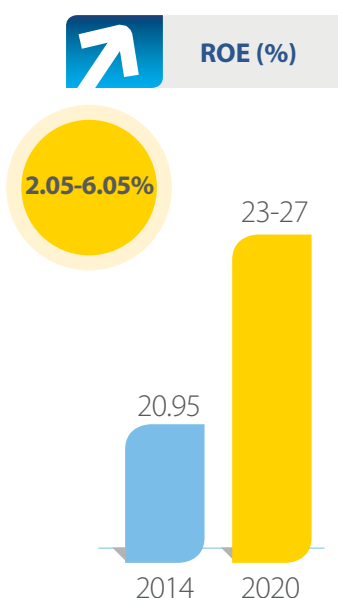
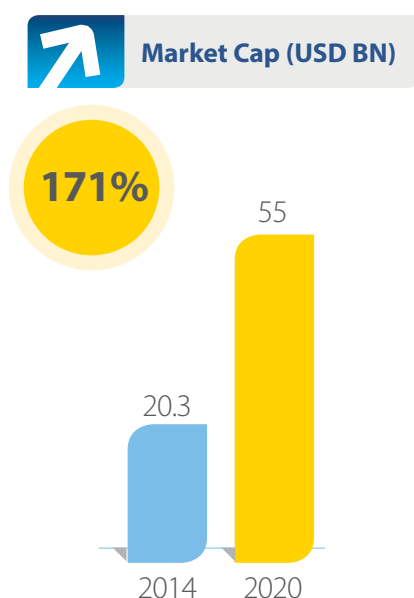
On the internal side, Mandiri, as a financial services institution, must be able to develop an agile and customer-centric organization and reliable IT infrastructure that can quickly adapt to customer needs.

To respond to these challenges, Mandiri needs to continue its transformation project in order to achieve its aspiration of being The Best Bank in ASEAN by 2020.

2. BEST BANK IN ASEAN 2020 – ASPIRATIONS AND RELATED STRATEGIES

Mandiri has identified three aspirations as part of its determination to be the Best Bank in ASEAN by 2020, namely:

1. Aspiration 1: Asean Market Cap Leader, with a minimum market capitalization of USD 55 billion, up 171% from its market capitalization at the end of 2014.
2. Aspiration 2: Leading ROE, in a range of 23%-27%, or an increase of 2.8-6.8% of the ROE position at the end of 2014. To achieve the targetted market capitalization and ROE, Mandiri will require revenue growth of 23%-28 %, and will strengthen inorganic growth.



3. Aspiration 3: Broader Socio Economic Impact by:
- Being an Employer of Choice through the application of our employee value proposition
 - Being a Role Model for the community; and
 - Being at the forefront of Good Corporate Governance

Mandiri's 3 Key Strategies, 2015-2010



To achieve our vision of being the Best Bank in ASEAN by 2020, Mandiri has set adopted 3 main strategies, namely:

1. In the wholesale segment, a strategy of deepening relationships with clients (Deepen Client Relationship).

Through this strategy, we focus on increasing our share of wallet and the cross-sell revenue ratio from our wholesale customers through the provision of integrated wholesale product solutions, customer management and solutions that are based on expertise in customer business sectors, and actively supporting our customers to expand into other countries by providing cross-border solutions.

2. In the retail segment, through business acceleration strategies in the key segments (Accelerate in Growth Segment) that are main driver of growth in the retail business of Bank Mandiri, namely:

- In the small and medium enterprises (SME) segment, Bank Mandiri wants to be the top choice of SME customers. We will achieve this through greater penetration and acquisition of customers that are focused on prospective business sectors, so as to meet all of the needs of our SME customers. By positioning itself as a major bank, Mandiri will be able to capture the bulk of the Low Cost Funds from this segment.
- In the micro segment, Mandiri will focus on maintaining its gap and position as the strongest challenger in the Indonesian microfinance market by providing greater access to micro customers to the Bank Mandiri distribution network.
- We believe that semi-urban areas will be the main drivers of growth in the micro-credit segment in 2020. Thus, the expansion of the Mandiri distribution network will be focused on these areas.

- Other strategic priorities include growing deposits in this segment so as to achieve a more balanced segment portfolio, increasing employee and branch productivity, and reliable risk management in line with the growth targets that have been set.
- In the Individual segment, Mandiri will focus on building market leadership by offering a complete and competitive range of consumer products, and encouraging innovation so as to strengthen its dominance in retail payment.
- 3. The third strategy is to integrate our business across all segments, including with subsidiaries (Integrate the Group).

Through this strategy, we want to encourage a culture of cross-selling, both between units that handle the wholesale and retail segments, including subsidiaries, and by encouraging the regionalization of business and optimizing our distribution network in the regions.

We will avail of Mandiri's strength in the wholesale area, as reflected in our relationships with 244 client groups in the corporate and institutional banking segments, and 26.7 thousand customers in the commercial segment, so as to optimize our penetration in the retail segment by focusing on the value chains of wholesale customers, including customer employees.

Additionally, Mandiri has identified a number of prospective business sectors that will be prioritized for the implementation of the sector solution strategy, particularly in the wholesale and SME segments.

To encourage the successful implementation of these three main strategies based on measurable milestones, the key strategies in the Wholesale, SME, Micro, and Individual segments have been further spelled out in some 40 programs and some 100 strategic initiatives. Going forward, management will ensure that the execution of these programs and initiatives involves the active participation of all Mandiri employees.

3. ORGANIZATIONAL AND HUMAN RESOURCES PREPAREDNESS TO SUPPORT BUSINESS GROWTH

To ensure Mandiri's readiness on entering Phase III of our transformation project (2015-2020), in early 2015 we will carry out an organizational realignment involving Head Office and our Regional Offices. The realignment is aimed at integrating all business segments and subsidiaries so as to achieve optimal business potential, including by strengthening the role of the 12 regions so as to increase penetration in all business segments in the regions.

We are confident that this initiative will create a Mandiri organization that is more responsive and agile in responding to the following challenges:

- a. Focusing on deepening relationships with customers through an organization that is more "customer centric" and closer to customers.
- b. Harnessing our strength in Wholesale as an enabler for growth in the retail segment.
- c. Enhancing accountability as regards business targets and encouraging transformation of the distribution network.
- d. Promoting a more efficient decision-making process through the gradual delegation of authority to the regions, while at the same time maintaining oversight and control.
- e. Encouraging smooth leadership succession and talent management – thanks to our new organizational structure, Mandiri employees will enjoy greater career opportunities so as to be able to become candidates for future leadership positions.
- f. Improving coordination and collaboration between the Regions and Headquarters, including subsidiaries.

Armed with the experience of the previous phases in our transformation project, we believe that this organizational transformation project will be successfully.

Furthermore, in order to support our business transformation, we will also strengthen the company culture through improvements to our corporate core values and the designing of a human resources development roadmap.

V. BEST CUSTOMER SERVICE - STRENGTHENING OUR SERVICES

Our extensive distribution network and the continuing expansion in Bank Mandiri's products and services pose challenges in themselves to our ability to deliver service excellence across all customer contact points. Service excellence is one of the three pillars underpinning the Bank's performance, in addition to the financial and corporate governance aspects.

In 2014, our commitment and hard work in continuously delivering excellent services to customers resulted in us receiving a number of top awards in the field of Service Excellence, such as:

1. Best Bank Service Excellence, for 7 consecutive years (2008-2014).
2. Most Consistent Bank in Service Excellence, for 5 consecutive years (2010-2014).
3. Golden Trophy for Banking Service Excellence, 3 years in a row (2012-2014), based on Bank Service Excellence Monitor (BSEM) surveys conducted by Marketing Research Indonesia (MRI) and Infobank magazine.

All employees of Bank Mandiri contribute to the achievement of service excellence, in accordance with their respective positions and roles, based on Bank Mandiri's "Spirit of Service Excellence" (Proactive & Timely Solutions, Reliable, Friendly & Convenient).

In addition to the assessment of our regular branch and e-channel services on an industry-wide basis, we have also designed and apply service assessment standards for other channels that serve customers directly, namely, Micro Branches, Priority Outlets, Business Lounges, Regional Card Centers, and Consumer Loan Business Centers. We also assess the application of our Spirit of Service at Group / Head Office units, which primarily provide services to Branches / Front Office Units, so as to create end-to-end service excellence.

In addition to assessing service standards using the "mystery shopping" approach, we also measure the levels of customer satisfaction (Customer Satisfaction Index) in regular and priority branch outlets. This approach will also be gradually applied to other units.

RESPONDING TO CUSTOMER COMPLAINTS

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, without the need to go through the mass or online media in such a way as to lower the reputation of the bank.

In addition to providing conventional complaints channels such as Mandiri Call, corporate website, and email, we also accommodate customer complaints through popular social media, such as twitter and facebook. In fact, twitter@mandiricare currently has 24,170 followers and has been named "the most engaging twitter" in the banking category in Indonesia in 2014.

In accordance with the Bank Mandiri Spirit of Service (Proactive & Timely Solutions, Reliable, and Friendly & Convenient), customer complaints are handled, having regard to Bank Indonesia regulations.

As regards the total number of customer complaints and Bank Mandiri's commitment to satisfying every customer need and creating a positive customer experience based on our Spirit of Service, Bank Mandiri continues to improve the management and resolution of customer complaints, including by means of:

1. Improving customer complaint resolution process, and monitoring its implementation.
2. Accelerating the settlement of customer complaints on an end-to-end basis.
3. Improving in the 4P (people, product, process, place) concept in order to reduce the number of complaints received.

In line with the development of customer complaints channels, the number of customer complaints has been constantly increasing. The increase in the number of customer complaints is influenced by the increase in the number of customers, increase in the number of transactions, increase in the number of new products and features of existing products, as well as greater openness and ease of making complaints through social media.

End-to-end service excellence and good management of customer complaints across all contact points is expected to improve the level of customer satisfaction and loyalty, thereby increasing the bank's growth.

VI. OUR EMPLOYEES ARE OUR FUTURE – MOLDING PROFESSION HUMAN RESOURCES

“Our ability to achieve success depends on the combined applied strengths of our people gained over time, through experience and shared knowledge. The greater the application of the strengths, the more successful we become.”

Our vision of being the best bank in ASEAN by 2020 requires reliable human resources that are capable of competing with the human resources of other banks in the region. Managing our human resources, which consist of 34,696 employees, 60% of whom are members of Gen-Y, requires holistic and systematic strategies. Along with the preparation of the Bank's 2020 business strategy, human resources management strategies were also prepared in collaboration with global consultants. Through our HC Strategy 2020 and the Mandiri People Management Framework, the competencies and characteristics of the human resources required by Mandiri will be developed in stages, including the involvement of hiring managers in the recruitment process, assessments that are aligned with the strategic directions of the Bank, the long-term development program by Mandiri University, and competitive compensation and talent development for succession and business development. To maintain operational continuity, all aspects of human capital management must be based on the values of the organization and effective leadership. The HC Strategy 2020, which consists of 7 main programs, 32 strategic initiatives, and Mandiri's values and People Management Framework, will serve as the main foundation for human capital management in Mandiri over the next 5 years.

In line with the HC Strategy 2020, the focus of the Human Capital team going ahead will be to prepare the foundations for human capital management based on prevailing best practices (7 programs and 32 strategic initiatives), accompanied by consistent implementation across all management lines, which in turn will create a work environment that will encourage employees to improve their skills and competitiveness at the ASEAN level. In line with our long-term plan, starting in 2014 (ahead of our reorganization in early 2015), talent management has been implemented on a hierarchical basis through the establishment of talent panels

at headquarters level and talent panels in the regional offices. Through talent management programs conducted twice a year, talent mobility will increase and all employees will have the opportunity to sharpen their technical and leadership skills.

Mandiri University, through its 7 academies, namely, the Wholesale Banking Academy, Banking Operations Sales & Service Academy, IT & Supporting Function Academy, Micro & Retail Banking Academy, Governance Risk & Compliance Academy, Leadership Academy, and Sharia Banking Academy, has become the primary means of improving the capabilities of Mandiri's employees. In addition to preparing employees with the required technical skills, Mandiri University also provides a middle management development program (MDP) that is focused on improving leadership capabilities at the intermediate level. The MDP program has trained two batches of students to date in collaboration with three leading world universities, namely, Michigan Ross Business School, Thunderbird University and the Asian Institute of Management. In addition, Mandiri University also prepares future leaders through a postgraduate scholarship program for top talent, which provides scholarships for courses of study in the top 20 global universities. In 2014, some 100 employees participated in the program. Mandiri University's development programs are not only focused on the classroom, but also on the employee learning environment through blended learning solutions and its 14 campuses spread across the archipelago. In 2014, Mandiri University successfully provided education and training to employees, both internally and externally, with its budget being in accordance with the directives set out by the regulator. Looking ahead, Mandiri University will focus on improving employee productivity, talent mobility and the leadership pipeline in accordance with the development plans of Bank Mandiri and its subsidiaries. Looking ahead, it is expected that Mandiri University will become the leading center of excellence for banking knowledge in Indonesia.

Rapid business growth must be supported by effective and accurate strategies for employee recruitment, having regard to the principle of “the right person in the right job”. Employee recruitment in Mandiri Group is conducted through two pathways, namely, internal sourcing, which opens up opportunities for staff members to become senior managers, and external sourcing, namely, through the recruitment of fresh graduates and experienced hires, both at the staff and leadership levels. In expanding the scope of the recruitment process so as to ensure greater diversity, we conduct recruitment activities through job fairs, e-Recruitment, campus hiring, referral, executive search, and internships.

These processes are conducted throughout Indonesia and in collaboration with renowned universities from both Indonesia and overseas. Our principle is to provide the widest possible opportunities to the best people in this nation to contribute to the country through Mandiri Group.

All of the strategic initiatives contained in the HC Strategy 2020 are aimed at ensuring that Mandiri remains competitive and to maintain harmonious industrial relations between employees and the company. Such a harmonious relationship will improve productivity and employee engagement. The HC4U initiative (which serves as an employee services center) was introduced so as to make communication easier between employees and the company, which can be accessed by telephone, email or directly via the HC4U walk-in center.

In human resource management, in addition to enhancing employee competencies and skills, Mandiri also places emphasis on governance. Employee disclosure related to family ties, other employment, etc, which could give rise to conflicts of interest, are required regularly. The establishment of a joint labor accord safeguards the rights of employees in accordance with the applicable legislation. This is important for Mandiri as a responsible corporate citizen.

Finally, the focus of the HC Strategy 2020 is creating a conducive working environment for all Mandiri employees so that they can make a maximum contribution to the Bank's business strategy. In line with the Mandiri value proposition Mandiri (The Spirit of National Prosperity), working at Mandiri is not only good for employees, their families and Mandiri, but most of all it is good for the nation. All of the initiatives in the HC Strategy 2020 (namely, increasing the skills and competencies of employees and developing the leadership pipeline) not only have a beneficial impact on the Bank's business, but also help improve the competitiveness of Indonesia in the ASEAN region and at the global level. Mandiri is proud to be involved in the improving the skills and competencies of Indonesians and enhancing the competitiveness of the nation.

VII. SYNERGY BETWEEN MANDIRI GROUP AND MANDIRI SUBSIDIARIES

1. GROWTH IN NUMBER OF MANDIRI SUBSIDIARIES OVER LAST 5 YEARS

By the end of the second phase of transformation, many changes had taken place in our company, including growth in Mandiri's

net profit and total assets over the last 5 years. This growth is closely linked to the performance of our subsidiaries, which are key revenue generators of the Mandiri Group in their respective fields.

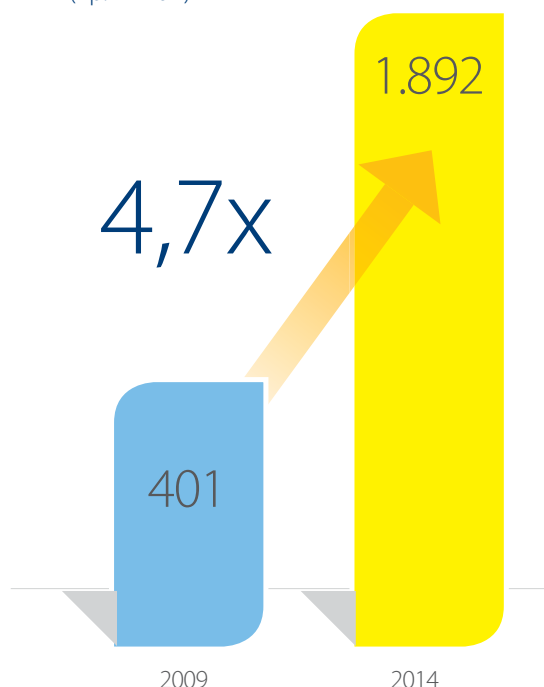
Each Mandiri subsidiary has a different business focus as part of the Mandiri Group's business diversification. Bank Syariah Mandiri (BSM) is engaged in Islamic banking, AXA Mandiri Financial Services (AMFS) engages in insurance / healthcare, Mandiri AXA General Insurance (MAGI) engages in general insurance, Mandiri Sekuritas engages in investment banking, Mandiri Manajemen Investasi (MMI) engages in asset management, Mandiri Tunas Finance (MTF) engages in motor vehicle financing, Bank Sinar Harapan Bali (BSHB) engages in the micro-finance business, Mandiri International Remittance (MIR) engages in the remittance business, while Bank Mandiri Europe Limited (BMEL) focuses on the treasury and financial institution fields. Mandiri's latest subsidiary, Mandiri InHealth, which was acquired in 2014, focuses on health insurance.

Mandiri Group's contribution to the national economy is also manifested through the successful performances of our subsidiaries, as described below:

1. AXA Mandiri Financial Services recorded a profit of Rp1.3 trillion in 2014, up 43.1% from 2009, while the company's assets amounted to Rp23.4 trillion, an increase of 31.3% over the same period.
2. Bank Syariah Mandiri made a profit of Rp71.8 billion in 2014, a decrease of 24.4% from 2009. Its assets stood at Rp66.9 trillion, up 24.8% over the same period.
3. Bank Sinar Harapan Bali recorded a profit of Rp20.6 billion in 2014, an increase of 11.4% from 2009, while its assets amounted to Rp1.8 trillion, an increase of 26.4% over the same period.
4. Mandiri Tunas Finance recorded a profit of Rp233.9 billion in 2014, an increase of 35.2% from 2010, while its assets stood at Rp7.4 trillion, up 34.7% since 2010.
5. AXA Mandiri Financial Services recorded a profit of Rp 1.4 trillion in 2014, up 43.1% from 2009, while its assets amounted to Rp 23.4 trillion, an increase of 31.0% over the same period.
6. Mandiri AXA General Insurance contributed a profit of Rp 1.4 billion in 2014, an increase of 105.2% from 2013, while its assets amounted to Rp 1.2 trillion, up 92.1% from 2013.
7. Mandiri Sekuritas made a profit of Rp86.8 billion in 2014, an increase of 19.2% from 2009. Meanwhile, its assets stood at Rp2.4 trillion, up 9.9% over the same period.

Subsidiaries' Profits

(Rp. million)



8. Mandiri Manajemen Investasi had assets under management (AUM) of Rp24.6 billion and made a profit of Rp31.4 billion in 2014, an increase of 23.3% over 2009. Meanwhile, its amounted to Rp191.8 billion, up 15.6% over the same period.
9. Mandiri International Remittance contributed a profit of Rp0.2 billion in 2014, an increase of 155.8% from 2009. Meanwhile, its assets amounted to Rp 11.6 billion, a decrease of 0.7% over the same period.
10. Bank Mandiri Europe Limited recorded a profit of Rp13.4 billion in 2014, an increase of 0.6% from 2009. However, its assets fell to Rp 2.3 trillion, a decrease of 0.04%, over the same period

Along with Bank Mandiri's growth, its subsidiaries have also experienced growth and now make a significant contribution to the Mandiri Group. Such growth is the result of our efforts in forging alliances and optimizing synergies.

Bank Mandiri Subsidiaries in Various Industries

mandiri
syariah

mandiri
sekuritas

mandiri
investasi

mandiri
remittance

mandiri
europe

mandiri
inhealth

mandiri
tunas finance

AXA mandiri

AXA mandiri
General Insurance

mandiri
sinar bali

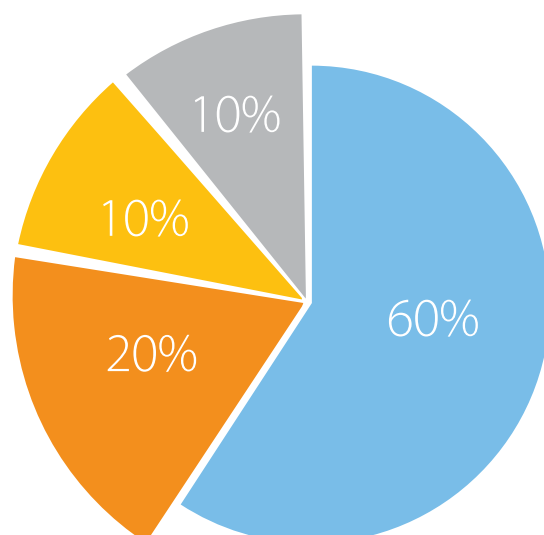
2.A. INHEALTH'S POST ACQUISITION GROWTH

On May 2, 2014, Bank Mandiri formally acquired PT Asuransi Jiwa InHealth Indonesia, with a stake of 60%, so as to complement the Mandiri Group's business in the financial segment and cement its position as the leading financial institution in Indonesia.

After signing the deed of sale and purchase of shares, InHealth was integrated into the Mandiri Group and a Corporate Plan 2020 was prepared. The initiatives undertaken as part of this process are as follows:

1. In terms of marketing, Mandiri channels will be utilized for marketing InHealth products to major companies in Indonesia as part of a joint sales initiative;
2. In terms of risk, Risk Management will be integrated through the adjusting of strategies in line with the InHealth Corporate Plan 2015-2020;
3. Acquisition of provider accounts, that is, the use of Bank Mandiri accounts for the payment of claims and virtual accounts for premium payments by customers;
4. In terms of finance, InHealth's investment fund has been taken over by Bank Mandiri, including subsidiaries such as Bank Sinar Harapan Bali.

As a life insurance company that focuses on health insurance and which has been in existence since April 2009, and as the controlling shareholder since 2014, Mandiri InHealth is a major player in the health insurance industry, and the leading player in Group Health Insurance with a market share more than 11%.



2.B. MANAGEMENT OF SUBSIDIARIES AND PREPAREDNESS FOR FINANCIAL CONGLOMERATION

In order to comply with the regulatory requirements regarding the conglomeration of financial institutions in Indonesia, Mandiri Group has a holding function through the implementation of Integrated Subsidiary Management. The management of our subsidiaries is carried out through organizational functions that are able to provide a span of control that is more flexible, and monitoring and supervision functions that are more effective in line with the respective functions of each business unit.

Besides the supervision conducted by Bank Mandiri's Board of Commissioners and Internal Audit Group over our subsidiaries, we also manage our subsidiaries through multiple mechanisms, that is, by business units that supervise and monitor the performance of the subsidiaries, and by the Capital & Investment Committee (C&I). In addition to supervising the performance of subsidiaries, the C&I also manages the equity of subsidiaries, organizes their shareholders meetings, ensures that the managements of subsidiaries uphold integrity, and oversees the preparation of the operational budgets of subsidiaries over the short, medium and long terms in order to align them with Bank Mandiri's operational plan and budget. Bank Mandiri, as the parent company, has aligned the business strategies and directions of its subsidiaries in order to support the achievement of the Bank's goals.

Overview InHealth (2014)



BPJS Kesehatan kemudian melepas kepemilikan saham di PT Asuransi Jiwa InHealth Indonesia kepada PT Bank Mandiri (Persero), Tbk., PT Kimia Farma (Persero), Tbk. dan PT Asuransi Jiwa Indonesia (Persero).

The integrated management system that is described above is based on the following five (5) policy functions:

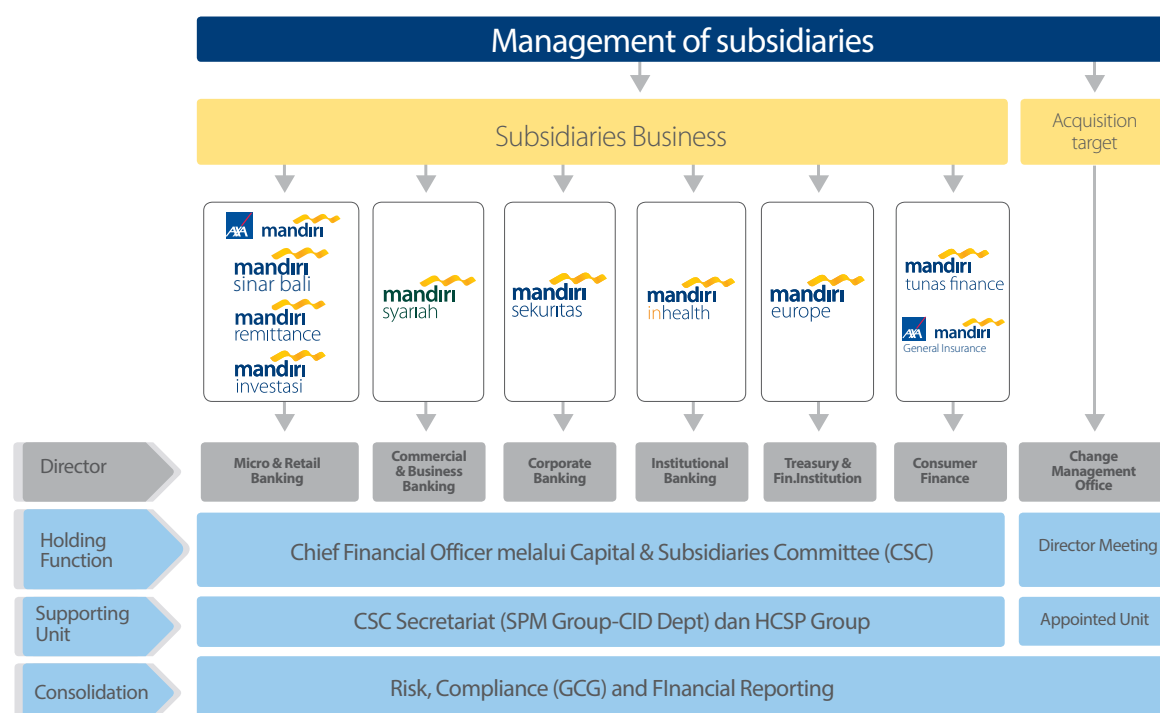
1. The Capital Management Policy Function, that is, the setting of capital management policies of subsidiaries by the Subsidiary & Capital Committee;
2. Leadership and Remuneration Policy Function, that is, the determination of management and remuneration policies of subsidiaries by the Human Capital Policy Committee;
3. The Shareholder Authority Function, that is, monitoring the financial performance and businesses of subsidiaries, and representing the shareholder in Corporate Actions;
4. Business Supervision Function, that is, the evaluation and assessment of the investment performance of subsidiaries, include directions and planning, synergies and the business growth of subsidiaries;
5. The Supervision Function (Compliance, Audit & Risk Management), that is, strengthening the compliance and risk management functions in accordance with Articles of Incorporation / Statutes of subsidiaries by the Board of Commissioners, and internal audit through the GMS of subsidiaries.

In addition, in order to support good governance structures, Bank Mandiri has implemented end-to-end process management in consolidated subsidiaries, including as regards the planning, monitoring and evaluation functions. As regards planning, each subsidiary has a long-term strategic planning blueprint to guide it in growing its business so as to support the achievement of Bank Mandiri's goals.

As part of the monitoring and supervision process, Bank Mandiri periodically conducts performance review and audits performance forums for subsidiaries, which at the same time provide a means of evaluating management performance in each subsidiary.

In the context of fulfilling regulatory requirements for the implementation of integrated management in financial conglomerates, Mandiri Group has started to apply integrated risk management for all types of business risks, including reputational risk, credit risk, market risk, operational risk, liquidity risk, strategic risk, legal risk and compliance risk. Risk management covers the areas of strategic planning, risk appetite, execution, risk assessment and performance evaluation, so as to maximize shareholder value in the Mandiri Group.

In addition, Mandiri also has a Risk Management Committee, and integrated risk management policies and procedures.



3. CHALLENGES FACING BANK SYARIAH MANDIRI

Since 1999, Bank Syariah Mandiri (BSM) has experienced rapid growth. BSM assets rose by an average of 39.92% per year (Compounded Annual Growth Rate / CAGR 2000 until December 2014), Third Party Funds (TPF) grew 51.58% per year, and Financing increased by an average of 43.41 % per year.

These achievements have made BSM the largest Islamic bank in Indonesia since 2003. BSM has been able to maintain its position as the largest Islamic bank even though the number of Islamic banks in Indonesia continues to rise, with there being 12 Islamic banks and 22 Islamic business units in 2014. BSM leads the Islamic banking industry market with a market share of approximately 25.24% by assets, 28.09% by third-party funds, and 24.94% by financing per October 2014.

The year 2014 was a challenging one for BSM. Indonesia's macroeconomic conditions unfavorable impacted on the financing of customer businesses so that the financial circumstances of customers disimproved. This affected the quality of BSM's productive assets. As of end December 2014, the ratio of non-performing financing stood at 4.23%, up from 2.29% in December 2013.

The decline in the quality of productive assets has resulted in BSM increasing its provision for uncollectible accounts so that profit came under pressure in 2014. In addition to the cost of provisioning, BSM's profit has also been affected by negative growth in financing of around 2.63% and a decrease in fee-based income (FBI) due to the effects of Government Regulations on Hajj financing. However, despite the unfavorable conditions, BSM recorded a good performance, especially on the liquidity side, as reflected in the Financing to Deposit Ratio (FDR), which as of December 2014 stood at 82.13%.

To overcome these challenges, we made changes in the management line at General Meeting of Shareholders (GMS) held on May 7, 2014. The new lineup of directors and commissioners immediately launched a consolidation strategy, as part of which BSM will focus on improving asset quality and business processes, strengthening the company's infrastructure, and forging synergies with the Mandiri Group.

VIII. STRENGTHENING THE OVERSIGHT FUNCTION - INTERNAL AUDIT, RISK MANAGEMENT AND COMPLIANCE

The challenge of achieving our goal of becoming the best bank in ASEAN requires better quality management of the company. Regulations in the field of corporate control also require the strengthening of internal controls through an internal audit function that is responsible for assurance, risk management, and compliance. The putting in place of these functions is an important factor in achieving healthy and sustainable growth. Currently, the internal control, risk management, and compliance functions in the Company serve as important partners for other units to ensure that the development and implementation of strategic initiatives are complemented by adequate risk management and internal control.

We consistently encourage the strengthening of collaboration between assurance functions, including by ensuring all risks that could potentially arise can be properly mitigated, increasing the flow of information between units, and clearly defining roles and responsibilities. We are committed to ensuring that the assurance function serves as an enabler of optimal growth in the long term.

1. INTERNAL CONTROL AS THE MAIN LINE OF DEFENSE IN OPERATIONAL CONTROL

We continuously strive to strengthen our three lines of defense through more active collaboration in the preparation and implementation of assurance function strategies. The fraud prevention, detection and investigation mechanisms in Bank Mandiri have proved themselves effective in helping to prevent and detect fraud at an early stage. In line with our strategic focus of strengthening the retail and transaction banking segments, we will continue to strengthen the internal control function in various operational aspects of the retail business so as to avoid fraud and human error. This will be achieved by, among other things, improving the capabilities of auditors. These capabilities are not just limited to auditing knowledge and skills, but also knowledge of products and banking operations. With greater knowledge of products and banking operations, auditors will be able to provide solutions to problems, especially those related to internal control and risk management in respect of the products and transactions associated with each unit.

Through the effective governance structure and processes of Bank Mandiri, as a holding company, the function of overseeing its subsidiaries is strengthened through the consolidation of the

internal audit function and the application of audit charters in each subsidiaries so as to reflect the methodology, duties and authority of the internal audit function in Bank Mandiri itself. This is achieved through the establishment of working standards / procedures, enhancing the competencies of Internal Control Unit Heads and auditors, and through the use of methodology that accords with best practices.

2. DEVELOPING A CULTURE OF INTEGRATED RISK MANAGEMENT

We have developed Enterprise Risk Management (ERM) as an integrated risk management system that links strategic planning, risk appetite, business execution, risk assessment and performance evaluation as part of our efforts to optimize the growth of the Mandiri Group based on risk-adjusted returns and maximum shareholder value. ERM serves as a means for the gradual implementation of Basel II and III in Bank Mandiri in accordance with the regulations issued by the Financial Services Authority (OJK).

With ERM, the Company has the ability to precisely determine the capital that is needed to cover risk, allocate capital to all business lines in an efficient and rational manner, and identify opportunities for portfolio diversification and optimization.

The comprehensive implementation of the ERM system by Mandiri Group marks the first time this has been done in Indonesia. The successful implementation of ERM has also been internationally recognized, including by The Asian Banker through its Asian Banker Risk Management Award 2013 (Enterprise Risk Management Project category).

3. STRENGTHENING GOVERNANCE TO SUPPORT SUSTAINING GROWTH

We consistently apply the good corporate governance (GCG) framework that we have developed through five (5) stages, namely, the formulation of governance commitment, enhanced governance structure, improvement in governance mechanisms, dissemination & evaluation, and "walking the talk." Going forward, we will implement our "good corporate citizen" (GCC) initiative, which forms the basis of all our successes. The implementation of GCC is not only focused and oriented on excellence in our financial performance and efficient business processes, but, more importantly, on building a corporate culture that is based on business ethics and social and environmental responsibility, known as the Triple Bottom Line (Profit, People, Planet).

In addition, we will also implement integrated management so as to improve oversight and anticipate the risks that may arise in the future along with the development of the banking industry in the ASEAN Economic Community 2015. The quality of our good corporate governance and discipline has been recognized by independent GCG ratings agencies both in Indonesia and in Asia, as evidenced by our recognition as "a very trustworthy company" for 8 years in a row by IICG, and the award for Asia's Best Companies for Corporate Governance from Corporate Governance Asia Recognition Award.

IX. STRENGTHENING INFORMATION TECHNOLOGY FUNCTION TO SUPPORT BUSINESS DEVELOPMENT AND IMPLEMENTATION OF TRANSFORMATION 2015-2020

1. INFORMATION TECHNOLOGY IS A KEY ENABLER IN THE REALIZATION OF BUSINESS STRATEGY

The development of Information Technology (IT) in the banking industry has changed the business strategies of banks by requiring them to position technology as a key element in the process of product and service innovation. Likewise in Bank Mandiri, our information technology platform serves as a key enabler in the realization of our business strategy. The course of our IT development is guided by our application architecture, information architecture, infrastructure architecture and security system architecture, back by IT governance that is designed in accordance with industry standards. Through the existing architecture, information technology has become a key enabler that permits the expansion of our business in an integrated and aggressive manner through the harnessing of technology for purposes such as business analysis, network communication, transaction processing, business solution integration, reporting and monitoring, and sales and marketing. In line with the preparation of our Corporate Plan 2015 - 2020, in 2014 we also adopted our IT Strategy & Execution Plan 2015-2020, which provides a blueprint for the long term development of IT in the Mandiri Group so as to support the business strategies set forth in the Corporate Plan 2015-2020. Through our IT Strategy & Execution Plan 2015-2020, Bank Mandiri aspires to be a world-class IT entity.

2. PROGRAMS TO STRENGTHEN IT PLATFORM

The IT Strategy & Execution Plan 2015-2020 consists of two main programs, namely, the supporting vision for business strategies and “fixing the basics” so as to strengthen Bank Mandiri’s IT platform. To support the Bank’s vision to be the Best Bank in ASEAN, we have formulated a number of major projects that will be implemented during the transformation period. Channel / Process Modernization is a strategy to improve the quality of Bank Mandiri’s delivery channels so as to be able to provide a unique transaction experience to our customers. The Customer Data Integration Program embodies the commitment of Bank Mandiri to get closer to its customers, and allows the Bank to provide the best possible customer services and products. In terms of banking operations, the Bank will implement its Risk Management and Targeted Project Build Up/Regulatory projects to improve security and support good corporate governance.

In order to support our business growth focus areas, Bank Mandiri will also strengthen and overhaul the information technology infrastructure through the development of delivery channels, increasing the capacity of the core banking engine, developing an integrated Management Information System (MIS) using the latest data warehouse technology, including increasing the capacity of customer relationship management and business intelligence so as to provide a 360° perspective of customers and their businesses in the wholesale and retail segments. Development and optimization of information technology will provide solid foundations for applications, information and infrastructure as a strategic platform that is capable of supporting the business needs of the Bank and future growth.

Currently, we are also developing our digital banking services, where technological reliability is of the utmost importance if Bank Mandiri is to be able to provide top-quality products and services to our customers. In addition, system standardization, covering the readiness of technology for the development of our digital banking products and services, transaction and data security, and risk management, is a matter of major concern to us. We are optimistic that, as one of the country’s leading financial institutions, we will continue to be able to offer a wide variety of innovative products, supported by a reliable IT system. This is partly reflected in the trust placed in us by the government to distribute direct cash assistance (BLT) during the 2015-2019 period through our Digital Financial Services (LKD) network. We are aware of the potential for the large number of people that lack financial access to become members of the cashless society. Furthermore, our job as an agent of development is to help strengthen financial inclusion by offering innovative IT-based products and services that can be accessed easily by everyone in society.

CONCLUSION

Mandiri Group’s success is the fruit of solid teamwork, not only among the management team, but also among all of Mandiri’s employees. To be able to maintain sustainable growth in the future, we need the support of an outstanding management team and superb employees. In our opinion, our management team and employees are characterized by the integrity, cultural values, professionalism, experience, and maturity needed to be able to carry out their duties in the Mandiri Group. We, and all of our employees, are proud to work for and dedicate ourselves to the Mandiri Group.

What everyone at Mandiri has experienced is truly remarkable. On behalf of the Mandiri Group and Management team, we would like to express our deepest gratitude to all of our employees for their dedication and maximum contribution.

We would also like to thank all of our stakeholders who have given their support to the continuing transformation process. In particular, we would like to thank Mr. Edwin Gerungan, Mr. Wahyu Hidayat, Ms. Gunarni Soeworo, and Mr. Agus Supriyatno, who have watched over the transformation process in the Mandiri Group to date and laid strong foundations for further transformation going ahead.

We, and the more than 34 thousand Mandiri employees across the country, all of whom work shoulder to shoulder to improve the nation’s prosperity, would like to express our sincere thanks to all of our customers, shareholders and regulators for their support and the trust they have placed in the Mandiri Group. It is a source of pride to us to be the trusted partner of our customers and stakeholders. We will continue to foster the spirit of togetherness so as to always be able to deliver the best financial solutions and services – solutions and services that we can all be proud of.

Jakarta, 20 February 2015



Budi G. Sadikin
Chief Executive Officer

Declaration of Accountability by the Members of Board of Commissioners and Board of Directors in respect of PT Bank Mandiri (Persero) Tbk's 2014 Annual Report

We, the undersigned, hereby declare that all of the information contained in the PT Bank Mandiri (Persero) Tbk 2014 Annual Report is complete and accurate in all respects, and that we are fully accountable for the accuracy of the contents thereof.

This declaration has been properly made as required.

Jakarta, 12 February 2015

Board of Commissioners



Mahmuddin Yasin
CHIEF COMMISSIONER



Pradjoto
INDEPENDENT COMMISSIONER




Krisna Wijaya
INDEPENDENT COMMISSIONER



Aviliani
INDEPENDENT COMMISSIONER



Anton H. Gunawan
INDEPENDENT COMMISSIONER



Abdul Aziz
COMMISSIONER



Askolani
COMMISSIONER

Board of Directors



Budi G. Sadikin
CHIEF EXECUTIVE OFFICER



Riswinandi
Deputy CEO



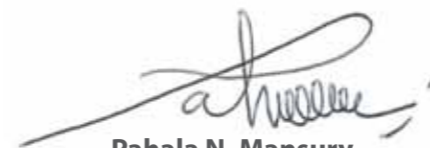
Abdul Rachman
DIRECTOR OF INSTITUTIONAL BANKING



Sentot A. Sentaosa
DIRECTOR OF RISK
MANAGEMENT



Ogi Prastomiyono
DIRECTOR OF COMPLIANCE
& LEGAL



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



Hery Gunardi
DIRECTOR OF MICRO
& RETAIL BANKING



Royke Tumilaar
DIRECTOR OF TREASURY,
FINANCIAL INSTITUTIONS
& SPECIAL ASSET MANAGEMENT



company profile

company profile

Company Name	: PT Bank Mandiri (Persero) Tbk
Ownership	: Government of Indonesia 60%, Public 40%
Business	: Banking
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	: Rp 16,000,000,000,000 (sixteen trillion rupiah)
Issued and Paid-Up Capital	: Rp 11,666,666,666,500 (eleven trillion six hundred and sixty six billion six hundred and sixty six million six hundred and sixty six thousand five hundred rupiah).
Stock Exchange Listing	: The Company's shares were listed on the Jakarta Stock Exchange and Surabaya Stock Exchange on 14 July 2013
Stock Ticker Symbol	: bmri
Swift Code	: BMRIIDJA
Number of Employees	: 34,696
Head Office	: Plaza Mandiri Jl. Jendral Gatot Subroto Kav. 36-38 Jakarta 12190, Indonesia
Telephone	: +6221 5265045
Facsimile	: + 6221 5274477, 5275577
Call Center	: 14000, +6221 52997777
Office Network	: <ul style="list-style-type: none"> • 1 head office • 136 branch offices • 1,018 sub-branch offices • 261 cash-service offices • 15,344 ATMs • 7 overseas offices
Website	: www.bankmandiri.co.id
Contact Center	: ir@bankmandiri.co.id corporate.secretary@bankmandiri.co.id Twitter : @bankmandiri

BANK MANDIRI'S RATINGS, 2014

Moody's (Oktober 2013)

Outlook	STABLE
Long Term Rating	Baa3
Foreign LT Bank Deposits	Baa3
Local LT Bank Deposits	Baa3
Senior Unsecured Debt	WR
Bank Financial Strength	D+
Foreign Currency ST Deposits	P-3
Local Currency ST Deposits	P-3

Pefindo (Oktober 2014)

Outlook	STABLE
LT General Obligation	idAAA
Subordinated Debt	idAA+

Fitch Rating (September 2014)

Outlook	STABLE
LT FC Issuer Default	BBB-
LT LC Issuer Default	BBB-
Subordinated Debt	NR
ST Issuer Default Rating	F3
Individual Rating	WD
Support Rating	2

BANK MANDIRI'S 'BB+' RATING REFLECTS A HEALTHY LEVEL OF PROFITABILITY, GOOD ASSET QUALITY, AND ADEQUATE CAPITALIZATION

Bank Mandiri benefits from its status as the largest bank in Indonesia with a strong network and a large customer base that contributes to low cost funds. Bank Mandiri's focus on develop higher yield lending will allow it to offset the pressure on margins from the tight competition in the domestic banking industry. Bank Mandiri has been able to maintain a high level of profitability so as to support its business development and a healthy level of core capital.

brief history



1824-1928

Bank Mandiri's history is inseparable from the long journeys of four former state owned banks, namely (1) -Bank Ekspor Impor Indonesia, which was established in 1824 and became involved in banking in 1870, (2) Bank Dagang Negara, (3) -Bank Bumi Daya, which began life as the De Nationale Handelsbank NV before becoming Bank Umum Negara in 1959, and (4) -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.



2000-2003

After the merger, Bank Mandiri embarked on a comprehensive consolidation process, that saw close 194 branch offices, reduce our workforce to 17,620 (from 26,000 at the time of the merger) and completely replace our technology platform. It took three years and an investment of USD 200 million to replace the existing core banking platform so as to bring it into line with retail banking standards. In addition, the Bank Mandiri brand was rolled out across all networks, and advertising and promotional activities.

2003: Bank Mandiri Initial Public Offering



1998

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

1999

Bank Ekspor Impor Indonesia, Bank Dagang Negara, Bank Bumi Daya, and Bank Pembangunan merged to form Bank Mandiri in July 1999. To this day, Bank Mandiri preserves a tradition of contributing to the Indonesian economy and banking industry that dates back more than 140 years.

2005

This year marked the launch of the first phase of the Bank Mandiri Transformation Program so as to make the bank a regional champion. The transformation process involved four key strategies: (1) implementation of culture, (2) aggressive control of non-performing loans, (3) accelerating business growth to exceed the market average, and (4) the development and management of inter-directorate and inter-business unit alliance programs. The first phase of the Bank Mandiri transformation project came to an end in 2010.

2006-2007

First stage of the transformation program, with the theme “Back on Track,” whose main focus was laying the foundations for future growth.



2008-2009

Second stage of the Transformation Program, with the theme “Outperforming the Market” whose main focus was business expansion to ensure significant growth in various segments and achieve a level of profit that exceeded the market average.



2010

Last stage in the transformation program, with the theme “Shaping the End Game”. Bank Mandiri targetted becoming a leading regional bank through the consolidation of its financial services businesses, and focusing on a non-organic growth strategy.

The transformation process that commenced in 2005 was consistently successful in improving the performance of the Bank, as reflected in various financial parameters.

2011

Marked the start of the Continuing Transformation 2010-2014 program, as part of which Bank Mandiri has reformulated its vision to be “Indonesia’s most admired and progressive financial institution”.

Continuing Transformation in 2011 involved further Cultural Transformation by : building on the cultural transformation phase I, enriched with best practice and benchmarking with world-class operators.

2012

Continuing Transformation in 2012 involved Business Transformation, with the focus on three main areas, namely Wholesale Transaction, Retail Deposit & Payment and Retail Financing.

2013

Bank Mandiri’s financial achievements in 2013 included a market cap of IDR 183.16 trillion, revenue market share of 12.0%, ROE of 22.35%, and gross NPL ratio of 1.90%.



2014

This year marked the successful completion of the Second Phase of the Bank’s Transformation, and preparations for the launching of the Corporate Plan 2015-2020.

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 the "Products and Services" section of this Annual Report.

vision, mission and corporate culture

further refinements have been made to the Bank Mandiri Vision and Mission Statements that were set out in the Bank Mandiri Long Term Plan 2010-2014, which refinements were formulated by the Board of Directors and approved by the Board of Commissioners.

vision

To be Indonesia's most admired and consistently progressive financial institution

mission

- Orientated to the fulfillment of market needs
- To develop professional human resources
- To provide maximum benefit to stakeholders
- To implement transparent management
- Concern for social and environmental issues

To achieve the above mission, Bank Mandiri has formulated the following elaborations:

- 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 play an active role in supporting the long-term growth of Indonesia and we will deliver consistently strong returns to shareholders.

Corporate Culture



To support the achievement of the Bank Mandiri Vision and Mission, and the success of its strategies, the Company has formulated and implemented a corporate culture that sets out our core values. This corporate culture is abbreviated 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 professional 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 employees of Bank Mandiri.

culture summit 2014

“Meningkatkan Kolaborasi dan Sinergi Tim Internalisasi Budaya untuk Implementasi TIPCE NEW HORIZON & 11 Perilaku Utama dengan Spirit Memakmurkan Negeri”



Eleven Key Behaviors

As part of the renewal process that is reflected in the key behaviors that further explain TIPCE, the number of Key Behaviors was increased from 10 to 11, a process that was deemed important for shaping the characteristics required of Mandiri employees so as to achieve the vision of being the bet bank in Asean by 2010. These 11 key behaviors are:

t rust

Honesty, sincerity, transparency and frankness

Empowering potential, no silos, continuously seeking synergies, and mutual respect

i ntegrity

Discipline, consistency and fulfillment of commitments

Thinking, speaking, and acting in a commendable manner

p rofessionalism

Reliability, resilience, responsibility, willingness to learn, and self-confidence

Spirit of intrapreneurship and courage to take decisions based on measurable risk

C ustomer focus

Identifying the needs and desires of customers in a proactive manner and providing holistic solutions to such needs and desires

Providing the best possible service in a fast, precise, straightforward and accurate manner while always prioritizing customer satisfaction

e xcellence

Patriotism, a winning mentality and the courage to make a breakthroughs

Innovative in creating opportunities to perform beyond expectations

Focus and discipline in implementing Priorities

shareholder composition

As of 31 December 2014, Bank Mandiri had a total of 14,450 shareholders, consisting of 12,886 domestic shareholders and 1,564 foreign shareholders. The Government of the Republic of Indonesia was the majority shareholder, with 60% of total shares.

For administrative purposes, the Stock Administration Bureau records every nominee account as 1 shareholder.

Bank Mandiri Shareholder Composition per 31 December 2014

	Number of Shareholders	Number of Shares	Percentage (%)
Government of Republic of Indonesia (RI)	1	14.000.000.000	60
Public	14.449	9.333.333.333	40
Domestic Investors			
Individuals	10.434	165.921.940	0,711
Employees	1.926	32.648.218	0,140
Cooperatives	6	489.856	0,002
Foundations	24	13.928.446	0,060
Pension Funds	139	156.992.615	0,672
Insurance companies	62	409.486.236	1,755
Banks	-		
Limited liability companies	93	430.487.915	1,844
Mutual Funds	201	683.305.141	2,928
Sub total	12.885	1.893.260.367	8,112
Foreign Investors			
Retail	71	836.974	0,004
Institutional	1.493	7.439.235.992	31,882
Sub total	1.564	7.440.072.966	31,886
Total	14.450	23.333.333.333	100

DOMESTIC SHAREHOLDERS

NAME	ADDRESS	CITY	NUMBER OF SHARES	PERCENTAGE	L/A	STATUS
Republic of Indonesia	Ministry of State Enterprises	Jakarta 10110	14.000.000.000	60,0000000	L	Republic of Indonesia
BPJS Ketenagakerjaan-JHT	Gedung Jamsostek. JL Jend. Gatot Subroto	Jakarta Selatan	353.801.206	1,5162909	L	Limited Liability Company
PT Prudential Life Assurance-REF	Prudential Tower JL Jend, Sudirman KAV 7	Jakarta Selatan	161.466.609	0,6919998	L	Insurance Company
PT AIA Finl - UL Equity	Menara Mataharir, 7TH Floor JL. Bulevar	Tangerang	91.432.800	0,3918549	L	Insurance Company
Reksa Dana Schroder Dana Prestasi Plus 9	JSX Building Tower 2, 31ST Floor	Jakarta Selatan	82.036.686	0,3515858	L	Mutual Fund
Reksa Dana Schroder Dana Prestasi Dinami	Gd. BEI Menara li Lt.31. Jl. Jend. Sudirman	Jakarta Selatan	57.136.100	0,2448690	L	REKSADANA
BPJS Ketenagakerjaan - BPJS	Jl. Jend. Gatot Subroto No. 79	Jakarta Selatan	54.667.600	0,2342897	L	ASURANSI
Reksa Dana BNP Paribas Infrastruktur PLU	WTC 5th Floor Jl. Jendral Sudirman Kav.	Jakarta Selatan	53.521.900	0,2293796	L	REKSADANA
Reksa Dana Panin Dana Maksima 91033.40.0	C/O Fund Administration - SCS Deutsche Bank Jakarta	Jakarta Selatan	51.852.300	0,2222241	L	REKSADANA
Smartlink Rupiah Equity Fund	Allianz Tower, JL.HR Rasuna Said Kawasan	Jakarta Selatan	42.405.179	0,1817365	L	PERSEROAN TERBATAS

FOREIGN SHAREHOLDERS

NAME	ADDRESS	CITY	NUMBER OF SHARES	PERCENTAGE	L/A	STATUS
GIC S/A Government Of Singapore	168 Robinson Road 37-01 Capital Tower SI	Others	289.108.749	1,239037496	A	Foreign corporation
SSB 4545 S/A Lazard Emerging Markets EQU	30 Rockefeller Plaza New York NY 10112-6	Others	258.548.230	1,108063843	A	Foreign corporation
Citibank New York S/A Government Of Norw	Bankplassen 2, 0151 OSLO, Norway	Others	217.016.977	0,930072759	A	Foreign corporation
HSBC Bank PLC S/A Saudi Arabian Monetary	HSBC House, Harcourt Centre, Harcourt ST	Others	183.816.766	0,787786140	A	Foreign corporation
BBH Boston S/A Vangrd EMG MKTS STK INFD	100 Vanguard BLVD Malvern PA 19355	Others	175.167.180	0,750716486	A	Foreign corporation
The Bank Of New York Mellon DR	0101 Barclay Street-22ND Floor West, Newyork 10286	Others	172.341.740	0,7386075	A	Foreign corporation
JPMCB-Schroder International Selection Fund -2157804159	5 RUE Hohenhof L-1736 Senningerberg/ Luxembourg	Others	161.627.792	0,6926905	A	Foreign corporation
BNYM SA/NV As Cust Of Employees Provident Fund-2039844119	46 Rue Montoyer B-1000 Brussels Belgium	Others	158.659.094	0,6799675	A	Foreign corporation
JPMORGAN chase bank na re non-treaty clients - 2157804006	125 London Wall, London, United Kingdom, EC2Y 5AJ	Others	141.584.357	0,6067901	A	Foreign corporation
SSB ZM47 S/A Invesco Developing Markets Fund - 2144610861	11 Greenway Plaza Suite 2500 Houston TX 77046-1173	Others	121.601.000	0,5211471	A	Foreign corporation

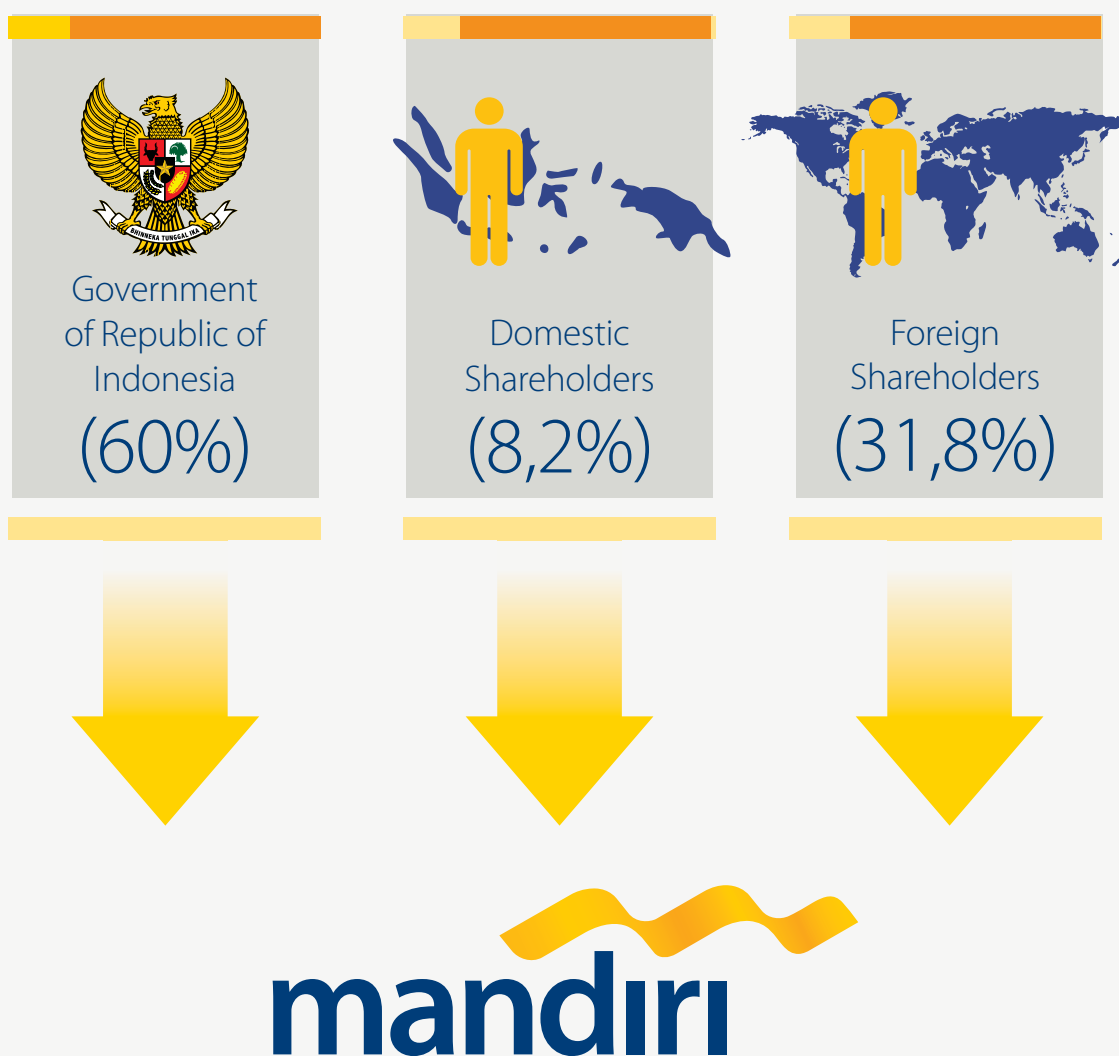
Shareholdings in Bank Mandiri by Directors and Commissioners as per 31 December 2014 are as shown in the following table:

No.	Name	Number of Shares	% Ownership
Board of Commissioners			
1	Mahmuddin Yasin	0	0
2	Pradjoto	0	0
3	Krisna Wijaya	0	0
4	Aviliani	0	0
5	Anton H.Gunawan	0	0
6	Abdul Aziz	0	0
7	Askolani	0	0
Board of Directors			
1	Budi G. Sadikin	3.500.500	0,0150021
2	Riswinandi	2.000.500	0,0008573
3	Abdul Rachman	2.477.400	0,0106174
4	Sentot A. Sentausa	4.350.000	0,0186428
5	Ogi Prastomiyono	485.500	0,0020807
6	Pahala N. Mansury	816.500	0,0034992
7	Fransisca N. Mok	1.000	0,0000045
8	Sunarso	15.500	0,0000664
9	Kresno Sediarsi	23.500	0,0001007
10	Royke Tumilaar	51.000	0,0002186
11	Hery Gunardi	171.500	0,0007350
	Total	13.892.900	0,0518247

information on principal and controlling shareholders

A principal is a shareholder that holds 10% or more of the shares of Bank Mandiri, that is, the Government of the Republic of Indonesia, which holds 14,000,000,000 shares, or 60% of Bank Mandiri, under the coordination of the Ministry of State Enterprises.

THE FOLLOWING DIAGRAM SHOWS PRINCIPAL AND CONTROLLING SHAREHOLDINGS IN BANK MANDIRI:

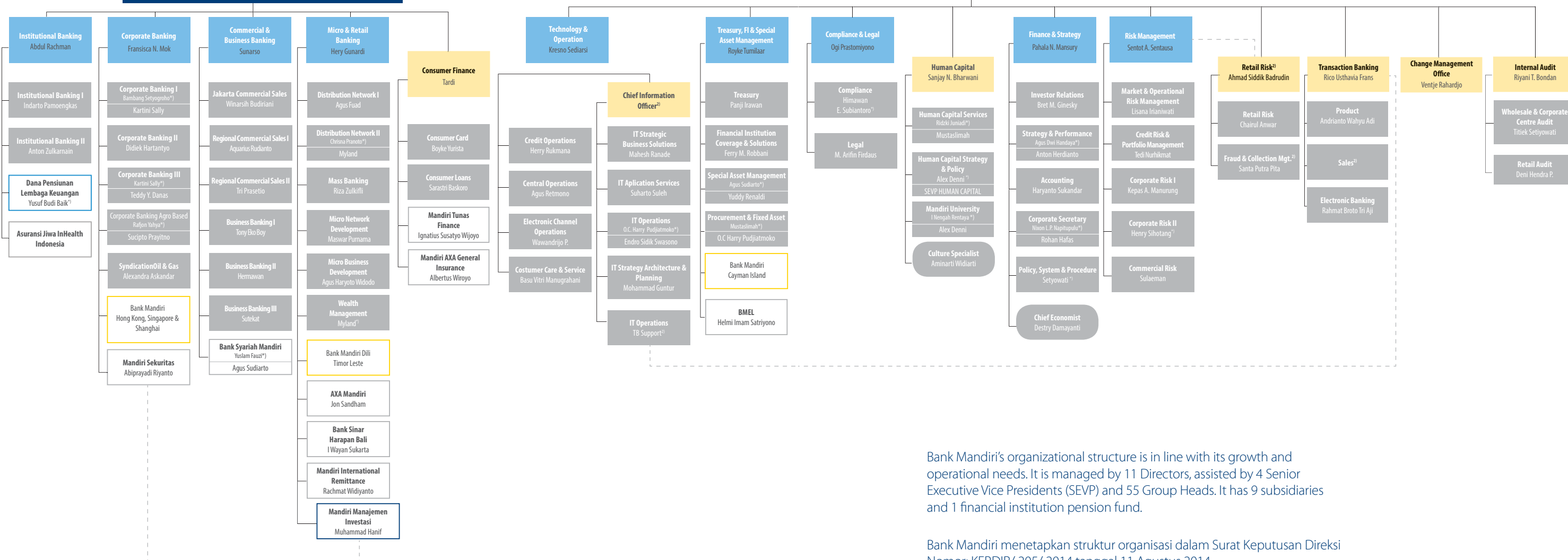


organizational structure



Direktur Utama
Budi G. Sadikin¹⁾

Wakil Direktur Utama
Riswinandi



¹⁾ Menjabat sebagai Direktur Utama sejak penutupan RUPS Tahunan tanggal 2 April 2013

²⁾ Pada saat ini belum terdapat pejabat yang ditunjuk

Bank Mandiri's organizational structure is in line with its growth and operational needs. It is managed by 11 Directors, assisted by 4 Senior Executive Vice Presidents (SEVP) and 55 Group Heads. It has 9 subsidiaries and 1 financial institution pension fund.

Bank Mandiri menetapkan struktur organisasi dalam Surat Keputusan Direksi Nomor: KEP.DIR/ 205/ 2014 tanggal 11 Agustus 2014.

*) Penggantian/ Rotasi/ Pensiun/ Penugasan



2

1

5

7

6

4

3

profiles of commissioners

Mahmuddin Yasin

Chief Commissioner

1

Pradjoto

Independent Commissioner

2

Krisna Wijaya

Independent Commissioner

3

Abdul Aziz

Commissioner

4

Askolani

Commissioner

5

Aviliani

Independent Commissioner

6

Anton H. Gunawan

Independent Commissioner

7

(An Extraordinary General Meeting of Shareholders held in 2014, as recorded in the Deed No. 20 dated 15 September 2014, honorably discharged Mr. Edwin Gerungan, Ms. Gunarni Soeworo, Mr. Wahyu Hidayat and Mr. Agus Suprijanto as Commissioners of the Company and appointed as their successors Mr. Mahmuddin Yasin, Mr. Askolani, Ms. Aviliani and Mr. Anton Hermanto Gunawan) – brief profiles of the new commissioners.



Mahmuddin Yasin
Chief Commissioner

Born in Jakarta, July 12, 1954.
Graduated from University of Krisnadwipayana in Law (1983), Master of Business Administration (MBA), Washington University, USA (1986) and Doctorate in Human Resources Management, Jakarta State University (2012).

Training courses:

Risk Management Certification, BSMR, Jakarta (2011), Advanced Management Training, Oregon University - Department of Finance (1996), Securities Training, Merrill Lynch, in the USA (1995), Indonesia Executive Program, General Electric in the USA (1995), and SPAMEN / SESPANAS, BPLK-LAN, Ministry of Finance, in Jakarta (1997).

Career:

His professional experience includes serving as Deputy Minister for Restructuring and Privatization (2001-2010), Secretary to the Ministry of State-Owned Enterprises (2010-2011), Vice President in the Ministry of State-Owned Enterprises (2011-present), Independent Commissioner of PT Pupuk Sriwijaya

(2004-2008), Commissioner of PT Telkom (2007-2008), joined PT Sofcin Indonesia in 2012, Commissioner of PT Pertamina (2013-2014), and Commissioner of Bank Mandiri (2008-2012).

Basis of Appointment:

He was first appointed as Commissioner of Bank Mandiri at the Extraordinary General Meeting dated May 21, 2014 and continues to serve in this capacity to date.



Pradjoto

Independent Commissioner

Born in Bandung, March 7, 1953. Graduated from Faculty of Law, University of Indonesia (1981), Master of Arts in Economics from Kyoto University (1988).

Training courses:

Capital Markets Legal Consultant Training at the Financial Management and Accounting Institute (LMKA) in 1997, Advocate's Profession Training Course (PKPA) at LMKA Capital Markets, and risk management certification from Risk Management Certification Agency, London, England, in 2008.

Career:

He professional career commenced when he joined PT Bank Pembangunan Indonesia (Bapindo) (1981-1993), then as a researcher at the Institute of Economic Research, Kyoto University (1993-1994), Senior Partner in the law firm of Pradjoto & Associates, Lecturer in the Master of Management Program at Atma Jaya University, Yogyakarta (1999-2001), Member of Sub-Commission E of the National Law Commission (2000-present), Chief Ombudsman of IBRA (2000-2001), Commissioner of Bank Internasional Indonesia (2002-2006), Member of the Association of Capital Market Consultants

(2002-present), Member of the IMF Panel for the BLBI Issue (2002), Chairman of the Independent Committee for the Divestment of Bank of Danamon (2003), Chairman of the Independent Committee for the divestment of Bank Permata (2004), members of the Indonesian Banking Architecture Panel, BI (2004), Expert Advisor to the Attorney General's Office (2005), Member of the Board of Ethics of the Risk Management Certification Board (BSMR) (2005-present), Legal Advisor to the Board of Governors of Bank Indonesia (2006-present), Chairman of the Board of Ethics of the Association of National Commercial Bank (Perbanas) (June 2006-present).

Basis of Appointment:

He was first appointed as an Independent Commissioner of Bank Mandiri at the Annual General Meeting on 16 May 2005, and was reappointed as an Independent Commissioner of Bank Mandiri at the Annual General Meeting on 17 May 2010, in which capacity he continues to serve to date.



Krisna Wijaya

Independent Commissioner

Born in Jakarta on July 22, 1955. A graduate of the Bogor Agricultural University (1980) and Master of Management degree from Gadjah Mada University (1990-2009).

Training courses:

From 1980 to 2007: he participated in a wide range of training courses and seminars in the fields of economics and banking, both at home and abroad, including Supervision Training at the Bank Rakyat Indonesia Training Center and Management Certification Course at ABN Amro, the Netherlands, and the International Deposit Insurance Congress.

Career:

His professional experience commenced when he joined Bank Rakyat Indonesia in 1980 as general staffer before becoming a Director (2003-2005) and Member of the Board of

Commissioners (2005). After that, he served as Member of the Board of Commissioners / Chief Executive of the Deposit Insurance Agency (LPS) (2005-2007), and as Commissioner of Bank Danamon (2008-2010).

Basis of Appointment:

He was first appointed as an Independent Commissioner of Bank Mandiri at the the Extraordinary General Meeting of Shareholders on July 5, 2010.



Aviliani

Independent Commissioner

Born in Malang December 14, 1961. Graduated from Atma Jaya University in Economics (1985) followed by Master of Business Administration (MBA) at the University of Indonesia (1995) and Doctorate in Business Management, Bogor Agricultural University (2012).

Training courses:

She has participated in various training courses, both at home and abroad, including Risk Management Certification Refreshment Program Beyond Regulation, BARA (2013), Executive International Conference Program, BARA (2013), Refreshment Survival in Crisis Program: 'Enhancing Bank Strategy and Performance, Implanting BCM and Fraud Prevention Process, BARA (2012), Executive Banking Forum: Financial Sector Expertise Exchange Program, Netherlands –Indonesia Forum (2011) and Senior Management Risk Summit 2010: Leadership for Sustainable Risk Management, Banker Association Risk Management (2010).

Career:

Her professional career began in 2005 as an Independent Commissioner of PT BRI (in which capacity she still serves), advisor to Kadin team, Chair of Islamic Economic Society (MES), Chairman of the Audit Committee of Indonesia Association (IKAI) and a member of the National Economic Committee (KEN). In May 2014, she was appointed Commissioner of Bank Mandiri.

Basis of Appointment:

She was appointed as an Independent Commissioner of Bank Mandiri at the Extraordinary General Meeting of Shareholders dated May 21, 2014



Anton H. Gunawan

Independent Commissioner

Born in Jakarta on June 10, 1958. Graduated from University of Indonesia in Economics, Master of Arts (MA), University of Chicago, USA (1988) and Master of Philosophy (MPhil) Columbia University, USA (1995).

Training courses:

In addition to formal education, he has participated in various competency development courses and events, including Financial Programming and Policies, Bank Indonesia - Bandung (2013), Banking Risk Management Training level 1-4 in Jakarta and Ciawi (2006-2013), Technical Workshop on Financial Sector Reforms and the Restructuring of Banks and Non-Bank Corporations in Singapore (1999), and First Methodology Workshop on Social Impact of the Financial Crisis in Southeast Asia, Bangkok (1999).

Career:

His professional experience began as Director of LPEM FEUI (1998-2000), economic advisor to Kadin (2007-2008), Country Economist Indonesia at Citibank (2000-2008), Chief Economist at PT Bank Danamon and Head of Economic and Market Research PT Bank Danamon (2008-2014).

Basis of Appointment:

He was appointed as an Independent Commissioner of Bank Mandiri at the Extraordinary General Meeting of Shareholders dated May 21, 2014.



Abdul Aziz
Commissioner

Born in Jakarta on September 5, 1961, graduate of Bogor Agricultural University (1987) and post-graduate studies at the Institute of Education and Management Development in the field of strategic management (1993).

Training courses:

In addition to formal education, he has also participated in various competency development programs and activities, including student exchange program, Indonesia - Japan, JICA (1987), fish-catching technology, Taiwan Government (1991), and decision making techniques, IPPM (1991).

Career:

He commenced his professional experience as a business developer officer at PT Pasarini Padibumi (1993-1997), followed by serving as a Commissioner in a number of companies, including PT Panca

Nugraha Paramitra (1997-2005), PT PLN (Persero) (2009-2013), Special Advisor at the Ministry of State-Owned Enterprises (2009-2011) and Director of PT Sarana Services (2005-present).

Basis of Appointment:

He was appointed as Commissioner of Bank Mandiri at the Annual General Meeting on April 2, 2013.



Askolani
Commissioner

Born in Palembang on June 11, 1966. Graduated from University of Sriwijaya in Economics (1990), received a Master of Arts Degree, University of Colorado, Denver-USA (1999).

Training courses:

In addition to his formal education, he has also participated in various competency development programs and events, including Macroeconomic Management and Fiscal Issues, IMF (2004), Health Sector Reform and Sustainable Financing, World Bank (2007), Developing Cluster and National Competitiveness, Lee Kwan Yew School of Public Policy (2008), The 9th Indonesia Regional Science Association International Conference, IRSA and Univ. of Sriwijaya (2008) and The Oxford High Performance Leadership Programme at the University of Oxford (2012).

Career:

His professional experience began in the Ministry of Finance as Director of Non-Tax Revenues (PNBP) (2011), Commissioner of PT Indonesia Ferry (ASDP), Commissioner of PT Pertamina Gas (2012), Commissioner of PT Angkasa Pura I (2013-2014) and Director General of Budgeting at the Ministry of Finance (2013).

Basis of Appointment:

He was appointed as Commissioner of the Bank at the Extraordinary General Meeting dated May 21, 2014.



Royke Tumilaar

Director of Treasury, Financial Institutions &
Special Asset Management

Abdul Rachman

Director of Institutional Banking

Pahala N. Mansury

Director of Finance & Strategy

Fransisca N. Mok

Director of Corporate Banking

Kresno Sediarsi

Director of Technology & Operations

Budi G. Sadikin

Chief Executive Officer

Riswinandi

Deputy CEO

Sentot A. Sentausa

Director of Risk Management

Ogi Prastomiyono

Director of Compliance & Legal

Sunarso

Director of Commercial &
Business Banking

Hery Gunardi

Director of Micro & Retail Banking

directors' profiles



Budi G. Sadikin
Direktur Utama

Born in Bogor on 6 May 1964 and is a 1998 graduate of the Bogor Institute of Technology.

Training Courses:

Budi has attended a wide range of overseas training programs and seminars including a 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).

Career:

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.

Basis of Appointment:

At the Bank Mandiri Annual General Meeting in 2006, he was appointed Director 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

Born in Jakarta on 12 September 1957 and a 1983 economics graduate from Trisakti University.

Training Courses:

He has attended a wide variety of training programs and seminars both at home and abroad, including; 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).

Career:

Prior to his appointment as Deputy CEO of Bank Mandiri, he successively served as Senior Assistant at SGV Utomo (1984-1986), 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).

Basis of Appointment:

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.



Abdul Rachman
Director of Institutional Banking

Born in Solo on December 8, 1954 and a graduate in accounting from Padjadjaran University in 1980 and Kansas State University in Financial Management in 1989.

Training Courses:

He participated in a range of banking sector training courses 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.

Career:

He commenced his professional career as credit supervisor and then as Head of International Affairs at Bank Pembangunan 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).

Basis of Appointment:

At the Annual General Meeting in 2005, he was appointed as Director of Corporate Banking, and subsequently as Director of Institutional Banking. Directorate of Special Asset Management. 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 and a 1983 graduate in statistics from Padjadjaran University. He subsequently earned a degree in business administration from Monash University, Australia, in 1995.

Career:

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 appointed 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, and as Chairman BMEL London from 2005 to 2006.

Basis of Appointment:

At the AGM on May 22, 2006, he was appointed Director and assigned to lead the Risk Management Directorate. He was subsequently reappointed by the AGM held on May 23, 2011.



Ogi Prastomiyono

Director of Compliance & Human Capital

Born in Bogor on May 21, 1961, he is a graduated of 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.

Training Courses:

He has attended 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).

Career:

His professional experience commenced when he joined Bank Ekspor Impor Indonesian as a staffer, 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).

Basis of appointment:

At the AGM held on May 29, 2008, he was appointed Director in charge of the Directorate of Compliance & Human Capital. He was reappointed as Director for Compliance & Human Capital at the AGM held on 2 April 2013, in which capacity he continues to serve.



Pahala N. Mansury
Director of Finance & Strategy

Born in Bogor on 6 April 1971, he 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.

Training Courses:

Executive Briefing Malcolm Baldrige, General Management & Pension Training, 5th Training and Development Summit 2013 and Balancing Leader & Manager.

Career:

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 until 2003, during which time 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.

Basis of Appointment:

He was appointed Bank Mandiri's Director of Finance & Strategy at the AGM on May 17, 2010, in which capacity he continues to serve.



Fransisca N. Mok
Director of Corporate Banking

Born in Kutoarjo on July 13, 1956, she graduated from Padjadjaran University in 1981 and the Labora School of Management, Jakarta (finance) in 2002.

Training Courses:

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).

Career:

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, and 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).

Basis of Appointment:

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, he 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.

Training Courses:

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 Principles Implementation (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).

Career:

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).

Basis of Appointment:

At the AGM on 17 May 2010, he was appointed Director of Commercial & Business Banking, in which capacity he serves to date.



Kresno Sediarsi

Director of Technology &
Operations

Born in Yogyakarta on 3 November 1958, graduated from Gadjah Mada University in Economics in 1983 and the International University of Japan in International Relations in 1992.

Training Courses:

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 Seminar 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).

Career:

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).

Basis of Appointment:

At the AGM dated May 17, 2010, he was appointed Director of Technology & Operations, in which capacity he serves to date.



Hery Gunardi

Director of Micro
& Retail Banking

Born in Bengkulu on June 26, 1962, he 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.

Training Courses:

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).

Career:

His professional experience began when he was an employee at Bapindo, where he was a member of the Product Development & Promotion Team, after 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).

Basis of Appointment:

At the AGM on 2 April 2013, he was appointed Director of Micro & Retail Banking, in which capacity he continues to serve.



Royke Tumilaar

Director of Treasury, Financial
Institutions & Special Asset
Management

Born in Manado on March 21, 1964, he 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

Training Courses:

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).

Career:

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.

Basis of Appointment:

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.

Brief Profiles of Senior Executive Vice Presidents (SEVP)



Riyani T. Bondan
Senior Executive Vice
President Internal Audit

Born in Jakarta on 5 November 1961, graduated from the Bogor Institute Agriculture in 1984 and the University of Illinois, Urbana Champaign, in 1994. 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, 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.

Training Courses:

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).

Basis of Appointment:

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 Office

Born on 4 November 1954, 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. 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).

Training Courses:

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).

Basis of Appointment:

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.

**Tardi**

Senior Executive Vice President
Consumer Finance

Born in Sukoharjo on May 12, 1964, he graduated from Sebelas Maret University in March 1987. 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) and PT Pengelola Investama Mandiri (2011).

Training Courses:

He has 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).

Basis of Appointment:

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, he graduated from the Bandung Institute of Technology in 1992. 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.

Training Courses:

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.

Basis of Appointment:

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.



Ahmad Siddik Baddrudin
Senior Executive Vice President
Retail Risk

Born in Bandung on June 5, 1965, graduated from University of Texas - McCombs School of Business in Chemical Engineering in 1988, followed by a post-graduate degree from the University of Texas - McCombs School of Business in Management Information Systems in 1990. His professional experience commenced as Head of Risk Management at ABN AMRO Bank, Hong Kong, China (1999-2001), Country Risk Director, Global Consumer Bank, the Philippines (2001-2004), Managing Director - Country Risk Risk Director & Deputy Country Director, Global Consumer Bank, Germany (2004-2008), Managing Director - Senior Regional Credit Officer for Central and Eastern Europe and the Middle East Africa Region, London (2008-2011) and Managing Director - Global Unsecured consumer product risk -global risk management oversight, USA (2011-2014)

Training Courses:

He has participated in various training courses and seminars at home and abroad, including Global Risk Conference, Citibank (2008, 2009, 2010), EMEA Business Conference, Citibank (2008), Senior Credit Officer (SCO0 Seminar, Citibank (2012), Advance Risk Seminar, Citibank (2013), and Basel 2 & 3, PWC (2014).

Basis of Appointment:

On May 16, 2014 (effective as of handover on May 21, 2014), in accordance with the Resolution of the Board of Directors KEP. DIR / 216/2014 he was appointed as SEVP Retail Risk.



Sanjay N. Bharwani
Senior Executive Vice President
Human Capital

Born in Jakarta on September 26, 1969, graduated from the Federation University of Australia - Victoria in Technology and Business in 1993. His professional career started as Senior Manager of Consulting, Accenture - Jakarta (1997-2004), Country Head of Watson Wyatt - Mumbai, India (2004-2005), Senior Consultant at Gyann, Jakarta and Australia (2006-2007), Senior Vice President of HR Centres of Expertise & Operations at Bank Permata (2007-2008), Group Head of Human Capital Strategy and Policies at Bank Mandiri (2008- 2012), Director of Human Capital at PT Rajawali Corpora.

Proprietary Job Evaluation tools, Watson Wyatt (2004), Certified Recruiter, Standardr Charter Bank (2008), Leading high impact teams, Kellogs School of Management (2011), Risk Management Certification Refreshment Program, Bara (2013), Executive Overview of Islamic Banking, Indonesian Banking Development Institute (2013).

Basis of Appointment:

On August 18, 2014, in accordance with Resolution of the Board of Directors KEP. DIR /206/2014, he was appointed as SEVP Human Capital.

Training Courses:

He has participated in various training courses and seminars, both at home and abroad, including Finance for non-finance managers, Accenture (2003), Watson Wyet



Joseph Georgino Godong
Senior Executive Vice President
Information & Technology

Born in Jakarta on November 12, 1970, graduated from Trisakti University in 1986. He commenced his professional career as Director of Information Technology and Operations, Permata Bank (2006-2008, 2009), Director of Compliance at Permata Bank (2008, 2009-2010), Director of Information Technology and Operations, Permata Bank (2008-2009). He joined Bank Mega as Director of Technology, Operations and Finance (2010-2013), Director of Technology and Operations (2013-2014) and Executive Officer (2014).

Training Courses:

He has participated in various training courses and seminars, both at home and abroad, including Technology

Services Advisors meeting, Visa International, Seoul (2006), Leadership Communications, Permata Bank (2007), General Manager/Effective Leaders, Oxford School - SCB (2007), IT Summit, Sun Microsystems, San Francisco, 2007, Bank Indonesia 7th Annual International Seminar (2009), and The 4th Jakarta Risk Management Convention, BSMR, 2009.

Basis of Appointment:

On October 29, 2014 (effective from the date of handover on 3 November 2014), in accordance with the Resolution of the Board of Directors KEP.DIR/296/2013, he was appointed SEVP Chief Information Officer (CIO).

banking products & services

Bank Mandiri continuously promotes the spirit of national prosperity as its Employee Value Proposition

CUSTOMER TESTIMONY



Ferry Dafira

Marketing Director
PT Kaaramel Jelas Enak

Being an entrepreneur can start with the small things in everyday life, such as a hobby or favorite pastime.

“Kaaramel Juice is one of the national finalists in the Mandiri Young Entrepreneur (WMM) competition 2013. Kaaramel juice is a juice fusion first in Indonesia. Our offerings are unique because they combine tastes derived from a mixture of fruit, tiramisu, cheese, wheat, and many more things,” he said. “Obviously we hope that the bank will also continue to help entrepreneurs like us so as to further motivate us and raise our image in the international eye. As employers are the pulse of a bans, the stronger we become, the more we will help the economy of this country,” concluded Ferry.”



Nahrawi Noerdin

Entrepreneur from Aceh

Glory, falling, getting up again, and continuing to grow proves that a disaster cannot destroy one's dreams and hard work to reach the peak of success.

"The tsunami nearly took my life. All of our property, assets, and our family business was washed away by the tsunami. We lost about Rp 25 billion." He resolved to get back all he lost by opening an LPG business named PT Pasha Jaya. Within a few years of the tsunami disaster, Nahrawi business took off like a rocket. My success as a distributor of Pertamina LPG cylinders has enable me to get Rp45 billion in loans from Bank Mandiri. This has been very important to my current business progress," he said as he thanked Bank Mandiri. Never one to do things by halves, he has opened 750 accounts with the state-owned bank under the auspices of Pasha Jaya."



Andika Karuliawan

Entrepreneur, Balu Otowork

Being an entrepreneur can start with the small things in everyday life, such as a hobby or favorite pastime .

"It all started as a hobby. Andika Karuliawan accidentally became an entrepreneur in the motorcycle accessories field. Not long after that, Andika's friends in the motorcycle community started to use the accessories he designed. The number of customers increased from day to day. He began to be overwhelmed by customer demand. In 2012, Andika took part in the WMM program in the creative industries category. As a result, Andika's Balu Otowork got through the regional rounds and into the WMM final in 2012. "I am very grateful, maybe it's all been fated by the Almighty. If I qualify for the national stage in 2011 I probably will not win because I am still not good enough. The Bank has provided me with excellent help, not only financially but also mentoring. That has had a huge impact on my life," he said.

banking products and services

WHOLESALE BANKING

The products and services provided by the Institutional Banking, Corporate Banking and Commercial & Business Banking business units are as follows:



A. SAVINGS PRODUCTS

- ▶ Mandiri Giro
- ▶ Mandiri Giro Premiere
- ▶ Mandiri GiroSolusi (Bundling)
- ▶ Mandiri Tabungan Bisnis
- ▶ Mandiri Deposit On Call
- ▶ Mandiri DepositoBerjangka
- ▶ Mandiri Deposito Premier
- ▶ Mandiri Escrow & Account Bank Services
 - Revenue & Cost Sharing
 - Sales & Purchase
 - Paying Agent for Special Purpose

B. LOAN PRODUCTS

- ▶ Investment Loans
- ▶ Working Capital Loans
- ▶ Transaction Working Capital Loans
- ▶ Revolving Working Capital Loan Accounts
- ▶ Special Transaction Loans
- ▶ Loan Syndication
- ▶ Short-Term Loans
- ▶ Working Capital Loans - Warehouse Receipt
- ▶ Cash Collateral Loans
- ▶ Mandiri Heavy Equipment Loans
- ▶ Mandiri Contractor / Subcontractor Facilities - Mining Companies
- ▶ Mandiri Contractor / Subcontractor Facilities – State Budget-funded Projects

- ▶ Mandiri Cooperation Facilities
- ▶ Loans through / to Finance Companies for Financing to End Users
- ▶ Mandiri Contractor, Subcontractor and Telecommunications Partner Facilities
- ▶ Mandiri Contractor / Supplier / Vendor / Partner / State Enterprise / Local Government Enterprise Financing
- ▶ Mandiri Dealer Financing
- ▶ Mandiri Cattle Breeding Loans (KUPS)

C. PENSION FUND PRODUCTS

- ▶ Money Market Investment Packages
- ▶ Fixed Income Investment Packages
- ▶ Equity Investment Packages
- ▶ Mixed Investment Packages

D. SYNDICATION & FINANCIAL ADVISORY

- ▶ Syndication and Club Deals
- ▶ Arranger
- ▶ Agency (Facility Agent, Security Agent, Escrow Agent)
- ▶ Underwriter
- ▶ Co-marketing with Mandiri Sekuritas for Financial
- ▶ Advisory (Restructuring, Structured Finance & Debt Structure)

E. TRADE SERVICE AND CASH MANAGEMENT SOLUTIONS

- ▶ Collection
 - LC & SKBDN Transfers
 - Pre Export Financing
 - Forfeiting
 - Bill Purchasing (LC and non-LC)
 - Bank Guarantee and Standby Letter of Credit (SBLC)
 - Outward Documentary Collection
 - Mandiri Bill Collection (Mandiri Virtual Account, Mandiri Bill Payment and Mandiri Bill Aggregator)
 - Export Financing Drafts
 - Supplier Financing

- Distributor Financing
- Receivables Financing
- AR Financing
- Cash Pick-up & Delivery
- Auto Debit
- Foreign Exchange Solutions
- Host to Host Collection (B2B)
- Post Dated Check and Check Deposit Warehousing
- Immediate Cash
- Budgeting Account

- ▶ Liquidity
 - Cash Concentration
 - Notional Pooling
- ▶ Reporting/Delivery
 - Mandiri Cash Management
 - Balance and Transaction Online Inquiry (MT942)
 - Bank Statement (MT 940)
 - Trade Document Pick-up & Delivery Service
 - Corporate Service Window
- ▶ Payment
 - Letter of Credit (L / C) and SKBDN
 - Trust Receipt
 - UPAS (Usance Payable At Sight)
 - Inward Documentary Collection
 - Bank Guarantee and Standby Letter of Credit (SBLC)
 - Financial Supply Chain
 - Mass transaction system (Single and Bulk)
 - Payment, Multi Currency payment)
 - Bill / Utilities payment / BPJS Payment
 - E-Tax Payment
 - Mandiri easy-RTE
 - Interface ERP (SAP / Oracle)
 - SOPP (Online Purchasing System for Pertamina Products)
 - Payroll
 - Cash Delivery
 - Petty cash card
 - Special Warrants
 - Fleet Card
 - Corporate Payable
 - Mandiri Direct File Transfer

RETAIL BANKING

Products and services provided by Mass & Electronic Banking, Wealth Management, new Mandiri Priority Resegmentation services and Consumer Finance. These products and services are as follows:

A. MASS & ELECTRONIC BANKING

► Savings Products

- Mandiri Tabungan
- Mandiri Tabungan Rencana
- 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 Checking (Giro) Products

- Mandiri Giro Rupiah
- Mandiri Giro Valas

► Mandiri Term Deposit Products

- Mandiri Deposito Rupiah
- Mandiri Deposito Valas

► Mandiri Debit Products

- Mandiri Debit
- Mandiri Debit Bisnis

► Mandiri Prepaid Products

- Gaz Card
- Indomaret Card
- e-Toll Card
- e-Money

► E-channel Products

- Mandiri Internet
- Mandiri Internet Bisnis
- Mandiri SMS
- Mandiri Mobile
- Mandiri ATM
- Mandiri Call
- Mandiri EDC
- Mandiri Clickpay

► Other Products and Services

- Mandiri Auto Payment
- Mandiri Payroll Package
- Mandiri Safe Deposit Box
- Mandiri Bank Draft
- Mandiri Money Transfer
- Standing Instruction
- Bank Reference
- Clearing / RTGS
- Collection
- Rupiah Transfer

► Micro Products

- Micro Business Credit (KUM)
- Multipurpose Micro Credit (KSM)
- KSM for Civil Servants / Members of Military / Police
- KSM for Pensioners
- KSM for Hajj
- Loans to BPR
- Partnership and Environmental Development Program (PKBL)

B. WEALTH MANAGEMENT

► Bancassurance Products

- Regular Premium Unit Linked:
 - Mandiri Rencana Sejahtera Plus
 - Mandiri Rencana Sejahtera Plus Syariah
- Single Premium Unit Linked:
 - Mandiri Investasi Sejahtera Plus
 - Mandiri Investasi Sejahtera Plus Syariah
- Health & Protection
 - Mandiri Jiwa Sejahtera
 - Mandiri Kesehatan Global



- Mandiri Kesehatan Prima
- Mandiri Jaminan Kesehatan FA
- Personal Accident
- Additional Protection (Riders)
 - Accident Protector
 - Critical Illness
 - Mediacash
 - Payor Protector
- Bundling Product:
 - Mandiri Tabungan Rencana
 - Credit Life Protection

► Mutual Fund Products

- Money Market Mutual Funds
- Fixed Income Mutual Funds
- Mixed Mutual Funds
- Equity Mutual Funds
- Protected Mutual Funds

► Securities Products

- Government Retail Bonds
- Retail Sukuk

C. NEW MANDIRI PRIORITY RESEGMENTATION SERVICES

- Free annual fee, Mandiri Platinum credit card
- Medium SBD*
- Lifestyle Magazine (Option 2)
- Welcoming Souvenir Pack
- Birthday Gifts
- Executive Lounge
- Airport Handling
- Airport Baggage Wrapping
- Golf Clinic & Golf Privilege Card
- Medical Second Opinion
- Lifestyle Concierge
- SMS Market Update
- Meeting Room**
- Consolidated Statement
- Merchant Discounts
- Consultations (by Appointment)
- Exclusive Events
- Benefit Options
- Relationship Manager / Priority Banking Officer



D. CONSUMER FINANCE

► Secured Loan Products

- Mandiri KPR
- Mandiri KPR Take Over
- Mandiri KPR Top Up

► Unsecured Loan Products

- Payroll Loans - Mandiri KTA Payroll
- Non-Payroll Loans - Mandiri KTA Non-Payroll
- Mandiri Visa Silver Card
- Mandiri Visa Gold Card
- Mandiri Visa Platinum Card
- Everyday Card
- Skyz Card
- Golf Card Gold / Platinum
- Feng Shui Card
- Hypermart Card Silver / Gold
- BTM Credit Card Silver / Gold / Platinum
- Corporate Card

► Partnership & Usage Programs

- Mandiri Power Discount
- Mandiri Power Buy
- Mandiri Auto Installment
- Mandiri Power Cash
- Mandiri Power Bills

- Mandiri Power Refill
- Mandiri Protection
- Mandiri Insurance
- Mandiri Shopping Catalog
- www.tokone.com

► Loyalty Programs

- Mandiri Power Points
- Mandiri Power Auction
- Mileage Redemption
- Golf Tournament
- Executive Lounge

► Features

- 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

EXPORT & IMPORT ADVISORY

Products and services provided by the Treasury International Banking Product & Services business unit, namely:

A. TREASURY INTERNATIONAL BANKING PRODUCT & SERVICES

- ▶ 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
- ▶ Treasury International Banking Services Products & Services
 - Intraday and Overnight Facilities for Securities Companies
 - Payment Bank for Indonesian Central Securities Depository
 - Bank References
 - Risk Participation Brokerage
 - Forfaiting Brokerage
 - Trust Services
- ▶ Investment
 - Treasury Bonds (NES, Islamic Bonds, Fixed Rate, Variable Rate, Zero Coupon, ROI, USD Fixed Rate Bonds)
 - Retail Bonds (ORI, Retail Sukuk)
 - Bank Indonesia Certificates
 - Corporate Bonds

B. TRADE PRODUCT & OTHER SERVICES

- ▶ Trade Finance Products
 - Bilateral Trade Financing
 - ECA Covered Buyers Credit
 - Risk Participation
 - Standby L / C
 - Bank Guarantee under Counter Guarantee
 - Reimbursing Bank
 - Inter Mandiri Transactions
 - Export Bills Collection
 - Documentary Collection
 - Export Usance Bills Discounting (Cash Transactions, Foreign Exchange Transactions (Today, Tomorrow, Spot) incl. Bank Notes) forfeiting (Derivatives)
 - Trust Receipts (High Yield Investment Product)
 - Usance Payable at Sight (UPAS) Financing (Mandiri e-fx service)
 - L/C Issuance and Amendment
 - forfeiting L/C Advising
 - L/C Negotiation
 - L/C Confirmation
 - Working Capital Loan
- ▶ Custodial Services Products
 - General Custody
 - SUN & SBI Sub Registry
 - Local Custody for ADR / GDR program
 - Mutual Fund Administration
 - Discretionary Fund Administration
 - Euroclear
- ▶ Product Trustee Services
 - Trustee
 - Paying Agent
 - Security Agent
 - Escrow Agent
 - Receiving Bank
- ▶ Banker's Acceptance Financing Products
 - General Custody



► Securities Lending & Borrowing Products

- Custody for Exchange Traded Fund (ETF)
- Custody for Asset Backed Securities

► Other Products

- Mandiri Money Transfer
- International Cheque Collection
- Mandiri Direct Settlement
- Vostro Account
- Financial Advisory
- Bank References
- Intra-day Facilities for Securities Companies
- Overnight Facilities for Securities Companies
- Payment Bank for Indonesian Central-Securities Depository (KSEI)

► Collections

- Cash Letter

► Liquidity

- Mandiri Vostro Checking Account
- Mandiri Collective Investment Contract (KIK) Checking Account
- Mandiri Escrow Checking Account

► Payment

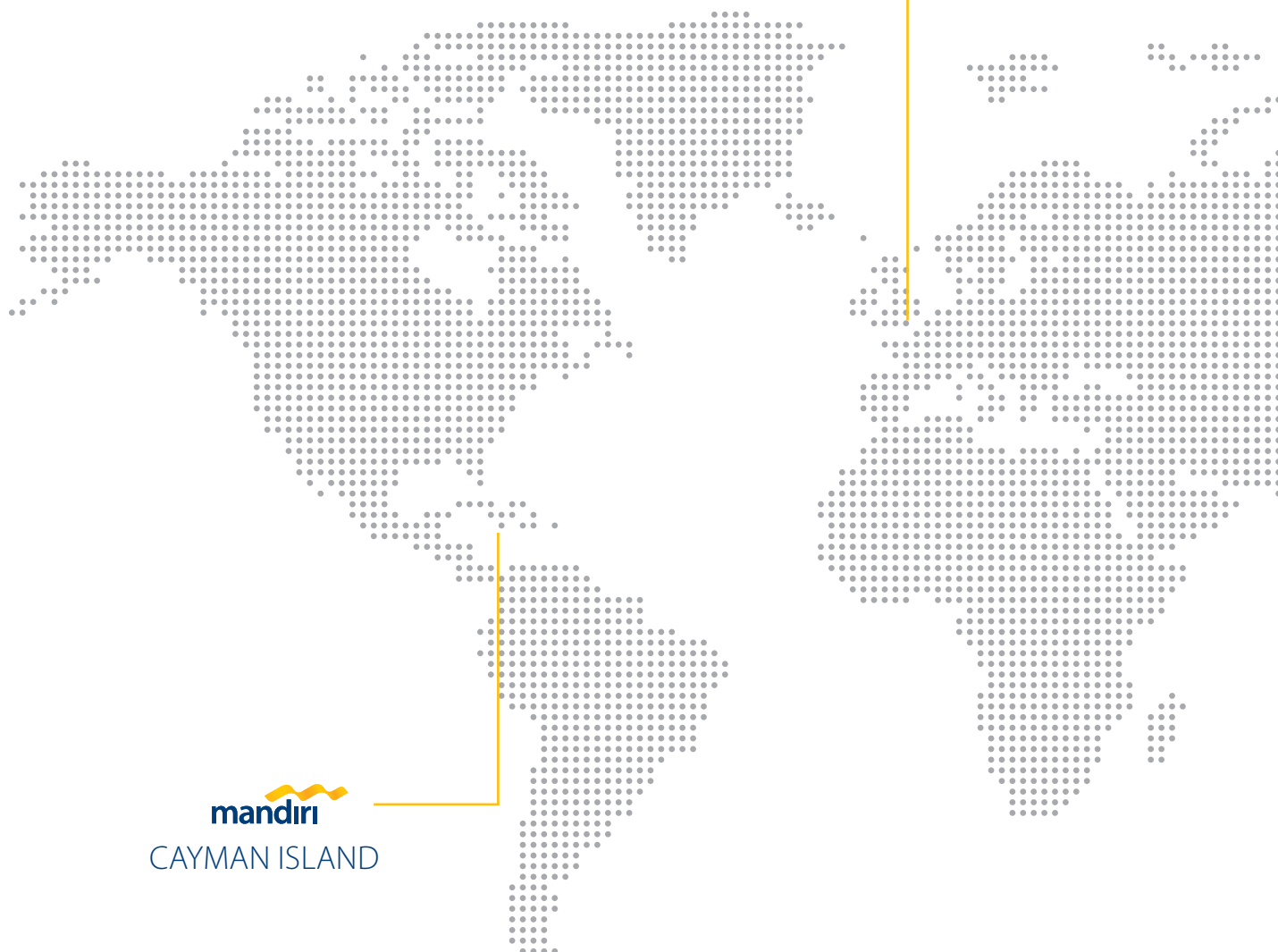
- Incoming Telegraphic Transfer (TT)
- Outgoing Telegraphic Transfer
- Mandiri Money Transfer Services (MMTS)
- Mandiri Direct Settlement (MDS)
- Mandiri Multi Currency Remittance (MMCR)
- Mandiri RMB Remittance

► Financing

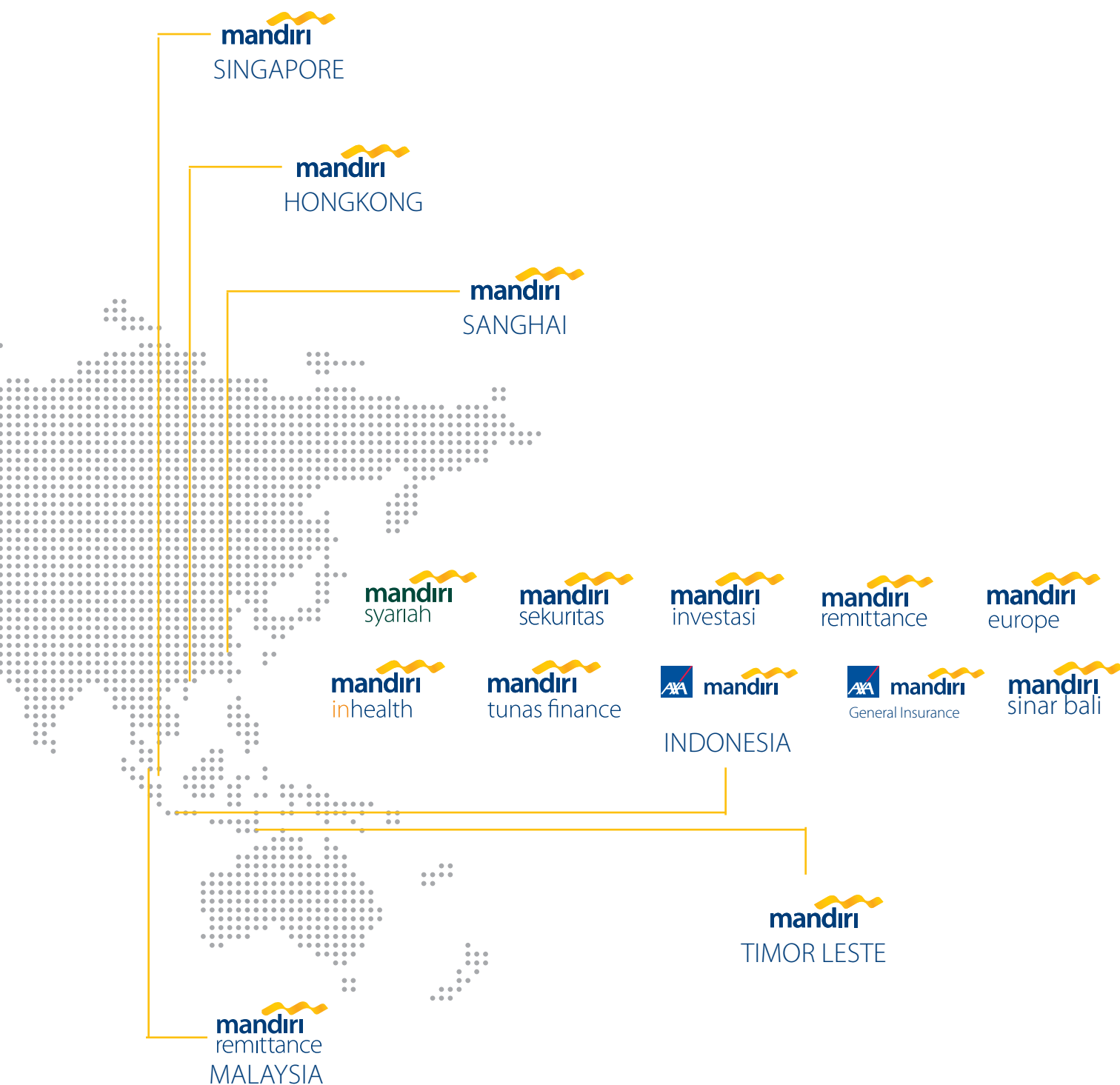
- Risk Participation
- Bilateral Trade Financing (BTF)
- UPAS Bank to-Bank Financing
- LC / SKBDN Bank-to-Bank Forfaiting
- Bank to Bank Export Bills Discounting
- Export Usance Bills Discounting
- Bank-to-Bank Trust Receipt
- Working Capital Loan
- Cash Collateral Loan
- Banker's Acceptance Financing
- ECA Covered Buyers
- Credit Confirmed
- LC / SBLC / SKBDN
- BG on basis of CG
- BG Confirmation

map of bank mandiri operational regions and branch network

mandiri
europe
LONDON



	2012	2013	2014
Head Office	▶ 1	1	1
Regional Offices	▶ 12	12	12
Overseas Branches/Representative Offices	▶ 7	8	8
Domestic Branches	▶ 1.810	2.050	2.312
Sub Branches	▶ 882	929	1.018
Cash Service Offices	▶ 293	301	261





overseas representative / branch offices

OFFICE	ADDRESS	TELEPHONE	FAX	SWIFT
Bank Mandiri Cabang Singapura	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 Cabang Hong Kong	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	BMRIHKHI
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 branch office listed here are limited to the area level and above. The full list of branch offices is provided separately on the attached CD.

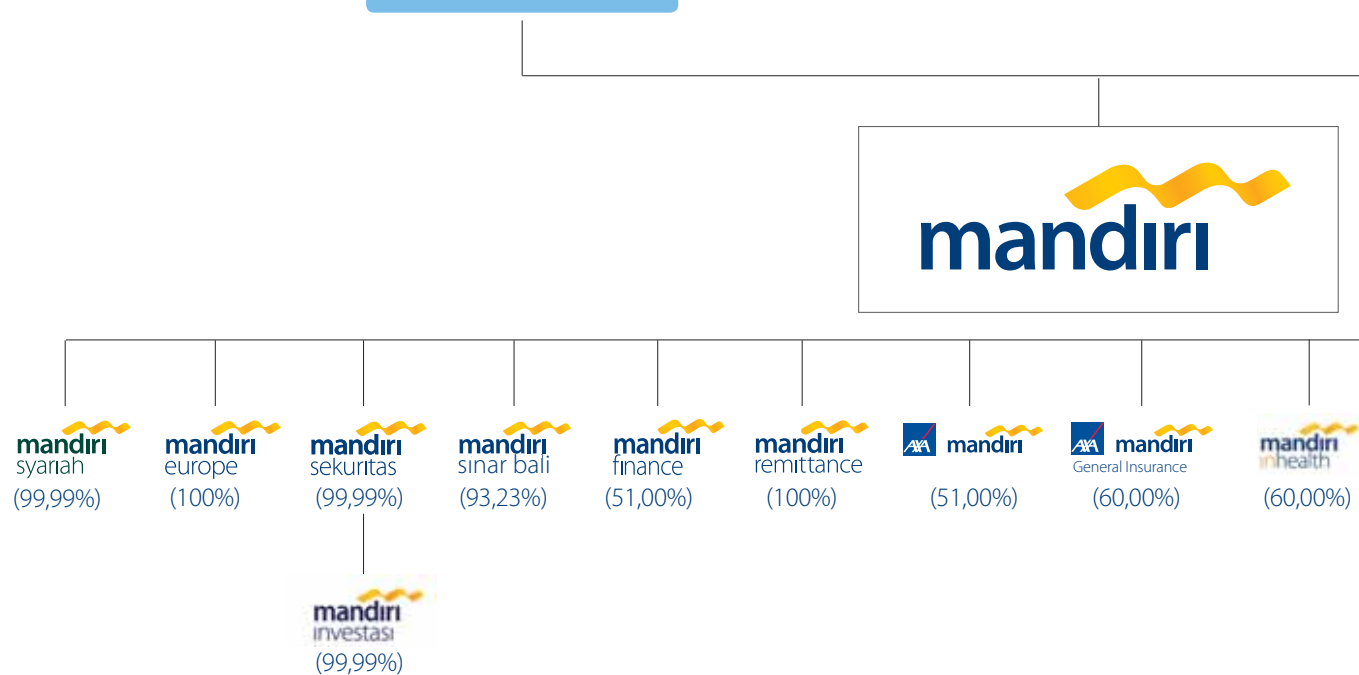
OFFICE	ADDRESS	CITY /REGENCY	POST CODE	TELEPHONE	FAX
REGION I/ MEDAN	Jl. Pulau Pinang No. 1	Medan	20111	(061) 4153396, 4555434	4153273
REGION II/ PALEMBANG	Jl. Kapten A. Rivai No. 1008	Palembang	30135	(0711) 364008 - 012, 364013	310992, 3120417, 374279
REGION III/ JAKARTA KOTA	Jl. Lapangan Stasiun No. 2	Jakarta Barat	11110	(021) 6922004, 2600500 (021) 6922343 (021) 6922343 (021) 6922005 (021) 6922204 (021) 6918695 (021) 69833162-3 (021) 6916454	6922006
REGIONIV/ JAKARTA THAMRIN	Jl. Kebon Sirih No. 83	Jakarta Pusat	10340	(021) 23565700, 39832922, 39832921, 30400144, 30400147, 30400105 (021) 39832924	39832917, 39832918, 39832923
REGIONV/ JAKARTA SUDIRMAN	Jl. Jend. Sudirman Kav. 54-55	Jakarta Selatan	12190	(021) 5266566, 5267368	5267371, 5267365
REGION VI/ BANDUNG	Jl. Soekarno Hatta No. 486	Bandung	40266	(022) 7506242, 7511878	7505810, 7506632
REGION VII/ SEMARANG	Jl. Pemuda No. 73	Semarang	50139	(024) 3517349, 3520484, 3520487	3520485
REGION VIII/ SURABAYA	Jl. Basuki Rahmat No. 129-137	Surabaya	60271	(031) 5316764 - 66	5316776, 5320641, 5316597
REGION IX/ BANJARMASIN	Jl. Lambung Mangkurat No. 3	Banjarmasin	70111	(0511) 3365767	3352249, 4366719
REGION X/ MAKASSAR	Jl. R.A. Kartini No. 12-14	Makassar	90111	(0411) 3629096, 3629097, 3634811; 3633913	3629095 3650367
REGION XI/ DENPASAR	Jl. Veteran No. 1	Denpasar	80111	(0361) 226761 - 3	224077, 261453, 235924
REGION XII/ JAYAPURA	Jl. Dr. Sutomo No. 1	Jayapura	99111	(0967) 537081, 537183-4, 537189	(0967) 537181

CORPORATE GROUP STRUCTURE

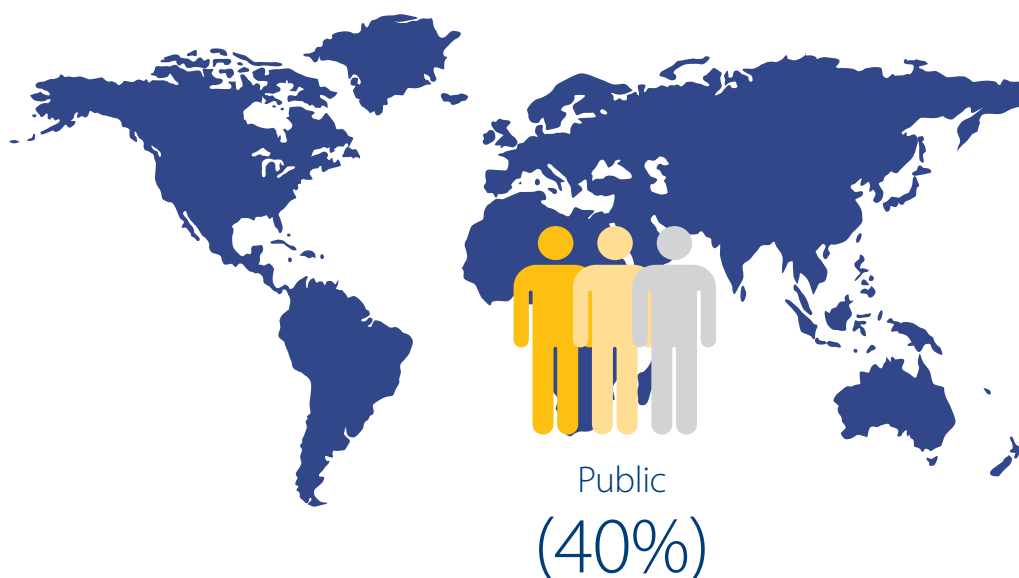
The following diagram shows the Bank Mandiri corporate group structure, which consists of 10 subsidiaries, 3 associated entities. Bank Mandiri has no jointly controlled entities.



Government of Republic of Indonesia
(60%)



Subsidiaries



ksei
(10,00%)

**PT. Bapindo Bumi
Sekuritas**
(3,99%)

**Westech Electronics,
Singapore**
(5,50%)

**PT. Sarana Bersama
Pengembangan Indonesia**
(34,0%)

Associated Entities and Jointly Controlled Entities

A subsidiary is a company controlled by the Bank, which has the authority to regulate the financial and operating policy of the subsidiary so as to obtain benefits from its activities.

An Associated Entity is an entity over which the Bank has significant influence, but which is a subsidiary or a joint venture. "Significant Influence" is defined as the authority to participate in the making of financial and operating policy decisions, but not control or joint control over those policies.

Jointly Controlled Entity is a joint company in which the parties share ownership, and which governed by an agreement to share control over its operations. Strategic financial and operational decisions related to its operations must be taken consensually by all of the parties sharing control.

SUBSIDIARIES, ASSOCIATED ENTITIES AND JOINTLY CONTROLLED ENTITIES

No.	Company	Date of establishment	Operational Status	Bank Mandiri Shareholding		Business	Head Office Address
				Value (Rp thousand)	Shareholding (%)		
Subsidiary							
1.	PT Bank Syariah Mandiri	25 Oktober 1999	Operational	1.489.021.926	99,99	Shariah Banking	Wisma Mandiri Jl. MH Thamrin No. 5 Jakarta 10340 indonesia Telpon: +6221 2300509, 39839000 Fax: +6221 39832989 www.syariahmandiri.co.id
2.	Bank Mandiri (Europe) Limited	Beroperasi sejak 31 Juli 1999	Operational	414.227.000	100	Banking	Cardinal Court (2nd Floor) 23 Thomas More Street London E1W 1YY United Kingdom Telpon : +442075538688 Fax : +442075538699 www.bkmandiri.co.uk
3.	PT Mandiri Sekuritas	Beroperasi sejak 31 Juli 1999	Operational	640.482.472	99,99	Securities	Plaza Mandiri Lt. 28 Jl. Jenderal Gatot Subroto Kav. 36-38 Jakarta 12190 Indonesia Telpon: +6221 5263445 Fax: +6221 5275711 www.mandirisekuritas.co.id
4.	PT Bank Sinar Harapan Bali	3 Mei 2008	Operational	133.837.730	93,23	Banking	Jl. Melati No. 65 Denpasar 80232, Bali Indonesia Telpon: +62361 227076, 227887 Fax: +62361 227783 www.banksinar.co.id
5	PT Mandiri Tunas Finance	Februari 2009	Operational	290.000.000	51,00	Consumer Finance	Graha Mandiri Lt. 3A Jl. Imam Bonjol No. 61 Jakarta 10310 Indonesia Telpon: +6221 2305608 Fax: +6221 2305618 www.mtf.co.id
6	Mandiri International Remittance Sendirian Berhad	29 November 2009	Operational	25.191.014	100	Remittance Services	Wisma MEPRO Ground & Mezzanine Floor 29 & 31 Jalan Ipoh Chow Kit 51200 Kuala Lumpur, Malaysia Telpon: +60340454988, +60340458988 Fax: +60340437988

No.	Company	Date of establishment	Operational Status	Bank Mandiri Shareholding		Business	Head Office Address
				Value (Rp thousand)	Shareholding (%)		
7	PT AXA Mandiri Financial Services	4 Desember 1991	Operational	98.109.000	51,00	Life Insurance	AXA Tower Lt. 9 Jl. Prof. Dr. Satrio Kav. 18, Kuningan City, Jakarta 12940 Telp : 021 3005 8888 Fax : 021 3005 8500 www.axa-mandiri.co.id
8	PT Mandiri AXA General Insurance	27 Oktober 2011	Operational	147.000.000	60,00	General Insurance	AXA Tower Lt. 11 Jl. Prof. Dr. Satrio Kav. 18, Kuningan City Jakarta 12940, Indonesia Telp : 021- 3005 9000 (Hunting) Faks : 021- 3005 9009
9	PT Mandiri Manajemen Investasi	Sejak tahun 1993	Operational	-	99,9 Mandiri Sekuritas	Investment	Plaza Mandiri, 29th Floor Jl. Jend. Gatot Subroto Kav. 36-38 Jakarta 12190, Indonesia Telp : (62-21) 526 3505 Fax : (62-21) 526 3506 E-mai : info@mandiri-investasi.co.id www.mandiri-investasi.co.id
10	PT Asuransi Jiwa InHealth Indonesia	6 Oktober 2008	Operational	990.000.000	60,00	Health Insurance	Plaza Setiabudi 2 Lantai 5, suite 505-508 Jl. HR. Rasuna Said Kav 62 Jakarta Selatan 12920 Telp : 021- 5250900 Fax : 021- 5250708 www.inhealth.co.id

Associated Entities

1	PT Kustodian Sentral Efek Indonesia	23 Desember 1997	Operational	Rp3.000 juta	10,00	Stock Settlement Bureau	Jakarta
2	PT Bapindo Bumi Sekuritas	1960	Non-Operational	Rp1.955 juta	3,99	Investment	Jakarta
3	Westech Electronics, Singapore	1986	Operational	Rp4.361 juta	5,50	Trading & Wholesale	Singapura
4	PT. Sarana Bersama Pengembangan Indonesia	1 Juni 1981	Beroperasi	Rp. 2.278 juta	34	Services	Jakarta

CAPITAL MARKET SUPPORT BODIES

Information on Trading and Listing of Shares on 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

Datindo Entrycom Stock Administration Bureau

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's Office 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

Stock Ratings Agencies

PEFINDO

(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: BMRIDJJA

Corporate Secretary

Rohan Rafas
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



Information for
Shareholders and
Investors

STOCK MARKET CONDITIONS AND BANK MANDIRI SHARE PERFORMANCE

The development of the domestic stock market until December 2014 showed a positive performance in line with the improvement in domestic economic data, despite the global economic slowdown. The Composite Stock Price Index (CSPI) closed on December 30, 2014, at the level of 5226.9, up 22.3% compared to the close in December 2013, when the figure was 4272.18. Meanwhile, the addition of 23 new issuers increased the depth of the Indonesian stock market by 23.9%, up from Rp4,219 trillion at the end of December 2013 to Rp5,228 trillion per December 30, 2014.

The average daily transaction value during the period from January to December 2014 amounted to Rp 6 trillion, down 3.9% from Rp6.2 trillion in 2013. The average daily number of share transactions during the January-December 2014 period increased by 38.4% to 212,635 transactions. However, the average daily transaction volume in January-December 2014 decreased by 0.345% to 5,484 million shares, compared with 5,503 million shares in 2013.

BANK MANDIRI SHARE PERFORMANCE

Bank Mandiri shares, with the ticker BMRI, were first listed and traded on the Indonesia Stock Exchange (IDX) on July 14, 2003. In addition to being listed on the main board, BMRI shares were also listed as blue-chip stock stocks on

the Indonesia Stock Exchange in 2014, including on the IDX30 Index, LQ45 Index, the Kompas 100 Index, and the Sri Kehati index.

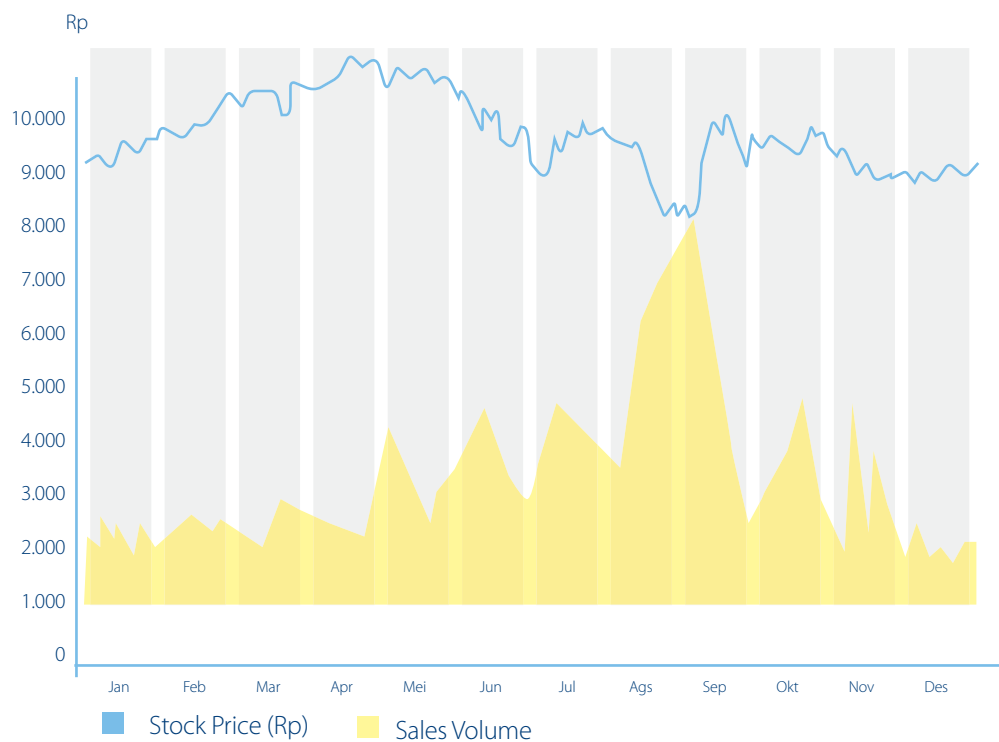
BMRI's share price in 2014 was fluctuative in line with economic developments and the global capital markets sentiment. The BMRI stock price fluctuated in 2014 between its lowest level of Rp7,625 on January 7, 2014, and its highest level of Rp10,775 on December 30, 2014. Meanwhile, transaction volume decreased from a total of 7,411 million shares during 2013 to 6,591 million shares.

As a leading stock, BMRI's stock market capitalization at the end of December 2014 amounted to Rp251.4 trillion. While there were a number of negative influences from both outside and within the country, the Bank's share price increased from Rp7,850 at the end of 2013 to Rp10,775 as of the end of December 2014 on account of investor confidence in Bank Mandiri's fundamentals as bank with a continuously increasing trading volume. The improvement in Bank Mandiri's performance is shown by the improvement in its NPL ratio, prudent credit expansion and a quite significant increase in net profit, as informed regularly to the market. This drew a positive response from investors and Bank Mandiri's share price was 37.3% higher at the end of the year compared to the end of 2013.

STOCK SUMMARY

Share Price Changes and Market Capitalization

Bank Mandiri, with stock exchange ticker BMRI, whose shares were first listed on 14 July 2003, had a market capitalization of Rp 251.41 trillion, the seventh highest market capitalization on the Indonesia Stock Exchange, per 31 December 2014

Bank Mandiri's Share Movement in 2014

Stock Price Movements and Market Capitalization 2013-2014

Period	Stock Price Movements and Market Capitalization						
	Price / Share (Rp)				Number of Shares	Transaction Volume (Number of Shares)	Market Capitalization (Rp Trillion)
	Opening	Highest	Lowest	Closing			
2013							
Quarter I	8.250	10.150	8.000	10.000	23.333.333.333	1.294.194.000	233,33
Quarter II	9.900	10.750	8.250	9.000	23.333.333.333	1.813.248.500	209,99
Quarter III	8.900	10.300	6.250	7.950	23.333.333.333	2.587.401.000	185,49
Quarter IV	8.050	8.950	7.300	7.850	23.333.333.333	1.665.966.500	183,16
2014							
Quarter I	7.850	10.250	7.600	9.450	23.333.333.333	1.964.619.800	220,50
Quarter II	9.575	10.825	9.525	9.725	23.333.333.333	1.661.089.700	226,91
Quarter III	9.825	11.000	9.625	10.075	23.333.333.333	1.714.043.200	235,08
Quarter IV	10.100	10.875	9.300	10.100	23.333.333.333	1.279.584.700	235,66

Bank Mandiri Stock Performance 2013-2014

(in million Rp)

	2013	2014
Highest Price 10.750 11.000	10.750	11.000
Lowest Price 6.250 7.600	6.250	7.600
end years price 7.850 10.100	7.850	10.100
stock volume 7.411 6.591	7.411	6.591
earning per shares 780,16 851,66	780,16	851,66

Chronological Listing of Shares

Period	Authorized Capital	Issued & Fully Paid Up Capital	Negara RI		Additional Registered Shares (number of Shares)	Ownership by Retail Investors (number of shares)	Portfolio Shares (number of shares)	Date of Listing	Stock Exchange
			Series A Dwi warna (number of shares)	Series B Ordinary Registered Shares (number of shares)					
Prior to IPO	32.000.000.000	20.000.000.000	1	19.999.999.999			12.000.000.000		Bursa Efek Indonesia
Subsequent to 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 March 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		
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 February 2011	

*) Approved by the Jakarta Stock Exchange through its letter No.BEJ.PSI/P/07-2004, dated July 13, 2004, and the Surabaya Stock Exchange through its letter No.JKT-023/ LIST EMITEN/BES/VII/2004

**) PUT: Limited Public Offering with Rights issue

MANAGEMENT STOCK OPTION PLAN (MSOP) AND EMPLOYEE STOCK ALLOCATION (ESA)

Based on the Extraordinary General Shareholders' Meeting held on May 29, 2003, which was notarized by Notary 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, and 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 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 by Rp491,651 million.

The execution period of MSOP Stage 3 ended in February 2011.

DIVIDEND HISTORY

In accordance with the Resolution of the General Meeting of Shareholders (AGM) held on February 27, 2014, Bank Mandiri made a final dividend payment for fiscal year 2013 amounting to 30% of net profit, or Rp. 5,461,125,990,426.51. The value of the dividend per share paid on April 14, 2014, was Rp234.04, up 17.4% of the value of the dividend payment per share in 2013.

Date of GMS	Ex-Date	Recording Date	Date of Payment	Fiscal Year	Dividend Payout Ratio	Dividend (Rp Billion)	Dividend per Share (Gross)
27 Feb 2014	27 March 2014	1 April 2014	15 April 2014	2013	30%	Rp 5.461	Rp 234,04
2 Apr 2013	29 Apr 2013	01 May 2013	16 May 2013	2012	30%	Rp 4.651	Rp 199,34
23 Apr 2012	16 May 2012	22 May 2012	05 June 2012	2011	20%	Rp 2.449	Rp 104,97
23 May 2011	16 June 2011	20 June 2011	30 June 2011	2010	35%	Rp 2.814	Rp 120,60
17 May 2010	10 June 2010	14 June 2010	28 June 2010	2009	35%	Rp 2.100	Rp 100,11
04 May 2009	27 May 2009	29 May 2009	12 June 2009	2008	35%	Rp 1.859	Rp 88,90
29 May 2008	20 June 2008	24 June 2008	03 July 2008	2007	90%	Rp 3.911	Rp 187,11
28 May 2007	20 June 2007	22 June 2007	29 June 2007	2006	60%	Rp 1.453	Rp 70,02
22 May 2006	15 June 2006	19 June 2006	30 June 2006	2005	50%	Rp 302	Rp 14,85

CHRONOLOGICAL LISTING OF OTHER SHARES

Type of Security	Value (Rp)	Place of Listing	Interest Rate	Effective Date	Date of Maturity	Rating	Trustee
Bank Mandiri Rupiah Subordinated Bond I 2009	3.500.000.000.000	Indonesia Stock Exchange (IDX)	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 1 October 2014 to 1 October 2015.

In addition, Pefindo, by virtue of its Letter No. 1766/PEF-Dir/X/2013 dated 9 October 2013, on the Annual Rating Monitoring Certificate on the Mandiri I Rupiah Subordinated Bond 2009 for the period 1 October 2014 to 1 October 2015, reaffirmed its idAAA (Triple A; Stable Outlook) rating on Bank Mandiri for the period October 2014 to 1 October 2015.

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 3 October 2013.

USE OF PROCEEDS OF PUBLIC OFFERINGS

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:

(in million Rp)

Type of Public Offering	Effective Date	Offering 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:

(in million Rp)

Type of Public Offering	Effective Date	Offering Realization Value			Use of Proceeds		Remaining Balance of Offering Proceeds
		Total Proceeds	Estimated Cost of Offering	Net Proceeds	Lending	Total	
Rights Issue	27 January 2011	11.684.193	305.000	11.379.193	11.291.207	11.379.193	0





management
analysis and
discussion

Industry Review

GLOBAL ECONOMY

Global economic recovery in 2014 was influenced by improvements in the United States (US) economy. Economic improvement in the US is shown by climbing production indicators and declining unemployment rate. US GDP in the third quarter of 2014 rose 5% (QoQ), the fastest growth since 2003. Unemployment rate dropped to 5.8%, the lowest since July 2008 and average monthly growth stood at above 200,000 employment. The US growth supports the projection of The Fed policy normalization in 2015.

Improvement in the US economy is in contrast with other economies. Economic slowdown continue to be recorded in Europe, Japan and China. Euro zone economies was still stagnant at 0.2% at the third quarter of 2014, whilst Japan entered another recession after two consecutive contraction periods by 6.7% and 1.9% in quarter II and III of 2014, respectively. Chinese economy only grew 7.3% in the third quarter of 2014, the lowest in the last five years due to sluggish property sector. The People's Bank of China (PBOC) projected that GDP of the country will grow 7.1% by 2015, slower than projected growth in 2014 at 7.4%. PBOC is planning monetary stimulus for USD65 billion to the country's banking system to accelerate the economy.

Emerging market condition in Russia is even worse. Russia is currently facing a currency crisis. Ruble exchange rate in December 2014 dropped by almost 100% compared to the end of 2013. Such depreciation was much deeper compared to other emerging market currencies including Brazilian Peso, Indian Rupee and Chinese Yuan which on 22 December 2014 recorded depreciation of 10.4%, 2.2% and 2.7%, respectively. This drove the Central Bank of Russia to aggressively increase the key interest rate by 650 basis points (bps) from 10.5% to 17% to prevent the currency from dropping even further. The unfavorable economic condition in Russia was triggered by prolonged conflict with Ukraine.

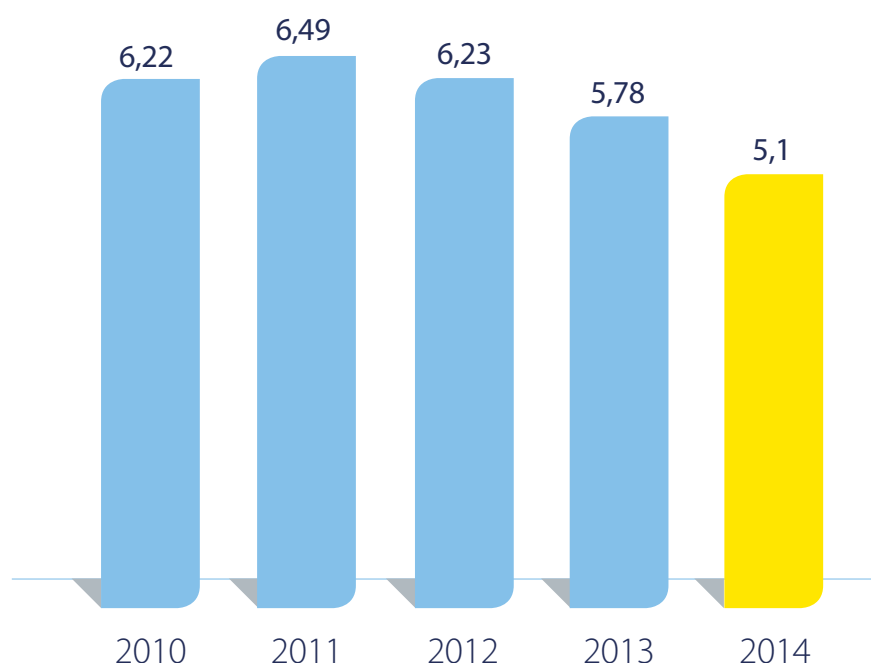
The trend of economic slowdown in several developed and emerging countries such as China, and currency crisis in Russia added to global uncertainty. Such condition also influenced commodity prices, which are still declining, including for leading export commodities from Indonesia, such as coal and crude palm oil (CPO).

NATIONAL ECONOMY

GROSS DOMESTIC PRODUCT

Indonesian economy in 2014 recorded a slowdown compared to 2013. Economic growth in 2014 stood at 5.1, mainly due to lower exports from weak global demand for commodities and low commodity prices in international markets. However, the actual GDP growth was in line with a projection from Bank Indonesia of lower growth in 2014 at the lower range of 5.1%-5.5%. Growth in 2014 was the lowest in the past five years, as illustrated in the following graph.

Gross Domestic Product Growth for 2010-2014 (%)



CURRENCY EXCHANGE RATE

Based on data from the Ministry of Finance of the Republic of Indonesia, average actual rupiah exchange rate stood at IDR11,878 per USD in 2014. Rupiah depreciation is influenced by internal factors including higher deficit in balance of payments and external factors particularly the interest rate hike plan in the United States.

KEY REFERENCE RATE (BI RATE)

Bank Indonesia interest rate in 2014 was relatively stable at the range of 7.50% from the beginning of the year to mid-November 2014. Since 19 November 2014, BI Rate rose by 25 bps to 7.75%, with higher lending facility rate by 50 bps to 8.00% whilst deposit facility rate was unchanged at 5.75%. The BI Rate hike was a part of responses from Bank Indonesia to the State fiscal reformation policies to reallocate oil fuel subsidy to more productive sectors. BI Rate was increased to achieve inflation rate limit projection and ensure that inflationary pressures post subsidized oil fuel prices hike was still under control, only temporary and could immediately return to the target trajectory of 4±1% by 2015. The policy is also consistent with progress

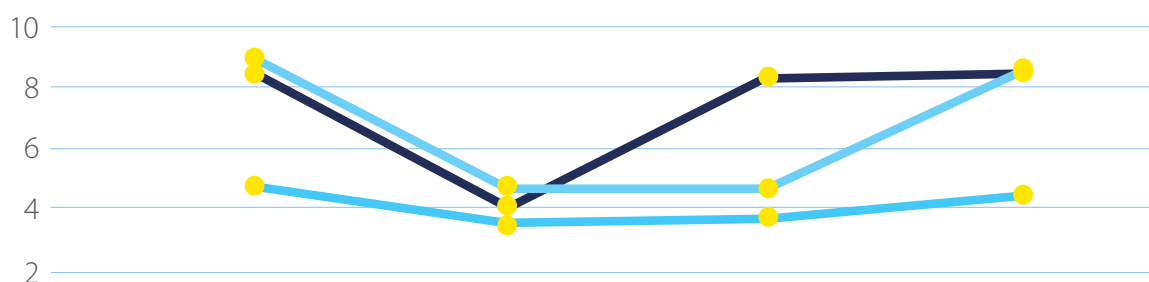
in managing current account deficit to a more viable position. Wider monetary operation interest rate range is aimed to maintain liquidity sufficiency and support financial markets deepening.




BI Rate at the end of 2014 was the highest in the past two years. BI Rate trend for 2012-2014 is shown on the following graph.

INFLATION

Inflation rate recorded significant fluctuation in 2014. In the beginning of 2014 national inflation rate stood at 8.22%, whilst the rate ended the year at 8.36%. Subsidized fuel prices hike by 30.8% from IDR6,500 per liter to IDR8,500 as announced by the Government in November 2014 drove a steep rise in inflation rate by 1.5% (MoM) from 0.47% (MoM) in October. National inflation rate growth in the past three years is shown on the following graph.

Inflation Rate for 2012-2014 (%)



		Inflasi tertinggi	Inflasi tertinggi	Inflasi awal tahun	Inflasi akhir tahun
 2012	4,61	3,56	3,65	4,30	
 2013	8,79	4,57	4,57	8,38	
 2014	8,36	3,99	8,22	8,36	

Source: www.bi.go.id

NATIONAL BANKING INDUSTRY

The year of 2014 was a dynamic year for the national banking industry. The year saw slowdown in national economic conditions following Bank Indonesia's decision to increase key reference rate to control inflationary pressures after subsidized oil fuel price hike. Moreover, banking management and supervisory functions in micro-prudential scope were transferred to the Financial Services Authority (*Otoritas Jasa Keuangan*, FSA) thus FSA may perform an integrated supervision to financial service agencies. FSA will try to implement its duties and functions to bring improved order, credibility and sustainable growth to the financial services sector.

National banking industry continue to show its existence, amid various changes in 2014. Based on data from the Indonesian Banking Statistics, national banking assets continue to rose, to IDR5,313.6 trillion as of November 2014. Total banks stood at 1,750, comprising 119 commercial banks and 1,637 rural banks (BPR). The banks have distributed IDR5,504,958 billion in funds, consisting of IDR3,627,985 billion for credits, IDR602,956 billion for securities, IDR588,099 billion in placement in Bank Indonesia and the like.

National banking condition was quite sound in 2014, as reflected by Capital Adequacy Ratio (CAR) at 19.8% as of November 2014 with Risk Weighted Assets ratio (ATMR) of 18.2%. Non-performing loan (NPL) ratio was also under control at 2.4%. National banking performance, particularly commercial banks, in 2012-2014 is shown on the following table.

National Banking Performance (Commercial Bank) for 2012-2014

	Unit	2012	2013	November 2014	Change (%)
Assets	IDR trillion	4,262.6	4,954.5	5,313.6	7.25
Third-party fund	IDR trillion	3,225.2	3,664	4,054.7	10.66
Credit	IDR trillion	4,172.7	3,292.9	3,596.6	9.22
Capital Adequacy Ratio (CAR)	%	17.43	18.1	19.8	9.39
Risk Weighted Assets (ATMR)	%	15.6	16.4	18.2	11.25
Return on Assets (ROA)	%	3.1	3.1	2.9	-6.45
Operating Expenses to Operating Income Ratio (BOPO)	%	74.1	74.1	76.2	2.83
Loan to Deposit Ratio (LDR)	%	83.6	89.7	88.65	-1.17
Total Banks	Bank	120	120	119	-0.83

Source: Indonesian Banking Statistics

ROLE OF BANK MANDIRI IN NATIONAL BANKING

Amid national economic instability and fierce competition in the banking industry, Bank Mandiri has continue to grow as one of the banks that try to build self-sufficient Indonesia. This is reflected from Bank Mandiri's contributions to the public and communities through financing to productive and consumer sector, including support to financial inclusion developments in Indonesia. In 2014 Mandiri Group has realized the funding for physical constructions of 13 toll road branches with a total length of 272.34 km, financing 30% of national power plant developments, and realized the nation's hope in owning a world class port. Mandiri Group also improved the economic capacity of 724,000 micro, small and medium enterprises in Indonesia and 382,000 micro credits through the distribution of credit

and other banking facilities. The Group also distributed financing for 319,000 units of house and 379,000 units of motor vehicle. Mandiri Group also distributed financing to develop the palm oil industry, a leading sector in Indonesia which employs significant number of workforce and IDR48.4 trillion in financing portfolio (on farm and off farm), for a total of 930,000 hectares of plantation area, or ten percent of the total palm oil plantation in Indonesia.

In the national banking industry, Bank Mandiri performed various improvements to participate in national banking industry developments. Bank Mandiri's performance growth against the national banking industry is summarized below.

Bank Mandiri	Graph	National Banking												
In 2014 Bank Mandiri's assets stood at IDR855,040 trillion, a growth of 16.63% compared to IDR733,100 trillion in 2013. The growth is influenced by strategic initiatives performed by the Bank in 2014	<table border="1"> <caption>Assets (IDR Trillion)</caption> <thead> <tr> <th>Year</th> <th>Bank Mandiri</th> <th>Perbankan Nasional</th> </tr> </thead> <tbody> <tr> <td>2012</td> <td>635,619</td> <td>4,262.6</td> </tr> <tr> <td>2013</td> <td>733,100</td> <td>4,954.5</td> </tr> <tr> <td>2014</td> <td>855,040</td> <td>5,313.6</td> </tr> </tbody> </table>	Year	Bank Mandiri	Perbankan Nasional	2012	635,619	4,262.6	2013	733,100	4,954.5	2014	855,040	5,313.6	National banking assets as of November 2014 stood at IDR5,313.6 trillion, a growth of 7.2% from IDR4,954.5 trillion at the end of 2013. The growth is mainly due to growing credit sector in national banking industry
Year	Bank Mandiri	Perbankan Nasional												
2012	635,619	4,262.6												
2013	733,100	4,954.5												
2014	855,040	5,313.6												
Customers deposits (third party fund) in Bank Mandiri stood at IDR636,382 trillion, a growth of 14.39% compared to IDR556,342 trillion in 2013	<table border="1"> <caption>Third Party Fund (IDR Trillion)</caption> <thead> <tr> <th>Year</th> <th>Bank Mandiri</th> <th>Perbankan Nasional</th> </tr> </thead> <tbody> <tr> <td>2012</td> <td>482,914</td> <td>3,225.2</td> </tr> <tr> <td>2013</td> <td>556,342</td> <td>3,664.0</td> </tr> <tr> <td>2014</td> <td>636,382</td> <td>4,054.7</td> </tr> </tbody> </table>	Year	Bank Mandiri	Perbankan Nasional	2012	482,914	3,225.2	2013	556,342	3,664.0	2014	636,382	4,054.7	Third party fund in national banks stood at IDR4,054.7 trillion, a growth of 10.7% compared to IDR3,664 trillion in 2013
Year	Bank Mandiri	Perbankan Nasional												
2012	482,914	3,225.2												
2013	556,342	3,664.0												
2014	636,382	4,054.7												
Bank Mandiri recorded IDR529,973 trillion in credit, a growth of 12.18% compared to IDR472,435 trillion in 2013, due to significant business growth in Indonesia	<table border="1"> <caption>Credit (IDR Trillion)</caption> <thead> <tr> <th>Year</th> <th>Bank Mandiri</th> <th>Perbankan Nasional</th> </tr> </thead> <tbody> <tr> <td>2012</td> <td>388,830</td> <td>4,172.70</td> </tr> <tr> <td>2013</td> <td>472,435</td> <td>3,292.90</td> </tr> <tr> <td>2014</td> <td>529,973</td> <td>3,596.60</td> </tr> </tbody> </table>	Year	Bank Mandiri	Perbankan Nasional	2012	388,830	4,172.70	2013	472,435	3,292.90	2014	529,973	3,596.60	Credit in national banking industry rose 9.2% to IDR3,596.6 trillion from IDR3,292.9 trillion at the end of 2013. The growth was lower than 21.6% growth in 2013 due to tighter monetary policies
Year	Bank Mandiri	Perbankan Nasional												
2012	388,830	4,172.70												
2013	472,435	3,292.90												
2014	529,973	3,596.60												

Bank Mandiri	Graph	National Banking												
Capital Adequacy Ratio (CAR) of Bank Mandiri stood at 16.60% in 2014, higher than 14.93% in 2013	<table border="1"> <thead> <tr> <th>Year</th> <th>Perbankan Nasional</th> <th>Bank Mandiri</th> </tr> </thead> <tbody> <tr> <td>2012</td> <td>37.4</td> <td>15.5</td> </tr> <tr> <td>2013</td> <td>38.1</td> <td>14.9</td> </tr> <tr> <td>2014</td> <td>39.8</td> <td>16.6</td> </tr> </tbody> </table>	Year	Perbankan Nasional	Bank Mandiri	2012	37.4	15.5	2013	38.1	14.9	2014	39.8	16.6	Capital Adequacy Ratio (CAR) of national banks stood at 19.8% in 2014, higher than 18.1% in 2013
Year	Perbankan Nasional	Bank Mandiri												
2012	37.4	15.5												
2013	38.1	14.9												
2014	39.8	16.6												
Return on Assets (ROA) ratio of Bank Mandiri stood at 3.57% in 2014, lower than 3.66% in 2013	<table border="1"> <thead> <tr> <th>Year</th> <th>Perbankan Nasional</th> <th>Bank Mandiri</th> </tr> </thead> <tbody> <tr> <td>2012</td> <td>3.1</td> <td>3.55</td> </tr> <tr> <td>2013</td> <td>3.1</td> <td>3.66</td> </tr> <tr> <td>2014</td> <td>2.9</td> <td>3.57</td> </tr> </tbody> </table>	Year	Perbankan Nasional	Bank Mandiri	2012	3.1	3.55	2013	3.1	3.66	2014	2.9	3.57	Return on Assets (ROA) ratio of national banks stood at 2.9% in 2014, lower than 3.1% in 2013
Year	Perbankan Nasional	Bank Mandiri												
2012	3.1	3.55												
2013	3.1	3.66												
2014	2.9	3.57												
Operating Expenses to Operating Income (BOPO) ratio of Bank Mandiri stood at 64.98% in 2014, higher than 62.41% in 2013	<table border="1"> <thead> <tr> <th>Year</th> <th>Perbankan Nasional</th> <th>Bank Mandiri</th> </tr> </thead> <tbody> <tr> <td>2012</td> <td>74.1</td> <td>63.93</td> </tr> <tr> <td>2013</td> <td>74.1</td> <td>62.41</td> </tr> <tr> <td>2014</td> <td>76.2</td> <td>64.98</td> </tr> </tbody> </table>	Year	Perbankan Nasional	Bank Mandiri	2012	74.1	63.93	2013	74.1	62.41	2014	76.2	64.98	Operating Expenses to Operating Income (BOPO) ratio of national banks stood at 76.2% in 2014, higher than 74.1% in 2013
Year	Perbankan Nasional	Bank Mandiri												
2012	74.1	63.93												
2013	74.1	62.41												
2014	76.2	64.98												
Loan to Deposit Ratio (LDR) of Bank Mandiri stood at 82.02% in 2014, lower than 82.97% in 2013	<table border="1"> <thead> <tr> <th>Year</th> <th>Perbankan Nasional</th> <th>Bank Mandiri</th> </tr> </thead> <tbody> <tr> <td>2012</td> <td>83.58</td> <td>77.66</td> </tr> <tr> <td>2013</td> <td>89.70</td> <td>82.97</td> </tr> <tr> <td>2014</td> <td>88.65</td> <td>82.02</td> </tr> </tbody> </table>	Year	Perbankan Nasional	Bank Mandiri	2012	83.58	77.66	2013	89.70	82.97	2014	88.65	82.02	Loan to Deposit Ratio (LDR) of national banks stood at 88.65% in 2014, lower than 89.7% in 2013
Year	Perbankan Nasional	Bank Mandiri												
2012	83.58	77.66												
2013	89.70	82.97												
2014	88.65	82.02												

Business Review

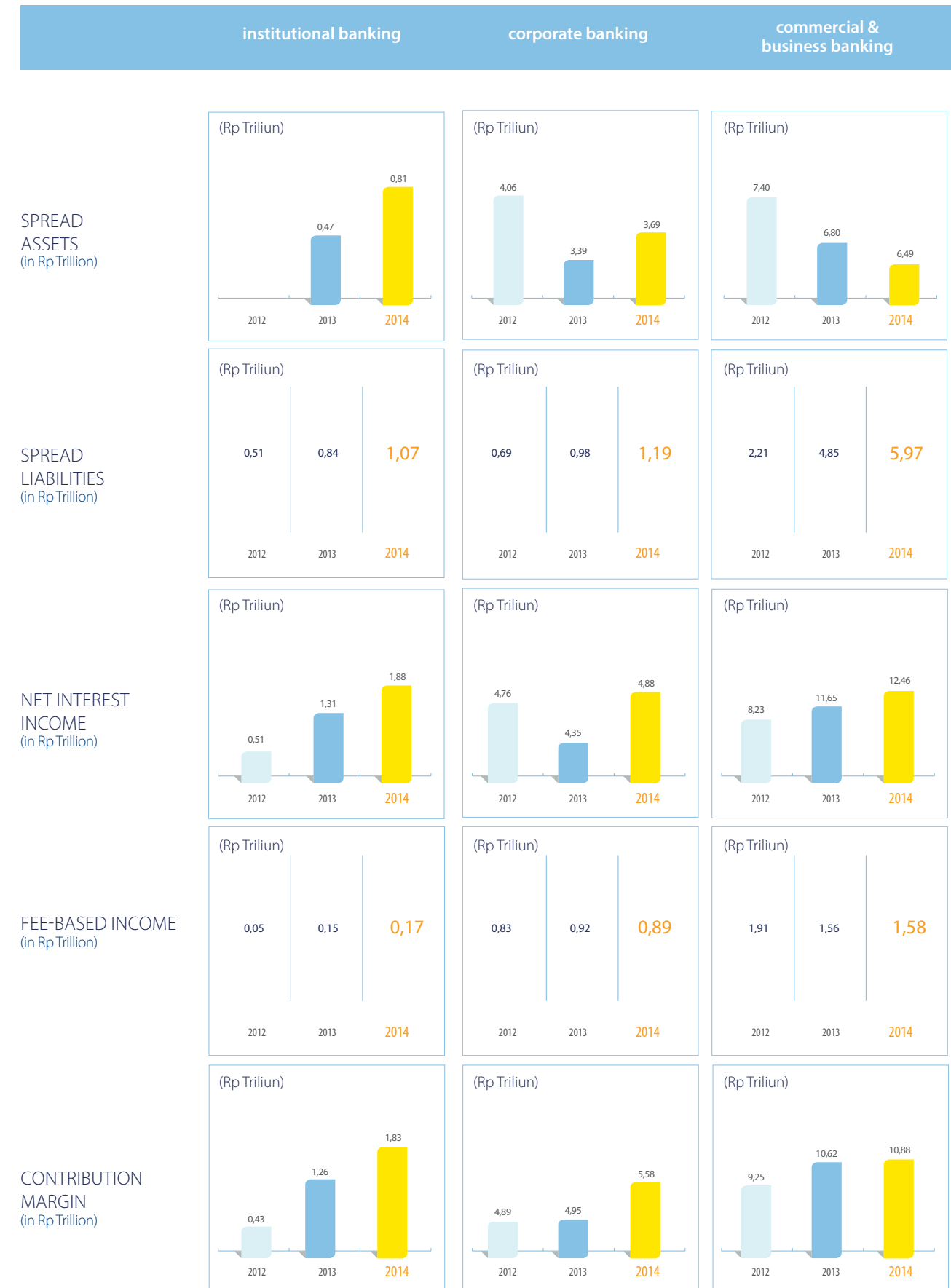
In performing business, we are concentrating on maximum value creation for shareholders and stakeholders, particularly our customers. We are focusing on the business segments that we control in the banking industry.

Our access to fund raising is sufficient and continue to rise. Customers really support our growth.



Bank Mandiri as one of the leading national banks has the following core business: credit distribution, third party fund raising and banking services. In performing the core business, Bank Mandiri has formed business units and supporting units in organizational structure to create a responsive organization to the market demand, close to customers and efficient in performing the business process. Core business of the Bank is grouped into three complementing segments: Wholesale Banking, Export & Import Advisory, and Retail Banking. Each segment has its own Directorates, including Institutional Banking Directorate, Corporate Banking Directorate, Commercial & Business Banking Directorate, Treasury Directorate, Financial Institutions & SAM Directorate, Micro & Retail Banking Directorate, and Consumer Finance Directorate.

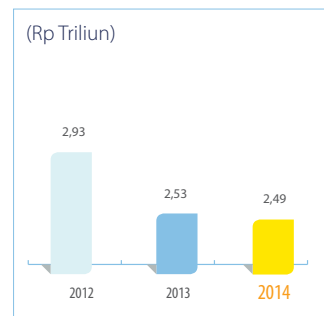
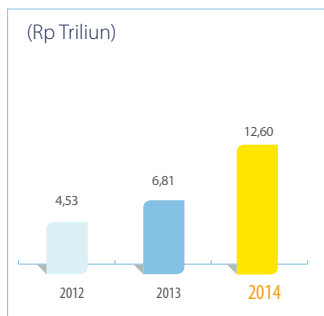
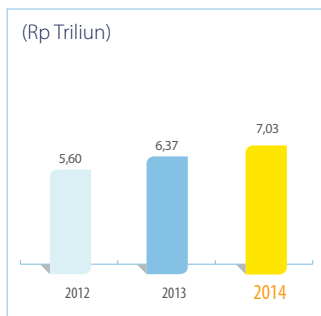
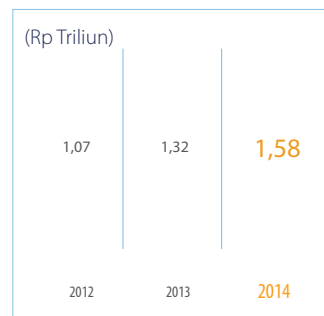
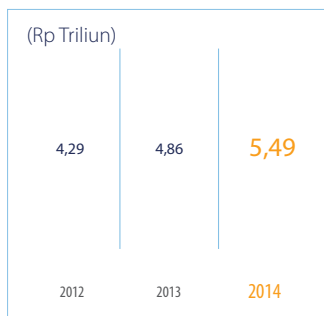
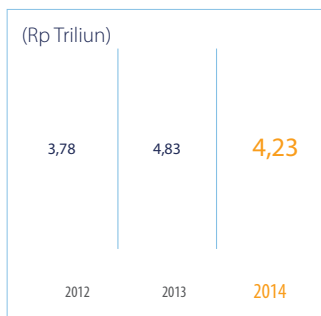
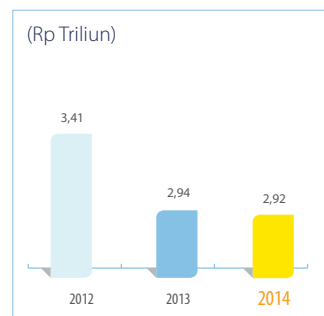
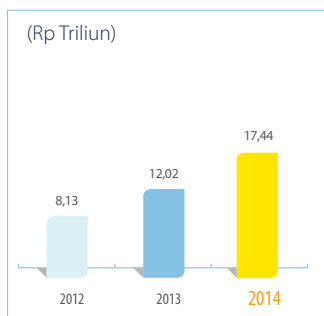
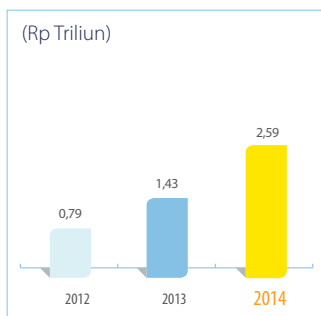
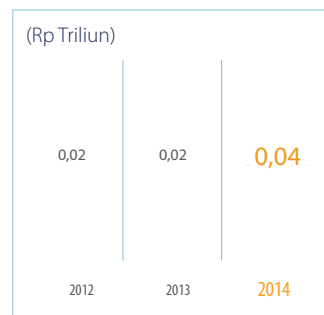
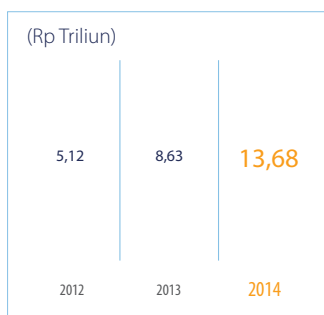
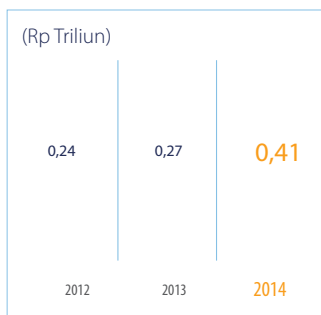
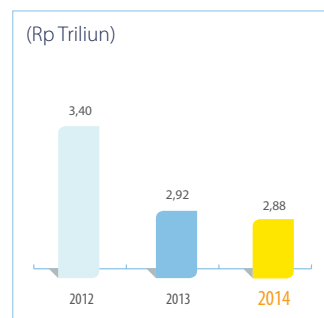
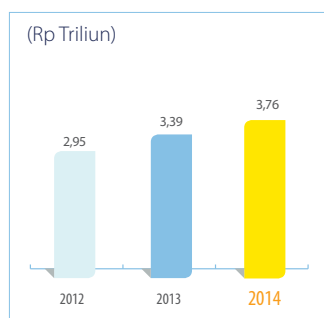
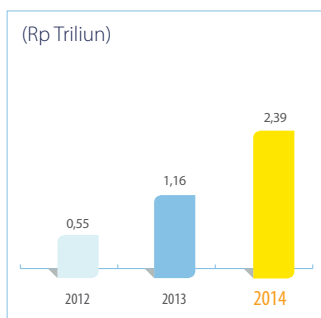
Business Units Performance (Bank only)



treasury, fi & sam

micro & retail
banking

consumer finance



INSTITUTIONAL BANKING

“The Institutional Banking Directorate will drive the Bank’s contribution for prosperity of the country, through active role in various state programs and deepen client relationships for customers of ministries, state agencies and state-owned enterprises”

The Institutional Banking Directorate continues to be a major partner in the management of customer business for ministries, state agencies and state-owned enterprises, through the provision of funding and lending products, and transaction solutions to customers in education, health and defense sector, and supporting various government programs including government assistance distribution.

INSTITUTIONAL BANKING BUSINESS DEVELOPMENT STRATEGY IN 2014

In 2014, the Institutional Banking Directorate developed its business to support optimum business processes. The development activities include:

1. Fund Increase and Fee-Based Income Support

Fund growth came from two sources, organic growth and initiative or transactional. Organic growth is fund growth in line with GDP growth assumption for 2014 through the strategy of higher relationship activities and competitive pricing strategy and participation in various tenders. Initiative or transactional growth is fund from the implementation of wholesale transactional banking under a strategy of higher transactional of main customers. The implementation of Wholesale Transaction Banking is supported by innovation for new product developments and new process to obtain new customers or produce new businesses.

2. Credit Quality Maintenance

Credit growth is focused on three matters: credit quality maintenance strategy, credit facilities provision and value chain improvement. Credit quality maintenance uses several strategies to keep the NPL ratio at 0%. The strategies include:

- Selection of customers/customer projects and preparation of prudent Credit Analysis Note by considering customer financial condition.
- Debtor monitoring by using Wallet Tool (Watch List and Collectability Review) every three months and regular on the spot monitoring.
- Maintain good relations with the debtors thus their conditions are well-monitored.

Credit facilities provision is focused on selected sector which generate value chain business, thus fund is obtained through transactions and higher value chain on anchor customers.

3. Support to Government Projects

The Institutional Banking Directorate continues to support the implementation of Government projects undertaken in 2014, including the implementation of BPJS Health and Employment, active distribution of state subsidy programs in cooperation with PT POS, and program support in education sector and participation in the success of SPAN project.

4. Employee and Leadership Developments

The Institutional Banking Directorate builds business through the implementation of various strategic initiatives, and also develops organizational capacity to produce the best talents through human resources developments. Human resources developments focused on improvements in leadership, engagement and productivity.

ACHIEVEMENT IN 2014

In 2014, the Institutional Banking Directorate successfully implemented several projects, mainly in supporting various Government programs in education, health and defense program, and the distribution of the following government assistances:

1. State Budget Treasury System (*Sistem Perbendaharaan Anggaran Negara, SPAN*)

As ministerial account manager particularly for the Ministry of Finance, the Institutional Banking Directorate continues and actively contributed to SPAN implementation which is a part of overall State Budget business. Bank Mandiri is one of the partner banks for SPAN in distributing State Budget fund to state partners across Indonesia.

2. Government Programs in Education Sector, including:

- Joint Selection for State University (SBMPTN)

The Institutional Banking Directorate has successfully continued the tradition of Bank

Mandiri as the sole partner bank for SBMPTN for seven consecutive years (2008-2014) by providing online payment system which is supported by better and more flexible payment access with the post office and ATM Bersama networks, beside Bank Mandiri's e-channel.

- Selection for New Students for State Islamic Universities (SPMB-PTAIN)

The year of 2014 was the third year for Bank Mandiri as the sole recipient bank for SPMB-PTAIN payment, through three payment channels: ATM, internet banking and Bank Mandiri offices across Indonesia.

- Distribution of "Bidik Misi"

The year of 2014 was the second year for Bank Mandiri as the sole bank to distribute the Bidik Misi assistance fund for state/private university students and state/private universities. Bidik Misi is a government program to assist the cost of education and cost of living for less fortunate university students.

- Teachers Allowance Fund

Bank Mandiri also distributes Government allowance through the Ministry of Education and Culture for 81,454 teachers every quarter/semester following the type of allowances.

3. BPJS Health Payment Service

Bank Mandiri supports the implementation of BPJS Health by providing BPJS Health fees receiving service, from business entities and individuals, through e-channel and branch networks. Moreover the Bank also provides BPJS Health participants registration service in the appointed Bank branch offices.

4. Support Strategic Defense System Financing

The Institutional Banking Directorate also supports the country sovereignty through financing to the Strategic

Defense System (Alutsista) to strengthen the weapon system of the Armed Forces of Indonesia (TNI).

5. Conditional Cash Assistance

Bank Mandiri is tasked to distribute Conditional Cash Assistance (BLSM) to Targeted Households (RTS) as a compensation for oil fuel price hike in 2014 in cooperation with PT POS Indonesia, with a total distributed BLSM value of IDR5.8 trillion.

6. Support Infrastructure Sector Developments

Bank Mandiri supports accelerated infrastructure developments through financing for airports, seaports, railways and power sector.

In airports, Bank Mandiri offers pick-up service to receive PSC on ticket and the implementation of escrow account for tenants rent and concession payments. In seaports, Bank Mandiri develops port solutions in the form of collection solutions for ship services and land, building, water and power services and payment solutions by using ILCS (EBPP/ Electronic Bill Presentment and Payment) e-payment contract at the port terminal. In railways, Bank Mandiri cooperates with PT Railink (a subsidiary of PT KAI) and KAI Commuter Line Jabodetabek for e-payment and e-ticketing system.

Aside from providing financing, Bank Mandiri also assisted the growth of state power company PLN collection transactions through the expansion of power payment network and feature developments (postpaid, prepaid and non-power bill) through e-channel and Payment Point Online Bank (PPOB), including Indomaret, Pegadaian and agents of PT POS Indonesia for easier electricity bill payments. The use of PLN Cash Card is also supported, for operational petty cash for PLN units in regions.

7. Support Oil & Gas Sector

Bank Mandiri facilitates goods and services procurement transactions for Cooperation Contractors

(K3S) with the largest portion and manages the Abandonment and Site Restoration (ASR) funds.

INSTITUTIONAL BANKING PROFITABILITY

In 2014 the Institutional Banking Directorate managed to secure net sharia and interest income of IDR1,875,776 million, a growth of 42.88% from IDR1,312,830 million in 2013. Other operating income rose 12.52% in 2014 to IDR172,259 million from IDR153,097 million in 2013. The Institutional Banking Directorate contributed IDR1,826,770 million to the Bank's 2014 net income .

WORK PLAN AND STRATEGY FOR 2015

To support optimal business process implementation of the Institutional Banking Directorate, business development focus for 2015 is harmonized with the wholesale segment of Bank Mandiri Corporate Plan for 2015-2020, which is to deepen client relationships with the main strategies in the following six sectors:

1. Fund Growth Strategy

Focus on Sector Solution Initiatives and Anchor Clients management optimization as supported by transaction solution developments.

2. Credit Growth Strategy

First, maintain credit quality thus NPL is maintained at 0% by ensuring timely loan installment and/ or principal payments and performing monitoring and intensive mentoring for debtors in watch list to prevent lower collectability. **Second**, perform selective credit expansion to main customers.

3. Fee-Based Income Growth Strategy

Focus on wholesale transaction banking developments through the Payment and Cash

Management offers and optimization and utilization of Non-Cash Loan and Commercial Line.

regular monitoring and analysis with direct report to the Management.

4. Alliance Strategy

Increase the sales of Bank Mandiri and subsidiary companies' products to customers of the Institutional Banking Directorate and inter-unit regional office coordination strengthening to capture business potentials from all regions in Indonesia.

5. Develop and Strengthen the Organization

Beside business developments through the implementation of strategic initiatives, it is also very important to increase organizational capability to support business sustainability. This is performed through two main strategies: **First**, the fulfillment of organizational manning in line with the planned requirement and time schedule. **Second**, build RM capability particularly sector and product knowledge to support the strategic implementation of client relationships deepening.

6. Risk Management and Anti-Fraud Strategy Strengthening

To prevent or minimize operational risk potentials, the Institutional Banking Directorate will continue its intensive risks identification and monitoring on all business activities.

Beside risk management strengthening, anti-fraud strategy is also implemented through forum sharing sessions and performing anti-fraud strategy and

MANDIRI DPLK

To complement product portfolio for the one stop financial services concept, the Institutional Banking Directorate also controls the Mandiri Financial Institution Pension Fund (*Dana Pensiun Lembaga Keuangan*, DPLK) as an affiliated entity since 2011. Beside organizing Defined Contribution Pension Plan (*Program Pensiun Iuran Pasti*, PPIP) for individual, employee and independent worker, in 2013 Mandiri DPLK has secured an approval to manage employee Severance Reserve Fund (*Program Pensiun Untuk Kompensasi Pesangon* – PPUKP). For investing the participant contribution, Mandiri DPLK has five selectable investment packages for participants, including money market investment, fixed income investment, stock investment, combination investment with options and sharia investment.

As of 31 December 2014, Mandiri DPLK recorded 39,053 customers (a growth of 86% YoY) with a total managed fund of IDR 3.64 trillion (a growth of 1,632% YoY).

In 2014, Mandiri DPLK for the first time participated in the Annual Report Award for 2013 Financial Reports for the Pension Fund category as held by the Financial Services Authority (FSA). Mandiri DPLK recorded an impressive result with rank number 4 from 264 pension funds.

For business developments, Mandiri DPLK in 2015 is planning to launch an individual product with a name of Mandiri DPLK SMILE. The product features free personal accident insurance of IDR5,000,000 for participants.

PROFITABILITAS CORPORATE BANKING

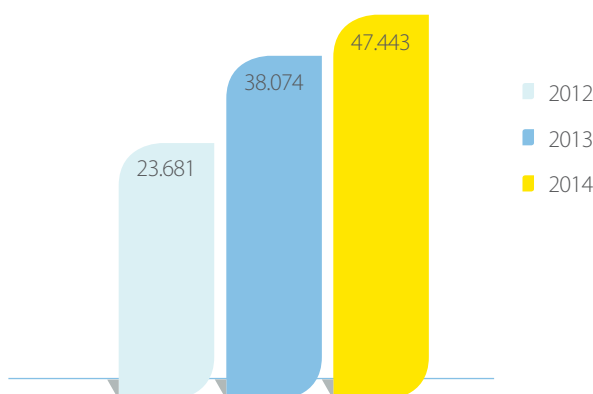
“The year of 2014 stood as a benchmark for second phase of transformation achievement and the foundation for the third phase of transformation, and the Corporate Banking Directorate will continue the wholesale transaction banking initiatives for deeper penetration among main customers.”

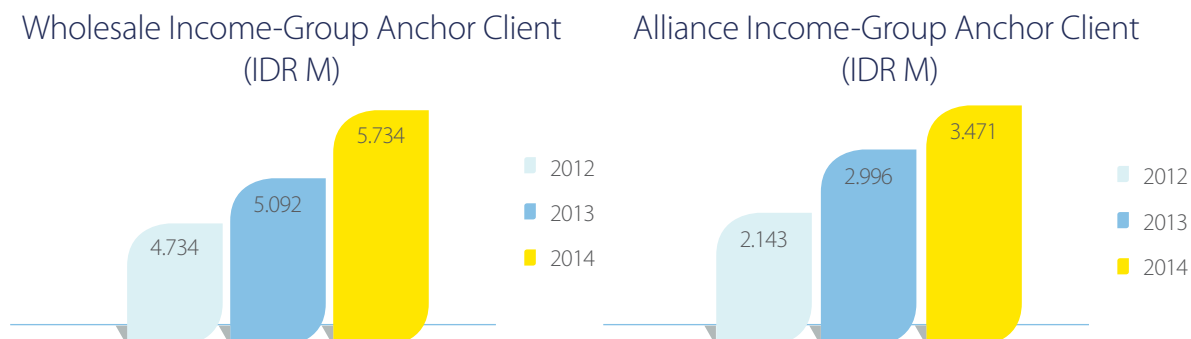
CORPORATE BANKING BUSINESS DEVELOPMENT STRATEGY FOR 2014

In 2014 the Corporate Banking Directorate performed the following strategies to support business developments of Bank Mandiri:

1. Focus on targeted customers, including Anchor Clients Top Groups, Multi-National Companies (MNCs) and SOEs in selected sectors, such as infrastructure, industry and plantation.
2. Implementation of 2014 Account Plan which already started since 2012. Currently the plan is already implemented in 129 Top Group Anchor Clients of Bank Mandiri. In this phase, customer handling orientation by Relationship Manager is shifted from Loan Oriented to a focus on Cash, Transaction Fee & Retail. The tighter focus is to increase business relations effectiveness and profitability rate from customers. On quality, Relationship Manager's orientation is also directed to discipline, understanding and implementation of account plan through the integrated 10 Steps Account

Low Cost Fund (LCF)-Group Anchor Client
(IDR M - avg balance volume)





Plan Process. This is vital as a more sustainable account plan process is projected to generate more sustainable outputs. Achievement realization of the Top Group Anchor Client is as follows:

3. Strategy optimization with Mandiri Sekuritas for easier customer access to funding from the capital market. Mandiri Sekuritas could also refer to Bank Mandiri for partners who require banking facility, in line with the segment. Under this strong synergy, customers obtain solutions which provide added values to their corporate finance.
4. Develop overseas office business which is focused on Indonesian related companies with offer of loan, funding, trade finance and treasury products and services.

ACHIEVEMENT IN 2014

Amid slow global economic conditions, in 2014 the Corporate Banking Directorate managed to reach the target as set out in the Corporate Plan for 2010 – 2014 with a satisfying result. The achievements include:

1. In fund raising sector, the Corporate Banking Directorate raised IDR79.6 trillion in fund, a growth of 8.20% from 2013. The fund consisted of cheap fund (current account and business savings) which rose 10.09% to IDR40.8 trillion and IDR38.8 trillion in time deposits.
2. The Corporate Banking Directorate distributed IDR144.2 trillion in credits, a growth of 3.91% compared to 2013. Non-performing loan ratio at 1.23% was also under control.
3. The Corporate Banking Directorate raised IDR895 billion in fee-based income, comprising trade finance fee of IDR249 billion, bank guarantee fee of IDR169 billion, syndication fee of IDR114 billion and credit administration fee of IDR362 billion.

Corporate Banking Profitability

Main revenue of the Corporate Banking Directorate in 2014 came from credit business at IDR3,390 billion, or 62.3% of the total Directorate revenue of IDR5,771 billion. Moreover, the Directorate also secured IDR2,083 billion in revenue from transactions and fee-based income.

The Corporate Banking Directorate contributed IDR5.576 trillion to Bank Mandiri's 2014 net income, a growth of 12.65% from IDR4,950 trillion in 2013. The amount was contributed by five groups in Head Office at IDR5,263 trillion and three

overseas offices (in Singapore, Hong Kong and Shanghai) at IDR312 billion. In line with its vision to be the best bank in ASEAN, Bank Mandiri must be able to improve its business in overseas branch offices to generate significant contribution margin.

WORK PLAN AND STRATEGY FOR 2015

Following phase three of the Bank transformation plan, there is a shift in organizational structure where the Corporate Banking Directorate will be merged with the Institutional Banking Directorate

Management of Corporate Banking Directorate customers in 2015 will be mapped based on a sector solution which is developed by Bank Mandiri for customers.

The Corporate Banking Directorate is an important component of the wholesale segment. Bank Mandiri has an aspiration to become the best wholesale bank in Indonesia and competitive in international scale. To reach this, there is a need for capacity improvement including expertise in the managed sectors, and the ability to match the available resources and customer needs.

With the available expertise in each sector, and precise products which matched customer needs, a better synergy and more mutually beneficial business relations will arise between the Bank and its customers.

COMMERCIAL & BUSINESS BANKING

The Commercial segment manages large companies/ institutions which require banking services with moderately complex transactions whilst the Business Banking segment manages customers which are included in the small and medium enterprises (SME).

The Commercial & Business Banking (CBB) Directorate in 2014 continued to implement the strategic theme of "Total Solutions" for Commercial Banking customers and "Quick and Easy" for Business Banking customers. "Total Solutions" are represented with the provision of best solutions in the form of bundling of assets, liabilities and fee-based products in line with customer needs and supported by e-Channel system use with an objective to raise cheap fund and fee-based income from low-risk products. "Quick & Easy" are represented in the form of wide and distributed networks for easy customer transactions, competent Human Resources and supported by a process acceleration system.

The year of 2014 was the last year for Bank Mandiri in implementing its Phase II of Corporate Plan (2010-2014). The CBB Directorate in 2014 continued the "Profitability Building" phase which was started in 2013, amid economic challenges in 2014. The selected strategy focused on three main matters, including bank liquidity improvement, better earning assets quality (in this matter is credit quality) and higher margin. The developed initiatives will focus on those related to market penetration and building the comprehensive marketing capability of Relationship Managers (RM) through planned and measured coaching and training programs.

STRATEGY FOR COMMERCIAL & BUSINESS BANKING BUSINESS DEVELOPMENTS IN 2014

Sluggish economic conditions in 2014 became a challenge for the CBB Directorate. The challenges include tight liquidity, higher interest rates and lower assets quality potential. Consequently, the Directorate prioritized a strategy which maintain liquidity, assets quality and profitability, with the following strategic initiatives:

1. Cheap Fund/ Current Account Saving Account (CASA) Growth Program

The program for higher CASA is performed to support higher liquidity of Bank Mandiri. In this event, the CBB Directorate put more focus in managing CASA sources from CBB customers, from potential customers in each region, and provided solutions for customer business chains. CBB Directorate implemented the following initiatives:

a. Program to increase customer operating account fund

Increase in CASA from customer operating account fund is performed through a number of work programs, including transfer of customer operating transactions from working capital loans (KMK) to current account, promote wholesale transaction products package such as for foreign currency transaction, current account value chain products such as notional pooling, cash pooling, virtual account, higher use of cash management, trade finance and bank guarantee.

b. CASA improvements program through transaction business developments in priority sectors in each region.

The CBB Directorate uses sector developments which provide regional support. In 2014 the Directorate performed CASA improvements program in priority sectors including seaport, health, cement, telecommunications, oil & gas,

plantation and fast moving consumer goods. The initiatives offered transaction and customized service solution packages tailored to the needs of large and complex customers (tier I category customers). Other customers are offered a more standardized transaction products/solutions.

c. CASA improvement program from anchor customers and value chain products

Most of the value chain business from anchor customers are from the Commercial and Business Banking customers. This show a large business potential for CASA improvements for the CBB Directorate. Several initiatives taken in the Directorate include development of Distributor/ Supply Chain Financing solutions to value chain customers. The program is to increase customer wallet share particularly cheap fund, fee-based income and derivative products from the value chains. Customer cash flows and value chain transactions will be conducted in Bank Mandiri.

2. Assets quality improvement program

Second priority of CBB Directorate strategy is maintaining the assets quality for Commercial Banking and Business Banking segment customers. The following initiatives are performed:

a. Front-end

Front-end initiative is to improve the quality of prospective customers, following the phase of mutual discussion between business unit and risk unit thus risk appetite is maintained at the desired level.

For Business Banking segment, seven customer targets are set, including identification of prospective customers from internal customer base particularly fund customers, referral from branch offices, and value chain from corporate/ commercial customers. Moreover, credit process improvements are also performed for Business Banking (BB) business process with credit limit

up to IDR500 million through the impl2 of the BB Low Line.

The Pipeline management system which is integrated in the CBB Dashboard (C-Dash) online system is used to monitor customer prospects. To execute the pipeline, the CBB Directorate uses the four execution disciplines.

b. Mid-end

Mid-end initiative is to improve the monitoring process over the managed portfolio. The following initiatives are performed by the CBB Directorate:

1. Covenant Day implementation is an activity to encourage discipline for checking the fulfillment of terms, conditions, and covenants set forth in the credit facility/ cooperation decision, and the covenants day is also to maintain order in credit documentation, maintain credit monitoring discipline, and maintain credit portfolio quality. The activity is performed every three months by including the three pillars of Business Unit, Risk Unit and Credit Operation.
2. Watchlist implementation, which is monitoring for customers in the watchlist based on the aspects of payment capability, business performance and business prospect which require close follow-up supervision.
3. System monitoring implementation in the form of e-OTS application. The e-OTS application is a tool for easier preparation of customer visit report (LKN) by RM and facilitate RM activity and collateral location monitoring.

4. Desk Collector implementation for Business Banking segment, for collection monitoring and maximization for customers in watchlist with non-performing loan potentials and for early warning system.

c. Back-end

Back-end initiative is to improve collection process for non-performed loans, by increasing coordination with the Special Asset Management Group, Commercial Risk Group and Retail Risk Group.

For the Business Banking segment, process improvements are in pre-auction and auction process for collateral for higher collection rate and recovery rate.

3. Profitability improvement program

The CBB Directorate is one of the business growth engines for Bank Mandiri and the Directorate must maintain a good credit yield growth in the Commercial Banking and Business Banking segment. 2014 saw several credit interest rate adjustments in line with higher fund cost. Yield adjustment is selectively performed by considering credit quality condition. On the other hand, efforts to increase non-credit profitability continued, including by fee-based income (FBI) potential improvements from transactions.

Beside the above strategies, the CBB Directorate also performed organizational capacity and capability improvement initiatives to "build the future". The following work programs are performed:

1. Leadership and competency improvement program

RM competency improvement is performed systematically, structurally and continually towards the creation of expertise in various industry sectors. In general the human resources development programs performed in 2014 are grouped into four, including:

- a. New RM development program, including basic

RM capability training from customer financial analysis, risk measurement, legal aspect and the like, to on the job training and mentoring from senior RM.

- b. Senior RM development program, which focused on team management, coaching and leadership.

- c. Nine RM competency improvement program, whereas each RM is required to master nine skills to execute the pipeline management system, including targeting, data gathering, structuring, negotiating, presentation, documentation, execution, monitoring and evaluation.

- d. Motivation journey program is implemented in all regions in Indonesia with an objective as media for consolidation, harmonization, comprehension and refresh that the role of RM is not limited for business, but also an active role in leveraging the national economy.

2. New network opening and optimization

Organizational capacity development through network intensification and extension is a continued sustainable program. In the Commercial Banking segment, organizational development is focused on intensification process of human resources recruitment in the available network. In the Business Banking segment, organizational development is focused on expansion to widen potential area coverage for presence in each regency in Indonesia. In 2014, Business Banking network expansion consisted of the opening of 5 Business Banking Centers (BBC) and 15 BB Floors. By the end of 2014, the Commercial network consisted of 24 Commercial Banking Centers (CBC), 25 Commercial Floors, and the Business Banking network consisted of 46 Business Banking Centers, 95 BB Floors, 109 BB desks and 68 Mandiri Bisnis.

To build marketing skills and area control ability as supported by market conditions and business characteristics comprehension for each region, the prioritized human resources recruitment are

those originated from the region. Total recruitments in 2014 stood at 546 people, consisting 100 for Commercial Banking and 446 for Business Banking. Total employees in the CBB Directorate stood at 3,427 people, comprising 882 in Commercial Banking and 2,545 in Business Banking, with 57% of them are still young, with age of no more than 30 years.

3. Fee-based income from the CBB Directorate is supported by credit- and wholesale-related transactions, including Cash Management, Bank Guarantee and Trade products. Fee-based income in 2014 rose 10.5% from 2013, comprising IDR0.9 trillion in commercial segment and IDR0.7 trillion in business banking segment.

ACHIEVEMENT IN 2014

Appropriate work programs and strategic initiatives in the CBB Directorate, supported by execution discipline in 2014, resulted in impressive results. The following achievements are recorded in 2014:

1. The CBB Directorate managed to raised IDR198.7 trillion in fund in commercial and business banking segment (including mutually managed fund with branch offices in regions, mirroring), a growth of 24.8% compared to 2013. The fund composition is IDR45.2 trillion from commercial and IDR153.5 trillion from business banking segment. With such achievement, the market share of commercial fund stood at 21.7% (November 2014), whilst the share of business banking segment stood at 15.2% (November 2014).
2. The Directorate recorded 20.1% growth in distributed credit to IDR196.2 trillion in 2014 compared to 2013, comprising IDR138.9 trillion in commercial segment credit and IDR57.3 trillion in business banking segment credit. The growth drove commercial credit market share to 12.7% (November 2014) and market share of business banking segment rose to 16.6% (November 2014). Gross NPL rate for the Directorate in 2014 stood at 1.42%, with NPL in commercial segment at 0.93%, and NPL in business banking segment at 2.59%.

COMMERCIAL & BUSINESS BANKING PROFITABILITY

In 2014 the CBB Directorate secured net sharia and interest income of IDR7.1 trillion. Other operating income in 2014 stood at IDR1.6 trillion. The CBB Directorate contributed IDR5.7 trillion in profit for 2014.

The achievement and improvements in financial performances of the CBB Directorate in 2014 are due to clear target and work program setting, implementation discipline and strong coordination with Risk Management and Credit Operations as the "Three Pillars".

WORK PLAN AND STRATEGY FOR 2015

The year of 2015 is the first year for the third phase of Corporate Plan of Bank Mandiri (2015-2020). Following organizational change in the Bank which is tailored to support the achievement of 2020 Corporate Plan, with a direction of decentralization in each area, the CBB Directorate will see an organizational structure to become the Directorate of Commercial Banking. The Commercial Banking unit in head office will continue to be under supervision of the Commercial Banking Directorate whilst supervision for the Business Banking unit is transferred to the Micro & Business Banking Directorate. Supervising Commercial Banking unit in decentralized area will be in all areas, but customer management strategy coordination will continue to be under supervision of the Commercial Banking Directorate. Business Banking management will be under coordination of area office or at branch office of Bank Mandiri.

STRATEGY OF THE COMMERCIAL BANKING DIRECTORATE

Strategy of the Commercial Banking Directorate is a part of wholesale strategy of the Bank Mandiri Corporate Plan, with the main strategy of “deepen client relationships”. Several strategic initiatives to be developed in the Commercial Banking include:

1. Enhance Service Excellence

Initiative to strengthen relationships with large customers in the area level is through the provision of customized services to be tailored to the business potentials and customer needs.

2. Develop Sector Solutions

Three sectors to be the focus of the 2015 Corporate Plan include Healthcare, Plantation and FMCG. The Commercial Banking Directorate will also drive commercial business growth in other priority sectors by considering the leading factors in each area.

3. Build Out Sector Expertise

Expertise building program by trainings to improve competency of Relationship Manager through general and per sector trainings to improve RM productivity in mastering and studying the leading sectors.

TREASURY, FINANCIAL INSTITUTION & SPECIAL ASSET MANAGEMENT

The Directorate of Treasury, Financial Institutions and Special Asset Management (TFS) contributed significantly to the Bank performance. TFS Directorate holds a vital role as the heart of the bank in managing reliable treasury function in assets and liability management, international business growth, active and progressive capital market supporting agency, optimal non-performing loan management and efficient procurement for goods and services according to the Bank's needs. Moreover, the TFS Directorate is also responsible for overseas office developments and supervision (in Singapore, Hong Kong, Shanghai, Cayman Islands, Bank Mandiri (Europe) Limited) for growth and able to provide optimum overall contribution, and trust or custody service to support state programs in accommodating assets custody of oil and gas companies for saving and managing of foreign currencies from exports by reliable and trustworthy bank in the Indonesian banking system. Featured products in this unit are Forex, Bonds, Derivatives, Counter-based Bank Guarantee and Custody.

BUSINESS DEVELOPMENT STRATEGY OF THE TREASURY, FINANCIAL INSTITUTION & SPECIAL ASSET MANAGEMENT FOR 2014

Several strategies which are performed by TFS Directorate in 2014 to develop its business in focus to wholesale remittance, trade and capital market services as marketed with product bundling are:

1. Develop non-LC Trade Finance, which is trade transaction financing facility with non-LC underlying to correspondent banks and perform agreement integration and marketing intensification for trade finance products to correspondent banks to develop the trade business.
2. Increase custody system and develop capital market-related products including sharia custodian to maintain the Bank's market share in the capital market business. This is important to maintain Bank Mandiri's position as the leading counterparty with customers of bank and non-bank financial institutions.
3. In non-performing loan management, the TFS Directorate maintains the NPL gross ratio to be under control through the optimization of Early Warning System (EWS) and pro-active Joint Effort. This is performed continuously for early management of debtors with default potentials. Credit management is focused on the front-end when debtors are still handled by business unit. For uncooperative debtors, the Bank will perform legal summon, collateral liquidation optimization through national auction and improve its legal actions.
4. Bank Mandiri is continuing its development plan for the new office building and building renovation in main cities in Indonesia and assets optimization for management and developments. This is in line with the implementation of Corporate Real Estate (CRE) concept of the Bank, which is an integrated assets management concept in head and regional offices.

5. The Procurement unit has improved its business process in line with the Procurement Roadmap for 2011-2014, which is action plan implementation to Procurement Excellence through joint collaboration with internal and external stakeholders to increase the added values.

ACHIEVEMENT IN 2014

In 2014 the Treasury, Financial Institution & Special Asset Management Directorate recorded IDR4,272 billion in fee-based income, consisting of IDR1,673 billion from credit write-off cash collection, IDR1,599 billion from forex business, IDR86 billion from custody business. The Treasury business also controls 30.4% of national banking foreign currency transactions market share with a volume growth of 13% (YoY), or USD222 billion. Money market transaction volume grew 52% (YoY) to USD205 billion and securities volume transactions with customers rose 36% to IDR4.05 trillion.

The achievements of the Treasury, Financial Institution & Special Asset Management Directorate are due to the implementation of the following programs:

1. The TFS Directorate managed to improve and strengthen medium and long-term USD and Rupiah financing structure and also to anticipate slower global economic recovery process. The Directorate secured USD565 million in bilateral loan facilities from global-scale banks for a period of three years. The Directorate also secured IDR0.90 trillion in bilateral loan and repurchase transaction facilities from global-scale banks for a period of three to six years. The provision of facilities showed that global financial markets still trust Bank Mandiri.
2. The TFS Directorate supports a more intensive remittance business through development of innovative products and expansive marketing strategy. Remittance transactions rose in 2014 and controlled 14.38% of national banking market share volume.

Bank Mandiri as a payment bank for capital market settlement transactions is always seek for mutually beneficial cooperation with exchange members. Bank Mandiri, with a support from TFS Directorate, continues to support the members by investor account opening. Custodian service of the Bank, which is portfolio securities custody grew by 12.8% from previous year. The custodian service is not only for domestic and international securities, but also administration of investment products including mutual fund, individual customer fund management (PDNI) and assets-backed securities (EBA) collective investment contract (KIK). Moreover, trustee service of the Bank also grew, by offering the following services: escrow agent, paying agent, security agent and receiving bank for companies which are planning an Initial Public Offering (IPO).

3. In credit recovery, the TFS Directorate managed to collect IDR1,673 billion from written-off debtors. Non-performing loan management is progressing smoothly with appropriate account strategy, thus bringing positive impact to the Bank. Legal actions including suspension of debt payments obligation (PKPU) and bankruptcy and court collateral execution or civil lawsuit are performed to uncooperative defaulted debtors.
4. For assets management and developments as a part of the Bank's plan to establish a Corporate Real Estate Group, the TFS Directorate has built several landmark office buildings in Mataram, Solo, Palembang and Balikpapan, and improved the infrastructure and general facilities maintenance in Head Office buildings.

Moreover, the Directorate also developing the Wijayakusuma integrated area in West Jakarta over 20 hectares of land, consisting office complex, Mandiri University, multi-purpose building and residential complex. The area is scheduled for completion in 2017. By the establishment of Corporate Real Estate Group, it is projected that the Bank's assets will be professionally and optimally managed to provide revenue and additional capital to the Bank and provide supports in quality infrastructure for operation and business developments of the Bank towards the Best Bank in ASEAN in 2020.

5. Procurement strategy improvements to be more effective, efficient and higher quality are the main concern of the TFS Directorate. Aside from implementing action plan for Procurement Excellence, the Directorate has also implemented the cross functional team initiative through joint planning session for Information Technology (IT) and non-IT project procurement in effective, efficient and timely manners. To improve the procurement business process, the TFS Directorate performed a lot of innovations to accelerate the procurement and payment process, including office stationery ordering system, online promotion and hardware e-ordering, 24 hours response for procurement demand and improvement for website-based delivery report monitoring to accelerate the payment process and online building development monitoring report system. Procurement process in regional offices and subsidiaries is also strengthened through announcement and benchmarking of procurement regulations and process to all procurement officers in regional offices and subsidiaries.

In 2014, the Directorate was involved in procurement process for 231 IT and non-IT strategic initiatives and over 2,000 routine procurement to support all work units for business developments, including the initiatives for system developments in several work units, installation of 4,195 units of Automatic Teller Machine (ATM), 290 units of Cash Deposit Machine, four units of ATM Drive Thru, ten units of ATM Mobile, five units of MobilMU, opening of 51 new branch offices across Indonesia and infrastructure provision for 200 units of MMU, 35 branches of MMU and 20 clusters.

6. In 2014, the TFS Directorate received awards from various parties, including "Best Foreign Exchange Bank" from Finance Asia, "Best Domestic Providers of Interest Rate Services" from Asiamoney and "Best FX Bank for Corporates and FI" from Alpha South East Asia. The awards proved the commitment of the Directorate in providing the best services in treasury and trade for all customers.

PROFITABILITY OF TREASURY, FINANCIAL INSTITUTION & SPECIAL ASSET MANAGEMENT DIRECTORATE

The TFS Directorate continues to maximize opportunity to increase revenue and transaction volume, and control business risks. In 2014 the Directorate recorded 10.25% growth in revenue to IDR7,077 billion from IDR6,419 billion in 2013. The Directorate contributed IDR6,993 billion to net income of the Bank in 2014, a growth of 5.25% from IDR6,644 billion in 2013.

WORK PLAN AND STRATEGY FOR 2015

In 2015, the TFS Directorate will change its name to Treasury & Markets Directorate, following the transfer of credit recovery and procurement functions to other directorate. The TFS Directorate will then handle Treasury Group, International Banking & Financial Institutions Group and overseas offices, and supervision of PT Mandiri Sekuritas as a subsidiary company.

From 2015 Treasury will use a new Treasury Core System to improve treasury service quality in the Bank Mandiri network. Moreover, all branch offices will also use customer foreign currency transactions monitoring system. The system will support real time monitoring of all foreign currency transactions. The current e-FX service scope will be expanded to service all customer segments, including wholesale, retail and financial institutions. From 2015, the TFS Directorate and all subsidiary companies of Bank Mandiri will implement an integrated plan to increase securities transactions. The plan will increase revenue from securities and stimulate bonds market in Indonesia.

In the Financial Institutions Coverage & Solutions, main business of the TFS Directorate will continue the focus on wholesale remittance, trade and capital market services to be marketed as product bundling. Using mutually supportive alliance between internal work units of the Bank, the current business lines are expected to provide optimal revenue contribution. One of the trade business developments is the non-LC Trade Finance, a trade

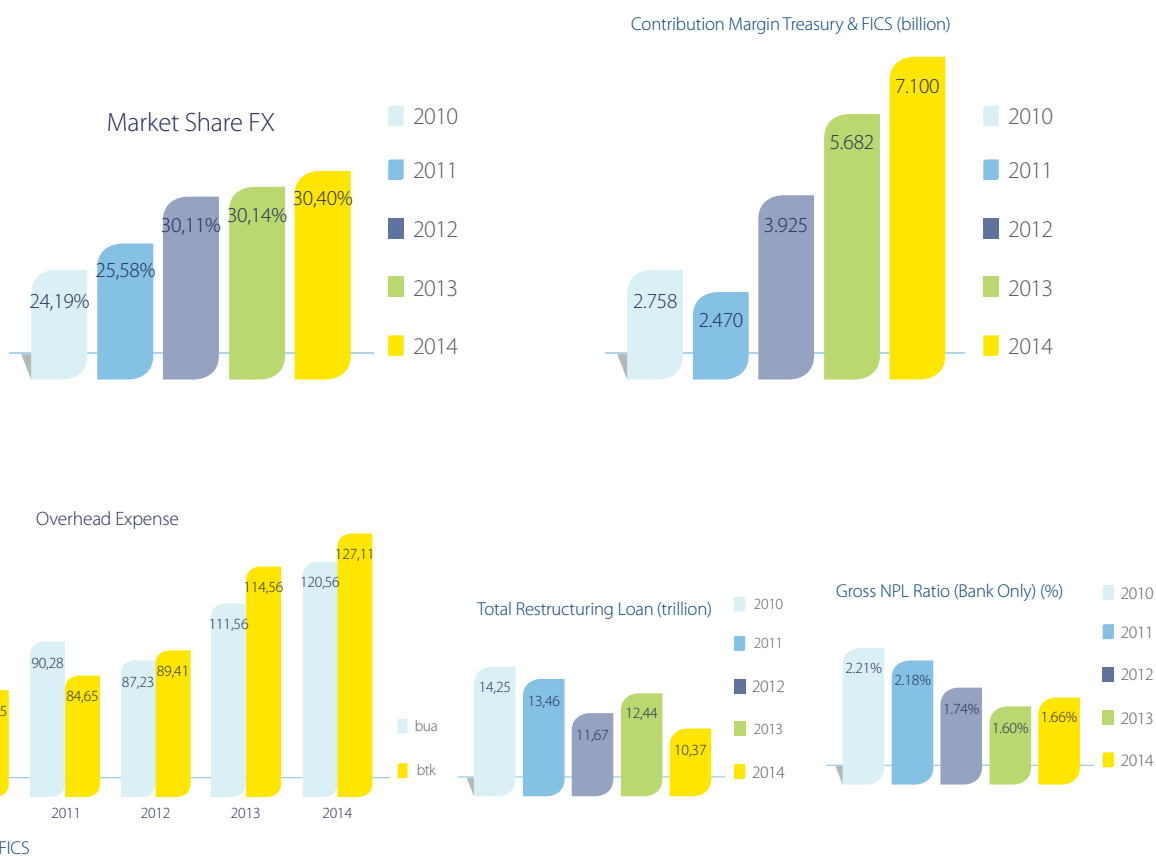
transaction financing facility with non-LC underlying to correspondent banks. Other strategy is agreement integration to trade finance products and market intensification of the products to correspondent banks. In capital market sector, the development of custody system will be continued to adjust to new regulations. Sharia custodian service business developments and the custodian bank service business for assets-backed securities and mutual funds will be continued to support the growth in market share and the achievement of 2020 vision in capital market sector. Capital market business developments will also support the Bank's position as leading counterparty with FI customers (bank and non-bank).

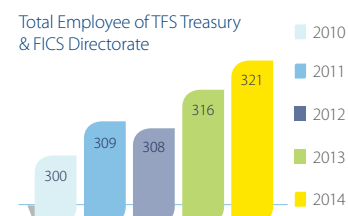
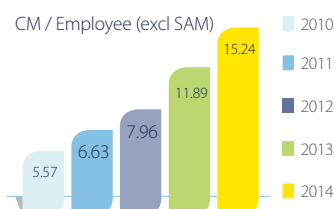
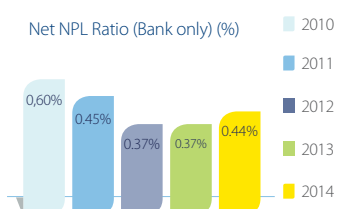
In non-performing loan management plan, the next challenge is maintaining gross NPL ratio amid sluggish macroeconomic conditions in 2015. Proactive Early Warning System (EWS) and Joint Effort optimization will be continued with business units for early management of debtors with default potentials, a key to success for the Bank in guarding its NPL ratio. With improved EWS and Joint Effort, non-performing loan management is not solely focused on back-end process, but also on front-end. For uncooperative debtors, the Bank will continue its legal summon, collateral liquidation through national auction and legal actions.

Management of the Bank's assets will be under the Corporate Real Estate Group, which will continue its innovation in managing commercial and non-commercial property assets particularly for underused assets. Announcement and communications with regulators and government will be improved to support the assets optimization thus the assets will be in compliance with the regulations and give added values in revenue and capital gain. To support bank business and operating interests, the CRE Group will continue the construction and maintenance of office buildings and official residence including the construction of office buildings in Medan, Denpasar, Jayapura and Jakarta (building in Kasablanka area). The assets management will be performed in integrated and sustainable manners by involving all assets management work units, in Head Office and regional offices and supported by the Integrated Technology Property System.

Work plan and strategy of the Procurement unit is improving the business process following the Procurement Roadmap for 2015-2020, which is Road to Procurement for One Mandiri with a system which could support procurement culture for all procurement process in the Bank. Moreover, improvements are made in business process quality and speed, and procurement process

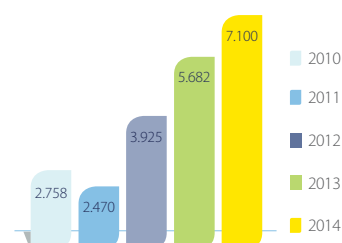
transparency through various initiatives including distribution network transformation through adjustment to procurement process and the establishment of quality control for area-based procurement, integrated procurement system and culture spreading to all stakeholders.



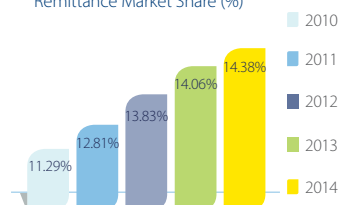


Treasury & FICS

PFA Procurement Value (billion)



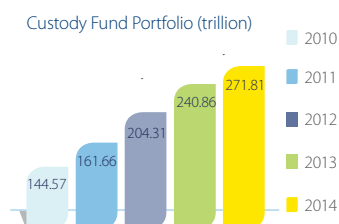
Remittance Market Share (%)



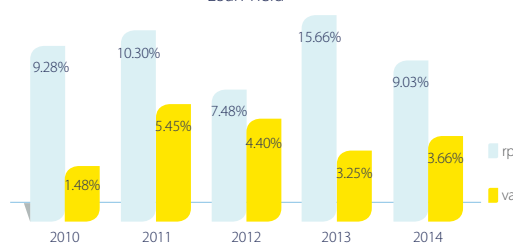
Cost of Liabilities



Custody Fund Portfolio (trillion)



Loan Yield



MICRO & RETAIL BANKING

The business unit is managed by the Micro & Retail Banking Directorate. Management focus is on loan distribution to individuals in micro scale, other products and services to individual customers including third party fund, payment transactions and other transactions for retail customers. To support the Bank's aspiration to become the leading retail bank in Indonesia, in 2014 the Directorate conducted new strategic initiatives with a result of impressive achievements in market share, financing composition, fee-based income, customer base, total transactions and scope of distribution. The Bank managed to reach the achievements amid tight business competition and various challenges from economic and political conditions.

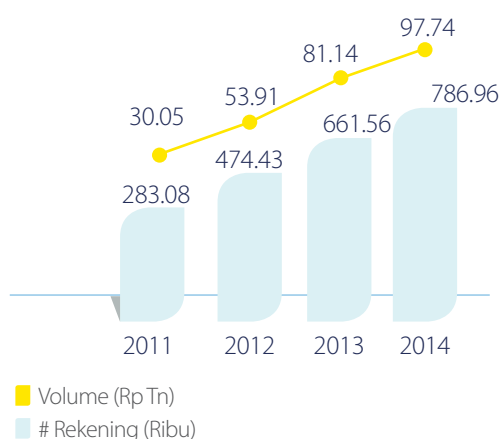
Although facing challenges and competition, the Micro & Retail Banking Directorate kept its focus on the main vision, to become the leading retail franchise through the main strategy of expanding customer base, widen network, meet customer transaction need and improve financing composition.

BUSINESS DEVELOPMENT STRATEGY OF THE MICRO AND RETAIL BANKING DIRECTORATE FOR 2014

In 2014, the Micro and Retail Banking Directorate tried to be the best through the implementation of strategic initiatives, including:

1. Network expansion by adding 52 branch offices, 3,830 ATMs and 40,000 EDCs bringing the total to 1,415 branch offices, 15,344 ATMs and 270,352 EDCs.
2. Continuing the Value Chain and Cluster strategies to increase funding from business savings or cheap fund. Moreover, the Micro and Retail Banking Directorate launched the TabunganMU (Mitra Usaha) product for micro segment which contributed significantly in 2014.

Tabungan Bisnis



TabunganMU



3. Strengthen and increase customer loyalty by promoting Fiestapoin to attract and drive customers to perform transactions through Bank Mandiri channels and to increase their savings. For micro banking, credit is aggressively distributed to increase the Bank's total portfolio whilst continue to maintain NPL ratio.
4. Maintain and increase the quality of The Best Service Excellence in all business frontlines of the Bank.
5. Increase alliance and strategy with other business units and subsidiary companies. The alliance is expected to support the Bank's market share in retail payment sector.

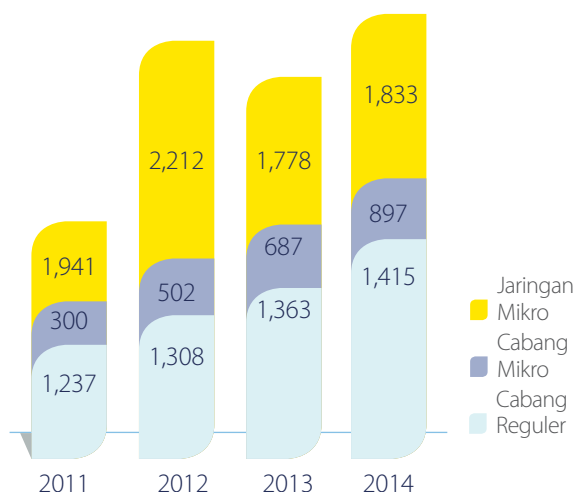
Through strategic initiative implementation and quality service level, Bank Mandiri is optimistic to be the first choice for customers for banking transactions to realize its vision as the leading micro and retail bank in Indonesia.

ACHIEVEMENT IN 2014

In 2014, the Micro & Retail Banking Directorate faced various business challenges and challenging economic conditions, but managed to record very significant achievements. The achievements are secured by the Directorate by focusing on network expansion, financing composition improvement and strengthen customer loyalty. Total accounts in Bank Mandiri stood at 15 million accounts in 2014, a growth of 12.4% from 2013.

To support network expansion to be closer to the customers, Bank Mandiri added 52 new regular branch offices bringing the number of regular branch offices from 1,363 in 2013 to 1,415 in 2014. Moreover Bank Mandiri also improved services to micro customers by network expansion, bringing the total number to 1,127 micro units, 897 micro branches and 706 micro outlets across Indonesia. Moreover, Bank Mandiri also has special office network for priority customers. As of the end of 2014, the Bank controlled 55 priority outlets and 54 priority lounges.

Network Data



Beside branch office network, Bank Mandiri also supported its customers by adding and expanding its ATM network. In 2014, Bank Mandiri added 3,830 units of ATM bringing the number of ATMs across Indonesia to 15,344 units. Total customer transactions reached 684 million, a growth of 7.29% compared to 2013. In 2014, Bank Mandiri operated 57 mobile ATMs which offer cash, account opening and ATM services in the following cities: Jakarta, Bandung, Semarang, Surabaya, Medan, Palembang, Batam, Malang, Yogyakarta, Pekanbaru, Makassar, Banjarmasin and Denpasar.

Bank Mandiri also expanded the EDC network from 230,352 units in 2013 to 270,352 units in 2014. Total transactions in 2014 rose 21% to 104.7 million transactions from 86.5 million transactions in 2013. EDC network is one of the main channels of the Bank to support business accounts.

Other electronic channels which enable customers to perform banking transactions anywhere and anytime lain are mobile banking and internet banking. In 2014, mobile banking transactions rose 140.2% to 68.9 million from 28.7 million in 2013, whilst internet banking recorded 41.1 million transactions. The Bank also innovated further after launching Mandiri e-Cash in 2013, by unveiling Mandiri Fiestapoin in 2014.

In prepaid card segment, Bank Mandiri has e-Money cards (including e-Toll Card, Indomaret Card, and Gaz Card), with 42.9% growth in issuance to 5 million cards in 2014 from 2013 and recorded 143 million transactions worth IDR1.6 trillion in 2014.

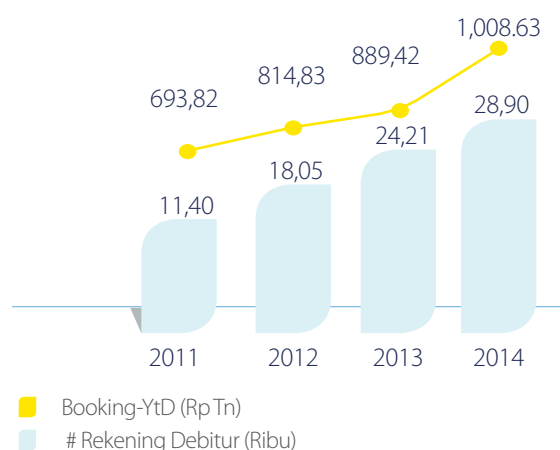
Every year Bank Mandiri improves third party fund composition by increasing reliance to the fund. In 2014, third party fund in the Micro & Retail Banking Directorate rose 17.9% to IDR402.9 trillion from 2013, and savings

volume rose 7.4% to IDR224.4 trillion from IDR208,9 trillion in 2013. The achievement resulted in 68.2% contribution of cheap fund to total third party fund in the Bank for 2014.

Using the number and coverage of regular branch offices and priority outlets, in 2014 Bank Mandiri managed to sell IDR2 trillion in retail government securities (ORI-011), which reflected 9.5% of national sales, and IDR2.2 trillion in retail sukuk (SR-006), which reflected 11.5% of national sales.

Micro segment financing also recorded an impressive growth, with total credit portfolio growth by 33.3% to IDR36 trillion in 2014 compared to 2013. The growth was followed by proper precaution, with NPL ratio at 2.91% in 2014.

Kredit Mikro



Realization	2012	2013	2014
SV Debit Card	27,654,229	37,517,402	46,847,859
Total Debit Card Trx	39,440,202	51,314,365	62,587,363
FBI Debit Card (card Admin) IDR billion	177.29	241.58	300.47
FBI Prov Kom Debit Card (IDR billion)	139.15	143.78	198.71

AWARDS

in 2014 the Micro & Retail Banking Directorate received the following national and international awards:

Best Service Quality Award 2014 (Diamond) from Service Excellence

Golden Peacock Award di Mumbai, India

Corporate Engagement Awards (CEA) in London, UK.

PROFITABILITY OF MICRO & RETAIL BANKING DIRECTORATE

In 2014 the Micro and Retail Banking Directorate managed to record 45.11% growth in net sharia and interest income to IDR17,436 billion from IDR12,016 billion in 2013. Other operating income rose 12.92% in 2014 to IDR5,487 billion from IDR4,860 billion in 2013. The Micro and Retail Banking Directorate recorded a Contribution Margin of IDR12,843 billion in 2014.

WORK PLAN AND STRATEGY FOR 2015

In 2015 Bank Mandiri will implement new Corporate Plan, with the separation of the Micro & Retail Banking Directorate, which formerly managed retail deposit, mass market, priority customer, micro credit and network, into three separate directorates, Micro & Business Banking Directorate, Consumer Banking Directorate and Distributions Directorate.

Mass Banking Group and Wealth Management Group and Consumer Finance Group will be under the Consumer Banking Directorate. Micro Business Development Group and Value Chain unit are merged with Business Banking Group in the Micro & Business Banking Directorate. Network function is focused in a separate directorate, the Distributions Directorate. The Bank's business model will continue to focus on high yield loan, low cost fund and network strengthening segment.

BUSINESS BANKING SEGMENT STRATEGY

Business Banking segment is a part of retail segment with high growth potentials and has strategies to accelerate the segment growth. Several strategic initiatives to be developed include (i) develop SME sector-based strategy, and strategy to capture derivative businesses from customers of Corporate Banking and Commercial Banking in five priority sectors, including Healthcare, Oil & Gas, FMCG, Telco and Construction. Target of the business banking segment is financial transactions and financing in suppliers and distributors of anchor customers as managed by Corporate Banking and Commercial Banking, (ii) develop and roll-out 'SME-ready' branches, development program through SME business integration in branches by mapping the SME potentials and branch network completeness, (iii) increase the effectiveness of EDC cross selling for SME customers including retailers, hotel and restaurant through credit product bundling and EDC and loyalty card program for merchants and customers, (iv) micro transition and 'high grow' startups, strategy to service the customers following their business growth. In this matter Bank Mandiri will provide product bundling packages which are tailored to customer business size and followed by financial education program as required by SME segment customers, (v) develop Wealth Propositions to SME, retention program to business banking segment customers which are mainly individual businessperson, by providing product bundling with priority products and services, including priority card for individual businesspersons who meet certain criteria, (vi) SME branding & loyalty campaign, branding development strategy for SME of Bank Mandiri as supported by loyalty programs, including TVC in national and local TV, SME education in several cities and the provision of a portal for communications between SME customers.

CONSUMER FINANCE

In managing the consumer segment, the Consumer Finance Directorate as supported by Branch network and strategic partner through cross selling, managed to grew by 14.3% or 3.4% above market growth with a total credit distribution of IDR64.7 trillion.

The Consumer Finance Directorate is responsible for managing consumer credits including Housing Loans (KPR), Personal Loans (*Kredit Tanpa Agunan*), Vehicle Loans, Credit Cards and developing General Insurance business from 2012.

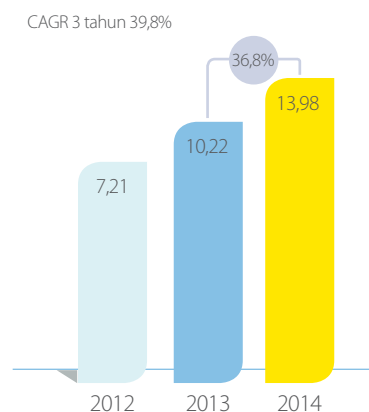
In 2014, Bank Mandiri continued its innovation in improving services, marketing network expansion and development of new programs and products which are more segmented to support the business performance and growth of the Consumer Finance Directorate.

CONSUMER FINANCE BUSINESS DEVELOPMENTS STRATEGY FOR 2014

Consumer Finance business of Bank Mandiri continued to grow in 2014 amid tight competition in consumer banking segment and regulations of Bank Indonesia. Total credit distribution rose 14.3% to IDR64.7 trillion from IDR56.6 trillion in 2013, faster than national growth of consumer financing industry at 10.8%. With such faster growth, the Bank's credit market share in 2014 rose 0.2% to 6.4% compared to 2013. The Directorate also strengthened its risk management and precautionary principle thus non-performing loan ratio is maintained at 1.9%. With such achievements, net interest income from the consumer segment stood at IDR2.9 trillion and fee-based income stood at IDR1.6 trillion. The Directorate recorded an overall net margin of IDR2.5 trillion for the year.

Vehicle credit distribution under the joint finance scheme by a subsidiary, Mandiri Tunas Finance (MTF), rose 39.8% (or 36.8% YoY) in 2014 to IDR13.9 trillion amid a regulation on down payment (DP) from Bank Indonesia.

Vehicle credit (IDR trillion)

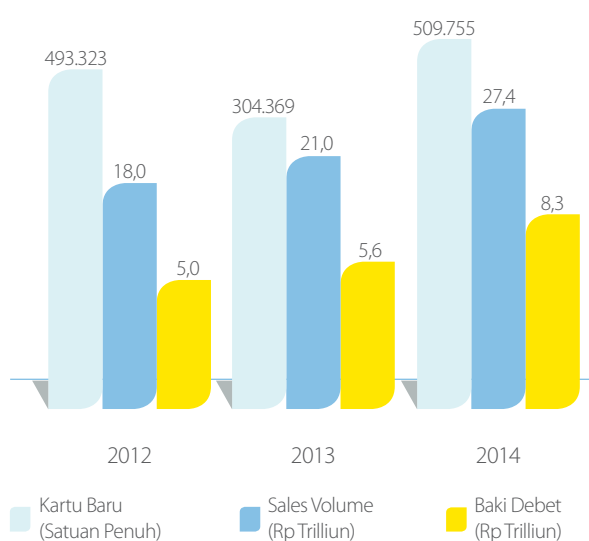


MTF continues its distribution network expansion, currently with 88 branch offices across Indonesia. The company also improved its service quality to customers, including by faster process and offering competitive interest rates. Moreover, MTF also synergizes with various business units in Bank Mandiri, including with branch offices and Corporate Banking and Commercial & Business Banking.

Aside from vehicle loan, the Bank also recorded 22.4% growth in personal loans in 2014 to IDR11.9 trillion compared to 2013. The personal loans distribution is focused on corporate employees who managed payrolls through Bank Mandiri.

Credit card business of the Bank recorded satisfying results in each and every leading indicators in 2014. New card issuance rose 67.5% or 510,000 compared to 2013, bringing total number of credit cards to 3.7 million. Using attractive marketing programs, the Bank recorded 30.4% growth in sales volume to IDR27.4 trillion compared to 2013. Sales volume growth from new cards was relatively stable in supporting debit transactions in the past three years, with average growth rate of 24.5%. Compared to 2013, debit transactions rose 47.5% to IDR8.3 trillion in 2014, a significant market share of 13.1% in the industry. The Bank uses the achievements in 2014 as a strong foundation to reach its target as the leading credit card business in Indonesia by 2020.

Credit Card Achievement



Moreover the general insurance business as developed through a subsidiary, Mandiri AXA General Insurance (MAGI), recorded a rapid growth. The company recorded 64.5% growth in premium income to IDR646 billion in 2014, and for the first time recorded IDR1.4 billion in net income after three years in operation. In 2014 MAGI will continue rely on cooperation with Bank Mandiri business units including Consumer, Micro, Business Banking, Commercial and other subsidiary companies, particularly Mandiri Tunas Finance which provided very good contribution to the company's business portfolio. To support the business volume growth, MAGI performed supporting initiatives including new products, human resources developments, service improvements for strategic business partners and customers, and supply matching information technology system to the company's needs. Currently MAGI has established a cooperation with 328 workshops in 90 cities and provided Emergency Road Assistance (ERA) service in eight major cities.

AWARDS IN 2014

In 2014, Bank Mandiri received various awards in the "Top Brand Award 2014" as "Top Brand in KPR Category", "Pariwara Mitra Keluarga Award 2014" as "Winner in Financial Service Category", "9th Property & Bank Award of 2014" as "Bank with the best services", "Indonesia WOW Brand 2014" as "Bronze Champion of Indonesia WOW Brand 2014 Category Mortgage (BUKU IV)".

Moreover, credit card business of the Bank received numerous awards, including in Asia Pacific, "RBI Asia Trailblazers Award 2014" for "Process Excellence in Loan Origination", "Best Segment Solution Award" on "Master Card Innovation Forum 2014", "Most Favorite Women Brand 2014" for "Credit Card", "Service Quality Diamond Awards 2014" for "Platinum Credit Card and Regular Credit Card" and "Customer Satisfaction Award" from Roy Morgan.

CONSUMER FINANCE PROFITABILITY

In 2014 the Consumer Finance Directorate recorded IDR2.92 trillion in net sharia and interest income and IDR1.58 trillion in other operating income. The Consumer Finance Directorate contributed IDR2.49 trillion to net income of Bank Mandiri in 2014.

WORK PLAN AND STRATEGY FOR 2015

Consumer Finance business development in 2015 will continue its focus on retail financing particularly for holding products, strategic partner and segment with high growth potentials. This is in line with the Bank's corporate plan to be the leader in housing loans (KPR), personal loans, credit cards, vehicle loans and general insurance business.

Work plan of the Consumer Finance Directorate is directed to synergy with distribution network and other business units in Bank Mandiri, target market refining in each potential area, more customer-oriented product developments and competitive pricing strategy with a support from dynamic risk management. Total branch networks at over 1,400 regular branch offices and total customers of over 13 million are a competitive advantage for the Consumer Finance Directorate for wider and more aggressive penetration. Strategic alliance is performed by optimizing branch networks including referral and cross selling of KPR, personal loans, credit cards, vehicle loans and general insurance products.

Bank Mandiri believes that the KPR business will grow and the Bank will maintain its position as one of the market leaders in the business. The Consumer Finance Directorate will continue developing KPR business by increasing cooperation projects and marketing programs and joint promotion with developers, increase internal alliance in KPR distribution, increase the contributions of secondary mortgage, product/pricing strategy and better service and business process.

In personal loans business, Bank Mandiri developed payroll-based high yield program with a focus on strategic alliance with other business units in the Bank, particularly

to penetrate the companies which are the corporate payroll customers of the Bank. The program will feature attractive products and interest rates. Moreover, market expansion is also performed by improving holding products of existing customers through cross selling and pre-approved programs for customers with certain criteria.

Mass affluent significant market growth in Indonesia, credit card penetration which still can be improved, and strong purchasing power and consumption rate reflect vast potentials of credit card business in Indonesia. To manage such potentials, Bank Mandiri has prepared various strategic plans in each phase of credit card lifecycle.

New business model is through partner co-brand, a new main acquisition strategy. In 2015, Bank Mandiri will have over five partners. The acquisition strategy refinement will also be conducted by using Bank Mandiri branches as the main channel for credit card sales. By using over 1,400 branch offices as sales point, the Bank's credit card penetration is projected to be deeper and wider.

Attractive marketing programs which are in line with cardholders' needs and characteristics will be the advantage of Mandiri credit cards to be the first choice in transactions. Continuing the program in 2015, Bank Mandiri will develop loyalty program thus to provide continuous benefits for cardholders from every transaction using Mandiri credit cards. Moreover, Bank Mandiri will develop its electronic channel as integration of marketing, services and loyalty programs, thus communications between the Bank and cardholders will be more effective, easy and convenient.

To accelerate the credit card business growth, currently Bank Mandiri is cooperating with several strategic partners, both financial and non-financial institutions, in credit card issuance. In 2015, Bank Mandiri will expand the existing relationship, to make Bank Mandiri as the ever-present liaison partner in supporting all needs of the partners.

On product, Bank Mandiri will develop Commercial Card for customers in the Small Medium Enterprise (SME) segment. Employing the experience in servicing the SME customers, Bank Mandiri is confident in its ability to produce competitive credit cards which meet the business needs of

SME segment. The Commercial Card will make Bank Mandiri as a partner in SME customer business growth.

The Consumer Finance Directorate will continue to innovate to provide value-added solutions to customers for sustainable growth. Product developments, marketing programs and communications strategy are tailored to customer profile to provide better-than-expectation customer experience. Risk management system with continuous improvement will support the business growth thus the Consumer Finance Directorate will have the largest market share in 2015.

financial performance review

Management recorded a satisfying performance, particularly in recording significant growth in revenue. We recorded higher revenue from higher net sharia and interest income and other operating income, resulting in significant growth in net income. We will continue the good performance and create better growth, efficiency, value-added and other performance for the stakeholders.

Discussions on Financial Performance Analysis for Bank Mandiri for the year ended on 31 December 2014 shall be read together with the complete Consolidated Financial Statements, including the notes in the subsequent chapter.

This discussions are prepared based on Consolidated Financial Statements for Bank Mandiri and Subsidiary Companies for the year ended on 31 December 2014 and 2013 as presented according to the Financial Accounting Standards in Indonesia. The financial statements are audited

by an independent auditor, KAP Tanudiredja, Wibisana & Rekan, a member firm of PwC Global Network. All financial information as related to Bank Mandiri are presented in consolidated manner and in line with the Financial Accounting Standards in Indonesia.

Discussions and analysis on the Financial Performance Report of Bank Mandiri are presented in three parts, Financial Position Report, Profit and Loss Statement, and Cash Flows Report.

INCOME STATEMENT

In 2014, Bank Mandiri managed to record IDR19,872 billion in net income, a growth of 9.16% from 2013. Earnings per share stood at IDR851.66 in 2014. Sharia and interest income rose 24.75% from IDR50,209 billion in 2013 to IDR62,638 billion in 2014. Operating income rose 11.66%, from IDR50,941 billion in 2013 to IDR56,882 billion in 2014.

Summary of Consolidated Income Statement 2012-2014 (IDR billion)

	2012*)	2013*)	2014	Perubahan (%)
Sharia and interest income	42,550	50,209	62,638	24,75
Sharia and interest expense	(15,020)	(16,399)	(23,506)	43,34
Net sharia and interest income	27,531	33,810	39,132	15,74
Net premium income	2,163	2,626	2,681	2,09
Net sharia, interest and premium income	30,584	36,435	41,813	14,76
Provision (administration fee), commission and other income	7,400	8,704	9,132	4,92
Net gain in foreign currencies	1,094	1,853	1,588	(14,30)
Gain (loss) from the sale of marketable securities and government bonds	297	39	234	500,00
Unrealized gain (loss) from increase/decrease in fair value of marketable securities and government bonds and policy holder investments in unit link contracts	42	(219)	147	(167,12)

	2012*)	2013*)	2014	Perubahan (%)
Other operating income	3,403	4,129	3.968	(3,90)
Operating revenue	41,930	50,942	56.882	11,66
Credit value decrease reserve expense and commitments and contingency and others (net)	(3,392)	(4,856)	(5.529)	13,86
General and administrative expense	(8,254)	(9,898)	(11.449)	15,67
Salary and benefit expense	(8,046)	(9,431)	(10.848)	15,02
Other operating expenses (net)	(2,613)	(3,205)	(3.078)	(3,96)
Operating income	19,625	23,552	25.978	10,30
Non-operating income – net	879	510	30	(94,12)
Income before tax and non-controlling interests	20,504	24,062	26.008	8,09
Tax expense	(4,461)	(5,232)	(5.353)	2,31
Net income	16,044	18,830	20.655	9,69
Other comprehensive income (loss) – after tax	213	(834)	828	199,28
Comprehensive net income	16,257	17,996	21.483	19,38

*) comprising net income of holding entity of IDR19,872 billion and non-controlling interests of IDR783 billion

SHARIA AND INTEREST INCOME

Interest income came from the distributed loans, government bonds, marketable securities, placement in Bank Indonesia and other banks, consumer financing income and the like. In 2014, interest income rose by 27.52% to IDR57,563 billion from IDR45,139 billion in 2013.

Sharia income came from fund management by a subsidiary entity as *mudharib* consisting of *murabahah* income and *istishna* net income, *mudharabah* and *musyarakah* revenue sharing and *ijarah* net income. In 2014, sharia income rose 0.10% to IDR5,075 billion from IDR5,070 billion in 2013.

In 2014, Bank Mandiri recorded 24.75% growth in sharia and interest income to IDR62,638 billion from IDR50,209 billion in 2013. The growth is due to growth in interest income from the loans, government bonds and marketable securities.

Sharia and Interest Income 2012-2014 (IDR billion)

	2012	2013	2014	Change(%)
Interest income	38,203	45,139	57,563	27.52
Distributed credit	32,310	38,195	48,237	26.29
Government bonds	3,075	3,484	4,634	33.00
Securities	887	1,085	1,653	52.35
Placement in Bank Indonesia and other banks	730	847	1,105	30.46
Consumer financing revenue	654	920	1,119	21.63
Others	546	608	815	34.05
Sharia income	4,347	5,070	5,075	0.09
Murabahah and Istishna income – net	3,082	3,780	3,878	2.59
Mudharabah income	629	544	420	(22.79)
Musarakah income	603	704	751	6.68
Ijarah income – net	33	42	25	(39.53)
Sharia and interest income	42,550	50,209	62,638	24.75

SHARIA AND INTEREST EXPENSE

Sharia and interest expense consists of interest expense from time deposits, savings account, demand deposit and others. Expense from time deposits and savings account include expenses from the two products which are based on sharia principles. Sharia and interest expense rose 43.33% from IDR16,399 BILLION IN 2013 TO IDR23,506 BILLION IN 2014. PROPORTION OF SAVINGS INTEREST EXPENSE TO TOTAL INTEREST EXPENSE ALSO ROSE SLIGHTLY FROM 90.47% IN 2013 TO 91.2% IN 2014.

Sharia and Interest Expense 2012-2014 (IDR billion)

	2012	2013	2014	Change (%)
Time deposit	8,814	10,219	16,481	61.28
Savings	2,860	3,218	3,352	4.16
Demand deposit	1,260	1,399	1,562	11.65
Others	1,196	1,563	2,110	34.99
Sharia and interest expense	14,129	16,399	23,506	43.33

SHARIA AND INTEREST EXPENSE COMPOSITION IN 2014 AND 2013

Bank-wide, average savings volume rose 13.2% from IDR338,814 billion in 2013 to IDR440,136 billion in 2014. Average demand deposit and savings volume rose 8.9% from IDR233,401 billion in 2013 to IDR254,248 billion in 2014. Average time deposit volume rose 19.6% from IDR155,413 billion in 2013 to IDR185,888 billion in 2014.

OTHER OPERATING INCOME

Other operating income came from other commission and provision (administration fee), net gain in foreign currency and others. Other income includes recovery from written off loans, proceeds from written off loans, income from penalty, income from stamp duty, safe deposit box and others. In 2014 total other operating income rose slightly by 0.01% to IDR14,688 billion from IDR14,686 billion in 2013. The slow growth was due to decline in recovery of written off loans in by 10.12% to IDR2,397 billion in 2014 from IDR2,667 billion in 2013.

Other Operating Income 2012-2014 (IDR billion)

	2012	2013	2014	Change (%)
Provision (administration fee) and other commission	7,400	8,704	9,132	4.92
Gain from foreign currency	1,095	1,853	1,588	(14.30)
Others	3,403	4,129	3,968	(3.90)
Recovery from written off loans	2,285	2,667	2,397	(10.12)
Proceeds from written off loans	265	335	210	(37.31)
Penalty income	113	129	157	21.71
Stamp duty	52	52	48	(7.69)
Safe deposit box	30	35	35	0.00
Others	658	910	1,121	23.19
Other operating income	11,898	14,686	14,688	0.01

ALLOWANCE FOR IMPAIRMENT LOSSES OF FINANCIAL ASSETS

Allowance for impairment losses of financial assets consists of current accounts in other banks, placement in other banks, securities, other trade receivables, loans, consumer financing receivables, net investment in lease, acceptance receivables and share investments. The allowance rose 17.38% in 2014 to IDR5,718 billion from IDR4,871 billion in 2013. The growth was due to higher loans and other trade receivables in 2014.

Allowance for Impairment Losses of Financial Assets 2012-2014 (IDR million)

	2012	2013	2014	Change(%)
Current accounts with other banks	4,938	(3,726)	6,846	(283.74)
Placements with other banks	75,272	(8,548)	10,321	(220.74)
Marketable securities	(29,411)	(30,199)	(18,804)	(37.73)
Receivable from marketable securities	-	-	(41,941)	100
Other receivables - trade transactions	13,263	(39,848)	(115,522)	189.91
Loans	(3,414,546)	(4,635,551)	(5,294,726)	14.22
Consumer financing receivables	(120,117)	(150,153)	(209,113)	39.27
Net investment in lease finance	(1,570)	(6,756)	(10,806)	59.95
Acceptance receivables	51,341	3,649	(44,873)	(1,329.73)
Share investments	(2,237)	(310)	488	(257.42)
(Allowance)/reversal for provision of impairment losses	(3,423,067)	(4,871,442)	(5,718,130)	17.38

(ALLOWANCE)/REVERSAL FOR POSSIBLE LOSSES

Allowance Reversal for Possible Losses consists of estimated losses arising from fraud cases, estimated losses arising from legal cases and other assets. In 2014, Allowance Reversal for Possible Losses stood at IDR183 billion, a sharp increase from IDR4 billion in 2013. The hike was due to allowance reversal from estimated losses arising from legal cases, which previously recorded a loss of IDR14 billion, but in 2014 recorded an income of IDR129 billion.

(Allowance)/Reversal for Possible Losses 2012-2014 (IDR million)

	2012	2013	2014	Change(%)
Estimated losses arising from fraud cases	(9,603)	(4,337)	11,710	(370.00)
Estimated losses arising from legal cases	(16,611)	(14,409)	129,296	(997.33)
Other assets	13,124	23,070	42,475	84.11
Allowance/Reversal for Possible Losses	(13,090)	4,324	183,481	4,143.32

UNREALIZED GAINS/(LOSSES) FROM INCREASE/(DECREASE) IN FAIR VALUE OF MARKETABLE SECURITIES AND GOVERNMENT BONDS

Unrealized Gains/(Losses) from Increase/(Decrease) in Fair Value of Marketable Securities and Government Bonds and policyholders investments in unit link contracts consist of marketable securities, government bonds, changes in market value of policyholders' investment and increase/(decrease) in liability in unit-linked contracts. In 2014, Unrealized Gains/(Losses) from Increase/(Decrease) in Fair Value of Marketable Securities and Government Bonds and policyholders investments in unit link contracts stood at IDR147 billion, a growth of 166.80% from a loss of IDR219 billion in 2013.

Unrealized Gains/(Losses) from Increase/(Decrease) in Fair Value of Marketable Securities and Government Bonds and Policyholders Investments in Unit Link Contracts 2012-2014 (IDR million)

	2012	2013	2014	Change(%)
Marketable securities	26,680	(26,049)	93,824	460.18
Government bonds	15,790	(193,304)	52,697	127.26
Changes in market value of policyholders' investment and increase/ (decrease) in liability in unit-linked contracts				
Change in market value of policyholders' investment	351,192	(737,407)	2,860,353	487.89
Increase in liability in unit-linked contracts	(351,192)	737,407	(2,860,353)	(487.89)
Unrealized Gains/(Losses) from Increase/ (Decrease) in Fair Value of Marketable Securities and Government Bonds and Policyholders Investments in Unit Link Contracts	42,470	(219,353)	146,521	166.80

GAIN/(LOSS) ON SALE OF MARKETABLE SECURITIES AND GOVERNMENT BONDS

Gain/(Loss) on Sale of Marketable Securities and Government Bonds consists of gain from marketable securities and government bonds which are measured from fair value through profit and loss and available for sale. In 2014, Gain/(Loss) on Sale of Marketable Securities and Government Bonds stood at IDR234 billion, a fivefold growth from IDR39 billion in 2013. The growth was mainly due to gain from sales of government bonds as measured at fair value through profit and loss to IDR45 billion, an improvement from IDR11 billion in loss from the previous year.

Gain on Sale of Marketable Securities and Government Bonds 2012-2014 (IDR million)

	2012	2013	2014	Change (%)
Marketable securities				
Fair value through profit and loss	76,919	6,145	39,425	541.58
Available for sale	(50,992)	(2,709)	33,355	1,331.27
Government bonds				
Fair value through profit and loss	91,293	(11,293)	45,220	500.42
Available for sale	179,519	46,973	116,463	147.94
Gain on Sale of Marketable Securities and Government Bonds	296,739	39,116	234,463	499.40

OTHER OPERATING EXPENSES

Other operating expenses consist of general administrative expenses, salaries and allowances and others. In 2014 other operating expenses grew 12.61% to IDR25,374 billion from IDR22,534 billion in 2013. The growth was due to higher general administrative expenses from IDR9,898 billion in 2013 to IDR11,448 billion in 2014.

Salaries and allowances include Salary, wage, pension and tax allowances; Holiday (THR), leave and other entitlements; Employee benefits in kind; Training and education; Provision for post-employment benefit expenses; Provision of *Tantiem*; and Bonuses and others. In 2014, salary and allowances rose 15.02% to IDR10,848 billion from IDR9,431

billion in 2013. The growth was due to higher salary, wage, pension and tax allowances for employees, which stood at IDR6,100 billion in 2014 from IDR5,233 billion in 2013.

General and administrative expenses include professional fees; rent; promotion, repairs and maintenance; depreciation of fixed assets; goods/services provided by third parties; communications; electricity, water and gas; office supplies; transportations; travelling expenses; amortization of intangible assets; insurance expenses; and others. In 2014, General and administrative expenses rose 15.66% to IDR11,448 billion from IDR9,898 billion in 2013. The growth was mainly due to significant increase in goods/services provided by third parties from IDR829 billion in 2013 to IDR1,116 billion in 2014.

Other expenses include Insurance premiums on third party funds guarantee program, fees and commission; Insurance sales force compensation; Fees related to Credit card and ATM transactions; Fees from RTGS, remittance and clearing transactions; Employee restructuring costs; and Others. In 2014 the Other expenses dropped by 3.93% to IDR3,078 billion from IDR3,204 billion in 2013. The decline was due to lower compensation for insurance sales force and others, by IDR36 billion and IDR553 billion, respectively.

Other Operating Expenses 2012-2014 (IDR million)

	2012	2013	2014	Change (%)
Salaries and allowances	8,045,716	9,431,337	10,848,031	15.02
Salary, wage, pension and tax allowances	4,476,187	5,233,494	6,100,140	16.56
Holiday (THR), leave and other entitlements	810,835	956,753	1,206,130	26.06
Employee benefits in kind	579,503	752,661	904,372	20.16
Training and education	371,976	423,474	463,904	9.55
Provision for post-employment benefit expenses	174,395	321,791	293,932	(8.66)
Provision of Tantiem	112,739	160,243	152,273	(4.97)
Bonuses and others	1,520,081	1,582,921	1,727,280	9.12
General and administrative expenses	8,253,902	9,898,400	11,448,310	15.66
Professional fees	1,376,443	1,978,886	2,380,440	20.29
Rent	964,594	1,157,268	1,291,413	11.59
Promotion	1,000,810	989,542	986,272	(0.33)
Repairs and maintenance	861,311	883,411	973,698	10.22
Depreciation of fixed assets	620,675	822,193	938,547	14.15
Goods/services provided by third parties	634,016	829,061	1,116,362	34.65
Communications	763,002	824,442	918,280	11.38
Electricity, water and gas	380,490	433,332	512,952	18.37
Office supplies	356,873	412,631	488,373	18.36
Transportation	265,332	294,589	339,631	15.29
Travelling expenses	167,844	212,948	247,239	16.10
Amortization of intangible assets	89,884	131,282	217,254	65.49
Insurance premium expenses	65,550	75,737	70,404	(7.04)
Others	707,078	853,078	967,445	13.41
Other expenses	2,613,410	3,204,042	3,078,010	(3.93)

	2012	2013	2014	Change (%)
Insurance premiums on third party funds guarantee program	890,977	1,032,792	1,171,997	11.87
Fees and commission	460,895	563,784	709,392	25.83
Insurance sales force compensation	322,128	341,997	306,156	(10.48)
Fees related to Credit card and ATM transactions	205,900	239,117	340,818	42.53
Fees from RTGS, remittance and clearing transactions	73,467	56,038	62,206	11.01
Employee restructuring costs	245,477	-	69,733	100.00
Others	1,305,543	970,314	417,708	(56.95)
Other operating expenses	(18,913,028)	(22,533,779)	(25,374,351)	(12.60)

NON-OPERATING INCOME

Non-operating income consists of Gain on sale of fixed assets, Building rental income, BOT transactions income, Penalties, Gain on sale of foreclosed asset, and Others. In 2014 non-operating income dropped by 94.14% to IDR29,909 billion from IDR510 billion in 2013. The drop was due to lower gain on sale of foreclosed asset and building rental income by 96.81% and 83.28%, respectively.

Non-operating income 2012-2014 (IDR million)

	2012	2013	2014	Change(%)
Gain on sale of fixed assets	4,558	129,416	4,122	(96.81)
Building rental income	126,231	61,201	10,235	(83.28)
BOT transactions income	325,930	15,597	15,597	0.00
Penalties	(5,382)	(9,759)	(10,904)	11.73
Gain on sale of foreclosed asset	361,295	-	-	-
Others	66,189	313,671	10,859	(96.54)
Non-operating income	878,821	510,126	29,909	(94.14)

TAX EXPENSE

Tax expense consists of current and deferred expenses. In 2014, tax expense rose 2.32% to IDR5,353 billion from IDR5,232 billion in 2013

Tax Expense 2012-2014 (IDR million)

	2012	2013	2014	Change(%)
Tax expense - current	(4,640,513)	(5,288,489)	(5,309,919)	0.41
Tax expense - deferred	179,863	56,586	(43,313)	(176.54)
Tax expense	(4,460,650)	(5,231,903)	(5,353,232)	2.32

OTHER COMPREHENSIVE INCOME

In 2014 Other Comprehensive Income stood at IDR828 billion. In 2013 the Bank recorded no such income and recorded a loss of IDR834 billion. The significant growth was due to higher Net Unrealised Gains from increase in Fair Value of Available for Sale Financial Assets.

NET INCOME AND COMPREHENSIVE INCOME ATTRIBUTABLE TO PARENT ENTITY AND NON-CONTROLLING INTEREST

In 2014, Net Income Attributable to Parent Entity rose 9.16% to IDR19,872 billion from IDR18,204 billion in 2013. Net Income Attributable to non-Controlling Interest rose 25.08% to IDR783 billion in 2014 from IDR626 billion in 2013.

In 2014, Income Attributable to Parent Entity rose 19.17% to IDR20,700 billion from IDR17,370 billion in 2013.

EARNINGS PER SHARE

Earnings per Share (EPS) 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 in 2014 stood at 23,333,333,333 shares. Earnings per share in 2014 stood at IDR851.66 whilst in 2013 at IDR780.16.

Net income rose 9.69% from IDR18,830 billion in 2013 to IDR20,655 billion in 2014. Growth in net income was mainly due to higher net sharia and interest income, from IDR33,809 billion in 2013 to IDR39,132 billion in 2014.

Book value per share of Bank Mandiri as of 31 December 2014 rose 18.08% to IDR4,493 from IDR3,805 at the end of 2013.

Financial Performance Review

FINANCIAL POSITION ANALYSIS

IT IS RECOMMENDED THAT THIS FINANCIAL PERFORMANCE ANALYSIS FOR THE YEAR ENDED 31 DECEMBER 2014 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 2014 and 2013, 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. All financial information relating to the Bank is presented in accordance with Indonesian Financial Accounting Standards.

Financial Position 2012-2014 (IDR billion)

Description	2012	2013	2014	Change (%)
Total Assets	635,619	733,100	855,040	16.63
Earning assets (gross)	575,720	664,362	773,447	16.42
Earning assets (net)	560,078	645,491	753,305	16.70
Loan (gross)*	388,830	472,435	529,973	12.18
Loan Allowance for Impairment	(14,104)	(16,677)	(17,919)	7.45
Investment in Shares (bank only)	3,218	3,159	4,235	34.05
Total third party fund - deposits **	482,914	556,342	636,382	14.39
Total Liabilities**	559,863	644,309	750,195	16.43
Equities***	75,756	87,419	102,658	17.43

*) Including Consumer Loan Financing and Net-Investment Leasing

**) Including Temporary Syirkah Fund

***) Excluding non-controlling interest on net assets of consolidated subsidiaries

ASSETS

Bank Mandiri's assets at the end of 2014 rose 16.63% from IDR733,100 billion in 2013 to IDR855,040 billion in 2014. The assets growth was driven by higher lending, consumer financing and leasing from IDR472,435 billion in 2013 to IDR529,973 billion in 2014. Moreover, there was growth in derivative payables, claims against trade transactions and claims against reverse repo by 175.26%, from IDR11,432 billion in 2013 to IDR31,468 billion in 2014.

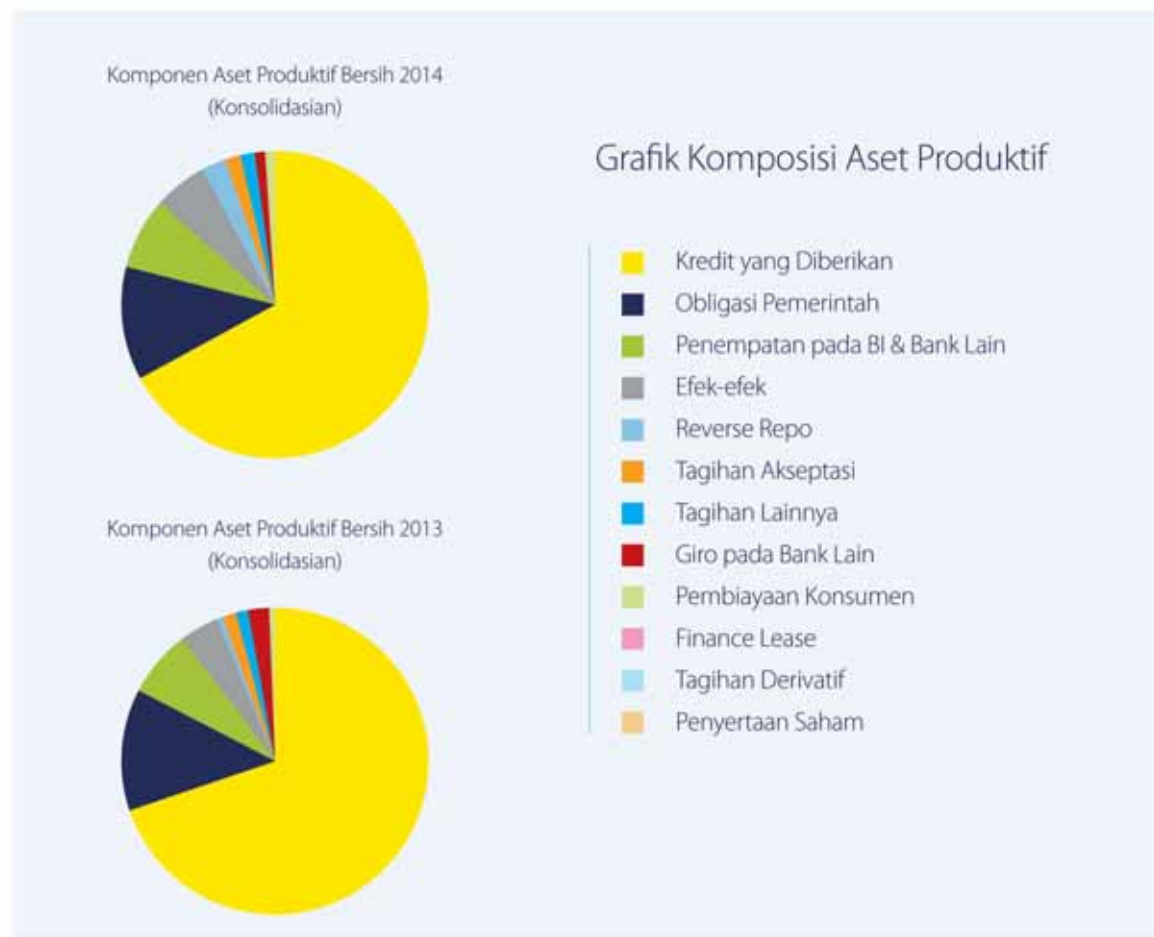
Assets 2012-2014 (IDR billion)

	2012	2013	2014	Change (%)
Cash	15.482	19.052	20.705	8,68
Demand deposits at Bank Indonesia	38.272	43.904	50.599	15,25
Demand deposits at other banks	9.646	14.036	8.983	(36,00)
Placements with BI and other banks – net	48.238	45.114	61.118	35,47
Securities – net	20.324	26.803	40.465	50,97
Government bonds	79.072	82.227	86.154	4,78
Reverse repo, derivate claims & other claims – net	20.152	11.432	31.468	175,26
Loans*	388.830	472.435	529.973	12,18
Provision for loan impairments	(14.104)	(16.677)	(17.919)	7,45
Acceptance Claims – net	7.920	10.115	13.007	28,59
Equity investments – net	4	5	55	1000,00
Fixed, tangible and intangible assets – net	7.863	8.806	10.573	20,07
Other assets**	13.918	15.847	19.858	25,31
Total assets	635.619	733.100	855.040	16,63

*) Including consumer finance receivables and net investments in financial leasing

**) Including prepaid expenses, prepaid taxes and deferred tax assets

Earning assets of the Bank also rose 16.70% in 2014 to IDR753,305 billion from IDR645,491 billion. Lending was the largest earning asset contributor in 2014, at 67.9%. The contribution level was slightly smaller than 70.6% in 2013, due to credit slowdown in relation to the Presidential Election in mid-2014.



CASH & CURRENT ACCOUNTS IN BANK INDONESIA

Bank Mandiri's cash position rose 8.68% from IDR19,052 billion in 2013 to IDR20,705 billion in 2014. This was due to the opening of 262 new regular branch offices, cash offices, micro branch offices, micro units and micro kiosks during the course of the year.

Moreover, current accounts with Bank Indonesia also increased 15.25% from IDR43,904 trillion in 2013 to IDR50,599 billion in 2014. The increase in the volume of current accounts in Bank Indonesia shows the Bank Mandiri complies diligently with the government regulations on the Statutory Reserves (Giro Wajib Minimum, GWM).

Current Account in Bank Indonesia 2012-2014 (IDR billion)

	2012	2013	2014	Change %
Rupiah	31,699	34,293	40,379	17.75
US dollar	6,573	9,612	10,220	6.34
Current Account in Bank Indonesia	38,272	43,904	50,599	15.25

DEMAND DEPOSITS IN OTHER BANKS

Demand deposits in other banks dropped 36% to IDR8,984 billion in 2014 from IDR14,036 billion in 2013. The decline was due to lower foreign currency deposits in third parties.

Deposits in Other Banks 2012-2014 (IDR billion)

	2012	2013	2014	Change %
Related party	16	39	21	(46.84)
Third party	9,636	14,009	8,966	(36.00)
Allowance for impairment	(6)	(12)	(3)	(75.00)
Deposits in other banks - net	9,646	14,036	8,984	(36.00)

PLACEMENT IN BANK INDONESIA AND OTHER BANKS

Placements in Bank Indonesia and other banks rose 35.47% from IDR45,114 billion in 2013 to IDR61,118 billion in 2014. The growth was due to higher placement in Rupiah by 51.35% to IDR12,164 billion. Growth in placements in foreign currencies was lower at 17.79% from IDR21,531 billion in 2013 to IDR25,361 billion in 2014.

Placements in Bank Indonesia and Other Banks 2012-2014 (IDR billion)

	2012	2013	2014	Change %
Related party	1,344	917	1,503	63.90
Third party	46,980	44,303	59,710	(34.78)
Allowance for impairment	(85)	(106)	(95)	(10.38)
Placements in Bank Indonesia and Other Banks – net	48,238	45,114	61,118	35.47

MARKETABLE SECURITIES

Securities owned by the Bank rose 50.97% from IDR26,803 billion on 31 December 2013 to IDR40,465 billion on 31 December 2014.

Securities 2012-2014 (IDR billion)

	2012	2013	2014	Perubahan %
Related party	4,191	8,937	14,803	65.64
Third party	16,376	18,452	26,048	41.17
Unamortized discounts, unrealized gains/(losses) from increase/ (decrease) in fair value of marketable securities and allowance for impairment losses	(243)	(587)	(386)	(34.24)
Securities – net	20,324	26,803	40,465	50.97

GOVERNMENT BONDS

As of 31 December 2014, Bank Mandiri held IDR86,154 billion in government bonds, or 10.08% from 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% per annum, whilst the floating rate bonds have coupons equal to the 3-month government securities rate. As of 31 December 2013, the floating rate bonds accounted for 71.62% of the total government bonds portfolio for the Bank.

In 2014, gains on the sale of government bonds amounted to IDR162 billion, whilst unrealized losses on government bonds in the same year stood at IDR53 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, whilst Government Bonds Held-to-Maturity are recorded based on their amortized acquisition cost.

Government Bonds based on Portfolio and Interest Rates (IDR billion)

Government Bonds based on Portfolio and Interest Rates					
	Measured at fair value by P/L statement	Available for sale	Held to maturity	Total	% dari Total
Fixed rate	2,895	20,614	1,441	24,951	28,96
Floating rate	-	40,573	20,630	61,203	71,04
Total	2,895	61,187	22,072	86,154	100,00
% of Total	3.36	71.02	25.62	100.00	

Government Bonds based on Maturity (IDR billion)

Government Bonds based on Maturity					
	Measured at fair value by P/L statement	Available for sale	Held to maturity	Total	% dari Total
Less than 1 year	133	2,504	1,127	3,764	4,73
1 - 5 years	698	30,982	20,697	52,378	60,80
5 - 10 years	973	27,701	90	28,765	33,39
More than 10 years	1,090	-	158	1,248	1,45
Total	2,895	61,187	22,072	86,154	100,00
% of Total	3.36	71.02	25.62	100.00	

REVERSE REPO, DERIVATIVE PAYABLES AND OTHER CLAIMS

In 2014, Reverse Repo rose more than fourfold to IDR19,745 billion from IDR3,738 billion in 2013. Derivative payables declined 58.48% in 2014 to IDR71 billion from IDR171 billion in 2013. Other transaction claims rose 54.86% to IDR11,652 billion in 2014 from IDR7,524 billion in 2013. The growth was mainly due to higher Usance Letter of Credit (L/C) Payable at Sight at IDR2,541 billion in 2014, a twofold growth from 2013.

LOAN

As mentioned above, total assets of the Bank rose 16.63% in 2014, with outstanding loan as the largest assets component. As of 31 December 2014, total outstanding loan stood at IDR529,973 billion, a growth of 12.18% from IDR472,435 billion on 31 December 2013.

OUTSTANDING LOAN *) – CONSOLIDATED (IDR BILLION)

	2012	2013	2014	Change %
Related party				
Rupiah	35,420	41,243	44,247	7.28
Foreign currency	10,533	16,072	23,366	45.38
Third party				
Rupiah	297,223	355,527	400,188	12.56
Foreign currency	41,406	54,329	55,300	1.79
Total	384,582	467,170	523,102	11.97
Provision for loan impairment	(14,011)	(16,536)	(17,707)	7.08
Loan	370,570	450,635	505,395	12.15

*) Including consumer finance receivables and net investments in finance leasing

From all outstanding loan portfolio (Bank only), corporate customers is at the top at 37.5%, followed by Commercial Banking segment at 29.2%.

Lending by segment and status changes in non-performing loan (Bank only) in 2014.

Loans by Business Segment – Bank Only (IDR billion)

	2012	2013	2014
Corporate	131,748	169,669	178,174
Commercial	102,974	117,108	138,945
Business Banking	38,498	46,548	57,252
Micro Banking	19,005	27,050	36,031
Consumer	47,749	56,603	64,706
Total	339,974	416,978	475,267

Changes in NPL in 2014 (Bank only)	IDR billion
Balance per 31 Dec 2013	6,746
Downgrade to NPL	4,279
Upgrade from NPL	(579)
Recovery	(552)
Write off	(2,826)
Others	851
Balance 31 Dec 2014	7,919

NPL Changes by Segment in 2014 (Bank only)						Total IDR billion
	Corporate	Commercial	Small	Micro	Consumer	
Upgrade from NPL	-	-	1	3	13	18
Downgrade to NPL	629	681	220	330	161	2,020
Others	2,092	716	1,261	733	1,081	5,882

Loan Composition (Bank only) Per 31 December 2014						
Loan Size (IDR billion)	NPL Account			NPL Balance (IDR billion)		
	Total	Account	%	Total	Account	%
<25	1,504,736	74,714	4.97	175,434	4,474	2.55
>=25 to <100	1,549	18	1.16	77,283	1,231	1.59
>=100 to <500	546	12	2.20	112,150	2,215	1.98
>=500 to <1,000	57	-	0.00	36,975	-	0.00
>=1,000	30	-	0.00	73,426	-	0.00
Total	1,506,918	74,744		475,267	7,919	

Loan Composition by Business Unit, 2014 - Bank Only					
Business Unit	Column	Loan		Total	%
		Rupiah	Foreign Currency		
Institutional	1	19,721	10,962	30,683	100.0
	2	8	4	12	0.0
	3	-	-	-	0.0
	4	-	-	-	0.0
	5	-	-	-	0.0
Sub Total Institutional		19,729	10,965	30,695	6.5
Non Performing Loan		-	-	-	0.0
Corporate	1	100,547	38,339	138,886	97.4
	2	985	972	1,957	1.4
	3	-	168	168	0.1
	4	273	-	273	0.2
	5	953	361	1,314	0.9
Sub Total Corporate		102,758	39,840	142,598	30.0
Non Performing Loan		1,226	529	1,755	1.2
Commercial	1	112,735	20,081	132,816	
	2	4,537	294	4,831	
	3	37	-	37	0.0
	4	560	-	560	0.4
	5	691	10	700	0.5
Sub Total Commercial		118,561	20,385	138,945	29.2
Non Performing Loan		1,288	10	1,298	0.9
Business Banking	1	52,338	409	52,747	92.2
	2	3,009	-	3,009	5.3
	3	75	-	75	0.1
	4	160	0	160	0.3
	5	1,246	-	1,246	2.2
Sub Total Business Banking		56,828	409	57,237	12.0
Non Performing Loan		1,481	0	1,481	2.6
Micro	1	32,908	-	32,908	91.3
	2	2,056	-	2,056	5.7
	3	149	-	149	0.4
	4	240	-	240	0.7
	5	677	-	677	0.5
Sub Total Micro		36,030	-	36,031	7.6
Non Performing Loan		1,066	-	1,066	1.6

Loan Composition by Business Unit, 2014 - Bank Only

Business Unit	Column	Loan		Total	%
		Rupiah	Foreign Currency		
Special Asset Management (SAM)	1	94	1,525	1,620	43.5
	2	359	731	1,090	29.3
	3	27	421	448	12.0
	4	-	-	-	0.0
	5	100	464	565	15.2
Sub Total SAM		581	3,141	3,722	0.8
Non Performing Loan		128	885	1,013	27.2
Consumer	1	57,218	-	57,218	88.4
	2	6,233	-	6,233	9.6
	3	299	-	229	0.4
	4	271	-	271	0.4
	5	755	-	755	1.2
Sub Total Consumer		64,706	-	64,706	13.6
Non Performing Loan		1,255	-	1,255	1.9
Financial Institution Coverage & Solution (FICS)	1	692	591	1,282	96.1
	2	-	-	-	0.0
	3	-	-	-	0.0
	4	-	-	-	0.0
	5	-	51	51	3.9
Sub Total FICS		692	642	1,334	0.3
Non Performing Loan		-	51	51	3.9
Grand Total		399,885	75,382	475,267	

WRITTEN-OFF LOANS

In 2014 the Bank wrote off IDR2,986 billion in loans and recovered IDR2,686 billion from written-off loans. As of 31 December 2014, balance of the written-off loans stood at IDR35,937 billion and the written-off loan portfolio was not recorded in the financial statements.

Written-off Loans (Bank Only) (IDR billion)			
	2012	2013	2014
Opening balance	32,797	32,751	35,144
Write-off	2,463	2,304	2,986
Recovery	(3,740)	(3,076)	(2,686)
Others ¹⁾	1,231	3,164	494
Closing balance	32,751	35,144	35,937

Note: 1) Includes foreign currency differences arising from conversion

RESTRUCTURED LOANS

From the total outstanding loans per 31 December 2014, some 2.6% or IDR13,915 billion was restructured. This was lower than Rp 14,995 billion in 31 December 2013, or 3.2% of total outstanding loans.

Loan Restructuring Scheme and Amount (IDR billion)			
	2012	2013	2014
Long term loans with share options (KJPOS)	268	347	198
Additional facilities	57	37	45
Extension of time	6,877	8,221	8,424
Extension of time & reduction in interest rate	1,779	1,181	1,204
Extension of time & other restructuring schemes ^{*)}	4,958	5,169	4,044
Total	13,939	14,955	13,915

Note: ^{*)} Other restructuring schemes principally consist of reduction in interest rate, rescheduling of interest arrears and extension of time for payment of interest arrears.

INVESTMENT IN SHARES – NET

In 2014 total investment in shares grew 11x to IDR55 billion from IDR5 billion in 2013. The growth was due to temporary investments of IDR50 billion in Bank Syariah Mandiri.

FIXED ASSETS AND INTANGIBLE ASSETS – NET

In 2014, total Fixed Assets and Intangible Assets rose 20.06% to IDR10,573 billion from IDR8,806 billion in 2013. The growth was mainly due to higher assets in completion at the end of 2014 to IDR1,926 billion from IDR1,213 billion in 2013.

OTHER ASSETS – NET

In 2014, total Other Assets rose 26.15% to IDR11,239 billion from IDR8,909 billion in 2013. The growth was mainly due to higher receivables to be paid by the end of 2014 by 27.70% to IDR3,273 billion from IDR2,563 billion in 2013.

LIABILITIES

Corporate liabilities including temporary syirkah funds rose 16.43%, from IDR644,309 billion in 2013 to IDR750,195 billion in 2014. The increase was due to 14.39% growth (IDR80,040 billion) in customer deposits and temporary syirkah funds from IDR556,342 billion in 2013. There was also a significant increase in liabilities arising from deposit from other banks by 40.26% from IDR12,672 billion in 2013 to IDR17,774 billion in 2014.

Liabilities, 2012-2013 (IDR billion)

	2012	2013	2014	Change (%)
Obligation due immediately	1,694	762	1,156	51.71
Customers deposits*	482,914	556,342	636,382	14.39
Deposits from other banks*	14,321	12,672	17,774	40.26
Liability to Unit-Linked Policyholders	11,034	12,003	17,344	44.50
Securities sold under Repurchase Agreements	-	4,656	6,112	31.27
Derivative payables	113	226	157	(30.53)
Acceptance Payables	7,958	10,178	13,114	28.85
Marketable Securities Issued	1,546	1,780	2,010	12.92
Estimated Losses on Commitment and Contingencies	189	200	197	(1.50)
Accrued Expenses	2,345	3,326	3,880	16.66
Taxes Payable	2,662	2,127	1,875	(11.85)
Employee Benefit Liabilities	3,813	4,585	5,181	13.00
Provision	747	823	668	(18.83)
Other Liabilities	13,780	14,166	16,371	15.57
Fund Borrowings	11,609	15,997	24,227	51.45
Subordinated Loans	5,138	4,466	3,747	(16.10)
Total Liabilities*	559,863	644,309	750,195	16.43

*including temporary syirkah funds

OBLIGATIONS DUE IMMEDIATELY

In 2014, Obligations due immediately rose 51.71% to IDR1,156 billion from IDR762 billion in 2013. 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 amortized cost.

DEPOSITS FROM CUSTOMERS (INCLUDING TEMPORARY SYIRKAH FUNDS)

Deposits from customers consist of Demand deposits, Saving deposits and Time deposits. In 2014, Deposits from customers rose 14.39% to IDR636,382 billion from IDR556,342 billion in 2013.

Demand deposits rose 3.74% from IDR123,446 billion in 2013 to IDR128,067 billion in 2014. Saving deposits also rose 6.74% to IDR252,445 billion in 2014 from IDR236,511 billion in 2013. Time deposits recorded a significant growth by 30.29% from IDR196,385 billion in 2013 to IDR255,870 billion in 2014. Despite growth in demand and saving deposits, the growth was lower than growth in time deposits resulting in lower third party fund ratio (CASA) from 64.70% in 2013 to 59.79% in 2014.

Customers Deposits in 2012-2014

Deposits	2012 (%)	2013 (%)	2014 (%)
Demand deposit	23.6	22.2	20.1
Saving deposit	41.9	42.5	39.7
Time deposit	34.5	35.3	40.2

Customers Deposits by Business Segment, 2014

Deposits Composition (Bank Only) Per 31 December 2014 (IDR billion)				
Corporate	Demand Deposits	Time Deposits	Saving Deposits	Total
IDR	16,678	22,514	390	39,583
Foreign currencies	23,536	16,245	164	39,944
Total	40,214	38,759	554	79,527
Commercial & Business Banking				
IDR	7,669	5,660	2,684	16,013
Foreign currencies	5,266	1,773	603	7,642
Total	12,935	7,433	3,287	23,655
Micro & Retail				
IDR	38,272	118,766	200,564	357,602
Foreign currencies	12,782	9,390	23,918	46,090
Total	51,054	128,157	224,482	403,693
Financial Institutions Coverage & Sol				
IDR	1,029	6,607	29	7,665
Foreign currencies	274	173	1	448
Total	1,303	6,780	30	8,113

Deposits Composition (Bank Only) Per 31 December 2014 (IDR billion)

Institutional Banking				
IDR	11,763	40,732	1,047	53,234
Foreign currencies	6,053	1,999	54	8,104
Total	17,816	42,731	1,101	61,338
IDR	75,134	194,249	204,714	474,098
Foreign currencies	47,908	29,580	24,741	102,228
Total	123,042	223,829	229,455	576,326

DEPOSITS FROM OTHER BANKS

Deposits from Other Banks rose 40.26% to IDR17,774 billion in 2014 from IDR12,672 billion in 2013. The increase was due to higher deposits from other banks in the form of time deposits by 36.93% to IDR11,219 billion in 2014 from IDR8,193 billion in 2013.

LIABILITY TO UNIT-LINKED
POLICYHOLDERS

Liability to Unit-Linked Policyholders rose 44.50% in 2014 to IDR17,344 billion from IDR12,003 billion in 2013. The increase was due to higher liabilities in subsidiary companies in non-sharia unit link to policyholders by 45.83% from IDR11,251 billion in 2013 to IDR16,407 billion in 2014.

LIABILITIES ON SECURITIES SOLD
UNDER REPURCHASE AGREEMENTS

Liabilities on Securities Sold under Repurchase Agreements rose 31.27% in 2014 to IDR6,112 billion from IDR4,656 billion in 2013. Derivative payables dropped 30.53% in 2014 to IDR157 billion from IDR226 billion in 2013.

ACCEPTANCE PAYABLES

Acceptance Payables rose 28.85% in 2014 to IDR13,114 billion from IDR10,178 billion in 2013. The growth was due to higher acceptance payables to other banks in foreign currencies by 25.90% from IDR9,446 billion in 2013 to IDR12,176 billion in 2014.

MARKETABLE SECURITIES ISSUED

Total Marketable Securities Issued rose 12.92% in 2014 to IDR2,010 billion from IDR1,780 billion in 2013. The growth was due to higher securities issued to third party by 8.25%, from IDR1,455 billion in 2013 to IDR1,575 billion in 2014.

ESTIMATED LOSSES ON
COMMITMENT AND CONTINGENCIES

Estimated Losses on Commitment and Contingencies in 2014 dropped by 1.50% in 2014 to IDR197 billion from IDR200 billion in 2013.

ACCRUED EXPENSES

Accrued Expenses rose by 16.66% in 2014 to IDR3,880 billion from IDR3,326 billion in 2013. The growth was due to procurements of fixed assets and software of IDR1,309 billion, followed by interest expense of bank products of IDR1,082 billion.

TAXES PAYABLE

Taxes payable dropped by 11.85% in 2014 to IDR1,875 billion from IDR2,127 billion in 2013. The decrease was due to lower Article 29 of Corporate Income Tax for Parent Entity from IDR1,516 billion in 2013 to IDR744 billion in 2014.

EMPLOYEE BENEFIT LIABILITIES

Employee Benefit Liabilities rose by 13.00% in 2014 to IDR5,181 billion from IDR4,585 billion in 2013. The increase was due to higher provision for employee gratuity and bonus, incentives, leave and holiday bonus.

OTHER LIABILITIES

Other Liabilities rose 15.57% in 2014 to IDR16,371 billion from IDR14,166 billion in 2013. The growth was due to higher liability to policyholders and payable to customers to IDR1,190 billion and IDR747 billion, respectively, compared to 2013.

FUND BORROWINGS

Fund Borrowings rose 51.45% in 2014 to IDR24,227 billion from IDR15,997 billion in 2013. The growth was due to higher loans in foreign currencies by 67.43% compared to the previous year. The growth was related to higher Bilateral Loans and Trade Financing Facilities by IDR3,149 billion and IDR2,425 billion compared to 2013.

SUBORDINATED LOANS

Subordinated Loans in 2014 declined by 16.10% in 2014 to IDR3,747 billion from IDR4,466 billion in 2013. The decline was due to lower subordinated loans from Bank Indonesia from IDR687 billion in 2013 to nil in 2014.

EQUITY

In 2014, total equity rose 18.08% to IDR104,845 billion from IDR88,791 billion in 2013. The increase in equity was due to growth in retained earnings by 24.16% from IDR59.6 trillion in 2013 to IDR74.0 trillion in 2014.

Business activities of the Bank in 2014 were mainly financed by growth in deposits, combination of revenue from loans commissions and fees.

In addition, the bank also availed of the interbank money market. Bank Mandiri successfully maintained its liquidity

reserves, which are normally larger than the Bank Indonesia Statutory Reserve, to anticipate large-scale withdrawals by customers.

On the allocation side, the Bank used the bulk of its funds for lending, paying interest on third-party deposits and borrowings, repayment of borrowings, placements in the interbank money market, and payment of operating expenses (including salaries and benefits, and general and administrative expenses).

Equity, 2012-2014 (IDR billion)

	2012	2013	2014	Change (%)
Share Capital	11,667	11,667	11,667	-
Additional Paid-in Capital/Agio	17,196	17,316	17,316	-
Differences Arising from Translation of Financial Statements in Foreign Currencies	48	222	204	(8.11)
Unrealized Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - net of Deferred Tax	(409)	(1,417)	(571)	(59.70)
Retained Earnings				
Appropriated	5,927	7,431	9,779	31.60
Unappropriated	40,152	52,201	64,263	23.11
Non-Controlling Interests in Net Assets of Consolidated Subsidiaries	1,175	1,371	2,187	59.52
Total Equity	75,756	88,791	104,845	18.08

SHARE CAPITAL

In 2014, total Share Capital was the same as in 2013 at IDR11,667 billion.

ADDITIONAL PAID-IN CAPITAL/AGIO

In 2014, Additional Paid-in Capital/Agio was also the same as in 2013 at IDR17,316 billion.

DIFFERENCES ARISING FROM TRANSLATION OF FINANCIAL STATEMENTS IN FOREIGN CURRENCIES

In 2014, Differences Arising from Translation of Financial Statements in Foreign Currencies declined by 8.11% to IDR204 billion from IDR222 billion in 2013. The decline was due to depreciation in Rupiah, UK Pound Sterling, Euro, and Japanese Yen and appreciation in US dollar in December 2014.

Unrealized Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds, Net of Deferred Tax

In 2014, total Unrealized Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds, Net of Deferred Tax, improved by 59.7-% to IDR571 billion from IDR1,417 billion.

RETAINED EARNINGS

In 2014, Appropriated Retained Earnings rose 31.60% to IDR9,779 billion from IDR7,431 billion in 2013. Unappropriated Retained Earnings rose 23.11% to IDR64,263 billion from IDR52,201 billion in 2013.

Distribution of 2013 retained earnings in 2014 was only the dividends payments. Dividends of IDR5,461 billion from 2013 net income was paid on 15 April 2014 and dividends of IDR4,651 billion from 2012 net income was paid on 16 May 2013. The dividends payout was recorded as deduction to net income balance in the consolidated changes in equity report at the year of the payments.

Allocation of IDR2.348 billion in appropriated retained earnings is to develop business and build supporting infrastructure including office building purchase, development of the Mandiri University, ATM procurement, capital expenditure excluding IT, and technological system developments.

NON-CONTROLLING INTERESTS IN NET ASSETS OF CONSOLIDATED SUBSIDIARIES

In 2014, Non-Controlling Interests in Net Assets of Consolidated Subsidiaries rose 59.52% to IDR2,187 billion from IDR1,371 billion in 2013. The growth was due to consolidated non-controlling interests in net assets of Asuransi Jiwa InHealth of IDR528 billion.

CASH FLOW

With strong operating cash flows, we are in a solid position to support future growth.

Cash Flow of Bank Mandiri, 2012-2014 (IDR billion)

	2012	2013	2014
Net cash flow from operating activities	9,04	12,734	21,092
Net cash flow from investing activities	(1,546)	(12,562)	(7,084)
Net cash flow from financing activities	(5,508)	6,354	3,496

NET CASH FLOW FROM OPERATING ACTIVITIES

Net cash flows from operating activities in 2014 stood at IDR21,092 billion, principally derived from interest and sharia income, and income from administration fees and commissions, where were at IDR59,752 billion and IDR11,812 billion, respectively. Net cash inflows were also influenced by an increase in demand and savings deposits of IDR57,414 billion and IDR15,683 billion, respectively, which were offset by growth in lending and government bonds at IDR59,909 billion and IDR26,249 billion, respectively.

Net cash inflows from operating activities in 2013 stood at IDR12,734 billion, principally derived from interest and sharia income, and income from administration fees, commissions and net premium, where were respectively IDR48,006 billion and IDR11,330 billion. Net cash inflows were also influenced by an increase in demand and savings deposits of IDR32,376 billion and IDR21,256 billion, which were offset by growth in lending and government bonds at IDR85,610 billion and IDR26,364 billion, respectively.

NET CASH FLOW FROM INVESTING ACTIVITIES

Net cash flows from investing activities in 2014 stood at IDR7,084 billion mainly due to fixed assets purchase of IDR2,251 billion, gain in government bonds available for sale and held to maturity of IDR3,169 billion and intangible assets purchase of IDR705 billion.

Net cash flows for investing activities in 2013 stood at IDR12,562 billion, which was primarily used to purchase fixed assets of IDR1,584 billion, increase holdings of marketable and held-to-maturity securities of IDR6,410 billion and marketable and held-to-maturity government bonds of IDR4,643 billion.

NET CASH FLOW FROM FINANCING ACTIVITIES

Net cash flows from financing activities in 2014 stood at IDR3,496 billion including from higher borrowings at IDR8,026 billion and securities sold under repurchase agreements of IDR1,456 billion. Dividends payouts stood at IDR5,461 billion.

Net cash flows from financing activities in 2013 stood at IDR6,354 billion, including an increase in borrowings of IDR6,689 billion and securities sold under repurchase agreements of IDR4,656 billion. Dividends payouts stood at IDR4,651 billion.

COMPARISON BETWEEN TARGETS AND REALIZATIONS IN 2014 AND PROJECTIONS FOR 2015

TARGET ACHIEVEMENTS IN 2014

In general, Bank Mandiri recorded satisfactory progress in 2014, as evident from the following key performance achievements:

1. Credit growth by 13.98% YoY, slightly slower from the target of 15% due to more selective credit distribution, to maintain NPL ratio at 1.66%, slightly lower than the target of 2.08%.
2. Cheap funds stood at IDR352.49 trillion, lower than the target of IDR382.15 trillion. Cheap fund to total fund ratio stood at 61%.
3. Net Interest Margin (NIM) rose by 26 BPS to 5.94% from 2013, slightly lower than the target of 5.97%.
4. Efficiency is maintained with a ratio of 36.47%, better than the target of 39.11%.
5. Distribution channel surpassed its targets. Total new branch offices opened in 2014 stood at 262 units, bringing the total to 2,312 offices, above the target of 255 units.

TARGETS IN 2015

For 2015, Bank Mandiri has set targets for several key indicators by considering national economic conditions, dynamics in banking industry and internal readiness, including:

1. Retail credit growth at 17%–19%
2. Maintaining cheap funds level at a range of 67%
3. Maintaining the NPL ratio at 2.1%
4. LDR at a range of 80%–90%

	Target 2014	Realization 2014	Target 2015
Credit growth	15%	13.98%	17-19%
Gross NPL	2.08%	1.66%	2.1%
Cheap funds raising	IDR382.15 trillion	IDR352.49 trillion	IDR448.6 trillion
Net Interest Margin	5.97%	5.94%	6.1%
Efficiency Ratio	39.11%	36.47%	<37.3%

other financial information review

ANALYSIS ON ABILITY TO REPAY DEBTS AND LOANS COLLECTABILITY

ABILITY TO REPAY DEBTS

Ability to repay debts can be measured by several ratios, including liquidity ratio, solvency ratio and profitability ratios. These ratios provide the benchmarks for Bank Mandiri in calculating the possibility of emerging risks affecting its operations. In addition, Pefindo, in its Letter No. 1585/PEF-Dir/X/2014 dated 1 October 2014, has awarded idAA+ ratings (Double A plus; Stable Outlook) for the period of 1 October 2014 to 1 October 2015. This demonstrates the Bank's ability to meet its long-term financial commitments is relatively superior when compared to other Indonesian obligors.

BANK LIQUIDITY

Bank liquidity is influenced by funding structure, assets liquidity, liability to counterparties and loan commitments to borrowers. Total current assets of the Bank rose to IDR161,421 billion in 2014 from IDR135,269 billion in 2013, a very good liquidity indicator. Total current assets at the end of 2014 stood at 18.9% of total assets, or 25.4% from total non-bank deposits, which are also good liquidity indicators.

The Bank manages liquidity risks by calculating the size of the liquidity controlled 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 Statutory Reserve and Cash), Secondary Reserve Ratio (liquidity reserves), and Loan to Deposit Ratio (LDR).

As of 31 December 2014, the Primary Statutory Reserve in Rupiah stood at 8.00% of total Rupiah-denominated third-party funds, in line with the mandatory limit, whilst the LDR Statutory Reserve stood at 0.00% as there was no infringements to the LDR limits set by Bank Indonesia and Secondary Rupiah Statutory Reserve stood at 17.74% of total Rupiah third-party funds. As for foreign currency, the Bank maintained a Statutory Reserve of 8.49% of total foreign currency third-party funds in accordance with the mandatory limits.

Secondary reserves (liquidity reserves) are the Bank's liquid assets that function to support the primary reserves in respect of unscheduled funding requirements. In managing its secondary reserves, the Bank maintains a liquidity reserve safety level based on projection of liquidity reserves for the next three months. 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 currency. 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 2014, Bank Mandiri's consolidated LDR stood at 82.02%, categorized as "highly liquid" in the assessment of Bank Soundness. Bank Mandiri's LDR is within the LDR range set by Bank Indonesia at 78% to 92%, which indicate financial soundness of the Bank.

Total current assets in 2014 reached IDR159,040 billion, higher than IDR134,964 billion in 2013, an indication of a robust liquidity position. Total current assets at the end of 2014 amounted to 18.6% of total assets, or 25.0% of total non-bank deposits, which further indicates the satisfactory nature of the Bank's liquidity position.

To support liquidity and increase earning assets, the Bank also secured funding through Collateral Fund Borrowing. In addition, cash flows from third-party funds also significantly influenced the liquidity position of the Bank.

Bank Mandiri's Liquidity Position, 2012-2014

	2012	2013	2014
Current assets ¹⁾	IDR123,218 billion	IDR135,269 billion	IDR161,421 billion
Government bonds at fair value of income statement and available for sale	IDR55,680 billion	IDR55,680 billion	IDR64,082 billion
Loan to Deposit Ratio/LDR ²⁾	80.1%	84.46%	82.02%
Current Assets to Total Assets Ratio	20.3%	18.5%	18.9%
Current Assets to Deposits Ratio	25.5%	24.3%	25.4%

Notes:

1. Current assets consist of cash, demand deposits at Bank Indonesia, placements with Bank Indonesia, and other banks and financial institutions, and marketable securities (excluding government bonds) in portfolio assessed at fair market value
2. Deposits exclude deposits by other banks

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 business segments that provide optimal risk-return profile potentials, including placements and investments in subsidiaries, 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 is short term subordinated loans short that meet certain criteria as capital components. Bank Mandiri's Capital Adequacy Ratio (Bank only) is as follows:

Capital Adequacy Ratio, Bank Only, 2012-2014 (%)

	2012	2013	2014
CAR for core capital	13.60	13.40	15.35
CAR for risk credits	17.66	16.99	19.20
CAR for credit and operational risks	15.52	14.99	16.66
CAR for credit and market risks	17.61	16.92	19.12
CAR for credit, operational and market risks	15.48	14.93	16.60

Bank Mandiri's capital adequacy ratio (Bank only) on 31 December 2014, taking into account credit, operational and market risks, stood at 16.60%. This level is on border line between CAR and CAR incentive, which is stipulated by Bank Indonesia at 14%.

PROFITABILITY

The consolidated profitability of the Bank is measured using the following ratios:

Profitability Ratios 2012-2014 (%)

	2012	2013	2014
ROE	22.60	22.23	20.95
ROA	3.54	3.54	3.39
NIM	5.64	5.74	5.97
CER	46.62	44.08	44.91
BOPO	68.13	67.66	70.02

In 2014, Bank Mandiri recorded Return on Equity at 20.95% slightly lower than 22.23% in 2013. Return on Asset dropped slightly to 3.39% in 2014 from 3.54% in 2013. Net Interest Margin rose to 5.97% in 2014 from 5.74% in 2013. Based on this NIM level, Bank Mandiri is one of the Banks with highest profitability level.

Cost Efficiency Ratio for the Bank stood at 44.91% in 2014. This shows the success of the Bank in implementing strategies to boost operational efficiency and effectiveness, increase lending and expand operations. Operating Expenses to Operating Income (BOPO) ratio rose to 70.02% in 2014 from 67.66% in 2013, due to different growth rate in operating income and expenses. This ratio still indicates the success of management in maintaining operating efficiency and effectiveness.

Taken together, the above ratios show that the bank has the capacity to generate profit and high efficiency level in its operations.

LOAN COLLECTABILITY

Loan collectability at Bank Mandiri is reflected from the total non-performing loans (NPLs). NPL of the Bank remained under control at around 2.15% or IDR11.4 trillion in 2014. This is significantly below the NPL ceiling set by Bank Indonesia.

Loan Collectability, 2012-2014 (IDR billion)

	2012	2013	2014
Loan	-	472,435	529,973
Current	366,672	445,659	495,606
Special mention	14,856	17,755	22,958
Substandard	1,170	1,222	2,231
Doubtful	812	1,061	2,239
Lost	5,320	6,738	6,940
NPL	7,302	9,021	11,410
NPL (%)	1.88%	1.91%	2.15%

CAPITAL STRUCTURE

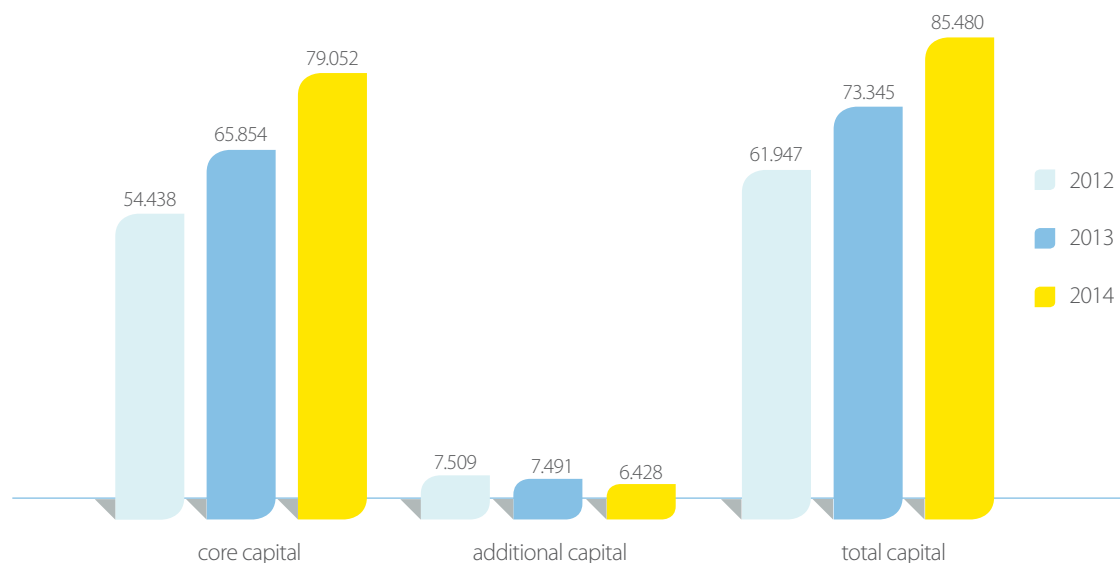
The Bank's capital structure consists of Tier I (core capital) and Tier II (supplementary capital). Core capital comprised paid-up share capital, reserves expressed as: donated capital, additional paid-in capital, retained earnings (including retained earnings appropriated for specific purposes), impairments 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%). Supplementary capital refers to Bank's capital consisting of the revaluation of fixed assets, provisions for write-offs of productive assets and subordinated loans and investments (50%). Total tier II should not exceed 100% of tier I.

Core capital in 2014 (Bank Mandiri only) rose 20.04% to IDR79,052 billion from IDR65,854 billion in 2013, due to additional capital derived from retained earnings. Supplementary capital in 2014 (Bank Mandiri only) dropped 14.2% to IDR6,428 billion from IDR7,491 billion in 2013.

Capital Structure (Bank Only) 2012-2014 (IDR billion)

	2012	2013	2014
Capital:			
Tier I	54,438	65,854	79,052
Tier II	7,509	7,491	6,428
Total capital for credit risks, operational risks and market risks	61,947	73,345	85,480
Credit Risk Weighted Assets	350,761	431,633	445,254
Operational Risk Weighted Assets	48,385	57,671	67,787
Market Risk Weighted Assets	1,044	1,972	1,863
Total RWA for credit risks, operational risks and market risks	400,190	491,276	514,904

Capital Structure (Bank Only) 2012-2014 (IDR billion)



CAPITAL STRUCTURE POLICIES

Bank Mandiri selects a capital structure policy which diversify 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 risks, the Bank refers to the Basel II Basic Indicator Approach, and has conducted Standardized Approach simulations.

Capital Adequacy Ratio, Bank Only, based on BI Regulations, 2012-2014 (%)

	2012	2013	2014
CAR for tier I	13.60	13.40	15.35
CAR for credit risks	17.66	16.99	19.20
CAR for credit and operating risks	15.52	14.99	16.66
CAR for credit and market risks	17.61	16.92	19.12
CAR for credit, operating and market risks	15.48	14.93	16.60
CAR – minimum tier I	5.00	5.00	6.00
CAR – minimum total capital	8.00	8.00	9.00-10.00

MATERIAL COMMITMENTS FOR CAPITAL INVESTMENTS

CAPITAL GOODS INVESTMENTS

Bank Mandiri invested in capital goods in the form of fixed assets of land, building, vehicle and office equipment supplies and computers. Such capital goods investments are to support operating activities of the Bank. In 2014 total invested capital goods rose 43.80% to IDR572,185 billion from IDR397,882 billion in 2013.

Additional Capital Goods as Fixed Assets, 2012 – 2014 (IDR billion)

Fixed Assets	2012	2013	2014
Land	3,111	47,715	16,540
Building	81,395	65,009	302,313
Office equipment, supplies and computer	484,295	249,920	233,843
Vehicle	34,261	35,238	19,489
Total	603,062	397,882	572,185

MATERIAL COMMITMENTS FOR CAPITAL GOODS

In investing in capital goods, Bank Mandiri entered into commitments with related parties. The commitments include:

1. Contract for expansion and modernization of the Automated Teller Machine (ATM) supporting networks,

The contract is to expand service distribution. Bank Mandiri opened 236 new branch offices, including 38 sub-branch offices and 14 cash offices, 14 payment points, 2 priority outlets and 2 priority lounges and one cash office in overseas countries. The Bank also added micro business service network by opening 168 Mandiri Micro Unit offices and one Mandiri Micro functional office. Business services are also expanded through the opening of 24 Business Banking Floors, 81 Business Banking Desks, 21 Mandiri Bisnis and 10 Consumer Loan Business Outlets.

The extension and modernization of the ATM network was carried out through the addition of 3,820 new Mandiri ATMs, which consisted of 3,631 cash dispenser machines, 165 cash deposit machines, 14 mobile ATMs, and 10 drive-thru ATMs, and modernization of 590 existing Mandiri ATMs.

Source of fund for the commitments is internal fund of the Bank in rupiah and US dollar with a total amount of IDR759.8 billion.

2. Contract for software procurement and installation services for integrated banking system, called eMAS (Enterprise Mandiri Advanced System), is to improve customer database and service system, and increase customer transaction security.

On 22 November 2012, Bank Mandiri entered into a Contract with vendor to add features to eMAS in line with the Application Management Services 2011 contract of USD866,125 (full amount after VAT) and Application Management Services 2012 contract of

USD1,190,000 (full amount after VAT) under a blanket order system thus total contract value is USD2,056,125 (full amount after VAT). On 31 December 2014 contract value for payment realization of Application Management Services 2012 stood at USD1,078,350 (full amount after VAT) and Bank has recorded the realized payment value as fixed assets of USD977,900 (full amount after VAT) thus project completion estimation as of 31 December 2014 stood at 90.68%.

On 3 September 2013, Bank Mandiri entered into a contract with vendor to add features to eMAS following the contract of Application Management 2013 under a blanket order system with a maximum contract value of USD2,583,700 (full amount after VAT). The blanket order is based on actual man-days estimation for the additional eMAS features development by the vendor. On 31 December 2014 the contract value with payment realization approach stood at USD2,328,900 (full amount) and the Bank has recorded the payment realization value as fixed assets at USD2,253,300 (full amount) thus project progress estimation as of 31 December 2014 stood at 96.75%. Source of fund for the commitments is internal fund of the Bank in rupiah and US dollar.

The above commitments used rupiah and US dollar, thus the Bank sees the need to mitigate the risks against currency fluctuation. The risk mitigation is due to consideration that Bank Mandiri also controlled assets in US dollar, which provided revenue in US dollar too, thus indirectly provides a natural hedge in respect of Bank Mandiri's foreign currency denominated liabilities.

other material information

MATERIAL INFORMATION AND FACTS AFTER THE DATE OF ACCOUNTANT'S REPORT

CHANGES IN ORGANIZATIONAL STRUCTURE

On 1 January 2015 Bank Mandiri changed its organizational structure and sector and authority of members of the Board of Directors as follows:

Organizational structure of the Bank by Strategic Business Unit (SBU) is grouped in the following three main groups:

1. Business Units, as the main business engine of the Bank, comprising seven Directorates including Treasury & Markets, Corporate Banking, Commercial Banking, Transaction Banking, Consumer Banking, Micro & Business Banking and Distributions;
2. Corporate Center, which handles strategic corporate matters and supports corporate policies, comprising six Directorate including Risk Management and Compliance, Human Capital, Finance & Strategy, Wholesale Risk, Retail Risk, Corporate Transformation and Internal Audit;
3. Shared Services, which includes supporting units for overall operation, is under the Technology & Operations Directorate.

Composition of the Board of Directors of the Bank on 1 January 2015 is as follows:

Chief Executive Officer	: Budi Gunadi Sadikin
Deputy CEO	: Riswinandi
Director of Consumer Banking	: Abdul Rachman
Director of Distributions	: Sentot A. Sentausa
Director of Risk Management & Compliance	: Ogi Prastomiyono
Director of Finance & Strategy	: Pahala N. Mansury
Director of Corporate Banking	: Fransisca N. Mok
Director of Commercial Banking	: Sunarso
Director of Technology & Operations	: Kresno Sediarsi
Director of Treasury & Markets	: Royke Tumilaar
Director of Micro & Business Banking	: Hery Gunardi

INVESTMENT IN PT MANDIRI UTAMA FINANCE

On 16 April 2014, Bank Mandiri and PT Asco Investindo ("ASCO") and PT Tunas Ridean (Persero) Tbk. ("TURI") have signed initial agreement to incorporate a financing company to accelerate Bank Mandiri's loan distribution particularly in vehicle financing.

On 22 October 2014, Bank Mandiri and ASCO and TURI have signed a shareholders contract on the incorporation of a financing company with an authorized capital of IDR 100 billion and ownership composition of Bank Mandiri (51%); ASCO (37%); and TURI (12%). Moreover, on 23 December 2014, Bank Mandiri has secured principal license for capital investment in the new company from FSA of Bank Supervisory.

On 21 January 2015 an incorporation deed for the new subsidiary, PT Mandiri Utama Finance ("MUF"), was signed. In line with the signing, the Bank also invested IDR51 billion in capital following the Bank's shareholders composition in the new subsidiary company.

There are several phases before MUF can start its operations, including obtaining financing company business license from FSA of Non-Bank Financial Institution.

DIVIDENDS POLICY

In accordance with the applicable regulations in Indonesia, dividends payout must be approved by the shareholders at the Annual General Meeting of Shareholders (AGM). The determination of dividends size and payout procedures is carried out having regard to various factors, including the financial soundness of the Bank, capital adequacy level and the Bank's funding requirements for business expansion, without prejudice to the right of the AGM to determine otherwise in accordance with the Articles of Association.

Dividends payout is determined and approved by the AGM. The Bank's management prepares plans to pay dividends if there is surplus cash from operations after the necessary allocations have been made for reserves, financing operations, capital expenditure and working capital plans. If necessary, from time to time the Bank may decide not to pay dividends to Shareholders, such as in a case where the Bank requires funds to undertake business developments, comply with capital adequacy rules or make an acquisition.

The Company may only pay dividends out of net income under Indonesian law. All dividends are paid in cash and in Rupiah. The Bank 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 dividends, the Bank consistently complies with stock exchange rules by making payout in a timely manner.

CONTRIBUTIONS TO THE STATE

The Bank's contribution to the state is by meeting its obligations as taxpayer and as tax withholder. As taxpayer, the largest contribution of the company is paying the corporate income tax. As tax withholder, the Bank plays an active role in withholding each and every taxable object.

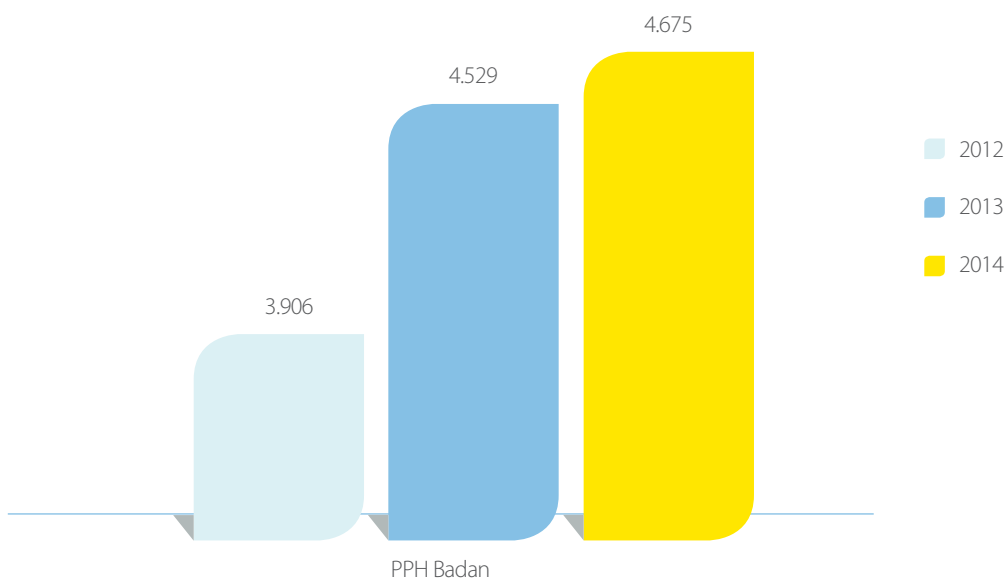
Bank Mandiri always paid its taxes in a timely manner, including employee income tax, corporate income tax, VAT and land and building tax. Moreover, Bank Mandiri lodged its tax returns including annual and periodical tax returns and other required documents to the regulator in a timely manner.

Corporate income tax payment in 2014 rose 3% to IDR4,675 billion from IDR4,529 billion in 2013. The higher tax payment is in line with business growth of the Bank.

Corporate Income Tax 2012-2014 (IDR billion)

	2012	2013	2014
Corporate income tax	3,906	4,529	4,675

Corporate Income Tax 2012-2014 (IDR billion)



MATERIAL INFORMATION ON INVESTMENTS, EXPANSION, DIVESTMENTS, MERGERS, ACQUISITIONS, OR DEBT/CAPITAL RESTRUCTURING AND TRANSACTIONS WITH RELATED PARTIES

INVESTMENT IN SUBSIDIARY COMPANY

Bank Mandiri has direct and indirect stakes in the following subsidiary companies:

Subsidiary	Business	Investment		
		2012	2013	2014
PT Bank Syariah Mandiri	Sharia banking	99.99	99.99	99.99
PT Mandiri Sekuritas	Securities	99.99*)	99.99	99.99
PT Mandiri Tunas Finance	Consumer financing	51.00	51.00	51.00
PT Mandiri AXA General Insurance	Insurance	60.00	60.00	60.00
PT AXA Mandiri Financial Service	Life insurance	51.00	51.00	51.00
PT Bank Sinar Harapan Bali	Banking	81.46	93.23**)	93.23
PT Mandiri Manajemen Investasi				
Mandiri International Remittance Sdn. Bhd.	Remittance service	100.00	100.00	100.00
Bank Mandiri (Europe) Ltd.	Banking	100.00	100.00	100.00
PT Asuransi Jiwa In-Health Indonesia	Life and health insurance	-	-	60.00***)

*) Effective since 27 December 2012

**) Effective since 28 May 2013

***) Effective since 2 May 2014

Additional Investment in PT Mandiri AXA General Insurance (MAGI)

In 2014 Bank Mandiri increased its investments in MAGI to maintain the subsidiary company's capital adequacy ratio. The investments were injected in two phases. Phase I was in May 2014 at IDR24,000,000,000 and phase II was in November 2014 at IDR63,000,000,000.

Names of Parties to the Transaction

The parties to the transaction in the related company transaction are:

PT Bank Mandiri (Persero) Tbk. as Company and PT Mandiri AXA General Insurance as subsidiary company with 60% of stake controlled by the Company.

Approval from the Financial Services Authority

Additional investments from Bank Mandiri on MAGI was approved by the Financial Services Authority (FSA) by letter No.S-42/PB.31/2014 dated 14 May 2014 for phase I additional capital of IDR24,000,000. Phase II additional capital was approved by FSA with letter FSA No.S-94/PB.31/2014 dated 31 October 2014. The approvals did not change Bank Mandiri's stake percentage in MAGI at 60% and AXA S.A at 40% and there is no other stakeholder other than Bank Mandiri and AXA ASIA.

RELATED COMPANY TRANSACTION WITH PT BANK SINAR HARAPAN BALI (BSHB)

An agreement on strategic partnership for business synergy was signed on 31 January 2013. The agreement regulates stake ownership plan by POS in BSHB and the future roles and strategic roles of POS in BSHB.

As a follow-up to the agreement, the parties have signed a conditional stock deposit agreement as a definitive contract on new stock deposit by POS in BSHB. Following the provisions in the conditional stock deposit agreement, on 22 December 2014 BSHB held a general meeting of shareholders which authorized 202,000,000 (two hundred two million) of new BSHB shares by POS which will make POS as the holder of 20.2% (twenty two point two percent) of issued and fully-paid shares in BSHB.

Names of Parties to the Transaction

The parties to the transaction are:

PT Bank Mandiri (Persero) Tbk. as Company, PT Pos Indonesia as POS, and the Government of Indonesia has stakes in both companies.

Object of the Transaction

Object of the transaction is 202,000,000 (two hundred two million) of new BSHB shares, equal to 20.2% (twenty two point two percent) of issued and fully-paid shares in BSHB.

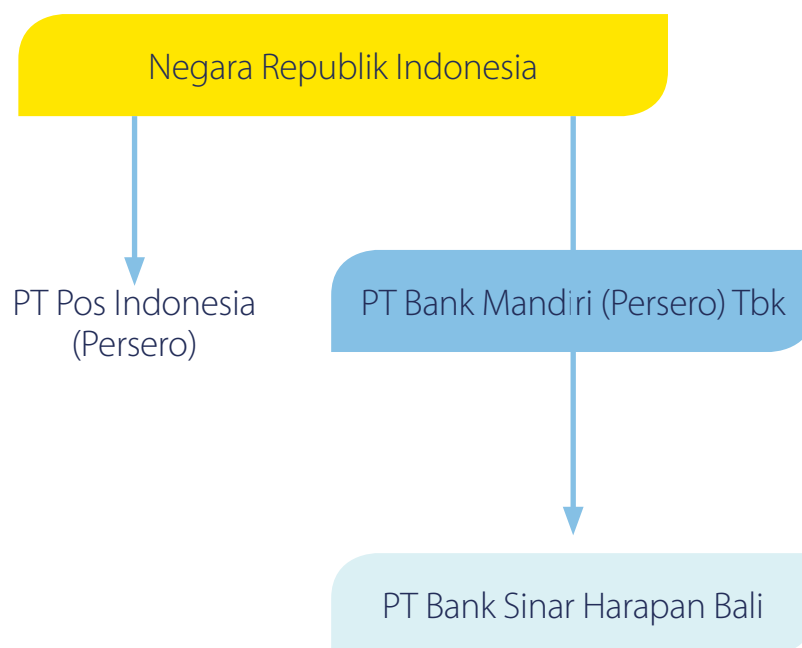
Value of the Transaction

Value of the transaction is IDR175,000,000,000 (one hundred seventy five billion rupiah), consisting of:

- I. Total par value of 202,000,000 (two hundred two million) of new BSHB shares worth IDR101,000,000,000 (one hundred one billion Rupiah); and
- II. Total agio as transferred by POS to BSHB of IDR74,000,000,000 (seventy four billion rupiah).

Nature of Relation in the Transaction

As shown on the following chart, the nature of relation between Company, POS and BSHB from stake ownership is as follows:

**Note:**

POS is a related company of the Company as stipulated in Law of Capital Markets as POS and the Company are state-owned enterprises under the control of the Government of Indonesia. BSHB is a company under control of the Company as the Company has 93.23% stake in BSHB.

ACQUISITION OF INHEALTH

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 the following two stages:

- a. 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%, PT Kimia Farma (Persero) Tbk. and PT Asuransi Jasa Indonesia (Persero) each at 10%; and
- b. Stage 2, the purchase of the remaining 20% stake in InHealth by the Company, to be completed no later than 31 December 2014, bringing the Company's total stake in InHealth to 80%. Stake composition in InHealth after the stage 2 is Bank Mandiri with 80%, PT Kimia Farma (Persero) with 10% and PT Asuransi Jasa Indonesia (Persero) with 10% of issued and fully-paid capital of InHealth.

On 2 May 2014 a Sale Purchase Deed for PT Asuransi Jiwa InHealth Indonesia was signed between Bank Mandiri, PT Kimia Farma (Persero) Tbk. and PT Asuransi Jasa Indonesia (Persero) as the purchasing parties, and Badan Penyelenggara Jaminan Sosial Kesehatan (BPJS Health; formerly PT Askes (Persero)) and Koperasi Bhakti Askes as the selling parties. With the signing of the Deed, Bank Mandiri is effectively the majority shareholder of InHealth with a stake of 60% in the company.

In relation to the implementation of stage 2 of the InHealth acquisition, Bank Mandiri has lodged a request for Capital Investment License in accordance with Letter No. FST/965/2014 dated 30 December 2014 to FSA. Stage 2 of the acquisition plan for InHealth will be performed upon receiving the license from FSA. As of the date of consolidated financial statements, Bank Mandiri has not yet received approval from FSA regarding stage 2 of the InHealth acquisition.

As of 31 December 2014 Bank Mandiri did not perform any divestment or debt/capital restructuring activity.

CHANGES IN REGULATION AND IMPACT ON THE COMPANY

The following regulations and amendments which became effective in 2014 and their impacts to performance of Bank Mandiri and subsidiary entities.

Regulation	Amendment
1. Law No 40/2014 on Insurance	<p>Based on the law, there are new provisions which are not regulated in Law No 2/1992 on Insurance Business, including:</p> <ul style="list-style-type: none"> Provision on "Controller" party. Provision on "Controller" is stipulated on Article 13 to 16, which state that insurance company must set a controller. Article 16 paragraph (1) states each party can only be a controlling shareholder in 1 (one) life insurance, 1 (one) general insurance, 1 (one) reinsurance, 1 (one) general sharia insurance and 1 (one) sharia reinsurance company. Article 85 of Law No. 40 on Reinsurance states each Party which became controlling shareholder in more than 1 (one) life insurance, 1 (one) general insurance, 1 (one) reinsurance, 1 (one) general sharia insurance and 1 (one) sharia reinsurance company shall adjust to the provision in Article 16 paragraph (1) no more than 3 (three) years after the enactment of the Law
2. Regulation of Bank Indonesia No. 16/11/PBI/2014 on Prudential Macro Supervision and Management	<ul style="list-style-type: none"> Regulation and supervision on institutional, health, prudential principle and bank audit are included in the scope of micro-prudential control and supervision as the duty and authority of FSA. Macro-prudential is the duty and authority of Bank Indonesia. In macro-prudential supervision, Bank Indonesia as regulator may perform surveillance on sensitivity and volatility of financial system thus may detect potential pressures to Financial System, under the following conditions: <ul style="list-style-type: none"> Strengthen capital resiliency and prevent excess leverage; Manage intermediation function and control credit, liquidity, exchange rate and interest risks, and other risks with potentials to become Systemic Risk; Limit exposure concentration; Strengthen financial infrastructure resiliency; and/or Improve Financial System and access efficiency.

Impact on Bank Mandiri and subsidiaries

Two subsidiary companies in insurance business, PT AXA Mandiri Finance Services and PT Asuransi Jiwa Inhealth Indonesia, are in the same insurance business (life insurance), thus may bring compliance risk including business license revocation or prohibition to become controlling shareholder in AMFS or Inhealth, if by the deadline of 17 October 2017 there is no adjustment to the insurance business focus.

Banks which breached the regulations are subject to administrative penalty of:

- Limit and/or prohibition from participation in monetary operation;
- Temporary or full suspension of Payment by Using Card (APMK) activity;
- Change of membership status in the Bank Indonesia Real Time Gross Settlement (RTGS) system from active to suspended; and/or
- Temporary suspension from the National Clearing System of Bank Indonesia.

Regulation	Amendment
3. Regulation of Bank Indonesia No. 16/16/PBI/2014 dated 17 September 2014 on Foreign Currency to Rupiah Transaction between Bank and Domestic Party	<ul style="list-style-type: none"> Foreign currency to rupiah transactions between banks and customers with certain amount (threshold) must have transaction underlying (underlying is required for: previously over IDR500,000,000, now over USD1,000,000) Underlying transaction for foreign currency to rupiah transactions between banks and domestic parties include the following activities: <ul style="list-style-type: none"> Goods and services trade, in domestic and overseas countries; and/or Investment of direct investment, portfolio investment, loan, capital and other investments in domestic and overseas countries. These are not considered as Underlying transactions: <ul style="list-style-type: none"> Fund placements in banks, including as savings, current account, time deposits and Negotiable Certificate of Deposit (NCD); Fund transfer by remittance company.
4. PBI No.16/17/PBI/2014 dated 17 September 2014 on Foreign Currency to Rupiah Transactions between Bank and Foreign Party	<ul style="list-style-type: none"> Foreign currency to rupiah transactions between banks and customers with certain amount (threshold) must have transaction underlying (underlying is required for: previously over IDR500,000,000, now over USD1,000,000) Underlying transaction for foreign currency to rupiah transactions between banks and domestic parties include the following activities: <ul style="list-style-type: none"> Goods and services trade, in domestic and overseas countries; and/or Investment of direct investment, portfolio investment, loan, capital and other investments in domestic and overseas countries. These are not considered as Underlying transactions: <ul style="list-style-type: none"> The use of Bank Indonesia Certificate (BI Bonds) for derivative transactions; Fund placements in banks, including as savings, current account, time deposits and Negotiable Certificate of Deposit (NCD).
5. PBI No.16/18/PBI/2014 dated 17 September 2014 on Amendment to PBI No.15/8/PBI/2013 on Hedging Transactions to Bank	<ul style="list-style-type: none"> Hedging transactions must be performed with underlying transaction, with hedging terms and nominal value not exceeding the terms and underlying transaction nominal value. Settlement of hedging transaction is based on regulation of Bank Indonesia on foreign currency transaction between bank and domestic party. Hedging transaction and penalty refer to regulation of Bank Indonesia on foreign currency transaction between bank and domestic party, regulation of Bank Indonesia on derivative transaction, regulation of Bank Indonesia on daily commercial bank report and regulation on bank risk management implementation.

Impact on Bank Mandiri and subsidiaries

Banks which breached the regulations are subject to administrative penalty of:

- Administrative penalty of written notice.
- Penalty to pay 1% of nominal transaction value for each breach, with minimum penalty of IDR10 million and maximum of IDR1 billion.

Banks which breached the regulations are subject to administrative penalty of:

- Administrative penalty of written notice.
- Penalty to pay 1% of nominal transaction value for each breach, with minimum penalty of IDR10 million and maximum of IDR1 billion.

Perform hedging transaction following this regulation of Bank Indonesia

Regulation	Amendment
6. PBI No.16/19/PBI/2014 dated 17 September 2014 on Amendment to PBI No.15/17/PBI/2013 on Hedging Swap Transaction to Bank Indonesia	<ul style="list-style-type: none"> Change in underlying transaction of the bank of declared business fund, thus the scope of bank underlying transaction includes: <ul style="list-style-type: none"> Foreign bank loan in the form of credit contract and/or securities issuance. Declared business fund.
Regulation of Financial Services Authority POJK No. 17/POJK.03/2014	<ul style="list-style-type: none"> Financial conglomeration must implement comprehensive and effective integrated risk management; Financial conglomeration must have main entity; Main entity must integrate risk management to financial conglomeration; Main entity must form: <ul style="list-style-type: none"> MRT (integrated risk management) committee; and Integrated risk management work unit (SKMRT). Main entity must appoint Main Entity Director who supervises risk management function as Director who supervises MRT function and implementation. Responsibility of the Board of Commissioners of Main Entity to ensure the MRT implementation shall be no less than: <ul style="list-style-type: none"> Direct, approve and evaluate MRT policies Evaluate the implementation of MRT policies by the Board of Directors of Main Entity Responsibility of the Board of Directors of Main Entity to ensure the MRT implementation shall be no less than: <ul style="list-style-type: none"> Prepare and implement written and approved MRT policies; Develop risk culture as a part of MRT implementation on financial conglomeration; Ensure human resources management effectiveness in main entity to implement the MRT functions; Ensure that MRT is independently implemented; Regular evaluation on MRT work unit results against MRT process.

Impact on Bank Mandiri and subsidiaries

- Bank may request an extension for:
 - Hedging contract to Bank Indonesia.
 - Hedging swap transaction to Bank Indonesia
 - Banks which breached the transaction are subject to penalty of:
 - Written notice;
 - Pay fine of 1‰ (one thousandth) of hedging swap transaction value to Bank Indonesia, no more than IDR1 billion per transaction.
-
- Bank Mandiri must improve and adjust the current risk management policies and procedures to MRT implementation, including:
 - Financial conglomeration structure improvement consisting of parent company and subsidiary company following Article 4 of the POJK;
 - Form/ improve MRT committee and work unit
 - Inclusion of two risks which should be managed in MRT beside eight current risks, including inter-group transaction risk and insurance risk
 - Submit main entity reports to FSA following Chapter VIII on Reporting
 - Reports must be submitted to FSA:
 - No later than 31 March 2015 on LJK to Main Entity Report and LJK as member of Financial Conglomeration;
 - The first integrated risk profile report is for the position of June 2015

Regulation	Amendment
Regulation of Financial Services Authority POJK No. 18/POJK.03/2014	<ul style="list-style-type: none"> Financial conglomeration must implement comprehensive and effective integrated governance; Financial conglomeration must have main entity. Main entity must implement comprehensive and effective MRT by referring to MRT implementation for financial conglomeration; Main entity must establish the TKT Committee and have: <ul style="list-style-type: none"> Integrated Compliance Work Unit (SKKT); and Integrated Internal Audit Work Force (SKAIT) Duty and responsibility of the Board of Commissioners of main entity in supervising the implementation of integrated governance shall be no less than: <ul style="list-style-type: none"> Governance implementation supervision on each LJK to match the integrated governance guidelines; Supervise duty and responsibility of Board of Directors of main entity, and provide direction or suggestion to the Board of Directors for the implementation of integrated governance guidelines; and Evaluate the integrated governance guidelines and provide direction for improvement. Duty and responsibility of the Board of Directors of main entity in ensuring the implementation of integrated governance guidelines shall be no less than: <ul style="list-style-type: none"> Prepare TKT guidelines; Direct, supervise and evaluate the implementation of TKT guidelines; Follow-up of direction or recommendation of the Board of Commissioners of main entity in improving the TKT guidelines. Board of Directors of main entity must ensure that audit findings and recommendations from integrated internal audit work unit, external auditor, supervision result of Financial Services Authority and/or other regulator have been followed-up by LJK in financial conglomeration.

Impact on Bank Mandiri and subsidiaries

- Bank Mandiri must improve the current governance policies and procedures to be in line with TKT implementation, including:
 - Improvement in duty, function and structure of TKT committee
 - Expand TKT supervision scope on LJK and committee membership from LJK.
 - Improvement in TKT guidelines, particularly on LJK function implementation by the Board of Directors, remuneration policy and management of transactions with conflict of interests/inter-group transactions.
 - TKT guidelines must be approved by the Board of Commissioners of main entity and reported in the general meeting of shareholders of the main entity and general meeting of shareholders of each LJK.
- Reports must be submitted to FSA :
 - No later than 31 March 2015 on LJK to main entity and LJK as member of financial conglomeration;
 - The first TKT implementation assessment report is for the position of June 2015;
 - Five months after the end of last financial year for TKT annual report.

CHANGES IN ACCOUNTING POLICIES

On 1 January 2014, Sharia Subsidiary Entity changed its accounting policy in line with PSAK 102 (Revision 2013) and PAPS I 2013. The following accounting policies are changed:

1. For Murabahah, Sharia Subsidiary Entity evaluates whether there is objective evidence that financial assets or financial assets group which individually significant had recorded lower value at each financial position reporting date due to an event after initial recognition with impact on future cash flows which could be reliably estimated. Individual value depreciation calculation is performed by using discounted cash flows method. Value depreciation will be recorded in provision account to be charged to consolidated comprehensive profit loss statement of the current year.
2. For depreciation of collective value, as allowed by PSAK 102 (Revision 2013), Circular of Bank Indonesia No.15/26/DPBs dated 10 July 2013 and Letter of FSA No.S-129/PB.13/2014 dated 6 November 2014, for the first implementation, Subsidiary Entity may implement transitional provision for collective value depreciation by using estimation based on the prevailing Bank Indonesia regulation. The transitional provision shall be implemented no later than 31 December 2014.
3. Revenue and expense with direct attribution to financing receivables which are recognized as part of financial assets, are recognized as revenue or expense by amortization based on effective interest rate. Prior to 1 January 2014, direct attribution of revenue and expense is recognized in consolidated comprehensive profit and loss statement at the occurrence time.

IMPORTANT CONTINGENCY, AGREEMENT AND COMMITMENT

In 2014 Bank Mandiri entered into several important contingencies, agreements and commitments with various parties, including:

1. Integrated Banking System 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 thus that the maximum total value of the contract amounting to USD2,056,125 (full amount, after VAT). On 31 December 2014, the value of the contract using payment realization 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 realization value of USD977,900 (full amount, after VAT), with estimated completion as at 31 December 2014 of 90.68%.

On 3 September 2013, Bank Mandiri entered into a contract with vendor to add features to eMAS following the contract of Application Management 2013 under a blanket order system with a maximum contract value of USD2,583,700 (full amount after VAT). The blanket order is based on actual man-days estimation for the additional eMAS features development by the vendor. On 31 December 2014 the contract value with payment realization approach stood at USD2,328,900 (full amount) and the Bank has recorded the payment realization value as fixed assets at USD2,253,300 (full amount) thus project progress estimation as of 31 December 2014 stood at 96.75%. Source of fund for the commitments is internal fund of the Bank in rupiah and US dollar.

2. Business synergy between PT Bank Mandiri (Persero) Tbk., PT Taspen (Persero), PT Pos Indonesia (Persero) and PT Bank Sinar Harapan Bali.

On 29 April 2013, Bank Mandiri and PT Taspen, PT Pos Indonesia and PT Bank Sinar Harapan Bali ("BSHB") (Subsidiary Entity of Bank Mandiri) signed conditional stock deposit agreement whereas BSHB will issue 800,000,000 new shares (full amount) to be purchased by Bank Mandiri, PT Taspen (Persero) and PT Pos Indonesia (Persero) with detailed final capital deposit and ownership stake of Bank Mandiri at 58.25%; PT Taspen (Persero) at 20.2%, PT Pos Indonesia (Persero) at 20.2%; and individual shareholders at 1.35% of total issued and fully-paid stocks of BSHB.

On 21 August 2014, Bank Mandiri and PT Taspen and PT Pos Indonesia have signed inter-shareholder agreement which stipulates stock transfer transaction as agreed in the conditional stock deposit contract. The agreement also stipulates corporate governance, stock transfer, commitments and agreements in relation to BSHB and relations between stockholders of BSHB after Effective Date.

As a realization of the shareholder agreement, on 22 December 2014 BSHB held an extraordinary general meeting of shareholders which authorized the issuance of 800,000,000 new shares (full amount) for Bank Mandiri, PT Taspen (Persero) and PT Pos Indonesia (Persero) following the agreed composition. As of the date of the consolidated financial statements, the change in stockholders composition was not yet effective, as it is pending the acceptance of BSHB stockholder change report by FSA Banking.

3. Conditional sale purchase contract between PT Bank Mandiri (Persero) Tbk., PT Kimia Farma (Persero) Tbk., and PT Asuransi Jasa Indonesia (Persero) with PT Askes (Persero) and Koperasi Bhakti PT Askes in relation to stock of 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 the following two stages:

- i. Stage 1, the acquisition of an 80% stake in InHealth, to be completed no later than 31 March 2014, with the Bank Mandiri's portion being 60%, PT Kimia Farma (Persero) Tbk. and PT Asuransi Jasa Indonesia (Persero) each at 10%; and
- ii. Stage 2, the purchase of the remaining 20% stake of BPJS Health in InHealth by Bank Mandiri, to be completed no later than 31 December 2014, bringing the Bank's total stake in InHealth to 80%. Stake composition in InHealth after the stage 2 is Bank Mandiri with 80%, PT Kimia Farma (Persero) with 10% and PT Asuransi Jasa Indonesia (Persero) with 10% of the total issued and fully-paid capital of InHealth.

On 27 February 2014, Bank Mandiri has obtained an approval from Annual General Meeting of Shareholders in relation to InHealth acquisition plan. Moreover, Bank Mandiri has received an approval for the acquisition plan from FSA with Letter No.S-37/PB/31/2014 dated 17 April 2014 on Request for Approval for Capital Investment of PT Bank Mandiri (Persero) Tbk. in PT Asuransi Jiwa InHealth Indonesia.

On 2 May 2014 a Sale Purchase Deed for PT Asuransi Jiwa InHealth Indonesia was signed between Bank Mandiri, PT Kimia Farma (Persero) Tbk. and PT Asuransi Jasa Indonesia (Persero) as the purchasing parties, and Badan Penyelenggara Jaminan Sosial Kesehatan (BPJS Health; formerly PT Askes (Persero)) and Koperasi Bhakti Askes as the selling parties. With the signing of the Deed, Bank Mandiri is effectively the majority shareholder of InHealth with a stake of 60% in the company.

In relation to the implementation of stage 2 of the InHealth acquisition, Bank Mandiri has lodged a request for Capital Investment License in accordance with Letter No. FST/965/2014 dated 30 December 2014 to FSA. Stage 2 of the acquisition plan for InHealth will be performed upon receiving the license from FSA. As of the date of consolidated financial statements, Bank Mandiri has not yet received approval from FSA regarding stage 2 of the InHealth acquisition.

HEDGING POLICY

Bank Mandiri has implemented the hedging principle. The implementation is as an effort to reduce market risks by transactions which offset the market risks. The hedging policy as implemented by Bank Mandiri is stipulated in the Treasury Policy of Bank Mandiri (KTBM). The policy serves as guidelines with high level, strategic and long-term principles which stipulate treasury activity regulations in relation to two portfolios, trading book and banking book. Trading book is defined as all proprietary trading positions of the Bank on financial instruments in balance sheet and administrative accounts to obtain short-term profit. Banking book is all positions for optimum liquidity, asset and liability management of the Bank, and the fulfillment of capital aspects.

Treasury activity may provide contributions to interest income and fee-based income, but with high risk potentials which could occur anytime due to changes in market risk factors. As a risk mitigation effort, there is a need for prudential principle implementation in treasury activity which should be understood by all of the work units. Prudential principle implementation is reflected in correct, consistent, consequent and accountability regulation implementation. This prudential principle becomes the philosophical foundation and framework for all decisions in treasury business.

Subsidiaries Performance at a Glance



BANK SYARIAH MANDIRI

Total Loans (Rp Triliun)	Total Deposits (Rp Triliun)	Total Fee (Rp Miliar)	Bagi Hasil Milik Bank (Rp Miliar)	Total Laba Bersih (Rp Miliar)
49,1	59,8	1.002,6	3.095,3	71,8
Total yield (%)	Cost Of Liabilities (%)	NPF Netto (%)	ROA (%)	ROE (%)
11,4	4,4	4,3	0,2	1,5



MANDIRI SEKURITAS

Securities Underwriting (Rp Triliun)	Bond Trading Volume (Rp Triliun)	Equity Trading Value (Rp Miliar)	Pendapatan Usaha (Rp Miliar)	ROE (%)
10,6	70,4	129,0	701,6	6,0



MANDIRI TUNAS FINANCE

Total Loans (Rp Triliun)	Total Aset (Rp Triliun)	Total Fee (Rp Miliar)	Total NII (Rp Miliar)	Total Laba Bersih (Rp Miliar)
21,2	7,4	335,4	602,1	234,0
Total NPL Gross (%)	Net Interest Margin (%)	ROA (%)	ROE (%)	
1,2	3,3	4,7	29,7	



MANDIRI AXA GENERAL INSURANCE

Jumlah Aset (Rp Triliun)	Volume GWP (Rp Miliar)	Total Laba Bersih (Rp Miliar)	ROE (%)
1,2	646,2	1,4	0,8



AXA MANDIRI FINANCIAL SERVICE

Jumlah Aset (Rp Triliun)	Volume AFYP (Rp Triliun)	Pendapatan Premi (Rp Triliun)	Total Laba Bersih (Rp Miliar)	ROE (%)
23,4	3,4	8,3	1.263,7	62,5



BANK SINAR HARAPAN BALI

Total Loans (Rp Miliar)	Total Deposits (Rp Triliun)	Total Fee (Rp Miliar)	Total NII (Rp Miliar)	Total Laba Bersih (Rp Miliar)
919,8	1,050,7	14,4	114,3	20,6
Total yield (%)	Cost Of Liabilities (%)	NPL Nett (%)	ROA (%)	ROE (%)
20,2	7,1	0,3	2,4	11,4



INHEALTH

Jumlah Aset (Rp Triliun)	Premi (Rp Triliun)	Total Income (Rp Triliun)	Total Laba Bersih (Rp Miliar)	ROE (%)
1,8	1,4	1,6	202,7	16,4

PT BANK SYARIAH MANDIRI



COMPANY PROFILE

PT Bank Syariah Mandiri (BSM) is founded on 25 October 1999 and started its operation on 1 November 1999. BSM is a bank which operates under sharia principles. Stockholders are PT Bank Mandiri (Persero) Tbk at 99.99% and PT Mandiri Sekuritas at 0.01%.

Company Address

Head Office

Wisma Mandiri I,
Jl. MH. Thamrin No. 5 Jakarta 10340
Telp : (62-21) 2300 509, 3983 9000 (Hunting)
Fax : (62-21) 3983 2989
Website : www.syariahamandiri.co.id

COMPANY PRODUCT

PT Bank Syariah Mandiri offers innovative products for customers as classified into four groups: financing, funding, service and sharia service. Funding products include third-party fund, consumer fund and cheap fund. Financing products include per scheme financing, per economic sector financing and per segment financing. Service products include product service, operational service and investment service. Sharia service product includes priority Mandiri sharia.

BOC AND BOD FOR 2014

Board of Commissioners

President Commissioner : Ventje Rahardjo
Independent Commissioner : Zulkifli Djaelani
Commissioner : Agus Fuad
Independent Commissioner : Bambang Widianto
Independent Commissioner : Ramzi A. Zuhdi

Board of Directors

President Director : Agus Sudiarto
Director : Achmad Syamsudin
Director : Agus Dwi Handaya
Director : Putu Rahwidhiyasa
Director : Fahmi Ridho

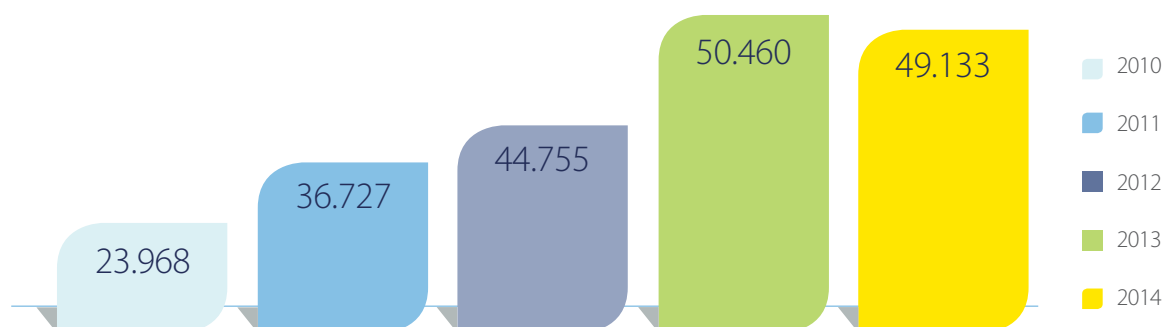
COMPANY PERFORMANCE 2014

Since its operation on 1 November 1999, BSM grew very fast. Assets rose by an average of 39.92% per year (Compounded Annual Growth Rate/CAGR of 2000 to December 2014), third-party fund (DPK) rose 51.58% per year and financing grew by an average of 43.41% per year.

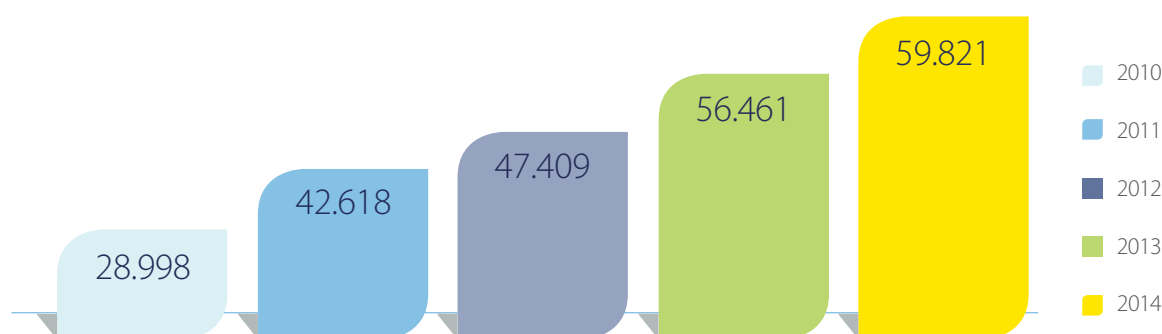
Such rapid growth put BSM as the largest sharia bank in Indonesia since 2003. BSM is able to maintain its top position despite increasing number of sharia banks in Indonesia, with 12 commercial sharia banks and 22 sharia business units as of 2014. BSM leads the sharia banking industry in Indonesia. As of November 2014, market share for assets stood at 25.20%, third-party fund at 27.81% and banking at 24.71%.

By national bank assets, BSM rank rose and ranked at the 18th in November 2014. The performance was recognized by domestic and overseas external agencies. Pefindo rating agency awarded AA+ (idn) ratings with stable outlook for BSM in 2014.

Financing (IDR billion)



Third Party Fund (IDR billion)



BSM faced higher challenges in 2014. Non-conductive macroeconomic conditions in Indonesia impacted financing business, influencing BSM's earning assets quality. In December 2014 the NPF Net ratio rose to 4.29% from 2.29% in December 2013. Lower earning assets quality caused the company to increase its assets write-off provision, reducing net income in 2014. Beside provision, net income was also influenced by negative growth in financing by 2.63% and lower fee-based income (FBI). The drop was also due to Government Regulation on hajj financing. On the other hand, rapid corporate growth in previous years was not supported by optimum information technology infrastructure thus influenced productivity in branch offices. Amid the non-conductive conditions, BSM recorded good performance particularly in liquidity aspect. BSM managed to maintain a Financing to Deposit Ratio (FDR) at 82.13% per December 2014.

To handle the increasing challenges, Bank Mandiri as a shareholder replaced the corporate management in the General Meeting of Shareholders on 7 May 2014. The new Board of Directors and Board of Commissioners immediately established a consolidated strategy. Guided by the strategy, BSM put focus on earning assets quality and business process improvements, and infrastructure strengthening. As a parent company, Bank Mandiri highly supported consolidation and transformation measures as implemented by BSM's new management. For faster business growth, the BSM management perform synergy to increase business capacity, infrastructure developments and human resources management improvements with parent company and corporate group.

Support from parent company and stakeholders, public trust as indicated by high market share, brand and public fund growth become the assets for management for better BSM performance in 2015 in line with its vision to make BSM as a modern sharia retail bank in Indonesia.

Financial position report (IDR billion)

Main indicator	2012	2013	2014
Assets	54,229	63,965	66,942
Liabilities	50,048	59,103	62,005
Equity	4,180	4,862	4,937

Profit Loss Statement (IDR billion)

Main indicator	2012	2013	2014
Income	5,829	6,640	6,563
Expense	5,024	5,988	6,491
Net income	807	652	72

ACCOLADES

For its business performance, BSM received 15 external awards in 2014, including:

- Most Trusted Company based On Corporate Governance Perception Index (CGPI) in Good Corporate Governance Award 2014 from SWA Magazine and The Indonesian Institute for Corporate Governance
- Islamic Finance Award in Chair Of League from Karim Business Consulting
- The Best in Achieving Total Customer Satisfaction in the Indonesian Customer Satisfaction Award 2014 from SWA Magazine and Frontier
- The Best Islamic Bank in Indonesia in the Asiamoney Islamic Bank Award 2014 from Asiamoney
- The Best of Indonesian Bank Loyalty Champion 2014 Category: Saving Account, Islamic Banking in the Indonesian Bank Loyalty Award 2014 from Infobank and Markplus Insight.

WORK PLAN AND STRATEGY FOR 2015

The year of 2015 is still a challenging year due to macroeconomic condition and external factors, including plan of The Fed for interest rate hike which will influence the national monetary system, and internal consolidation in sharia banking.

BSM, however, is optimistic that the sharia banking industry will have a very good long-term prospect for the next ten years, as Indonesia is a new center for global sharia financing industry. Bank Indonesia and Financial Services Authority have even announced that 2015 will be the year for sharia financing.

To face the challenges and capture business prospects in 2015, BSM has selected the following main strategies:

1. Human Capital Development & Culture
2. Reshaping Business Focus
3. Strengthening Distribution Network
4. Mandiri Group Integration
5. Improving Business Enablers

BSM will focus on strengthening business process and infrastructure (from front end to back end) particularly in retail segment, to improve growth quality and financing problems (collection). Business growth in commercial and corporation segment is focused on strengthening the value chain business and alliance with Bank Mandiri. Fund raising business will focus on cheap funds (current account and savings) to maintain safe liquidity level for efficient support to financing growth.

Beside setting focus and internal improvements, to face fiercer competition BSM will increase synergy and alliance with Bank Mandiri as parent company, and with other subsidiaries of the Bank, mainly through customer base optimization of Mandiri Group.

By sharpening and organizing the internal business strategies, and full support from Bank Mandiri as majority shareholder, and the government, regulators, clergies, the public and business partners, BSM is optimistic in realizing its aspirations to become the leading sharia retail bank and the pride of the nation.

PT MANDIRI SEKURITAS



COMPANY PROFILE

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 IDR638 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.

Amid market fluctuations in the past two years, Mandiri Sekuritas continued its commitments and determination to always be in the forefront, and managed to provide effective services to its customers and recorded profits in stock trading and bonds, initial public offerings and bond listing, and other financing instruments.

Mandiri Sekuritas continued its lead as the most active broker in the capital market for 2014. Corporate commitment and consistency in increasing public financial literacy are continuing through collaboration with the Indonesian Stock Exchange.

In Investment Banking, Mandiri Sekuritas showed contribution and dominance in securities underwriting sector in 2014, including for stocks, bonds and other securities. The Company successfully assisted several leading companies in Indonesia.

COMPANY ADDRESS

Head Office

Plaza Mandiri, Lantai 28-29
Jl. Jend. Gatot Subroto Kav. 36-38 Jakarta 12190
Telp : (62-21) 526 3445
Fax : (62-21) 526 3521
Website : www.mandirisekuritas.co.id

COMPANY PRODUCT

Products and services of PT Mandiri Sekuritas consist of two segments, investment banking and capital market. In investment banking, PT Mandiri Sekuritas offers securities underwriting and financial advisory services, whilst in capital markets the company is an active member in bond and stock trading in primary and secondary markets.

BOC AND BOD FOR 2014

Board of Commissioners

President Commissioner	: Cyril Noerhadi
Commissioner	: Panji Irawan
Commissioner	: Alexandra Askandar
Commissioner	: Kartini Sally

Board of Directors

President Director	: Abiprayadi Riyanto
Director	: Iman Rachman
Director	: Laksono W. Widodo
Director	: C. Paul Tehusjarana
Director	: I Nyoman Gede Suarja

COMPANY PERFORMANCE 2014

Mandiri Sekuritas has two business segments, investment banking and capital markets, with the following performance in 2014.

Investment Banking

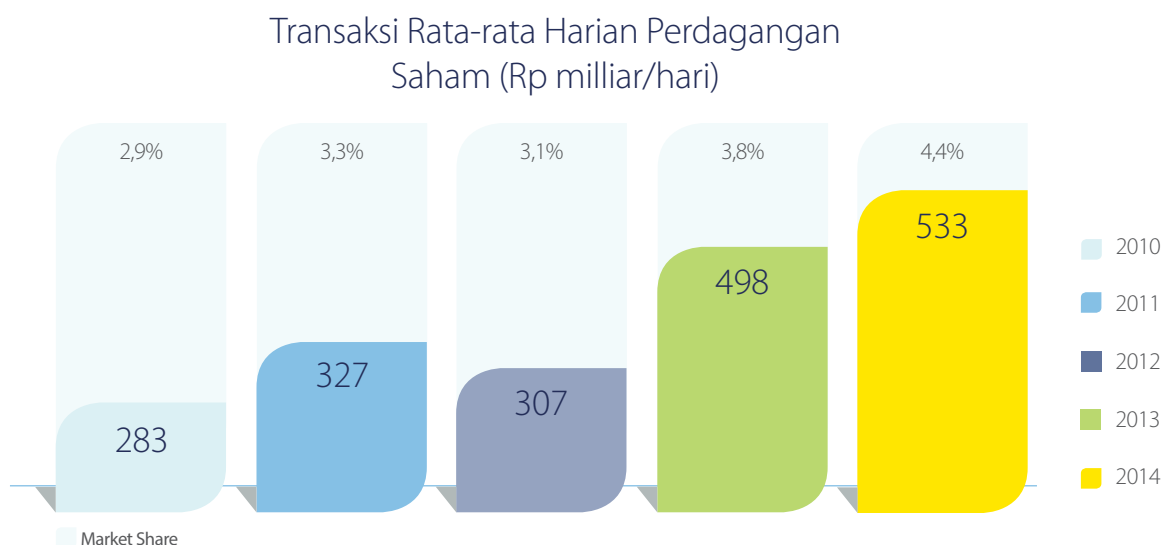
Mandiri Sekuritas continued its dominant contribution in underwriting of bonds, equity offerings and other debts in 2014. The company completed a total of 47 mandates from 43 companies for equity offerings, bonds and other debts with total amount of IDR11.11 trillion and US\$14.9 million.

Several large-scale transactions from various industries were completed in 2014, including bonds from Mitra Adiperkasa, Mandiri Tunas Finance, Pupuk Indonesia, Express, Summarecon, Waskita Karya, Indosat and Jasa Marga. Bonds issuance from Jasa Marga worth IDR1 trillion was an epic achievement whereas Mandiri Sekuritas is the sole underwriter.

For such achievements, Mandiri Sekuritas maintained its dominant position with a market share of 10.3% for Bonds & Equity category in the Bloomberg League Table. Mandiri Sekuritas is also active in providing financial advisory services to large Indonesian firms.

Capital Markets

Mandiri Sekuritas was the most active local broker in capital markets in 2014 with a total transaction of IDR129 trillion and 4.4% market share. Share transaction value of Mandiri Sekuritas showed growth in the past three years. In 2014, average daily transaction in Mandiri Sekuritas stood at IDR533 billion, higher than IDR498 billion in 2013.

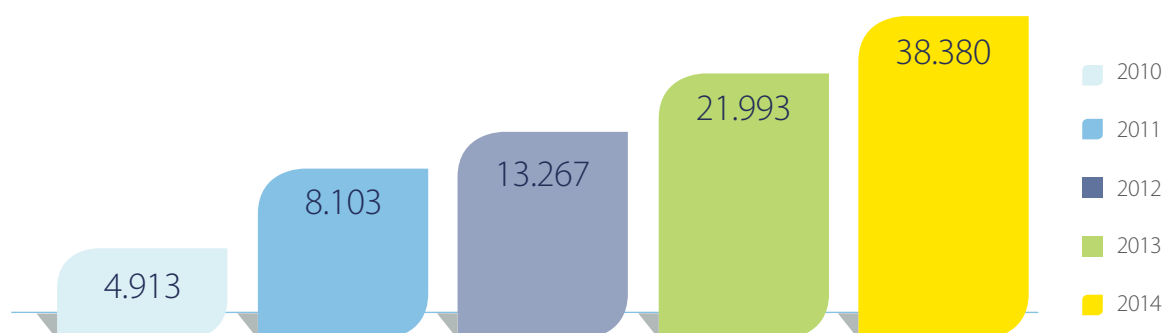


Mandiri Sekuritas also gave significant contribution to government securities (SUN) trading with IDR75.69 trillion in transaction volume in 2014, a growth of 25% from IDR60.59 trillion in 2013.

Public interests in capital market investment is also growing, with 74.5% growth in the number of customers to 38,380 in 2014 from 21,993 in 2013.

The above performance in 2014 was due 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.

Total Retail Customers



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.

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

Financial Position (IDR billion)

Main Indicator	2012	2013	2014
Assets	1,737	2,416	2,382
Liabilities	864	1,464	1,370
Equity	873	952	1,012

Profit Loss Statement (IDR billion)

Main Indicator	2012	2013	2014
Income	448	613	702
Expense	381	460	548
Net income	29	93	87

ACCOLADES

In recognition of its impressive achievements in 2014, 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 tenth consecutive time from Global Finance
- “Best Local Brokerage House in Indonesia” for the fifth consecutive time from Asiamoney Brokers Poll
- “Best Bond House in Indonesia” for the fourth consecutive time from Alpha Southeast Asia
- “Most Active Underwriter” for the fourth consecutive time from IDX Capital Market Awards
- “Best Investment Bank in Indonesia” for the third consecutive time from Finance Asia
- “Best Domestic Debt House in Indonesia” for the third consecutive time from Asiamoney
- “The Best Online Trading 2014” and “Best Social Activation” from BeritaSatu Online

- The first securities company to receive the Annual Report Award for the category of “Best Private Financial, Non-Listed”
- Recognition of Museum Rekor Indonesia (MURI) for “Rekor Pencapaian Investor Terbanyak melalui Satu Program Genta Pasar Modal”

Other no less significant awards were also extended in respect of a number of deals that were handled by Mandiri Securities during 2014, including:

- “Best IPO Deal of the Year in Southeast Asia – PT Wijaya Karya Beton Tbk’s IDR1.207 trillion (US\$106 million) IPO” from Alpha Southeast Asia
- “Best IPO of the Year in Southeast Asia for Retail Investors – PT Wijaya Karya Beton Tbk’s IDR1.207 trillion (US\$106 million) IPO” from Alpha Southeast Asia
- “Asia’s Indonesia Bond Deal of the Year – Republic of Indonesia’s Euro 1bn Bond” from IFR Awards 2014



PT MANDIRI TUNAS FINANCE

COMPANY PROFILE

PT Mandiri Tunas Finance (MTF) is a financing company with a focus on vehicle financing. The company was established in 1989 under the name PT Tunas Financindo Corporation and later PT Tunas Financindo Sarana. 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 most progressive & reliable multifinance in Indonesia" based on a strategy of being "top of mind" in the financing industry and providing service coverage throughout Indonesia.

COMPANY ADDRESS

Head Office

Graha Mandiri Lt. 3A
Jl. Imam Bonjol No. 61
Jakarta 10310 – Indonesia
Telp : (62-21) 230 5608
Fax : (62-21) 230 5618
Email : corporate.secretary@mtf.co.id
Website: www.mtf.co.id

BOARD OF COMMISSIONERS

Board of Commissioners

President Commissioner : Anton Setiawan
Commissioner : Sarastri Baskoro
Independent Commissioner : Hanifah Purnama

Board of Directors

President Director : Ignatius Susatyo Wijoyo
Director : Harjanto Tjitohardjojo

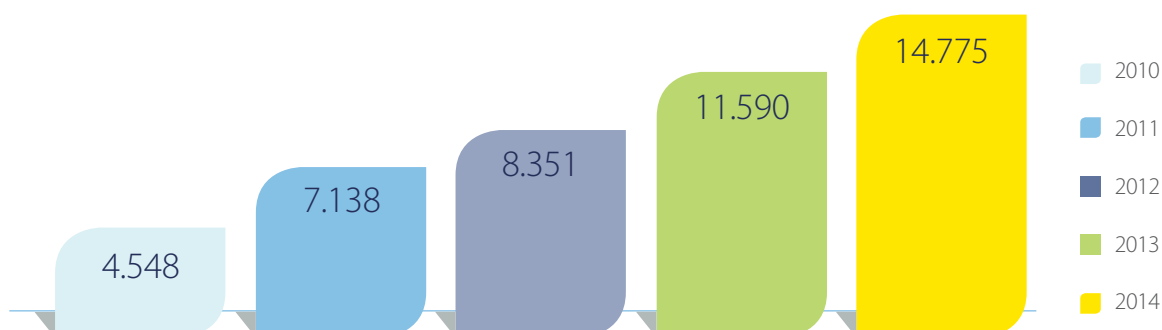
COMPANY PRODUCT

Products and services are vehicle financing to retail and corporate customers, in the form of consumer financing or lease. Financing is available for new car, used car, motorcycle, commercial vehicle and heavy equipment.

COMPANY PERFORMANCE 2014

In 2014 MTF recorded 32.7% growth in net income to IDR234.0 billion yoy, with Return On Equity (ROE) of 29.7% and gross NPL at 1.2%. PT PEFINDO awarded "idAA" ratings for 2014, reflecting strong and above average corporate capacity to meet its financial obligations.

New Disbursement (IDR billion)



Financial Position (IDR billion)

Main Indicator	2012	2013	2014
Assets	4,388	5,639	7,420
Liabilities	3,859	4,951	6,519
Equity	529	688	901

Profit Loss Statement (IDR billion)

Main Indicator	2012	2013	2014
Income	841	1,166	1,514
Expense	686	929	1,201
Net income	117	176	234

ACCOLADES

In 2014 PT Mandiri Tunas Finance received various awards from external agencies, including:

- **Best 1st Overall, Best 1st Non Listed Company with assets > IDR5 T, Best 1st Good Corporate Governance, Best 1st Finance, and Best 1st Information Technology**, The Best CEO, Best 2nd Corporate Social Responsibility, Best 2nd Risk Management, and Best 3rd Human Capital in Indonesia Multifinance Award (IMA) 2014 from Business Review Magazine.
- Multifinance with "Very Good" category in finance performance for 2013 for company with assets above IDR1 trillion in Infobank Multifinance Awards 2014 from Infobank Magazine.
- "Trusted Company" Award in Good Corporate Governance implementation from Swa Magazine and The Indonesian Institute for Corporate Governance (IICG).

WORK PLAN AND STRATEGY FOR 2015

In 2015 MTF will continue business expansion by improving cooperation with sole agents (ATPM) and strategic alliance with Bank Mandiri business group which will increase new financing portfolio for the company. To support the strategy, MTF will increase market share in all leading automotive brands through better relationship strategy. Moreover, MTF will continue its cooperation with the Bank's branch offices in work areas of MTF to market the Car Loan (KPM) product featuring a special rate program.

MTF will also develop finance lease for heavy equipment for corporate banking and commercial banking customers. Aside from financing expansion, MTF also implemented Risk Management Information System (RMIS) to monitor measured portfolio credit risks for optimal return.

MANDIRI AXA GENERAL INSURANCE



COMPANY PROFILE

PT Mandiri Axa General Insurance (MAGI) was incorporated on 25 October 2011 through acquisition of a general insurance company formerly known as PT Asuransi Dharma Bangsa with ownership of PT Bank Mandiri (Persero) Tbk at 60% and AXA Asia at 40. MAGI is in vehicle insurance business, and eventually expanded to other sectors. This is in line with corporate target to provide various products for optimum services and become a company of choice for customers, business partners, employees, shareholders and the public.

COMPANY ADDRESS

Head Office

Komplek Wijaya Grand Center Blok B1-3
Jl. Wijaya II, Kebayoran Baru
Jakarta, Indonesia
Tel.: 021 727 89477
Fax.: 021 720 8460

Corresponding Office

AXA Tower Lt. 8,
Jl. Prof. Dr. Satrio Kav. 18, Kuningan City,
Jakarta 12940, Indonesia
Tel.: 021 3005 7777
Fax.: 021 3005 7600

COMPANY PRODUCT

Initially the company was focused on vehicle insurance business, but currently the product line is expanding, including accident, transportation, travel insurance and others.

BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

Board of Commissioners

President Commissioner	:	Ventje Rahardjo
Soedigno		
Commissioner	:	Randy Lianggara
Commissioner	:	Hery Rukmana
Independent Commissioner	:	Frans Wiyono

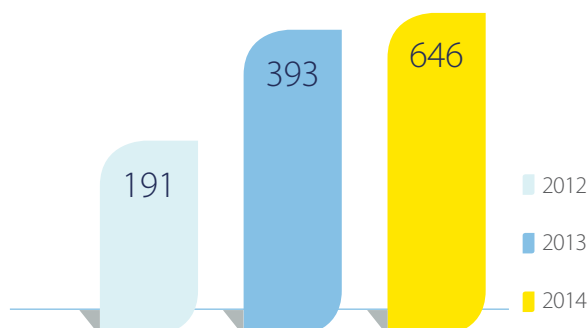
Board of Directors

President Director	:	Albertus Wiroyo Karsono
Director	:	Syah Amondaris
Director	:	Then Henry Marten

COMPANY PERFORMANCE 2014

MAGI closed the year of 2014 by successfully meeting its premium target for the first time after three years in operation. The company recorded IDR646.2 billion in premium, a growth of 64.5% from IDR392.9 billion in 2013. MAGI also recorded a profit for the first time, at IDR1.4 billion, a growth of 107.2% from minus IDR19.7 billion in 2013. The achievements drove ROA and ROE of the company to 0.2% and 0.8%, respectively.

Gross Written Premium (IDR billion)



The achievement was in line with infrastructure and human resources management. As of the end of 2014, MAGI had 275 employees in 37 areas across Indonesia. The company is supported by 328 partner workshops in 90 cities and provided Emergency Road Assistance (ERA) service in eight major cities.

The company still relied on cooperation with business units of Bank Mandiri in 2014, including Consumer, Micro, SME, Commercial and subsidiaries of Bank Mandiri particularly Mandiri Tunas Finance, which significant contribution to the company's business portfolio. This was in line with the direction of Bank Mandiri as shareholder to promote synergy between Bank Mandiri Group for better business potentials.

Through various sustainable improvements, and large market potentials, the market is optimistic to achieve its aspiration. In the future, PT Mandiri AXA General Insurance will grow and become a leading loss insurance company, in line with Bank Mandiri's efforts to realize its vision as the Most Admired and Progressive Financial Institution.

FINANCIAL POSITION (IDR BILLION)

Main Indicator	2012	2013	2014
Assets	356	659	1,177
Liabilities	228	551	923
Equity	128	108	254

Profit Loss Statement (IDR billion)

Main Indicator	2012	2013	2014
Income	47	152	317
Expense	99	179	316
Net income	(40)	(19)	1

ACCOLADES

In 2014 PT Mandiri AXA General Insurance received several external awards, including "The Best Finance" and The 2nd Best Private Company in the Indonesia Insurance Award 2014 from Economic Review Magazine, and "The Best Financial Performance" in the Indonesia Insurance Consumer Choice Award 2014 from Warta Ekonomi Magazine.

PT AXA MANDIRI FINANCIAL SERVICES



COMPANY PROFILE

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 1,400 Bank Mandiri branches and 170 Bank Syariah Mandiri branches around the country. Its operations are supported by 1,890 Financial Advisors and 144 Sales Managers, as well as 502 Telephone Sales Officers who offer protection products through telemarketing.

COMPANY ADDRESS

Head Office

AXA Tower Lt. 9

Jl. Prof. Dr. Satrio Kav. 18, Kuningan City, Jakarta 12940

Telp : 021 3005 8888

Fax : 021 3005 8500

Website : www.axa-mandiri.co.id

COMPANY PRODUCT

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 and 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.

BOARD OF COMMISSIONERS

Board of Commissioners

President Commissioner : Hery Gunardi

Commissioner : Randy Lianggara

Commissioner : Myland

Commissioner : Albertus Wiroyo Karsono

Board of Directors

President Director : Arry Basuseno

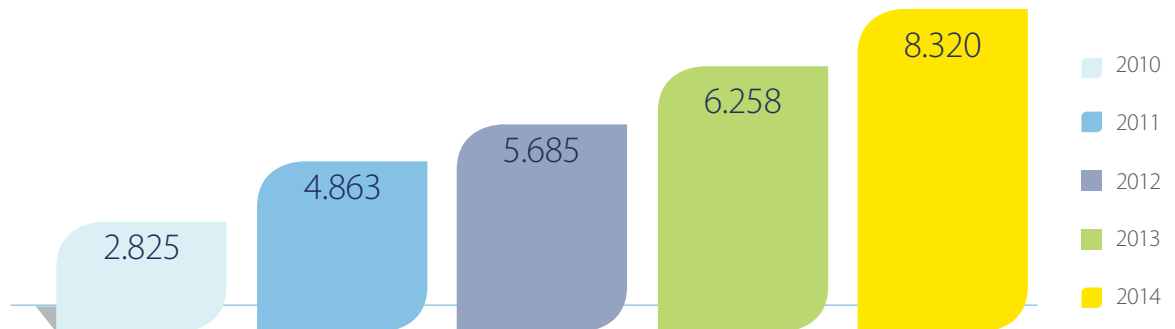
Director : Kartono

Director : Franz Lathuillierie

COMPANY PERFORMANCE 2014

In 2014, AXA Mandiri recorded 33.0% growth in premium income to IDR8.3 trillion yoy. Net income as of 31 December 2014 stood at IDR1,263.7 billion. Assets as of 31 December 2014 stood at IDR23.4 trillion with RBC (risk based capital) of 489.3%.

Total Premium Income (IDR billion)



In 2014, 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 be 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.

Financial Position (IDR billion)

	2012*	2013	2014
Assets	15,296	16,831	23,385
Liabilities	13,593	14,899	21,212
Equity	1,697	1,921	2,161

Profit Loss Statement (IDR billion)

	2012*	2013	2014
Income	6,384	5,775	11,818
Expense	5,027	4,360	10,161
Net income	1,024	1,024	1,264

*) restated

ACCOLADE

In 2014 AXA Mandiri was recognized as The Best Insurance Companies from Investor Magazine for the category of Life Insurance with Assets of IDR5 trillion – IDR15 trillion.

PT BANK SINAR HARAPAN BALI



COMPANY PROFILE

Bank Pasar Sinar Harapan Bali was founded on 23 February 1970 in Denpasar. Based on Deed No.4 dated 3 November 1992 made before Ida Bagus Alit Sudiatmika, SH., a notary in Denpasar, Bank Sinar company status was amended to a limited-liability company. On 3 May 2008 an Acquisition Deed was signed between shareholders of Bank Sinar Harapan Bali and Bank Mandiri. The Deed signing marked the start of Bank Mandiri's 80.00% stake in Bank Sinar Harapan Bali, whereas Bank Sinar Harapan Bali will be separately managed from Bank Mandiri as a standalone bank with a main focus on micro and small business developments.

COMPANY ADDRESS

Head Office

Jl. Melati No.65, Denpasar
Telp : 0361 - 227076

COMPANY PRODUCT

The company offers savings and loan products and services. Savings products include savings, time deposit and current account. Loan products include micro loan, retirement loan and retail loan. Services include bank guarantee, transfer and collection.

BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS FOR 2014

Board of Commissioners

President Commissioner : Kuki Kadarisman
Independent Commissioner : I Wayan Deko Ardjana
Independent Commissioner : Ida Bagus Kade Perdana

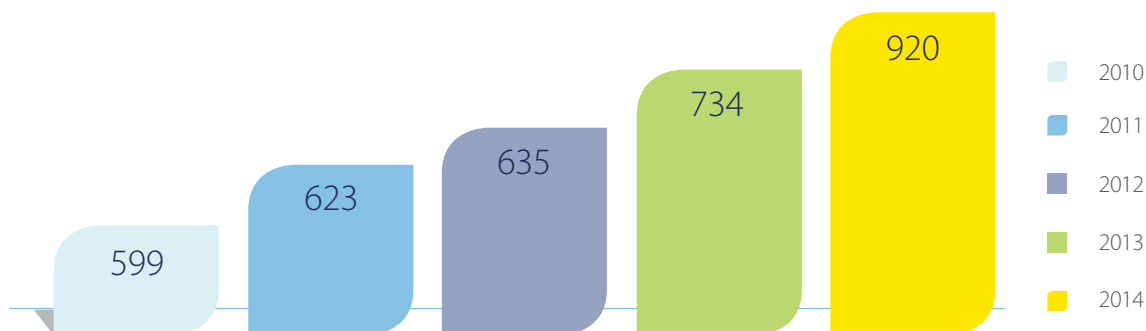
Board of Directors

President Director : I Wayan Sukarta
Director : Ida Ayu Kade Karun
Director : I Gusti Ngurah Alit Asmara Jaya

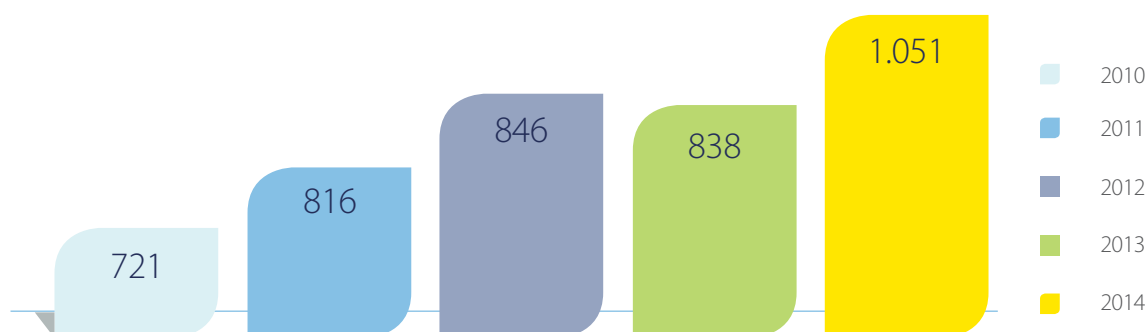
COMPANY PERFORMANCE 2014

In 2014 BSHB recorded 51.11% in micro loan and the remaining are small and medium loans. BSHB always open capital access to microbusiness, in line with its vision to be a leading bank in micro and SME segment in Bali.

Loan (IDR billion)



Third-party Fund (IDR billion)



The company recorded significant growth in loans for micro, small and medium business in 2014. Total assets in December 2014 rose 60.3% to IDR1,755.5 billion from IDR1,095.0 billion in December 2013. Distributed credit rose 25.3% to IDR919.8 billion from IDR734.0 billion for the period. Net income in 2014 rose 29.6% to IDR20.6 billion from IDR15.9 billion in 2013. Gross NPL dropped to 1.2% in 2014 from 1.7% in 2013.

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. System Strengthening

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 Developments

Developing the 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. Capital Strengthening

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.

To increase the productivity of BSHB's outlets, as of December 2014 there were 93 offices comprising 1 Operational Head Office, 1 Functional Office, 6 Branch Offices, 78 Sub-branch Offices and 7 Cash Offices across all districts and cities in Bali Province. Moreover, BSHB has adjusted its business model by focusing on each business unit: fund, micro credit and SME to significantly increase its intermediation role, both in credit distribution and third-party fund raising.

Financial Position (IDR billion)

Main Indicator	2012	2013	2014
Assets	1,044	1,095	1,756
Liabilities	877	912	1,552
Equity	167	183	203

Profit Loss Statement (IDR billion)

Main Indicator	2012	2013	2014
Income	104	113	129
Expense	83	90	101
Net income	15	16	21

ACCOLADES

In 2014 Bank Sinar Harapan Bali received three external awards, including:

- Infobank Awards 2014
- First rank for Buku Perusahaan Non Tbk, Finance - Value Creation, Good Corporate Governance, Risk Management, and Marketing. Second rank for Finance - Efficiency, Profit, Human Capital, Information Technology, and Corporate Communication and rank 4 for Corporate Social Responsibility. The awards were provided in the Anugerah Perbankan Indonesia 2014 event
- Trusted Company in Good Corporate Governance Award 2014

WORK PLAN AND STRATEGY FOR 2015

For 2015, main strategy of BSHB is synergy with state-owned enterprises where Bank Mandiri as majority shareholder will put Bank Sinar's focus to national middle to low market in cooperation with strategic partners of PT Taspen (Persero) and PT Pos Indonesia (Persero). As an initial step to support the synergy, by the end of 2014 BSHB is officially controlled by three SOEs, PT Bank Mandiri (Persero) Tbk, PT Taspen (Persero), and PT Pos Indonesia (Persero), in line with resolution of the Extraordinary General Meeting of Shareholders held in 22 December 2014.

BSHB as a Joint Venture Bank from the synergy of three SOEs is projected to become a national-scale bank with focus on middle to low market and the best and trusting partner with contribution from strategic partners and benefitting from their advantages.

PT MANDIRI MANAJEMEN INVESTASI



COMPANY PROFILE

PT Mandiri Manajemen Investasi (Mandiri Investasi) is a legal entity 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. Shareholders include PT Mandiri Sekuritas at 99.9% and Koperasi Karyawan Bank Mandiri at 0.1%. Mandiri Investasi's vision is to be the most trusted investment management company with innovative solutions and best service. 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.

COMPANY ADDRESS

Head Office

Plaza Mandiri, Lt. 29

Jl. Jend. Gatot Subroto Kav. 36-38

Jakarta 12190, Indonesia

Telp : (62-21) 526 3505

Fax : (62-21) 526 3506

E-mail : info@mandiri-investasi.co.id

Website : www.mandiri-investasi.co.id

COMPANY PRODUCT

Mandiri Investasi has become the leading investment management company in Indonesia and offers a range of products and services. The company provides fund management services in the form of Money Market, Fixed Income, Mixed, Equity and Protected Mutual Funds, Limited Investment Mutual Fund, Discretionary Funds, and investment advisory services.

BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS FOR 2014

Board of Commissioners

President Commissioner : Chrisna Pranoto

Commissioner : Jiantok Hardjiman

Commissioner : Destry Damayanti

Board of Directors

President Director : Muhammad Hanif

Director : Wendy Isnandar

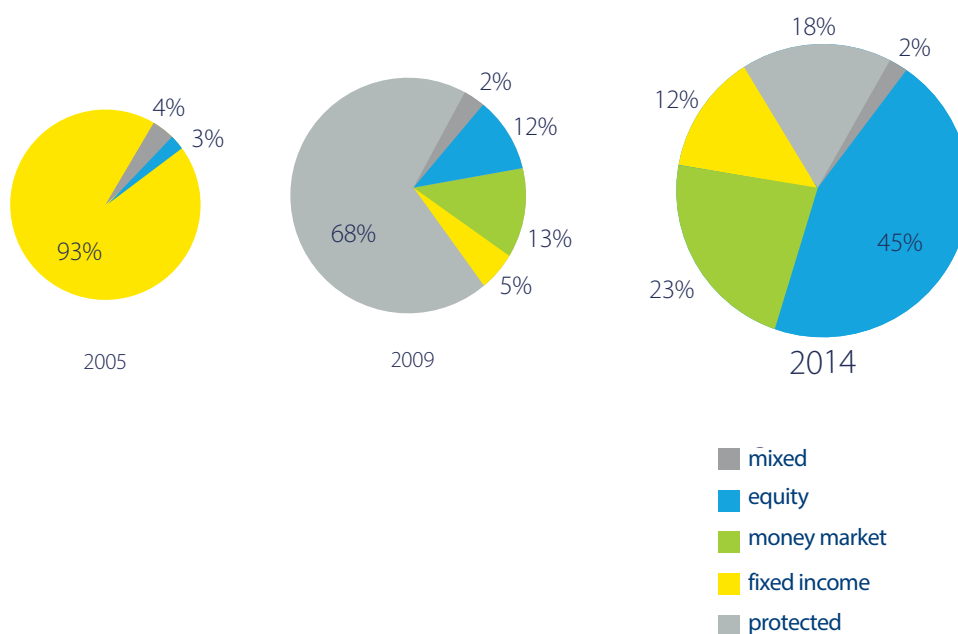
Director : Ferry I. Zen

COMPANY PERFORMANCE 2014

As of the end of 2014, Mandiri Investasi managed 59 mutual fund products, including 12 equity, 4 mixed, 11 fixed income, 6 money market and 26 protected mutual funds.

Within ten years, Mandiri Investasi managed to increase Asset Under Management (AUM) of mutual funds from IDR280 billion in 2005 to IDR24,616 billion in 2014, and transformed asset class composition from majority in income to majority in equity mutual funds.

Transformation of Asset Class composition on 10 last year of Reksa Dana Mandiri Investasi



With the mutual fund AUM, Mandiri Investasi managed to maintain its role as the Biggest Local Investment Management in Indonesia and its AUM was the third largest in national mutual fund industry with a market share of 9.0%.

In 2014 Mandiri Investasi recorded IDR31.4 billion in consolidated net income with Return on Equity (ROE) of 35.5% and Adjusted Net Working Capital (MKBD) of IDR55.1 billion.

To attract regional investors in Singapore, Australia, Hong Kong and Japan, Mandiri Investasi has opened a subsidiary in Singapore, Mandiri Investment Management Pte.Ltd, in August 2013.

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.

Financial Position (IDR billion)

Main Indicator	2012	2013	2014
Assets	107	141	153
Liabilities	28	45	33
Equity	79	96	120

Profit Loss Statement (IDR billion)

Main Indicator	2012	2013	2014
Income	161	185	192
Expense	127	149	147
Net income	24	25	31

Accolades

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 Best Investment Manager, Top Fund Manager, Indonesia Most Innovative Product, Indonesia Best Islamic Product, CEO and CIO of The Year and a number of best mutual funds awards.

MANDIRI INTERNATIONAL REMITTANCE SDN. BHD.



COMPANY PROFILE

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 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.

COMPANY ADDRESS

Head Office

Wisma MEPRO
Ground & Mezzanine
Jalan Ipoh Chow Kit, 51200
Kuala Lumpur, Malaysia
Telp : +603-4045 4988
+603-4045 8988

COMPANY PRODUCT

Main product of MIR is money transfer to bank accounts across Indonesia or cash withdrawals from all branch offices of Bank Mandiri and post offices in Indonesia in Rupiah or US Dollar. MIR also offers Indonesian migrant workers Mandiri savings account and serves as a contact center for Bank Mandiri customers in Malaysia.

BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS FOR 2014

Corporate Representative (CR)

Main CR : Riza Zulkifli

Board of Directors

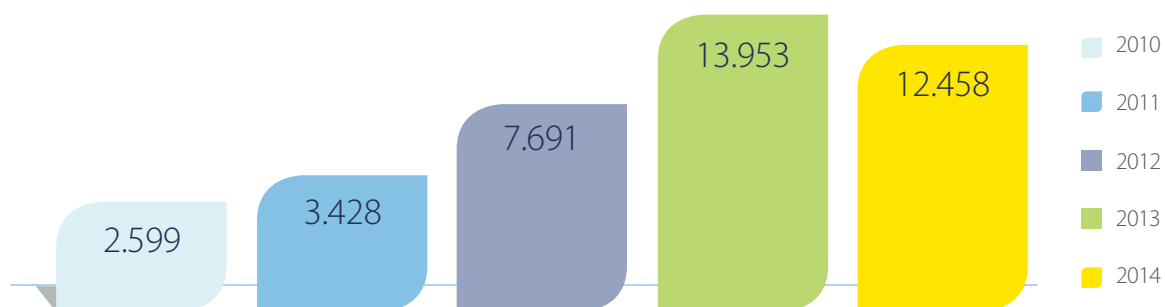
President Director : Rachmat Widiyanto
Director : Retno Dwi Lestari
Abdull Aziz Bin Harun
Non-Executive Director : Fitri Wahyu Adihartati
Elmega Rosinta Greaceace

COMPANY PERFORMANCE 2014

MIR recorded 2.48% growth in total assets in 2014 to IDR11,592 million from IDR11,311 million in 2013. Total liabilities rose 61.10% to IDR1,390 million in 2014 from IDR857 million in 2013, whilst total equity for the period dropped 2.41% to IDR10,202 million from IDR10,454 million.

Operating income dropped 10.71% to IDR12,458 million in 2014 from IDR13,953 million in 2013, whilst operating expense for the period dropped 11.61% to IDR12,297 million from IDR13,912 million. Net income rose 295.12% to IDR162 million in 2014 from IDR41 million in 2013.

Operating Income (IDR million)



Profit Loss Statement (IDR million)

	2012	2013	2014
Assets	9,574	11,311	11,592
Liabilities	745	857	1,390
Equity	8,830	10,454	10,202

Profit Loss Statement (IDR million)

	2012	2013	2014
Income	7,691	13,953	12,458
Expense	10,773	13,912	12,297
Net income (loss)	(3,082)	41	162

ACCOLADE

In 2014 MIR received an external award:

- Award from Kumpulan Wang Simpanan Pekerja for following KWSP 1991 Deed for 2014.

BANK MANDIRI (EUROPE) LTD.



COMPANY PROFILE

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.

COMPANY ADDRESS

Head Office

6 Thomas More Square,
Thomas More Street,
London, E1W 1YW

Telp : +44-207-553-8688

Fax : +44-207-553-8699

BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS FOR 2014

Independent Non-Executive Director & Chairman : Mr. I Wayan Agus Mertayasa

Executive Director and Chief Executive : Mr. Helmi Imam Satriyono

Independent Non-Executive Director : Mr. J.K. Williams

COMPANY PERFORMANCE 2014

Financial Position (USD thousand)

Main Indicator	2012	2013	2014
Assets	140,503	260,047	188,471
Liabilities	90,125	213,056	139,895
Equity	50,378	46,991	48,576

Profit Loss Statement (USD thousand)

Main Indicator	2012	2013	2014
Income*)	11,221	3,153	4,604
Expense**)	9,518	5,213	3,729
Net income	1,652	264	1,079

*) Interest income and FBL + Recoveries from NPL

**) Interest expense and operating expense + PPAP (allowance for uncollectible accounts) expense

PT ASURANSI JIWA IN-HEALTH INDONESIA

COMPANY PROFILE

PT Asuransi Jiwa Inhealth Indonesia, hereinafter shall be referred to as Inhealth, was founded on 6 October 2008 as a subsidiary of PT Askes (Persero) and Koperasi Bhakti PT Askes (Persero). On 2 May 2014 BPJS Health, formerly PT Askes (Persero), and Koperasi Bhakti PT Askes (Persero), sold their stakes in PT Asuransi Jiwa Inhealth Indonesia to three SOEs with the following composition:

1. PT Bank Mandiri (Persero) Tbk of 60%,
2. PT Kimia Farma (Persero), Tbk. of 10%
3. PT Asuransi Jasa Indonesia (Persero) of 10%
4. BPJS Health of 20%.

Inhealth officially began its operation on 1 April 2009 and grew significantly for the next five years compared to industry average.

Inhealth is supported by the following infrastructure across Indonesia:

1. 12 marketing offices, 10 operational offices and 50 customer service offices across the country.
2. Direct cooperation with \pm 6,200 providers across Indonesia.
3. Control medicine formulary which promotes quality and patient safety.
4. Experienced human resources in administrating managed care system, consisting of:
 - a. 30 Sales Managers
 - b. 198 Provider Relation Officers (PRO)
 - c. 93 Customer Relationship Officers (CRO)

COMPANY ADDRESS

Head Office

Plaza Setiabudi 2 Lantai 5, suite 505-508
Jl. HR. Rasuna Said Kav 62
Jakarta Selatan 12920
Telp : 021- 5250900
Fax : 021- 5250708
Website : www.Inhealth.co.id

COMPANY PRODUCT

The company offers products and services in three segments, Inhealth Managed Care, Inhealth Indemnity, and Life Insurance.

Inhealth Managed Care provides comprehensive health insurance (promotion, preventive, curative and rehabilitative following medical need) for one year and is extendable, with Diamond, Platinum, Gold and Silver classes.

Inhealth Indemnity is health insurance with healthcare cost reimbursement with benefit selection according to the need of employees and companies (for one year and extendable). Life insurance consists of Group Term of Life (GTL) and Personal Accident (PA).

BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS FOR 2014

Board of Commissioners

President Commissioner	: Ali Ghufon Mukti
Commissioner	: Rico Usthavia Frans
Commissioner	: Herjanto
Independent Commissioner	: Nizar Yamanie
Independent Commissioner	: I Ketut Sendra

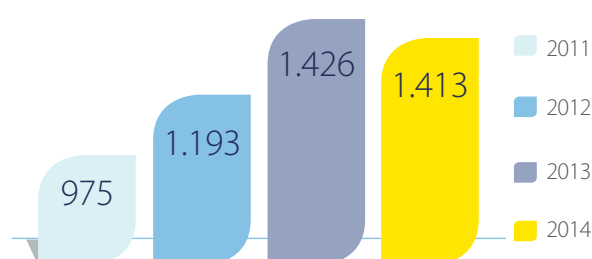
Board of Directors

President Director	: Roy Ibrahim
Director	: Revaldi Ramli
Director	: Dikdik Yustandi
Director	: Wahyu Handoko

COMPANY PERFORMANCE 2014

In 2014, Inhealth recorded IDR1.4 trillion in premium income, and 69% growth in profit compared to 2013. Net income as of 31 December 2014 stood at IDR202.7 billion. Total corporate stood at 1,376 with 1,087,313 customers.

Net Premium Income (IDR billion)



Corporate assets as of 31 December 2014 stood at IDR1,779.2 billion with RBC (Risk Based Capital) ratio of 1,013.2%. As a subsidiary of Bank Mandiri, Inhealth is supported by strong paid-up capital of IDR1 trillion. The company maintained an average RBC ratio of 800% for the past five years.

Financial Position (IDR billion)

Main Indicator	2012	2013	2014
Assets	1,576	1,529	1,779
Liabilities	381	411	458
Equity	1,195	1,118	1,321

Profit Loss Statement (IDR billion)

Main Indicator	2012	2013	2014
Income	1,425	1,542	1,592
Expense	1,174	1,390	1,340
Net income	100	120	203

ACCOLADES

In 2014, PT Asuransi Jiwa Inhealth Indonesia Limited received several external awards, including:

- "Best Life Insurance 2014" for company with equity of more than IDR750 billion from Media Asuransi Magazine.
- "Best Life Insurance Company 2014, First Rank" for life insurance company with assets of IDR1 trillion – IDR5 trillion from Investor Magazine.
- Insurance with Very Good Financial Performance in 2013, from Infobank Magazine.

Marketing

MARKETING STRATEGY

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 2014, we increased our budget allocation for marketing on TV/print media to “below the line” and digital marketing, with a focus on online media, including paid online media, social media, and microsites. The initiative proved to be effective in supporting higher products/ programs activation and in reducing promotion costs.

From marketing aspect, alliances between the Business Units, task forces and subsidiaries of Bank Mandiri, including through the utilization of media, are important as the alliance could accelerate the business achievements 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 raise more funds from the public, particularly cheap funds, as related to demand and savings deposits. This will be performed by increasing the volume of customer transactions and developing effective fund marketing programs.

The Export Foreign Exchange (DHE) program will be intensively developed and implemented by all Business Units so as to directly increase the collection of cheap foreign currency funds arising from export transactions. We will also encourage exporters to repatriate export proceeds back to Indonesia.

In the Corporate and Commercial segment, the marketing approach is based on customer intensification and extension of 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 significant market share. Fund flows potential from government budgets in regions around the country is also highly prospective. In addition, target is set to increase the number of customers outside of the SOE sector, especially customers that are not specifically related to the State Budget. Intensification of cheap fund raising is also carried out by increasing the number of transactions of existing clients to reduce dependence on SOE funds, which are characterized by significant levels of volatility.

Business growth focus will also be directed at increasing the number of new customer accounts, especially for corporate business customers with active transactions and deposit levels that continue to grow sustainably. Bank Mandiri always encourages its customers to use checking accounts as their operating accounts.

For card consumers, 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 be sustainably applied, accompanied by

increasing the number of PKS developers, disbursement level, and approval rate stabilization.

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. Business growth 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 to support effective and efficient marketing strategies.

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.

Bank Mandiri uses the following marketing strategy programs to increase its market share:

1. **Fiesta Point Program**
A program to get points based on savings average balance and #of transactions through e-channel or branch, so that customer has the opportunity to earn immediate prizes.
2. **Mandiri Belanja Untung Program**
Prizes for buyers who do the transactions in the merchant (as participant), or using Mandiri EDC. For sellers, they have the opportunity to be included to the national lucky draw.
3. **Belanja Hoki/ Dagang Hoki Program**
Co-promotion with the ITC Group for merchants and buyers who transact in ITC by using Mandiri Debit and also a reward program for the building management.

MARKETING EXPENSE

Marketing expense in 2014 stood at IDR842.98 billion. The following table shows actual marketing expenses for 2013-2014.

Marketing Expense 2013-2014 (IDR billion)

Marketing expense	2013	2014
Bank product promotion expenses	584.45	552.12
Sales program expense	97.84	71.17
Corporate PR promotion expense	110.78	130.11
Bonus points expense	-	-
Savings incentive/ benefit promotion expense	-	-
Current account incentive/ benefit promotion expense	125	0.05
Time deposit incentive/ benefit promotion expense	33.70	35.61
Savings prize expense	21.88	48.14
Current account promotion expense	-	5.35
Savings promotion expense	6.29	0.40
Total	855.08	842.98

MARKET SHARE

Bank Mandiri's success in wholesale operation in 2014 was reflected from wholesale market segment at 15.8% in September 2014.

In 2014, credit in wholesale segment grew 10.6% from IDR286.8 trillion to IDR317.3 trillion.

Growth in retail segment was better. In 2014, retail segment credit grew 21.3% from IDR147.2 trillion to IDR158 trillion. The growth increased the Bank's market share in the retail segment to 9% from 8.4% in the previous year. The growth was supported by higher credit in MSME segment, which grew 23.4% in 2014 with market share of 12.9%, higher than 11.6% in the previous year.

Business Prospect

Global economic growth is projected to improve in 2014 to 4.0%, due to positive developments in developed countries, particularly US and in Europe. US economy will grow in line with improvements in inflation and unemployment rate which match the government target for 2015. Real sector performance, budget agreement and fiscal consolidation also supported conducive US economy. European economy is also expected to grow, due to efforts by the European Central Bank (ECB) which cut the 2014 key rate from 0.25% to 0.15%, and time deposit interest rate from 0.0% to minus 0.1%, and banking credit disbursement under the Targeted Longer-term Refinancing Operation (TLTRO) scheme.

Economic growth will also be improved in Asia. The rate of growth in developing countries in South East Asia is expected to increase significantly. Domestic demand growth is expected to trigger growth as a result of ASEAN Economic Community (AEC) implementation in the region. Indonesia's economy is expected to grow due to higher purchasing power which will influence the growth rate of household consumption.

National banking supervision has shifted from Bank Indonesia to the Financial Services Authority (FSA) since 31 December 2013. This is in accordance with the mandate of Law No. 21/2011 on the Financial Services Authority, and from that date the functions, duties, and authority for the regulation and supervision of financial services activities in the banking sector are conducted by the FSA. With the transfer of bank regulation and supervision functions to the FSA, it is expected that the supervision function of financial institutions will be more integrated to support the creation of a more stable and sturdy financial system.

National banking industry will grow and expand in a more dynamic manner. The following main factors will influence the future development and growth in the national banking industry:

1. Productive age group population is rising in line with growing middle class which will affect consumer attitudes for demanding faster and more flexible services and more diverse products.
2. Banking industry should increase investment credit distribution particularly for the manufacturing, energy and infrastructure sector to generate high-value products.
3. Banking industry regulation requires comprehensive change particularly in capital structure, liquidity, governance and security, to minimize institutional failure.
4. Banking industry should anticipate the ASEAN banking integration which will occur in 2020. By the end of 2015 the integration of the ASEAN capital markets will be started, which may suppress bank financing and funding. From funding aspect, customers will have more alternatives to place their funds, whilst from financing aspect, business sector will find it easier to enter foreign markets, thus reducing the domestic credit market share. Therefore the banking industry should increase their competitiveness in order to take advantage of the ASEAN markets.

Long-term Plan and Strategy for 2015

LONG-TERM PLAN FOR 2015-2020

Future challenges which are more complex and the need to keep increasing business performance and provide best quality services to customers are the reason for sustainable business transformation and organizational management in Bank Mandiri.

The Bank has initiated the transformation phase III of 2015-2020. Long-term vision of Bank Mandiri is "To be The Best Bank in ASEAN by 2020", which could be elaborated as follows:

1. Bank Mandiri is committed to be the best financial institution in ASEAN, in service, product and yields to shareholders, and in benefits to the general public. This is achievable by providing integrated product and services, financial solutions which are based on extensive industrial comprehension and supported by technological advancement, quality human resources and business synergy down to subsidiary company level.
2. Become the pride of the country and every person who works at Bank Mandiri has a responsibility to be realized through management and good corporate governance.
3. With the targets of USD55 billion in market capitalization and Return on Equity of 23%-27% by 2020, Bank Mandiri is committed to be an Indonesian banking icon in ASEAN.

To achieve the vision, future growth strategy of the Bank will focus on 3 (three) main sectors:

1. Strengthen leadership in the wholesale segment by improving relationship with customers. This strategy aims to allow the Bank to increase the share its wallet

and cross-sell revenue ratio from wholesale customers of Bank Mandiri, through the provision of integrated wholesale product solutions, expertise-based solutions in the customer's business sector, and active support to the activities of Bank Mandiri customers which expand their business to other countries with the provision of cross-border solutions.

2. Become the customer choice bank in retail segment, with business acceleration in main segments which drive business growth in Bank Mandiri, including:
 - In the micro segment, Bank Mandiri aspire to be the strongest challenger, with easy micro customer access to the Bank's distribution network.
 - In the Small Medium Enterprise (SME) segment, Bank Mandiri aspire to be the choice bank for SME customers, through customer acquisition and expansion on potential sectors, to meet all the needs of SME customers.
 - In the individual segment, the Bank will focus on building leadership by complete and competitive products offering, and innovation to strengthen the domination in retail payment.
3. Integrating business in all segments of the Bank, including with subsidiary companies. This strategy is to support cross-sell culture, between work units which handle wholesale and retail segment, including with subsidiary companies, and support business regionalization and optimize distribution network in sub-national regions.

The three focus sectors will be supported by organizational strengthening for integrated service solutions, infrastructure improvements (branch office, IT, operations, risk management) and human resources improvements.

STRATEGIC PLAN FOR 2015

The year of 2015 is an important year for Bank Mandiri as it is the first year of phase III of transformation for 2015-2020, hence the Bank's performance in 2015 will become a yardstick and foundation to face and overcome larger challenges in the upcoming years.

Bank Mandiri has set the main target for 2015, which is maintaining liquidity ratio with LDR < 86%, maintain earning assets quality with net credit growth of 19% and Non-Performing Loan (NPL) of 2.08%, increase cheap fund portion to no less than 64.9%, increase profitability with fee-based income growth of 28.81% and Cost Efficiency Ratio (CER) below 40%, and strategic corporate plan implementation.

The main targets will be achieved by implementing strategic targets which are formulated by using balanced scorecard approach to four perspectives, with the following details:

1. Financial Perspective

- a. Increase Company Value, with a target of the largest Market Cap growth among the main competitors
- b. Increase Bank Profitability, which are Earning After Tax and ROE
- c. Increase Credit and Cheap Fund Market Share, with a target of credit market share of 12.9% and fund market share of 13.8%

- d. Increase Earning Assets Quality, by maintaining gross NPL at no more than 2.08%
 - e. Develop Transactional Banking, to achieve growth in wholesale and retail fee-based incomes.
 - f. Customer Perspective
 - g. Increase Credit Expansion, with a focus on retail credit to increase its composition.
 - h. Increase Cheap Fund Raising through Retail Payments.
 - i. Internal Business Perspective
 - j. Strengthen the implementation of Good Corporate Governance.
 - k. Increase Customer Satisfaction through improvements in branch office and e-channel of Bank Mandiri.
- ### 2. Development Perspective
- a. Increase Innovations and develop alliance/synergy with focus on strategic corporate plan initiative implementation and higher employee income factor.
 - b. Bank Mandiri will also focus on other areas which are the enabler for 2015 target achievement, including human resources development and the implementation of good corporate governance, information technology and risk management culture.



Overview of Business Support Functions

human capital

In 2014, Bank Mandiri made changes to its organizational structure by separating the Directorate of Compliance and Human Capital into two directorates, namely, the Compliance & Legal Directorate and the Directorate of Human Capital. This was done in an effort to strengthen human resources in a more focused and targeted manner so that the Directorate of Human Capital would be a stand-alone function led by a directorate head (SEVP) that is not related to the functions of other work units. This decision was set out in Directors' Resolution No.Kep.Dir / 205/2014 dated August 11, 2014 on the Adjustment of the Bank Mandiri organizational structure in connection with the establishment of the Directorate of Human Capital

DIRECTORATE OF HUMAN CAPITAL ORGANIZATIONAL

The Directorate of Human Capital is headed by the Director of Human Capital, who oversees four groups, namely, Human Capital Services, Human Capital Strategy & Policy, Mandiri University, and Culture Specialist. The Director of Human Capital is responsible to the CEO.

HUMAN CAPITAL STRATEGY



Our employees are the most valuable asset in achieving Bank Mandiri's vision to be the best in ASEAN. Bank Mandiri continues to make improvements in human capital policy so that employees can continue to develop and help Bank Mandiri maintain its excellent performance. Human capital policies are aligned with the strategy of the Bank, which focuses on all the points in the employment cycle, namely, the employee lifecycle, from hire to retire.

The Bank Mandiri Human Capital Management Strategy is applied having regard to prudential principles, risk management, good corporate governance. The strategy takes into account best practices around the world, and is combined with supportive innovations and technologies



ORGANIZATION DEVELOPMENT

In order to support business growth, the organization needs to be efficient, effective and competitive in the industry. To that end, the development of the organization is focused on the continuing review of the organizational structure, together with reviews of its productivity and effectiveness, renewing job competencies, job descriptions and job requirements, and policies for the promotion of employees.

To strengthen the organization, each year Bank Mandiri plans its employee needs in line with business growth through a process of capacity planning. This process is carried out in a bottom-up manner involving all units so as to provide references for the process of fulfillment capacity.

Bank Mandiri has made significant changes to organizational structure, both at headquarters and in the branch offices, in an effort to become the best bank in ASEAN by 2020. Studies and pilots were conducted in 2014 and will be rolled out at the start of 2015. Going forward, branch offices will be strengthened with greater authority so that the interaction between the business units in the regions can be improved, and made faster and more efficient. In addition to business units, Bank Mandiri also will enhance integration with its subsidiaries. This is expected to strengthen and accelerate business processes so that group's business continues to grow

CAPACITY FULFILLMENT

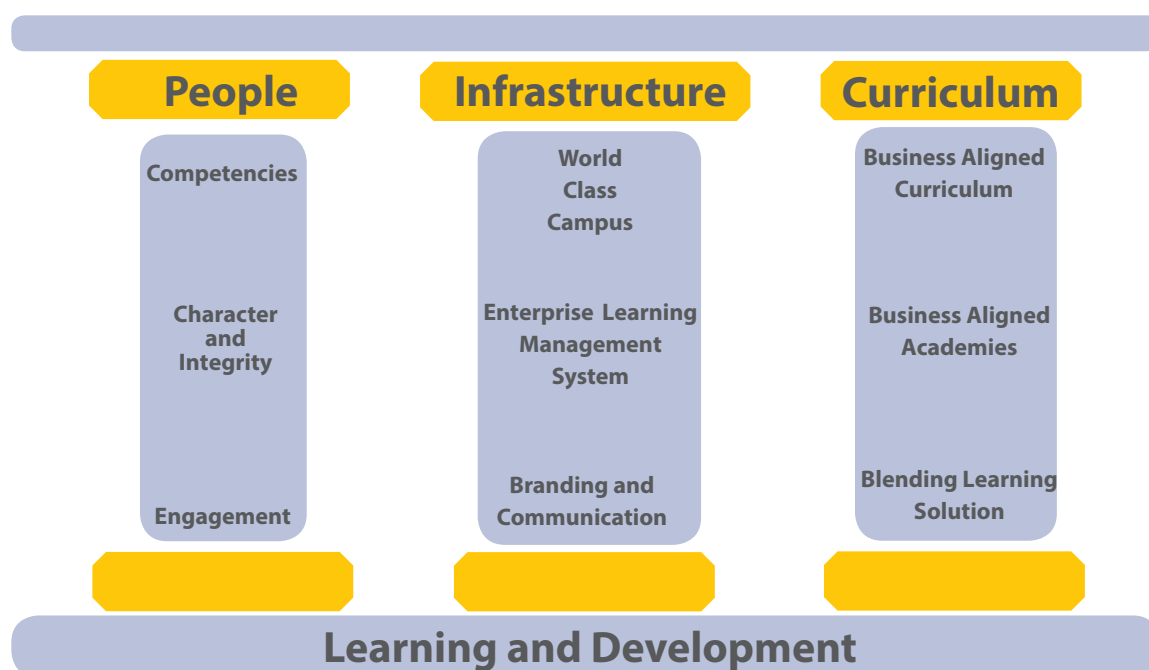
Rapid growth needs to be supported by the right capacity fulfillment strategies based on the principle of "the right people with potential right fit". The fulfillment of Bank Mandiri's employee needs conducted through two pathways, namely, internal and external sourcing. Internal sourcing is provides opportunities for staff to become senior managers, while external sourcing through the hiring of fresh graduates and experienced hires is conducted both at the staff and management levels.

Bank Mandiri needs employees throughout Indonesia – from Sabang to Merauke. The Bank continues to develop its recruitment path so as to get the best talent. Recruitment not only relies on advertising, job fairs, and campus hiring. Throughout 2014, the Bank optimized e-Recruitment through the Mandiri Career Website. In addition, the Bank also began offering internships to graduates from the best universities, both at home and overseas

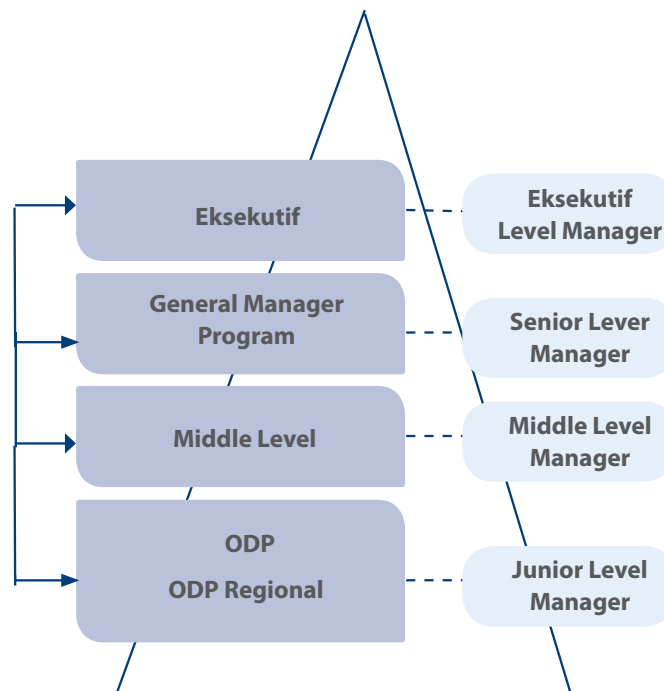
LEARNING AND DEVELOPMENT

Recruitment is only the first step in managing the best talent. Providing the opportunity to employees to continue to grow and maximize their potential is also an important key to building an organization with the best performance.

Learning is very important in the overall development process of employees. Bank Mandiri has established the Mandiri University, which has become a center of learning and knowledge management for all employees. Mandiri University is based on three main pillars, namely People, Infrastructure and Curriculum. The concept of education at the Mandiri University is based on adult learning and strategic learning using the Blended Learning Solutions method, which consists of 10% learning-by-taught, 20% learning from others and 70% learning by doing



The capability and competencies of Bank Mandiri employees are continuously improved having regard to the People Development Framework. Curriculum development is tailored to the competencies required by business units, in line with Bank Mandiri's strategic plan. In addition to technical capabilities, leadership capabilities are also developed through the Comprehensive Leadership Development Program, starting from junior level managers up to executive level managers.



To accommodate the growth in the number of employees and their wider geographical distribution, the development of knowledge management technology continues to be strengthened. As of 2014, Bank Mandiri had three online portals to support the learning process, namely, iShare, iLearn and Iknow

EMPLOYEE RELATION

Bank Mandiri's strategic initiatives in the human capital field are updated and revised from time to time in order to always remain competitive. This is intended also to maintain harmonious industrial relations between employees and the company. Harmonious relations are expected to improve productivity and employee engagement.

Bank Mandiri also continues to strive to create a work environment that is comfortable and enjoyable. Various activities are conducted throughout the year, such as family days, employee gatherings, mini olympics, and various forms of artistic and sporting competitions. The interests and talents of employees can also be routed through the Mandiri Club, which offers a very diverse range of activities, from photography to fitness, from karate to chess. This is done to strengthen the interaction between employees and foster a spirit of togetherness.

Currently, half of our employees are female employees, and the ratio of men to women in senior management positions is 2: 3. At the executive level, 16% are women. This encourages us to continue issuing policies to support women in the workplace. Besides the provision of special rooms for nursing mothers, Bank Mandiri also provides health benefits for the family members of women employees. In addition, for the past two years, the Bank has been providing child daycare facilities for employees with children during the two weeks before and after the Idul Fitri holidays

PERFORMANCE MANAGEMENT AND REWARD

Bank Mandiri is a performance-based organization. The company's targets are allocated among each individual based on their potential and capabilities, as reflected in Employee Key Performance Indicators (KPI). Individual performance planned, determined, reviewed and assessed using the Individual Performance Management System (IPMS). The IPMS is arranged so that employees can optimally perform their jobs, boost employee loyalty and encourage a work climate that is open, positive and progressive. The IPMS is conducted in the form of an annual cycle of Employment Planning (planning and goal setting), as well as monitoring and evaluation. This process is inputted online into the internet-based Mandiri Easy system so that it can be accessed by all employees anywhere and anytime.

Performance is also the basis for the rewarding of employees based on the principles of competitiveness and fairness. Rewards, both financial and non-financial, are provided to employees, in accordance with the Bank's capacity so as to accommodate changes in employee demographics. Every year, the financial rewards are evaluated and improvements made so as to maintain the competitiveness of the Bank. Non-financial rewards in the form of Mandiri Excellent Award represent the highest form of appreciation for outstanding employees, the best frontliners, the units with the best cultures, the best innovations, and so forth

TALENT AND SUCCESSION MANAGEMENT

Bank Mandiri must ensure the availability of top talent to fill critical positions. This process is carried out effectively and geared to meet business needs in a timely manner and to minimize operational risks. Succession management programs include leadership development programs for senior and middle management through the Coaching and Mentoring program, the Great Leader Program, and the Leadership Forum Program. The capabilities of senior and middle managers are also assessed by independent consultants so as to prepare development programs that suits each individual.

MANDIRI UNIVERSITY

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.

As a corporate university, Mandiri University has a vision of not only being responsible for developing employee competencies or being a business partner that supports business units in achieving their targets. More than that, Mandiri University wants to be "an engine that produces" the best talent not only for Bank Mandiri alone, but more broadly for the Indonesian. In this respect, being the "best" does not only involve having the best competencies or technical capabilities on the market, but also being imbued with a spirit of leadership so as to be able to serve as a role model. This commitment is contained in Mandiri University's vision statement, "To be a producer of the best leaders and excellent employees".

To achieve this vision, Mandiri University has adopted the following three (3) missions:

- Speed up learning to support corporate plan 2020
- Boost talent mobility to drive engagement
- Leverage Mandiri University for group and key stakeholder

In the Mandiri University framework, the molding of Mandiri employees into top-class superior knowledge workers is the focus for the future. Mandiri University is a strategic partner for our business units to support the achievement of the vision and mission of the Bank. To ensure success, the strategic framework needs to be supported by other strategies, including governance and structure, infrastructure framework, branding and communication, the Mandiri University value chain and business processes. The preparation of capabilities / competencies models, skills assessment and learning content management systems will be the next step and will

continue to be developed in accordance with the group's business growth.

The development of the Mandiri University refers to the Guiding Principle Enterprise Learning Strategy, which consists of five Mandiri University strategies, which are as follows

As part of this strategy, the development of the Mandiri University involves three phases

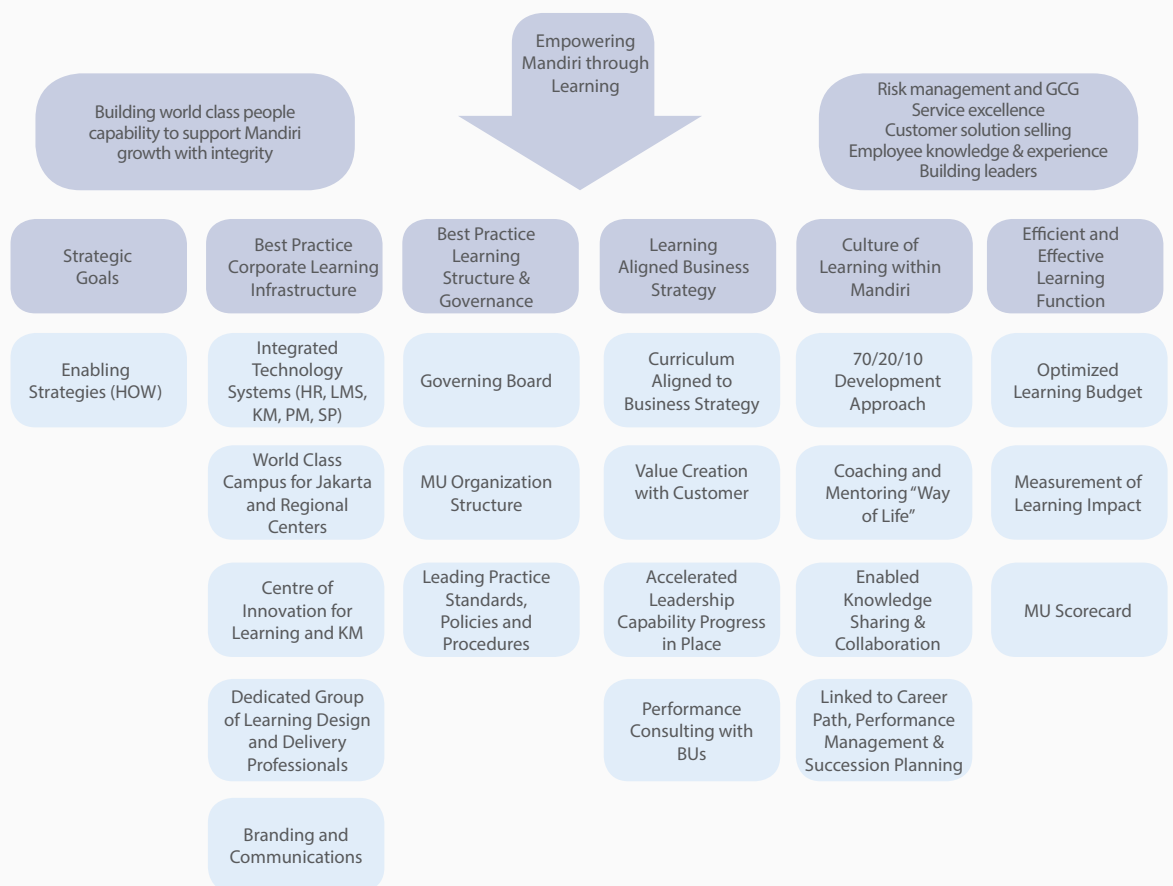
- Phase I Laying the Foundation in 2011 – 2012,
- Phase II Mandiri University Implementation in 2013 – 2014,
- PPhase III, Learning Organization and full roll-out of Mandiri University from 2014 onwards

Capability Development Focus and Blended Learning Solutions

To support employees achieve professional excellence and leadership effectiveness, Mandiri University focuses on the development of four capabilities, namely:

1. Technical capabilities
2. Professional capabilities
3. Managerial capabilities
4. Leadership capabilities

Bank Mandiri Guiding Principle Enterprise Learning Strategy



In an effort to develop these four capabilities, Bank Mandiri sees learning and development activities as a series of people development processes that form part of the overall cycle of Human Capital Management, which is an integrated, comprehensive, and sustained process so that implementation is not only limited to learning in the classroom, but is more focused on interaction in daily work. Therefore, Bank Mandiri believes that the bank itself is a center for the development of people, rather than just Mandiri University. In the context of increasingly onerous business challenges, Mandiri University is instrumental in the creation of reliable, ready to use resources, while also preparing future leaders who have a strong vision.

In line with this understanding, Mandiri University uses the Blended Learning Solution (BLS) approach, in which the learning process not only involves teaching alone, but is a continuous activity that continues when employees perform their daily work in their unit. Learning is no longer a separate activity in itself, but rather is integrated with the daily work of employees. Through the application of this method, BLS learning and development activities will be more effective.

In the process of learning and development in Bank Mandiri, employee development efforts are also the responsibility of all Bank Mandiri employees, including unit heads as people managers. Employee competence development based on talents and strengths is the responsibility of each employee so that the placement and development of employees can be optimized in accordance with their strengths. By strengthening learning and development, Bank Mandiri believes it will be able to produce top-class knowledge workers in a sustainable manner

ACADEMIC DEVELOPMENT IN SUPPORT OF BUSINESS SEGMENTS

In line with the strategy of Mandiri University, capability development focus, and the teaching methods applied, academies have been established based on the business segmentation of the Bank as a whole. Currently there are seven academies, each headed by a Dean, namely:

1. Wholesale Banking Academy
2. Retail Banking Academy
3. Banking Operations, Sales & Service Academy
4. IT & Supporting Academy
5. Governance, Risk Management & Compliance Academy
6. Leadership Academy
7. Syariah Financial Academy

MANDIRI UNIVERSITY INFRASTRUCTURE

Infrastructure development is essential for the implementation of the BLS method. Infrastructure development is focused on:

1. Establishment of overall organizational and business processes,
2. Development of campus buildings, and
3. Technology.

The transformation of the Learning Center into the Mandiri University is being carried out in stages to ensure the continuity of existing training programs. Business processes are being developed based on the corporate university concept, which positions the university as a strategic partner of business units.

Mandiri University campus development has also commenced with the formulation of development plans for campuses throughout the regions. There are 3 types of campuses -- types A, B, and C, where type A is a campus that has the most complete facilities, including classrooms, conference call facilities, dormitories, e-learning facilities, simulation areas, international-standard breakout rooms, wi-fi, cafe, gym, theaters, and other supporting facilities.

Mandiri University's technology infrastructure is also being developed in line with the development of the Enterprise Learning Management System, which is not only intended

to facilitate learning activities but is also integrated with human resources functions within the overall context of people development. An Enterprise Knowledge Management System is also being developed to support business processes through the presentation of current and accurate information that can provide answers to the challenges facing business units, provide improved service to customers, encourage innovation in the company and increase employee productivity.

In 2014, Mandiri University completed the enhancement of its organizational structure so as to focus on its increasing role as a business partner. In addition, the curriculum was improved based on international best practices. Infrastructure development to support new business processes is also being conducted. In 2014, 14 Mandiri University Campuses throughout Indonesia were in operation, the Enterprise Learning Management System (ELMS) was optimized, and the Enterprise Knowledge Management System (EKMS) was implemented. The competencies of trainers is also being enhancing through certification for Learning Consultants and Learning Facilitators

INTERNALIZATION OF CORPORATE CULTURE

In internalizing corporate culture, Bank Mandiri has a guiding team that involves all employees from the highest level to the lowest level. In addition, the Bank also has teams that are responsible for the internalization of corporate culture in every work unit, known Culture Internalization Teams

The duties of each Change Leader, Change Champion, and Change Agent are as follows:

- Establish the right things.
- Do the right things.
- Encourage others to do the right things.

The Culture Internalization Program is carried out systematically and intensively, and is actively communicated to all employees through a series of activities conducted in the first year, as described below:

1. **Mandiri Corporate Culture Summit**
MThe Mandiri Corporate Culture Summit is an activity to support the internalization of culture with the support of representatives from each Culture Internalization Team in the Bank's business units so as to inculcate common perceptions as regards culture.
2. **Change Agent Sharing Forum**
The Change Agent Sharing Forum is an activity to internalize culture by inviting Change Agent representatives from Bank Mandiri unit for the purpose of strengthening collaboration and synergies among the Change Agents and intellectually enriching the Change Agents .
3. **Monitoring**
Monitoring is carried out with the aim of ensuring that the cultural internalization process in the Bank is successful. Monitoring is conducted in two ways, namely, through direct visits or on-site monitoring, and through written reports or on-desk monitoring.
4. **SMS Blast and Email Blast**
SMS and Email Blast is a one -way communication medium that is aimed at providing information that management believes should be known to all employee.
5. **Recognition and Enforcement**
Every year, Bank Mandiri provides appreciation to outstanding employees and business units. The assessment of employees and business units is conducted by a third party based on the following criteria:

Criteria for Assessment of Outstanding Employees

Criteria	Parameter
Understanding of Bank Mandiri vision, mission and culture	<ul style="list-style-type: none"> Bank Mandiri Vision & Strategy TIPCE New Horizon, 11 Key Behaviors & Specific Behaviors Mandiri Employee Value Proposition (EVP)
Acting as Role Model	<ul style="list-style-type: none"> Setting example in application of behaviors that are in accordance with Bank Mandiri culture. Mindset as player and learner
Role as Change Agent	<ul style="list-style-type: none"> As facilitator: Initiating and facilitating improvement process in business units (through implementation of programs, improvements to business/work processes, etc) As motivator: Encouraging, motivating, making corrections and positively influencing the environment as a role model As innovator: Developing new concepts that provide added value in accelerating cultural transformation and improving performance.
Engagement Level	<ul style="list-style-type: none"> Working with full commitment (demonstrating passion). Seeing opportunities for development with Bank Mandiri. Taking the initiative to do one's best in the interests of Bank Mandiri. Understanding engagement level in their business unit and taking followup action

Criteria for Assessment of Outstanding Business Units

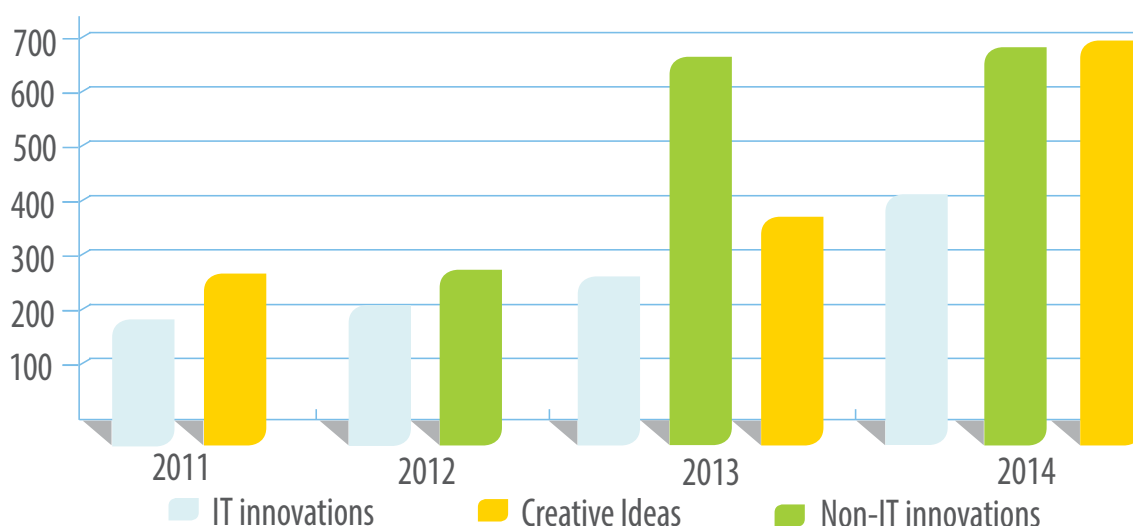
Criteria	Parameter
Accelerating achievement of work targets	<ul style="list-style-type: none"> Monitoring and coaching so as to improve performance . Applying strategies (3 business and alliance focuses). Application of operational risk and fraud prevention measures.
Engagement level & effectiveness of leadership role	<ul style="list-style-type: none"> Engagement level. Effectiveness of leadership role. Solidity of team culture
Application of culture program	<ul style="list-style-type: none"> Application of culture program bankwide (programmatic program). Application of culture program in business unit (customized program). Continuous learning

INNOVATION CULTURE

In accordance with the Bank Mandiri Key Behaviors, especially the tenth behavior, "Innovative in creating opportunities to achieve performance beyond expectations", Bank Mandiri also seeks to foster innovation among employees by conducting an internal competition called the Mandiri Innovation Awards.

The Mandiri Innovation Awards is focused on innovations by employees of Bank Mandiri, which are expected to improve the business, accelerate business processes, encourage employee engagement, or enhance the bank's image among stakeholders. The competition, known as the "Mandiri Innovation Awards," has been held regularly since 2011.

Employee enthusiasm for participation in the Mandiri Innovation Awards has been increasing every year – an indication that the culture of innovation is taking root in Bank Mandiri



Mandiri Innovation Awards are presented in two categories, namely:

1. Implemented Innovations (active) for innovations that have been implemented and have had an impact. This category is divided into two sub-categories: IT and Non-IT,
2. Creative Ideas for innovations that have not been implemented and are still at the conceptual level.

Both of these categories have been competed for regularly since 2011, with the following exceptions:

1. In 2011, implemented innovations (active) were not divided into two sub-categories: IT and Non-IT.
2. In 2012, implemented innovations (active) was split into two sub-categories as a form of refinement process over the previous year. Additionally in 2012, the creative ideas category competition was not held, based on the consideration that this would encourage those with creative ideas from the previous year to put them into effect

As an improvement from year to year, in 2013 the Mandiri Innovation Award went back to the two categories, namely, implemented innovations (active) and creative ideas, with the implemented innovation (active) category being divided into two sub-categories, namely IT and Non IT

EMPLOYEE PROFILE

As of the end of 2014, Bank Mandiri had 34,622 employees, an increase of 1.88% compared to 2013, when the figure was 33,982 employees. This increase was primarily due to recruitment to meet the business growth of the Bank. The composition of employees based on hierarchical position, education and employment status is as described below:

EMPLOYEE COMPOSITION BY POSITION

Bank Mandiri has formulated an ideal composition to suit its needs and functions, and to ensure effectiveness and efficiency. The hierarchy prevailing in the Bank is divided into four levels, namely, executive officers, managers, staff, and others.

In 2014, the number of employees at the executive officer level increased by 4.37%, the number of managers increased by 6.24%, and others increased by 131.34%. Meanwhile, the number of officials at staff level declined to 2.14%. These changes in employee composition were in line with Bank Mandiri's business needs.

Table: Composition of Active Employees by Position, 2013-2014 (number of employees)

Level	2013	2014
Executive Level	1,854	1,935
Manager	10,357	11,003
Staff	21,487	21,027
Other	284	657
Total Active Employees	33,982	34,696

Graph: Composition of Active Employees by Position, 2013-2014 (number of employees)



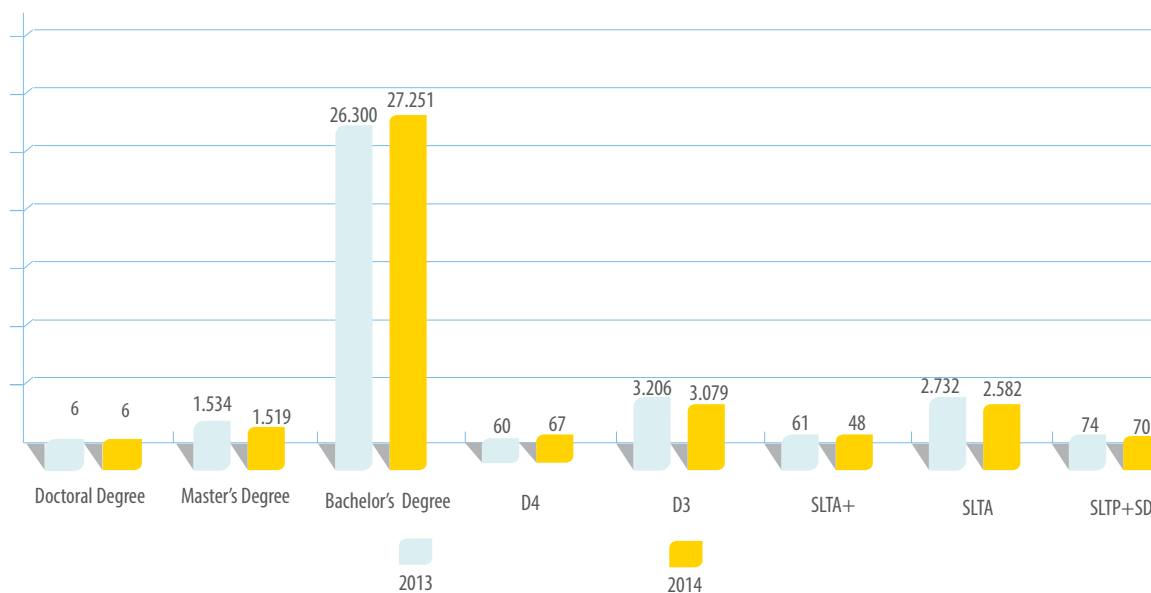
EMPLOYEE COMPOSITION BY EDUCATION

In order to ensure business continuity, the availability of employees who have the capacities and capabilities required by the Company is essential.

In 2014, 6 active employees had doctorates, 1,519 had masters degrees (down 0.98% compared with 2013), 27,251 employees had bachelor's degrees (an increase of 3.62%), 67 employees had Diploma 4 qualifications (down 2.90%), 3,079 had Diploma 3 qualifications (down 5.49%), 48 employees had SLTA+ (high school plus) qualifications (down 21.31%), 2,582 had SLTA (high school) qualifications (down 5.49%), and 70 employees had SLTP and SD (junior high school and elementary school) qualifications (down 5.41%).

Table: Composition of Active Employees by Educational Level, 2013-2014 (number of employees)

Tingkat Pendidikan	2013	2014
Doctoral Degree	6	6
Master's Degree	1,534	1,519
Bachelor's Degree	26,300	27,251
D4	69	67
D3	3,206	3,079
SLTA+	61	48
SLTA	2,732	2,582
SLTP+SD	74	70
Total Active Employees	33,982	34,696

Table: Composition of Active Employees by Educational Level, 2013-2014 (number of employees)

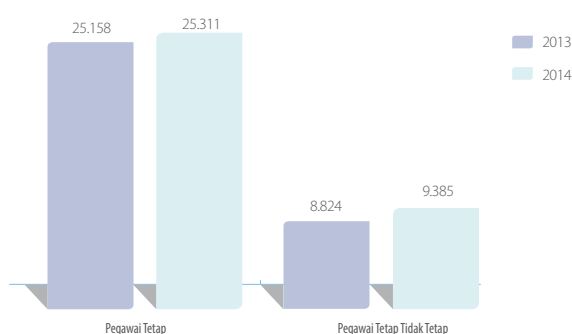
EMPLOYEE COMPOSITION BY EMPLOYMENT STATUS

Bank Mandiri divides employees into permanent employees and temporary employees. The recruitment process begins with the status of temporary employee or contract employees, and after 1-2 years they are appointed as permanent employees, except for foreign workers or experts with the status of temporary employees (contract employees). The composition of permanent employees in 2014 was greater than the non-permanent employees. The number of permanent employees in 2014 stood at 25,311, while the number of temporary employees was 9,055, or 26.3% of the total number of permanent and temporary employees.

Table: Composition of Active Employees by Employment Status, 2013-2014 (number of employees)

Employee Status	2013	2014
Permanent Employees	25.158	25.311
Temporary Employees	8.824	9.385
Total Active Employees	33.982	34.696

Graph: Composition of Active Employees by Employment Status, 2013-2014 (number of employees)



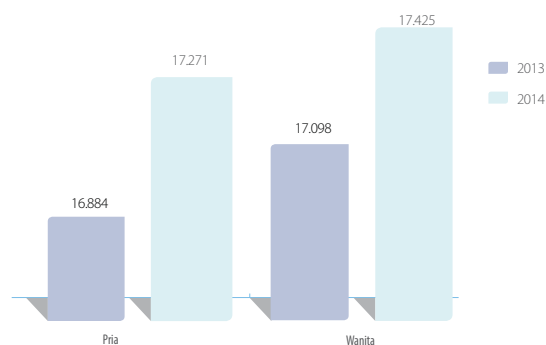
Composition of Employees by Sex

Bank Mandiri does not discriminate by gender, so that all employees receive the same treatment. Employee appreciation is provided only on the basis of competence. In 2014, the number of male employees stood at 17,214, less than the number of female employees, which was 17,408 employees.

Table: Composition of Active Employees by Sex, 2013-2014 (number of employees)

Sex	2013	2014
Male	16.884	17.271
Female	17.098	17.425
Total Active Employees	33.982	34.696

Graph: Composition of Active Employees by Sex, 2013-2014 (number of employees)

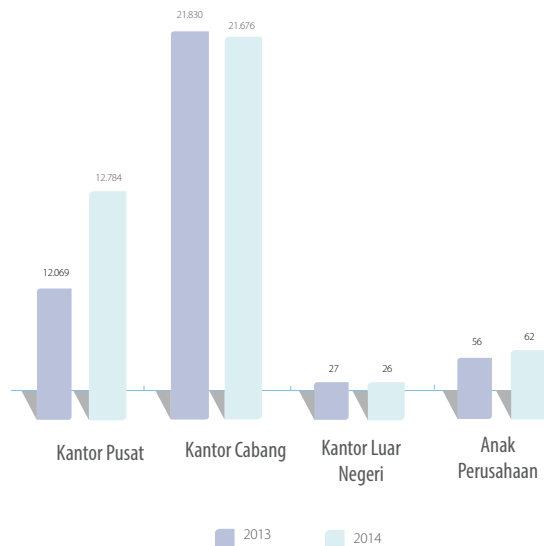
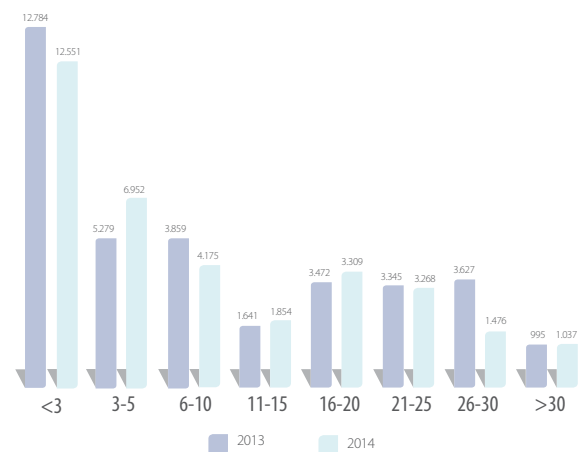


Employee Composition by Work Location

Employees work in four work locations – head office, branch offices, overseas offices and subsidiaries. In 2014, the number of employees based on head office, the branch offices and company subsidiaries increased

Table: Composition of Active Employees by Work Location, 2013-2014 (number of employees)

Work Unit	2013	2014
Head Office	12.069	12.784
Branch Office	21.830	21.750
Overseas Office	27	26
Subsidiary	56	62
Total Active Employees	33.982	34.696

Graph: Composition of Active Employees by Work Location, 2013-2014 (number of employees)**Graph: Composition of Active Employees by Period of Service, 2013-2014 (number of employees)****Employee Composition by Period of Service**

The Bank Mandiri employee profile in 2014 was dominated by employees with less than three years' service. This shows that Bank Mandiri continuously provides opportunities for those who wish to grow and develop with the Bank

Table: Composition of Active Employees by Period of Service, 2013-2014 (number of employees)

Masa Kerja	2013	2014
<3	13.764	12.551
3-5	5.279	6.952
6-10	3.859	4.175
11-15	1.641	1.854
16-20	3.472	3.309
21-25	3.345	3.268
26-30	3.627	1.476
>30	995	1.037
Jumlah Pegawai Aktif	33.982	34.696

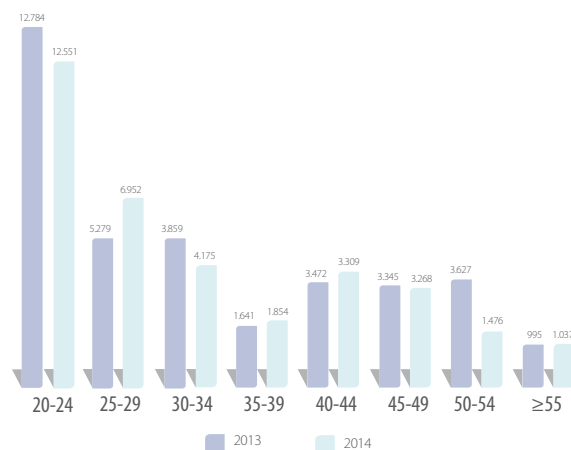
Employee Composition by Age

The Bank Mandiri employee profile in 2014 was dominated by employees between the ages of 25 and 29 (11,704 employees). This shows that Bank Mandiri's employees are mostly of productive age.

Table: Composition of Active Employees by Age, 2013-2014 (number of employees)

Age	2013	2014
20-24	13.764	12.551
25-29	5.279	6.952
30-34	3.859	4.175
35-39	1.641	1.854
40-44	3.472	3.309
45-49	3.345	3.268
50-54	3.627	1.476
≥55	995	1.037
Total Active Employees	33.982	34.696

Graph: Composition of Active Employees by Age, 2013-2014 (number of employees)



HUMAN CAPITAL IMPLEMENTATION IN 2014

In 2014, the Directorate of Human Capital has successfully conducted various programs aimed at the four groups, namely:

Employee Education, Training, and Development

During 2014, the Bank organized various educational, training, and development programs for employees consisting of classroom learning, eLearning, ODP, SDP, P3K, and postgraduate. The number of employees who participated in these programs in 2014 and 2013 is as shown in below.

Table: Number of Employees Participating in Education, Training and Development Programs, 2013-2014

Program	Number of Participants 2013	Number of Participants 2014*)
Classroom	27,340	26,326
eLearning	28,984	30,342
ODP	872	768
SDP	1,123	985
P3K	83	245
Pasca Sarjana	43	54
	58,445	58,720 orang

*) Number of training participants to end November 2014

In addition to the training programs above, employees were given the opportunity to participate in public training appropriate to the needs of their work so that the training target for each employee of a minimum of once per year could be achieved.

The total budgeted cost of training in 2014 was Rp454,884 billion, an increase of approximately 16% compared to 2013, with approximately 51% being spend on the development of technical capabilities and the rest on the development of professional capabilities, managerial capabilities, and leadership capabilities

Table: Spending on Education, Training, and Development, 2013-2014

Program	2013	2014*)
Executive Development Program	17.700	13.473
Management Development Program	126.500	101.337
Retaining Competency Development Programme	30.380	40.181
Change And Culture Development Programme	12.000	17.000
Organization Capability Development Programme	36.120	29.500
Leadership Capability Development Program	24.700	36.999
Pre retirement Program	10.500	11.000
Employee engagement Activities	12.000	15.000
Mandatory Skill Development Programme	120.120	90.395
Total	390.020	454.885

Employee Performance Management and Rewards

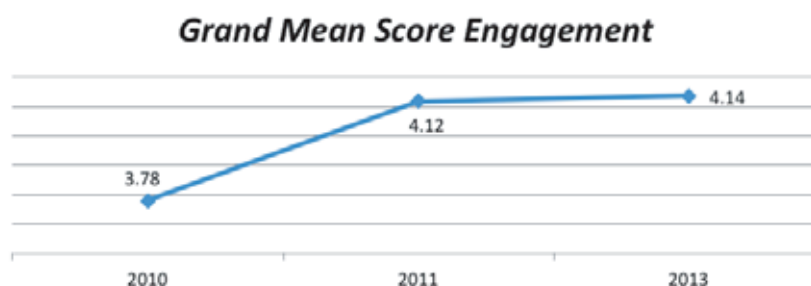
Bank Mandiri provides annual performance bonuses to employees based on the Bank's performance. Performance Bonuses are awarded according to the performance assessment of each employee conducted through Mandiri Easy. In addition to cash compensation, the Bank also provides benefits to employees in the form of health care facilities, annual leave, employee welfare loans and other facilities based on employee location and position. In 2014, Bank Mandiri also gave authority to Directors to set individual spot bonuses and present Directors' Awards, and so forth, in each Directorate. The number of employees who received individual spot bonuses amounted to 1,391.

In addition, the Bank has a recognition program that is run

every year in the form of the Mandiri Excellence Awards (MBE) and Mandiri Innovation Awards (MIA), which are given in respect of individual employees, business units and the best innovations in the Bank.

EMPLOYEE SATISFACTION SURVEY

Bank Mandiri has an integrated program to increase the level of engagement of all employees through the Mandiri i-care program. This program begins with an engagement survey that is carried out by an independent consultant and continues with the preparation and implementation of impact plans in each unit based on the scorecard results of the survey. A Mandiri i-Care is carried out every two years so that in 2014 the Bank did not conduct one. Since the beginning of the program, Bank Mandiri has conducted three surveys, namely, in 2010, 2011, and 2013. The grand mean score of engagement is as shown below:



Based on the above graph, it will be seen that employee engagement has been improving from year to year. This indicates that employees are becoming more productive, are contributing valuable ideas, and are fully committed to ensure the success of Bank Mandiri.

INDUSTRIAL RELATIONS

Bank Mandiri's compliance with Law No. 13 of 2003 on Manpower is reflected in the guarantee of freedom for all employees to join a labor union. The Bank Mandiri Labor Union (SPBM) is a trade union which was formed to establish a good relationship between employees and the management of Bank Mandri so as to ensure harmonious industrial relations. Bank Mandiri has a Collective Labour Agreement (CLA), which is the result of negotiations between the Bank and the SPBM. It sets out the terms of employment, and the rights and obligations of both parties under the law. The first CLA covered the period 2004-2006, while the current CLA is the fifth, covering the period 2013-2015.

compliance & legal

The Compliance & Legal Directorate is a unit that is instrumental to the implementation of the compliance function in order to increase investor confidence and added value for shareholders and other stakeholders.

COMPLIANCE & LEGAL ORGANIZATIONAL MANAGEMENT



The Compliance & Legal Directorate is headed by the Director of Compliance & Legal, who oversees two groups, namely, compliance and legal. The Director of Compliance & Legal is responsible to the CEO.

DUTIES AND FUNCTIONS IN THE COMPLIANCE FIELD

The implementation of the compliance function in Bank Mandiri has improved investor confidence and increased added value for shareholders and other stakeholders.

The duties and responsibilities of the Director of Compliance have been properly performed, as reflected in:

1. *Good Corporate Governance*

Bank Mandiri believes that efforts to improve performance on an ongoing basis and a strong commitment to implementing the principles of good corporate governance are needed in order to achieve the vision of the Bank becoming the best bank in ASEAN by 2020.

Good Corporate Governance refers to the system, structures, and mechanisms that regulate and control

corporate governance and create a mechanism of checks and balances between the organs, and which ensures effective decision making and is capable of protecting the interests of stakeholders so that business processes operate efficiently, profitably, and sustainably.

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 regularly conducts self-assessment on the application of GCG, both individually and on a consolidated basis with its subsidiaries, where the results of such self-assessment constitute an integral part of the GCG implementation report.

Self Assessment of GCG in accordance with the new BI Circular Letter is conducted in a comprehensive and structured manner that integrates the assessment factors into 3 (three) aspects of governance, namely, governance structure, governance processes, and governance outcomes.

In order to strengthen the implementation of good corporate governance and conduct effective evaluations, Bank Mandiri regularly participates in GCG assessments conducted by independent parties, including the Indonesian Institute for Corporate Governance (IICG), as part of which the Bank has been awarded the predicate "Highly Trusted" for 8 (eight) consecutive years since 2007.

In addition, Bank Mandiri received the predicate "Best Overall" in the 2014 Indonesian Institute for Corporate Governance Awards, an annual competition designed to provide appreciation for public companies listed on the Indonesia Stock Exchange in connection with their implementation of best corporate governance practices.

In addition to being rated by domestic independent rating agencies, Bank Mandiri also participates in the rating process organized by the overseas-based Corporate Governance Asia, which in 2014 named the Bank an "ICON on Corporate Governance," marking the sixth time Bank Mandiri has taken this award.

2. Gift Disclosure Statement

All Bank Mandiri employees are prohibited from receiving gratuities in connection with their positions in a manner that is contrary to their obligations or duties, such as money / goods / other facilities.

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, which govern the prohibition on gratuities, and both internal reporting mechanisms and mechanisms for reporting to the KPK. 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.

3. Compliance Function

In the framework of the implementation of the compliance function, the Compliance Group prepared a compliance work plan in 2014 by considering two (2) main aspects, namely:

- a. Top Risk (*BANK-WIDE AND IN EACH DIRECTORATE*)
These are the highest levels of compliance risk that are obtained by assessing all of the compliance risks that have been identified by each risk owner (business unit.).
- b. Directorate Achievement Targets
These are the Directorate's focus areas that need to be heeded by the Compliance Group in determining compliance work plan priorities.

Subsequently, these two considerations were formulated into the following targets:

1. A decrease in fines from the regulators of at least 20% from the previous year.
2. Ensuring that Top Risks (bank-wide and in each Directorate) do not become Non-Compliance Events (NCE), i.e., that no compliance violations occur.
3. Identification of compliance risks, both new risks as well as fine-tuning risks that have been identified, and ensure that in the event of a NCE, 90% of the NCE will have already have been identified in the form of a Compliance Risk Statement (CRS).

In 2014, fines by the regulator were down very significantly, far in excess of the target of 20% from the previous year. In addition, risks were identified in respect of all the legislation published throughout 2014, as well as a list of potential penalties for violation of these rules.

4. Application of Anti-Money Laundering and Financing of Terrorism Rules (AML-PPT)

In order to comply with and strengthen the implementation of the APU-PPT program, Bank Mandiri carried out the following activities:

- a. Heightening awareness of APU-PPT bankwide through the provision of regular APU-PPT training. The number of participants in regular APU PPT in-class training amounted to 6,602 to November 2014. Improved understanding of APU PPT was also promoted through the medium of e-learning training and socialization in the Branches and in Head Office units.
- b. Implementation of the New Anti-Money Laundering System is expected to be integrated bankwide, which includes domestic and overseas branches. The new AML system includes systems for due diligence, risk measurement and monitoring of suspicious financial transactions of customers.
- c. Coordinating with the Customer Care Group in order to identify transactions carried out by non-customers (Walk in Customers).
- d. Developing and improving the methods of feeding data from the International Fund Transfer Instructions - Transaction Report In and Out of State (IFTI-LTKL) and LTKT, which will be used to fulfill reporting obligations to PPATK.
- e. 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.
- f. Establishing and maintaining cooperation and coordination with the authorities, law enforcement agencies, and other banking institutions through communication and training forums.

Performance of Duties and Functions in Legal Field

As a support unit to achieve the vision and mission of the Bank in 2020, the Legal Unit is a strategic partner of business units in creating compliant business and in maintaining alertness to the emergence of Legal Risks in Bank Mandiri. The legal field previously came under the Directorate of Compliance & Human Capital. However, in line with organizational development and as an effort to make human resources more focused and targeted, the Legal Units now comes under the Directorate of Compliance and Legal.

Along with the increasing scope of Bank Mandiri's business and in order to ensure compliant business and increase the level of awareness of legal risks, the Legal Unit has taken holistic and strategic initiatives to strengthen the legal position of the Bank and prevent the emergence of various legal / mitigation issues that could pose potential operational risks to the Bank, as described below:

1. Providing support preventive and repressive support for legal aspects in order to strengthen and safeguard the legal position of the Bank, including in order to develop a culture of "Obey the Law" (Law as a Second Nature) through Learning and Prevention Methods, including:
 - a. Preventif Action :
 1. *Legal Awareness Forum (LAF)*
This is a continuous program which is conducted every year in order to improve the basic legal knowledge and awareness of frontliners (Tellers, Customer service, RBC, Verificators) so that employees have legal competence and understanding in connection with banking operations. The LAF program is expected to help eliminate or minimize the occurrence of legal incidents and problems.
 2. *Legal Review On Site.*
This is a review of the legal aspects of a loan document by studying and ensuring its legal validity and adequacy, and assessing the legal advantages of particular terms in the preparation of loan documents, including security documents and mitigation efforts.

3. *Legal Advice On Site.*
This involves interactive discussion with participants in the context of providing legal advice and assistance directly in connection with the actual legal issues in the field / business units.
 4. *Legal Risk Statement (LRS) di Mandiri e_Law*

Supports the Legal Risk Statement (LRS) application at the Mandiri e_Law portal (intranet), this is a compilation / collection of the legal risks that have been identified in Bank Mandiri by the Legal Group and Legal Officers throughout Indonesia, both in respect of legal risks that have occurred or which might occur.

The Legal Risk Statement (LRS) system provides references that increase the insight and understanding of the legal risks in Bank Mandiri. However, it is not a manual for resolving legal issues.
 - b. Repressive action
 1. Resolution of Outstanding Cases
Making legal efforts through litigation to resolve outstanding criminal and non-criminal cases.
 2. Out of court settlement
Settlement through alternative dispute resolution mechanisms outside of court.
 3. Networking
Fostering good relations with the law enforcement agencies in an effort to accelerate the resolution of cases.
 4. Legal action
Taking firm legal action against those who damage the interests of the Bank.

The Legal Unit has always endeavored to eliminate and or minimize Legal Risks that give rise to Reputational Risks and to need to pay compensation in cases involving Bank Mandiri. These efforts involve seeking to minimize the number of criminal and civil cases, and the Legal Risk Exposure of conclusive and final court judgments that order the Bank to pay compensation. At the end of 2011, the unit successfully and significantly reduced the legal risk
- from 4 (four) Ex. Legacy 4 cases, so that currently the Legal Unit is more focused on maintaining the legal position of Bank Mandiri.
3. Mandiri Legal Clinic
To implement the compliant business process quickly, quick and straightforward legal advice is needed using simple mechanisms, such as telephone or email. Mandiri Legal Clinic focuses on problems stemming from simple legal issues in business units by prioritizing the Bank Spirit of Service. Services include the provision of legal information, legal advice and legal solutions by calling telephone number 500140 ext 3, or on a face-to-face basis at the Mandiri Legal Clinic counter on the 9th floor of Plaza Mandiri during working hours (7:30 to 16:30 pm).
 4. Strengthening and improving the competencies of Legal Unit personnel and Legal Officers.
The Bank Mandiri Legal is supported by staff who are professional and competent in the legal field. Legal Unit personnel and Legal Officers are selected on the basis of their educational backgrounds in the law, as evidenced by national or international accreditation, in addition to their continued endeavors to meet the national professional standardization requirements. Efforts to strengthen and increase the understanding and professional competencies of personnel are continuously undertaken by the Legal Unit through legal competency certification undertaken by Bank in collaboration with academia, legal practitioners, and professional associations, including the Indonesian Advocates Association, the Association of Capital Market Legal Consultants, and the Indonesian Curators and Administrators Association. In addition, soft skills and hard skills are consistently improved by involving our personnel in internships in companies and law firms both inside and outside the country. In the case of Legal Officers that are assigned to units other than the Legal Unit, the Legal Unit routinely stages a National Legal Officer Forum (FNLO) as a means for Legal Officers (LO) to develop their insights and knowledge, to provide training and to identify salient legal issues, guided by legal practitioners who are competent in their fields. In addition, the forum is also a means for Legal Officers to hold discussions and competitions with their fellow Legal Officers so as to further improve their competencies and insights

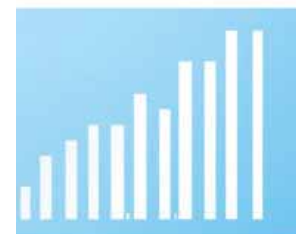
5. Khusus terhadap Legal Officer yang lingkup tugasnya berada di luar unit Legal, unit Legal secara rutin terus mengadakan Forum Nasional Legal Officer (FNLO) sebagai sarana bagi para Legal Officer (LO) untuk mengembangkan wawasan dan pengetahuan serta wadah untuk mendapatkan pelatihan dan penajaman issue hukum yang dipandu oleh praktisi hukum yang kompeten di bidangnya. Selain itu ajang tersebut juga merupakan sarana bagi para Legal Officer untuk berdiskusi dan berkompetisi antara sesama Legal Officer sehingga event dimaksud merupakan kesempatan bagi para LO untuk lebih meningkatkan potensi dan wawasannya.

Legal & Compliance Directorate's Achievements in 2014

In 2014, the Directorate of Compliance & Legal reviewed the laws and regulations issued during 2014, including:

1. Undang-U1. Law No. 40 of 2014 on Insurance
2. Bank Indonesia Regulation No. 16/11 / PBI / 2014 on Macro-prudential Supervision and Regulation
3. Bank Indonesia Regulations on foreign exchange, such as PBI 16/16 / PBI / 2014 dated 17 September 2014 on Foreign Exchange Transactions involving Rupiah between Banks and Domestic Parties, PBI 16/17 / PBI / 2014 dated 17 September 2014 on Foreign Exchange Transactions involving Rupiah between Banks and Foreign Parties, PBI 16/18 / PBI / 2014 dated 17 September 2014 on the Amendment of PBI 15/8 / PBI / 2013 on Hedging Transactions involving Banks, PBI 16/19 / PBI / 2014 dated 17 September 2014 on the Amendment of PBI 15/17 / PBI / 2013 on Hedging Swap Transactions with Bank Indonesia
4. Financial Services Authority Regulations on Integrated Risk Management and Governance For Financial Conglomerations, namely, POJK No. 17 / POJK.03 / 2014 and POJK No. 18 / POJK.03 / 2014

In its reviews of the laws and regulations, the Compliance and Legal Directorate conducted an analysis on the impact of these regulations on the performance of Bank Mandiri. The findings of these reviews are presented in Management Analysis Discussion chapter in the section on Other Material Information, Regulatory Changes and Their Impacts on the Company



Innovation
Branding
Solution
Marketing
Analysis
Ideas
Success
Management



finance & strategy

The Directorate of Finance & Strategy is the business unit responsible for the management of financial performance and preparation of Bank Mandiri strategies. The Directorate continues to develop various programs in an effort to improve the competitiveness of the Bank in the midst of fierce competition in the national banking industry

DIRECTORATE OF FINANCE & STRATEGY ORGANIZATIONAL MANAGEMENT

The Directorate of Finance & Strategy has six units: Investor Relations, Strategy & Performance, Accounting, Corporate Secretary, Policy, Systems and Procedures, and Chief Economist. The Director of Human Capital is responsible to the Managing Director

STRATEGI DIREKTORAT FINANCE & STRATEGY TAHUN 2014

In 2014, the Directorate of Finance & Strategy focuses on five strategic initiatives to provide optimum support to the SBU and Support Units. These strategic initiatives were as follows:

- 1. Integration of Mandiri Group financial data**
 - Encourage the implementation of the performance management system in subsidiaries.
 - Establishing a more updated approach to performance management system methodology by using the Oracle platform.
 - Consolidation of the performance management system and risk management reporting on a consolidated basis.
 - Developing the management information system / data architecture of the Mandiri Group in collaboration with the Change Management Office, Risk Management, and IT.
- 2. Reporting Automation and Efficiency**
 - Preparing consolidated financial statements by the 10th of every month (previously the 15th) so that decisions by management related to Mandiri Group (including its subsidiaries) can be taken more responsively.
 - Implementation of Monetary Stability and Financial System Reporting (LSMK) in accordance with the XBRL



taxonomy in order to support the simplification of the system and standardized information reporting so that reports to the regulator can be prepared based on the data dictionary.

- Implementation of FATCA in order to comply with the FATCA regulations so as to avoid the imposition of Withholding Tax of 30% on revenues from investments in the United States (US Source Income).

3. Improving business processes and internal policies

- Improvement on the committee and processes side by simplifying the credit committee structure and improving the wholesale credit process by enhancing products, systems, data, documents and policies.
- Improving the quality of systems and tools by implementing IPS version 4.0, which offers many advantages such as an application that makes it easier to prepare credit analysis notes and lower bandwidth. In addition, we will implement appropriate business process management and yardsticks to assess the effectiveness of the credit process in the wholesale segment.
- Improving wholesale financing policies, with the focus on anchor clients, transactional approaches, cash flow based lending, risk-based pricing (RORWA / RAROC), intensive monitoring, and standardization of credit analysis notes on an industry basis.

4. Target of Being Top of Mind in Customer Segments A and B (mass affluent)

- Implementation of Return on Marketing Investment (ROMI) to measure brand exposure, customer awareness, customer loyalty and the effectiveness of promotional programs.
- Integrating marketing planning through the establishment of a marketing communication organizational structure that is able to perform the role of marketing analysis, prepare marketing data based on market research and monitoring activities on a quarterly basis.

5. Being the leader in the field of banking research by establishing the Mandiri Research Institute (MRI)

- The MRI has been formed as an extension of the Office of the Chief Economist with the aim of becoming a think-tank that can provide insights for stakeholders of Bank Mandiri.
- The MRI is intended to contribute ideas that are beneficial to government, business, education, the international community and other stakeholders.
- Encouraging the Bank to further contribute to international forums so that policy decisions at the international level can be beneficial for Indonesia

ACHIEVEMENTS OF THE DIRECTORATE OF FINANCE & STRATEGY IN 2014

The year 2014 was one of great pride for the Bank. The journey of continuing transformation initiated in 2010 began to show very encouraging results, as reflected in the performance of Bank Mandiri, which continued to demonstrate sustainable growth. This was inseparable from the role of the Directorate of Finance & Strategy, which has been consistently working to improve its role as the leading-edge of finance practices, with the focus being on the application of performance-based culture, the provision of financial information in an accurate, transparent and timely manner, the management of the company's image through a comprehensive and compelling communication strategy, the provision of studies and projections on the economy, industry and region, and the provision of internal policy and procedure manuals. Through all of these activities, the Directorate of Finance & Strategy has successfully overseen the implementation of the Long Term Plan 2010-2014, which was completed at the end of 2014. In more detail, the major achievements and key work programs of the Directorate of Finance & Strategy in 2014 were as follows:

1. Development of Appropriate Performance Management Tools to Support Best Practices and Vision 2020

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. Among the initiatives that have been implemented and which are still in process are the following:

1. Reviewing the FTP (Funds Transfer Pricing) methodology from the benchmark rate and maturity tenor sides so as to align finance and risk
2. Reviewing STP (Service Transfer Pricing) methodology for support units – in 2014, a review was completed for the Central Operations, Credit Operations, and Electronic Channel Units. The application of the concept of Transfer Pricing Service aims to allocate costs to business units / support units / branches that use the services provided by the respective support unit
3. Review RoRWA methodology to describe customer risks more fairly.
4. Improving PMS applications and reporting to support the implementation of the Corporate Plan 2015-2020, so that performance measurement can be based on Segment, Product, and Distribution
5. Improving the PMS database so the information presented is more comprehensive and detailed (account / product / unit level)

2. Reporting and Taxation Process Automation Development

In order to improve the efficiency and quality of reporting and taxation processes on an ongoing basis, 2014 saw the following activities being undertaken:

- a. Implementation of Monetary and Financial System Stability (LSMK) Reporting in accordance with XBRL Taxonomy in order to support the needs for system and reporting simplification and the standardization of information so that reports can be prepared for the regulator in standardized

format based on the data dictionary.

- b. Enhancement of the IRS & RS System Application to Support Integration of Mandiri Group Data within the framework of improving automation in the preparation of consolidated financial statements so that, after the preparation of the Consolidated Financial Statements of the Bank as of September 30, 2014, the monthly consolidated financial statements can be completed on the 10th of the following month, instead of on the 15th of the following month previously.
- c. Improved Performance of the FlexFinance Application System and Other Support Applications in the context of the implementation of the PSAK that have been harmonized with the IFRS so that SLA processing time can be maintained at 18 (eighteen) hours although there was an increase of 10% in the data processed in 2014.
- d. Implementation of Foreign Account Tax Compliance Act (FATCA). FATCA is a United States Government law that is aimed at tackling tax avoidance by US citizens who direct their investments through financial institutions outside the US or have indirect investments through the ownership of companies outside the US. The US government requires Foreign Financial Institutions, that is, financial institutions other than US financial institutions, to report to the Internal Revenue Service (IRS) on accounts belonging to US citizens, both personal and in the form of investments in entities owned by US citizens. The IRS will charge a 30% withholding tax on US citizens who are not willing to be reported and financial institutions outside the US that do not participate in FATCA on income they earn from investments in the US. Within the framework of FATCA implementation, Bank Mandiri has:

- Registered for FATCA implementation with the IRS on May 5, 2014, in accordance with the OJK target. Bank Mandiri has been given Global Intermediary Identification Number (GIIN) DKZ677.00000.LE.360;
- Developed systems and procedures to identify new Individual Customers since July 1, 2014, in accordance with the IRS target;

so that since October 17, 2014, the Bank has been

prepared to submit reports to the IRS FATCA. To date, two reports have been submitted, one on March 31, 2015 (IGA 2) and the other on September 30, 2015 (in IGA 1).

- e. Automation of VAT on Payment Points, which were previously done manually by each branch involved in the transaction, is now centralized at the Head Office Accounting Group, thus reducing the workload on employees in the branches so that they can focus more on serving customers in order to achieve their targets.

3. Acceleration of Service Level Agreement (SLA) Payment Process

In order to continuously improve the payments process so as to enhance the positive image of Bank Mandiri in the eyes of stakeholders, in 2014, the Directorate of Finance & Strategy took the initiative to accelerate SLA payments to vendors (third party) from a maximum of 14 (fourteen) days in 2013 to a maximum of twelve (12) days in 2014.

4. Strengthening Policy and Procedures System Standards

In order to support the achievement of business strategies more efficiently and effectively in accordance with the agreed plans, the Directorate of Finance & Strategy has:

1. Strengthened the policy and procedures system standards at Bank Mandiri through periodic reviews and updates of policy and procedures system standards in a prudent and efficient manner in line with business and operational needs, including adjusting policies and procedures to take account of regulatory provisions and standards. Throughout 2014, we conducted annual reviews of all manuals (80 in total) and updated 40 manuals so as to avoid conflict with external regulations.
2. Implementing Integrated Business Process Management (IBPM) tools and methodology to analyze the effectiveness and efficiency of business processes in order to achieve Business and Operational Excellence.
3. Strengthening the lending process in the Corporate, Commercial and Business Banking segments by developing the Integrated Processing System (IPS) ver.4 (as a refinement of IPS ver.1), which offers faster response times, more efficient use of bandwidth, is

more user-friendly and interfaces with more than one application.

4. Preparing Mandiri Subsidiary Management Principle Guidelines in order to build an ecosystem of business collaboration with our subsidiaries through the implementation of the One Mandiri Concept and the Mandiri principles of financial governance so as to increase added value on an ongoing basis by adhering to the principles of Good Corporate Governance and Articles of Association of each subsidiary.

5. Being # 1 Top of Mind for Segments A and B (Mass Affluent)

Implementing an integrated marketing plan, and monitoring and marcom activities on a quarterly basis, and measuring the effectiveness of campaigns through improvements in business volume and customer feedback on the implementation of ROMI. The focus of the campaign was on product and activation of both both ATL and BTL and the sharper use of digital and social media campaigns.

6. Becoming a Thought Leader in the field of banking research

Establishing the Mandiri Institute to serve as an independent research center, with a commitment to developing the Indonesian nation and people through the contribution of quality and independent research. The Mandiri institute is committed to becoming a reliable research institute that has a good reputation and can have a significant influence on the economic development of Indonesia. It is expected that the Mandiri Institute can help shape a better future and have a positive impact on the nation and the people of Indonesia.

2015 STRATEGY AND OPERATIONS PLAN

DEVELOPMENT OF AUTOMATED REPORTING

In the context of continuing our efforts to improve the efficiency and quality of reporting and taxation processes, in 2015, the Directorate of Finance & Strategy will continue the automation of tax and reporting processes by enhancing the IRSRS application system so as to support XBRL Taxonomy-Based Reporting to Comply with Regulatory. This will help Bank Mandiri avoid reputational and compliance risks.

The rolling out of e-Tax Invoice Implementation to Comply with Regulatory is being undertaken in order to improve the compliance of Bank Mandiri in the making and reporting of tax invoices electronically pursuant to Directorate General of Taxes Regulation No.Per-16 / PJ / 2014, and to accelerate and simplify business processes related to taxation, payments, accounting and monitoring / control transactions in the SAP FICO system so as to reduce transaction processing time.

Developing the FATCA Reporting System and other similar systems to anticipate changes in the regulatory provisions by providing the necessary hardware and software to support the reporting system on a integrated basis with the regulator's system so that Bank Mandiri can avoid reputational and compliance risks.

Enhancing PMS (PMS Alignment with Corporate Plan) by adding data sources, changing the calculation methodology, changing the datamart structure, changing the adjustment structure, and changing the daily, weekly and monthly report designs so as to monitor the performance of all units in all Bank Mandiri business segments. The main focuses in 2015 included:

- Implementation of the new FTP methodology
- Consolidation of the Overseas Branch data to facilitate Customer Profitability and Value Chain Analyses
- Consolidation of PMS and ERM databases to speed up the calculation of RoRWA
- Provision of spread analysis reports on a weekly and monthly basis to branches using the existing web media (WEB PMS)

MANAGEMENT AND DEVELOPMENT OF COMPANY ASSETS

In the field of asset management and development, the Bank continues to plan the development of new office buildings and office renovations in several major cities in Indonesia, and the overall optimization of the Bank's assets. This is in line with the application of the Bank Mandiri Corporate Real Estate / CRE concept, which is an integrated concept bringing together the head office and regional levels.

DEVELOPMENT OF CORPORATE PROCUREMENT SYSTEM

The strategies and action plans of the Procurement Unit are focused on improving business processes in accordance with the Procurement Roadmap 2015-2020, namely, the Road to Procurement for One Mandiri, so as to create a system that can foster a uniform procurement culture in all Bank Mandiri procurement processes. In addition, it will continue to be improved in terms of quality, speed of business processes and transparency in the procurement process through various initiatives, including distribution network transformation through the adjustment of procurement process rules and the establishment of quality control over procurement in the regions, an integrated procurement system and spreading culture to all stakeholders.

CREATING INCUBATOR RESEARCH IN INDONESIA

To support the readiness of Indonesia ahead of the implementation of the Asean Economic Community in 2015, studies have been conducted on the impact of the AEC on macro-economic conditions, the financial markets, industry and investment.

In addition, in-depth analyses were conducted on the six business sectors, namely, ports, healthcare, oil & gas, plantations, telecommunications, consumer goods, and government, in collaboration with competent research consultants. Studies have also been carried out to identify the pre-conditions and the ecosystems necessary to deepen the financial system in Indonesia, and to develop the financial system and services.

Subsequently, so as to support the growth and development of entrepreneurship in Indonesia in line with the Bank's role of contributing to the economy by providing employment, studies were conducted on entrepreneurship so as to identify the right mentoring model that could improve the success of entrepreneurs in Indonesia, especially in the micro and small sectors.

technology & operations

A solid foundation in information technology, operational support of an international standard, and Service Excellence that is a legend in Indonesian banking makes us optimistic that Bank Mandiri Bank will be the best bank in ASEAN by 2020.

“To be Indonesia’s Most Dominant Bank: Faster, Stronger & Discipline Execution” was the theme of the Directorate of Technology & Operations in 2014, with the focus on quick and accurate execution of the agreed strategies to support the final part of the second stage of Bank Mandiri’s transformation towards achieving the vision “of being Indonesia’s most admired and progressive financial institution”.

IT GOVERNANCE

The support of the Technology & Operations Directorate is divided into three aspects: information technology, operations, and services.

1. Information technology aspect,

In terms of information technology, the support given is reflected in the implementation and application of innovative infrastructure to support the development of Wholesale Transaction, Retail Deposit & Payment, and Retail Financing, with improvements to solutions and service standards across all contact points.

2. Operational Aspect,

From the operational perspective, efforts have been made to support business growth, among others, through the consolidation of operations with business units, as well as the development of operational networks.

3. Service Aspect.

The effort to provide the best service to customers involves the implementation of the “Spirit of Service: Proactive and Timely Solution, Reliable and Friendly & Convenient” in all work units so as to create unique and excellent service across all contact points. Our commitment to providing the best service bore fruit with the naming of Bank Mandiri as the Best Bank Service Excellence by MRI and Infobank Magazine for the seventh time in a row, and Consumer Bank of the Year 2014 by Roy Morgan for the second time in a row

WORK MANUALS

Good IT governance policy is required so that the development and application of IT is effective. Bank Mandiri always works to improve the quality of its IT governance by reviewing policies and procedures having regard to the regulations and industry best practices. Throughout 2014, the following policies and procedures were formulated or updated:

1. IT Planning Procedures

Manuals for business units in IT planning, covering the Information Technology Strategic Plan, Information Technology Development Architecture, Annual Information Technology Plan, and IT Research and Strategic Studies.

2. Super User Management Procedures

In order to protect information from the risk of leaks, damage, inaccuracy, loss and misuse, the right of access to all applications that serve as main access gateways needs to be tightly managed.

3. Procedures for Management of Information Security Standards and Implementation of Security Assessments

One of the efforts of Bank Mandiri to improve IT security is to identify risks related to system / application security having regard to the baseline. Through these efforts, Bank Mandiri mitigates the risk of security gaps in systems / applications at an early stage.

4. Patch Management Procedures

Manual for applying patches from third parties by first

doing an evaluation on the installation of the patch to ensure that the configuration is in compliance with Bank Mandiri policies and procedures so as to ensure the operational continuity of applications and security systems.

In addition to the above policies, we have also formulated / revised operating system security procedures in the Core Banking System and in other systems in the Data Center and Disaster Recovery Center

TECHNOLOGY AND OPERATIONS ORGANIZATIONAL STRUCTURE

The Technology and Operations Directorate has an important role in supporting the business of Bank Mandiri

through technology implementation and the execution of banking operations. Led by the Director of Technology and Operations and Senior Executive Vice President and Chief Information Officer, it consists of 5 IT groups (IT Strategic Business Solutions, IT Application Services, IT Operations, IT Strategy and IT Architecture & Planning and IT Operations Transactions Banking Support) and 4 Operations Groups (Credit Operations, Central Operations, Electronic Channel Operations and Customer Care and Services). The Director of Technology and Operations oversees these nine groups, while the Chief Information Officer (CIO) has direct authority over the 5 IT Groups in the Technology and Operations Directorate.

Developments in the human capital arena in technology and operations over the past two years are as shown below:

No	Section	Number		Notes
		2013	2014	
1	IT Strategic Business Solutions	41	58	
2	IT Application Services	112	114	
3	IT Operations	177	166	
4	IT Strategy Architecture & Planning	52	50	
5	IT Operations TB Supports	-	152	Established in 2014
6	Central Operations	533	568	
7	Credit Operations	1177	1310	
8	Electronic Channel Operations	504	385	Block move to IT Operations TB Supports
9	Customer Care & Services	80	79	

IMPLEMENTATION OF THE IT PROGRAM IN 2014

IT INNOVATION AND SUPPORT

The rapid development of technology poses a challenge to businesses to move dynamically and quickly so as to adjust to changes as they occur. This has required the IT unit to undergo a transformation in order to enhance its business value to the Bank.

This IT transformation in Bank Mandiri has been conducted through the IT Strategic Plan (ISP) 2011 to 2014, which is an elaboration of the Corporate Plan. In the final period, the ISP, which was themed "realigning IT to support future business needs," supported the overall business plan in realizing the vision of the Bank, with the emphasis being on meeting the essential IT capabilities that are needed, especially the IT infrastructure and backbone so as to anticipate rapid growth in transactions. These capabilities are the foundation for the development of a more reliable, dynamic, and innovative IT system.

In 2014, with growing alliances and synergies between business units, the IT support, innovation and development activities that were undertaken include the following:

CHANNEL AND FRONT-END

To improve service and provide solutions to Bank Mandiri customers, this year has seen the implementation of the Manage File Transfer system to support the cash management solutions provided to corporate clients, the Wealth Management System to support the Individual High-End segment, BPJS system integration to support the government's social security programs for all Indonesians and branchless banking as a form of participation in the financial inclusion program. In addition, in order to improve the services provided by Bank Mandiri channels, multivendor ATM services were implemented to improve the standardization and integration of Bank Mandiri ATM solutions, Mobile-Banking services were enhanced, and the capabilities of the e-channel Monitoring System were enhanced.

REGULATORY & RISK MANAGEMENT

Initiatives related to Regulatory Reporting and Risk Management included Asset & Liability Management, Integrated Central Liability System, Implementation of Monetary and Financial System Stability (LSMK) reporting in line with the XBRL taxonomy, performance tuning of ERM system, and NSICCS standardization for debit cards, EDC and ATMs.

IT INFRASTRUCTURE

Bank Mandiri always seeks to enhance the capacity and capabilities of its IT infrastructure based on the principles of faster, better, and cheaper. Initiatives undertaken included: server virtualization and consolidation, improved middleware / Enterprise Service Bus infrastructure and increased testing capabilities with Testing, QA and Development Environment for Core Banking Systems, which support system development capabilities and ensure the deployment process proceeds in a proper and integrated manner. In addition, this year also saw the upgrading and replacement of Core Banking System engines to support rapid growth in transactions. 2014 also saw the development of the Capacity Planning System, which will assist in the optimization of capacity

management of IT resources so as to meet the existing and future needs effectively and efficiently.

IT SECURITY IMPROVEMENT

Various initiatives related to increasing the capability of IT security have been implemented, including Threat Intelligence, which protects the Bank Mandiri IT systems from cyberattacks and phishing, and Security Awareness and Data Leakage Protection so as to ensure the security and confidentiality of internal bank data. In addition, Bank Mandiri also continued to improve the security of e-channels, including ATM physical security. Continuous improvement in IT security is carried out so that customers can conduct transactions more safely and comfortably.

During 2014, the security improvements that were implemented covered head office, branches, ATMs and so forth. The scope of the improvements may be briefly described as follows:

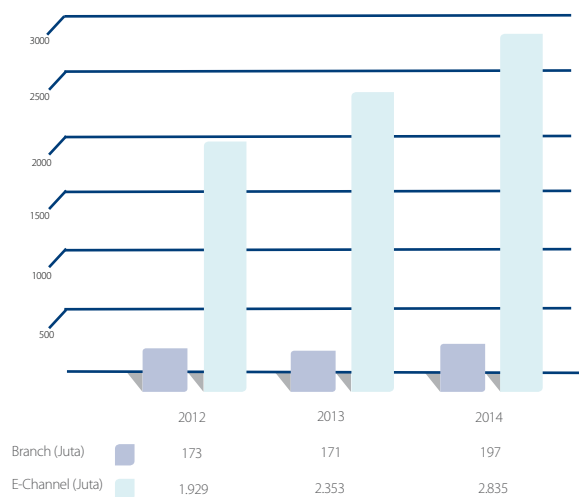
The development of these systems was intended to support the ease and convenience of the services provided to customers through a variety of contact points, among others, 15,344 ATMs, 270,352 EDCs, and 2,312 regular and micro branches spread all over Indonesia.

In line with the theme of the Technology & Operations Directorate, which encourages the implementation and execution of strategy, in 2014 this resulted in the transformation and improvement of the IT organizational structure of the Bank with the establishment of the Office of the Chief Information Officer (CIO) so as to accelerate and strengthen the IT function and IT support for businesses.

The transformation process undertaken by the Technology & Operations Directorate resulted in Bank Mandiri receiving the award for Top IT Transformation in Banking 2014 as part of the TOP IT & TOP TELCO Awards 2014, organized by iTech Magazine and the Association of Indonesian IT Consultants (IKTII).

The said transformation also resulted in significant transaction growth, with the number of transactions amounting to 3 billion, up 16% year on year. The growth in transactions was supported by maximizing the role of electronic channels (e-channels), which are cheaper than traditional channels such as branches. This is evident from the ratio of electronic to branch-based transactions in 2014,

which was 94: 6. The growth in Bank Mandiri electronic transactions reflects public confidence in our e-channel products and services.



Trans: Bank Mandiri Customer Transaction Trends

RELIABLE OPERATIONAL QUALITY

The Technology and Operations Directorate is committed to supporting the operational needs of the banking business on the basis of professionalism. The application of the ISO 9001: 2008 quality standard to various operational processes has been carried out in support of the business to ensure that the operational services provided are standardized and consistent. This has had a significant impact on the operational error rate throughout 2014, which was down 72.2% YoY.

The infrastructure for credit operations has been continuously developed so as to accommodate the rapid expansion of our business, supported by 11 Strong Rooms, 13 Regional Credit Operations, 50 Credit Operations Desks, and 80 Credit Operations Floors throughout Indonesia. Process acceleration was also carried out in a variety of credit operations, such as in the process of issuance Loan Agreements, Disbursement and Appraisal Assessment Reports. Additionally, the Document Management System has been developed to ensure an effective, efficient and flexible flow in the loan documentation process to suit the varied needs of the business.

Support for the operations of Wholesale Transaction

e-channel operations is reflected in the increased frequency of Supply Chain Financing transactions, which were up 205% YoY, acceleration in the processing of Import Document Inspection / SKBDN to 30 minutes, and an increase in the processing of Mandiri Internet Business accounts of 14.2% YoY. Additionally in connection with cash processing operations in 2014, a Cash & Clearing Processing Center has been established in Palembang.

In order to provide the best service in a fast, easy, and simple manner that prioritizes customer satisfaction, the Technology and Operations Directorate has developed the capacity of the Bank Mandiri Call Center with the establishment of a new call center in Yogyakarta. Currently, the Bank Mandiri Call Center provides 12 different services to customers, and handles more than nine hundred thousand incoming calls each month. In recognition of customer confidence and the professionalism of the Bank Mandiri Call Center, we took a number of awards at the Contact Center World 2014 awards, held in Las Vegas, including Best Help Desk, Best Self Service Technology and Best Technology Innovation in the corporate category, and Best Project Manager and Best Support IT Professional in the individual category.

SERVICE EXCELLENCE

The Technology & Operations Directorate made various efforts to ensure that customers of Bank Mandiri obtained a positive experience in the form of mutually beneficial and sustainable growth. This realized by means of Service Quality Assessment in Branches and E-channels. In parallel with these assessments, we also continued to work to improve the quality of branch and e-channel services by reviewing, proposing and coordinating improvements in e-channel services with the related units, and to ensure the provision of excellent service by branches by improving service standards and accelerating the transaction process of transactions at the branch level.

The results of our work in enhancing Bank Mandiri Service Excellence are reflected in the 100% resolution of customer complaints on ATM appeals / scams / fraud, and Bank Mandiri's recognition by external independent parties, such as Roy Morgan Consumer Bank of the Year in 2014 (2 times in a row) and as the Best Bank Service Excellence 2014 by MRI and Infobank Magazine (7 times in a row).

PEOPLE DEVELOPMENT

As an essential pillar in supporting the success of the Technology & Operations Directorate, the quality and quantity of our human resources continues to be improved by increasing employee capabilities and recruitment. In 2014, capabilities were enhanced through the certification of 80 employees and the provision of quality standard training (ISO) to more than 200 employees, include the following` types of certification: Business Analysis Foundation, Certified Ethical Hacker (CEH), Certified Information Systems Auditor (CISA), Cisco Certified Network Associate (CCNA), COBIT 5, Certified Information Systems Security Professional (CISSP), 9.1 TOGAF, ITIL Certification, Certified Data Center Professional (CDCP), Certified Contact Center, Certified Lean Six Sigma Black Belt, ISO 9001: 2008, ISO 20000 Lead Auditor and other globally recognized certifications. In addition, organizational developments and improvements were undertaken as a form of support by the Technology & Operations Directorate for Bank Mandiri's operations.

IT INVESTMENT

IT investment spending during 2014 is described in full in the Management Discussion and Analysis: Investment and Material Agreements for Capital Goods

IT STRATEGIC TARGETS IN 2015

Bank Mandiri 2015-2020 vision is "to be the Best Bank in ASEAN." Three main strategies to achieve this vision have been identified in the Corporate Plan 2015-2020, namely, Deepen Client Relationship, Accelerate in Growth Segments and Integrate Across Groups.

In support of this vision, the Information Technology Unit has prepared an IT Development Strategy 2015-2020, in line with the completion of the IT Strategy & Execution Plan (ISP) 2011-2014. The ISP 2015-2020 has been prepared in accordance with the key strategies in the Corporate Plan 2015-2020 and the aspiration to be a world-class IT entity with excellent and competitive capabilities. These two aspects have been translated into a supporting vision and fixing basics strategy.

The strategy vision is designed to support the implementation of Bank Mandiri's three main strategies from 2015 to 2020, and consists of 5 programs, namely:

1. Channel/ Process Modernization,
2. Customer Data Integration,
3. Risk Management Build-Out,
4. Customer Relationship/ Loyalti and
5. Targeted Projects/ Regulatory.

Meanwhile, the fixing basics strategy is designed to improve IT capabilities so as to become a world-class IT entity and to ensure that Bank Mandiri has IT capabilities that are equal to the best bank in the region. The fixing basics strategy also supports one of the main strategies of Bank Mandiri in the 2015-2020 period, namely, Integrate Across Groups. There are 5 programs in the fixing basics strategy: Infrastructure Scale-Up, Payment and Cash Management, Core Banking Tuning, End-User Experience and Standards.

The implementation of the above 10 programs in 2015 can be seen from the following programs:

CHANNEL AND PAYMENT ENHANCEMENT

To make Bank Mandiri a major player in the Wholesale segment, we will improve and develop applications that offer convenience and reliable infrastructure in order to achieve end-to-end business processes for corporate customers through, among other things, the implementation of Supply Chain Management, Self Enhancement Cash Management & Virtual Account, and a New Treasury Core System. In addition, Mandiri Internet Retail and Business capabilities will be enhanced to support business growth in the Individual and SME segments, while SKNBI Gen II and BI RTGS & BI-SSSS Gen II will also be implemented.

DATA MANAGEMENT

PDevelopment of the Enterprise Data Model to provide a 360 degree point of view of customers, including with their relations, through the Master Data Management (MDM) solution. MDM will be the foundation for the creation of Customer Relationship Management so as to assist the

Bank in improving its relationships with customers and its knowledge of customers.

RISK MANAGEMENT

Strengthening risk management through the Anti-Money Laundering System (AMLS) solution, Asset & Liability Management (ALM) simulations and the Enhancement Integrated Central Liability System (ICLS) in order to reduce the level of bank risk.

IT INFRASTRUCTURE

UTo meet the demand for reliable and accurate systems that are able to meet growing business needs with a high degree of continuity and a low probability of system failure, we will enhance the capabilities and capacity of the Data Center and Disaster Recovery Center (DRC), including: upgrading the capacity of Core Banking, server virtualization and consolidation, and migration of the Disaster Recovery Center.

This will further increase the comfort and security of customers in conducting transactions, as well as responding to customer needs. To improve the convenience of customers in conducting transactions, we will continue to improve the security of banking services. Bank Mandiri has formulated its Enterprise Information Security Architecture (EISA) from 2015 to 2020, which has been developed in line with the IT Strategic Plan 2015 - 2020. Actual implementation of this takes the following forms, among others:

1. *Threat Intelligence Solution* to improve security against phishing websites, unofficial mobile applications and social media
2. *Network Security Monitoring* in order to improve security in the Bank Mandiri monitoring system
3. *IT Cyber Threat Assessment* as a solution to increase security by conducting security assessments of both internal and external threats
4. *Information Security & Business Continuity Management (BCM) Awareness* sso as to increase internal awareness in Bank Mandiri regarding information security and BCM through various media and internal forums
5. *Security Enhancement ATM* so as to increase security against various forms of attack, such ATM skimming

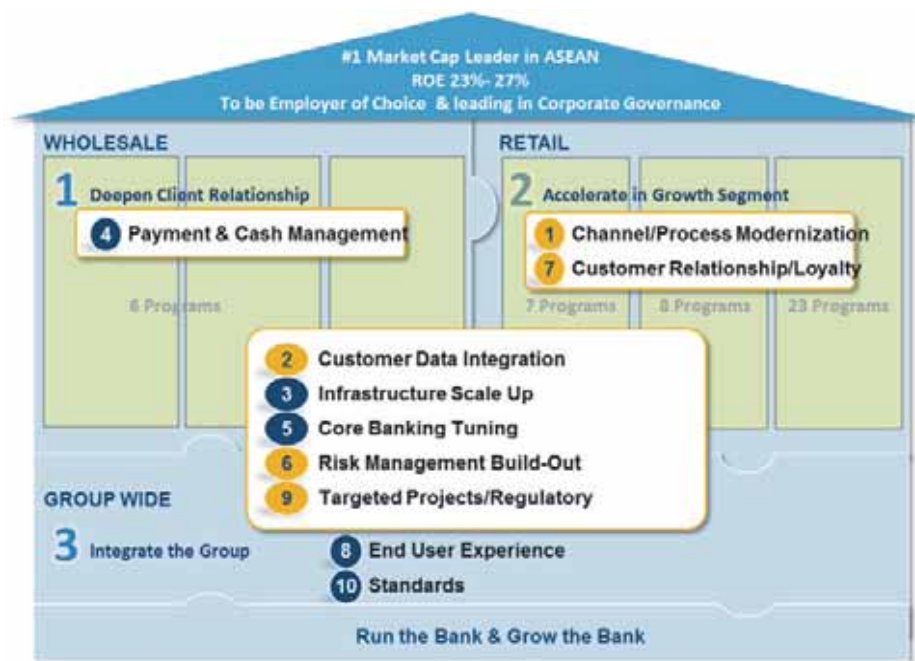
In line with the spirit to continue providing the best to our customers, the Technology & Operations Directorate always pays great attention to the development of Human Resources. Our efforts to improve the capabilities and professionalism of our personnel is reflected in recruitment, training, certification, internal rotation, and other people development programs that are conducted on an ongoing basis so as to update knowledge and skills in line with developments in technology and business needs.

Support for Bank Mandiri's 2020 vision is also shown by improvements in operational aspects and services. From the operational aspects perspective, the Directorate of Technology and Operations plans to increase its coverage and support capacity through the addition of new for infrastructure, accelerating processes and service improvements. In terms of infrastructure, we have developed a Credit Operations network (Loan Factory, Strong Room, Regional Credit Operations, Credit Operations Floors and Credit Operations Desks) to support lending operations. In addition, we will also increase the capacity of the Mandiri Call Center to provide quick and accurate solutions to the needs of customers. Operational processing of cash will be enhanced through the establishment of a Cash and Clearing Processing Center in Makassar.

In improving processes, in line with the optimization of the Document Management System, we will also develop a Collateral Management System to support the lending operations process. The cash management process will be improved through the redesigning of branch cash management. The quality of our operational services will be standardized with the implementation of ISO in Regional Credit Operations and the Cash & Clearing Processing Centers in various locations. Support for e-channel operations in the wholesale transaction segment will also be maximized in 2015.

We will further enhance Bank Mandiri services through increased security for Mandiri debit cards and Mandiri ATM machines. The implementation of the Indonesian National Standard Chip Card Specification (NSICCS) will be carried out to ensure the security of the Bank's customers in conducting debit card transactions. Physical security at Mandiri ATM machines will be increased with the introduction of the PIN Bezel system and CCTV at all Mandiri ATM machines.

LWe will continue to develop our passion to provide the best services to our customers in 2015. The Technology and Operations Directorate will ensure that all Bank Mandiri branches and e-channels are capable of providing the same services by minimizing gaps identified by our internal surveys. With our continuing improvements to services, we expect that Bank Mandiri will continue to be at the forefront in providing services to all our loyal customers.



Trans: Harmonization of IT strategic
plan and Bank Mandiri strategic plan

change management office (CMO)

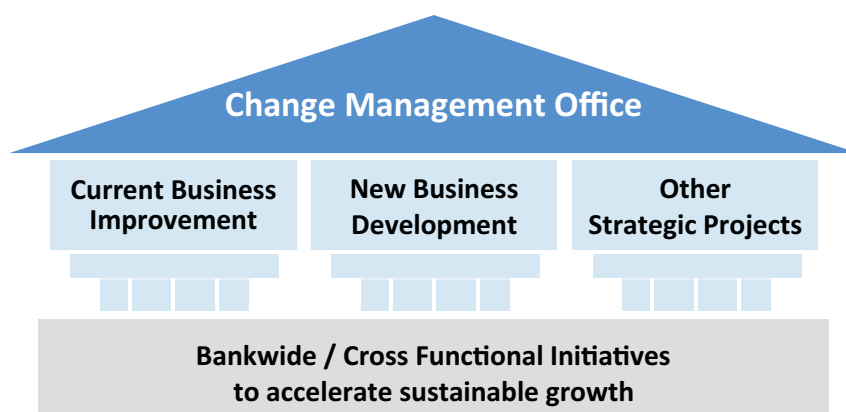
The year 2014 was the last in the second phase of the Bank Mandiri transformation project. In addition to actively continuing to oversee the transformation process through the implementation of various initiatives, the Change Management Office Directorate ("CMO") also played an active role in initiating the implementation of the Corporate Plan 2015-2020. Among our achievements in 2014 were the implementation of pilot projects and roll-out preparations for the Distribution Network Transformation initiative, the implementation of acquisition and post acquisition alignment at InHealth, an equity partnership with TASPEN and Pos using BSHB as the vehicle, forging alliances through the Account Plan system, and optimization of synergies with subsidiaries.

CMO GOVERNANCE

In 2014, Bank Mandiri focused on three main areas, namely, wholesale transaction banking, retail deposits and payments, and retail financing. This was so as to support its mission of being Indonesia's Most Admired and Progressive Financial Institution, as well as address future business needs and challenges.

In overseeing the Bank's business focuses, the CMO has four (4) main duties that are expected to have a significant impact on Bank Mandiri's business development, namely:

1. Current business improvement;
2. New business development;
3. Acting as a catalyst for the development of cross functional initiatives; and
4. Supporting the Board of Directors in other strategic projects



Trans: Harmonization of IT strategic plan and Bank Mandiri strategic plan

CMO ORGANIZATIONAL STRUCTURE

The CMO is a directorate-level organization led by a Senior Executive Vice President (SEVP) Change Management Office, who is assisted by three (3) Heads of Project. The profile of the Director / SEVP CMO is provided in the SEVP and Director Profile in the previous chapter

CMO MANAGEMENT STRUCTURE

The CMO has a relatively small resource allocation and is dominated by young employees who lack experience, while the scope of the work handled is very broad and strategic. The details on human capital developments in the CMO over the past two years are as follows:

No	Section	Total Staff	
		2013	2014
1	Priority Project I	10	10
2	Priority Project II	14	16
3	Corporate Development	7	8

CMO PROGRAM IMPLEMENTATION IN 2014

SUPPORTING CURRENT BUSINESS IMPROVEMENT

To support the achievement of the vision of the Bank, various business development initiatives in business units and supporting units continue to be conducted in accordance with the 2014 Work Plan and Budget ("CBP") and the Bank Mandiri Corporate Plan 2010-2014. In addition, the CMO is also actively involved in the formulation and implementation of the Corporate Plan 2015-2020 in support of the Bank's vision to be "The Best Bank in ASEAN 2020".

Where necessary, the CMO is also involved in coordinating and overseeing the business development initiatives undertaken by business and supporting units, such as honing strategies and increasing productivity is in accordance with the directives of Management. In that context, the CMO supports current business improvement by identifying efforts to improve business as usual through the acceleration of business processes and refinement business models to increase productivity.

In 2014, the CMO had an important role in the implementation of the Distribution Network Transformation initiative. As an embodiment of one the three main strategies of Bank Mandiri in the Corporate Plan 2015-2020, namely, Integrate the Group, this initiative is an effort to strengthen the distribution network through the integration of the entire distribution network of the Bank in the regions, including creating synergies with the marketing strategy across all subsidiaries. As part of this initiative, the CMO served as lead coordinator in the implementation of the pilot project and the preparation of the roll-out, including the conducting of monitoring and reviews. In order to support the roll-out of the Distribution Network Transformation project in Jan. 2015, pilot projects were conducted in four Regional Offices. Based on reviews of the pilots, preparations for roll-out were put in place in coordination with related units so as to ensure compliance with the preparations, including as regards fulfillment of manning levels, preparation of IT systems, performance monitoring mechanisms, and so on.

BCMO also provided support through monitoring the effectiveness and efficiency of IT and non-IT initiatives so as to align with the RKAP and Corporate Plan, thereby providing optimum added value to the Bank. CMO intensively facilitated coordination and problem solving between the Project Owners and related units through the holding of one-on-one meetings so that the obstacles that arose could be overcome quickly and comprehensively, and that project execution could be carried out in a proper, timely, effective and efficient manner. In 2014, a total of 203 strategic initiative IT and Non-IT projects were completed, up from 200 projects in 2013.

The quality of Post Implementation Reviews (PIR) continued to be improved, both in terms of content and issues resolution, so as to ensure that the implementation of strategic initiatives contributes optimally to supporting the growth in the Bank's business. In 2014, we conducted a PIR evaluation of 23 projects, 100% of our target.

Besides coordinating and monitoring the implementation of IT and non-IT initiatives, CMO also identified current business improvement efforts by sharpening business processes and business models so as to align with the targets in the Corporate Plan 2010-2014. In this respect, CMO's role is to provide consultation and mediation services so as to find a solution if there are obstacles during the implementation phase, and to lead cross functional coordination.

Among the achievements of CMO in ensuring the successful implementation of the Bank Mandiri Corporate in 2014 were the following: (1) strengthening the Bank Mandiri retail financing segment through the implementation of Business Banking Low Line and Mid Line, and (2) optimization synergies between the Bank with its subsidiaries, including Bank Syariah Mandiri and Mandiri Tunas Finance, and promote synergies with other subsidiaries

NEW BUSINESS DEVELOPMENT

Besides sharpening business strategies and increasing the effectiveness of strategic initiatives so as to support organic business growth, CMO also supported the future inorganic business growth of the Bank. CMO played an active role in leading inorganic business development through mergers and acquisitions (M&A), joint ventures and partnerships and strategic alliances with various institutions.

The process of developing inorganic future business growth, as initiated by CMO, begins with the identification of potential company targets and potential cooperation with various strategic partners that can accelerate business growth of Bank Mandiri. Subsequently, CMO leads the implementation process for these inorganic initiatives through the conducting of due diligence processes and serves as a catalyst for the integration of Bank Mandiri with newly acquired subsidiaries. In addition, CMO is also active in generating shareholder value for the Bank, acquired companies, and institutions that become strategic partners of Bank Mandiri through the preparation of future business development strategies.

CMO plays an active role in providing innovative and responsive input to ensure the implementation of business plans. CMO also provides guidance to subsidiaries post-acquisition, especially in the early days so as to ensure the integration process runs smoothly, including coordination with related business units in connection with the process of consolidating risk management.

In 2014, among the Bank Mandiri inorganic growth initiatives where CMO played an active part were the strategic partnership with PT TASPEN and PT Pos, where a subsidiary of Bank Mandiri, Bank Sinar Harapan Bali (BSHB), set up a Joint Venture Bank with the said two SOEs aimed at the pensioner and micro segment.

In addition, Bank Mandiri also conducted the acquisition of PT Asuransi Jiwa InHealth Indonesia (InHealth) for a consideration of Rp 1.75 trillion. The acquisition of InHealth is important in order to strengthen the presence and coverage of Bank Mandiri in the healthcare industry. Currently, Bank Mandiri owns 60% of InHealth and is planning to increase this to 80% through stage 2 of the acquisition initiative. Bank Mandiri also expanded its business so as to accelerate the growth in the motor vehicle finance segment through the planned establishment of a joint venture in cooperation with strategic partners so as to gain expertise and added value that the Bank currently lacks

CATALYST IN THE DEVELOPMENT OF CROSS FUNCTIONAL INITIATIVES

CMO is established at Directorate level to facilitate coordination with other business units in carrying out crucial cross-sectoral initiatives. The CMO plays the role of catalyst to accelerate the development of various initiatives, including, strategic alliances, organizational alignment, and the formulation and implementation of the Corporate Plan.

Associated with the development of business in the Corporate, Institutional and Commercial Banking segment, CMO encouraged alliances / synergies between business units, and between the Bank and its subsidiaries through the initiation of Account Plan implementation with the focus on wholesale banking products from FBI and increasing CASA Wholesale Transactions by 129 Anchor Client of the Corporate, Institutional and Commercial Banking segment. This initiative was carried out in order to support the accelerated achievement of the three (3) main business focuses of Bank Mandiri, namely, Liquidity Management, Controlling NPLs and Optimization Margin Management.

The successful implementation of the Account Plan program in 2014 was marked by an increase in the volume of foreign exchange transactions by 12%, 16% increase in remittances, 18% increase in trade, 15% increase in bank guarantees, and 24% increase in the number wholesale CASA transactions, as well as by the addition of 30 anchor clients in the Commercial Banking segment.

Another initiative undertaken by CMO, along with the Human Capital Strategy & Policy Group, was the provision of support for the creation of an organizational structure that is effective, efficient and competitive in order to support the achievement of the vision, mission and strategies of Bank Mandiri. To that end, organizational structure designs and studies were prepared by analyzing the functioning of existing business processes, and enhancing the organizational structure based on business and operational needs. CMO ensured the establishment or the alignment of the organizational structure in line with the Bank's long-term plans and take care to ensure that the functions of businesses units do not overlap

SUPPORTING THE BOARD OF DIRECTORS ON OTHER STRATEGIC PROJECTS

CCMO also helped line management to continue to maximize value creation for the company by providing innovative and responsive ideas in respect of business and regulatory developments.

CMO was deeply involved in various strategic assignments from Management (Strategic Support to the Board of Directors) and stakeholders that have a strategic impact on improved performance and reputation of the Bank.

EVALUATION OF CMO PERFORMANCE

Following up on the implementation of the strategies and achievements of 2014, CMO has been assessing and evaluating its performance. In general, CMO surpassed the targets set in the Key Performance Index at the beginning of the year. This can be seen from the completion of various innovative strategic initiatives that drive business growth and increase the competitiveness of Bank Mandiri and its subsidiaries. In addition, CMO was also involved in various Ad-Hoc Projects and strategic initiatives from management that were cross functional and high impact in nature.

The achievements of CMO are worthy of note as they were achieved with limited resources and the midst of the uncertain nature and scope of CMO's work. The strategic assignments that were carried out were also marked by high levels of complexity and tight time constraints that required coordination and strong leadership, and were supported by the optimization of human resources development.

STRATEGIC TARGETS FOR 2015

Along with the development of the ASEAN Economic Community in 2015, competition in the banking industry will be very different. Bank Mandiri will face competition from the best banks in Asia in securing the business of the 50 million-strong new middle class in Indonesia. The challenges ahead are very complex, and have prompted Bank Mandiri to embark on the third stage of its transformation project based on the vision "to be the Best Bank in ASEAN." This involves three main strategies, namely, Deepen Client Relationship, Accelerate in Growth Segments and Integrate the Group, as set out in the Corporate Plan 2015-2020.

As part of the transformation of Bank Mandiri, in 2015 the CMO Directorate will change its name to the Directorate of Corporate Transformation (CTF). To support the Bank's vision of becoming the best bank in ASEAN, the CTF has developed strategic targets for 2015 based on the four (4) key functions of the CTF, namely:

1. Current Business Improvement.

As a continuation of the Distribution Network Transformation initiative that has successfully been carried out by CMO from the pilot stage up to the preparations for roll-out, CTF will continue to contribute to the process of monitoring and reviewing the implementation of the roll-out across the Regional Offices. CTF will also continue with the implementation of the initiative to optimize the distribution network as the lead coordinator in the implementation of business process adjustments (Business Process Reengineering) so as to create business processes that are effective, efficient, customer oriented and able to support the ongoing integration process in line with the Corporate Plan 2015-2020.

In addition, CTF will continue to support business development through: (1) monitoring the execution of strategies, including identification of issues and solutions, (2) acting as a facilitator to strengthen sectoral business, accompanied by measurable risk

control (3) continuing to improve business processes, and (4) optimizing synergies with subsidiaries.

2. New Business Development.

UTo develop Bank Mandiri's future business, CTF will continue to assess inorganic growth initiatives, both in the form of strategic cooperation (joint ventures), acquisitions and other partnerships in the banking sector and other financial sectors that will increase business growth and the market share of Bank Mandiri and the Bank Mandiri Group as a whole. The assessment of cooperation with potential strategic partners continues will continue through the preparation of a business development strategy that will increase shareholder value in Bank Mandiri, as well as for the institutions that are strategic partners of Bank Mandiri.

3. Serving as a catalyst in the development of cross functional initiatives.

In its capacity as a catalyst for bank-wide initiatives, CTF will focus on the development of Sector Solutions as part of the Bank Mandiri Corporate Plan 2015-2020. This initiative aims to integrate the Retail and Wholesale segments so as to maximize the selling value of Bank Mandiri as the main transactional bank for customers. As part of the Solution Sector initiative, CTF has been assigned to prepare blueprints of the ecosystems in each focus sector, including identification of potential business, key players, transactions and cash flow mechanisms.

CTF will also facilitate Working Group Sector Solutions by leading the Corporate and Institutional Banking Group so as to optimize the business potential in priority sectors. In line with the Sector Solution initiative, CTF will also support the Business Banking Group in the development of the MSME Sector Based Strategy initiative, with the focus on the value chain in priority MSME sectors

4. Support for the Board of Directors in other strategic projects.

CTF will continue to support the management and stakeholders through a variety of assignments that have a strategic impact on improvements in the performance and reputation of Bank Mandiri.

internal audit

On completing the second stage in the Bank Mandiri transformation in 2014, Internal Audit is stronger in positioning itself as a strategic business partner through the implementation of strategic audits that provide value added as part of its function as an assurance provider

The year 2014 was an important one for as it had the challenging task of contributing to the achievement of the vision of Bank Mandiri to be "Indonesia's Most Admired and Progressive Financial Institution". This challenge was responded to by honing the assurance and consulting functions through various initiatives.

TRANSFORMATION OF AUDIT APPROACH

Bank Mandiri achieved a good performance at the end of the second transformation period in 2014 as indicated by the improvement in various financial indicators, coupled with the strengthening of the internal control culture in every line of business. These achievements are closely related to the Bank's good performance across all lines of defense in overseeing the execution of Bank Mandiri's three main strategies, namely, "Wholesale Transaction, Retail Payment & Deposit, and Retail Financing."

Internal Audit, as the third line of defense, played a greater role in the implementation of the assurance function by honing its audit approach from transactional to become more focused on issues that are strategic and have a bank-wide impact. Such honing was realized through the implementation of eight thematic audits in 2014, in line with the three main strategies of Bank Mandiri, CEO's Concerns, Enterprise Risk Assessment, and input from all directorates. These eight thematic audits were as follow

1. Revitalization of Wholesale Transaction penetration so as to sustainably grow low cost funds and fee-based income.
2. Strengthening Retail Payment and Financing to increase market share.
3. Managing Liquidity & FX amid the global and domestic crisis.

4. Strengthening end-to-end credit management.
5. Ensuring IT Business Delivery in a timely and effective manner, with a high level of availability.
6. Improving the effectiveness of information leakage prevention and management of online media information.
7. Improving the completeness, reliability, and accuracy of the PMS (Performance Management System).
8. Completion of recruitment, development, retention and employee engagement programs as part of the ODP (Officer Development Program).

Through the thematic audit approach, the response to the various issues affecting Bank Mandiri can get to the root of the problem so that the resulting solution can resolve the problem effectively. This strategic and forward looking audit approach prompted the Directorate of Internal Audit (DIA) to be more anticipatory in dealing with issues that could potentially arise in the future.

In addition, as an manifestation of the "empowering the client" initiative, Internal Audit's role is to monitor the performance of the first and second lines of defense in risk management and internal control in operational activities. In addition to carrying out thematic audits, Internal Audit also conducted regular audits, including audits of overseas branches, subsidiaries and particular activities. Regular audits are carried out in order to comply with the regulatory requirements (mandatory audits), and requests from the Board of Directors and the audit committee

INTERNAL AUDIT ORGANIZATIONAL MANAGEMENT

The organizational management of the Bank Mandiri Internal Audit unit is the responsibility of the SEVP Internal Audit, who is directly responsible to the CEO. The profile of the SEVP Internal Audit is given in the Company Profile chapter, SEVP Profiles section.

INTERNAL AUDIT STRUCTURE

The structure of the Internal Audit unit is fully described in the Corporate Governance Report, Internal Audit Section.

OPTIMIZING USE OF AUDIT MANAGEMENT INFORMATION SYSTEM

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

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

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

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

DIGITAL FORENSIC SOLUTIONS

Technological development has also increased the risk of bank fraud involving information technology. It is expected that the combination of reliable tools and auditor skills will help reduce the risk of fraud.

In line with management concerns about fraud risks, internal audit has equipped itself with Digital Forensic Solutions as part of the initial phase of implementation of digital forensic handling. These Digital Forensic Solutions reflect best practice and have a level of integrity that has been recognized by the law enforcement authorities. Through the implementation of digital forensic solutions, the process of investigation and auditing of information technology (IT) is more effective, and ensures the implementation of a forensic approach in accordance with the applicable rules and the level of integrity recognized by the law enforcement authorities.

CONSISTENCY IN MAINTAINING QUALITY

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

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

Following on from the results of QAR 2014 and in line with long-term planning in internal audit, a variety of strategic initiatives have been formulated, including the integration of Bank Mandiri internal audit tools group-wide, including internal control in subsidiaries, and improving competencies through certification programs for auditors.

competencies through certification programs for auditors. All of these strategic initiatives are aimed at strengthening five aspects: technology, process, people, structure, and strategy, so that internal audit can not only surpass Bank Mandiri's competitors, but also can become a leading practice in the banking industry

PROFESSIONAL HUMAN RESOURCES

Developing our Human Resources is one of the focuses of Internal Audit every year. Through various development programs, Internal Audit continues to provide top quality auditors that have the competencies needed to produce the best possible performance. To ensure employee development programs are targeted and appropriate, Internal Audit works in collaboration with the Compliance Audit & Governance Academy (ACGA) of Mandiri University to develop programs to increase the competence of auditors in the long term with reference to the Internal Audit Capability Model (IACM). The IACM is a competency mapping method for particular positions that reveals the competency gaps of each staff member in Internal Audit so that such gaps can be filled. Employee development programs are implemented through a variety of mechanisms, such as: e-learning, training, certification (national and international level), internships / attachments,

and special projects and assignments. The program continues to be monitored and its success in supporting employee performance assessed so that the expectations of stakeholders can be met.

A full description of Internal Audit development programs is set out in the Corporate Governance, Internal Audit section.

CHALLENGES OF MANDIRI 2020

Bank Mandiri has entered a new phase in the course of developing Indonesia by adopting its new vision of being the best bank in ASEAN by 2020. This ambition is also accompanied by continuing changes in the competitive landscape looking ahead to a free market in the banking industry by 2020. These new challenges require all lines in Bank Mandiri to be ready to face global competition.

In connection with its function of helping oversee the achievement of the Mandiri 2020 vision, Internal Audit has also prepared for the challenges by developed a Long Term Plan 2015-2020, in line with the Bank Mandiri Corporate Plan 2015-2020, having regard to Global Internal Audit Best Practices and Regulatory Views, and the results of the Quality Assurance Reviews.



Internal Audit Roadmap 2015-2020

The Internal Audit Roadmap involves 4 phases, as shown in the above diagram. With our long experience and commitment to learning, Internal Audit is confident that it will successfully oversee the achievement of Mandiri New Horizon 2020.



risk management

“Risk management in Bank Mandiri is intended to maintain the Bank’s capital, support the decision making process, optimize the risk-return profile, increase the value of the company, and protect the reputation of the Bank”.

The application of risk management in Bank Mandiri through the framework of Enterprise Risk Management (ERM) is done using a two-prong approach, namely, through capital risk management and operational activities risk management, thus allowing the risks inherent in the Bank’s business to be minimized.

In support of the Bank’s business plan in the wholesale and retail segments, reliable risk management is essential. In order to strengthen the management of credit risks in the retail segment, one of the focus for the Bank’s growth in the future, in accordance with Board of Directors of PT. Bank Mandiri (Persero) Tbk. Resolution No. Kep. Dir / 314/2013 dated 22 November 2013 on changes in the organizational structure of Bank Mandiri (Persero) Tbk., Directorate of Retail Risk was established, headed by the Chief Retail Risk Officer (CRRO), which separated the retail risk function from the Risk Management Directorate



CAPITAL-BASED RISK MANAGEMENT

Capital-based risk management in Bank Mandiri includes diversifying the sources of capital in tandem with the long-term strategic plan, and policies for the more efficient allocation of capital to business segments that have optimal risk-return profiles (including investments in subsidiaries). This is aimed at meeting the expectations of stakeholders, including investors and regulators.

Bank Mandiri ensures it has sufficient capital to cover credit risks, market risks and operational risks, both in accordance with the regulations (regulatory capital) and its internal needs (economic capital). The Bank refers to Bank Indonesia regulations (Basel II), in particular Pillar 1, in calculating the capital adequacy for credit risks, market risks and operational risks.

In addition to the above calculations, Bank Mandiri is also developing its own capital adequacy calculations by reference to Pillar 2 of Basel II, or what is better known as the Internal Capital Adequacy Assessment Approach Process (ICAAP). ICAAP includes the determination of risk appetite, overall risk assessment, capital planning, and bank-wide stress testing.

For credit risks, Bank Mandiri uses the Basel II Standardized Approach and is now gradually starting simulations in accordance with the Internal Ratings-Based Approach. The Basel II Standardized Approach does not use external

ratings data from on borrowers. For market risk, the Bank uses the Standard Model, while internally the Bank has been using the Value at Risk model. For operational risk, the Bank refers to the Basel II Basic Indicator Approach, and has simulated the Standardized Approach. As per December 2014, risk-weighted assets and capital adequacy were as shown in the following table:

Tabel 1.a Quantitative Disclosure of Commercial Bank Capital Structure

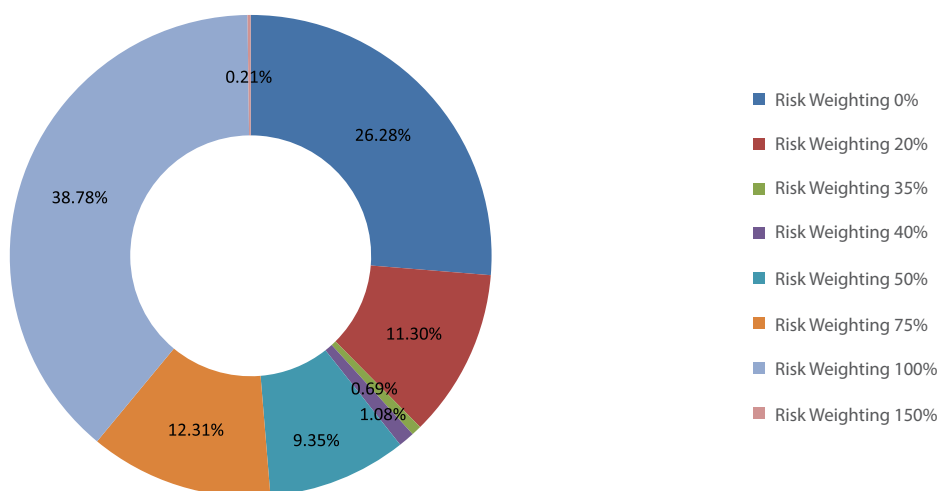
CAPITAL COMPONENT	31 Desember 2014		31 Desember 2013	
	Bank	Konsolidasi	Bank	Konsolidasi
I CAPITAL COMPONENTS			-	-
A Core Capital	79,052,150	84,422,801	65,853,989	71,606,641
1 Paid up capital	11,666,667	11,666,667	11,666,667	11,666,667
2 Additional Capital Reserves	69,487,242	73,601,673	55,739,397	60,219,128
3 Innovative capital	-	-	-	-
4 Factors reducing core capital	(2,101,759)	(1,300,731)	(1,552,075)	(628,743)
5 Minority interests	-	455,192	-	349,589
B Supplementary Capital	6,427,547	7,909,442	7,491,432	9,001,217
1 Upper Tier 2	6,936,802	7,499,928	6,691,917	7,160,629
2 Lower Tier 2	1,592,504	1,592,504	2,351,590	2,351,590
3 Factors reducing supplementary capital	(2,101,759)	(1,182,990)	(1,552,075)	(511,002)
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)	85,479,696	92,332,243	73,345,421	80,607,858
III TOTAL CORE CAPITAL, SUPPLEMENTARY CAPITAL AND ADDITIONAL SUPPLEMENTARY CAPITAL ALLOCATED TO ANTICIPATE MARKET RISK (A + B - C + E)	85,479,696	92,332,243	73,345,421	80,607,858
IV RISK WEIGHTED ASSETS (RWA) FOR CREDIT RISKS	445,254,441	490,304,562	431,672,862	476,508,651
V RISK WEIGHTED ASSETS (RWA) FOR OPERATIONAL RISKS	67,786,852	79,510,013	57,671,278	67,642,899
VI RISK WEIGHTED ASSETS (RWA) FOR MARKET RISK	1,863,243	2,446,704	1,972,041	1,990,242
A Standardized Approach	1,863,243	2,446,704	1,972,041	1,990,242
B Internal Model	942,628	942,628	1,759,446	1,759,446
VII RATIO OF MINIMUM CAPITAL ALLOCATIONS FOR CREDIT RISKS, OPERATIONAL RISKS AND MARKET RISKS [III : (IV + V + VI)]	16.60%	16.13%	14.93%	14.76%

Simulation of operational risk capital using the Basel II Basic Indicator Approach resulted in RWA for credit risk of Rp 445.25 trillion operational risk of Rp 67.78 trillion and RWA for Market risk of Rp 1.86 trillion

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).

The capital charge for credit risk using the Standardized Approach per December 2014 gives the risk weighted assets composition shown below:

ASSET COMPOSITION BY CREDIT RISK WEIGHTING (Standardized Approach) - DECEMBER 2014



The Bank has also simulated the credit capital charge based on the Advance Internal Rating Based Approach. By using the Advanced IRBA approach, the Bank is expected to obtain a capital adequacy ratio that is more efficient.

Currently, the Bank is also developing the measurement of economic capital for both credit risk and operational risk, which is also the basis for the Bank to start implementing VBM (Value Based Management) through the measurement of RORAC (Return On Risk Adjusted Capital). As a first step in the implementation of VBM, the Bank began using the RORWA (Return on Risk Weighted Assets) indicators that are more intuitive for business units, before later applying RORAC. Bank Mandiri has been preparing for the implementation of Basel III having regard to the Basel documentation and the regulations and initiatives issued by Bank Indonesia. The Bank actively participates in Basel III working groups and the Quantitative Impact Study (QIS) conducted by Bank Indonesia. Based on the position as of June 2014, the QIS results indicate that in general the Bank has met the guidelines under Basel III, with the Capital Adequacy Ratio simulation results being higher at 16.64% than the results based on the Basel II capital adequacy calculations. This is due to the Bank's capital structure, which is dominated by Tier 1 Common Equity. QIS results also show that the

Bank operates at a low risk level, which is indicated by a leverage ratio of 10.70%.

OPERATIONS-BASED RISK MANAGEMENT

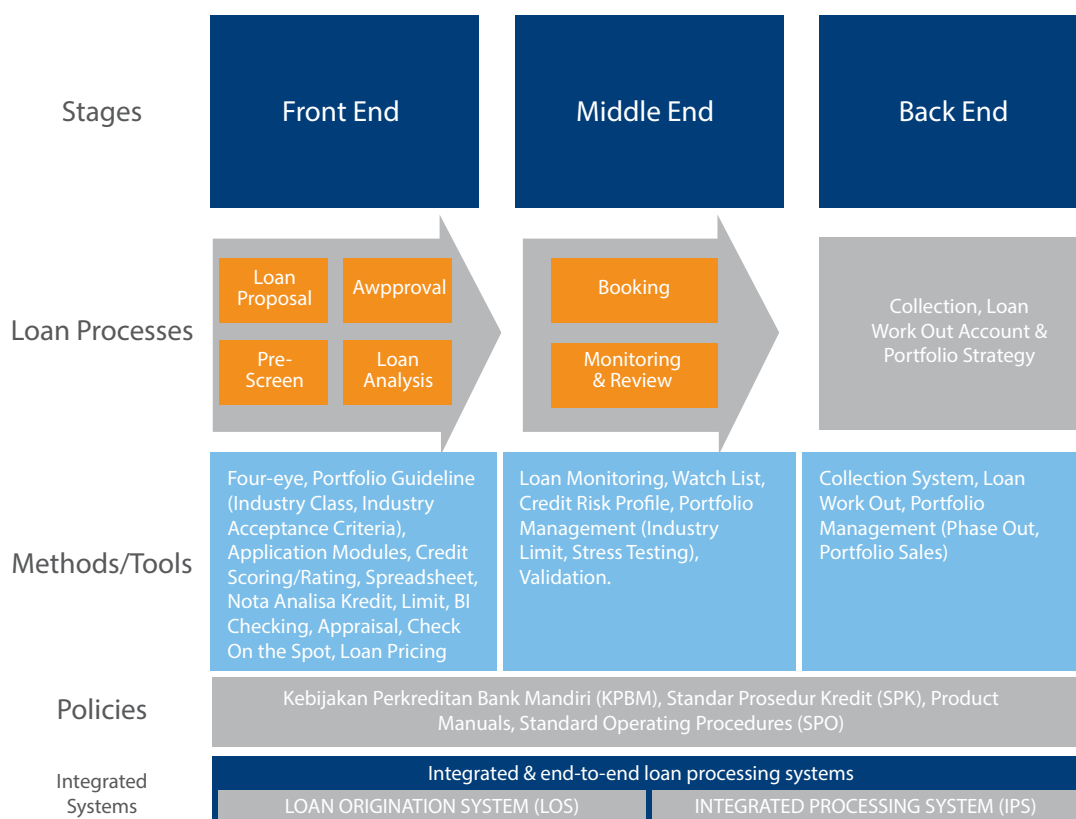
Operations-based risk management is intended to manage credit risk, market risk and operational risk at an acceptable level. Bank Mandiri applies risk appetite and risk tolerance in the form of policy limits and system limits, which are prepared and proposed jointly by the business units and risk management unit, and are approved by the Risk Management Committee. Limits are set based on overall limits, limits by type of risk and limits by particular functional activities that have risk exposure. Policy limits not only serve to control risk, but also steer business strategies and business expansion towards growth corridors whose risk-reward profiles are optimal.

Credit risk management is conducted through the front end, middle-end and back end. Market and liquidity risk management is conducted through system limits. Operational risk management in respect of Bank products and activities is carried out by all business units, and is reviewed by the risk management unit on a bank-wide basis, while effectiveness is assessed by the Internal Audit

CREDIT RISK MANAGEMENT

Credit risk is derived from lending, investments in securities and placements with other banks, sales to customers and trading activities. Credit risk is also derived from commitments and contingencies to customers and counterparties. Credit risk management aims to measure, anticipate, and minimize losses due to failures by borrowers or counterparties to meet their obligations.

CREDIT PROCESS AND CREDIT RISK MANAGEMENT



The credit process and credit risk management in the Bank is carried out in an integrated manner by the Business Units, Credit Operations Unit, and Credit Risk Management Unit. In practice, it is supported by an integrated system and performed on an end-to-end basis.

CREDIT POLICIES

SAs guidelines for end-to-end credit management, Bank Mandiri has adopted the Bank Mandiri Credit Policies (KPB), which also cover the Bank's Credit Culture and Credit Doctrines. Operational credit policies are elaborated in the form of Standard Credit Procedures (SPK) and the Product Manuals. The credit management process begins with the determination of the target market, the conducting of risk assessments and the monitoring of loans

Bank Mandiri applies prudential principles in the provision of credit, where the credit analysis function is performed by the business units and an independent credit risk unit,

while the credit approval function is performed based on the "four eyes principle" and credit administration functions by credit operations units that are independent of the business units and credit risk unit.

CREDIT APPROVAL

The approval of credit and setting of credit limits in the corporate, commercial, and business banking segments (limit Rp 5 billion up to Rp 10 billion) are identified and assessed through a credit rating system, which is followed by a business feasibility analysis (conducted on a spreadsheet basis) and the issuance of a Credit Analysis Memorandum (NAK). These processes are conducted on an integrated and end-to-end basis through the Integrated Processing System (IPS).

In the retail segment (business banking with a limit of Rp 500 million to Rp 5 billion and micro) and the consumer segment, evaluation is conducted through the credit scoring system is measured through. The credit and risk management processes in the micro and consumer segments are carried out through an end-to-end process that is integrated in 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 used are able to identify Probability of Default (PD), while the Bank continuously develops Loss Given Default (LGD) and Credit Conversion Factor (CCF) models for calculating Exposure at Default (EAD) in the context of applying Basel II and the calculation of economic capital.

As part of the credit process, security may take the form of objects that are financed by the credit (moveable and non-moveable assets), and objects that are not financed by the credit (personal guarantee or corporate guarantee). Security must have economic value, be marketable and transferable, and have juridical value

CREDIT MONITORING

Bank Mandiri always refers to Bank Indonesia regulations and prudential practices in assessing and monitoring credit quality, including the assessment of business prospects, borrower performance and borrower's ability to pay.

The monitoring of credit in the corporate, commercial,

and business banking segments for limits > Rp 2 billion is conducted at the borrower level using a Watch List approach. The Watch List is a standard, structured and comprehensive method for monitoring the performance of borrowers and allows for the prompt preparing of action plans to prevent a decline in the credit quality of borrowers. The monitoring process is performed at least quarterly so as to identify borrowers who may be experiencing difficulty in fulfilling their obligations through the Loan Monitoring System, which has been integrated with the IPS system, as well as early detection using Watch List analyses (Early Warning Analyses). Based on such an analysis, the Bank formulates an account strategy and early action to prevent the decline in credit quality.

The monitoring of credit in the business banking segment for loans of < Rp 2 billion, and in the micro and consumer segments is performed at the portfolio level through a portfolio analysis of various aspects (quality and quantity of the portfolio viewed from various perspectives: industry, region, product, type of credit, business unit, segment, etc.) as set out in a credit risk report.

Bank Mandiri also monitors credit during the credit process and its supporting systems and tools through forums known as credit session, which are held on a regular basis for each loan segment. These forums provide information on problems and weaknesses in business processes, credit policies and methodologies and credit tools so that prompt corrective action can be taken.

As an anticipatory measure (early warning signal), simulations and stress testing of the Bank's portfolio are conducted periodically to determine changes in the quality of the Bank's portfolio per segment or per industry sector as a result of extreme economic conditions that may occur (extreme but plausible). The simulation results provide guidance for the Bank as regards the need to more closely monitor certain sectors or borrowers that could suffer a decrease in quality, as well as the identification of anticipatory measures. This year, in addition to conducting periodic stress testing, the Bank also performed stress tests on the impact of changes in commodity prices and the impact of provincial minimum wage increases

PORTFOLIO MANAGEMENT AND RISK CONCENTRATION

Bank Mandiri can allocate capital and apply the principles of active portfolio management to the management of credit risks at the portfolio level with reference to the Portfolio Guidelines (PG), which consist of Industry Classification, Industry Acceptance Criteria and Industry Limits. These are applied to all phases of credit risk management.

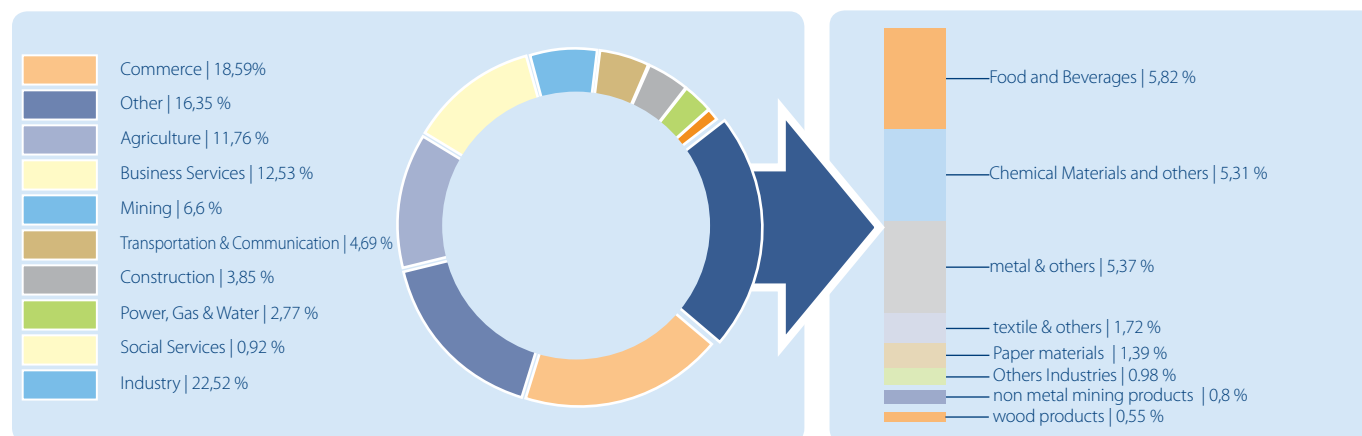
Industry Classification and Industry Acceptance Criteria aim to target the best companies (winner players) in priority industries that can provide economic added value as targeted customers. A proactive selection process creates professional relationships and sustainable partnerships between the Bank and its customers

PORTFOLIO GUIDELINE PROCESS



The management of risk concentration is undertaken by, among other things, diversifying industrial sectors in accordance with Industry Class by taking into account such factors as the prospects of the industry / sector, the Bank's internal expertise, and portfolio performance. AN Industry Limit is set for each sector, which sets the maximum credit allocation to each industry sector in accordance with the Industry Class and industry limits, which vary according to the level of risk and return of each industry. Meanwhile, the management of risk concentration at the level of the borrower is determined through in-house limits, which are more conservative than the Maximum Lending Limits (BMPK) stipulated by Bank Indonesia.

MANDIRI CREDIT COMPOSITION BY ECONOMIC SECTOR (DECEMBER 2014)



To determine the impact of changes in macroeconomic conditions on a portfolio, and ultimately profitability and capital sustainability, the Bank conducts periodic stress testing. There are two types of stress tests conducted by the Bank, namely: sensitivity analysis and scenario analysis. Based on the results of sensitivity analysis simulations conducted in 2014, the impact of changes in macro variables will affect the NPL ratio of the Bank's loan portfolio (over the next year) 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

CREDIT GROWTH AND QUALITY

During 2014, Bank Mandiri recorded fairly good credit growth while maintaining its NPL level. The Bank's loan portfolio for all segment (bank alone) grew 13.98% (YoY), with an NPL level of 1.66% (gross). Some loan segment grew at above average, such as the micro and retail banking segments, which grew by 33.2% (YoY), but at an NPL level of 2.98%. This achievement was due to the application of reliable and integrated credit processes (end-to-end), which includes the identification of prospective lending sectors, an accurate and strict underwriting process, a continuous credit monitoring process, comprehensive portfolio management and the disciplined resolution of non-performing loans

	Corporate	Commercial	Business	Micro	Consumer	Treasury & Int'l
Non-Performing Loan	1,755	1,298	1,481	1,066	1,255	1,064
Performing Loan	171,537	137,647	55,756	34,965	63,451	3,992



CREDIT RISK EXPOSURE

Based on exposure category according to the Standardized Approach, the Bank has the following exposures:

Exposure to Assets on Balance Sheet – Bank Unconsolidated and Consolidated

Tabel 6.1.1. Pengungkapan Eksposur Aset di Neraca

No	Portfolio Category	31 December 2014		
		Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)
1	Claims against Government	174,219,377	-	-
2	Claims against Public Sector Entities	61,894,786	22,642,332	22,581,235
3	Claims against Multilateral Development Banks and International Institutions	-	-	-
4	Claims against Banks	31,750,588	8,421,585	8,376,462
5	Collateralized housing loans	14,339,469	5,457,330	5,457,330
6	Collateralized commercial property loans	116,544	116,544	116,544
7	Loans to employees / pensioners	-	-	-
8	Claims against MSMEs and Retail Portfolio	99,400,039	74,550,029	73,641,776
9	Claims against corporations	312,593,644	282,295,441	273,780,259
10	Mature claims	2,001,474	2,852,876	2,790,027
11	Other assets	35,249,402	-	16,529,344
TOTAL		731,565,323	396,336,137	403,272,977

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

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

No	Portfolio Category	31 December 2014		
		Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)
1	Claims against Government	175,025,197	-	-
2	Claims against Public Sector Entities	62,201,044	22,795,461	22,734,364
3	Claims against Multilateral Development Banks and International Institutions	-	-	-
4	Claims against Banks	30,850,662	8,241,756	8,196,633
5	Collateralized housing loans	14,339,469	5,457,330	5,457,330
6	Collateralized commercial property loans	116,544	116,544	116,544
7	Loans to employees / pensioners	-	-	-
8	Claims against MSMEs and Retail Portfolio	105,522,125	79,141,594	78,223,246
9	Claims against corporations	312,757,780	282,459,576	273,943,145
10	Mature claims	2,071,546	2,957,984	2,895,135
11	Other assets	37,505,726		18,727,986
TOTAL		740,390,093	401,170,244	410,294,383

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

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 2014		
		Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)
1	Claims against Government	2,257,336	-	-
2	Claims against Public Sector Entities	15,081,275	6,232,440	6,231,264
3	Claims against Multilateral Development Banks and International Institutions	-	-	-
4	Claims against Banks	10,468,862	5,234,431	5,234,166
5	Collateralized housing loans	2,694	943	943
6	Collateralized commercial property loans	67,708	67,708	67,708
7	Loans to employees / pensioners	-	-	-
8	Claims against MSMEs and Retail Portfolio	718,028	538,521	527,644
9	Claims against corporations	33,120,429	29,409,278	29,379,496
10	Mature claims	24,390	36,585	35,471
11	Other assets	-	-	-
TOTAL		61,740,722	41,519,906	41,476,692

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

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

No	Portfolio Category	31 December 2014		
		Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)
1	Claims against Government	2,257,336	-	-
2	Claims against Public Sector Entities	15,080,903	6,232,254	6,231,078
3	Claims against Multilateral Development Banks and International Institutions	-	-	-
4	Claims against Banks	10,468,862	5,234,431	5,234,166
5	Collateralized housing loans	2,694	943	943
6	Collateralized commercial property loans	67,708	67,708	67,708
7	Loans to employees / pensioners	-	-	-
8	Claims against MSMEs and Retail Portfolio	722,248	541,686	530,809
9	Claims against corporations	33,120,431	29,409,280	29,379,498
10	Mature claims	24,390	36,585	35,471
11	Other assets	-	-	-
TOTAL		61,744,572	41,522,888	41,479,673

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

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 2014		
		Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)
1	Claims against Government	18,533,903	-	-
2	Claims against Public Sector Entities	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-
4	Claims against Banks	1,227,606	392,255	392,255
5	Claims against MSMEs and Retail Portfolio	-	-	-
6	Claims against corporations	112,520	112,520	112,520
TOTAL		19,874,029	504,775	504,775

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

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 2014		
		Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)
1	Claims against Government	18,533,903	-	-
2	Claims against Public Sector Entities	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-
4	Claims against Banks	1,227,606	392,255	392,255
5	Claims against MSMEs and Retail Portfolio	-	-	-
6	Claims against corporations	636,642	636,642	636,642
TOTAL		20,398,151	1,028,897	1,028,897

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

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 2014		
		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 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

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

No	Portfolio Category	31 December 2014		
		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 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

Securitization Exposure – Bank Unconsolidated and Consolidated

Table 6.1.5 Disclosure of Securitization Exposure – Bank Unconsolidated

No	Portfolio Category	31 December 2014	
		Capital Reduction Factor	ATMR
(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 2013	
		Capital Reduction Factor	ATMR
(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

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

No	Portfolio Category	31 December 2014	
		Capital Reduction Factor	ATMR
(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 2013	
		Capital Reduction Factor	ATMR
(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

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 2014	
		Capital Reduction Factor	ATMR
(1)	(2)	(3)	(4)
1	Total Exposure	-	-

No	Portfolio Category	31 December 2013	
		Capital Reduction Factor	ATMR
(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 2014	
		Capital Reduction Factor	ATMR
(1)	(2)	(3)	(4)
1	Total Exposure	-	37,501,609

No	Portfolio Category	31 December 2013	
		Capital Reduction Factor	ATMR
(1)	(2)	(3)	(4)
1	Total Exposure	-	38,020,265

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) m Jutaan Rupiah)

	31 December 2014	31 December 2013
TOTAL RWA CREDIT RISKS	445,254,441	431,632,851
TOTAL CAPITAL REDUCTION FACTORS	-	-

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

	31 December 2014	31 December 2013
TOTAL RWA CREDIT RISKS	490,304,562	476,508,651
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:

[Information on the next page]

Net Claims Per Region – Bank Unconsolidated and Consolidated

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

31 December 2014								
No	Portfolio Category	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 against Government	-	2,164	-	-	906,673	524	
2	Claims against Public Sector Entities	9,850,627	4,978,438	2,029,263	7,569,783	13,110,108	2,558,704	
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-	
4	Claims against Banks	46,916	352,574	38,612	107,811	78,260	169,742	
5	Collateralized housing loans	932,335	1,465,505	1,325,317	932,604	1,562,221	893,692	
6	Collateralized commercial property loans	-	182,413	1,839	-	-	-	
7	Loans to employees / pensioners	-	-	-	-	-	-	
8	Claims against MSMEs and Retail Portfolio	7,218,885	8,571,906	5,188,562	5,190,846	24,917,963	7,254,714	
9	Claims against corporations	27,229,170	18,522,208	34,799,084	34,718,085	55,515,561	12,437,460	
10	Mature claims	205,520	229,622	69,176	114,733	193,181	176,672	
11	Other assets	-	-	-	-	-	-	
12	Exposure at Shariah Unit (if any)	-	-	-	-	-	-	
TOTAL		45,483,453	34,304,830	43,451,853	48,633,862	96,283,967	23,491,508	

31 December 2013								
No	Portfolio Category	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 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 (if any)	-	-	-	-	-	-	
TOTAL		42,672,565	28,914,148	39,888,655	49,686,851	92,492,161	17,700,630	

31 December 2014									
	REGION VII / SEMARANG	REGION VIII / SURABAYA	REGION IX / BANJARMASIN	REGION X / MAKASSAR	REGION XI / DENPASAR	REGION XII / JAYAPURA	HEAD OFFICE	OVERSEAS	TOTAL
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
	-	500	-	-	-	-	183,390,553	10,710,202	195,010,616
	580,055	3,047,287	4,350,695	1,371,386	307,000		27,014,153	208,561	76,976,060
	-	-	-	-	-	-	-	-	-
	268,651	124,538	2,466	62,278	243,414	8,023	37,101,100	4,842,671	43,447,056
	1,511,832	3,141,447	1,017,152	810,893	682,099	67,066			14,342,163
	-	-	-	-	-	-	-	-	184,252
	-	-	-	-	-	-	-	-	-
	7,757,322	6,557,074	6,305,676	7,408,118	2,717,658	2,426,135	8,583,724	19,486	100,118,069
	17,181,682	38,421,239	18,510,599	8,147,757	5,001,485	1,625,937	60,362,513	13,352,421	345,825,201
	229,353	179,581	168,168	168,985	42,488	42,214	90,156	117,406	2,027,255
	-	-	-	-	-	-	35,249,402	-	35,249,402
	-	-	-	-	-	-	-	-	-
	27,528,895	51,471,666	30,354,756	17,969,417	8,994,144	4,169,375	351,791,601	29,250,747	813,180,074

31 December 2013									
	REGION VII / SEMARANG	REGION VIII / SURABAYA	REGION IX / BANJARMASIN	REGION X / MAKASSAR	REGION XI / DENPASAR	REGION XII / JAYAPURA	HEAD OFFICE	OVERSEAS	TOTAL
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
	-	-	-	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

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

31 December 2014									
No	Portfolio Category	REGION I / MEDAN	REGION II / PALEMBANG	REGION III / JKT KOTA	REGION IV / JKT THAMRIN	REGION V / JKT SUDIR- MAN	REGION VI / BANDUNG		
(1)	(2)	(3)	(4)	(5)	(6)	(8)	(9)		
1	Claims against Government	-	2,164	-	-	906,673	524		
2	Claims against Public Sector Entities	9,850,627	4,978,438	2,029,263	7,569,783	13,110,108	2,558,704		
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-		
4	Claims against Banks	46,916	352,574	38,612	107,811	78,260	169,742		
5	Collateralized housing loans	932,335	1,465,505	1,325,317	932,604	1,562,221	893,692		
6	Collateralized commercial property loans	-	182,413	1,839	-	-	-		
7	Loans to employees / pensioners	-	-	-	-	-	-		
8	Claims against MSMEs and Retail Portfolio	7,218,885	8,571,906	5,188,562	5,190,846	24,917,963	7,254,714		
9	Claims against corporations	27,229,170	18,522,208	34,799,084	34,718,085	55,515,561	12,437,460		
10	Mature claims	205,520	229,622	69,176	114,733	193,181	176,672		
11	Other assets	-	-	-	-	-	-		
12	Exposure at Shariah Unit (if any)	-	-	-	-	-	-		
TOTAL		45,483,453	34,304,830	43,451,853	48,633,862	96,283,967	23,491,508		

31 December 2013									
No	Portfolio Category	REGION I / MEDAN	REGION II / PALEMBANG	REGION III / JKT KOTA	REGION IV / JKT THAMRIN	REGION V / JKT SUDIR- MAN	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 (if any)	-	-	-	-	-	-		
TOTAL		42,672,565	28,914,148	39,888,655	49,686,851	92,492,161	17,700,630		

31 December 2014									
	REGION VII / SEMARANG	REGION VIII / SURABAYA	REGION IX / BANJARMASIN	REGION X / MAKASSAR	REGION XI / DENPASAR	REGION XII / JAYAPURA	HEAD OFFICE	OVERSEAS	TOTAL
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
	-	500	-	-	-	-	184,076,432	10,830,143	195,816,436
	580,055	3,047,287	4,350,695	1,371,386	307,000	-	27,181,684	346,908	77,281,938
	-	-	-	-	-	-	-	-	-
	268,651	124,538	2,466	62,278	243,414	8,023	34,414,212	6,629,819	42,547,316
	1,511,832	3,141,447	1,017,152	810,893	682,099	67,066	-	-	14,342,163
	-	-	-	-	-	-	-	-	184,252
	-	-	-	-	-	-	-	-	-
	7,757,322	6,557,074	6,305,676	7,408,118	2,717,658	2,426,135	14,710,039	19,486	106,244,384
	17,181,682	38,421,239	18,510,599	8,147,757	5,001,485	1,625,937	61,050,586	13,352,421	346,513,274
	229,353	179,581	168,168	168,985	42,488	42,214	160,228	117,406	2,097,327
	-	-	-	-	-	-	37,485,523	20,203	37,505,726
	-	-	-	-	-	-	67,518,801	-	67,518,801
	27,528,895	51,471,666	30,354,756	17,969,417	8,994,144	4,169,375	426,597,505	31,316,385	890,051,617

31 December 2013									
	REGION VII / SEMARANG	REGION VIII / SURABAYA	REGION IX / BANJARMASIN	REGION X / MAKASSAR	REGION XI / DENPASAR	REGION XII / JAYAPURA	HEAD OFFICE	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

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 2014					
		Net Claims by Remaining Contract Time					
		< 1 year	1 year to 3 year	3 year to 5 year	> 5 year	Non-Contractual	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	58,695,404	28,015,342	36,270,161	24,257,522	47,772,187	195,010,616
2	Claims against Public Sector Entities	39,019,449	7,953,449	8,938,419	21,064,744	-	76,976,061
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	25,606,804	6,063,615	3,343,841	28,955	8,403,840	43,447,055
5	Collateralized housing loans	89,102	788,634	1,589,326	11,875,099	-	14,342,161
6	Collateralized commercial property loans	182,413	-	1,839	-	-	184,252
7	Loans to employees / pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	20,299,227	38,728,800	15,116,524	25,973,516	-	100,118,067
9	Claims against corporations	205,804,421	41,950,720	53,277,762	44,792,299	-	345,825,202
10	Mature claims	916,663	589,855	156,077	364,659	-	2,027,254
11	Other assets	-	-	-	-	35,249,402	35,249,402
12	Exposure at Shariah Unit (if any)	-	-	-	-	-	-
TOTAL		350,613,483	124,090,415	118,693,949	128,356,794	91,425,429	813,180,070

No	Portfolio Category	31 Desember 2013					
		Net Claims by Remaining Contract Time					
		< 1 year	1 year to 3 year	3 year to 5 year	> 5 year	Non-Contractual	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	31,638,187	429,670	4,084,109	74,099,889	40,602,631	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	18,152,559	3,305,234	5,875,164	1,652,823	13,430,651	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 (if any)	-	-	-	-	-	-
TOTAL		140,447,719	95,870,111	101,141,362	276,503,143	83,249,453	697,211,788

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

No	Portfolio Category	31 Desember 2014					
		Net Claims by Remaining Contract Time					
		< 1 year	1 year to 3 year	3 year to 5 year	> 5 year	Non-Contractual	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	55,868,751	28,015,342	37,075,981	24,257,522	50,598,840	195,816,436
2	Claims against Public Sector Entities	39,019,449	7,953,449	9,244,305	21,064,744	-	77,281,947
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	24,144,262	6,063,615	3,343,841	28,955	8,966,457	42,547,130
5	Collateralized housing loans	89,102	788,634	1,589,326	11,875,099	-	14,342,161
6	Collateralized commercial property loans	182,413	-	1,839	-	-	184,252
7	Loans to employees / pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	20,299,227	38,728,800	21,242,830	25,973,516	-	106,244,373
9	Claims against corporations	205,804,421	41,950,720	53,967,413	44,792,299	-	346,514,853
10	Mature claims	916,663	589,855	224,759	364,659	-	2,095,936
11	Other assets	-	-	-	-	37,505,726	37,505,726
12	Exposure at Shariah Unit (if any)	-	-	-	-	-	-
TOTAL		346,324,288	124,090,415	126,690,294	128,356,794	97,071,023	822,532,814

No	Portfolio Category	31 Desember 2013					
		Net Claims by Remaining Contract Time					
		< 1 year	1 year to 3 year	3 year to 5 year	> 5 year	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	-	-	-	-	29,730,978	29,730,978
12	Exposure at Shariah Unit (if any)	-	-	66,118,174	-	-	66,118,174
TOTAL		195,070,591	125,516,308	173,202,090	276,715,594	86,154	770,590,737

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 2014					
		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	-	14,111,150	-	-	-	
2	Fisheries	-	-	-	-	-	
3	Mining and Extractive Industries	-	12,122,249	-	-	-	
4	Processing Industry	-	10,235,066	-	602	-	
5	Power, Gas and Water	-	10,189,146	-	-	-	
6	Construction	-	4,206,135	-	-	-	
7	Large scale trading and retailing	3,188	28,996	-	6,855	-	
8	Hospitality	-	885	-	-	2,150	
9	Transportation, warehousing and communications	-	1,518,286	-	-	-	
10	Financial intermediaries	-	5,357,996	-	2,304,975	-	
11	Real estate, leasing and corporate services	703,713	2,131,411	-	149,100	-	
12	Government administration, defense and mandatory social security	2,978,680	-	-	-	-	
13	Education	-	-	-	-	-	
14	Health and social activities	-	-	-	-	-	
15	Social, cultural, entertainment and other personal services	-	476	-	-	-	
16	Personal household services	-	-	-	-	-	
17	International organizations and other extra international organizations	-	-	-	-	-	
18	Indeterminate Activities	-	-	-	19,455	-	
19	Non Business Field	-	-	-	32,521	14,340,012	
20	Miscellaneous (add a.1 for SBI, SUN)	191,325,036	17,074,264	-	40,933,549	-	
TOTAL		195,010,616	76,976,061	-	43,447,056	14,342,162	

	31 December 2014						
	Kredit Beragun Properti Komer- sial	Loans to employ- ees / 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)
	-	-	2,873,622	37,434,582	79,428	-	-
	-	-	108,653	259,685	5,475	-	-
	-	-	38,968	20,230,526	9,572	-	-
	-	-	795,038	94,435,896	105,008	-	-
	-	-	17,854	3,722,150	40,436	-	-
	-	-	322,481	12,863,367	16,111	-	-
	-	-	19,700,484	59,783,315	792,394	-	-
	-	-	2,226,252	3,103,072	37,628	-	-
	-	-	373,448	19,122,595	174,577	-	-
	-	-	68,587	7,726,222	1,645	-	-
	184,252	-	3,022,022	17,148,603	88,234	-	-
	-	-	55,262	94,759	350	-	-
	-	-	11,626	139,253	215	-	-
	-	-	82,184	816,094	2,786	-	-
	-	-	8,371	244,835		-	-
	-	-	17,824	23,864	379	-	-
	-	-				-	-
	-	-	229,319	1,035,886	2,778	-	-
	-	-	69,937,029	4,970,096	668,846	-	-
	-	-	229,043	62,670,403	1,391	35,249,402	-
	184,252	-	100,118,067	345,825,203	2,027,255	35,249,402	

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

No	Economic Sector	31 December 2014					
		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 2014						
	Commercial Property Mortgage Loans	Loans to employ- ees / 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	-

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

No	Economic Sector	31 December 2014					
		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	-	14,111,150	-	-	-	
2	Fisheries	-	-	-	-	-	
3	Mining and Extractive Industries	-	12,122,249	-	-	-	
4	Processing Industry	-	10,235,066	-	602	-	
5	Power, Gas and Water	-	10,189,146	-	-	-	
6	Construction	-	4,206,135	-	-	-	
7	Large scale trading and retailing	3,188	28,996	-	6,855	-	
8	Hospitality	-	885	-	-	2,150	
9	Transportation, warehousing and communications	-	1,518,286	-	-	-	
10	Financial intermediaries	-	5,357,996	-	2,304,975	-	
11	Real estate, leasing and corporate services	703,713	2,131,411	-	149,100	-	
12	Government administration, defense and mandatory social security	2,978,680	-	-	-	-	
13	Education	-	-	-	-	-	
14	Health and social activities	-	-	-	-	-	
15	Social, cultural, entertainment and other personal services	-	476	-	-	-	
16	Personal household services	-	-	-	-	-	
17	International organizations and other extra international organizations	-	-	-	-	-	
18	Indeterminate Activities	-	-	-	19,455	-	
19	Non Business Field	-	-	-	32,521	14,340,012	
20	Miscellaneous (add a.1 for SBI, SUN)	192,130,855	17,380,143	-	40,033,808	-	
TOTAL		195,816,436	77,281,939	-	42,547,316	14,342,162	

31 December 2014							
	Commercial Property Mortgage Loans	Loans to employ- ees / 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)
	-	-	2,873,622	37,434,582	79,428	-	-
	-	-	108,653	259,685	5,475	-	-
	-	-	38,968	20,230,526	9,572	-	-
	-	-	795,038	94,435,896	105,008	-	-
	-	-	17,854	3,722,150	40,436	-	-
	-	-	322,481	12,863,367	16,111	-	-
	-	-	19,700,484	59,783,315	792,394	-	-
	-	-	2,226,252	3,103,072	37,628	-	-
	-	-	373,448	19,122,595	174,577	-	-
	-	-	68,587	7,726,222	1,645	-	-
	184,252	-	3,022,022	17,148,603	88,234	-	-
	-	-	55,262	94,759	350	-	-
	-	-	11,626	139,253	215	-	-
	-	-	82,184	816,094	2,786	-	-
	-	-	8,371	244,835		-	-
	-	-	17,824	23,864	379	-	-
	-	-	-	-	-	-	-
	-	-	229,319	1,035,886	2,778	-	-
	-	-	69,937,029	4,970,096	668,846	-	-
	-	-	6,355,358	63,358,476	71,465	37,505,726	67,518,801
	184,252	-	106,244,382	346,513,276	2,097,327	37,505,726	67,518,801

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	

Catatan: Tagihan bersih Perusahaan Anak dicatat dalam Sektor Ekonomi Lainnya

	31 December 2013						
	Commercial Property Mortgage Loans	Loans to employ- ees / 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

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

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 2014							
		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	45,155,977	33,931,561	43,699,865	46,420,606	97,175,741	23,846,419		
2	Impaired Claims	-	-	-	-	-	-		
	a. Outstanding	1,164,129	1,374,999	5,630,668	8,691,257	8,905,886	660,173		
	b. Mature	474,308	487,399	782,944	540,112	1,926,118	569,091		
3	Reserves for Impairments (CKPN) – Unconsolidated	162,864	1,313	1,011,031	810,980	4,386,257	456,395		
4	Reserves for Impairments (CKPN) – Consolidated *)	333,478	371,340	204,964	170,566	450,611	368,926		
5	Written-off claims **)	186,628	205,358	123,067	119,496	151,270	477,903		

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	5,151,951	1,440,568	5,160,799	10,621,259	10,480,346	1,116,662		
	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		

*) 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

(impairments). Based on the Standardized Approach, the reserves allocated by the Bank for each category of claim, and changes therein, are as follows:

	31 December 2014								
	Net Claims by REGION								
	REGION VII / SEMARANG	REGION VIII / SURABAYA	REGION IX / BANJARMASIN	REGION X / MAKASSAR	REGION XI / DENPASAR	REGION XII / JAYAPURA	HEAD OFFICE	OVERSEAS	TOTAL
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
	27,462,472	50,777,234	30,349,217	18,055,137	9,018,061	4,180,515	308,707,247	25,938,182	764,718,234
	-	-	-	-	-	-	-	-	-
	852,932	3,935,995	157,204	2,105,314	475,795	80,086	23,700,849		57,735,286
	742,475	541,142	360,354	354,438	137,535	92,158	1,888,698	221,148	9,117,920
	627,867	1,005,487	27,211	93,639	65,278	89	1,197,064	51,155	9,896,630
	337,084	337,192	276,645	274,382	57,048	71,140	1,333,600	65,695	4,652,671
	248,090	319,576	154,355	255,629	23,882	52,524	588,284	80,100	2,986,162

	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	HEAD OFFICE	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
	-	-	-	-	-	-	-	-	-
	697,290	7,285,434	181,567	1,789,288	1,298,587	51,997	-	-	45,275,746
	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

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

No	Portfolio Category	31 December 2014							
		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	45,155,977	33,931,561	43,699,865	46,420,606	97,175,741	23,846,419		
2	Impaired Claims	-	-	-	-	-	-		
	a. Outstanding	1,164,129	1,374,999	5,630,668	8,691,257	8,905,886	660,173		
	b. Mature	474,308	487,399	782,944	540,112	1,926,118	569,091		
3	Reserves for Impairments (CKPN) – Unconsolidated	162,864	1,313	1,011,031	810,980	4,386,257	456,395		
4	Reserves for Impairments (CKPN) – Consolidated *)	333,478	371,340	204,964	170,566	450,611	368,926		
5	Written-off claims **)	186,628	205,358	123,067	119,496	151,270	477,903		

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	5,151,951	1,440,568	5,160,799	10,621,259	10,480,346	1,116,662		
	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		

*) 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 2014								
	Net Claims by REGION								
	REGION VII / SEMARANG	REGION VIII / SURABAYA	REGION IX / BANJARMASIN	REGION X / MAKASSAR	REGION XI / DENPASAR	REGION XII / JAYAPURA	HEAD OFFICE	OVERSEAS	TOTAL
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
	27,462,472	50,777,234	30,349,217	18,055,137	9,018,061	4,180,515	384,723,642	28,003,820	842,800,267
	-	-	-	-	-	-	-	-	-
	852,932	3,935,995	157,204	2,105,314	475,795	80,086	23,700,849		57,735,286
	742,475	541,142	360,354	354,438	137,535	92,158	2,012,448	221,148	9,241,670
	627,867	1,005,487	27,211	93,639	65,278	89	1,197,064	51,155	9,896,630
	337,084	337,192	276,645	274,382	57,048	71,140	3,091,136	65,695	6,410,207
	248,090	319,576	154,355	255,629	23,882	52,524	588,284	80,100	2,986,162

	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	HEAD OFFICE	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
	-	-	-	-	-	-	-	-	-
	697,290	7,285,434	181,567	1,789,288	1,298,587	51,997	-	-	45,275,746
	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

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 2014							
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	53,784,726	182,655	218,892	124,014	154,418	88,421
2	Fisheries	374,419	8,457	11,837	129	7,657	300,312
3	Mining and Extractive Industries	31,959,993	2,074,924	310,439	301,321	26,703	1,613
4	Processing Industry	107,034,302	13,065,038	1,627,407	5,750,816	176,853	424,226
5	Power, Gas and Water	12,187,651	465,190	427,211	400,335	942	46
6	Construction	17,008,363	5,510,669	32,521	356,759	32,556	33,568
7	Large scale trading and retailing	80,744,675	8,255,004	2,834,090	1,315,775	1,413,298	1,219,722
8	Hospitality	5,457,763	31,458	88,332	29,189	89,448	79,588
9	Transportation, warehousing and communications	21,876,259	3,782,090	537,125	672,753	83,725	19,306
10	Financial intermediaries	13,596,564	-	3,844	-	24,229	20
11	Real estate, leasing and corporate services	23,357,847	647,201	218,479	197,579	221,715	103,434
12	Government administration, defense and mandatory social security	3,046,385	-	758	-	1,462	23,620
13	Education	159,217	-	8,151	7,709	695	124
14	Health and social activities	912,012	11,751	6,088	11,450	4,448	2,060
15	Social, cultural, entertainment and other personal services	253,999	-	-	-	540	-
16	Personal household services	42,420	-	839	-	1,027	-
17	International organizations and other extra international organizations	-	-	-	-	-	-
18	Indeterminate Activities	1,294,639	-	10,603	5,330	3,764	376,574
19	Non Business Field	91,181,620	-	1,530,517	-	1,252,453	-
20	Miscellaneous (add a.1 for SBI, SUN)	300,445,380	23,700,849	1,250,786	723,472	1,156,738	313,528
TOTAL		764,718,234	57,735,286	9,117,919	9,896,631	4,652,671	2,986,162

*) 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

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)– Un-consolidated	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	229,070	118,341	94,903	109,535	105,739
2	Fisheries	499.063	6,813	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	19,050,212	2,004,985	6,558,599	103,402	221,475
5	Power, Gas and Water	12.382.187	2,613,098	46	260,561	433	65,365
6	Construction	13.382.134	1,870,620	42,904	257,155	26,858	35,664
7	Large scale trading and retailing	73.282.393	9,106,098	2,689,853	1,285,077	1,165,738	980,624
8	Hospitality	4.520.956	1,321,307	75,209	48,607	72,379	-
9	Transportation, warehousing and communications	23.445.965	3,622,977	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	681,168	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	7,704	8,064	7,704	807	-
14	Health and social activities	1.014.491	14,084	6,126	13,428	2,807	-
15	Social, cultural, entertainment and other personal services	187.226	-	-	-	31,168	-
16	Personal household services	42.657	-	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	-	902,441	-	746,126	-
20	Miscellaneous (add a.1 for SBI, SUN)	245.474.227	10,333,353	1,454,969	839,701	1,254,246	-
TOTAL		653.082.999	48,856,505	7,909,395	10,124,667	3,725,032	2,304,223

*) 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

Table 2.5.b. Disclosure of Claims and Reserves by Economic Sector – Bank Consolidated (in million rupiah)

31 December 2014							
No	Economic Sector *)	Claims **)	Impaired Claims		Reserves for Losses from Impairments (CKPN)– Un-consolidated	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	53,784,726	182,655	218,892	124,014	154,418	88,421
2	Fisheries	374,419	8,457	11,837	129	7,657	300,312
3	Mining and Extractive Industries	31,959,993	2,074,924	310,439	301,321	26,703	1,613
4	Processing Industry	107,034,302	13,065,038	1,627,407	5,750,816	176,853	424,226
5	Power, Gas and Water	12,187,651	465,190	427,211	400,335	942	46
6	Construction	17,008,363	5,510,669	32,521	356,759	32,556	33,568
7	Large scale trading and retailing	80,744,675	8,255,004	2,834,090	1,315,775	1,413,298	1,219,722
8	Hospitality	5,457,763	31,458	88,332	29,189	89,448	79,588
9	Transportation, warehousing and communications	21,876,259	3,782,090	537,125	672,753	83,725	19,306
10	Financial intermediaries	13,596,564	-	3,844	-	24,229	20
11	Real estate, leasing and corporate services	23,357,847	647,201	218,479	197,579	221,715	103,434
12	Government administration, defense and mandatory social security	3,046,385	-	758	-	1,462	23,620
13	Education	159,217	-	8,151	7,709	695	124
14	Health and social activities	912,012	11,751	6,088	11,450	4,448	2,060
15	Social, cultural, entertainment and other personal services	253,999	-	-	-	540	-
16	Personal household services	42,420	-	839	-	1,027	-
17	International organizations and other extra international organizations	-	-	-	-	-	-
18	Indeterminate Activities	1,294,639	-	10,603	5,330	3,764	376,574
19	Non Business Field	91,181,620	-	1,530,517	-	1,252,453	-
20	Miscellaneous (add a.1 for SBI, SUN)	378,527,413	23,700,849	1,374,537	723,472	2,914,274	313,528
TOTAL		842,800,267	57,735,286	9,241,670	9,896,631	6,410,207	2,986,162

*) 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

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)– Un-consolidated	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	229,070	118,341	94,903	109,535	105,739
2	Fisheries	499,063	6,813	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	19,050,212	2,004,985	6,558,599	103,402	221,475
5	Power, Gas and Water	12,382,187	2,613,098	46	260,561	433	65,365
6	Construction	13,382,134	1,870,620	42,904	257,155	26,858	35,664
7	Large scale trading and retailing	73,282,393	9,106,098	2,689,853	1,285,077	1,165,738	980,624
8	Hospitality	4,520,956	1,321,307	75,209	48,607	72,379	-
9	Transportation, warehousing and communications	23,445,965	3,622,977	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	681,168	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	7,704	8,064	7,704	807	
14	Health and social activities	1,014,491	14,084	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	-	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	-	902,441	-	746,126	-
20	Miscellaneous (add a.1 for SBI, SUN)	245,474,227	10,333,353	1,454,969	839,701	1,254,246	-
TOTAL		653,082,999	48,856,505	7,909,395	10,124,667	3,725,032	2,304,223

*) 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

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 Desember 2014	
		Unconsolidated Im- pairment Reserves	Consolidated Im- pairment Reserves
(1)	(2)	(3)	(4)
1	Opening Impairment Reserves balance	11,307,376	5,520,976
2	Allocation (Recovery) of Impairment Reserves in the current period (Net)	474,182	3,952,348
	2.a Allocation of Impairment Reserves in current period	541,428	3,990,776
	2.b Recovery of Impairment Reserves in Current Period	(67,246)	(38,428)
3	Impairment Reserves used to Cover Write-Offs in current period	(627,225)	(2,358,937)
4	Other Allocation (recovery) in current period *)	(1,033)	(361,423)
Closing Impairment Reserve Balance **)		11,153,300	6,752,964

No	Keterangan	31 Desember 2013	
		CKPN Individual	CKPN Kolektif
(1)	(2)	(4)	(5)
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)
Saldo Akhir CKPN **)		11.307.375	5.520.975

*) 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	Keterangan	31 Desember 2014	
		CKPN Individual	CKPN Kolektif
(1)	(2)	(3)	(4)
1	Opening Impairment Reserves balance	11,393,531	7,208,428
2	Allocation (Recovery) of Impairment Reserves in the current period (Net)	983,676	4,734,454
	2.a Allocation of Impairment Reserves in current period	1,022,877	4,778,261
	2.b Recovery of Impairment Reserves in Current Period	-39,201	(43,807)
3	Impairment Reserves used to Cover Write-Offs in current period	(627,225)	(3,528,138)
4	Other Allocation (recovery) in current period *)	(935)	(106,168)
Saldo Akhir CKPN *)		11,749,047	8,308,576

No	Keterangan	31 Desember 2013	
		CKPN Individual	CKPN Kolektif
(1)	(2)	(3)	(4)
1	Opening Impairment Reserves balance	9.620.978	5,897,068
2	Allocation (Recovery) of Impairment Reserves in the current period (Net)	2.297.215	2,699,810
	2.a Allocation of Impairment Reserves in current period	2.297.215	2,991,159
	2.b Recovery of Impairment Reserves in Current Period	-	(291,349)
3	Impairment Reserves used to Cover Write-Offs in current period	(524.532)	(2,633,369)
4	Other Allocation (recovery) in current period *)	(131)	1,244,919
Saldo Akhir CKPN *)		11.393.530	7,208,428

*) 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

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)

	Portfolio Category	31 December 2014							
		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 Pemer- ingkat 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	-	134,010	-	-	-	-		
2	Claims against Public Sector Entities	-	21,515,116	10,805,364	15,497,376	-	165,771		
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-		
4	Claims against Banks	-	-	-	25,321	-	-		
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	-	12,885,997	21,095,056	13,649,025	3,651,895	107		
10	Mature claims	-	-	-	-	-	-		
11	Other assets	-	-	-	-	-	-		
12	Exposure at Shariah Unit	-	383,442	-	225,109	158,510	-		
TOTAL		-	34,535,123	31,900,420	29,171,722	3,651,895	165,878		

31 December 2014								
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)	
-	-	-	-	-	-	194,876,606	195,010,616	
-	-	-	-	-	-	28,992,432	76,976,059	
-	-	-	-	-	-			
-	-	-	-	-	-	43,421,735	43,447,056	
-	-	-	-	-	-	14,342,162	14,342,162	
-	-	-	-	-	-	184,252	184,252	
-	-	-	-	-	-			
-	-	-	-	-	-	100,118,067	100,118,067	
-	-	-	-	-	-	294,543,124	345,825,204	
-	-	-	-	-	-	2,027,255	2,027,255	
-	-	-	-	-	-	35,249,402	35,249,402	
-	-	-	-	-	-			
-	-	-	-	-	-	713,755,035	813,180,073	

Table 3.1.a Disclosure of Net Claims by Portfolio Category and Rating – Bank Unconsolidated (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 Pemer- ingkat 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 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	

Table 3.1.b Disclosure of Net Claims by Portfolio Category and Rating – Bank Consolidated (in million rupiah)

	Portfolio Category	31 December 2014						
		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 Pemer- ingkat 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	-	134,010	-	-	-	-	
2	Claims against Public Sector Entities	-	21,515,116	10,805,364	15,497,376	-	165,771	
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-	
4	Claims against Banks	-	-	-	25,321	-	-	
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	-	12,885,997	21,095,056	13,649,025	3,651,895	107	
10	Mature claims	-	-	-	-	-	-	
11	Other assets	-	-	-	-	-	-	
12	Exposure at Shariah Unit	-	383,442	-	225,109	158,510	-	
TOTAL			34,535,124	31,900,421	29,171,722	3,651,895	165,878	

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 2014									
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)		
-	-	-	-	-	-	195,682,426	195,816,436		
-	-	-	-	-	-	29,298,312	77,281,939		
-	-	-	-	-	-	-	-		
-	-	-	-	-	-	42,521,995	42,547,316		
-	-	-	-	-	-	14,342,162	14,342,162		
-	-	-	-	-	-	184,252	184,252		
-	-	-	-	-	-	-	-		
-	-	-	-	-	-	106,244,382	106,244,382		
-	-	-	-	-	-	295,231,196	346,513,276		
-	-	-	-	-	-	2,097,327	2,097,327		
-	-	-	-	-	-	37,505,726	37,505,726		
-	-	-	-	-	-	66,751,741	67,518,801		
-	-	-	-	-	-	789,859,518	890,051,617		

Tabel 3.1.b Pengungkapan Tagihan Bersih Berdasarkan Kategori Portofolio dan Skala Peringkat - Bank Secara Konsolidasi dengan Perusahaan Anak (dalam Jutaan 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 Indo-nesia	[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 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	

CREDIT RISK EXPOSURE TO DERIVATIVE AND REPO / REVERSE REPO TRANSACTIONS

In line with the dearth of derivative instruments 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 2014									
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	4,500,000	11,881,850	-	9,796	49,059	69,205	-	69,205
2	Exchange rate	23,549,518	-	-	65,494	110,959	300,989	-	300,989
3	Other	-	-	-	-	-	-	-	-
TOTAL		28,049,518	11,881,850	-	65,494	160,018	370,194	-	370,194

BANK CONSOLIDATED									
1	Interest rate	4,500,000	11,881,850	-	9,796	49,059	69,205	-	69,205
2	Exchange rate	23,549,518	-	-	65,494	110,978	300,989	-	300,989
3	Shares	-	-	-	-	-	-	-	-
4	Gold	-	-	-	-	-	-	-	-
5	Other metals besides gold	-	-	-	-	-	-	-	-
6	Others	-	-	-	-	-	-	-	-
TOTAL		28,049,518	11,881,850	-	75,289	160,038	370,194	-	370,194

31 December 2014									
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

Repo Transactions – Bank Unconsolidated and Consolidated

Table 3.2.b.1. Disclosure of Counterparty Credit Risk: Repo Transactions – Bank Unconsolidated and Consolidated

No	Portfolio Category	31 December 2014			
		Fair Repo SSB Value	Repo Obligations	Net Claims	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1	Claims against Government	5,342,559	-	-	-
2	Claims against Public Sector Entities	-	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-
4	Claims against Banks	1,745,545	6,112,589	975,515	306,494
5	Claims against MSMEs and Retail Portfolio	-	-	-	-
6	Claims against corporations	-	-	-	-
7	Exposure at Shariah Unit	-	-	-	-
TOTAL		7,088,104	6,112,589	975,515	306,494

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

Table 3.2.b.2. Disclosure of Counterparty Credit Risk: Repo Transactions – Bank Unconsolidated and Consolidated (in million rupiah)

No	Portfolio Category	31 December 2014			
		Fair Repo SSB Value	Repo Obligations	Net Claims	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1	Claims against Government	5,342,559	-	-	-
2	Claims against Public Sector Entities	-	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-
4	Claims against Banks	1,745,545	6,112,589	975,515	306,494
5	Claims against MSMEs and Retail Portfolio	-	-	-	-
6	Claims against corporations	-	-	-	-
7	Exposure at Shariah Unit	-	-	-	-
TOTAL		7,088,104	6,112,589	975,515	306,494

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

Reverse Repo Transactions – Bank Unconsolidated and Consolidated

Table 3.2.c.1. Disclosure of Counterparty Risk: Reverse Repo Transactions – Bank Unconsolidated and Consolidated
(in million rupiah)

No	Portfolio Category	31 December 2014			
		Fair Repo SSB Value	Repo Obli- gations	Net Claims	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1	Claims against Government	18,528,320	-	18,528,320	-
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		18,528,320	-	18,528,320	-

No	Portfolio Category	31 December 2013			
		Fair Repo SSB Value	Repo Obli- gations	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	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

Tabel 3.2.c.2. Disclosure of Counterparty Risk: Reverse Repo Transactions -Bank Unconsolidated and Consolidated
(in million rupiah)

No	Portfolio Category	31 December 2014			
		Fair Repo SSB Value	Repo Obli- gations	Net Claims	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1	Claims against Government	18,528,320	-	18,528,320	-
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	524,122	-	524,122	524,122
7	Exposure at Shariah Unit	1,221,116	-	1,221,116	-
TOTAL		20,273,558	-	20,273,558	524,122

No	Portfolio Category	31 December 2013			
		Fair Repo SSB Value	Repo Obli- gations	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	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

CREDIT RISK EXPOSURE AND MITIGATION

The Bank uses various credit mitigation techniques, including the use of collateral. Based on Standardized Approach reporting, the Bank's exposure and credit

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 rup

No	Portfolio Category	31 December 2014						
		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	174,219,377	-	-	-	-		
2	Claims against Public Sector Entities	122,193	27,958,998	-	-	-		
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-		
4	Claims against Banks	90,245	24,845,698	-	-	-		
5	Collateralized housing loans	-	-	5,569,157	8,770,312	-		
6	Collateralized commercial property loans	-	-	-	-	-		
7	Loans to employees / pensioners	-	-	-	-	-		
8	Claims against MSMEs and Retail Portfolio	464,062	1,018,557	-	-	-		
9	Claims against corporations	8,575,923	30,913,935	-	-	-		
10	Mature claims	255	48,051	-	-	-		
11	Other assets	18,720,126	-	-	-	-		
12	Exposure at Shariah Unit	-	-	-	-	-		
Total Exposure balance		202,192,182	84,785,239	5,569,157	8,770,312	-		
B	Commitment / Contingency Exposure in Administrative Account Transactions							
1	Claims against Government	2,257,336	-	-	-	-		
2	Claims against Public Sector Entities	2,353	4,361,483	-	-	-		
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-		
4	Claims against Banks	530	-	-	-	-		
5	Collateralized housing loans	-	-	2,694	-	-		
6	Collateralized commercial property loans	-	-	-	-	-		
7	Loans to employees / pensioners	-	-	-	-	-		
8	Claims against MSMEs and Retail Portfolio	7,994	8,876	-	-	-		
9	Claims against corporations	29,782	3,067,118	-	-	-		
10	Mature claims	-	857	-	-	-		
11	Exposure at Shariah Unit	-	-	-	-	-		
Total Exposure TRA		2,297,996	7,438,334	2,694	-	-		

risk mitigation are as shown in the following tables:

biah)

	31 December 2014					RWA	Capital Charge *)	
	Net Claims after Calculating Effect of Credit Risk Mitigation						RWA x 9 %	RWA x 10 %
	50%	75%	100%	150%	Others			
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
	-	-	-	-	-	-	-	
	33,648,319	-	165,276	-	-	22,581,235	2,032,311	2,258,124
	-	-	-	-	-	-	-	-
	6,814,645	-	-	-	-	8,376,462	753,882	837,646
	-	-	-	-	-	5,457,330	491,160	545,733
	-	-	116,544	-	-	116,544	10,489	11,654
	-	-	-	-	-	-	-	-
	-	97,917,420	-	-	-	73,641,776	6,627,760	7,364,178
	11,012,629	-	262,091,158	-	-	273,780,259	24,640,223	27,378,026
	-	-	298,670	1,654,498	-	2,790,027	251,102	279,003
	-	-	16,529,143	133	-	16,529,344	1,487,641	1,652,934
	-	-	-	-	-	-	-	-
	51,475,593	97,917,420	279,200,791	1,654,630	-	403,272,977	36,294,568	40,327,298
	-	-	-	-	-	-	-	-
	10,716,943	-	495	-	-	6,231,264	560,814	623,126
	-	-	-	-	-	-	-	-
	10,468,332	-	-	-	-	5,234,166	471,075	523,417
	-	-	-	-	-	943	85	94
	-	-	67,708	-	-	67,708	6,094	6,771
	-	-	-	-	-	-	-	-
	-	701,158	-	-	-	527,644	47,488	52,764
	2,514,913	-	27,508,616	-	-	29,379,496	2,644,155	2,937,950
	-	-	-	23,533	-	35,471	3,192	3,547
	-	-	-	-	-	-	-	-
	23,700,188	701,158	27,576,820	23,533	-	41,476,692	3,732,902	4,147,669

No	Portfolio Category	31 December 2014						
		Net Claims after Calculating Effect of Credit Risk Mitigation						
		0%	20%	35%	40%	45%		
C	Counterparty Credit Risk							
1	Claims against Government	18,533,903	-	-	-	-		
2	Claims against Public Sector Entities	-	-	-	-	-		
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-		
4	Claims against Banks	-	738,495	-	-	-		
5	Claims against MSMEs and Retail Portfolio	-	-	-	-	-		
6	Claims against corporations	-	-	-	-	-		
7	Exposure at Shariah Unit	-	-	-	-	-		
Total Exposure Counterparty Credit Risk		18,533,903	738,495	-	-	-		

Catatan: Termasuk On dan Off B/S dengan memperhitungkan FKK

*) Beban Modal dihitung berdasarkan KPMM sesuai Profil Risiko periode Juni 2014 (PBI No.15/12/PBI/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 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 Exposure balance		173.512.782	21.598.016	2.330.877	4.561.763	-	

	31 December 2014					RWA	Capital Charge *)	
	Net Claims after Calculating Effect of Credit Risk Mitigation						RWA x 9 %	RWA x 10 %
	50%	75%	100%	150%	Others			
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	489,112	-	-	-	-	392,255	35,303	39,226
	-	-	-	-	-	-	-	-
	-	-	112,520	-	-	112,520	10,127	11,252
	-	-	-	-	-	-	-	-
	489,112		112,520	-	-	504,775	45,430	50,478

million rupiah)

	31 December 2013					RWA	Capital Charge *)	
	Net Claims after Calculating Effect of Credit Risk Mitigation						RWA x 9 %	RWA x 10 %
	50%	75%	100%	150%	Others			
	(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

No	Portfolio Category	31 December 2013						
		Net Claims after Calculating Effect of Credit Risk Mitigation						
		0%	20%	35%	40%	45%		
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 Eksposur TRA		20,269	1,521	1,522	-	-		
C	Counterparty Credit Risk							
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	-	3,534,304	-	-	-		
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	-	-	-		

	31 December 2013					RWA	Capital Charge *)	
	Net Claims after Calculating Effect of Credit Risk Mitigation						RWA x 9 %	RWA x 10 %
	50%	75%	100%	150%	Others			
	-	-	-	-	-	-	-	--
	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
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	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

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 Unconsolidated and Consolidated (in million Rupiah)

No	Portfolio Category	31 December 2014						
		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	175,025,197	-	-	-	-		
2	Claims against Public Sector Entities	122,193	27,958,998	-	-	-		
3	Claims against Multilateral Development Banks and International Institutions		-	-	-	-		
4	Claims against Banks	90,245	24,846,406	-	-	-		
5	Collateralized housing loans		-	5,569,157	8,770,312	-		
6	Collateralized commercial property loans		-	-	-	-		
7	Loans to employees / pensioners			-	-	-		
8	Claims against MSMEs and Retail Portfolio	464,062	1,018,557	-	-	-		
9	Claims against corporations	8,575,923	30,913,935	-	-	-		
10	Mature claims	255	48,051	-	-	-		
11	Other assets	18,778,136	-	-	-	-		
12	Exposure at Shariah Unit	20,628,303	2,585,110	5,765,338	-			
Total Exposure balance		223,684,314	87,371,057	11,334,495	8,770,312	-		
B	Commitment / Contingency Exposure in Administrative Account Transactions							
1	Claims against Government	2,257,336	-	-	-	-		
2	Claims against Public Sector Entities	2,353	4,361,483	-	-	-		
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-		
4	Claims against Banks	530	-	-	-	-		
5	Collateralized housing loans	-	-	2,694	-	-		
6	Collateralized commercial property loans	-	-	-	-	-		
7	Loans to employees / pensioners	-	-	-	-	-		
8	Claims against MSMEs and Retail Portfolio	7,994	8,876	-	-	-		
9	Claims against corporations	29,782	3,067,118	-	-	-		
10	Mature claims	-	857	-	-	-		
11	Exposure at Shariah Unit	-	60,077	-	-	-		
Total Exposure TRA		2,297,995	7,498,411	2,694	-	-		

million rupiah)

	31 December 2014					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)	
	-	-	-	-	-	-	-	-
	33,954,577	-	165,276	-	-	22,734,364	2,046,093	2,273,436
	-	-	-	-	-	-	-	-
	5,914,197	-	-	-	-	8,196,633	737,697	819,663
	-	-	-	-	-	5,457,330	491,160	545,733
	-	-	116,544	-	-	116,544	10,489	11,654
	-	-	-	-	-	-	-	-
		104,039,506	-	-	-	78,223,246	7,040,092	7,822,325
	11,012,629	-	262,255,108	-	-	273,943,145	24,654,883	27,394,314
	-	-	298,670	1,724,570	-	2,895,135	260,562	289,513
	-	-	18,726,797	793	-	18,727,986	1,685,519	1,872,799
	5,295,336	-	29,116,563	-	3,584,955	37,295,813	3,356,623	3,729,581
	56,176,740	104,039,506	310,678,958	1,725,363	3,584,955	447,590,197	40,283,118	44,759,020
	-	-	-	-	-	-	-	-
	10,716,571		495	-		6,231,078	560,797	623,108
	-	-	-	-	-	-	-	-
	10,468,332	-	-	-	-	5,234,166	471,075	523,417
	-	-	-	-	-	943	85	94
	-	-	67,708	-	-	67,708	6,094	6,771
	-	-	-	-	-	-	-	-
	-	705,378	-	-	-	530,809	47,773	53,081
	2,514,913	-	27,508,618	-	-	29,379,498	2,644,155	2,937,950
	-	-	-	23,533	-	35,471	3,192	3,547
	363,672	-	-	-	119,447	205,796	18,522	20,580
	24,063,489	705,378	27,576,821	23,533	119,447	41,685,468	3,751,692	4,168,547

No	Portfolio Category	31 December 2014						
		Net Claims after Calculating Effect of Credit Risk Mitigation						
		0%	20%	35%	40%	45%		
C	Counterparty Credit Risk							
1	Claims against Government	18,533,903	-	-	-	-		
2	Claims against Public Sector Entities	-	-	-	-	-		
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-		
4	Claims against Banks	-	738,495	-		-		
5	Claims against MSMEs and Retail Portfolio	-	-	-	-	-		
6	Claims against corporations	-	-		-	-		
7	Exposure at Shariah Unit	-	-	-	-	-		
Total Exposure Counterparty Credit Risk		18,533,903	738,495	-	-	-		

Catatan: Termasuk On dan Off B/S dengan memperhitungkan FKK

*) Beban Modal dihitung berdasarkan KPMM sesuai Profil Risiko periode Juni 2013 (PBI No. 15/12/PBI/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 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 Exposure balance		191.532.045	23.650.226	6.280.349	4.561.763	-		

	31 December 2014					RWA	Capital Charge *)	
	Net Claims after Calculating Effect of Credit Risk Mitigation						RWA x 9 %	RWA x 10 %
	50%	75%	100%	150%	Others			
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	489,112	-	-	-	-	392,255	35,303	39,226
	-	-	-	-	-	-	-	-
	-	-	636,642	-	-	636,642	57,298	63,664
	-	-	-	-	-	-	-	-
	489,112	-	636,642	-	-	1,028,897	92,601	102,890

million rupiah)

	31 December 2013					RWA	Capital Charge *)	
	Net Claims after Calculating Effect of Credit Risk Mitigation						RWA x 9 %	RWA x 10 %
	50%	75%	100%	150%	Others			
	(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

No	Portfolio Category	31 December 2013						
		Net Claims after Calculating Effect of Credit Risk Mitigation						
		0%	20%	35%	40%	45%		
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	-	-	-	-	-		
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 2014

	31 December 2013					RWA	Capital Charge *)	
	Net Claims after Calculating Effect of Credit Risk Mitigation						RWA x 9 %	RWA x 10 %
	50%	75%	100%	150%	Others			
	-	-	-	-	-	-	-	-
	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
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	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

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)

No	Portfolio Category	31 December 2014					
		Net Claims	Portion secured by			Other	Portion Unse-cured
			Collateral	Guaran-tee	Credit Insurance		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (3)- [(4)+(5)+(6)+(7)]
A Balance Sheet Exposure							
1	Claims against Government	174,219,377	-	-	-	-	174,219,377
2	Claims against Public Sector Entities	61,894,786	122,193	-	-	-	61,772,593
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	31,750,588	90,245	-	-	-	31,660,343
5	Collateralized housing loans	14,339,469	-	-	-	-	14,339,469
6	Collateralized commercial property loans	116,544	-	-	-	-	116,544
7	Loans to employees / pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	99,400,039	464,091	-	1,018,557	-	97,917,391
9	Claims against corporations	312,593,644	8,590,654	-	-	-	304,002,990
10	Mature claims	2,001,474	255	-	48,051	-	1,953,168
11	Other assets	35,249,402	-	-	-	-	35,249,402
12	Exposure at Shariah Unit	-	-	-	-	-	-
Total Exposure balance		731,565,323	9,267,439		1,066,608		721,231,276
B Commitment / Contingency Exposure in Administrative Account Transactions							
1	Claims against Government	2,257,336	-	-	-	-	2,257,336
2	Claims against Public Sector Entities	15,081,275	2,353	-	-	-	15,078,921
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	10,468,862	530	-	-	-	10,468,332
5	Collateralized housing loans	2,694	-	-	-	-	2,694
6	Collateralized commercial property loans	67,708	-	-	-	-	67,708
7	Loans to employees / pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	718,028	7,966	-	8,876	-	701,187
9	Claims against corporations	33,120,429	15,051	-	-	-	33,105,379
10	Mature claims	24,390	-	-	857	-	23,533
11	Exposure at Shariah Unit	-	-	-	-	-	-
Total Exposure		61,740,722	25,899		9,732		61,705,090
C Counterparty Credit Risk							
1	Claims against Government	18,533,903	-	-	-	-	18,533,903
2	Claims against Public Sector Entities	-	-	-	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-

No	Portfolio Category	31 December 2014					
		Net Claims	Portion secured by			Other	Portion Unse-cured
			Collateral	Guaran-tee	Credit Insurance		
4	Claims against Banks	1,227,606	-	-	-	-	1,227,606
5	Claims against MSMEs and Retail Portfolio	-	-	-	-	-	-
6	Claims against corporations	112,520	-	-	-	-	112,520
7	Exposure at Shariah Unit	-	-	-	-	-	-
Total Eksposure Counterparty Credit Risk		19,874,029	-	-	-	-	19,874,029
Total (A+B+C)		813,180,074	9,293,338	-	1,076,340	-	802,810,395

*) 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 2013					
		Net Claims	Portion secured by			Other	Portion Unse-cured
			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	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 Exposure		639,233,300	5,473,273		1,075,285		632,684,742

No	Portfolio Category	31 December 2013					
		Net Claims	Portion secured by			Other	Portion Unse-cured
			Collateral	Guarantee	Credit Insurance		
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 Rekening Administratif		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	-	-	-	-	-	-
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 Exposure 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.

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 2014					
		Net Claims	Portion secured by			Other	Portion Unse- cured
			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	175,025,197	-	-	-	-	175,025,197
2	Claims against Public Sector Entities	62,201,044	122,193	-	-	-	62,078,851
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	30,850,662	90,245	-	-	-	30,760,417
5	Collateralized housing loans	14,339,469	-	-	-	-	14,339,469
6	Collateralized commercial property loans	116,544	-	-	-	-	116,544
7	Loans to employees / pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	105,522,125	464,091	-	1,018,557	-	104,039,477
9	Claims against corporations	312,757,780	8,590,654	-	-	-	304,167,126
10	Mature claims	2,071,546	255	-	48,051	-	2,023,240
11	Other assets	37,505,726	-	-	-	-	37,505,726
12	Exposure at Shariah Unit	67,518,801	-	-	-	-	67,518,801
Total Eksposur Neraca		807,908,894	9,267,439	-	1,066,608	-	797,574,848
B	Commitment / Contingency Exposure in Administrative Account Transactions	-	-	-	-	-	-
1	Claims against Government	2,257,336	-	-	-	-	2,257,336
2	Claims against Public Sector Entities	15,080,903	2,353	-	-	-	15,078,550
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	10,468,862	530	-	-	-	10,468,332
5	Collateralized housing loans	2,694	-	-	-	-	2,694
6	Collateralized commercial property loans	67,708	-	-	-	-	67,708
7	Loans to employees / pensioners	-	-	-	-	-	-
8	Claims against MSMEs and Retail Portfolio	722,248	7,966	-	8,876	-	705,406
9	Claims against corporations	33,120,431	15,051	-	-	-	33,105,380
10	Mature claims	24,390	-	-	857	-	23,533
11	Exposure at Shariah Unit	543,196	-	-	-	-	543,196
Total Eksposur Rekening Administratif		62,287,768	25,899	-	9,732	-	62,252,135

No	Portfolio Category	31 December 2014					
		Net Claims	Portion secured by			Other	Portion Unse-cured
			Collateral	Guarantee	Credit Insurance		
C	Counterparty Credit Risk						
1	Claims against Government	18,533,903	-	-	-	-	18,533,903
2	Claims against Public Sector Entities	-	-	-	-	-	-
3	Claims against Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Claims against Banks	1,227,606	-	-	-	-	1,227,606
5	Claims against MSMEs and Retail Portfolio	-	-	-	-	-	-
6	Claims against corporations	636,642	-	-	-	-	636,642
7	Exposure at Shariah Unit	-	-	-	-	-	-
Total Exposure Counterparty Credit Risk		20,398,151					20,398,151
Total (A+B+C)		890,594,812	9,293,338		1,076,340		880,225,133

*) 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 2013					
		Net Claims	Portion secured by			Other	Portion Unse-cured
			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	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 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

No	Portfolio Category	31 December 2013					
		Net Claims	Portion secured by			Other	Portion Unse- cured
			Collateral	Guarantee	Credit Insurance		
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
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 Exposure 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.

Exposure SECURITIZATION

Bank belum memiliki aktivitas terkait sekuritisasi aset, baik sebagai kreditur asal, penyedia kredit pendukung, penyedia fasilitas likuiditas, penyedia jasa, bank kustodian, maupun pemodal, sebagai berikut:

Securitization Transactions – Bank Unconsolidated and Consolidated

Table 5.1.a Disclosure of Securitization Transactions – Bank Unconsolidated (in million rupiah)

No	Securitization Exposure	31 December 2014					
		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)

No	Securitization Exposure	31 December 2013					Capital Reduction
		Value of Securitized Asset	Portion Secured by		Profit / Loss from Securitization	RWA	
			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	Eksposur Sekuritisasi	31 Desember 2014					Pengurang Modal
		Nilai aset yg disekuritisasi	Bagian Yang Dijamin Dengan		Laba/Rugi dari aktivitas sekuritisasi	ATMR	
			Telah jatuh tempo	Belum Jatuh Tempo			
(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	Eksposur Sekuritisasi	31 Desember 2013					Pengurang Modal
		Nilai aset yg disekuritisasi	Bagian Yang Dijamin Dengan		Laba/Rugi dari aktivitas sekuritisasi	ATMR	
			Telah jatuh tempo	Belum Jatuh Tempo			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Bank acts as originating creditor - Exposure type (eg: 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

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 2014	
		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		NIHIL	NIHIL

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		NIHIL	NIHIL

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 2014	
		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		NIHIL	NIHIL

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		NIHIL	NIHIL

2. MARKET RISK MANAGEMENT

Market Risk - Trading Book

Market risk is the potential loss caused by changes in interest rates and exchange rates (including derivative instruments). Market risk management is done by applying the principle of segregation of duties, which independently separates the functions and responsibilities related to Treasury Group trade transactions, consisting of the front office unit (Treasury), middle office unit (Risk Management) and back office unit (Treasury Operations). Middle office is responsible for monitoring, conducting assessments and reporting risks arising from all trading activities undertaken by the Treasury. Overall exposure from trading operations are evaluated on a daily basis using market prices from independent sources. These sources include: (i) prices from Reuters, Bloomberg and other similar sources; (ii) exchange or secondary market prices; (iii) dealer screen prices; and (iv) the most conservative quotation given by a minimum of two (2) brokers and / or market makers of good reputation, one of whom is independent. As for instruments that do not have a market price, the Bank uses the mark-to-model approach based on the appropriate methodology. To ensure the accuracy and effectiveness of the mark to model approach, reviews are conducted periodically.

Risk management ultimately revolves around the Bank's ability to provide sufficient capital in order to cover unexpected losses using Capital Adequacy Ratio (CAR) calculations. CAR calculated using the Standardized Method is reported to Bank Indonesia on a monthly basis for the bank only position, and quarterly on a consolidated basis. For internal management purposes, the Bank also applies Internal Method calculations

Table 7.1. Market Risk Disclosure Using Standardized Method (in millions of Rupiah)

NO	Risk Type	31 December 2014			
		Bank		Consolidation	
		Capital Charge	RWA	Capital Charge	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1	Interest rate risks	-	-	-	-
	a. Specific Risks	-	-	6,745	84,317
	b. General risks	38,801	485,008	44,543	556,785
2	Exchange rate risks	110,259	1,378,235	116,191	1,452,390
3	Equity risks	-	-	28,257	353,212
4	Commodity risks	-	-	-	-
5	Option risks	-	-	-	-
TOTAL		149,059	1,863,243	195,736	2,446,704

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

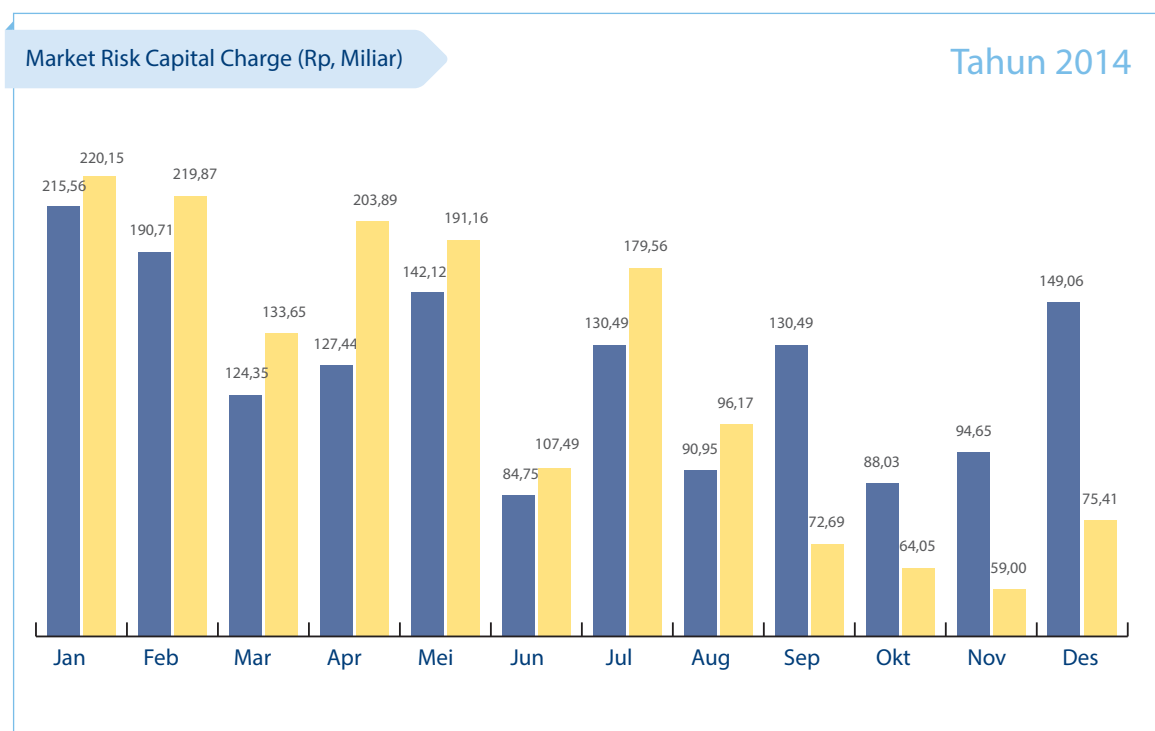
CAR calculation using the Internal Method is carried out through the calculation of Value at Risk (VaR), which is a value that describes the maximum potential loss that will be suffered by the Bank as a result of market movements affecting the Bank's risk exposure in normal market conditions. Two methodologies are used by the Bank to obtain VaR, namely: (i) the Variance Covariance method for the calculation of market risk from plain vanilla product transactions; (ii) and the Historical Simulation Method for the calculation of market risk from derivative transactions. Realized Value at Risk in 2014 is as follows:

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 2014			
		Average VaR	Maximum VaR	Minimum VaR	VaR at End Period
(1)	(2)	(3)	(4)	(5)	(6)
1	Interest rate risks	5,405	13,604	163	466
2	Exchange rate risks	6,541	20,572	1,780	13,701
3	Option risks	-	-	-	-
TOTAL		10,433	26,460	2,569	16,579

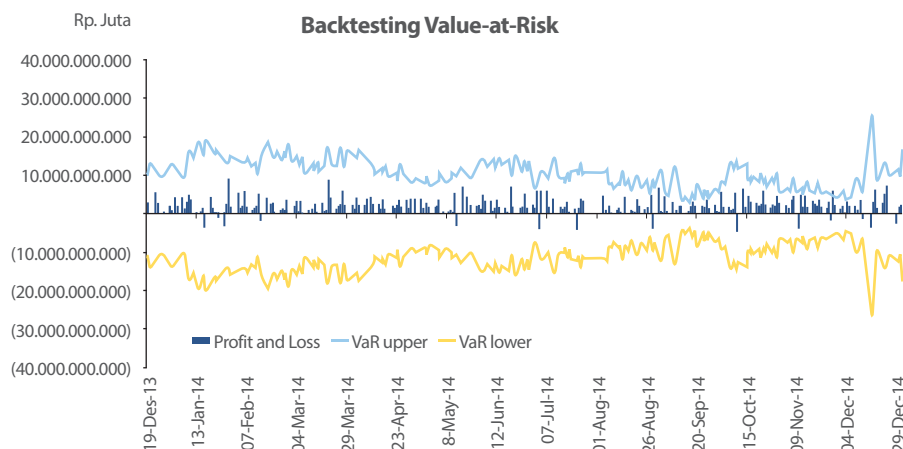
NO	Risk Type	31 December 2013			
		Average VaR	Maximum VaR	Minimum VaR	VaR at End Period
(1)	(2)	(3)	(4)	(5)	(6)
1	Interest rate risks	6,510	14,873	1,761	4,761
2	Exchange rate risks	5,609	22,775	1,647	10,646
3	Option risks	-	-	-	-
TOTAL		12,119	37,648	3,408	15,407

The VaR is described in the Internal Method CAR, and gives a comparison with the Standardized Methods as shown below:



The Bank's appetite for market risk is reflected in the various limits that are used to monitor Treasury trading transactions, including Treasury limits and market risk limits. In determining limits, Bank Mandiri considers the Treasury business plan and expected revenue targets. Market risk limits are applied in an integrated manner having regard to trading operations by Bank Mandiri's overseas branches. In order to support the business of its subsidiaries, the Bank provides assistance and templates to facilitate the measurement of market risk so as to enhance the monitoring by subsidiaries of their trading positions.

Backtesting is used to ensure the accuracy of the methods used in the calculation of VaR. The backtesting process illustrates the extent to which the estimated losses identified by the calculation of VaR are capable of predicting the profit / loss from Treasury operations. Backtesting is performed using two methods, namely, the Unconditional Coverage Test (Basel Zone and Kupiec Test) and the Conditional Coverage Test (Christoffersen Test). The results of backtesting during the period to December 2014 show that VaR has been calculated accurately, with the P/L deviation for daily VaR being within acceptable limits that not mutually influence each other.



Volatile market conditions are often not capable of being sufficiently predicted using the VaR method. To capture the possibility of extreme market conditions, the Bank conducts stress testing with the aim of evaluating capital adequacy in the face to very significant market changes and prepares the strategies that are needed if a crisis occurs. Stress testing is done by combining stressed scenarios: (i) based on the Bank Mandiri scenario, with the largest potential loss that could be suffered by the Bank being Rp. 63.38 billion (if the interest rate increases 400 basis points and the Rupiah depreciates by 20%); (ii) based on the Bank's historical scenario, with the greatest potential loss that could be suffered by the Bank being Rp. 86.87 billion (when interest rates rise 31-575 basis points and the Rupiah depreciates by 30%).

Market Risk - Banking Book

Banking book market risk arises due to changes in interest and exchange rates, and their impacts on banking book operations. Banking book market risk is managed by optimizing the balance sheet structure so as to obtain maximum yield at the appropriate level of risk that is acceptable to the Bank. Banking book market risk is controlled by setting limits that refer regulatory and internal rules, and monitoring on a weekly and monthly basis by the Market Risk Management Unit.

Banking book interest rate risk arises from movements in market interest rates that are contrary to the Bank's positions or transactions, and which may consequently affect the Bank's profitability (earnings perspective) as well as the economic value of the Bank's capital (economic value perspective). The sources of banking book interest rate risk are repricing risk (repricing mismatch between asset and liability components), basis risk (the use of different reference rates), yield curve risk (changes in the shape and slope of the yield curve), and option risk (the early repayment of loans or redemption of time deposits). The Bank uses the repricing gap and performs sensitivity analyses in order to obtain projected Net Interest Income (NII) and Economic Value of Equity (EVE). Based on the results of the sensitivity analysis simulation per December 31, 2014, the impact of a change in interest rates by 100 bps would result in the Bank's NII falling by 3.03% for the next 12 months, compared with the set target, and the Bank's equity declining by 1.75%.

INTEREST RATE SENSITIVITY ANALYSIS

Description	Dec 2014	Dec 2013
NII Sensitivity, NII 12 mo (100bps : % terhadap target NII)	3.03%	3.69%
EVE Sensitivity (100bps: % terhadap Equity)	1.75%	2.06%
Earning at Risk (% terhadap Equity)	0.22%	0.32%
Capital at Risk (% Equity)	1.23%	1.13%

Foreign exchange risk arising from adverse exchange rate movements when the Bank has an open position. Exchange rate risks derived from foreign exchange transactions with customers and counterparties cause an open position in foreign currency or structural position in foreign currency as a result of equity investments. The Bank manages foreign exchange risk by the monitoring and management of its Net Open Position (NOP) in accordance with internal and regulatory limits. As of December 31, 2014, the overall (absolute) NOP amounted to 1.63% of capital.

Pricing Management

The Bank applies the pricing policy to funding and credit products as a strategy to maximize the net interest margin (NIM) and also support the Bank's market share by considering the competition situation.

The Bank consistently seeks to implement its strategy as market leader in terms of pricing of funding. However, taking into account liquidity and funding needs, the Bank may apply aggressive strategies (larger than the main competitor) or defensive (equal to or smaller than the main competitor).

The Bank implements risk-based pricing, that is, the provision of loan interest rates to customers that vary based on the level of credit risk. In order to minimize interest rate risk, the loan interest rate is adjusted to take account of the interest rate on the source of funding. In addition to the cost of funds, loan interest rates are set by considering overhead costs, credit risk premiums and bank profit margins while maintaining competitiveness with major competitors. Loan interest rates can be floating or fixed.

The Bank publicizes its base Rupiah lending rate through announcements in every office of the Bank, on the Bank's website, and on a quarterly basis through the newspapers in accordance with Bank Indonesia Circular Letter No. 13/5 / DPNP dated February 8, 2011.

3. LIQUIDITY RISK MANAGEMENT

Liquidity risk can occur if the Bank is not able to provide liquidity at a reasonable price so as to affect the Bank's profitability and capital. The Bank's liquidity is affected by the structure of funding, liquidity of assets, liabilities to counterparties, and credit commitments to borrowers. The Bank's liquidity risk is measured by several indicators, including primary reserve ratio (Statutory and Cash), secondary reserve (liquidity reserves), and the loan to deposit ratio (LDR). Liquidity risk control is done by setting limits that refer to the regulatory provisions and internal rules. As of December 31, 2014, the primary reserve position was 8.00% of total deposits, while the secondary reserve position was 13.68% of total deposits. As for Foreign Exchange, the Bank maintains statutory reserves amounting to 8.10% of total forex deposits. The realization of rupiah and forex reserves was in accordance with the regulatory and internal limits.

The Bank maintains a liquidity reserve limit in the form of the limit safety level, which is the Bank's projected liquidity reserve for the next 3 months. As of December 31, 2014, liquidity reserves were above the safety level, while the Bank's LDR stood at 82.02%.

The Bank's future liquidity condition is projected using liquidity gap methodology, which is the maturity mismatch between the assets and liabilities components (including off-balance sheet), which is compiled by time period (time bucket) based on contractual maturity or behavioral maturity. As of December 31, 2014, 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's conducts liquidity risk stress testing on a regular basis. The Bank has a Liquidity Contingency Plan (LCP), which includes funding strategies covering money market lending, repo, bilateral loans, FX swaps, sales of securities, and pricing strategies. The determination of liquidity and funding strategies in the LCP has regard to internal and external conditions.

In order to anticipate the impact of the crisis in the European region on the Bank's liquidity and business, whether directly or indirectly, the Bank has activated its Business Command Center (BCC) to intensively manage and monitor liquidity and the loan to deposit ratio (LDR) of foreign exchange. In carrying out its functions, the BCC manages forex liquidity adequacy and LDR through the provision of foreign currency liquidity for selective loan disbursement, and monitors the movement of foreign currency funding sources on a daily basis. Thus, the forex liquidity reserve can be maintained above the minimum liquidity reserve and LDR limits. In addition, the BCC also coordinates programs to improve increase low cost and stable sources of forex funding.

To raise awareness of the unstable economic conditions, both because of the condition of the global economy and due of various issues in Indonesia, the BCC also monitor various external indicators, include the USD / IDR exchange rate, Credit Default Swaps (CDS) for 5 years in Indonesia, the spread between ROI for 5 years and UST for 5 years, Composite Stock Price Index (CSPI), rupiah interest rate and USD interbank rate, USD / IDR 1M Non Delivery Forwards (NDF) and the latest market information.

Since the activation of the BCC, the foreign currency liquidity reserve of the Bank has been maintained at above the limit, and the forex LDR at a maximum level of 85%.

Table 9.1.a Disclosure of Rupiah Maturities Profile – Bank Unconsolidated

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	16,638,950	16,638,950	-	-	-	-
	2. Placements with Bank Indonesia	56,318,475	56,318,475	-	-	-	-
	3. Placements with other banks	7,077,946	6,097,946	980,000	-	-	-
	4. Securities	83,445,962	790,681	663,162	3,260,772	5,284,597	73,446,750
	5. Loans	399,884,930	52,677,172	26,403,890	43,929,917	68,341,985	208,531,966
	6. Other receivables	6,764,705	1,814,488	3,305,352	1,498,922		145,943
	7. Other assets	4,155,222	1,667,800	145,824	207,662	256,558	1,877,378
	Total Asset	574,286,190	136,005,512	31,498,228	48,897,273	73,883,140	284,002,037
	B Liabilities						
	1. Third-party funds	474,097,654	402,292,741	52,424,988	13,411,374	5,193,285	775,266
	2. Funds from Bank Indonesia	-	-	-	-	-	-
	3. Funds from other banks	14,093,579	13,538,971	490,735	14,988	48,885	-
	4. Securities issued	85,256	85,256	-	-	-	-
	5. Fund borrowings	931,871	534	1,091	1,661	3,413	925,172
	6. Other liabilities	1,548,887	878,218	670,669	-	-	-
	7. Miscellaneous	3,545,794		10,652		10,652	3,524,490
	Total Liabilities	494,303,041	416,795,720	53,598,135	13,428,023	5,256,235	5,224,928
	Difference between Assets	79,983,149	(280,790,208)	(22,099,907)	35,469,250	68,626,905	278,777,109
II	ADMINISTRATIVE ACCOUNT						
	A. Administrative Account Claims						
	1. Commitments	65,121	65,121	-	-	-	-
	2. Contingencies	3,848,898	3,411,518	48,807	28,016	139,834	220,723
	Total Administrative Account Liabilities	3,914,019	3,476,639	48,807	28,016	139,834	220,723
	B. Administrative Account Liabilities						
	1. Commitments	84,422,974	83,190,183	984,217	228,502	10,679	9,393
	2. Contingencies	28,818,160	6,758,461	5,294,328	3,748,115	6,499,532	6,517,724
	Total Administrative Account	113,241,134	89,948,644	6,278,545	3,976,617	6,510,211	6,527,117
	Difference between Administrative Account Claims and Liabilities	(109,327,115)	(86,472,005)	(6,229,738)	(3,948,601)	(6,370,377)	(6,306,394)
	Difference [(IA-IB)+(IIA-IIB)]	(29,343,966)	(367,262,213)	(28,329,645)	31,520,649	62,256,528	272,470,715
	Cumulative Difference	(29,343,966)	(367,262,213)	(395,591,858)	(364,071,209)	(301,814,681)	(29,343,966)

*) Includes income receivable (PYMAD), sales of assets receivable, customer transaction receivables, claims again policy holders, and on ATM and Credit Card-related Transactions

Table 9.1.a Disclosure of Rupiah Maturities Profile – Bank Unconsolidated

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	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 Asset	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	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	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	(16.371.732)	(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

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	18,604,281	18,604,281	-	-	-	-
	2. Placements with Bank Indonesia	65,590,796	65,590,796	-	-	-	-
	3. Placements with other banks	10,918,476	10,678,203	-	-		240,273
	4. Securities	108,696,523	18,641,184	1,530,403	3,804,847	7,206,685	77,513,404
	5. Loans	451,307,461	55,899,472	30,320,294	47,960,144	74,150,036	242,977,515
	6. Other receivables	7,018,105	1,909,664	3,351,939	1,532,072	78,487	145,943
	7. Other assets	6,118,760	3,566,621	210,453	207,750	256,558	1,877,378
	Total Asset	668,254,402	174,890,221	35,413,089	53,504,813	81,691,766	322,754,513
	B Liabilities						
	1. Third-party funds	480,129,272	408,368,503	52,424,800	13,364,000	5,195,621	776,348
	2. Funds from Bank Indonesia	-	-	-	-	-	-
	3. Funds from other banks	14,014,381	13,304,961	645,547	14,988	48,885	-
	4. Securities issued	2,009,625	85,256	199,966	149,884	-	1,574,519
	5. Fund borrowings	4,355,732	440,534	119,552	1,661	311,630	3,482,355
	6. Other liabilities	3,748,557	3,011,332	737,225	-	--	-
	7. Miscellaneous	3,530,794		10,652		10,652	3,509,490
	Total Liabilities	507,788,361	425,210,586	54,137,742	13,530,533	5,566,788	9,342,712
	Difference between Assets	160,466,041	-250,320,365	-18,724,653	39,974,280	76,124,978	313,411,801
II	ADMINISTRATIVE ACCOUNT						
	A. Administrative Account Claims						
	1. Commitments	65,121	65,121	-	-	-	-
	2. Contingencies	4,748,538	4,311,158	48,807	28,016	139,834	220,723
	Total Administrative Account Liabilities	4,813,659	4,376,279	48,807	28,016	139,834	220,723
	B. Administrative Account Liabilities						
	1. Commitments	84,909,209	83,674,388	986,247	228,502	10,679	9,393
	2. Contingencies	28,922,938	6,770,739	5,310,132	3,755,261	6,531,934	6,554,872
	Total Administrative Account	113,832,147	90,445,127	6,296,379	3,983,763	6,542,613	6,564,265
	Difference between Administrative Account Claims and Liabilities	(109,018,488)	(86,068,848)	(6,247,572)	(3,955,747)	(6,402,779)	(6,343,542)
	Difference [(IIA-IB)+(IIA-IIB)]	51,447,553	(336,389,213)	(24,972,225)	36,018,533	69,722,199	307,068,259
	Cumulative Difference	51,447,553	(336,389,213)	(361,361,438)	(325,342,905)	(255,620,706)	51,447,553

*) Excluding Interbank Transaction

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 Asset		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		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		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		50,129,838	(347,472,500)	(353,353,328)	(323,115,017)	(256,203,911)	50,129,838

*) Excluding Interbank Transaction

Tabel 9.2.a. Disclosure of Rupiah Maturities Profile – Bank Consolidated

No.	Pos-pos	31 December 2014					
		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	2,080,495	2,080,495	-	-	-	-
	2. Placements with Bank Indonesia	26,867,490	26,867,490	-	-	-	-
	3. Placements with other banks	17,149,592	15,540,836	1,362,895	199,770	-	46,091
	4. Securities	17,826,556	756,652	445,647	828,400	-	15,795,857
	5. Loans	75,381,896	8,158,536	13,302,321	4,520,025	7,770,941	41,630,073
	6. Other receivables	19,132,396	3,850,831	6,804,111	7,607,852	9,194	860,408
	7. Other assets	543,786	252,273	140,827	19,110	11,921	119,655
	Total Asset	158,982,211	57,507,113	22,055,801	13,175,157	7,792,056	58,452,084
	B Liabilities						
	1. Third-party funds	102,228,147	95,266,353	4,473,904	2,004,406	461,839	21,645
	2. Funds from Bank Indonesia	-	-	-	-	-	-
	3. Funds from other banks	3,598,607	3,598,607	-	-	-	-
	4. Securities issued	-	-	-	-	-	-
	5. Fund borrowings	20,433,624	1,228,635	175,797	2,198,338	3,236,077	13,594,777
	6. Other liabilities	1,975,087	-	1,178,359	796,728	-	-
	7. Miscellaneous	215,780	7,192	-	-	7,192	201,396
	Total Liabilities	128,451,245	100,100,787	5,828,060	4,999,472	3,705,108	13,817,818
	Difference between Assets	30,530,966	-42,593,674	16,227,741	8,175,685	4,086,948	44,634,266
II	ADMINISTRATIVE ACCOUNT						
	A. Administrative Account Claims						
	1. Commitments	1,691,022	452,522	1,238,500	-	-	-
	2. Contingencies	22,610,341	5,241,396	636,489	1,233,763	3,428,528	12,070,165
	Total Administrative Account Liabilities						
	B. Administrative Account Liabilities						
	1. Commitments	23,475,268	12,634,182	5,313,573	1,860,592	1,692,263	1,974,658
	2. Contingencies	44,518,349	3,271,258	3,815,949	4,979,851	9,123,557	23,327,734
	Total Administrative Account	67,993,617	15,905,440	9,129,522	6,840,443	10,815,820	25,302,392
	Difference between Administrative Account Claims and Liabilities	(43,692,254)	(10,211,522)	(7,254,533)	(5,606,680)	(7,387,292)	(13,232,227)
	Difference [(IA-IB)+(IIA-IIB)]	(13,161,288)	(52,805,196)	8,973,208	2,569,005	(3,300,344)	31,402,039
	Cumulative Difference	(13,161,288)	(52,805,196)	(43,831,988)	(41,262,983)	(44,563,327)	(13,161,288)

*) Excluding Interbank Transaction

Tabel 9.2.a. Disclosure of Valas Maturities Profile – Bank Unconsolidated

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	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	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	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

Tabel 9.2.b. Disclosure of Valas Maturities Profile – Bank Consolidated

No.	Pos-pos	31 December 2014					
		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	2,100,282	2,100,282	-	-	-	-
	2. Placements with Bank Indonesia	27,744,348	27,744,348	-	-	-	-
	3. Placements with other banks	16,544,803	16,345,033	-	-	-	199,770
	4. Securities	18,224,320	757,541	445,647	828,400	-	16,192,732
	5. Loans	78,666,080	8,226,011	13,327,782	4,567,479	8,007,633	44,537,175
	6. Other receivables	19,333,921	3,891,905	6,863,124	7,657,343	61,141	860,408
	7. Other assets	560,651	269,139	140,827	19,110	11,920	119,655
	Total Asset	163,174,405	59,334,259	20,777,380	13,072,332	8,080,694	61,909,740
	B Liabilities						
	1. Third-party funds	103,319,639	96,357,846	4,473,904	2,004,405	461,839	21,645
	2. Funds from Bank Indonesia	-	-	-	-	-	-
	3. Funds from other banks	3,517,464	3,517,464	-	-	-	-
	4. Securities issued	-	-	-	-	-	-
	5. Fund borrowings	19,871,372	668,790	173,390	2,198,338	3,236,077	13,594,777
	6. Other liabilities	1,975,087	-	1,178,359	796,728	-	-
	7. Miscellaneous	215,780	7,192			7,192	201,396
	Total Liabilities	128,899,342	100,551,292	5,825,653	4,999,471	3,705,108	13,817,818
	Difference between Assets	34,275,063	-41,217,033	14,951,727	8,072,861	4,375,586	48,091,922
II	ADMINISTRATIVE ACCOUNT						
	A. Administrative Account Claims						
	1. Commitments	1,691,022	452,522	1,238,500	-	-	-
	2. Contingencies	22,615,889	5,246,943	636,489	1,233,763	3,428,528	12,070,166
	Total Administrative Account Liabilities	24,306,911	5,699,465	1,874,989	1,233,763	3,428,528	12,070,166
	B. Administrative Account Liabilities						
	1. Commitments	23,839,513	12,957,553	5,318,056	1,873,775	1,715,471	1,974,658
	2. Contingencies	44,556,608	3,273,865	3,823,280	4,980,297	9,151,098	23,328,068
	Total Administrative Account	68,396,121	16,231,418	9,141,336	6,854,072	10,866,569	25,302,726
	Difference between Administrative Account Claims and Liabilities	(44,089,210)	(10,531,953)	(7,266,347)	(5,620,309)	(7,438,041)	(13,232,560)
	Difference [(IA-IB)+(IIA-IIB)]	(9,814,147)	(51,748,986)	7,685,380	2,452,552	(3,062,455)	34,859,362
	Cumulative Difference	(9,814,147)	(51,748,986)	(44,063,606)	(41,611,054)	(44,673,509)	(9,814,147)

*) Tidak termasuk Interbank Transaction

Tabel 9.2.b. Disclosure of Valas Maturities Profile – Bank Consolidated

No.	Pos-pos	31 December 2014					
		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 Asset	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	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	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	(9,866,072)	(46,376,789)	(37,335,152)	(33,462,372)	(30,754,178)	(9,866,072)

*) Tidak termasuk Interbank Transaction

4. OPERATIONAL RISK MANAGEMENT

Operational risk can be caused by insufficient or failed 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 framework of Operational Risk Management (ORM) refers to the Bank Indonesia regulations, Basel II and the Bank's internal regulations. Currently, the Bank has risk management policies that include ORM, namely, the Bank Mandiri Risk Management Policies (KMRBM), and Standard Operating Procedures (SOPs) that cover both the technical aspects of operational risk management, as well as governance, procedures and reporting systems.

In addition, in order to support innovation in Bank to meet the needs of customers for the Bank's products and services, guidelines on risk management and mitigation measures have been prepared for New Products and Activities (PAB), namely, the PAB Standard Operating Guidelines (SPO), which aim to establish standardization in PAB risk management on an end to end basis, and to produce products and activities that are reliable and can increase profits, corporate image, and the quality of bank services. As part of the implementation of prudential principle and the implementation of good corporate governance, the PAB SPO assessment methodology identifies 8 (eight) types of risk. This means that all of Bank Mandiri's new products and activities are in compliance with the provisions issued by the regulator.

In order to improve the effectiveness of operational risk management, the Bank has aligned operational risk methodology with risk-based audit methodology through risk library synchronization; provided a medium for communication with the CEO (called "Letter to the CEO"), which serves as a Whistle Blowing System; and introduced Operational Risk Management Tools (ORM Tools).

The tools used for implementation of ORM are as follows:

1. Risk & Control Self Assessment (RCSA) :
RCSA is used to identify and assess the risks inherent in an activity, and assess the quality of control.
2. Mandiri Form Operational Risk System (M-FORs):
The Bank uses M-fors to record losses due to the operational risks that occur in each business unit.
3. Key Indicator (KI) :
KI are quantitative indicators that are used to provide an indication of the level of risk attached to key processes in a business / supporting unit or end-to-end processing.
4. Issue & Action Management (IAM):
IAM is a device for highlighting issues / problems related to operational risk. The issue / problem is analyzed and the cause determined, an action plan prepared and monitoring conducted on the implementation of the action plan

In operational risk management, the Risk Management Unit acts as a second line of defense and Internal Audit as the third line of defense. The business unit, as the risk owner, is the first line of defense and is responsible for the management of operational risks within its purview.

As output from the Operational Risk Management process, business units produce operational risk profiles that describe the operational risk exposure of the unit. These are used as the basis for the preparing of the Bank's operational risk profile. The operational risk profile report at corporate level (bank-wide) is reviewed by the Internal Audit unit, presented to the Board of Commissioners and reported to Bank Indonesia on a periodic basis.

For the reporting of operational risk capital adequacy to Bank Indonesia, Bank Mandiri uses the Basic Indicator Approach, as shown in the following tables:

Table 8.1.a Disclosure of Quantitative Operational Risks – Bank Unconsolidated

No	Approach	31 December 2014		
		Gross Income (average of last 3 years*)	Capital Charge	RWA
I	II	III	IV	V
1	Base Indicator Approach	36,152,988	5,422,948	67,786,852
	Total	36,152,988	5,422,948	67,786,852

No.	Approach	31 December 2014		
		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

*) 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 2014		
		Gross Income (average of last 3 years)*)	Capital Charge	RWA
I	II	III	IV	V
1	Base Indicator Approach- BM	36,152,988	5,422,948	67,786,852
2	Base Indicator Approach- BSM	3,753,525	563,029	7,037,859
3	Base Indicator Approach - Mandiri Sekuritas	514,584	77,188	964,844
4	Base Indicator Approach - BMEL	36,222	5,433	67,916
5	Base Indicator Approach - BSHB	103,680	15,552	194,401
6	Base Indicator Approach- AXA	1,673,148	250,972	3,137,152
7	Base Indicator Approach - Tunas Finance	161,161	24,174	302,178
8	Base Indicator Approach- MIR	8,361	1,254	15,677
9	Base Indicator Approach - MAGI	1,672	251	3,136
	Total	42,405,341	6,360,801	79,510,013

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

*) For banks that use the Base Indicator Approach in calculating Operational Risk

Implementation of Operational Risk Management

The implementation of risk management is focused on four reinforcement aspects, namely::

- Risk Awareness Program, a specific cultural program owned by each Operational Risk Management Unit that is related to the recognition, understanding, and mitigating of operational risk.
- Risk Profile Report, a regular report that must be submitted by the Operational Risk Management Unit to the unit responsible for the operational risk management system, at a minimum on a quarterly or more frequent basis if needed (ad-hoc). Risk profile reports are regularly prepared so that the operational risk profile of each Operational Risk Management Unit is always updated and maintained.
- MRO Forum, a forum to discuss issues related to operational risk. MRO forums must be held at a minimum once a month. The results are reported to the Operational Risk Management System Development Unit in the form of minutes.
- Data Quality in ORM Tools, such as the management and updating of data / information on ORM Tools (i-Mors), including RCSA, MFORs, KI and IAM. The data inputted into i-Mors provides the basis for the preparation of Risk Profiles by the Operational Risk Management Unit for the purpose of calculating the Bank's level of health.

The aims of the MRO Strengthening Program are:

1. To improve the Risk Awareness of all employees so that they can better understand the Main Operational Risks inherent in the products and activities of the Operational Risk Management Unit (know your risk) and know how to control them (know how to mitigate).
2. To better understand how initiatives such as MRO Forum, Risk Awareness Program and Letter to CEO (LTC) can support the effectiveness of Operational Risk Management.
3. In order that DCOR and RBC as the second line of defense understand the key risks in the units being supervised so as to be more focused in carrying out its oversight.

4. As Lessons Learnt for business units in respect of events / incidents of fraud that occurred in other work units so as to minimize reoccurrences

Anti-Fraud Strategy, Fraud Monitoring System, and Fraud Response Plan

In accordance with BI Circular Letter No. 13/28 / DPNP on the Application of Anti-Fraud Strategies in Banks, Bank Mandiri has made various efforts to monitor and mitigate the risk of fraud through the implementation of four pillars, namely: (1) Prevention; (2) Detection; (3) Investigation, Reporting and Sanctions; and (4) Monitoring, Evaluation and Follow-up, which in their implementation involves all lines of defense.

To support the implementation of the anti-fraud strategy, particularly the detection pillar, an early detection system has been developed that can detect transactions, processes, and applications that are anomalous and have potential fraud risks at an early stage. The system automatically provides alerts in respect of transactions that contain the risk of fraud. The follow-up is the investigation of alert data, both through on-desk and onsite reviews, to ascertain whether there has been a fraud incident so that the Bank can quickly perform mitigation measures and respond in a fast, accurate, and well-planned manner (fraud response plan). Given that fraud detection process development is a long and ongoing process, management will focus on businesses that have a significant risk of fraud. These are:

1. Retail Payment & Deposit Segment (Branch, EDC / Merchant, and E-Channel)
2. Retail Financing Segment (Micro, Credit Card, Consumer Loan)
3. Wholesale Segment (Business Banking up to Rp 2 billion)

Fraud Control System yang saat ini telah dimiliki antara lain:

- Fraud Control System Credit Card
- Fraud Control System Debit Card
- Merchant Monitoring System
- Internet & Mobile Banking Monitoring System
- Anti Fraud Application System
- Early Detection System Mikro

Fraud Control System yang saat ini sedang dan akan dikembangkan antara lain:

- Fraud Detection System for Branch
- Fraud Control System untuk Business Banking

Anti-Money Laundering and Financing of Terrorism

To prevent and mitigate the risk of money laundering and terrorism financing transactions, the Bank has implemented a process of customer due diligence and risk management based on the Bank Indonesia regulations on Anti-Money Laundering and Financing of Terrorism. The process of due diligence and risk management is based on a risk-based approach that identifies, classifies, monitors and manages customer transaction risks based on the characteristics of the product, customer and geographic area (domestic, cross-border).

Business Continuity Management

To ensure the continuity of the Bank's operations in disasters, the Bank has a comprehensive plan that has been documented and tested and which contains the steps that must be taken before, during and after the occurrence of a disaster. The Bank's policies and procedures to ensure continuity of business operations are set out in the Business Continuity Management (BCM) document, which includes an Emergency Response Plan (ERP), Disaster Recovery Plan (DRP) and Business Continuity Plan (BCP). The ERP is a guide that is used to ensure the security and safety of employees in disaster situations, the DRP is a work plan for recovery from disasters that affect Information Technology services, and BCP sets out the procedure and information needed to sustain the operations of business units

5. WORST CASE SCENARIO SIMULATION AND STRESS TESTING

Stress testing is performed to evaluate the resilience of the Bank in the face of extreme external events (exceptional) but which could occur (plausible) and as a basis for decision making (contingency planning), as well as compliance with the regulatory provisions. For Bank Mandiri, stress testing aims to estimate the amount of loss, the adequacy of the Bank's capital to absorb losses and to identify the steps that should be taken to mitigate risk and maintain capital. There are two types of stress tests conducted by the Bank, namely: sensitivity / shock analysis and scenario analysis (historical or hypothetical).

Stress testing simulations are supported by actual scenarios, comprehensive models and automated calculation systems. Stress testing models cover the major types of risk, namely, credit risk, market risk and liquidity risk. For credit risk, stress testing models were developed to cover the wholesale, consumer and retail segments, with reference to best practice, including through econometric modeling that links credit risk factors with macroeconomic factors.

In 2014, there were many circumstances that affected the global and regional economy, such as the economic situation in Europe, slowing growth in developed countries and China, the increase in the Fed Funds rate, volatility in financial markets and issues in Indonesia related to the elections.

Bank Mandiri conducts quarterly stress testing using standard shock parameters and scenarios that simulate conditions of stress, and prepares a contingency plan if the conditions lead to a crisis situation. During 2014, a number of scenario analysis simulations were conducted for baseline, moderate and worst-case scenarios with reference to current and historical conditions, global issues, and domestic issues such as the increase in subsidized fuel prices, the USD / IDR exchange rate, and increases in inflation and the BI interest rate.

Bank Mandiri came through the global financial crisis in 2008 and the European crisis in 2011 relatively unscathed. However, during 2014, the Bank continued the activation of the Business Command Center as an integrated crisis management center to anticipate the impact of the global crisis and recession. In recognition of these measures, Bank Mandiri received the Asian Banker Risk Management Award for Achievement in Liquidity Risk Management.

6. OTHER RISKS

Besides the key risks, as described above, the Bank also recognizes other risks that must be managed, including compliance, legal, reputation, strategic, information technology, competitive, human resources and business interruption risks. Overall these risks, together with the key risks, are annually assessed and measured from the top down by management through the Enterprise Risk Assessment voting system. Bottom-up assessments are also performed through the preparation of quarterly Risk Profiles.

The management of other risks is done through the Risk Management Committee and carried out directly by the support units, among others, the Compliance Unit, Legal Unit, Corporate Secretary and IT Operations Unit.

As regards legal risk, the Bank continues to make improvements by, among other things, placing Legal Officers in Head Office Units and the Regional Offices. The LOs are obliged to ensure that each activity / transaction has been subject to a legal evaluation.

As regards strategic risk, the Bank conducts policy performance reviews and evaluations on the formulation of business targets and takes corrective measures having regard to internal and external conditions, if necessary. The Bank also continues to strengthen the financial performance management support program through the development of automated budgeting, PMS enhancement, and the development of the Executive Information System (EIS).

In the case of compliance risk, the Bank has a Code of Conduct to serve as a behavioral manual having regard to corporate culture. In the strategic planning phase, the Bank always assesses the adequacy of compliance with the regulations and legislation in force. The Bank also implements a system of rotation and transfer for employees and officials on a consistent and comprehensive basis, especially for those occupying strategic positions.

As regards reputational risk, the Bank has adopted customer service standards that are monitored regularly and used as part of the KPI at the Branch level. The Bank has a Contact Center so that customers can directly submit complaints and inquiries regarding the Bank's products and services. The Bank also actively implements Corporate Social Responsibility in the fields of education, health, culture, sports, environment, religious facilities and assistance for victims of natural disasters

7. MODEL VALIDATION

Bank Mandiri has an independent validation unit in the Risk Management Directorate as part of the Bank's internal control, and in order to provide quality assurance in the development of models, as well as ensure compliance with Bank Indonesia regulations. The scope of its work is to validate all the risk models used and the models that will be developed by the Risk Management Directorate. In addition, the validation unit is actively involved in the advisory process for the development and improvement of risk models.

The year 2014 saw 16 credit risk models validated, including scoring and rating models (among other, a scoring application for the micro segment KSM Payroll product, credit cards, products of Mandiri Tunas Finance and a ratings model for financial institutions), and Basel II risk parameters models (probability of default for micro and consumer segments as well as loss given default for the consumer segment). Advisory services were provided on Counterparty Credit Risk calculation using the Standardized Approach (SA-CCR), the calculation of Cost of Equity (CoE) using the Implied Approach method and CAPM, stress test modeling using the Vector Autoregressive (VAR) model.

The risk model validation process is also verified by the Directorate of Internal Audit to ensure that the validation process is carried out in line with the principles of good corporate governance

CONSOLIDATED RISK MANAGEMENT

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, Mandiri AXA General Insurance and InHealth). 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 2014 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.

Bank Mandiri conducts risk management on both an unconsolidated and consolidated basis. As of end December 2014, Bank Mandiri had completed unconsolidated and consolidated risk profile self-assessments, with the outcomes indicating that the possibility of the Bank and its subsidiaries suffering losses was very low and that the Group's risk management quality is very satisfactory, save for some minor weakness that can be ignored.

The risk profile assessment results indicate that the quality of risk management by Bank Mandiri, consolidated with its subsidiaries, has been good, without any significant differences being identified in risk management activities, so that the composite shows a low risk rating and excellent risk management application

RISK MANAGEMENT STRATEGIC OBJECTIVES IN 2015

In order to support business growth and anticipate changes in macroeconomic conditions and the implementation of new regulations, Bank Mandiri is continuing to develop its risk management infrastructure and capabilities, include the following:

1. Management of assets and liabilities for the optimization of risk and reward, and the management of liquidity risks in accordance with Basel III

Bank Mandiri continues to conduct continuous improvements in the risk management application and risk measurement methodology having regard to the regulatory provisions and international best practices. For the management of liquidity risk, the Bank is in the process of preparing for the implementation of Basel III, in particular as regards the calculation of the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). In addition, the development of a liquidity contingency plan is also being conducted in order to anticipate the impact of the global economic crisis. As regards banking book interest rate risk, the Bank is perfecting the risk measurement methodology used in the analysis of static, dynamic and stochastic ALM and updating the system used.

2. Management of Market Risk - Trading book based on an holistic wholesale transaction product suite

Along with the development of the financial markets and the expansion of Overseas Branch functions as money centers, the Bank has been developing new Treasury operations products. In order to strengthen the management of market risk in connection with the development of new products, integrated market risk management needs to be applied, including holistic reviews of all wholesale transaction products. Furthermore, the application of the provisions on the calculation of capital for market risk in accordance with Basel II is being implemented using the Internal Model, which has been developed using historical

simulations. For the management of treasury activities end to end, the Bank is developing a system that will support the integration of market risk with Treasury operations market through the introduction of the New Treasury Core System.

3. Operational Risk Management on a consolidated basis through operational excellence based on the following initiatives:
 - a. Development and improvement of operational risk management will be implemented in all Business Units related to Distribution of the Bank Mandiri Transformation.
 - b. Development and synchronization of operational risk management framework for Overseas Offices and subsidiaries so as to obtain a consolidation of operational risk profile.
 - c. Improving the effectiveness of studies on New Products and Activities (PAB), Work Guidelines (Policies, SPO, PTO, MP, MPO) and IT Strategic Initiatives (SDLC) through the prioritization of reviews on products and activities that have inherent risks with significant impact on the Bank so that operational risk mitigation measures are in line with the Bank's business.
 - e. Development of the Project Operational Risk System so as to comply with the regulations related to Risk-Based Bank Rating (RBBR).
 - f. Development of a framework for RBBR preparation, and of forward-looking methods and specific rating tools
4. Operational Risk Management on a consolidated basis so as to improve the calculation of capital
 - a. Provision of Operational Risk Measurement through implementation and improvement of Operational Risk framework, covering Governance, Internal Loss Data, External Loss Data, Scenario Analysis, Risk & Control Self Assessment, Reporting, Training, Culture and Awareness.
 - b. Development of Capital Charge calculation model for operational risk through the ERM Implementation of Basel II - Advanced Measurement Approach (AMA) Roadmap project.

- c. Proper and correct recording of operational risk loss data by business units.
- 5. Developing and improving the framework, infrastructure and tools for credit risk and portfolio management, in line with the implementation of international regulations and best practices, based upon the following initiatives:
 - a. Developing / enhancing the rating models for the Corporate segment on a sectoral basis in priority sectors.
 - b. Developing Basel II risk parameters (PD, LGD, EAD) for Wholesale & Retail exposures.
 - c. Developing spreadsheets for priority sectors.
 - d. Improving the credit process in priority sectors through value chain development.
 - e. Developing Portfolio Guidelines and Industry Classifications for priority sectors.
- 6. Developing and refining the framework and infrastructure for creating risk management processes, and comprehensive and integrated Enterprise Risk Management (ERM), based on the following initiatives:
 - a. Implementation of the Internal Capital Adequacy Assessment Process (ICAAP) and capital planning.
 - b. Developing the ERM System for the implementation of Basel II & III and implementation of value-based management (using RoRWA parameters).
 - c. Developing / enhancing the risk management consolidation policy, framework, methodology and system, based on ISO 31000.
 - d. Developing integrated stress testing system for credit risk, liquidity risk and market risk in the Bank and its subsidiaries.
 - e. Developing risk data aggregation and risk reporting standards and best practices in accordance with the Basel Committee methodology and system, based on ISO 31000.

retail risk

Bank Mandiri's is determined to become the ASEAN market leader by 2020. Various achievements have been made to date, which provide strong capital to achieve that goal. One strategy to achieve the goal is to strengthen the retail banking segment, which is expected to grow significantly and consistently every year.

In addition to growing rapidly, the retail banking segment also has to grow in a healthy manner to generate sustainable profits. To ensure the healthy growth of the portfolio, the Board of Directors decided to establish the Directorate of Retail Risk at the end of 2013. This new Directorate will act as a business enabler that will ensure that the portfolio of retail banking products grows in a sustainable manner, and results in a predictable and stable performance.

Although the Directorate of Retail Risk is new, retail risk management is nothing new for the Bank. Before the formation of this directorate, retail risk management was carried out by the Consumer Risk Group and Retail Risk Group, under the supervision of the Risk Management Directorate.

The Retail Risk Directorate is supported by a number of groups whose job is to oversee the provision of a retail loan portfolio on an end-to-end basis, covering product design, the credit acquisition process, and the settlement and recovery processes. Besides overseeing the growth of the retail loan portfolio, the Retail Risk Directorate is also committed to providing a sense of security to all bank customers that use Bank Mandiri's products or electronic channels by formulating and implementing comprehensive fraud prevention strategies and response measures.

The Retail Risk Directorate is headed by the SEVP Retail Risk, who is in charge of three groups, namely, the retail risk group, fraud and collection management group, and the decision management group. SEVP Retail Risk is responsible to the Managing Director.

PERFORMANCE AND ACHIEVEMENTS IN 2014

Since it was officially formed, the Retail Risk Directorate immediately "stepped on the gas" so as to participate in realizing the Bank's Corporate Plan 2020 through various initiatives to support the business units in expanding their markets and to continue providing the best service to customers. Among the initiatives that were realized in 2014 are the following:

- Facilitating micro borrowers to continue to develop their business scales through the Debtor Path Program.
This program was developed in collaboration with the business units, with the aim of providing convenience to micro debtors that have good prospects in gaining greater access to capital. During the implementation of the Debtor Path pilot project in 2014, we identified more than 2,200 micro borrowers who are ready to switch to being SME borrowers so as to develop the scale of their businesses. The effort to expand borrowers' businesses is very much in tune with the mission of the Bank to continue to grow together with our customers.
- Strengthening the role of Retail Risk in the new acquisition process in the business banking segment for loans with a limit ≤ Rp 2 billion.
Retail Risk Officers assisted business units in the regions in conducting credit analyses so that the business units could increasingly focus on accelerating expansion based on the appropriate criteria and target markets. Thanks to good synergies between the business units and the risk unit, in 2014 the portfolio resulting from new acquisitions in this segment amounted to 817 billion with the NPL being well maintained at 0.38%.

- Developing Bank Mandiri collateral auction website. This website was developed to facilitate public access to non-performing loan collateral that is to be auctioned. Information related to collateral auctions is presented in a clear and transparent manner to increase public participation in the auction process. The website facilitates the marketing of collateral auctions so as to support an increase in loan recovery of 24% in 2014 compared with 2013.
- Integrating the fraud detection system into the micro credit acquisition system. This system is able to detect potential fraud at two points: before the loan application is approved (pre-disbursement) and immediately after the loan application is approved (immediate post-disbursement). With the early detection of potential fraud, the level of bank losses will be minimized. During 2014, the system successfully detected 1,300 incoming fraudulent credit applications, saving the Bank from potential losses of Rp99 billion.

PLAN AND STRATEGY FOR 2015

The year 2015 will be a very challenging year for the bank, not least for the retail loan segment. To continue to monitor the growth in retail credit and provide a sense of security to customers in their transactions, the Retail Risk Directorate will focus on the following priorities:

- Establishing the Decision Management Group to strengthen data-driven decision making. This group will serve as a provider of data and analysis to other units for decision-making purposes. Consolidated data processing and analysis will accelerate decision-making and improve the efficiency of the bank.
- Strengthening the role of Regional Risk Heads. In the new Bank Mandiri organizational structure in the regions, the role of Regional Risk Heads is to control and supervise portfolio risk exposure, including as regards the retail credit portfolio and transaction products, on an end-to-end basis. The

Regional Risk Heads are required to ensure that risks and returns are in line with the Bank's appetite, and comply with the applicable regulations.

- Enhancing role as business enabler. In support of the bank's vision to deepen relationships and integrate the bank, Retail Risk together with the business units, will work on business expansion schemes by utilizing the network value chain and focusing on anchor clients, including the expansion of lending in the Fast Moving Consumer Goods (FMCG), Building Construction, and Health Care sectors.
- Improve the quality of the retail segment credit acquisition process. Retail credit growth will be healthy if it is based on a healthy credit acquisition process. The strengthening of the credit process will be centered on credit processing centers / Loan Factories, which is one of the main focuses of the Retail Risk Directorate. Through the Loan Factory system, Retail Risk applies a standardized credit underwriting process, particularly in consumer credit, using a 'conveyor belt' system. The independence of the credit process in the loan factory will also be enhanced by strengthening the three pillars supporting the credit process function (business unit, risk management unit, and credit operations unit). In strengthening the acquisition process, Retail Risk will integrate external data into the application scorecards so as to enhance the system's ability to select qualified prospective borrowers.
- Continuing to improve customer transaction security so as to increase the number of transactions. The Retail Risk Directorate is committed to investing in the Fraud Risk Management system so that it can make early detection of potential fraud across all channels. This system will also have the ability to learn and adapt to new fraud modes so as to provide maximum protection to customers. Customers will feel more secure and comfortable in conducting transactions using Bank Mandiri products and channels so as to encourage an increase in the overall number of transactions.

- Separation of fraud detection unit functions .
Retail Risk will separate the functions of fraud prevention strategy and fraud prevention operations into separate units. With the separation of these functions, the relevant units will be more efficient and focused on the development of strategies for the prevention of fraud and the operational implementation of fraud detection measures.
- Implement an automated collection system for micro and business banking segments.
With the integration of the micro and business banking segment into the automated collection system, credit collection activities for all retail credit products will be done systematically. This systematic process is expected to increase efficiency and improve loan quality.
- Strengthening scorecard for collection and recovery activities.

To optimize the collection of problem loans, Retail Risk will make improvements to the collection and recovery scoring model so as to support the implementation of loan recovery strategies.

In addition to focusing on improving internal retail risk management, we will also continue to enhance synergies and supervision in respect of our subsidiaries in the retail risk management field. Such synergies and supervision will be mutually beneficial to both the Bank and the subsidiaries so that the Bank's retail credit portfolio as a whole will grow in a rapid, safe, and healthy manner.

transaction banking

Transactional Banking provides additional ammunition to Bank Mandiri in overcoming the competition in the market

BASIC FOR ESTABLISHMENT OF TRANSACTION BANKING DIRECTORATE

The financial crisis that began in 2008 reduced liquidity and increased business risks. To deal with these, the company had to improve financial efficiency, especially in the management of liquidity. The entire bank continues to strive to improve relationships with customers through services that provide more stable income while reducing pressure on capital adequacy and liquidity.

Banking services that have the above characteristics are generally transaction-based services, include payment, cash management and trade-related services. In addition, the banking industry continues to develop transaction banking services as funding engines in order to improve liquidity. Recognizing the magnitude of the customer base of both the wholesale and retail segments, the Bank formed the Transaction Banking Directorate to not only serve both segments separately, but also provide integrated services so that potential customers can be focused on from end to end.

In order to strengthen the position of Bank Mandiri as the largest bank in Indonesia and to achieve its vision of being ASEAN's Largest Bank by 2020, the Transaction Banking Directorate developed an integrated transaction banking platform from wholesale to retail, accompanied by the development a banking transactions platform and enhanced solutions through the development of e-Channel networks, such as the installation of more ATM machines, EDCs, and Automatic Toll Gates (GTO), and refreshing the user experience which using existing e-Channels.

There are three main aspects of transaction banking that constitute the backbone of the Directorate, namely, Transaction Banking Product Development, Transaction Banking Sales, and Transaction Banking Retail.

The main function of Transaction Banking Product Development is to develop / design integrated products focused on innovation, productivity and profitability, while limiting risk exposure. The main functions of Transaction Banking Sales is to market transaction banking products and solutions to customers and to be the subject matter expert for Relationship Managers. As regards Transaction Banking Retail, its main functions are the development of electronic banking channels so that retail customers can access the Bank's products and services easily, comfortably and efficiently

COMPETITION MAP

UTo deal with our main competitors, the Bank, through the Transaction Banking Directorate, continues to maintain good relations with various entities, both state-owned and private. This can be seen from the fact that our market share of export trade increased by 29.8% and the import trade by 32% compared to the previous year, while the bank guarantee market share increased by 28.4%. In addition, an extensive network of 1,415 branches, 15,344 ATMs and 270,352 EDCs, plus a comprehensive suite of e-banking services, confirms the position of Bank Mandiri in the competition map.

Besides these achievements, the Transaction Banking Directorate continues to create business opportunities through value chain and e-commerce marketing solutions that are still not widely available in the market, and opportunities for the utilization of the Bank Mandiri branch network, ATMs, and EDC machines.

In providing the best services to the customer, the Transaction Banking Directorate forges alliances and collaboration with other directorates so as to establish good relationships with customers, develop platforms that accord with customer needs, develop strategic initiatives and cooperation so as to optimize the wallet share of each anchor client, supplier and distributor, of regional distribution networks

HUMAN RESOURCES DEVELOPMENT STRATEGY

As a newly established directorate, the Transaction Banking Directorate has been actively recruiting employees to fill key positions. Additionally, continuous training and capacity building is provided so as to fill existing gaps. The Transaction Banking Directorate's human resources development strategy is as follows:

1. Fulfillment of staffing needs in accordance with both internal and external business requirements. This is achieved internally through the Staff Development Program (SDP) / Officer Development Program (ODP) and transfers from units outside Transaction Banking. Externally, new hires are recruited for posts that require user experience so as to meet business needs.
2. Working with Mandiri University to develop both technical and managerial competencies through classroom training, e-learning, workshops, certification, projects / assignments and so on. Employee development is not only aimed at employees of Transaction Banking, but also at other stakeholders / business units that are associated with the work of Transaction Banking, for example, the familiarization of Transaction Banking products and services to related units.
3. Increase employee engagement through Culture Internalization Team (TIB) activities, such as marking the birthdays of employees and their spouses, so that employees feel comfortable at work, which in turn will increase employee engagement.

TRANSACTION BANKING'S FOUR FOCUS SECTORS

The key to the success of transaction banking rests with the appropriateness of the solutions that offered to meet the needs of customers. The Transaction Banking Directorate's is focused on the development of solutions in four (4) sectors, namely, Healthcare, Telecommunications, Port and Fast Moving Consumer Goods (FMCG).

The solutions that are provided in each sector involve transaction services on the collection and payment sides, including assisting with the management of entire ecosystem liquidity. With enhanced customer convenience in conducting transactions, it is expected that customers will increase their deposits with the Bank. With regard to the healthcare sector, based on data from December 2014, the Bank controls 66% of the BPJS premium collection market, amounting to Rp23.4 trillion. This figure will continue to increase every year. In addition, the payment of claims by BPJS Kesehatan to its providers offers an opportunity for the Bank to further increase deposits. If the Bank can acquire BPJS Kesehatan providers, claims payments will be channeled through the Bank.

Additionally, the acquisition of a health insurance company like InHealth, which has the largest network in Indonesia, means that funds derived from premium receipts will be channeled through the Bank, amounting to Rp 1.7 trillion per year, including the deposit of provider funds (doctors, hospitals and pharmacies) derived from the payment of claims amounting to Rp860 billion per year.

The provision of industry solutions in the Healthcare, Port, FMCG and Telco sectors is expected to give a competitive advantage to the Bank that will be difficult for competitors to replicate, thereby helping realize Bank Mandiri's vision of being ASEAN's Largest Bank by 2020

BETTER SUSTAINABILITY

The basic formulation for the transaction banking business was initiated back in 2008 at the time of the preparation of the Corporate Plan 2009-2014. Increasing competition and the need for liquidity encouraged Bank Mandiri to integrate all business lines associated with transaction banking into a single Directorate, namely the Transaction Banking Directorate. This integration will help increase the focus and synergies so as to encourage more customer transactions. Transaction Banking not only provides transaction services, but also covers derivative businesses so that the potential of transaction banking is immense.

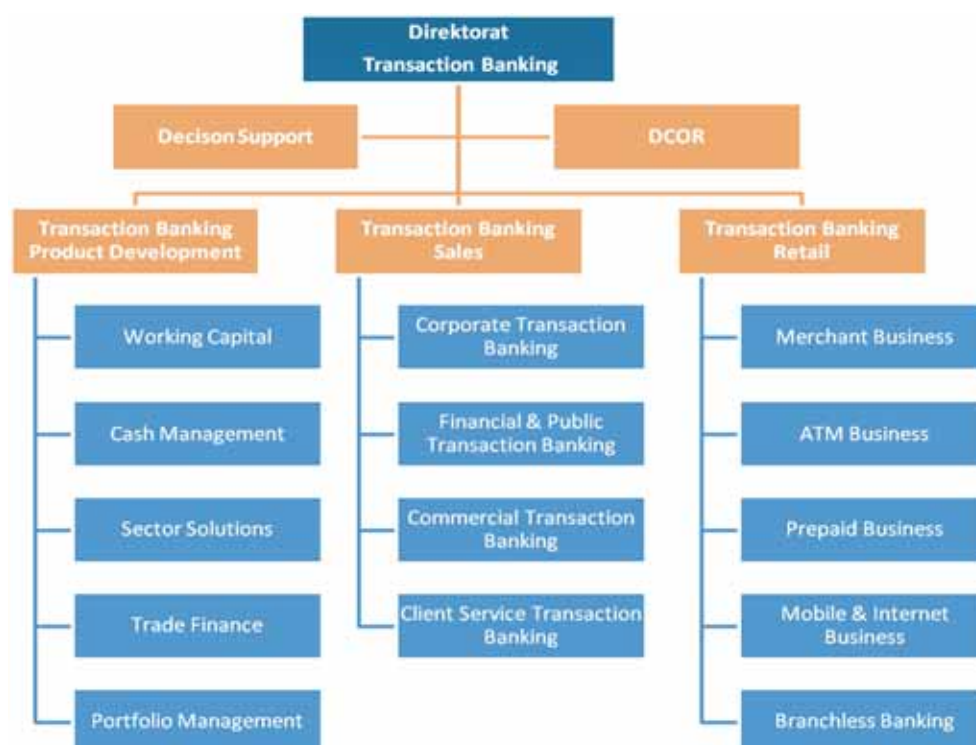
Transaction Banking Product Development, Transaction Banking Transaction Banking Retail Sales together produce products and solutions required by customers. By providing the products and solutions that are needed, Customer loyalty is enhanced as all of their needs are satisfied by only one bank, Bank Mandiri. This in turn makes

Transaction Banking business services more sustainable. The level of funds garnered from customers will be more stable and fees will increase in line with the growth of customer businesses.

Transaction Banking has a positive impact in the form of a growing supply of low-cost funds coming into the bank. By obtaining Low Cost Funds, the Bank becomes more competitive in maintaining its liquidity and more flexible in extending loans. In addition, the availability of low-cost funds lowers the cost of funds so that the Bank will be able to offer more competitive interest rates

TRANSACTIONAL BANKING DIRECTORATE ORGANIZATIONAL STRUCTURE

The Transaction Banking Directorate's organizational structure is as follows:



PERFORMANCE IN 2014

Overall, the performance of Transaction Banking in 2014 was encouraging, as outlined below:

1. When compared with 2013, the volume of trade transactions in the Wholesale segment increased significantly by 44.3%, with FBI increasing by 35.1%, FBI Bank Guarantees by 15.5%, Cash Management transaction volume by 39.7% and the FBI Cash Management by 26.8%.

Value Chain Solutions was also up, as indicated by a 60.7% increase in the number of principals that became customers, while the number of suppliers was up by 44.4% and the number of Distributors by 34.3%. The Supplier Financing transaction volume increased 51.6%, while assets increased 83.1%. The volume of Distributor Financing transactions increased by 296.4%, while assets were up 2.7%. Meanwhile, Giro Supplier Financing increased 106.4% and Distributor Financing 45.8%.

2. Sector Solutions, the acquisition of Giro accounts in the blue chip sectors grew significantly, with Health care up by 223.4%, Port by 94.9%, FMCG by 69.8% and Telco by 56.2%.

In the Retail segment, the number of Mobile Banking transactions increased by 140.2% when compared to 2013, while the volume of financial transactions increased by 160.9%.

The number of Internet Personal financial transactions increased by 22.8%, while the volume of financial transactions increased by 13.9%. The number of Business Center financial transactions was up 92.5%, while the volume of financial transactions increased by 90.4%.

The number of ATMs grew by 33.2%, while the number of EDCs grew 17.4%, with an increase of 21% in the number of transactions and 31% in financial transaction volume.

The number of prepaid cards grew by 43%, with an increase of 26.3% in the number of transactions, and 7.2% in transaction volume.

In addition, the Transaction Banking Directorate received the following awards in 2014::

1. Best Trade Finance Bank In Indonesia from Corporate Treasurer
2. Best Service Provider - Cash Management In Indonesia, from The Asset
3. Best Trade Finance Bank In Indonesia, from Alpha Southeast Asia
4. Indonesian Banking Award 2014 for the category of The Best Bank In Digital Services, from PT Tempo Inti Media Tbk.
5. Acquiring with The Most Sales Volume, from Visa International

TRANSACTION BANKING STRATEGIES

To support Bank Mandiri's vision of being the largest bank in ASEAN by 2020, Transaction Banking's strategies are aligned with the Bank Mandiri Corporate Plan 2015- 2020, namely, Deepen Client Relationship, Accelerate in Growth Segment, and Integrate the Group.

On the Wholesale side, strategies are focused on the development of generic or customized transaction solutions for customers in accordance with the business complexity, conditions and needs of the customer. The provision of appropriate solutions will increase fee-based income and third party funds.

On the Retail side, there will be massive development of public channels facilities, such as the ATM, EDC, Mobile and Internet Banking networks. For needs that are more complex, the focus will be on developing social banking products and services that are more personalized in accordance with specific customer requirements. In addition to the above, alliances will be forged between customer segments and with other business units so as to be able to serve all customer segments, namely, wholesale and retail, on an end to end basis



Corporate Governance



Corporate Governance

The practice of good corporate governance is a tool for ensuring business continuity, maintaining the trust of stakeholders, and fostering the integrity of the company. Bank Mandiri continues to apply corporate governance best practices, both at the national and regional levels, that are relevant and tailored to meet the needs of the company.



INTRODUCTION

The implementation of the principles of Good Corporate Governance (GCG) is absolutely necessary for the continuity of the company's business nowadays. Bank Mandiri continues to keep abreast of best corporate governance practices at the national, regional and international that are relevant and in accordance with its needs. This is part of the Bank's efforts to promote a sound banking system that is built on the principles of good corporate governance.

GCG implementation in Bank Mandiri having regard to Law No. 19 of 2003 on SOEs, Bank Indonesia Regulation (PBI) No. 8/4 / PB1 / 2006 on the implementation of GCG in Commercial Banks, as amended by Regulation No. 8/14 / PB1 / 2006; Bank Indonesia Circular Letter No. 15/15 / DPNP dated 29 April 2013 on the implementation of GCG in Commercial Banks; and Minister of State Enterprises

Regulation No. PER-01 / MBU / 2011 on GCG in SOEs. In practice, the Bank applies the latest developments and best practices in corporate governance, including that the GCG Code published by the National Committee on Governance Policies, GCG guidelines for the Indonesian banking sector, and the ASEAN Corporate Governance Scorecard, as well as business ethics and best business practices.

Accordingly, the Bank has continued to increase its commitment to upholding the values of integrity and corporate governance in carrying out its business activities. All in Bank Mandiri believe that the fulfillment of GCG will support the achievement of the Bank's objectives as regards performance, profitability and added value for all stakeholders, as well as ensure long-term business sustainability.

GCG PRINCIPLES

Bank Mandiri continues to encourage increased coverage of GCG in all aspects and at all levels of the company organization, including by continuing to enhance soft-structure GCG, dissemination of information on GCG soft-structure on an ongoing basis, and conducting GCG self assessments on a regular basis to support the increased effectiveness of GCG application. GCG implementation is based on the principles of Transparency, Accountability, Responsibility, Independence, and Fairness (TARIF).



The way in which the principles of good corporate governance are applied by Bank Mandiri may be described as follows:

GCG Principles	Description
Transparency	<ol style="list-style-type: none"> 1. The Bank discloses information in a timely, adequate, clear, accurate and comparable manner that is accessible to interested parties (stakeholders) in accordance with their rights. 2. The Bank discloses information which includes but is not limited the vision, mission, business objectives, strategies, financial condition, management composition and compensation, controlling shareholders, cross shareholdings, executive officers, risk management, control systems and internal control, compliance status, and GCG system and implementation of the Bank and information and material facts that may affect the decisions of investors 3. The principle of transparency is subject to the banking secrecy rules, professional confidentiality and personal rights, in accordance with the regulations. 4. The Bank's policy must be in writing and communicated to Stakeholders, who have the right to obtain information on such policy.
Accountability	<ol style="list-style-type: none"> 1. The Bank sets business objectives and strategies as part of its Accountability to stakeholders. 2. The Bank applies a checks and balances system in its management. 3. The Bank has agreed performance yardsticks for all positions in the company, in accordance with corporate culture values, business objectives and the strategies of the Bank, and has a rewards and punishment system. 4. The Bank must ensure that all organs in the organization have the necessary authority to discharge their responsibilities, and that they understand their roles in the implementation of good corporate governance.
Responsibility	<ol style="list-style-type: none"> 1. The Bank adheres to prudential banking practices and ensures compliance with applicable regulations. 2. The Bank, as a good corporate citizen, is concerned about the environment and social responsibility.
Independence	<ol style="list-style-type: none"> 1. The Bank avoids undue domination by stakeholders in all circumstances and is not affected by unilateral interests and conflicts of interest. 2. The Bank makes decisions objectively and free from pressure from any third parties.
Fairness & Equality	<ol style="list-style-type: none"> 1. The Bank takes into account the interests of all stakeholders based on the principles of equality and fairness (equal treatment). 2. The Bank provides the opportunity for all stakeholders to provide input and opinions in the Bank's interest, and provides access to appropriate information based on the principle of transparency.

GCG BASIC POLICIES

To improve the quality and coverage of GCG implementation on an ongoing basis, Bank Mandiri has adopted operational policies for all business units in line with the principles of good corporate governance. These include the GCG Code, the Employee Code of Conduct, Business Ethics, Board Manual, Whistle-Blowing System (WBS) Policy and various other operational policies of the Bank, in accordance with the legislation in force and the needs of the company..

GCG IMPLEMENTATION AT A GLANCE

The implementation of GCG has been carried out in a structured and gradual manner, as described below:

Year	Good Corporate Governance Program
1998 Initial Merger	<p>Awareness of the importance of GCG was heightened by the Indonesian banking crisis that erupted as a result 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.</p>
2000 - 2001 Laying the Foundations of Governance Commitment, Structure and Mechanisms	<ul style="list-style-type: none"> In response to the signing of a Management Contract with the World Bank, Bank Mandiri issues: <ul style="list-style-type: none"> 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 Bank Mandiri 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..

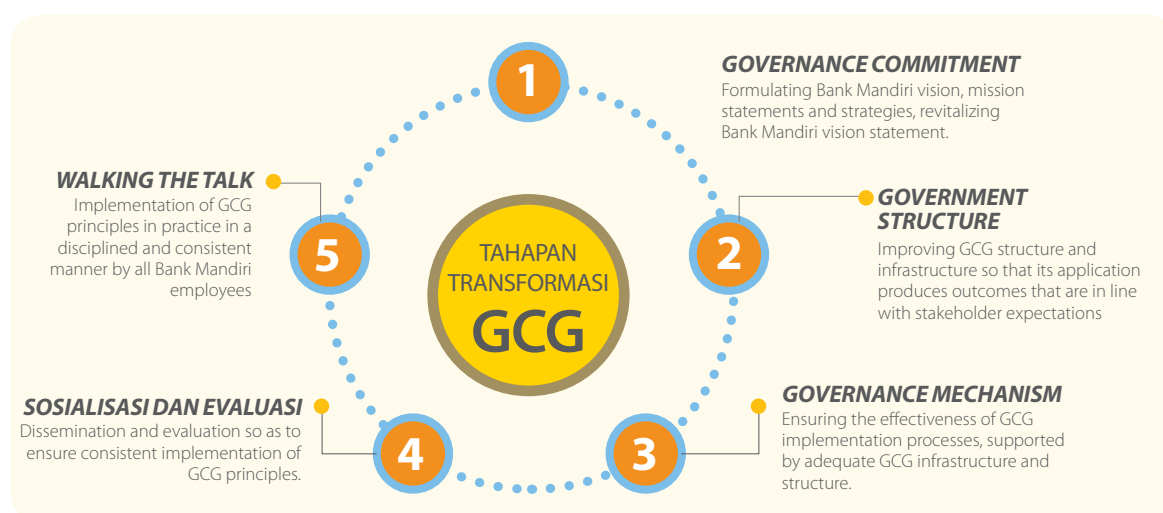
Year	Good Corporate Governance Program
2003 <i>Initial Public Offering</i> (IPO) Bank Mandiri	<ul style="list-style-type: none"> • In the context of the Bank Mandiri IPO, further improvements were made to the application of GCG, including: • The establishment of a number of committees at the Board of Commissioners' level, namely <ul style="list-style-type: none"> - 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
2005 Cultural Transformation	<ul style="list-style-type: none"> • 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.
2008 - 2010 Further Cultural Transformation	<ul style="list-style-type: none"> • 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.

Year	Good Corporate Governance Program
2011 – 2013	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> The Indonesian Institute for Corporate Governance (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.. GCG Rating by The Indonesian Institute for Corporate Directorship (IICD), which evaluates and rates the 100 public companies with the largest market capitalizations on the Indonesia Stock Exchange, Mandiri meraih named Best Financial GCG Rating by Corporate Governance Asia (CGA), based in Hong Kong, since 2009 Bank Mandiri has been named "Based Company" for GCG. As part of the effort to eliminate gratuities in line with the advice of the Corruption Eradication Commission, 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 KPK's Anticorruption Week Exhibition 2013. During the exhibition, Bank Mandiri received the award for second best stand.
2014	<ul style="list-style-type: none"> The Corporate Governance Perception Index (CGPI) is a program of research and rating GCG implementation conducted by the independent Indonesian Institute for Corporate Governance (IICG). Bank Mandiri has participant in CGPI assessment for 10 (ten) years in a row since 2003 . In 2014, the Bank was named " Most Trusted," marking the 8th time in a row that the Bank has taken the award. GCG Rating by the Indonesian Institute for Corporate Directorship (IICD) in the context of the ASEAN CG Scorecard program – Bank Mandiri took the award for "Best Overall". GCG Rating by Corporate Governance Asia (CGA), based in Hong Kong, the Bank was named an "ICON in Corporate Governance." Good Corporate Citizen (GCC), in line with the Bank's corporate plan 2015-2020, one aspect of which is social economic impact, including serving as a corporate citizen role model - Bank Mandiri conducted a diagnostic review of the implementation of GCC in the Bank. Improving gratuities prohibition mechanism set out in the Operational Technical Guidelines for Gift Disclosure Statements, in accordance with the advice of the KPK.

STAGES IN GCG IMPLEMENTATION

It is recognized that GCG implementation efforts need to be directed and planned in accordance with the best standards in support of the achievement of company objectives. Accordingly, GCG actualization in the Bank is carried out in accordance with the provisions on GCG in Commercial Banks across all levels positions in the organization. GCG implementation in Bank Mandiri has regard to Bank Indonesia Regulation No. 8/4 / PBI / 2006 dated 30 January 2006, as amended by Bank Indonesia Regulation No. 8/14 / PBI / 2006 dated October 5, 2006.

The stages in Implementation of GCG in Bank Mandiri consist of (1) the formulation of governance commitment, (2) governance structure, (3) improvement of governance mechanisms, (4) dissemination and evaluation, and (5) walking the talk.



Transformasi GCG di Bank Mandiri dilaksanakan dengan berlandaskan prinsip-prinsip GCG yang dilaksanakan dalam 5 (lima) tahap, yaitu:



commitment to consistent application of gcg

Bank Mandiri is aware that the implementation of GCG is a long-term process that will generate sustainable value, and that it is an absolute necessity if Bank Mandiri is to deal with the competition, improve effectiveness and efficiency in managing resources, and maximize the value of the company so that the Bank is able to operate and grow in a sustainable manner. Therefore, the Bank continues to make effort to ensure the internalizing of the principles of good corporate governance in its systems and procedures, and to establish appropriate behaviors in order to encourage a culture that upholds professionalism, integrity, service quality and prudential banking.

BANK MANDIRI GOOD CORPORATE GOVERNANCE FOCUSES IN 2014

To building on what was carried in previous years, in 2014 Bank Mandiri strengthened the implementation of good corporate governance by, among other things, focusing on:

1. Creating Synergies in GCG Implementation Across the Bank Mandiri Group

In 2012, Bank Mandiri began a process of aligning the implementation of GCG in its subsidiaries. In compliance with PBI Number. 8/4 / PBI / 2006 dated January 30, as amended by PBI No. 8/14 / PBI / 2006 dated October 5, 2006 and SEBI No. 15/15 / DPNP dated 29 April 2013 on the implementation of GCG in Commercial Banks, Bank Mandiri regularly conducts GCG self-assessments both on a Bank alone and on a consolidated basis with its subsidiaries, with the results of such self-assessments forming an integral part of the Bank's GCG Implementation Report. Since the assessment period in June 2013, GCG assessment by subsidiaries has used the Risk Profile Extended (RPX) approach. In 2014, subsidiary Bank Syariah Mandiri underwent GCG assessment by an

independent external party and participated in the Corporate Governance Perception Index (CGPI), and was recognized as "The Most Trusted", while in 2014 the subsidiaries that participant in the CGPI were Bank Syariah Mandiri, which was categorized "The Most Trusted", and Mandiri Tunas Finance and Bank Sinar Harapan Bali, which were categorized as "Trusted".

2. National Integrity System, in Collaboration with KPK

The gratuities control program and implementation of the implementation of the integrity system on a sustainable basis through the National Integrity System. On 4 November 2014, Bank Mandiri and the Corruption Eradication Commission (KPK) jointly signed an MoU to act as strategic partners in building a national integrity system.

This MoU was followed up with concrete activities, both long term and short term, which can directly deliver tangible results, such as kick-off activities and workshops on the development of an integrity culture, dissemination of the national integrity system and a series of integrity-focused TOT events.

Formal and informal meetings between senior executives of the Bank and KPK officials were also conducted so as to give rise to mutual understanding and TOR for the development of the national integrity system. This involved the alignment of culture development in the Bank and “the spirit of national prosperity” with the integrated prevention programs that have been developed in the context of the development of the national integrity system.

The National Integrity System (SIN) is a KPK initiative to ensure that the efforts to combat corruption are effective within the framework of achieving overarching national goals. Success will require the involvement of all elements of the nation, including both the government and private sectors, as well as other important elements. All will need to collaborate to build the National Integrity System.

Bank Mandiri continues to demonstrate its commitment to upholding the value of integrity and applying the principles of good corporate governance in its business activities. All in Bank Mandiri believe that the fulfillment of GCG can support the objectives of the Bank in achieving optimum performance, profitability and added value for all stakeholders, as well as long-term business sustainability.

SELF-ASSESSMENT GCG

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.

The results of the self assessment on the implementation of GCG for the second semester of 2013 and first semester of 2014 resulted in Bank Mandiri being placed in Rank 2 by the OJK, meaning that overall the Bank is properly implementing GCG as reflected in the satisfactory fulfillment of GCG principles. While a number of weaknesses were identified, these were not significant and could be resolved by normal management actions. The said weaknesses were successfully remedied so that Bank Mandiri was placed in Rank 1 (“Very Good”) by the OJK based on the self-assessment conducted in the second semester of 2014.

GCG ASEAN SCORECARD

The GCG ASEAN Scorecard program is an initiative of the ASEAN Capital Markets Forum (ACMF) to assess the implementation of GCG having regard to the principles of good corporate governance developed by the Organization for Economic Cooperation and Development (OECD), which cover:

1. Rights of Shareholders
2. Equitable Treatment of Shareholders
3. Role of Stakeholders
4. Disclosure and Transparency
5. Responsibilities of the Board of Commissioners and Directors

To date, this scorecard system has been used to assess GCG in public companies other Asean countries such as the Philippines, Malaysia, Singapore, Thailand and Vietnam.

As the domestic ranking body for Asean Corporate Governance Scorecard, the Indonesian Institute for Corporate Directorship (IICD) has conducted a rating survey ratings on GCG practice using the Asean Corporate Governance Scorecard method. The results for Bank Mandiri are as follows:

SKOR ASEAN CG SCORECARD BANK MANDIRI					
No	ASEAN CG Scorecard Component	2014		2013	
		Score	Total Score	Score	Total Score
1	Rights of Shareholders (10%)	38.46	3.85	48	4.8
2	Equitable Treatment of Shareholders (15%)	64.71	9.71	58.82	8.82
3	Role of Stakeholders (10%)	57.14	5.71	80.95	8.10
4	Disclosure and Transparency (25%)	70.00	17.50	85	21.25
5	Responsibilities of The Boards (40%)	62.03	24.81	75	30
6	Bonus	4	4	6	6
7	Penalty	0	0	0	0
Total Score			85.68		78.97

*The results for 2014 will only be made available in March 2015

RATING GCG – CGPI AWARD

Bank Mandiri participates in the Corporate Governance Perception Index (CGPI) rating process every year. The purposes, benefits and aspects of the CGPI are as follows::

Purposes

1. To serve as an indicator of the quality standards to be achieved by the company in the form of public recognition of the application of the principles of good corporate governance;
2. Realization of joint commitment and responsibility and efforts to encourage all members of the organization to implement good corporate governance and heed business risk aspects.

Benefits :

1. Reforms corporate organization to support the realization of GCG;
2. Increases awareness and commitment from the company and stakeholders as regards the implementation of GCG;
3. Identifies strategic issues in corporate governance practices;
4. Increases mutual awareness of the importance of good corporate governance in risk management so as to achieve sustainable growth.

Assessment Aspects in 2014

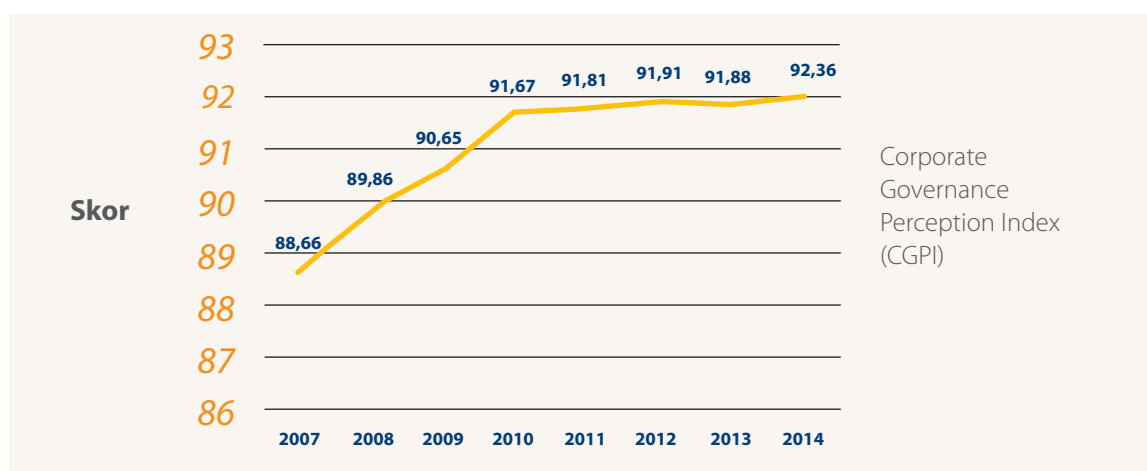
Self Assessment	24,87
Documentary	38,08
Research Papers	12,72
Observation	16,69

In the CGPI assessment of Bank Mandiri in 2014, the Bank received a score of 92.36 with the title "The Most Trusted Company". Bank Mandiri's CGPI assessment results over the last 8 years are as follows:

Table: Bank Mandiri's CGPI Score, 2007-2014

	2007	2008	2009	2010	2011	2012	2013	2014
Corporate Governance Perception Index (CGPI)	88,66	89,86	90,65	91,67	91,81	91,91	91,88	92,36

Graph: Bank Mandiri's CGPI Score, 2007-2014



CONFLICT OF INTEREST AND GRATUITIES POLICY

In 2014, Bank Mandiri launched the 'Implementation of the National Integrity System - Spirit of National Prosperity' program to control gratuities through the application of the integrity principle in the Bank's business.

PROHIBITION ON GRATUITIES

Bank Mandiri has a Code of Conduct, which set guidelines of the behavior of employees vis-à-vis external parties, such as shareholders, affiliated companies, investors, customers, suppliers, government, and the public at large. These guidelines have become the corporate culture of the Bank, which prohibits abuse of office and conflicts of interest, and regulates matters relating to the integrity of employees.

As part of the campaign against gratuities, on November 4, 2014, the Bank made a commitment to the KPK to:

1. Develop the National Integrity System based on a Work Culture and Spirit of National Prosperity approach.
2. Control gratuities in the bank

Currently, the Bank is in the process of setting up a Gratuity Control Unit and updating the contents of the Gift Disclosure Statement, which prohibit the acceptance of gratuities, as well as the mechanisms for reporting to the KPK and internally within the Bank. With the adoption of such internal regulations, it is expected that all Bank employees will have the same perception on the acceptance of gratuities and be able to take prompt and appropriate action in accordance with the regulations.

PUBLIC OFFICIALS ASSET REPORTS (LHKPN)

In order to encourage more effective implementation of GCG, Bank Mandiri complies with the provisions on mandatory Public Officials Asset Reports (LHKPN), based on Directive of the Head of the Corruption Eradication Commission (KPK) Number: KEP.07 / KPK / 02/2005 on the Registration, Examination and Announcement of LHKPN.

As a concrete effort to ensure transparency and the prevention of corruption in the Bank and in order to help build a country that is clean and free from corruption, collusion and nepotism, the members of the Board of Commissioners and Board of Directors, Executive Officers 1 (one) level below the Board of Directors, and other structural official in the Bank are required to submit LHKPN.

The provisions on LHKPN are stipulated in specific policies set forth in a resolution of the Board of Directors and are updated from time to time in accordance with the provisions in force.

1. Determination of Officials Required to Submit LHKPN

No	Board of Directors Resolution	Regarding
1	KEP.DIR/ 071 /2011, Dated. 22 March 2011	The expansion of officials required to submit LHKPN in PT Bank Mandiri (Persero) Tbk.
2	KEP.DIR/ 090 /2009, Dated. 29 June 2009	The expansion of officials required to submit LHKPN in PT Bank Mandiri (Persero) Tbk.

- a. The above policies set out officials that are required to submit LHKPN on an ex-officio basis, with such reports stating the official's assets before, during and after serving in office.
- b. Determination of that officials that are required to submit LHKPN is based on criteria set out in the prevailing legislation. Such officials include all members of the Board of Commissioners, Board of Directors, Group Heads / equivalent, Department Heads / equivalent, Heads of Regional Offices, Area Managers and other officials.

2. Appointment of LHKPN Coordinators.

No	Board of Directors Resolution	Regarding
1	KEP.DIR/ 342 /2013, Dated. 27 December 2013	Appointment of LHKPN Management Coordinator and Application User in Pt Bank Mandiri (Persero) Tbk.
2	KEP.DIR/ 214 /2010, Dated. 5 August 2010	Change in Appointment of LHKPN Management Coordinator and Application User in Pt Bank Mandiri (Persero) Tbk.
3	KEP.DIR/ 091 /2009, Dated. 29 June 2009	Appointment of LHKPN Management Coordinator and Application User in Pt Bank Mandiri (Persero) Tbk.

- Coordinator managers determine the officials who must submit LHKPN, monitor the submission of LHKPN and provide information on LHKPN obligations.
- The updating of LHKPN data is coordinated with the KPK, which is also informed of any changes in the relevant positions in the bank.

3. LHKPN Report

The LHKPN submission process until the end of 2014 was continuously monitored and evaluated, particularly in relation to the structural officials that must submit LHKPN (a total of 346 employees). The management team, including the members of the Board of Commissioners, Board of Directors, SEVPs and structural officials that submitted LHKPN up to December 31, 2014 were issued Asset Numbers (NHK) by the KPK. Most of the relevant officials complied with their LHKPN obligations.

Pejabat Wajib Lapo LHKPN	Jumlah Tahun 2014	Jumlah Yang Telah Menyampaikan LHKPN	Seluruh pejabat Bank Mandiri wajib lapo LHKPN telah menyampaikan laporannya kepada KPK dan mendapatkan NHK.
Dewan Komisaris	7	7	
Direksi	11	11	
Senior Executive Vice President (SEVP)	7	7	
Pejabat Struktural wajib LHKPN	311	311	

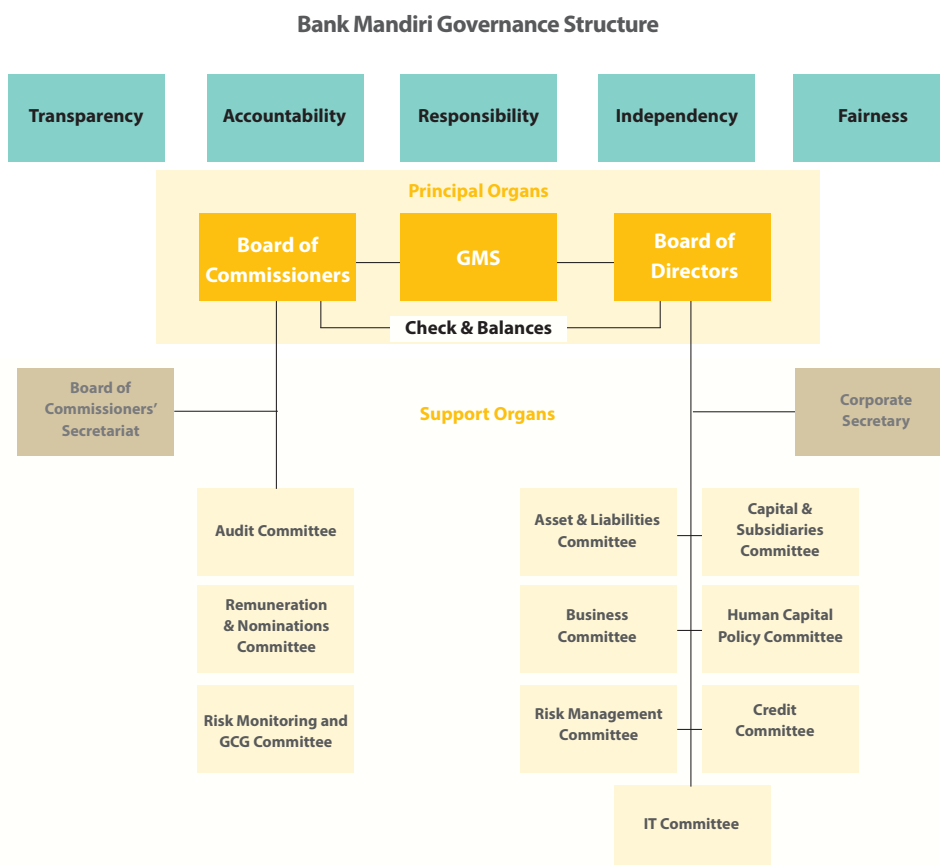
Corporate Governance Structure and Mechanisms

In line with the provisions of the Limited Liability Companies Act No. 40 of 2007, the corporate governance structure of the Bank consists of the General Meeting of Shareholders (AGM), the Board of Commissioners and Board of Directors. The implementation of corporate governance is carried out systematically and consistently, with the principles of good corporate governance guiding the day-to-day operations of Bank Mandiri..

The Board of Commissioners has established committees to assist it and enhance the BOC's control functions. In carrying out its duties and responsibilities, each committee of the Board of Commissioners works in accordance with its remit, based on the relevant resolution of the Board of Commissioners.

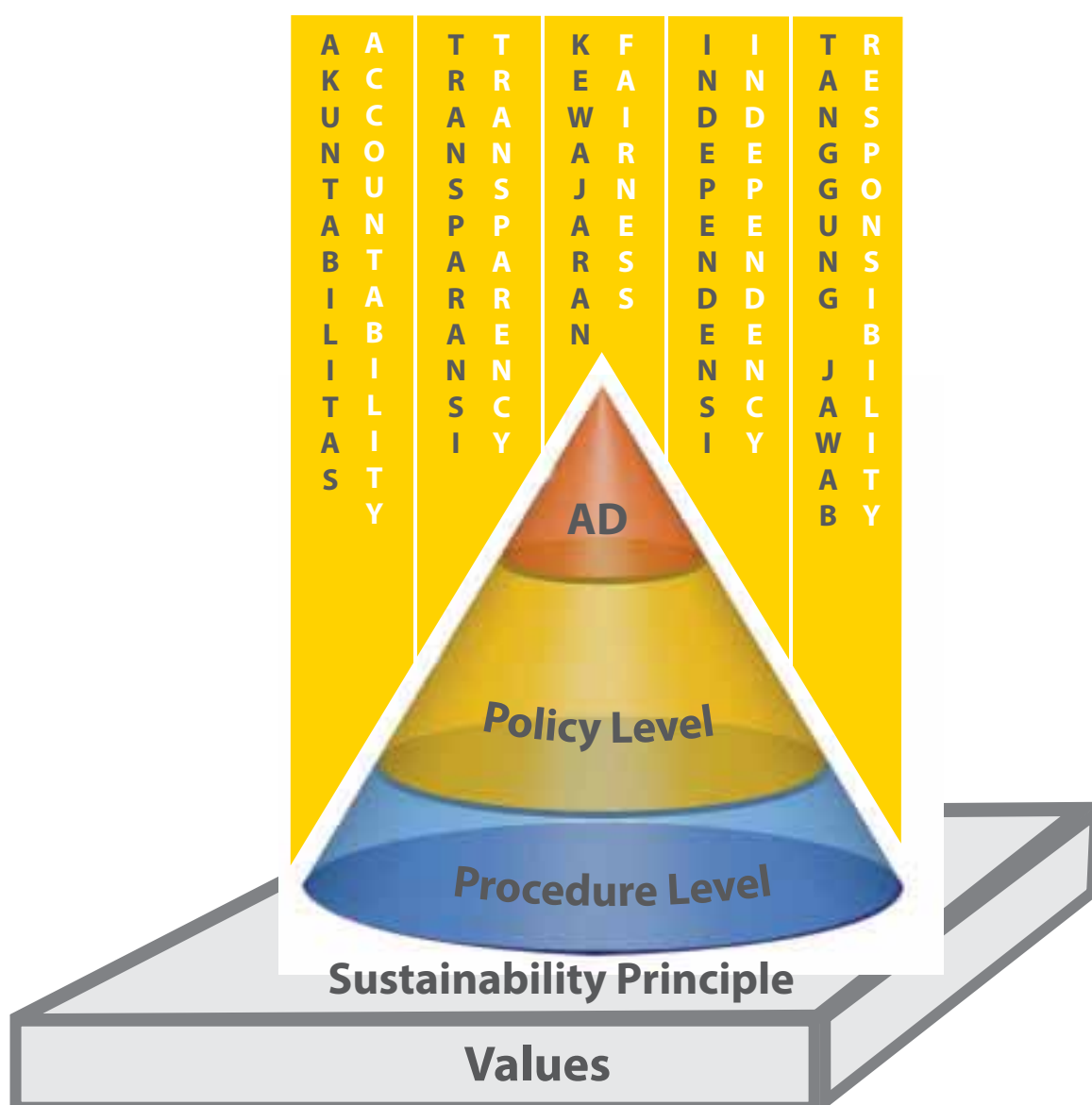
The Board of Directors is assisted by the Bank's management team in managing, controlling, overseeing, and accounting for the implementation of GCG, together with committees subordinate to the Board of Commissioners and Board of Directors, and the Office of Corporate Secretary

Struktur Governance Bank Mandiri



CORPORATE MANAGEMENT POLICY ARCHITECTURE

The hierarchy or architecture for determining policies and procedures based on the principles of Good Corporate Governance requires the establishment of written policies and procedures, as described in the following diagram:



general meeting of shareholders

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. The Bank Mandiri's GMS serves as a forum through which all of the shareholders can exercise their rights, voice opinions and vote in relation to the protection of make important decisions that concern the development and future of Bank Mandiri in a fair and transparent manner.

AUTHORITY AND RESPONSIBILITIES OF SHAREHOLDERS

Under the Articles of Association, the shareholders through the GMS are vested with all authority that has not been given to the Board of Directors and Board of Commissioners, including the appointment and removal of commissioners and directors, evaluating the performance of the Board of Commissioners and Board of Directors, approving amendments to the Articles of Association, approving the annual report, and determining profit allocation..

The responsibilities of shareholders include the following:

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.

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.

Adapun tahapan pelaksanaan RUPS secara umum mengacu pada ketentuan dalam Anggaran Dasar dan ketentuan Bapepam-LK No. IX.I.1 sebagai berikut:



A GMS is chaired by the Chief Commissioner, who first reads out the rules of procedure of the GMS after it has been convened, which rules are incorporated in the minutes. The Chair provides an opportunity to the shareholders or their proxies to submit questions / comments and / or suggestions on any item of business. The Chair or a Director appointed by the Chair, responds to the questions / comments of the shareholders. After all of the questions have been answered or responded, voting takes place. Only shareholders or their proxies are entitled to vote. Each share entitles its holder to cast one vote. Bank Mandiri has appointed an independent party, namely, Notary Ashoya Ratam, for the purpose of counting and validating votes.

In 2014, the Bank held 2 GMS, namely, the Annual General Meeting for fiscal year 2013 on 27 February 2014, and an Extraordinary General Meeting on May 21, 2014.

As regards the Annual General Meeting, the details as regards the notice, invitation, agenda and resolutions are as set out below:

ANNUAL GENERAL MEETING OF SHAREHOLDERS (AGM)

	Notice	Invitation	Agenda
AGM 2014 Dated: 27 February 2014	Announced on January 28, 2014 in Bisnis Indonesia and Suara Pembaruan in Indonesian, and the Jakarta Post in English and through the Bank's website.	Conducted through GMS Invitation No. FST. CSC / 03 / P / II / 2014 on February 12, 2014 in the same newspapers.	<ol style="list-style-type: none"> 1) Approval of the Annual Report and Approval of the Consolidated Financial Statements, Report of Task Approval and Ratification of Board of Commissioners Annual Supervision Report on the Implementation of the Partnership and Environmental Development Program for the financial year 2013. 2) Approval for the use of net profit of the Company for the financial year 2013.

	Resolutions	Setuju	Tidak Setuju	Blanko
1)	<p>a. Approved the Company's Annual Report including the Supervisory Report which has been implemented by the Board of Commissioners for the financial year ended December 31, 2013, and ratified the Consolidated Financial Statements of the Company for the financial year 2013 as audited by Public Accountant Tanudiredja, Wibisana & Partners - a member firm of PwC Global Network, with an "unqualified" opinion.</p> <p>b. To approve the Annual Report of the Implementation of the Partnership and Environmental Development Program for the financial year ended December 31, 2013 as audited by Public Accounting Firm Rama Wendra with an "unqualified" opinion</p>	19.121.852.702 (99.936%)	12.294.499	32.567.402
2)	<p>With the approval of the Annual Report including the Supervisory Report which has been presented by the Board of Commissioners as well as the Annual Report on the Implementation of the Partnership and Environmental Development Program in 2013, then: GMS provided full release and discharge (volledig acquit et de charge) to all members of the Board of Directors and members of the Board of Commissioners for the management and supervision actions that were conducted during the financial year 2013.</p>			
	<p>Approved and authorized the use of Company Net Profit in financial year 2013 amounting to Rp 18,203,753,301,421.70 as follows: (a) 30% of net profit to be distributed as cash dividend to shareholders who will be paid according to applicable regulations, (b) 12.90% of net profit to be set aside as Reserves to support investment and (c) 57.10% of the net profit of the Company designated as Retained Earnings.</p>	19.104.140.783 (99,843%)	30.006.418	32.567.402

ANNUAL GENERAL MEETING OF SHAREHOLDERS (AGM)

	Notice	Invitation	Agenda
			<p>3) To appoint a Public Accounting Firm to audit the financial statements and Annual Report of the Partnership and Environmental Development Program for the financial year ending on December 31, 2014.</p> <p>4) To determine the salaries of members of the Board of Directors, the Board of Commissioners' honorarium and bonuses and other benefits for all members of the Board of Directors and members of the Board of Commissioners.</p> <p>5) To approve the planned acquisition of shares of PT Asuransi Jiwa Inhealth Indonesia</p>

	Resolutions	Setuju	Tidak Setuju	Blanko
a)	Appointed Tanudiredja, Wibisana & Partners - a Member Firm of PricewaterhouseCoopers Global Network ("PwC") to audit the Company's Consolidated Financial Statements and Annual Report of the Implementation of the Partnership and Environmental Development Program for the financial year ended on 31-12-2014	18.891.102.308 (99,123%)	167.207.623	108.404.672
b)	To authorize the Board of Commissioners to determine the honorarium and other requirements for the accountant, and to appoint another accountant should PwC, for any reason be unable to complete the audit of the Company's Financial Statements and Annual Report of the Partnership and Environmental Development Program for the financial year ended December 31-12-2014			
	Agreed to provide authority and power to the Board of Commissioners, with the prior approval of the Series A Dwiwarna shareholders to determine the amount the bonuses for members of the Board of Directors and the Board of Commissioners for the financial year 2013 and to determine the salaries, emoluments, allowances and facilities and other benefits payable to members of the Board of Directors and member of the Board of Commissioners for the financial year 2014 (two thousand fourteen)	18.509.313.436 (97,924%)	392.323.334	265.077.833
	Approved the proposed acquisition of PT Asuransi Jiwa Inhealth Indonesia shares with a total value of Rp 1.750.000.000.000 (one trillion seven hundred and fifty billion Rupiah) less the interim dividend in financial year 2013, amounting to Rp 100,000,000 (one hundred billion rupiah) and to structure the transaction in two (2) phases, with in Phase 1 (one) the Company acquiring 60% of the total issued and paid-up capital of InHealth and in Phase 2 acquiring 80% of the total issued and paid-up capital of InHealth	15.288.807.421 (81,698%)	3.424.886.752	453.020.430

ANNUAL GENERAL MEETING OF SHAREHOLDERS (AGM)

	Notice	Invitation	Agenda	
			6) Amendment of the Articles of Association with regard to shares and share certificates	

	Resolutions	Setuju	Tidak Setuju	Blanko
1).	<p>Approved amendments to the Articles of Association of the Company in particular Article 5 by adding (a) paragraph in Article 5 as the 10th paragraph with the following formula: Article 5. Shares and Share Certificates</p> <p>(9) Proof of share ownership can be a share certificate or collective share certificate whose form and content shall be prescribed by the Board of Directors and with the physical or printed signature by the CEO and Chief Commissioner, or if the CEO and / or the Chief Commissioner is absent, and this does not need to be proved to a third party, then by another member of the Board of Directors and / or member of the Board of Commissioners.</p> <p>(10) a. Series B shares held by public shareholders shall must be placed in collective custody at the Central Securities Depository and listed for trading on the Indonesia Stock Exchange. b. Implementation of the rights of the public shareholders who hold Series B shares is subject to the provisions of article 8 of the Articles of Association</p>	18.722.552.828 (99,569%)	81.098.575	363.063.200
2).	In the event that a decision regarding changes to the Articles of Association in item 1 above is not in accordance with futures laws and regulations, then the Articles of Association were be amended once more at the next GMS of the Company.			
3).	The Board of Directors is authorized, with the right of substitution, to restate the decision on the amendment of the Articles of Association in a notarial deed and subsequently notify the competent authority and do all other acts required in connection with the amendment of the Company's Articles of Association to the extent this is required by the prevailing of future provisions of the law.			

Extraordinary General Meeting of Shareholder

	Notice	Invitation
EGMS held on 21 May 2014	Notified on 21 April 2014 in Bisnis Indonesia and Suara Pembaruan in Bahasa Indonesia, and in the Jakarta Post in English and on the Bank Mandiri website.	Conducted through Invitation No. FST.CSC / 011 / P / V / 2014 on May 6, 2014, notified in the same newspapers.

The resolutions of the AGM for financial year 2014 were published in Bisnis Indonesia and Suara Pembaruan (in the Indonesian language) and in the Jakarta Post (in the English language) on 28 February 2014, and were also published on the Bank Mandiri website at www.bankmandiri.co.id in both Indonesian and English.

Agenda**Resolutions**

Perubahan Susunan
Pengurus Perseroan

1. Granted honorable discharge to :
 - a) Mr. Edwin Gerungan as Chief Commissioner and Independent Commissioner
 - b) Ms. Gunarni Soeworo as Independent Commissioner
 - c) Mr. Wahyu Hidayat as Commissioner; and
 - d) Mr. Agus Suprijanto as Commissioner.
2. Appointed :
 - a) Mr. Mahmuddin Yasin as Commissioner
 - b) b) Mr. Askolani as Commissioner
 - c) c) Ms. Aviliani as Independent Commissioner
 - d) d) Mr. Anton Hermanto Gunawan as Independent Commissioner

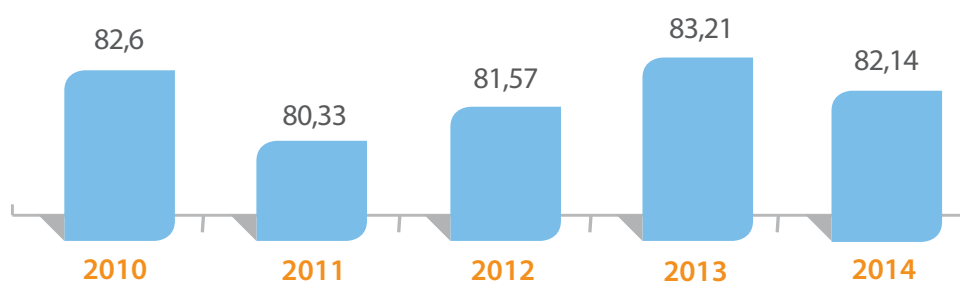
each of whom shall serve from the closing of the GMS until the closing of the fifth Annual General Meeting subsequent to their appointments. The appointments will be effective upon approval of the Financial Services Authority based on the fit and proper process and in compliance with the regulations
3. Provided authority to the Board of Directors of the Company, with substitution rights, to perform all necessary actions relating to the rlsn2 of the Meeting agenda in accordance with the applicable legislation, including the stating of the resolutions in a Notarial Deed and to notify the changes in Company management to the Ministry of Justice and Human Rights of the Republic of Indonesia and to propose the conducting of Fit and Proper Tests to the OJK

Table: Shareholder Attendance (%)

Year	2010	2011	2012	2013	2014
% attendance	82,60	80,33	81,57	83,21	82,14

The level of shareholder attendance at the Bank Mandiri AGMs over the last 5 years remained at around 80%, showing that the notice and invitation to the AGMs were effectively conveyed, as well as a high level of concern and engagement on the part of Bank Mandiri shareholders. In 2014, the attendance level was 82.14%.

Graph: Percentage Shareholder Attendance at AGMs



LEVEL OF IMPLEMENTATION OF SHAREHOLDER RESOLUTION FROM 2013

In this 2014 annual report, Bank Mandiri has realized the decision of the AGM that held for the financial year 2013, the progress made with the realization of the following :

GMS Resolutions	Implementation of Resolutions	Status
Approval of the Annual Report and Approval of the Consolidated Financial Statements, Board of Commissioners Supervisory Report and Ratification of the Annual Report on the Implementation of the Partnership and Environmental Development Program for financial year 2013.	Completed	100%
Approval of the use of the Company's net profit for the financial year ended 31 December 2013	Completed	100%
Appointment of public accounting firm to audit the Company's Financial Statements and the Annual Report on the Implementation of the Partnership and Environmental Development Program for the financial year ending on 31 December 2014	Completed	100%
Determination of Directors' salaries, Commissioners' honoraria and performance-related bonuses and other benefits payable for all members of the Board of Directors and members of the Board of Commissioners	Completed	100%
Approval for the proposed acquisition of shares of PT Asuransi Jiwa Inhealth Indonesia	Completed	100%
Changes in company management	Completed	100%

board of commissioners

The Board of Commissioners is the organ of the company that is responsible for conducting general or special oversight in accordance with the Articles of Association and for providing advice to the Board of Directors, and ensuring that the applies Good Corporate Governance at all levels. The Board of Commissioners is assisted by an Audit Committee, Remuneration & Nominations Committee, a Risk Mentoring Committee and a Good Corporate Governance Committee.

APPOINTMENT CRITERIA, MEMBERSHIP AND COMPOSITION OF 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.

APPOINTMENT CRITERIA

Pursuant to PBI 23/12/2010 on Fit and Proper Tests), then members of the Board of Commissioners, as members of the Bank's Management Team, are required to pass in fit and proper tests conducted by Bank Indonesia. Members of the Bank management must meet the requirements of integrity, competence, and financial reputation.

In order to meet the requirement of integrity, a candidate member of the Board of Commissioners must have (1) good character and morals; (2) a commitment to comply with the legislation in force; (3) a commitment to the healthy development of the bank's operations; and (4) is not included in the Register of Disqualified Persons.

Meanwhile, to meet the competency requirement, a member of the Board of Commissioners must have:

1. Adequate knowledge in banking relevant to his position;
2. Experience and expertise in banking and / or finance; and
3. Strategic management capabilities in order to develop a healthy bank.

In addition, the majority of the members of the Board of Commissioners must have operational experience of at

least 5 (five) years as an executive officer of a bank. To meet the financial reputation requirement, a candidate member of the Board of Commissioners must meet the following requirements:

1. Not on the list of bad debtors;
2. Never have been been declared bankrupt or served as Director or Commissioner found guilty of causing; and
3. A company that was declared bankrupt within 5 (five) years prior to his nomination.

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.

NUMBER OF COMMISSIONERS AND COMPOSITION OF THE BOARD OF COMMISSIONERS

The number of Commissioners and composition of the Board of Commissioners must be appropriate so that the Board of Commissioners can carry out its duties and functions effectively and efficiently. The number of commissioners and composition of the Board of Commissioners of Bank Mandiri is influenced

by the size of the Board of Directors, business sectors and types of expertise required, overall risk, and the number of committees that have been established.

Based on the decision of the Extraordinary General Meeting held on May 21, 2014, honorable discharges were extended to Mr. Edwin Gerungan, Ms. Gunarni Soeworo, Mr. Wahyu Hidayat and Mr. Agus Suprijanto as Commissioners, while Mr. Mahmuddin Yasin, Mr. Askolani, Ms. Aviliani and Mr. Anton Hermanto Gunawan were appointed as new members of the Board of Commissioners.

The appointment of the new members of the Board of Commissioners was declared effective after approval was given by Financial Services Authority (OJK) based on the Fit and Proper Tests that it conducted (Decisions No. SR-149 / D.03 / 2014; SR-150 / D.03 / 2014; SR-151 / D.03 / 2014; and SR-151 / D.03 / 2014, dated September 3, 2014.

As of December 31, 2014, Bank Mandiri had 7 (seven) commissioners, 4 (four) of whom were Independent. This is in accordance with the PBI requirements, which stipulate that at least 50% of the total number of Commissioners are Independent Commissioners. This number of commissioners is less than the number of members of the Board of Directors, which has 11 members.

The composition of the Board of Commissioners during the period January 2014 – 21 May 2014 was as follows:

Name	Office	Basis of Appointment	Period of Office	Tit & Proper Test Conducted by:
Edwin Gerungan*)	Chief Commissioner/ Commissioner	<ul style="list-style-type: none"> AGM, 16 Mei 2005, AGM, 17 Mei 2010 	2005-2010 2010-2014	Bank Indonesia
Gunarni Soeworo*)	Independent Commissioner	<ul style="list-style-type: none"> AGM, 16 Mei 2005, AGM, 17 Mei 2010 	2005-2010 2010-2014	Bank Indonesia
Pradjoto	Independent Commissioner	<ul style="list-style-type: none"> AGM, 16 Mei 2005, AGM, 17 Mei 2010 	2005-2010 2010-2014	Bank Indonesia
Krisna Wijaya	Independent Commissioner	AGM, 5 July 2010	2010-to date	Bank Indonesia
Wahyu Hidayat*)	Commissioner	AGM, 23 April 2012	RUPS LB 21 Mei 2014	Bank Indonesia
Agus Suprijanto*)	Commissioner	AGM, 2 April 2013	RUPS LB 21 Mei 2014	Bank Indonesia
Abdul Azis	Commissioner	AGM, 2 April 2013	2013 – to date	Bank Indonesia

Note:

*) Mr Edwin Gerungan, Ms. Gunarni Soeworo, Mr. Wahyu Hidayat and Mr. Agus Suprijanto were honorably discharged by the EGM held on 21 May 2014.

The composition of the Board of Commissioners for the period September 2014-31 December 2014 was as follows:

Name	Office	Basis of Appointment	Period of Office	Tit & Proper Test Conducted by:
Mahmuddin Yasin*)	Chief Commissioner	EGM, 21 Mei 2014	2005-2010 2010-2014	Bank Indonesia
Pradjoto	Independent Commissioner	AGM, 16 May 2005, and reappointed as Independent Commissioner by the AGM on 17 May 2010	2005-2010 2010-2014	Bank Indonesia
Krisna Wijaya	Independent Commissioner	EGM, 5 July 2010	2010 -to date	Bank Indonesia
Abdul Azis	Commissioner	EGM, 2 April 2013	2013 -to date	Bank Indonesia
Askolani*)	Commissioner	EGM, 21 Mei 2014	-	OJK
Aviliani*)	Independent Commissioner	EGM, 21 Mei 2014	-	OJK
Anton Hermanto Gunawan*)	Independent Commissioner	EGM, 21 Mei 2014	-	OJK

Note:

*) Mr. Mahmuddin Yasin, Mr. Askolani, Ms. Aviliani, and Mr. Anton Hermanto became effective as members of the Board of Commissioners on 3 September 2014

DIVERSITY ON THE BOARD OF COMMISSIONERS

The composition of the Board of Commissioners, as described above, demonstrates sufficient diversity in the form of a combination of independence and expertise. As regards the expertise of the commissioners, this is discussed

in more detail in the Commissioners Profiles section of the Annual Report.

All of the members of the Bank Mandiri Board of Commissioners are characterized by integrity, competence, and good financial reputation. This is shown by the fact that all were approved by Bank Indonesia / OJK and passed fit and proper tests.

Diversity Aspect of board of commissioners composition table Mandiri

Diversity Aspect		
Education	<p>The diversity of educational backgrounds of the Board of Commissioners of Bank Mandiri, indicated by a mix of education, namely:</p> <ul style="list-style-type: none"> Qualification includes the level of Bachelor, Master and Doctoral Competence fields including the field of Law, Business Administration, Economics, Business Administration, Strategic Management, Human Resource Management and Business Management 	Composition of the Board of Commissioners has met the elements of diversity which is a combination of the education, work experience, and age.
Experience	<p>The diversity of work experience BOC Bank, among others, namely:</p> <ul style="list-style-type: none"> Vice President at the Ministry of BUMN Board Member Code of Conduct Risk Management Certification Agency Chairman of Islamic Economic Society and a member of the National Economic Committee Director General of Budget, Ministry of Finance 	
Age	Age diversity of the Board of Commissioners of Bank Mandiri in the range of reasonably productive age, the age of 48-61 years.	
Gender	there is one member of the Board of Commissioners of women in BM	

Related expertise BOC Bank Mandiri has been described in the Board of Commissioners in this Annual Report.

INDEPENDENCE OF THE BOARD OF 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.

To ensure the independence of the Board of Commissioners, Bank Mandiri has appointed four (4) Independent Commissioner out of the total of seven (7) members of the Board of Commissioners. This the number of Independent Commissioner standing at 50%, Bank Mandiri has complied with the regulatory requirements set out PBI No. 8/4 / PBI / 2006 as amended by PBI No. 8/14 / PBI / 2006 on the Implementation of Good Corporate Governance for Banks, and Article 28 of Law No. 19 of 2003 on SOEs.

Bank Mandiri's Independent Commissioners always avoid conflicts of interest and act independently, in the sense that they are under no conflicts of interest that could interfere with their ability to perform their tasks independently and critically, both in relation to each other and in relation to the Board of Directors.

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:
 - they have not been declared bankrupt.
 - 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.
 - 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.

FINANCIAL OR FAMILIAL RELATIONS OF MEMBERS OF THE BOARD OF COMMISSIONERS AND MEMBERS OF THE BOARD OF DIRECTORS AND/OR CONTROLLING SHAREHOLDER

There is no member of the Board of Commissioners or Board of Directors of Bank Mandiri who doubles as a Commissioner, Director and Executive Officer of the Bank / other institution, as they do not have family relations with other members of the Board of Directors and / or members of the Board of Commissioners to the second degree. With such status, the members of the Board of Directors of Bank Mandiri always act independently, so there is no conflict of interest in the execution of their duties and responsibilities independently and critically, including in respect of relations between the Board of Directors and Board of Commissioners.

The Directors of Bank Mandiri is headed by a CEO who is independent of the controlling shareholder. In addition, the members of the Board of Directors do not double as the CEOs or directors in other State Owned Enterprises, Regional Enterprises or Private Companies, or other positions related to the management of the Bank, including structural positions, and other functional positions in central / local government institutions / agencies, or other positions in accordance with the provisions of the Articles of Association of the Bank and the legislation in force..

Name	Family Relationship with			Financial relationship with		
	Board of Commissioners	Board of Directors	Controlling Shareholder	Board of Commissioners	Board of Directors	Controlling Shareholder
Board of Commissioners						
Mahmuddin Yasin	-	-	-	-	-	-
Pradjoto	-	-	-	-	-	-
Krisna Wijaya	-	-	-	-	-	-
Abdul Azis	-	-	-	-	-	-
Askolani	-	-	-	-	-	-
Aviliani	-	-	-	-	-	-
Anton H. Gunawan	-	-	-	-	-	-
Board of Directors						
Budi G. Sadikin	-	-	-	-	-	-
Riswinandi	-	-	-	-	-	-
Abdul Rachman	-	-	-	-	-	-
Sentot A. Sentaosa	-	-	-	-	-	-
Ogi Prastomiyono	-	-	-	-	-	-
Pahala N. Mansury	-	-	-	-	-	-
Fransisca N. Mok	-	-	-	-	-	-
Sunarso	-	-	-	-	-	-
Kresna Sediarsi	-	-	-	-	-	-
Royke Tumilaar	-	-	-	-	-	-
Hery Gunardi	-	-	-	-	-	-

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 KEPKOM/002/2012, dated May 29, 2012, covering (1) General provisions, (2) Duties, Obligations, Rights and Authority of the Board of Commissioners, (3) Supporting Institutions, (4) Meetings of the Board of Commissioners, (5) Allocation of Duties, (6) Amendment Process, (7) Conclusion.

DUTIES, RESPONSIBILITIES, AUTHORITY AND OBLIGATIONS OF THE BOARD OF COMMISSIONERS

DUTIES OF THE BOARD OF COMMISSIONERS

The duties of the Board of Commissioners are as follows:

1. To supervise the management policy and the course of the management of the company by the Board of Directors, and provide advice to the Board of Directors, for the benefit of the company and in accordance with the aims and objectives of the Company;
2. Perform tasks that are specifically assigned in accordance with the Articles of Association, the law and / or based on a decision of the GMS;
3. Perform duties, powers and responsibilities in accordance with the provisions of the Articles of Association and the resolutions of the GMS;
4. In performing its duties, the Board of Commissioners must act in the interests of the Company and is accountable to the General Meeting of Shareholders;
5. To examine and review the annual report prepared by the Board of Directors and to sign the annual report.

RESPONSIBILITIES OF THE BOARD OF COMMISSIONERS

1. Supervise the implementation of the work plan and budget of the Company;
2. Keep abreast of Company activities and in the event that the Company shows weakness, to immediately report to the GMS, accompanied by advice on corrective measures to be taken;
3. To propose to the GMS the appointment of a public accountant who will audit the books of the Company;

4. Perform other monitoring tasks set by the GSM;
5. Provide feedback on the periodic reports of the Board of Directors and report the results of the performance of its duties to the Series A Dwiwarna shareholder in a timely fashion;
6. Provide feedback and approval for the annual budget and work plan of the Company and the Company's long-term work plan that are prepared and submitted by the Board of Directors;
7. Provide approval for the work plan and annual budget of the Company which shall be issued not later than the thirtieth day after the first month of the new financial year;
8. If by the end of the time limit referred to in paragraph g above, the Board of Commissioners has not approved the annual work plan and budget of the Company, then the Company shall apply the annual work plan and budget for the previous financial year.

AUTHORITY OF THE BOARD OF COMMISSIONERS

1. The Board of Commissioners shall establish committees as required by the law and, if deemed necessary, may request the assistance of experts for limited periods of time in carrying out its duties at the expense of the Company.
2. The Members of the Board of Commissioners may at any time during normal business hours of the Company, enter onto the buildings and premises or other places used or controlled by the Company, and has the right to inspect all books, correspondence and other documents, check and verify the cash and other positions, and is entitled to be informed all the actions taken by the Board of Directors.
3. The Board of Commissioners has the right to ask for clarifications on any matters from the Company's Board of Directors and each member of the Board of Directors is obliged to provide the requested explanations.
4. The Board of Commissioners is entitled and

authorized to approve the policy of the Board of Directors regarding the determination of mechanisms, criteria, and delegations of authority in connection with the optimization of the Company's assets, including receivables.

- 5) a. In accordance with Article 15, paragraph 14, a meeting of the Board of Commissioners shall have the right at any time to suspend one or more members of the Board of Directors if the members of the Board of Directors in question act contrary to the Articles of Association, to the detriment of the Company, dereliction of duty and / or violate the regulations.

a. Such suspension must be notified in writing to the parties concerned, together with reasons. Within 45 (forty five) days of the suspension, the Board is required to convene the GMS to decide whether the relevant member of the Board of Directors will be dismissed or the suspension lifted, while the member of the Board of Directors who has been suspended shall be given the opportunity to defend him or herself.
- 6) If the GMS is not held within 45 (forty five) days after the effective date of the suspension, the suspension will be automatically lifted and the member of the Board of Directors shall be entitled to resume his original position.

RELATIONSHIP BETWEEN BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

So as to promote the image of the Company as Blue Chip Stock in South East Asia (Regional Champion Bank), the 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 relationship between of the Boards of Commissioners and Directors constitute a checks and balances relationship for the advancement and soundness of the Bank. The Board of Commissioners and Board of 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 prudential principles and criteria established by Bank Indonesia.
2. Good implementation of risk management as well as internal control system.
3. The achievement of fair returns for shareholders.
4. Terlindunginya kepentingan stakeholders secara wajar.
5. The fulfillment of GCG.
6. The implementation of leadership succession and management continuity in all line organizations.

As part of their commitment to fulfilling their responsibilities and maintain a checks and balances relationship, the Boards of Commissioners and Directors have agreed on 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.

BOARD OF COMMISSIONERS' ANNUAL WORK AND BUDGET PLAN 2014

The following werethe key focuses of the Board of Commissioners Work Program in 2014:

1. Monitoring, evaluating and providing input on the implementation of the strategic policies of the bank in the 2014-2010 period, namely focusing on liquidity, credit risk, the achievement of market share, market capitalization and profitability;
2. Supervising and providing input on the policy and strategy of the Board of Directors / Management in the framework of the implementation of the 5 financial milestones and 6 non-financial milestone targets, as set out in the 2014 RKAP, and 10 main focuses for business development;
3. Monitoring and providing input / advice to the Board on the implementation of non-organic business development programs;
4. Monitoring the infrastructure (IT and non IT), Human Capital and legal development programs in line with the Bank's business strategy and capacity;
5. Monitoring the implementation of the principles of Good Corporate Governance, Compliance and Risk management on an integrated basis with subsidiaries;
6. Monitoring and evaluation of the planning and execution of audits / other internal control systems, and monitoring the results of follow-up on audit / other inspection findings, including in subsidiaries;
7. Ensuring risk management has been carried out in an integrated and effective manner with subsidiaries so as to minimize non-performing loans and fraud as well as other risks;
8. Monitor the implementation of the program of work carried out by committees under the Board of Commissioners;
9. Conducting refresher training in order to broaden perceptions in the field of Risk Management and other fields.

The Board of Commissioners used this work program as a guide in the performance of its duty to ensure good corporate governance principles are applied in a holistic manner. The Board of Commissioners actively provided recommendations on crucial matters to the Board of Directors. However, such recommendations were made by taking into account the respective duties of the Board of Commissioners and Board of Directors, and the principle of checks and balances in the working relationship between the Board of Commissioners and Board of Directors.

MEETINGS OF THE BOARD OF COMMISSIONERS

The Board of Commissioners is an organ of the company in charge of supervising the management policies of the Company and the Company's business activities and providing advice to the Board of Directors. The Board of Commissioners shall act in good faith and responsibility in performing their duties for the benefit of the Company. Good faith as regards commissioners means participating in the Board of Commissioners' scheduled meetings.

As a regulator, the Ministry of SOEs sets the meeting schedule, as set forth in Circular Letter No. SE-03 / MBU / 2011 dated October 27, 2011, the Board of Commissioners shall hold meetings every Wednesday and if necessary the Board of Commissioners may invite the Board of Directors to participate in the meeting. In addition, provisions on the Board of Commissioners meetings are also regulated by Bank Indonesia under PBI No. 15/15 / DPNP dated 29 April 2013, which provides that a meeting of the Board of Commissioners shall be held regularly and at least four (4) times a year and that a physical meeting of the Board of Commissioners be held 2 times a year.

FREQUENCY OF MEETINGS OF BOARD OF COMMISSIONERS AND ATTENDANCE RECORD

The Board of Commissioners holds meetings to discuss matters that are strategic. In the implementation of board meetings, guests can be invited, as stated in Article 8 of the Board of Commissioners Roles of Conduct No. KEPKOM / 002/2012 dated May 29, 2012.

During 2014, the Board of Commissioners held five (5) internal meetings with the level of attendance of members of the Board of Commissioners on average reaching 70%. Members of the Board of Directors were invited to attend 13 (thirteen) meetings..

Table: Meetings of the Board of Commissioners without Directors being Invited, 2014:

Date of Meeting	Edwin Gerungan*	Gunarni Soeworo*	Wahyu Hidayat*	Agus Suprijanto*	Mahmuddin Yasin**	Pradjoto	Krisna Wijaya
20 February 2014	√	√	√	√	-	-	√
26 Mei 2014	-	-	-	-	-	-	√
20 August 2014	-	-	-	-	-	√	√
3 September 2014	-	-	-	-	√	-	√

Notes:

*) Discharged as members of the Board of Commissioners on 21 May 2014 (Edwin Gerungan, Gunarni Soeworo, Wahyu Hidayat, Agus Suprijanto)

**) Appointments of Mr. Mahmuddin Yasin, Mr. Askolani, Ms. Aviliani, and Mr. Anton Hermanto as commissioners became effective on 3 September 2014.

Attendance at internal meetings of the Board of Commissioners during the January-21 May 2014 period is as shown below:

Name	Position	Number of meetings	Absent	%hadir
Edwin Gerungan*)	Komisaris Utama merangkap Komisaris Independen	1	-	100
Gunarni Soeworo*)	Komisaris Independen	1	-	100
Wahyu Hidayat*)	Komisaris	1	-	100
Agus Suprijanto*)	Komisaris	1	-	100
Pradjoto	Komisaris Independen	1	1	0
Krisna Wijaya	Komisaris Independen	1	-	100
Abdul Azis	Komisaris	1	1	0

*) Edwin Gerungan, Gunarni Soeworo, Wahyu Hidayat, and Agus Suprijanto were honorably discharged as members of the Board of Commissioners at the EGM held on 21 May 2014

	Abdul Azis	Askolani**	Aviliani**	Anton Hermanto Gunawan**	Agenda Rapat
-	-	-	-	-	<ul style="list-style-type: none"> Laporan Pengawasan Rencana Bisnis Bank Semester II Tahun 2013 kepada Bank Indonesia Program Kerja Dewan Komisaris Tahun 2014
-	-	-	-	-	<ul style="list-style-type: none"> Pembagian Keanggotaan Komite Kinerja Bank Mandiri (Bankwide March 2014 & Perbandingannya dengan Pesaing, Kinerja Mandiri 5 tahun terakhir & Perbandingannya dengan Pesaing) Hal-hal yang Memerlukan Perhatian (Pendanaan, Likuiditas)
√	-	√	√	√	<ul style="list-style-type: none"> Pembahasan Laporan Pengawasan RBB Smt I 2014
-	√	√	√	√	<ul style="list-style-type: none"> Permohonan Persetujuan Pemberian Fasilitas Update Mandiri Sekuritas Perpanjangan Jangka Waktu Fasilitas Intraday

Attendance at internal meetings of the Board of Commissioners during the September-December 2014 period is as shown below:

Name	Position	Number of meetings	Absent	%hadir
Mahmuddin Yasin*)	Komisaris Utama	1	-	100
Pradjoto	Komisaris Independen	3	1	67
Krisna Wijaya	Komisaris Independen	3	-	100
Abdul Azis	Komisaris	3	1	67
Askolani*)	Komisaris	1	-	50
Aviliani*)	Komisaris Independen	1	-	100
Anton Hermanto Gunawan*)	Komisaris Independen	1	-	100

*) Appointments of Mr. Mahmuddin Yasin, Mr. Askolani, Ms. Aviliani, and Mr. Anton Hermanto as commissioners became effective on 3 September 2014.

Table: Meetings of Board of Commissioners to which Directors were invited in 2014:

Date of Meeting	Edwin Gerungan*	Gunarni Soeworo*	Wahyu Hidayat*	Agus Suprijanto*	Mahmuddin Yasin**	Pradjoto	Krisna Wijaya	
28 January 2014	√	√	√	√	√	√	√	
25 February 2014	√	√	√	√	√	√	√	
25 March 2014	√	√	√	√	√	√	√	
15 April 2014	√	√	√	√	√	√	√	
20 Mei 2014	√	√	√	√	√	√	√	
18 June 2014	-	-	-	-	√	√	√	
2 July 2014	-	-	-	-	√	√	√	

	Abdul Azis	Askolani**	Aviliani**	Anton Hermanto Gunawan**	Agenda
	√	√	√	√	<ul style="list-style-type: none"> • Report on Implementation of Commissioners' Resolutions and Approval of Meeting Minutes • Financial Statements and Performance December 2013 • Financial Statements of fiscal year 2013 • Application for Approval of Extension of Customers Credit Lines
	√	√	√	√	<ul style="list-style-type: none"> • Report on Implementation of Commissioners' Resolutions and Approval of Meeting Minutes • Financial Statements and Performance January 2014 • Application for Approval of the Increase and Extension JW Joint Financing Facility
	√	√	√	√	<ul style="list-style-type: none"> • Report on Implementation of Commissioners' Resolutions and Approval of Meeting Minutes • Financial Statements and Performance February 2014 • Application for Approval of Customer KI, KMK and BG Facilities • Request for additional capital for subsidiaries
	√	√	√	√	<ul style="list-style-type: none"> • Report on Implementation of Commissioners' Resolutions and Approval of Meeting Minutes • Financial Statements and Performance March 2014 • Preparation for EGM • Miscellaneous
	√	√	√	√	<ul style="list-style-type: none"> • Report on Implementation of Commissioners' Resolutions and Approval of Meeting Minutes • Financial Statements and Performance April 2014 • Miscellaneous
	√	√	√	√	<ul style="list-style-type: none"> • Financial Statements and Performance May 2014 • Application for Approval of Special Transaction Loan Facility (PTK) and Supplementary Limit Bank Guarantee • Application for approval of changes to the terms and conditions of investment credit facility • Miscellaneous
	√	√	√	√	<ul style="list-style-type: none"> • Corporate plan 2014-2020 • Miscellaneous

Date of Meeting	Edwin Gerungan*	Gunarni Soeworo*	Wahyu Hidayat*	Agus Suprijanto*	Mahmuddin Yasin**	Pradjoto	Krisna Wijaya	
18 July 2014	-	-	-	-	√	√	√	
20 August 2014	-	-	-	-	√	√	√	
24 September 2014	-	-	-	-	√	√	√	
22 October 2014	-	-	-	-	√	√	√	
21 November 2014	-	-	-	-	√	√	√	
18 December 2014	-	-	-	-	√	√	√	

Note:

*) Edwin Gerungan, Gunarni Soeworo, Wahyu Hidayat, and Agus Suprijanto were honorably discharged as members of the Board of Commissioners at the EGM held on 21 May 2014

*) Appointments of Mr. Mahmuddin Yasin, Mr. Askolani, Ms. Aviliani, and Mr. Anton Hermanto as commissioners became effective on 3 September 2014.

	Abdul Azis	Askolani**	Aviliani**	Anton Hermanto Gunawan**	Agenda
	√	√	√	√	<ul style="list-style-type: none"> Financial Statements and Performance June 2014 Proposed organizational structure Application for Approval of Extension of Credit Line Facility Miscellaneous
	√	√	√	√	<ul style="list-style-type: none"> Financial Statements and Performance July 2014 Application for Approval for the provision of additional facilities and treasury line extension, alteration and extension of the terms of collateral bank guarantee, the provision of the L / C Import and SKBDN and back offers short-term credit facilities Application for Approval for the provision of additional working capital credit facilities and extension and the extension of the term of bank guarantee Application for approval of customer for the provision of additional working capital credit facility limit and treasury facilities for extension line and merging L / C Import and SKBDN Application for approval of customers for GIF (General Import Financing) offer and L / C offer and extension of validity period of treasury line facility Discussion of the organizational structure Capital increase in MAGI Miscellaneous
	√	√	√	√	<ul style="list-style-type: none"> Financial Statements and Performance August 2014 Application for Approval of Extension of Credit Line Facility: Bank Syariah Mandiri Export Import Bank Of Korea Miscellaneous
	√	√	√	√	<ul style="list-style-type: none"> Laporan Keuangan dan Kinerja bulan September 2014 Permohonan Persetujuan Penyesuaian Materi Kebijakan Bank Mandiri Permohonan Persetujuan Kerjasama Pembiayaan Bersama (Joint Financing) Kendaraan Bermotor Permohonan Persetujuan Pendirian Perusahaan Pembiayaan Baru bersama dengan mitra strategis Lain-lain
	√	√	√	√	<ul style="list-style-type: none"> Financial Statements and Performance October 2014 Application for Approval of Internal Control System Policy and Internal Audit Policy Application for approval for alienation of portion of land assets in Jakarta Application for approval of offers of Short Term Loan facility (KJP), Treasury Line & Supply Issuer Limit Draft RKAP 2015 and RBB 2015-2017 Miscellaneous
	√	√	√	√	<ul style="list-style-type: none"> Financial Statements and Performance November 2014 Developments in performance of Subsidiaries & Overseas Offices Development of Financial Institutions Pension Fund Management Additional Working Capital Loan Application Addition for PT Mandiri Tunas Finance Miscellaneous

Percentage attendance at meetings of the Board of Commissioners to which Directors were invited in the period from January-21 May 2014 was as follows:

No	Name	Number of Meetings	Absent	% Attendance
1	Edwin Gerungan*	5	-	100
2	Gunarni Soeworo*	5	-	100
3	Wahyu Hidayat*	5	-	100
4	Agus Suprijanto*	5	-	100
5	Pradjoto	5	-	100
6	Krisna Wijaya	5	-	100
7	Abdul Azis	5	-	100

Note:

•: **Edwin Gerungan, Gunarni Soeworo, Wahyu Hidayat, and Agus Suprijanto were honorably discharged as members of the Board of Commissioners at the EGM held on 21 May 2014**

Percentage attendance at meetings of the Board of Commissioners to which Directors were invited in the period from September-December 2014 was as follows:

No	Name	Number of Meetings	Absent	% Attendance
1	Mahmuddin Yasin*)	4	-	100
2	Pradjoto	4	-	100
3	Krisna Wijaya	4	-	100
4	Abdul Azis	4	-	100
5	Askolani*)	4	-	100
6	Aviliani*)	4	-	100
7	Anton Hermanto Gunawan*)	4	-	100

*)Appointments of Mr. Mahmuddin Yasin, Mr. Askolani, Ms. Aviliani, and Mr. Anton Hermanto as commissioners became effective on 3 September 2014.

PERFORMANCE OF THE DUTIES OF THE BOARD OF COMMISSIONERS IN 2014

The Board of Commissioners conducted a series of activities that were part of the work program of the Board of Commissioners of Bank Mandiri, such as conducting regular meetings, both internal and joint meetings with the Board of Directors and Audit Committee, conducting working visits and attending several trainings / seminars / workshops as an effort to shape the development of the Board of Commissioners of Bank Mandiri.

BOARD OF COMMISSIONERS ORIENTATION PROGRAM

Given that in May 2014 a change in the composition of the Board of Commissioners took place, Bank Mandiri conducted an orientation and enhanced capabilities program for the new commissioners in the form of distributing the Board Manual as a reference for them in carrying out their functions of supervisory duties. In addition, the program involved on-site visits to units in the Head Office and the regions to meet face to face with employees the Bank located in the Central and Regional Offices.

The program was aimed at providing an overview of the business activities, future plans, guidelines and work of the Company that is the responsibility of the Board

of Commissioners. The program was prepared by the Corporate Secretary of the Group through the study of documents provided in soft copy and hard copy form, including the Annual Report, the Work Plan and Budget (CBP), Corporate Long Term Plan (RJPP), Articles of Association of the Company, Corporate Governance Policy, Code of Ethics, the Work Program of the Board of Commissioners and its Committees, Rules of the Board of Commissioners, Rules of the Board of Directors and Rules of the Board of Commissioners' Committees, as well as laws and regulations related to the Bank's business processes.

TRAINING FOR COMMISSIONERS

Two (2) types of training are provided to commissioners: Company Orientation Program and Competency Development Program.

COMPETENCY DEVELOPMENT PROGRAM

In line with implementation of GCG, the provision of Competency Development Programs for the Board of Commissioners is listed in the annual budget plan of the Board of Commissioners. The Board of Commissioners provides training programs to support the effort to enhance the knowledge of members of the Board of Commissioners on current developments in the banking industry and other knowledge related to the implementation of the supervisory duties of the Board of Commissioners.

The training programs provided to Commissioners included:

Commissioner	Position	Training/Seminar/Workshop	Date	Venue
Mahmuddin Yasin	Chief Commissioner / Independent Commissioner	• <i>Ank Risk Management Refreshment Program for</i>	26-28 November 2014	Hongkong
Pradjoto	Independent Commissioner	• Non Deal Road Show	7-14 Mei 2014	London
		• Executive International Conference – BARA	15-16 September 2014	Moskow
Krisna Wijaya	Independent Commissioner	• Benchmarking to Technology Companies	3-6 March 2014	San Fransisco, USA
		• Executive International Conference – BARA	15-16 September 2014	Moskow/ Rusia
		• Training Executive	30-31 October 2014	London
		• Kunjungan ke Cabang Bank Mandiri (Europe) Limited (BMEL)	3 November 2014	London

Commissioner	Position	Training/Seminar/Workshop	Date	Venue
Abdul Azis	Commissioner	• Mendampingi Menteri Negara Badan Usaha Milik Negara ke Jepang dan Cina	23 February - 1 March 2014	Jepang dan Cina
		• Washington DC Mendampingi Menteri BUMN ke Washington DC	13-18 June 2014	Washington DC
		• Mendampingi Menteri BUMN	7-11 October 2014	Tianjin, China
		• Bank Risk Management Refreshment Program for Executive	27-28 November 2014	Hongkong
		• Mandiri Sahabatku	13-15 December 2014	Hongkong
Askolani	Commissioner	• Asia Banking CEO Rountable	23-26 November 2014	Narita
Aviliani	Independent Commissioner	• Executive International Conference – BARA	15-16 September 2014	Moscow/ Rusia
		• 20th Asean Banking Conference & 44th ASEAN Banking council Meeting	11-14 November 2014	Cebu, Filipina
Anton Hermanto Gunawan	Independent Commissioner	• Executive International Conference – BARA	15-16 September 2014	Moskow
		• IIF Annual Meeting	10-11 October 2014	Washington DC
		• Morgan Stanley Conference	11-12 November 2014	Singapore

INDICATORS OF BOARD OF COMMISSIONERS PERFORMANCE

In carrying out its duties and functions, the Board of Commissioners is always guided by the Articles of Association, GMS decisions, and the Work Program of the Board of Commissioners.

The Board of Commissioners uses this work program as a guide in their duties to ensure good corporate governance principles are applied in an holistic manner. In carrying out the work program, the Board is assisted by the Audit Committee, Risk Monitoring and GCG Committee and and the Remuneration and Nominations Committee.

The Implementation of the Work Program of the Board of Commissioners during 2014 resulted in the issuing of approvals, opinions, comments, and recommendations to the Board of Directors, as described below:

1. Provided input on the implementation of the Bank Mandiri corporate plan 2010-2014
2. Approved Revised Work and Budget Plan (RKAP) 2014 Persetujuan atas Revisi Rencana Bisnis Bank (RBB) 2013-2015.
3. Lpproved of Revised Business Plan (RBB) 2013-2015.
4. Bank Mandiri RBB Supervision Report for second half of 2013.
5. Bank Mandiri RBB Supervision Report for first half of 2014.
6. Provided evaluations and suggestions in order to increase the value of the company and market share revenue.
7. Held Commissioners meetings, included meeting to which the Directors were invited, to discuss reports
8. Realization of business development plans, strategic alliances and operational efficiency in accordance with the RKAP and RBB.

EVALUATION OF BOARD OF COMMISSIONERS' PERFORMANCE

Assessment of performance of the Board of Commissioners is held once every year, using the method of self-assessment. The success of the performance of the Board of Commissioners is the result of the collegial work of the entire Board of Commissioners which is reflected in the realization of the Work and Budget Plan (RKAP) on an annual basis. The performance of the Board of Commissioners is assessed based on the health of the Bank, which covers aspects risk profile, Good Corporate Governance (GCG), profitability and bank capital. The organs that evaluate the performance of the Board of Commissioners are the GMS and Bank Indonesia.

Assessments of the performance of the Board of Commissioners are conducted based on the results of the regular self-assessment report to Bank Indonesia, based on Bank Indonesia Circular Letter number 15/15 / DPNP dated 29 April 2013, on the Implementation of Good Corporate Governance in Commercial Banks, in which the parameters related to the Board of Commissioners' performance evaluation include the TARIF principles in the application of GCG in the performance of the Board of Commissioners supervisory function in respect of the management of the Bank.

Besides through self-assessment, assessment of the Board of Commissioners is conducted at the time of presentation of its annual accountability report to the GMS. At the GMS held on 2013 on May 21, 2014, the shareholders approved the annual report of the company for financial year 2013 and the results that were achieved during that year. Furthermore, the GMS granted full discharge and acquittal (aquit et decharge) to the Board of Commissioners for fiscal year 2013's operations.

board of directors

The company's Board of Directors is the organ that is fully and collectively responsible for managing the Bank's interests and objectives in accordance with the intents and purpose of the company, and for representing the company, both in and out of court, in accordance with the Articles of Association. In performing its duties, the Board of Directors is responsible to the GMS as part of its duty of accountability in accordance with the principles of good corporate governance.

CRITERIA AND PROCEDURES FOR THE APPOINTMENT OF DIRECTORS

As a State-Owned Enterprise in the form of Public Limited Liability Company that applies GCG, the criteria and procedures for the appointment of members of the Board of Directors of Bank Mandiri are subject to :

- a. Law No. 40 of 2007 on Limited Liability Companies ("UU PT"),
- b. Government Regulation No. 45 of 2005 on the establishment, management, supervision and dissolution of state owned enterprises (GR No. 45/2005). All of these statutory provisions are incorporated in the Articles of Association of Bank Mandiri.
- c. Bank Indonesia Regulation No. 12/23/PBI/2010 dated December 29, 2010 regarding Fit and Proper Tests ("PBI No. 12/23/2010"). Since 31 December 2013, the duties and functions of Bank Indonesia in regulating the banking sector have been transferred to the Financial Services Authority (OJK) so that the OJK is now responsible for evaluating competencies and suitability.

Dalam UU PT diatur bahwa yang dapat diangkat menjadi anggota Direksi adalah orang perseorangan yang cakap melakukan perbuatan hukum, kecuali dalam waktu 5 (lima) tahun sebelum pengangkatannya tidak pernah:

- been declared bankrupt;
- been a member of Board of Directors or Board of Commissioners that was found guilty of causing a Company to be bankrupt; or

- been convicted of having committed a criminal act that caused loss to the state and/or related to the financial sector.

UU PT provides that 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.

Criteria for the appointment of directors are also set out in Government Regulation No. 45 of 2005 regarding Establishment, Management, Supervision and Dissolution of State Owned Enterprises, which provides that a person eligible to be appointed as a member of the Board of Directors shall be natural person who fulfills the criteria of expertise, integrity and dedication, who understands corporate management in relation to one particular management function, and who is able to provide the necessary time to perform his duties. In addition, he or she must fulfill the criteria set out in the companies legislation. The procedures for appointment and removal shall be determined by the GMS.

Before taking office as a Director of Bank Mandiri, a person appointed as Director must undergo a Fit and Proper Test, as stipulated in Bank Indonesia Regulation No. 12/23 / PBI / 2010 dated December 29, 2010. Since December 31, 2013, the Fit and Proper Test process for Directors and Commissioners has been transferred from Bank Indonesia to the Financial Services Authority. Thus, Directors and Commissioners must now pass fit and proper tests conducted by the Financial Services Authority. In doing so, they must satisfy the requirements of integrity, competence, and financial reputation. In order to satisfy the requirement of integrity, a candidate member of the Board of Directors of Bank must be of good moral character and be committed to complying with the legislation in force, have a strong commitment to the healthy development of the bank's operations and not be included on the Register of Disqualified Persons.

Meanwhile, in order to meet the competency requirements, a candidate Director must have adequate knowledge of banking relevant to the position, have experience and expertise in banking and / or finance and have the ability to conduct strategic management in order to develop a healthy bank. In addition, it is also required that the majority of the members of the Board of Directors have operational experience in the banking industry of at least 5 (five) years as an executive officer of a bank.

In order to fulfill the financial reputation requirement, the potential members of the Board of Directors should fulfill the

following conditions:

- not be on the list of uncooperative debtors; and
- never declared bankrupt nor served as member of a board of directors or board of commissioners found at fault in the bankruptcy of any company during the 5 (five) years preceding the candidacy.

In order to apply for a fit and proper test process, the Bank must submit an application for approval of the directors to the OJK. The number of candidate directors 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 OJK no later than 30 (thirty) days after receipt of the complete application.

The fit and proper test conducted by OJK encompasses administrative due diligence and interviews. In the event that a candidate for whom approval is requested from OJK is approved and appointed as a director pursuant to a resolution of a GMS, but the party concerned is not approved by OJK, the Bank, through the GMS, shall be required to dismiss the party concerned.

A candidate director awaiting approval from OJK is prohibited from performing duties as a member of the Board of Directors in the operations of the Bank and/or other activities significantly influencing the policy and financial condition of the Bank, notwithstanding the party concerned has been approved and appointed by a GMS.

NUMBER OF DIRECTORS AND COMPOSITION OF BOARD OF DIRECTORS

As of the end of financial year 2014, the Bank had 11 directors, with their particulars and fit-and-proper test status being as shown below:

No	Name	Office	Date of fit-and-proper test decision
1	Budi G. Sadikin	CEO	31 July 2013
2	Riswinandi	Deputy CEO	29 June 2010
3	Abdul Rachman	Director of Institutional Banking	7 June 2005
4	Sentot A. Sentausa	Director of Risk Management	29 September 2011
5	Ogi Prastomiyono	Director of Compliance & Legal	12 December 2008
6	Pahala N. Mansury	Director of Finance & Strategy	12 July 2010
7	Fransisca N. Mok	Director of Corporate Banking	12 July 2010
8	Sunarso	Director of Commercial & Business Banking	12 July 2010
9	Kresno Sediarsi	Director of Technology & Operations	4 October 2010
10	Royke Tumilaar	Director of Treasury, FI & Special Asset Mgt.	15 July 2011
11	Hery Gunardi	Director of Micro & Retail Banking	27 June 2013
All Bank Mandiri directors have been certified as having passed their fit-and-proper tests by Bank Indonesia			

All of the directors have passed fit-and-proper tests conducted by the OJK in and comply with the provisions of the UU PT and the requirements of GCG. All have integrity, competence and good reputations. The appointment and removal of directors is conducted by the GMS.

That fact that all of the directors have integrity, competence and good reputations is shown by their obtaining the approval of Bank Indonesia and passing fit-and-proper tests.

GUIDELINES AND PROCEDURES FOR BOARD OF DIRECTORS AND SEVPS

Guidelines for the work of the Board of Directors in discharging its role and functions in the management of the company and as regards the Board of Directors' relationship with the Board of Commissioners, are set out in the Board Manual, which is based on principles of corporate law, the legislation in force, the provisions of the Articles of Association, decisions and directives of the General Meeting of Shareholders and the principles of Good Corporate Governance, namely Transparency, Accountability, Responsibility, Independence and Fairness. The Board Manual is intended to explain the working relationship between the Board of Directors and the Board of Commissioners in carrying out their respective tasks in order to create a professional, transparent and efficient company management.

Adherence to the Board Manual is one manifestation of the commitment of the Board of Directors and the Board of Commissioners to the principles of good corporate governance, and is based on the Bank Mandiri Code of Good Corporate Governance.

The Board Charter is set out in the Board of Directors Resolution No. KEPDIR/317/2010 dated November 15, 2010, and consists of the following sections; mencakup:

1. General provisions
2. Duties, Obligations, Rights and Authority of the Board of Directors
3. Organization and Distribution of Duties
4. Meetings of the Board of Directors
5. General Policies
6. Committees
7. Correspondences and other matters
8. Amendment
9. Conclusion

DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

PRINCIPAL DUTIES OF THE BOARD OF DIRECTORS

The principal duties of the Board of Directors are:

1. 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.
2. to maintain and manage the Company; all of which duties were properly discharged during 2013.

SCOPE AND DESCRIPTION OF DUTIES OF INDIVIDUAL DIRECTORS

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 authorities.

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)

- 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 authorities.
- 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.

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 manag
- 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.

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..

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.

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.

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

MICRO & RETAIL BANKING DIRECTOR

1. Policies and Strategies

- 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 LEGAL DIRECTOR

1. Policies and Strategies

- a. To lead and direct the drafting and implementation of policies and strategies and, updating and disseminating of policy in the Compliance & Legal field.
- b. To lead and direct the development of a Business Plan short term, mid term, and long term Action Plans in the Compliance & Legal Directorate 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 that are under its mentorship and coordination and to act as Regional Office mentor.
- 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 coordinate, direct and implement the principles of good corporate governance.
- b. To determine the required measures to ensure the Bank's compliance with all prevailing laws and regulations.
- c. To monitor and maintain compliance in the Bank's business operations in line with the applicable laws.
- d. To monitor and maintain the Bank's compliance with all agreements and commitments agreed by the Bank with external parties.
- e. To comprehensively lead and coordinate policy and strategy formulation related to Compliance & Legal Capital over the short term, mid term, and long term.

- f. 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.
- g. To coordinate, direct and monitor the taking effective legal action through integrated case management with clear targets.
- h. To coordinate the performance achievement of the Compliance & Legal Directorate.
- i. To support the Regional CEOs role in implementing their coordination function in forging alliances with other Business Units.

3. Human Resources

To lead and direct Human Resources (HR) strategy in the Compliance & Legal Directorate, including proposing recruitment, promotion, transfer/rotation, mentoring and training in coordination with the Directorate responsible for human capital.

- 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.

FINANCE & STRATEGY DIRECTOR

1. Policies and Strategies

- a. To comprehensively lead and coordinate strategy, objectives for long term, mid term, and short term financial targets of Bank Mandiri.
- b. To lead and direct the development of short term, mid term and long term business and 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.

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.

COMMERCIAL BANKING DIRECTOR**1. Policies and Strategies**

- 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 and 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 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 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) policies under the coordination of Corporate Banking, including proposing recruitment, promotion, transfer/rotation, mentoring and training with the coordination of Compliance & Human Capital Director.

CORPORATE BANKING DIRECTOR**Policies and Strategies**

- 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 and 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 & Legal Director.

TECHNOLOGY & OPERATIONS DIRECTOR

1. Policies and Strategies

- a. To lead and direct the policy and strategy, development and implementation, to update and disseminate Technology & Operations Directorate policies..
- 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).

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 Resources

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.

TREASURY, FINANCIAL INSTITUTIONS & SPECIAL ASSET MANAGEMENT DIRECTOR

1. Policies and Strategies

- 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 and Action Plans for the short term, mid term and long-term 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 Resources

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.

INDEPENDENCE OF THE BOARD OF DIRECTORS

All of the members of the Board of Directors are independent and do not have any familial relationship in a vertical or horizontal line up to the second degree, or any financial relationships with the controlling shareholder, other members of the Board of Directors or members of the Board of Commissioners. None of the director hold concurrent positions as members of the Board of Commissioners, members of the Board of Directors or Executive Officers in any other institution where the holding of such position would be prohibited by the Bank Indonesia Regulation on GCG.

The situation as regards family and financial relations between the members of the Board of Directors and other Directors and/or Commissioners and the Controlling Shareholder in 2014 is as shown in the following table:

Name	Family Relationship with						Financial relationship with						Control and Ownership of Shares in Other Companies					
	Board of Commissioners		Board of Directors		Shareholding		Board of Commissioners		Board of Directors		Shareholding		Board of Commissioners		Board of Directors		Shareholding	
	Ya	Tidak	Ya	Tidak	Ya	Tidak	Ya	Tidak	Ya	Tidak	Ya	Tidak	Ya	Tidak	Ya	Tidak	Ya	Tidak
Budi G. Sadikin	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√
Riswinandi	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√
Abdul Rachman	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√
Sentot A. Sentausa	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√
Ogi Prastomiyono	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√
Pahala N. Mansury	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√
Fransisca N. Mok	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√
Sunarso	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√
Kresno Sediarsi	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√
Royke Tumilaar	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√
Hery Gunardi	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√	-	√

During 2014, all members of the Board of Directors of the Bank had no relationship Family Relations, the Finance, Leadership and ownership of shares in other companies

BOARD OF DIRECTORS MEETINGS

Meetings of the Board of Directors are important forums in the determination of policy and management decisions in the Company. Decisions are taken by consensus. In the event that a consensus is not reached, the decision is taken by majority vote. All decisions are collegial in nature.

As a regulator, the Ministry of SOEs has set forth provisions on meetings in Circular Letter No. SE-03 / MBU / 2011 dated October 27, 2011, which stipulates that the Board of Directors must hold a meeting every Tuesday and if necessary the Board may invite members of the Board of Commissioners to participate in their meetings.

To monitor operational performance, Bank Mandiri holds monthly meetings that are attended by all directors and executive officers one level below the Board of Directors. Directors may also take legal and binding decisions without convening a Meeting, provided that all members of the Board of Directors have been informed of the proposal and have given their written and signed consents. Resolutions so taken are of equal effect as resolutions adopted by a formal meeting.

FREQUENCY OF BOARD OF DIRECTORS MEETINGS AND LEVEL OF ATTENDANCE

During 2014, the Board of Directors held 59 internal meetings, with a level of attendance averaging 90%. In addition, a total of 13 combined meetings were held with the Board of Directors.

Table: Board of Directors Internal Meetings

Date	Budi G. Sadikin	Riswinandi	Abdul Rachman	Sentot A. Sentausa	Ogi Prastomiyono	Pahala N. Mansury	Fransisca N. Mok	Sunarso	
January 2014	3	4	2	3	4	4	3	4	
February 2014	4	4	4	4	3	3	4	4	
March 2014	3	3	3	4	3	3	4	3	
April 2014	6	6	6	6	6	6	6	6	
Mei 2014	5	5	4	5	5	6	5	6	
June 2014	3	4	4	4	4	4	3	4	
July 2014	4	4	4	4	4	4	3	4	
August 2014	6	6	5	5	4	4	6	6	
September 2014	3	5	3	4	4	3	4	5	
October 2014	4	3	5	5	5	5	5	4	

	Kresno Sediarsi	Royke Tumilaar	Hery Gunardi	Agenda
				<ol style="list-style-type: none"> Weekly Report - Performance per December 31, 2013 Proposed Transaction Structure - Project Oracle Update on new provisions on reporting obligations to PPAK per January 1, 2014 (LTKL) Study on "Indonesian Banking Regulation and Strategy, to Anticipate the implementation of the ASEAN Banking Framework" Proposed investment in ISEI
4	4	3		
				<ol style="list-style-type: none"> Weekly Report - Performance per January 10, 2014 Integration Plan for InHealth Proposed Mandiri Winner Best Employee 2013 Proposed management of Gd. Menara I Bapindo (BOT Phase 1 ended May 15, 2014)
4	4	4		
				<ol style="list-style-type: none"> Soundness of Bank Mandiri Individual discussion HC Update Recruitment Program Update discussion BMPK
2	3	3		
				<ol style="list-style-type: none"> Update Mandiri Run Update "Mandiri Research Institute" Update Culture Team Update Internal Control
6	6	5		
				<ol style="list-style-type: none"> HC Corplan 2015 - 2020 (Organization Structure Bankwide) Implementation proposal FATCA Update case skimming debit card Update housing policy
4	4	6		
				<ol style="list-style-type: none"> Direktorate Action Plan June 2014 KPMM Update & Portofolio Banking Book Proposed Use of Budget for Write-offs in First Quarter / 2014 lawyer performance update
4	3	4		
				<ol style="list-style-type: none"> Soft kick off implementasi Corplan 2015-2020 Financial Performance per June 2014 (material from BOC meeting on July 18, 2014) Compliance & IT Governance Review Update Project
4	2	4		
				<ol style="list-style-type: none"> Optimizing utilization and relevant provisions regarding transfer of Bank Mandiri assets Proposed S2 Officer Placement Program Financial Performance per July 2014 HC Discussion
6	6	6		
				<ol style="list-style-type: none"> Weekly Report per 12 September 2014 Non-Organic Growth Plan Update on Automotive Industry Value Chain Update on Giro Initiative Q4 / 2014
3	3	4		
				<ol style="list-style-type: none"> Update on Internal Audit Dte1 per September 2014 Update on BM preparations for CGPI 2013/2014 Share price enhancement strategy Proposed Establishment of Talent Classification
5	4	5		

Date	Budi G. Sadikin	Riswinandi	Abdul Rachman	Sentot A. Sentausa	Ogi Prastomiyono	Pahala N. Mansury	Fransisca N. Mok	Sunarso	
November 2014	5	5	5	6	6	6	6	5	
December 2014	3	5	5	3	4	5	4	5	
Jumlah	49	54	50	53	52	53	53	56	

THE PERCENTAGE ATTENDANCE AT INTERNAL BOARD OF DIRECTORS MEETING IS AS SHOWN IN THE FOLLOWING TABLE

No	Name	Office	Number of Meetings	Absent	% attendance
1	Budi G. Sadikin	Direktur Utama	59	10	83%
2	Riswinandi	Wakil Direktur Utama	59	5	92%
3	Abdul Rachman	Direktur <i>Institutional Banking</i>	59	9	85%
4	Sentot A. Sentausa	Direktur <i>Risk Management</i>	59	6	90%
5	Ogi Prastomiyono	Direktur <i>Compliance & Legal</i>	59	7	88%
6	Pahala N. Mansury	Direktur <i>Finance & Strategy</i>	59	6	90%
7	Fransisca N. Mok	Direktur <i>Corporate Banking</i>	59	6	90%
8	Sunarso	Direktur <i>Commercial & Business Banking</i>	59	3	95%
9	Kresno Sediarsi	Direktur <i>Technology & Operations</i>	59	6	90%
10	Royke Tumilaar	Direktur <i>Treasury, FI & Special Asset Mgt.</i>	59	9	85%
11	Hery Gunardi	Direktur <i>Micro & Retail Banking</i>	59	5	92%

	Kresno Sediarsi	Royke Tumilaar	Hery Gunardi	Agenda
6	6	5	<div>1. Proposed Re-segmentation & KPI Work plan KPI</div> <div>2. Proposed RKAP 2015 & RBB 2015-2017</div> <div>3. Optimization Strategy for Balance B / S</div> <div>4. HC Discussion – Bank Mandiri Best Talent Bank</div>	
5	5	5	<div>1. Proposed 2015 Annual Audit Plan and Long Term Audit Plan</div> <div>2. Preparations for Exit Meeting with OJK on December 19, 2014</div> <div>3. Proposed Use of Write-Off Ceiling, Q4 / 2014</div> <div>4. Job descriptions of Directors</div>	
53	50	54		

Table: Joint meetings of Board of Directors and Board of Commissioners:

Date	Budi G. Sadikin	Riswinandi	Abdul Rachman	Sentot A. Sentausa	Ogi Prastomiyono	Pahala N. Mansury
28 January 2014	√	√	√	√	√	√
25 February 2014	√	√	√	√	√	√
25 March 2014	√	√	√	√	√	√
15 April 2014	√	√	√	√	√	√
20 Mei 2014	√	√	√	√	√	√

Fransisca N. Mok	Sunarso	Kresno Sediarsi	Royke Tumilaar	Hery Gunardi	Agenda
√	√	√	√	√	<ul style="list-style-type: none"> Report on Implementation of Commissioners' Resolutions and Approval of Minutes Financial Statements and Performance per December 2013 Financial Statements for fiscal year 2013 Application for Approval of Extension of Credit Line with an Increased Limit to PT. Bank Permata Tbk. Other
√	√	√	√	√	<ul style="list-style-type: none"> Report on Implementation of Commissioners' Resolutions and Approval of Minutes Financial Statements and Performance per January 2014 Project Kujang US Dollar Loan Cost and Benefits of Mandiri University Application for Approval of Increase and Extension of JW Joint Financing Facility to PT Mandiri Tunas Finance Other
√	√	√	√	√	<ul style="list-style-type: none"> Report on Implementation of Commissioners' Resolutions and Approval of Minutes Financial Statements and Performance per February 2014 Application for Approval of KI, KMK and BG Facilities on behalf of PT. Solar Sedeco Application for Capital Increase in PT. Mandiri AXA General Insurance (MAGI) Other
√	√	√	√	√	<ul style="list-style-type: none"> Report on Implementation of Commissioners' Resolutions and Approval of Minutes Financial Statements and Performance per March 2014 Preparations for EGM Other
√	√	√	√	√	<ul style="list-style-type: none"> Report on Implementation of Commissioners' Resolutions and Approval of Minutes Financial Statements and Performance per April 2014 Other

Date	Budi G. Sadikin	Riswinandi	Abdul Rachman	Sentot A. Sentausa	Ogi Prastomiyono	Pahala N. Mansury
18 June 2014	√	√	√	√	√	√
2 July 2014	√	√	√	√	√	√
18 July 2014	√	√	√	√	√	√
20 August 2014	√	√	√	√	√	√

Fransisca N. Mok	Sunarso	Kresno Sediarsi	Royke Tumilaar	Hery Gunardi	Agenda
√	√	√	√	√	<ul style="list-style-type: none"> Report on Implementation of Commissioners' Resolutions and Approval of Minutes Application for Approval of Special Transaction Loan Facility (PTK) to PT Astra Mitra Ventura (Astra Group) Application for Approval of Special Transaction Loan Facility (PTK) and additional Bank Guarantee Limit to PT. Serasi Autoraya (Astra Group) Application for Approval of Changes to these Terms and Conditions of Investment Credit Facility's PT. Marge Mandalasakti (Astra Group) Other
√	√	√	√	√	<ul style="list-style-type: none"> Corplan 2014-2020 Other
√	√	√	√	√	<ul style="list-style-type: none"> Financial Statements and Performance per June 2014 Proposed Organizational Structure Application for Approval of Extension of Credit Line Facility to Mandiri (Europe) Limited Other
√	√	√	√	√	<ul style="list-style-type: none"> Financial Statements and Performance per July 2014 Application for Approval by PT. Astra International Tbk for the provision of additional treasury line facility and extension, amendment of security terms and extension of duration of bank guarantee, the provision of L / C Import and SKBDN, and offer of short-term loan facility Application for Approval by PT. United Tractors Tbk for the extension of the duration of NCL (L / C Import, SKBDN, BG) and extension of the term of treasury line facility Application for Approval by PT. Serasi Autoraya on provision of additional facilities and extension of term of KMK facility and extension of duration of bank guarantee Application for Approval by PT. Traktor Nusantara for provision of additional upper limit for KMK facility and extension of term of treasury facilities and the consolidating of L / C Import and SKBDN Application for Approval by PT. Astra Otoparts for offer of GIF (General Import Financing) facility and offer of L / C facility and the extension of term of treasury line facility Discussion of Organizational Structure Capital Increase in MAGI Other

Date	Budi G. Sadikin	Riswinandi	Abdul Rachman	Sentot A. Sentausa	Ogi Prastomiyono	Pahala N. Mansury
24 September 2014	√	√	√	√	√	√
22 October 2014	√	√	√	√	√	√
21 November 2014	√	√	√	√	√	√
18 December 2014	√	√	√	√	√	√

Fransisca N. Mok	Sunarso	Kresno Sediarsi	Royke Tumilaar	Hery Gunardi	Agenda
√	√	√	√	√	<ul style="list-style-type: none"> Financial Statements and Performance per August 2014 Application for Approval of Extension of Credit Line Facilities by: <ul style="list-style-type: none"> PT. Bank Syariah Mandiri Export Import Bank of Korea Other
√	√	√	√	√	<ul style="list-style-type: none"> Financial Statements and Performance per September 2014 Application for Approval of Substantive Amendments of 4 BM Policies Application for Approval of Motor Vehicle Joint Financing Agreement by PT Mandiri Tunas Finance Application for Approval of Establishment of New Financing Company (Mandiri Utama Finance) with strategic partners (Tunas Ridean and Asco Investindo) Other
√	√	√	√	√	<ul style="list-style-type: none"> Financial Statements and Performance per October 2014 Application for Approval of BM Internal Control System Policies (KSPIBM) and Internal Audit Policies (KIABM) Application for Approval for transfer of BM lands in Pondok Pinang, Jakarta Application for Approval of Offer of Short-Term Credit Facility (KJP), Treasury Line & Provision of Issuer Limit to PT Surya Artha Nusantara Finance (Astra International Group) Draft RKAP 2015 and RBB 2015-2017 Other
√	√	√	√	√	<ul style="list-style-type: none"> Financial Statements and Performance per November 2014 Developments in performance of Subsidiaries & Overseas Offices Developments in Financial Institution Pension Fund Management Application for additional Working Capital Loan by PT Mandiri Tunas Finance Other

Table: Percentage attendance of directors at joint meetings with Board of Commissioners:

No	Name	Office	Number of Meetings	absent	% attendance
1	Budi G. Sadikin	Direktur Utama	13	0	100%
2	Riswinandi	Wakil Direktur Utama	13	0	100%
3	Abdul Rachman	Direktur <i>Institutional Banking</i>	13	0	100%
4	Sentot A. Sentausa	Direktur <i>Risk Management</i>	13	0	100%
5	Ogi Prastomiyono	Direktur <i>Compliance & Legal</i>	13	0	100%
6	Pahala N. Mansury	Direktur <i>Finance & Strategy</i>	13	0	100%
7	Fransisca N. Mok	Direktur <i>Corporate Banking</i>	13	0	100%
8	Sunarso	Direktur <i>Commercial & Business Banking</i>	13	0	100%
9	Kresno Sediarsi	Direktur <i>Technology & Operations</i>	13	0	100%
10	Royke Tumilaar	Direktur <i>Treasury, FI & Special Asset Mgt.</i>	13	0	100%
11	Hery Gunardi	Direktur <i>Micro & Retail Banking</i>	13	0	100%

BOARD OF DIRECTORS ACTIVITIES IN 2014

The Board of Directors conducted a series of activities that are part of the work program of the Board of Directors, including regular meetings, both internal and joint meetings with the Board of Commissioners, committee meetings and meetings with SEVP. In addition, the directors participated in various trainings / seminars / workshops as part of the effort to shape the development of the Board of Directors of Bank Mandiri.

DIRECTORS' TRAINING

As with the Board of Commissioners, the Bank also provided two (2) types of training for Directors, namely, the Company orientation program for new Board members and the Competency Development Program.

PROGRAM PELATIHAN DIREKSI

The Bank provided an orientation program for new Board members with the aim of providing an overview of the business operations of the Company, the Company's future plans, guidelines and other aspects of the work of the Board of Directors. The orientation program was prepared by the Group Corporate Secretary and involved a study of documents provided in soft copy and hard copy form, including the Annual Report, the Work Plan and Budget (CBP), Corporate Long Term Plan (RJPP), Articles of Association of the Company, Corporate Governance Policy, Code of Ethics, the Work Program of the Board

of Commissioners and its Committees, Rules of the Board of Commissioners, Rules of the Board of Directors and Rules of the Board of Commissioners' Committees, as well as laws and regulations related to the Bank's business processes.

DIRECTORS AND SEVP DEVELOPMENT PROGRAM

Selama tahun 2014, anggota Direksi dan SEVP telah mengikuti Pelatihan/Training/Workshop/Seminar dalam rangka peningkatan kemampuan, antara lain sebagai berikut:

Name	Office	Training	Penyelenggara	Venue
Bapak Budi G. Sadikin	Direktur Utama	Risk Management in Banking	INSEAD	France
Bapak Riswinandi	Wakil Direktur Utama	Making Innovation Happen	London Business School	London, UK
Bapak Abdul Rachman	Direktur Institutional Banking	Constructive Collaboration – Driving Performance in Teams, Organizations & Partnership	Kellogg School of Management - USA	Evanston, Illinois, USA
Bapak Sentot A.Sentausa	Direktur Risk Management	2014 IIF Executive Program on Risk Management	IIF	New York
Bapak Ogi Prastomiyono	Direktur Compliance & Legal	Creating & Managing Strategic Alliances	Kellogg School of Management - USA	Evaston, Illinois, USA
Bapak Pahala N. Mansury	Direktur Finance & Strategy	The Emerging CFO: Strategic Financial Leadership Program	Darden Business School	London, UK
Ibu Fransisca Nelwan Mok	Direktur Corporate Banking	Proteus: The Most innovative and Challenging leadership program in the world	London Business School	London, UK
Bapak Sunarso	Direktur Commercial & Business Banking	Decision Making for Leaders	Melbourne Business School	Melbourne, Australia
Bapak Kresno Sediarsi	Direktur Technology & Operations	Driving Strategic Value from IT	Kellogg School of Management - USA	Evaston, Illinois, USA
Bapak Royke Tumilaar	Direktur Treasury, Financial Institution & SAM	Making Innovation Happen Program	London Business School	London, UK
Bapak Hery Gunardi	Direktur Micro & Retail Banking	High Impact Leadership	Haas Business School – Univ. of California	Berkeley, CA, USA
Ibu Riyani T. Bondan	SEVP Internal Audit	Kellogg on Branding: Creating, Building, and Rejuvenating Your Brand	Kellogg School of Management - USA	Evaston, Illinois, USA
Bapak Ventje Rahardjo	SEVP Change Management Office	Leading Change & Organizational Renewal	Harvard Business School	Massachusetts, USA
Bapak Tardi	SEVP Consumer Finance	Executing Breakthrough Strategy	Columbia Business School	Columbia, USA

BOARD OF DIRECTORS RESOLUTIONS IN 2014

During 2014, the Board of Directors adopted a number of strategic resolutions, including:

- Business Plan
- Corporate Strategic Initiative
- Employee Strategic Plan

BOARD OF DIRECTORS PERFORMANCE ASSESSMENT

The performance of the Board of Directors is assessed using Key performance indicators, as described below:

No.	Strategic Initiative	Measurement	Realisasi Des 14
1.	Increase Company Value	Market Capitalization Growth Value BMRI greatest among major competitors	37,26%
2.	Improve the Bank Profitability	a. Earning After Tax minimal Rp17.365 miliar b. ROE minimal 19,88%	19,428 22,02%
3.	Revenue increase marketshare	a. Credit Marketshare 12,3%. b. low cost fund Marketshare 16,1%.	13,1% 16,8%
4.	Increase Assets Quality	a. Maximum NPL Gross 2,08% b. Maximum NPL Netto 0,59%	1,66% 0,44%
5.	Develop Transactional Banking	Fee Base Ratio reach 29,64%	28,34%
6.	Improve Credit Expansion and the composition of the High Yield	a. Loan Growth (Net) a minimum of 15.03 % thus becoming Rp479,65 trillion b. High-interest credit growth (retail financing) at least reach Rp164,2 T	475,27 157,97
7.	Increase Fund Raising & Retail Payment	a. Low Cost Fund Growth (Giro and Savings) minimum of 15.67 % , thus reaching Rp382,15 trillion b. Funding mix of at least 67,6 %	352,50 66,11%

No.	Strategic Initiative	Measurement	Realisasi Des 14
8.	Increase Customer Satisfaction	Bank Mandiri Quality of Branch service and e-Channel (Best Bank Service Excellence) Bank Service Excellence Monitor Period 2013-2014 by MRI - Infobank Magazine	1%
9.	Develop alliances among SBU	Assessment of GCG implementation of the Financial Services Authority achieved a score of 2 and IICG awarded " very trusted ". - Growth of Anchor's Low Cost Fund (Rp billion)	"very trusted" 797
10.	Increase Innovation & Productivity Employee	Implementation of High Yield Strategic Initiatives , Retail & Wholesale Payment Transaction 100 % according to plan with controlling operational efficiency with Cost Efficiency Ratio limits the range of 40 % . Account Program Planning achievement of 100 % according to plan includes : i. The number of transactions CASA ii . Volume of transactions Trade (USD million) III. BG transaction volume (Rp billion)	36,78% 37.227.067 9.355 23.399

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, Bank Indonesia and the OJK.

Assessments of the performance of the Board of Directors are conducted based on the results of the regular self-assessment report to Bank Indonesia, based on Bank Indonesia Circular Letter number 15/15 / DPNP dated 29 April 2013, on the Implementation of Good Corporate Governance in Commercial Banks, in which the parameters related to the Board of Directors' performance evaluation include the TARIF principles in the application of GCG in the performance of the Board of Directors supervisory function in respect of the management of the Bank.

Besides through self-assessment, assessment of the Board of Directors is conducted at the time of presentation of its annual accountability report to the GMS. At the GMS held on 2013 on May 21, 2014, the shareholders approved the annual report of the company for financial year 2013 and the results that were achieved during that year. Furthermore, the GMS granted full discharge and acquittal (aquit et decharge) to the Board of Directors for fiscal year 2013's operations..

SHAREHOLDINGS BY DIRECTORS AND THEIR RELATIVES

As of 31 December 2013, the shareholdings of none of the members of the Board of Directors reached five percent of the paid up capital of Bank Mandiri, another bank or non-bank financial institution, or other company, which domiciled in Indonesia or overseas. Shareholdings by members of the Board of Directors are shown in the following table:

Director	Position	Shareholding of 5% or more of paid-up capital					
		Bank Mandiri	By relative in Bank Mandiri	Other Company	Other Bank	Non-Bank Financial Institution	Description
Budi G. Sadikin	CEO	-	-	-	-	-	NIHIL
Riswinandi	Deputy CEO	-	-	-	-	-	NIHIL
Abdul Rachman	Director Institutional Banking	-	-	-	-	-	NIHIL
Sentot A. Sentausa	Director Risk Management	-	-	-	-	-	NIHIL
Ogi Prastomiyono	Director Compliance & Legal	-	-	-	-	-	NIHIL
Pahala N. Mansury	Director Finance & Strategy	-	-	-	-	-	NIHIL
Fransisca N. Mok	Director Corporate Banking	-	-	-	-	-	NIHIL
Sunarso	Director Commercial & Business Banking	-	-	-	-	-	NIHIL
Kresno Sediarsi	Director Technology & Operations	-	-	-	-	-	NIHIL
Royke Tumilaar	Director Treasury, FI & Special Asset Mgt.	-	-	-	-	-	NIHIL
Hery Gunardi	Director Micro & Retail Banking	-	-	-	-	-	NIHIL

DIVERSITY COMPOSITION OF THE BOARD OF DIRECTORS

The diversity of the composition of the Board of Directors is expected to provide an alternative solution to a problem faced by banks increasingly complex than the members of the board of directors that is homogeneous, so that the resulting decisions be the best decision after looking at various alternatives decision of the diversity of the existing Directors.

Based on the policy of Shareholders, the determination of the composition of the Board of Directors has been done taking into account the needs and complexity of the bank including attention to elements of diversity as reflected in the following table:

Tabel of Diversity Composition of the Board of Directors

Diversity Aspect		
Education	The diversity of educational backgrounds Directors of the Bank, indicated by a mix of education, namely : <ul style="list-style-type: none"> • Qualification started levels Bachelor, Master and Doctoral • Competency areas including Economics, Accounting, Statistics, Business Administration, Finance, Business Administration, and Business in finance. 	Composition of the Board of Directors has met the elements of diversity which is a combination of the education, work experience, and age.
Experience	The diversity of work experience Directors of the Bank, among others, namely : bank professionals at various levels of banking positions at national, multinational and other financial institutions, and there is also derived from a career officer of Bank Mandiri.	
Age	The Board of Directors of Bank Mandiri age diversity in the range of reasonably productive age, the age of 48-61 years.	
Gender	There are not yet members of the Board of Directors of Bank Mandiri women.	

BOARD OF DIRECTORS SUCCESSION POLICIES

In the context of ensuring the successful regeneration of leadership in Bank Mandiri, the Bank operates an internal talent & succession management program, which is in line with Minister of SOEs Regulation No. PER-01/MBU/2012 on requirements and procedures for the appointment and discharge of directors in SOEs, as lastly amended by Minister of SOEs Regulation No. PER-016/MBU/2012 on the amendment of Minister of SOEs Regulation No. PER-01/MBU/2012.

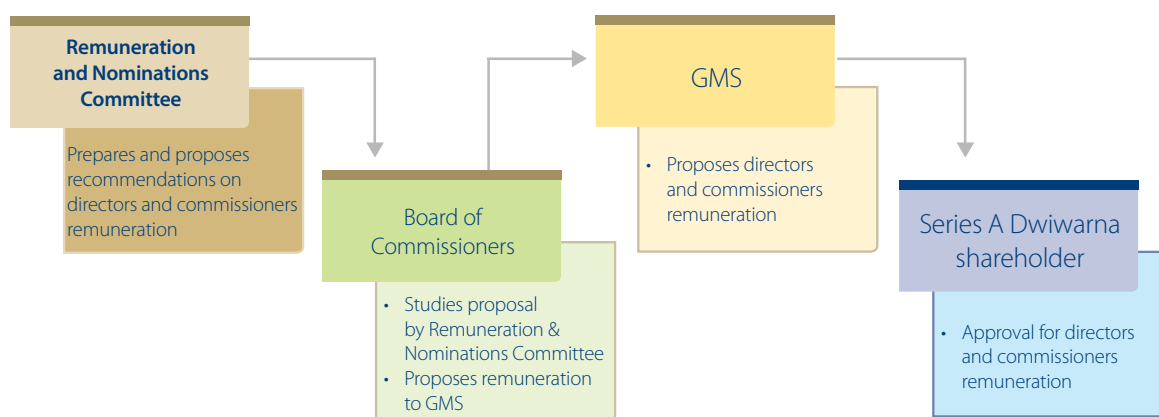
In addition, the Board of Directors succession policy is in accordance with the Articles of Association and Board Manual of Bank Mandiri.

board of directors and board of commissioners remuneration policy

The determination of remuneration of the Board of Directors and Board of Commissioners 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 and Board of Commissioners 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-Service Compensation for the Board of Directors and Board Commissioners.

THE COMPONENTS OF THE REMUNERATION OF DIRECTORS AND COMMISSIONERS CONSIST OF:

1. Salary/Honorarium
2. Allowances
3. Facilities
4. Bonuses/Performance Incentives



PROCEDURES FOR DETERMINING THE REMUNERATION OF COMMISSIONERS

The determination of the remuneration of Commissioners is made by the GMS based on a formula set by the GMS and the proposal of the Board of Commissioners, as assessed by the Remuneration and Nominations Committee in consultation with the Minister of SOEs, as the holder of the Series A Dwiwarna share, having regard to the allowances and other facilities, as well as post-office facilities, payable to Directors and Commissioners based on an evaluation of key performance indicators (KPI)..

Structure of Remuneration and Facilities Payable to Directors and Commissioners

No	Type of Remuneration	Description
1	Honorarium	Office Weighting Factor Chief Commissioner, 50% of CEO Deputy Chief Commissioner 47,5% Commissioner 45%
2	Allowances	<ul style="list-style-type: none"> Religious Holiday Bonus: 1 x Honorarium Communication Allowance: Not provided Transportation Allowance: 20% of honorarium Clothing allowance: May be granted if special event requires special clothing.
3	Facilities	<ul style="list-style-type: none"> Official vehicle: Not provided Healthcare benefits: Reimbursement of medical expenses Membership of professional associations: Maximum 2 memberships Legal assistance facilities: As required

Remuneration Packages and others facilities to board of commissioners

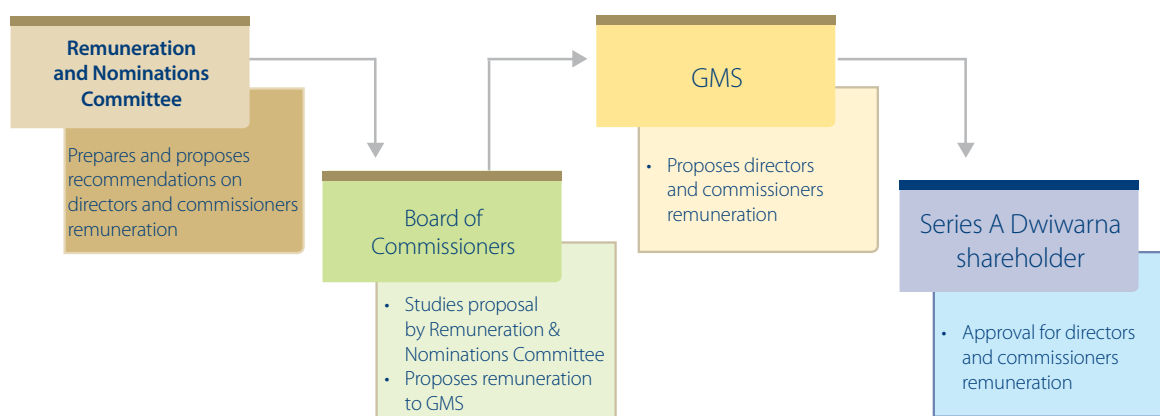
Type of Remuneration / Facility	Amount received in 2014 ¹⁾	
	Members	Million Rp
Remuneration:		
Salary ²	11	9,942
Bonus	-	-
Routine Allowances ³	11	4,398
Tantiem ⁴	7	44,807
In-Kind Facilities		
Housing (ownership may not be acquired) ⁵	-	-
Transportation (ownership may not be acquired)	-	-
Benefits (ownership may be acquired) ⁶	-	-
Total Remuneration per Commissioner in 1 Year		
Above Rp. 2 billion	-	
Between Rp. 1 billion and Rp. 2 billion	3	
Above Rp. 500 million s.d Rp. 1 billion	4	
Less than Rp. 500 million	-	

Notes:

- Gross, including tax
- Number of Commissioners receiving remuneration in 2014 :
 - 11 commissioners, including Mr. Edwin Gerungan, Ms. Gunarni Soeworo, Mr. Wahyu Hidayat, Mr. Agus Suprijanto (left office in May 2014), and Mr. Mahmuddin Yasin, Mr. Askolani, Ms. Aviliani and Mr. Anton Hermanto Gunawan (appointed in May 2014).
- Jumlah Pihak Independen yang diberikan remunerasi selama tahun 2014 :
 - 5 Orang orang pihak independen termasuk Bp. Zulkufli Djaelani, Bp. Imam Sukarno, Bp. Tama Wijaya (habis jabatan February 2014) dan pengangkatan Bp. Budi Sulistio (TMT March 2014). dan Ridwan Darmawan Ayub (TMT Mei 2014).
- The calculation of allowances includes religious holiday allowance (THR), total communication allowances in 2014, transportation allowance, housing allowance (4 commissioners) and fuel allowance.
- Post-service benefits (net)
- Santunan Purnajabatan (Net)

DETERMINATION PROCEDURE OF THE REMUNERATION OF DIRECTORS

- A. The determination of the remuneration of Directors, other than as reflected in the Bank Mandiri Business and Budget Plan (CBP), is also studied and proposed in accordance with the following procedures:
 1. At the end of the year, a business plan is drafted and set out in the Bank Business Plan (RBB), which is then sent to stakeholders and regulators;
 2. Key Performance Indicators (KPI) for the CEO are prepared and approved by the Board of Commissioners, and are signed by the CEO and the Chief Commissioner;
 3. KPI are prepared for the Deputy CEO and individuals Directors, covering the same areas as are covered by the CEO's KPI;
 4. Performance of each business unit is regularly evaluated and the key targets are evaluated on a monthly basis through performance reviews;
 5. A comprehensive assessment is conducted at the end of the year, which is then discussed at the meeting of the Board of Directors;
 6. The results of the assessment are reported to the Board of Commissioners and the GMS determines the performance bonuses (tantieme) to be paid to the Directors based on the assessment, so that the bonus may differ from one Director to another directors.
- B. The determination of the remuneration of Directors is made by the GMS based on a formula set by the GMS and the proposal of the Board of Commissioners, as assessed by the Remuneration and Nominations Committee in consultation with the Minister of SOEs, as the holder of the Series A Dwiwarna share, having regard to the allowances and other facilities, as well as post-office facilities, payable to Directors and Commissioners based on an evaluation of key performance indicators (KPI).



Gaji, Tunjangan dan Fasilitas Bagi Direksi Tahun 2014:

No	Jenis Penghasilan	Ketentuan
1	Honorarium	Besarnya Faktor Jabatan Direktur Utama 100% Wakil Direktur Utama 95% Direktur 90%
2	Allowances	
	Religious Holiday Bonus	1 x salary
	Tunjangan Komunikasi	At cost
	Post-service benefits	Insurance policy, premiums up to 25% of annual salary
	Clothing allowance	May be granted if special event requires special clothing.
	Utility Allowance	At cost in the case of occupation of official residence

	Housing allowance	Provided if no official residence available
	Utility Allowance	At cost in the case of occupation of official residence
3	Facilities	
	Official vehicle	Provided to all directors Maintenance and fuel costs in accordance with internal policies (KEP. KOM/006/2011)
	Healthcare benefits	Reimbursement of medical expenses
	Membership of professional associations	Maximum 2 memberships Only provided in respect of enrollment fee and annual dues
	Legal assistance facilities	As required
	Housing facility	1 official residence provided If director does not occupy official residence, housing allowance provided
	Club membership	In accordance with use while representing interests of Bank Mandiri
	Representation expenses	In accordance with use while representing interests of Bank Mandiri

Directors' remuneration and facilities packages

Type of Remuneration / Facility	Amount received in 2014 ¹⁾	
	Director	
	Person	Million Rp
Remuneration::		
Salary ²	11	32.209
Bonus	-	-
Routine Allowances ³	11	12.190
Tantien ⁴	12	166.822
In-Kind Facilities		
Housing (ownership may not be acquired) ⁵		
Transportation (ownership may not be acquired)	11	630
SBenefits (ownership may not be acquired) ⁶	-	-
Total remuneration per person in 1 year		
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		-

Note:

1. Gross, including tax
2. Eleven Directors received remuneration in 2014
3. The calculation of allowances includes religious holiday allowance (THR), total communication allowances in 2014, transportation allowance, housing allowance and fuel allowance.
4. In the case of utility allowances in 2014, 7 directors occupied official residences, while 3 occupied private residences
5. Post-service benefits (net)

board of commissioners' committees

In order to achieve good corporate governance (GCG), it is necessary for committees to be established by the Board of Commissioners. The committees under the Board of Commissioners are the organs responsible for supporting the Board of Commissioners and are collectively responsible for assisting the Board of Commissioners in exercising oversight and giving advice to the Board of Directors. Accordingly, the Bank has set up a number of committees under the Board of Commissioners that work professionally and independently to assist the Board of Commissioners in carrying out its duties and functions of supervision and providing advice. The committees of the Board of Commissioners consist of the Audit Committee, Remuneration and Nominations Committee, Risk Oversight and Good Corporate Governance Committee..

AUDIT COMMITTEE

BASIS FOR ESTABLISHMENT OF AUDIT COMMITTEE

The Audit Committee was established based on Decree of the Minister of SOEs No. PER-01 / MBU / 2011 dated August 1, 2011 on the Implementation of Good Corporate Governance (GCG) in SOEs, as amended by Regulation of the Minister of SOEs No. PER-09 / MBU / 2012 dated July 6, 2012, and the Directive of the Chairman of Bapepam No. KEP-643 / BL / 2012 dated December 7, 2012 on the Establishment and Implementation of Audit Committees, and Bank Indonesia Regulation (PBI) No: No. 8/4 / PBI / 2006 dated January 30, 2006 on the Implementation of Good Corporate Governance in Commercial Banks, as amended by Bank Indonesia Regulation No. 8/14 / PBI / 2006 dated October 5, 2006.

The Audit Committee was formed with the aim of assisting and facilitating the Board in performing its duties and oversight functions on matters related to financial information, the internal control system, the effectiveness of internal and external audits, the effectiveness of risk management (together with the Risk Monitoring Committee) and compliance with applicable legislation

CRITERIA FOR AUDIT COMMITTEE MEMBERS

Besides being of integrity, good character and morals, members of the Audit Committee are also required to meet the competency and experience requirements, as well as the requirement of Independence, namely

Competency and Experience Requirements:

1. Have good integrity;
2. Independent Members of the Audit Committee with expertise in finance or accounting;
3. Independent Members of the Audit Committee with expertise in law or banking;
4. Have sufficient knowledge to read and understand financial statements
5. Have adequate knowledge of the laws and regulations governing the Capital Markets and banking sector;
6. All documents or data supporting compliance with the requirements for an independent member must be accurate, including his or her statement of personal integrity..

Independence Requirements:

1. It is not a member of a firm of public accountants, law firm or other party that provides audit services, non-audit services and / or other consulting services to the Bank within 1 (one) year prior to becoming a member of the Audit Committee;;
2. Does not hold Bank stock, either directly or indirectly ;.
3. 3) Is not affiliated with Bank Mandiri, Commissioners, Directors or the principal shareholder of Bank Mandiri ;.
4. 4) Does not have a business relationship, directly or indirectly, with the Bank;
5. 5) Independent Members of the Audit Committee may concurrently serve as Independent Members of other Committees in the same company, and / or other companies, provided that those concerned:
 - a. Satisfy all the required competencies
 - b. Satisfy the independence criteria;
 - c. Are able to maintain the confidentiality of Bank secrets;
 - d. Adhere to the prevailing code of ethics; and
 - e. Do not neglect their duties and responsibilities as memberd of the Audit Committee

Audit Committee members may stop or be dismissed even though his position is not over, if:

1. Resignationi.
2. Loss of citizenship.
3. Death.
4. Doing something that is detrimental to the Bank.
5. Violating or does not qualify as a member of the Audit Committee, as stipulated in Bank Indonesia Regulation.
6. Unable to carry out the duties and responsibilities set forth by the Board of Commissioners.

NUMBER OF MEMBERS AND COMPOSITION OF AUDIT COMMITTEE

In 2014, the Extraordinary General Meeting of Shareholders by virtue of the Resolution stated in the Deed No. 20 dated 15 September 2014 honorably discharged Mr. Edwin Gerungan, Ms. Gunarni Soeworo, Mr. Wahyu Hidayat and Mr. Agus Suprijanto as Commissioners and appointed Mr. Mahmuddin Yasin, Mr. Askolani, Ms. Aviliani and Mr. Anton Hermanto Gunawan as members of the Board of Commissioners. With this change in the composition of the Board of Commissioners, the number and composition of Audit Committee members also changed, as shown below:

APPOINTMENT AND DISCHARGE OF MEMBERS OF THE AUDIT COMMITTEE



The Audit Committee established by the Board of Commissioners and therefore the Audit Committee is directly accountable to the Board of Commissioners. Audit Committee work collectively and independently carry out their duties to the bank management and the Audit Committee are obliged to report the results of evaluations that have been made to the Board of Commissioners.

Composition of the Audit Committee per December 2014:

Name	Position	SK Pengangkatan
Krisna Wijaya	Chair (Independent Commissioner)	KEP.KOM/006/2014 Tanggal 25 August 2014
Aviliani	Member	
Askolani	Member	
Anton H Gunawan	Member	
Budi Sulistio	Member (Independent Party)	
Ridwan Darmawan Ayub	Member (Independent Party)	

PROFILES OF AUDIT COMMITTEE MEMBERS

The following are brief profiles of the members of the Audit Committee per 31 December::

Nama dan Foto	Profil Ringkas
 <p>Budi Sulistio Member (Independent Party)</p>	<p>Born in Purwodadi, May 18, 1955. Jayabaya Academy of Accounting, 1980 (Bachelor of Accountancy), Faculty of Economics, University of Indonesia, 1985 (Bachelor of Economics), MBA University of Illinois at Urbana-Champaign, USA, 1994 (Master of Business Administration)</p> <p>He commenced his career in the Accounting Division and Corporate Strategy and Planning Division at the Export-Import Bank Indonesia in 1981-1999. Further work at Born in Purwodadi, May 18, 1955</p> <p>He studied at the Academy of Accounting Jayabaya, 1980 (Bachelor of Accountancy), Faculty of Economics, University of Indonesia, 1985 (Bachelor of Economics), MBA University of Illinois at Urbana-Champaign, USA, 1994 (Master of Business Administration)</p> <p>Starting his career as an Accounting Division and Corporate Strategy and Planning Division at the Export-Import Bank Indonesia from 1981-1999. He worked at Bank Mandiri from 1999-2010 in various divisions such as Vice President - Department Head of Corporate Strategy and Planning, Senior Vice President- Group Head of Strategy and Performance. He retired from the Bank in 2010 and was appointed a member of the Audit Committee of the Bank in 2014.</p>
 <p>Ridwan Darmawan Ayub Member (Independent Party)</p>	<p>Born in Bogor, July 7, 1962, he served as a member of the Risk Management Monitoring Committee since 2006. Previously, he served with Bank Internasional Indonesia in various positions, including as a member of the Risk Monitoring Committee. In 2006-2014, he worked at Bank Rakyat Indonesia as a member of the Risk Monitoring Committee, and in 2014 he worked as a member of the Risk Monitoring Committee at Bank Mandiri.</p> <p>He earned a Bachelor of Social Science and Politics Degree from Parahyangan Catholic University, Bandung (1985), and a Master's Degree in Financial Management from Mercu Buana University.</p>

INDEPENDENCE OF AUDIT COMMITTEE

In accordance with Bank Indonesia Regulation No. 8/4 / PBI / 2006 dated January 30, 2006, Article 12 paragraph 1 of the implementation of Good Corporate Governance in Commercial Banks, as amended by Regulation No. 8/14 / PBI / 2006 dated October 5, 2006, Board of Commissioners Resolution Number KEP.KOM / 001/2014 dated February 25, 2014 on Changes in Audit Committee membership, as confirmed by Board of Directors Resolution No. KEP.DIR / 64/2014 dated March 12, 2014 on Changes in Membership of the Audit Committee of PT Bank Mandiri (Persero) Tbk:

1. The members of the Audit Committee must consist of at least 1 (one) Independent Commissioner as Chairman and member, and 1 (one) independent party who has expertise in finance or accounting, and 1 (one) independent party who has expertise in the field of law or banking.
2. The Independent Commissioners and independent parties that are members of the Audit Committee, as referred to in paragraph 1 (a), must account for at least 51% of the total membership of the Audit Committee.

3. The member of the Audit Committee who is an Independent Commissioner shall be appointed as chair of the Audit Committee. In case more than one independent commissioner is a member of the Audit Committee, then one of them shall be appointed as chair.

Familial and Financial Relationship Audit Committee Member

Name	Position	Familial Relationship with			Financial Relationship with		
		Members of other committees	Directors	Commissioners	Members of other committees	Directors	Commissioners
Krisna Wijaya	Chairman and Member	X	X	X	X	X	X
Aviliani	Member (Independent Commissioner)	X	X	X	X	X	X
Askolani	Member (Commissioner)	X	X	X	X	X	X
Anton Hermanto Gunawan	Member (Independent Commissioner)	X	X	X	X	X	X
Budi Sulistio	Member (Independent)	X	X	X	X	X	X
Ridwan Darmawan Ayub	Member (Independent)	X	X	X	X	X	X
In 2014, none of the members of the Audit Committee had familial or financial relationships with Commissioners, Directors or members of other committees							

AUDIT COMMITTEE CHARTER

In carrying out its functions and role, the Audit Committee is guided by the Audit Committee Charter, which was signed jointly by the Members of the Audit Committee and the Board of Commissioners on May 2, 2014.

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:

- Reviewing the financial reports presented by the management.
- Reviewing the effectiveness of internal control implementation.
- Reviewing the effectiveness of implementation and investigation results by Internal Audit line unit.
- 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.

The Chair and members of the Audit Committee responsible for monitoring the adequacy of internal control, adequacy and accuracy of the financial reporting process, the effectiveness of the work of the internal and external auditors, to identify issues that require the attention of the Board of Commissioners, drafting concepts and analysis associated with the Audit Committee's functions and carrying out other tasks assigned by the Commissioners related to the financial statements, compliance, internal audit, external audit and risk management.

With regard to Internal Audit, the Audit Committee is responsible for monitoring and evaluating the implementation of internal audit duties, with particularly responsibility to:

1. Evaluate the internal audit work plan.
2. Study in depth all significant findings and the follow-up on the results of the Internal Audits and Investigations.
3. 3. Evaluate the audit program and coverage as part of the implementation of the annual work plan for Internal Audit.
4. 4. Evaluate the implementation of the Internal Audit operations and Investigations by Internal Audit to ensure that the audit program has the correct coverage.
5. 5. Conduct regular meetings with Internal Audit to discuss the findings of internal audits and investigations and provide input as deemed necessary

for the implementation of the internal audit and investigative function by Internal Audit.

6. 6. Seek the help of Internal Audit to conduct an investigation if there are audit findings or information related to violations of the laws and regulations in force.
7. 7. Report regularly on the results of monitoring and provide input on matters that should be of concern to the Board of Commissioners.

PERFORMANCE OF THE AUDIT COMMITTEE'S DUTIES

During 2014, the Audit Committee conducted the following activities:

1. Conducting discussions on and approving the development of NPL Consumer Loans and Consumer Card
2. Conducting discussions on and approve Collection
3. Conducting discussions on significant findings
4. Conducting discussions on Fraud Cases
5. Conducting discussions on and approving selection of a Public Accounting Firm to audit PT. Bank Mandiri (Persero) Tbk's 2014 financial statements
6. Conducting discussions on the audit plan for the Bank Mandiri Financial Statements for 2014
7. Conducting discussions on and approving the Management Letter based on the Audit of the Bank Mandiri Financial Statements for 2013 with Tanudiredja Wibisana & Partners - PriceWaterhouseCoopers
8. Conducting discussions on and approving the Transaction Reconciliation Implementation of ATM Bersama and Link in the system
9. Discussion on follow-up action on Bank Indonesia and BPK audits.
10. Conducting discussions on and approving Increase in Risk Control over e-Channels
11. Conducting discussions on and approving the Second Lines of Defense in the MRB Directorate
12. Conducting discussions on and approving the implementation of the functions and tasks of the Central Operations Group
13. Conducting discussions on and approving the 2014

Education / Training Plan & Programs

14. Conducting discussions on and approving the implementation of the Procurement and Purchasing Efficiency & Effectiveness Enhancement Project
15. Conducting discussions on and approving the Comprehensive Audit Plan for the 2014 Financial Statements with Public Accounting Firm
16. Conducting discussions on and approving the Interim Management Letter for Financial Year 2014 Audit and Audit Results on the Interim Financial Statements of the Bank for financial year 2013 by the Public Accounting Firm
17. Conducting discussions on and approving the Annual Audit Plan of the Internal Audit Directorate 2014

AUDIT COMMITTEE MEETINGS

In accordance with the Charter of the Audit Committee, Audit Committee Meetings are held in accordance with the needs of the Bank, a minimum of once a month. The meeting is chaired by the Chairman of the Audit Committee or a Member of the Audit Committee or, if the Chairman of the Audit Committee is unable to attend, a meeting may only be held if attended by at least 51% of the total number of members, including an Independent Commissioner and Independent Party. Resolutions of the Audit Committee are taken by consensus. In the event that a consensus is not reached, the decision is taken by majority vote.

Meeting Frequency and attendance

Audit Committee Meetings:

Date	Gunarni Soeworo *	Krisna Wijaya	Wahyu Hidayat *	Agus Suprijanto *	Zulkifli Djaelan ***	Imam Sukarno ***	Aviliani **	Askolani **	Anton H. Gunawan **	
16 January 2014	-	√	-	√	√	√	-	-	-	
28 January 2014	√	√	√	√	√	√	-	-	-	
11 February 2014	√	√	√	√	√	√	-	-	-	
21 February 2014 (10.00)	√	-	-	√	√	√	-	-	-	
21 February 2014 (14.00)	√	√	-	√	√	√	-	-	-	
18 March 2014	√	√	√	√	-	-	-	-	-	
25 March 2014	√	√	√	√	-	-	-	-	-	
8 April 2014	√	√	√	√	-	-	-	-	-	
15 April 2014	√	√	√	-	-	-	-	-	-	
22 April 2014	√	√	-	√	-	-	-	-	-	
29 April 2014	√	√	√	√	-	-	-	-	-	
6 Mei 2014	√	√	√	-	-	-	-	-	-	
13 Mei 2014	√	√	√	-	-	-	-	-	-	
20 Mei 2014	√	√	-	-	-	-	-	-	-	
4 June 2014	-	√	-	-	-	-	√	√	√	
11 June 2014	-	√	-	-	-	-	√	-	√	
25 June 2014	-	√	-	-	-	-	√	-	√	
2 July 2014	-	√	-	-	-	-	√	-	√	
13 August 2014	-	√	-	-	-	-	√	-	√	
27 August 2014	-	√	-	-	-	-	√	-	√	

	Budi Sulistio ****	Ridwan Darmawan Ayub *****	Agenda
-	-	-	<ul style="list-style-type: none"> Development of NPLs Consumer Loans and Consumer Card Results of Collection
-	-	-	<ul style="list-style-type: none"> Audit of Financial Statements of Bank as of December 31, 2013 by Tanudiredja, Wibisana & Partners - PriceWaterhouseCoopers
-	-	-	<ul style="list-style-type: none"> Development of Group Consumer Loans Business
√	-	-	<ul style="list-style-type: none"> Discussion on Clarification of Procurement of Audit Services for Bank financial statements Fiscal Year 2014
√	-	-	<ul style="list-style-type: none"> Discussion on Clarification of Procurement of Audit Services for Bank financial statements Fiscal Year 2014
√	-	-	<ul style="list-style-type: none"> Development of Corporate Banking Business I Group
√	-	-	<ul style="list-style-type: none"> Development of Corporate Banking Business I Group
√	-	-	<ul style="list-style-type: none"> Business Development of Corporate Banking Group III
√	-	-	<ul style="list-style-type: none"> Business development of Consumer Card Group
√	-	-	<ul style="list-style-type: none"> Perkembangan Bisnis Consumer Card Group
√	-	-	<ul style="list-style-type: none"> Submission of Management Letter on Results of Audit of BM Financial Statements for 2013 by Tanudiredja Wibisana & Partners, PricewaterhouseCoopers Plan and Scope of Audit on BM 2014 Financial Statements
√	-	-	<ul style="list-style-type: none"> Development of Business of Mass Banking Group Bisnis Mass Banking Group Loan NPLs Development of Human Capital Management in PT. Bank Mandiri (Persero) Tbk.
√	√	√	<ul style="list-style-type: none"> Development of BM account plan
√	√	√	<ul style="list-style-type: none"> Developments in respect of loans and assets handled by SAM Group
√	√	√	<ul style="list-style-type: none"> Progress in implementation of Business Continuity Plan
√	√	√	<ul style="list-style-type: none"> Developments in respect of NPLs handled by Retail Risk
√	√	√	<ul style="list-style-type: none"> Performance of Business Banking I, II, III Problems facing Business Banking I, II, III Alternative Solutions for Business Banking I, II, III
√	√	√	<ul style="list-style-type: none"> Full Audit Plan for BM Financial Statements 2014 with KAP TWR-PWC
√	√	√	<ul style="list-style-type: none"> Developments as regards Open Items

Date	Gunarni Soeworo *	Krisna Wijaya	Wahyu Hidayat *	Agus Suprijanto *	Zulkifli Djaelan ***	Imam Sukarno ***	Aviliani **	Askolani **	Anton H. Gunawan **	
1 September 2014	-	√	-	-	-	-	-	-	-	
24 September 2014	-	√	-	-	-	-	√	√	√	
29 September 2014 (11.00)	-	√	-	-	-	-	√	√	√	
29 September 2014 (14.00)	-	√	-	-	-	-	√	√	√	
1 October 2014 (10.00)	-	√	-	-	-	-	√	√	√	
1 October 2014 (14.00)	-	√	-	-	-	-	√	-	√	
8 October October 2014	-	√	-	-	-	-	-	√	√	
19 November 2014	-	√	-	-	-	-	√	√	√	
12 December 2014 (09.00)	-	√	-	-	-	-	√	√	√	
12 December 2014 (11.00)	-	√	-	-	-	-	√	√	√	

Notes:

*) Mr. Edwin Gerunang, Ms. Gunarni Soeworo, Mr. Wahyu Hidayat and Mr. Agus Suprijanto are no longer Commissioners of Bank Mandiri pursuant to resolution of EGM on 21 May 2014.

**) In line with the results of their fit-and-proper tests per 3 September, Mr. Askolani, Ms. Aviliani and Mr. Anton H Gunawan became effective members of the Board of Commissioners

***) Mr. Zulkifli Djaelani and Mr. Iman Sukarno officially resigned as members of the Audit Committee on 1 March 2014*)

****) Mr. Budi Sulistio and Mr. Ridwan D Ayub official assumed office as members of the Audit Committee and also the Risk Monitoring and GCG Committee on 2 June 2014.

	Budi Sulistio ****	Ridwan Darmawan Ayub *****	Agenda
	√	√	<ul style="list-style-type: none"> • Performance of Institutional Banking I and II • Issues • Alternative solutions
	√	√	<ul style="list-style-type: none"> • Performance of Agro-Based Group • Issues • Alternative Solutions
	√	√	<ul style="list-style-type: none"> • Performance of Jakarta & Regional Commercial Sales I and II • Issues • Alternative Solutions
	√	√	<ul style="list-style-type: none"> • Significant Findings • Special Audit on Mandiri Securitas • Audit Plan 2015 • Revised Policy Guidelines for Internal Audit
	√	√	<ul style="list-style-type: none"> • Audit of Financial Statements for Fiscal Year 2014 While BM and Recommendations of KAP TWR - PWC
	√	√	<ul style="list-style-type: none"> • Performance Achievement of Agro -Based Group • Problems • alternative Solution
	√	√	<ul style="list-style-type: none"> • Performance developments Jakarta Regional Commercial Sales & I and II • Problems • alternative Solution
	√	√	<ul style="list-style-type: none"> • Significant findings • Special Audit Mandiri Securitas • Audit Plan 2015 • Revised Policy Guidelines for Internal Audit
	√	√	<ul style="list-style-type: none"> • Audit of Financial Statements for Fiscal Year 2014 While BM and Recommendations of KAP TWR - PWC
	√	√	<ul style="list-style-type: none"> • Long-Term Plan and the Annual Audit Plan 2015

Percentage Attendance at Audit Committee Meetings, January-May 2014

Audit Committee Member	Number of Meetings	Absent	% Attendance
Gunarni Soeworo*	14	1	92.86
Krisna Wijaya	30	1	96.67
Wahyu Hidayat*	14	5	64.29
Agus Suprijanto*	14	4	71.43
Zulkifli Djaelani***	5	0	100
Imam Sukarno***	5	0	100
Aviliani**	16	2	87.50
Askolani**	16	7	56.25
Anton H Gunawan**	16	1	93.75
Budi Sulistio****	27	0	100
Ridwan Darmawan Ayub****	18	0	100

Notes:

*) Ms. Gunarni Soeworo, Mr. Wahyu Hidayat and Mr. Agus Suprijanto are no longer Commissioners of Bank Mandiri pursuant to resolution of EGM on 21 May 2014.

**) Mr. Zulkifli Djaelani and Mr. Iman Sukarno officially resigned as members of the Audit Committee on 1 March 2014*)

REMUNERATION AND NOMINATIONS COMMITTEE

BASIC REMUNERATION AND NOMINATIONS COMMITTEE

In order to achieve good corporate governance (GCG) and with reference to the Company's Articles of Association, Law No. 19 of 2003 on state-owned enterprises and in particular the provisions contained in the Bank Indonesia Regulation No. 8/4 / PBI / 2006 dated January 30, 2006 on the Implementation of Good Corporate Governance in Commercial Banks, as amended by Bank Indonesia Regulation No. 8/14 / PBI / 2006 dated October 5, 2006, Article 12 paragraph 1, which states that the Board of Commissioners shall establish a Remuneration and Nominations Committee in order to support the effective implementation of the Commissioners' duties.

The Remuneration and Nominations Committee was formed with the aim of assisting and facilitating the Board in performing its duties and oversight functions on matters related to the determination of qualifications, nominations and remuneration for Commissioners, Directors and Executive Officers.

CRITERIA FOR REMUNERATION AND NOMINATIONS COMMITTEE MEMBERS

Besides being of integrity, good character and morals, members of the Remuneration and Nominations Committee are also required to meet the competency and experience requirements, as well as the requirement of Independence, namely:

Competency and Experience Requirements:

1. Have good integrity, sufficient knowledge and work experience in the areas for which the Remuneration and Nominations Committee is responsible, and have an understanding of the banking sector.

2. Free from personal interests / relationships that could result in adverse consequences or a conflict of interest.
3. Are able to provide sufficient time to properly discharge their duties.
4. Are capable of working as a team and communicating effectively.

Independence Requirements:

Not an owner, manager or employee of the company, agency or institution that provides services to the bank or have a business relationship with the Bank;

1. It is not the owner, executive or employee of a company, entity or institution that has provided services to Bank Mandiri or has a business relationship with Bank Mandiri;
2. Does not hold Bank stock, either directly or indirectly ;
3. Is not affiliated with Bank Mandiri, Commissioners, Directors or the principal shareholder of Bank Mandiri ;
4. Does not have a business relationship, directly or indirectly, with the Bank;
5. Independent Members of the Audit Committee may concurrently serve as Independent Members of other Committees in the same company, and / or other companies, provided that those concerned:
 - a. Satisfy all the required competencies;
 - b. Satisfy the independence criteria;
 - c. Are able to maintain the confidentiality of Bank secrets;
 - d. Adhere to the prevailing code of ethics; and
 - e. Do not neglect their duties and responsibilities as member of the Audit Committee

APPOINTMENT AND DISCHARGE OF MEMBERS OF THE REMUNERATION AND NOMINATIONS COMMITTEE

The Remuneration and Nominations Committee is established by the Board of Commissioners and therefore the Remuneration and Nominations Committee is directly accountable to the Board of Commissioners. The Remuneration and Nominations Committee works collectively and independently in carrying out their duties to the bank management and is obliged to report the results of evaluations that have been made to the Board of Commissioners.

In accordance with Bank Indonesia Circular Letter No. 15/15 / DPNP dated 29 April 2013 on the implementation of GCG in Commercial Banks, the Remuneration and Nominations Committee must have at least three (3) members, with the composition being as follows: one Independent Commissioner as chairman, an independent party

who has expertise in the fields of accounting / finance and an independent party who has expertise in law.

Remuneration and Nominations Committee members may resign or be discharged from office, including prior to the expiry of their terms, in the following circumstances:

1. Resignation
2. Loss of citizenship
3. Death
4. Acting contrary to the interests of Bank Mandiri
5. Violates or fails to fulfill the requirements for serving as a member of the Remuneration and Nominations Committee, as stipulated in the relevant Bank Indonesia Regulations.
6. Is unable to carry out his or her duties and responsibilities, as certified by the Board of Commissioners.

NUMBER OF MEMBERS AND COMPOSITION OF REMUNERATION AND NOMINATIONS COMMITTEE

In 2014, the Extraordinary General Meeting of Shareholders by virtue of the Resolution stated in the Deed No. 20 dated 15 September 2014 honorably discharged Mr. Edwin Gerungan, Ms. Gunarni Soeworo, Mr. Wahyu Hidayat and Mr. Agus Suprijanto as Commissioners and appointed Mr. Mahmuddin Yasin, Mr. Askolani, Ms. Aviliani and Mr. Anton Hermanto Gunawan as members of the Board of Commissioners. With this change in the composition of the Board of Commissioners, the number and composition of Remuneration and Nominations Committee members also changed, as shown below:

Composition of the Remuneration and Nominations Committee per December 2014:

Name	Position	SK Pengangkatan
Pradjoto	Chair	KEPKOM/004/2014 Tanggal 28 Mei 2014
Krisna Wijaya	Member	
Abdul Azis	Member	
Mahmuddin Yasin	Member	
Aviliani	Member	
Askolani	Member	
Anton Hermanto Gunawan	Member	

PROFILES OF MEMBERS OF REMUNERATION AND NOMINATIONS COMMITTEE

A number of the members of the Remuneration and Nominations Committee are also members of the Board of Commissioners so that their profiles are provided in the section on Commissioners' Profiles. All of the members of the Remuneration and Nominations Committee are characterized by a high level of integrity, competence, and financial reputation.

INDEPENDENCE OF THE REMUNERATION AND NOMINATION COMMITTEE

- Based on the Remuneration and Nominations Committee Charter:
Members of the Remuneration and Nominations Committee must at least satisfy the following criteria:
 - Mempunyai integritas, objektivitas dan etika yang tinggi.
 - Mempunyai kompetensi yang tinggi dalam hal:
 - sufficient knowledge, including knowledge of the rules and regulations, and the legislation in force.
 - understand the concept of human resources management in a comprehensive manner and have knowledge of the provisions of the Bank's remuneration system and / or its nominations and succession plan.
- The members of the Remuneration and Nominations Committee shall consist of at least 1 (one) Independent Commissioner, 1 (one) Commissioner as a voting member and the Group Head of Human Capital (ex officio) as a non-voting member.

- The Remuneration and Nominations Committee shall be chaired by an Independent Commissioner.
- Should the Remuneration and Nominations Committee have more than three (3) members, there shall not be less than 2 Independent Commissioners.
- If necessary, the Remuneration and Nominations Committee may appoint members who are external parties that are independent of the Bank.
- The members of the Remuneration and Nominations Committee shall be appointed by the Board of Directors based on a Resolution of the Board of Commissioners.

FAMILIAL AND FINANCIAL RELATIONSHIPS AMONG MEMBERS OF THE REMUNERATION AND NOMINATIONS COMMITTEE

Family Relations and Financial Remuneration and Nomination Committee of Bank Mandiri in 2014 accounting for nil.

Name	Position	Familial Relationship with			Financial Relationship with		
		Members of other committees	Directors	Commissioners	Members of other committees	Directors	Commissioners
Pradjoto	Chairman and Member	x	x	X	X	X	X
Krisna Wijaya	Member (Commissioner)	x	x	X	X	X	X
Abdul Aziz	Member (Commissioner)	x	x	X	X	X	X
Mahmuddin Yasin	Member (Commissioner)	x	x	X	X	X	X
Aviliani	Member (Independent Commissioner)	X	X	X	X	X	X
Askolani	Member (Commissioner)	x	X	X	X	X	X
Anton Hermanto Gunawan	Member (Independent Commissioner)	X	X	X	X	X	X
In 2014, none of the members of the Remuneration and Nominations Committee had familial or financial relationships with Commissioners, Directors or members of other committees							

CONTROL AND OWNERSHIP OF SHAREHOLDERS BY MEMBERS OF THE REMUNERATION AND NOMINATIONS COMMITTEE IN OTHER COMPANIES

Stewardship and Shareholding Remuneration and Nomination Committee in Other Companies Bank Mandiri in 2014 counted nil.

REMUNERATION AND NOMINATIONS COMMITTEE CHARTER

In carrying out its functions and roles, the Remuneration and Nominations Committee has a Charter which was adopted on May 29, 2012 and which governs matters related to (a) Duties and Responsibilities of Committee, (b) The authority of the Committee, (c) Meetings of the Committee and (d) the Organization of the Committee.

The Remuneration and Nominations Committee Charter is periodically reviewed to ensure it is always in line

REMUNERATION AND NOMINATIONS COMMITTEE'S FUNCTIONS, AUTHORITY AND DUTIES

Functions

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.

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.

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.

PERFORMANCE OF THE REMUNERATION AND NOMINATIONS COMMITTEE'S DUTIES IN 2014

During 2013, the Remuneration and Nominations Committee has conducted the following discussions:

1. Discussions on Talent Pool
2. Discussions on Performance of Fit & Proper Test of Candidate Directors of Bank Mandiri
3. Discussions on Performance assessment on the Board of Directors of PT Bank Mandiri (Persero) Tbk
4. Follow-up discussions on 2013 GMS
5. Discussions on Fit and Proper Tests at the OJK
6. Discussions on Remuneration Packages, and furnishing of Recommendations to the Board of Commissioners

MEETINGS OF THE REMUNERATION AND NOMINATIONS COMMITTEE

In accordance with the Charter of the Remuneration and Nominations Committee, Remuneration and Nominations Committee Meetings are held in accordance with the needs of the Bank, and a minimum of once a month. The meeting is chaired by the Chairman of the Remuneration and Nominations Committee or a Member of the Remuneration and Nominations Committee or, if the Chairman of the Remuneration and Nominations Committee is unable to attend, a meeting may only be held if attended by at least 51% of the total number of members, including an Independent Commissioner and Independent Party. Resolutions of the Remuneration and Nominations Committee are taken by consensus. In the event that a consensus is not reached, the decision is taken by majority vote

Frequently of and Attendance at Meetings of the Remuneration and Nominations Committee

Meetings of the Remuneration and Nominations Committee

Date	Edwin Gerungan*	Abdul Azis	Gunarni Soeworo*	Pradjoto	Agus Suprijanto*	Krisna Wijaya	Wahyu Hidayat*
18 February 2014	√	√	√	√	-	√	√
21 March 2014	√	√	√	√	√	√	√
28 March 2014	√	√	√	-	-	√	√
4 April 2014	√	√	√	√	-	√	-
25 April 2014	√	√	√	√	√	-	-
26 Mei 2014	-	√	-	√	-	-	-
21 November 2014	-	√	-	√	-	-	-

Note:

*) Mr. Edwin Gerungan, Ms. Gunarni Soeworo, Mr. Wahyu Hidayat and Mr. Agus Suprijanto are no longer Commissioners of Bank Mandiri pursuant to resolution of EGM on 21 May 2014.

**) In line with the results of their fit-and-proper tests per 3 September, Mr. Askolani, Ms. Aviliani and Mr. Anton H Gunawan became effective members of the Board of Commissioners

Percentage Attendance at Meetings of the Remuneration and Nominations Committee

Member	Number of Meetings	Absent	% Attendance
Edwin Gerungan*	5	0	100
Abdul Azis	7	0	100
Gunarni Soeworo*	5	0	100
Pradjoto	7	1	85.71
Agus Suprijanto*	5	3	40
Krisna Wijaya	7	1	85.71
Wahyu Hidayat*	5	2	60
Mahmuddin Yasin**	2	0	100
Aviliani**	2	1	50
Askolani**	2	0	100
Anton H Gunawan**	2	0	100

Keterangan:

*) Mr. Edwin Gerungan, Ms. Gunarni Soeworo, Mr. Wahyu Hidayat and Mr. Agus Suprijanto are no longer Commissioners of Bank Mandiri pursuant to resolution of EGM on 21 May 2014.

**) In line with the results of their fit-and-proper tests per 3 September, Mr. Askolani, Ms. Aviliani and Mr. Anton H Gunawan became effective members of the Board of Commissioners

	Mahmuddin Yasin **	Aviliani **	Askolani **	Anton H. Gunawan **	Agenda
	-	-	-	-	Evaluation of the performance of the BOD of PT. Bank Mandiri (Persero) Tbk.
	-	-	-	-	Performance bonuses (Tantiem) and facilities for BOD and BOC
	-	-	-	-	Performance bonuses (Tantiem) and facilities for BOD and BOC
	-	-	-	-	Performance bonuses (Tantiem) and facilities for BOD and BOC
	-	-	-	-	Revision of facilities for Board of Directors and Board of Commissioners
	√	√	√	√	Revision of facilities for Board of Directors and Board of Commissioners
	√	-	√	√	Preparations for nomination of Directors

RISK MONITORING AND GCG COMMITTEE

FORMING THE BASIS OF THE RISK OVERSIGHT COMMITTEE AND GCG

Risk Monitoring and GCG Committee, established by and responsible to the Board of Commissioners in helping to carry out oversight functions and duties of the Board of Commissioners related risk management and good corporate governance practices in Bank Mandiri.

VISION AND MISSION

The vision of the Risk Monitoring and GCG Committee is as follows:

- 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

The Mission statement of the Risk Monitoring and GCG Committee is as follows:

- 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

CRITERIA FOR RISK MONITORING AND GCG COMMITTEE MEMBERS

Besides being of integrity, good character and morals, members of the Risk Monitoring and GCG Committee are also required to meet the competency and experience requirements, as well as the requirement of Independence, namely:

Competency and Experience Requirements:

1. Have good integrity, sufficient knowledge and work experience in the areas for which the Risk Monitoring and GCG Committee is responsible, and have an understanding of the banking sector.
2. Free from personal interests / relationships that could result in adverse consequences or a conflict of interest.
3. Are able to provide sufficient time to properly discharge their duties.
4. Are capable of working as a team and communicating effectively.

Independence Requirements:

1. It is not the owner, executive or employee of a company, entity or institution that has provided services to Bank Mandiri or has a business relationship with Bank Mandiri;
2. Does not hold Bank stock, either directly or indirectly ;.
3. Is not affiliated with Bank Mandiri, Commissioners, Directors or the principal shareholder of Bank Mandiri ;.
4. Does not have a business relationship, directly or indirectly, with the Bank;
5. Independent Members of the Risk Monitoring and GCG Committee may concurrently serve as Independent Members of other Committees in the same company, and / or other companies, provided that those concerned:
 - Satisfy all the required competencies;
 - Satisfy the independence criteria;
 - Are able to maintain the confidentiality of Bank secrets;
 - Adhere to the prevailing code of ethics; and
 - Do not neglect their duties and responsibilities as member of the Risk Monitoring and GCG Committee.

APPOINTMENT AND DISCHARGE OF MEMBERS OF THE RISK MONITORING AND GCG COMMITTEE

The Risk Monitoring and GCG Committee is established by the Board of Commissioners and therefore the Risk Monitoring and GCG Committee is directly accountable to the Board of Commissioners. The Risk Monitoring and GCG Committee works collectively and independently in carrying out its duties to the bank management and is obliged to report the results of evaluations that have been made to the Board of Commissioners.

In accordance with Bank Indonesia Circular Letter No. 15/15 / DPNP dated 29 April 2013 on the implementation of GCG in Commercial Banks, the Risk Monitoring and GCG Committee must have at least three (3) members, with the composition being as follows: one Independent Commissioner as chairman, an independent party who has expertise in the fields of accounting / finance and an independent party who has expertise in law.

Risk Monitoring and GCG Committee members may resign or be discharged from office, including prior to the expiry of their terms, in the following circumstances:

1. Resignation
2. Loss of citizenship
3. Death
4. Acting contrary to the interests of Bank Mandiri

5. Violates or fails to fulfill the requirements for serving as a member of the Risk Monitoring and GCG Committee, as stipulated in the relevant Bank Indonesia Regulations.
6. Is unable to carry out his or her duties and responsibilities, as certified by the Board of Commissioners.

15 September 2014 honorably discharged Mr. Edwin Gerungan, Ms. Gunarni Soeworo, Mr. Wahyu Hidayat and Mr. Agus Suprijanto as Commissioners and appointed Mr. Mahmuddin Yasin, Mr. Askolani, Ms. Aviliani and Mr. Anton Hermanto Gunawan as members of the Board of Commissioners. With this change in the composition of the Board of Commissioners, the number and composition of Risk Monitoring and GCG Committee members also changed, as shown below:

Composition of the Risk Monitoring and GCG Committee per December 2014:

NUMBER OF MEMBERS AND COMPOSITION OF RISK MONITORING AND GCG COMMITTEE

In 2014, the Extraordinary General Meeting of Shareholders by virtue of the Resolution stated in the Deed No. 20 dated

Komposisi di bulan Desember 2014 :

Name	Position	SK Pengangkatan
Anton Hermanto Gunawan	Chair	KEPKOM/006/2014 Tanggal 28 Mei 2014
Pradjoto	Member	
Krisna Wijaya	Member	
Abdul Azis	Member	
Ridwan Darmawan Ayub	Member	
Budi Sulistio	Member	

PROFILES OF RISK MONITORING AND GCG COMMITTEE MEMBERS

A number of the members of the Remuneration and Nominations Committee are also members of the Board of Commissioners so that their profiles are provided in the section on Commissioners' Profiles. All of the members of the Remuneration and Nominations Committee are characterized by a high level of integrity, competence, and financial reputation.

1. The Risk Monitoring and GCG Committee should have at least 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 expertise, and 1 (one) Independent Party with risk management expertise.
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.

INDEPENDENCE OF RISK MONITORING AND GCG COMMITTEE

Article 4 of Risk Monitoring and GCG Committee provides that:

4. Committee members assigned from external parties must fulfill the following requirements:

- Do not have business relationships with the Bank.
- Do not have family relations with the Directors, Commissioners and Controlling Shareholders.
- Have high integrity, capability, knowledge, and adequate experience in their duties, and proper knowledge of banking.

Familial and Financial Relationships of Members of the Risk Monitoring and GCG Committee

Name	Position	Familial Relationship with:			Hubungan Keuangan dengan		
		Member of Other Committees	Directors	Commissioners	Member of other Committees	Directors	Commissioners
Anton H. Gunawan	Chair / Member (Independent Commissioner)	-	-	-	-	-	-
Pradjoto	Member (Independent Commissioner)	-	-	-	-	-	-
Krisna Wijaya	Member (Independent Commissioner)	-	-	-	-	-	-
Abdul Azis	Member (Commissioner)	-	-	-	-	-	-
Ridwan Darmawan Ayub	Member (Independent Commissioner)	-	-	-	-	-	-
Budi Sulistio	Member (Independent Commissioner)	-	-	-	-	-	-

In 2014, none of the members of the Risk Monitoring and GCG Committee had familial or financial relationships with Commissioners, Directors or members of other committees

RISK MONITORING AND GCG COMMITTEE CHARTER

In carrying out the functions and roles, the Risk Oversight Committee and GCG bank has furnished Charter set out on 24 September 2013 Risk Monitoring Committee Charter and good corporate governance, set up several issues related to : (a) Duties and Responsibilities of the Committee, (b) Authority Committee, (c) Meetings of the Committee and (d) Organization Committee.

Risk Monitoring Committee Charter and good corporate governance in the periodic review to ensure that the scope of the guidelines are always in line with the requirements, Bank Indonesia Regulation and / or other relevant regulations in force.

DUTIES AND RESPONSIBILITY OF THE RISK MONITORING AND GCG COMMITTEE

Responsibilities and Authority

1. The Chairman of the Committee shall have the duty and responsibility to chair the Committee's meeting and propose meeting materials
2. Members of the Committee shall have the duties and responsibilities:
 - a. To hold meetings regularly;
 - b. To first study the meeting materials;
 - c. To attend meetings;
 - d. To contribute and play an active role in meetings;
3. The Chairman and Members of the Committee shall jointly perform their duties and responsibilities covering as follows:
 - a. 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.
 - b. Having discussions with the Board of Directors or the line unit relating to the issue for which risk management is required or being discussed.
 - c. Ensuring the implementation of risk management policy and GCG in the activity of Bank Mandiri.
 - d. Studying and reviewing the policy and internal regulations on the risk management policy established by the Board of Directors.

- e. 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.
- f. Observing and studying decisions of the Risk Management Committee.
- g. Conducting the study on quarterly reports of Bank Mandiri's risk profile individually or in consolidation with subsidiaries.
- h. 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.
- i. iPro-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.
- j. 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.
- k. Monitoring any negative information of the customers of Bank Mandiri that may cause any increase of credit risk.
- 11. IT risk management (IT Strategic Planning, Data Warehouse & MIS, IT-based project status, e-banking, Disaster Recovery Plan, Implementation of External Provisions, TSI Operation, HR Profile)
- 12. Risk Management for Central Operations
- 13. Risk management for Credit Operations
- 14. Liquidity Position (USD & IDR) and projections to end of 2014
- 15. Trading Position (Forex, MM, Recap Bonds / SUN and MTM)
- 16. Market Update & Outlook
- 17. Bank Mandiri Risk Based Soundness Assessment (RBBR)
- 18. Compliance Issues / Findings
- 19. Corporate Plan Risk Management 2015-2020
- 20. Liquidity Risk, Interest Rate Risk, Forex Risk, Trading Book Profile
- 21. Administration of Performance Management System and data warehouse
- 22. Issues and alternative solutions
- 23. Implementation CRO Group & Loan Factory duties
- 24. Issues and alternative solutions
- 25. Gratuity Statement Procedures
- 26. Management of Data Warehouse, and Organization Development Plan of
- 27. Implementation of the Pilot Projects for New Organizational Structure
- 28. Issues and Solutions
- 29. Discussion of Draft RKAP 2015 and RBB 2015-2017
- 30. Indonesia Economic Outlook 2015
- 31. Liquidity Position (USD & IDR) and projections for next 12 months
- 32. Trading Position (Forex, MM, Bonds, Recap / SUN and MTM, Derivatives)
- 33. Reputational Risk Management through Branding and Marketing Communication

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
2. GCG self assessment
3. BM Risk Profile and consolidated risk profile with subsidiaries
4. Operational risk pertaining to Bank Mandiri and its subsidiaries
5. Liquidity position (USD & IDR) and projection for the next 12 months
6. Trading position (Forex, MM, Bond Recap/SUN and MTM, Derivatives, etc.)
7. Outstanding Legal Cases and related risk mitigation
8. Implementation of Compliance Function
9. Implementation of the Anti-Money Laundering (AML) and Financing of Terrorism (PPT) provisions
10. Anti Fraud Strategy

MEETINGS OF THE RISK MONITORING AND GCG COMMITTEE

In accordance with the Risk Monitoring and GCG Committee Charter, at least 12 meetings must be held per year. The invitation to a meeting is conveyed in writing by the Chair of the Committee, save in pressing circumstances, in which case it may be conveyed orally. A meeting of the Risk Monitoring and GCG Committee may only be convened if it is attended by at least 2/3rd of the members, including an Independent Commissioner and Independent Party.

Resolutions of the Audit Committee are taken by consensus. In the event that a consensus is not reached, the decision is taken by majority vote.

Frequently of and Attendance at Meetings of the Risk Monitoring and GCG Committee

Number of Meetings of Risk Monitoring and GCG Committee

Date	Pradjoto	Edwin Gerungan *	Gunarni Soeworo *	Krisna Wijaya	Tama Wijaya ***	Anton H. Gunawan **	Abdul Azis	
20 January 2014	-	√	√	√	√	√	√	
19 March 2014	√	√	-	√	-	-	-	
16 July 2014	√	√	√	√	√	√	√	
13 August 2014	√	√	√	√	√	√	√	
27 August 2014	√	√	√	√	√	√	√	
10 November 2014	√	√	√	√	√	√	√	

Notes:

*) Mr. Edwin Gerungan, in accordance with the resolution of the EGM on 21 May 2014, was discharged as a member of the Bank Mandiri Board of Commissioners

**) Mr. Tama Wijaya formally resigned from the Risk Monitoring and GCG Committee on 1 March 2014.

***) In accordance with the fit-and-proper test results, Mr. Anton H. Gunawan's membership of the Board of Commissioners became effective per 3 September 2014.

****) Mr. Budi Sulistio and Mr. Ridwan D. Ayub officially became concurrent members of the Audit Committee and the Risk Monitoring and GCG Committee on 2 June 2014.

In addition, during 2014 the Risk Monitoring and GCG Committee also held meetings to which members of the Board of Commissioners were invited.

Ridwan Darmawan Ayub ****	Budi Sulistio *****	Agenda
√	√	• BM and Consolidated Subsidiaries Risk Profiles
-	-	• BM and Consolidated Subsidiaries Risk Profiles • Liquidity Position (USD & IDR) and projections for next 12 months • Trading Position (Forex, MM, Recap Bonds / SUN, and MTM, Derivatives)
√	√	• BM and Consolidated Subsidiaries Risk Profiles • Trading Position (Forex, MM, Recap Bonds / SUN, and MTM • Market Update & Outlook
√	√	• Bank Mandiri risk-based soundness rating (RBRR)
√	√	• Market Risk : Liquidity Risk, Interest Rate Risk, Forex Risk, Trading Books Profile
√	√	• Market Risk : • Liquidity Risk, Interest Rate Risk, Forex Risk, Trading Book Profile

In addition , during 2014 Risk Oversight Committee and GCG also conduct meetings with the Board of Commissioners invite the other with the number of meetings by 12 (twelve).

Percentage Attendance at Meetings of the Risk Monitoring and GCG Committee

Member	Number of meetings	Absent	% Attendance
Pradjoto	6	1	83.33
Edwin Gerungan*	3	1	66.67
Gunarni Soeworo*	3	1	66.67
Krisna Wijaya	6	0	100
Tama Wijaya***	1	0	100
Anton H Gunawan**	3	0	100
Abdul Azis	3	0	100
Ridwan Darmawan Ayub ****	4	0	100
Budi Sulistio*****	4	0	100

Note:

*) Mr. Edwin Gerungan, in accordance with the resolution of the EGM on 21 May 2014, was discharged as a member of the Bank Mandiri Board of Commissioners
 **) In accordance with the fit-and-proper test results, Mr. Anton H. Gunawan's membership of the Board of Commissioners became effective per 3 September 2014.
) Mr. Tama Wijaya formally resigned from the Risk Monitoring and GCG Committee on 1 March 2014.*) Bpk. Ridwan D Ayub per 28 March 2014 efektif menjadi anggota Komite Audit dan Komite Pemantau Risiko & GCG Bank Mandiri
 *****) Mr. Budi Sulistio and Mr. Ridwan D. Ayub officially became members of the Risk Monitoring and GCG Committee on 2 June 2014.

secretary to the board of commissioners

In discharging its supervisory and advisory functions, the Board of Commissioners is assisted by the the Secretary to the Board of Commissioners and 3 committees subordinate to the Board of Commissioners, namely, the Audit Committee, Remuneration & Nominations Committee and the Risk Monitoring and GCG Committee.

The Secretary to the Board of Commissioners is an organ of the Board of Commissioners and is appointed by the Board of Commissioners. His duties are to assist with the smooth administration of the duties and responsibilities of 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 the 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.

PROFILE OF SECRETARY TO THE BOARD OF COMMISSIONERS

The Secretary to the Board of Commissioners is an organ of the Board of Commissioners and is appointed by the Board of Commissioners. His duties are to assist with the smooth administration of the duties and responsibilities of 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 the 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.

PROFILE OF SECRETARY TO THE BOARD OF COMMISSIONERS:

Profile



Andus Winarno

Education: Earned bachelor's degree in accounting from Malang Merdeka University in 1994 and master of business law from University of Indonesia in 2011.

Career: 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 IIC 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), in which capacity he serves to date.

DUTIES AND RESPONSIBILITIES OF THE SECRETARY TO THE BOARD OF COMMISSIONERS (SBC)

The duties and responsibilities of the SBC are as follows:

1. To make preparations for meetings, to provide materials and information for meetings and reports of the Board of Commissioners, to draw up minutes of meetings,
2. To provide information required by the Board of Commissioners in the decision making process and information that is required periodically,
3. To prepare annual work and budget plan of the Board of Commissioners and reports for the Board of Commissioners,
4. To keep documents on the performance of the Board of Commissioners' work and to ensure that documents are properly kept in the Company for the orderliness of administration and application of good governance,
5. To ensure that the Board of Commissioners complies with the laws and regulations and implements the principles of GCG,
6. To coordinate with relevant internal and external parties so as to facilitate the effective performance of the duties of the Board of Commissioners, to attend meetings of the Board of Commissioners and meetings of its Committees,
7. To receive and convey reports from whistleblowers
8. To respond to queries on the status of reports from whistleblowers.

SECRETARY TO THE BOARD OF COMMISSIONERS' REMUNERATION

The remuneration packages for the Secretary to the Board of Commissioners and Board of Commissioners' staff are determined by the Board of Commissioners having regard to the financial capacity of the Company. The Secretary to the Board of Commissioners' remuneration package consists of: a) .Honorarium of up to a maximum of 15% (fifteen percent) of the salary of the CEO; b). facilities and benefits.

The remuneration packages of the staff of the Secretary to the Board of Commissioners are determined by the Board of Commissioners subject to the provisions that the total remuneration paid per year does not exceed the remuneration paid to other support organs of the Board of Commissioners.

EVALUATION OF THE PERFORMANCE OF THE SECRETARY TO THE BOARD OF COMMISSIONERS

The evaluation of the performance of the Secretary to the Board of Commissioners is conducted once a year using methodology determined by the Board of Commissioners.

committees of the board of directors

The committees subordinate the the Board of Directors are support organs of the Board of Directors whose responsibilities are to collectively assist the Board of Directors in respect of particularly functions that require special expertise. In order to support the effective performance of the duties and responsibilities of the Board of Directors, Bank Mandiri has established a number of committees 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 committees are as follows:

1. *Risk & Capital Committee;*
2. *Retail and 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 Committees, as a consequence of which the composition of the committees under the Board of Directors, effective as of May 7, 2013, is as follows:

1. *Risk & Capital Committee;*
2. *Retail and Support Executive Committee;*
3. *Wholesale Executive Committee;*
4. *Human Capital Policy Committee;*
5. *Information Technology Committee; and*
6. *Credit Committee.*

1. ASSETS & LIABILITIES COMMITTEE (ALCO)

The Assets & Liabilities Committee (ALCO) was established by Board of Directors Resolution No. KEP.DIR/174/2013, dated 21 June 2013, to assist the Board of Directors in determining asset and liability management strategies, the setting of interest rates and liquidity targets, and other matters related to asset and liability management in Bank Mandiri.

ALCO HAS THE FOLLOWING DUTIES, AUTHORITY AND RESPONSIBILITIES:

ALCO has the following duties, authority and responsibilities:

1. To establish, develop and review the assets and liabilities management strategy.
2. To evaluate the assets and liabilities position of the Company so as to manage liquidity risk, interest rates and exchange rates.
3. To evaluate the Company's Assets & Liability Management (ALM) position and strategy to ensure that the Company's risk-taking position is consistent with the objectives of managing interest rate, liquidity and exchange rate risks.
4. To review the pricing of assets and liabilities to ensure that pricing can optimize deposit growth, minimize the cost of funds and maintain the Company's balance sheet structure in accordance with the Company's ALM strategy.
5. To review the gaps between budget realization and projections in the Company's business plan.
6. To conduct studies on liquidity management, gap management, pricing management, and FX management limits.
7. To establish a fund transfer pricing methodology.
8. To discuss on the scope ALM, including subsidiaries / entities that are under the control of the Company.
9. In its capacity as a committee, ALCO has no authority to act on behalf of the Company, to bind the company to or sign agreements with third parties, as all actions for and on behalf of the Company must be conducted in accordance with the Articles of Association.

ALCO ACTIVITIES IN 2014

In 2014 ALCO held meetings to discuss the following matters:

1. Balance Sheet Optimalitation

Balance Sheet optimization for the purpose of improving NIM and reducing cost based on measured risk.

2. Funds

As part of Bank Mandiri liquidity management, ALCO conducted various review and made determinations in relation to Rupiah Time Deposit counter rates, Rupiah and Foreign Exchange special rates, and Rupiah and Forex demand deposit special rates.

3. Lending

With respect to loan interest rates, ALCO reviewed and made determinations on

- Rupiah and Forex interest rates
- Publication of Basic Lending Rate (SBDK), and
- Interest Rates on Rupiah Fixed Rate Loans.

FREQUENTLY OF AND ATTENDANCE AT ALCO MEETINGS

During 2014, ALCO held 14 meetings, with the frequency of and attendance at meetings as shown below:

Name	Number of ALCO Meetings	Attendance	Absence	% Attendance
Permanent Voting Members ALCO				
Budi G. Sadikin	14	12	2	86
Riswinandi	14	13	1	93
Abdul Rachman	14	13	1	93
Sentot A. Sentausa	14	14	0	100
Pahala N. Mansury	14	13	1	93
Fransisca N. Mok	14	14	0	100
Sunarso	14	11	3	79
Royke Tumilaar	14	13	1	93
Hery Gunardi	14	11	3	79
Tardi	14	13	1	93
Permanent Non – Voting Members ALCO				
Ogi Prastomiyono	14	7	7	50

2. BUSINESS COMMITTEE (BC)

The BC was established by Board of Directors Resolution No. KEPDIR/174/2013, dated 21 June 2013, to assist the Board of Directors in integrated business management strategies, regulating products and / or other Company activities, and determining strategies and the effectiveness of marketing communication in the wholesale and retail banking arenas.

DUTIES, AUTHORITY AND RESPONSIBILITY OF THE BC

The 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 its 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.

BC ACTIVITIES IN 2014

During 2014, the BC conducted meetings with general and specific agendas, as described below:

Date	Agenda	
	General	Specific
27 June 2014	<ol style="list-style-type: none"> Continuation of GIRO Program 2013 in 2014 Implementation Distributor Financing using Transaction Based Lending approach Providing Value Added Services to customers through SME portal Study of BG Programs at End of 2013 from Competitor so as to propose BG at end of 2014 Foreign Currency Savings Product Manual Revision with the addition of 5 types of FX, ie EUR, CHF, GBP, AUD and HKD 	<ol style="list-style-type: none"> Manual for Pre Export Financing Products Revision of Tabungmu Product Manual
3 September 2014	<ol style="list-style-type: none"> Approved the implementation Distributor Financing using Transaction Based Lending approach Approved the revision of Pre Export Financing Product Manual No.019 / KRD / CBB.WTB / 2010 dated September 20, 2010 so as to produce new PM by considering the input and directions from the Board of Directors Approved Revised PM for Tabungmu with notes. 	<ol style="list-style-type: none"> Manual Produk <i>Interbank Trade Financing</i> – Non LC/SKBDN Manual Produk Mandiri Giro Trust Manual Produk Mandiri <i>Dealer Financing</i> Manual Produk <i>Cash Concentration</i>
7 October 2014	<p>Report and Action:</p> <ol style="list-style-type: none"> Approval for adding interbank trade financing transaction material with underlying trade - Non LC / SKBDN to Trade Financing to Correspondents PM, Mandiri Forfaiting PM and Bank Export Bill Discounting PM. Approved Mandiri Giro Trust PM Approved the Dealer Financing, bundling with Mandiri Tunas Finance (MTF) PM. Approved Cash Concentration PM 	<ol style="list-style-type: none"> Manual Produk Mandiri <i>Supplier Financing</i> Program Manual Produk Mandiri <i>National Pooling</i>

FREQUENTLY OF AND ATTENDANCE AT BC MEETINGS

NO	Name	Number of BC Meetings	Attendance	Absence	% Attendance
PERMANENT VOTING MEMBERS					
1	Riswinandi	3	1	2	33
2	Sunarso	3	3	0	100
3	Hery Gunardi	3	1	2	33
4	Abdul Rachman	3	2	1	66
5	Sentot A. Sentausa	3	3	0	100
NON PERMANENT VOTING MEMBERS					
6	Fransisca N. Mok	3	1	2	33
7	Royke Tumilaar	3	2	1	66
8	Kresno Sediarsi	3	2	1	66
9	Pahala N. Mansury	3	2	1	66
10	Ventje Rahardjo	3	0	3	0
11	Tardi	3	0	3	0
12	Rico Usthavia Frans	3	2	1	66
13	Ahmad Siddik Badruddin	3	2	1	66
PERMANENT NON - VOTING MEMBERS					
14	Ogi Prastomiyono	3	2	1	66
INVITEE					
15	Riyani T. Bondan	3	3	0	100

**) number of meetings for each group according to the presence of the agenda*

3. RISK MANAGEMENT COMMITTEE (RMC)

The Risk Management Committee is a committee 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.

DUTIES, AUTHORITY AND RESPONSIBILITIES OF RMC

In accordance with Board of Directors Resolution No. KEP.DIR/170/2013 dated 21 June 2013, the duties, authority and responsibilities of the RMC are as follows:

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.

9. In its 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.

RMC ACTIVITIES IN 2014

During 2014, the RMC conducted the following activities

Date	Committee Resolution
8 January 2014 (Sirkuler)	<ul style="list-style-type: none"> Approved the proposed revisions to the Compliance Coide Standards without notes, effective from January 8, 2014 approved the proposed revisions to the Financial Institution SPK without notes, effective from January 8, 2014 approved the proposed revisions to the SPO Accreditation Partner Credit without notes effective from January 8, 2014 approved the proposed revisions to the eBanking Services SPO without notes effective from January 8, 2014 approved the proposed revisions to the Credit Collection & Recovery SPO without notes effective from January 8, 2014
5 Mei 2014 (Sirkuler)	<ul style="list-style-type: none"> approved the proposed revisions to the Risk Model SPO without notes, effective May 20 approved the proposed revisions to the ALM SP without notes, effective May 20, 2014
3 June 2014	<ul style="list-style-type: none"> The Committee approved proposed authority to set Intraday Facility Limits with notes Committee approved the proposed revisions to the Procurement Decision Authority Resolution and Procurement SPO revision, with notes
5 June 2014 (Sirkuler)	<ul style="list-style-type: none"> Review of Market Risk Limit (Value at Risk) Bankwide and Limit Delta Option 2014
9 June 2014	<ul style="list-style-type: none"> Approved Portfolio Guideline Agenda (Industrial Classification & Industry Limit) with notes Postponed discussion on Equity Policies and Procedures and Management in Subsidiaries
19 June 2014 (sirkuler)	<ul style="list-style-type: none"> Recommended revisions Bank Mandiri Legal Policy (KHKBM) and approved revision of Legal Standard Procedures (SPH) without notes, effective from July 11, 2014 approved proposed revisions to Standard Operating Procedures for Trust Services without notes effective from July 11, 2014 Approved the proposed revision / adjustment of Bancassurance Standard Operating Procedures without notes effective from July 11, 2014
15 July 2014 (Sirkuler)	<ul style="list-style-type: none"> Approved the proposed substance of Subsidiary Management Principles (SMP) without notes. Recommended proposed revision of KPMPPABM and to seek approval of Directors and Board of Commissioners. approved proposed revisions to SPPMPPA without notes. approve proposed revisions to the Capital Market Services SPO without notes effective July 25, 2014 approved the proposed revisions to the Cash Management SPO without notes, effective July 25, 2014

Date	Committee Resolution
7 August 2014	<ul style="list-style-type: none"> The Committee approved the proposed adjustment of the CLN credit process, revision of the substance of CLN CISP and the revocation of CLN SPK, effective 15 (fifteen) working days from the date of approval of RMC with notes - approved the proposed revision of the Commercial SPK SPK, effective 7 (seven) working days from the date of approval unless the proposed revision of the provisions of the Global Line (not approved), with notes Recommended the revision of the Bank Mandiri Risk Management Policy (KMRBM) Recommended the revision of the Bank Mandiri Funds and Services Policy (KDJBK) with editorial notes "Regulations of External Regulator," changed "Regulatory Provisions".
16 September 2014	<ul style="list-style-type: none"> Based on the above discussion and guidelines, the committee meeting dated 16 September 2014 approved the proposed delegation / adjustment of authority and business processes in the pilot regions having regard to the directions / notes of the Committee. The delegation / adjustment of authority and business processes in the pilot regions to be set forth in a Memorandum of Procedure effective from the start of the pilot until roll out, or not later than 6 months
18 November 2014	<ul style="list-style-type: none"> Approved the proposed Revised Guidelines on Internal Audit Standards and recommended materials the Bank Mandiri Internal Control System and Internal Audit Policy for submission to a meeting of the BOD and BOC
2 December 2014	<ul style="list-style-type: none"> Approved the proposed Revised PKP SPO material without notes Approved the proposed Revised of SP material RBBR and Stress Testing without notes Approved the proposed Revised SPO material without notes Rupiah Transfer
3 December 2014	<ul style="list-style-type: none"> Receive the Proposed Limit VaR and entered into force on 8 December 2014 Reviewing Return RAWs results of subsidiaries for the title of "Poor" Approve the Revised Proposal SPO Payment Remittance & Other Services
16 December 2014	<ul style="list-style-type: none"> Accept the proposed methodology of the preparation of Risk Appetite Statement (RAS), and subsequently BM in order to perform the calculations and finalizing risk appetite metric threshold
19 December 2014	<ul style="list-style-type: none"> Approved the proposed Revised to the Electronic Money Management SPO repair records as guidance and input related committee meetings authority Approved the proposed Revised to SP Treasury and entered into force tmt 2 January 2015 Approve Proposed determination of predicate results of risk awareness survey (RAWs) with the addition of one predicate rating survey results into a 5 rating and the title of the adjustment range

FREQUENCY OF AND ATTENDANCE AT MEETINGS OF THE RMC

The RMC held 10 meetings in 2014, with the dates and attendance levels of directors and SEVPs (meetings and circulars) shown below:

NO	Name	Number			% Attendance
		Meeting	Present	Absent	
PERMANENT VOTING MEMBERS					
1	Riswinandi	14	14	0	100%
2	Sentot A. Sentausa	14	13	1	93%
3	Kresno Sediarsi	14	12	2	86%
4	Pahala N. Mansury	14	11	3	79%
5	Ventje Rahardjo	14	10	4	71%
NON PERMANENT VOTING MEMBERS					
6	Budi Gunadi Sadikin	1	1	0	100%
7	Abdul Rachman	3	3	0	100%
8	Fransisca Nelwan Mok	7	7	0	100%
9	Sunarso	5	5	0	100%
10	Royke Tumilaar	12	12	0	100%
11	Hery Gunardi	4	4	0	100%
12	Tardi	5	5	0	100%
13	Rico Usthavia Frans	3	3	0	100%
14	Ahmad Siddik Badruddin	3	3	0	100%
15	Sanjay N. Bhawarni	1	1	0	100%
16	Joseph Georgino Godong	1	1	0	100%
PERMANENT NON-VOTING MEMBERS					
17	Ogi Prastomiyono	14	14	0	100%
INVITEE					
18	Riyani T. Bondan	6	6	0	100%

4. HUMAN CAPITAL POLICY COMMITTEE

Human Capital Policy Committee is a committee established by virtue of Board of Directors Resolution No. KEP. DIR/171/2013 dated 21 June 2013 to assist the Directors in stipulating the Company's human capital management strategies.

DUTIES, AUTHORITY AND RESPONSIBILITIES OF HUMAN CAPITAL POLICY COMMITTEE

The Human Capital Policy Committee 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.

HUMAN CAPITAL POLICY COMMITTEE ACTIVITIES IN 2014

In 2014, the Human Capital Policy Committee undertook the following actions:

1. Discussed implementation of Healthcare Facilities for 2015
2. Discussed Employee Welfare Loan Regulations
3. Discussed Benefit Reviews

FREQUENCY OF AND ATTENDANCE AT MEETINGS OF HUMAN CAPITAL POLICY COMMITTEE

During 2014, Human Capital Policy Committee has conducted 1 (one) meetings with the committee members attendance rate of 100 % , as in the following table :

Name	Number of Meetings	Present	Absent	% Attendance
Riswinandi	1	1	0	100
Ogi Prastomiyono	1	1	0	100
Hery Gunardi	1	1	0	100
Sanjay N. Bharwani	1	1	0	100
Tardi	1	1	0	100
Riyani T. Bondan	1	1	0	100

5. INFORMATION TECHNOLOGY COMMITTEE (IT COMMITTEE)

Information Technology Committee (IT Committee) merupakan sebuah komite yang dibentuk untuk membantu proses pengambilan keputusan mengenai kebijakan pengurusan operasional Perseroan pada bidang *Information Technology ("IT")*. *IT Committee* membantu Direksi dalam penetapan *IT Strategic Plan* dan *IT Budgeting*, penetapan proyek *IT Strategic*, dan pengamanan IT. *IT Committee* dibentuk berdasarkan Keputusan Direksi PT Bank Mandiri (Persero) Tbk. No. Kep. Dir/172/2013 tanggal 21 June 2013 tentang *Information Technology Committee*.

DUTIES, AUTHORITY AND RESPONSIBILITIES OF IT COMMITTEE

The duties, authority and responsibilities of the IT Committee are as follows:

1. To determine the Bank Mandiri IT Strategic Plan (ISP).
2. To establish the strategic reference framework on IT Resources development.
3. To determine the policy and action plan on projects and their budget.
4. To set the IT security strategy and IT risk management
5. To ensure and monitor the implementation of IT projects and IT risk management.
6. To set the priorities and allocation of IT budgets that has been decided by the Directors
7. To provide the decisions or directions related to strategic IT system planning, development and addition.
8. To discuss and settle any strategic issues in the scope of IT and direction of IT investment including in subsidiaries
9. To delegate authority to officers appointed to decide and perform operational IT matters.

In its 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.

IT COMMITTEE ACTIVITIES IN 2014

The IT Committee undertook the following actions in 2014::

1. Approved the reprioritization of IT investment in 2014
2. Approved procurement policy and strategy and payments for the Core Banking DC & DRC engines
3. Approved the review of 2014 IT Investment and the optimization of IT investment in 2014, including investment in new ATMs in 2014
4. Approved changes to the IT investment budget for 2014
5. Accepted in principle the presentation of the IT Strategy and Execution Plan 2015-2020.
6. Accepted report on the progress of the Change the Bank Initiative 2014
7. Approved in principle the action plan to heightening security at ATMs and prevent phishing
8. Approved the portfolio of strategic IT initiatives for 2015.

FREQUENCY OF AND LEVEL OF ATTENDANCE AT IT COMMITTEE MEETINGS

During 2014, the IT Committee held 3 meetings, with the dates and attendance levels as described below:

Name	Number of Meetings	Present	Absent	% Attendance
Permanent Voting Member				
Riswinandi	4	3	1	75
Sentot A. Sentausa	4	4	0	100
Pahala Nugraha Mansury	4	3	1	75
Kresno Sediarsi	4	4	0	100
Ventje Rahardjo	2	1	1	50
Hery Gunardi	4	2	2	50
Non-Permanent Voting Member				
Budi Gunadi Sadikin	4	4	0	100%
Abdul Rachman	4	3	1	75%
Royke Tumilaar	3	2	1	66,7%
Tardi	3	3	0	100%
Rico Usthavia Frans	4	4	0	100%
Ahmad Siddik Badruddin	2	2	0	100%
Sanjay N. Bharwani	1	1	0	100%
Joseph Georgino Godong	1	1	0	100%
Permanent Non-Voting Member				
Ogi Prastomiyono	4	4	0	100%
Invitee				
Riyani T. Bondan	4	4	0	100%

6. CAPITAL & SUBSIDIARIES COMMITTEE

The Capital & Subsidiaries Committee was established by virtue of Board of Directors Resolution No. KEP. DIR/173/2013, dated 21 June 2013, to assist the Board of Directors in determining subsidiary management strategy, capital investment and divestment recommendations and remuneration and management appointments in subsidiaries.

DUTIES, AUTHORITY AND RESPONSIBILITIES OF CAPITAL & SUBSIDIARIES COMMITTEE

The Duties, Authority and Responsibilities of Capital & Subsidiaries Committee are as follows:

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.

CSC'S ACTIVITIES IN 2014

In 2014, the CSC conducted meetings in relation to the following matters:

1. Capital Injection Plan for Mandiri AXA General Insurance
2. Proposed Agenda for the 2013 Annual General Meeting of PT Mandiri Tunas Finance
3. Proposed Agenda for the 2013 Annual General Meeting of PT Mandiri Investment Management
4. Proposed Agenda for the 2013 Annual General Meeting of PT Bank Sinar Harapan Bali
5. Proposed Agenda for the 2013 Annual General Meeting of PT Mandiri AXA General Insurance
6. Proposals and resolutions for agenda on remuneration, performance bonuses and management at the 2013 AGM of PT Mandiri Investment Management
7. Proposals and resolutions for agenda on remuneration, performance bonuses and management at the 2013 AGM of PT Bank Sinar Harapan Bali
8. Proposals and resolutions for agenda on remuneration, performance bonuses and management at the 2013 AGM of PT Mandiri AXA General Insurance
9. Proposals and resolutions for agenda on remuneration, performance bonuses and management at the 2013 AGM of PT AXA Mandiri Financial Services
10. Proposals and resolutions for agenda on remuneration, performance bonuses and management at the 2013 AGM of PT Mandiri Securities
11. Proposals and resolutions for agenda on remuneration, performance bonuses and management at the 2013 AGM of PT AXA Bank Syariah Mandiri
12. Proposals and resolutions for agenda on remuneration, performance bonuses and management at the 2013 AGM of PT Bank Syariah Mandiri
13. Proposals and resolutions for agenda on remuneration, performance bonuses and management at the 2013 AGM of PT Mandiri Securities
14. Proposals and resolutions for agenda on remuneration, performance bonuses and management at the 2013 AGM of PT Mandiri Investment Management
15. Proposals and resolutions for agenda on remuneration, performance bonuses and management at the 2013 AGM of PT Mandiri Tunas Finance
16. Proposals and resolutions for agenda on remuneration, performance bonuses and management at the 2013 AGM of PT Mandiri Tunas Finance
17. Proposals and resolutions for agenda on remuneration, performance bonuses and management at the 2013 AGM of PT AXA Mandiri Financial Services
18. Proposals and resolutions for agenda on remuneration, performance bonuses and management at the 2013 AGM of PT Mandiri AXA General Insurance
19. Proposals and resolutions for agenda on remuneration, performance bonuses and management at the 2013 AGM of PT bank Sinar Harapan Bali
20. Conducting Performance Review on Mandiri Healthcare
21. Conducting Performance Review on Bank Mandiri Pension Fund (DPBM) and Proposed Investment Guidance
22. Conducting Performance Review on Mandiri International Remittance
23. Conduct Performance Review on PT Mandiri AXA General Insurance
24. Proposed Agenda of EGM of PT Bank Sinar Harapan Bali
25. Approval of RKAP of PT Mandiri AXA General Insurance for 2015
26. Proposed changes in management of PT. Mandiri AXA General Insurance
27. Proposed changes in management of PT. AXA Mandiri Financial Services

28. Approval for the appointment of Mr. Putu Rahwidhiyasa as Compliance Director of PT. Bank Syariah Mandiri
29. Proposed Remuneration, Facilities & Benefits for Board of Commissioners, Board of Directors and SEVPs of PT Bank Syariah Mandiri
30. Proposed Remuneration for Destry Damayanti as Commissioner of PT. Mandiri Manajemen Investasi and assignment by Ministry of State-Owned Enterprises

FREQUENCY OF AND ATTENDANCE AT MEETINGS OF CSC

Name	Number of Meetings	Present	Absent	% Attendance
Group A				
Budi G. Sadikin	6	6	0	100%
Riswinandi	5	5	0	100%
Sentot A. Sentausa	5	5	0	100%
Pahala N. Mansury	6	6	0	100%
Ventje Rahardjo	5	5	1	80%
Group B (hadir sesuai agenda pembahasan)				
Abdul Rachman	3	2	0	67%
Sunarso	4	4	0	100%
Fransisca N. Mok	2	2	0	100%
Hery Gunardi	5	5	0	100%
Royke Tumilaar	1	1	0	100%
Kresno Sediarsi	1	1	0	100%
Tardi	4	4	0	100%
Contributing Member				
Ogi Prastomiyono	6	6	0	100%
Invitee				
Riyani T. Bondan	6	6	0	100%
Rico Usthavia Frans	1	1	0	100%
Ahmad Siddik Badruddin	1	1	0	100%
Sanjay N. Bharwani	1	1	0	100%

7. CREDIT COMMITTEE

So as to ensure the consistent application of GCG and in ensuring prudential lending in line with best practice in risk management, Bank Mandiri has completely restructured its credit process. For every loan disbursement in the wholesale segment, a discussion must be conducted through a meeting of the Credit Committee Meeting, to facilitate the implementation of the four-eye principle, as well as a checks and balances process by the Business Unit as the initiator and Credit Risk Management as the Risk Mitigation Unit. Representatives of the Legal Group and Compliance Group must attend these committee meetings to provide opinions from the legal and compliance points of view in order to strengthen the independency aspect, prevent domination by a particular unit, avoid conflicts of interest, and to ensure that decision-making is objective and free of pressure.

DUTIES, AUTHORITY AND RESPONSIBILITIES OF CREDIT COMMITTEE

The duties, authority and responsibilities of the Credit Committee per segment are as follows:

- 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 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 AND ATTENDANCE AT MEETINGS

Name	Number of Meetings	Present	Absent	% Attendance
Fungsi Risk Management				
Budi G. Sadikin	7	7	0	100
Riswinandi	82	82	0	100
Sentot A. Sentausa	322	322	0	100
Pahala N. Mansury	67	67	0	100
Kresno Sediarsi	207	207	0	100
Ventje Rahardjo	58	58	0	100
Ahmad Siddik Badruddin	50	50	0	100
Fungsi Business Unit				
Abdul Rachman	102	102	0	100
Royke Tumilaar	111	111	0	100
Sunarso	174	174	0	100
Fransisca N. Mok	308	308	0	100
Hery Gunardi	67	67	0	100
Tardi	173	173	0	100

internal control system

The Internal Control System in Bank Mandiri applies the three lines of defense concept, consisting of the risk owner as the first line of defense, the risk and compliance as the second line of defense and Internal Audit as the third line of defense.

Bank Mandiri applies its Internal Control System so as to avoid deviations from the procedures and ensure that the financial reports produced by the bank are trustworthy and that the Bank's operations are conducted in accordance with the prevailing laws and regulations. The application of the Internal Control System is focused on ensuring that the Bank produces reliable financial reports and information, compliance with the law and and operational efficiency effectiveness.

The risk-based system of oversight and internal control in Bank Mandiri applies the following concept:

Three Lines of Defense Concept

role of business units as the first line of defense in managing the internal control aspects in their line units,

role of risk and compliance unit in ensuring bank-wide risk management, and compliance with the external regulations as the second line of defense,

role of internal audit unit in the provision of independent assurance as the third line of defense.

It is expected that through the implementation of the 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 lines of defense.

The aforesaid framework is applied in all processes and decisions, namely, the planning, execution and evaluation processes through the code of conduct, distribution of duties and authority, procedures in which there is adequate risk assessment, risk mitigation, limit establishment, approval, and reporting.

In addition, the bank has established the Bank Mandiri Internal Control System (KSPIBM) as the cornerstone for

the implementation of the Internal Control System, which consists of control mechanisms established by the Board of Directors with the approval of the Board of Commissioners on an ongoing basis with the following objectives:

1. Maintaining and securing the Bank's assets,
2. Ensuring the availability of accurate reports,
3. Improving compliance with the applicable regulations,
4. Reducing financial impacts / losses, irregularities including fraud / fraud,, and violation of prudential principles, and
5. Improving organizational effectiveness and cost efficiency

As the process is operated at all levels of the Bank, the Internal Control System is applied in determining strategy throughout the organization and is designed to identify the likelihood of an event that may adversely affect the company, and to keep risk within tolerable limits in accordance with the Bank's risk appetite, to provide reasonable assurance in order to achieve the company's goals. The Internal Control System consists of 8 components that are mutually related and determine the effectiveness of overall application, namely:

1. *Internal Environment*

The internal environment constitutes the basis for management in assessing risk and control, and how to react. This forms the basis and driving factor for the other seven (7) components of the Internal Control System.

2. *Objective Setting*

Bank Mandiri sets targets (objective setting) as criteria for effective event identification, risk assessment and risk response.

3. *Event Identification*

Management identifies events that could potentially affect the ability of the Bank to implement its strategies and achieve its goals effectively. Such identification is carried out in respect of events that could have a negative impact (risks) and which require assessment and a response from the Bank. Identification is also conducted in respect of events that are expected to have a positive impact in the form of opportunities that should be considered by management in the preparation of strategies so as to achieve the objectives of the Bank. Management also considers all aspects of the organization to identify potential events.

4. *Information & Communication*

- a. The Bank has an information system that generates comprehensive reports and provides data / information on business progress, financial condition, risk management, compliance with the applicable rules and regulations, market information, external conditions, and the conditions that are necessary in the context of taking appropriate decisions.
- b. The Bank has an information system that generates comprehensive reports and provides

data / information on business progress, financial condition, risk management, compliance with the applicable rules and regulations, market information, external conditions, and the conditions that are necessary in the context of taking appropriate decisions.

The effective implementation of the Internal Control System will assist the Bank in protecting its assets, ensuring the availability of accurate information and reports, enhancing compliance with the laws and regulations, and reduce the risk of losses, irregularities, and violations of prudential principles.

EVALUATION OF INTERNAL CONTROL SYSTEM

Based on the QAR 2014 results and in line with Internal Audit's long-term planning, has various strategic initiatives were prepared covering the Bank Mandiri group, as described below:

1. Development of guidelines for the preparation of the Internal Audit Charter, which will apply to the entire group
2. Development of group KPIs (key performance indicator) for Internal Audit
3. Development of methodologies for Internal Audit planning and the audit closing process in the Bank
4. Development of Internal Audit ratings that are applicable to the entire group
5. Development and integration of internal audit tools
6. Development of a training plan framework for Internal Audit and Internal Audit competencies
7. Development of Internal Audit reporting framework
8. Internal Audit communication

All of these strategic initiatives are aimed at strengthening three key aspects -- positioning, process and people -- so that the Bank Mandiri internal audit function not only surpasses that of competitors but will serve as best practice in the banking industry.

compliance function report

To anticipate all forms of loss and non-compliance with the rules and regulations, Bank Mandiri conducts compliance risk management in accordance with Bank Indonesia Regulation No. 13/2 / PBI / 2011 dated January 12, 2011 on the Implementation of the Compliance Function of Commercial Banks. The regulation stipulates that compliance is one of the aspects of good corporate governance, which is one of the most important factors in the assessment of the Bank's soundness. The compliance function itself consists of a series of strategies used by the Bank to ensure that the policies, regulations, systems and procedures, as well as business activities conducted by the Bank, are in accordance with Bank Indonesia regulations and the prevailing law. This is an integral part of the Bank's activities, where every failure of compliance can be a source of other risks.

ORGANIZATIONAL STRUCTURE OF COMPLIANCE UNIT

The structure and status of the Compliance Unit is set out in the Bank Mandiri Compliance Policy (KKBM), which contains detailed Compliance Standards (SPKP). The organizational structure of the Compliance Unit is as follows:

1. Director responsible for compliance function;
2. Compliance Unit in Head Office;
3. Compliance Unit in Business Units.

DIRECTOR RESPONSIBLE FOR COMPLIANCE FUNCTION

The process of appointment, discharge and/or resignation of the Director responsible for the Compliance Function in Bank Mandiri is as follows:

1. The appointment, discharge, and/or resignation of the Director responsible for the Compliance Function of Bank Mandiri have referred to the provisions

on appointment, discharge 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.

2. In case of the permanent absence, resignation, or office term expiration of the Director responsible for the Compliance Function, the Bank shall immediately appoint his/her replacement.
3. During the process of replacement of the Director responsible for the Compliance Function, another Director shall be appointed to temporarily carry out the duties of the Director responsible for the Compliance Function.
4. The Director temporarily carrying out the duties of the Director responsible for the Compliance Function due to his/her permanent or temporary absence shall not be the CEO and or Deputy CEO or Director in charge of functions which may affect the independence of the Compliance Function. In case no Director is concurrently the Director responsible for the Compliance Function, such position will be temporarily performed by another Director in charge of operational functions.
5. Every replacement of the Director responsible for the Compliance Function shall be reported to Bank Indonesia.

The appointment of the Director responsible for the Compliance Function shall be subject to a Fit & Proper Test conducted in accordance with Bank Indonesian Regulation.

COMPLIANCE UNIT AT HEAD OFFICE

The Bank Mandiri Compliance Unit is directly under and responsible to the Director responsible for 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:

1. Fulfilling the Independency requirement
2. Understanding Bank Indonesia regulations and prevailing legislated laws
3. Not carrying out duties other than those of Compliance Function
4. 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:

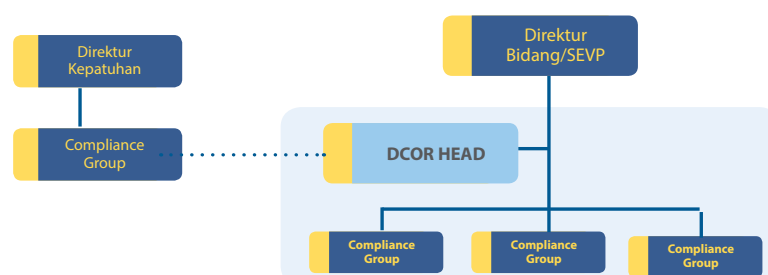
1. To conduct steps required to support the establishment of Compliance Culture in all business activities of the Bank in all organizational levels.

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 Group is the Compliance Unit at Bank Mandiri head office, and is directly responsible to the Director responsible for the compliance function. The Head of Compliance Unit must satisfy the requirements of independence, be familiar with Bank Indonesia regulations and legislation, not be in charge of business functions and operations, or finance and accounting, and does not hold any other structural position. The Compliance Unit does not take over the responsibility of each Business Unit Head in the Bank for the implementation of compliance in individual units. The Compliance Unit at Head Office promotes the development of the Compliance Units in individual business units.

COMPLIANCE UNITS IN BUSINESS UNITS

The compliance units in the individual business units are responsible for the technical implementation of the compliance function in their respective units, and are accountable directly to the relevant Director / SEVP. Their status is that of Decentralized Compliance & Operational Risk (DCOR) units.



Compliance Standards Manual

In performing its duties, the Compliance Unit is equipped with a Compliance Standards Manual (SPKP), the contents of which are elaborated Technical Implementation Guidelines (PTKp). These document are reviewed periodically. The scope of the Compliance Standards are as follows:

1. Arranging matters related to the implementation of the compliance function, including the organization, duties, powers and responsibilities, compliance risk management, administration and reporting.
2. The SPKP apply to all Compliance Units, both the compliance unit at head office and the compliance units in business units in implementing the compliance function.
3. For Overseas Branches, SPKP should be adjusted having regard to to the laws and regulations applicable in the relevant jurisdiction.
4. For the implementation of the compliance function as regards the provisions of the Anti-Money Laundering and Funding of Terrorism (APU and PPT) legislation, the Anti-Money Laundering and Financing Manual is applied.

COMPLIANCE FUNCTION IMPLEMENTATION

In order to ensure compliance with the banking legislation, and Bank Mandiri's commitments and agreements with Bank Indonesia and other authorities, the Bank strives to uphold the implementation of prudential principles - prudence in the management of the Bank through the implementation of the compliance function accordance with the applicable regulations.

To ensure that the compliance function operates properly, as mandated by the regulations, one member of the Board of Directors of the Bank is designated as the Director of Compliance, who is responsible for establishing the measures necessary to ensure compliance by the Bank in carrying out its duties and responsibilities, with the assistance of the Compliance Unit, which has the following duties:

1. Compliance with Laws and Regulations

The commitments are detailed as follows:

- a. To grow and develop Compliance Culture in all organizational levels and business activities of the Bank.
- b. 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.
- c. 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.
- d. All personnel of the Bank are responsible for the performance of compliance function in each activity of their respective unit.
- e. 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.

2. Fulfillment of commitment to the competent authorities

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 2014, all commitments to the Authority have been completed/fulfilled properly.

3. Preparation of compliance work plan

Along with the development of the business and activities of the Bank, the risk exposure faced is also increasing and becoming more diverse. In conducting compliance risk management, the Compliance Function prepared an Annual Compliance & Operational Risk Program (ACORP) for 2014, which is a strategic plan for the implementation of the compliance function over the year ahead.

The compliance work plan focuses on strengthening the role and functions of the Compliance Function as the 2nd line of defense and minimizing the occurrence

of non-compliance events and the potential penalties that would arise as a result.

4. Preparation of a compliance officer certification module

In 2014, Bank Mandiri formulated a compliance officer certification module, which consists of an introduction, compliance functions, risk management compliance, in respect of compliance risks, adherence to prudential principles, Islamic banking compliance, anti-money laundering and financing of terrorism compliance and the implementation of the Bank's anti-fraud strategy.

The module was prepared by the Director of Communication Function Forum Drafting Committee (FKDKP), together with certification and competency levels:

Certification Level	Competencies
Compliance & AML Officer (Level 1)	Knowledgeable
Compliance & AML Manager (Level 2)	Analytical (Case Studies)
Compliance & AML Executive (Level 3)	Concept, Strategy, Policy, Plan, Evaluate
Fast Track	

COMPLIANCE WORK PLAN 2014

In the context of the implementation of the compliance function, the Compliance Unit prepared its compliance work plan for 2014 by considering two (2) main aspects, namely:

1. Top Risks (bank-wide and in each Directorate)

These are the highest compliance risks, which are identified by assessing the level of compliance in respect of all the risks identified by each risk owner (business unit).

2. Directorate Targets

The Directorate focuses on areas that need to be considered by Compliance Units in determining compliance with work plan priorities.

These considerations were formulated in the form of:

1. A decrease in fines from the regulators of at least 20% from the previous year.
2. Ensuring that Top Risks (bank-wide and each Directorate) do not become Non-Compliance Events (NCE).
3. Identification of compliance risks, both as regards new risks and risks already identified, and ensuring that in the event of a NCE, 90% of the NCE is identified in the form of a Risk Compliance Statement (CRS).

In 2014, the imposition of fines by the regulator was down very significantly far surpassing the set targets of a reduction of 20% from the previous year. In addition, the risk associated the risks related to all the legislation and regulations issued in 2014 has were identified and a list of potential penalties for violations prepared.

APPLICATION OF ANTI-MONEY LAUNDERING (AML) AND FINANCING OF TERRORISM (PPT) PROGRAM

The Board of Directors and Board of Commissioners is fully committed to the application of the Anti-Money Laundering and Financing of Terrorism legislation (APU and PPT Program), in line with the relevant Bank Indonesia regulations and the laws and regulations. This commitment was realized through, among other things, the active supervision of the Board of Commissioners on the discharge of the Directors' responsibilities related AML and CFT, and the establishment of a Special Unit (UKK) to implement the AML and CFT program. The UKK is structurally under the Head Office Compliance Unit and is directly responsible to the Director of Risk Management & Compliance, who heads the compliance function in the bank.

ORGANIZATIONAL STRUCTURE

As stipulated by Bank Indonesia Regulation No. 14/27 / PBI / 2012 dated December 28, 2012, on the Implementation

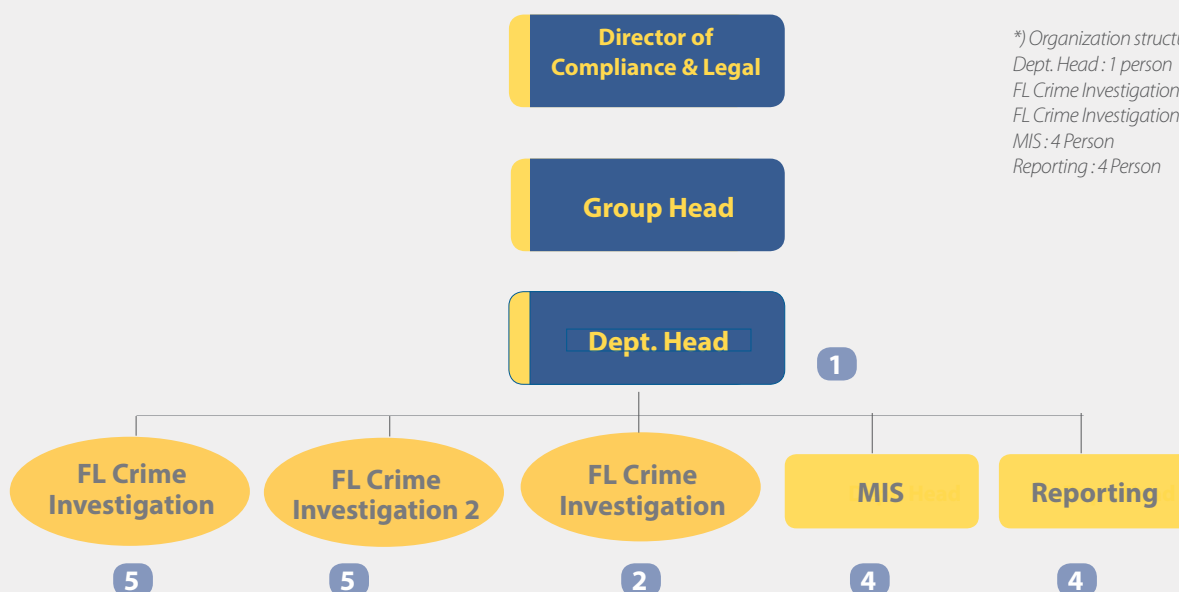
of the APU/PPT program, the Bank is required to establish a special unit and / or appoint an officer of the Bank to be responsible for the implementation of the program. This special unit and / or officer of the Bank is accountable to the Director of Compliance.

The special unit in Bank Mandiri that handles the APU/PPT program is the APU & PPT Department, which has 21 staff, as shown in the following diagram:*)

APU-PPT PROGRAM

In order to comply with and strengthen implementation of the APU-PPT program, Bank Mandiri carried out the following work program:

- Improving the awareness of APU-PPT bankwide through regular APU- PPT training; this was provided through various media, including in-class training, e-learning and dissemination of information to the Branches / Business Units in Bank Mandiri.
- Implementation of the New Anti-Money Laundering System to replace the existing AML System that has been applied by the Bank since 2006. The new system involves the following processes: due diligence, assessment of risk levels and better monitoring of suspicious financial transactions in respect of all customers so that the Bank can avoid the risk of its product / banking services being availed of by criminals.



*) Organization structure diagram
Dept. Head : 1 person
FL Crime Investigation : 7 Person
FL Crime Investigation 2 : 7 Person
MIS : 4 Person
Reporting : 4 Person

- c. Development and refinement of the process of reporting International Fund Transfer Instructions (IFTI-LTKL) and LTKT reporting to the PPATK.
- 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/OJK, 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 agencies, and other banking institutions through communication and training forums.
- f. Initiatives

The Bank has introduced a number of new initiatives to strengthen the application of the APU PPT program, including the following:

- 1) The Bank has been appointed as one of the pilot banks to develop and improve the GRIPS CTR client application system, and is currently in the process of reporting the results of the trials. The system is expected to go live on February 2, 2015.
- 2) Development of APU PPT Department
 - The Bank conducted organizational development that has been effective since January 2015, with the APU PPT Department being divided into three Departments.
 - Along with the development of the HR organization the number of employees as much will be increased from 21 to 29.
- 3) Appointment of Anti-Money Laundering Officers in each Regional Office.

ANTI-FRAUD STRATEGY

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 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:

1. 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.
2. 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.
3. 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.
4. 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.

internal audit reports

During 2014, Internal Audit successful supported the achievement of the second phase of the transformation program through the strengthening of the internal control system. Internal Audit, as the third line of defense, played a greater role in the provision of assurance by the honing of its audit approach from transactional to one that is more focused on issues that are strategic and provide a bankwide impact.

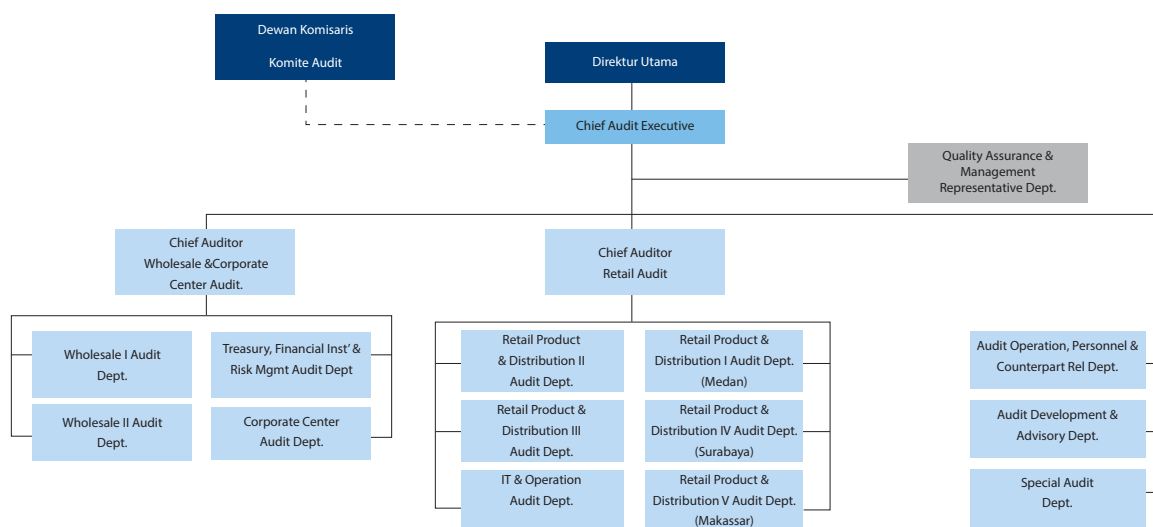
The internal audit approach applied in 2014 was a thematic one. Through thi approach, audits can address the roots of problems so that the resulting recommendations will be more effectively. Audit approach that is both strategic and forward looking encourages the Directorate of Internal Audit for more anticipatory in dealing with issues that could potentially arise in the future.

In addition to carrying out the audit approach, the Internal Audit also performs routine audits, audit overseas branches and subsidiaries, and audit particular operations. Regular audits are carried out in order to comply with the regulatory requirements (mandatory audits) and based on audit requests from Management.

ORGANIZATIONAL STRUCTURE AND STATUS OF INTERNAL AUDIT

The Internal Audit function is located in the Directorate of Internal Audit (DIA), which is directly accountable to the Managing Director and can communicate directly with the Board of Commissioners through the Audit Committee. Its organizational structure is tailored to the business strategy of the Bank. The Directorate of Internal Audit per December 31, 2014 had 2 Audit groups - the Retail Group and the Wholesale & Corporate Center Audit Group, as determined by the Board of Directors by virtue of its Resolution No. KEP. DIR / 313/2011.

THE DIA STRUCTURE AND STATUS IS AS SHOWN BELOW:



In the structure of the organization, the Chief Audit Executive has a line of communication with the Chief Auditor Wholesale & Corporate Center Audit, Chief Auditor Retail Audit, Audit Operations Personal & Counterpart, Audit Development & Advisory and Special Audit

APPOINTMENT AND DISCHARGE OF THE CHIEF AUDIT EXECUTIVE

The Chief Audit Executive is appointed and discharged, and is responsible directly to, the CEO, with the approval of the Board of Commissioners, and must be reported to Bank Indonesia, the Capital Market Authority and Badan Pengawas Pasar Modal dan Lembaga Keuangan.

PROFILE OF CHIEF AUDIT EXECUTIVE (CAE)

Internal Audit is headed by Riyani T. Bondan as Chief Audit Executive (CAE) with position of Senior Executive Vice President (SEVP) since 2005 by virtue of Resolution of the Board of Directors No. KEP.DIR/117/2008 dated 21 October 2008, which was subsequently reported to the regulator. The following is a profile of the CAE:



Riyani T. Bondan

Graduated from the Bogor Institute of Agriculture in 1984 and with an MBA from the University of Illionis, Urbana Champaign, US, in 1994. She has experience in various business areas and among the positions she has held are Head of Corporate & Commercial Credit Division, Head of Commercial Credit III, Department Head Consumer Credit Risk Approval, Group Head Retail Credit Risk Approval dan Group Head Learning Center.

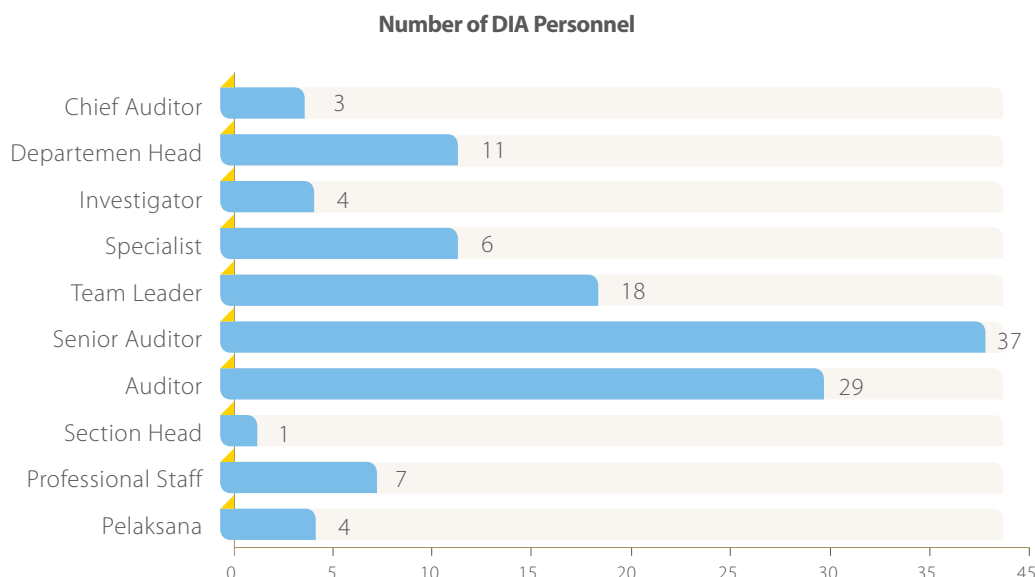
INTERNAL AUDIT CHARTER

Internal Audit has an Internal Audit Charter that has been approved by the CEO and the Board of Commissioners, with the last revision being on December 5, 2014. The Internal Audit Charter has been prepared to provide guidance on the objectives, authority, responsibilities and scope of the work of Internal Audit in the organization, and positions its functions in respect of various interests so that the vision and mission of Internal Audit can help ensure the soundness and development of the Bank.

The status, authority and responsibilities of Internal Audit are set out formally in the Internal Audit Charter. It is consistent with the Bank Mandiri Internal Audit Function Performance Standards (SPFAIB) and the Directive of the Chairman of the Capital Market and Financial Institutions Supervisory Board (BAPEPAM-LK) on the Preparation and Guidelines for the Preparation of Internal Audit Charters, and best practice in accordance with the IPPF (International Professional Practice Framework) standards adopted by the IIA (Institute of Internal Auditors).

NUMBER AND QUALITY OF INTERNAL AUDITORS

The Directorate of Internal Audit has 120 staff, with the detailed breakdown shown in the following graph:



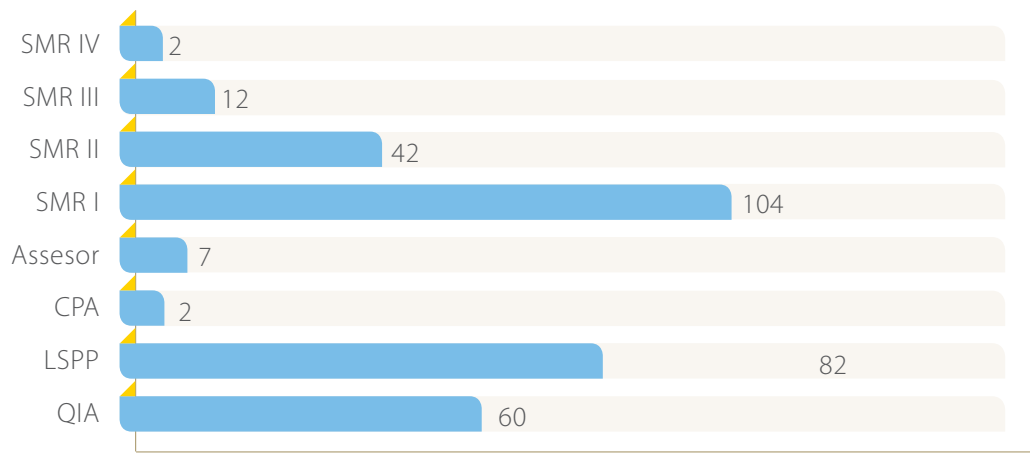
To meet the qualifications and competence requirements, Internal Audit always strive to provide continuing education for all Internal Audit personnel, including certified professional education (both nationally and internationally), attachment programs and training at home and abroad.

The qualifications for an internal auditor are as follows:

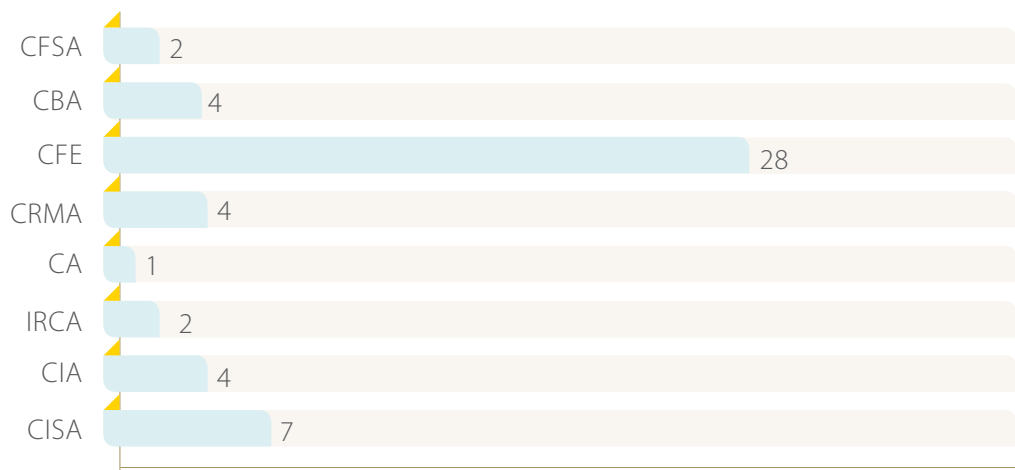
1. Has the integrity needed to build trust, which forms the basis for making reliable judgments.
2. Demonstrates a high level of objectivity in accordance with professional standards in gathering, evaluating, and communicating information about the activity or process being audited.
3. Makes balanced judgments by taking into account all the relevant circumstances and is not influenced by personal interests or the interests of others.
4. Respects the value and ownership of information and does not disclose such information without the authorization of the competent parties unless there is a legal or professional obligation to disclose such information.
5. Applies the knowledge, skills, and experience needed to carry out the audit duties.

In ensuring the employee development program is properly targeted and appropriate, in collaboration with Internal Audit, the Compliance Audit & Governance Academy (ACGA), Mandiri University has develop programs to increase the competencies of auditors in the long term with reference to the Internal Audit Capability Model (IACM). The IACM is a competency mapping method in particular positions so that competency gaps in Internal Audit can be filled. The employee development program is implemented using a variety of mechanisms, such as: e-learning, training, certification at the national and international levels, apprenticeships / attachments, and special projects and assignments. The success of the program is continuously monitored and measured.

Data on the certification of auditors in the Internal Audit Directorate up until the end of 2014 is as shown below (1 person has more than one certification):

National Certification

Note: SMR (Risk Management Certification), CPA (Certified Public Accountant), QIA (Qualified Internal Audit), LSPP / Lembaga Sertifikasi Profesi Perbankan (certifies auditor competencies for auditor up to assessor level).

International Certification

Note: CFSA (Certified Financial Services Auditor), CBA (Certified Bank Auditor), (Certified Fraud Examiner), CRMA (Certification on Risk Management Assurance), CA (Certified Accountant), IRCA (International Register of Certificated Auditor), CIA (Certified Internal Auditor), CISA (Certified Information System Auditor).

SCOPE, DUTIES AND RESPONSIBILITIES OF INTERNAL AUDIT

The scope of Internal Audit's work covers all areas of operations in Bank Mandiri and its subsidiaries / affiliates (according to the applicable governance) for the purpose of determining the quality of internal control, the application of risk management, and the implementation of governance processes. Internal Audit helps the organization achieve its goals through the Internal Audit Activities (assurance and consulting) and Investigative 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.

Investigation

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 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.

2014 AUDIT PLAN AND INTERNAL AUDIT REALIZATION

The year 2014 marked the end of a second stage of the Bank Mandiri transformation process. Every target was achieved, even exceeding the targets. Innovation, consistency and synergy of every unit were the key factors in achieving the Bank's aspiration of becoming the best and most admired financial institution. Through the theme "Empowering the Client in 2014," DIA implemented the internal control function through alliances, not only internally within DIA, but also involving the first line and second line of defense units. This was aimed at cultivating an awareness of internal control in accordance with the functions and authority of each unit.

In line with the continued transformation of the Bank based on the aspiration to be the best bank in ASEAN, DIA continues to innovate, using a more comprehensive audit approach that encompasses strategic coverage in order to provide value to the company.

In 2014, through the theme of "Towards 2014 Corporate Plan Accomplishment: More Empowerment - More Confidence," DIA intended to conclude the second transformation period by continuing to empower the first and second lines of defense, which are responsible

for the implementation of internal control in the business units, and build a solid alliance between both internal and external units.

The 2014 Annual Audit Plan (AAP) was prepared on a top down and bottom up basis, involving all levels of the DIA and other relevant units. In the preparation of the AAP, DIA used the results of an Enterprise Risk Assessment (ERA), which is a process of risk assessment that was conducted by Top Management in respect of the risks that would be faced by the Bank in 2014.

The preparation of the Annual Audit Plan (AAP) in 2014 used a risk based approach, which considered the following aspects:

1. The findings of the 2014 Enterprise Risk Assessment (ERA) conducted by the Board of Directors. Of the 15 risks assessed in the ERA, the top 7 risks were identified for audit coverage in 2014.

Type of Risk	Risk Ranking	
	2014	2013
IT Risk	1	1
Competitor Risk	2	2
Liquidity Risk	3	13
Reputation Risk	4	5
Strategic Risk	5	12
Credit Quality Risk	6	3
FX Risk	7	7
Fraud Risk	8	6
Credit Concentration Risk	9	11
People Risk	10	8
Legal Risk	11	15
Interest Rate Risk	12	4
Systemic Risk	13	9
Compliance Risk	14	14
Business Interruption Risk	15	10

Hasil Enterprise Risk Assessment (ERA) untuk view tahun 2014

2. The three main focuses of the Bank's business, namely: wholesale transaction, retail financing and retail payments.
3. Concerns of Bank Mandiri's Top Management, including the Bank's strategic initiatives in 2014, namely: liquidity, asset quality, revenue and human capital.
4. Input from all Directorates.
5. The results of the external and internal audits from the previous year -- 2013.

Taking into account the above, the 2014 audit plan was

drawn up, consisting of:

1. 8 thematic audits and 157 assignments

A thematic audit is an audit on a specific theme and is conducted end to end. The audit results are more comprehensive and provide input / significant recommendations to management for improvement of business processes in the Bank.

2. 11 mandatory audits with 22 assignment

A mandatory audit is an audit required by the regulators

3. 12 routine audit assignments

A routine audit is an audit conducted on a business unit and / or particular transactions on a regular basis in addition to audits required by the regulator. The number of routine audits targeted in 2014 was lower compared to 2013 because in 2014 there were changes in the audit approach from the previous year, when it was more focused on things of a transactional and localized nature (confined to a particular business unit), to a audits of a more strategic and bankwide nature, or end-to-end, through the conducting of thematic audits.

4. 80 special audits

A special audit is an audit conducted specifically on a particular issue.

All of the assignments that were thematic in nature were responses to the directions and expectation of the CEO that Internal Audit must focus on things that are strategic, preventive and emerging in nature.

The eight thematic audits that were conducted in 2014 were as follows:

1. Revitalization penetration of wholesale transaction to grow Low Cost Funds and Fee-based Income in a sustainable manner.
2. Strengthening retail payment and financing to increase market share.
3. Managing Liquidity & FX in the global and domestic crisis.
4. Strengthening the management of end-to-end lending.
5. Ensuring IT Business Delivery in a timely and effective manner based on a high level of availability.
6. Improving the effectiveness of information leak prevention.
7. Improving the comprehensiveness, reliability, and accuracy of the PMS (Performance Management System).
8. Improving the recruitment, development, retention and engagement of ODP (Officer Development Program) employees.

To ensure the deliverables from thematic audits were focused on strategic issues, DIA next identified the key activities and significant risks related to each thematic audit topic. The realization of audits in 2014 (compared with the plan) and the realization of audits in 2013 are as shown below:

2013				2014			
Type of Assignment	Target	Realization	Achievement (%)	Type of Assignment	Target	Realization	Achievement (%)
Routine	234	239	101,26	Routine	12	60	123,6
Mandatory	13	13		Mandatory	22	22	
Thematic	3	3		Thematic	157	158	
Special	68	67		Special	80	95	

In carrying out its duties and responsibilities associated with the External Auditor, DIA is responsible for coordinating activities with the external auditor. Through such coordination, it is expected that comprehensive and optimal audit results will be achieved. Coordination is carried out through periodic meetings to discuss matters of importance to both parties. In addition, the DIA evaluates the performance of the external auditor, in particular, all aspects of the public accounting firm's work including the following aspects: understanding of the issues faced by the Bank, collaboration, communication, experience, expertise, and deliverables (output provided).

In addition to having responsibility for dealing with the external auditors, DIA also has other responsibilities, namely:

1) Corporate Social Responsibility (CSR)

As part of Corporate Social Responsibility (CSR) and the Spirit for National Prosperity, DIA actively conducts knowledge transfer in terms of the internal management of audits, and in particular the application of risk-based audits, not only to its subsidiaries but also to other companies / organizations, including Bapertarum, FKSPI, Danareksa, PT Sarana Multi Infrastruktur, PT Wika, and also to the regulator, Bank Indonesia.

2) Anti-Fraud Strategy (SAF)

Bank Mandiri applies an Anti-Fraud Strategy as part of the internal control system, in accordance with Bank Indonesia Circular No. 13/28 / DPNP dated December 9, 2011, concerning the Application of Anti-Fraud Strategies in Commercial Banks. The anti-fraud strategy represents a commitment on the part of the Bank's management to controlling fraud through a fraud control system that is part of the Bank's internal control system. Improvements to the SAF program, including as regards Pillar I "Prevention", pillar II "Detection", pillar III "Investigating, Reporting and Sanctions" and pillar IV "Monitoring, Evaluation and Follow-Up," are made on a continuing basis. The DIA, as the coordinator for the application of the Anti-Fraud Strategy, consistently monitors the its implementation, which is expected to consistently reduce the incidence of fraud.

Whistle Blower Program: Letter to CEO (LTC)

As part of its Anti-Fraud Strategy, the Bank has established a whistleblower program known as "Letter to the CEO (LTC)," which is organized by the Risk Management Unit. As part of this program, DIA responds to letters received through the LTC program. In addition, DIA also helps disseminate information on the LTC program in conjunction with the audits carried out on site and encourages improvement programs, such as the expansion of LTC to third parties (vendors).

The development of the Bank's business continues apace and internal fraud has also increased, but its growth has been effectively controlled, as shown in the table below:

Type of Fraud	Number of Incidences	
	2013	2014
Internal	26	27
External	15	12
Internal dan External	8	13
Total	49	52

Handling of Internal Fraud in 2014	Number of Perpetrators and Other Employees Involved		
	Executives	Permanent Employees	Non-Permanent Employees
Total Number of Employees Involved in Fraud Cases	-	171	67
Number of Cases Resolved	-	152	32
Number of Cases being Internally resolved by Bank	-	19	35
Not Yet Responded to	-	-	-

A number of innovations have also been introduced by the DIA as part of its responsibility to oversee the Bank's growth, one of which was the development of digital forensics solutions in 2014.

Bank Mandiri has implemented Digital Forensics Solutions in order to improve its capability in handling the risk of fraud involving information technology. Digital Forensics Solutions is a best practice and its integrity has been recognized by the law enforcement authorities. Through the implementation of digital forensics solutions, the process of investigation and audit of information technology (IT) is rendered more effective, and ensures the implementation of a forensic approach in accordance with the applicable rules and integrity levels recognized by the law enforcement agencies.

2014 AUDIT FINDINGS

Bank Mandiri has followed up on the results of its Internal and External Audits.

The following table shows the status of follow-up on Internal Audit findings:

Number of Findings in respect of which follow-up was monitored	Completed (%)	In Process (%)
329	89%	11%

The following table shows the status of follow-up on External Audit findings:

External Auditor	Number of Findings in respect of which follow-up was monitored	Completed (%)	In Process (%)
Bank Indonesia	21	100%	0%
Financial Service Authority (OJK)	81	84%	16%
State Audit Board (BPK)	184	87%	13%
Public Accountant	19	63%	37%

In an effort to improve the effectiveness and efficiency of the audit process, the Internal Audit has implemented an Audit Management Information System (SIMA) to ensure the security of information assets of the Bank. It is becoming urgent to mitigate the risk of information leakage considering the role of internal audit as a provider of assurance in respect of information that is frequently confidential.

All audit stages are conducted through SIMA so that the review process can be done remotely. The process of documenting audits is reviewed on an ongoing basis by the Quality Assurance to ensure compliance and the quality of the audit process. SIMA can also be utilized as a knowledge center by auditors.

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

CHALLENGES ON THE ROAD TO MANDIRI 2020

The Internal Audit Roadmap has been prepared so as to help ensure the achievement of the New Horizon 2020 vision. The Roadmap consists of 4 phases: 1) Building Foundations: Improvement on Key IA practices, 2) Extending the Foundational IA Practices, 3) Increase Synergies and Sharing across the group resulting in exceptional IA quality, and 4) Creating long term value through sustained assurance.

With its long experience and a commitment to continuous learning, Internal Audit has the confidence needed to help realize the achievement of the Mandiri vision 2020.



2020



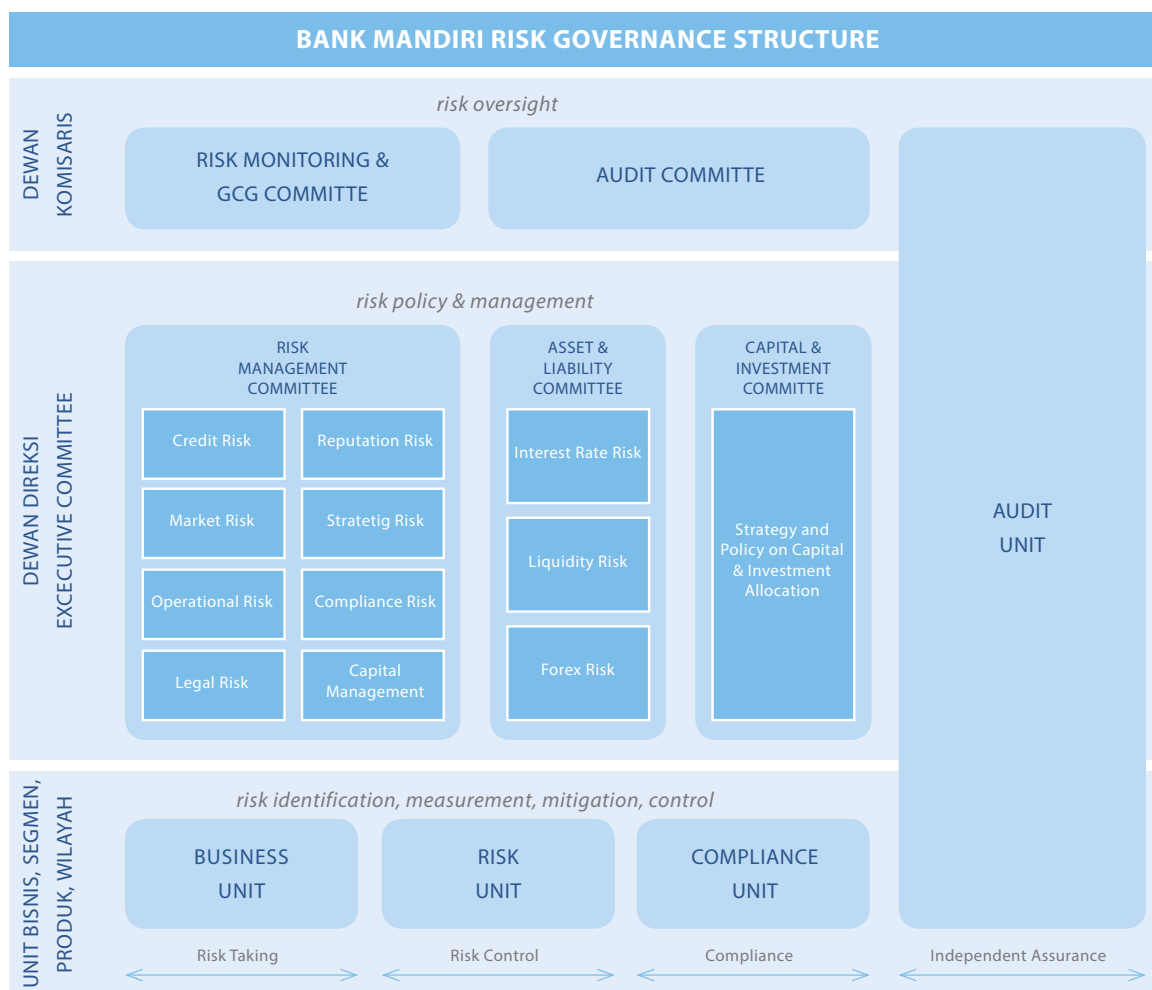
new horizon



risk management report

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

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.

Bearing in mind that the Bank's success is influenced by the direct risks that arise from its business operations and the indirect risks that arise from its subsidiaries business operations, the Bank ensures that compliance with prudential principles and good risk management are also applied in its subsidiaries.

Risk management in Bank Mandiri is aimed at maintaining the success of the Bank's model, supporting the decision-making process, optimizing the Bank's risk-return profile, enhancing the value of the Company and protecting the Company's reputation.

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.

BANK MANDIRI'S ENTERPRISE RISK MANAGEMENT (ERM) SYSTEM

ERM is an integrated risk management system, linking strategic planning, risk appetite, business execution, risk assessment and performance evaluation in order to optimize business growth in accordance risk-adjusted returns and maximize shareholder value. ERM implementation also provides a vehicle for the implementation of Basel II and III in the Bank gradually in accordance with Bank Indonesia regulations.

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

ERM also provide a common language for the whole unit so as to minimize the "silos" between work units and to improve the relationship between the functions of risk management and internal control, including in all subsidiaries. In addition, ERM contributes to improving transparency and accountability in the management of the business and risk.

ERM implementation in the Bank Mandiri system in a comprehensive scale marks the first time this has been done in Indonesia. The successful implementation of ERM by Bank Mandiri has also recognized internationally, including by The Asian Banker through its Asian Banker Risk Management Award 2013 in the Enterprise Risk Management Project category.

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 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.

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.

In order to align the application of Basel II and ERP with the Basel regulations and best practice, the Bank has been assisted by one of the leading consultants in the field of risk management with the adoption and implementation of the Basel II framework and ERM. The implementation of Basel II and ERM in Bank Mandiri covers Credit Risk, Market Risk, Liquidity Risk, Interest Rate Risk in the Banking Book Position, Operational Risk, Capital Management and the Internal Capital Adequacy Assessment Process (ICAAP).

The coverage of the implementation of the Basel II framework for credit risk includes improvements in the development of Basel II risk parameters as part of the preparations for the application of the Internal Ratings-Based Approach (PD, LGD, EAD). For Market Risk, implementation includes improvements to the implementation of the front office model, and the validation of the front office model and market risk measurement model. As regards Liquidity Risk and Interest Rate Risk, the process of Basel II and ERM implementation includes the development of liquidity limits, intergroup liquidity risk management, liquidity stress testing, and the development of a management framework for interest rate risk in the banking book. Implementation in relation to operational risks stresses the development of an Operational Risk Framework and Operational Risk Governance (ORM) and the development of related models in accordance with Advanced Measurement Approaches (AMA). In the area of managing Bank Mandiri's

capital, improvements have been made to the Economic Capital model, and the Portfolio Optimization and Capital Optimization frameworks. With regard to ICAAP, the Bank has developed the application of ICAAP so as to cover, among other things, the preparation of risk appetite statements, the development of a comprehensive risk assessment, the application of stress testing, capital planning, and synchronization with relevant regulations such as Risk-Based Bank Rating (RBBR).

RISK MANAGEMENT APPLICATION

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.
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.

A comprehensive description of risk factors and efforts to manage each risk may be referred to in Overview of Support for Company's Business, Risk Management section.

TYPES OF RISK AND THEIR MANAGEMENT DURING 2014

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.

In tandem with the slowdown in the global economy, the rise in fuel prices and the change in government, Indonesia continued to face volatile economic challenges in 2014. Bank Mandiri conducted proactive and anticipatory risk management including through stress testing and the preparation of contingency plans, and the continued operation of the Business Command Center as an integrated crisis management center.

Bank Mandiri's management of the 8 risk areas described above is as follows:

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 risk – repricing mismatch between assets and liabilities
Basis risk	Use of different reference interest 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.

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.

Nominal Stock Based is a measurement method that uses various financial ratios as an indicator of the level of liquidity risk, while the Flow Based method of measurement by uses Liquidity Gap Analysis.

Some of the ratios used to measure the level of liquidity risk include the Primary Reserve Ratio (Ratio of Statutory Minimum Demand Deposit and Cash to DPK), Secondary Reserve Ratio (liquidity reserves), and the loan to deposit ratio (LDR). LDR is used to see how much funding comes from depositor funds (usually short term) which are used to finance illiquid assets (loans). The higher the LDR, the higher the liquidity risk. The level of LDR is determined in accordance with BI regulations, in particular, those on Bank soundness and GWM-LDR provisions.

The liquidity gap analysis methodology is used to project future cash inflows and outflows. The liquidity gap indicates the condition of the Bank's liquidity and whether there is a liquidity surplus (positive liquidity gap) or liquidity deficit (negative liquidity gap). The projection of the liquidity condition will determine the strategies to be implemented by the Bank, such as the placement of funds strategy, funding strategies and liquidity-related strategies such as funds pricing strategy. The liquidity gap is made on the basis of a maturity mismatch between assets and liabilities (including off-balance sheet), which is compiled based upon a period of time (time bucket) based on contractual maturity or behavioral maturity for instruments that do not have a maturity date, as savings and demand deposits.

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)

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 (KPM), 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.

While a particular risk may be confined to one bank that lacks adequate risk management, the undermining of its products’ reputation could affect other banks and the entire banking industry.

Bank Mandiri Risk and Performance Profiles in 2014

Profil Kinerja & Risiko	
Good quality lending growth	<p>Lending growth of 13.98% (YoY) with NPL maintained at 1.67% (Bank only)</p> <p>Diversified loan portfolio with application of policy limits (industry and borrower limits). During 2014, 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.</p>
Strong liquidity and market access	<p>Good liquidity supported business operations with LDR of 82.02%.</p> <p>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.</p>
Reliable risk management application	<p>Active supervision by Board of Commissioners and Board of Directors.</p> <p>Risk management policies prepared in accordance with the mission, business strategies, capital adequacy, human resources capacity and risk appetite of the Bank.</p> <p>Ensuring compliance with both internal and external regulations.</p>
Trustworthy application of Good Corporate Governance	<p>Recognition and awards from party independent third parties for quality of Good Corporate Governance (GCG), including the Corporate Governance Perception Index Indonesia.</p>

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 2014 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	<ul style="list-style-type: none"> 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	Business process complexity and wide network coverage	<ul style="list-style-type: none"> Implement enterprise risk management Perform gradual and sustainable risk management consolidation with subsidiaries
Internal & eksternal fraud	Deliberate acts of deviation and omission to deceive, defraud, 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	<ul style="list-style-type: none"> 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

Global crisis and economic growth slowdown	<p>European sovereign debt crisis has caused economic growth slowdown and financial market volatility. Economic growth slowdowns in China and India threaten commodity demand.</p> <p>Significant increase in BI key reference rate to reduce financial market volatility due to stimulus tapering off by the Federal Reserve.</p>	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Perform active portfolio management to obtain credit portfolio in prospective sectors
Bank Liquidity	Financial market volatility caused tighter banking liquidity, thus increasing market interest rates and competition to obtain funds	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Adjust the 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
Greater competition in banking industry	Better economic conditions support higher competition in banking industry, including in interest rate pricing and credit processing time	<ul style="list-style-type: none"> • 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

EVALUATION OF EFFECTIVENESS OF RISK MANAGEMENT SYSTEM

To determine the effectiveness of the Risk Management System and its implementation, evaluation and reviews are conducted both internally and externally. Internally, the Risk Monitoring and Corporate Governance Committee (KPR & GCG) and the Audit Committee have the duty and responsibility to conduct studies and evaluations of policies and implementation of risk management, as well as provide input and recommendations to the Board of Commissioners as part of the carrying out of oversight functions. Internal audit, on a regular basis, reviews and audits the implementation of risk management based on the principle of risk-based auditing, with the aim not only to ensure internal control, but also to continuously improve risk management.

Externally, the evaluation of risk management is performed by the external auditor and Bank Indonesia auditors. In 2014, the Bank worked closely with international external consultants to carry out the implementation of Basel II and Enterprise Risk Management (ERM) in the Bank.

external auditors

In conducting its operations, Bank Mandiri is supervised by Bank Indonesia and the Financial Services Authority (OJK). In addition, aspects related to the state finances are audited by the State Audit Board, while the presentation of the Company's financial statements are attested by a Public Accountant's Firm.

APPOINTMENT OF EXTERNAL AUDITOR

The firm of Tanudiredja, Wibisana & Rekan was appointed by Bank Mandiri to audit its financial statements for 2014 in accordance with the resolution of the AGM on 27 February 2014. The appointment was made in accordance with Bank Indonesia, OJK and other relevant regulations.

The appointment was made after verification that the External / Independent Auditor complies with the principles of professional ethics, which include:

1. professional responsibility;
2. Public interest;
3. Integrity;
4. Objectivity;
5. Professional competence and care;
6. Confidentiality;
7. Professional Conduct;
8. Technical standards.

The process of appointing the external auditor was as follows:

1. The Board of Commissioners submitted a request to the Board of Directors to conduct pitching of Public Accountant Firm for audit of 2014 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 2014 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 2014 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 27 February 2014 resolved:
 - a. To appoint KAP Tanudiredja, Wibisana & Rekan as the Public Accountant Firm that would audit the 2014 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.

CONDUCT OF AUDIT

In the conducting of external audits, Bank Mandiri always strives to improve communication with the public accounting firm, with the Directorate of Internal Audit being responsible for coordinating its activities with the activities of the External Auditor. Through this coordination, is expected that comprehensive and optimal audit results can be achieved. Coordination is effected through regular meetings to discuss matters of importance to both sides. In addition, the Directorate of Internal Audit assists the Audit Committee evaluate the performance of the External Auditor, covering such aspects as the External Auditor's understanding of the issues faced by the Bank, collaboration, communication, experience, expertise and output.

PUBLIC ACCOUNTANT'S FIRMS AND AUDIT PERIODS

The following Public Accountant's Firms have audited Bank Mandiri's Financial Statements between 2009 and 2014.

Financial Year	Name of Public Accountant's Firm	Number of Periods per Firm	Accountant	Accounting Period
2009	Haryanto Sahari & Rekan (Price water house Coopers)	1	Drs. Haryanto Sahari, CPA	3
2010	Tanudiredja, Wibisana & Rekan (PwC)	5	Drs. Haryanto Sahari, CPA	
2011	Tanudiredja, Wibisana & Rekan (PwC)		Drs. Haryanto Sahari, CPA	
2012	Tanudiredja, Wibisana & Rekan (PwC)		Lucy Luciana Suhenda, SE, AK, CPA	1
2013	Tanudiredja, Wibisana & Rekan (PwC)	2	Drs. Haryanto Sahari, CPA	2
2014	Tanudiredja, Wibisana & Rekan (PwC)		Drs. Haryanto Sahari, CPA	

AUDIT FEE

The amount of fee for the External Auditor, Tanudiredja, Wibisana & Rekan, for the 2014 financial year was Rp8.3 billion, inclusive of other attestation service fees.

OTHER SERVICES PROVIDED

Other services in addition to the auditing of the annual financial statements included jointly agreed evaluation of the reliability of the reporting system to Bank Indonesia, PSA 62 audit, the security of the scripless securities recording system, custodian service, evaluation of Bank Mandiri's performance, and evaluation of the PKBL's performance.

corporate secretary



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.

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.

The regulations that serve as references in the establishment of a Corporate Secretary's Office and the performance of its duties include the following:

1. Decision of the Chairman of Bapepam IX.1.4 No. Kep-63 / PM / 1996 on the Establishment of the Office of Corporate Secretary.
2. Regulation of the Minister of State Enterprises No. PER-01 / MBU / 2011 on the Implementation of Good Corporate Governance (GCG) in State-Owned Enterprises, as amended by PER-09 / MBU / 2012.

CORPORATE SECRETARY PROFILE

Bank Mandiri experienced a change in its Corporate Secretary function in 2014, with the details being as follows:

1. Until 1 October 2014, the Corporate Secretary was Mr. Nixon L.P. Napitupulu; and

2. After 1 October 2014, the Corporate Secretary was Mr. Rohan Hafas.

The said changed was notified by the Company on 2 October 2014 in two national newspapers, namely, Bisnis Indonesia and Media Indonesia.

The announcement in the newspapers was as follows:

mandiri

PEMBERITAHUAN

Pursuant to Bapepam-LK Regulation No. X.K.1 on prompt information disclosure to the public and Indonesia Stock Exchange Regulation No. I-E, dated 19 July 2004, on the obligation to present information, we hereby give notice that the Board of Directors of the Company has appointed Mr. Rohan Hafas as the new Corporate Secretary, replacing the previous incumbent counting from the date of handover of office on Wednesday, 1 October 2014.

seran terima jabatan pada hari Rabu, tanggal 1 Oktober 2014.

Jakarta, 2 Oktober 2014
PT Bank Mandiri (Persero) Tbk.
Direksi

mandiri call 14000 Terdepan, Terpercaya. Tumbuh bersama Anda.

Here are brief profiles of both Mr. Nixon L.P. Napitupulu and Mr. Rohan Hafas:



Nixon L. Napitupulu
(Januari-October)

Indonesian Citizen, 45, Nixon L.P. Napitupulu earned his bachelor's 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. From 16 January 2013 to 1 October 2014, Nixon L.P. Napitupulu served as Group Head Corporate Secretary of PT Bank Mandiri (Persero) Tbk.



ROHAN HAFAS
(October - December)

Indonesian citizen, 53, Rohan Hafas earned his bachelor's degree from the University of Indonesia (UI) in 1987.

He began his career at Bank Susila Bakti in 1987 as Assistant Manager. During the course of his career, he served as Team Leader Communication Division, Group Head of Communication Division and Division Head of Communication Division at the Indonesian Bank Restructuring Agency (IBRA) and as Corporate Secretary Division Head at PT. Bank Mutiara Tbk. On October 1, 2014, Rohan Hafas was appointed as Group Head Corporate Secretary of PT Bank Mandiri (Persero) Tbk.

CORPORATE SECRETARY WORK GUIDELINES

In performing its duties, the functions of Corporate Secretary are carried out by the Corporate Secretary Group, which carries out its functions, duties and responsibilities in accordance with Financial Services Authority Regulation No. 35 / POJK / 2014.

Duties and Responsibilities of Corporate Secretary

The Corporate Secretary has the following duties and responsibilities:

1. The Company's Compliance with respect to capital market:
 - a. To direct the administration of a GMS for its proper performance
 - b. To decide the internal and external materials relating to the administration of GMS to ensure the compliance of such materials with the prevailing regulations
 - c. To direct the internal coordination relating to compliance aspect of the capital market and to review the capital market regulations and their impact on the Company in order to have awareness of the Company's compliance with
- such regulation.
2. The Company's Reputation in Eyes of Public & Media
 - a. 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.
 - b. 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
 - a. 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.
 - b. 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.
 - c. To direct the management of Bank Mandiri website content in order to ensure completeness and accessibility of data.

4. Internal Communication

- a. To determine and evaluate the implementation process of internal communication media to contribute to the establishment of favorable working climate
- b. 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.
- c. To direct the Company's internal events for proper performance of such events
- d. To direct the Company's documentation in order to ensure the availability of the Company's documentation database.

5. GCG Manual Building

- a. To direct the GCG manual planning in order to ensure the completeness of documents
- b. 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 implement the Bank security system control
7. To manage the Partnership Program and to allocate funds to the Community Development Program.
8. GCG Database

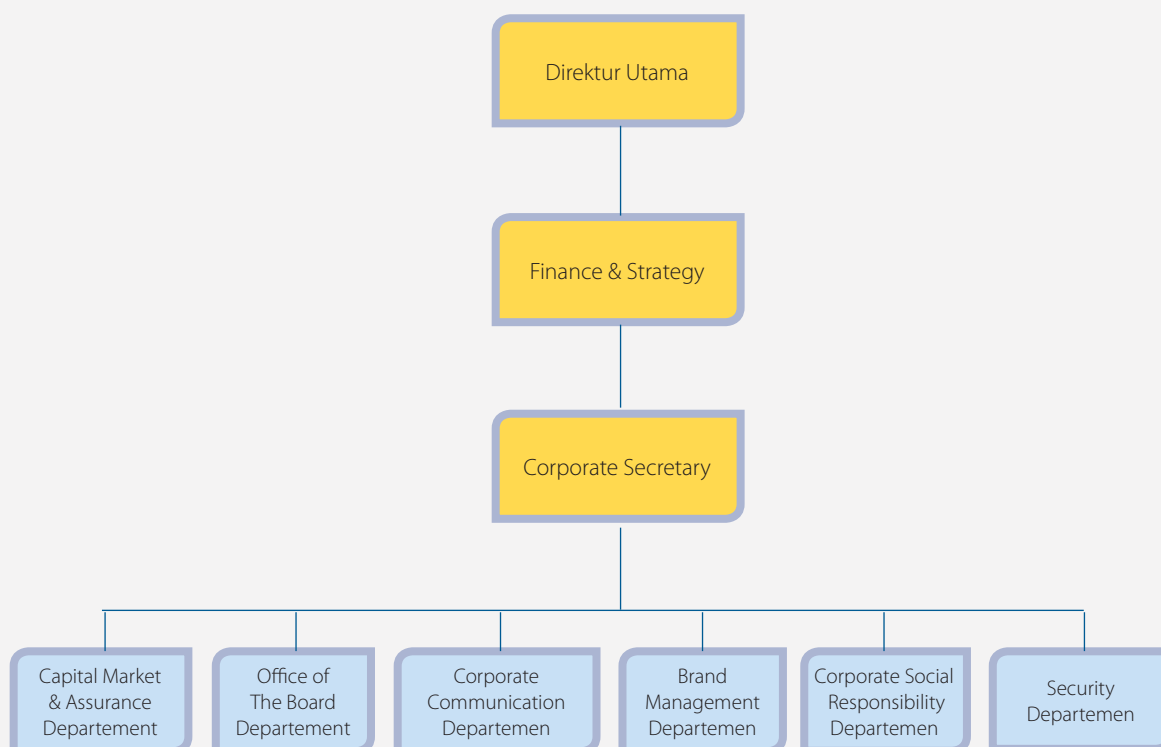
To ensure the completeness of GCG manual database, to update GCG manual database at Bank Mandiri portal and GCG library at Bank Mandiri portal in order to guarantee the data availability and accessibility.

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 a Board of Directors meeting or a Board of Commissioners meeting.

ORGANIZATIONAL STRUCTURE OF CORPORATE SECRETARY

The organizational structure of the Corporate Secretary in 2014 was as follows:



The Corporate Secretary is accountable directly to the CEO, and its functions include those of Compliance Officer, Liaison Officer (Corporate Communication), GCG Implementation and the administration of policy documents and minutes of meetings. To support it in the performance of its duties, the Corporate Secretary has a number of subordinate departments, including the Capital Market & Assurance Department, Office of the Board Department, Corporate Communication Department, Brand Management Department, Corporate Social Responsibility Department, and Security Department.

ACTIVITIES OF CORPORATE SECRETARY IN 2014

Among the activities related to stakeholders that were undertaken by the Corporate Secretary in 2014 are the following:

1. Holding the Annual General Meeting on February 27, 2014 and the Extraordinary General Meeting on May 21, 2014.
2. Organizing Public Expos, Media Site Visits, Analyst Meetings and Exhibitions.
3. Holding press conferences and teleconferences
4. Maintaining communications with the Ministry of State Enterprises, Ministry of Finance, the Secretary of State, OJK, Self Regulatory Organisations (BEI, KSEI, KPEI), BAE, and other relevant institutions.
5. Actively participating in hearings and working visits to the House of Representatives
6. Attending all meetings of the Board of Commissioners and Board of Directors and taking the minutes of such meetings.

DEVELOPMENT OF CORPORATE SECRETARY COMPETENCIES

In order to keep abreast of the latest developments regarding the implementation of the functions and duties of the Corporate Secretary, Bank Mandiri facilitates the staff of the Corporate Secretary to participate in various forms of training. During 2014, the Corporate Secretary participate in BARA (Banker Association for Risk Management) risk forum training at the Padma Resort, Legian, Bali, on 27-28 November 2014

EVALUATION OF CORPORATE SECRETARY'S PERFORMANCE

Assessment of the Corporate Secretary's performance is carried out by the CEO based on the performance of the Corporate Secretary's duties and the achievement of work targets by the Corporate Secretary. Such assessments cover the following aspects:

1. Cost effectiveness
2. Improve the reputation and the awareness of Bank Mandiri as a bank with a positive image
3. Ensure the success of the Company's corporate actions and the implementation of Public Disclosure of Information
4. Improve internal customer satisfaction
5. Managing internal communication programs on an integrated basis
6. Application of ISO 9001: 2008 in the security system
7. Ensuring the application of Brand Implementation Guidelines
8. Enhancing the skills of employees with NIP in the Corporate Secretary Group

code of ethics and corporate culture

Ethics is a system of values or norms that are believed in by all Company personnel as the standard of conduct adopted by the Company. Bank Mandiri, in running its business, applies business ethics and work ethics (Code of Conduct).

Business ethics are moral principles related to the behavior of individuals, protection of the property of the bank, and the conduct of the bank's business, including in its interaction with stakeholders as the basis for the behavior of the Bank in conducting its business operations. Accordingly, maintaining the standards of business ethics is very important to the performance and success of the Company.

Work ethic is an elaboration of the basic principles of personal and professional conduct that is expected on the part of all Mandiri personnel in performing their duties. It refers to a reasonable standard of conduct that is appropriate and reliable on the part of all Mandiri personnel. The maintaining of stakeholder loyalty through the consistent application of ethical standards is essential in the making of decisions and resolving of problems by the Company. This is because all of the Bank's decisions greatly affect, and are affected, our stakeholders, who have both an interest and influence in respect of the decisions of the Company.

STATUS OF THE CODE OF ETHICS

Bank Mandiri has had a set of work ethics since 2000, which were revised in 2013. The implementation of the code of ethics is accompanied by reporting mechanisms for violations and disciplinary policies for the handling of each type of violation.

The Bank Mandiri Code of Ethics explains the basic principles of personal and professional behavior expected of all Mandiri personnel in performing their duties so that output is achieved that is consistent with the culture of the Company in achieving its vision and mission. Therefore, the Code of Ethics serves as a reference for the conduct of the members of the Board of Commissioners and Board of Directors, and all employees of the Bank at all levels in the organization as part of the effort to achieve the Bank's Vision and Mission.

The implementation of the Code of Ethics is the responsibility of all members of management, including the members of the Board of Commissioners and Board of Directors, employees, and the Committees of the Board of Commissioners and Board of Directors, all members of which must act in accordance with the agreed work values and culture. The consistent application of the Code of Ethics is expected to promote the professional, responsible, fair, appropriate and trustworthy conduct in business relationships with co-workers and business partners.

CONTENT OF THE CODE OF ETHICS

All Mandiri personnel have a responsibility to putting the Code of Ethics into effect so as to reflect the Company's business ethics. The substance of the Bank Mandiri Code of Ethics is as follows:

1. Conflicts of interest

A conflict of interest is a situation in which a Bank official in carrying out his duties and responsibilities has interests outside of his official interest, whether relating to personal or family interests, or the interests of other parties so that he faces a possible loss of objectivity in making decisions and policies in accordance with the authority that has been given to him by the Bank. Therefore:

- a. All officials of the Bank shall avoid activities that may create a conflict of interest. If for one reason or another it cannot be avoided, then the party concerned shall report this to his direct supervisor.
- b. The officers of the Bank are prohibited from giving consent and or seeking approval for a loan or a preferential interest rates or other facility for:
 1. Himself
 2. A family member
 3. A company in which he and/or his family has an interest.
- c. All officials of the Bank are forbidden to work in another company as a director, employee, consultant or commissioner, unless he has received an assignment or written permission from the Bank. In the case of members of the Board of Commissioners and Board of Directors, the concurrent holding of other positions must be in accordance with the regulatory provisions regarding good corporate governance.
- d. All Bank officials are prohibited from serving as suppliers, whether direct or indirect, of goods or services to the Bank.
- e. All officials of the Bank are prohibited from appropriating goods belonging to the Bank for their own interests, or the interests of family members or third parties.
- f. All Bank officials are only permitted to engage in securities, foreign exchange, precious metal, derivative and other forms of trading in their own interest if there is no conflict of interest, or breach of the insider trading regulations issued by the Capital Market Authority or other regulations.

2. Confidentiality

- a. All of the Bank's officials are required to

understand and maintain the confidentiality of all information, whether about customers or other information, in accordance with the applicable regulations.

- b. All of the Bank's officials shall use information received only for banking activities, and not for personal gain, or other family interests or activities outside the Bank.
- c. In providing information, all of the Bank's officials shall act in accordance with the applicable regulations.
- d. To prevent abuses, the dissemination of customer information in the Bank's internal environment shall be done carefully and only to interested parties.
- e. All of the Bank's officials are prohibited from disseminating information to outside parties regarding:
 - 1) The activities of the Bank and the Government of the Republic of Indonesia
 - 2) internal policies and procedures of the Bank
 - 3) Management Information System, Data and Reports
 - 4) Employee data, whether active or not
 - 5) the Bank's business activities, including activities with customers and partners. Except with the consent of an authorized officer of the Bank or in accordance with an instruction issued in accordance with the applicable legislation.
- f. The obligation to keep maintain confidentiality shall also apply to former employees of the Bank.

3. Abuse of Office

- a. All of the Bank's officials shall not abuse their authority or take advantage, either directly or indirectly, of the knowledge they have gained from the Bank's business activities for:
 1. personal advantage.
 2. the advantage of a family member.
 3. the advantage of a third party.
- b. All of the Bank's officials are prohibiting from soliciting or accepting, authorizing or agreeing to accept gratuities associated with their positions

in a way that is contrary to their obligations under the legislation in force. This also includes a ban on soliciting or accepting, authorizing or agreeing to accept a gift or remuneration from a third party who obtains or attempts to obtain a facility from the Bank in the form of a loan facility (cash or non-cash loan), or in order to purchase or discount a bill of exchange, promissory note, check or trade paper or other evidence of an obligation, or other facility related to the operations of the Bank. Provisions of types of gratuity and reporting mechanisms will be set out separately.

- c. All of the Bank's officials are prohibiting from soliciting or accepting, authorizing or agreeing to accept a gift or remuneration from a third party that is in the process of obtaining or striving to obtain employment related to the procurement of goods and services from the Bank.
- d. Should a customer, partner, or other party provide a gift in kind or in any other form at certain times, such as a religious holiday, celebration, disaster and other, if:
 - 1. the acceptance of the gift is believed to have a negative impact and influence on a decision of the Bank, and
 - 2. The value of the gift is unreasonable limits, the Bank official receiving the gift must immediately return it with a polite explanation that Bank officials are not allowed to accept gifts.
- e. Should the giving of a gift, as referred to in point (d) above, cannot be returned, the Bank official receiving the gift must immediately report it to his superiors so that appropriate follow-up can be taken in accordance with applicable regulations.
- f. Should a customer, supplier or other party provide promotional items, should the promotional item in question not be expected to have a negative impact and influence on decisions of the Bank, Bank officials may accept such promotional items.
- g. In the context of the procurement of goods and services from third parties for official purposes of the Bank, all of the Bank's officials should strive to get the best price with a maximum discount. Such

discount should be accounted for in the interests of the Bank.

- h. A Bank official is prohibited from using his position to borrow from a customer or being indebted to a customer.
- i. All of the Bank's officials are prohibited from using facilities of the Bank in their own interest, other than as provided by the Bank.

4. Insider Conduct

- a. A Bank employee who has confidential information are not permitted to use that information to gain advantage for himself, his family or a third party by:
 - 1. Influencing customers or individuals or institutions in conducting transactions with the Bank.
 - 2. Disseminating information to customers or individuals or institutions.
- b. All of the Bank's officials are prohibited from using insider information to make purchase or trade securities, unless the information is already known to the public at large.
- c. Bank employees are prohibited from abusing their position and taking advantage, either directly or indirectly, for themselves, their family members or other third parties and / or influencing the decision-making process in relation to themselves.
- d. A decision to sell or buy assets of the Bank, as well as other services, must be made in the interests of the Bank without being affected by Insider considerations.

5. Integrity and Accuracy of Bank Data

- a. All of the Bank's officials shall present accurate and reliable data.
- b. All of the Bank's officials are prohibited to record and / or alter and / or remove accounts with the intent to obscure transactions.
- c. All Bank officials are only allowed to make changes to or delete data based on the authorization of the relevant authority, in accordance with the Bank's established procedures.

- d. All Bank officials are prohibited from manipulating documents.

6. Banking System Integrity

- a. All of the Bank's officials must always be on alert to avoid the Bank's involvement in criminal activities in the finance and banking fields.
- b. Bank employees must be suspicious of unusual transactions and perform preventive measures to detect suspicious accounts that are used for activities such as money laundering, terrorism financing, corruption and other crimes.

Business ethics, as the basis for the conduct of Bank officials in carrying out business operations, cover the following aspects:

1. Individual Behavior

- a. Personal Integrity
 - 1. All of the Bank's officials shall uphold morals, self-esteem and a strong sense of discipline.
 - 2. All of the Bank's officials shall maintain personal integrity according to the applicable rules, regulations, policies and systems.
 - 3. All of the Bank's officials must be committed to maintaining the image and reputation of the Bank.
 - 4. All of the Bank's officials shall rely on their conscience.
 - 5. All of the Bank's officials shall act in a respectable and responsible manner, and be free from any influences that result in a loss of objectivity in performing their duties, or result in loss of business or reputation on the part of the Bank.
 - 6. All of the Bank's officials shall refrain from activities related to an organization and/or individual that would give rise to a conflict of interest.
 - 7. All of the Bank's officials shall, both individually and jointly, strive to

avoid any thing that could weaken or degrade the integrity of the banking system in Indonesia.

b. Discriminatory Treatment / Action

- 1. All of the Bank's officials shall uphold human rights
- 2. All of the Bank's officials shall prevent the practice of discrimination in all its forms
- 3. Harassment – all of the Bank's officials are required to avoid any acts that violate the norms of public order and decency.

2. Protection of Bank Assets

a. Bank Assets

- 1. All of the Bank's officials must always maintain and protect all property owned by the Bank, both tangible and intangible.
- 2. All of the Bank's officials are shall only use the Bank's assets for activities related to the interests of the Bank.
- 3. All of the Bank's officials shall use the Bank's assets responsibly, including ensuring that they are used correctly.

b. Protection of Confidential Information

- 1. All of the Bank's officials are required to protect and prevent valuable and confidential information from loss, misuse, leakage or theft.
- 2. All of the Bank's officials are prohibited from disseminating reports / information about the Bank that are not meant for the public.

c. Intellectual Property of the Bank

- 1. All of the Bank's officials shall safeguard the intellectual property rights of the Bank.
- 2. All of the Bank's officials shall employ their competencies for the benefit of the Bank as intellectual property rights of the Bank.

- d. Recording and Reporting
- All of the Bank's officials shall be responsible for the accuracy and completeness of records and reports.

3. Conducting of the Bank's Business

- a. Misrepresentation
- 1) All of the Bank's officials who represent the Bank in dealings with third parties shall act in accordance with their capacity and authority.
 - 2) All of the Bank's officials representing Bank shall provide information, documents and reports that are correct and in accordance with the proper procedures.
 - 3) All of the Bank's officials shall refrain from actions that could lead to misunderstandings on the part of third parties.
- b. Relationships with Partners
- 1) All of the Bank's officials shall always prioritize the interests of the Bank in dealing with business partners.
 - 2) All of the Bank's officials shall prevent corruption, collusion, and nepotism and the creation of a negative image in dealing with business partners.
 - 3) All of the Bank's officials in working with partners shall apply the principles of professionalism and fairness based on good faith
- c. Competitive behavior
- 1) All of the Bank's officials are shall be responsible for creating and maintaining healthy competition in running the business.
 - 2) All of the Bank's officials are shall avoid and prevent unhealthy competition in career development.
- d. Relations with Other Organizations
- 1) All of the Bank's officials may make business contacts with other organizations, including competitors, provided that these benefit the Bank.
 - 2) All of the Bank's officials shall refrain from all forms of improper

collaboration / partnerships with others.

- e. Obtaining and Using Third Party Information
- 1) All of the Bank's officials shall avoid the obtaining of confidential information of third parties / competitors in a way that is inappropriate.
 - 2) All of the Bank's officials shall refrain from recruiting competitors in order to obtain confidential information from a competitor company.
- f. Relationship with Regulator
- The Bank firmly upholds ethical principles and the prevailing regulations in developing its relationships with regulators.

Dissemination of Code of Ethics

The dissemination of information is important in the application of the Code of Ethics. To ensure its application, it has been communicated and disseminated to the Board of Commissioners and its supporting organs, the Board of Directors and senior officials under the Board of Directors and all employees through:

1. The company's website
2. Administrator emails to all employees of the company
3. At the time of the signing of the collective labor accord between the company labor union and management.
4. Standing banners, flyers and other advertising media in company offices.

Implementation and Upholding of Code of Ethics

The implementation and upholding of the Bank Mandiri Code of Ethics is carried out consciously and continuously, including through the following means:

1) Bank Mandiri Code of Ethics Compliance Statement

For effective implementation of the Code of Ethics, all employees of Mandiri are required to read and understand and to sign a "Bank Mandiri Code of Ethics Compliance Statement".

2) Management Commitment

Commitment by Bank Mandiri Management not to accept and/or request any gift or parcel in any form and for any reason whatsoever from a customer, borrower, or business partner or any third party through the mass media or Bank Mandiri website.

3) Annual Disclosure of Conflicts of Interest

All employees of Bank Mandiri are required to make an annual disclosure with respect to any conflicts of interest during the year, and all line units are required to submit transaction reports/decisions involving conflicts of Interest each quarter. This is in line with the Bank Mandiri Code of Ethics' derivative policy in the form of the Bank Mandiri Conflict of Interest Guidelines.

4) Integrity Pact

An integrity pact is issued to all Bank Mandiri partners that supply goods and/or services.

5) Awareness Program

The Bank Mandiri Code of Ethics Induction Program is provided to all new employees of Bank Mandiri through the jump-start training program, as well as continuous and consistent dissemination of policies. In addition, dissemination of information on the Code of Ethics is also provided to all line units of Bank Mandiri, including the Bank Mandiri anti-fraud strategy, and compliance and service cultures.

Employees can report suspected violations of the Code of Ethics to their supervisors through the Letter to CEO mechanism. All such reports must contain accurate data and / or evidence so that the alleged violation can be acted upon. Every violation of the Code of Ethics will be responded to by sanctions in accordance with the

prevailing regulations. During 2014, reports on violations of the Code of Ethics submitted via the Letter to CEO mechanism were documented on an integrated basis.

Corporate Culture Transformation

The process of internalization and socialization of corporate culture to the Board of Commissioners, Board of Directors, and employees is conducted through various means of communication, both formal and informal, including through in-class training, management discussions and briefings during visits to the region, sms / email blasts, articles in the Mandiri magazine, teleconferencing and video-taped materials, among other things.

The communication program has been implemented intensively and continuously since 2005 by the Culture Specialist Group as program coordinator. It is promoted not only internally in the bank, but also in subsidiaries.

The adoption of the Bank Mandiri vision "To be Indonesia's most admired and progressive financial institution" as part of the Bank's Long Term Plan (RJP) 2010 to 2014 reflects the aspiration of the Bank 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 by contributing to the nation through a consistently improving performance.

access to company data and information

Bank Mandiri consistently provides comprehensive, timely and appropriate information on the company to shareholders and stakeholders. Information is provided by officials and units in accordance with their respective duties, authority and responsibilities. Bank Mandiri transparently publishes reports on financial and non-financial matters through both the print and electronic media, including the Bmi1, Bank Indonesia, Indonesia Stock Exchange and SOEs Ministry websites.

Bank Mandiri facilitates access to information and corporate data through: (1) Mandiri Call Center 62-21 5299 7777, 14000; (2) corporate website: www.bankmandiri.co.id; (3) Investor Relations website: ir.bankmandiri.co.id; (4) email: ir@bankmandiri.co.id; (5) the media; (6) mailing lists, bulletins, periodic analyst meetings; and/or (7) through Bank Mandiri branches.

1) Website

Comprehensive information on the operations and performance of the Company as well as other information required by shareholders and interested parties can be accessed through the site <http://www.bankmandiri.co.id>. Through this sites, stakeholders can find a wealth of information on the Company, such as the bank's profile, products and services, 24 hours services, corporate governance information, including the Annual Report, organizational structure, management team, financial and stock information, news updates about the bank and so on. In an effort to improve the quality of the information and provide the latest news on the Company to the public, the Company consistently updates the content on a regular and ongoing basis.



Page on the Mandiri website at <http://www.bankmandiri.co.id>



Pages in Mandiri magazine.

2) Print Media

Bank Mandiri provides information to shareholders and stakeholders using posters and the Bank Mandiri magazine and through other means so as to provide comprehensive information on internal company activities to shareholders, stakeholders and the public at large.

3) Electronic Media

Bank Mandiri uses electronic media, such as email, to disseminate or communicate information and data to stakeholders. In addition, the Bank always advertises its activities and products on national private television.

4) Internal Communication Forum

Bank Mandiri provides various means of communication to serve as discussion forums for employees and management regularly, such as family gatherings, meetings, morning briefings and various competitions (sports and other events in the company).

5) Annual Report

Bank provides information through its Annual Report, which is prepared each year. The Annual Report is submitted to shareholders, regulators, mass organizations, the media and society.

6) Sustainability Report

In addition, the bank also provides information on its activities through its Sustainability Report, which is published in conjunction with the Bank Mandiri Annual report. The Sustainability Report will be submitted to shareholders, regulators, mass organizations, the media and the public at large.

As regards to access confidential information, this will only be revealed if there are valid reasons as required by the legislation in force. All officers and employees are responsible for confidential information, both while working for the Company as well as after leaving the Company. All of the Bank's officials are required to maintain the secrecy and confidentiality of Bank information and information they have obtained through their work. The Bank will impose sanctions for misuse of Company information in accordance with the legislation in force. Policies to protect the confidentiality of information are compiled so as to maintain the security of information and ensure that Bank Mandiri discloses information to interested parties in a transparent and fair manner, in accordance with the applicable regulations.

MEDIA ENGAGEMENT PROGRAM

In order to improve communications and relationships with stakeholders, during 2014 the Bank conducting the following Media Engagement Program activities with various parties:

No	Month	Activity	Target Media
1	Jan	1. Media Briefing on WMM and MYT 2013	Journalists from national media outlets, like Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, and Detik.com
		2. Press Conf on WMM and MYT 2013	Journalists and photographers from national media such as Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, ANTARA and Detik.com
		3. Friendly soccer game	Kompas Gramedia Group
2	Feb	1. Editors' dinner	Chief editors of national media, including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, and Detik.com
		2. Press Conf on Q4 Performance/2013	Journalists and photographers from national media such as Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, ANTARA and Detik.com and foreign newswires
		3. Informal meeting with media	Republika, Tempo, Media Indonesia and photographers from Antara, Bisnis Indonesia, Kontan, Indonesia Finance Today, Media Indonesia, and Kompas
3	Mar	1. Informal meeting with media	Bisnis Indonesia, The Jakarta Post, Dow Jones, Majalah SWA, and Indonesia Finance Today
4	April	1. Press Conf on AGM 2014	Journalists and photographers from national media such as Kompas, Bisnis Indonesia, Kontan, Investor Daily,
		2. Press Conf on Question Performance/2014	Journalists and photographers from national media such as Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, and Detik.com
		3. Gathering of Chief Editors	Chief editors of national media such as Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, and Detik.com
5	Mei	1. Lunch Meeting media dengan Direktorat MRB	Wartawan Tulis media nasional, seperti Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, dan Detik.com
		2. Press Conf to mark launching of Mandiri Institute	Journalists from national print media including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, and Detik.com
		3. Mandiri Karnaval Nusantara	Journalists and photographers from national media, including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, and Detik.com, and business desk photographers
		4. Informal meeting with media	Bisnis Indonesia, Kontan, Vivanews.com and Media Indonesia
6	June	1. Media Visit	Kompas editorial board
		2. Media Visit	Tempo Group editorial board
		3. Press Conf. on Macro Economic Outlook	Journalists from national media, including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, and Detik.com
		4. Informal meeting with media	Media Indonesia, Bisnis Indonesia, Detik.com, Vivanews.com and Republika
7	July	1. Watching World Cup 2014	Journalists and photographers from national media, including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, and Detik.com, and business desk photographers
		2. Press Conf on Questions Performance /2014	Journalists and photographers from national media including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post,

Information Conveyed

Background and development of Mandiri Young Entrepreneur and Mandiri Young Technopreneur programs so as to provide massive multiplier effect

Success of WMM and MYT programs in transmitting the virus of entrepreneurship to students and alumni so as to increase number of participants in workshops and awards

Sharing information on company performance in 2013 and 2014 business plan

Bank Mandiri wants to strengthen constructive and mutually beneficial relationships with media to obtain support for the company's business agenda

Q4 performance/2013

Bank Mandiri wants to strengthen constructive and mutually beneficial relationships with media to obtain support for the company's business agenda

Bank Mandiri wants to continuously maintain the quality of its relationship with the media through programmed informal activities

As an institution that holds the principles of GCG in high regard

Q1 Performance/2014

Bank Mandiri preparing for the Asean Economic Community by continuing to make an active contribution to public welfare.

Bank Mandiri continues to contribute to increased national prosperity through up-to-date reports that are useful for the media.

Bank Mandiri continues to contribute to increased national prosperity through up-to-date reports that are useful for the media.

Importance of role of media for achievement of company's business and non-business targets.

Bank Mandiri strengthens mutually beneficial relations

Bank Mandiri wants to strengthen constructive and mutually beneficial relationships with media to obtain support for the company's business agenda

Bank Mandiri continues to contribute to increased national prosperity through up-to-date reports that are useful for the media.

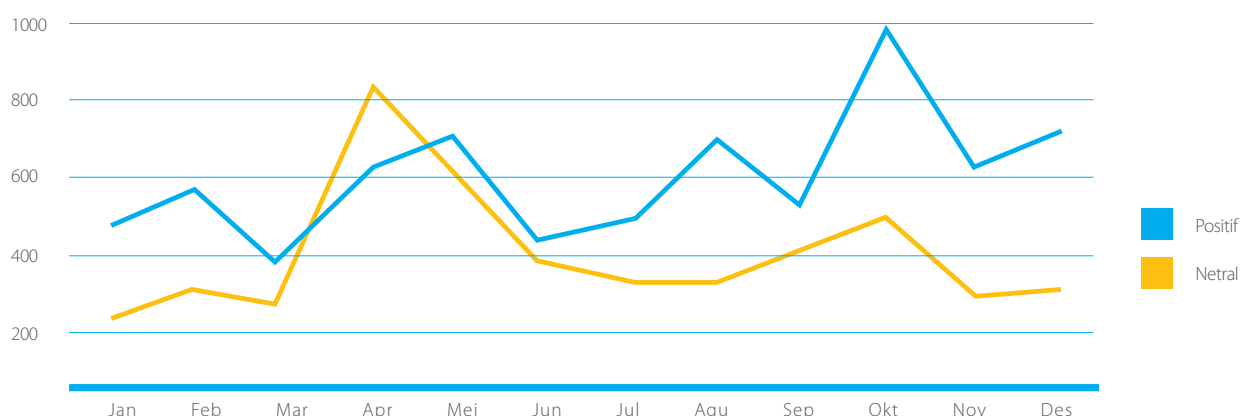
Importance of role of media for achievement of company's business and non-business targets.

Bank Mandiri wants to strengthen constructive and mutually beneficial relationships with media to obtain support for the company's business agenda

Questions performance/2014

No	Month	Activity	Target Media
		3. Breaking of the Fast with editorial boards	Editorial boards of national media including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, and Detik.com
8	Agust	1. Press Conf on Macroeconomic Outlook	Journalists from national media such as Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, and Detik.com
		2. INFORMAL MEETING WITH MEDIA	Bisnis Indonesia, Kontan, Detik.com, Media Indonesia, and Tempo
		3. Lunch meeting with TFS Direktorat	Kontan
9	Sept	1. Press Conference on Pasar Indonesia	Journalists and photographers from national media, including Media Indonesia, Koran Tempo, Jakarta Post, Republika, ANTARA dan Detik.com Wartawan and photographers from national media, including Kompas, Bisnis Indonesia, Kontan, Investor Daily
		2. Pres Conf on Launching of Mandiri Incubator	Media Indonesia, Koran Tempo, Jakarta Post, Republika, ANTARA dan detik.com
		3. Friendly soccer match	Tempo Group
10	Okt	1. Mandiri Karnaval Nusantara and Mandiri Jakarta Marathon	Journalists and photographers from national media, including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, ANTARA and Detik.com
		2. Press Conf Q3 Performance/2014	Journalists and photographers from national media, including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, ANTARA and Detik.com, editors and executive editors from national media, including Kompas, Bisnis Indonesia, Kontan, Invest.
		3. Press Conf on Macroeconomic outlook	Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, and Detik.com
		4. Press Conf on International Financial Inclusion Forum	Sinar Harapan
11	Nov	1. Press Conf on Mandiri International Islamic Expo	Tempo Group
		2. Informal media meeting	Journalists from national media, including Kompas, Bisqi: Indonesia, Kontan, Investor Daily. Media Indonesia, Koran Tempo, Jakarta Post, Republik dan Detik.com
12	Des	1. Media Training	Journalists from national media including Kompas, Bisn Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, dan Detik.cc
		2. Press Conference on Macroeconomic Outlook	Journalists and photographers from national media, including Kompas, Bisnis Indonesia, Kontan, Investor Daily, Media Indonesia, Koran Tempo, Jakarta Post, Republika, ANTARA dan Detik.com
		3. Informal media meeting	Kontan dan detik.com

Data on the publication of "positive" and "neutral" reports on Bank Mandiri during 2014 is as shown in the following graph:



Information Conveyed

Bank Mandiri prepares to greet Ramadhan and 2013 Lebaran holiday.

Bank Mandiri always acts as a reliable research agency for the media through comprehensive studies on the national economy.

Bank Mandiri and media have a mutually dependent and beneficial relationship

Performance of TFS Directorate, particularly in international trade

Bank Mandiri's consistent support for the creation of an entrepreneurial younger generation.

Bank Mandiri's consistent support for the creation of an entrepreneurial younger generation.

Bank Mandiri wants to optimize the role of the media in conveying the latest news on the company to Bank Mandiri stakeholders

To encourage the development of sport, particularly athletics

Q3 Performance/ 2014

Bank Mandiri continues to contribute to national prosperity through up-to-date studies that benefit the media.

Commitment and support of Bank Mandiri to financial literacy and financial inclusion

Commitment of Bank Mandiri to strengthening business and providing support to customers in undertaking Islamic journeys

Bank Mandiri is on the right path to realizing its vision of being the best in Asean by 2020

Bank Mandiri is on the right path to realizing its vision of being the best in Asean by 2020

Bank Mandiri continues to contribute to national prosperity through up-to-date studies that are of benefit to the media.

Bank Mandiri wants to continue optimizing the role of the media in conveying the latest developments in the company to stakeholders.

procurement of goods and services

Efforts are consistently made by the Bank to ensure sustainable governance through a procurement of goods and services process that accords with the Procurement SOPs (Standard Operating Procedures) & PTO (Technical Operational Guidelines), which serve as references for all unit in conducting the procurement process.

BANK MANDIRI PROCUREMENT BASIC PRINCIPLES

In carrying out procurements, the Company refers to the basic principles for the implementation of procurement, which are as follows:

EFFECTIVE	Procurement activities are conducted in accordance with the needs / plans that have been established and provide optimal benefits for the Company.
EFFICIENT	Procurement activities are carried out in accordance with the Company Work Plan based upon an agreed timeframe and in an accountable manner.
TRANSPARENT & COMPETITIVE	A procurement must be implemented in a transparent manner and provide opportunities for providers of goods and services that meet the requirements, and be carried based on the principle of healthy competition among providers of goods and services that fulfill the requirements based upon clear and transparent terms.
TRANSPARANT	All conditions and information on the conducting of procurements is informed to providers of goods and services.
FAIR AND NON-DISCRIMINATORY	Provides equal treatment to all providers of goods and services and does not benefit a particular party in any manner or for any reason.
ACCOUNTABLE	The procurement process, outcome, and payment must be accountable
RESPONSIBLE	The procurement process is carried out carefully and in compliance with the applicable regulations.
INDEPENDENT	Procurement decisions are taken objectively and are free from third party intervention

EBANK MANDIRI PROCUREMENT ETHICS

All parties involved in the procurement process in Bank Mandiri, including the Procurement Implementation Unit, Goods and Services Users and providers of goods and services, must adhere to the following set of ethics:

- a. Carry out their respective obligations in an orderly manner with a sense of responsibility so as to achieve smoothness and accuracy in the procurement process.
- b. Working in a professional and independent manner on the basis of honesty and maintaining the confidentiality of documents.
- c. No mutual influence, directly or indirectly, so as to prevent and avoid unfair competition.
- d. Accepting and accounting for all decisions made in accordance with the agreement of the parties.
- e. Avoiding and preventing conflicts of interest between the parties.
- f. Avoiding and prevent waste in the implementation of procurement activities.
- g. Avoiding and prevent abuse of authority for the purpose of personal, group or third party gain so as directly or indirectly be prejudicial to the Company.
- h. Avoiding and preventing corruption, collusion and nepotism in the procurement process.
- i. Not accepting gifts or benefits of any kind, either directly or indirectly.

PROCUREMENT OF GOODS AND SERVICES POLICIES

Bank Mandiri has guidelines for the procurement of goods and services that apply the principles of effectiveness, efficiency, openness and competitiveness, transparency, fairness and non-discrimination, accountability,

responsibility and independence in accordance with the prevailing legislation. The guidelines are set out in the Procurement SPO of 2014.

Bank Mandiri has other policies related to the procurement of goods and services that are set forth in the Procurement SPO, which provides guidelines for the conducting of goods and services procurements of both a strategic and non-strategic nature so as to support the operations of the Bank in accordance with the desired quality, quantity and time limits base on the best price by applying the principles of sound risk control management.

To ensure effective, safe, fast, transparent, efficient and accountable procurement operations, the Company applies the following policies:

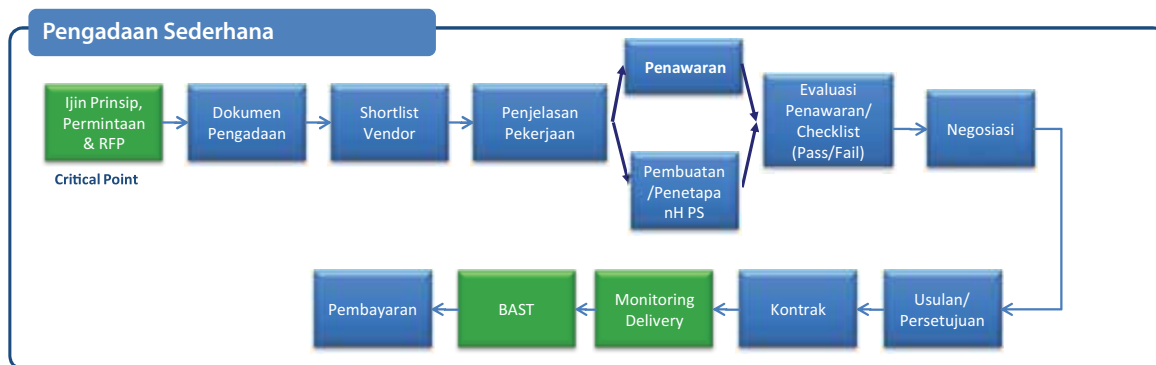
1. Separation of functions in Procurement Implementation Units between units that select candidate vendors, the executors of the procurement process, those responsible for preparing own estimates; and the compliance unit.
2. Always adhering to internal and external regulations.
3. Application of the principles of risk management, including the identification, assessment, mitigation, monitoring and measurement of operational risk.
4. Adhering to the company work culture that is based on the values of Trust, Integrity, Professionalism, Customer Focus, and Excellence, GCG, the Code of Conduct, Business Ethics and prudential principles.

Those responsible for conducting procurements are required to sign Integrity Pacts.

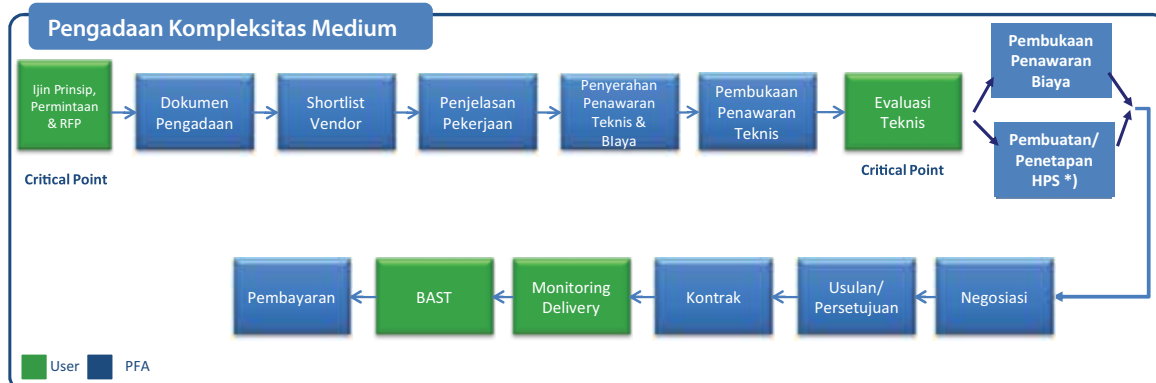
PROCEDURES FOR PROCUREMENT OF GOODS AND SERVICES IN 2014

Bank Mandiri's procedures for the conducting of procurements of goods and services are as described in the three diagrams below:

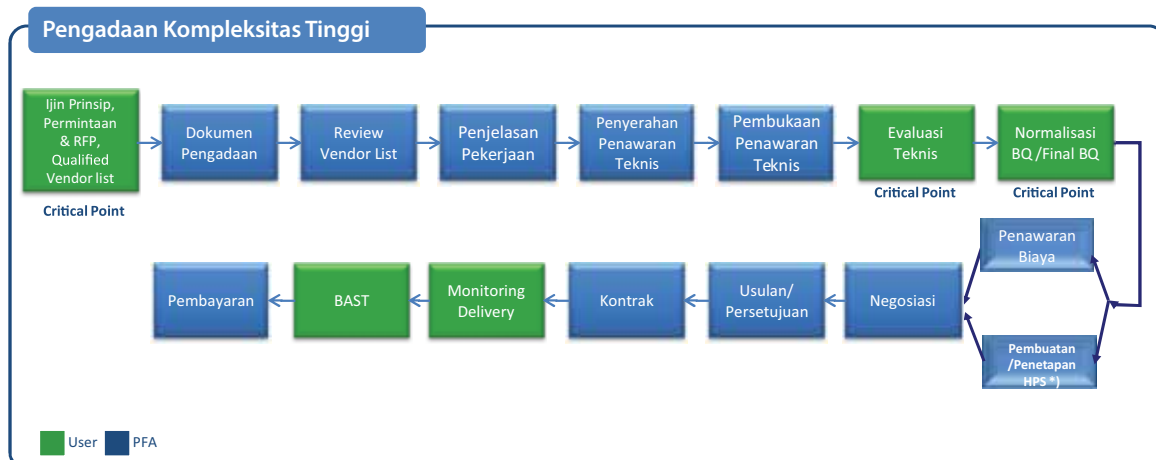
Simple Procurement Process Flow



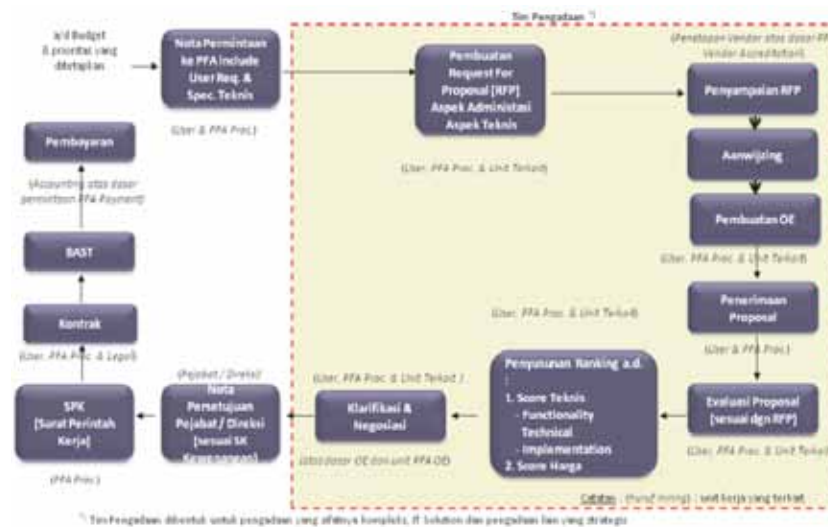
Medium Complexity Procurement Process Flow



High Complexity Procurement Process Flow



GOODS AND SERVICES PROCUREMENT PROCESS, AUTHORITY AND RESPONSIBILITIES FLOW



PROCUREMENT PROCESS, AUTHORITY AND RESPONSIBILITIES

	User	PFA Group
Budget / Preliminary Approval		-
Product Policy		-
Procurement Policy	-	
User Requirement /Technical Specs		-
Preparation of RFP / Procurement Documents		
Vendor Qualification (List of Selected Suppliers)	-	
OE / HPS	-	
Sending of RFP / Procurement Documents	-	
Sending of Proposal	-	
Technical Evaluation		-
Sign Off SOW [IT Procurements]	[+IT]	-
Administrative Evaluation	-	
Technical & Price Evaluation		
Negotiations		
Proposal Memorandum		
Contract	-	
Implementation (BAST)		- [Legal (optional)]
Payment	-	[+ Accounting]

RULES GOVERNING GOODS AND SERVICES PROCUREMENTS

The rules governing goods and services procurements in Bank Mandiri cover the following aspects:

Implementation of Procurement	<p>Through supplier of goods and services:</p> <p>This type of procurement can be undertaken if the specifications of the goods / services are clear, it is more efficient, the timeframe is appropriate.</p> <p>Self-Managed: The procurement of goods services is planned, carried out and supervised by the Bank itself using its own personnel and equipment, or contract manpower</p>
Elements in procurement of goods and services	<p>Procurement Executive</p> <ul style="list-style-type: none"> • Procurement Implementation Unit Procurement • Procurement Committee • Procurement Team <p>Procurement Documents</p> <p>Own Cost Estimate (HPS)</p> <p>List of Mandiri Approved Partners (DRTM)</p> <p>Clarification & Negotiating Officer</p> <p>Approval Officer</p>
Procurement Preparations	<p>The officer responsible for the procurement process establishes procurement criteria and requirements objectively, and acts impartially in respect of all suppliers.</p>
Handover	<p>Every unit that will use the goods or services must check the conformity of the goods / services that are delivered with the quantity and specifications set out in the agreement, which is confirmed by the signing of a BAST by the authorized officer.</p>
Warranties in goods and services procurements	<p>So as to control the risks that may arise in connection with the procurement of goods / services as a result of non-performance, the supplier must provide a warranty.</p>
Procurement Changes (Only in the Case of Additions / Reductions in Construction Works)	<p>Additional work may not exceed 20% of what was specified in original contract.</p> <p>The additional work order must be in writing and be followed by clarification / negotiation.</p> <ul style="list-style-type: none"> • Approval authority is vested in the original approval officer, if the HPS value changes, authority will be in accordance with approval SK.

Procurements in response to specific circumstances

In certain circumstances that require an immediate response, such as in the case of a natural disaster or other pressing exigency, the following mechanisms shall be permitted:

Direct appointment without issuing of HPS/receipt of offers/issuance of SP/SPK/contract, based on reimbursable real cost without margin, supplier's fee to be based on agreement and reasonableness.

Should a review reveal that the price is not reasonable, the procurement unit must conduct clarifications and negotiations with the supplier, which shall be set out in an Official Report on Clarifications & Negotiations.

The head of the Procurement Unit must monitor the implementation of the work and prepare an accountability report for his immediate supervisor and/or the Disaster Response Team

Payment Process & Documentation

The payment process includes:

- 1) Review of payment documents,
- 2) Approval of payment by authorized official,
- 3) Payment shall be made in rupiah or in other currency in accordance with the amount stated on the SPK or contract,
- 4) Every expense component in a payment price shall be recorded in accordance with the relevant budget items.

PROCUREMENTS OF GOODS AND SERVICES IN 2014

In 2014, the details of Bank Mandiri procurements by type of unit are as described below:

Unit	Value of Procurement (Rp)	Value of Forex-Denominated Procurement (USD)	Total Value (Eq. Rp)	Total Number of Procurements
PFA (Head Office)	3,245,455,871.918	281,225,552	6,051,221,645,493	2,050
Regional Offices	256,387,965.835		256,387,965,835	968
Line units	700,856,639,549	7,379,279	792,359,699,149	2,719

AUDITING OF GOODS AND SERVICES PROCUREMENTS

Bank Mandiri conducts both period and incidental audits (internal and external) to ensure that the procurement SOPs and other relevant company policies are consistently applied.

The successful operation of the procurement process in Bank Mandiri is closely related to the supervisory role played by the Board of Commissioners, which consistently:

- conducts oversight and provides advice on the application of procurement policies;
- provides recommendations based on the oversight and reviews that have been conducted on procurement policies..

In 2014, there were no audit findings (by either internal or external auditors) of procurements that prejudiced or caused losses to Bank Mandiri, or protests by suppliers in respect of Bank Mandiri procurements of goods and services.

legal cases involving members of board of directors / board of commissioners



MATERIAL CASES INVOLVING SERVING DIRECTORS AND COMMISSIONERS

During 2014, no serving directors or commissioners of Bank Mandiri were involved in legal problems, whether civil or criminal. Similarly, Bank Mandiri as a business entity did not have any legal problems, whether civil or criminal.

LEGAL ISSUES

As regards the operation of its business, Bank Mandiri was involved in a number of legal issues in 2014, as described below:

Legal Issues	Number	
	Civil	Criminal
Resolved, conclusive judicial decision obtained	103	26
In process	148	25
Total	251	51

During 2014, Bank Mandiri was involved in a total of 251 cases, of which 103 had been resolved and a conclusive decision obtained, while 148 cases were going through the judicial process. The Bank was involved in a total of 51 criminal cases, with 26 of these resolved and a conclusive judicial decision obtained, while 25 were still in process. The majority of the legal cases in which Bank Mandiri was involved concerned disputes over loans and customer deposits.

IMPACT ON COMPANY

The civil and criminal legal cases in which Bank Mandiri was involved during the reporting period have an insignificant impact on the company as mitigation measures have been taken.

In addition, no administrative sanctions were imposed on Bank Mandiri as a listed company, or on directors or commissioners, in connection with the handling of legal cases by the Bank.

whistleblowing system (wbs)

A Whistleblowing System (WBS) is a system that manages the complaints regarding unlawful conduct and unethical actions in a confidential, anonymous and autonomous (independent) manner so as to optimize the role of Mandiri staff and partners in exposing abuses in Bank Mandiri and its operating environment.

In order to ensure ethical business practices and integrity, Bank Mandiri has and applies a Whistleblowing Policy (WBS) that operates through the Letter to CEO (or 'LTC') mechanism. LTC is a means by which reports and complaints of violations and fraud can be submitted by employees to the CEO, with emphasis being on improving the effectiveness of the internal control system. The implementation of the LTC mechanism is founded on a variety of statutory and other provisions, including (a) Law No 13 of 2006 on the Protection of Witnesses and Victims; (b) Government Regulation No. 71 of 2000 on the Role of Civil Society and the Presentation of Awards in the Prevention and Combating of Corruption; (c) Bank Indonesia Regulation No. 5/8 / PBI / 2003, as amended by Regulation No. 11/23 / PBI / 2009; (d) Bank Indonesia Circular No. 13/28 / DPNP on Anti Fraud Policy; (e) Supreme Court Circular on the Treatment of Whistleblowers and Witnesses who Act as Justice Collaborators, and (f) the various Joint Regulations of the Ministry of Law and Human Rights, the Attorney General's Office, Police, KPK, Prosecution Service and Chairman of the LPSK.

STATUS OF LTC MECHANISM

The Bank Mandiri LTC initiative was launched in 2009, and was further developed and revised in 2013 in order to improve its effectiveness, as described below:

Tahun 2009

- LTC introduced in 2009
- Whistleblower must state identity
- Only available to employees
- LTC reports may be submitted by email and sms
- LTC is aimed at rt2 on fraud/indications of fraud and excellence/ improvement

Tahun 2013

- Revitalization of LTC mechanism in 2013
- Whistleblower not required to state identity in report
- Not only for employees but also for vendors
- Reporting media increased to include LTC website
- LTC now focuses on reports of fraud/indications of fraud

Objectives of LTC Mechanism

The LTC program is expected to help achieve the objectives and to benefit Bank Mandiri in the following ways:

01

Improvements including: (a) fulfilling customer needs (b) developing the business (c) increasing market share (d) increasing revenue & reducing cost (e) reducing process time and (f) improving employee engagement.

02

Prevention of violations (Anti-Fraud) including: (a) increased participation of employees in control measures (b) establishing early warning systems of fraud, and (c) reducing the risk of bank losses.

SCOPE OF LTC POLICY

The scope of the LTC reporting system in Bank Mandiri governs aspects, including the management unit, confidentiality and protection of whistleblowers, reporting procedures, and sanctions and punishments.

The LTC policy focuses on encouraging the reporting of fraud, as described below:

- 1) Definition of Fraud
 - a. A deviant act or purposeful omission undertaken in order to deceive, cheat, or manipulate the Bank, a customer, or a third party, that occurs inside the Bank, and/or
 - b. Uses the Bank's facilities so as to result in loss for the Bank, a customer, or a third party, and/or
 - c. results in the perpetrator obtaining financial benefit, whether directly or indirectly.
- 2) Types of Fraud:
 - a. Corruption, namely receiving/asking for reward and/or misappropriation or misuse of bank money for one's personal interest or the interest of others and/or making or causing others to make plans that harm the Bank.
 - b. Deceit, namely deceiving the Bank, its customers or third parties and/or falsifying documents, signatures, physical evidence and/or any original proofs.
 - c. Theft, namely taking part and/or all of the Bank's assets or data illegally.
 - d. Omission, namely intentionally and deliberately ignoring procedures or responsibilities as a Bank employee.
 - e. Violation, namely, violating the Bank's internal regulations or external regulations or defrauding the Bank using technology (cybercrime) and/or not using technology, including manipulating financial statements or committing banking crimes as stipulated in the Banking Law or any other acts equivalent thereto.

LTC REPORTING MECHANISM

LTC SUBMISSION

A whistleblower may submit a report using the following media:

1. SMS to 0811-900-7777
2. Email to lettertoceo@bankmandiri.co.id
3. Letter through PO BOX 14000 JKTM 12700
4. Internal Website, namely letter to ceo



Every report submitted by a whistleblower is given a Random Unique Number

Protection for whistleblowers

With reference to the Bank's internal regulations

Complaint Response

Reports that are received are handed over to Internal Audit Group and are then investigated and followed up on. The whistleblower can obtain information of the outcome of the process using his or her Random Unique Number to check on the status of his or her report on the Letter to CEO (LTC) website.

Complaint Management

The Internal Audit Group is the unit that is responsible for handling and managing complaints.

Complaint Response Outcome

The complaint is acted upon by Internal Audit based on the relevant Service Level Agreement (SLA).

RESULTS OF LTC PROCESS

As of the end of 2014, the number of LTC reports received via telephone, email, facsimile and mail box, and a comparison with 2013, are as shown below:

Year	Method of Submission			Report Category		Reports Acted Upon	Reports where follow-up Action has been Completed
	Letter	Email	Website	Fraud	Non Fraud		
2013	33	6	2	11	30	21	10
2014	8	6	0	14	5	1	13

other important information

HIGHEST TO LOWEST SALARY RATIOS

In 2014, the ratios of highest to lowest salaries were as follows:

1. The ratio of the highest employee's salary to lowest: 39.09: 1
2. Ratio of highest director's salary to lowest: 1.1: 1
3. Ratio of the highest Commissioner's salary to lowest: 1.1: 1
4. Ratio of highest Director's salary to highest employee's salary: 1.83: 1

PROVISION OF FUNDS TO RELATED PARTIES AND LARGE FUND EXPOSURES

In order to avoid a bank failure as a result of the concentration of funding provision and to increase the independence of bank management in respect of potential intervention from related parties, the Bank applies prudential principles and risk management in the provision of funds, including through funding portfolio diversification. Bank Mandiri has policy guidelines and procedures in place related to the provision of funds to related parties and / or large exposures in accordance with the Bank Indonesia regulations on lending limits for commercial banks.

The following are the details of Bank Mandiri's exposure to related parties and large fund exposures as of 31 December 2014:

No	Provision of Funds	Amount	
		Borrower (Individuals)	Amount (Rp million)
1	To related parties	556*)	7.231.868
2	To key borrowers:		
	a. Individual	5	109.117.153
	b. Group	20	15.632.498
	Total key borrowers	25	124.749.651

*) 547 executive ol2 and 9 subsidiaries

FUNDING FOR SOCIAL AND POLITICAL ACTIVITIES

FUNDING FOR SOCIAL ACTIVITIES IN 2014

In conducting its business, Bank Mandiri is not only concerned with profit alone but also considers the interests of society and the communities in which the Bank carries on business across Indonesia. As a form of social responsibility, Bank Mandiri has set aside some of the profits to help develop communities and their environments. A full description of these activities

are set out in “Corporate Social Responsibility” and the Bank’s 2014 Sustainability Report, which forms an integral and inseparable part of the Annual Report.

FUNDING FOR POLITICAL ACTIVITIES IN 2014

During 2014, the Bank did not provide any funding for political activities or to political parties.

CONFLICT OF INTEREST TRANSACTIONS

No conflict of interest transactions, as defined in Bapepam-LK Rule No. IX.E.1, were conducted in 2014.

A conflict of interest is a difference between the financial interest of the Bank and the personal financial interests of the owner, a commissioner, a director, an executive officer and / or another party related to the Bank. To protect the interests of shareholders, Bank Mandiri has set out a policy on conflicts of interest in its corporate governance guidelines.

BUYBACK OF BANK MANDIRI SECURITIES

During 2014, Bank Mandiri did not buy back any of its shares and / or bonds.

2014 PRESS RELEASES

Month	Date	Title
January		
	8	Mandiri Helps PNS Manage their Finances Through Financial Literacy
	12	Bank Mandiri Brand Value Highest, Amounts to US\$ 1,247 Billion
	13	Boosting the Economy, Bank Mandiri Creates New Entrepreneurs
	15	Bank Mandiri Creates Thousands of New Entrepreneurs
	16	Bank Mandiri and Agence Francaise de Development (AFD) Hold Green Banking Seminar
	17	Mandiri Provides Assistance to Manado Flood Victims
	22	Facilitating Access, Bank Mandiri Strengthens MSME Financing
	24	Mandiri Works with Lions Club and Disaster Relief Agency (BPBD) in Bekasi to Assist Thousands of Flood Victims.
	25	Bank Mandiri Introduces Prepaid Card for Second Level Students
	30	Mandiri Provides Rp3,53 Billion for Disaster Victims Around Indonesia
February		
	10	Bank Mandiri Strengthens Intermediation Role
	17	Bank Mandiri Strengthens Contribution to Subsidiaries to Boost Growth
	20	Mandiri Facilitates Mini Master Repo Agreement with 26 Local Development Banks
	20	Mandiri Provides Rp 500 million through PMI to Disaster Victims
	26	Expanding Repo Services, Mandiri Teams Up with 24 Commercial Banks
	27	Bank Mandiri Shareholders Approve InHealth Acquisition

Month	Date	Title
March		
	21	Semen Gresik Secures Non Cash Loan Facility of Representative.4 Triliun from Bank Mandiri to Develop New Cement Plant in Rembang
	21	Mandiri Expands Online Payment Network for Joint University Entrance Process
	26	Integrating Subsidiaries, Bank Mandiri Strengthens Business in Singapore
April		
	2	Mandiri Books Trade Transactions Worth US\$122.3 billion in 2013
	3	Mandiri Provides Corporate Education to Boost Tax Receipts
	4	Developing Infrastructure, Mandiri Backs Syndicated Loan of Rp4.7 Triliun for Semarang-Solo Expressway
	6	Mandiri Closes to Support Election Process
	28	Bank Mandiri Strengthens Intermediation Function
May		
	4	In Run-up to Mandiri Jakarta Marathon, Bank Mandiri stages 5K and 10K runs
	5	Mandiri Installs EDCs in Blue Bird Taxis
	8	Mandiri and BPJS Manpower Plant Urban Forest in Batam
	8	Mandiri Disburses Rp 1.9 Trillion for Indarung VI Cement Plant
	12	Bank Mandiri Launches Mandiri Institute to Create Synergies on Road to Indonesia Incorporated
	12	Mandiri Strengthens Competitiveness and Tax Compliance of SMEs
	14	Bank Mandiri Ensures Customer Deposits are Safe
	16	151 Mandiri Offices Operate over Weekend to Replace Debit Cards
	18	Mandiri and Habitat for Humanity Indonesia Built Homes for Fisherfolk in Mauk, Tangerang
	20	To Facilitate Transactions, Mandiri Launches Mandiri e-Cash with Social Media Touch
	21	Bank Mandiri Continues to Transform Itself to be Best Bank
June		
	2	Bank Mandiri Renovates Community Education Facility in Solo
	12	Mandiri Provides Rp 2.06 Billion in Scholarships to 128 High School and University Students
	13	To Anticipate Tight Competition, Bank Mandiri Improves Services
	16	Now, Bank BRI, Bank Mandiri and Bank BNI E-Money Can be Used to Purchase Commuterline Tickets
	18	Mandiri Provides Syndicated Loan to Thang Long Cement Vietnam
	21	Mandiri Donates Rp 2.952 Billion through Environmental Development Program to Boost Social Economy in Bali
	25	Mandiri Group Develops Business with ReINDO
	27	Mandiri Becomes Margin Fund Bank through Signing of Agreement by CEO of Kliring Berjangka Indonesia (KBI), witnessed by Head of Badan Pengawas Perdagangan Berjangka Komoditi (BAPPEBTI) at the Ministry of Trade.

Month	Date	Title
July		
	1	Bank Mandiri Provides Rp350 Miliar Loan to Ciputra Residence
	1	Mandiri Develops Police Members Cards for Transactions
	3	Bank Mandiri and Police Reveal Skimming Perpetrators
	10	Developing Retail Business, Mandiri Secures International Recognition
	11	Mandiri Provides Assistance of Rp370 million to 1,000 Orphans
	14	Bank Mandiri Sells Commodities Packages Cheaply to Welcome Hari Raya Idul Fitri 1435H at TNI Headquarters, Cilangkap
	17	Bank Mandiri Holds Discount Sale at POLRI Headquarters
	20	Bank Mandiri and PBNU Organize Homeward Trips
	20	For Lebaran 2014, Mandiri Prepares Rp33,97 trillion through Operation of 824 Branches During Compulsory Leave.
	21	Bank Mandiri Provides Rp10.94 Trillion for Expressway
	24	Bank Mandiri's Profit Comes in at Rp9.6 Trillion
August		
	13	1,650 Participate in Bank Mandiri Entrepreneurship Lectures in 18 State and Private Universities Around Indonesia
	14	Bank Mandiri Stages Pasar Indonesia and Bazaar at Pasar Indonesia Fashion Festival
	21	Bank Mandiri, Pos Indonesia and Taspen Set up Joint Venture
	24	Bank Mandiri Ups Lending for Rubber Plantations
	24	Jakarta Marathon Time Again
	26	Bank Mandiri Strengthens Trade Finance Transactions
	27	Supporting International Business, Bank Mandiri Expands Overseas Network

Month	Date	Title
September		
	1	Bank Mandiri Donates Garbage Truck to DKI Jakarta Government
	1	KSEI - Bank Mandiri Collaboration: Facilitating Public Access to Capital Markets through Banking Network
	3	Mandiri and Peln Sign Agreement for Provision of Mandiri Cards to Peln Staff
	8	Mandiri Strengthens Retail Payment Services with Mandiri mPOS
	9	Bank Mandiri Extends Rp625 billion Loan to Pakuwon Jati
	10	1,700 Students Participate in Bank Mandiri Entrepreneurship Lecture
	11	Bank Mandiri Stages Race in Makasar
	12	Bank Mandiri and Semen Tonasa Provide Clean Water to 8 Villages in Pangkep
	17	Bank Mandiri Stages Race in Medan
	17	Bank Mandiri Continues to Strengthen Business
	20	Mandiri Holds Young Entrepreneur Conference
	21	Bank Mandiri Helps Improves Alleys in Makassar
	29	Mandiri Introduces Mikro Mandiri Sejahtera Service
October		
	1	Bank Mandiri Appoints Rohan Hafas as Corporate Secretary
	3	Developing Entrepreneurship, Mandiri Establishes Business Incubator
	5	Bank Mandiri Employees Provide Sacrificial Meat to Underprivileged
	8	Bank Mandiri Tests Channeling of Bansos Funds Through LKD
	14	Mandiri DPLK Strengthens Pension Fund Management
	16	Mandiri Directors and Thousands of Employees Provide Lessons to Elementary school up to University Students
	21	DPLK Mandiri Manages Semen Padang Pension Fund
	22	Bank Mandiri Stages Pasar Indonesia to Develop Creative Industries
	23	Bank Mandiri Makes Profit of Rp14.5 Trillion
	23	Mandiri Institute: Financial Inclusion Needs Ecosystem Support
	27	Bank Mandiri Strengthens Business in Hong Kong
	29	Bank Mandiri Supports Provision of Sinabung Assistance by Electronic Means
	31	Strengthening Services, Bank Mandiri Opens Lounge at Kualanamu Airport

Month	Date	Title
November		
	4	Strengthening GCG, Bank Mandiri Implements National Integrity System
	5	Bank Mandiri Provides Rp88.6 Trillion for Infrastructure Development
	10	Developing Mass Transportation, Mandiri Takes Part in Provision of Syndicated Loan of Rp3.04 Trillion for Commuter Rail
	12	Mandiri Creates Most Capital Market Investors
	13	Encouraging International Trade, Mandiri Provides Customs Education to Businesses
	20	Three Banks Provide Financing of Rp 550 billion to Ciputra Subsidiaries
	27	Strengthening Facilities, Mandiri Enhances Priority Networks
	28	Mandiri Launches Mobil Mitra Usaha (MobilMU)
December		
	1	Mandiri Extends Rp415 Billion Loan to Metland
	3	Bank Mandiri Serves UnionPay Cardholders
	5	Bank Mandiri and Semen Padang Provide Ambulance
	8	Mandiri Provides Loan of US\$52 Million to PT Timah
	10	Strengthening Mikro Segment, Mandiri Opens 2900th Office
	18	Strengthening Fishing Capacity, Mandiri Enhances Mikro Mandiri Sejahtera Services
	21	Mandiri Sets Aside Rp15.17 Trillion for Christmas and New Year 2015
	22	Expanding Access to Banking Services, Bank Mandiri Opens New Branch Office
	24	Boosting Business in Micro Segment, Mandiri Forges Synergies with 4 Insurance Companies



Corporate Social Responsibility

Bank Mandiri's CSR program, in empowering the community, reflects the Bank's concern for the betterment of society through a variety of innovative and sustainable programs that are designed to create self-reliant Indonesian communities, which in turn will support the sustainability of the Bank's business in the long run





Introduction

As a State Owned Enterprise (SOE), Bank Mandiri has consistently demonstrated its commitment to supporting sustainable development. Bank Mandiri believes that sustainability can be achieved through the promotion of good corporate governance and business ethics to all stakeholders, including as regards communities and the environment. This commitment can be fulfilled by minimizing the adverse effects and optimizing the positive effects of the Bank's operations in respect of all stakeholders in the economic, social and environmental spheres.

Bank Mandiri's commitment to supporting sustainable development is manifested in its corporate social responsibility (CSR) program, which is aimed at establishing synergies between the Bank's operations and its stakeholders in order to help promote the well-being of society at large. Having regard to the principle of the triple bottom line, the Bank's CSR program addresses three aspects so that the well-being of the wider community can be improved.

As a realization of Bank Mandiri's commitment to aligning its operations with environmental and social exigencies, the Bank implements CSR programs and activities in the economic, social and environmental arenas. Through the implementation of a sustainable CSR program, Bank Mandiri wants to ensure that its commercial success is not at the expense of Indonesian society. In short, the Bank's CSR program is a strategic one that not only restores some of what was obtained from its operations to the public, but also helps build synergies and alliances with stakeholders through employee involvement in the implementation of the CSR program

BANK MANDIRI CSR KALEIDOSCOPE 2014

During 2014, the Bank Mandiri CSR program focused on activities aimed at helping communities and the environment. This shows that the Bank is committed to helping the communities in which it operates.

Januari

Mandiri Young Entrepreneur (WMM)

The bank has helped create thousands of new entrepreneurs since the WMM program was first launched in 2007. In 2013, the WMM and Mdi1 Independent Technopreneur (MYT) programs produced 10 winners. The awards were presented by President of the Republic of Indonesia, Susilo Bambang Yudhoyono, who was accompanied by the Minister of Cooperatives and Small and Medium Enterprises, Syarifuddin Hasan, Minister of Women's Empowerment and Child Protection Linda Gumelar, State Owned Enterprises Minister Dahlan Iskan and Bank Mandiri CEO Budi G Sadikin. The awards were presented in Senayan, Jakarta, on Wednesday, Jan 15

Februari

Training for Songket Weavers in Ogan Ilir, Palembang

The Bank Mandiri Mandiri Bersama Mandiri program for bagi songket weavers in the villages of Limbang Jaya 1 & 2 and Tanjung Pinang 1 & 2 in Ogan Ilir, Palembang, involved the provision of competency building education and training to improve the skills of songket weavers so as to make them self-reliant economically. Bank Mandiri also provided working capital loans to 120 mentoring partners and developed infrastructure and facilities for the local community, including kindergartens and garbage dumps. The Bank also organized workshops on ironmongering, which was the main source of employment for males in Limbang Jaya 1 & 2, Palembang, South Sumatra.

March

WMM Goes to Pesantren

Bank Mandiri continues to realize its commitment to creating resilient entrepreneurs who are able to boost the economy of Indonesia through the holding of entrepreneurship workshops in 4 Islamic boarding schools (Pesantren) located in Lombok, Malang, Brebes, and Pontianak. The events were attended by more than 2,400 students. In addition, Bank Mandiri provides assistance for the procurement of educational requisites in pesantren

April

Donation of Ambulance to JIH Hospital, Yogyakarta

As one expression of concern in the health sector, Bank Mandiri donated an ambulance worth Rp390 million to the Jogja International Hospital, Yogyakarta, on April 4. During 2014, Bank Mandiri also conducted other CSR activities in the health sector, including the provision of blood transfusion equipment to Manokwari PMI, the provision of free medical and dental treatment to fisherfolk in coastal villages on Java's north coast, Subang and Indramayu and the holding of discount markets at 9 locations in Indonesia

Mei

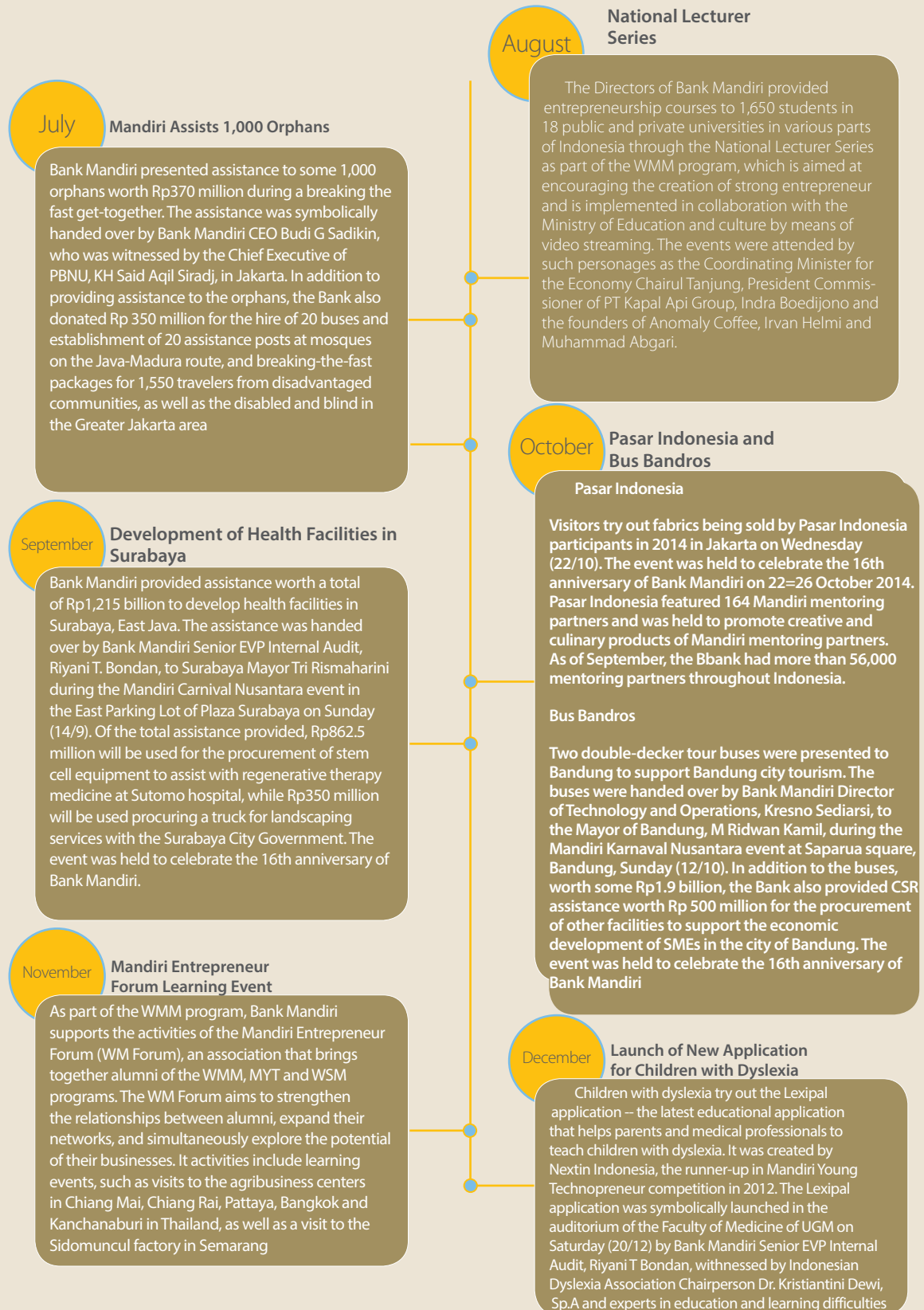
Mandiri Builds Houses for Fisherfolk

Directors and employees of Bank Mandiri joined hands to build 26 houses worth Rp784.5 million for underprivileged people in Mauk, Tangerang district, where the majority of the people make their livelihoods from fishing or working in the fishing industry

June

Mandiri Cares for Education

Education is an important element that will determine the future of the nation. For this reason, Bank Mandiri, Yayasan Karya Salemba Empat, Yayasan Iluni FHUI, ITB untuk Semua (BIUS) and Putra Sampoerna Foundation provided scholarships worth Rp1.06 billion to 123 school and university students. The scholarships were presented by Bank Mandiri Director of Finance and Strategy Pahala N. Mansury to the executives of each foundation, witnessed by the Director General of Higher Education, Ministry of Education and Culture of the Republic of Indonesia, Djoko Santoso, and Bank Mandiri's Director of Compliance and Human Capital, Ogi Prastomiyono, at Plaza Mandiri, Jakarta, Thursday (12/6)



bank mandiri csr policies, methods and programs

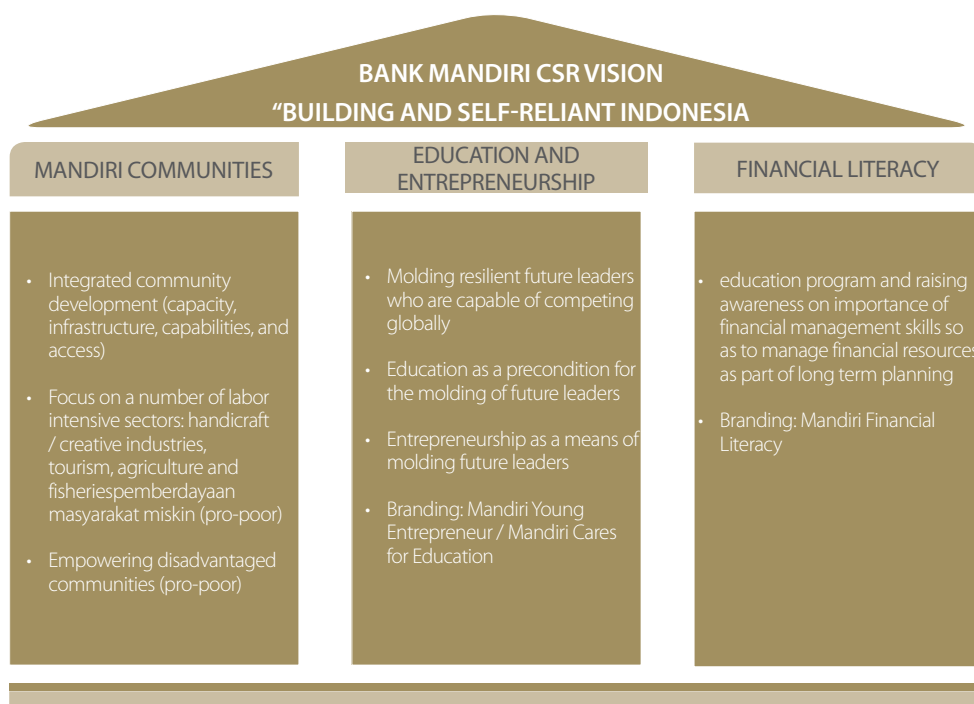
BANK MANDIRI CSR POLICIES

The implementation of Bank Mandiri's CSR program refers to the provisions of various laws and regulations that include (1) Minister of State Enterprises Regulation No.Per-05 / MBU / 2007 dated April 27, 2007 on the SOE Partnership Program with Small Businesses and Community Development Programs, as amended; (2) Law No. 8 of 1999 on Consumer Protection, (3) Financial Services Authority Regulation No. 1 / POJK.07 / 2013 on Consumer Protection in the Financial Services Sector, and (4) Law No. 13 of 2003 on Employment .

These provisions govern how Bank Mandiri can create synergies with communities and the environment to ensure the achievement of synergies between the Bank and all of its stakeholders. Bank Mandiri consistently provides solutions through well-designed programs, as reflected in the Bank's CSR vision:

"Building Self-Reliant Indonesian communities through CSR programs as inspiration to become a progressive Indonesian financial institution that grows in tandem with the growth of Indonesia",

In accordance with Bank Mandiri CSR vision, the following are the key pillars of the Bank Mandiri CSR program in 2014:



CSR METHODOLOGY

As part of its overall CSR program, Bank Mandiri uses two approaches:

1. CSR schemes initiated by Bank Mandiri and which are continuous in nature: MBM, WMM and MYT. The Mandiri Bersama Mandiri (MBM) program, which was initiated in 2010, encourages communities or community groups to develop their own production capabilities and profitable enterprises. The Wirausaha Mandiri (WMM) program, which commenced in 2007, focuses on the creation of young entrepreneurs.
2. CSR programs that are philanthropic in nature in line with community or stakeholder needs, for example, the construction of places of worship and disaster relief. Participatory methods are used by ensuring that communities are actively involved in CSR schemes during the implementation, monitoring and evaluation stages. This method was adopted by the Bank as it is suitable for the programs and objectives that have been formulated by the Bank. Each program requires the participation of the relevant communities and stakeholders. It is expected that all stakeholder

elements will be fully engaged so that the people themselves can influence and control the Bank's development initiatives and the use of resources so as to improve their lives and protect the environment..

CSR Schemes

In line with the main pillars of the CSR program, the Bank conducts surveys in communities where schemes will be implemented. The purpose of such surveys is to assess the feasibility and suitability of the targets of the scheme with its objectives so that people can participate in the realization and monitoring of CSR schemes.

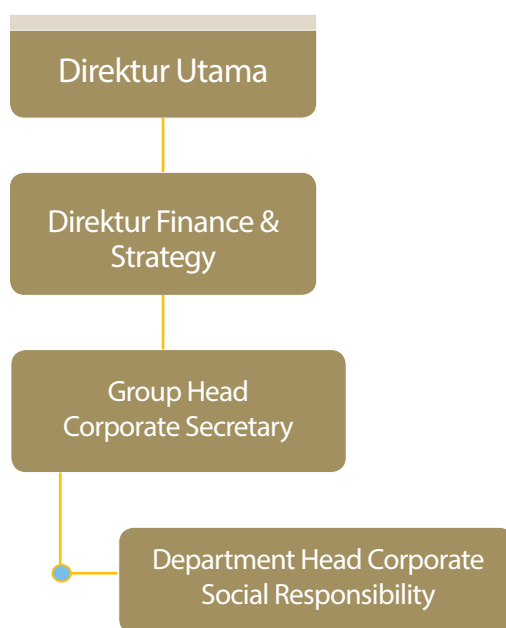
During 2014, all of the programs and activities covered by the CSR pillars of the Bank were implemented. In general, the pillars of the Bank's CSR program cover four (4) aspects: Products and Customers, Employees and Occupational Health and Safety, Environment, and the Community.

csr management and budget structure

CSR MANAGEMENT STRUCTURE

In the implementation of its CSR program, Bank Mandiri has designated a unit to conduct overall management ranging from the planning to the implementation of CSR schemes. CSR management includes the planning, implementation, monitoring and evaluation of all CSR activities and schemes operated by Bank Mandiri.

Responsibility for supervising the implementation of the Bank's CSR program rests with the Corporate Secretary Department. But actual CSR schemes are implemented by all units in the Bank. In greater detail, the management structure of the Bank's CSR program is shown below:



CSR Management Structure in Bank Mandiri

CSR BUDGET

Bank Mandiri sees CSR as a long term investment. Consequently, planning needs to be conducted carefully so as to ensure the successful realization of all CSR schemes and the targets. One of the important factors in the implementation of the CSR program is the availability of sufficient funding, or specific budget allocations for each CSR activity. In general, the main sources of funding for the Bank's CSR activities are as follows:

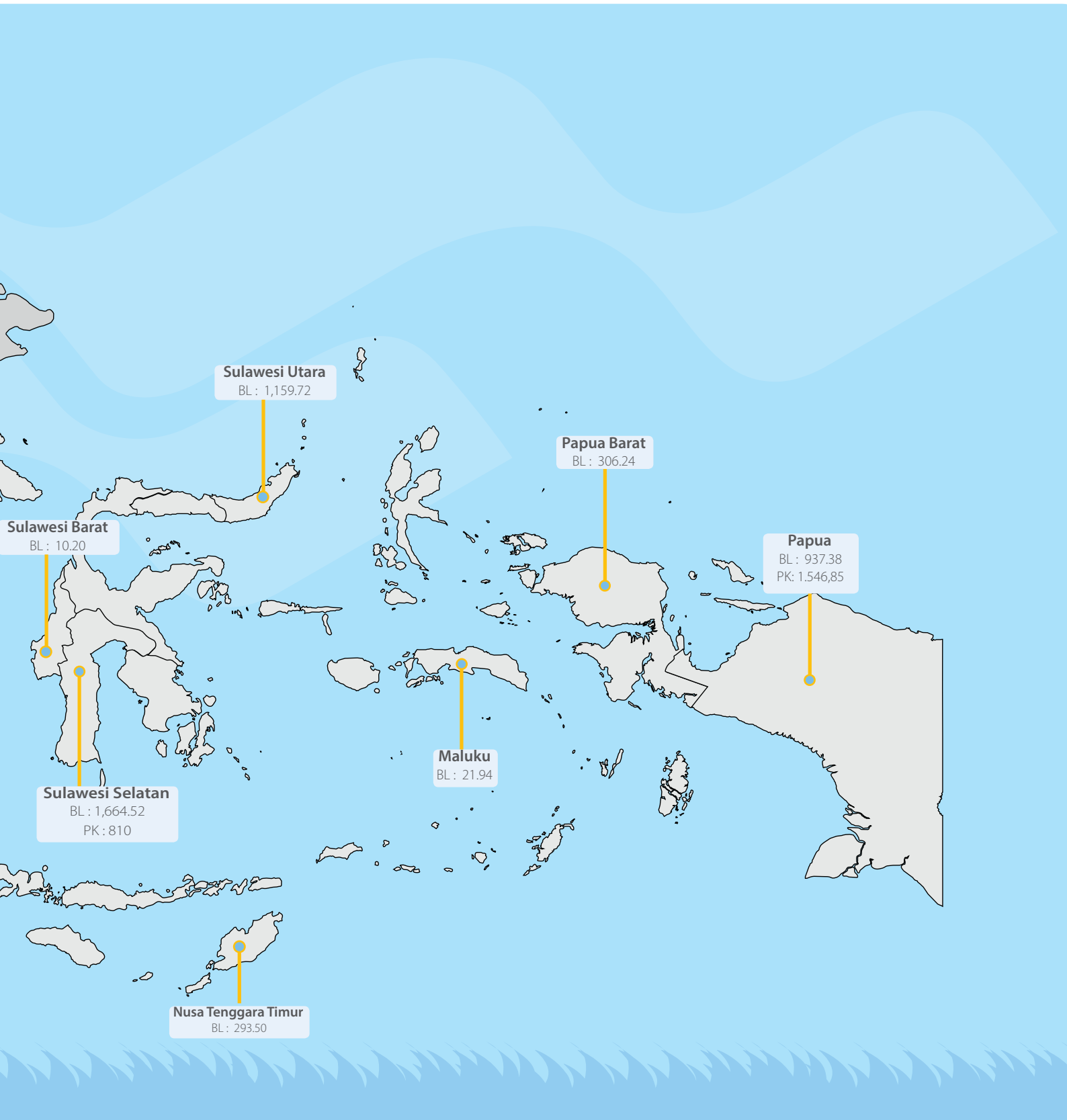
1. Company costs, up to a maximum of 2% of the net profit from the previous year
2. PK funds account, originating from the setting aside of part of the Bank's profits allocated until the end of 2012
3. Loan administration services / margins / profit sharing / interest on term deposits, and / or current accounts in relation to PK funds after deducting operating expenses.
4. Placement of PK funds by other SOEs, if any.

The budgetary allocation and realization of PK and BL funds during 2013 and 2014 to all provinces in Indonesia are shown in the following table :

(Rp million)

No	Province	BL Commitments		PK Allocations	
		2013	2014	2013	2014
1	Nanggroe Aceh Darussalam	990.00	3.47	553	-
2	Sumatera Utara	1,460.00	2,773.59	1.837	929,98
3	Jambi	110.00		495	-
4	Sumatera Barat	1,140.00	2.31	160	-
5	Riau	700.00	1,216.97	1.655	-
6	Sumatera Selatan	3,980.00	2,335.98	690	1.590,00
7	Bangka Belitung	60.00	-	-	-
8	Bengkulu	80.00	-	530	-
9	Lampung	680.00	24.68	732	-
10	Banten	2,690.00	373.41	-	-
11	DKI Jakarta	116,515.04	63,908.86	3.633	6.745,00
12	Jawa Barat	8,220.00	6,510.08	3.450	3.672,50
13	Jawa Tengah	7,220.00	3,070.96	3.874	5.823,00
14	DI Yogyakarta	7,700.00	885.69	2.253	1.754,00
15	Jawa Timur	10,480.00	6,776.30	26.273	18.417,00
16	Bali	2,020.00	2,550.39	1.230	1.292,00
17	Nusa Tenggara Barat	3,650.00	1,583.79	779	-
18	Nusa Tenggara Timur	4,730.00	293.50	156	-
19	Kalimantan Barat	570.00	1,302.84	669	-
20	Kalimantan Tengah	1,200.00	240.00	80	-
21	Kalimantan Selatan	1,140.00	518.81	854	2.415,32
22	Kalimantan Timur	870.00	10.30	130	-
23	Kalimantan Utara	1,270.00	-	-	-
24	Sulawesi Utara	460.00	1,159.72	709	-
25	Sulawesi Tengah	110.00	-	2.150	-
26	Gorontalo	650.00	-	-	-
27	Sulawesi Tenggara	3,210.00	-	370	-
28	Sulawesi Selatan	50.00	1,664.52	1.180	810,00
29	Maluku	-	21.94	-	-
30	Maluku Utara	550.00	-	-	-
31	Papua	1,450.00	937.38	1.475	1.546,85
32	Papua Barat	-	306.24	-	-
33	Kepulauan Riau	-	-	-	-
34	Sulawesi Barat	-	10.20	-	-
TOTAL		183,955.04	98,481.93	55.915,37	44.995,65





social responsibility for products and customers

Bank Mandiri always provide the best products and services so as to satisfy and maintain the trust and loyalty of our customers. Bank Mandiri sees its customer as external stakeholders that are at the forefront in ensuring the sustainability of the Company's operations.

POLICIES

To maintain and increase the number of our customers, Bank Mandiri must provide appropriate products and services. Maintaining a comprehensive range of products and facilities is one way of ensuring that customers remain satisfied.

CUSTOMER COMPLAINTS

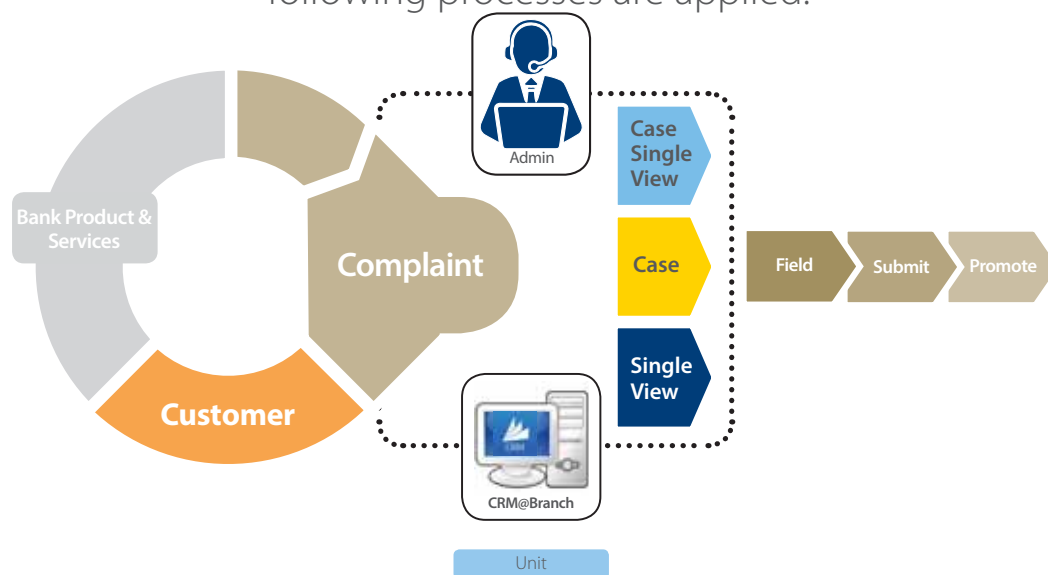
Based on Bank Indonesia Regulation No. 7/7 / PBI / 2005 on the Resolution of Customer Complaints, as amended by Regulation No. 10/10 / PBI / 2008 on the Protection of Customers, Bank Mandiri has formulated comprehensive guidelines for the management of customer complaints in the form of Standard Operating Guidelines (SPO) for the Management of Customer Complaints

CUSTOMER COMPLAINT MECHANISMS

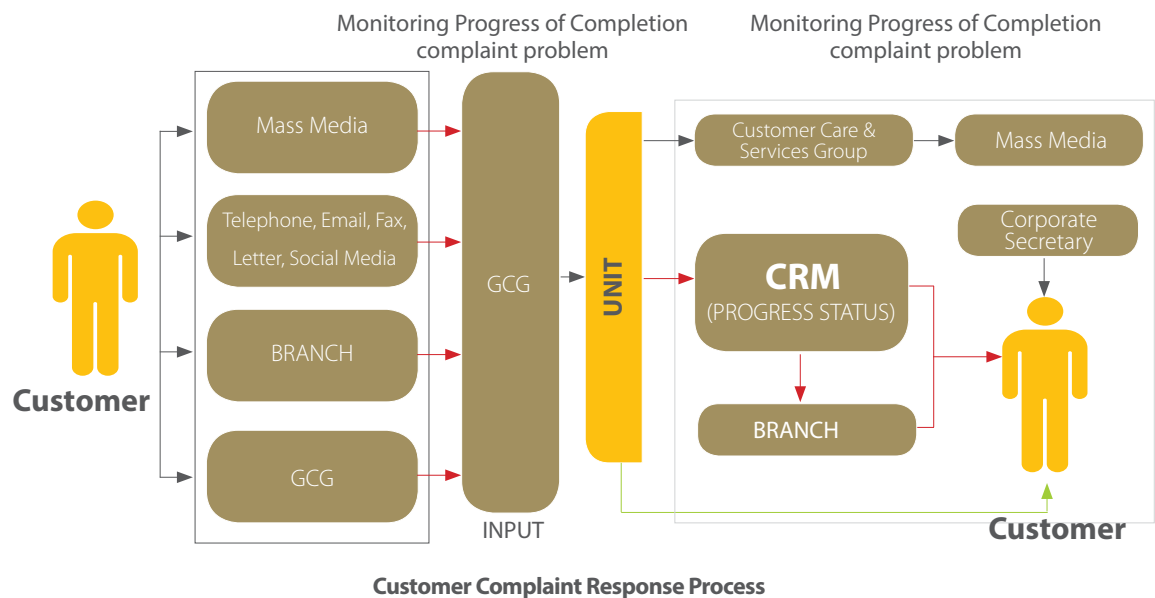
Our basic premise in dealing with customer complaints is that "We Welcome Complaints," meaning that Bank Mandiri provides a variety of means that are easily accessible to customers in order to facilitate the making of complaints. These include the following::

1. Mandiri 24-hour Call Service (14000)
2. Website: www.bankmandiri.co.id (available in the "contact us" menu)
3. By email to: customer.care@bankmandiri.co.id
4. Directly visiting a Bank Mandiri branch
5. By sending an official letter to Bank Mandiri by direct delivery, facsimile or post
6. Through [Twitter@mandiricare](https://twitter.com/mandiricare)
7. Secara langsung datang ke Bank Mandiri

In dealing with complaints, the following processes are applied:



Customer Complaint Flowchart



PRODUCT INFORMATION

To facilitate the provision of customer service and access, Bank Mandiri provides information on its products through:

1. Bank Mandiri website www.bankmandiri.co.id
2. Onsite at Bank Mandiri branch office

ACTIVITIES

As a manifestation of its high level of commitment, Bank Mandiri has adopted a series of policies, as described below:

CUSTOMER EDUCATION

As part of the endeavor to transfer knowledge on banking and banking products to Bank Mandiri customers, in 2014 the Bank disseminated information using the following means:

1. Information dissemination onsite in Bank Mandiri branches
2. Information dissemination through the use of flyers, brochures, billboards, TV, radio, websites, social media and other forms of advertising media.

EVALUATION OF CUSTOMER COMPLAINTS

The situation as regards the resolution of customer complaints from the start of 2014 up to 31 December 2014 is as shown in the following table:

Customer Complaint	Total Complaint (2014)	Completed (2014)
Financial	249.361	245.547
Non Financial	14.767	14.764
Total	264.128	260.311

CUSTOMER SATISFACTION SURVEYS

To identify Customer Satisfaction levels in 2014, Bank Mandiri conducted a number of surveys, namely :

1. Roy Morgan Single Source
2. Survey Customer Expectation, Behaviour, Satisfaction, and Engagement 2014
3. Customer Satisfaction Survey Bank Mandiri Prioritas 2014

ROY MORGAN SINGLE SOURCE

The Roy Morgan Single Source Survey was carried out in urban areas (22 Main Cities / Large + Small Towns) and rural areas in 17 provinces (Jakarta, Banten, West Java, Central Java, Yogyakarta, East Java, Bali, North Sumatra, West Sumatra, South Sumatra, Lampung, Riau, West Kalimantan, South Kalimantan, East Kalimantan, North Sulawesi and South Sulawesi).

The survey involved face to face interviews with some 24,000 respondents over the course of the year. Each respondent had accounts in more than one bank, one of which was Bank Mandiri.

The assessment of the level of customer satisfaction among Bank Mandiri customers used a sample that considered Bank Mandiri to be a main financial institution, compared with other banks.

Roy Morgan Single Source survey results, Q2 & Q4, 2014

Periode	Satisfaction Level			
	Mandiri	BCA	BRI	BNI
Q2-2014	93.30	92.40	93.50	92.00
Q4-2014	93.80	92.30	93.40	91.90

Customer Expectation, Behavior, Satisfaction, and Engagement Survey, 2014 (by Morrigan Services)

This survey was carried out in 9 major cities, namely: Medan and Palembang (representing the West), Greater Jakarta, Bandung, Semarang, Banjarmasin (representing the Central region), and Surabaya, Makassar and Manado (representing the East).

The survey involved face to face interviews with customers in 67 regular branches in the 9 cities (30 respondents per branch) and CATI (Computer Aided Telephone Interviews) with 2,000 respondents.

The findings of the survey are as shown below:

Aspect	Satisfaction Level			
	Bank Mandiri	BCA	BRI	BNI
Customer Service	78.80	77.30	74.80	75.40
Teller	77.30	76.70	74.30	75.80
Security	79.40	77.40	75.20	76.40
Banking Hall	78.50	76.90	75.10	75.90
Access	78.80	76.90	75.00	75.80
Facilities	77.10	75.50	75.10	75.00
ATMs	79.60	77.80	76.10	76.50
ATM cards	77.90	75.80	74.90	75.10
Call Center	76.90	76.10	76.00	76.00
Overall	78.25	76.71	75.17	75.77

Bank Mandiri Prioritas 2014 Customer Satisfaction Survey (by Morrigan Services)

Bank Mandiri also conducted a customer satisfaction survey in respect of 54 Bank Mandiri Prioritas (BMP) outlets in 12 regions.

The survey involved face to face interviews with 432 BMP customers (8 clients per outlet).

The findings of the survey are as shown below:

Aspect	Satisfaction Level			
	Mandiri Prioritas	BCA Prioritas	BNI Emerald	Standard Chartered
Overall Satisfaction	91.34	80.64	77.04	84.00

The detailed findings of the survey by aspect are as shown in the following table:

Aspect	Satisfaction Level
Building	88.53
Teller	90.07
Customer Service	90.30
Security	88.96
PBO	92.13
Product	87.74
Facility & Benefit	81.04
Overall	91.34

social responsibility in the area of employee health and safety

Bank Mandiri views Occupational Health and Safety as one aspect of the process of molding staff who are reliable and imbued with a high sense of responsibility. Consequently, constant efforts need to be undertaken to improve Occupational Health and Safety

POLICIES

Bank Mandiri is ever mindful of the importance of Occupational Health and Safety in maintaining optimal productivity. Consequently, the Company has incorporated Occupational Health and Safety rules in Chapter IV, Article 25, of the CLA. Thus adherence to the Occupational Health and Safety rules is the joint responsibility of management and employees. One indicator of the success of Bank Mandiri in the Occupational Health and Safety sector in 2014 is the fact that the Company recorded Zero Accidents over the course of the year.

1. education,
2. training,
3. special assignments,
4. coaching / counseling, and
5. independent learning,

The total cost of training in 2014 amounted to Rp 454.9 billion, an increase of approximately 16% compared to 2013, when the figure was Rp 390 billion. Approximately 51% of this spend was on the development of technical capabilities, with the remainder being allocated to the development of professional, managerial and leadership capabilities.

ACTIVITIES

LEARNING AND DEVELOPMENT

The Company consistently provides learning and development programs in order to improve the productivity and professionalism of Mandiri employees. These learning and development programs are based on the talents or strengths (strength based) of each employee so that the placement and subsequent career development of each employee is in line with his or her strengths. The learning and development programs provided by the Company, both internally and externally, take the form of:

The total cost of training in 2014 amounted to Rp 454.9 billion, an increase of approximately 16% compared to 2013, when the figure was Rp 390 billion. Approximately 51% of this spend was on the development of technical capabilities, with the remainder being allocated to the development of professional, managerial and leadership capabilities

EMPLOYEE RIGHTS

The company guarantees the right of employees to freedom of association and to establish employee associations or labor unions in the Company, including the freedom to serve as labor union executives. The procedures and mechanisms for the provision of support to the labor

union and its executives are set out in and guaranteed by the CLA, which is signed by both representatives of the Company and the labor union [G4-HR4]. The Company also provides opportunities for employees, both individually and through the labor unions in each Company entity, to suggest improvements, voice their opinions, and express constructive criticism to management so as to improve operational patterns and employee welfare..

CAREER DEVELOPMENT

The Company is committed to providing equal opportunities for male and female employees to develop their careers. As part of the job ranking system, the Company applies a career path system that is based on the requirements of each job and the competencies of each. The system is integrated with the performance appraisal system.

MANAGING OCCUPATIONAL ACCIDENT RISKS

Although a dedicated Occupational Health and Safety Committee has yet to be established, the Company has identified workplace accident risks and how to mitigate them as needed in the office and on duty in the field.

THE MANAGEMENT OF OCCUPATIONAL ACCIDENT RISKS DIFFERENTIALS BETWEEN RISK MANAGEMENT IN THE OFFICE AND RISK MANAGEMENT IN THE FIELD:

1. In the Office
 - Periodic provision of training and information of evacuation of high-rise buildings
 - Basic training on use of fire extinguishers.
 - Training for the rescue of victims from inside buildings for building security staff
 - Provision of adequate safety equipment and facilities, including oxygen tubes, first aid kits, sliding ladder and emergency exit windows

2. Provision of ambulances at head office and branch offices
3. On Duty in the field
 - Regulation requiring every employee to attend safety induction
 - Providing all employees with occupational and personal accident insurance, and occupational accident benefits program

MANAGING OCCUPATIONAL HEALTH RISKS

To ensure that all our employees remain in good health, the Company provides general medical check-up and health care benefits to both permanent and non-permanent employees. In addition, the Company also provides health benefits for employees' dependents, including children up to 21 years who are not employed and are unmarried. In the case of children who are still attending college and who are not employed and are unmarried, benefits are provided up until 25 years of age. This is stipulated in Chapter VII, Article 37, of the CLA

Over the course of 2014, the Company undertook, among other things, the following health-related activities:

- Blood Donation Drives
- Carried out every 4 months and participated in by 2,133 employees
- Medical check-ups
- Carried out once a year, for employees of more than 40 years old.
- Non-routine treatment, hospitalization, dental and eye treatment and non-routine medical allowances for the purposes of outpatient treatment at the first and advanced levels

social responsibility to the environment

Bank Mandiri's operations both directly and indirectly affect the state of the environment. In accordance with the Bank's commitment to striking a balance between the interests of the Bank and other interests, including those of the environment and stakeholders, the Bank has taken various steps to minimize the negative impacts of the Bank's operations

USE OF MATERIALS

The use of materials by the Bank is divided between office supplies and materials needed for other operations. The materials used in the office consist primarily of paper and fuel.

A reduction in paper consumption is essential today because of the wide range of adverse effects that it causes, including the cutting down of forests and the harmful waste that results from the paper production process, including liquid, gaseous, and solid waste.

Bank Mandiri seeks to reduce paper consumption through a number of initiatives, such as using both sides of a sheet of paper, stopping the use of paper for tender documents, sending documents by email so that only the most important pages are printed, and the recycling of waste paper.

More efficient use of paper continues to be pursued by Bank Mandiri with the support of information technology that is replacing paper-based transactions with paperless transactions.

The use of ATMs also saves paper in transactions that were previously done in the banking hall, including the paper used for deposit, withdrawal, transfer and other payment forms.

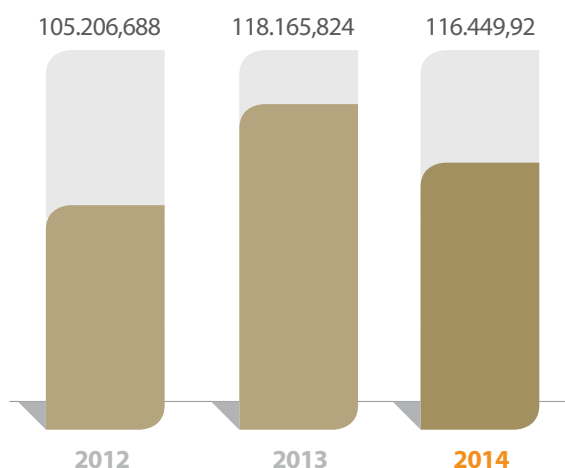
In addition, savings in paper use are also achieved by educating customers to conduct transactions online (Internet Banking, Phone Banking and SMS Banking),

and by redesigning our forms and reports, as well as management policy to use recycled paper for day-to-day operations

ENERGY USE

The Company always strives to reduce its energy consumption in respect of things that the Bank produces. This is done through a series of improvements in the quality specifications of support equipment in our office buildings. In order to save electricity, Plaza Mandiri saw the replacement of 2 chiller units, following on from the replacement of 4 chillers the previous year, while 5 cooling towers and 32 AHU units were also replaced in 2014 so as to improve the performance of the air-conditioning system

Energy Consumption (Gj)



Bank Mandiri uses electricity purchased from the state electricity company Perusahaan Listrik Negara (PLN) as a source of energy for its operations, both at head office and the branch level. Total electricity consumption at Bank Mandiri head office, including by tenants, in 2014 amounted to 32,347,200 Kwh, the equivalent of 116,449.92 Gj. This was 1.45% lower than in 2013, when the figure was 33,075,010 Kwh. The decrease in electricity consumption was due to one of our efficiency initiatives and a growing awareness among employees of the need to conserve energy.

REFORESTATION

In order to improve the quality of the environment in the city of Batam, which has been seriously damaged as a result of rapid industrialization, the company is working with Employment Social Security Agency (BPJS) to help develop an one-hectare urban forest in the Rusunawa Kabil - Batam, with the majority of tree planted to date consisting of shade trees, such as tamarind, mahogany, angkana, breadfruit, red sengon, rainbow and petai cina.

ENVIRONMENTAL ASSISTANCE

In order to maintain hygiene and help improve the waste management system in the capital city, Bank Mandiri donated three garbage trucks to the Provincial Government of Jakarta. The trucks were handed over by Bank Mandiri CEO Budi Gunadi Sadikin to the Deputy Governor of Jakarta, Basuki Tjahaja Purnama, at Jakarta City Hall, in the hope that the assistance can help realize the goal of the city government to make Jakarta cleaner and more attractive.



(Donation of Garbage Trucks to Jakarta Provincial Government)

Other things that were done by Bank Mandiri during 2014 in connection with environmental quality was the bringing to fruition of projects designed by the winners of the Mandiri Young Technopreneur (MYT) program, namely:

- Winner of the MYT 2011 Competition, Clean Water Category - Ganesha Filter Team: development of clean water installation in the Sukamanah, Tanara District, Serang Regency – Banten
- Winner of the MYT 2011 Competition, Renewable Energy Category - T-Files: development of a tidal power plant in Toyapakeh, Nusa Penida, Bali

social responsibility to communities

POLICIES

The welfare of communities is essential for the success of Bank Mandiri as these communities are both directly and indirectly involved in the Bank's operations. Therefore, it is essential that the Bank acts responsibility vis-à-vis the communities in which it operates.

Bank Mandiri's policies related to its responsibility to communities are set out in the PKBL standards and procedures governing the implementation of the Partnership Program, Environmental Development Program and the Procurement of Goods and Services Standards related to the PKBL

ACTIVITIES

The CSR activities that Bank Mandiri conducted in 2014 may be briefly described as follows:

SELF-RELIANT COMMUNITIES

The Self-Reliant Communities pillar of Bank Mandiri's CSR program is implemented through the Mandiri Bersama Mandiri (Self-Reliant with Mandiri/MBM) program, which is aimed at helping develop both communities and community groups in an integrated fashion in terms of capacity, infrastructure, and access. Through the MBM program, Bank Mandiri is committed to encouraging communities of small businesses to develop in selected areas so as to enhance production capabilities and profitability, promote economic progress at the local level and promote creative and productive endeavors in communities so as to ultimately improve living standards.

The background to the program is a realization that community empowerment in a particular area can have a wider and more comprehensive impact. In addition, community empowerment will improve living standards, self-reliance and the productive capacity of communities in such areas over the long term

MBM Zones

In 2014, the Company once again implemented its MBM program through the continued development on existing target areas / clusters and the development of new areas that play host to Mentoring Partners or have the potential to absorb PP loans. Among the areas on which the program is currently focused are:

a. MBM - Ogan Ilir, South Sumatera

The MBM program provides training to songket weavers who have obtained a small business working capital loans from the Company in the Tanjung Pinang and Limbang Jaya villages, Tanjung Batu, Ogan Ilir Regency, South Sumatra. The purpose of the MBM program in this area is to improve the skills of songket and limar weavers and provide information on how to dye songket yarn



(Pelatihan Ogan Ilir)

b. MBM - Karawang

The MBM program provides support facilities and infrastructure for the community-based mushroom industry cluster in Balonggandu village, Karawang. In addition, the program also provides training on how to increase production capacity, management skills, institution building, and mushroom processing. Machinery and product standardization training are also provided.

c. MBM - Wakatobi

The MBM program in this area involves the development of a tourism zone in the village of Mola Raya, Wakatobi, Southeast Sulawesi, and the provision of training on institution strengthening and tourism competencies.

Mandiri Social Entrepreneur Awards

Various innovations have been instituted by Bank Mandiri so as to support the development of entrepreneurship. After rolling out the Mandiri Young Entrepreneur program in 2007, field by the Mandiri Young Technopreneur program in 2011, in 2012 the Bank launched a new program to develop social entrepreneurship, namely, the Mandiri Bersama Mandiri (MBM) Challenge, which program was run once again by Bank Mandiri in 2014, but this time under a new name: Wirusaha Sosial Mandiri (Mandiri Social Entrepreneur / WSM).

The WSM program is aimed at developing social entrepreneurship among young people by responding to the needs of young socio-entrepreneurs who want to resolve social problems in the community, with the benefits to be obtained from such endeavors being replicated in other areas so as to provide maximum benefit to society.

In 2014, the WSM featured two categories of business, namely, agriculture & marine, and creative industries and tourism. A total of 498 teams participated in the competition, not very different from the 601 teams that participated in 2012.

Besides receiving cash prizes, trophies, certificates and project capital to realize their social business ideas, the winners and finalists of the 2014 WSM also gained the opportunity to participate in a social entrepreneurship camp and various other capacity building programs in an effort to maximize the potential of their businesses and the benefits accruing to surrounding communities

SELF-RELIANCE IN EDUCATION AND ENTREPRENEURSHIP

The second pillar of Bank Mandiri's CSR program is Self-reliance in Education and Entrepreneurship, which is aimed at creating future leaders who are self-reliant and able to face the global competition through education and entrepreneurship

Mandiri Young Entrepreneur Program

Established in 2007, the Mandiri Young Entrepreneur (WMM) program is the Bank's flagship CSR, the main focus of which is on cultivating the seeds of entrepreneurship among young people in Indonesia and provide appreciation for those who are courageous enough to become entrepreneurs, in addition to providing ongoing mentoring so that they can expand their businesses.

The WMM program was originally established as Bank Mandiri was concerned about the inability of the country's industrial sector to provide sufficient jobs, which resulted in persistent high unemployment levels, especially among people in the productive age groups. The large pool of unemployed people is something that needs to be addressed by all sides so as to seek out the most effective solutions to the problem. For that reason, the Company is committed to encouraging the growth of the entrepreneurial spirit, especially among the younger generation, so as to help people create jobs, rather than look for jobs.

The WMM program is closely related to the strategic role played by the micro, small and medium enterprise (MSME) sector plays in national economic growth. As has been proven time and time again, the MSME sector has always been able to survive economic shocks and has long served as a key driver of growth in the national economy. Accordingly, Bank Mandiri has designed WMM to serve as a form of real support for the development of the MSME sector by helping young people to optimally grow their businesses.

WMM sponsored the following activities, among others, during the course of 2014:

a. WMM Workshop

Mandiri WMM workshops are aimed at providing an overview of the benefits of entrepreneurship to students through the sharing of experiences by national-level experts and entrepreneurs who appear as guest speakers so as to provide insights and inspiration to the younger generation in order to encourage them to become involved in entrepreneurship.

Some 40,700 students have benefitted from the series of workshops held between 2007 and the end of 2014. WMM workshops have been held many major cities around Indonesia, including Surabaya, Bandung, Yogyakarta, Manado, Malang, Banjarmasin, Palembang, Denpasar, Bogor, Ambon, Jayapura, Balikpapan, Lampung and Mataram. In 2014, workshops were staged in four cities -- Makassar, Semarang, Medan and Jakarta -- with the total attendance estimated at 9,700 students.

Among the successful business people who attended the workshops to share their experiences were Mira Lesmana, Christian Soegiono, Nia Dinata, Marcelino Lefrandt dan Joko Anwar.



(Workshop Jakarta)

b. Awards

As a token of appreciation for young people who are courageous enough to get involved in entrepreneurship and are prepare to help develop country by making a concrete contribution in the real sector, Bank Mandiri, through the WMM program, stages an annual competition to select the best projects.

In keeping with Bank's entrepreneurship development focuses, 3 types of awards are presented, namely, the Mandiri Young Entrepreneur Awards (WMM) - focused on general entrepreneurship in the field of catering, creative industries, trade and services, the Mandiri Young Technopreneur (MYT) Awards - focused on Technopreneurship in the digital technology and non-digital technology areas, and the Mandiri Social Entrepreneur (WSM) Awards -- focused on socio-entrepreneurship in agriculture and marine, the creative industries and tourism. However, in 2014, the WSM competition was combined with the WMM competition.

The WMM, WSM and MYT award winners not only benefit in the form of cash prizes, trophies and certificates, but also get entrepreneurship mentoring support. In addition, in the case of the MYT and WSM winners, they have the opportunity to get project capital for the purposes of the implementation of their business ideas and the development of their businesses so as to provide optimal benefit to the community.

The growth in the number of of participants in the WMM, WSM and MYT Awards is as follows:

Year	WMM Awards	WSM Awards	MYT Awards
2007	488	-	-
2008	1.057	-	-
2009	1.706	-	-
2010	3.294	-	-
2011	3.751	-	617
2012	4.725	601	1.292
2013	6.745	-	837
2014	7.718	498	763

c. Implementasi Project Capital bagi para pemenang Mandiri Young Technopreneur

The winners of MYT awards not only receive trophies, certificates and cash prizes, but also benefit from coaching and project capital worth up to Rp 1 billion so as to allow them to bring their technological innovations to fruition in order to optimally benefit society.

Up to the end of 2014, the project capital provided to the winners of MYT Awards was used for the following purposes :

- **Development of Clean Water Installation**

Access to clean water is a basic human need (alongside clothing, food and shelter). However, the degradation of environmental quality as a result of rampant pollution has adversely affected the availability of clean water and decent food for communities.

It was this issue that lay behind the Ganesha Filter Team, the 2011 winner of the MYT Program (clean water category) to start its research into the provision of clean water through the development of a ceramic membrane that filters and eliminates harmful substances in the water that are detrimental to human health.

With project capital from Bank Mandiri, the Ganesha Filter Team installed one of its filters for public use in Sukamanah Village, Tanara District, Serang, Banten. The filter was inaugurated on June 23, 2014.

In practice, the water filter consists of two parts – a clean water treatment unit and a drinking water treatment unit, with the former treating raw water from the river so that is suitable for bathing, toilet and laundry needs, or for further processing into drink water, while the latter processes raw water into drinking water



(Peresmian Instalasi Air Bersih)

- **Tidal Power Plant**

As with the Ganesha Filter Team, the winner of the 2011 MYT Award in the renewable energy category, PTT-Files, received project capital to implement its technological innovation in the form of a tidal power generation plant. The first tranche of project capital was used to develop a generation plant for the people of Toyapakeh village, Nusa Penida, Bali, which until then had depended on a diesel generator that often broke down.

The tidal power plant development in Toyapakeh village has had a positive impact on the community, including vendors who sell food for people gathering on the beach at night. In addition, the plant has also improved the convenience and safety of people by allowing them to continue their activities at night, including mentoring ships and installations around the coast.

The second tranche of project capital was used to develop another tidal power plant at Banjar Nyuh village, which is adjacent to Toyapakeh, Banjar Nyuh now has public illumination in the form of 15 lamps spread along its pier and beach, as well as a panel house that functions to distribute electricity to the entire village. The ceremony to mark the official development of the power plants in the two villages took place on 21 June 2014.

- **Development of Lexipal Application.**

Nextin Indonesia is one example of how a MWT award winner has been able to harness technology so as to benefit the public at large. As an MYT award winner in 2012, Nextin Indonesia received project capital to develop its innovative lexipal educational application, which helps children with dyslexia to learn. Dyslexia is a neurobiological disorder that is characterized by difficulties in recognizing words and spelling, as well as difficulties in recognizing symbols.

Dyslexia can happen to anyone, including children with high levels of intelligence. However, often parents and medical personnel are not aware of this and do not know how to develop the potential that exists in a dyslexic child. With special attention and appropriate teaching methods, a dyslexic child can become very beneficial to society.

This is what Nextin Indonesia wants to bring about through its Lexipal application, which it is hoped will be able to help foundations, hospitals and parents in guiding children with dyslexia. The application itself has been put through trials at a number of locations, including the Indigrow Child Development Center, Bandung, Pantara Elementary school in Jakarta, and Melinda 2 Hospital in Bandung. The Nextin Indonesia application received a warm response during the trials as it proved itself capable of helping dyslexic children at three locations to learn comfortably.

As part of the Company's effort to help spread the use of the application into the general population, on 20 December 2014, the Company launched the application at the Faculty of Medicine, Gadjah Mada University, Yogyakarta. Currently, Bank Mandiri is also helping Nextin Indonesia to acquire the patent to the application.



- d. **Fostering Entrepreneurship**

Many entrepreneurs ultimately fail in business due to lack of business experience and knowledge. Unlike other awards programs, these awards are not just about giving prizes in the form of trophies and cash to the winners, but Bank Mandiri also provides intensive coaching and mentoring in order to mold them into successful and ethical entrepreneurs.

As part of the coaching provided to all national finalists of the WMM and MYT awards, the Bank staged a bootcamp in early January 2014, with one of the topics being "pitching to International Investors," which was presented by Bill Reichert, the Managing Director of Garage Technology Venture, while another topic was business incubation, which was presented by Kinara. Additionally, all of the national finalists received training on "Operations Level by Managing Cashflow and Creativity" (presented by Mieke Rini - Financial Planner and Arief Budiman, CEO of Petakumpet), "Creating Innovation and Win the Business" (presented by David Marsudi, CEO of D'Cost, and Reza Nurhilman, Director of PT. Maicih Inti Sinergi, and "How to Inovate your Business" (presented by Ben Soebiakto, CEO of Octovate Group).

That is not all. Bank Mandiri also supports the development of the business competencies of MYT and WMM alumni through their participation in entrepreneurial activities overseas, including



a visit by WMM alumni to the Google offices in Singapore and financial support for Gibran Al Farizy MYT winner in 2012 – to participate in the Get In The Ring program in Rotterdam, Netherlands, for Teguh Basuki Ariwibowo - WMM finalist in 2008 – to participate in the G20 Young Entrepreneur Alliance Summit 2014 in Sydney, Australia, for Hendy Setiono - WMM 2007 winner – to participate in the Endeavor Program at Stanford University, San Francisco, California, United States, and for Wahyu Aditya – a WMM 2008 finalist – to participate in the “Encounters Short Film and Animation Festival” in Bristol, England.

In addition to providing support for competencies training and development, Bank Mandiri also seeks to promote the products and businesses of the MYT and WMM winners and finalists through promotion at exhibitions and publicity in the print and social media, and on the WMM website. In this respect, Bank Mandiri sponsored the participation of winners and finalists in the Mandiri Entrepreneur Expo 2014, Pasar Indonesia 2014, the Indonesia Banking Expo 2014, the Bandung Baheula 2014 event, Trade Expo 2014, Adiwastra 2014, Agrinex 2014, and Ramadan Bazaar 2014

e. Expos

As part of a series of events during the WMM & MYT Awards and as a practical manifestation of Bank Mandiri support for MYT & WMM national finalists

and winners Bank Mandiri Partnership Program partners, the Bank staged the 2014 Mandiri Entrepreneurship Expo (WME) on 15-19 January 2014 at Senayan. The event was one of a series of activities staged by the National Entrepreneurship Movement (GKN), which is organized by the Ministry of Cooperatives and Small and Medium Enterprises.

The event, which was opened by the then President, Mr. Susilo Bambang Yudhoyono, was attended by 136 participants and featured a wide range of products, including textiles, crafts, apparel, food, beverages, educational toys, design, housing, photography and technology. In accordance with its objectives, the event is a real effort by Bank Mandiri to support the development of the businesses of the WMM and MYT finalists and winners through the creation of new markets for their products.

In addition, the WME is expected to open up new business networking opportunities and serve as a forum for all stakeholders, including the public and academics, through which entrepreneurship can be developed in Indonesia. During the Expo, which was attended by 14,390 visitors this, interactive talk shows were held to discuss various themes, including digital entrepreneurship, creative entrepreneurship and women's entrepreneurship.

f. National Lecturer Series



(Speech by Mr. Susilo Bambang Yudhoyono at the WMM Awards)



(National Lecturer Series in Jakarta)

The National Lecturer Series (NLS), which has been staged since 2011, is a program aimed at imbuing the spirit of entrepreneurship among college students. In practice, the program involves the delivery of regular lectures on entrepreneurship via video streaming in collaboration with the Ministry of Education and Culture, and is aimed at those colleges that have incorporated the Mandiri Entrepreneurship Module in their curricula.

Between 2011 and the end of 2014, NLS events had reached more than 14,604 students around the country, and featured a variety of prominent speakers, who shared their experiences and knowledge of entrepreneurship, including Bank Mandiri CEO Budi G. Sadikin; former Coordinating Economics Minister Chairul Tanjung; Chief Commissioner of the Kapal Api Group, Indra Boedijono; the founders of Anomali Coffee, Irvan Helmi and Muhammad Abgari, and the winner of the 2011 WMM competition, Odi Anindito (owner of Coffee Toffee).

WMM Goes to Pesantren

The Company continues to realize its commitment to creating resilient entrepreneurs who are able to boost the economy of Indonesia. After successfully developing the entrepreneurial spirit in Indonesia's colleges, now the WMM program



(WMM Goes to Pesantren in Pontianak)

also organizes workshops in Islamic boarding schools (Pesantren) based on the consideration that these boarding schools have significant influence and importance in society, and that their students can be encouraged to help develop local economic centers, reinforced by religious aspects.

From 2012 to date, WMM Goes to Pesantren has reached 5,100 students from the following boarding schools: Martapura, Asrama Perguruan Islam Tegalrejo Magelang, Manonjaya Tasikmalaya, Qodratullah Palembang, Bago Lombok Mataram, Tebuireng Jombang, Darun Nahdlatain Lombok, Al Hikmah 2 Benda – Brebes and An Nur Malang.

As a follow up to WMM Goes to Pesantren, the Company organized a Pesantren Entrepreneurship Camp. This was aimed at improving the skills and capacity of Pesantren students in East Java, and inculcating them with a sense of business, so that they could become prospective entrepreneurs. As part of the event, the Company provided training in a fun way, with the emphasis being on honesty and simplicity. This was followed by regular practical training on entrepreneurship. The training was provided at the HIPSI Agribusiness Training Center HIPSI, Singosari, Malang.

Mandiri Business Incubator

As an innovative new departure for the WMM in 2014, the Company established the Mandiri Business Incubator Home (MIB), which is located at Jalan Iskandarsyah 1, No. 1, Jakarta. The main purpose of the MIB is to create a viable ecosystem for the purpose of providing coaching, mentoring and networking services for the participants so that in the end they were able to become resilient entrepreneurs who are able to compete at the regional and international levels.

The Mandiri Business Incubator Home was formally inaugurated by State Enterprises Minister Dahlan Iskan and Bank Mandiri CEO Budi Gunadi Sadikin in Jakarta on Friday (.../10). During the first stage, the MIB was attended by 14 participants who were finalists of the WMM, MYT and MBM programs in 2012 and 2013.

During the incubator program, which continued for six months, the participants were taught about branding, operational standards, taxation, intellectual property,

marketing, business models and other basic aspects of business management. In addition, the mentors evaluate their business concepts, business development strategies, operations and management.

Mentoring is provided by respected senior businesspeople, who it is expected will be able to motivate and guide the young entrepreneurs so as to enable them to run and grow their businesses. During the first phase, mentoring was provided by Dondi Hananto and Michael Tampi (Kinara), David Soukhasing (LGT Venture Philanthropy), Paulina Pungky (Dreamlab), Agam Abgari (Anomali Coffee), Muadzin Jihad (Semerbak Coffee), Helianti Hilman (Javara), Yukka Harlanda (Brodo), Riyeke Ustadiyanto (iPaymu), Aulia Salsabeela (Startup Lokal), Ari Juliano (Assegaf, Hamzah & Partners), Yasha Chatab (Global WIR) and Benny Raharjo (QM Financial)



(Sharing at the Mandiri Business Incubator Home)



(Inauguration of Mandiri Business Incubator)

Mandiri Sahabatku

Lack of employment opportunities in Indonesia is one of the key reasons why many Indonesians resolve to becoming migrant workers. Based on data from the BNP2TKI, some 6.5 million Indonesian migrants were working in 142 countries in 2013. Many of those whose overseas contracts are finished decide to continue working abroad as they lack a plan for living at home in Indonesia.

Bank Mandiri launched its Mandiri Sahabatku (My Friend Mandiri) out of concern for the plight of Indonesian emigrant workers overseas. The program seeks to empower migrants by turning them into entrepreneurs through the provision of entrepreneurship knowledge and skills. It is expected that the program will help mold resilient and successful entrepreneurs so that they will not have to emigrate again for work. Mandiri Sahabatku program at the very least helps prepare them for life at home and are serves as an effective means of communication where migrants can share their experiences and plans.

In addition to classroom lessons, the emigrants are also taught about Internet banking and the entrepreneurship program. For emigrants who return home, they receive

training under the “Dadi Majikan” program from businesspeople who have committed themselves to helping the returning emigrants. In this way, the progress of emigrant workers who attended Mandiri Sahabatku classes overseas will continue to be monitored by these businesspeople in Indonesia.

Since its launch in 2011, the Mandiri Sahabatku program has provided entrepreneurship training to five batches of Indonesian emigrants in Hong Kong and 2 batches in Malaysia.

Mandiri Peduli Pendidikan

The education system is the key for a better future. Therefore, as a bank that cares about the welfare of the community and the growth of the national economy in the future, the Company is committed to playing a part in ensuring the sustainability and success of the national education system in Indonesia.

In order to do so, the Company has been carrying out various activities under the Mandiri Peduli Pendidikan (MPP) program.



(Program Dadi Majikan di Hongkong)

a. Mandiri Education

(Mandiri Education)

As its name suggests, the Mandiri Education Program is the flagship program of the the MPP, and has been implemented on an ongoing basis since 2009. The program involves the provision of training in the banking and leadership fields in general.

In 2014, the Mandiri Education Program involved all of the directors and more than 1,050 employees of Bank Mandiri, who provided lessons to 31,950 students from elementary school up to high school, and 8,500 college students from 17 higher education institutes in 42 cities in 33 provinces around Indonesia. In addition, Bank Mandiri also provided educational assistance to schools and colleges worth a total of Rp 2,552 billion.

The main objective of the Mandiri Education Program is to enrich the knowledge of college and school students about banking, education and leadership. The program clearly demonstrates the Company's seriousness in expanding the knowledge and improving the characters of young people. The Mandiri Education Program provides an effective medium for sharing experiences with students, especially as regards about the importance of knowledge and creativity in harnessing market opportunities

b. Educator Achievement Awards

Another Company program to support the education sector in Indonesia is the Educator Achievement Awards, which recognizes the work



Educator Achievement Awards

of teachers, principals and school supervisors at the national level. Since the program was first introduced in 2005, approximately 4,017 outstanding educators have received awards from the Company.

Outstanding educators who receive these awards mostly serve in educational institutions in remote and isolated areas, as well as in special needs schools. The awards feature cash bursaries (deposited in Mandiri savings accounts) as an expression of the Company's gratitude for the winners' dedication in nurturing the nation's children

c. Book Publishing

Selain Besides directly teaching children and students, and provide awards to outstanding educators, the company also actively participates in advancing education in Indonesia through book publishing, especially books on art and culture, as a manifestation of the Company's concern for traditional Indonesian culture. The books that Bank Mandiri helps publish serve to better acquaint people with the cultural wealth of the Indonesian nation.

In 2014, the Company published the following books; titled Ornamen Kalimantan, Peranti Saji Indonesia – Ragam dan Kekhasannya (English version), Eksotika Tenun Pagatan and Wayang Potehi.

d. Scholarships and Other Education Sector Support



(Penyerahan Beasiswa)

The Company also supports the national education sector through the distribution of Mandiri Achievement Scholarships to school students who have good academic credentials but face financial constraints.

Scholarships are provided in collaboration with educational institutions and foundations that are concerned with the advancement of education in Indonesia, including:

- Cooperation with the Karya Salemba Empat Foundation (since 2008) for the distribution of scholarships worth Rp 2.8 billion to 300 underprivileged students attending seven universities in Indonesia.
- Cooperation with the Bandung Institute of Technology (since 2010) for the distribution of scholarships worth Rp 2.2 billion to 50 students.
- Cooperation with the Alumni Association of the Faculty of Law, University of Indonesia (since 2013) for the distribution of scholarships worth Rp 475 million to 20 students.
- Cooperation with Tungga Dewi Foundation (since 2014) for the distribution of scholarships worth Rp 500 million to 250 elementary school students.

Through these partnerships, the company expects that the scholarships that have been provided will help the recipients complete their education and at the same time provide them with added value.

Further support for the education sector provided by the Company during 2014 included the Teacher Research Training Program and the Young Researchers Competition, both delivered in collaboration with the Surya Institute Foundation, the Facilitator Training Program for Elementary, Kindergarten and Early Childhood Education (ECD) teachers, which was provided in collaboration with the Amal Bhakti Ibu Indonesia Foundation, the development of the Tahuna Learning House in collaboration with the United Indonesia Cabinet Wives Solidarity Committee and the Ministry of Defense and Security, and the Mini Banking School at the Indonesia Banking School

Financial Literacy

The final pillar of Bank Mandiri's CSR strategy is the Mandiri Financial Literacy Program, which is aimed at educating people so that they can better plan their personal and family finances. Bank Mandiri expects that through this program people will become more open, particularly as regards the importance of financial planning skills in managing financial resources as part of long term life planning.

The Financial Literacy Program is delivered through workshops and consultation clinics. To date, the program has reached some 2,000 civil servants from the Ministry of Foreign Affairs, Ministry of Health and Ministry of Forestry.

In the case of the Ministry of Health, besides providing financial literacy workshops to the ministry's employees, the bank also provided grants to support the development of integrated health centers (Posyandu) through the provision of training to health center workers in various parts of the country, as well as the provision of specially equipped cardiac ambulances to the Harapan Kita Cardiac Hospital. The ambulances are fitted with the necessary equipment to perform heart resuscitations and other emergency cardiac procedures.



(Financial Literacy)

Mandiri Peduli Kesehatan

Bank Mandiri conducted other CSR activities during 2014 through the Mandiri Peduli Kesehatan (MPK) program. Some examples of the program activities are the delivery of blood transfusion equipment assistance to the Indonesian Red Cross (PMI) in Manokwari, which previously lacked such equipment -- it is expected that the assistance will help reduce the mortality rate due to blood loss; and providing 14 ambulances and one ambulance boat, in cooperation with the Navy, to serve the people of Tual in Maluku province. In addition, Bank Mandiri provided hospital equipment in the form of wheelchairs, stretchers, oxygen tubes, computers, furniture, and 3 portable HEPA filters for the Cicendo Eye Hospital, and set up three polyclinics in women's penitentiaries in Palembang, Pasar Galiran in Klungkung and Stikes Kendedes, Malang.

The MPK program also provided a mass circumcision, in collaboration with the Indonesian Businesswomen's Association (IWAPI), for 100 orphans and indigent boys in the Bandung area, the provision of free public health and dental services to the residents of fishing villages on the northern coast and in Subang and Indramayu, the provision of cataract surgery at the Aini Hospital, the conducting of pap smear tests in Tabanan General Hospital and the holding of discount sales to ease the burden on the poor ahead of Ramadan at 9 locations. The sales resulted in the distribution of 27,500 low-cost food packages, each containing 5 kg of rice, 1 liter of cooking oil, 1 kg of sugar, 1 packet of tea, 1 packet of coffee and 1 can of liquid milk. They were sold at a price that was 45% percent cheaper than the market price.

Mandiri Peduli Sarana Umum & Ibadah

The Mandiri Peduli Sarana Umum & Ibadah (Mandiri Cares About Public & Religious Facilities) program is another form of Mandiri CSR, outside of the three main pillars, which involves the construction or renovation of public facilities, such as schools and places of worship, and the provision of assistance to the poor and disadvantaged.

During 2014, the Company undertook the construction or renovation of education support facilities (from elementary and Pesantren level up to college level). In addition, the Company provided other support, such as the procurement of computers, in-focus, printers, laboratory equipment, seats, books and reading gardens. The Bank also provided canteen facilities Engineering Faculty at Pancasila University.

As regards Public & Religious Facilities, the Bank constructed or renovated 9 mosques, 3 churches and one temple in 2014.



Pembangunan Rumah)



(Mudik Bareng)

In addition to providing the infrastructure and facilities mentioned above, the Company also provided grants to 1,000 children made up of orphans / indigent children, students attending special schools for the deaf and children with cancer in Greater Jakarta (Jabodetabek). These activities are a manifestation of Bank Mandiri's concern for the environment in which it operates, and are conducted in the sincere hope that the assistance will ease the burden on the orphans and indigent children.

The Company, in collaboration with the Nahdlatul Ulama Executive Board, organized Lebaran trips home for NU members from Jabodetabek to destinations in Java and Madura. A total of 20 buses were provided, 20 coordinating

posts established and 1,550 breaking-the-fast packages provided to the travelers so as to help them return home to celebrate Idul Fitri with their families in their hometowns

Mandiri Peduli Bencana

As an expression of the Bank Mandiri's concern for disaster victims in Indonesia, the Company provided emergency relief to flood victims in the Pamanukan, Subang; Kudus, Jepara, Jakarta; and Banjarnegara in Central Java. The company also provided assistance to victims of a landslide in Manado and the victims of the Mount Sinabung eruption near Medan



(Donation of a water pump to the Pluit Reservoir Disaster Victims)

Partnership Program

Through the Partnership Program, Bank Mandiri supports the development of the competencies of small businesses that are categorized as un-bankable but which are suitable targets for assistance in the form of Partnership Program loans and mentoring program assistance.



Partnership Program loans (PP loans) are loans provided by the Company to small businesses that are still not bankable ("Partners") but which have the potential to develop and become more productive. Although non-commercial nature, these loans are not grants and have to be repaid in accordance with the agreement that was entered into. Therefore, the lending process continues to be based on proper selection and allocation mechanisms.

In practice, PP loans are provided through two schemes, i.e., the one-by-one scheme and the linkage scheme. In the former, the loans are disbursed directly to small businesses that are still relatively un-bankable on an individual basis through distribution units located throughout

Indonesia, while the latter scheme is carried out in collaboration (or alliances) with companies and institutions based on a mutually beneficial partnership pattern. The linkage scheme, which was pioneered by the Company in 2007, positions the company or institution involved as a cooperative partner that acts as guarantor, either partially or fully.

In order to support the growth of our Mentoring Partners, the Company not only provides loans but also provides commercial guidance and training. During 2014, the Company delivered a variety of training programs to our Mentoring Partners including:

1. Provision of weaving skills training for Mentoring Partners in Ogan Ilir, Palembang, so as to improve the competitiveness of the products produced by weavers in the area.
2. Training to improve the capability of our mushroom grower Mentoring Partners in Karawang, including training on mushroom cultivation, management skills and business strategies, financial planning training, mushroom processing, product standardization, market access and access to financing.

The Company also supports the growth of Mentoring Partners by helping with promotion through the staging of exhibitions, including the Mandiri Expenditure Expo 2014, Bazaar Indonesia 2014, Adiwastra 2014 and Agrinex 2014.

During 2014, 1,225 small businesses became new mentoring partners of Bank Mandiri, bringing the total at the end of 2014 to 56,210. Through Partnership Program loans and intensive coaching, it is expected that they will become strong, resilient, and ethical businesses that are able to access banking facilities on a commercial basis – in other words, that they will become bankable



(Official Opening of Pasar Indonesia)



(Visit of Mrs. Yusuf Kalla to Pasar Indonesia)

Financial Benefits

The details of the financial benefits produced by Bank Mandiri's commitment to social responsibility during 2014 are as shown in the following table:

Rp. Juta

No	Provinsi	Komitmen BL	Penyaluran PK
1	Nanggroe Aceh Darussalam	3,47	-
2	Sumatera Utara	2.773,59	930
3	Jambi		-
4	Sumatera Barat	2,31	-
5	Riau	1.216,97	-
6	Sumatera Selatan	2.335,98	1.590
7	Bangka Belitung		-
8	Bengkulu		-
9	Lampung	24,68	-
10	Banten	373,41	-
11	DKI Jakarta	63.908,86	6.745
12	Jawa Barat	6.510,08	3.673
13	Jawa Tengah	3.070,96	5.823
14	DI Yogyakarta	885,69	1.754
15	Jawa Timur	6.776,30	18.417
16	Bali	2.550,39	1.292
17	Nusa Tenggara Barat	1.583,79	-
18	Nusa Tenggara Timur	293,50	-
19	Kalimantan Barat	1.302,84	-
20	Kalimantan Tengah	240,00	-
21	Kalimantan Selatan	518,81	2.415
22	Kalimantan Timur	10,30	-
23	Kalimantan Utara		-
24	Sulawesi Utara	1.159,72	-
25	Sulawesi Tengah		-
26	Gorontalo		-
27	Sulawesi Tenggara		-
28	Sulawesi Selatan	1.664,52	810
29	Maluku	21,94	-
30	Maluku Utara		-
31	Papua	937,38	1.547
32	Papua Barat	306,24	-
33	Kepulauan Riau		-
34	Sulawesi Barat	10,20	-
TOTAL	143.477,58	98.481,93	44.995,65

financial services
authority (OJK)
references

Financial Services Authority (OJK) References		
CRITERIA	EXPLANATION	PAGE
I. General		
The annual report is presented in proper and correct Bahasa Indonesia and is recommended to be presented in English as well.		√
The annual report is printed in fine quality, with easy-to-read font types and sizes.		√
The annual report presents clear identity of the company.	Company name and the year of the Annual Report are shown in: 1. Front cover; 2. Side margin; 3. Back cover; and 4. Each page.	√
The annual report is available at company website.	Including previous and the latest annual reports.	√
II. Financial Highlights		
Information on Company's operating results with comparisons of three fiscal years or since the starting of the company if the business activities have run for less than three years.	The information encloses, among others: 1. Sales/revenues; 2. Profit (loss); 3. Total comprehensive profit (loss); 4. Profit (loss) per share.	20-21
Information on Company's financial position with comparisons of three fiscal years or since the starting of the company if the business activities have run for less than three years.	The information encloses, among others: 1. Total investments in associates; 2. Total assets; 3. Total liabilities; 4. Total equity.	20-21
Financial ratios with comparisons of three fiscal years or since the starting of the company if the business activities have run for less than three years.	The information encloses five financial ratios that are common and relevant to company's industry.	21
Information on stock price in tables and charts.	1. The information in tables and charts covers: a. Number of outstanding shares; b. Market capitalization c. The highest, lowest, and closing price of shares; and d. Trading volume. 2. Information in charts contains at least closing price and share trading volume for each quarter of the last two fiscal years.	123-124
Information on outstanding bonds, sukuk, or convertible bonds of the last two fiscal years.	The information covers: 1. Number of outstanding bonds/sukuk/convertible bonds; 2. Interest rate/yield; 3. Maturity; 4. Bonds/sukuk rating.	125-126
III. Reports from Board of Commissioners and Board of Directors		
Report from Board of Commissioners	Containing the following: 1. Assessment on Board of Directors' performance on company management and the basis for the assessment; 2. Perspective on company business prospects set by Board of Directors and its basic consideration; 3. Assessment on the performance of committees under Board of Commissioners; and 4. Changes in Board of Commissioners' composition and the reason behind the change (if any).	33-41
Report from Board of Directors	Containing the following: 1. Analysis on company performance, which among others covers strategic policies, comparisons between realizations and targets, and company challenges; 2. Analysis on business prospects; 3. Implementation of corporate governance; 4. Changes in Board of Director's composition and the reason behind the change (if any).	42-61

Financial Services Authority (OJK) References		
CRITERIA	EXPLANATION	PAGE
Board of Directors and Board of Commissioners' signatures	Containing the following: 1. Signatures are given on separate sheets; 2. Statement of full responsibility on the accuracy of the annual report contents by Board of Directors and Board of Commissioners; 3. Signed by all members of Board of Commissioners and Board of Directors by stating names and positions; 4. Written explanation in separate letter from the person(s) concerned in the event that a member of Board of Commissioners or Board of Directors fail to sign the annual report; or: written explanation in separate letter from the other member(s) in the event that the person(s) concerned fails to provide with a written explanation.	62-63
IV. Company Profile		
Name and complete address of the company	The information contains among others name and address, postal code, phone number(s), facsimile, e-mail, and website address.	66
Brief history of the company	Consisting among others: date/year of establishment, name, and changes in company name (if any). Note: explanation shall be given in the event that the entity has never conducted name changes	68-69
Line of Business	Description of, among others: 1. Company's business activities in accordance with the latest articles of association; 2. Business activities conducted; and 3. Resulted products and/or services.	70-71 102-108
Organizational structure	In a chart, consisting of names and positions, at least up to one level under Board of Directors	80-81
Corporate Vision and Mission	Containing: 1. Corporate Vision; 2. Corporate Mission; 3. Explanation that the vision and mission have been agreed upon by Board of Directors/Board of Commissioners.	72
Identity and brief CV of Board of Commissioners members	The information encloses, among others: 1. Name; 2. Position (including position in the company or other institutions); 3. Age; 4. Educations (Field of Study and Educational Institution); 5. Work experience (Position, Institution, and Serving Period); 6. History of the appointment as Board of Commissioners' member.	83-89
Identity and brief CV of Board of Directors members	The information encloses, among others: 1. Name; 2. Position (including position in the company or other institutions); 3. Age; 4. Educations (Field of Study and Educational Institution); 5. Work experience (Position, Institution, and Serving Period); 6. History of the appointment as Board of Directors' member.	90-95
Total number of employees (2 years' comparison) and description of competency development (e.g. educational and training for employees)	The information contains, among others: 1. Number of employees for each organizational level; 2. Number of employees for each educational level; 3. Number of employees by employment status; 4. Description and data of undertaken employee competency developments which reflect equal opportunities for all employees; and 5. Incurred costs for employee competency development	260-275

Financial Services Authority (OJK) References		
CRITERIA	EXPLANATION	PAGE
Shareholding composition	Containing, among others: 1. Detailed name of shareholders covering 20 largest shareholders and their shareholding percentage; 2. Details of shareholders and their shareholding percentage include: a. Name of shareholders with 5% or more percent of shares; b. Name of Directors and Commissioners holding shares; c. Community shareholding groups with their respective shareholding of less than 5% and their shareholding percentage.	76-79
List of subsidiaries and/or associates	The information encloses, among others: 1. Name of subsidiaries and/or associates; 2. Shareholding percentage; 3. Explanation on the subsidiaries and/or associates' lines of business; 4. Explanation on the operational status of the subsidiaries and/or associates (in operation or has not yet operating)	116-117
Company group structure	Company group structure in a chart describing subsidiaries, associates, joint ventures, and special purpose vehicles (SPVs)	114-115
Chronologies of the listing of shares	Containing, among others: 1. Chronologies of the listing of shares; 2. Corporate actions resulting in the changes in the number of shares; 3. Changes in the number of shares from initial listing to the end of fiscal year; and 4. Name of stock exchange where the shares are listed.	122
Chronologies of the listing of other securities	Containing, among others: 1. Chronologies of the listing of others securities; 2. Corporate actions resulting in the changes in the number of other securities; 3. Changes in the number of other securities from initial listing to the end of fiscal year; 4. Name of stock exchange where the other securities are listed; and 5. Rating of securities.	125
Names and addresses of capital market supporting institutions and/or professions	The information encloses, among others: 1. Name and address of Securities Administration Bureau (BAE)/ parties administrating company's securities; 2. Name and address of Public Accounting Firm; 3. Name and address of rating agency.	118
Awards received in the last financial year and / or a valid certification in the last fiscal year of national and international	Information includes, among others: 1. Name of the award and / or certification 2. Year of achievement 3. Agency of awards givers and / or certification 4. The validity period (for certification)	22-27
List of awards received in the last fiscal year and/or certifications valid for the last fiscal year, both national and international-scale	Containing, among others: 1. Names and addresses of subsidiaries; and 2. Names and addresses of branch/representative offices. Note: explanation shall be given in the event that the entity does not have any subsidiaries/branches/representatives	112-113
V. Analysis and Management Discussion on Company Performance		
Operational review per business segment	Containing descriptions of: 1. Explanation of each business segment. 2. Performance of each business segment, among others: a. Production/business activities; b. Increase/decrease in business capacity; c. Sales/revenues; and d. Profitability.	136-165

Financial Services Authority (OJK) References		
CRITERIA	EXPLANATION	PAGE
Description of company's financial performance	Analysis on financial performance containing comparisons between current financial performance and previous year's financial performance and causes for the increase/decrease (in narration and tables), among others concerning: 1. Current assets, non-current assets, and total assets; 2. Short-term liabilities, long-term liabilities, and total liabilities; 3. Equity; 4. Sales/revenues, expenses and profit (loss), other comprehensive incomes and total comprehensive profit (loss); and 5. Cash flows.	166-194
Discussion and analysis on company solvency and liquidity by presenting ratios that are relevant to company's industry	Explanation on: 1. Solvency for short- and long-term debts; and Liquidity. 2. The collectibility of receivables	196-198
Discussion on capital structure and capital structure policy	Explanation on: 1. Capital structure; and 2. Capital structure policies and the basis for the policy chosen.	199-200
Discussion on material commitments for capital investments	Explanation on: 1. The purpose of the commitments; 2. Sources of funds expected to meet these commitments; 3. Currency used; and 4. Planned measures to protect the company from risks arising from relevant currency. Note: explanation shall be given in the event that the company does not have any commitments relating to capital investments in the last fiscal year.	201-202
Discussion on capital investments realized in the last fiscal year	Explanation on: 1. Type of capital investments; 2. Purposes of the capital investments; and 3. Value of capital investment spent in the last fiscal year. Note: explanation shall be given in the event that any capital investment realizations are nonexistent.	201-202
Information on comparisons between beginning of fiscal year's targets and realizations, and expected targets or projection for the coming year relating to revenue, profit, capital structure, and other matters considered important to the company	The information containing, among others: 1. Comparisons between beginning of year's targets and realizations; and 2. Expected targets or projection for the coming year.	155
Information and material facts occurring after accountant's reporting date	Description of significant events after accountant's reporting date including their effects on business performance and risks in the future. Note: explanation shall be given in the event that any significant events after accountant's reporting date are nonexistent	203-204
Description on company's business prospects	Description on company's business prospects is related to industry and economy in general accompanied by quantitative supporting data from trustworthy source of data.	254
Description on marketing aspect	Description on marketing aspect on company products and/or services, among others marketing strategies and market share.	251-253
Description on dividend policy and amount of cash dividends per share and amount of dividends per year announced or paid for the last two fiscal years.	Containing description on: 1. Policy on distribution of dividends; 2. Total dividends distributed; 3. Amount of cash dividends per share; 4. Payout ratio; and 5. Date of announcement and payment of cash dividends for each year. Note: explanation shall be given in the event that any distribution of dividends is nonexistent	205

Financial Services Authority (OJK) References

CRITERIA	EXPLANATION	PAGE
Employee and/or Management Stock Ownership Plan (ESOP/MSOP) carried out by the company	Containing description on: 1. Total ESOP/MSOP shares and its realization; 2. Term; 3. Requirements for entitled employees and/or management; and 4. Exercise price. Note: explanation shall be given in the event that the program concerned is nonexistent.	122-123
Realization of the use of proceeds from public offering (in the event that the company still has the obligation to report the proceed use realization)	Containing description on: 1. Total proceeds; 2. Planned use of the proceeds; 3. Detailed use of the proceeds; 4. Balance of proceeds; and 5. Date of GMS/GMB approval on changes in the use of proceeds (if any).	126
Information on investment, expansion, divestment, business merger/consolidation, acquisition, or debt/capital restructuring	Containing description on: 1. Purpose of the transaction; 2. Transactional value or restructured amount; and 3. Source of fund. Note: explanation shall be given in the event that any transaction concerned is nonexistent.	207
Information on material transactions containing conflicts of interest and/or transactions with affiliates	Containing descriptions on: 1. Name of affiliates and the nature of affiliation; 2. Explanation on the fairness of transaction; 3. Reason behind the transaction; 4. Realization of transactions in the last fiscal year; 5. Company policy relating to review mechanism on transactions; and 6. Compliance with relevant regulations and provisions. Note: explanation shall be given in the event that any transaction concerned is nonexistent.	207-210
Description on regulatory changes having significant impact on the company	The description contains among others: Regulatory changes and their impacts on the company. Note: explanation shall be given in the event that any regulatory changes having significant impacts on the company are nonexistent.	212-219
Description on changes in accounting policies applied by the company in the last fiscal year	The description includes among others: changes in accounting policies, their reasons, and impacts toward financial statements. Note: explanation shall be given in the event that any changes in accounting policies are nonexistent.	220
VI. Good Corporate Governance (GCG)		
Board of Commissioners	The description includes, among others: 1. Description of Board of Commissioners' responsibility; 2. Disclosure of remuneration procedures; 3. Remuneration structure displaying remuneration components and nominal amount per component for each Board of Commissioners member; 4. Frequency of meetings and attendance rate of Board of Commissioners in the meetings; 5. Training programs in order to improve Board of Commissioners' competencies or orientation program for new Commissioner(s); and 6. Disclosure of the Board Charter (guidelines and codes of conduct for Board of Commissioners).	450-467

Financial Services Authority (OJK) References		
CRITERIA	EXPLANATION	PAGE
Information on Independent Commissioners	Covering, among others: 1. The criteria for Independent Commissioners appointment; and 2. Statement of independency of each Independent Commissioner.	452-453
Board of Directors Description	The description includes, among others: 1. Scopes of duties and responsibilities of each Board of Directors member; 2. Frequency of meetings and attendance rate of Board of Directors in Board of Directors' meetings; 3. Frequency of meetings and attendance rate of Board of Directors in Board of Directors' joint meetings; 4. Training programs in order to improve Board of Directors' competencies or orientation program for new Director(s); 5. Disclosure of the Board Charter (guidelines and codes of conduct for Board of Directors).	468-495
Assessment on Board of Commissioners and Board of Directors	Covering, among others: 1. Assessment procedures on Board of Commissioners' and Board of Directors' performance; 2. Criteria used in the assessment on Board of Commissioners' and Board of Directors' performance; and 3. Assessing party.	466-467, 492-494
Description of remuneration policy for Board of Directors	Covering, among others: 1. Disclosure of remuneration procedures; and 2. Remuneration structure which shows the types and amount of short-term, post-employment, and/or long-term benefits for each Board of Directors' member. 3. Disclosure of indicators for the determination of Board of Directors' remuneration.	496-499
Information on major and controlling shareholders, both direct and indirectly, to individual holders	In schematic chart or diagram, except for State-Owned Enterprises wholly owned by the government	79
Disclosure of affiliations between the members of Board of Directors, Board of Commissioners, and Major and/or Controlling Shareholders	Containing, among others: 1. Affiliations between Board of Directors members; 2. Affiliations between Board of Directors members and Board of Commissioners members; 3. Affiliations between Board of Directors members and Major and/or Controlling Shareholders; 4. Affiliations between Board of Commissioners members; and 5. Affiliations between Board of Directors members and Major and/or Controlling Shareholders. Note: explanation shall be given in the event that any concerned affiliations are nonexistent.	479 452-454
Audit Committee	Covering, among others: 1. Name and position of Audit Committee members; 2. Educational qualifications and work experience of Audit Committee members; 3. Audit Committee members' independency; 4. Description of Audit Committee's duties and responsibilities; 5. Brief report on Audit Committee members' activities; 6. Frequency of meetings and attendance rate of Audit Committee members.	500-510

Financial Services Authority (OJK) References

CRITERIA	EXPLANATION	PAGE
Nomination and Remuneration Committees/Functions	Covering, among others: 1. Name, position, and brief CV of Nomination and/or Remuneration Committee/Function members; 2. Independency of Nomination and/or Remuneration Committee/Function members; 3. Description of duties and responsibilities; 4. Description of implementation of activities of Nomination and/or Remuneration Committee/Function members; and 5. Frequency of meetings and attendance rate of Nomination and/or Remuneration Committee/Function members. 6. Policy relating to Board of Directors' succession.	511-517
Other committees under the Board of Commissioners owned by the company	Covering, among others: 1. Name, position, and brief CV of other committee members; 2. Independency of other committee members; 3. Description of duties and responsibilities; 4. Description of implementation of activities of other committees; and 5. Frequency of meetings and attendance rate of other committee members.	518-523
Description of duties and function of Corporate Secretary	Covering, among others: 1. Name and brief CV of Corporate Secretary; 2. Description of duties of Corporate Secretary; and 3. Training programs in order to improve Corporate Secretary's competency.	570-573
Description on General Meeting of Shareholders (GMS) of previous year	Covering, among others: 1. GMS decisions of previous year; 2. Realization of GMS result in fiscal year; and 3. Reasons in the event that any GMS decisions are not realized.	438-449
Description on internal audit unit	Covering, among others: 1. Name of internal audit unit head; 2. Number of employees (internal auditors) in internal audit unit; 3. Certification for internal audit professions; 4. Internal audit unit position in corporate structure; 5. Brief report on internal audit unit's implementation of activities; and 6. Parties appointing/dismissing head of internal audit unit.	548-557
Public Accountant	The information includes among others: 1. Number of periods in which a public accountant has conducted annual audit on financial statements; 2. Number of period in which a Public Accounting Firm has conducted annual audit on financial statements; 3. Amount of fee for each service provided by public accountant; and 4. Other services provided by accountant apart from annual audit on financial statements. Note: explanation shall be given in the event that any services are nonexistent.	568-569
Description on corporate risk management	Covering, among others: 1. Explanation on risk management system applied by the company; 2. Explanation on evaluation on risk management system effectiveness; 3. Explanation on risks faced by the company; and 4. Efforts to manage the risks.	306-411, 558-567

Financial Services Authority (OJK) References		
CRITERIA	EXPLANATION	PAGE
Description on internal control system	Covering, among others: 1. Brief explanation on internal control system, among others concerning financial and operational control; 2. Explanation on compliance with internal control system with internationally-recognized framework (COSO – internal control framework); and 3. Explanation on evaluation conducted on internal control system effectiveness.	540-541
Description on corporate social responsibility in relation to environment	Covering among others the information on: 1. Policies applied by the company; 2. Implemented activities; in relation to environmental programs associated with company's operations, such as the use of environmentally-friendly and recyclable materials and energy, company's waste treatment system, etc. 3. Environmental certification owned.	622-623
Description on corporate social responsibility in relation to employment, occupational health and safety	Covering, among others the information on: 1. Policies applied by the company; and 2. Implemented activities in relation to employment, occupational health and safety practices, such as gender equality and equal work opportunity, occupational facilities and safety, employee turnover, workplace accidents, etc.	620-621
Description on corporate social responsibility in relation to social and community development	Covering, among others the information on: 1. Policies applied by the company; 2. Implemented activities; and 3. Costs incurred in relation to social and community development, such as the use of local workforce, empowerment of surrounding communities, repair of social facilities and infrastructure, other forms of donations, etc.	624-639
Description on corporate social responsibility in relation to responsibility to customers	Covering, among others the information on: 1. Policies applied by the company; and 2. Implemented activities in relation to product responsibility, such as consumer's health and safety, product information, facilities, number and response on customers complaints, etc.	616-619
Significant cases currently faced by the company, subsidiaries, Board of Directors and/or Board of Commissioners member(s) serving during the period of the annual report	Covering, among others: 1. Principal case/lawsuit; 2. Dispute/lawsuit settlement status; 3. Its impacts on company condition; and 4. Administrative sanctions imposed to Entity, Board of Commissioners and Board of Directors members, by relevant authorities (capital market, banking, and others) for the latest fiscal year (or if any statement confirming no imposition of administrative sanction exists) Note: explanation shall be given in the event that any disputes are nonexistent	592-593
Access to company information and data	Description on the availability of company information and data to public, such as through website (in Bahasa Indonesia and English), mass media, mailing list, bulletin, analyst meeting, etc.	580-585

Financial Services Authority (OJK) References		
CRITERIA	EXPLANATION	PAGE
Discussion on code of ethics	Consisting description, among others on: 1. Code of ethics contents; 2. Disclosure that the code of ethics applies to all levels of organization; 3. Dissemination of the code of ethics; 4. Enforcement and sanctions to code of ethics violations; and 5. Statement on corporate culture of the company.	574-579
Disclosure of whistleblowing system	Consisting of description on whistleblowing system mechanism, among others: 1. Whistleblowing delivery; 2. Protection to whistleblower; 3. Handling of complaints; 4. Parties handling the complaints; and 5. Number of complaints received and processed in the last fiscal year and the follow-ups.	594-597
Composition Diversity of Board of Commissioners and Board of Directors	Description of Company policy on composition diversity of Board of Commissioners and Board of Directors by education (field of study), work experience, age, and gender. Note: explanation shall be given in the event that concerned policy is nonexistent	452, 495
VII. Financial Information		
Statements from Board of Directors and/or Board of Commissioners on the Accountability on Financial Statements	Compliance with relevant regulation on Accountability on Financial Statements	Laporan Keuangan Konsolidasi
Independent auditor's opinion on the financial statements		Laporan Keuangan Konsolidasi
Independent auditor's description on the opinion	The description includes: 1. Names and signatures; 2. Date of Audit Report; and 3. Public Accounting Firm's and Public Accountant's License Numbers.	Laporan Keuangan Konsolidasi
Comprehensive financial statements	Consisting comprehensively elements of the financial statements, such as: 1. Statements of financial position (balance); 2. Statements of comprehensive income; 3. Statements of changes in equity; 4. Statements of cash flows; 5. Notes to the financial statements; and 6. Statements of financial position at the beginning of comparative period presented when an entity applies an accounting policy retrospectively or makes restatement of financial statements posts, or when an entity reclassifies posts in the financial statements (if relevant).	Laporan Keuangan Konsolidasi LAMPIRAN 1/1 - 1/5
Comparison of profitability level	Comparison between profit (loss) in current year and the previous year	Laporan Keuangan Konsolidasi LAMPIRAN 2/1 - 2/2
Statements of Cash Flows	Fulfilling the following requirements: 1. Classification in three categories of activity: operation, investment, and funding; 2. The use of direct method in cash flow reporting from operational activities; 3. Separation of presentation between cash receipts and/or cash expenses for the period in operation, investment, and funding activities; and 4. Disclosure of non-cash transaction must be included in the notes to the financial statements.	Laporan Keuangan Konsolidasi LAMPIRAN 4/1 - 4/2

Financial Services Authority (OJK) References		
CRITERIA	EXPLANATION	PAGE
Accounting Policy Highlights	Consisting at least: 1. Statement of compliance with Financial Accounting Standards (SAK); 2. Basis for the measurement and preparation of financial statements; 3. Recognition of revenue and expenses; 4. Employee benefits; and 5. Financial instruments.	Laporan Keuangan Konsolidasi LAMPIRAN 5/15-5/50
Disclosure of transactions with related parties	Items disclosed among others are: 1. Names of related parties and the nature of relationship with these parties; 2. Transactional value and its percentage against total revenue and relevant expenses; and 3. Total balance and its percentage against total assets or liabilities.	Laporan Keuangan Konsolidasi LAMPIRAN 5/151-5/160
Disclosure of matters relating to taxation	Matters need to be disclosed: 1. Fiscal reconciliation and current tax expense calculation; 2. Explanation of relationship between tax expense (income) and accounting profit; 3. Statement acknowledging that Taxable Profits (LKP) from the reconciliation serves as the basis for Corporate Income Tax's Annual Tax Returns (SPT); 4. Details of assets and deferred tax liabilities recognized in the financial position statement for each presenting period, and the amount of deferred tax (income) expenses recognized in the income statements if the amount is not visible in the total assets or liabilities of deferred tax recognized in the statements of financial position; and 5. Disclosure of any tax disputes.	Laporan Keuangan Konsolidasi LAMPIRAN 5/107-5/112
Disclosure of matters relating to fixed assets	Matters need to be disclosed: 1. Depreciation method used; 2. Description of accounting policy selected, either revaluation or cost model; 3. Methods and significant assumptions used to estimate fixed assets' fair value (for revaluation model) or disclosure of fixed assets' fair value (for cost model); and 4. Reconciliation of the gross carrying amount and accumulated depreciation of fixed assets at the beginning and the end of period by presenting: addition, reduction, and reclassification.	Laporan Keuangan Konsolidasi LAMPIRAN 5/38-5/39 LAMPIRAN 5/90-5/92
Disclosure of matters relating to operational segment	Matters need to be disclosed: 1. General information covering the factors used to identify unreported segment; 2. Information regarding profit and loss, assets, and liabilities of the reported segment; 3. Reconciliation of total revenue, profit and loss, assets, liabilities of the reported segment, and material elements of the other segments against relevant amount in the entity; and 4. Disclosure at the level of entity, covering information on products and/or services, geographical area, and main customer.	LAMPIRAN 5/161-5/165
Disclosure relating to Financial Instruments	Matters need to be disclosed: 1. Detailed classification of financial instruments; 2. Fair value of each group of financial instruments; 3. Risk management purposes and policies; 4. Explanation of risks relating to financial instruments: market risks, credit risks, and liquidity risks; and 5. Quantitative risk analysis relating to financial instruments.	Laporan Keuangan Konsolidasi LAMPIRAN 5/17-5/29
Publication of financial statements	Matters need to be disclosed, among others: 1. Authorized date of the financial statements for publication; and 2. Party responsible for the financial statements authorization.	Laporan Keuangan Konsolidasi LAMPIRAN 5/15

**PT BANK MANDIRI (PERSERO) Tbk.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2014 AND 2013

**BOARD OF DIRECTORS' STATEMENT
REGARDING
THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2014
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. Galuh II No.2 RT. 003 RW.001
Kelurahan Selong, Kecamatan Kebayoran Baru,
Kotamadya Jakarta Selatan
Phone number : 021 – 5245649
Title : Group CEO
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, 2 February 2015



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DJP

Budi G. Sadikin
Group CEO

Pahala N. Mansury
Director



**INDEPENDENT AUDITORS' 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 2014, 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 2014, the consolidated financial performance, and their consolidated cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

JAKARTA
2 February 2015

Drs. Haryanto Sahari, CPA
License of Public Accountant No. AP.0223

Kantor Akuntan Publik Tanudiredja, Wibisana & Rekan
Plaza 89, Jl. H.R. Rasuna Said Kav. X-7 No.6 Jakarta 12940 - INDONESIA, P.O. Box 2473 JKP 10001
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PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2014 AND 2013

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PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
31 DECEMBER 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Cash	2c, 2g	20,704,563	19,051,934
Current Accounts with Bank Indonesia	2c, 2g, 2h, 4	50,598,840	43,904,419
Current Accounts with Other Banks	2c, 2f, 2g, 2h, 5		
Related parties	55	20,937	39,388
Third parties		8,965,894	14,008,687
		8,986,831	14,048,075
Less: Allowance for impairment losses		(3,364)	(11,591)
Current Accounts with Other Banks - net		8,983,467	14,036,484
Placements with Bank Indonesia and Other Banks	2c, 2f, 2i, 6		
Related parties	55	1,503,078	916,782
Third parties		59,709,674	44,302,651
		61,212,752	45,219,433
Less: Allowance for impairment losses		(95,147)	(105,599)
Placements with Bank Indonesia and Other Banks - net		61,117,605	45,113,834
Marketable Securities	2c, 2f, 2j, 7		
Related parties	55	14,803,097	8,937,255
Third parties		26,048,061	18,451,995
		40,851,158	27,389,250
Less: Unamortised discounts, unrealised losses from decrease in fair value of marketable securities and allowance for impairment losses		(386,000)	(586,702)
Marketable Securities - net		40,465,158	26,802,548
Government Bonds - Related party	2c, 2f, 2k, 8, 55	86,153,906	82,227,428
Other Receivables - Trade Transactions	2c, 2f, 2l, 9		
Related parties	55	6,414,623	3,904,858
Third parties		6,823,344	5,043,525
		13,237,967	8,948,383
Less: Allowance for impairment losses		(1,586,271)	(1,424,454)
Other Receivables - Trade Transactions - net		11,651,696	7,523,929
Securities Purchased under Resale Agreements	2c, 2m, 10		
Third parties		19,786,745	3,737,613
Less: Allowance for impairment losses		(41,941)	-
Total Securities Purchased under Resale Agreements - net		19,744,804	3,737,613
Derivative Receivables	2c, 2f, 2n, 11		
Related parties	55	5,807	2,792
Third parties		65,237	168,086
Derivative Receivables - net		71,044	170,878
Loans	2c, 2f, 2o, 12		
Related parties	55	67,613,532	57,315,200
Third parties		455,488,285	409,855,249
Total loans		523,101,817	467,170,449
Less: Allowance for impairment losses		(17,706,947)	(16,535,651)
Loans - net		505,394,870	450,634,798

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 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
ASSETS (continued)			
Consumer Financing Receivables	2c, 2f, 2p, 13		
Related parties	55	7,420	5,738
Third parties		<u>6,080,567</u>	<u>4,639,163</u>
		6,087,987	4,644,901
Less: Allowance for impairment losses		<u>(194,852)</u>	<u>(133,356)</u>
Consumer Financing Receivables - net		5,893,135	4,511,545
Investment in Lease Financing			
Third parties		<u>783,737</u>	<u>619,691</u>
		783,737	619,691
Less: Allowance for impairment losses		<u>(17,213)</u>	<u>(7,537)</u>
Investment in Lease Financing - net	2c, 2q, 14	766,524	612,154
Acceptance Receivables	2c, 2f, 2u, 15		
Related parties	55	252,138	779,807
Third parties		<u>12,861,921</u>	<u>9,398,563</u>
		13,114,059	10,178,370
Less: Allowance for impairment losses		<u>(106,927)</u>	<u>(63,481)</u>
Acceptance Receivables - net		13,007,132	10,114,889
Investments in Shares - net of allowance for impairment losses of Rp3,182 and Rp3,224 as at 31 December 2014 and 2013	2s, 16	55,490	4,667
Prepaid Expenses	17	1,837,500	1,489,010
Prepaid Taxes	2ad, 33a	2,591,982	1,126,549
Fixed Assets - net of accumulated depreciation of Rp6,558,196 and Rp5,612,651 as at 31 December 2014 and 2013	2r, 18	8,928,856	7,645,598
Intangible Assets - net of amortisation of Rp1,575,399 and Rp1,354,113 as at 31 December 2014 and 2013	2r.i, 2s, 19	1,644,583	1,160,255
Other Assets - net of allowance for possible losses of Rp251,505 and Rp289,412 as at 31 December 2014 and 2013	2c,2t, 2v, 20	11,239,398	8,908,732
Deferred Tax Assets	2ad, 33e	<u>4,189,120</u>	<u>4,322,498</u>
TOTAL ASSETS		<u>855,039,673</u>	<u>733,099,762</u>

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 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY			
LIABILITIES			
Obligation due Immediately	2w	1,156,366	762,130
Deposits from Customers			
Demand deposits	2c, 2f, 2x, 21		
Related parties	55	19,751,219	26,507,150
Third parties		108,302,339	96,920,499
Total Demand deposits		<u>128,053,558</u>	<u>123,427,649</u>
Saving deposits	2c, 2f, 2x, 22		
Related parties	55	121,683	202,205
Third parties		231,339,573	215,815,405
Total Saving deposits		<u>231,461,256</u>	<u>216,017,610</u>
Time deposits	2c, 2f, 2x, 23		
Related parties	55	33,459,942	27,976,500
Third parties		190,474,155	141,574,497
Total Time deposits		<u>223,934,097</u>	<u>169,550,997</u>
Total Deposits from Customers		<u>583,448,911</u>	<u>508,996,256</u>
Deposits from Other Banks			
Demand and saving deposits	2c, 2f, 2y, 24		
Related parties	55	25,569	63,613
Third parties		3,473,493	2,989,406
Total Demand and saving deposits		<u>3,499,062</u>	<u>3,053,019</u>
Inter-bank call money - Third parties	2c, 2y, 25	2,892,000	1,280,850
Time deposits	2c, 2y, 26		
Third parties		11,140,783	8,109,444
Total Deposits from Other Banks		<u>17,531,845</u>	<u>12,443,313</u>
Liability to Unit-Linked Policyholders	2z, 27	17,343,799	12,002,997
Securities sold under Repurchase Agreements	2c, 2f, 2m, 28		
Related parties	55	-	1,509,324
Third parties		6,112,589	3,146,825
Total Securities sold under Repurchase Agreements		<u>6,112,589</u>	<u>4,656,149</u>
Derivative Payables	2c, 2f, 2n, 11		
Related parties	55	8,679	372
Third parties		148,376	225,796
Total Derivative Payables		<u>157,055</u>	<u>226,168</u>
Acceptance Payables	2c, 2f, 2u, 29		
Related parties	55	1,366,249	445,929
Third parties		11,747,810	9,732,441
Total Acceptance Payables		<u>13,114,059</u>	<u>10,178,370</u>
Marketable Securities Issued	2c, 2f, 2aa, 30		
Related parties	55	437,000	328,000
Third parties		1,575,256	1,454,862
		2,012,256	1,782,862
Less: Unamortised issuance cost		(2,631)	(3,265)
Total Marketable Securities Issued		<u>2,009,625</u>	<u>1,779,597</u>

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 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY (continued)			
LIABILITIES (continued)			
Estimated Losses on Commitment and Contingencies	31c	196,793	200,501
Accrued Expenses	2c, 2af, 32	3,880,273	3,326,475
Taxes Payable	2ad, 33b		
Current Income Tax		897,644	1,673,030
Other Taxes		977,497	453,834
Total Current Tax Payable		<u>1,875,141</u>	<u>2,126,864</u>
Employee Benefit Liabilities	2ai, 34, 50	5,181,160	4,585,069
Provision		667,644	822,582
Other Liabilities	2c, 35	16,370,686	14,166,214
Fund Borrowings	2c, 2f, 2ab, 36		
Related parties	55	252,149	778,314
Third parties		23,974,955	15,218,874
Total Fund Borrowings		<u>24,227,104</u>	<u>15,997,188</u>
Subordinated Loans	2c, 2f, 2ac, 37		
Related parties	55	1,909,800	1,939,800
Third parties		1,836,774	2,525,815
Total Subordinated Loans		<u>3,746,574</u>	<u>4,465,615</u>
TOTAL LIABILITIES		<u>697,019,624</u>	<u>596,735,488</u>
TEMPORARY SYIRKAH FUNDS	2f, 2ae, 38		
Deposits from Customers			
Related parties	55		
Saving Deposits - Restricted Investment and <i>Mudharabah</i> Saving Deposits - Unrestricted Investment	38a.2a	37,195	94,833
<i>Mudharabah</i> Time Deposits - Unrestricted Investment	38a.3	455,230	931,213
Total related parties		<u>492,425</u>	<u>1,026,046</u>
Third parties			
Demand Deposits - Restricted Investments and <i>Mudharabah Musytarakah</i>	38a.1	13,533	17,875
Saving Deposits - Restricted Investment and <i>Mudharabah</i> Saving Deposits - Unrestricted Investment	38a.2a	20,946,548	20,398,444
<i>Mudharabah</i> Time Deposits - Unrestricted Investment	38a.3	31,480,676	25,903,040
Total third parties		<u>52,440,757</u>	<u>46,319,359</u>
Total Deposits from Customers		<u>52,933,182</u>	<u>47,345,405</u>
Deposits from Other Banks			
Third parties			
<i>Mudharabah</i> saving deposit - Unrestricted investment	38b	163,544	144,876
<i>Mudharabah</i> time deposit - Unrestricted investment	38b	78,761	83,397
Total Deposits from Other Banks		<u>242,305</u>	<u>228,273</u>
TOTAL TEMPORARY SYIRKAH FUNDS		<u>53,175,487</u>	<u>47,573,678</u>

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 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
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 2014 and 2013	40a	11,666,667	11,666,667
Additional Paid-in Capital/Agio	40b	17,316,192	17,316,192
Differences Arising from Translation of Financial Statements in Foreign Currencies	2e	203,625	221,620
Unrealised Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - net of Deferred Tax	2j, 2k, 2s	(571,348)	(1,417,240)
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 - Unappropriated	40c	9,779,446 <u>64,263,299</u>	7,431,162 <u>52,200,836</u>
Total Retained Earnings		74,042,745	59,631,998
Non Controlling Interests in Net Assets of Consolidated Subsidiaries	2d, 39	<u>2,186,681</u>	<u>1,371,359</u>
TOTAL EQUITY		<u>104,844,562</u>	<u>88,790,596</u>
TOTAL LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY		<u>855,039,673</u>	<u>733,099,762</u>

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 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)

	<u>Notes</u>	<u>2014</u>	<u>2013*)</u>
INCOME AND EXPENSES FROM OPERATIONS			
Interest Income and Sharia Income	2f, 2af, 41, 55	62,637,942	50,208,842
Interest Expense and Sharia Expense	2f, 2af, 42, 55	<u>(23,505,518)</u>	<u>(16,399,424)</u>
NET INTEREST AND SHARIA INCOME		<u>39,132,424</u>	<u>33,809,418</u>
Premium Income	2ag	9,364,287	6,446,149
Claims Expense	2ag	<u>(6,683,717)</u>	<u>(3,820,143)</u>
NET PREMIUM INCOME		<u>2,680,570</u>	<u>2,626,006</u>
NET INTEREST, SHARIA AND PREMIUM INCOME		<u>41,812,994</u>	<u>36,435,424</u>
Other Operating Income			
Other fees and commissions	2ah	9,131,975	8,704,095
Foreign exchange gains - net	2e	1,587,639	1,853,099
Others	43	<u>3,968,201</u>	<u>4,129,443</u>
Total Other Operating Income		<u>14,687,815</u>	<u>14,686,637</u>
Allowance for Impairment Losses	2c, 44	(5,718,130)	(4,871,442)
Reversal for Impairment			
Losses on Commitments and Contingencies	2c, 31c	5,313	10,784
Reversal for Possible Losses	2t, 45	183,481	4,324
Unrealised Gains/(Losses) from Increase/(Decrease) in Fair Value of Marketable Securities, Government Bonds and Policyholders' Investment in Unit-Linked Contracts	2j, 2k, 2z, 46	146,521	(219,353)
Gains on Sale of Marketable Securities and Government Bonds	2j, 2k, 47	234,463	39,116
Other Operating Expenses			
Salaries and employee benefits	2f, 2ai, 48, 50, 55	(10,848,031)	(9,431,337)
General and administrative expenses	2r, 49	(11,448,310)	(9,898,400)
Others - net	51	<u>(3,078,010)</u>	<u>(3,204,042)</u>
Total Other Operating Expenses		<u>(25,374,351)</u>	<u>(22,533,779)</u>
INCOME FROM OPERATIONS		<u>25,978,106</u>	<u>23,551,711</u>
Non Operating Income - Net	52	<u>29,909</u>	<u>510,126</u>
INCOME BEFORE TAX EXPENSE AND NON CONTROLLING INTEREST		<u>26,008,015</u>	<u>24,061,837</u>
Income Tax Expense			
Current	2ad, 33c, 33d	(5,309,919)	(5,288,489)
Deferred	2ad, 33c, 33e	<u>(43,313)</u>	<u>56,586</u>
Income Tax Expense - Net		<u>(5,353,232)</u>	<u>(5,231,903)</u>
NET INCOME		<u><u>20,654,783</u></u>	<u><u>18,829,934</u></u>

*) 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 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)

	<u>Notes</u>	<u>2014</u>	<u>2013*)</u>
Other Comprehensive Income			
Difference Arising from Translation of Financial Statements in Foreign Currencies	2e	(17,995)	173,943
Net Unrealised Gains/(Losses) from Increase/ (Decrease) in Fair Value of Available for Sale Financial Assets	2j, 2k	1,057,365	(1,259,738)
Income Tax related to other comprehensive income		(211,473)	251,947
Other Comprehensive Income/(Losses) - Net of Tax		<u>827,897</u>	<u>(833,848)</u>
TOTAL COMPREHENSIVE INCOME		<u>21,482,680</u>	<u>17,996,086</u>
Net Income Attributable to:			
Parent Entity		19,871,873	18,203,753
Non Controlling Interest	2d	<u>782,910</u>	<u>626,181</u>
		<u>20,654,783</u>	<u>18,829,934</u>
Comprehensive Income Attributable to:			
Parent Entity		20,699,770	17,369,905
Non Controlling Interest	2d	<u>782,910</u>	<u>626,181</u>
		<u>21,482,680</u>	<u>17,996,086</u>
EARNING PER SHARE	2aj		
Basic (full amount)		851.66	780.16
Diluted (full amount)		851.66	780.16

*) 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 2014 AND 2013
(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*)		Total	Non Controlling Interest in Net Assets of Consolidated Subsidiaries	Total Equity
						Appropriated	Unappropriated			
Balance as at 1 January 2014		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
Dividends allocated from 2013 net income	40c	-	-	-	-	-	(5,461,126)	(5,461,126)	-	(5,461,126)
The establishment of specific reserves from net profit in 2013	40c	-	-	-	-	2,348,284	(2,348,284)	-	-	-
Non controlling interest arising from distribution of dividend	2d	-	-	-	-	-	-	-	32,412	32,412
Comprehensive income for the year ended 31 December 2014		-	-	(17,995)	845,892	-	19,871,873	19,871,873	782,910	21,482,680
Balance as at 31 December 2014		11,666,667	17,316,192	203,625	(571,348)	9,779,446	64,263,299	74,042,745	2,186,681	104,844,562

*) Accumulated losses of Rp162,874,901 have been eliminated with additional paid-in capital/agio due to quasi-reorganisation as at 30 April 2003.

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 2014 AND 2013
(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*)		Non Controlling Interest in Consolidated Subsidiaries	Total Equity
					Appropriated	Unappropriated		
Balance as at 1 January 2013	11,666,667	17,195,760	47,677	(409,449)	5,927,268	40,152,197	1,175,469	75,755,589
Dividends allocated from 2012 net income	-	-	-	-	-	(4,651,220)	-	(4,651,220)
The establishment of specific reserves from net profit in 2012	-	-	-	-	-	(1,503,894)	-	-
Non controlling interest arising from distribution of dividend, consolidation of mutual funds by Subsidiary and changes in Subsidiary's equity	-	-	-	-	-	-	-	-
Comprehensive income for the year ended 31 December 2013	-	-	173,943	(1,007,791)	-	18,203,753	(430,291)	(430,291)
Gain from sale of Subsidiaries to entities under common control and others	-	120,432	-	-	-	-	626,181	17,996,086
Balance as at 31 December 2013	11,666,667	17,316,192	221,620	(1,417,240)	7,431,162	52,200,836	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.

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 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)

Notes	2014	2013*)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from interest income and sharia income	59,752,177	48,006,235
Receipts from fees, commissions and premium - net	11,812,545	11,330,101
Payments of interest expense and sharia expense	(23,121,999)	(16,258,800)
Receipts from the sale of Government Bonds - fair value through profit or loss	26,624,838	26,689,634
Acquisition of Government Bonds - fair value through profit or loss	(26,249,130)	(26,364,288)
Foreign exchange gains/(losses) - net	1,876,047	(1,684,990)
Other operating income - others	1,360,996	1,126,887
Other operating expenses - others	(2,912,216)	(2,327,867)
Salaries and employee benefits	(10,251,940)	(8,659,586)
General and administrative expenses	(10,266,219)	(8,935,985)
Non-operating income - net	29,909	523,356
Payment of corporate income tax	(5,716,191)	(5,911,725)
Cash flow from operating activities before changes in operating assets and liabilities	22,938,817	17,532,972
Decrease/(increase) in operating assets:		
Placements with Bank Indonesia and other banks	(2,321,185)	(975,057)
Marketable securities - fair value through profit or loss	(11,765,022)	(743,827)
Other receivables - trade transactions	(4,289,584)	(2,273,965)
Loans	(59,909,017)	(85,610,294)
Securities purchased under resale agreements	(16,049,132)	10,777,622
Consumer financing receivable	(1,590,704)	(833,329)
Net investment in lease financing	(165,177)	(291,229)
Prepaid taxes	(1,465,433)	(1,098,375)
Prepaid expenses	(348,490)	(53,253)
Other assets	(1,583,311)	172,342
Proceeds from collection of financial assets already written-off	2,607,206	3,002,556
Increase/(decrease) in operating liabilities and temporary <i>syirkah</i> funds:		
Conventional Banking		
Demand deposits	4,832,745	10,098,878
Saving deposits	15,682,853	32,276,298
Time deposits	57,414,439	21,255,943
Inter-bank call money	1,611,150	953,750
Obligation due immediately	394,236	(932,101)
Liability to unit – Linked Policyholders	5,340,802	968,758
Other taxes payable	244,614	(211,620)
Other liabilities	3,910,075	1,523,844
Sharia Banking - Temporary <i>Syirkah</i> Funds		
Demand deposit - restricted investment and demand deposit - <i>mudharabah musytarakah</i>	(4,342)	14,717
Saving deposit - restricted investment and <i>mudharabah</i> saving deposit - unrestricted investment	509,134	2,210,646
<i>Mudharabah</i> time deposit - unrestricted investment	5,097,017	4,968,241
Net cash provided by operating activities	21,091,691	12,733,517

*) 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 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2014	2013*)
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in marketable securities - available for sale and held to maturity		(965,192)	(6,410,209)
Increase in Government Bonds - available for sale and held to maturity		(3,169,133)	(4,642,580)
Proceeds from sale of fixed assets		6,661	119,287
Acquisition of fixed assets	18	(2,250,724)	(1,584,388)
Acquisition of intangible assets	19	(705,614)	(439,775)
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		(7,084,002)	(12,561,665)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease of investment in subsidiaries		(36,365)	98,830
Increase in marketable securities issued		230,028	233,721
Increase in fund borrowings		8,026,295	6,688,977
Payment of subordinated loans		(719,041)	(672,335)
Increase in securities sold under repurchase agreements	28	1,456,440	4,656,149
Payments of dividends	40c	(5,461,126)	(4,651,220)
Net cash provided by financing activities		3,496,231	6,354,122
NET INCREASE IN CASH AND CASH EQUIVALENTS		17,503,920	6,525,974
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		277,305	2,993,395
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		121,023,158	111,503,789
CASH AND CASH EQUIVALENTS AT END OF YEAR		138,804,383	121,023,158
Cash and cash equivalents at end of year consist of:			
Cash		20,704,563	19,051,934
Current accounts with Bank Indonesia	4	50,598,840	43,904,419
Current accounts with other banks	5	8,986,831	14,048,075
Placements with Bank Indonesia and other banks		57,690,864	44,018,730
Certificate of Bank Indonesia		823,285	-
Total Cash and Cash Equivalents		138,804,383	121,023,158
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		(571,348)	(1,417,240)
Acquisition of fixed assets - payable		(949,120)	(812,181)

*) Reclassified, refer to Note 64.

The accompanying notes form an integral part of these consolidated financial statements.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2014 AND 2013

(Expressed in millions of Rupiah, unless otherwise stated)

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 additional clause in the article 5 regarding B series share. The change of Articles of Association has been notarised in notarial deed of Ashoya Ratam, S.H., M.kn, No. 29 dated 19 March 2014, which has been reported to the Ministry of Law and Human Rights of Republic of Indonesia through a report No. AHU-AH.01.10-16389 dated 21 April 2014 and has been registered in company listing No. AHU-0030279.AH.01.09.year 2014 dated 21 April 2014.

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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)

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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2014 AND 2013

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

c. Recapitalisation (continued)

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.

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 of Bank Mandiri and Quasi-Reorganisation

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.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2014 AND 2013

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

d. Initial Public Offering of Bank Mandiri and Quasi-Reorganisation (continued)

Initial Public Offering of Bank Mandiri (continued)

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.

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.

e. 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).

f. Public Offering of Bank Mandiri Subordinated Bonds, Limited Public Offering and Changes in Share Capital of Bank Mandiri

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).

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2014 AND 2013

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

f. Public Offering of Bank Mandiri Subordinated Bonds, Limited Public Offering and Changes in Share Capital of Bank Mandiri (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
	<hr/> 4,251,000
Increase in paid-in capital by the Government in 2003	5,749,000
	<hr/> 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
	<hr/> 23,333,333,333

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

g. Subsidiaries & Associates

Subsidiaries included in the consolidated financial statements as at 31 December 2014 and 2013, are as follows:

Name of Subsidiaries	Nature of Business	Domicile	Percentage of Ownership	
			2014	2013
PT Bank Syariah Mandiri (BSM)	Sharia Banking	Jakarta	99.99	99.99
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	93.23
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
PT Asuransi Jiwa InHealth Indonesia	Life Insurance	Jakarta	60.00 *)	-

*) Effective starting from 2 May 2014

The Subsidiaries' total assets as at 31 December 2014 and 2013 (before elimination) amounting to Rp107,781,308 and Rp94,293,194 or 12.61% and 12.86% of the total consolidated assets, respectively.

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 4 October 1967 which then subsequently changed the name to become PT Bank Susila Bhakti on 10 August 1973, 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 27 December 2013 on the increase in capital.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2014 AND 2013

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

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 ("Bapepam") 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.

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 made 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 Sudiarmika, 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.

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(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

PT Bank Sinar Harapan Bali (continued)

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 2014, the unamortised goodwill balance amounted to Rp21,043. The Bank will regularly assess and evaluate goodwill impairment in accordance with SFAS No. 22 "Business Combination" (refer to Note 2s).

On 22 December 2014, BSHB's Extraordinary General Shareholders's Meeting approved the issuance of 800,000,000 (full amount) new shares which were purchased by Bank Mandiri, PT Taspen (Persero) and PT Pos Indonesia (Persero). This transaction will change the shareholders ownership composition which will be effective upon receiving approval from OJK (refer to Note 62.e)

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., LL.M., 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.

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1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

PT Mandiri Tunas Finance (continued)

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. The Bank 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. KLEC.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.

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.

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1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

PT AXA Mandiri Financial Services (continued)

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 forty 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., LL.M. The addition of 2.00% shares in AXA Mandiri was approved by Bank Indonesia through its 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. The Bank will regularly assess 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.

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 ratified 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.

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1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

PT Mandiri AXA General Insurance (continued)

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.

Financial Services Authority through its letter No.S-42/PB.31/2014 dated 14 May 2014 and letter No.S-94/PB.31/2014 dated 31 October 2014 has approved the Increase of Investment PT Bank Mandiri (Persero) Tbk in PT Mandiri AXA General Insurance amounted to Rp24,000 and Rp63,000. The increase in investment shares has been approved by circularised decision of the General's Meeting Shareholder (RUPS). as documented in Notarial Deed of Wiwiek Widhi Astuti No. 20 dated 6 June 2014 and No. 27 dated 21 November 2014, has been approved by the Ministry of Justice and Human Rights through its letter No. AHU-03896.40.20.2014 dated 12 June 2014 and No. AHU-08879.40.21.2014 dated 26 November 2014. The addition of the equity investment does not change the percentage of shareholders' ownership whereas Bank Mandiri own 60% and AXA S.A by 40% of MAGI.

PT Asuransi Jiwa InHealth Indonesia

PT Asuransi Jiwa Indonesia InHealth ("InHealth") was established on 6 October 2008 based on the notarial deed No. 2 of NM Dipo Nusantara Pua Upa, SH. InHealth has obtained its license based on the Minister of Law and Human Rights of the Republic of Indonesia through its letter No. AHU-90399.AH.01.01 dated 26 November 2008. InHealth obtained its license to operate in life insurance based on the decision letter of the Minister of Finance of the Republic of Indonesia No. KEP-381KM.1012009 dated 20 March 2009.

On 2 May 2014, the Bank with PT Kimia Farma (Persero) Tbk., and PT Asuransi Jasa Indonesia (Persero) as the Buyer with Badan Penyelenggara Jaminan Sosial Kesehatan (BPJS Kesehatan) (formerly PT Askes (Persero)) and Koperasi Bhakti Askes as the Seller has signed a Sale and Purchase agreement of InHealth's share as recorded in Notarial deed of sale and purchase agreement No. 01 dated 2 May 2014 by Notary Mala Mukti SH, LLM.

Since the signing date of the Sale and Purchase Deed, the Bank has effectively become the majority shareholder of InHealth with ownership of 60%, BPJS Kesehatan own 20% and PT Kimia Farma (Persero) Tbk and PT Asuransi Jasa Indonesia (Persero) each own 10%. The change in ownership has been approved by the General Meeting of Shareholders in accordance with Notarial Deed of Mala Mukti SH LLM No.19 dated 5 May 2014 and submitted to the Ministry of Justice and Human Rights of the Republic of Indonesia and accepted by its letter No. AHU-06507.40.22.2014 to dated 5 May 2014 regarding Acceptance Notification of the Change of PT Asuransi Jiwa Indonesia InHealth Data.

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1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

PT Asuransi Jiwa InHealth Indonesia (continued)

Articles of Association of InHealth has been changed in accordance with the Shareholders Agreement which was signed on 23 December 2013 and has been recorded in the Notarial Deed of Mala Mukti, S.H., LLM No. 20 dated 5 May 2014. This change has been submitted to the Ministry of Justice and Human Rights of the Republic of Indonesia and accepted through its letter No. AHU-01805.40.21.2014 dated 6 May 2014.

The signing of sale and purchase deed was the first phase of InHealth's acquisition in accordance with Conditional Share Purchase Agreement which was signed on 23 December 2013. The finalisation of second phase is currently awaiting for OJK approval (refer to Note 62.f).

The Bank has obtained the approval of the General Meeting of Shareholders on 27 February 2014 regarding the acquisition of InHealth. The Bank has also received the approval from regulator regarding the acquisition plan phase one through its letter No. S-37/PB/31/2014 dated 17 April 2014.

Bank Mandiri acquired 60% shares in Inhealth with total value of Rp990,000, and Goodwill arising from the acquisition of InHealth amounted to Rp268,181. The Bank periodically evaluates the impairment of goodwill in accordance with SFAS 22, "Business Combinations" (refer to Note 2s).

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.

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 (Note 40b).

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1. GENERAL (continued)

g. Subsidiaries and Associates (continued)

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 (Note 40b).

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 2014 and 2013, Bank Mandiri's domestic and overseas offices are as follows:

	2014*)	2013*)
Domestic Regional Offices	12	12
Domestic Branches:		
Area	74	70
Community Branches	1,080	992
Mandiri Mitra Usaha offices	897	687
Cash Outlets	261	301
	2,312	2,050
Overseas Branches	6	5

*) Unaudited

As at 31 December 2014, Bank Mandiri has overseas branches located in Cayman Islands, Singapore, Hong Kong, Dili Timor Leste, Shanghai (People's Republic of China) and Dili Timor Plaza.

To support Bank Mandiri's vision to be Indonesia's most admired and progressive financial institution, Bank Mandiri has divides 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 7 (seven) Directorates which are Risk Management, Compliance & Legal, Finance & Strategy, Retail Risk, Change Management Office, Internal Audit and Human Capital;
3. Shared Services, as a supporting unit to the Bank's operational activities and is managed by the Directorate of Technology & Operations.

On 1 January 2015, Bank restructured its organization structure and role and responsibilities of the Directors (refer to Note 66).

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1. GENERAL (continued)

h. Structure and Management (continued)

As at 31 December 2014 and 2013, the members of Bank Mandiri's Board of Commissioners and Directors are as follows:

	<u>2014</u>	<u>2013</u>
<u>Board of Commissioners</u>		
Chairman	: Mahmuddin Yasin	Edwin Gerungan
Commissioner	: -	Wahyu Hidayat
Independent Commissioner	: Pradjoto	Pradjoto
Independent Commissioner	: -	Gunarni Soeworo
Independent Commissioner	: Krisna Wijaya	Krisna Wijaya
Commissioner	: -	Agus Suprijanto
Commissioner	: Abdul Aziz	Abdul Aziz
Commissioner	: Askolani	-
Independent Commissioner	: Aviliani	-
Independent Commissioner	: Anton Hermanto Gunawan	-
<u>Board of Directors</u>		
President Director	: Budi Gunadi Sadikin	Budi Gunadi Sadikin
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
Compliance & Legal Director	: 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	Hery Gunardi

As at 31 December 2014 and 2013, the members of Bank Mandiri's Audit Committees are as follows:

	<u>2014</u>	<u>2013</u>
Chairman, concurrently as member	: Krisna Wijaya	Gunarni Soeworo
Member	: Aviliani	Krisna Wijaya
Member	: Askolani	Wahyu Hidayat
Member	: Anton Hermanto Gunawan	Agus Suprijanto
Member	: Budi Sulistio	Zulkifli Djaelani
Member	: Ridwan Darmawan Ayub	Imam Soekarno

As at 31 December 2014 and 2013, the members of Bank Mandiri's Remuneration and Nomination Committees are as follows:

	<u>2014</u>	<u>2013</u>
Chairman, concurrently as member	: Pradjoto	Edwin Gerungan
Member	: Krisna Wijaya	Pradjoto
Member	: Abdul Aziz	Gunarni Soeworo
Member	: Mahmuddin Yasin	Krisna Wijaya
Member	: Aviliani	Wahyu Hidayat
Member	: Askolani	Agus Suprijanto
Member	: Anton Hermanto Gunawan	Abdul Aziz
Secretary (ex-officio)	: Sanjay N. Bharwani	Alex Denni

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1. GENERAL (continued)

h. Structure and Management (continued)

As at 31 December 2014 and 2013, the Risk Monitoring and Good Corporate Governance Committee Bank Mandiri are as follows:

	2014	2013
Chairman, concurrently as member	: Anton Hermanto Gunawan	Pradjoto
Member	: Pradjoto	Edwin Gerungan
Member	: Krisna Wijaya	Krisna Wijaya
Member	: Abdul Aziz	Tama Widjaja
Member	: Ridwan Darmawan Ayub	-
Member	: Budi Sulistio	-
Secretary (ex-officio)	: Lisana Irianiwati	Lisana Irianiwati

As at 31 December 2014 and 2013, Head of Internal Audit Bank Mandiri is Riyani T. Bondan.

As at 31 December 2014, Corporate Secretary Bank Mandiri is Rohan Hafas (2013: Nixon L.P Napitulu).

As at 31 December 2014 and 2013 Bank Mandiri has a total of 34,696 employees and 33,982 employees (unaudited), respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Bank and Subsidiaries ("Group") were authorised by the Board of Directors on 2 February 2015.

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, regarding "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.

Consolidated statements of cash flows are prepared using the direct method by classifying cash flows in operating activities, investing and financing activities.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (lanjutan)

a. Basis of Preparation of the Consolidated Financial Statements (lanjutan)

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 (Revised 2011), "Presentation of Financial Statement for Sharia Banking", SFAS 102 (Revised 2013) "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*" and other Statements of Financial Accounting Standards of Accountants, as long as not contradict with Sharia principle also Accounting Guidelines for Indonesian Sharia Banking (PAPSI) (Revised 2013).

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 are 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 2014, Subsidiary operates in Sharia changed its accounting policies in accordance with SFAS 102 (Revised 2013) and PAPSI 2013, The changes were as follows:

1. For *Murabahah*, Subsidiary evaluate whether there is an objective evidence that the individually significant financial assets or group of financial assets are impaired at each statement of financial position date as a result of an event occurred after initial recognition which impact the estimated future cash flows that can be reliably estimated. Impairment is recognised as allowance and charged to the statement of consolidated comprehensive income for the current year. The individual assessment is performed on the individually significant impaired financial assets, using discounted cash flow method.

For the collective impairment, as allowed under SFAS 102 (Revised 2013), Bank Indonesia's circular letter No. 15/26/Dpbs dated 10 July 2013 and Otoritas Jasa Keuangan (OJK) No. S-129/PB.13/2014 dated 6 November 2014, for the first adoption, the Subsidiary could apply transition rule for collective impairment in accordance with prevailing Bank Indonesia's regulation. The transition rule can be applied at the latest until 31 December 2014.

2. Directly attributable income and expenses relating to financing receivables which are recognised as part of financing assets and will be recognised as income or expense by amortising the carrying value of financing receivable using the effective interest rate. Before 1 January 2014, directly attributable income and expenses are recognised into consolidated statement of comprehensive income as incurred.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (lanjutan)

c. Financial instruments (continued)

A. Financial assets (continued)

(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.

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 comprehensive 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 comprehensive income as "Allowance for impairment losses".

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

A. Financial assets (continued)

(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 comprehensive 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 financial assets 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.

Available-for-sale financial assets are initially 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 other 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 in the consolidated profit or loss, 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 as other comprehensive income is recognised in the consolidated profit or loss. Interest income is calculated using the effective interest method.

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 "receivables from assets pledged as collateral", if the transferee has the right to sell or repledge them.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

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 comprehensive 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".

(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".

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

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 .

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:

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

E. Classes of financial instrument (continued)

Category as defined by SFAS 55		Class (as determined by the Bank and Subsidiaries)	Sub-classes
Financial assets	Financial assets at fair value through profit or loss	Financial assets held for trading	Marketable securities
			Government Bonds
			Derivative receivables - Non hedging related
	Loans and receivables	Cash	
		Current accounts with Bank Indonesia	
		Current accounts with other banks	
		Placements with Bank Indonesia and other banks	
		Marketable securities	
		Other receivables- trade transactions	
		Securities purchased under resale agreements	
		Loans	
		Consumer financing receivables	
		Net investment in lease financing	
		Acceptance receivables	
		Other assets	Accrued income
			Receivables from customer transactions
			Receivables from sale of marketable securities
			Receivables from transactions related to ATM and credit card
			Receivables from policyholder
			Receivables from Government Bonds pledged as collateral
	Held-to-maturity investments	Marketable securities	
		Government Bonds	
	Available-for-sale financial assets	Marketable securities	
		Government Bonds	
		Investments in shares	

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

E. Classes of financial instrument (continued)

Category as defined by SFAS 55		Class (as determined by the Bank and Subsidiaries)	Sub-classes
Financial liabilities	Financial liabilities at fair value through profit or loss	Financial liabilities held for trading	Derivative payables - non hedging related
	Financial liabilities at amortised cost	Deposits from customers	Demand deposits
			Saving deposits
			Time deposits
		Deposits from other banks	Demand and saving deposits
			Inter-bank call money
			Time deposits
		Securities sold under repurchase agreements	
		Acceptance payables	
		Marketable securities issued	
		Accrued expenses	
		Other liabilities	Payable to customer
			Guarantee deposits
			Payable from purchase of marketable securities
			Claim payable
			Liability related to ATM and credit card transaction
			Other liabilities related with UPAS transactions
Fund Borrowings			
Subordinated loans			
Off-balance sheet financial instruments	Committed unused loan facilities granted		
	Outstanding irrevocable letters of credit		
	Bank Guarantees issued		
	Standby letters of credit		

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.

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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. there is a 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.

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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.

Individual impairment calculation

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.

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.

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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

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 occurring 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.

Subsequent recoveries of loans written off in the current year are credited to the allowance for impairment losses account.

Subsequent recoveries of loans written off in previous year, are recognised as other non-operating income.

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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)

Allowance for possible losses on earning assets of Sharia's Subsidiary

1. Subsidiary evaluate whether there is an objective evidence the financial assets or group of financial assets are impaired at each statement of financial position date as a result of an event occurred after initial recognition which impact the estimated future cash flows that can be reliably estimated. Impairment is recognised as allowance and charged to the statement of consolidated comprehensive income current year.

For the collective impairment, as allowed under SFAS 102 (Revised 2013), Bank Indonesia's circular letter No. 15/26/Dpbs dated 10 July 2013 and Otoritas Jasa Keuangan (OJK) No. S-129/PB.13/2014 dated 6 November 2014, for the first adoption the Subsidiary could apply transition rule for collective impairment in accordance with prevailing Bank Indonesia's regulation, The transition rule can be applied at the latest 31 December 2014.

2. Directly attributable income and expenses are recognised using the initial effective interest rate used to discount the future cash flow of the assets.

Before 1 January 2014, 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

G. Allowance for impairment losses of financial assets (continued)

(b) Financial assets classified as available for sale (continued)

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 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 consolidated statement of comprehensive income, the impairment loss is reversed through the consolidated statement of comprehensive income.

(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.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

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 using the internal model based on the present value of expected future cash flows using next-repricing method with deflator adjustment.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Principles of Consolidation (continued)

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.

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 2014 and 2013. 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):

	2014	2013
Great Britain Pound Sterling 1/Rp	19,288.40	20,110.93
Euro 1/Rp	15,053.35	16,759.31
United States Dollar 1/Rp	12,385.00	12,170.00
Japanese Yen 100/Rp	10,356.00	11,575.00

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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, dated 25 June 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.

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 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Current Accounts with Bank Indonesia and Other Banks (continued)

The Minimum Statutory Reserve (continued)

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 and subsequently replace by PBI No.15/16/PBI/2013 dated 24 December 2013, 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 (FASBIS), 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 Certificates of Deposits, Medium Term 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, held to maturity, and loan and receivables.

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.

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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 liabilities at amortised cost.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 qualifies 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, designated as a cash flow hedge instruments is reported as other comprehensive income. The hedge ineffective 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 as a net investment hedge in a foreign operation 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*.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Loans (continued)

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.

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 based on 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 of 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 of 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Loans (continued)

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.

Overdue interest, which is capitalised to loans under new restructuring agreements, is recorded as deferred interest income and is amortised into income proportionately based on the amount of capitalised interest to the loan principal upon credit collection.

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.

Credit restructuring can be done by over contract, asset replacement, repay back, change the due date, change the tenor and/or increase the down payment.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Consumer Financing Receivables (continued)

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 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.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Fixed Assets and Leased Assets (continued)

i. Fixed assets and Software (continued)

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.

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.

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. When carrying value exceeds this estimated recoverable amount, assets are written down to their recoverable amount.

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

Bank Mandiri apply SFAS No. 30 (Revised 2011) "Lease", effective beginning on or after 1 January 2012. 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Fixed Assets and Leased Assets (continued)

ii. Leased assets (continued)

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.

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. The Bank conducts an assesment of goodwill impairment regularly.

t. Allowance for Possible Losses on Non-Earning Assets

Non-earning assets of Bank Mandiri and the Subsidiaries 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 equivalent to different between carrying amount and fair value net of costs to sell. As for the inter-office account and suspense account, equivalent to different between carrying value and the recovery value.

u. Acceptance Receivables and Payables

Acceptance receivables are classified as loans and receivables financial assets. 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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. Any permanent 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

x. Deposits from Customers (continued)

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 acquisition 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.

Included in the deposits from other banks are sharia deposits in form of *wadiah* deposits, and Certificates *Mudharabah* Investment Bank (SIMA).

Deposits from other banks are classified as financial liabilities at amortised cost. Incremental costs directly attributable to acquisition 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 Subsidiaries issue insurance contracts that accepted significant insurance risk from the policyholders. The Subsidiary defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event of at least 10% more than the benefits payable if the insured event did not occur. When an insurance contract does not have significant insurance risk, it is classified as Investment contracts.

Once a contract has been classified as an insurance contract, no reclassification is subsequently performed unless the terms of the agreement are later amended. All insurance products issued by the subsidiary has significant insurance risk.

The Subsidiary unbundles the deposit component of unit-linked contract as 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.
- The Subsidiary does not separate the deposit component because only one of the above condition is met.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z. Insurance Contract (continued)

Liability adequacy test

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 guaranteed benefit and guaranteed additional benefit, non guaranteed participation benefit feature (if any), all expenses for policies issuance and maintainance, as well as reflecting the future cash inflow, i.e. future premium receipt. The liabilities are calculated based on discounted cash flow basis for all related cash flows i.e. both of cash outflows and cash inflows as mentioned above using a set of most recent best estimate assumptions set by the Subsidiary's appointed actuary, included discount rate assumptions, mortality/morbidity assumptions, lapse assumptions, expense assumptions and inflation assumptions as well as margin for adverse deviation assumptions. Subsidiary operates in life insurance use Gross Premium Reserve with best estimate and margin for adverse deviation therefore liability adequacy test is not required.

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 a deficiency between insurance liabilities carrying amount (deducted with deferred acquisition cost for loss insurance) and estimation of future cash flows, the deficiency will be charged in the consolidated statement of comprehensive income.

Reinsurance

The Subsidiaries reinsure 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. Recovery amount from reinsurers are estimated in a manner consistent with the liability associated with the reinsured policy.

Subsidiaries present separately reinsurance asset as asset of the insurance liability.

If a reinsurance asset is impaired, the Subsidiaries comprehensive the carrying amount accordingly and recognises that impairment loss in the consolidated 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z. Insurance Contract (continued)

Liability for future policy benefits

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.

The Subsidiaries calculate 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.

Increase (decrease) in liabilities for future policy benefits is recognised in the current year's consolidated 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.

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.

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 or decrease in liability to unit-linked policyholders in the statements of income and liability to unit-linked policyholders in the statement of financial position.

Funds received from customers for sharia unit-linked products is recognized as liabilities to unit-linked policyholders in the statement of financial position for the amount received net of the portion representing the Company's fees in managing the unit-linked product revenue.

Unexpired Risk Reserve (URR)

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the insurance contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used (the valuation premiums). The liability is based on assumptions as to mortality, persistency, maintenance expense and investment income that are established at the time the contract is issued. A margin for adverse deviations is included in the assumptions.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ad. Income Tax (continued)

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 estimated amount that will be payable to the tax office if there is a probable tax exposure, based on management's 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 musyarakah* 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 musyarakah* represents *mudharabah* in which fund manager also submits its capital or fund in the investment.

Temporary *syirkah* funds cannot be classified as liability because 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

af. Interest and Sharia Income and Expense

(i) Conventional

Interest income and expense for all interest-bearing financial instruments are recognised as "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 Subsidiary'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 through deferred payment or installment is recognised during the period of the contract based on effective method (annuity).

Since 1 January 2014, *murabahah* income which includes deferred margin and administrative income are recognised as income using the effective rate of return method, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial assets and includes any fees or incremental costs that are directly attributable to the assets and are an integral part of the effective financing rate.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

af. Interest and Sharia Income and Expense (continued)

(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.

Claims and benefits consist of settled claims, claims that are still in process of completion and estimates 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 using 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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's 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.

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, the actuarial gains/losses 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 of these benefits is provided to the employee until reach the retirement age and the completion of a minimum service period. The costs estimation for these benefits are accrued over the period of employment calculated, using similar methodology used for defined benefit pension plans but simplified. These obligations are calculated 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 basis and diluted earnings per share as at 31 December 2014 and 2013 are 23,333,333,333 shares and 23,333,333,333 shares, respectively.

ak. Operating Segment

An operating segment is a component of entity which:

- (a) involves in 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 for decision making on allocation of resources and performance evaluation on works; and
- (c) separate financial information is available.

In accordance with SFAS 5 - Operating Segment, the Group presents operating segment based on internal reports that are presented to the decision-maker operational activities. The 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 represent component of the Bank and its Subsidiaries that are providing services in defferent economic environment and have a different risk and reward compare to others operate in different economic environment. 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 are no longer allocated from retained earning approved by General shareholders meeting instead, it is accrued and charged directly to the current year consolidated statement of comprehensive income of 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 Statements of Financial Accounting Standard 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.

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3. USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

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.

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.

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3. USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty (continued)

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.

4. CURRENT ACCOUNTS WITH BANK INDONESIA

	2014	2013
Rupiah	40,379,267	34,292,655
United States Dollar (Note 61B.(v))	10,219,573	9,611,764
	50,598,840	43,904,419

As at 31 December 2014 and 2013, the Bank's Minimum Statutory Reserve complies with Bank Indonesia (BI) Regulation No. 13/10/PBI/2011 dated 9 February 2011, which latest amended by BI Regulation No. 15/15/PBI/2013 dated 24 December 2013 regarding Minimum Statutory Reserve of Commercial Banks in Rupiah and foreign currencies which are as follows:

	2014	2013
Rupiah		
- Primary Minimum Statutory Reserve	8.00%	8.00%
- Secondary Minimum Statutory Reserve	4.00%	4.00%
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 is determined by Bank Indonesia. Minimum statutory reserve on Loan to Deposit Ratio (LDR) is the Minimum Statutory 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%.

Excess Reserve, represents 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 ratio of the Minimum Statutory Reserve requirement (Bank Mandiri only) for its Rupiah and foreign currencies accounts as at 31 December 2014 and 2013, are as follows:

	2014	2013
Rupiah		
- Primary Minimum Statutory Reserve	8.00%	8.00%
- Secondary Minimum Statutory Reserve	17.74%	18.08%
- Minimum Statutory Reserve on Loan to Deposit Ratio*)	0.00%	0.00%
Foreign currencies	8.49%	8.10%

*) 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 the Bank's LDR with the maximum Bank Indonesia's LDR target multiply by 20%. The regulation was effective starting from 31 December 2013. Bank Mandiri's LDR as at 31 December 2014 and 2013 is between 78% - 92%, therefore no GWM LDR required.

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5. CURRENT ACCOUNTS WITH OTHER BANKS

a. By Currency, Related Parties and Third Parties:

	2014	2013
Rupiah		
Related parties (Note 55)	19,869	38,982
Third parties	258,212	162,747
Total Rupiah	<u>278,081</u>	<u>201,729</u>
Foreign currencies		
Related parties (Note 55)	1,068	406
Third parties	8,707,682	13,845,940
Total foreign currencies (Note 61B.(v))	<u>8,708,750</u>	<u>13,846,346</u>
Total	8,986,831	14,048,075
Less: Allowance for impairment losses	<u>(3,364)</u>	<u>(11,591)</u>
	<u>8,983,467</u>	<u>14,036,484</u>

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:

	2014	2013
Rupiah - Current	<u>278,081</u>	<u>201,729</u>
Foreign currencies		
Current	8,705,569	13,841,687
Loss	<u>3,181</u>	<u>4,659</u>
Total foreign currencies (Note 61B.(v))	<u>8,708,750</u>	<u>13,846,346</u>
Total	8,986,831	14,048,075
Less: Allowance for impairment losses	<u>(3,364)</u>	<u>(11,591)</u>
	<u>8,983,467</u>	<u>14,036,484</u>

c. The Average Interest Rate (yield) per Annum:

	2014	2013
Rupiah	0.14%	0.02%
Foreign currencies	0.08%	0.06%

d. Movements of allowance for impairment losses on current accounts with other banks are as follows:

	2014	2013
Balance at beginning of year	11,591	6,268
(Reversal)/allowance during the year (Note 44)	(6,846)	3,726
Others*)	<u>(1,381)</u>	<u>1,597</u>
Balance at end of year	<u>3,364</u>	<u>11,591</u>

*) 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.

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6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS

a. By Type, Currency, Maturity and Bank Indonesia's Collectibility:

2014				
	Maturity	Current	Loss	Total
Rupiah:				
Bank Indonesia	< 1 month	25,211,529	-	25,211,529
Call Money	< 1 month	5,886,000	-	5,886,000
	≥ 1 month ≤ 3 months	980,000	-	980,000
Time Deposit	< 1 month	2,036,190	-	2,036,190
	≥ 1 month ≤ 3 months	1,476,877	-	1,476,877
	> 3 months ≤ 6 months	240,273	-	240,273
	> 6 months ≤ 12 months	20,000	-	20,000
Saving	no maturity	1,055	-	1,055
Total Rupiah		35,851,924	-	35,851,924
Foreign currencies:				
Bank Indonesia	< 1 month	17,524,775	-	17,524,775
Call Money	< 1 month	5,824,715	-	5,824,715
	> 12 months	-	45,053	45,053
Fixed Term Placement	< 1 month	1,756,361	-	1,756,361
	≥ 1 month ≤ 3 months	545	-	545
	> 3 months ≤ 6 months	199,770	-	199,770
	> 12 months	-	1,038	1,038
Time Deposit	< 1 month	8,571	-	8,571
Total foreign currencies (Note 61B.(v))		25,314,737	46,091	25,360,828
Total				61,212,752
Less: Allowance for impairment losses				(95,147)
				61,117,605

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

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6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (continued)

b. By Related Parties and Third Parties:

	<u>2014</u>	<u>2013</u>
Rupiah:		
Related parties (Note 55)	1,250,349	668,504
Third parties	<u>34,601,575</u>	<u>23,019,691</u>
Total Rupiah	<u>35,851,924</u>	<u>23,688,195</u>
Foreign currencies:		
Related parties (Note 55)	252,729	248,278
Third parties	<u>25,108,099</u>	<u>21,282,960</u>
Total foreign currencies (Note 61B.(v))	<u>25,360,828</u>	<u>21,531,238</u>
Total	61,212,752	45,219,433
Less: Allowance for impairment losses	<u>(95,147)</u>	<u>(105,599)</u>
	<u>61,117,605</u>	<u>45,113,834</u>

c. Average Interest Rate (yield) per Annum:

	<u>2014</u>	<u>2013</u>
Rupiah	4.25%	3.50%
Foreign currencies	0.15%	0.16%

d. As at 31 December 2014 and 2013, there were no placements pledged as cash collateral.

e. Movements of allowance for impairment losses on placements with other banks:

	<u>2014</u>	<u>2013</u>
Balance at beginning of year	105,599	85,258
(Reversal)/allowance during the year (Note 44)	(10,321)	8,548
Others*)	<u>(131)</u>	<u>11,793</u>
Balance at end of year	<u>95,147</u>	<u>105,599</u>

*) 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, 6 September 2012 and 23 January 2014 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 2014 and 2013 amounted to EUR3,061,829 (full amount) and EUR4,033,599 (full amount), respectively. As at 31 December 2014 and 2013, 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.

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7. MARKETABLE SECURITIES

a. By Purpose, Related Parties and Third Parties:

	2014	2013
<u>Marketable securities</u>		
Related parties (Note 55):		
Fair value through profit or loss	699,913	939,437
Available for sale	6,628,460	3,661,685
Held to maturity	1,157,606	334,199
At cost*)	295,000	423,000
	<u>8,780,979</u>	<u>5,358,321</u>
Third parties:		
Fair value through profit or loss	3,693,306	1,644,183
Available for sale	6,599,574	6,764,572
Held to maturity	6,034,421	2,831,050
At cost*)	217,933	316,778
Loans and Receivables	-	13,210
	<u>16,545,234</u>	<u>11,569,793</u>
<u>Investments in unit-linked contracts **)</u>		
Related parties (Note 55):		
Fair value through profit or loss	6,022,118	3,578,934
Third parties:		
Fair value through profit or loss	9,502,827	6,882,202
Total	40,851,158	27,389,250
Add/(less):		
Unamortised (discounts)/premium	(3,553)	1,496
Unrealised loss on decrease in fair value of marketable securities	(80,668)	(271,132)
Allowance for impairment losses	(301,779)	(317,066)
	<u>(386,000)</u>	<u>(586,702)</u>
	<u>40,465,158</u>	<u>26,802,548</u>

*) Marketable securities owned by Subsidiary which was recorded in accordance with SFAS 110 "Accounting for Sukuk".

**) 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:

	2014						
	Cost/ Nominal Value*)	Unamortised Premiums/ (Discounts)	Unrealised Gains/ (Losses)	Fair Value/Amortised Cost **)			
				Current	Substandard	Loss	Total
Rupiah:							
Fair value through profit or loss							
<u>Marketable securities</u>							
Bonds	565,649	-	(6,311)	559,338	-	-	559,338
Certificates of Bank Indonesia	2,288,015	-	5,858	2,293,873	-	-	2,293,873
Investments in mutual fund units	1,139,039	-	9,506	1,148,545	-	-	1,148,545
Shares	170,893	-	5,081	175,974	-	-	175,974
	<u>4,163,596</u>	<u>-</u>	<u>14,134</u>	<u>4,177,730</u>	<u>-</u>	<u>-</u>	<u>4,177,730</u>
<u>Investments in unitlinked contracts ***)</u>							
Shares	15,367,204	-	-	15,367,204	-	-	15,367,204
Bonds	43,025	-	-	43,025	-	-	43,025
Investments in mutual fund units	114,716	-	-	114,716	-	-	114,716
	<u>15,524,945</u>	<u>-</u>	<u>-</u>	<u>15,524,945</u>	<u>-</u>	<u>-</u>	<u>15,524,945</u>
	<u>19,688,541</u>	<u>-</u>	<u>14,134</u>	<u>19,702,675</u>	<u>-</u>	<u>-</u>	<u>19,702,675</u>

*) 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.

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7. MARKETABLE SECURITIES (continued)

b. By Type, Currency and Bank Indonesia's Collectibility (continued):

	2014						
	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	4,927,000	-	45,419	4,972,419	-	-	4,972,419
Bonds	2,447,545	-	(40,253)	2,407,292	-	-	2,407,292
Medium term notes	450,000	-	-	450,000	-	-	450,000
Negotiable Certificate of Deposit	361,581	-	109	361,690	-	-	361,690
	<u>8,186,126</u>	<u>-</u>	<u>5,275</u>	<u>8,191,401</u>	<u>-</u>	<u>-</u>	<u>8,191,401</u>
Held to maturity							
Certificates of Bank Indonesia	2,868,304	(2,527)	-	2,865,777	-	-	2,865,777
Bonds	1,986,000	(91)	-	1,898,949	86,960	-	1,985,909
Medium term notes	1,150,000	(1,915)	-	1,148,085	-	-	1,148,085
Export bills	128,754	-	-	128,754	-	-	128,754
	<u>6,133,058</u>	<u>(4,533)</u>	<u>-</u>	<u>6,041,565</u>	<u>86,960</u>	<u>-</u>	<u>6,128,525</u>
At cost****)							
Sharia Corporate bonds	495,000	980	-	358,980	-	137,000	495,980
Export bills	17,044	-	-	17,044	-	-	17,044
	<u>512,044</u>	<u>980</u>	<u>-</u>	<u>376,024</u>	<u>-</u>	<u>137,000</u>	<u>513,024</u>
Total Rupiah	<u>34,519,769</u>	<u>(3,553)</u>	<u>19,409</u>	<u>34,311,665</u>	<u>86,960</u>	<u>137,000</u>	<u>34,535,625</u>
Foreign currencies:							
Fair value through profit or loss							
Treasury bills	229,623	-	(17)	229,606	-	-	229,606
Available for sale							
Bonds	4,784,762	-	(96,865)	4,687,897	-	-	4,687,897
Treasury bills	257,146	-	(3,195)	253,951	-	-	253,951
	<u>5,041,908</u>	<u>-</u>	<u>(100,060)</u>	<u>4,941,848</u>	<u>-</u>	<u>-</u>	<u>4,941,848</u>
Held to maturity							
Export bills	1,058,969	-	-	1,058,969	-	-	1,058,969
At cost****)							
Export bills	889	-	-	889	-	-	889
Total foreign currencies (Note 61B.(v))	<u>6,331,389</u>	<u>-</u>	<u>(100,077)</u>	<u>6,231,312</u>	<u>-</u>	<u>-</u>	<u>6,231,312</u>
Total	<u>40,851,158</u>	<u>(3,553)</u>	<u>(80,668)</u>	<u>40,542,977</u>	<u>86,960</u>	<u>137,000</u>	<u>40,766,937</u>
Less: Allowance for impairment losses							<u>(301,779)</u>
Net							<u>40,465,158</u>

*) 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".

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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:							
Fair value through profit or loss							
<u>Marketable securities</u>							
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
	<u>2,370,884</u>	<u>-</u>	<u>(11,772)</u>	<u>2,359,112</u>	<u>-</u>	<u>-</u>	<u>2,359,112</u>
<u>Investments in unit-linked contracts ***)</u>							
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
	<u>10,461,136</u>	<u>-</u>	<u>-</u>	<u>10,461,136</u>	<u>-</u>	<u>-</u>	<u>10,461,136</u>
	<u>12,832,020</u>	<u>-</u>	<u>(11,772)</u>	<u>12,820,248</u>	<u>-</u>	<u>-</u>	<u>12,820,248</u>
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
	<u>7,687,840</u>	<u>-</u>	<u>17,602</u>	<u>7,705,442</u>	<u>-</u>	<u>-</u>	<u>7,705,442</u>
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
	<u>1,375,985</u>	<u>(1,345)</u>	<u>-</u>	<u>1,287,872</u>	<u>-</u>	<u>86,768</u>	<u>1,374,640</u>
At cost****)							
Sharia Corporate bonds	728,000	2,841	-	593,841	-	137,000	730,841
Export bills	11,778	-	-	11,778	-	-	11,778
	<u>739,778</u>	<u>2,841</u>	<u>-</u>	<u>605,619</u>	<u>-</u>	<u>137,000</u>	<u>742,619</u>
Total Rupiah	<u>22,635,623</u>	<u>1,496</u>	<u>5,830</u>	<u>22,419,181</u>	<u>-</u>	<u>223,768</u>	<u>22,642,949</u>
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
	<u>2,738,417</u>	<u>-</u>	<u>(276,897)</u>	<u>2,461,412</u>	<u>-</u>	<u>108</u>	<u>2,461,520</u>
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))	<u>4,753,627</u>	<u>-</u>	<u>(276,962)</u>	<u>4,463,347</u>	<u>-</u>	<u>13,318</u>	<u>4,476,665</u>
Total	<u>27,389,250</u>	<u>1,496</u>	<u>(271,132)</u>	<u>26,882,528</u>	<u>-</u>	<u>237,086</u>	<u>27,119,614</u>
Less: Allowance for impairment losses							<u>(317,066)</u>
Net							<u>26,802,548</u>

*) 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.

****)) Marketable securities owned by Subsidiary which was recorded in accordance with SFAS 110 "Accounting for Sukuk".

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7. MARKETABLE SECURITIES (continued)

c. By Remaining Period to Maturity:

	2014	2013
<u>Marketable securities</u>		
Rupiah:		
No maturity date	1,823,931	1,064,557
< 1 year	10,668,922	2,747,514
≥ 1 < 5 years	6,358,971	7,878,416
≥ 5 ≤ 10 years	<u>143,000</u>	<u>484,000</u>
Total Rupiah	<u>18,994,824</u>	<u>12,174,487</u>
Foreign currencies:		
No maturity date	-	108
< 1 year	1,423,613	2,002,001
≥ 1 < 5 years	889,588	250,652
≥ 5 ≤ 10 years	4,018,188	2,500,866
> 10 years	<u>-</u>	<u>-</u>
Total foreign currencies (Note 61B.(v))	<u>6,331,389</u>	<u>4,753,627</u>
<u>Investments in unit-linked contracts *)</u>		
Rupiah:		
No maturity date	15,481,920	10,255,997
< 1 year	-	93,421
≥ 1 < 5 years	20,148	58,001
≥ 5 ≤ 10 years	<u>22,877</u>	<u>53,717</u>
Total Rupiah	<u>15,524,945</u>	<u>10,461,136</u>
Total	<u>40,851,158</u>	<u>27,389,250</u>
Add/(less):		
Unamortised (discounts)/premiums	(3,553)	1,496
Unrealised loss on decrease in fair value of securities	(80,668)	(271,132)
Allowance for impairment losses	<u>(301,779)</u>	<u>(317,066)</u>
	<u>(386,000)</u>	<u>(586,702)</u>
	<u>40,465,158</u>	<u>26,802,548</u>

*) 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:

	2014	2013
<u>Marketable securities</u>		
Corporate	16,459,149	13,292,637
Central Bank	5,385,943	322,558
Banks	3,016,163	2,598,377
Government	<u>464,958</u>	<u>714,542</u>
	<u>25,326,213</u>	<u>16,928,114</u>
<u>Investments in unit-linked contracts *)</u>		
Banks	4,214,249	2,514,009
Corporate	<u>11,310,696</u>	<u>7,947,127</u>
	<u>15,524,945</u>	<u>10,461,136</u>
Total	<u>40,851,158</u>	<u>27,389,250</u>
Add/(less):		
Unamortised (discounts)/premiums	(3,553)	1,496
Unrealised loss on decrease in fair value of securities	(80,668)	(271,132)
Allowance for impairment losses	<u>(301,779)</u>	<u>(317,066)</u>
	<u>(386,000)</u>	<u>(586,702)</u>
	<u>40,465,158</u>	<u>26,802,548</u>

*) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary's unit-linked contracts which are presented at fair value.

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7. MARKETABLE SECURITIES (continued)

e. Details of Bonds by Rating:

		Rating*)		Fair Value/Amortised Cost**)	
	Rating Agencies	2014	2013	2014	2013
Rupiah					
Fair value through profit or loss					
Marketable securities					
Bonds					
PT Adira Dinamika Multifinance Tbk.	Pefindo	idAAA	idAA+	43,968	13,911
PT Federal International Finance	Pefindo	idAA+	idAA+	38,059	74,411
PT Bank International Indonesia Tbk.	Pefindo	idAAA	idAAA	10,933	10,863
PT Bank OCBC NISP Tbk.	Pefindo	idAAA	idAAA	9,797	58,702
PT Aneka Tambang (Persero) Tbk.	Pefindo	idA	idAA-	6,451	6,531
PT Sumberdaya Sewatama	Pefindo	idA	idA	982	967
PTJasa Marga (Persero) Tbk.	Pefindo	-	idAA	-	149,625
PT Sarana Multigriya Finansial (Persero)	Pefindo	-	idAA	-	54,964
PT BCA Finance Tbk.	Pefindo	-	idAA+, idAAA	-	24,820
		idAA-, idAA, idAA+, idAAA	idA-, idAAA, AA- (idn)		
Others ***)	Various			449,148	992,889
				559,338	1,387,683
Investments in unit-linked contracts ****)					
PT AKR Corporindo Tbk.	Pefindo	idAA-	idAA-	25,760	52,617
PT Adira Dinamika Multi Finance Tbk.	Pefindo	idAAA	idAA+	1,969	4,942
PT Astra Sedaya Finance	Pefindo	-	idAA+	-	53,520
PT Bank CIMB Niaga Tbk.	Pefindo	-	idAAA	-	22,281
PT Jasa Marga (Persero) Tbk.	Pefindo	-	idAA	-	14,486
PT Bank Panin Indonesia Tbk.	Pefindo	-	idAA	-	13,435
PT Toyota Astra Financial Services	Pefindo	-	idAA	-	11,817
Others	Pefindo	idA, idA+, idAA-	idA, idAAA	15,296	32,041
				43,025	205,139
				602,363	1,592,822
Available for sale					
Bonds					
PT Indofood Sukses Makmur Tbk.	Pefindo	idAA+	idAA+	330,400	316,638
PT Jasa Marga (Persero) Tbk.	Pefindo	idAA	idAA	317,620	199,580
PT Astra Sedaya Finance	Pefindo	idAAA	idAA+	249,350	198,750
PT Sarana Multigriya Finansial (Persero)	Pefindo	idAA+	idAA	143,665	100,025
PT Bank Internasional Indonesia Tbk.	Pefindo	idAAA	idAAA	122,988	120,183
PT Bank OCBC NISP Tbk.	Pefindo	idAAA	idAAA	105,530	97,350
PT Medco Energi Internasional Tbk.	Pefindo	idAA-	idAA-	66,010	68,600
PT Panorama Sentrawisata Tbk.	Pefindo	idA-	idA-	50,277	50,260
PT Pembangunan Jaya Ancol Tbk.	Pefindo	idAA-	idAA-	49,263	49,062
PT Wijaya Karya (Persero) Tbk.	Pefindo	-	idA+	-	300,000
		idA, idA+, idAA-	idA-, idAAA		
Others	Various	idAA+, idAAA	AA- (idn)	972,189	139,580
				2,407,292	1,640,028

*) 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, Moody's and Fitch Ratings.

**) Held to maturity securities are stated at amortised costs.

***) Bonds classified as fair value through profit or loss mainly consist of treasury bills (Surat Perbendaharaan Negara) which has no rating

****) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary's unit-linked contracts which are presented at fair value.

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7. MARKETABLE SECURITIES (continued)

e. Details of Bonds by Rating (continued):

		Rating*)		Fair Value/Amortised Cost**)	
	Rating Agencies	2014	2013	2014	2013
Rupiah (continued)					
Held to maturity					
Bonds					
PT Tunas Baru Lampung Tbk.	Pefindo	idA	idA	500,000	500,000
PT Surya Artha Nusantara Finance Tbk.	Pefindo	idAA-	-	300,000	-
PT Medco Energi International Tbk.	Pefindo	idAA-	idAA-	223,000	223,000
PT Arpeni Pratama Ocean Line Tbk.	Pefindo	idD	idD	86,960	86,768
PT Mayora Indah Tbk.	Pefindo	idAA-	idAA-	74,000	55,000
PT Indosat Tbk.	Pefindo	idAAA	idAA+	60,949	211,049
		idA, idAA-, idAA			
Others	Various	idAA+, idAAA	-	741,000	-
				1,985,909	1,075,817
At cost****)					
Sharia Corporate Bonds					
PT Perusahaan Listrik Negara (Persero) Tbk.	Pefindo	idAAA	idAAA	295,572	316,581
PT Berlian Laju Tanker Tbk.	Pefindo	idD	idD	87,000	87,000
PT Indosat Tbk.	Pefindo	-	idAA+	-	108,007
PT Salim Ivomas Pratama Tbk.	Pefindo	-	idAA	-	60,000
		A+ (idn)	A+ (idn)		
Others	Various	idD, idA	idD, idA+	113,408	159,253
				495,980	730,841
				2,481,889	1,806,658
Total Rupiah				5,491,544	5,039,508
Foreign currencies					
Available for sale					
Bonds					
PT Pertamina (Persero)	Fitch	BBB-	BBB-	3,803,297	2,071,368
PT Bank Negara Indonesia (Persero) Tbk.	Moody's	Baa3	Baa3	407,219	36,528
PT Perusahaan Listrik Negara (Persero) Tbk.	Pefindo	idAAA	-	213,177	-
PT Bank Rakyat Indonesia (Persero) Tbk.	Moody's	Baa3	Baa3	122,612	114,094
Perusahaan Gas Negara (Persero) Tbk.	Moody's	Baa3	-	88,608	-
Bank Of East Asia	S&P	A-	A-	27,421	26,588
Bank of China Hong kong	S&P	A+	A+	25,563	25,734
Lembaga Pembiayaan Ekspor Indonesia	Moody's	-	Baa3	-	72,473
				4,687,897	2,346,785
Loan and Receivable					
Bond					
Advance SCT****)	-	-	-	-	13,210
Total foreign currencies (Note 61B.(v))				4,687,897	2,359,995

*) 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, Moody's and Fitch Ratings.

**) Held to maturity securities are stated at amortised costs.

****) Marketable securities owned by Subsidiary which was recorded in accordance with SFAS 110 "Accounting for Sukuk".

*****) Bond that has no rating.

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7. MARKETABLE SECURITIES (continued)

f. Average Interest Rate (yield) per Annum:

	2014	2013
Rupiah	6.74%	5.25%
Foreign currencies	5.56%	6.02%

g. Movements of allowance for impairment losses on marketable securities:

	2014	2013
Balance at beginning of year	317,066	281,513
Allowance during the year (Note 44)	18,804	30,199
Others*)	(34,091)	5,354
Balance at end of year	301,779	317,066

*) 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.

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 result to a breach of tainting rule in the consolidated financial statements.

j. As at 31 December 2014 and 2013, the Bank has become the major investor in some mutual funds 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 (liquidated in 2014) with fair value as at 31 December 2014 amounting to Rp1,507,907, Rp1,010,412, Rp808,405, Rp804,267 dan RpNil, respectively (2013: amounting to Rp1,507,088, Rp1,008,918, Rp803,804, Rp807,095 and Rp901,011), respectively. The main underlying assets of the mutual funds consist of Government Bonds.

k. As at 31 December 2014, marketable securities with total nominal amount of USD65,000,000 (full amount) (2013: USDNil) had been pledged as collateral for funds borrowing from other banks (Note 36c).

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 2014 and 2013. With details as follows:

	2014	2013
Related party (Note 55)		
<u>Government Bonds</u>		
Fair value through profit or loss, at fair value	1,745,205	1,381,747
Available for sale, at fair value	61,187,145	57,213,114
Held to maturity, at amortised cost	21,195,694	22,467,976
At cost *)	875,973	712,585
<u>Investments in unit-linked contracts **)</u>		
Fair value through profit or loss, at fair value	1,149,889	452,006
	86,153,906	82,227,428

*) Government Bonds owned by Subsidiary which was recorded in accordance with SFAS 110 “Accounting for Sukuk”.

**) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary’s unit-linked contracts which are presented at fair value.

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8. GOVERNMENT BONDS (continued)

a. By Maturity

The Government Bonds, by remaining period of maturity, are as follow:

	2014	2013
Rupiah		
Fair value through profit or loss		
<u>Government Bond</u>		
Less than 1 year	114,550	77,856
1 - 5 years	601,347	363,993
5 - 10 years	410,816	226,558
Over 10 years	618,492	651,622
	<u>1,745,205</u>	<u>1,320,029</u>
<u>Investments in unit-linked contracts **)</u>		
Less than 1 year	18,721	8,523
1 - 5 years	97,069	17,578
5 - 10 years	562,420	7,963
Over 10 years	471,679	417,942
	<u>1,149,889</u>	<u>452,006</u>
	<u>2,895,094</u>	<u>1,772,035</u>
Available for sale		
Less than 1 year	1,895,913	1,091,145
1 - 5 years	22,979,323	13,791,159
5 - 10 years	24,716,089	33,997,367
	<u>49,591,325</u>	<u>48,879,671</u>
Held to maturity		
Less than 1 year	412,758	1,190,166
1 - 5 years	20,326,052	20,722,372
5 - 10 years	40,756	55,851
Over 10 years	157,528	80,743
	<u>20,937,094</u>	<u>22,049,132</u>
At cost*)		
Less than 1 year	714,000	-
1 - 5 years	23,385	712,585
	<u>737,385</u>	<u>712,585</u>
Total Rupiah	<u>74,160,898</u>	<u>73,413,423</u>
Foreign currency		
Fair value through profit or loss		
5 - 10 years	-	61,718
Available for sale		
Less than 1 year	608,113	3,621,881
1 - 5 years	8,002,450	1,602,618
5 - 10 Years	2,985,257	3,108,944
	<u>11,595,820</u>	<u>8,333,443</u>
Held to maturity		
Less than 1 year	-	212,599
1 - 5 years	209,310	24,331
5 - 10 years	49,290	181,914
	<u>258,600</u>	<u>418,844</u>
At cost*)		
1 - 5 years	138,588	-
Total foreign currency (Note 61B.(v))	<u>11,993,008</u>	<u>8,814,005</u>
	<u>86,153,906</u>	<u>82,227,428</u>

*) Government Bonds owned by Subsidiary which was recorded in accordance with SFAS 110 "Accounting for Sukuk".

**) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary's unit-linked contracts which are presented at fair value.

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8. GOVERNMENT BONDS (continued)

b. By Type

	2014				
	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	<u>1,751,082</u>	5.25%-12.80%	<u>1,745,205</u>	15/06/2015 – 15/02/2044	1 and 6 months
Investments in unit-linked contracts **)					
Fixed rate bonds	<u>1,149,889</u>	6.25%-11.00%	<u>1,149,889</u>	21/09/2015 – 15/03/2034	1 and 6 months
Available for sale					
Fixed rate bonds	9,181,113	5.25%-8.50%	9,018,496	21/09/2015 – 15/04/2019	1 and 6 months
Variable rate bonds	<u>41,074,774</u>	SPN 3 months	<u>40,572,829</u>	25/11/2015 – 25/07/2020	3 months
	<u>50,255,887</u>		<u>49,591,325</u>		
	Amortised Cost	Interest Rates Per Annum	Maturity Dates	Frequency of Interest Payment	
Held to maturity					
Fixed rate bonds	306,797	8.25%-11.75%	15/06/2015 – 15/05/2037		6 months
Variable rate bonds	<u>20,630,297</u>	SPN 3 months	25/04/2015 – 25/09/2017		3 months
	<u>20,937,094</u>				
At cost*)					
Fixed rate bonds	<u>737,385</u>	8.75%-11.80%	15/08/2015 – 05/03/2017		6 months
	Nominal	Interest Rates per Annum	Fair Value	Maturity Dates	Frequency of Interest Payment
Foreign currency					
Available for sale					
Fixed rate bonds	<u>10,975,339</u>	3.30%-11.63%	<u>11,595,820</u>	20/4/2015 – 15/4/2023	6 months
	Amortised Cost	Interest Rates Per Annum	Maturity Dates	Frequency of Interest Payment	
Held to maturity					
Fixed rate bonds	<u>258,600</u>	5.88%-7.50%	15/1/2016 – 15/1/2024		6 months
At cost*)					
Fixed rate bonds	<u>138,588</u>	6.13%	15/03/2019		6 months

*) Government Bonds owned by Subsidiary which was recorded in accordance with SFAS 110 "Accounting for Sukuk".

**) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary's unit-linked contracts which are presented at fair value.

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8. GOVERNMENT BONDS (continued)

b. By Type (continued)

	2013				
	Nominal	Interest Rates per Annum	Fair Value	Maturity Dates	Frequency of Interest Payment
Rupiah					
Fair value through profit or loss					
<u>Government Bonds</u>					
Fixed rate bonds	<u>1,378,823</u>	5.25% - 12.80%	<u>1,320,029</u>	23/02/2014 – 15/02/2044	1 and 6 months
<u>Investments in unit-linked contracts **)</u>					
Fixed rate bonds	<u>452,006</u>	6.00% - 11.60%	<u>452,006</u>	23/02/2014 – 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 – 15/05/2018	1 and 6 months
Variable rate bonds	<u>44,874,774</u>	SPN 3 months	<u>44,301,082</u>	25/12/2014 – 25/07/2020	3 months
	<u>49,785,649</u>		<u>48,879,671</u>		
	<u>Amortised Cost</u>	<u>Interest Rates Per Annum</u>	<u>Maturity Dates</u>	<u>Frequency of Interest Payment</u>	
Rupiah					
Held to maturity					
Fixed rate bonds	304,534	9.00% - 11.75%	15/10/2014 – 15/05/2037	6 months	
Variable rate bonds	<u>21,744,598</u>	SPN 3 months	25/12/2014 – 25/09/2017	3 months	
	<u>22,049,132</u>				
At cost*)					
Fixed rate bonds	<u>712,585</u>	9.25% - 11.80%	15/08/2015 – 15/09/2015	6 months	
	<u>Nominal</u>	<u>Interest Rates per Annum</u>	<u>Fair Value</u>	<u>Maturity Dates</u>	<u>Frequency of Interest Payment</u>
Foreign currency					
Fair value through profit or loss					
Fixed rate bonds	<u>60,850</u>	3.50%	<u>61,718</u>	15/05/2017	6 months
Available for sale					
Fixed rate bonds	<u>8,705,603</u>	3.30% - 10.38%	<u>8,333,443</u>	10/3/2014 – 17/10/2023	6 months
	<u>Amortised Cost</u>	<u>Interest Rates Per Annum</u>	<u>Maturity Dates</u>	<u>Frequency of Interest Payment</u>	
Foreign currency					
Held to maturity					
Fixed rate bonds	<u>418,844</u>	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".

**) Investments in unit-linked contracts are investments owned by policyholders of Subsidiary's unit-linked contracts which are presented at fair value.

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8. GOVERNMENT BONDS (continued)

c. Other Information

As at 31 December 2014, Government Bonds with total nominal amount of Rp6,821,742 and marketable securities with total nominal amount of Rp450,000 were sold under repurchase agreements (31 December 2013: Rp5,482,742) (Note 28).

As at 31 December 2014, Government Bonds with total nominal amount of Rp13,772,473 and USD581,729,000 (full amount) (2013: Rp14,012,379 and USD158,300,000 (full amount)) had been pledged as collateral for funds borrowing from other banks and subordinated loans (Note 36c, 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:

	2014	2013
Rupiah:		
Related parties (Note 55)		
Usance L/C payable at sight	29,126	19,533
Others	3,514,462	2,815,817
	<u>3,543,588</u>	<u>2,835,350</u>
Third parties		
Usance L/C payable at sight	966,481	681,186
Others	1,570,028	965,060
	<u>2,536,509</u>	<u>1,646,246</u>
Total Rupiah	<u>6,080,097</u>	<u>4,481,596</u>
Foreign currencies:		
Related parties (Note 55)		
Usance L/C payable at sight	2,328,822	988,190
Others	542,213	81,318
	<u>2,871,035</u>	<u>1,069,508</u>
Third parties		
Usance L/C payable at sight	2,626,818	1,426,719
Others	1,660,017	1,970,560
	<u>4,286,835</u>	<u>3,397,279</u>
Total foreign currencies (Note 61B.(v))	<u>7,157,870</u>	<u>4,466,787</u>
Total	13,237,967	8,948,383
Less: Allowance for impairment losses	<u>(1,586,271)</u>	<u>(1,424,454)</u>
	<u>11,651,696</u>	<u>7,523,929</u>

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9. OTHER RECEIVABLES - TRADE TRANSACTIONS (continued)

b. By Bank Indonesia's Collectibility:

	2014	2013
Current	11,577,417	7,497,681
Special mention	599,234	459,251
Substandard	54,964	-
Loss	<u>1,006,352</u>	<u>991,451</u>
Total	13,237,967	8,948,383
Less: Allowance for impairment losses	<u>(1,586,271)</u>	<u>(1,424,454)</u>
	<u>11,651,696</u>	<u>7,523,929</u>

c. By Maturity:

	2014	2013
Rupiah:		
Less than 1 month	1,639,539	1,340,698
1 - 3 months	2,836,836	2,105,976
3 - 6 months	1,379,292	882,676
6 - 12 months	78,487	6,302
Over 12 months	<u>145,943</u>	<u>145,944</u>
Total Rupiah	6,080,097	4,481,596
Foreign currencies:		
Less than 1 month	663,299	794,118
1 - 3 months	2,567,987	1,312,949
3 - 6 months	3,014,228	1,477,670
6 - 12 months	51,948	36,579
Over 12 months	<u>860,408</u>	<u>845,471</u>
Total foreign currencies (Note 61B.(v))	7,157,870	4,466,787
Total	13,237,967	8,948,383
Less: Allowance for impairment losses	<u>(1,586,271)</u>	<u>(1,424,454)</u>
	<u>11,651,696</u>	<u>7,523,929</u>

d. Movements of allowance for impairment losses on other receivables - trade transactions:

	2014	2013
Balance at beginning of year	1,424,454	1,125,015
Allowance during the year (Note 44)	115,522	39,848
Others*)	<u>46,295</u>	<u>259,591</u>
Balance at end of year	<u>1,586,271</u>	<u>1,424,454</u>

*) 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.

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10. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

a. Securities purchased under resale agreements

Type of Securities	2014				
	Starting Date	Maturity Date	Resale Amount	Unamortised Interest	Carrying Amount
Third parties					
Rupiah					
Obligasi FR0044	29/12/2014	26/01/2015	999,092	4,143	994,949
Obligasi FR0071	05/12/2014	06/01/2015	942,780	784	941,996
Obligasi FR0053	12/12/2014	08/01/2015	902,401	1,050	901,351
Obligasi FR0056	30/12/2014	27/01/2015	892,005	3,847	888,158
Obligasi FR0056	30/12/2014	27/01/2015	892,005	3,847	888,158
Obligasi FR0066	02/12/2014	02/01/2015	872,905	145	872,760
Obligasi FR0027	30/12/2014	27/01/2015	872,458	3,763	868,695
SPN109-011015	30/12/2014	27/01/2015	814,148	3,512	810,636
Obligasi FR0044	29/12/2014	26/01/2015	769,244	3,190	766,054
Obligasi FR0063	29/12/2014	26/01/2015	739,787	3,069	736,718
Obligasi FR0063	29/12/2014	26/01/2015	739,787	3,069	736,718
Obligasi FR0063	29/12/2014	26/01/2015	716,466	2,971	713,495
Obligasi FR0031	04/12/2014	05/01/2015	710,241	473	709,768
Obligasi FR0027	30/12/2014	27/01/2015	645,911	2,786	643,125
Obligasi FR0064	06/11/2014	02/01/2015	578,887	99	578,788
SPN109-011015	30/12/2014	27/01/2015	542,765	2,341	540,424
Obligasi FR0053	12/12/2014	08/01/2015	517,577	602	516,975
Obligasi FR0057	17/11/2014	12/01/2015	511,502	975	510,527
Obligasi FR0058	24/11/2014	19/01/2015	495,669	1,552	494,117
SPN107-030915	30/12/2014	27/01/2015	454,949	1,963	452,986
Obligasi FR0056	30/12/2014	27/01/2015	420,260	1,812	418,448
Obligasi FR0070	29/12/2014	26/01/2015	404,335	1,677	402,658
Obligasi FR0057	13/11/2014	08/01/2015	315,380	383	314,997
Obligasi FR0066	06/11/2014	02/01/2015	262,602	45	262,557
Obligasi FR0058	24/11/2014	19/01/2015	247,838	777	247,061
Obligasi FR0058	24/11/2014	19/01/2015	247,827	773	247,054
Obligasi FR0035	29/12/2014	26/01/2015	228,114	946	227,168
Obligasi FR0061	15/12/2014	09/02/2015	226,438	1,531	224,907
Obligasi FR0059	03/12/2014	28/01/2015	220,719	1,031	219,688
Obligasi FR0069	04/12/2014	05/01/2015	219,023	146	218,877
Obligasi FR0064	03/12/2014	28/01/2015	202,007	945	201,062
SBSN	19/12/2014	16/01/2015	197,803	526	197,277
Obligasi FR0059	30/12/2014	27/01/2015	182,449	787	181,662
Saham	29/09/2014	15/01/2015	163,139	1,083	162,056
Obligasi FR0058	24/11/2014	19/01/2015	155,483	488	154,995
Obligasi FR0058	24/11/2014	19/01/2015	146,630	460	146,170
Obligasi FR0053	04/12/2014	05/01/2015	139,522	93	139,429
SPN104-JUL15	29/12/2014	26/01/2015	138,305	574	137,731
Saham	16/10/2014	14/04/2015	134,688	6,432	128,256
SBSN	05/12/2014	02/01/2015	121,352	40	121,312
Obligasi FR0071	05/12/2014	06/01/2015	104,753	87	104,666
SBSN	07/12/2014	16/01/2015	99,078	264	98,814
SBSN	05/12/2014	02/01/2015	81,774	27	81,747
Obligasi FR0061	12/12/2014	08/01/2015	75,763	88	75,675
SBSN	19/12/2014	16/01/2015	66,894	178	66,716
SBSN	05/12/2014	02/01/2015	55,749	18	55,731
Saham	18/11/2014	18/11/2015	58,111	8,128	49,983
Saham	20/11/2014	20/11/2015	58,111	8,175	49,936
Saham	24/11/2014	24/11/2015	58,111	8,269	49,842
Saham	29/09/2014	15/01/2015	40,508	269	40,239
SBSN	05/12/2014	02/01/2015	39,742	13	39,729
SBSN	19/12/2014	16/01/2015	31,101	83	31,018
Obligasi FR0062	13/11/2014	08/01/2015	30,015	37	29,978
Saham	13/06/2014	12/06/2015	28,539	1,888	26,651
Saham	15/10/2014	12/06/2015	27,417	1,899	25,518
Saham	27/10/2014	26/01/2015	10,303	102	10,201
Saham	12/12/2014	11/06/2015	10,603	686	9,917
Saham	29/09/2014	15/01/2015	8,892	59	8,833
Obligasi FR0065	24/11/2014	19/01/2015	7,161	23	7,138
SBSN	05/12/2014	02/01/2015	4,651	1	4,650
Total			19,881,769	95,024	19,786,745
Allowance for impairment losses					(41,941)
Net					19,744,804

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10. SECURITIES PURCHASED UNDER RESALE AGREEMENTS (continued)

a. Securities purchased under resale agreements (continued)

Type of Securities	2013				
	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

b. By Bank Indonesia's Collectibility:

	2014	2013
Current	19,786,745	3,737,613
Less: Allowance for impairment losses	(41,941)	-
	19,744,804	3,737,613

c. Movements of allowance for impairment losses on securities purchased under resale agreements:

	2014	2013
Balance at beginning of year	-	-
Allowance during the year (Note 44)	41,941	-
Balance at end of year	41,941	-

Management believes that the allowance for impairment losses on securities purchased under resale agreements is adequate.

d. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 61A.

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11. DERIVATIVE RECEIVABLES AND PAYABLES

As at 31 December 2014, the summary of derivative transactions is as follow:

Transactions	Notional Amount (Equivalent Rupiah)	Fair Value	
		Derivative Receivables	Derivative Payables
Related parties (Note 55)			
<u>Foreign Exchange Related</u>			
1. Forward - buy			
United States Dollar	38,685	827	15
2. Forward - sell			
United States Dollar	555,467	4,980	515
<u>Interest Rate Related</u>			
1. Swap - interest rate			
Others		-	8,149
Total related parties		5,807	8,679
Third parties			
<u>Foreign Exchange Related</u>			
1. Forward - buy			
United States Dollar	1,338,106	12,266	5,466
Others	47,302	-	572
2. Forward - sell			
United States Dollar	4,898,228	25,129	6,284
Others	40,324	386	-
3. Swap - buy			
United States Dollar	3,652,953	8,505	17,852
Other	446,524	571	-
4. Swap - sell			
United States Dollar	9,524,366	6,904	75,923
Others	685,980	1,680	1,368
<u>Interest Rate Related</u>			
1. Swap - interest rate			
United States Dollar		7,205	4,155
Others		2,591	36,756
Total third parties		65,237	148,376
Total		71,044	157,055
Less: Allowance for impairment losses		-	-
		71,044	157,055

As at 31 December 2013, the summary of derivative transactions is as follow:

Transactions	Notional Amount (Equivalent Rupiah)	Fair Value	
		Derivative Receivables	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

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11. DERIVATIVE RECEIVABLES AND PAYABLES (continued)

As at 31 December 2013, the summary of derivative transactions is as follow: (continued)

Transactions	Notional Amount (Equivalent Rupiah)	Fair Value	
		Derivative Receivables	Derivative Payables
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

As at 31 December 2014 and 2013, derivative contracts were not designated as hedge accounting.

As at 31 December 2014 and 2013, Bank Indonesia's collectibility for derivative receivables are as follows:

	2014	2013
Current	71,044	170,878
Less: Allowance for impairment losses	-	-
	71,044	170,878

As at 31 December 2014 and 2013, there is no derivative receivables classified as impaired.

12. LOANS

A. Details of loans:

a. By Currency, Related Parties and Third Parties:

	2014	2013
Rupiah:		
Related parties (Note 55)	44,247,390	41,242,751
Third parties	400,188,347	355,526,631
Total Rupiah	444,435,737	396,769,382
Foreign currencies:		
Related parties (Note 55)	23,366,142	16,072,449
Third parties	55,299,938	54,328,618
Total foreign currencies (Note 61B.(v))	78,666,080	70,401,067
Total	523,101,817	467,170,449
Less: Allowance for impairment losses	(17,706,947)	(16,535,651)
	505,394,870	450,634,798

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12. LOANS (continued)

A. Details of loans (continued):

b.1 By Type:

	2014		
	Non-impaired^{*)}	Impaired^{*)}	Total
Rupiah:			
Working capital	181,634,846	10,896,067	192,530,913
Investment	117,352,314	3,878,429	121,230,743
Consumer	105,920,129	2,534,914	108,455,043
Syndicated	10,535,032	171,817	10,706,849
Export	8,383,443	454,331	8,837,774
Government program	1,097,564	180,753	1,278,317
Employees	<u>1,388,904</u>	<u>7,194</u>	<u>1,396,098</u>
Total Rupiah	<u>426,312,232</u>	<u>18,123,505</u>	<u>444,435,737</u>
Foreign currencies:			
Working capital	21,077,580	1,788,591	22,866,171
Investment	22,776,225	3,610,070	26,386,295
Consumer	444,186	2,968	447,154
Syndicated	14,951,884	51,518	15,003,402
Export	13,130,837	831,386	13,962,223
Employees	<u>835</u>	<u>-</u>	<u>835</u>
Total foreign currencies (Note 61B.(v))	<u>72,381,547</u>	<u>6,284,533</u>	<u>78,666,080</u>
Total	498,693,779	24,408,038 ¹⁾	523,101,817
Less: Allowance for impairment losses	<u>(4,907,064)</u>	<u>(12,799,883) ²⁾</u>	<u>(17,706,947)</u>
	<u>493,786,715</u>	<u>11,608,155 ³⁾</u>	<u>505,394,870</u>

*) 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 and SFAS 102.

1) Loans evaluated by using individual and collective assessment are amounting to Rp14,703,940 and Rp9,704,098, respectively.

2) Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp9,744,022 and Rp3,055,861, respectively.

3) Loans - net evaluated by using individual and collective assessment are amounting to Rp4,959,918 and Rp6,648,237, respectively.

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12. LOANS (continued)

A. Details of loans (continued):

b.1 By Type (continued):

	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	21,193,916¹⁾	467,170,449
Less: Allowance for impairment losses	(4,335,050)	(12,200,601)²⁾	(16,535,651)
	<u>441,641,483</u>	<u>8,993,315³⁾</u>	<u>450,634,798</u>

*) 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.

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12. LOANS (continued)

A. Details of loans (continued):

b.2 By Type and Bank Indonesia's Collectibility:

	2014					
	Current	Special Mention	Sub- standard	Doubtful	Loss	Total
Rupiah:						
Working capital	178,822,876	8,314,895	527,009	1,091,670	3,774,463	192,530,913
Investment	115,508,532	3,935,983	395,608	595,912	794,708	121,230,743
Consumer	98,587,033	7,561,556	513,800	457,239	1,335,415	108,455,043
Syndicated	10,469,284	117,791	119,774	-	-	10,706,849
Export	8,799,234	28,099	-	-	10,441	8,837,774
Government program	946,548	151,015	45,556	25,787	109,411	1,278,317
Employees	1,381,539	7,367	1,588	788	4,816	1,396,098
Total Rupiah	414,515,046	20,116,706	1,603,335	2,171,396	6,029,254	444,435,737
Foreign currencies:						
Working capital	21,146,429	1,388,627	205,345	204	125,566	22,866,171
Investment	24,969,244	834,375	321,873	-	260,803	26,386,295
Consumer	443,786	400	-	-	2,968	447,154
Syndicated	14,772,676	179,208	64	-	51,454	15,003,402
Export	13,393,718	42,934	61,535	-	464,036	13,962,223
Employees	835	-	-	-	-	835
Total foreign currencies (Note 61B.(v))	74,726,688	2,445,544	588,817	204	904,827	78,666,080
Total	489,241,734	22,562,250	2,192,152	2,171,600	6,934,081	523,101,817
Less: Allowance for impairment losses	(5,450,341)	(5,148,344)	(816,739)	(1,411,310)	(4,880,213)	(17,706,947)
	483,791,393	17,413,906	1,375,413	760,290	2,053,868	505,394,870

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12. LOANS (continued)

A. Details of loans (continued):

b.2 By Type and Bank Indonesia's Collectibility (continued):

	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

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12. LOANS (continued)

A. Details of loans (continued):

c.1 By Economic Sector:

	2014		
	Non-impaired^{*)}	Impaired^{*)}	Total
Rupiah:			
Trading, restaurant and hotel	83,559,457	5,113,407	88,672,864
Manufacturing	83,378,801	4,728,162	88,106,963
Business services	61,303,039	1,632,010	62,935,049
Agriculture	52,403,677	817,685	53,221,362
Construction	17,758,273	1,054,733	18,813,006
Transportation, warehousing and communications	17,233,273	1,271,732	18,505,005
Electricity, gas and water	11,192,536	677,080	11,869,616
Mining	6,542,767	380,756	6,923,523
Social services	4,697,251	123,995	4,821,246
Others	88,243,158	2,323,945	90,567,103
Total Rupiah	426,312,232	18,123,505	444,435,737
Foreign currencies:			
Trading, restaurant and hotel	6,492,201	464,240	6,956,441
Manufacturing	14,083,054	4,674,713	18,757,767
Business services	4,363,829	66,961	4,430,790
Agriculture	4,736,891	-	4,736,891
Construction	1,531,989	20,058	1,552,047
Transportation, warehousing and communications	5,333,801	493,276	5,827,077
Electricity, gas and water	2,062,833	320,856	2,383,689
Mining	25,195,321	241,461	25,436,782
Social services	61,856	-	61,856
Others	8,519,772	2,968	8,522,740
Total foreign currencies (Note 61B.(v))	72,381,547	6,284,533	78,666,080
Total	498,693,779	24,408,038 ¹⁾	523,101,817
Less: Allowance for impairment losses	(4,907,064)	(12,799,883) ²⁾	(17,706,947)
	493,786,715	11,608,155 ³⁾	505,394,870

*) 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 and SFAS 102.

1) Loans evaluated by using individual and collective assessment are amounting to Rp14,703,940 and Rp9,704,098, respectively.

2) Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp9,744,022 and Rp3,055,861, respectively.

3) Loans - net evaluated by using individual and collective assessment are amounting to Rp4,959,918 and Rp6,648,237, respectively.

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12. LOANS (continued)

A. Details of loans (continued):

c.1 By Economic Sector (continued):

	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	21,193,916¹⁾	467,170,449
Less: Allowance for impairment losses	(4,335,050)	(12,200,601)²⁾	(16,535,651)
	441,641,483	8,993,315³⁾	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.

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12. LOANS (continued)

A. Details of loans (continued):

c.2 By Economic Sector and Bank Indonesia's Collectibility:

		2014				
		Current	Special Mention	Sub- standard	Doubtful	Loss
						Total
Rupiah:						
Trading, restaurant and hotel	80,285,126	5,185,455	327,314	465,734	2,409,235	88,672,864
Manufacturing	84,451,452	2,621,248	101,648	13,720	918,895	88,106,963
Business services	59,203,669	2,435,711	488,872	158,222	648,575	62,935,049
Agriculture	52,046,095	705,758	59,776	105,876	303,857	53,221,362
Construction	17,699,269	877,299	55,770	27,393	153,275	18,813,006
Transportation, warehousing and communications	16,796,604	1,286,663	58,828	40,369	322,541	18,505,005
Electricity, gas and water	11,190,847	1,689	45	670,242	6,793	11,869,616
Mining	6,395,171	199,909	20,046	273,879	34,518	6,923,523
Social services	4,567,664	164,257	13,549	8,610	67,166	4,821,246
Others	81,879,149	6,638,717	477,487	407,351	1,164,399	90,567,103
Total Rupiah	414,515,046	20,116,706	1,603,335	2,171,396	6,029,254	444,435,737
Foreign currencies:						
Trading, restaurant and hotel	6,492,201	-	-	204	464,036	6,956,441
Manufacturing	16,374,068	1,660,430	362,126	-	361,143	18,757,767
Business services	4,342,685	21,145	64	-	66,896	4,430,790
Agriculture	4,736,891	-	-	-	-	4,736,891
Construction	1,431,522	120,525	-	-	-	1,552,047
Transportation, warehousing and communications	5,333,801	266,649	226,627	-	-	5,827,077
Electricity, gas and water	2,248,773	125,132	-	-	9,784	2,383,689
Mining	25,185,520	251,262	-	-	-	25,436,782
Social services	61,856	-	-	-	-	61,856
Others	8,519,371	401	-	-	2,968	8,522,740
Total foreign currencies (Note 61B.(v))	74,726,688	2,445,544	588,817	204	904,827	78,666,080
Total	489,241,734	22,562,250	2,192,152	2,171,600	6,934,081	523,101,817
Less: Allowance for impairment losses	(5,450,341)	(5,148,344)	(816,739)	(1,411,310)	(4,880,213)	(17,706,947)
	483,791,393	17,413,906	1,375,413	760,290	2,053,868	505,394,870

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12. LOANS (continued)

A. Details of loans (continued):

c.2 By Economic Sector and Bank Indonesia's Collectibility (continued):

		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

d. By Period:

	2014	2013
Rupiah:		
Less than 1 year	83,911,433	97,714,585
1 - 2 years	53,278,747	45,596,406
2 - 5 years	138,176,408	111,478,432
Over 5 years	169,069,149	141,979,959
Total Rupiah	444,435,737	396,769,382

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12. LOANS (continued)

A. Details of loans (continued):

d. By Period (continued):

	2014	2013
Foreign currencies:		
Less than 1 year	23,385,679	26,577,567
1 - 2 years	4,492,955	2,910,791
2 - 5 years	13,781,931	15,877,770
Over 5 years	37,005,515	25,034,939
Total foreign currencies (Note 61B.(v))	78,666,080	70,401,067
Total	523,101,817	467,170,449
Less: Allowance for impairment losses	(17,706,947)	(16,535,651)
	505,394,870	450,634,798

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 2014 and 2013, were 2.15% and 1.90%, respectively (the ratios for Bank Mandiri only were 1.66% and 1.60% as at 31 December 2014 and 2013, respectively), while the ratio of non-performing loans of Bank Mandiri and Subsidiaries on a net basis as at 31 December 2014 and 2013, were 0.81% and 0.58%, respectively (the ratios for Bank Mandiri only were 0.44% and 0.37% as at 31 December 2014 and 2013, respectively).

The calculation of non-performing loans ratio for Bank Mandiri and Subsidiaries as at 31 December 2014 and 2013 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 Rp2,683,707 and Rp2,530,617 as at 31 December 2014 and 2013, respectively.

B. Other significant information related to loans:

- a. Included in loans are sharia financing receivables granted by Subsidiary amounting to Rp48,226,582 and Rp50,125,273, respectively, as at 31 December 2014 and 2013, which consist of:

	2014	2013
Receivables from <i>Murabahah</i> and <i>Istishna</i>	33,749,635	33,265,329
<i>Musyarakah</i> financing	7,645,537	7,338,125
Other sharia financing	6,831,410	9,521,819
Total	48,226,582	50,125,273
Less: Allowance for impairment losses	(1,769,012)	(1,523,485)
	46,457,570	48,601,788

- b. Average interest rates (yield) and range of profit sharing per annum are as follow:

Average interest rates (yield) per annum:

	2014	2013
Rupiah	12.10%	11.23%
Foreign currencies	5.01%	4.77%

Range of profit sharing per annum:

	2014	2013
Receivables from <i>Murabahah</i> and <i>Istishna</i>	4.92% - 17.03%	1.45% - 14.59%
<i>Musyarakah</i> financing	3.51% - 15.67%	1.29% - 14.32%
Other sharia financing	4.17% - 15.43%	3.03% - 29.42%

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12. LOANS (continued)

B. Other significant information related to loans (continued):

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 2014 and 2013 amounted to Rp26,776,099 and Rp20,175,049, 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 2014 and 2013 were respectively ranged from 22.22% to 94.52% and 16.67 % to 94.52% of the total syndicated loans. While the percentage share of Bank Mandiri, as a member in syndicated loans at 31 December 2014 and 2013 were respectively ranged from 0.02% to 99.29% and 0.02% to 94.33% of the total syndicated loans.

f. Restructured Loans

Below is the type and amount of restructured loans as at 31 December 2014 and 2013:

	2014	2013
Extension of loan maturity dates	8,424,554	8,220,775
Extension of loan maturity dates and reduction of interest rates	1,203,717	1,181,698
Long-term loans with options to convert debt to equity	197,894	346,594
Additional loan facilities	44,608	37,380
Extension of loan maturity dates and other restructuring schemes*)	4,044,090	5,168,842
	13,914,863	14,955,289

*) 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 2014 and 2013 are amounting to Rp2,478,248 and Rp2,327,956 respectively.

g. Loans to Related Parties

Total loans to related parties and its percentage to the total consolidated assets are disclosed in Note 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 4.30% 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.

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12. LOANS (continued)

B. Other significant information related to loans (continued):

h. Legal Lending Limit (LLL)

As at 31 December 2014 and 2013, there are no breach or 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:

	2014	2013^{*)}
Balance at beginning of year ¹⁾	16,535,651	14,011,350
Allowance during the year (Note 44)	5,294,726	4,635,551
Write-offs ²⁾	(3,977,648)	(3,021,551)
Others ³⁾	(145,782)	910,301
Balance at end of year³⁾	<u>17,706,947</u>	<u>16,535,651</u>

*) 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 2014 and 2013 consists of Rp9,583,003 and Rp8,302,030 which were calculated using individual assessment and Rp6,952,648 and Rp5,709,320 which were calculated using collective assessment.

2) Write-off as of 31 December 2014 and 2013 consists of Rp627,225 and Rp524,532 which are calculated using individual assessment and Rp3,350,423 and Rp2,497,019 which are calculated using collective assessment.

3) Ending balance as at 31 December 2014 and 2013 consists of Rp9,744,022 and Rp9,583,003 which were calculated using individual assessment and Rp7,962,925 and Rp6,952,648 which were calculated using collective assessment.

Management believes that the allowance for impairment losses on loans is adequate.

k. Summary of non-performing loans based on economic sector and the minimum allowance for impairment losses is as follows:

	Non-performing Loans (based on Bank Indonesia regulation)	
	2014	2013
Rupiah:		
Trading, restaurant and hotel	3,202,283	2,591,789
Business services	1,295,669	890,714
Manufacturing	1,034,263	1,204,574
Others	4,271,770	2,772,702
Total Rupiah	<u>9,803,985</u>	<u>7,459,779</u>
Foreign currencies:		
Trading, restaurant and hotel	464,240	552,522
Business services	66,960	77,562
Manufacturing	723,269	840,035
Others	239,379	112
Total foreign currencies (Note 61B.(v))	<u>1,493,848</u>	<u>1,470,231</u>
	<u>11,297,833</u>	<u>8,930,010</u>

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12. LOANS (continued)

B. Other significant information related to loans (continued):

- k. Summary of non-performing loans based on economic sector and the minimum allowances for impairment losses is as follows: (continued)

Total minimum allowance for impairment losses based on Bank Indonesia regulation is as follows:

	Minimum Allowance for Impairment Losses	
	2014	2013
Rupiah:		
Trading, restaurant and hotel	2,691,199	2,095,811
Manufacturing	941,002	1,043,989
Business services	801,017	568,316
Others	2,922,234	1,736,790
Total Rupiah	7,355,452	5,444,906
Foreign currencies:		
Trading, restaurant and hotel	464,138	552,522
Manufacturing	415,462	840,035
Business services	66,906	77,508
Others	46,746	112
Total foreign currencies (Note 61B.(v))	993,252	1,470,177
	8,348,704	6,915,083

l. Write-off of "Loss" category Loans

For the year ended 31 December 2014 and 2013, Bank Mandiri written-off loans in the "loss" category amounting to Rp2,986,162 and Rp2,304,223 (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 2014 and 2013 are as follows (Bank Mandiri only):

	2014	2013
Balance at beginning of year	35,143,579	32,751,370
Write-offs	2,986,162	2,304,223
Cash recoveries	(2,686,428)	(3,075,755)
Others*)	494,111	3,163,741
Balance at end of year	35,937,424	35,143,579

*) Represents effect of foreign currency translation.

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12. LOANS (continued)

B. Other significant information related to loans (continued):

n. Loans channelled by Bank Mandiri through direct financing (executing) to Multifinance Company and joint financing mechanism as at 31 December 2014 and 2013 were amounted to Rp14,277,980 and Rp12,119,550, respectively.

o. The carrying amount of loans at amortised cost is as follows:

	2014	2013
Loans (Note 12A)	523,101,817	467,170,449
Accrued interest receivables	2,013,782	1,587,351
Deferred income (directly attributable) (Note 35)	(503,018)	(560,814)
Allowance for impairment losses (Note 12A and 12B.j)	(17,706,947)	(16,535,651)
	<u>506,905,634</u>	<u>451,661,335</u>

13. CONSUMER FINANCING RECEIVABLES

a. Details of Subsidiary's consumer financing receivables are as follows:

	2014	2013
Consumer financing receivables - gross		
Direct financing		
Rupiah		
Related parties (Note 55)	7,420	5,738
Third parties	24,699,084	17,844,672
	24,706,504	17,850,410
Less:		
Joint financing (without recourse) - gross		
Rupiah		
Related parties	(16,638,656)	(11,858,993)
	(16,638,656)	(11,858,993)
Total consumer financing receivables - gross	8,067,848	5,991,417
Less:		
Unearned income on consumer financing		
Direct financing		
Rupiah		
Third parties	(4,329,066)	(2,842,296)
Less:		
Joint financing (without recourse) - gross		
Rupiah		
Related parties	2,349,205	1,495,780
	2,349,205	1,495,780
Total unearned income on consumer financing	(1,979,861)	(1,346,516)
Total consumer financing receivables	6,087,987	4,644,901
Less: Allowance for impairment losses	(194,852)	(133,356)
Net	<u>5,893,135</u>	<u>4,511,545</u>

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13. CONSUMER FINANCING RECEIVABLES (continued)

- a. Details of Subsidiary's consumer financing receivables are as follows:(continued)

Installments of consumer financing receivables - gross balance as of 31 December 2014 and 2013 which will be received from customers based on the maturity dates are as follows:

	2014	2013
<u>Year</u>		
2014	-	7,868,722
2015	10,303,514	5,640,765
2016	7,615,902	3,067,720
2017	4,677,818	1,097,519
2018	1,877,611	175,244
2019	230,824	440
2020 and later	835	-
	<u>24,706,504</u>	<u>17,850,410</u>

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 4 December 2014, which increase the total joint financing facility to Rp20,500,000 with 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 period of this facility started on 29 August 2013 up to 28 February 2015.

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 Rp7,420 and Rp5,738 as at 31 December 2014 and 2013, respectively (refer to Note 55).

- b. Details of consumer financing receivables by Bank Indonesia's collectibility as at 31 December 2014 and 2013 are as follows:

	2014	2013
Current	5,644,332	4,261,668
Special mention	361,451	306,429
Sub-standard	36,056	30,454
Doubtful	40,092	40,038
Loss	<u>6,056</u>	<u>6,312</u>
Total	6,087,987	4,644,901
Less: Allowance for impairment losses	<u>(194,852)</u>	<u>(133,356)</u>
	<u>5,893,135</u>	<u>4,511,545</u>

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13. CONSUMER FINANCING RECEIVABLES (continued)

- c. Movements of allowance for impairment losses on consumer financing receivables are as follows:

	2014	2013
Balance at beginning of year	133,356	90,777
Allowance during the years (Note 44)	209,113	150,153
Cash recoveries	28,414	27,290
Write-offs	(176,031)	(134,864)
Balance at end of year	194,852	133,356

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:

	2014	2013
Net investment in lease financing		
Rupiah		
Third parties		
Gross lease financing receivables	920,620	713,332
Guaranteed residual value	236,200	173,118
Deferred lease income	(136,883)	(93,641)
Security deposit	(236,200)	(173,118)
Total net investment in lease financing	783,737	619,691
Less: Allowance for impairment losses	(17,213)	(7,537)
Net	766,524	612,154

Financing period for contracts disbursed by the Subsidiary on motor vehicles ranges between 12 - 36 months.

Finance leases receivable - gross have the following settlement agreement are as follows:

	2014	2013
<u>Year</u>		
2014	-	368,706
2015	458,400	267,864
2016	296,360	64,788
2017	129,785	11,315
2018	35,972	659
2019 and later	103	-
	920,620	713,332
Guaranteed residual value, deferred lease income, and security deposit	(136,883)	(93,641)
Finance leases receivable	783,737	619,691

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14. NET INVESTMENT IN LEASE FINANCING (continued)

- b. Details of net investment in lease financing by Bank Indonesia's collectibility as at 31 December 2014 and 2013 are as follows:

	2014	2013
Current	718,818	576,394
Special mention	34,738	29,361
Substandard	2,777	3,568
Doubtful	27,404	1,253
Loss	-	9,115
Total	783,737	619,691
Less: Allowance for impairment losses	(17,213)	(7,537)
	766,524	612,154

- c. Movements of allowance for impairment losses on net investment in lease financing are as follows:

	2014	2013
Balance at beginning of year	7,537	1,767
Allowance during the years (Note 44)	10,806	6,756
Write-offs	(1,684)	(1,486)
Cash recoveries	554	500
Balance at end of year	17,213	7,537

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:

	2014	2013
Rupiah:		
Receivables from other banks		
Related parties (Note 55)	19,436	53,201
Third parties	176,639	241,133
	196,075	294,334
Receivables from debtors		
Related parties (Note 55)	165,412	178,887
Third parties	576,520	258,936
	741,932	437,823
Total Rupiah	938,007	732,157
Foreign currencies:		
Receivables from other banks		
Related parties (Note 55)	3,065	-
Third parties	86,413	387,330
	89,478	387,330
Receivables from debtors		
Related parties (Note 55)	64,225	547,719
Third parties	12,022,349	8,511,164
	12,086,574	9,058,883
Total foreign currencies (Note 61B.(v))	12,176,052	9,446,213
Total	13,114,059	10,178,370
Less: Allowance for impairment losses	(106,927)	(63,481)
	13,007,132	10,114,889

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15. ACCEPTANCE RECEIVABLES (continued)

b. By Maturity:

	2014	2013
Rupiah:		
Less than 1 month	270,125	304,786
1 - 3 months	515,103	373,086
3 - 6 months	152,779	54,285
Total Rupiah	938,007	732,157
Foreign currencies:		
Less than 1 month	3,228,606	2,957,937
1 - 3 months	4,295,136	3,370,377
3 - 6 months	4,643,115	2,805,160
6 - 12 months	9,195	312,739
Total foreign currencies (Note 61B.(v))	12,176,052	9,446,213
Total	13,114,059	10,178,370
Less: Allowance for impairment losses	(106,927)	(63,481)
	13,007,132	10,114,889

c. By Bank Indonesia's Collectibility:

	2014	2013
Current	13,107,724	10,153,572
Special mention	6,335	24,798
Total	13,114,059	10,178,370
Less: Allowance for impairment losses	(106,927)	(63,481)
	13,007,132	10,114,889

d. Movements of allowance for impairment losses on acceptance receivables:

	2014	2013*)
Balance at beginning of year	63,481	37,041
Allowance/(reversal) during the year (Note 44)	44,873	(3,649)
Others*)	(1,427)	30,089
Balance at end of year	106,927	63,481

*) 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.

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16. INVESTMENTS IN SHARES

a. The detail of investments in shares is as follows:

	2014	2013
Investment in shares	58,672	7,891
Less: Allowance for impairment losses	(3,182)	(3,224)
	55,490	4,667

The detail of investments in shares as at 31 December 2014 is as follows:

Investee Companies	Nature of Business	Percentage of Ownership	Carrying Amount
Fair Value Method:			
Westech Electronics	Trading and retail	5.50%	266
Cost Method:			
Others (each less than Rp3,000)	Various	3.99% - 34.00%	58,406
Total			58,672
Less: Allowance for impairment losses			(3,182)
			55,490

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

b. Investments in shares by Bank Indonesia's collectibility:

	2014	2013
Current	58,405	6,528
Doubtful	266	1,362
Loss	1	1
Total	58,672	7,891
Less: Allowance for impairment losses	(3,182)	(3,224)
	55,490	4,667

c. Movements of allowance for impairment losses on investments in shares:

	2014	2013
Balance at beginning of year	3,224	3,044
(Reversal)/allowance during the year (Note 44)	(488)	310
Others*)	446	(130)
Balance at end of year	3,182	3,224

*) Includes effect of foreign currency translation

Management believes that the allowance for impairment losses on investments in shares is adequate.

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17. PREPAID EXPENSES

	2014	2013
- Prepaid rent	1,017,201	789,658
- Building maintenance	557,942	454,705
- Others	262,357	244,647
	<u>1,837,500</u>	<u>1,489,010</u>

Prepaid rent mostly consists of rent on buildings which are used as the Group branch's offices and official residence across Indonesia.

18. FIXED ASSETS

The details of fixed assets were as follows:

Movements from 1 January 2014 to 31 December 2014	Beginning Balance	Additions*)	Deductions	Reclassifications	Ending Balance
Cost/Revalued Amount					
Direct ownership					
Land	2,807,067	16,540	(1)	15,518	2,839,124
Buildings	2,591,342	302,313	(217)	415,890	3,309,328
Furnitures, fixtures, office equipment and computer equipment	6,374,639	233,843	(12,602)	525,301	7,121,181
Vehicles	259,936	19,489	(2,981)	2,746	279,190
Construction in progress	1,212,770	1,678,539	(6,120)	(959,455)	1,925,734
	13,245,754	2,250,724	(21,921)	-	15,474,557
Leased assets	12,495	-	-	-	12,495
	<u>13,258,249</u>	<u>2,250,724</u>	<u>(21,921)</u>	<u>-</u>	<u>15,487,052</u>
Accumulated Depreciation					
Direct ownership					
Buildings	1,283,489	167,693	(217)	(5)	1,450,960
Furnitures, fixtures, office equipment and computer equipment	4,206,743	753,453	(12,096)	5	4,948,105
Vehicles	120,909	39,034	(2,947)	-	156,996
	5,611,141	960,180	(15,260)	-	6,556,061
Leased assets	1,510	625	-	-	2,135
	<u>5,612,651</u>	<u>960,805</u>	<u>(15,260)</u>	<u>-</u>	<u>6,558,196</u>
Net book value					
Direct ownership					
Land					2,839,124
Buildings					1,858,368
Furniture, fixtures, office equipment and computer equipment					2,173,076
Vehicles					122,194
Construction in progress					1,925,734
					8,918,496
Leased assets					10,360
					<u>8,928,856</u>

*) Included in the additions of fixed asset is the acquisition cost of fixed assets amounted Rp33,622 and accumulated depreciation amounted to Rp20,140 resulted from consolidation of InHealth, a subsidiary since 2 May 2014.

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18. FIXED ASSETS (continued)

The details of fixed assets were as follows: (continued)

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					
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

Construction in progress as at 31 December 2013 and 2014 were comprised of:

	2014	2013
Buildings	1,045,831	638,895
Computers and other hardware that have not been installed	577,528	427,977
Office equipment and inventory	260,958	106,833
Vehicles	6,876	2,746
Others	34,541	36,319
	1,925,734	1,212,770

The estimated percentage of completion of construction in progress as at 31 December 2014 for computers and other hardware that have not been installed was ranging between 32% - 95% and 31 December 2013 was ranging between 20% - 97%.

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18. FIXED ASSETS (continued)

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. On 20 February 2013, the agreement has been extended until 20 February 2014. And through the Temporary utilisation agreement No. 02 dated on 2 April 2014, the agreement has been extended from 21 February 2014 until 20 February 2015. However, the Bank has the right to terminate the agreement anytime if the Bank want to utilise the building or transfer the rights to third party.

The Bank signed Joint Operation Agreement ("KSO") with PT Duta Anggada Realty Tbk. through Deed No. 105 on KSO Agreement dated 24 May 1991, which was amended by Deed No. 70 Addendum I on KSO Agreement dated 14 June 1991 and Deed No. 65 Addendum II on KSO Agreement dated 21 December 2011. These agreements regulate, amongst others, the construction and management of two office towers, each with 27 floors, on land owned by the Bank. Duta Anggada is entitled to utilise the Tower 1 and Tower 2 buildings up to 15 May 2014 and 15 May 2016, respectively.

On 19 May 2014, the Bank and Duta Anggada has signed the agreement to transfer Tower 1 building to Bank Mandiri and Deed No. 43 dated 19 May 2014 regarding temporary utilisation agreement, in which Duta Anggada is entitled to operate the Tower 1 building up to 15 May 2016.

- b. Estimated fair values of land and buildings owned by the Bank as at 31 December 2014 is 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 2014, the NJOP of land and buildings owned by the Bank are Rp17,899,621 and Rp3,470,513, 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 2015 and 2039. Based on past experience, the Group has the confidence to extend the HGB.
- d. As at 31 December 2014, 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 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 Rama Satria Wibawa, PT Asuransi Ramayana Tbk., PT Asuransi Staco Mandiri (was PT Asuransi Staco Jasapratama), PT Asuransi Wahana Tata, PT Caraka Mulia, PT Estika Jasatama, PT Gelora Karya Jasatama, PT Krida Upaya Tunggal, PT Mandiri AXA General Insurance (was PT Asuransi Dharma Bangsa), PT Sarana Lindung Upaya, PT Asuransi Bosowa Periskop, PT Asuransi Umum Bumiputeramuda 1967, PT Asuransi Astra Buana, PT Asuransi Bangun Askrida, PT Asuransi Bintang, PT Asuransi Tugu Pratama, PT Central Asia Raya and PT Axa Mandiri Financial Services, with total sum insured of Rp5,560,233 and USD1,213,609 (full amount) (2013:Rp3,931,075 and USD92,520,780 (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 2014 and 2013.

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19. INTANGIBLE ASSETS

	2014	2013
- Software	1,221,468 ^{*)}	1,005,320 ^{*)}
- Goodwill	423,115	154,935
	1,644,583	1,160,255

*) Net of amortisation of Rp1,575,399 and Rp1,354,113 as at 31 December 2014 and 2013.

Software is amortised over its useful lives, which is 5 years (refer to Note 2.r.i).

As at 31 December 2014 and 2013, include in the software balance are construction in progress for software amounting to Rp374,844 and Rp314,410, respectively. The estimated percentage of completion of software as at 31 December 2014 was ranging between 15% - 95% (2013: 5% - 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 2014 represents goodwill from acquisition of InHealth (Subsidiary) in May 2014 (refer to Note 1g). Goodwill is assessed regularly for impairment. As at 31 December 2014 and 2013 there is no impairment on the Bank's goodwill.

20. OTHER ASSETS

	2014	2013
Accrued income	3,272,972	2,563,524
Others - net	7,966,426	6,345,208
	11,239,398	8,908,732

Accrued Income

	2014	2013
Rupiah	2,725,046	2,175,900
Foreign currencies (Note 61B.(v))	547,926	387,624
	3,272,972	2,563,524

Accrued income mainly consist of accrued interest receivables from placements, marketable securities, Government Bonds, loans and accrued fees and commissions.

Others - net

	2014	2013
Rupiah:		
Receivables from customer transactions	1,757,865	1,860,011
Receivables from mutual fund	696,502	1,000,521
Receivables from transactions related to ATM and credit card	636,502	597,376
Receivables from Government Bonds pledged as collateral	592,614	-
Abandoned properties - net of accumulated losses arising from impairment in net realisable value amounting to Rp947 and Rp947 as at 31 December 2014 and 2013, respectively	149,325	150,376
Receivables from policyholders	144,861	81,735
Reposessed assets - net of accumulated losses arising from impairment in net realisable value amounting to Rp9,850 and Rp9,850 as at 31 December 2014 and 2013, respectively	23,688	23,988
Receivables from sales of marketable securities	-	254
Others	2,821,972	2,287,150
Total Rupiah	6,823,329	6,001,411
Foreign currencies:		
Receivables from customer transactions (Note 61B.(v))	6,337	5,622
Receivables to policyholder (Note 61B.(v))	6,389	3,046
Receivable from sale of marketable securities (Note 61B.(v))	261,870	-
Others	1,120,006	624,541
Total foreign currencies	1,394,602	633,209
Total	8,217,931	6,634,620
Less: Allowance for possible losses	(251,505)	(289,412)
	7,966,426	6,345,208

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20. OTHER ASSETS (continued)

Receivables from customer transactions mainly consist of receivables arising from securities transactions of PT Mandiri Sekuritas (Subsidiary). As at 31 December 2014 and 2013, included in receivables from customer transactions is an impaired portfolio amounting to Rp67,134 and Rp89,330, 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 from Government Bonds pledged as collateral represent receivables in relation to "repo to maturity" transaction with a counterparty, where the Bank has transferred VR0031 with nominal value of Rp600,000 and recognised a receivable equivalent to the cash value of VR0031 (Refer to Note 36f). This receivable will be settled at a net basis with the settlement of the corresponding liabilities of Rp600,000 to the counterparty on the due date 25 July 2020.

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 2015 and 2 January 2014, respectively for the year 2014 and 2013.

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:

	2014	2013
Balance at beginning of the year	289,412	276,769
Reversal during the year (Note 45)	(42,475)	(23,070)
Others*)	4,568	35,713
Balance at end of the year	251,505	289,412

*) Including effect of foreign currency translation.

Management believes that the allowance for possible losses is adequate.

21. DEPOSITS FROM CUSTOMERS - DEMAND DEPOSITS

a. By Currency, Related Parties and Third Parties:

	2014	2013
Rupiah:		
Related parties (Note 55)	9,752,670	11,183,111
Third parties	69,226,136	62,224,062
Total Rupiah	78,978,806	73,407,173
Foreign currencies:		
Related parties (Note 55)	9,998,549	15,324,039
Third parties	39,076,203	34,696,437
Total foreign currencies (Note 61B.(v))	49,074,752	50,020,476
	128,053,558	123,427,649

Included in demand deposits were *wadiah* deposits amounting Rp5,186,571 and Rp7,507,387 as at 31 December 2014 and 2013, respectively.

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21. DEPOSITS FROM CUSTOMERS - DEMAND DEPOSITS (continued)

b. Average Interest Rates (Cost of Funds) and Range of Profit Sharing per Annum: (continued)

Average interest rates (cost of funds) per annum:

	2014	2013
Rupiah	2.00%	1.97%
Foreign currencies	0.27%	0.29%

Range of profit sharing per annum on *wadiah* deposits:

	2014	2013
Rupiah	0.70% - 0.81%	0.72% - 0.87%
Foreign currencies	0.18% - 0.81%	0.17% - 0.87%

- c. As at 31 December 2014 and 2013, demand deposits pledged as collateral for bank guarantees, loans and trade finance facilities (irrevocable Letters of Credits) were amounting Rp3,959,724 and Rp3,392,353, respectively (Note 12B.c and 31e).

22. DEPOSITS FROM CUSTOMERS - SAVING DEPOSITS

a. By Currency, Type, Related Parties and Third Parties:

	2014	2013
Rupiah:		
Related parties (Note 55)		
Mandiri Saving	111,904	194,151
Third parties		
Mandiri Saving	205,731,289	193,529,509
Mandiri Haji Saving	877,926	943,190
Total Rupiah	<u>206,721,119</u>	<u>194,666,850</u>
Foreign currencies:		
Related parties (Note 55)		
Mandiri Saving	9,779	8,054
Third parties		
Mandiri Saving	24,730,358	21,342,706
Total foreign currencies (Note 61B.(v))	<u>24,740,137</u>	<u>21,350,760</u>
	<u>231,461,256</u>	<u>216,017,610</u>

Included in saving deposits were *wadiah* deposits amounting Rp1,700,819 and Rp1,607,905 as at 31 December 2014 and 2013, respectively.

b. Average Interest Rates (Cost of Funds) per Annum:

	2014	2013
Rupiah	1.50%	1.54%
Foreign currencies	0.20%	0.21%

- c. As at 31 December 2014 and 2013, total saving pledged as collateral on loans were amounting Rp6,180,991 and Rp4,994,583, respectively (Note 12B.c).

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23. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS

a. By Currency, Related Parties and Third Parties:

	2014	2013
Rupiah		
Related parties (Note 55)	28,301,811	20,137,578
Third parties	166,127,536	121,540,895
Total Rupiah	194,429,347	141,678,473
Foreign currencies		
Related parties (Note 55)	5,158,131	7,838,922
Third parties	24,346,619	20,033,602
Total foreign currencies (Note 61B.(v))	29,504,750	27,872,524
	223,934,097	169,550,997

b. By Contract Period:

	2014	2013
Rupiah:		
1 month	112,370,849	90,271,968
3 months	54,302,197	29,572,387
6 months	17,021,891	12,436,614
12 months	9,903,428	9,222,714
Over 12 months	830,982	174,790
Total Rupiah	194,429,347	141,678,473
Foreign currencies:		
1 month	25,009,765	25,084,080
3 months	1,738,095	1,295,605
6 months	2,232,298	966,597
12 months	498,355	507,168
Over 12 months	26,237	19,074
Total foreign currencies (Note 61B.(v))	29,504,750	27,872,524
	223,934,097	169,550,997

c. By remaining period until maturity dates:

	2014	2013
Rupiah:		
Less than 1 month	122,668,578	98,919,518
1 - 3 months	52,424,800	27,370,781
3 - 6 months	13,364,000	7,276,167
6 - 12 months	5,195,621	7,867,987
Over 12 months	776,348	244,020
Total Rupiah	194,429,347	141,678,473
Foreign currencies:		
Less than 1 month	22,542,957	25,139,216
1 - 3 months	4,473,904	1,812,614
3 - 6 months	2,004,405	507,615
6 - 12 months	461,839	404,484
Over 12 months	21,645	8,595
Total foreign currencies (Note 61B.(v))	29,504,750	27,872,524
	223,934,097	169,550,997

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23. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS (continued)

- d. Average Interest Rates (Cost of Funds) per Annum:

	2014	2013
Rupiah	7.67%	5.50%
Foreign currencies	1.20%	0.68%

- e. As at 31 December 2014 and 2013, total time deposits pledged as collateral on loans were amounting Rp18,274,445 and Rp12,893,916, respectively (Note 12B.c).

24. DEPOSITS FROM OTHER BANKS - DEMAND AND SAVING DEPOSITS

- a. By Currency, Related Parties and Third Parties:

	2014	2013
Demand Deposits		
Related parties (Note 55)		
Rupiah	8,637	63,613
Foreign currencies (Note 61B.(v))	16,932	-
	<u>25,569</u>	<u>63,613</u>
Third parties		
Rupiah	1,147,015	937,632
Foreign currencies (Note 61B.(v))	1,023,532	988,034
	<u>2,170,547</u>	<u>1,925,666</u>
Total Demand Deposits	<u>2,196,116</u>	<u>1,989,279</u>
Saving Deposits		
Third parties		
Rupiah	1,302,946	1,063,740
Foreign currencies (Note 61B.(v))	-	-
Total Saving Deposits	<u>1,302,946</u>	<u>1,063,740</u>
Total Demand and Saving Deposits	<u>3,499,062</u>	<u>3,053,019</u>

Included in deposits from other banks - demand deposits are *wadiah* deposits amounting Rp41,838 and Rp28,199 as at 31 December 2014 and 2013, respectively.

- b. Average Interest Rates (Cost of Funds) and Profit Sharing per Annum:

Average interest rates (cost of funds) per annum:

	2014	2013
Demand Deposits		
Rupiah	2.00%	1.97%
Saving Deposits		
Rupiah	1.50%	1.54%

Range of profit sharing per annum on *wadiah* demand deposits:

	2014	2013
Rupiah	0.70 - 0.81%	0.72% - 0.87%

- c. As at 31 December 2014 and 2013, total demand and saving deposits from other banks pledged as collateral on loans and bank guarantees were amounting Rp20,079 and Rp16,446, respectively (Note 12B.c and 31e).

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25. DEPOSITS FROM OTHER BANKS - INTER-BANK CALL MONEY

a. By Currency:

	<u>2014</u>	<u>2013</u>
Third parties		
Rupiah	415,000	1,220,000
Foreign currencies (Note 61B.(v))	2,477,000	60,850
	<u>2,892,000</u>	<u>1,280,850</u>

b. By Remaining Period Until Maturity Date:

	<u>2014</u>	<u>2013</u>
Rupiah		
Less than 1 month	415,000	1,220,000
Foreign currencies		
Less than 1 month	2,322,188	60,850
More than 1 month	154,812	-
Total foreign currencies (Note 61B.(v))	<u>2,477,000</u>	<u>60,850</u>
	<u>2,892,000</u>	<u>1,280,850</u>

c. Average Interest Rates (Cost of Funds) per Annum:

	<u>2014</u>	<u>2013</u>
Rupiah	6.18%	6.56%
Foreign currencies	1.30%	1.76%

26. DEPOSITS FROM OTHER BANKS - TIME DEPOSITS

a. By Currency:

	<u>2014</u>	<u>2013</u>
Third parties		
Rupiah	11,140,783	8,109,444
Total Rupiah	<u>11,140,783</u>	<u>8,109,444</u>

b. By Contract Period:

	<u>2014</u>	<u>2013</u>
Rupiah:		
1 month	10,920,705	6,463,990
3 months	156,085	1,542,759
6 months	8,418	35,300
12 months	55,575	13,985
above 12 months	-	53,410
Total Rupiah	<u>11,140,783</u>	<u>8,109,444</u>

c. Average Interest Rates (Cost of Funds) per Annum:

	<u>2014</u>	<u>2013</u>
Rupiah	7.67%	5.50%
Foreign currencies	1.20%	0.68%

d. As at 31 December 2014 and 2013, time deposits from other banks pledged as collateral on loans amounting Rp112,073 and Rp94,681, respectively (Note 12B.c).

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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:

	2014	2013
Non-Sharia	16,407,185	11,251,409
Sharia	<u>936,614</u>	<u>751,588</u>
	<u>17,343,799</u>	<u>12,002,997</u>

The details of non-sharia unit-linked investments based on the type of contracts are as follow:

	2014	2013
Dynamic Money	7,911,912	5,903,460
Attractive Money	4,219,272	2,345,304
Progressive Money	2,295,561	2,022,887
Excellent Equity	1,426,903	735,400
Protected Money	261,701	-
Active Money	150,537	109,912
Secure Money	77,101	77,602
Fixed Money	54,146	47,821
Money Market	<u>10,052</u>	<u>9,023</u>
	<u>16,407,185</u>	<u>11,251,409</u>

The details of sharia unit-linked investments based on the type of contracts are as follow:

	2014	2013
Attractive Money Syariah	802,467	640,873
Active Money Syariah	90,292	77,473
Advanced Commodity Syariah	22,922	21,467
Amanah Equity Syariah	<u>20,933</u>	<u>11,775</u>
	<u>936,614</u>	<u>751,588</u>

Underlying assets of the policyholders' investment in the above unit-linked contracts are financial assets mainly consist of cash, marketable securities and Government Bonds. As at 31 December 2014 and 2013, the investment of policyholders were recorded based on each type of the financial assets in the consolidated statement of financial position.

The policyholders' funds non-sharia placed in statutory deposits as at 31 December 2014 and 2013 amounted to Rp177,776 and Rp177,639, respectively.

Included in the above policyholders' investments in unit-linked contracts are policyholders' fund in foreign currency as at 31 December 2014 and 2013 amounted to USD2,378,155 (full amount) and USD2,603,328 (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.

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 Atraktif.

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27. LIABILITY TO UNIT-LINKED HOLDERS (continued)

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.

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.

Protected Money

This is a placement of funds based combination with investments in stocks and bonds traded on the Indonesia Stock Exchange and money market instruments with maturities of less than 1 year.

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.

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.

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.

The policyholders' funds - sharia placed in statutory deposits as of 31 December 2014 and 2013 amounted to Rp20,000 and Rp15,917, 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 Atraktif.

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.

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28. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

31 December 2014							
	Securities	Nominal Value	Start Date	Maturity Date	Buy Back Value	Unamortised Interest Expense	Net Value
Rupiah							
Third parties	Obligasi FR0066	900,000	21/06/2013	15/05/2018	1,026,776	286,713	740,063
	Obligasi FR0066	900,000	21/06/2013	15/05/2018	1,026,776	286,713	740,063
	Obligasi FR0069	750,000	30/12/2014	30/01/2015	644,611	3,408	641,203
	Obligasi FR0069	750,000	29/12/2014	29/01/2015	644,220	3,288	640,932
	Obligasi FR0066	650,000	21/06/2013	15/05/2018	741,560	201,686	539,874
	Obligasi VR0027	622,742	20/06/2013	20/06/2018	702,888	201,778	501,110
	Obligasi VR0029	359,000	29/12/2014	12/01/2015	321,380	601	320,779
	Sukuk SR004	350,000	30/12/2014	30/01/2015	296,988	1,570	295,418
	Obligasi ORI010	250,000	29/12/2014	05/01/2015	215,743	147	215,596
	Obligasi ORI011	250,000	29/12/2014	05/01/2015	215,543	147	215,396
	Obligasi FR0069	250,000	29/12/2014	05/01/2015	213,339	146	213,193
	Sukuk SR004	250,000	29/12/2014	05/01/2015	211,304	144	211,160
	Sukuk SR005	250,000	29/12/2014	05/01/2015	210,330	144	210,186
	IDB1130315273S	250,000	30/12/2014	30/01/2015	210,659	1,114	209,545
	Obligasi ORI009	200,000	30/12/2014	30/01/2015	169,545	896	168,649
	SPN97-060215	100,000	30/12/2014	30/01/2015	84,922	449	84,473
	VR0029	90,000	24/12/2014	07/01/2015	80,557	82	80,475
	SPN97-060215	50,000	30/12/2014	30/01/2015	42,461	224	42,237
	SPN97-060215	50,000	30/12/2014	30/01/2015	42,461	224	42,237
		<u>7,271,742</u>			<u>7,102,063</u>	<u>989,474</u>	<u>6,112,589</u>
Total		<u>7,271,742</u>			<u>7,102,063</u>	<u>989,474</u>	<u>6,112,589</u>
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
Total		<u>1,660,000</u>			<u>1,511,279</u>	<u>1,955</u>	<u>1,509,324</u>
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		<u>3,822,742</u>			<u>4,113,128</u>	<u>966,303</u>	<u>3,146,825</u>
		<u>5,482,742</u>			<u>5,624,407</u>	<u>968,258</u>	<u>4,656,149</u>

29. ACCEPTANCE PAYABLES

a. By Currency, Related Parties and Third Parties:

	2014	2013
Rupiah:		
Payable to other banks		
Related parties (Note 55)	296,959	138,029
Third parties	444,973	299,794
Payable to debtors		
Related parties (Note 55)	72,868	89,003
Third parties	123,207	205,331
Total Rupiah	<u>938,007</u>	<u>732,157</u>
Foreign currencies:		
Payable to other banks		
Related parties (Note 55)	991,837	125,065
Third parties	11,094,737	8,933,818
Payable to debtors		
Related parties (Note 55)	4,585	93,832
Third parties	84,893	293,498
Total foreign currencies (Note 61B.(v))	<u>12,176,052</u>	<u>9,446,213</u>
	<u>13,114,059</u>	<u>10,178,370</u>

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29. ACCEPTANCE PAYABLES (continued)

b. By Maturity:

	2014	2013
Rupiah:		
Less than 1 month	270,125	304,786
1 - 3 months	515,103	373,086
3 - 6 months	152,779	54,285
Total Rupiah	938,007	732,157
Foreign currencies:		
Less than 1 month	3,228,606	2,957,937
1 - 3 months	4,295,136	3,370,377
3 - 6 months	4,643,115	2,805,160
6 - 12 months	9,195	312,739
Total foreign currencies (Note 61B.(v))	12,176,052	9,446,213
	13,114,059	10,178,370

30. MARKETABLE SECURITIES ISSUED

By Type and Currency:

	2014	2013
Rupiah :		
Related Party (Note 55)		
Bonds	387,000	278,000
Subordinated Notes Syariah <i>Mudharabah</i>	50,000	50,000
Total Related Party	437,000	328,000
Third Party		
Bonds	840,000	699,000
Subordinated Notes Syariah <i>Mudharabah</i>	450,000	450,000
Medium-Term Notes (MTN)	200,000	200,000
Mandiri travelers' cheques	84,692	105,298
Others	564	564
Total Third Party	1,575,256	1,454,862
	2,012,256	1,782,862
Less: Unamortised issuance cost	(2,631)	(3,265)
	2,009,625	1,779,597

Bonds

On 23 May 2014, the Subsidiary (PT Mandiri Tunas Finance) issued and registered Continuous Bonds I Mandiri Tunas Finance Phase II year 2014 ("Continuous Bonds II") to the Indonesia Stock Exchange with a nominal value of Rp600,000, which consist of 2 (two) series:

Bonds	Nominal Value	Fixed Interest Rate per Annum	Maturity Date
Series A	425,000	10.70%	23 May 2017
Series B	175,000	10.85%	23 May 2018

The trustee for Continuous Bonds II is PT Bank Mega Tbk.

On 28 May 2013, the Subsidiary (PT Mandiri Tunas Finance) received the effective notification from the Financial Service Authority through its letter No S-144/D.04/2013 in conjunction with continuing public offering of Mandiri Tunas finance continuing Bonds I Phase I Year 2013 ("Continuous Bonds I") with a nominal value of Rp500.000, which consist of 2 (two) series:

Bonds	Nominal Value	Fixed Interest Rate per Annum	Maturity Date
Series A	425,000	7.75%	5 June 2016
Series B	75,000	7.80%	5 June 2017

The trustee for Continuous Bonds I is PT Bank Mega Tbk.

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30. MARKETABLE SECURITIES ISSUED (continued)

Bonds (continued)

On 20 May 2011, the Subsidiary (PT Mandiri Tunas Finance) issued and registered Mandiri Tunas Finance Bonds VI Year 2011 ("Bonds VI") at 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, Series B for Rp52,000 and Series C for Rp350,000 had been paid at the maturity date.

The trustee for Mandiri Tunas Finance Bonds VI Year 2011 is PT Bank Mega Tbk.

On 31 December 2014, 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

Medium Term Notes (MTN)

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.

2014 and 2013					
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
					<u>200,000</u>

Subsidiaries had paid the interest of the above marketable securities issued in accordance to the interest payment schedule for the period from 1 January 2014 to 31 December 2014.

For the period from 1 January 2014 to 31 December 2014, Subsidiaries had fulfilled the covenants as stipulated in the agreements.

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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:

	2014	2013
Rupiah:		
Bank guarantees issued (Note 53)	26,853,713	23,777,965
Committed unused loan facilities granted (Note 53)	26,516,482	23,503,517
Outstanding irrevocable letters of credit (Note 53)	2,112,407	3,039,253
Standby letters of credit (Note 53)	1,709,373	1,626,837
Total Rupiah	57,191,975	51,947,572
Foreign currencies:		
Bank guarantees issued (Note 53)	34,359,188	32,641,571
Committed unused loan facilities granted (Note 53)	7,046,517	5,405,644
Outstanding irrevocable letters of credit (Note 53)	13,055,707	12,178,877
Standby letters of credit (Note 53)	10,180,077	7,025,509
Total foreign currencies	64,641,489	57,251,601
	<u>121,833,464</u>	<u>109,199,173</u>

- b. By Bank Indonesia's collectibility:

	2014	2013
Current	121,384,434	108,786,436
Special mention	367,646	352,792
Sub-standard	7,064	383
Doubtful	10,551	509
Loss	63,769	59,053
Total	121,833,464	109,199,173
Less: Allowance for impairment losses	(196,793)	(200,501)
Commitments and contingencies - net	<u>121,636,671</u>	<u>108,998,672</u>

- c. Movements of allowance for impairment losses on commitments and contingencies:

	2014	2013
Balance at beginning of year	200,501	189,085
Reversal during the year	(5,313)	(10,784)
Others*)	1,605	22,200
Balance at end of year	<u>196,793</u>	<u>200,501</u>

*) 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 2014 and 2013 amounting to Rp1,771,213 and Rp1,216,930, respectively (Notes 21c and 24c).

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32. ACCRUED EXPENSES

	2014	2013
- Fixed asset and software procurement	1,308,820	1,094,820
- Interest expenses	1,082,993	699,474
- Promotions	302,512	336,129
- Outsourcing expenses	258,401	225,672
- Employee related costs: uniform, recreation and others	70,706	88,352
- Others	856,841	882,028
	3,880,273	3,326,475

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.

33. TAXATION

a. Prepaid Taxes

	2014	2013
Bank Mandiri	2,417,736	1,108,430
Subsidiaries	174,246	18,119
	2,591,982	1,126,549

b. Tax Payables

	2014	2013
Current Income tax payables		
Bank Mandiri		
Corporate Income Tax - Article 29	744,342	1,515,818
Subsidiaries		
Corporate Income Tax - Article 29	153,302	157,212
	897,644	1,673,030
Taxes Payables - Others		
Bank Mandiri		
Income taxes		
Article 25	369,114	-
Article 21	110,231	90,059
Article 4 (2)	276,939	196,617
Others	89,939	65,935
	846,223	352,611
Subsidiaries	131,274	101,223
	977,497	453,834
Total Taxes Payables	1,875,141	2,126,864

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33. TAXATION (continued)

c. Tax (Benefit)/Expense

	2014	2013
Tax expense - current:		
Bank Mandiri	4,674,771	4,528,782
Subsidiaries	635,148	759,707
	<u>5,309,919</u>	<u>5,288,489</u>
Tax (benefit)/expense - deferred:		
Bank Mandiri	82,730	(70,285)
Subsidiaries	(39,417)	13,699
	<u>43,313</u>	<u>(56,586)</u>
	<u>5,353,232</u>	<u>5,231,903</u>

As explained in Note 2ad, income tax for Bank Mandiri and its subsidiaries are calculated for each separate legal entity.

d. Tax Expense - Current

The reconciliation between income before tax benefit/(expense) as shown in the consolidated statements of comprehensive income and income tax calculations and the related estimated current tax expense for Bank Mandiri and its Subsidiaries are as follows:

	2014	2013
Consolidated income before tax expense and non-controlling interests	26,008,015	24,061,837
Less:		
Income before tax expense of Subsidiaries - after elimination	(2,265,732)	(3,408,523)
Impact of changes in presenting investment in Subsidiaries by using cost method (previously equity method)	443,546	1,018,151
Income before tax expense and non-controlling interests - Bank Mandiri only	24,185,829	21,671,465
Add/(deduct) permanent differences:		
Non-deductible expenses/(non-taxable income)	(398,481)	626,250
Others	158	(5,229)
Add/(deduct) temporary differences:		
Allowance for impairment losses on loans and write-offs	(1,025,957)	(762,212)
Allowance for impairment losses on financial assets other than loans	151,940	417,111
Provision for post-employment benefit expense, provisions for bonuses, leave and Holiday (THR) entitlements	496,970	717,993
Unrealised gain on BOT transactions	187,205	(15,597)
Allowance for estimated losses arising from legal cases	(124,212)	66,412
Provision for estimated losses on commitments and contingencies	(2,660)	11,693
Depreciation of fixed assets	(102,848)	(61,070)
Unrealised lossess on decrease/increase in fair value of marketable securities and Government Bonds - fair value through profit or loss	6,964	6,052
Allowance for possible losses on other assets	-	(19,555)
Allowance for possible losses of abandoned properties	(1,051)	(9,402)
Estimated taxable income	<u>23,373,857</u>	<u>22,643,911</u>
Estimated tax expense-current		
Bank Mandiri only	4,674,771	4,528,782
Subsidiaries	635,148	759,707
Estimated tax expense-current	<u>5,309,919</u>	<u>5,288,489</u>

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33. TAXATION (continued)

d. Tax Expense - Current (continued)

The calculation of income tax for the year ended 31 December 2014 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 2013 in accordance with the income tax (SPT) Bank Mandiri.

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:

	2014	2013
Consolidated income before tax expense and minority interest	26,008,015	24,061,837
Tax calculated at applicable tax rates:	5,403,600	5,186,425
Tax effect of:		
Bank Mandiri		
- Income not subject to tax and final tax	(171,684)	(150,620)
- Expense not deductible for tax purposes	91,987	274,824
	(79,697)	124,204
Subsidiaries	29,329	(78,726)
Total tax effect	(50,368)	45,478
Income tax expense	5,353,232	5,231,903

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 fulfilling 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 Income Tax Rate for 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 Income Tax Rate for Resident Corporate Taxpayers, 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 at least 40% of the total paid-up shares are listed and traded in the Indonesia Stock Exchange and must be recorded in depository and settlement institutional, 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) calendar days in a period of (1) one fiscal year.

Tax payer should include the certificate from Securities Administration Agency in the annual Corporate Income Tax return by attaching form X.H.1-6 as regulated in Bapepam-LK Regulation No X.H.1 for each respective fiscal year.

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33. TAXATION (continued)

d. Tax Expense - Current (continued)

Based on Certificate No.DE/I/2015-0231 dated 6 January 2015 regarding Monthly Stock Ownerships of Publicly Listed Companies Report and the Recapitulation form no X.H. 1-2 dated 2 January 2015 from PT Datindo Entrycom (Securities Administration Agency) to Bank Mandiri, it was stated that the Bank has fulfilled the requirements to obtain the income tax rate reduction to become 20% based on GR No. 77 year 2013. In accordance with Minister of Finance Regulation No. 238/PMK.03/2008, the Financial Services Authority (previously "Bapepam-LK") will then later submit the information regarding the fulfillment by the Bank to the Tax office. Therefore the Bank's corporate income tax for the year ended 31 December 2014 are calculated using the tax rate of 20%.

Based on Certificate No.DE/I/2014-0111 dated 3 January 2014 regarding Monthly Stock Ownership of Publicly Listed Companies Report and the Recapitulation Form No.X.H.I-2 from PT Datindo Entrycom (Securities Administration Agency) to Bank Mandiri, it was stated that the Bank has fulfilled the requirements to obtain the income tax rate reduction to become 20%. Until now, the effective date of GR No.77 Year 2013 is still in discussion which will be clarified through revision of GR No.77 year 2013. 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 are calculated using the tax rate of 20%.

e. Deferred tax assets - net

Deferred tax arises from temporary differences between book value based on commercial and tax calculation are as follows:

	2014			
	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	1,486,003	(154,465)	-	1,331,538
Provision for post-employment benefit expense, provision for bonuses, leave and holiday (THR) entitlements	864,471	99,394	-	963,865
Allowance for impairment loan losses	919,733	(50,726)	-	869,007
Allowance for impairment losses on financial assets other than loans	379,792	30,388	-	410,180
Unrealised losses on increase/decrease in fair value of marketable securities and Government Bonds (available for sale)	347,528	-	(207,712)	139,816
Allowance for estimated losses arising from legal cases	125,778	(24,842)	-	100,936
Estimated losses on commitments and contingencies	39,562	(532)	-	39,030
Allowance for possible losses on abandoned properties	30,029	(210)	-	29,819
Allowance for possible losses on repossessed assets	1,994	-	-	1,994
Accumulated losses arising from difference in net realisable value of repossessed assets	1,969	-	-	1,969
Unrealised (gain)/losses on increase/decrease in fair value of marketable securities and Government Bonds (fair value through profit or loss)	108	1,393	-	1,501
Accumulated losses arising from difference in net realisable value of abandoned properties	189	-	-	189
Deferred tax assets	4,197,156	(99,600)	(207,712)	3,889,844
Deferred tax liabilities:				
Unrealised gain on BOT transactions	(57,709)	37,441	-	(20,268)
Net book value of fixed assets	(45,681)	(20,571)	-	(66,252)
Deferred tax assets - Bank Mandiri only	4,093,766	(82,730)	(207,712)	3,803,324
Net deferred tax assets - Subsidiaries	<u>228,732</u>			<u>385,796</u>
Total consolidated deferred tax assets - net	<u>4,322,498</u>			<u>4,189,120</u>

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33. TAXATION (continued)

e. Deferred tax assets - net (continued)

	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

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

Fiscal Year 2013

Based on verification process done by Tax office, on 16 December 2014, Tax Office issued Tax Underpayment Assessment Letter (SKPKB) which stated underpayment of corporate tax expense in relation to the use of tax rate for 2013 fiscal year of Rp1,313,347 (including penalties).

Management disagree with the Tax Underpayment Assessment Letter and will submit an objection letter to Tax Office. Bank has paid all the tax underpayment amount and recorded it as prepaid tax on 31 December 2014.

Fiscal Year 2010

Based on tax audit result, on 6 December 2012, the Bank received Tax Underpayment Assessment Letters (SKPKB) which stated underpayments of corporate income tax related with loan write offs and Value Added Tax (VAT) and Tax Collection Letter penalties (STP) for fiscal year 2010 totalled to Rp1,108,071 (including penalties).

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33. TAXATION (continued)

f. Tax assessment letters (continued)

Fiscal Year 2010 (continued)

Management disagree with the Tax Underpayment Assessment letter result and on 4 March 2013, Bank has submitted an objection letter to the tax office. The Bank has paid all the tax underpayment which recorded as prepaid tax as at 31 December 2014 and 2013.

On December 2013, the Tax Office issued a decision letter to the Bank's objection letters on VAT above and partially accepted the Bank's objection, therefore the Tax office refunded a portion of prepaid tax related to value added tax. The Bank disagreed with the above decision letter and has submitted an appeal for on the above decision letter to the Tax Court in March 2014. Until the date of this consolidated financial statements, the tax court is still on progress.

On 21 February 2014, Tax Office issued a decision letter to the Bank's objection letters on tax underpayment on corporate income tax and Tax office rejected the objection. The Bank has filed an appeal against the objection decision letter to the Tax Court on 19 May 2014. Until the date of this consolidated financial statements, the tax court is still on progress.

34. EMPLOYEE BENEFIT LIABILITIES

	2014	2013
Rupiah		
- Provision for post-employment benefit (Note 50)	2,234,193	1,965,656
- Provisions for bonuses, leave and holiday entitlements	2,946,967	2,619,413
	5,181,160	4,585,069

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

	2014	2013
Rupiah:		
Liability to policyholders	3,144,685	1,955,475
Payable to customers	2,018,396	1,271,409
Non controlling interest from Subsidiary's mutual fund consolidation	1,152,424	857,009
Liability related to ATM and credit card transaction	966,018	1,001,071
Guarantee deposits	737,225	744,712
Deferred income (directly attributable)	501,082	555,001
Deferred income (not directly attributable)	242,143	181,831
Customers transfer transaction	57,367	138,046
Payable from purchase of marketable securities	13,201	726
Others	4,320,549	4,624,750
Total Rupiah	13,153,090	11,330,030
Foreign currencies:		
Guarantee deposits	1,178,359	1,357,207
Customers transfer transaction	555,859	535,090
Deferred income (not directly attributable)	422,854	447,467
Other liabilities related to UPAS transactions	796,728	283,127
Deferred income (directly attributable)	1,936	5,813
Others	261,860	207,480
Total foreign currencies (Note 61B.(v))	3,217,596	2,836,184
	16,370,686	14,166,214

Liabilities to policyholders consists of Subsidiaries' (AXA Mandiri Financial Services and Mandiri AXA General Insurance and PT Asuransi Jiwa InHealth Indonesia) liability for future policy benefits for non unit-linked policyholders, claim payables, unearned premium income and estimated claim liabilities, amounting to Rp1,724,888, Rp93,824, Rp954,692 and Rp371,251 as at 31 December 2014 and amounting to Rp1,368,306, Rp35,394, Rp399,103 and Rp152,672 as at 31 December 2013.

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35. OTHER LIABILITIES (continued)

Payable to customers 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-controlling interest from Subsidiary's mutual funds consolidation represents the portion of non-controlling 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 5 January 2015 and 3 January 2014, respectively for the year 2014 and 2013.

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, suspense and unsettled transaction such as customer's financial transaction.

36. FUND BORROWINGS

	<u>2014</u>	<u>2013</u>
Rupiah:		
Related parties (Note 55)		
(a) PT Permodalan Nasional Madani (Persero)	-	2,369
(g) Others	202,609	775,945
	202,609	778,314
Third parties		
(b) Ministry of Public Housing (Kemenpera)	137,570	109,021
(c) Direct Off-shore Loans	300,000	-
(f) Repo to Maturity	494,301	-
(g) Others	3,221,252	3,241,145
	4,153,123	3,350,166
Total Rupiah	4,355,732	4,128,480
Foreign currencies:		
Related parties (Note 55)		
(e) Trade Financing Facilities	49,540	-
Third parties		
(c) Direct Off-shore Loans	10,500,576	8,121,615
(d) Bilateral Loan	6,190,452	3,041,233
(e) Trade Financing Facilities	3,130,804	705,860
	19,821,832	11,868,708
Total foreign currencies (Note 61B.(v))	19,871,372	11,868,708
	<u>24,227,104</u>	<u>15,997,188</u>

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36. FUND BORROWINGS (continued)

(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 2014 and 2013 for Bank Mandiri are RpNil and RpNil, respectively, and for BSHB are RpNil and Rp2,369, 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 in June 2014 for BSHB. Bank Mandiri lent this fund to the members of Primary Cooperation (*Kredit Koperasi Primer kepada Anggotanya* (KKPA)). The Bank and BSHB has repaid the loan in June 2013 and 2014. The outstanding balance as at 31 December 2013 was from BSHB.

(b) 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 2014 and 2013 was amounted to Rp137,570 and Rp109,021. 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.

(c) Direct Off-shore Loans

The details of direct off-shore loans are as follows:

	2014	2013
Rupiah:		
Bank Of America, Singapore	300,000	-
Total Rupiah	300,000	-
Foreign currencies:		
Standard Chartered Bank, Singapore	3,096,250	3,042,500
Deutsche Bank AG, Singapore	2,477,000	3,651,000
Nomura International Plc, London	2,442,369	-
Bank of America, Hong Kong	1,424,275	-
Agence Française de Développement	690,577	762,165
Asian Development Bank		
- Tranche A	370,105	544,570
- Tranche B	-	121,380
Total Foreign currencies	10,500,576	8,121,615
	10,800,576	8,121,615

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36. FUND BORROWINGS (continued)

(c) Direct Off-shore Loans (continued)

Bank Of America, Singapore

2014						
Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount USD (full amount)	Rupiah equivalent
Bilateral Loan	Bank Of America, Singapore	3 November 2017	36	Fixed 9%	-	<u>300,000</u>

On 31 October 2014, Bank Mandiri obtained an unsecured loan facility from Bank of America, Singapore amounting to Rp300,000 with a fixed interest rate of 9% per year.

The loan facility has a tenor of 3 (three) years and will be matured on 3 November 2017. Bank Mandiri has drawdown on the loan facility amounting to Rp300,000 on 5 November 2014.

Standard Chartered Bank, Singapore

2014						
Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount USD (full amount)	Rupiah equivalent
Bilateral Loan	Standard Chartered Bank, Singapore	9 July 2015	36	LIBOR (6 months) + certain margin	250,000,000	<u>3,096,250</u>

2013						
Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount USD (full amount)	Rupiah equivalent
Bilateral Loan	Standard Chartered Bank, Singapore	9 July 2015	36	LIBOR (6 months) + certain margin	250,000,000	<u>3,042,500</u>

On 28 June 2012, Bank Mandiri obtained a loan facility from Standard Chartered Bank, Singapore amounting to USD250,000,000 (full amount) with an interest rate at 6-months LIBOR plus a certain margin.

This loan facility has a tenor of 3 (three) years and will be matured on 9 July 2015. On 9 July 2012, Bank Mandiri has drawdown on the loan facility amounting to USD250,000,000 (full amount). As at 31 December 2014, this loan facility was secured by Government Bonds VR0030 series with a nominal value of Rp3,460,000 (2013: Rp3,000,000) and VR0031 series with a nominal value of Rp843,746 (31 December 2013: Rp843,746) (Note 8c).

Deutsche Bank AG, Singapore

2014						
Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount USD (full amount)	Rupiah equivalent
Standby Loan	Deutsche Bank AG, Singapore	23 June 2016	60	LIBOR (6 months) + certain margin	200,000,000	<u>2,477,000</u>

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36. FUND BORROWINGS (continued)

(c) Direct Off-shore Loans (continued)

Deutsche Bank AG, Singapore (continued)

2013						
Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Standby Loan	Deutsche Bank AG, Singapore	23 June 2016	60	LIBOR (6 months) + certain margin	300,000,000	<u>3,651,000</u>

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 amounting to USD300,000,000 (full amount) with an interest rate at 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). Those outstanding loans were repaid on 24 September 2014.

On 30 December 2014, Bank Mandiri has made another drawdown amounting to USD200,000,000 (full amount). As at 31 December 2014, this loan facility was secured by Government Bonds VR0031 series with a nominal value of Rp4,000,000 (2013: Rp5,457,447) (Note 8c).

Nomura International Plc, London

2014						
Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral Loan	Nomura International Plc, London	17 October 2017	36	LIBOR (3 months) + certain margin	200,000,000	2,477,000
Less:						
Unamortised issuance costs					(2,796,169)	(34,631)
					<u>197,203,831</u>	<u>2,442,369</u>

On 8 October 2014, Bank Mandiri obtained a loan facility from Nomura International Plc, London amounting to USD200,000,000 (full amount) with an interest rate at 3-months LIBOR plus a certain margin.

This loan facility has a tenor of 3 (three) years and will be matured on 17 October 2017. During the tenor of the loan facility, Bank Mandiri could drawdown of this loan facility amounting to USD200,000,000 (full amount) on 17 October 2014. As at 31 December 2014, this loan facility was secured by Government Bonds series ROI 16 with a nominal value of USD12,230,000 (full amount), ROI series 17 with a nominal value of USD98,498,000 (full amount), ROI series 18 with a nominal value of USD46,106,000 (full amount), ROI series 19 with a nominal value of USD61,500,000 (full amount), and ROI 20 with a nominal value of USD6,000,000 (full amount) (Note 8c).

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36. FUND BORROWINGS (continued)

(c) Direct Off-shore Loans (continued)

Bank Of America, Hong Kong

2014						
Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral Loan	Bank Of America Hong Kong	13 November 2017	36	LIBOR (6 months) + certain margin	115,000,000	1,424,275

On 30 October 2014, Bank Mandiri obtained a loan facility from Bank Of America, Hongkong amounting of USD115,000,000 (full amount) with interest rate at 6-months LIBOR plus a certain margin.

This loan facility has a tenor of 3 (three) years and will be matured on 13 November 2017. Bank Mandiri has drawdown on the loan facility amounting to USD115,000,000 (full amount) on 12 November 2014. As at 31 December 2014, this loan facility was secured by Government Bonds series VR0028 with a nominal value of Rp2,150,000 (Note 8c).

Agence Française de Développement

2014						
Type	Arranger	Maturity Date		Interest Rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral Loan	Agence Française de Développement	31 March 2016		LIBOR (6 months) + certain margin	8,181,818	101,332
Less:						
Unamortised issuance costs					(9,380)	(116)
					8,172,438	101,216
Bilateral Loan	Agence Française de Développement	30 September 2018		LIBOR (6 months) + certain margin	9,142,857	113,234
Less:						
Unamortised issuance costs					(21,224)	(263)
					9,121,633	112,971
Bilateral Loan	Agence Française de Développement	30 September 2017		LIBOR (6 months) + certain margin	21,818,182	270,218
Less:						
Unamortised issuance costs					(48,744)	(604)
					21,769,438	269,614
Bilateral Loan	Agence Française de Développement	31 March 2019		LIBOR (6 months) + certain margin	7,071,429	87,580
Less:						
Unamortised issuance costs					(18,746)	(232)
					7,052,683	87,348
Bilateral Loan	Agence Française de Développement	30 September 2023		LIBOR (6 months) + certain margin	10,000,000	123,850
Less:						
Unamortised issuance costs					(357,065)	(4,422)
					9,642,935	119,428
					55,759,127	690,577

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36. FUND BORROWINGS (continued)

(c) Direct Off-shore Loans (continued)

Agence Française de Développement (continued)

2013					
Type	Arranger	Maturity Date	Interest Rate per annum	Nominal amount	
				USD (full 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 months) + certain margin	11,428,571	139,086
Less:					
Unamortised issuance costs				(32,786)	(399)
				11,395,785	138,687
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

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 at 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 amounting to 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, respectively.

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36. FUND BORROWINGS (continued)

(c) Direct Off-shore Loans (continued)

Agence Française de Développement (continued)

The drawdown of the 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 amounting to 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 at 6-months LIBOR plus a certain margin. On March 25, 2014, the Bank has drawdown the loan amounting to USD 10,000,000 (full amount), which will be matured on 30 September 2023.

Asian Development Bank

2014						
Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount USD (full amount)	Rupiah equivalent
Tranche A	Asian Development Bank	31 October 2016	84	LIBOR (6 months) + certain margin	30,000,000	371,550
Less:						
Unamortised issuance costs					(116,720)	(1,445)
					29,883,280	370,105
2013						
Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount USD (full 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

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).

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36. FUND BORROWINGS (continued)

(c) Direct Off-shore Loans (continued)

Asian Development Bank (continued)

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. As of 31 December 2014, the Bank has repaid this loan amounting to USD75,000,000 (full amount). Tranche B Facility was repaid at maturity. As at 31 December 2014 and 2013, the credit facility is secured by Government Bonds series VR0031 with a nominal value of Rp1,286,663 (Note 8c).

(d) Bilateral Loans

The details of bilateral loans are as follows:

	2014	2013
JP Morgan, Jakarta	4,951,952	1,824,233
Standard Chartered Bank, Jakarta	1,238,500	1,217,000
	<u>6,190,452</u>	<u>3,041,233</u>

JP Morgan, Jakarta

2014						
Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount USD (full amount)	Rupiah equivalent
Bilateral Loan	JP Morgan, Jakarta	21 November 2016	36	LIBOR (3 months) + certain margin	150,000,000	1,857,750
Less:						
Unamortised issuance costs					(69,562)	(862)
					<u>149,930,438</u>	<u>1,856,888</u>
Bilateral Loan	JP Morgan, Jakarta	5 September 2017	36	LIBOR (3 months) + certain margin	250,000,000	3,096,250
Less:						
Unamortised issuance costs					(95,768)	(1,186)
					<u>249,904,232</u>	<u>3,095,064</u>
					<u>399,834,670</u>	<u>4,951,952</u>
2013						
Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount USD (full 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)
					<u>149,895,864</u>	<u>1,824,233</u>

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36. FUND BORROWINGS (continued)

(d) Bilateral Loans (continued)

JP Morgan, Jakarta (continued)

On 15 November 2013, the Bank obtained a loan facility from JP Morgan, Jakarta amounting to USD150,000,000 (full amount) with an interest rate at LIBOR 3 (three) months plus a certain margin.

This loan facility has a tenor of 3 (three) years and will be matured on 21 November 2016. Bank Mandiri has drawdown this credit facility amounting to USD150,000,000 (full amount) on 21 November 2013. As at 31 December 2014, 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 16 series with a nominal value of USD48,000,000 (full amount) and INDOIS 22 series with a nominal value of USD60,000,000 (full amount) (31 December 2013: Government Bonds ORI 009 series of Rp288,276, series of USD17,500,000 ROI 23 (full amount), series 15 of USD40,000,000 ROI (full amount) and series ROI 14 for USD100,800,000 (full amount) (Note 8c).

On 20 August 2014, Bank Mandiri obtained a loan facility from JP Morgan, Jakarta amounting to USD250,000,000 (full amount) with interest rate at LIBOR 3 (three) months plus a certain margin.

The loan facility has a tenor of 3 (three) years and will be matured on 5 September 2017. The Bank has drawdown on the loan facility amounting to USD250,000,000 (full amount) on 2 September 2014. As at 31 December 2014, this loan facility was secured by Government Bonds ORI 009 series with a nominal value of Rp669,000, ROI series 23 with a nominal value of USD37,000,000 (full amount), ROI series 19 with a nominal value of USD27,295,000 (full amount), ROI series 18 with a nominal value of USD29,100,000 (full amount), INDOIS 22 series with a nominal value of USD98,500,000 (full amount) and Pertamina 23 Corporate Bond series with a nominal value of USD65,000,000 (full amount) (Note 7k and 8c).

Standard Chartered Bank, Jakarta

2014						
Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral Loan	Standard Chartered Bank, Jakarta	11 July 2016	60	LIBOR (3 months) + certain margin	100,000,000	<u>1,238,500</u>
2013						
Type	Arranger	Maturity Date	Tenor (months)	Interest Rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral Loan	Standard Chartered Bank, Jakarta	11 July 2016	60	LIBOR (3 months) + certain margin	100,000,000	<u>1,217,000</u>

On 4 July 2011, Bank Mandiri obtained a loan facility from Standard Chartered Bank, Jakarta amounting to USD100,000,000 (full amount) with an interest rate at 3-months LIBOR plus a certain margin.

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36. FUND BORROWINGS (continued)

(d) Bilateral Loans (continued)

Standard Chartered Bank, Jakarta (continued)

This loan facility has a tenor of 5 (five) years and will be matured on 11 July 2016. On 11 July 2011, Bank Mandiri has drawdown this loan facility amounting to USD100,000,000 (full amount). As at 31 December 2014 and 2013, this loan facility was secured by Government Bonds VR0031 series with a nominal value of Rp1,074,788 (Note 8c).

(e) Trade Financing Facilities (Bankers Acceptance)

Trade financing facilities represent short-term borrowings with tenors ranging between 30 days to 365 days and bear interest at LIBOR or SIBOR plus a certain margin. These borrowings are guaranteed by letters of credit issued or received by Bank Mandiri. The balance as at 31 December 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
CTBC Bank Co. Ltd. Singapura	743,100	-
Wells Fargo Bank NA, Amerika Serikat	743,100	-
Standard Chartered Bank, New York	421,090	-
Bank of New York Mellon	371,550	-
Bank of Montreal, Canada	307,024	60,850
Bank of New York, Mellon, Jakarta	247,700	-
Bank of America NA, Hong Kong	123,850	243,400
Bank of New York, Mellon, Hong Kong	111,465	-
Hongkong and Shanghai Banking Corp, Jakarta	61,925	-
Bank Negara Indonesia, New York	49,540	-
Bank of America NA, Singapura	-	243,400
Bank of New York, Mellon, Singapura	-	158,210
	<u>3,180,344</u>	<u>705,860</u>

(f) Repo to Maturity

On 31 October 2014, Bank Mandiri signed a loan agreement amounting to Rp600,000 with the scheme of repo to maturity with Bank of America Singapore Limited (BOA). In this transaction, Bank Mandiri transferred Government Bonds VR0031 to BOA. The amount received by Bank Mandiri related to the repo transaction represents the present value of the loan after taking into account the interest expense of the loan and interest income of the VR0031 during repo period, which is amounting Rp494,301. For the transfer of Government Bonds VR0031, Bank Mandiri recognises receivable amounting cash value of VR0031 to BOA. The loan facility has a tenor of 6 (six) years and will be matured on 25 July 2020, which match with the maturity date of VR0031. On the maturity date, the transaction settlement will be made net of loan and receivable between Bank Mandiri and BOA.

On 19 November 2014, BOA sent "Transfer Notice" which stated that BOA had transferred all its rights and obligations related to loan facility under the scheme of repo to maturity to PT Asuransi Jiwa Adisarana Wanaartha as stated in the agreement.

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36. FUND BORROWINGS (continued)

(g) Others

	2014	2013
PT Panin Bank Tbk.	1,607,830	1,155,421
PT Bank Central Asia Tbk.	585,661	954,787
PT Bank Jabar Banten Tbk.	308,216	175,933
PT Bank DKI	238,041	297,449
PT Sarana Multigriya Finansial (Persero)	150,000	600,000
PT Bank BTPN Tbk.	150,000	200,000
Bank of China	116,245	-
PT Bank Commonwealth	113,291	99,122
Bank Chinatrust	99,751	-
PT Bank Negara Indonesia (Persero) Tbk.	52,609	175,945
PT Bank OCBC NISP Tbk.	2,217	36,772
PT Bank Internasional Indonesia Tbk.	-	150,000
The Hongkong and Shanghai Banking Corporation Ltd	-	120,000
Standard Chartered Bank, Jakarta	-	45,000
PT Bank Danamon Indonesia Tbk.	-	6,661
	3,423,861	4,017,090

PT Panin Bank Tbk.

On 16 February 2011, 8 August 2011 and latest amended on 22 October 2014, the Subsidiary and PT Panin Bank Tbk. (Panin) signed a loan agreement whereby Panin provide some term loan facilities with a total limit of Rp2,748,400 and bear a fixed interest rate. These facilities have various maturity, which ranging from January 2015 until December 2018.

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 amendment signed on 12 November 2012 with additional facility up to Rp300,000 and maturity date was extended to 12 May 2015.

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 (full amount) and bank gurantee facility of Rp200,000. Based on the terms of the agreement, interest for the working capital is determined based on the annual term lending rate of Bank Panin. This loan has been repaid by the Subsidiary.

As at 31 December 2014 and 2013, borrowing from Panin was amounted to Rp1,607,830 and Rp1,155,421.

PT Bank Central Asia Tbk.

On 7 March 2001, the Subsidiary and PT Bank Central Asia Tbk. (BCA) signed a loan agreement where BCA provides 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 will be matured 12 June 2014. This loan was extended until 12 March 2015.

On 24 March 2011 and 19 July 2013, the Subsidiary and BCA also entered into several loan agreements where BCA provides some non-revolving term loan facilities with a total limit of Rp1,025,000 and bears a fixed interest rate. These facilities have various maturity dates, which ranging between June 2015 until September 2016.

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36. FUND BORROWINGS (continued)

(g) Others (continued)

PT Bank Central Asia Tbk. (continued)

On 11 June 2013, the Subsidiary and BCA signed a loan agreement whereby the BCA provides revolving money market facility with a limit of Rp100,000 and bears a floating interest rate. The facility matures on 12 June 2014. This loan was extended until 12 March 2015.

On 25 February 2013, the Subsidiary entered into banking facility agreement with BCA, whereby the Subsidiary obtained multifacility banking arrangement with a total of Rp200,000, which consist of money market line facility, bank guarantee facility, and foreign exchange line. The facility will be matured on 24 February 2015. The interest under this facility is determined based on agreed interest rate of the drawdown of the facility.

As at 31 December 2014 and 2013, borrowing from BCA was amounted to Rp585,661 and Rp954,787.

PT Bank Jabar Banten Tbk.

On 1 November 2011, 30 November 2012 and the last on 23 December 2014, the Subsidiary and PT Bank Jabar Banten Tbk. (BJB) signed loan agreement whereby BJB provides several non-revolving term loan facilities with total limit of Rp475,000 and bears a fixed interest rate. These facilities have various maturity dates which ranging between November 2015 until December 2017.

As at 31 December 2014 and 2013, borrowing from BJB was amounted to Rp308,216 and Rp175,933.

PT Bank DKI

On 2 March 2011 and the last on 10 October 2014, the Subsidiary and PT Bank DKI (Bank DKI) signed a loan agreement whereby the Bank DKI provides several non-revolving term loan facilities with a total facility of Rp615,000 and bears a fixed interest rate. These facilities have various maturity dates, which ranging between December 2014 until December 2017.

As at 31 December 2014 and 2013, borrowing from Bank DKI was amounted to Rp238,041 and Rp297,449.

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.

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36. FUND BORROWINGS (continued)

(g) Others (continued)

PT Sarana Multigriya Finansial (Persero) (continued)

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. This facility will be due on 30 January 2015.

As at 31 December 2014 and 2013, borrowing SMF was amounted to Rp150,000 and Rp600,000.

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 6 March 2013 with an increase in facility limit to Rp200,000 and maturity date until 26 January 2015. 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 lending rate of BTPN.

As at 31 December 2014 and 2013, borrowing from BTPN was amounted to Rp150,000 and Rp200,000.

Bank Of China

On 20 November 2013, the Subsidiary and Bank Of China (BOC) signed loan agreement whereby BOC provides several non revolving term loan facilities with total facility of Rp150,000 and bear fixed interest rate. These facilities have various maturity dates, which ranging between February 2015 until June 2016.

As at 31 December 2014 and 2013, borrowing from BOC was amounted to Rp116,245 and RpNil.

PT Bank Commonwealth

On 5 March 2013 and 27 March 2014, the Subsidiary and PT Bank Commonwealth signed a loan agreement in which Commonwealth provides a non revolving facility amounting to Rp199,000 and bears fixed interest rate. The facility has various maturity dates ranging between March 2016 until June 2017.

As at 31 December 2014 and 2013, borrowing from Commonwealth was amounted to Rp113,291 and Rp99,122.

Bank Chinatrust

On 18 December 2014, the Subsidiary and Bank Chinatrust (BCT) signed loan agreement whereby BCT provides some working capital non revolving term loan facilities with total limit of Rp100,000 and bear fixed interest rate. These facilities will be matured on December 2017.

As at 31 December 2014 and 2013, borrowing from BCT was amounted to Rp99,751 and RpNil.

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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 non-revolving joint financing facilities with total limit of Rp563,473 and bear a fixed interest rate. These facilities have various maturity dates, which ranging between December 2014 until June 2016.

As at 31 December 2014 and 2013, borrowing from BNI was amounted to Rp52,609 and Rp175,945.

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 facilities with total limit of Rp50,000 and bear fixed interest rate. These facility have various maturity dates ranging between December 2014 until February 2015.

As at 31 December 2014 and 2013, borrowing from OCBC was amounted to Rp2,217 and Rp36,772.

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 maturity period until 1 June 2012. This facility has been extended to 1 June 2015. Under the terms of the agreement, interest for the money market line facility is determined based on the annual term lending rate of BII. This loan has been repaid by the Subsidiary.

As at 31 December 2014 and 2013, borrowing from BII was amounted to RpNil and Rp150,000.

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 Ltd (HSBC) amounting to Rp175,000, 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 lending rate of HSBC. On 30 May 2013, these facility agreements were renewed. This loan has been repaid by the Subsidiary.

As at 31 December 2014 and 2013, borrowing from HSBC was amounted to RpNil and Rp120,000.

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 transaction.

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36. FUND BORROWINGS (continued)

(g) Others (continued)

Standard Chartered Bank, Jakarta (continued)

On 28 September 2010, the Subsidiary also obtained short-term loan facility amounted to Rp175,000. The agreement is always extended and ended on 31 August 2014. Under the terms of the agreement, interest for this facility is 1 % above the annual term funding rate of SCB. This loan has been repaid by the Subsidiary.

As at 31 December 2014 and 2013, borrowing from SCB was amounted to RpNil and Rp45,000.

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 Rp28,500 and bear fixed interest rate. These facility have various maturity dates, which ranging between June 2014 until July 2014. This loan has been repaid by the Subsidiary.

As at 31 December 2014 and 2013, borrowing from Danamon was amounted to RpNil and Rp6,661.

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 2014 to 31 December 2014.

For the period from 1 January 2014 to 31 December 2014, 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:

	2014	2013
Rupiah:		
Related parties (Note 55)		
Subordinated Bond Rupiah Bank Mandiri I	1,909,800	1,939,800
Third parties		
Two-Step Loans (TSL)		
(a) Nordic Investment Bank (NIB)	53,261	74,566
Bank Indonesia	-	687,153
Subordinated Bond Rupiah Bank Mandiri I	1,567,733	1,544,629
	1,620,994	2,306,348
Total Rupiah	3,530,794	4,246,148
Foreign currencies:		
Third parties		
Two-Step Loans (TSL)		
(c) Asian Development Bank (ADB)	215,780	219,467
Total foreign currencies (Note 61B.(v))	215,780	219,467
	3,746,574	4,465,615

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37. SUBORDINATED LOANS (continued)

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 relents 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 1 st installment on 31 August 2002.

The details of credit facilities from NIB are as follow:

	2014	2013
Nordic Investment Bank IV (NIB IV)	53,261	74,566

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) 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 1 st installment on 15 January 2005.

The details of credit facilities from ADB are as follow:

	2014	2013
ADB 1327 - INO (SF)	215,780	219,467

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.

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37. SUBORDINATED LOANS (continued)

Two-Step Loans (TSL) (continued)

(b) Asian Development Bank (ADB) (continued)

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) prorated 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 2014 and 2013, are as follow:

Bank	Tenor	2014	2013	Interest Rate
PT Bank Mandiri (Persero) Tbk.	30 November 2004 –30 June 2014 with 1 st installment on 30 November 2004	-	687,153	0.20% per annum
		-	687,153	

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/BK 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. This loan has been repaid at maturity date in 2014.

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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 2014, the unamortised issuance cost of Subordinated Bond is amounting to Rp Rp7,467 (2013: Rp10,571).

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 2014 to 31 December 2014.

As at 31 December 2014 and 2013, 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

	<u>2014</u>	<u>2013</u>
Rupiah		
Third parties		
Demand deposits - <i>Mudharabah Musytarakah</i>	10,563	14,263
Demand deposits - restricted investment	<u>2,970</u>	<u>3,612</u>
Total	<u><u>13,533</u></u>	<u><u>17,875</u></u>

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.

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38. TEMPORARY SYIRKAH FUNDS (continued)

Temporary *Syirkah* funds consists of: (continued)

a. Deposits from Customers (continued)

2) Saving Deposits

a. Based on type:

	<u>2014</u>	<u>2013</u>
Related parties (Note 55)		
<i>Mudharabah</i> saving deposits - unrestricted investment		
Institution <i>Mudharabah</i> saving deposits	29,256	76,586
BSM saving deposits	7,405	16,177
<i>Investa Cendekia</i> saving deposits	304	1,217
<i>Berencana</i> BSM saving deposits	173	778
<i>Mabrur</i> saving deposits	57	75
	<u>37,195</u>	<u>94,833</u>
Third parties		
Saving deposits - restricted investment	534,110	689,174
<i>Mudharabah</i> saving deposits - unrestricted investment		
BSM saving deposits	16,817,638	16,293,842
<i>Mabrur</i> saving deposits	3,064,239	2,939,918
<i>Investa Cendekia</i> saving deposits	329,290	290,818
<i>Berencana</i> BSM saving deposits	160,300	156,646
Retirement saving deposits	40,437	27,493
<i>Qurban</i> saving deposits	532	549
<i>Al Washilyah</i> Mandiri saving deposits	2	4
	<u>20,946,548</u>	<u>20,398,444</u>
	<u>20,983,743</u>	<u>20,493,277</u>

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:

	<u>2014</u>	<u>2013</u>
Profit sharing ratio	0.22% - 5.25%	0.23% - 5.64%

3) *Mudharabah* Time Deposit - Unrestricted Investment

	<u>2014</u>	<u>2013</u>
Rupiah		
Related parties (Note 55)	455,067	930,768
Third parties	27,353,981	23,430,232
Total Rupiah	<u>27,809,048</u>	<u>24,361,000</u>
Foreign currency		
Related parties (Note 55)	163	445
Third parties	4,126,695	2,472,808
Total foreign currencies	<u>4,126,858</u>	<u>2,473,253</u>
	<u>31,935,906</u>	<u>26,834,253</u>

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38. TEMPORARY SYIRKAH FUNDS (continued)

b. Deposits from Other Banks

	<u>2014</u>	<u>2013</u>
Third parties		
<i>Mudharabah</i> saving deposits - unrestricted investment	163,544	144,876
<i>Mudharabah</i> time deposits - unrestricted investment	78,761	83,397
	<u>242,305</u>	<u>228,273</u>

c. Other significant information related to the time deposits for deposits from customers and deposits from other banks.

1) By contract period:

	<u>2014</u>	<u>2013</u>
Rupiah:		
1 month	1,382,343	15,584,006
3 months	2,470,300	3,764,378
6 months	3,347,624	1,895,872
12 months	20,687,542	3,200,141
Total Rupiah	27,887,809	24,444,397
Foreign currency:		
1 month	109,638	1,697,126
3 months	232,991	297,369
6 months	1,585,296	398,047
12 months	2,198,933	80,711
Total foreign currencies	4,126,858	2,473,253
	<u>32,014,667</u>	<u>26,917,650</u>

2) By remaining period until maturity dates:

	<u>2014</u>	<u>2013</u>
Rupiah:		
Less than 1 month	21,278,429	16,875,441
1 - 3 months	3,830,385	2,772,305
3 - 6 months	1,200,898	2,981,251
6 - 12 months	1,578,097	1,815,400
Total Rupiah	27,887,809	24,444,397
Foreign currency:		
Less than 1 month	3,799,870	2,448,867
1 - 3 months	217,363	12,080
3 - 6 months	40,141	10,317
6 - 12 months	69,484	1,989
Total foreign currencies	4,126,858	2,473,253
	<u>32,014,667</u>	<u>26,917,650</u>

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:

	<u>2014</u>	<u>2013</u>
Rupiah	3.96% - 6.05%	4.06% - 6.51%
Foreign currency	1.14% - 1.61%	1.17% - 1.74%

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38. TEMPORARY SYIRKAH FUNDS (continued)

c. Other significant information related to the time deposits for deposits from customers and deposits from other banks. (continued)

4) *Mudharabah* time deposits with *Mudharabah Muthlaqah* agreement that is pledged as collateral for receivables and financing was amounting to Rp Rp2,935,027 and Rp926,464 as at 31 December 2014 and 2013, respectively.

39. NON CONTROLLING INTEREST IN NET ASSETS OF CONSOLIDATED SUBSIDIARIES

This account represents non controlling interests in net assets of consolidated Subsidiaries as follow:

	2014	2013
AXA Mandiri Financial Services	1,058,826	941,561
InHealth Indonesia Life Insurance	528,262	-
Mandiri Tunas Finance	441,306	337,047
Mandiri AXA General Insurance	144,401	80,180
Bank Sinar Harapan Bali	13,766	12,475
Mandiri Sekuritas	120	96
	2,186,681	1,371,359

40. SHARE CAPITAL

a. Authorised, Issued and Fully Paid Capital

The Bank's authorised, issued and fully paid capital as at 31 December 2014 and 2013, respectively, were as follows:

	2014 and 2013		
	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
- Common Shares Series B	31,999,999,999	500	15,999,999,999,500
Total Authorised Capital	32,000,000,000		16,000,000,000,000
Issued and Fully Paid Capital			
Republic of Indonesia			
- Dwiwarna Share Series A	1	500	500
- Common Shares Series B	13,999,999,999	500	6,999,999,999,500
Public (less than 5% each)			
- Common Shares Series B	9,333,333,333	500	4,666,666,666,500
Total Issued and Fully Paid Capital	23,333,333,333		11,666,666,666,500

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40. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid-in Capital (continued)

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:

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 year 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.

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40. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid-in Capital (continued)

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.

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".

Management Stock Option Plan

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 are 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).

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40. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid-in 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% of 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 and 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.

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40. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid-in 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 2014 and 2013 amounted to Rp Rp17,316,192 is 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). The share premium amount of Rp17,316,192 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 (Rp273,972 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, respectively.

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.

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.

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40. SHARE CAPITAL (continued)

c. Distribution of Net Income

Based on the Annual General Shareholders' Meeting held on 27 February 2014 and 2 April 2013, the shareholders approved the distribution of the 2013 and 2012 net income as follows:

	2013	2012
Dividends	5,461,126	4,651,220
Retained Earnings		
Appropriated	2,348,284	1,503,894
Unappropriated	10,394,343	9,348,953
	18,203,753	15,504,067
Dividend per share (full amount)	234.04825	199.33799

Dividends from 2013 net income amounted to Rp5,461,126 were paid on 15 April 2014 and dividends from 2012 net income amounted to Rp4,651,220 were paid on 16 May 2013. Payment of dividends were recorded in the consolidated statement of changes in equity on the respective payment date.

The appropriated retained earnings for the year 2013 amounting Rp2,348,284 is allocated to business expansion and supporting infrastructure construction such as construction of Mandiri University, procurement of office building, procurement of ATM, non-IT capital expenditure and technology system development, meanwhile the appropriated retained earnings for the year 2012 amounting Rp1,503,894 was allocated to business expansion and supporting infrastructure construction such as procurement of office building and construction of Mandiri University.

41. INTEREST INCOME AND SHARIA INCOME

Interest income and sharia income are as follow:

	2014	2013
<u>Interest income</u>		
Loans	48,237,589	38,195,089
Government Bonds	4,634,503	3,483,598
Marketable securities	1,652,818	1,085,226
Placements with Bank Indonesia and other banks	1,104,672	846,733
Consumer financing income	1,118,631	919,784
Others	815,051	608,123
Total	57,563,264	45,138,553
<u>Sharia income</u>		
<i>Murabahah and Istishna</i> income - net	3,878,231	3,779,632
<i>Mudharabah</i> income	420,136	543,973
<i>Musyarakah</i> income	750,937	704,007
<i>Ijarah</i> income - net	25,374	42,677
Total	5,074,678	5,070,289
Total Interest Income and Sharia Income	62,637,942	50,208,842

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 2014 and 2013 amounting to Rp470,717 and Rp428,314 and fees and commissions income directly attributable to lending activities amortised using effective interest rate method for the year ended 31 December 2014 and 2013 amounting to Rp1,705,602 and Rp1,142,351.

As at 31 December 2014 and 2013, included in the interest income is interest income from financial assets at fair value through profit or loss amounting to Rp284,145 and Rp187,609, respectively.

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41. INTEREST INCOME AND SHARIA INCOME (continued)

As at 31 December 2014 and 2013 included in interest income and sharia income is income from transaction with related parties on Government Bonds and Treasury Bill amounting to Rp4,681,935 and Rp3,511,576 (refer to Note 55).

42. INTEREST EXPENSE AND SHARIA EXPENSE

Interest expense and sharia expense are incurred on the following:

	2014	2013
Time deposits	16,481,206	10,218,571
Saving deposits	3,352,005	3,218,371
Demand deposits	1,562,423	1,398,900
Fund borrowings	825,948	643,431
Subordinated loans	425,860	428,942
Marketable securities issued	446,278	218,599
Others	411,798	272,610
	23,505,518	16,399,424

Included in interest expense of time deposits and saving deposits is expense based on *sharia* principle for the years ended 31 December 2014 and 2013 amounting to Rp2,451,302 and Rp2,080,042, 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 2014 and 2013 amounting to Rp59,292 and Rp77,562, respectively (refer to Note 55).

43. OTHER OPERATING INCOME - OTHERS

	2014	2013
Recovery of written-off loans in the previous period related to implementation of SFAS 55	2,396,825	2,667,367
Income from loan written-off	210,381	335,189
Income from penalty	156,921	129,525
Stamp duty income	48,237	52,369
Safety deposit box	34,979	35,243
Others	1,120,858	909,750
	3,968,201	4,129,443

44. ALLOWANCE FOR IMPAIRMENT LOSSES

	2014	2013
(Allowance)/reversal for provision of impairment losses on:		
Current accounts with other banks (Note 5d)	6,846	(3,726)
Placements with other banks (Note 6e)	10,321	(8,548)
Marketable Securities (Note 7g)	(18,804)	(30,199)
Securities purchased under resale agreements (Note 10c)	(41,941)	-
Other receivables – trade transactions (Note 9d)	(115,522)	(39,848)
Loans (Note 12B.j)	(5,294,726)	(4,635,551)
Consumer financing receivables (Note 13c)	(209,113)	(150,153)
Net investment in lease finance (Note 14c)	(10,806)	(6,756)
Acceptance receivables (Note 15d)	(44,873)	3,649
Investments in shares (Note 16c)	488	(310)
	(5,718,130)	(4,871,442)

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45. (ALLOWANCE)/REVERSAL FOR POSSIBLE LOSSES

	2014	2013
(Allowance)/reversal provision for:		
Estimated losses arising from fraud cases	11,710	(4,337)
Estimated losses arising from legal cases	129,296	(14,409)
Others assets (Note 20)	42,475	23,070
	183,481	4,324

46. UNREALISED GAINS/(LOSSES) FROM INCREASE/(DECREASE) IN FAIR VALUE OF MARKETABLE SECURITIES, GOVERNMENT BONDS AND POLICYHOLDERS INVESTMENT IN UNIT-LINKED CONTRACTS

	2014	2013
Marketable securities	93,824	(26,049)
Government Bonds	52,697	(193,304)
Changes in market value of policyholders' investment and increase/(decrease) in liability in unit-linked contracts		
- Change in market value of policyholders' investment	2,860,353	(737,407)
- Increase in liability in unit-linked contracts	(2,860,353)	737,407
	146,521	(219,353)

47. GAIN/(LOSS) ON SALE OF MARKETABLE SECURITIES AND GOVERNMENT BONDS

	2014	2013
Marketable securities		
Fair value through profit and loss	39,425	6,145
Available for sale	33,355	(2,709)
Government Bonds		
Fair value through profit and loss	45,220	(11,293)
Available for sale	116,463	46,973
	234,463	39,116

48. SALARIES AND EMPLOYEE BENEFITS

	2014	2013
Salaries, wages, pension and tax allowances	6,100,140	5,233,494
Holidays (THR), leave and related entitlements	1,206,130	956,753
Employee benefits in kind	904,372	752,661
Training and education	463,904	423,474
Provision for post-employment benefit expenses	293,932	321,791
Provision of tantiem	152,273	160,243
Bonuses and others	1,727,280	1,582,921
	10,848,031	9,431,337

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48. SALARIES AND EMPLOYEE BENEFITS (continued)

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 Rp717,073 and Rp586,221 (Note 55) for the years ended 31 December 2014 and 2013, respectively as follows:

	2014			
	Salaries and Allowance	Bonus/ Tantiem	Long-term Employment Benefits	Total
The Board of Commissioners	29,609	53,981	2,459	86,049
Directors	110,995	200,259	10,835	322,089
Audit Committee and Risk Monitoring and Good Corporate Governance Committee	3,255	1,404	-	4,659
Sharia Supervisory Board	1,114	21	-	1,135
Senior Executive Vice Presidents and Senior Vice Presidents *)	176,079	112,135	14,927	303,141
	321,052	367,800	28,221	717,073

*) Effective from 9 January 2014, Executive Vice Presidents changed to Senior Executive Vice Presidents as mentioned at Board of Directors' Decree (SK) No. KEP.DIR/12/2014

	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

49. GENERAL AND ADMINISTRATIVE EXPENSES

	2014	2013
Professional fees	2,380,440	1,978,886
Rent	1,291,413	1,157,268
Goods/services provided by third parties	1,116,362	829,061
Promotions	986,272	989,542
Repairs and maintenance	973,698	883,411
Depreciation of fixed assets (Note 19)	938,547	822,193
Communications	918,280	824,442
Electricity, water and gas	512,952	433,332
Office supplies	488,373	412,631
Transportations	339,631	294,589
Traveling expenses	247,239	212,948
Amortisation of intangible assets	217,254	131,282
Insurance expenses	70,404	75,737
Others	967,445	853,078
	11,448,310	9,898,400

For the year ended 31 December 2014 and 2013, promotions expenses include the sweepstakes prize expense of third party funds amounting to Rp48,145 and Rp21,880, respectively.

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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-PIIP) 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 2014 and 2013 were Rp374,090 and Rp97,200 respectively. The interest rates on these time deposits are given on arms-length basis.

For the years ended 31 December 2014 and 2013, the Bank has paid pension contributions amounting to Rp290,647 and Rp252,762, respectively.

- 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.

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50. EMPLOYEE BENEFITS (continued)

Pension Plan (continued)

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 has been 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).

Based on the approval of the Board of Commissioner Meeting on 2 July 2014, Bank Mandiri gave other benefits to each pension fund. Decision to give this other benefits was set forth in the respective Regulation of Pension Fund and has been approved by the Minister of Finance Decree No. KEP-1773/NB.1/2014 dated 17 July 2014 (DPBMS); No. KEP-1774/NB.1/2014 dated 17 July 2014 (DPBMD); No. KEP-1775/NB.1/2014 dated 17 July 2014 (DPBMT) and No. KEP-1776/NB.1/2014 dated 17 July 2014 (DPBME).

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50. EMPLOYEE BENEFITS(continued)

Pension Plan (continued)

As at 31 December 2014 and 2013, the provision for pension benefit obligation are calculated by the independent actuary as shown in the independent actuarial report of PT Milliman Indonesia dated 17 January 2015 for the year ended 31 December 2014 and the independent actuarial report of PT Dayamandiri Dharmakonsilindo dated 13 January 2014 for the year ended 31 December 2013. PT Milliman Indonesia as stated in the independent actuarial report dated 17 January 2015 has also recalculated employee benefit costs for the year ended 31 December 2013 for Dana Pensiun Bank Mandiri Satu (DPBMS) and Dana Pensiun Bank Mandiri Empat (DPBME). The assumptions used for the years ended 31 December 2014 and 2013 are as follows:

	DPBMS	DPBMD	DPBMT	DPBME
Discount rate	8.50% per annum (2013: 9.15%)	8.50% per annum (2013: 9.15%)	8.50% per annum (2013: 9.15%)	8.50% per annum (2013: 9.15%)
Expected rate of return on pension plan assets	9.50% per annum (2013: 9.50%)	9.00% per annum (2013: 9.00%)	8.50% per annum (2013: 8.50%)	9.00% per annum (2013: 9.00%)
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	2014 and 2013: Indonesian Mortality Table 2011 (TMI III) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners	2014 and 2013: Indonesian Mortality Table 2011 (TMI III) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners	2014 and 2013: Indonesian Mortality Table 2011 (TMI III) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners	2014 and 2013: Indonesian Mortality Table 2011 (TMI III) for employee and former employee and Group Annuity Mortality 1983 (GAM '83) for pensioners
Turnover rate	2014 and 2013: 5.00% for employees' age of 25 and decreasing linearly up to 0.00% at age 55	2014 and 2013: 5.00% for employees' age of 25 and decreasing linearly up to 0.00% at age 55	2014 and 2013: 5.00% for employees' age of 25 and decreasing linearly up to 0.00% at age 55	2014 and 2013: 5.00% for employees' age of 25 and decreasing linearly up to 0.00% at age 55
Disability rate	2014 and 2013: 10.00% of TMI III	2014 and 2013: 10.00% of TMI III	2014 and 2013: 10.00% of TMI III	2014 and 2013: 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	2014 and 2013: 3.00% of pension benefit	2014 and 2013: 3.00% of pension benefit	2014 and 2013: 3.00% of pension benefit	2014 and 2013: 3.00% of pension benefit

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50. EMPLOYEE BENEFITS (continued)

Pension Plan (continued)

The projected benefit obligations and fair value of plan assets as at 31 December 2014, based on independent actuarial report, are as follows:

	DPBMS	DPBMD	DPBMT	DPBME
Projected benefit obligations	1,474,919	1,647,936	634,988	504,829
Fair value of plan assets	1,566,369	1,894,023	806,043	559,406
Funded Status	91,450	246,087	171,055	54,577
Unrecognised past service cost	-	-	-	-
Unrecognised actuarial losses	(35,627)	(183,351)	(125,401)	(9,710)
Surplus based on SFAS No. 24 (Revised 2010)	55,823	62,736	45,654	44,867
Asset ceiling*)	-	-	-	-
Pension Plan Program Assets recognised in consolidated 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 consolidated 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 2013, based on independent actuarial report, are as follows:

	DPBMS	DPBMD	DPBMT	DPBME
Projected benefit obligations	1,391,476	1,472,346	589,041	474,597
Fair value of plan assets	1,540,476	1,770,137	816,426	551,037
Funded Status	149,000	297,791	227,385	76,440
Unrecognised past service cost	-	-	-	-
Unrecognised actuarial losses	(104,833)	(268,790)	(213,160)	(9,710)
Surplus based on SFAS No. 24	44,167	29,001	14,225	66,730
Asset ceiling*)	-	-	-	-
Pension Plan Program Assets recognised in consolidated 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 consolidated statements of financial position because the requirements under SFAS No. 24 regarding "Employee Benefits" are not fulfilled.

The composition of plan assets from Pension Fund for the years ended 31 December 2014 and 2013 are as follows:

	2014			
	DPBMS	DPBMD	DPBMT	DPBME
Deposit	38%	31%	11%	26%
Bonds	28%	42%	36%	34%
Direct investment	5%	14%	21%	13%
Land and building	15%	4%	26%	7%
Shares	8%	4%	-	1%
Government Bonds	-	4%	4%	5%
Others	6%	1%	2%	14%
Total	100%	100%	100%	100%

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50. EMPLOYEE BENEFITS (continued)

Pension Plan (continued)

The composition of plan assets from Pension Fund for the years ended 31 December 2014 and 2013 are as follows: (continued)

	2013			
	DPBMS	DPBMD	DPBMT	DPBME
Deposit	12%	29%	3%	18%
Bonds	43%	47%	35%	39%
Direct investment	5%	10%	21%	6%
Land and Building	13%	2%	24%	1%
Shares	12%	6%	4%	5%
Government Bonds	7%	5%	12%	24%
Others	8%	1%	1%	7%
Total	100%	100%	100%	100%

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 2014 and 2013 the Group recognised a provision for employee services entitlements in accordance with Labor Law No. 13/2003 amounting to Rp2,234,193 (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 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) based on the estimated post employment benefit in the independent actuarial reports (Note 34).

Provision for employee service entitlements as at 31 December 2014 and 2013 are estimated using the employees service entitlements calculation for the years ended 31 December 2014 and 2013 as shown in the independent actuarial reports of PT Milliman Indonesia dated 17 January 2015 for the year ended 31 December 2014 and the independent actuarial reports of PT Dayamandiri Dharmakonsilindo dated 13 January 2014 for the year ended 31 December 2013. The assumptions used by the actuary for the years ended 31 December 2014 and 2013 are as follows:

- Discount rate is 8.50% per annum (2013: 8.65% per annum).
- Expected rate of annual salary increase is 9.50% per annum (2013: 9.50% per annum).
- Mortality rate table used is Indonesia Mortality Table 2011 or TMI III.
- Turnover rate is 5% for employees' age of 25 and decreasing linearly up to 0% at age 55.
- Actuarial method is projected unit credit method.
- Normal retirement age is 56 years.
- Disability rate is 10% of TMI III.

The amounts recognised in the statement of financial position are determined based on independent actuarial report as follows (Bank Mandiri only):

	2014	2013
Present value of obligations	1,924,202	1,597,813
Unrecognised past service cost	(10,530)	(15,672)
Unrecognised actuarial gains/(losses)	(6,800)	134,267
Provision for post employment benefits presented in statements of financial position	1,906,872	1,716,408

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50. EMPLOYEE BENEFITS (continued)

Labor Law No. 13/2003 (continued)

The movement in present value of obligation over the year is as follows (Bank Mandiri only):

	2014	2013
Beginning balance of present value of obligation	1,597,813	1,757,767
Past service cost - <i>Non Vested</i>	-	59,351
Past service cost - <i>Vested</i>	-	119
Interest cost	134,108	96,467
Current service cost	146,083	209,180
Benefit paid	(94,869)	(59,163)
Impact of changes actuarial adjustment	45,247	(490,405)
Actuarial (gains)/losses	95,820	24,497
Ending Balance of Present Value of Obligation	1,924,202	1,597,813

The amounts recognised in the profit or loss based on independent actuarial report are as follows (Bank Mandiri only):

	2014	2013
Current service cost	146,083	209,180
Interest cost	134,108	96,467
Amortisation of unrecognised pastservice cost	5,142	5,142
Amortisation of unrecognised actuarial gains/(losses)	-	16,494
Recognition of past service cost - vested	-	119
Cost of Pension benefits	285,333	327,402

Reconciliations of provision for post employment benefits are as follows:

	2014	2013
<u>Bank Mandiri</u>		
Beginning balance of provision for post employment benefits	1,716,408	1,448,170
Expenses during the year	285,333	327,402
Payments of benefits	(94,869)	(59,164)
Provision for post employment benefits (Bank Mandiri)	1,906,872	1,716,408
<u>Subsidiaries</u>		
Provision for post employment benefits	319,081	241,008
Total provision for post employment benefits	2,225,953	1,957,416^{*)}

^{*)} As at 31 December 2014 and 2013, the amount does not include unpaid severance for resigned employees amounting to Rp8,240 and Rp8,240 respectively, which was excluded from actuarial computation.

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):

	2014	2013	2012	2011	2010
Present value of defined benefit obligations	1,924,202	1,597,813	1,757,767	1,547,952	1,262,717
Fair value of plan assets	-	-	-	-	-
Program Deficit	1,924,202	1,597,813	1,757,767	1,547,952	1,262,717
Experience adjustments on liabilities program	95,820	24,497	93,991	127,820	(58,912)
Experience adjustments on plan assets	-	-	-	-	-

51. OTHER OPERATING EXPENSES - OTHERS - NET

	2014	2013
Insurance premiums on third party funds guarantee program (Note 63)	1,171,997	1,032,792
Fees and commissions expenses	709,392	563,784
Fees related to Credit card and ATM transactions	340,818	239,117
Insurance sales force compensation	306,156	341,997
Employee restructuring costs	69,733	-
Fees from RTGS, remittance and clearing transactions	62,206	56,038
Others	417,708	970,314
	3,078,010	3,204,042

Others mainly consist of Subsidiary's commission expense from bancassurance and other commission expenses.

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52. NON-OPERATING INCOME - NET

	<u>2014</u>	<u>2013</u>
BOT transactions income (Note 18a)	15,597	15,597
Building rental income	10,235	61,201
Gain on sale of fixed assets	4,122	129,416
Penalties	(10,904)	(9,759)
Others - net	10,859	313,671
	<u>29,909</u>	<u>510,126</u>

53. COMMITMENTS AND CONTINGENCIES

The following accounts represent accounts which are recorded as off-balance sheet:

	<u>2014</u>	<u>2013</u>
COMMITMENTS		
Commitment Payables:		
Unused loan facilities granted*):		
Related parties	26,730,367	23,511,102
Third parties	66,675,601	61,640,491
	<u>93,405,968</u>	<u>85,151,593</u>
Outstanding irrevocable letters of credit (Note 31):		
Related parties	8,325,989	5,797,403
Third parties	6,842,125	9,420,727
	<u>15,168,114</u>	<u>15,218,130</u>
Total Commitment Payables	<u>108,574,082</u>	<u>100,369,723</u>
Commitment Payables - Net	<u>(108,574,082)</u>	<u>(100,369,723)</u>
CONTINGENCIES		
Contingent Receivables:		
Guarantees received from other banks	18,764,479	18,560,454
Interest receivable on non-performing assets	8,567,219	7,391,633
Others	32,729	32,730
Total Contingent Receivables	<u>27,364,427</u>	<u>25,984,817</u>
Contingent Payables:		
Guarantees issued in the form of:		
Bank guarantees (Note 31):		
Related parties	17,401,095	13,423,017
Third parties	43,811,806	42,996,519
	<u>61,212,901</u>	<u>56,419,536</u>
Standby letters of credit (Note 31)		
Related parties	6,510,384	6,098,592
Third parties	5,379,066	2,553,754
	<u>11,889,450</u>	<u>8,652,346</u>
Others	377,195	256,757
Total Contingent Payables	<u>73,479,546</u>	<u>65,328,639</u>
Contingent Payables - Net	<u>(46,115,119)</u>	<u>(39,343,822)</u>
COMMITMENTS AND CONTINGENCIES PAYABLE - NET	<u>(154,689,201)</u>	<u>(139,713,545)</u>

*) Include committed and uncommitted unused loan facilities.

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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 2014 and 2013 are as follows:

2014				
Original Currency	Spot - Buy		Spot - Sell	
	Original Currency (full amount)	Rupiah Equivalent	Original Currency (full amount)	Rupiah Equivalent
United States Dollar	77,621,682	961,345	91,040,000	1,127,530
Others ^{*)}	-	199,468	-	162,032
		1,160,813		1,289,562
2013				
Original Currency	Spot - Buy		Spot - Sell	
	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

^{*)} 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 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 Usaha Gedung 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 (dahulu 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
Koperasi Kesehatan Pegawai dan Pensiunan Bank Mandiri (Mandiri Healthcare)	Significantly influenced by Bank Mandiri

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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 Abacus Distri System Indonesia	Subsidiary of State Owned Enterprise
PT Adhiguna Putera	Subsidiary of State Owned Enterprise
PT Aerojasa Perkasa	Subsidiary of State Owned Enterprise
PT Aerowisata	Subsidiary of State Owned Enterprise
PT Angkasa Citra Sarana Catering	Subsidiary of State Owned Enterprise
PT Angkasa Pura Hotel	Subsidiary of State Owned Enterprise
PT Arthaloka Indonesia	Subsidiary of State Owned Enterprise
PT Asrinda Arthasangga	Subsidiary of State Owned Enterprise
PT Asuransi Berdikari	Subsidiary of State Owned Enterprise
PT Asuransi Jasa Raharja Putera	Subsidiary of State Owned Enterprise
PT Asuransi Jiwa Taspen	Subsidiary of State Owned Enterprise
PT Bahana Artha Ventura	Subsidiary of State Owned Enterprise
PT Bank BRI Syariah	Subsidiary of State Owned Enterprise
PT Bank Negara Indonesia Syariah	Subsidiary of State Owned Enterprise
PT Berdikari United Livestock	Subsidiary of State Owned Enterprise
PT Berlian Jasa Terminal Ind	Subsidiary of State Owned Enterprise
PT BNI LIFE INSURANCE	Subsidiary of State Owned Enterprise
PT BNI Multi Finance	Subsidiary of State Owned Enterprise
PT Bromo Steel Indonesia	Subsidiary of State Owned Enterprise
PT Cogindo Dayabersama	Subsidiary of State Owned Enterprise
PT Daya Laut Utama	Subsidiary of State Owned Enterprise
PT Dharma Lautan Nusantara	Subsidiary of State Owned Enterprise
PT Dok & Perkapalan Waiame	Subsidiary of State Owned Enterprise
PT Electronic Data Interchange Indonesia	Subsidiary of State Owned Enterprise
PT Eltran Indonesia	Subsidiary of State Owned Enterprise
PT Energi Pelabuhan Indonesia	Subsidiary of State Owned Enterprise
PT Galangan Pelni Surya	Subsidiary of State Owned Enterprise
PT Gapura Angkasa	Subsidiary of State Owned Enterprise
PT Geo Dipa Energi	Subsidiary of State Owned Enterprise
PT Haleyora Power	Subsidiary of State Owned Enterprise
PT Indofarma Global Medika	Subsidiary of State Owned Enterprise
PT Indonesia Chemical Alumina	Subsidiary of State Owned Enterprise
PT Indonesia Comnets Plus	Subsidiary of State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

• **Related parties relationship with government related entities (continued)**

Related Parties	Nature of Relationship
PT Indonesia Kendaraan Terminal	Subsidiary of State Owned Enterprise
PT Indonesia Power	Subsidiary of State Owned Enterprise
PT Infomedia Nusantara	Subsidiary of State Owned Enterprise
PT Ismawa Trimitra	Subsidiary of State Owned Enterprise
PT Itci Hutani Manunggal	Subsidiary of State Owned Enterprise
PT Itci Kayan Hutani	Subsidiary of State Owned Enterprise
PT Jasa Peralatan Pelabuhan Indonesia	Subsidiary of State Owned Enterprise
PT Kalimantan Agro Nusantara	Subsidiary of State Owned Enterprise
PT Kaltim Industrial Estate	Subsidiary of State Owned Enterprise
PT Kaltim Nusa Etika	Subsidiary of State Owned Enterprise
PT Kawasan Industri Kujang Cikampek	Subsidiary of State Owned Enterprise
PT Kereta Api Logistik	Subsidiary of State Owned Enterprise
PT Kereta Api Pariwisata	Subsidiary of State Owned Enterprise
PT Kertas Padalarang	Subsidiary of State Owned Enterprise
PT Kimia Farma Trading & Distributor	Subsidiary of State Owned Enterprise
PT Kodja Terramarin	Subsidiary of State Owned Enterprise
PT Krakatau Daya Listrik	Subsidiary of State Owned Enterprise
PT Krakatau Engineering	Subsidiary of State Owned Enterprise
PT Krakatau Information Technology	Subsidiary of State Owned Enterprise
PT Krakatau Prima Dharma Sentana	Subsidiary of State Owned Enterprise
PT Mega Eltra	Subsidiary of State Owned Enterprise
PT Mitra Kerinci	Subsidiary of State Owned Enterprise
PT Multi Nitrotama Kimia	Subsidiary of State Owned Enterprise
PT Multi Terminal Indonesia	Subsidiary of State Owned Enterprise
PT Nusantara Regas	Subsidiary of State Owned Enterprise
PT Pal Marine Service	Subsidiary of State Owned Enterprise
PT Pann Pembiayaan Maritim	Subsidiary of State Owned Enterprise
PT Patra Jasa	Subsidiary of State Owned Enterprise
PT Pelindo Marine Service	Subsidiary of State Owned Enterprise
PT Pelita Air Service	Subsidiary of State Owned Enterprise
PT Pelita Indonesia Djaya Corp	Subsidiary of State Owned Enterprise
PT Pembangkit Jawa Bali (PJB)	Subsidiary of State Owned Enterprise
PT Perhutani Alam Wisata	Subsidiary of State Owned Enterprise
PT Perhutani Anugerah Kimia	Subsidiary of State Owned Enterprise
PT Permodalan Nasional Madani Investment Management	Subsidiary of State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

• **Related parties relationship with government related entities (continued)**

Related Parties	Nature of Relationship
PT Permodalan Nasional Madani Venture Capital	Subsidiary of State Owned Enterprise
PT Peroksida Indonesia Pratama	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 Petrokimia Kayaku	Subsidiary of State Owned Enterprise
PT Petrosida	Subsidiary of State Owned Enterprise
PT PLN Batam	Subsidiary of State Owned Enterprise
PT PLN Tarakan	Subsidiary of State Owned Enterprise
PT PP Dirganeka	Subsidiary of State Owned Enterprise
PT PP Pracetak	Subsidiary of State Owned Enterprise
PT Prima Layanan Nasional	Subsidiary of State Owned Enterprise
PT Prima Terminal Petikemas	Subsidiary of State Owned Enterprise
PT Pupuk Indonesia Logistik	Subsidiary of State Owned Enterprise
PT Pupuk Iskandar Muda	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 Pupuk Sriwidjaja Palembang	Subsidiary of State Owned Enterprise
PT Railindo Global Karya	Subsidiary of State Owned Enterprise
PT Reasuransi Internasional Indonesia	Subsidiary of State Owned Enterprise
PT Reasuransi Nasional Indonesia	Subsidiary of State Owned Enterprise
PT Rekindo Global Jasa	Subsidiary of State Owned Enterprise
PT Rekayasa Engineering	Subsidiary of State Owned Enterprise
PT Rekayasa Industri/PT REKIND	Subsidiary of State Owned Enterprise
PT Rumah Sakit Pelni	Subsidiary of State Owned Enterprise
PT Sarana Bandar Nasional	Subsidiary of State Owned Enterprise
PT Sari Valuta Asing	Subsidiary of State Owned Enterprise
PT Sariarthamas Hotel International	Subsidiary of State Owned Enterprise
PT Semen Padang	Subsidiary of State Owned Enterprise
PT Semen Tonasa	Subsidiary of State Owned Enterprise
PT Stannia Bineka Jasa	Subsidiary of State Owned Enterprise
PT Surveyor Carbon Consulting Indonesia	Subsidiary of State Owned Enterprise
PT Surya Hutani Jaya	Subsidiary of State Owned Enterprise
PT Tambang Timah	Subsidiary of State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

• **Related parties relationship with government related entities (continued)**

Related Parties	Nature of Relationship
PT Tanjung Redeb Hutani	Subsidiary of State Owned Enterprise
PT Telekomunikasi Indonesia International	Subsidiary of State Owned Enterprise
PT Telekomunikasi Selular	Subsidiary of State Owned Enterprise
PT Terminal Peti Kemas Surabaya	Subsidiary of State Owned Enterprise
PT Terminal Petikemas Indonesia	Subsidiary of State Owned Enterprise
PT Terminal Petikemas Kodja	Subsidiary of State Owned Enterprise
PT Trans Marga Jateng	Subsidiary of State Owned Enterprise
PT Wijaya Karya Bangunan Gedung	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
BPJS Kesehatan (previously PT ASKES (Persero))	State Owned Enterprise
BPJS Ketenagakerjaan (previously PT Jamsostek (Persero))	State Owned Enterprise
Perum BULOG	State Owned Enterprise
Perum DAMRI	State Owned Enterprise
Perum Jaminan Kredit Indonesia (JAMKRINDO)	State Owned Enterprise
Perum Jasa Tirta II (Persero)	State Owned Enterprise
Perum Lembaga Penyelenggara Pelayanan Navigasi Penerbangan Indonesia (PERUM LPPNPI)	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 Perikanan Indonesia (PERUM PERINDO)	State Owned Enterprise
Perum Perumnas	State Owned Enterprise
Perum PPD Tbk	State Owned Enterprise
Perum Produksi Film Negara	State Owned Enterprise
PT Adhi Karya (Persero) Tbk	State Owned Enterprise
PT Amarta Karya (Persero)	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 Asei Reasuransi Indonesia (Persero)	State Owned Enterprise
PT Asuransi Ekspor Indonesia	State Owned Enterprise
PT Asuransi Jasa Indonesia (Persero)	State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

• **Related parties relationship with government related entities (continued)**

Related Parties	Nature of Relationship
PT Asuransi Jasa Raharja	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 (Persero)	State Owned Enterprise
PT Balai Pustaka (Persero)	State Owned Enterprise
PT Bali Tourism Development Corporation	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 Primiissima (Persero)	State Owned Enterprise
PT Dahana (Persero)	State Owned Enterprise
PT Danareksa (Persero)	State Owned Enterprise
PT Dirgantara Indonesia (Persero)	State Owned Enterprise
PT Djakarta Llyod (Persero)	State Owned Enterprise
PT Dok & Perkapalan Kodja Bahari (Persero)	State Owned Enterprise
PT Dok & Perkapalan Surabaya (Persero)	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 Utama 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 Kapal Indonesia (Persero)	State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

• **Related parties relationship with government related entities (continued)**

Related Parties	Nature of Relationship
PT Industri Kereta Api (INKA)	State Owned Enterprise
PT Industri Nuklir Indonesia (Persero) (previously PT Batan Teknologi)	State Owned Enterprise
PT Industri Sandang Nusantara	State Owned Enterprise
PT Industri Soda Indonesia (Persero)	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 INTI (Persero)	State Owned Enterprise
PT Istaka Karya	State Owned Enterprise
PT Jasa Marga (Persero) Tbk.	State Owned Enterprise
PT Jiep	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
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

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55. RELATED PARTY TRANSACTIONS (continued)

• **Related parties relationship with government related entities** (continued)

Related Parties	Nature of Relationship
PT Pengembangan Pariwisata Indonesia (Persero)	State Owned Enterprise
PT Pengusahaan Daerah Industri Pulau Batam (Persero)	State Owned Enterprise
PT Perhutani	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 Pengelolaan 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 Prasarana Perikanan Samudera	State Owned Enterprise
PT Pupuk Indonesia Holding Company (previously PT Pupuk Sriwidjaja (Persero))	State Owned Enterprise
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

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55. RELATED PARTY TRANSACTIONS (continued)

• **Related parties relationship with government related entities (continued)**

Related Parties	Nature of Relationship
PT Sarinah (Persero)	State Owned Enterprise
PT Semen Baturaja (Persero)	State Owned Enterprise
PT Semen Indonesia (Persero) Tbk. (previously PT Semen Gresik (Persero) Tbk.)	State Owned Enterprise
PT Semen Kupang	State Owned Enterprise
PT Sier	State Owned Enterprise
PT Sucofindo (Persero)	State Owned Enterprise
PT Survey Udara Penas	State Owned Enterprise
PT Surveyor Indonesia	State Owned Enterprise
PT Taman Wisata Candi Borobudur, Prambanan & Ratu Boko	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	Financial Institution
PT Indonesia Infrastruktur Finance	Financial Institution
PT Penjaminan Infrastruktur Indonesia (Persero)	Financial Institution
Pusat Investasi Pemerintah	Financial Institution

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).

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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 2014 and 2013 amounting to Rp717,073 and Rp586,221 or 2.83% and 2.60% of total consolidated operating expenses - others, respectively.

Shares owned by the Board of Directors from MSOP program for the years ended 31 December 2014 and 2013 amounting to 13,892,900 shares and 15,598,741 shares or 0.04% and 0.05% of total authorised capital, respectively.

Details of significant transactions with related parties as at 31 December 2014 and 2013, are as follows:

	2014	2013
<u>Assets</u>		
Current accounts with other banks (Note 5a)	20,937	39,388
Placements with Bank Indonesia and other banks (Note 6b)	1,503,078	916,782
Marketable securities (Note 7a)*	14,803,097	8,937,255
Government Bonds (Note 8)	86,153,906	82,227,428
Other receivables - trade transactions (Note 9a)	6,414,623	3,904,858
Derivative receivables (Note 11)	5,807	2,792
Loans (Note 12A.a and 12B.g)	67,613,532	57,315,200
Consumer financing receivables (Note 13a)	7,420	5,738
Acceptance receivables (Note 15a)	252,138	779,807
Total assets with related parties	176,774,538	154,129,248
Total consolidated assets	855,039,673	733,099,762
Percentage of total assets with related parties to total consolidated assets	20.67%	21.02%
<u>Liabilities</u>		
Deposits from customers		
Demand deposits (Note 21a)	19,751,219	26,507,150
Saving deposits (Note 22a)	121,683	202,205
Time deposits (Note 23a)	33,459,942	27,976,500
Deposits from other banks		
Demand and saving deposits (Note 24a)	25,569	63,613
Securities sold under repurchase agreements to repurchase (Note 28)	-	1,509,324
Derivative payables (Note 11)	8,679	372
Acceptance payables (Note 29a)	1,366,249	445,929
Marketable securities issued (Note 30)	437,000	328,000
Fund borrowings (Note 36)	252,149	778,314
Subordinated loans (Note 37)	1,909,800	1,939,800
Total liabilities with related parties	57,332,290	59,751,207
Total consolidated liabilities	697,019,624	596,735,488
Percentage of total liabilities with related parties to total consolidated liabilities	8.23%	10.01%
<u>Temporary Syirkah Funds (Note 38)</u>	492,425	1,026,046
Percentage to total temporary syirkah funds	0.93%	2.16%

*) Marketable securities is presented gross before unamortised discount and unrealised (losses)/gains from (decrease)/increase in value of marketable securities.

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55. RELATED PARTY TRANSACTIONS (continued)

	2014	2013
<u>Statements of Comprehensive Income</u>		
Interest income from Government Bonds and Treasury bills (Note 41)	4,681,935	3,511,576
Percentage to interest income and sharia income	7.47%	6.99%
Interest expense from fund borrowing (Note 42)	59,292	77,562
Percentage to interest expense and sharia expense	0.25%	0.47%

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 and banking.

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56. SEGMENT INFORMATION (continued)

2014												
Account	Corporate	Commercial and Business	Micro and Retail	Consumer	Treasury, Financial Institution and SAM	Institutional Banking ¹	Head Office	Subsidiary - Sharia	Subsidiary - Insurance	Subsidiaries - other than Sharia and insurance	Adjustment and elimination **)	Total
Consolidated statement of income												
Interest and sharia income *)	15,614,891	20,214,019	30,964,293	7,767,435	5,208,616	6,965,750	4,248,225	5,546,561	463,750	1,554,137	(35,909,735)	62,637,942
Interest and sharia expense *)	(10,738,414)	(13,149,766)	(13,528,314)	(4,848,192)	(2,403,749)	(5,089,973)	(1,483,153)	(2,451,302)	-	(664,386)	30,851,731	(23,505,518)
Net Interest and sharia income	4,876,477	7,064,253	17,435,979	2,919,243	2,804,867	1,875,777	2,765,072	3,095,259	463,750	889,751	(5,058,004)	39,132,424
Net Premium income	-	-	-	-	-	-	-	-	2,680,570	-	-	2,680,570
Net Interest and sharia and premium income	4,876,477	7,064,253	17,435,979	2,919,243	2,804,867	1,875,777	2,765,072	3,095,259	3,144,320	889,751	(5,058,004)	41,812,994
Other operating income:												
Other fees and commission	839,459	1,161,538	4,612,109	1,131,148	2,156,543	172,259	(1,775,987)	984,529	-	495,246	(644,869)	9,131,975
Other	55,091	418,102	875,086	449,817	2,078,019	-	1,493,187	17,037	354,494	381,830	(566,823)	5,555,840
Total	894,550	1,579,640	5,487,195	1,580,965	4,234,562	172,259	(282,800)	1,001,566	354,494	877,076	(1,211,692)	14,687,815
Reversal/(allowance) for impairment losses on financial assets and others	406,107	(1,661,263)	(1,455,667)	(992,256)	578,592	(2,648)	(1,121,120)	(1,004,044)	-	(254,668)	(22,369)	(5,529,336)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, Government Bonds, and policyholders' investment in unit-linked contracts	-	-	-	-	-	-	2,578	-	132,858	11,085	-	146,521
Gain on sale of marketable securities and Government Bonds	-	-	-	-	-	-	183,617	-	8,084	42,762	-	234,463
Other operating expenses:												
Salaries and employee benefit	(274,261)	(898,753)	(4,346,999)	(286,643)	(215,906)	(47,774)	(2,542,866)	(1,359,776)	(272,801)	(602,252)	-	(10,848,031)
General and administrative expenses	(185,133)	(321,761)	(3,432,646)	(623,259)	(269,626)	(56,981)	(4,192,944)	(1,351,815)	(627,814)	(386,331)	-	(11,448,310)
Other	(143,071)	(40,121)	(845,935)	(104,068)	(90,560)	(113,863)	(1,092,337)	(285,070)	(925,578)	(91,626)	654,219	(3,078,010)
Total	(602,465)	(1,260,635)	(8,625,580)	(1,013,970)	(576,092)	(218,618)	(7,828,147)	(2,996,661)	(1,826,193)	(1,080,209)	654,219	(25,374,351)
Non operating income - net	1,305	-	894	(208)	(49,373)	-	70,743	13,673	2,606	(9,731)	-	29,909
Tax expense	-	-	-	-	-	-	(4,757,501)	(38,015)	(433,407)	(124,309)	-	(5,353,232)
Net income	5,575,974	5,721,995	12,842,821	2,493,774	6,992,556	1,826,770	(10,967,558)	71,778	1,382,762	351,757	(5,637,846)	20,654,783
Net income attributable to:												
Non controlling interest	-	-	-	-	-	-	-	-	-	-	-	782,910
Parent Entity	-	-	-	-	-	-	-	-	-	-	-	19,871,873
Consolidated statements of financial position												
Loans – gross	142,597,627	196,182,613	36,030,708	64,705,595	5,055,677	30,694,606	-	48,226,583	-	919,827	(1,311,419)	523,101,817
Total Asset	156,397,003	198,430,658	40,837,873	65,027,274	228,286,307	31,776,127	36,283,970	66,942,422	26,342,284	14,496,601	(9,780,846)	855,039,673
Demand deposits	(40,275,004)	(13,223,418)	(50,425,065)	-	(1,302,746)	(17,816,423)	-	(5,186,571)	-	(101,224)	276,893	(128,053,558)
Saving deposits	(555,122)	(3,344,503)	(224,423,863)	-	(30,200)	(1,100,923)	-	(1,700,819)	-	(305,826)	-	(231,461,256)
Time deposits	(38,788,889)	(7,473,932)	(128,055,156)	-	(6,780,056)	(42,730,501)	-	-	-	(727,682)	622,119	(223,934,097)
Total deposit from customers	(79,619,015)	(24,041,853)	(402,904,084)	-	(8,113,002)	(61,647,847)	-	(6,887,390)	-	(1,134,732)	899,012	(583,448,911)
Total Liabilities	(87,903,489)	(27,494,162)	(406,253,339)	(838,056)	(20,980,313)	(61,656,991)	(54,581,314)	(8,829,956)	(22,606,318)	(11,770,972)	5,895,286	(697,019,624)

*) 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.

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56. SEGMENT INFORMATION (continued)

Account	2013										Adjustment and elimination **)(****)	Total
	Corporate	Commercial and Business	Micro and Retail	Consumer	Treasury, Financial Institution and SAM	Institutional Banking ¹	Head Office	Subsidiary - Sharia	Subsidiary - Insurance	Subsidiaries - other than Sharia and insurance		
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)	22,876,795	(16,399,424)
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	(1,446,185)	33,809,418
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	(1,446,185)	36,435,424
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)	(545,767)	(3,204,042)
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)	(545,767)	(22,533,779)
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.

****)) Reclassified, refer to Note 64.

1) For risk management disclosure purpose in Note 61, institutional banking business included in corporate.

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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 2014:

	Indonesia	Asia	West Europe	Cayman Islands	Consolidated
Consolidated statement of income					
Interest and sharia income	61,992,640	387,916	38,520	218,866	62,637,942
Interest and sharia expense	(23,443,855)	(45,441)	(4,146)	(12,076)	(23,505,518)
Net Interest and sharia income	38,548,785	342,475	34,374	206,790	39,132,424
Net Premium income	2,680,570	-	-	-	2,680,570
Net Interest and sharia and premium income	41,229,355	342,475	34,374	206,790	41,812,994
Other operating income:					
Other fees and commissions	9,008,691	113,554	-	9,730	9,131,975
Others	5,495,559	47,357	12,486	438	5,555,840
Total	14,504,250	160,911	12,486	10,168	14,687,816
(Allowance)/reversal for impairment losses	(5,374,246)	2,991	(3,670)	(154,411)	(5,529,336)
Unrealised gains/(losses) from increase/(decrease) in unit-linked contracts in fair value of marketable securities, Government Bonds, and policyholders' investment	146,568	(47)	-	-	146,521
Gain on sale of marketable securities and Government Bonds	217,055	3,346	-	14,062	234,463
Other operating expenses:					
Salaries and employee benefit	(10,693,968)	(125,780)	(20,141)	(8,142)	(10,848,031)
General, administrative expenses and others	(14,388,684)	(95,807)	(19,435)	(22,394)	(14,526,320)
Total	(25,082,652)	(221,587)	(39,576)	(30,536)	(25,374,351)
Non operating income - net	26,136	52,205	-	(48,432)	29,909
Tax expense	(5,305,287)	(47,945)	-	-	(5,353,232)
Net income	20,361,179	292,349	3,614	(2,359)	20,654,783
Net income attributable to:					
Non controlling interest	-	-	-	-	782,910
Parent Entity	-	-	-	-	19,871,873
Consolidated statements of financial position					
Loans - gross	504,659,448	13,110,662	32	5,331,675	523,101,817
Total Aset	824,343,716	20,885,950	2,334,225	7,475,782	855,039,673
Demand deposits	(125,534,036)	(2,434,201)	(84,082)	(1,239)	(128,053,558)
Saving deposits	(230,263,488)	(1,197,768)	-	-	(231,461,256)
Time deposits	(220,969,844)	(2,964,253)	-	-	(223,934,097)
Total deposit from customers	(576,767,368)	(6,596,222)	(84,082)	(1,239)	(583,448,911)
Total Liabilities	(665,302,888)	(20,866,724)	(3,385,824)	(7,464,188)	(697,019,624)

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56. SEGMENT INFORMATION (continued)

Geographical Segment (continued)

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 *)	(16,358,596)	(23,988)	(2,376)	(14,464)	(16,399,424)
Net Interest and sharia income	33,472,025	231,625	21,204	84,564	33,809,418
Net Premium income	2,626,006	-	-	-	2,626,006
Net Interest and sharia and premium income	36,098,031	231,625	21,204	84,564	36,435,424
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 *)	(12,983,577)	(77,637)	(23,306)	(17,922)	(13,102,442)
Total	(22,276,728)	(180,998)	(52,166)	(23,887)	(22,533,779)
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)

*) Reclassified, refer to Note 64.

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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.

With reference 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 2014 amounted to Rp445,254,441 with the component of counterparty credit risk weighted assets amounted to Rp504,774 which is dominated by repo transactions. The market risk weighted assets using Standardised Approach and operational risk weighted assets using Basic Indicator Approach are amounting to Rp1,863,243 and Rp67,786,852, 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 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Capital:		
Core Capital*)	79,052,150	65,853,989
Supplementary Capital	6,427,547	7,491,432
Total Capital for credit risk, operational risk and market risk charge	<u>85,479,697</u>	<u>73,345,421</u>
 Risk-Weighted Assets for credit	445,254,441	431,632,851
Risk-Weighted Assets for operasional	67,786,852	57,671,278
Risk-Weighted Assets for market risk	1,863,243	1,972,041
Total Risk-Weighted Assets for credit, operational and market risk charge	<u>514,904,536</u>	<u>491,276,170</u>

*) Excludes the impact of deferred tax benefit/(expense) of (Rp82,730) and Rp70,285 and unrealised losses of available for sale Marketable Securities and Government Bonds (Bank Mandiri Only) of (Rp699,085) and (Rp1,737,644) respectively as at 31 December 2014 and 2013. 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

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57. CAPITAL ADEQUACY RATIO (continued)

Capital Risk Management (continued)

	2014	2013
CAR for core capital	15.35%	13.40%
CAR for credit risk	19.20%	16.99%
CAR for credit risk and operational risk	16.66%	14.99%
CAR for credit risk and market risk	19.12%	16.92%
CAR for credit risk, operational and market risk	16.60%	14.93%
Minimum CAR core capital	6.00%	5.00%
Minimum CAR total capital	9.00-10.00%	8.00%

The Bank's capital adequacy ratio on a consolidated basis as at 31 December 2014 including credit, operational and market risk is 16.13% and taking into account credit and operational risk is 16.20%.

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 2014 and 2013 (Bank Mandiri only) were 1.13% and 1.15% 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 2014 and 2013 compared to the minimum allowance for impairment losses on earning assets under the guidelines prescribed by Bank Indonesia as at 31 December 2014 and 2013 were 122.55% and 125.85% 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 2014 and 2013 were 6.89% and 6.56% respectively.

The Legal Lending Limit (LLL) as at 31 December 2014 and 2013 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.

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59. CUSTODIAL SERVICES AND TRUST OPERATIONS (continued)

Custodial Services (continued)

In order to fulfill the investors' needs in investing on various marketable securities instruments, Bank Mandiri's Custodial has facilitate it by acting as:

- a. General custodial which provide services for investors that investing in capital market or money market in Indonesia;
- b. Local custodial for American Depositary Receipts (ADRs) and Global Depositary 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 2014 and 2013, Bank Mandiri's Custodial Operations has 608 and 581 customers (unaudited), 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 2014 (unaudited) is amounting to Rp261,185,495, USD846,795,769 (full amount), EUR106,336 (full amount) and HKD84,000,000 (full amount) and 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). 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

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59. CUSTODIAL SERVICES AND TRUST OPERATIONS (continued)

Trust Operations (continued)

As at 31 December 2014, Bank Mandiri as Trustee has 63 (unaudited) trustee customers with the total value of bonds and MTN issued amounting to Rp41,227,000 and USD9,900,000 (full amount) (unaudited) and as at 31 December 2013 has 55 (unaudited) trustee customers with the total value of bonds and MTN issued amounting to Rp31,633,000 (unaudited).

Both Bank Mandiri's Trust operations and Custodial Services have received Quality Certification ISO 9001:2008.

Trust

A trustee services including managing customer's assets portfolio (the settlor) based on a written agreement between the Bank as the Trustee and customer's for the benefits of beneficiary.

Bank Mandiri has obtained the license principle and confirmation letter for the Trustee services based on Bank Indonesia's Letter No.15/30/DPB1/PB1-1 dated 26 April 2013 and No.15/32/DPB1/PB1-1 date 28 August 2013.

Functions of independent trust service are:

- a. "Paying Agent" which receive and transfer money and / or funds, and record cash in and cash out for and on behalf of the clients (the settlor).
- b. "Investment Agency" involve in placing, converting, and administering the placement of funds for and on behalf of the clients (the settlor).

The service trust provided by the Bank is also include managing customers from various segments, including Oil & Gas Company, Corporate and Commercial, Non-Profit Organization customers for activities among others Distribution of gas sales results, Sale and purchase / acquisition of companies, and pooling of funds for foreign aid.

60. CHANNELING LOANS

Channeling loans based on sources of funds and economic sectors are as follows (unaudited):

	2014	2013
Government:		
Electricity, gas and water	6,970,950	9,018,350
Transportation and communications	1,371,414	1,609,404
Agriculture	518,548	590,105
Manufacturing	91,200	91,200
Construction	32,149	32,149
Others	52,848	68,221
	9,037,109	11,409,429

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 Nederlandse Investeringsbank 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.

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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.

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 by 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 Audit Committee. The Executive Committee under the supervision of the Board of Directors consists of Assets & Liabilities Committee (ALCO), Risk Management Committee (RMC), Capital & Subsidiaries 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 responsible for managing the risks management, which discusses and recommends policies and procedures as well as monitoring risk profile and managing the entire risks of the Bank. Moreover, Asset & Liability Committee (ALCO) are also involve in risk management activities in determining the assets and liabilities management strategy, to determine interest rate and liquidity, along with other aspects related to the managing the Bank'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 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 and member with voting right 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.

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61. RISK MANAGEMENT (continued)

All risks will be reported in quarterly risk profile report and semi-annually Bank's soundness report in order to describe all risks embedded in the Bank's business activities, including consolidation with subsidiaries's risks.

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).

To support this objective, the Bank periodically reviews and updates its policies and procedures for credit in general and credit by business segment. 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, as part of implementation of prudential banking, the Bank utilises Credit Risk Tools, which among other include Credit Rating and Credit Scoring Tools, financial spread sheet, comprehensive Credit Analysis Memorandum and loan monitoring system in the form of watch list tools that already integrated to the Integrated Processing System (IPS)/Loan Origination System (LOS) on end to end process, 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-attribution).

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.

In quarter IV of 2014, in order to maintain consistency of the estimation model, the Bank performed calibration or model development. For the Consumer Card segment, pre approved credit card applications model has been developed.

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

To support the development of model, the Bank has issued Guideline for the development of credit rating and credit scoring models, a complete guidance 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 to minimise user's mistake in measuring credit risk, particularly in determining the Probability of Default (PD) 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.

In response to the global economic crisis which has not ended yet, to identify debtors which may potentially 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 determines account strategy and early actions to prevent Non Performing Loan (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.

As part of mitigating debtors' credit risk, the Credit Committee determines the credit structure, including appropriate covenant in accordance with the requirements and debtors' condition, to ensure the effectiveness of credit and profitable for both debtors and Bank Mandiri.

At the portfolio level, risk management is conducted through an active portfolio management approach in which the Bank proactively maintains portfolio diversification to optimum levels with risk exposure within the risk appetite level decided by the Bank. The Bank does implement Portfolio Guideline (PG). PG consists of three items which include 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 being periodically reviewed and the back testing for 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 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.

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

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 preventive actions 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 at ad hoc basis conducts a stress test to the credit portfolio e.g. for 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 impact 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 for short-term and long-term strategies. Therefore, the Bank's portfolio quality and capital adequacy can be well maintained.

To continuously developing the quality of human resource in risk management, the Bank has developed a Risk Management Academy with 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 2014 and 2013 are as follows:

	2014	2013
Current accounts with Bank Indonesia	50,598,840	43,904,419
Current accounts with other banks	8,983,467	14,036,484
Placement with Bank Indonesia and other banks	61,117,605	45,113,834
Marketable securities *)		
Government		
Fair value through profit or loss	208,782	597,309
Available for sale	253,951	114,626
Non Government		
Fair value through profit or loss	4,198,554	1,974,474
Available for sale	12,879,298	10,051,962
Held to maturity	7,030,776	3,003,478
At cost	368,852	599,563
Government Bonds **)		
Fair value through profit or loss	1,745,205	1,381,747
Available for sale	61,187,145	57,213,114
Held to maturity	21,195,694	22,467,976
At cost	875,973	712,585
Other receivables - trade transactions	11,651,696	7,523,929
Securities purchased under resale agreements	19,744,804	3,737,613
Derivatives receivables	71,044	170,878
Loans		
Corporate	171,537,913	162,334,201
Commercial and Business Banking	188,999,684	157,934,782
Consumer	63,456,545	55,521,352
Micro and Retail	34,943,158	26,242,674
Sharia	46,457,570	48,601,789

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(i) Maximum exposure to credit risk before collateral held and other credit support (continued)

	2014	2013
Consumer financing receivables	5,893,135	4,511,545
Net investment in finance leases	766,524	612,154
Acceptances receivables	13,007,132	10,114,889
Other assets		
Accrued income	3,272,972	2,563,524
Receivables from customer transactions	1,698,106	1,777,864
Receivables from transactions related to ATM and credit card	636,502	597,376
Receivable from policyholder	151,250	84,781
Receivable from sale of marketable securities	261,870	254
Receivables from Government Bonds pledged as collateral	592,614	-
	793,786,661	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.

Credit risk exposures relating to administrative accounts net after impairment provision as 31 December 2014 and 2013 are as follows:

	2014	2013
Bank guarantees issued	61,139,500	56,380,588
Committed unused loan facilities granted	33,510,008	28,830,629
Outstanding irrevocable letters of credit	15,100,555	15,135,211
Standby letter of credit	11,886,608	8,652,244
	121,636,671	108,998,672

The above table represents the maximum financial assets exposure on credit risk to Bank Mandiri and Subsidiaries as at 31 December 2014 and 2013, 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 2014 and 2013. For this table, Bank Mandiri and Subsidiaries have allocated exposures to regions based on the geographical area of where the transactions are recorded.

	2014					
	Jawa Bali	Sumatera	Kalimantan	Sulawesi	Others	Total
Current accounts with Bank Indonesia	50,598,840	-	-	-	-	50,598,840
Current accounts with other banks	6,713,624	33	8,909	3	2,264,262	8,986,831
Placement with Bank						
Indonesia and other banks	58,447,823	-	-	-	2,764,929	61,212,752
Marketable securities *)						
Government						
Fair value through profit or loss	208,782	-	-	-	-	208,782
Available for sale	-	-	-	-	253,951	253,951
Non Government						
Fair value through profit or loss	3,968,948	-	-	-	229,606	4,198,554
Available for sale	12,826,314	-	-	-	52,984	12,879,298
Held to maturity	7,187,494	-	-	-	-	7,187,494
At cost	513,913	-	-	-	-	513,913
Government Bonds **)						
Fair value through profit or loss	1,745,205	-	-	-	-	1,745,205
Available for sale	61,138,371	-	-	-	48,774	61,187,145
Held to maturity	20,937,094	-	-	-	258,600	21,195,694
At cost	875,973	-	-	-	-	875,973
Other receivables-trade transactions	13,037,723	-	-	-	200,244	13,237,967
Securities purchased under resale						
agreements	19,786,745	-	-	-	-	19,786,745
Derivatives receivables	68,111	-	-	-	2,933	71,044

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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)

	2014					
	Jawa Bali	Sumatera	Kalimantan	Sulawesi	Others	Total
Loans						
Corporate	122,280,812	27,566,114	8,293,468	1,634,581	18,399,392	178,174,367
Commercial and Business Banking	132,977,018	35,569,769	15,559,340	8,985,522	1,953,122	195,044,771
Consumer	49,340,611	6,835,578	3,848,116	3,827,294	853,996	64,705,595
Micro and Retail	20,705,947	8,809,805	2,530,994	3,513,790	1,389,966	36,950,502
Sharia	32,389,459	9,477,884	3,198,689	2,384,871	775,679	48,226,582
Consumer financing receivables	3,845,389	1,484,977	429,830	327,791	-	6,087,987
Net investment in						
finance leases	649,050	294	4,138	130,255	-	783,737
Acceptances receivables	11,052,190	-	-	-	2,061,869	13,114,059
Other assets						
Accrued income	2,623,970	306,969	115,117	91,410	135,506	3,272,972
Receivables from customer transactions	1,764,202	-	-	-	-	1,764,202
Receivables from transactions related to ATM and credit card	636,502	-	-	-	-	636,502
Receivable to policyholder	124,549	15,059	6,571	5,071	-	151,250
Receivable from sale of marketable securities	261,870	-	-	-	-	261,870
Receivables from Government Bonds pledged as collateral	592,614	-	-	-	-	592,614
	637,299,143	90,066,482	33,995,172	20,900,588	31,645,813	813,907,198

*) 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.

	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	9,248,572	-	-	-	929,798	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 related to ATM and credit card	597,376	-	-	-	-	597,376
Receivable to policyholder	66,147	11,660	3,617	3,357	-	84,781
Receivable from sale of marketable securities	254	-	-	-	-	254
	545,904,005	82,624,578	31,556,254	18,717,604	23,385,239	702,187,680

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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)

Credit risk exposure relating to administrative accounts are as follows:

	2014					
	Jawa Bali	Sumatera	Kalimantan	Sulawesi	Others	Total
Administrative accounts						
Bank guarantees issued	59,742,968	8,152	1,417	9,250	1,451,114	61,212,901
Committed unused loan facilities granted	24,267,611	3,269,169	670,332	605,514	4,750,373	33,562,999
Outstanding irrevocable letters of credit	14,110,804	-	-	-	1,057,310	15,168,114
Standby letter of credit	11,715,440	-	-	-	174,010	11,889,450
	109,836,823	3,277,321	671,749	614,764	7,432,807	121,833,464

*) 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.

	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 loan 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

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 2014 and 2013.

	2014					
	Government	Financial institution Bank	Manufacturing	Agriculture	Business services	Others
Current accounts with Bank Indonesia	-	50,598,840	-	-	-	-
Current accounts with other banks	-	8,986,831	-	-	-	-
Placement with Bank Indonesia and other banks	-	61,212,752	-	-	-	-
Marketable securities *)						
Government						
Fair value through profit or loss	208,782	-	-	-	-	-
Available for sale	253,951	-	-	-	-	-
Non Government						
Fair value through profit or loss	-	3,968,616	66,180	2,069	120,556	41,133
Available for sale	-	6,941,062	330,400	300,000	1,340,315	3,967,521
Held to maturity	-	4,594,409	343,496	-	1,236,995	1,012,594
At cost	-	13,021	-	-	-	500,892
Government Bonds **)						
Fair value through profit or loss	1,745,205	-	-	-	-	-
Available for sale	61,187,145	-	-	-	-	-
Held to maturity	21,195,694	-	-	-	-	-
At cost	875,973	-	-	-	-	-
Other receivables- trade transactions	-	1,582,038	6,014,385	237,127	-	5,404,417
Securities purchased under resale agreements	-	19,225,313	-	-	-	561,432
Derivatives receivables	-	28,468	39,080	1,753	1,743	-

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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)

2014 (continued)							
	Government	Financial institution Bank	Manufacturing	Agriculture	Business services	Others	Total
Loans							
Corporate	7,584,351	1,054,814	46,806,196	34,632,962	18,648,676	69,447,368	178,174,367
Commercial and Bussiness							
Banking	-	32,000	57,281,077	18,561,333	21,282,789	97,887,572	195,044,771
Consumer	-	-	-	-	13,982,607	50,722,988	64,705,595
Micro and Retail	-	1,470,851	216,870	2,701,552	2,540,028	30,021,201	36,950,502
Sharia	949,942	1,462,598	2,559,988	2,054,577	9,062,907	32,136,570	48,226,582
Consumer financing receivables	-	-	1,801	1,744	23,884	6,060,558	6,087,987
Net Investment in finance leases	-	-	-	-	51,095	732,642	783,737
Acceptances receivables	-	285,554	177,222	-	-	12,651,283	13,114,059
Other assets							
Accrued income	85,333	989,993	334,860	112,208	147,091	1,603,487	3,272,972
Receivables from customer transactions	-	93,477	-	3,032	-	1,667,693	1,764,202
Receivables from transactions related to ATM and credit card	-	-	-	-	-	636,502	636,502
Receivable to policyholders	-	-	-	-	-	151,250	151,250
Receivable from sale of marketable securities	-	261,870	-	-	-	-	261,870
Receivables from Government Bonds pledged as collateral	-	592,614	-	-	-	-	592,614
	94,086,376	163,395,121	114,171,555	58,608,357	68,438,686	315,207,103	813,907,198

*) 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.

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
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

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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 (continued)							
	Government	Financial institution Bank	Manufacturing	Agriculture	Business services	Others	Total
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

*) 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 exposure relating to administrative accounts items are as follows:

2014							
	Government	Financial institution Bank	Manufacturing	Agriculture	Business services	Others	Total
Administrative accounts							
Bank guarantees issued	35,650	22,765,829	12,783,651	114,381	291,390	25,222,000	61,212,901
Committed unused loan facilities granted	4,544,091	4,015,754	6,168,228	1,080,620	4,334,146	13,420,160	33,562,999
Outstanding irrevocable letters of credit	-	-	859	-	-	15,167,255	15,168,114
Standby letter of credit	-	-	474,968	-	1,063,379	10,351,103	11,889,450
	4,579,741	26,781,583	19,427,706	1,195,001	5,688,915	64,160,518	121,833,464

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 loan 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

c) Credit quality of financial assets

As at 31 December 2014 and 2013, exposure to credit risk on financial assets are as follows:

2014						
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Total
Current accounts with Bank Indonesia	50,598,840	-	-	50,598,840	-	50,598,840
Current accounts with other Banks	8,983,650	-	3,181	8,986,831	(3,364)	8,983,467
Placement with Bank Indonesia and other banks	61,166,661	-	46,091	61,212,752	(95,147)	61,117,605
Marketable securities *)						
Government						
Fair value through profit or loss	208,782	-	-	208,782	-	208,782
Available for sale	253,951	-	-	253,951	-	253,951
Non Government						
Fair value through profit or loss	4,198,554	-	-	4,198,554	-	4,198,554
Available for sale	12,879,298	-	-	12,879,298	-	12,879,298
Held to maturity	7,019,436	-	168,058	7,187,494	(156,718)	7,030,776
At cost	376,913	-	137,000	513,913	(145,061)	368,852

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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)

	2014 (continued)				
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision
Government Bonds **)					
Fair value through profit or loss	1,745,205	-	-	1,745,205	-
Available for sale	61,187,145	-	-	61,187,145	-
Held to maturity	21,195,694	-	-	21,195,694	-
At cost	875,973	-	-	875,973	-
Other receivables-trade transactions	8,581,064	6,689	4,650,214	13,237,967	(1,586,271)
Securities purchased under resale agreements	19,786,745	-	-	19,786,745	(41,941)
Derivatives receivables	71,044	-	-	71,044	-
Loans					
Corporate	167,338,622	-	10,835,745	178,174,367	(6,636,454)
Commercial and Business Banking	184,394,981	4,069,244	6,580,546	195,044,771	(6,045,087)
Consumer	59,052,537	4,185,154	1,467,904	64,705,595	(1,249,050)
Micro and Retail	33,628,353	1,445,316	1,876,833	36,950,502	(2,007,344)
Syariah	41,529,215	3,050,357	3,647,010	48,226,582	(1,769,012)
Consumer financing receivables	5,644,332	361,451	82,204	6,087,987	(194,852)
Net Investment in finance leases	718,817	34,738	30,182	783,737	(17,213)
Acceptances receivables	12,756,849	-	357,210	13,114,059	(106,927)
Other assets					
Accrued income	3,272,972	-	-	3,272,972	-
Receivables from customer transactions	1,697,068	-	67,134	1,764,202	(66,096)
Receivables from transactions related to ATM and credit card	636,502	-	-	636,502	-
Receivable to policyholders	151,250	-	-	151,250	-
Receivable from sale of marketable securities	261,870	-	-	261,870	-
Receivables from Government Bonds pledged as collateral	592,614	-	-	592,614	-
	770,804,937	13,152,949	29,949,312	813,907,198	(20,120,537)

*) 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.

	2013				
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision
Current accounts with Bank Indonesia	43,904,419	-	-	43,904,419	-
Current accounts with other banks	14,043,416	-	4,659	14,048,075	(11,591)
Placement with Bank Indonesia and other banks	45,151,833	-	67,600	45,219,433	(105,599)
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	-	108	10,052,336	(374)
Held to maturity	2,973,004	-	190,900	3,163,904	(160,426)
At cost	605,619	-	137,000	742,619	(143,056)
Loans and receivables	-	-	13,210	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	6,141,947	-	2,806,436	8,948,383	(1,424,454)
Securities purchased under resale agreements	3,737,613	-	-	3,737,613	-
Derivatives receivables	170,878	-	-	170,878	-

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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)

2013 (continued)						
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Total
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

As at 31 December 2014 and 2013, exposure to credit risk on administrative accounts are as follows:

2014						
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Total
Administrative accounts						
Bank guarantees issued	48,380,352	-	12,832,549	61,212,901	(73,401)	61,139,500
Committed unused loan facilities granted	31,949,328	-	1,613,671	33,562,999	(52,991)	33,510,008
Outstanding irrevocable letters of credit	13,640,852	-	1,527,262	15,168,114	(67,559)	15,100,555
Standby letter of credit	11,421,217	-	468,233	11,889,450	(2,842)	11,886,608
	105,391,749	-	16,441,715	121,833,464	(196,793)	121,636,671

*) 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.

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

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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)

As at 31 December 2014 and 2013, details of the quality of loans that are neither past due nor impaired based on internal ratings are as follows:

	2014		
	Not under monitoring	Under monitoring	Total
Assets			
Current accounts with Bank Indonesia	50,598,840	-	50,598,840
Current accounts with other banks	8,983,650	-	8,983,650
Placement with Bank Indonesia and other banks	61,166,661	-	61,166,661
Marketable securities *)			
Government			
Fair value through profit or loss	208,782	-	208,782
Available for sale	253,951	-	253,951
Non Government			
Fair value through profit or loss	4,198,554	-	4,198,554
Available for sale	12,879,298	-	12,879,298
Held to maturity	6,985,688	33,748	7,019,436
At cost	376,913	-	376,913
Government Bonds **)			
Fair value through profit or loss	1,745,205	-	1,745,205
Available for sale	61,187,145	-	61,187,145
Held to maturity	21,195,694	-	21,195,694
At cost	875,973	-	875,973
Other receivables-trade transactions	5,559,651	3,021,413	8,581,064
Securities purchased under resale agreements	19,786,745	-	19,786,745
Derivatives receivables	71,044	-	71,044
Loans			
Corporate	146,874,797	20,463,825	167,338,622
Commercial and Business Banking	172,979,056	11,415,925	184,394,981
Consumer	59,051,893	644	59,052,537
Micro and Retail	33,628,344	9	33,628,353
Syariah	40,918,294	610,921	41,529,215
Consumer financing receivables	2,971,623	2,672,709	5,644,332
Net Investment in finance leases	437,508	281,309	718,817
Acceptances receivables	11,317,695	1,439,154	12,756,849
Other assets			
Accrued income	3,272,972	-	3,272,972
Receivables from customer transactions	1,697,068	-	1,697,068
Receivables from transactions			
related to ATM and credit card	636,502	-	636,502
Receivable to policyholders	151,250	-	151,250
Receivable from sale of marketable securities	261,870	-	261,870
Receivables from Government Bonds pledged as collateral	592,614	-	592,614
Total	730,865,280	39,939,657	770,804,937

*) 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.

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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)

	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 policyholders	84,781	-	84,781
Receivables from sale of marketable securities	254	-	254
Total	634,304,582	29,288,851	663,593,433

As at 31 December 2014 and 2013, details of the loan's quality of administrative account that are neither past due nor impaired based on internal ratings are as follows:

	2014		
	Not under monitoring	Under monitoring	Total
Administrative accounts			
Bank guarantees issued	46,577,539	1,802,813	48,380,352
Committed unused loan facilities granted	31,614,464	334,864	31,949,328
Outstanding irrevocable letters of credit	11,342,399	2,298,453	13,640,852
Standby letter of credit	10,734,006	687,211	11,421,217
	100,268,408	5,123,341	105,391,749

*) 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.

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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)

	2013	
	Not under monitoring	Under monitoring
Administrative accounts		
Bank guarantees issued	47,709,398	589,904
Committed unused loan facilities granted	27,870,525	563,340
Outstanding irrevocable letters of credit	11,689,200	2,158,570
Standby letter of credit	8,371,796	280,550
	95,640,919	3,592,364
		99,233,283

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 2014 and 2013 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 2014 and 2013.

Subsidiaries:

Financial assets which have experienced past due in the past but no overdue as at 31 December 2014 and 2013.

Financial assets that were past due, but not impaired can be disaggregated based on days overdue at 31 December 2014 and 2013 as follows:

	2014			
	1 - 30 days	31 - 60 days	61 - 90 days	Total
Assets				
Other receivables – trade transactions	6,689	-	-	6,689
Loans				
Corporate	-	-	-	-
Commercial and Bussiness Banking	2,303,730	845,899	919,615	4,069,244
Consumer	2,986,310	701,251	497,593	4,185,154
Micro and Retail	643,855	427,955	373,506	1,445,316
Syariah	1,913,840	509,640	626,877	3,050,357
Consumer financing receivables	246,687	83,539	31,225	361,451
Net Investment in finance leases	31,098	2,492	1,148	34,738
	8,132,209	2,570,776	2,449,964	13,152,949

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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)

	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

(ii) Loans

The gross amount of impaired loans, along with the provision for impairment, by class of asset at 31 December 2014 and 2013, are summarised in the tables below:

	2014					
	Commercial and Business Banking		Consumer	Micro and Retail	Sharia	Total
	Corporate					
Individually Impaired						
Gross amount	8,945,903	4,807,554	-	19,794	930,689	14,703,940
Allowance for impairment losses	(6,379,260)	(2,901,267)	-	(19,762)	(443,733)	(9,744,022)
Carrying amount	2,566,643	1,906,287	-	32	486,956	4,959,918
Collectively impaired						
Gross amount	1,889,842 *)	1,772,992 *)	1,467,904	1,857,039	2,716,321	9,704,098
Allowance for impairment losses	(2,868)	(863,302)	(622,985)	(729,128)	(837,578)	(3,055,861)
Carrying amount	1,886,974	909,690	844,919	1,127,911	1,878,743	6,648,237
Total gross amount	10,835,745	6,580,546	1,467,904	1,876,833	3,647,010	24,408,038
Total allowance for impairment losses	(6,382,128)	(3,764,569)	(622,985)	(748,890)	(1,281,311)	(12,799,883)
Total carrying amount	4,453,617	2,815,977	844,919	1,127,943	2,365,699	11,608,155

*) Represent restructured and non performing debtors which had been subject to individual assessment but not impairment loss are recognised and therefore are collectively assessed.

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(ii) Loans (continued)

	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
Allowance for impairment losses	(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
Allowance for impairment losses	(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 allowance for impairment losses	(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.

(iii) Current accounts with other banks

	2014		
	Non-impaired (collective assessment*)	Impaired (individual assessment)	Total
Rupiah	278,081	-	278,081
Foreign currencies	8,705,569	3,181	8,708,750
Total	8,983,650	3,181	8,986,831
Less: Allowance for impairment losses	(183)	(3,181)	(3,364)
	8,983,467	-	8,983,467

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

	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.

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(iv) Placement with Bank Indonesia and other banks

	2014	
	Non-impaired (collective assessment)*)	Impaired (individual assessment)
		Total
Rupiah:		
Bank Indonesia	25,211,529	-
Call money	6,866,000	-
Time deposits	3,773,340	-
Saving	1,055	-
Total Rupiah	35,851,924	-
Foreign currencies:		
Bank Indonesia	17,524,775	-
Call money	5,824,715	45,053
"Fixed-Term" Placement	1,956,676	1,038
Time deposit	8,571	-
Total foreign currencies	25,314,737	46,091
Total	61,166,661	46,091
Less: Allowance for impairment losses	(49,056)	(46,091)
	61,117,605	-
		61,117,605

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

	2013	
	Non-impaired (collective assessment)*)	Impaired (individual assessment)
		Total
Rupiah:		
Bank Indonesia	18,795,721	-
Call money	2,785,000	-
Time deposits	2,106,101	-
Saving	1,373	-
Total Rupiah	23,688,195	-
Foreign currencies:		
Bank Indonesia	15,821,000	-
Call money	3,751,527	66,079
"Fixed-Term" Placement	1,879,969	1,521
Time deposit	11,142	-
Total foreign currencies	21,463,638	67,600
Total	45,151,833	67,600
Less: Allowance for impairment losses	(37,999)	(67,600)
	45,113,834	-
		45,113,834

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(v) Marketable securities

	2014		
	Non-impaired (collective assessment)*)**	Impaired (individual assessment)*)**	Total
Government			
Rupiah			
Bonds	208,782	-	208,782
Foreign currencies:			
Treasury bills	253,951	-	253,951
Total Government	462,733	-	462,733
Non Government			
Rupiah:			
Investments in mutual fund	6,120,964	-	6,120,964
Certificates of Bank Indonesia	5,159,650	-	5,159,650
Bonds	4,656,797	86,960	4,743,757
Medium term notes	1,598,085	-	1,598,085
Sharia Corporate bonds	358,980	137,000	495,980
NCD	361,690	-	361,690
Shares	175,974	-	175,974
Export bills	145,638	160	145,798
Total Rupiah	18,577,778	224,120	18,801,898
Foreign currencies:			
Bonds	4,687,897	-	4,687,897
Export bills	978,920	80,938	1,059,858
Treasury bills	229,606	-	229,606
Total foreign currencies	5,896,423	80,938	5,977,361
Total non Government	24,474,201	305,058	24,779,259
Total	24,936,934	305,058	25,241,992
Less: Allowance for impairment losses	(18,066)	(283,713)	(301,779)
	24,918,868	21,345	24,940,213

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

**) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

	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:			
Bonds	2,346,785	13,210	2,359,995
Export bills	1,708,827	80,437	1,789,264
Treasury bills	187,563	-	187,563
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.

**) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-linked which has no credit risk exposure.

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(vi) Other receivables - trade transactions

	2014	
	Non-impaired (collective assessment)*)	Impaired (individual assessment)
		Total
Rupiah:		
Usance L/C payable at sight	943,156	52,451
Others	2,096,922	2,987,568
Total Rupiah	3,040,078	3,040,019
Foreign currencies:		
Usance L/C payable at sight	4,348,509	607,131
Others	1,199,166	1,003,064
Total foreign currencies	5,547,675	1,610,195
Total	8,587,753	4,650,214
Less: Allowance for impairment losses	(27,559)	(1,558,712)
	8,560,194	3,091,502
		11,651,696

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

	2013	
	Non-impaired (collective assessment)*)	Impaired (individual assessment)
		Total
Rupiah:		
Usance L/C payable at sight	672,234	28,485
Others	2,294,038	1,486,839
Total Rupiah	2,966,272	1,515,324
Foreign currencies:		
Usance L/C payable at sight	2,041,602	373,307
Others	1,134,073	917,805
Total foreign currencies	3,175,675	1,291,112
Total	6,141,947	2,806,436
Less: Allowance for impairment losses	(18,322)	(1,406,132)
	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.

(vii) Acceptance receivables

	2014	
	Non-impaired (collective assessment)	Impaired (individual assessment)
		Total
Rupiah	818,961	119,046
Foreign currencies	11,937,888	238,164
Total	12,756,849	357,210
Less: Allowance for impairment losses	(39,894)	(67,033)
	12,716,955	290,177
		13,007,132

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(vii) Acceptance receivables (continued)

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

(viii) Consumer financing receivables

2014			
	Non-impaired (collective assessment)	Impaired (individual assessment)	Total
Rupiah	6,005,783	82,204	6,087,987
Foreign currencies	-	-	-
Total	6,005,783	82,204	6,087,987
Less: Allowance for impairment losses	(162,460)	(32,392)	(194,852)
	5,843,323	49,812	5,893,135

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

(ix) Securities purchased under resale agreements

2014			
	Non-impaired (collective assessment)	Impaired (individual assessment)	Total
Rupiah			
Obligasi	18,528,319	-	18,528,319
SBSN	696,994	-	696,994
Saham	561,432	-	561,432
Total	19,786,745	-	19,786,745
Less: Allowance for impairment losses	(41,941)	-	(41,941)
	19,744,804	-	19,744,804

2013			
	Non-impaired (collective assessment)	Impaired (individual assessment)	Total
Rupiah			
Obligasi	3,109,940	-	3,109,940
SBSN	418,390	-	418,390
Saham	209,283	-	209,283
Total	3,737,613	-	3,737,613
Less: Allowance for impairment losses	-	-	-
	3,737,613	-	3,737,613

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(x) Investment in finance lease

2014			
	Non-impaired (collective assessment)	Impaired (individual assessment)	Total
Rupiah	753,555	30,182	783,737
Foreign currencies	-	-	-
Total	753,555	30,182	783,737
Less: Allowance for impairment losses	(6,492)	(10,721)	(17,213)
	747,063	19,461	766,524

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

(xi) Estimated losses on commitments and contingencies

2014			
	Non-impaired*) **)	Impaired (individual assessment)	Total
Rupiah:			
Bank guarantees issued	17,131,168	9,722,545	26,853,713
Committed unused loan facilities granted	25,054,519	1,461,962	26,516,481
Outstanding irrevocable letters of credit	1,532,352	580,055	2,112,407
Standby letters of credit	1,633,091	76,283	1,709,374
Total Rupiah	45,351,130	11,840,845	57,191,975
Foreign currencies:			
Bank guarantees issued	31,249,184	3,110,004	34,359,188
Committed unused loan facilities granted	6,894,809	151,709	7,046,518
Outstanding irrevocable letters of credit	12,108,500	947,207	13,055,707
Standby letters of credit	9,788,126	391,950	10,180,076
Total foreign currencies	60,040,619	4,600,870	64,641,489
Total	105,391,749	16,441,715	121,833,464
Less: Allowance for impairment losses	(12,515)	(184,278)	(196,793)
	105,379,234	16,257,437	121,636,671

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

**) Including balance amounting to Rp105,585 which is classified as "special mention" and the calculation of provision for impairment losses is collectively assessed amounting to Rp12,515.

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(xi) Estimated losses on commitments and contingencies (continued)

	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.

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 2014, 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 17.74% from the outstanding deposit denominated in Rupiah. Meanwhile for the foreign exchange, the Bank maintained GWM at 8.49% from the outstanding deposits denominated in foreign exchange in accordance with the required regulatory limit.

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61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(i) Liquidity Risk Management (continued)

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 2014, 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 2014, the Bank's LDR is 82.02%.

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 2014, 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 performed in quarter IV 2014 which was presented to the Management and Risk Monitoring Committee shows that the Bank can survive in times of liquidity crisis conditions. 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.

In order to anticipate 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%.

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61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(i) Liquidity Risk Management (continued)

The maturity profile as at 31 December 2014 and 2013 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:

2014								
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	50,598,840	-	50,598,840	-	-	-	-	-
Current accounts with other banks - gross	8,986,831	-	8,986,831	-	-	-	-	-
Placements with Bank Indonesia and other banks-gross	61,212,752	47,146	58,248,141	2,457,422	440,043	20,000	-	-
Marketable securities-gross	40,766,937	17,323,194	2,075,531	1,976,050	3,580,668	4,495,210	4,762,028	6,554,256
Government Bonds	86,153,906	-	-	-	1,052,579	2,711,475	28,914,851	53,475,001
Other receivables-trade transactions-gross	13,237,967	-	2,302,838	5,404,823	4,393,521	130,434	-	1,006,351
Securities purchased under resale agreements-gross	19,786,745	-	19,221,736	224,907	190,341	149,761	-	-
Derivative receivables-gross	71,044	-	27,868	28,901	7,070	-	7,205	-
Loans-gross	523,101,817	-	63,912,709	43,218,783	51,880,300	80,924,119	85,845,374	197,320,532
Consumer financing receivables-gross	6,087,987	-	179,792	363,226	545,443	1,054,396	3,212,860	732,270
Net Investment finance lease	783,737	-	32,984	66,067	98,344	179,153	373,401	33,788
Acceptance receivables-gross	13,114,059	-	3,498,731	4,810,239	4,795,894	9,195	-	-
Other assets-gross	6,679,410	151,250	3,684,510	351,280	226,860	268,479	496,661	1,500,370
	830,582,032	17,521,590	212,770,511	58,901,698	67,211,063	89,942,222	123,612,380	260,622,568
Allowance for impairment losses	(20,120,537)							
Total	810,461,495							
Liabilities								
Deposit from customers								
Demand deposits	128,053,558	-	128,053,558	-	-	-	-	-
Saving deposits	231,461,256	-	231,461,256	-	-	-	-	-
Time deposits	223,934,097	-	145,211,535	56,898,704	15,368,405	5,657,460	797,993	-
Deposits from other banks								
Demand and saving deposits	3,499,062	-	3,499,062	-	-	-	-	-
Interbank call money	2,892,000	-	2,737,188	154,812	-	-	-	-
Time deposits	11,140,783	-	10,586,175	490,735	14,988	48,885	-	-
Securities sold under repurchase agreements	6,112,589	-	2,107,718	1,483,760	-	-	-	2,521,111
Derivative payables	157,055	-	46,978	62,934	4,111	8,871	34,161	-
Acceptance payables	13,114,059	-	3,498,731	4,810,239	4,795,894	9,195	-	-
Marketable securities issued	2,009,625	-	85,256	199,966	149,884	-	900,007	674,512
Accrued expenses	3,880,273	161,512	3,652,683	8,562	48,447	9,069	-	-
Other liabilities	5,723,644	13,716	2,997,615	1,915,585	796,728	-	-	-
Fund borrowings	24,227,104	-	1,109,324	292,942	2,199,999	3,547,707	16,147,167	929,965
Subordinated loans	3,746,574	-	7,192	10,652	-	17,845	3,538,259	172,626
	659,951,679	175,228	535,054,271	66,328,891	23,378,456	9,299,032	21,417,587	4,298,214
Maturity gap	170,630,353	17,346,362	(322,283,760)	(7,427,193)	43,832,607	80,643,190	102,194,793	256,324,354
Net position, net of allowance for impairment losses	150,509,816							

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61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(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
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							
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	-
Securities sold under repurchase 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							

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61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(i) Liquidity Risk Management (continued)

The following table provides information regarding contractual maturities of financial liabilities based on undiscounted cash flows at 31 December 2014 and 2013:

2014								
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	128,175,515	-	128,175,515	-	-	-	-	-
Saving deposits	231,691,459	-	231,671,754	2,116	3,654	5,534	7,016	1,385
Time deposits	226,605,886	-	146,487,168	57,738,717	15,668,823	5,838,927	872,251	-
Deposits from other banks								
Demand and saving deposits	3,528,725	-	3,528,725	-	-	-	-	-
Interbank call money	2,894,450	-	2,739,324	155,126	-	-	-	-
Time deposits	11,182,720	-	10,621,641	494,481	16,131	50,464	3	-
Securities sold under repurchase agreements	7,102,062	-	2,112,416	1,491,646	-	-	-	3,498,000
Derivative payables	171,654	-	48,010	87,714	16,906	8,892	10,132	-
Acceptance payables	13,114,059	-	3,498,731	4,810,239	4,795,894	9,195	-	-
Marketable securities issued	2,251,606	-	85,256	201,790	156,076	-	1,068,805	739,679
Accrued expenses	3,880,273	161,512	3,652,683	8,562	48,447	9,069	-	-
Other liabilities	5,723,644	13,716	2,997,615	1,915,585	796,728	-	-	-
Fund borrowings	25,569,067	-	1,154,315	306,295	2,206,935	3,621,506	17,176,527	1,103,489
Subordinated loans	4,627,132	-	8,847	117,289	107,144	234,014	3,970,731	189,107
Total	666,518,252	175,228	536,782,000	67,329,560	23,816,738	9,777,601	23,105,465	5,531,660

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	-
Securities sold under repurchase 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

The following table provides information regarding contractual maturities of administrative accounts based on undiscounted cash flows at 31 December 2014 and 2013:

2014								
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	61,212,901	-	61,212,901	-	-	-	-	-
Committed unused loan facilities granted	33,562,999	-	33,562,999	-	-	-	-	-
Outstanding irrevocable letters of credit	15,168,114	-	3,051,334	6,304,302	2,102,277	1,726,150	1,984,051	-
Standby letter of credit	11,889,450	-	11,889,450	-	-	-	-	-
	121,833,464	-	109,716,684	6,304,302	2,102,277	1,726,150	1,984,051	-

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61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(i) Liquidity Risk Management (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
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	-	-	-	-	-
	<u>109,199,173</u>	<u>-</u>	<u>102,933,703</u>	<u>4,658,213</u>	<u>927,134</u>	<u>665,123</u>	<u>15,000</u>	<u>-</u>

(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).

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 2014 and 2013 (Bank Mandiri only):

	<u>Increased by 100 bps</u>	<u>Decreased by 100 bps</u>
31 December 2014		
Increase/(decrease) net income (Rp Billion)	741.97	(1,385.91)
31 December 2013		
Increase/(decrease) net income (Rp Billion)	772.23	(1,386.55)

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 2014 and 2013 (Bank Mandiri only):

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61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(ii) Interest Rate Risk Management (continued)

b. Sensitivity to unrealised gains on available for sale marketable securities (continued)

	Increased by 100 bps	Decreased by 100 bps
31 December 2014		
Increase/(decrease) unrealised gains on available for sale marketable securities (Rp Billion)	364.83	(364.83)
31 December 2013		
Increase/(decrease) unrealised gains on available for sale marketable securities (Rp Billion)	391.45	(391.45)

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.

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:

	2014									
	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	-	-	-	-	-	-	-	-	50,598,840	50,598,840
Current accounts with other banks	8,590,820	-	-	-	-	-	-	-	396,011	8,986,831
Placements with Bank Indonesia and other banks	51,206,117	2,457,421	460,043	-	-	-	-	-	7,089,171	61,212,752
Marketable securities	892,209	746,794	2,312,544	1,039,026	3,639,565	834,477	1,025,325	4,032,782	26,244,215	40,766,937
Government bonds	24,639,971	36,563,156	1,856,405	2,778,085	4,908,718	3,445,060	4,252,959	5,271,003	2,438,549	86,153,906
Other receivables - trade transactions	461,390	2,340,453	2,694,478	-	-	-	-	-	7,741,646	13,237,967
Securities purchased under resale agreements	18,303,413	224,907	-	-	-	-	-	-	1,258,425	19,786,745
Derivative receivables	-	-	2,591	7,205	-	-	-	-	61,248	71,044
Loans	96,671,308	297,791,259	42,805,757	13,879,416	8,747,645	1,707,278	2,046,484	6,584,185	52,868,485	523,101,817
Consumer financing receivables	179,792	363,226	1,599,839	1,875,422	1,337,437	663,174	69,097	-	-	6,087,987
Net investment finance lease	32,984	66,067	277,498	256,752	116,649	33,686	101	-	-	783,737
Acceptance receivables	-	-	-	-	-	-	-	-	13,114,059	13,114,059
Other assets	-	-	-	-	-	-	-	-	6,679,410	6,679,410
	<u>200,978,004</u>	<u>340,553,283</u>	<u>52,009,155</u>	<u>19,835,906</u>	<u>18,750,014</u>	<u>6,683,675</u>	<u>7,393,966</u>	<u>15,887,970</u>	<u>168,490,059</u>	<u>830,582,032</u>
Deposits from customers										
Demand deposits	101,224	-	119,879,757	-	-	-	-	-	8,072,577	128,053,558
Saving deposits	284,059	202,956,339	24,736,147	4,798	2,218	741	643	2,063	3,474,248	231,461,256
Time deposits	156,605,581	46,088,403	20,428,258	810,653	1,202	-	-	-	-	223,934,097
Deposits from other banks										
Demand and saving deposits	277,802	848,428	2,320,750	-	-	-	-	-	52,082	3,499,062
Interbank call money	2,737,188	154,812	-	-	-	-	-	-	-	2,892,000
Time deposits	10,955,675	126,235	58,873	-	-	-	-	-	-	11,140,783
Liabilities sold with repo agreements	2,107,718	1,483,760	-	-	-	2,521,111	-	-	-	6,112,589
Derivative payables	-	4,741	10,157	34,161	-	-	-	-	107,996	157,055
Acceptance payables	-	-	-	-	-	-	-	-	13,114,059	13,114,059
Marketable securities issued	-	199,966	149,884	401,267	498,740	174,512	-	-	585,256	2,009,625
Accrued expenses	3,352	94,395	-	-	-	-	-	-	3,782,526	3,880,273
Other liabilities	-	-	-	-	-	-	-	-	5,723,644	5,723,644
Fund borrowings	7,735,910	5,393,804	8,202,389	611,561	2,145,871	-	-	137,569	-	24,227,104
Subordinated loans	-	53,261	-	3,477,533	-	-	-	215,780	-	3,746,574
	<u>180,808,509</u>	<u>257,404,144</u>	<u>175,786,215</u>	<u>5,339,973</u>	<u>2,648,031</u>	<u>2,696,364</u>	<u>643</u>	<u>355,412</u>	<u>34,912,388</u>	<u>659,951,679</u>
Total interest repricing gap	<u>20,169,495</u>	<u>83,149,139</u>	<u>(123,777,060)</u>	<u>14,495,933</u>	<u>16,101,983</u>	<u>3,987,311</u>	<u>7,393,323</u>	<u>15,532,558</u>	<u>133,577,671</u>	<u>170,630,353</u>

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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)

	2013								Non interest bearing	Total
	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		
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
	<u>146,171,261</u>	<u>331,709,650</u>	<u>36,099,482</u>	<u>25,199,322</u>	<u>16,229,776</u>	<u>3,878,568</u>	<u>4,966,527</u>	<u>11,645,215</u>	<u>137,201,021</u>	<u>713,100,822</u>
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
Liabilities 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
	<u>140,040,287</u>	<u>228,276,980</u>	<u>158,326,826</u>	<u>819,681</u>	<u>5,214,608</u>	<u>1,106,265</u>	<u>2,752,414</u>	<u>111,490</u>	<u>30,114,228</u>	<u>566,762,779</u>
Total interest repricing gap	<u>6,130,974</u>	<u>103,432,670</u>	<u>(122,227,344)</u>	<u>24,379,641</u>	<u>11,015,168</u>	<u>2,772,303</u>	<u>2,214,113</u>	<u>11,533,725</u>	<u>107,086,793</u>	<u>146,338,043</u>

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).

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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 inline 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 2014 and 2013 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).

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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 2014 by currency (Rupiah equivalent):

<u>Currency</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Net Open Position</u>
OVERALL (ON-STATEMENTS OF FINANCIAL POSITION AND ADMINISTRATIVE ACCOUNTS)			
United States Dollar	155,766,942	156,659,716	892,774
Euro	2,224,762	1,890,731	334,031
Singapore Dollar	2,059,589	1,866,616	192,973
Japanese Yen	401,073	395,352	5,721
Australian Dollar	774,508	760,231	14,277
Great Britain Pound Sterling	132,803	96,711	36,092
Hongkong Dollar	184,732	153,471	31,261
Others	369,815	162,277	207,538*)
Total			1,714,667
ON-STATEMENTS OF FINANCIAL POSITION			
United States Dollar	148,978,357	140,158,990	8,819,367
Euro	2,132,334	1,503,939	628,395
Singapore Dollar	1,893,112	1,390,022	503,090
Japanese Yen	240,251	216,552	23,699
Australian Dollar	245,192	110,196	134,996
Great Britain Pound Sterling	109,730	75,494	34,236
Hong Kong Dollar	184,732	17,664	167,068
Others	346,604	99,662	246,942**)
Total			10,557,793
Total Tier I and Tier II Capital less investments in Subsidiaries (Note 57)			85,479,697
NOP Ratio (On-Statements of Financial Position)			12.35%
NOP Ratio (Overall)			2.01%

Below is the Net Open Position ratio of Bank Mandiri, as at 31 December 2014 if calculated using November 2014 capital (unaudited):

Capital November 2014	84,566,955
NOP Ratio (On-Statements of Financial Position)	12.48%
NOP Ratio (Overall)	2.03%

*) 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.

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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 2013 by currency (Rupiah equivalent):

<u>Currency</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Net Open Position</u>
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			<u><u>1,752,547</u></u>
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			<u><u>10,155,486</u></u>
Total Tier I and Tier II Capital less investments in Subsidiaries (Note 57)			<u><u>73,345,421</u></u>
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.

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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 2014 and 2013. Included in the table are the Group's financial instruments at carrying amount, categorised by currency.

	2014								Total
	United States Dollar	Euro	Singapore Dollar	Yen	Australian Dollar	Hong Kong Dollar	Pound Sterling	Others	
Asset									
Cash	1,224,413	85,928	481,322	62,604	97,572	13,804	19,308	115,331	2,100,282
Current accounts with Bank Indonesia	10,219,573	-	-	-	-	-	-	-	10,219,573
Current accounts with other banks	7,579,897	409,804	162,660	139,075	82,621	24,974	93,226	216,493	8,708,750
Placement with Bank Indonesia and other banks	25,205,086	46,091	84,386	-	-	-	-	25,265	25,360,828
Marketable Securities	5,861,307	4,006	230,426	1,563	-	134,010	-	-	6,231,312
Government Bonds	11,993,008	-	-	-	-	-	-	-	11,993,008
Other receivables - trade transactions	6,862,883	218,857	3,849	63,113	8,317	136	715	-	7,157,870
Derivatives receivable	65,816	1,324	343	-	897	-	-	73	68,453
Loans	76,537,941	1,213,058	898,449	16,025	575	-	32	-	78,666,080
Acceptances receivable	12,063,826	91,219	6,518	14,489	-	-	-	-	12,176,052
Other assets	728,215	30,847	2,528	374	59,275	1,281	1	1	822,522
Total Assets	158,341,965	2,101,134	1,870,481	297,243	249,257	174,205	113,282	357,163	163,504,730
Liabilities									
Deposits from Customers									
Demand deposits	47,112,193	1,096,615	545,908	138,179	39,576	6,994	56,665	78,622	49,074,752
Saving deposits	24,062,830	70,142	541,669	27,142	26,977	234	3,146	7,997	24,740,137
Time deposits	29,237,617	72,535	156,535	5,213	21,564	2,445	8,841	-	29,504,750
Deposits from other banks									
Demand and saving deposits	1,028,364	1,689	10,411	-	-	-	-	-	1,040,464
Inter bank call money	2,477,000	-	-	-	-	-	-	-	2,477,000
Derivative payable	110,210	299	-	-	1,122	-	-	246	111,877
Acceptances payable	12,063,826	91,219	6,518	14,489	-	-	-	-	12,176,052
Accrued Expenses	712,280	2,096	29,263	-	19	4,994	9	7	748,668
Other liabilities	2,986,073	119,429	61,664	30,741	4,936	1,472	5,292	7,989	3,217,596
Fund Borrowings	19,871,372	-	-	-	-	-	-	-	19,871,372
Subordinated Loans	215,780	-	-	-	-	-	-	-	215,780
Total liabilities	139,877,545	1,454,024	1,351,968	215,764	94,194	16,139	73,953	94,861	143,178,448
Net on statements of financial position	18,464,420	647,110	518,513	81,479	155,063	158,066	39,329	262,302	20,326,282
Administrative accounts - net	(9,712,141)	(294,365)	(310,117)	(17,978)	(120,719)	(135,807)	1,855	(39,403)	(10,628,675)

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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)

	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)

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 2014 and 2013:

	Increased by 5%	Decreased by 5%
31 December 2014		
Increase/(decrease) net income	440,969	(440,969)
31 December 2013		
Increase/(decrease) net income	446,965	(446,965)

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.

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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 2014 and 2013:

2014				
	Level 1	Level 2	Level 3	Fair value
Assets				
Marketable securities				
Fair value through profit or loss	17,287,852	2,644,429	-	19,932,281
Available for sale	4,694,543	8,438,706	-	13,133,249
Government Bonds				
Fair value through profit or loss	2,855,829	39,265	-	2,895,094
Available for sale	9,018,496	52,168,649	-	61,187,145
Derivatives Receivables	-	71,044	-	71,044
Total assets	33,856,720	63,362,093	-	97,218,813
Liabilities				
Derivative Payables	-	157,055	-	157,055
Total liabilities	-	157,055	-	157,055
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

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61. RISK MANAGEMENT (continued)

B. Market Risk and Liquidity Risk (continued)

(vi) Fair value of financial assets and liabilities

As at 31 December 2014 and 2013, marketable securities classified as illiquid amounting to Rp40,572,829 (64.03% of total assets level 2) and Rp44,301,082 (72.18% 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 2014 and 2013, the carrying value of the Bank's financial assets and liabilities approximates their fair value except for the following financial instruments:

	2014		2013	
	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Assets				
Marketable securities				
Held to maturity	7,030,776	7,008,937	3,003,478	2,989,733
At cost*)	368,852	367,872	599,563	569,722
Government Bonds				
Held to maturity	21,195,694	21,052,909	22,467,976	22,278,994
At cost*)	875,973	902,039	712,585	749,935
Loans	505,394,870	503,813,342	450,634,798	449,509,644
Consumer financing receivable	5,893,135	6,241,516	4,511,545	4,772,654
Net Investment finance lease	766,524	767,149	612,154	609,468
	541,525,824	540,153,764	482,542,099	481,480,150
Liabilities				
Marketable securities issued	2,009,625	2,008,124	1,779,597	1,679,335
Fund borrowings	24,227,104	24,143,015	15,997,188	15,944,696
Subordinated loans	3,746,574	3,839,041	4,465,615	4,656,186
	29,983,303	29,990,180	22,242,400	22,280,217

*) Marketable securities and Government Bonds owned by Subsidiary in accordance with SFAS 110 "Accounting for Sukuk".

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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.

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61. RISK MANAGEMENT (continued)

C. Operational Risk

Operational Risk is defined as the risk of loss resulting from inadequate or dysfunction of internal processes, human error, systems failure or external factors which impact the Bank's operations. Effective operational risk management may reduce losses due to operational risk.

Operational Risk Management (ORM) Framework is based on Bank Indonesia regulations, Basel II and the provisions of the Bank's internal regulations. Currently, the Bank already has ORM Policy, ORM Standard Operating Procedure and ORM Technical Operating Procedures which cover governance and reporting systems.

In addition, the Bank has established procedures regarding risk management and mitigation acts 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) and application system 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 assessment 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.

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.

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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 used Basic Indicator Approach for Operational Risk Capital Charge Calculation.

The result of Capital Charge Calculation of operational risk (Bank Mandiri only) in 2014 amounting Rp5,422,948.13 (unaudited) with alpha value 15% for the past three years. Based on that, RWA for Operational Risk amounting to Rp67,786,851.59 (unaudited), which is 12.5 times Capital Charge of operational risk (Bank Mandiri only). Bank has simulated calculation using Standardised Approach which is in line with the implementation of risk-based performance measurement for Strategic Business Unit.

62. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. Integrated Banking System Agreement with Vendor

On 22 November 2012, the Bank entered into 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 2014, 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 2014 of 90.68%.

On 3 September 2013, the Bank entered into an agreements with vendors to enhance eMAS features related to Management application 2013 with the system blanket order with a maximum contract value of USD2,583,700 (full value, after VAT). The blanket order agreements are based on estimation of actual mandays to be performed by the vendor to work additional features eMAS. As at 31 December 2014 the contract value to the realisation payment approach is equal to USD2,328,900 (full amount) and the Bank has booked the value of the payment realization as a fixed asset of USD2,253,300 (full amount) with the estimated project completion as at 31 December 2014 of 96.75%.

b. Legal Matters

The Bank has a number of outstanding litigation cases, including lawsuits with debtors and/or fund owners as the result of agreement disputes that had been decided by the Court where the Bank was sentenced to pay compensation amounting to Rp89,110. Currently the Bank is still in the legal process to appeal against the decision.

The Bank's total potential financial exposure arising from outstanding lawsuits as at 31 December 2014 and 2013 amounted to Rp4,411,270 and Rp4,686,426 respectively. As at 31 December 2014 and 2013, the Bank has booked a provision amounting to Rp507,707 and Rp634,375, respectively and believes that the provision is adequate.

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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 SKPKB and STP 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.

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 Asian Development Bank (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.

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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 together 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". In the agreement it has been agreed the shared ownership between Bank Mandiri, PT Taspen (Persero) and PT Pos (Persero) in BSHB, in which Bank Mandiri remains as the majority shareholder of BSHB.

On 29 April 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 the Conditional Agreement regarding capital contribution in which 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 Indonesia (Persero) with capital contribution and final share ownership composition of 58.25%; 20.2% and 20.2%, respectively and Individual Shareholders own 1.35% share of BSHB's total share issued and fully paid.

On 21 August 2014, the Bank together with PT Taspen (Persero), and PT Pos Indonesia (Persero), has signed a shareholders agreement that regulate among others, regarding capital contribution as agreed in the conditional capital contribution agreement. This shareholders agreement also regulate corporate governance, transfer of shares, commitment and agreements in connection with BSHB and regulate the relationship between the shareholders of BSHB after the Effective Date.

As fulfillment of the shareholders agreement, on 22 December 2014 BSHB held an Extraordinary General Meeting of Shareholders to approve the issuance of 800,000,000 new shares which were subscribed by Bank Mandiri, PT Taspen (Persero), and PT Pos Indonesia (Persero) in accordance with the agreed composition.

As of the date of the consolidated financial statements, the changes in shareholding composition has not yet been effective, upon receipt of approval from BSHB changes of this shareholders composition by OJK Banking Division.

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62. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

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 December 2013, the Bank with PT Kimia Farma (Persero) Tbk. 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 of PT Asuransi Jiwa Inhealth Indonesia's ("InHealth") shares where the transaction will be conducted in 2 (two) stages as follow :

- i. Stage 1, which is the transfer of 80% ownership in InHealth that was planned to be finalised at the latest on 30 June 2014, in which the ownership of the Bank Mandiri is 60% PT Kimia Farma (Persero) Tbk. and PT Asuransi Jasa Indonesia (Persero) each 10%, and
- ii. Stage 2, the transfer of 20% ownership in InHealth to Bank Mandiri which was planned to be finalised at the latest on 31 December 2014, therefore Bank Mandiri's total ownership become 80%. Post transaction stage 2, the share ownership composition in PT Asuransi Jiwa Indonesia InHealth will be 80% owned by Bank Mandiri, PT Kimia Farma (Persero), PT Asuransi Jasa Indonesia (Persero) owned 10% each of issued and fully paid InHealth's shares.

On 27 February 2014, the Bank has obtained the approval of the General Meeting of Shareholders related to the acquisition of PT Asuransi Jiwa Indonesia InHealth. Furthermore, the Bank has also received the approval for the acquisition plan from OJK through its letter No.S-37/PB/31/2014 dated 17 April 2014 regarding the Application for Approval on investment in InHealth's shares.

On 2 May 2014, the sales and purchase agreement on InHealth's shares was signed by Bank Mandiri, PT Kimia Farma (Persero) Tbk and PT Asuransi Jasa Indonesia (Persero) as the Buyer with Badan Penyelenggara Jaminan Sosial Kesehatan (BPJS Kesehatan) previously PT Akses (Persero) and Koperasi Bhakti Askes as the Seller. Upon the signing of the sales and purchase agreement, Bank Mandiri effectively become the majority shareholder with ownership of 60%.

In relation to stage 2 acquisition of InHealth, Bank Mandiri has submit a request for approval to OJK on investment in shares through its letter No. FST/965/2014 dated 30 December 2014. The finalisation of stage 2 will be done upon receiving approval from OJK. Until the date of this consolidated financial statements, Bank Mandiri has not yet received the OJK approval for stage 2 acquisition.

63. GOVERNMENT GUARANTEE FOR THE OBLIGATIONS OF LOCALLY INCORPORATED BANKS

Based on the Law of the Republic of Indonesia No. 24 year 2004 dated 22 September 2004, the Government of Republic Indonesia has established an independent insurance corporation by the name of 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 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).

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63. GOVERNMENT GUARANTEE FOR THE OBLIGATIONS OF LOCALLY INCORPORATED BANKS
(continued)

Furthermore, in accordance with Government Regulation (PP) No.66 year 2008 regarding the Amount of the Guaranteed Savings Guaranteed by 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 2014 and 2013 is 7.75% and 7.25% for deposits denominated in Rupiah, and 1.5% and 1.5% for deposits denominated in foreign currency, respectively.

Based on the Law of the Republic of Indonesia No. 7 year 2009, Government Regulation in Lieu of Law on the Deposit Insurance Corporation has been enacted into Law starting from 13 January 2009.

64. ACCOUNTS RECLASSIFICATION

Account in the consolidated financial statements for the year ended 31 December 2013 has been reclassified to conform with the presentation of the consolidated financial statements for the year ended 31 December 2014. The reclassification is related to presentation of deposit insurance premiums expenses to be part of other operating expenses – others – net.

	31 December 2013		
	Before Reclassification	Reclassification	After Reclassification
Consolidated statement of comprehensive income			
Income and expense from operation			
Interest Expense and Sharia Expense	(17,432,216)	1,032,792	(16,399,424)
Other Operating Expenses			
Others - net	(2,171,250)	(1,032,792)	(3,204,042)
Consolidated statement of cash flows			
Cash flows from operating activities			
Payments of interest expense and Sharia expense	(17,291,592)	1,032,792	(16,258,800)
Operating Expenses Others	(1,295,075)	(1,032,792)	(2,327,867)

65. NEW ACCOUNTING PRONOUNCEMENTS

Financial Accounting Standard Board has issued several new accounting standard and interpretation or revision of SFAS and IFAS as mentioned below, which are relevant to Group consolidated financial statements, and will become effective for the annual period beginning 1 January 2015:

- IFAS 26 "Reassessment of embedded derivatives"
- 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"
- SFAS 46 (revised 2013) "Income tax"

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65. NEW ACCOUNTING PRONOUNCEMENTS (continued)

Financial Accounting Standard Board has issued several new accounting standard and interpretation or revision of SFAS and IFAS as mentioned below, which are relevant to Group consolidated financial statements, and will become effective for the annual period beginning 1 January 2015: (continued)

- SFAS 48 (revised 2013) "Impairment of asset"
- SFAS 50 (revised 2013) "Financial instrument : Presentation"
- SFAS 55 (revised 2013) "Financial instrument : Recognition and measurement"
- SFAS 60 (revised 2013) "Financial instrument : Disclosures"

Early adoption of these new and revised standards prior to 1 January 2015 is not permitted.

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 standards.

66. SUBSEQUENT EVENT

Change in Organisation Structure

Bank Mandiri has restructured its organization structure that became effective as at 1 January 2015 as stated in the Decree (SK) of the Board of Directors No. KEP.DIR/001/2015 dated 2 January 2015 regarding Change in Organisation Structure PT. Bank Mandiri (Persero) Tbk. The organisation structure of Bank Mandiri are as follows:

1. Business Units, as the engine for business growth are divided into 7 (seven) Directorates, which are Treasury & Markets, Corporate Banking, Commercial Banking, Transaction Banking, Consumer Banking, Micro & Business Banking and Distributions;
2. Corporate Center, responsible for managing corporate strategic activities and support the corporate policies, which divided into 7 (seven) Directorates: Risk Management and Compliance, Human Capital, Finance & Strategy, Wholesale Risk, Retail Risk, Corporate Transformation and Internal Audit;
3. Shared Services, as a supporting unit to support the Bank's overall operational activities and managed by the Directorate of Technology & Operations.

The new composition of Bank Mandiri's Board of Directors became effective as at 1 January 2015, as stated in the Decree (SK) of the Board of Directors No. KEP.DIR/002/2015 dated 2 January 2015 regarding Roles and Responsibilities of the Directors and Appointment of Alternate Directors. The members of Board of Directors are as follows:

<u>1 January 2015</u>	
<u>Board of Directors</u>	
Group CEO	: Budi Gunadi Sadikin
Deputy Group CEO	: Riswinandi
Consumer Banking Director	: Abdul Rachman
Distributions Director	: Sentot A. Sentausa
Risk Management & Compliance Director	: Ogi Prastomiyono
Finance & Strategy Director	: Pahala N. Mansury
Corporate Banking Director	: Fransisca N. Mok
Commercial Banking Director	: Sunarso
Technology & Operations Director	: Kresno Sediarsi
Treasury & Markets Director	: Royke Tumilaar
Micro & Business Banking Director	: Hery Gunardi

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66. SUBSEQUENT EVENT (continued)

Investment in PT Mandiri Utama Finance

On 16 April 2014, Bank Mandiri with PT Asco Investindo ("ASCO") and PT Tunas Ridean (Persero) Tbk. ("TURI") had signed preliminary agreement to establish a multi-finance company that can accelerate Bank Mandiri's financing, especially in automotive segment.

On 22 October 2014, Bank Mandiri with ASCO and TURI signed a shareholders agreement to establish a multi-finance company with total share capital of Rp100 billion, with the ownership composition of 51%, 37% and 12% respectively. On 23 December 2014, Bank Mandiri had obtained a principal approval from OJK Bank Supervisory.

On 21 January 2015, the agreement to set up the multi-finance company, namely PT Mandiri Utama Finance ("MUF"), was signed and Bank Mandiri has fully paid the shares capital amounting Rp51 billion in accordance with Bank Mandiri's ownership in MUF.

There will be further processes before MUF can commence its commercial operations, amongst other, to obtain business license as a multi-finance company from OJK Non-Bank financial institution.

67. SUPPLEMENTARY INFORMATION

The information presented in Appendix 6/1 - 6/10 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.

SUPPLEMENTARY INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF FINANCIAL POSITION - PARENT ENTITY ONLY
AS AT 31 DECEMBER 2014 AND 2013**
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	2014	2013
ASSETS		
Cash	18,719,445	17,226,616
Current Accounts with Bank Indonesia	47,772,187	40,602,631
Current Accounts with Other Banks		
Related parties	306,556	100,701
Third parties	<u>8,100,465</u>	<u>13,334,609</u>
	8,407,021	13,435,310
Less: Allowance for impairment losses	<u>(3,181)</u>	<u>(4,659)</u>
Current Accounts with Other Banks - net	8,403,840	13,430,651
Placements with Bank Indonesia and Other Banks		
Related parties	1,610,050	2,731,740
Third parties	<u>49,624,245</u>	<u>36,760,561</u>
	51,234,295	39,492,301
Less: Allowance for impairment losses	<u>(93,197)</u>	<u>(105,099)</u>
Placements with Bank Indonesia and Other Banks - net	51,141,098	39,387,202
Marketable Securities		
Related parties	7,194,304	4,331,214
Third parties	<u>11,701,317</u>	<u>9,605,262</u>
	18,895,621	13,936,476
Less:		
Unamortised discounts, unrealised (losses)/gains from (decrease)/ increase in value of marketable securities and allowance for impairment losses	<u>(242,728)</u>	<u>(414,115)</u>
	18,652,893	13,522,361
Government Bonds - Related parties	82,462,907	79,843,595
Other Receivables - Trade Transactions		
Related parties	6,414,623	3,904,858
Third parties	<u>6,368,419</u>	<u>4,746,703</u>
	12,783,042	8,651,561
Less: Allowance for impairment losses	<u>(1,586,271)</u>	<u>(1,424,454)</u>
Other Receivables - Trade Transactions - net	11,196,771	7,227,107
Securities Purchased under Resale Agreements		
Related parties	-	-
Third parties	<u>18,528,320</u>	<u>3,103,351</u>
Securities Purchased under Resale Agreements - net	18,528,320	3,103,351
Derivative Receivables		
Related parties	5,807	2,792
Third parties	<u>65,237</u>	<u>168,086</u>
Derivative Receivables - net	71,044	170,878
Loans		
Related parties	68,918,738	56,955,282
Third parties	<u>406,348,088</u>	<u>360,022,748</u>
Total loans	475,266,826	416,978,030
Less: Allowance for impairment losses	<u>(15,927,985)</u>	<u>(15,002,015)</u>
Loans - net	459,338,841	401,976,015

SUPPLEMENTARY INFORMATION

PT BANK MANDIRI (PERSERO) Tbk. STATEMENTS OF FINANCIAL POSITION - PARENT ENTITY ONLY AS AT 31 DECEMBER 2014 AND 2013 (Expressed in millions of Rupiah, unless otherwise stated)

	<u>2014</u>	<u>2013</u>
ASSETS (continued)		
Acceptance Receivables		
Related parties	252,138	779,807
Third parties	<u>12,861,921</u>	<u>9,398,563</u>
	13,114,059	10,178,370
Less: Allowance for impairment losses	<u>(106,927)</u>	<u>(63,481)</u>
Acceptance Receivables - net	13,007,132	10,114,889
Investments in Shares - net of allowance for impairment losses of Rp31,984 and Rp54,899, as at 31 December 2014 and 2013	4,203,384	3,104,566
Prepaid Expenses	1,279,377	907,842
Prepaid Taxes	2,417,736	1,108,430
Fixed Assets - net of accumulated depreciation and amortisation of Rp5,514,581 and Rp4,807,311 as at 31 December 2014 and 2013	8,201,998	6,893,588
Intangible Assets - net of and amortisation of Rp1,472,720 and Rp1,288,191 as at 31 December 2014 and 2013	1,092,928	889,842
Other Assets - net of allowance for possible losses of Rp238,443 and Rp276,350 as at 31 December 2014 and 2013	6,745,987	4,646,847
Deferred Tax Assets	<u>3,803,324</u>	<u>4,093,766</u>
TOTAL ASSETS	<u>757,039,212</u>	<u>648,250,177</u>

SUPPLEMENTARY INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF FINANCIAL POSITION - PARENT ENTITY ONLY
AS AT 31 DECEMBER 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)**

	2014	2013
LIABILITIES AND EQUITY		
LIABILITIES		
Obligation due Immediately	1,156,366	762,130
Deposits from Customers		
Demand Deposits		
Related parties	19,544,634	26,904,930
Third parties	<u>103,498,022</u>	<u>89,345,932</u>
Total Demand Deposits	<u>123,042,656</u>	<u>116,250,862</u>
Saving Deposits		
Related parties	119,123	199,373
Third parties	<u>229,335,488</u>	<u>213,929,281</u>
Total Saving Deposits	<u>229,454,611</u>	<u>214,128,654</u>
Time Deposits		
Related parties	33,454,266	28,249,099
Third parties	<u>190,374,268</u>	<u>141,089,425</u>
Total Time Deposits	<u>223,828,534</u>	<u>169,338,524</u>
Total Deposits from Customers	<u>576,325,801</u>	<u>499,718,040</u>
Deposits from Other Banks		
Demand and Saving Deposits		
Related parties	135,886	159,681
Third parties	<u>3,482,457</u>	<u>2,960,349</u>
Total Demand and Saving Deposits	<u>3,618,343</u>	<u>3,120,030</u>
Inter - Bank Call Money		
Related parties	42,000	137,000
Third parties	<u>2,892,000</u>	<u>1,250,850</u>
Total Inter - Bank Call Money	<u>2,934,000</u>	<u>1,387,850</u>
Time Deposits		
Related parties	-	30,000
Third parties	<u>11,139,843</u>	<u>8,123,254</u>
Total Time Deposits	<u>11,139,843</u>	<u>8,153,254</u>
Total Deposits from Other Banks	<u>17,692,186</u>	<u>12,661,134</u>
Securities sold under Repurchase Agreements		
Related parties	-	1,509,324
Third parties	<u>6,112,589</u>	<u>3,146,825</u>
Total Securities sold under Repurchase Agreements	<u>6,112,589</u>	<u>4,656,149</u>
Derivative Payables		
Related parties	8,679	372
Third parties	<u>148,376</u>	<u>224,462</u>
Total Derivative Payables	<u>157,055</u>	<u>224,834</u>
Acceptance Payables		
Related parties	1,366,249	445,929
Third parties	<u>11,747,810</u>	<u>9,732,441</u>
Total Acceptance Payables	<u>13,114,059</u>	<u>10,178,370</u>
Marketable Securities Issued - net of unamortised discount of RpNil and RpNil as at 31 December 2014 and 2013	85,256	105,862

SUPPLEMENTARY INFORMATION

PT BANK MANDIRI (PERSERO) Tbk. STATEMENTS OF FINANCIAL POSITION - PARENT ENTITY ONLY AS AT 31 DECEMBER 2014 AND 2013 (Expressed in millions of Rupiah, unless otherwise stated)

	2014	2013
LIABILITIES AND EQUITY (continued)		
LIABILITIES (continued)		
Estimated Losses on Commitments and Contingencies	195,147	197,807
Accrued Expenses	3,315,544	2,808,305
Current Tax Payable		
Income Tax	744,342	1,515,818
Other Tax	846,223	352,611
Total Tax Payable	<u>1,590,565</u>	<u>1,868,429</u>
Employee Benefits Liabilities	4,825,081	4,323,446
Provision	667,644	822,582
Other Liabilities	9,343,302	8,896,985
Fund Borrowings		
Related parties	-	-
Third parties	<u>21,365,495</u>	<u>13,994,173</u>
Total Fund Borrowings	<u>21,365,495</u>	<u>13,994,173</u>
Subordinated Loans		
Related parties	1,924,800	1,944,800
Third parties	<u>1,836,774</u>	<u>2,525,815</u>
Total Subordinated Loans	<u>3,761,574</u>	<u>4,470,615</u>
TOTAL LIABILITIES	<u>659,707,664</u>	<u>565,688,861</u>
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 2014 and 2013	11,666,667	11,666,667
Additional Paid-in Capital/Agio	17,476,308	17,476,308
Differences Arising from Translation of Foreign Currency Financial Statements	98,192	126,010
Unrealised Losses from Decrease in Fair Value of Available for Sale Marketable Securities and Government Bonds - Net of Deferred Tax	(582,234)	(1,413,082)
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	9,779,446	7,431,162
- Unappropriated	<u>58,893,169</u>	<u>47,274,251</u>
Total Retained Earnings	<u>68,672,615</u>	<u>54,705,413</u>
TOTAL EQUITY	<u>97,331,548</u>	<u>82,561,316</u>
TOTAL LIABILITIES AND EQUITY	<u>757,039,212</u>	<u>648,250,177</u>

SUPPLEMENTARY INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF COMPREHENSIVE INCOME - PARENT ENTITY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)**

	<u>2014</u>	<u>2013*)</u>
INCOME AND EXPENSES FROM OPERATIONS		
Interest Income	55,092,073	43,339,930
Interest Expense	<u>(20,408,409)</u>	<u>(13,803,482)</u>
NET INTEREST INCOME	<u>34,683,664</u>	<u>29,536,448</u>
Other Operating Income		
Other fees and commissions	8,297,069	7,544,114
Foreign exchange gains - net	1,560,499	1,812,685
Others	<u>3,808,803</u>	<u>3,921,070</u>
Total Other Operating Income	13,666,371	13,277,869
Allowance for Impairment Losses	<u>(4,426,530)</u>	<u>(3,907,443)</u>
Reversal of Allowance for Impairment Losses on Commitments and Contingencies	4,240	9,124
Reversal of Allowance for Possible Losses	174,035	1
Unrealised Gains/(Losses) from Increase in Fair Value of Marketable Securities and Government Bonds	2,578	<u>(2,769)</u>
Gains on Sale of Marketable Securities and Government Bonds	183,617	24,514
Other Operating Expenses		
Salaries and employee benefits	(8,613,202)	(7,537,377)
General and administrative expenses	(9,082,350)	(7,752,465)
Others - net	<u>(2,429,955)</u>	<u>(2,343,568)</u>
Total Other Operating Expenses	<u>(20,125,507)</u>	<u>(17,633,410)</u>
INCOME FROM OPERATIONS	<u>24,162,468</u>	<u>21,304,334</u>
Non-operating Income - net	<u>23,361</u>	<u>367,131</u>
INCOME BEFORE TAX EXPENSE	<u>24,185,829</u>	<u>21,671,465</u>
Tax Expense		
Current	(4,674,771)	(4,528,782)
Deferred	<u>(82,730)</u>	<u>70,285</u>
Total Tax Expense - net	<u>(4,757,501)</u>	<u>(4,458,497)</u>
NET INCOME	<u>19,428,328</u>	<u>17,212,968</u>
Comprehensive Income		
Difference Arising From Translation of Financial Statements in Foreign Currency	(27,818)	53,316
Unrealised Net Gains/(Losses) from Increase/(Decrease) in Fair Value of Available for Sale Financial Assets	1,038,560	(1,231,853)
Income Tax Related to Other Comprehensive Income	<u>(207,712)</u>	<u>246,370</u>
Comprehensive Income - After Tax	<u>803,030</u>	<u>(932,167)</u>
TOTAL COMPREHENSIVE INCOME	<u>20,231,358</u>	<u>16,280,801</u>

*) Reclassified, see Appendix 6/10.

SUPPLEMENTARY INFORMATION

PT BANK MANDIRI (PERSERO) Tbk. STATEMENTS OF CHANGES IN EQUITY - PARENT ENTITY ONLY FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013 (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 Marketable Securities and Government Bonds - Net of Deferred Tax	Appropriated	Unappropriated	Total	Total Equity
Balance as at 1 January 2014	11,666,667	17,476,308	126,010	(1,413,082)	7,431,162	47,274,251	54,705,413	82,561,316
Dividends allocated from 2013 net income	-	-	-	-	-	(5,461,126)	(5,461,126)	(5,461,126)
The establishment of general and special reserves of net profit in 2013 (refer to Note 40c)	-	-	-	-	2,348,284	(2,348,284)	-	-
Comprehensive income for the year ended 31 December 2014	-	-	(27,818)	830,848	-	19,428,328	19,428,328	20,231,358
Balance as at 31 December 2014	11,666,667	17,476,308	98,192	(582,234)	9,779,446	58,893,169	68,672,615	97,331,548

*) Accumulated losses of Rp162,874,901 have been eliminated with additional paid-in capital/agio due to quasi-reorganisation as at 30 April 2003

SUPPLEMENTARY INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF CHANGES IN EQUITY - PARENT ENTITY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013
(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	(985,493)	-	17,212,968	17,212,968	16,280,801
Gain from sale of Subsidiaries to entity 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

SUPPLEMENTARY INFORMATION

PT BANK MANDIRI (PERSERO) Tbk. STATEMENTS OF CASH FLOWS - PARENT ENTITY ONLY FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013 (Expressed in millions of Rupiah, unless otherwise stated)

	2014	2013*)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from interest income	53,060,073	41,236,356
Receipts from other fees and commissions	8,297,069	7,544,114
Payments of interest expense	(20,037,516)	(13,673,033)
Receipts from the sale of Government Bonds - fair value through profit or loss	26,339,529	26,635,916
Acquisition of Government Bonds - fair value through profit or loss	(26,147,846)	(25,456,801)
Foreign exchange gains/(losses) - net	1,170,384	(389,302)
Other operating income - others	1,202,694	918,211
Other operating expenses - others	(2,307,540)	(1,605,446)
Salaries and employee benefits	(8,111,567)	(6,818,290)
General and administrative expenses	(8,185,850)	(7,039,429)
Non-operating income - net	23,361	373,747
Payment of corporate income tax	(5,077,133)	(5,117,989)
Cash flow from operating activities before changes in operating assets and liabilities	20,225,658	16,608,054
Decrease/(Increase) in operating assets:		
Placements with Bank Indonesia and other banks	(1,204,800)	(1,182,586)
Marketable securities - fair value through profit or loss	(400,950)	(843,318)
Other receivables - trade transactions	(4,131,481)	(2,136,731)
Loans	(61,274,958)	(76,232,808)
Securities purchased under resale agreements	(15,424,969)	11,219,011
Prepaid tax	(1,309,306)	(1,107,577)
Prepaid expenses	(371,535)	(140,385)
Other assets	(2,061,231)	1,086,923
Proceeds from collection of financial assets already written-off	2,607,206	3,002,556
Increase/(decrease) in operating liabilities:		
Demand deposits	7,051,277	9,114,254
Saving deposits	15,564,787	31,572,095
Time deposits	57,476,599	21,179,285
Inter-bank call money	1,546,150	935,750
Obligation due immediately	394,236	(932,101)
Taxes payable	778,526	(1,289,056)
Other liabilities	1,561,282	1,048,608
Net cash provided by operating activities	21,026,491	11,901,974
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in marketable securities - available for sale and held-to-maturity portfolio	(3,888,574)	(4,459,784)
Increase in Government Bonds - available for sale and held-to-maturity portfolio	(1,794,649)	(4,958,007)
Proceeds from sale of fixed assets	103	14,749
Acquisition of fixed assets	(2,020,891)	(1,322,377)
Acquisition of intangible assets	(387,165)	(348,424)
Sale of investment in PT Bumi Daya Plaza	-	264,000
Sale of investment in PT Usaha Gedung Mandiri	-	132,000
Acquisition of investment in PT Asuransi Jiwa Inhealth Indonesia	(990,000)	-
Capital injection to PT Bank Sinar Harapan Bali (Subsidiary)	-	(32,377)
Capital injection to PT Mandiri Axa General Insurance	(87,000)	-
Net cash used in investing activities	(9,168,176)	(10,710,220)

*) Reclassified, see Appendix 6/10.

SUPPLEMENTARY INFORMATION

PT BANK MANDIRI (PERSERO) Tbk. STATEMENTS OF CASH FLOWS - PARENT ENTITY ONLY FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013 (Expressed in millions of Rupiah, unless otherwise stated)

	2014	2013*)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in marketable securities issued	(20,606)	(190,214)
Increase in fund borrowings	7,761,385	3,133,509
Payments of subordinated loans	(709,041)	(672,335)
Increase in marketable securities sold under repurchase agreement	1,456,440	4,656,149
Payments of dividends	(5,461,126)	(4,651,220)
Net cash provided by/(used in) financing activities	3,027,052	2,275,889
NET INCREASE IN CASH AND CASH EQUIVALENTS	14,885,367	3,467,643
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	109,208	2,883,248
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	109,222,901	102,872,010
CASH AND CASH EQUIVALENTS AT END OF YEAR	124,217,476	109,222,901
Cash and cash equivalents at end of year consist of:		
Cash	18,719,445	17,226,616
Current accounts with Bank Indonesia	47,772,187	40,602,631
Current accounts with other banks	8,407,021	13,435,310
Placements with Bank Indonesia and other banks	48,495,538	37,958,344
Certificate of Bank Indonesia	823,285	-
Total Cash and Cash Equivalents	124,217,476	109,222,901
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	(582,234)	(1,413,082)
Acquisition of fixed assets - payable	(949,120)	(812,181)
Capital injection to Bank Syariah Mandiri via inbreng mechanism	-	(30,778)

*) Reclassified, see Appendix 6/10.

SUPPLEMENTARY INFORMATION

PT BANK MANDIRI (PERSERO) Tbk.
PARENT ENTITY ONLY
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013
(Expressed in millions of Rupiah, unless otherwise stated)

ACCOUNTS RECLASSIFICATION

Account in the financial statements - Parent Entity for the year ended 31 December 2013 has been reclassified to conform with the presentation of the financial statements - parent entity for the year ended 31 December 2014. The reclassification is related to presentation of deposit insurance premiums expenses to be part of other operating expenses - others – net

	31 December 2013		
	Before Reclassification	Reclassification	After Reclassification
Statement of comprehensive income - Parent Entity			
Income and expense from operation			
Interest Expense	(14,732,324)	928,842	(13,803,482)
Other Operating Expenses			
Others – net	(1,414,726)	(928,842)	(2,343,568)
Statement of cash flows - Parent Entity			
Cash flows from operating activities			
Payments of interest expense	(14,601,875)	928,842	(13,673,033)
Operating Expenses Others	(676,604)	(928,842)	(1,605,446)

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