

Unfolding Hopes As the Pride of the Nation



2017

Annual Report

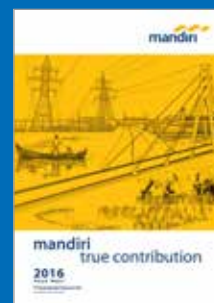
PT Bank Mandiri (Persero) Tbk
www.bankmandiri.co.id

Theme Continuity

2016

Mandiri True Contribution

To realize Company aspiration to be the best performing bank in Indonesia and prominent bank in ASEAN for 2020 (Indonesia's best, ASEAN's prominent), Bank Mandiri always strives to bring true contribution in all business aspects. A number of strategic measures, continuous innovations, and human capital quality improvements were developed throughout 2016, with support from the implementation of good corporate governance principle to strengthen Bank Mandiri's business foundation in the future.



2015

Mandiri Friend of the Nation

Being the friend of the nation is a devotion of Bank Mandiri as the largest bank in Indonesia; with the products and services at hand, Bank Mandiri helps inspiring, works and grows together with, and fully supports all walks of life. Holding on to good corporate governance principle, throughout 2015 not only did succeed in realizing the business plan and creating business advancement and growth, Bank Mandiri has also given real contributions in improving people's welfare.



2014

Passion to Perform for Indonesia

In carrying out the mission to actively contribute to support Indonesia's long-term development, we always make every effort to show our passion to perform for Indonesia. This was materialized by igniting the passion to bring Bank Mandiri forward as a bank with the best operational and financial performance, that has given the largest contributions to the community and environment.



2013

Prosperous Spirit

We have Prosperous Spirit, and our presence has the purpose to influence the national economic development, develop business activities, drive the wheel of economic development, and realize the dreams of more customers.



2012

Mandiri for Whatever Your Dreams

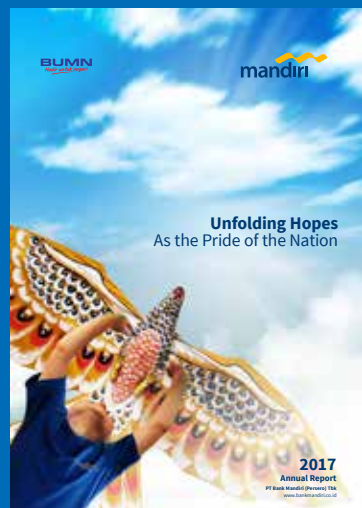
As the largest Indonesian financial institution, Bank Mandiri is committed to be agile, proactive, and innovative in presenting solutions for the financial needs of every customer.



2017

Unfolding Hopes

As the Pride of the Nation



In 2017, Bank Mandiri underwent Transformation Phase III, which lasts from 2015 to 2020. In this phase, Bank Mandiri intended to consolidate its vision of becoming "Indonesia's best, ASEAN's prominent" bank as proven by the measures it took to deal with any challenges it encountered in the previous year. Those measures yielded fruitful results in 2017, as indicated by the achievement of increased financial performance. Direction for the realization of the Company's vision becomes increasingly certain with the commencement of the implementation of the so-called 'Corporate Plan Restart' as of September 2016 and the declaration of Bank Mandiri as a candidate to be awarded the Qualified ASEAN Bank license by Bank Malaysia. Moreover, the profits generated by Bank Mandiri are also supported by good synergy between Bank Mandiri and 11 (eleven) subsidiaries by way of conglomeration.

The success of Bank Mandiri in 2017 was consistent with the spirit of bringing prosperity to the whole nation and becoming the pride of the nation. Bank Mandiri consistently makes a contribution to support infrastructure financing, which constitutes the national development agenda, to support the Government's attempts to improve public wealth, to encourage the economic growth in the real sector through disbursement of its Kredit Usaha Rakyat (KUR), and to contribute to increased public wealth through its 'Mandiri Hadir untuk Negeri' program.

Company at a Glance

Main Products and Services:

Saving Product:

Savings, Current Accounts, Deposits, Cash Management

Credit Product:

Credit, Credit Card

Other Services:

Trade Service Products, Agency Services, E-Channel Services, Treasury Services, Bancassurance Services, and Financial Institution Pension Fund Products

Shareholders

The Government of the Republic of Indonesia: 60%,
Indonesian Nationals: 7.01%,
Foreigners: 32.99%



Business Segments:

Wholesale (Corporation and Commercial); Retail; Institution; Treasury

Subsidiary and Associated Entities

Subsidiary

- PT Bank Syariah Mandiri 99.99%
- PT Mandiri Sekuritas 99.99%
- PT Mandiri Tunas Finance 51.00%
- PT Mandiri AXA General Insurance 60.00%
- PT AXA Mandiri Financial Services 51.00%
- PT Bank Mandiri Taspen 59.44%
- Mandiri International Remittance Sdn. Bhd. 100%
- Bank Mandiri (Europe) Limited 100%
- PT Asuransi Jiwa Inhealth Indonesia 80.00%
- PT Mandiri Utama Finance 51.00%
- PT Mandiri Capital Indonesia 99.97%

Associated Entities

- PT Kustodian Sentral Efek Indonesia 10.00%
- PT Sarana Bersama Pengembangan Indonesia 34.00%
- PT Pengembangan Armada Niaga Nasional (Persero) 7.00%

Performance Highlight

Assets rises by 8,3% YoY
Which is Equal to Rp1,124.7 Trillion
Consolidated coupled with the annual growth of Credit by 10.2%.

Such a condition continues with increasingly stronger equity, reaching Rp170 Trillion

Net Profits Reach Rp20.6 Trillion,
growing by 49.5% YoY
Profits Before Tax and Allowance reach Rp 43.1 Trillion.

The growth of productive credit in 2017 reached Rp36.7 trillion as a result of the growth of investment credit by Rp23.9 trillion and the growth of working capital credit by Rp12.8 trillion.

The Annual Growth of Bank Mandiri's Credit Is Equal To 10,2% or Rp 729,5 Trillion
Micro credit generates the highest growth, which is 22.2% YoY.

The Annual Retail Credit Rises by 13.7%, Which is Equal to Rp223.1 Trillion
The Composition of Retail Credit to the Total Credit for Bank Only reaches 34.6%.

Third Party Fund rises by 7.0%, While YoY reaches Rp815.8 Trillion.

The achievement is supported by office and e-channel network development



Total Outlet

- ✓ 2,631 Office Networks
- ✓ 17,766 ATM

Number of Accounts

- ✓ Third Party Fund 21.9 Million
- ✓ Credit 1.8 Million Including 149.6 Thousand of KPR (Housing Loan) accounts



New Accounts

- ✓ Third Party Fund 7,12 Million
- ✓ Credit 680.0 Thousand

e-Channel Transactions

e-Channel Transactions
Jan-Dec 2017 reached 3,067 Million transactions, growing 10.5% YoY



Total of Cards

- ✓ Debit 16.98 Million
- ✓ Credit 4.76 Million
- ✓ Prepaid 13.2 Million

Cash Management

- ✓ 21,794 Customers
- ✓ 36.4 Million Transactions



Retail Credit

- ✓ Rp223.1 Trillion
- ✓ 34.6% of Total Loans

Profit Subsidiary

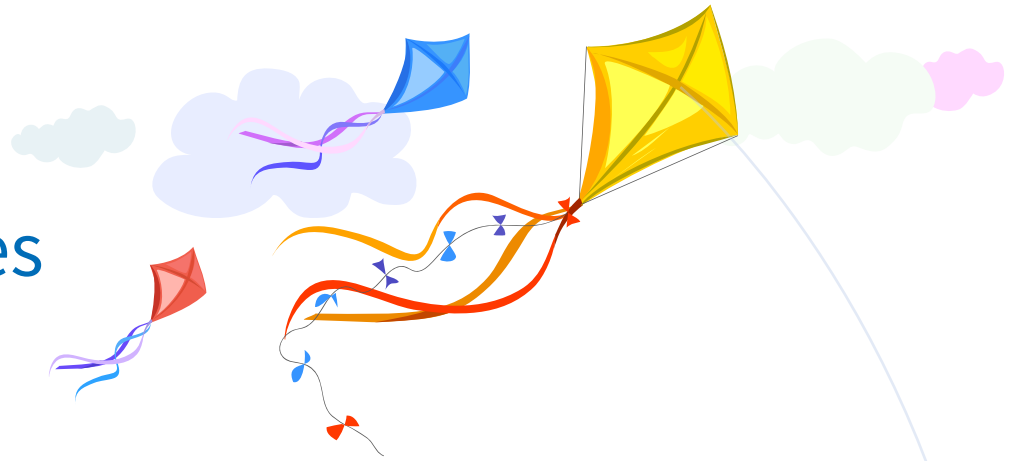
- ✓ Total Net Profit Rp2.2 Trillion
- ✓ Reached 10.8% of Bank Mandiri Total Net Profits



Alliance

- ✓ Bank Guarantee : Rp33.5 Trillion
- ✓ Forex : USD 29.6 Billion
- ✓ Trade : USD 16.9 Billion

Milestones



1824-1998

Bank Mandiri establishment began from the long journey of four (4) government-owned banks, i.e., Bank Ekspor Impor Indonesia, Bank Dagang Negara, Bank Bumi Daya, and Bank Pembangunan Indonesia.

1998

Established on 02 October 1998, Bank Mandiri became a part of the bank restructuring program arranged by the Indonesian government.

1999

In July 1994, four (4) government-owned banks, i.e., Bank Bumi Daya, Bank Dagang Negara, Bank Ekspor Impor Indonesia and Bank Pembangunan Indonesia merged into an entity known as Bank Mandiri.

2003

Bank Mandiri held Initial Public Offering (IPO).

2005

The turning point for the launch of Transformation Phase I until 2010, to become the regional champion bank.

The transformation was carried out through four (4) main strategies, i.e., cultural implementation, aggressive non-performance loan control, business growth improvement above average market growth, and inter-directorate alliance program development and management.

2008-2009

Resuming the previous year's program, in this period Bank Mandiri implemented Transformation Phase II Program, **"Outperform the Market"**, which focused on business expansion to ensure significant growths in various business segments and reach profits above the average market target.

2006-2007

Throughout the years, Bank Mandiri implemented the Transformation Program, **"Back on Track"**, as a part of Transformation Phase I that focused on the reconstruction of Bank Mandiri's fundamentals.

2010

The final year in the Transformation program **“Shaping the End Game”** which had been running since 2005, in which Bank Mandiri targeted to become the leading regional bank through consolidation of financial service businesses, by prioritizing the strategic opportunities of non-organic growth. Through the transformation program, Bank Mandiri had consistently improved its performance, as shown from the increase in a number of financial indicators.

2011

The year when Bank Mandiri performed right issue with the issuance of 2,336,838,591 shares at a par value of Rp5,000 per share. For the transaction occurred, Bank Mandiri earned the funds amounting to Rp11,684,192,955,000.

This year also marked the initial phase of the Continued Transformation 2010-2014, where Bank Mandiri revitalized its mission to be “the most admired and progressive Financial Institution in Indonesia”.

Continued transformation in 2011 was carried out through Cultural Transformation, with cultural transformation phase I, enriching with best practices and world-class benchmark.

2012

Continued transformation in 2012 was carried out through Business Transformation, which focused on three (3) main areas, i.e., Wholesale Transaction, Retail Deposit and Payment, and Retail Financing.

2014

Bank Mandiri succeeded in passing the Transformation Phase II in this year.

2015

A crucial year for Bank Mandiri as the first year of Transformation Phase III.

2016

The year when Bank Mandiri performed a number of corporate actions, such as issuance of sustainable bonds, Asset-Backed Securities in the form of Letter of Participation (EBA-SP), and total assets of more than Rp1,000 trillion.

2017

Bank Mandiri began to implement the Corporate Plan Restart which was launched in September 2016.

Bank Mandiri undertook stock split with a ratio of 1:2

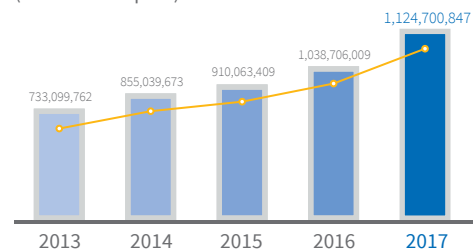
Our Advantages

The First National Bank with Assets Worth Above Rp1,000 Trillion

Bank Mandiri has reported the bookkeeping of assets at an amount of Rp1,124.70 trillion consolidated, which means that Bank Mandiri is the first Indonesian bank with such achievement. The assets that are worth Rp1,124.70 trillion are supported by Company performance, particularly credit growth realization in corporate credit and infrastructure sectors. The credit growth is above the average value of other banks.

Assets

(in million Rupiah)

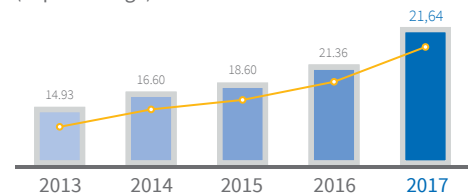


A Bank Supported by Strong Capital

Bank Mandiri records capital amounting to Rp153.2 trillion and is ready for the implementation of Basel III with a Capital Adequacy Ratio (CAR) of 21.64% in 2017.

Capital Adequacy Ratio

(in percentage)



Best Employee Engagement

Bank Mandiri employee engagement survey scored 73.7%, which was the highest category (platinum) for employee engagement survey in financial service industry. For the survey, Bank Mandiri secured two awards, i.e., Best 2016 Employee Engagement and 2016 Indonesia Engagement Award in Platinum Category from Indonesia Banking Development Institute (LPPI), Stabilitas Magazine, Kinerja Magazine, and BlessingWhite Research Agency of Indonesia.

The Legend Bank in Service Excellence

Bank Mandiri has proven its consistency in increasing the customer comfort and satisfaction in doing banking transactions. The consistency is shown from Bank Mandiri's achievements since 2008 until 2017, with The Best Bank in Service Excellence predicate from Marketing Research Indonesia (MRI) and Infobank Magazine.



The Legend in Good Corporate Governance (GCG)

Bank Mandiri's consistency in GCG implementation is shown from the appreciation of a number of national and international independent Agencies, which are, among others, The Indonesian Institute for Corporate Governance (IICG). From 2007 to 2017, Bank Mandiri has earned the predicate of The Most Trusted Companies for 11 consecutive times.



Pioneer Bank in Young Entrepreneur Development

Mandiri Young Entrepreneurs (Wirausaha Muda Mandiri or WMM) has been long becoming a success story for Bank Mandiri which proves the Company's consistency to contribute in developing Indonesian business, particularly among the youths. As of 2017, Bank Mandiri has been organizing WMM for a decade. Bank Mandiri seeks to discover creative, innovative young entrepreneurs with resilient business spirits who are able to compete not only locally, but also internationally. WMM is among Bank Mandiri's efforts in supporting the 1,000 digital startup campaigns for 2020 launched by the President. In practice, these entrepreneurs are able to compete with domestic and foreign startup companies. By creating 1,000 digital startups in 2020, Indonesia aims to secure the predicate of Digital Energy of Asia.



A Bank with Strong Relationship with Wholesale Customers

Bank Mandiri enjoy privileges as a bank which is also a SOE, coupled with a strong relationship with wholesale customers. So far, Bank Mandiri has a total of 76 top anchor clients.

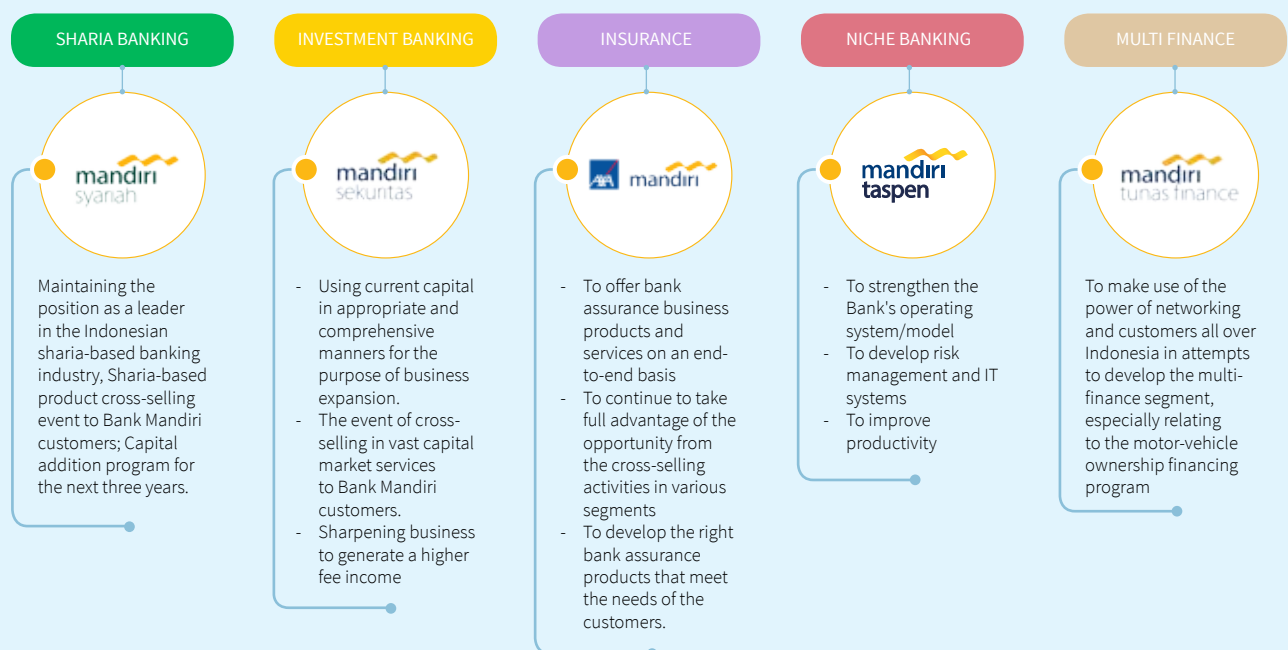
Mandiri as Top 3 Most Wanted Place for Work



In 2017, Bank Mandiri managed to rank third among the Most Wanted Places for Work in the event "Employer of Choice Award 2017". This award was given based on a survey held by magazine SWA in conjunction with Hay Group, with respondents consisting of job seekers and employees in Indonesia. According to results of this survey, respondents perceive that Bank Mandiri has a good corporate image, offers numerous benefits for its employees, and has good work facilities.

Strong Synergy with Subsidiaries

Bank Mandiri's performance is inherent in the synergy with subsidiaries. At conglomerate level, contributions from 11 (eleven) subsidiaries in December 2017 reached Rp2.2 trillion. Five (5) out of eleven (11) subsidiaries with the largest contributions are as follows:



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Performances Highlights





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In 2017 there is an increase in Market Capitalization after implementation of Stock Split with a Ratio 1:2

01

Performance Highlights

Financial Highlights

Table of Financial Highlights

(in million Rupiah)

Description	2017	2016	2015	2014	2013
CONSOLIDATION STATEMENT OF FINANCIAL POSITION					
ASSETS					
Cash	24,268,563	22,906,775	25,109,124	20,704,563	19,051,934
Current Accounts with Bank Indonesia	50,188,118	52,484,974	56,314,316	50,598,840	43,904,419
Current Accounts with Other Banks - Net	12,329,947	10,360,165	10,152,214	8,983,467	14,036,484
Placements with Bank Indonesia and Other Banks - Net	74,600,803	73,616,927	37,320,863	61,117,605	45,113,834
Securities - Net	59,609,972	56,551,643	43,641,564	40,465,158	26,802,548
Government Bonds	103,411,188	98,933,278	103,869,361	86,153,906	82,227,428
Other Receivables - Trade Transactions - Net	24,090,128	14,167,271	13,184,766	11,651,696	7,523,929
Securities Purchased under Resale Agreements - Net	2,629,315	5,054,488	676,900	19,744,804	3,737,613
Derivative Receivables - Net	446,459	239,260	700,884	71,044	170,878
Loans and Sharia Financing/Receivables - Net	678,292,520	616,706,193	564,393,595	505,394,870	450,634,798
Consumer Financing Receivables - Net	14,782,332	11,531,838	7,907,449	5,893,135	4,511,545
Investment in Lease Financing - Net	2,356,890	829,945	598,359	766,524	612,154
Acceptance Receivables - Net	12,290,260	14,548,203	11,224,243	13,007,132	10,114,889
Investment in Shares - Net	333,312	245,136	48,394	55,490	4,667
Accrued Expenses	2,784,234	2,751,081	2,299,852	1,837,500	1,489,010
Prepaid Tax	2,688,049	2,612,707	4,817,396	2,591,982	1,126,549
Fixed Assets - Net	36,618,753	35,663,290	9,761,688	8,928,856	7,645,598
Intangible Assets - Net	2,401,467	1,955,496	1,915,192	1,644,583	1,160,255
Other Assets - Net	15,014,218	11,557,238	11,292,727	11,239,398	8,908,732
Deferred Tax Assets	5,564,319	5,990,101	4,834,522	4,189,120	4,322,498
TOTAL ASSETS	1,124,700,847	1,038,706,009	910,063,409	855,039,673	733,099,762
LIABILITIES					
Obligations due Immediately	2,838,567	1,569,911	1,156,327	1,156,366	762,130
Deposits from Customers	749,583,982	702,060,230	622,332,331	583,448,911	508,996,256
Deposits from Other Banks	8,349,507	9,339,196	12,636,237	17,531,845	12,443,313



Description	2017	2016	2015	2014	2013
Liabilities to Unit-Link Policyholders	23,254,035	19,602,950	17,019,049	17,343,799	12,002,997
Liabilities to Securities Sold under Repurchase Agreement	3,592,883	3,353,042	4,863,171	6,112,589	4,656,149
Derivative Liabilities	276,243	502,469	299,079	157,055	226,168
Acceptance Liabilities	12,544,494	14,789,244	11,331,273	13,114,059	10,178,370
Marketable Securities Issued	16,843,595	9,025,994	2,398,178	2,009,625	1,779,597
Estimated Losses on Commitments and Contingencies	381,771	207,401	395,610	196,793	200,501
Accrued Expenses	4,307,193	3,743,496	3,490,801	3,880,273	3,326,475
Taxes Payable	1,009,832	1,258,792	2,131,616	1,875,141	2,126,864
Employee Benefit Liabilities	8,277,388	6,763,068	5,777,077	5,181,160	4,585,069
Fees	375,770	435,880	676,170	667,644	822,582
Other Liabilities	20,496,377	15,810,036	14,189,412	16,370,686	14,166,214
Borrowings	35,703,679	35,882,757	33,764,671	24,227,104	15,997,188
Subordinated Loans	191,501	215,432	3,737,703	3,746,574	4,465,615
TOTAL LIABILITIES	888,026,817	824,559,898	736,198,705	697,019,624	596,735,488
TEMPORARY SYIRKAH FUNDS					
Deposits from Customers	66,222,609	60,440,474	54,054,930	52,933,182	47,345,405
Deposits from Other Banks	445,289	335,914	317,933	242,305	228,273
TOTAL TEMPORARY SYIRKAH FUNDS	66,667,898	60,776,388	54,372,863	53,175,487	47,573,678
EQUITY					
Share Capital	11,666,667	11,666,667	11,666,667	11,666,667	11,666,667
Additional Paid-in Capital/Agio	17,316,192	17,316,192	17,316,192	17,316,192	17,316,192
Difference Arising from Translation of Financial Statements in Foreign Currencies	168,412	202,363	242,807	203,625	221,620
Net Profit/(Loss) Unrealized From Increase/(Decrease) Fair Value of Available Government Securities and Government Bonds for Sale After Less Deferred Tax	1,117,864	(759,364)	(1,565,019)	(571,348)	(1,417,240)
The effective part of the cash flow hedge	(6,436)	-	-	-	-
Net Differences on Fixed Assets Revaluation	25,666,631	25,140,523	-	-	-
(Loss)/Net Actuarial Gain on Reward Programs - of Deferred Tax	(462,008)	49,515	277,676	-	-
Difference in Transactions With Non-Controlling Parties	(106,001)	(92,751)	(92,751)	-	-
Retained Earnings	111,357,522	96,930,793	89,224,718	74,042,745	59,631,998
Non-Controlling Interests in Net Assets of Consolidated Subsidiaries	3,287,289	2,915,785	2,421,551	2,186,681	1,371,359
TOTAL EQUITY	170,006,132	153,369,723	119,491,841	104,844,562	88,790,596
TOTAL LIABILITIES, TEMPORARY SYIRKAH FUNDS, AND EQUITY	1,124,700,847	1,038,706,009	910,063,409	855,039,673	733,099,762

Description	2017	2016	2015	2014	2013
CONSOLIDATION STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME					
OPERATING INCOME AND EXPENSE					
Interest Income and Sharia Income - Net	52,327,159	51,825,369	45,363,103	39,132,424	33,809,418
Premium Income - Net	2,465,075	2,652,431	3,137,070	2,680,570	2,626,006
Interest Income, Sharia Income, and Premium Income - Net	54,792,234	54,477,800	48,500,173	41,812,994	36,435,424
Other Operating Income	22,281,641	19,286,425	18,378,678	14,687,815	14,686,637
Allowance for Impairment Losses	(15,646,385)	(24,943,938)	(11,664,837)	(5,718,130)	(4,871,442)
(Provision for)/Reversal of Allowance for Estimated Losses on Commitments and Contingencies	(173,402)	181,459	(198,450)	5,313	10,784
(Provision for)/Reversal of Other Allowances	(132,050)	117,637	(179,242)	183,481	4,324
Unrealized Gains/(Losses) from Increase/(Decrease) in Fair Value of Marketable Securities, Government Bonds, and Policyholders' Investment in Unit-Link Contracts	167,892	15,638	(18,306)	146,521	(219,353)
Gains on Sale of Marketable Securities and Government Bonds	893,570	745,904	275,499	234,463	39,116
Other Operating Expenses	(35,013,749)	(31,268,198)	(28,754,543)	(25,374,351)	(22,533,779)
Operating Income	27,169,751	18,612,727	26,338,972	25,978,106	23,551,711
Non-Operating Income/(Expense) - Net	(12,888)	(39,762)	30,458	29,909	510,126
Income before Tax Expense and Non-Controlling Interest	27,156,863	18,572,965	26,369,430	26,008,015	24,061,837
Tax Expense - Net	(5,713,821)	(3,922,802)	(5,217,032)	(5,353,232)	(5,231,903)
CURRENT YEAR PROFIT	21,443,042	14,650,163	21,152,398	20,654,783	18,829,934
OTHER COMPREHENSIVE INCOME					
Items that will not be Reclassified to Profit or Loss	9,678	24,909,438	273,737	-	-
Items that will be Reclassified to Profit or Loss	1,868,315	785,447	(979,306)	827,897	(833,848)
Other Comprehensive Income/(Loss) for the Current Year - Net of Income Tax	1,877,993	25,694,885	(705,569)	827,897	(833,848)
TOTAL COMPREHENSIVE INCOME FOR THE CURRENT YEAR	23,321,035	40,345,048	20,446,829	21,482,680	17,996,086
Net Income Attributable to					
Parent Entity	20,639,683	13,806,565	20,334,968	19,871,873	18,203,753
Non-Controlling Interest	803,359	843,598	817,430	782,910	626,181
Total Comprehensive Income Attributable to					
Parent Entity	22,491,109	39,484,138	19,658,155	20,699,770	17,369,905
Non-Controlling Interest	829,926	860,910	788,674	782,910	626,181
EARNINGS PER SHARE (in full Rupiah)	442,28	295,85*	871,50	851,66	780,16
CONSOLIDATION STATEMENT OF CASH FLOW					
Cash Flow from (for) Operating Activities	4,952,703	41,521,119	10,201,454	21,091,691	12,733,517
Cash Flow from (for) Investing Activities	(5,247,860)	(6,162,781)	(28,949,323)	(7,084,002)	(12,561,665)
Cash Flow from (for) Financing Activities	702,143	(1,974,522)	778,320	3,496,231	6,354,122
Net Increase (Decrease) in Cash and Cash Equivalents	406,986	33,383,816	(17,969,549)	17,503,920	6,525,974
Effects of Exchange Rate Changes	808,703	(1,491,116)	4,832,573	277,305	2,993,395
Cash and Cash Equivalents at Beginning of Year	157,560,107	125,667,407	138,804,383	121,023,158	111,503,789
Cash and Cash Equivalents at End of Year	158,775,796	157,560,107	125,667,407	138,804,383	121,023,158
FINANCIAL RATIOS (Bank Only)					
CAPITAL					
Capital Adequacy Ratio (CAR)	21.64%	21.36%	18.60%	16.60%	14.93%
CAR for Credit Risk and Operational Risk	22.06%	21.42%	18.63%	16.66%	14.99%
CAR for Credit Risk, Operational Risk, and Market Risk	21.64%	21.36%	18.60%	16.60%	14.93%
Fixed Assets to Capital	23.11%	25.07%	8.30%	9.60%	9.40%

Description	2017	2016	2015	2014	2013
EARNING ASSETS (%)					
Productive and Non-Productive Assets to Total Productive Assets and Non-Productive Assets	2.16%	2.47%	1.56%	1.15%	1.17%
Non-Performing Productive Assets to Total Productive Assets	2.73%	3.07%	1.96%	1.42%	1.43%
Allowance for Impairment Losses on Financial Assets to Productive Assets	3.76%	3.97%	3.10%	2.61%	2.86%
Fulfillment of Allowance for Impairment Losses on Productive Assets (in million rupiah)	33,495,714	32,912,493	22,532,227	17,906,264	16,828,352
Fulfillment of Allowance for Impairment Losses on Non-Productive Assets (in million rupiah)	349,404	193,144	370,727	195,147	197,807
NPL - Gross	3.45%	3.96%	2.29%	1.66%	1.60%
NPL - Net	1.06%	1.38%	0.60%	0.44%	0.37%
Fixed Assets to Capital	23.11%	25.07%	8.30%	9.60%	9.40%
Loan to Assets Ratio	72.38%	71.54%	73.84%	69.39%	70.83%
Main Debtor to Loan Ratio	22.49%	21.26%	21.94%	19.85%	19.58%
PROFITABILITY					
ROA	2.72%	1.95%	3.15%	3.57%	3.66%
ROE	14.53%	11.12%	23.03%	25.81%	27.31%
NIM	5.63%	6.29%	5.90%	5.94%	5.68%
Operating Expense to Operating Income	71.78%	80.94%	69.67%	64.98%	62.41%
Income to Asset Ratio	2.05%	1.42%	2.49%	2.57%	2.66%
Income to Equity Ratio	12.54%	9.07%	17.99%	19.96%	20.85%
Liability to Asset Ratio	83.69%	84.31%	86.16%	87.14%	87.26%
Liability to Equity Ratio	512.94%	537.32%	622.67%	677.79%	685.17%
Fee-Based Income to Operating Income Ratio	23.29%	21.29%	22.26%	20.09%	23.48%
LIQUIDITY					
Loan to Funding Ratio (LFR)	89.25%	85.86%	87.05%	82.02%	82.97%
Liquid Asset to Asset Ratio	14.31%	14.64%	12.97%	11.76%	14.44%
Liquid Asset to Short-Term Funding Ratio	19.83%	19.54%	17.09%	15.45%	18.70%
MSME Loan to Loan Ratio	12.47%	13.55%	14.14%	15.44%	15.49%
COMPLIANCE					
Percentage of LLL Violation					
Related Party	0.00%	0.00%	0.00%	0.00%	0.00%
Non-Related Parties	0.00%	0.00%	0.00%	0.00%	0.00%
Percentage of LLL Exceedance					
Related Parties	0.00%	0.00%	0.00%	0.00%	0.00%
Non-Related Parties	0.00%	0.00%	0.00%	0.00%	0.00%
Statutory Reserve - Rupiah	6.78%	6.50%	7.50%	8.00%	8.00%
Secondary Reserve - Rupiah	8.91%	9.84%	14.35%	17.74%	18.08%
Foreign Exchange Reserve	8.10%	8.12%	8.50%	8.49%	8.10%
LFR Reserve	0.00%	0.00%	0.00%	0.00%	0.00%
Net Open Position	1.59%	2.98%	2.91%	2.01%	2.40%
OTHER RATIOS					
Gross LLR/NPL (Coverage Ratio)	142.95%	131.29%	167.02%	201.43%	223.54%
CIR (Cost to Income Ratio) (Consolidated)	40.68%	39.15%	39.20%	41.42%	41.21%
Operating Income/Employee (in million Rupiah)	655,12	418,63	670,81	696,41	626,93

Note
*)Restated

Operational Highlights

Table of Operational Performance for Corporate Segment

(in million Rupiah)

Products	2017	2016**)	2015	2014*)	2013*)
Third-Party Funds	127,011,830	178,317,626	154,150,135	141,266,862	125,423,707
• Current Accounts	83,354,774	92,357,811	86,552,341	58,091,427	56,168,520
• Savings	7,003,356	6,051,088	4,800,091	1,656,045	1,385,196
• Time Deposits	36,653,700	79,908,727	62,797,703	81,519,390	67,869,991
Total Loans	248,745,671	228,664,566	196,591,585	173,292,233	163,747,852
Total Fee-Based Income	2,277,649	2,166,235	1,630,213	1,066,809	1,076,471

*) In 2013 and 2014 Corporate Segment still incorporated with the Institutional Banking Segment

**) In 2016 Corporate Segment still incorporated with the Government and Institutional Banking Segment

Table of Operational Performance for Commercial Segment

(in million Rupiah)

Products	2017	2016	2015	2014*)	2013*)
Third-Party Funds	68,145,567	66,353,326	63,629,940	24,041,853	27,257,494
• Current Accounts	37,174,479	40,435,471	38,120,057	13,223,418	17,056,237
• Savings	11,731,448	8,143,489	8,560,670	3,344,503	3,736,665
• Time Deposits	19,239,640	17,774,366	16,949,213	7,473,932	6,464,592
Total Loans	155,820,017	165,157,169	160,621,315	196,182,613	163,402,908
Total Fee-Based Income	1,129,285	1,774,650	1,164,406	1,579,640	1,534,071

*) Commercial and Business Segments

Table of Operational Performance for Government and
Institutional Segment

(in million Rupiah)

Products	2017	2016*)	2015*)	2014*)	2013*)
Third-Party Funds	50,676,336	0	0	0	0
• Current Accounts	20,964,557	0	0	0	0
• Savings	1,174,738	0	0	0	0
• Time Deposits	28,537,041	0	0	0	0
Total Loans	13,862,546	0	0	0	0
Total Fee-based Income	269,181	0	0	0	0

*) Still Incorporated With The Commercial and Business Banking



Table of Operational Performance for Retail Segment

(in million Rupiah)

Products	2017	2016	2015*)	2014**)	2013**)
Third-Party Funds	476,371,887	435,276,455	390,013,050	402,904,084	341,665,787
• Current Accounts	51,006,025	45,497,602	39,541,346	50,425,065	41,827,746
• Savings	283,736,956	259,483,049	232,910,746	224,423,863	208,994,444
• Time Deposits	141,628,906	130,295,804	117,560,958	128,055,156	90,843,597
Total Loans	223,098,142	196,193,756	175,210,948	100,736,303	83,653,157
Total Fee-Based Income	8,311,567	8,572,218	8,358,521	7,068,160	6,166,470

*) Micro, Business, Consumer, and Individual Segments

**) Micro, Retail and Consumer Segments

Table of Operational Performance for Treasury and Market Segment

(in million Rupiah)

Products	2017	2016**)	2015**)	2014*)	2013*)
Third-Party Funds	7,571,909	8,002,438	5,367,804	8,113,002	5,371,052
• Current Accounts	2,748,140	2,268,645	2,191,203	1,302,746	1,198,359
• Savings	22,325	94,889	53,203	30,200	12,349
• Time Deposits	4,801,444	5,638,904	3,123,398	6,780,056	4,160,344
Total Loans	1,173,623	1,064,421	1,425,147	5,055,677	6,174,114
Total Fee-Based Income	3,728,182	3,873,837	3,678,886	4,234,562	4,831,477

*) Treasury, Financial Institution, and Special Asset Management (SAM) Segments

**) Segment Treasury and Markets

Information on Stock Price

Table of Bank Mandiri Stock Price, Volume, and Capitalization in 2013-2017

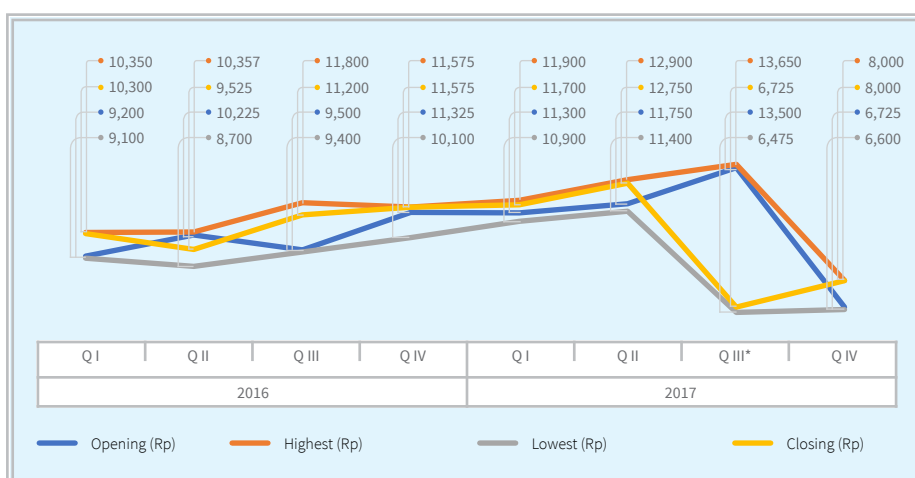
Year	Price per Share (Rp)				Number of Shares Outstanding (share)	Volume of Transaction (share)	Market Capitalization (Rp Trillion)
	Opening	Highest	Lowest	Closing			
2017							
Q I	11,300	11,900	10,900	11,700	23,333,333,333	2,210,511,800	273.00
Q II	11,750	12,900	11,400	12,750	23,333,333,333	2,044,842,000	297.50
Q III	13,500	13,650	6,475*	6,725*	46,666,666,666*	2,135,509,000	313.83
Q IV	6,725	8,000	6,600*	8,000*	46,666,666,666*	2,611,076,700	373.33
2016							
Q I	9,200	10,350	9,100	10,300	23,333,333,333	1,575,788,096	240.33
Q II	10,225	10,357	8,700	9,525	23,333,333,333	1,369,132,900	222.25
Q III	9,500	11,800	9,400	11,200	23,333,333,333	1,683,095,896	261.33
Q IV	11,325	11,575	10,100	11,575	23,333,333,333	1,268,503,900	270.08
2015							
Q I	10,775	12,475	10,700	12,475	23,333,333,333	1,281,646,000	291.08
Q II	12,475	12,275	9,425	10,050	23,333,333,333	1,644,480,096	234.50
Q III	10,125	10,400	7,525	7,925	23,333,333,333	1,584,873,000	184.92
Q IV	8,000	9,650	7,675	9,250	23,333,333,333	1,296,309,704	215.83
2014							
Q I	7,850	10,250	7,600	9,450	23,333,333,333	1,964,619,800	220.50
Q II	9,575	10,825	9,525	9,725	23,333,333,333	1,661,089,700	226.91
Q III	9,825	11,000	9,625	10,075	23,333,333,333	1,714,043,200	235.08
Q IV	10,100	10,875	9,300	10,100	23,333,333,333	1,279,584,700	251.41
2013							
Q I	8,250	10,150	8,000	10,000	23,333,333,333	1,294,194,000	233.33
Q II	9,900	10,750	8,250	9,000	23,333,333,333	1,813,248,500	209.99
Q III	8,900	10,300	6,250	7,950	23,333,333,333	2,587,401,000	185.49
Q IV	8,050	8,950	7,300	7,850	23,333,333,333	1,665,966,500	183.10

* * Bank Mandiri performed corporate action through stock split, effective since 13 September 2017.

Chart of Bank Mandiri Stock Price Movement in 2016-2017

Stock Price Movement

(in Rupiah)

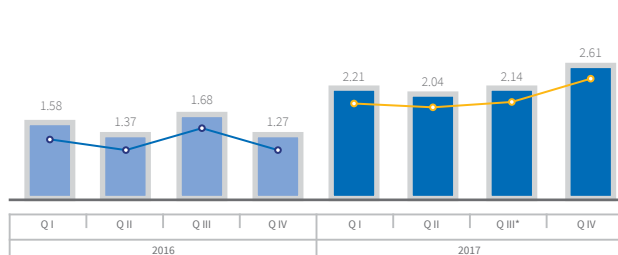


*In Q III Bank Mandiri carried out corporate action through stock split which resulted in declining chart

Chart of Bank Mandiri Stock Transaction Volume in 2016-2017

Stock Transaction Volume

(in million stock sheet)

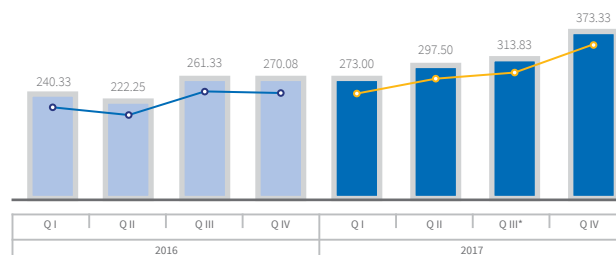


* Bank Mandiri performed corporate action through stock split, effective since 13 September 2017.

Chart of Bank Mandiri Stock Exchange Capitalization in 2016-2017

Market Capitalization

(in trillion Rupiah)



* Bank Mandiri performed corporate action through stock split, effective since 13 September 2017.

Company Rating of 2017

No.	Rating Agency	Rating	Rating Meaning	Validity Period
1.	Standard & Poor's (S&P)	BB+	Less vulnerable to non-payment than others speculative issues	December 2017-December 2018
2.	Fitch Ratings	BBB-	Indicate that expectation of default risk are currently low A bank for which there is a high probability of external support. The potential provider of support is highly rated in its own right and has a high propensity to provide support to the bank in question. This probability of support indicates a minimum Long-Term Rating floor of 'BBB-'.	September 2017-September 2018
3.	Moody's	Baa3	Moderate credit risk, medium grade and possess certain speculative characteristic	August 2017-August 2018
4.	PT Pemeringkat Efek Indonesia (Pefindo)	AAA	The obligor capacity to meet its long term financial commitment, relative to that of other Indonesian obligor, is superior	May 2017-May 2018

Company Analyst Report

No.	Analyst	Securities	Recommendation	Target Price	Resume	Date
1.	Jovent Giovanni	CIMB Research	Buy	Rp9,800	<ul style="list-style-type: none"> Net profit growth exceeds expectations (108%) ie for Rp20,6tn (49% YoY, -1% QoQ in 4Q). PPOP fixed stable YoY in FY17 (6% QoQ in 4Q). Credit Costs Improved at 2.3% level below expectations, ie 2.5-2.7%. Credit growth (10% YoY / 6% QoQ) is affected by consumer, micro and corporate segments. However the growth of commercial credit still tends to be slow, according to management strategy. NPL and Col.2 increased to 3.5% and 4.1% in 4Q17. Loan at risk increased to 10.7% at 4Q17. 	6 February 2018
2.	Sanjay Jain	Credit Suisse	Hold	Rp9,400	<ul style="list-style-type: none"> Net profit growth above expectation of Rp20,6Tn (49% YoY), 13% above expectations. PPOP down 1.4%, decline in the cost of credit encourages growth profit. The 2018 Consensus plans to raise estimates net profit to be 20%. Bank possibilities will propose a 40-50% DPO including a special dividend for 30% regular. 	7 February 2018

No.	Analyst	Securities	Recommendation	Target Price	Resume	Date
3.	Alexander Margaronis	UOB Kay Hian	Buy	Rp8,850	<ul style="list-style-type: none"> Net profit growth of Rp20.6Tn (+ 50%YoY), which is largely influenced by the decline CKPN (-60%) compared to the previous year. The 10% credit growth did not contribute which is big to the company's earnings. Non-interest Income (16% YoY) is quite strong influenced by credit recovery (recovery), increase forex, child companies, and administrative revenue but Net Interest Income (1% YoY) and expenses business (9% YoY) is still moderate. There is no growth in Pre-Provision Operating Profit (PPOP) (0% YoY), At growth of NPL ratio, Bank Mandiri confirm will giving high dividends Credit growth is derived from corporate loans (15% YoY) and consumer loans (17% YoY). From Credit The largest donor corporation comes from the project infrastructure, while Consumer Credit is derived from KTA (24% YoY), motor vehicle loan (27% YoY) and KPR (10% YoY). 	7 February 2018
4.	Joshua Tanja	UBS	Buy	Rp9,400	<ul style="list-style-type: none"> Bank Mandiri posted a net profit of Rp20.6tn. With better-than-expected retail credit growth achieved in 2017, DPO up to 50% and trends improvement of asset quality. UBS believes that Bank Mandiri's main risk is its high loan-at-risk and loan-to-deposit ratios. Because Bank Mandiri is a SOE, changes in the state budget and policy changes by the government can have an impact directly on the bank business. Externally, volatility rising currencies, falling commodity prices and interest rate movements can affect credit growth, margins, asset quality, liquidity and the need for capital. The growth of the stock is quite well in line with the same sector and average value multiples historical. 	6 February 2018
5.	Melissa Kwang, CFA	Goldman Sachs	Hold	Ro7,152	<ul style="list-style-type: none"> Net Interest Income Growth by outline according to estimation in 4Q17 (2.4% YoY / 2.6% QoQ). NIM increased 8% from last quarter, from 3.82% to 5.9%. Credit growth remained stable at 10.2% YoY, with target 9-11%. Growth is greatly influenced by corporate, micro and consumer segments. With credit target in 2018 is 11% -13%. 	6 February 2018
6.	Raymond Kosasih, CFA	Deutsche Bank	Buy	Rp9,000	<ul style="list-style-type: none"> Credit growth is still under control in years 2017, management targets a slight improvement in loan growth between 11% -13% in 2018. Corporate and retail loans are a key driver growth. For corporate segments, banks aim to be more aggressive with the growth of investment and working capital loans; including from the largest property developers in the region Serpong as well as the largest telco in Indonesia. Competition on corporate segment will remain strong, and Bank Mandiri will compete in pricing to get this growth. Bank Mandiri targets an asset recovery of around Rp4.0 trillion, slightly improved from 2017. This factor is expected to help earn more profit from 12% in 2018, according to our view. 	6 February 2017

Corporate Actions

No.	Date	Remarks	Number of Shares Issued	Par Value (Rp)	Price Offered	Number of Shares Outstanding
1.	-	Before Initial Public Offering	-	-	-	20,000,000,000
2.	14 Juli 2003	Initial Public Offering (Divestment of Government Stock)	4,000,000,000	500	675	20,000,000,000
3.	11 Maret 2004	Divestment of Government Stock	2,000,000,000	500	1,450	20,000,000,000
4.	2004	MSOP Conversion I*	132,854,872	500	742.50	20,132,854,872
5.	2005	MSOP Conversion I*	122,862,492	500	742.50	20,255,717,364
6.	2006	MSOP Conversion I*	71,300,339	500	742.50	20,327,017,703
7.	2006	MSOP Conversion II*	304,199,764	500	1,190.50	20,631,217,467
8.	2007	MSOP Conversion I*	40,240,621	500	742.50	20,671,458,088
9.	2007	MSOP Conversion II*	343,135	500	1,190.50	20,671,801,223
10.	2007	MSOP Conversion III*	77,750,519	500	1,495.08	20,749,551,742
11.	2008	MSOP Conversion I*	8,107,633	500	742.50	20,757,659,375
12.	2008	MSOP Conversion II*	399,153	500	1,190.50	20,758,058,528
13.	2008	MSOP Conversion III*	147,589,260	500	1,495.08	20,905,647,788
14.	2009	MSOP Conversion II*	86,800	500	1,190.50	20,905,734,588
15.	2009	MSOP Conversion III*	64,382,217	500	1,495.08	20,970,116,805
16.	2010	MSOP Conversion II*	6,684,845	500	1,190.50	20,976,801,650
17.	2010	MSOP Conversion III*	19,693,092	500	1,495.08	20,996,494,742
18.	14 February-21 February 2011	Limited Public Offering through Preemptive Rights	2,336,838,591	500	5,000	23,333,333,333
19.	13 September 2017	Stock Split (1:2)	-	250	-	46.666.666.666

*) Information regarding the date of execution of MSOP conversion can be seen in the description of Employee Stock Ownership Program and / or Management in this Annual Report.

Initial Public Offering to the community for 4,000,000,000 shares was a divestment of 20.00% of government-owned Bank Mandiri Shares, therefore did not make addition to the number of shares outstanding. The government also made advanced divestment to 10.00% of its shareholding at Bank Mandiri, or a number of 2,000,000,000 Series B Common Shares through private placement -- this also did not make addition to the number of shares outstanding. Following the stock split, Bank Mandiri stock price was recorded at Rp6,575 from the previously Rp13,200.

Temporary Suspension and/or Delisting of Shares

As of December 2017, Bank Mandiri has never been subject to suspension and/or delisting of shares suspension.

Information on Bonds, Sukuk, and Convertible Bonds

Information on Bonds

No.	Description	Date of Bonds Electronic Distribution	Tenure	Currency	Total Bonds (billion)	Bid Price	Maturity Date	Interest Rate	Payment Status	Rating		Trustee
										2017	2016	
1.	Bank Mandiri Rupiah Subordinated Bonds I 2009	14 Desember 2009	7 tahun	Rp	3,500	100% (one hundred percent) of the principal amount of the bonds	11 December 2016	11,85 %	Settled	-	idAAA+ oleh Pefindo	Bank Permata
2.	Bank Mandiri Sustainable Bonds I Phase I 2016	30 September 2016	Series A: 5 years Series B: 7 years Series C: 10 years	Rp	5,000	100% (one hundred percent) of the principal amount of the bonds	Series A: 30 September 2021, Series B: 30 September 2023, Series C: 30 September 2026.	Seri A: 7,95% Seri B: 8,50% Seri C: 8,65%	Unsettled	idAAA by Pefindo	idAAA oleh Pefindo	Bank Tabungan Negara
3.	Bank Mandiri Sustainable Bonds I Phase II 2016	15 Juni 2017	Series A: 5 years Series B: 7 years Series C: 10 years Series D: 13 years	Rp	6,000	Series A B and C 100% (one hundred percent) of the principal amount of the bonds Series A B and C 100% (one hundred percent) of the principal amount of the bonds	Series A: 15 June 2022, Series B: 15 June 2024, Series C: 15 June 2027, Series D: 15 June 2020	Seri A: 8,00% Seri B: 8,50% Seri C: 8,65% Seri D: 7,80%*	Unsettled	idAAA by Pefindo	-	Bank Tabungan Negara

*Sustainable Bonds I Phase II of Bank Mandiri Year 2017. Series D is a zero coupon bond with a value of Rp1 trillion.

Information on Sukuk

As of 2017, Bank Mandiri did not issue any sukuk or state securities under the Islamic principle, and therefore the Company does not have any information on sukuk.

Information on Convertible Bonds

As of 2017, Bank Mandiri did not issue any convertible bonds, and therefore the Company does not have any information on convertible bonds.

Information on Other Funding Sources

Table of Chronology of Bank Mandiri Negotiable Certificates of Deposit (NCD) Issuance

Description	Date of Issuance	Tenure	Currency	Value (billion)	Maturity Date	Interest Rate	Payment Status
NCD Phase I							
NCD I PT Bank Mandiri (Persero) Tbk 2015 Series A	25 May 2015	184 Calendar Days	Rp	848	25 November 2015	8.00%	Settled
NCD I PT Bank Mandiri (Persero) Tbk 2015 Series B	25 May 2015	276 Calendar Days	Rp	440	25 February 2016	8.10%	Settled
NCD I PT Bank Mandiri (Persero) Tbk 2015 Series C	25 May 2015	367 Calendar Days	Rp	987	26 May 2016	8.50%	Settled
NCD I PT Bank Mandiri (Persero) Tbk 2015 Series D	25 May 2015	458 Calendar Days	Rp	175	25 August 2016	8.65%	Settled
NCD I PT Bank Mandiri (Persero) Tbk 2015 Series E	25 May 2015	550 Calendar Days	Rp	150	25 November 2016	8.75%	Settled
NCD Phase II							
NCD II PT Bank Mandiri (Persero) Tbk 2016 Series A	16 December 2016	370 Calendar Days	Rp	927	21 December 2017	7.55 %	Settled
NCD II PT Bank Mandiri (Persero) Tbk 2016 Series B	16 December 2016	18 months	Rp	500	15 June 2018	8.00 %	Unsettled
NCD II PT Bank Mandiri (Persero) Tbk 2016 Series C	16 December 2016	24 months	Rp	350	14 December 2018	8.20 %	Unsettled
NCD II PT Bank Mandiri (Persero) Tbk 2016 Series D	16 December 2016	36 months	Rp	885	13 December 2019	8.40 %	Unsettled

Asset-backed Securities in the form of Letter of Participation (EBA-SP) BMRI 01 Class A

Table of Chronology of Issuance of Other Bank Mandiri Securities

No.	Description	Date of Issuance	Effective Date	Weighted Average Live	Currency	Issuance Value (billion)	Maturity Date	Interest Rate	Payment Status	Rating		Trustee
										2017	2016	
1.	EBA SP SMF-BMRI 01 Class A Series A1. EBA Code: SPSMFMRI01A1 ISIN Code: IDU0000011A5	26 August 2016	19 August 2016	3 years	Rp	103.5	27 October 2029	Fixed, 8.6% p.a.	Current	AAA	AAA	BRI
2.	EBA SP SMF-BMRI 01 Class A Series A2. EBA Code: SPSMFMRI01A2 ISIN Code: IDU0000012A3	26 August 2016	19 August 2016	5 years	Rp	353	27 October 2029	Fixed, 9.1% p.a.	Current	AAA	AAA	BRI

Significant Events In 2017

January



25 January 2017

The First Bank with Rp1,000-Worth Assets

Bank Mandiri reported the bookkeeping of assets at an amount of Rp1,000 trillion, which means that Bank Mandiri is the first Indonesian bank with such achievement.

March

09 March 2017

Mandiri Young Entrepreneur

A creativity event for creative youths which has given birth to thousands of business owners.

21 March 2017

Mandiri Online

Bank Mandiri launched Mandiri Online application for smart phone users, which can be downloaded at Google Play or App Store. The application contains banking service and product features from Bank Mandiri accessible online.



14 March 2017

Annual General Meeting of Shareholders 2017

Bank Mandiri Annual GMS decided to appoint Mr. Makmur Keliat and Ms. Destry Damayanti as Independent Commissioners of Bank Mandiri.



February

01 February 2017

Indonesia Fashion Week

Bank Mandiri continues to be major advocates of development fashion creative industries in Indonesia. Active support it confirmed in Indonesia Fashion Week (IFW) event.

08 February 2017

Mandiri Investment Forum

The event was a media for domestic and foreign investors to gain information on current investment opportunities and climate.



April



23 April 2017

Mandiri Jogja Marathon

The first tourism sport event, to promote the beauty of the nature and the wealth of the culture of Yogyakarta, which attracted 6,120 runners.

May



08 May 2017

Bank Mandiri Sustainable Bonds I Phase II 2017

Bank Mandiri became the first Indonesian bank that issued zero coupon bond amounting Rp1 trillion as a part of the Public Offering.

June



08 June 2017

Banking Service Excellence Awarding

An award from Infobank Magazine and Marketing Research Indonesia (MRI), which has been given for 10 consecutive years.

July



05 July 2017

Earning Qualified ASEAN Bank License from Bank Malaysia

Bank Mandiri was the first Indonesian bank which received the Qualified ASEAN Bank license from Bank Negara Malaysia.



09 July 2017

Mandiri Bogor Sundown Maraton (MBSM) 2017

This is the most unique event in Indonesia, because it is held at 01.00 WIB at midnight. This event not only accommodate the runners, but also can improve the economy of Bogor city residents.

August

02 August 2017

Palace Painting Expo

The expo represented the appreciation and respect from Bank Mandiri to maestros whose masterpiece were chosen as collections in Indonesian Presidential Palaces.



19 August 2017

Mandiri Friend of People With Disabilities Earned ICCA Award

Bank Mandiri once again has proven its commitment to people with disabilities. After previously holding Mandiri Sahabat Difabel (Mandiri Friend of People with Disabilities) program which involved those with disabilities to work with the Company, Bank Mandiri has earned the Platinum and Silver Awards from the Indonesian Contact Center Association (ICCA).



21 August 2017

Extraordinary General Meeting of Shareholders 2017

Bank Mandiri Extraordinary GMS agreed to the corporate action of stock split at a ratio of 1:2 to increase trading transaction volume.

September



19 September 2017

Indonesia Banking Expo 2017

Bank Mandiri participated in the Indonesia Banking Expo (IBEX) 2017 which bore the theme "Transformasi Industri Perbankan, Jawaban Terhadap Revolusi Teknologi Digital" (Transformation in Banking Industry, An Answer to Digital Technology Revolution).

October

21 October 2017

Bank Mandiri 19th Anniversary Highlight

Bank Mandiri 19th anniversary celebration was exuberant, with enthusiastic involvements from the directors, employees, customers, and the community. Bank Mandiri 19th Anniversary was celebrated along with Mandiri Carnival.



29 October 2017

Mandiri Jakarta Marathon 2017

16 thousand runners participated in Mandiri Jakarta Marathon 2017. In the event, 1,585 runners were coming from 50 different countries. The marathon started and finished at the Jakarta National Museum.

November



02 November 2017

Fishpond Revitalization

This initiative was a synergy between the Company, the Ministry of Marine and Fisheries, and the Ministry of Environment and Forestry, in the framework of succeeding the Nawacita Program launched by President Joko Widodo.

December

19 December 2017

SOE for Papua

Bank Mandiri, the Ministry of SOE, and other State-Owned Enterprises presents in Papua to provide support to the equalization campaign of fuel, staples, and the decrease in cement price, in addition to other empowerment programs to support the people's economy..





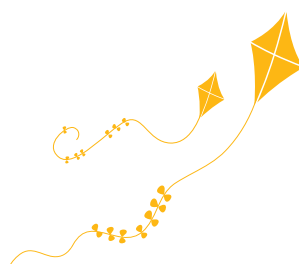
Board of Commissioners and Directors Report

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The achievement of the Company's performance is the result of synergy between supervision and giving advice given by the Board of Commissioners and the effectiveness of the management of the Company by the Board of Directors during 2017

02





The Board of Commissioners' Report

The Board of Commissioners considers that one of the keys to the Company's success in 2017 is the balance between the supervision carried out by the Board of Commissioners and the management carried out by the Board of Directors.

Loan disbursement granted by the Company in 2017 amounted to Rp729.5 trillion, an increase of 10.2% on an annual basis, while the national banking loan portfolio was 7.5%, so that Bank Mandiri showed a good position in the national banking industry.

Third party funds (DPK) collected by the Company in 2017 also increased by 7.0% reaching Rp815.8 trillion driven primarily from the increase of low-cost funds by 10.4% reaching Rp540.3 trillion

Our respected shareholders and stakeholders.

The Board of Commissioners is an organ of the Company that based on the Articles of Association, it has the duty and responsibility to supervise the management policy and the process of the Company's management by the Board of Directors, give advice to the Board of Directors, and ensure the implementation of the Company's Articles of Association and other objectively and independently applicable legal provisions.

The Board of Commissioners considers that one of the keys to the Company's success in 2017 is the balance between the supervision carried out by the Board of Commissioners and the management carried out by the Board of Directors

In this report, the Board of Commissioners reports on the Board of Directors' performance assessment that covers, among others, operational and financial performance, achievement of target realization, supervision on implementation, business prospects drawn up by the Board of Directors, implementation of Good Corporate Governance. In addition, the Board of Commissioners also assesses the implementation of the whistleblowing system, the performance of committees under the Board of Commissioners and the reporting on changes in the composition of the Board of Commissioners.

Performance Assessment of The Board of Directors On The Management of The Company

The Board of Commissioners acknowledges to the Board of Directors for the efforts undertaken in running the management of Bank Mandiri so that the Board of Commissioners believes that the performance of the Board of Directors in 2017 is very good, taking into account the following matters:

Macro Economy Overview

The Company's performance is greatly affected by macroeconomic conditions, in general, and conditions of the banking industry, in particular. In carrying out the assessment of the Board of Directors' performance, macroeconomic conditions are one of the aspects taken into account by the Board of Commissioners. The Indonesian economic condition in 2017 improved as a result of improvement in the global economic condition. The growth of the national Gross Domestic Product (GDP) increased from 5.03% in 2016 to 5.07% in 2017, coupled with stable household consumption, increased growth of investments, better government spending contribution, and surplus in the international trade balance which continued to increase.

In terms of the monetary policy, monetary tightening among developed countries has provided room for an increasingly smaller cut in the benchmark interest rate "Bank Indonesia (BI) 7-days reverse repo rate". Nevertheless, Bank Indonesia still has room for the implementation of accommodative policies to encourage distribution of bank loans and maintain liquidity of the financial system. On the other hand, generally, performance of the conventional banking sector remains well-maintained. The Capital Adequacy Ratio (CAR) increased from 22.93% in 2016 to 23.18% by 2017. Such a condition reflects the resilience of banks that remains quite high in dealing with economic pressure and turmoil.

The Board of Commissioners considers that the Board of Directors has been able to face influence the economic condition well. This is visible from achievement of the Company's excellent performance in 2017.

Operational And Financial Performances

The Company's operational and financial performances serve as the primary basis for the Board of Commissioners in performing assessment of the Board of Directors' overall performance. Guidelines from the Board of Directors have been well-implemented by the Board of Directors. The Board of Directors has established strategies that focus on improved credit quality, growth of credit among segments that constitute major strengths of Bank Mandiri, namely the existing core segment (corporate banking) and the new core segment, an increase in the low-cost funds and fee-based income, control of operating expenses, and reinforcement of the Company's work culture.

Bank Mandiri managed to significantly lower its gross non-performing loan (NPL) ratio by 51 bps, from 3.96% in 2016 to 3.45% by the end of 2017 through restructuring credits, intermediation between strategic investors and problematic debtors as well as by strengthening collection efforts. The cost of allowance for impairment losses (CKPN) of Bank Mandiri decreased by 37.3% from the previous year.

Distribution of loans provided by the Company in 2017 reached Rp729.5 trillion or increased by 10.2% for the whole year, while the distribution

of loans of the national banking industry was equal to 7.5%, meaning that Bank Mandiri still performed well amidst the national banking industry.

Moreover, Third Party Funds collected by the Company in 2017 also increased by 7.0%, amounting to Rp815.8 trillion. This resulted especially from an increase in the low-cost funds by 10.4%, amounting to Rp540.3 trillion. The Company's success is also evident from an increased percentage of low-cost funds to 66.2% of the total Third Party Funds in 2017, followed by a decrease in the Cost of Fund (CoF) to 2.73% compared to that in the previous year, which was by 2.93% (bank only). In 2017, the Company, again, managed to increase the fee-based income by 16.4% amounting to Rp23.3 trillion.

Bank Mandiri's consolidated net profit in 2017 amounting to Rp20.6 trillion suggests an increase by 49.5% compared to that in the previous year, due to the above-mentioned operational performance.

Such improved performance can also be found in Bank Mandiri's capital that is relatively higher with increased equity by 10.8%, amounting to Rp170.0 trillion in 2017.

Such performance improvement was also reflected in the capital of Bank Mandiri that is relatively strong with an increase in equity of 10.8% amounting to Rp170.0 trillion in 2017.

Target Realization Achievement of The Company

The Company managed to realize its targets set at the beginning of 2017, i.e., it managed to make an increase by generating net profit (bank only) amounting to Rp20.0 trillion, higher than its target with realization amounting to 109.8% of the target set. Another target it managed to attain is the realization of the interest expense and the non-operating expense by 100.5% and 108.9%, respectively, compared to target. Next, in connection with improvement in its asset quality in 2017, Bank Mandiri's (Bank only) gross NPL decreased to 3.45%, higher than its target, set ranging from 3.5% to 4.0%.

Bank Soundness Level

One of the indicators to assess the extent to which the performance of Bank Mandiri's Board of Directors is deemed successful is the Bank Soundness Level and the factors included in the assessment are: the risk profile, GCG implementation, rentability, and capital, as set out in the Regulation of the Financial Services Authority (POJK) No. 4/POJK.03/2016 dated 26 January, 2016 and the Circular Letter of the Financial Services Authority (SEOJK) No.: 14/SEOJK.03/2017 dated March 17, 2017 on the Soundness Level of Commercial Banks.

Based on results of self-assessment, Bank Mandiri's soundness levels in 2017 ranked first, meaning that in general the Bank's level of soundness was good and composite deemed able to deal with the adverse effects arising from changes in the internal and external factors.

Supervision of The Company Strategy Implementation

The Board of Directors has formulated strategies to be applied by Bank Mandiri, which are also subject to supervision by the Board of Commissioners.

The following are measures performed by the Board of Commissioners:

1. Evaluating the financial performance of Bank Mandiri every month and the financial performance of Bank Mandiri's subsidiaries once every three month.
2. Monitoring the Company's Work Plan and Budget (RKAP) and Bank Business Plan (RBB), including:
 - a. Reviewing revision to the RKAP 2017
 - b. Providing guidelines, supervising the preparation of, and giving approval for the RKAP 2018 as well as submitting the Report of RKAP 2018 to the Ministry of State-Owned Enterprises.
 - c. Guiding, monitoring, and evaluating the implementation of Bank Mandiri's strategic policies in 2017.
 - d. Conducting supervision of attempts to realize RBB, especially with regard to the realization of several important aspects such as improved asset quality, collection of third party funds, productivity, and efficiency.
 - e. Reviewing and giving approval for the RBB 2018 - 2020
 - f. Performing evaluation of realization of RBB reported to the Financial Services Authority each semester and reporting supervision of RBB to the Financial Services Authority.
3. Conducting the periodic monitoring of credit distributed by Bank Mandiri, giving approval and/or recommendations related to policies and strategies for credit distribution and giving approval for the granting of credit facilities to related parties as measures to implement the principles of prudence.
4. Performing the monitoring of Bank Mandiri's Risk Management and Bank Mandiri itself in an integrated manner.
5. Monitoring, evaluating developments, and undertaking the management of Human Capital (HC), including giving recommendations and approval for Bank Mandiri's Organizational Structure.
6. Monitoring, giving recommendations, and evaluating strategies adopted by the Board of Directors in performing corporate actions such as increasing capital participation, acquisition, and divestment of subsidiaries, and issuing securities.
7. Conducting periodic monitoring of the implementation of GCG by Bank Mandiri and its subsidiaries in an integrated manner.

Such supervision was undertaken by organizing the Meeting of the Board of Commissioners, the Meeting of the Board of Commissioners by inviting the Board of Directors to attend it, and making work visits to Bank Mandiri's regional or branch offices.

The Outlook on the Business Prospect Developed by the Board of Directors

The Board of Commissioners views that Bank Mandiri will be able to implement strategies and realize its work plans in 2018 as based on results of the assessment performed by the Board of Commissioners, the Board of Directors has formulated its business prospect based on reasonable assumptions, i.e., by taking into account both global and domestic economic conditions. Besides, Bank Mandiri also has competitive advantages, making it able to seize the existing opportunity and continue to expand in a sustainable manner despite an increasingly complex competition in the banking industry.

Opinion on The Implementation of Good Corporate Governance

Bank Mandiri implements Good Corporate Governance (GCG) consistently, which among others is evident from appreciation of The Indonesian Institute for Corporate Governance (IICG) as Bank Mandiri, consecutively from 2007 to 2017, always managed to rank among The Most Trusted Companies.

In addition, results of the self-assessment undertaken by Bank Mandiri pursuant to the Circular of the Financial Services Authority (SE OJK) No.: 13/SEOJK.03/2017 on the Implementation of Good Corporate Governance by Commercial Banks suggested that the Bank's soundness level ranked the first composite, meaning that in general, the implementation of Good Corporate Governance was categorized into the good category

Based on the foregoing, the Board of Commissioners views that the Board of Directors has implemented GCG well in 2017. This is evident from the effective implementation of risk management, internal control systems, the code of conduct, whistleblowing system, and corporate social responsibilities.

Risk Management

The processes of Risk Management had been undertaken completely, which included a number of stages, namely: identification, measurement, monitoring, and controlling, or in accordance with the existing internal and external provisions. Those risk management processes were implemented to all risk factors with significant effects on the financial condition of Bank Mandiri separately and the financial condition of Bank Mandiri in an integrated manner. The result of the self assessment of Bank Mandiri Individual Risk Profile by 31 December 2017 was rating 1 (low) with Risk Profile Inherent low to moderate and the Risk Management Implementation Quality Rating (Peringkat Kualitas Penerapan Manajemen Risiko/KPMR) strong.

In relation to the integrated implementation of risk management, Bank Mandiri has started it in stages since 2008 based on the Regulation of BI Number: 8/6/PBI/2006 on the Consolidated Implementation of Risk Management for Banks Controlling Subsidiaries and the Regulation of the Financial Services Authority Number: 17/POJK.03/2014 on the Integrated Implementation of Risk Management for Financial Conglomerates. Periodically Bank Mandiri discussing risk profile topics and Soundness Rating of the Bank (Risk Based Bank Rating) to the financial services authority (OJK). This is considered important because Bank Mandiri is aware that its business continuity shall be also affected by risk exposure arising directly or indirectly from the Subsidiaries' business activities as well as the business characteristics of each Subsidiary.

Internal Control System

An Internal Control System (Sistem Pengendalian Internal/SPI) is an important component in monitoring Bank Mandiri's compliance in carrying out its operational activities. The implementation of effective internal control system shall secure the Company's assets in compiling the steps for reducing the risks of loss, deviation, and violation to prudential aspect.

SPI of Bank Mandiri refers to Circular Letter of Financial Services Authority (SE0JK) 35/SE0JK.03/2017 on Guidelines of Internal Control System for Commercial Banks. The Company has implemented 2 (two) kinds of approaches, which are continuous supervisory (on going basis) and periodic review. Continuous supervisory of the effectiveness of internal control system was carried out by using tiered model by every officials according to their scope of responsibility. The continuous supervisory has commenced from the lowest stage such as agency stage. Periodic review is the second layer in the process of evaluating the internal control. The review was carried out independently by both internal and external parties. Internal Audit Work Unit (Satuan Kerja Audit Internal/SKAI) is one of the organization's components that has a function to evaluate the effectiveness of the internal control system.

The evaluation conducted by SKAI is to be delivered to the Board of Directors to be followed up and its implementation to be monitored. From the evaluation result that was conducted in 2017 with the fraud control, it could be drawn the conclusion that the implementation of SPI on Bank Mandiri has been adequate.

Implementation of Code of Conduct

The code of conduct of Bank Mandiri becomes the reasonable, appropriate and trustworthy standard in doing the business activities including the interaction with stakeholders. The Company's Code of Conduct is said applicable to all personnel in every tier in Bank Mandiri.

Based on the evaluation results of the Code of Conduct violations that occurred during the year 2017, it has been followed up by the Board of Directors of Bank Mandiri.

Implementation of Whistleblowing System

In order to detect early any violation that might occur within the Company, Bank Mandiri already has a complaint system or whistleblowing system (WBS) that is Letter to CEO (LTC) which is a means for employees and vendors to submit complaint reports violation, fraud or indication of fraud and/or other violations that are detrimental to Bank Mandiri to the President Director directly. Throughout the year 2017, complaints received through the LTC had been properly followed up by the Board of Directors, however, in view of the Board of Commissioners, it was necessary to evaluate the WBS system mechanism so that WBS was further upgraded to be more effective.

Implementation of Corporate Social Responsibility

Corporate Social Responsibility (CSR) is the commitment of Bank Mandiri to the public and its society that indirectly affects its reputation and performance. CSR program is realized hand in hand with Program Kemitraan dan Bina Lingkungan (PKBL) that is derived from the Authority Regulation of SOEs, like BUMN Hadir Untuk Negeri, development assistant toward education and religious facilities, and natural disasters.

In relation to the issuance of the Financial Services Authority (POJK) Regulation No. 51 / POJK.03 / 2017 on the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies, Bank Mandiri has prepared measures to implement the implementation of such sustainable finances, Bank Mandiri as one of "First Movers on Sustainable Banking" stipulated by OJK.

Assessment on Supporting Committee of The Board of Commissioners

In order to enhance the role of the Board of Commissioners in implementing the supervisory function, the Board of Commissioners has established 4 (four) committees, namely:

1. Audit Committee

Audit Committee has the duties and responsibilities to perform supervisory on matters related to financial information, internal control system effectiveness of examination by external and internal auditors, effectiveness of risk management implementation and compliance with the applicable laws and regulations. Throughout 2017, Audit Committee had monitored and evaluated the audit planning and implementation and the follow up of audit result in order to evaluate the sufficiency of internal control.

2. Remuneration and Nomination Committee

Remuneration and Nomination Committee has the duties and responsibilities to assist the Board of Commissioners in conducting its duties and functions related to the Nomination and Remuneration for the members of the Board of Directors and Board of Commissioners. Throughout 2017, the Remuneration and Nomination Committee had assisted the Board of Commissioners to obtain and analyze data of the future Board of Directors candidates from the talent pool of the officials one level below the Board of Directors and identify the qualified Board of Commissioners candidates and propose remuneration system appropriate of the Board of Directors and Board of Commissioners in the form of salary/honorarium system, facilities/allowances, tantien.

3. Risk Monitoring Committee

Risk Monitoring Committee has the duties and responsibilities to conduct supervisory on the risk management implementation of the Company by still meeting the elements of procedure and methodology adequacy of risk management, so that the business activities of the Company are controllable at the acceptable and profitable limit. Throughout 2017, Risk Monitoring Committee had conducted evaluation on credit and fund provisions to the related parties, recovery plan of Bank Mandiri and review on risk management implementation within Bank Mandiri.

4. Integrated Governance Committee

Integrated Governance Committee has the duties and responsibilities to supervise on the implementation of Governance in each Financial Services Institution (Lembaga Jasa Keuangan/ LJK) within Bank Mandiri Financial Conglomerates, evaluate standard integrated internal control system according to the applicable best practice by analyzing the applicable Integrated Governance Guidelines of Bank Mandiri. In 2017, the Integrated Governance Committee had provided evaluation result on the implementation of Integrated Governance within Bank Mandiri and its Subsidiaries and monitored the follow ups carried out by all integrated work units continuously.

The Board of Commissioners periodically (annually) conducts assessments on the effectiveness of the performance of the committees under the Board of the Commissioners. The Board of Commissioners assesses that these committees have effectively implemented their duties and responsibilities throughout 2017.

Change in Board of Commissioners Composition

Throughout 2017, the Board of Commissioners composition has changed several times, as follows:

Number and Composition of The Company's Board of Directors Before The Annual GMS Dated 14 March 2017

Before the AGMS dated 14 March 2017, the Board of Commissioner consisted of 8 (eight) Commissioners - 1 (one) President Commissioner, 1 (one) Vice President Commissioner, 2 (two) Commissioners, and 4 (four) Independent Commissioners. All members of the Board of Commissioner domiciled in the working scope of Bank Mandiri's Head Office.

No.	Name	Designation
1	Wimboh Santoso	President Commissioner/ Independent Commissioner
2	Imam Apriyanto Putro	Deputy President Commissioner
3	Abdul Aziz *	Independent Commissioner
4	Aviliani *	Independent Commissioner
5	Askolani	Independent Commissioner
6	Goei Siau Hong	Commissioner
7	Bangun Sarwito Kusmulyono	Independent Commissioner
8	Ardan Adiperdana	Commissioner

Information:
Term of Office is up to March 14, 2017 based on the result of the resolution of the General Meeting of Shareholders of 2017.

Number and Composition of Board of Commissioner of The Company after Extraordinary GMS Dated 14 March 2017

After the EGMS dated 14 March 2017, the Board of Commissioner consisted of 8 (eight) Commissioners - 1 (one) President Commissioner, 1 (one) Vice President Commissioner, 2 (two) Commissioners, and 4 (four) Independent Commissioners. All members of the Board of Commissioner domiciled in the working scope of Bank Mandiri's Head Office

No.	Name	Designation
1	Wimboh Santoso	President Commissioner/ Independent Commissioner
2	Imam Apriyanto Putro	Deputy President Commissioner
3	Askolani	Commissioner
4	Goei Siau Hong	Independent Commissioner
5	Bangun Sarwito Kusmulyono	Independent Commissioner
6	Ardan Adiperdana	Commissioner
7	Makmur Keliat*	Independent Commissioner
8	Destry Damayanti**	Independent Commissioner

Remarks:

- * Effective as of 15 November 2017 after successfully obtaining approval and passing the Fit and Proper Test administered by the Financial Services Authority.
- ** Effective as of 15 January 2018 after successfully obtaining approval and passing the Fit and Proper Test administered by the Financial Services Authority. to still serve as member of the Board of Commissioner of Indonesia Deposit Insurance Corporation.

Number and Composition of Board of Commissioner of The Company Before Extraordinary GMS Dated 21 August 2017

Before the EGMS dated 21 August 2017, the Board of Commissioner consisted of 7 (Seven) Commissioners - 1 (one) President Commissioner, 1 (one) Vice President Commissioner, 2 (two) Commissioners, and 3 (three) Independent Commissioners. All members of the Board of Commissioner domiciled in the working scope of Bank Mandiri's Head Office.

No.	Name	Designation
1	Wimboh Santoso*	President Commissioner/ Independent Commissioner
2	Imam Apriyanto Putro	Deputy President Commissioner
3	Askolani	Commissioner
4	Goei Siau Hong	Independent Commissioner
5	Bangun Sarwito Kusmulyono	Independent Commissioner
6	Ardan Adiperdana	Commissioner
7	Makmur Keliat**	Independent Commissioner

Remarks:

- * The term of office of the President Commissioner of the Company, Mr. Wimboh Santoso ended in connection with the appointment of the Board of Commissioners of OJK which was inaugurated on 20 July 2017.
- ** Appointment of Mr. Makmur Keliat was effective after obtaining approval from the Financial Services Authority for Fit and Proper Test and met applicable laws and regulations.

Number and Composition Of Board Of Commissioner Of The Company After Extraordinary GMS Dated 21 August 2017

After the EGMS dated 21 August 2017, the Board of Commissioner consisted of 8 (eight) Commissioners - 1 (one) President Commissioner, 1 (one) Vice President Commissioner, 3 (three) Commissioners, and 4 (Four) Independent Commissioners. All members of the Board of Commissioner domiciled in the working scope of Bank Mandiri's Head Office.

No.	Name	Designation
1	Hartadi A. Sarwono*	President Commissioner/ Independent Commissioner
2	Imam Apriyanto Putro	Deputy President Commissioner
3	Askolani	Commissioner
4	Goei Siau Hong	Independent Commissioner
5	Bangun Sarwito Kusmulyono	Independent Commissioner
6	Ardan Adiperdana	Commissioner
7	Makmur Keliat	Independent Commissioner
8	R. Widyo Pramono**	Commissioner

Remarks:

- * Effective as of 15 November 2017 after successfully obtaining approval and passing the Fit and Proper Test administered by the Financial Services Authority.
- ** Effective as of 15 January 2018 after successfully obtaining approval and passing the Fit and Proper Test administered by the Financial Services Authority.

Frequency and Method of Advice Provision To The Board of Directors

Throughout 2017, the BOC had provided recommendations and implemented duties and responsibilities by holding several forums as follows:

1. Meeting of the BOC
2. Meeting with the Committees under the BOC
3. On-Site Visits of the BOC, and
4. Joint Meeting of The BOC and The BOD

The Board of Commissioners had held joint meetings by inviting the Board of Directors 8 (eight) times and 2 (twice) joint meetings invited by the Board of Directors in 2017.

Closing

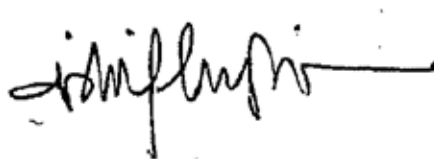
We hereby conclude this report of Board of Commissioners supervisory duty on the performance and execution of Bank business in 2017.

The Board of Commissioners will always strive to be professional and independent in running the supervisory and advisory duties to increase the Bank's performance in more years to come.

As the closing, the Board of Commissioners expresses the highest appreciation to all members of the Board of Directors and all employees of the Company for their dedication and hard work so that the Company's performance in 2017 was excellent in the midst of

challenging situation. To all shareholders and regulators, the Board of Commissioners expresses deep respect for the confidence and support to the management of the Company in performing its roles according to its duties and functions.

Hopefully, this presentation of ours is found to be beneficial to the business development of the Company in the future.



Hartadi A. Sarwono

President Commissioner/
Independent Commissioner

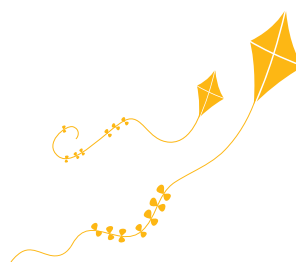


The Board of Commissioners





The Reports of Board of Directors



The key successes of the Company's management in 2017 are, among others, shown by a significant decrease in NPLs. In line with the effort to improve credit quality, Bank Mandiri's NPL managed to fall at 54 bps to 3.45% by the end of 2017 better than the target set at 3.63%, with coverage ratio maintained at 135.09% level.

The improved asset quality was also offset by the Company's financial performance. Bank Mandiri's consolidated performance in 2017 had shown satisfactory results. Bank Mandiri was able to achieve the performance targets that had been set throughout 2017. The current year's profit has grown significantly by 49.5% YoY achieved Rp20.64 trillion, far exceeding the target set at Rp19.06 trillion. The profit growth driven by the improvement of FBI which successfully grown by 16.4% towards Rp23.3 trillions, operational cost control, and CKPN cost reduction of 35.3% YoY in line with the improved credit quality possessed by Bank Mandiri.

Our respected shareholders and stakeholders,

It is an honor for us to represent the Board of Directors of Bank Mandiri to submit the report of the Company for the fiscal year 2017. Fundamentally, in 2017, Bank Mandiri continued to show positive performance both from financial and non-financial aspects. This performance improvement was in line with the improvement of the national economic condition.

Performance Achievement Analysis

Macroeconomic and Banking Review

Global economic conditions show a fairly good recovery trend throughout 2017 compared to 2016, characterized by higher economic growth, especially in developed countries. US economic growth throughout 2017 increased significantly to 2.6% from 1.5% in 2016. Meanwhile, the Euro Zone economy in 2017 grew 2.5%, the highest growth since 2007. In the Asia-Pacific region, China's economy is also showing better growth than previously thought.

In line with the improvement in global economic conditions, Indonesia's economic condition in 2017 was also improved. The growth of national Gross Domestic Product (GDP) increased from 5.03% in 2016 to 5.07% in 2017, supported by stable household consumption, increased investment growth, Government spending contribution and increasing international trade surplus. The stable level of household consumption, cannot be separated from the controlled inflation rate. The inflation rate during 2017 was 3.6%, higher than the inflation rate in 2016 which was 3.0% but still quite historically low and still within the inflation target range set by Bank Indonesia (BI), of $4 \pm 1\%$.

Global and Indonesian economic improvements have also affected the development of the stock market, reflected in the performance of the Jakarta Composite Index (IHSG), which by 2017 rose 20% to a record high of 6,355.7.

The improvements in Indonesia's economic condition provided space for Bank Indonesia (BI) to ease the monetary policy by lowering the key interest rate by 25 bps in August and September 2017 to 4.25%. However, the easing of the policy had not given a significant impact on the growth of bank credit. Up to November 2017, the national banking credit only grew 7.5% on a year-on-year basis, which was lower than the credit growth in 2016 of 7.9%.

This is mainly due to the credit quality of the banking industry that has not fully improved. NPLs of banking is still relatively high at 2.89% in November 2017. In addition, the still weak credit demand is also reflected in the increase of undistributed credit facilities (undistributed loans), amounting to Rp 31.1 Tn, increased by 71.9% YoY.

Meanwhile, the Third Party Fund (DPK) of banks was able to grow better, which in December 2017, it grew 9.4%, which was higher than the growth of DPK 2016 reaching 9.6%. It prompted the improvement of liquidity in the banking sector, as reflected in the decline in the Loan To Deposit Ratio/Loan To Funding Ratio from 90.70% in 2016 to 90.04% in December 2017. In addition, the national banks recorded a good profitability, reflected in the increase in net profit by 23.1% YoY and Return on Asset (ROA) ratio of 2.45% in December 2017 and supported by relatively strong national banking capital condition with the minimum capital adequacy ratio (CAR) of 23.187%.

Strategic Policies

The Company continuously evaluated the strategic policies to achieve every opportunity and potential. Toward the end of the third quarter of 2016, Bank Mandiri set strategic policies adjusting to the national economic condition by aligning its Corporate Plan defined as Corporate Plan Restart 2016-2020, which furthermore became the basis for the preparation of business strategy in 2017. The key strategies conducted in 2017 were as follows:

1. Credit growth focused on the core segment (corporate) and the new core segment (consumer and payroll business)

Bank Mandiri conducted portfolio rationalization by reallocating business volume targets in a segment that is relatively still able to grow well with quality maintained. Therefore, credit volume growth in 2017 was directed to the Corporate/Corporate Banking segment as the existing core, and the Consumer and Payroll business segments as the new core (Home Ownership Loan (KPR), Loan Without Collateral (KTA), Auto, Credit Card, and Micro Credit KSM) as a driver of credit growth.

Throughout the year 2017, Bank Mandiri's corporate credit was mostly channeled to infrastructure, plantation, mineral and mining sectors by continuing to integrate Bank Mandiri product and service offerings as a banking product providing integrated solutions for specific sectors through value chain solutions, syndicated loans and structured-finance financing. While for the new core segment, which was consumer credit, was focused on credit financing associated with Micro Credit KSM payroll, such as Micro Credit KSM, Housing Loan (KPR), and Loan Without Collateral (KTA), prioritized on the financing of first-home ownership.

2. Improved credit quality to reduce NPL and Cost of Credit

Bank Mandiri continued to consolidate credit quality improvements to reduce NPL levels and lower cost of credit, among others, by accelerating restructuring, reviewing debtors after restructuring, conducting corrective measures in the pattern and marketing strategies of non-performing loans, issuing letters of legal warning, executing credit collateral, performing legal action on non-prospective and uncooperative debtors, and making other improvements in the credit process at every stage of the front, middle, and back office.

3. Transactional Business Development to encourage the growth of low-cost funds and fee-based income.

Bank Mandiri continued to increase its low-cost funds and fee-based income (FBI) through enhancing transactional business, among others, by increasing utilization of Mandiri Cash Management (MCM), conducting acquisition of new customers with MCM focusing on customers from industry sectors, enhancing product holding and e-channel activities for individual customers and corporate customers. To support the development of transactional business, Bank Mandiri also continued to strengthen the supporting infrastructure of digital-based Information Technology (IT).

4. Operation Cost Control through Digital Banking and Increased Productivity

Along with the changing pattern of customer transactions from conventional transactions in branches to digital transactions, the allocation of costs in 2017 was more focused on the purpose of digital-based business development that ultimately could reduce the operational costs of the Company. In addition, Bank Mandiri also added service networks of IT-based Automated Teller Network (ATM), Electronic data Capture (EDC), and internet banking (Mandiri Online).

5. Sharpening the Main Values of Work Culture

In order to support the achievement of the vision/aspiration of the Company, Bank Mandiri conducted sharpening of the core values of TIPCE (Trust, Integrity, Professionalism, Customer Focus, Excellence), through the implementation of 3 Cultural Programs, namely Satu Hati Satu Mandiri, Mandiri Tumbuh Sehat,

and Spirit Memakmurkan Negeri. The Culture Program of Satu Hati Satu Mandiri is the translation for the main value TRUST, meaning that all Insan Mandirian must continue to contribute optimally in achieving the performance of Bank Mandiri realized with collaboration and openness. The second program is Mandiri Tumbuh Sehat which is the translation for the main value of INTEGRITY and PROFESSIONALISM, meaning that all Insan Mandirian must maintain a balance between growth and quality.

The last Culture Program is Spirit Memakmurkan Negeri which is the translation for the main value of CUSTOMER FOCUS and EXCELLENCE, in which Insan Mandirian must provide the best services and products for customers and the people of Indonesia, including running the role as the Agent of Development so that Bank Mandiri can be the best bank of the main choice and pride of Indonesia.

6. Increase in the Number of Shares Trading Transactions

In order to prompt trade transactions while increasing the demand for shares, especially those from domestic retail investors, stock splits had been executed with a ratio of 1: 2 (one in two) so that the initial share value of Rp500 (full amount) became Rp250 (full amount).

Bank Mandiri's stock market price after the stock split on 13 September 2017 was listed on the Indonesia Stock Exchange that valued at Rp6,700 which on the last day before the entry into effect of stock split, it was listed on the stock market that valued at Rp13,400. At the end of 2017, the value of Bank Mandiri's shares was recorded at Rp 8,000 resulting in an increase of approximately 19.40% of the initial stock split price. In addition, Bank Mandiri's market capitalization value also increased by 38.23 % from Rp270.08 Trillion in 2016 to Rp373.33 Trillion in 2017. The volume of stock transactions also increased approximately 105.8%, which in 2016 the number of stock transactions was 1,268,503,900 shares compared to the volume of stock transactions in 2017 which reached 2,611,076,700 shares.

Bank Mandiri's Performance in 2017

In addition to the growth in loans above the market growth, the volume of Third Party Funds (DPK) compiled by Bank Mandiri also increased, reaching Rp815.8 trillion, or grew 7.0% over the previous year amounting to Rp762.5 trillion. The growth of depositor funds during 2017 was driven more by the achievement of low-cost funds (savings and demand deposits) of Rp540.3 trillion or 10.4% growth and deposits of Rp275.5 trillion. With the growth portion, the composition of low-cost funds of Bank Mandiri was still maintained at 66.2% of total deposits in 2017 or an increase by 2% from the last year. The growth of the low-cost funds was driven mainly by savings that increased

significantly by 11.4% yoy to Rp336.9 trillion. The relatively good growth boosted the market share of Bank Mandiri's national savings in December 2017 to 19.80% from 19.48% in the same position in the previous year. Meanwhile, reviewed from the number of savings accounts of Bank Mandiri, there was also an increase reaching 21.9 million or successfully growing by 23.4% yoy (Bank only).

The growth in business volume was also supported by Bank Mandiri's relatively solid equity of Rp170.0 trillion, an increase of 10.8% and was the largest in national banking in 2017.

Bank Mandiri had a consolidated net profit (after tax) of Rp20.64 trillion, growing by 49.5% from 2016. Profitability was not separated from the success of credit quality improvement as reflected by the decrease in the cost of Provision of Impairment Loss (CKPN) of 35.3%, operational cost control and FBI increase of 16.4% compared to the previous year. In line with the increase in profit, the Return On Equity (ROE) ratio had increased from 9.66% in 2016 to 12.90% in 2017. The minimum capital adequacy ratio or CAR (bank-only) after taking into account credit, market and operational risks was also maintained above the minimum required ratio of 21.64%, an increase of 28 bps from the previous year.

The achievement of other financial ratios was generally still positive and was within the established target; Net Interest Margin (NIM) could be maintained at 5.87%, Cost to Income Ratio (CIR) was also managed at 45.43%, Provision to NPL increased by 10.63% from 124.46% to 135.09% and Loan to Funding Ratio (LFR) was still within the sound range of 87.16%.

Bank Mandiri had also expanded its network of offices and services, i.e., with the increasing number of offices and micro networks of Bank Mandiri respectively reaching 2,631 units and 2,312 units, while the ATM networks reached 17,766 units or increased by 305 units. The addition of networks also increased banking transactions, especially through digital-based services that reached 3,067 million transactions or grew by 10.5% annually.

Bank Mandiri affirmed its role as the Agent of Development by continuously actively participating in the government program activities through the support of credit channeling in the infrastructure sector which reached Rp141 trillion and KUR distribution of Rp13.3 trillion in 2017.

Meanwhile from the non-financial side, there were commitment and hard work of Board of Commissioners, Board of Directors and Bank Mandiri employees obtaining several prestigious awards at both national and international levels, among them the "Best Bank Service Excellence" award for 10x times in a row from Infobank Magazine, The Best Bank in Indonesia by The Asian Banker, "Best Bank in Indonesia" from Alpha Southeast Asia, and "The Most Trusted Companies" from Indonesia Institute for Corporate Governance (IICG) and SWA magazine.

The significant appreciation of stakeholders in Bank Mandiri's performance in 2017 was also reflected in the market capitalization of Bank Mandiri which reached Rp 373.3 trillion or increased 38.2% yoy, with Earning per Share reaching Rp442.28 per share by the end of 2017 from the previous year which was Rp295.85 per share.

Achievement of 2017 Targets

Bank Mandiri's consolidated performance in 2017 had shown satisfactory results. Bank Mandiri was able to achieve the performance targets that had been set throughout 2017. The current year's profit grew significantly by 49.5% YoY to Rp 20.64 trillion, far exceeding that target has been set at Rp 19.06 Trillion. The profit growth driven by the improvement of FBL which successfully grown by 16.4% towards Rp23.3 trillions, operational cost control, and CKPN cost reduction of 35.3% YoY in line with the improved credit quality owned by Bank Mandiri.

In terms of business volume, Bank Mandiri's annual credit grew by 10.2% to Rp729.5 trillion, slightly below the target in line with weak national banking credit growth and ongoing consolidation process of credit quality improvements in the Commercial segment and Small Medium Enterprise (SME) segments that were still ongoing. In line with the effort to improve credit quality, Bank Mandiri's NPL managed to fall at 51 bps to 3.45% by the end of 2017 better than the target set at 3.63%, with coverage ratio maintained at 135.09% level. In terms of fundraising, Bank Mandiri's deposits grew 7.0% year-on-year to Rp815.8 trillion, driven by the growth of low-cost funds by 10.4% to Rp540.3 trillion, with low-cost funds reaching 66.2% of total DPK. It was in line with Bank Mandiri's strategy to lower cost of funds (CoF) and manage margins in order to maintain profitability.

Challenges faced

In conducting business activities, Bank Mandiri was inseparable from challenges throughout 2017, including limited credit growth, yield pressure as the implementation of single digit rate policy, credit quality in the Commercial and SME segments, and aggressive competitors as well as development of fintech-based enterprises.

The implementation of a single digit interest rate policy in the last two years also contributed to a decrease in net interest margin of the banks. This is also indicated by the continued pressures due to increased competition in the market. To anticipate the potential decline in margins, Bank Mandiri had proactively taken various strategic measures, including lowering cost of funds (CoF), managing the composition of credit portfolio to obtain optimal yields, increasing the contribution of fee income (non-interest income), and improving operational efficiency.

NPL pressure particularly from credit quality decline in some business segments such as Commercial and SME segments was still continuing in 2017. Therefore, to maintain the achievement of business growth targets, the reallocation of targets to segments that were still able to grow relatively well and maintain the quality such as Corporations and Consumers. While in the business segment that experienced a decrease in asset quality, efforts were focused on consolidation

and strengthening of risk management so that the NPL level could decrease. Efforts included improving the credit process supported by targeting the right market and better portfolio mix management.

The technological and financial sectors that were increasingly advanced, complex, and in touch with the banking business model were also a challenge in 2017. It was also evidenced by the increasing number of fintech-based companies in the Indonesian financial industry whose impact had kept the FBL from banking transactions on pressure. To address these challenges, Bank Mandiri continued to optimize the role of subsidiary company i.e., Mandiri Capital Indonesia (MCI) as a bridge between investors and entrepreneurs in the fast growing fintech industry in order to maintain the sustainability of the banking business.

Business Outlook

Amid the high optimism at the end of 2017, there were still global economic challenges and risks in 2018 due to direction changes of monetary policy in some major countries. Although, the prospect of commodity prices in 2018 was projected to improve, the national economy in 2018 is estimated to grow 5.3%, better than the previous year which was 5.07%. It was expected to boost credit growth and credit quality improvement. Bank Mandiri was quite optimistic that the credit could grow in the range of 10-11% in 2018, from the previous 7.5-8.5% in 2017. However, the high portion of credit restructuring and loan at risk remained a challenge in the future due to the addition of non-performing loans. Directors were optimistic that business prospects in 2018 would be better than the previous year. This optimism is underpinned by the advantages possessed by the Company as follows:

1. The service of one stop financial solutions through Mandiri Group synergy
2. Strong capital reached Rp170.0 trillion and a capital ratio of 21.64% in December 2017, so as to sustain sustainable credit growth.
3. Relatively large customer base (Account DPK reached 21.9 million accounts and Credit reached 1.8 million accounts)
4. The vast network of offices as well as digital services spread throughout Indonesia reached 2,631 branches, 2,312 micro networks, 17,766 ATM machines, and 253,046 EDC machines.
5. Human Resources that were supported by 38,307 employees who have good capabilities and working culture.

Risk Management

In order to increase the added value before of the stakeholders, Bank Mandiri is consistently managing the risk management system based on the regulations and laws applicable in Indonesia. In its implementation, Bank Mandiri always prioritized caution principles in managing all types of risks as a form of Bank Mandiri's commitment in conducting good corporate governance practices. Bank Mandiri's risk management framework and governance used the Three Layers of Defense Approach, namely:

1. The Board of Commissioners performed the risk oversight function through Risk Oversight Committee, Integrated Governance Committee and Audit Committee.
2. The Board of Directors performed risk policy through Executive Committee related to risk management, i.e., Risk Management Committee, Asset & Liability Committee, Capital Subsidiaries Committee and Integrated Risk Committee.
3. At the operational level, the Risk Management Work Unit together with the business unit and compliance work unit performed risk identification, risk measurement, risk mitigation and risk control functions.

The Commitment to Build Human Resource Assets

Bank Mandiri's human capital management was carried out by bringing the concept that all employees were valuable assets determining the productivity of Bank Mandiri's performance. Given that, Bank Mandiri was continuously improving its HR policies, among others related to the development of employee competency, industrial relations evaluation, and recruitment-related policies.

Bank Mandiri continually strives to maintain its commitment in treating all employees as valuable assets by creating careful planning for employee needs that were aligned with business growth. The needs planning of employees of Bank Mandiri was conducted through a capacity planning process that was adapted to the needs of the Company's business (capacity fulfillment).

In 2017, the turnover rate of Bank Mandiri employees was 5.92% or 2,267 from 38,307 employees. One of the factors affecting the turnover rate was due to the number of employees who had reached retirement age. Bank Mandiri had anticipated by recruiting employees to meet HC needs to maintain the sustainability of business activities.

Ahead, the focus of HR strategy in 2020 was to create a conducive working environment in order to improve the loyalty of employees, so that it will positively contribute towards Bank Mandiri's business longevity in the long run. In line with Mandiri's "Spirit Memakmurkan Negeri", the working philosophy in Mandiri is not only for the benefit of employees, their families, and Mandiri, but for the Country as well.

The Implementation of Best Governance

For Bank Mandiri, good implementation of Good Corporate Governance (GCG) did not only comply with legislation, but it was a fundamental element referring to international best practices for sustainable long-term and sustainable business. The implementation of GCG had been proven to have contributed positively to the value creation and had provided tangible benefits to Bank Mandiri, among others, increased competitiveness and performance of the company as well as the trust of stakeholders both local and overseas investors.

The upgrading of GCG practice at Bank Mandiri was inseparable from the full commitment of all Board of Commissioners, Directors and employees of Bank Mandiri to implement GCG principles as a foundation in conducting bank business activities, which included transparency, accountability, responsibility, independence and fairness and equality.

The effectiveness of GCG implementation was evident from having a strong GCG structure. The GCG structure comprising the main organ, namely the General Meeting of Shareholders (AGMS), the Board of Commissioners and the Board of Directors had been running well in accordance with their respective roles and responsibilities. The GMS had been convened in accordance with the laws and regulations in order to fulfill the interests of all shareholders. During 2017, Bank Mandiri had held its Annual General Meeting of Shareholders within a period not exceeding the limit specified on 14 March 2017 and Extraordinary GMS on 21 August 2017.

The Board of Commissioners and the Board of Directors had performed their respective roles very well, as reflected in the achievement of key performance indicators (KPI). The achievement was supported by the effective supporting organs of committees under the Board of Commissioners, committees under the Board of Directors and all working units at Bank Mandiri.

To ensure the implementation of the above mentioned GCG practices, the Company had consistently carried out self-assessment with reference to the Financial Services Authority (POJK) Regulation No. 55/POJK.03/2016 2016 regarding the implementation of Governance for Commercial Banks. The results of self-assessment in 2017 showed composite value 2 reflecting that the Company's Management had performed generally good GCG implementation. In addition to self-assessment of the implementation of governance according to the regulatory provisions, governance assessment was also conducted by External Parties so that feedback was obtained in improving governance. Bank Mandiri regularly participated in CGPI's research and rating program organized by The Indonesian Institute of Corporate Governance (IICG), and successfully defended the title of "The Most Trusted Company" in the CGPI assessment of 2017. In addition, Bank Mandiri was also active in the assessment activities of ASEAN Corporate Governance Scorecard Indonesia organized by an independent institution that was IICD. From the assessment results in 2017, Bank Mandiri obtained a score of 104.09 and received the title of Leadership In Corporate Governance and Best Overall award for the implementation of GCG.

During 2017, Bank Mandiri continued to improve the quality of GCG implementation by following up on recommendations based on assessment results and inputs from all stakeholders.

Relationship Between the Company and Shareholders In Guarantying Shareholders' Rights

The Company is committed to ensure the shareholder rights and to provide equal treatment towards all shareholders. The Company guarantees shareholders rights, both majority and minority, the case of shareholder rights in conducting the GMS has been regulated in the Company's Articles of Association. The execution of the GMS of Bank Mandiri had referred to the POJK number 32/POJK.04/2014 on the Plan and Administration of the GMS. Bank Mandiri had also made a summary of the Minutes of GMS in Indonesian and English, which had been published 2 (two) working days after the execution of the GMS, one of them was through the Company's website.

As for the improved communication quality with the shareholders, Bank Mandiri has had its policy on communication with shareholders or investors, as set forth in the Corporate Secretary. In addition to the above mentioned matters, Bank Mandiri also had Public Expose and Analyst Meeting agenda implemented quarterly (every three months) to deliver information to the public and investors, such as periodic reports, information disclosure, business and performance condition or prospect, and Implementation of Public Listed Company Governance. Bank Mandiri had also established a work unit as an information center for the Company's performance of investor management.

Functions and Roles of the Board of Commissioners

Bank Mandiri has complied with this provision as stated in Article 20 of POJK No. 33/POJK.04/2014 on Board of Directors and Board of Commissioners of Issuers or Public Listed Companies, i.e. that the number of Board of Commissioners member should be more than 2 (two) persons. The number of members of the Board of Commissioners of Bank Mandiri was 8 (eight) persons with composition ratio of Independent Commissioners: Non-Independent Commissioner was 50% : 50% The number of BOC had taken into consideration the Company's business needs and complexity, diversity of expertise, educational background, and experience and gender-differentiation. The composition of the Board of Commissioners had shown an ideal composition due to the balance between Independent Commissioners and Non-Independent Commissioners. The diversity of the background of the Board of Commissioners was necessary to support the effectiveness of the supervisory duties of the Board of Commissioners.

Functions and Roles of the Board of Directors

The number of Board of Directors as the Public Company referred to the applicable legislative regulations where, in accordance with POJK 33/POJK.04/2014 on Board of Directors and Board of Commissioners of Issuers or Public Listed Companies stating that the Board of Directors of an Issuer or Public Listed Company should consist of minimum 2 (two) members. The current Board of Directors of Bank Mandiri was

more than 2 (two) persons in which the total amount was based on the Company's business needs.

The diversity of the competence background of the Board of Directors was expected to provide an alternative solution to an increasingly complex problem faced by the Company, so that the resulting decision became

Stakeholder Engagement

The Company had several policies/regulations that essentially provided protection to stakeholders and were not limited to Bank Mandiri shareholders. These protections were in the form of:

Insider Trading

Preventive provisions of information misuse for the interest of increasing the value of shares of Bank Mandiri (insider trading), namely:

- Insiders are those who have insider information prohibited from influencing any party including the Insider's family to make a purchase or sale of shares.
- Any employee who commits an offense as set forth above and is proven to conduct a transaction and/or provide insider information will be subject to disciplinary sanctions as set out in the Human Capital Manual Standards.
- Board of Directors and Board of Commissioners and parties due to the status, certain professions/relationships with the Bank shall conduct insider trading, the liability shall be in accordance with the applicable provisions.

Anti Fraud Strategy

To ensure that the Public Lister Company's business activities were conducted in a legal, prudent manner, and in accordance with the principles of good governance, Bank Mandiri has had an Anti-Fraud Strategy policy effective from 2 May 2012, as a follow-up towards Bank Indonesia's Circular Letter No. 13/28/DPNP dated 09 December 2011 on Implementation of Anti-fraud Strategy (SAF). Bank Mandiri has delivered SAF Implementation Report to OJK regularly every semester, as well as incidental reports concerning any cases that may interfere with the Bank's operation, in accordance with the applicable provisions.

Goods and Services Procurement Process

In relation to procurement activities, Bank Mandiri had a policy on selection, suppliers and vendors to ensure that Bank Mandiri obtained the necessary goods or services at competitive and quality prices. Selection criteria vendors were reviewed periodically as the basis of selection to become partners. Partner performance was evaluated through 2 (two) models, which were project performance evaluation and periodic evaluation.

Customers

Other stakeholders were Customers of Bank Mandiri. Given that, Bank Mandiri set out a policy to safeguard the interests of its customers as specified in the Standard of Operational Procedures (SPO) for Customer Complaints Management and Policies that required in each service delivery of products and/or services to pay attention to the rights of customers as set forth in SPO Fund Products, which regulated among others the right for customers to obtain sufficient explanation of product characteristics and other rights in accordance with the offered products and services.

Whistleblowing system

Whistleblowing system (WBS) in Bank Mandiri was implemented through Letter to CEO (LTC) which was a means of delivering fraud complaint reports or fraud indications from both employees and partners to the Board of Directors as an internal controlling facility within Bank Mandiri.

Information Transparency

Bank Mandiri had made extensive use of IT as a media of information transparency through the use of Bank Mandiri website and other technology facilities such as SMS Banking, Phone Banking, Mobile Banking, Instagram, Facebook and Twitter.

Bank Mandiri's Annual Report has also disclosed various important information including shareholding information, especially information on Shareholders who owned 5% or more of the Company's shares.

Performance Assessment of The Committees Under The Board of Directors

In performing its stewardship duties, the Board of Directors was also assisted by a Committee under the Board of Directors or also called the Executive Committee that was 9 (nine) Committees, namely:

1. Assets and Liabilities Committee (ALCO)

A Committee that was in charge of implementing the strategy management function of assets and liabilities, the determination of interest rates and liquidity, as well as other matters related to the management of the Company's assets and liabilities. During 2017, ALCO had conducted 8 (eight) meetings and had performed its duties well.

2. Business Committee (BC)

A committee established to assist the Board of Directors in determining the Company's integrated business management strategy, product arrangement and/or activity of the Company as well as determining the marketing & communication strategy and effectiveness in the field of wholesale banking and retail banking. During 2017, BC had conducted 18 (eighteen) meetings and had

performed its duties well.

3. Risk Management Committee (RMC)

A committee assigned to assist the Board of Directors in monitoring and managing the Company's risk profile, evaluating the Company's performance in stressful conditions and improving the implementation of risk management due to internal and external changes. During 2017, RMC had conducted 9 (nine) meetings and had performed its duties well.

4. Human Capital Policy Committee (HCPC)

A committee assigned to assist the Board of Directors in determining the human capital management strategy of the Company. During 2017, HCPC had conducted 2 (two) meetings and had performed its duties well.

5. Information Technology Committee (ITC)

A committee assigned to assist the Board of Directors in the policy of the Company, especially in the field of Information Technology (IT). During 2017, ITC had conducted 6 (six) meetings and had performed its duties well.

6. Capital And Subsidiaries Committee (CSC)

assigned to assist the Board of Directors in determining Director, 1 (one) Vice subsidiaries' management strategies, providing recommendations on equity participation and divestments as well as remuneration and establishment of the subsidiaries' management. During 2017, CSC had conducted 11 (eight) meetings and had performed its duties well.

7. Credit Committee (RKK)

A Committee assigned to assist the Board of Directors to decide upon the granting of credit (new, additional, decrease, and/or renewal) managed by the business unit within the limits of authority, including the determination/alteration of the credit structure. During 2017, the Credit Committee had conducted 484 (four hundred and eighty four) meetings for the Corporate segment and 426 (four hundred and twenty six) meetings for the Commercial segment, with the following frequency of meetings:

8. Integrated Risk Committee (IRC)

A committee assigned to assist the Board of Directors among others in the formulation of the Integrated Risk Management policy and the review or improvement of the Integrated Risk Management policy based on the results of implementation evaluation. During 2017, IRC had conducted 5 (eight) meetings and had performed its duties well.

9. Policy and Procedure Committee (PPC)

A committee assigned to assist the Board of Directors in discussing and recommending adjustments/improvements to policies and establishing the Company's procedures including the human capital policy and procedure as well as discussing and dismissing the granting of authority to Company officials (ex officio). During 2017, PPC had conducted 16 (sixteen) meetings and had performed its duties well.

Based on the above explanation, the Board of Directors considered that, the committees under the Board of Directors had effectively functioned to support the Company's activities and had performed their duties and responsibilities well.

Changes in Board of Directors Composition

The number and composition of the Board of Directors shall be prepared in accordance with the business needs of Bank Mandiri where the election process was preceded. Evaluation of the controlling shareholder and recommendation of the Board of Commissioners was through the Remuneration and Nomination Committee. In 2017, there have been several times changes the composition of the Board of Directors as follows: decision-making process related to the operational management

The Number and Composition of the Board of Directors Before Annual GMS Dated 14 March 2017

The number and composition of the Board of Directors before annual GMS dated 14 March 2017 is 10 (ten) members of the Board of Directors consisting of 1 (one) President Director, 1 (one) Vice President Director and 8 (eight) Directors

No.	Name	Designation
1	Kartika Wirjoatmodjo	President Director
2	Sulaiman Arif Arianto	Deputy President Director
3	Ogi Prastomiyono	Director of Operations
4	Pahala N. Mansury	Director of Finance & Treasury
5	Royke Tumilaar	Director of Corporate Banking
6	Hery Gunardi	Director of Distributions
7	Tardi	Director of Retail Banking
8	Ahmad Siddik Badruddin	Director of Risk Management & Compliance
9	Kartini Sally	Director of Commercial
10	Rico Usthavia Frans	Director of Digital Banking & Technology

The Number and Composition of the Board of Directors After the Annual GMS dated 14 March 2017/Before Extraordinary GMS dated 21 August 2017

Based on the GMS of PT Garuda Indonesia (Persero) Tbk. held on 12 April 2017, it is decided that Pahala N. Mansury was appointed as the President Director of PT Garuda Indonesia (Persero) Tbk. Because of that, in accordance with Minister of State Enterprises Regulation and

Company Articles of Association, the position of Pahala N. Mansury as a member of the Board of Directors has ended and the dismissal of his tenure had been confirmed in the Company's Extraordinary GMS.

Therefore, the number of the Board of Directors would be 9 (nine) members consisting of 1 (one) President Director, 1 (one) Vice President Director and 7 (seven) Directors.

No.	Name	Designation
1	Kartika Wirjoatmodjo	President Director
2	Sulaiman Arif Arianto	Deputy President Director
3	Ogi Prastomiyono	Director of Operations
4	Royke Tumilaar	Director of Wholesale Banking
5	Hery Gunardi	Director of Distributions
6	Tardi	Director of Retail Banking
7	Ahmad Siddik Badruddin	Director of Risk Management & Compliance
8	Kartini Sally	Director of Government & Institutional
9	Rico Usthavia Frans	Director of Digital Banking & Technology

The Number and Composition of The Company's Board of Directors Members Before The Extraordinary GMS Dated 21 August 2017

One of the Extraordinary GMS Resolutions dated 21 August 2017 is appointing Mr. Darmawan Junaidi that is effective after gaining the approval of Financial Services Authority for the Fit and Proper Test and in compliance with the applicable laws and regulation.

Therefore, the number and composition of the Company Board of Directors after the extraordinary GMS dated 21 August 2017 was 10 (ten) members, consisting of 1 (one) President Director, 1 (one) Vice President Director and 8 (eight) Directors.

No.	Name	Designation
1	Kartika Wirjoatmodjo	President Director
2	Sulaiman Arif Arianto	Deputy President Director
3	Ogi Prastomiyono	Director of Operations
4	Royke Tumilaar	Director of Wholesale Banking
5	Hery Gunardi	Director of Distributions
6	Tardi	Director of Retail Banking
7	Ahmad Siddik Badruddin	Director of vRisk Management & Compliance
8	Kartini Sally	Director of Kelembagaan
9	Rico Usthavia Frans	Director of Digital Banking & Technology
10	Darmawan Junaidi*	Director of Treasury

Remarks:

*Effective as of 12 January 2018 after successfully obtaining approval and passing the Fit and Proper Test administered by the Financial Services Authority.

Appreciation from the Board of Directors

The Board of Directors would like to express gratitude to all stakeholders for their support and cooperation, especially to our shareholders, customers and partners. The Board of Directors also gives the highest honor to the Board of Commissioners for the supervision and advice given to the Board of Directors in order to run the Bank Mandiri management. Appreciation is also given to all employees who have shown hard work and sincere work in the face of the challenges, so that Bank Mandiri managed to improve its

performance in 2017. We hereby conclude this report of the Board of Directors for the Bank stewardship activities throughout 2017 work in the face of the challenges so that Bank Mandiri managed to improve its performance in 2017.

We hereby conclude this report of the Board of Directors for the Bank stewardship activities throughout 2017.

On the Behalf of the Board of Directors,



Kartika Wirjoatmodjo

President Director





Responsibility for the Report

We, the undersigned, hereby certify that all the information presented in this Annual Report of PT Bank Mandiri (Persero) Tbk. Year 2017 has been written comprehensively and that we shall assume full responsibility for the accuracy of this Company's Annual Report.

This statement is made correctly.

Jakarta, February 28, 2018



Kartika Wirjoatmodjo
President Director



Sulaiman Arif Arianto
Deputy President Director



Ogi Prastomiyono
Director of Operations



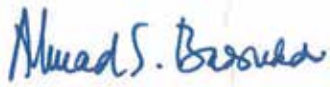
Royke Tumilaar
Director of Wholesale Banking



Hery Gunardi
Director of Distributions



Tardi
Director of Retail Banking



Ahmad Siddik Badruddin
Director of Risk Management and Compliance



Kartini Sally
Director of Kelembagaan



Rico Usthavia Frans
Director of Digital Banking and Technology



Darmawan Junaidi
Director of Treasury



Hartadi A. Sarwono

President Commissioner/Independent Commissioner



Imam Apriyanto Putro

Deputy President Commissioner



Goei Siau Hong

Independent Commissioner



Bangun Sarwito Kusmulyono

Independent Commissioner



Makmur Keliat

Independent Commissioner



Ardan Adiperdana

Commissioner



Askolani

Commissioner



R. Widyo Pramono

Commissioner

Company Profile





“

Bank Mandiri to
Indonesia’s Best,
ASEAN’s Prominent.

Company Identity

Company Name	PT Bank Mandiri (Persero) Tbk
Call Name	Bank Mandiri
Line of Business	Banking
Date of Establishment	02 October 1998
Legal Basis of Establishment	Deed No. 10 dated 02 October 1998, made before Sutjipto, S.H., a Notary, and has been approved by the Minister of Justice of the Republic of Indonesia No. C26561.HT.01.01 TH 98 dated 02 October 1998, as well as has been published in the State Gazette of the Republic of Indonesia No. 97 dated 04 December 1998, Supplement to the State Gazette of the Republic of Indonesia No. 6859.
Shareholding	Government of the Republic of Indonesia holds 60% Public holds 40%
Authorized Capital	Rp16,000,000,000,000 (sixteen trillion Rupiah) consisted of 1 (one) Series A Dwiwarna share and 63,999,999,999 (sixty three billion nine hundred ninety-nine million nine hundred ninety-nine thousand nine hundred and ninety-nine) shares of Series B shares, each having a nominal value of Rp250 (two hundred and fifty Rupiah).
Issued and Paid-up Capital	Rp11,666,666,666,500 (eleven trillion six hundred sixty six billion six hundred sixty-six million six hundred sixty-six thousand and five hundred Rupiah) consisted of 1 (one) share of Series A Dwiwarna with a nominal value of Rp250 (two hundred and fifty Rupiah) and 46,666,666,665 (forty six billion six hundred sixty-six million six hundred sixty-six thousand six hundred sixty-five) shares of Series B share with a nominal value of Rp250 (two hundred and fifty Rupiah).
Share Listing in The Indonesia Stock Exchange	14 July 2003
Stock Symbol	BMRI
SWIFT Code	BMRIIDJA
Office Network Data	<ul style="list-style-type: none"> 1 Head Office 139 Branch Offices 11 Subsidiaries 2,315 Sub-Branch Offices 177 Cash Offices 17,766 ATMs 7 Overseas Branch Offices 1 Sub-subsidiary



Number of Employees	As of December 2017: <ul style="list-style-type: none"> • Company Employee: 38.307 • Outsource: 37.575
Corporate Secretary	Rohan Hafas Phone : 62-21 524 5299 Fax : 62-21 526 3460 Website : http://www.bankmandiri.co.id Email : corporate.secretary@bankmandiri.co.id
Head Office Address	Plaza Mandiri Jl. Jenderal Gatot Subroto Kav. 36-38 Jakarta 12190 INDONESIA Tel. : 62-21 5265045 Fax. : 62-21 5274477, 527557
Situs Web	www.bankmandiri.co.id
Call Center	14000 ; (021) 52997777
Contact Address	Corporate Secretary corporate.secretary@bankmandiri.co.id Investor Relation Email : ir@bankmandiri.co.id Customer Care Email : mandiricare@bankmandiri.co.id Social Media Facebook : Bank Mandiri Twitter : @bankmandiri Instagram : bankmandiri
Subsidiaries	PT Bank Syariah Mandiri ("BSM") PT Mandiri Sekuritas PT Mandiri Tunas Finance ("MTF") PT Mandiri AXA General Insurance ("MAGI") PT AXA Mandiri Financial Services ("AXA Mandiri") PT Bank Mandiri Taspen Mandiri International Remittance Sdn. Bhd. ("MIR") Bank Mandiri (Europe) Limited ("BMEL") PT Asuransi Jiwa Inhealth Indonesia ("Mandiri Inhealth") PT Mandiri Utama Finance ("MUF") PT Mandiri Capital Indonesia ("MCI")
Sub-subsidiaries	PT Mandiri Manajemen Investasi ("MMI") Mandiri Securities Pte.Ltd PT Mitra Transaksi Indonesia

Brief History of The Company



PT Bank Mandiri (Persero) Tbk (hereinafter referred to as “Bank Mandiri” or “the Company”) was established on 02 October 1998 in the Republic of Indonesia under the notarial deed drawn up by Sutjipto, S.H., No. 10 in accordance with the Government Regulation No. 75 of 1998 dated 01 October 1998. The Deed of Establishment was ratified by the Minister of Justice of the Republic of Indonesia under the Decree No. C2-16561.HT.01.01. TH.98 dated 02 October 1998, as well as was published in the Supplement No. 6859 in the State Gazette of the Republic of Indonesia No. 97 dated 04 December 1998.



Bank Mandiri was established through the merger of PT Bank Bumi Daya ("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 "Merged Banks"). Under Article 3 of the Bank's Articles of Association, the scope of Bank Mandiri's activities is to conduct business in the banking sector in accordance with prevailing laws and regulations. Bank Mandiri was effectively in operation on 01 August 1999

Bank Mandiri's Articles of Association were amended several times, as the last amendment was in accordance with Deed of the Extraordinary General Meeting of Shareholders' Resolutions No. 36, dated 24 August 2017, made before Ashoya Ratam SH, Mkn, a Notary in South Jakarta, pertaining to the implementation of stock split. Such Amendment was submitted to the Minister of Justice and Human Rights of the Republic of Indonesia under the Decree No. AHU-AH.01.03-0166888 on the Receipt of Notification on the Amendment of the Company's Articles of Association (Persero) of PT Bank Mandiri Tbk., dated 29 August 2017, and listed on Company Register No. AHU-0107350.AH.01.11. of 2017 dated 29 August 2017.



Information on Merger

At the end of February 1998, the Government of the Republic of Indonesia (hereinafter referred to as “the Government”) announced plans to restructure the Merged Banks. In connection with the restructuring plan, the Government established Bank Mandiri in October 1998 by depositing cash and transfer of Government shares into the Merged Banks. The difference between the transfer price and the book value of shares at the restructuring period was not calculated due to impracticality. All losses incurred during the restructuring period were recognized in the Recapitalization Program.

The restructuring plan was designed to incorporate the Merged Banks’ business into Bank Mandiri in July 1999 and Bank Mandiri’s recapitalization. Merged Bank Restructuring into Bank Mandiri covered:

- Loan restructuring;
- Non-credit assets restructuring;
- Domestic and overseas branch offices rationalization;
- Human capital rationalization.

Under the notarial deed made by Sutjipto, S.H., No. 100 dated 24 July 1999, the Merged Banks were legally incorporated into Bank Mandiri. The Deed of Merger was ratified by the Minister of Justice of the

Republic of Indonesia under the Decree No. C-13.781.HT.01.04.TH.99 dated 29 July 1999 and approved by Bank Indonesia Governor under the Decree No. 1/9/MEM/1999, dated 29 July 1999. Such merger was deemed valid by the Head of Department of Industry and Trade of South Jakarta through Decree No. 09031827089 dated 31 July 1999.

On the effective 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 and operated by Bank Mandiri;
- Bank Mandiri received an additional paid-in capital amounting of Rp1,000,000 (one million Rupiah) (full value) or equivalent to 1 (one) share of the remaining shares owned by the Government in each Merged Banks.

On such effective date, the Merged Banks were legally dissolved without any liquidation process and Bank Mandiri as the Surviving Bank received all rights and liabilities of the Merged Banks.

Information on Name Change

In accordance with the description brief history, the bank never changes its name since it was first established to date. However, the bank has made changes to its original status of a company private company to a public company so that the company name to PT Bank Mandiri (Persero) Tbk. This amendment was effective on April 19, 2004 in accordance with the Letter of Decision of Senior Deputy Governor of Bank Indonesia No.6 / 11 / KEP. DGS / 2004 dated April 19, 2004

Company Brand

Bank Mandiri's identity consists of symbol, logo letter, colors, and tagline. Each item may simply be described as follows:

Logo with lowercase letters

The use of lowercase marks a friendly attitude towards all business segments engaged by Bank Mandiri and shows great desire to humbly serve all customers (customer focus).

Golden yellow (yellow-to-orange color)

The color of the precious metal signifying majesty, glory, prosperity, and wealth. Symbolizing the liveliness, creativity, excitement, friendliness, playfulness, and comfort.

Dark blue-colored letters

Symbolizing comfort, calmness, soothing, noble heritage, stability, respect, and reliability. Symbolizing professionalism, solid foundation, loyalty, trustworthiness, and honor.



Liquid gold wave

Symbolizing financial wealth in Asia that emphasizes agility, progressiveness, visionary spirit, excellence, flexibility, and resilience in facing all challenges in the future.

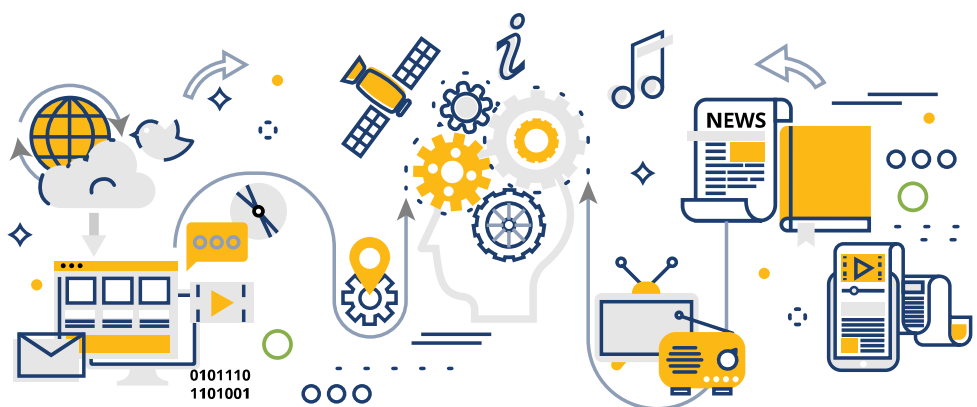
Philosophy of the Tagline "Leading, Trusted, Enabling growth"

"Leading" represents a form of hard work and professionalism to make Bank Mandiri as the leader. "Trusted" represents the form of integrity and transparency to make Bank Mandiri as a trusted banking institution. "Enabling growth" represents the focus on the customers and the dedication of all Bank Mandiri's personnel to grow together with Indonesia.

Line of Business

Pursuant to the article 3 of the Company's Articles of Association, the Company was established to engage in banking sector. To achieve its intentions and objectives, the scope of Company's activities are:

Business Activities Under The Articles of Association	Business Activities Carried Out By Bank Mandiri	
Main Business Activities	Main Business Activities	
	Yes	No
1. Collecting funds from the community in the forms of current accounts, term deposits, deposit certificates, savings, and/or other equal forms;	✓	
2. Providing loans;	✓	
3. Issuing acknowledgment of indebtedness	✓	
4. Purchasing, selling, or guaranteeing on own-risk or for the interest of and upon orders of the customers	✓	
a. Bills of exchange including drafts and acceptance by the bank whose validity periods are no more than the customary in the trade of the intended bills;	✓	
b. Acknowledgment of indebtedness and other commercial papers whose validity periods are no more than the customary in the trade of the intended bills;	✓	
c. State treasury papers and government guarantee instruments;	✓	
d. Bank Indonesia Certificates;	✓	
e. Bond;	✓	
f. Term commercial papers in accordance with the laws and legislations; and	✓	
g. Other securities in accordance with the laws and legislations.	✓	
5. Money transfer for self- interest or customers' interest;	✓	
6. Investing funds to, borrowing fund from, or lending fund to other bank(s), both by means of letters, telecommunication facilities, or a sight draft, check, or other means;	✓	
7. Receiving payment from the collection of commercial papers and make calculation with or between the third party;	✓	
8. Providing place to store securities and valuable items;	✓	



Business Activities Under The Articles of Association	Business Activities Carried Out By Bank Mandiri	
Main Business Activities	Main Business Activities	
	Yes	No
9. Providing custodial service for the interest of other parties under contract;	✓	
10. Investing funds of one customer to another customer in the form of securities not listed on the Stock Exchange;	✓	
11. Implementing factoring, credit card business, and trustee activities;	✓	
12. Financing and/or performing other activities based on sharia principles, in accordance with the provisions stipulated by the authorities; and	✓ (Carried out by the subsidiaries)	
13. Carrying out other activities commonly performed by banks provided that such activities complies with laws and regulations.	✓	
Supporting Business Activities	Supporting Business Activities Carried Out by Bank Mandiri	
	Yes	No
1. Activities in foreign currency by meeting the conditions stipulated by the authorities; engaging in capital participation in a bank or other company in the financial sector, such as a lease, venture capitals, securities companies, insurances, and clearing and settlement agencies, subject to the conditions stipulated by the authority;	✓ (Only in the form of forex)	
2. Temporary capital participation activities to overcome the effects of credit failure or failure of financing based on sharia principles, provided that they have to withdraw their participation, subject to the conditions stipulated by the authorities;	✓ (Carried out by The subsidiaries)	
3. Acting as the founder of pension fund and pension fund manager in accordance with the provisions of pension fund legislation; and	✓	
4. Purchasing collateral, either in whole or in part, by auction or other procedures in the event that the debtor fails to meet its obligations to Bank Mandiri, provided that the collateral purchased shall be disbursed as soon as possible.	✓	

Products and Services

Corporate Banking, Commercial Banking, Government and Institutional

Loan Products

- Mandiri Kredit Investasi**
Credit facility provided to finance the needs for capital goods in order to rehab, modernize, expand, establish new projects and or other purposes pertaining to investments.
- Mandiri Kredit Modal Kerja**
Loan facility provided to meet the needs for working capital consumable in one business cycle and or special working capital to finance inventory/receivable/project, or other special needs.
- Mandiri Kredit Agunan Deposito**
Loan facility in Rupiah provided, using time deposit as its collateral, issued by Bank Mandiri.

Retail (Retail Banking)

Third Party Fund Products

Giro

Mandiri Giro

Deposit of third party funds in Rupiah withdrawal may be made at any time by check, bilyet giro, other payment order means as stipulated by Bank Mandiri

free of administrative costs with
mandiri tabunganMU



Savings Products

- Mandiri Tabungan (Mandiri Savings)**
This product is a savings account in Rupiah currency for individual customers. This account can be opened, paid, or withdrawn in all Bank Mandiri Branches. There is an Autodebit Service for monthly billing payment, Automatic Fund Service for automated fund transfer, Mandiri SMS facility, Mandiri Internet, Mandiri Call, and Weekend Banking Service.
- Mandiri Tabungan Rencana (Mandiri Planned Savings)**
This product is a savings account with Mandatory Monthly Deposit for a specified period of time. This product also comes with insurance coverage.
- Mandiri Tabungan Bisnis (Mandiri Business Savings)**
This product is a savings product intended for individual or non-individual business persons. It comes with features and benefits i.e. ease of transactions with Mandiri Debit Bisnis Mandiri Debit Business and Mandiri Internet Business, transaction details on savings book, sweep and autodebit services.

One Heart One Mandiri



- Mandiri Tabungan Haji dan Umrah (Mandiri Hajj and Umrah Savings)**
 This product is a savings product in Rupiah currency. It aims at easing the funding of hajj and umrah. The administration fee for account and the account closure is free. The customer also will be provided with the Savings Book as proof of ownership of the Savings Account and the Autodebit facility.
- Mandiri Tabungan Valas (Mandiri Forex Savings)**
 This product is a savings in forex for individuals. It comes with various benefits, convenience, and comfort in transaction and investment to meet the customers' needs. It comes with Internet Banking, Mobile Banking, and Phone Banking services with balance inquiry function and transfer transaction in same currency. Mandiri Tabungan Valas (Mandiri Forex Savings) is available in 8 currencies i.e.: USD, SGD, JPY, EUR, CHF, GBP, AUD, and HKD.
- Mandiri Tabungan Tenaga Kerja Indonesia (TKI) (Mandiri Savings for Indonesian Labor/Migrant Workers)**
 This product is a savings in Rupiah currency for Indonesian Labors or prospective Indonesian Labors and their families. It comes with terms and condition specified by the Bank. Indonesian Labors and their families may easily, reasonably, and comfortably utilize this Mandiri Tabungan Tenaga Kerja Indonesia (TKI) (Mandiri Savings for Indonesian Labor/Migrant Workers).
- Mandiri Tabungan Investor (Mandiri Investors Savings)**
 This product is a savings for individual opened by a Securities Company assigned as an account for capital market transaction. It aims at facilitating customers/investors in carrying out shares trading or other capital market products available at the Stock Exchange.
- Mandiri TabunganKu (Mandiri MySavings)**
 This is a savings for Individuals. This savings comes with simple and convenient requirements and jointly organized by banks in Indonesia. It aims to foster saving culture and improve the community welfare.
- Mandiri Tabungan SimPel (Mandiri Student Savings)**
 This is a savings for students nationally-issued by banks in Indonesia with easy and simple requirements and attractive features in the context of financial education and inclusion to foster a culture of saving from an early age.
- Mandiri Tabungan Mikro/Tabungan Mitra Usaha (tabungan MU) (Mandiri Micro Savings/Business Partner Savings)**
 This product is a savings for an individual. It provides banking transaction at an affordable cost. This product also comes with Mandiri DebitMU functioned as a debit card that can be used for shopping and payment means at domestic merchants.

Mandiri Time Deposit Products

- Mandiri Deposito Rupiah (Mandiri Time Deposit in Rupiah Currency)**
 This product is a time deposit in rupiah currency. The withdrawal may only be made at a certain period according to the agreement between the customer and the Bank. The opening and closing of Mandiri Deposito Rupiah can be made via Bank Mandiri branches and e-banking (Mandiri SMS, Mandiri Internet, or Mandiri Call). Mandiri Deposito Rupiah provides comfort and security in investment. It comes with competitive interest rates and various other benefits.
- Mandiri Deposito Valas (Mandiri Time Deposit in Forex)**
 This product is a time deposit in forex. The withdrawal may only be made at a certain period according to the agreement between the customer and the Bank. The opening and closing of Mandiri Deposito Valas can be made via Bank Mandiri branches and e-banking (Mandiri SMS, Mandiri Internet, or Mandiri Call for USD). Mandiri Deposito Valas provides comfort, security, and benefits in investment. It comes with competitive interest rates and various other benefits.

Mandiri Cash Management

• Mandiri Cash Concentration

This product is a cash management service offering fund transfer mechanism from Participant Account to Primary Account based on certain parameters such as time and/or nominal.

• Mandiri Notional Polling

This product is a cash management service of Bank Mandiri to consolidate non-transfer Company's/Business Group's fund to utilize liquidity in optimal manner.

• Mandiri Cash Pick Up and Delivery

This product is a cash transporting service in the form of cash pick up and delivery.

• Mandiri Bill Collection (MBC)

This product is a service for company requiring identification of receipt in bulk from Customers while providing payment alternative channel for the Customers.

• Post Dated Cheque Warehousing

This product is a collection, administration, monitoring, processing, and delivery service of new checks. Such new checks may be cashed within a few days after issuance date as agreed between the recipient and the check holder.

• Mandiri Auto Debit

This product is a debiting service of fund from Payment Account under the name of Payer addressed to the Biller account under the predefined agreement from the account holder.

• Online System for Pertamina Products Purchasing

This is a product used for ordering/ purchasing fuel from Pertamina.

• Modern Channel

This product is a Billing receipt service. This service utilizes counter/other delivery channel managed by Modern Channel as a place to receive billing payment made by Biller other than those owned by Bank Mandiri.

• Mandiri Cash Management

This is an Internet-based e-banking service provided by the Bank for Customers. This service is used for various financial activities i.e. information access, various transaction types based on current and soon-to-be developed MCM feature.

• Mandiri Corporate Utility Payment

This product is a Customer's billing payment service. This service can be used for paying monthly billings i.e. PLN, Telkom, Telkomsel and other payments that will be developed in the near future. Customer may make payment transaction using billing inquiry and make payment in bulk.

• G2 State Revenue Module (e-Tax)

This product is a State Revenue Payment through MCM menu channel, i.e. MPN Payment. It can be used for preparing and Tax Billing ID payment as well as Bill payment for Tax Billing ID, Customs, and Non-Tax State Revenue Payment.

• Host to Host Payment

This product is a payment service using account debiting through integration between Bank and Customer system. This service can accommodate format-based Transaction of Online Messaging and Message of File.

• Mandiri Money Transfer Services (MMTS)

This product is a cash payment service for fund transfer from Customer to Transfer Recipient in a Payer's Branch based on Transfer Order submitted by Customer to Bank Mandiri.

• Mandiri Corporate Spending Card (MSCSC)

This product is a Company's Debit Card service. This service serves as a petty cash transaction facility centrally allocated by companies to branches/employees in a certain period.

• Oil and Gas - JISDOR

Payment service for Cooperation Contract Contractor Customers to vendor using USD/ IDR spot price arranged based on foreign exchange transaction rate against Rupiah with Bank Mandiri in domestic market.

• Mandiri Electronic Banking Statement

Delivery service for transfer report of an account based on internationally-standardized format.

• Mandiri Corporate SWIFT

Remittance, receipt, and processing service for SWIFT-based payment instruction between non-financial institutions (companies) and financial institutions (banks).



• Mandiri Smart Account (MSA)

A combination of unique numbers which functions as the reference and or identifier of incoming (credit) and outgoing (debit) funds, which also serves as the medium for limited authority distribution for an amount of fund in Current Account/Savings Account (CASA).

• Mandiri easy-Export Transaction Details (RTE)

This is an e-reporting service for the receipt of Foreign Exchange Export Proceeds which facilitates exporters in reporting the data on Foreign Exchange Export Proceeds and Export Declaration according to the Export Transaction Details according to the standard set by Bank Indonesia.

• Payroll

Salary payment service to destination employee accounts at Bank Mandiri or other banks. Payroll can be carried out through MCM channel, H2H Payment, and branch offices.

• Petty cash card

Structuring service for accounts and transactions using debit card for the management of company's operational fund management.

Wealth Management

• Mutual Fund Products

- Money Market Mutual Fund - 100% fund investment in money market instrument (time deposit, bonds with a term of < 1 year, etc).
- Fixed Income Mutual Fund - Fund investment at least 80% in bonds instrument.
- Balanced Mutual Fund - Fund investment at most 79% on shares and/or bonds.
- Shares Mutual Fund - Fund investment at least 80% in share instrument.
- Protected Mutual Fund - Providing protection on initial investment (principal) through portfolio management mechanism.
- Index Mutual Fund - Managed to earn investment results that is similar to a certain index serving as a reference.

• Securities Products

- Retail State Bond - Government Bond sold to an individual/an Indonesian Citizen through a seller agent with a specified minimum volume.
- Retail Sukuk - State Bond issued under sharia principles as proof of participation in State Sharia Securities Assets, sold to individual/an Indonesian Citizen through a seller's agent with a specified minimum volume.

Loan Products

Loan products provided Bank Mandiri are as follows:

Credits

• Mandiri Kredit Agunan Deposito (Mandiri Time Deposit-backed Loan)

Loan facility in Rupiah provided, using time deposit as its collateral, issued by Bank Mandiri.

• Kredit Usaha Mikro (KUM) (Micro Business Loan)

Investment Loan and/or Working Capital Loan facilities for developing micro-productive or consumptive business.

• Kredit Serbaguna Mikro (KSM)

Investment Loan and/or Working Capital Loan facilities for developing micro-productive or consumptive business.

• Mandiri Kredit Pemilikan Rumah (KPR) (Mandiri Housing Loan)

Consumptive loan provided by the bank to individuals for financing the purchase of new or old house, covering residence/shophouse/office house/apartment/non-residence apartment (kiosk),

• Mandiri KPR Take Over (Mandiri Housing Loan Takeover)

A feature of Mandiri KPR, i.e. the takeover of similar housing loan from another bank, with maximum credit limit of the current outstanding value at the originating bank or to the amount of the new credit limit according to the bank's calculation (according to the outstanding value at the originating bank and additional limit, if any).



• Mandiri KPR Top Up (Mandiri Housing Loan Top-up)

A feature of Mandiri KPR, i.e. the addition of credit limit to existing Mandiri KPR with fixed loan tenure or additional loan tenure so that the additional limit can be used to meet other necessities.

• Mandiri KPR Multiguna (Mandiri Multipurpose Housing Loan)

Consumptive loan provided by the bank to individuals by using residence/shop house/office house/apartment registered to such individual or the individual's spouse as collateral.

- **Mandiri KPR Multiguna Take Over (Mandiri Multipurpose Housing Loan Takeover)**
Mandiri KPR Multiguna's feature, i.e. the takeover of similar multipurpose housing loan from another bank or other company which has been running for a period of time, with the maximum credit limit according to the Bank's calculation.
- **Mandiri KPR Multiguna Top Up (Mandiri Multipurpose Housing Loan Top-up)**
Addition of credit limit to existing Mandiri KPR Multiguna facility.
- **Mandiri KPR Duo (Mandiri Dual Housing Loan)**
A feature of Mandiri KPR used for the purchase of new residence/apartment/ shophouse at developer's project as well as the purchase of car/motorcycle/ furniture/home appliances.

- **Mandiri KPR Flexible (Mandiri Flexible Housing Loan)**
A feature of Mandiri KPR which is used for the purchase of residence/ shophouse/office house/apartment with flexible installment (revolving) for a certain period of time or partially certain period of time from the credit limit earned.
- **Mandiri KPR Angsuran Berjenjang (Mandiri Tiered Installment Housing Loan)**
A feature of Mandiri KPR provided only for employees for the purchase of house, with the relief in the form of delay in the payment of a part of the principal to the third year, where the installment returns to normal in the fourth year.

- **Kredit Multiguna Usaha (Business Multipurpose Loan)**
A loan facility provided to retail merchants with fixed assets or lease contract as a collateral, used to provide the needs for working capital in retail trading, purchase/ procurement (lease) of business place, and refinancing of purchase/procurement (lease) of business place.
- **Kredit Usaha Produktif (Productive Business Loan)**
A working capital or investment loan with the limit above Rp100 million to Rp2 billion for potential individuals or business entities.
- **Mandiri Kredit Koperasi (Mandiri Cooperatives Loan)**
Loan for productive purpose (i.e. investment and/or working capital) provided for Cooperatives with executing pattern and multipurpose loan provided collectively to Cooperative members through Cooperatives.

bunga mulai **0,55 %** flat/ bulan*

limit kredit hingga Rp **1 M**

tenor hingga **15Th**

- **Mandiri Kredit Waralaba (Mandiri Franchise Loan)**
A loan facility provided to individuals or business entities for Franchises granted by Franchisor to utilize and/or take advantage of the Franchise granted.
- **Kredit Usaha Rakyat (KUR) (People's Business Loan)**
Loan for the financing of feasible yet non-bankable micro, small, and medium enterprises and cooperatives to obtain working capital and/or investment loan through direct or linkage credit, insured by Credit Insurance Agency.
- **Kredit Tanpa Agunan (Non-Collateral Loan)**
 - **Mandiri KTA Selected Company**
Non-collateral loan for employees at a company with uncommitted and unadvised credit limit without Mitrakarya Cooperation Agreement with the Bank.
 - **Mandiri KTA Payroll (Mandiri Non-Collateral Loan Payroll)**
Non-collateral loan provided to individuals who work as employees and have distributed their income through the Bank.
 - **Mandiri KTA Non Payroll (Mandiri Non-Collateral Loan Non-Payroll)**
Non-collateral loan provided to



individuals who work as employees, professionals, and entrepreneurs who have not distributed their income through the Bank.

- **Mandiri KTA Mitra (Mandiri Non-Collateral Loan Partner)**
Non-collateral loan for employees at a company with uncommitted and unadvised credit limit under Mitrakarya Cooperation Agreement with the bank.
- **Mandiri Kredit Kendaraan Bermotor (Mandiri KKB) (Mandiri Motor Vehicle Loan)**
A motor vehicle financing facility for

individual customers which is processed through Mandiri's subsidiary, i.e. MTF (Mandiri Tunas Finance) and MUF (Mandiri Utama Finance).

- **Mandiri KKB Regular (Mandiri Regular Motor Vehicle Loan)**
A motor vehicle financing facility for the purchase of new passenger car and motorcycle.
- **Mandiri KKB Multiguna (Mandiri Multipurpose Motor Vehicle Loan)**
A financing facility for the purchase of goods and services using customer's vehicles (passenger car or motorcycle) as collateral.

Keep using your
mandiri credit card



Credit Cards

- **Mandiri Visa Gold Card**
Credit card for customers' daily transactions.
- **Mandiri Visa Platinum Card**
Credit card for customers' modern lifestyle, such as dining, shopping, and other activities.
- **Golf Card Gold/Platinum**
Credit card specially presented for golf enthusiasts.
- **Hypermart Card Silver/Gold**
Credit card with additional benefit for each purchase of groceries and household goods in Hypermart.
- **Corporate Card**
Credit card presented to facilitate business travel transactions of corporate employees. This facility provides convenience for companies in controlling their employees' expenditure.



- Visa Signature**
Credit card for the convenience of customers during traveling for holidays and business, outside and inside their country.
- SKYZ Card**
Credit card which offers a number of benefits and programs to meet customers' traveling needs.
- Feng Shui Card**
Credit card with designs adjusted to customers' feng shui calculation.
- World Elite**
Credit card provided specially for Bank Mandiri's private banking customers, giving only the best service facilities and rewards.
- Pertamina**
Credit card for customers who are concerned with the comfort on the road as well as other necessities pertaining to their vehicles and daily expenditures.



Trade Service

- Advising Letter of Credit (LC)**
LC advisory services (including Local LC/SBLC) and their modifications, either directly received from issuing bank or from previous advising bank, to the beneficiary.
- Outgoing Documentary Collection**
Document billing service without customer's LC (drawer) to the drawee in the framework of export or domestic trading, for financial and/or commercial documents according to customer's instruction, to receive payment and/or acceptance and handover of document after the payment and/or acceptance is received, or the handover of document under other terms and conditions.
- Foreign Exchange Export Proceeds/Export Transaction Details (Mandiri Easy RTE)**
A solution that provides convenience for the Customers in reporting their Export Transaction Details through online access, any time anywhere, live 24/7. The solution is also provided with Export Declaration and Foreign Exchange Export Proceeds matching to improve report accuracy. Customers can present their summary of the reporting information at Easy RTE dashboard and store their reporting data up to six months.
- Inward Documentary Collection**
Document billing service without customer's LC (drawer) to the drawee in the framework of import or domestic trading, for financial and/or commercial documents according to remitting bank's instruction, to receive payment and/or acceptance and handover of document after the payment and/or acceptance is received, or the handover of document under other terms and conditions.

Trade Finance

- **Receivables Financing**
Trade financing for customers who act as sellers during pre-delivery financing or PO financing and/or acceleration of billing payment from buyer for the selling of goods or services in local trade transactions.
- **Pre-Export Financing**
Trade financing facility provided by the Bank for Sellers for pre-shipment financing to meet an order in a trade transaction, both with LC or Non-LC.
- **Post Export Financing**
This product is an LC or Non-LC based document and/or draft acquisition allowing Customers to receive payment immediately after presenting document to the Bank to facilitate Customers' cash inflow. This draft acquisition can be made by a means of negotiation/discount with recourse or without recourse/Forfeiting rights.
- **Bank Guarantee**
This product is the Bank's guarantee to the Beneficiary in which the Bank binds itself to pay a certain amount of money in case of default from the guaranteed party related to the underlying agreement/contract.
- **Issuance of LC Standby**
This product is an irrevocable, Bank's written pledge. It is issued at the request of the customer to pay the beneficiary if the documents submitted comply with the requirements of the documents listed in the Standby LC.
- **Issuance of LC/Domestic LC**
This product is Bank Mandiri's irrevocable payment pledge as the Issuing Bank to the beneficiary if the recipient submits documents to the Issuing Bank and such documents must comply with the LC terms and conditions. Business persons use domestic LC known as Domestic Letter of Credit (SKBDN) for domestic transaction.
- **LC Transfer**
This product is a service for assigning the right of beneficiary to a Transferable LC (including Domestic LC/SBLC), both all or part of LC value, to one or several second beneficiary/ies upon request of the first beneficiary.
- **LC Confirmation**
This product is LC/SBLC/Domestic LC issued by LPEI or Corresponding Bank with additional confirmation by Bank Mandiri. Confirmation addition on other bank's LC means Bank Mandiri participates in guaranteeing payment of such LC, provided that such LC document must be presented to the Bank and documents in complying presentation condition.
- **Deferred Payment**
This facility is a payment solution from us for Customers' Account Payable under LC and Non-LC transaction standards. This facility also enables the Customers to delay payment over goods purchased by the Customers without reducing the credibility of the Customer in the Supplier's eyes.
- **Shipping Guarantee**
This product is a guarantee issued by the Bank to the shipping company for the benefit of the customer or importer over the guarantee letter issued by the customer or importer related to the export or purchase of local goods, based on the copy of the Bill of Lading (B/L) document due to the original B/L has not been received.
- **Trade Financing to Corresponding Bank**
This product is a trade finance to customers of Corresponding Bank or Export-Import Financing Institution (LPEI) with underlying transaction trade between Bank and correspondent complying with Risk Acceptance Criteria. Types of trade finance to Corresponding Bank among others:
 - Risk Participation
 - Bilateral Trade Financing
 - UPAS Financing
 - Forfeiting
 - Export Bills Discounting

Treasury

Cash Transaction

- **FX Today**
This is a transaction to exchange a currency against another currency on a same-day delivery basis.
- **FX Tom**
This is a transaction to exchange a currency against another currency on the day of the transaction. The money will be delivered in one business day following the date of the transaction.
- **FX Spot**
This is a transaction to exchange a currency against another currency on the day of the transaction. The money will be delivered in two business days following the date of the transaction.
- **Banknote in Foreign Currency**
This is the banknote in foreign currency legally issued by a country outside Indonesia and is recognized as a valid payment instrument of the country concerned.

Hedging Facilities

- FX Forward**
 This is a hedging product. It is a transaction/contract of sale or purchase of a currency against other currency in certain amount and price with the submission and receipt of such funds are going to be exercised more than 2 (two) working days following the date of the transaction.
- Par Forward**
 This is a series of FX forward transactions that have different due dates using a single rate as agreed at the beginning of the transaction.
- FX Swap**
 This is a hedging product that is a transaction/contract to exchange currency against other currency on a particular currency date as well as an agreement to exchange back to that foreign currency on a different currency date in the future. Rate used on both transactions is determined on the transaction date, and both transactions are made at once with the same counter party.
- FX Option**
 This is a hedging product which is a transaction/contract entitling rights (instead of liabilities) to the option buyer to purchase or sell a currency against another currency at a predetermined price (strike price) for a certain period by paying significant amount of premium to the seller option.
- Interest Rate Swap (IRS)**
 This is a hedging product that is a contract/transaction between two parties to change in interest rate payment from floating rate into fixed rate or vice versa without principal payment.
- Forward Rate Agreement (FRA)**
 This is a hedging product that is a contract/transaction between two parties to determine interest rate within a certain period of time which will be effective in the future.
- Cross Currency Swap (CCS)**
 This is a hedging product that is a contract/transaction between two parties to exchange principal and interest payment in two different currencies over an agreed period of time.
- Mandiri Call Spread**
 This is a hedging product that is a combination of Buy Call Option and Sell Call Option transactions with two different conversion rates.

Investment Product

- Government Securities (SBN)**
 This is a securities issued by the government in the form of acknowledgment of indebtedness letter the payment of interest and principal of which is guaranteed by the Republic of Indonesia based on its validity period.
- Retail Securities**
 This is a securities issued by the government particularly intended for retail investor/individual by determining minimum nominal terms of purchase in small quantities. The term of retail securities is at most 3 years. The payment of principal and coupon is guaranteed by the government.
- Mandiri Deposit Swap (MDS)**
 This is an investment product in foreign currency which is a combination of deposit product and foreign exchange transaction. MDS provides higher yields than conventional savings products. It has the characteristic of principal protected (protected deposit placement) as well.
- Mandiri Dual Currency Investment (MDCI)**
 This is an investment product in foreign currency which is a combination of deposit product and FX option exchange sales transaction by the customers. MDCI provides higher yields than conventional savings products. It has the characteristic of non-principal protected (non-protected deposit placement) as well.

Agency Service

Custodial Services

- General Custody**
 This product is a custodial service for securities listed in BEI, shares investment, securities, etc.
- Sub Registry of Sovereign Letter (SUN) and Bank Indonesia Certificate (SBI)**
 This product is a custodial service for depository and settlement of SUN and SBI transactions.
- Custody for ADR/GDR Program**
 Service facility as an agent for conversion of shares listed in Indonesia Stock Exchange (BEI) and foreign exchange (dual listing).
- Mutual Fund Administration**
 Facility service providing mutual fund administration services issued by the Investment Manager. The types of services provided include unit pricing, registry units and accounting.
- Discretionary Fund Administration**
 Services facility that provides Discretionary Fund administration services issued by the Investment Manager. The types of services provided include unit pricing, registry units and accounting.
- Custody Euroclear**
 Bank as a direct member, provides custodial service for securities listed in Euroclear Brussels.

- **KIK-EBA Administration**

This product is a service provided by the Bank for investment administration from KIK EBA.

Trust Services

- **Trustee**

This product is a service provided by the Bank to a legal institution and a government institution that will issue Bonds/Sukuk or other Debentures.

- **Paying Agent**

This product is a service provided by the Bank to:

- Legal Institution and Government Institution that will issue Bonds/MTNs with a draft in which coupon payment and Bonds/MTN Notes are made without going through KSEI.
- Compay making payment for dividends to their shareholders that do not have Securities Account in a Custodian or Securities Company.

- **Security Agent**

This product is a service provided by the Bank to Customers conducting bilateral/multilateral transaction. Such transaction contains guaranteed goods that must be deposited and managed by Security Agent as

independent party based on Security Agent Agreement signed by the Parties.

- **Escrow Agent**

This product is a service provided by the Bank to parties conducting bilateral/multilateral transactions in which the parties require an independent party to deposit and administer the transacted funds provided that such fund complies with provisions agreed upon by the parties.

- **Receiving Bank**

This product is a service provided by the Bank for a Legal Institution that is about to conduct Initial Public Offering (IPO) of the shares.

Bancassurance Products

- **Regular Premium Unit Link:**

- **Mandiri Elite Plan**

It is a product that provides comprehensive protection complemented with features that will optimize life protection and profits of investment, with loyalty bonus as the benefit offered, given starting from the end of the 5th year since the Policy Date, to the end of the 8th year.

- **Mandiri Sejahtera Mapan**

This is a product that provides comprehensive protection for the beneficiary until his/her age gets to 100 years, complemented with choices of supplementary insurance and investment fund that suit the customer's need.

- **Mandiri Sejahtera Mapan Syariah**

This is a product that provides benefits of comprehensive life protection in the form of investment for financial planning which is designed in accordance with the principles of sharia for the customers of Bank Mandiri in order to avoid uncertainty (gharar), gambling, usury, bribery, non-sharia compliant goods, and non-sharia compliant conducts in the event of misfortune.

- **Mandiri Sejahtera Cerdas**

It is a product to assist the customers of Bank Mandiri in financial planning to ensure that the education financial for their children is well-prepared, supplemented with protection that covers the risk of death and total permanent disability, and flexibility in determining Premium and Coverage.

- **Single Premium Unit Link:**

- **Mandiri Investasi Sejahtera Plus**

This product offers the benefits of life insurance amounting to 125% of single premium for death risk, with investment. The single premium payment system of this product offers loyalty bonus given starting from the end of the 10th year and every 5 years forward.

- **Mandiri Investasi Sejahtera Plus Syariah**

This product provides life insurance against death risk, in the form of investment managed according to sharia principles to assist in financial planning, free from any uncertainty (gharar), gambling, usury, bribery, non-sharia compliant goods, and non-sharia compliant conducts.

- **Health and Protection:**

- **Mandiri Jiwa Sejahtera**

This product provides protection against life indeterminacy, such as death, with the minimum premium of Rp1.5 million/USD 300 per year.

- **Mandiri Jiwa Prioritas**

This product offers the benefits of life protection for death risk, with the flexibility in determining premium, and the Coverage starting from Rp2 billion according to the customer's needs. As a part of customer convenience, this product provides a free medical check up service for the beneficiary with Coverage up to Rp3 billion.

- **Mandiri Mikro Sejahtera**

This is a micro insurance product for micro customers of Bank Mandiri, that provides death benefit for the risk of accidents or non-accidents.

- **Mandiri Secure Plan**

This is a life protection product with the accidental death benefits amounting to 200% of the coverage, and return of premium in the end of the 5th year and end of the 10th year amounting in total to 110% of the total premium paid in 5 years, assuming that the policy is active and no claim is filed during such period.

- **Mandiri Heart Protection**

This is a product with the benefits of protection against heart attack, stroke, and death due to any cause, with the return of premium paid in the 10th (tenth) anniversary of the Policy Date as the benefit. with the total return of 105% of the total premium paid in 10 years, assuming that the policy is active and no claim is filed during such period.

- **Mandiri Kesehatan Prima**

This is a product that offers health protection benefit by providing access to health service in hospitals and reputable doctors all over the worlds and reimbursement for inpatient expenses as well as international emergency medical assistance at any moment (24 hours x 7 days).

- **Mandiri Jaminan Kesehatan**

This is a product that offers health protection benefit that covers reimbursement for inpatient hospital room daily expense, ICU expense, surgery expense, up to the hospital travel expense, and 100% Return of premium paid assuming that no claim is filed in the period of 5 consecutive years.

- **Mandiri Hospital Life**

This is a product that offers health protection benefit for all family members by providing Coverage on death risk of 100% total return of premium paid in the first to fourth year, benefit for hospital inpatient care, benefit for inpatient care due to tropical diseases.

- **Mandiri Proteksi Kanker**

This is a product that provides cash benefit of up to Rp250 million in the event that the beneficiary is diagnosed with or deceased due to cancer. This insurance also gives premium discount of 10% in the first year, return of 25%, 50%, and 100% of the premium paid, assuming that no claim is filed to the end of the 3rd (third) year, 6th (sixth) year, 9th (ninth) year, and on triennial basis (every three years).

- **Corporate Solutions:**

- **Mandiri Corporate Saving Plan**

This is a solution for companies that aim for the best service to provide for the future well-being of their employees.

- **Mandiri Corporate Health Plan**

This solution helps companies in providing health protection for their employees with comprehensive benefits that are flexible to the company's needs and budgets.

- **Mandiri Corporate Life Plan**

This is a solution for companies that intend to give life protection that covers their employees from death risk due to accidents or non-accidents.

- **Mandiri Corporate Cash Plan**

This is a solution for companies that aim to provide health protection of reimbursement for intensive care unit room daily expense during inpatient treatment in the hospital.

- **General Insurance:**

- **Fire Insurance**

This insurance covers damages for the properties of the beneficiaries from disasters such as fire, lightning strikes, explosions, airplane crashes, smokes, and others with extended coverage against natural disaster to guarantee customers' properties.

- **Auto Insurance**

This kind of insurance gives protection for customers' personal vehicle with low premium.

- **Mandiri Travel Insurance**

This insurance covers the beneficiaries from personal accidents, treatment expenses, and any inconvenience suffered when traveling, with protection coverage nearly all over the world.

Financial Institution Pension Funds (DPLK) PRODUCT

- **Money Market Investment Package**

The Investor's Fund will be 100% invested in the Money Market Instruments, such as savings in Banks and/or time deposits in Banks and/or deposit on call in Banks and/or Certificate of Deposit in Banks and/or Securities issued by Bank Indonesia and/or Government Securities and/or other money market instruments, and/or conventional or sharia Money Market-oriented Mutual Funds.

- **Fixed Income Investment Package**

The Investor's Fund will be invested at least 60% in the Permanent Income Instruments, such as Government Securities and/or Bonds of corporates listed in Indonesia Stock Exchange and/or Permanent Income-oriented Mutual Funds, and/or other fixed income-based instruments, and at most 40% in conventional or sharia Money Market Instruments.

- **Shares Investment Package**

The Investor's Fund will be invested at least 60% in the shares listed in Indonesia Stock Exchange and/or Shares-oriented Mutual Funds, and at most 40% in conventional or sharia Money Market Instruments and/or Permanent Income Instruments.

- **Combo Investment Plan**

The Investor's Fund will be invested in the combination of Money Market Instruments, Fixed Income Instruments, and Shares Instruments within the instruments as referred to in the article (1) according to the percentage specified by conventional or sharia Pension Fund.

- **Sharia Investment Package**

The Investor's Fund will be 100% invested in the Money Market Instruments or Fixed Income Instruments based on the principles of sharia such as Islamic-Based Government Securities (SBSN) and or Corporate Bonds listed in Indonesia Stock Exchange and/or Fixed Income- and/or Money Market-based Islamic Mutual Funds, and/or savings in Banks and/or time deposit in Banks and/or deposit on call in Banks and/or Certificate of Deposit in Banks and/or Islamic Securities issued by Bank Indonesia.

E-Channel Service

- **Mandiri Internet/Mandiri Internet Bisnis**

This product is an e-banking service to conduct financial and non-financial transactions using Internet banking application. Such application is provided for business Customers from individual and corporate segments especially small and medium enterprise category. Features contained in the Mandiri Internet Business service i.e. General Information on the Account, transfer, payment, purchase, administration, business information, and business activities.

- **Mandiri SMS**

This product is an e-banking service to access account using mobile/HP. This transaction may be made via Mandiri SMS i.e. Financial and non-financial transactions.

- **Mandiri Online**

This product is an integrated service between Mandiri Internet and Mandiri Mobile. It comes with a new update to provide more comfort and convenience in providing information and conducting financial transaction activities.

- **Mandiri ATM**

This product is a banking service via ATM Mandiri machine, using Mandiri Debit Card to access Mandiri Savings or Mandiri Current Account anytime as necessary.

- **Mandiri Call**

This product is a 24-Hour automated banking service via phone or mobile to facilitate Customers in managing their finance anytime anywhere.

- **Mandiri EDC**

It is an Electronic Data Capture (EDC) machine available at merchants as a tool functioned to receive Mandiri Electronic Card transactions through Visa International Network and Bank Mandiri..

- **Mandiri e-money**

This is a multifunction pre-paid card issued by Bank Mandiri instead of paying in cash for payment transaction.

- **Mandiri e-cash**

This is a server based e-money utilizing application technology available in handphone and USSD enabling the users to make banking transaction without opening account at Bank Mandiri branches.

- **Mandiri Branchless Banking**

This is a limited banking system service made without utilizing physical office of Bank Mandiri. Instead, this service utilizes advanced facilities and third party services/ Agent mainly to serve unbanked and underbanked people.



Map of Operational Areas

Currently, Bank Mandiri has 1 Head Office and a network of 2,838 offices that comprise branch offices, subbranch offices, offshore offices, cash offices, and other network of offices such as payment point, mobile cash, and micro mobile cash.

Table of Office Network for the past 5 years

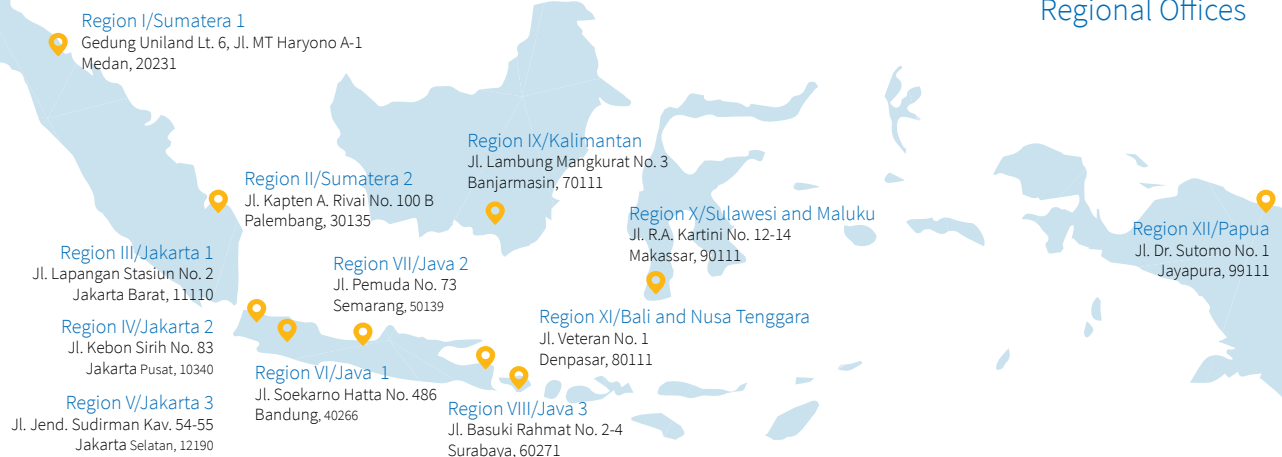
Jenis Kantor	2017	2016	2015	2014	2013
Head Office	1	1	1	1	1
Branch Office	139	139	137	136	133
Overseas Branch Office	7	7	7	7	7
Sub-Branch Office	2,315	2,261	2,076	1,915	1,616
Cash Office	177	199	244	261	301
Other Type of Office	215	182	171	163	143
• Payment Point	129	117	106	99	86
• Mobile Cash	59	59	59	59	57
• Micro Mobile Cash	27	6	6	5	0
ATM	17,766	17,461	17,388	15,344	11,514

Bank Mandiri Cayman Islands Branch
Avenue PO BOX 10198,
Grand Cayman KY 1-1002 Cayman Islands

Table of Office Network Per Region of 2017

Area	Type of Office						
	Branch Office	Sub-Branch Office	Office Cash	Other Office Network			
				Payment Point	Cash Mobile	Micro Mobile Cash Office	ATM
SUMATERA 1	18	249	16	25	4	2	1,482
SUMATERA 2	14	217	3	4	8	4	1,068
JAKARTA 1	12	228	51	8	1	2	2,739
JAKARTA 2	10	205	25	14	2	1	2,380
JAKARTA 3	8	172	19	3	-	1	2,284
JAVA 1	9	221	6	10	-	2	2,088
JAVA 2	10	254	8	37	7	3	1,395
JAVA 3	12	297	14	10	10	2	1,542
KALIMANTAN	12	147	12	6	16	3	895
SULAWESI AND MALUKU	19	166	8	6	5	3	863
BALI AND NUSA TENGGARA	5	107	11	3	4	2	716
PAPUA	10	52	4	3	2	2	314
TOTAL	139	2,315	177	129	59	27	17,766

Regional Offices



Overseas Branch Offices



Innovation on Outlet

PRIVATE BANKING OFFICE





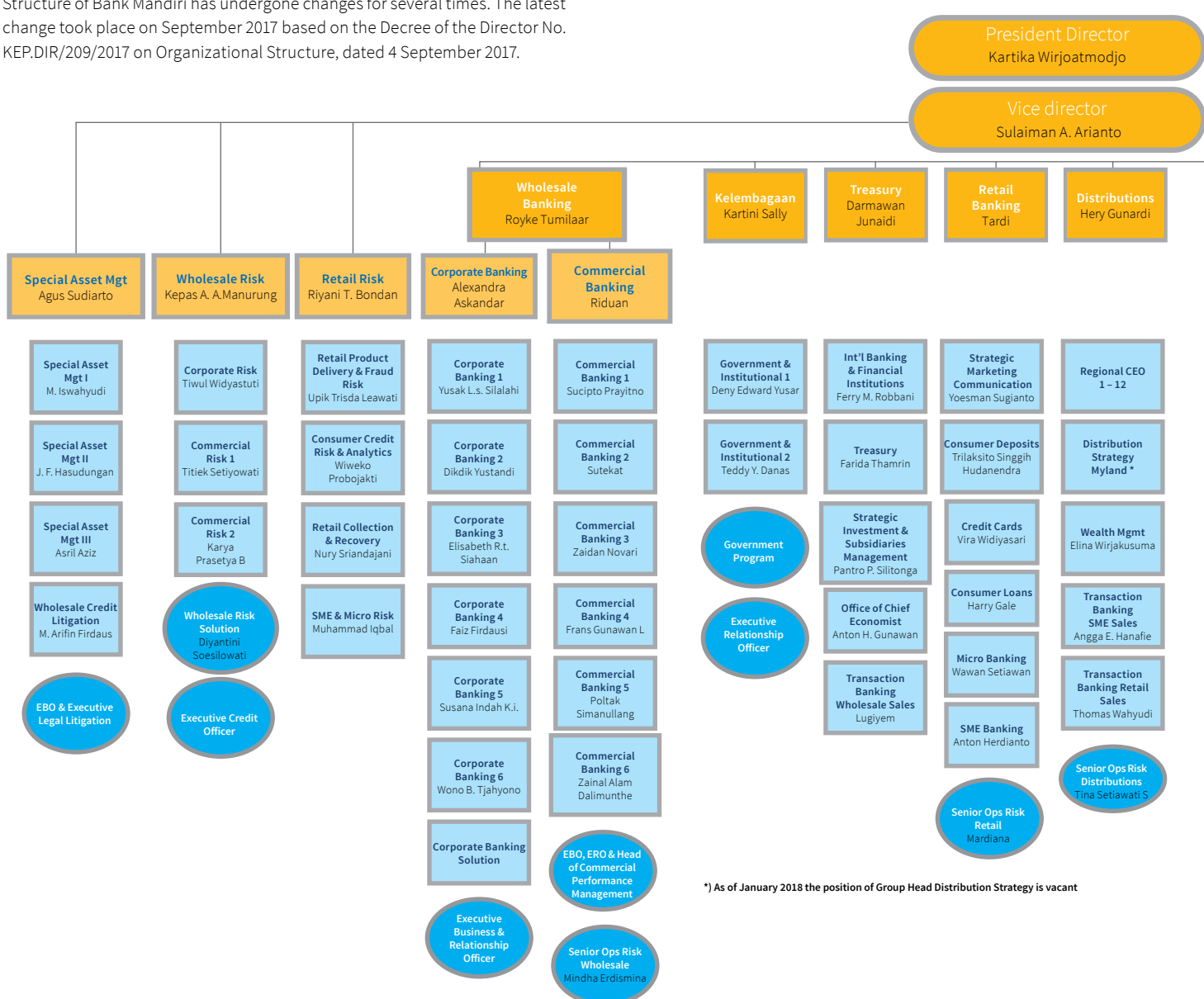
Bank Mandiri continues to improve the quality of premium service for the customers of the wealth segment by expanding exclusive facilities that will increase customer convenience and satisfaction when making transaction. On 25 September 2017, Bank Mandiri presented Mandiri Private Banking Office, a facility that offers unique and excellent features of service for Mandiri private's Corporate customers. Mandiri Private Banking Office is one of the realizations of

business development strategies through retail segments fronting by increasing the quality and quantity of added value for the customers.

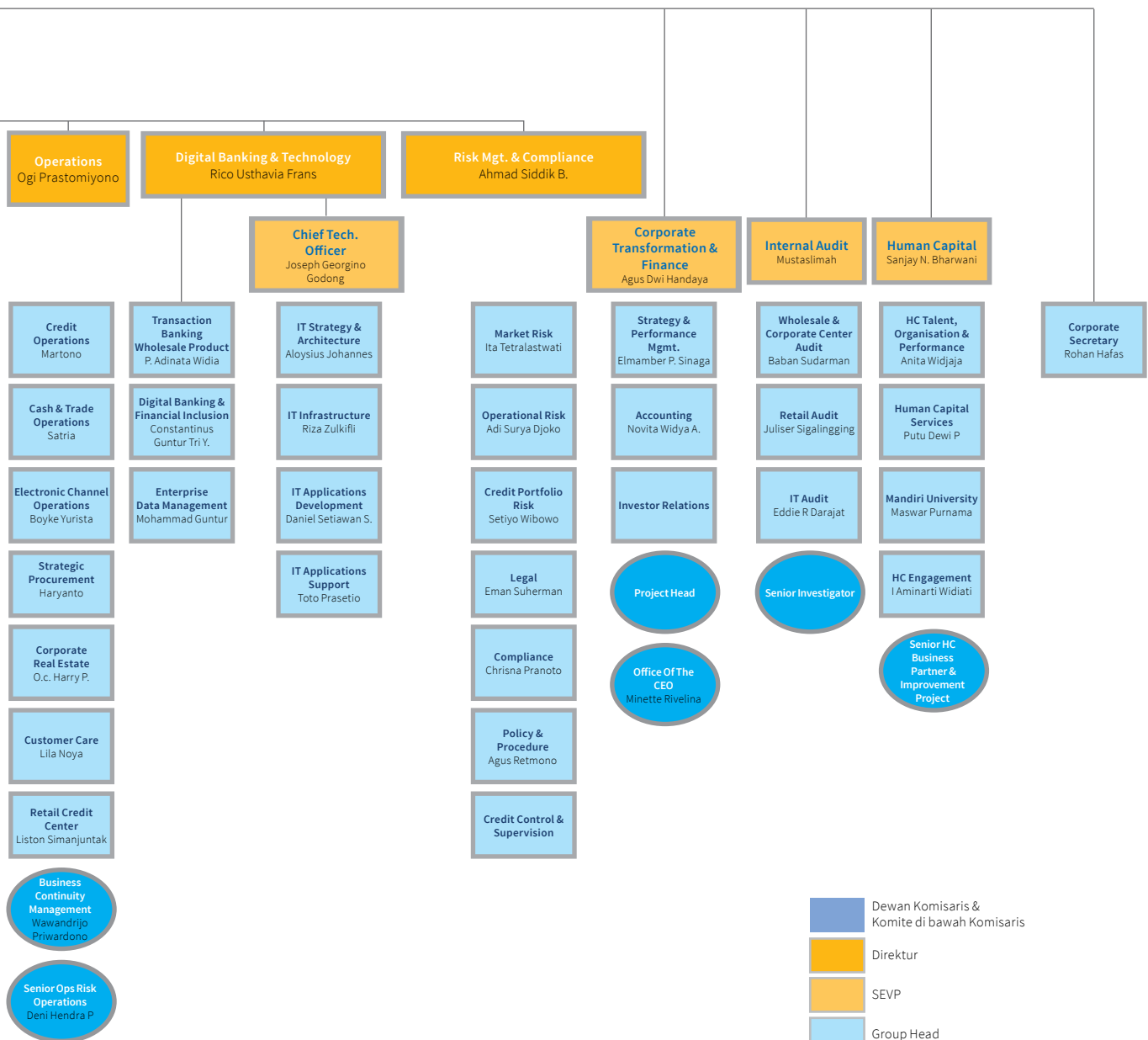
In the future, Mandiri Private Banking Office will be expanded to other major cities such as Medan and Surabaya to serve more customers, and to provide Mandiri private's customers with the finest service wherever they are located.

Organizational Structure

Along with the business development of the Company, the Organizational Structure of Bank Mandiri has undergone changes for several times. The latest change took place on September 2017 based on the Decree of the Director No. KEP.DIR/209/2017 on Organizational Structure, dated 4 September 2017.

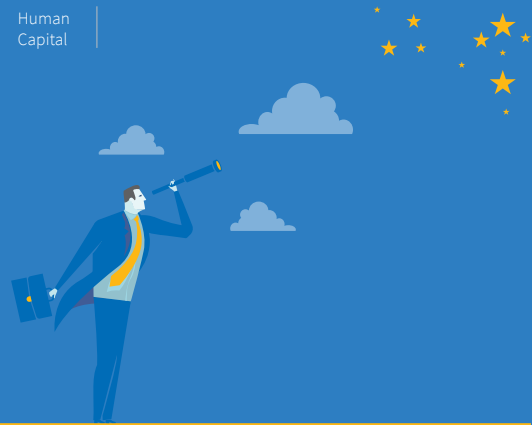


Integrated Governance Committee



- Dewan Komisaris & Komite di bawah Komisaris
- Direktur
- SEVP
- Group Head
- Pejabat Fungsional dan Bukan Struktural

Company Vision, Missions, and Culture



Vision

The long term vision of Bank Mandiri in 2020 is becoming Indonesia's best, ASEAN's prominent with the main milestone of achieving Market Capitalization value amounting to Rp500 trillion in 2020, year-on-year credit growth rate of 3% above market's value, and becoming the employer of choice in Indonesia. The description of the said vision is as follows:

- a. Commits to build a long term relationship with business and individual customers based on trust. Bank Mandiri serves every customer with compliance to the international service standards through innovative financial solutions. It also strives for recognition for the best performance, human capital, and teamwork.
- b. Actively participates in driving long term growth of Indonesia and consistently provides high return for the shareholders.

Mission

To support the Vision, the Missions of Bank Mandiri have been stated as follows:

- a. Oriented towards market needs fulfillment**
 - 1) Prioritizing the interest of customers
 - 2) Providing the best service in a professional and friendly manner.
 - 3) Suggesting competitive and secured products.
- b. Developing professional human capital**
 - 1) Providing equal job opportunity for everyone.
 - 2) Recruiting, training, and developing human capital based on skills and capabilities.
 - 3) Providing reward and promotion to compensate achievement and dedication
- c. Gaining maximum benefit for the stakeholders.**
 - 1) Providing maximum benefits to all concerned parties.
 - 2) Ensuring sustainable growth and profit increase.
- d. Conducting a transparent management**
 - 1) Possessing high work commitment.
 - 2) Implementing open management and effective cooperation.
- e. Caring for social and environmental issues**

Taking into account social interests and environment in making decisions.

The Vision and Missions of the Company have been discussed and approved in the Meeting of Board of Directors on 27 September 2016 and the Meeting of Board of Commissioners on 28 February 2017.

Review on Vision and Missions by The Board of Commissioners and The Board of Directors

The Vision and Missions of Bank Mandiri is reviewed quinquennially, whereas the achievement of milestone is reviewed semi-annually for short-term and medium-term targets, i.e. by conducting Board Retreat (Mid-Year Retreat and End-of-Year Retreat) in June and December. The review of milestone achievement was executed for the last time in the event of End-of-Year Board Retreat in Bogor on 4-5 December 2017, attended by Board of Directors and Senior Executive Vice President.

Bank Mandiri involves all members of top management (Board Of Directors and Senior Executive Vice President) independent party to review the vision and mission, which has been constantly carried out to this day, and to review several primary indicators semi-annually in order to achieve Bank Mandiri's Vision of 2020 according to the predefined target.

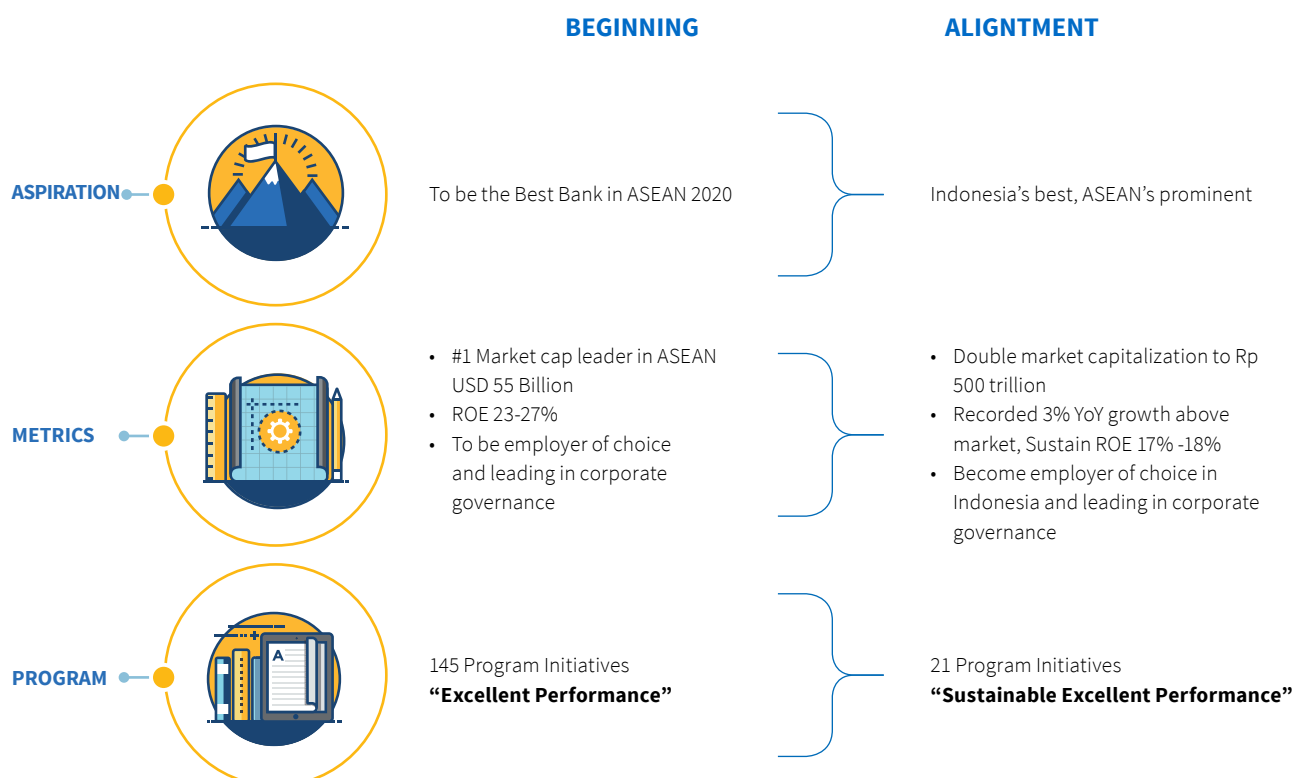
The Background of Corporate Plan 2015-2020 Alignment (Corporate Plan Restart 2016-2020)

An alignment was carried out for Corporate Plan 2015-2020 in the Meeting of Board of Directors on 27 September 2016. This was conducted since Bank Mandiri deemed the established Corporate Plan was considered inappropriate with the circumstance of the Company at that moment. In 2016, there was deceleration of macro economy indicated by the significant increase of non-performing loan in Bank Mandiri. Such increase occurred specifically on the credit quality of a segment that dominates the credit growth of Bank Mandiri to date, yet not the early core competency of the Company.

In such condition, without any intention to widen the gap of market capitalization, Bank Mandiri felt the urge to adjust the aspiration and vision of itself and Corporate Plan 2020, and return to Corporate Banking that serves as its early Core Competence.

As for the result of alignment of the aspiration and visions of Bank Mandiri 2020 and of the Corporate Plan 2020 to support sustainable growth is as follows:

The Alignment of Aspiration and Vision of Bank Mandiri 2020



Alignment of Corporate Plan 2020



Indonesia's Best, ASEAN's Prominent

Accelerate
the Growth
Segment

Top of mind in Consumer banking

Triple growth in micro-KSM

Prudent growth in SME & micro-KUM

Integrate
the Group

Strong presence in ASEAN:
4% contribution to Revenues

Improving distribution network:
20% growth in branch Revenues

Tapping synergy potentials to drive
Subsidiaries performance:
20% contribution to Revenues

Deepen Client
Relationship

Number 1 corporate banking

Growing with the market
in Commercial Banking

Focusing products and solutions
development for 3-4 sectors

DIGITAL: SERVICE MODEL TRANSFORMATION

PROCESS: SAFE, FAST, PRODUCTIVE

ONE HEART, ONE MANDIRI: HUMAN CAPITAL AND CORPORATE CULTURE

Company Strategy

3 main focus to support the achievement of aspiration of Bank Mandiri are listed as follows.



Indonesia's Best, ASEAN's Prominent

Implementasi Top 21 BoD Initiatives

Business
Refocusing

"The Core" Corporate Banking

"The New Core" Consumer Banking
(KTA, KPR, Credit Card, Autoloan & payroll,
Mikro KSM).

"Tactical Segment": Commercial and SME
Focused on quality improvement.

Cross Selling
Bank@Work, Retail Ready Branch.

Execution and replication of wholesale
transactions and deepening of the Top
Anchor Client B business

Fixing the
Fundamental

Improved Asset Quality,
Collection and Recovery

Implementation of Dynamic Credit
Portfolio Management

Adjustment of Distribution Organization

Digital Banking and Data Analytic

Efficiency and Productivity

Strengthen
Enablers

Information & Technology:
Stability and Strengthening of
Infrastructure

Human Capital: Talent Management and
Competency Development

Culture: TIPCE with emphasis to:
One Heart One Mandiri,
Mandiri Grow Healthy & Spirit of
prosperity the country

Company Culture

To drive the achievement of the vision and mission, and to ensure the effectiveness of the strategy applied, Bank Mandiri has defined and implemented the company culture that functions as the core values, abbreviated "TIPCE", described below:



Trust

Building good faith and confidence in a sincere and open relationship based on reliability.



Integrity

Acting truthfully, with dignity and upholding professional ethics.



Professionalism

Completing the work accurately based on a high level of competence with a full sense of responsibility.



Customer Focus

Always positioning our internal and external customers as a focus to build a positive experience and mutually beneficial relationship in a sustaining growth.



Excellent

Always striving to achieve excellence and perfection, an expression of love and pride as a personnel of Bank Mandiri.

Eleven Key Behaviors

TIPCE cultures that previously only covered 10 Major Behaviors has now been updated to 11 Major Behaviors. These changes were made to achieve the company's vision on becoming the best banking institution in ASEAN region by 2020. As for the 11 Main Bank Mandiri Behaviors, among others:

Trust	1. Honesty, sincerity, openness, and frankness. 2. Empowering potential, showing composure, continuously seeking synergies, and promoting mutual respect.
Integrity	3. Discipline, consistency, and fulfillment of commitments. 4. Thinking, speaking, and acting in a commendable manner.
Professionalism	5. Having the characteristics of reliable, resilient, responsible, willing to learn, and self-confident. 6. Spirit of intrapreneurship and courage to take decisions based on calculated risk.
Customer Focus	7. Identifying the needs and desires of customers in a proactive manner and providing holistic solutions to such needs and desires. 8. Providing the best possible services in a fast, precise, straightforward, and accurate manner while always prioritizing customer satisfaction.
Excellent	9. Having the attributes of patriotism, a winning mentality, and the courage to make a breakthrough. 10. Innovative in creating opportunities to perform beyond expectations. 11. Focus and discipline in achieving priorities.



SEVP Human Capital Bank Mandiri, Mr. Sanjay N. Bharwani was delivering elaboration during the Socialization and Provisioning Event of Change Agent Restart Culture Program.

Board of Commissioners Profile



Hartadi A. Sarwono

(President Commissioner/Commissioner Independent)



Wimboh Santoso

(President Commissioner)*

Indonesian	Nationality	Indonesian
Jakarta	Domicile	Jakarta
Born in Jakarta in 1952, 65 years old as of December 2017.	Place and Date of Birth/Age	Born in Boyolali in 1957, 60 years old as of December 2017.
<ul style="list-style-type: none"> Earned Bachelor's Degree in Civil Engineering from Institut Teknologi Bandung in 1979. Master of Arts in Macroeconomics from University of Oregon, United States, in 1985. Doctor of Philosophy in Monetary Theory and Policy from University of Oregon, United States, in 1989. 	Education Background	<ul style="list-style-type: none"> Bachelor of Economics from Sebelas Maret State University, Solo, in 1983 Master of Business Administration from University of Illinois, USA in 1993; Doctorate in Financial Economics from University of Loughborough, London, in 1999
<ul style="list-style-type: none"> Certification of Level 2 Risk Management for Commissioners obtained from Risk Management Certification Agency (2016). Refreshment Program of Risk Management Certification organized by IBI and Banking Profession Certification Agency (2017). 	Certification	Certification of Level 1 Risk Management for Commissioners obtained from the Professional Banker Certification Agency in 2016.
<ul style="list-style-type: none"> Logistic staff of Bank Indonesia (1980-1983). Junior Economics Researcher in the Research and Development Desk (1989-1990). Staff of Bank Indonesia Governor (1990-1993). Head of General Economy Division (1993-1994). Head of Monetary Division (1994-1996). Head of Policy Analysis and Planning Division (1996-1997). Deputy Director of Economy and Monetary Policy Research (1997-2000). Director of Economy and Monetary Policy Research (2000-2003). Director/Head of Bank Indonesia's Representative Office-Tokyo (February 2003-June 2003) Deputy Governors of Bank Indonesia (June 2003-June 2008 and June 2008-June 2013). President Commissioner of PT Bank Negara Indonesia (Persero) Tbk (04 May 2016 – 21 August 2017). President Commissioner/Independent Commissioner of Bank Mandiri (August 2017-Present). 	Work Experience	<ul style="list-style-type: none"> Examiner staff - Bank Indonesia (1984-1990). Section Head of Internal Research and Research Affairs & Internal Development Bureau (UPPN) of Bank Indonesia (1993-1994). Senior Researcher-Director of Banking Research and Development of Bank Indonesia (1999-2003). Chairman of Banking Transformation Unit of Bank Indonesia (2001-2003). Executive Researcher-Director of Banking Research and Development (DPNP) of Bank Indonesia (2003-2005). Head of the Financial System Stability Bureau of Bank Indonesia (2006-2009). Director of Banking Research and Development (DPNP) of Bank Indonesia (2010-2012). Head of Bank Indonesia's New York Representative Office (2012-2013). Executive Director of IMF (2013-2015). President Commissioner of Bank Mandiri (2015-July 2017).
Appointed President Commissioner/Independent Commissioner for the first time by the Extraordinary General Meeting of Shareholders of 21 August 2017 pursuant to the Deed of Resolutions of Extraordinary General Meeting of Shareholders No. 28 dated 17 November 2017.	Legal Basis of Appointment	Appointed as President Commissioner for the first time by the Extraordinary General Meeting of Shareholders pursuant to the Deed of Resolutions of Extraordinary General Meeting of Shareholders (RUPS LB) No. 37 dated 26 February 2016.
President Director of Indonesian Banking Development Agency since 26 August 2013 to date.	Concurrent Position	<ul style="list-style-type: none"> Adjunct lecturer and Co-Promotor of Master education program in various Universities (2003-present). Director of Indonesian Banking Development Agency (2016-present).
No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or majority shareholders.	Affiliations	No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or majority shareholders.
-	Shareholding of BMRI Shares	-
November 15, 2017 up to the close of the 2022 GMS (First Period)	Period	*February 16, 2016 through July 20, 2017

**Imam Apriyanto Putro**

(Deputy President Commissioner)

Goei Siauw Hong

(Independent Commissioner)

Indonesian	Nationality	Indonesian
Jakarta	Domicile	Jakarta
Born in Malang in 1963, 54 years old as of December 2017.	Place and Date of Birth/Age	Born in Jember in 1964, 53 years old as of December 2017.
<ul style="list-style-type: none"> Bachelor of Economics in Management from Universitas Diponegoro, Semarang, in 1988. Master of Management from Sekolah Tinggi Ilmu Ekonomi IBII, Jakarta, in 2000. 	Education Background	<ul style="list-style-type: none"> Bachelor's Degree in Agronomy from the Bogor Agricultural Institute in 1988. Master of Business Administration (MBA) in Business, Finance, and Marketing from Indiana University, Bloomington, USA, in 1993.
Certification of Level 1 Risk Management for Commissioners obtained from Risk Management Certification Agency in 2015.	Certification	Certification of Level 2 Risk Management for Commissioners obtained from the Professional Banker Certification Agency in 2015.
<ul style="list-style-type: none"> Acting Section Head of Funding and Resources Analyst in the Ministry of State-Owned Enterprises (1993-2010). Commissioner of PT Permodalan Nasional Madani (Persero) (2007-2011). Assistant of Research and Information Department in the Ministry of State-Owned Enterprises (2010-2012). Commissioner of PT Petrokimia Gresik (Persero) (2011-2012). Commissioner of PT Bukit Asam (Persero) Tbk (2011-2013). Head of Planning and Human Resource Bureau in the Ministry of State-Owned Enterprises (2012-2012). Acting Deputy of Infrastructure and Logistics Business Sector of the Ministry of State-Owned Enterprises (2013). Commissioner of PT Semen Indonesia (Persero) Tbk (2013-2014). Secretary to the Ministry of State-Owned Enterprises (2013-present). Commissioner of PT Telekomunikasi Indonesia (Persero) Tbk (2014-2015). Vice President Commissioner of Bank Mandiri (2015-present). 	Work Experience	<ul style="list-style-type: none"> System Analyst in Astra Graphia (1988-1991). Equity Analyst and Senior Equity Analyst in WI Carr Indonesia (1993-1995). Deputy Head of Research and Head of Research in CLSA Indonesia (1995-1996). Head of Research in SocGen Crosby (1996-1998). Vice President of Research in Nomura Singapore (1998-1999). Head of Research in Nomura Indonesia (1999-2001). Member of Risk Monitoring Committee of Bank Permata (2006-2010). Independent Commissioner of Bank Mandiri (2015-present).
Appointed as Vice President Commissioner for the first time by Annual General Meeting of Shareholders (GMS) of 16 March 2015 pursuant to the Deed of Resolutions of Annual GMS No. 35 dated 15 June 2015.	Legal Basis of Appointment	Appointed as Independent Commissioner for the first time by Annual General Meeting of Shareholders (GMS) of 16 March 2015 pursuant to the Deed of Resolutions of Annual GMS No. 117 dated 30 June 2015.
Secretary to the Ministry of State-owned Enterprises	Concurrent Position	President Director of Gagah Prima Solusi since 2001 to date.
No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or majority shareholders.	Affiliations	No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or majority shareholders.
-	Shareholding of BMRI Shares	-
up to the close of the 2022 GMS (First Period)	Period	up to the close of the 2022 GMS (First Period)

**Bangun Sarwito Kusmulyono**

(Independent Commissioner)

**Makmur Keliat**

(Independent Commissioner)

Indonesian	Nationality	Indonesian
Jakarta	Domicile	Bogor.
Born in Bogor in 1943, 74 years old as of December 2017.	Place and Date of Birth/Age	Born in Medan in 1961, 56 years old as of December 2017.
<ul style="list-style-type: none"> Earned Bachelor's Degree in Chemical Engineering from Institut Teknologi Bandung in 1970. Master of Business Administration from University of Southern California, Los Angeles, USA, in 1974. Doctor's degree in Environment Management from Institut Pertanian Bogor in 2007. 	Education Background	<ul style="list-style-type: none"> Bachelor Degree in Corporate Economics from the UPN "Veteran" University in 1984, Bachelor of Art in Social and Political Sciences / International Relations Department from Gadjah Mada University in 1984, Drs. in Social and Political Sciences / International Relations Department from Gadjah Mada University in 1986 and Ph.d in School of International Studies from Jawaharlal Nehru University in 1995.
<ul style="list-style-type: none"> Certification of Level 2 Risk Management for Commissioners obtained from Risk Management Certification Agency in 2016. Refreshment Program of Risk Management Certification organized by Banking Professional Certification Agency 2016. 	Certification	Certification of Level 2 Risk Management for Commissioners obtained from Banking Professional Certification Agency in 2017.
<ul style="list-style-type: none"> Executive staff of Indonesia's Investment Coordinating Board (BKPM) (1970-1972). President Director of Bank Nusa International (1988-1998). 5th Batch of National Resilience Institute Short Course (1995). A Member of Board of Commissioners of Maybank Nusa (1990-1997) A Member of Board of Commissioners of Bank Niaga (1998-1999) President Director of Permodalan Nasional Madani (1999-2005). A Member of Board of Commissioners of Syarikat Takaful Indonesia (1999-2005). Independent Commissioner of Bank Rakyat Indonesia (2005-2010). Independent Commissioner of Bank Rakyat Indonesia (2010-2015). Independent Commissioner of Bank Mandiri (2015-present). 	Work Experience	<ul style="list-style-type: none"> Lecturer in the International Relations Department of Social and Political Science Faculty of Universitas Indonesia in 1999. Head of Graduate Program in the International Relations Department of Social and Political Science Faculty of Universitas Indonesia (2002-2004). Executive Director of Global Society Studies Center (PACIVIS UI) (2002-2004). Executive Director of CEACoS (Center for East Asia Cooperation Studies) of FISIP UI (2005-2007). Research and Publication Manager of Social and Political Science Faculty of Universitas Indonesia (2007-2008). Head of Graduate Program in the International Relations Department of Social and Political Science Faculty of Universitas Indonesia (2009-2012). Special Staff of Cabinets Secretariat of the Republic of Indonesia (May to August 2015). Independent Commissioner of Bank Mandiri (March 2017-present).
Appointed as Independent Commissioner for the first time by Annual General Meeting of Shareholders (GMS) of 16 March 2015 pursuant to the Deed of Resolutions of Annual GMS No. 117 dated 30 June 2015.	Legal Basis of Appointment	Appointed as Independent Commissioner for the first time by Annual General Meeting of Shareholders of 14 March 2017 pursuant to the Deed of Resolutions of General Meeting of Shareholders No. 28 dated 17 November 2017.
Chairman of National Committee of Micro Finance Empowerment of Indonesia (PKMI) since 2005 to date.	Concurrent Position	Currently serves as Lecturer in the International Relations Department of Social and Political Science Faculty of Universitas Indonesia since 1 March 1999.
No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or majority shareholders.	Affiliations	No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or majority shareholders.
-	Shareholding of BMRI Shares	-
up to the close of the 2022 GMS (First Period)	Period	up to the close of the 2022 GMS (First Period)



Askolani
(Commissioner)



Ardan Adiperdana
(Commissioner)

Indonesian	Nationality	Indonesian
Jakarta.	Domicile	Jakarta.
Born in Palembang in 1966, 51 years old as of December 2017.	Place and Date of Birth/Age	Born in Singkawang in 1960, 57 years old as of December 2017.
<ul style="list-style-type: none"> Bachelor of Economics and Development Study from Universitas Sriwijaya in 1990. Master's degree in Economics and Banking from University of Colorado, Denver, USA, in 1999. 	Education Background	<ul style="list-style-type: none"> Bachelor of Economics from STAN in 1987. Master's degree in Business Administration from Saint Mary's University (SMU), Nova Scotia, Canada, in 1992. Doctor's Degree in Strategic Management from Universitas Indonesia in 2013.
Certification of Level 1 Risk Management for Commissioners obtained from the Professional Banker Certification Agency in 2014.	Certification	Certification of Level 1 Risk Management for Commissioners obtained from the Professional Banker Certification Agency in 2016.
<ul style="list-style-type: none"> Director of Non-Tax State Revenue (PNBP) in the Ministry of Finance (2011-2013). Commissioner of PT Indonesia Ferry (ASDP) (2007-2010). Commissioner of PT Pertamina Gas (2012-2013). Commissioner of PT Angkasa Pura I (2013-2014). Governor of Indonesia in Opex Fund for International Development (OFID) (2015). Commissioner of Bank Mandiri (2014-present). 	Work Experience	<ul style="list-style-type: none"> Commissioner of PT Hotel Indonesia Natour (Persero) (2011-2013). President Commissioner of PT Jasa Raharja (Persero) (2013-2015). Commissioner of Bank Mandiri (2016-present).
Appointed as Commissioner for the first time by the Extraordinary General Meeting of Shareholders of 21 May 2014 pursuant to the Deed of Resolutions of Extraordinary General Meeting of Shareholders (RUPS LB) No. 20 dated 15 September 2014.	Legal Basis of Appointment	Appointed as Commissioner for the first time by Annual General Meeting of Shareholders of 16 March 2015 pursuant to the Deed of Resolutions of Annual GMS No. 13 dated 11 October 2016.
Director General of Budget of the Ministry of Finance since 2013 to date.	Concurrent Position	Head of Development Finance Comptroller (BPKP) since 2015 to date.
No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or majority shareholders.	Affiliations	No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or majority shareholders.
-	Shareholding of BMRI Shares	-
up to the close of the 2019 GMS (First Period)	Period	up to the close of the 2021 GMS (First Period)

**R. Widyo Pramono**

(Commissioner)

**Aviliani**

(Independent Commissioner)*

Indonesian	Nationality	Indonesian
Jakarta	Domicile	Jakarta.
Born in Nganjuk in 1957, 60 years old as of December 2017.	Place and Date of Birth/Age	Born in Malang in 1961, 56 years old as of December 2017.
<ul style="list-style-type: none"> Bachelor of Law from State University of Solo, Surakarta in 1984, Master of Management from STIE IPWI, Jakarta in 2001, Master of Law from Gadjah Mada University, Yogyakarta in 2007; Doctorate in criminal law from Padjadjaran University, Bandung in 2012; Inaugurated as a Professor of Criminal Law at Diponegoro University in 2015. 	Education Background	<ul style="list-style-type: none"> Bachelor's Degree in Economic Management from Universitas Atma Jaya in 1985. Magister Management in Social and Political Science from Universitas Indonesia in 1995. Doctor's degree in Business Management from Institut Pertanian Bogor in 2012.
Certification of Level 1 Risk Management for Commissioners obtained from Banking Professional Certification Agency in 2017.	Certification	<ul style="list-style-type: none"> Certified as Competency Assessor in Risk Management by Profession Certification National Agency in 2014. Refreshment Program of Risk Management Certification organized by BARa Risk Forum in 2016.
<ul style="list-style-type: none"> Administrative Staff of District Prosecutor's Office of Jakarta Selatan (1986-1990). Prosecutor/Sub-Section Head of Pre-Prosecution of Head of Crime Section Prosecutor/Sub-Section Head of Economic Crime of Head of Special Crime Section Prosecutor/Sub-Section Head of Prosecution of High Prosecutor's Office of DKI Jakarta (1995) Head of Academic and Grading Subdivision of Education and Training Center of Attorney General's Office of the Republic of Indonesia (1995-1996). Prosecutor/Directorate of Other General Crimes (TPUL) of Head of Examination I Section of Examination Subdirectory Office (1996-1998). Head of General Crimes Administration of the Secretary to Junior Attorney General of Attorney General's Office of the Republic of Indonesia (1998-1999). Attaché of Attorney General's Office of Indonesian Embassy in Bangkok, Thailand (1999-2003). Head of Sukabumi District Prosecutor General's Office in the Provincial Prosecutor's Office of West Java (2003-2005). Division Head of International Legal Cooperation in Junior Attorney General for Development of Attorney General's Office of the Republic of Indonesia (2005-2006). Special Assistant of Attorney General of the Republic of Indonesia (2006-2007). Head of Public Bureau (2007-2008). Head of Provincial Prosecutor's Office of Papua in the Attorney General's Office of the Republic of Indonesia (2008-2009). Inspector of General Crimes in Junior Attorney General for Supervision (2009-2010). Head of Provincial Prosecutor's Office of Central Java (2010-2011). Secretary to the Junior Attorney General for Public Crimes (2011-2012). Expert Staff of Attorney General of the Republic of Indonesia for Public Crimes (2012-2013). Junior Attorney General for Special Crimes (2013-2015). Junior Attorney General for Supervision (2015-August 2017). Commissioner of Bank Mandiri (August 2017-present). 	Work Experience	<ul style="list-style-type: none"> Director of Development in INDEF (1997-1999). Vice Director of Research and Dedication in Perbanas (1997-1999). Assistant Chairman (ASSISTANT RECTOR II) in Perbanas (2000-2002). Head of Department in Universitas Paramadina (2002-2005). Independent Commissioner of PT BRI (Tbk) (2005-2014), Secretary to National Economy Committee (KEN) (2010-2014). Vice Secretary to the Committee for the Expansion and Acceleration of Indonesian Economic Growth (KP3EI) (2012-2014). Independent Commissioner of Bank Mandiri (2014-March 2017).
Appointed as Commissioner for the first time at the Extraordinary General Meeting held on August 21, 2017 based on Extraordinary Shareholders' General Meeting, 25 dated January 23, 2018	Legal Basis of Appointment	Appointed as Independent Commissioner for the first time by the Extraordinary General Meeting of Shareholders of 21 May 2014 pursuant to the Deed of Resolutions of Extraordinary General Meeting of Shareholders (RUPS LB) No. 31 dated 15 September 2014.
No concurrent position served in other company or institution.	Concurrent Position	Independent Commissioner of PT Dyandra Media Internasional Tbk since 2012.
No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or majority shareholders.	Affiliations	No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or majority shareholders.
-	Shareholding of BMRI Shares	-
up to the close of the 2022 GMS (First Period)	Period	*September 3, 2014 through March 14, 2017

**Abdul Aziz**

(Independent Commissioner)*

Indonesian	Nationality
Jakarta.	Domicile
Born in Jakarta in 1961, 56 years old as of December 2017.	Place and Date of Birth/Age
<ul style="list-style-type: none"> Bachelor's Degree in Fishery/Social Economics from Institut Pertanian Bogor in 1987. Master's degree in strategic management from Institut Pendidikan dan Pengembangan Manajemen in 1993. 	Education Background
<ul style="list-style-type: none"> Certification of Level 2 Risk Management for Commissioners obtained from the Professional Banker Certification Agency in 2015. Refreshment Program of Risk Management Certification organized by BARa Risk Forum in 2016. 	Certification
<ul style="list-style-type: none"> Staff in PT Aquatic Konsultan (1987-1988). Marketing Staff in PT Pusat Pengembangan Agribisnis (1988-1990). Business development staff in Ulumul Qur'an Magazine (1990-1993). Manager of PT Pasarini Padibumi (1993-1997). Commissioner of PT Panca Nugraha Paramitra (1997-2005). Commissioner of PT PLN (Persero) (2009-2013). President Director of PT Sarana Jasa Utama (2005-2015). Non-Independent Commissioner of Bank Mandiri (2013-2015). Independent Commissioner of Bank Mandiri (2015-March 2017). 	Work Experience
Appointed as Commissioner by Annual General Meeting of Shareholders dated 2 April 2013 pursuant to the Deed of Resolutions of Annual GMS No. 3 dated 01 November 2013 and at the time of Annual GMS on 16 March 2015, he was transferred to an Independent Commissioner.	Legal Basis of Appointment
No concurrent position occupied in other company or institution.	Concurrent Position
No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or majority shareholders.	Affiliations
-	Shareholding of BMRI Shares
* June 25, 2013 through March 14, 2017	Period

Board of Directors Profile



Kartika Wirjoatmodjo

(President Director)



Sulaiman Arif Arianto

(Deputy President Director)

Indonesian	Nationality	Indonesian
Jakarta	Domicile	Jakarta
Born in Surabaya in 1973, 44 years old as of December 2017.	Place and Date of Birth/Age	Born in Boyolali in 1959, 58 years old as of December 2017.
<ul style="list-style-type: none"> Bachelor of Economics majoring in accounting from the University of Indonesia in 1996 Master of Business Administration from Erasmus University in Rotterdam in 2001. 	Education Background	<ul style="list-style-type: none"> Bachelor of Animal Husbandry from the Bogor Agricultural Institute in 1981 Master of Business Administration in Finance from the University of New Orleans, USA in 1991
He earned the Level 5 Risk Management Certification in 2015 and has participated in the Refreshment Program of Risk Management Certification in 2017 by the Banking Professional Certification Agency.	Certification	He earned the Level 5 Risk Management Certification in 2015 and has participated in the Refreshment Program of Risk Management Certification in 2017 by the Banking Professional Certification Agency.
<ul style="list-style-type: none"> Tax and Accounting Consultant at RSM AAJ (1995-1996). Credit Analyst at Industrial Bank of Japan (1996-1998). Senior Consultant at PwC Financial Advisory Services (1998-1999). Senior Consultant at The Boston Consulting Group (2000-2003). Dept. Head of Strategy and Performance Management Group at Bank Mandiri (2003-2005). Group Head of Strategy and Performance Management Group at Bank Mandiri (2005-2008). Managing Director at Mandiri Sekuritas (2008-2011). President Director and CEO of Indonesia Infrastructure Finance (2011-2013). Chief Executive and Board Member of the Commissioner at Indonesia Deposit Insurance Corporation (LPS) (2014-2015). Director of Finance and Strategy of Bank Mandiri for the period 2015-2016. President Director of Bank Mandiri (2016-present). 	Work Experience	<ul style="list-style-type: none"> Assistant Manager of Corporate Financing at BRI (1991-1992). Vice Chairman of Corporate IV at BRI (1992-1994). Head of Corporate Financing Section at BRI (1994-1999). Deputy Head of Corporate Financing Division at BRI (1999). Head of Medium Credit Division at BRI (1999-2002). Head of Agribusiness Division at BRI Head Office (2001-2002). BRI Regional Leader of Denpasar region (2002-2003). BRI Regional Leader of Jakarta Region (2003-2006). Director of Micro and Small Business at BRI (2006-2009). Director of Commercial Banking at BRI (2009-2015). Vice President Director of Bank Mandiri (2015-present).
Appointed as President Director of Bank Mandiri for the first time by the Annual GMS on 16 March 2015, based on the Deed of Resolutions of Annual General Meeting of Shareholders No. 62 dated 25 May 2016.	Legal Basis of Appointment	Appointed as Deputy President Director of Bank Mandiri for the first time by AGMS on 16 March 2015, based on the Deed of Resolutions of AGMS No. 117 dated 30 June 2015.
In addition to serving as Director at Bank Mandiri, he does not serve in other companies or institutions.	Concurrent Position	No concurrent position occupied in other company or institution.
No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or majority shareholders.	Affiliations	No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or majority shareholders.
-	Shareholding of BMRI Shares	380,058 shares (0.0008144%)
up to the close of the 2020 GMS (First Period)	Period	up to the close of the 2020 GMS (First Period)

**Ogi Prastomiyono**

(Director of Operations)

Royke Tumilaar

(Director of Wholesale Banking)

Indonesian	Nationality	Indonesian
Jakarta	Domicile	Jakarta
Born in Bogor in 1961, 56 years old as of December 2017.	Place and Date of Birth/Age	Born in Manado in 1964, 53 years old as of December 2017.
<ul style="list-style-type: none"> Bachelor of Agricultural Technology from the Bogor Agricultural Institute in 1984 Master of Business Administration from the University of Notre Dame in 1994. 	Education Background	<ul style="list-style-type: none"> Bachelor of Economics in Management from Trisakti University in 1987; Master of Business in Finance from University of Technology, Sydney in 1999
He has obtained Risk Management Certification Level 5 in 2004 from the Indonesian Risk Professional Association and Bank Indonesia and has followed the Refreshment Program of Risk Management Certification in 2016 by the Banking Professional Certification Agency, Indonesian Bankers Association and Master of Management FEB UGM.	Certification	He earned the Level 5 Risk Management Certification in 2012 from the Banking Professional Certification Agency and has followed the Refreshment Program of Risk Management Certification in 2016 hosted by BaRa Risk Forum.
<ul style="list-style-type: none"> General Manager of Planning and Development at Bank Ekspor Impor (Bank Exim) in 1998-1999. Head of Compliance Division at Bank Mandiri (1999-2001). Project Head of IPO Working Team Bank Mandiri (2001-2003). Director of Compliance, Risk Management, Product Development, Planning, and Development at Bank Syariah Mandiri (2004-2005). Group Head of Compliance at Bank Mandiri (2005-2006). Group Head of Internal Audit at Bank Mandiri (2006-2008). Director of Compliance and Human Capital (2008-2014) at Bank Mandiri. Director of Risk Management and Compliance at Bank Mandiri (2014-2015). Director of Technology and Operations at Bank Mandiri (2015-2016). Director of Operation at Bank Mandiri (2016-present). 	Work Experience	<ul style="list-style-type: none"> Credit Analyst in Credit Supervision and Research at BDN. Dept. Head of Corporate Banking at Bank Mandiri (2005). The holder of the Credit Bank's Commercial Banking Authority (the same level as Group Head) at Commercial Banking (2006). Group Head Regional of Commercial Sales at Bank Mandiri (January 2007). Group Head Regional of Commercial Sales at Bank Mandiri (November 2007). President Commissioner of PT Staco Jasapratama (General Insurance) (2008). Commissioner at Mandiri Sekuritas (2009). Director of Treasury, Finance Institutions and Special Asset Management at Bank Mandiri (2011-2015). Director of Corporate Banking at Bank Mandiri (2015-March 2017). Director of Wholesale Banking at Bank Mandiri (March 2017-present).
Appointed as Director of Bank Mandiri for the first time by the AGMS on 29 May 2008 based on Deed of Resolutions of AGMS No. 49 dated 25 June 2008. Then re-appointed based on the Deed of Statement The resolution of Annual GMS Meeting Number 21 dated April 17, 2013.	Legal Basis of Appointment	Appointed as Director for the first time of Bank Mandiri by AGMS on 23 May 2011, pursuant to the Deed of Resolutions of Annual General Meeting of Shareholders No. 32 dated 21 June 2011. Then re-appointed based on the Deed of Statement Annual General Meeting of Shareholders Meeting No. 46 dated April 20, 2016.
No concurrent position occupied in other company or institution.	Concurrent Position	No concurrent position occupied in other company or institution.
No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or majority shareholders.	Affiliations	No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or majority shareholders.
971,000 shares (0.0020807%)	Shareholding of BMRI Shares	102,000 shares (0.0002186%)
up to the close of the 2018 GMS (First Period)	Period	up to the close of the 2021 GMS (First Period)

**Hery Gunardi**

(Director of Distributions)

Tardi

(Director of Retail Banking)

Indonesian	Nationality	Indonesian
Jakarta	Domicile	Jakarta
Born in Bengkulu in 1962, 55 years old as of December 2017.	Place and Date of Birth/Age	Born in Sukoharjo in 1964, 53 years old as of December 2017.
<ul style="list-style-type: none"> Bachelor degree in Business Administration from University of 17 August 1945 (1987); Master of Business Administration in Finance and Accounting from University of Oregon, USA in 1991 	Education Background	<ul style="list-style-type: none"> Bachelor of Agronomy from University of 11 March in 1987; Master in Finance from Padjadjaran University in 1999
He earned the Level 5 Risk Management Certification in 2015 from the Banking Professional Certification Agency and has participated in the Refreshment Program of Risk Management Certification in 2017 hosted by BARa Risk Forum.	Certification	He earned the Level 5 Risk Management Certification in 2015 and has participated in the Refreshment Program of Risk Management Certification in 2017 organized by the Banking Professional Certification Agency.
<ul style="list-style-type: none"> Non-performing Credit Analysts in Special Debtor Affairs at Bapindo (1993 - 1996). Head of Sub Section of Debt Syndication in Treasury Affairs at Bapindo (1996-1998). Member of Merger Team of Bank Mandiri (1998-1999). Regional Marketing Manager of Bank Mandiri Jakarta Kota Area (1999-2002). Area Manager of Bank Mandiri Daan Mogot (2002). Dept. Head of Bank Assurance and Director of Project of Establishment of Joint Insurance Company with AXA (2002-2003) Director of PT AXA Mandiri Financial Services (2003-2006). Group Head Wealth Management of Mandiri (2006-2009). President Commissioner of PT AXA Mandiri Financial Services (2006-2009). Group Head Jakarta Network at Bank Mandiri (2009-2011). President Commissioner of PT Mandiri Manajemen Investasi (2009-2013). Group Head Distribution Network 1 at Bank Mandiri (2011-2013). EVP Coordinator Consumer Finance (2013). Director of Micro and Retail Banking of Bank Mandiri (2013-2015). Director of Micro and Business Banking of Bank Mandiri (2015). Director of Consumer Banking of Bank Mandiri (2015-2016). Director of Distributions of Bank Mandiri (2016-present). 	Work Experience	<ul style="list-style-type: none"> Professional Staff at PT Bank Bumi Daya (1989-1998). Group Head of Credit Operations and Control Credit Administration at Bank Mandiri (1998-1999). Group Head Credit Operation and Control Loan Operations Development at Bank Mandiri (2000). Dept. Head of Loan Disbursement at Bank Mandiri (2001-2005). Dept. Head of Jakarta Disbursement and Dept. Head of Loan Collection I at Bank Mandiri (2006). Group Head Credit Recovery II at Bank Mandiri (2006-2008). Members of the Board of Commissioners at Investama Mandiri (2007-2009). Group Head Micro Business Development at Bank Mandiri (2008-2013). Anggota Dewan Komisaris at Bank Syariah Mandiri (2008-2013). SEVP Consumer Finance at Bank Mandiri (2013-2015). SEVP Wholesale Risk at Bank Mandiri (2015). Director of Micro Banking at Bank Mandiri (2015-2016). Director of Retail Banking at Bank Mandiri (2016-present).
Appointed as Director of Bank Mandiri for the first time by AGMS on 2 April 2013 based on Deed of Resolutions of Annual General Meeting of Shareholders No. 19 dated 28 August 2013.	Legal Basis of Appointment	Appointed as Director of Bank Mandiri for the first time by the Annual GMS on 16 March 2015 based on the Deed of Resolutions of Annual General Meeting of Shareholders No. 46 dated 29 September 2015.
No concurrent position occupied in other company or institution.	Concurrent Position	No concurrent position occupied in other company or institution.
No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or majority shareholders.	Affiliations	No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or majority shareholders.
418,000 shares (0.0008957%)	Shareholding of BMRI Shares	925,000 shares (0.0019821%)
up to the close of the 2018 GMS (First Period)	Period	up to the close of the 2020 GMS (First Period)

**Ahmad Siddik Badruddin**

(Director of Risk Management and Compliance)

**Kartini Sally**

(Director of Institutional Affairs)

Indonesian	Nationality	Indonesian
Jakarta	Domicile	Jakarta
Born in Bandung in 1965, 52 years old as of December 2017.	Place and Date of Birth/Age	Born in Jakarta in 1965, 52 years old as of December 2017.
<ul style="list-style-type: none"> Bachelor of Chemical Engineering from the University of Texas, Austin, USA in 1988. The Master of Business Administration in information systems management from the University of Texas, Austin, USA in 1990. 	Education Background	<ul style="list-style-type: none"> Bachelor of Dentistry from the University of Indonesia in 1988; Magister "Wijaiyata Management" from IPPM Jakarta in 1990; Master of Management from Jayabaya University, Jakarta in 1998
He earned the Level 5 Risk Management Certification in 2015 from the Banking Professional Certification Agency and has participated in the Program Refreshment of Risk Management Certification in 2017 by BARa Risk Forum	Certification	She earned the Level 5 Risk Management Certification in 2015 from the Banking Professional Certification Agency and has participated in the Program Refreshment of Risk Management Certification in 2017 hosted by BARa Risk Forum.
<ul style="list-style-type: none"> Management Associate at Citibank (1990-1995). Regional Risk Officer of Global Consumer Bank (AVP) at Citibank, Singapore (1995-1997). Retail Bank Risk Director of Global Consumer Bank (VP) at Citibank, Jakarta (1997-1998). Head of Risk Management at ABN AMRO Bank, Hong Kong (1999-2001). Country Risk Director at Citibank (2001-2004). Country Risk Director and Deputy Country Risk Director at Citibank, German (2004-2008). Regional Senior Credit Officer for Central & Eastern Europe and Middle East Africa Region at Citibank, London (2008-2011). Global Unsecured Product Risk Management at Citibank, New York (2011-2014). SEVP Retail Chief Risk Officer Bank Mandiri (2014-2015). Director of Risk Management and Compliance of Bank Mandiri (2015-present). 	Work Experience	<ul style="list-style-type: none"> Loan Officer of Corporate Banking at Bank Ekspor Impor Indonesia (Bank Exim) (1990-1997). Head of Corporate Banking Section at Bank Exim (1997-1999). Senior Relationship Manager Corporate Banking of Bank Mandiri (1999-2002). Dept. Head Corporate Banking at Bank Mandiri (2003-2006). Authority Holder for Credit Segment of Commercial and Business Banking of Bank Mandiri (February 2006 - September 2006). Group Head Commercial Risk at Bank Mandiri (2006-2012). Group Head Corporate Banking at Bank Mandiri (2012-2015). Member of the Board of Commissioners of Mandiri Sekuritas (2012-2015). Director of Commercial Banking at Bank Mandiri (2015-March 2017). Director of Government and Institutional at Bank Mandiri (March 2017-August 2017). Director of Institutional at Bank Mandiri (August 2017-present).
Appointed as Director of Bank Mandiri for the first time by the Annual GMS on 16 March 2015, pursuant to the Deed of Resolutions of AGMS No. 117 dated 30 June 2015.	Legal Basis of Appointment	Appointed as Director of Bank Mandiri for the first time by the AGMS on 16 March 2015, pursuant to the Deed of Resolutions of AGMS No. 35 dated 15 June 2015.
No concurrent position occupied in other company or institution.	Concurrent Position	No concurrent position occupied in other company or institution.
No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or majority shareholders.	Affiliations	No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or majority shareholders.
996,600 shares (0.0021356%)	Shareholding of BMRI Shares	360,000 shares (0.0007714%)
up to the close of the 2020 GMS (First Period)	Period	up to the close of the 2020 GMS (First Period)

**Rico Usthavia Frans**

(Director of Digital Banking and Technology)

Darmawan Junaedi

(Director of Treasury)

Indonesian	Nationality	Indonesian
Jakarta.	Domicile	Jakarta
Born in Kebumen in 1970, 47 years old as of December 2017.	Place and Date of Birth/Age	Born in Palembang in 1966, 51 years old as of December 2017.
He obtained his Bachelor degree in Electrical Engineering from Institut Teknologi Bandung in 1992.	Education Background	He obtained his Bachelor of Law from Universitas Sriwijaya, Palembang, in 1990.
He earned the Level 5 Risk Management Certification in 2016 from the Risk Management Certification Board.	Certification	He has obtained the Intermediate Treasury Dealer Certification in 2009 and Risk Management Certification Level 5 in 2017 by the Banking Professional Certification Agency.
<ul style="list-style-type: none"> Field Manager at Schlumberger (1993-1995). Management Associate at Citibank NA (1995-1997). e-Trade Head Asset Based Finance Head at Citibank NA (1997-2001). e-Business Head at Citibank NA (2001-2006). Group Head Electronic Banking at Citibank NA (2006-2010). Group Head Electronic Banking Bank Mandiri (2010-2013). SEVP Transaction Banking Bank Mandiri (2013-2015). Director of Digital Banking and Technology Bank Mandiri (2016-present). 	Work Experience	<ul style="list-style-type: none"> Administration of Head Office at PT Bank Bumi Daya (Persero) (1992-1994). Credit Recovery Officer at PT Bank Bumi Daya (Persero) (1994-1996). Professional Internal Audit Staff at PT Bank Bumi Daya (Persero) (1996-1997). Professional Staff of Treasury Affairs at PT Bank Bumi Daya (Persero) (1997-1999). Treasury Manager of Bank Mandiri the Cayman Islands Branch (1999-2005). Senior Manager - Professional Staff of Treasury Marketing I, Treasury Group at Bank Mandiri (2005-2007). Assistant Vice President - Chief Dealer of Marketing II, Treasury Group at Bank Mandiri (2007-2009). Vice President - Department Head of Marketing West, Treasury Group at Bank Mandiri (2009-2011). Vice President - Department Head of Banking Book Management, Treasury Group at Bank Mandiri (2011-2012). Senior Vice President - Deputy Group Head of Treasury (Executive Officer in Funding and Lending) at Bank Mandiri (2012-2015). Senior Vice President -Regional CEO Bali and Nusa Tenggara (Executive Officer in Funding and Lending) at Bank Mandiri (2015-2016). Senior Vice President -Group Head of Treasury (Executive Officer in Funding and Lending) at Bank Mandiri (January-May 2016). Finance Director and President Commissioner of PT Semen Kupang Indonesia (2016- August 2017). The acting president director of PT Semen Indonesia (Persero) Tbk (May 2017- August 2017). Director of Treasury of Bank Mandiri (August 2017-present).
Appointed as Director of Bank Mandiri for the first time by the Annual General Meeting of Shareholders dated 21 March 2016, pursuant to the Deed of Statements of Annual GMS No. 45 dated 29 July 2016.	Legal Basis of Appointment	Appointed as Director of Bank Mandiri for the first time at extraordinary GMS on 21 August 2017 based on Extraordinary GMS Deed. 25 dated January 23, 2018
No concurrent position occupied in other company or institution.	Concurrent Position	No concurrent position occupied in other company or institution.
No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or majority shareholders.	Affiliations	No affiliations with any members of Board of Directors, Board of Commissioners, or controlling or majority shareholders.
-	Shareholding of BMRI Shares	-
up to the close of the 2021 GMS (First Period)	Period	up to the close of the 2022 GMS (First Period)



Pahala N. Mansury

(Director of Finance and Treasury)*

Indonesian	Nationality
Jakarta	Domicile
Born in Bogor in 1971, 46 years old as of December 2017.	Place and Date of Birth/Age
<ul style="list-style-type: none"> Bachelor of Economics majoring in Accounting from University of Indonesia in 1994; Master of Business Administration in Finance from Stern School of Business, New York University, USA in 1999; CFA Charter holder from CFA Institute since 2003 	Education Background
He earned the Level 5 Risk Management Certification in 2011 from the Banking Professional Certification Agency and has participated in the Risk Management Certification Program Refreshment in 2015 by BARa Risk Forum. He has also obtained Treasury Dealer certification with Level Advance qualification in 2017.	Certification
<ul style="list-style-type: none"> Financial Advisory Services at PwC (1994). Change Management Consultant at Anderson Consulting Indonesia (1994-1997) Senior Consultant at Booz Allen Hamilton (1999-2000). Project Leader at The Boston Consulting Group (2002-2003). SVP Economic and Financial Research of Bank Mandiri (2003-2005). SVP Accounting concurrently SVP Change Management Office of Bank Mandiri (2005). SVP Corporate Development of Bank Mandiri (2005-2006). EVP Coordinator Finance and Strategy of Bank Mandiri (2006-2010). Director of Finance and Strategy of Bank Mandiri (2010-2015). Director of Treasury and Markets of Bank Mandiri (2015-2016). Director of Finance and Treasury of Bank Mandiri (2016-April 2017). 	Work Experience
Appointed as Director of Bank Mandiri for the first time in 2010 based on Deed of Annual General Meeting of Shareholders Resolution No. 36 dated May 31, 2010. It was reappointed based on the Deed of Statement of AGMS No. 13 dated April 14, 2015.	Legal Basis of Appointment
No concurrent position occupied in other company or institution.	Concurrent Position
He has no affiliation relationship with other members of the Board of Directors, members of the Board of Commissioners, or with the controlling and majority shareholders	Affiliations
-	Shareholding of BMRI Shares
*March 16, 2015 (Second Period) Through April 12, 2017	Period

Profile of Senior Executive Vice President

Senior Executive Vice President



Riyani T. Bondan

(Senior Executive Vice President/SEVP Retail Risk)

Indonesian	Nationality
Jakarta	Domicile
Born in Jakarta in 1961, 56 years old as of December 2017.	Place and Date of Birth/Age
Obtained her Bachelor Degree in Land Expertise from Institut Pertanian Bogor in 1984 and a Post Graduate degree in General Management from University of Illinois, Urbana-Champaign, the USA in 1994.	Education Background
	Curriculum Vitae
Joined Bank Mandiri in 1999 as Group Head of Corporate and Commercial Credit Division and prior to her current position, she served as Executive Vice President/ EVP Coordinator of Internal Audit since 2008.	Work Experience
Since 2015, she has served as Senior Executive Vice President /SEVP Retail Risk based on Decree of Board of Directors No. KEP.DIR/093/2015 dated 26 March 2015.	Legal Base of Appointment

Agus Dwi Handaya

(Senior Executive Vice President/SEVP Corporate Transformation & Finance)

Indonesian	Nationality
Jakarta	Domicile
Born in Medan in 1970, age 47 years as of December 2017.	Place and Date of Birth/Age
Obtained his Bachelor degree in Economics/Accounting from Universitas Sumatera Utara in 1995 and a post-graduate degree in Finance from Nanyang Technological University in 2012.	Education Background
	Curriculum Vitae
He joined Bank Mandiri in 1999 as Employee of Chief of Medium Enterprise and Plantation Credit, Branch of Medan Town Hall, and prior to his current position, he has served as Head of Office of The CEO since 2016.	Work Experience
Since 2017 he has been a Senior Executive Vice President/SEVP Corporate Transformation based on Decree of Board of Directors No. KEP.DIR/066/2017 dated March 21, 2017.	Legal Base of Appointment



Mustaslimah

(Senior Executive Vice President/SEVP Internal Audit)

Indonesian	Nationality
Jakarta	Domicile
Born in Temanggung District, Central Java in 1965, 52 years old as of December 2017.	Place and Date of Birth/Age
Obtained her Bachelor degree in Industrial Engineering from Institut Pertanian Bogor in 1988.	Education Background
	Curriculum Vitae
Joined Bank Mandiri in 1999 as the Senior Officer Support Function and prior to her current position, she has served as Group Head of Human Capital and Services since 2014.	Work Experience
Since 2015 he has served as Senior Executive Vice President/SEVP Internal Audit based on Decree of Board of Directors No. KEP.DIR/095/2015 dated 26 March 2015.	Legal Basis of Appointment



Joseph Georgino Godong

(Senior Executive Vice President/SEVP Information & Technology)

Indonesian	Nationality
Tangerang	Domicile
Born in Jakarta in 1961, 56 years old as of December 2017.	Place and Date of Birth/Age
Obtained his Bachelor degree in Electrical Engineering from Universitas Trisakti in 1986.	Education Background
	Curriculum Vitae
He joined Bank Mandiri at the end of 2014 and was appointed Senior Executive Vice President/SEVP Information and Technology.	Work Experience
Since 2014 he has served as Senior Executive Vice President/SEVP Information and Technology based on Decree of Board of Directors No. KEP.DIR/010/2015 dated 2 January 2015.	Legal Basis of Appointment



Kepas A. Manurung

(Senior Executive Vice President/SEVP Wholesale Risk)

Indonesian	Nationality
Bekasi	Domicile
Born in Medan in 1961, 56 years old as of December 2017.	Place and Date of Birth/Age
Obtained his Bachelor degree in Agronomy from the Institut Pertanian Bogor in 1984 and a postgraduate degree in Marketing from Universitas Gadjah Mada in 1997.	Education Background
	Curriculum Vitae
Joined Bank Mandiri in 1999 as a Credit Risk Retail Manager and prior to his current position, he has served as Group Head of Corporate Risk since 2013.	Work Experience
Since 2015 he has served as Senior Executive Vice President/SEVP Wholesale Risk based on Decree of Board of Directors No. KEP.DIR/094/2015 dated 26 March 2015.	Legal Basis of Appointment



Sanjay N. Bharwani

(Senior Executive Vice President/SEVP Human Capital)

Indonesian	Nationality
Jakarta	Domicile
Born in Jakarta in 1969, 48 years old as of December 2017.	Place and Date of Birth/Age
Obtained his Bachelor degree in Technology and Business from University of Australia - Victoria in 1993.	Education Background
	Curriculum Vitae
He joined Bank Mandiri in 2008 as Group Head of Human Capital Strategy and Policies.	Work Experience
Since 2014 he has served as Senior Executive Vice President / SEVP Human Capital based on Board of Directors Decree No. KEP.DIR / 206/2014 dated August 18 2014.	Legal Basis of Appointment



Agus Sudiarto

(Senior Executive Vice President/SEVP Special Asset Management)

Indonesian	Nationality
Jakarta	Domicile
Born in Jakarta in 1964, 53 years old as of December 2017.	Place and Date of Birth/Age
Obtained his Bachelor degree in Law from Universitas Indonesia in 1988 and a post-graduate degree in Risk Management from Universitas Indonesia in 2004.	Education Background
	Curriculum Vitae
Joined Bank Mandiri in 1999 as Credit Restructuring Union Officer and prior to his current position, he has served as Group Head of Special Asset Management since 2010.	Work Experience
Since 2017, he has served as Senior Executive Vice President/SEVP Special Asset Management based on Decree of Board of Directors No. KEP.DIR/082/2017 dated 10 April 2017.	Legal Basis of Appointment



Alexandra Askandar

(Senior Executive Vice President/SEVP Corporate Banking)

Indonesian	Nationality
Jakarta	Domicile
Born in Medan in 1972, 45 years old as of December 2017.	Place and Date of Birth/Age
Obtained her Bachelor's degree in Economics from Universitas Indonesia in 1995 and a post-graduate degree in Finance from Boston University - Massachusetts, USA, in 1999.	Education Background
	Curriculum Vitae
Joined Bank Mandiri in 1999 as Account Manager - Loan Work Out Division and prior to her current position, she served as Group Head of Syndication, Oil, and Gas since 2015.	Work Experience
Since 2016, she has served as Senior Executive Vice President/SEVP Corporate Banking based on Decree of Board of Directors No. KEP.DIR/138/2016 dated 11 April 2016.	Legal Basis of Appointment



Riduan

(Senior Executive Vice President/SEVP Commercial Banking)

Indonesia	Nationality
Bekasi.	Domicile
Born in Palembang in 1970, 47 years old as of Desember 2017.	Place and Date of Birth/Age
Obtained his Bachelor degree in Accounting Economics from Sriwijaya University in 1995 and a post graduate degree in Management from Sriwijaya University in 2007.	Education Background
	Curriculum Vitae
Joined Bank Mandiri in 1999 as Middle Auditor and prior to his current position, he served as Regional CEO II / Sumatera 2 since 2016.	Work Experience
Since 2017 he has served as Senior Executive Vice President / SEVP Commercial Banking based on Board of Directors Decree no. KEP.DIR / 067/2017 dated March 21, 2017.	Legal Basis of Appointment

list of Group Head

Name	Level
Special Asset Management	
M. ISWAHYUDI	GROUP HEAD SPECIAL ASSET MANAGEMENT I
J.F. HASUDUNGAN	GROUP HEAD SPECIAL ASSET MANAGEMENT II
ASRIL AZIZ	GROUP HEAD SPECIAL ASSET MANAGEMENT III
M. ARIFIN FIRDAUS	GROUP HEAD WHOLESALE CREDIT LITIGATION
HIKMAT NAZAR SOEBANDI	EXECUTIVE LEGAL LITIGATION
Wholesale Risk	
TIWUL WIDYASTUTI	GROUP HEAD CORPORATE RISK
TITIEK SETIYOWATI	GROUP HEAD COMMERCIAL RISK 1
KARYA PRASETYA BUDI	GROUP HEAD COMMERCIAL RISK 2
DIYANTINI SOESILOWATI	HEAD OF WHOLESALE RISK SOLUTION
Retail Risk	
UPIK TRISDA LEAWATI	GROUP HEAD RETAIL PRODUCT DELIVERY AND FRAUD RISK
WIWEKO PROBOJAKTI	GROUP HEAD CONSUMER CREDIT RISK AND ANALYTICS
NURY SRIANDAJANI	GROUP HEAD RETAIL COLLECTION AND RECOVERY
MUHAMMAD IQBAL	GROUP HEAD SME AND MICRO RISK
Wholesale Banking	
YUSAK LABANTA SUDENA SILALAH	GROUP HEAD CORPORATE BANKING 1
DIKDIK YUSTANDI	GROUP HEAD CORPORATE BANKING 2
ELISABETH R. T. SIAHAAN	GROUP HEAD CORPORATE BANKING 3
FAIZ FIRDAUSI	GROUP HEAD CORPORATE BANKING 4
SUSANA INDAH K. INDRIATI	GROUP HEAD CORPORATE BANKING 5
WONO BUDI TJAHYONO	GROUP HEAD CORPORATE BANKING 6
-	GROUP HEAD COPORATE BANKING SOLUTION **
SUCIPTO PRAYITNO	GROUP HEAD COMMERCIAL BANKING 1
SUTEKAT	GROUP HEAD COMMERCIAL BANKING 2
ZAIDAN NOVARI	GROUP HEAD COMMERCIAL BANKING 3
FRANS GUNAWAN L.	GROUP HEAD COMMERCIAL BANKING 4
POLTAK SIMANULLANG	GROUP HEAD COMMERCIAL BANKING 5
ZAINAL ALAM DALIMUNTHE	GROUP HEAD COMMERCIAL BANKING 6
MINDHA ERDISMINA	SENIOR OPERATIONAL RISK HEAD WHOLESALE
SULAEMAN	EXECUTIVE BUSINESS OFFICER-B CORPORATE
NITA PRIHUTAMININGRUM	EXECUTIVE BUSSINESS OFFICER-B CORPORATE
JACOB JOHANIS MAITIMU	EXECUTIVE RELATIONSHIP OFFICER CORPORATE
DIDIK YUDIANTO	EXECUTIVE RELATIONSHIP OFFICER COMMERCIAL
NUR SUSILO WIBOWO	EXECUTIVE BUSINESS OFFICER-B COMMERCIAL

Name	Level
TOTOK PRIYAMBODO	EXECUTIVE BUSINESS OFFICER-B COMMERCIAL
Institutional Affairs	
DENY EDWARD YUSAR	GROUP HEAD GOVERNMENT AND INSTITUTIONAL 1
TEDDY YUNIRMAN DANAS	GROUP HEAD GOVERNMENT AND INSTITUTIONAL 2
NILA MAYTA DWI RIHANDJANI	HEAD OF GOVERNMENT PROGRAM
DADANG RAMADHAN P.	EXECUTIVE RELATIONSHIP OFFICER GOVERNMENT AND INSTITUTIONAL
DIANA HADY	EXECUTIVE RELATIONSHIP OFFICER GOVERNMENT AND INSTITUTIONAL
RAHMAT BROTO TRIAJI	HEAD OF GOVERNMENT PROJECT
TRI PRASETIO	HEAD OF GOVERNMENT PROJECT
Treasury	
FERRY MUHAMMAD ROBBANI	GROUP HEAD INTERNATIONAL BANKING AND FINANCIAL INSTITUTIONS
FARIDA THAMRIN	GROUP HEAD TREASURY
ABU SANTOSA SUDRADJAT	DEPUTY GROUP HEAD TREASURY
PANTRO PANDER SILITONGA	GROUP HEAD STRATEGIC INVESTMENT AND SUBSIDIARIES MANAGEMENT
ANTON HERMANTO GUNAWAN	GROUP HEAD OFFICE OF CHIEF ECONOMIST
LUGIYEM	GROUP HEAD TRANSACTION BANKING WHOLESALE SALES
Retail Banking	
Yoesman Sugianto	GROUP HEAD STRATEGIC MARKETING COMMUNICATION
TRILAKSITO SINGGIH HUDANENDRA	GROUP HEAD CONSUMER DEPOSITS
VIRA WIDIYASARI	GROUP HEAD CREDIT CARDS
HARRY GALE	GROUP HEAD CONSUMER LOANS
WAWAN SETIAWAN	GROUP HEAD MICRO BANKING
ANTON HERDIANTO	GROUP HEAD SME BANKING
MARDIANA	SENIOR OPERATIONAL RISK HEAD RETAIL
RUSLINA S.S.H. BUTARBUTAR	EXECUTIVE BUSINESS OFFICER-B
M. SIGIT PAMBUDI	EXECUTIVE CREDIT OFFICER - A
TATANG TABRONI	EXECUTIVE CREDIT OFFICER - A
MARTINUS AMRIH UTOMO	EXECUTIVE CREDIT OFFICER - B
PANDU WIGUNO	EXECUTIVE CREDIT OFFICER - B
SAM MALEE	EXECUTIVE CREDIT OFFICER - B
NUR HIDAYAT UDIN	EXECUTIVE CREDIT OFFICER - B
FARID MA'RUF	EXECUTIVE CREDIT OFFICER - B
GOETOMO	EXECUTIVE CREDIT OFFICER - B
DANIS SUBYANTORO	EXECUTIVE CREDIT OFFICER - B
Distributions	
H. R. PARLINDUNGAN HUTAHAEAN	REGIONAL CEO I/SUMATERA 1
ARIBOWO	REGIONAL CEO II/SUMATERA 2

Nama	Jabatan
AQUARIUS RUDIANTO	REGIONAL CEO III/JAKARTA 1
JASMIN	REGIONAL CEO IV/JAKARTA 2
TEUKU ALI USMAN	REGIONAL CEO V/JAKARTA 3
IMAN GUNAWAN	REGIONAL CEO VI/JAWA 1
MAQIN UDDIN NORHADI	REGIONAL CEO VII/JAWA 2
AGUS HARYOTO WIDODO	REGIONAL CEO VIII/JAWA 3
ANTON ZULKARNAIN	REGIONAL CEO IX/KALIMANTAN
HERRY RUKMANA	REGIONAL CEO X/SULAWESI DAN MALUKU
R. ERWAN DJOKO	REGIONAL CEO XI/BALI DAN NUSA TENGGARA
TITO IRIANTO SUTARYO	REGIONAL CEO XII/PAPUA
MYLAND *	GROUP HEAD DISTRIBUTION STRATEGY
ELINA WIRJAKUSUMA	GROUP HEAD WEALTH MANAGEMENT
ANGGA ERLANGGA HANAFIE	GROUP HEAD TRANSACTION BANKING SME SALES
THOMAS WAHYUDI	GROUP HEAD TRANSACTION BANKING RETAIL SALES
TINA SETIAWATI SENTOSO	SENIOR OPERATIONAL RISK HEAD DISTRIBUTION
Operations	
MARTONO	GROUP HEAD CREDIT OPERATIONS
SATRIA	GROUP HEAD CASH AND TRADE OPERATIONS
BOYKE YURISTA AT T. M	GROUP HEAD ELECTRONIC CHANNEL OPERATIONS
HARYANTO	GROUP HEAD STRATEGIC PROCUREMENT
O. C. HARRY PUDJIATMOKO	GROUP HEAD CORPORATE REAL ESTATE
LILA NOYA	GROUP HEAD CUSTOMER CARE
LISTON SIMANJUNTAK	GROUP HEAD RETAIL CREDIT CENTER
WAWANDRIJO PRIWARDONO	HEAD OF BUSINESS CONTINUITY MANAGEMENT
DENI HENDRA PERMANA	SENIOR OPERATIONAL RISK HEAD IT, DIGITAL BANKING & OPERATIONS
Digital Banking and Technology	
PAULUS ADINATA WIDIA	GROUP HEAD TRANSACTION BANKING WHOLESALE PRODUCT
CONSTANTINUS GUNTUR TRI YUDHianto	GROUP HEAD DIGITAL BANKING AND FINANCIAL INCLUSION
MOHAMMAD GUNTUR	GROUP HEAD ENTERPRISE DATA MANAGEMENT
ALOYSIUS JOHANNES	GROUP HEAD IT STRATEGY AND ARCHITECTURE
RIZA ZULKIFLI	GROUP HEAD IT INFRASTRUCTURE
DANIEL SETIAWAN SUBIANTO	GROUP HEAD IT APPLICATION DEVELOPMENT

Nama	Jabatan
TOTO PRASETIO	GROUP HEAD IT APPLICATION SUPPORT
Risk Management and Compliance	
ITA TETRALASTWATI	GROUP HEAD MARKET RISK
ADI SURYA DJOKO	GROUP HEAD OPERATIONAL RISK
SETIYO WIBOWO	GROUP HEAD CREDIT PORTFOLIO RISK
EMAN SUHERMAN	GROUP HEAD LEGAL
CHRISNA PRANOTO	GROUP HEAD COMPLIANCE
AGUS RETMONO	GROUP HEAD POLICY AND PROCEDURE
ARIED RIADI BAKRI	GROUP HEAD CREDIT CONTROL AND SUPERVISION
Corporate Transformation and Finance	
ELMAMBER PETAMU SINAGA	GROUP HEAD STRATEGY AND PERFORMANCE MANAGEMENT
NOVITA WIDYA ANGGRAINI	GROUP HEAD ACCOUNTING
-	GROUP HEAD OF INVESTOR RELATIONS**
MINETTE RIVELINA	HEAD OF OFFICE OF THE CEO
RUSTAM SOFYAN SIRAIT	HEAD OF PROJECT BUSINESS TRANSFORMATION
MUHAMAD SUDRAJAT	HEAD OF PROJECT CORPORATE DEVELOPMENT
WILLIEM RUDY	HEAD OF PROJECT DECISION ENGINE
JUGIE SUGIARTO	HEAD OF PROJECT BUSINESS PROCESS REENGINEERING COLLECTION
ENDRO SIDIK SWASONO	HEAD OF PROJECT
WINARSIH BUDIRIANI	HEAD OF IMPROVEMENT PROJECT 1
Internal Audit	
BABAN SUDARMAN	CHIEF AUDITOR WHOLESALE & CORPORATE CENTER
JULISER SIGALINGGING	CHIEF AUDITOR RETAIL AUDIT
RASYID DARAJAT	CHIEF AUDITOR IT AUDIT
Human Capital	
ANITA WIDJAJA	GROUP HEAD HUMAN CAPITAL TALENT, ORGANISATION & PERFORMANCE
PUTU DEWI PRASTHIANI	GROUP HEAD HUMAN CAPITAL SERVICES
I AMINARTI WIDIATI	GROUP HEAD HUMAN CAPITAL ENGAGEMENT
MASWAR PURNAMA	GROUP HEAD MANDIRI UNIVERSITY
ROSMA HANDAYANI	SENIOR HUMAN CAPITAL BUSINESS PARTNER HEAD SUPPORT
EMMY NURHAYATI	SENIOR HUMAN CAPITAL BUSINESS PARTNER HEAD WHOLESALE BANKING
NILA TURISA RIYANTI	SENIOR HUMAN CAPITAL BUSINESS PARTNER HEAD RETAIL BANKING
Non Direktorat	
ROHAN HAFAS	GROUP HEAD CORPORATE SECRETARY

* As of January 2018 the position of Group Head Distribution Strategy is vacant

** Position vacancies during 2017

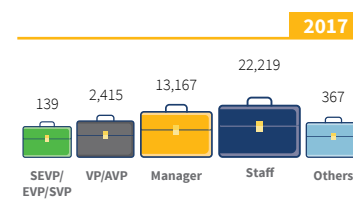
Employee Profile and Competency Building

Number of Employees Based on Organizational Level

Table of Number of Employees by Organizational Level

(in unit of person)

Level in Organization	2017			2016		
	Male	Female	Total	Male	Female	Total
Senior Executive Vice President (SEVP); Executive Vice President (EVP); Senior Vice President (SVP)	110	29	139	93	19	112
Vice President (VP); Assistant Vice President (AVP)	1,761	654	2,415	1,644	563	2,207
Senior Manager (SRM); Assistant Manager (AM)	6,812	6,355	13,167	6,796	6,125	12,921
Staff	9,425	12,794	22,219	9,901	13,414	23,315
Others	366	1	367	384	1	385
Total			38,307			38,940

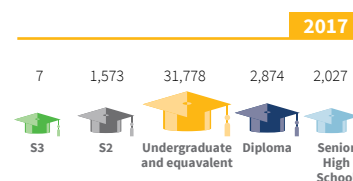


Number of Employees Based on Level of Education

Table of Number of Employees by Level of Education

(in unit of person)

Level of Education	2017			2016		
	Male	Female	Total	Male	Female	Total
Doctor (S3)	5	2	7	5	2	7
Master (S2)	1,105	468	1,573	1,118	456	1,574
Undergraduate and equivalent	14,733	17,045	31,778	14,834	17,165	31,999
Diploma	997	1,877	2,874	1,079	1,986	3,065
Senior High School	1,586	441	2,027	1,727	513	2,240
Others	48	-	48	55	-	55
Total			38,307			38,940

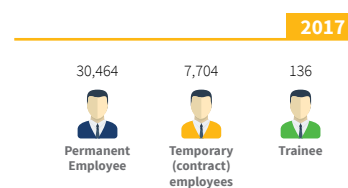


Number of Employees Based on Status of Employment

Table of Number of Employees by Employment Status

(in unit of person)

Employment Status	2017			2016		
	Male	Female	Total	Male	Female	Total
Permanent Employee	15,188	15,276	30,464	14,890	15,134	30,024
Temporary (contract) employees	3,233	4,474	7,704	3,819	4,875	8,694
Trainee	53	83	136	109	113	222
Total			38,307			38,940

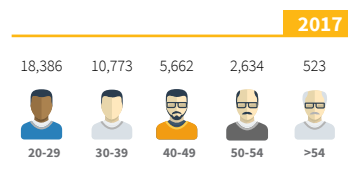


Number of Employees Based on The Age Range

Table of Number of Employees Based On The Age Range

(in unit of person)

The Age Range	2017			2016		
	Male	Female	Total	Male	Female	Total
20-29	7,649	11,066	18,715	8,349	12,133	20,482
30-39	5,063	5,710	10,773	4,450	4,939	9,389
40-49	3,415	2,247	5,662	3,694	2,282	5,976
50-54	1,934	700	2,634	1,938	641	2,579
>54	413	110	523	387	127	514
Total			38,307			38,940

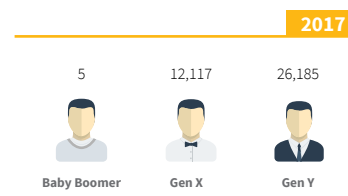


Number of Employees Based on Generation

Table of Number of Employees by Generation

(in unit of person)

Generation	2017			2016		
	Male	Female	Total	Male	Female	Total
Baby Boomer	5	-	5	45	11	56
Gen X	7,277	4,840	12,117	7,762	5,118	12,880
Gen Y	11,192	14,993	26,185	11,011	14,993	26,004
Total			38,307			38,940

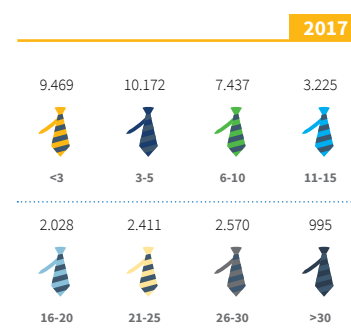


Number of Employees Based on Years of Service

Table of Number of Employees Based on Years of Service

(in unit of person)

Years of Service	2017			2016		
	Male	Female	Total	Male	Female	Total
<3	4.083	5.386	9.469	4.846	5.922	10.768
3-5	4.532	5.640	10.172	4.639	6.389	11.028
6-10	3.475	3.962	7.437	2.695	2.887	5.582
11-15	1.295	1.930	3.225	1.142	1.893	3.035
16-20	1.058	970	2.028	1.641	1.320	2.961
21-25	1.528	883	2.411	1.536	661	2.197
26-30	1.790	780	2.570	1.420	692	2.112
>30	713	282	995	899	358	1.257
Total			38.307			38.940

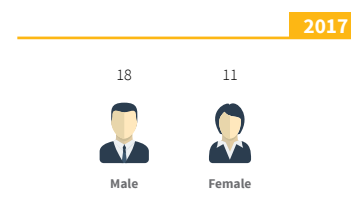


Number of Interns With Disabilities (Kriya Mandiri)

Table Numbers of Interns with Disabilities (Kriya Mandiri) *)

(in unit of person)

Description	Tahun		Increase (%)
	2017	2016	
Male	18	21	(14%)
Female	11	9	(22%)
Total	29	30	(3%)



*) Kriya Mandiri Program is an integrated learning program (internship) at Bank Mandiri

Development of Employee Competency

The Policy

Human capital training and development are conducted with reference to the training and development framework covering all aspects and methods of Human Capital development with the same opportunity for all employees of Bank Mandiri. Training and Development include the introduction of organization, vision and mission, company work culture, technical competence required, and leadership skills. The training and development framework is established based on business needs and aligned with the Human Capital strategy.

Competence Development Based On Level Position

The manifestation of Bank Mandiri's commitment to provide equal opportunities for its employees in terms of competency development is displayed in the following table:

Competency Development Table Based on Position Level Year 2017

No.	Level of Position	Type of Training	Training Program	Training Objective	Number of Participants
1.	Board of Directors	Public	Leadership	To increase insight and competence in marketing, risk management, and so on.	12
		TOTAL			12
2.	SEVP/EVP/SVP	Inhouse	Information Technology	To improve the insight and competence of employees in the field of Information Technology.	12
			Credit	To increase employee insight and competency in the Company's credit field.	51
			Operations	To increase employee insight and competency in the Company's operational activities	65
			Management	To improve employee's insight and competency related to the Company's management activities.	23
			General	To improve employee insight and competence in terms of marketing, risk management, and so forth.	74
			Finance and Accounting	To improve the insight and competence of employees in the field of Finance and accounting.	15
		Public	Information Technology	To improve the insight and competence of employees in the field of Information Technology.	1
			Operations	To increase employee insight and competency in the Company's operational activities	3
			Management	To improve employee's insight and competency related to the Company's management activities.	2
			General	To improve employee insight and competence in terms of marketing, risk management, and so forth.	5
			Finance and Accounting	To improve the insight and competence of employees in the field of Finance and accounting.	2
		TOTAL			253

No.	Level of Position	Type of Training	Training Program	Training Objective	Number of Participants
3.	VP - AVP	Inhouse	Information Technology	To improve the insight and competence of employees in the field of Information Technology.	172
			Credit	To increase employee insight and competency in the Company's credit field.	807
			Operations	To increase employee insight and competency in the Company's operational activities	1,859
			Management	To improve employee's insight and competency related to the Company's management activities.	1,234
			General	To improve employee insight and competence in terms of marketing, risk management, and so forth.	1,836
			Finance and Accounting	To improve the insight and competence of employees in the field of Finance and accounting.	429
		Public	Information Technology	To improve the insight and competence of employees in the field of Information Technology.	21
			Credit	To increase employee insight and competency in the Company's operational activities	7
			Operations	To increase employee insight and competency in the Perseroan operational activities	28
			Management	To improve employee's insight and competency related to the Company's management activities.	24
			General	To improve the insight and competence of employees in the field of Finance and accounting.	20
			Finance and Accounting	To improve the insight and competence of employees in the field of Finance and accounting.	26
		TOTAL			6,463
4.	SRM - AM	Inhouse	Information Technology	To improve the insight and competence of employees in the field of Information Technology.	291
			Credit	To increase employee insight and competency in the Company's operational activities	3,028
			Operations	To increase employee insight and competency in the Perseroan operational activities	5,999
			Management	To improve employee's insight and competency related to the Company's management activities.	3,451
			General	To improve employee insight and competence in terms of marketing, risk management, and so forth.	5,511
			Finance and Accounting	To improve the insight and competence of employees in the field of Finance and accounting.	2,184
		Public	Information Technology	To improve the insight and competence of employees in the field of Information Technology.	32
			Operations	To increase employee insight and competency in the Perseroan operational activities	37
			Management	To improve employee's insight and competency related to the Company's management activities.	13
			General	To improve employee insight and competence in terms of marketing, risk management, and so forth.	45
			Finance and Accounting	To improve the insight and competence of employees in the field of Finance and accounting.	57
		TOTAL			20,648

No.	Level of Position	Type of Training	Training Program	Training Objective	Number of Participants	
5.	Clerical	Public	Information Technology	To improve the insight and competence of employees in the field of Information Technology.	167	
			Credit	To increase employee insight and competency in the Company's operational activities	1,287	
			Operations	To increase employee insight and competency in the Perseroan operational activities	5,202	
			Management	To improve employee's insight and competency related to the Company's management activities.	642	
			General	To improve employee insight and competence in terms of marketing, risk management, and so forth.	5,270	
			Finance and Accounting	To improve the insight and competence of employees in the field of Finance and accounting.	2,130	
		Public	Information Technology	To improve the insight and competence of employees in the field of Information Technology.	22	
			Operations	To increase employee insight and competency in the Perseroan operational activities	32	
			Management	To improve employee's insight and competency related to the Company's management activities.	5	
			General	To improve employee insight and competence in terms of marketing, risk management, and so forth.	35	
			Finance and Accounting	To improve the insight and competence of employees in the field of Finance and accounting.	33	
		TOTAL				14,827
		Other	Inhouse	Credit	To increase employee insight and competency in the Company's operational activities.	1
				Operations	To increase employee insight and competency in the Perseroan operational activities.	1
				General	To improve employee insight and competence in terms of marketing, risk management, and so forth.	4
			TOTAL			
GRAND TOTAL					42,207	

Table Number of Training Days

Total Employee	Number of Training Days	Training Days/ Employees	Total Trainees	Total Employees Attending the Training
38.307	237.860	6,22	245.769	35.170



Table of Program for Leadership Development

Program for Leadership Development	2017		2016	
	Number of batches	Number of participants	Number of batches	Number of participants
Program of Officer Development Program	12	281	20	529
Program of Staff Development Program	25	710	30	1,280
Program of Master degree (S2) in Banking	1	18	1	5
Program of Middle Management Development Program	2	60	2	60
Program of Great Development Program	-	-	1	27
Program of Training SESPIBANK	2	6	1	3
Program of Training Executive	1	12	-	-

Based on the table above, there is a decrease in the number of participants as well as the number of batches in some leadership development programs that have been implemented by the Company throughout 2017. The decline occurred in the ODP program, SDP and GDP. The decrease was due to the fact that the number of employees screened through the program has been sufficient to meet the needs of the Company. While other leadership programs such as Bank S2 Program, SESPIBANK Training Program and Training Executive Program, the number is significantly increased due to the organization's needs as stated in the corplan in 2017.

Evaluation of Competency Development Implementation

The development of the competence of Bank Mandiri employees is one of management strategies, where it becomes the target of management in the form of coverage development of Bank Mandiri employees. Competence development is aimed at employees at all levels, both business and supporting units. Furthermore, it is cascaded to each work unit to become a Key Performance Indicator (KPI) in the form of talent development and attendance rate training.

In addition to classroom training and experiential learning, Bank Mandiri also provides self-learning facilities for employees through three online portals namely Mandiri i-learn, Mandiri i-share, and Mandiri i-know. Mandiri i-learn contains information about e-learning training that can be accessed from all over Indonesia, training registration, and assessment tools. Mandiri i-share is a medium of social learning as a means of information sharing among employees of Bank Mandiri. Mandiri i-know includes a system of knowledge management to manage knowledge and collaboration tools for Bank Mandiri employees.

Bank Mandiri evaluates the training program that has been implemented to provide input for the module development and subsequent staff development plan. This evaluation is divided into 4 levels of evaluation, namely:

- Level 1 (L1) is an evaluation to assess participants' reactions to training. This includes material conformity, the ability of teachers to deliver materials and the availability of training facilities.
- Level 2 (L2) is an evaluation to assess participants' level of understanding during training. This evaluation can be a theory or practice exam related to training materials.
- Level 3 (L3) is an evaluation to assess the implementation of the training materials and the change of trainee behavior before and after the training. This evaluation is conducted at most 3 months after the training. The assessment is carried out by a multirater method, i.e. requesting assessment/opinion from the employees, supervisors, co-workers, and subordinates of the employee.
- Level 4 (L4) is an evaluation to assess the impact of training that employees have received pertaining to improvement of their performance. This evaluation is made 3 months following the training.

The results of the evaluation will then be reviewed by Bank Mandiri to make improvements to the implementation of training both in terms of material renewal, delivery methods of training, quality of teachers, and training facilities. The results of training evaluation and employee development at Bank Mandiri are classified as follows:

- Evaluation L1 : 5.37 from minimum standard of 4.8 (in the scale of 1-6). This indicates that the participants consider the training well-executed.
- Evaluation L2 : 80.82 from minimum standard of 75 (in the scale of 1-100). This indicates that the participants already have a sufficient understanding of the training materials received.
- Evaluation L3 : 5.52 from the minimum standard of 4.8 (in the scale of 1-6). This shows that the participants experience positive behavior changes very well after training.
- Evaluation L4 : 24.31% of the minimum standard of 15% (in the scale of 1% - 100%). This shows that there is an impact of training toward the improvement of employee performance.

Competence Development Costs

Throughout 2017, the Company has realized the competence development costs for employees recorded to have displayed growth compared to 2016, this was in line with the Company's commitment to constantly increase the value added for the employees, one of which was by the competence possessed. The amount of the total competence development costs of employees can be viewed in the following table.

Table of Competence Development Costs in 2016-2017

(in million rupiah)

Competence Development Costs		Growth	
2017	2016	in currency	in percent
554,232	530,831	13,401	2.52%

Table of Competency Development Costs by Program Type

(in million rupiah)

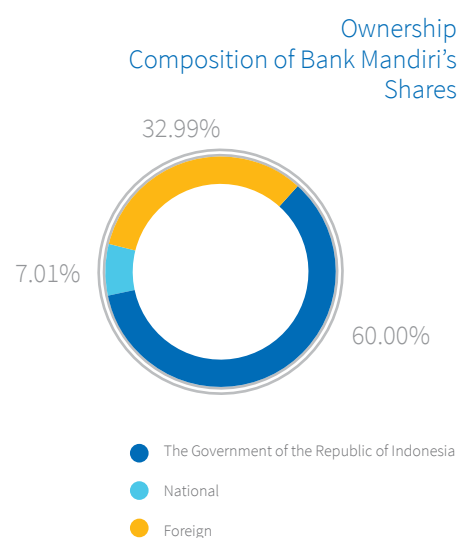
Program	2017	2016	2015	2014
Executive Development Program	5,014	5,540	29,714	13,473
Management Development Program	120,216	186,541	83,625	101,337
Retaining Competency Development Program	27,430	44,582	37,097	40,181
Change and Culture Development Program	14,840	13,379	17,000	17,000
Organization Capability Development Program	78,150	30,433	39,000	29,500
Leadership Capability Development Program	21,810	2,166	18,750	36,999
Pre-Retirement Program	1,479	12,571	23,000	11,000
Employee Engagement Activities	38,007	16,133	16,350	15,000
Mandatory Skill Development Program	247,286	219,486	227,647	90,395
TOTAL	554,232	530,831	492,100	354,885

Shareholders' Composition

The composition of Bank Mandiri's share ownership for 2017 consists of the Government of the Republic of Indonesia as the major shareholder and local and foreign ownership, with details as follows.

Table of Bank Mandiri's Shareholders' Competition Per December 2017

Shareholding	Number of Shareholders	Number Share	Shareholding Percentage
NATIONAL			
The Government of the Republic of Indonesia	1	28,000,000,000	60.00%
Individual	12,411	390,519,122	0.84%
Employees	2	18,371,788	0.04%
Cooperative	4	1,807,700	0.004%
Foundation	19	37,408,390	0.08%
Pension Fund	107	277,963,450	0.60%
Insurance	83	868,603,760	1.86%
Bank	-	-	-
Limited Liability Company	62	562,741,499	1.21%
Mutual Fund	284	1,112,955,482	2.38%
Sub Total	12,973	31,270,371,191	67.01%
FOREIGN			
Foreign Individual	98	2,062,996	0.004%
Foreign Business Entity	1,366	15,394,232,479	32.99%
Sub Total	1,464	15,396,295,475	32.99%
TOTAL	14,437	46,666,666,666	100.00%



The 20 Largest Shareholders' Composition

The composition of 20 largest shareholders of Bank Mandiri for the year 2017 is as follows.

Table of Bank Mandiri's The 20 Largest Shareholders' Composition

No.	Investor Name	Status	Amount of Shares	Shareholding Percentage
1.	THE GOVERNMENT OF THE REPUBLIC OF INDONESIA	Government Republic Indonesia	28,000,000,000	60.00%
2.	SSB 2IB5 S/A OAKMARK INTERNATIONAL FUND 2144615756	Foreign Business Entity	1,314,490,700	2.82%
3.	GIC S/A GOVERNMENT OF SINGAPORE	Foreign Business Entity	739,773,020	1.58%
4.	DIRECTORATE GENERAL OF EMPLOYMENT'S PENSION BENEFITS PROGRAM	Local Business Entity	500,879,212	1.07%
5.	JPMCB NA RE-OPPENHEIMER DEVELOPING MARKETS FUND	Foreign Business Entity	485,357,000	1.04%
6.	SSB 4545 S/A LAZARD EMERGING MARKETS EQUITY PORTFOLIO-2144610244	Foreign Business Entity	417,274,342	0.89%
7.	PT. PRUDENTIAL LIFE ASSURANCE - REF	Foreign Business Entity	320,135,718	0.69%
8.	BBH BOSTON S/A VANGRD EMG MKTS STK INFD	Foreign Business Entity	313,261,217	0.67%
9.	THE BANK OF NEW YORK MELLON DR	Foreign Business Entity	267,157,740	0.57%
10.	JPMCB NA AIF CLT RE-STICHTING DEPOSITARY APG EME MRKT EQ POOL	Foreign Business Entity	264,733,500	0.57%
11.	JPMCB NA RE-VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	Foreign Business Entity	243,582,651	0.52%
12.	CITIBANK NEW YORK S/A GOVERNMENT OF NORWAY - 2	Foreign Business Entity	239,881,354	0.51%
13.	CITIBANK NEW YORK S/A GOVERNMENT OF NORWAY - 15	Foreign Business Entity	222,695,900	0.48%
14.	HSBC BANK PLC S/A SAUDI ARABIAN MONETARY AUTHORITY	Foreign Business Entity	222,049,720	0.48%
15.	GIC S/A MONETARY AUTHORITY OF SINGAPORE	Foreign Business Entity	214,247,700	0.46%
16.	REKSA DANA SCHRODER DANA PRESTASI PLUS-908294000	Foreign Business Entity	211,845,072	0.45%
17.	CITIBANK NEW YORK S/A DIMENSIONAL EMERGING MARKETS VALUE FUND	Foreign Business Entity	153,931,862	0.33%
18.	CITIBANK N.A.-BANK MANDIRI	Foreign Business Entity	153,483,080	0.33%
19.	SSB ZM47 S/A INVESCO DEVELOPING MARKETS FUND-2144610861	Foreign Business Entity	135,218,600	0.29%
20.	SSB OBIH S/A ISHARES MSCI EMERGING MARKETS ETF-2144609616	Badan Usaha Asing	134,938,100	0.29%

Composition of Shareholders' Holding 5% or More of Shares

Bank Mandiri's share ownership of 5% or more for 2017 consists of only one investor, namely the Government of the Republic of Indonesia, as follows.

Table of the Composition of Shareholders with 5% or More Shareholding

Investor Name	Amount of Shares	Shareholding Percentage
The Government of the Republic of Indonesia	28,000,000,000	60.00%

Community Shareholders' Group Composition Holding Less Than 5% of Shares

The composition of Bank Mandiri's shareholders of less than 5% for 2017 is a community shareholder group with ownership interest of less than 5% owned by 14,436 (fourteen thousand four hundred thirty six) shareholders consisting of institutions and individuals.

Table of Community Shareholders' Group Composition Holding Less than 5% of Shares

No.	Public Shareholding	Number Shareholders	Number Share	Shareholding Percentage
DOMESTIC				
1.	Indonesian Individual	12,411	390,519,122	0.84%
2.	Employees	2	18,371,788	0.04%
3.	Cooperation	4	1,807,700	0.004%
4.	Foundation	19	37,408,390	0.08%
5.	Pension Fund	107	277,963,450	0.60%
6.	Insurance	83	868,603,760	1.86%
7.	Bank	-	-	-
8.	Limited Liability Company	62	562,741,499	1.21%
9.	Mutual Fund	284	1,112,955,482	2.38%
Sub Total		12,972	3,270,371,191	7.01%
INTERNATIONAL				
1.	Retail	98	2,062,996	0.00%
2.	Institutional	1,366	15,394,232,479	32.99%
Sub Total		1,464	15,396,295,475	32.99%
TOTAL		14,436	18,666,666,666	40.00%

Board of Commissioners' and Board of Directors' Shareholding

The following is the ownership of Bank Mandiri's shares by the Board of Commissioners and the Board of Directors for 2017

Table of Bank Mandiri's Board of Commissioners' and Board of Directors' Shareholding

No.	Name	Period	Position	Number Share	Shareholding Percentage
BOARD OF COMMISSIONERS					
1.	Wimboh Santoso	16 February 2016 - 21 August 2017	President Commissioner	0	0
2.	Hartadi Agus Sarwono	15 November 2017 - present	President Commissioner/ Independent Commissioner	0	0
3.	Imam Apriyanto Putro	11 June 2015 - present	Vice President Commissioner	0	0
4.	Aviliani	03 September 2014- 14 March 2017	Independent Commissioner	0	0

No.	Name	Period	Position	Number Share	Shareholding Percentage
5.	Goei Siauww Hong	25 June 2015 – present	Independent Commissioner	0	0
6.	Abdul Aziz	25 June 2013 – 14 March 2017	Independent Commissioner	0	0
7.	Bangun S. Kusmulyono	25 June 2015 – present	Independent Commissioner	0	0
8.	Askolani	03 September 2014 – present	Commissioner	0	0
9.	Ardan Adiperdana	03 October 2016 – present	Commissioner	0	0
10.	Makmur Keliat	25 September 2017 – present	Independent Commissioner	0	0
11.	R.Widyo Pramono	15 January 2018 - present	Commissioner	0	0
BOARD OF DIRECTORS					
1.	Kartika Wirjoatmodjo	17 May 2016 – present	President Director	0	0
2.	Sulaiman Arif Arianto	25 June 2015 – present	Vice President Director	380,058	0.0008144
3.	Ogi Prastomiyono	24 Desember 2008 – present	Director of Operations	971,000	0.0020807
4.	Pahala Nugraha Mansury	16 July 2010- 12 April 2017	Director of Finance & Treasury	0	0
5.	Hery Gunardi	4 July 2013 – present	Director of Distributions	418,000	0.0008957
6.	Tardi	22 September 2015 – present	Director of Retail Banking	925,000	0.0019821
7.	Ahmad Siddik Badruddin	25 June 2015 – present	Director of Risk Management & Compliance	996,600	0.0021356
8.	Kartini Sally	10 June 2015 – present	Director of Institutional	360,000	0.0007714
9.	Royke Tumilaar	25 July 2011 – present	Director of Wholesale Banking	102,000	0.0002186
10.	Rico Usthavia Frans	20 July 2016 – present	Director of Digital Banking & Technology	0	0
11.	Darmawan Junaidi	12 January 2018 – present	Director of Treasury	0	0
TOTAL				4,152,658	0.0088985

Board of Directors and Board of Commisioner's Share Trading

In accordance with FSA Regulation No.60/POJK.04/2015 concerning disclosure of certain shareholders, then with the Company reported that during 2017 there have been three times the purchase and/or sale of shares of the Bank conducted by the Board of Directors and Board of Commissioners of Bank Mandiri with details as follows:

No.	Name	Position	Transaction	Amount of Shares Before the Transaction	Amount of Trading	Share Price	Amount of Share After the Transaction	Transaction Date	Reporting *)
1.	Hery Gunardi	Director of Distributions	Purchase	171,500 shares	37,500 shares	Rp13,250	209,000 shares	12 September 2017	Reported towards the Indonesian FSA via Letter dated 12 September 2017
2.	Goei Siauww Hong	Independent Commissioner	Sales	3,600 shares	3,600 shares	Rp12,675	nil	5 June 2017	Reported towards the Indonesian FSA via Letter dated 6 June 2017
3.	Goei Siauww Hong	Independent Commissioner	Purchase	nil	3,600 shares	Rp12,750	3,600 shares	19 May 2017	Reported towards the Indonesian FSA via Letter dated 2 June 2017

*)And has been published on the Indonesia Stock Exchange website

List of Subsidiaries and/or Associates

Subsidiaries

Name	Line of Business	Shareholding	Date and Year of Establishment	Operation Status	Total Assets (Rp billion)	Domicile
PT Bank Syariah Mandiri ("BSM")	Sharia Banking Services	99.99%	1995	In Operation	Rp87,939,774	Jakarta
PT Mandiri Sekuritas	Investment Service Banking	99.99%	1992	In Operation	Rp3,284,779	Jakarta
PT Mandiri Tunas Finance ("MTF")	Motor Vehicle and Multipurpose Financing Services	51.00%	2009	In Operation	Rp14,739,458	Jakarta
PT Mandiri AXA General Insurance ("MAGI")	Motor Vehicle Insurance Services and Other Insurance	60.00%	1962	In Operation	Rp1,616,120	Jakarta
PT AXA Mandiri Financial Services ("AXA Mandiri")	Financial Planning Services Via Insurance Products	51.00%	1991	In Operation	Rp30,228,537	Jakarta
PT Bank Mandiri Taspen	Banking Services	59.44%	1992	In Operation	Rp13,687,703	Denpasar
Mandiri International Remittance Sdn. Bhd. ("MIR")	Money Remittance Services	100.00%	2009	In Operation	Rp14,958	Kuala Lumpur
Bank Mandiri (Europe) Limited ("BMEL")	Banking Services	100.00%	1999	In Operation	Rp2,126,531	London
PT Asuransi Jiwa Inhealth Indonesia ("Mandiri Inhealth")	Health Insurance and Life Insurance Services	80.00%	2008	In Operation	Rp2,224,965	Jakarta
PT Mandiri Utama Finance ("MUF")	Customer Financing Services Especially for Motor Vehicle	51.00%	2015	In Operation	Rp4,197,567	Jakarta
PT Mandiri Capital Indonesia ("MCI")	Venture Capital Services	99.98%	2016	In Operation	Rp490,038	Jakarta

A brief description about each Subsidiaries is elaborated as follows:



PT Bank Syariah Mandiri ("BSM")

PT Bank Syariah Mandiri ("BSM") is a subsidiary of Bank Mandiri which conducts banking activities under the sharia principles, established in the Republic of Indonesia on 15 June 1955 under the name of PT Bank Industri Nasional ("PT Bina"). Subsequently PT Bina was changed into PT Bank Maritim Indonesia on 4 October 1967 and subsequently into PT Bank Susila Bhakti on 10 August 1973, which is a Subsidiary of BDN. The last company name change was based on Notarial Deed by Sutjipto, S.H., No. 23 dated 8 September 1999, i.e. Into PT Bank Syariah Mandiri

BSM conducts its business based on an authorization from Bank Indonesia under the the Decree of Bank Indonesia's Governor No. 1/24/KEP.GBI/1999 dated 25 October 1999 as a commercial bank based on sharia principles and commenced operations as of 1 November 1999. The Company's shareholding composition consisted of PT Bank Mandiri (Persero) Tbk. at 99.99% (397,804,386 shares) and Mandiri Sekuritas at 0.01% (1 share).

To this date, BSM offers a range of innovative sharia-based products for their customers which are classified into 4 (four) groups e.g. funding, financing, merit and service products.

Based on Deed of GMS Resolutions Number 01 dated 2 May 2017, the composition of BSM's Board of Commissioners and Board of Directors is as follows:

BOARD OF COMMISSIONERS

President Commissioner	: Mulya E. Siregar
Commissioner	: Dikdik Yustandi
Independent Commissioner	: Bambang Widianto
Independent Commissioner	: Ramzi A. Zuhdi

BOARD OF DIRECTORS

President Director	: Toni Eko Boy Subari
Director	: Putu Rahwidhiyasa
Director	: Achmad Syafei
Director	: Edwin Dwijayanto
Director	: Kusman Yandi
Director	: Choirul Anwar
Director	: Ade Cahyo Nugroho

SHARIA BOARD OF SUPERVISORY

Chairman of Sharia Supervisory Board	: Dr. KH. Ma'ruf Amin
Sharia Supervisory Board	: Mohamad Hidayat
Sharia Supervisory Board	: M. Syafii Antonio



PT Mandiri Sekuritas

PT Mandiri Sekuritas ("Mandiri Sekuritas"), formerly known as PT Merincorp Securities Indonesia ("MSI") was established under the Deed No. 1 dated 2 December 1991 made before a Notary, Sutjipto, S.H., MSI obtained the business license as security portfolio trading intermediary and security portfolio underwriter for the Chairman of the Capital Market Supervisory Agency ("Bapepam") under the Decree No. KEP-12/PM/1992 and No. KEP-13/PM/ 1992 and commenced its operations on 23 January 1992.

Mandiri Sekuritas is one of Bank Mandiri's subsidiaries, a surviving security company from the merger of several security companies in Bank Mandiri's vicinity, i.e. Bumi Daya Sekuritas, Exim Securities and Merincorp Securities Indonesia. The merger is based on the Notarial Deed No. 116 dated 31 July 2000 made before ,a Notary, Mrs. Vita Buena, S.H., approved by the Minister of Law and Legislation of the

Republic of Indonesia on 25 August 2000 based on the Decree No. C-18762.HT.01.01-TH.2000 and the business license that MSI previously obtained is still valid for use by PT Mandiri Sekuritas. The Company's share ownership composition consisted of PT Bank Mandiri (Persero) Tbk. At 99.99% and Koperasi Mandiri at 0.01%.

Currently, Mandiri Sekuritas is one of the security companies with the largest security capitalization value in Indonesia's capital market. In addition, Mandiri Sekuritas is also an investment banking service provider and the most active local security intermediary in Indonesia.

Based on resolutions of GMS Number 08 dated 9 March 2017 the composition of Mandiri Sekuritas' Board of Commissioners and Board of Directors is as follows:

BOARD OF COMMISSIONERS

President Commissioner and Independent Commissioner	: D. Cyril Noerhadi
Commissioner	: Alexandra Askandar
Independent Commissioner	: Suresh Narang
Commissioner	: Wien Irwanto

BOARD OF DIRECTORS

President Director	: Silvano Rumanthir
Director Capital Market	: Laksono W. Widodo
Director Strategy and Compliance	: Lisana Irianiwati
Director of Operations	: Heru Hendayanto
Director Investment Banking	: vacant



PT Mandiri Tunas Finance ("MTF")

PT Mandiri Tunas Finance ("MTF") is one of Bank Mandiri's subsidiaries established in 1989. MTF was established under the name of PT Tunas Financindo Corporation (later renamed into PT Tunas Financindo Sarana ("TFS")) based on the notarial deed made by Misahardi Wilamarta, S.H., No. 262 dated 17 May 1989 and ratified by the Minister of Justice within the Decision Letter No. C2-4868.HT.01.01.TH.89 dated 1 June 1989 and was published in the State Gazette No. 57, Supplement No. 1369 dated 18 July 1989.

Later, in February 2009, Bank Mandiri acquired the company into PT Mandiri Tunas Finance ("MTF") with 51% of shareholding by Bank Mandiri and 49% by PT Tunas Ridean Tbk. The transfer of 51.00% of shareholding towards Bank Mandiri has been ratified in the EGMS MTF as set forth in Minutes of EGMS No. 8 dated 6 February 2009 and was registered in the Department of Law and Human Rights' Legal Entity Administration System as affirmed via Ministry of Law and Human Rights' Letter No. AHU-AH.01.10-01575 dated 11 March 2009.

The name change of TFS into MTF was conducted on 26 June 2009, in accordance to PT Tunas Financindo Sarana's Deed of Meeting Resolution No. 181 dated 26 June 2009 signed by Notary Dr. Irawan

Soerodjo, S.H., Msi. The articles of association was approved by the Minister of Law and Human Rights of the Republic of Indonesia within the Decision Letter No. AHU-4056.AH.01.02.TH.09 on 26 August 2009.

MTF is a financing institution whose business activities focused on Investment Financing, Motor Vehicle Financing, Multipurpose Financing, and other financing based on approval from the Financial Services Authority (OJK). Bank Mandiri's shareholding until 2017 amounts to 51.00% and 49.00% for Tunas Ridean.

Based on resolutions of GMS Number 23 dated 26 April 2017 the composition of Mandiri Sekuritas' Board of Commissioners and Board of Directors is as follows:

BOARD OF COMMISSIONERS

President Commissioner	: Rico Setiawan
Commissioner	: Harry Gale
Independent Commissioner	: Ravik Karsidi

BOARD OF DIRECTORS

President Director	: Ignatius Susatyo Wijoyo
Marketing Director	: Harjanto Tjitohardjoyo
Financial Director	: Arya Suprihadi



PT Mandiri AXA General Insurance ("MAGI")

PT Mandiri AXA General Insurance (MAGI) is a joint venture company between Bank Mandiri and AXA Société Anonyme engaged in loss insurance. MAGI was previously named PT Maskapai Asuransi Dharma Bangsa (PT Insurance Society Dharma Bangsa Ltd) established under the Notarial Deed by Sie Khwan Djioe No. 109 dated 28 July 1961 in Jakarta. The company name was changed into PT Asuransi Dharma Bangsa under the Notarial Deed by Imas Fatimah, S.H. No. 54 dated 17 December 1997 and has obtained approval from the Minister of Justice via the Decision Letter of the Minister of Justice No. C2-2421.HT.01.04.TH.98 dated 26 March 1998.

Furthermore, the company name of PT Asuransi Dharma Bangsa was changed into PT Mandiri AXA General Insurance in accordance with Notarial Deed by Yualita Widyadhari, S.H. No. 90 dated 18 October 2011 and has been submitted to the Ministry of Law and Human Rights of the Republic of Indonesia and was received by its letter No. AHU-51976.AH.01.02 dated 25 October 2011 regarding the Acceptance for the Notification of Amendment to Articles of Association of PT Mandiri AXA General Insurance.

In conducting its business, MAGI has obtained a business license from Bapepam's Bureau of Insurance and the Ministry of Finance of the Republic of Indonesia's LK via letter No. S-12583/BL/2011 dated 22 November 2011. The line of business that became MAGI's focus until this date is motor vehicle insurance, but in line with the company's business development,

the products marketed today are more diverse, such as accident, property, transportation insurance, travel insurance and various other products.

Based on the letter of approval from the Financial Services Authority (OJK) No. S-72/PB.31/2016 dated 3 August 2016 concerning the Approval Application for the Capital Participation Addition of PT Mandiri AXA General Insurance, therefore on 9 August 2016 the transaction for capital participation addition towards MAGI has been executed that amounted to Rp. 30,000. The addition of such capital participation did not change the shareholding percentage for MAGI whose total shares were held by Bank Mandiri that at 60% and 40% for AXA S.A.

Based on resolutions of GMS Number 12 dated 22 February 2017 the composition of Mandiri AXA General Insurance's Board of Commissioners and Board of Directors is as follows:

BOARD OF COMMISSIONERS

President Commissioner	: Kepas A.A. Manurung
Commissioner	: Franz Lathuillierie
Independent Commissioner	: Frans Wiyono
Independent Commissioner	: Indra Noor

BOARD OF DIRECTORS

President Director	: Paul Henri Rastoul
Financial Director	: Sylvain Ducros
Sales and Distribution Director	: Djoko Yoewono



PT AXA Mandiri Financial Services ("AXA Mandiri")

PT AXA Mandiri Financial Services ("AXA Mandiri") is a Subsidiary of Bank Mandiri established under the name of PT Asuransi Jiwa Staco Raharja on 30 September 1991 under the Notarial Deed made by Muhani Salim, S.H., No. 179. The company obtained the decision letter from the Directorate General of Financial Institutions No. KEP.605/KM.13/1991 regarding the granting of a National Life Insurance Business License and commenced their operations on 4 December 1991. The name of the company then was changed into PT Asuransi Jiwa Mandiri and subsequently changed into PT AXA Mandiri Financial Services. This amendment was approved by the Minister of Law and Human Rights in the letter No. C-28747.HT.01.04.TH.2003 dated 10 December 2003 and was published in the State Gazette No. 64, Supplement No. 7728 dated 10 August 2004 with the composition of NMI shareholders respectively at 51.00% and 49.00% for Bank Mandiri.

On 20 August 2010, Bank Mandiri signed a trading agreement over the purchase of 2,027,844 shares or 2.00% of the issued and paid-up shares of NMI made before the notary Dr. A. Partomuan Pohan, S.H., LL.M. The ownership addition in AXA Mandiri has been approved by Bank Indonesia via its letter No. 12/71/DPB1/TPB1-1 dated 22 July 2010. After this purchase, the Bank's shareholding percentage in AXA Mandiri was increased to 51.00%.

AXA Mandiri offers financial planning services through various insurance products. Especially for individual businesses (retail), AXA Mandiri offers a combination of insurance and investment (unit link) products that possesses flexible feature selections with optimal profitability to meet various needs such as old-age savings, education funds or other financial purposes in the future. In addition, AXA Mandiri also provides insurance coverage for credit card holding customers, saving account customers, consumer loan customers and micro credit customers for Bank Mandiri and Bank Mandiri's subsidiaries.

Based on resolutions of GMS Number 22 dated November 7, 2017 the composition of AXA Mandiri Tunas Financial Services' Board of Commissioners and Board of Directors is as follows:

BOARD OF COMMISSIONERS

President Commissioner	: Myland
Commissioner	: Paul Henri NPM Rastoul
Independent Commissioner	: Wihana Kirana Jaya
Independent Commissioner	: Akhmad Syakhroza

BOARD OF DIRECTORS

President Director	: Jean Philippe Louis MV
Direktur Keuangan	: Xavier Pastour
Director of Operations	: Ni Nyoman Trisnasari
Director of Alternative Dist. Channel	: Henky Oktavianus
Director In Branch Channel	: Tisye Diah Retnojati
Human Capital and Sales Academy EVP	: Irma Adeka staa

SHARIA BOARD OF SUPERVISORY

Chairman of Sharia Supervisory Board	: Huzaemah T. Tanggo
Sharia Supervisory Board	: Kanny Hidayat Y.SE
Sharia Supervisory Board	: Dr.H. Zainut Tauhid Sa'adi



PT Bank Mandiri Taspen

PT Bank Mandiri Taspen previously known as PT Bank Sinar Harapan Bali or "Bank Sinar" started their journey as Maskapai Andil Indonesia (MAI) Bank Pasar Sinar Harapan Bali on 23 February 1970, which was then established as the date of birth for Bank Sinar. Over time, on 3 May 2008, Bank Sinar was officially acquired by PT Bank Mandiri (Persero) Tbk in order to comply with the provisions of capital regulation as a commercial bank. The acquisition marked the beginning of Bank Mandiri's ownership of Bank Sinar and then the management of Bank Sinar is done separately as a stand-alone bank with the status of Subsidiary focusing mainly on micro business and small business development.

On 24 July 2015, the FSA approved the name was change of PT Bank Sinar Harapan Bali into PT Bank Mandiri Taspen and granted permission to conduct business activities under the name of Bank Mantap. The name change was accompanied by a license for logo

change from FSA on 31 July 2015. The name and logo changes was announced to the public on 7 August 2015. Currently, the ownership composition of Bank Mandiri was recorded at 59.44%, PT Taspen at 40.00% and Individual at 0.36%.

Based on resolutions of GMS Number 18 dated Thursday, 19 October 2017 the composition of PT Bank Mandiri Taspen's Board of Commissioners and Board of Directors is as follows:

BOARD OF COMMISSIONERS

President Commissioner	: Abdul Rachman
Independent Commissioner	: Sukoriyanto Saputro
Independent Commissioner	: Edhi Chrystanto
Independent Commissioner	: I Wayan D. Ardjana
Commissioner	: Agus Haryanto

BOARD OF DIRECTORS

President Director	: Josephus K. Triprakoso
Business Director	: Nurkholis Wahyudi
Director Finance and Wealth Management	: Muhamad Gumilang
Director Procurement, Pension, and Business Control	: Paulus Endra Suyatna
Director Compliance, Human Capital and Risk Management	: Ida Ayu Kade Karuni
Director of IT, Network, and Operation	: Iwan Suroto



Mandiri International Remittance Sdn. Bhd. ("MIR")

Mandiri International Remittance Sdn. Bhd. ("MIR") is a Subsidiary whose shares held entirely by Bank Mandiri and became a Malaysian legal entity since 17 March 2009 with the registration No. 850077-P. MIR is a remittance service provider under the provision of Bank Negara Malaysia ("BNM"). The establishment of MIR received an approval from Bank Indonesia ("BI") via letter No. 10/548/DPB1 dated 14 November 2008 and an approval from BNM to conduct operational activities via letter No. KL.EC.150/1/8562 dated 18 November 2009. The new licensing has been approved under the Money Services Business Deed 2011 on an 7 August 2012 letter No. JPPPW/LIC/2200/B/0106.

The grand opening of the first MIR office that was located in Kuala Lumpur, Malaysia was conducted on 29 November 2009 and to this day, the main products provided by MIR are remittances to Bank accounts within Banks all across Indonesia or through cash withdrawals at all Bank Mandiri Branches and Pawnshop Outlets in Indonesia for the currency of Indonesian Rupiah. In addition, MIR also provides forwarding services for opening a Mandiri Tabungan TKI account and acts as a contact center for Bank Mandiri's customers in Malaysia.

Under Section 58 of the Companies Act 2016, dated 31 March 2017 the composition of Mandiri International Remittance Sdn. Bhd.'s Board of Commissioners and the Board of Directors are as follows:

BOARD OF DIRECTORS

President Director	: Wahyu Surahmat
Operasional Director	: M. Fodli
Non Executive Director	: Elmega Rosinta
Non Executive Director	: Diah Natalin Saragi

**Bank Mandiri (Europe) Limited (“BMEL”)**

Bank Mandiri (Europe) Limited (BMEL) is a subsidiary of Bank Mandiri established in London, England on 22 June 1999 under The Companies Act 1985 of the United Kingdom. BMEL is the conversion from Bank Exim's London branch into a Subsidiary and has conducted effective operations since 31 July 1999. BMEL is a commercial bank located in London, UK that provides banking financial services primarily for corporates in Indonesia as well as in the UK and Europe to support the business relations of the two regions. Bank Mandiri's ownership amounts to 100.00%.

The organizational structure of Bank Mandiri (Europe) Limited is as follows:

Non Executive Director (NED)	: Sulaeman
Independent NED	: John K. Williams
Executive Director and Chief Executive	: I Nyoman Gede Suarja
Independent NED and Chairman	: Mahendra Siregar

**PT Asuransi Jiwa Inhealth Indonesia (“Mandiri Inhealth”)**

PT Asuransi Jiwa Inhealth Indonesia henceforth Mandiri Inhealth was established on 6 October 2008 which is a subsidiary of PT Askes (Persero) and Koperasi Bhakti PT Askes (Persero). Furthermore, on 2 May 2014, BPJS Kesehatan d/h PT Askes (Persero) and Koperasi Bhakti PT Askes (Persero) released their shareholding within Mandiri InHealth towards three state-owned enterprises with the following composition: PT Bank Mandiri (Persero) Tbk at 60%, PT Kimia Farma (Persero) Tbk at 10%, PT Asuransi Jasa Indonesia (Persero) at 10%, BPJS Kesehatan at 20%. Later, in May 2015 BPJS Kesehatan released the remaining shareholding to PT Bank Mandiri (Persero) Tbk so that Mandiri Inhealth's ownership composition became: PT Bank Mandiri (Persero) Tbk at 80%, PT Kimia Farma (Persero) Tbk at 10%, PT Asuransi Jasa Indonesia (Persero) at 10%.

The products and services offered by Mandiri Inhealth were classified into Health Insurance products and Life Insurance products, which currently focuses on Health Insurance products business that dominates 97% of the company's premium income.

Based on resolutions of GMS Number 23 dated Tuesday, 11 April 2017 the composition of Bank Mandiri Inhealth's Board of Commissioners and Board of Directors is as follows:

BOARD OF COMMISSIONERS

President Commissioner	: Sentot A Sentaosa
Independent Commissioner	: Ali Gufron Mukti
Independent Commissioner	: Bambang Wibowo

BOARD OF DIRECTORS

President Director	: Iwan Pasila
Director	: Wahyu Handoko
Director	: Armendra
Director	: Eddy Alfian

**PT Mandiri Utama Finance (“MUF”)**

PT Mandiri Utama Finance (“MUF”) is a subsidiary of Bank Mandiri operating since 24 August 2015, based on the notarial deed by Ashoya Ratam, S.H., M.Kn. No. 19 dated 21 January 2015, approved by the Ministry of Law and Human Rights of the Republic of Indonesia within the Decision Letter No. AHU-0003452.AH.01.01.TAHUN 2015 dated 26 May 2015. Bank Mandiri alongside PT Tunas Ridean Tbk and PT Asco Investindo established MUF with Bank Mandiri's ownership amounts to 51.00%, PT Tunas Ridean Tbk at 12.00% and PT Asco Investindo at 37.00%.

On 24 August 2015, MUF conducted their initial operational activities through collaborations with major dealers and loan disbursements towards limited customers to meet FSA IKNB requirements. To this date MUF is a financing institution focused on customer financing, especially the financing for both new and used motor vehicle. In the course of their business, MUF provides financing services covering investment financing, working capital financing, and multipurpose financing which the main focus is currently the financing of motor vehicles for retail customer and companies in the form of financing consumers as well as leasing.

Based on resolutions of GMS Number 59 dated 7 November 2017 the composition of Bank Mandiri Utama Finance's Board of Commissioners and Board of Directors is as follows:

BOARD OF COMMISSIONERS

President Commissioner	: Riyani T Bondan
Commissioner	: Erida
Independent Commissioner	: Mansyur S Nasution

BOARD OF DIRECTORS

President Director	: Stanley Setia Atmadja
Director of Operations	: Judy Lesmana
Financial Director	: Kuki Kadarisman

**PT Mandiri Capital Indonesia (“MCI”)**

PT Mandiri Capital Indonesia (“MCI”) is a subsidiary of Bank Mandiri established on 23 June 2015 and is engaged in venture capital. On 26 June 2015, the establishment of MCI has been approved by the Minister of Law and Human Rights No. AHU-2445684.AH.01.01 year 2015. MCI has obtained a license to conduct business activities in venture capital on 10 November 2015 via Financial Services Authority’s letter No. SR-6035/NB.111/2015 so that MCI can perform full operational activities.

To this date, the majority of MCI’s shareholder is PT Bank Mandiri (Persero) Tbk at 99.98% and PT Mandiri Sekuritas at 0.02%. To conduct their business, MCI used various investment plans towards potential

FinTech startup companies through equity participation, participation via convertible notes, and other forms according to POJK of the venture capital.

Based on resolutions of GMS Number 1 dated 1 February 2016 the composition of Bank Mandiri Capital Indonesia’s Board of Commissioners and Board of Directors is as follows:

BOARD OF COMMISSIONERS

President Commissioner	: Joseph G. Godong
Commissioner	: Rahmat B. Triaji

BOARD OF DIRECTORS

President Director	: M. Eddi Danusaputro
Financial Director	: Hira Laksamana

Associates

Name	Line of Business	Shareholding	Date and Year of Establishment	Operation Status	Total Assets (Rp billion)	Domicile
PT Kustodian Sentral Efek Indonesia (“KSEI”)	Depository and Settlement Institution (LPP) in Indonesia Capital Market	10,00%	1997	In Operation	1.848,25	Jakarta
PT Sarana Bersama Pengembangan Indonesia (“SBPI”)	Business, Management, and Administration Consulting Services	34,00%	2007	In Operation	169,52	Jakarta
PT PANN (Persero)	Financing Service that participated in Financing Commercial Ships Procurement in Indonesia	7,00%	1974	In Operation	887,88	Jakarta

A brief description about each Associates is elaborated as follows:

PT Kustodian Sentral Efek Indonesia (“KSEI”)

PT Kustodian Sentral Efek Indonesia (“KSEI”) is a Depository and Settlement Institution (LPP) in Indonesia capital market, established on 23 December 1997 in Jakarta, and obtained an operating license on 11 November 1998. Based on the provisions of 1995 Law Number 8 regarding Capital Market, KSEI performs its function as LPP in Indonesia capital market by providing centralized custodian services

and well-regulated, proper and efficient Security settlement services. Currently, KSEI’s shareholders consist of 26 Security Companies, 9 Custodian Banks, 3 Securities Administration Agencies and 2 SROs (Self Regulatory Organizations) whereby Bank Mandiri became one of the custodian banks as well as KSEI’s shareholder at 10%.

PT Sarana Bersama Pengembangan Indonesia (“SBPI”)

PT Sarana Bersama Pengembangan Indonesia is a company engaged in services (able to conduct business activities in consulting, business, management and administration under the changes in the Articles of Association in accordance with 2007 Law No. 40, deed No. 133 dated 23 November 2009) d/h Fund deployment of non-bank financial institutions with the intention of developing national companies and the role of national capital to contribute towards the economic development in Indonesia. Until 2017 Bank Mandiri’s ownership in SBPI is at 34%.

PT PANN (Persero)

PT PANN is ex-legacy Bapindo’s pure participation and is a financing company that participated in financing the Commercial Ships procurement in Indonesia. Prior to the Spin Off this company engaged in the financing of national commercial ships focusing on financing lower middle class shipping companies via financing mechanisms of Financial Lease, Purchase on Installment, Sale and Lease Back and Factoring. Until 2017 Bank Mandiri’s ownership in PANN is at 7%.

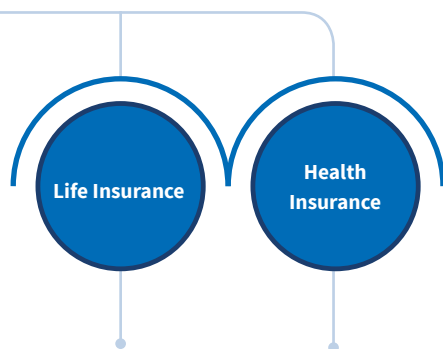


Company Group Structure



Subsidiaries



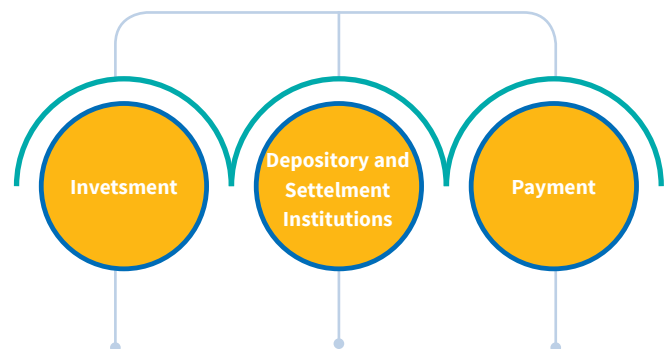


51%



80%

Associates

PT SARANA BERSAMA
PENGEMBANGAN
INDONESIA
(SBPI)

34%



10%



7%

Bank Mandiri does not possess a Parent Entity, a joint venture as well as a special purpose vehicle (SPV).

Share Listing Chronology

The shares issued by Bank Mandiri consisted of A Series Bicolor Shares and Ordinary Shares Named B Series. Bank Mandiri issued only one A Series Bicolor Share owned by the Republic of Indonesia and such share is non-transferable.

The Ordinary Shares of B Series entirely offered consisted of divestment shares of the Republic of Indonesia which granted the same and equivalent rights to the holder in all respects with other Ordinary Shares B Named Series from Bank Mandiri that were Issued and paid-up.

Initial Public Offering

On 14 July 2003, Bank Mandiri conducted an Initial Public Offering (IPO) of 4,000,000,000 Ordinary Shares B Series with a par value of Rp.500 (full amount) per share sold at Rp. 675 (full amount) per share. The public offering to the public was a divestment of 20.00% of Bank Mandiri's shares owned by the Government.

On 14 July 2003, 19,800,000,000 of Bank Mandiri's Ordinary Shares B Series have been listed on Jakarta and Surabaya Stock Exchanges based on the letter of approval from Jakarta Stock Exchange No. S-1187/ BEJ.PSJ/ 07-2003 dated 8 July 2003 and Surabaya Stock Exchange No. JKT-028/LIST/BES/VII/2003 dated 10 July 2003.

Quasi-reorganization

to eliminate the negative consequences due to the losses, Bank Mandiri conducted a quasi-reorganization in accordance with the resolution of the Extraordinary GMS on 29 May 2003. The quasi-reorganization adjustment was booked on 30 April 2003, whereby the burden of loss amounted to Rp162,874,901 was eliminated into additional paid-in capital/agio shares. On 30 October 2003, Bank Mandiri's Extraordinary GMS approved the mentioned quasi-reorganization on 30 April 2003.

Divestment of shareholding by the Government

On 11 March 2004, the Government divested an additional 10.00% ownership in Bank Mandiri or amounted to 2,000,000,000 Ordinary Shares B Series via private placements.

Limited Public Offering

In order to strengthen the capital structure, Bank Mandiri increased their issued and paid capital via Limited Public Offering ("LPO") with Rights Issue and regarding that particular LPO, Bank Mandiri has submitted the first and second registration statements towards Bapepam-LK on 26 December 2010 and 18 January 2011. Bapepam-LK under the Chief Executive Officer of Bapepam-K's Letter No S-807/ BL/2011 dated 27 January 2011 stated that the LPO registration with Bank Mandiri's Rights Issue has been effective and also obtained approval from the shareholders in accordance with the decision result of the Extraordinary GMS on 28 January 2011.

The total number of Rights issued by Bank Mandiri amounted to 2,336,838,591 shares at a price of Rp500 (full amount) per share as stipulated on 25 January 2011 and the implementation of the Rights Issue trading period started from 14 February 2011 until 21 February 2011.

The Government of the Republic of Indonesia as Bank Mandiri's majority shareholder did not exercise their right to acquire the Rights Issue, but instead they transferred it to other public shareholders, so that the Government's to Bank Mandiri shareholding percentage composition was reduced or diluted from 66.68 before the Rights Issue exercise period to become 60.00% after the implementation of the Rights Issue.

Implementation of the Stock Split

Based on the resolutions of the GMS-LB dated 21 August 2017 as set forth within the Deed No.36 dated 24 August 2017, made before Notary Ashoya Ratam SH, Mkn, the shareholders of Bank Mandiri, among others, approved the stock split of the Company from Rp. 500 (full amount) per share into Rp250 (full amount) per share so that the issued capital became 46,666,666,666 shares consisting of 1 Bicolor Share A Series and 46,666,666,665 shares B Series. The implementation of the stock split was effective on 13 September 2017.



Table of Bank Mandiri’ Stock Split

Description	Shareholders (Number of Outstanding Shares)					Number of Outstanding Shares
	Government		Public		Nominal	
	Number	%	Number	%	(Rp)	
Before the Stock Split	14,000,000,000	60	9,333,333,333	40	500	23,333,333,333
After the Stock Split	28,000,000,000	60	18,666,666,666	40	250	46,666,666,666

Name of Stock Exchange Where the Shares are Listed

All of Bank Mandiri’s shares has been listed at Indonesia Stock Exchange.

Table of Bank Mandiri’s Share Issuance Chronology

No.	Period	Description	Share	Par Value (Rp)	Offer Price (Rp)	Number of Issued Shares	Issued and Paid-up Capital		
							Amount of Shares	Total Nominal Value (Rp)	Total Offer Price (Rp)
1.	Before IPO	-	-	-	-	-	20,000,000,000	10,000,000,000,000	-
2.	14 July 2003	Initial Public Offering	Ordinary Share B Series	500	675	4,000,000,000	20,000,000,000	10,000,000,000,000	13,500,000,000,000
3.	11 March 2004	Divestment of Governmental Shares	Ordinary Share B Series	500	1,450	2,000,000,000	20,000,000,000	10,000,000,000,000	29,000,000,000,000
4.	2004	MSOP I Conversion*	Ordinary Share B Series	500	742.50	132,854,872	20,132,854,872	10,066,427,436,000	14,948,644,742,460
5.	2005	MSOP I Conversion*	Ordinary Share B Series	500	742.50	122,862,492	20,255,717,364	10,127,858,682,000	15,039,870,142,770
6.	2006	MSOP I Conversion*	Ordinary Share B Series	500	742.50	71,300,339	20,327,017,703	10,163,508,851,500	15,092,810,644,478
7.	2006	MSOP II Conversion*	Ordinary Share B Series	500	1,190.50	304,199,764	20,631,217,467	10,315,608,733,500	24,561,464,394,464
8.	2007	MSOP I Conversion*	Ordinary Share B Series	500	742.50	40,240,621	20,671,458,088	10,335,729,044,000	15,348,557,630,340

No.	Period	Description	Share	Par Value (Rp)	Offer Price (Rp)	Number of Issued Shares	Issued and Paid-up Capital		
							Amount of Shares	Total Nominal Value (Rp)	Total Offer Price (Rp)
9.	2007	MSOP II Conversion*	Ordinary Share B Series	500	1,190,50	343,135	20,671,801,223	10,335,900,611,500	24,609,779,355,982
10.	2007	MSOP III Conversion*	Ordinary Share B Series	500	1,495,08	77,750,519	20,749,551,742	10,374,775,871,000	31,022,239,818,429
11.	2008	MSOP I Conversion*	Ordinary Share B Series	500	742,50	8,107,633	20,757,659,375	10,378,829,687,500	15,412,562,085,938
12.	2008	MSOP II Conversion*	Ordinary Share B Series	500	1,190,50	399,153	20,758,058,528	10,379,029,264,000	24,712,468,677,584
13.	2008	MSOP III Conversion*	Ordinary Share B Series	500	1,495,08	147,589,260	20,905,647,788	10,452,823,894,000	31,255,615,894,883
14.	2009	MSOP II Conversion*	Ordinary Share B Series	500	1,190,50	86,800	20,905,734,588	10,452,867,294,000	24,888,277,027,014
15.	2009	MSOP III Conversion*	Ordinary Share B Series	500	1,495,08	64,382,217	20,970,116,805	10,485,058,402,500	31,352,002,232,819
16.	2010	MSOP II Conversion*	Ordinary Share B Series	500	1,190,50	6,684,845	20,976,801,650	10,488,400,825,000	24,972,882,364,325
17.	2010	MSOP III Conversion*	Ordinary Share B Series	500	1,495,08	19,693,092	20,996,494,742	10,498,247,371,000	31,391,493,358,869
18.	14 February–21 February 2011	Limited Public Offering via Rights Issue	Ordinary Share B Series	500	5,000	2,336,838,591	23,333,333,333	11,666,666,666,500	116,666,666,666,666
19.	13 September 2017	Stock Split (Ratio 1:2)	Ordinary Share A and B Series	250	-	-	46,666,666,666	-	-

*)Information on the date of execution of MSOP conversion can be seen in the description of Employee Stock Ownership Program and/or Management in this Annual Report.

Initial public offering towards the community amounted to 4,000,000,000 shares was a divestment of Bank Mandiri's 20.00% shares owned by the Government, thus not increasing the number of outstanding shares. The Government also further divested 10.00% of its shareholding in Bank Mandiri or amounted to 2,000,000,000 Common Shares B Series via private placements, this action did not increase the number of outstanding shares within the community. After the stock split action, Bank Mandiri's share price was recorded at Rp6,700 from the previous amount Rp13.400, with stock split ratio is 1: 2

Bonds And Other Securities Listing and/or Registration Chronology

Bonds Issuance and/or Registration Chronology

Bank Mandiri's Rupiah Subordinated Bonds I Year 2009

To strengthen the capital structure and to support the credit expansion for business development, on 14 December 2009, Bank Mandiri issued Bank Mandiri's subordinated bonds I Year 2009 that amounted to Rp. 3.500.000.000.000. Funds obtained from the result of this subordinated bond issuance was used as a supplementary capital (lower tier 2) in accordance with the provisions of Bank Indonesia.

This subordinated bond received an approval from Bank Indonesia via letter No. 11/III/DPB1/TPB1-1 dated 14 December 2009 and the effective statement of the Financial Services Authority (formerly the Capital Market & Financial Institution Supervisory Agency (Bapepam and LK)) based on a letter from the Chairman of Bapepam and LK No. S-10414/BL/2009 dated 3 Desember 2009.

Bank Mandiri has listed Subordinated Bonds in Indonesia Stock Exchange (IDX) on 14 December 2009 in accordance with the announcement of Bank Mandiri's subordinated bonds registration by IDX dated 11 December 2009. The Subordinated Bonds possess a maturity of 7 (seven) years and have matured on 11 December 2016, issued without any draft with a fixed interest rate of 11.85% per annum. The trustee of these subordinated bonds is PT Bank Permata Tbk.

Bank Mandiri's Sustainable Bond I Phase I Year 2016

On 30 September 2016, Bank Mandiri issued their first Bank Mandiri's Sustainable Bond I Phase I Year 2016 ("Sustainable Bonds I Phase I") with the par value of Rp5,000,000,000,000 consisting of 3 (three) series.

The interest of Sustainable Bonds I Phase I was paid quarterly, with the first interest payment made on 30 December 2016 while the payment of the last bond interest as well as the maturity of the bonds will be made on 30 September 2021 for A Series, 30 September 2023 for B Series, and 30 September 2026 for C Series which is also the principal repayment date for each bond series. The trustee for the issuance of the Sustainable Bonds I Phase I is PT Bank Tabungan Negara (Persero) Tbk.

Bank Mandiri's Sustainable Bond I Phase II Year 2017

On 15 June 2017, Bank Mandiri issued Bank Mandiri's Sustainable Bonds I Phase II Year 2017 ("Sustainable Bond I Phase II") with a par value of Rp6,000,000,000,000 consisting of 4 (four) series. Sustainable Bonds I Phase II A Series, B Series, and C Series were offered at 100% (one hundred percent) value of the principal amount of the bonds. The interest of the Bonds was paid quarterly, with the first interest payment made on 15 September 2017 while the payment of the last bond interest as well as the maturity of the bonds will be made on 15 June 2022 for A Series, 15 June 2024 for B Series, and 15 June 2027 for C Series which is also the principal repayment date for each bond series. D Series bonds were offered without any interest at a bid price of 79.3146% (seventy nine point three one four six percent) of the principal amount of the bonds, with the maturity date of 15 June 2020. The payment of the principal bonds is fully made on the maturity date. The trustee for the issuance of the Sustainable Bonds I Phase II is PT Bank Tabungan Negara (Persero) Tbk.

Table of Bank Mandiri's Bond Issuance Chronology

No.	Description	Electronic Date of Bond Distribution	Tenor	Currency	Amount of Bond (billion)	Bid Price	Maturity Date	Interest Rate	Payment Status	Peringkat		Wali Amanat
										2017	2016	
1.	Bank Mandiri's Rupiah Subordinated Bonds I Year 2009	14 December 2009	7 years	Rp	3,500	100% (one hundred percent) of the principal amount of the bonds	11 December 2016	11.85 %	Settled	-	idAA+ by Pefindo	Bank Permata
2.	Bank Mandiri's Sustainable Bond I Phase I Year 2016	30 September 2016	A Series: 5 years B Series: 7 years C Series: 10 years	Rp	5,000	100% (one hundred percent) of the principal amount of the bonds	A Series: 30 September 2021 B Series: 30 September 2023 C Series: 30 September 2026	A Series: 7.95% B Series: 8.50% C Series: 8.65%	Unsettled	idAAA by Pefindo	idAAA by Pefindo	Bank Tabungan Negara
3.	Bank Mandiri's Sustainable Bond I Phase II Year 2016	15 June 2017	A Series: 5 years B Series: 7 years C Series: 10 years D Series: 13 years	Rp	6,000	Series A B and C 100% (one hundred percent) of the principal amount of the bonds Series D 79.3146% (seventy-nine point three and one six percent) of the principal amount of the bonds	A Series: 15 June 2022 B Series: 15 June 2024 C Series: 15 June 2027 D Series: 15 June 2020	A Series: 8.00% B Series: 8.50% C Series: 8.65% D Series: 7.80%	Unsettled	idAAA by Pefindo	-	Bank Tabungan Negara

*Sustainable Bonds I Phase II of Bank Mandiri Year 2017 Series D is a zero coupon bond with a value of Rp1 trillion.

Table of Bank Mandiri's Sustainable Bonds I Interest Payment Chronology

Interest Number-	Date of Interest Payment			
	Bank Mandiri's Sustainable Bond I Phase I Year 2016	Status Interest Payment	Bank Mandiri's Sustainable Bond I Phase II Year 2017	Status Interest Payment
A Series			A Series	
1.	30 December 2016	Settled	15 September 2017	Settled
2.	30 March 2017	Settled	15 December 2017	Settled
3.	30 June 2017	Settled	15 March 2018	Unsettled
4.	30 September 2017	Settled	15 June 2018	Unsettled
5.	30 December 2017	Settled	15 September 2018	Unsettled
6.	30 March 2018	Unsettled	15 December 2018	Unsettled
7.	30 June 2018	Unsettled	15 March 2019	Unsettled
8.	30 September 2018	Unsettled	15 June 2019	Unsettled
9.	30 December 2018	Unsettled	15 September 2019	Unsettled
10.	30 March 2019	Unsettled	15 December 2019	Unsettled
11.	30 June 2019	Unsettled	15 March 2020	Unsettled
12.	30 September 2019	Unsettled	15 June 2020	Unsettled
13.	30 December 2019	Unsettled	15 September 2020	Unsettled
14.	30 March 2020	Unsettled	15 December 2020	Unsettled
15.	30 June 2020	Unsettled	15 March 2021	Unsettled

Interest Number-	Date of Interest Payment			
	Bank Mandiri's Sustainable Bond I Phase I Year 2016	Status Interest Payment	Bank Mandiri's Sustainable Bond I Phase II Year 2017	Status Interest Payment
16.	30 September 2020	Unsettled	15 June 2021	Unsettled
17.	30 December 2020	Unsettled	15 September 2021	Unsettled
18.	30 March 2021	Unsettled	15 December 2021	Unsettled
19.	30 June 2021	Unsettled	15 March 2022	Unsettled
20.	30 September 2021	Unsettled	15 June 2022	Unsettled
B Series			B Series	
1.	30 December 2016	Settled	15 September 2017	Settled
2.	30 March 2017	Settled	15 December 2017	Settled
3.	30 June 2017	Settled	15 March 2018	Unsettled
4.	30 September 2017	Settled	15 June 2018	Unsettled
5.	30 December 2017	Settled	15 September 2018	Unsettled
6.	30 March 2018	Unsettled	15 December 2018	Unsettled
7.	30 June 2018	Unsettled	15 March 2019	Unsettled
8.	30 September 2018	Unsettled	15 June 2019	Unsettled
9.	30 December 2018	Unsettled	15 September 2019	Unsettled
10.	30 March 2019	Unsettled	15 December 2019	Unsettled
11.	30 June 2019	Unsettled	15 March 2020	Unsettled
12.	30 September 2019	Unsettled	15 June 2020	Unsettled
13.	30 December 2019	Unsettled	15 September 2020	Unsettled
14.	30 March 2020	Unsettled	15 December 2020	Unsettled
15.	30 June 2020	Unsettled	15 March 2021	Unsettled
16.	30 September 2020	Unsettled	15 June 2021	Unsettled
17.	30 December 2020	Unsettled	15 September 2021	Unsettled
18.	30 March 2021	Unsettled	15 December 2021	Unsettled
19.	30 June 2021	Unsettled	15 March 2022	Unsettled
20.	30 September 2021	Unsettled	15 June 2022	Unsettled
21.	30 December 2021	Unsettled	15 September 2022	Unsettled
22.	30 March 2022	Unsettled	15 December 2022	Unsettled
23.	30 June 2022	Unsettled	15 March 2023	Unsettled
24.	30 September 2022	Unsettled	15 June 2023	Unsettled
25.	30 December 2022	Unsettled	15 September 2023	Unsettled
26.	30 March 2023	Unsettled	15 December 2023	Unsettled
27.	30 June 2023	Unsettled	15 March 2024	Unsettled
28.	30 September 2023	Unsettled	15 June 2024	Unsettled
C Series			C Series	
1.	30 December 2016	Settled	15 September 2017	Settled
2.	30 March 2017	Settled	15 December 2017	Settled
3.	30 June 2017	Settled	15 March 2018	Unsettled
4.	30 September 2017	Settled	15 June 2018	Unsettled
5.	30 December 2017	Settled	15 September 2018	Unsettled
6.	30 March 2018	Unsettled	15 December 2018	Unsettled
7.	30 June 2018	Unsettled	15 March 2019	Unsettled
8.	30 September 2018	Unsettled	15 June 2019	Unsettled
9.	30 December 2018	Unsettled	15 September 2019	Unsettled
10.	30 March 2019	Unsettled	15 December 2019	Unsettled
11.	30 June 2019	Unsettled	15 March 2020	Unsettled

Interest Number-	Date of Interest Payment			
	Bank Mandiri's Sustainable Bond I Phase I Year 2016	Status Interest Payment	Bank Mandiri's Sustainable Bond I Phase II Year 2017	Status Interest Payment
12.	30 September 2019	Unsettled	15 June 2020	Unsettled
13.	30 December 2019	Unsettled	15 September 2020	Unsettled
14.	30 March 2020	Unsettled	15 December 2020	Unsettled
15.	30 June 2020	Unsettled	15 March 2021	Unsettled
16.	30 September 2020	Unsettled	15 June 2021	Unsettled
17.	30 December 2020	Unsettled	15 September 2021	Unsettled
18.	30 March 2021	Unsettled	15 December 2021	Unsettled
19.	30 June 2021	Unsettled	15 March 2022	Unsettled
20.	30 September 2021	Unsettled	15 June 2022	Unsettled
21.	30 December 2021	Unsettled	15 September 2022	Unsettled
22.	30 March 2022	Unsettled	15 December 2022	Unsettled
23.	30 June 2022	Unsettled	15 March 2023	Unsettled
24.	30 September 2022	Unsettled	15 June 2023	Unsettled
25.	30 December 2022	Unsettled	15 September 2023	Unsettled
26.	30 March 2023	Unsettled	15 December 2023	Unsettled
27.	30 June 2023	Unsettled	15 March 2024	Unsettled
28.	30 September 2023	Unsettled	15 June 2024	Unsettled
29.	30 December 2023	Unsettled	15 September 2024	Unsettled
30.	30 March 2024	Unsettled	15 December 2024	Unsettled
31.	30 June 2024	Unsettled	15 March 2025	Unsettled
32.	30 September 2024	Unsettled	15 June 2025	Unsettled
33.	30 December 2024	Unsettled	15 September 2025	Unsettled
34.	30 March 2025	Unsettled	15 December 2025	Unsettled
35.	30 June 2025	Unsettled	15 March 2026	Unsettled
36.	30 September 2025	Unsettled	15 June 2026	Unsettled
37.	30 December 2025	Unsettled	15 September 2026	Unsettled
38.	30 March 2026	Unsettled	15 December 2026	Unsettled
39.	30 Juni 2026	Unsettled	15 March 2027	Unsettled
40.	30 September 2026	Unsettled	15 June 2027	Unsettled

Other Securities Issuance and/or Registration Chronology

Negotiable Certificates of Deposit (NCD)

On 16 December 2016, Bank Mandiri issued the Negotiable Certificates of Deposit (NCD) II of PT Bank Mandiri (Persero) Tbk Year 2016 of A, B, C and D Series with the total of Rp. 2.662 trillion with the following details:

Name of Stock Place EBA-SP Companies Listed

All EBA-SP Bank Mandiri has been listed on the Indonesia Stock Exchange.

Table of Bank Mandiri's Negotiable Certificates of Deposit Issuance Chronology

Description	Date of Issue	Tenor	Currency	Value (billion)	Maturity Date	Interest Rate	Payment Status
NCD Phase I							
NCD I PT Bank Mandiri (Persero) Tbk Year 2015 A Series	25 May 2015	184 Calendar Date	Rp	848	25 November 2015	8.00%	Settled

Description	Date of Issue	Tenor	Currency	Value (billion)	Maturity Date	Interest Rate	Payment Status
NCD I PT Bank Mandiri (Persero) Tbk Year 2015 B Series	25 May 2015	276 Calendar Date	Rp	440	25 February 2016	8.10%	Settled
NCD I PT Bank Mandiri (Persero) Tbk Year 2015 C Series	25 May 2015	367 Calendar Date	Rp	987	26 May 2016	8.50%	Settled
NCD I PT Bank Mandiri (Persero) Tbk Year 2015 D Series	25 May 2015	458 Calendar Date	Rp	175	25 August 2016	8.65%	Settled
NCD I PT Bank Mandiri (Persero) Tbk Year 2015 E Series	25 May 2015	550 Calendar Date	Rp	150	25 November 2016	8.75%	Settled
NCD Phase II							
NCD II PT Bank Mandiri (Persero) Tbk Year 2016 A Series	16 December 2016	370 Calendar Date	Rp	927	21 Desember 2017	7.55 %	Settled
NCD II PT Bank Mandiri (Persero) Tbk Year 2016 B Series	16 Desember 2016	18 months	Rp	500	15 June 2018	8.00 %	Unsettled
NCD II PT Bank Mandiri (Persero) Tbk Year 2016 C Series	16 Desember 2016	24 months	Rp	350	14 December 2018	8.20 %	Unsettled
NCD II PT Bank Mandiri (Persero) Tbk Year 2016 D Series	16 Desember 2016	36 months	Rp	885	13 December 2019	8.40 %	Unsettled

Asset Backed Securities Backed Securities ("EBA-SP") BMRI 01 Class A

On August 26, 2016, IDRS Securities Licensed Listed Securities ("EBA-SP") BMRI 01 Class A on the Indonesia Stock Exchange with total principal amount of Rp456,500,000,000, - (four hundred fifty six billion five hundred million rupiah) with the issuer of PT Sarana Multigriya Finansial (Persero).

Name of Stock Place EBA-SP Companies Listed

All EBA-SP Bank Mandiri has been listed on the Indonesia Stock Exchange.

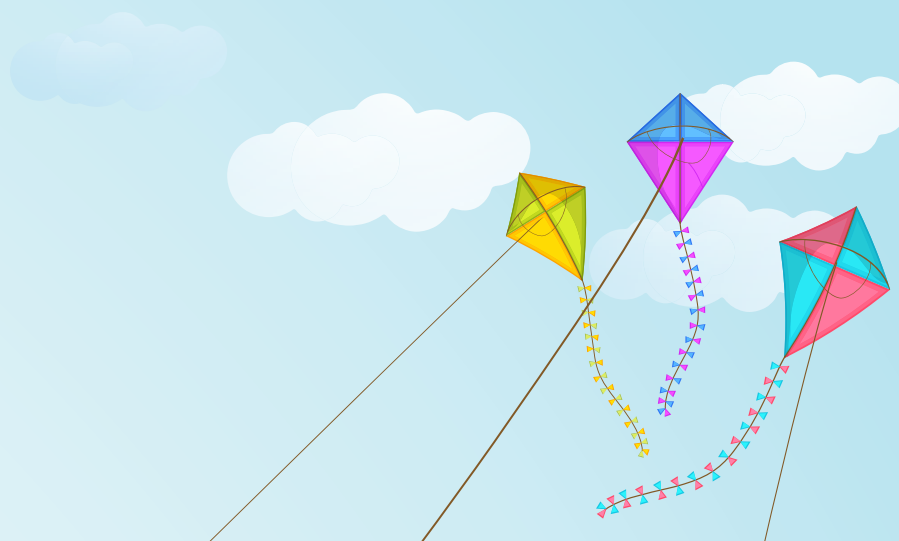
Chronological Table of Issuance of Other Securities of Bank Mandiri

No.	Description	Date of Issuance	Effective Date	Weighted Average Live	Currency	Issuance Value (billion)	Maturity Date	Interest Rate	Payment Status	Rating		Trustee
										2017	2016	
1.	EBA SP SMF- BMRI 01 Class A Series A1. EBA Code: SPSMFMRI01A1 ISIN Code: IDU0000011A5	26 August 2016	19 August 2016	3 years	Rp	103.5	27 October 2029	Fixed, 8.6% p.a.	Current	AAA	AAA	BRI
2.	EBA SP SMF- BMRI 01 Class A Series A2. EBA Code: SPSMFMRI01A2 ISIN Code: IDU0000012A3	26 August 2016	19 August 2016	5 years	Rp	353	27 October 2029	Fixed, 9.1% p.a.	Current	AAA	AAA	BRI

Interest is payable at the same time with the principal payment every three months on November 27, February, May and August each year through KSEI. The first interest payments have been made on November 27, 2016. EBA SP SMF-BMRI 01 Class A Series A1 is expected to be paid off early (before 27 October 2029) because the collection of bills has a weighted average live for 3 years . Likewise, EBA SP SMF-BMRI 01 Class A Series A2 is expected to be paid off early because the collection of bills has a weighted average live for 5 years.

Names and Addresses of Supporting and/or Professional Institutions

INFORMATION ON STOCK TRADING AND LISTING	<p>PT Bursa Efek Indonesia Gedung Bursa Efek Indonesia, Tower 1 Jl. Jend. Sudirman Kav. 52-53 Jakarta 12190, Indonesia Tel : (62-21) 5150515 Fax : (62-21 5)154153 Website : www.idx.co.id Email : listing@idx.co.id</p> <p>Service provided: Stock Listing Assignment Period: July 2003 - December 2017 Fee Amount: Rp275,000,000.00 (tax included)</p>
PUBLIC ACCOUNTING FIRM	<p>Purwantono, Sungkoro & Surja Indonesia Stock Exchange Building Tower 2, 7th Floor Jl. Jend. Sudirman Kav. 52-53 Jakarta Pusat, DKI Jakarta, 12190 Tel : (62-21) 5289 5000 Fax : (62-21) 5289 4100 Website : www.ey.com/id Email : https://webforms.ey.com/id/en/email_alerts</p> <p>Service provided: Financial Statement Audit and Partnership and Environmental Development Program Report Assignment Period: January – December 2017 Fee Amount: Rp10,000,000,000.00 (including OPE and VAT)</p>
SECURITIES ADMINISTRATION BUREAU	<p>PT Datindo Entrycom Jl. Hayam Wuruk No. 28, Jakarta 10120 Tel : (62-21) 3508077 Fax : (62-21) 350 8078 Website : www.datindo.com Email : corporatesecretary@datindo.com</p> <p>Service provided: Shareholders list management Assignment Period: January – December 2017 Fee Amount: Rp46.420.000,00</p>
CREDIT RATING AGENCY	<p>PT Pemeringkat Efek Indonesia (Pefindo) Panin Tower - Senayan City, 17th Floor Jl. Asia Afrika Lot.19 Jakarta 10270, Indonesia Tel : (62-21) 7278 2380 Fax : (62-21) 7278 2370 Website : www.pefindo.com Email : -</p> <p>Service provided: Corporates Ratings, Ratings of Bank Mandiri's Shelf-Registration Bonds I Phase II of 2017th (Senior Bonds).</p>

**Standard & Poor's Ratings Services**

Suite 3003, 30/F, Edinburgh Tower,
The Landmark, 15 Queen's Road Central
Hong Kong
Tel : 852 2533 3590
Fax : 852 2533 3599
Website : www.standardandpoors.com
Email : ratings.request@spglobal.com
Service provided: Corporates Ratings

Fitch Ratings Indonesia

Prudential Tower 20th Floor
Jl. Jend Sudirman Kav 79
Jakarta 12910, Indonesia
Tel : (62-21) 5795 7755
Fax : (62-21) 5795 7750
Website : www.fitchratings.co.id
Email : eva.muis@fitchratings.com
Service provided: Corporates Ratings

Moody's Investors Service

50 Raffles Place #23-06
Singapore Land Tower
Singapore 048623
Tel : 65 6398 8339
Fax : 65 6398 8301
Website : www.moody.com/indonesia
Email : clientservices@moody.com
Service provided: Corporates Ratings

CUSTODIAN**PT Kustodian Sentral Efek Indonesia**

Gedung Bursa Efek Indonesia, Tower 1, Lantai 5
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190, Indonesia
Tel : (62-21) 5152855
Fax : (62-21) 52991199
Website : www.ksei.co.id
Email : helpdesk@ksei.co.id
Service provided: Securities administration management (stocks and bonds)
Assignment Period: Januari – December 2017
Fee Amount: Rp88,000,000.00 (tax included)

NOTARY**Kantor Notaris & P.P.A.T. Ashoya Ratam, SH., Mkn.**

Jl. Suryo No. 54 Kebayoran Baru
Jakarta Selatan, 12180
Tel : (62-21) 29236060
Fax : (62-21) 29236070
Email : notaris@ashoyaratam.com
Service provided: Preparation of the Deeds of GMS and
Extraordinary GMS Resolutions for the Fiscal Year of 2017

Awards and Certifications

Awards

January



Award Names:
**The Leading Bank in
Primary Market**

Event:
Rumah123 Consumer Choice
Award 2017

Organizer:
rumah123.com

Date:
27 January 2017

Award Names:
**Used Most Often Brand
Bank Milik Pemerintah
(peringkat II)**

Event:
Indonesia Brand Prestige
Award 2017

Organizer:
Majalah Warta Ekonomi

Date:
January 2017

February

Award Names:
**Peringkat I
kategori Tabungan,
Peringkat II kategori
Kartu Kredit dan
Peringkat II kategori KPR**

Event:
Indonesia Net Promoter Score
(NPS) and Net Emotional Value
(NEV) 2017

Organizer:
Majalah SWA

Date:
09 February 2017

Award Names:
Housing Loan

Event:
Net Promoter Customer
Loyalty Award 2017

Organizer:
Majalah SWA

Tanggal:
07 February 2017



March



Award Name :
Best in Treasury and Working Capital SMEs Indonesia

Event :
Asset Asian Awards 2017

Organizer:
The Asset

Date:
March 2017



Award Name :
Best Bank in Indonesia

Event :
CT Corporate Treasurer

Organizer:
Lembaga Pengembangan Perbankan Indonesia (LPPI) dan Majalah Stabilitas

Date:
09 March 2017



Award Name :
Bank Mitra BPJS Ketenagakerjaan Terbaik Tahun 2017

Event :
Mitra BPJS Ketenagakerjaan Award

Organizer:
BPJS Ketenagakerjaan

Date:
March 2017



Award Name :
Platinum Award dan The Best of 2016 Award Winner

Event :
2016 Indonesia Employee Engagement Awards

Organizer:
Lembaga Pengembangan Perbankan Indonesia (LPPI) dan Majalah Stabilitas

Date:
01 March 2017



Award Name :
Melakukan Pembayaran Pajak Bumi dan Bangunan Perdesaan dan Perkotaan (PBB-P2) di Propinsi DKI Jakarta

Organizer:
Gubernur Provinsi DKI

Penyelenggara:
Gubernur Provinsi DKI

Date:
03 March 2017

Award Name :

1. The Best Digital Brand 2012-2016 Kategori Kartu Kredit Bank Umum Konvensional
2. The Best Digital Brand 2012-2016 Kategori Kartu Debit Bank Umum Konvensional
3. Peringkat III – Digital Brand E-Money Bank
4. Peringkat III – Digital Brand Wealth Management Bank Umum Konvensional
5. Peringkat III – Digital Brand KPR Bank Umum Konvensional
6. Peringkat III – Digital Brand Deposito Bank Umum Konvensional
7. Peringkat III – Digital Brand Kartu Debit Bank Umum Konvensional

Event:
Infobank 6th Digital Brand Awards 2017

Organizer:
Infobank - Insentia

Date:
30 March 2017

May

Award Names:
Ranked 6th in Most Valuable Indonesian Brands 2017 With a US\$ 1887 million Brand Value & AAA- Brand

Event:
Brand Finance PLC

Organizer:
Brand Finance

Date:
24 May 2017

Award Names:
Best Private Bank

Event:
FinanceAsia Country Award 2017

Organizer:
Finance Asia

Date:
31 May 2017

June



Award Names:

1. **10 kali berturut-turut Best Bank Service Excellence**
2. **1st Place, Terbaik e-Channel**
3. **1st Place, Terbaik Phone Banking**
4. **1st Place, Terbaik Mobile Internet**
5. **1st Place, Terbaik Internet Banking**
6. **1st Place, Terbaik Satpam**
7. **2nd Place, Terbaik Teller**
8. **2nd Place, Terbaik Customer Service**
9. **2nd Place, Overall Cabang**
10. **3rd Place, Terbaik Telepon Cabang**
11. **4th Place, Terbaik Call Center**
12. **4th Place, Terbaik SMS Banking**

Event:

Banking Service Excellence 2017

Organizer:

Majalah Infobank

Date:

08 June 2017



Award Name: Best Transaction Bank in Indonesia

Event:

The Asian Banker
Business Achievement
Awards Dinner

Organizer:

The Asian Banker

Date:

09 June 2017

Award Name: Best Cash Management Bank in Indonesia

Event:

The Asian Banker
Business Achievement
Awards Dinner

Organizer:

The Asian Banker

Date:

09 June 2017

Award Name: Best Trade Finance Bank

Event:

The Asian Banker
Business Achievement
Awards Dinner

Organizer:

The Asian Banker

Date:

09 June 2017

July



1. **The Indonesia Domestic Trade Finance Bank of the Year**
2. **The Indonesia Domestic Cash Management Bank of the Year**

Event:

Asian Banking and Finance
Wholesale Banking award

Organizer:

Asian Banking and Finance

Date:

13 July 2017

Award Name: Penghargaan Mitra Kerja Bank dalam penyelenggaraan KPU/ USO

Event:

Penghargaan
Apresiasi Mitra Kerja
Kemenkominfo

Organizer:

Kementerian Komunikasi
dan Informatika

Date:

25 July 2017

Award Name: Best Private Bank in Indonesia

Event:

Finance Asia Country
Award of Achievement
2017

Organizer:

Finance Asia Magazine

Date:

01 July 2017

Award Name:
3rd Ranking of
INDONESIA THE BEST
PUBLIC COMPANIES
BASED ON WAI™ 2017
INDUSTRY CATEGORY
: Banks

Event:
Wealth Added Creator
Award 2017

Organizer:
SWA dan Stern&Co

Date:
11 July 2017

Award Name:
7th Ranking of
ASEAN THE BEST
PUBLIC COMPANIES
BASED ON WAI™ 2017
INDUSTRY CATEGORY
: Banks

Event:
Wealth Added Creator
Award 2017

Organizer:
SWA dan Stern&Co

Date:
11 July 2017

Award Name:
8th Ranking of
INDONESIA THE BEST
PUBLIC COMPANIES
BASED ON WAI™
(OVERALL) 2017

Event:
Wealth Added Creator
Award 2017

Organizer:
SWA dan Stern & Co

Date:
11 July 2017

Award Name:
17th Ranking of
ASEAN THE BEST
PUBLIC COMPANIES
BASED ON WAI™
(OVERALL) 2017

Event:
Wealth Added Creator
Award 2017

Organizer:
SWA dan Stern & Co

Date:
11 July 2017

Award Name:
Bank Pendukung
dalam Pengelolaan
Moneter Rupiah dan
Valuta Asing

Event:
Penghargaan Bank
Indonesia 2017

Organizer:
Bank Indonesia

Date:
18 July 2017

August



Award Name:
Service Quality Diamond
Award Kategori Priority
Banking

Event:
Service Quality
Award 2017

Organizer:
Majalah Service Excellence &
CCSL

Date:
03 August 2017

Award Name:
Partisipasi Dalam Pembayaran
Pajak Bumi dan Bangunan
Perdesaan dan Perkotaan
(PBB-P2) dengan patuh, tepat
waktu dan tepat jumlah

Organizer:
Walikota Kota Administrasi Jakarta
Pusat

Date:
9 August 2017

Award Name:
Platinum Trophy untuk
Kinerja Sangat Bagus selama
10 tahun berturut-turut

Event:
22th Infobank Banking Awards

Organizer:
Majalah Infobank

Date:
11 August 2017

Award Name:
The Most Creative
Mortgages Product

Event:
Realestate Creative Awards
2017

Organizer:
DPD REI Jakarta & Majalah
Indonesia Housing

Date:
11 August 2017

**Award Name:**

1. **Runner Up #3 The Best Contact Center Indonesia**
2. **The Best Business Contribution - Gold**
3. **The Best Business Contribution - Platinum**
4. **The Best Employee Engagement - Silver**
5. **The Best People Development - Gold**
6. **The Best Social Media - Platinum**
7. **The Best Technology Innovation - Silver**
8. **The Best Business Contribution - Gold**
9. **The Best Contact Center Operation - Platinum**

Event:

The Best Contact Center Indonesia 2017

Organizer:

APCCAL and ICCA

Date:

11 August 2017

September

**Award Name:**
Best Cash Management**Event:**

11th Annual Best
Financial Institution
Award

Organizer:

Alpha Southeast Asia

Date:

14 September 2017

Award Name:
Best Bank in Indonesia**Event:**

11th Annual Best Financial
Institution Award

Organizer:

Alpha Southeast Asia

Date:

14 September 2017

Award Name:
**The Best Parenting Bank
The Best Bank in Digital
Services (Peringkat 2)****Event:**

Indonesia Banking
Award 2017

Organizer:

Tempo Media Group dan
Indonesia Banking School

Date:

13 September 2017

Award Name:
**Best Private Wealth
Management****Event:**

11th Annual Best
Financial Institution
Award

Organizer:

Alpha Southeast Asia

Date:

14 September 2017

Award Name:
**Best FX Bank for
Corporate and
Financial Institutions****Event:**

11th Annual Best
Financial Institution
Award

Organizer:

Alpha Southeast Asia

Date:

14 September 2017

October

Award Name:
**The Most Progressive
Bank in Property Loan
Service**

Event:
Properti Indonesia
Award 2017

Organizer:
Majalah Properti
Indonesia

Date:
17 October 2017

Award Name:
**The Best FX Provider
2017 – in Indonesia**

Event:
Global Finance Country
Awards 2017

Organizer:
Global Finance

Date:
18 October 2017

Award Name:
**Most Powerful
Company 2017,
kategori Bank**

Event:
Indonesia Most Powerful
Companies Award
(MPCA) 2017

Organizer:
Majalah Warta Ekonomi

Date:
27 October 2017

Award Name:
**Best Indonesian Bank
for Asian Clients**

Event:
Asiamoney's Cash
Management Customer
Satisfaction Awards 2017

Organizer:
Euromoney Institutional
Investor PLC

Date:
30 October 2017



November



Award Name:
**Bank/Pos Persepsi yang
berperan aktif dalam
implementasi system
informasi PNB Online
(SIMPONI)**

Event:
PNBP Awards 2017

Organizer:
Kementerian Keuangan

Date:
09 November 2017

Award Name:
**Best For Fx Research
and Market Coverage**

Event:
Asia Money Polls
Award 2015

Organizer:
Global Capital Asia

Date:
30 November 2017

Award Name:
**Best Foreign Exchange
Provider Indonesia**

Event:
World's Best Foreign
Exchange Provider Award
2017

Date:
30 November 2017



Award Name:
**Bank Pilihan Terbaik
dalam Pembiayaan KPR**

Event:
Indonesia Property and
Bank Award 2017

Organizer:
Majalah Properti
dan Bank

Date:
09 November 2017

Award Name:
**Best in Treasury and
Working Capital SMEs
Indonesia**

Event:
The Asset Asian
Award 2017

Date:
30 November 2017

Award Name:
**Best Foreign Exchange
Bank in Indonesia**

Event:
Finance Asia Country
Awards for Achievement
2015

Date:
30 November 2017

Award Name:
**Lembaga Keuangan
Mitra Pembiayaan
Melalui Surat Berharga
Negara dengan Kinerja
Terbaik dalam 3 Tahun
Terakhir**

Organizer:
Kementerian Keuangan
2017

Date:
30 November 2017

Award Name:
**Penghargaan Apresiasi
BUMN kategori Sinergi
dalam Financial
Inclusion (Diberikan
kepada Himbara –
Bank Mandiri, BRI, BNI
dan BTN)**

Event:
Rakor BUMN

Organizer:
Kementerian BUMN

Date:
22 November 2017

Award Name:
**Best Fx Bank for
Corporates and
Financial Institutions
in Indonesia**

Event:
11th Annual Best
Financial Institution
Awards 2017

Date:
30 November 2017

Award Name:
**Top 50 of the Biggest
Market Capitalization
Public Listed
Companies**

Event:
the 9th IICD
Penyelenggara:
Indonesian Institute for
Corporate Directorship

Date:
27 November 2017

December



Award Name:
The Best FX Provider 2018 - in Indonesia

Event:
Global Finance Country Awards 2018

Organizer:
Global Finance

Date:
5 December 2017



Award Name:
Penghargaan Mitra Institut Pertanian Bogor 2017

Event:
Malam Apresiasi Inovator dan Mitra IPB 2017

Organizer:
Institut Pertanian Bogor

Date:
11 December 2017



Award Name:
Penghargaan Apresiasi Mitra Bidang SDPPI 2017

Event:
Lembaga Pendukung Pembayaran PNBPN melalui Host to Host

Organizer:
Kementerian Komunikasi dan Informasi

Date:
20 December 2017



Award Name:
Dealer SUN dengan Kinerja Terbaik tahun 2016 dan Agen Penjual SUN untuk Investor Retail dengan Kinerja Terbaik 2016

Event:
Investor Gathering 2017

Organizer:
Kementerian Keuangan

Date:
18 December 2017



Award Name:
The Highest Growing Bank on Primary Market Mortgage

Event:
Housing Estate Awards 2017

Organizer:
Majalah Housing Estate

Date:
12 December 2017



Award Name:
Silver Champion of Jabodetabek WOW Service Excellence Award

Event:
WOW Service Excellence Award 2017

Organizer:
Markplus

Date:
7 December 2017

Award Name:
Penghargaan Lembaga Donor dan Mitra Kerjasama Kemenristekdikti

Event:
Malam Apresiasi Mitra Kemenristekdikti 2017

Organizer:
Kementerian Riset, Teknologi, dan Pendidikan Tinggi

Date:
6 December 2017

Award Name:
Penghargaan Gratifikasi 2017

Event:
Komisi Pemberantasan Korupsi (KPK)

Date:
12 December 2017

Award Name:
The Highest Growing Bank in Mortgages Primary Market

Event:
Housing Estate Awards 2017

Organizer:
Majalah Housing Estate

Date:
14 December 2017

Award Name:
Apresiasi Kementerian Sosial kepada Bank Mandiri atas peran serta dan dukungannya pada Program Pemerintah Bantuan Sosial Program Keluarga Harapan (PKH) 2017

Event:
Malam Apresiasi di Kota Surabaya

Organizer:
Kementerian Sosial

Date:
19 December 2017

Award Name:
No. 1 Market Leader
Country Award

Event:
Euromoney Cash
Management Survey

Organizer:
Euromoney

Date:
13 September 2017

Award Name:
The Best Bank in
Service Excellence

Organizer:
Marketing Research
Indonesia (MRI)
dan Majalah
Infobank

Date:
8 June 2017

Award Name:
The Most Trusted
Companies

Event:
CGPI Awarding and
Conference

Organizer:
The Indonesian
Institute for
Corporate
Governance (IICG)

Date:
19 December 2017

Certifications

Types of Certification:
ISO/IEC 20000-1:2011
Provision of IT Service
Management to
Internal
Customer

Validation:
25 November 2015 -
09 August 2017

Recipient of
Certification:
IT Applications Support
Group &
IT Infrastructure Group

Issued By:
SGS Indonesia

Types of Certification:
ISO 9001:2008
Provision of
Security Services
in Bank
Mandiri Head
Office and
Registration & Logistic

Validation:
03 February 2017

Recipient of
Certification:
Direktorat CEO

Issued By:
SGS Indonesia

Types of Certification:
ISO 9001:2008
Operation
& Development of Data
Center, DRC, IT
Security &
Infrastructure

Validation:
9 October 2015 -
15 September 2018

Recipient of
Certification:
IT Applications Support
Group &
IT Infrastructure Group

Issued By:
SGS Indonesia

Types of Certification:
ISO 9001:2008
Provision of Bank
Guarantee Processing

Validation:
03 June 2008 -28 may
2017

Recipient of
Certification:
Credit Operations
Group – Bank Guarantee
Processing Center
Department

Issued By:
SGS Indonesia

Types of Certification:
ISO 9001:2008
Regional Credit
Operations Services

Validation:
24 January 2015 -
24 January 2018

Recipient of
Certification:
Credit Operations
Group –
Regional Credit
Operation Jawa Bali

Issued By:
SGS Indonesia



Types of Certification:
**ISO 9001:2008 Internal
Audit Services**

Validation:
13 June 2015 –
13 June 2018

**Recipient of
Certification:**
Direktorat Internal Audit

Issued by:
SGS Indonesia

Types of Certification:
**ISO 9001:2008 Custodial
Services & Trust Services**

Validation:
21 December 2016 –
15 September 2018

**Recipient of
Certification:**
Intenational Banking &
Financial Institutions Group

Issued by:
SGS Indonesia

Types of Certification:
**ISO 9001:2008
Banking Contact
Center Operations and
Services in Jakarta
and Rempoa**

Validation:
11 December 2015 -
15 September 2018

**Recipient of
Certification:**
Mandiri Contact Center
Jakarta

Issued by:
SGS Indonesia

Types of Certification:
**SNI ISO 9001:2008
Banking Contact
Center Operations and
Services in Jakarta
and Rempoa**

Validation:
11 December 2015 -
15 September 2018

**Recipient of
Certification:**
Mandiri Contact
Center Jakarta

Issued by:
SGS Indonesia

Types of Certification:
**ISO 9001:2008
Customer Information
Management**

Validation:
7 January 2016 -
15 September 2018

**Recipient of
Certification:**
Customer Care Group -
Customer Information
Management
Departement

Issued by:
SGS Indonesia

Types of Certification:
**ISO 9001:2015 Quality
Management System
Certification**

Validation:
February 2020

**Recipient of
Certification:**
Mandiri Contact Center
Jogjakarta

Issued by:
SGS Indonesia

Types of Certification:
**BS EN ISO 9001:2008 -
General Construction
and Maintenance
Services of Civil
Engineering Works,
Buildings, Roads,
Bridges, and Irrigation**

Validation:
15 May 2016 - 14 July 2017

Issued by:
NQA

Types of Certification:
**BS OHSAS 18001:2007
- General Construction
and Maintenance
Services of Civil
Engineering Works,
Buildings, Roads,
Bridges, and Irrigation**

Validation:
17 June 2016 - 23 July
2017

Issued by:
NQA

Names and Addresses of Subsidiaries, Associates, Overseas Branch Offices, and Regional Offices

Subsidiaries

Subsidiary Office	Address	Ph./Fax/ Website
PT Bank Syariah Mandiri ("BSM")	Gedung Wisma Mandiri 1 Jl. MH. Thamrin No. 5 Jakarta, 10340	Telp : (62-21) 2300 509, 3983 9000 (Hunting) Fax : (62-21) 3983 2989 Call Center : 14040 Website : www.syariahamandiri.co.id
PT Mandiri Sekuritas	Plaza Mandiri, Lt. 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
PT Mandiri Tunas Finance ("MTF")	Graha Mandiri, Lt. 3A Jl. Imam Bonjol No. 61 Jakarta, 10310	Telp : (62-21) 230 5608 Fax : (62-21) 230 5618 Care Center : 1500059 Email : corporate.secretary@mtf.co.id Website : www.mtf.co.id
PT Mandiri AXA General Insurance ("MAGI")	AXA Tower, Lt. 16 Jl. Prof. Dr. Satrio, Kav. 18 Kuningan City Jakarta, 12940	Telp : (62-21) 3005 7777 Fax : (62-21) 3005 7600 Call Center : 1500733 Website : www.axa-insurance.co.id
PT AXA Mandiri Financial Services ("AXA Mandiri")	AXA Tower, Lt. 8 Jl. Prof. Dr. Satrio, Kav. 18 Kuningan City Jakarta, 12940	Telp : (62-21) 3005 8888 Fax : (62-21) 3005 8500 Customer Care Center : (62-21) 3005 8788 Website : www.axa-mandiri.co.id
PT Bank Mandiri Taspen	Jl. Melati No. 65 Dangin Puri Kangin Denpasar, 80233	Telp : (62-361) 227076 Call Center : (62-361) 227 887/(62-361) 247 555 Website : www.bankmantap.co.id
Mandiri International Remittance Sdn. Bhd. ("MIR")	Wisma Mepro Ground & Mezzanine Floor 29 and 31, Jalan Ipoh 51200, Kuala Lumpur, Malaysia	Telp : +603-4045 4988/ +603-4045 5988 Website : www.mandiriremittance.com
Bank Mandiri (Europe) Limited ("BMEL")	2nd Floor 4 Thomas More Square Thomas More Street, London E1W 1YW	Telp : +44-207-553-8688 Fax : +44-207-553-8699 Website : www.bkmandiri.co.uk
PT Asuransi Jiwa Inhealth Indonesia ("Mandiri Inhealth")	Menara Palma Lt. 20, Jl. HR. Rasuna Said Blok X2 Kav. 6, Kuningan Jakarta 12950	Telp : (62-21) 5250900 Fax : (62-21) 5250708 Contact Center : (62-21) 14072 Website : www.mandiriinhealth.co.id
PT Mandiri Utama Finance ("MUF")	Plaza Bapindo Menara Mandiri, Lt. 26-27 Jl. Jend. Sudirman Kav. 54 – 55 Jakarta, 12950	Telp : (62-21) 5278034 Website : www.mandiriutamafinance.co.id
PT Mandiri Capital Indonesia ("MCI")	Plaza Bapindo Menara Mandiri, Lt. 20 Jl. Jend. Sudirman, Kav. 54-55, Jakarta, 12190	Telp : (62-21) 5266661 Website : www.mandiri-capital.co.id

Associates

Associate Office	Address	Ph./Fax/Website
PT Kustodian Sentral Efek Indonesia ("KSEI")	Gedung Bursa Efek Indonesia Tower 1, Lt.5 Jl. Jend. Sudirman Kav. 52-53, Jakarta, 12190	Telp : (62-21) 515 2855 Fax : (62-21) 5299 1199 Call Center : (62-21) 0800 186 5734 Website : www.ksei.co.id
PT Sarana Bersama Pengembangan Indonesia ("SBPI")	Setiabudi 2 Building, Suite 502A, Jl HR Rasuna Said, Kav. 62 Kuningan, Jakarta, 12920	Telp : (62-21) 521 0715 Fax : (62-21) 521 0755
PT PANN (Persero)	Jl Cikini IV No. 11 Jakarta, 10330	Telp : (62-21) 31922003 Fax : (62-21) 31922980 Website : pannmf.co.id/

Overseas Branch Offices

Overseas Branch Offices	Address	Ph./Fax/Website
Bank Mandiri Cabang Singapura	12 Marina View, #19-01 Asia Square Tower 2, Singapore 018961	Telp : 65-6213-5688/65-6213-5680 Fax : 65-6844-9833/65-6844-9808 Website : www.ptbankmandiri.com.sg SWIFT Code : BMRISGSG
Bank Mandiri Cabang Hong Kong	7th Floor, Far East Finance Centre 16 Harcourt Road, Hong Kong	Telp : +852-2881-3632 Fax : 852-2529-8131/852-2811-0735 Website : www.bankmandirihk.com SWIFT Code : BMRHKHH
Remittance Office Hongkong	Shop 3, G/F, Keswick Court 3 Keswick Street Causeway Bay, Hongkong Cardinal Plaza 3 rd Floor, #30 Cardinal	Telp : +852-2881-6650 Fax : +852-2881-5386
Bank Mandiri Cabang Cayman Islands	Cardinal Plaza 3rd Floor, #30 Cardinal avenue, PO BOX 10198, Grand Cayman KY 1 – 1002, Cayman Islands	Telp : +1-345-945-8891 Fax : +1-345-945-8892 SWIFT Code : BMRKYKY
Bank Mandiri Cabang Dili - Timor Leste	25 Rua de Abril No.10 Colmera Dili-Timor Leste	Telp : +670-331-7777/+6221-526-3769/ +6221-527-1222 Fax : +670-331-7190/+670-331-7444/ +6221-252-1652/+6221-526-3572
Bank Mandiri Cabang Dili - Timor Plaza - Timor Leste	Timor Plaza – Unit #/Unidade No. #203; 233; 204; 230; 231; 232 Jl. Nicolau Lobato, Comoro Dili - Timor Leste	Telp : +670-7307-7777
Bank Mandiri Cabang Shanghai	Room 4101, Shanghai Tower No. 501, Yin Cheng Zhong Road, Pudong New District, Shanghai 200120, People's Republic of China	Telp : +86-21-2033-2625/ +86-21-2028-2806 / +86-21-5037-2509 Fax : +86-21-5037-2707/ +86-21-5037-2547 SWIFT Code : BMRICNSH
Bank Mandiri (Europe) Limited, London	2nd Floor, 4 Thomas More Square, Thomas More Street London, E1W 1 YW United Kingdom	Telp : +44-207-553-8688 Fax : +44-207-553-8599 Website : www.bkmandiri.co.uk SWIFT Code : BMRIGB2L
Mandiri International Remittance Sdn. Bhd.	Wisma MEPRO Ground & Mezzanine Floor 29 & 31 Jalan Ipoh 51200Kuala Lumpur	Telp : +603-4045 4988/+603-4043 5988 Website : www.mandiriremittance.com

Regional Offices

Regional Office	Address	Ph./Fax/Website
REGION I/ SUMATERA 1	Gedung Uniland Lt. 6, Jl. MT Haryono A-1, Medan, 20231	Telp : (061) 4153396, 4555434 Fax : (061) 4153273
REGION II/ SUMATERA 2	Jl. Kapten A. Rivai No. 100 B Palembang, 30135	Telp : (0711) 364008 - 012, 364013 Fax : (0711) 310992, 3120417, 374279
REGION III/ JAKARTA 1	Jl. Lapangan Stasiun No. 2 Jakarta Barat, 11110	Telp : (021) 6922004, 6922005 Fax : (021) 6922006
REGION IV/ JAKARTA 2	Jl. Kebon Sirih No. 83 Jakarta Pusat, 10340	Telp : (021) 23565700, 39832922, 39832921, Fax : (021) 39832917, 39832918, 39832923
REGION V/ JAKARTA 3	Jl. Jend. Sudirman Kav. 54-55 Jakarta Selatan, 12190	Telp : (021) 5267368, 5267337 Fax : (021) 5267371, 5267365
REGION VI/ JAVA 1	Jl. Soekarno Hatta No. 486 Bandung, 40266	Telp : (022) 7506242, 7511878 Fax : (022) 7505810, 7506632
REGION VII/ JAVA 2	Jl. Pemuda No. 73 Semarang, 50139	Telp : (024) 3517349, 3520484, 3520487 Fax : (024) 3520485
REGION VIII/ JAVA 3	Jl. Basuki Rahmat No. 2-4 Surabaya, 60271	Telp : (031) 5316764 - 66 Fax : (031) 5316776, 5320641, 5316597
REGION IX/ KALIMANTAN	Jl. Lambung Mangkurat No. 3 Banjarmasin, 70111	Telp : (0511) 3365767 Fax : (0511) 3352249, 4366719
REGION X/ SULAWESI DAN MALUKU	Jl. R.A. Kartini No. 12-14 Makassar, 90111	Telp : (0411) 3629096, 3629097, 3634811 Fax : (0411) 3629095, 3650367
REGION XI/ BALI DAN NUSA TENGGARA	Jl. Veteran No. 1 Denpasar, 80111	Telp : (0361) 226761 - 3 Fax : (0361) 224077, 261453, 235924
REGION XII/ PAPUA	Jl. Dr. Sutomo No. 1 Jayapura, 99111	Telp : (0967) 537081, 537183-4, 537189 Fax : (0967) 537181



Information on The Website

Due to the enforcement of Financial Services Authority (OJK) regulation No.8/POJK.04/2015 on issuer or public company's website, therefore on the Company's official website, i.e. <http://www.bankmandiri.co.id> Bank Mandiri contains its website with various current information, such as:

24 Hour Service

This bar menu contains information about the bank's features and services, the procedure of registration, Frequently Asked Questions related to Mandiri Online, Mandiri Business Internet, Mandiri SMS, Mandiri call, Mandiri Clickpay, and Mandiri ATM.

Consumer Banking

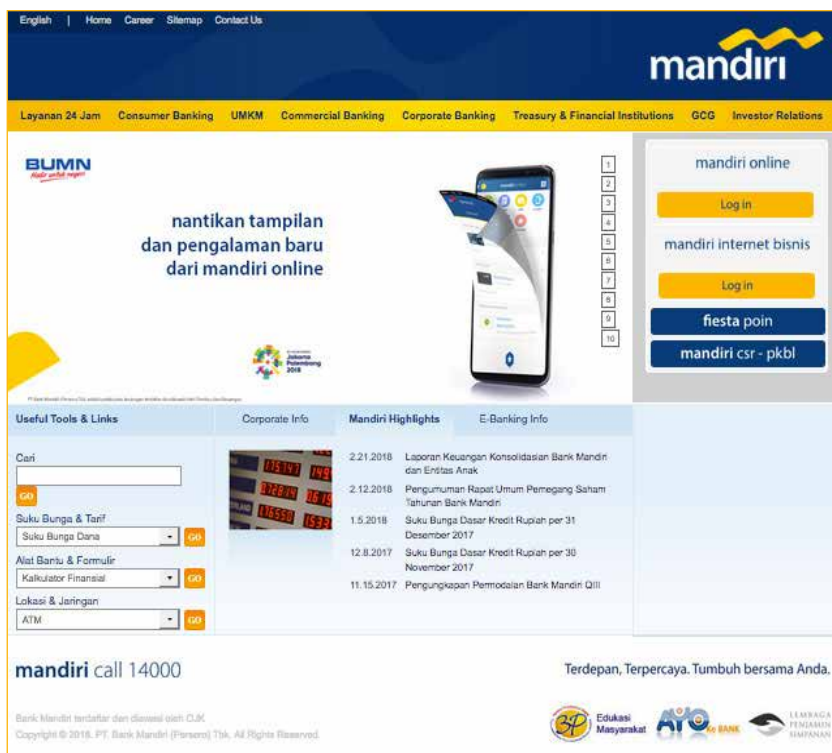
This bar menu contains information about the products and services provided by Bank Mandiri for Consumer Banking costumers such as Mandiri Savings, Mandiri Giro Account, Mandiri Time Deposit, Mandiri Debit, Mandiri e-Cash, Mandiri e-Money, Mandiri Credit Card, Mandiri Consumer Credit, Mandiri Priority Service, Investment Product, and Bank Assurance.

SMEs

This bar menu contains information about types of credit facilities for businesses and financial products by Bank Mandiri for SME customers in two categories; Business Banking and Micro Banking. In addition, this menu also contains information about partnership programs provided by the Bank, the addresses of credit service offices, and the address of business banking offices network of Bank Mandiri.

Commercial Banking

This bar menu contains information about products and services provided by Bank Mandiri for Commercial Banking customers, such as Financing, Trade Finance and Services, Special Financing, Cash Management, Financial Products, and other services.



www.bankmandiri.co.id

Corporate Banking

This bar menu contains information about products and services offered by Bank Mandiri for Corporate Banking and Institutional Banking customers, such as Financing, Trade Finance and Services, Financial Products, Syndication, Cash Management, Other Services and information on the List of Addresses of Corporate Banking and Institutional Banking Offices.

Treasury and Financial Institutions

This bar menu contains information about products, procedures, and requirements of transactions and the Office Networks for Treasury, Financial Institution, and Capital Market Services.

GCG

This bar menu contains information about the GCG practices carried out by Bank Mandiri such as Structure of Organization and Management Team (including the current BOC and BOD, Structure of Shareholders, Stock Transaction by BOC and BOD and Directors Succession Policy), Articles of Association and Core Value, Annual Meeting of Shareholders (RUPST) and Extraordinary General Meeting of Shareholders (RUPSLB), Governance Structure (including the charter of each committee and Governance Documents such as Code of Conduct, Business Ethic, GCG Charter, Internal Audit Charter, Whistleblowing System, Gratification Controlling Program, Dividend Policy, Corruption Prevention, and other documents policy), as well as GCG Reports and Self Assessment Result of GCG.

Investor Relations

This bar menu contains various general information for Shareholders and the other Stakeholders, such as information About Bank Mandiri, Corporate Governance (including information about the structures of committee, GCG, and Audit Charter and Code of Conduct), Stock Information, Financial Information (including Annual Reports and Audited Financial Reports published by Bank Mandiri in the last 16 years, Monthly and Quarterly Financial Statements and Summary of Annual Meeting of Shareholders (RUPST) and Extraordinary Meeting of Shareholders (RUPSLB)), News and Events, and various options on Request Information.

Education and/or Training for Board of Commissioners, Board of Directors, Committees, Corporate Secretary, and Internal Audit Unit

Competence Development for The Board of Commissioners

Throughout 2017, the Board of Commissioners of Bank Mandiri had been attending various programs of competence development such as trainings, workshops, conferences or seminars, as stated in the following table:

Table of Competence Development for the Board of Commissioners

Name	Position	Tenure	Development Materials Competence/ Training	Time and Venue Implementation	Type of Training and Organizer
Hartadi A. Sarwono	President Commissioner/ Independent Commissioner	15 November 2017 - present	International Risk Management Refreshment Programs for Executives	29 October – 05 November 2017, Spanyol	IBI MMUGM
Imam A. Putro	Vice President Commissioner	11 June 2015 - present	The Leadership Forum	21-22 April 2017, Yogyakarta	PT Bank Mandiri (Persero) Tbk
Bangun Sarwito Kusmulyono	Independent Commissioner	25 June 2015 - present	Asean Global Leadership Program	11-15 September 2017, United Kingdom	University of Cambridge Judge Business School dan SRW&Co
			The Leadership Forum	21-22 April 2017, Yogyakarta	PT Bank Mandiri (Persero) Tbk
Goei Siauw Hong	Independent Commissioner	25 June 2015 - present	Integrated Risk Management: SOUND PRACTICES IN ICAAP IMPLEMENTATION: “How to Pinpoint the Weak Spots in the Business Strategic Plan and Risk Management”	17-19 October 2017, Prague and Vienna	BARa Risk Program -
			The Leadership Forum	21-22 April 2017, Yogyakarta	PT Bank Mandiri (Persero) Tbk
Askolani	Commissioner	03 September 2014 - present	The Leadership Forum	21-22 April 2017, Yogyakarta	PT Bank Mandiri (Persero) Tbk
Ardan Adiperdana	Commissioner	03 October 2016 - present	The Leadership Forum	21-22 April 2017, Yogyakarta	PT Bank Mandiri (Persero) Tbk
			Seminar “Policy Directives of Anti Money Laundering and Combating the Financing of Terrorism (AML CFT) and Consumers Protection in Banking Sector”	07 December 2017, Jakarta	Communication Forum of Bank Compliance Directors (FKDKP)

Name	Position	Tenure	Development Materials Competence/ Training	Time and Venue Implementation	Type of Training and Organizer
Makmur Keliat	Independent Commissioner	25 September 2017 - present	The Leadership Forum	21-22 April 2017, Yogyakarta	PT Bank Mandiri (Persero) Tbk
			Risk Management Certification Level 1 for Commissioner	25 April 2017, Jakarta	Certification - Banking Professional Certification Agency (LSPP)
			Risk Management Certification Level 2 for Commissioner	12 May 2017, Jakarta	Certification - Banking Professional Certification Agency (LSPP)
			Seminar "Policy Directives of Anti Money Laundering and Combating the Financing of Terrorism (AML CFT) and Consumers Protection in Banking Sector"	07 December 2017, Jakarta	Communication Forum of Bank Compliance Directors (FKDKP)
R. Widyo Pramono	Commissioner	15 January 2018	International Risk Management Refreshment Programs for Executives	20 September 2017, Jakarta	Certification - Banking Professional Certification Agency (LSPP)
			International Risk Management Refreshment Programs for Executives	29 Oktober – 05 November 2017, Spanyol	IBI MM UGM
			Seminar "Policy Directives of Anti Money Laundering and Combating the Financing of Terrorism (AML CFT) and Consumers Protection in Banking Sector"	07 December 2017, Jakarta	Communication Forum of Bank Compliance Directors (FKDKP)

Competence Development For The Board of Directors

Throughout 2017, the Board of Directors of Bank Mandiri had been attending various programs of competence development such as trainings, workshops, conferences or seminars, as stated in the following table:

Table of Competence Development for the Board of Directors

Name	Position	Tenure	Development Materials Competence/ Training	Time and Venue Implementation	Type of Training and Organizer
Kartika Wirjoatmodjo	President Director	18 May 2016 - present	Refreshment of Banking Risk Management: Facing Fraud in Banking Sector	16 August 2017, Financial Club, Graha Niaga-Jakarta	Banking Professional Certification Agency (LSPP)
			World Economic Forum Annual Meeting 2017	14 - 21 August 2017, Davos	World Economic Forum
			CEO Dialogue Conference	06 April 2017	APEC Business Advisory Council (ABAC)
Sulaiman A. Arianto	Vice President Director	25 Juni 2015 - present	Refreshment of Banking Risk Management: Strengthening the Resilience of Islamic Banking	04 May 2017, Hotel Fairmont-Jakarta	Banking Professional Certification Agency (LSPP)

Name	Position	Tenure	Development Materials Competence/ Training	Time and Venue Implementation	Type of Training and Organizer
Hery Gunardi	Distributions Director	04 Juli 2013 - present	Deeper understanding on IFRS 9 & BASEL IV and Progress of Basel III Implementation	18 - 19 May 2017, Bali	Bankers Association for Risk Management (BARa)
			Non Deal Roadshow (NDR)	03 - 10 Juni 2017, Los Angeles	Bank of America Merrill Lynch
Ogi Prastomiyono	Operations Director	24 Desember 2008 - present	Supply chain strategy and management dan Developing a leading edge operations strategy	07 - 10 November 2017, Boston	Massachusetts Institute of Technology Sloan School of Management
			Executive Leadership Program, Batch 2	28 April 2017, Bandung	Kementerian BUMN
Royke Tumilaar	Wholesale Banking Director	25 Juli 2011 - present	Strategic Investment Management Program	02 - 06 October 2017, London	IMD Business School
			Workshop strategic Review	23 August 2017, Yogyakarta	PT Bank Mandiri (Persero) Tbk
Tardi	Retail Banking Director	22 September 2015 - present	Workshop Micro Banking	03 August 2017, Denpasar	PT Bank Mandiri (Persero) Tbk
			Refreshment Manajemen Risiko Perbankan	26 April 2017, Graha Niaga-Jakarta	Banking Professional Certification Agency (LSPP)
Ahmad Siddik Badruddin	Risk Management & Compliance Director	25 June 2015 - present	Executive Training Financial Strategies for Value Creation	11-15 December 2017, London	London Business School
			Sound Practice in ICAAP Implementation	17 - 19 Oktober 2017, Prague	Bankers Association for Risk Management (BARa)
			Unsecured Retail Credit Risk Management	14 September 2017 dan 28 Juli 2017, Assembly Hall lantai 9 Menara Mandiri dan Financial Hall-Jakarta	Bankers Association for Risk Management (BARa)
			Refocusing on Credit Risk Management, Credit Risk Model, Pricing, and Being Prepared for Upcoming Regulations	23 March 2017, Four Seasons Hotel-Jakarta	Bankers Association for Risk Management (BARa)
			Risk Management in Mortgage Banking	10 March 2017, Auditorium Plaza Mandiri-Jakarta	Bankers Association for Risk Management (BARa)
			Risk Management Framework for a Successful Transaction Banking Business	19 Januari 2017, Financial Hall-Graha Niaga, Jakarta	Bankers Association for Risk Management (BARa)
Kartini Sally	Institutional Director	10 June 2015 - present	Cambridge -Leadership in a transformational digital Era	11 - 15 September 2017, United Kingdom	SWA & Co
			Workshop Government Institutional	13 Juli 2017, Batam	PT Bank Mandiri (Persero) Tbk
			BARa Risk Program	17 Mei 2017, Denpasar	Bankers Association for Risk Management (BARa)
			Executive Leadership Program, Batch 2	27 April 2017, Bandung	Ministry of State Owned Enterprises
Rico Usthavia Frans	Digital Banking & Technology Director	20 July 2016 - present	Leading in digital age	18 - 20 Oktober 2017, Laussane-Swiss	IMD Business School
			ASEAN Strategy Forum Banking	17 May 2017, Singapura	International Forum, Management Events ASEAN
			Forum Digital Banking	17 February 2017, Batam	PT Bank Mandiri (Persero) Tbk
Darmawan Junaidi**	Treasury Director	12 January 2018	Risk Management Certification Level 5	07 October 2017, Jakarta	Banking Professional Certification Agency (LSPP)

Competence Development for Audit Committee

Throughout 2017,, the Audit Committee of Bank Mandiri had been attending various programs of competence development such as trainings, workshops, conferences or seminars, as stated in the following table:

Table of Competence Development for Audit Committee

Name	Position	Tenure	Development Materials Competence/ Training	Time and Venue Implementation	Type of Training and Organizer
Bangun Sarwito Kusmulyono	Head concurrently serving as a member	19 April 2017- present	Information is available on the Table of Competence Development for Board of Commissioners		
Hartadi A. Sarwono	Member	15 November 2017-present	Information is available on the Table of Competence Development for Board of Commissioners		
Goei Siauw Hong	Member	15 June 2015-present	Information is available on the Table of Competence Development for Board of Commissioners		
Makmur Keliat	Member	25 September 2017-present	Information is available on the Table of Competence Development for Board of Commissioners		
Budi Sulistio	Independent Party	25 February 2014-present	Panel Discussion "The Role of Audit Committee in Overseeing the Company's Annual Report Writing"	23 February 2017	Indonesia Institute of Audit Committee
Lista Irna	Independent Party	19 October 2016-present	Workshop for Assessor Candidate in Banking Sector	16-20 November 2017	Banking Professional Certification Agency (LSPP)

Competence Development for Nomination and Remuneration Committee

Throughout 2017, the Nomination and Remuneration Committee of Bank Mandiri had been attending various programs of competence development such as trainings, workshops, conferences or seminars, as stated in the following table:

Table of Competence Development for Nomination and Remuneration Committee

Name	Position	Tenure	Development Materials Competence/ Training	Time and Venue Implementation	Type of Training and Organizer
Bangun Sarwito Kusmulyono	Head concurrently serving as a member	25 Juni 2015 - present	Information is available on the Table of Competence Development for Board of Commissioners		
Hartadi A. Sarwono	Head concurrently serving as a member	15 November 2017 - present	Information is available on the Table of Competence Development for Board of Commissioners		
Imam Apriyanto Putro	Member	11 Juni 2015 - present	Information is available on the Table of Competence Development for Board of Commissioners		
Askolani	Member	03 September 2014 - present	Information is available on the Table of Competence Development for Board of Commissioners		
Goei Siauw Hong	Member	25 Juni 2015 - present	Information is available on the Table of Competence Development for Board of Commissioners		
Ardan Adiperdana	Member	19 Oktober 2016-present	Information is available on the Table of Competence Development for Board of Commissioners		
Makmur Keliat	Member	25 Setember 2017-present	Information is available on the Table of Competence Development for Board of Commissioners		
R. Widyo Pramono	Member	11 Oktober 2017-present	Information is available on the Table of Competence Development for Board of Commissioners		
Sanjay N. Bharwani	(Secretary, concurrently serving as anEx-Officio)	28 Mei 2014-present	Follow the Competency Development Conduct by Internal		

Competence Development for Risk Monitoring Committee

Throughout 2017,, the Risk Monitoring Committee of Bank Mandiri had been attending various programs of competence development such as trainings, workshops, conferences or seminars, as stated in the following table:

Table of Competence Development for Risk Monitoring Committee

Name	Position	Tenure	Development Materials Competence/ Training	Time and Venue Implementation	Type of Training and Organizer
Abdul Aziz	Head concurrently serving as a member	15 April 2017-14 March 2017			
Goei Siau Hong	Head concurrently serving as a member	19 April 2017-present	Information is available on the Table of Competence Development for Board of Commissioners		
Wimboh Santoso	Member	16 February 2015-19 July 2017	Information is available on the Table of Competence Development for Board of Commissioners		
B.S. Kusmulyono	Member	19 April 2017-present	Information is available on the Table of Competence Development for Board of Commissioners		
Ardan Adiperdana	Member	18 September 2017-present	Information is available on the Table of Competence Development for Board of Commissioners		
R. Widyo Pramono	Member	xx-present	Information is available on the Table of Competence Development for Board of Commissioners		
Ridwan D. Ayub	Independent Party	24 April 2014-present	Follow the Competency Development Conduct by Internal		
Lista Irna	Independent Party	27 July 2017-present	Workshop for Assessor Candidate in Banking Sector	16-20 November 2017	Banking Professional Certification Agency (LSPP)

Competence Development for Integrated Governance Committee

Throughout 2017,, the Integrated Governance Committee of Bank Mandiri had been attending various programs of competence development such as trainings, workshops, conferences or seminars, as stated in the following table:

Table of Competence Development for Integrated Governance Committee

Name	Position	Tenure	Development Materials Competence/ Training	Time and Venue Implementation	Type of Training and Organizer
Goei Siau Hong	Head concurrently serving as a member	11 October 2017-31 December 2017	Information is available on the Table of Competence Development for Board of Commissioners		
Bangun Sarwito Kusmulyono	Member	11 October 2017-31 December 2017	Information is available on the Table of Competence Development for Board of Commissioners		
Imam Apriyanto Putro	Member	11 October 2017-31 December 2017	Information is available on the Table of Competence Development for Board of Commissioners		
Ridwan D. Ayub	Member	11 October 2017-31 December 2017	Follow the Competency Development Conduct by Internal		
Edhi Chrystanto (Independent Commissioner Representative of PT Bank Mandiri Taspen)	Member	11 October 2017-31 December 2017	Traning of APU PPT	6 September 2017, Jakarta	-
Frans A. Wiyono (Independent Commissioner Representative of PT Mandiri AXA General Insurance)	Member	11 October 2017-31 December 2017	Fraud and Money Laundering in Insurance Industry: Implication and Mitigantion Strategy	Jakarta	-

Name	Position	Tenure	Development Materials Competence/ Training	Time and Venue Implementation	Type of Training and Organizer
D. Cyril Noerhadi (Independent Commissioner Representative of PT Mandiri Sekuritas)	Member	11 October 2017-31 December 2017	-	-	-
Wihana Kirana Jaya (Independent Commissioner Representative of PT AXA Mandiri Financial Services)	Member	11 October 2017-31 December 2017	Navigating Financial Stability in Evolving Global Economic System	13 July 2017	-
			Implementation of Business Licensing and Insurance Company as a Corporate Institution (Ref: POJK No.069/ POJK.05/2016)	-	-
			Implementation of Good Corporate Governance for Insurance Industry in Indonesia (Ref: POJK No.73/ POJK.05/2016)	-	-
			Implementation of Financial Soundness for Insurance Industry (Ref: POJK No.71/ POJK.05/2016)	-	-
Ravik Karsidi (Independent Commissioner Representative of PT Mandiri Tunas Finance)	Member	11 October 2017-31 December 2017	National Seminar "Opportunities and Challenges in 2018"	-	APPI Yogyakarta
Ali Ghufon Mukti (Independent Commissioner Representative of PT Asuransi Jiwa Inhealth Indonesia)	Member	11 October 2017-31 December 2017	Follow the Competency Development Conduct by Internal		
M. Syafii Antonio (Syariah Supervisory Board of PT Bank Mandiri Syariah)	Member	11 October 2017-31 December 2017	Follow the Competency Development Conduct by Internal		
Ramzi A Zuhdi (Independent Commissioner Representative of PT Bank Mandiri Syariah)	Member	11 October 2017-31 December 2017	Fostering inclusive Economic Growth and Improving Resiliency through Closer Collaboration and Coordination	-	-

Competence Development for The Corporate Secretary

Throughout 2017,, the Corporate Secretary of Bank Mandiri had been attending various programs of competence development such as trainings, workshops, conferences or seminars, as stated in the following table:

Table of Competence Development for the Company Secretary

Name	Position	Tenure	Development Materials Competence/ Training	Time and Venue Implementation	Type of Training and Organizer
Rohan Hafas	Corporate Secretary	30 September 2014 – present	Media Training	25-27 August 2017, Lombok	PT Bank Mandiri (Persero) Tbk
			PRISM Brain Mapping Practitioner Certification,	10 November 2017 Yogyakarta	PT Bank Mandiri (Persero) Tbk
			Training of Professional Secretary	8-10 December 2017, Semarang	PT Bank Mandiri (Persero) Tbk

Competence Development for Internal Audit Unit

Throughout 2017, the Internal Audit Unit of Bank Mandiri had been attending various programs of competence development such as trainings, workshops, conferences or seminars, as stated in the following table:

Table of Competence Development for Internal Audit Unit

No	Name of Education and Employee Development	Organizer	Organizing Date	Number of Participants
1.	Bank Mandiri Audit Course	PT Bank Mandiri (Persero) Tbk.	30 January 2017 - 1 February 2017, 19 - 20 December 2017	34
2.	Examination of Certified Internal Auditor	The Institute of Internal Auditors (IIA)	03 January 2017, July 2017, 01 August 2017	5
3.	Basic Financial Analysis	PT Bank Mandiri (Persero) Tbk.	13 - 17 February 2017	2
4.	Basic Trade Finance Inhouse	PT Bank Mandiri (Persero) Tbk.	20 - 21 February 2017	1
5.	Basic Transaction Banking	PT Bank Mandiri (Persero) Tbk.	06 - 08 February 2017	4
6.	Basic Treasury Inhouse	PT Bank Mandiri (Persero) Tbk.	09 - 10 February 2017	1
7.	Consumer Loan Untuk Auditor	PT Bank Mandiri (Persero) Tbk.	02 - 03 February 2017	24
8.	Creative Problem Solving & Decision Making	PT Bank Mandiri (Persero) Tbk.	09 - 10 February 2017	1
9.	Mastering Impactful Communication Skills	PT Sarana Exhirindo (Experd)	09 - 10 February 2017, 27-28 February 2017	27
10.	Writing Auditory Report	Tempo Institute	14, 16 & 17 February 2017 & 20 - 22 February 2017	55
11.	Raising The Bar And Say It Right	The Institute of Internal Auditors (IIA)	21 - 22 February 2017	2
12.	TTT Internal Control	PT Bank Mandiri (Persero) Tbk.	16 February 2017	7
13.	Certification of Risk Management Competition Level IV	PT Bank Mandiri (Persero) Tbk.	30 March 2017	1
14.	IT Governance, IT Security, Emerging Technologies and IT Audit Round Table Discussion	Ikatan Auditor Intern Bank (IAIB)	05 - 06 April 2017	1
15.	Training IDEA	Insight Consulting	5 - 7 April 2017	36
16.	Internal Audit National Seminar	Yayasan Pendidikan Internal Audit (YPIA)	09 - 10 May 2017	3
17.	Workshop Skill Audit DIA	PT Bank Mandiri (Persero) Tbk.	09 May 2017	3
18.	Provisioning for Internal Audit Competence Certification Supervisor Level	Ikatan Auditor Intern Bank (IAIB)	07 - 08 June 2018	19
19.	Internal Audit Competence Certification Supervisor Level	Lembaga Sertifikasi Profesi Perbankan (LSPP)	12 June 2017	18
20.	The IIA International Conference Sydney 2017 And Financial Institutions Benchmarking Program IIA	Ikatan Auditor Intern Bank (IAIB)	22 - 29 July 2017	1
21.	Credit Training	PT Bank Mandiri (Persero) Tbk.	06 July 2017 - 1 August 2017	5
22.	Performance Audit Workshop	PT Bank Mandiri (Persero) Tbk.	06 - 07 July 2017	66
23.	National Work Convention and National Conference II FKSPI Year 2017	Forum Komunikasi Satuan Pengawasan Intern (FKSPI)	23 - 25 August 2017	6
24.	Forensic Auditing Training	Association of Certified Fraud Examiners (ACFE)	01 - 03 August 2017	1
25.	Provisioning Training in Risk Management Certification Level III	PT Bank Mandiri (Persero) Tbk.	12 August 2017 & 23 August 2017	1
26.	OWASP Indonesia Day 2017	Open Web Security Application Project (OWASP)	09 - 10 September 2017	1
27.	Workshop Quality Assurance Improvement	PT Bank Mandiri (Persero) Tbk.	28 - 29 September 2017	2
28.	CISA Preparation (Pembekalan Sertifikasi CISA)	Binus University	16 September 2017 - 11 November 2017	1
29.	Cobit 5 Foundation + Exam	PT ATD Solution Indonesia (Architecture Technology Delivery)	11 - 13 October 2017	2
30.	ITIL Foundation Certificate	PT ATD Solution Indonesia (Architecture Technology Delivery)	20 - 22 November 2017	1
31.	Konferensi Nasional IAIB	Ikatan Auditor Intern Bank (IAIB)	08 - 10 November 2017	6
32.	Workshop Cyber Crime & E-Banking Fraud	PT Bank Mandiri (Persero) Tbk.	02 - 03 November 2017	13

Management Discussion and Analysis





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Bank Mandiri finally managed to reduce the NPL level in 2017. Bank Mandiri's NPL percentage in 2017 amounted to 3.45%, lower than that in 2016 which was equal to 3.96%

04

Bank Mandiri in 2017 managed to book consolidated Net Profit amounting to Rp20,639,683 million which increased by 49.49% from 2016 which amounted to Rp13.806.565 million.

Economic Review

Global Economic Analysis

In general, the global economic condition throughout 2017 showed a more rapid recovery trend as marked by the higher economic growth compared to 2016, especially for developed countries. The economic growth of the United States (US) throughout 2017 increased significantly to 2.6% from 1.5% in 2016. Meanwhile, the Euro area GDP throughout 2017 had a 2.5% growth, the highest growth since 2007.

The improved economic conditions of US and the euro area will encourage the US Federal Reserve (The Fed) to keep adjusting to the Federal Funds Rate (FFR) and European Central Bank (ECB) policy rates to begin reducing the quantitative easing stimulus by 2018. The Fed raised the fed funds rate 3 times in 2017, from 0.75% to 1.5%. By 2018, the Fed will likely raise its Federal Funds Rate (FFR) rate three times to 2.25%.





Meanwhile, among the developing countries in the Asia-Pacific region, the economy of China also shows higher growth than what has been previously predicted. The China's economic growth in 2017 reached 6.9%, higher than the target of 6.5% of the Chinese Government. Following the Fed's move, the People's Bank of China (PBOC) raised its policy rate in December 2017 for 7-day and 28-day terms to 2.5% and 2.8%, respectively. It was performed in order to anticipate the capital outflows from the country that might have an effect on the financial system stability.

The better world economic growth in 2017 and the expectation on the sustainable economic recovery in 2018 have a positive impact on the development of stock markets, both global and domestic. Stock markets in various parts of the world experienced a significant increasing trend. In the United States, the Dow Jones and S&P 500

indexes rose 25.1% and 19.5% to 24,719.2 and 2,673.6, respectively, in 2017. In Europe, the UK's FT100 index rose 7.6% to 7,687.8 and Germany's DAX rose 12.5% to 12,917.6. Meanwhile, at the same time in Asia Pacific, the Japan's Nikkei and Singapore's Straits Times rose 19.1% and 18.1% to 22,764.9 and 3,402.9, respectively. The positive movement of the global stock markets also contributed to the performance of the IDX Composite on the Indonesia Stock Exchange, which rose 20% to the highest record of 6,355.7 in 2017. Bank Mandiri expects that the quite-high optimism in the stock market will also be accompanied by some improvements in economic fundamentals as well as the increasing profit performance of companies.

The global commodity price movement in 2017 was also inseparable from the policies made by both the exporting and importing countries of these commodities at the global level. For example, the

increase in global oil prices is highly influenced by OPEC's discipline in implementing production quota agreements since the early 2017. According to the IEA report, the average monthly production of OPEC countries in 2017 declined as compared to 2016. It is proven to be capable of pushing oil prices to be higher. Similarly, the coal prices are influenced by the policy made by the major importing country, namely China, which has an impact on the decline of domestic coal production. The policy is proven to increase the China's coal import volume by 8.6% compared to 2016 and have a positive impact on coal prices. The movement of global commodity prices has a positive effect on the performance of Indonesian exports and also contributes to the growth of bank credit in 2017. The prospect of commodity prices in 2018 is also still relatively good, as the better global economic growth projection has a potential to push the commodity prices to increase in 2018. However, it is still highly dependent on the direction of policies in the producing and consuming countries of the commodity.

The condition of global banking also showed an increase in performance throughout 2017 compared to the previous years. The industrial health rate and banking profitability in the world continue to improve, as supported by the increasing economic activities in the developed countries, accommodative policies that are still implemented by central banks in various countries, and the implementation of practice standards with the principles of prudence.

The global economic challenges and risks in 2018 are still relatively great in the middle of high optimism by the end of 2017, especially for those related to changes in the direction of monetary policy in several major countries. The more stringent monetary policy trend, especially for the United States, will have a major impact on the fluctuations in financial markets, especially for exchange rate movements, stock prices and bond yields, which can also have an impact on macroeconomic stability in the country as well as performance of national banking.

(Abstracted from "Global Financial Stability Report", International Monetary Fund, October 2017; Bloomberg, CEIC December 2017)

National Economic Analysis

The Indonesia's economic condition has improved in 2017 in line with the improving global economic condition. The growth of Gross Domestic Product (GDP) increased from 5.03% in 2016 to 5.07% in 2017, as supported by the stable household consumption, increased investment growth, increased Government spending and sustainable increasing surplus of international balance trade. The stable household consumption is inseparable from the controlled inflation rate. The inflation rate during 2017 was 3.6%, higher than the inflation rate in 2016 of 3.0% but was still relatively low historically and within the inflation target range set by Bank Indonesia (BI) of 4±1%.

The other macroeconomic indicators also showed a relatively stable development. The surplus of balance of trade in 2017 reached USD 12 billion, higher than the surplus of balance of trade in 2016 which was USD 9.4 billion. Meanwhile, the current account deficit is still relatively stable. The current account deficit to GDP ratio as of the third quarter of 2017 was 1.65%, lower than in the previous quarter of 1.91%.

Companies are optimistic on the economic growth in 2018 to be even better than in 2017. They expect the economy of Indonesia to grow higher than 5.07% to 5.3% in 2018. The economic activities will increase, as driven by more conducive global economic conditions, and the simultaneous regional election will boost private spending, as well as the stable rate of inflation that will have a positive impact on household spending.

However, there are still some risks which have to be considered which can have negative effect on economic growth. Firstly, the increasing risks in the political year usually lead to slowing investment growth. In addition, on the global side, the more stringent monetary policy trend in developed countries, especially for the United States, can trigger the exchange rate volatility and foreign capital outflow that can disrupt the overall macroeconomic stability.

(Abstracted from "Berita Resmi Statistik" Badan Pusat Statistik (BPS), February 5 2018)

Sectoral and Industrial Analysis

The 2017 sectoral economic development was marked by some improvement compared to 2016. First, the agricultural and plantation sector had a relatively good growth in 2017 to 4.3% according to the last data obtained in the third quarter of 2017. This sector had ever had a very low growth of only 3.3% in 2016 due to the El Nino extreme weather. Second, the mining sector is slowly improving and has been growing positively as driven by the increased commodity prices. This sector grew negatively, at -3.4%, in 2015 as the commodity prices decreased. Third, the manufacturing sector grew by 4.2% until the third quarter of 2017, lower than in 2016 with a growth of 4.3%. Nevertheless, in terms of growth data per industry, some industries experienced high growth such as, food and beverage and chemical and pharmaceutical industries. Fourth, the construction and service sectors (information and communication, finance and insurance, transportation and warehousing, accommodation and food and beverage) had a high growth.

In general, the sectoral and industrial growth in 2017 is still highly dependent on the primary sectors, namely the agriculture and plantation and the mining sectors. More specifically, the economic movement depends on export commodity prices that are already relatively higher than in 2015 when commodity prices fall to their lowest. By 2017, commodity prices were enough to provide incentives for the increase of production such as (Crude Palm Oil/CPO) of about USD 650 per ton, coal for USD 80-100 per ton, crude oil for USD 55-60 per barrel, rubber for USD 1.7-1.8 per Kg, and copper for USD 7000 per ton. For notes, the proportion of the 10 (ten) biggest commodity exports reached 30% in national export revenue. The increased price in 2017 provided a boost to export growth and further to economic growth.

For addition, as seen from the regional economic development, commodity-dependent regions are clearly seen to have increase in economic growth. For example, Kalimantan Island, which is dependent on coal and petroleum commodities, had its economy grew to 4.68% in Quarter I-III in 2017, increased from 2.01% in 2016.

(Source: Statistik Perbankan Indonesia, December 2017)

Banking Industrial Analysis

The controlled inflation rate provided space for Bank Indonesia (BI) to make a quantitative easing policy by reducing its benchmark interest rate by 25 bps in August and September 2017 to 4.25%, as continuing to make quantitative easing since 2016. However, the quantitative easing did not have any significant effect on the performance of bank credit growth.

Bank credit, until December 2017, grew 8.2% (YoY), higher than the growth in 2016 of 7.9%. It was mainly due to the condition of the quality of banking assets that have not fully improved. The NPL was still relatively high at 2.59% in December 2017. In addition, the weak demand for loans, as reflected in the increase in credit facilities to undistributed loans, also contributed to weak credit growth.

Meanwhile, on the other hand, in the same period, the Third Party Funds (TPF) were able to have a better growth. The national banking TPF, until December 2017, grew 9.4%, lower than the 9.6% growth in the 2016 TPF. This encouraged the improvement of liquidity in the banking sector, as reflected in the decline in the loan to deposit ratio (LDR) from 90.4% in 2016 to 89.25%.

Throughout 2017, banks had made another adjustment in their interest rates, both in Interest Rates of Loans and of Deposits in response to the quantitative easing of BI. In the period of January to November 2017, Banking Industry reduced its Interest Rates of Investment Loans and working capital loans by 55 and 48 basis points (bps), respectively. Meanwhile, the 1 to 6 month interest rate of deposits was lowered by an average of 60 bps.

Amid the declining trend in interest rates, Companies are still able to maintain better financial performance. This is supported by the efficiency and the expectation of sustainable improvement in credit quality. The improvement in efficiency was indicated by the decrease in operating cost to operating income ratio from 82.2% in 2016 to 78.64% in December 2017. In addition, in line with expectations of improvement in credit quality, the reserve costs also declined, so that it had positive effect on the performance of banking profit growth.

There is also a need to consider the future risks, especially from the global side. A more stringent monetary policy trend, both in the developed and developing countries, can have an impact on the increasing volatility in financial markets. It will also have an effect on the volatility in financial markets and the overall macroeconomic stability.

In terms of monetary policy, the monetary tightening in developed countries results in space for the reduction of 7-days reverse repo rate

Benchmark Interest Rate of BI to be lower. However, Bank Indonesia still has space to keep implementing accommodative policies to encourage banking credit distribution and maintain liquidity in the financial system. On the fiscal side, in addition to the maintenance of the infrastructure development acceleration, the Government will also implement policies that remain accommodative. In order to achieve the growth target set by the Government of 5.4%, it is very important to increase purchasing power so as to encourage household consumption. The accommodative Monetary and Fiscal Policies will also play a significant role in increasing the economic growth and stability of the national financial system.

(Source: Bank Indonesia and Kementerian Keuangan RI, December 2017)

The Analysis of Company Position in Banking Industry

Financially, the achievement of performance in 2017, as compared to the average banking industry, was a glory. Asset value reaching Rp 1,124.7 trillion, or has an annual increase of 8.3% (YoY). The increase in assets was mainly driven by credit growth of 10.2% from Rp 729.5 trillion in 2017, higher than the annual national bank credit growth of 8.2%. The Third Party Funds (TPF) collected by Bank Mandiri also increased, reaching Rp 815.8 trillion or having an annual increase of 7.0%, compared previous year in amounted Rp 762.5 trillion. The growth of TPF in 2017 was supported by the growth of low-cost fundings Rp 540.3 trillion or or has an annual increase of 10.4% and deposit amounted Rp 275.5 trillion. A portions of growth, the composition of low-cost funds of Bank Mandiri still maintained at 66.2% of TPF in 2017 or an increase of 2.5% from last year. The growth is driven increased market share of Bank Mandiri savings significantly ie 11.4% (YoY) to Rp337.0 trillion. The relatively good growth has driven increased market share of Bank Mandiri savings nationally reaches 19.80% in the end of 2017 from the same position the previous year amounted to 19.48%. The growth of business volume supported by equity of Bank Mandiri reached Rp170, 6 trillion or increased 10.8% and became the largest in national banking.

The operational performance of Bank Mandiri is still solid, as proven by its Pre-Provision Operating Profit (PPOP) of Rp 20.64 trillion or its annual growth of 49.5% from 2016. The growth of net income in Bank Mandiri higher than growth of net income in national banking that have successfully grown annually by 23.1%. Earnings can not be separated from the success improvement of credit quality as reflected by the decrease in expenses Reserves of Impairment Losses of 35.3%, controlling operational costs and increasing fee-based income by 16.4% compared then last year. In line with increase in profit, ROE has increased from 9.66% in 2016 to 12.90% in 2017. Capital of Adequacy Ratio or CAR (bank-only) after taking into credit risk, market and operational risks are still relatively well maintained above the minimum required ratio, which is equal to 21.64%, or an increase of 28 bps from the previous year. In addition, investor confidence in Bank Mandiri has also increased Bank Mandiri's market capitalization value of Rp 373.3 trillion or having an annual growth of 38.2% by the end of 2017.

In general, the achievement of other financial ratios is still positive with Net Interest Margin (NIM) reaching 5.87%, higher than the NIM of national banking of 5.32%, Cost to Income Ratio (CIR) was successfully controlled at the level of 45.43%, Provision to Non Performing Loan (NPL) increases 10.63% from 124.46% to 135.09%, and Loan to Deposit Ratio (LDR) is still within the healthy range of 89.25%.

As a comparison between the Bank Mandiri's performance and national banking, the following is the detail of Bank Mandiri's performance compared to the national banking industry.

Table of Bank Mandiri's Performance Growth compared to the Industry as of December 2017

(Consolidation, in %)

Performance	2017	
	Bank Mandiri	Banking Industry
Assets	8.3%	9.8%
Credits	10.2%	8.2%
Third Party Fundings	7.0%	9.4%
Low-Cost Funds	10.4%	9.7%
Interest Income *)	3.6%	5.3%
Interest Expenses	9.2%	6.2%
Net Interest Income *)	1.0%	4.5%
Fee Based Income	16.4%	(7.3%)
Total Operating Income *)	4.8%	(0.5)%
Non-Interest Operating Expenses	12.0%	(7.0%)
Operating Profit	46.0%	21.3%
Net Profit	49.5%	23.1%

*) Not included special repayment

Source: Statistik Perbankan Indonesia, Vol. 15, No. 10, December 2017

Table of Comparison between Bank Mandiri's Ratio and Industry's Ratio as of December 2017

(Consolidation, in %)

Ratio	2017	
	Bank Mandiri	Banking Industry
NIM	5.87	5.32
NPL	3.46	2.59
ROA	2.57	2.45
ROE	12.90	13.2
CAR	21.03	23.18
LFR	89.25	90.04
Operating Expenses/Operating Income	75.98	78.64

Source: Statistik Perbankan Indonesia, Vol. 15, No. 10, December 2017

Operational Review

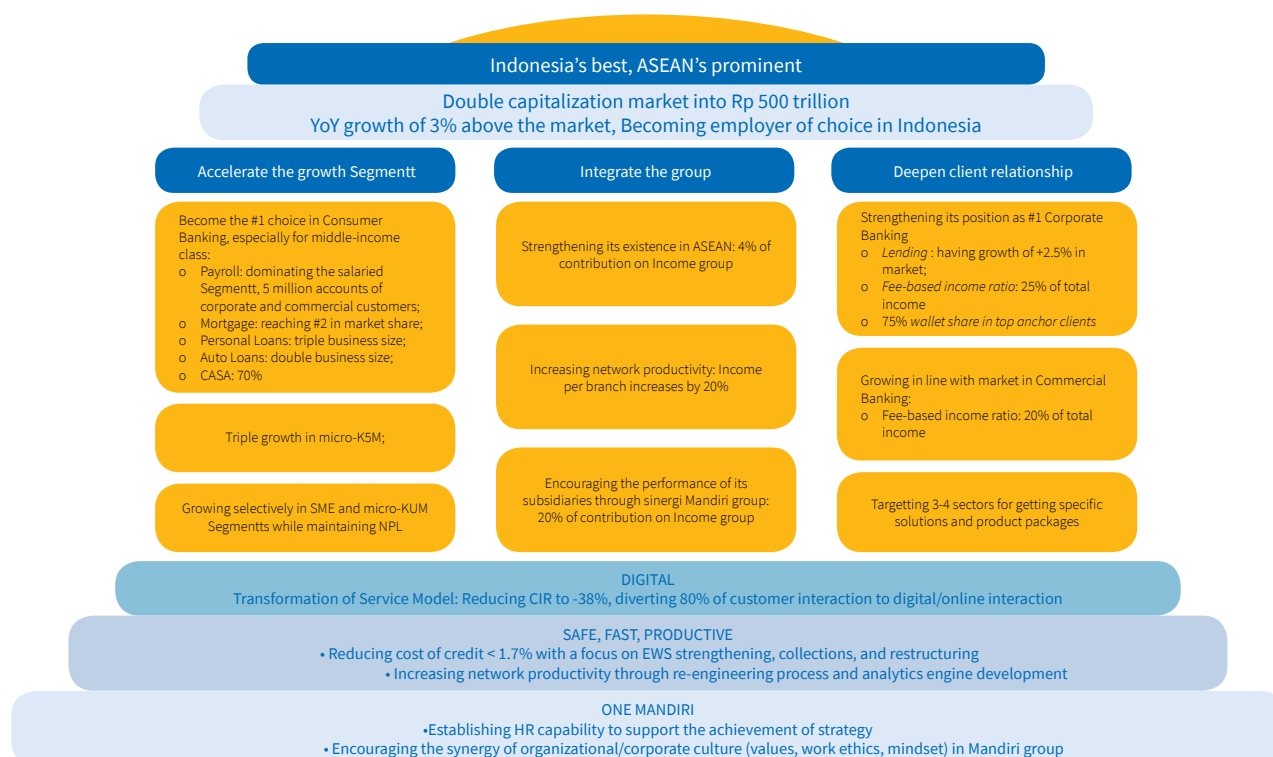
In general, the business activities conducted by Bank Mandiri are collecting public funds and redistributing them into credit and financing, as well as providing other banking services. Bank Mandiri has established some appropriate strategies so that the Bank's performance has increased significantly.

Company Strategy

Synchronization of Long-Term Strategies

The dynamics of the global economy still continued throughout 2017, which become a challenge for Indonesia's economy and the banking industry. In 2016, Bank Mandiri experienced considerable pressure, especially in terms of credit quality caused by macroeconomic factors and also credit portfolio management that was considered less optimal. Therefore, Bank Mandiri conducted a review of its business strategy through Corporate Plan Restart 2016-2020 and set up various initiatives aimed at improving fundamentals through adjusting business focus in accordance with core competence, synchronizing the process and system of business organization, and strengthening risk management and control.

Bank Mandiri synchronized the Corporate Plan Restart 2016-2020 strategy to address both external and internal challenges, with a core business focus on core competency in order to have healthy and sustainable growth with an aspiration of being the Indonesia's best, ASEAN's prominent.



The successful management of the Company is the result of establishing the appropriate strategy. Continuing the Corporate Plan of Bank Mandiri, the Company has executed the Company strategy in order to support the achievement of operational and financial performance targets as set forth in the Bank's Business Plan and captured every opportunity and potential of the existing businesses. The focus of Bank Mandiri's Strategy until 2020 is set forth in the following three (3) main strategies.

1. Accelerate The Growth Segment Strategy

- a. Growing the consumer banking and Multipurpose Micro Business Loan as a new core of Bank Mandiri aggressively to become the first-choice bank, especially for the middle-income class through payroll, mortgage, personal loan and autoloan products, as well as increasing the low-cost funds (CASA).
- b. Encouraging the growth of Small Medium Enterprise (SME) and Micro Business segment selectively while maintaining its quality and market share.

2. Integrate The Group Strategy

- a. Strengthening the presence of Bank Mandiri among the ASEAN countries.
- b. Improving the productivity of Bank Mandiri's network through business process reengineering and data analytics implementation.
- c. Encouraging the improvement of performance of subsidiaries through sinergi mandiri group.

3. Deepen Client Relationship Strategy

- a. Encouraging corporate business to be the main competence to grow more aggressively and be the best in the market in terms of growth in quality and reliability of transactional and treasury products.
- b. Increasing the contribution portion of fee income in the corporate and commercial segments.
- c. Developing sector solution, through specific product offerings and financial solutions.

- d. Encouraging the consolidation and strengthening the commercial segment to continue to grow in line with the market.

In addition to the above strategies, Bank Mandiri is also preparing enablers or other bankwide strategic supports in order to support the achievement of business targets and key aspirations.

Enabler Strategy

- a. Transformation of service model through digitization to improve efficiency, as indicated by the decreasing efficiency ratio.
- b. Organizational rearrangement to better reflect the business focus and to be responsive to market conditions safely, quickly, and productively.
- c. Alignment of risk management to balance growth and quality.
- d. Development of human resources to cultivate the leader and entrepreneurship characteristics.
- e. Encouraging work culture synergy (values, work ethics, mindset) in Mandiri Group.

One of the implementation of the Corporate Plan strategies is the alignment of distribution network organizations. Organizational alignment is an advanced process of Distributions Network Transformation (DNT), especially in order to improve the asset quality and business focus in the region. This organizational alignment initiative is aimed at 2 (two) main things, namely organizations that encourage the strengthening of risk management and control, and organizations that focus according to Corporate Plan Restart 2016-2020 strategy. In addition, the management has also set the growth targets in several segments that become the back bone of Bank Mandiri's business growth.

In order to support the achievement of the Corporate Plan Restart 2016-2020, Bank Mandiri has had 21 Board of Director (BOD) program levels as the main strategic initiative. The programs that have been developed must meet the objectives of the Corporate Plan, which are focusing on the development of the existing and new cores. In addition, the scope

of the program should also include the implementation phase and, finally, should be able to have significant business impact and measurable metrics.

In order to ensure that all strategies and initiatives are implemented and working as expected, each initiative has a Sponsor Director who becomes a sponsor to encourage the implementation of the initiative assisted by a Project Management Officer (PMO) who has dedication to carry out the initiative. In order to ensure that initiatives are well working, a control tower is established to facilitate the interdependency among the initiatives, to track and monitor the implementation of the initiatives, and to escalate the issue to the steering committee where necessary. In order to ensure the accountability, Key Performance Indicator (KPI) Project is calculated based on Group and Individual KPI. Then, the implementation of the program is carried out in a solid project management structure and clear governance, therefore, there has been a full-time dedicated unit assigned as Control Tower, and PMO Head and Co-PMO Head (from Bank Mandiri talents) for each program.

In addition, as an effort to overcome the NPL issues, Bank Mandiri has also made various intensive efforts, among others:

1. Accelerating the restructuring for debtors who still have good business prospects and intention. This includes the efforts to find investors who can continue the debtors' businesses.
2. A more intensive billing to litigation actions against uncooperative debtors, and or misuse of loans.
3. Establishing and monitoring credit growth based on the predetermined portfolio mix target (sectoral, industry, product, debtor segment).
4. Establishing credit monitoring functions throughout the region to ensure the crediting processes are in accordance with the established regulations and policies.
5. Controlling the potential of credit quality

reduction, both current debtors (watchlist) and ex-restructuring (post-restructuring supervision) to conduct restructuring actions in a timely manner.

Marketing Aspect

The description of marketing aspect includes marketing strategy and market share of Bank Mandiri's products and services. The appropriate marketing strategy will encourage the increased share of the Company's products and services.

Marketing Strategy

As one of the largest banks in Indonesia, Bank Mandiri always strives to innovate and improve its services. The synergy between Retail Banking and Wholesale Banking segments and Subsidiaries is always pursued through the spirit of prospering the country, as in line with Bank Mandiri's value proposition, so that any activities undertaken can have added value to all levels of society.

The marketing communication activities of Bank Mandiri's products and services are managed by the Strategic Marketing and Communication Group (SMC) which periodically evaluates the marketing strategy of Bank Mandiri's products and services in order to make Bank Mandiri as the first choice of the community in conducting banking activities. One of activities is to create the possessed communication proposition, namely **"Saatnya Mandiri"** to become a Top of Mind communication tool in every banking service need. This is performed to make the customers feel that Bank Mandiri is always present in every stage of their daily life.

There were many marketing and promoting activities conducted in 2017, as follows.

Regular Holiday Activities

In order to always support the customers in every holiday, such as New Year, Lunar New Year, Eid al-Fitr, Independence Day

of Indonesia and Christmas, Bank Mandiri always participate in offering various promotional programs from various merchants that can facilitate the transaction of Mandiri Credit Card and Mandiri Debit Card. In order to celebrate the Lunar New Year, Bank Mandiri holds a gathering event by inviting customers to have a dinner in order to improve customer engagement with Bank Mandiri.

New Product Launching

In February 2017, Bank Mandiri, in cooperation with Pertamina, launched a new product named Mandiri Kartu Kredit Pertamina. It is a co-branding card issuance cooperation between Bank Mandiri and Pertamina, with more benefits for card holders and is the first co-branding card in this category. As for some benefits that can be obtained by card holders are fuel upgrade at Pertamina Pasti Prima Gas Stations and double fiestapoin that can be obtained from special transactions at Pertamina gas stations that have become the partners in this cooperation.

In addition, in order to keep being update of technological developments, in March 2017, Bank Mandiri launched a product named Mandiri Online in order to sustain customers' banking activities to be easier, whenever and wherever. Mandiri Online became the first banking product that allows customers to access banking facilities in multiple gadgets with single access.

In order to give appreciation to the prioritized customers, to support the art world and to provide information on the launch of New Branding Mandiri Private as well as its benefits to customers, Bank Mandiri held a Beyond Wealth seminar. The event began with a seminar on the latest topics from international speakers and was then followed by a gala dinner and a fashion show of famous designer.

Event

In order to introduce the diversity of Indonesian coffee species and to support the Small and Medium Enterprises (SMEs), Bank Mandiri held an event named Mandiri Coffiesta in 4 (four) major cities; Jakarta, Surabaya, Yogyakarta and Medan. In this event, the customers could enjoy various favorite coffee species only by redeeming their fiestapoin or having transaction using Mandiri Debit or Mandiri e-money.

In addition, Bank Mandiri also participated and held regular sporting events, such as Mandiri Jakarta Marathon, Mandiri Jogja Marathon and Bogor Sundown Marathon. In addition to having advantages of priority bookings and special discounts, Bank Mandiri customers could also get accommodation packages offered at interesting prices. Over the past few years, Bank Mandiri has been working with some event organizers for the Mandiri Jakarta Marathon, which is confirmed as one of Jakarta's annual events and is listed as one of the Indonesia's biggest running events.

In order to ensure its customers to grow better, Bank Mandiri held another Housing Expo in June 2017 and the Property Festival in November 2017. In these events, the whole community could enjoy the convenience of getting a desired residence, with special interest rates and administrative cost reduction.

Bank Mandiri also ensures customers' needs to have their own vehicle. In this regard, Bank Mandiri held Gaikindo Indonesia International Auto Show (GIIAS) event. In this event, Bank Mandiri offers car ownership program with attractive interest, fast administrative process and ease of having On Board Unit (OBU) and e-money with discount starting from 25%.

Another event held was the National Discount Day of Indonesia (HBDI), which was held in a collaboration with the Indonesian Shopping Centers Tenants Association in commemorating the Independence Day of Indonesia. There were various attractive promotions provided for the Mandiri Credit and Debit Card Holders, including discount up to 72% and additional benefits of discount up to 17%, gift with purchase, or voucher for Mandiri customers, and 0% installment program for Mandiri Credit Card.

Bank Mandiri also participated in other events, such as the National Online Shopping Day and Jakarta Great Online Sale with discounts up to 90%. By having Mandiri Debit or Credit Card, all customers could enjoy this program by redeeming their fiestapoin to get another additional discount

In addition to the above events, in order to support the government programs in promoting the reading movement in Indonesia, since 2016, Bank Mandiri has been supporting the South East Asia's biggest book fair named Big Bad Wolf. The books offered were International books, both for fiction and non-fiction books, ranging from children's to adults' books. In this event, Bank Mandiri customers got additional discounts by redeeming their fiestapoin and special promotion through the redemption of their fiestapoin for getting fast track voucher (direct payment on cashier without having to be in queue) or getting free books.

Hobbies

Another thing that is inseparable from daily activities of every person is the need to have refreshing through various hobbies and activities outside of the daily routine. In order to serve the hobbies of the customers and to be consistent in implementing the value proposition of Spirit of Prospering the Country, Bank Mandiri also sponsored various local films such as Kartini, Critical Eleven and Galih and Ratna. For movie lovers who participated in this program could enjoy free tickets only by following various activities in social media or redeeming their fiestapoin in certain events. In addition, Bank Mandiri also conducted strategic partnerships with Walt Disney Indonesia, Warner Bros. and Sony Pictures, in order to increase the attractiveness of e-money through the registration of special edition e-money such as Star Wars e-money, Justice League e-money, Spiderman Homecoming e-money, Smurf The Lost Village e-money of which sales were tailored to the launch of the films.

Another thing that was included into the promotion program of Bank Mandiri was the Travel Fair. Bank Mandiri, in cooperation with Garuda, held Garuda Online Travel Fair which offered special ticket prices to domestic and international destinations that could be used throughout the year 2017 only by having transactions using Mandiri Debit or Mandiri Credit Card. In addition, in July 2017, in collaboration with Kereta Api Indonesia, Bank Mandiri held Railway Travel Fair which offered various discounts for Railway Tickets to various domestic destinations.

In order to ensure the ease of traveling outside the city or going abroad, Bank Mandiri also established various cooperations with accommodation booking services such as Agoda, Traveloka, Pegipegi and others. In addition to have cooperation for the means of payment, at certain times, there were also special offer prices for Mandiri Debit and Credit Card Holders.

Bank Mandiri continues to make integrated and sustainable communications in various media to ensure that various programs or promotions of Bank Mandiri products and services are delivered to customers and society in general. The initiatives that have been done in 2017 will continue to be optimized in 2018 to achieve business achievement in accordance with the strategy of Bank Mandiri in 2018.

Market Share

As a conventional bank, in general, Bank Mandiri faces a competition with all commercial banks in Indonesia in determining and maintaining its market share. The competition, among others, can be seen based on the number of assets owned, the amount of third party funds collected, and the amount of Loans distributed by the Bank.

The market share analysis is classified based on total assets, total third party funds (current accounts, savings, deposits) distributed loans (mortgages, personal loans, and credit cards).

Table of Market Share of Bank Mandiri compared to Commercial Bank Industry – as of December 2017 and December 2016

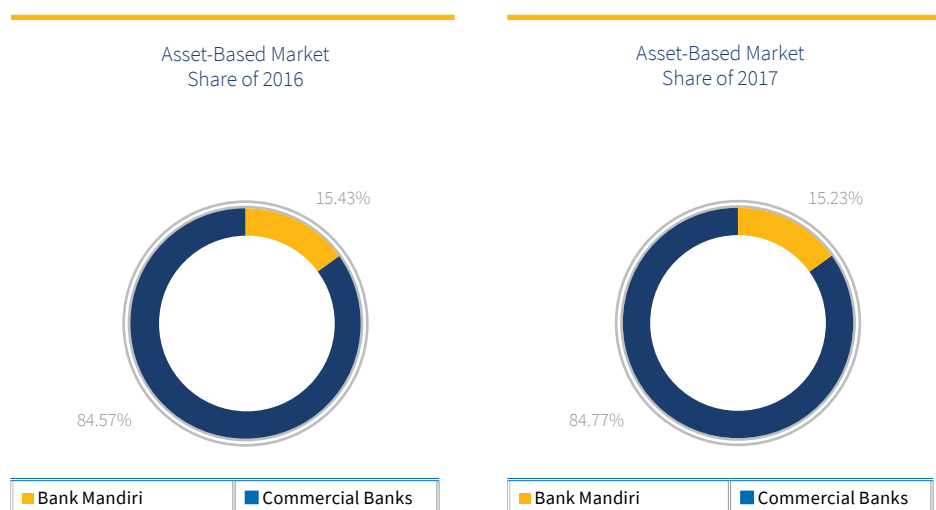
(Consolidation, in Billion Rupiah)

Description		December 2017	December 2016
Total Assets	Commercial Banks in Indonesia (Billion Rupiah)	7,387,144	6,729,799
	Bank Mandiri (Billion Rupiah)	1,124,701	1,038,706
	Market Share (%)	15.23%	15.43%
Total Third Party Funds	Commercial Banks in Indonesia (Billion Rupiah)	5,289,209	4,836,758
	Bank Mandiri (Billion Rupiah)	815,807	762,501
	Market Share (%)	15.42%	15.76%
Total Current Accounts	Commercial Banks in Indonesia (Billion Rupiah)	1,233,337	1,124,235
	Bank Mandiri (Billion Rupiah)	203,390	187,052
	Market Share (%)	16.49%	16.64%
Total Savings	Commercial Banks in Indonesia (Billion Rupiah)	1,701,175	1,551,809
	Bank Mandiri (Billion Rupiah)	336,913	302,328
	Market Share (%)	19.80%	19.48%
Total Deposits	Commercial Banks in Indonesia (Billion Rupiah)	2,354,697	2,160,714
	Bank Mandiri (Billion Rupiah)	275,504	273,121
	Market Share (%)	11.70%	12.64%
Total Distributed Loans	Commercial Banks in Indonesia (Billion Rupiah)	4,737,972	4,377,195
	Bank Mandiri (Billion Rupiah)	729,548	662,013
	Market Share (%)	15.40%	15.12%
Total Distributed Mortgages	Commercial Banks in Indonesia (Billion Rupiah)	435,452	383,923
	Bank Mandiri (Billion Rupiah)	39,705	35,875
	Market Share (%)	9.12%	9.34%
Total Distributed Personal Loans	Commercial Banks in Indonesia (Billion Rupiah)	821,940	711,450
	Bank Mandiri (Billion Rupiah)	21,686	17,441
	Market Share (%)	2.64%	2.45%
Total Distributed Loans – Credit Card	Commercial Banks in Indonesia (Billion Rupiah)	79,526	72,708
	Bank Mandiri (Billion Rupiah)	10,312	9,128
	Market Share (%)	12.97%	12.55%

Source: Statistik Perbankan Indonesia, Vol. 15, No. 10, December 2017

Asset-Based Market Share

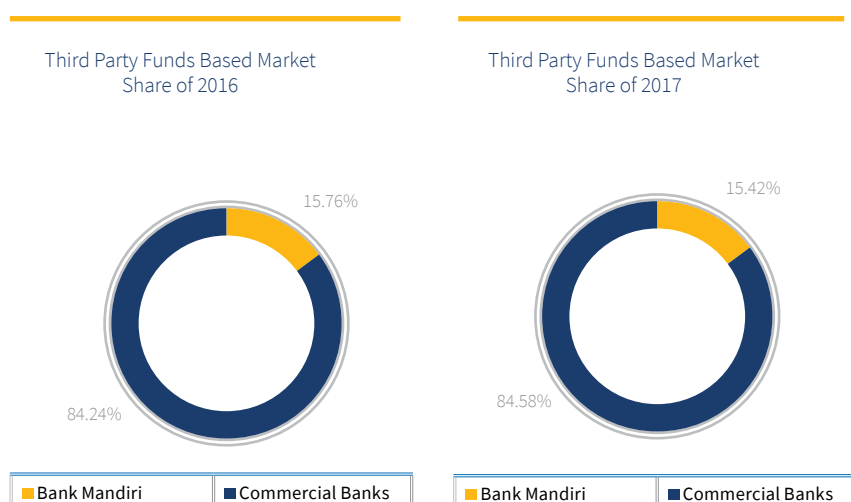
Based on the total assets owned, Bank Mandiri's market share in the end 2017 reached 15.23%, has decrease by 0.20% compared to its position in 2016. Although has decrease in market share, assets growth by 8.3% (yoy) reached Rp1,124.7 trillion. The growth of these assets is inseparable from the 10.2% (yoy) loan growth



Third Party Funds Based Market Share

Based on the total third party funds collected, the third party fund based market share of Bank Mandiri in the end 2017 reached 15.42%, has decrease by 0.34% compared to which as of December 2016 which reached 15.76%. The decrease in market share was mainly due to the increasing competition in providing high interest rates with other banks.

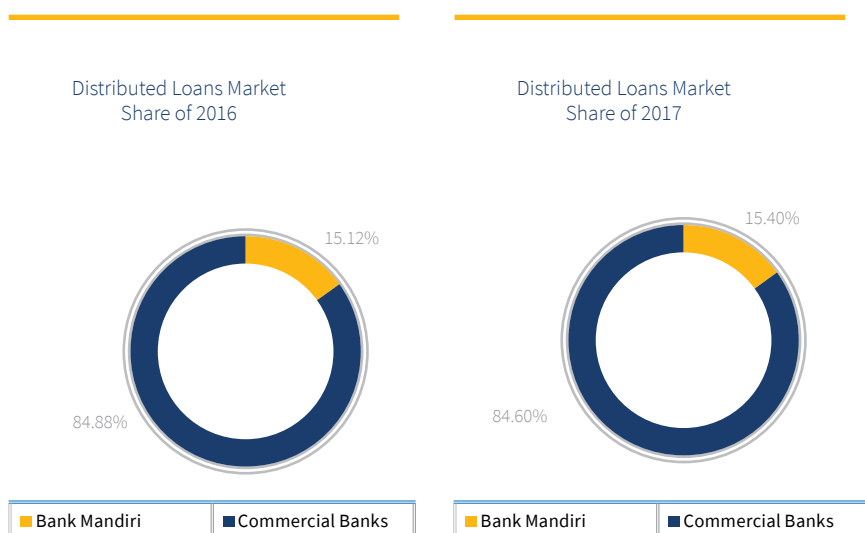
Despite a slight decrease in market share, Bank Mandiri's third-party funds grew 7.0% annually. If it is seen per product, Bank Mandiri's savings recorded the highest growth at 11.44% (YoY), with a market share of 19.80%, having an increase of 32 bps over the same period last year. Current Accounts Successfully grew 8.73% annually, with a market share of 11.70%. The high value of market share of Bank Mandiri's funds shows that Bank Mandiri has the trust of customers and communities across Indonesia to place their funds in Bank Mandiri. Certainly, Bank Mandiri will keep trying to increase the portion of TPF that will be collected, with various strategies to be implemented, especially in raising low-cost funds (current accounts and savings) to strengthen the funding base which has been owned and to reduce the cost of funds.



Distributed Loans Market Share

Based on the total distributed loans, the distributed loans market share of Bank Mandiri in 2017 reached 15.40%, having increase compared to which as of 2016 which reached 15.12% or having an annual increase of 28 bps, with a loan growth of 10.2% (YoY). In line with Bank Mandiri's business strategy, Bank Mandiri is currently focusing on developing new core business (consumer and micro banking). If it is seen per segment, the highest growth was recorded by micro segment loan, followed by consumer loan. Bank Mandiri's

micro loan in December 2017 recorded a growth of 22.2% (YoY), and consumer loan grew 17.6% annually. These are also in line with the increasing market share of consumer loan products. The market share of mortgage in December 2017 reached 9.12%. Similarly, personal loan market share which reached 2.64%, having an increase of 19 bps (YoY) and credit card market share reached 12.97%, or having a significant growth of 42 bps annually.



The Performance of Business Segment

Definition of Business Segment

Business segment is a group of assets and operations that provide goods or services that are subject to risks and have different returns from other business segments. In accordance with the prevailing accounting standards, Bank Mandiri divides business segment based on the operating segment and geographical segment.

Operating Segment

Operating segment is a component of the following entity:

- which is engaged in income-generating and expense-raising business activities (including incomes and expenses related to transactions with other components of the same entity);
- which has its results of operations regularly reviewed by the operational decision maker to make decisions about

the resources allocated to the segment and assess their performance; and

- which has its separable financial information available.

In accordance with the Statement of Financial Accounting Standards (SFAS) No. 5 on "Operating Segments", the Bank and Subsidiary provide operating segments based on internal reports of Banks and Subsidiary presented to operational decision maker. The operational decision maker is the Board of Directors.

The Segment Information per December 31, 2017 was presented in accordance with the Decision of the Board of Directors dated September 4, 2017 regarding the Organizational Structure, then, the operating segment was divided into the following business segments: Wholesale (Corporate and Commercial), Institutional, Retail (including Wealth), Treasury and Market, Head Office, Sharia Subsidiary; Subsidiary - Insurance and other Subsidiaries.

The followings are the definitions of each operating segment per Desember 31, 2017.

- *Wholesale Banking is composed of:*

- a. Corporate

The wholesale banking segment - corporate includes distributed loans, customer savings and other transactions owned by corporate customers, both the state-owned and private enterprises. Segmentation criteria for corporate banking are debtors with Gross Annual Sales (GAS) > Rp 2 trillion and their groups and are included in the top 150 obligors and the groups, including the SOE and business groups.

- b. Commercial

The wholesale banking segment - commercial includes medium-scale loans and automotive sector, customer savings and other transactions owned by commercial customers. Segmentation criteria for commercial banking are debtors with GAS above Rp 50 billion up to Rp 2 trillion and their groups such as Multifinance Business Entity, Rural Banks (BPR), Local Government (PEMDA), Local Government Owned Enterprises including Local Public Hospitals and Water Utilities, Private Universities and non-individual funds customers that are included in the list of nominative transaction banking.

- Institutional

The institutional segment includes distributed loans, customer savings and other transactions owned by government agencies and state-owned enterprise pension funds.

- Retail

The retail segment is composed of consumer/individual segment, micro segment, Small Medium Enterprise/SME, and Wealth). This retail banking segment includes loans distributed to businesses or individuals with micro-to-small scale, other products and services such as third party funds, payments and other transactions of micro and small customers as well as consumer financing credits including mortgage loans, credit cards and other products and services such as third party funds, payments and other transactions owned by individual customers, including prioritized customers. For Small Medium Enterprise (SME) credit, the debtor criteria for this segmentation is a debtor with GAS < Rp 50 Billion or credit limit above Rp 200 Million up to Rp 10 billion, Individual Business Savings/Current Accounts, cooperatives,

plasma plantation clients and other non-personal fund customers which are not included in the Nominative Transaction Banking List. For Micro Loans, the segmentation criteria are the debtors with credit limit up to Rp 200 million. As for Wealth Management, the segmentation criteria are individual customers with total Fund Under Management (FUM) > Rp 1 billion.

- Treasury

The treasury segment is linked to the Bank's treasury activities including foreign exchange transactions, money market, fixed income, international banking business, capital market, supervision of Foreign Office.

- Head Office

The head office segment primarily manages assets and liabilities other than those managed by other operating segments including receiving cost allocations for the provision of centralized services to other segments and unallocated incomes/expenses to other segment reporting.

- Subsidiary – Sharia

The subsidiary-sharia segment includes all transactions conducted by the Subsidiary which operates in Sharia banking.

- Subsidiary – Insurance

The subsidiary-insurance segment includes all transactions conducted by the Subsidiary which operates in Life insurances, Health Insurance, and General Insurance.

- Subsidiary – Other than Sharia and Insurance

The subsidiary-other than sharia and insurance segment includes all transactions conducted by the Subsidiary which operates in financing

Geographical Segment

Geographical segment is a distinguishable component of a Bank and Subsidiary in providing services to a particular economic environment (region) and is subject to different risks and returns from the components operating in other economic environments (regions).

The geographical segment of Bank Mandiri is divided into as follows:

- Indonesia.
- Asia (Singapura, Malaysia, Hong Kong, Timor Leste dan Shanghai).
- Eropa Barat (Inggris).
- Cayman Islands.

Bank Mandiri has 12 (twelve) regional offices spread across Indonesia and 6 (six) overseas branches in Cayman Islands, Singapore, Hong Kong, Dili of East Timor, Shanghai (People's Republic of China) and Dili of Timor Plaza and 1 (one) Remittance Office in Hong Kong.

In order to achieve the aspiration of Bank Mandiri "Indonesia's best, ASEAN's prominent", Bank Mandiri classifies the work units in its organizational structure into 3 (three) groups, as follows:

1. Business Units, serves as the main motor of business development of the Bank Businesses consisting of two main segments, namely Wholesale segment, which is composed of Corporate and Commercial, Government Institutional, Treasury (Treasury, International Banking and Financial Institutions), and Retail Banking which is composed of Small and Medium Enterprise, Micro, and Consumer.
2. Support Functions, serves as supporting units for the whole operations of the Bank which is composed of Special Asset Management, Wholesale Risk, Retail Risk, Digital Banking and Technology, Operations, Risk Management and Compliance, Corporate Transformation and Finance, Internal Audit, Human Capital, dan Corporate Secretary.
3. Distributions, serves as a unit that sells products and services to all segments of Bank Mandiri customers, composed of 12 (twelve) Regional Offices spread across Indonesia.

Production and Income of The Segments

In the banking services industry, production is the result of marketing activities of the produced products and services. The followings are the descriptions of the production and revenue performance of the Bank as the Parent Company.

Operating Segment

Wholesale Banking

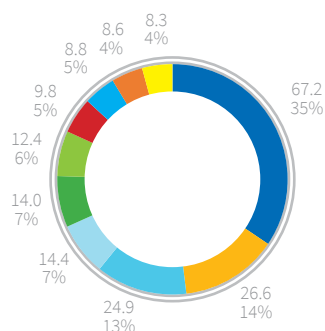
In line with the alignment of Bank Mandiri's business strategy through Corporate Plan Restart of 2016–2020, the corporate banking, as the existing core of Bank Mandiri, supports Bank Mandiri's transformation process by reorganizing its work units, particularly for those related to the separation of private corporate customer management units, SOEs and Ministries/Institutions with the establishment of Institutional Unit. Meanwhile, corporate banking and commercial banking are merged into Wholesale Banking.

The Development of Corporate Banking in 2017

Corporate banking of Bank Mandiri continued to develop its products, solutions and services to meet customer needs to create mutually beneficial synergy between the customers and Bank Mandiri. Corporate banking also sought to optimize business expansion by expanding its business focusing on Bank Mandiri's priority sectors in accordance with the credit portfolio guideline such as plantation, electricity, food and beverage, mining, oil and gas, and fertilizer.

Throughout 2017, the credit portfolio of corporate banking continued to have a good diversification in Bank Mandiri's priority sectors. Diversification was performed as an effort to support Bank Mandiri to minimize credit risk concentrated in certain sectors. Among the credit portfolio guideline of priority sectors, the plantation sector contributed 27.0% to the total corporate banking credit, followed by electricity and food and beverage sectors, which contributed 10.7% and 10.0% to total corporate banking credit segment, respectively. In details, corporate banking credit distribution in the top 10 economic sectors is as follows.

The Top 10 Loan Distribution per Economic Sector
(in trillion Rupiah)



■ Plantation	■ Fertilizer
■ Electricity	■ Financial Services
■ Food and beverage	■ Road Infrastructure
■ Gold Mining	■ Property
■ Oil and Gas	■ Construction

If terms of asset quality, although the weakening global and national economic performance still had an effect on the performance of some corporate banking debtors in 2017, the quality of corporate banking credit assets can be maintained well through a strategy that prioritizes the principles of prudence in managing asset quality amid the trend of increasing non-performing loans in the banking sector.

The following is a list of business sectors of 10 (ten) large individual and group debtors by the end of 2017.

Table of Individual Debtor Business Sectors

(in trillion Rupiah)

No	Individual Debtor	Amount
1	Electricity	21,7
2	Plantation	14,7
3	Food and Beverages	7,5
4	Oil and Gas	7,5
5	Food and Beverages	6,9
6	Metal Products Manufacture	6,9
7	Financial Services	5,6
8	Mining	5,4
9	Automotive	5,3
10	Construction	4,9
	Total	86,4

Table of Group Debtor Business Sectors

(in trillion Rupiah)

No	Debitur Grup	Amount
1	Electricity	21,7
2	Plantation	16,3
3	Retailer	15,4
4	Oil and Gas	14,8
5	Plantation	13,8
6	Plantation	12,9
7	Fertilizer	12,9
8	Food and Beverages	9,8
9	Food and Beverages	9,7
10	Automotive	9,7
	Total	137,0

Based on the types of the distributed loans, in 2017, the majority of corporate banking loans were distributed in the form of investment loans, which account for 52.8% of total corporate banking loans, while the composition of working capital credit was 47.2% of total corporate banking loans.

In line with the Spirit of Prospering the Country, Bank Mandiri, through corporate banking, also supports the government programs in terms of infrastructure development. Until 2017, corporate banking has distributed loans related to infrastructure development of Rp 85.2 trillion, or almost 34.2% of total distributed loans of corporate banking in 2017.

Some infrastructure development projects that received corporate banking financing facilities by 2017 included:

- Financing of Toll Road projects, including: Semarang – Batang section, Gempol - Pandaan section, Pandaan – Malang section, Manado – Bitung section, Serang – Panimbang section and Sumatera Bakauheni – Terbanggi Besar Trans toll road.
- Financing of electricity projects, as a part of the 35,000 megawatt power project, corporate banking also financed the construction of Independent Power Plants (IPP), such as the IPP of Mamuju Power Plant in West Sulawesi, the IPP of Sulbagut Power Plant in Gorontalo, and IPP of Nabire Power Plant in Nabire, Papua.

Production and Income

Table of Corporate Banking Performance

(in Million Rupiahs)

Information	2017 (Rp)	2016*) (Rp)	Growth (%)
Total Third Party Funds	127,011,830	178,317,626	(28.77%)
Current Accounts	83,354,774	92,357,811	(9.75%)
Savings	7,003,356	6,051,088	15.74%
Deposits	36,653,700	79,908,727	(54.13%)
Total CASA**)	90,358,130	98,408,899	(8.18%)
Total Credit	248,745,671	228,664,566	8.78%
NPL (%)	0.38%	0.45%	(16.6%)
Total Fee Based Income	2,277,649	2,166,235	5.14%
Total Net Interest Income	7,867,935	10,125,043	(22.29%)

*) Realization of December 2016 still considered the Institutional Segment

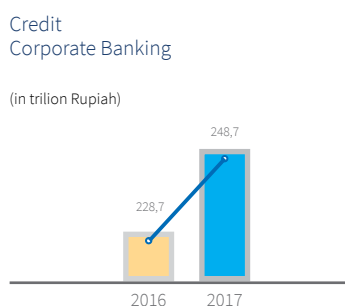
**) CASA is the abbreviation of Current Accounts and Savings

The performance of corporate banking based on loan distribution, third party funds, fee based income and net interest income is as follow.

Production

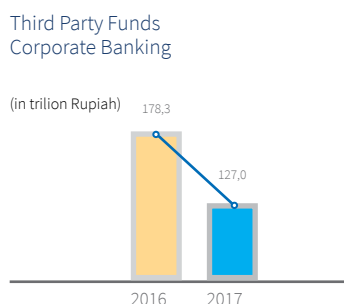
Corporate Banking Credit

In 2017, the loan distribution reached Rp 248.7 trillion, having an increase of 8.8% compared to 2016 of Rp228.7 trillion (the realization in 2016 included the Institutional segment). In line with loan growth, the NPL also increased to 0.38% in 2017 from 0.45% in 2016, which indicated the better problem-controlling and solving processes.



Third Party Funds Corporate Banking

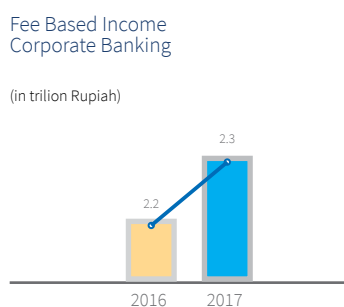
The corporate Banking of Bank Mandiri managed to collect third party funds from corporate banking customers of Rp127.0 trillion in 2017. In early 2017, the separation of corporate banking customer management from institutional customers led to a decrease in the number of low-cost fundings of corporate banking customers by 8.2%, from Rp 98.4 trillion in 2016 to Rp 90.4 trillion in 2017.



Income

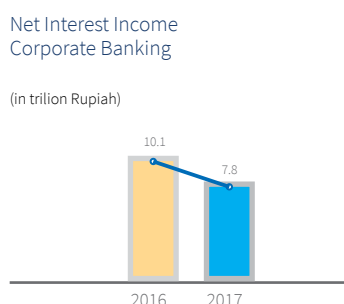
Fee Based Income Corporate Banking

In 2017, the fee based income which have been collected by the corporate banking of Bank Mandiri grew by Rp 2.3 trillion increase 5.1 percent compared than 2016 by Rp 2.2 trillion, with the largest portion of Rp 1.2 trillion from the loan administration fee.



Net Interest Income

Corporate Banking recorded a net interest income of Rp 7.8 trillion in 2017, with the main income derived from the asset spread of Rp 4.8 trillion or 60.9% of the net interest income, while the rest 39.1% derived the spread funds/liabilities (Rp 3.1 trillion). The net interest income of Corporate Banking segment in 2017 decreased by 22,8% compared to 2016.



The Work Strategy and Plan of Corporate Banking of 2018

In the future, corporate banking will continue to maintain its position as a market leader for corporate financing in Indonesia, to support government programs (both in terms of financing, transactions and government project financing), and to provide tailored transaction solutions to customer needs.

In 2018 corporate banking will conduct 3 (three) strategic initiatives, including:

1. Anchor Client Focus, a strategy focused on relatively prominent customers in the industry, with the implementation of good corporate governance and establishment of a harmonious vision between Mandiri Group and customers through mutually beneficial relationships, long-term relationships and business extensification for new customers.

2. Solution and Collaboration, a strategy to provide comprehensive solutions for customers in accordance with their industry and business ecosystems, to provide added value for Mandiri Group through collaboration with other business units, subsidiaries and overseas network of Bank Mandiri, and to focus on growing the potential sector with respect to the credit portfolio guideline.
3. Strong Enablers, a strategy of strengthening fundamental aspects such as human resource development, Business Process Reengineering (BPR) alignment, and lean and adaptive business process and improving reliable transaction banking system and integrated solution through value chain solution.

Commercial Banking

The commercial banking segment of Bank Mandiri manages corporate customers with smaller scale than those are managed by the corporate banking segment, with Gross Annual Sales (GAS) above Rp50 billion to Rp2 trillion.

“Total Solutions” still becomes the tagline of commercial banking which represents the best solution in the form of bundling of asset, liabilities and fee based products suited to customers’ needs as supported by the use of e-channel system aimed at targeting the low-cost fundings and fee based income from low-risk products.

The Development of Commercial Banking of 2017

The slowing down of the national economic condition since 2016 greatly affected Bank Mandiri’s commercial banking segment by increasing the Non-Performing Loan (NPL) ratio significantly. To overcome this issue, in 2017, Bank Mandiri’s commercial banking segment was focused on improving asset quality, while maintaining market share in the national banking industry.

In the course of its business, commercial banking of Bank Mandiri provides banking services to medium-sized companies through 27 Commercial Banking Centers (CBC), spread throughout Indonesia. By the end of 2017, Bank Mandiri’s commercial banking segment loans reached Rp155.82 trillion or contributed 21.4% to the total consolidated loan portfolio provided by Bank Mandiri.

Throughout 2017, Bank Mandiri’s commercial banking loan portfolio continued to have a good diversification in the priority sectors of Bank Mandiri. The agricultural sector contributed 21.83% to total commercial banking loans, followed by industrial and contractor and property sectors which contributed 14.07% and 12.52% to total commercial banking loans, respectively.

The following is the list of business sectors of 10 biggest debtors by the end of 2017.

Table of Business Sector of Individual Debtors

(in trillion Rupiah)

No	Business Sector of Individual Debtors	Amount
1	Agriculture	34.03
2	Industry	21.94
3	Contractor and Property	19.51
4	Multifinance	15.86
5	Transportation	11.32
6	Telecommunication	9.93
7	Coal	8.99
8	Fast Moving Consumer Goods (FMCG)	8.96
9	Oil and Gas	8.41
10	Textile	6.19
	Total	145.14

The following is the detail of loan distribution of commercial banking segment based on the sectors in the following table.

Table of Detail of Loan Distribution

(in %)

No	Business Sector of Group Debtors	2017 Composition	2016 Composition
1	Agriculture	21.83 %	21.40 %
2	Industry	14.07 %	15.42 %
3	Contractor and Property	12.52 %	13.08 %
4	Multifinance	10.18 %	10.40 %
5	Transportation	7.26 %	5.55 %
6	Telecommunication	6.37 %	5.19 %
7	Coal	5.77 %	7.11 %
8	Fast Moving Consumer Goods (FMCG)	5.75 %	4.87 %
9	Oil and Gas	5.39 %	6.18 %
10	Textile	3.97 %	4.23 %

In terms of loan types, most of the commercial banking segment loan distribution was Working Capital Loan, which contributed 63.74% or Rp 99.35 trillion, while the remaining investment loan accounted for 36.26% of total commercial banking loans in 2017

Production and Income

Table of Commercial Banking Performance

(in Million Rupiahs)

Description	2017 (Rp)	2016 (Rp)	Growth (%)
Total Third Party Funds	68,145,567	66,353,326	2.70%
Current Accounts	37,174,479	40,435,471	(8.06%)
Savings	11,731,448	8,143,489	44.06%
Deposits	19,239,640	17,774,366	8.24%
Total Credit	155,820,017	165,157,169	(5.65%)
NPL (%)	10.01%	9.32%	7.40%
Total Fee Based Income	1,129,285	1,067,463	5.80%
Total Net Interest Income	6,548,056	5,881,089	11.34%

The commercial banking performance based on third party funds, loan distribution, fee based income and net interest income is as follow.

Production

Third Party Funds of Commercial Banking

The collection of commercial banking segment funding in 2017 amounted to Rp68.15 trillion, having a growth of 2.70% compared to which of 2016 of Rp66.35 trillion. Commercial banking segment savings grew significantly by 44.06% reaching Rp11.7 trillion annually, followed by current accounts and deposits of Rp37.17 trillion and Rp19.24 trillion, respectively by the end of 2017.

Commercial Banking
Third Party Funds Chart
(in trillion Rupiah)

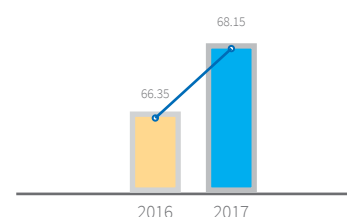


Table of Total Commercial Banking Third Party Fund Accounts

(in Account units)

Information	2017 (Accounts)	Composition (%)	2016 (Accounts)	Composition (%)	Growth (%)
Current Accounts	42,037	69.59%	36,861	68.08%	14.04%
Savings	9,993	16.54%	9,310	17.20%	7.34%
Deposits	8,380	13.87%	7,970	14.72%	5.14%
TOTAL	64,410	100.00%	54,141	100.00%	11.58%

In 2017, the total of third party fund accounts which has been collected by the commercial segment was still dominated by current accounts. Based on the performance, the total of third party fund accounts increased by 11.58% or to 64,140 account units from 54,141 account units in 2016.

The increase was mainly due to an increase in the total current accounts of 14.04% from 36,861 account units in 2016 to 42,037 account units in 2017. In addition, the increase in third party fund accounts was also due to the increase in savings accounts of 7.34% from 9,310 account units in 2016 to 9,993 account units in 2017.

Table of Types of Deposits based on term

(in Million Rupiahs)

Deposito	2017	2016	Growth
1 month	9,299,830	9,912,497	(6.18%)
3 months	6,686,833	3,609,776	85.24%
6 months	2,509,863	2,520,339	(0.42%)
12 months	555,010	1,450,940	(61.75%)
24 months	188,104	280,814	(33.01%)
Total	19,239,640	17,774,366	8.24%

The growth of deposits increased by 8.24% or to 19.24 trillion in 2017 from 17.77 trillion in 2016. The highest growth of deposits by term was the 3 (three) month deposits of 85.24% to Rp 6.69 trillion from 3,61 trillion in 2016.

Commercial Banking Loan

The loans distributed in the commercial banking segment in 2017 amounted to Rp 155.82 trillion, having a decrease of 5.65% compared to Rp 165.16 trillion in 2016. Overall, the composition of commercial banking loan reached 24.2% of the total loans of bank only.

The Gross Non Performing Loan (NPL) in the commercial banking segment in 2017 was 10.01%, having an increase compared to NPL in the same segment in 2016 of 9.32%.

Graph Credit
Commercial Banking
(in trillion Rupiahs)

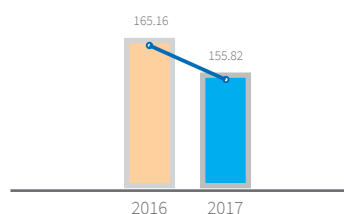


Table of Loan by Product

(in Million Rupiahs)

Product		31 December 2017			31 December 2016		
		Bade Rp	Bade Va	Total Bade	Bade Rp	Bade Va	Total Bade
Investment Loan (CL)	Non Revolving	48,628,450	7,807,256	56,435,705	44,394,927	9,841,420	54,236,347
	Revolving	82,840	-	82,840	81,285	17,162	98,447
Total CL		48,711,289	7,807,256	56,518,545	44,476,212	9,858,582	54,334,794
Working Capital Loan (WCL)	Non Revolving	40,062,582	5,367,711	45,430,293	46,022,325	9,972,708	55,995,033
	Revolving	49,737,356	4,133,823	53,871,178	50,580,405	4,246,937	54,827,342
Total WCL		89,799,938	9,501,534	99,301,472	96,602,730	14,219,646	110,822,375
Grand Total		138,511,227	17,308,789	155,820,017	141,078,942	24,078,227	165,157,169

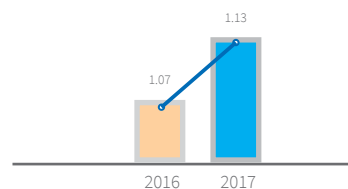
The total investment loan which had been successfully distributed by the commercial segment in 2017 amounted to Rp56, 52 trillion, increased from the previous year of Rp54,33 trillion. Total working capital loan in 2017 amounted to Rp99.3 trillion, decreased from to the previous year of Rp110.82 trillion. The increase of Investment Loan was due to shifting strategy to support the strategy towards the more sustained loan portfolio.

Income

Fee Based Income (FBI) Commercial Banking

Fee based income from commercial banking in 2017 amounted to Rp1,13 trillion or an annual growth of 5.80% compared to the acquisition of FBI in 2016 amounted to Rp1,07 trillion.

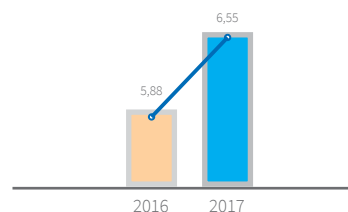
Graph Fee Based Income
Commercial Banking
(in trillion Rupiahs)



Net Interest Income Commercial Banking

In 2017 commercial banking successfully obtained net interest income of Rp6.55 trillion, an increase of 11.37% compared to the achievement in 2016 reached Rp5.88 trillion.

Graph net Interest Income
Commercial Banking
(in trillion Rupiahs)



Commercial Banking Strategy of 2018

The strategic initiatives in the commercial banking segment are directed to the fixing fundamental and conservative growth strategies, namely growing healthily. The strategy of achieving the target of commercial banking in 2018 is depicted through several initiatives as follows:

1. Focus on loan distribution that is in line with core banking and potential customers who have been engaged in Bank Mandiri.
2. Growing strategy, portfolio mix in accordance with portfolio guideline that is focused on financing with attractive and neutral booking mix.
3. Debtors' funds increasing and management strategy, the increase of third party funds through the deposition of funds sourced from some parts of the Working Capital Loan (WCL) facility.
4. Transaction solutions by using Bank Mandiri's product bundling to increase Third Party Funds (TPF).
5. Improvement and refinement of business process by adding information technology system to enable the optimization of work effectiveness, credit monitoring and cost efficiency.
6. Relationship Manager (RM) Function, which is responsible for managing, customers is divided into front end and middle end.
7. Implementing capability enhancement program for Relationship Manager (RM).

The Prospect of Commercial Banking

In 2018, commercial banking segment credit will continue the process of quality improvement. A healthy credit growth will be driven through attractive sectors through the portfolio guideline, including Palm Oil Plantation, Crude Palm Oil (CPO), and construction services. The sector with a consolidation strategy are the coal, textile, and furniture industries.

Government Institutional

In line with the transformation of Bank Mandiri and in order to improve the focus on the sector of the Ministry/Institution, in 2017 the establishment of the Institutional Directorate as a unit that is established specifically to increase market capitalization of Bank Mandiri to the sector ministries, institutions and SOEs through the provision of financial solutions supported with the collaborative strength of Mandiri Group.

Development Strategy of Government Institutional Business of 2017

Throughout the year 2017 the Institutional Sector focuses on Growth of funds and revenues supported through the growth of Business As Usual (BAU) in accordance with the amount of APBN (Country Budget) and assumption of GDP growth in 2017. Credit development is also implemented with a focus on the sector of Ministries / Institutions and SOEs, Main Equipment Armament System which contributes primarily to the Institutional Credit portfolio. Supporting government transaction activities mainly related to the distribution and receipt of APBN and Non-APBN, some of which are: State Treasury System and State Budget, State Acceptance Module, Selection of State University New Student Admissions and Selection of New Student Admissions of Islamic State Islamic College. As a manifestation of the spirit of prosperity of the country, the Institutional Sector also provides banking functions as one of the drivers of the national economy and development by supporting

government programs such as Farmers' Cards, Village Owned Enterprises, Redistribution Programs of Forest Social Forest Utilization Permits and Non-Cash Social Assistance (consisting of Non-Cash Food Assistance and Family Hope Program).

Production and Income

Table of Government Institutional Performance

(in Million Rupiahs)

Information	2017 (Rp)	2016 (Rp)	Growth (%)
Total Third Party Funds	50,676,336	41,927,471	20.87%
Current Accounts	20,964,557	16,337,585	28.32%
Savings	1,174,738	694,398	69.17%
Deposits	28,537,041	24,895,488	14.63%
TOTAL CASA*)	22,139,295	17,031,983	29.99%
Total Credit	13,862,546	13,308,814	4.16%

Information	2017 (Rp)	2016 (Rp)	Growth (%)
Total Fee Based Income	269,181	**	-
Total Net Interest Income	1,508,876	**	-

*) CASA is the abbreviation of Current Accounts and Savings

**) Government Institutional Segment is still merged into Corporate Segment

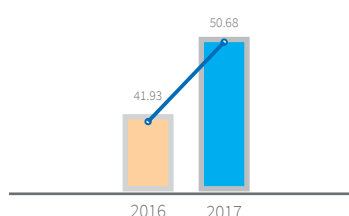
The Government Institutional segment performance based on the third party funds, fee based income and net interest income is as follow

Production

Growth of Government Institutional Third Party Funds

The Government Institutional Segment of Bank Mandiri managed to collect third party funds from its customers of Rp 50.68 trillion in 2017 or grew significantly by 20.87% annually with low-cost fundings (current accounts and savings) of Rp22.14 trillion, grew significantly of 29.99% compared to the last year, with the savings recorded the highest growth of 69.17%, followed by current accounts which grew by 28.32%. This is in line with the corporate plan strategy focusing on Low-Cost

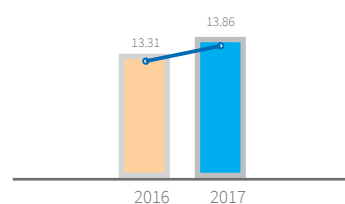
Graph Third Party Funds
Government Institutional
(in trillion Rupiahs)



Growth of Government Institutional Credit

In 2017, the government institutional credit disbursement reached Rp 13.86 trillion, having an increase of 4.16% compared to which of 2016 of Rp 13.31 trillion.

Graph Credit
Government Institutional
(in trillion Rupiahs)



Fundings (CASA) increasing to suppress the cost of funds. In addition, the deposits that have been collected also managed to grow 14.63% annually reaching Rp 28.54 trillion.

Government Institutional Income

In 2017, the government institutional segment was separated into one segment. In 2017, the Institutional segment begins to be segregated into its own segment. In 2017, the fee based income collected by the Government Institutional segment amounted to Rp269.2 billion and the net interest income reached Rp1.51 trillion. The government institutional Revenue was recorded at Rp 1.78 trillion with the main revenue coming from fund management business of Rp1.28 trillion or 71.8% of total revenues earned by Corporate Banking. The Corporate Banking's business contributed to Bank Mandiri's net profit of 2017 of Rp1.53 trillion.

Strategy and Work Plan in 2018

To support the achievement of the Institutional Directorate in order to optimize the focus of business development in 2018 is aligned with Restart: Corporate Plan Bank Mandiri 2016-2020, which is not only focus on core business but also new core business with strategies such as:

1. Increasing Fund Growth through:
 - a. Deepening client relationship and customer transaction optimization.
 - b. Expand distribution channels focused on strategic areas and provide comprehensive solutions to customers.
2. Increase the growth of Credit through:
 - a. Customer focus on potential sectors to build long-term business relationships with a healthy credit-oriented growth and value chain business.
 - b. Implementation of active credit monitoring supported by comprehensive procedures and policies.
 - c. Development of information systems aimed at sharpening the credit process on an end-to-end basis.
3. Increase Fee Based Income through:
 - a. Improve cooperation in financial services such as: cooperation of custodial bank, remittance.
 - b. Promotion and socialization of the use of channel / means of receipt of payment.
4. Continue to support government transaction activities, especially related to the distribution and receipt of APBN and Non APBN by accommodating the provision of products and services and optimizing e-channel.
5. Supporting the sustainability of the realization of government programs by encouraging collaboration both of internally and

externally by Mandiri Group.

6. As entry gate for new core business and affiliated company through cooperation of bundling product and payroll package solution to customer in sector of Ministry / Institution and State-Owned Enterprise.
7. Strengthening the Organization and Risk Management through the improvement of human resource competence as well as controlling risk management in order to increase sustainable business growth.

Retail (Retail Banking)

With enthusiasm and optimism in the face of challenging domestic and global economic conditions in 2017, Bank Mandiri's Retail Banking business is able to deliver superior performance above industry averages through strategies that focus on continuous sustainability and asset quality. This strategy is in line with the function of Bank Mandiri as one of the state-owned banks that has a mission to support the national ideals in improving the prosperity of the people of Indonesia, in accordance with the spirit of Trisakti and Nawacita.

Retail Banking provides a variety of banking products for individual customers for consumer financing needs, with excellent products including mortgages, personal loans, auto loans and credit cards. In addition, Retail Banking also provides business financing support for Small Medium Enterprise (SME) microcredit customers in the form of working capital loans and investment loans. This segment also serves banking fund services facilities in the form of demand deposits, savings deposits and deposits and investment placement of funds for individual savers in the mass segment to mass affluent including MSME customers. In running the business, the synergy of Mandiri Group continues to be encouraged through cooperation with subsidiaries such as Bank Mantap, Mandiri Tunas Finance, Mandiri Utama Finance, Mandiri General Insurance and Mandiri International Remittance.

Production and Income

As for the performance of retail banking based on third party funds, lending, fee based income and net interest income are as follows.

Table of Retail Banking Performance

(in Million Rupiahs)

Information	2017 (Rp)	2016 (Rp)	Growth (%)
Total Third Party Funds	476,371,887	435,276,455	9.44%
Current Accounts	51,006,025	45,497,602	12.11%
Savings	283,736,956	259,483,049	9.35%
Deposit	141,628,906	130,295,804	8.70%
Total Credit	223,098,142	196,193,756	13.71%
Total Fee Based Income	8,311,567	8,572,218	(3.04%)
Total Net Interest Income	31,853,029	29,210,070	9.05%

Production

Third-party funds of Retail Banking

Total third-party retail banking funds as of December 2017 reached Rp476.4 trillion, an increase of Rp41.1 trillion, or 9.4% increase compared to December 31, 2016. This growth was driven by an increase in cheap funds (demand deposits and savings) of Rp29.8 trillion or grow 9.8%. The composition of third party funds in the retail banking segment in 2017 consisted of demand deposits of 10.7%, savings of 59.6% and deposits of 29.7%.

This growth cannot be separated from the effort to become a leading bank in digital banking innovation to improve customer experience, transactions, and sales. Stabilization of Mandiri Online application, increase of ATM and EDC, and increase of e-money self-supporting brand which supports the ease for transaction and encourages the growth of savings.

Table of Total Funds of Third Party Funds on Retail Segment

Information	2017 (Accounts)	Composition (%)	2016 (Accounts)	Composition (%)	Growth (%)
Current Accounts	291,168	1.33%	272,287	1.48%	6.93%
Savings	21,059,833	96.51%	17,620,536	96.06%	19.52%
Deposit	469,928	2.15%	450,343	2.46%	4.35%
TOTAL	21,820,929	100.00%	18,343,166	100.00%	18.96%

In 2017, the number of third party funds accounts on the retail segment collected by Bank Mandiri was still dominated by savings product. Based on its performance, the number of third party funds account increased by 18.96% or 21,820,929 units of accounts from 18,343,166 units of accounts in 2016. The increased in the number of savings accounts was quite significant, mainly due to the opening account of government funds

The increase was primarily due to an increase in the number of savings accounts as much as 19.52% from 17,620,536 units in 2016 to 21,059,833 units in 2017. In addition, the increase in third party fund accounts was also due to an increase in the number of demand deposit accounts by 6.93 % and an increase of 4.35%.

Retail Banking Credit

Retail credit lending up to December 2017 reached Rp223.1 trillion, an increase of Rp26.9 trillion or an annual growth of 13.71%. The highest growth was recorded by micro credit which grew by 22.2% to reach Rp 61.9 trillion, followed by consumer loan and credit cards which each reached Rp89.3 trillion and Rp10.3 trillion which respectively grew by 18, 12% and 12.96% with the NPL still under control in the range of 2.53%. The growth of retail credit was driven by Mortgage credit which reached Rp39.7 trillion, grew by 10.7% with the number of units already financed during the year 2017 of 17,151 units, Micro Multipurpose Loans (KSM) of Rp28.0 trillion or 44.4% , personal loans amounted to Rp21.7 trillion or grew by 24.3%, and KUR disbursement amounted to Rp13.34 trillion in 2017.

The composition of retail banking credit to Bank Mandiri's total loan portfolio reached 34.63% or significantly increased by 153 bps in annual terms, in line with Bank Mandiri's business strategy to develop Bank Mandiri's new core segments, consumer loan and micro banking.

The focus of the retail credit business focused on the new core segment as a new business segment besides the corporate segment that has been the core business of Bank Mandiri proved to be able to drive Bank Mandiri's business growth aggressively but with a quality maintained. This can be seen from the volume of new core loans (consisting of consumer credit, credit card and micro credit) businesses which recorded a growth of 23% from 2016 or Rp126.5 trillion, but with the ratio of non performing loan (NPL) at the level of 1.6%, relatively the same as in 2016, amounted to 1.5%.

Micro Banking

Micro Banking handles lending with a maximum limit of up to Rp1 billion, with the types of debtors may be individual and corporate customers.

Micro Credit Strategy 2017

Several strategic initiatives have been undertaken to improve the performance of micro businesses, including:

- Penetration on e-commerce.
- Development of transactional KUM products to match the market needs of value chains in attractive segments.
- Development of special programs for the acquisition of micro business potentials around industrial sites.
- Improved penetration program in Bank at Work.
- Improve credit process.

Production / Performance of Micro Credit

Along with the declaration of the Multipurpose Micro Credit product (KSM) as the new core credit, KSM in 2017 managed to record an aggressive growth of 44.4% on an annual basis or reached Rp27.997 billion. In addition, micro credit productivity (KUM) also grew 8.3% annually or reached Rp33,873 billion, which was contributed mainly from the channeling of KUR in 2017 amounting to Rp13,341 billion. The realization of the distribution was able to exceed the target of KUR distribution set by the government.

Achievement of micro credit performance in table form is presented as follows.

Table of Micro Credit by Credit Type

Credit	2017		2016		YoY Growth (%)
	(Rp billion)	% Portion	(Rp billion)	% Portion	
KUM	33.873	54,7%	31.258	61,7%	8,3%
KSM	27.997	45,3%	19.389	38,3%	44,4%
Total Credit	61.870	100,0%	50.647	100,0%	22,1%

Micro Credit Strategy Year 2018

To achieve its business performance in 2018, Bank Mandiri sharpened its business strategy, which included:

1. Improve competence of sales personnel as well as more attractive and competitive sales incentive schemes.
2. Sharpening target market focus, either through intensification or extensification.
3. Enablers development in the form of early warning system tools made to be better.
4. Improvement of the process that includes the microcredit process in the branch and utilization of branchless banking agents in the acquisition of prospective micro debtor.
5. Penetration of KUM to new business sector in order to better diversify KUM portfolio.

Production / Performance of Micro Funds

Micro products business also has particularly good performance in raising funds, in particular low-cost funds. Achievement of CASA micro products reached Rp16,131 billion, grew 40.4%.

Micro Funds Table Based on Third Party Funds

Fund	2017		2016		YoY Growth (%)
	(Rp billion)	% Portion	(Rp billion)	% Portion	
CASA ^{*)}	16,131	95.2%	11,484	91.1%	40.4%
Deposit	819	4.8%	588	4.9%	39.2%
Total DPK	16,950	100.0%	12,072	100.0%	40.4%

*) CASA is Current Account and Savings Account

Micro Funds Strategy 2017

The achievement of micro funds above is the result of good execution of business strategy. Business strategies are among others:

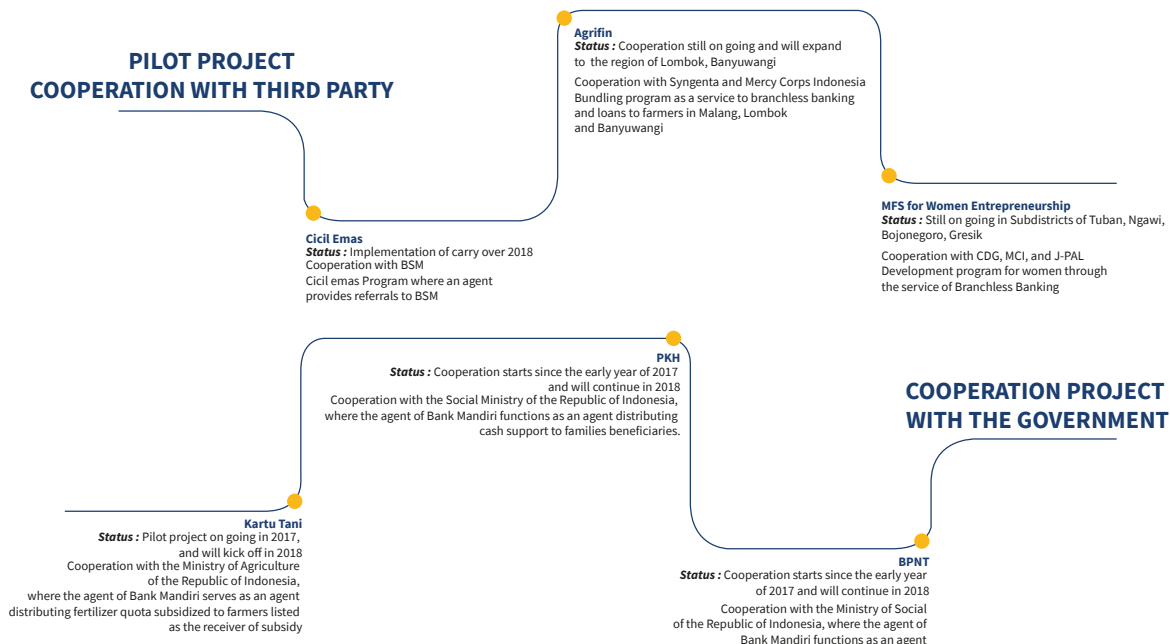
- Increased volume and low fund account program in TabunganMu through Mandiri Semarak Rakyat 2017 Program. This program is divided into 2 subprograms: Acquisition and Activation of TabunganMU.
 - Acquisition of TabunganMU
Direct gift program in the form of sembako (nine kinds of need), souvenir, and daily necessities or adjusted to the needs of the region for each TabunganMU account opening with minimum deposit of Rp500 thousand.
 - Activation of TabunganMU
Loyalty program to customers of TabunganMU with cheap market done simultaneously throughout the region by utilizing the momentum of independence day.
- Basic Saving Account (BSA) / Unbanked customer fund raising program in cooperation with Branchless Banking agents throughout Indonesia, especially for areas not covered by Bank Mandiri Branch, targeting the number of accounts received from agents of Branchless Banking in total of 500,000 accounts. To achieve these targets, Bank Mandiri is working with the Ministry of SOEs and Social Services to enable Branchless Banking agents as bansos dealers, Kartu Tani Card program, PKH and BPNT program, and BUMDes.
- In order to support the implementation of Non-Office Financial Service in the Framework of Inclusive Finance or LAKUPANDAI, Bank Mandiri has implemented the Smart Claim program nationally as of July 13, 2016. Smart Claim is the activity of providing banking services and / or other financial services conducted not through the office network, but through cooperation with other parties and need to be supported by the use of information technology facilities. In this case, Bank Mandiri

cooperates with Branchless Banking Agent that has spread all over Indonesia. To support the LAKUPANDAI initiative, primarily in the form of savings product of Basic Saving Account (BSA), then Bank Mandiri create a product with the brand name Mandiri Simpanan Makmur (SiMAKMUR). SiMAKMUR is a deposit account denominated in Rupiah currency for individuals that has never had an account at Bank Mandiri and its operations are conducted in accordance with the applicable terms and conditions. The target segment in LAKUPANDAI is unbanked society in both urban and rural areas, thus it can promote financial inclusion program.

Products and programs undertaken to encourage LAKUPANDAI/ Branchless Banking are:

- Development of Individual Agent Acquisition System (SAAI)**
Pengembangan sistem yang dapat menunjang proses akuisisi Agen Branchless Banking Bank melalui Sistem Akuisisi Agen Individual (SAAI) dimana petugas lapangan (Sales Representative Branchless Banking/SRBB) yang bertugas melakukan prospek dapat menginput data secara terintegrasi kepada Kantor Pusat.
- Boosting Acquisition Program**
 - Referral acquisition Agent from top-up KUM borrowers minimum Rp30 million
 - Acquisition of PPOB counter into individual agent
 - Racing of acquisition on SRBB competition nationally

c. Development Project of Branchless Banking

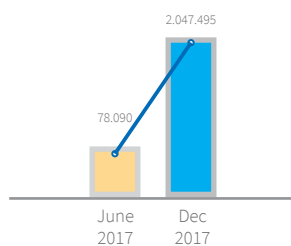


The Development of Branchless Banking Agencies of Bank Mandiri

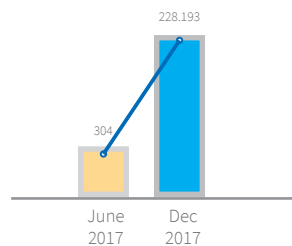


As of December 31, 2017, Bank Mandiri's branchless banking agent number reached 33,643 individual agents or 131.36% of the proposed 2017 target of 25,612.

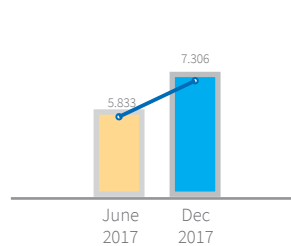
SIMAKMUR (Bansos) Account
(in unit account)



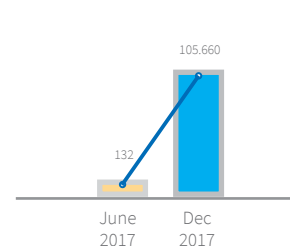
SiMAKMUR (Bansos) Account
Balance
(in Billion Rupiahs)



SIMAKMUR (Non-Bansos) Account
(in unit account)



SiMAKMUR (Non-Bansos)
Account Balance
(in Billion Rupiahs)



While for SIMAKMUR savings, as of December 31, 2017 reached 2,054,801 accounts consisting of 2,047,495 bansos accounts (Tabnas-P) and 7,306 bansos accounts (TABBB) with balance Rp334.288.819.419 (projection). It is expected that every year the number of customers and the balance of SIMAKMUR can continue to grow and reach all levels of society.

Micro-Fund Strategy 2018

The strategy of achieving micro segment funds is also a focus in achieving the target of cheap fund of Bank Mandiri in 2018. The fund strategy in micro segment among others:

1. Improvement on the micro segment funding process through AgentMU.
2. Product bundling of funds and micro credit for micro segment fund customers with certain criteria.
3. Collaboration with other segments in the acquisition of micro segment savings accounts.
4. Improvement on incentive schemes related to acquisitions and enhancement of deposits in micro segment savings accounts.

Small Medium Enterprise (SME) Banking

SME Banking handles lending with a maximum limit of up to Rp10 billion, with the types of debtors can be individual and corporate customers.

Consolidation In Order To Improve Credit Quality

2017 became a consolidated year for the SME segment with a focus on improving credit quality. Throughout this year, NPL SME banking continued to show improvement, marked by a decrease in the NPL ratio (gross) from 4.07% in 2016 to 3.79% in 2017. The collectibility loan portfolio 2 also showed an improvement trend of Rp2,627 billion in 2016 to Rp2,145 billion in 2017.

Such improvements are driven primarily from the implementation of good initiatives at front-end, mid-end, and back-end, such as:

- Review and refine the target market in accordance with the potential in the region with a focus on intensifying existing customers, value chain customers, and cooperatives.
- Improved process of credit quality and consolidation
- Development of mobile system for portfolio monitoring and credit pipeline
- Development of early warning system for strengthening credit monitoring; and
- Increased capability and competence of SME segment managers in the region both related to product knowledge and credit process.

Table of SME Credit Based on Type of Credit

Credit	2017		2016		YoY Growth (%)
	(Rp billion)	% Portion	(Rp billion)	% Portion	
Working capital credit	51,667	84%	50,727	83%	2%
Investment Credit	9,908	16%	10,057	17%	(1%)
Total SME Banking Credits	61,576	100%	60,784	100%	1%

By type, SME segment loan portfolio consists of Working Capital Loans of Rp51,667 billion or 84% of total SME loans, while the balance of Rp9,908 billion or 16% represents Investment Credit. From the economic sector, SME segment loans are mostly channeled to Trade, Restaurant and Hotel sector, amounting to Rp28.228 billion or 46% of total SME Banking segment loans, followed by distribution to Agriculture, Labor and Agriculture Facility amounting to Rp7,032 billion or by 11%.

Table of SME Credit Based on Type of Economic Sector

Sector Economic	2017		2016		YoY Growth (%)
	(Rp billion)	% Portion	(Rp billion)	% Portion	
Agriculture, Hunting and Agricultural Facilities	7,032	11%	7,432	12%	(5%)
Mining	475	1%	468	1%	2%
Industry	4,223	7%	4,955	8%	(15%)
Electricity, Gas and Water	200	0%	232	0%	(14%)
Construction	3,196	5%	2,324	4%	38%
Trade, Restaurant and Hotel	28,228	46%	30,641	50%	(8%)
Loading, Warehousing and Communication	1,291	2%	1,361	2%	-5%
Business services	5,240	9%	3,811	6%	37%
Social / community services	2,046	3%	2,023	3%	1%
Etc	9,645	16%	7,538	12%	28%
Total SME Banking Credits	61,576	100%	60,784	100%	1%

Increase of Current Account and Saving Account (CASA)

SME Banking

CASA improvement program carried by SME Banking in order to boost the liquidity of the bank. In 2017, SME Banking focuses on working on CASA from SME banking debtors and potential customers in the region. In this case, CBB Directortate will be more focused to work on CASA sources from customers.

- MAPAN (Mandiri Tabungan Pinjaman) Program
MAPAN is a program to increase the average balance of CASA from debtor at least 20% from average outstanding credit (outstanding) credit with reward in the form of maximum interest rate cut 0.5% for existing debtor and providing competitive interest rate for debtor candidate.

- PINTAR (Pindah Transaksi Rekening) Program
A number of business banking segment debtors still perform operational account activities in loan accounts thus a program is required to move transactions and repay installment obligations from loan accounts to CASA accounts. With PINTAR, the debtor is not allowed to obtain check / giro biljet from the loan account and obtains reward in the form of 2 (two) checkbook / giro biljet per month in the specified time period.

Production/ SME Fund Performance

The achievement of SME Banking funds in 2017 is very good. This is evident from the consistency of low cost funds in SME Banking which is more than 80% of total SME Banking segment funds.

Table of SME Fund

Credit	2017		2016		YoY Growth (%)
	(Rp billion)	% Portion	(Rp billion)	% Portion	
CASA	138,823	85%	120,345	86%	15%
Deposito	24,887	15%	19,421	14%	28%
Total Credit	163,711	100%	139,766	100%	17%

*) CASA is Giro and Savings

Strategy of SME 2018

The SME Strategy for 2018 focuses on the following:

1. Stay focused on potential market targets, especially intensification of existing customers, value chain customers, and cooperatives.
2. Expanding business through asset-based credit products and developing fintech financing patterns.
3. Perform process improvements, systems and human resources to support the achievement of credit in 2018

credit growth. The growth in consumer loan volume is driven through a strategy implemented in 2017, among others:

- KPR Customers of Bank at Work and Penetration of Company of Bank at Work
- competitive pricing strategy, for example Promotion Program 5.99% fixed 2 yr and 6.75% fixed next 2 yrs
- Instant Approval improvements for mortgage products
- Refinement target market through improvement of potential auto loan data and sharpening target market of KTA
- Collaboration with internal segments at Bank Mandiri to increase cross selling
- KTA program 1 day liquid
- Development of mobile apps for Referral (MTF Go and MUF On)

Consumer Loan

Performance Year 2017

The realization of consumer credit in 2017 reached Rp89, 34 trillion, or grew by 18.1%. The growth of the three consumer loan products is very good considering the growth of credit is above the national

Table of Comparison of Bank Business Plan and Realization 2017

Credit	2017		2016		YoY Growth (%)
	(Rp billion)	% Portion	(Rp billion)	% Portion	
Mortgage	39,705	44.44%	35,875	47.43%	10.67%
Personal Loan	21,686	24.27%	17,441	23.06%	24.34%
Auto Loan	26,752	29.94%	21,124	27.93%	26.64%
KKP-TA	1,198	1.34%	1,194	1.58%	0.37%
Total Consumer Credit	89,341	100.00%	75,634	100.00%	18.12%

Strategi Consumer Loan Tahun 2018

To support the achievement of targets, several initiatives will be implemented with the aim of improving sales and optimizing branch functions in line with the transformation of distribution network;

1. Improvement of product features to enhance competitiveness in the market.
2. Increasing the product knowledge of employees through the implementation of digital application Mandiri CLIC appropriate to marketing channel.
3. Collaboration with EDM to supply data as branch leads in making sales.
4. Sharpening function and responsibility of sales representative, relationship manager and branch as marketing channel.
5. Strengthening the branch capability in the management of debtors in accordance with the implementation of distribution transformation.
6. Collaboration with RCC for process improvement through BPR interim.
7. Collaboration with MU to develop and conduct continuous training to all levels related to Consumer Loans business.
8. Optimizing telesales as one of Consumer Loans marketing channels.

Credit Card

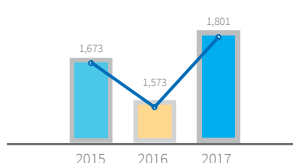
Table of Volume Growth of Credit Card

Credit Card	2017	2016	2015	Growth
Outstanding (billion)	10,312	9,128	8,970	13.0%
Fee Based Income (billion)	1,801	1,573	1,673	14.5%
Amount of Card (million)	4,8	4,4	3,97	9.2%
Sales Volume (million)	33,2	29,7	29,8	11.8%

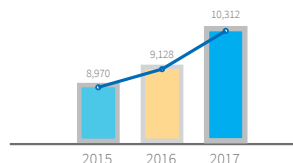
Outstanding Mandiri Credit Card year 2017 experienced a growth of Rp1, 18 trillion or an annual growth of 13.0% reached Rp10, 31 trillion. The growth in credit card volume is also accompanied by an increase in fee-based income. Mandiri Credit Card debit growth of 2017 by 13%, year on year, is supported by the following initiatives:

1. Increased number of cards focused on cross selling for savings customers, priority and private banking customers and employees of Bank customers.
2. Strengthening the image and benefits of Mandiri Visa Signature and Mandiri Pertamina Card products to suit the aspirations and lifestyles of the affluent mass segment.
3. Focus on improving programs in the category of travel, fashion, supermarket, e-commerce and dining which is a daily transaction of affluent mass segments.
4. Communication of programs and offers in real time to customers through various digital media to strengthen relevance to customer image and preferences.

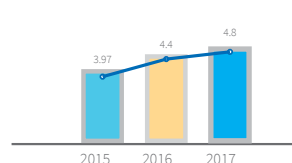
Graph Outstanding
Credit Card
(in Billion Rupiahs)



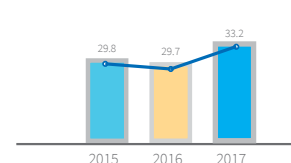
Graph Fee Based Income
Credit Card
(in Billion Rupiahs)



Graph Total Card
Credit Card
(in Billion Rupiahs)



Graph Sales Volume
Credit Card
(in Billion Rupiahs)



Strategy of Credit Card 2018

In 2018, credit card business development improving digital interaction and portfolio management.

1. Improved product innovation, programs and services with digital-based to make Mandiri credit card part of the daily activities of the mass affluent segment.
2. Improving leading programs with favorite brands in various lifestyle categories such as travel, shopping and overseas transactions.
3. Develop interactions with customers with personalized and targeted offer to help and facilitate transactions in accordance with personal value.

Retail Deposit

Performance 2017

In 2017 the growth of fixed funds focused on cheap funds, especially savings that grew faster and more effective with the average balance of savings funds amounting to Rp247.1 trillion increased by 10.34% compared to the average balance of 2016 of Rp224.0 trillion.

Table of Deposit Retail Fund based on the type of product

Fund	2017		2016		YoY Growth (%)
	(Rp billion)	% Portion	(Rp billion)	% Portion	
Savings	126,175	74.8%	116,214	75.7%	8.6%
Deposit	42,406	25.2%	37,259	24.3%	13.8%
Total	168,581	100.0%	153,473	100.0%	9.8%

Strategy of Deposit Retail Year 2017

The growth of these savings is driven by the following strategies.

- Bank at Work initiatives by leveraging the strengths of relationships and derivatives of wholesale customers.
- Increase the growth of business savings by focusing on creating a program or marketing campaign on transactions that correlate with increasing balances, including Free Transaction Programs for clearing transactions, RTGS, remittance, internet business.
- Implementation of loyalty program to encourage customer transactions by strengthening regional role in local marketing program for acquisition and activation. Currently, there are already +/- 2000 local merchants have joined in the fiestapoin ecosystem.

In addition, Bank Mandiri has organized several marketing campaign and / or customer loyalty programs in 2017, among others:

- Mandiri e-Kado, which is an appreciation program for customers who open new savings account in the form of gift of e-voucher. Mandiri e-Kado Program consists of:
Mandiri e-Kado Program, which is a gift-giving program for the acquisition of Mandiri Tabungan or Mandiri Tabungan Bisnis (MTB) account with certain initial deposit.

Mandiri e-Kado Program Member Get Member (MGM) is an additional reward program when opening a new account based on referral code reference.

- Fiestapoin Regional Auction 2017, as a grand event fiestapoin held throughout Regions (13 cities) in February-April 2017.
- Mandiri Coffiesta, Mandiri Coffiesta is an umbrella campaign loyalty program of Mandiri in cooperation with local coffee shops throughout Indonesia. In addition to providing benefits to Mandiri's customers in the coffee shop, Mandiri Coffiesta also comes with the Mandiri Coffee Party event (at Jakarta, Yogyakarta, Surabaya, and Medan) and closed with the grand event of Mandiri Jakarta Coffee Week. The event introduced the upstream-to-down downstream coffee industry with coffee shops, coffee farmers (from 15 of Indonesia's best coffee producers), and coffee machine distributors. In addition to the business aim to increase customer loyalty and Mandiri debit card transactions, Mandiri Coffiesta also assumes a mission to strengthen Mandiri's position as a state-owned bank that plays an active role in supporting the coffee industry of the state.

- Mandiri Sahabatku, Mandiri Sahabatku presents as a Bank Mandiri program which aims to improve the life of Indonesian Migrant Workers (PMI) and plays a role in helping PMI to develop and entrepreneurship to gain a brighter future. Mandiri Sahabatku is a PMI entrepreneurship training program to become an entrepreneur that can improve the economy of PMI's family and the surrounding community. The program, which was held with Mandiri University since 2011, has trained more than eleven thousand PMI spread in Hongkong, Japan, South Korea and Malaysia. This program besides being a CSR program is also a program to support the financial inclusion of PMI in each placement country.

Strategy of Deposit Retail 2018

Strategy of Deposit Retail 2018 is focused on the following:

1. Perfecting lead management system and business processes that support accelerated customer acquisitions
2. Increased usage or customer transactions and product holding

3. Improved relationship model according to tiering or customer classification
4. Development of loyalty (fiestapoin) program on aspects of point generation, point redemption, and point activation
5. Optimizing the marketing program in order to improve the customer's positive perception and use of retail deposit products.

Wealth Management

Performance Year 2017 Mutual Fund Products

Mutual Funds grew Asset Under Management (AUM) amounted to 34% became Rp22,7 trillion. The largest source of growth was influence by the increase of AUM Money Market Mutual Funds by 55% to Rp6.8 trillion and AUM Protected Funds by 31% to Rp12.6 trillion, while revenue from mutual funds business also grew significantly by 41% to Rp173.3 billion.

Table of Asset Under Management (AUM) Mutual Funds

(in Billion Rupiah)

Asset Under Management (AUM)	2017	2016	%YoY
Mutual Funds (RD)	22,738	16,960	34.1%
RD Shares	2,011	1,984	1.3%
RD Mixed	553	437	26.5%
RD Fixed Income	565	444	27.2%
RD Money Market	6,860	4,412	55.5%
	9,988	7,277	37.3%
RD Protected	12,644	9,683	30.6%
RD Limited Participation	107	-	-

Strategy of Mutual Funds 2017

Strategy of Mutual Fund 2017 is focused on the following:

- Increase investment product portfolio in Open End (Non Money Market) Mutual Funds to Customers who already have RD Money Market and Protected Fund through shifting strategy of products to other mutual fund class assets.
- Education / introduction of investment products, especially in the Open End Fund (Non Money Market) intensively.
- Maximize the growth of AUM RD Money Market and RD Protected to New to Investment (extensification) Customers.
- Increase the completeness / alternative investment products of Mutual Fund in accordance with the needs of the Customer

- Changing product sales process strategy from single product focus to product allocation portfolio to optimize return based on customer's risk profile (through Strategic Asset Allocation approach).
- Increase the complete range of customer investment products both onshore and offshore product needs.
- Extensification strategy by expanding coverage target of Mutual Fund customers to Corporate level
- Improve Mutual Fund transaction services through online transaction services and auto sweeping services to Savings products.

Strategy of Mutual Funds 2018

2018 Mutual Fund strategy is focused on the following:

- Increase transaction volume on Open End Fund product (Non Money Market) through shifting strategy of RD Money Market product to other RD asset class.

Securities and Treasury Retail Products

Along with the growth of the wealth segment business, the Bank's revenues from Securities Products and treasury retail in 2017 reached Rp104.76 billion, growing 41.7% (YoY) from Rp73.95 billion in 2016.

This growth originated partly from the increase of transaction of Market Retail Global Bond, revenue from Referral Retail Brokerage business, Secondary Market Global Bond, Foreign Exchange transaction and Structured Product.

Achievement of micro credit performance in table form is presented as follows.

Table of Banking Performance Revenue from Business Transactions of Securities Products and Treasury Retail 2017

(in Billion Rupiahs)

Product	Bank Income
Initial Market Retail Global Bond	8.78
Referral Retail Brokerage	13.90
Secondary Market Global Bond	46.82
Foreign Exchange Transactions and Structured Products	35.27
Total 2017	104.76

Product of Global Bond and Reasury Retail

A number of strategic initiatives have been undertaken with a view to improving business performance of the wealth segment for the products of securities and treasury retail, which among other things include:

- Increase market penetration of Initial Market Retail Global Bond.
- Development of Online Retail SBN System for the transaction of Retail Global Bond in Initial Market online.
- Development on the product of Global Bond Collateral Credit for credit facilities with collateral in the form of Retail Global Bond owned by customers.
- Implementation of Dealer Agent activity for customer reference cooperation to Referral Retail Brokerage.
- Implementation of a new pricing strategy for Secondary Market Global Bond transaction to be more competitive and able to support business growth.
- Development of new Structured Product variations: Mandiri Deposit Swap and Mandiri Dual Currency Investment.
- Provide access to investment products and wealth management services in Singapore by conducting customer reference cooperation to Bank Mandiri Singapore Branch.

Product of Global Bond and Treasury Retail

To achieve business performance in 2018, Bank Mandiri is sharpening its business strategy for Securities and treasury retail products, among others:

- Retail on the marketing of Initial Market Retail Global Bond products to increase product penetration.
- Optimization of portfolio management of Secondary Market and Retail Global Bond to increase transaction volume and productivity.
- Development of Secondary Global Bond transaction.

- Development of Transaction services feature of Foreign Exchange.
- Development of Structured Product features and the addition of new products.
- Increase the variety of investment products and wealth management services in Singapore by developing new products and wealth management services at Bank Mandiri Singapore Branch.

Revenue

Fee Based Income Retail Banking

Fee based income retail banking per December 2017 amounted to Rp8.31 trillion and contributed 40.5% of Bank Mandiri's total fee based on Rp21.05 trillion. The main drivers of fee-based income achievement are revenue from credit card and related banking services segment of demand deposit and savings products.

Net Interest Income Retail Banking

Until the end of 2017, retail banking successfully obtained net interest income of Rp31.03 trillion, other operating income of Rp8.48 trillion and generated a contribution margin of up to Rp26.65 trillion.

Treasury

The treasury segment includes treasury business, business with financial institutions (Financial Institutions), and business-related capital markets. Which includes the treasury business are foreign exchange transactions, money market, securities and derivative transactions. Transactions can be interbank, which is done with bank counterparts, as well as transactions to serve the needs of customers of the wholesale and retail segments. Treasury business is carried out by the Treasury Group which has 11 Regional Treasury Marketing networks spread throughout Indonesia.

Financial Institutions are Banks and Non-Bank Financial Institutions (IKNB). The Bank covers domestic banks and international banks, but excludes Rural Banks (BPRs), while IKNB includes private insurance companies and their derivatives financial institutions (including insurance and reinsurance brokers), as well as Financial Institution Pension Fund (DPLK). Businesses with financial institutions include trade finance transactions, remittances, insurance company funds, and credit to banks. Meanwhile, capital market related businesses include custodial, trust, and short-term credit services to securities companies. Businesses with financial Institutions and associated capital markets are implemented by IBFI Group.

The treasury and markets segment also include business synergies between the Head Office and the Office of Foreign Affairs and Subsidiaries. This form of synergy includes foreign exchange transactions, securities, trade financing, and loans to customers of the Wholesale segment.

Broadly speaking the whole activity of treasury is divided into 2 (two) portfolio categories namely:

1. Trading Book
Related to all trading positions of Banks in financial instruments in the balance sheet and administrative accounts held and aims to gain profit in the short term.
2. Banking Book
Related to all positions aimed at fulfilling liquidity interests, optimal management of Bank assets and liabilities, as well as fulfillment of capital aspect.

Development of Treasury 2017

Throughout the year 2017 Bank Mandiri has implemented a number of

strategies related to the development and marketing of Treasury:

- a. Developments related to trading and banking activities
 - Trading products related to interest rates and exchange rates for both plain vanilla and derivatives.
 - Strengthening funding structures primarily for medium and long term financing needs through bond issuance.
- b. Development related to activities of client team
 - Development of products and services to meet customer investment needs such as retail sales of government securities for customers and the development of the Mandiri Deposit Swap feature.
 - Focus on deepening market share in key customers and their Subsidiaries.
- c. Marketing of treasury products related to client team activities
 - Structured product marketing to meet customers' investment needs such as Mandiri deposit swap and Mandiri dual currency investment.
 - Marketing derivative products to meet customer hedging needs, such as Mandiri call spread and Mandiri par forward.

Production and Revenue in Treasury Segment

The business units included in the treasury segment are the Treasury Group and the International Business and Financial Institutions (IBFI) Group. The performance of Treasury Group and IBFI Group in 2017 are as follows.

Tabel Kinerja Treasury Group

(in Million Rupiahs)

Information	2017 (Rp)	2016 (Rp)	Growth (%)
Total <i>Fee Based Income</i>	4,178,790	3,306,290	26.39%
- Forex Transactions	2,864,060	2,234,947	28.15%
- Securities Transactions	853,081	661,870	28.89%
- Etc.	461,649	409,473	12.74%
Total <i>Net Interest Income</i>	3,580,707	3,139,662	14.05%
TOTAL	7,759,497	6,445,952	20.38%

Throughout 2017, the treasury group posted total revenues of Rp7.76 trillion, grew by 20.38% from 2016. This income came from fee based income of Rp4.18 trillion and net interest income of Rp3.58 trillion.

Fee based income treasury group in 2017 was very good, it can be seen from the fairly high growth amounted to 26.39%. Foreign exchange transaction income which was the main contributor of fee-based income grew 28.15%. The high volume of forex transactions during 2017, as well as the sharpening of the strategy for anchor clients, led Bank Mandiri to become the bank with the highest foreign exchange transaction revenues during 2017.

The growth of fee-based income was also driven by the high growth of securities, amounting to 28.89%. The good trading strategy and the management of a disciplined securities portfolio were keys to the bullish market due to the decline in the benchmark interest rate and the upgraded rating of Indonesia by Fitch Rating by the end of 2017. In 2017, Bank Mandiri was also the bank with the largest securities transaction revenues.

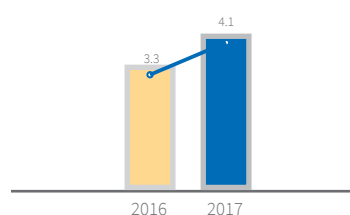
Other revenues derived from Mutual fund revenues and provisions and commissions also showed excellent performance. It is recorded that throughout 2017, treasury posted other income of Rp461.6 billion,

grew 13% from a year earlier. In addition, the treasury group was also able to optimize the use of liquidity either through interbank or securities placement instruments. Net Interest Income revenue grew 14.05% from 2016.

Graph Fee Based Income

Treasury

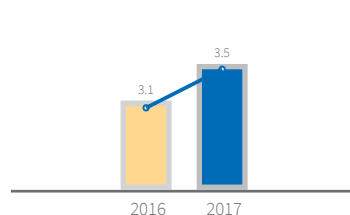
(in trillion Rupiahs)



Graph Net Interest Income

Treasury

(in trillion Rupiahs)

Table Kinerja *International Banking and Financial Institutions* (IBFI)

(in Million Rupiahs)

Information	2017 (Rp)	2016 (Rp)	Growth (%)
Total Fund Pihak Ketiga	7,162,775	7,581,210	(5.52%)
• Current Account Saving Account (CASA)	2,770,465	2,363,534	17.22%
- Current Accounts	2,748,140	2,268,645	21.14%
- Savings	22,325	94,889	(76.47%)
• Deposit	4,392,310	5,217,676	(15.82%)
Total Credit	1,173,623	1,064,421	10.26%
Total Income	1,707,724	1,408,422	21.25%
• Fee Based Income	1,187,072	965,096	23.00%
• Net Interest Income	520,651	443,326	17.44%

Throughout 2017, IBFI Group's total non-bank funds reached Rp7.16 trillion, decreased by 5.52% from 2016. This decline was a strategy to keep interest costs and margins competitive and focused on more sustainable low-cost funds. This can be seen from the total low-cost funds (CASA) which still can grow 17.22%.

On the asset side, IBFI Group's total credit reached Rp1.17 trillion or grew 10% compared to 2016. This growth was driven by the increased demand for forfaiting products and Short Term Credit securities companies.

IBFI Group's total revenue throughout 2017 reached Rp1.71 trillion, or grew 21.25% from the previous year. The main component of revenue was fee-based income which recorded a relatively high growth of 23%, while net interest income reached Rp520 billion, or grew 17%.

The high growth of IBFI Group's revenue was driven by the sharpening of strategy carried out in the management of customers, as well as the strengthening of business synergies between IBFI Group as a customer manager with related business units conducted in the form of joint marketing and sales programs as well as improving the relationship quality with FI customers.

Bank Mandiri's Treasury Product Market Share

The volume of foreign exchange transactions of Bank Mandiri in 2017 reached USD 287 billion which grew 13.6% from the previous year. The growth succeeded in increasing Bank Mandiri's market share by 60 bps or 28.81%. Foreign exchange transactions consisted of Customer's transactions and Interbank transactions. Customer Transactions grew 20.8% to USD 68.7 billion, with a market share of 21.0%. While interbank transactions grew 11.5%, reaching Rp 218.6 billion with a market share of 32.6%. The increased volume of foreign exchange transactions was inseparable from the intensification efforts of anchor customers, both state-owned enterprises (BUMN), non state-owned enterprises (BUMN) and government institutions.

This was supported by the optimization of position management, IT infrastructure improvements, and increased dealer capabilities that enable customers to get competitive prices and excellent service.

Fee-based income derived from foreign exchange transactions during 2017 reached Rp2.8 trillion, increased by 27.1% over the previous year of Rp2.2 trillion, putting Bank Mandiri into the largest foreign exchange-earnings bank by 2017. As for fee-based income derived from bonds during 2017 reached Rp853 billion, increased by 29% from Rp662 billion in the previous year, putting Bank Mandiri into the bank with the largest securities revenue during 2017. The achievement was the result of the sharpening trading strategy, disciplined portfolio management, optimization of banking book position and solutions based service to customers in the wholesale segment of both anchor and non anchor customers.

Business Prospects of the Treasury Segment

The business of treasury segment depends heavily on macroeconomic conditions as well as the financial market.

Macroeconomic projection of 2018 shows improvement where GDP growth is expected to reach 5.3% with inflation and stable interest rates. The USD / IDR exchange rate volatility is expected to remain within the same range as the Rupiah exchange rate ranging from 13,400-13,600.

The volume of foreign exchange transactions in 2018 will still be high enough, so Bank Mandiri is optimistic that foreign exchange transaction revenue in 2018 can continue to grow, mainly driven by the penetration of treasury services to anchor customers as well as the entire customer value chain, both through plain vanilla and derivative products.

Securities transactions in 2018 still have good potential, along with low interest rates and stable inflation. Indonesia's rating upgrade by Fitch Ratings at the end of 2017 is expected to provide a positive sentiment for the securities market. The estimated letter earnings are expected to grow within the range of 8% - 10%.

In 2018, IBFI Group will focus on encouraging synergies between business units at the Head Office, Subsidiaries and Overseas Offices through the FI Coverage concept whereby all businesses related to Bank customers (except BPRs), and Non Bank Financial Institutions (IKNB) will become the scope of work of IBFI Group. This concept, in addition to allowing financial institution customers to obtain integrated services from all business units in Mandiri Group, it is also

designed to enable Mandiri Group to capture all potential business volumes, transactions and revenues previously unidentified when done by each business unit / subsidiary company.

Strategy and Work Plan of Treasury and Market Year 2018

The Treasury group has established a strategy and work plan for the next year as follows:

1. Optimizing the role of Branch Offices (KLN) by focusing the business of each KLN.
2. Strengthen funding structure through wholesale funding such as bond issuance and bilateral loan.
3. Optimize the flow of treasury transactions from existing customers with credit and trade finance needs.
4. Focus on solutions based offering to wholesale customers.
5. Improve treasury transactions through provision of hedging and investment products tailored to customer needs.
6. Expand the distribution network either through the addition of money changer or FX transaction development through electronic channel ie e-FX.

Head Office

Information on the head office segment is presented in the Segment Profitability section of this Annual Report.

Subsidiaries - Shari'a

Information on the Sharia Subsidiary Segment is presented in the Performance of Subsidiaries, Associated Entities and Joint Venture in this Annual Report.

Subsidiaries - Insurance

Information on the Subsidiary-Insurance Segment is presented in the Performance of the Subsidiaries, Associated Entities and Joint Venture in this Annual Report.

Subsidiaries - Addition Islamic And Insurance

Information on the Subsidiary Segment-Other than Sharia and Insurance are presented in the Performance of the Subsidiaries, Associated Entities and Joint Venture in this Annual Report.

Geographic Segments

Mandiri Indonesia

Information on the performance of Mandiri Indonesia segment is presented in the Operating Segment information in this Annual Report.

Mandiri Overseas Offices

Bank Mandiri Foreign Office under the management of International Banking and Financial Institution Group focus on wholesale segments in Singapore, Hong Kong, Shanghai, Cayman Islands and London (Bank Mandiri (Europe) Limited). Overseas Offices Bank Mandiri is committed to continuously improve its services to grow with Indonesian customers by providing various cross border product / services alternatives to answer the needs of international customer transactions, among them:

1. Financing solution: Working Capital Loan, Investment Credit, Syndicated Loan, Back to Back Financing, Pre Export Financing, Project Financing and Acquisition Financing.
2. Deposit products: giro, deposit, settlement account, escrow account and wealth management related product.
3. Trade services and trade financing: Import products (LC issuance, Back to Back LC, Transferable LC, UPAS, Trust Receipt), Export products (LC Advising, Collection, LC Confirmation, Negotiation, Discounting, Forfeiting, Reimbursing, Paying Agent), Invoice Financing, Standby LC, Bank Guarantee, Counter Guarantee, Interbank Risk Participation, Forfeiting and BA Financing
4. Remittance: incoming and outgoing remittance.
5. Treasury: Forex Exchange, Money Market, Hedging Solutions, Investment Product (Government Bond, Corporate Bond, Mandiri Dual Currency Investment), Other derivatives and structured products.

With a vision to become Syndicated edit "Indonesia's best, ASEAN prominent" in 2020, The Foreign Office of Bank Mandiri conducts business according to the focus of each Foreign Office as follows:

1. Bank Mandiri Singapore as Financial Hub.
2. Bank Mandiri Hong Kong as International Trade Hub.
3. Bank Mandiri Shanghai as Renminbi Center for transaction from Indonesia.
4. Bank Mandiri Cayman Island as the extension of liquidity

management Bank Mandiri.

5. Bank Mandiri (Europe) Limited as a gateway for busines Group of Bank Mandiri in Europe, Middle East and Africa markets.

Development of Mandiri Overseas Offices 2017

Throughout 2017, the Foreign Office implemented several strategies related to the development of Bank Mandiri's market share in the international market, among others:

1. Increased alliances between business units within Mandiri Group, especially between Bank Mandiri Singapore, Mandiri Sekuritas and Mandiri Investment Management to serve the needs of customers' investment products such as bonds, funds and treasury products.
2. Renminbi services development, including the distribution of credit facilities and trade financing and remittances in the Renminbi currency through Bank Mandiri Hong Kong and Bank Mandiri Shanghai.
3. Improved service of financing solution through syndicated loan, bridging financing (acquisition financing) and bank loan.
4. The optimization of overseas offices network in trade service such as acceleration of process through single checking document, LC advice and negotiation through overseas offices as well as providing global line of customer in head office for trade service in overseas office, thus giving flexibility to customer for cross border trade.
5. Development and improvement of bank guarantee services through overseas offices, especially bank guarantees related to project infrastructure in Indonesia.
6. Development and supply of derivative treasury products, including call spread and non derivable forward.
7. Increased wealth management services in Mandiri Singapore bank, through investment product and insurance referral.
8. Optimizing liquidity management through various financial instruments.

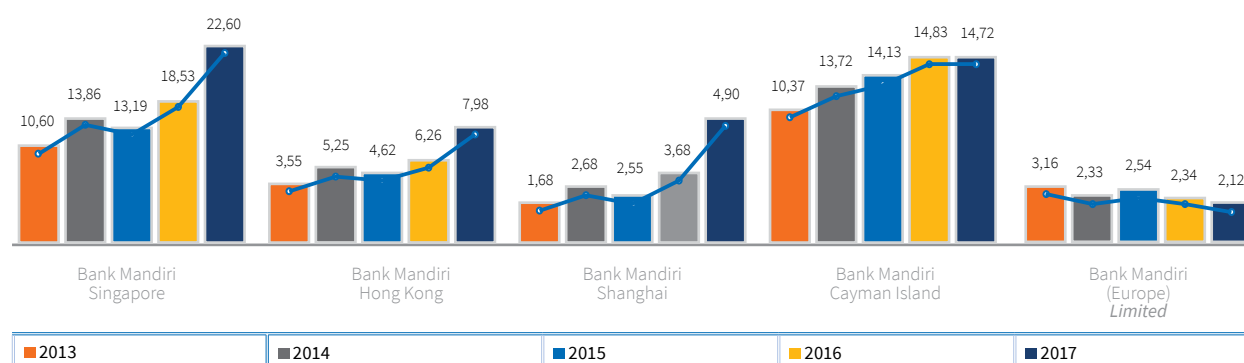
Table of Asset Growth of Foreign Office of Bank Mandiri

(in Million Rupiahs)

Total Aset Kantor	2017	2016	2015	2014	2013
Bank Mandiri Singapore	22,603,455	18,524,688	13,192,245	13,858,815	10,600,070
Bank Mandiri Hong Kong	7,977,690	6,264,713	4,617,975	5,251,240	3,553,640
Bank Mandiri Shanghai	4,897,868	3,677,993	2,550,225	2,675,160	1,679,460
Bank Mandiri Cayman Island	14,720,738	14,833,223	14,129,625	13,722,580	10,368,840
Bank Mandiri (Europe) Limited	2,116,530	2,344,215	2,536,440	2,328,380	3,164,200

Bank Mandiri's Foreign Office assets increased by 15% compared to 2016. The increase in assets was supported by the increased trade financing transactions, securities, interbank money market and loan. The asset growth beyond the loan is significant along with the business diversification strategy through the increase of non-loan transactions. The Foreign Office's major business portfolio is an Indonesian related business.

Graph of Asset Growth of Mandiri Overseas
(in Million Rupiahs)



Production and Revenue

Based on the license business of wholesale segment owned by Mandiri overseas office, Mandiri overseas office is not allowed to serve the savings product, thus the third party funds of Mandiri overseas office consist of demand deposit and time deposit.

Table of Total Third Party Fund Account of Mandiri Overseas Office

(in unit of account)

Information	2017 (Accounts)	Composition (%)	2016 (Accounts)	Composition (%)	Growth (%)
Giro	218	86.85%	225	88.58%	(3.11%)
Savings	-	-	-	-	-
Depositt	33	13.15%	29	11.42%	13.79%
TOTAL	251	100.00%	254	100.00%	(1.18%)

In 2017, the number of Mandiri overseas office accounts collected was still dominated by current accounts. Based on its performance, the number of third party fund accounts decreased by 3.11% or to 218 units of accounts from 225 units of accounts in 2016. The decrease in the number of accounts due to the decrease in the number of

customers considering the demand deposit accounts mostly related to the loan facility and presence of repayments of some customers outside planned schedule. However, there was an increase in the number of deposit product accounts by 13.79% from 29 units of accounts in 2016 to 33 units of accounts in 2017.

Table of Mandiri Overseas Offices Performance

(in Million Rupiahs)

Information	2017 (Rp)	2016 (Rp)	Growth (%)
Total Third Party Funds	6,291,765	4,777,228	31.70%
Current Accounts	3,530,087	1,808,172	95.23%
Savings	-	-	-
Deposit	2,761,678	2,969,056	(6.98%)
Total Credits	26,635,607	26,130,398	1.93%
Total Fee Based Income	505,335	234,435	115.55%
Total Net Interest Income	1,024,319	836,467	22.46%

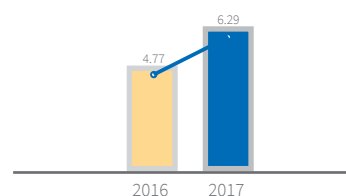
Mandiri Overseas's performance is based on third party funds, lending, fee based income and net interest income as follows.

Production

Third-party funds of Mandiri Overseas Offices

Mandiri overseas's third party fund performance increased 31.70% from Rp4.77 trillion in 2016 to Rp6.29 trillion in 2017. This increase was attributed to a significant increase in third party fund deposit products reaching 95.23%.

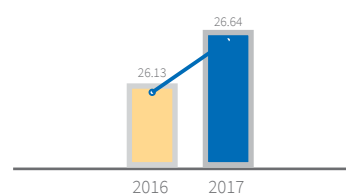
Graph of Third Party Funds of
Mandiri Overseas
(in trillion Rupiahs)



Credit Mandiri Overseas Offices

Mandiri overseas's lending performance increased from Rp26.13 trillion in 2016 to Rp26.63 trillion in 2017. This is in line with the growth supported by selective and qualified credit channeling. The loan growth of 1.93% was due to the substantial repayment beyond the planned schedule.

Graph of Mandiri
Overseas Credit
(in trillion Rupiahs)

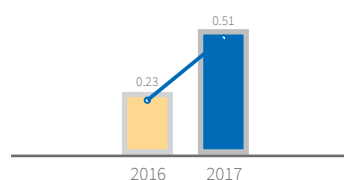


Revenue

Fee Based Mandiri Overseas Offices

Mandiri overseas's fee based income performance experienced a significant growth of 115.55%, increased in 2017 to Rp0.51 trillion compared to 2016 of Rp0.23 trillion. The growth was supported by commission fee fees and profit and purchase securities.

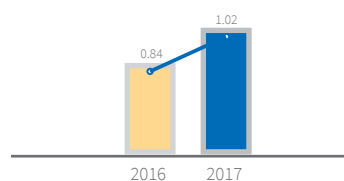
Graph of Fee Based Income
Mandiri Overseas
(in trillion Rupiahs)



Net Interest Income Mandiri Overseas Offices

The net interest income performance in 2016 was Rp0.84 trillion grew by 22.46% to Rp1.02 trillion in 2017, mainly attributable to the Interest Income Trade Finance.

Graph of Net Interest Income
Mandiri Overseas
(in trillion Rupiahs)



Strategy and Work Plan of Mandiri Overseas 2018

Entering 2018, the Foreign Office of Bank Mandiri will prioritize the development of wholesale business on Indonesian-related business by using a holistic relationship approach with customers. The Foreign Office will continue to implement the strategy that started in the previous year. The Foreign Office business development will also be pursued through the provision of comprehensive cross border product / service solutions for customer business development in the international market, in terms of financing, treasury, investment, trade services / finances, remittance services. The Foreign Office will also increase interbank trade transactions.

Segment Profitability

Profitability of Operation Segment

Operating revenues and profiling for the year ended December 31, 2017, are as follows.

Table of Income and Profitability of Operating Segments in 2017

Description	Wholesale		Institutions	Retail	Treasury
	Corporation	Commercial			
Consolidated statements of income and other comprehensive income					
Interest and Sharia Income *)	25,259,738	18,615,438	4,076,031	57,901,200	8,790,678
Interest and Sharia expenses *)	(17,391,803)	(12,067,382)	(2,567,155)	(26,048,171)	(4,746,879)
Interest and Sharia Income - net	7,867,935	6,548,056	1,508,876	31,853,029	4,043,799
Premium income - net	-	-	-	-	-
Interest and Sharia Income and Premium - Net	7,867,935	6,548,056	1,508,876	31,853,029	4,043,799
Other operating income					
Provision and commission income	1,890,196	1,005,460	257,721	5,579,995	279,082
Others	387,453	123,825	11,460	2,731,572	3,449,100
Total	2,277,649	1,129,285	269,181	8,311,567	3,728,182
Reversal / (establishment) of allowance for impairment losses on financial assets and others	(650,578)	(6,243,098)	902	(7,593,814)	(94,361)
Unrealized gains / (losses) from increase / (decrease) in fair value of government bonds and policyholders' investment in unit-linked contracts	-	-	-	-	-
Profits from the sale of securities and government bonds	-	-	-	-	-
Other operating expenses					
Salaries and allowances	(157,934)	(293,655)	(61,803)	(2,221,145)	(272,334)
General and other administrative expenses	(112,155)	(109,011)	(78,894)	(2,644,541)	(212,014)
Others	(232,570)	(118,511)	(110,097)	(1,161,628)	(160,071)
Total	(502,659)	(521,177)	(250,794)	(6,027,314)	(644,419)
Revenue / (expense) non operational - net	-	-	-	-	411
Tax expense	-	-	-	-	-
Net profit	8,992,347	913,066	1,528,165	26,543,468	7,033,612
Net earnings attributable to					
Non-controlling interests	-	-	-	-	-
Owner of the Parent Company	-	-	-	-	-
Consolidated statements of financial position					
Loans awarded - gross	248,745,671	155,820,017	13,862,546	223,098,142	1,173,623
Total assets	258,019,391	144,012,206	13,886,210	220,719,085	123,690,331
Giro / giro wadiah	(83,354,774)	(37,174,479)	(20,964,557)	(51,006,025)	(2,748,140)
Savings / wadiah savings	(7,003,356)	(11,731,448)	(1,174,738)	(283,736,956)	(22,325)
Time deposit	(36,653,700)	(19,239,640)	(28,537,041)	(141,628,906)	(4,801,444)
Total customer deposits	(127,011,830)	(68,145,567)	(50,676,336)	(476,371,887)	(7,571,909)
Total liabilities	(135,647,500)	(72,024,722)	(50,604,259)	(477,958,928)	(13,933,756)

*) Includes internal component of transfer pricing between segments operation of the Subsidiary.

**) Includes internal elimination of transfer pricing or reclassification between segments operation and elimination of the Subsidiary.

(in Million Rupiahs)

2017					
Central Office	Subsidiaries-Sharia	Subsidiaries-Insurance	Subsidiaries-Sharia Insurance	Adjustment and Elimination**)	Total
1,169,202	7,286,674	538,264	4,115,124	(48,250,819)	79,501,530
(956,168)	(2,541,130)	-	(1,963,422)	41,107,739	(27,174,371)
213,034	4,745,544	538,264	2,151,702	(7,143,080)	52,327,159
-	-	2,737,653	-	(272,578)	2,465,075
213,034	4,745,544	3,275,917	2,151,702	(7,415,658)	54,792,234
2,412,928	907,763	-	719,676	(569,687)	12,483,134
1,623,389	714,521	525,588	1,200,376	(968,777)	9,798,507
4,036,317	1,622,284	525,588	1,920,052	(1,538,464)	22,281,641
1,768,041	(2,516,484)	-	(646,282)	23,837	(15,951,837)
2,489	-	164,568	835	-	167,892
850,383	-	12,544	30,643	-	893,570
(8,628,264)	(1,599,262)	(485,449)	(1,411,375)	272,579	(14,858,642)
(8,894,393)	(1,488,944)	(947,562)	(918,065)	-	(15,405,579)
(2,118,947)	(305,420)	(1,039,960)	(212,450)	710,126	(4,749,528)
(19,641,604)	(3,393,626)	(2,472,971)	(2,541,890)	982,705	(35,013,749)
1,825	29,343	(14,583)	(29,884)	-	(12,888)
(5,087,348)	(121,893)	(261,976)	(242,604)	-	(5,713,821)
(17,856,863)	365,168	1,229,087	642,572	(7,947,580)	21,443,042
-	-	-	-	-	803,359
-	-	-	-	-	20,639,683
1,557,410	59,893,437	-	10,943,441	(3,056,422)	712,037,865
218,050,209	87,939,774	34,066,912	38,541,034	(14,224,305)	1,124,700,847
-	(8,435,776)	-	(63,129)	882,020	(202,864,860)
-	(3,193,558)	-	(1,849,527)	-	(308,711,908)
-	-	-	(7,845,403)	698,920	(238,007,214)
-	(11,629,334)	-	(9,758,059)	1,580,940	(749,583,982)
(68,587,174)	(13,906,435)	(30,029,680)	(32,394,653)	7,060,290	(888,026,817)

Profitability

Operating revenues and profiling for the year ended December 31, 2016, are as follows.

Table of Growth Income and Profitability of Operating Segments in 2016

Description				
	Corporation	Commercial	Retail	Treasury and Markets
Consolidated statements of income and other comprehensive income				
Interest and Sharia Income *)	28,603,573	18,917,557	53,807,839	7,143,133
Interest and Sharia expenses *)	(18,478,530)	(13,036,468)	(24,597,769)	(2,767,382)
Interest and Sharia Income - net	10,125,043	5,881,089	29,210,070	4,375,751
Premium income - net	-	-	-	-
Interest and Sharia Income and Premium - Net	10,125,043	5,881,089	29,210,070	4,375,751
Other operating income				
Provision and commission income	1,887,511	867,607	5,280,360	513,029
Others	278,724	907,043	3,291,858	3,360,808
Total	2,166,235	1,774,650	8,572,218	3,873,837
Reversal / (establishment) of allowance for impairment losses on financial assets and others	(1,700,194)	(8,395,759)	(6,599,326)	(93,466)
Unrealized gains / (losses) from increase / (decrease) in fair value of government bonds and policyholders' investment in unit-linked contracts	-	-	-	-
Profits from the sale of securities and government bonds	-	-	-	-
Other operating expenses				
Salaries and allowances	(178,037)	(70,055)	(2,102,311)	(229,876)
General and other administrative expenses	(136,966)	(35,578)	(2,361,765)	(196,582)
Others	(307,649)	(123,619)	(1,063,327)	(107,156)
Total	(622,652)	(229,252)	(5,527,403)	(533,614)
Revenue / (expense) non operational - net	-	-	-	689
Tax expense	-	-	-	-
Net profit	9,968,432	(969,272)	25,655,559	7,623,197
Net earnings attributable to				
Non-controlling interests	-	-	-	-
Owner of the Parent Company	-	-	-	-
Consolidated statements of financial position				
Loans awarded - gross	228,664,566	165,157,169	196,193,756	1,064,421
Total assets	245,009,460	158,931,151	192,665,508	120,134,228
Giro / giro wadiah	(92,357,811)	(40,435,471)	(45,497,602)	(2,268,645)
Savings / wadiah savings	(6,051,088)	(8,143,489)	(259,483,049)	(94,889)
Time deposit	(79,908,727)	(17,774,366)	(130,295,804)	(5,638,904)
Total customer deposits	(178,317,626)	(66,353,326)	(435,276,455)	(8,002,438)
Total liabilities	(190,049,966)	(70,226,740)	(436,937,022)	(23,157,489)

*) Includes internal component of transfer pricing between segments operation of the Subsidiary.

**) Includes internal elimination of transfer pricing or reclassification between segments operation and elimination of the Subsidiary.

(in Million Rupiahs)

2016					
Central Office	Subsidiaries-Sharia	Subsidiaries-Insurance	Subsidiaries - Other than insurance and Sharia	Adjustment and Estimation**)	Total
3,232,612	6,467,897	545,561	2,751,451	(44,759,735)	76,709,888
(2,154,069)	(2,339,720)	-	(1,269,366)	39,758,785	(24,884,519)
1,078,543	4,128,177	545,561	1,482,085	(5,000,950)	51,825,369
-	-	3,227,766	-	(575,335)	2,652,431
1,078,543	4,128,177	3,773,327	1,482,085	(5,576,285)	54,477,800
2,009,321	840,841	-	633,076	(591,743)	11,440,002
(922,819)	527,537	447,407	750,842	(794,977)	7,846,423
1,086,502	1,368,378	447,407	1,383,918	(1,386,720)	19,286,425
(5,684,881)	(1,678,466)	-	(484,243)	(8,507)	(24,644,842)
(5,598)	-	22,369	(1,133)	-	15,638
700,004	-	12,547	33,353	-	745,904
(8,136,489)	(1,485,175)	(454,578)	(962,224)	-	(13,618,745)
(8,690,145)	(1,569,460)	(905,148)	(637,902)	575,335	(13,958,211)
(1,322,820)	(331,613)	(991,511)	(128,713)	685,166	(3,691,242)
(18,149,454)	(3,386,248)	(2,351,237)	(1,728,839)	1,260,501	(31,268,198)
22,328	2,863	(31,649)	(33,993)	-	(39,762)
(3,253,220)	(109,290)	(391,339)	(168,953)	-	(3,922,802)
(24,205,776)	325,414	1,481,425	482,195	(5,711,011)	14,650,163
-	-	-	-	-	843,598
-	-	-	-	-	13,806,565
1,589,358	54,665,318	-	5,081,596	(3,093,231)	649,322,953
201,441,163	78,831,721	29,746,748	25,714,089	(13,768,059)	1,038,706,009
-	(6,860,851)	-	(80,244)	517,296	(186,983,328)
-	(2,593,437)	-	(803,872)	-	(277,169,824)
-	-	-	(4,825,946)	536,669	(237,907,078)
-	(9,454,288)	-	(5,710,062)	1,053,965	(702,060,230)
(53,741,543)	(11,662,897)	(25,650,572)	(20,689,414)	7,555,745	(824,559,898)

Revenue growth and operating profitability are presented as follows.

Table of Growth Revenue and Profitability of Operating Segments

Description	Wholesale		Institution	Retail
	Corporation	Commercial		
Consolidated statements of income and other comprehensive income				
Interest and Sharia Income *)	(11.69%)	(1.60%)	100.00%	7.61%
Interest and Sharia expenses *)	(5.88%)	(7.43%)	100.00%	5.90%
Interest and Sharia Income - net	(22.29%)	11.34%	100.00%	9.05%
Premium income - net	-	-	-	-
Interest and Sharia Income and Premium - Net	(22.29%)	11.34%	100.00%	9.05%
Other operating income				
Provision and commission income	0.14%	15.89%	100.00%	5.67%
Others	39.01%	(86.35%)	100.00%	(17.02%)
Total	5.14%	(36.37%)	100.00%	(3.04%)
Reversal / (establishment) of allowance for impairment losses on financial assets and others	(61.74%)	(25.64%)	100.00%	15.07%
Unrealized gains / (losses) from increase / (decrease) in fair value of government bonds and policyholders' investment in unit-linked contracts	-	-	-	-
Profits from the sale of securities and government bonds	-	-	-	-
Other operating expenses				
Salaries and allowances	(11.29%)	319.18%	100.00%	5.65%
General and other administrative expenses	(18.11%)	206.40%	100.00%	11.97%
Others	(24.40%)	(4.13%)	100.00%	9.24%
Total	(19.27%)	127.34%	100.00%	9.04%
Revenue / (expense) non operational - net	-	-	-	-
Tax expense	-	-	-	-
Net profit	(9.79%)	(194.20%)	100.00%	3.46%
Net earnings attributable to				
Non-controlling interests	-	-	-	-
Owner of the Parent Company	-	-	-	-
Consolidated statements of financial position				
Loans awarded - gross	8.78%	(5.65%)	100.00%	13.71%
Total assets	5.31%	(9.39%)	100.00%	14.56%
Giro / giro wadiah	(9.75%)	(8.06%)	100.00%	12.11%
Savings / wadiah savings	15.74%	44.06%	100.00%	9.35%
Time deposit	(54.13%)	8.24%	100.00%	8.70%
Total customer deposits	(28.77%)	2.70%	100.00%	9.44%
Total liabilities	(28.63%)	2.56%	100.00%	9.39%

*) Includes internal component of transfer pricing between segments operation of the Subsidiary.

**) Includes internal elimination of transfer pricing or reclassification between segments operation and elimination of the Subsidiary.

Based on net income per segment of operations in 2017, it is known that the three segments that provide the highest growth is the subsidiary- other than insurance and Sharia, Sharia Subsidiary and Retail. Segments of Subsidiaries-Other than Insurance and Sharia reached Rp642,572 million, an increase of 33.26% from 2016 reaching Rp482,195 million. Meanwhile, the Sharia Subsidiary's segment reached Rp365,168 million, an increase of 12.22% from 2016 which reached Rp325,414 million. While the Retail segment reached Rp26,543,468 million, an increase of 3.46% from the year 2016 reached Rp25.655.559 million.

(in %)

Growth						
Treasury	Central Office	Subsidiaries-Sharia	Subsidiaries-Insurance	Subsidiaries-other than insurance and sharia	Adjustment and Estimation**)	Total
23.06%	(63.83%)	12.66%	(1.34%)	49.56%	7.80%	3.64%
71.53%	(55.61%)	8.61%	-	54.68%	3.39%	9.20%
(7.59%)	(80.25%)	14.95%	(1.34%)	45.18%	42.83%	0.97%
-	-	-	(15.18%)	-	(52.62%)	(7.06%)
(7.59%)	(80.25%)	14.95%	(13.18%)	45.18%	32.99%	0.58%
(45.60%)	20.09%	7.96%	-	13.68%	(3.73%)	9.12%
2.63%	(275.92%)	35.44%	17.47%	59.87%	21.86%	24.88%
(3.76%)	271.50%	18.56%	17.47%	38.74%	10.94%	15.53%
0.96%	(131.10%)	49.93%	-	33.46%	(380.20%)	(35.27%)
-	(144.46%)	-	635.70%	(173.70%)	-	973.62%
-	21.48%	-	(0.02%)	(8.13%)	-	19.80%
18.47%	6.04%	7.68%	6.79%	46.68%	100.00%	9.10%
7.85%	2.35%	(5.13%)	4.69%	43.92%	100.00%	10.37%
49.38%	60.18%	(7.90%)	4.89%	65.06%	3.64%	28.67%
20.77%	8.22%	0.22%	5.18%	47.03%	(22.04%)	11.98%
(40.35%)	(91.83%)	924.90%	(53.92%)	(12.09%)	-	(67.59%)
-	56.38%	11.53%	(33.06%)	43.59%	-	45.66%
(7.73%)	(26.23%)	12.22%	(17.03%)	33.26%	(39.16%)	46.37%
-	-	-	-	-	-	-4.77%
-	-	-	-	-	-	49.49%
10.26%	(2.01%)	9.56%	-	115.35%	(1.19%)	9.66%
2.96%	8.25%	11.55%	14.52%	49.88%	3.31%	8.28%
21.14%	-	22.96%	-	(21.33%)	70.51%	8.49%
(76.47%)	-	23.14%	-	130.08%	-	11.38%
(14.85%)	-	-	-	62.57%	30.23%	0.04%
(5.38%)	-	23.01%	-	70.89%	50.00%	6.77%
(39.83%)	27.62%	19.24%	17.07%	56.58%	(6.56%)	7.70%

Profitability of Geographical Segments

Information of geographical segments for the year ended 31 December 2017 is as follows.

Table of Income and Profitability of Geographical Segments in 2017

(in Million Rupiahs)

Description	2017				
	Indonesia	Asia	Western Europe	Cayman Islands	Consolidate
Consolidated statement of profit and loss and other comprehensive incomes					
Interest and syariah income	78,128,521	915,243	64,473	393,293	79,501,530
Interest and syariah expense	(26,960,909)	(171,728)	(19,206)	(22,528)	(27,174,371)
Interest and syariah income – net	51,167,612	743,515	45,267	370,765	53,327,159
Premium income – net	2,465,075	-	-	-	2,465,075
Interest and syariah and premium income – net	53,632,687	743,515	45,267	370,765	54,792,234
Other operational incomes					
Provision and commission income	12,058,363	373,393	-	51,378	12,483,134
Others	9,718,340	57,022	3,317	19,828	9,798,507
Total	21,776,703	430,415	3,317	71,206	22,281,641
Reversal/(formation) of reserves of impairment of financial and other assets	(15,935,336)	(107,026)	-	90,525	(15,951,837)
Profit/(loss) unrealized from increase/ (decrease) of fair values of government bond security and investment of policyholder in unit-link contract	168,100	(217)	-	9	167,892
Profit of sales of government security and bond	845,163	23,953	-	24,454	893,570
Other operational expenses					
Salaries and allowances	(14,671,562)	(157,649)	(18,585)	(10,846)	(14,858,642)
Other general and administrative expenses	(19,999,676)	(113,494)	(19,152)	(22,785)	(20,155,107)
Total	(34,671,238)	(271,143)	(37,737)	(33,631)	(35,013,749)
Non-operational income/(expense)– net	102,555	(86,166)	-	(29,277)	(12,888)
Tax expense	(5,621,953)	(89,082)	(2,786)	-	(5,713,821)
Net profit	20,296,681	644,249	8,061	494,051	21,443,042
Net profit which can be attributed to					
Non-controlling interest	-	-	-	-	803,359
Parent Entity Owner	-	-	-	-	20,639,683
Consolidated statement of financial position					
Loan – gross	684,723,748	19,987,985	436,955	6,889,177	712,037,865
Total asset	1,075,709,168	35,479,228	2,126,531	11,385,920	1,124,700,847
Current account/wadiah current account	(196,514,998)	(6,324,178)	(25,684)	-	(202,864,860)
Saving/wadiah saving	(306,726,716)	(1,985,192)	-	-	(308,711,908)
Time deposit	(235,026,952)	(2,980,262)	-	-	(238,007,214)
Total customer saving	(738,268,666)	(11,289,632)	(25,684)	-	(749,583,982)
Total liability	(839,728,197)	(35,475,463)	(1,441,985)	(11,381,172)	(888,026,817)

Information of geographical segments for the year ended 31 December 2016 is as follows.

Table of Income and Profitability of Geographical Segments in 2016

(in Million Rupiahs)

Description	2016				
	Indonesia	Asia	Western Europe	Cayman Islands	Consolidatedan
Consolidated statement of profit and loss and other comprehensive incomes					
Interest and syariah income	75,656,519	648,879	57,011	347,479	76,709,888
Interest and syariah expense	(24,778,779)	(88,552)	(15,095)	(2,093)	(24,884,519)
Interest and syariah income – net	50,877,740	560,327	41,916	345,386	51,825,369
Premium income – net	2,652,431	-	-	-	2,652,431
Interest and syariah and premium income – net	53,530,171	560,327	41,916	345,386	54,477,800
Other operational incomes					
Provision and commission income	11,274,938	151,776	-	13,288	11,440,002
Others	7,760,010	76,447	6,505	3,461	7,846,423
Total	19,034,948	228,223	6,505	16,749	19,286,425
Reversal/(formation) of reserves of impairment of financial and other assets	(24,571,484)	(142,229)	-	68,871	(24,644,842)
Profit/(loss) unrealized from increase/ (decrease) of fair values of government bond security and investment of policyholder in unit-link contract	15,694	(69)	-	13	15,638
Profit of sales of government security and bond	713,252	13,194	-	19,458	745,904
Other operational expenses					
Salaries and allowances	(13,450,410)	(142,202)	(16,448)	(9,685)	(13,618,745)
Other general and administrative expenses	(17,489,183)	(115,498)	(24,032)	(20,740)	(17,649,453)
Total	(30,939,593)	(257,700)	(40,480)	(30,425)	(31,268,198)
Non-operational income/(expense)– net	49,455	(31,314)	-	(57,903)	(39,762)
Tax expense	(3,861,252)	(61,550)	-	-	(3,922,802)
Net profit	13,971,191	308,882	7,941	362,149	14,650,163
Net profit which can be attributed to					
Non-controlling interest	-	-	-	-	843,598
Parent Entity Owner	-	-	-	-	13,806,565
Consolidated statement of financial position					
Loan – gross	622,770,970	18,118,678	152,390	8,280,915	649,322,953
Total asset	992,414,913	30,002,644	2,344,461	13,943,991	1,038,706,009
Current account/wadiah current account	(182,974,324)	(3,950,734)	(58,270)	-	(186,983,328)
Saving/wadiah saving	(275,519,500)	(1,650,324)	-	-	(277,169,824)
Time deposit	(234,790,487)	(3,116,591)	-	-	(237,907,078)
Total customer saving	(693,284,311)	(8,717,649)	(58,270)	-	(702,060,230)
Total liability	(778,934,950)	(30,001,087)	(1,681,737)	(13,942,124)	(824,559,898)

Information of the growth of geographical segments is presented below.

Table of Income and Profitability of Geographical Segments

Description	Growth				
	Indonesia	Asia	Western Europe	Cayman Islands	Consolidation
Consolidated statement of profit and loss and other comprehensive incomes					
Interest and Syariah Income	3.27%	41.05%	13.09%	13.18%	3.64%
Interest and Syariah Expense	8.81%	93.93%	27.23%	976.35%	9.20%
Interest and Syariah Income – Net	0.57%	32.69%	7.99%	7.35%	2.90%
Premium Income – Net	(7.06%)	-	-	-	(7.06%)
Interest and Syariah and Premium Income – Net	0.19%	32.69%	7.99%	7.35%	0.58%
Other Operational Incomes					
Provision and Commission income	6.95%	146.02%		286.65%	9.12%
Others	25.24%	(25.41%)	(49.01%)	472.90%	24.88%
Total	14.40%	88.59%	(49.01%)	325.14%	15.53%
Reversal/(Formation) of Reserves of Impairment of Financial and Other Assets	(35.15%)	(24.75%)	-	31.44%	(35.27%)
Profit/(Loss) Unrealized from Increase/ (Decrease) of Fair Values of Government Bond Security and Investment of Policyholder in Unit-Link Contract	971.11%	214.49%	-	(30.77%)	973.62%
Profit of Sales of Government Security and Bond	18.49%	81.54%	-	25.68%	19.80%
Other Operational Expenses					
Salaries and Allowances	9.08%	10.86%	12.99%	11.99%	9.10%
Other General and Administrative Expenses	14.35%	(1.74%)	(20.31%)	9.86%	14.20%
Total	12.06%	5.22%	(6.78%)	10.54%	11.98%
Non-Operational Income/(Expense)– Net	107.37%	175.17%	-	(49.44%)	(67.59%)
Tax Expense	45.60%	44.73%	-		45.66%
Net Profit	45.28%	108.57%	1.51%	36.42%	46.37%
Net Profit which Can Be Attributed to					
Non-Controlling Interest	-	-	-	-	(4.77%)
Parent Entity Owner	-	-	-	-	49.49%
Consolidated Statement of Financial Position					
Loan – Gross	9.95%	10.32%	186.73%	(16.81%)	9.66%
Total Asset	8.39%	18.25%	(9.30%)	(18.35%)	8.28%
Current Account/Wadiah Current Account	7.40%	60.08%	(55.92%)	-	8.49%
Saving/Wadiah Saving	11.33%	20.29%	-	-	11.38%
Time Deposit	0.10%	(4.37%)	-	-	0.04%
Total Customer Saving	6.49%	29.50%	(55.92%)	-	6.77%
Total Liability	7.80%	18.25%	(14.26%)	(18.37%)	7.70%

Based on the net profit per geographical segment in 2017, it's found that the three segments which gave the highest growths were Asia, Indonesia and Cayman Island. Asia geographical segment reached Rp644,249 million, increased by 108.57% from 2016 which was Rp308,882 million. Meanwhile, Indonesia geographical segment reached Rp20,296,681 million, increased by 45.28% from 2016 which was Rp13,971,191 million. Cayman Island geographical segment reached Rp494,051 million, increased by 36.42% from 2016 which was from 2016 which was Rp362,149 million.

Business Prospect

Bank Mandiri hopes that economic growth will improve in 2018 compared with 2017. National economic growth is predicted to grow by 5,3% in 2018, higher than economic growth in 2017 which was probably only 5,05%. With improved economic growth in 2018, loan growth should be higher. Improved loan growth is supported by the quality of banking assets which is also expected to improve. However, it should be noted that restructured loan and loan at risk are still considerably high today and may cause non-performing loans in the future. The key is selection of appropriate sectors and segments in 2018. With appropriate risk management and improving quality of loans, Bank Mandiri is fairly optimistic with that banking loans will grow to 10-11% in 2018 from around 7,5-8,5% in 2017.

On the other hand, third party banking fund is predicted to be lower than loan growth. Bank Mandiri predicts that third party fund will grow by around 9-10% in 2018, not very different from the achievement in 2017. Banking liquidity is predicted to be relatively stable despite the higher loan growth compared with third party fund growth. Generally, the liquidity of banking rupiah is especially affected by the Government's fiscal cycle (net expenses minus taxes and bond publication) and foreign capital flows. Historically, Government spending raises a year before Presidential Election. There will be challenge in foreign capital flows, considering some tightening policies have been implemented since the previous year. Currently, Bank Mandiri believes that foreign capitals will still flow into Indonesia, especially if Indonesia's rating is upgraded again by Moody's. A similar pattern in banking will always maintain stability by seeking funding sources from capital market, e.g. by publishing bonds, to fulfill the funding needs of infrastructure sector which has long tenor.

In terms of monetary policies, Bank Mandiri considers the door to cut the interest rate of BI-7 days reverse repo rate is closed due to risk of volatility of exchange rate along with the trend of stricter monetary policies in developed countries. However, Bank Indonesia (BI) still has alternative policy mixes, including easing macroprudential policies to encourage the effectiveness of intermediating process and maintaining the sufficiency of liquidity in the financial sector. BI will reinforce the implementation of the average Statutory Reserve (GWM) of Rupiah. The policy has been implemented since July 2017 and has positive impact in improving banking efficiency in managing daily liquidity and optimizing income by maintaining prudent banking principle.

To reinforce the intermediating function of banking, BI also implements Macroprudential Intermediation Ratio (RIMP) to reinforce Loan to Funding Ratio (LFR). In its calculation, RIMP inputs bank investment into securities such as corporate bonds, Medium

Term Notes (MTN), and Floating Rate Notes (FRN). It can improve the intermediating function of the financial sector and deepen the national financial sector. The policy provides opportunities for the corporate sector to utilize more of the funding system outside of banking. Funding by publishing securities, especially corporate bonds, has increased in the past years. In 2017, total corporate obligation published in the country was Rp122.5 trillion, increased from 2016 which was Rp113,7 trillion. Increased publications of corporate bonds will increase incomes for companies outside of capital market. Increased funding activities outside of banking will have positive impact on banks which have subsidiaries in the capital market and other financial services.

Finally, in terms of the recent technological disruption, or commonly known as fintech, Bank Mandiri considers the phenomenon to not have significant impact on banking performance. However, Bank Mandiri will adjust the business model which relies on branch office network into relying on electronic channel/digital (e.g.: internet banking, ATM, and electronic money). It means there will be challenges in managing existing office network assets, managing excess employees, and adjusting employees' competencies/skills to the change of the business model. Moreover, corporate culture will also be more agile and innovative.

Future Strategy

Bank Mandiri has prepared some strategies to capture existing opportunities as described in the business prospect section above. Corporate Plan Restart 2016–2020 is the main reference of Bank Mandiri in preparing the business strategy of Bank Mandiri in 2018. Financial indicators and strategic initiatives in 2018 are trajectory of achieving Bank Mandiri's aspiration to be Indonesia's best, ASEAN's prominent in 2020. Consistent with the direction and policies of Bank Mandiri in achieving the vision of 2020 and continue to grow beyond industrial and economic growths, Bank Mandiri must be able to create sustainable value-added, always be oriented to achieving corporate profit, sustainable business growth and increasing productivity through strategies in 2018 below:

1. Change of loan composition to grow better and with quality. Stagnant economic growth impacts business growth and quality of loan, encouraging Bank Mandiri to expand loans prudentially. In the challenging performance climate, Bank Mandiri remains fully committed to achieve the predetermined long-term vision. By considering business gap volume and quality of loan in each segment on the target, Bank Mandiri rationalizes portfolio by reallocating target business volumes to segments which can grow relatively well with maintained quality. The growth of loan volume is still directed to corporate segment as the core

competence and retail segment as the second core which move the growth of loans.

- a. To reinforce business which become core competence existing, the corporate loan strategy in 2018 is as follows:
 - Focus on anchor clients with comprehensive solution, including by providing integrated solution for specific sector through value chain solution and focus on development of syndication and structured finance.
 - Reinforcement of Fundamental Aspects, such as by harmonizing business process (fund, loan and transaction) including by developing the concept of Wholesale Digital Banking,
 - Reinforcement of discipline of execution by reinforcement and discipline of execution of pipeline management and discipline of monitoring credit.
- b. To reinforce the new core competence of loan composition of retail segment aggressively in 2018, especially consumer loan and microcredit.
 - The growth of consumer loan will be achieved by strategies such as Customized direct message, refinement of business credit process, expansion of target market, optimization of strategy of acquisition of new card by sharpening acquisition channel, improvement of sales incentive scheme and focus of sales on "Product Champion Bank". Moreover, consumer loan will also be focused on partnership program in Top 5 Merchant Category Group and improvement of brand awareness by thematic marketing campaign and development of product and marketing communicating strategies based on customer experience.
 - The growth of microcredit will be achieved through strategies in 2017, including development of KSM products, development of KUM distribution pattern, focus on handling existing payroll customers and customers in category A agencies or companies, optimization of Regular Top Up for KUM products, improvement of system to accommodate potential Top-Up of KUR, training on production sector for local microteams so that KUR can be distributed quickly and right on target, and workshops with Ministerial teams for data accuracy in paying the Government's subsidy of KUR interest.

2. Improvement of quality of loan to suppress NPL and Cost of Credit.
Quality of loan is projected to improve with NPL value and cost of credit being maintained at their fundamental levels. Improvement of quality of loan to suppress NPL and cost of credit is performed by the following strategies:
 - a. Implementation of Micro Business Loan with credit guarantee insurance.
 - b. Make efforts to accelerate the restructuring of debtors who still have business prospects.
 - c. Reviewing debtor post-restru account, including the debtor's business assessment with due regard to market conditions and the business sector of the debtor's business.
 - d. Strengthen and expand the pattern and marketing strategy of collateral for troubled debtors, in order to maximize collection and recovery of non performing loans.
 - e. Issuing a warning letter against several debtors.
 - f. Execute the debtor's collateral to lower liabilities (downsizing).
 - g. Conducting legal action on debtors who are not prospects and uncooperative.
 - h. Cooperating with Third parties to handling non-performing loans such as Prosecutor's Office, External Lawyer, etc.
 - i. Strengthening the function of assets sales and strategic investors as well as developing database and application of collateral web base.
3. Growth of fund, especially cheap fund to maintain Loan to Deposits Ratio (LDR) level.
Growth of fund will continue to be increased to maintain sustainable sources of fund, fund market share and loan to deposits ratio (LDR) level. The strategies in increasing Third Party Fund, especially cheap fund, are as follows:
 - a. Maximization of utilization of independent usage of cash management (MCM), as well as focus on Acquisition of New MCM to customers, especially those from crucial industrial sectors to increase customer transactions in Bank Mandiri.
 - b. Addition of product holding and e-channel activities of customers to increase account activities of individual customers, such as business customers.
 - c. Program collaboration among groups to penetrate business community intensively and development of program loyalty (fiestapoin).

4. Increased Fee Based Income

Fee based income of Bank Mandiri will continue to be raised as an alternative bank income outside of net interest income. Therefore, Bank Mandiri will keep encouraging the growth of FBI and increase fee based ratio. Increased fee based income is expected to be achieved through:

- a. Increase of productivity intensification of e-channel whether ATM, EDC, or Mobile and Internet Banking.
- b. Increase of trade product intensification for anchor corporate and commercial customers and development of structured solutions to fulfill their trade requirements.
- c. Increase of cash management income by adding real time flagging feature for income from other banks and implementation of virtual balance for e-commerce segment.
- d. Application of cross selling and product bundling with the products of subsidiaries.
- e. Encouragement of recovery of non-performing loans
- f. Reinforcement of digital-based IT supporting infrastructure.

5. Operational Cost Control

Consistent with the initiatives which should be developed to develop fundamental infrastructures to support long-term plan to 2020, in 2018 overhead cost (General and Administrative Expenses/BUA, Employee Expense/BTK, Promotion and Other Operational Expenses/BOL) is increased by maintaining cost efficiency ratio at its fundamental level. Expense growth will be focused on developing service network which supports the growth of transaction and development of digital-based supporting infrastructure which will sustainable be more efficient in suppressing the growth of costs. Cost control is performed by:

- a. Implementation of long term partnership with selected partners to provide Electronic Data Capture/EDC, CR dan FLM ATM, Core System management services to increase value added.

- b. Development of digital-based infrastructures.
- c. Increase of productivity of service networks (Branch, Automated Teller Machine/ATM, Electronic Data Capture/EDC, Commercial Banking Center/CBC, BBD, etc.) and human resources by enhancing capability and suppressing the growth of conventional office network.
- d. Continuous monitoring to control the realization of 90% - 95% cost from the budget without disturbing the quality of the outputs.

The strategies have been implemented effectively, supported by the commitment of the board of directors and all employees. In the future, the Company will continue to make improvements to maintain the performance and encourage business development.

6. Network Development Strategy

In 2018, Bank Mandiri will keep developing the office network nationally and internationally. The office network development is performed by opening new network and relocation. In national office network, national office network will be opened, micro network will be developed, and electronic network (e-channel) will be developed.

Beside national office network development, Bank Mandiri also plans to develop international office network. International office network development is performed by 3 (three) alternative developments, which are optimization of existing international office networks, new international office network opening, and strategic partnership. Beside optimizing business in existing international office networks, Bank Mandiri also plans to develop network in other ASEAN countries as a part of corporate plan until 2020.

Financial Review

The financial review described below refers to the Financial Statement for the years ended 31 December 2017 and 2016 presented in the present Annual Report. The Financial Statement has been audited by Public Accounting Firm Purwantono, Sungkoro, dan Surja (Member of Ernst and Young Global) and receives unqualified

opinion. In all material things, the consolidated financial position of PT Bank Mandiri (Persero) Tbk and its subsidiaries on 31 December 2017, and its financial performance and consolidated cash flow for the year ended 31 December 2017, are consistent with the Financial Accounting Standard in Indonesia.

Financial Performance

Consolidated Statement Of Financial Position

Table of Consolidated Statement of Financial Position

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
ASSETS				
Cash	24,268,563	22,906,775	1,361,788	5.94%
Current Accounts in Bank Indonesia	50,188,118	52,484,974	(2,296,856)	(4.38%)
Current Accounts in Other Banks – Net	12,329,947	10,360,165	1,969,782	19.01%
Placements in BI and Other Banks – Net	74,600,803	73,616,927	983,876	1.34%
Marketable Security – Net	59,609,972	56,551,643	3,058,329	5.41%
Government Bond – related parties – Net	103,411,188	98,933,278	4,477,910	4.53%
Other Bills – Trade Transactions – Net	24,090,128	14,167,271	9,922,857	70.04%
Claim on Security Purchased under Resale Agreement	2,629,315	5,054,488	(2,425,173)	(47.98%)
Derivative Bill	446,459	239,260	207,199	86.60%
Loan and Account Receivable/Syariah Financing – Net	678,292,520	616,706,193	61,586,327	9.99%
Consumer Financing Receivable – Net	14,782,332	11,531,838	3,250,494	28.19%
Net Investment in Finance Lease – Net	2,356,890	829,945	1,526,945	183.98%
Acceptance Receivable – Net	12,290,260	14,548,203	(2,257,943)	(15.52%)
Investment – Net	333,312	245,136	88,176	35.97%
Prepayment	2,784,234	2,751,081	33,153	1.21%
Prepaid Tax	2,688,049	2,612,707	75,342	2.88%
Fixed Asset – Net	36,618,753	35,663,290	955,463	2.68%
Intangible Asset – Net	2,401,467	1,955,496	445,971	22.81%
Other Assets – Net	15,014,218	11,557,238	3,456,980	29.91%
Deferred Tax Asset – Net	5,564,319	5,990,101	(425,782)	(7.11%)
TOTAL ASSETS	1,124,700,847	1,038,706,009	85,994,838	8.28%

Description	2017	2016	Growth	
			(Rp)	(%)
LIABILITIES, TEMPORARY SHIRKAH FUNDS AND EQUITY				
LIABILITIES				
Immediate Liability	2,838,567	1,569,911	1,268,656	80.81%
Customer Deposit	749,583,982	702,060,230	47,523,752	6.77%
Deposits from Other Banks	8,349,507	9,339,196	(989,689)	(10.60%)
Liability to Policyholder in Unit-Link Contract	23,254,035	19,602,950	3,651,085	18.63%
Liability for Security Purchased under Resale Agreement	3,592,883	3,353,042	239,841	7.15%
Derivative Liability	276,243	502,469	(226,226)	(45.02%)
Acceptance Liability	12,544,494	14,789,244	(2,244,750)	(15.18%)
Published Security	16,843,595	9,025,994	7,817,601	86.61%
Estimated Loss of Commitment and Contingency	381,771	207,401	174,370	84.07%
Accrued Expense	4,307,193	3,743,496	563,697	15.06%
Tax Debt	1,009,832	1,258,792	(248,960)	(19.78%)
Employee Benefit Liability	8,277,388	6,763,068	1,514,320	22.39%
Provision	375,770	435,880	(60,110)	(13.79%)
Other Liabilities	20,496,377	15,810,036	4,686,341	29.64%
Loan Received	35,703,679	35,882,757	(179,078)	(0.50%)
Subordinated Loan	191,501	215,432	(23,931)	(11.11%)
TOTAL LIABILITIES	888,026,817	824,559,898	63,466,919	7.70%
TEMPORARY SHIRKAH FUNDS				
Customer Deposit	66,222,609	60,440,474	5,782,135	9.57%
Deposits from Other Banks	445,289	335,914	109,375	32.56%
TOTAL TEMPORARY SHIRKAH FUNDS	66,667,898	60,776,388	5,891,510	9.69%
EQUITY				
Equity that can be distributed to the owner of the parent				
Share Capital	11,666,667	11,666,667	-	0.00%
Additional Paid-In Capital	17,316,192	17,316,192	-	0.00%
Difference in Exchange Rates Due to Description of Financial Statement in Foreign Currency	168,412	202,363	(33,951)	(16.78%)
Net Profit/(Loss) Unrealized from Decreased Fair Values of Government Bond Security and Investment Available for Sale after Deducted for Deferred Tax	1,117,864	(759,364)	1,877,228	247.21%
Effective Part of Cash Flow Hedge	(6,436)	-	(6,436)	(100.00%)
Net Difference of Fixed Asset Revaluation	25,666,631	25,140,523	526,108	2.09%
Net Actuarial (Loss)/Profit of Defined Benefit Program After Deducted for Deferred Tax	(462,008)	49,515	(511,523)	(1.033.07%)

Description	2017	2016	Growth	
			(Rp)	(%)
Difference of Transaction with Non-Controlling Party	(106,001)	(92,751)	(13,250)	(14.29%)
Retained Earning	111,357,522	96,930,793	14,426,729	14.88%
Already Appropriated	5,380,268	5,380,268	-	0.00%
Unappropriated	105,977,254	91,550,525	14,426,729	15.76%
Non-Controlling Interest on Consolidated Net Asset of Subsidiary	3,287,289	2,915,785	371,504	12.74%
TOTAL EQUITY	170,006,132	153,369,723	16,636,409	10.85%
TOTAL LIABILITIES, TEMPORARY SHIRKAH FUNDS AND EQUITY	1,124,700,847	1,038,706,009	85,994,838	8.28%

Asset

In 2017, total assets of Bank Mandiri amounted to Rp1,124,700,847 million. It increased by Rp85,994,838 million or 8.28% from 2016 which amounted to Rp1,038,706,009 million. The increase was especially from loans and account receivables/syariah financing which amounted to Rp61.586.327 million.

Table of Asset

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Cash	24,268,563	22,906,775	1,361,788	5.94%
Current Accounts in Bank Indonesia	50,188,118	52,484,974	(2,296,856)	(4.38%)
Current Accounts in Other Banks – Net	12,329,947	10,360,165	1,969,782	19.01%
Placements in BI and Other Banks – Net	74,600,803	73,616,927	983,876	1.34%
Marketable Security – Net	59,609,972	56,551,643	3,058,329	5.41%
Government Bond – related parties – Net	103,411,188	98,933,278	4,477,910	4.53%
Other Bills – Trade Transactions – Net	24,090,128	14,167,271	9,922,857	70.04%
Claim on Security Purchased under Resale Agreement	2,629,315	5,054,488	(2,425,173)	(47.98%)
Derivative Bill	446,459	239,260	207,199	86.60%
Loan and Account Receivable/Syariah Financing – Net	678,292,520	616,706,193	61,586,327	9.99%
Consumer Financing Receivable – Net	14,782,332	11,531,838	3,250,494	28.19%
Net Investment in Finance Lease – Net	2,356,890	829,945	1,526,945	183.98%
Acceptance Receivable – Net	12,290,260	14,548,203	(2,257,943)	(15.52%)
Investment – Net	333,312	245,136	88,176	35.97%
Prepayment	2,784,234	2,751,081	33,153	1.21%
Prepaid Tax	2,688,049	2,612,707	75,342	2.88%
Fixed Asset – Net	36,618,753	35,663,290	955,463	2.68%
Intangible Asset – Net	2,401,467	1,955,496	445,971	22.81%
Other Assets – Net	15,014,218	11,557,238	3,456,980	29.91%
Deferred Tax Asset – Net	5,564,319	5,990,101	(425,782)	(7.11%)
TOTAL ASSETS	1,124,700,847	1,038,706,009	85,994,838	8.28%

Cash

The cash of Bank Mandiri amounted to Rp24.268.563 million in 2017. It increased by Rp1,361,788 million or 5.94% from 2016 which amounted to Rp22,906,775 million. The cash increase was especially from cash in Rupiah currency which amounted to Rp1,779,881 million which was compensated by decrease of cash from United States Dollar currency which amounted to Rp548,782 million.

Table of Cash

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Rupiah	21,618,247	19,838,366	1,779,881	8.97%
Foreign Currency				
United States Dollar	1,162,014	1,710,796	(548,782)	(32.08%)
European Euro	264,084	187,511	76,573	40.84%
Singaporean Dollar	677,224	773,117	(95,893)	(12.40%)
Japanese Yen	75,015	93,166	(18,151)	(19.48%)
Australian Dollar	187,524	149,888	37,636	25.11%
Hong Kong Dollar	10,695	7,003	3,692	52.72%
British Pound Sterling	38,668	37,240	1,428	3.83%
Chinese Yuan	39,490	21,271	18,219	85.65%
Others	195,602	88,417	107,185	121.23%
Total	24,268,563	22,906,775	1,361,788	5.94%

Current Account In Bank Indonesia

Current accounts in Bank Indonesia in Bank Mandiri amounted to Rp50,188,118 million in 2017. It decreased by Rp2,296,856 million or 4.38% from 2016 which amounted to Rp52,484,974 million. Decreased Current Accounts in Bank Indonesia were especially from Current Accounts in Bank Indonesia which was in United States Dollar which amounted to Rp1,234,561 million.

Table of Current Accounts in Bank Indonesia

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Rupiah	39,951,760	41,014,055	(1,062,295)	(2.59%)
United States Dollar	10,236,358	11,470,919	(1,234,561)	(10.76%)
Total Current Accounts in Bank Indonesia	50,188,118	52,484,974	(2,296,856)	(4.38%)

Current Accounts In Other Banks

Current Accounts in Other Banks in Bank Mandiri amounted to Rp12,329,947 million in 2017. It increased by Rp1,969,782 million or 19.01% from 2016 which amounted to Rp10,360,165 million. Increased Current Accounts in Other Banks were especially from Current Accounts in Other Banks in Rupiah currency to third parties which amounted to Rp1,125,789 million.

Table of Current Accounts in Other Banks

(in million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Rupiah				
Related Party	26,664	25,690	974	3.79%
Third Party	1,608,469	482,680	1,125,789	233.24%
Total Rupiah	1,635,133	508,370	1,126,763	221.64%
Foreign Currencies				
Related Party	869	171	698	408.19%
Third Party	10,697,387	9,854,673	842,714	8.55%
Total Foreign Currencies	10,698,256	9,854,844	843,412	8.56%
Deducted: Allowance for Impairment Loss	(3,442)	(3,049)	(393)	(12.89%)
Total Current Accounts in Other Banks	12,329,947	10,360,165	1,969,782	19.01%

Placements In Bank Indonesia And Other Banks

Placements in Bank Indonesia and Other Banks in Bank Mandiri amounted to Rp74,600,803 million in 2017. It increased by Rp983,876 million or 1.34% from 2016 which amounted to Rp73,616,927 million. Increased Placements in Bank Indonesia and Other Banks were especially from Placements in Bank Indonesia and Other Banks in foreign currencies to related parties which amounted to Rp1,872,651 million.

Table of Placements in Bank Indonesia and Other Banks

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Rupiah				
Related Party	751,020	1,197,075	(446,055)	(37.26%)
Third Party	29,057,647	36,960,410	(7,902,763)	(21.38%)
Total Rupiah	29,808,667	38,157,485	(8,348,818)	(21.88%)
Foreign Currencies				
Related Party	2,401,147	528,496	1,872,651	354.34%
Third Party	42,440,702	35,014,254	7,426,448	21.21%
Total Foreign Currencies	44,841,849	35,542,750	9,299,099	26.16%
Deducted: Allowance for Impairment Loss	(49,713)	(83,308)	33,595	40.33%
Total Placements in Bank Indonesia and Other Banks	74,600,803	73,616,927	983,876	1.34%

Marketable Securities

Marketable Securities in Bank Mandiri amounted to Rp59,609,972 million in 2017. It increased by Rp3,058,329 million or 5.41% from 2016 which amounted to Rp56,551,643 million. Increased marketable securities were especially from marketable securities to related parties which amounted to Rp2,203,915 million.

Table of Marketable Securities

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Related Party	20,775,463	18,571,548	2,203,915	11.87%
Third Party	38,756,238	38,250,931	505,307	1.32%
Deducted: Unamortized Discount/Premium, Loss/Profit – Net Unrealized from Reduced Fair Value and Allowance for Impairment Loss	78,271	(270,836)	349,107	128.90%
Total Marketable Securities – Net	59,609,972	56,551,643	3,058,329	5.41%

Government Bond

Government bonds in Bank Mandiri amounted to Rp103,411,188 million in 2017. It increased by Rp4,477,910 million or 4.53% from 2016 which amounted to Rp98,933,278 million. Increased Government Bonds were especially from Government Bonds measured on acquisition cost which amounted to Rp3,235,675 million.

Table of Government Bond Ownership

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Government Obligation				
Measured on Fair Value through Profit and Loss	2,183,356	1,191,310	992,046	83.27%
Available for Sale*)	89,073,724	80,334,549	8,739,175	10.88%
Held to Maturity	2,585,950	11,142,896	(8,556,946)	(76.79%)
Measured on Acquisition Cost**)	8,262,937	5,027,262	3,235,675	64.36%
Investment in Unit-Link***)				
Measured on Fair Value through Profit and Loss	1,305,221	1,237,261	67,960	5.49%
Total Government Bonds	103,411,188	98,933,278	4,477,910	4.53%

*) Included sukuk, project-based sukuk and retail sukuk are classified as measured at fair value through other comprehensive income.

**) Government Bonds owned by Subsidiaries

***) Investment in unit-link is an investment owned by the policyholder in Unit-Link contract of Subsidiary which is presented at fair value.

Other Bills – Trade Transaction

Other bills – trade transactions in Bank Mandiri amounted to Rp24,090,128 million in 2017. It increased by Rp9,922,857 million or 70.04% from 2016 which amounted to Rp14,167,271 million. Increased other bills – trade transactions were especially from other bills – trade transactions to third parties which amounted to Rp4,932,072 million.

Table of Other Bills – Trade Transactions

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Related Party	10,517,587	5,934,300	4,583,287	77.23%
Third Party	14,921,890	9,989,818	4,932,072	49.37%
Deducted: and Allowance for Impairment Loss	(1,349,349)	(1,756,847)	407,498	23.19%
Total Other Bills	24,090,128	14,167,271	9,922,857	70.04%

Claim On Security Purchased Under Resale Agreement

Claims on Securities Purchased under Resale Agreements in Bank Mandiri amounted to Rp2,629,315 million in 2017. It decreased by Rp2,425,173 million or 47.98% from 2016 which amounted to Rp5,054,488 million. Decreased claims on securities purchased under resale agreements were especially from claims on securities purchased under resale agreements to third parties which amounted to Rp2,425,173 million.

Table of Claims on Securities Purchased under Resale Agreements

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Third Party	2,629,315	5,054,488	(2,425,173)	(47.98%)

Derivatif Bill

Derivative bills in Bank Mandiri amounted to Rp446,459 million in 2017. It increased by Rp207,199 million or 86.60% from 2016 which amounted to Rp239,260 million. Increased derivative bills were especially from derivative bills to third parties which amounted to Rp187,035 million.

Table of Derivative Bills

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Related Party	23,824	3,660	20,164	550.93%
Third Party	422,635	235,600	187,035	79.39%
Total Derivative Bills	446,459	239,260	207,199	86.60%

Loan And Account Receivable/Syariah Financing

Loans and Account Receivables/Syariah Financing in Bank Mandiri amounted to Rp678,292,520 million in 2017. It increased by Rp61,586,327 million or 9.99% from 2016 which amounted to Rp616,706,193 million. Increased loans and account receivables/syariah financing were especially from loans and account receivables/syariah financing in rupiah currency to third parties which amounted to Rp33,922,725 million.

Table of Loans and Account Receivables/Syariah Financing

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Rupiah				
Related Party	90,072,204	78,579,405	11,492,799	14.63%
Third Party	512,095,941	478,173,216	33,922,725	7.09%
Foreign Currency				
Related Party	23,539,208	21,622,078	1,917,130	8.87%
Third Party	86,330,512	70,948,254	15,382,258	21.68%
Deducted: Allowance for Impairment Loss	(33,745,345)	(32,616,760)	(1,128,585)	(3.46%)
Total Loans	678,292,520	616,706,193	61,586,327	9.99%

Consumer Financing Receivables

Consumer Financing Receivables in Bank Mandiri amounted to Rp14,782,332 million in 2017. It increased by Rp3,250,494 million or 28.19% from 2016 which amounted to Rp11,531,838 million. Increased consumer financing receivables were especially from consumer financing receivables to third parties which amounted to Rp3,292,578 million.

Table of Consumer Financing Receivables

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Related Party	7,957	10,532	(2,575)	(24.45%)
Third Party	15,137,262	11,844,684	3,292,578	27.80%
Deducted: Allowance for Impairment Loss	(362,887)	(323,378)	(39,509)	(12.22%)
Total: Consumer Financing Receivables	14,782,332	11,531,838	3,250,494	28.19%

Net Investments in Finance Leases

Net Investments in Finance Leases in Bank Mandiri amounted to Rp2,356,890 million in 2017. It increased by Rp1,526,945 million or 183.98% from 2016 which amounted to Rp829,945 million. Increased net investments in finance leases were especially from net investments in finance leases to third parties which amounted to Rp1,530,146 million.

Table of Net Investments in Finance Leases

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Third Party	2,364,629	834,483	1,530,146	183.36%
Deducted: Allowance for Impairment Loss	(7,739)	(4,538)	(3,201)	(70.54%)
Total Net Investments in Finance Leases	2,356,890	829,945	1,526,945	183.98%

Acceptance Claims

Acceptance Claims in Bank Mandiri amounted to Rp12,290,260 million in 2017. It decreased by Rp2,257,943 million or 15.52% from 2016 which amounted to Rp14,548,203 million. Decreased acceptance claims were especially from acceptance claims in rupiah currency to debtors which amounted to Rp1,527,930 million.

Table of Acceptance of Claims

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Rupiah				
Claim to Other Bank	381,325	347,059	34,266	9.87%
Claim to Debtor	6,175,976	7,703,906	(1,527,930)	(19.83%)
Foreign Currency				
Claim to Other Bank	204,377	413,370	(208,993)	(50.56%)
Claim to Debtor	5,782,816	6,324,909	(542,093)	(8.57%)
Deducted: Allowance for Impairment Loss	(254,234)	(241,041)	(13,193)	(5.47%)
Total Acceptance of Claims	12,290,260	14,548,203	(2,257,943)	(15.52%)

Investment

Investment in Bank Mandiri amounted to Rp333,312 million in 2017. It increased by Rp88,176 million or 35.97% from 2016 which amounted to Rp245,136 million. Increased investment was especially from investments to third parties which amounted to Rp52,048 million.

Table Investment

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Related Party	89,110	50,331	38,779	77.05%
Third Party	257,126	205,078	52,048	25.38%
Deducted: Allowance for Impairment Loss	(12,924)	(10,273)	(2,651)	(25.81%)
Total Investments	333,312	245,136	88,176	35.97%

Prepayment

Prepayment in Bank Mandiri amounted to Rp2,784,234 million in 2017. It increased by Rp33,153 million or 1.21% from 2016 which amounted to Rp2,751,081 million. Increased prepayment was especially from prepaid leases, especially leases of buildings used as Group branch offices and official houses across Indonesia which amounted to Rp96,722 million which was compensated by a decrease in prepaid expenses from building maintenance amounted Rp68,213 million.

Table of Prepayment

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Prepaid Lease	1,616,410	1,519,688	96,722	6.36%
Building Maintenance Cost	611,027	679,240	(68,213)	(10.04%)
Others	556,797	552,153	4,644	0.84%
Total Prepayments	2,784,234	2,751,081	33,153	1.21%

Prepaid Tax

Prepaid Taxes in Bank Mandiri amounted to Rp2,688,049 million in 2017. It increased by Rp75,342 million or 2.88% from 2016 which amounted to Rp2,612,707 million. Increased prepaid taxes were especially from prepaid taxes of subsidiaries which amounted to Rp92,925 million.

Table of Prepaid Taxes

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Bank Mandiri	2,403,973	2,421,556	(17,583)	(0.73%)
Subsidiary	284,076	191,151	92,925	48.61%
Total Prepaid Taxes	2,688,049	2,612,707	75,342	2.88%

Fixed Asset

Fixed Assets in Bank Mandiri amounted to Rp36,618,753 million in 2017. It increased by Rp955,463 million or 2.68 % from 2016 which amounted to Rp35,663,290 million. Increased fixed assets were especially from fixed assets of direct ownerships in the form of lands which amounted to Rp695,560 million.

Table of Fixed Assets

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Direct Ownership				
Land	29,518,735	28,823,175	695,560	2.41%
Building	3,125,547	2,824,707	300,840	10.65%
Equipment, Office Equipment and Computer	2,464,423	2,566,497	(102,074)	(3.98%)
Motor Vehicles	66,228	71,029	(4,801)	(6.76%)
Construction in Progress	1,435,335	1,368,772	66,563	4.86%
Leased Asset	8,485	9,110	(625)	(6.86%)
Total Fixed Assets	36,618,753	35,663,290	955,463	2.68%

Intangible Assets

Intangible Assets in Bank Mandiri amounted to Rp2,401,467 million in 2017. It increased by Rp445,971 million or 22.81% from 2016 which amounted to Rp1,955,496 million. Increased intangible assets were especially from intangible assets in the form of software which amounted to Rp445,971 million.

Table of Intangible Assets

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Software	1,978,352	1,532,381	445,971	29.10%
Goodwill	423,115	423,115	-	0.00%
Total Intangible Assets	2,401,467	1,955,496	445,971	22.81%

Other Assets

Other Assets in Bank Mandiri amounted to Rp15,014,218 million in 2017. It increased by Rp3,456,980 million or 29.91% from 2016 which amounted to Rp11,557,238 million. Increased other assets were especially from other assets in rupiah currency which amounted to Rp2,960,402 million.

Table of Other Assets

(in Million Rupiahs)

Description (1)	2017 (2)	2016 (3)	Growth	
			(Rp) 4 = 2-3	(%) 5 = 4/3
Rupiah	12,978,488	10,018,086	2,960,402	29.55%
Foreign Currency	2,653,520	2,053,598	599,922	29.21%
Deducted: Allowance	(617,790)	(514,446)	(103,344)	(20.09%)
Total Other Assets	15,014,218	11,557,238	3,456,980	29.91%

Deferred Tax Assets

Deferred Tax Assets in Bank Mandiri amounted to Rp5,564,319 million in 2017. It decreased by Rp425,782 million or 7.11% from 2016 which amounted to Rp5,990,101 million. Decreased deferred tax assets were especially from net deferred tax assets of Bank Mandiri only which amounted to Rp465,863 million.

Table of Deferred Tax Assets

(in Million Rupiahs)

Description (1)	2017 (2)	2016 (3)	Growth	
			(Rp) 4 = 2-3	(%) 5 = 4/3
Net Deferred Tax Asset - Bank Mandiri Only	4,969,726	5,435,589	(465,863)	(8.57%)
Deferred Tax Asset - Subsidiary	594,593	554,512	40,081	7.23%
Total Consolidated Deferred Tax Assets - Net	5,564,319	5,990,101	(425,782)	(7.11%)

Liability

Liabilities in Bank Mandiri amounted to Rp888,026,817 million in 2017. It increased by Rp63,466,919 million or 7.70% from 2016 which amounted to Rp824,559,898 million. Increased liabilities were especially from customer deposits which amounted to Rp47,523,752 million.

Table of Liabilities

(in Million Rupiahs)

Description (1)	2017 (2)	2016 (3)	Growth	
			(Rp) 4 = 2-3	(%) 5 = 4/3
Immediate Liability	2,838,567	1,569,911	1,268,656	80.81%
Customer Deposit	749,583,982	702,060,230	47,523,752	6.77%
Deposits from Other Banks	8,349,507	9,339,196	(989,689)	(10.60%)
Liability to Policyholder in Unit-Link Contract	23,254,035	19,602,950	3,651,085	18.63%
Liability for Security Purchased under Resale Agreement	3,592,883	3,353,042	239,841	7.15%
Derivative Liability	276,243	502,469	(226,226)	(45.02%)
Acceptance Liability	12,544,494	14,789,244	(2,244,750)	(15.18%)
Published Security	16,843,595	9,025,994	7,817,601	86.61%
Estimated Loss of Commitment and Contingency	381,771	207,401	174,370	84.07%

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Accrued Expense	4,307,193	3,743,496	563,697	15.06%
Tax Debt	1,009,832	1,258,792	(248,960)	(19.78%)
Employee Benefit Liability	8,277,388	6,763,068	1,514,320	22.39%
Provision	375,770	435,880	(60,110)	(13.79%)
Other Liabilities	20,496,377	15,810,036	4,686,341	29.64%
Loan Received	35,703,679	35,882,757	(179,078)	(0.50%)
Subordinated Loan	191,501	215,432	(23,931)	(11.11%)
TOTAL LIABILITIES	888,026,817	824,559,898	63,466,919	7.70%

Immediate liabilities

Immediate liabilities in Bank Mandiri amounted to Rp2,838,567 million in 2017. It increased by Rp1,268,656 million or 80.81% from 2016 which amounted to Rp1,569,911 million. Increased immediate liabilities were especially from liabilities related to prepaid cards which amounted to Rp916,984 million.

Table of Immediate Liabilities

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Immediate Liability	2,838,567	1,569,911	1,268,656	80.81%

Customer deposits

Customer deposits in Bank Mandiri amounted to Rp749,583,982 million in 2017. It increased by Rp47,523,752 million or 6.77% from 2016 which amounted to Rp702,060,230 million. Increased customer deposits were especially from savings/wadiah savings which amounted to Rp31,542,084 million.

Table of Customer Deposits

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Current Account/Wadiah Current Account	202,864,860	186,983,328	15,881,532	8.49%
Saving/Wadiah Saving	308,711,908	277,169,824	31,542,084	11.38%
Time Deposit	238,007,214	237,907,078	100,136	0.04%
Total Customer Deposits	749,583,982	702,060,230	47,523,752	6.77%

Deposits From Other Banks

Deposits from Other Banks in Bank Mandiri amounted to Rp8,349,507 million in 2017. It decreased by Rp989,689 million or 10.60% from 2016 which amounted to Rp9,339,196 million. Decreased deposits from other banks were especially from deposits from other banks in the form of time deposits which amounted to Rp654,017 million.

Table of Deposits from Other Banks

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Current Account/Wadiah Current Account and Deposit	4,238,390	4,300,765	(62,375)	(1.45%)
Inter-Bank Call Money	1,007,655	1,280,952	(273,297)	(21.34%)
Time Deposit	3,103,462	3,757,479	(654,017)	(17.41%)
Total Deposits from Other Banks	8,349,507	9,339,196	(989,689)	(10.60%)

Liabilities to Policyholders of Unit-Link

Liabilities to Policyholders of Unit-Link in Bank Mandiri amounted to Rp23,254,035 million in 2017. It increased by Rp3,651,085 million or 18.63% from 2016 which amounted to Rp19,602,950 million. Increased liabilities to policyholders of unit-link were especially from liabilities to policyholders of non-syariah unit-link which amounted to Rp3,554,770 million.

Table of Liabilities to Policyholders of Unit-Link

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Non-Syariah	22,105,476	18,550,706	3,554,770	19.16%
Syariah	1,148,559	1,052,244	96,315	9.15%
Total Liabilities to Policyholders of Unit-Link	23,254,035	19,602,950	3,651,085	18.63%

Liability For Security Purchased Under Resale Agreement

Liabilities for Securities Purchased under Resale Agreements in Bank Mandiri amounted to Rp3,592,883 million in 2017. It increased by Rp239,841 million or 7.15% from 2016 which amounted to Rp3,353,042 million. Increased liabilities for securities purchased under resale agreements were especially from liabilities for securities purchased under resale agreements for third parties which amounted to Rp469,865 million.

Table Liabilities for Securities Purchased under Resale Agreements

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Related Party	-	230,024	(230,024)	(100.00%)
Third Party	3,592,883	3,123,018	469,865	15.05%
Total Liabilities for Securities Purchased under Resale Agreements	3,592,883	3,353,042	239,841	7.15%

Derivative liabilities

Derivative liabilities in Bank Mandiri amounted to Rp276,243 million in 2017. It decreased by Rp226,226 million or 45.02% from 2016 which amounted to Rp502,469 million. Decreased derivative liabilities were especially from derivative liabilities to third parties which amounted to Rp232,750 million.

Table of Derivative Liabilities

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Related Party	16,582	10,058	6,524	64.86%
Third Party	259,661	492,411	(232,750)	(47.27%)
Total Derivative Liabilities	276,243	502,469	(226,226)	(45.02%)

Acceptance liabilities

Acceptance liabilities in Bank Mandiri amounted to Rp12,544,494 million in 2017. It decreased by Rp2,244,750 million or 15.18% from 2016 which amounted to Rp14,789,244 million. Decreased acceptance liabilities were especially from acceptance liabilities to related parties which amounted to Rp1,878,814 million.

Table of Acceptance Liabilities

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Related Party	602,894	2,481,708	(1,878,814)	(75.71%)
Third Party	11,941,600	12,307,536	(365,936)	(2.97%)
Total Acceptance Liabilities	12,544,494	14,789,244	(2,244,750)	(15.18%)

Published Securities

Published Securities in Bank Mandiri amounted to Rp16,843,595 million in 2017. It increased by Rp7,817,601 million or 86.61% from 2016 which amounted to Rp9,025,994 million. Increased published securities were especially from published securities to related parties which amounted to Rp4,884,200 million.

Table of Published Securities

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Related Party	8,546,200	3,662,000	4,884,200	133.38%
Third Party	8,341,088	5,398,035	2,943,053	54.52%
Deducted: Unamortized Publishing Fee	(43,693)	(34,041)	(9,652)	(28.35%)
Total Published Securities	16,843,595	9,025,994	7,817,601	86.61%

Estimated Loss Of Commitment And Contingency

Estimated Loss of Commitment and Contingency in Bank Mandiri amounted to Rp381,771 million in 2017. It increased by Rp174,370 million or 84.07% from 2016 which amounted to Rp207,401 million. Increased estimated loss of commitment and contingency was especially from formation of allowance in 2017 which amounted to Rp173,402 million while in 2016 there was reversal of allowance amounting to Rp181,459 million.

Table of Estimated Loss of Commitment and Contingency

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Balance at Beginning of Year	207,401	395,610	(188,209)	(47.57%)
(Reversal)/Allowance During the Year	173,402	(181,459)	354,861	195.56%
Others*	968	(6,750)	7,718	114.34%
Balance at End of Year	381,771	207,401	174,370	84.07%

*) Included foreign exchange translation due to foreign currency translation

Accrued Expense

Accrued Expenses in Bank Mandiri amounted to Rp4,307,193 million in 2017. It increased by Rp563,697 million or 15.06% from 2016 which amounted to Rp3,743,496 million. Increased accrued expenses were especially from procurements of fixed assets and software which amounted to Rp199,035 million and interest expense which amounted to Rp184,375 million.

Table of Accrued Expenses

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Interest Expense	1,419,253	1,234,878	184,375	14.93%
Procurements of Fixed Asset and Software	1,267,246	1,068,211	199,035	18.63%
Third Party Personnel Service	359,249	343,986	15,263	4.44%
Promotion	295,548	216,029	79,519	36.81%
Office Clothes Expense, Recreation, etc.	60,842	71,043	(10,201)	(14.36%)
Professional Service Expense	50,984	42,484	8,500	20.01%
Others	854,071	766,865	87,206	11.37%
Total Accrued Expenses	4,307,193	3,743,496	563,697	15.06%

Tax Debts

Tax debts in Bank Mandiri amounted to Rp1,009,832 million in 2017. It decreased by Rp248,960 million or 19.78% from 2016 which amounted to Rp1,258,792 million. Decreased tax debts were especially from current tax debts which amounted to Rp359,647 million.

Table of Tax Debts

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Current Tax Debt	301,300	660,947	(359,647)	(54.41%)
Other Tax Debts	708,532	597,845	110,687	18.51%
Total Tax Debts	1,009,832	1,258,792	(248,960)	(19.78%)

Employee Benefits Liabilities

Employee Benefits Liabilities in Bank Mandiri amounted to Rp8,277,388 million in 2017. It increased by Rp1,514,320 million or 22.39% from 2016 which amounted to Rp6,763,068 million. Increased employee benefit liabilities were especially from allowance for employee reward expenses which amounted to Rp1,087,097 million.

Table of Employee Benefit Liabilities

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Allowance for Employee Reward Expense	4,030,761	2,943,664	1,087,097	36.93%
Reserve for Bonus, Incentive, Leave and THR	4,246,627	3,819,404	427,223	11.19%
Total Employee Benefit Liabilities	8,277,388	6,763,068	1,514,320	22.39%

Provisions

Provisions in Bank Mandiri amounted to Rp375,770 million in 2017. It decreased by Rp60,110 million or 13.79% from 2016 which amounted to Rp435,880 million. Decreased provisions were especially from decreased provisions for estimated loss of legal contingencies which amounted to Rp78,102 million.

Table of Provision

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Provision	375,770	35,880	(60,110)	(13.79%)

Other Liabilities

Other liabilities in Bank Mandiri amounted to Rp20,496,377 million in 2017. It increased by Rp4,686,341 million or 29.64% from 2016 which amounted to Rp15,810,036 million. Increased other liabilities were especially from other liabilities in rupiah currency related to customer transaction debts which amounted to Rp935,140, liabilities to policyholders which amounted to Rp911,313 and liabilities related to ATM transaction and credit card which amounted to Rp821.177.

Table of Other Liabilities

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Other Liabilities	20,496,377	15,810,036	4,686,341	29.64%

Loans

Loans in Bank Mandiri amounted to Rp35,703,679 million in 2017. It decreased by Rp179,078 million or 0.50% from 2016 which amounted to Rp35,882,757 million. Decreased loans were especially from loans of third parties which amounted to Rp179,078 million.

Table of Loans

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Third Party	35,703,679	35,882,757	(179,078)	(0.50%)
Total Loans	35,703,679	35,882,757	(179,078)	(0.50%)

Subordinated Loans

Subordinated loans in Bank Mandiri amounted to Rp191,501 million in 2017. It decreased by Rp23,931 million or 11.11% from 2016 which amounted to Rp215,432 million. Decreased subordinated loans were especially from subordinated loans from third parties which amounted to Rp23,931 million.

Table of Subordinated Loans

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Third Party	191,501	215,432	(23,931)	(11.11%)
Total Subordinated Loans	191,501	215,432	(23,931)	(11.11%)

Temporer Syirkah Fund

Temporary Syirkah Fund in Bank Mandiri amounted to Rp66,667,898 million in 2017. It increased by Rp5,891,510 million or 9.69% from 2016 which amounted to Rp60,776,388 million. Increased temporary syirkah fund was especially from temporary syirkah fund in the form of customer deposits which amounted to Rp5,782,135 million.

Table of Temporary Syirkah Fund

(in Million Rupiahs)

Description (1)	2017 (2)	2016 (3)	Growth	
			(Rp) 4 = 2-3	(%) 5 = 4/3
Customer Deposit	66,222,609	60,440,474	5,782,135	9.57%
Deposits from Other Banks	445,289	335,914	109,375	32.56%
TOTAL TEMPORARY SYIRKAH FUND	66,667,898	60,776,388	5,891,510	9.69%

Customer Deposits

Customer Deposits in Bank Mandiri amounted to Rp66,222,609 million in 2017. It increased by Rp5,782,135 million or 9.57% from 2016 which amounted to Rp60,440,474 million. Increased customer deposits were especially from third party customer deposits for saving – restricted investment accounts and unrestricted investment accounts – mudharabah which amounted to Rp3,036,209 million and mudharabah deposits - unrestricted investment accounts which amounted to Rp2,229,858 million.

Table of Customer Deposit

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Related Party				
Saving – Restricted Investment Account and Mudharabah Saving - Unrestricted Investment Account	34,784	28,047	6,737	24.02%
Mudharabah deposit - Unrestricted Investment Account	939,315	886,344	52,971	5.98%
Third Party				
Current Account - Restricted Investment Account and Mudharabah Musytarakah Current Account - Musytarakah	525,285	68,925	456,360	662.11%
Saving - Restricted Investment Account and Unrestricted Investment Account – Mudharabah	28,165,952	25,129,743	3,036,209	12.08%
Mudharabah Deposit - Unrestricted Investment Account	36,557,273	34,327,415	2,229,858	6.50%
Total Customer Deposit	66,222,609	60,440,474	5,782,135	9.57%

Deposits From Other Banks

Deposits from Other Banks in Bank Mandiri amounted to Rp445,289 million in 2017. It increased by Rp109,375 million or 32.56% from 2016 which amounted to Rp335,914 million. Increased deposits from other banks were especially from mudharabah savings – unrestricted investment accounts which amounted to Rp58,249 million.

Table of Deposits from Other Banks

(in Million Rupiahs)

Description (1)	2017 (2)	2016 (3)	Growth	
			(Rp) 4 = 2-3	(%) 5 = 4/3
Mudharabah Saving – Unrestricted Investment Account	316,574	258,325	58,249	22.55%
Mudharabah Deposit – Unrestricted Investment Account	128,715	77,589	51,126	65.89%
Total Deposits from Other Banks	445,289	335,914	109,375	32.56%

Equities

Equities in Bank Mandiri amounted to Rp170,006,132 million in 2017. It increased by Rp16,636,409 million or 10.85% from 2016 which amounted to Rp153,369,723 million. Increased equities were especially from retained earning which amounted to Rp14,426,729 million.

Table of Equities

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Share Capital	11,666,667	11,666,667	-	0.00%
Additional Paid-In Capital	17,316,192	17,316,192	-	0.00%
Difference in Exchange Rates Due to Description of Financial Statement in Foreign Currency	168,412	202,363	(33,951)	(16.78%)
Net Profit/(Loss) Unrealized from Decreased Fair Values of Government Bond Security and Investment Available for Sale after Deducted for Deferred Tax	1,117,864	(759,364)	1,877,228	247.21%
Effective Part of Cash Flow Hedge	(6,436)	-	(6,436)	(100.00%)
Net Difference of Fixed Asset Revaluation	25,666,631	25,140,523	526,108	2.09%
Net Actuarial (Loss)/Profit of Defined Benefit Program After Deducted for Deferred Tax	(462,008)	49,515	(511,523)	(1.033.07%)
Difference of Transaction with Non-Controlling Party	(106,001)	(92,751)	(13,250)	(14.29%)
Retained Earning	111,357,522	96,930,793	14,426,729	14.88%
Non-Controlling Interest on Consolidated Net Asset of Subsidiary	3,287,289	2,915,785	371,504	12.74%
TOTAL EQUITIES	170,006,132	153,369,723	16,636,409	10.85%

Capital Stock

Capital stocks in Bank Mandiri amounted to Rp11,666,667 million in 2017. It neither increased nor decreased from 2016 which amounted to Rp11,666,667.

Additional Paid-In Capital

Additional paid-in capitals in Bank Mandiri amounted to Rp17,316,192 million in 2017. It neither increased nor decreased from 2016 which amounted to Rp17,316,192.

Difference In Exchange Rates Due To Description Of Financial Statement In Foreign Currency

Difference in exchange rates due to description of financial statement in foreign currency in Bank Mandiri amounted to Rp168,412 million in 2017. It decreased by Rp33,951 million or 16.78% from 2016 which amounted to Rp202,363.

Net Profit/(Loss) Unrealized From Increased/(Decreased) Fair Values Of Government Bond Security And Investment Available For Sale After Deducted For Deferred Tax

Net loss unrealized from increased/(decreased) fair values of government bond securities and investments available for sale after deducted for deferred taxes in Bank Mandiri amounted to Rp1,117,864

million in 2017. It increased by Rp1,877,228 million or 247.21% from 2016 which amounted to (Rp759,364) million.

Effective Part Of Cash Flow Hedge

Effective part of cash flow hedge in Bank Mandiri amounted to (Rp6,436) million in 2017. It decreased by Rp6,436 million or 100% from 2016 which was Nil.

Net Difference Of Fixed Asset Revaluation

Net difference of fixed asset revaluation in Bank Mandiri amounted to Rp25,666,631 million in 2017. It increased by Rp526,108 million or 2.09% from 2016 which amounted to Rp25,140,523 million.

Net Actuarial (Loss)/Profit Of Defined Benefit Program After Deducted For Deferred Tax

Net actuarial (loss)/profit of defined benefit program after deducted for deferred taxes in Bank Mandiri amounted to (Rp462,008) million in 2017. It decreased by Rp511,523 million or 1,033.07% from 2016 which amounted to Rp 49,515 million.

Difference Of Transaction With Non-Controlling Party

Difference of transaction with non-controlling parties in Bank Mandiri amounted to (Rp106,001) million in 2017. It decreased by Rp13,250 million or 14.29% from 2016 which amounted to (Rp92,751) million.

Retained Earning

Retained earning in Bank Mandiri amounted to Rp111,357,522 million in 2017. It increased by Rp14,426,729 million or 14.88% from 2016 which amounted to Rp96,930,793.

Non-Controlling Interest On Consolidated Net Asset Of Subsidiary

Non-controlling interest on consolidated net assets of subsidiaries in Bank Mandiri amounted to Rp3,287,289 million in 2017. It increased by Rp371,504 million or 12.74% from 2016 which amounted to Rp2,915,785 million.

Consolidated Statement of Profit and Loss and Other Comprehensive Income

Bank Mandiri in 2017 managed to book consolidated Net Profit amounting to Rp20,639,683 million which increased by 49.49% from 2016 which amounted to Rp13.806.565 juta.

Table of the Consolidated Summary of Profit and Loss and Other Comprehensive Income Years 2016-2017

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
OPERATING INCOME AND EXPENSE				
Interest Income and Sharia Income	79,501,530	76,709,888	2,791,642	3.64%
Interest Expense and Sharia Expense	(27,174,371)	(24,884,519)	2,289,852	9.20%
Interest and Sharia Income – Net	52,327,159	51,825,369	501,790	0.97%
Premium Income – Net	2,465,075	2,652,431	(187,356)	(7.06%)
Interest, Sharia, and Premium Income – Net	54,792,234	54,477,800	314,434	0.58%
Other Operating Income	22,281,641	19,286,425	2,995,216	15.53%
Allowance for Impairment Losses	(15,646,385)	(24,943,938)	(9,297,553)	(37.27%)
(Allowance)/Reversal for	(173,402)	181,459	(354,861)	(195.56%)
Provision for Estimated Losses on Commitments and	(132,050)	117,637	(249,687)	(212.25%)
Contingencies	167,892	15,638	152,254	973.62%
(Allowance)/Reversal for Other Provisions	893,570	745,904	147,666	19.80%
Unrealised Gains/(Losses) from an Increase/(Decrease) in the Fair Value of Marketable Securities, Government Bonds, and Policyholders' Investment in Unit-Link Contracts	(35,013,749)	(31,268,198)	3,745,551	11.98%
Gains on Sale of Marketable Securities and Government Bonds	27,169,751	18,612,727	8,557,024	45.97%
Other Operating Expense	(12,888)	(39,762)	(26,874)	(67.59%)
OPERATING PROFIT	27,156,863	18,572,965	8,583,898	46.22%
Non-Operating Expense - Net	(5,713,821)	(3,922,802)	1,791,019	45.66%
PROFIT BEFORE TAX EXPENSES AND NON-CONTROLLING INTERESTS	21,443,042	14,650,163	6,792,879	46.37%
Tax Expense - Net				
CURRENT-YEAR PROFIT				
	9,678	24,909,438	(24,899,760)	(99.96%)
OTHER COMPREHENSIVE INCOME	1,868,315	785,447	1,082,868	137.87%
Items That Will Not Be Reclassified To Profit or Loss	1,877,993	25,694,885	(23,816,892)	(92.69%)
Items That Will Be Reclassified To Profit or Loss	23,321,035	40,345,048	(17,024,013)	(42.20%)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Other Comprehensive Income for the Current Year – after Income Tax	21,443,042	14,650,163	6,792,879	46.37%
COMPREHENSIVE INCOME FOR THE CURRENT YEAR	20,639,683	13,806,565	6,833,118	49.49%
Profit for the Current Year Attributable	803,359	843,598	(40,239)	(4.77%)
Owner of Parent Company	23,321,035	40,345,048	(17,024,013)	(42.20%)
Non-Controlling Interest	22,491,109	39,484,138	(16,993,029)	(43.04%)
Total Comprehensive Income for the Current Year Attributable	829,926	860,910	(30,984)	(3.60%)
Owner of Parent Company	442,28	295,85 ^{*)}	146,43	49.49%

*) Restated

Interest And Sharia Income - Net

Bank Mandiri's Interest and Sharia Income - Net reached Rp52,327,159 million in 2017. It increased by Rp501,790 million or 0.97% compared to that in 2016, which was equal to Rp51,825,369 million. This increase in the Interest and Sharia Income - Net resulted especially from sharia income, namely by Rp665,059 million.

Table of Interest and Sharia Income – Net

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Interest Income	73,271,984	71,145,401	2,126,583	2.99%
Sharia Income	6,229,546	5,564,487	665,059	11.95%
Total Interest Income and Sharia Income	79,501,530	76,709,888	2,791,642	3.64%
Interest Expense	(24,633,241)	(22,544,799)	(2,088,442)	(9.26%)
Sharia Expense	(2,541,130)	(2,339,720)	(201,410)	(8.61%)
Total Interest Expense and Sharia Expense	(27,174,371)	(24,884,519)	(2,289,852)	(9.20%)
Interest and Sharia Income – Net	52,327,159	51,825,369	501,790	0.97%

Premium Income - Net

Bank Mandiri's Premium Income - Net reached Rp2,465,075 million in 2017. This decreased by Rp187,356 million or 7.06% from that in 2016, which was equal to Rp2,652,431 million. This decrease in the Premium Income - Net resulted primarily from an increase in the Claim Expense by Rp1,134,802 million, which was counterbalanced by an increase in the Premium Income of only Rp947,446 million.

Table of Premium Income – Net

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Premium Income	10,325,187	9,377,741	947,446	10.10%
Claim Expense	(7,860,112)	(6,725,310)	(1,134,802)	(16.87%)
Premium Income - Net	2,465,075	2,652,431	(187,356)	(7.06%)

Other Operating Income

Bank Mandiri's Other Operating Income reached Rp22,281,641 million in 2017. This increased by Rp2,995,216 million or 15.53% from that in 2016, which was equal to Rp19,286,425 million. This increase in the Other Operating Income resulted primarily from Other Operating Income – Miscellaneous, namely by Rp1,329,236 million and Other Fees and Commissions, namely by Rp1,043,132 million.

Table of Other Operating Income

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Other Fees and Commissions	12,483,134	11,440,002	1,043,132	9.12%
Foreign Exchange Gains and Derivative Transactions - Net	2,888,082	2,265,234	622,848	27.50%
Miscellaneous	6,910,425	5,581,189	1,329,236	23.82%
Total Other Operating Income	22,281,641	19,286,425	2,995,216	15.53%

Allowance For Impairment Losses

Bank Mandiri's Allowance for Impairment Losses reached (Rp15,646,385) million in 2017. This decreased by Rp9,297,553 million or 37.2% from that in 2016, which was equal to (Rp24,943,938) million. The decrease in the Allowance for Impairment Losses resulted mainly from Loans amounting to Rp8,818,864 million.

Table of Allowance/Reversal for Impairment Losses

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Current Account with Other Banks	44	176	(132)	(75.00%)
Placement with Other Banks	53,290	(21,415)	74,705	348.84%
Securities	(8,420)	(24,094)	15,674	65.05%
Other Receivables – Trade Transactions	425,563	(35,085)	460,648	1,312.95%
Loans	(15,458,493)	(24,277,357)	8,818,864	36.33%
Consumer Financing Receivables	(640,151)	(455,025)	(185,126)	(40.68%)
Net Investment in Leasing	(5,784)	(196)	(5,588)	(2,851.02%)
Acceptance Claim	(9,783)	(130,909)	121,126	92.53%
Equity Investment	(2,651)	(33)	(2,618)	(7,933.33%)
(Allowance)/Reversal for Impairment Losses	(15,646,385)	(24,943,938)	9,297,553	37.27%

(Allowance)/ Reversal For Possible Losses

Bank Mandiri's (Allowance)/Reversal for Other Provisions reached (Rp132,050) million in 2017. This increased by Rp249,687 million or 212.25% from that in 2016, which reached Rp117,637 million. This increase in the Allowance for Other Provisions resulted particularly from a decrease in Allowance for Estimated Losses Arising from Legal Cases amounting to Rp232,291 million.

Table of Allowance/ Reversal for Possible Losses

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Estimated Losses Arising from Fraud	(58,785)	(45,796)	(12,989)	(28.36%)
Estimated Losses Arising from Legal Cases	33,099	265,390	(232,291)	(87.53%)
Losses Arising from Operating Risk – External Fraud	(7,625)	-	(7,625)	(100.00%)
Other Assets	(98,739)	(101,957)	(3,218)	(3.16%)
(Allowance)/ Reversal for Possible Losses	(132,050)	117,637	(249,687)	212.25%

Unrealised Gains/(Losses) From An Increase/(Decrease) In The Fair Value Of Marketable Securities, Government Bonds, And Policyholders' Investment In Unit-Link Contracts

Bank Mandiri's Unrealised Gains from an Increase in the Fair Value of Marketable Securities, Government Bonds, and Policyholders' Investment in Unit-Link Contracts reached Rp167,892 million in 2017. These increased by Rp152,254 million or 973.62% from those in 2016, which were equal to Rp15,638 million. This increase in the Unrealised Gains from an Increase in the Fair Value of Marketable Securities, Government Bonds, and Policyholders' Investment in Unit-Link Contracts resulted especially from government bonds, namely by Rp103,320 million.

Table of Unrealised Gains/(Losses) from an Increase/(Decrease) in the Fair Value of Marketable Securities, Government Bonds, and Policyholders' Investment in Unit-Link Contracts

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Securities	52,439	3,505	48,934	1.396.12%
Government Bonds	115,453	12,133	103,320	851.56%
Changes in the Fair Value of Policyholders' Investment and an Increase/(Decrease) in the Liability Contract in Unit-Link Contracts				
Changes in the Fair Value of Policyholders' Investment	3,311,638	1,416,023	1,895,615	133.87%
Increase/(Decrease) in the Liabilities under Unit-Link Contracts	(3,311,638)	(1,416,023)	(1,895,615)	133.87%
Unrealised gains/(losses) from an Increase/(Decrease) in the Fair Value of Marketable Securities, Government Bonds, and Policyholders' Investment in Unit-Link Contracts	167,892	15,638	152,254	973.62%

Gain On Sale Of Marketable Securities And Government Bonds

Bank Mandiri's Gains on Sale of Marketable Securities and Government Bonds reached Rp893,570 million in 2017. These increased by Rp147,666 million or 19.80% from those in 2016, which were equal to Rp745,904 million. This increase in the Gains on Sale of Marketable Securities and Government Bonds resulted primarily from government bonds available for sale amounting to Rp110,056 million.

Table of Gains on Sale of Marketable Securities and Government Bonds

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Securities				
Measured at Fair Value by P/L Statement	117,395	53,957	63,438	117.57%
Available for Sale	35,471	35,259	212	0.60%

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Government Bonds				
Measured at Fair Value by P/L Statement	33,685	59,725	(26,040)	(43.60%)
Available for Sale	707,019	596,963	110,056	18.44%
Gains on Sale of Marketable Securities and Government Bonds	893,570	745,904	147,666	19.80%

Other Operating Expense

Bank Mandiri's Other Operating Expense reached (Rp35,013,749) million in 2017. This increased by Rp3,745,551 million or 11.98% from that in 2016, which was equal to (Rp31,268,198 million). This increase in Other Operating Expense resulted primarily from General and Administrative Expenses by Rp1,447,368 million, and Salaries and Benefits by Rp1,239,897 million.

Table Other Operating Expense

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Salary and Allowance Expense	(14,858,642)	(13,618,745)	1,239,897	9.10%
General and Administrative Expenses	(15,405,579)	(13,958,211)	1,447,368	10.37%
Miscellaneous	(4,749,528)	(3,691,242)	1,058,286	28.67%
Total Other Operating Expense	(35,013,749)	(31,268,198)	3,745,551	11.98%

Non-Operating Expense

Bank Mandiri's Non-Operating Expense reached (Rp12,888) million in 2017. This decreased by Rp26,874 million or 67.59% from that in 2016, which was equal to (Rp39,762) million. This decrease in the Non-Operating Expense resulted primarily from an increase in the Gains on Sale of Fixed Assets, namely by Rp44,657 million, which was compensated by a decrease in the Building Rent Income by Rp13,645 million.

Table of Non-Operating (Expense)/Income

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Gains on Sale of Fixed Assets	44,777	120	44,657	37.214.17%
Penalties	(13,034)	(9,196)	(3,838)	(41.74%)
Miscellaneous	(44,631)	(44,331)	(300)	(0.68%)
Non-Operating (Expense)/Income	(12,888)	(39,762)	26,874	67.59%

Profit before Tax Expense and Non-Controlling Interests

Bank Mandiri's Profit before Tax Expense and Non-Controlling Interests reached Rp27,156,863 million in 2017. This increased by Rp8,583,898 million or 46.22% from those in 2016, which were equal to Rp18,572,965 million. This increase in the Profit before Tax Expense and Non-Controlling Interests resulted particularly from the Operating Profit by Rp8,557,024 million.

Table of Profit before Tax Expense and Non-Controlling Interests

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Operating Profit	27,169,751	18,612,727	8,557,024	45.97%
Non-Operating Expense	(12,888)	(39,762)	26,874	67.59%
Profit before Tax Expense and Non-Controlling Interests	27,156,863	18,572,965	8,583,898	46.22%

Tax Expense

Bank Mandiri's Tax Expense reached (Rp5,713,821) million in 2017. This increased by Rp1,791,019 million or 45.66% from that in 2016, which was equal to (Rp3,922,802) million. This increase in Tax Expense resulted particularly from Deferred Tax by Rp1,286,650 million.

Table of Tax Expense

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Current Tax	(5,593,293)	(5,088,924)	(504,369)	(9.91%)
Deferred Tax	(120,528)	1,166,122	(1,286,650)	(110.34%)
Tax Expense – Net	(5,713,821)	(3,922,802)	(1,791,019)	(45.66%)

Profit for the Current Year

Bank Mandiri's Profit for the Current Year reached Rp21,443,042 million in 2017. This increased by Rp6,792,879 million or 46.37% from that in 2016, which was equal to Rp14,650,163 million. This increase in the Profit for the Current Year resulted primarily from profit before the Profit before Tax Expense and Non-Controlling Interests, namely by Rp8,583,898 million.

Table of the Profit for the Current Year

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Profit before Tax Expense and Non-Controlling Interests	27,156,863	18,572,965	8,583,898	46.22%
Tax Expense - Net			(1,791,019)	(45.66%)
Profit for the Current Year	21,443,042	14,650,163	6,792,879	46.37%

Other Comprehensive Incomes

Bank Mandiri's Other Comprehensive Incomes reached Rp1,877,993 million in 2017. These decreased by Rp23,816,892 million or 92.69% from those in 2016, which were equal to Rp25,694,885 million. This decrease in the Other Comprehensive Incomes resulted primarily from a decrease in the Gains on Fixed Asset Revaluation by Rp24,614,450 million.

Table of Other Comprehensive Incomes

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Items That Will Not Be Reclassified To Profit or Loss				
Gains on Fixed Asset Revaluation	526,108	25,140,558	(24,614,450)	(97.91%)
Actuarial Losses Arising From the Defined Benefit Plan	(641,569)	(288,896)	352,673	122.08%
Income Tax Related to Items That Will Not Be Reclassified to Profit or Loss	125,139	57,776	67,363	116.59%
Total Items That Will Not Be Reclassified To Profit or Loss	9,678	24,909,438	(24,899,760)	(99.96%)
Items That Will Be Reclassified To Profit or Loss				
Adjustments as a Result of Translation of Financial Statements in Foreign Currencies	(32,750)	(40,722)	7,972	19.58%
Changes in the Fair Value of Available-for-Sale Financial Assets	2,364,089	945,231	1,418,858	150.11%
Effective Portion Arising from the Cash Flow Hedge	(16,826)	-	(16,826)	(100.00%)
Income Tax Related to Items That Will Be Reclassified to Profit or Loss	(446,198)	(119,062)	327,136	274.76%
Total Items That Will Be Reclassified To Profit or Loss	1,868,315	785,447	1,082,868	137.87%
Other Comprehensive Income for the Current Year – After Income Tax	1,877,993	25,694,885	(23,816,892)	(92.69%)

Net Profit And Comprehensive Profit Income Attributable

Bank Mandiri's Attribution of Comprehensive Profit and Income for the Current Year reached Rp23,321,035 million in 2017. This decreased by Rp17,024,013 million or 42.20% from that in 2016, which was equal to Rp40,345,048 million. The decrease in the Comprehensive Profit and Income for the Current Year Attributable resulted primarily from the Comprehensive Income for the Current Year attributable to owners of the parent company amounting to Rp16,993,029 million.

Table of Attribution of Net Profit and Comprehensive Profit

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Owners of the Parent Company	20,639,683	13,806,565	6,833,118	49.49%
Non-Controlling Interests	803,359	843,598	(40,239)	(4.77%)
Profit for the Current Year Attributable	21,443,042	14,650,163	6,792,879	46.37%
Owners of the Parent Company	22,491,109	39,484,138	(16,993,029)	(43.04%)
Non-Controlling Interests	829,926	860,910	(30,984)	(3.60%)
Comprehensive Income for the Current Year Attributable	23,321,035	40,345,048	(17,024,013)	(42.20%)

Earning Per Share

Table of the Earning Per Share

(in full Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
Basic	442,28	295,85 ^{*)}	146.43	49.49%
Diluted	442,28	295,85 ^{*)}	146.43	49.49%

*) Restated

Consolidated Statement of Cash Flows

Having strong operating cash flows, Bank Mandiri has a solid position to grow in the future. This is reflected in the disclosure in the following cash flows:

Table of Cash Flows

(in Million Rupiahs)

Description	2017	2016	Growth	
			(Rp)	(%)
(1)	(2)	(3)	4 = 2-3	5 = 4/3
CASH FLOWS FROM OPERATIONAL ACTIVITIES				
Net Cash Provided by Operational Activities	4,952,703	41,521,119	(36.568.416)	(88.07%)
CASH FLOWS FROM INVESTMENT ACTIVITIES				
Net Cash Used in Investment Activities	(5,247,860)	(6,162,781)	(914.921)	(14.85%)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net Cash Provided by/ Used in Financing Activities	702,143	(1,974,522)	2.676.665	135.56%
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	406,986	33,383,816	(32.976.830)	(98.78%)
EFFECTS OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS	808,703	(1,491,116)	2.299.819	154.23%
Cash and Cash Equivalents at the Beginning of the Year	157,560,107	125,667,407	31.892.700	25.38%
Cash and Cash Equivalents at the End of the Year	158,775,796	157,560,107	1.215.689	0.77%

Cash Flows From Operational Activities

Bank Mandiri's Cash Flows from Operational Activities was equal to Rp4,952,703 million in 2017. This decreased by Rp36,568,416 million or 88.70% from those in 2016, which amounted to Rp41,521,119 million.

Cash Flows From Investment Activities

Bank Mandiri's Cash Flows from Investment Activities was equal to (Rp5,247,860) million in 2017. This increased by Rp914,921 million or 14.85% from those in 2016, which amounted to (Rp6,162,781) million.

Cash Flows From Financing Activities

Bank Mandiri's Cash Flows from Financing Activities was equal to Rp702,143 million in 2017. This increased by Rp2,676,665 million or 135.56% from those in 2016, which amounted to (Rp1,974,522) million.

The Ability to Pay Debt and Collectability of Accounts Receivable

The Ability To Pay Debt

Bank Mandiri's ability to meet all of its liabilities, both long-term and short-term ones, is measured based on a number of ratios, such as liquidity, solvency, and profitability ratios. The following are banks' financial ratios to measure banks' solvency, collectability and profitability.

The Ability To Pay Short-Term Debt (Bank's Liquidity)

In 2017, Bank Mandiri's liquidity measured using the Loan to Funding Ratio (LFR, consolidated) reached 88.11%, which increased by 269 bps compared to that in 2016, which was equal to 85.41%. Such an increase in LFR indicates a decrease in the Company's level of liquidity. However, the Company's liquidity level remains well maintained, i.e. within the range specified in the regulation of Bank Indonesia, which stipulates that the LFR level has to range from 80% to 92%.

The Ability To Pay Long-Term Debt (Bank's Solvency)

Bank Mandiri measured solvency using the bank's capital ratio. Bank Mandiri ensures its capital adequacy to meet its credit risk, market risk, and operational risk as reflected in the Capital Adequacy Ratio (CAR). CAR is the ratio of capital to risk-weighted assets (RWA). In 2017, Bank Mandiri's capital adequacy ratio (CAR, bank only) was equal to 21.64%, higher than that in 2016, which was equal to 21.36%. As the Bank's capital adequacy ratio was equal to 21.64%, this means that the Bank's capital structure is able to counterbalance market risk, credit risk, and operational risk much higher than the minimum CAR prescribed by the Regulator. This means that Bank Mandiri has managed its capital properly and has sufficient capital to protect itself from solvency risk.

Bank Mandiri's liquidity reserves can be identified from its Liquidity Coverage Ratio as of December 2017, which was equal to 199.85%, as indicated by the liquidity reserves in rupiah that reached Rp17.15 trillion and the liquidity reserves in foreign currency that reached USD1,107 million, higher than those set out in the provisions of Bank Indonesia which stipulate that LCR should at least be equal to 100% on an ongoing basis.

In addition, Bank Mandiri collected other funds with a view to increasing its medium-term and long-term funding and to strengthening the Bank's capital, among others through the issuance of securities (bonds) with maturities of approximately 1 year to 10 years in Rupiah and Foreign Currency, as much as Rp3 trillion to Rp10 trillion, respectively, and equivalent implemented according to developments in the needs for liquidity and market conditions. In September 2016, Bank Mandiri issued bonds worth Rp 5 trillion and in June 2017, it issued sustainable bonds worth Rp 6 trillion in order to maintain its liquidity.

The Ability To Pay Debt From Securities Issued

The ability to pay debt from securities issued can be seen from the ratings of the securities issued as presented below.

Table of the Ability to Pay Debt from Bonds

No	Information	Rating	
		2017	2016
1	Bank Mandiri's Sustainable Bond I Stage I of 2016	idAAA by Pefindo	idAAA by Pefindo
2	Bank Mandiri's Sustainable Bond I Stage II 2017	idAAA by Pefindo	-

Bond Rating Meaning

Information	Arti Rating
idAAA	Having superior capacities in long-term financial commitments compared with the other obligors.
idAA	Slightly different from idAAA, idAA rating implies that the Bank has a very strong capacities in long-term financial commitments compared with the other obligors.

Table of the Ability to Pay Debt from Asset-Backed Securities (EBA)

No	Information	Rating	
		2017	2016
1	EBA SP SMF-BMRI 01 Class A Level A1. Code EBA : SPSSMFMR01A1 Code ISIN : IDU0000011A5	AAA	AAA
2	EBA SP SMF-BMRI 01 Class A Level A2. Code EBA : SPSSMFMR01A2 Code ISIN : IDU0000012A3	AAA	AAA

Table of the Asset-Backed Securities (EBA) Rating Meaning

Description	Meaning
AAA	High quality, low risk

The Bank's Rentability

Bank Mandiri's consolidated rentability was measured using the following ratios.

Table of the Bank's Rentability Ratio (Consolidated, in %)

Description	2017	2016	2015
Return on Equity (ROE)	12.90	11.12	23.03
Return on Assets (ROA)	2.57	1.95	3.15
Net Interest Margin (NIM)	5.87	6.29	5.90
Cost Efficiency Ratio (CER)	45.43	42.28	43.00
Operating Expense to Operating Income	75.98	80.94	69.67

Bank Mandiri's performance in 2017 recorded a significant increase in the Return on Equity, i.e. by 324 bps or 12.90% compared to that in 2016 which was equal to 9.66%. Moreover, the Return on Assets also increased to 2.57%, rising by 61 bps from 1.96% in 2016. Conversely, the Net Interest Margin decreased by 57 bps to 5.87% in 2017, from 6.44% in 2016 as a result of the implementation of the single digit interest rate policy as of March 2016, adjustments of the loan portfolio to segments with lower risk, and implementation of the loan restructuring program for debtors in order to improve asset quality.

The strategies adopted by Bank Mandiri in order to efficiently and effectively undertake its operations and operational expansion resulted in a Cost Efficiency Ratio (consolidated) by 45.43% as of December 31, 2017. While the ratio of Operating Expense to Operating Income decreased to 75.98% in 2017 from 83.50% in 2016, indicating that Bank Mandiri managed to maintain the level of efficiency and effectiveness of its operations well.

Collectability Of Accounts Receivable

The collectability of accounts receivable can be measured from the extent to which payment of the loans disbursed runs smoothly. Loans that have been disbursed along with their collectability classifications are presented in the following table.

Table of Credit Collectability

(in Billion Rupiahs)

	2017	2016	2015	2014	2013
Current	596,828	548,208	499,308	445,681	392,555
Special Mention	25,195	21,020	22,266	19,180	15,390
Substandard	6,046	9,263	2,105	1,107	566
Doubtful	3,663	2,150	2,120	1,504	713
Loss	12,525	12,028	7,984	5,237	5,369
Credit	644,257	592,669	533,783	472,709	414,593
NPL	22,234	23,441	12,209	7,848	6,648
NPL (%)	3.45%	3.96%	2.29%	1.66%	1.60%

The collectability of credit disbursed can be identified from the low NPL. After it increased in 2016, Bank Mandiri finally managed to reduce the NPL level in 2017. Bank Mandiri's NPL percentage in 2017 amounted to 3.45%, lower than that in 2016 which was equal to 3.96%. To address the issue of NPL, a great number of strategic initiatives were undertaken in 2017, such as improving asset quality step by step, the portfolio mix towards healthier sector growth, infrastructure and business processes, human resources in lending, and policies as well as procedures.

In order to prevent increased NPL, the Company revised the watchlist parameters based on the lesson learnt from high risk debtor accounts in order to develop a more precise debtor watchlist analysis mechanism to anticipate a decrease in credit quality based on 3 pillars (Character, Business Capacity, and the Ability to Pay). In addition, this watchlist mechanism is supported by the so-called "suspect watchlist", which is a list indicating debtors that are potentially included into the watchlist.

This suspect watchlist is made through an on-desk analysis based on some mandatory parameters, followed by another analysis to further corroborate results of the watchlist analysis individually by each debtor management. Thus, this helps to early determine more appropriate account strategies to anticipate Non Performing Loan.

To minimize the amount of non-performing loans, Bank Mandiri has established several regulations concerning credit that should be avoided, among others:

1. Credits used to run businesses which are speculative in nature, gambling business, pornography, businesses that violate the norms of decency, narcotics and sectors prohibited by Regulators and other laws and regulations.

2. Credit provided without sufficient financial information, except for small credits that may be adjusted as necessary by the Bank.
3. Credit that requires special skills not owned by the Bank.
4. Credit to debtors who default and/or are in arrears with their loan payment in another bank or another creditor, and credit guaranteed by guarantors/individual guarantors already included in the list of non-performing loans in another Bank or are the black list of Bank Indonesia or the bank negative list, except if the concerned party is deemed cooperative and having good characters, and the non-performing loan results from factors deemed not violating the Bank's provisions and deemed not violating the Bank's regulations and regulations of the Regulator, including due to adverse economic conditions or natural disasters.
5. Credit for companies whose management/owners are blacklisted, included into the list of non-performing loan in BI's debtor information system and the 'cekal' (to be blocked and averted) list, or commit disgraceful acts in the banking sector.
6. Credit for political parties, political organizations, and political activities.
7. Credit to individuals with diplomatic immunity, or whose management have diplomatic immunity.
8. Credit for production, trade, shipping, and import of weapons of business entities/institutions other than those obtaining a special permit/special legality from the government.
9. Credit for projects or businesses that are actually harmful to the environment.
10. Credit which does not comply with the applicable laws.

Table of Credit Collectability by Segment

(in Million Rupiahs)

No.	Segment	31 Dec 2017	31 Dec 2016	Target	Realization %
				Dec 2017	
1	Corporate Banking	248,746	209,685	240,319	103.51%
	1. Current	245,360	206,475	229,944	106.70%
	2. Special Mention	2,453	2,486	9,344	26.25%
	3. Substandard	536	591	701	76.46%
	4. Doubtful	0	132	329	0.00%
	5. Loss	397	0	0	
	NPL (%)	0.38%	0.34%	0.43%	
2	Commercial Banking	155,820	165,157	165,777	93.99%
	1. Current	128,935	142,421	141,058	91.41%
	2. Special Mention	11,286	7,341	8,941	126.23%
	3. Substandard	4,130	7,819	1,012	408.09%
	4. Doubtful	2,278	873	291	783.56%
	5. Loss	9,191	6,703	14,475	63.50%
	NPL (%)	10.01%	9.32%	9.52%	
3	Government and Institutional	13,863	18,980	16,226	85.43%
	1. Current	13,863	18,980	16,226	85.43%
	2. Special Mention	0	0	0	0
	3. Substandard	0	0	0	0
	4. Doubtful	0	0	0	0
	5. Loss	0	0	0	0
	NPL (%)	0.00%	0.00%	0.00%	0.00%
4	Retail Banking	223,098	196,194	231,961	96.18%
	1. Current	206,133	179,316	212,571	96.97%
	2. Special Mention	11,319	11,164	12,564	90.09%
	3. Substandard	1,380	836	960	143.73%
	4. Doubtful	1,385	1,145	1,439	96.24%
	5. Loss	2,881	3,732	4,427	65.07%
	NPL (%)	2.53%	2.91%	2.94%	
	SME Banking	61,576	60,784	62,556	98.43%
	1. Current	57,098	55,685	56,296	101.42%
	2. Special Mention	2,145	2,627	3,161	67.87%
	3. Substandard	648	220	273	237.73%
	4. Doubtful	503	382	544	92.45%
	5. Loss	1,182	1,870	2,282	51.79%
	NPL (%)	3.79%	4.07%	4.95%	
	Micro Banking	61,870	50,647	65,226	94.85%
	1. Current	58,130	46,383	60,650	95.84%
	2. Special Mention	2,364	2,490	2,759	85.67%
	3. Substandard	281	329	321	87.55%
	4. Doubtful	317	355	415	76.36%
	5. Loss	778	1,090	1,080	72.00%
	NPL (%)	2.22%	3.50%	2.78%	
	Consumer Loan	89,341	75,634	94,237	94.80%
	1. Current	81,623	68,973	86,609	94.24%
	2. Special Mention	6,083	5,461	5,992	101.52%
	3. Substandard	360	211	282	127.99%
	4. Doubtful	423	278	349	121.33%
	5. Loss	852	711	1,006	84.70%
	NPL (%)	1.83%	1.59%	1.74%	
	Credit Card	10,312	9,128	9,942	103.71%
	1. Current	9,283	8,276	9,015	102.97%
	2. Special Mention	726	586	652	111.46%
	3. Substandard	90	76	85	106.79%
	4. Doubtful	142	130	132	108.18%

No.	Segment	31 Dec 2017	31 Dec 2016	Target Dec 2017	Realization %
	5. Loss	69	61	59	117.60%
	NPL (%)	2.93%	2.92%	2.77%	
5	Finance and Treasury	1,174	1,064	2,055	57.11%
	1. Current	1,118	1,016	2,006	55.73%
	2. Special Mention	0	0	0	0
	3. Substandard	0	0	0	0
	4. Doubtful	0	0	0	0
	5. Loss	55	48	49	113.62%
	NPL (%)	4.73%	4.55%	2.38%	
6	Special Asset Management	1,557	1,589	1,530	101.82%
	1. Current	1,420	0	0	0
	2. Special Mention	137	28	1,529	8.97%
	3. Substandard	0	17	0	103.57%
	4. Doubtful	0	0	0	0
	5. Loss	0	1,544	0	
	NPL (%)	0.03%	98.22%	0.00%	
	Total Credit Portfolio	644,257	592,669	657,868	97.93%
	1. Current	596,828	548,208	601,806	99.17%
	2. Special Mention	25,195	21,020	32,379	77.81%
	3. Substandard	6,046	9,263	2,674	226.14%
	4. Doubtful	3,663	2,150	2,059	177.89%
	5. Loss	12,525	12,028	18,951	66.09%
	NPL (%)	3.45%	3.96%	3.60%	
		22,234	23,441		
	Credit Portfolio Excluding Banks	642,979	590,706		
	1. Current	595,625	546,312		
	2. Special Mention	25,195	21,020		
	3. Substandard	6,046	9,263		
	4. Doubtful	3,663	2,150		
	5. Loss	12,450	11,960		
	NPL (%)	3.45%	3.96%		

Capital Structure

For the explanation of the Capital Structure, please refer to the section on the Capital Structure and Risk Management of this Annual Report.

Management Policies and Basis for Selection of Capital Structure Management Policies

In the management of its capital structure, Bank Mandiri always strives to maintain a strong capital level, which in this case is reflected in the Minimum Capital Requirement in accordance with the provisions stipulated by Bank Indonesia. This aims to ensure that Bank Mandiri can grow and develop into a strong company and win public trust, both at home and overseas.

Capital Structure and The Practices of Risk Management

Capital Structure

Bank Mandiri prepares a Capital Plan based on results of the review and assessment of the capital adequacy requirement and combines it with a review of the latest economic developments. The Capital Plan is prepared by the Board of Directors as part of the Bank's Business Plan and approved by the Board of Commissioners. Bank Mandiri always relates financial objectives and capital adequacy to risk through the capital planning process. This applies to any business that is based on the Bank's capital and liquidity requirements. The need for such capital is planned and discussed regularly supported by analytical data.

The capital-related management policy is aimed at ensuring that Bank Mandiri has strong capital and creates a strong capital structure to support its current business development strategy and maintain sustainability of such expansion in the future. In addition, the capital policy is made in order to meet the capital adequacy requirement set by the regulator and to ensure that the Bank's capital structure is efficient.

In accordance with the Regulation of the Financial Services Authority (OJK), Bank Mandiri's capital structure consists of Core Capital (Tier 1) and Supplementary Capital (Tier 2).

Core Capital

Core Capital (Tier 1) originates especially from:

1. Paid-up capital
2. Other comprehensive incomes that consist of:
 - a. Financial statement translation differential
 - b. Changes in the fair value of financial assets belonging to the available-for-sale category
 - c. Fixed asset revaluation surplus
3. Other additional capital reserves that consist of:
 - a. Agio
 - b. General reserves
 - c. Prior-years profit
 - d. Profit for the current year
4. Non-controlling interests that can be considered (for capital on a consolidated basis)
5. Deductions to the main core capital that consist of:
 - a. Deferred tax
 - b. Goodwill
 - c. Intangible assets
 - d. Participation that can be taken into account
 - e. Exposure to securitization

Supplementary Capital

Supplementary Capital (Tier 2) originates especially from dari the general reserves of allowance for loan losses which have to be established and subordinated loans.

Table of Bank Mandiri's Capital Structure Years 2015-2017

(in Million Rupiahs)

Component of Capital	2017	2016	2015
Capital:			
Core Capital	145,616,420	130,356,495	93,252,808
Supplementary Capital	7,561,895	7,075,719	14,135,338
Total capital for credit, operational, and market risks	153,178,315	137,432,214	107,388,146
Risk-Weighted Assets for Credit Risk	589,631,509	549,646,704	497,912,789
Risk-Weighted Assets for Operational Risk	104,792,639	91,932,008	78,627,774
Risk-Weighted Assets for Market Risk	13,367,349	1,800,778	805,426
Total Risk-Weighted Assets for Credit, Operational, and Market Risks	707,791,497	643,379,490	577,345,989

Table of the Capital Adequacy Ratio

(in %)

Description	2017	2016	2015
CAR for Core Capital	20.57	20.26	16.15
CAR for Credit Risk	25.98	25.00	21.57
CAR for Credit and Operational Risks	22.06	21.42	18.63
CAR for Credit and Market Risks	25.40	24.92	21.53
CAR for Credit, Operational, and Market Risks	21.64	21.36	18.60
Minimum CAR for Core Capital	6.00	6.00	6.00
Minimum CAR Based on the Risk Profile	9.5	9.52	9.00

Capital Adequacy and Implementation of Basel II and Basel III

In order to provide an added value to our stakeholders and to show that Bank Mandiri complies with the capital adequacy requirements set by the regulator, Bank Mandiri always ensures that its capital structure is strong enough to support current business development strategies and to maintain sustainability of its business in the future.

The risk management of Bank Mandiri's capital aspect includes the policy of diversifying capital sources in accordance with the long-term strategic plan and the efficient capital allocation policy for business segments with an optimal risk-return profile (including placement with Subsidiaries). This aims to meet the expectations of stakeholders, including investors and regulators.

Bank Mandiri ensures that it has sufficient capital to cover credit, market, and operational risks, viewed from both provisions of regulations (regulatory capital) and internal needs (economic capital). Bank Mandiri calculates capital adequacy for credit, market, and operational risks based on the regulations of Bank Indonesia and OJK (Basel II and Basel III), particularly Pillar 1.

In addition to the above calculations, Bank Mandiri also develops capital adequacy calculations with reference to Pillar 2 Basel II or better known as the Internal Capital Adequacy Assessment Process (ICAAP) approach. ICAAP covers, among others, the determination of risk appetite, overall risk assessment, capital planning, and bank-wide stress testing.

In relation to the calculation of capital adequacy, the Bank uses the standardized approach of Basel II for credit risk and has included the External Rating component. In addition, the Bank has gradually performed simulation of the Internal Ratings-Based Approach. For the market risk, the Bank uses the standardized measurement method of Basel II, and, internally, Value at Risk. For the operational risk, the Bank employs to the basic indicator approach of Basel II.

The Bank has implemented Basel III implementation referring to the Basel documentation as well as the regulations and initiatives issued by OJK. As part of the implementation of Basel III in Indonesia, the Bank has reported monthly Liquidity Coverage Ratio (LCR) fulfillment, as well as conducting quarterly Net Stable Funding Ratio (LS) and Leverage Ratio (LR) calculations in accordance with the OJK provisions. In December 2017, the Bank may maintain a liquidity adequacy ratio (LCR) of 199.9% and a stable net funding ratio (NSFR) of 123.9%. In terms of capital, the Bank also shows the core capital of total assets with Leverage Ratio (LR) of 13.87%.

In order to improve the Bank's ability to face the risks of counterparty failure to meet its obligations, the Bank has implemented applying the credit valuation adjustment (CVA) calculation and the Standardized Approach Counterparty Credit Risk (SA-CCR) calculation which is a refinement of the existing CCR framework.

The Bank is also actively participating in the Basel III and Quantitative Impact Study (QIS) working groups carried out by the Basel Committee on Banking Supervision (BCBS) through the Financial Services Authority on a semiannual basis. Based on the position of June 2017, the results of QIS Bank on a consolidated basis indicate that in general the Bank has complied with the guidelines in Basel III, with the result of Capital Adequacy Ratio (CAR) simulation of 20.8% (minimum ratio $\geq 12\%$). The QIS results also show that the Bank operates at a low risk level, indicated by the adequacy of Leverage Ratio (LR) of 13.16% (minimum ratio of $\geq 3\%$). As for the fulfillment of Global Liquidity Standard which shows stable liquidity and stable funding sources, Bank Mandiri has a Liquidity Coverage Ratio (LCR) of 180% (minimum ratio of $\geq 100\%$) and Net Stable Funding Ratio (NSFR) of 124% (minimum ratio $\geq 100\%$).

As per Position Risk Profile of June 2017, Bank Mandiri's minimum Capital Adequacy Ratio (CAR) is 9-10%. Bank Mandiri has also used the Capital Add-On method, so the minimum CAR that Bank Mandiri needs to meet is 9.50%. The Bank always prepares capital to face the minimum capital requirement of Basel III according to the OJK timeline. In December 2017, Bank Mandiri's CAR of 21.64% has met the minimum capital requirement according to the Basel III framework adopted by OJK of 12% (consisting of CAR according to Risk Profile of 9.5%, Capital Conservation Buffer 1.25% and D-SIB Capital Surcharge 1.25%). Bank Mandiri's strong capital structure with a CET 1 ratio of 20.57% has also met the minimum CET 1 requirement of 4.5%, and a Tier 1 minimum of 6%.

Tabel 1.a Quantitative Disclosure of Bank Mandiri's Capital Structure

(in Million Rupiahs)

		31 Desember 2017		31 Desember 2016	
		Bank	Consolidation	Bank	Consolidation
I	Core Capital (Tier 1)	145,616,420	157,195,865	130,356,495	140,303,507
1	Core Capital/Common Equity Tier 1 (CET 1)	145,616,420	157,195,865	130,356,495	140,303,507
1.1	Paid Up Capital (After deduction with Treasury Stock)	11,666,667	11,666,667	11,666,667	11,666,667
1.2	Additional Capital Reserves	148,241,937	155,504,648	132,118,291	138,702,183
1.2.1	Supplementary factors	148,481,857	155,746,400	133,126,534	139,618,360
1.2.1.1	Other Comprehensive Income	26,428,012	27,072,686	24,870,451	25,371,375
1.2.1.1.1	The excess of financial statement translation	3,939	170,560	46,689	203,610
1.2.1.1.2	Potential benefits from the increase on fair value Saldo surplus revaluasi aset tetap	1,101,445	1,235,495	27,242	27,242
1.2.1.1.3	The balance of revaluation surplus	25,322,628	25,666,631	24,796,520	25,140,523
1.2.1.2	Other disclosed capital reserves	122,053,845	128,673,714	108,256,083	114,246,985
1.2.1.2.1	Agio	17,476,308	17,316,192	17,476,308	17,316,192
1.2.1.2.2	General reserves	2,333,333	2,333,333	2,333,333	2,333,333
1.2.1.2.3	Prior years profit	82,233,488	88,384,506	75,375,254	80,790,895
1.2.1.2.4	Profit for the year	20,010,716	20,639,683	13,071,188	13,806,565
1.2.1.2.5	Capital paid in advance	-	-	-	-
1.2.1.2.6	Others	-	-	-	-
1.2.2	Reduction factors	(239,920)	(241,752)	(1,008,243)	(916,177)
1.2.2.1	Other Comprehensive Income	(12,186)	(12,186)	(773,291)	(680,286)
1.2.2.1.1	Less difference of financial statement translation	(2,148)	(2,148)	(1,247)	(1,247)
1.2.2.1.2	Potential loss from the increase on fair value of financial assets in available for sale category	(10,038)	(10,038)	(772,044)	(679,039)
1.2.2.2	Other disclosed capital reserves	(227,734)	(229,566)	(234,952)	(235,891)
1.2.2.2.1	Disagio	-	-	-	-
1.2.2.2.2	Prior years loss	-	-	-	-
1.2.2.2.3	Loss for the year	-	-	-	-
1.2.2.2.4	Less difference between PPA and CKPN on productive assets	-	-	-	-
1.2.2.2.5	Less difference of amount of fair value adjustment from the financial instruments in Trading Book	-	-	-	-
1.2.2.2.6	PPA non-productive assets that should be provided	(227,734)	(229,566)	(234,952)	(235,891)
1.2.2.2.7	Others	-	-	-	-
1.3	Non-controlling interests that can be taken into account	-	617,375	-	458,658
1.4	Reduction factors of core capital	(14,292,184)	(10,592,825)	(13,428,463)	(10,524,001)
1.4.1	Deferred taxes calculation	(4,969,726)	(5,353,791)	(5,435,589)	(5,777,248)
1.4.2	Goodwill	-	(117,741)	-	(117,741)
1.4.3	The whole other intangible assets	(1,866,459)	(1,967,293)	(1,436,314)	(1,519,757)
1.4.4	Investments that taken into account as a reduction	(7,430,999)	(3,129,000)	(6,531,560)	(3,084,255)
1.4.5	Lack of capital in insurance subsidiaries	-	-	-	-
1.4.6	Securitization exposures	(25,000)	(25,000)	(25,000)	(25,000)
1.4.7	Other reduction factors of core capital	-	-	-	-
1.4.7.1	Placement of funds on the instrument AT 1 and/or Tier 2 in other banks	-	-	-	-
1.4.7.2	Cross-ownership on other entities acquired by the transition because of the law, grants, or grants will	-	-	-	-
2	Additional Core Capital/Additional Tier 1 (AT 1)	-	-	-	-
2.1	Instruments that meet the requirements of AT 1	-	-	-	-
2.2	Agio/Disagio	-	-	-	-
2.3	Reduction factors of Additional Core Capital	-	-	-	-
2.3.1	Placement of funds on the instrument AT 1 and/or Tier 2 in other banks	-	-	-	-
2.3.2	Cross-ownership on other entities acquired by the transition because of the law, grants, or grants will	-	-	-	-

		31 Desember 2017		31 Desember 2016	
		Bank	Consolidation	Bank	Consolidation
II	Supplementary Factors (Tier 2)	7,561,895	8,347,389	7,075,719	7,761,071
1	Capital instruments in the form of shares or others that meet the requirements of Tier 2	191,501	191,501	205,135	205,135
2	Agio/Disagio	-	-	-	-
3	PPA general reserves on productive assets that shall be constituted (at most 1.25% of RWA for Credit Risk)	7,370,394	8,155,888	6,870,584	7,555,936
4	Reduction factors of supplementary capital	-	-	-	-
4.1	Sinking Fund	-	-	-	-
4.2	Investment on the instrument of Tier 2 in other banks	-	-	-	-
4.3	Cross-ownership on other entities acquired by the transition because of the law, grants, or grants will	-	-	-	-
III	Total Capital (I+II)	153,178,315	165,543,254	137,432,214	148,064,578

Tabel 1.a Quantitative Disclosure of Bank Mandiri's Capital Structure

		31 Desember 2017		31 Desember 2016		31 Desember 2017		31 Desember 2016	
		Bank	Consolidated	Bank	Consolidated	Bank	Consolidated	Bank	Consolidated
Risk Weighted Assets (Rwa) Based On Risks									
Risk Weighted Assets (RWA) For Credit risks	589,631,509	652,471,017	549,646,704	604,474,920	Rasio CET 1 (%)	20.57%	19.97%	20.26%	19.67%
Risk Weighted Assets (RWA) For Market risks	13,367,349	13,244,875	1,800,778	1,362,981	Rasio Tier 1 (%)	20.57%	19.97%	20.26%	19.67%
Risk Weighted Assets (RWA) For Operational risks	104,792,639	121,563,432	91,932,008	107,559,670	Rasio Tier 2 (%)	1.07%	1.06%	1.10%	1.08%
Total Risk Weighted Assets (RWA)	707,791,497	787,279,324	643,379,490	713,397,571	Rasio CAR (%)	21.64%	21.03%	21.36%	20.75%
CAR ratio in accordance with profile risks	9.50%	9.49%	9.52%	9.53%		12.14%	11.54%	11.84%	11.22%
FULFILLMENT ALLOCATION OF CAR					PERCENTAGE OF BUFFER WHICH MANDATORY FILLED BY THE BANK				
From CET1	8.43%	8.43%	8.42%	8.45%	Capital conservation buffer (2.5% of ATMR) (%)	1.250%	1.250%	0.625%	0.625%
From AT1	0.00%	0.00%	0.00%	0.00%	Countercyclical buffer (0% - 2.5% of ATMR) (%)	0.00%	0.00%	0.00%	0.00%
From Tier 2	1.07%	1.06%	1.10%	1.08%	Capital surcharge (1% - 2.5% of ATMR) (%)	1.250%	1.250%	0.625%	0.625%

Practices Of Risk Management

This section describes the practices of risk management. For the explanation of the types of risk, please refer to the section on the Risk Profile and the Management in the Corporate Governance chapter of this Annual Report.

Disclosure Of Risk Exposure

Credit Risk

Based on the Standardized Approach, Bank Mandiri's exposure by region, term, and economic sector is described below.

Tabel 2.1.a Disclosure of Net Claims by Region – the Bank Separately

No	Portfolio Category	December 31, 2017							
		Net claims by region							
		Sumatera	Jakarta	Jawa	Kalimantan	Sulawesi & Maluku	Bali & Nusa Tenggara	Papua	Kantor Pusat
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Claims against Government		842,372						184,873,937
2	Claims against Public Sector Entities	15,113,055	49,072,216	14,655,908	5,151,053	831,470	630,965		34,611,835
3	Claims against Multilateral Development Banks and International Institutions								
4	Claims against Banks	18,643	36,892	70,761			54,562	2,290	42,123,428
5	Collateralized Housing Loans	2,364,078	8,239,939	7,218,230	1,143,498	1,613,778	1,091,789	201,458	
6	Collateralized Commercial Property Loans								
7	Loans to Employees/Pensioners								
8	Claims against MSMEs and Retail Portfolio	23,022,133	51,718,244	30,662,362	7,366,924	9,803,904	5,886,565	2,704,054	10,208,816
9	Claims against Corporations	67,963,749	153,035,444	67,732,945	21,533,072	11,527,429	9,875,567	2,522,120	73,510,707
10	Mature Claims	712,180	2,616,694	2,088,486	382,600	567,479	134,850	136,713	170,278
11	Other Assets								66,924,439
	Total	109,193,838	265,561,801	122,428,692	35,577,147	24,344,059	17,674,297	5,566,636	412,423,441

Tabel 2.1.b Disclosure of Net Claims by Region – the Bank Consolidated with Subsidiaries

No	Portfolio Category	December 31, 2017							
		Net claims by region							
		Sumatera	Jakarta	Jawa	Kalimantan	Sulawesi dan Maluku	Bali dan Nusa Tenggara	Papua	Kantor Pusat
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Claims against Government		842,372						187,375,075
2	Claims against Public Sector Entities	15,113,055	49,072,216	14,655,908	5,151,053	831,470	630,965		34,840,513
3	Claims against Multilateral Development Banks and International Institutions								
4	Claims against Banks	18,643	36,892	70,761			54,562	2,290	42,494,629
5	Collateralized Housing Loans	2,364,078	8,239,939	7,218,230	1,143,498	1,613,778	1,091,789	201,458	
6	Collateralized Commercial Property Loans								
7	Loans to Employees/Pensioners								8,174,670
8	Claims against MSMEs and Retail Portfolio	23,022,133	51,718,244	30,662,362	7,366,924	9,803,904	5,886,565	2,704,054	26,494,476
9	Claims against Corporations	67,963,749	153,035,444	67,732,945	21,533,072	11,527,429	9,875,567	2,522,120	74,495,386
10	Mature Claims	712,180	2,616,694	2,088,486	382,600	567,479	134,850	136,713	338,792
11	Other Assets								70,604,340
12	Exposure at Sharia Unit (If any)								88,350,774
	Total	109,193,838	265,561,801	122,428,692	35,577,147	24,344,059	17,674,297	5,566,636	533,168,656

*) Net claim of subsidiaries are monitored and recorded in head office.

(in Million Rupiahs)

December 31, 2016											
Net claims by region											
Overseas	Total	Sumatera	Jakarta	Jawa	Kalimantan	Sulawesi dan Maluku	Bali dan Nusa Tenggara	Papua	Head Office	Overseas	Total
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
18,827,311	204,543,620		959,332	500					197,743,278	16,086,662	214,789,772
489,513	120,556,014	17,069,341	41,209,270	14,626,242	5,238,726	1,171,144	669,089	948	26,659,405	342,412	106,986,577
10,104,822	52,411,398	598,435	96,373	163,181		3,892	124,591	3,489	35,809,192	4,728,863	41,528,016
	21,872,771	1,929,480	6,808,125	6,151,738	996,406	1,618,583	796,638	140,131			18,441,101
24,126	141,397,128	19,642,901	44,383,730	26,890,660	6,721,663	8,796,484	4,575,752	2,682,308	8,997,596	22,292	122,713,386
19,327,381	427,028,413	56,975,765	142,529,079	68,715,347	18,593,807	10,627,215	7,958,537	2,370,092	70,998,422	18,022,607	396,790,871
1,538	6,810,817	863,310	3,606,100	2,337,215	344,246	523,316	134,061	43,703	139,511	185,656	8,177,118
	66,924,439								64,497,979		64,497,979
48,774,690	1,041,544,601	97,079,232	239,592,009	118,884,883	31,894,848	22,740,634	14,258,668	5,240,671	404,845,383	39,388,492	973,924,820

(in Million Rupiahs)

December 31, 2016											
Net claims by region											
Overseas	Total	Sumatera	Jakarta	Jawa	Kalimantan	Sulawesi dan Maluku	Bali dan Nusa Tenggara	Papua	Head Office	Overseas	Total
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
18,827,311	207,044,758		959,332	500					199,423,193	16,086,662	216,469,687
489,513	120,784,692	17,069,341	41,209,270	14,626,242	5,238,726	1,171,144	669,089	948	26,924,948	342,412	107,252,120
10,104,822	52,782,599	598,435	96,373	163,181		3,892	124,591	3,489	35,633,755	4,728,863	41,352,579
	21,872,771	1,929,480	6,808,125	6,151,738	996,406	1,618,583	796,638	140,131			18,441,101
	8,174,670								2,917,617		2,917,617
24,126	157,682,788	19,642,901	44,383,730	26,890,660	6,721,663	8,796,484	4,575,752	2,682,308	20,187,149	22,292	133,902,939
19,327,381	428,013,092	56,975,765	142,529,079	68,715,347	18,593,807	10,627,215	7,958,537	2,370,092	71,585,026	18,022,607	397,377,475
1,538	6,979,332	863,310	3,606,100	2,337,215	344,246	523,316	134,061	43,703	332,474	185,656	8,370,081
	70,604,340								66,635,060		66,635,060
	88,350,774								80,344,554		80,344,554
48,774,690	1,162,289,816	97,079,231	239,592,008	118,884,884	31,894,849	22,740,634	14,258,668	5,240,670	503,983,775	39,388,492	1,073,063,212

Table 2.2.a Disclosure of Net Claims by the Remaining Term of the Contract – the Bank Separately

No	Portfolio Category	December 31, 2017				
		Net Claims by Remaining Contract Time				
		≤ 1 year	> 1 - 3 year	> 3 - 5 year	> 5 year	Non-Contractual
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Claims against Government	65,340,674	50,253,228	16,880,598	28,394,584	43,674,536
2	Claims against Public Sector Entities	61,316,525	14,714,869	13,777,978	30,746,642	0
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0
4	Claims against Banks	35,832,362	3,751,971	2,620,368	53,446	10,153,251
5	Collateralized Housing Loans	7,870,944	874,899	2,561,371	10,565,557	0
6	Collateralized Commercial Property Loans	0	0	0	0	0
7	Loans to Employees/Pensioners	0	0	0	0	0
8	Claims against MSMEs and Retail Portfolio	24,096,794	49,580,598	27,878,903	39,840,832	0
9	Claims against Corporations	231,001,739	60,011,333	65,105,480	70,909,861	0
10	Mature Claims	3,925,099	828,438	700,659	1,356,621	0
11	Other Assets	0	0	0	0	66,924,439
	Total	429,384,138	180,015,336	129,525,357	181,867,543	120,752,226

Table 2.2.b Disclosure of Net Claims by the Remaining Term of the Contract – the Bank Consolidated with Subsidiaries

No	Portfolio Category	December 31, 2017				
		Net Claims by Remaining Contract Time				
		≤ 1 year	> 1 - 3 year	> 3 - 5 year	> 5 year	Non-Contractual
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Claims against Government	66,139,653	50,867,719	17,087,012	28,741,790	44,208,584
2	Claims against Public Sector Entities	61,432,834	14,742,781	13,804,113	30,804,964	0
3	Claims against Multilateral Development Banks and International Institutions					
4	Claims against Banks	36,086,143	3,778,544	2,638,927	53,825	10,225,161
5	Collateralized Housing Loans	7,870,944	874,899	2,561,371	10,565,557	0
6	Collateralized Commercial Property Loans					
7	Loans to Employees/Pensioners	1,393,121	2,866,431	1,611,778	2,303,340	0
8	Claims against MSMEs and Retail Portfolio	26,872,184	55,291,129	31,089,904	44,429,569	0
9	Claims against Corporations	231,534,403	60,149,712	65,255,606	71,073,371	0
10	Mature Claims	4,022,214	848,935	717,995	1,390,187	0
11	Other Assets	0	0	0	0	70,604,340
12	Exposure at Sharia Unit (If any)	36,423,232	15,270,104	10,987,206	15,427,221	10,243,011
	Total	471,774,729	204,690,255	145,753,912	204,789,823	135,281,095

(in Million Rupiahs)

December 31, 2016							
Net Claims by Remaining Contract Time							
Total	≤ 1 year	> 1 - 3 year	> 3 - 5 year	> 5 year	Non-Contractual	Total	
(8)	(9)	(10)	(11)	(12)	(13)	(14)	
204,543,620	78,657,310	32,789,532	35,367,898	19,213,499	48,761,535	214,789,773	
120,556,014	53,005,957	12,780,040	11,021,111	30,179,469	0	106,986,577	
0	0	0	0	0	0	0	
52,411,398	26,707,484	5,255,684	1,541,357	71,982	7,951,507	41,528,015	
21,872,771	5,015,390	981,061	2,739,156	9,705,493	0	18,441,100	
0	0	0	0	0	0	0	
0	0	0	0	0	0	0	
141,397,128	20,729,283	45,908,880	21,641,960	34,433,263	0	122,713,385	
427,028,413	229,406,390	52,927,274	62,718,669	51,738,538	0	396,790,872	
6,810,817	3,541,037	1,117,570	1,118,086	2,400,423	0	8,177,117	
66,924,439	0	0	0	0	64,497,979	64,497,979	
1,041,544,601	417,062,851	151,760,041	136,148,237	147,742,668	121,211,021	973,924,818	

(in Million Rupiahs)

December 31, 2016							
Net Claims by Remaining Contract Time							
Total	≤ 1 year	> 1 - 3 year	> 3 - 5 year	> 5 year	Non-Contractual	Total	
(8)	(9)	(10)	(11)	(12)	(13)	(14)	
207,044,758	79,272,504	33,045,985	35,644,517	19,363,772	49,142,909	216,469,687	
120,784,692	53,137,519	12,811,760	11,048,466	30,254,375	0	107,252,120	
0	0	0	0	0	0	0	
52,782,599	26,707,484	5,255,684	1,541,357	71,982	7,776,072	41,352,579	
21,872,771	5,015,390	981,061	2,739,156	9,705,493	0	18,441,100	
0	0	0	0	0	0	0	
8,174,670	0	0	0	2,917,617	0	2,917,617	
157,682,788	22,619,471	50,095,056	23,615,370	37,573,041	0	133,902,939	
428,013,092	229,745,538	53,005,520	62,811,390	51,815,027	0	397,377,475	
6,979,331	3,624,599	1,143,943	1,144,471	2,457,069	0	8,370,081	
70,604,340	0	0	0	0	66,635,060	66,635,060	
88,350,774	34,394,790	13,308,177	14,028,829	12,877,980	5,734,778	80,344,554	
1,162,289,816	454,517,295	169,647,187	152,573,557	167,036,355	129,288,818	1,073,063,212	

Tabel 2.3.a Disclosure of Net Claims by Economic Sector – the Bank Separately

(in Million Rupiahs)

No.	Economic Sector	Claims against government	Claims against Public Sector Entities	Claims against Multilateral development Banks and international institutions	Claims against Banks	Collateralized Housing Loans	Collateralized Commercial Property Loans	Loans to Employees/Pensioners	Claims against MSMEs and retail Portfolio	Claims against Corporations	Mature Claims	Other assets	Exposure at Sharia unit (if any)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
31 Desember 2017													
1	Agriculture, menial labor and forestry	0	9,993,829	0	0	0	0	0	3,797,505	56,838,512	115,129	0	0
2	Fisheries	0	0	0	0	0	0	0	176,396	192,942	1,609	0	0
3	Mining and extractive industries	0	6,442,420	0	0	0	0	0	31,467	30,620,914	185,299	0	0
4	Processing industry	0	23,819,698	0	0	0	0	0	1,921,577	108,762,525	2,443,385	0	0
5	Power, gas and water	0	21,878,156	0	0	0	0	0	20,847	6,662,062	8,917	0	0
6	Construction	0	14,249,475	0	0	0	0	0	240,869	13,172,715	125,777	0	0
7	Wholesale and retail trade	0	605,455	0	0	0	0	0	24,187,761	59,228,225	2,182,459	0	0
8	Hospitality	0	361,477	0	0	0	0	0	3,629,882	2,856,241	63,816	0	0
9	Transportation, warehousing and communications	0	1,527,612	0	0	0	0	0	648,696	19,394,062	166,175	0	0
10	Financial intermediaries	0	6,617,564	0	52,411,398	0	0	0	165,436	16,206,093	928	0	0
11	Real estate, leasing and corporate services	78,869	2,660,727	0	0	0	0	0	2,786,701	25,508,743	193,291	0	0
12	Government administration, defense and mandatory social security	3,005,209	0	0	0	0	0	0	12,104	45,273	0	0	0
13	Education	0	11,028	0	0	0	0	0	33,852	107,174	656	0	0
14	Health and social activities	0	0	0	0	0	0	0	74,815	1,389,519	73,289	0	0
15	Social, cultural, entertainment and other personal services	0	0	0	0	0	0	0	5,588	207,971	1,765	0	0
16	Personal household services	0	0	0	0	0	0	0	5,558	28,392	457	0	0
17	International organizations and other extra international organizations	0	0	0	0	0	0	0	0	76,788	0	0	0
18	Indeterminate activities	0	0	0	0	0	0	0	2,593	56,533	0	0	0
19	Household	0	0	0	0	21,872,771	0	0	88,582,155	8,623,538	1,093,829	0	0
20	Non-Business Field	0	18,948	0	0	0	0	0	14,274,460	316,123	133,524	0	0
21	Miscellaneous (additional including for SBI, SUN)	201,459,542	32,369,625	0	0	0	0	0	798,866	76,734,068	20,512	66,924,439	0
Total		204,543,620	120,556,014	0	52,411,398	21,872,771	0	0	141,397,128	427,028,413	6,810,817	66,924,439	0
31 Desember 2016													
1	Agriculture, menial labor and forestry	0	11,652,846	0	0	0	0	0	1,656,758	40,672,718	126,157	0	0
2	Fisheries	0	0	0	0	0	0	0	76,918	235,884	6,605	0	0
3	Mining and extractive industries	0	3,318,338	0	0	0	0	0	43,586	26,663,276	1,063,825	0	0
4	Processing industry	0	20,695,005	0	0	0	0	0	1,056,044	96,227,595	1,369,050	0	0
5	Power, gas and water	0	19,475,747	0	0	0	0	0	24,494	4,216,787	185,886	0	0
6	Construction	0	8,896,387	0	0	0	0	0	302,094	15,206,702	238,250	0	0
7	Wholesale and retail trade	500	44,192	0	0	0	0	0	25,506,018	67,903,072	3,443,799	0	0
8	Hospitality	0	407,783	0	0	0	0	0	3,455,390	3,317,592	78,780	0	0
9	Transportation, warehousing and communications	0	5,904,983	0	0	0	0	0	857,913	17,424,588	496,987	0	0
10	Financial intermediaries	0	6,648,349	0	41,528,015	0	0	0	84,113	12,593,499	763	0	0
11	Real estate, leasing and corporate services	0	222,605	0	0	0	0	0	1,872,634	19,332,729	179,899	0	0
12	Government administration, defense and mandatory social security	3,304,430	0	0	0	0	0	0	16,537	61,036	1,193	0	0
13	Education	0	0	0	0	0	0	0	37,371	99,581	192	0	0
14	Health and social activities	0	0	0	0	0	0	0	86,456	1,582,546	3,213	0	0
15	Social, cultural, entertainment and other personal services	0	4,511	0	0	0	0	0	1,171,344	1,887,951	33,291	0	0
16	Personal household services	0	0	0	0	0	0	0	7,879	30,447	1,814	0	0
17	International organizations and other extra international organizations	0	0	0	0	0	0	0	0	33,687	0	0	0
18	Indeterminate activities	0	0	0	0	0	0	0	0	703	0	0	0
19	Household	0	0	0	0	18,441,101	0	0	77,532,355	7,693,239	830,242	0	0
20	Non-Business Field	0	0	0	0	0	0	0	8,686,052	273,346	106,754	0	0
21	Miscellaneous (additional including for SBI, SUN)	211,484,843	29,715,833	0	0	0	0	0	239,432	81,333,895	10,417	64,497,979	0
Total		214,789,773	106,986,577	0	41,528,015	18,441,101	0	0	122,713,385	396,790,872	8,177,117	64,497,979	0

Note:

Net claims which recorded on 'Others' among other 'Other Assets', as well as non-cash loan such as placements of Bank Indonesia, securities, BG, and L/C. *) Sectors that disclosed are the sectors that have nominal value/material balance. For sectors which are not material, combined into one by the name of other sectors and described to the stakeholders.

Tabel 2.3.b Disclosure of Net Claims by Economic Sector – the Bank Consolidated with Subsidiaries

(in Million Rupiahs)

No.	Economic Sector	Claims against government	Claims against Public Sector Entities	Claims against Multilateral development Banks and international institutions	Claims against Banks	Collateralized Housing Loans	Collateralized Commercial Property Loans	Loans to Employees/Pensioners	Claims against MSMEs and Retail Portfolio	Claims against Corporations	Mature Claims	Other Assets	Exposure at Sharia unit (if any)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
31 Desember 2017													
1	Agriculture, menial labor and forestry	0	9,993,829	0	0	0	0	0	3,797,505	56,838,512	115,129	0	0
2	Fisheries	0	0	0	0	0	0	0	176,396	192,942	1,609	0	0
3	Mining and extractive industries	0	6,442,420	0	0	0	0	0	31,467	30,620,914	185,299	0	0
4	Processing industry	0	23,819,698	0	0	0	0	0	1,921,577	108,762,525	2,443,385	0	0
5	Power, gas and water	0	21,878,156	0	0	0	0	0	20,847	6,662,062	8,917	0	0
6	Construction	0	14,249,475	0	0	0	0	0	240,869	13,172,715	125,777	0	0
7	Wholesale and retail trade	0	605,455	0	0	0	0	0	24,187,761	59,228,225	2,182,459	0	0
8	Hospitality	0	361,477	0	0	0	0	0	3,629,882	2,856,241	63,816	0	0
9	Transportation, warehousing and communications	0	1,527,612	0	0	0	0	0	648,696	19,394,062	166,175	0	0
10	Financial intermediaries	0	6,617,564	0	52,411,398	0	0	0	165,436	16,206,093	928	0	0
11	Real estate, leasing and corporate services	78,869	2,660,727	0	0	0	0	0	2,786,701	25,508,743	193,291	0	0
12	Government administration, defense and mandatory social security	3,005,209	0	0	0	0	0	0	12,104	45,273	0	0	0
13	Education	0	11,028	0	0	0	0	0	33,852	107,174	656	0	0
14	Health and social activities	0	0	0	0	0	0	0	74,815	1,389,519	73,289	0	0
15	Social, cultural, entertainment and other personal services	0	0	0	0	0	0	0	5,588	207,971	1,765	0	0
16	Personal household services	0	0	0	0	0	0	0	5,558	28,392	457	0	0
17	International organizations and other extra international organizations	0	0	0	0	0	0	0	0	76,788	0	0	0
18	Indeterminate activities	0	0	0	0	0	0	0	2,593	56,533	0	0	0
19	Household	0	0	0	0	21,872,771	0	0	88,582,155	8,623,538	1,093,829	0	0
20	Non-Business Field	0	18,948	0	0	0	0	0	14,274,460	316,123	133,524	0	0
21	Miscellaneous (additional including for SBI, SUN)	203,960,680	32,598,303	0	371,200	0	0	8,174,670	17,084,526	77,718,747	189,026	70,604,340	88,350,774
Total		207,044,758	120,784,692	0	52,782,599	21,872,771	0	8,174,670	157,682,788	428,013,092	6,979,331	70,604,340	88,350,774
31 Desember 2016													
1	Agriculture, menial labor and forestry	0	11,652,846	0	0	0	0	0	1,656,758	40,672,718	126,157	0	0
2	Fisheries	0	0	0	0	0	0	0	76,918	235,884	6,605	0	0
3	Mining and extractive industries	0	3,318,338	0	0	0	0	0	43,586	26,663,276	1,063,825	0	0
4	Processing industry	0	20,695,005	0	0	0	0	0	1,056,044	96,227,595	1,369,050	0	0
5	Power, gas and water	0	19,475,747	0	0	0	0	0	24,494	4,216,787	185,886	0	0
6	Construction	0	8,896,387	0	0	0	0	0	302,094	15,206,702	238,250	0	0
7	Wholesale and retail trade	500	44,192	0	0	0	0	0	25,506,018	67,903,072	3,443,799	0	0
8	Hospitality	0	407,783	0	0	0	0	0	3,455,390	3,317,592	78,780	0	0
9	Transportation, warehousing and communications	0	5,904,983	0	0	0	0	0	857,913	17,424,588	496,987	0	0
10	Financial intermediaries	0	6,648,349	0	41,352,579	0	0	0	84,113	12,593,499	763	0	0
11	Real estate, leasing and corporate services	0	222,605	0	0	0	0	0	1,872,634	19,332,729	179,899	0	0
12	Government administration, defense and mandatory social security	3,304,430	0	0	0	0	0	0	16,537	61,036	1,193	0	0
13	Education	0	0	0	0	0	0	0	37,371	99,581	192	0	0
14	Health and social activities	0	0	0	0	0	0	0	86,456	1,582,546	3,213	0	0
15	Social, cultural, entertainment and other personal services	0	4,511	0	0	0	0	0	1,171,344	1,887,951	33,291	0	0
16	Personal household services	0	0	0	0	0	0	0	7,879	30,447	1,814	0	0
17	International organizations and other extra international organizations	0	0	0	0	0	0	0	0	33,687	0	0	0
18	Indeterminate activities	0	0	0	0	0	0	0	0	703	0	0	0
19	Household	0	0	0	0	18,441,101	0	0	77,532,355	7,693,239	830,242	0	0
20	Non-Business Field	0	0	0	0	0	0	0	8,686,052	273,346	106,754	0	0
21	Miscellaneous (additional including for SBI, SUN)	213,164,757	29,981,376	0	0	0	0	2,917,617	11,428,986	81,920,498	203,382	66,635,060	80,344,554
Total		216,469,687	107,252,120	0	41,352,579	18,441,101	0	2,917,617	133,902,939	397,377,475	8,370,081	66,635,060	80,344,554

Note:

Net claims which recorded on 'Others' among other 'Other Assets', as well as non-cash loan such as placements of Bank Indonesia, securities, BG, and L/C. *) Sectors that disclosed are the sectors that have nominal value/material balance. For sectors which are not material, combined into one by the name of other sectors and described to the stakeholders..

Disclosure of the Exposure to Credit Risk and Allowance

Bank Mandiri implements policies that always prioritize the principles of prudence in credit risk mitigation, including in determining allowance for impairment losses on assets.

Allowance by Region – the Bank Separately and Consolidated with Subsidiaries

Tabel 2.4.a Disclosure of Claims and Allowance by Region – the Bank Separately

(in Million Rupiahs)

No	Description	December 31, 2017								
		Claims by Region								
		Sumatera	Jakarta	Jawa	Kalimantan	Sulawesi & Maluku	Bali & Nusa Tenggara	Papua	Kantor Pusat	Overseas
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	Claims	108,684,361	272,464,732	126,648,234	36,812,820	24,974,838	17,978,027	5,620,692	359,139,942	42,998,450
2	Impaired Claims									
	a. Outstanding	3,288,025	7,662,529	7,367,351	1,649,162	1,485,438	436,190	151,704	962,408	110,148
	b. Mature	1,521,601	9,345,749	7,751,392	1,181,551	1,206,650	293,597	237,418	1,548,393	292,645
3	Reserves for Impairmentsi (CKPN) - Bank Individually **)	1,696,349	12,323,365	6,574,279	1,138,542	305,781	219,640	2,555	743,057	217,822
4	Reserves for Impairmentsi (CKPN) - Collective **)	1,443,011	2,097,266	1,967,103	730,473	1,147,279	311,880	210,396	284,669	36,284
5	Written-off claims ***)	1,907,185	3,512,559	2,914,272	605,188	973,155	270,584	138,420	1,264,860	-

Tabel 2.4.b Disclosure of Claims and Allowance by Region – the Bank Consolidated with Subsidiaries

(in Million Rupiahs)

No	Description	December 31, 2017							
		Claims by Region							
		Sumatera	Jakarta	Jawa	Kalimantan	Sulawesi & Maluku	Bali & Nusa Tenggara	Papua	Head Office
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Claims	108,684,361	272,464,732	126,648,234	36,812,820	24,974,838	17,978,027	5,620,692	480,927,680
2	Impaired Claims								
	a. Outstanding	3,288,025	7,662,529	7,367,351	1,649,162	1,485,438	436,190	151,704	962,408
	b. Mature	1,521,601	9,345,749	7,751,392	1,181,551	1,206,650	293,597	237,418	3,414,497
3	Reserves for Impairmentsi (CKPN) - Bank Individually **)	1,696,349	12,323,365	6,574,279	1,138,542	305,781	219,640	2,555	1,225,538
4	Reserves for Impairmentsi (CKPN) - Collective **)	1,443,011	2,097,266	1,967,103	730,473	1,147,279	311,880	210,396	1,475,078
5	Written-off claims ***)	1,907,185	3,512,559	2,914,272	605,188	973,155	270,584	138,420	4,375,880

**) Reserves for Impairments is subject to the definition set out in Circular No. 13/6/DPNP dated February 18, 2011 on the calculation of Credit RWA (without collectability 1)

**) Written-off claims only for the bank individually

****) Subsidiaries Net Claims is monitored and recorded in Head Office

31 Desember 2016										
Claims by Region										
Total	Sumatera	Jakarta	Jawa	Kalimantan	Sulawesi & Maluku	Bali & Nusa Tenggara	Papua	Kantor Pusat	Overseas	Total
(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
995,322,097	97,486,043	249,212,847	121,660,549	33,528,580	23,225,532	14,479,418	5,240,398	354,966,406	36,303,136	936,102,909
23,112,957	2,949,243	7,008,616	7,077,209	1,502,033	1,381,394	351,305	141,440	951,224	92,997	21,455,460
23,378,996	1,830,445	11,580,048	7,104,571	797,116	1,067,044	299,178	92,410	1,542,085	280,563	24,593,461
23,221,389	1,679,408	13,037,404	5,353,229	1,495,007	261,176	212,296		1,131,941	49,966	23,220,426
8,228,360	897,912	928,045	1,132,652	384,913	457,255	93,105	68,389	1,456,738	53,787	5,472,795
11,586,223	1,552,809	1,418,113	2,424,063	612,632	1,164,750	78,823	129,502	4,114,213	-	11,494,905

31 Desember 2016											
Claims by Region											
Overseas	Total	Sumatera	Jakarta	Jawa	Kalimantan	Sulawesi & Maluku	Bali & Nusa Tenggara	Papua	Office	Overseas	Total
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
42,998,450	1,117,109,835	97,486,043	249,212,847	121,660,549	33,528,580	23,225,532	14,479,418	5,240,398	435,278,002	36,303,136	1,016,414,505
110,148	23,112,957	2,949,243	7,008,616	7,077,209	1,502,033	1,381,394	351,305	141,440	951,224	92,997	21,455,460
292,645	25,245,099	1,830,445	11,580,048	7,104,571	797,116	1,067,044	299,178	92,410	3,804,457	280,563	26,855,832
217,822	23,703,870	1,679,408	13,037,404	5,353,229	1,495,007	261,176	212,296		2,999,811	49,966	25,088,297
36,284	9,418,770	897,912	928,045	1,132,652	384,913	457,255	93,105	68,389	3,109,850	53,787	7,125,908
-	14,697,243	1,552,809	1,418,113	2,424,063	612,632	1,164,750	78,823	129,502	6,156,252	-	13,536,944

Allowance by Economic Sector – the Bank Separately and Consolidated with Subsidiaries

Tabel 2.5.a Disclosure of Claims and Allowance by Economic Sector – the Bank Separately

(in Million Rupiahs)

No.	Economy Sector	Claims	Impairment Claims		Allowance for Impairment Losses - Individual	Allowance for Impairment Losses - Collective	Deleted Claims
			Not Yet Due	Due Date			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
31 December 2017							
1	Agriculture, menial labor and forestry	72,274,641	1,167,642	578,349	2,086,506	506,908	267,585
2	Fisheries	363,065	5,176	3,230	0	9,886	13,712
3	Mining and extractive industries	35,510,524	310,986	1,593,493	1,397,517	91,923	306,449
4	Processing industry	143,475,767	8,228,373	7,653,920	11,106,693	729,977	2,538,914
5	Power, gas and water	28,724,982	8,435	117,645	157,933	54,013	16,509
6	Construction	27,384,539	441,903	377,406	331,203	536,047	340,282
7	Wholesale and retail trade	90,791,040	3,690,107	7,777,633	4,580,557	2,710,963	4,781,976
8	Hospitality	7,199,919	290,658	149,029	175,952	250,367	170,364
9	Transportation, warehousing and communications	22,748,430	552,357	816,353	986,886	188,492	314,071
10	Financial intermediaries	24,291,498	1,383	1,930	929,991	120,756	1,447
11	Real estate, leasing and corporate services	31,315,673	1,331,138	595,475	325,988	435,590	401,891
12	Government administration, defense and mandatory social security	3,060,706	9,240	.	438,679	5,104	11,523
13	Education	153,284	11,085	1,110	0	3,496	9,629
14	Health and social activities	1,606,751	9,696	146,708	72,583	18,775	5,584
15	Social, cultural, entertainment and other personal services	306,469	99,609	92,884	89,838	4,156	119,898
16	Personal household services	34,827	7,553	780	0	1,468	1,115
17	International organizations and other extra international organizations	76,788	0	.	0		
18	Indeterminate activities	59,065	0	.	0		
19	Household	107,427,321	0	1,506,239	8,112	1,125,147	2,285,274
20	Non-Business Field	8,746,537	6,554,526	1,228,427		3,307	
21	Miscellaneous (additional including for SBI, SUN)	389,770,270	393,091	738,383	532,952	1,431,985	
	Total	995,322,097	23,112,957	23,378,996	23,221,389	8,228,360	11,586,223
31 December 2016							
1	Agriculture, menial labor and forestry	56,680,446	915,708	678,826	3,061,537	206,709	288,616
2	Fisheries	321,431	4,582	13,228	0	7,276	14,657
3	Mining and extractive industries	31,873,709	279,136	1,983,748	1,177,350	19,067	505,593
4	Processing industry	125,901,377	7,220,477	7,811,396	11,699,475	243,132	2,189,719
5	Power, gas and water	23,926,086	7,026	211,997	22,917	4,639	427,623
6	Construction	24,274,124	391,710	610,736	460,652	52,316	46,396
7	Wholesale and retail trade	99,310,019	4,036,352	7,619,226	2,817,808	1,989,482	4,929,821
8	Hospitality	7,483,710	302,115	176,116	117,180	148,957	130,460
9	Transportation, warehousing and communications	26,052,500	632,584	1,859,163	1,448,732	113,903	721,659
10	Financial intermediaries	51,253,514	2,917	1,210,764	1,297,881	1,142	29,341
11	Real estate, leasing and corporate services	21,651,124	920,326	538,601	269,098	206,233	199,987
12	Government administration, defense and mandatory social security	3,382,781	10,212	2,507	745	1,511	6,022
13	Education	145,070	10,491	349	8,063	366	8,072
14	Health and social activities	1,671,508	10,087	6,638	238	4,648	2,696
15	Social, cultural, entertainment and other personal services	3,126,453	98,024	71,051	2,973	65,562	80,060
16	Personal household services	42,255	9,164	3,525	0	2,743	1,967
17	International organizations and other extra international organizations	33,687	0	0	0		0
18	Indeterminate activities	703	0		0		0
19	Household	105,407,822		1,496,634	6,815	921,945	1,912,216
20	Non-Business Field	9,333,968	6,250,885	266,969	0	52	
21	Miscellaneous (additional including for SBI, SUN)	344,230,624	353,667	31,987	828,962	1,483,113	0
	Total	936,102,910	21,455,460	24,593,461	23,220,426	5,472,795	11,494,905

*) The sectors listed are those that have material balances. For sectors without material balances, they have been combined in Miscellaneous

**) Gross claims (Reserves for Impairments not yet deducted)

***) Reserves for Impairments is subject to the definition set out in Circular No. 13/6/DPNP dated February 18, 2011 on the calculation of Credit RWA (without collectability 1)

****) Written-off claims only for the bank individually

Note: Net Claim of subsidiaries are recorded on Other Economic Sectors

Tabel 2.5.b Disclosure of Claims and Allowance by Economic Sector – the Bank Consolidated with Subsidiaries

(in Million Rupiahs)

No.	Economy Sector	Claims	Impairment Claims		Allowance for Impairment Losses - Individual	Allowance for Impairment Losses - Collective	Deleted Claims
			Not Yet Due	Due Date			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
31 Desember 2017							
1	Agriculture, menial labor and forestry	72,274,641	1,167,642	578,349	2,086,506	506,908	267,585
2	Fisheries	363,065	5,176	3,230	0	9,886	13,712
3	Mining and extractive industries	35,510,524	310,986	1,593,493	1,397,517	91,923	306,449
4	Processing industry	143,475,767	8,228,373	7,653,920	11,106,693	729,977	2,538,914
5	Power, gas and water	28,724,982	8,435	117,645	157,933	54,013	16,509
6	Construction	27,384,539	441,903	377,406	331,203	536,047	340,282
7	Wholesale and retail trade	90,791,040	3,690,107	7,777,633	4,580,557	2,710,963	4,781,976
8	Hospitality	7,199,919	290,658	149,029	175,952	250,367	170,364
9	Transportation, warehousing and communications	22,748,430	552,357	816,353	986,886	188,492	314,071
10	Financial intermediaries	24,291,498	1,383	1,930	929,991	120,756	1,447
11	Real estate, leasing and corporate services	31,315,673	1,331,138	595,475	325,988	435,590	401,891
12	Government administration, defense and mandatory social security	3,060,706	9,240	.	438,679	5,104	11,523
13	Education	153,284	11,085	1,110	0	3,496	9,629
14	Health and social activities	1,606,751	9,696	146,708	72,583	18,775	5,584
15	Social, cultural, entertainment and other personal services	306,469	99,609	92,884	89,838	4,156	119,898
16	Personal household services	34,827	7,553	780	0	1,468	1,115
17	International organizations and other extra international organizations	76,788	0	.	0		-
18	Indeterminate activities	59,065	0	.	0		-
19	Non-Business Field	107,427,321	0	1,506,239	8,112	1,125,147	2,285,274
20	Miscellaneous (additional including for SBI, SUN)	8,746,537	6,554,526	1,228,427		3,307	-
21	Lainnya (tambahan a.l. untuk SBI,SUN)	511,558,008	393,091	2,604,487	1,015,433	2,622,395	3,111,020
	Total	1,117,109,835	23,112,957	25,245,099	23,703,870	9,418,770	14,697,243
31 Desember 2016							
1	Agriculture, menial labor and forestry	56,680,446	915,708	678,826	3,061,537	206,709	288,616
2	Fisheries	321,431	4,582	13,228	0	7,276	14,657
3	Mining and extractive industries	31,873,709	279,136	1,983,748	1,177,350	19,067	505,593
4	Industri Pengolahan	125,901,377	7,220,477	7,811,396	11,699,475	243,132	2,189,719
5	Listrik, Gas, dan Air	23,926,086	7,026	211,997	22,917	4,639	427,623
6	Konstruksi	24,274,124	391,710	610,736	460,652	52,316	46,396
7	Perdagangan besar dan eceran	99,310,019	4,036,352	7,619,226	2,817,808	1,989,482	4,929,821
8	Penyediaan akomodasi dan penyediaan makan minum	7,483,710	302,115	176,116	117,180	148,957	130,460
9	Transportasi, pergudangan dan komunikasi	26,052,520	632,584	1,859,163	1,448,732	113,903	721,659
10	Perantara keuangan	51,253,514	2,917	1,210,764	1,297,881	1,142	29,341
11	Real estate, usaha persewaan dan jasa perusahaan	21,651,124	920,326	538,601	269,098	206,233	199,987
12	Administrasi Pemerintahan, pertahanan dan jaminan sosial wajib	3,382,781	10,212	2,507	745	1,511	6,022
13	Jasa pendidikan	145,070	10,491	349	8,063	366	8,072
14	Jasa kesehatan dan kegiatan sosial	1,671,508	10,087	6,638	238	4,648	2,696
15	Jasa kemasyarakatan, sosial budaya, hiburan dan perorangan lainnya	3,126,453	98,024	71,051	2,973	65,562	80,060
16	Jasa perorangan yang melayani rumah tangga	42,255	9,164	3,525	0	2,743	1,967
17	Badan internasional dan badan ekstra internasional lainnya	33,687	0	0	0		0
18	Kegiatan yang belum jelas batasannya	703	0		0		0
19	Rumah Tangga	105,407,822		1,496,634	6,815	921,945	1,912,216
20	Bukan Lapangan Usaha	9,333,968	6,250,885	266,969	0	52	
21	Lainnya (tambahan a.l. untuk SBI,SUN)	424,542,218	353,667	2,294,359	2,696,833	3,136,226	2,042,039
	Total	1,016,414,505	21,455,460	26,855,832	25,088,297	7,125,908	13,536,944

*) The sectors listed are those that have material balances. For sectors without material balances, they have been combined in Miscellaneous

**) Gross claims (Reserves for Impairments not yet deducted)

***) Reserves for Impairments is subject to the definition set out in Circular No. 13/6/DPNP dated February 18, 2011 on the calculation of Credit RWA (without collectability 1)

****) Written-off claims only for the bank individually

Note: Net Claim of subsidiaries are recorded on Other Economic Sectors

Details of the Movement of Allowance – the Bank Separately and Consolidated with Subsidiaries

Table 2.6.a Disclosure of Details of the Movement of Allowance for Impairment Losses – the Bank Separately

(in Million Rupiahs)

No.	Description	December 31, 2017		December 31, 2016	
		Reserves for impairments - Individual	Reserves for impairments - Collective ***)	Reserves for impairments - Individual	Reserves for impairments - Collective ***)
(1)	(2)	(3)	(4)	(5)	(6)
1	Opening Impairment Reserves balance	24,539,646	8,372,847	14,846,451	7,685,776
2	Allocation (Recovery) of Impairment Reserves in the current period (Net)	5,102,460	7,476,444	16,214,781	6,625,053
	2.a Allocation of Impairment Reserves in current period	5,615,537	7,526,534	16,223,254	6,625,053
	2.b Recovery of Impairment Reserves in current period	(513,077)	(50,090)	(8,473)	-
3	Impairment Reserves used to cover write-offs in current period	(4,478,412)	(7,107,811)	(5,965,014)	(5,529,891)
4	Other Allocation recovery in current period *)	(121,737)	(287,724)	(556,572)	(408,091)
	Closing Impairment Reserve Balance **)	25,041,957	8,453,756	24,539,646	8,372,847

Table 2.6.b Disclosure of Details of the Movement of Allowance for Impairment Losses – the Bank Consolidated with Subsidiaries

(in Million Rupiahs)

No.	Description	December 31, 2017		December 31, 2016	
		Reserves for impairments - Individual	Reserves for impairments - Collective ***)	Reserves for impairments - Individual	Reserves for impairments - Collective ***)
(1)	(2)	(3)	(4)	(5)	(6)
1	Opening Impairment Reserves balance	25,197,697	10,080,441	15,488,817	9,293,798
2	Allocation (Recovery) of Impairment Reserves in the current period (Net)	5,144,500	10,501,885	16,404,841	8,539,097
	2.a Allocation of Impairment Reserves in current period	5,644,438	10,555,175	16,404,841	8,539,273
	2.b Recovery of Impairment Reserves in current period	(499,938)	(53,290)	-	(176)
3	Impairment Reserves used to cover write-offs in current period	(4,615,412)	(10,081,830)	(5,965,014)	(7,571,930)
4	Other Allocation recovery in current period *)	(144,198)	(215,716)	(730,947)	(180,524)
	Closing Impairment Reserve Balance **)	25,582,587	10,284,780	25,197,697	10,080,441

*) 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

***) There are adjustment of initial balance reserve collectively on 31 December 2015 with implementation of PSAK No. 102 in subsidiaries

Credit Risk Based on the Standardized Approach

To calculate the Risk-Weighted Assets for Credit Risk, Bank Mandiri uses ratings issued by rating agencies recognized by regulators pursuant to the Circular of the Financial Services Authority (SE OJK) No. 37/SEOJK.03/2016 regarding Rating Agencies and Ratings Recognized by the Financial Services Authority (OJK). These ratings are used for the portfolio categories of entities in the public and corporate sectors.

As for the calculation of capital adequacy in connection with the exposure to counterparty credit risk, Bank Mandiri undertakes such

calculation in compliance with the Circular of the Financial Services Authority (SE OJK) No. 42/SEOJK.03/2016 concerning Guidelines for the Calculation of Risk-Weighted Assets for Credit Risk using a Standardized Approach, in which for results of the CVA calculation for risk-weighted assets, they will be reported starting from the position in January 2017 to the Financial Services Authority (OJK).

Disclosure of the Exposure to Credit Risk by Portfolio and Rating Scale Categories

The current standard approach-based reporting adopted by Bank Mandiri does not use external ratings for the portfolio category. However, for simulation purposes, exposure calculation has been undertaken based on external ratings as shown in the following table.

Net Claims by Rating Scale – the Bank Separately and Consolidated with Subsidiaries

Tabel 3.1.a. Disclosure of Net Claims by Portfolio and Rating Scale Categories – the Bank Separately

Desember 31, 2017						
No	No Portfolio Category	Rating Agency				Long term rating
		Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d A-(idn)	
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d id A-	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Claims against Government		896,082	35,110,346	6,124,145	
2	Claims against Public Sector Entities		40,518,294	15,786,949	22,249,915	9,091,095
3	Claims against Multilateral Development Banks and International Institutions					
4	Claims against Banks		1,361,378	607,376		
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		11,073,274	27,038,701	36,178,036	1,025,032
10	Mature Claims					
11	Other Assets					
	Total	0	53,849,028	78,543,372	64,552,096	10,116,127

Desember 31, 2016						
No	Portfolio Category	Rating Agency				Long term rating
		Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d A-(idn)	
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d id A-	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Claims against Government		8,895,529	36,742,354	4,221,756	0
2	Claims against Public Sector Entities		25,715,921	22,814,812	20,777,467	4,498,973
3	Claims against Multilateral Development Banks and International Institutions		0	0	0	0
4	Claims against Banks		926,762	488,810	104,135	0
5	Collateralized Housing Loans		0	0	0	0
6	Collateralized Commercial Property Loans		0	0	0	0
7	Loans to Employees/Pensioners		0	0	0	0
8	Claims against MSMEs and Retail Portfolio		0	0	0	0
9	Claims against Corporations		12,328,642	23,638,782	28,719,806	769,427
10	Mature Claims		0	0	0	0
11	Other Assets		0	0	0	0
	Total		47,866,854	83,684,759	53,823,163	5,268,400

(in Million Rupiahs)

Net claims								
Short term rating							Unrated	Total
BB+ s.d BB-	B+ s.d B-	Less than B-	A-1	A-2	A-3	Less than A-3		
BB+ s.d BB-	B+ s.d B-	Less than B-	F1+ s.d F1	F2	F3	Less than F3	Unrated	Total
Ba1 s.d Ba3	B1 s.d B3	Less than B3	P-1	P-2	P-3	Less than P-3		
BB+(idn) s.d BB-(idn)	B+(idn) s.d B-(idn)	Less than B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Less than F3(idn)	Unrated	Total
id BB+ s.d id BB-	id B+ s.d id B-	Less than idB-	idA1	idA2	idA3 s.d id A4	Less than idA4		
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
10,958,699							151,454,348	204,543,620
436,726							32,473,035	120,556,014
								0
							50,442,645	52,411,398
							21,872,771	21,872,771
								0
								0
							141,397,128	141,397,128
121,814							351,591,556	427,028,413
							6,810,817	6,810,817
							66,924,439	66,924,439
11,517,239	0	0	0	0	0	0	822,966,740	1,041,544,601

Net claims								
Short term rating							Unrated	Total
BB+ s.d BB-	B+ s.d B-	Less than B-	A-1	A-2	A-3	Less than A-3		
BB+ s.d BB-	B+ s.d B-	Less than B-	F1+ s.d F1	F2	F3	Less than F3	Unrated	Total
Ba1 s.d Ba3	B1 s.d B3	Less than B3	P-1	P-2	P-3	Less than P-3		
BB+(idn) s.d BB-(idn)	B+(idn) s.d B-(idn)	Less than B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Less than F3(idn)	Unrated	Total
id BB+ s.d id BB-	id B+ s.d id B-	Less than idB-	idA1	idA2	idA3 s.d id A4	Less than idA4		
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
10,638,849	0	0	0	0	0	0	154,291,286	214,789,773
4,216,706	0	0	0	0	0	0	28,962,699	106,986,577
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	40,008,307	41,528,015
0	0	0	0	0	0	0	18,441,100	18,441,100
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	122,713,385	122,713,385
0	0	0	0	0	0	0	331,334,215	396,790,872
0	0	0	0	0	0	0	8,177,117	8,177,117
0	0	0	0	0	0	0	64,497,979	64,497,979
14,855,554	0	0	0	0	0	0	768,426,088	973,924,818

Tabel 3.1.b. Disclosure of Net Claims by Portfolio and Rating Scale Categories – the Bank Consolidated with Subsidiaries

31 Desember 2017						
No	Portfolio Category	Rating Agency				Long term rating
		Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d A-(idn)	BBB+(idn) s.d BBB-(idn)
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d id A-	id BBB+ s.d id BBB-
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Claims against Government		1,030,634	35,110,346	6,124,145	
2	Claims against Public Sector Entities		40,518,294	15,913,410	22,352,132	9,091,095
3	Claims against Multilateral Development Banks and International Institutions					
4	Claims against Banks		1,408,975	607,376	323,603	
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		11,073,274	27,038,701	36,200,020	1,025,032
10	Mature Claims					
11	Other Assets					
12	Exposure at Sharia Unit (If any)		4,116,292		3,486,339	273,312
	Total	0	58,147,469	78,669,833	68,486,239	10,389,439

December 31, 2016						
No	Portfolio Category	Rating Agency				Long term rating
		Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d A-(idn)	BBB+(idn) s.d BBB-(idn)
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d id A-	id BBB+ s.d id BBB-
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Claims against Government		9,029,223	36,742,354	4,221,756	135,471
2	Claims against Public Sector Entities		25,722,887	22,814,812	20,777,467	4,757,550
3	Claims against Multilateral Development Banks and International Institutions		0	0	0	0
4	Claims against Banks		1,007,635	488,810	104,135	0
5	Collateralized Housing Loans		0	0	0	0
6	Collateralized Commercial Property Loans		0	0	0	0
7	Loans to Employees/Pensioners		0	0	0	0
8	Claims against MSMEs and Retail Portfolio		0	0	0	0
9	Claims against Corporations		12,363,676	23,643,682	28,724,820	769,427
10	Mature Claims		0	0	0	0
11	Other Assets		0	0	0	0
12	Exposure at Sharia Unit (If any)		2,772,642	0	683,075	57,903
	Total		50,896,061	83,689,658	54,511,253	5,720,351

(in Million Rupiahs)

Net claims								
Short term rating							Unrated	Total
BB+ s.d BB-	B+ s.d B-	Less than B-	A-1	A-2	A-3	Less than A-3		
BB+ s.d BB-	B+ s.d B-	Less than B-	F1+ s.d F1	F2	F3	Less than F3		
Ba1 s.d Ba3	B1 s.d B3	Less than B3	P-1	P-2	P-3	Less than P-3		
BB+(idn) s.d BB-(idn)	B+(idn) s.d B-(idn)	Less than B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Less than F3(idn)		
id BB+ s.d id BB-	id B+ s.d id B-	Less than idB-	idA1	idA2	idA3 s.d id A4	Less than idA4		
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
10,958,699							153,820,935	207,044,758
436,726							32,473,035	120,784,692
							0	0
							50,442,645	52,782,599
							21,872,771	21,872,771
							0	0
							8,174,670	8,174,670
							157,682,788	157,682,788
121,814	203,513						352,350,738	428,013,092
							6,979,331	6,979,331
							70,604,340	70,604,340
							80,474,831	88,350,774
11,517,239	203,513	0	0	0	0	0	934,876,084	1,162,289,816

Net claims								
Short term rating							Unrated	Total
BB+ s.d BB-	B+ s.d B-	Less than B-	A-1	A-2	A-3	Less than A-3		
BB+ s.d BB-	B+ s.d B-	Less than B-	F1+ s.d F1	F2	F3	Less than F3		
Ba1 s.d Ba3	B1 s.d B3	Less than B3	P-1	P-2	P-3	Less than P-3		
BB+(idn) s.d BB-(idn)	B+(idn) s.d B-(idn)	Less than B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Less than F3(idn)		
id BB+ s.d id BB-	id B+ s.d id B-	Less than idB-	idA1	idA2	idA3 s.d id A4	Less than idA4		
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
10,638,849	0	0	0	0	0	0	155,702,034	216,469,687
4,216,706	0	0	0	0	0	0	28,962,698	107,252,120
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	39,751,999	41,352,579
0	0	0	0	0	0	0	18,441,100	18,441,100
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	2,917,617	2,917,617
0	0	0	0	0	0	0	133,902,939	133,902,939
0	0	0	0	0	0	0	331,875,870	397,377,475
0	0	0	0	0	0	0	8,370,081	8,370,081
0	0	0	0	0	0	0	66,635,060	66,635,060
0	0	0	0	0	0	0	76,830,935	80,344,554
14,855,555	0	0	0	0	0	0	863,390,333	1,073,063,212

Disclosure of the Exposure to Counterparty Credit Risk

To suit the conditions of the financial market in Indonesia which still do not have many derivative instruments, Bank Mandiri's derivative exposure is less significant, while the interest-rate derivative exposure results from interest rate swap transactions. The position of the reverse repo transaction is with other banks and corporations, the position of the repo transactions is with other banks with underlying government bonds. Based on the standard approach-based reporting, the Bank's exposure in connection with derivative, repo, and reverse repo transactions is presented as follows.

Derivative Transactions – the Bank Separately and Consolidated with Subsidiaries

Tabel 3.2.a. Disclosure of Counterparty Credit Risk: Derivative Transactions

		31 Desember 2017						
No	Underlying Variable	Notional Amount			Derivative Claims	Derivative Obligations	Net Claims before MRK	MRK
		≤ 1 year	> 1 year - ≤ 5 year	> 5 year				
INDIVIDUALLY								
1	Interest Rate	28,000,850	3,267,563	0	37,154	13,726	53,492	0
2	Exchange Rate	140,649,131	16,749,962	0	387,812	217,948	2,631,801	0
3	Others	0	0	0	0	0	0	0
	TOTAL	168,649,980	20,017,524	0	424,966	231,673	2,685,293	0
CONSOLIDATED								
1	Interest Rate	28,000,850	5,875,593	0	60,356	33,266	89,734	0
2	Exchange Rate	140,649,131	16,749,962	0	387,812	217,948	2,631,801	0
3	Shares	0	0	0	0	0	0	0
4	Gold	0	0	0	0	0	0	0
5	Other metals besides gold	0	0	0	0	0	0	0
6	Others	0	0	0	0	0	0	0
	TOTAL	168,649,980	22,625,555	0	448,168	251,214	2,721,536	0

(in Million Rupiahs)

31 Desember 2016								
Net Claims after MRK	≤ 1 year	Notional Amount > 1 year - ≤ 5 year	> 5 year	Derivative Claims	Derivative Obligations	Net Claims before MRK	MRK	Net Claims after MRK
53,492	8,871,224	8,561,575	0	48,540	9,613	91,348	0	91,348
2,631,801	49,657,445	2,731,014	0	192,329	494,037	825,455	0	825,455
0	0	0	0	0	0	0	0	0
2,685,293	58,528,668	11,292,589	0	240,870	503,650	916,803	0	916,803
89,734	8,871,224	8,561,575	0	48,540	9,613	91,348	0	91,348
2,631,801	49,657,445	2,731,014	0	192,329	494,054	825,455	0	825,455
0	0	0	0	0	0	0	0	0
0	0	0	0	0		0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
2,721,536	58,528,668	11,292,589	0	240,870	503,667	916,803	0	916,803

Repo Transactions - the Bank Separately and Consolidated with Subsidiaries

Tabel 3.2.b.1. Disclosure of Counterparty Credit Risk: Repo Transactions – the Bank Separately

No	Portfolio Category	December 31, 2017	
		Fair repo SSB value	Repo Obligations
(1)	(2)	(3)	(4)
1	Claims against Government	4,187,398	0
2	Claims against Public Sector Entities	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0
4	Claims against Banks	0	3,592,883
5	Claims against MSMEs and Retail Portfolio	0	0
6	Claims against Corporations	0	0
	TOTAL	4,187,398	3,592,883

Tabel 3.2.b.2. Disclosure of Counterparty Credit Risk: Repo Transactions – the Bank Consolidated with Subsidiaries

No	Portfolio Category	December 31, 2017	
		Fair repo SSB value	Repo Obligations
(1)	(2)	(3)	(4)
1	Claims against Government	4,187,398	0
2	Claims against Public Sector Entities	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0
4	Claims against Banks	0	3,592,883
5	Claims against MSMEs and Retail Portfolio	0	0
6	Claims against Corporations	0	0
	TOTAL	4,187,398	3,592,883

(in Million Rupiahs)

		December 31, 2016			
Net Claims	RWA	Fair repo SSB value	Repo Obligations	Net Claims	RWA
(5)	(6)	(7)	(8)	(9)	(10)
0	0	3,914,691	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
594,516	291,443	0	3,353,042	561,650	256,998
0	0	0	0	0	0
0	0	0	0	0	0
594,516	291,443	3,914,691	3,353,042	561,650	256,998

(dalam jutaan Rupiah)

		December 31, 2016			
Net Claims	RWA	Fair repo SSB value	Repo Obligations	Net Claims	RWA
(5)	(6)	(7)	(8)	(9)	(10)
0	0	3,914,691	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
594,516	291,443	0	3,353,042	561,650	256,998
0	0	0	0	0	0
0	0	0	0	0	0
594,516	291,443	3,914,691	3,353,042	561,650	256,998

Reverse Repo - Transactions - the Bank Separately and Consolidated with Subsidiaries

Tabel 3.2.c.1. Disclosure of Counterparty Credit Risk: Reverse Repo Transactions – the Bank Separately

No	Portfolio Category	December 31, 2017	
		Fair repo SSB value	Repo Obligations
(1)	(2)	(3)	(4)
1	Claims against Government	826,341	0
2	Claims against Public Sector Entities	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0
4	Claims against Banks	1,502,775	0
5	Claims against MSMEs and Retail Portfolio	0	0
6	Claims against Corporations	0	0
	TOTAL	2,329,116	0

Tabel 3.2.c.2. Disclosure of Counterparty Credit Risk: Reverse Repo Transactions – the Bank Consolidated with Subsidiaries

No	Portfolio Category	December 31, 2017	
		Fair repo SSB value	Repo Obligations
(1)	(2)	(3)	(4)
1	Claims against Government	963,646	0
2	Claims against Public Sector Entities	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0
4	Claims against Banks	1,502,775	0
5	Claims against MSMEs and Retail Portfolio	0	0
6	Claims against Corporations	162,894	0
	TOTAL	2,629,315	0

(dalam jutaan rupiah)

		December 31, 2016			
Net Claims	RWA	Fair repo SSB value	Repo Obligations	Net Claims	RWA
(5)	(6)	(7)	(8)	(9)	(10)
826,341	0	2,017,309	0	2,017,309	0
0	0	0	0	0	0
0	0	0	0	0	0
1,502,775	300,555	1,728,781	0	1,728,781	345,756
0	0	0	0	0	0
0	0	0	0	0	0
2,329,116	300,555	3,746,090	0	3,746,090	345,756

(dalam jutaan rupiah)

		December 31, 2016			
Net Claims	RWA	Fair repo SSB value	Repo Obligations	Net Claims	RWA
(5)	(6)	(7)	(8)	(9)	(10)
963,646	0	3,198,231	0	3,198,231	0
0	0	0	0	0	0
0	0	0	0	0	0
1,502,775	383,086	1,728,781	0	1,728,781	345,756
0	0	0	0	0	0
162,894	0	127,476	0	127,476	127,476
2,629,315	383,086	5,054,488	0	5,054,488	473,232

Credit Risk Mitigation Using a Standardized Approach

To proceed credit application, the collateral received may constitute objects bought on credit (movable or immovable assets) and those not bought on credit (personal guarantee and corporate guarantee). The object put up as collateral for particular credit shall meet a number of criteria, for example, having an economic value, marketable, transferable, and having a juridical value.

The guidelines for determining the collateral structure in the context of credit risk mitigation policies have been specified in detail in the Standard Procedures for Credit for each segment. The type of

collateral accepted by the Bank include movable assets (for example, cash, trade receivables, inventories, machinery, and securities), immovable assets (for example, land, buildings, and machinery), and guarantee (personal/corporate guarantee). In the event that guarantee is accepted by the Bank, the Bank shall evaluate feasibility and bonafidity of the guarantor.

To guarantee the credit facility, the Bank shall give priority to collateral in the form of fixed assets such as land or land and buildings. The value of the collateral the Bank uses as collateral for credit shall be the value of collateral assessed by the internal (credit

Tabel 4.1.a. Disclosure of Net Claims by Risk Weighting After Calculating the Impact of Credit Risk Mitigation – the Bank Separately

No	Portfolio Category	December 31, 2017									
		Net Claims after Calculating Effect of Credit Risk Mitigation									
		0%	20%	35%	40%	45%	50%	75%	100%	150%	Lainnya
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
A BALANCE SHEET EXPOSURE											
1	Claims against Government	198,824,204							412,335		
2	Claims against Public Sector Entities	878,102	48,968,063				49,282,225		436,726		
3	Claims against Multilateral Development Banks and International Institutions										
4	Claims against Banks	50,756	29,289,356				9,090,798				
5	Collateralized Housing Loans			21,872,771							
6	Collateralized Commercial Property Loans										
7	Loans to Employees/Pensioners										
8	Claims against MSMEs and Retail Portfolio	799,338	2,532,547					137,063,935			
9	Claims against Corporations	12,948,293	36,093,068				36,029,338		305,247,925		
10	Mature Claims	6,106	21,464						587,075	6,187,808	
11	Other Assets	22,006,167							44,601,127	317,145	
	Total Balance Sheet Exposure	235,512,966	116,904,497	21,872,771	0	0	94,402,362	137,063,935	351,285,190	6,504,953	0
B EXPOSURE IN ADMINISTRATIVE ACCOUNT TRANSACTIONS											
1	Claims against Government	4,480,739									
2	Claims against Public Sector Entities	142,812	6,672,274				14,175,812				
3	Claims against Multilateral Development Banks and International Institutions										
4	Claims against Banks	610	183				10,257,586				
5	Collateralized Housing Loans										
6	Collateralized Commercial Property Loans										
7	Loans to Employees/Pensioners										
8	Claims against MSMEs and Retail Portfolio	356,617	863					578,702			
9	Claims against Corporations	3,451,317	1,928,463				122,746		30,211,914		
10	Mature Claims		123							8,241	
	Total TRA Exposure	8,432,096	8,601,905	0	0	0	24,556,144	578,702	30,211,914	8,241	0
C COUNTERPARTY CREDIT RISK EXPOSURE											
1	Claims against Government	826,341									
2	Claims against Public Sector Entities										
3	Claims against Multilateral Development Banks and International Institutions										
4	Claims against Banks		2,256,723				1,465,387				
5	Claims against MSMEs and Retail Portfolio							65,125			
6	Claims against Corporations		87,617				20,541		887,191		
	Total Counterparty Credit Risk Exposure	826,341	2,344,339	0	0	0	1,485,928	65,125	887,191	0	0

operation unit) and external assessors that are the Bank's partners or external assessors that are not the Bank's partners appointed by the competent authority in the business unit/credit recovery unit.

Disclosure of the Exposure to Credit Risk and Credit Risk Mitigation

In the calculation of credit risk mitigation using the standard approach pursuant to the Circular of the Financial Services Authority No. 42/SEOJK.03/2016 concerning Guidelines for the Calculation of Risk-Weighted Assets for Credit Risk, the Bank may recognize the use of collateral, warranty, guarantee, or credit insurance as credit risk mitigation techniques, given that it meets several requirements.

The following are the types of eligible financial collateral in credit risk mitigation techniques: cash, current accounts/savings/deposits, gold, Surat Utang Negara/SUN (Government Bonds), Sertifikat Bank Indonesia/SBI (Bank Indonesia Certificates), and so on as specified in the Circular of the Financial Services Authority (SE OJK) mentioned above. As for collateral in the forms of fixed assets, inventories, and land/buildings owned by the Bank, it is not recognized in the standard approach. Based on the standard approach-based reporting, Bank's exposure and credit risk mitigation used are as follows.

Net Transaction per Weight of Risk After Mitigation of Credit Risk – Bank as Individual and Consolidation with Subsidiaries

	RWA	Capital Charge (RWA x 9,53%) *)	31 Desember 2016										RWA	Capital Charge (RWA x 9,53%) *)
			Net Claims after Calculating Effect of Credit Risk Mitigation											
			0%	20%	35%	40%	45%	50%	75%	100%	150%	Lainnya		
(13)	(14)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(28)	
		0												
	412,335	39,172	210,773,317	0	0	0	0	0	0	0	0	0	0	
	34,871,451	3,312,788	1,261,920	43,169,807	0	0	0	40,819,601	0	4,216,706	0	0	33,260,468	3,166,397
	0	0	0	0	0	0	0	0	0	0	0	0	0	
	10,403,270	988,311	50,720	20,339,190	0	0	0	7,547,014	0	0	0	0	7,841,345	746,496
	7,655,470	727,270	0	0	18,441,100	0	0	0	0	0	0	0	6,454,385	614,457
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	103,304,461	9,813,924	783,807	2,016,389	0	0	0	0	119,182,462	0	0	0	89,790,124	8,548,020
	330,481,208	31,395,715	10,714,493	33,610,791	0	0	0	27,629,634	0	290,198,923	0	0	310,735,899	29,582,058
	9,873,080	937,943	12,856	25,341	0	0	0	0	0	457,160	7,673,521	0	11,972,509	1,139,783
	45,076,844	4,282,300	21,223,787	0	0	0	0	0	0	43,271,222	2,970	0	43,275,677	4,119,844
	542,078,120	51,497,421	244,820,900	99,161,518	18,441,100	0	0	75,996,249	119,182,462	338,144,011	7,676,491	0	503,330,407	47,917,055
	0	0	1,983,653	0	0	0	0	0	0	0	0	0	0	0
	8,422,361	800,124	2,140	4,288,916	0	0	0	13,227,488	0	0	0	0	7,471,527	711,289
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	5,128,830	487,239	1,000	0	0	0	0	10,682,398	0	0	0	0	5,341,199	508,482
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	434,199	41,249	8,847	844	0	0	0	0	700,517	0	0	0	525,556	50,033
	30,658,979	2,912,603	81,287	2,335,328	0	0	0	1,055,635	0	30,901,255	0	0	31,896,138	3,036,512
	12,386	1,177	0	0	0	0	0	0	0	0	8,240	0	12,360	1,177
	44,656,755	4,242,392	2,076,927	6,625,088	0	0	0	24,965,521	700,517	30,901,255	8,240	0	45,246,780	4,307,493
		0												
	0	0	2,032,803	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	1,184,038	112,484	0	2,123,581	0	0	0	784,112	0	0	0	0	816,772	77,757
	48,844	4,640	0	0	0	0	0	0	20,519	0	0	0	15,389	1,465
	914,985	86,924	0	21,305	0	0	0	18,254	0	223,968	0	0	237,356	22,596
	2,147,867	204,047	2,032,803	2,144,886	0	0	0	802,366	20,519	223,968	0	0	1,069,517	101,818

Net Transactions by Risk Weighting After Credit Risk Mitigation – the Bank Separately and Consolidated with Subsidiaries

Tabel 4.1.b. Disclosure of Net Claims by Risk Weighting After Calculating the Impact of Credit Risk Mitigation – the Bank Consolidated with Subsidiaries

No	Portfolio Category	31 Desember 2017									
		Net Claims after Calculating Effect of Credit Risk Mitigation									
(1)	(2)	0%	20%	35%	40%	45%	50%	75%	100%	150%	Lainnya
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
A	BALANCE SHEET EXPOSURE										
1	Claims against Government	201,188,037							412,335		
2	Claims against Public Sector Entities	878,102	49,094,524				49,384,442		436,726		
3	Claims against Multilateral Development Banks and International Institutions										
4	Claims against Banks	50,756	30,371,116				8,343,996				
5	Claims against Banks			21,872,771							
6	Collateralized Commercial Property Loans										
7	Loans to Employees/Pensioners						8,174,670				
8	Claims against MSMEs and Retail Portfolio	812,849	2,532,547					153,333,408			
9	Claims against Corporations	12,948,293	36,093,068				36,030,782		305,864,754	203,513	
10	Mature Claims	6,106	21,464						587,075	6,356,322	
11	Other Assets	22,141,500							48,145,035	317,805	
12	Exposure at Sharia Unit (If any)	30,571,340	5,679,962	7,637,706	0	0	13,610,982	7,621,710	24,931,310	0	
	TOTAL BALANCE SHEET EXPOSURE	268,596,983	123,792,681	29,510,477	0	0	115,544,872	160,955,118	380,377,236	6,877,640	0
B	EXPOSURE IN ADMINISTRATIVE ACCOUNT TRANSACTIONS										
1	Claims against Government	4,480,739									
2	Claims against Public Sector Entities	142,812	6,672,274				14,175,812				
3	Claims against Multilateral Development Banks and International Institutions										
4	Claims against Banks	610	183				10,257,586				
5	Collateralized Housing Loans										
6	Collateralized Commercial Property Loans										
7	Loans to Employees/Pensioners										
8	Claims against MSMEs and Retail Portfolio	356,617	863					581,378			
9	Claims against Corporations	3,451,317	1,928,463				122,746		30,211,914		
10	Mature Claims		123							8,241	
11	Exposure at Sharia Unit (If any)	0	0	0	0	0	369,593	30,621	214,438	0	
	TOTAL TRA EXPOSURE	8,432,096	8,601,905	0	0	0	24,925,737	611,999	30,426,352	8,241	0
C	COUNTERPARTY CREDIT RISK EXPOSURE										
1	Claims against Government	963,646									
2	Claims against Public Sector Entities										
3	Claims against Multilateral Development Banks and International Institutions										
4	Claims against Banks		2,256,723				1,501,630				
5	Claims against MSMEs and Retail Portfolio							65,125			
6	Claims against Corporations		87,617				20,541		1,050,086		
7	Exposure at Sharia Unit (If any)										
	TOTAL COUNTERPARTY CREDIT RISK EXPOSURE	963,646	2,344,339	0	0	0	1,522,171	65,125	1,050,086	0	0

Note:

*) Capital charges calculated based on the CAR accordance to the Risk Profile for the period of June 2016

**) Capital charges calculated based on the CAR accordance to the Risk Profile for the period of June 2015

31 Desember 2016													
RWA	Capital Charge (RWA x 9,53%) *)	Net Claims after Calculating Effect of Credit Risk Mitigation (RWA x 9,53%) *)										RWA	Capital Charge (RWA x 9,53%) *)
		0%	20%	35%	40%	45%	50%	75%	100%	150%	Lainnya		
(13)	(14)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(28)
0													
412,335	39,131	212,281,506	0	0	0	0	0	0	0	0		0	0
34,947,852	3,316,551	1,261,920	43,176,773	0	0	0	41,264,802	0	4,030,082	0		33,391,149	3,182,177
0	0	0	0	0	0	0	0	0	0	0		0	0
10,246,221	972,366	50,720	20,163,754	0	0	0	7,547,014	0	0	0		7,806,258	743,936
7,655,470	726,504	0	0	18,441,100	0	0	0	0	0	0		6,454,385	615,103
0	0	0	0	0	0	0	0	0	0	0		0	0
4,087,335	387,888	0	0	0	0	0	2,917,617	0	0	0		1,458,809	139,024
115,506,565	10,961,573	798,755	2,016,389	0	0	0	0	130,344,137	0	0		98,161,380	9,354,780
331,404,027	31,450,242	10,714,493	33,650,725	0	0	0	27,634,648	0	290,613,102	0		311,160,571	29,653,602
10,125,852	960,943	12,856	25,341	0	0	0	0	0	457,160	7,866,485		12,261,955	1,168,564
48,621,742	4,614,203	21,328,713	0	0	0	0	0	0	45,302,717	3,630		45,308,162	4,317,868
41,262,273	3,915,790	18,114,255	5,098,060	7,196,496	0	0	7,261,305	9,979,927	30,162,123	0		41,220,311	3,928,296
604,269,673	57,345,192	264,563,218	104,131,041	25,637,596	0	0	86,625,386	140,324,063	370,565,184	7,870,115		557,222,980	53,103,350
0													
0	0	1,983,653	0	0	0	0	0	0	0	0		0	0
8,422,361	799,282	2,140	4,288,916	0	0	0	13,227,488	0	0	0		7,471,527	712,037
0	0	0	0	0	0	0	0	0	0	0		0	0
5,128,830	486,726	1,000	0	0	0	0	10,682,398	0	0	0		5,341,199	509,016
0	0	0	0	0	0	0	0	0	0	0		0	0
0	0	0	0	0	0	0	0	0	0	0		0	0
0	0	0	0	0	0	0	0	0	0	0		0	0
436,206	41,396	8,847	844	0	0	0	0	713,448	0	0		535,255	51,010
30,658,979	2,909,537	81,287	2,335,328	0	0	0	1,055,635	0	30,901,255	0		31,896,138	3,039,702
12,386	1,175	0	0	0	0	0	0	0	0	8,240		12,360	1,178
422,199	40,067	0	548,707	0	0	0	567,911	82,222	324,352	0		774,509	73,811
45,080,962	4,278,183	2,076,927	7,173,795	0	0	0	25,533,432	795,670	31,225,606	8,240		46,030,987	4,386,753
0													
0	0	2,204,527	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
1,202,160	114,085	0	2,123,581	0	0	0	784,112	0	0	0	0	816,772	77,838
48,844	4,635	0	0	0	0	0	0	20,519	0	0	0	15,389	1,467
1,077,879	102,291	0	21,305	0	0	0	18,254	0	351,444	0	0	364,832	34,768
0	0	1,009,198	0	0	0	0	0	0	0	0	0	0	0
2,328,882	221,011	3,213,725	2,144,886	0	0	0	802,366	20,519	351,444	0	0	1,196,993	114,073

Net Transactions and Credit Risk Mitigation Technique – the Bank Separately and Consolidated with Subsidiaries

Tabel 4.2.a. Disclosure of Net Claims and Credit Risk Mitigation Technique – the Bank Separately

		December 31, 2017				
No	Portfolio Category	Net Claims	Portion secured by			
			Collateral	Guarantee	Credit Insurance	Others
(1)	(2)	(3)	(4)	(5)	(6)	(7)
A	BALANCE SHEET EXPOSURE					
1	Claims against Public Sector Entities	199,236,540				
2	Claims against Public Sector Entities	99,565,116	212,651	665,451		
3	Claims against Multilateral Development Banks and International Institutions	0				
4	Claims against Banks	38,430,909	50,756			
5	Collateralized Housing Loans	21,872,771				
6	Collateralized Commercial Property Loans	0				
7	Loans to Employees/Pensioners	0				
8	Claims against MSMEs and Retail Portfolio	140,395,820	799,338		2,532,547	
9	Claims against Corporations	390,318,625	12,948,293			
10	Mature Claims	6,802,453	6,106		21,464	
11	Other Assets	66,924,439	0	0	0	0
	TOTAL BALANCE SHEET EXPOSURE	963,546,673	14,017,143	665,451	2,554,011	0
B	EXPOSURE IN ADMINISTRATIVE ACCOUNT TRANSACTIONS					
1	Claims against Government	4,480,739	1,077			
2	Claims against Public Sector Entities	20,990,898	142,812			
3	Claims against Multilateral Development Banks and International Institutions	0				
4	Claims against Banks	10,258,379	610			
5	Collateralized Housing Loans	0				
6	Collateralized Commercial Property Loans	0				
7	Loans to Employees/Pensioners	0				
8	Claims against MSMEs and Retail Portfolio	936,183	356,617		863	
9	Claims against Corporations	35,714,440	3,451,317			
10	Mature Claims	8,364			123	
	TOTAL TRA EXPOSURE	72,389,003	3,952,435	0	986	0
C	COUNTERPARTY CREDIT RISK EXPOSURE					
1	Claims against Government	826,341				
2	Claims against Public Sector Entities	0				
3	Claims against Multilateral Development Banks and International Institutions	0				
4	Claims against Banks	3,722,110				
5	Claims against MSMEs and Retail Portfolio	65,125				
6	Claims against Corporations	995,349				
	TOTAL COUNTERPARTY CREDIT RISK EXPOSURE	5,608,924	0	0	0	0
	Total (A+B+C)	1,041,544,601	17,969,578	665,451	2,554,997	0

Note:

In accordance with SE OJK No. 42/SEOJK.03/2016 regarding "Guidelines on Calculation of Risk Weighted Assets for Credit Risk by Using Standard Approach", that included in the credit risk mitigation are the collateral (eligible financial collateral), warranty, guarantee or credit insurance. Besides collateral eligible financial collateral, Bank Mandiri also have collateral in the form of fixed assets, accounts receivable, inventory, and other collateral.

(in Million Rupiahs)

December 31, 2016						
Portion unsecured	Net Claims	Portion secured by				Portion unsecured
		Collateral	Guarantee	Credit Insurance	Others	
(8) = (3)-[(4)+(5)+(6)+(7)]	(9)	(10)	(11)	(12)	(13)	(14) = (9)- [(10)+(11)+(12)+(13)]
199,236,540	210,773,317	0	0	0	0	210,773,317
98,687,014	89,468,034	189,910	1,072,011	0	0	88,206,114
0	0	0	0	0	0	0
38,380,154	27,936,923	50,720	0	0	0	27,886,204
21,872,771	18,441,100	0	0	0	0	18,441,100
0	0	0	0	0	0	0
0	0	0	0	0	0	0
137,063,935	121,982,658	783,807	0	2,016,389	0	118,984,663
377,370,332	362,153,841	10,714,493	0	0	0	351,439,349
6,774,883	8,168,877	12,856	0	25,341	0	8,127,511
66,924,439	64,497,979	0	0	0	0	64,497,979
946,310,068	903,422,729	11,751,784	1,072,011	2,041,730	0	888,356,237
4,479,662	1,983,653	0	0	0	0	1,983,653
20,848,086	17,518,543	2,140	0	0	0	17,516,403
0	0	0	0	0	0	0
10,257,769	10,683,398	1,000	0	0	0	10,682,398
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
578,702	710,208	8,847	0	844	0	700,517
32,263,122	34,373,504	81,287	0	0	0	34,292,217
8,241	8,240	0	0	0	0	8,240
68,435,582	65,277,546	93,273	0	844	0	65,183,428
826,341	2,032,803	0	0	0	0	2,032,803
0	0	0	0	0	0	0
0	0	0	0	0	0	0
3,722,110	2,907,693	0	0	0	0	2,907,693
65,125	20,519	0	0	0	0	20,519
995,349	263,527	0	0	0	0	263,527
5,608,924	5,224,542	0	0	0	0	5,224,542
1,020,354,575	973,924,817	11,845,057	1,072,011	2,042,574	0	958,764,207

Tabel 4.2.b. Disclosure of Net Claims and Credit Risk Mitigation Technique – the Bank Consolidated with Subsidiaries

No	Portfolio Category	December 31, 2017				
		Net Claims	Portion secured by			
			Collateral	Guarantee	Credit Insurance	Others
(1)	(2)	(3)	(4)	(5)	(6)	(7)
A BALANCE SHEET EXPOSURE						
1	Claims against Government	201,600,373				
2	Claims against Public Sector Entities	99,793,794	212,651	665,451		
3	Claims against Multilateral Development Banks and International Institutions	0				
4	Claims against Banks	38,765,867	50,756			
5	Collateralized Housing Loans	21,872,771				
6	Collateralized Commercial Property Loans	0				
7	Loans to Employees/Pensioners	8,174,670				
8	Claims against MSMEs and Retail Portfolio	156,678,803	812,849		2,532,547	
9	Claims against Corporations	391,140,410	12,948,293			
10	Mature Claims	6,970,968	6,106		21,464	
11	Other Assets	70,604,340				
12	Exposure at Sharia Unit (If any)	87,736,123	4,463,222			
	Total balance sheet exposure	1,083,338,119	18,493,877	665,451	2,554,011	0
B Exposure in administrative account transactions						
1	Claims against Government	4,480,739	1,077			
2	Claims against Public Sector Entities	20,990,898	142,812			
3	Claims against Multilateral Development Banks and International Institutions	0				
4	Claims against Banks	10,258,379	610			
5	Collateralized Housing Loans	0				
6	Collateralized Commercial Property Loans	0				
7	Loans to Employees/Pensioners	0				
8	Claims against MSMEs and Retail Portfolio	938,859	356,617		863	
9	Claims against Corporations	35,714,440	3,451,317			
10	Mature Claims	8,364			123	
11	Exposure at Sharia Unit (If any)	614,651				
	TOTAL TRA EXPOSURE	73,006,330	3,952,435	0	986	0
C COUNTERPARTY CREDIT RISK EXPOSURE						
1	Claims against Government	963,646				
2	Claims against Public Sector Entities	0				
3	Claims against Multilateral Development Banks and International Institutions	0				
4	Claims against Banks	3,758,353				
5	Claims against MSMEs and Retail Portfolio	65,125				
6	Claims against Corporations	1,158,243				
7	Exposure at Sharia Unit (If any)					
	TOTAL COUNTERPARTY CREDIT RISK EXPOSURE	5,945,367	0	0	0	0
	Total (A+B+C)	1,162,289,816	22,446,312	665,451	2,554,997	0

Note:

In accordance with SE OJK No. 42/SEOJK.03/2016 regarding "Guidelines on Calculation of Risk Weighted Assets for Credit Risk by Using Standard Approach", that included in the credit risk mitigation are the collateral (eligible financial collateral), warranty, guarantee or credit insurance. Besides collateral eligible financial collateral, Bank Mandiri also have collateral in the form of fixed assets, accounts receivable, inventory, and other collateral.

(in in million Rupiahs)

December 31 2016						
Portion unsecured	Tagihan Bersih	Net Claims				Portion unsecured
		Collateral	Guarantee	Credit Insurance	Others	
(8) = (3)-[(4)+(5)+(6)+(7)]	(9)	(10)	(11)	(12)	(13)	(14) = (9)- [(10)+(11)+(12)+(13)]
201,600,373	212,281,506	0	0	0	0	212,281,506
98,915,692	89,733,577	189,910	1,072,011	0	0	88,471,656
0	0	0	0	0	0	0
38,715,112	27,761,488	50,720	0	0	0	27,710,768
21,872,771	18,441,100	0	0	0	0	18,441,100
0	0	0	0	0	0	0
8,174,670	2,917,617	0	0	0	0	2,917,617
153,333,408	133,159,280	798,755	0	2,016,389	0	130,344,137
378,192,116	362,612,968	10,714,493	0	0	0	351,898,475
6,943,398	8,361,842	12,856	0	25,341	0	8,323,645
70,604,340	66,635,060	0	0	0	0	66,635,060
83,272,901	77,812,164	4,214,903	0	0	0	73,597,262
1,061,624,780	999,716,603	15,981,636	1,072,011	2,041,730	0	980,621,226
4,479,662	1,983,653	0	0	0	0	1,983,653
20,848,086	17,518,544	2,140	0	0	0	17,516,404
0	0	0	0	0	0	0
10,257,769	10,683,398	1,000	0	0	0	10,682,398
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
581,378	723,139	8,847	0	844	0	713,448
32,263,122	34,373,504	81,287	0	0	0	34,292,217
8,241	8,240	0	0	0	0	8,240
614,651	1,523,192	6,097	0	0	0	1,517,094
69,052,909	66,813,670	99,371	0	844	0	66,713,455
963,646	2,204,527	0	0	0	0	2,204,527
0	0	0	0	0	0	0
0	0	0	0	0	0	0
3,758,353	2,907,693	0	0	0	0	2,907,693
65,125	20,519	0	0	0	0	20,519
1,158,243	391,003	0	0	0	0	391,003
0	1,009,198	0	0	0	0	1,009,198
5,945,367	6,532,940	0	0	0	0	6,532,940
1,136,623,056	1,073,063,214	16,081,007	1,072,011	2,042,574	0	1,053,867,621

Sekuritisasi Aset

Tabel 5.1.a. Disclosure of Securitization Transactions – the Bank Separately

		December 31, 2017			
No	Securitization Exposure	Value of securitized asset	Value of securitized assets that impaired		Profit/ Loss from Securitization
			Mature	Outstanding	
(1)	(2)	(3)	(4)	(5)	(6)
1	Bank acts as Originating Creditor - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0
2	Bank acts as Provider of Credit Enhancements a. First loss facility - Example of exposure type: Claim secured by residential property)	NIHIL	0	0	0
	b. Second loss facility - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0
3	Bank acts as Provider of Liquidity Facility - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0
4	Bank acts as Service Provider - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0
5	Bank acts as Custodian Bank - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0
6	Bank acts as Investor				
	a. Senior tranche - Example of exposure type: Claim secured by residential property	384,410	-	-	-
	b. Junior tranche				
	Junior tranche - Example of exposure type: Claim secured by residential property	25,000	-	-	-
	Total	409,410	-	-	-

Tabel 5.1.b. Disclosure of Securitization Transactions – the Bank Consolidated with Subsidiaries

		December 31, 2017			
No	Securitization Exposure	Value of securitized asset	Value of securitized assets that impaired		Profit/ Loss from Securitization
			Mature	Outstanding	
(1)	(2)	(3)	(4)	(5)	(6)
1	Bank acts as Originating Creditor - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0
2	Bank acts as Provider of Credit Enhancements a. First loss facility - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0
	b. Second loss facility - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0
3	Bank acts as Provider of Liquidity Facility - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0
4	Bank acts as Service Provider - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0
5	Bank acts as Custodian Bank - Example of exposure type: Claim secured by residential property	NIHIL	0	0	0
6	Bank acts as Investor				
	a. Senior tranche - Example of exposure type: Claim secured by residential property	404,611	-	-	-
	b. Junior tranche				
	Junior tranche - Example of exposure type: Claim secured by residential property	25,000	-	-	-
	Total	429,611	-	-	-

(in Million Rupiahs)

		31 Desember 2016					
RWA	Capital reduction	Value of securitized asset	Value of securitized assets that impaired		Profit/ Loss from Securitization	ATMR	Capital reduction
			Mature	Outstanding			
(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
0	0	NIHIL	0	0	0	0	0
0	0	NIHIL	0	0	0	0	0
0	0	NIHIL	0	0	0	0	0
0	0	NIHIL	0	0	0	0	0
0	0	NIHIL	0	0	0	0	0
0	0	NIHIL	0	0	0	0	0
384,410	-	NIHIL	0	0	0	0	0
-	25,000	25,000	-	-	-	-	25,000
384,410	25,000	25,000	-	-	-	-	25,000

(in Million Rupiahs)

		31 Desember 2016					
RWA	Capital reduction	Value of securitized asset	Value of securitized assets that impaired		Profit/ Loss from Securitization	ATMR	Capital reduction
			Mature	Outstanding			
(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
0	0	NIHIL	0	0	0	0	0
0	0	NIHIL	0	0	0	0	0
0	0	NIHIL	0	0	0	0	0
0	0	NIHIL	0	0	0	0	0
0	0	NIHIL	0	0	0	0	0
0	0	NIHIL	0	0	0	0	0
404,611	-	23,959	-	-	-	23,959	-
-	25,000	25,000	-	-	-	-	25,000
404,611	25,000	48,959	-	-	-	23,959	25,000

Table 5.2.a. Disclosure of the Summary of Securitization Transaction Activities with the Bank Acting as the Originator - the Bank Separately
(in Million Rupiahs)

No	Underlying Asset	December 31, 2017		31 December 2016	
		Value of Securitized Asset	Profit (Loss)	Value of Securitized Asset	Profit (Loss)
(1)	(2)	(3)	(4)	(5)	(6)
1	Claims against Government	0	0	0	0
2	Claims against Public Sector Entities	0	0	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0
4	Claims against Banks	0	0	0	0
5	Collateralized Housing Loans	0	0	0	0
6	Collateralized Commercial Property Loans	0	0	0	0
7	Loans to Employees/Pensioners	0	0	0	0
8	Claims against MSMEs and Retail Portfolio	0	0	0	0
9	Claims against MSMEs and Retail Portfolio	0	0	0	0
10	Mature Claims	0	0	0	0
11	Exposure at Sharia Unit (If any)	0	0	0	0
Total		NONE	NONE	NONE	NONE

Table 5.2.b. Disclosure of the Summary of Securitization Transaction Activities with the Bank Acting as the Originator – the Bank Consolidated with Subsidiaries

(in Million Rupiahs)

No	Underlying Asset	December 31, 2017		31 December 2016	
		Value of Securitized Asset	Profit (Loss)	Value of Securitized Asset	Profit (Loss)
(1)	(2)	(3)	(4)	(5)	(6)
1	Claims against Government	0	0	0	0
2	Claims against Public Sector Entities	0	0	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0
4	Claims against Banks	0	0	0	0
5	Collateralized Housing Loans	0	0	0	0
6	Collateralized Commercial Property Loans	0	0	0	0
7	Loans to Employees/Pensioners	0	0	0	0
8	Claims against MSMEs and Retail Portfolio	0	0	0	0
9	Claims against MSMEs and Retail Portfolio	0	0	0	0
10	Mature Claims	0	0	0	0
11	Exposure at Sharia Unit (If any)	0	0	0	0
Total		NONE	NONE	NONE	NONE

Disclosure of the Calculation of Risk-Weighted Assets for Credit Risk using a Standard Approach

Based on the categories of exposure according to the standardized approach, the following are the types of exposure which Bank Mandiri has.

Asset Exposure in the Balance - the Bank Separately and Consolidated with Subsidiaries

Information Technology	Corporate Governance	Corporate Social Responsibility	Cross References POJK Regulation and ARA Criteria	Financial Informations
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Perhitungan ATMR Risiko Kredit Pendekatan Standar - Bank secara Individual

Tabel 6.1.1 Disclosure of Asset Exposure in the Balance

(in Million Rupiahs)

No	Portfolio Category	31 December 2017			31 December 2016		
		Net Claims	RWA before MRK	RWA after MRK	Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	199,236,540	412,335	412,335	210,773,317	0	0
2	Claims against Public Sector Entities	99,565,116	35,111,058	34,871,451	89,468,034	33,569,825	33,260,468
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0
4	Claims against Banks	38,430,909	10,428,648	10,403,270	27,936,923	7,866,705	7,841,345
5	Collateralized Housing Loans	21,872,771	7,655,470	7,655,470	18,441,100	6,454,385	6,454,385
6	Collateralized Commercial Property Loans	0	0	0	0	0	0
7	Loans to Employees/Pensioners	0	0	0	0	0	0
8	Claims against MSMEs and Retail Portfolio	140,395,820	105,296,865	103,304,461	121,982,658	91,486,994	89,790,124
9	Claims against MSMEs and Retail Portfolio	390,318,625	343,427,001	330,481,208	362,153,841	321,447,889	310,735,899
10	Mature Claims	6,802,453	9,910,142	9,873,080	8,168,877	12,024,735	11,972,509
11	Exposure at Sharia Unit (If any)	66,924,439		45,076,844	64,497,979	43,275,677	43,275,677
	Total	963,546,673	512,241,520	542,078,120	903,422,729	516,126,210	503,330,407

Contingency/ Commitment Claim Exposure – the Bank Separately and Consolidated with Subsidiaries

Tabel 6.2.1. Disclosure of the Contingency/ Commitment Claim Exposure on Administrative Account Transaction - the Bank Separately

(in Million Rupiahs)

No	Portfolio Category	31 December 2017			31 December 2016		
		Net Claims	RWA before MRK	RWA after MRK	Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	201,600,373	412,335	412,335	212,281,506	0	0
2	Claims against Public Sector Entities	99,793,794	35,187,459	34,947,852	89,733,577	33,700,507	33,391,149
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0
4	Claims against Banks	38,765,867	10,271,599	10,246,221	27,761,487	7,831,618	7,806,258
5	Collateralized Housing Loans	21,872,771	7,655,470	7,655,470	18,441,100	6,454,385	6,454,385
6	Collateralized Commercial Property Loans	0	0	0	0	0	0
7	Loans to Employees/Pensioners	8,174,670	4,087,335	4,087,335	2,917,617	1,458,809	1,458,809
8	Claims against MSMEs and Retail Portfolio	156,678,803	117,509,103	115,506,565	133,159,280	99,869,460	98,161,380
9	Claims against MSMEs and Retail Portfolio	391,140,410	344,349,821	331,404,027	362,612,968	321,872,561	311,160,571
10	Mature Claims	6,970,968	10,162,914	10,125,852	8,361,841	12,314,181	12,261,955
11	Exposure at Sharia Unit (If any)	70,604,340		48,621,742	66,635,060	45,308,162	45,308,162
	Total	995,601,995	529,636,035	563,007,399	921,904,438	528,809,682	516,002,669

Contingency/ Commitment Claim Exposure – the Bank Separately and Consolidated with Subsidiaries

Tabel 6.1.2 Disclosure of the Contingency/ Commitment Claim Exposure on Administrative Account Transaction - the Bank Separately

(in Million Rupiahs)

No	No Portfolio Category	December 31 2017			December 31 2016		
		Net Claims	RWA before MRK	RWA after MRK	Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	4,480,739	0	0	1,983,653	0	0
2	Claims against Public Sector Entities	20,990,898	8,493,739	8,422,361	17,518,543	7,472,597	7,471,527
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0
4	Claims against Banks	10,258,379	5,129,135	5,128,830	10,683,398	5,341,699	5,341,199
5	Collateralized Housing Loans	0	0	0	0	0	0
6	Collateralized Commercial Property Loans	0	0	0	0	0	0
7	Loans to Employees/Pensioners	0	0	0	0	0	0
8	Claims against MSMEs and Retail Portfolio	936,183	702,137	434,199	710,208	532,656	525,556
9	Claims against Corporations	35,714,440	34,107,828	30,658,979	34,373,504	31,971,785	31,896,138
10	Mature Claims	8,364	12,545	12,386	8,240	12,360	12,360
	Total	72,389,003	48,445,385	44,656,755	65,277,546	45,331,097	45,246,780

Tabel 6.2.2. Disclosure of the Contingency/ Commitment Claim Exposure on Administrative Account Transaction – the Bank Consolidated with Subsidiaries

(in Million Rupiahs)

No	Portfolio Category	December 31, 2017			December 31, 2016		
		Net Claims	RWA before MRK	RWA after MRK	Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	4,480,739	0	0	1,983,653	0	0
2	Claims against Public Sector Entities	20,990,898	8,493,739	8,422,361	17,518,543	7,472,597	7,471,527
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0
4	Claims against Banks	10,258,379	5,129,135	5,128,830	10,683,398	5,341,699	5,341,199
5	Collateralized Housing Loans	0	0	0	0	0	0
6	Collateralized Commercial Property Loans	0	0	0	0	0	0
7	Loans to Employees/Pensioners	0	0	0	0	0	0
8	Claims against MSMEs and Retail Portfolio	938,859	704,144	436,206	723,139	542,354	535,255
9	Claims against Corporations	35,714,440	34,107,828	30,658,979	34,373,504	31,971,785	31,896,138
10	Mature Claims	8,364	12,545	12,386	8,240	12,360	12,360
	Total	72,391,679	48,447,392	44,658,762	65,290,477	45,340,796	45,256,478

Exposure to Counterparty Credit Risk – the Bank Separately and Consolidated with Subsidiaries

Tabel 6.1.3 Disclosure of Exposure Triggering Counterparty Credit Risk – the Bank Separately

(in Million Rupiahs)

No	Portfolio Category	Desember 31, 2017			Desember 31 2016		
		Net Claims	RWA before MRK	RWA after MRK	Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	826,341	0	0	2,032,803	0	0
2	Claims against Public Sector Entities	0	0	0	0	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0
4	Claims against Banks	3,722,110	1,184,038	1,184,038	2,907,693	816,772	816,772
5	Claims against MSMEs and Retail Portfolio	65,125	48,844	48,844	20,519	15,389	15,389
6	Claims against Corporations	995,349	914,985	914,985	263,527	237,356	237,356
7	Eksposur tertimbang dari Credit Valuation Adjustment (CVA risk weighted assets)			364,356			
	Total	5,608,924	2,147,867	2,512,223	5,224,542	1,069,517	1,069,517

Tabel 6.2.3. Disclosure of Exposure Triggering Counterparty Credit Risk – the Bank Consolidated with Subsidiaries

(in Million Rupiahs)

No	Portfolio Category	Desember 31, 2017			Desember 31 2016		
		Net Claims	RWA before MRK	RWA after MRK	Net Claims	RWA before MRK	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Claims against Government	963,646	0	0	2,204,527	0	0
2	Claims against Public Sector Entities	0	0	0	0	0	0
3	Claims against Multilateral Development Banks and International Institutions	0	0	0	0	0	0
4	Claims against Banks	3,758,353	1,202,160	1,202,160	2,907,693	816,772	816,772
5	Claims against MSMEs and Retail Portfolio	65,125	48,844	48,844	20,519	15,389	15,389
6	Claims against Corporations	1,158,243	1,077,879	1,077,879	391,003	364,832	364,832
7	Eksposur tertimbang dari Credit Valuation Adjustment (CVA risk weighted assets)			386,889			
	Total	5,945,367	2,328,882	2,715,771	5,523,743	1,196,993	1,196,993

Exposure to Settlement Risk – the Bank Separately and Consolidated with Subsidiaries

Table 6.1.4 Disclosure of Exposure Triggering Settlement Risk - the Bank Separately

(in Million Rupiahs)

No	Transaction Type	December 31, 2017			December 31, 2016		
		Exposure Amount	Capital reduction factors	RWA after MRK	Exposure Amount	Capital reduction factors	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Delivery versus payment	0	0	0	0	0	0
	a. Capital Charge 8% (5-15 days)	0	0	0	0	0	0
	b. Capital Charge 50% (16-30 days)	0	0	0	0	0	0
	c. Capital Charge 75% (31-45 days)	0	0	0	0	0	0
	d. Capital Charge 100% (lebih dari 45 days)	0	0	0	0	0	0
2	Non-delivery versus payment	0	0	0	0	0	0
	TOTAL	0	0	0	0	0	0

Table 6.2.4. Disclosure of Exposure Triggering Settlement Risk - the Bank Consolidated with Subsidiaries

(in Million Rupiahs)

No	Transaction Type	31 December 2017			31 December 2016		
		Exposure Amount	Capital reduction factors	RWA after MRK	Exposure Amount	Capital reduction factors	RWA after MRK
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Delivery versus payment	0	0	0	0	0	0
	a. Capital Charge 8% (5-15 days)	0	0	0	0	0	0
	b. Capital Charge 50% (16-30 days)	0	0	0	0	0	0
	c. Capital Charge 75% (31-45 days)	0	0	0	0	0	0
	d. Capital Charge 100% (lebih dari 45 days)	0	0	0	0	0	0
2	Non-delivery versus payment	0	0	0	0	0	0
	TOTAL	0	0	0	0	0	0

Exposure to Securitization – the Bank Separately and Consolidated with Subsidiaries

Table 6.1.5 Disclosure of Exposure to Securitization – the Bank Separately

(in Million Rupiahs)

No	Types Transaksi	December 31, 2017		December 31, 2016	
		Reduction factors	RWA	Reduction factors	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1	Support Credit Facilities that meet the requirements	0	0	0	0
2	Support Credit Facilities that do not meet the requirements	0	0	0	0
3	Liquidity Facilities that meet the requirements	0	0	0	0
4	Liquidity Facilities that do not meet the requirements	0	0	0	0
5	Purchase of Asset-Backed Stock that meet the requirements	25,000	384,410	25,000	0
6	Purchase of Asset-Backed Stock that do not meet the requirements		0	0	0
7	Securitization exposure not covered by Bank Indonesia regulations on the application of prudential principles to asset securitization by commercial banks		0	0	0
Total		25,000	384,410	25,000	0

Tabel 6.2.5. Disclosure of Exposure to Securitization – the Bank Consolidated with Subsidiaries

(in Million Rupiahs)

No	Transaction Type	December 31, 2017		31 December 2016	
		Reduction factors	ATMR	Reduction factors	ATMR
(1)	(2)	(3)	(4)	(5)	(6)
1	Support Credit Facilities that meet the requirements			0	0
2	Support Credit Facilities that do not meet the requirements			0	0
3	Liquidity Facilities that meet the requirements			0	0
4	Liquidity Facilities that do not meet the requirements			0	0
5	Purchase of Asset-Backed Stock that meet the requirements	25,000	404,611	25,000	23,959
6	Purchase of Asset-Backed Stock that do not meet the requirements			0	0
7	Securitization exposure not covered by Bank Indonesia regulations on the application of prudential principles to asset securitization by commercial banks			0	0
Total		25,000	404,611	25,000	23,959

Exposure in Sharia-Based Business Units – the Bank Separately and Consolidated with Subsidiaries

Table 6.1.6 Exposure in Sharia-Based Business Units – the Bank Separately

(in million Rupiahs)

	December 31, 2017	December 31, 2016
TOTAL RWA OF CREDIT RISKS	589,631,509	549,646,704
TOTAL CAPITAL REDUCTION FACTORS	25,000	25,000

Table 6.2.6. Disclosure of Exposure in Sharia-Based Business Units and/or Subsidiaries Undertaking Their Business Operations in Compliance with the Sharia-Based Principles (If any) – Consolidated with Subsidiaries

(in Million Rupiahs)

No	Transaction Types	31 December 2017		31 December 2016	
		Capital Reducing Factor	ATMR	Capital Reducing Factor	ATMR
(1)	(2)	(3)	(4)	(5)	(6)
1	Total Exposure		41,684,473	0	41,994,820

Table 6.2.7. Disclosure of Total of Credit Risk Measurement - Consolidated with Subsidiaries

(in Million Rupiahs)

	31 December 2017	31 December 2016
TOTAL RWA OF CREDIT RISKS	652,471,017	604,474,920
TOTAL CAPITAL REDUCTION FACTORS	25,000	25,000

Market Risk

Disclosure of Market Risk Using a Standard Method

In order to ensure the ability of Bank Mandiri in anticipating unexpected losses, calculation of the Minimum Capital Requirement using a standard method is undertaken on a periodical basis which is reported on a monthly basis to Bank Indonesia for the bank-only position, while the position of consolidation with subsidiaries is reported every three months.

Table 7.1. Disclosure of Market Risk Using the Standard Method

(in Million Rupiahs)

No.	Risk Types	31 December 2017				31 December 2016			
		Bank		Consolidated		Bank		Consolidated	
		Capital Expense	RWA	Capital Charge	RWA	Capital Expense	RWA	Capital Expense	RWA
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Interest Rate Risks								
a.	Specific Risks	1,652.55	20,659.91	2,302.28	28,778.55	798.40	9,980.02	2,302.28	28,778.55
b.	General Risks	195,807.83	2,447,597.84	63,213.15	790,164.32	61,190.96	764,886.94	63,213.15	790,164.32
2	Exchange Rate Risks	102,476.55	1,280,956.85	88,097.68	1,101,220.98	82,065.66	1,025,820.81	88,097.68	1,101,220.98
3	Equity Risks	-	-	48.28	603.56	-	-	48.28	
4	Commodity Risks	-	-	-	-	-	-	-	-
5	Option Risks	769,450.98	9,618,137.31	7.22	90.31	7.22	90.31	7.22	90
	Total	1,069,387.91	13,367,348.90	153,668.62	1,920,857.72	146,062.25	1,800,778.08	153,668.62	1,920,858

For internal purposes, Bank Mandiri has also performed calculations with Internal Methods. The calculation of KPMM by internal method is performed with Value at Risk (VaR) calculation, which is a value that describes the maximum potential for losses suffered by the Bank as a result of market movements that affect the Bank's risk exposure under normal market conditions. VaR value used methodology the Historical Simulation method.

The realization of Value at Risk of Bank Mandiri in 2017 is as follows.

Table 7.2 Disclosure of Market Risk used Internal Models (*Value at Risk/VaR*) - Bank only

(in Million Rupiahs)

No.	Risk Types	31 December 2017				31 December 2016			
		VaR Average	VaR Maximum	VaR Minimum	VaR End Period	VaR Average	VaR Maximum	VaR Minimum	VaR End Period
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Interest Rate Risk	14,857	25,479	1,398	13,546	9,809	17,766	3,403	4,920
2	Exchange Rate Risk	6,031	26,006	823	4,740	16,044	75,539	852	9,118
3	Option Risk	180	345	44	44	180	345	44	44
	Total	13,648	59,770	5,465	7,143	13,648	59,770	5,465	7,413

Disclosure of Exposure of Interest Rate Risk in Banking Book (IRRBB)

Disclosure of IRRBB exposure is the increase or decrease of economic value and earnings toward the movement of interest rate according to the format of gap report which arranged by the bank in order to fulfill the category for assessment of Bank Rating and application of risk management for Commercial Bank. Bank Mandiri use repricing gap and conduct sensitivity analysis to achieve a projection for Net Interest Income (NII) and Economic Value of Equity (EVE)

According to the result of sensitivity analysis simulation at the end of 2017, the impact of interest rate change of 100 bps (up/down) will cause the Bank NII to decrease for about 2.73% (from the target NII) for the next 12 months, while the Bank Equity will be decreased for about 5.07% (from the target Equity)

Table 7.3 Disclosure of Exposure to the Interest Rate Risk in Banking Book (IRRBB)

Information	2017	2016
NII Sensitivity, NII 12 mo (% against NII target)	Up 100 bps - 2.73%	Up 100 bps -3.42%
EVE Sensitivity (% against Equity)	Down 100 bps - 5.07%	Up 100 bps -1.96%

Starting from August 2017, there is a change in methodology for IRRBB exposure towards Economic Value (EVE Sensitivity).

Besides disclosure of IRRBB exposure, there is also disclosure of exchange rate risk. Exchange rate risk occurs because the effect of market exchange rate flow when contrary to the Bank Mandiri when in open position. Exchange Rate risk came from foreign currency transaction from the customer and counterparty which caused the open position of foreign currency or structural position of foreign currency from the result of equity capital. Bank Mandiri manage the exchange rate risk by observing and managing the Net Foreign Exchange Position according to the internal limit and regulations. As of the end of 2017, Net Foreign Exchange Position as absolute whole is 0.92% from the capital.

Liquidity Risk

Liquidity Risk is a risk arising from the inability of the bank to provide liquidity at a fair price that will affect the profitability and capital of the Bank. Bank Mandiri manages liquidity risk by measuring the amount of liquidity risk faced by the Bank using several indicators, including primary reserve ratio (GWM and cash ratio), secondary reserve (liquidity reserve), Loan to Funding Ratio (LFR), Liquidity Coverage Ratio (LCR), and Net Stable Funding Ratio (NSFR).

To support the establishment of a strategy in anticipating future liquidity conditions, the Bank uses a monthly contractual maturity profile.

Table 8.1.a. Disclosure of the Rupiah Maturity Profile – the Bank Separately

No.	Posts	31 December 2017				
		Balance	Maturity			
			≤ 1 month	> 1-3 months	> 3-6 months	> 6-12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)
I BALANCE SHEET						
A. Assets						
1.	Cash	19,427,811	19,427,811	0	0	0
2.	Placement with Bank Indonesia	49,442,069	49,442,069	0	0	0
3.	Placement with other banks	5,141,687	4,991,686	150,001	0	0
4.	Securities	79,704,653	3,086,012	2,011,815	1,080,737	6,418,313
5.	Loans	538,465,619	65,309,654	39,723,933	45,738,653	56,738,018
6.	Other receivables	3,214,311	3,214,311	0	0	0
7.	Other assets	2,816,866	2,695,700	0	0	121,166
	Total Assets	698,213,016	148,167,243	41,885,749	46,819,390	63,277,497
B. Liabilities						
1.	Third party funds	620,364,002	514,291,966	94,498,879	6,550,626	2,604,100
2.	Funds from Bank Indonesia	0	0	0	0	0
3.	Funds from other bank	5,482,264	5,482,264	0	0	0
4.	Securities issued	10,803,875	0	0	0	0
5.	Loans received	629,703	0	0	0	0
6.	Other liabilities	30,753,587	27,754,557	17	2,999,013	0
7.	Miscellaneous	14,268,880	10,502,218	3,032,523	734,139	0
	Total Liabilities	682,302,311	558,031,005	97,531,419	10,283,778	2,604,100
	Difference between Assets and Liabilities in the Balance Sheet	15,910,705	(409,863,762)	(55,645,670)	36,535,612	60,673,397
II ADMINISTRATIVE ACCOUNT						
A. Administrative Account Claims						
1.	Commitments	2,482,498	2,482,498	0	0	0
2.	Contingencies	28,006,552	0	4,944,248	23,062,304	0
	Total Administrative Account Claims	30,489,050	2,482,498	4,944,248	23,062,304	0
B. Administrative Account Liabilities						
1.	Commitments	119,983,349	231,666	113,665,448	6,086,235	0
2.	Contingencies	49,705,728	0	0	49,705,728	0
	Total Administrative Account Liabilities	169,689,077	231,666	113,665,448	55,791,963	0
	Difference between Assets and Liabilities in the Balance Sheet	(139,200,027)	2,250,832	(108,721,200)	(32,729,659)	0
	Difference [(IA-IB)+(IIA-IIB)]	(123,289,322)	(407,612,930)	(164,366,870)	3,805,953	60,673,397
	Cumulative Difference		(407,612,930)	(571,979,800)	(568,173,847)	(507,500,450)

(in Million Rupiahs)

31 December 2016						
> 12 months	Balance	Maturity				
		≤ 1 month	> 1-3 months	> 3-6 months	> 6-12 months	> 12 months
(8)	(9)	(10)	(11)	(12)	(13)	(14)
0	18,209,644	18,209,644	0	0	0	0
0	60,852,842	60,852,842	0	0	0	0
0	6,529,340	6,459,340	70,000	0	0	0
67,107,776	80,805,580	429,058	9,838,080	1,850,079	5,774,958	62,913,405
330,955,361	504,822,211	57,089,131	36,350,056	54,570,097	65,422,361	291,390,566
0	4,573,816	4,573,816	0	0	0	0
0	2,110,949	1,998,523	0	0	112,426	0
398,063,137	677,904,382	149,612,354	46,258,136	56,420,176	71,309,745	354,303,971
2,418,431	570,256,250	489,827,708	63,445,293	10,324,202	5,615,218	1,043,829
0	0	0	0	0	0	0
0	6,513,129	6,513,129	0	0	0	0
10,803,875	4,975,923	0	0	0	0	4,975,923
629,703	932,580	11,043	0	0	300,000	621,537
0	27,275,978	23,455,095	17	3,820,866	0	0
0	8,990,456	6,843,742	1,471,619	675,095	0	0
13,852,009	618,944,316	526,650,717	64,916,929	14,820,163	5,915,218	6,641,289
384,211,128	58,960,066	(377,038,363)	(18,658,793)	41,600,013	65,394,527	347,662,682
0	4,498,899	4,498,899	0	0	0	0
0	38,165,941	0	4,594,271	33,571,670	0	0
0	42,664,840	4,498,899	4,594,271	33,571,670	0	0
0	109,954,014	500,162	104,323,645	5,130,207	0	0
0	42,487,771	0	0	42,487,771	0	0
0	152,441,785	500,162	104,323,645	47,617,978	0	0
0	(109,776,945)	3,998,737	(99,729,374)	(14,046,308)	0	0
384,211,128	(50,816,879)	(373,039,626)	(118,388,167)	27,553,705	65,394,527	347,662,682
(123,289,322)		(373,039,626)	(491,427,793)	(463,874,088)	(398,479,561)	(50,816,879)

Table 8.1.b. Disclosure of the Rupiah Maturity Profile – the Bank Consolidated with Subsidiaries

No.	Posts	31 December 2017				
		Balance	Maturity			
			≤ 1 month	> 1-3 months	> 3-6 months	> 6-12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)
I BALANCE SHEET						
A. Assets						
1.	Cash	20,626,215	20,580,547	45,669	0	0
2.	Placement with Bank Indonesia	65,679,074	62,600,085	531,954	1,698,774	848,261
3.	Placement with other banks	6,584,912	6,157,011	200,001	227,900	0
4.	Securities	90,386,702	6,498,880	3,098,937	2,163,455	6,665,827
5.	Loans	626,696,114	69,642,231	44,103,618	51,658,710	63,485,862
6.	Other receivables	3,351,616	3,308,701	42,915	0	0
7.	Other assets	4,658,829	3,198,279	118,898	49,412	126,365
	Total Assets	817,983,464	171,985,734	48,141,993	55,798,251	71,126,315
B. Liabilities						
1.	Third party funds	700,769,988	581,810,476	101,644,412	9,856,072	5,005,205
2.	Funds from Bank Indonesia	0	0	0	0	0
3.	Funds from other bank	18,180,470	6,885,775	1,155,865	1,352,410	3,007,915
4.	Securities issued	16,837,200	0	0	324,830	498,543
5.	Loans received	2,308,674	1,678,971	0	0	0
6.	Other liabilities	31,849,021	28,726,418	49,745	2,999,013	0
7.	Miscellaneous	14,574,363	10,502,218	3,302,265	769,879	0
	Total Liabilities	784,519,716	629,603,858	106,152,287	15,302,205	8,511,664
	Difference between Assets and Liabilities in the Balance Sheet	33,463,748	(457,618,125)	(58,010,295)	40,496,046	62,614,652
II ADMINISTRATIVE ACCOUNT						
A. Administrative Account Claims						
1.	Commitments	2,482,498	2,482,498	0	0	0
2.	Contingencies	28,006,552	0	4,944,248	23,062,304	0
	Total Administrative Account Claims	30,489,050	2,482,498	4,944,248	23,062,304	0
B. Administrative Account Liabilities						
1.	Commitments	120,096,140	291,312	113,691,651	6,094,567	12,371
2.	Contingencies	49,784,109	59,646	18,735	49,705,728	0
	Total Administrative Account Liabilities	169,880,249	350,958	113,710,386	55,800,295	12,371
	Difference between Assets and Liabilities in the Balance Sheet	(139,391,199)	2,131,540	(108,766,138)	(32,737,991)	(12,371)
	Difference [(IA-IB)+(IIA-IIB)]	(105,927,451)	(455,486,585)	(166,776,432)	7,758,055	62,602,280
	Cumulative Difference		(455,486,585)	(622,263,017)	(614,504,963)	(551,902,682)

(in Million Rupiahs)

31 December 2016						
> 12 months	Balance	Maturity				
		≤ 1 month	> 1-3 months	> 3-6 months	> 6-12 months	> 12 months
(8)	(9)	(10)	(11)	(12)	(13)	(14)
0	19,385,852	19,350,692	35,161	0	0	0
0	75,264,749	70,143,615	1,071,133	1,300,000	2,750,000	0
0	8,104,408	7,780,513	190,495	133,400	0	0
71,959,604	88,224,240	1,660,144	10,065,778	2,384,743	5,924,088	68,189,486
397,805,693	573,240,287	60,110,290	40,082,465	58,967,288	69,796,407	344,283,836
0	4,615,580	4,591,802	0	0	0	23,778
1,165,874	3,650,611	2,260,616	139,479	3,723	118,574	1,128,220
470,931,171	772,485,727	165,897,673	51,584,511	62,789,154	78,589,069	413,625,321
2,453,823	637,975,066	548,522,889	67,953,603	13,650,497	6,803,261	1,044,816
0	0	0	0	0	0	0
5,778,505	12,966,492	7,612,514	771,555	781,990	1,259,766	2,540,668
16,013,826	4,040,036	0	0	499,890	348,802	3,191,344
629,703	3,276,621	767,477	0	0	385,000	2,124,144
73,845	28,385,331	24,543,310	21,155	3,820,866	0	0
0	9,298,714	6,909,915	1,697,338	688,902	2,556	3
24,949,701	695,942,261	588,356,106	70,443,651	19,442,145	8,799,385	8,900,975
445,981,470	76,543,466	(422,458,433)	(18,859,139)	43,347,009	69,789,684	404,724,345
0	4,498,899	4,498,899	0	0	0	0
0	38,165,941	0	4,594,271	33,571,670	0	0
0	42,664,840	4,498,899	4,594,271	33,571,670	0	0
6,239	109,995,760	502,083	104,327,728	5,142,613	16,237	7,099
0	42,530,743	0	27,566	42,503,177	0	0
6,239	152,526,503	502,083	104,355,294	47,645,790	16,237	7,099
(6,239)	(109,861,663)	3,996,816	(99,761,023)	(14,074,120)	(16,237)	(7,099)
445,975,231	(33,318,197)	(418,461,617)	(118,620,162)	29,272,889	69,773,447	404,717,246
(105,927,451)		(418,461,617)	(537,081,779)	(507,808,890)	(438,035,443)	(33,318,197)

Table 8.2.a. Disclosure of the Foreign Currency Maturity Profile – the Bank Separately

No.	Posts	31 December 2017				
		Balance	Maturity			
			≤ 1 month	> 1-3 months	> 3-6 months	> 6-12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)
I BALANCE SHEET						
A. Assets						
1.	Cash	2,577,676	2,577,676	0	0	0
2.	Placement with Bank Indonesia	41,657,055	35,551,680	6,105,375	0	0
3.	Placement with other banks	23,334,662	22,358,073	198,180	778,408	0
4.	Securities	37,482,457	2,197,894	2,374,136	2,119,854	377,855
5.	Loans	105,791,794	10,276,364	6,512,495	4,186,754	7,577,584
6.	Other receivables	2,365,507	2,365,507	0	0	0
7.	Other assets	433,400	279,640	80,320	0	73,441
	Total Assets	213,642,552	75,606,834	15,270,506	7,085,016	8,028,880
B. Liabilities						
1.	Third party funds	109,413,530	102,763,148	4,624,225	1,494,311	514,629
2.	Funds from Bank Indonesia	0	0	0	0	0
3.	Funds from other bank	2,492,513	1,683,035	140,763	261,690	407,025
4.	Securities issued	0	0	0	0	0
5.	Loans received	26,707,312	735,114	2,067,117	3,900,656	995,176
6.	Other liabilities	35,678,631	33,942,290	672,555	1,063,787	0
7.	Miscellaneous	6,855,115	975,815	5,422,197	457,103	0
	Total Liabilities	181,147,100	140,099,402	12,926,856	7,177,547	1,916,830
	Difference between Assets and Liabilities in the Balance Sheet	32,495,451	(64,492,569)	2,343,650	(92,530)	6,112,050
II ADMINISTRATIVE ACCOUNT						
A. Administrative Account Claims						
1.	Commitments	3,080,799	3,080,799	0	0	0
2.	Contingencies	25,589,933	0	16,027,708	9,562,225	0
	Total Administrative Account Claims	28,670,732	3,080,799	16,027,708	9,562,225	0
B. Administrative Account Liabilities						
1.	Commitments	51,284,597	327,563	29,499,150	21,457,883	0
2.	Contingencies	30,218,974	0	0	30,218,974	0
	Total Administrative Account Liabilities	81,503,571	327,563	29,499,150	51,676,857	0
	Difference between Assets and Liabilities in the Balance Sheet	(52,832,838)	2,753,236	(13,471,442)	(42,114,633)	0
	Difference [(IA-IB)+(IIA-IIIB)]	(20,337,387)	(61,739,332)	(11,127,792)	(42,207,163)	6,112,050
	Cumulative Difference		(61,739,332)	(72,867,124)	(115,074,287)	(108,962,237)

(in Million Rupiahs)

31 December 2016						
> 12 months	Balance	Maturity				
		≤ 1 month	> 1-3 months	> 3-6 months	> 6-12 months	> 12 months
(8)	(9)	(10)	(11)	(12)	(13)	(14)
0	3,013,461	3,013,461	0	0	0	0
0	43,061,236	43,061,236	0	0	0	0
0	13,271,180	11,983,358	1,164,819	123,004	0	0
30,412,718	34,569,115	769,697	2,417,681	7,076,996	1,859,852	22,444,889
77,238,597	87,847,059	11,699,748	3,623,914	3,511,216	7,548,211	61,463,970
0	1,472,248	1,472,248	0	0	0	0
0	391,740	239,339	86,318	0	66,083	0
107,651,315	183,626,039	72,239,087	7,292,732	10,711,217	9,474,145	83,908,859
17,217	117,693,591	108,424,969	5,241,880	2,520,489	1,488,913	17,339
0	0	0	0	0	0	0
0	3,039,127	2,675,477	121,253	242,397	0	0
0	0	0	0	0	0	0
19,009,248	31,118,403	18,226,986	3,278,519	1,852,806	5,782,720	1,977,372
0	25,578,161	25,578,161	0	0	0	0
0	6,041,662	692,204	4,850,545	498,914	0	0
19,026,465	183,470,944	155,597,796	13,492,197	5,114,606	7,271,634	1,994,711
88,624,850	155,095	(83,358,709)	(6,199,465)	5,596,611	2,202,511	81,914,147
0	3,873,182	3,873,182	0	0	0	0
0	34,612,294	0	16,932,736	17,679,558	0	0
0	38,485,476	3,873,182	16,932,736	17,679,558	0	0
0	35,491,065	380,436	15,187,576	19,923,052	0	0
0	31,802,887	0	0	31,802,887	0	0
0	67,293,952	380,436	15,187,576	51,725,939	0	0
0	(28,808,476)	3,492,746	1,745,160	(34,046,382)	0	0
88,624,850	(28,653,380)	(79,865,963)	(4,454,305)	(28,449,770)	2,202,511	81,914,147
(20,337,387)		(79,865,963)	(84,320,268)	(112,770,039)	(110,567,528)	(28,653,380)

Table 8.2.b. Disclosure of the Foreign Currency Maturity Profile – the Bank Consolidated with Subsidiaries

No.	Posts	31 December 2017				
		Balance	Maturity			
			≤ 1 month	> 1-3 months	> 3-6 months	> 6-12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)
I BALANCE SHEET						
A. Assets						
1.	Cash	2,650,216	2,650,216	0	0	0
2.	Placement with Bank Indonesia	42,527,864	36,422,489	6,105,375	0	0
3.	Placement with other banks	24,221,628	23,245,040	198,180	778,408	0
4.	Securities	38,168,929	2,224,914	2,375,477	2,119,854	607,379
5.	Loans	109,865,050	10,552,794	6,512,495	4,190,621	8,115,679
6.	Other receivables	3,123,593	2,511,787	408,977	202,829	0
7.	Other assets	612,558	292,726	80,320	0	73,441
	Total Assets	221,169,838	77,899,966	15,680,824	7,291,712	8,796,499
B. Liabilities						
1.	Third party funds	114,812,215	107,693,724	4,956,851	1,529,549	614,873
2.	Funds from Bank Indonesia	0	0	0	0	0
3.	Funds from other bank	3,936,539	1,933,185	208,600	1,319,890	474,863
4.	Securities issued	0	0	0	0	0
5.	Loans received	26,707,312	735,114	2,067,117	3,900,656	995,176
6.	Other liabilities	35,687,573	33,951,231	672,555	1,063,787	0
7.	Miscellaneous	6,855,115	975,815	5,422,197	457,103	0
	Total Liabilities	187,998,753	145,289,071	13,327,321	8,270,986	2,084,912
	Difference between Assets and Liabilities in the Balance Sheet	33,171,085	(67,389,105)	2,353,504	(979,274)	6,711,587
II ADMINISTRATIVE ACCOUNT						
A. Administrative Account Claims						
1.	Commitments	3,080,799	3,080,799	0	0	0
2.	Contingencies	25,589,933	0	16,027,708	9,562,225	0
	Total Administrative Account Claims	28,670,732	3,080,799	16,027,708	9,562,225	0
B. Administrative Account Liabilities						
1.	Commitments	51,349,320	327,563	29,512,159	21,509,598	0
2.	Contingencies	30,897,125	237,598	8,520	30,230,899	414,252
	Total Administrative Account Liabilities	82,246,445	565,161	29,520,679	51,740,497	414,252
	Difference between Assets and Liabilities in the Balance Sheet	(53,575,713)	2,515,638	(13,492,971)	(42,178,272)	(414,252)
	Difference [(IA-IB)+(IIA-IIB)]	(20,404,628)	(64,873,467)	(11,139,467)	(43,157,546)	6,297,335
	Cumulative Difference		(64,873,467)	(76,012,934)	(119,170,480)	(112,873,145)

(in Million Rupiahs)

31 December 2016						
> 12 months	Balance	Maturity				
		≤ 1 month	> 1-3 months	> 3-6 months	> 6-12 months	> 12 months
(8)	(9)	(10)	(11)	(12)	(13)	(14)
0	3,067,982	3,067,982	0	0	0	0
0	43,191,851	43,191,851	0	0	0	0
0	15,071,194	13,232,080	1,716,110	123,004	0	0
30,841,305	35,375,707	769,697	2,417,681	7,076,996	1,859,852	23,251,480
80,493,461	93,696,457	11,699,748	4,046,633	3,667,010	8,084,024	66,199,042
0	1,472,248	1,472,248	0	0	0	0
166,072	647,120	253,291	86,318	0	70,886	236,625
111,500,838	192,522,558	73,686,897	8,266,742	10,867,010	10,014,762	89,687,147
17,217	124,113,116	114,417,358	5,473,308	2,556,255	1,648,856	17,339
0	0	0	0	0	0	0
0	4,664,985	4,295,946	126,642	242,397	0	0
0	0	0	0	0	0	0
19,009,248	31,118,403	18,226,986	3,278,519	1,852,806	5,782,720	1,977,372
0	25,582,496	25,582,496	0	0	0	0
0	6,041,662	692,204	4,850,545	498,914	0	0
19,026,465	191,520,663	163,214,989	13,729,014	5,150,371	7,431,577	1,994,711
92,474,373	1,001,895	(89,528,092)	(5,462,272)	5,716,639	2,583,185	87,692,435
0	3,873,182	3,873,182	0	0	0	0
0	34,612,294	0	16,932,736	17,679,558	0	0
0	38,485,476	3,873,182	16,932,736	17,679,558	0	0
0	35,498,024	387,396	15,187,576	19,923,052	0	0
5,856	32,413,111	591,974	536	31,802,887	17,237	477
5,856	67,911,135	979,369	15,188,112	51,725,939	17,237	477
(5,856)	(29,425,659)	2,893,813	1,744,624	(34,046,382)	(17,237)	(477)
92,468,517	(28,423,764)	(86,634,279)	(3,717,648)	(28,329,743)	2,565,947	87,691,958
(20,404,628)		(86,634,279)	(90,351,927)	(118,681,670)	(116,115,722)	(28,423,764)

Liquidity Coverage Ratio (LCR), the comparison between High Quality Liquid Assets (HQLA) with estimated total net cash outflow over the next 30 (thirty) days in a crisis scenario, is one of the indicators used to manage risk short-term bank liquidity in a crisis scenario.

Table 8.3 Disclosure of the Value of the Liquidity Coverage Ratio

2017	Value LCR (%)			
	Q1	Q3	Q3	Q4
	(1)	(2)	(3)	(4)
Bank Only	189.73%	172.58%	188.51%	196.67%
Bank Consolidated	192.36%	176.06%	189.86%	196.80%

Operational Risk

Calculation of Risk-Weighted Asset for Operational Risk

In order to calculate the capital expense and Risk Weighted Risk Operations, the Bank currently uses the Basic Indicator Approach (BIA) method in accordance with OJK Circular Letter number 24 / SEOJK.03 / 2016 dated July 14, 2016 regarding Risk Weighted Asset Calculations for Operational Risk by Approaching Approach Basic Indicators.

Risk-Weighted Asset for operational risk as of December 31, 2017, Bank as Individual, is at Rp104,792,639 million. While Risk-Weighted Asset for operational risk for consolidation with subsidiaries is at Rp121,563,432 million.

Following is the table of capital expense and the Risk-Weighted Asset for Operational Risk with Basic Indicator Approach (BIA) Method in accordance with regulation from Bank Indonesia as mentioned above.

Table 9.1 Quantitative Disclosure of Operational Risk – the Bank Separately

(in Million Rupiahs)

No	Approach	31 December 2017			31 December 2016		
		Gross Income (Last average)*	Capital Expense	RWA	Gross Income (Last average)*	Capital Expense	RWA
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Base Indicator Approach - The Bank Individually	55,889,407	8,383,411	104,792,639	49,030,404	7,354,561	91,932,008
2	Base Indicator Approach - Bank Consolidated with Subsidiaries	115,301,566	9,725,075	121,563,432	57,365,157	8,604,774	107,559,670

*) For Bank using the basic indicator approach in calculating Operational Risk

Worst Case Simulation and Stress Testing

To measure Bank Mandiri level of endurance in dealing with a plausible scenario of exceptional external event, Bank Mandiri conduct a stress testing as the basis for contingency plan and to fulfill the regulation which applied in Indonesia. For Bank Mandiri, stress testing aims to estimate the magnitude of loss, estimate the security of Bank capital in absorbing the loss, adequacy of the liquidity to fulfill the Bank behavioral and contractual obligation, and also to identify the steps which must be taken to mitigate the risk and keeping the capital security.

There are two types of stress testing which will be conducted by Bank Mandiri, which are sensitivity/shock analysis and scenario analysis (historical or hypothetical). The stress testing implementation covers main risk types, such as credit risk, market risk and liquidity risk which calculation simulation is done by using static model or financial model which developed by the Bank according to the best practices

in the industry. Specifically for credit risk, Bank Mandiri stress testing model is developed to cover the segment of wholesale, consumer, and retail (the module has been developed per product and for a more granular and accurate result) based on the best practice, such as using econometrics modeling which connect the factor of credit risk with the factor of macroeconomics.

Stress testing implementation in 2017 is based on the scenario which is made by Bank Mandiri Office of Chief Economist that use the outline from assumption of Chinese slowing economic growth, the increasing of volatility in financial market which caused by the increase of US Fed Funds Rate, and the impact of changes in US economic and trade policies. In general, the result of the stress testing shows that Bank Mandiri is able to keep the capital security and the adequacy of liquidity in conditions of economic weakness, despite the pressure on earnings.

RECOVERY PLAN

According to the size of asset, obligation, and capital, the product complexity and relation to the banking system, Financial Services Authority (OKJ) has assigned Bank Mandiri as Domestic Systematically Important Bank.

As Domestic Systematically Important Bank, Bank Mandiri prepared a Recovery Plan and Recovery Option to prevent, recover, and repair the financial condition and the continuance of Bank business in the event of financial stress, as regulated in OJK Regulations No.14/POJK.03/2017 about Recovery Plan for Domestic Systematically Important Bank

Recovery Plan organization includes the analysis of all business line of the Bank and Subsidiaries, including the analysis scenario for stress testing occurring in the Bank on an idiosyncratic and market-wide shock basis that could jeopardize the viability of the Bank's business (point of non-viability).

Bank organizes the Recovery Options to solve the condition of capital, liquidity, rentability, and quality of assets which in accordance with the established trigger level for the purposes of prevention, recovery and improvement of the Bank's financial condition. Bank Mandiri also conducted the analysis for feasibility and effectiveness to make sure every Recovery options can be implemented well.

Material Commitment Related to Investment of Capital Goods

The following is the description about material commitment for investment of capital goods in 2017.

Table of Material Commitment Related To Investment of Capital Goods

No	Vendor	Commitment	Goal	Funding Source	Realization and Currency (Rupiah)	Protection Measure for Foreign Currency Risk
1	Pega System	Integrated Business Process Reengineering	Business Process Re-engineering (BPR) project is one of initiative strategy to support the Corporate Plan by repairing or changing the business process to integrate several business segment starting from retail loan with the aim to improve customer centricity, improve efficiency and strengthen internal control. The repairing process is implemented using process of automation, standardization and end-to-end integration of business process.	The source of fund for the purchase of capital goods has been allocated from the capital of Bank Mandiri for the current year.	161.684.988.167	The investment of capital goods is using Rupiah, therefore Bank Mandiri has no measure in foreign currency protection.
2	Cloudera and Teradata	Big Data	Big data project implementation is an initiative from Bank Mandiri to support the business needs regarding data analytics and data availability. The business development towards digital economy requires a change in paradigm which support customer centricity. Big data technology allows the Bank to make decision based on accurate and precise data analysis which correspond to the needs of specific customer that can improve growth and Income, risk mitigation, and fraud and also operational excellence.	The source of fund for the purchase of capital goods has been allocated from the capital of Bank Mandiri for the current year.	34.685.153.135	The investment of capital goods is using Rupiah, therefore Bank Mandiri has no measure in foreign currency protection.
3	Aprisma	Mandiri Cash Management (MCM) Upgrade	The implementation of Mandiri Cash Management (MCM) upgrade project aims to fulfill the needs of corporate customer in transacting with Mandiri Cash Management. The company continues to innovate in the user experience and feature enhancements so that customers can transact easily, safely and conveniently with Mandiri Cash Management	The source of fund for the purchase of capital goods has been allocated from the capital of Bank Mandiri for the current year.	11.502.143.787	The investment of capital goods is using Rupiah, therefore Bank Mandiri has no measure in foreign currency protection.

Investment of Capital Goods

Investment in the form of Capital Goods (Capital Expenditure) is the activity of capital expenditure which is used to purchase several fixed assets or increase the value of fixed asset in hope to provide benefits in the future.

Types and Value of Capital Goods Investment

The types and value of capital goods investment are as follows:

Table for Types and Value of Capital Goods Investment – Fixed Asset
(in Million Rupiahs)

Types	Value
Land	566,305
Building	217,433
Equipment, office supplies and computer	220,980

Types	Value
Vehicle	7,320
Assets in progress*	1,339,064
Total	2,351,102

*asset in progress include buildings, computers, and other types of hardware that have not been installed, office supplies and inventories, land, motor vehicles, and the like.

As for the investment of capital goods in the form of intangible assets, the information is presented in the following table.

Table for Types and Value of Capital Goods Investment – Intangible Asset
(in Million Rupiahs)

Types	Value
Software	888,925

Objective of Capital Goods Investment

The purchase of capital goods aims to support the Bank operational activity as a whole.

Material Information on Investment, Expansion, Divestment, Acquisition, or Debt and Capital Restucturing

Investment

Bank Mandiri invested in several government obligation and stocks which aims to improve profitability and performance of the Bank. As for Bank Mandiri's investment details as of December 31, 2017 and 2016 are presented as follows.

Table of Investment Details

(in Million Rupiahs)

Description	2017	2016
Stocks		
Related party		
Measured at fair value through profit or loss	1,834,067	2,044,697
Available for sale	8,221,431	7,807,931
Owned until due date	2,116,345	1,920,506
Measured at cost*)	632,808	392,044
	12,804,651	12,165,178
Third party		
Measured at fair value through profit or loss	1,674,105	2,708,846
Available for sale	17,335,737	14,503,106
Owned until due date	6,146,605	9,348,361
Measured at cost*)	518,153	246,146
	25,674,600	26,806,459
Unit-link Investment **)		
Related party		
Measured at fair value through profit or loss	7,970,812	6,406,370
Third party		

Description	2017	2016
Measured at fair value through profit or loss	13,081,638	11,444,472
Total	59,531,701	56,822,479
Subtracted:		
Unamortized discount	(9,305)	(5,429)
Unrealized gains /(losses) from increase/(decrease) in fair value of stock securities	169,310	(26,463)
Allowance for impairment losses	(81,734)	(238,944)
	78,271	(270,836)
Net	59,609,972	56,551,643

*) Securities owned by Subsidiaries

**) Unit-link investment is investment held by the policyholder under a Subsidiary's unit-link contract which is presented at fair value.

Table of Bond Details

(in Million Rupiahs)

Description	2017	2016
Government Bond		
Related party		
Measured at fair value through profit or loss	2,183,356	1,191,310
Available for sale*)	89,073,724	80,334,549
Owned until due date	2,585,950	11,142,896
Measured at cost**)	8,262,937	5,027,262
	102,105,967	97,696,017
Unit-link investment***)		
Related party		
Measured at fair value through profit or loss	1,305,221	1,237,261
Total	103,411,188	98,933,278

*) Including sukuk, project-based sukuk, and retail sukuk which are classified as measured at fair value through other comprehensive income.

**) Government Bonds owned by Subsidiaries.

***) Unit-link investment is an investment held by the policyholder under a Subsidiary's unit-link contract which is presented at fair value

Information about investment in the form of additional capital in Subsidiaries is presented as follows.

Table for Additional Capital Investment for Subsidiaries

No	Additional Capital	Objective	Approval				Date of Additional Capital
			Capital & Subsidiary Committee	Commissioner	Financial Services Authority (OJK)	Performance of Additional Capital	
1	PT Mandiri Capital Indonesia (MCI)	- Fulfillment of Share Holder Agreement Mitra Transaksi Indonesia (SHA MTI) -Development of 6 Investee	21 February 2017	05 April 2017	26 July 2017	-Deadline for Mitra Transaksi Indonesia (MTI) Capital deposit. -Date – Date of investee investment	28 July 2017
2	PT Mandiri Utama Finance (MUF) Phase 1 amount of Rp51 billion Phase 2 amount of Rp51 billion	Business Development	21 February 2017	05 April 2017	26 July 2017	DER > 8x	Phase 1: July 28, 2017 Phase 2: End of October 2017

No	Additional Capital	Objective	Approval				Date of Additional Capital
			Capital & Subsidiary Committee	Commissioner	Financial Services Authority (OJK)	Performance of Additional Capital	
3	PT Bank Mandiri Taspen (Mantap) Phase 1 amount of Rp100 billion Phase 2 amount of Rp 90 billion	Development of office network Clearing Deficit of Core Capital Allocation	22 March 2017	22 September 2017	On Process	Phase 1: Immediately after approved by OJK. Phase 2: Immediately after Taspen application is approved by the Ministry of SOEs	-
4	PT Bank Syar In amount of Rp500 billion	- Business Development - CAR > 15%	22 March 2017	02 October 2017	On Process	Immediately after approved by OJK.	-

Additional Capital to PT Mandiri Capital Indonesia (MCI) For Rp200 Billion

This investment is intended as additional capital for PT Mitra Transaksi Indonesia (MTI) and investment for several startup companies. The additional capital has been approved in Capital and Subsidiaries Committee (CSC) forum on February 21, 2017 and approved by Board of Commissioners of Bank Mandiri on April 5, 2017. The proposed additional capital has been approved by OJK on July 26, 2017. On July 28, 2017, the transaction of additional capital to MCI amounted to Rp 200 billion is conducted. After the additional capital, Bank Mandiri's ownership of PT Mandiri Capital Indonesia has increased in 2016 from Rp 99.97% to 99.98%

Additional Capital to PT Mandiri Utama Finance (MUF) For Rp102 Billion

This investment is intended for the business development and expansion of MUF branch network. The additional capital has been approved in Capital and Subsidiaries Committee (CSC) forum on February 21, 2017 and approved by Board of Commissioners of Bank Mandiri on April 5, 2017. The proposed additional capital has been approved by OJK on July 26, 2017.

The inclusion of MUF capital is done in two phases with Rp 51 billion (in accordance with ownership portion of Bank Mandiri) for each phase. On July 28, 2017, the first phase of transaction of additional capital for MUF amounting to Rp51 billion has been executed. Furthermore, the second phase of additional capital has been executed on October 30, 2017. After the additional capital, there is no change in Bank Mandiri's ownership of PT Mandiri Utama Finance.

Additional Capital to PT Bank Mandiri Taspen (Mantap) For Rp500 Billion

The additional capital is intended for the development of Bank Mantap office network. The additional capital has been approved in Capital and Subsidiaries Committee (CSC) forum on March 22, 2017. The proposed additional capital is then approved by the Ministry of SOEs on September 7, 2017 and approved by Board of Commissioners of Bank Mandiri on September 22, 2017. This additional capital has been submitted to OJK on September 29, 2017 and is still under approval process. After the additional capital, there is no change in Bank Mandiri's ownership of PT Bank Mandiri Taspen (Mantap).

Additional Capital to PT Bank Syariah Mandiri (BSM) For Rp500 Billion

The additional capital is intended as part of efforts to strengthen BSM's capital structure with CAR target at the level of 15%-16% at the end of 2017. The additional capital has been approved in Capital and Subsidiaries Committee (CSC) forum on March 22, 2017. The proposed additional capital is then approved by the Ministry of SOEs on September 22, 2017 and approved by Board of Commissioners of Bank Mandiri on October 2, 2017. This additional capital has been submitted to OJK on October 6, 2017 and is still under approval process. After the additional capital, there is no change in Bank Mandiri's ownership of PT Bank Syariah Mandiri (BSM).

Expansion

Throughout 2017, Bank Mandiri and its Subsidiaries have performed expansion by increasing the number of regional areas and branch areas as follows.

Table of Expansion

Information	31 December 2017	31 December 2016	Expansion
Area Office	83	79	4
Branch Office	1,293	1,237	56

Divestment

During 2017, Bank Mandiri did not do any divestment activity.

Acquisition

During 2017, Bank Mandiri did not do any acquisition activity.

Debt And Capital Restructuring

During 2017, Bank Mandiri did not do debt and capital restructuring transaction.

Used of Third Party Services

The used of third party services to assessment the fairness of investment, acquisition, divestment and restructuring transactions is conducted in accordance with the prevailing regulations in the capital market.

Commitment and Contingency

Bank Mandiri has commitment and contingency. The commitment and contingency summary of the Bank as follows.

Table of Commitment and Contingency

(in Million Rupiahs)

Description	2017	2016
COMMITMENT		
Commitment liability		
Credit facility given but untapped *)		
Related Parties	(50,456,815)	(38,790,412)
Third Party	(92,747,364)	(81,630,934)
Total	(143,204,179)	(120,421,346)
Letters of credit which is inalienable and still in progress		
Related Parties	(5,904,249)	(3,519,396)
Third Party	(9,918,273)	(8,577,270)
Total	(15,822,522)	(12,096,666)
Commitment liability - net	(159,026,701)	(132,518,012)
CONTINGENCY		
Contingency bill		
Guarantee received from other bank	16,223,496	17,741,644
Interest income in progress	8,088,139	6,793,156
more	32,729	32,729

Description	2017	2016
Total	24,344,364	24,567,529
Contingency liability		
Guarantee given in form:		
Guarantee bank		
Related Parties	(25,912,130)	(23,212,078)
Third Party	(53,775,848)	(51,054,206)
Total	(79,687,978)	(74,266,284)
Standby letters of credit		
Related Parties	(6,171,176)	(6,739,568)
Third Party	(6,107,442)	(6,424,992)
Total	(12,278,618)	(13,164,560)
more	(603,302)	(907,215)
Total	(92,569,898)	(88,338,059)
Contingency liability - net	(68,225,534)	(63,770,530)
TOTAL OF COMMITMENT AND CONTINGENCY - NET	(227,252,235)	(196,288,542)

*) Including unused committed and uncommitted loan facilities.

The Target and The Next Target Accomplishment

The Target Accomplishment In 2017

In 2017, Bank Mandiri booked a net profit of Rp20,010,716 million (bank only), exceeding the target set with achievement of 110%. The achievement of net income is supported by the achievement of net interest income in the midst of credit yield pressures that occurred throughout 2017. The efficiency program has also managed to control the use of operational costs so as not to exceed the budget set. On the other hand, the bank also managed to improve the quality of assets as indicated by the decrease of NPL (gross) to 3.45% (Bank Only), better than the aspirations of 2017 of 3.5% - 4.0%.

Bank Mandiri's Projection in 2018

The Description related to Bank Mandiri's financial projection of 2018 are as follows.

Table of Projection 2018

Projection 2018	
Credit Development (YoY)	11.0% -13.0%
Low-Cost Funding	Rp590 trillion
Net Interest Margins	5.7% -5,8%
Net Interest Income (Expenses)	Rp68 trillion - Rp72 trillion
Operating Profits (Loss)	Rp20 trillion - Rp22 trillion
Efficiency Ratio	<45.0%
Gross NPLs	2.8% -3.2%
Cost of Credit	2.0% -2.2%
# Addition of Automatic Teller Machine	900
# Addition of EDC	20,000
# Addition of Micro Networking	9
# Addition of Branch Office	5

Assumption Used To Arrange The Projection In 2018

The management of Bank Mandiri has arranged Bank Business Plan in 2018 by considering the condition of economy today and economics projection in 2018, both in a macro way and also in a micro way.

This is the use of micro and macro assumption.

Table of The Use of Micro and Macro Assumption

(in %)

ASSUMPTION	Projection Industry 2018
MAKRO ASSUMPTION	
1. Development of Gross Domestic Product (GDP) (%)	5.4%
2. Inflation (%)	3.5%
3. Lainnya, dirinci per Types asumsi ¹	-
a. IDR or USD Exchange	13.500
b. 7 D Reverse Repo Rate (%)	4.25%
MICRO ASSUMPTION	
1. Development of Credit (%)	10% - 12%
2. Development of Third Party Fund (%)	10% - 12%
3. Interest of Deposits Degree (%)	
a. Rupiah	4.09% - 7.42%
b. FOREX (USD)	0.62% - 2.93%
4. Interest of Credit degree (%)	
a. Rupiah	
- Working Capital Loan (KMK)	9.01% - 15.32%
- Investment Credit (KI)	9.41% - 14.08%
- Consumption Credit	9.81% - 20.38%
b. Forex (USD)	
- Working Capital Loan (KMK)	4.07% - 8.03%
- Credit Investasi (KI)	3.52% - 9.48%
- Credit Konsumsi	5.29% - 11.21%
c. Consumption Credit in Rupiah	
- Home Loan (KPR/KPA)	9.53% - 14.00%
- Motor Vehicle Credit (KKB)	8.63% - 17.86%
- Credit Card	14.58% - 30.56%
- Versatile Credit	9.86% - 19.58%
- Unsecured Loans (KTA)	12.02% - 29.28%
5. The others, classified into each kind of assumption ²	-

Source: Notes to the Draft State Budget 2018, Ministry of Finance; Banking Surveys, Bank Indonesia; and Publications Released by OJK.

Description

- 1) Other macroeconomic assumptions, such as exchange rates, and the growth of export and import.
- 2) Other microeconomic assumptions, such as the banking industry.

Material Information and Fact After The Date of Accountant Statement

Event After Period Date of Financial Statement

Event after period date of statement based on what is served in financial statement is as follows.

A Member of Bank Board of Commissioners Revolution

Based on the Resolution of the Extraordinary General Meeting of Shareholders in August 21, 2017, Mr. R. Widyo Pramono has been promoted as a member of Bank Board of Commissioners. The promotion is official after getting agreement from The Financial Services Authority (OJK) by The Fit and Proper Test. Because of the promotion, Mr. R. Widyo Pramono has served as a member of Bank Board of Commissioners officially on January 15, 2018 based on the Bank Letter to The Financial Services Authority Number RMC/42/2018 on January 15, 2018 about official decision of Bank Mandiri Company Commissioners Promotion.

A Member Bank Management Revolution

Based on the Resolution of the Extraordinary General Meeting of Shareholders in August 21, 2017, Mr. Darmawan Junaidi has been promoted as a Director of Bank Treasury. The promotion is official after getting agreement from The Financial Services Authority (OJK) by The Fit and Proper Test. Because of the promotion, Mr. Darmawan Junaidi has served as a Director of Bank Treasury officially on January 12, 2018 based on the Bank Letter to The Financial Services Authority Number RMC/37/2018 on January 12, 2018 about official decision of Director of Bank Mandiri Company Treasury Promotion.

A Member Of Bank Audit Committee Revolution

Mr. Bambang Ratmanto has served as a Member of Bank Audit Committee since January 2, 2018 as written on Circular Letter Number KEP.DIR/003/2018 on January 19, 2018 about the decision of Bank Audit Committee Membership. Meanwhile, term of office of Mrs. Lista Irna as a Member of Bank Audit Committee is end since January 2, 2018.

A Member Of Integrated Good Bank Governance Committee Revolution

Mr. Budi Sulistio has served as a Member of Integrated Good Bank Governance Committee since January 2, 2018 as written on Decision Letter Number KEP.DIR/004/2018 on January 19, 2018 about the Decision of Integrated Good Governance Committee Membership. Authorized Capital Revolution, Shareholders' Composition and Paid-up Capital of Bank Mandiri Taspen Company.

Authorized Capital Revolution, Shareholders' Composition And Paid-Up Capital Of Bank Mandiri Taspen Company.

The Financial Services Authority Letter number S-13/KR.0811/2018 about Authorized Capital Revolution of Bank Mandiri Company has been received on January 12, 2018. It is announced that authorized capital revolution of Bank Mandiri Taspen start from Rp624.500.000.000 (full value) become Rp681.061.085.000 (full value) based on Minutes of the Extraordinary General Meeting of Shareholders certificate Number 18 on October 9, 2017 and Resolution of the Meeting Statement certificate Number 23 on December 14, 2017 made by notary I Gusti Ngurah Putra Wijaya, S.H in Denpasar. It has got an agreement from Indonesian Ministry of Justice and Human Right as written in Decision Letter Number AHU-0026428.AH.01.02 on December 15, 2017. It has been noted in The Financial Services Authority Monitoring Administration.

On January 24, 2018 a circular letter of The Financial Services Authority (OJK) number S-11/KR.08/2018 concerning The Change of Shareholder Composition and Paid-up Capital in Bank Mandiri Taspen has been received, some points are mentioned:

- Additional paid-up capital by PT Bank Mandiri (Corporate) Tbk as much as Rp33,619,909,000 (full value) makes the number of shares (in sheet) become 809,655,870 with nominal value Rp404,827,935,000 (full value) and the ownership percentage being 59.44%.
- Additional paid-up capital by PT Taspen (Corporate) as much as Rp22,624,434,000 (full value) makes the number of shares (in sheet) become 544,848,868 with nominal value Rp272,424,434,000 (full value) and the ownership percentage being 40.00%.
- Additional paid-up capital by Mr. I.B Made Putra Jandhana as much as Rp316,742,000 makes the number of shares (in sheet) become 7,617,432 with nominal value Rp3,808,716,000 and the ownership percentage being 0.56%.

Event Impact

There is no significant impact on the Company's performance on events occurring after the financial statement date.

Policy, Announcement, and Dividend Payout

Dividend Policy

The distribution of dividend by Bank Mandiri is held once in a year after some conclusions and agreements process from the shareholders in the annual General Meeting of Shareholders (RUPS).

Bank Mandiri owns policies to give dividend to the shareholders by keeping the fixed ratio of dividend payout for about 50% from net profit in a year, except when the General Meeting of Shareholders (RUPS) states differently, that depends on various considerations regarding work performances of certain individual.

Some of the deciding factors are the level of financial health of Bank Mandiri, capital adequacy ratio; Bank Mandiri's funding need for further expansion, without reducing the right of Bank Mandiri's

General Meeting of Shareholders to determine decision that suitable with Company's Articles of Association.

Bank Mandiri will only pay the dividend from net profit based on law applied in Indonesia and the dividend (if available) will be paid cash in Rupiah currency and will always obey the provision in the Stock Exchange by doing payment on time. Bank Mandiri does not have limitation (negative covenants) regarding the restriction of third party in term of dividend distribution which may abuse the rights of public shareholders.

Announcement and Dividend Payout

Dividend payout will be carried based on the pronouncements from General Meeting of Shareholders (RUPS) which are stated below:

Table of Announcement and Dividend Payout Year Book of 2013-2016

Description	Year Book of 2016	Year Book of 2015	Year Book of 2014	Year Book of 2013
Net Profit (billion Rp)	13,806.57	20,334.97	19,871.87	18,203.75
Dividend (billion Rp)	6,212.95	6,100.49	4,967.97	5,461.13
Dividend per share (Rp)	266.26947	261.44958	212.91292	234.04825
Dividend Pay Out Ratio (%)	45%	30%	25%	30%
Date of announcement	14 March 2017	21 March 2016	16 March 2015	27 February 2014
Date of payment	13 April 2017	22 April 2016	17 April 2015	15 April 2014

Announcement and Dividend Payout Year Book of 2016

According to annual General Meeting of Shareholders (RUPS) of Bank Mandiri on March 14, 2017 it had been decided to approve and assign the use of Company Net Profit of Year Book ended on December 31, 2016 as much as Rp13,806,565,442,570.80 with allocations as follows:

1. 30% of Company Net Profit from January 1 to December 31, 2016 period or equals to Rp4,141,969,632,771.24 was distributed as cash dividend to the shareholders and as for the special dividend of Republic of Indonesia would be deposited according to Provision of Laws and Regulations.
2. 15% of the Company Net Profit from January 1 to December 31, 2016 period or equals to Rp2,070,984,816,385.62 was appointed as extra dividend which the entire amount was given to shareholders as cash dividend that also noted in the recording date of dividend. Thus, the sum of paid-up dividend was 45% from Company Net Profit.
3. 55% of the Company Net Profit or equals to Rp7,593,610,993,413.94 was appointed as retain earning to support capital affirmation in the future.

The 2016 book year dividend payout will be made on April 13, 2017

Year Book of 2015

According to annual General Meeting of Shareholders (RUPS) of Bank Mandiri on March 21, 2016 it is decided to approve and determine the use of Profits Net of the Company for the Year Book ended on 31 December 2015 of Rp20,334,967,510,904.70 with allocation as following:

1. 30% of the Company Net profit from January 1 to December 31, 2015 period or equals to Rp6,100,490,253,271.41 was distributed as cash dividend to the shareholders and as for the special dividend of Republic of Indonesia would be deposited according to the Provision of Laws and Regulations.
2. 11.2% of Company Net Profit from January 1 to December 31, 2015 period or equals to Rp2,277,516,361,221.33 was appointed as Back-up Plan to cover Company's investment.
3. 58.8% of Company Net Profit or equals to Rp11,956,960,896,411 was appointed as retain earning.

The 2015 book 2015 dividend payout will be made on April 22, 2016.

Employee Stock Option Program (ESOP)/Management Stock Option Program (MSOP)

According to the pronouncements of General Meeting of Shareholders (RUPS) – Resolution of the Extraordinary General Meeting of Shareholders (RUPSLB) on May 29, 2003 that also noted in Notarial Deed of Sutjipto, S.H., number 142 date of May 29, 2003, the shareholders of Bank Mandiri agreed to the employees and directors share ownership plan through Employee Stock Allocation (ESA) and Management Stock Option Plan (MSOP). ESA plan included Share Plan Bonus and Share Purchase Discount. Meanwhile, MSOP plan was addressed to the directors and employees in the certain grade and criteria. The expense and discount based on ESA plan became the responsibilities of Bank Mandiri whereas its burden came from the established stockpile. The management and practice of ESA and MSOP would be handled by the Directors, while the supervision would be handled by Board on Commissioners.

On July 14, 2003, the Government of Republic of Indonesia let go of 4,000,000,000 share sheets, which reflected on 20.00% of Bank Mandiri ownership through Initial Public Offering (IPO). As the following of Republic of Indonesia Government Regulation number 27/2003 date of June 2, 2003 that agreed to divest up to 30.00% of government ownership of Bank Mandiri and based on the pronouncements of Privatization of State-Owned Enterprise Team number Kep-05/TKP/01/2004 date of January 19, 2004, the government of Indonesia continued to divests 10.00% of Bank Mandiri ownership or equals to 2,000,000,000 share sheets of regular series B on March 11, 2004 through private placement.

During the IPO on July 14, 2003, Bank Mandiri gave for about 378,583,785 share purchase options to the management through MSOP plan Stage 1 with the execution price Rp742.50 (full value) per sheet and the nominal value Rp500 (full value) per sheet. The share giving options was recorded on Equity Post – Share Options with share fair value Rp69.71 (full value) per sheet. The executed options in MSOP plan Stage 1 were 375,365,957 share sheets which resulted to addition of issued capital and paid-up capital as much as Rp187,683, and the addition of share premium as much as Rp117,193. MSOP Stage 1 could be executed until 13 July, 2008 as it was announced on Indonesian Stock Exchange Announcement (previously Jakarta Stock Exchange) number Peng-262/BEJ.PJS/P/07-2004 in July 14, 2004.

Furthermore, in the General Meeting of Shareholders (RUPS) on May 16, 2005 the issued MSOP Stage 2 of 312,000 share options had been approved. The executed price per share sheet was Rp1,190.50 (full value) on the first year and Rp2,493 (full value) on the following year. The nominal amount of per share sheet was Rp500 (full value). The share giving options was recorded on Equity Post – with share options fair value Rp642.28 (full value) per sheet. The executed options from MSOP Stage 2 were 311.713.697 share sheets which resulted to addition of issued capital and paid-up capital as much as Rp155.857 and the addition of share premium as much as Rp425.233. Period 5 (the last period) stated that the conversion right in MSOP stage 2 was conducted from May 4, 2010 for 30 days of exchange, as it was announced in announcement.

Indonesia Stock Exchange (previously Jakarta Stock Exchange) number Peng-97/BEJ-PSJ/P/02-2007 date of February 2, 2007. Share options which were not executed as much as 286,303 share sheets or equals to Rp184 that passed through execution period recorded as addition share premium.

The annual General Meeting of Shareholder (RUPS) on May 22, 2006 agreed upon giving MSOP Stage 3 with 309,416,215 numbers of share options. General Meeting of Shareholder (RUPS) also gave authority to Board of Commissioners to set execution policies and surveillance on MSOP program Stage 3 and to report it in the following General Meeting of Shareholders (RUPS).

The execution price per share sheet in MSOP Stage 3 was Rp1,495.08 (full value) with nominal value Rp500 (full value) per share sheet. The giving of this share options was recorded in Equity Post – Share options with fair value Rp593.89 (full value) per sheet. The executed options from MSOP Stage 3 were 309.415.088 share sheets which resulted in additional issued capital and paid up capital as much as Rp154,707 and also the additional share premium as much as Rp491,651. The execution period of MSOP option Stage 3 ended on February 2011, before Bank Mandiri HMETD period started on February 14, 2011 to February 21, 2011. Share options MSOP Stage 3 which were not executed as much as 1,127 share sheets or equal to Rp4 that passed through execution period that recorded as addition share premium.

On December 27, 2017, Bank had done its first registration to The Financial Services Authority (OJK) (previously Regulation and Supervision of Capital Market and Financial Institution (Bapepam and LK)) in the occasion of Limited Public Offer (PUT) for shareholders of Bank in Preemptive rights (HMETD) as much as 2,336,838,591 share sheets series B. This Preemptive Rights was approved by Board

of Commissioners through letter on April 29, 2010. Bank delivered notice about Preemptive Rights to Bank Indonesia through letter date of September 17, 2010. This Preemptive Right had been made into regulation by Government Regulation of Republic of Indonesia number 75 year of 2010 date of November 20, 2010.

Preemptive Right had been effectively approved by Bapepam and LK through letter number S-807/BL/2011 date of January 27, 2011, whereas Preemptive Right became effective after it had been accepted by shareholders in Resolution of Extraordinary General Meeting of Shareholders (RUPSLB) held on January 28, 2011.

About 2,336,838,591 HMETD share sheets were marketed on February 14, 2011- February 21, 2011 with the price implementation to be Rp5,000 (full value) per sheet, which resulted to additional issued capital and paid-up capital as much as Rp1,168,420

According to RUPB-LS pronouncements on 21 August, 2017, the shareholders of Bank Mandiri agreed upon stock split of Bank Mandiri from Rp500 (full value) per share to Rp250 (full value) per share thus the issued capital became 46,666,666,666 share sheets consisted of 1 sheet of dichromatic series A and 46,666,666,665 shares of series B. There was no change on authorized capital, issued capital and paid-up capital caused by the stock split. The splitting of shares nominal value was effective on September 13, 2017.

In 2017, Bank Mandiri did not have Employee Stock Ownership Program (ESOP) and Management Stock Ownership Program (MSOP), those programs have ended in 2010.

Realization of the Use of Profits from Public Offering

Public Offering

On June 15, 2017, Bank Mandiri launched Sustainable Bonds I Bank Mandiri Stage II year of 2017 (Sustainable Bonds I Stage II) with the nominal value as much as Rp6,000,000,000,000 which consisted of four series.

Sustainable Bonds I Stage II Series A, Series B, and Series C were offered with value 100% (one hundred percent) from the sum of primary bonds. The interest of obligation would be paid once in three months, and the first interest payout was distributed on September 15, 2017 while the last interest and also the due date of bond will fall on June 15, 2022 for Series A, June 15, 2024 for Series B, and June 15, 2027 for Series C, which is also the repayment date for each series of bonds. Bond series D was offered without interest with the tender value as much as 79.3146% (seventy nine point three one four six percent) from the primary sum of bonds, with the due date falls on June 15, 2020. The bonds payout will be distributed fully on the due date. Trustee from the launching of Sustainable Bonds I Stage II is PT Bank Tabungan Negara (Company) Tbk.

Realization of the Use of Profits from Public Offering

Table of Actual Realization of Sustainable Bonds I Bank Mandiri Stage II Year 2017

Types Penawaran Umum	Effective Date	Sum of public offering (in million)	Actual Value of Public Offering				Remaining Funds After Public Offering
			Cost of Public Offering	Net Result	Fund Plan According to Prospectus	Actual Fund Use According to Prospectus	
Sustainable Bonds I Bank Mandiri Stage II Year of 2017	15 June 2017	5,793,000	6,000	5,787,000	5,787,000	5,787,000	0

All of the concerned public offering proceeds, after being deducted with emission charges, had been used in accordance with the fund use plan disclosed in the Prospectus of Superior Bonds I of Bank Mandiri Phase II Year 2017 and had been reported to The Financial Services Authority (OJK) through Letter no. FTS/992/2017 dated July 12, 2017 regarding Submission of Report On Realization of The Use of Public Offering Proceeds of Superior Bonds I of Bank Mandiri Phase II Year 2017, PT Bank Mandiri (Persero) Tbk. As for the realization of the use of the proceeds of the previous public offering has been completed and Bank Mandiri is no longer obliged to report.

Information on Material Transactions Containing Conflicts of Interest and/or Transactions with the Affiliates

Review Mechanism Policy for Transaction And Fulfillment of Related Terms and Conditions

Bank Mandiri has internal policies related to transactions containing conflict of interest and/or transactions with affiliates. The policy of providing funds to related parties shall not be contrary to the general procedure of granting the provision of funds in force and shall continue to provide a reasonable benefit to the company, the provision shall also be subject to the approval of the Board of Commissioners.

Loan Policy for Board Of Commissioners and Directors

Bank Mandiri has a crediting policy for the Board of Commissioners and the Board of Directors that takes into account the principle of fairness through a generally accepted crediting process such as crediting process to regular customers.

Funding to related parties and to debtors with large amounts of funds is always done with a consideration to the principles of prudence, and has complied with the provisions of the Financial Services Authority (OJK) and other applicable laws and regulations, including the Legal Lending Limit (BMPK).

	Related Parties	Unrelated Parties (Individuals)	Unrelated Parties (Group of Debtors)
Violation of BMPK	None	None	None
Excess of BMPK	None	None	None

The Legal Lending Limit (BMPK) as of December 31, 2017 did not violate and exceed the BMPK's requirements for related parties and unrelated parties. BMPK was calculated in accordance with Bank Indonesia Regulation - PBI no. 7/3 /PBI/2005 dated January 20, 2005 on the Legal Lending Limit for Commercial Bank as amended by Bank Indonesia Regulation no. 8/13/PBI/2006 dated October 5, 2006.

During 2017 there was no violation and/or excess of BMPK for the provision of funds to the Related Parties of Bank Mandiri.

The Appropriateness and Reasons of Doing the Transaction

conflicts of interest had been done appropriately according to the laws and regulations. The transaction was conducted on the basis of the company's requirements and was free of any conflict of interest. In relation to transactions with related parties, Bank Mandiri and Its Subsidiaries conducted the transactions with related parties as defined in Statement of Financial Accounting Standards (SFAS) No.7 on "Related Party Disclosures" and Capital Market Supervisory Agency (BAPEPAM) and Financial Institution (LK) Regulations no. KEP-347/BL/2012 dated June 25, 2012 on "Presentation and Disclosures of Financial Statements of Issuers or Public Companies", defined as follows:

1. Person who:
 - a. Has control or joint control over the reporting party entity;
 - b. Has significant influence over the reporting party entity; or
 - c. Is a key management personnel of the reporting party entity or parent company of reporting party entity.
2. An entity is related to the reporting party entity if it meets one of the following:
 - a. Entity and reporting party entity are members of the same business group
 - b. An entity is an associate or joint venture of the entity
 - c. Both entities are joint ventures of the same third party
 - d. An entity is a joint venture of a third entity and another entity is an associate of the third entity
 - e. The entity is a post-employment benefit program for an employee benefit of one of the reporting party entity or entity associated with the reporting party entity

- f. An entity controlled or jointly controlled by persons identified as referred to in number 1); or
 - g. The person identified as referred to in number 1) on a) has significant influence over the entity or is the key management personnel of the entity
 - h. An entity that is controlled, jointly controlled or significantly influenced by the Government, namely the Ministry of Finance or Regional Government, which is the shareholder of the entity.
3. Non-related parties are as follows:
- a. Two entities which simply because they have the same director or key management personnel or because the key management personnel of one entity have significant influence over another entity
 - b. Two venturers which simply because they are jointly controlling the joint venture
 - c. Funders, trade unions, public service entities and departments and government agencies that do not control, jointly control or have significant influence over the reporting party entity, solely in the normal course of conduct with the entity
 - d. Customer, supplier, franchise holder, distributor or general agent with whom the entity entered into a business

transaction with significant volume, solely because of the economic dependence caused by the circumstances.

Name And Nature Of Relationships

Bank Mandiri And Its Subsidiaries Conducted The Transactions With Related Parties As Defined In Statement Of Financial Accounting Standards (Sfas) No. 7 On "Related Party Disclosures" And Capital Market Supervisory Agency (Bapepam) And Financial Institution (Lk) Regulations No. Kep-347/Bl/2012 Dated June 25, 2012 On "Presentation And Disclosures Of Financial Statements Of Issuers Or Public Companies". All transactions made in 2017 were categorized as Arm's Length transactions and in accordance with the ordinary commercial requirements as shown by "Unqualified Opinion" from Independent Auditor on 2017 Consolidated Financial Statements.

A Related Party Is A Person Or Entity Associated With An Entity That Prepares Its Financial Statement (Reporting Party Entity).

In The Course Of Conducting Its Normal Business, Bank Mandiri Has Significant Business Transactions With Related Parties. The Related Parties And The Nature Of Their Relationship With The Bank Are Described As Follows.

The Relationship Of Related Parties As Main Shareholder

The Government of Republic of Indonesia through Ministry of Finance.

The Relationship Of Related Parties Due To Ownership And/Or Management

The relationship of related parties due to ownership and/or management are presented in the following table.

The Relationship of Related Parties Due to Ownership and/or Management Table

No	Related Parties Due to Ownership and/or Management	Nature of Relationship
1	PT Kustodian Sentral Efek Indonesia	Associate Company
2	PT Sarana Bersama Pengembangan Indonesia	Associate Company
3	Pension Fund of Bank Mandiri	Bank Mandiri as the founder
4	Pension Fund of Bank Mandiri 1	Bank Mandiri as the founder
5	Pension Fund of Bank Mandiri 2	Bank Mandiri as the founder
6	Pension Fund of Bank Mandiri 3	Bank Mandiri as the founder
7	Pension Fund of Bank Mandiri 4	Bank Mandiri as the founder
8	PT Bumi Daya Plaza	Controlled by Pension Fund of Bank Mandiri (since December 19, 2013)
9	PT Pengelola Investama Mandiri	Controlled by Pension Fund of Bank Mandiri (since December 19, 2013)
10	PT Usaha Gedung Mandiri	Controlled by Pension Fund of Bank Mandiri (since December 19, 2013)
11	PT Estika Daya Mandiri	Controlled by Pension Fund of Bank Mandiri 1
12	PT Asuransi Staco Mandiri (formerly known as PT Asuransi Staco Jasapratama)	Controlled by Pension Fund of Bank Mandiri 2
13	PT Mulia Sasmita Bhakti	Controlled by Pension Fund of Bank Mandiri 3
14	PT Krida Upaya Tunggal	Controlled by Pension Fund of Bank Mandiri 4
15	PT Wahana Optima Permai	Controlled by Pension Fund of Bank Mandiri 4

No	Related Parties Due to Ownership and/or Management	Nature of Relationship
16	Pension Fund of Financial Institution of Bank Mandiri	Significantly influenced by Bank Mandiri
17	Employee and Pensioners Health Cooperation of Bank Mandiri (Mandiri Healthcare)	Significantly influenced by Bank Mandiri
18	PT Mitra Transaksi Indonesia	Significantly influenced by Bank Mandiri

The nature of transactions with related parties due to ownership and/or management consists of : share investment, issued securities, subordinated loans, loans, customer savings and bank guarantees.

The Relationship of Related Parties With Government Entities

Table of the Relationship of Related Parties with Government Entities

No	Subsidiaries of SOE	No	Subsidiaries of SOE	No	Subsidiaries of SOE
1	PT Abuki Jaya Stainless (AJSI)	31	PT Asuransi Jiwa Tugu Mandiri (AJTM)	61	PT Brantas Energi Mandiri
2	PT Adhi Persada Beton	32	PT Asuransi Samsung Tugu	62	PT Brantas Hidro Energi
3	PT Adhi Persada Gedung	33	PT Asuransi Tokio Marine Indonesia	63	PT Brantas Mahalona Energi
4	PT Adhi Persada Properti	34	PT Badak Arun Solusi (dhl. PT Patra Teknik)	64	PT Brantas Nipajaya Energi
5	PT Administrasi Medika	35	PT Bahana Artha Ventura	65	PT Brantas Prospek Energi
6	PT Aero Globe Indonesia	36	PT Bahana Securities	66	PT Brantas Prospek Engineering
7	PT Aero Systems Indonesia	37	PT Bakti Timah Solusi Medika	67	PT Brantas Prospek Mandiri
8	PT Aerofood Indonesia	38	PT Balai Lelang Artha Gasia	68	PT BRI Life
9	PT Aerojasa Cargo	39	PT Balebat Dedikasi Prima	69	PT BRI Multifinance Indonesia
10	PT Aerowisata	40	PT Bali Griya Shanti	70	PT Bromo Steel Indonesia
11	PT Agro Sinergi Nusantara (ASN)	41	PT Bank BRI Syariah	71	PT Bukit Asam Banko
12	PT Akses Pelabuhan Indonesia	42	PT Baturaja Multi Usaha	72	PT Bukit Asam Medika
13	PT Alam Lestari Nusantara	43	PT Belitung Intipermi	73	PT Bukit Asam Prima
14	PT Alur Pelayaran Barat Surabaya	44	PT Berdikari Logistik Indonesia	74	PT Bukit Energi Investama
15	PT Angkasa Pura Hotel	45	PT Berdikari United Livestock	75	PT Bukit Energi Service Terpadu
16	PT Angkasa Pura Kargo	46	PT Berkah Kawasan Manyar Sejahtera	76	PT Bukit Multi Investama
17	PT Angkasa Pura Logistik	47	PT Berlian Jasa Terminal Indonesia	77	PT Bumi Sawindo Permai
18	PT Angkasa Pura Property	48	PT Berlian Manyar Sejahtera	78	PT Cinere Serpong Jaya
19	PT Angkasa Pura Retail	49	PT Bhakti Wasantara Net	79	PT Citilink Indonesia
20	PT Angkasa Pura Solusi	50	PT Bhineka Wana	80	PT Citra Bhakti Margatama Persada
21	PT Angkasa Pura Supports	51	PT Bhumi Visatanda Tour dan Travel	81	PT Citra Lautan Teduh
22	PT Anpa International Ltd (Qq PT Akuel Asia Pulse Pte Ltd)	52	PT Bima Sepaja Abadi	82	PT Citra Lintas Angkasa
23	PT Antam Niterra Haltim	53	PT BNI Life Insurance	83	PT Citra Sari Makmur
24	PT Antam Resourcindo	54	PT BNI Sekurites	84	PT Citra Tobindo Sukses Perkasa
25	PT Artha Daya Coalindo	55	PT Borneo Alumina Indonesia	85	PT Clariant Kujang Catalysts
26	PT Arthaloka Indonesia	56	PT Borneo Edo International	86	PT Cogindo Dayabersama
27	PT Arthindokarya Sejahtera	57	PT BPR Rizky Barokah	87	PT Crompton Prima Switchgear Indonesia
28	PT Askrimdo Mitra Utama (dhl PT Usayasa Utama)	58	PT Brantas Adya Surya Energi	88	PT Cut Meutia Medika Nusantara
29	PT Asuransi Berdikari	59	PT Brantas Cakrawala Energi	89	PT Dalle Energy Batam (DEB)
30	PT Asuransi Jiwa Taspen	60	PT Brantas Energi	90	PT Danareksa Capital

No	Subsidiaries of SOE
91	PT Danareksa Finance
92	PT Danareksa Investment Management
93	PT Danareksa Sekuritas
94	PT Dasaplast Nusantara
95	PT Daya Laut Utama
96	PT Dayamitra Telekomunikasi
97	PT Dharma Lautan Nusantara
98	PT Dok dan Perkapalan Waime
99	PT Dok dan Perkapalan Air Kantung
100	PT Donggi Senoro LNG
101	PT Electronic Data Interchange Indonesia
102	PT Elnusa Tbk
103	PT Eltran Indonesia
104	PT Energi Agro Nusantara
105	PT Energi Pelabuhan Indonesia
106	PT Equiport Inti Indonesia
107	PT Farmalab Indoutama
108	PT Feni Haltim
109	PT Finnet Indonesia
110	PT GAG Nikel
111	PT Gagas Energi Indonesia
112	PT Gapura Angkasa
113	PT Gema Hutani Lestari
114	PT Geo Dipa Energi
115	PT GIEB Indonesia
116	PT GIH Indonesia
117	PT Gitanusa Sarana Niaga
118	PT Graha Investama Bersama
119	PT Graha Sarana Duta
120	PT Graha Yasa Selaras
121	PT Gresik Cipta Sejahtera
122	PT Griyaton Indonesia
123	PT Gunung Gajah Abadi
124	PT Gunung Kendaik
125	PT HaKaAston
126	PT Haleyora Power
127	PT Haleyora Powerindo
128	PT Hasta Kreasi Mandiri
129	PT HK Realtindo
130	PT Utama Prima
131	PT Hutansanggara Labanan Lestari

No	Subsidiaries of SOE
132	PT Igaras
133	PT Indo Ridlatama Power
134	PT Indofarma Global Medika
135	PT Indonesia Chemical Alumina
136	PT Indonesia Coal Resources
137	PT Indonesia Comnets Plus
138	PT Indonesia Kendaraan Terminal
139	PT Indonesia Power
140	PT Indonusa Telemedia
141	PT Indopelita Aircraft Service
142	PT Industri Karet Nusantara
143	PT Industri Kemasan Semen Gresik
144	PT Industri Nabati Lestari (PT Sinar Oleo Nusantara)
145	PT Infomedia Nusantara
146	PT Infomedia Solusi Humanika
147	PT Infrastruktur Telekomunikasi Indonesia
148	PT Inhutani I
149	PT Inhutani II
150	PT Inhutani III
151	PT Inhutani IV
152	PT Inhutani V
153	PT INKA Multi Solusi
154	PT Integrasi Logistik Cipta Solusi
155	PT Inti Bagas Perkasa
156	PT Inti Global Optical Comm
157	PT IPC Terminal Petikemas
158	PT Itci Kayan Hutani
159	PT Jababeka PP Properti
160	PT Jakarta Industrial Estate Pulogadung (JIEP)
161	PT Jakarta International Container Terminal
162	PT Jakarta Trans Metropolitan
163	PT Jalantol Lingkarluar Jakarta
164	PT Jalin Pembayaran Nusantara
165	PT Jasa Armada Indonesia
166	PT Jasa Layanan Pemeliharaan
167	PT Jasa Marga Bali Tol
168	PT Jasa Marga Balikpapan Samarinda
169	PT Jasa Marga Jalanlayang Cikampek
170	PT Jasa Marga Kualanamu Tol
171	PT Jasa Marga Manado Bitung

No	Subsidiaries of SOE
172	PT Jasa Marga Pandaan Malang
173	PT Jasa Marga Pandaan Tol
174	PT Jasa Marga Properti
175	PT Jasa Peralatan Pelabuhan Indonesia
176	PT Jasa Prima Logistik Bulog
177	PT Jasamarga Semarang Batang
178	PT Jasamarga Surabaya Mojokerto
179	PT Jasaraharja Putera
180	PT KAI Commuter Jabodetabek
181	PT Kalimantan Agro Nusantara
182	PT Kalimantan Jawa Gas
183	PT Kalimantan Medika Nusantara
184	PT Kaltim Daya Mandiri
185	PT Kaltim Industrial Estate
186	PT Kaltim Jasa Sekuriti
187	PT Kaltim Jordan Abadi
188	PT Karya Citra Nusantara
189	PT Kawasan Industri Gresik
190	PT Kawasan Industri Kujang Cikampek
191	PT Kereta Api Logistik
192	PT Kereta Api Pariwisata
193	PT Kerimas Witikco Makmur (PT Kerimas)
194	PT Kertas Padalarang
195	PT Kharisma Pemasaran Bersama Logistik
196	PT Kharisma Pemasaran Bersama Nusantara
197	PT KHI Pipe Industries
198	PT Kimia Farma Apotek
199	PT Kimia Farma Sungwun Pharmacopia
200	PT Kimia Farma Trading dan Distributor
201	PT Kliring Perdagangan Berjangka Indonesia
202	PT Koba Tin
203	PT Kodja Terramarin
204	PT Komipo Pembangunan Jawa Bali
205	PT Krakatau Argo Logistics
206	PT Krakatau Bandar Samudra
207	PT Krakatau Blue Water
208	PT Krakatau Daedong Machinery
209	PT Krakatau Daya Listrik
210	PT Krakatau Engineering
211	PT Krakatau Golden Lime

No	Subsidiaries of SOE
212	PT Krakatau Industrial Estate Cilegon
213	PT Krakatau Information Technology
214	PT Krakatau Medika
215	PT Krakatau Nasional Resources
216	PT Krakatau Nippon Steel Sumikin
217	PT Krakatau Osaka Steel
218	PT Krakatau Posco
219	PT Krakatau Posco Chemtech Calcination
220	PT Krakatau Prima Dharma Sentana
221	PT Krakatau Samator
222	PT Krakatau Tirta Industri
223	PT Krakatau Wajatama
224	PT Krakatau Wajatama Osaka Steel Marketing
225	PT Kresna Kusuma Dyandra Marga
226	PT Kujang Tatar Persada
227	PT Kujang Tirta Sarana
228	PT Kukuh Tangguh Sandang Mills
229	PT Lamong Energi Indonesia
230	PT Laras Astra Kartika
231	PT LEN Railway Systems
232	PT LEN Telekomunikasi Indonesia
233	PT Limbong Hidro Energi
234	PT Madu Baru
235	PT Mardec Nusa Riau
236	PT Marga Kunciran Cengkareng
237	PT Marga Lingkar Jakarta
238	PT Marga Sarana Jabar
239	PT Marga Trans Nusantara
240	PT Mega Citra Utama
241	PT Mega Eltra
242	PT Melon Indonesia
243	PT Menara Antam Sejahtera (MAS)
244	PT Meratus Jaya Iron dan Steel
245	PT Merpati Training Center
246	PT Metra Digital Media
247	PT MetraNet
248	PT Minahasa Brantas Energi
249	PT Mirtasari Hotel Development
250	PT Mitra Dagang Madani
251	PT Mitra Energi Batam (MEB)
252	PT Mitra Hasrat Bersama (MHB)

No	Subsidiaries of SOE
253	PT Mitra Karya Prima
254	PT Mitra Kerinci
255	PT Mitra Proteksi Madani
256	PT Mitra Rajawali Banjaran
257	PT Mitra Tekno Madani
258	PT Mitra Tour dan Travel
259	PT Mitrasraya Adhijasa
260	PT Mitratani Dua Tujuh
261	PT Muba Daya Pratama
262	PT Multi Nitrotama Kimia
263	PT Multi Terminal Indonesia
264	PT Multimedia Nusantara
265	PT New Priok Container Terminal One
266	PT Ngawi Kertosono Jaya
267	PT Nikel Halmahera Timur (NHT)
268	PT Nindya Beton
269	PT Nindya Karya
270	PT Nusa Karya Arindo
271	PT Nusantara Batulicin
272	PT Nusantara Medika Utama
273	PT Nusantara Regas
274	PT Nusantara Sukses Investasi
275	PT Nusantara Terminal Services
276	PT Nusantara Turbin dan Propulsi
277	PT Optima Nusa Tujuh
278	PT Pal Marine Service
279	PT Palawi Risorsis
280	PT Pann Pembiayaan Maritim
281	PT Patra Jasa
282	PT Patra Logistik
283	PT Patra Telekomunikasi Indonesia
284	PT Patra Trading
285	PT PBM Adhiguna Putera
286	PT Pefindo Biro Kredit
287	PT Pejagan Pemalang Tol Road
288	PT Pekanbaru Permai Propertindo
289	PT Pelabuhan Bukit Prima
290	PT Pelabuhan Tanjung Priok
291	PT Pelayanan Energi Batam
292	PT Pelayanan Bahtera Adiguna
293	PT Pelindo Energi Logistik
294	PT Pelindo Husada Citra (PT Rumah Sakit Primasatya Husada Citra)

No	Subsidiaries of SOE
295	PT Pelindo Marine Service
296	PT Pelindo Properti Indonesia
297	PT Pelita Air Service
298	PT Pelita Indonesia Djaya Corporation
299	PT Pembangkit Jawa Bali (PJB)
300	PT Pendidikan Maritim dan Logistik Indonesia
301	PT Pengembang Pelabuhan Indonesia
302	PT Pengerukan Indonesia (Rukindo)
303	PT Perhutani Anugerah Kimia
304	PT Perkebunan Agrintara (PA)
305	PT Perkebunan Mitra Ogan
306	PT Perkebunan Nusantara I (Persero)
307	PT Perkebunan Nusantara II (Persero)
308	PT Perkebunan Nusantara IV (Persero)
309	PT Perkebunan Nusantara IX (Persero)
310	PT Perkebunan Nusantara V (Persero)
311	PT Perkebunan Nusantara VI (Persero)
312	PT Perkebunan Nusantara VII (Persero)
313	PT Perkebunan Nusantara VIII (Persero)
314	PT Perkebunan Nusantara X (Persero)
315	PT Perkebunan Nusantara XI (Persero)
316	PT Perkebunan Nusantara XII (Persero)
317	PT Perkebunan Nusantara XIII (Persero)
318	PT Perkebunan Nusantara XIV (Persero)
319	PT Permata Graha Nusantara
320	PT Permata Karya Jasa
321	PT Permodalan Nasional Madani Venture Capital
322	PT Peroksida Indonesia Pratama
323	PT Perta Arun Gas
324	PT Perta Daya Gas
325	PT Pertamina Bina Medika
326	PT Pertamina Dana Ventura
327	PT Pertamina Drilling Services Indonesia
328	PT Pertamina East Natuna
329	PT Pertamina EP
330	PT Pertamina EP Cepu
331	PT Pertamina EP Cepu Alas Dara dan Kemuning
332	PT Pertamina Gas
333	PT Pertamina Geothermal Energy
334	PT Pertamina Hulu Energi

No	Subsidiaries of SOE
335	PT Pertamina Internasional Eksplorasi dan Produksi
336	PT Pertamina International Timor SA
337	PT Pertamina Lubricants
338	PT Pertamina Patra Niaga
339	PT Pertamina Power Indonesia
340	PT Pertamina Retail
341	PT Pertamina Training dan Consulting
342	PT Pertamina Trans Kontinental
343	PT Peruri Digital Security
344	PT Peruri Properti
345	PT Pesonna Optima Jasa
346	PT Peteka Karya Gapura
347	PT Peteka Karya Jala
348	PT Peteka Karya Samudera
349	PT Peteka Karya Tirta
350	PT Petro Jordan Abadi
351	PT Petrokimia Gresik
352	PT Petrokimia Kayaku
353	PT Petrokopindo Cipta Selaras
354	PT Petronika
355	PT Petrosida Gresik
356	PT PG Rajawali I
357	PT PGAS Solution
358	PT PGAS Telekomunikasi Nusantara
359	PT PGN LNG Indonesia
360	PT Phapros
361	PT PHE Abar
362	PT PHE Metana Kalimantan B
363	PT PHE Metana Sumatera 5
364	PT PHE West Madura Offshore
365	PT PINS Indonesia
366	PT PLN Batubara
367	PT PLN Enjinering
368	PT PLN Tarakan
369	PT PNM Investment Management
370	PT Portek Indonesia
371	PT Pos Logistik Indonesia
372	PT Pos Properti Indonesia
373	PT PP Energi
374	PT PP Infrastruktur
375	PT PP Peralatan
376	PT PP Properti

No	Subsidiaries of SOE
377	PT PP Properti Jababeka Residen
378	PT PP Urban (dahulu PT PP Pracetak)
379	PT PPA Finance
380	PT PPA Kapital
381	PT Pratama Mitra Sejati
382	PT Pratama Persada Airbone
383	PT Prima Citra Nutrindo
384	PT Prima Husada Cipta Medan
385	PT Prima Indonesia Logistik
386	PT Prima Medica Nusantara
387	PT Prima Multi Terminal
388	PT Prima Pengembangan Kawasan
389	PT Prima Power Nusantara
390	PT Prima Terminal Petikemas
391	PT Propernas Griya Utama
392	PT Pupuk Agro Nusantara
393	PT Pupuk Indonesia Energi
394	PT Pupuk Indonesia Logistik
395	PT Pupuk Indonesia Pangan
396	PT Pupuk Iskandar Muda
397	PT Pupuk Kalimantan Timur
398	PT Pupuk Kujang
399	PT Pupuk Sriwidjaja Palembang
400	PT Purantara Mitra Angkasa Dua
401	PT Puspelindo
402	PT Pusri Agro Lestari
403	PT Railink
404	PT Rajawali Citramass
405	PT Rajawali Nusindo
406	PT Rajawali Tanjungsari Enjiniring
407	PT Rantepao Hidro Energi
408	PT Ratah Timber
409	PT Reasuransi Nasional Indonesia
410	PT Recon Sarana Utama
411	PT Rekadaya Elektriika
412	PT Rekadaya Elektriika Consult
413	PT Rekindo Global Jasa
414	PT Rekindo Cakrawala Resources
415	PT Rekindo Engineering
416	PT Rekindo Industri/PT REKIND
417	PT Rekindo Daya Mamuju
418	PT Reska Multi Usaha

No	Subsidiaries of SOE
419	PT Riset Perkebunan Nusantara
420	PT Rolas Nusantara Mandiri
421	PT Rolas Nusantara Medika
422	PT Rolas Nusantara Tambang
423	PT Rumah Sakit Pelabuhan
424	PT Rumah Sakit Pelni
425	PT Sabre Travel Network Indonesia (dulu ADSI)
426	PT Sahung Brantas Energi
427	PT Saka Eksplorasi Baru
428	PT Saka Eksplorasi Timur
429	PT Saka Eksplorasi Ventura
430	PT Saka Energi Bangkanai Barat
431	PT Saka Energi Indonesia
432	PT Saka Energi Sepinggan
433	PT Sampico Adhi Abbatoir
434	PT Sarana Aceh Ventura
435	PT Sarana Agro Nusantara
436	PT Sarana Bandar Logistik
437	PT Sarana Bandar Nasional
438	PT Sarana Bengkulu Ventura
439	PT Sarana Jabar Ventura
440	PT Sarana Jakarta Ventura
441	PT Sarana Jambi Ventura
442	PT Sarana Jateng Ventura
443	PT Sarana Jatim Ventura
444	PT Sarana Kalbar Ventura
445	PT Sarana Kalsel Ventura
446	PT Sarana Kaltim Ventura
447	PT Sarana Multigriya Finansial
448	PT Sarana NTT Ventura
449	PT Sarana Papua Ventura
450	PT Sarana Riau Ventura
451	PT Sarana Sulsel Ventura
452	PT Sarana Sulut Ventura
453	PT Sarana Surakarta Ventura
454	PT Sarana Usaha Sejahtera Insanpalapa
455	PT Sari Arthamas (Sari Pan Pacific Hotel)
456	PT Sari Valuta Asing
457	PT Satria Bahana Sarana
458	PT Segara Indochon
459	PT Semen Gresik
460	PT Semen Indonesia Aceh

No	Subsidiaries of SOE
461	PT Semen Indonesia Beton (dahulu PT SGG Prima Beton)
462	PT Semen Indonesia International
463	PT Semen Indonesia Logistik (dahulu PT Varia Usaha)
464	PT Semen Kupang Indonesia
465	PT Semen Padang
466	PT Semen Tonasa
467	PT Semesta Marga Raya
468	PT Senggigi Pratama internasional
469	PT Sentul PP Properti
470	PT Sepatim Batamtama
471	PT Sepoetih Daya Prima
472	PT SGG Energi Prima
473	PT Sigma Cipta Caraka
474	PT Sigma Utama
475	PT Sinergi Investasi Properti
476	PT Sinergi Perkebunan Nusantara
477	PT Sinkona Indonesia Lestari
478	PT Solo Ngawi Jaya
479	PT Solusi Energy Nusantara
480	PT Sri Melamin Rejeki
481	PT Sri Pamela Medika Nusantara
482	PT Sriwijaya Markmore Persada
483	PT Sucofindo Advisory Utama
484	PT Sucofindo Episi
485	PT Sumber Segara Primadaya (S2P)
486	PT Sumberdaya Arindo
487	PT Surabaya Industrial Estate Rungkut (SIER)
488	PT Surveyor Carbon Consulting Indonesia
489	PT Surya Energi Indotama
490	PT Swadaya Graha
491	PT Tanjung Alam Jaya
492	PT Telekomunikasi Indonesia International
493	PT Telekomunikasi Selular
494	PT Telemedia Dinamika Sarana
495	PT Telkom Akses
496	PT Telkom Landmark Tower
497	PT Terminal Peti Kemas Surabaya
498	PT Terminal Petikemas Indonesia
499	PT Terminal Teluk Lamong
500	PT Tiga Mutiara Nusantara (TMN)

No	Subsidiaries of SOE
501	PT Timah Agro Manunggal
502	PT Timah Industri
503	PT Timah Investasi Mineral
504	PT Timah Karya Persada Properti (dhl PT Timah Adhi Wijaya)
505	PT Tiphone Mobile Indonesia Tbk
506	PT Tracon Industri
507	PT Trans Jabar Tol
508	PT Trans Marga Jateng
509	PT Trans Mayapada
510	PT Transmarga Jatim Pasuruan
511	PT Transportasi Gas Indonesia
512	PT Tri Sari Veem
513	PT Truba Bara Banyu Enim
514	PT Tugu Insurance Company Ltd Hongkong
515	PT Tugu Pratama Indonesia
516	PT Tugu Pratama Interindo
517	PT Tugu Reasuransi Indonesia
518	PT Varia Usaha Bahari
519	PT Varia Usaha Beton
520	PT Varia Usaha Dharma Segara
521	PT Varia Usaha Lintas Segara
522	PT Waru Abadi
523	PT Waskita Beton Precast Tbk
524	PT Waskita Bumi Wira
525	PT Waskita Karya Energi
526	PT Waskita Karya Realty
527	PT Waskita Sangir Energi
528	PT Waskita Toll Road
529	PT Widar Mandripa Nusantara
530	PT Wijaya Karya Beton
531	PT Wijaya Karya Bitumen
532	PT Wijaya Karya Gedung
533	PT Wijaya Karya Industri dan Konstruksi
534	PT Wijaya Karya Intrade Energy
535	PT Wijaya Karya Realty
536	PT Wijaya Karya Rekayasa Konstruksi
537	PT Wisma Seratus Sejahtera
538	PT Yasa Industri Nusantara
539	Saka Energi Muriah Limited
540	Saka Indonesia Pangkah BV
541	Saka Indonesia Pangkah Limited

No	Subsidiaries of SOE
542	Saka Pangkah LLC
543	Timah International Investment Pte Ltd

No	SOE
544	BRJS Kesehatan
545	BRJS Ketenagakerjaan
546	Perum BULOG
547	Perum DAMRI
548	Perum Jaminan Kredit Indonesia (JAMKRINDO)
549	Perum Jasa Tirta I (Persero)
550	Perum Jasa Tirta II (Persero)
551	Perum Lembaga Penyelenggara Pelayanan Navigasi Penerbangan Indonesia (PERUM LPPNPI)
552	Perum LKBN Antara
553	Perum Pegadaian
554	Perum Percetakan Negara Republik Indonesia
555	Perum Percetakan Uang Republik Indonesia/PERUM PERURI
556	Perum Perhutani
557	Perum Perikanan Indonesia (PERUM PERINDO)
558	Perum Perumnas
559	Perum PPD
560	Perum Produksi Film Negara
561	PT Adhi Karya (Persero) Tbk.
562	PT Amarta Karya (Persero)
563	PT Aneka Tambang (Persero) Tbk.
564	PT Angkasa Pura I (Persero)
565	PT Angkasa Pura II
566	PT ASABRI
567	PT ASDP Indonesia Ferry (Persero)
568	PT Asuransi Jasa Indonesia
569	PT Asuransi Jasa Raharja
570	PT Asuransi Jiwasraya
571	PT Asuransi Kredit Indonesia/PT Askrindo (Persero)
572	PT Bahana Pembinaan Usaha Indonesia
573	PT Balai Pustaka
574	PT Bank Negara Indonesia (Persero) Tbk.

No	SOE
575	PT Bank Rakyat Indonesia (Persero) Tbk.
576	PT Bank Tabungan Negara (Persero) Tbk.
577	PT Barata Indonesia
578	PT Berdikari
579	PT Bhanda Ghara Rekso
580	PT Bina Karya
581	PT Bio Farma (Persero)
582	PT Biro Klasifikasi Indonesia
583	PT Boma Bisma Indra
584	PT Brantas Abipraya
585	PT Cambrics Primiissima (Persero)
586	PT Dahana
587	PT Danarekso
588	PT Dirgantara Indonesia
589	PT Djakarta Llyod (Persero)
590	PT Dok dan Perkapalan Kodja Bahari
591	PT Dok dan Perkapalan Surabaya
592	PT Energy Management Indonesia
593	PT Garam
594	PT Garuda Indonesia (Persero) Tbk.
595	PT Hotel Indonesia Natour
596	PT Utama Karya
597	PT Iglas
598	PT Indah Karya
599	PT Indofarma (Persero) Tbk.
600	PT Indonesia Asahan Aluminium (INALUM)
601	PT Indra Karya
602	PT Industri Kapal Indonesia
603	PT Industri Kereta Api (INKA)
604	PT Industri Nuklir Indonesia (Persero)
605	PT Industri Sandang Nusantara
606	PT Industri Telekomunikasi Indonesia (INTI)
607	PT Istaka Karya

No	SOE
608	PT Jasa Marga (Persero) Tbk.
609	PT Kawasan Berikat Nusantara
610	PT Kawasan Industri Makasar (Persero)
611	PT Kawasan Industri Medan
612	PT Kawasan Industri Wijayakusuma
613	PT Kereta Api Indonesia
614	PT Kertas Kraft Aceh
615	PT Kertas Leces
616	PT Kimia Farma (Persero) Tbk.
617	PT Kliring Berjangka Indonesia
618	PT Krakatau Steel (Persero) Tbk.
619	PT Len Industri
620	PT Merpati Nusantara Airlines
621	PT PAL Indonesia
622	PT Pann Multi Finance (Persero)
623	PT Pelabuhan Indonesia I
624	PT Pelabuhan Indonesia II
625	PT Pelabuhan Indonesia III
626	PT Pelabuhan Indonesia IV
627	PT Pelayaran Nasional Indonesia (Persero)/ PT PELNI
628	PT Pembangunan Perumahan (Persero) Tbk.
629	PT Pengembangan Pariwisata Indonesia
630	PT Perusahaan Daerah Industri Pulau Batam (Persero)
631	PT Perikanan Nusantara
632	PT Perkebunan Nusantara III
633	PT Permodalan Nasional Madani
634	PT Pertamina
635	PT Pertani
636	PT Perusahaan Gas Negara Tbk
637	PT Perusahaan Listrik Negara
638	PT Perusahaan Pengelola Aset
639	PT Perusahaan Perdagangan Indonesia
640	PT Pindad

No	SOE
641	PT Pos Indonesia
642	PT Pupuk Indonesia Holding Company
643	PT Rajawali Nusantara Indonesia
644	PT Reasuransi Indonesia Utama
645	PT Sang Hyang Seri
646	PT Sarana Multi Infrastruktur (Persero)
647	PT Sarinah
648	PT Semen Baturaja (Persero)
649	PT Semen Indonesia (Persero) Tbk.
650	PT Semen Kupang
651	PT Sucofindo
652	PT Survey Udara Panas
653	PT Surveyor Indonesia
654	PT Taman Wisata Candi Borobudur, Prambanan dan Ratu Boko
655	PT Tambang Batubara Bukit Asam (Persero) Tbk.
656	PT Taspen
657	PT Telekomunikasi Indonesia Tbk/PT Telkom Tbk.
658	PT Timah (Persero) Tbk.
659	PT Varuna Tirta Prakasya
660	PT Virama Karya
661	PT Waskita Karya (Persero)
662	PT Wijaya Karya (Persero) Tbk.
663	PT Yodya Karya

No	State owned Financial Institution
664	Lembaga Pembiayaan Ekspor Indonesia
No	Financial Institution
665	PT Indonesia Infrastruktur Finance
666	PT Penjaminan Infrastruktur Indonesia
667	Pusat Investasi Pemerintah

The nature of the transactions of related parties with government entities consists of current accounts in other banks, placements with other banks, securities, government bonds, other receivables - trade transactions, derivative receivables, loans, consumer financing receivables, acceptance receivables, derivative liabilities, customer savings, savings from other banks, inter-bank call money, acceptance liabilities, liabilities on securities sold with agreements to be repurchased, issued securities, received loans, subordinated loans, granted credit facilities which has not been used, bank guarantees, non-cancelable letters of credit in progress and standby letters of credit.

In conducting its business activities, the Group also makes transactions for the purchase or use of services such as

telecommunications expenses, electricity costs and other costs of related parties with government entities.

The Relationship Of Management Or Key Employees Of Bank Mandiri

Salaries and allowances, bonuses and tantiems, long-term benefits for the Board of Commissioners, Board of Directors, Audit Committee and Audit Monitoring Committee, Sharia Supervisory Board and Senior Executive Vice President and Senior Vice President for the year ended at December 31, 2017 and 2016 were Rp1,153,809 million and Rp986,140 million or 3.30% and 3.15% of the other consolidated operating expenses, respectively.

Realization of Related Parties' Transaction

The details of transaction balances with related parties as of December 31, 2017 and 2016 are outlined in the table below.

Table of Transaction Value of Related Parties Year 2016-2017

(in Million Rupiahs)

Description	2017	2016
ASSET		
Current accounts with other banks	27,533	25,861
Placement with Bank Indonesia and other banks	3,152,167	1,725,571
Securities*)	20,775,463	18,571,548
Government bonds	103,411,188	98,933,278
Other receivables - trade transactions	10,517,587	5,934,300
Derivative receivables	23,824	3,660
Loans	113,611,412	100,201,483
Consumer financing receivables	7,957	10,532
Acceptance claims	1,049,343	415,848
Equity investment	89,110	50,331
Total Assets to Related Parties	252,665,584	225,872,412
Total Consolidated Assets	1,124,700,847	1,038,706,009
Percentage of Total Assets to Related Parties Against Total of Consolidated Assets	22.47%	21.75%
LIABILITIES		
Customer Savings		
- Current accounts/wadiah current accounts	46,108,385	48,729,926
- Savings/wadiah savings	3,548,205	1,973,087
- Time deposits	35,491,966	46,271,999
Savings from other banks		
- Current accounts and savings	252,785	45,912
- Time deposits	108,473	286,210
Inter-bank call money	-	40,000
Derivative liabilities	16,582	10,058
Liabilities on securities sold with agreements to be repurchased	-	230,024

Description	2017	2016
Acceptance liabilities	602,894	2,481,708
Issued securities	8,546,200	3,662,000
Total Liabilities to Related Parties	94,675,490	103,730,924
Total Consolidated Liabilities	888,026,817	824,559,898
Percentage of Total Liabilities to Related Parties against Total of Consolidated Liabilities	10.66%	12.58%
TEMPORARY SYIRKAH FUND	974,099	914,391
Percentage against the Total of Temporary Syirkah Fund	1.46%	1.50%
PROFIT AND LOSS STATEMENT AND OTHER COMPREHENSIVE INCOME		
Interest Income from Government Bonds and Treasury Paper (SPN)	5,300,754	5,490,404
Percentage against Interest Income and Sharia Income	6.64%	7.16%
Expense of received loan interest	-	971
Percentage against Interest Expense and Sharia Expense	-	0.01%
COMMITMENT AND CONTINGENCIES		
Unused loan facilities granted	50,456,815	38,790,412
Outstanding irrevocable letters of credit	5,904,249	3,519,396
Granted guarantees in the form of bank guarantees	25,912,130	23,212,078
Granted guarantees in the form of standby letters of credit	6,171,176	6,739,568
Total of Commitment and Contingencies to Related Parties	88,444,370	72,261,454
Total of Consolidated Commitment and contingencies	227,252,235	196,288,542
Percentage of Total of Commitment and Contingencies to Related Parties against Total of Consolidated Commitment and Contingencies	38.92%	36.81%

* Gross before unamortized discount and unrealized (losses) / gain from (decrease) / increase in value of securities

Regulatory Changes and Their Impacts on the Bank

The amendment of laws and regulations which influenced the Bank as well as their impact and response of the Bank towards the amendment in 2017 are summarized in the table below.

New Regulations and Their Effects on the Performance of Bank Mandiri and Its Subsidiaries

Regulations	Point of Regulations	Effects on Bank Mandiri and Its Subsidiaries
Regulation of the Financial Services Authority No. 14/POJK.03/2017 concerning the Plan of Action (Bank Recovery Plan)	<ol style="list-style-type: none"> Obligation of the Board of Directors to prepare realistic and comprehensive recovery plan which is approved by the Board of Commissioners and Shareholders in the General Meeting of Shareholders (RUPS). Obligation of the Board of Directors to communicate a recovery plan to all ranks or levels of the organization. Obligation of the Board of Directors to conduct periodic evaluation and testing (stress testing) of recovery plan. Obligation of banks to implement recovery plan effectively and on time. 	<ol style="list-style-type: none"> Composition of recovery plan to be signed by the Board of Directors and Board of Commissioners and subsequently submitted to Financial Services Authority (OJK). Approval of recovery plan by shareholders in the General Meeting of Shareholders (RUPS) 2018. Fulfillment of capital-characterized debt/investment instrument obligations to meet the Regulation of the Financial Services Authority (POJK) recovery plan requirements. Adjustment of internal procedures (e.g stress tests, risk appetite, and contingency plan) with recovery plan

Regulations	Point of Regulations	Effects on Bank Mandiri and Its Subsidiaries
Bank Indonesia Regulation no. 19/8/PBI/2017 concerning the National Payment Gateway (GPN)	<ol style="list-style-type: none"> 1. A bank's obligation to connect to the national payment gateway (GPN) by becoming a member on at least 2 (two) Switching Institutions. 2. Every domestic payment transaction is required to be processed through GPN (NPG). 3. Obligation to comply with the provisions concerning national branding. 4. Obligation to comply with provisions concerning pricing policy. 5. Obligation to provide service features for payment transactions processed through GPN (NPG). 	<ol style="list-style-type: none"> 1. A bank's obligation to connect to the national payment gateway (GPN) by becoming a member on at least 2 (two) Switching Bodies. 2. Implementation of national debit card, including replacement of existing card into card with national debit logo. 3. Obligation to comply with provisions concerning pricing policy. 4. Obligation to provide service features for payment transactions processed through GPN (NPG). 5. Inclusion of capital participation to service institutions (through Mandiri Capital Indonesia).
Bank Indonesia Regulation no. 19/5/PBI/2017 Regulation of Bank Indonesia no. 19/5/PBI/ 2017 concerning Treasury Certification and Application of the Market's Code of Ethics	<ol style="list-style-type: none"> 1. Establish mechanism of treasury certification in internal policy. 2. Adjust the Standard Procedure of Treasury by adding mechanisms to implement the market's Code of Ethics and association membership. 3. Obligation of Report Submission about a list of the Board of Directors or an employee dismissed for violating the Code of Ethics (if any). 4. Registration of treasury certificates issued from foreign training institutions to Professional Certification Institution (LSP) appointed by BI. 5. Implementation of training programs for treasury certification. 	<ol style="list-style-type: none"> 1. Obligation of the mechanism of application of the Code of ethical market and association membership in internal policy. 2. Establish mechanism of treasury certification in internal policy. 3. Submission of a report of a list of the Board of Directors or an employee dismissed for violating the Code of ethics (if any). 4. Registration of treasury certificates issued from foreign training institutions to LSP appointed by Bank Indonesia (BI). 5. Implementation of training programs for treasury certification. 6. Registration of Associate membership
Regulation of the Financial Services Authority No. 50/ POJK.03/2017 concerning the Obligation of Fulfillment of Net Stable Funding Ratio for Commercial Bank	Commercial Bank Liabilities in Compliance with Net Stable Funding Ratio (Net Stable Funding Ratio).	Create a system for calculating and monitoring Net Stable Funding Ratio.
Regulation of the Financial Services Authority No. 51/ POJK.03/2017 concerning the Implementation of Sustainable Finance	<ol style="list-style-type: none"> 1. Application of sustainable finance for the Financial Services Institution, Issuers and Public Companies which is conducted by using the principles in accordance with the Regulation of the Financial Services Authority (POJK) No. 51/POJK.03/ 2017. 2. Obligation to submit a Sustainable Financial Action Plan (RAKB) and Sustainability Report (RAKB realization), and publish Sustainability Reports within certain time limits. 3. Incentives from Financial Services Authority (OJK) to LJK (Financial Services Institution), Issuers and Public Companies that can implement sustainable finance effectively. 	<ol style="list-style-type: none"> 1. Bank Mandiri and all Subsidiaries must submit a Sustainable Financial Action Plan (RAKB) and Sustainability Report (RAKB Realization) each year, and publish Sustainability Reports by time limit according to the Regulation of the Financial Services Authority (POJK) No. 51/POJK.03/ 2017. 2. Several sustainable financial concepts in practice have been carried out by Mandiri Group should be formulated comprehensively in the form of policies and strategies and adjustments to the Mandiri Subsidiary Management Principles Guideline (MSMPG).

Table of Amendments to Regulations and Their Effects on the Performance of Bank Mandiri and Its Subsidiaries

Regulations	Details of Amendment	Effects on Bank Mandiri and Its Subsidiaries
Regulation of the Financial Services Authority No. 12/ POJK.01/2017 concerning the Implementation of Anti Money Laundering And Prevention of Terrorism Financing Program in the Financial Services Sector	<ol style="list-style-type: none"> 1. Application of Risk-based Anti Money Laundering (APU) and Prevention of Terrorism Financing (PPT) program. 2. Defining Politically Exposed person. 3. Management of Beneficial Owner 4. Customer verification is possible to be done via non face to face 5. Obligation to take preventive measures / countermeasures. 6. Application of Anti Money Laundering (APU) and Prevention of Terrorism Financing (PPT) program in the business Group. 	<p>Mandiri Group is required to implement the Anti Money Laundering (APU) and Prevention of Terrorism Financing (PPT) program.</p> <p>The forms of follow-up on such obligations are:</p> <ol style="list-style-type: none"> 1. Adjustments have been made to the Mandiri Subsidiary Management Principle Guideline. 2. Adjustments have been made to Bank Mandiri internal regulations. All Subsidiaries have formulated the internal policy of Anti Money Laundering (APU) and Prevention of Terrorism Financing (PPT) program

Regulations	Details of Amendment	Effects on Bank Mandiri and Its Subsidiaries
Regulation of the Financial Services Authority No. 18/POJK.03/2017 concerning Debtor Information Report and Request through Financial Information Service System	Obligation about Debtor Information Report and Request through the Financial Information Service System (SLIK), where the obliged reporting parties shall be: Commercial Bank, Sharia Bank, People's Credit Bank (BPR), Financing Institution and Other Financial Services Institution. The Reporting Parties which previously have the status of Debtor Information System (SID) Reporting Parties will automatically become Financial Information Service System (SLIK) Reporting Parties. Submission of online report through SLIK in every month is no later than the 12th of the following month.	Bank Mandiri including overseas branches and subsidiaries of Bank Syariah Mandiri, Bank Mandiri Taspen, Mandiri Utama Finance, Mandiri Tunas Finance and Mandiri Capital Indonesia must be Financial Information Service System (SLIK) Reporting Parties with the following timeline: <ul style="list-style-type: none"> - Bank Mandiri, Bank Syariah Mandiri and Bank Mandiri Taspen automatically become Financial Information Service System (SLIK) Reporting Parties - Mandiri Utama Finance and Mandiri Tunas Finance is no later than December 31, 2018 - Mandiri Capital Indonesia is no later than December 31, 2022.
Bank Indonesia Regulation no. 19/6 / PBI / 2017 concerning Statutory Reserves of Commercial Banks in Rupiah and Foreign Currencies for Conventional Commercial Banks	<ul style="list-style-type: none"> - Minimum Reserve Requirement Adjustment (GWM) of Commercial Banks in Rupiah and Foreign Currency for Conventional Commercial Banks. - Extract "excess reserve" from GW calculation componentM 	Adjusted system used in the calculation of Minimum Reserve Requirements in order to produce data in accordance with the provisions of the calculation and reporting a new.
Regulation of the Financial Services Authority No. 46 / POJK.03 / 2017 on the Implementation of Commercial Bank Compliance Function	Maximum term of appointment of the successor of the Director in charge of the Compliance Function	Compliance Policy Revision of Bank Mandiri.

Changes In Accounting Policy

Background of Changes In Accounting Policy

Changes in accounting policy and disclosure were made to comply with the applicable SFAS. The Company has applied the following accounting standards as of January 1, 2017 as deemed relevant.

Changes In Accounting Policy

The main accounting policy adopted in the preparation of the consolidated financial statements of Bank and Subsidiaries is as defined below.

On January 1, 2017, the Bank and Subsidiaries have adopted several new or revised standards and interpretations that are relevant to the operations of the Bank and Subsidiaries effective as of the mentioned date as follows:

- Amendment to SFAS No. 1 on "Presentation of Financial Statements on Disclosure Initiatives"
- SFAS No. 3 (2016 Adjustment) on "Interim Financial Statements"
- SFAS No. 24 (2016 Adjustment) on "Employee Benefits"
- SFAS No. 58 (2016 Adjustment) on "The Owned Non-current Assets for Sale and Discontinued Operations"

- SFAS No. 60 (2016 Adjustment) on "Financial Instruments: Disclosures"
- SFAS No. 101 (2016 Revision) on "Presentation of Sharia Financial Statements"
- SFAS No. 102 (2016 Amendment) on "Accounting for Murabaha"
- SFAS No. 104 (2016 Amendment) on "Accounting for Istishna"
- SFAS No. 107 (2016 Amendment) on "Accounting for Ijarah"
- SFAS No. 108 (2016 Amendment) on "Accounting for Sharia Insurance Transactions"
- FAS No. 32 on "Definition and Hierarchy of Financial Accounting Standards"

The Impact of The Changes In Accounting Policy On Financial Statement

There is no material impact on the standards and interpretations actually in effect on January 1, 2017 on the consolidated financial statements of the Bank and Subsidiaries.

Information Regarding Business Continuity

The Potentially Significant Impact On Business Continuity

Based on the results of management assessment of the Company's ability to continue the business in the future, it can be concluded that the Company does not have any potentially significant impact on the Company's business continuity.

Management Assessment On Potentially Significant Impact On Business Continuity

The management conducts evaluation and assessment periodically on the potentially significant impact on business continuity. The evaluation is conducted by using SWOT analysis which is composed of Strength and Weakness where this analysis looks at the internal factors, and identifies the external factors through Opportunity and Threat as aimed at assuming basic business continuity of the Bank. In addition, Bank Mandiri also conducts Bank soundness level

assessment by using a risk approach to assess the Company's ability to deal with significant negative impact of the changes in business conditions.

The results of SWOT analysis show that there is no significant impact on business continuity. While the results of the Bank soundness level assessment shows, throughout 2017, the Company was very healthy in general, so it is considered to be very capable of facing a significant negative impact of changes in business conditions and other external factors.

The Assumption Used by Management In Conducting The Assessment

In conducting an assessment of the Bank's ability to continue its business continuity in the future, there were several assumptions and considerations used. In addition to the assumptions in the SWOT analysis, assumptions in the Bank soundness level also became the basis of the assessment. Bank soundness level was assessed by using four assumptions: risk profile, good corporate governance, earnings and capital.

Bank Soundness Level

Based on the Regulation of the Financial Services Authority No.4/POJK.03/2016 dated January 26, 2016 on Assessment of Commercial Bank Soundness Level using Risk-Based Bank Rating. The soundness of a bank is reflected in the assessment conducted on Bank's condition against risks and Bank performance that can be seen from the final rating of the assessment results.

The assessment on Commercial Bank Soundness Level is conducted by using the Risk – based bank rating which includes four factors, as follows:

1. Risk Profile
2. Good Corporate Governance (GCG)
3. Earnings
4. Capital

Table of The Self Assessment on Soundness Level of Bank Mandiri as of December 31, 2017

Assessment Factors	Assessment per December 31, 2017	Assessment per December 31, 2016
	Rating	Rating
Risk Profile	1	1
Good Corporate Governance (GCG)	1	1
Rentabilitas	1	2
Capital	1	1
Risk-Based Bank Soundness Rating	1	1

In 2017, the Bank soundness was in the "1" Composite Rating which reflected the condition of the Bank was very healthy in general, so it was considered to be very capable of dealing with significant negative impact of changes in business conditions and other external factors as reflected in the assessment factors, among others, risk profile, the implementation of GCG, earnings, and capital which were very good in general. If there was any weaknesses, then it would not be significant in general.

The Acceleration of Fee Based Income Growth

The increase in fee based income in 2017, which has been collected by Bank Mandiri, has grown by 14.7%, on annual basis, from Rp 18.35 trillion in 2016 to Rp 21.05 trillion in 2017. This massive increase was driven by the fees of annual treasury transactions which grew by 29.2% to Rp 2.91 trillion, followed by the fees of year-on-year the write-off collection activities which grew by 19.4% to Rp3.8 trillion, and fees of Credit Administration and Syndication which grew by 10.1% reaching Rp 2.3 trillion.

In 2017, Bank Mandiri has conducted strategic initiatives to increase the fee based income growth, one of which was conducted by the treasury segment of Bank Mandiri. In 2017, treasury segment focused on increasing foreign exchange transactions of anchor customers, including subsidiaries and value chains. The transactions of customers in industrial segments were also increased, especially for the Japanese and Korean companies. In addition to plain vanilla transactions, the treasury segment also encouraged the increase of customer derivative transactions, either for hedging needs through interest rate swap, cross currency swap and call spread or for investment needs through mandiri deposit swap product.

In addition to foreign exchange transactions from customers, the treasury segment also optimized the management of net foreign exchange position so as to provide maximum results while maintaining risks. A significant increase also occurred in securities transaction revenues. Under the low interest rate condition, it was able to optimize the position of securities owned. The combination of short-term trading strategy with more medium term portfolio management discipline was able to provide relatively good results throughout 2017. In addition, treasury segment actively encouraged securities transactions by utilizing priority branch network to target priority customers and private banking which required alternative investment outside the financial product as well as in the framework of portfolio diversification. Treasury segment also continues to innovate to improve its services to its customers through its digital platform, namely Mandiri e-FX, for foreign exchange transactions and Mr Bonds for securities transactions. The reinforcement of the function of Regional Treasury Marketing (RTM) in every Regional Office was also one of the things done in 2017 in order to improve the contribution of treasury transactions in the region.

Fee Based Income Increasing Strategy In 2018

In 2018, in line with the Corporate Plan Restart 2016-2020 strategy, Bank Mandiri will continue to accelerate the growth of fee based income, as an alternative income other than the net interest income. The increase in fee based income is expected to be achieved through the followings

1. Focus on the growth of transactions through foreign exchange and securities, with the following strategies, among others:
 - a. Encouraging the growth of anchor customer transactions with a focus on the penetration of Subsidiaries and value chains.
 - b. Encouraging derivative transactions, both in terms of hedging and investment with Call Spread, IRS, CCS, and Deposit Swap instruments.
 - c. Encouraging FX retail transactions by optimizing FX position management from credit card transactions.
 - d. Increasing trading transactions Money Market Mutual Funds (RDPU).
 - e. Adding the Limited Investment Mutual Funds (RDPT) portfolio.
2. Focus on top player Industry with Best Growth
 - a. Short term strategies, among others: implementation of task force team to increase transaction and utilization of customer limit, partnership BG program with the Work Units of the Ministries, acceleration of prospective customer execution, and acceleration of SKBDN intra mandiri acquisition.
 - b. Mid term strategies, among others: organizational development for trade solution center, client service trade, and addition of trade sales personnel.
3. Increasing the intensification of e-channel productivity both for ATM, EDC and mobile and internet banking.
4. Increasing the intensification of trade products in anchor corporate and commercial customers and developing structured solutions to meet their trade needs.
5. Increasing cash management revenue by adding real time flagging features for receiving from other banks and implementing virtual balance for e-commerce segment.
6. Continuing cross selling and bundling product with subsidiary products.
7. Encouraging recovery or refund of non-performing loans.
8. Strengthening the digitalization based IT support infrastructure.

Taxation Aspects

Publication Of Tax Payment

Bank Mandiri, in its operational activities, has implemented good corporate governance transparently and accountably, especially in managing the taxation rights and obligations, in which the rights and obligations are conducted in accordance with the applicable regulations.

Tax Payment

Total Tax Payment for the period of January to December 2017 is as follow.

Table of Tax Payment

(in Rupiah)

Tax Description	Year 2017
Article 25 Income Tax	5,499,273,097,450
Article 21 Income Tax	1,066,575,231,935
Article 22 Income Tax	17,716,545,931
Article 23 Income Tax	129,679,959,953
Article 26 Income Tax	382,245,473,615
Article 4 (2) Income Tax	3,682,413,802,798
Value Added Tax	789,176,677,748
Local and Other Taxes	173,811,421,419
Total	11,740,892,210,849

Noncompliance In Tax Payment

In the period of 2017, there was no noncompliance of the Company in its obligation to pay taxes (NULL).

Tax Amnesty

All Domestic and Foreign Bank Mandiri Channels have been prepared to receive redeem payments since the Tax Amnesty Law entered into effect. Redeem Payments can be made at all branches of Bank Mandiri, both Domestic (except Micro Branches) and Overseas Offices through the 2nd Generation State Revenue Module (MPNG2) or Bank Mandiri e-channel (ATM, Internet Banking and Mandiri Cash Management).

The amount of redeem payment through Bank Mandiri, until March 31, 2017, was as follow.

Table of The Amount of Redeem Payment through Bank Mandiri

No.	Information	Total Transaction	Amount (Rp)
1.	Domestic Branch Offices	209,120	18,022,636,550,764
2.	Overseas Branch Offices	28	48,034,983,737
	Total	209,148	18,070,671,534,501

Investment Product of Tax Amnesty through Bank Mandiri and Subsidiaries

The repatriated funds at Bank Mandiri were received by all Bank Mandiri Regular Branch Offices (except for Micro branches), as well as Overseas Branch Offices (special account opening referrals to Domestic Branch Offices). The types of investment products of Amnesty Tax in Bank Mandiri and Subsidiaries are as follows.

- Bank Mandiri – Financial Instruments:
 - Third party funds product (current accounts, savings and deposits)
 - Mutual funds
 - ORI/SBR/Retail State Sukuk/Primary Sukuk/Primary Market
 - Mandiri secondary market government bond
 - Mandiri Deposit Swap
 - Transfer Asset Custody
 - Trust Service Bank Mandiri
 - Corporate Bonds in foreign currency in international primary market and/or which are traded on secondary market where the transfer is made by transferring its administration from custodian outside of NKRI to the custodian of the receiving bank (transfer asset).
- Bank Mandiri – Non-Financial Instruments:

In accordance with the circular of the Financial Services Authority No.S-8/PB.311/2017 dated January 18, 2017, Bank Mandiri has been able to carry out Direct Investment activities in the Company and Investments in Property in order to Repatriate the Amnesty Tax by the Customers.
- Mandiri Manajemen Investasi: Mandiri Market Share Investment, Mandiri Bond Investment, Mandiri Dollar Investment and Protected Mutual Funds.
- Mandiri Sekuritas: Share, Bond and Medium Term Notes.
- AXA Mandiri Financial Services: Mandiri Elite Plan, Investasi Sejahtera Plus and Investasi Sejahtera Syariah
- Mandiri Capital Indonesia: Venture Fund

Table of Accumulation of the incoming repatriated funds to special accounts in Bank Mandiri until March 31, 2017

Number of Customers	Amount (Rp)
1,013	27,762,243,085,637

Table of repatriation positions in Bank Mandiri and Subsidiaries per March 31, 2017

Investment Instrument	Number of Accounts	Amount (Rp)
Bank Mandiri		
Current Accounts	33	98,058,547,062
Savings	980	3,755,682,710,971
Deposits	403	5,502,239,031,896
Bonds	131	1,010,669,333,455
Bonds Transfer Asset	7	386,897,524,000
Mutual Funds	195	379,853,360,302
Insurance (AXA Mandiri)	34	38,501,000,000
Non-Financial Investment (Property)	8	43,575,420,935
Non-Financial Investment (Corporate)	40	663,284,051,750
Total Bank Mandiri	1,831	11,878,760,980,371
Mandiri Manajemen Investasi (MMI)		
KPD	6	399,860,000,000
Mutual Funds	4	39,760,000,000
Total MMI	10	439,620,000,000
Mandiri Sekuritas		
Corporate Bonds	10	64,236,878,000
Share	15	143,547,204,894
Mutual Funds	1	573,290,531
Funds in Customer Accounts	22	19,915,828,076
Total Mandiri Sekuritas	48	228,273,201,501
Total Mandiri Group	1,889	12,546,654,181,872

Table of Repatriated Funds Market Share of Bank Mandiri and Subsidiaries

Bank	Amount (Million Rupiah)	Percentage
Mandiri	27,762,243,085,637	19%
Other Gateways	119,237,756,914,363	81%
Total	147,000,000,000,000	100%

Notes: There were 57 other gateways in total other than Bank Mandiri

Bank Mandiri provides a special deposit rate for repatriation customers with a Rupiah DSR ceiling special for a Amnesty Tax Repatriated Funds of Rp 10 trillion and a foreign currency DSR ceiling special for Amnesty Tax Repatriated Funds of USD 500 million, as well as providing products for customers who hold deposit-secured loans and property-secured loans with the underlying tax amnesty investment funds.

Marketing dan Socialization

- Socialization of Amnesty Tax program (External and Internal):
 - Domestic: Socialization with Directorate General of Taxes and HIMBARA (including to MSMEs in 15 cities in the period of March 2017).
 - Overseas: Socialization with Directorate General of Taxes and HIMBARA in Singapore, Hong Kong and United Kingdom.

- Making marketing collateral and communications media for marketing to customers
- Placement of Amnesty Tax officers from the Directorate General of Taxes at Corporate Lounge of Bank Mandiri in the period of August 2016 - March 2017.
- Conducting video conference to all regions, in relation to information updates regarding the processes, procedures, and products of Tax Amnesty, monthly, and if necessary, making a coordination regarding the information updates and applicable regulations.
- Conducting intensive follow up and meetings to customers directly with the Board of Directors of Bank Mandiri in accordance with pipeline and schedule that will be prepared by Wealth Management and Corporate Banking Group.

Tax Amnesty Reporting of Bank Mandiri

1. There are 2 (two) reports that must be submitted by Bank Mandiri for the following 3 (three) years effectively since March 31, 2017 (last period of Amnesty Tax repatriated funds), namely:
 - a. Monthly reporting to the Directorate General of Taxes.
 - b. Weekly reporting to the Financial Services Authority.
2. A team of Amnesty Bank Mandiri reporting team has been formed in order to perform reporting of Amnesty Tax of Bank Mandiri to the regulator.

Impact of Interest Rate Changes on Bank

The Effort of Reducing The Interest Rate of Loans Into Single Digit

In 2017, the regulator's appeal to reduce the interest rate of loans into single digit remained a hot topic in the government's effort to provide the more affordable financing by business actors in order to encourage the slowing economy. Some policies issued by BI in realizing the implementation of single digit interest rate of loans is the reduction in BI 7 days repo rate which has reached the lowest level of 4.25%, the lowest level in the last 2 years. In addition, Bank Indonesia has also raised the lower limit of the loan to funding ratio related to the minimum required current accounts (GWM-LFR) from 78% to 80% with a fixed upper limit of 92%, aimed to boost the growth of national banking credit.

On the other hand, in order to ensure that the credit disbursement has been well absorbed, Bank Indonesia has also loosened the macroprudential policy in the form of relaxation of Loan To Value Ratio (LTV) and Financing To Value Ratio (FTV) of credits or financing of landed houses, flats, and shophouses or office-houses, through partially-prepaid mechanism through a gradual liquidity arrangement in accordance with the construction progress. In addition, OJK is also socializing a new policy on incentives for banks that make efficiency so that they can lower their interest rates. The more efficient a bank, the greater the incentives OJK will provide, including the ease of branch office opening, ease of issuing new products, and ease of core capital allocation.

Meanwhile, the government, through the Coordinating Ministry for Economic Affairs, Ministry of Finance and Ministry of State-Owned Enterprises, will encourage interest rate reduction by forcing the institutions that can be coordinated by the government to not to demand high interest rate of deposits to banks when saving funds in banks, which is aimed to avoid banks to burden too high interest expenses, so that the banks can also lower the interest rate of loans.

In order to respond to the appeal for the implementation of the single digit interest rate of loans, Bank Mandiri selectively participates in reducing the interest rate of loans with the following considerations:

1. The reduction in the interest rate of loans is only for loans with small interest rate gaps
2. The reduction in the interest rate of loans is preferred for productive and community-oriented credits, and
3. The reduction in the interest rate of loans is preferred for customer credits, especially for products which still have the potential for expansion and have a good credit quality.

In addition, the reduction in interest income had to be accompanied by the efforts to achieve the target of bank profit in 2017, among others, through increasing the loan volume, increasing income from fee based income, decreasing cost of funds, and decreasing Overhead Costs (OHC). The increase in fee-based income could be done by increasing the volume of transactions, increasing the existing tariffs, and implementing new tariffs for some transactions that have not been charged. In line with this, the reduction in BI 7 days repo rate in the last few years can be immediately followed by reduction in counter rate for savings, current accounts and deposits, so it is expected to significantly reduce the cost of funds of banks.

In order to follow up on this business, Bank Mandiri has implemented a structured program starting from reducing the cost of fund as the basic component of interest rate of loans, increasing the fee based income, and implementing efficiency program. During 2017, the cost of fund of Bank Mandiri was reduced by 20 bps from 2.93% to 2.73%. This is in line with the success of the increasing strategy for the ratio of low-cost fundings which increased to 68.37% in 2017 from 66.04% in 2016. Similarly, fee based income grew significantly by 18.1% to Rp 23.9 trillion, with the FBI ratio reaching 30.3%. In addition, throughout 2017, Bank Mandiri also actively continued to implement the operational cost efficiency program where cost growth will be more

focused to support the development of service networks that support transaction growth and the development of a digitalization-based supporting infrastructure that will sustainably streamline cost growth more efficiently. The initiative has successfully lowered the BOPO ratio significantly from 80.94% in 2016 to 71.78% in 2017.

Until the end of 2017, the implementation of a single digit interest rate policy has resulted in a decrease in yield of loan of Bank Mandiri by 96 bps from 10.44% in 2016 to 9.48% in 2017. In addition, the net interest margin also decreased to 5.63% in 2017 from 6.29% in 2016.

Significant Prohibitions, Limitations, and/or Obstacles in Fund Transfer between the Bank and Other Entities in a Business Group

Referring to Bank Mandiri's internal policies regarding credit disbursement, the provision of funds to related parties (individuals or groups, including executive officers, Board of Directors and Commissioners of the Bank) has been fairly performed reasonably with the approval of the Board of Commissioners

Provision of Related Party Funds

In conducting its business activities, Bank Mandiri has made a policy that includes restrictions on provision of funds to related parties in accordance with Bank Indonesia Regulation (PBI) Number 8/13/PBI/2006 on Legal Lending Limit for Commercial Banks at maximum of 10% of Bank Capital.

Table of Provision of Funds to Related Parties

No	Provision of Funds	Total	
		Debtor (people)	Nominal Value (Billion Rupiah)
1	To Related Parties	612*)	10,675
2	To Core Debtors		
	a. Individual	3	12,658
	b. Group	22	179,691
	Total Core Debtors	25	192,349

*) Composed of 11 subsidiaries of Bank Mandiri and 597 executive officers

Table of List of Related Parties who Received the Provision of Funds per December 31, 2017

(in Million Rupiahs)

NO	NAME OF DEBTOR	RKK Approval Limit	Effective Limit	Outstanding	Limit/Outstanding (taken from the higher)
Related Parties of Subsidiary – Domestic		11,256,375	10,742,909	9,178,494	11,656,375
1.	AXA Mandiri Financial Services PT				
-	Participation	1,136,893	1,136,893	1,136,893	1,136,893
-	Corporate Card Credit	1,000	1,000	74	1,000
2.	Mandiri AXA General Insurance (MAGI)				
-	Participation	241,472	211,472	211,472	241,472
-	Corporate Card Credit	200,000	200,000	49,223	200,000
3.	Kustodian Sentral Efek Indonesia PT				
-	Participation	3,000	3,000	3,000	3,000

NO	NAME OF DEBTOR	RKK Approval Limit	Effective Limit	Outstanding	Limit/Outstanding (taken from the higher)
4.	Mandiri Sekuritas PT				
	- Participation	1,174,062	1,174,062	1,174,062	1,174,062
	- Credit	246,645	97,838	-	246,645
	- Corporate Card Credit	5,000	5,000	747	5,000
5.	Sarana Bersama Pengembangan Indonesia PT				
	- Participation	1	1	1	1
6.	Mandiri Tunas Finance (MTF)				
	- Participation	997,143	997,143	997,143	997,143
	- Credit	2,002,610	2,002,610	1,602,610	2,002,610
	- Corporate Card Credit	2,000	2,000	108	2,000
7.	Credit kepada Pengurus dan Pejabat Eksekutif				
	- Credit Card	91,232	91,232	21,833	91,232
	- Consumtive Credit	188,800	188,800	137,543	188,800
8.	Bank Syariah Mandiri				
	- Participation	299,000	299,000	22,124	299,000
	- Corporate Card Credit	1,000	1,000	29	1,000
9.	Bank Mandiri Taspen Pos				
	- Participation	100,000	100,000	90,000	100,000
	- Corporate Card Credit	1,500	1,500	100	1,500
10.	Asuransi Jiwa Inhealth Indonesia				
	- Participation	1,098,528	1,498,528	1,498,528	1,498,528
	- Corporate Card Credit	5,110	5,110	133	5,110
11.	Mandiri Utama Finance				
	- Participation	354,322	252,322	252,322	354,322
	- Credit	2,325,000	1,692,341	1,453,940	2,325,000
12.	Mandiri Capital Indonesia				
	- Participation	499,344	499,344	499,344	499,344
13.	Mulia Sasmita Bhakti				
	- Credit	81,213	81,213	27,083	81,213
14.	Mandiri Manajemen Investasi				
	- Credit	200,000	200,000	-	200,000
	- Corporate Card Credit	1,500	1,500	182	1,500
Related Parties of Subsidiary – Overseas		1,509,945	1,509,945	1,496,752	1,509,945
15.	Mandiri Europe Ltd.				
	- Participation	684,754	684,754	684,754	684,754
	- Placement	800,000	800,000	746,216	800,000
				40,591	
16.	Mandiri International Remittance				
	- Participation	25,191	25,191	25,191	25,191
Total Related Parties Overall		12,766,320	12,255,854	10,675,246	13,166,320
Undisbursed Loans of the Related Parties Towards BMPK		3,291,605	3,805,071	5,382,679	2,891,605
Undisbursed Loans of the Related Parties Towards Inhouse Limit		1,685,813	2,199,279	3,776,887	1,285,813

Derivatives and Hedging Facilities

All derivative instruments (including foreign exchange transactions for financing and trading purposes) are recorded in the consolidated statement of financial position at fair value. The fair value is determined based on the market price using the Reuters' exchange rate at the report date or the discounted cash flow method.

Derivative claims are presented at unrealized profits from derivative contracts, after getting diminished by the allowance for impairment losses. Derivative liabilities are presented at the unrealized losses from derivative contracts.

The profits or losses from derivative contracts are presented in the consolidated financial statements based on the Bank's objectives over the transactions, namely (1) fair value hedging, (2) cash flow hedging, (3) net investment hedging in overseas operations and (4) trading instruments, as follows:

1. The profits or losses from derivative contracts which are designated and qualified as fair value hedging instruments and profits or losses on changes in fair value of hedge assets and liabilities are recognized in the same accounting period as profits

or losses. Any difference indicates the ineffectiveness of the hedging and is directly recognized as a consolidated profits or losses for the current year.

2. The effective part of profits or losses from derivative contracts which is designated as cash flow hedging is reported as other comprehensive income. The ineffective part of the hedging is reported as a consolidated profit and loss statement for the current year.
3. The profits or losses from derivative contracts which are designated as net investment hedging in overseas operations are reported as other comprehensive income, provided that such transactions are deemed to be effective as hedging transactions.
4. The profits or losses from derivative contracts which are not designated as hedging instruments (or derivative contracts that do not qualify as hedging instruments) are recognized as the consolidated profits or losses in the current year.

Derivative claims are classified as financial assets in the Group measured at fair value through profit and loss, while derivative liabilities are classified as financial liabilities in group measured at fair value through profit and loss.

The summary of derivative transactions as of December 31, 2017 is as follow

	Contract Value absolutely (equals to Rupiah)	Fair Value	
		Derivative Claim	Derivative Liability
Transaction			
Related Parties			
Related to Exchange Rate			
1 Forward Contract - buy			
US Dollar	393,506	3,256	-
2. Forward Contract - sell			
US Dollar	5,639,641	3,515	2,364
3. Swap - buy			
US Dollar	747,940	526	688
4. Swap - sell			
US Dollar	4,428,368	13,314	1,307
5. Option - buy			
US Dollar	-	3,213	-
Others	-	-	6,216

	Fair Value		
	Contract Value absolutely (equals to Rupiah)	Derivative Claim	Derivative Liability
Related to Interest Rate			
1. Swap – Interest Rate			
Others		-	6,007
Total Related Party		23,824	16,582
Third Party			
Related to Exchange Rate			
1 Forward Contract - buy			
US Dollar	2,725,088	11,995	2,712
Others	6,307,773	59,527	26,133
2 Forward Contract – sell			
US Dollar	6,857,671	8,550	27,817
Others	77,022	295	142
3 Swap – buy			
US Dollar	10,858,769	8,720	13,648
Others	206,027	1,205	-
4 Swap – sell			
US Dollar	67,896,411	189,057	31,576
Others	4,611,905	-	82,652
5 Option - buy			
US Dollar		10,197	-
Others		26,710	18,205
6 Option - sell			
US Dollar		-	1
Others		-	13
Related to Interest Rate			
1. Swap – Interest Rate			
Others		106,379	56,762
Total Third Party		422,635	259,661
Total		446,459	276,243

The summary of derivative transactions as of December 31, 2016 is as follow..

	Fair Value		
	Contract Value absolutely (equals to Rupiah)	Derivative Claim	Derivative Liability
Transaction			
Related Parties			
Related to Exchange Rate			
1 Forward Contract - sell			
US Dollar	2,027,885	336	2,882
Others	5,678	2	-

		Fair Value	
		Contract Value absolutely (equals to Rupiah)	Derivative Liability
2	Swap – buy		
	US Dollar	1,347,250	300
3.	Swap – sell		
	US Dollar	6,598,314	6,824
Related to Interest Rate			
1.	Swap – Interest Rate		
	Others	168	52
Related to Interest Rate		3,660	10,058
Third Party			
Related to Exchange Rate			
1.	Forward Contract - buy		
	US Dollar	2,339,530	3,336
	Others	1,987,282	59,376
2.	Forward Contract - sell		
	US Dollar	4,352,298	27,668
	Others	40,381	29
3.	Swap - buy		
	US Dollar	2,626,577	2,148
	Others	623,476	2,413
4.	Swap - sell		
	US Dollar	18,001,365	164,113
	Others	2,802,046	980
5.	Option - buy		
	US Dollar	116	2,377
	Others	15	-
6.	Option - sell		
	US Dollar	3,012	1,336
Related to Interest Rate			
1.	Swap - Interest Rate		
	US Dollar	87,941	225,747
	Others	1,157	2,888
Total Third Party		235,600	492,411
Total		239,260	502,469

Performance of Subsidiaries

The performance of subsidiaries is presented in the following table.

Table of Subsidiaries Performance

(in Billion Rupiahs)

No.	Subsidiaries	Business Volume				Net Income			
		Actual	Plan	Ach	YoY Growth	Actual	Plan	Ach	YoY Growth
Banking									
1	Bank Syariah Mandiri (BSM)					365,2	345,8	105.6%	12.2%
	Total Funding	77,903.1	74,062.5	105.2%	11.4%				
	Total Lending	60,694.9	60,584.1	100.2%	9.2%				
2	Bank Mandiri Taspen (MANTAP)					160,0	155,0	103.2%	215.9%
	Total Funding	9,732.4	8,659.8	112.4%	72.2%				
	Total Lending	10,506.5	9,593.8	109.5%	113.1%				
3	Bank Mandiri (Europe) Limited (BMEL)					8,4	9,6	87.2%	1.0%
	Earning Asset	1,902.8	2,374.3	80.1%	-0.5%				
Subtotal						533,6	510,4	104.5%	38.8%
Insurance									
4	AXA Mandiri Financial Service (AMFS)					1,005.7	1,429.4	70.4%	-22.8%
	APE	3,335.8	3,521.2	94.7%	8.8%				
5	Mandiri InHealth (MI)					170.2	205,5	82.8%	3.6%
	GWP	1,858.0	2,200.0	84.5%	14.7%				
6	Mandiri AXA General Insurance					29.3	18,0	162.9%	94.3%
	GWP	469.7	484.7	96.9%	(17.7%)				
Subtotal						1,205.3	1,652.9	72.9%	-18.6%
Multifinance									
7	Mandiri Tunas Finance (MTF)					350,4	356,1	98.4%	4.5%
	Outstanding Credit	36,849.3	34,456.9	106.9%	17.8%				
8	Mandiri Utama Finance (MUF)					47,2	45,8	103.2%	122.8%
	Outstanding Credit	7,657.5	7,841.9	97.6%	176.5%				
9	Mandiri International Remittance (MIR)					1,3	1,3	100.9%	52.9%
	Frequency of Remittance Transaction	134,472.0	218,536.6	61.5%	(14.1%)				
Subtotal						398,9	403.2	98.9%	33.9%

No.	Subsidiaries	Business Volume				Net Income			
		Actual	Plan	Ach	YoY Growth	Actual	Plan	Ach	YoY Growth
Capital Market									
10	Mandiri Sekuritas - Konsolidasi					126,0	151,8	83.0%	2.3%
	Trading Volume	268,718.4	258,364.1	104.0%	23.7%				
	Underwriting Volume	45,396.9	17,525.0	259.0%	79.9%				
11	Mandiri Manajemen Investasi (MMI)					51,5	31,0	165.9%	103.4%
	Asset Under Management (AUM)	50,779.5	47,520.8	106.9%	30.6%				
12	Mandiri Capital Indonesia (MCI)					(52,2)	(56,5)	107.6%	3,503.9%
	Start Up Due Dill	15	12	125.0%	50.0%				
Subtotal						73,8	95,3	77.4%	(40.8%)
TOTAL						2,211.5	2,661.8	83.1%	(3.4%)

PT Bank Syariah Mandiri (BSM)

Financial Statement

(in Billion Rupiahs)

	2017	2016	2015
Asset	87,940	78,832	70,370
Liability	80,626	72,439	64,756
Equity	7,314	6,392	5,614

Total assets of PT Bank Syariah Mandiri (BSM) in 2017 amounted to Rp 87,940 million, increased from Rp 78,832 million in 2016, while total liabilities in 2017 amounted to Rp 80,626 million, increased from Rp 72,439 million in 2016, and total equities in 2017 amounted to Rp 7,314 million, increased from Rp 6,392 million in 2016.

Income Statement

(in Billion Rupiahs)

	2017	2016	2015
Income	8,259	7,331	6,913
Expense	7,894	7,005	6,623
Net Profit/(Loss)	365	325	290

The Business income earned by PT Bank Syariah Mandiri (BSM) in 2017 amounted to Rp 8,259 million, increased from Rp 7,331 million in 2016, while the business expenses in 2017 amounted to Rp 7,894 million, increased from Rp 7,005 million in 2016, so that resulted in a Net Profit of Rp 365 million in 2017, increased from Rp 325 million in 2016.

PT Mandiri Taspen (MANTAP)

Statement of Financial Position

(in Billion Rupiahs)

	2017	2016	2015
Asset	13,687.7	7,391.3	2,578.1
Liability	12,180.1	6,242.0	1,879.1
Equity	1,507.6	1,149.3	699.0

Total asset of PT Mandiri Taspen (MANTAP) in 2017 amounted to Rp 13,687.7 billion, increased from Rp 7,391.30 billion in 2016, while total liabilities in 2017 amounted to Rp 12,178.1 billion, increased from Rp 6,242.0 billion in 2016, and total equities in 2017 amounted to Rp 1,507.60 billion, increased from Rp 1,149.3 million in 2016.

Income Statement

(in Billion Rupiahs)

	2017	2016	2015
Income	1,453.7	605.3	275.8
Expense	1,233.7	533.1	241.1
Net Profit/(Loss)	160.0	50.7	24.4

The Business income earned by PT Mandiri Taspen (MANTAP) in 2017 amounted to Rp 1,453.7 billion, increased from Rp 605.3 billion in 2016, while the business expense in 2017 amounted to Rp 1,233.7 billion, increased from Rp 533.1 billion in 2016 billion, so that resulted in a Net Profit of Rp 160.0 billion in 2017, increased from Rp 50.7 billion in 2016.

Bank Mandiri (Europe) Limited (BMEL)

Statement of Financial Position

(in thousand USD)

	2017	2016	2015
Asset	156,737	174,038	184,479
Liability	106,267	124,875	135,927
Equity	50,470	49,163	48,552

Total assets of BMEL in 2017 amounted to USD 156.7 million with total equities in 2017 of USD 50.4 million increased from USD 49.1 million in 2016.

Income Statement

(in thousand USD)

	2017	2016	2015
Income	5,041	4,285	3,590
Expense	2,816	2,821	3,024
Net Profit/(Loss)	787	616	560

The Business income earned by Bank Mandiri (Europe) Limited (BMEL) in 2017 amounted to USD 5.04 million, increased by 17% from USD 4.28 million in 2016, while the business expenses in 2017 amounted to USD 2.81 million, tended to remain as in 2016 of USD 2.82 million, so that resulted in a Net Profit Before Tax in 2017 of USD 787 thousand, increased by 27% from USD 616 thousand in 2016.

PT Axa Mandiri Financial Services (AMFS)

Statement of Financial Position

(in Billion Rupiahs)

	2017	2016	2015
Asset	29,783	25,984	23,033
Liability	27,615	23,640	20,834
Equity	2,168	2,324	2,182

Income Statement

(in Billion Rupiahs)

	2017	2016	2015
Income	13,081	10,257	6,265
Expense	12,075	8,599	4,641
Net Profit/(Loss)	1,006	1,302	1,267

Throughout 2017, AXA Mandiri has recorded a premium income of Rp 8.9 trillion, increased by 10% from Rp 8.1 trillion in 2016. In terms of net profit, per December 31, 2017, it recorded Rp 1 trillion. Meanwhile, AXA Mandiri's assets per December 31, 2017 were recorded at Rp 29.8 trillion with a (Risk Based Capital (RBC) of the indicator of insurance company soundness level of 239.5%.

PT Asuransi Jiwa Inhealth Indonesia

Statement of Financial Position

(in Million Rupiahs)

	2017	2016	2015
Total Asset	2,220,447	2,128,604	1,841,695
Total Liability	798,542	742,533	538,764
Total Equity	1,421,905	1,386,071	1,302,931

Total assets of Mandiri Inhealth in 2017 amounted to Rp 2.2 trillion with total equities of 2017 of Rp 1.4 trillion, increased from Rp 1.3 trillion in 2016.

Income Statement

(in Million Rupiahs)

	2017	2016	2015
Asset	1,837,926	1,580,787	1,488,968
Liability	1,626,507	1,386,045	1,277,173
Equity	170,183	164,217	154,580

Total Incomes of Mandiri Inhealth in 2017 amounted to Rp 1.8 trillion, increased by 16.3% from Rp 1.5 trillion in 2016, while the business expenses of Mandiri Inhealth in 2017 amounted to Rp 1.6 trillion, increased from Rp 1.3 trillion in 2016, so that resulted in a Net Profit Before Tax in 2017 amounted to Rp 170 billion, increased by 3.6% from Rp 164 billion in 2016.

PT Mandiri AXA General Insurance (MAGI)

Statement of Financial Position

(in Billion Rupiahs)

	2017	2016	2015
Asset	1,616	1,648	1,152
Liability	1,192	1,261	1,228
Equity	424	387	323

Income Statement

(in Billion Rupiahs)

	2017	2016	2015
Income	548	554	501
Expense	504	536	479
Net Profit/(Loss)	29	15	19

¹Income (NEP + Investment)²Expense (Opex + Claim + Commission + Other Expense)³Net Profit/(Loss) (After Tax)

MAGI closed the year 2017 with a premium collection of 469.7 billion. Although it still did not achieve the target and increased from the previous year, MAGI managed to record a profit of Rp 29.3 billion with a result exceeded the target set and grew by 94% from the previous year's profit.

The amount of assets decreased in relation to the decrease in premium collection, while the company's equity value increased due to a significant increase in corporate profits from Rp 15 billion to 29 billion.

Furthermore, MAGI also showed significant improvements in business quality with the acquisition of Combined Ratio of 104.6%, improved from 111.4% in the previous year. It was due to the decrease in claims value and the success of the company's efficiency program in various aspects to reduce the operating expenses

Through various sustainable improvements, as well as synergy supports from Bank Mandiri Group through its business units and other subsidiaries, the company is optimistic that it will always increase its business potential optimally. So that, in the future, PT Mandiri AXA General Insurance can continue to grow rapidly and become the leading general insurance company, in accordance with the efforts of Bank Mandiri in realizing the vision of becoming The Most Admired and Progressive Financial Institution.

PT Mandiri Tunas Finance (MTF)

Statement of Financial Position

(in Billion Rupiahs)

	2017	2016	2015
Asset	14,758	11,404	9,203
Liability	12,989	9,930	8,030
Equity	1,768	1,474	1,173

The business income earned by PT Mandiri Tunas Finance in 2017 amounted to Rp 1.7 trillion, increased by 10.9% from Rp1.5 trillion in 2016, while the business expenses in 2017 amounted to Rp 1.2 trillion, increased by 14.0% from Rp 1.1 trillion in 2016, so that resulted in a Net Profit After Tax in 2017 of Rp350 billion, increased by 4.5% from Rp335 billion in 2016.

Income Statement

(in Billion Rupiahs)

	2017	2016	2015
Income	1,693	1,526	1,283
Expense	1,226	1,075	872
Net Profit/(Loss)	350	335	307

Total assets of MTF in 2017 amounted to Rp 14.8 trillion with total equities of 2017 amounted to Rp 1.8 trillion, increased from Rp 1.5 trillion in 2016.

PT Mandiri Utama Finance (MUF)

Statement of Financial Position

(in Billion Rupiahs)

	2017	2016	2015
Asset	4,197.57	2,003.42	113.95
Liability	3,702.80	1,755.86	27.40
Equity	494.77	247.56	86.55

Total assets of MUF in 2017 amounted to Rp 4,197.57 billion with total equities of 2017 amounted to Rp 494.77 billion, increased from Rp 247.56 billion in 2016.

Income Statement

(in Billion Rupiahs)

	2017	2016	2015
Income	763.85	195.52	3.08
Expense	699.61	246.27	22.06
Net Profit/(Loss)	47.15	(38.44)	(13.48)

The income earned by PT Mandiri Utama Finance in 2017 amounted to Rp 763.85 billion, increased by 391% from 2016. Meanwhile, total expenses in 2017 amounted to Rp 699.61 billion, increased by 272% from 2016. The Net Income in 2017 amounted to Rp 47.15 billion, increased by 322% from 2016.

Mandiri International Remittance Sendirian Berhad (MIR)

Statement of Financial Position

(in Million MYR)

	2017	2016	2015	Growth YoY
Asset	4,466,545	4,048,977	3,552,092	10%
Liability	582,685	560,572	351,821	4%
Equity	3,883,860	3,488,405	3,200,271	11%

Total Assets of MIR in 2017 amounted to MYR 4.4 million, increased by 10% from the previous year of MYR 4 million.

Total Equities of MIR in 2017 amounted to MYR 3.8 million, increased by 11% from previous year amounted to MYR 3.4 million. The increase in the equity was due to the retain earnings in 2017.

Income Statement

(in Million MYR)

	2017	2016	2015	Growth YoY
Income	5,322,687	5,372,864	4,608,145	(0.9%)
Expense	4,927,231	5,084,730	4,264,770	(3.1%)
Net Profit/(Loss)	395,456	288,134	343,375	37.2%

The Business Income earned by MIR in 2017 amounted to MYR 5.32 million, tended to remain or slightly decreased from the previous year amounted to MYR 5.37 million.

In order to maintain a good increase in business profit, in 2017, MIR tried to make cost efficiency so that its operating expenses in 2017 decreased by 3.1% from the previous year, to MYR 4.9 million.

Meanwhile, the Net Profit Before Tax of MIR in 2017 increased by 37.2% from the previous year, to MYR 395.4 thousand.

PT Mandiri Sekuritas (MANSEK)

Statement of Financial Position

(in Million Rupiahs)

	2017	2016	2015
Asset	3,120,024	2,141,675	1,672,597
Liability	1,984,480	1,037,600	672,672
Equity	1,135,544	1,104,075	999,924

Total assets of Mandiri Sekuritas in 2017 amounted to Rp 3.1 trillion, increased by 46% from Rp 2.1 trillion in 2016, with total equities of 2017 amounted to Rp 1.1 trillion, increased by 3% from Rp 1.1 trillion in 2016.

Income Statement

(in Million Rupiahs)

	2017	2016	2015
Income	465,312	508,792	413,988
Expense	396,599	336,965	342,523
Net Profit/(Loss)	75,825	100,297	3,565

The realization of business income of Mandiri Sekuritas in 2017 amounted to Rp465.3 billion, decreased by 9% from 2016 of Rp 508.8 billion. Meanwhile, its operating expense in 2017 amounted to Rp 396.6 billion, increased by 18% from 2016 of Rp 337.0 billion, so that resulted in a Net Profit After Tax of Rp75.8 billion in 2017, decreased by 24% from 2016 of Rp 100.3 billion.

PT Mandiri Capital Indonesia (MCI)

Statement of Financial Position

(in Billion Rupiahs)

	2017	2016	2015
Asset	500.8	362.2	11.4
Liability	1.4	2.5	1.3
Equity	499.4	349	10.1

With the current total fund of MCI of Rp550 billion, MTI is the largest portfolio with a composition of 44.7% or Rp 246 billion. With the increase on of MCI capital to Rp 550 billion, it is estimated that MCI has a remaining fund of Rp 69.4 billion to invest in a new startup.

Income Statement

(in Billion Rupiahs)

	2017	2016	2015
Income	10,2	15,4	0,1
Expense	17,4	7,9	0,1
Net Profit/(Loss)	(52,2)	1,5	0,1

Total assets of MCI in 2017 amounted to Rp 500.8 billion with total equities of 2017 of Rp 500.8 billion, increased from Rp 351.5 billion in 2016

All Indicators, both Leading and Lagging Indicators, could be achieved with 2017 consolidated NPAT as of actual: Rp -52.2 billion

Testimonials

Testimonials for Mandiri Prioritas



Tetty Sinuhadji
Bank Mandiri Priority Customer

Tetty Sinuhadji has been being a priority customer of Bank Mandiri for about four years. Based on her experience, there is no indifference in all services needed by the customers. "That's what makes me attracted to Bank Mandiri," said Tetty, the owner of Njonjah Poenja woven batik gallery in Thamrin City, Jakarta. For her, Bank Mandiri is a top choice as a partner in business and investment. Since 2013, as a priority customer, she has never experienced any obstacles in service. "I suggest Bank Mandiri to expand its network due to the today's high banking competition," said Tetty.

Testimonials for Mortgage Product



Ediningsih
Business Woman

Experience in using Bank Mandiri's service:
Bank Mandiri has good services as every time I need a partner, it always provides services even on holidays. At the time of processing the mortgage, there were several holidays, but finally I managed to process my mortgage as a result of the cooperation with the Sudirman Office despite the holidays, as the Sudirman Office team kept working on holidays as usual.

Expectation on Bank Mandiri:

- Having Better performance in the future
- Getting more responsive in providing services
- Providing ease of credit process
- Getting faster for the making a result
- Becoming a long-term customer of Bank Mandiri

Testimonials for Small Medium Enterprise (SME) Product



PT Personel Alih Daya
Small Medium Enterprise (SME)

Experience in using Bank Mandiri's service:
PT Personel Alih Daya (Persada), which is engaged in Business Process Outsourcing (BPO) and has been being a partner of PT Bank Mandiri Tbk since 2016, expressed gratitude for the cooperation and trust that has been established, and supports provided, so that Persada can continue to grow and develop.

Expectation on Bank Mandiri:

I expect that PT Bank Mandiri Tbk can be a trusted Banking for the community and companies in Indonesia.

Human Capital

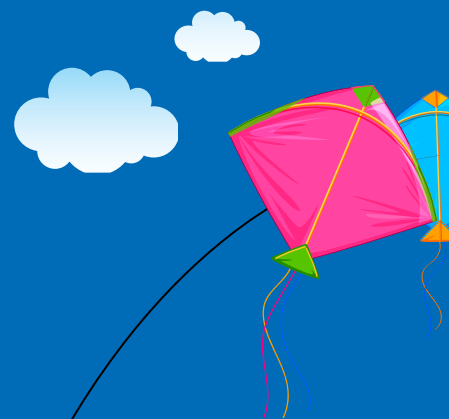


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To Be a Producer of
Best Leaders and
Excellent Employees
for Mandiri and
Indonesia

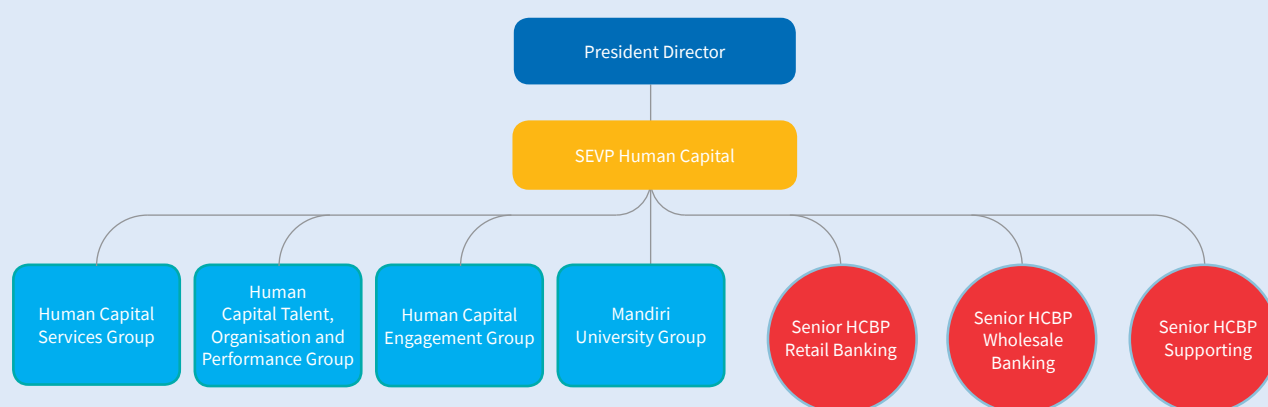
05

Structure of Human Capital Management



The framework for human capital management strategy in Bank Mandiri is carried out based on stages of employee life-cycle, starting from planning for organizational needs, capacity fulfillment, development, management of performance and remuneration system, to discharging employees from the organization in order to generate quality employees. One of Bank Mandiri's priority programs run to meet the requirement of Human Capital (HC) is the Mandiri Young Leaders (MYLead), which is a program to develop qualified talents designed to prepare them to succeed in Bank Mandiri in the long run. The main indicator of effective implementation of the human capital management strategy is reflected on assessment of employee and employer branding engagement that serves as an indicator of the bank's success in attracting the best talents of the nation in developing Bank Mandiri and Indonesia.

The Human Resource Division is led by a Senior Executive Vice President (SEVP) of Human Capital supervising seven work units. In order to support the implementation of human capital strategy in line with the vision and mission of the bank, an organizational structure of human capital is established, as follows:



- **Human Capital Services Group**

Human Capital Work Unit that Supervises Services Function

It is the work unit responsible for outlining strategies and policies related to fulfilling human capital requirement, operation, and services effectively and efficiently as to create synergy whilst meeting the needs of all working units of both central and regional offices in a time to market manner.

- **Human Capital Talent, Organisation and Performance Group**

Human Capital Work Unit that Supervises Talent, Organization, and Performance. It is the work unit responsible for planning, developing, directing, and monitoring comprehensive strategies and policies of Human Capital related to talent management, organization development, performance, and rewards management, as well as HC process improvement and technology. These strategies and policies are aimed at supporting all working units of both central and regional offices, in the short term and in the long run based on effective best practices in line with business strategies whilst adhering to the regulations in place.

- **Human Capital Engagement Group**

Human Capital Work Unit that Supervises Employee Engagement Function It is the work unit in charge of outlining strategies and policies to maintain proper employee engagement by ensuring the harmony of all policies on human capital and those on employments, as well as with the industry, according to the regulations in place. These are also accompanied with maintenance and development of cultural values that all employees will be able to think, act, make decisions, and have good relations with other parties in line with the values of clean, healthy, and professional organizational management.

- **Mandiri University Group**

Human Capital Work Unit that Supervises Training and Development Function
It is the work unit dealing with providing proper solutions,

training and development programs, and ensuring that the human capital is equipped with the capabilities to grow and achieve the performance set in each working unit.

- **Human Capital Business Partner**

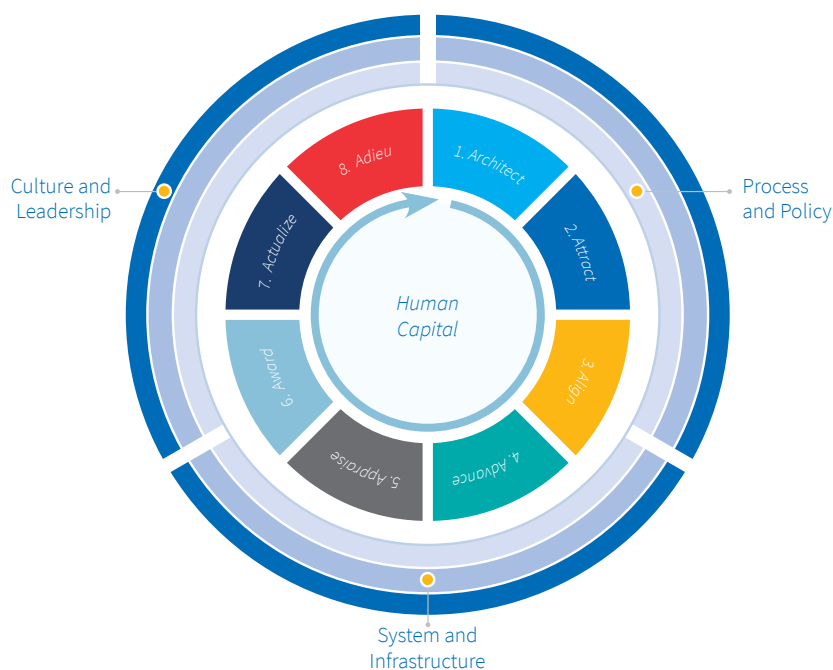
Human Capital Work Unit that Supervises Business Coordination Function It is the work unit playing the role as a strategic business partner in managing human capital in the working units it coordinates.

SEVP Human Capital Profile

SEVP Human Capital Profile can be seen in the Company Profile section on this Annual Report.

Human Capital Management Strategies

Implementation of human capital management in Bank Mandiri is based on the employee life-cycle with a framework in line with the bank's strategy. The employee life-cycle is as follows:



Employee life-cycle covers:

1. **Architect** – Organization Development
Organization development includes: designing organizational structure and evaluation of position, career development, and capacity planning.
2. **Attract** - Human Capital Fulfillment
A reliable Human Capital fulfillment both internally and externally, and employee attraction strategy.
3. **Align** - Employee on Boarding System and Employment Relationship
On-Boarding and employment relationship system that is friendly to both employees and new recruits.
4. **Advance** - Training and Development
Training and development for Human Capital capabilities in order to support business requirements.
5. **Appraise** - Individual Performance Management
Assessment system for employee performance and accountable and transparent feedback.
6. **Award** - Total Reward
Competitive and precisely targeted employee reward system.
7. **Actualize** - Talent and Succession Management
Quality and timely talent and succession management system.
8. **Adieu** - Employee Dismissal
An employee dismissal system.

Each phase of the employee life-cycle system is supported by foundation strengthening to ensure sustainable implementation, including:

- a. A more structured, accessible, and understandable Human Capital policy;
- b. Integrated and user friendly technology system and infrastructure; and
- c. Leadership and culture that facilitate transformation, including changing in mindset, attitude, and work pattern, as well as improved leader's role as the role model in the process of human capital management (Culture and Leadership).

Architect

In order to harmonize the bank's business strategies, Bank Mandiri has implemented Bank Mandiri organizational structure harmonization in both head and regional offices since 1 March 2017. This bankwide organization harmonization has also been carried out in September 2017 based on the result of General Meeting of Shareholders (GMS). This harmonization is aimed at upgrading the organizational function to support the bank's business strategies. Some activities involved include: finalizing the organizational

structure, mapping the positions according to the new organizational structure, and staffing employees through a talent panel. In order to ensure that the organization works effectively, a team that periodically evaluates condition on the field through pulse check activities is established.

Throughout 2017, Bank Mandiri has conducted reviews on organization effectiveness in terms of employee productivity in its work units, both in head and regional offices. The implication of those reviews is the redistribution of capacity planning among work units according to the workload of each working unit. In addition, Bank Mandiri has also carried out sustainable reviews on the strategies and policies of employee recruitment to support the bank's business strategies and improving efficiencies in manpower costs.

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Attract

Rapid and dynamic organizational developments as well as business developments require swift and accurate Human Capital development. The Human Capital strategy is aimed at meeting time to market requirements with excellent human capital capability.

Human capital is equally required by the bank's network across Indonesia. Local employees are prioritized to meet this requirement. Recruitment and headhunting processes are conducted in cooperation with the best universities in Indonesia by getting the bank routinely involved in job fair or campus hiring program. In addition, the headhunting strategy also utilizes e-recruitment via Bank Mandiri's website (www.bankmandiri.co.id).

Human Capital recruitment uses both internal and external sources with the following programs or routes:

1. Internal source, carried out through internal employee development i.e.: Staff Development Program (SDP), Authorized Officer (P3K), and transfer of executives from Operations/ Services/Administrations functions to Sales/Credit/Collection functions.
2. External source, carried out through fresh graduate and

experience hire recruitment, either for management and executives. Recruitment of human capital via this external source should consider certain conditions and aspects, those related to human capital shortage in certain regions, the type of employment, and certain expertise.

a. Fresh graduate, is recruiting employees from fresh graduates from universities or those possessing work experience. This means consists of:

(1) Managerial Level, which is aimed at recruiting candidates for managerial positions. The programs here include Officer Development Program (ODP), Mandiri Young Leaders (MYLead), and Special Region Managerial Candidates (CPDK).

a) Officer Development Program (ODP)

It is a program to recruit managerial employees. This program particularly targets fresh graduates or candidates possessing less than four (4) years work experience. Candidates passing all selection stages will be given employment candidacy and have to join ODP training program intensively, including in-class and on the job training.

b) Mandiri Young Leader (MYLead)

It is a program of talent development with pre-defined inherent planning for career path, learning program, target work, and evaluation process.

c) Special Region Management Candidate (CPDK)

It is a program of employee recruitment with candidates being people from the localities or those from the other regions but has long been domiciled in the area. CPDK program is currently available in Papua, and subsequently will be expanded to Kalimantan Region.

(2) Executive Level, which is an employee recruitment program aimed at recruiting Executive level employees in functions of Sales, Credit and Collection, and Services, Operation and Administration, or Security officers.

b) Experience hire, which is an employee recruitment program targeting candidates having relevant work experience with the position aimed. The experience hire route consists of:

(1) Experience hire for Managerial Level. It is a recruitment program for candidates having relevant work experience of at least four (4) years.

(2) Experience hire for Executive Level. It is a recruitment program for executive level employee candidates possessing relevant work experience in Sales, Credit and Collection and Services, Operations and Administration for at least two (2) years.

In addition, Human Capital recruitment is also carried out with the support of third parties and internship programs. The following details elaborate those latter two;

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Human Capital Recruitment Via Third Parties

Concerning human capital recruitment with the help of third parties, Bank Mandiri secures the services of Outsourcing Employees (TAD) that keep on increasing in numbers due to the booming nature of Limited company businesses. Human capital recruitment from third parties is mostly for supporting roles, which is in line with Bank Indonesia Circular Letter (SEBI) No.: 14/20/DPNP dated 27 June 2012 which states that outsourced works are those of non-core categories in banking. This circular is further emphasized by a decree from the Association of State Owned Banks (HIMBARA) No.: 32/HIMBARA/XI/2013 which mentions that there are 13 (thirteen) lines of work that can be outsourced. Included in those thirteen lines of work, Bank Mandiri outsources works for office boys, sales, driver, security, administration, IT support, call center, and collection positions.

Bank Mandiri constantly conducts reviews on its policy of outsourced employee utilization as to keep in line and comply with the applicable laws/regulations. Moreover, to optimize monitoring functions for bank-wide outsourced employees, a database application system for outsourcing employees was developed.

The Internship Program (Kriya Mandiri)

The internship program in Bank Mandiri or better known as Kriya Mandiri is an integrated internship program for those just graduated from high school, those with Diploma degrees, and those with undergraduate qualifications. This program is aimed at giving opportunities for them to work and gain knowledge, skills, and experience in the banking industry. Kriya Mandiri was first launched in 2012 and in 2017. It has recruited 9,463 employees. The learning module for Kriya Mandiri participants was prepared for back office, call center, customer service, and teller types of work. Most of the internships were hired as employees of Bank Mandiri, while the remaining chose to pursue their studies or to proceed their career in other companies.

In addition, Bank Mandiri also has an internship program for people with disabilities for possible employment as Contact Center Staff. This

program is named “Kriya Mandiri Contact Center”. Kriya Mandiri Contact Center is an integrated internship program dedicated to people with disabilities having at least high school qualification to help them get to know the world of work, and provide them with the skills necessary for competent and ready to work contact center staff. In this program, participants a comprehensive basic contact center kriya mandiri training for one (1) year with pre-determined syllabus and curriculum.

In 2017, as many as 192 (one hundred ninety two) were normal and 8 crafted (eight) competent handicapped craftsmen have

received appreciation from the President of the Republic of Indonesia, submission of Certificate of Competence takes place in a large hall of work training development.

In addition, the company also achieved the award of Platinum and Silver Award from the Indonesian Contact Center Association (ICCA) . It is a tangible form of corporate commitment to provide equality for every society to pursue a dream. The Platinum Award was won by Julian, one of Mandiri Call’s staff who had the opportunity to conduct benchmarking to contact center in Paris, France.



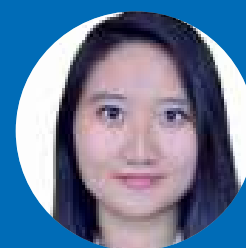
Mandiri Young Leaders is a talent development program designed to prepare successors at Bank Mandiri in the long run. This program manages employment career level, target and KPI, learning program in the form of assigning, training, or coaching, and mentoring, as well as employee performance evaluation at the end of a certain period set. Participants of Mandiri Young Leaders program are the selected fresh graduates from renowned universities with either academic or other achievements. Mandiri Young Leaders Program is also open to Bank Mandiri employees to cater those who have never attended the Mandiri Young Leaders recruitment process.

In addition to taking the general selection criteria set for all candidates, special selection criteria that includes selection based on academic achievement for fresh graduates, and selection based on performance and potential evaluation for Bank Mandiri employees, candidates must also compete with others in a knock out system basis for each competition stage. The next stage is panel interview conducted by the BOD, which is the final selection process to determine whether or not a candidate is a graduate of Mandiri Young Leaders program.

Provisioning for graduates of Mandiri Young Leaders program is in line with the journey set for a proper career path, with year one to three is general development, while year four through eight serves as specialization that in the years beyond, employees are ready to be leaders in the units of their special capabilities, in line with the strategic directives of Bank Mandiri.

Evaluation for employees from Mandiri Young Leaders program is based on achieving 5% higher KPI compared to their colleagues, completion of projects assigned, fulfillment of mentoring and coaching sessions, and improved technical capabilities either from exposure or training. Evaluation is based on the performance appraisal cycle set by Bank Mandiri, and conducted by a panel consisting of the BOD, coach and mentor of Mandiri Young Leaders, GH, HC, TOP, and senior HCBP. The decision to whether continue the journey to next year or not is made by leaders of the Mandiri Young Leaders program. Employees joining Mandiri Young Leaders program who do not get the chance to continue their journey next year will be given proper employment in Bank Mandiri according to their capabilities and the needs of Bank Mandiri.

Testimoni Mandiri Young Leader (MYLead)



Claudia Hanny

First Year MyLead
Funding Officer – Area Kediri

... for me, Mandiri Young Leaders journey is like a roller-coaster ride. The most valuable lesson learned is I realize that small thing matters, it doesn't have to be something huge to make a change...



Adhita Jona Warsito

Second Year MyLead
Relationship Manager Commercial
Banking 2 Group

... I feel proud when my name as being called as a winner. All the hard work are paid-off. I am also grateful to be surrounded by a supportive team and sponsor since the beginning of the program...

Align

Employee on Boarding System

The on boarding system is a mechanism newly recruited employees have to go through in order to gain knowledge, skills, and attitude required to be the bank's employees. The General Principle of on boarding system for new employees is as follows:

1. Compliance: Bank Mandiri prepares employees to understand the basic regulations and policies of the company;
2. Culture: Bank Mandiri prepares employees to take and uphold norms in the bank, including work culture and core values of the company;
3. Clarification: Bank Mandiri ensures that employees aware and understand and carry out their new responsibilities to the expected outcome;
4. Connection: Bank Mandiri ensures that employees have good and positive interpersonal relationship with the others.

Industrial Relations

Industrial relations is a relationship system established among those involved in the process of goods and/or services production comprising of business people, employees/workers, and the government based on the values of Pancasila and the 1945 Indonesian Constitution, as stated in Article 1 Subsection 16 of Law No. 13 of 2003 on Employment (Law No. 13/2003).

Bank Mandiri always strives to create an open, positive, and progressive working environment to facilitate harmonious, dynamic, and just industrial relations. The general principles concerning employment that Bank Mandiri adheres to are

1. Creating harmonious industrial relations that is built and run professionally with active involvement of all employees, Bank Employees Union, and the other labor organizations recognized by the bank.
2. Carrying out activities that improve employee level of engagement with the bank via programs that effectively allow change in attitude and behavior of employees toward positive performance of the bank.

Implementing industrial relations that is founded on the understanding that the bank, its employees, and the labor union uphold their rights, duties, and responsibilities in atmosphere of respect, trust, and utter will to work together for the on going business of the bank and the welfare of its employees. Practicing industrial relations requires some means to succeed. The followings are some of those means:

1. Labor Union
Bank Mandiri as a company that adheres to Labor Law allows its employees to join workers unions. Bank Mandiri Employees Union (SPBM) is a labor union established to facilitate good relationship between the bank's management and the employees for harmonious industrial relations to prosper. SPBM was established in 2000 and has been recognized by the Department of Manpower and Transmigration No.KEP.804/M/BW/2000, and recorded in Depnakertrans RI, No.45/V/P/V/2001.
2. Cooperation Agreement (PKB)
Bank Mandiri has secured a Cooperation Agreement (PKB) resulting from consultations between Bank Mandiri and Bank Mandiri Employees Union (SPBM) containing conditions for work, rights, and responsibilities of both parties in line with the law. The PKB first took effect in the 2004 - 2006 period, and the one in effect now is the seventh PKB for the 2017 - 2019 period and has been recognized and legalized by the Employment Ministry with KEP.198/PHJSK.PK/PKB/XII/2017, dated 11 December 2017.
3. Internal and External Regulations
Bank Mandiri always adheres to the laws and regulations that apply in Indonesia. Bank Mandiri also complies with the internal regulations within itself, among others are the Human Capital Policy that was implemented on 8 June 2017, and the Standard Guideline for Human Capital that was formalized on 1 January 2018.
4. Bipartite Cooperation Agency
In accordance with Law No. 13 of 2003 and as also mentioned in PKB 2015 - 2017, Bank Mandiri and the Labor Union routinely hold Bipartite LKS once in two months as the media for communication and consultation for issues of industrial relations. In the forum, the management communicates policies related to human capital along with some issues of concern, whilst highlighting business development in line with the vision and mission set earlier. The labor union is also given the opportunity to give feedback for improvement on some matters that they aspire to to the management.
5. Handling Complaints
Complaints are only natural in against any company, but without proper management they may cause unwanted effects such as less productivity among employees that in turn will be disadvantageous to the employees themselves and the bank. A conducive working climate and an open communication forum play important roles in creating effective industrial relations. Both the management and employees should try to resolve complaints from the employees in order to find the best possible solution within the law.

6. Industrial Relations Conflict Resolution

In order to create a nice working and developing atmosphere for employees and the bank, a harmonious industrial relations is a must have for all stakeholders of the bank. One of the conditions for a favorable work and developing atmosphere is resolving conflicts at the work unit level or corporate level should they appear, in line with Law No. 13 of 2003 on Employment and Law No. 2 of 2004 on Industrial Relations Conflict Resolution.

Engagement of Employees

Engagement of employees is the result of the effectiveness of the implementation of employment relations (industrial relations).

Bank Mandiri always pay attention to the welfare of all employees in order to synergize each other for the creation of optimal work productivity. Employee welfare improvement programs are provided both materially and non-material. A material program is a welfare program that is directly related to employee performance and its compensation can be given in the form of pension, holiday allowance, bonuses, leave money, and death money. While non-material program is an employee welfare program in the form of facilities and services provided by Bank Mandiri to all employees without discrimination.

To further increase employee engagement, Bank Mandiri has also prepared lactation chambers for women who are comfortable and clean breastfeeding women and have been equipped with various facilities and standard needs for breastfeeding mothers, both at Head Office and in regional offices / branches. In addition to facilitating lactation space, Bank Mandiri also provides facilities to employees who already have children by opening a Daycare (TPA) called "Mandiri Day Care".

With the provision of these facilities are expected to keep employees to perform tasks / jobs professionally but also still be able to perform the function and role as a mother / parents so that it can create a more comfortable working atmosphere which ultimately can increase productivity for the company.

The level of employee engagement has been one of the focuses of human resource management at Bank Mandiri since the last few years. This is realized in order to know the extent of the emotional attachment level of employees to the Company. Bank Mandiri is committed to sharpening its focus on employee engagement by conducting surveys to measure the level of employee engagement with the organization. The survey was conducted both online

and offline (Interview and Focus Group Discussion) and has been conducted since 2010.

Employee Engagement Survey

Bank Mandiri's employee engagement survey was conducted back in 2016 with 73.7% acquisition being the highest (platinum) category for employee engagement surveys. Based on the results of the survey, Bank Mandiri received 2 (two) awards, namely Platinum and Best of the best Award Winner at the Indonesia Employee Engagement Award 2016 organized by the Indonesian Banking Development Institute (LPPI), Stabilitas Magazine, Performance Magazine and Blessing White Indonesia.

In 2016 the Company has also conducted a survey on Employee Level of Satisfaction. There are 3 (three) top aspect with highest score that is better opportunity to work, conducive working atmosphere (work method, working hours, communication), and career development. These three aspects have an important role in determining the level of employee satisfaction, as well as providing a description to the Management that aspect-spec is of concern to employees, especially for career development, employees have information needs and descriptions related to his career plan in the future.

In addition to these three aspects, there are other aspects that can also affect the level of satisfaction of employees, namely:

- Opportunities to develop and improve skills / competencies;
- Improved teamwork;
- Types of challenging work;
- Good relationships with superiors / managers;
- Clarity regarding the organization's expectations of itself and its reasons; and
- Clarity related to the type of work that suits his or her expertise.

Testimonial Winner of Mandiri Best Employee 2017



Rudi Nugraha

Retail funding Head, Jawa 3/Region VIII
(Kantor Wilayah Surabaya)

"... a pride and honor for becoming the Mandiri Best Employee 2017, as MBE We were given a lot of awards and the award that I personally think as highly extraordinary at the Best Employee event Appreciation Night (BEAN). Bank Mandiri really appreciates and gives an outward appreciation to its best employees ... "



Stefan Anggana Putra

Area SME Head Jambi, Sumatera 2/
Region II (Kantor Wilayah Palembang)

"...Menjadi bagian dari Mandiri Best Employee 2017 memberikan pengalaman positif dan menjadikan diri Saya seorang panutan untuk mengembang amanah dan tanggungjawab yang diberikan manajemen, selain itu juga menjadi inspirasi bagi rekan-rekan yang lain bahwa kinerja yang baik akah dihargai oleh manajemen dalam bentuk apresiasi..."

Employee Turnover Rate in 2017

In addition to the survey conducted to see the level of employment awareness, Bank Mandiri fully aware that the level of emotional attachment is good not only viewed from the employee side only to the Company but also vice versa. Therefore, Bank Mandiri also monitors on the level of work satisfaction every year. The method used to monitor the level of employee satisfaction is to see Tren Attrition Rate (employee turnover rate). With so, the Company can analyze and know for sure, the profile of the resigned and specialized employee is whatever the background of the resignation of employees. The Bank Mandiri employee turnover figures for the last 3 (three) years can be seen in the following table.

Table Turnover of Bank Mandiri employees for the year 2015 - 2017

Year	Total Turnover (people)	Total Employees (people)	Percentage
2017	2.267	38.307	5,92%
2016	1.885	38.940	4,84%
2015	2.099	36.737	5,71%

Mandiri Best Employee

Mandiri Best Employee (MBE) is the highest form of appreciation to employees Bank Mandiri expected to represent employees who not only perform very well but also able to become role models that actively influence peers around him to also be able to exceed the target by behaving in accordance with TIPCE's core values (Trust, Integrity, Professionalism, Customer Focus, and Excellence).

Advance

Bank Mandiri understands that the success key to win competition in the highly competitive financial industry lies on dependable quality human capital. Mandiri University as the unit responsible for developing competent Human Capital in Bank Mandiri has a vision "To Be a Producer of Best Leaders and Excellent Employees for Mandiri and Indonesia", which means that Mandiri University aims to create talents or seeds of the best employees not only for Bank Mandiri, but also for Indonesia. The best talents are not limited to those with technical competence and capabilities, but they must also have that leadership trait that will make them role models for their surroundings in the future. In order to realize that vision, Mandiri University has set the following missions/strategies:

- Speed up learning to sustain high performance culture;
- Boost talent capability; and
- Leverage intangible assets to attract, restrain, and motivate the best talent.

Mandiri University founded its goal of developing quality human capital for Bank Mandiri on the Bank Business Plan for 2015 - 2020. The Competence Development Initiative for Bank Mandiri Human Capital in 2017 includes the following:

- Training development to improve 10 banking core capabilities in support of the talent development program;
- Development of managerial capabilities module and the new Officer Development Program (ODP) curriculum;
- Development of competence improvement program on sales to support the roll out of Retail Ready Branch (RRB);
- Development of training program and curriculum for Wholesale Banking Development, especially for positions of Credit Analyst of Corporate Banking, Relationship Manager of Wholesale Banking, and also enriching the training module for Special Asset Management (SAM);
- Development of Risk Manager Capabilities in order to strengthen risk management functions;
- Conducting alignment for Consumer Load Development program;
- Fulfilling the need for technical competence among employees in support of the implementation of Integrated Retail Credit Process; and
- Developing an electronic learning portal for Bank Mandiri employees that will allow easier transfer knowledge bank wide.

Bank Mandiri is committed to produce quality leaders through its graded leadership program, as follows:

- Officer Development Program (ODP): a training program for fresh graduates prepared to serve as leaders in Bank Mandiri.

- Staff Development Program (SDP): a training program for Bank Mandiri internal employees to be promoted as leaders.
- Graduate Program (S2): a formal education program for Bank Mandiri employees who have met performance and selection criteria. This program is run in cooperation with 50 best universities in the world.
- Middle Management Program (MDP): a program for highly potential middle managers prepared as successors to be Department Heads or Area Managers or positions of the same level (level 3).
- General Manager Development Program (GDP): a program for talented and potential senior managers prepared to be successors for level positions above MDP graduates. They will be Group Head or Regional CEO, or other equal positions (level 2).
- SESPIBANK Program: a training program for candidates of Senior Executive or Top Management to be the top leaders of the bank.
- Executive Development Program (EDP): a training program for members of Board of Directors, SEVP, Group Head, and Regional CEO.

Training and development of human capital are carried out with reference to the training and developing framework that cover all aspects and methods of development for all people in the human capital. Training and development involves orientation for organization, vision and mission, corporate culture, required technical competence, and also leadership. The framework for training and development is laid out based on business requirements and in line with the strategy for human capital.



Testimonial of Post-Graduate (S2) Scholarship Awardees



Dindin Rosyidin

Recipient of Post-Graduate (S2) scholarship program to Cranfield University, the UK. IT Learning Consultant-Vice President of Mandiri University Group

In 2010, my dream of having this post-graduate study scholarship that I have been longing from the first day I joined Bank Mandiri now has come true. I secured this scholarship after passing through a strict and transparent selection stages.

The management entrusted me to take a master's degree in one of top notch universities in the world. Bank Mandiri has equipped its employees with adequate programs via a master preparation program for six months in Cambridge, the UK, before I finally got enrolled in Cranfield University for an MBA program for a year.

Currently, I serve as the Vice President. Upon reflecting on the condition when I first joined Bank Mandiri, the trainings provided, I realize that it is now the time for me to return the favor. The management entrusted me with the position of Learning Consultant responsible for planning and carrying out IT employee development program. Preparing competent human capital to face up to the digital era.



Ratih Ayu Pramesty

The graduate scholarship recipient at ESADE Business School, Barcelona, Catalonia, Spain.

Team Leader at Wholesale Risk Solution

During my career at Bank Mandiri, I never think to continue education to the level of master degree (S2). In 2014, I get an offer to participate in the Batch 6 selection of Bank Mandiri S2 program from Mandiri University Group. After discussion with family and considering many things, I finally chose ESADE Business School as the goal of studying MBA.

A year of studying at ESADE MBA, I get many valuable experiences, among them make friends with students from 50+ countries in the world, follow the case competition and become first champion in the Food Solution Challenge become unforgettable memories. Currently, I am also keen to convey information on the Bank Mandiri S2 program throughout new employees and provide guidance to potential Batch 8 participants for their spirit of following the selection process as I think that the program is an extraordinary Investment for employees. As for hope, I told the Top Management of Bank Mandiri related to the development of employee competency is continuing Master's degree program held by Bank Mandiri, update the ODP program, create access mobile elearning, create framework employee development during the bonding period service, and increase the portion of development employees within KPI Unit of Work. As for hope, I told the Top Management of Bank Mandiri related to the development of employee competency is continuing Master's degree program held by Bank Mandiri, update the ODP program, create access mobile elearning, create framework employee development during the bonding period service, and increase the portion of development employees within KPI Unit of Work.

The framework for competence training and development includes:

1. Living Core Values

They are the main company values and culture that the human capital must believe and implement. Implementation of these core values is aimed at supporting the efforts to achieve performance and run the bank's strategic plan. The core values of the company encompasses trust, integrity, professionalism, customer focus, and excellence (TIPSE) with 11 main behaviors stemming from the soul of Employee Value Proposition that is stated as the "Spirit Memakmurkan Negeri" (The Spirit to Prosper the Nation).

2. Technical Capability

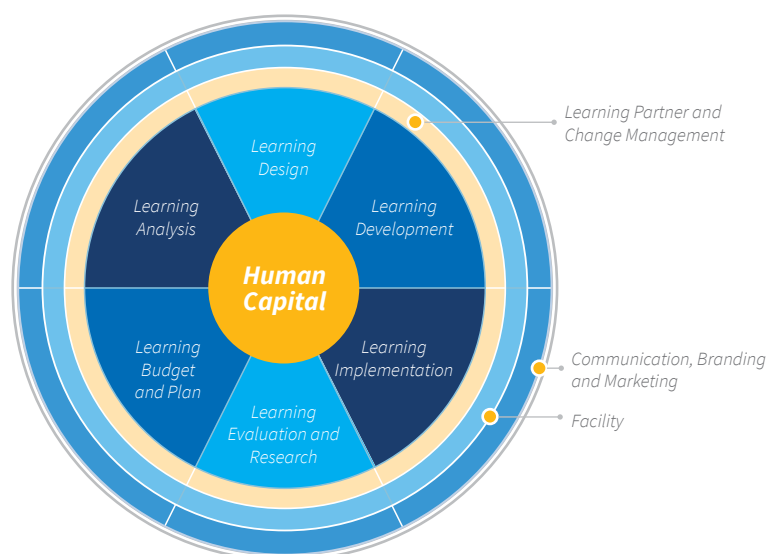
It is the knowledge, skills, and attitude that match job responsibilities employees have to master in line with the technical requirements of their respective function. Technical capability is categorized based on the job function in wholesale banking, retail banking, and support function.

3. Leadership Capability

It is the skills necessary for an employee to carry out leadership functions.

Design For Training And Development of Human Capital

The design for training and development of human capital must be in line with the human capital strategy to ensure that all programs/activities can be carried out efficiently, effectively, and in an integrated manner to support performance improvement of the human capital and the work units.



The training and development design includes the following components:

1. Learning Budget and Plan

It is the process of preparing developing training and development plans and its budget allocations.

2. Learning Analysis

It is a process of analyzing the needs of learning based on business needs and organizational development.

3. Learning Design

It is the process of designing education and training curricula based on results of the Analysis stage.

4. Learning Development

It is the process of developing education and training curricula into materials, methodologies, and evaluations.

5. Learning Implementation

It is the process of implementing education and training curricula that have been set in the Designing and Developing stage.

6. Learning Evaluation and Research

It is the process of measuring and evaluating results from education and training.

The foundations for such competence training and education are as follow:

1. Learning partner: internal and external partners playing supporting roles in training and development program as module writer, trainer, coach, mentor, buddy, and the likes.
2. Management Change: the process to change the knowledge, skills, and attitude of employees.
3. Facility: facilities that support training and development program, both in terms of physical and technology basis.
4. Communication, Branding, and Marketing: the process of setting up strategies, managing and conducting communication and interaction with both external and internal stakeholders in order to manage public opinion.

Mandiri University has also set up academies to be even more focused on developing employee competence for each specialized segment. These academies are as follow:

Academy	Segment
1. Wholesale Banking Academy	Focus on the development of Wholesale Banking segment (Corporate and Commercial), Government, Special Asset Management, Treasury, International Banking and Foreign Office, and business segment under management of Mandiri Sekuritas
2. Retail Banking Academy	Focus on the development of Small Medium Enterprise, Consumer, Wealth and Micro segment, including business segment from Mandiri Taspen subsidiary, Mandiri Tunas Finance, Mandiri Utama Finance, Distribution, Dili and Mandiri International Remittance, AXA Mandiri Financial Services and Mandiri Manajemen Investasi.
3. Banking Operations, Sales and Service Academy	Focus on developing the competence of Marketing and Sales segment, Services, Branch Operation, Wholesale and Transaction Banking and Operations, Transaction Banking Small Medium Enterprise, Transaction Banking Retail Sales, Enterprise Data Management, Digital Banking and Financial Inclusion, and Banking Operation.
4. Governance, Risk Management, Compliance and Support Academy	Focus on developing the competence of Finance and Accounting segment, Procurement Fixed Asset, Change Management Office, IT, Subsidiaries and Supporting, Wholesale and Retail Risk, Risk Management (Enterprise), Audit, Compliance and Legal.
5. IT and Support Academy	Focus on the development of Information Technology and Support competencies.
6. Leadership Academy	Focus on leadership development at Bank Mandiri Officer Development Program/Staff Development Program, S2 and Managerial Capability, MDP, GDP and Human Capital.

To support the development of employee competence, Bank Mandiri has built the adequate campus facility throughout Indonesia. The construction of the Mandiri University campus is planned to be spread throughout Indonesia and classified into 3 (three) campus types, namely types A, B, and C. The type A campus will be the

campus that has complete facilities such as classroom, conference call, dormitory, e-learning facilities, simulation room, breakout room adapted to international standards, wi-fi, cafe, gym, theater room, and other supporting facilities. There are 12 campus locations throughout Indonesia with details as follows.

Campus	Regional
Type A	Training Center Jakarta
Type B	<ul style="list-style-type: none"> Regional Campus Medan Regional Campus Palembang Regional Campus Bandung Regional Campus Semarang Regional Campus Surabaya Regional Campus Makassar
Type C	<ul style="list-style-type: none"> Regional Campus Batam Regional Campus Pekanbaru Regional Campus Manado Regional Campus Palu Regional Campus Banjarmasin Regional Campus Pontianak

Knowledge Management

Bank Mandiri through Mandiri University has developed an Enterprise Knowledge Management System intended to support business processes through the presentation of up-to-date, accurate information, providing solutions to business challenges, improve customer service and encourage innovation within the Company and increase employee productivity. Bank Mandiri through Mandiri University has developed an Enterprise Knowledge Management System intended to support business processes through the presentation of up-to-date, accurate information, providing solutions to business challenges, improve customer service and encourage innovation within the Company and increase employee productivity. Mandiri University has completed perfecting an organizational structure that focuses on improving role as business partner and refine the curriculum which refers to international best practice.

Appraise

Evaluation of employee performance is based on their Key Performance Indicator (KPI) that has been agreed upon, fulfillment or improvement of competence, and application of the bank's values in line with the evaluation system used. Performance indicators consist of results and processes. Results show employee achievement on target (lag measure), while processes show the way to reach targets (lead measure).

Employee Performance Evaluation System

Bank Mandiri is an organization based on performance. Therefore, employees are not only evaluated based on achievements, but also the processes and ways of attaining them. The results employees should achieve are mentioned in the Key Performance Indicator (KPI) that also reflects the KPI of work units and the bank.

Employee evaluation system is aimed at improving the bank's excellence level in order to reach the bank's vision, ensure harmony between the bank's performance and those of the employees, set high objectivity level in employee performance evaluation, encourage and direct employees to have even better performance in the next period, and set performance evaluation results to be used as one of the factors in providing remuneration, talent categorization, and position promotion.

During evaluation for employee performance, the employees are given opportunities to do self-assessment for their own achievements. These self-assessment results are then discussed, reviewed, and agreed upon by their immediate superiors. The parties involved in evaluating employee performance are outlined in the following figure.

Performance level (PL) is set based on the final scores employees get from their achievements. Performance Level (PL) is categorized into five (5) predicates. Details of those five predicates are given in the following illustration.

Other than Performance Level (PL), talent classification is also set as the basis for development and promotion. This Talent Classification (TL0) is also categorized into five aspects, based on the potential and performance level of employees, they are; Highly Potential (HIPO), Critical Resources (CR), Key Contributor (KC), Under Achiever (UA), and Limited Contributor (LC).

Award

Bank Mandiri implements the total reward system that can either be financial or non-financial in nature in order to motivate its employees, improving sustainable employee engagement, retaining the top talents, and also attracting external top talents. The philosophy that underlies Bank Mandiri's total reward system is paying attention to prudential principle, based on performance and risk, and the bank's cultural values that are consistently implemented in line with the vision, mission, and strategy of the bank to make the reward system competitive, fair, and innovative. Implementation of the total reward management also considers market condition, industrial best practices, and the bank's ability to accommodate demographic change of employees, as well as management of the bank's labor cost.

In general, the total reward system makes Bank Mandiri pay salaries, make yearly salary adjustments, provide holiday allowance (THR), give annual leave allowance, and set aside major leave pay for each three (3) years' working period. The bank also provide health facilities for employees and their family members that includes inpatient, outpatient, delivery, and dental care, and also general check up, as well as eye glasses, and health care for the bank's pensioners.

Other than that, the bank also provide variable compensations in the form of Location Allowance, certain Position Allowance, Appearance Allowance for frontliners, Overtime Allowance, Performance Bonus, Sales Incentives, Retention Program, and also Long Term Incentives in the form of shares.

In order to provide more support to its employees, the bank provides working facilities such as official residence, utilities allowance, cellphone credits, and car rents. Meanwhile, to support the need of its employees to own a house, a car, or the other needs, the bank also provides Employee Welfare Credit schemes.

Actualize

Bank Mandiri implement career development program based on the principle of equal opportunity, where employees are given the same chance to grow and develop whilst observing factors of the bank's needs, job family of the position aspired to, capability, performance level, value rating, talent classification, job position availability, and the other requirements.

Bank Mandiri applies a grading system that separates job grade and individual grade as the structure in career development. Job Grade is the value that describes the level of job based on factors of job weight or any other factors that are set by the bank. Individual Grade is the value that depicts the level of full time employment based on performance, technical competence, leadership and working period of each employee, and periodical evaluation.

Promotion

Employee mutation considers the job aspired, with at least the same job grade or higher job grade, performance and potential, employment year in the position and/or location of the last assignment, and having the required capabilities for the job aspired, being the minimum criteria. Mutation for Bank Mandiri employees is conducted in two cycle periods

of Main promotion Cycle (MPC) or Secondary Promotion Cycle (SPC), and they are carried within the Talent Mobility system. Further elaboration on promotion cycle is depicted in the following figure.

Talent Management and Succession

The talent management process ensures that the Bank has a top talent in filling the leadership pipeline so as to effectively manage the succession process minimize operational risk. The Bank conducts a continuous selection of talent. The purpose of executing talent and succession management is to ensure the availability of high performance and potential employees and appropriate capability and exposure to fill strategic positions both for now and for the future, to ensure the management of high performance and high performance employees remain aligned and integrated with the Bank's strategy and to improve employee engagement with high performance and potential in order to always increase its contribution.

Talent Management Process

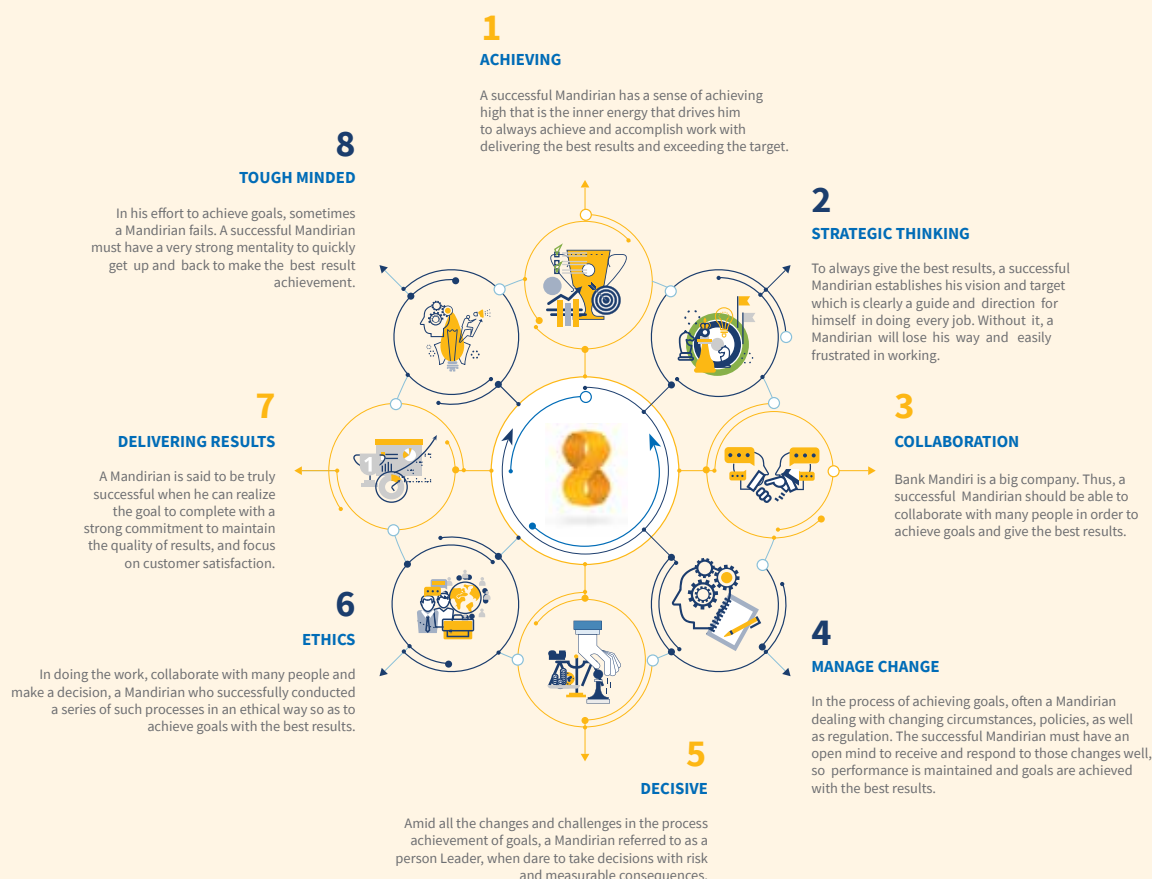


In the implementation of talent management and succession, the bank adheres to the underlying principle of employee performance and potential, results of employee assessment, development of technical and leadership capabilities, and talent distribution that should meet the bank's business needs. The work flow of talent management in Bank Mandiri consists of:

- **Performance Rating** – based on evaluation and achievement of employee performance in Mandiri EASy.
- **Potential Rating** – started in 2016 with potential determination based on evaluation for the eight(8) Mandirian Unggul. Prior to this system, potential rating was only based on observation and evaluation by the Employee Manager Manager (EMM) against employees.
- **Talent Classification** – based on mapping for Performance Rating and Potential Rating from each employee according to the Talent Classification Matrix.

The 8 Mandirian Unggul

Bank Mandiri defines main behavior as the one excellent bank Mandiri employees must possess as shown by the best of Bank Mandiri employees based on results of examination on some competency parameters used by assessment centers. This main behavior serves as the means to measure the potential of employees categorized in the eight (8) Mandirian Unggul. Results of examination on some competence measuring instrument used by some assessment centers are as follow:



Below are competences that highly potential Mandirian Unggul should have to become future leaders:

- 1. Achieving** – Someone with extraordinary energy and high initiative to attain and gain more than what is expected of him/her. His/her achievement is not only aspiring to be the best, but always exceed the target.
- 2. Strategic Thinking** – Someone with clear vision and goal for his/herself in achieving something. This person always has good plans on how something will be delivered the best way possible. Hence, once becomes a leader, he/she will set clear direction both for him/herself and his/her team.
- 3. Collaboration** – A great organization like Bank Mandiri requires good cooperation and synergy among its work units as they play major roles in achieving goals. The person chosen to be the future leader is expected to have “people development” skills. People development skills are the spirit to develop not only for the individual concerned, but also for the team and his/her subordinates.
- 4. Manage Change** – Adapt to and accept change and also face such change in a positive and transparent manner is the attitudes expected from a Mandirian in Mandiri. Therefore, a Mandirian Unggul will always be able to provide the best in the midst of changing situation and policy.
- 5. Decisive** – Upon dealing with uncertainties, the most difficult job of a leader is to make decisions. Being decisive is one of the most critical attitude in which a leader is expected to be able to give direction and make informed decision with measured risks, even in the most dire situation.
- 6. Ethics** – Ethics relates to the integrity of a Mandirian Unggul in making decisions and collaborating with stakeholders. But it is also worth noting that ethics is also closely related to responsible and trustworthy acts and communications.
- 7. Delivering Result** – All components mentioned earlier will be in vain when they come to a halt at the phase of aspiration and empty promises, without any tangible outcome. At the end of the day, the measure of success for a job is the quality outcome whilst maintaining high ethics and cooperation with all stakeholders.
- 8. Tough Minded** – Becoming a leader in Bank Mandiri is not a simple walk on the red carpet or a ride on a highway. There will always be great challenges, obstacles, and difficulties that must be dealt with before the goals are achieved. Therefore, a Mandirian Unggul is expected to show toughness in facing up to challenges



Adieu

Employee dismissal or work termination is the ending of employment relationship between the bank and its employee(s) due to certain conditions that terminate the agreement for rights and responsibilities between the bank and its employee(s). The general principles for employee dismissal are:

1. It is agreed by both the employee and the bank, except when the employee breaches disciplinary rules.
2. It is taken on the initiative of the bank/or the employee.
3. It is made by taking the rights and responsibilities of both the employee and the bank into account.

Pension Program

In order to run the pension program, Bank Mandiri sets up Pension Fund for its employees. In general, the scope of Pension Fund program consists of two aspects:

1. **Manfaat Pasti Pension Program**
It is the pension program for employees who are still actively working in the bank and come from the Ex-Legacy banks and retirees of those banks.
2. **Iuran Pasti Pension Program**
It is the pension program for the bank's full time employees and new employees that have been promoted to full time positions.

Other than setting up the Pension Fund for its employees, the bank also registers its employees to be members of the Pension Security Program of the Employment Social Security Coordinating Agency (BPJS) in line with the laws in place.

Program Persiapan Pensiun

Bank Mandiri provides special training related to pension preparation for employees of retirement age. This is known as Pra-Purna Bhakti (Pre-Retirement) training that aims to prepare the mind and skills to help pensioners stay productive, despite their retirement. By 2017, this training has been opened 3 batches with total participants of 39 employees and cost Rp1.48 billion.

Post Pension Benefit

Bank Mandiri also appreciates Bank Mandiri Pensioners by giving them awards as they come to their retirement age for their contributions to Bank Mandiri and to improve employee/pensioner engagement with the company.

Bank Mandiri also pays attention to the health facilities retiring employees can access with the setting up of Mandiri Healthcare Cooperation (MHC). MHC was established in late 2010 with 5% membership fee, of which 2% is from the employees and 3% is subsidized by the bank.

Process and Policy Human Capital

Management for each human capital function is regulated in processes and is implemented in policies that serve as guidelines in carrying out those functions by paying attention to operational risks related to human capital. These guidelines are specifically regulated in the Policy and Standard Procedure for Human Capital and the Technical Guideline for Human Capital.

Internal policies related to Human Capital management at Bank Mandiri among others arranged in: 1) Human Resource Policy; 2) Standard of Human Resource Guidelines; and 3) Technical Guidelines Human Resources. All Policies, Standards and Guidelines Technical Guidance regarding Human Resources is always reviewed every year and updated according to business and requirements organizational development.

Human Capital Information System

Operational management of human capital is integrated in which improvement of the human capital information management system is made in line with that of effective and efficient human capital management requirements that refers to policies and procedures in place. One noteworthy aspect regarding the human capital information management system is that management, development, and modification of information management system for human capital must be consistent, sustainable, time efficient, less risky, and more satisfying for customers.

eHCMS

Development of the eHCMS system is meant to improve efficiency and effectiveness of human capital business process that has already run. This goal is in agreement with that of the Human Capital Technology Roadmap aimed at improving application functions to support the requirements of the bank's internal business processes and to maintain system stability.

The eHCMS system has been applied bank wide by the HC of Bank Mandiri up to now. eHCMS consists of a few modules that include Master Data, Organizational Management, Payroll, Recruitment, Time Management, and Travel Management. Details of each module in eHCMS are as follow:

- Master Data or Personnel Administration Module serves the function of administering, and managing Bank Mandiri employee database from the time they start working to the day they retire. This module is like the downstream of all database transactions in eHCMS.
- Organization Management Module is a module in the eHCMS that accommodates organizational structure of Bank Mandiri.
- Payroll is one module that processes payments of salary, compensation and Benefit, travel management, and time management.
- Time management is one module that serves to document the presence and absence of Bank Mandiri employees during their employment period.
- Travel Management is the module that deals with business trip allowances for employees such as down payment, reimbursement, or even responsibility for the costs spent on assignments, relocations, training, or project ADP.

Mandiri Click

Bank Mandiri human capital now comes with an employee self-service portal that helps all employees to gain understanding on their rights and responsibilities, and also the human capital policy in Bank Mandiri. This portal is expected to be able to help employees get comprehensive information on human capital policy that is now in effect, as the information in this portal is integrated, consistent, and sustainable.

Employee self-service is also expected to lead to more effective and efficient administrative processes for employees, as proposal and agreement processes are carried out on line. This portal is called Mandiri Click and it has been used by Bank Mandiri employees since 1 August 2017.

Mandiri easy

Bank Mandiri human capital uses one of its e-performance tools called Mandiri Easy (Mandiri Employee Appreciation System) in order to synchronize targets and ensures well-monitored target attainment.

Mandiri easy is a cloud based system that can be accessed from any place with adequate internet access. This system also serves as the access point for performance evaluation on all Bank Mandiri employees.



Mandiri I-Learn

Mandiri I-Learn is an Enterprise Learning Management System (ELMS) that is one of innovative services provided by Mandiri University. It is a system of multi channel learning based on cloud computing and it is well integrated with Mandiri easy (Bank Mandiri's Performance Management System). Mandiri I-Learn can be accessed from intranet and internet networks Personal Computer (PC) or Mobile Devices (Smartphone/PC Tablet) on HYPERLINK "<http://www.ilearn.mandirieasy.com>" www.ilearn.mandirieasy.com

Implementation of Mandiri I-Learn innovation is to make all Bank Mandiri's employees learn without the limitation of time and distance, as it can be accessed 24/7.

Features:

1. E-Learning Content
2. Assessment/Online Exam
3. Learning Registration
4. Learning Catalog
5. User Management
6. Assignment Profile
7. Schedule Offering
8. To Do List (Learning Plan)
9. Learning Curriculum
10. Learning Approval
11. Learning History
12. E-Certificate
13. Learning Evaluation
14. Learning Report

Mandiri I-Share

Mandiri I-Share is a social network platform (like Facebook and Twitter), especially designed for Bank Mandiri employees. This is a cloud based system and this system shares a platform with Human Capital management in Bank Mandiri. This system is accessible via intranet and internet network, both on Personal Computer (PC) and

Mobile Devices (Smartphone/PC Tablet), on HYPERLINK "<http://www.ishare.mandirieasy.com>" www.ishare.mandirieasy.com. Mandiri I-Share innovation is implemented to facilitate knowledge sharing (social learning).

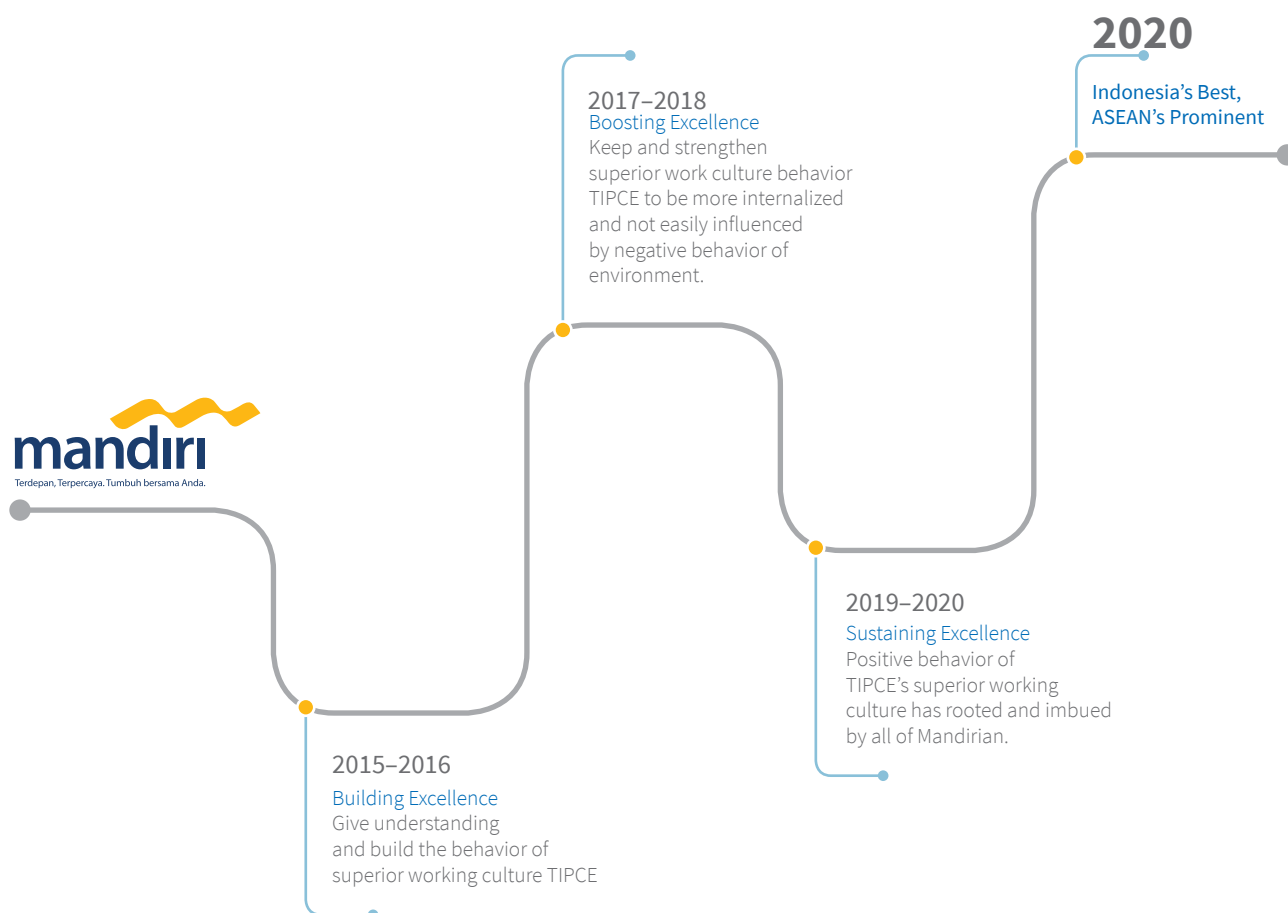


Culture Internalization

The bank implement corporate culture by adhering to principles of upholding values of the bank, supporting the vision and mission of the bank, and integrating it to all ranks in the bank, and also getting the commitment of the superiors. In order to encourage attitudes that complies the bank's values, the role of leaders as Change Leader, Change Champion and Change Agent are sought after.

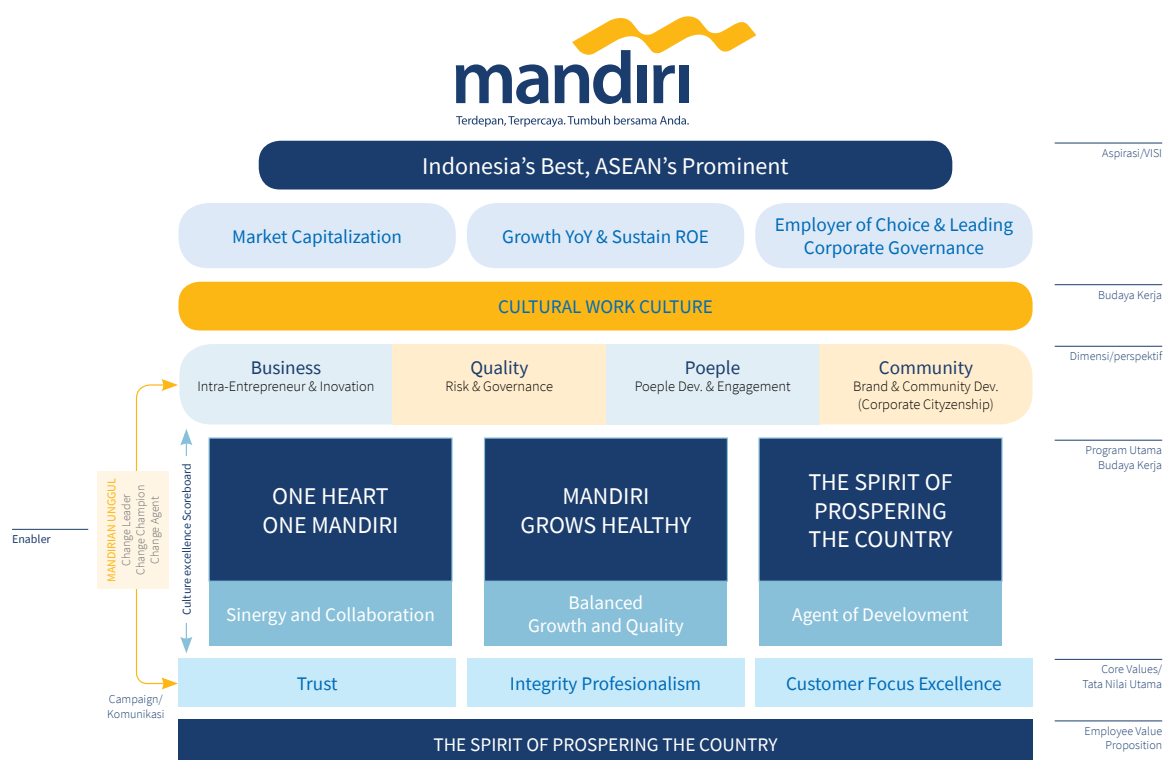
Superior Working Culture

In order to achieve Vision and Mission 2020 Bank Mandiri, then to face the challenges requires the strength of all Mandiri people to shape superior behaviors that drive the achievement of targets, then Corporate Culture strategy for the period of 2015 - 2020 is a Superior Working Culture with the roadmap as the following.



With the promulgation of Bank Mandiri's Corporate Plan in 2020 to become Indonesia's best, ASEAN's prominent, it transforms a work culture that ensures the behavior of core values that support collaboration, synergy, healthy business growth and as the agent of development. It is a concrete manifestation of Spirit to Prosper the country to be a guideline of behavior that must be implemented by all employees.

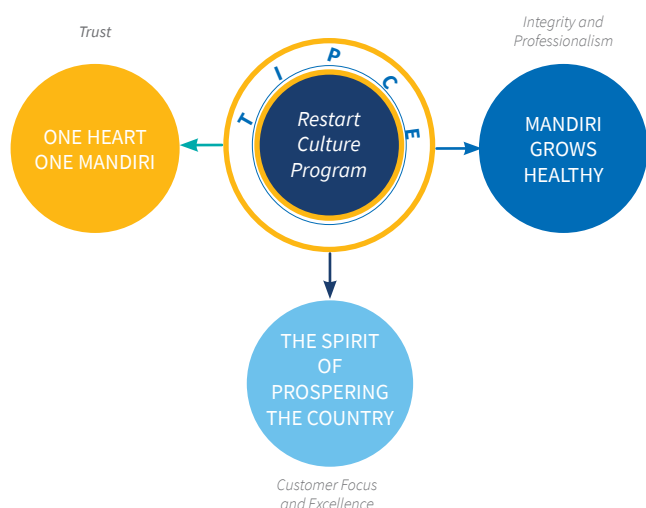
Framework Superior Working Culture Bank Mandiri



The transformation of superior work culture carries 3 (three) main programs of the work culture that is one heart one mandiri, (collaboration and openness), independently grow healthy (balanced in achieving growth and quality) and the spirit of prospering the country (Spirit Mengakmurkan Negeri).

With the foundation of employee value proposition “Spirit Mengakmurkan Negeri” and 5 main values of Work Culture “TIPCE”, the Work Culture Program of 2017 is divided into 3 Main Programs of Superior Work Culture with implementation activities are:

Three Major Cultural Programs of Bank Mandiri



1. One Heart One Mandiri

Trust's primary value translation where All Mandirian is one unit of Bank Mandiri, so it is not just focused on individual performance or work unit, but the overall performance of Bank Mandiri. Meaning all Mandirian contribute their optimal positive for the Bank Mandiri and embodied with collaboration and openness. This Main Program is implemented with the following activities:

- a. **Mandiri Happy Hour**
The activity of togetherness to improve engagement level of employees, along with the Management of the Board of Directors break the silos between units and employees so that it can support the work efficiency when the work can be completed appropriately in time.
- b. **Mandiri Public Speaking**
Program for employees of Bank Mandiri in developing the personal ability to improve confidence, ability to speak English, the ability of public speaking and leadership, collaborate with international organizations.
- c. **Employee Communication**
Making communication materials through digital media in form of graphics info, video, picture, email and SMS Blast to convey the direction comes from the management, policy, interesting information and moral messages in order to build the sense of awareness and ownership of the employees of Bank Mandiri.
- d. **Mandiri Best Employee (MBE)**
The program of reward appreciation for employees with good achievements. Leaders provide opportunities for every employee under his supervision to compete to achieve the best employee degree.

e. Mandiri Best Unit (MBU)

The Award appreciation program for the unit of the best work from the standpoint of a work unit culture supporting the productivity of employees supporting the performance of Bank Mandiri.

f. Mandiri Innovation Award (MIA)

A program of giving appreciation awards for innovation which is performed by employees on a particular work unit. This program fosters the spirit of innovation, creativity, and collaboration to create innovation in order to have the way of how to work effectively and efficiently in achieving the target.

g. Best Service Excellence Award (BSE)

A program of giving appreciation awards to the Working Unit and the Best Frontliner from the side of service, given to the customer.

h. Mandiri Thematic Award

A Program of giving award appreciation to the unit or employees of Bank Mandiri that are adapted to the theme of the event.

i. Culture Summit

Annual program for all Change Champion, Change Leader and Change Agent that aims to improve synergy and more effective and efficient communication so that the work culture is more productive by inviting external speakers to provide a new insight-insight.

j. Change Agent Sharing Forum

Cultural program for all the Team of Cultural Internalization aims to increase inner confidence in the collaboration among employees so that the synergy between work units more dynamic.

k. Culture Alignment Subsidiaries

Harmonization and the progress evaluation on the implementation of Excellence Work Culture at all Bank Mandiri Subsidiaries which is a place for Sharing, Collaboration and Benchmarking the implementation of the work culture of Bank Mandiri and its Subsidiary Entities.

2. Mandiri Grows Healthy

The main value translation of Integrity and Professionalism, Bank Mandiri not only grow from the portfolio side or business volume, however; also with good quality. It means that all Mandirian must maintain a balance between growth and quality.

The main Program is implemented with the following activities:

- a. **Semangat Pagi Mandirian and Sharing Knowledge**
Morning briefing program, shared breakfast and discussion conducted by each work unit attended by all employees of the unit. Every employee participate in information, sharing activities and knowledge among employees of Bank Mandiri,

remind and invite to take care of each other and hold the principles of prudence and values of the main culture of Bank Mandiri.

- b. The state Defense Program For Mandirian
In cooperation with the Ministry of Defense of the Republic Indonesia, the State Defense program is intended for enhance the insight of citizenship and the sense of defending the Country of all employees one of them as briefing material for the Mandiri Best Employee candidates and for every new employee with an ODP / SDP education.
- c. Covenant Day
Re-checking and updating compliance requirements credit and legal aspects by 3 pillars of credit every date of 5 in every month and updated continuously every month.
- d. Call and Visit Pipeline
Program planning activities of each business unit to ensure the sustainability of the credit provided Bank Mandiri as well as to establish relationships through visits and or contacts with Bank Mandiri customers.
- e. Budaya Weekly Credit Monitoring
Special programs aim to perform supervision over distribution and the smoothness of the credit provided by Bank Mandiri to customers to minimize problem loans.
- f. Joint effort prospecting dan visit customer
Collaboration and teamwork programs between employees and units work at Bank Mandiri from referral to visit the customer for the sake of provide maximum service to customers.
- g. Psychological consultation and financial consultation
Service programs of the Company to employees with providing psychological consultation and finance consultancy services with a schedule of 2 (two) times a week in order improve employee comfort and engagement.
- h. Mandiri Integrity Program
 - 1) KPK's Strategic Partner In Building A National Integrity System
The program that builds awareness of all employees Bank Mandiri on the integrity that complies with the culture of Bank Mandiri (TIPCE) with an active role in the KPK's National Integrity Round Forum It consists of Ministries, Institutions, Organizations and Government (KLOP).
 - 2) The culture of Integrity "Gratification Control"
Doing Culture Integrity Refreshment Program by signing the Integrity Pact for all employees (Head Office and Regional) and Subsidiary companies regularly involve involving KPK, OJK, and Bank Indonesia both in the Office Center and in each Regional

3. The Spirit of Prospering the Country

Customer Focus and Excellence's primary value translation, In this matter Mandiri must provide business, service, product the best for the customers and the people of Indonesia so Bank Mandiri can be the best bank of choice, as the agent of Development and Indonesian pride. It means whole Mandirian must support Bank Mandiri to have Business, Products, and best Service so we can beat main competitors.

This Main Program is implemented with activities as the following:

- a. Mandirian Present For The Country
The Mandirian Presents For The Homeland is a Spirit Prospering the State, where Mandiri employees play a role actively involved in the Employee activities Involvement in Community Development and responsibility Bank Mandiri as the agent of development. This program is a follow-up of the synergy of the "BUMN Hadir Program For the Country ". In the program Mandiri Present To The Country there are 2 (two) activities in it:
 1. Mandiri Volunteer
A program involving Mandiri bank employees volunteer in assisting the development community. In the year 2017, Mandiri Volunteer plays an active role in supporting channeling Social Assistance (Bansos) Ministry of Social to all Indonesia. The objectives of this program among others is
 - The real form of Bank Mandiri's commitment to participate in improving the welfare and the quality of life of the community as well as developing the potential of the region to encourage economic independence of the community.
 - Increase caring, cooperation and a collaboration of Bank Mandiri employees with contribute directly to prosperity country.
 - Employee soft-skill program with cooperate and collaborate with others volunteers, organizing committees, and community.
 2. Mandiri Education/Teaching
This program is implemented in conjunction with the program Mandiri Volunteer involving bank employees Mandiri to take an active role as a volunteer teachers to elementary and school students First Medium that aims to enrich knowledge, encouragement, and inspiration to students and schoolgirls related to banking, entrepreneurship, and leadership.

b. Mandiri Sahabat Disabled” (Mandiri Sahabat Difabel) Program

Mandiri Sahabat Disabled’s Program is a form of Spirit Enrich the State of Bank Mandiri and participate significantly support OJK’s financial inclusion program especially for the Difabel. In the Mandiri program Sabahat Disabled there are 2 activities, namely:

- 1) Mandiri Disabled-friendly Branch
As a concrete manifestation of Bank Mandiri supports financial inclusion for disable program, Bank Mandiri to provide branch facilities for the disabled in accessing financial services in Mandiri Bank.
- 2) Mandiri Disabled Skill (Mandiri Kriya Difabel)
As a concrete manifestation of the Employee Value Proposition Bank Mandiri, the Spirit Memakmurkan Affairs for all Children of Nations, Bank Mandiri grants apprenticeship program for disabled people. This program in line with the government program that is financial inclusion for the disabled. Through this apprenticeship is expected to open insights, improve knowledge, work experience, and prosperity.

Bank Mandiri has a guiding team that involves the whole employees ranging from the highest level to the lowest. The special team responsible for doing the Internalization of culture in every work unit. The team is tasked to establish which thing true, do the right thing, and encourage others to do the right thing. Internalization of corporate work culture conducted through 3 (three) approaches are:

- a. Behavior, which is the behavior that must be demonstrated by each person of Bank Mandiri in its day-to-day behavior as the embodiment of Working Culture.
- b. Symbols, ie any visible form that shows implementation of the Working Culture, among others ritual activities, symbol (logo, pin, how to look), and role model model of a leader.
- c. System, that is all the rules, procedures, and methods measurements made to motivate the behavior of Superior Working Culture.

The table below shows Criteria and Parameters used by Bank Mandiri to determine the best work unit in corporate culture internalization:

Criteria	Parameters
Understanding the Vision, Strategy, and Culture of Bank Mandiri	<ul style="list-style-type: none"> Bank Mandiri’s 2020 Vision and Strategy TIPCE New Horizon, 11 Main Behaviors Mandiri Employee Value Proposition (EVP) “The Spirit to Prosper the Nation” “Culture and One Mandiri Concept” – Alliance and Collaboration.
Playing the <i>Role Model</i>	<ul style="list-style-type: none"> Internalizing and giving examples of TIPCE implementation in daily routines in the work unit. Having the mindset as a good and inspiring leader.
Playing the Change Agent Change Agent	<ul style="list-style-type: none"> Playing the Facilitator: Initiating and facilitating improvement processes in the work unit (by implementing corporate culture programs and improving business processes, and the likes). Playing the Motivator: Encouraging, motivating, and doing corrective actions and positively influencing the surroundings, and also playing the role model. Ideas: Having/developing new ideas of great values to accelerate corporate culture transformation and performance improvement.
Engagement Level	<ul style="list-style-type: none"> Working wholeheartedly (showing passion) Seizing the chances to grow with Bank Mandiri Initiating to do the best for the interest of Bank Mandiri
Culture Excellence Scoreboard Activity	Being actively involved in Culture Excellence Scoreboard Securing success in business related programs, quality (risk management and governance), people development, and community service.

Innovation Culture

Based on the Main Behaviors of Bank Mandiri, especially behavior number 10, which is “Innovatively create opportunities to achieve performance beyond expectation”, Bank Mandiri strives to realize that goal by holding internal competition known as Mandiri Innovation Award that was first held in 2011. It is expected that this competition

will motivate and encourage all employees to innovate that in the long run, business growth, business process acceleration, employee engagement, and the bank’s image among stakeholders improve.

Evaluation for innovation includes the following criteria:

1. Smart Spending;
2. Collaboration;

3. Customer focus; and
4. Continuous innovation.

The implementation of Mandiri Innovation Award is always done from year to year years, evaluated and refined so that the selection of criteria, the categories and methods of assessment continue to be adjusted. In 2017, adjustments are made to the organization Mandiri Innovation Award to be in line with Corporate Plan and in harmony with Bank Mandiri's vision to be: "Indonesia's best, ASEAN's prominent "and Culture Strategy 2015-2020 (Working Culture Superior / "Culture of Excellence"). Mandiri Innovation Award Competition 2017 is divided into 3 (three) categories, namely:

- a. Mandiri Head Office Innovation
Competition innovation followed by work units at headquarters and divided into 3 (three) sub categories:
 1. Business Unit;
 2. Risk and Control Unit;
 3. Service, Operation and Support Unit.
- b. Mandiri Inovasi Region
Competition of innovation followed by all work units below under management of Bank Mandiri's regional office.
- c. Mandiri Innovation of Subsidiaries
Competition innovation that is followed by all work units of subsidiaries of Bank Mandiri.

Human Capital Work Plan For 2018

In line with Bank Mandiri Corporate Plan 2015 - 2020, quality and competitive human capital are required to succeed at the domestic and regional levels. Therefore, the human capital program implements a new comprehensive framework for capability development and talent management system, and aligns with the long term business strategies and requirements. Moreover,

the human capital program will continue the innitiative of Mandiri Young Leaders (MYLead) program set in 2016. Human capital will keep on improving business processes by developing technology and information system that support the implementation of human capital strategic initiative to help it run effectively and smoothly.

Human Capital Profile

Information concerning the profile of Bank Mandiri employees can be found in this year's Annual Report.

Information Technology



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Utilization of Information Technology (IT) is not only support the business, but also provide more value to the Bank's business acceleration through IT development planning.

06

Information Technology Master Plan



IT Strategy and Execution Plan (IT ISP) 2015-2020 used as a guidance in development Information Technology (IT) of Bank Mandiri by aligning to Corporate Plan Strategy 2015 - 2020. In order for the development of Information Technology Bank Mandiri can accelerate business growth, and able to accommodated changes according to market demands so as to support Bank Mandiri's vision, of becoming "Indonesia's Best, ASEAN's Prominent".



In order to support Corporate Plan achievement, Information Technology Initiative is classified into 10 (ten) categories as displayed in the following chart:



Indonesia's Best, ASEAN's Prominent

Accelerate The Growth Segment

Top of mind in
Consumer banking

Triple growth in
micro-KSM

Prudent growth
in SME and micro-KUM

Integrate The Group

Strong presence in ASEAN :
4% contribution to Revenues

Improving distribution network :
20% growth in branch Revenues

Tapping synergy potentials to drive
Subsidiaries performance :
20% contribution to Revenues

Deepen Client Relationship

Number 1 in
Corporate Banking

Growing with the market
in Commercial Banking

Focusing products and solutions
development for 3-4 sectors

Digital : Service Model Transformation

Process : Safe, Fast, Productive

One Heart, One Mandiri : Human Capital and Corporate Culture

1

Channels and distribution
Expansion

2

Customer Master, data and
Analytics

3

Infrastructure and Connectivity

4

Workflow and Integration

5

Core Banking

6

Risks and Security

7

Customer Relationship
Management

8

Products and Services

9

Regulatory, Compliance and
Government

10

Corporate Core and Internal
Improvements

The description about those 10 (ten) categories is detailed as follows:

1. Channels and Distribution Expansion

Establishing, developing, and expanding channel and distribution network, both digital and physical, to enable omni-channel sales and services, omni-channel.

2. Customer Master, data and Analytics

Establishing and developing customer master data, bankwide reporting, and big data to enable integrated analysis.

3. Infrastructure and Connectivity

Establishing and developing infrastructure and connectivity tools, applications, and hardwares to support Company business.

4. Workflow and Integration

Establishing and developing work flow capabilities to enable seamless connectivity and integration, both internal and external, through service bus enterprise.

5. Core Banking

Implementing offloading core banking initiative to stabilize and simplify the core banking system and improve related core function.

6. Risk and Security

Establishing and developing fraud, risk, and security management to prevent security breach incidents and enables preventive actions.

7. Customer Relationship Management

Establishing and developing sales management, marketing, and campaign to manage leads, prospects, and sales pipeline.

8. Product and Services

Establishing and developing products and management of banking core service to improve new product offerings.

9. Regulatory, Compliance and Government

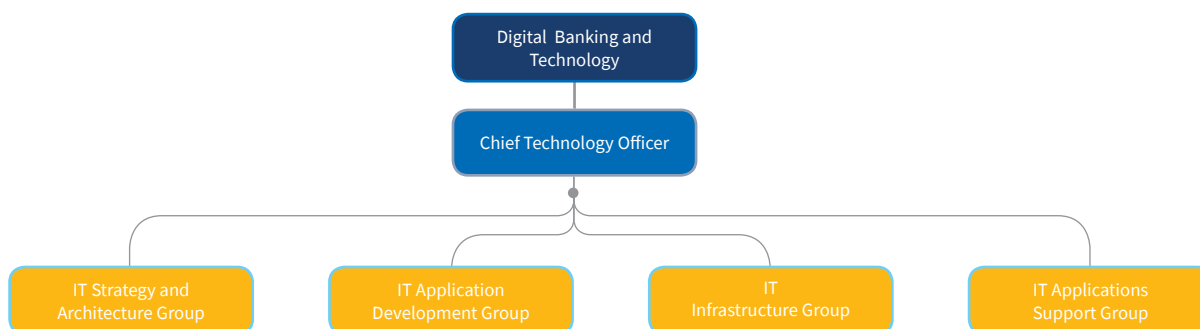
Establishing and developing application to meet regulatory and compliance provisions and initiative development supported by the Government.

10. Corporate Core and Internal Improvement

Establishing and developing corporate core function to “keep the light on” and support Company operations including internal improvement.

Structure of Information Technology Management

IT organization Bank Mandiri is under of Digital Banking and Technology was supervised under the Chief Technology Officer, consists of 4 (four) Work Units are IT Strategy and Architecture Group, IT Application Development Group, IT Infrastructure Group, and IT Applications Support Group. These 4 (four) work units have functions that are interconnected with each other in support of Bank Mandiri's operations.



Function, Duties, and Responsibilities of Information Technology Work Unit

Function, duties, and responsibilities of each work unit are described as follows:

Work unit	Function, Duties, and Responsibilities
IT Strategy and Architecture Group	Coordinating and ensuring the preparation of IT Strategic Plan, preparing IT Initiative business requirement with business units, establishing IT Project budget according to Company Work Plan and Budget, handling projects and Change Management managed by IT, managing IT assets and service contracts of IT devices and source code maintenance, planning IT capacity system, reviews, and new technology, developing and managing Enterprise Architecture in order to ensure all IT initiatives are aligned with Corporate Plan and IT Strategic Plan of Bank Mandiri.
IT Application Development Group	Holding responsibility for System/Application solution fulfillment to Bank Mandiri that is mentioned in IT Initiative Strategies Plan (IT ISP) in line with Corporate Plan by coordinating with Internal Group, External Group, and/or External party of Bank Mandiri to gain System/Application development value, pertinence, and effectiveness in the interest of the Bank's development.
IT Infrastructure Group	Managing and establishing analysis, development, and maintenance of operations and infrastructures through consistent implementation from Changes Management, Service Level Management, Service Continuity Management, Project Management, Cost Management, Report Infrastructure, and Upgrade License Management, and arranging the strategies and implementing the provision of IT Infrastructure to reach operation excellence, actively and efficiently improving customer satisfaction, competitive advantage, cost effectiveness, organization effectiveness, and improving employee productivity
IT Application Support Group	Establishing development solution for production issues and changes on system parameter, and ensuring solutions provided to IT system user are appropriate, accurate, and thorough by IT Helpdesk application as the single point of contact. Directing, establishing, and specifying maintenance services of all IT applications to ensure compliance with standards, project documentations, and application's operability.

Development of Information Technology Resource

Human Capital development becomes an important factor in the achievement of Bank Mandiri's IT development and management. One of the IT Human Capital development methods is through IT School class with the focus of educating potential leaders who are ready to adapt with the working environment of the Bank. In 2017, IT School implementation was performed by applying in-class-training, case-study, and sharing session formats on recent technology trend, with several companies like Oracle, Acenture, and PrivyID.

In addition to in-class-training, employee capability development was also performed through certified training, among others are ISTQB-ISEB Certified Tester, Competency Certification of CISA, CCNA, ITIL Foundation, COBIT-5, PMP, TOGAF, CSA and ISO-20000 training.



Information Technology Management

Strategy of Information Technology Management



The strategy of information technology development refers to IT Strategy and Execution Plan (ISP) 2015-2020 that is actualized in the form of IT Transformation strategy. By IT Transformation, the Information Technology of Bank Mandiri is developed by balancing the fulfillment of business needs and taking into account the security, reliability, and internal capabilities of IT, thus the utilization of Information Technology can spur faster and reliable business development to provide service for customers and stakeholders.

The IT transformation that combines short-term (tactical fixes) and long-term improvements, is expected to address today's challenges and prepare the foundations for the future. The consistency and quality of the delivery of IT solutions is also enhanced, the speed of IT service

development is enhanced and can be proactive with new innovations that directly contribute to Bank Mandiri's business.

IT Transformation consists of 3 (three) streams as follows:

- 1) Run the Bank - A Tactical IT Improvement Activity. To regain confidence from stakeholders by focusing on short term revamp on IT security and availability and driving operational efficiency in the long run .
- 2) Transform IT – Transform IT. To transform internal IT Operation Model and improve IT Capabilities to enable strategic initiative implementation.
- 3) Change the Bank – Change the Bank. To strategize and implement IT-related strategic initiatives to build a competitive advantage and support corporate plan.



Run the Bank

IT Security
IT Availability & Reliability



Internal IT Transformation

IT Organization & Resources
CISO Office Establishment
Strengthen IT project Delivery
Improve IT Governance
Improve IT Sourcing, procurement & Vendor management
Communications & Change Management



Strategic Initiatives

Security & Infrastructure
Channel
Process & Analysis
Core Service
Internal Service & Government

IT TRANSFORMATION

One form of IT Transformation is to build a work environment that provides open space concept space which we call Mandiri Digicub. Digicub is specially designed to support the development of solutions with collaboration between business and IT with agile development. This workspace can be a place to raise the products that will become Bank Mandiri's flagship products in the future.

the operational implementation of Bank Mandiri's Information Technology in line with applicable regulations and best practice. It is also aligned with the improvement of process business by taking into account confidentiality, integrity, availability, reliability, continuity, compliance, and the principle of effectiveness and efficiency.

Policies and Governance of Information Technology

The Governance of Information Technology need to be improved continuously according to its progress through periodic review. The Governance of Information Technology becomes the guideline of information technology planning, development, and operational processes by adopting the regulation of Financial Services Authority and Bank Indonesia Regulation, yet still considering the characters and strategies Bank Mandiri's business.

In 2017, adjustments on policy and information technology governance procedures were made with the details as follows:

1. Standard Operating Procedures of Information Technology

It is a guideline of Information Technology Governance starting from the stages of planning, development, operational management, to the end-to-end IT security applicable in Bank Mandiri including Overseas Branches. IT SOP is arranged to make

IT SOP is a guide that contains provisions and/or procedures as the elaboration of Bank Mandiri's Operational Policy (KOBM). It refers to the Regulator's provisions and Internal rules of the Bank. The underlying provisions of the Regulator are:

- The Law of the Republic of Indonesia No. 10 of 1998 on Banking;
- The Law of the Republic of Indonesia Number 19 of 2016 on Amendment of Law Number 11 of 2008 on Electronic Informations and Transactions;
- Government Regulation (PP) No. 82 of 2012 on Electronic Transaction System Management;
- Financial Services Authority Regulation No. 38/POJK.03/2016 dated 1 December 2016; and
- Circular Letter of Financial Services Authority No. 21/SEOJK.03/2017 dated 6 June 2017 about Risk Management Implementation in the Utilization of Information Technology By Public Bank.

Internally, IT SOP is based on:

- Bank Mandiri's Operational Policy (KOBM);
- Decision of Risk Capital Committee - Operational Risk Committee (RCC-ORC) dated 21 December 2012; and
- Decision of Procedure and Policy Committee (PPC) dated 23 November 2017.

2. Technical Guidelines of Operation (PTO) related to Information Technology (IT)

It is a set of provisions that manages processes or technical implementation steps based on IT SOP. As for PTO related to Information Technology (IT) applied by Bank Mandiri are as follows:

a. Information Technology Planning

It is a guideline for work unit when planning information technology, that consists of information technology strategic initiative planning, annual information technology planning processes, information technology strategic research and review processes, and information technology architecture planning process.

b. IT Project Management

It provides a guideline in conducting the stages of IT Strategic Initiative Project development, thus there is a standard in implementing each stage of the development phase, with quality as the first concern for each project launched.

c. Operational Management of IT

It is a guideline that regulates the Operational Management of Information Technology. This includes operation management of the system, backup and restore process management, infrastructure management, and system monitoring and maintenance processes.

d. Information Technology Security

It is a guideline for work unit concerning information technology security aspects, including physical and environment securities, network security, application system security, and company security.

e. End User Computing Management

It is a guideline for work unit in performing system/application development, which provision, development, and management processes are carried out by Information Technology User Work Unit.

f. IT Application User Management

It is a guideline for work unit that is related to Information Technology system/application access management that covers user creation, changes, and removal processes of a system/application.

g. The Use of Information Technology Service Provider

It is a guideline that regulates the process of designating Information Technology service provider and its evaluation.

h. Source Code Management

It is a guideline that manages source code storing process that covers the source code, both owned by the bank or not, and that stored by escrow agent.

In addition to adjusting the policies and procedures, good Information Technology Governance needs a harmony between People, Process, and Technology. Information Technology Governance of Bank Mandiri adopts various frameworks, such as:

Control Objectives for Information and Related Technologies (COBIT)

Bank Mandiri's IT applies COBIT to provide IT Governance management practice standard framework and objective IT Related Enabler control guideline to connect between processes of businesses, controls, and technical issues thus it can be used by business owners, auditors, and users. Bank Mandiri's IT performs update version using COBIT 5, built from COBIT 4.1, to increase the trust and strategic information system.

Project Management Professional (PMP)

PMP is an international certification issued by Project Management Institute, an independent institution in Pennsylvania, United States. Bank Mandiri's IT uses PMP to organize, monitor, direct, and manage resources through Project Management to increase project's success rate and support business processes.

The Open Group Architecture Framework (TOGAF)

TOGAF has been broadly tested and validated on many organizations in all around the world. TOGAF provides the framework of Bank Mandiri's IT enterprise architecture by identifying the enterprise information architecture design, implementation, and governance comprehensively. By using TOGAF, Bank Mandiri's IT can achieve an equal balance of information technology efficiency and business innovation.

Information Technology Infrastructure Library (ITIL)

ITIL consists of compiled frameworks of information technology governance best practice from various fields and industries, including financial. ITIL provides a guideline for best practice in information technology service management that can be adopted and adapted by organizations based on the business needs, condition, and the maturity of the service provider. ITIL intends to ensure that IT service is aligned with business needs and plays an active role to support the business, increase IT services user satisfaction, improve efficiency and operational management, and speed up the development of new product and service.

International Organization for Standardization 20000 (ISO 20000)

It is an international standard that is used in Information Technology Service Management to improve Institution Service quality and fix the work processes to optimize the services and encourage IT service improvement continuously. Since 2014, Bank Mandiri has achieved ISO 20000 Certification and in 2017, Bank Mandiri has succeeded to maintain ISO 20000 Recertification for the next three years with the scope of "The Service Management System of IT Application Support Group and IT Infrastructure Group of PT Bank Mandiri (Company), Tbk. That Supports Internal Customers at Jakarta Headquarter." Hence, Bank Mandiri is able to provide services that meet the customer needs.

International Organization for Standardization 9001 (ISO 9001)

Quality management system application is a strategic decision to Company that can help Bank Mandiri to improve its efficiency comprehensively and provides a strong foundation for sustainable improvement initiatives. This has been applied in Bank Mandiri's IT unit that has ISO 9001 certification since 2003 with the scope of: "Operation and Development of Data Centre, DRC, IT Security and Infrastructure" that helps Bank Mandiri deliver reliable and safe banking services.

In 2017, Bank Mandiri has succeeded in upgrading ISO 9001:2008 to ISO 9001:2015. There is a new clause in ISO 9001:2015 to ensure the improvement of quality management implementation in Bank Mandiri IT, which eventually can guarantee the banking service quality, increase customer satisfaction, and improve Bank's productivity.

Information Technology Risk Management

As one of the Bank Mandiri IT security improvement strategies, CISO organization was formed as a lead of information security bankwide strategy arrangement and to handle tactical and operation necessities. When performing its business activities, Bank Mandiri faces various risks that must be mitigated, so the business activities may perform well. The use of Information Technology is a critical operational risk that turns into a focus of the Company to be well-managed. Company routinely and consistently performs risk management process by applying Risk Control Self-Assessment (RCSA) towards Information Technology utilization that covers as follows:

1. Risk identification
Performing updates to risk lists related to end-to-end Information Technology based on job description, policies, procedures, audit records, and risk profile from the last three months.
2. Risk assessment
Performing control testing on the identified risks by using test script to set effective rate of the Information Technology control. Work units must prepare action plan and control reinforcement if the control testing checking result indicates that there is a control that does not work optimally.
3. Risk monitoring
Bank performs risk monitoring periodically on Operation Risk Profile Report (LPRO) and ensures that all of action plans and control reinforcement are executed accordingly in a timely manner.
4. Risk control and mitigation
Risk control or mitigation (action plan) is performed consistently according to risk level that will be taken, operation risk valuation result, and control testing.

Information Technology Infrastructures

Bank Mandiri's IT Infrastructures are supported by Data Center (DC) facilities with "Three Site DC Topology" concept that consists of Mandiri Plaza DC and 2 (two) Disaster Recovery Center (DRC) in Rempoa and Balikpapan. The primary management principles of Bank's IT general infrastructures can be described as follows:

Updated

Bank periodically performs IT infrastructure update to adjust the business development and growth and IT development plans. In 2017, the Core Banking system capacity and new ATM Switching machines have been added.

Tested

Bank routinely performs IT Disaster Recovery Plan (DRP) testing to ensure procedure, IT devices, and HR preparation to face emergency conditions that may disrupt Bank's operations. Throughout 2017, 35 switch-over (testing) have been performed to support the business continuity during emergency conditions. The Bank also has Business Recovery Center (BRC) facility as emergency work location for critical work units when main location is not accessible.

Standardized

The standardization of IT service is conducted to maintain the operation reliability, accelerate measured and monitored problem solving, and provide excellent support to Company's business as our commitment. Bank Mandiri's IT work unit implements certified service standard, which are:

- ISO 9001:2015 untuk Operations and Development of Data Center, DRC, IT Security and Infrastructure.
- ISO/IEC 20000-1:2011 untuk Provisions of IT Service Management System to Internal Customer.



Besides, Bank also implements IT device standard in Data Center and for daily operations for operation uniformity and effectiveness, and ensures the support from third party.









Monitoring, Maintenance and Optimization

Bank has a Command Center as the center to monitor all IT infrastructure operations that work 24 x 7 and also Service Desk as the first layer to support all IT issues occurring in all channels that also work 24 x 7. Another routine activity is the implementation of preventive maintenance to IT and housekeeping devices, as well as fine tuning in the application.

Other Data Center supports during 2017 were related to strategic initiative needs through 343 application promotion/migration activities and Tandem Machine Migration performed in order to increase ATM transaction capacity to 900 TPS (transaction per second).

To support business continuity during emergency conditions, IT infrastructure operation in Mandiri Plaza DC is supported by Rempoa DRC, which was built by referring to Data Center Uptime Institute standards, officially in operation since 1 October 2015. As a double disaster risk mitigation for Mandiri Plaza DC and Rempoa DRC, Bank Mandiri's IT infrastructure operation is supported by Balikpapan DRC facilities.

Development of Bank Mandiri DRC

							
<ul style="list-style-type: none"> Have 1 DRC (Cikarang) Study of DRC # 2 in Kalimantan Three tests of DRP were performed 	<ul style="list-style-type: none"> Increased capacity of DRC # 1 (Cikarang) Operational DRC # 2 (Balikpapan) 6 DRP tests were performed 	<ul style="list-style-type: none"> Optimization of DRC # 1 cabling (Cikarang) Performed 7 times DRP testing DRC runs internet banking services during the test period 	<ul style="list-style-type: none"> Rejuvenation and addition of cooling system DRC # 1 (Cikarang) and DRC # 2 (Balikpapan) Study and design of DRC in Rempoa as a replacement for DRC # 1 (Cikarang) Performed 10 times DRP testing DRC runs internet banking services during the test period 	<ul style="list-style-type: none"> Development of DRC in Rempoa as the successor of DRC # 1 (Cikarang) 11 tests of DRP were performed DRC performs core banking functions when upgrading the core banking machine in the Data Center 	<ul style="list-style-type: none"> Operational DRC Rempoa, migrating from DRC # 2 (Cikarang) to DRC Rempoa Conducted 5 times DRP testing 	<ul style="list-style-type: none"> DRC Rempoa completely replaces DRC # 2 (Cikarang) 6 DRP tests were performed DRC performs the ATM Switching function in the test period DRC study as a replacement for DRC # 2 (Balikpapan), the result of the study designates Surabaya as the location of the new DRC 	<ul style="list-style-type: none"> Finalization of Data Center design and completion of DRC development permit process in Surabaya 8 DRP tests were performed DRC performs core banking, internet banking, ATM Switching, SMS Banking, USSD, Prepaid System, Middleware, RTGS, BI-SSSS & BI-ETP, SKN, KLN and ATM network services

2000 - 2010	2011	2012	2013	2014	2015	2016	2017
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Implementation of Information Technology Policy

Execution of IT Programs In 2017

During 2017, IT programs has been performed to support Bank Mandiri efforts to reduce the Company's Non Performing Loan (NPL) ratio by implementing several IT initiatives that focused on credit quality improvement, such as performing enhancement to risk calculation model (for example the usage of Advance Internal Rating Based (AIRB) model approach), monitoring Bank risk profiles, monitoring debtor risks, pipeline management, limit management, portfolio management, value chain process enhancement, and system automation to minimize all risks that can lead to NPL improvement. IT initiatives are among others:

1. Enterprise Risk Management (ERM) Initiative

System ERM development initiative was performed through AIRB model Approach calculation implementation as an effort to manage credit risks and monitoring through ATMR (Risk Weighted Assets) reports. By implementing ERM System, the Bank has Early Warning System for every debtor's risk, so earlier anticipation can be performed to the debtors with potential NPL

2. SME Customer Monitoring Application Initiative

The monitor application system development of SME (Small Medium Enterprise) customer portfolio management that can be accessed realtime to increase the awareness of relationship managers to their managed customers from portfolio level to NPL monitoring

3. Credit Submission System Development Initiative for Wholesale Segment

The development of Bank Mandiri Integrated Processing System (IPS) to fasten the credit processes, credit quality improvement, every debtor quality description and Bank credit and risk profile monitoring by implementing AIRB Approach method utilization according to BASEL regulations. The SME segment pipeline process and credit approval through Stop and Go Booking can help to improve the credit quality.

4. Credit Submission System Development Initiative for Wholesale Segment for Value Chain Acquisition Process

The development of Bank Mandiri Integrated Processing System (IPS) to implement new routing for Value Chain on Commercial and SME segments, so the expansion process can be performed in measured risk.

5. Credit Portfolio Strengthen Initiative

The system development to process credit by end-to-end starting from pipeline process to monitoring collectibility status and monitoring portfolio for Cash Loan and Non Cash Loan. The system has capability to decide whether a credit process can move to the next process if it meets the applicable criteria, pipeline administration and management for Wholesale segment (Corporate and Commercial), sectoral limit utilization monitoring and watchlist debtor account monitoring for Wholesale segment

Besides, Information Technology support also being performed to help accelerating Bank Mandiri business through initiatives as follows:

1. Core Banking Tuning and Data Services

Bank Mandiri core banking capability improvement as banking transaction management center and build Bank Mandiri capability to consolidate customer data and data management analysis is performed through Big Data and Master Data Management initiatives

2. Fraud and Risk Management

In order to perfecting early detection system capability to suspicious transactions and better bank risk management is performed through Fraud and Risk Management System implementation and Enterprise Risk Management Enhancement.

3. IT Infrastructure Upgrade

IT infrastructure upgrade is performed to support business expansion and as an effort to strengthen IT network security and system reliability through initiative.

4. Enhance Middleware and Internal Support

Middleware system development as application backbone and system development to accommodate bank internal necessities is performed through solution development initiative related to National Social Security and SAP development.

5. Customer/Account Onboarding and Relationship Services Platform

Provides platform for Bank to interact with the customer is performed through integrated retail business process re-engineering initiative and e-APR and e-MTK application development..

6. Enhancement Electronic Channel and Transaction Processing System

Electronic channel service development by focusing to give uniform and safe online transaction experiences for all Bank Mandiri electronic channels through Mandiri Cash Management (MCM) and New Banking Mobile and Internet Banking Initiatives.

Information Technology Development Plan In The Future

Future Bank Mandiri information technology development has been planned and arranged in line with Company corporate plan, which is to strengthen Bank core business on wholesale segment and float new core business on retail segment. 2018 development will focus on several streams as follows:

- 1) Support retail business segment through channel development and distribution network expansion in form of physical and digital networks that allow the provision of omni-channel and seamless experience services for customers;
- 2) Retail business segment acceleration in customer product marketing through system capability improvement and development that can support sales, marketing and campaign management when offering banking product an service according to customer necessities;
- 3) Capacity increase and IT infrastructure reliability to balance the business growth and necessities through infrastructure renovation and optimized core banking implementation to improve system stability;
- 4) Support operation effectiveness and efficiently through core function development and improvement, supportive IT system and application perfection and banking service and product management that allow new product and complex development; and
- 5) Information technology development to help business decision making through big data and data warehouse capability development for effective and efficient information analysis, tier integration and workflow development that allow internal and external connectivity seamlessly through enterprise service bus and improvement and development implementation of bank fraud, risk and security management.



Digital Banking

The Management of Digital Banking

The management of Digital Banking in Bank Mandiri is conducted by 5 (five) work units. Each work unit is responsible for different segment/product, as for the unit division is as follows:

Segment/product	Manager Work Unit	Function and Responsibility
Wholesale	Transaction Banking Wholesale Product	Responsible for achieving revenue, volume, low cost fund and market share targets for product transactions by the means of developing end-to-end transaction banking products based in accordance with the product development cycle, starting from developing new product ideas to launching and monitoring the performance of each product; establishing and carrying out activities related to marketing analysis and strategy; and performing process improvement and or business re-engineering for transaction banking products in bankwide manner to be more marketable and profitable.
	Transaction Banking Wholesale Sales	Responsible for achieving revenue, volume and low cost fund targets for wholesale-segment transaction banking products by acting as a partner and consultant for the Transaction Banking business unit and initiator for Transaction Banking business development; optimizing the value chain of customer's business or target customer; and conducting analysis and review towards the development of channel capabilities available to support the business process of Business Unit customers and conducting sustainable improvement and/or business re-engineering for service processes, Service Level Agreement (SLA) to improve customer satisfaction.
Retail	Digital Banking Financial Institutions	Conducting low cost fund raising, fee base income, and transfer of transactions towards a lower costs via the development of appropriate electronic banking strategy and policy; ensuring that the strategy and policy of electronic banking product development can be implemented in a timely and innovative manner in line with Bank Mandiri's strategy; and performing performance analysis review of the products/services marketed, both in terms of target achievement, budget efficiency as well as net income that can be provided to the company via performance contract.
	Transaction Banking Retail Sales	Defining strategies to achieve the number of users and the number of Electronic Banking Transactions to be increased according to the target; conducting low cost fund raising, fee base income, and transfer of transactions towards a lower cost via development of appropriate electronic banking strategy and policy; and continuously evaluating the established marketing strategy and determining the steps needed to be done to anticipate conditions that may lead to a decrease in business targets.
	Transaction Banking SME Sales	Responsible for managing and fulfilling the product target of Mandiri Business Savings, Mandiri Giro and other Banking services including Fund, Fund Margin and Fee Base; developing and meeting the needs of Value Chain Business, Cluster, PPOB and Bank at Work customers' business pattern, both via alliances and other strategies, products, services & bundling programs tailored to meet the needs of business customers as well as following up the marketing program and in accordance with the corporate strategy and optimizing client anchors and their business networks, especially business banking customers (SMEs) with increased.

The five units of Digital Banking management mentioned above had three main functions which include:

1. Marketing transaction banking products and solutions towards customers and becoming subject matter experts for Relationship Managers.
2. Conducting integrated product development/design that focused on product innovation, productivity and profitability with a safe exposure against product risk.
3. Developing electronic banking channel and cashless payment system for retail customers to be able to easily, conveniently and efficiently access Bank products and services..

The synergy built by the above work units produced products and solutions needed by the customers, so we can expect the customer loyalty to increase. Currently, Bank Mandiri is developing the Enterprise Data Management as a customers database that are able to assist Bank Mandiri in providing complete information for the customers to improve services in according to the customers' needs. In addition, Enterprise Data Management can also function as a means of monitoring the risk management for Bank Mandiri upon its customers.



Digital Banking Products and Services

The following is Bank Mandiri's e-Channel service.

Mandiri Online

Mandiri Online is an integrated service between mandiri internet and mandiri mobile packaged in a new look to improve the comfort and convenience for the customers in obtaining information and conducting financial transaction activities. Mandiri Online came in 2 (two) forms of services that can be selected by Customers, namely: Mandiri Online Web and Mandiri Online App. In 2018, Bank Mandiri will focus on developing features that can provide convenience in financial and non-financial transactions for customers, while still taking security aspects into account.

Mandiri Online was launched on 21 March 2017, by offering several advantages as follows.



Mandiri ATM

Mandiri ATM is a banking service via Mandiri ATM machines, using Mandiri Debit Cards to access Mandiri Saving or Mandiri Giro accounts. Various banking transactions can be performed via Mandiri ATM machines such as cash withdrawals, transfers, balance inquiry, e-money balance top up and other payment transactions.

In 2018, the ATM will further strengthen its role as transaction channel, sales channel, and marketing communication channel as well.

The following are some improvements made on the User Interface and User Experience in Mandiri ATM machines.



Mandiri EDC

Electronic Data Capture (EDC) available at merchants is a tool which function is to accept Card transactions electronically. Currently Bank Mandiri has owned 253.046 unit of EDC units. In 2017, Bank Mandiri made various innovations related to EDC machines such as 1) Integration with Third Party Applications (MOKA and Cashlez), 2) As the means of Payment Point Online Bank (PPOB), 3) As the means of electronic money payments (Transjakarta is one example), 4) EDC

Sharing means one EDC for multi acquiring, and 5) The means of management for Fleet Management Service (Shell is one example).

In 2018, Bank Mandiri will continue to provide Integrated Acquiring Solutions realized by an increasing number of merchants, Point of Sale (POS) features, and the provision of physical channels as well as Value Added Services.

ATM and EDC Link

By the Decree of the Minister of SOE Number : SK-23/MBU/01/2016 dated 25 January 2016, concerning the Establishment of the Executive Committee and Work Team for State-Owned Enterprises in the Banking and Financial Services Sector. SOE Banks (Mandiri, BRI, BNI, and BTN)

incorporated in the Association of State-Owned Banks (Himbara) made serious efforts to improve the competitiveness and efficiency of infrastructure by conducting the synergy of ATMs and EDCs management known as ATM and EDC Links..



ATM Link



EDC Link



SOE Sinergy Signing EDC Link

Currently, some of the State-Owned Bank's ATMs have been converted into ATM Links, as of the end of 2017 the number of ATM Links has reached 30,000 ATMs. With ATM Link, Himbara bank's customers are able to enjoy free cash withdrawals and the transfer fees between Himbara Bank accounts went cheaper from Rp6,500/transaction, to Rp4,000/transaction. Via EDC Link, the State-Owned Banks were able to improve their services towards merchants managed by each Bank, with the following advantages:

- Lower Merchant Discount Rate (MDR);
- More efficient in management, because merchants can simply use 1 EDC Link machine;
- Merchant lebih mudah untuk melakukan pelaporan dengan call Merchants were made easier to make reports with one-door call centers.

To support the synergy plan, Himbara alongside several other SOEs have signed a memorandum of understanding and cooperation agreement for the usage of EDC Link. These SOEs include PT Kereta Api Indonesia (Persero), PT Pos Indonesia (Persero), PT Kimia Farma (Persero) Tbk., PT Pegadaian (Persero) Tbk., PT Telkom Indonesia (Persero) Tbk., and PT Pertamina Retail.

Electronic Money

The electronic money owned by Bank Mandiri are as follows:

Mandiri e-Money

Mandiri e-money is a multi-functional prepaid card issued by Bank Mandiri as a substitute for cash for payment transactions. The e-money

transaction is one form of Bank Mandiri's support in realizing the cashless society proclaimed by Bank Indonesia.

In 2017, Bank Mandiri has realized several initiatives both from internal and from regulators, among others are as follows:

- The implementation of the National Payment Gateway (GPN);
- The implementation of e-money in new toll roads and the addition of top-up machines at toll booths;
- The implementation of SOE ID Cards;
- E-Payment cooperation with strategic partners; and
- Co-Brand Cooperation.

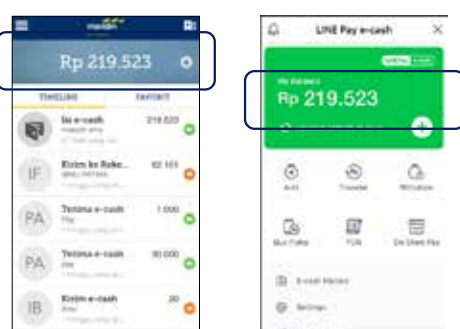
In 2018, Mandiri will continue to play an active role in building cashless ecosystems, one of them is the creation of e-money Application Programming Interface (API). With this API, the increase of the location points (both physical and virtual) is expected for e-money top up that can be accessed directly from third-party applications. Various transaction features and advantages are also constantly being added to customers.

Mandiri e-Cash

Mandiri e-cash is a server-based electronic money that combines the convenience of transaction and social banking experience. Banking transactions can be done without the need to open an account at a branch of Bank Mandiri, but simply by utilizing mobile phone number as an account number. Mandiri e-cash already has two host to host partners namely Grab and Line Pay. The following is the display of Mandiri e-cash in Grab and Line Pay's applications.

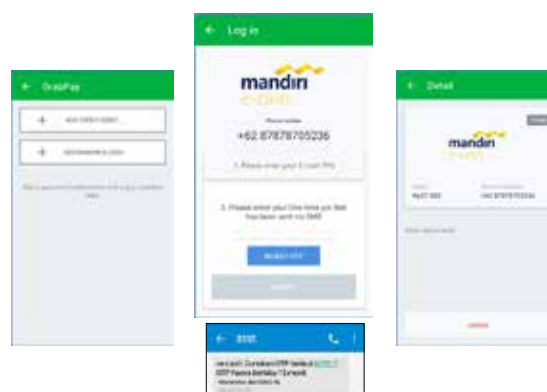
LINE Pay e-Cash

LINE Pay e-cash adalah bentuk kerjasama co branding mandiri e-cash dengan wallet aplikasi LINE Chat & Call.



Mandiri e-cash di GrabPay

Mandiri e-cash already has two host to host partners namely Grab and Line Pay. The following is the display of Mandiri e-cash in Grab and Line Pay's applications.



In 2018, Bank Mandiri will continue to increase the capacity of e-cash infrastructure, developing payments with QR Codes, implementing integration between e-money (chip based) and e-cash (server based) e-money and enhancing cooperation with various parties via co-branding.

Mandiri Branchless Banking

Mandiri Branchless Banking is a limited banking system service made without utilizing physical office of Bank Mandiri. Instead, this service utilizes advanced facilities and third party services/Agent mainly to serve unbanked and underbanked people. This initiative was also conducted to support Governmental programs in order to increase financial literacy.

In 2017, Bank Mandiri had realized the development of Social Assistance EDC and Governmental Program e-Wallet (social assistance and subsidies) with special features to support Government Assistance Distribution, Non-Cash Food Assistance, and Farmer's Cards) via State-Owned Banks synergy.

In 2018, Bank Mandiri will continue to perform several initiatives, which include: 1) An expansion of Agents both individual and Legal Entities via cooperation with strategic partners, 2) Increased Agent activity via national and regional marketing activities; 3) The development of Branchless Banking system, which one of them takes form of additional features, and 4) Education towards Agents and Customers on a regular and ongoing basis.

The Growth of Digital Banking Based on User Performances

The performance of Digital Banking throughout 2017, reviewed from the transaction nominal (volume) per product is as follows.

Table of Transaction Volumes Per Product

Description	2017 (million Rupiahs)	2016 (million Rupiahs)	Growth (%)
Mandiri ATM	1,161,807,204	975,797,635	19%
Mandiri SMS/Mobile Banking*	382,964,756	278,720,836	37%
Mandiri Internet Banking Personal**	142,237,094	151,081,572	(6%)
Mandiri Internet Banking Bisnis	598,723,282	440,932,564	36%
Mandiri EDC	104,744,272	101,743,363	3%
Mandiri Electronic Money***	7,342,236	4,636,395	58%

Remarks:

* including Mandiri Online Apps

** including Mandiri Online Webs

*** consisted of Mandiri e-Cash and Mandiri e-Money

The transaction volume of Mandiri SMS/Mobile Banking was able to grow by 37% alongside the trend of mobile phone usage among the Indonesian citizen, although it was not able to shift the volume of transactions via Mandiri ATM just yet. Mandiri Electronic Money (E-money) recorded a high-growth as it was supported by Non-Cash Transaction Movements and toll gate electrification.

The performance of Digital Banking throughout 2017, reviewed from the number of transactions per product is as follows.

Table of Transaction Numbers Per Product

Description	2017 (transaction)	2016 (transaction)	Growth (%)
Mandiri ATM	1,375,808,540	1,193,244,721	15%
Mandiri SMS/Mobile Banking*	1,127,778,615	1,008,764,135	12%
Mandiri Internet Banking Personal**	562,174,236	574,659,183	(2%)
Mandiri Internet Banking Bisnis	14,030,307	11,302,777	24%
Mandiri EDC	156,809,277	134,919,180	16%
Mandiri Electronic Money***	628,777,556	391,780,821	60%

Remarks:

* including Mandiri Online Apps

** including Mandiri Online Webs

*** consisted of Mandiri e-Cash and Mandiri e-Money

Mandiri ATM was still a favorite means for banking transactions as indicated by the increasing number of transactions via Mandiri ATM by 15% in 2017. The use of Mandiri SMS/Mobile Banking was able to grow by 12%. Mandiri Electronic Money (E-money) recorded a high growth as it was supported by Non-Cash Transaction Movements and toll gate electrification.

The performance of Digital Banking throughout 2017, reviewed from the number of user registers per product is as follows.

Table of User Registers

Description	2017 (people)	2016 (people)	Growth (%)
Mandiri ATM*	16,982,191	13,844,405	23%
Mandiri SMS/Mobile Banking**	7,533,248	7,330,684	3%
Mandiri Internet Banking Personal***	2,291,873	2,192,189	5%
Mandiri Internet Banking Bisnis	300,344	251,175	20%
Mandiri Electronic Money****	16,133,119	13,557,936	19%

Remarks:

* Is the Total of Mandiri Debit Cards

** including Mandiri Online Apps

*** including Mandiri Online Webs

**** consisted of Mandiri e-Cash and Mandiri e-Money

Judging from the number of users of e-channel products, almost all products have increased the number of users (users). The highest number of users in Mandiri ATM increased 23%, followed by Mandiri Internet Banking Bisnis which increased by 20%, then Mandiri Uang

Elektronik, which increased by 19%. The increasing number of users on e-channel products is in line with the increasing number of Third Party Funds collected by the Company.

Strategy Year 2018

The 2018 Digital Banking Strategy is aligned with the Corporate Plan of Bank Mandiri Restart 2020, by strengthening Fundamentals or Enhance Fundamentals with the transformation of Bank Mandiri service model to divert customer interaction to digital / online banking.

Bank Mandiri plays three roles in the implementation of banking digitization:

1. Switching (shifting) customer transactions in Branch to electronic channel. Currently 94% of Bank Mandiri transactions are conducted by e-Channel customers and are expected to be improved so that the Branch will be transformed as point of sale rather than as a point of transaction.
2. Increase the utilization of electronic money (e-wallet), namely Mandiri e-Money and Mandiri e-Cash to support Non-Cash National Movement (GNNT). Bank Mandiri seeks to increase

the use of Mandiri e-Money for payment on toll roads, parking and payment at renowned merchants and issues Co-Branding e-Money with partners, including Mandiri e-Toll Card with Jasa Marga and Indomaret Card with Indomaret. Bank Mandiri will also increase the capacity of Mandiri e-cash back-bone infrastructure and enhance cooperation with various parties through co-branding to encourage e-cash utilization.

3. In line with the development trend of fin-tech, Bank Mandiri through Mandiri Capital Indonesia synergizes with some fin-tech start-ups in providing digitization process to minimize manual process and in terms of channeling integration to various partner provider platforms in providing easy access to products and service of Bank Mandiri.

Corporate Governance





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The effectiveness of GCG implementation is reflected in the governance of the earned outcomes. Bank Mandiri has a very good performance in 2017 for both operational performance and financial performance.

In addition, the implementation of GCG in the Company has been perceived to be beneficial by the stakeholders, which among other things can be seen from the high satisfaction of employees, customers and suppliers during 2017.

07

Bank Mandiri's commitment to implementing good corporate governance (GCG) has resulted in a very satisfactory performance and has also been recognized by external parties. The effectiveness of good corporate governance (GCG) implementation is reflected through the achieved governance outcome. Bank Mandiri has recognized the benefits of GCG implementation, i.e. in the form of a very good financial result and non-financial result in 2017. In addition, the result of GCG implementation is also reflected through external parties' trust to the Company. Bank Mandiri received The Best Bank Service Excellence award for 10 consecutive years and The Most Trusted Company for 11 consecutive years, in addition to several other external awards.

Company's Commitment to Implementing Corporate Governance and Governance Outcome

The effectiveness of corporate governance implementation is reflected through the harmony among the three aspects of governance systems, i.e. governance structure, governance process, and governance outcome. Governance structure is related to the adequacy of governance structure and infrastructure so as to allow the process of good governance implementation to produce outcomes that satisfy the stakeholders' expectations.

Governance structure includes the Board of Directors, Board of Commissioners, committees, and the Company's units. Governance infrastructure, on the other hand, includes policies and procedures, management information system, and principal tasks and functions of individual organizational structures.

Governance process is related to the process of implementing good governance principles supported by adequate governance structures and infrastructures so as to produce outcomes that satisfy the Stakeholders' expectations. As such, governance outcome reflects the extent to which governance process has been going and adequate support from governance structure. On the contrary, issues



in governance structure may lead to the emergence of weaknesses in governance process. In further extent, weaknesses in governance process will impact on governance outcome.

Bank Mandiri's commitment to implementing corporate governance is reflected through the effective existing governance structure and governance process, which results in satisfactory governance outcome in line with the stakeholders' expectations.

Bank Mandiri realized that good governance has made it possible for the Company to not only gain good financial results, but also to come up as a Bank that the stakeholders perceive as having good reputation. Bank Mandiri's longevity, by the trust from the stakeholders, will continue to improve Bank Mandiri's contribution to the entire society.

Therefore, Bank Mandiri is committed to always put the governance as the main foundation in running the business, and to maintain the Company's existence in facing the challenges and business competition in the future, especially in banking industry sector. Bank Mandiri always implements all governance principles namely Transparency,

Accountability, Responsibility, Independency and Fairness (TARIF) which has been agreed by all Board of Commissioners, Board of Directors and employees of Bank Mandiri.

By implementing governance in reference to the applicable corporate governance guidelines and standards, both nationally and internationally, Bank Mandiri aims at becoming Indonesia's leading, excellent Bank and achieving the defined long-term objectives, as well as always providing good contribution to all stakeholders..

All Board of Commissioners members, Board of Directors members, and Bank Mandiri Employees committed and had implemented good corporate governance principles and there were no violations on prevailing legislations. Besides, Bank Mandiri carried out the governance principles in accordance with the Asean Corporate Governance Scorecard, while the principles that had not been implemented yet by Bank Mandiri had been explained in the website of Bank Mandiri.

Governance Framework

Bank Mandiri's commitment to implementing corporate governance was realized in the Corporate Governance Framework, as follows:



Basis for Corporate Governance Implementation

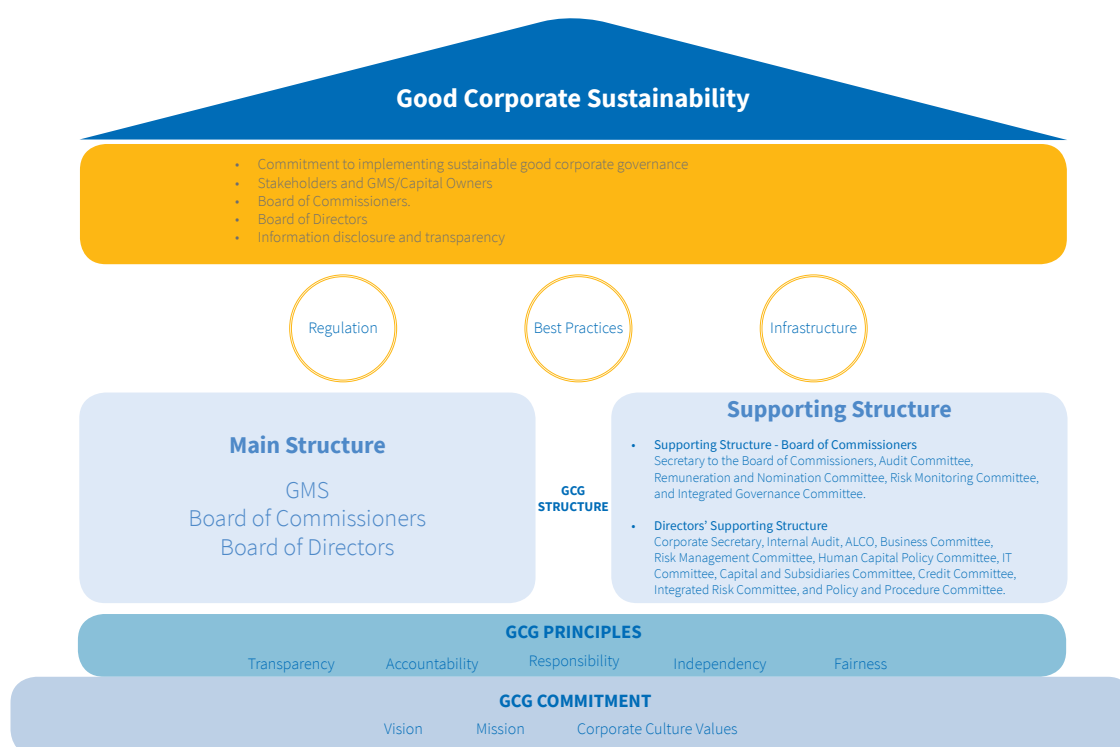
In implementing corporate governance, Bank Mandiri referred to a number of relevant regulations and guidelines for GCG (best practices) implementation developed by both national and international institutions. The legislative regulations used as the basis for corporate governance implementation are:

1. Law of the Republic of Indonesia No. 10 of 1998 on amendment to Law No. 7 of 1992 on Banking.
2. Law of the Republic of Indonesia No. 40 of 2007 on Limited Liability Company.
3. Financial Services Authority Regulation No.55/POJK.03/2016 on the implementation of Governance for Commercial Banks.
4. State Minister of State-Owned Enterprises (SOEs) Regulation No. PER-01/MBU/2011 on Implementation of Good Corporate Governance in State-Owned Enterprises as amended by State Minister of SOEs Regulation No. PER-09/MBU/2012 on Amendment of State Minister of SOEs Regulation No. PER-01/MBU/2011 on Implementation of Good Corporate Governance in State-Owned Enterprises.
5. Financial Services Authority's Circulating Letter No. 32/SEOJK.04/2015 on Corporate Governance for Public Listed Companies.
6. Financial Services Authority Regulation No. 17/POJK.03/2014 on Implementation of Integrated Risk Management for Financial Conglomerates.
7. Financial Services Authority Regulation No.18/POJK.03/2014 on Implementation of Integrated Governance for Financial Conglomerates.
8. Financial Services Authority Regulation No.8/POJK.04/2015 on Issuer or Public Company's Websites.
9. Financial Services Authority Regulation No.31/POJK.04/2015 on Disclosure of Material Information or Facts by Issuers or Public Companies.
10. Financial Services Authority's Circulating Letter No. 13/SEOJK.03/2017 on Implementation of Governance for Commercial Banks.

In addition to the provisions mandated by the abovementioned legislative regulations, the Company also used GCG implementation guidelines as a basis, i.e.:

1. Corporate Governance principles developed by the Organization for Economic Cooperation and Development (OECD).
2. ASEAN Corporate Governance Scorecard.
3. Indonesian GCG Guideline developed by the National Committee on Governance Policies (National Committee on Governance Policy/KNKG).
4. Indonesian Banking GCG Guideline developed by the National Committee on Governance Policies (KNKG).
5. Principles for Enhancing Corporate Governance issued by Basel Committee on Banking Supervision.

Internalization of the abovementioned legislative regulations and guidelines into the Company's internal policies is the commitment of the Board of Commissioners, Board of Directors, and all employees. The Company's commitment to implementing GCG is shown in the figure below.



Bank Mandiri's commitment to implementing GCG is reflected in the Company's vision, mission, and culture values. Bank Mandiri's 2020 long-term vision is to become **Indonesia's best, ASEAN's prominent**, and this is realized in its mission and is based on the Company's culture values. In realizing its vision and implementing its mission, the Company has always been holding on to governance principles, i.e. Transparency, Accountability, Responsibility, Independency, and Fairness (TARIF).

At Bank Mandiri, the implementation of the five governance principles is performed under the following main objectives:

1. To increase the management's seriousness in implementing the principles of transparency, accountability, responsibility, independency, fairness, and prudence in managing the Company.

2. To improve the Company's performance, efficiency, and service to the stakeholders.
3. To gain investors' interest and trust.
4. To meet shareholders' interest in improvement of shareholder values.
5. To protect the Company against political intervention a legal prosecution.

Through its commitment to operating its business based on GCG principles, Bank Mandiri expects to always provide positive, concrete contribution, among others, by improving the Company's competitiveness, performance, and stakeholders' trust. In running its business operation, Bank Mandiri has been implementing 5 (five) governance principles, i.e. Transparency, Accountability, Responsibility, Independency, and Fairness.

Table of Implementation of Governance Principles

Governance Principles	Description
Transparency	<ol style="list-style-type: none"> 1. The Company discloses its information in a timely, adequate, clear, accurate, comparable manner, as well as accessible by relevant parties (stakeholders). 2. The Company discloses information that includes but is not limited to our vision, mission, business goals, strategy of the Company, the Company's financial and financial condition, the composition of the Board of Directors and Board of Commissioners, the controlling shareholder, the risk management, the internal control and supervision system, the compliance system implementation, the system and the implementation of good corporate governance as well information and material facts that may affect the decision of the financiers. 3. The Company's policies should be in written form and should be communicated to the stakeholders who have the right to receive information on the policies. 4. The principle of transparency still takes into account the Company's confidentiality provision, position confidentiality, and personal rights in accordance with the applicable regulations.
Accountability	<ol style="list-style-type: none"> 1. The Company sets business goals and strategies in order for it to be accountable to the stakeholders. 2. The Company defines clear tasks and responsibilities for each member structure of the Board of Commissioners and the Board of Directors and all the sub-ordinate personnel in the sub-levels, which are aligned to the Company's vision, mission, values, business goals, and strategies. 3. The Company should believe that each member of the Board of Commissioners and the Board of Directors as well as all the sub-ordinate personnel possess competences in accordance with their respective responsibilities and that they understand their roles in the implementation of good corporate governance. 4. The Company defines check and balance system in managing the Company. 5. The Company has a performance measurement from all of the Company's Personnel based on the agreed measurement standard which is consistent with the Corporate Culture Values, the Company's business goals and strategies, as well as that the Company applies a rewards-and-punishment system.
Responsibility	<ol style="list-style-type: none"> 1. The Company adheres to the principle of prudential banking practices and guarantees compliance with the applicable regulations. 2. As a good corporate citizen, the Company cares about the environment and conducts its social responsibility reasonably.
Independency	<ol style="list-style-type: none"> 1. The Company avoids unreasonable domination by any stakeholders, is not intervened by one-sided interests, and is free from conflict of interest. 2. The Company makes decisions objectively and free from pressure from any parties.
Fairness and Equality	<ol style="list-style-type: none"> 1. The Company takes into account the interest of all stakeholders based on the principles of fairness and equality (equal treatment). 2. The Company provides opportunities for all stakeholders to give feedbacks and to express their opinions for the interest of the Company, as well as provides access to information as based on the principle of transparency.

Based on governance principles, the Company develops GCG arrangement that includes GCG structure and GCG infrastructure so as to implement GCG mechanism in accordance with the applicable legislative regulations and best practices. By basing its business activities on GCG principles, Bank Mandiri expects to realize long-term business continuity.

Governance Outcome

The effectiveness of GCG implementation was reflected in the governance outcome that had been obtained. The Company and its stakeholders had benefited from the GCG implementation with the achievement of good financial and operational performance in 2017 as follows..

- Credit Growth of 9.99%
- Third Party Fund Growth of 6.77%
- Asset Growth of 8.28%
- Equity Growth of 10.85%
- Current Year Profit Growth of 46.37%
- Decline of NPL (Non-Performing Loan) from 0.54% to 3.45%

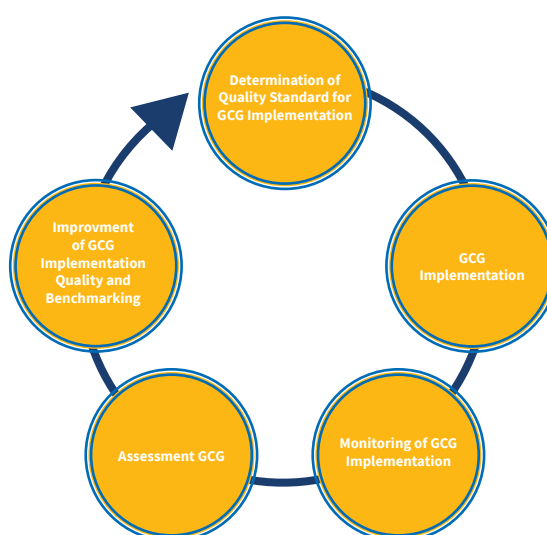
In addition, the effectiveness of GCG implementation can also be seen from compliance with the applicable legislative regulations and no imposition of sanction in legal cases faced by the Company. The Company also benefited from the GCG implementation with reduced audit findings, from 689 findings in 2016 to 349 findings in 2017.

The effectiveness of GCG implementation was also reflected in the acquisition of "The Most Trusted Company" in the assessment of CGPI (Corporate Governance Perception Index) in 2017. The award was Bank Mandiri's 11th (eleventh) consecutive award since 2007 to 2017 in a row.

Implementation of Good Corporate Governance in Sustainable Manners

Basically, the process of GCG implementation at Bank Mandiri has run well and was performed by the Board of Commissioners, Board of Directors, and all bank personnel in every activities with the purpose of protecting the Company's and stakeholders' interest. Bank Mandiri continually evaluates the implementation of GCG in a sustainable manner, so that the implementation of GCG will always increase.

The mechanism of GCG implementation is illustrated in the implementation cycle below.



Establishment of Good Corporate Governance Implementation Quality Standard

In order to realize its Vision and execute its Mission, the Company has defined GCG implementation standard that may serve as a basic reference. The basic reference includes criteria to achieve from different aspects related to GCG implementation. In addition, the determination of implementation standard also aims at enabling the Company to always improve the quality of GCG implementation. The standard is formulated based in reference to relevant regulations, feedbacks from the stakeholders, and result from assessment and benchmarking.

The scope of Bank Mandiri's GCG implementation standard uses as reference the Financial Services Authority Regulation No.55/POJK.03/2016 on the implementation of Governance for Commercial Banks and the Financial Services Authority's Circulating Letter No. 13/SEOJK.03/2017 on Implementation of Governance for Commercial Banks.

The evaluation standards for GCG execution includes 11 (eleven) aspects, as follows:

1. Execution of Duties and Responsibilities of the Board of Commissioners.
2. Execution of Duties and Responsibilities of the Board of Directors.
3. Comprehensiveness and Execution of Duties of Committees.
4. Handling of Conflict of Interest.
5. Implementation of Compliance Function.

6. Implementation of Internal Audit Function.
7. Implementation of External Audit Function.
8. Implementation of Risk Management, including Internal Control System.
9. Provision of Fund to Related Parties and Provision of Large Exposure.
10. Transparency of the Bank's Financial and Non-Financial Condition, GCG Implementation Report, and Internal Reporting.
11. Bank Strategic Plan.

Bank Mandiri also utilizes as reference the Guideline of Corporate Governance issued by the Financial Services Authority in 2015 as specified in the Financial Services Authority's Circulating Letter No. 32/SEOJK.04/2015 on Guidelines of Governance for Public Listed Companies as the standard for GCG implementation, which covers 5 (five) aspects broken down into 8 (eight) principles and 25 (twenty-five) recommendations. The aspects and principles are as follows:

Aspect 1.

Relationship between Public Listed Company and Shareholders in Guarantying Shareholders' Rights.

Which includes the following principles:

1. Improving the Value of General Meeting of Shareholders (GMS) Implementation.
2. Improving the Quality of Communication between Public Listed Company and Shareholders or Investors.

Aspect 2.

Functions and Roles of the Board of Commissioners

Which includes the following principles:

1. Strengthening the Membership and Composition of the Board of Commissioners.
2. Improving the Quality of the Execution of Duties and Responsibilities of the Board of Commissioners.

Aspect 3.

Functions and Roles of the Board of Directors

Which includes the following principles:

1. Strengthening the Membership and Composition of the Board of Directors.
2. Improving the Quality of the Execution of Duties and Responsibilities of the Board of Directors.

Aspect 4.

Stakeholder Engagement

Which includes the principle of: Improving Corporate Governance Aspects through Stakeholder Engagement.

Aspect 5.

Information Transparency

Which includes the principle of: Improving the Implementation of Information Transparency.

Good Corporate Governance Implementation

The development of GCG implementation has been done in a structured manner with the following stages:

Table of GCG Implementation

Year	Corporate Governance Program
1998 Beginning of Merger	The awareness of GCG implementation emerged because there was a banking crisis caused by "bad governance" practices throughout banking industry. This led to many banks being bailed out and the Board of Directors and Board of Commissioners had to sign a Management Contract with the World Bank, in which it was stated that banks were obliged to implement GCG.
2000- 2001 Laying Down the Fundamental of Governance Commitment, Structure., and Mechanisms	<ul style="list-style-type: none"> • Bank Mandiri responded to the Management Contract made with the World Bank by issuing, among others, the following provisions: <ul style="list-style-type: none"> - Joint Decree of Board of Directors and Board of Commissioners on GCG Principles. - Joint Decree of Board of Directors and Board of Commissioners on Code of Conduct that served as the guideline on the conducts when interacting with customers, associates, and colleagues. - Decree of Board of Directors on Compliance Policy that mandated all of Bank Mandiri's personnel to be fully accountable individually in performing the Bank's operational activities in their respective fields. • Bank Mandiri has assigned independent consultant to perform diagnostic review of GCG implementation. Based on the implementation of GCG, the Independent Rating Agency gave a score of 6.2 for 2003, showing an increase when compared to 5.4 in the preceding year.

Year	Corporate Governance Program
2003 Bank Mandiri's Initial Public Offering (IPO)	<p>In order to conduct IPO, Bank Mandiri has enhanced GCG implementation by taking the following steps:</p> <ul style="list-style-type: none"> Formation of Committees at the Board of Commissioners level, i.e.: <ul style="list-style-type: none"> - Audit Committee - Risk Monitoring Committee - Remuneration and Nomination Committee - GCG Committee Formation of Corporate Secretary Implementation of General Meeting of Shareholders in accordance with the applicable legislative regulations for public companies. Implementation of timely information disclosure, e.g. In Financial Statement, and material information or events or facts. Development of timely, adequate, clear, and accurate Annual Report. Consideration of the interest of minority shareholders. Participation in GCG implementation assessment by Independent Institution, i.e. The Indonesian Institute for Corporate Governance.
2005 Cultural Transformation	<ul style="list-style-type: none"> Bank Mandiri's transformation began by the determination of shared values and formulation of Bank Mandiri's key corporate behaviors (TIPCE) that reflects the Company's culture values. Development of GCG Charter specified in Decree of Board of Commissioners, which rules the principal implementation of GCG at Bank Mandiri. "Highly Trusted" GCG Rating for the first time in Corporate Governance Perception Index (CGPI).
2008 - 2010 Continued Cultural Transformation	<ul style="list-style-type: none"> Sustainably implementing enhancement of prudent banking, GCG, and internal control by developing GCG website, Compliance Risk Management System, procedure standards for Anti-Money Laundering and Combating the Financing of Terrorism, Risk-Based Audit Tools, and Audit Management Information System. Business decisions or other managerial decisions were made by taking into account GCG principles while also considering all applicable provisions. Implementation of continued culture internalization by, among others, organization of Culture Fair, Culture Seminar, and Recognition Program in the form of rewards to best work units and change agents in relation to the implementation of cultural programs.
2011 - 2013	<ul style="list-style-type: none"> Bank Indonesia issued PBI No. 13/1/PBI/2011 on Assessment of the Soundness of Commercial Banks, which requires the Bank, either individually or in consolidation, to perform GCG evaluation using Risk-Based Bank Rating (RBBR) approach. Bank Mandiri's consistent, ongoing implementation of GCG has received accolades from independent, professional institutions, both at national and international level, among others: <ul style="list-style-type: none"> - Bank Mandiri was rated the "Best Financial" in GCG Rating by The Indonesian Institute for Corporate Directorship (IICD), in which the rating included 100 public listed companies with the largest capitalization value as recorded at the Indonesian Stock Exchange. - Since 2009, Bank Mandiri has always been rated the best company in terms of GCG implementation in GCG Rating by the Corporate Governance Asia (CGA) headquartered in Hong Kong. Implemented Gratification control by implementing Gift Disclosure reporting dated 2 July 2013 as a measure to prevent the receipt of gratification in accordance with the recommendation from the Corruption Eradication Commission (KPK). Actively participated in order to continuously realize anti-corruption culture, e.g. by attending the 2013 Anti-Corruption Week organized by KPK.
2014	<ul style="list-style-type: none"> Bank Mandiri was rated "The Best Overall" in GCG Rating by The Indonesian Institute for Corporate Directorship (IICD) in the ASEAN SG Scorecard. Bank Mandiri was rated "The Best of Asia" as an Icon in Corporate Governance in GCG Rating by the Corporate Governance Asia (CGA) headquartered in Hong Kong. Good Corporate Citizen (GCC) is in line with Bank Mandiri's 2015–2020 corporate plans, one of which is social economic impact with role model corporate citizen as one of its components. Bank Mandiri has completed diagnostic review of the implementation of GCG at Bank Mandiri. Revised the provisions on the banning of gratification as set forth in the Operating Technical Guideline for Gift Disclosure Statement in accordance with KPK's recommendation.
2015	<ul style="list-style-type: none"> Perform phase 3 transformation. Bank Mandiri was rated in "The Best Financial Sector" in GCG Rating by The Indonesian Institute for Corporate Directorship (IICD) in the 2016 ASEAN CG Scorecard. Bank Mandiri was rated "The Best of Asia" as an Icon in Corporate Governance in GCG Rating by the Corporate Governance Asia (CGA). Implemented Integrated Corporate Governance <ul style="list-style-type: none"> - Implemented integrated governance and integrated units at Mandiri Group in accordance with the Regulation of the Financial Services Authority No. 18/POJK.03/2014 dated 18 November 2014 on Integrated Governance. - Established Compliance Unit, Integrated Risk Management Unit, Integrated Internal Audit Unit, and Integrated Governance Committee. - Developed Guideline on Integrated Governance. Refined the Operating Technical Guideline (OTG) for Gift Disclosure Statement into the OTG for Gratification Control effective as of 3 July 2015, and launched the Gratification Control Unit (GCU) on 9 July 2015. Bank Mandiri's GCU received the 2015 SOE with the Best Gratification Control Unit from the Corruption Eradication Committee.
2016	<ul style="list-style-type: none"> Bank Mandiri was rated "The Best Overall" in GCG Rating by The Indonesian Institute for Corporate Directorship (IICD) in the 2016 ASEAN CG Scorecard. Attended the National Gratification Control Unit Forum held from 31 October to 3 November 2016 in Bogor, West Java. Attended the 2016 International Anti-Corruption Day Festival held from 8 to 10 December 2016 in Pekanbaru, Riau, where Bank Mandiri was awarded the SOE with the Best Gratification Control System.

Year	Corporate Governance Program
2017	<ul style="list-style-type: none"> Corporate Governance Perception Index (CGPI) is a GCG implementation research and rating program conducted by an independent institution known as The Indonesian Institute for Corporate Governance (IICG). Bank Mandiri has participated in CGPI assessment for 14 (fourteen) consecutive years since 2003. In 2017, Bank Mandiri was once again ranked "Highly Trusted", making it the 11th consecutive ranking. Bank Mandiri was rated "The Best Overall" in GCG Rating by The Indonesian Institute for Corporate Directorship (IICD) in the 2016 ASEAN CG Scorecard. Attended the 2016 International Anti-Corruption Day Festival held from 11 to 12 December 2017 at Bidakara Hotel, Jakarta. Bank Mandiri was awarded the SOE with the Best Gratification Control System.

To ensure that governance implementation has been utilized as the fundament of all Mandiri personnel in performing its operational activities, Bank Mandiri has taken a number of specific measures in 2017, among others:

1. GCG E-learning

Bank Mandiri developed GCG e-learning in order to improve all Bank Mandiri's personnel's understanding on GCG. The e-learning was assigned to all Bank Mandiri's personnel, where a post-test would be given at the end of the module to test personnel's understanding on GCG.

2. Gratification Control E-learning

Bank Mandiri developed gratification control e-learning in order to internalize the value of integrity to all Bank Mandiri's personnel while also improving personnel's understanding on gratification banning. The e-learning was assigned to all Bank Mandiri's personnel, where a post-test would be given at the end of the module to test personnel's understanding on GCG.

3. Revitalization of Whistleblowing System

Bank Mandiri revitalized its whistleblowing system so as to make the personnel more familiar with the system and thus allow them to proactively utilize the whistleblowing system media.

4. GCG and Gratification Control Module Required for Officer Development Program (ODP) and Senior Development Program (SDP) trainings

Bank Mandiri's leadership candidates were given GCG module during class, as it is expected that personnels can utilize GCG as their future guideline in performing their duties.

5. Redesigning of Bank Mandiri's Corporate Website

In 2017, Bank Mandiri has redesigned its corporate website in order to make it easier for all stakeholders to use as well as to improve transparency of Bank Mandiri's information.

Implementation of Corporate Governance Aspects and Principles for Public Listed Companies in Accordance with the Provisions of the Financial Services Authority

In accordance with the Regulation of Financial Services Authority Number 21/POJK.04/2015 on Implementation of Corporate Governance for Public Listed Companies and the Financial Services Authority's Circulating Letter No. 32/SE.OJK.04/2015 on Guideline on Governance of Public Listed Companies, the guideline on Governance includes 5 aspects, 8 principles, and 25 recommendations for the implementation of good corporate governance aspects and principles. Recommendations for the implementation of good corporate governance aspects and principles as specified in the Guideline on Governance are the standards that should be implemented by the Company in its governance. This can be detailed as follows.

Table of Implementation of Aspects and Principles of Corporate Governance Open Based on OJK Provisions

Principle	Recommendation	Remarks of OJK's Recommendation	Elaboration of Implementation at Bank Mandiri
Aspect 1: Relationship between Public Listed Company and Shareholders in Guarantying Shareholders' Rights;			
Principle 1 Improving the Value of GMS Implementation	1. Public Listed Companies has a way or technical procedure of voting, either open or closed, that emphasize on independence and the interest of shareholders.	<ul style="list-style-type: none"> Each share issued with a voting right (voting stock) has one vote (one share one vote). Shareholders may exercise their voting rights during decision making, especially in decision making by voting. However, the mechanism of decision making by voting, either open or closed, has not been detailed. Public Listed Companies are recommended to have their own voting procedure for decision making of GMS agenda. The procedure of voting should maintain shareholders' independence or freedom. For example, in open voting, votes are given by raising hand according to the instruction given by the GMS chairman for each option. On the contrary, closed voting is used for decisions that require confidentiality or as the shareholders may demand so, where votes are given using ballots or using electronic voting system. 	<p>In both Annual and Extraordinary General Meeting of Shareholders (GMS), Bank Mandiri has implemented voting procedure, either open or closed, as specified in the GMS Procedure.</p> <p>During the Annual and Extraordinary GMS for Fiscal Year 2016, which have been held on 14 March 2017 and 21 August 2017 respectively, open voting mechanism was implemented by raising hand and submitting ballots for those who disagree. Closed voting mechanism, on the contrary, was implemented in which an official approached all shareholders to collect their ballots into a box.</p> <p>The procedure for voting in GMS has been set forth in the Company's Articles of Association and GMS Procedure posted on the Company's website during the summon for GMS.</p> <p>Remarks: Comply</p>
	2. All members of the Board of Directors and Board of Commissioners of a Public Listed Company should be present in Annual GMS.	The presence of all members of the Board of Directors and Board of Commissioners of a Public Listed Company has the purpose of enabling all members of the Board of Directors and Board of Commissioners to pay attention to, explain, and respond directly to existing issues or questions asked by shareholders in relation to the corresponding GMS' agenda.	<p>In the 2016 Annual GMS held on 14 March 2017, all members of Bank Mandiri's Board of Directors were present. However, there were 2 (two) members of the Board of Commissioners who were absent, i.e. Mr. Askolani and Mr. Ardan Adiperdana, the Commissioners. Mr. Askolani was absent in the Annual GMS as, at the same time, he was attending the 158th Assembly of the Board of Governors of OPEC's Fund for International Development (OFID) in Vienna, Austria, under an assignment specified in the Assignment Letter of Minister of Finance of the Republic of Indonesia Number ST-99/MK.02/2017 dated 21 February 2017. The request for absence in the GMS has been submitted to all members of Bank Mandiri's Board of Commissioners and Board of Directors through a letter dated 07 March 2017 on Absence in Bank Mandiri (Persero) Tbk's 2017 General Meeting of Shareholders.</p> <p>On the other hand, Mr. Ardan Adiperdana was absent in the Annual GMS as, at the same time, he was attending a Closed Meeting chaired by the President of the Republic of Indonesia himself, based on an Assignment Letter issued by Cabinet Secretary of the Republic of Indonesia No. Und.42/Seskab/DKK/03/2017 dated 10 March 2017 on Invitation for Closed Meeting, No. Und.43/Seskab/DKK/03/2017 dated 10 March 2017 on Invitation for Closed Meeting, and No. Und.44/Seskab/DKK/03/2017 dated 10 March 2017 on Invitation for Closed Meeting. The request for absence in the GMS has been submitted to all members of Bank Mandiri's Board of Commissioners and Board of Directors through a letter dated 13 March 2017 on Absence in Bank Mandiri (Persero) Tbk's 2017 General Meeting of Shareholders.</p> <p>The Extraordinary GMS for Fiscal Year 2016 held on 21 August 2017, on the other hand, was attended by all members of the Board of Directors and Board of Commissioners.</p> <p>Remarks: Comply</p>

Principle	Recommendation	Remarks of OJK's Recommendation	Elaboration of Implementation at Bank Mandiri
	3. Summary of the GMS Overview is available on a Public Listed Company's Website for at least 1 (one) year.	Public Listed Company is required to make summary of GMS overview in Indonesian and foreign language (minimum in English) and to announce the summary by 2 (two) office days after the date of the GMS to the public society, the announcement of which should be made, among others, via the Public Listed Company's Website. Availability of summary of GMS overview on a Public Listed Company's Website provides opportunities for absent shareholders to quickly and easily receive important information delivered during the GMS. Therefore, the provision on the minimum duration of availability of GMS overview summary on the Website aims to provide sufficient time for shareholders to obtain such information.	<p>Bank Mandiri has provided Summary of GMS Overview in English and Indonesian, and has announced it 2 (two) days after the date of GMS on, among others, the Company's website. The Company's website has posted summary of GMS overview for the last 7 (seven) years.</p> <p>This was detailed under the provision on Corporate Secretary Guideline Standards (SCPS) Chapter III.A.2.b.1) Activities Following GMS.</p> <p>A) Summary of GMS review are required to be announced to the public by 2 (two) office days after the date of the GMS, at least on:</p> <p>(1) 1 (one) nationally-distributed daily newspaper in Indonesian language;</p> <p>(2) Stock Exchange Website; and</p> <p>(3) The Public Listed Company's Website in Indonesian language and foreign language, in which the foreign language used shall be at least English.</p> <p>Summaries of Bank Mandiri's Annual and Extraordinary GMS Overview have been posted in Bisnis Indonesia and The Jakarta Post, each of which was posted on 16 March 2017 and 23 August 2017, respectively.</p> <p>Announcement via Stock Exchange Website and Bank Mandiri's Website has also been made on the same days, i.e. 16 March 2017 and 23 August 2017, respectively. In addition, Bank Mandiri has also announced Highlights of the Annual General Meeting of Shareholders and Extraordinary GMS of each on March 15, 2017 and August 22, 2017 on the website of Bank Mandiri.</p> <p>Remarks: Comply</p>
Principle 2 Improving the Quality of Communication between Public Listed Company and Shareholders or Investors.	4. Public Listed Company has a policy ruling communication with shareholders or investors.	<ul style="list-style-type: none"> Communication between Public Listed Company and the shareholders or investors aims at allowing the shareholders or investors to obtain clearer understanding on information that has been published to the public, such as periodic reports, information disclosure, business and performance condition or prospect, and Implementation of Public Listed Company Governance. In addition, shareholders or investors can also provide feedbacks and express their opinions to the Public Listed Company's management. Policy on communication with shareholders or investors reflects Public Listed Company's commitment to implementing communication with its shareholders or investors. Such policy may include strategies, programs, and timeline of communication implementation, as well as guideline that supports shareholders or investors to engage in such communication. 	<p>Bank Mandiri has had its policy on communication with shareholders or investors, as set forth in the Corporate Secretary Guideline Standard (SPCS) Chapter III.A.I. Information Transparency.</p> <p>In addition to the abovementioned matters, Bank Mandiri also has Public Expose agenda implemented quarterly (every three months), which aims at delivering information to the public and investors, such as periodic reports, information disclosure, business and performance condition or prospect, and Implementation of Public Listed Company Governance.</p> <p>Bank Mandiri has also formed a dedicated work unit to manage relationship with investors, especially public investors, in which the work unit functions as, among others, a center of information to provide information regarding the Company's performance to investors, as well as functioning to maintain good relationship with investors.</p> <p>Information Disclosure to shareholders has been developed by referring to the provisions of Capital Market and Stock as well as other relevant legislative regulations, which can be categorized in brief into the following:</p> <p>a. Reporting, either periodic or incidental, to relevant institutions (the Financial Services Authority, Bank Indonesia, LPS, the Ministry of Justice and Human Rights, Stock Exchange), and reporting via the Company's website.</p> <p>b. General Meeting of Shareholders (GMS) Implemented in accordance with the applicable legislative provisions and Bank Mandiri's Articles of Association, which consists of annual GMS and other GMSs (Extraordinary GMS). Bank Mandiri has also implemented other activities related to corporation actions and/or information disclosure, which covers Public Expose (quarterly) and Analyst Meeting.</p> <p>Remarks: Comply</p>

Principle	Recommendation	Remarks of OJK's Recommendation	Elaboration of Implementation at Bank Mandiri
	5. Public Listed Company discloses its policy on communication between Public Listed Company and shareholders or investors on its Website.	Disclosure of communication policy is a form of transparency of Public Listed Company's commitment to providing equality to all shareholders or investors regarding the implementation of communication. Information disclosure also aims at improving shareholders' or investors' engagement and roles in the implementation of Public Listed Company's communication programs.	The Company has had its policy on communication between Public Listed Company and shareholders or Issuers, which is specified in the Corporate Secretary Guideline Standard and has been published on the Company's website. Remarks: Comply
Aspect 2: Functions and Roles of the Board of Commissioners			
Principle 3 Strengthening the Membership and Composition of the Board of Commissioners.	6. Determination of the number of Board of Commissioners members shall take into account the condition of the Public Listed Company.	The number of Board of Commissioners members may affect the effectiveness of the implementation of the Board of Commissioners' duties. Determination of the number of members of Public Listed Company's Board of Commissioners is required to use as reference the applicable legislative regulations, which at a minimum should consist of 2 (two) members in accordance with the Financial Services Authority's provision on Board of Directors and Board of Commissioners of Issuers or Public Listed Companies. In addition, it also needs to take into account the condition of the Public Listed Company, which includes, among others, characteristics, capacity, size, and achievement of business objectives and needs, which differs between one Public Listed Company and another. However, an excessive number of Board of Commissioners members may potentially interfere with the effectiveness of the implementation of the Board of Commissioners' functions.	Bank Mandiri has complied with this provision stated in Article 20 of POJK No. 33/POJK.04/2014 on Board of Directors and Board of Commissioners of Issuers or Public Listed Companies, i.e. that the number of Board of Commissioners member should be more than 2 (two) persons. Bank Mandiri's Board of Commissioners consisted of 8 (eight) members, 4 (four) of whom are Independent Commissioners and the other 4 (four) are Non-independent Commissioners. Remarks: Comply
	7. Determination of the composition of Board of Commissioners takes into account the diversity of the required set of skills, knowledge, and experience.	Composition of Board of Commissioners reflects a combination of characteristics, either from the perspective of the Board of Commissioners' structure or the individual member of the Board of Commissioners, in accordance with the corresponding Public Listed Company's needs. Such characteristics may be reflected in the determination of the set of skills, knowledge, and experience required for the implementation of supervisory and advisory duties by the Public Listed Company's Board of Commissioners. Composition that has taken into account the respective Public Listed Company's needs is a positive thing, especially in relation to decision making in the implementation of supervisory function, which is implemented by taking into account different broader aspects.	Based on the Shareholders' discretion, determination of the Board of Commissioners' composition has been performed by taking into account Bank Mandiri's business needs and complexity, i.e. by taking into account the diversity of skills, educational background, and experience, as well as without gender prejudice. This is necessary to support the effectiveness of the Board of Commissioners' supervisory duties, and thus Bank Mandiri continued to maintain the combination of skills and experience of the Board of Commissioners' members. Remarks: Comply

Principle	Recommendation	Remarks of OJK's Recommendation	Elaboration of Implementation at Bank Mandiri
Principle 4 Improving the Quality of the Execution of Duties and Responsibilities of the Board of Commissioners	8. Board of Commissioners has a Self-Assessment policy for evaluation of the Board of Commissioners' performance.	<ul style="list-style-type: none"> Board of Commissioners' Self-Assessment Policy is a guideline utilized as a form of accountability for collegiate evaluation of the Board of Commissioners' performance. Self-Assessment is intended to be performed by individual members to collegially evaluate the implementation of the Board of Commissioners' performance, and not to evaluate the individual performance of each member of the Board of Commissioners. By Self Assessment, it is expected that individual members of the Board of Commissioners can contribute to continuously enhance the Board of Commissioners' performance. The policy may include assessment activities to perform, along with their intent and purpose, periodic implementation time, and assessment benchmarks or criteria to use in accordance with the recommendations provided by the Public Listed Company's remuneration and nomination function. The establishment of the function itself has been mandated in the Regulation of OJK on Remuneration and Nomination Committee in Issuers or Public Listed Companies. 	<p>The Board of Commissioners has had its self-assessment policy as set forth in the Board of Commissioners' Procedures. Assessment of the Board of Commissioners' Performance is performed by individual members of the Board of Commissioners using Self-Assessment mechanism and based on a set of assessment criteria related to the implementation of the Board of Commissioners' duties and responsibilities, which cover structure, direction, and supervision aspects.</p> <p>Remarks: Compliant</p>
	9. Self Assessment policy for evaluation of the Board of Commissioners' performance is to be disclosed in the respective Public Listed Company's Annual Report.	Disclosure of Self Assessment policy for evaluation of the Board of Commissioners' performance is made not only to adhere to the principle of transparency as a form of accountability of the implementation of its duties but also to provide assurance, especially to the stakeholders or investors, regarding the measures to take in order to enhance the Board of Commissioners' performance. The disclosure will allow shareholders or investors to obtain knowledge about the check and balance mechanism applied to evaluate the Board of Commissioners' performance.	Self assessment policy for evaluation of the Board of Commissioners' performance has been disclosed in the Company's Annual Report, under the Evaluation of the Board of Commissioners' Performance section.
	10. Board of Commissioners has policy(ies) for resignation of the Board of Commissioners' members due to involvement in financial crime.	<ul style="list-style-type: none"> Policy for resignation of Board of Commissioners' members involved in financial crime is a policy that can enhance shareholders' trust to Public Listed Companies, allowing companies to maintain their integrity. The policy is required in order to support adequate legal processes and to prevent such legal processes from disrupting business activities. In addition, from morality perspective, such policy also builds an ethical culture within the environment of Public Listed Companies. The policy may be included in the Guideline or Code of Conduct applicable to the Board of Commissioners. Furthermore, involvement in financial crime is defined as any member of the Board of Commissioners being convicted by the authority. Financial crime as defined above includes manipulation and various forms of embezzlement in financial service activities, as well as Money Laundering as specified in Law Number 8 of 2010 on Prevention and Eradication of Money Laundering. 	<p>The Company has had its policy regarding resignation of any members of the Board of Committee due to involvement in financial crime as specified in Bank Mandiri's Articles of Association.</p> <p>In reference to Article 14 sub-article 26 letter f of the Company's Articles of Association, the tenure of the Board of Commissioners' members shall expire when the member(s) no longer qualifies as a member of the Board of Commissioners in accordance with the Articles of Association and other applicable legislative regulations.</p> <p>In the event that any member of the Board of Commissioners resigns, including when such resignation is due to involvement in financial crime, such member of the Board of Committee is required to provide a written notification regarding his/her intent of resignation to the Company, and the Company is required to organize a GMS to make decision regarding the resignation of the Board of Commissioners member by 90 (ninety) days upon receiving the resignation letter.</p> <p>Remarks: Comply</p>

Principle	Recommendation	Remarks of OJK's Recommendation	Elaboration of Implementation at Bank Mandiri
	11. Board of Commissioners or Committee handling Remuneration and Nomination function develops succession policy within the Board of Directors' members Nomination process.	In accordance with the provision of OJK on Remuneration and Nomination Committee in Issuers or Public Listed Companies, the committee responsible for nomination function is tasked with developing the set of policy and criteria required for Nomination of Board of Directors' members. One of the policies that can support Nomination process as specified herein is the policy on succession of Board of Directors' members. Succession policy aims at maintaining the continuity of leadership regeneration in a company in order to maintain the company's business continuity and long-term objectives.	<p>Bank Mandiri has had a Remuneration and Nomination Committee that assists the Board of Commissioners in providing recommendations to Dwiwarna A shareholders regarding, among others:</p> <ol style="list-style-type: none"> 1. Development, implementation, and analysis of nomination criteria and procedure for candidates for the Board of Commissioners and Board of Directors. 2. Identification of candidates for the Board of Directors, either from inside or outside the Company, and candidates for the Board of Commissioners who qualify for nomination/appointment as Director(s) or members of the Board of Commissioners. <p>In order to prepare for future leadership regeneration, Bank Mandiri has designed a Talent and Succession Management Program, a Board of Directors succession policy that has been aligned with the Regulation of State Minister of SOEs No. PER-03/MBU/2015 on Requirements, and Procedure for Appointment and Termination of SOE Board of Directors. In addition, as a Public Listed Company, the Company Policy also uses as reference the Regulation of Financial Services Authority No. 33/POJK.04/2014 on Board of Directors and Board of Commissioners of Issuers or Public Listed Companies. Appointment and termination of the Company's Board of Directors have been implemented in accordance with professionalism and GCG principles.</p> <p>Remarks: Comply</p>
Aspect 3: Functions and Roles of the Board of Directors			
Principle 5 Strengthening the Membership and Composition of the Board of Directors.	12. Determination of the number of members of Board of Directors takes into account the condition of the Public Listed Company and effectiveness in decision making.	As an organizational structure with the authority in the administration of a company, determination of the number of members of Board of Directors strongly affects the performance of a Public Listed Company. As such, determination of the number of members of Board of Directors should be performed through a comprehensive consideration and should use as reference the provisions of the applicable legislative regulations where, in accordance with the OJK Regulation on Board of Directors and Board of Commissioners of Issuers or Public Listed Companies, should consist of a minimum of 2 (two) members. In addition, determination of the number of members of Board of Directors should be based on the existing needs and aimed at achieving the respective Public Listed Company's purpose and objectives and should be aligned with the Public Listed Company's condition, which includes characteristics, capacity, and size of the Public Listed Company, as well as taking into account how the Board of Directors can make decisions effectively.	<p>The determination of the number of Board of Directors members has been implemented by referring to the applicable legislative regulations where, in accordance with POJK 33/POJK.04/2014 on Board of Directors and Board of Commissioners of Issuers or Public Listed Companies, it is stated that the Board of Directors of an Issuer or Public Listed Company should consist of minimum 2 (two) members. Bank Mandiri's Board of Directors consists of 10 (ten) members, the determination of which has been in accordance with the existing needs in order to achieve the Company's purpose and objectives, and has been aligned with the Company's condition by also taking into account Bank Mandiri's needs and complexity.</p> <p>Remarks: Comply</p>
	13. Determination of the composition of Board of Directors takes into account the diversity of the required set of skills, knowledge, and experience.	Similar to what applies to Board of Commissioners, diversity of composition of Board of Directors members is a combination of the required set of characteristics, either from the perspective of Board of Directors' structure or individual members, in accordance with the respective Public Listed Company's needs. Such combination is defined by taking into account the set of skills, knowledge, and experience aligned with the delegation of positional duties and functions of the Board of Directors in achieving the Public Listed Company's objectives. This way, the consideration of the combination of characteristics will affect the accuracy of nomination and appointment of the members of the Board of Directors, both individually and as a team.	<p>It is expected that diverse composition of the Board of Directors will provide alternatives for resolution of increasingly complex issues the bank is facing, as compared to homogeneous composition, allowing the decisions made to be the best ones. In accordance with the Shareholders' discretion, the determination of composition of the Board of Directors has been implemented by aligning it with Bank Mandiri's business needs and complexity.</p> <p>Remarks: Comply</p>

Principle	Recommendation	Remarks of OJK's Recommendation	Elaboration of Implementation at Bank Mandiri
	14. Board of Directors members responsible for accounting or finance has adequate skills and/or knowledge in accounting.	<ul style="list-style-type: none"> Financial Statement is the management's accountability report for the management of a Public Listed Company's resources, and should be developed and presented according to the Financial Accounting Standards commonly applied in Indonesia, in addition to related OJK regulations, such as legislative regulations on Capital Market sector that governs the presentation and disclosure of Public Listed Company's Financial Statement. In accordance with the applicable legislative regulation in Capital Market sector, which governs Board of Directors' responsibilities of Financial Statement, the Board of Directors, under a joint liability, is responsible for Financial Statement, which should be signed by the President Director and the Board of Directors member responsible for accounting and finance. As such, disclosure and development of financial information presented in the form of financial statement will be highly dependent on the Board of Directors' skill and/or knowledge, particularly the specific Board of Directors members responsible for accounting and finance. Accounting skills and/or knowledge possessed by member(s) of the Board of Directors can provide assurance regarding the development of Financial Statement, allowing stakeholders to rely on the Financial Statement as a basis for economic decision making related to the respective Public Listed Company. The skills and/or knowledge may be proved by educational background, certification from trainings, and/or work experiences in related fields. 	<p>The finance or accounting director is also the President Director, Mr. Kartika Wirjoatmodjo, who has the following brief resume: Obtained Bachelor of Economics in Accounting from the University of Indonesia, and an MBA from Erasmus University, Rotterdam.</p> <p>He joined Bank Mandiri and has served in different positions, including as the Group Head of Strategy & Performance Management Group (2005–2008) and the Director of Finance & Treasury (2015–2016). Currently, he is the President Director at Bank Mandiri.</p> <p>Remarks: Comply</p>
Principle 6 Improving the Quality of the Execution of Duties and Responsibilities of the Board of Directors.	15. Board of Directors has a Self Assessment policy for evaluation of the Board of Directors' performance.	<ul style="list-style-type: none"> Similar to what applies to the Board of Commissioners, Board of Directors' Self Assessment Policy is a guideline utilized as a form of accountability for collegiate evaluation of the Board of Directors' performance. Self Assessment is intended to be performed by individual members to collegiately evaluate the implementation of the Board of Commissioners' performance, and not to evaluate the individual performance of each member of the Board of Commissioners. By Self Assessment, it is expected that individual members of the Board of Directors can contribute to continuously enhance the Board of Directors' performance. The policy may include assessment activities to perform, along with their intent and purpose, periodic implementation time, and assessment benchmarks or criteria to use in accordance with the recommendations provided by the Public Listed Company's remuneration and nomination function. The establishment of the function itself has been mandated in the Regulation of OJK on Remuneration and Nomination Committee in Issuers or Public Listed Companies. 	<p>The Board of Directors has its own Valuation Policy (self assessment). Performance Appraisal by the Board of Directors each member of the Board of Directors through the Self mechanism Assessment to assess the performance of the Board of Directors collectively, rather than assessing individual performance each member of the Board of Directors. As it is described in the Annual Report on the Evaluation section Performance of Board of Directors.</p> <p>Remarks: Comply</p>

Principle	Recommendation	Remarks of OJK's Recommendation	Elaboration of Implementation at Bank Mandiri
	16. Self Assessment policy for evaluation of the Board of Directors' performance is to be disclosed in the respective Public Listed Company's Annual Report.	Disclosure of Self Assessment policy for evaluation of the Board of Directors' performance is made not only to adhere to the principle of transparency as a form of accountability of the implementation of its duties but also to provide important information regarding improvement measures in the management of Public Listed Companies. Such information is highly useful to provide assurance to shareholders or investors that the company management is continuously directed towards betterment. The disclosure will allow shareholders or investors to obtain knowledge about the check and balance mechanism applied to evaluate the Board of Directors' performance.	Self assessment policy to assess performance of the Board of Directors, disclosed in the Annual Report in the Performance Assessment of the Board of Directors. Self-assessment in order to assess the performance of the Board of Directors has been done. Self assessment of company management delivered within Annual Report set out in the Assessment section Performance of Board of Directors. Remarks: Comply
	17. Board of Directors has policy(ies) for resignation of the Board of Directors' members due to involvement in financial crime.	<ul style="list-style-type: none"> Policy for resignation of Board of Directors' members involved in financial crime is a policy that can enhance shareholders' trust to Public Listed Companies, allowing companies to maintain their integrity. The policy is required in order to support adequate legal processes and to prevent such legal processes from disrupting business activities. In addition, from morality perspective, such policy also builds an ethical culture within the environment of Public Listed Companies. The policy may be included in the Guideline or Code of Conduct applicable to the Board of Directors. Furthermore, involvement in financial crime is defined as any member of the Board of Directors being convicted by the authority. Financial crime as defined above includes manipulation and various forms of embezzlement in financial service activities, as well as Money Laundering as specified in Law Number 8 of 2010 on Prevention and Eradication of Money Laundering. 	<p>The Company has had its policy regarding resignation of any members of the Board of Directors due to involvement in financial crime as specified in the Company's Articles of Association.</p> <p>In reference to Article 11 sub-article 24 letter f of the Company's Articles of Association, the tenure of the Board of Directors' members shall expire when the member(s) no longer qualifies as a member of the Board of Commissioners in accordance with the Articles of Association and other applicable legislative regulations, including when such member is involved in financial crime. In the event that any member of the Board of Directors resigns due to involvement in financial crime, such member of the Board of Directors is required to provide a written notification regarding his/her intent of resignation to the Company, and the Company is required to organize a GMS to make decision regarding the resignation of the Board of Directors member by 90 (ninety) days upon receiving the resignation letter.</p> <p>Remarks: Comply</p>

Principle	Recommendation	Remarks of OJK's Recommendation	Elaboration of Implementation at Bank Mandiri
Aspect 4: Stakeholder Engagement			
Principle 7 Improving Corporate Governance Aspects through Stakeholder Engagement.	18. Public Listed Company have policy(ies) in place to prevent insider trading.	Any individual in possession of insider information is prohibited from conducting Stock transactions using such insider information as specified in the Law on Capital Market. Public Listed Company can minimize the risk of insider trading by taking preventive measures, e.g. By explicitly separating confidential data and/or information from public data/information, and by making proportional, efficient delegation of duties and responsibilities related to the management of such information.	<p>Insider trading prevention policy has been set forth in the Human Resources Procedure Standard.</p> <ul style="list-style-type: none"> - Chapter III.D. 2 regarding Code of Conduct and Business Ethics, which constitutes the ethical standards to be used as a guideline by all of the bank's personnel in carrying out their respective day-to-day duties and tasks and when conducting business dealings with customers, associates, or colleagues. - Chapter III.D.4 regarding Employee Discipline, which governs the obligations, prohibitions, and sanctions of employees. <p>Standards Procedure Guidelines of Corporate Secretary Chapter III.A.5 regarding the Principle of Information Transparency, which governs the following matters:</p> <ul style="list-style-type: none"> - Any Insider in possession of insider information is prohibited from influencing any parties, including any Insider's families, to perform share purchase or sales. - Any Insider other than the Board of Directors and Board of Commissioners who is found to violate the abovementioned provision and is proven to having conducted any transaction and/or provided insider transformation shall be charged with disciplinary action as specified in the Human Resources Guideline Standard. - Any member of the Board of Directors and Board of Commissioners and other parties who, due to their position or relationship with the Bank, is found to conduct insider trading shall be held accountable in accordance with the applicable provisions. <p>Remarks: Comply</p>
	19. Public Listed Company has anti-corruption and anti-fraud policy in place.	Corruption policy serves to ensure that a Public Listed Company's business activities are carried out in a legal, prudent manner, and in accordance with good governance principles. Such policy may be a part of the code of conduct or set separately. The policy may include, among others, programs and procedures implemented to address corruption, kickback, fraud, bribery, and/or gratification within a Public Listed Company. The scope of the policy should reflect the respective Public Listed Company's prevention of any forms of corruption, either giving to or receiving from, any parties.	<p>Bank Mandiri has had an Anti-fraud Strategy policy in place, effective as of 2 May 2012, as a follow-up of Bi's Circulating Letter No. 13/28/DPNP dated 09 December 2011 on Implementation of Anti-fraud Strategy (SAF). The SAF governs, among others, organizations and 4 SAF Pillars within Bank Mandiri, i.e.:</p> <p>Pillar 1: Prevention Pillar 2: Detection Pillar 3: Investigation, Reporting, and Sanction Pillar 4: Monitoring, Evaluation, and Follow Up</p> <p>Bank Mandiri has delivered SAF Implementation Report to OJK regularly every semester, as well as incidental reports concerning any cases that may interfere with the Bank's operation, in accordance with the applicable provisions.</p> <p>Gratification Control Bank Mandiri has had a Gratification Control PTO and a Gratification Control Unit (GCU) in place to perform gratification control function in accordance with the Decree (SK) of the Board of Directors effective as of 3 July 2015.</p> <p>Remarks: Comply</p>

Principle	Recommendation	Remarks of OJK's Recommendation	Elaboration of Implementation at Bank Mandiri
	20. Public Listed Company has a policy in place for supplier or vendor selection and capability improvement.	<ul style="list-style-type: none"> Supplier or vendor selection policy is helpful to ensure that Public Listed Company receives the required goods or services at competitive prices and in good quality. Supplier or vendor capability improvement policy, on the other hand, is helpful to ensure that the supply chain operates efficiently and effectively. Supplier or vendor capability in supplying/providing the required goods or services will affect the quality of a company's output. Implementation of such policies can guarantee supply continuity, either in terms of quantity or quality, as required by the respective Public Listed Company. The scope of the policy may include criteria for supplier or vendor selection, transparent procurement mechanism, measures to improve supplier or vendor capability, and fulfillment of rights related to the supplier or vendor. 	<p>Bank Mandiri has implemented specific Public Listed Company Governance Guideline regarding Supplier or Vendor Selection and Capability Improvement for vendors or associates, in the form of:</p> <ol style="list-style-type: none"> Bank Mandiri's Operational Policy (KOBM), Article 420 on Procurement Basic Principles of Procurement Procurement Operational Guideline Standard (SPO), Chapter III.B. Goods and Services Procurement Provisions, which consist of: <ol style="list-style-type: none"> Goods and services procurement methods Procurement process Procurement phases Job exitTaking a leaveon and job handover Specific provisions regarding job change (addition/reduction) for construction services Implementation of procurement activities to address specific conditions Payment documents and process In the Procurement PTO, associate selection procedure is described in Chapter III.C.1 Provisions on Implementation of Accreditation for Associates (Goods and Services Providers) Selection Criteria for Goods and Services Providers (Associates) In implementing Goods and Services Provider selection, the Company has defined a set of aspects, which are reviewed periodically, as a platform for associate selection. The Company has defined criteria for associates recommended to invite into a specific goods and services procurement process. Evaluation of associates' performance has been performed through 2 (two) models, i.e. Project Performance Evaluation and Periodic Evaluation. Vendor gathering has also been carried out periodically with the purpose of, among others, obtaining feedbacks from associates for improvement of goods/services procurement process in order to achieve effective procurement process. <p>Remarks: Comply</p>
	21. Public Listed Company has policy(ies) in place regarding fulfillment of creditor's rights.	Policy(ies) regarding fulfillment of creditor's rights is used as a guideline in taking loans from any creditor. The policy aims at maintaining fulfillment of creditor's rights while also maintaining creditor's trust to the respective Public Listed Company. The policy may include considerations in setting up agreements and follow ups in fulfillment of a Public Listed Company's duties to creditors.	<p>The policy on fulfillment of creditor's rights has been manifested in:</p> <p>Funds Product SPO, Product Manual, and Customer Complain Management SPO, which in brief governs:</p> <ol style="list-style-type: none"> The right to obtain adequate explanation on product characteristics. The right to access funds product requirements and terms through Bank Mandiri's website. Ease of transaction through branch offices, e-banking service, or other means as specified by the Bank. The right to obtain interest at specific rates as applicable in the Company. <p>Remarks: Comply</p>

Principle	Recommendation	Remarks of OJK's Recommendation	Elaboration of Implementation at Bank Mandiri
	22. Public Listed Company has a whistleblowing system in place.	Well-developed whistleblowing system policy will provide assurance regarding protection for witness or whistleblower of an indication of violation committed by the respective Public Listed Company's employee or management. Implementation of such system policy will impact on the realization of good corporate governance culture. Whistleblowing system policy may include, among others, type of violations reportable via the whistleblowing system, method of reporting, protection and confidentiality assurance of the whistleblower's identity, report handling, report managing party, and result of handling and follow up of report.	<ol style="list-style-type: none"> 1. Bank Mandiri has had a whistleblowing system in place under the name Letter To CEO (LTC). LTC is a facility used to submit reports regarding frauds or indications of fraud, either committed by employee or vendor, to the Group's CEO by emphasisPermissiong on the disclosure of the report in order to enhance the effectiveness of Bank Mandiri's internal control system. 2. The Company has had a policy in place that governs whistleblowing system. 3. LTC has been implemented since 2009 and revitalized in 2013. 4. The types of violation reportable via LTC are corruption, fraud, theft, negligence, and violation. 5. Reports can be submitted by the whistleblower using the media provided, such as: <ul style="list-style-type: none"> - Via email to lettertoceo@bankmandiri.co.id - Via post to PO BOX 14000 JKTM 12700. - Via SMS to 0811900777. - Via the website, by clicking on lettertoceo on the browser (intranet). 6. Bank Mandiri guarantees the confidentiality of the whistleblower's identity by providing the whistleblower with an option to submit the report anonymously. Bank Mandiri also guarantees protection for the whistleblower, as set forth in the Company's internal provisions. 7. Incoming reports are handled and followed up by the Internal Audit Unit in accordance with the specified service level agreement (SLA). <p>Remarks: Comply</p>
	23. Public Listed Company has policy(ies) in place regarding the provision of long-term incentive to the Board of Directors and employees.	<ul style="list-style-type: none"> - Long-term incentive is a type of incentive provided based on long-term performance achievement. Long-term incentive plan is based on the idea that a company's long-term performance is reflected on share value growth or other long-term targets. Long-term incentive is useful to maintain loyalty and to motivate the Board of Directors and employees to improve their performance or productivity, which in turn will lead to improvement of the company's long-term performance. - The presence of long-term incentive is a Public Listed Company's concrete commitment to encouraging the implementation of long-term incentive for the Board of Directors and employees, under the conditions that the procedure and form is in accordance with the respective Public Listed Company's long-term objectives. The policy may include, among others, the purpose and objectives of the long-term incentive, incentive requirements and procedure, and the conditions and risks the Public Listed Company should take into account in providing incentive. Such policy may also be included in the respective Public Listed Company's existing remuneration policy. 	<p>During the General Meeting of Shareholders held on 14 March 2017, the shareholders have defined the provision of long-term incentive for the Board of Directors. The Company has implemented the provisions related to long-term incentive as set forth in the General Meeting of Shareholders and the applicable legislative regulations.</p> <p>Currently, the Company has had an internal policy in place regarding long-term incentive for the Board of Directors, in reference to the Regulation of State Minister of SOEs No. PER-04/MBU/2014 on Guideline on Determination of Remuneration for Board of Directors, Board of Commissioners, and Supervisory Board in State-Owned Enterprises, as last amended by the Regulation of State Minister of SOEs No. PER-01/MBU/06/2017, which is specified in the Decree of Board of Commissioners No. KEP.KOM/003/2014 on Benefits and Facilities and Other Benefits for Board of Directors and Board of Commissioners.</p> <p>In addition, the policy on long-term incentive for Board of Directors and Employees also use as reference OJK Regulation No. 45/POJK.03/2015 on Implementation of Remuneration for Commercial Banks. The policy on long-term incentive for employee related to Material Risk Taker has been prepared, the implementation of which shall be adjusted to the regulation on the implementation for Board of Directors and Board of Commissioners to issue by the Ministry of SOEs.</p> <p>Remarks: Comply</p>

Principle	Recommendation	Remarks of OJK's Recommendation	Elaboration of Implementation at Bank Mandiri
Aspect 5: Information Transparency			
Principle 8 Improving the Implementation of Information Transparency	24. Public Listed Company utilizes information technology in a broader extent other than website as a media for information transparency.	Utilization of information technology is helpful as a media for information transparency. Disclosure is made not only for information specified in the applicable legislative regulations, but also other information related to the respective Public Listed Company that is considered beneficial for the shareholders or investors. Broader utilization of information technology other than website is expected to enable companies to improve the effectiveness of company information distribution. However, utilization of information technology should take into account the benefits for the respective company and the cost required.	Bank Mandiri's website contains all information related to Information Transparency. Aside from the website, the Company has also utilized other forms of technology and social media, such as SMS Banking, Phone Banking, Mobile Banking, Instagram, Facebook, and Twitter. Remarks: Comply
	25. Public Listed Company's Annual Report discloses the owner of end benefit in the respective company's share ownership by at least 5% (five percent), in addition to the disclosure of the owner of end benefit in the company's share ownership by the majority shareholders and controlling shareholders	Capital Market legislative regulations governing the disclosure of Public Listed Company's annual report has specified the duty of disclosure of information regarding shareholders with 5% (five percent) or more shares in the respective Public Listed Company, as well as the duty of disclosure of information regarding majority shareholders and controlling shareholders of the company, either directly or indirectly, up to the owner of end benefit in the share ownership. The Governance Guideline recommended disclosure of the owner of end benefit in Public Listed Company share ownership by at least 5% (five percent), in addition to the disclosure of the owner of end benefit in the company's share ownership by the majority shareholders and controlling shareholders.	The Company has disclosed information regarding the Shareholders with 5% or more shares in the Company in its Annual Report, under the Composition of Shareholders section. Remarks: Comply

Implementation of Corporate Governance in Accordance with the Guidelines of Corporate Governance Principles for Banks Issues by the Basel Committee on Banking Supervision

The Governance Guideline covers 12 corporate governance principles. Governance Guideline is a best practice standard to use as reference in implementing corporate governance in banking industry. This can be detailed as follows.

Table of Implementation of Aspects and Principles of Corporate Governance Based on Guidelines of Corporate Governance Principles For Banks

Principle	Description	Implementation at Bank Mandiri
Principle 1 Roles of the Board of Commissioners.	The Board of Commissioners is responsible for, among others: approval and supervision of business strategy implementation, governance structure and mechanism, and corporate culture.	The Board of Commissioners Charter Number KEP.KOM/005/2016 stated that the Board of Commissioners' responsibility is to provide feedbacks and recommendations regarding Annual Work Plan and Budget, and to provide recommendations for matters the Company deems important, including corporate culture.
Principle 2 Qualification and Composition of the Board of Commissioners.	Members of the Board of Commissioners should possess the required qualities in accordance with their responsibilities, either individually or as a team. The Board of Commissioners should understand its roles in the supervision and implementation of corporate governance, and should be capable of implementing fair, objective decision making.	Bank Mandiri's Board of Commissioners should not have any financial, administrative, share ownership, or family relationship with other members of the Board of Commissioners, Board of Directors, and/or Controlling Shareholders, or any relationship with the Bank, which may potentially affect their capability to take independent actions as specified in the provisions on Implementation of Good Corporate Governance for Commercial Banks, and have signed the Statement of Independency.
Principle 3 Structure and Mechanism of the Board of Commissioners.	The Board of Commissioners should define the correct governance structure and practices in accordance with its duties, and periodically review the effectiveness.	The Board of Commissioners has had a set of Committees under to assist in the execution of the Board of Commissioners' duties, i.e. Audit Committee, Risk Monitoring Committee, Remuneration and Nomination Committee, and Integrated Governance Committee.
Principle 4 Board of Directors.	Under the direction and supervision from the Board of Commissioners, the Board of Directors should be able to manage the Bank in accordance with the business strategy, risk appetite, remuneration policy, and other policies approved by the Board of Commissioners.	The Board of Directors has managed the Company under the direction and supervision from the Board of Commissioners, which is proven from the company's increasing business achievement compared to the preceding year. All policies serving as the basis for Bank Mandiri's operation were required to be pre-approved by the Board of Commissioners.
Principle 5 Business Group Governance Structure.	In a business group, the Board of Commissioners of the holding company is fully responsible for the business group and for ensuring clean definition and implementation of governance practices in relation to the business group and entity's structure, business, and risks. The Board of Commissioners and Board of Directors should understand the organizational structure of the business group and the associated risks.	Bank Mandiri's Board of Commissioners and Board of Directors have possessed the required knowledge and understanding on the corporate main business and main risks, which is proven by all members of the Board of Commissioners and Board of Directors passing in the Fit and Proper Test. The Board of Commissioners and Board of Directors have also periodically attended trainings and development programs to improve their capability.
Principle 6 Risk Management Function.	Bank should have independent, high-quality risk management function with high-quality resources and access to the Board of Commissioners.	Bank Mandiri has implemented Identification, Measurement, Monitoring, Risk Control, and Risk Management Information System through an Enterprise Risk Management (ERM) platform. Bank Mandiri has always improved the capability and knowledge of all its employees, particularly in terms of risk management, by organizing regular internal trainings through the Risk Management Academy. In addition, Bank Mandiri also regularly, minimum once a year, holds socialization, discussion forums, internship, or other programs related to risk management, which are in line with corporate culture internalization. Bank Mandiri communicates risk management to the Board of Commissioners via the Risk Monitoring Committee and the Integrated Governance Committee.
Principle 7 Risk Identification, Monitoring, and Control.	Risks should be identified, monitored, and controlled for all Bank activities. The quality of risk management and internal control infrastructure should go in line with the changes of the Bank's risk profile, external risk factors, and industry practices.	In its Risk Management, Bank Mandiri has performed bankwide risk identification, measurement, and assessment by periodically developing risk profile. Risk measurement and assessment has been implemented well in accordance with the Risk Management Policy specified in accordance with the risks Bank Mandiri is facing.
Principle 8 Risk Communication	Implementation of effective risk governance requires accurate risk communication within the Bank's environment, either between organizations or via reporting to the Board of Commissioners and Board of Directors.	Risk-Based Bank Rating (RBRR) per semester have been presented to the Integrated Risk Committee (URC) which consists of Bank Mandiri's Board of Directors and Subsidiaries. In addition, RBRR assessment results have also been presented to the Board of Commissioners via the Integrated Governance Committee.
Principle 9 Compliance	The Board of Commissioners is responsible for the supervision of management related to Bank compliance risks. The Board should define compliance function and grant approval for policies and compliance risk identification, assessment, monitoring, and reporting, and should provide advices related to compliance risks.	The Board of Commissioners ensured that good corporate governance has been implemented throughout business activities and ensured corporate governance policies, including the implementation of compliance. Compliance risk assessment from RBRR has been reported to the Board of Commissioners every 6 (six) months for feedbacks.

Principle	Description	Implementation at Bank Mandiri
Principle 10 Internal Audit	Internal audit function should report assurance independent activities to the Board of Commissioners and should support the Board of Commissioners and Board of Directors in encouraging the implementation of effective governance and long-term soundness of the Bank.	The function has conducted objective testing of evidence in order to provide independent assessment of the adequacy of the organization's internal control, risk management, and governance process. The Internal Audit function is directly responsible to the President Director, and communicates with the Board of Commissioners through the Audit Committee.
Principle 11 Compensation	The Bank's remuneration structure should support the implementation of corporate governance and risk management.	Bank Mandiri's remuneration structure has been in accordance with POJK Number 45/POJK.03/2015 on Implementation of Governance in the Provision of Remuneration for Commercial Banks.
Principle 12 Disclosure and Transparency	The Bank's governance implementation should be disclosed transparently to the Shareholders, Depositors, other relevant Stakeholders, and Market Participants.	Bank Mandiri always updates its website, www.bankmandiri.co.id , to ensure that the information provided for the stakeholders is the updated ones. In addition, Bank Mandiri's information is also disclosed through its Annual Reports, Sustainability Reports, and Public Expose.

Monitoring of Good Corporate Governance Implementation

The monitoring function for GCG implementation was executed by a number of the Company's structures as follows:

1. Compliance Group, which has the main function of assisting the Director who leads the Compliance Function in identifying, measuring, monitoring, and controlling Compliance Risks by referring to Bank Indonesia's regulation regarding the Implementation of Risk Management for Commercial Banks. To support the achievement of Bank Mandiri's 2020 vision, the Bank has defined a set of compliance strategies, allowing the Bank to minimize compliance risk potentials and to enhance compliance culture throughout the Bank's activities.
2. Audit Committee, which is one of the committees under the Board of Commissioners, has the duties and responsibilities of assisting and facilitating the Commissioners in executing supervisory duties and functions over matters related to financial information, internal control system, effectiveness of assessment by external and internal auditor, implementation of risk management, and compliance with the applicable legislative regulations. One of the duties is to perform supervision and evaluation of the implementation of corporate governance in relation to negative information and complaints.
3. Integrated Governance Committee was established to assist and facilitate the Board of Commissioners in carrying out the duties and functions of supervision of Governance implementation in individual Financial Services Institutions in Bank Mandiri's Financial Conglomerates so as to comply with the Guideline on Integrated Governance, supervise the implementation of Bank Mandiri's Board of Directors' duties and responsibilities, and provide directives or advices to Bank Mandiri's Board of Directors regarding the implementation of the Guideline on Integrated Governance, and evaluate and direct the Guideline on Integrated Governance for refinement.

4. Internal Audit, which has the duties and responsibilities to, among others, test and evaluate risk management, internal control, and governance processes for adequacy and effectiveness.

Good Corporate Governance Assessment

In order to continuously enhance its governance, Bank Mandiri has performed assessment of the implemented governance. Bank Mandiri has performed self assessment of its governance in accordance with POJK No. 55/POJK.03/2016 on Implementation of Governance for Commercial Banks and SEOJK No. 13/POJK.03/2017 on Implementation of Governance for Commercial Banks. In accordance with the abovementioned regulations, Bank Mandiri has performed self assessment of its governance biannually. In addition, Bank Mandiri has also performed external assessment of its governance implementation by attending the Corporate Governance Perception Index (CGPI) rating and ASEAN Corporate Governance Scorecard (ACGS).

Self Assessment

Financial Services Authority Regulation No. 55/POJK.03/2016 and Financial Services Authority's Circulating Letter No. 13/SEOJK.03/2017 mandated Commercial Banks to perform assessment of the respective Bank's governance implementation.

Criteria Employed

The criteria employed in performing self assessment is the Financial Services Authority's Circulating Letter No. 13/SEOJK.03/2017 on the Implementation of Good Corporate Governance for Commercial Banks. This self-assessment was intended to map the strengths and weaknesses of GCG implementation in Bank Mandiri in terms of three aspects:

1. Governance Structure

Assessment of governance structure aims at assessing the adequacy of the Company's governance structure and infrastructure so that the implementation of GCG principles result in outcome that satisfies the expectation of the Company's stakeholders. Governance structure includes the Board of Directors, Board of Commissioners, committees, and the Company's units. Governance infrastructure, on the other hand, includes policies and procedures, management information system, and principal tasks and functions of individual organizational structures.

2. Governance Process

Assessment of governance process aims at assessing the effectiveness of the implementation of GCG principles, which is supported by adequate Company governance structure and infrastructure to produce outcome that meets the stakeholders' expectation.

3. Governance Outcome

Assessment of governance outcome aims at assessing the quality of outcome that meets the stakeholders' expectation, which are resulted from the implementation of GCG principles and supported by adequate Company governance structure and infrastructure. The outcome includes both qualitative and quantitative aspects, i.e.:

- Adequacy of report transparency.
- Compliance with the applicable legislative regulations.
- Consumer protection.
- Objectivity in performing assessment/audit.
- Bank performance, e.g. rentability, efficiency, and capitalization.

- Increase/decrease of compliance with the applicable provisions and resolution of issues the Bank is facing, e.g. fraud, Lending Limit, violation of specific provisions related to bank report to the regulators.

Self assessment includes 11 (eleven) GCG implementation assessment factors, i.e.:

1. Execution of duties and responsibilities of the Board of Commissioners;
2. Execution of duties and responsibilities of the Board of Directors;
3. Comprehensiveness and execution of duties of Committees;
4. Handling of conflict of interest;
5. Implementation of compliance function;
6. Implementation of internal audit function;
7. Implementation of external audit function;
8. Implementation of risk Management, including internal control system;
9. Provision of funds to related parties and provision of large exposure;
10. Transparency of the Bank's financial and non-financial condition, GCG implementation report, and internal reporting; and
11. Bank Strategic Plan.

Parties Performing Assessment

The self assessment of governance at Bank Mandiri involved all members of the Board of Commissioners, Board of Directors, and work units related to the specific governance assessment factors.

Assessment Score

In semester I of 2017, Bank Mandiri has performed self assessment of its governance implementation, and has presented the results to OJK on 25 July 2017. OJK has provided feedback for the assessment, and Bank Mandiri's score is as follows:

Score	Definition of Composite
2	Means that the Company's management has implemented a generally good Governance. This was reflected on the adequate fulfillment of Governance principles. In terms of weaknesses in the implementation of GCG principles, the weaknesses were insignificant and have been resolved using reasonable actions by Bank Mandiri.

In the semester II of 2017, Bank Mandiri had conducted a governance assessment individually that had been delivered to OJK on 24 January 2017. The self assessment in the semester II of 2017 obtained the following values:

Score	Definition of Score
1 (very good)	Reflecting that the Bank's management had conducted Corporate Governance that was generally very good. It was reflected in the very adequate fulfillment of GCG principles. In the case of weaknesses in the implementation of the Governance Principles, the weaknesses were generally insignificant and could be promptly improved by the Bank's management.

From the two assessment results, the implementation of Bank Mandiri governance in 2017 can be summarized as follows:

Strength	Weakness
Structure	
<ul style="list-style-type: none"> Based on the resolution of the AGMS on 21 August 2017, the composition of the members of Independent Commissioners in the period of Semester II/2017 had complied with the provisions of POJK no. 55/POJK.03/2016, whereby Independent Commissioners shall be at least 50% (fifty percent) of the total members of the Board of Commissioners. OJK had given the Fit & Proper Test result of qualification and approved the appointment of Mr. Hartadi A. Sarwono, Mr. Makmur Keliat, and Mr. R. Widyo Pramono as a member of the Board of Commissioners of Bank Mandiri, and Mr. Darmawan Junaedi as a member of the Board of Directors of Bank Mandiri. The Board of Directors had adequate competence and the tasks of the Board of Directors had considered the relevance of competence with the position. 	-
Process	
<ul style="list-style-type: none"> The Board of Commissioners and the Board of Directors had ensured and implemented the implementation of Good Corporate Governance principles at every level of the organization, among them were reflected on the Score Improvement of ASEAN CG Scorecard and Bank Mandiri's Success in maintaining "The Most Trusted Company" by The Indonesian Institute for Corporate Governance (IICG), for 11 times in a row. During 2017, the audit plan listed in the Annual Audit Plan (AAP) had been fully realized by the Bank. In order to improve the provision quality of information to Stakeholders, in 2017 Bank Mandiri website improvements were made, with the end of 2018 as the completion target. In 2017, Bank Mandiri initiated a revision of customer complaint forms, to facilitate the documentation of customer complaints and to speed up the follow-up of the complaints. 	There were still imposition of fine sanction in the current period, especially related to the accuracy of debtor data in Debtor Information System that still needed to improve.
Outcome	
<ul style="list-style-type: none"> Bank Mandiri as SOE (State-Owned Enterprise) Bank committed and consistently served as the agent of development in terms of supporting development policies decided by the government, including through infrastructure development programs, development of entrepreneurship programs, and empowerment of TKI (Indonesian Migrant Worker). There was a 19.3% reduction in violation in the Semester II/2017 period compared to the Semester II/2016 period, where the fine was in the Semester II/2016 period. In addition, there was a 18% year-on-year reduction in violation in 2016 position compared to 2017. The performance achievement of Bank Mandiri in quarter III/2017 increased compared to the previous period. Among them were reflected in the increase in net profit by 25.4% and the decline in the ratio of non-performing loans to 3.74% in quarter III/2017. 	There are still penalties imposed in the current period

Recommendation and Follow-Up Action

OJK provided a number of recommendations for the governance implementation at Bank Mandiri, which have been followed up by Bank Mandiri, as follows:

Table of Recommendations and Follow Up

Recommendation	Follow-Up Action
Composition of Independent Commissioners that have not complied with the minimum requirements.	<p>On 21 August 2017, through the Extraordinary GMS, Bank Mandiri appointed Mr. Hartadi A. Sarwono as President Commissioner / Independent Commissioner and Bpk. R. Widyo Pramono as Commissioner. With the appointment, the composition of the Board of Commissioners of Bank Mandiri is in conformity with the POJK no. 55 / POJK.03 / 2016.</p> <p>Mr. Hartadi A. Sarwono has obtained OJK approval on the result of the assessment of the Capability and Precision Test as stated in the Letter of the Financial Services Authority (OJK) no. SR-193 / PB.12 / 2017 dated November 15, 2017 regarding Submission of Copy of Decision on Appointment of Independent Commissioner of PT Bank Mandiri (Persero) Tbk. and Decision of OJK Commissioner Board No. KEP-205 / D.03 / 2017 dated 09 November 2017 on the Assessment of Ability and Suitability Results Br. Hartadi Agus Sarwono As Independent Commissioner of PT Bank Mandiri (Persero) Tbk., So that the appointment as the President Commissioner / Independent Commissioner is declared effective as of November 15, 2017 as stated in Bank Mandiri Letter No. RMC / 1412/2017 dated November 15, 2017 regarding the Effective Determination of Appointment of Independent Commissioner of PT Bank Mandiri (Persero) Tbk.</p>

External Assessment

In addition to performing self assessment of its governance implementation in accordance with the provisions set by regulators, Bank Mandiri has also actively performed external assessment to obtain feedbacks for the implementation of governance at the Bank.

Corporate Governance Perception Index (CGPI)

To assess the quality of its governance implementation, Bank Mandiri attended CGPI research and rating program organized by The Indonesian Institute of Corporate Governance (IICG). CGPI is attended by public listed companies (issuers), SOEs, banks, and other private corporates, and Bank Mandiri has attended CGPI rating for 14 (fourteen) consecutive years since 2003.

Approach Being Used

Until 2016, CGPI has been employing 4 (four) assessment phases, which include self assessment, documentation system, papers, and observation. In 2017, CGPI's assessment brought the theme of "Management of Changes within GCG Framework". Through the theme, Bank Mandiri explained the systems and mechanisms that the Company's structures have used in managing changes in the organization by orienting to the creation of values for stakeholders in order to realize long-term corporate sustainability.

Through the main theme of changes, changes were made to the assessment methods and aspects. In the previous assessment period, the assessment method that previously consisted of 4 (four) phases was changed into 2 phases, i.e. analysis by self-assessment and corporate document assessment, and observation methods. The assessment aspects employed in the 2017 CGPI included:

1. Governance Structure

Aspects of governance structure were an assessment of the adequacy of corporate structures and infrastructure in change management based on the principles of good corporate governance. Assessment indicators of governance structure aspects included:

- a. The structure of corporate governance, which included the composition of Shareholders; the composition of Company Organs; person in charge structure and function related to GCG; person in charge structure of ethical enforcement; person in charge structure of information transparency; person in charge structure of supervisory and audit; person in charge structure of HC management; person in charge structure of operation/production; person in charge structure of marketing; person in charge structure of finance; structure of risk management; person in charge structure of information technology management; person in charge structure of stakeholder relations; person in charge structure of procurement of goods and services; as well as person in

charge structure management of management.

- b. Corporate governance policies, including guidelines and policies related to GCG, ethics enforcement, information transparency, supervision and audits of compliance, HC management, operation/production, marketing, finance and accounting, risk management, information technology governance, stakeholder relations, procurement of goods and services, and change management.

2. Governance Process

Aspects of the governance process were an assessment of the effectiveness of systems and mechanisms in managing changes based on the principles of good corporate governance. Assessment indicators of the governance process aspects included:

- a. Corporate governance systems, including systems related to GCG, ethics enforcement, information transparency, monitoring and auditing as well as compliance, HC management, operation/production, marketing, finance and accounting, risk management, information technology governance, stakeholder relations, procurement of goods and services, and change management system.
- b. Corporate governance mechanisms, including mechanisms and processes of GCG implementation, ethics enforcement, information transparency, monitoring and auditing as well as compliance, HC management, operation/production, marketing, finance and accounting, risk management, information technology management, stakeholder relations, services, and change management.

3. Governance Outcome

Governance outcome aspects were an assessment of the quality of output, outcomes, impacts and benefits of change management based on the principles of good corporate governance. Assessment indicators of the governance outcome aspects included:

- a. Corporate governance output, including the output of the GCG implementation process, ethics enforcement, information transparency, monitoring and auditing as well as compliance, HC management, operation/production, marketing, finance and accounting, risk management, information technology management, stakeholders relations, procurement of goods and services, and change management.
- b. Quality of corporate governance output, including the outcome of the GCG implementation process, ethics enforcement, information transparency, supervision and audit as well as compliance, HC management, operation/production, marketing, finance and accounting, risk management, information technology management,

stakeholders relations, procurement of goods and services, and change management.

- c. Impacts of corporate governance output, including the impacts of the GCG implementation process, ethics enforcement, information transparency, supervision and audit as well as compliance, HR management, operation/production, marketing, finance and accounting, risk management, information technology management, stakeholders relations, procurement of goods and services, and change management.

Party Performing Assessment

The CGPI assessment was performed by The Indonesian Institute of Corporate Governance (IICG).

Assessment Score

Bank Mandiri utilized the result of CGPI assessment to perform evaluation and refinement of its GCG implementation. Bank Mandiri's CGPI score for the last 2 (two) years is as follows:

Table of CGPI Assessment Score Year 2015-2016

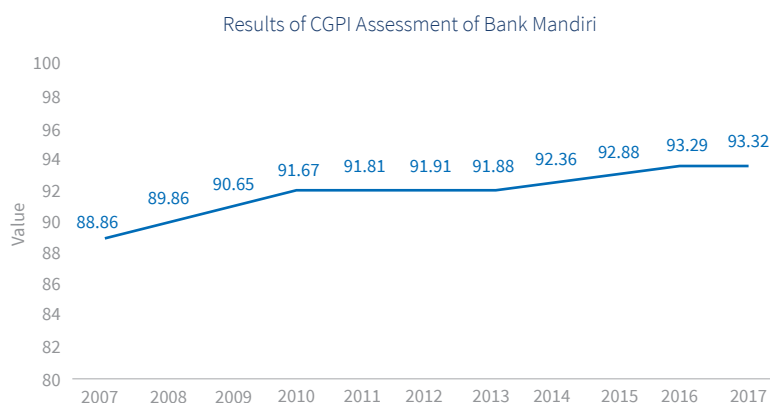
Phase	Bank Mandiri's Score	
	2016	2015
Self Assessment	27.74	19.86
Documentation System	24.17	25.05
Papers	14.22	22.87
Observations	27.17	25.10
Score	93.29	92.88

Bank Mandiri was rated "The Most Trusted Company" in the 2017 CGPI assessment, with the following score composition:

Table of CGPI Assessment Scores Year 2017

Phase	Bank Mandiri's 2017 Score
Governance Structure	30.66
Governance Process	31.40
Governance Outcome	31.26
Score	93.32

The award was Bank Mandiri's 11th (eleventh) consecutive award since 2007 to 2017. Bank Mandiri obtained a score of 93.32 in the 2017 CGPI Assessment, and was rated "The Most Trusted Company". Bank Mandiri's CGPI score for 11 consecutive years is as follows:



Recommendations and Follow-Up Action

From the 2017 CGPI assessment result, IICG provided a number of recommendations for the implementation of GCG at Bank Mandiri. The recommendations would be utilized as material for refinement of governance implementation at Bank Mandiri.

Table of Recommendations and Follow-Up Action

No.	Recommendation	Follow Up
Governance Structure		
1	It was recommended that Bank Mandiri develop an integrated governance structure including quality improvements and initiatives for the implementation of integrated governance organs.	Bank Mandiri had had an Integrated Governance Committee under the Board of Commissioners and Integrated Compliance Work Unit, Integrated Risk Management Work Unit, Integrated Internal Audit Work Unit and a Committee under the Board of Directors involving the Main Entity and Subsidiary i.e., the Integrated Risk Committee. All these organs had performed their functions and tasks effectively.
2	It was recommended that Bank Mandiri develop and update the policies and guidelines for the GMS implementation and decision-making in the GMS that added values to the Company's shareholders.	Currently, Bank Mandiri is making improvements to the GMS implementation and decision-making in the GMS.
3	It was recommended that Bank Mandiri should develop policies and guidelines as well as systems for the implementation of corporate social responsibility in a sustainable manner.	Currently, Bank Mandiri is developing policies and guidelines as well as systems for the implementation of corporate social responsibility in a sustainable manner.
Governance Process		
1	It was recommended that Bank Mandiri develop and improve the Company's WBS (Whistle Blowing System) that was easy to access and use (user-friendly) for reporting violations, quick response and proper follow-up, and confidentiality guarantee and reporter protection.	Currently, Bank Mandiri is making improvements to the Company's WBS especially related to the reporting of violations to get quick response and proper follow-up, and the confidentiality guarantee and reporter protection.
2	It was recommended that Bank Mandiri develop and improve the change management systems and instruments, including the systems of change implementation, change communication and change evaluation.	Completion of change management systems and instruments including the systems of change implementation, change communication and change evaluation had been discussed by the Management in order to achieve the vision and mission, which had been determined.
Governance Outcome		
1	It was recommended that Bank Mandiri need to increase the Company's significant profit performance compared to the previous years.	Bank Mandiri continued to develop the strategies that were necessary to improve the Company's performance in a sustainable manner.
2	It was recommended that Bank Mandiri need to improve supervision and prudential aspects in credit disbursement to cope with the increase in non-performing loans (NPLs).	Bank Mandiri had implemented a crediting strategy that had resulted in a significant decline in NPLs.
3	It was recommended that Bank Mandiri develop and increase the number of employees attending training and competency development to support organizational changes and business needs.	Bank Mandiri had conducted employee training policies in accordance with the needs of the Company.
4	It was recommended that Bank Mandiri need to improve employee communication and understanding of ethical guidelines to reduce ethical violations.	Bank Mandiri had increased the effectiveness of ethical guideline socialization to employees, among others were through Knowledge Management System, training, meetings, Mandiri Magazine medium, gathering and so on.

Asean Corporate Governance Scorecard

One of the conducted assessment forms related to the GCG implementation at Bank Mandiri was the ASEAN Corporate Governance Scorecard that was a parameter of measuring governance practices agreed upon by the ASEAN Capital Market Forum (ACMF). The parameter was created based on the OECD Principles and is expected to be capable of improving investors' trust to ASEAN's listing companies.

Criteria Employed

ASEAN Corporate Governance Scorecard employs the following assessment components:

1. Shareholders' Rights
2. Equal Treatment to Shareholders
3. Stakeholder Roles
4. Disclosure and Transparency
5. Accountability of the Boards

Parties Performing Assessment

In Indonesia, the ASEAN Corporate Governance Scorecard assessment is performed by an independent institution, the Indonesian Institute of Corporate Directorship (IICD).

Assessment Score

ASEAN Corporate Governance Scorecard assessment score over years is as follows:

Table of ACGS Assessment Score

Phase	Bank Mandiri's Score		
	2017	2016	2015
SCORE	104.09	103.55	85.68

With a score of 104.09, Bank Mandiri was awarded with the Leadership in Corporate Governance title, while its GCG implementation was rated the Best Overall.

Recommendations and Follow-Up Action

Based on Bank Mandiri's 2017 ASEAN CG Scorecard score, the assessor has provided several recommendations for the implementation of GCG at Bank Mandiri. The recommendations were received in December 2017, and will be followed up in early 2018. The recommendations include, among others:

Table of Recommendations and Follow-Up Action

No.	Recommendation	Follow Up
1	Bank Mandiri to disclose transaction of corporate shares conducted by the Board of Commissioners or Board of Directors in 3 (three) business days.	Bank Mandiri is in the process of refining its internal provisions related to the reporting of transaction of shares conducted by the Board of Commissioners and Board of Directors.
2	Decision making during Meeting of the Board of Commissioners should be attended by 2/3 of the Board of Commissioners members to be deemed valid.	The Decree of Board of Commissioners No. KEP.KOM/005/2016 on Board of Commissioners Charter, CHAPTER III Article 7 regarding Type and Quorum of Meeting stated that "Meeting of the Board of Commissioners shall be deemed legitimate and is authorized to make binding decisions when attended by 2/3 of the number of members of the Board of Commissioner, either in person or by representatives."
3	Bank Mandiri's President Commissioner to double as Independent Commissioner.	Through the Extraordinary Meeting on 21 August 2017, Bank Mandiri has appointed Mr. Hartadi A. Sarwono as President Commissioner and Independent Commissioner.

Excellent Performance Assessment Criteria

Excellent Performance Assessment Criteria is a Malcom Balridge-based method applied by the Ministry of State-owned Enterprises (SOE) to assess/measure all elements of corporate governance system, as well as factors of process and result improvements as part of the consideration. According to the Letter of the Secretary of the Ministry of State-owned Enterprise on the Submission of Criteria Guideline of Key Performance Indicator (KPI) and SOE, Excellent Performance Assessment Criteria is the basis and reference in governing SOE to achieve excellent performance.

Criteria Being Used

The Assessment System on the Performance Evaluation of SOE was based on the method described in the document of Excellence Performance Assessment Criteria as determined by the Ministry of SOE through letter of the Secretary of the Ministry of SOE no. S-198/D7.MBU/10/2017 dated 7 October 2017 that adopted and adapted the "Malcolm Baldrige Criteria for Performance Excellence" in 2013-2014.

Reports on the fulfillment of requirements in a subcategory were assessed by considering; the subcategory requirements, key business factors reported in the Company Profile, perfection of the system implemented in the company, the breadth of the scope of system implementation, and the consistency of process quality and performance improvements as set out in the scoring system. The performance evaluation of SOE was based on two dimensions of assessment; process and outcome. The assessment factors for each of these dimensions are as follows:

1. Process Assessment Factor

Factors used to assess the process were Method/System (Approach), Deployment, Learning, and Integration or abbreviated ADLI.

- a. Method/System (Approach) is a method/system designed to carry out the work. Assessment refers to: (1) The compatibility of the method/system with the requirements of SOE Excellent Performance Assessment Criteria and the Company's operating environment, (2) The effectiveness of the use of the method/system, (3) The extent to which the method/system is repeatable and based on reliable data and information (for instance, structured and systematic).
- b. Deployment refers to the extent to which: (1) Method/System is applied in accordance with its design, (2) Method/System is applied consistently, (3) Method/System is carried out by all functions/work units that are relevant according to its design.
- c. Learning refers to: (1) Method/System refinement through evaluation and improvement cycles, (2) Method/System innovation to drive breakthrough changes, (3) Sharing of the refinement and innovation results of the Method/System, to other work units and other relevant process owners in the Company.
- d. Integration refers to: (1) Alignment of the system/method with the needs of the company described in Company Profile and other process subcategories, (2) Size, information and improvement system that had been complementary to each other across work units and across processes, (3) Work program, process, outcome, analysis, learning, and action that had been harmonized across processes and across work units to support the achievement of company's targets.

2. Assessment Factors used to evaluate company outcomes were Level, Trend, Comparison and Integration (LeTCl).

- a. Level refers to: the level of achievement of current performance/this year/latest year.
- b. Trend refers to: (1) The level of performance improvement or ability to maintain the good performance (i.e., data steepness of trend) over time (minimum of the last 3 years), (2) The breadth (implementation level) of the performance results.
- c. Comparison refers to: (1) Comparison of the company performance that is relative to appropriate comparators e.g., competitors or companies in a similar industry, (2) Comparison of the company performance that is relative to benchmarks or its industry leader, or with a world-class company.
- d. Integration refers to: (1) Size of results related to performance requirements of key customers, products, markets, processes and work programs described in the Company Profile and in subcategories of category 1 to 6. (2) Results that include valid indicators of future performance; (3) The results are harmonized in a cross-process and cross-unit manner to support the company's targets.

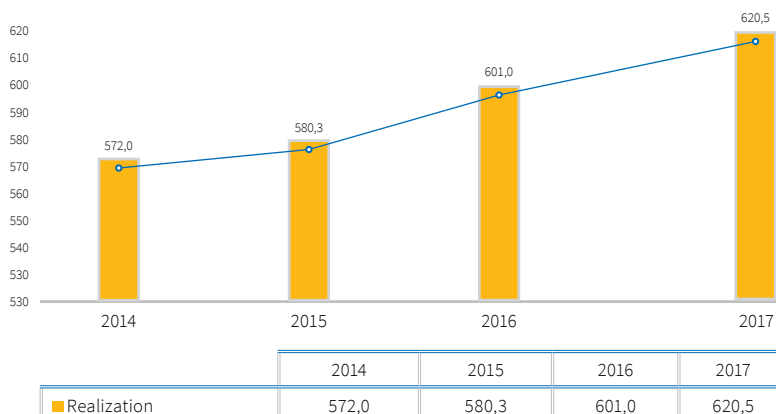
Party Performing Assessment

Excellent Performance Assessment Criteria is performed by the Ministry of State-owned Enterprises.

Assessment Score

Bank Mandiri had conducted an assessment with the Excellent Performance Assessment Criteria method since 2012. In the last three years, Bank Mandiri consistently updates its working processes and results, as reflected from the rise of the bank's KPU score shown in the chart below.

**Excellent Performance Assessment Criteria
Score of Bank Mandiri Year 2014-2017**



Improvement of Good Corporate Governance Implementation Quality

Assessment results, together with inputs from all stakeholders, are taken into consideration in improving the implementation quality of GCG. There are two types of quality improvements, namely quality improvement to achieve the established quality standard, and quality improvement within the context of improving the already achieved quality standard through benchmarking.

Company improves the implementation quality of GCG by performing a follow-up action to the assessment results, audit findings, recommendations from both internal and external auditors, and

regulator (OJK) supervision results. The follow-up action takes the form of monthly discussion meeting between the Board of Directors, Compliance Group, as well as relevant Group and Committee.

Further, corrective action that is reflected in a work program will be performed. The implementation of work program is monitored for its conformity in order to improve the implementation quality of GCG. In addition to that, the Company also performs benchmarking to improve GCG quality by keeping up with the present development of best practices.

Structure and Mechanism of Corporate Governance

Based on the Law of the Republic of Indonesia Number 40 of 2007 on Limited Liability Company, the Organs of the Company consists of General Meeting of Shareholders (Rapat Umum Pemegang Saham/RUPS), Board of Commissioners and Board of Directors. Its administration adopts a two-tier system, namely Board of Commissioners and Board of Directors, who have specific authority and responsibility based on their respective functions as specified in the Articles of Association and Legislation.

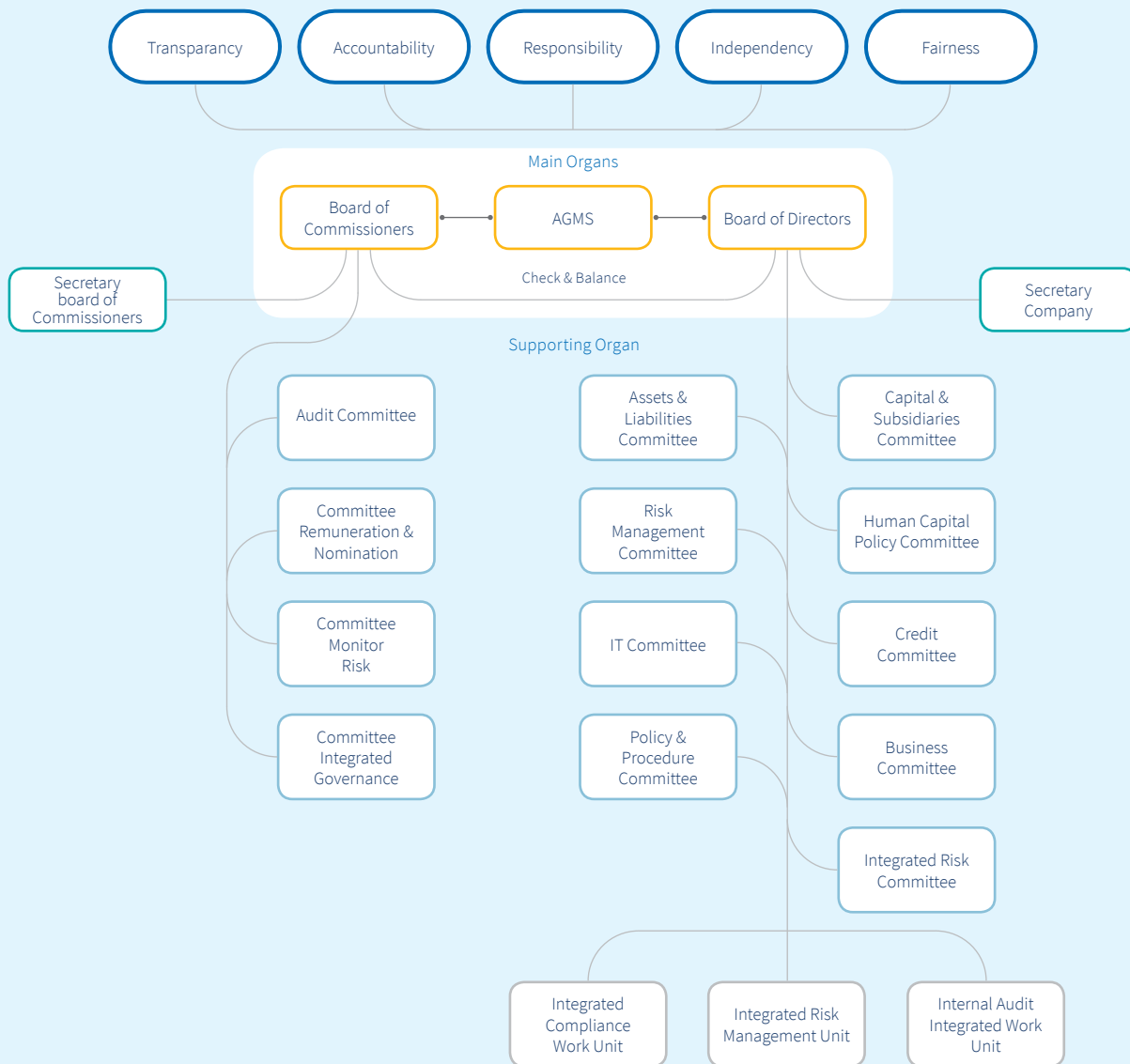
Structure and Company Organs

According to the conditions in the Law of the Republic of Indonesia Number 40 of 2007, the structure of Bank Mandiri's GCG comprises of General Meeting of Shareholders, Board of Commissioners and Board of Directors. Good corporate governance is implemented systematically and continuously in order that the principles of GCG become the guideline in Bank Mandiri's daily course of actions.

In order to maximize its supervisory function, Board of Commissioners established committees such as Audit Committee, Remuneration and Nomination Committee, Risk Monitoring Committee, and Integrated Governance Committee. In performing their duties and obligations, each committee of the Board of Commissioners works under the scope of relevant committee duties as certified by means of Decision of Board of Commissioners. In addition to that, Board of Commissioners is assisted by a Secretary who facilitates the administration of duties and responsibilities execution by the Board of Commissioners.

In managing, controlling, escorting, and taking responsibility for operational activities and implementation of corporate governance, Board of Directors is assisted by a committee under the Board of Directors and Corporate Secretary. Moreover, in line with POJK 18/POJK.03/2014 on Integrated Governance, Bank Mandiri established Integrated Compliance Work Unit, Integrated Risk Management Work Unit, and Integrated Internal Audit Work Unit, to build strong business synergy and alliance between Bank Mandiri and its Subsidiaries.

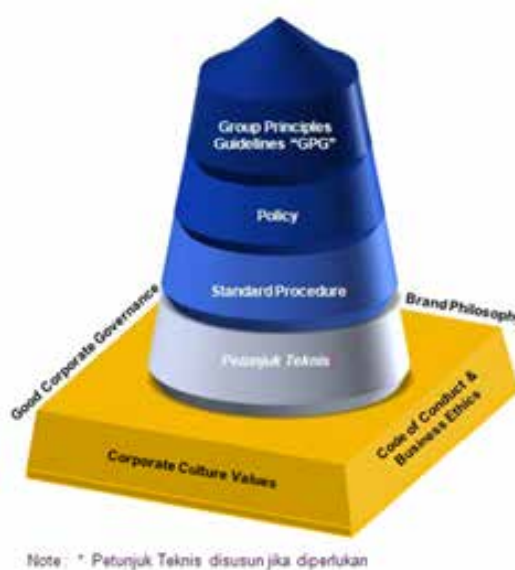
Bank Mandiri Governance Structure



Corporate Governance Infrastructure

In order to continuously improve the quality and scope of governance implementation, Bank Mandiri have formulated and implemented operational policies for all work units that are in line with principles of corporate governance, named Architecture of Bank Mandiri Policy. It is a hierarchy/arrangement of policies as the framework and governance in formulating policy as well as the Company's activities implementation. Bank Mandiri has a Group Principles Guideline which guides all parts of the company in the Bank Mandiri Finance Conglomeration.

The Order or Architecture of Bank Mandiri Policy is based on the following scheme:



GCG infrastructures that already exist in Bank Mandiri are:

- Articles of Association of Bank Mandiri that is authorized by the Decree of Minister of Law and Human Rights of the Republic of Indonesia Number AHU-0010609.AH 01.02 of 2017 on the Approval to the Amendment of Articles of Association of Limited Liability Company (Company) PT Bank Mandiri Tbk dated 12 May 2017.
- Architecture of Bank Mandiri Policy validated in 2016.
- Code of Conduct of Bank Mandiri validated in 2016.
- Business Ethic of Bank Mandiri validated in 2016.
- Board of Directors Manual of Work Rules and Regulations as updated and approved by the Decision of Board of Directors No. KEP.KOM/005/2016 dated 21 December 2016.
- Board of Directors Manual of Work Rules and Regulations as updated and approved by the Decision of Board of Directors No. KEP.DIR/211/2017 dated 13 September 2017.
- Integrated Governance Guideline as approved by the Board of Commissioners on 30 June, 2015.
- Standard of Risk Management Guideline as updated and approved on 9 February 2016.
- Corporate Secretary Policy as validated on 1 July 2011.
- Standard of Corporate Secretary Guideline as updated and approved on 24 February 2016.
- Charter of Audit Committee as validated on January 2015.
- Charter of Risk Monitoring Committee as validated on January 2015.
- Charter of Remuneration and Nomination Committee as updated and approved on 15 July 2016.
- Charter of Integrated Governance Committee as validated on 27 July 2016.
- Policy and Procedure of Anti-money Laundering and Combating the Financing of Terrorism as updated and approved on 12 September 2017.
- Standard Operational Procedure of Procurement as updated and approved on 1 December 2016.
- Technical and Operational Guideline of Individual and Integrated Self-Assessment Good Corporate Governance as validated on 11 November 2016.
- Standard Operational Procedure of Corporate Work Plan and Budget (Rencana Kerja dan Anggaran Perusahaan/RKAP) and Bank Business Plan (Rencana Bisnis Bank/RBB) as updated and approved on 6 July 2017.
- Standard of Accounting Guideline as validated on 30 September 2015.
- Standard of Operational Guideline of Credit Collection & Recovery as validated on 8 January 2014.
- Standard of Operational Guideline of Information Technology as updated and approved on 8 June 2016.
- Technical and Operational Guideline of Information Technology Security as updated and approved on 21 June 2016.
- Standard of Internal Audit Guideline as updated and approved on 3 June 2016.
- Human Resource Policy as updated and approved on 8 June 2017.
- Standard of Human Resource Guideline as updated and approved on 13 October 2017.
- Mandiri Subsidiary Management Principles Guideline as validated on 8 January 2016.

Good Corporate Governance Mechanism

Mechanism of corporate governance is a process to implement corporate governance principles supported by the adequacy of bank governance structure and infrastructure, thus producing outcomes that are compatible with the expectation of the Company stakeholders. The process to implement corporate governance is inherent to the structure of corporate governance as follows.

General Meeting of Shareholders

RUPS is the supreme organ of a limited liability company. This organ has rights and obligations that is not owned by Board of Directors and Board of Commissioners. This makes RUPS the most significant organ in a company. It plays crucial roles in a company. GMS is authorized to appoint and dismiss members of Board of Commissioners and Board of Directors, to evaluate the performance of both Boards, to approve amendment and validation of Articles of Association, to approve annual report, to specify the form and amount of remuneration of members of both Boards, to make decision regarding corporate action or other strategic decisions proposed by the Board of Directors, allocation of profit expenditure, dividend distribution.

The resolutions of the GMS are based on the interests of the Company. The GMS can not intervene on the duties, functions and authorities of the Board of Commissioners and the Board of Directors without prejudice to the power of the General Meeting of Shareholders to exercise their rights in accordance with the statutes and regulations. Bank Mandiri guarantees to provide any information regarding the Company to the shareholders, as long as it does not contradict the Company's interest and the legislation.

Shareholders

Shareholder is an individual or a legal entity who lawfully owns one or more share in a Company. Shareholders are owners of the Company. Company's Share is a share on behalf of and is issued by the owners who are registered in the List of Shareholders and consist of:

1. Serial A Bicolor Share that may only be owned by the Republic of Indonesia.
2. Serial B Share that may be owned by the Republic of Indonesia and/or the Citizens.

Rights of the Shareholders

Shareholders as owners of capital, have rights and responsibilities of the Company in accordance with the Company's Articles of Association and legislation. In exercising its rights and responsibilities, it is worth noting the following principles::

1. Shareholders should be aware that in exercising their rights and responsibilities should take account of the Company's survival as well; and
2. The Company guarantees the fulfillment of the rights and responsibilities of Shareholders on the basis of fairness principles in accordance with the Company's Articles of Association and the laws and regulations

Bank Mandiri Shareholders, both Holders of Serial A Bicolor Share and Holders of Serial B Share, have the same right in addition to the Special Right of Serial A Double Color Share above and as long as not regulated otherwise by the Company's Articles of Association, as follows:

1. Right to attend, express an opinion, and vote in GMS under one share.
2. Opportunity to propose an agenda in GMS.
3. Opportunity to grant authority to another party if a shareholder is unable to attend the GMS.
4. To propose questions in every agenda discussion and every decision of GMS agenda.
5. Opportunity to vote as agree, disagree, or abstain in every proposal of decision of GMS agenda.
6. Right to obtain information regarding the company in manners that are on time, correct, and regular, except for matters that are confidential.
7. Right to obtain part of the Company's profit that is allocated for Shareholder in the form of dividend and another distribution of profit, which is proportional to the number of owned shares.
8. Right to obtain comprehensive description and accurate information regarding procedure that needs to be executed in relation to the implementation of GMS.

Responsibilities of Shareholders

In addition to the rights and authorities, Bank Mandiri Shareholders as the capital owners also have responsibilities that must be fulfilled to the Company.

Their responsibilities are as follows:

1. Controlling shareholders must be able:
 - a. To observe the interests of minority shareholders and stakeholders pursuant to the laws and regulations.
 - b. To disclose to law enforcement institution regarding the ultimate controlling shareholders, in the event of alleged violation to laws and regulations, or in the event of requested disclosure by relevant authorities.
2. For shareholders who are controlling shareholders in several companies, there needs to be an attempt which results in a transparent accountability and relationship between companies.
3. Minority shareholders are responsible to exercise their rights effectively pursuant to the Articles of Association of the Company as well as the laws and regulations.
4. Shareholders must be able:
 - a. To separate the ownership of Company's property and personal property.
 - b. To distinguish their functions as shareholders and members of Board of Commissioners or Board of Directors in the event that shareholders serve in one of those organs.

Policy of Relationship with Shareholders

As a Public Company, Bank Mandiri continuously attempts to provide accurate, periodic, and up-to-date information to Shareholders. Currently, communication activity to the Shareholders in Bank Mandiri is managed by the Corporate Secretary and Investor Relations Work Unit. Pursuant to Article 5 of Financial Services Authority Regulation Number 35/POJK.04/2014 on the Secretary of Issuer Company or Public Company, one of the functions of Corporate Secretary is a liaison between the Issuer and shareholders, Financial Services Authority, and other stakeholders.

Internal policies regulating the relationship between Bank Mandiri and Shareholders are Corporate Secretary Policy that was validated on 1 July 2011 and Standard of Corporate Secretary Guideline as last reviewed on 24 February 2016. Corporate Secretary Policy regulated corporate communication activities which include the following:

1. Activity to control the management of internal and external communication strategies with the entire stakeholders in manners that are open, full of responsibility, and building a positive image of the Company.

2. Communication liaison between the Company and the entire stakeholders, including shareholders, as well as the society in a cooperation with other work units.

In addition to that, the regulation on the relationship between Bank Mandiri and the Shareholders is also set out in the Standard of Corporate Secretary Guideline Section II.A.I which, among other this, specifies that activity within the scope of responsibility of Corporate Secretary is communication activity by the corporation to both internal and external stakeholders.

Reference of Regulation

GMS is an Organ of the Company having the authority that is not granted to Board of Directors or Board of Commissioners within a scope regulated in Law No. 40 of 2007 on the Company or Articles of Association. Pursuant to the Company's Articles of Association, GMS comprises of Annual GMS and Extraordinary GMS that may be conducted at any time when necessary. The steps to conduct GMS refers to the provisions in the Articles of Association and OJK Regulation Number 32/POJK.04/2014 dated 8 December 2014 on the Plan and Implementation of GMS in a Public Company

Quorum Provision

The quorum provisions regarding the attendance and resolutions of General Meeting of Shareholder, in relation to matters that must be resolved, were executed as follows:

1. The meeting is attended by shareholders who represent more than 1/2 (one half) of the entire shares with valid voting rights, and resolutions are valid when agreed by more than 1/2 (one half) of the entire amount of shares with voting rights which were present in the Meeting, unless the Law and/or Articles of Association of the Company determines a higher quorum.
2. In the event that presence quorum as specified is not achieved, the second GMS is valid and is entitled to make binding resolutions when attended by shareholders who represent minimum 1/3 (one third) of the entire shares with valid voting rights, and resolutions are valid when agreed by more than 1/2 (one half) of the entire amount of shares with voting rights which were present in the Meeting, unless the Law and/or Articles of Association of the Company determines a higher quorum.

3. In the event that presence in the second GMS as specified is not achieved, the third GMS can be held under the condition that it is valid and is entitled to make decisions when attended by shareholders of shared with valid voting rights, within a presence quorum and requirement to make decision that are determined by Financial Services Authority at the Company's request.

Implementation of GMS

GMS is conducted by means of Annual General Meeting of Shareholders (AGMS) and Extraordinary General Meeting of Shareholders (EGMS). The process of announcement and summons of GMS was done according to the applicable regulation on both AGMS and EGMS. In 2017, Bank Mandiri has conducted 1 (one) Annual GMS and 1 (one) Extraordinary GMS.



Implementation and Realization of Annual GMS 2017

The steps of conducting the Company's Annual General Meeting of Shareholders in 2017 are depicted in the following table.

Table of Annual GMS Implementation in 2017

Information	Notification	Calling	Implementation	Summary of GMS Minutes	GMS Minutes
It was informed to Financial Services Authority by the means of Letter No. CEO/005/2017 dated 24 January 2017 on the Implementation of Annual General Meeting of Shareholders of PT Bank Mandiri (Persero) Tbk. of Fiscal Year 2016 and was informed to the Ministry of State-owned Enterprises by means of Letter No. CEO/004/2017 dated 24 January 2017 on the Implementation of Annual General Meeting of Shareholders of PT Bank Mandiri (Persero) Tbk. in 2017.	It was announced in Bisnis Indonesia and The Jakarta Post in their Friday, 3 February 2017 editions, and was uploaded to Bank Mandiri website (www.bankmandiri.co.id) on the same day. RUPS announcement was informed to Financial Services Authority through Financial Services Authority Electronic Reporting System and Letter No. CEO.CSC/CMA.273/2017 dated 3 February 2017 on Information Transparency of PT Bank Mandiri (Persero) Tbk. and was informed to PT Bursa Efek Indonesia through IDXNet Electronic Reporting System and Letter No. CEO.CSC/CMA.272/2017 dated 3 February 2017 on Information Transparency of PT Bank Mandiri (Persero) Tbk.	It was announced in Bisnis Indonesia and The Jakarta Post on their Monday, 20 February 2017 editions, and was uploaded to Bank Mandiri website (www.bankmandiri.co.id) on the same day. RUPS summons was informed to OJK through OJK Electronic Reporting System and Letter No. CEO.CSC/CMA.392/2017 dated 20 February 2017 on Information Transparency of PT Bank Mandiri (Persero) Tbk. & Letter No. CEO.CSC/CMA.532/2017 dated 6 March 2017 on the Submission of Newspaper Scrapbook of Annual Bank Mandiri GMS Advertisement, and was informed to PT Bursa Efek Indonesia through IDXNet Sistem Pelaporan Elektronik and Letter No. CEO.CSC/CMA.393/2017 dated 20 February 2017 on Information Transparency of PT Bank Mandiri (Persero) Tbk.	Annual GMS was held on Tuesday, 14 March 2017 at 15.15 - 17.50 pm, in Auditorium Plaza Mandiri, 3rd Floor, Gatot Subroto, St., Lots 36-38, South Jakarta.	Uploaded to the website of Bank Mandiri (www.bankmandiri.co.id) on 15 March 2017 and announced through Bisnis Indonesia and The Jakarta Post Wednesday edition, 16 March 2017 and Results of GMS were notified to OJK through OJK Electronic Reporting System and Letter No. CEO.CSC/CMA.624/2017 dated 16 March 2017 on Information Transparency of PT Bank Mandiri (Persero) Tbk. and was informed to PT Bursa Efek Indonesia through IDXNet Electronic Reporting System and Letter No. CEO.CSC/CMA.625/2017 dated 16 March 2017 on Information Transparency of PT Bank Mandiri (Persero) Tbk.	It was delivered to Financial Services Authority by means of Letter No. CEO.CSC/CMA.855/2017 dated 13 April 2017 on the Submission of the Minutes of the General Meeting of Shareholders of PT Bank Mandiri (Persero) Tbk. and was uploaded to Bank Mandiri website (www.bankmandiri.co.id) on the same day.

Meeting Resolution Mechanism

Meeting resolutions were resolved based on an amicable deliberation to reach a mutual consensus. In the event that the resolutions based on the amicable deliberation failed to be reached, the resolutions were resolved by way of voting. On the First to the Sixth Meeting Agenda, resolutions were resolved by way of open voting, whilst for the Seventh Meeting Agenda on the Change of Composition of the BOD and BOC of the Company, resolution was resolved by way of closed voting. Voting is performed by vote cards which calculation is performed electronically.

Recapitulation of Attendance at the Extraordinary GMS Year 2017

Annual GMS was attended by members of Board of Commissioners and Board of Directors who served when the Meeting was conducted and attended by Institutions and Professions of Capital Market Supporter, namely:

1. Notary namely Ashoya Ratam SH., M.Kn as a notary.
2. Legal Consultant namely Melli Darsa & Co.
3. Securities Company Administration Bureau namely PT Datindo Entrycom as Independent Party in performing the calculation and validation of votes.

Board of Commissioners and Board of Directors who were present are listed in the following table:

Table of Presence Recapitulation in Annual GMS 2017

No.	Name	Designation	Present	Absent	Remarks
1.	Wimboh Santoso	President Commissioner	√		
2.	Imam Apriyanto Putro	Vice President Commissioner	√		
3.	Abdul Aziz	Independent Commissioner	√		
4.	Aviliani	Independent Commissioner	√		
5.	Askolani	Commissioner		√	Performing duties assigned by Minister of Finance of the Republic of Indonesia
6.	Goei Siau Hong	Independent Commissioner	√		
7.	Bangun S. Kusmulyono	Independent Commissioner	√		
8.	Ardan Adiperdana	Commissioner		√	Attending Limited Meeting
9.	Kartika Wirjoatmodjo	President Director	√		
10.	Sulaiman A. Arianito	Vice President Director	√		
11.	Ogi Prastomiyono	Director of Operations	√		
12.	Pahala N. Mansury	Director of Finance & Treasury	√		
13.	Royke Tumilaar	Director of Corporate Banking	√		
14.	Hery Gunardi	Director of Distributions	√		
15.	Ahmad Siddik Badruddin	Director of Risk Management & Compliance	√		
16.	Tardi	Director of Retail Banking	√		
17.	Kartini Sally	Director of Commercial Banking	√		
18.	Rico Usthavia Frans	Director of Digital Banking & Technology	√		

Resolutions Of Annual GMS 2017

First Meeting Agenda	
Approval to Annual Report and Validation of Financial Statement of Company Consolidation, Approval to Supervisory Report of the Board of Commissioners, Validation of Annual Report on the Implementation of Partnership and Environmental Development Program for fiscal year which expires in 31 December 2016, including submission of Accountability Report on the expenditure of fund obtained from Public Offering of Continuous Bonds I by Bank Mandiri Phase I in 2016, as well as amortization and release from full responsibility (volledig acquit et de charge) to the Board of Directors and Board of Commissioners of the Company for the actions of management and supervisor performed in a Fiscal Year which expires on 31 December 2016.	
Number of Shareholders who submitted Questions and / or gave an opinion: 3 persons	
Voting Result Agree : 99,561% Includes one share of A Dwiwarna series Disagree : 0,078% Abstain : 0,362%	
Resolutions <ol style="list-style-type: none"> Approving the Company's Annual Report, including Report of Supervisory Duty of the Board of Commissioners for a Fiscal Year which expired on 31 December 2016, and validating Financial Statement of the Consolidated Company for a Fiscal Year which expired on 31 December 2016, that has been audited by a Public Accounting Firm Purwantono, Sungkoro, and Surja with an audit opinion that is without modification. Validating Annual Report of the Partnership and Environmental Development Program for the Fiscal Year which expired on 31 December 2016 and has been audited by a Public Accounting Firm Purwantono, Sungkoro, and Surja with an audit opinion that is without modification. Accepting Accountability Report on the expenditure of fund obtained from Public Offering of Continuous Bonds I by Bank Mandiri Phase I in 2016 of Rp 5,000,000,000,000 (five trillion rupiahs). On the approval of the Company's Annual Report, including Report of the Duties of the Board of Commissioners for the Fiscal Year which expired on 31 December 2016, the report on the expenditure realization of fund obtained from Public Offering of Continuous Bonds I by Bank Mandiri Phase I in 2016 of Rp 5,000,000,000,000 (five trillion rupiahs), the validation of Financial Statement of Consolidated Company for a Fiscal Year which expired on 31 December 2016, as well as the Annual Report of Partnership and Environmental Development Program for the Fiscal Year which expired on 31 December 2016, thus the Meeting provided amortization and release from full responsibility (volledig acquit et de charge) to the entire members of the Board of Directors and Board of Commissioners of the Company for the acts of management and supervision performed in the Fiscal Year which expired on 31 December 2016, provided that the act is not a criminal act and is reflected in the Annual Report, Financial Statement of Consolidated Company, as well as Annual Report of Partnership and Environmental Development Program for a Fiscal Year which expired on 31 December 2016. The amortization and release from full responsibility were also granted to: <ul style="list-style-type: none"> Mr. Suwono who served as Company Commissioner as of 1 January 2016 to 29 March 2016. Mr. Budi Gunadi Sadikin who served as Company President Director as of 1 January 2016 to 21 March 2016. Mr. Sentot Achmad Sentausa who served as Company Director as of 1 January 2016 to 21 March 2016. 	

Follow-up Actions

1. The Financial Statement and Annual Report have been submitted to Financial Services Authority and PT Bursa Efek Indonesia (BEI). The Financial Statement has been submitted to the Regulator by means of Letter dated 16 February 2017. Whereas the Annual Report has been submitted on 20 February 2016 by means of Letter No. CEO.CSC/CMA.387/2017 dated 20 February 2017 on the Submission of Annual Report of PT Bank Mandiri (Persero) Tbk. of Fiscal Year 2016.
2. Accountability report on the expenditure realization of fund obtained from Public Offering of Continuous Bonds Phase I Year 2016 has been submitted to the Board of Commissioners of Financial Services Authority and Head of Capital Market Supervisory Department 2B each by means of Letter No. CBG/1103/2016 and CEO.CSC/CMA.2969/2016.
3. The meeting has provided amortization and release from full responsibility (volledig acquit et de charge) to the entire members of the Board of Directors and Board of Commissioners for the acts of management and supervision performed in the Fiscal Year which expired on 31 December 2015.
4. The meeting has provided amortization and release from full responsibility (volledig acquit et de charge) to Mr. Suwono as a Commissioner, Mr. Budi Gunadi Sadikin as President Director, and Mr. Sentot Achmad Sentaosa who served as Company Director.

Status: Realized**Second Meeting Agenda**

Approval to of the expenditure of the Company's net profit for the fiscal year which expired on 31 December 2016.

Number of Shareholders who asked questions and/or expressed opinions:**Voting Result**

Agree : 99.306% Including one serial A Bicolor share
 Disagree : 0.359%
 Abstain : 0.335%

Resolutions

To approve and determine the expenditure of the Company's Net Profit for the Fiscal Year which expired on 31 December 2016 of Rp 13,806,565,442,570.80 (thirteen trillion eight hundred and six billion five hundred and sixty five million four hundred and forty two thousand five hundred and seventy rupiah and eighty cent) as follows:

1. 30% of the Company's net profit, or Rp 4,141,969,632,771.24 (four trillion one hundred and forty one billion nine hundred and sixty nine million six hundred and thirty two thousand seven hundred and seventy one rupiah and twenty four cent), and is added by special addition dividend of 15% or Rp 2,070,984,816,385.62 (two trillion seventy billion nine hundred and eighty four million eight hundred and sixteen thousand three hundred and eighty five rupiah and sixty two cent), is distributed as cash dividend to the shareholders, and dividend particularly for the Government/Republic of Indonesia shall be paid pursuant to the laws and regulations, hence the percentage of distributed dividend is 45% of the Company's net profit.
2. To grant power and authority to the Board of Directors to regulate the procedure and implementation of cash dividend payment, and further to announce it pursuant to the applicable provision with the distribution allocation as follows:
 - Government/Republic of Indonesia Shareholder: 60%
 - Public Shareholders: 40%
3. 55% of the Company's net profit or Rp 7,593,610,993,413.94 (seven trillion five hundred and ninety three billion six hundred and ten million nine hundred and ninety three thousand four hundred thirteen rupiah and ninety four cent) is determined as Undistributed Profit.

Follow-up Actions

Bank Mandiri has announced the Schedule and Procedure of Cash Dividend Distribution for the Fiscal Year 2016 on 16 March 2017, and has paid cash dividend to the shareholders on 13 April 2017.

Status: Realized**Third Meeting Agenda**

Appointment of a Public Accounting Firm to audit the Company's Financial Statement and Annual Report on the Implementation of Partnership and Environmental Development Program for the Fiscal Year which expired on 31 December 2017.

Number of Shareholders who asked questions and/or expressed opinions:**Voting Result**

Agree : 99.632% Including one serial A Bicolor share
 Disagree : 3.221%
 Abstain : 1.147%

Resolutions

1. Appointment of Public Accounting Firm Purwantono, Sungkoro & Surja as the Firm to audit the Financial Statement of Consolidated Company and Annual Report on the Implementation of Partnership and Environmental Development Program for the Fiscal Year which expired on 31 December 2017.
2. Grant of authority to the Board of Commissioners to determine the honorarium and other requirements for the Public Accounting Firm, and to determine Substitute Public Accounting Firm in the event that Public Accounting Firm Purwantono, Sungkoro & Surja, by any means cannot complete the audit of the Financial Statement of Consolidated Company and Annual Report on the Implementation of Partnership and Environmental Development Program for the fiscal year which expired on 31 December 2017.

Follow-up Actions

Public Accounting Firm Purwantono, Sungkoro & Surja (member of Ernst and Young) have completed auditing the Company on with an audit opinion as without modification.

Status: Realized

Fourth Meeting Agenda

Determination of salary of Board of Directors, honorarium of Board of Commissioners, tantiem, as well as determination of other allowance, facility, and benefit for all members of Board of Directors and members of Board of Commissioner of the Company.

Number of Shareholders who asked questions and/or expressed opinions: 2 people

Voting Result

Agree : 94.979% Including one serial A Bicolor share
Disagree : 4.231%
Abstain : 0.791%

Resolutions

To grant authority to Board of Commissioner of the Company, by firstly obtaining approval from the Holders of Serial A Bicolor Shares, to determine the salary of members of Board of Directors and honorarium of members of Board of Commissioners, to provide other facility, benefit, and/or allowance for fiscal year 2017, including to determine the method, mechanism, and the extent of performance-based long term incentive program, as well as tantiem for the performance of members of Board of Directors and Board of Commissioners for fiscal year which expired on 31 December 2016, pursuant to the Regulation of Minister of State-owned Enterprise Number PER-04/MBU/2014, as last amended by Regulation of Minister of State-owned Enterprise Number PER-02/MBU/06/2016 dated 20 June 2016 on the Guideline for Determination of Income for Board of Directors, Board of Commissioners, and Board of Supervisor of State-owned Enterprise.

Follow-up Actions

Shareholders have provided authority to the Board of Commissioners by firstly obtaining approval from Holders of Serial A Bicolor Share to determine the amount of tantiem for Fiscal Year 2016, to determine salary/honorarium, allowance, and facility to Board of Directors and members of Board of Commissioner for 2017. Provision of tantiem is pursuant to Regulation of Minister of State-owned Enterprises Number PER-01/MBU/06/2017 dated 20 June 2017, Letter of Ministry of State-owned Enterprises Number S-17/D5.MBU/06/2017 dated 21 June 2017, and Letter of Board of Commissioner Number KOM/070/2017 dated 22 June 2017.

Status: Realized

Fifth Meeting Agenda

Confirmation on the enforcement of Regulation of the Minister of State-owned Enterprises Number PER-03/MBU/12/2016 on the Amendment to the Regulation of the Minister of State-owned Enterprises Number Per-09/MBU/07/2015 on the Partnership and Environmental Development Programs of State-owned Enterprise dated 16 December 2016.

Number of Shareholders who asked questions and/or expressed opinions: -

Voting Result

Agree : 99.349% Including one serial A Bicolor share
Disagree : 0%
Abstain : 0.651%

Resolutions

Confirming the enforcement of Regulation of the Minister of State-owned Enterprises Number PER-3/MBU/12/2016 on the Amendment to the Regulation of the Minister of BUMN Number Per-09/MBU/07/2015 on the Partnership and Environmental Development Programs of State-owned Enterprise on the activity of Partnership and Environmental Development Programs of a Company.

Follow-up Actions

Regulation of the Minister of State-owned Enterprises Number PER-3/MBU/12/2016 on the Amendment to the Regulation of the Minister of State-owned Enterprises Number Per-09/MBU/07/2015 on the Partnership and Environmental Development Programs of State-owned Enterprise has been applied on Bank Mandiri's Partnership and Environmental Development Programs as specified in Standard of Guideline for Partnership and Environmental Development Programs.

Status: Realized

Sixth Meeting Agenda

Approval to the Amendment to the Company's Articles of Association.

Number of Shareholders who asked questions and/or expressed opinions: -

Voting Result

Agree : 75.908% Including one serial A Bicolor share
Disagree : 23.194%
Abstain : 0.898%

Resolutions

1. Approving the amendment to the Company's Articles of Association, under the program of Ministry of BUMN to perform standardization to open Articles of Association of State-owned Enterprise.
2. Approving to reformulate all provisions in the Articles of Association regarding the amendment as specified in point 1 (one) of the resolution above.
3. Granting power and authority to the Board of Directors, together with substitution rights to perform any necessary actions related to the resolution of this Meeting Agenda, including to formulate and restate the entire Articles of Association in a Notarial Deed, to inform the authorized institution to obtain approval and/or receipt of information on the Amendment to the Articles of Association, to perform any actions considered necessary and beneficial for such necessity by not excluding anything, as well as to perform addition and/or amendment to the Articles of Association as required by authorized institution.

Follow-up Actions

Bank Mandiri's Articles of Association have been amended as specified in the Deed No. 15 dated 12 April 2017 that has been approved by the Minister of Law and Human Rights of the Republic of Indonesia dated 12 May 2017 Number AHU-0010609.AH.01.02.TAHUN 2017 and information on the amendment to the Articles of Association has been received the Minister of Law and Human Rights of the Republic of Indonesia pursuant to a letter dated 12 May 2017 Number AHU-AH.01.03-0135829.

Status: Realized

Seventh Meeting Agenda

Amendment to the Company's Management.

Number of Shareholders who asked Questions and/or expressed opinions: 1 questioner and 1 person expressing feedbacks.

Voting Result

Agree : 82.305% Including one serial A Bicolor share
Disagree : 15.500%
Abstain : 2.195%

Resolutions

- Confirming the dismissal of Mr. Suwhono as member of Board of Commissioner of the company takes place as of his appointment as President Director of PT BERDIKARI (Persero) based on the Decree of Minister of State-owned Enterprises No.SK-69/MBU/03/2016 dated 29 March 2016, together with an expression of gratitude for his physical and intellectual contribution during his tenure as member of Board of Commissioners.
- Honorably dismissing the following names from the members of Board of Commissioners of the Company:
 - Mrs. Aviliani from the position of Independent Commissioner
 - Mr. Abdul Aziz from the position of Independent Commissioner

The dismissal of members of the Board of Commissioners takes place as of the closing of Meeting, together with an expression of gratitude for their physical and intellectual contribution during their tenure as members of the Board of Commissioners of the Company.
- Appointing the names below as the members of Board of Commissioners of the Company:
 - Mrs. Destry Damayanti from the position of Independent Commissioner
 - Mr. Makmur Keliat from the position of Independent Commissioner

The appointment of the members of Board of Commissioner is effective after obtaining approval from financial Service Authority for Fit and Proper Test and complying with the applicable laws and regulations.

Tenure expiration of the appointed members of Board of Commissioners happens concurrently with the closing of the Company 5th Annual GMS since the appointment of the relevant members, which is the Annual GMS that will be held in 2022, by observing the laws and regulations in the field of Capital Market and without prejudice to the rights of Company GMS to dismiss them at any time.

- With the dismissal and appointment of the members of Board of Directors of the Company, the compositions of members of Board of Directors and Board of Commissioners of the Company are as follows:

Board of Directors

President Director : Mr. Kartika Wirjoatmodjo;
Vice President Director : Mr. Sulaiman A. Arianto;
Director : Mr. Ogi Prastomiyono;
Director : Mr. Pahala Nugraha Mansury;
Director : Mr. Royke Tumilaar;
Director : Mr. Hery Gunardi;
Director : Mr. Ahmad Siddik Badruddin;
Director : Mr. Tardi;
Director : Mrs. Kartini Sally;
Director : Mr. Rico Usthavia Frans;

Board of Commissioners

President Commissioner : Mr. Wimboh Santoso;
Vice President Commissioner : Mr. Imam Apriyanto Putro;
Independent Commissioner : Mr. Goei Siauw Hong
Independent Commissioner : Mr. Bangun S. Kusmulyono;
Commissioner : Mr. Askolani;
Commissioner : Mr. Ardan Adiperdana;
Independent Commissioner : Mrs. Destry Damayanti;
Independent Commissioner : Mr. Makmur Keliat..

- Granting authority to the Board of Directors, together with substitution rights to perform any necessary actions related to the resolution of this meeting agenda pursuant to the applicable laws and regulations, including to state in a specific Notarial Deed and to inform the amendment to the composition of members of Board of Commissioners to the Ministry of Law and Human Rights, and to inquire Financial Services Authority to perform Fit and Proper Test to member candidates of Board of Commissioners of the Company pursuant to the applicable laws and regulations.

Follow-up Actions

- Expiration of Mr. Suwhono's tenure from members of Board of Commissioner of the Company has been confirmed in Annual GMS.
- The tenures of Mrs. Aviliani and Mr. Abdul Aziz as Independent Commissioners have expired on 14 March 2017.
- Nomination of Mrs. Destry Damayanti as members of Board of Commissioner of Bank Mandiri is not effective, because she stated to maintain her position as member of Board of Commissioner of Deposit Insurance Corporation.
- Mr. Makmur Keliat has obtained approval from OJK regarding the result of Fit and Proper Test as specified in Letter of OJK No. SR-158/PB.12/2017 dated 22 September 2017 on the Submission of the Copy of the Decree to Appoint Independent Commissioner of PT Bank Mandiri (Persero) Tbk. and the Decree of OJK Board of Commissioners No. KEP-185/D.03/2017 dated 19 September 2017 on the Result of Fit and Proper Test of Mr. Makmur Keliat as Candidate of Independent Commissioner of PT Bank Mandiri (Persero) Tbk., hence the appointment of the person concerned as an Independent Commissioner is declared effective as of 25 September 2017 as specified in the Letter of Bank Mandiri No. OPS/1237/2017 dated 25 September 2017 on the Effective Enactment of the Appointment of Independent Commissioners of PT Bank Mandiri (Persero) Tbk.

Status: Realized

Implementation and Realization of Extraordinary GMS Year 2017

The steps of implementing the Company's Annual General Meeting of Shareholders in 2017 are described in the following table.

Table of Extraordinary RUPS Implementation Year 2017

Information	Notification	Invitation	Implementation	Summary of GMS Minutes	RUPS Minutes
It was informed to Financial Services Authority by the means of Letter No. CEO/111/2017 dated 5 July 2017 on the Implementation of Annual General Meeting of Shareholders of PT Bank Mandiri (Persero) Tbk. of Fiscal Year 2017 and was informed to the Ministry of State-owned Enterprises by means of Letter No. CEO/112/2017 dated 5 July 2017 on the Implementation of Annual General Meeting of Shareholders of PT Bank Mandiri (Persero) Tbk. in 2017.	It was announced in Bisnis Indonesia and The Jakarta Post in their Thursday, 13 July 2017 editions, and was uploaded to Bank Mandiri website (www.bankmandiri.co.id) on the same day. The GMS announcement was notified to Financial Services Authority through Financial Services Authority Electronic Reporting System and Letter No. CEO.CSC/CMA.1651/2017 dated 14 July 2017 on Information Transparency of PT Bank Mandiri (Persero) Tbk. and was informed to PT Bursa Efek Indonesia through IDXNet Electronic Reporting System and Letter No. CEO.CSC/CMA.1652/2017 dated 14 July 2017 on Information Transparency of PT Bank Mandiri (Persero) Tbk.	Announced through Bisnis Indonesia and The Jakarta Post on Friday, July 28, 2017 and uploaded to Bank Mandiri (www.bankmandiri.co.id) on the same day.	Extraordinary GMS was held on Monday, 21 August 2017, at 14.36 - 15.35 pm, in Auditorium Plaza Mandiri, 3rd Floor, Gatot Subroto, St., Lots 36-38, South Jakarta.	Uploaded to the website of Bank Mandiri (www.bankmandiri.co.id) on 22 August 2017 and announced through Bisnis Indonesia and The Jakarta Post Wednesday edition, 23 August 2017 and results of GMS were notified to Financial Services Authority through Financial Services Authority Electronic Reporting System and Letter No. CEO.CSC/CMA.2110/2017 dated 23 August 2017 on Information Transparency of PT Bank Mandiri (Persero) Tbk. and was informed to PT Bursa Efek Indonesia through IDXNet Electronic Reporting System and Letter No. CEO.CSC/CMA.2111/2017 dated 23 August 2017 on Information Transparency of PT Bank Mandiri (Persero) Tbk.	It was delivered to Financial Services Authority by means of Letter No. CEO.CSC/CMA.2401/2017 dated 20 September 2017 on the Submission of the Minutes of Extraordinary General Meeting of Shareholders (Rapat Umum Pemegang Saham/RUPS) of PT Bank Mandiri (Persero) Tbk. and was uploaded to Bank Mandiri website (www.bankmandiri.co.id) on the same day.

Meeting Resolution Mechanism

Meeting Resolution Mechanism Meeting resolutions were resolved based on an amicable deliberation to reach a mutual consensus. In the event that the resolutions based on the amicable deliberation failed to bereached, the resolutions were resolved by way of voting. In the First Meeting Agenda, the resolution was resolved by way of open voting, whilst for the Second Meeting Agenda on the Changes in the Management of the Company, the resolution was resolved by way of closed voting. Voting is performed by vote cards which calculation is performed electronically.

Recapitulation of Attendance at the Extraordinary GMS of 2017

Extraordinary GMS was attended by Board of Commissioners and Board of Directors who served when the Meeting was implemented and attended by Institutions and Professions of Capital Market Supporter, namely:

1. Notary namely Ashoya Ratam SH., M.Kn as a notary.
2. Legal Consultant namely Melli Darsa & Co.
3. Securities Company Administration Bureau namely PT Datindo Entrycom as Independent Party in performing the calculation and validation of votes.

Board of Commissioners and Board of Directions who were present are listed in the following table:

Table of Presence Recapitulation in Annual GMS 2017

No.	Name	Designation	Present	Absent
1.	Imam Apriyanto Putro	Vice President Commissioner	√	
2.	B. S. Kusmulyono	Independent Commissioner	√	
3.	Goei Siauw Hong	Independent Commissioner	√	

No.	Name	Designation	Present	Absent
4.	Askolani	Commissioner	√	
5.	Ardan Adiperdana	Commissioner	√	
6.	Makmur Keliat*	Independent Commissioner	√	
7.	Kartika Wirjoatmodjo	President Director	√	
8.	Sulaiman A. Arianito	Vice President Director	√	
9.	Ogi Prastomiyono	Operations Director	√	
10.	Royke Tumulaar	Wholesale Banking Director	√	
11.	Hery Gunardi	Director of Distributions	√	
12.	Tardi	Director of Retail Banking	√	
13.	Ahmad Siddik Badruddin	Director of Risk Management & Compliance	√	
14.	Kartini Sally	Director of Government and Institutional	√	
15.	Rico Usthavia Frans	Director of Digital Banking & Technology	√	

Remarks:

The appointment of the members of Board of Directors and Board of Commissioners is effective after obtaining approval from financial Service Authority for Fit and Proper Test and complying with the applicable laws and regulations.

Resolutions of Extraordinary GMS 2017

First Meeting Agenda
To approve Stock Split of the Company from Rp 500,00 (five hundred rupiah) per share into Rp 250,00 (two hundred and fifty rupiah) per share and Amendment to the Articles of Association related to the stock split.
Number of Shareholders who asked questions and/or expressed opinions: 1 person
Voting Result Agree : 99.989% Including one serial A Bicolor share Disagree : 0% Abstain : 0.011%
Resolutions 1. Approving the implementation of Stock Split of the Company, namely: <ol style="list-style-type: none"> Serial A Bicolor Share into 2 (two) shares with new values as follows: <ul style="list-style-type: none"> 1 (one) Serial A Bicolor Share is maintained as Serial A Bicolor Share owned by the Republic of Indonesia with the value of Rp 250,00 (two hundred and fifty rupiah) per share; and 1 (one) Serial A Bicolor Share shall be 1 (one) Serial B Share owned by Republic of Indonesia with the the value of Rp 250,00 (two hundred and fifty rupiah) per share. Serial B Share from Rp 500,00 (five hundred rupiah) per share into Rp 250,00 (two hundred and fifty rupiah) per share. 2. Approving the amendment to the Company's Articles of Association regarding Stock Split. 3. Approving to grant power and authority to the Board of Directors of the Company, together with the rights to substitution for: <ol style="list-style-type: none"> Performing any necessary act in implementing Stock Split based on the applicable laws and regulation, including but not limited to, determining the procedure and schedule of Stock Split. Restating the resolution regarding Stock Split, as well as reformulating all provisions of the Company's Articles of Association in a Notarial Deed, informing the authorized institution to obtain approval and/or receipt letter of information regarding the Amendment to the Company's Articles of Association, performing any actions considered necessary and beneficial for such necessity by not excluding anything, as well as performing addition and/or amendment to the Articles of Association as required by authorized institution.
Follow-up Actions Bank Mandiri has performed Stock Split with the ratio 1:2, from Rp 500,00 (five hundred rupiah) per share into Rp 250,00 (two hundred and fifty rupiah) per share which was effective as of 13 September 2017. Moreover, the Amendment to the Articles of Association regarding the Stock Split has been stated in the Deed of Extraordinary GMS Resolutions No. 36 dated 24 August 2017 that was made in the presence of Ashoya Ratam SH, Mkn, a Notary in South Jakarta, in relation to the implementation of stock split. The Amendment was informed to the Minister of Justice and Human Rights of the Republic of Indonesia as specified in Letter No. AHU-AH.01.03-0166888 on the Receipt of Information on the Amendment to the Articles of Association of the Company PT Bank Mandiri (Persero) Tbk., dated 29 August 2017, and was also listed in Company Register No. AHU-0107350.AH.01.11.Tahun 2017, dated 29 August 2017.
Status: Realized

Second Meeting Agenda

Amendment to the Company's Management

Number of Shareholders who asked questions and/or expressed opinions: -

Voting Result

Agree : 73.396% Including one serial A Bicolor share
Disagree : 21.420%
Abstain : 5.184%

Resolutions

1. Annulling the resolutions of Annual GMS of the Company that was held on 14 March 2017 regarding the appointment of Mrs. Destry Damayanti as Independent Commissioner.
2. Confirming the dismissal of Mr. Wimboh Santoso from the position of President Commissioner as of the appointment of the person concerned as Head of the Board of Commissioner of Financial Services Authority dated 20 July 2017, together with an expression of gratitude for his physical and intellectual contribution during his tenure as President Commissioner.
3. Appointment of the below names as members of Board of Commissioners:
 - Mr. Hartadi A. Sarwono as President Commissioner/Independent Commissioner;
 - Mr. R. Widyopramono as Commissioner.

Tenure expiration of the appointed members of Board of Commissioners happens concurrently with the closing of the 5th Annual GMS since the appointment of the relevant members, which is the Annual RUPS that will be held in 2022, by observing the laws and regulations in the field of capital market and without prejudice to GMS rights to dismiss them at any time.
4. To confirm the dismissal of Mr. Pahala Nugraha Mansury from the position of Director as of his appointment as the President Director of PT Garuda Indonesia (Persero) Tbk, on 12 April 2017, together with an expression of gratitude for his physical and intellectual contribution during his tenure as member of Board of Directors.

The nomenclature amendment to the composition of members of Board of Directors are as follows:

Past	Current
President Director	President Director
Vice President Director	Vice President Director
Director	Director of Wholesale Banking
Director	Director of Institutional
Director	Director of Treasury
Director	Director of Retail Banking
Director	Director of Distribution
Director	Director of Operations
Director	Director of Digital Banking & Technology
Director	Director of Risk Management & Compliance

6. Altering the position of members of Board of Directors into the following:
 - Mr. Royke Tumilaar from Director into Wholesale Banking Director;
 - Mrs. Kartini Sally from Director into Institutional Director.
 - Mr. Tardi from Director into Retail Banking Director;
 - Mr. Hery Gunardi from Director into Distributions Director;
 - Mr. Ogi Prastomiyono from Director into Operations Director;
 - Mr. Rico Usthavia Frans from Director into Digital Banking & Technology Director;
 - Mr. Ahmad Siddik Badruddin from Director into Risk Management & Compliance Director.

by continuing the remaining tenure.
2. Appointing Mr. Darmawan Junaidi as Treasury Director.
 Tenure expiration of the appointed members of Board of Commissioners happens concurrently with the closing of the 5th Annual GMS since the appointment of the relevant members, which is the Annual RUPS that will be held in 2022, by observing the laws and regulations in the field of Capital Market and without prejudice to GMS rights to dismiss them at any time;
 With such cancellation, dismissal, and appointment of members of Board of Directors and Board of Commissioners of the Company, the composition of members of Board of Directors and Board of Commissioners are as follows:

Board of Directors

President Director	: Mr. Kartika Wirjoatmodjo;
Vice President Director	: Mr. Sulaiman Arif Arianto;
Operations Director	: Mr. Ogi Prastomiyono;
Distributions Director	: Mr. Hery Gunardi;
Retail Banking Director	: Mr. Tardi;
Risk Management & Compliance Director	: Mr. Ahmad Siddik Badruddin;
Institutional Director	: Mrs. Kartini Sally;
Commercial Banking Director	: Mr. Royke Tumilaar;
Digital Banking & Technology Director	: Mr. Rico Usthavia Frans;
Treasury Director	: Mr. Darmawan Junaidi*;

Board of Commissioners

President Commissioner holding concurrent position: Mr. Hartadi A. Sarwono*;

Independent Commissioner

Vice President Commissioner: Mr. Imam Apriyanto Putro;

Independent Commissioner: Mr. Goei Siau Hong;

Independent Commissioner: Mr. B.S. Kusmulyono;

Commissioner: Mr. Askolani;

Commissioner: Mr. Ardan Adiperdana;

Independent Commissioner: Mr. Makmur Keliat*;

Commissioner: Mr. R. Widyopramono*;

*The appointment of the members of Board of Directors and Board of Commissioners is effective after obtaining approval from financial Service Authority for Fit and Proper Test and complying with the applicable laws and regulations.

With tenures:

Member of the Board of Directors:

- a. -Mr. Ogi Prastomiyono; and
-Mr. Hery Gunardi;
up to the closing of the Company's Annual GMS that shall be held in 2018.
 - b. -Mr. Kartika Wirjoatmodjo;
-Mr. Sulaiman Arif Arianto;
-Mrs. Kartini Sally;
-Mr. Ahmad Siddik Badruddin; and
-Mr. Tardi;
up to the closing of the Company's Annual GMS that shall be held in 2020.
 - c. -Mr. Royke Tumilaar;
-Mr. Rico Usthavia Frans;
up to the closing of the Company's Annual GMS that shall be held in 2021.
 - d. Mr. Darmawan Junaidi;
up to the closing of the Company's Annual GMS that shall be held in 2022;
- Member of the Board of Commissioners:
- a. Mr. Askolani;
up to the closing of the Company's Annual GMS that shall be held in 2019;
 - b. -Mr. Imam Apriyanto Putro;
-Mr. Goei Siau Hong; and
-Mr. B.S. Kusmulyono;
up to the closing of the Company's Annual GMS that shall be held in 2020;
 - c. Mr. Ardan Adiperdana
up to the closing of the Company's Annual GMS that shall be held in 2021;
 - d. -Mr. Makmur Keliat.
-Mr. Hartadi A. Sarwono; and
-Mr. R. Widyopramono;
up to the closing of the Company's Annual GMS that shall be held in 2022;

Granting authority to the Board of Directors of the Company, together with substitution rights to perform any necessary actions related to the resolution of this Meeting Agenda pursuant to the applicable laws and regulations, including to restate in a specific Notarial Deed and to inform the amendment to the composition of members of Board of Directors and Board of Commissioners of the Company to the Ministry of Law and Human Rights of the Republic of Indonesia, and to inquire Financial Services Authority to perform fit and proper test to member candidates of Board of Directors and Board of Commissioners of the Company pursuant to the applicable provisions.

Follow-up Actions

1. Nomination of Mrs. Destry Damayanti as members of Board of Commissioners of the Company has been annulled in Extraordinary GMS.
2. Dismissal of the tenure of Mr. Wimboh Santoso as President Commissioner has been confirmed in Extraordinary GMS.
3. Mr. Hartadi A. Sarwono obtained approval from OJK regarding the result of Fit and Proper Test as specified in Letter of OJK No. SR-193/PB.12/2017 dated 15 November 2017 on the Submission of the Copy of the Decree to Appoint Independent President Commissioner of PT Bank Mandiri (Persero) Tbk. and the Decree of OJK Board of Commissioners No. KEP-205/D.03/2017 dated 09 November 2017 regarding Result of Fit and Proper test of Mr. Hartadi Agus Sarwono as Independent President Commissioner of PT Bank Mandiri (Persero) Tbk., hence the appointment of the person concerned as President Commissioner/ Independent Commissioner is declared effective as of 15 November 2017 as specified in the Letter of Bank Mandiri No. RMC/1412/2017 dated 15 November 2017 on the Effective Enactment of the Appointment of Independent President Commissioners of PT Bank Mandiri (Persero) Tbk.
4. Mr. R. Widyopramono has obtained approval from OJK regarding the result of Fit and Proper Test as specified in the Letter of OJK No. SR-8/PB.12/2018 dated 12 January 2018 on the Submission of the Copy of the Decree on the Result of Fit and Proper Test on the Appointment of Members of Board of Commissioners of PT Bank Mandiri (Persero) Tbk. and the Decree of OJK Board of Commissioners No. KEP-6/D.03/2018 dated 8 January 2018 on the Result of Fit and Proper Test of Mr. R. Widyopramono as Member of Board of Commissioners of PT Bank Mandiri (Persero) Tbk., hence the appointment of the person concerned as a Commissioner is declared effective as of 15 January 2018 as specified in the Letter of Bank Mandiri No. RMC/xx/2018 dated 15 November 2017 on the Effective Enactment of the Appointment of Commissioner of PT Bank Mandiri (Persero) Tbk.
5. Dismissal of the tenure of Mr. Pahala N. Mansury as the Director has been confirmed in Extraordinary GMS.
6. The nomenclature amendment to the composition of members of Board of Directors have been implemented.
7. The composition of members of Board of Directors have applied the nomenclature.
8. Mr. Darmawan Junaidi has obtained approval from OJK regarding the result of Fit and Proper Test as specified in the Letter of OJK No. SR-7/PB.12/2018 dated 10 January 2018 on the Submission of the Copy of the Decree on the Result of Fit and Proper Test on the Appointment of Treasury Director of PT Bank Mandiri (Persero) Tbk. and the Decree of OJK Board of Commissioners No. KEP-7/D.03/2018 dated 8 January 2018 on the Result of Fit and Proper Test of Mr. Darmawan Junaidi as the Treasury Director of PT Bank Mandiri (Persero) Tbk., hence the appointment of the person concerned as Treasury Director is declared effective as of 12 January 2018 as specified in the Letter of Bank Mandiri No. RMC/37/2017 dated 24 January 2017 on the Execution of Annual General Meeting of Shareholders of PT Bank Mandiri (Persero) Tbk.
9. Board of Directors of the Company has performed any necessary actions related to the decree of this meeting agenda, pursuant to the applicable laws and regulations.

Status: Realized

Implementation and Realization of Annual GMS Year 2016

The steps of executing Annual General Meeting of Shareholders in 2016 are described in the following table.

Table of Annual GMS Implementation Year 2016

Information	Notification	Invitation	Implementation	Summary of GMS Minutes	RUPS Minutes
It was informed to Financial Services Authority by the means of Letter No. CEO/005/2017 dated 24 January 2017 on the Implementation of Annual General Meeting of Shareholders of PT Bank Mandiri (Persero) Tbk. of Fiscal Year 2016 and was informed to the Ministry of State-owned Enterprises by means of Letter No. CEO/004/2017 dated 24 January 2017 on the Implementation of Annual General Meeting of Shareholders of PT Bank Mandiri (Persero) Tbk. in 2017.	It was announced in Bisnis Indonesia and The Jakarta Post in their Thursday, 11 February 2016 editions, and was uploaded to Bank Mandiri website (www.bankmandiri.co.id) on the same day. RUPS announcement was informed to Financial Services Authority through Financial Services Authority Electronic Reporting System and Letter No. FST.CSC/CMA.211/2016 dated 11 February 2016 on the Submission of Newspaper Scrapbook of Annual Bank Mandiri RUPS Advertisement, and was informed to PT Bursa Efek Indonesia through IDXNet Sistem Pelaporan Elektronik and Letter No. CEO.CSC/CMA.212/2016 dated 11 February 2016 on Information Transparency of PT Bank Mandiri (Persero) Tbk.	It was announced in Bisnis Indonesia, Suara Pembaruan, and The Jakarta Post in their Friday, 26 February 2016 editions, and was uploaded to Bank Mandiri website (www.bankmandiri.co.id) on the same day. RUPS summons was informed to Financial Services Authority through Financial Services Authority Electronic Reporting System and Letter No. FST.CSC/CMA.366/2016 dated 26 February 2016 on the Submission of Newspaper Scrapbook of Annual Bank Mandiri RUPS Advertisement, and was informed to PT Bursa Efek Indonesia through IDXNet Sistem Pelaporan Elektronik and Letter No. FST.CSC/CMA.367/2016 dated 26 February 2016 on Information Transparency of PT Bank Mandiri (Persero) Tbk.	Annual GMS was held on Monday, 21 March 2017 at 14.47 - 18.02 pm, in Auditorium Plaza Mandiri, 3rd Floor, Gatot Subroto, St., Lots 36-38, South Jakarta.	It was announced in Bisnis Indonesia, Suara Pembaruan and The Jakarta Post in their Wednesday, 23 March 2016 editions, and was uploaded to Bank Mandiri website (www.bankmandiri.co.id) on the same day. RUPS resolutions was informed to Financial Services Authority through Financial Services Authority Electronic Reporting System and Letter No. FST.CSC/CMA.596/2016 dated 23 March 2016 on Information Transparency of PT Bank Mandiri (Persero) Tbk., and was informed to PT Bursa Efek Indonesia through IDXNet Sistem Pelaporan Elektronik and Letter No. CEO.CSC/CMA.597/2016 dated 23 March 2016 on Information Transparency of PT Bank Mandiri (Persero) Tbk.	It was delivered to Financial Services Authority by means of Letter No. CEO.CSC/CMA.794/2016 dated 18 April 2017 on the Submission of the Minutes of the Annual General Meeting of Shareholders of PT Bank Mandiri (Persero) Tbk. and was uploaded to Bank Mandiri website (www.bankmandiri.co.id) on the same day.

Annual GMS was attended by members of Board of Commissioners and Board of Directors who served when the Meeting was conducted and attended by Institutions and Professions of Capital Market Supporter, namely:

1. Notary namely Ashoya Ratam SH., M.Kn who also becomes Independent Party in performing the calculation and validation of the vote.
2. Legal Consultant namely Melli Darsa & Co.
3. The Company's Share Registrar, PT Datindo Entrycom.

Board of Commissioners and Board of Directions who were present are listed in the following table:

Table of Presence in Annual GMS 2016

No.	Name	Designation	Present	Absent
1.	Wimboh Santoso	President Commissioner	√	
2.	Imam Apriyanto Putro	Vice President Commissioner	√	
3.	Abdul Aziz	Independent Commissioner	√	
4.	Aviliani	Independent Commissioner	√	
5.	Askolani	Commissioner	√	
6.	Suwhono	Commissioner	√	
7.	Goei Siauw Hong	Independent Commissioner	√	
8.	Bangun S. Kusmulyono	Independent Commissioner	√	
9.	Budi G. Sadikin	President Director	√	
10.	Sulaiman A. Arianto	Vice President Director	√	
11.	Sentot A. Sentausa	Director of Distributions	√	
12.	Ogi Prastomiyono	Director of Technology and Operations	√	
13.	Pahala N. Mansury	Director of Treasury and Market	√	
14.	Royke Tumilaar	Director of Corporate Banking	√	
15.	Hery Gunardi	Director of Consumer Banking	√	
16.	Tardi	Director of Micro & Business Banking	√	
17.	Ahmad Siddik Badruddin	Director of Risk Management & Compliance	√	
18.	Kartini Sally	Director of Commercial Banking	√	
19.	Kartika Wirjoatmodjo	Director of Finance and Strategy Director	√	

Resolutions of Annual GMS Year 2016

First Meeting Agenda	
Approval to Annual Report, including Validation to Financial Statement of Consolidated Company, Supervisory Duties of Board of Commissioners for the fiscal year which expired on 31 December 2016, Validation to Annual Report including Annual Report of Partnership and Environmental Development Program for the fiscal year which expired on 31 December 2015, provision of amortization and release from full responsibility (acquit et decharge) to the Board of Directors and Board of Commissioners of the Company for the acts of management and supervision performed in the fiscal year which expired on 31 December 2015	
Number of Shareholders who asked questions and/or expressed opinions:	
Voting Result	
Agree	: 99.547% Including one serial A Bicolor share
Disagree	: 0.139%
Abstain	: 0.312%
Resolutions	
<ol style="list-style-type: none"> Approving the Company's Annual Report, including Report of Supervisory Duty that has been performed by the Board of Commissioners for a Fiscal Year which expired on 31 December 2015, and validating Financial Statement of the Consolidated Company for a Fiscal Year which expired on 31 December 2015, that has been audited by a Public Accounting Firm Purwantono, Sungkoro, and Surja with an audit opinion that is without modification (previously unqualified opinion). Validating Annual Report on the Implementation of Partnership and Environmental Development Program for the fiscal year which expired on 31 December 2015 and has been audited by a Public Accounting Firm Purwantono, Sungkoro, and Surja with an audit opinion that is without modification (previously unqualified opinion). On the approval of the Company's Annual Report, including Report of the Supervisory Duties of Board of Supervisors which have been performed by the Board of Commissioners for the Fiscal Year which expired on 31 December 2015, the validation of Financial Statement of Consolidated Company for the Fiscal Year which expired on 31 December 2015, as well as the Annual Report on the Implementation of Partnership and Environmental Development Program for the Fiscal Year which expired on 31 December 2015, thus the Meeting provided amortization and release from full responsibility (volledig acquit et de charge) to the entire Board of Directors and Board of Commissioners of the Company for the acts of management and supervision performed in the Fiscal Year which expired on 31 December 2015, provided that the act was not a criminal act and was reflected in the Annual Report, Financial Statement of Consolidated Company, as well as Annual Report on the Implementation of Partnership and Environmental Development Program for the Fiscal Year which expired on 31 December 2015. The amortization and release from full responsibility were also granted to: <ul style="list-style-type: none"> Mr. Mahmuddin Yasin, Mr. Pradjoto, Mr. Anton H. Gunawan, Mr. Krisna Wijaya who served as Member of Company Board of Commissioners as of 1 January 2015 to 16 March 2015 and Mr. Darmin Nasution who served as Company President Commissioner as of 11 June 2015 to 12 August 2015; and Mr. Riswinandi, Mr. Abdul Rachman, Mr. Kresno Sediarsi, Mr. Sunarso dan Mrs. Fransisca N Mok who served as member of the Company Board of Directors as of 1 January 2015 to 16 March 2016. 	

Follow-up Actions

- The Financial Statement and Annual Report have been submitted to Financial Services Authority (OJK) and PT Bursa Efek Indonesia (BEI). The Financial Statement was submitted to the Regulator by means of a Letter dated 24 February 2016. Whereas the Annual Report was submitted on 26 February 2016 by means of Letter No. CEO.CSC/CMA.364/2016 dated 26 February 2016 on the Submission of Annual Report of PT Bank Mandiri (Persero) Tbk. of Fiscal Year 2015.
- The meeting has provided amortization and release from full responsibility (volledig acquit et de charge) to the entire members of the Board of Directors and Board of Commissioners for the acts of management and supervision performed in the Fiscal Year which expired on 31 December 2015. The amortization and release from full responsibility were also granted to:
 - Mr. Mahmuddin Yasin, Mr. Pradjoto, Mr. Anton H. Gunawan, Mr. Krisna Wijaya who served as Member of Company Board of Commissioners as of 1 January 2015 to 16 March 2015 and Mr. Darmin Nasution who served as Company President Commissioner as of 11 June 2015 to 12 August 2015; and
 - Mr. Riswinandi, Mr. Abdul Rachman, Mr. Kresno Sediarsi, Mr. Sunarso dan Mrs. Fransisca N Mok who served as member of the Company Board of Directors as of 1 January 2015 to 16 March 2016.

Status: Realized**Second Meeting Agenda**

Determination of the expenditure of the Company's net profit for the Fiscal Year which expired on 31 December 2015.

Number of Shareholders who asked questions and/or expressed opinions:**Voting Result**

Agree : 99.086% Including one serial A Bicolor share
 Disagree : 0.627%
 Abstain : 0.286%

Resolutions

- Approving and determining the expenditure of the Company's Net Profit for the Fiscal Year which expired on 31 December 2015 of Rp 20,334,967,510,904.70 (twenty trillion three hundred and thirty four billion nine hundred and sixty seven million five hundred and ten thousand nine hundred and four rupiah and seventy cent) with the following allocation:
- 30% of the Company's Net Profit on the period of 1 January - 31 December 2015, or Rp 6,100,490,253,271.41, is distributed as cash dividend to the shareholders and particularly for the Government/Republic of Indonesia shall be paid pursuant to the laws and regulations. Granting power and authority to the Board of Directors to regulate the procedure and implementation of cash dividend payment, and further to announce it pursuant to the applicable provisions.
 - 11.2% of the Company's Net Profit on the period of 1 January - 31 December 2015, or Rp 2,277,516,361,221.33, is determined as Appropriated Reserves for the purpose of the Company's investment. Such Appropriated Reserves shall be utilized gradually, of which the implementation shall be adjusted to the condition and necessity of the Company.
 - 58.8% of the Company's Net Profit or Rp 11,956,960,896,411.96 is determined as Undistributed Profit. The amount of fund of Partnership and Environmental Development Programs (Program Kemitraan dan Bina Lingkungan/PKBL) for Fiscal Year 2016 was calculated as equivalent to \pm (approximately) 0.5% of Net Profit of the Fiscal Year which expired on 31 December 2015, from which the fund source is the Company's charge and the remains of PKBL balance from previous year.

Follow-up Actions

Bank Mandiri has announced the Schedule and Procedure of Cash Dividend Distribution for the Fiscal Year 2016 on 23 March 2016, and has paid cash dividend to the shareholders on 22 April 2016.

Status: Realized**Third Meeting Agenda**

Determination of the amount of salary and honorarium for the Fiscal Year 2016 and tantiem for the performance for Fiscal Year which expired on 31 December 2015 for members of Board of Directors and Board of Commissioners of the Company.

Number of Shareholders who asked questions and/or expressed opinions:**Voting Result**

Agree : 96.601% Including one serial A Bicolor share
 Disagree : 2.512%
 Abstain : 0.885%

Resolutions

Granting authority to the Board of Commissioner of the Company by firstly obtaining approval from Holders of Serial A Bicolor Share to determine the salary of members of the Board of Directors, honorarium of members of the Board of Commissioners of the Company for fiscal year 2016, as well as tantiem for the performance of the members of Board of Directors and Board of Commissioners for fiscal year which expired on 31 December 2015 pursuant to the Regulation of Minister of State-owned Enterprise No. PER-04/MBU/2014 on the Guideline to Determine the Earnings of the Board of Directors, Board of Commissioners, and Board of Supervisors of State-owned Enterprises.

Follow-up Actions

Salary of members of Board of Directors, honorarium of members of Board of Commissioners of the Company for fiscal year 2016, as well as tantiem for the performance of members of Board of Directors and Board of Commissioners of the Company for fiscal year that expired on 31 December 2015 have been distributed.

Status: Realized**Fourth Meeting Agenda**

Appointment of a Public Accounting Firm to audit the Company's Financial Statement and Annual Report of the Partnership and Environmental Development Program for the Fiscal Year which expired on 31 December 2016.

Number of Shareholders who asked questions and/or expressed opinions:**Voting Result**

Agree : 95.279% Including one serial A Bicolor share
 Disagree : 0.741%
 Abstain : 3.978%

Resolutions

1. Appointment of Public Accounting Firm Purwantono, Sungkoro & Surja as the Firm to audit the Company's Financial Statement and Annual Report on the Implementation of Partnership and Environmental Development Program for the fiscal year which expired on 31 December 2016.
2. Grant of authority to the Board of Commissioners to determine the honorarium and other requirements for the Public Accounting Firm, and to determine Substitute Public Accounting Firm in the event that Public Accounting Firm Purwantono, Sungkoro & Surja, by any means cannot complete the audit of the Financial Statement of Consolidated Company and Annual Report on the Implementation of Partnership and Environmental Development Program for the Fiscal Year which expired on 31 December 2016.

Follow-up Actions

Public Accounting Firm Purwantono, Sungkoro & Surja (member of Ernst and Young) have completed auditing Financial Statement of Consolidated Company for the fiscal year which expired on 31 December 2016 pursuant to the Report of Independent Auditor No. RPC-2941/PSS/2017 dated 30 January 2017 with an audit opinion as without modification.

Status: Realized

Fifth Meeting Agenda

To approve the amendment to the Ratio of Fund Adequacy (Rasio Kecukupan Dana/RKD) of Pension Fund of Bank Mandiri One, Pension Fund of Bank Mandiri Two, Pension Fund of Bank Mandiri Three, and Pension Fund of Bank Mandiri Four as specified in the resolution of the Company's Annual GMS dated 2 April 2013, which previously was a minimum of 115% into a minimum of 105%, of which the implementation of decree on the improvement of Pension Benefit and Other Benefits has been transferred to the Board of Commissioners.

Number of Shareholders who asked questions and/or expressed opinions:**Voting Result**

Agree : 78.403% Including one serial A Bicolor share
Disagree : 19.564%
Abstain : 2.032%

Resolutions

Approving the provision of minimum requirement of RKD for Pension Fund of Bank Mandiri One, Pension Fund of Bank Mandiri Two, Pension Fund of Bank Mandiri Three, and Pension Fund of Bank Mandiri Four pursuant as specified in the resolution of the Company's Annual GMS dated 2 April 2013, which previously was a minimum of 115% into a minimum of 105%, of which the implementation of decree on the improvement of Pension Benefit and Other Benefits has been transferred to the Board of Commissioners, hence the transfer of authority to the Board of Commissioners of Founder relates to the Decree of Improvement of Pension Benefit and/or Provision of Other Benefits in Pension Fund of Bank Mandiri One to Pension Fund of Bank Mandiri Four. Further, the provision is amended into fulfilling the requirements at the minimum of:

1. RKD following the improvement of Pension Benefit and/or provision of Other Benefits at the minimum of 105% pursuant to mortality table determined by the Company as the Founder.
2. There was still some surplus and it does not incur any additional contribution obligation and accounting obligation pursuant to PSAK 24.

Follow-up Actions

The provision on the minimum requirement of RKD for Pension Fund of Bank Mandiri One, Pension Fund of Bank Mandiri Two, Pension Fund of Bank Mandiri Three, and Pension Fund of Bank Mandiri Four has been amended into a minimum of 105%.

Status: Realized

Sixth Meeting Agenda

To approve the determination of shareholding programs by the management and employees aimed at providing performance-based long-term incentive.

Number of Shareholders who asked questions and/or expressed opinions:4**Voting Result**

Agree : 77.309% Including one serial A Bicolor share
Disagree : 21.472%
Abstain : 1.217%

Resolutions

Approving the provision to the Company management, an Allowance in the form of shareholding program aimed at providing performance-based long-term incentive, and to provide authority and power to the Board of Commissioner by firstly obtaining approval from Holder of Serial A Bicolor Share to determine the method and mechanism, including the amount of shareholding program by the management in order to provide performance-based long-term incentive.

Follow-up Actions

In 2016, there was no Allowance in the form of shareholding program aimed at providing performance-based long-term incentive, because Bank Mandiri still reviewed such incentive provision.

Status: Not yet realized

Seventh Meeting Agenda

Amendment to the Company's Management.

Number of Shareholders who asked questions and/or expressed opinions:**Voting Result**

Agree : 75.354 % Including one serial A Bicolor share
Disagree : 22.910%
Abstain : 1.735%

Resolutions

1. Honorably dismissing the following names from the Board of Directors:
 - a. Mr. Budi Gunadi Sadikin from the position of President Director;
 - b. Mr. Sentot A. Sentaosa from the position of Director;
 - c. Mr. Royke Tumilaar from the position of Director.

The dismissal of members of the Board of Directors takes place as of the closing of meeting, together with an expression of gratitude for their physical and intellectual contribution during their tenure as members of the Board of Directors.

2. Altering the assignment of Mr. Kartika Wirjoatmodjo who was appointed pursuant to the resolution of the Company GMS in 2015, who previously held the position of Director and was altered into President Director by continuing the remaining tenure pursuant to the decree of the GMS.
3. To appoint the names below as the members of Company Board of Directors:
 - a. Mr. Rico Usthavia Frans as Director;
 - b. Mr. Royke Tumilaar as Director.

Tenure expiration of the appointed members of Board of Directors happens concurrently with the closing of the 5th Annual GMS since the appointment of the relevant members, which is the Annual RUPS that will be held in 2021, by observing the laws and regulations in the field of Capital Market and without prejudice to GMS rights to dismiss them at any time.
4. Appointing Mr. Ardan Adiperdana as the Commissioner of the Company. Tenure expiration of the appointed members of Board of Commissioners happens concurrently with the closing of the 5th Annual GMS since the appointment of the relevant members, by observing the laws and regulations in the field of Capital Market and without prejudice to GMS rights to dismiss them at any time.
5. Altering the assignment of Mr. Wimboh Santoso who was appointed pursuant to the resolution of Extraordinary GMS of the Company in 2015, who previously held the position of President Commissioner and was altered into President Commissioner concurrently as Independent Commissioner by continuing the remaining tenure pursuant to the decree of the Extraordinary GMS.
6. With the dismissal, appointment, and alteration of duties of members of Board of Directors and Board of Commissioners, the compositions of members of Board of Directors and Board of Commissioners are as follows:

Board of Directors

President Director	: Mr. Kartika Wirjoatmodjo;
Vice President Commissioner	: Mr. Sulaiman A. Arianto;
Director	: Mr. Ogi Prastomiyono;
Director	: Mr. Pahala N. Mansury;
Director	: Mr. Hery Gunardi;
Director	: Mr. Tardi;
Director	: Mr. Ahmad Siddik Badruddin;
Director	: Mrs. Kartini Sally;
Director	: Mr. Royke Tumilaar;
Director	: Mr. Rico Usthavia Frans.

Board of Commissioners

President Commissioner/Independent Commissioner	: Mr. Wimboh Santoso;
Vice President Commissioner	: Mr. Imam Apriyanto Putro;
Independent Commissioner	: Mrs. Aviliani;
Independent Commissioner	: Mr. Goei Siauw Hong.
Independent Commissioner	: Mr. Bangun S. Kusmulyono;
Independent Commissioner	: Mr. Abdul Aziz;
Commissioner	: Mr. Askolani;
Commissioner	: Mr. Suwhono;
Commissioner	: Mr. Ardan Adiperdana.

Grant of power and authority to the Company Board of Directors, together with substitution rights to perform any necessary actions related to the resolution of this Meeting Agenda pursuant to the applicable laws and regulations, including to state in a specific Notarial Deed and to inform the amendment to the composition of members of Board of Directors and Board of Commissioners of the Company to the Ministry of Law and Human Rights, and to inquire Financial Services Authority to perform Fit and Proper Test to member candidates of Board of Directors and Board of Commissioners of the Company pursuant to the applicable laws and regulations.

Follow-up Actions

1. The tenure of Mr. Budi Gunadi Sadikin as the President Director and Mr. Sentot A. Sentaosa as the Director have expired on 21 March 2016. Whereas Mr. Royke Tumilaar was reappointed as the Director, and his tenure shall expire on the closing of the 5th Annual GMS following the date of his appointment, which is Annual GMS in 2021.
2. Mr. Kartika Wirjoatmodjo has effectively served as the President Director of Bank Mandiri as of 17 May 2016 as specified in Letter of OJK No. SR-83/D.03/2016 dated 11 May 2016 on the Result of Fit and Proper Test of the Appointment of the Alteration of Position of Director to President Director of PT Bank Mandiri (Persero) Tbk. and Letter of Bank Mandiri No. DCO/330/2016 dated 17 May 2016 on the Effective Enactment of Position Transfer from Director into President Director of PT Bank Mandiri (Persero) Tbk.
3. Mr. Rico Usthavia Frans has effectively served as Digital Banking & Technology Director of Bank Mandiri as of 20 July 2016 as specified in Letter of OJK No. SR-126/D.03/2016 dated 18 July 2016 on the Result of Fit and Proper Test of the Appointment of the Director of Bank Mandiri (Persero) Tbk. and Letter of Bank Mandiri No. RMC/526/2016 dated 20 July 2016 on the Effective Enactment of the Appointment of Director of PT Bank Mandiri (Persero) Tbk.
4. Mr. Ardan Adiperdana has effectively served as the Commissioner of Bank Mandiri as of 3 October 2016 as specified in Letter of OJK No. SR-195/D.03/2016 dated 27 September 2016 on the Result of Fit and Proper Test of the Appointment of the Director of Bank Mandiri (Persero) Tbk. and Letter of Bank Mandiri No. RMC/794/2016 dated 3 October 2016 on the Effective Enactment of the Appointment of Director of PT Bank Mandiri (Persero) Tbk.
5. Alteration of duties of Mr. Wimboh Santoso from President Commissioner to President Commissioner concurrently as Independent Commissioner of Bank Mandiri has been followed up by means of Letter No. DCO/225/2016 dated 29 March 2016 on the Proposal of Fit and Proper Test to the Members of the Board of Directors and Members of the Board of Commissioners of PT Bank Mandiri (Persero) Tbk. However, the proposal could not be followed up by OJK, thus his status remained as Non-Independent President Commissioner.

Status: Partly Realized

Board of Commissioners

Board of Commissioners are the Organ of the Company which serves to conduct supervision generally and/or specifically pursuant to the Articles of Association, to provide advice to the Board of Directors, as well as to ensure that the Company conducts the principles of GCG. Board of Commissioners are responsible to Shareholders in supervising the policy of the Board of Directors on the general operations of the Company, which refer to business plans that are approved by the Board of Commissioners and shareholders, and in ensuring compliance to all applicable laws and regulations.

Every member of the Board of Commissioners must have high integrity, knowledge, capability, and commitment to spare his/her time in performing his/her duties. This results a highly strategic role of the Board of Commissioners. Thus, the composition of Board of Commissioners of the Company must allow effective, accurate, and quick decision-making. In other words, Board of Commissioners are also demanded to act independently, meaning that there should be no conflict of interest that can disrupt its ability to perform their duties independently and critically, both in their internal relationship and in their relationship with the Board of Directors.

Reference of Regulation

Laws No. 40 of 2007 on Limited Liability Company and Regulation of Financial Services Authority No. 33/POJK.04/2014 on the Board of Directors and Board of Commissioners of Issuer or Public Company, requires all companies under Indonesian law to have a Board of Commissioner which serves to monitor managerial policy and managerial process within the company, as well as to monitor and provide suggestion/advice to the Board of Directors.

Charter of the Board of Commissioners

In details, the Guideline and work charter of the Board of Commissioners are regulated in the Charter of the Board of Commissioners that is already determined through the Decree of the Board of Commissioners Number: KEP.KOM/005/2016 dated 21 December 2016. Charter of the Board of Commissioners regulates the Work Governance of the Board of Commissioners which, among other things, contains guideline of work governance of the Board of Commissioners explaining steps of activities that are structured, systematic, easily understood, and can be consistently performed, and which can be the reference for the Board of Commissioners in performing their own duties to achieve the Company's vision and mission. With the Charter of the Board of Commissioners, it is expected to achieve high working standards, pursuant to GCG principles.

The contents of the Charter of the Board of Commissioners, among other things, are regulating the following matters.

1. General Provision
2. Duties, Responsibilities, and Authorities
 - a. Duties and Responsibilities
 - b. Obligations of the Board of Commissioners
 - c. Rights and Authorities of the Board of Commissioners
 - d. Information Transparency and Conflict of Interest
 - e. Committees
3. Board of Commissioners Meeting
 - a. Types and Quorums of the Meeting
 - b. Guest Participants of Board of Commissioners Meeting
 - c. Meeting Head
 - d. Meeting Materials
 - e. Meeting Resolutions
 - f. Meeting Minutes
 - g. Summons and Implementation of the Meeting
 - h. Secretary to the Board of Commissioners
4. Task Distribution
 - a. Task Divisions
 - b. Commissioners' Working Period
 - c. Document Execution
 - d. Official Travel
 - e. Evaluation to the Performance of the Board of Commissioners
5. Miscellaneous
 - a. Corporate Ethics and Culture
 - b. Continuous Education
 - c. Amendment
6. Closing

Several main points of working guideline for the Board of Commissioners as regulated in the Charter of the Board of Commissioners are described as follows.

Duties and Responsibilities of Board of Commissioners

Duties and responsibilities of the Board of Commissioners pursuant to the Charter of the Board of Commissioners are as follows:

1. Duties and responsibilities of the Board of Commissioners include:
 - a. To perform supervision to the management of the Company as performed by the Board of Directors, and to provide advice to the Board of Directors regarding work plan, Company development, implementation of the provisions of the Articles of Association, resolutions of GMS and/or Extraordinary GMS, and the applicable laws and regulations.
 - b. To ensure the implementation of Good Corporate Governance in every business activity of the Company, and

to perform integrated evaluation to the policy of corporate governance.

- c. Protect the Company's interest by considering the interest of Shareholders and be responsible to GMS.
 - d. To research and review Annual Report prepared by the Board of Directors, as well as to execute the Annual Report.
 - e. To provide opinion and advice to Annual Work Plan and Budget proposed by the Board of Directors and to validate it pursuant to the provisions in the Articles of Association.
 - f. To monitor the development of the Company's activities.
 - g. To provide opinion and advice to shareholders regarding matters considered crucial for managing the Company.
 - h. To immediately report to GMS when there is an indication of performance decline in the Company, also to provide advice regarding corrective action that must be performed.
 - i. To inform the Financial Services Authority no later than 7 (seven) working days as of the findings of (a) violation to the laws and regulations in the field of finance and banking; and (b) condition or estimation of condition that may harm business continuity of the Company.
 - j. To propose to GMS regarding the appointment of Public Accountant that shall perform examination to the Company's accounting.
2. In performing its duties to supervise and to provide advice, the Board of Commissioners are responsible:
- a. To provide opinion and advice to the management regarding the determination of vision, mission, culture, and values of the Company.
 - b. To conduct review and to provide opinion on business strategy applied by the Company.
 - c. To conduct review as well as to provide opinion and advice regarding the system of human resource management.
 - d. To perform assessment as well as to provide opinion and advice regarding the system of risk control.
 - e. To perform assessment as well as to provide opinion and advice regarding Business Plan and its description into Company Annual Work Plan and Budget.
 - f. To provide approval to draft of strategic business decisions or policies which comply to the laws and regulations, Articles of Association, GMS resolution, and prudential banking practices, as well as the commitment to avoid any form of conflict of interest.
 - g. To perform assessment on the reports from both internal and external auditor and to provide advice to the management regarding matters that need to be followed-up.
 - h. To perform periodical supervision and to give advice to the management regarding the implementation of good corporate governance.

- i. To perform periodical supervision on the implementation of Company Work Plan and Budget and to provide input/ approval to the amendment to Company Work Plan and Budget pursuant to the applicable provision.
 - j. To submit supervisory report of the shareholders during Annual GMS and/or Extraordinary GMS.
 - k. To perform supervision on the Company's service quality to the customers and to provide necessary advice to the management.
 - l. To perform assessment, to give opinion and advice regarding the implementation of risk management, which includes matters related to fraud control.
 - m. To formulate work program of the Board of Commissioners which includes program of the Committees to support the Board of Commissioners.
3. Each Commissioner must pay attention to the duties, responsibilities, and limits, including the ones regulated in the laws and regulations.

Duties and Responsibilities of President Commissioner

Pursuant to the Charter of the Board of Commissioners of Bank Mandiri, the duties and responsibilities of President Commissioner of Bank Mandiri, among others, are as follows:

1. Conducting written summons of Board of Commissioners Meeting that are delivered to all members of Board of Commissioners by specifying the event, date, time, and venue of the meeting.
2. Acting as Head of Meeting in Board of Commissioners Meeting.
3. Ensuring the implementation of Board of Commissioners Meeting and Meeting of Committees of Board of Commissioners, including the orderliness of Meeting Minutes.
4. Accepting reports from Committees under the Board of Commissioners.
5. Coordinating all duties of the Board of Commissioners that should be distributed as equally as possible.

Obligations of Board of Commissioners

Board of Commissioners are obliged:

1. To validate and supervise the implementation of Company Work Plan and Budget.
2. To supervise the follow-up action from the findings against deviation based on the laws and regulations, articles of association, and prudential banking practices.
3. To follow the development of the Company's activities, and in the event the Company shows signs of setback, if necessary, the Board of Commissioners may hold GMS to report to shareholders and to provide suggestion regarding corrective actions that must be performed.

4. To provide opinion and advice to GMS regarding every matters considered crucial for managing the Company.
5. To perform other supervisory duties as determined by the GMS as well as by the laws and regulations.
6. To nurture anti-fraud culture and concerns on all personnels of the Company.
7. To establish Audit Committee, Nomination Committee, Remuneration Committee, and other committee as required by the laws and regulations.

Rights and Authorities of the Board of Commissioners

Rights and Authorities of the Board of Commissioners are as follows:

1. To make decisions on the acts of the Board of Commissioners as regulated in the Articles of Association of the Company.
2. Each Commissioner, individually or jointly, at any time is entitled to enter the premises or other places that are used or controlled by the Company, and is entitled to examine books, letters of proof, and supplies, as well as to examine and match the position of cash for verification requirement and securities, and to know any actions performed by the Board of Directors.
3. The actions must be performed in their capacity as Board of Commissioners and must be reported in Board of Commissioners meeting regarding such actions.
4. When necessary, Board of Directors are entitled to request expert assistance in performing their duties in a limited time at the Company's expense.
5. Each Commissioner is entitled to inquire explanation regarding any matters from the Board of Directors and all staff under him/her, and the Board of Directors must provide it.
6. Each Commissioner is entitled to attend meetings held by the Board of Directors or units below it without making any decision.
7. With the highest vote, the Board of Commissioners at any time may temporarily dismiss one or more member of the Board of Directors, when they were proved to act against the Articles of Association or to ignore their obligations, or other urgent reasons for the Company.
8. Such temporary dismissal must be informed in written to the party concerned together with reasons behind the action.
9. Within 90 (ninety) days after the date of the temporary dismissal, the Board of Commissioners is obliged to hold GMS which will decide whether the relevant member of the Board of Directors will be permanently dismissed or be reappointed in its position, where he/she will be provided an opportunity to attend the meeting and defend him/herself.

Tenure of Board of Commissioners

The Company's Articles of Association specifies that the members of the Board of Directors are appointed and dismissed by GMS. The GMS is attended by Holders of Serial A Bicolor Share and the resolutions of the meeting must be approved by such Holders. Members of the Board of Commissioners are appointed by GMS from the candidates proposed by GMS, from the candidates proposed by Holders of Serial A Bicolor Share, and the candidacy is binding the GMS.

GMS resolutions on the appointment and dismissal of members of the Board of Commissioners also decide the time for the appointment and dismissal. In the event that GMS does not decide it, the appointment and dismissal of members of the Board of Commissioners are effective as of the closing of GMS by observing the laws and regulations.

Members of the Board of Commissioners were appointed for a period of time as of the date determined by GMS, who appointed them, and expired on the closing of the 5th (five) Annual GMS following the date of their appointment, provided that it may not exceed the 5 (five) years period of time, by observing the laws and regulations in the field of Capital Market, but without prejudice to the rights of GMS to dismiss members of the Board of Commissioners at any time before their tenures expires. After their tenure expires, members of the Board of Commissioners may be reappointed by GMS for one tenure.

Criteria for Members of the Board of Commissioners

Criteria for the Board of Commissioners of Bank Mandiri that have been regulated in the Articles of Association of the Liability Company are as follows:

1. Having good character, morals, and integrity;
2. Is competent in performing legal acts;
3. Within 5 (five) years prior to appointment or during the office, he/she:
 - a. is never declared bankrupt;
 - b. never becomes a member of the Board of Directors and/or member of the Board of Commissioners who is declared as guilty and causes a company to be declared as bankrupt;
 - c. is never penalized for committing a criminal act which causes adverse impact to the country's finance and/or to anything related to financial sector; and
 - d. never becomes a member of the Board of Directors and/or member of the Board of Commissioners who, during his/her tenure:
 - never holds Annual GMS;
 - his/her responsibility as a member of the Board of Directors and/or member of the Board of Commissioners has never been; accepted by the GMS or has not given

- any responsibility as a member of the Board of Directors; and/or a member of the Board of Commissioners to the GMS; and
 - once caused the companies which obtains permission, approval, and registration from Financial Services Authority to fail in fulfilling their obligation to submit annual report and/or Financial Services Authority.
4. Is committed to comply to the laws and regulations;
 5. Has knowledge and/or expertise in the fields required by the Company; and
 6. Fulfills other specified requirements.

Fit and Proper Test and Basis of Appointment of the Board of Commissioners

Based on the Financial Services Authority Regulation Number 27/POJK.03/2016 regarding Fit And Proper Test for Financial Services Institutions Primary Parties, Prospective Members of Board of Commissioners should have received FSA approval before undertaking their actions, duties, and functions as Board of Commissioners. The fit and proper test as well as the approval from the Financial Services Authority indicate sound integrity, competence, and good financial reputation of the Board of Commissioners members as illustrated in this following table:

Table of Fit and Proper Test of Board of Commissioners

Name	Designation	Period	Executor	Appointment Basis	Operational Effective Date
Wimboh Santoso	President Commissioner	16 February 2016 - 20 July 2017	Financial Services Authority	Extraordinary GMS (EGMS) on Friday, December 18, 2015	16 February 2016
Hartadi A. Sarwono	President Commissioner concurrently as Independent Commissioner	15 November 2017 – 31 December 2017	Financial Services Authority	Extraordinary GMS (EGMS) on 21 Augustus 2017	15 November 2017
Imam Apriyanto Putro	Vice President Commissioner	11 June 2015 - 31 December 2017	Financial Services Authority	Annual GMS (AGMS) on 16 March 2015	11 June 2015
Abdul Aziz	Independent Commissioner	25 June 2015 - 14 March 2017	Financial Services Authority	Annual GMS (AGMS) on 02 April 2013	25 June 2015
Aviliani	Independent Commissioner	3 September 2014 - 14 March 2017	Financial Services Authority	Extraordinary GMS (EGMS) on 21 May 2014	3 September 2014
Askolani	Commissioner	3 September 2014 - 31 December 2017	Financial Services Authority	Extraordinary GMS (EGMS) on 21 May 2014	3 September 2014
Goei Siau Hong	Independent Commissioner	25 June 2015 - 31 December 2017	Financial Services Authority	Annual GMS (AGMS) on 16 March 2015	25 June 2015
Bangun Sarwito Kusmulyono	Independent Commissioner	25 June 2015 - 31 December 2017	Financial Services Authority	Annual GMS (AGMS) on 16 March 2015	25 June 2015
Ardan Adiperdana	Commissioner	3 October 2016 - 31 December 2017	Financial Services Authority	Annual GMS (AGMS) on 21 March 2016	03 October 2016
Makmur Keliat	Independent Commissioner	25 September 2017 – 31 December 2017	Financial Services Authority	Annual GMS (AGMS) on 14 March 2017	25 September 2017
R. Widyo Pramono*	Commissioner	21 August 2017 – 31 December 2017	Financial Services Authority	Extraordinary GMS (EGMS) on 21 Augustus 2017	15 January 2018*

Remarks:

*Effective as of 15 January 2018 after successfully obtaining approval and passing the Fit and Proper Test administered by the Financial Services Authority.

Orientation Program For New Commissioners

In the context of providing overview of the business activities, the Company's future plans, the working guidelines and other aspects under the responsibility of Board of Commissioners, Bank Mandiri conducted an orientation program for new members of Board of Commissioners which was prepared by the Corporate Secretary Group and involved a study of documents in both soft copy and hard copy form.

The documents included the Annual Report, the Work Plan, the Corporate Work Plan and Budget, Corporate Long Term Plan, Articles of Association of the Company, Corporate Governance Policy, Code of Ethics, the Work Program of the Board of Commissioners and its Committees, and Rules of the Board of Commissioners.

Given that at the AGMS held on March 14, 2017 and EGMS held on August 21, 2017 a change in the composition of the Company's BOD and BOC member(s) took place, Bank Mandiri required an orientation program for member(s) of BOC to provide the overview of the business activities, the Company's future plans, working guidelines and other aspects under the responsibility of Board of Commissioners which included:

1. The distribution of documents including the Annual Report, the Corporate Work Plan and Budget (CBP), Bank Business Plan, 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 committee, Rules of the Board of Directors and Rules of the Board of Commissioner's Committees, as well as regulations related to the Bank's business process.
2. The on-site visits to regional offices to meet face to face with other member(s) of the Board of Commissioners and, for the new commissioner, to meet with the employees of the Bank in Regional Offices. On-site visits to regional offices aim at helping the commissioner to know, to understand, and to build good and solid relationship with other member(s) of BOC and Regional Offices.
After the AGMS held on March 14, 2017 and EGMS held on August 21, 2017, the BOC has conducted several visits to Region XI which includes Bali and Nusa Tenggara (Lombok and Denpasar Areas) on October 16 and 17, 2017.
3. An explanation of organization, duties and authorities of Board of Commissioners and Directors, internal and external audit, internal system and policies, as well as roles of BOC's committees for new member of BOC is delivered through a presentation as follows:

Table of Commissioners New Orientation Program Implementation

No.	Material	Presenter	Date	Member(s) of Board of Commissioners
1.	Good Corporate Governance	Compliance Group	19 May 2017	Makmur Keliat
			05 October 2017	R. Widyo Pramono
2.	Company Performance	Strategic & Performance	5 May 2017	Makmur Keliat
			6 October 2017	R. Widyo Pramono
3.	Bank Health Level	Credit Portfolio Risk	26 May 2017	Makmur Keliat
			12 October 2017	R. Widyo Pramono
4.	Human Capital/Employment	Human Capital	13 October 2017	R. Widyo Pramono
5.	Segmentation in Bank Mandiri: Corporate Banking	Director of Wholesale Banking	09 November 2017	Makmur Keliat
6.	Internal Audit of Bank Mandiri	Director of Internal Audit	21 November 2017	R. Widyo Pramono

4. The update on current national and global banking condition as well as financial technology and macroeconomic topics to Board of Commissioners as follows:

Table of Commissioners New Orientation Program Implementation

No.	Material	Presenter	Date	Member(s) of Board of Commissioners
1.	Update Macro Economic	Office of Chief Economist	14 November 2017	All Members of Board of Commissioners
2.	Update on the Development of Financial Technology (Fintech)	Digital Banking & Technology Director	16 November 2017	

Job Description of Supervisory Board of Commissioners

The division of the Board of Commissioners' duties is set based on its committee membership through the committees under the Board of Commissioner. According to POJK No.55/POJK.33/2016 regarding the Implementation of Corporate Governance for Commercial Bank, to effectively perform jobs and responsibilities, the Board of Commissioner may form at least: Audit Committee, Risk Oversight Committee, and Remuneration and Nomination Committee. In compliance of POJK No. POJK No. 18/POJK.03/2014 dated November 18, 2014 concerning the Implementation of Integrated Corporate Governance in Financial Conglomeration, the Bank's Board of Commissioner has also established an Integrated Corporate Governance Committee.

There have been several changes regarding the segregation of duties of Board of Commissioner in 2017 which include:

- According to the Letter of Board of Commissioner No. KOM/004/2016 dated 19 October 2016 on Changes to Membership of the Committee under the Board of Commissioners governing the distribution of membership of the Board of Commissioners as follows:

Table of Job Description of the Board of Commissioner

Name	Designation	Period	Job Description
Wimboh Santoso	President Commissioner	February 16, 2016 - July 20, 2017	<ul style="list-style-type: none"> Member of Risk Oversight Committee Member of Remuneration and Nomination Committee
Imam Apriyanto Putro	Vice President Commissioner	June 11, 2015 - December 31, 2017	<ul style="list-style-type: none"> Member of Remuneration and Nomination Committee Member of Integrated Corporate Governance Committee
Abdul Aziz	Independent Commissioner	June 25, 2015 - March 14, 2017	<ul style="list-style-type: none"> Chairman of Risk Oversight Committee Chairman of Integrated Corporate Governance Committee Member of Remuneration and Nomination Committee
Aviliani	Independent Commissioner	September 3, 2014 - March 14, 2017	<ul style="list-style-type: none"> Chairman of Audit Committee Member of Integrated Corporate Governance Committee Member of Remuneration and Nomination Committee
Askolani	Commissioner	September 3, 2014 - December 31, 2017	<ul style="list-style-type: none"> Member of Audit Committee Member of Remuneration and Nomination Committee
Goei Siauw Hong	Independent Commissioner	June 25, 2015 - December 31, 2017	<ul style="list-style-type: none"> Member of Risk Oversight Committee Member of Audit Committee Member of Remuneration and Nomination Committee Vice Chairman of Integrated Corporate Governance Committee
Bangun Sarwito Kusmulyono	Independent Commissioner	June 25, 2015 - December 31, 2017	<ul style="list-style-type: none"> Member of Risk Oversight Committee Chairman of Remuneration and Nomination Committee Member of Integrated Corporate Governance Committee
Ardan Adiperdana	Commissioner	October 3, 2016 - Desember 31, 2017	<ul style="list-style-type: none"> Member of Audit Committee Member of Remuneration and Nomination Committee

- According to the Letter of Board of Commissioner No. KOM/048/2017 dated April 19, 2017 regarding Changes in Membership of the Subordinate Committee of the Board of Commissioner, Board of Commissioner membership is incorporated as follows:

Table of Job Description of the Board of Commissioner

Name	Designation	Period	Job Description
Wimboh Santoso	President Commissioner	February 16, 2016 - July 20, 2017	<ul style="list-style-type: none"> Member of Risk Oversight Committee Member of Remuneration and Nomination Committee
Imam Apriyanto Putro	Vice President Commissioner	June 11, 2015 - December 31, 2017	<ul style="list-style-type: none"> Member of Remuneration and Nomination Committee Member of Integrated Corporate Governance Committee
Askolani	Commissioner	September 3, 2014 - December 31, 2017	<ul style="list-style-type: none"> Member of Audit Committee Member of Remuneration and Nomination Committee
Goei Siauw Hong	Independent Commissioner	June 25, 2015 - December 31, 2017	<ul style="list-style-type: none"> Chairman of Risk Oversight Committee Member of Audit Committee Member of Remuneration and Nomination Committee Chairman of Integrated Corporate Governance Committee
Bangun Sarwito Kusmulyono	Independent Commissioner	June 25, 2015 - December 31, 2017	<ul style="list-style-type: none"> Chairman of Audit Committee Member of Risk Oversight Committee Chairman of Remuneration and Nomination Committee Member of Integrated Corporate Governance Committee

Name	Designation	Period	Job Description
Ardan Adiperdana	Commissioner	October 3, 2016 - December 31, 2017	<ul style="list-style-type: none"> Member of Audit Committee Member of Remuneration and Nomination Committee

- According to the Letter of Board of Commissioner No. KOM/101/2017 dated September 19, 2017 regarding on Changes to Membership of the Committee under the Board of Commissioners governing the distribution of membership of the Board of Commissioners as follows:

Table of Job Description of the Board of Commissioner

Name	Designation	Period	Job Description
Hartadi A. Sarwono	President Commissioner concurrently as Independent Commissioner	November 15, 2017 – December 31, 2017	<ul style="list-style-type: none"> Member of Audit Committee Chairman of Remuneration and Nomination Committee
Imam Apriyanto Putro	Vice President Commissioner	June 11, 2015 - December 31, 2017	<ul style="list-style-type: none"> Member of Remuneration and Nomination Committee Member of Integrated Corporate Governance Committee
Askolani	Commissioner	September 3, 2014 - December 31, 2017	<ul style="list-style-type: none"> Member of Remuneration and Nomination Committee Member of Integrated Corporate Governance Committee
Goei Siau Hong	Independent Commissioner	June 25, 2015 - December 31, 2017	<ul style="list-style-type: none"> Chairman of Risk Oversight Committee Member of Audit Committee Member of Remuneration and Nomination Committee Chairman of Integrated Corporate Governance Committee
Bangun Sarwito Kusmulyono	Independent Commissioner	June 25, 2015 - December 31, 2017	<ul style="list-style-type: none"> Chairman of Audit Committee Member of Risk Oversight Committee Member of Remuneration and Nomination Committee Member of Integrated Corporate Governance Committee
Ardan Adiperdana	Commissioner	October 3, 2016 - December 31, 2017	<ul style="list-style-type: none"> Member of Risk Oversight Committee Member of Remuneration and Nomination Committee
Makmur Keliat	Independent Commissioner	September 25, 2017 - December 31, 2017	<ul style="list-style-type: none"> Member of Audit Committee Member of Remuneration and Nomination Committee Member of Integrated Corporate Governance Committee
R. Widyo Pramono*	Commissioner	August 21, 2017 - December 31, 2017	<ul style="list-style-type: none"> Member of Risk Monitoring Committee Member of Remuneration and Nomination Committee

Remarks:

*Effective as of January 15, 2018 after successfully obtaining approval and passing the Fit and Proper Test administered by the Financial Services Authority.

The Delegation of Authority to the Board of Commissioner in the Meeting

The authority of a Board of Commissioner member may only be delegated to another member by virtue of a power of attorney arranged for specific purpose. This delegation of authority shall not replace one's collective responsibilities. In 2017, there was one delegation of authority from one BOC member to another member by virtue of a specific power of attorney. Therefore, the quorum for a decision making in the BOC meeting was achieved.

Policy on the Diversity Composition of the Board of Commissioners and its Implementation

As stated in FSA Circular Letter No.32/SEOJK.04/2015 on Governance Guidelines of Public Companies, the Financial Services Authority recommended that the determination of BOC's composition must consider the diversity of BOC's composition. Composition diversity of the Board of Commissioners combines characteristics of either Board of Commissioner or members of Board of Commissioner at individual level tailored to the needs of the Public Company. Composition diversity is reflected from several elements including the assignment

of expertise, knowledge, and experience necessary for performing supervisory functions and providing advice. By considering composition diversity, a Public Company has indicated a positive signal, especially for decision making in its supervisory functions that involves more various aspects to consider.

The company Article of Association has accommodated the composition diversity of the Board of Commissioner in accordance with the provision regulated in Appendix of Financial Services Authority Circular Letter No. 32/SEOJK.04/2015 regarding the Corporate Governance Guidelines for Public Companies. The appointment of the Board of Commissioner is conducted by considering integrity, dedication, understanding of the company's management problem related to one of management functions, knowledge and/or expertise in the field needed by the Company, time availability to perform duties and other requirements as set by the regulations. Current policy of diversity, however, regulates only elements including knowledge and/or expertise pursuant to the Board of Commissioner's job description. Bank Mandiri has not regulated any policy of diversity regarding age and gender since the Bank still prioritizes the nomination according to the need of the Company.

In 2017, some elements of diversity including education, work experience, age, and gender indicated composition diversity of the Board of Commissioner as illustrated in the following table:

Table of Diversity in Composition of the Board of Commissioner

Name	Designation	Period	Age	Gender	Education	Working Experience	Skills
Wimboh Santoso	President Commissioner	16 February 2016 - 20 July 2017	60 Years Old	Male	A Bachelor in Economics from Universitas Negeri Sebelas Maret, Solo in 1983, a Master of Business Administration from University of Illinois, USA in 1993, and a PhD in Financial Economics from University of Loughborough, London in 1999.	He began his 29-year career at Bank Indonesia since 1984 as a Bank Examiner (1984-1990) and continued becoming a Head of Section of Internal Research Bureau and Research Affairs & Internal Development (UPPN) of Bank Indonesia (1993-1994), Senior Researcher-Director of Research and Banking Development of Bank Indonesia (1999-2003), Head of the Banking Transformation Unit of Bank Indonesia (2001-2003), Executive Researcher-Director of Research and Banking Development (DPNP) of Bank Indonesia (2003-2005), Head of the Financial System Stability Bureau of Bank Indonesia (2006-2009), and Director of Research and Banking Development (DPNP) of Bank Indonesia (2010-2012). From 2012 to 2013, he served as Head of Bank Indonesia's Representative Office in New York. Finally, from 2013 to 2015, he served as Executive Director of IMF.	Banking, Macroeconomics

Name	Designation	Period	Age	Gender	Education	Working Experience	Skills
Hartadi A. Sarwono	President Commissioner concurrently as Independent Commissioner	November 15, 2017 – December 31, 2017	65 Years Old	Male	Bachelor's Degree in Industrial Engineering from Institut Teknologi Bandung in 1979, Master of Arts in Macroeconomics in 1985 and a Doctorate's Degree of Monetary Theory and Policy in 1989, both degrees were obtained from the University of Oregon, United States of America.	He began his career at Bank Indonesia in 1980 as a logistic staff (1980-1983). After obtaining degrees of MA and PhD, he served as Junior Researcher of Economics in Research and Development Division (1989-1990), staff of the Governor of Bank Indonesia (1990-1993), Head of General Economics Division (1993-1994), Head of Monetary Division (1994-1996), Head of Policy Analysis and Planning Division (1996-1997), Deputy Director of Economic Research and Monetary Policy (1997-2000), Director of Economic Research and Monetary Policy (2000-2003), Director/ Head of Representative of Bank Indonesia-Tokyo (February 2003 – June 2003). His top career at Bank Indonesia was started in 2003 as a Deputy Governor for 2 consecutive periods (June 2003-June 2008 and June 2008-June 2013) and President Commissioner of PT Bank Negara Indonesia (Persero) Tbk (04 May 2016 - 21 August 2017).	Banking, Economic
Imam Apriyanto Putro	Vice President Commissioner	June 11, 2015 - December 31, 2017	54 Years Old	Male	A Bachelor of Economics in the field of Management from Diponegoro University, Semarang in 1988 and a Master of Management from Sekolah Tinggi Ilmu Ekonomi IBII, Jakarta in 2000.	He began his career as Head of Analyst Section in Funding and Resources at the Ministry of State-Owned Enterprise (1993-2010), Commissioner of PT Permodalan Nasional Madani (Persero) (2007-2011), Assistant of Research and Information Departments at the Ministry of State-Owned Enterprise (2010-2012), Commissioner of PT Petrokimia Gresik (Persero) (2011-2012), Commissioner of PT Bukit Asam (Persero) Tbk (2011-2013), Head of Planning and Human Capital Bureau at the Ministry of State-Owned Enterprise (2012-2013), Plh. Acting Deputy of Infrastructure and Logistics at the Ministry of State-Owned Enterprises (2013), Commissioner of PT Semen Indonesia (Persero) Tbk (2013-2014), Secretary of Ministry of State-Owned Enterprises (2013-present), and Commissioner of PT Telekomunikasi Indonesia (Persero) Tbk (2014-2015).	Governance

Name	Designation	Period	Age	Gender	Education	Working Experience	Skills
Abdul Aziz	Independent Commissioner	June 25, 2015 - March 14, 2017	56 Years Old	Male	A Bachelor in Fisheries/ Social Economics from Institut Pertanian Bogor in 1987 and a Master in the field of strategic management from Institut Pendidikan dan Pengembangan Manajemen in 1993.	His career began in 1987 while serving as staff at PT Aquatic Konsultan (1987-1988) and continued as Marketing at T Pusat Pengembangan Agribisnis (1988-1990), Business Developer at Majalah Ulumul Qur'an (1990-1993), Manager at PT Pasarini Padibumi (1993-1997), Commissioner at PT Panca Nugraha Paramitra (1997-2005), Commissioner at PT PLN (Persero) (2009-2013), President Director at PT Sarana Jasa Utama (2005-2015), and Non-Independent Commissioner at Bank Mandiri (2013-2015).	Banking
Aviliani	Independent Commissioner	September 3, 2014 - March 14, 2017	56 Years Old	Female	A Bachelor in Economic of Management from Atma Jaya University in 1985, a Master in Management of Social and Political Science from University of Indonesia in 1995, and a Doctor of Business Management from Institut Pertanian Bogor in 2012.	She served as Deputy Director of Development at INDEF (1997-1999), Deputy Director of Research and Services at Perbanas (1997-1999), Vice Chairman (PUREK II) at Perbanas (2000-2002), Chairman of the Department at Universitas Paramadina (2002-2005), Independent Commissioner of PT BRI (Tbk) (2005-2014), Secretary of the National Economic Committee (KEN) (2010-2014), Deputy Secretary of the Committee for the Acceleration and Expansion of Indonesia (KP3EI) (2012-2014).	Macroeconomics, Banking
Askolani	Commissioner	September 3, 2014 - December 31, 2017	51 Years Old	Male	A Bachelor of Economics and Development Studies from Universitas Sriwijaya in 1990 and a Master in Economics and Banking from University of Colorado, Denver-USA in 1999.	He served as Director of Non-Tax State Revenues (PNBP) in the Ministry of Finance (2011-2013), Commissioner of PT Indonesia Ferry (ASDP) (2007-2010), Commissioner of PT Pertamina Gas (2012-2013), Commissioner of PT Angkasa Pura I (2013-2014), and Governor of Indonesia at Opex Fund for International Development (OFID) (2015).	Fiscal, Budget and Tax

Name	Designation	Period	Age	Gender	Education	Working Experience	Skills
Goei Siauw Hong	Independent Commissioner	June 25, 2015 - December 31, 2017	53 Years Old	Male	A Bachelor in Agronomy from Institut Pertanian Bogor in 1988 and a Master of Business Administration (MBA) in Business, Finance, and Marketing from Indiana University, Bloomington, USA in 1993.	He began his career as a Systems Analyst at Astra Graphix (1988-1991), Equity Analyst and Senior Equity Analyst at WI Car Indonesia (1993-1995), Deputy Head of Research and Head of Research at CLSA Indonesia (1995-1996), Head of Research at Signe Crosby (1996-1998), Vice President of Research at Nomura Singapore (1998-1999), Head of Research at Nomura Indonesia (1999-2001), and Member of Risk Oversight Committee of Bank Permute (2006-2010).	Finance, Banking
Bangui Servitor Kusmulyono	Independent Commissioner	June 25, 2015 - December 31, 2017	74 Years Old	Male	A Bachelor in Chemical Engineering from Institute Technology Bandung in 1970, a Master of Business Administration from University Southern California, Los Angeles, USA in 1974, and a Doctor in Environmental Management from Institute Pertaining Bogor in 2007.	He initiated his career as an Operations Staff at the Investment Coordinating Board (BKPM) (1970-1972), then he worked at Chase Manhattan Bank (in New York and Hong Kong), Fincorinvest, and the Asian Development Bank from 1962 to 1985. Afterwards, he served as President Director of Bank Nusa International (1988-1998) and Lemhanas KSA V (1995). He also served as Member of Board of Commissioner of Maybank Nusa (1990-1997) and Member of Board of Commissioner of Bank Niaga (1998-1999). From 1999 to 2005, he served as President Director of Permodalan Nasional Madani (PNM) and Member of Board of Commissioner of Syarikat Takaful Indonesia. Before serving as Commissioner of Bank Mandiri, he was an Independent Commissioner of Bank Rakyat Indonesia (BRI) (2005-2010) and an Independent Commissioner of Bank Negara Indonesia (BNI) (2010-2015).	Banking
Ardan Adiperdana	Commissioner	October 3, 2016 - December 31, 2017	57 Years Old	Male	A Bachelor of Economics from STAN (1987), a Master in Business Administration from Saint Mary's University (SMU), Nova Scotia, Canada (1992), and a Doctor in Strategic Management from Universitas Indonesia (2013).	He served as Commissioner of PT Hotel Indonesia Natour (Persero) (2011-2013) and President Commissioner of PT Jasa Raharja (Persero) (2013-2015).	Accounting, Audit

Name	Designation	Period	Age	Gender	Education	Working Experience	Skills
Makmur Keliat	Independent Commissioner	September 25, 2017 - December 31, 2017	56 Years Old	Male	Bachelor's Degree in Economy from Universitas Pembangunan Nasional "Veteran" in 1984, the title of Bachelor of Art of Social Science and Political Science/ International Relations from Universitas Gadjah Mada in 1984, a Drs. Title in Social Science and Political Science/ International Relations from Universitas Gadjah Mada in 1986 and a Ph.d. title in School of International Studies from Jawaharlal Nehru University in 1995.	He initiated his career as a lecturer in the Department of international Relations, Social and Political Sciences Faculty of Universitas Indonesia in 1999, the he served as Chairperson of Post-Graduate Program in the Department of International Relations, Faculty of Social and Political Sciences of the Universitas Indonesia (2002-2004), Executive Director at the Center for Global Civil Society Studies (PACIVIS UI) (2002-2004), Executive Director of Center for East Asia Cooperation Studies the East Asian Studies (2005-2007), Manager of Research and Publications, Social and Political Sciences Faculty of Universitas Indonesia (2007-2008), Chairperson of the Post-Graduate Program in the International Relations Department, Social and Political Sciences of Universitas Indonesia (2009-2012) and the last position prior to his service as Commissioner of Bank Mandiri was as Special Staff for Secretariat Kabinet Republic Indonesia (May - August 2015)	Macroeconomics

Name	Designation	Period	Age	Gender	Education	Working Experience	Skills
R. Widyono Pramono*	Commissioner	August 21, 2017 - December 31, 2017	60 Years Old	Male	A Bachelor of Law from Universitas Negeri Solo, Surakarta (1984), a Master of Management from STIE IPWI, Jakarta (2001), a Master of Law from Universitas Gadjah Mada, Yogyakarta (2007), and A Doctor in criminal law from Universitas Padjajaran, Bandung (2012). In 2015, he was inaugurated as Professor of Criminal Law at Universitas Diponegoro.	He commenced his career at the South Jakarta District Attorney Service as Administration staff (1986-1990), Attorney of Pre-prosecution for Crime (1990-1993), and Attorney of Economic Crime for Special Crime (1993-1995). He continued serving as Attorney for Prosecution at DKI Jakarta Provincial Attorney Service (1995), Head of Academy and Stratification Department at the Center for Education and Training Attorney General Office of Indonesia (1995-1996), Attorney for Other General Crime in Examination Division of Examination I (1996-1998), Head of Administrative Department under Junior Attorney General Crime Secretary (1998-1999), Solicitor Attaché for Republic of Indonesia Embassy in Thailand, Bangkok (1999-2003), Head of Sukabumi District Attorney Service (2003-2005). He served at Center for Education and Training RI Attorney General Office as Head of International Legal Cooperation Attorney General Office (2005-2006), Special Assistant to R.I Attorney General (2006-2007), and Head of General Affairs Department Attorney General Office (2007-2008). He continued his career at the Attorney General's Office of Indonesia as Head of Papua Provincial Attorney Office (2008-2009), Inspector IV for Junior Attorney General Supervision (2009-2010), Head of Central Java Provincial Attorney Office (2010-2011), Secretary Junior Attorney General Crimes (2011-2012), Expert Staff at General Crimes Division (2012-2013), Junior Attorney General Special Crimes (2013-2015), and Junior Attorney General Supervision (2015- Agustus 2017).	Law

Keterangan:

*Telah efektif pada tanggal 15 Januari 2018 setelah mendapat persetujuan dari Otoritas Jasa Keuangan atas Penilaian Uji Kemampuan dan Kepatutan (*Fit and Proper Test*).

Number and Composition of Board of Commissioner

In 2017, the number and composition of the Board of Commissioners of the Company experienced several changes as illustrated below.

Number and Composition of Board of Commissioner of the Company Before AGMS dated 14 March 2017

Before the AGMS dated 14 March 2017, the Board of Commissioner consisted of 8 (eight) Commissioners - 1 (one) President Commissioner, 1 (one) Vice President Commissioner, 2 (two) Commissioners, and 4 (four) Independent Commissioners. All members of the Board of Commissioner domiciled in the working scope of Bank Mandiri's Head Office.

No.	Name	Designation
1.	Wimboh Santoso	President Commissioner
2.	Imam Apriyanto Putro	Vice President Commissioner
3.	Abdul Aziz*	Independent Commissioner
4.	Aviliani *	Independent Commissioner
5.	Askolani	Commissioner
6.	Goei Siau Hong	Independent Commissioner
7.	Bangun Sarwito Kusmulyono	Independent Commissioner
8.	Ardan Adiperdana	Commissioner

Remarks:

*Served until 14 March 2017. He was cordially dismissed as member of the Board of Commissioner of Bank Mandiri pursuant to the resolution of 2017 AGMS dated 14 March 2017.

Number and Composition of Board of Commissioner of the Company After AGMS Dated 14 March 2017

After the AGMS dated 14 March 2017, the Board of Commissioner consisted of 8 (eight) Commissioners - 1 (one) President Commissioner, 1 (one) Vice President Commissioner, 2 (two) Commissioners, and 4 (four) Independent Commissioners. All members of the Board of Commissioner domiciled in the working scope of Bank Mandiri's Head Office.

No.	Name	Designation
1.	Wimboh Santoso	President Commissioner
2.	Imam Apriyanto Putro	Vice President Commissioner
3.	Askolani	Commissioner
4.	Goei Siau Hong	Independent Commissioner
5.	Bangun Sarwito Kusmulyono	Independent Commissioner
6.	Ardan Adiperdana	Commissioner
7.	Makmur Keliat*	Independent Commissioner
8.	Destry Damayanti**	Independent Commissioner

Remarks:

*A Commissioner effectively held position after receiving the approval from the FSA on the Fit and Proper Test and complying the regulations.

**The nomination of Mrs Destry Damayanti as member of the Board of Commissioner of the Company at AGMS dated 14 March 2017 has been considered ineffective as she declared to still serve as member of the Board of Commissioner of Indonesia Deposit Insurance Corporation.

Number And Composition Of Board Of Commissioner Of The Company Before Extraordinary GMS Dated 21 August 2017

Before the EGMS dated 21 August 2017, the Board of Commissioner consisted of 7 (seven) Commissioners - 1 (one) President Commissioner, 1 (one) Vice President Commissioner, 2 (two) Commissioners, and 3 (three) Independent Commissioners. All members of the Board of Commissioner domiciled in the working scope of Bank Mandiri's Head Office.

No.	Name	Designation
1.	Wimboh Santoso*	President Commissioner
2.	Imam Apriyanto Putro	Vice President Commissioner
3.	Askolani	Commissioner
4.	Goei Siau Hong	Independent Commissioner
5.	Bangun Sarwito Kusmulyono	Independent Commissioner
6.	Ardan Adiperdana	Commissioner
7.	Makmur Keliat**	Independent Commissioner

Remarks:

*The term of office for Mr Wimboh Santoso as President Commissioner of the Company ended since his appointment as the Board of Commissioner of the FSA on 20 July 2017.

**The appointment of Mr Makmur Keliat was considered effective after receiving the approval from the FSA on the Fit and Proper Test and complying the regulations.

Number and Composition of Board of Commissioner of the Company After Extraordinary GMS dated 21 August 2017

After the EGMS dated 21 August 2017, the Board of Commissioner consisted of 8 (eight) Commissioners - 1 (one) President Commissioner, 1 (one) Vice President Commissioner, 3 (three) Commissioners, and 3 (three) Independent Commissioners. All members of the Board of Commissioner domiciled in the working scope of Bank Mandiri's Head Office.

No.	Name	Designation
1.	Hartadi A. Sarwono*	President Commissioner concurrently as Independent Commissioner
2.	Imam Apriyanto Putro	Vice President Commissioner
3.	Askolani	Commissioner
4.	Goei Siau Hong	Independent Commissioner
5.	Bangun Sarwito Kusmulyono	Independent Commissioner
6.	Ardan Adiperdana	Commissioner
7.	Makmur Keliat	Independent Commissioner
8.	R. Widyo Pramono**	Commissioner

Remarks:

* Has been effective on 15 November 2017 after obtaining approval from the Authority Financial Services on the Fit and Proper Test (Fit and Proper Test).

** Was effective on January 15, 2018 after obtaining approval from the Authority Financial Services on the Fit and Proper Test (Fit and Proper Test).

Affiliate Relationship of the Board of Commissioner

The criteria for the affiliate relationship among members of the Board of Directors, Board of Commissioners, and Controlling Shareholders cover:

- Affiliations among Board of Directors members.

- Affiliations among Board of Directors members and Board of Commissioners members.
- Affiliations among Board of Directors members and Majority and/or Controlling Shareholders.
- Affiliations among Board of Commissioners members; and
- Affiliations among Board of Directors members and Majority and/or Controlling Shareholders.

The affiliate relationships among members of the Board of Directors, Board of Commissioners, and Controlling Shareholders are illustrated in the following table:

Table of Affiliate Relationship of the Board of Commissioners

Name of Commissioner	Designation	Period	Financial, Family, and Organizational Relationship													
			Financial Relationship With						Family Relationship With						Organizational Relationship With	
			Board of Commissioners		Board of Directors		Controlling Shareholders		Board of Commissioners		Directors		Controlling Shareholders		Yes	No
			Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No		
Wimboh Santoso	President Commissioner	February 16, 2016 - July 20, 2017		√		√		√		√		√		√		√
Hartadi A. Sarwono	President Commissioner concurrently as Independent Commissioner	1 November 15, 2017 – December 31, 2017		√		√		√		√		√		√		√
Imam Apriyanto Putro	Vice President Commissioner	June 11, 2015 - December 31, 2017		√		√		√		√		√		√		√
Abdul Aziz	Independent Commissioner	June 25, 2015 - March 14, 2017		√		√		√		√		√		√		√
Aviliani	Independent Commissioner	September 3, 2014 - March 14, 2017		√		√		√		√		√		√		√
Askolani	Commissioner	September 3, 2014 - December 31, 2017		√		√		√		√		√		√		√
Goei Siauw Hong	Independent Commissioner	June 25, 2015 - December 31, 2017		√		√		√		√		√		√		√
Bangun Sarwito Kusmulyono	Independent Commissioner	June 25, 2015 - December 31, 2017		√		√		√		√		√		√		√
Ardan Adiperdana	Commissioner	October 3, 2016 - December 31, 2017		√		√		√		√		√		√		√
Makmur Keliat	Independent Commissioner	September 25, 2017 - December 31, 2017		√		√		√		√		√		√		√
R. Widyo Pramono*	Commissioner	August 21, 2017 - December 31, 2017		√		√		√		√		√		√		√

Remarks:

*Effective as of 15 January 2018 after successfully obtaining approval and passing the Fit and Proper Test administered by the Financial Services Authority.

Policy on Concurrent Positions of the Board of Commissioners and its Implementation

According to the Articles of Association, Members of the Board of Commissioners shall be prohibited from having concurrent positions as:

- a. Member of the Board of Directors at State-Owned Enterprises, Regionally-Owned Enterprises, and private enterprises.
- b. Committee of political party and/or candidate/member of the House of Representative, House of Regional Representative, Regional People's House of Representative Level I and II, and/or candidate of regional head/ vice head.
- c. Concurrent positions beyond which are admitted by the regulations.
- d. Concurrent positions that may cause a conflict of interest.

According to the Ministry of State-Owned Enterprises Regulations No PER-03/MBU/02/2015 and the Financial Service Authority Regulation No 55/POJK.03/2016 regarding the Implementation of Corporate Governance in Commercial Banks, concurrent positions of the Board of Commissioner are regulated as follows:

1. Members of the Board of Directors shall be prohibited from having concurrent positions as:
 - a. Member of the Board of Commissioners of other State-Owned Enterprises (SOE).
 - b. Member of the Board of Directors of State-Owned Enterprises, Regionally-Owned Enterprises, and Private Enterprises.

- c. Concurrent positions beyond which are admitted by the regulations.
- d. Concurrent positions that may cause a conflict of interest with respective SOE.
2. Members of the Board of Commissioners shall be prohibited from having concurrent positions as Directors, member of Board of Commissioners, or Executive Officers in:
 - a. financial institution or company, bank or non-bank.
 - b. more than 1 (one) non-financial institutions and companies domiciled in and outside of Indonesia.
3. However, the provision allows a Board of Commissioners member to serve concurrent position as:
 - a. Director, Board of Commissioners, or Executive Officer with oversight function on 1 (one) non-bank subsidiaries controlled by Bank Mandiri.
 - b. A non-independent member of the Board of Commissioners runs functional tasks of the shareholders which are legal entities in Bank's business group.
 - c. Member of the BoC in non-profit organizations.

The Members of Bank Mandiri BoC had disclosed their concurrent positions and did not serve in a concurrent position beyond which was admitted by the regulations and might cause a conflict of interest prohibited by legislations.

Concurrent position of Bank Mandiri BOC can be seen in the following table.

Table of Affiliate Relationship of the Board of Commissioners

Name	Designation	Period	Designation in Company/ Other Institution	Name of Company/
Wimbob Santoso	President Commissioner	February 16, 2016 - July 20, 2017	Director	Indonesian Banking Development Institute (IBDI/LPPI)
Hartadi A. Sarwono	President Commissioner concurrently as Independent Commissioner	November 15, 2017 - December 31, 2017	President Director	Indonesian Banking Development Institute (IBDI/LPPI)
Imam Apriyanto Putro	Vice President Commissioner	June 11, 2015 - December 31, 2017	Secretary to Ministry	Ministry of State-Owned Enterprise
Abdul Aziz	Independent Commissioner	June 25, 2015 - March 14, 2017	-	-
Aviliani	Independent Commissioner	September 3, 2014 - March 14, 2017	Independent Commissioner	PT Dyandra Media Internasional, Tbk.
Askolani	Commissioner	September 3, 2014 - December 31, 2017	Director of General Budget	Ministry of Finance
Goei Siauw Hong	Independent Commissioner	June 25, 2015 - December 31, 2017	President Director	Gagas Prima Solusi
Bangun Sarwito Kusmulyono	Independent Commissioner	June 25, 2015 - December 31, 2017	-	-
Ardan Adiperdana	Commissioner	October 3, 2016 - December 31, 2017	Head of	Financial and Development Supervisory Agency (FDSA/BPKP)

Name	Designation	Period	Designation in Company/ Other Institution	Name of Company/
Makmur Keliat	Independent Commissioner	September 25, 2017 - December 31, 2017	Lecturer	International Relation Studies at Social and Political Science Faculty of Universitas Indonesia
		-	Commissioner	PT Kentara Indonesia International
R. Widyo Pramono*	Commissioner	Agustus 21, 2017 – Desember 31, 2017	-	-

Remarks:

*Effective as of 15 January 2018 after successfully obtaining approval and passing the Fit and Proper Test administered by the Financial Services Authority.

Management of the BOC's Conflict of Interest

The BOC's conflict of interest shall be managed referring to the Board of Commissioners Charter which has been set as follows:

1. Each Commissioner shall keep the information that shall be kept confidential by Bank and by legislation including policy/ internal meeting resolution of BOC and Committee under the BOC and shall not disclose any to the public without the approval of the BOC.
2. All information which has not been confirmed as information/facts or announced by the Board of Commissioners shall be kept confidential by all parties.
3. Each Commissioner is prohibited from using Bank's information for personal interest that could harm the Company directly or indirectly.
4. Each Commissioner must disclose his share ownership in the bank or in other company in accordance with Capital Market regulations.
5. Each Commissioner is prohibited to involve in decision making related to banking operations or to interfere in banking operational transactions in accordance with prevailing laws and regulations.
6. Each Commissioner is prohibited from recommending someone to become Bank Officer beyond which are admitted by prevailing laws and regulations.
7. The Board of Commissioners are forbidden to take advantage of the Company for personal, family, company or certain parties in a manner contrary to the laws and banking fairness principle.

Stock Ownership of the Board of Commissioners

The Board of Commissioners have disclosed their stock ownership in Bank Mandiri, other banks, and other companies domiciled inside or outside the country. Share ownership of the Board of Commissioners of Bank Mandiri which reaches 5% (five percent) or more of the paid-up capital of Bank Mandiri, other banks, non-bank financial institutions and other companies domiciled at home and abroad as presented in the following table:

Table of Stock Ownership of the Board of Commissioners above 5%

Name	Designation	Period	Stock Ownership			
			Bank Mandiri	Other Banks	Non-Bank Financial Institution	Other Companies
Wimboh Santoso	President Commissioner	16 February 2016 - 20 July 2017	Nil	Nil	Nil	Nil
Hartadi A. Sarwono	President Commissioner concurrently as Independent Commissioner	15 November 2017 – 31 December 2017	Nil	Nil	Nil	Nil
Imam Apriyanto Putro	Vice President Commissioner	11 June 2015 - 31 December 2017	Nil	Nil	Nil	Nil
Abdul Aziz	Independent Commissioner	25 June 2015 - 14 March 2017	Nil	Nil	Nil	Nil
Aviliani	Independent Commissioner	3 September 2014 - 14 March 2017	Nil	Nil	Nil	Nil
Askolani	Commissioner	3 September 2014 - 31 December 2017	Nil	Nil	Nil	Nil
Goei Siauw Hong	Independent Commissioner	25 June 2015 - 31 December 2017	Nil	Nil	Nil	Nil

Name	Designation	Period	Stock Ownership			
			Bank Mandiri	Other Banks	Non-Bank Financial Institution	Other Companies
Bangun Sarwito Kusmulyono	Independent Commissioner	25 June 2015 - 31 December 2017	Nil	Nil	Nil	Nil
Ardan Adiperdana	Commissioner	3 October 2016 - 31 December 2017	Nil	Nil	Nil	Nil
Makmur Keliat	Independent Commissioner	25 September 2017 - 31 December 2017	Nil	Nil	Nil	Nil
R. Widyono Pramono*	Commissioner	21 August 2017 - 31 December 2017	(30%)	Nil	Nil	Nil

Remarks:

*Effective as of 15 January 2018 after successfully obtaining approval and passing the Fit and Proper Test administered by the Financial Services Authority.

Independent Commissioner

The composition of the members of the Board of Commissioners had fulfilled the provision of the Financial Services Authority Regulation Number 55/POJK.03/2016 dated 9 December 2016 on the Implementation of Good Corporate Governance for Commercial Banks.

And Circular Letter of Financial Services Authority Number 13/SEOJK.03/2017 on the Governance Implementation for Commercial Banks regulating that at least 50% (fifty percent) of the total members of the Board of Commissioners are Independent Commissioners. As per 31 December 2017, 4 (four) persons out of eight members of the Board of Commissioners have been appointed as Independent Commissioners indicating that Bank Mandiri's Independent Commissioners has reached 50% (fifty percent) as the regulation of FSA.

Criteria for Independent Commissioner and Statement of Independent

The criteria of Independent Commissioners refer to the Financial Service Authority regulations No. 33/POJK.04/2014 dated 8 December 2014 regarding the Board of Directors and the Board of Commissioners of the Issuer or Public Company. The Independent Commissioner of Bank Mandiri shall meet the following criteria:

Criteria for Independent Commissioner	Independent Commissioner					
	Hartadi A. Sarwono	Abdul Aziz*	Aviliani*	Goei Siauw Hong	Bangun Sarwito Kusmulyono	Makmur Keliat
Shall not become the person who works, has the authority over, or has responsibility to plan, lead, control, or monitor the Bank's activities in the last 6 (six) months except for reappointment as an Independent Commissioner of Public Company for the next period.	√	√	√	√	√	√
Shall not have shares either directly or indirectly in the Issuer or the Public Company.	√	√	√	√	√	√
Shall not have affiliate relationship with the Issuer or the Public Company, BOC member, BOD member, or majority shareholders of the Issuer or the Public Company.	√	√	√	√	√	√
Shall not have any business relationship either directly or indirectly in the Issuer or the Public Company.	√	√	√	√	√	√

Remarks:

*Serving as Independent Commissioner until 14 March 2017

Each Independent Commissioner of Bank Mandiri, namely Mr. Hartadi A. Sarwono, Mr. Abdul Aziz, Ms. Aviliani, Mr. Goei Siauw Hong, Mr. Bangun Sarwito Kusmulyono, and Mr. Makmur Keliat, has made a statement of independent and submitted it to the FSA.

**SURAT PERNYATAAN INDEPENDEN
PT BANK MANDIRI (PERSERO) TBK.**

Saya yang bertanda tangan dibawah ini :

Nama : Hartadi Agus Sarwono
 Tempat/tanggal lahir : [Redacted]
 Alamat Domisili : [Redacted]
 (copy KTP/SIM terlampir) [Redacted]
 Telepon Rumah : [Redacted]
 Jabatan : Komisaris Utama merangkap Komisaris Independen
 Nama Perusahaan : PT Bank Mandiri (Persero) Tbk.
 Nomor telepon perusahaan : 021-71791565

Dengan ini menyatakan bahwa saya :

1. Tidak memiliki hubungan keuangan, hubungan kepengurusan, hubungan kepemilikan, dan/atau hubungan keluarga dengan anggota Direksi, anggota Dewan Komisaris lain, dan/atau Pemegang Saham Pengendali atau hubungan dengan Bank, yang dapat mempengaruhi kemampuan saya untuk bertindak independen sebagaimana diatur dalam ketentuan Otoritas Jasa Keuangan yang mengatur mengenai Penerapan Tata Kelola Bagi Bank Umum.
2. Apabila kemudian hari ditemukan bahwa saya memiliki hubungan sebagaimana dimaksud pada angka 1, maka saya bersedia melepaskan jabatan Komisaris Independen saya dan bersedia untuk diganti.

Demikian persyaratan independensi saya, yang telah saya buat dengan sebenar-benarnya.

Mengetahui,
PT Bank Mandiri (Persero) Tbk.



Kartika Wiriatmodjo
Direktur Utama

Jakarta, 7 September 2017



Hartadi Agus Sarwono

SURAT PERNYATAAN INDEPENDEN PT BANK MANDIRI (PERSERO) TBK

Saya yang bertanda tangan dibawah ini :

Nama : DR. Ir. Bangun Sarwito Kusmulyono MBA
 Tempat/tanggal lahir :
 Alamat Domisili :
 (copy KTP/SIM terlampir)
 Nomor telepon rumah :
 Jabatan : Komisaris Independen
 Nama Perusahaan : PT Bank Mandiri (Persero) Tbk.
 Nomor telepon perusahaan : 021-52965045

Dengan ini menyatakan bahwa saya :

1. Tidak memiliki hubungan keuangan, hubungan kepengurusan, kepemilikan saham dan/atau hubungan keluarga dengan anggota Dewan Komisaris lainnya, Direksi dan/atau Pemegang Saham Pengendali atau hubungan dengan Bank, yang dapat mempengaruhi kemampuan saya untuk bertindak independen sebagaimana diatur dalam ketentuan Pelaksanaan Good Corporate Governance bagi Bank Umum.
2. Apabila dikemudian hari, saya ditemukan memiliki hubungan-hubungan sebagaimana dimaksud pada butir 1 di atas, maka saya bersedia melepaskan jabatan Komisaris Independen saya dan bersedia untuk diganti.

Demikian persyaratan independensi saya, yang telah saya buat dengan sebenar-benarnya.

Jakarta, 20 April 2015

Mengetahui,
PT Bank Mandiri (Persero) Tbk



Budi. G. Sadikin
Direktur Utama





Bangun S. Kusmulyono

SURAT PERNYATAAN INDEPENDEN PT BANK MANDIRI (PERSERO) TBK

Saya yang bertanda tangan dibawah ini :

Nama : Goei Siauw Hong
 Tempat/tanggal lahir : 
 Alamat Domisili : 
 (copy KTP/SIM terlampir) 
 Nomor telepon rumah : 
 Jabatan : Komisaris Independen
 Nama Perusahaan : PT Bank Mandiri (Persero) Tbk.
 Nomor telepon perusahaan : 021-52965045

Dengan ini menyatakan bahwa saya :

1. Tidak memiliki hubungan keuangan, hubungan kepengurusan, kepemilikan saham dan/atau hubungan keluarga dengan anggota Dewan Komisaris lainnya, Direksi dan/atau Pemegang Saham Pengendali atau hubungan dengan Bank, yang dapat mempengaruhi kemampuan saya untuk bertindak independen sebagaimana diatur dalam ketentuan Pelaksanaan Good Corporate Governance bagi Bank Umum.
2. Apabila dikemudian hari, saya ditemukan memiliki hubungan-hubungan sebagaimana dimaksud pada butir 1 di atas, maka saya bersedia melepaskan jabatan Komisaris Independen saya dan bersedia untuk diganti.

Demikian persyaratan independensi saya, yang telah saya buat dengan sebenar-benarnya.

Mengetahui,
PT Bank Mandiri (Persero) Tbk



Budi. G. Sadikin
Direktur Utama

Jakarta, 20 April 2015



Goei Siauw Hong

SURAT PERNYATAAN INDEPENDEN PT BANK MANDIRI (PERSERO) TBK.

Saya yang bertanda tangan dibawah ini :

Nama : Makmur Keliat
 Tempat/tanggal lahir : [Redacted]
 Alamat Domisili : [Redacted]
 (copy KTP/SIM terlampir)
 Telepon Rumah : [Redacted]
 Jabatan : Komisaris Independen
 Nama Perusahaan : PT Bank Mandiri (Persero) Tbk.
 Nomor telepon perusahaan : 021 - 526 5045

Dengan ini menyatakan bahwa saya :

1. Tidak memiliki hubungan keuangan, hubungan kepengurusan, hubungan kepemilikan, dan/atau hubungan keluarga dengan anggota Direksi, anggota Dewan Komisaris lain, dan/atau Pemegang Saham Pengendali atau hubungan dengan Bank, yang dapat mempengaruhi kemampuan saya untuk bertindak independen sebagaimana diatur dalam ketentuan Otoritas Jasa Keuangan yang mengatur mengenai Penerapan Tata Kelola Bagi Bank Umum.
2. Apabila kemudian hari ditemukan bahwa saya memiliki hubungan sebagaimana dimaksud pada angka 1, maka saya bersedia melepaskan jabatan Komisaris Independen saya dan bersedia untuk diganti.

Demikian persyaratan independensi saya, yang telah saya buat dengan sebenar-benarnya.

Mengetahui,
 PT Bank Mandiri (Persero) Tbk.



Kartika Wiriatmodjo
 Direktur Utama

Jakarta, 14 Agustus 2017



Makmur Keliat

SURAT PERNYATAAN INDEPENDEN PT BANK MANDIRI (PERSERO) TBK

Saya yang bertanda tangan dibawah ini :

Nama : Abdul Aziz
 Tempat/tanggal lahir : [REDACTED]
 Alamat Domisili : [REDACTED]
 (copy KTP/SIM terlampir)
 Nomor telepon rumah : [REDACTED]
 Jabatan : Komisaris Independen
 Nama Perusahaan : PT Bank Mandiri (Persero) Tbk.
 Nomor telepon perusahaan : 021-52965045

Dengan ini menyatakan bahwa saya :

1. Tidak memiliki hubungan keuangan, hubungan kepengurusan, kepemilikan saham dan/atau hubungan keluarga dengan anggota Dewan Komisaris lainnya, Direksi dan/atau Pemegang Saham Pengendali atau hubungan dengan Bank, yang dapat mempengaruhi kemampuan saya untuk bertindak independen sebagaimana diatur dalam ketentuan Pelaksanaan Good Corporate Governance bagi Bank Umum.
2. Apabila dikemudian hari, saya ditemukan memiliki hubungan-hubungan sebagaimana dimaksud pada butir 1 di atas, maka saya bersedia melepaskan jabatan Komisaris Independen saya dan bersedia untuk diganti.

Demikian persyaratan independensi saya, yang telah saya buat dengan sebenar-benarnya.

Mengetahui,
 PT Bank Mandiri (Persero) Tbk



Budi. G. Sadikin
 Direktur Utama

Jakarta, 20 April 2015

Abdul Aziz

SURAT PERNYATAAN

Yang bertanda tangan di bawah ini:

Nama : Aviliani

Identitas : [REDACTED]

Alamat Rumah : [REDACTED]

No. telp Rumah : [REDACTED]

Jabatan : Komisaris Independen

Nama Perusahaan : PT Bank Mandiri Tbk

Dengan ini menyatakan bahwa saya:

1. Tidak memiliki hubungan keuangan, hubungan kepengurusan, kepemilikan, dan/atau hubungan keluarga dengan Anggota Dewan Komisaris lainnya Direksi dan/atau Pemegang Saham Pengendali, atau hubungan dengan Bank yang dapat mempengaruhi kemampuan saya untuk bertindak independen sebagaimana diatur dalam ketentuan pelaksanaan *Good Corporate Governance* bagi Bank Umum;
2. Apabila di kemudian hari, saya ditemukan memiliki hubungan-hubungan sebagaimana dimaksud pada butir 1 diatas, maka saya bersedia melepaskan jabatan Dewan Komisaris Independen saya dan bersedia untuk diganti

Demikian pernyataan independensi saya, yang telah saya buat dengan sebenar-benarnya

Mengetahui,
PT Bank Mandiri (Persero) Tbk.

Jakarta, 21 Mei 2014



Budi G. Sadikin
Direktur Utama



Aviliani
Komisaris Independen

Board of Commissioners Meeting

As set forth in the Financial Service Authority regulation No. 55/POJK.03/2016 regarding the Implementation of Corporate Governance for Commercial Bank and the Articles of Association of the Company, the Board of Commissioners shall convene a BOC meeting at least 1 (one) time in 2 (two) months and convene meetings with the Board of Directors periodically at least 1 (one) time in 4 (four) months.

The President Commissioner shall chair the Meeting of the Board of Commissioners and in case of his/her absence, it can be performed by the Vice President Commissioner, and if the Vice President Commissioner is unable to do so, it can be performed by a member of the Board of Commissioners. Meetings are valid and entitled to take binding decisions when attended or represented by more than 2/3 (two thirds) of the total members of the Board of Commissioners. The material of the meeting shall be conveyed to all meeting participants 5 (five) working days prior to the meeting. All decisions in the meeting are taken by deliberation for consensus, if there is no deliberation for consensus, then the decision of the meeting is taken with the most votes. All decisions of the meeting are binding on all members of the Board of Commissioners.

Agenda, Date, and Participants of the BOC Meeting

The BOC Meeting comprises:

1. The internal meeting of the BOC and/or with the attendance of Directors in related field.
2. The Joint Meeting of BOC and BOD (RAKOMDIR) in which the BOC and the BOD held meeting together.

Meeting of the BOCs

In 2017, the agenda, date, and participants of the BOC Meeting are presented as follows

Table of Meetings of the Board of Commissioners

No.	Date of Meeting	Meeting Agenda	Meeting Participant	Attending/Not Present	Reason for Not Present
1.	Wednesday, 11 January 2017	1. The 2016 Audit Report and Corrective Action Plan. 2. The 2017 Action Plan	Wimboh Santoso	Present	
			Imam Apriyanto Putro	Absent	Permission
			Abdul Aziz	Present	
			Aviliani	Present	
			Askolani	Present (authorized to other BoC)	
			Goei Siauw Hong	Present	
			Bangun Sarwito Kusmulyono	Present	
			Ardan Adiperdana	Present	
2.	Monday, 23 January 2017	Discussion on Schedule and Agenda of 2017 GMS	Wimboh Santoso	Present	
			Imam Apriyanto Putro	Present (authorized to other BoC)	
			Abdul Aziz	Present	
			Aviliani	Present	
			Askolani	Not Attending	Permission
			Goei Siauw Hong	Present	
			Bangun Sarwito Kusmulyono	Present	
			Ardan Adiperdana	Present	

No.	Date of Meeting	Meeting Agenda	Meeting Participant	Attending/Not Present	Reason for Not Present
3.	Wednesday, 01 February 2017	1. Organizational Changes in Commercial, Corporate, Wholesale Risk, Retail Risk, and Risk Management and Compliance. 2. Proposed provision of New Credit Facility for Related Party. 3. Miscellaneous	Wimboh Santoso	Present	
			Imam Apriyanto Putro	Present	
			Abdul Aziz	Present	
			Aviliani	Present	
			Askolani	Present	
			Goei Siau Hong	Present	
			Bangun Sarwito Kusmulyono	Present	
			Ardan Adiperdana	Present	
4.	Wednesday, 22 February 2017	1. Approval of Extension of Credit Facility Validity Period and Addition in Credit Facilities for Related party. 2. Determination of members of the Board of Commissioners appointed as Chairman of Annual GMS	Wimboh Santoso	Present	
			Imam Apriyanto Putro	Present	
			Abdul Aziz	Present	
			Aviliani	Present	
			Askolani	Present	
			Goei Siau Hong	Present	
			Bangun Sarwito Kusmulyono	Present	
			Ardan Adiperdana	Present	
5.	Wednesday, 28 February 2017	Approval of the BOC of Proposed Adjustment for Organizational Structure for Implementing the 2020 Long-Term Plan (Re-Start Corplan).	Wimboh Santoso	Present	
			Imam Apriyanto Putro	Present (authorized to other BoC)	
			Abdul Aziz	Present	
			Aviliani	Present	
			Askolani	Present (authorized to other BoC)	
			Goei Siau Hong	Present	
			Bangun Sarwito Kusmulyono	Present	
			Ardan Adiperdana	Present	
6.	Wednesday, 8 March 2017	1. The appointment of Public Accountant Firm (KAP) Mandiri DPLK Year 2016 2. The approval of Public Accountant Firm (KAP) Mandiri DPLK in Fiscal Year 2016 3. Approval of Plafond Addition in KMK Facilities to Related Party.	Wimboh Santoso	Present	
			Imam Apriyanto Putro	Present	
			Abdul Aziz	Present	
			Aviliani	Present	
			Askolani	Not Attending	Permission
			Goei Siau Hong	Present	
			Bangun Sarwito Kusmulyono	Present	
			Ardan Adiperdana	Present	
7.	Wednesday, 22 March 2017	Discussion on Composition of Committee Members.	Wimboh Santoso	Present	
			Imam Apriyanto Putro	Not Attending	Permission
			Askolani	Not Attending	Permission
			Goei Siau Hong	Present	
			Bangun Sarwito Kusmulyono	Present	
			Ardan Adiperdana	Present	

No.	Date of Meeting	Meeting Agenda	Meeting Participant	Attending/Not Present	Reason for Not Present
8.	Wednesday, 22 March 2017	1. Approval of Credit Facility. 2. Approval of Determination of Purwanto, Sungkoro & Surja Public Accounting Firm's honorarium 3. Approval of the Appointment of Mandiri DPLK Public Accountant Firm (KAP).	Wimboh Santoso	Present	
			Imam Apriyanto Putro	Not Present	Permission
			Askolani	Present (authorized to other BoC)	
			Goei Siauw Hong	Present	
			Bangun Sarwito Kusmulyono	Present	
			Ardan Adiperdana	Present	
9.	Wednesday, 5 April 2017	1. Approval of Extension of the Term and the Addition of Limit of Joint Financing Cooperation. 2. Approval of Capital Additions.	Wimboh Santoso	Absent	
			Imam Apriyanto Putro	Present (authorized to other BoC)	
			Askolani	Present	Permission
			Goei Siauw Hong	Present	
			Bangun Sarwito Kusmulyono	Present	
			Ardan Adiperdana	Present	
10.	Monday, 10 April 2017	Approval.	Makmur Keliat*	Hadir	
			Wimboh Santoso	Present	
			Imam Apriyanto Putro	Present	
			Askolani	Present	
			Goei Siauw Hong	Present	
			Bangun Sarwito Kusmulyono	Present	
11.	Thursday, 27 April 2017	Approval of Adjustment on Organizational Structure of Transitioning Head Office (before Emergency GMS).	Ardan Adiperdana	Present	
			Makmur Keliat	Present	
			Wimboh Santoso	Present	
			Imam Apriyanto Putro	Present (authorized to other BoC)	
			Askolani	Present	
			Goei Siauw Hong	Present	
12.	Wednesday, 3 May 2017	Approval of Bank Mandiri Benefit Pension One to Four Year 2017.	Bangun Sarwito Kusmulyono	Present	
			Ardan Adiperdana	Present	
			Makmur Keliat	Present	
			Wimboh Santoso	Present	
			Imam Apriyanto Putro	Present (authorized to other BoC)	
			Askolani	Present	
13.	Wednesday, 10 May 2017	Approval of Credit Facility.	Goei Siauw Hong	Present	
			Bangun Sarwito Kusmulyono	Present	
			Ardan Adiperdana	Present	
			Makmur Keliat	Present	
			Wimboh Santoso	Present	
			Imam Apriyanto Putro	Present	

No.	Date of Meeting	Meeting Agenda	Meeting Participant	Attending/Not Present	Reason for Not Present
14.	Wednesday, 14 June 2017	1. Approval of Working Capital Credit Facilities Injection for Related Party. 2. Approval of Revision of 2017 RKAP and RBB (2017-2019) of PT Bank Mandiri (Persero) Tbk.	Wimboh Santoso	Present	
			Imam Apriyanto Putro	Present	
			Askolani	Present (authorized to other BoC)	
			Goei Siauw Hong	Present	
			Bangun Sarwito Kusmulyono	Present	
			Ardan Adiperdana	Present	
			Makmur Keliat	Attending	
15.	Thursday, 22 June 2017	Approval of 2017 Remuneration and 2016 Performance Tantiem of the BOD and the BOC of Bank Mandiri in accordance with the Ministry of SOE Letter No. S-17/D5.MBU/06/2017 dated 21 June 2017.	Wimboh Santoso	Present	
			Imam Apriyanto Putro	Present	
			Askolani	Not Attending	Permission
			Goei Siauw Hong	Present	
			Bangun Sarwito Kusmulyono	Present	
			Ardan Adiperdana	Present	
			Makmur Keliat	Present	
16.	Wednesday, 19 July 2017	Approval.	Wimboh Santoso	Present	
			Imam Apriyanto Putro	Present	
			Askolani	Present	
			Goei Siauw Hong	Present	
			Bangun Sarwito Kusmulyono	Present	
			Ardan Adiperdana	Present	
			Makmur Keliat	Present	
17.	Wednesday, 26 July 2017	1. Approval of Credit Facility under the name of PT Mandiri Sekuritas and Credit Line Facility Extension. 2. Approval of Stock Split of PT Bank Mandiri on 21 August 2017. 3. Determination of members of the Board of Commissioners appointed as Chairman of Bank Mandiri's EGMS dated 21 August 2017.	Imam Apriyanto Putro	Present	
			Askolani	Present	
			Goei Siauw Hong	Present	
			Bangun Sarwito Kusmulyono	Present	
			Ardan Adiperdana	Present	
			Makmur Keliat		
18.	Wednesday, 2 August 2017	1. Approval of Period Extension, KMK & KI, and KI limit decrease for Related Party. 2. Approval. 3. Update on Vulcan Project	Imam Apriyanto Putro	Present	
			Askolani	Present (authorized to other BoC)	
			Goei Siauw Hong	Present	
			Bangun Sarwito Kusmulyono	Present	
			Ardan Adiperdana	Present	
			Makmur Keliat	Present	
19.	Wednesday, 9 August 2017	Request of Support for Proposed Acquisition.	Imam Apriyanto Putro	Present	
			Askolani	Not Attending	Permission
			Goei Siauw Hong	Present	
			Bangun Sarwito Kusmulyono	Present	
			Ardan Adiperdana	Present	
			Makmur Keliat	Present	

No.	Date of Meeting	Meeting Agenda	Meeting Participant	Attending/Not Present	Reason for Not Present
20.	Wednesday, 16 August 2017	Approval of Investment Credit Facilities for Related Party.	Imam Apriyanto Putro	Not Present	Permission
			Askolani	Present	
			Goei Siau Hong	Present	
			Bangun Sarwito Kusmulyono	Present	
			Ardan Adiperdana	Present	
			Makmur Keliat	Present	
21.	Wednesday, 30 August 2017	Approval of Branches Establishment in Malaysia	Hartadi A. Sarwono	Present	
			Imam Apriyanto Putro	Present	
			Askolani	Present	
			Goei Siau Hong	Present	
			Bangun Sarwito Kusmulyono	Present	
			Ardan Adiperdana	Present	
			Makmur Keliat	Present	
22.	Wednesday, 06 September 2017	1. Approval of Credit Facility. 2. Update on the Plan for Establishment of Banking and Financial Service Holding SOE.	R. Widyo Pramono	Present	
			Hartadi A. Sarwono	Present	
			Imam Apriyanto Putro	Present	
			Askolani	Present	
			Goei Siau Hong	Present	
			Bangun Sarwito Kusmulyono	Present	
			Ardan Adiperdana	Present	
			Makmur Keliat	Present	
23.	Wednesday, 13 September 2017	1. Approval of Adjustment on Organizational Struture of Transitioning Head Office (after EGMS) 2. Approval. 3. Approval of Credit Facility. 4. Approval of Approval of The Company's Articles of Association Change which must be approved by the BOC and A Series Dwiwarna Shareholders.	R. Widyo Pramono	Present	
			Hartadi A. Sarwono	Present	
			Imam Apriyanto Putro	Present	
			Askolani	Present (authorized to other BoC)	
			Goei Siau Hong	Present	
			Bangun Sarwito Kusmulyono	Present	
			Ardan Adiperdana	Present	
			Makmur Keliat	Present	
24.	Wednesday, 27 September 2017	Approval of Credit Line Facility Extension.	R. Widyo Pramono	Present	
			Imam Apriyanto Putro	Present	
			Askolani	Present	
			Goei Siau Hong	Present	
			Bangun Sarwito Kusmulyono	Present	
			Ardan Adiperdana	Present	
			MakmurKeliat	Present	

No.	Date of Meeting	Meeting Agenda	Meeting Participant	Attending/Not Present	Reason for Not Present
25.	Wednesday, 25 October 2017	Approval of Validity Period Extension and Credit Facility Addition.	Hartadi A. Sarwono	Present	
			Imam Apriyanto Putro	Present	
			Askolani	Present	
			Goei Siauw Hong	Present	
			Bangun Sarwito Kusmulyono	Present	
			Ardan Adiperdana	Present	
			Makmur Keliat	Present	
			R. Widyo Pramono	Present	
26.	Rabu, 25 Oktober 2017	Approval of Extension of the Term and Addition of Credit Facility.	Hartadi A. Sarwono	Present	
			Imam Apriyanto Putro	Present	
			Askolani	Present	
			Goei Siauw Hong	Present	
			Bangun Sarwito Kusmulyono	Present	
			Ardan Adiperdana	Present	
			Makmur Keliat	Present	
			R. Widyo Pramono	Present	
27.	Rabu, 1 November 2017	1. Interview of Audit Committee Member Candidate. 2. Approval of Credit Facility, and Approval of Issuing New Limit.	Imam Apriyanto Putro	Present	
			Askolani	Present	
			Goei Siauw Hong	Present	
			Bangun Sarwito Kusmulyono	Present	
			Ardan Adiperdana	Present	
			Makmur Keliat	Present	
			R. Widyo Pramono	Present	
28.	Rabu, 15 Nov 2017	1. Approval of Extension and Additional Working Capital Loan Facility to Related Party. 2. Approval of Addition of Budget Ceiling Remove Book 2017. 3. Update results of meetings with the Ministry of SOEs and Himbara related Criteria of the act of Directors in the Articles of Association of Bank Mandiri.	Hartadi A. Sarwono	Present	
			Imam Apriyanto Putro	Present	
			Askolani	Present	
			Goei Siauw Hong	Present	
			Bangun Sarwito Kusmulyono	Present	
			Ardan Adiperdana	Present	
			Makmur Keliat	Present	
			R. Widyo Pramono	Present	
29.	Rabu, 22 Nov 2017	Approval of Proposed RKAP 2018 and Bank Business Plan 2018 - 2020 PT Bank Mandiri (Persero) Tbk.	Hartadi A. Sarwono	Present	
			Imam Apriyanto Putro	Present (authorized to other BoC)	
			Askolani	Present	
			Goei Siauw Hong	Present	
			Bangun Sarwito Kusmulyono	Present	
			Ardan Adiperdana	Present	
			MakmurKeliat	Present	
			R. Widyo Pramono	Present	

No.	Date of Meeting	Meeting Agenda	Meeting Participant	Attending/Not Present	Reason for Not Present
30.	Rabu, 29 Nov 2017	Determination of Audit Committee Members PT Bank Mandiri (Persero) Tbk.	Hartadi A. Sarwono	Present	
			Imam Apriyanto Putro	Not Present	Permission
			Askolani	Present	
			Goei Siau Hong	Present	
			Bangun Sarwito Kusmulyono	Present	
			Ardan Adiperdana	Present	
			Makmur Keliat	Present	
			R. Widyo Pramono	Present	
31.	Rabu, 06 Des 2017	1. Update Progress Holding Banking. 2. Approval of the Change of Availability Period and Grace Period. 3. Approval of Additional Limit with Amendment to Terms and Extension of the Term of Commercial Line Facilities.	Hartadi A. Sarwono	Present	
			Imam Apriyanto Putro	Present	
			Askolani	Present	
			Goei Siau Hong	Present	
			Bangun Sarwito Kusmulyono	Present	
			Ardan Adiperdana	Present	
			Makmur Keliat	Present	
			R. Widyo Pramono	Present	
32.	Rabu, 13 Des 2017	1. Approval of Proposed Recovery Plan of Bank Mandiri 2. Approval of Abandoned Property Settlement Through Auction Sales and / or Optimization Through Cooperation with Business Entities / Other Parties.	Hartadi A. Sarwono	Present	
			Imam Apriyanto Putro	Not Present	Permission
			Askolani	Present	
			Goei Siau Hong	Present	
			Bangun Sarwito Kusmulyono	Present	
			Ardan Adiperdana	Present	
			Makmur Keliat	Present	
			R. Widyo Pramono	Present	
33.	Rabu, 20 Des 2017	Approval of the Proposed Facility.	Hartadi A. Sarwono	Present	
			Imam Apriyanto Putro	Present (authorized to other BoC)	
			Askolani	Present	
			Goei Siau Hong	Present	
			Bangun Sarwito Kusmulyono	Present	
			Ardan Adiperdana	Present	
			Makmur Keliat	Present	
			R. Widyo Pramono	Present	

Joint Meeting of the Board of Commissioners and the Board of Directors

Throughout 2017, the agenda, date, and participants of Joint Meeting of the BOC and the BOD are presented as follows.

Table of BOC Joint Meeting

No.	Meeting Date	Meeting Agenda	Meeting Participants – The Board of Commissioners	Present/Not Present	Remarks	Board of Directors Meeting Participants	Present/Not Present	Remarks
1.	Tuesday, 24 January 2017	1. Financial and Performance Statement December 2016 2. Proposed Agenda of 2017 GMS	Wimboh Santoso	Present		Kartika Wirjoatmodjo	Present	
						Sulaiman Arief	Present	
			Imam Apriyanto Putro	Present		Ogi Prastomiyono	Present	
			Abdul Aziz	Present		Pahala N. Mansury	Present	
			Aviliani	Present		Royke Tumilaar	Present	
			Askolani	Not Attending	Permission	Hery Gunardi	Present	
			Goei Siauw Hong	Present		Tardi	Present	
						Ahmad Siddik Badruddin	Present	
			Bangun Sarwito Kusmulyono	Present		Kartini Sally	Present	
2.	Wednesday, 22 March 2017	Financial and Performance Statement February 2017	Wimboh Santoso	Present		Kartika Wirjoatmodjo	Present	
			Imam Apriyanto Putro	Present		Sulaiman Arief	Present	
			Askolani	Present		Ogi Prastomiyono	Present	
			Goei Siauw Hong	Present		Pahala N. Mansury	Present	
			Bangun Sarwito Kusmulyono	Present		Royke Tumilaar	Present	
						Hery Gunardi	Present	
			Ardan Adiperdana	Not Attending	Permission	Tardi	Present	
						Ahmad Siddik Badruddin	Present	
			Makmur Keliat	Present		Kartini Sally	Present	
3.	Wednesday, 24 May 2017	Financial and Performance Report April 2017	Wimboh Santoso	Not Attending	Permission	Kartika Wirjoatmodjo	Present	
						Sulaiman Arief	Present	
			Imam Apriyanto Putro	Present		Ogi Prastomiyono	Present	
						Royke Tumilaar	Present	
			Askolani	Not Attending	Permission	Hery Gunardi	Present	
			Goei Siauw Hong	Present		Tardi	Present	
			Bangun Sarwito Kusmulyono	Present		Ahmad Siddik Badruddin	Present	
			Ardan Adiperdana	Present		Kartini Sally	Present	
			Makmur Keliat	Present		Rico Usthavia Frans	Present	

No.	Meeting Date	Meeting Agenda	Meeting Participants – The Board of Commissioners	Present/Not Present	Remarks	Board of Directors Meeting Participants	Present/Not Present	Remarks
4.	Wednesday, 21 June 2017	Financial and Performance Reports May 2017	Wimboh Santoso	Present		Kartika Wirjoatmodjo	Present	
			Imam Apriyanto Putro	Present		Sulaiman A. Arianto	Present	
			Askolani	Present		Ogi Prastomiyono	Present	
			Goei Siau Hong	Not Attending	Permission	Royke Tumilaar	Present	
			Bangun Sarwito Kusmulyono	Present		Hery Gunardi	Present	
			Ardan Adiperdana	Present		Tardi	Present	
			Makmur Keliat	Present		Ahmad Siddik Badruddin	Present	
						Kartini Sally	Present	
						Rico Usthavia Frans	Present	
						Agus Dwi Handaya	Present	
5.	Wednesday, 23 August 2017	Financial and Performance Report July 2017	Imam Apriyanto Putro	Present		Kartika Wirjoatmodjo	Present	
			Askolani	Present		Sulaiman A. Arianto	Present	
			Goei Siau Hong	Present		Ogi Prastomiyono	Present	
			Bangun Sarwito Kusmulyono	Present		Royke Tumilaar	Present	
			Ardan Adiperdana	Present		Hery Gunardi	Present	
			Makmur Keliat*	Present		Tardi	Present	
						Ahmad Siddik Badruddin	Present	
						Kartini Sally	Present	
6.	Wednesday, 25 October 2017	Financial and Performance Report September 2017	Hartadi A. Sarwono	Present		Kartika Wirjoatmodjo	Present	
			Imam Apriyanto Putro	Present		Sulaiman A. Arianto	Present	
						Ogi Prastomiyono	Present	
			Askolani	Present		Royke Tumilaar	Present	
			Goei Siau Hong	Present		Hery Gunardi	Present	
			Bangun Sarwito Kusmulyono	Present		Tardi	Present	
			Ardan Adiperdana	Present		Ahmad Siddik Badruddin	Present	
			Makmur Keliat	Present		Kartini Sally	Present	
			R. Widyo Pramono*	Present		Rico Usthavia Frans	Present	
						Darmawan Junaidi	Present	

No.	Meeting Date	Meeting Agenda	Meeting Participants - The Board of Commissioners	Present/Not Present	Remarks	Board of Directors Meeting Participants	Present/Not Present	Remarks
7.	Wednesday, 22 Nov 2017	Financial and Performance Report October 2017	Hartadi A. Sarwono	Present		Kartika Wirjoatmodjo	Present	
						Sulaiman A. Ariananto	Present	
			Imam Apriyanto Putro	Present		Ogi Prastomiyono	Present	
			Askolani	Not Attending	Permission	Royke Tumilaar	Present	
			Goei Siauw Hong	Present		Hery Gunardi	Present	
			Bangun Sarwito Kusmulyono	Not Attending	Permission	Ahmad Siddik Badruddin	Present	
			Ardan Adiperdana	Present		Kartini Sally	Present	
			Makmur Keliat	Present		Rico Usthavia Frans	Present	
8.	Wednesday, 20 Des 2017	Financial and Performance Reports November 2017	R. Widyo Pramono	Present		Darmawan Junaidi	Present	
			Hartadi A. Sarwono	Present		Kartika Wirjoatmodjo	Present	
			Imam Apriyanto Putro	Not Attending	Permission	Sulaiman A. Ariananto	Present	
			Askolani	Present		Ogi Prastomiyono	Present	
			Goei Siauw Hong	Present		Royke Tumilaar	Present	
						Hery Gunardi	Present	
			Bangun Sarwito Kusmulyono	Not Attending	Permission	Tardi	Present	
			Ardan Adiperdana	Present		Ahmad Siddik Badruddin	Present	
			Makmur Keliat	Present		Kartini Sally	Present	
						Rico Usthavia Frans	Present	
			R. Widyo Pramono	Present		Darmawan Junaidi	Present	

Meeting Frequency and Attendance

The frequency and attendance of BOC meeting and Joint meeting of the BOD and the BOC are explained below.

Table of Frequency and Attendance of BOC Meeting

Name	Designation	Period	Meeting of The BOC			Joint Meeting of The BOC and The BOD		
			Number and (%) of Attendance			Number and (%) of Attendance		
			Number of Meetings	Number of Attendance	Percentage	Number of Meeting	Number of Attendance	Percentage
Wimboh Santoso	President Commissioner	16 February 2016 - 20 July 2017	15	15	100%	5	4	80%
Hartadi A. Sarwono	President Commissioner concurrently as Independent Commissioner	15 November 2017 – 31 December 2017	6	6	100%	2	2	100%
Imam Apriyanto Putro	Vice President Commissioner	June 11, 2015 - December 31, 2017	27	17	82%	10	8	80%
Abdul Aziz	Independent Commissioner	June 25, 2015 - March 14, 2017	6	6	100%	1	1	100%

Name	Designation	Period	Meeting of The BOC			Joint Meeting of The BOC and The BOD		
			Number and (%) of Attendance			Number and (%) of Attendance		
			Number of Meetings	Number of Attendance	Percentage	Number of Meeting	Number of Attendance	Percentage
Aviliani	Independent Commissioner	September 3, 2014 - March 14, 2017	6	6	100%	1	1	100%
Askolani	Commissioner	September 3, 2014 - December 31, 2017	33	28	85%	10	8	80%
Goei Siauw Hong	Independent Commissioner	June 25, 2015 - December 31, 2017	33	33	100%	10	9	90%
Bangun Sarwito Kusmulyono	Independent Commissioner	June 25, 2015 - December 31, 2017	33	33	100%	10	9	90%
Ardan Adiperdana	Commissioner	October 3, 2016 - December 31, 2017	33	33	100%	10	8	80%
Makmur Keliat	Independent Commissioner	September 25, 2017 - December 31, 2017	10	10	100%	4	4	100%
R. Widyo Pramono*	Commissioner	21 August 2017 - 31 December 2017	13	13	100%	4	4	100%

Remarks:

*Effective as of 15 January 2018 after successfully obtaining approval and passing the Fit and Proper Test administered by the Financial Services Authority.

Competence Development for the Board of Commissioners

Throughout 2017, the Board of Commissioners members of the Company have participated in various competence development programs including training, workshop, conference, and seminar as explained in the following table:

Table of Competence Development of the BOC

Name	Designation	Period	Development Materials Competence/ Training	Time and Venue Implementation	Type of Training and Organizer
Wimboh Santoso	President Commissioner	16 February 2016 - 20 July 2017	Executive Training	29 March -1 April 2017, New York - USA	Columbia Executive Education
			The Leadership Forum	21-22 April 2017, Yogyakarta	PT Bank Mandiri (Persero) Tbk
Hartadi A. Sarwono	President Commissioner concurrently as Independent Commissioner	15 November 2017 – 31 December 2017	International Risk Management Refreshment Programs for Executive	29 October – 05 November 2017, Spanyol	IBI MMUGM
Imam Apriyanto Putro	Vice President Commissioner	11 June 2015 – 31 December 2017	The Leadership Forum	21-22 April 2017, Yogyakarta	PT Bank Mandiri (Persero) Tbk
Abdul Aziz	Independent Commissioner	25 June 2015 – 14 March 2017	-	-	-
Aviliani	Independent Commissioner	03 September 2014 – 14 March 2017	-	-	-
Askolani	Commissioner	3 September 2014 – 31 December 2017	The Leadership Forum	21-22 April 2017, Yogyakarta	PT Bank Mandiri (Persero) Tbk
Goei Siauw Hong	Independent Commissioner	25 June 2015 – 31 December 2017	Integrated Risk Management: SOUND PRACTICES IN ICAAP IMPLEMENTATION: "How to Pinpoint the Weak Spots in the Business Strategic Plan and Risk Management"	17-19 October 2017, Prague and Vienna	BARa Risk Program
			The Leadership Forum	21-22 April 2017, Yogyakarta	PT Bank Mandiri (Persero) Tbk

Name	Designation	Period	Development Materials Competence/ Training	Time and Venue Implementation	Type of Training and Organizer
Bangun Sarwito Kusmulyono	Independent Commissioner	25 June 2015 – 31 December 2017	Asean Global Leadership Program	11-15 September 2017, United Kingdom	University of Cambridge Judge Business School dan SRW&Co
			The Leadership Forum	21-22 April 2017, Yogyakarta	PT Bank Mandiri (Persero) Tbk
Ardan Adiperdana	Commissioner	3 October 2016 – 31 December 2017	The Leadership Forum	21-22 April 2017, Yogyakarta	PT Bank Mandiri (Persero) Tbk
			Policies of Anti-Money Laundering and Combating the Financing of Terrorism (AML and CFT) as well as Customer Protection in Banking Sector	07 December 2017, Jakarta	Forum Komunikasi Director Kepatuhan Perbankan (FKDKP)
Makmur Keliat	Independent Commissioner	25 September 2017 – 31 December 2017	The Leadership Forum	21-22 April 2017, Yogyakarta	PT Bank Mandiri (Persero) Tbk
			Risk Management Certification Level 1 for Commissioner	25 April 2017, Jakarta	Sertifikasi- LSPP
			Risk Management Certification Level 2 Commissioner	12 May 2017, Jakarta	Sertifikasi- LSPP
			Policies of Anti-Money Laundering and Combating	7 December 2017, Jakarta	Seminar
R. Widy Pramono*	Commissioner	21 August 2017 – 31 December 2017	the Financing of Terrorism (AML and CFT) as well as Customer Protection in Banking Sector	20 September 2017, Jakarta	Sertifikasi- LSPP
			International Risk Management Refreshment Programs for ExeTaking a leaveves	29 October – 05 November 2017, Spanyol	IBI MMUGM
			Policies of Anti-Money Laundering and Combating	7 December 2017, Jakarta	Seminar

Remarks:

*Effective as of 15 January 2018 after successfully obtaining approval and passing the Fit and Proper Test administered by the Financial Services Authority.

Risk Management Certification

In addition to the above competence development programs, the Board of Commissioners have also participated in Risk Management Certification. In 2017, the following members of the BOC have successfully passed the Risk Management Certification.

1. Mr. Makmur Keliat (Independent Commissioner)
 - Risk Management Certificate Level 1 Commissioner : On 25 April 2017
 - Risk Management Certificate Level 2 Commissioner : On 12 May 2017
2. Mr. Widy Pramono (Commissioner)
 - Certificate Level 1 Commissioner : on 20 September 2017

Name	Designation	Period	Institutions issuing the certificate	Level	Field/Area	Certificate Date of Issue Expiry Date	Tanggal Kadaluarsa
Wimboh Santoso	President Commissioner	16 February 2016 - 20 July 2017	National Professional Certification Agency / LSPP	Level 1	Risk Management	15 January 2016	15 January 2020
Hartadi A. Sarwono	President Commissioner concurrently as Independent Commissioner	15 November 2017 – 31 December 2017	National Professional Certification Agency / LSPP	Level 1	Risk Management	16 February 2016	16 February 2020
			Risk Management Certification Institution (BSMR)	Level 2	Risk Management	29 March 2016	29 March 2020
			Indonesian Bankers Association (IBI) and Master of Management UGM (MMUGM)	Refreshment	Intensive Wealth Management and Risk Management Refreshment Programs for ExeTaking a leaveves	26 August 2017	26 August 2019
			Indonesian Bankers Association (IBI) and Master of Management UGM (MMUGM)	Refreshment	International Risk Management Refreshment Programs for ExeTaking a leaveves in Spain	4 November 2017	4 November 2019
Imam Apriyanto Putro	Vice President Commissioner	11 June 2015 – 31 December 2017	Risk Management Certification Institution (BSMR)	Level 1	Risk Management	11 April 2015	11 April 2019
Abdul Aziz	Independent Commissioner	25 June 2015 – 14 March 2017	National Professional Certification Agency / LSPP	Level 1	Risk Management	11 May 2013	11 April 2019
			National Professional Certification Agency / LSPP	Level 2	Risk Management	11 April 2015	11 april 2019
			Bara Risk Forum	Refreshment	Refreshment: Revisit Enterprise Risk Management and Learning Best Practices of Credit Risk Management in Bandung	1-2 December 2016	30 November 2018
			National Professional Certification Agency / LSPP	Level 2	Banking Risk Management	11 April 2015	24 June 2018
Aviliani	Independent Commissioner		Bank Indonesia	Level 2	Risk Management Training for Bank Commissioner	10 August 2005	10 August 2007
			Risk Management Certification Institution (BSMR)	Refreshment	Risk management in Retail Banking	22-25 February 2010	22-25 February 2012
			Bara Risk Forum	Refreshment	Seminar Senior Management Risk Summit 2010' Leadership for Sustainable Risk Management Framework	9 July 2010	9 July 2012
			Bara Risk Forum	Refreshment	Seminar Program Implement Best Practice Risk Management as a tool to mitigate systemic, Risk, and Support Nation Financial Stability	29 December 2011	29 December 2013

Name	Designation	Period	Institutions issuing the certificate	Level	Field/Area	Certificate Date of Issue Expiry Date	Tanggal Kadaluausa
			Bara Risk Forum	Refreshment	Bara Risk Forum: Enhancing Bank Strategy and Performance, Implanting BCM and Fraud Prevention Process	18 May 2012	18 May 2014
			Bara Risk Forum	Refreshment	Refreshment "How ICAAP and Fraud Prevention Implementation add Value to The Bank"	8 June 2013	8 June 2015
			Bara Risk Forum	Refreshment	Refreshment "Growing With Confidence : The Role of Enterprise Risk Management in Driving a Winning Strategy"	1 October 2013	1 October 2015
			Bara Risk Forum	Refreshment Level	Risk Management Certification Refreshment Program – Moscow	15 September 2014	15 September 2014
			National Professional Certification Agency / LSPP	Assessor Competence	Banking Risk Management	3 November 2014	3 November 2017
			BARa Risk Forum	Refreshment	Refreshment "Enhancing The Power of Enterprise Risk Management in Creating A Sound Bank and Financial Risk Integration in Stockholm 19 -21 September 2016	21 September 2016	21 September 2018
			IBI LSPP	Refreshment	Refreshment " Seminar Facing Global Challenges for Better Economic Growth in 2017, Managing Compliance Risk While Controlling Cost"	9 December 2016	9 December 2018
Askolani	Commissioner	03 September 2014 – 31 December 2017	National Professional Certification Agency / LSPP	Level 1	Banking Risk Management	24 June 2014	24 June 2018
Goei Siauw Hong	Commissioner Independen	25 June 2015 – 31 December 2017	National Professional Certification Agency / LSPP	Level 1	Banking Risk Management	11 April 2015	11 April 2019
			National Professional Certification Agency / LSPP	Level 2	Banking Risk Management	17 April 2015	17 April 2019

Name	Designation	Period	Institutions issuing the certificate	Level	Field/Area	Certificate Date of Issue Expiry Date	Tanggal Kadaluarsa
Bangun Sarwito Kusmulyono	Commissioner Independen	25 June 2015 – 31 December 2017	National Professional Certification Agency / LSPP	Level 2	Banking Risk Management	13 December 2016	16 December 2020
			National Professional Certification Agency / LSPP	Refreshment	Refreshment : Managing Risk for a Healthy Credit Portfolio	16 November 2016	16 November 2018
			Risk Management Certification Institution	Refreshment	Risk Management Certification Refresher Course	14-15 May 2014	14-15 May 2016
			Risk Management Certification Institution	Refreshment	Risk management in Retail Banking	22-25 February 2010	22-25 February 2012
			Risk Management Certification Institution	Refreshment	Refreshment Program: Risk Management Certification	23 May 2008	23 May 2010
			Bank Indonesia	-	Risk Management Training for Bank Commissioner	10 August 2005	10 August 2007
Ardan Adiperdana	Commissioner	03 October 2016 – 31 December 2017	National Professional Certification Agency / LSPP	Level 1 Commissioner	Risk Management	30 July 2016	30 July 2020
Makmur Keliat	Independent Commisioner	25 September 2017 – 31 December 2017	National Professional Certification Agency / LSPP	Level 2 Commissioner	Risk Management	12 May 2017	12 May 2021
			National Professional Certification Agency / LSPP	Level 1 Commissioner	Risk Management	25 April 2017	25 April 2021
R. Widyo Pramono*	Commissioner	21 August 2017 – 31 December 2017	National Professional Certification Agency / LSPP	Level 1 Commissioner	Risk Management	20 September 2017	20 September 2021

Remarks:

*Effective as of 15 January 2018 after successfully obtaining approval and passing the Fit and Proper Test administered by the Financial Services Authority.

Policy and Remuneration of the Board of Commissioners

Remuneration for the Board of Commissioners refers to the Minister of State Owned Enterprises Regulations No. PER-02/MBU/06/2016 dated 20 June 2016 regarding Amendment to the Regulation of the Minister of State Owned Enterprise No. PER-04/MBU/2014 regarding Guidelines to Determine Income of Board of Directors, Board of Commissioners and Supervisory Board of State Owned Enterprise. Remuneration policy for the BOD and BOC is formulated by considering various aspects including short term and long term liquidity needs, strengthening the Bank's capital adequacy, financial stability, creating effectiveness of risk management and earnings potential in the future. Bank Mandiri focuses on prudent principles in providing both Fixed Remuneration and Variable-Dependent Remuneration.

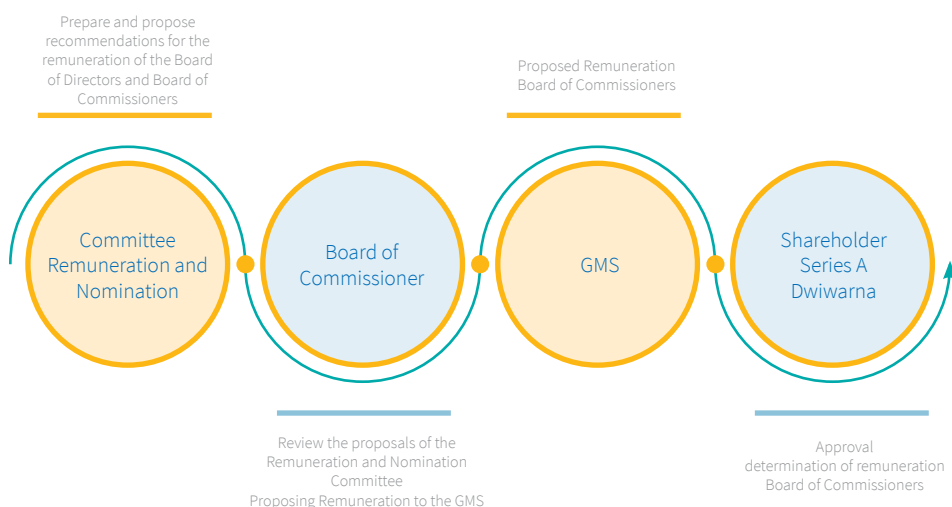
The remuneration determination of the Board of Commissioners also referred to the Financial Services Authority Regulation No.45/POJK.03/2015 on the Implementation of Good Corporate Governance in Remuneration for Commercial Banks, Bank Mandiri implemented Good Corporate Governance in Remuneration that had considered various aspects including the financial stability of banks, creation of risk management, short-term and long-term liquidity requirements, and potential future revenues. The Company might postpone the variable suspended remuneration (Malus) or withdraw the variable remuneration that had already been paid (Clawback) to the official classified as Material Risk Taker (MRT), subject to the following conditions:

1. The Company implemented Malus and/or Clawback for certain special conditions in the implementation of variable, remuneration by considering factors, among others:

- The amount of financial and non-financial losses of the Company.
 - The involvement of the employees concerned directly or indirectly in the losses incurred.
2. The variable remuneration shall be deferred to a certain percentage determined by the Company.
 3. This policy applied to officials classified as MRT, with the following criteria:
 - Causing financial and non-financial losses of the bank.
 - Performing fraud, law violation, unethical behavior, and/or falsification of records.
 - Violating bank policies, rules and procedures intentionally.
 - Causing significantly negative impacts on bank capital that are not caused by changes in the economic or industrial climate.
 4. In the implementation of MRT remuneration, Bank Mandiri adhered to the provision of OJK, SOE Regulation, and remuneration policy of the Company.

The Procedures of Remuneration Determination

GMS decides the determination of remuneration for the Board of Directors with the basic formula mechanism set by the General Meeting of Shareholders is reviewed beforehand and then followed by the amount of remuneration which is suggested by the Board of Commissioners in collaboration with the Remuneration and Nomination Committee for conducting in-depth examination. In terms of allowances and other facilities as well as post-service allowance for the Board of Commissioners, the Nomination and Remuneration Committee will consult with the Minister of SOEs, as the holder of the Series A Dwiwarna share.



Remuneration Structure of Members of the Board of Commissioners

The structure of the Board of Commissioners' remuneration is as follows.

Table of Remuneration Structure of the BOC

No.	Type of Income	Regulation
1.	Honorarium	Amount of Position Factor President Commissioner 50% of President Director Chief Deputy Commissioner 47.5% Commissioner 45%
2.	Company's Strategic Initiative	
	Religious Holiday Allowance	1 (one) time of honorarium
	Communication Allowance	Not eligible
	Transportation Allowance	20% of honorarium
	Annual Leave Allowance	Not eligible
	Post-Employment Benefit	Insurance Premium not exceeding 25% of honorarium
	Suit Allowance	Eligible for any special occasion that need special suit

No.	Type of Income	Regulation
3.	Employees' Strategic Plan	
	Company Vehicle Facility	Transportation allowance 20% of honorarium
	Medical Facility	Medical reimbursement pursuant to Internal Policy KEP. KOM/003/2014
	Professional Collector Facility	Maximum two memberships for registration and annual fee only
	Legal Council Facility	As needed, regulated in KEP. KOM/003/2014

Indicators For Determination of the BOC's Remuneration

The indicators for determining remuneration of members of the Board of Commissioners are as follows:

1. Key Performance Indicator (KPI)
2. Performance of the Company
3. Business Size
4. Remuneration Benchmarking of Banking Industry
5. Goals and Long-Term Plans of the Bank

Nominal Amount/Remuneration Component of the Board of Commissioners

The disclosure of remuneration component of the BOC and the BOD is pursuant to the Financial Service Authority Circular Letter No.40/SEOJK.03/2016 regarding the Implementation of Corporate Governance in terms of Remuneration of Commercial Bank.

Table of Nominal Amount/Remuneration Component of the BOC

Amount of Remuneration and Other Facilities	Total Amount in 1 Year	
	Persons	In Million Rupiah
ReRemuneration		
Salary	12	16,624
Residence Allowance	-	-
Transportation Allowance	9	2,029
Religious Holiday Allowance	7	1,267
Tentem	9	60,937
Fasilitas lain dalam bentuk Natura		
Residence (cannot be owned)	-	-
Transportation (cannot be possessed)	-	-
Post-employment insurance (can be owned)	7	2,374
Medical (cannot be possessed)	11	318

Remarks: Including members who no longer served as the BOC in 2017

Total remuneration in one year is grouped and presented in the following table.

Table of Group of Total Remuneration of the BOC

Total Remuneration	Total Commissioner
Above Rp2 Billion	9
Above Rp1 Billion - Rp2 Billion	1
Above Rp500 Million - Rp1 Billion	2
Under Rp500 Million	1

Focus of Board of Commissioners's Supervision In 2017

The Board of Commissioners provided direction and support to the Directors in re-focusing on Corporate and Consumer segments as the new core business of Bank Mandiri without prejudice to other business segments.

The Board of Commissioners emphasized the supervision of several matters that needed attention as follows:

1. Credit
 - a. Credit disbursement was always conducted by prioritizing prudential principles, improving the quality of internal controls and applying adequate credit risk management, being selective in choosing the industry segment, which became the target of credit expansion, and further optimizing the function of Credit Portfolio Group in determining the most appropriate credit portfolio mix for Bank Mandiri.
 - b. Related to the reorganization process that had been conducted in Semester I/2017, especially in terms of authority to terminate the credit facilities in the Commercial Segment, it needed to continue to monitor its progress and review its effectiveness.
 - c. It needed to consider a special unit performing independent monitoring and review of credit quality and not to have KPI (Key Performance Indicators) targets related to the NPL level, so as to provide an objective assessment of credit quality.
 - d. It needs to optimize the function of Special Asset Management (SAM) Directorate especially in performing the function of restructuring and collecting non-performing loans.

2. Fund Raising

The Board of Commissioners recommended that the Board of Directors can strengthen programs focusing on increasing low-cost funds, so as to maintain a competitive cost of fund level.

3. Risk Management

In relation to the increased risks associated with the addition of subsidiaries, office networks, increased human capital, the diversity of banking products and the higher operational dependence of the Bank on information technology, the Board of Commissioners recommended that the Board of Directors strengthen its risk management infrastructure and internal control system.

4. Internal Control

The Board of Commissioners recommended that the Board of Directors improve the quality of internal controls, among others:

- Improving supervision adhered to every operational process in the work unit.
- Optimizing the role and function of risk management in all work units.
- Improving monitoring by the work unit leader on the follow-up conducted by the work unit on internal and external audit findings.
- Internal Audit Unit needed to proactively socialize the lesson learned from its findings so that the audit findings that already had patterns and tended to repeat in the future could be avoided.

5. Information Technology

The Board of Commissioners recommended that the development of information technology focus on improving network and security reliability in order to provide excellent service to customers and optimize the role of information technology in supporting increased accuracy, speed and development of Bank products.

6. Human Capital

Human Capital had a central role in the Bank, therefore, the Board of Commissioners had always paid special attention to the Bank's HC management.

The Board of Commissioners recommended to the Board of Directors in relation to HC management by conducting strategic and integrated HC planning and Manpower Planning (MPP), which referred to the Corporate Plan, RBB (Business Plan Bank) and RKAP (Corporate Work Plan and Budget), and in accordance with the real needs of the Bank's business development.

Fulfillment of HC was to keep the competency and integrity of HC constantly enhanced through education, training and internalization of corporate culture, so as to support the growth of the Bank's business.

7. Subsidiary Company

The Board of Commissioners recommended:

- It needed to develop the business in a non-organic way based on mutual support and beneficial considerations between holding and subsidiary companies, and accompanied by stricter supervision of the subsidiary company's business development.
- Each subsidiary company needed to optimize the use of capital provided by Bank Mandiri, so as to contribute positively to the financial performance of Bank Mandiri on a consolidated basis.

Decision, Recommendation, and Performance of Duties of the Board of Commissioners

Throughout 2017, the BOC of Bank Mandiri has performed their duties and responsibilities in monitoring management policies and Company's management in general pursuant to the prevailing regulations, the Company's Articles of Association, and the Work Plan set in the beginning of the year.

Duties, obligations, and responsibilities of the BOC are conducted through, for instance, the meeting of the BOC, the joint meeting of the BOC and the BOD or the internal meeting of the BOC with the involvement of Directors of sectors, and meeting and evaluation of Committees under the BOC.

In general, throughout 2017, the BOC have performed the following duties including:

- Reviewing the audit of Bank Mandiri's Financial Statement Fiscal Year of 2016 and The Financial Institutions Pension Fund conducted by the Public Accountant Firm or other external parties
- Evaluating Bank Mandiri's Consolidated Financial Performance monthly and Subsidiaries' Financial Performance quarterly.
- Reviewing financial information before being published by the Bank every quarterly.
- Conducting supervision on the RKAP, including:
 - Reviewing the Revision of 2017 RKAP.
 - Providing directions, supervising the establishment, and giving approval on 2018 RKAP, as well as submitting the 2018 RKAP Report to the Ministry of SOEs.
- Conducting supervision on Bank's Business Plan, including:
 - Providing directions, supervising, and evaluating the implementation of 2017 strategic policies of the Bank.
 - Conducting supervision on the efforts to implement the RBB especially in the achievement of several important aspects

- such as assets quality improvement, accumulation of third-party funds, productivity, and efficiency.
- c. Reviewing and giving approval on RBB Year 2018 - 2020.
 - d. Evaluating the realization of RBB being submitted to the Financial Service Authority every semester as well as submitting the RBB supervisory report to Financial Service Authority.
6. Conducting supervision on the implementation of prudent principles in the provision of loan facilities such as reviewing the decision made by the BOD to provide loan above certain amount of fund, giving approval on credit facility to related parties in reference to prevailing regulations, conducting regular review on the development of credits that need approval from the BOC as well as evaluating and giving approval on lending policies and strategies.
 7. Reviewing the Non-Performing Loan (NPL) rate of the Bank on a regular basis.
 8. Conducting supervisory function on Risk Management which includes:
 - a. Ensuring effectiveness of system and risk management process by monitoring the management of Bank's key risks, reviewing the Risk Profile on a regular basis, and evaluating the position and development of Bank's risk quarterly.
 - b. Ensuring and evaluating the implementation of Integrated Risk Management for Financial Conglomerate of the Bank as well as reviewing and providing directions for Integrated Risk Management policies.
 - c. Evaluating and giving approval on General Policy on Risk Management and General Policy on Integrated Risk Management.
 9. Monitoring and evaluating the development and management of human capital including the plan of Organizational Structure under the BOD especially in relation to the efforts to improve credit quality.
 10. Monitoring BOD's plan and strategy in preparing Bank Mandiri in the era of Financial Technology (Fintech) as well as ensuring that Bank Mandiri has been equipped with qualified and competent human capital and system.
 11. Monitoring, providing directions, and evaluating BOD's strategies in conducting corporate actions such as the acquisition and divestiture plans.
 12. Giving approval on aspects that need approval from the BOC pursuant to prevailing laws and the Articles of Association.
 13. Monitoring the Implementation of Corporate Governance in each Financial Service Institution in Financial Conglomerate of the Bank.
 14. Monitoring and evaluating BOD's policies to create synergy and to strengthen subsidiaries' business as well as reviewing the performance of subsidiaries quarterly.
 15. Monitoring the Internal Audit Working Unit (SKAI) as an Internal Supervisory Unit of Bank Mandiri which involves:
 - a. Evaluating the internal control or Internal Supervisory Unit of Bank Mandiri annually.
 - b. Conducting review of plan and implementation of audit as well as monitoring the result of audit follow-up from the Internal Supervisory Unit of Bank Mandiri.
 - c. Ensuring that the BOD have followed-up on the audit findings and the recommendation from the Internal Supervisory Unit of Bank Mandiri, the monitoring result of Financial Service Authority and/or other supervisory authorities, BPK and external auditor findings, as well as audit findings from the KAP by, for instance, requesting the BOD to follow-up the audit findings in written or verbally.
 16. Ensuring the implementation of GCG principles and practices in all level of the organization, monitoring the GCG self assessment results, encouraging the refinement of GCG practices in accordance with the international best practices as well as reviewing the GCG implementation report including the assessment using ASEAN CG Scorecard.
 17. Reviewing the Performance of Bank Mandiri The Financial Institutions Pension Fund Investment.
 18. Reviewing the remuneration of the BOD and the BOC.
 19. Performing visits to the branches/regions to perform their supervisory function.
 20. Ensuring the implementation of GCG principles and practices in all level of the organization, monitoring the GCG self assessment results, encouraging the refinement of GCG practices in accordance with the international best practices as well as reviewing the GCG implementation report.
 21. Providing directions and monitoring the process of appointing the KAP that will audit Bank Mandiri's 2018 Financial Statement to be proposed to the AGMS and the 2017 Financial Statement for Bank Mandiri DPLK.
 22. Conducting 43 (forty-three) BOC regular meetings either internally or by involving the Directors of related field in order to discuss specific aspects such as business, organization, human capital, etc.
- Throughout 2017, the BOC have provided recommendations and implemented duties and responsibilities by holding several forums as follows:
1. Meeting of the BOC
 2. Meeting with the Committees under the BOC
 3. On-Site Visits of the BOC

The BOC's approval letters in 2017 are as follows:

Table of the BOC's Approval Letter

No.	Date	Subject
1.	28 February 2017	Approval of Proposed Adjustment for Organizational Structure for Implementing the 2020 Long-Term Plan (Re-Start Corplan).
2.	22 March 2017	Approval on Audit Service Procurement for Consolidated Financial Statement of PT Bank Mandiri and its Subsidiaries as well as PBKL Financial Statement of PT Bank Mandiri dated and for Fiscal Year ended on 31 December 2017.
3.	24 March 2017	Approval of the Appointment of Public Accountant Firm (KAP).Year 2016
4.	05 April 2017	Approval of Plan for Capital Injection of PT Mandiri Utama Finance.
5.	10 April 2017	Approval of Plan for Capital Injection of PT Mandiri Capital Indonesia.
6.	22 June 2017	Determination of Remuneration and Tantiem of BOD and BOC of PT Bank Mandiri (Persero) Tbk.
7.	2 August 2017	Supports on Stock Split Plan of PT Bank Mandiri.
8.	22 September 2017	Approval of Plan for Capital Injection of PT Bank Mandiri Taspen Pos (Bank Mantap).
9.	02 October 2017	Approval on Additional Capital Investment of PT Bank Syariah Mandiri.
10.	22 November 17	Approval of the BOC on 2018 RKAP and RBB Year 2018-2020 of PT Bank Mandiri (Persero) Tbk.
11.	29 November 17	Approval on the Appointment of KAP for Financial Statement and Financial Report of Partnership and Community Development PT Bank Mandiri as well as Financial Statement and Report on Bank Mandiri The Financial Institutions Pension Fund Investment Fiscal Year 2018
12.	06 December 2017	Approval of Limit Increase, Requirement Changes, and Extension of Commercial Line Facility Validity Period under the name of Jasindo.
13.	15 December 2017	Approval on Proposed Recovery Plan of Bank Mandiri in the compliance of OJK regulations.

In addition to issuance of approval letters, BOC also issued several decrees. The BOC's decrees in 2017 are as follows:

Table of the BOC's Decrees

No.	Number of Commissioner Decision	Date	Subject
1.	KEP.KOM/001/2017	22 February 2017	Term of Office Extension of Member of Audit Committee PT Bank Mandiri (Persero) Tbk.
2.	KEP.KOM/002/2017	03 April 2017	Dismissal and Appointment of Staff of Secretary to the BOC PT Bank Mandiri (Persero) Tbk.
3.	KEP.KOM/003/2017	27 April 2017	Term of Office Extension of Member of Risk Monitoring Committee and Integrated Corporate Governance Committee PT Bank Mandiri (Persero) Tbk.
4.	KEP.KOM/004/2017	18 September 2017	Member of Audit Committee, Risk Monitoring Committee, Corporate Governance Committee, and Remuneration and Nomination Committee PT Bank Mandiri (Persero) Tbk.

Performance Assessment of the Board of Commissioners

Performance Assessment of the BOC is conducted in several procedures which include:

Performance Assessment of the BOC by the GMS

The Shareholders assess the performance of BOC in the Annual GMS according to BOC's supervisory report submitted to the GMS as mentioned in the Annual Report of the Company in which the GMS will grant full release and discharge (acquies et decharge) to the Board of Commissioners for the relevant Fiscal Year.

Procedure of Conducting Performance Assessment of the BOC

Performance of the BOC is reported to the Shareholders in the GMS.

Criteria For Performance Evaluation of the Board of Commissioners

Performance of the BOC is reported to the Shareholders in the GMS according to several criteria related to the implementation of duties and responsibilities of the BOC which involve structural, operational, directional, supervisory, and reporting aspects as well as achievement in the realization of 2017 Work Plan/Annual Work Plan of the BOC.

Parties to Conduct Assessment

Assessment of the BOC's performance is conducted by the Shareholders in the GMS.

Performance Assessment Of The Board Of Commissioners Results

For Year 2017, the BOC have established Annual Work Plan of the BOC with regard to duties, authorities, and obligations, of the Board of Commissioners in accordance with the prevailing regulations and laws. Throughout 2017, the Annual Work Plan of the BOC served as guidelines of each member of the BOC in implementing his/her supervisory function for the Company.

Self Assessment of the Board of Commissioners Performance

In reference to the Financial Service Authority No.55/POJK.03/2016 regarding the Implementation of Integrated Corporate Governance, the BOC performance assessment is held by using the Self Assessment.

Procedure of Conducting Performance Assessment of the BOC

Performance assessment of the BOC which include the GCG self assessment of the Company is conducted every semester.

Criteria for Performance Evaluation of the Board of Commissioners

The indicators to evaluate the performance of the BOC are as follows:

1. Implementation of duties and supervisory function of the BOC.
2. Compliance to the prevailing regulations
3. Bank Soundness Level
4. Attendance level of the BOC members in the meeting of BOC or meeting with Committees under the BOC
5. Involvement of the BOC in specific assignments.

Parties to Conduct Assessment

Implementation of an individualized governance assessment that includes implementation of duties and responsibilities of the Board of Commissioners through self assessment by the Board of Commissioners.

Performance Assessment of The Board of Commissioners Results

The self-assessment result of GCG of Bank Mandiri in the first semester 2017 composite 1 ("Very Good"), but nevertheless on 2 October 2017, OJK provides feedback on the assessment with a composite rating of 2 ("Good").

In addition, the results of self assessment in the second half of 2017 is composite 1 ("Very Good"). Assessment results are supported by assessment the performance of the Board of Commissioners in applying the principles of governance.

Performance Assessment of The Board of Commissioners by Using Asean CG Scorecard

Bank Mandiri had aligned the implementation of its GCG with the standard of ASEAN Corporate Governance (CG Scorecard) held by Indonesian Institute for Corporate Directorship (IICD). Score achievement in ASEAN CG Scorecard was one of Key Performance Indicator (KPI) of the Board of Commissioners of Bank Mandiri.

Procedure of Conducting Performance Assessment of The BOC

Implementation procedures for performance assessment of the Board of Commissioners based on ASEAN CG Scorecard criteria conducted on the basis information and public documents relating to the practices GCG conducted by the Board of Commissioners.

Criteria for Performance Evaluation of the Board of Commissioners

The criteria used to assess the performance of the Board of Commissioners through ASEAN CG Scorecard referring to the ASEAN Cross Reference CG Scorecard in this Annual Report.

Parties Assessment

Parties conducting CG Scorecard Assessment at Bank Mandiri is the Indonesian Institute for Corporate Directorship, an independent provider of advocacy, training and research services in the bidng of corporate governance

Performance Assessment of the Board of Commissioners Results

ASEAN CG Scorecard score from Bank Mandiri on performance appraisal Board of Commissioners each year has increased.

Performance Assessment of the Committees Under the Board of Commissioners

In order to improve the role of the Board of Commissioners in performing the supervisory function, the Board of Commissioners had established 4 (four) committees, namely:

1. Audit Committee
2. Remuneration and Nomination Committee
3. Risk Monitoring Committee
4. Integrated Governance Committee

Audit Committee had the duty and responsibility of conducting supervision on matters related to financial information, internal control system, and effectiveness of audits by external and internal auditors, effectiveness of risk management implementation and compliance with the applicable laws and regulations. During 2017, Audit Committee had monitored and evaluated the planning and implementation of audits and follow-up audit results in order to assess the adequacy of internal controls.

Remuneration and Nomination Committee had the duty and responsibility to assist the Board of Commissioners in performing its functions and duties in areas related to nomination and remuneration of members of the Board of Directors and Board of Commissioners. During 2017, Remuneration and Nomination Committee had assisted the Board of Commissioners to obtain and analyze data of prospective candidates for the Board of Directors from the talent pool of officials that was one level below the Board of Directors and to identify qualified candidates for Board of Commissioners as well as to propose an appropriate remuneration system for the Board of Directors and Board of Commissioners in the form of payroll/honorarium, facility/allowance, tantien systems.

Risk Monitoring Committee had the duty and responsibility in conducting supervision on the implementation of risk management. The Company remained in compliance with adequacy elements of the risk management procedure and methodology, so the Company's business activities were kept under control at acceptable and profitable limits. During 2017, Risk Monitoring Committee had evaluated the credit provision and fund provision to related parties, the recovery plan of Bank Mandiri and the review of the implementation of risk management at Bank Mandiri.

Integrated Governance Committee had the duty and responsibility to monitor the implementation of Good Corporate Governance at the Financial Services Institution (LJK) in Bank Mandiri Financial Conglomeration, evaluate the integrated internal control system and its standard in accordance with the best practice applicable through the review of the Guideline on Integrated Governance that was enforced at Bank Mandiri. In 2017, Integrated Governance Committee delivered the evaluation results of the implementation of the Integrated Governance to Bank Mandiri and Subsidiary Company as well as monitored the follow-up conducted by all integrated work units on an on-going basis.

The Board of Commissioners periodically (annually) assessed the performance effectiveness of the committees under the Board of Commissioners. The Board of Commissioners considered that during 2017, the committees had performed their duties and responsibilities quite effectively in terms of achieving the Key Performance Indicator (KPI) of each committee.

The Mechanism of Resignation and Dismissal of The Board of Commissioners

The mechanism of resignation and dismissal of the Board of Commissioners in accordance with the Articles of Association is as follows:

1. Board of Commissioners member(s) is appointed and dismissed through GMS, in which the GMS is attended by Series A Dwiwarna Shareholders and the GMS Resolutions must also be approved by Series A Dwiwarna Shareholders. Board of Commissioners member(s) is appointed and dismissed through GMS from candidates proposed by Series A Dwiwarna Shareholders, the candidacy is binding for the GMS.
2. Board of Commissioners member(s) can be dismissed at any time pursuant to GMS Resolutions by stating the reason.
3. The reason for the dismissal of Board of Commissioners member(s) as mentioned in the paragraph (15) is carried out if in reality, the concerned Board of Commissioners member(s):
 - a. Cannot perform their duties well;
 - b. Violate the provisions of Articles of Association and/or the laws and regulations;
 - c. Get involved in an act that causes loss for the Company and/or country;
 - d. Perform an act violating the ethics and/or compliance which must be respected by the Board of Commissioners;
 - e. is declared guilty by the Court's decision that has permanent legal force;
 - f. Resign.
4. The Board of Commissioners can be dismissed by GMS based on other reasons deemed appropriate by GMS for the interest and purpose of the Company.
5. The dismissal decision due to the mentioned reasons, is taken after the concerned is given a chance to defend themselves during GMS.
6. The dismissal due to the mentioned reasons is a dishonorable dismissal.
7. Fellow Board of Commissioners members, the Board of Commissioners and the Board of Directors members should not have familial relationship up to the third degree, either in a vertical or horizontal, including marital relationship.
8. In the event that the matter occurs, GMS has the authority to dismiss one of them.

9. A member of the Board of Commissioners is entitled to resign from his/her position prior to the expiration of the term of office by submitting written notice regarding his/her intention to the Company.
10. The Company shall hold GMS to decide the resignation proposal of a Board of Commissioners member within at the latest 90 (ninety) days after the acceptance of the resignation letter.
11. The Company shall openly share the information to the public and inform the Financial Services Authority within 2 (two) days after the acceptance of resignation proposal from a Board of Commissioners member.
12. Before the resignation is declared effective, the concerned Board of Commissioners member still has the obligations to complete his/her tasks and responsibility in accordance with the Articles of Association and applicable laws and regulations.
13. The Board of Commissioners member who proposes his/her resignation as mentioned above still holds a responsibility as a Board of Commissioners member until his/her resignation is approved in GMS.
14. The resigning Board of Commissioners member will be released and discharged from his/her responsibility after the annual GMS states its release and discharge decision.
15. In the event that a Board of Commissioners member resigns and there will be less than 3 (three) Board of Commissioners members, the resignation is valid after it has been decided by the GMS and a new Board of Commissioners member has been appointed, so that the requirement for minimum number of Board of Commissioners members has been met.
16. The term of the Board of Commissioners member ends if:
 - a. The resignation has been effective;
 - b. Deceased;
 - c. Expired tenure;
 - d. Dismissed through GMS; or
 - e. Declared bankrupt by Commercial Court with a permanent legal force; or put under guardianship based on a Court decision;
 - f. No longer meets the requirement as a Board of Commissioners member in accordance with the Articles of Association and applicable laws and regulations.
17. For a Board of Commissioners member who quits before, when, or after his/her tenure has ended except for the decease ones, the concerned member is responsible for the acts that the GMS has not received the accountability.

Policies Related to the Resignation of Board of Commissioners Getting Involved in Financial Crime

The Articles of Association of Bank Mandiri has regulated the resignation policy of the members of the Board of Directors and the Board of Commissioners if they are involved in financial crimes. If the members are no longer legally qualified, including engaging in financial crime, then the members' term of office shall automatically expire.

Board of Directors

Board of Directors is an Organ of the Company that has the authority and are fully responsible for management of the Company for the benefits of the Company, in accordance with the interest and purpose of the Company, and represents the Company either before or outside the court in accordance with provisions of Articles of Association. In performing their duty, the Board of Directors is obliged to fully devote his/her energy, thought, attention and dedication to the tasks, liabilities and the achievement of the Company.

The Board of Directors must comply the Articles of Association and applicable laws and regulations as well as is obliged to perform professionalism, efficiency, transparency, independence, accountability, responsibility, and fairness principles. Each Board of Directors member is obliged to carry out his/her tasks and responsibilities with good will, responsibility, and caution, in compliance with the applicable laws and regulations.

Reference of Regulation

In accordance with the Law No. 40 of 2007 on Limited Liability Companies and Regulation of Financial Services Authority No. 33/POJK.04/2014 regarding Board of Directors and Board of Commissioners of Issuers or Public Company, the Board of Directors has the authority and full accountability on the Company, and represents the Company, either before or outside the court in accordance with provisions of Articles of Association.

Guidelines and Codes of Conduct for Board of Directors (Board Charter)

Guidelines and Codes of Conduct for Board of Directors were ratified by the Decree of Board of Directors Number: KEP.DIR/211/2017 on 13 September 2017 regarding Guidelines and Codes of Conduct for Board of Directors PT Bank Mandiri (Tbk). Guidelines and Codes of Conduct for Board of Directors regulates on the Working Procedure of the Board of Directors about working procedure of the Board of Commissioners which explains the stages of activity in structured and systematic way, understandable and can be implemented

consistently, can be used as a reference for the Board of Directors in performing their duties in order to achieve the vision and mission of the Company. With the Guidelines and Codes of Conduct for Board of Directors, it is expected to achieve high working standards, pursuant to GCG principles.

The content of Guidelines and Codes of Conduct for Board of Directors regulates the following things.

1. General Provision
2. Organization, Stewardship, Authority to Act, and General Policy
3. Board of Directors Meeting
4. Working Time and Ethics
5. Committee
6. Correspondence
7. Board of Directors Shareholding
8. Performance Evaluation of the Board of Directors
9. Miscellaneous
10. Changes
11. Closing

Duties and Responsibilities of the Board of Directors

The main duties of the Board of Directors of the Company in accordance with Articles of Association are as follows:

1. Carrying out and having full accountability for management of the Company for the benefits and in accordance with the interest and purpose of the Company that is specified in the Articles of Association and act as the head in the management.
2. Maintaining and managing the Company wealth.

The Board of Directors has full accountability in carrying out the tasks for the interest of the Company in achieving the objectives and goals of the Company.

Rights and Authorities of The Board of Directors

The Board of Directors has the following rights and authorities:

1. To establish applicable policies in the Company management.
2. To arrange the delegation of authority of the Board of Directors to represent the Company before and outside the Court to a person or some people particularly assigned including the employee of the Company whether alone or in a team and/or to other entity.
3. To arrange provisions on Company employment including the establishment of wage, pension fund, or old age insurance and other income to Company's employees in accordance with the applicable laws and regulations.
4. Mengangkat dan memberhentikan pegawai Perseroan berdasarkan peraturan ketanagakerjaan dan peraturanperundang-undanganlainnya.

5. To appoint and dismiss Corporate Secretary and/or Head of Internal Control Unit with an approval from the Board of Commissioners.
6. To write off any non-performing receivables in accordance with the Articles of Association and to report it to the Board of Commissioners then to report and take the accountability in the Annual Report.
7. Not to collect non-performing receivables, fines, fees, and other receivables for restructuring and/or resolutions of account receivables as well as to do other acts to the settlement of Company's receivables with obligation to report to the Board of Commissioners in which the terms and the ways to report be decided by the Board of Commissioners.
8. To perform any acts and other behaviors on the management and ownership of the Company's wealth, to bind the Company with other parties and/or other parties with the Company, and to represent the company before and outside the Court on every matter and every event, with limitations in accordance with the applicable laws, Articles of Association and/or the GMS Regulations.

Tenure of The Board of Directors

In accordance with the Articles of Association, policies on the Tenure of the Board of Directors is as follows:

1. The Board of Directors members are appointed for the tenure starting from the GMS closing or other dates specified by the appointing GMS and ends after the closing of the 5th (fifth) Annual GMS after the appointing date, on condition no more than 5 (five) years, by considering the applicable laws and regulations including in the field of Capital Market, without lessening the rights from the GMS to dismiss the Board of Directors members at any time before the tenure ends.
2. The dismissal is effective after the closing of the GMS, unless defined otherwise by the GMS.
3. After the tenure ends, the Board of Directors members can be reappointed by the GMS for another tenure.

Criteria of the Board of Directors

The candidates of the Board of Directors members are individuals, who meet the requirement when appointed or in the tenure:

1. having good character, morals, and integrity;
2. having competencies in legal action;
3. Within 5 (five) years prior to appointment or during the office, he/she:
 - a. is never declared bankrupt;
 - b. never been a member of the Board of Directors and/or a member of the Board of Commissioners who has been declared guilty to cause a Company bankrupt;

- c. never been sentenced due to a crime causing loss for the country and/or related to financial service;
- d. never becomes a member of the Board of Directors and/or member of the Board of Commissioners who, during his/her tenure:
 - has skipped to hold the annual GMS;
 - his/her responsibility as a member of the Board of Directors and/or a member of the Board of Commissioners has ever been; unaccepted by the GMS or has ever given no responsibility as a member of the Board of Directors; and/or a member of the Board of Commissioners to the GMS; and
 - once causing the company receiving permit, agreement, or registration from the Financial Services Authority does not fulfill the obligation to report the Annual Report and/or financial report to the Financial Services Authority.
- e. having commitment to comply with the applicable laws and regulations; and
- f. having knowledge and/or skill in the fields needed by the Company.

Fit and Proper Test and Basis of Appointment of The Board of Directors

The appointment of the Board of Directors member is effective after gaining the approval from the Financial Services Authority for the Fit and Proper Test in accordance with the Regulation of Financial Services Authority Number 27/POJK.03/2016 regarding the Fit and Proper Test for the Main Party of the Financial Services Authority and in compliance with the applicable laws and regulation. To participate in the process of the Fit and Proper Test, the Company shall propose to gain approval of the candidate of the Board of Directors member to the Financial Services Authority.

Table for the Fit and Proper Test

Name	Designation	Period	Executor	Appointment Basis	Operational Effective Date
Kartika Wirjoatmodjo	President Director	May 17, 2016 - December 31, 2017	Financial Services Authority	Annual GMS dated 21 March 2016	17 May 2016
Sulaiman Arif Arianto	Vice Director	June 25, 2015 - December 31, 2017	Financial Services Authority	Annual GMS dated 16 March 2015	25 June 2015
Ogi Prastomiyono	Operations Director	December 24, 2008 - December 31, 2017	Bank Indonesia	Annual GMS dated 29 May 2008	24 December 2008
Pahala N. Mansury	Director of Finance and Treasury	16 July 2010 - 12 April 2017	Financial Services Authority	Annual GMS dated 17 May 2010	16 July 2010
Royke Tumilaar	Wholesale Banking Director	July 25, 2011 - December 31, 2017	Financial Services Authority	Annual GMS dated 23 May 2011	25 July 2017
Hery Gunardi	Distributions Director	July 4, 2013 - December 31, 2017	Financial Services Authority	Annual GMS dated 2 April 2013	4 July 2013
Tardi	Retail Banking Director	September 22, 2015 - December 31, 2017	Financial Services Authority	Annual GMS dated 16 March 2015	22 September 2015
Ahmad Siddik Badruddin	Risk Management & Compliance Director	June 25, 2015 - December 31, 2017	Financial Services Authority	Annual GMS dated 16 March 2015	25 June 2015
Kartini Sally	Institutional Director	June 10, 2015 - December 31, 2017	Financial Services Authority	Annual GMS dated 16 March 2015	10 June 2015
Rico Usthavia Frans	Digital Banking & Technology Director	July 20, 2016 - December 31, 2017	Financial Services Authority	Annual GMS dated 21 March 2016	20 July 2016
Darmawan Junaidi*	Director of Treasury	21 Agustus 2017 – 31 Desember 2017	Otoritas Jasa Keuangan	Extraordinary GMS dated August 21, 2017	12 Januari 2018

Remarks:

*Effective since 12 January 2018 after gaining approval from the Financial Services Authority for the Fit and Proper Test.

Orientation Program for the new Board of Directors

As the Annual GMS of Bank Mandiri on 14 March 2017 and the EGMS on 21 August 2017 have a meeting agenda of the changes in the members of Company Board of Director and Board of Commissioners with various background, Bank Mandiri considers that it is necessary to hold an orientation program for new members of the Board of Directors to give them overview on the business activities, the Company's future plan, the working guidelines and other things which will become the responsibility of the new members of the Board of Directors, as follows:

1. Submission of the Company's documents i.e. Articles of Association, Annual Report, Work Plan and Budget (RKAP), Bank Business Plan, Company Long-term Plan, Company Articles of Association, Good Corporate Governance Principles, Company Code of Conduct, Work Programs of the Board of Directors and Committee below the Board of Directors, Guidelines and Procedures for the Board of Directors, as well as applicable laws and regulations related to the business process of Bank Mandiri.
2. On site visit to the work unit in the head and regional offices to have face-to-face meeting with the Board of Directors and Bank Mandiri Officials in the head and regional offices. This visit aimed at promoting mutual acquaintance, understanding, and solid team work. After the Annual GMS Bank Mandiri on 14 March 2017 and the EGMS on 21 August 2017, the Board of Directors has paid a visit to Regional VII, i.e. Yogyakarta on 25-27 August 2017.
3. Explanation related to the Company risk profile, implementation of Good Corporate Governance, vision and mission of the Directorate of Treasury as well as Company Performance highlights are carried out with the following details:

No.	Material	Presenter	Date
1.	Risk Management	Credit Portfolio Risk Group	13 October 2017
2.	Good Corporate Governance	Compliance Group	13 October 2017
3.	Treasury	Treasury Group	17 October 2017
4.	Company Performance	Strategy & Performance Management Group	17 October 2017

4. Updates on the current banking condition of the Directorate of Treasury nationally and globally to the new Director of Treasury with the following materials:

No.	Material	Presenter	Date	Members
1.	Employee development plan of the Directorate of Treasury	International Banking & Financial Institutions Group	September 13, 2017	Director of Treasury, Group Head of Treasury, Department Head of Treasury and Decision Support of Treasury
2.	Performance of the Treasury Group	Treasury Group		
3.	Performance of the International Banking & Financial Institutions Group	International Banking & Financial Institutions Group		
4.	Performance of the Transaction Banking Wholesale Sales Group	Transaction Banking Wholesale Sales Group		
5.	Update Strategic Investment & Subsidiaries Management Group	Strategic Investment & Subsidiaries Management Group		

The Board of Directors Job Description

In carrying out his task, the Board of Directors is divided in the following task field.

Table of the Board of Directors Job Description

Name	Designation	Period	Job Description
Kartika Wirjoatmodjo	President Director	May 17, 2016 - December 31, 2017	<ol style="list-style-type: none"> 1. Conducting Company management in accordance to the task fields specified in the General Meeting of Shareholders or the Board of Directors Meeting. 2. Directing and implementing the strategies and policies for the task fields in his accountability by considering the specified Company vision, strategy and policy. 3. Preparing and approving work plan, development plan the business and human resources in the task field in his accountability for the benefits of the Company in order to achieve the interest and purpose of the Company. 4. Supervising the smooth process of the Company in accordance with the specified strategy and policy.

Name	Designation	Period	Job Description
Sulaiman Arif Arianto	Vice Director	June 25, 2015 - December 31, 2017	<ol style="list-style-type: none"> 1. Conducting Company management in accordance to the task fields specified in the General Meeting of Shareholders or the Board of Directors Meeting. 2. Directing and implementing the strategies and policies for the task fields in his accountability by considering the specified Company vision, strategy and policy. 3. Preparing and approving work plan, development plan the business and human resources in the task field in his accountability for the benefits of the Company in order to achieve the interest and purpose of the Company. 4. Supervising the smooth process of the Company in accordance with the specified strategy and policy.
Ogi Prastomiyono	Operations Director	December 24, 2008 - December 31, 2017	<ol style="list-style-type: none"> 1. Conducting Company management in accordance to the task fields specified in the General Meeting of Shareholders or the Board of Directors Meeting. 2. Directing and implementing the strategies and policies for the task fields in his accountability by considering the specified Company vision, strategy and policy. 3. Preparing and approving work plan, development plan the business and human resources in the task field in his accountability for the benefits of the Company in order to achieve the interest and purpose of the Company. 4. Supervising the smooth process of the Company in accordance with the specified strategy and policy. 5. Coordinating and directing the preparation for Company operations strategy, consolidating communication and programs to improve the quality of customer service. 6. Coordinating and directing the optimization of the customer data usage to support the Company business activities. 7. Coordinating and directing the preparation and management of complaint handling procedure and customer disputes. 8. Directing and developing Regional to reach market share target and improve business volume target in the Regional as the Director of Regional Development.
Pahala N. Mansury	Director of Finance and Treasury	16 July 2010 -12 April 2017	<ol style="list-style-type: none"> 1. Directing, evaluating, and coordinating Company management in Finance & Treasury in accordance with the Articles of Association, Resolutions of the Company GMS, and applicable laws and regulations. 2. Directing, evaluating, and coordinating work units and subsidiaries in Finance & Treasury, as well as coordinating with other Directors. 3. Leading, directing, and coordinating the development and offers of products 4. The best Finance & Treasury products and making sure that the development and offers is qualified and highly competitive products. 5. Aggressively leading and coordinating the management of Finance & Treasury products while considering the Company policies and prudential principle. 6. Effectively leading and coordinating the promotion for Finance & Treasury products in accordance with market research and customer segments. 7. Providing assistance on customer relation through periodic on the spot visit and customer project monitoring. 8. Maintaining the Company image and assisting good relationship with the regulators and stakeholders. 9. Supporting the role of the Regional CEO in running the coordination function to create an alliance with another Strategic Business Unit.

Name	Designation	Period	Job Description
Royke Tumilaar	Wholesale Banking Director	July 25, 2011 - December 31, 2017	<ol style="list-style-type: none"> 1. Conducting Company management in accordance to the task fields specified in the General Meeting of Shareholders or the Board of Directors Meeting. 2. Directing and implementing the strategies and policies for the task fields in his accountability by considering the specified Company vision, strategy and policy. 3. Preparing and approving work plan, development plan the business and human resources in the task field in his accountability for the benefits of the Company in order to achieve the interest and purpose of the Company. 4. Supervising the smooth process of the Company in accordance with the specified strategy and policy. 5. Coordinating and directing the preparation for Company Wholesale Banking strategy, consolidating communication and programs to improve the quality of customer service. 6. Aggressively leading and coordinating the management of Corporate Banking and Commercial Banking products while considering the Company policies and prudential principle. 7. Effectively leading and coordinating the promotion for Corporate Banking and Commercial Banking products in accordance with market research and customer segments. 8. Leading and directing the front liner marketers to be able to run the Standard Procedure in Corporate Banking and Commercial Banking well. 9. Providing assistance on customer relation through periodic on the spot visit and customer project monitoring. 10. Directing and developing Regional to reach market share target and improve business volume target in the Regional as the Director of Regional Development.
Hery Gunardi	Distributions Director	July 4, 2013 - December 31, 2017	<ol style="list-style-type: none"> 1. Conducting Company management in accordance to the task fields specified in the General Meeting of Shareholders or the Board of Directors Meeting. 2. Directing and implementing the strategies and policies for the task fields in his accountability by considering the specified Company vision, strategy and policy. 3. Preparing and approving work plan, development plan the business and human resources in the task field in his accountability for the benefits of the Company in order to achieve the interest and purpose of the Company. 4. Supervising the smooth process of the Company in accordance with the specified strategy and policy. 5. Coordinating and directing the preparation for Company Distributions strategy, consolidating communication and programs to improve the quality of customer service. 6. Aggressively leading and coordinating the marketing the Company products in the regional while considering the Company policies and prudential principle. 7. Leading and directing the front liner marketers to be able to run the Standard Procedure of the Company products well. 8. Providing assistance on customer relation through periodic on the spot visit and customer project monitoring. 9. Directing and developing Regional to reach market share target and improve business volume target in the Regional.

Name	Designation	Period	Job Description
Tardi	Retail Banking Director	September 22, 2015 - December 31, 2017	<ol style="list-style-type: none"> 1. Conducting Company management in accordance to the task fields specified in the General Meeting of Shareholders or the Board of Directors Meeting. 2. Directing and implementing the strategies and policies for the task fields in his accountability by considering the specified Company vision, strategy and policy. 3. Preparing and approving work plan, development plan the business and human resources in the task field in his accountability for the benefits of the Company in order to achieve the interest and purpose of the Company. 4. Supervising the smooth process of the Company in accordance with the specified strategy and policy. 5. Coordinating and directing the preparation for Company Retail Banking strategy, consolidating communication and programs to improve the quality of customer service. 6. Aggressively leading and coordinating the management of Retail Banking products while considering the Company policies and prudential principle. 7. Effectively leading and coordinating the promotion for Retail Banking products in accordance with market research and customer segments. 8. Leading and directing the front liner marketers to be able to run the Standard Procedure in Retail Banking well. 9. Providing assistance on customer relation through periodic on the spot visit and customer project monitoring. 10. Directing and developing Regional to reach market share target and improve business volume target in the Regional as the Director of Regional Development.
Ahmad Siddik Badruddin	Risk Management & Compliance Director	June 25, 2015 - December 31, 2017	<ol style="list-style-type: none"> 1. Conducting Company management in accordance to the task fields specified in the General Meeting of Shareholders or the Board of Directors Meeting. 2. Directing and implementing the strategies and policies for the task fields in his accountability by considering the specified Company vision, strategy and policy. 3. Preparing and approving work plan, development plan the business and human resources in the task field in his accountability for the benefits of the Company in order to achieve the interest and purpose of the Company. 4. Supervising the smooth process of the Company in accordance with the specified strategy and policy. 5. Coordinating and directing the implementation of good corporate governance principles. 6. Approving the steps needed to ensure that the Bank is compliance with the applicable laws and regulations as well as maintaining so that the Bank business activities do not violate the applicable laws and regulations. 7. Supervising and maintaining the Bank compliance to every agreement and commitment between the Bank and external parties. 8. Developing work organization of Risk Management & Compliance so that the Company has reliable policies, procedures and methods in implementing the Risk Management & Compliance. 9. Monitoring the compliance and supervisory implementation inherent in every Risk Management & Compliance organization work unit. 10. Coordinating, directing, and monitoring the legal cases handling that is complex and/or bankwide by giving legal advice to the work unit, management or by optimizing the legal officer. 11. Effectively coordinating, directing, and monitoring legal actions by integrated case handling with clear targets. 12. Ensuring the implementation of Human Resources (HR) policies in the work unit below his supervision, including every HR functions (Architect to Adieu) coordinated by/with the SEVP Human Capital.

Name	Designation	Period	Job Description
Kartini Sally	Institutional Director	June 10, 2015 - December 31, 2017	<ol style="list-style-type: none"> 1. Conducting Company management in accordance to the task fields specified in the General Meeting of Shareholders or the Board of Directors Meeting. 2. Directing and implementing the strategies and policies for the task fields in his accountability by considering the specified Company vision, strategy and policy. 3. Preparing and approving work plan, development plan the business and human resources in the task field in his accountability for the benefits of the Company in order to achieve the interest and purpose of the Company. 4. Supervising the smooth process of the Company in accordance with the specified strategy and policy. 5. Coordinating and directing the preparation for Company Government & Institutional strategy, consolidating communication and programs to improve the quality of customer service. 6. Aggressively leading and coordinating the management of Government & Institutional products while considering the Company policies and prudential principle. 7. Effectively leading and coordinating the promotions of Government & Institutional products. 8. Leading and directing the front liner marketers to be able to run the Standard Procedure in Government & Institutional well. 9. Providing assistance on customer relation through periodic on the spot visit and customer project monitoring. 10. Directing and developing Regional to reach market share target and improve business volume target in the Regional as the Director of Regional Development.
Rico Usthavia Frans	Digital Banking & Technology Director	July 20, 2016 - December 31, 2017	<ol style="list-style-type: none"> 1. Conducting Company management in accordance to the task fields specified in the General Meeting of Shareholders or the Board of Directors Meeting. 2. Directing and implementing the strategies and policies for the task fields in his accountability by considering the specified Company vision, strategy and policy. 3. Preparing and approving work plan, development plan the business and human resources in the task field in his accountability for the benefits of the Company in order to achieve the interest and purpose of the Company. 4. Supervising the smooth process of the Company in accordance with the specified strategy and policy. 5. Coordinating and directing the preparation for Company Digital Banking & Technology strategy, consolidating communication and programs to improve the quality of customer service. 6. Aggressively leading and coordinating the management of Digital Banking & Technology products while considering the Company policies and prudential principle. 7. Effectively leading and coordinating the promotions of Digital Banking & Technology products. 8. Leading and directing the front liner marketers to be able to run the Standard Procedure in Digital Banking & Technology well. 9. Developing Information Technology to work as business partner with every Company organization work unit and ensuring that the Company owns the most suitable technology solutions for the current situation and future business needs through effective and efficient information technology plans, development, achievement, implementation, maintenance and sustainable supports. 10. Coordinating and directing the optimization of the customer data usage to support the Company business activities. 11. Providing assistance on customer relation through periodic on the spot visit and customer project monitoring. 12. Directing and developing Regional to reach market share target and improve business volume target in the Regional as the Director of Regional Development.

Name	Designation	Period	Job Description
Darmawan Junaidi*	Director of Treasury	August 21, 2017 - December 31, 2017	<ol style="list-style-type: none"> 1. Conducting Company management in accordance to the task fields specified in the General Meeting of Shareholders or the Board of Directors Meeting. 2. Directing and implementing the strategies and policies for the task fields in his accountability by considering the specified Company vision, strategy and policy. 3. Preparing and approving work plan, development plan the business and human resources in the task field in his accountability for the benefits of the Company in order to achieve the interest and purpose of the Company. 4. Supervising the smooth process of the Company in accordance with the specified strategy and policy. 5. Coordinating and directing the preparation for Company Treasury, Institutional Banking & Financial Institution and Subsidiaries Management strategy, consolidating communication and programs to improve the quality of customer service. 6. Aggressively leading and coordinating the management of Treasury and Institutional Banking & Financial Institution products while considering the Company policies and prudential principles. 7. Effectively leading and coordinating the promotion for Treasury and Institutional Banking & Financial Institution products in accordance with market research and customer segments. 8. Directing and developing Regional to reach market share target and improve business volume target in the Regional as the Director of Regional Development.

Information:

* Effective from January 12, 2018 after obtaining approval from the Financial Services Authority for Fit and Proper Test.

Board Of Directors Authority Delegation In Meetings

The authority delegation by a member of Board of Directors to another member of Board of Directors can only be done with an authorization letter specified for the purpose and the authority delegation does not release the accountability of the Board of Director collectively. Practically, in 2017 there was an authority delegation of another member of the Board of Directors with an authorization letter. Therefore, the quorum of the Board of Directors Meeting for a decision making is fulfilled. Thus, the quorum of the Board of Directors Meeting for decision-making can be fulfilled.

Diversity in Board of Directors Policies and Its Implementation

In the recommendation of the Financial Services Authority in the Attachment of Circular Letter of Financial Services Authority No. 32/SEOJK.04/2015 regarding Public Corporate Governance, it is stated that the composition of the Board of Directors members shall concern diversity in the members of Board of Directors. Diversity in the members of Board of Directors is combination of intended characteristics from the organ of Board of Directors as well as the members of the Board of Directors as individuals, in accordance with the Public Company needs. The combination is determined by considering the skills, knowledge and experience in accordance with the distribution of tasks and function of the Board of Directors in achieving the purpose of the Public Company. Therefore, the

consideration of the characteristic combination shall impact accuracy of candidacy and appointment process for individual members of the Board of Directors or the Board of Directors in collegial manner.

Diversity in the members of Board of Directors as specified in the Attachment of Circular Letter of Financial Services Authority No. 32/SEOJK.04/2015 regarding Public Corporate Governance has been accommodated in the Company's Article of Association. The appointment of the Board of Directors is carried out by considering the integrity, dedication, understanding on a Company management issue related to one management function, possessing knowledge and/or skill in the fields needed by the Company and being able to provide sufficient time to carry out his tasks as well as other requirements in accordance to the applicable laws and regulations. However, the diversity policy only regulates diversity in knowledge and/or skills in accordance with the task field of the Board of Directors. Bank Mandiri has not possessed diversity policy related to age and gender because the nomination is prioritized on the Company needs.

In 2017, the diversity in the Board of Directors in education, working experience, age and gender is shown in the table below:

Table of Diversity of The Board of Directors

Name	Designation	Period	Age	Gender	Education	Working Experience	Skill
Kartika Wirjoatmodjo	President Director	17 May 2016 – 31 December 2017	44 years old	Male	Bachelor of Economics majoring accounting from Universitas Indonesia in 1996 and Master of Business Administration from Erasmus University in Rotterdam in 2001.	He starts his career as a Tax and Accounting Consultant in RSM AAJ (1995-1996), Credit Analyst in Industrial Bank of Japan (1996-1998), Senior Consultant in PwC Financial Advisory Services (1998-1999), Senior Consultant in The Boston Consulting Group (2000-2003). Then he started his career in Bank Mandiri in some important positions such as Dept. Head Strategy and Performance Management Group (2003-2005), Group Head of Strategy and Performance Management Group (2005-2008), and Managing Director in Mandiri Sekuritas (2008-2011). He continues his career as President Director and CEO in Indonesia Infrastructure Finance (2011-2013), Chief Executive and Board of Commissioners in Deposit Insurance Agency (LPS) (2014-2015). Before his current position, he was a Director of Finance and Strategy Bank Mandiri (2015-2016).	Accounting, Business and Banking
Sulaiman Arif Arianto	Vice President Director	25 June 2015 – 31 December 2017	58 years old	Male	Bachelor of Animal Husbandry of Institut Pertanian Bogor in 1981 and Master of Business Administration in Finance of University of New Orleans, USA in 1991.	He starts his career in banking in 1991, as an Assistant Manager of Corporate Financing in BRI (1991-1992), Vice Chairman of Corporate IV in BRI (1992-1994), Section Head of Corporate Financing in BRI (1994-1999), Deputy Head of Corporate Financing Division in BRI (1999), Head of Medium Credit Division (1999-2002), Head of Agribusiness Division in BRI Head Office (2001-2002), Regional Leader of Denpasar in BRI (2002-2003), Regional Leader of Jakarta in BRI (2003-2006), Director of Micro and Small Business in BRI (2006-2009) and Director of Commercial Banking in BRI (2009-2015).	Credit Analyst, MSME and Corporate and Special Asset Management
Ogi Prastomiyono	Director of Operations	24 December 2008 – 31 December 2017	56 years old	Male	Bachelor of Agricultural Technology of Institut Pertanian Bogor in 1984 and Master of Business Administration of University of Notre Dame in 1994.	His banking career is started as a General Manager of Planning and Development in Indonesian Export Import Bank (Exim Bank) in 1998-1999, and his career in Bank Mandiri started since 1999 as a Head of Compliance Division in Bank Mandiri (1999-2001), Project Head of IPO Working Team Bank Mandiri (2001-2003), Director of Compliance, Risk Management, Product Development, Planning and Development Bank Syariah Mandiri (2004-2005), Group Head Compliance in Bank Mandiri (2005-2006), Group Head Internal Audit in Bank Mandiri (2006-2008), Director of Compliance and Human Capital (2008-2014) in Bank Mandiri, Director of Risk Management & Compliance in Bank Mandiri (2014-2015), and Director of Technology and Operations (2015-2016).	Human Capital, Kredit, Planning and Strategic Management, Asset and Liability Management, IT and Operations, Internal Audit, Risk Management, Compliance, Perbankan Syariah

Name	Designation	Period	Age	Gender	Education	Working Experience	Skill
Pahala N. Mansury	Director of Finance and Treasury	16 July 2010-12 April 2017	46 years old	Male	Bachelor of Economics majoring Accounting from Universitas Indonesia in 1994 and Master of Business Administration from in Finance from Stern School of Business, New York University, USA in 1999. He is a CFA Charter holder from CFA Institute since 2003.	He starts his career as a consultant including Financial Advisory Services in PwC (1994), Consultant of Change Management in Anderson Consulting Indonesia (1994-1997), Senior Consultant in Booz Allen Hamilton (1999-2000) and Project Leader in The Boston Consulting Group (2002-2003). Then he starts his career in Bank Mandiri since 2003 with some positions such as SVP of Economic and Financial Research (2003-2005), SVP of Accounting as well SVP of Change Management Office Bank Mandiri (2005), SVP of Corporate Development Bank Mandiri (2005-2006), EVP Coordinator of Finance and Strategy Bank Mandiri (2006-2010). Prior to serving in this position, he was entrusted with the position of Director of Finance and Strategy (2010-2015) and Director Treasury and Markets (2015-2016).	Banking, Finance, Treasury
Royke Tumilaar	Director Wholesale Banking	25 July 2011 – 31 December 2017	53 years old	Male	Bachelor of Economics in Management of Universitas Trisakti in 1987 and Master of Business in Finance of University of Technology, Sydney in 1999.	He started his banking career in 1998 as a Credit Analyst in Supervision and Research of Credits in BDN. Then he started his career in Bank Mandiri since 2005 with various positions such as Dept. Head Corporate Banking in Bank Mandiri (2005), Credit Authority Holders (Group Head Level) Commercial Banking (2006), Group Head Regional Commercial Sales of Bank Mandiri (January 2007), Group Head Regional Commercial Sales I of Bank Mandiri (November 2007). He was also in a position of President Commissioner in PT Staco Jasapratama (General Insurance (2008) and Commissioner in Mandiri Sekuritas (2009). Before he was in this position, he was entrusted with the position of Director of Treasury, Finance Institutions and Special Asset Management Bank Mandiri (2011-2015).	Treasury & International Banking, Procurement, Special Asset Management, Commercial Banking, Corporate Banking
Hery Gunardi	Director Distributions	4 July 2013 – 31 December 2017	55 Tahun	Laki-laki	Bachelor of Business Administration Universitas 17 August 1945 (1987) and Master of Business Administration in Finance and Accounting of University of Oregon, USA in 1991.	He started his career in banking in 1993 as a Non-Performing Loan Analyst in	Micro & Retail Banking, Consumer Banking, Micro & Business Banking, Distributions, Credit Risk Management, Special Asset Management, Branding & Strategic Marketing

Name	Designation	Period	Age	Gender	Education	Working Experience	Skill
Tardi	Director of Retail Banking	22 September 2015 – 31 December 2017	53 years old	Male	Bachelor of Agronomy of Universitas 11 Maret in 1987 and a Master in Finance of Universitas Padjajaran 1999.	Special Debtor in Bapindo (1993 – 1996), Head of Sub Section of IOU Syndication in Treasury in Bapindo (1996-1998). Then he started his career in Bank Mandiri since 1998 in various positions such as a Merger Team Member of Bank Mandiri (1998-1999), Regional Marketing Manager of Bank Mandiri Regional Jakarta City (1999-2002), Area Manager of Bank Mandiri Daan Mogot (2002), Dept. Head Bank Assurance and Director of Joint Insurance Company Establishment Project with AXA (2002-2003), Director of PT AXA Mandiri Financial Services (2003-2006), Group Head Wealth Management Mandiri as well as President Commissioner PT AXA Mandiri Financial Services (2006-2009), Group Head of Jakarta Network in Bank Mandiri (2009-2011) as well as President Commissioner PT Mandiri Manajemen Investasi (2009-2013), Group Head Distribution Network 1 in Bank Mandiri (2011-2013), EVP Coordinator Consumer Finance (2013). Before he was in the position of Director of Distribution, he was once appointed as Director of Micro and Retail Banking Bank Mandiri (2013-2015), Director of Micro and Business Banking Bank Mandiri (2015) and Director of Consumer Banking Bank Mandiri (2015-2016).	Corporate Banking (Forestry Sector, Trade and Industry Plantation, Business Development and Recovery Management, Retail Banking Segment, Micro Segment, Medium Business Segment (UMKM)
Ahmad Siddik Badruddin	Director of Risk Management & Compliance	25 June 2015 – 31 December 2017	52 years old	Male	Bachelor of Chemical Engineering in 1988 and a Master of Business Administration in management of information system in 1990, of Universitas of Texas, Austin, USA.	He started his career in banking in 1989 as a Professional Staff in PT Bank Bumi Daya	Credit risk management, risk management strategy, risk analysis, collection management and strategy, fraud risk management, acquisition and closure / sale of business and portfolio, scorecard portfolio management, operational risk management, self-assessment process for risk control, external collection agency management, and various training programs related to risk management.

Name	Designation	Period	Age	Gender	Education	Working Experience	Skill
Kartini Sally	Director of Institutional	10 June 2015 – 31 December 2017	52 years old	Female	Bachelor of Dentistry of Universitas Indonesia in 1988, Magister Program of "Wijawiyata Management" of IPPM Jakarta in 1990 and Magister Management program of Universitas Jayabaya, Jakarta in 1998.	(1989-1998). He started his career in Bank Mandiri in 1998 with various positions such as Group Head Credit Operation and Control Credit Administration (1998-1999), Group Head Credit Operation and Control Loan Operations Development (2000), Dept. Head Loan Disbursement (2001-2005), Dept. Head Jakarta Disbursement and Dept. Head Loan Collection I (2006), Group Head Credit Recovery II (2006-2008), Member of the Board of Commissioners of Investama Mandiri (2007-2009), Group Head Micro Business Development in Bank Mandiri (2008-2013), Member of Board of Commissioners of Bank Syariah Mandiri (2008-2013), SEVP Consumer Finance in Bank Mandiri (2013-2015), SEVP Wholesale Risk in Bank Mandiri (2015). Before his current position, he was entrusted as a Director of Micro Banking Bank Mandiri (2015-2016).	Corporate Banking, Commercial Banking, Risk Management, Investment Banking, Sharia Banking, Financing, financial transaction solutions for Ministries / Agencies and employees, implementation of financial inclusion through Government Assistance Project
Rico Usthavia Frans	Director of Digital Banking & Technology	20 July 2016 – 31 December 2017	47 years old	Male	Bachelor of Electrical Engineering of Institut Teknologi Bandung in 1992.	He started his career in banking in 1990 as a Management Associate of Citibank (1990-1995), Regional Risk Officer of Global Consumer Bank (AVP) of Citibank, Singapore (1995-1997), Retail Bank Risk Director of Global Consumer Bank (VP) of Citibank, Jakarta (1997-1998), Head of Risk Management of ABN AMRO Bank, Hong Kong (1999-2001), Country Risk Director of Citibank (2001-2004), Country Risk Director and Deputy Country Risk Director of Citibank, Germany (2004-2008), Regional Senior Credit Officer for Central & Eastern Europe and Middle East Africa Region of Citibank, London (2008-2011), Global Unsecured Product Risk Management of Citibank, New York (2011-2014). Before he was in the position of Director of Risk Management & Compliance, he was a SEVP Retail Chief Risk Officer of Bank Mandiri (2014-2015).	Digital Banking & Technology, Transaction Banking/ Payment System/ Financial Technology, Information Technology, Data Analytics/ Enterprise Data Management
Darmawan Junaidi*	Director of Treasury	21 August 2017 – 31 December 2017	51 years old	Male	He got his Bachelor of Law of Universitas Sriwijaya, Palembang in 1990.	She started her career in banking in 1990 as a Loan Officer Corporate Banking in Export Import Bank	Treasury

*Effective since 12 January 2018 after gaining approval from the Financial Services Authority for the Fit and Proper Test.

The Number And Composition Of The Board Of Directors

In 2017, the number and composition of the Board of Directors has changed several times with the following composition.

The Number And Composition Of The Board Of Directors Before Annual GMS Dated 14 March 2017

The number and composition of the Board of Directors before annual GMS dated 14 March 2017 is 10 members of the Board of Directors consisting of 1 President Director, 1 Vice Director and 8 Directors.

No.	Name	Designation
1.	Kartika Wirjoatmodjo	President Director
2.	Sulaiman Arif Arianto	Vice Director
3.	Ogi Prastomiyono	Director of Operations
4.	Pahala N. Mansury	Director of Finance & Treasury
5.	Royke Tumilaar	Director of Corporate Banking
6.	Hery Gunardi	Director of Distributions
7.	Tardi	Director of Retail Banking
8.	Ahmad Siddik Badruddin	Director of Risk Management & Compliance
9.	Kartini Sally	Director of Commercial
10.	Rico Usthavia Frans	Director of Digital Banking & Technology

NUMBER AND COMPOSITION OF THE COMPANY'S BOARD OF DIRECTORS AFTER THE ANNUAL GMS ON 14 MARCH 2017 UP TO EXTRAORDINARY GMS ON 21 AUGUST 2017

Based on the General Meeting of Shareholders of PT Garuda Indonesia (Persero) Tbk. which was held on April 12, 2017, was decided that Br. Pahala N. Mansury was appointed President Director of PT Garuda Indonesia (Persero) Tbk. In connection with this, accordingly with the Regulation of the Minister of BUMN and the Articles of Association of the Company, the position of Mr. Pahala N. Mansury as a member of the Board of Directors with itself expires and the termination of its term of office shall be confirmed at the nearest General Meeting of Shareholders of the Company.

So that the number of Directors of the Company becomes 9 (nine) persons consisting of 1 (one) President Director, 1 (one) Vice President Director and 7 (seven) Directors.

No.	Name	Designation
1.	Kartika Wirjoatmodjo	President Director
2.	Sulaiman Arif Arianto	Vice Director
3.	Ogi Prastomiyono	Director of Operations
4.	Pahala N. Mansury	Director of Finance & Treasury
5.	Royke Tumilaar	Director of Corporate Banking
6.	Hery Gunardi	Director of Distributions
7.	Tardi	Director of Retail Banking
8.	Ahmad Siddik Badruddin	Director of Risk Management & Compliance
9.	Kartini Sally	Director of Commercial
10.	Rico Usthavia Frans	Director of Digital Banking & Technology

COMPOSITION OF MEMBERS OF THE BOARD OF DIRECTORS BEFORE EGMS ON 21 AUGUST 2017

The number and composition of the Board of Directors of the Company before the Extraordinary GMS on 21 August 2017 is the Board of Directors of 9 (nine) persons comprising from 1 (one) President Director, 1 (one) Vice President Director and 7 (seven) Directors.

No.	Name	Designation
1.	Kartika Wirjoatmodjo	President Director
2.	Sulaiman Arif Arianto	Vice Director
3.	Ogi Prastomiyono	Director of Operations
4.	Royke Tumilaar	Director of Wholesale Banking
5.	Hery Gunardi	Director of Distributions
6.	Tardi	Director of Retail Banking
7.	Ahmad Siddik Badruddin	Director of Risk Management & Compliance
8.	Kartini Sally	Director of Government & Institutional
9.	Rico Usthavia Frans	Director of Digital Banking & Technology

THE COMPOSITION OF THE COMPANY BOARD OF DIRECTORS MEMBERS AFTER THE EXTRAORDINARY GMS DATED 21 AUGUST 2017

One of the Extraordinary GMS Resolutions dated 21 August 2017 is appointing Mr. Darmawan Junaidi that is effective after gaining the approval of Financial Services Authority for the Fit and Proper Test and in compliance with the applicable laws and regulation.

Therefore, the number and composition of the Company Board of Directors after the extraordinary GMS dated 21 August 2017 is 10 members consisting of 1 President Director, 1 Vice Director and 8 Directors

No.	Name	Designation
1.	Kartika Wirjoatmodjo	President Director
2.	Sulaiman Arif Arianto	Vice Director
3.	Ogi Prastomiyono	Director of Operations
4.	Royke Tumilaar	Director of Wholesale Banking
5.	Hery Gunardi	Director of Distributions
6.	Tardi	Director of Retail Banking
7.	Ahmad Siddik Badruddin	Director of Risk Management & Compliance
8.	Kartini Sally	Director of Institutional
9.	Rico Usthavia Frans	Director of Digital Banking & Technology
10.	Darmawan Junaidi	Director of Treasury

Affiliations of Board of Directors

The Board of Directors shall always be independent, meaning that they do not have conflict of interest which interferes their ability to carry out their tasks independently and critically, whether among the Board of Directors members or the relation with the Board of Commissioners.

The Board of Directors have no financial relations, management relations, shareholding and/or family relations with other members of the Board of Commissioners, the Board of Directors and/or Controlling Shareholders or relation with the Bank, therefore they are able to carry out their duties and responsibilities independently.

The Board of Directors is prohibited from having double post as a President Director or other Directors in other State, Region and Public Owned Enterprise or other positions related to Company management, as well as structural position, and functional position in the central and regional government institutions/organization, and other positions in accordance with the Company Articles of Association and applicable laws and regulations.

Affiliations among the members of Board of Directors, Board of Commissioners, and Majority and/or Controlling Shareholders, including:

- Affiliations among Board of Directors members.
- Affiliations among Board of Directors members and Board of Commissioners members.

- Affiliations among Board of Directors members and Majority and/or Controlling Shareholders.
- Affiliations among Board of Commissioners members; and
- Affiliations among Board of Directors members and Majority and/or Controlling Shareholders.

The independency of the Board of Directors is shown in the following table:

Table of Affiliations The Board of Directors

Name	Designation	Period	Financial, Family, and the Board of Directors Management Affiliations													
			Financial Affiliations with						Family Affiliations with						Other Company Management Affiliations	
			The Board of Commissioners		Directors		Controlling Shareholders		Board of Commissioners		Directors		Controlling Shareholders		Yes	No
			Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No		
Kartika Wirjoatmodjo	President Director	17 May 2016 - 31 December 2017		√		√		√		√		√		√		√
Sulaiman Arif Arianto	Vice President Director	25 June 2015 - 31 December 2017		√		√		√		√		√		√		√
Ogi Prastomiyono	Director of Operations	24 December 2008 - 31 December 2017		√		√		√		√		√		√		√
Pahala N. Mansury	Director of Finance & Treasury	16 July 2010 - 31 December 2017		√		√		√		√		√		√		√
Royke Tumilaar	Director of Corporate Banking	25 July 2011 - 31 December 2017		√		√		√		√		√		√		√
Hery Gunardi	Director of Distributions	4 July 2013 - 31 December 2017		√		√		√		√		√		√		√
Tardi	Director of Retail Banking	22 September 2015 - 31 December 2017		√		√		√		√		√		√		√
Ahmad Siddik Badruddin	Director of Risk Management & Compliance	25 June 2015 - 31 December 2017		√		√		√		√		√		√		√
Kartini Sally	Director of Commercial	10 June 2015 - 31 December 2017		√		√		√		√		√		√		√
Rico Usthavia Frans	Director of Digital Banking & Technology	20 July 2016 - 31 December 2017		√		√		√		√		√		√		√
Darmawan Junaidi*	Director of Treasury	21 August 2017 - 31 December 2017		√		√		√		√		√		√		√

Information:

* Effective from January 12, 2018 after obtaining approval from the Financial Services Authority for Fit and Proper Test.

Policies on The Board of Directors Concurrent Positions

Policies on the Board of Directors concurrent positions is specified in the following regulations.

- In accordance with Minister of State Enterprises Regulation NO. PER-03/MBU/02/2015, the Board of Directors member(s) is prohibited to have concurrent positions as:
 - the Board of Directors member(s) of State Enterprises, Region Enterprises, Public Enterprises; and/or
 - the Board of Commissioners member(s) of State Enterprises; and/or
 - other structural and functional positions in the central and regional government institutions/organization;
 - political party officials and/or legislative candidates/members; and/or regional head/deputy head candidates;
 - positions causing conflict of interests and/or other positions in accordance to applicable laws and regulations;
 - becoming legislative candidates or regional head/deputy head candidates.
- In accordance with Regulation of Financial Services Authority No. 55/POJK.03/2016, the Board of Directors member(s) is prohibited from having concurrent positions as the Board of Directors member(s), the Board of Commissioners members or Executive Officers in other banks, companies and/or institutions. However, it does not include positions of the Board of Directors responsible for auditory of the Bank additional investment to subsidiaries, carrying out functional tasks as the Board of Commissioners members in subsidiaries that is not a bank controlled by the Bank, as long as it does not make the concerned disregard his tasks and responsibilities as the Bank Board of Commissioners member.

The Board of Directors Concurrent Positions Table

Name	Designation	Period	Designation in Company/ Other Institution	Name of Company/
Kartika Wirjoatmodjo	President Director	17 May 2016 - 31 December 2017 December 2017	-	-
Sulaiman Arif Arianto	Vice President Director	25 June 2015 – 31 December 2017	-	-
Ogi Prastomiyono	Director of Operations	24 December 2008 - 31 December 2017	-	-
Pahala N. Mansury	Director of Finance & Treasury	16 July 2010 - 31 December 2017	-	-
Royke Tumilaar	Director of Corporate Banking	25 July 2011 - 31 December 2017	-	-
Hery Gunardi	Director of Distributions	4 July 2013 - 31 December 2017	-	-
Tardi	Director of Retail Banking	22 September 2015 - 31 December 2017	-	-
Ahmad Siddik Badruddin	Director of Risk Management & Compliance	25 June 2015 - 31 December 2017	-	-
Kartini Sally	Director of Commercial	10 June 2015 - 31 December 2017	-	-
Rico Usthavia Frans	Director of Digital Banking & Technology	20 July 2016 - 31 December 2017	-	-
Darmawan Junaidi*	Director of Treasury	21 August 2017 - 31 December 2017	-	-

Remarks:

*Effective since 12 January 2018 after gaining approval from the Financial Services Authority for the Fit and Proper Test.

Management of the Board of Directors Conflict of Interest

Management of the Board of Directors conflict of interest is specified in Bank Mandiri Policy Architecture in 2016. Bank Mandiri Policy Architecture is a policy hierarchy/structure as a framework and guidelines in policy preparation and implementation of Bank activity. The Management of the Board of Directors conflict of interest is as following:

- The Board of Commissioners, the Board of Directors, and Executive Officers shall commit to avoid any forms of conflict of interest.
- In the event that the Board of Directors member(s) has a personal Interests in a transaction, contract or contracts proposed in which one of the party is the Bank, the interest shall be mentioned in the Board of Directors Meeting and the concerned Board of Directors member has no authority to take a vote.
- Periodically in at least 1 (once) in a year, every member of the Board of Commissioners, the Board of Directors and the Executive Officers is obliged to make a statement regarding whether or not they have conflict of interests with the Bank activities they carry out.

4. Members of the Board of Commissioners, the Board of Directors and the Executive Officers is prohibited from having concurrent positions as specified in the applicable regulations.

Board of Directors Shareholding

By 31 December 2017, no members of the Bank Board of Directors owns shares of Bank Mandiri of 5% or more from the capital deposited by Bank Mandiri, or other banks or companies whether domestic or foreign country.

Board of Directors Shareholding Table

Name	Designation	Period	Stock Ownership			
			Bank Mandiri	Other Banks	Non-Bank Financial Institution	Other Companies
Kartika Wirjoatmodjo	President Director	17 May 2016 - 31 December 2017	Null	Null	Null	Null
Sulaiman Arif Arianto	Vice President Director	25 June 2015 - 31 December 2017	Null	Null	Null	Null
Ogi Prastomiyono	Director of Operations	24 December 2008 - 31 December 2017	Null	Null	Null	Null
Pahala N. Mansury	Director of Finance & Treasury	16 July 2010 - 31 December 2017	Null	Null	Null	Null
Royke Tumilaar	Director of Corporate Banking	25 July 2011 - 31 December 2017	Null	Null	Null	Null
Hery Gunardi	Director of Distributions	4 July 2013 - 31 December 2017	Null	Null	Null	Null
Tardi	Director of Retail Banking	22 September 2015 - 31 December 2017	Null	Null	Null	Null
Ahmad Siddik Badruddin	Director of Risk Management & Compliance	25 June 2015 - 31 December 2017	Null	Null	Null	Null
Kartini Sally	Director of Commercial	10 June 2015 - 31 December 2017	Null	Null	Null	Null
Rico Usthavia Frans	Director of Digital Banking & Technology	20 July 2016 - 31 December 2017	Null	Null	Null	Null
Darmawan Junaidi*	Director of Treasury	21 August 2017 - 31 December 2017	Null	Null	Null	Null

Remarks:

*Effective since 12 January 2018 after gaining approval from the Financial Services Authority for the Fit and Proper Test.

Board of Directors Meeting

A meeting of the Board of Directors is a meeting attended by the Board of Directors that may be held at least once every month or at any time when deemed necessary upon the request of one or more members of the Board of Directors, or upon a written request from the Board of Commissioners. The Meeting of the Board of Directors shall be held with the Board of Commissioners on a periodical basis of at least 1 (one) time in 4 (four) months. Meetings are legitimate and is entitled to take binding decisions when attended or represented by more than 2/3 (two thirds) of the members of the Board of Directors.

The President Director is the chairman for the Board of Directors Meeting, and in the event that the President Director is absent or unavailable, the Vice Director shall be the chairman. If the Vice Director is absent or unavailable, the Meeting Chairman is the Substitute Director of the President Director or the Substitute Director of the Vice Director as specified in the Board of Directors regulations regarding Job Description and Authority of the Board of Directors as well as the Establishment of Substitute Director list. If the assigned Substitute Director is also unavailable, the Board of Directors Meeting will be conducted by a member of the Board of Directors Meeting that is present and assigned at the meeting.

The Board of Directors Meeting Agendas, Dates and Participants

In 2017, the agendas, dates and participants of the Board of Directors meeting is as follows.

Board of Directors Meeting Table

No.	Date of Meeting	Meeting Agenda	Meeting Participant	Attending/Not Attending	Reason for Not Attending
1.	4 January 2017	1. Discussion on Project Agent of Development. 2. Updates on Credit Collectability.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Pahala N. Mansury	Attending	
			Royke Tumilaar	Not Attending	Taking a leave
			Hery Gunardi	Not Attending	Taking a leave
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Not Attending	Taking a leave
2.	10 January 2017	1. Updates on Initiative Strategic of Distribution. 2. Proposal from Corporate Real Estate Group. 3. Discussion on Human Capital. 4. Credit Portfolio Management Strategy. 5. Plan and Strategies on Online Mandiri Marketing. 6. Updates on Micro Business. 7. Updates on Lunar New Year 2568 Celebration.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Pahala N. Mansury	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Not Attending	On Business Trip
			Rico Usthavia Frans	Attending	
3.	17 January 2017	1. Updates on Annual GMS. 2. Performance Review - Performance of Work Units in 2016.	Kartika Wirjoatmodjo	Not Attending	On Business Trip
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Pahala N. Mansury	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Attending	
4.	24 January 2017	1. Approval on Audit Financial Statement on 31 December 2016. 2. Updates on Initiative Implementation of Corporate Plan 3. Portfolio Management of SME. 4. Updates on National Projects and Subsidiaries 5. Reports on Individual Bank Soundness Level in December 2016 Period.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Not Attending	Taking a leave
			Ogi Prastomiyono	Attending	
			Pahala N. Mansury	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Not Attending	Taking a leave
			Kartini Sally	Attending	
			Rico Usthavia Frans	Attending	

No.	Date of Meeting	Meeting Agenda	Meeting Participant	Attending/Not Attending	Reason for Not Attending
5.	31 January 2017	1. Updates on IT Development. 2. Proposals of Bank Mandiri Sponsorship. 3. Discussion on Human Capital	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianito	Attending	
			Ogi Prastomiyono	Attending	
			Pahala N. Mansury	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Attending	
6.	7 February 2017	1. Updates on Office Network Initiative 2017. 2. Updates on SAM Debtor Development. 3. Discussion on Human Capital. 4. Updates on Performance Management	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianito	Attending	
			Ogi Prastomiyono	Attending	
			Pahala N. Mansury	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Attending	
7.	14 February 2017	1. Reports on the Consolidated Bank Soundness Level in 31 December 2016 period. 2. Updates on Annual GMS Fiscal Year 2016. 3. Preparation for Public Expose and Analyst Meeting Q4 2016. 4. Updates on Initiative Strategic of Distribution. 5. Update Corporate Real Estate Group.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianito	Attending	
			Ogi Prastomiyono	Attending	
			Pahala N. Mansury	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Attending	
8.	21 February 2017	1. Discussion on Human Capital. 2. Updates on Initiative Corporate Plan	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianito	Attending	
			Ogi Prastomiyono	Attending	
			Pahala N. Mansury	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Attending	

No.	Date of Meeting	Meeting Agenda	Meeting Participant	Attending/Not Attending	Reason for Not Attending
9.	28 February 2017	1. Proposals on the Use of a Budget Platform for Bookkeeping Deletion. 2. Updates on Initiative Corporate Plan 3. Proposals on Procurement.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Pahala N. Mansury	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Not Attending	On Business Trip
10.	3 March 2017	Discussion on Human Capital.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Pahala N. Mansury	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Not Attending	On Business Trip
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Not Attending	On Business Trip
11.	7 March 2017	1. Updates on Procurement of Audit LK Bank Mandiri Fiscal Year 2017. 2. Updates on Wholesale Customer Development. 3. Updates on Initiative Corporate Plan	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Pahala N. Mansury	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Attending	
12.	14 March 2017	1. Update Perkembangan Debitur SAM. 2. Update Perkembangan IT.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Pahala N. Mansury	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Attending	

No.	Date of Meeting	Meeting Agenda	Meeting Participant	Attending/Not Attending	Reason for Not Attending
13.	15 March 2017	1. Follow up of Annual GMS Resolutions. 2. Update on Legal.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Pahala N. Mansury	Not Attending	On Business Trip
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Attending	
14.	22 March 2017	1. Alignment of Organizational Structure. 2. Financial Performance on February 2017. 3. Updates on SAM Debtor Development	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Pahala N. Mansury	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Not Attending	On Business Trip
			Tardi	Attending	
			Ahmad Siddik Badruddin	Not Attending	On Business Trip
			Kartini Sally	Attending	
			Rico Usthavia Frans	Attending	
15.	29 March 2017	1. Updates on Initiative Corporate Plan 2. Proposals on the Use of a Platform for Bookkeeping Deletion Q1/2017. 3. Alignment of Organizational Structure. 4. Updates on Collection Development. 5. Updates on Transaction Banking Development. 6. Discussion on Project Agent of Development. 7. Authority Proposals.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Pahala N. Mansury	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Attending	
16.	4 April 2017	1. Alignment of Organizational Structure. 2. Discussion on Human Capital. 3. Updates on Project Vulcan Development. 4. Updates from the Corporate Secretary.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Pahala N. Mansury	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Attending	

No.	Date of Meeting	Meeting Agenda	Meeting Participant	Attending/Not Attending	Reason for Not Attending
17.	10 April 2017	1. General Discussion: Official Briefing. 2. Updates on Risk Management. 3. Financial Performance on March 2017.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Pahala N. Mansury	Attending	
			Royke Tumilaar	Not Attending	Taking a leave
			Hery Gunardi	Attending	
			Tardi	Not Attending	Taking a leave
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Attending	
18.	17 April 2017	1. General Discussion 2. Updates on Directorate of Internal Audit. 3. Updates from Legal Group. 4. Updates on Marvel Projects Development.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Attending	
19.	25 April 2017	1. Preparation of Analyst Meeting Q1 2017. 2. Updates on Wholesale Customer Development. 3. Updates on Transaction Banking Initiative. 4. Discussion on Human Capital. 5. Proposals on the Use of a Budget Platform for Bookkeeping Deletion.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Attending	
20.	2 May 2017	1. Discussion on Human Capital. 2. Update on KLN Business Development. 3. Updates on Project Vulcan Development. 4. Proposals on the Benefits of the Year.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Not Attending	On Business Trip
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Attending	

No.	Date of Meeting	Meeting Agenda	Meeting Participant	Attending/Not Attending	Reason for Not Attending
21.	12 May 2017	1. Updates on IT Development. 2. Financial Performance on April 2017. 3. Updates on Credit Portfolio Risk Group. 4. Authority Proposals.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Not Attending	Taking a leave
			Kartini Sally	Attending	
			Rico Usthavia Frans	Attending	
22.	23 May 2017	1. Updates from the Corporate Secretary Group. 2. Proposals from Directorate of Special Asset Management. 3. Updates on Initiative Corporate Plan 4. Updates on Corporate Real Estate Group. 5. Discussion on Human Capital.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Attending	
23.	29 May 2017	1. Revision of the Work Plan and Budget (RKAP) in 2017. 2. Updates on Wealth Business Development. 3. Updates on Subsidiaries Business Development. 4. Updates on IT Development.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Not Attending	Taking a leave
			Ogi Prastomiyono	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Attending	
24.	13 June 2017	1. Financial Performance on May 2017. 2. Proposals from Directorate of Special Asset Management. 3. Updates from Legal Group.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Not Attending	Permission
			Rico Usthavia Frans	Attending	

No.	Date of Meeting	Meeting Agenda	Meeting Participant	Attending/Not Attending	Reason for Not Attending
25.	20 June 2017	1. Updates on KLN Business Development. 2. Credit Portfolio Risk Group 3. Updates on Extraordinary GMS. 4. Proposals on the Use of a Platform for Bookkeeping Deletion Q2/2017.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Not Attending	On Business Trip
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Attending	
26.	3 July 2017	1. Updates on IT Development. 2. Proposals on Authority Evaluation.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Not Attending	Taking a leave
27.	4 July 2017	1. Updates from Directorate of Corporate Transformation. 2. Key Performance Indicators (KPI).	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Not Attending	Permission
			Rico Usthavia Frans	Attending	
28.	18 July 2017	1. Financial performance of June 2017. 2. Wholesale Transaction Dashboard. 3. Update Sponsorship Bank Mandiri.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Royke Tumilaar	Not Attending	Taking a leave
			Hery Gunardi	Not Attending	On Business Trip
			Tardi	Not Attending	Taking a leave
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Attending	

No.	Date of Meeting	Meeting Agenda	Meeting Participant	Attending/Not Attending	Reason for Not Attending
29.	25 July 2017	1. Updates on Directorate of Internal Audit. 2. Discussion on Human Capital. 3. Authority Proposals. 4. Updates on Project Vulcan. 5. Proposals on the Use of a Budget Platform for Bookkeeping Deletion. 6. Strategies of Portfolio Management.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Not Attending	Sick
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Attending	
30.	1 August 2017	1. Bank Mandiri's Score 2. Updates from Directorate of Corporate Transformation. 3. Updates from Accounting and Legal Group. 4. Proposals from Corporate Secretary Group.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Attending	
31.	8 August 2017	1. Updates on SAM Debtor Development. 2. Discussion on Human Capital. 3. Updates on Appreciation Thread on Mandiri Excellent Award. 4. Discussion on Human Capital. 5. Updates on Marvel Projects.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Attending	
32.	15 August 2017	1. Updates on IT Development. 2. Financial Performance on July 2017. 3. Discussion on Human Capital	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Not Attending	On Business Trip
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Attending	

No.	Date of Meeting	Meeting Agenda	Meeting Participant	Attending/Not Attending	Reason for Not Attending
33.	23 August 2017	1. Follow up of Extraordinary GMS 2017 Resolutions. 2. Discussions on Authority. 3. Reports on the Consolidated Bank Soundness Level on 30 June 2017. 4. Credit Portfolio Risk Group	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Not Attending	On Business Trip
34.	29 August 2017	1. Discussion on Organizational Structure. 2. Discussion on Human Capital.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Not Attending	Taking a leave
			Kartini Sally	Not Attending	On Business Trip
			Rico Usthavia Frans	Not Attending	On Business Trip
			Darmawan Junaidi	Attending	
35.	5 September 2017	1. Financial Performance on August 2017. 2. Discussion on Human Capital.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Royke Tumilaar	Not Attending	On Business Trip
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Not Attending	On Business Trip
			Darmawan Junaidi	Attending	
36.	12 September 2017	1. Indonesia Economic Updates 2017. 2. Updates from Accounting Group. 3. Updates on Initiative Corporate Plan 4. Proposals on Changes of Pension Funds Regulations (PDP) Financial Institution Pension Fund (DPLK).	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Not Attending	On Business Trip
			Ogi Prastomiyono	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Not Attending	On Business Trip
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	

No.	Date of Meeting	Meeting Agenda	Meeting Participant	Attending/Not Attending	Reason for Not Attending
37.	19 September 2017	1. Updates on Strategy and Performance Group. 2. Updates on Initiative SAM 3. Discussion on Human Capital.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Not Attending	Permission
			Kartini Sally	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Not Attending	On Business Trip
38.	26 September 2017	1. Updates on Initiative Corporate Plan 2. Updates on IT Development. 3. Proposals from Corporate Secretary Group.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
39.	03 October 2017	1. Kick off of Work Plan and Budget (RKAP) 2018 and Bank Business Plan (RBB) 2018-2020. 2. Updates on SME Business Development. 3. Discussion on Project Agent of Development.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Royke Tumilaar	Not Attending	On Business Trip
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
40.	10 October 2017	1. Financial Performance on September 2017. 2. Updates on Initiative Corporate Plan	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Not Attending	On Business Trip
			Kartini Sally	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	

No.	Date of Meeting	Meeting Agenda	Meeting Participant	Attending/Not Attending	Reason for Not Attending
41.	18 October 2017	1. Proposals on MEA. 2. Discussion on Human Capital.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Not Attending	On Business Trip
			Kartini Sally	Attending	
			Rico Usthavia Frans	Not Attending	On Business Trip
			Darmawan Junaidi	Attending	
42.	24 October 2017	1. Preparation for Public Expose and Analyst Meeting Q3 2017. 2. Updates on Micro Business Development. 3. Updates on Consumer Business Development. 4. Updates on Directorate of Risk Management.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Not Attending	On Business Trip
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
43.	31 October 2017	1. 2017 Financial Projection. 2. Updates on Initiative Corporate Plan	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Not Attending	On Business Trip
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Not Attending	On Business Trip
			Darmawan Junaidi	Not Attending	On Business Trip
44.	07 November 2017	1. Updates on Initiative Corporate Plan 2. Discussion on Human Capital.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	

No.	Date of Meeting	Meeting Agenda	Meeting Participant	Attending/Not Attending	Reason for Not Attending
45.	14 November 2017	1. Discussion on Human Capital. 2. Financial Performance on October 2017. 3. Proposals on RKAP and Initiative Corporate Plan. 4. Updates on Commercial Business Development. 5. Updates on SME Development. 6. Updates on Initiative Corporate Plan 7. Updates on Wholesale Customer Development. 8. Authority Development.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
46.	28 November 2017	1. Proposal from Corporate Real Estate Group. 2. Updates on IT Development. 3. Update on Bank Mandiri Recovery Plan. 4. Updates on Directorate of Risk Management. 5. Updates on Lafite Project.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Not Attending	On Business Trip
			Rico Usthavia Frans	Not Attending	On Business Trip
			Darmawan Junaidi	Not Attending	On Business Trip
47.	05 December 2017	1. Discussion on Human Capital.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Attending	
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	
48.	11 December 2017	1. Discussion on Human Capital. 2. Proposals on the Approval of Bank Mandiri Recovery Plan.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Royke Tumilaar	Attending	
			Hery Gunardi	Attending	
			Tardi	Not Attending	On Business Trip
			Ahmad Siddik Badruddin	Not Attending	On Business Trip
			Kartini Sally	Not Attending	Taking a leave
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	

No.	Date of Meeting	Meeting Agenda	Meeting Participant	Attending/Not Attending	Reason for Not Attending
49.	19 December 2017	1. Financial Performance on November 2017. 2. Updates on RKAP on Subsidiaries. 3. Performance Evaluation. 4. Updates and Proposals from Treasury Group. 5. Updates on Initiative SAM 6. Proposals on Changes of Mandiri Pension Funds Regulations Financial Institution Pension Fund. 7. Branchless Banking.	Kartika Wirjoatmodjo	Attending	
			Sulaiman A. Arianto	Attending	
			Ogi Prastomiyono	Attending	
			Royke Tumilaar	Not Attending	Taking a leave
			Hery Gunardi	Not Attending	Taking a leave
			Tardi	Attending	
			Ahmad Siddik Badruddin	Attending	
			Kartini Sally	Not Attending	On Business Trip
			Rico Usthavia Frans	Attending	
			Darmawan Junaidi	Attending	

Joint Meeting of the Board of Directors Inviting the Board of Commissioners

Agenda, dates and participants of the Joint Meeting of the Board of Directors inviting the Board of Commissioners are as follows.

No.	Meeting Date	Meeting Agenda	Meeting Participants – The Board of Commissioners	Present/Not Present	Remarks	Board of Directors Meeting Participants	Present/Not Present	Remarks
1.	Thursday, 27 April 2017	1. Updates on Economic Condition 2. Updates on Corporate Social Responsibility Program	Wimbah Santoso	Attending		Kartika Wirjoatmodjo	Attending	
			Imam Apriyanto Putro	Not Attending	Permission	Sulaiman Arif Arianto	Attending	
			Abdul Aziz	Attending		Ogi Prastomiyono	Attending	
			Aviliani	Attending		Royke Tumilaar	Attending	
			Askolani	Attending		Hery Gunardi	Attending	
			Goei Siau Hong	Attending		Tardi	Attending	
			Bangun Sarwito Kusmulyono	Attending		Ahmad Siddik Badruddin	Not Attending	Permission
			Ardan Adiperdana	Attending		Kartini Sally	Not Attending	Permission
			MakmurKeliat*	Attending		Rico Usthavia Frans	Not Attending	Permission
2.	Wednesday, 27 September 2017	1. Explanation on Economic Outlook 2. Financial Performance on August 2017 3. A Comprehensive Look At Bank Mandiri	Hartadi A. Sarwono	Attending		Kartika Wirjoatmodjo	Attending	
			Imam Apriyanto Putro	Attending		Sulaiman Arif Arianto	Attending	
			Askolani	Attending		Ogi Prastomiyono	Attending	
			Goei Siau Hong	Attending		Royke Tumilaar	Attending	
			Bangun Sarwito Kusmulyono	Attending		Hery Gunardi	Attending	
			Ardan Adiperdana	Attending		Tardi	Attending	
			MakmurKeliat	Attending		Ahmad Siddik Badruddin	Attending	
			R. Widyo Pramono*	Attending		Kartini Sally	Attending	
						Rico Usthavia Frans	Attending	
							Not Attending	Permission

* Effective since 12 January 2018 after gaining approval from the Financial Services Authority for the Fit and Proper Test.

Meeting Frequency and Attendance

The frequency and attendance level of each member of the Board of Directors is as follows.

Frequency and Attendance Level of the Board of Directors Meeting Table

Name	Designation	Period	Board of Directors Meeting			Joint Meeting of the Board of Directors with the Board of Commissioners Table		
			Number and (%) of Attendance			Number and (%) of Attendance		
			Number of Meetings	Number of Attendance	%	Number of Meetings	Number of Attendance	%
Kartika Wirjoatmodjo	President Director	17 May 2016 – 31 December 2017	51	50	98%	10	9	90%
Sulaiman Arif Arianto	Vice President Director	25 June 2015 – 31 December 2017	51	48	94%	10	9	90%
Ogi Prastomiyono	Director of Operations	24 December 2008 – 31 December 2017	51	48	94%	10	10	100%
Pahala N. Mansury	Director of Finance and Treasury	16 July 2010-12 April 2017	17	16	94%	2	2	100%
Royke Tumilaar	Director of Wholesale Banking	25 July 2011 – 31 December 2017	51	45	88%	10	10	100%
Hery Gunardi	Director of Distributions	4 July 2013 – 31 December 2017	51	46	90%	10	10	100%
Tardi	Director of Retail Banking	22 September 2015 – 31 December 2017	51	45	88%	10	10	100%
Ahmad Siddik Badruddin	Director of Risk Management and Compliance	25 June 2015 – 31 December 2017	51	42	82%	10	9	90%
Kartini Sally	Director of Institutional	10 June 2015 – 31 December 2017	51	42	82%	10	9	90%
Rico Usthavia Frans	Director of Digital Banking and Technology	20 July 2016 – 31 December 2017	51	41	80%	10	9	90%
Darmawan Junaidi*	Director of Treasury	21 August 2017 – 31 December 2017	18	14	77%	5	4	80%

Remarks:

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The Board of Directors Competency Development

Throughout 2017, the Company Board of Directors members have participated various competency programs such as trainings, workshops, conferences, seminars, as shown in the following tables.

The Board of Directors Competency Development Table

Name	Designation	Period	Development Materials Competence/ Training	Time and Venue Implementation	Type of Training and Organizer
Kartika Wirjoatmodjo	President Director	17 May 2016 – 31 December 2017	Refreshment of Banking Risk Management Handling Fraud in banking	16 August 2017, Financial Club, Graha Niaga-Jakarta	Banking Professional Certification Agency (LSPP)
			World Economic Forum Annual Meeting 2017	14 - 21 August 2017, Davos	World Economic Forum
			CEO Dialogue Conference	06 April 2017, Vietnam	APEC Business Advisory Council

Name	Designation	Period	Development Materials Competence/ Training	Time and Venue Implementation	Type of Training and Organizer
Sulaiman Arif Arianto	Vice Director	25 June 2015 – 31 December 2017	Refreshment of Banking Risk Management Strengthening The Resilience Of Islamic Banking	04 May 2017, Hotel Fairmont-Jakarta	Banking Professional Certification Agency
Ogi Prastomiyono	Director of Operations	24 December 2008 – 31 December 2017	Supply Chain Strategy And Management and Developing A Leading Edge Operations Strategy	07 - 10 November 2017, Boston	Massachusetts Institute of Technology, Sloan School of Management
			Executive Leadership Program, Batch 2	28 April 2017, Bandung	Ministry of State-Owned Enterprises
Pahala N. Mansury	Director of Finance and Treasury	16 July 2010- 12 April 2017	-	-	-
Royke Tumilaar	Director of Wholesale Banking	25 July 2011 – 31 December 2017	Strategic Investment Management Program	02 - 06 October 2017, London	IMD Business School
			Workshop Strategic Review	23 August 2017, Yogyakarta	PT Bank Mandiri (Persero) Tbk
Hery Gunardi	Director of Distributions	4 July 2013 – 31 December 2017	Deeper Understanding On IFRS 9 & BASEL IV and Progress of Basel III Implementation	18 - 19 May 2017, Bali	Bankers Association for Risk Management
			Non Deal Roadshow (NDR)	03 - 10 June 2017, Los Angeles	(BARa)
Tardi	Director of Retail Banking	22 September 2015 – 31 December 2017	Workshop Micro Banking	03 August 2017, Denpasar	Bank of America Merrill Lynch
			Refreshment of Banking Risk Management	26 April 2017, Graha Niaga-Jakarta	PT Bank Mandiri (Persero) Tbk
Ahmad Siddik Badruddin	Director of Risk Management & Compliance	25 June 2015 – 31 December 2017	Executive Training Financial Strategies for Value Creation	11-15 December 2017, London	Banking Professional Certification Agency
			Sound Practice in ICAAP Implementation	17 - 19 October 2017, Prague	Bankers Association for Risk Management (BARa)
			Unsecured Retail Credit Risk Management	14 September 2017 dan 28 July 2017, Assembly Hall 9 floor Menara Mandiri dan Financial Hall-Jakarta	Bankers Association for Risk Management (BARa)
			Refocusing on Credit Risk Management, Credit Risk Model, Pricing, and Being Prepared for Upcoming Regulations	23 March 2017, Four Seasons Hotel-Jakarta	Bankers Association for Risk Management (BARa)
			Risk Management in Mortgage Banking	10 March 2017, Auditorium Plaza Mandiri-Jakarta	Bankers Association for Risk Management (BARa)
			Risk Management Framework for a Successful Transaction Banking Business	19 January 2017, Financial Hall-Graha Niaga, Jakarta	Bankers Association for Risk Management (BARa)
Kartini Sally	Institutional Director	10 June 2015 – 31 December 2017	Cambridge -Leadership in a Transformational Digital Era	11 - 15 September 2017, United Kingdom	SWA & Co
			Government Institutional Workshop	13 July 2017, Batam	PT Bank Mandiri (Persero) Tbk
			BARa Risk Program	17 May 2017, Denpasar	Bankers Association for Risk Management (BARa)
			Executive Leadership Program, Batch 2	27 April 2017, Bandung	Ministry of State-Owned Enterprises

Name	Designation	Period	Development Materials Competence/ Training	Time and Venue Implementation	Type of Training and Organizer
Rico Usthavia Frans	Digital Banking & Technology Director	20 July 2016 – 31 December 2017	Leading In Digital Age	18 - 20 October 2017, Laussane-Swiss	IMD Business School
			ASEAN Strategy Forum Banking	17 May 2017, Singapura	International Forum, Management Events ASEAN
			Forum of Digital Banking	17 February 2017, Batam	PT Bank Mandiri (Persero) Tbk
Darmawan Junaidi*	Director of Treasury	21 August 2017 – 31 December 2017	Risk Management Certification Level 5	07 October 2017, Jakarta	Banking Professional Certification Agency (LSPP)

Remarks:

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Risk Management Certification

Besides the aforementioned competency development program, the Board of Directors also participated in Risk Management Certification program. In 2017, the Board of Directors that have passed the risk management certification are as follows.

Table of Risk Management Certification The Board of Director

Name	Designation	Period	Institutions issuing the certificate	Level	Field/Area	Certificate Date of Issue	Expiry Date
Kartika Wirjoatmodjo	President Director	17 May 2016 – 31 December 2017	Badan Nasional Sertifikasi Profesi/ LSPP	Level 5	Banking Risk Management	17 April 2015	17 April 2017
			LSPP	-	Refreshment of Banking Risk Management Handling Fraud in Banking, Financial Club, Graha Niaga, Jakarta	16 August 2017	16 August 2019
Sulaiman A. Arianto	Vice President Director	25 June 2015 – 31 December 2017	BARa-LSPP	-	Risk Management Certification Refreshment Program – Jakarta	1-2 April 2015	1-2 April 2017
			BARa-LSPP	-	Risk Management Certification Refreshment Program – Frankfurt	10 July 2012	9 July 2014
			LSPP	-	Refreshment of Banking Risk Management Strengthening the resilience of islamic banking, Hotel Fairmont, Jakarta	4 May 2017	4 May 2019
Ogi Prastomiyono	Director of Operations	24 December 2008 – 31 December 2017	IBI-LSPP-MMUGM	-	Refreshment Program – International Risk Management Refreshment Program for Executives Europe Class 2016 (Milan)	21 October 2016	21 October 2018
			LSPP, IBI dan Standard Chartered Bank Ltd. (Hongkong)	-	Refreshment – Banking Risk Management level 5 – Hong Kong	27 October 2014	27 October 2016
			BARa-LSPP	-	Risk Management Certification Refreshment Program – Tokyo	12 November 2012	12 November 2014
			BSMR	-	Program of Risk Management Certification Executive Program - Bali	19 February 2008	19 February 2010
			Indonesian Risk Professional Associaton	-	Risk Management Certification Executive Program	20 August 2004	20 August 2006

Name	Designation	Period	Institutions issuing the certificate	Level	Field/Area	Certificate Date of Issue	Expiry Date
Pahala N. Mansury	Director of Finance and Treasury	16 July 2010-12 April 2017	Badan Nasional Sertifikasi Profesi/ LSPP	Level 5	Banking Risk Management	17 December 2011	17 December 2013
			BARa Risk Forum	-	Risk Management Certification Refreshment Program in Bandung	5 March 2015	5 March 2017
Royke Tumilaar	Director of Corporate Banking	25 July 2011 – 31 December 2017	Badan Nasional Sertifikasi Profesi/ LSPP	Level 5	Banking Risk Management	12 June 2012	12 June 2014
			BARa Risk Forum	-	Refreshment at Stockholm 19 – 21 September 2016	21 September 2016	21 September 2018
Hery Gunardi	Director of Distributions	4 July 2013 – 31 December 2017	BARa Risk Forum	Level 5	Banking Risk Management	13 April 2013	13 April 2015
			Badan Nasional Sertifikasi Profesi/ LSPP	-	Banking Risk Management Refreshment	2 July 2015	13 April 2017
			BARa Risk Forum	-	BARa Risk Program : Deeper understanding on IFRS 9 & BASEL IV and Progress of Basel III Implementation, Bali	18 - 19 May 2017	18 - 19 May 2019
Tardi	Director of Retail Banking	22 September 2015 – 31 December 2017	Badan Nasional Srtifikasi Profesi/ LSPP	Level 5	Banking Risk Management	4 April 2015	4 April 2017
			LSPP	-	Banking Risk Management Refreshment, Graha Niaga	26 April 2017	26 April 2019
Ahmad Siddik Badruddin	Director of Risk Management & Compliance	25 June 2015 – 31 December 2017	Badan Nasional Sertifikasi Profesi/ LSPP	Level 5	Banking Risk Management	11 April 2015	11 April 2017
			BARa Risk Forum	-	Refreshment at Stockholm 19 – 21 September 2016	21 September 2016	21 September 2018
Kartini Sally	Director of Institutional	10 June 2015 – 31 December 2017	Badan Nasional Sertifikasi Profesi/ LSPP	Level 5	Banking Risk Management	11 April 2015	11 April 2017
			BARa Risk Forum	-	BARa Risk Program, Denpasar	17 May 2017	17 May 2019
Rico Ushtavia Frans	Director Digital Banking & Technology	20 July 2016 – 31 December 2017	Badan Sertifikasi Manajemen Risiko (BSMR)	Level 5	Banking Risk Management	7 May 2016	7 May 2018
			Badan Sertifikasi Manajemen Risiko (BSMR)	Level 4	Banking Risk Management	25 April 2010	25 April 2012
			Badan Sertifikasi Manajemen Risiko (BSMR)	Level 2	Banking Risk Management	2 June 2007	2 June 2011
			Badan Sertifikasi Manajemen Risiko (BSMR)	Level 1	Banking Risk Management	9 August 2007	9 August 2011
Darmawan Junaidi*	Director Treasury	21 August 2017 – 31 December 2017	LSPP	Level 5	Banking Risk Management	7 October 2017	7 October 2019

Remarks:

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Policy and Remuneration for the Board of Directors

The remuneration for the Board of Directors refers to the Minister of State-Owned Enterprise (SOEs) Regulation No. PER-02/MBU/06/2016/ dated 20 June 2016 regarding the Amendment to the Minister of State-Owned Enterprise (SOEs) Regulation No. PER-04/MBU/2014 regarding the Guidelines on the Income Establishment of the Board of Directors, Board of Commissioners, and Board of Supervisors for State-Owned Enterprise. The formulation of the Remuneration Policy for the Board of Directors was arranged by various consideration that consisted of the short-term and long-term of liquidity requirements, capital adequacy and capital appreciation, financial stability aspect, the effectiveness of risk management, and the potential revenue in the future. Bank Mandiri prioritized the principle of prudential in providing permanent remuneration and variable remuneration allotments.

The remuneration determination of the Board of Directors also referred to the Financial Services Authority Regulation No.45/POJK.03/2015 on the Implementation of Good Corporate Governance in Remuneration for Commercial Banks, Bank Mandiri implemented Good Corporate Governance in Remuneration that had considered various aspects including the financial stability of banks, creation of risk management, short-term and long-term liquidity requirements, and potential future revenues. The Company might postpone the variable suspended remuneration (Malus) or withdraw the variable remuneration that had already been paid (Clawback) to the official classified as Material Risk Taker (MRT), subject to the following conditions:

1. The Company implemented Malus and/or Clawback for certain special conditions in the implementation of variable, remuneration by considering factors, among others:
 - The amount of financial and non-financial losses of the Company.
 - The involvement of the employees concerned directly or indirectly in the losses incurred.
2. The variable remuneration shall be deferred to a certain percentage determined by the Company.
3. This policy applied to officials classified as MRT, with the following criteria:
 - Causing financial and non-financial losses of the bank.
 - Performing fraud, law violation, unethical behavior, and/or falsification of records.
 - Violating bank policies, rules and procedures intentionally.
 - Causing significantly negative impacts on bank capital that are not caused by changes in the economic or industrial climate.
4. In the implementation of MRT remuneration, Bank Mandiri adhered to the provision of OJK, SOE Regulation, and remuneration policy of the Company.

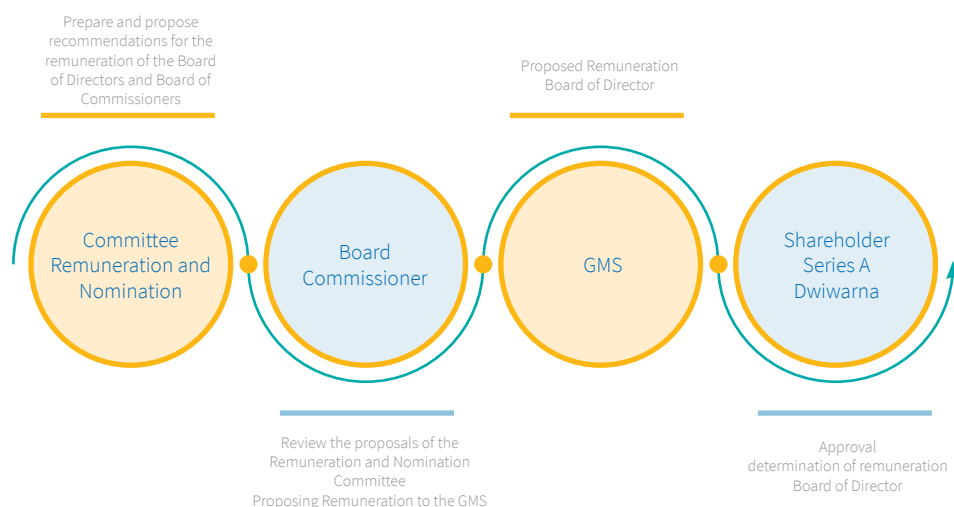
In addition it should not conflict with legislation in effect, a remuneration policy of a nature still have to pay attention to business scale, business complexity, peer group, inflation rate, condition, and financial ability. While the remuneration policy is variable other than must put forward the things related to the remuneration policy which are fixed, must also be aware of the existence of prudent risk taking.

THE PROCEDURES OF REMUNERATION DETERMINATION

Not only recorded in the realization of the Company's Work and Budget Plan, the determination of remuneration for the Board of Directors also requires procedures as proposed based on the following matters:

1. The submission of Bank Business Plan (BBP) to the Stakeholders and regulators conducted at the end of the year;
2. The establishment of President Director's Key Performance Indicators (KPI) approved by the Board of Commissioners and signed by the President Director and the President Commissioner;
3. The preparation of the Vice President Director and Director of Department's Key Performance Indicators (KPI) in order to cover the President Director's Key Performance Indicators (KPI);
4. The evaluation of performance in each business unit is conducted periodically and the primary target is evaluated monthly through the performance review;
5. The comprehensive assessment discussed in the Board of Directors' meeting is conducted at the end of the year;
6. The assessment result was reported to the Board of Directors. The tantien sharing for the Board of Directors was conducted based on the assessment after the General Meeting of Shareholders, so that tantien 1 (one) Director could be different from others directors.

GMS decides the determination of remuneration for the Board of Directors with the basis formula mechanism set by the General Meeting of Shareholders is reviewed beforehand and then followed by the amount of remuneration which is suggested by the Board of Commissioners in collaboration with the Remuneration and Nomination Committee for conducting in-depth examination. Remuneration and Nomination Committee consulted with the Minister of State-Owned Enterprise as the Seri A Dwiwarna shareholder in establishing the allowance and other facilities as well as the supplemental executive retirement plan for the Board of Directors.



Structure of Remuneration for the Board of Directors' Members

No.	Type of Income	Terms
1.	Honorarium	Number of Position Factor President Director 100% Vice President Director 95% Director 90%
2.	Allowance Holiday Allowance Communication Allowance Post-Employment Benefit Residence Allowance Annual Leave Allowance Uniform Allowance	1 (one) time salary At cost Insurance premium at maximum 25% of salary/year Rp27,500,000/month including the utility cost, if the official residence is unoccupied Not provided (12 days of annual leave, collective leave excluded) Provided in the case of special events in which uniform is needed.
3.	Facilities Company Vehicle Health Facility Professional Facility Collector Legal Council Facility Residence Facility	1 (one) vehicle is provided, rented Vehicle specification and fuel allowance are in accordance with the internal policy (KEP.KOM/003/2014) Medical reimbursement in accordance with the internal policy KEP KOM/003/10 At maximum 2 (two) membership received registration fee and annual contribution As needed, regulated in KEP. KOM/003/2014 Members of Board of Directors are not eligible for company housing facility nevertheless provided official residence allowance included utility allowance. For the members appointed before the Regulation of State Owned Enterprises No. PER-04/MBU/2014 and already occupy the official residence, they shall utilize the official residence to the end of their term of office.

Indicators of Remuneration Determination for the Board of Directors

The indicators used in determining the remuneration for the Board of Directors in accordance with the remuneration policy are as follows:

1. Key Performance Indicator (KPI)
2. Company Performance
3. Business Size
4. The benchmarking of the Banking Industry's remuneration
5. The consideration in the Company's target and long-term strategy

Total Nominal/ Component of Remuneration for the Board of Directors

The disclosure of remuneration component of the BOC and the BOD is pursuant to the Financial Service Authority Circular Letter No.40/SEOJK.03/2016 regarding the Implementation of Corporate Governance in terms of Remuneration of Commercial Bank.

Total of Remuneration and Others Facilities	Total received in 1 year	
	Employee	Million of Rupiah
Remuneration		
Salary	11	41.399
Residence Allowance	8	2.184
Transportation Allowance	-	-
Religious Holiday Allowance	9	3.241
Tentem	12	156.892
Other in-kind facilities		
Residence (can not be owned)	3	-
Transportation (cannot be possessed)	10	-
Post employment insurance (can be owned)	10	6.945
Medical (cannot be owned)	10	1.137

Remarks: Including the members of Board of Directors whose term of office expires in 2017

The following table provides the remuneration in one year categorized by income rate.

Table of Total Remuneration Category

Total Remuneration	Total Employee
Above Rp 2 Billion	12
Above Rp 1 Billion - Rp 2 Billion	1
Above Rp 500 Billion - Rp 1 Billion	-
Rp 500 Million below	-

The Board of Directors' Decisions and Implementation of Duties

In 2017, the Board of Directors has performed its duties, obligations, and responsibilities in managing the Company as regulated by the applicable laws, the Articles of Association, and Work Plan

established in the beginning of the year. The Board of Directors' duties carried out in 2017 are presented as follows:

1. Preparation of Company's planning.
2. Fulfilling the Company's performance target.
3. Managing the assets and finance because in 2017 Bank Mandiri focused on rectifying the fundamentals of Company by minimizing the Non Performing Loan (NPL).
4. Organizing the Board of Directors' meeting, comprising 51 (fifty-one) Board of Directors' meeting and 10 (ten) joint meetings in 2017.
5. Attending the Board of Commissioners' meeting.
6. Organizing the General Meeting of Shareholders, which was held two times in 2017, comprising Annual General Meeting of Shareholders on 14 March 2017 and the Extraordinary General Meeting of Shareholders on 21 August 2017.
7. Supervising and rectifying the internal business process, in which Bank Mandiri become more selective in loan distributions in the entire segment.
8. Implementing and supervising Good Corporate Governance in every business activities.
9. Issuing the Sustainable Bond I of Bank Mandiri Phase II in 2017 amounted to Rp6 Trillion.
10. Implementing the Stock Split by ratio of 1:2 from Rp500.00 (five hundred rupiah) per share to Rp 250.00 (two hundred rupiah) per share.
11. Having active participation as one of the First Movers in the Pilot Project of Sustainable Finance entitled "First Movers on Sustainable Banking" set by the Financial Services Authority and the WWF Indonesia.
12. Implementing other duties related to the Company's management.

The Board of Directors' Decisions in 2017 are presented as follows:

Table of the Board of Directors' Decisions

No.	Date of Meeting	Subject
1.	2 January 2017	Designation of members of Audit Service Procurement Team for Consolidated Financial Statements of PT Bank Mandiri (Persero) Tbk and Subsidiary Entities along with the Financial Statement for Partnership and Environmental Development Program of PT Bank Mandiri (Persero) Tbk, and ended on 31 December 2017.
2.	13 February 17	The establishment of Management team and Executive team for the General Meeting of Shareholders fiscal year 2016 PT Bank Mandiri (Persero) Tbk.
3.	1 March 2017	The approval of Implementation for IT and Non IT Initiatives of 2017.
4.	21 March 2017	The establishment of Committee Structure for the Procurement of Public Auction for the Construction of Mandiri University Type A building in Wijayakusuma Jakarta Area.
5.	21 March 2017	Alteration in Organizational Structure
6.	21 March 2017	Appointment and Designation of Senior Executive Vice President PT Bank Mandiri (Persero) Tbk.
7.	10 April 2017	Job Description for the Board of Directors.
8.	26 May 2017	The establishment of Establishment team for the Bank Mandiri's Subsidiary in Malaysia.
9.	26 May 2017	Audit Committee Members Designation
10.	26 May 2017	Risk Monitoring Membership Designation
11.	26 May 2017	Remuneration and Nomination Committee Membership Designation
12.	15 June 2017	Integrated Governance Committee Membership Designation
13.	23 August 2017	Guidelines and Procedures for the Board of Directors's Performance
14.	13 September 2017	Designation as The Treasury Executive Officer
15.	13 September 2017	Organizational Structure
16.	13 September 2017	Duties and Authorities Descriptions for the Board of Director's members as well as the substitute Director and SEVP Designation.
17.	11 October 2017	Director of Regional Builder Designation as well as the Duties and Authorities
18.	11 October 2017	Audit Committee Membership Designation
19.	11 October 2017	Risk Monitoring Committee Membership Designation
20.	11 October 2017	Remuneration and Nomination Committee Membership Designation
21.	1 November 2017	Integrated Governance Committee Membership Designation
22.	13 November 2017	Government Project Assignment
23.	21 November 2017	Executive Committee
24.	21 November 2017	Business Committee
25.	21 November 2017	Capital & Subsidiaries Committee
26.	21 November 2017	Human Capital Policy Committee
27.	21 November 2017	Integrated Risk Committee
28.	21 November 2017	Information & Technology Committee
29.	21 November 2017	Policy & Procedure Committee
30.	21 November 2017	Risk Management Committee

Review of Company Annual Strategy

The Board of Directors sought to encourage the Company's performance for the following year by reviewing the Company's annual strategy conducted at the end of the current year. In 2017, the review of the Company's annual strategy was conducted through the Board of Directors' meeting.

Evaluation of Company Strategy

Evaluation of the Company's strategy in line with the Company's Vision and Mission as well as current business environment was constantly conducted periodically and involved all Directors and executive officials at Bank Mandiri in the annual Corporate Work Plan and Budget (RKAP) discussion forum and the Company's Long-Term Plan (RJPP) to find out the achievement level and business direction.

In the process of preparing the Annual Work Plan and Corporate Budget (RKAP) each year referring to RJPP, it must be submitted to the Board of Commissioners for approval.

Performance Assessment of Board of Directors

Performance Assessment of the Board of Directors was conducted in several procedures, among others:

Performance Assessment of the Board of Directors by the GMS

The process of assessing the performance of the Board of Directors by the Shareholders was conducted through the General Meeting of Shareholders (GMS) by referring to Key Performance Indicators (KPI) previously agreed by the Shareholders, Board of Commissioners and Board of Directors.

Procedure of Performance Assessment of the Board of Directors

Performance of the Board of Directors is reported to the Shareholders in the GMS.

Performance Evaluation Criteria of the Board of Directors

Performance evaluation criteria of the Board of Directors based on Key Performance Indicator (KPI), namely:

1. Financial and market perspectives
2. Focus on Customers
3. Effectiveness of products and processes
4. Focus on Manpower
5. Leadership, governance and CSR

Party Performing Assessment

Parties performing performance assessment of the Board of Directors were the Board of Commissioners and GMS. In assessing the performance of the Board of Directors, the Board of Commissioners referred to the KPI indicators. Subsequently, the Board of Commissioners and Board of Directors would be responsible for the achievement of their performance in the period of 2017, including the implementation of the duties and responsibilities of the Board of Commissioners and Board of Directors in the GMS to be held in 2018.

Performance Assessment Result of the Board of Directors

The performance assessment result of the Board of Directors based on KPI can be seen in the table below.

STRATEGIC TARGET		Weight	Size	Score
Financial And Market Perspectives		24%		
1.	Increasing Profitability	5,0%	EAT (Earning After Tax) is higher than last year (Rp billion)	6,50
		5,0%	ROE Ratio (Av. Equity) is better than Bank Industry	6,50
2.	Increasing Company Value	5,0%	Market Cap Growth is higher than Bank Industry (%)	4,33
3.	Maintaining Asset Quality	4,0%	NPL Ratio is better than Bank Industry (%)*)	3,34
4.	Increasing Efficiency	5,0%	Cost to Income Ratio is better than last year (%)	4,65
				25,32
Focus on Customer		22,0%		
5.	Increasing the Satisfaction of External Customers and Regulators.	11,0%	The minimum rating of the Bank is in the top 10 industries.	11,00
		11,0%	Minimum 80% PAB approved by OJK has "DONE" status.	11,14
				22,14
Effectiveness of Product And Process		20,0%		
6.	Increasing the HIMBARA (Association of State-Owned Banks) synergy	5,0%	ATM and EDC Merah Putih are implemented according to the project target (unit).	
			a. ATM Implementation of 9,900 units	2,50
			b. EDC Implementation of 50,000 units	2,56
7.	Increasing inclusion and financial literacy	5,0%	The number of branchless banking agents is achieved according to the bank target (unit).	5,32
8.	Increasing the disbursement of non-oil export credit	5,0%	The disbursed non-oil export credit is achieved according to bank target (% total credit).	6,50
9.	Increasing the profitability of subsidiaries.	5,0%	Profit of Subsidiaries (PA) (Rp billion)	4,82
				21,70
Focus On Manpower		17,0%		

STRATEGIC TARGET		Weight	Size	Score	
10.	Increasing Human Capital capability and competence.	9,0%	Employee productivity is better than last year (Rp million/Worker).	11,70	
		8,0%	Human Capital Score lebih baik dibandingkan tahun lalu.		
			a.	Attrition Rate max 2%.	2,74
			b.	Talent Development Program.	2,71
			c.	Employee Development Coverage.	3,47
				20,62	
LEADERSHIP, GOVERNANCE AND CSR		17,0%			
11.	Increasing excellent performance and competitiveness	6,0%	KPKU Score is better than last year.	6,19	
12.	Increasing the bank's contribution to the welfare improvement of society.	5,0%	PKBL Realization of minimum 80% of RKAP budget (%)	6,50	
13.	Increasing the implementation of Good Corporate Governance (GCG)	6,0%	CGPL Score is better than last year.	6,00	
				18,69	
Total		100,0%		108,47	

Performance Self Assessment of the Board of Commissioners

In reference to the Financial Service Authority (POJK) No.55/POJK.03/2016 on the Implementation of Integrated Corporate Governance, the performance assessment of the Board of Directors was held by using the Self Assessment.

Procedure of Performance Assessment of the Board of Directors

Performance assessment of the BOC including the GCG self assessment of the Company was conducted every semester.

Performance Evaluation Criteria of the Board of Directors

Self-Assessment Criteria of the Board of Directors related to GCG implementation were divided into 3 (three) groups, namely Governance Structure, Governance Process and Governance Outcome. Governance structure consisted of 16 indicators, Governance Process consisted of 14 indicators while governance outcome consisted of 10 indicators.

Party Performing Assessment

Implementation of an individualized governance assessment that includes execution of duties and responsibilities of the Board of Directors through self assessment by the Board of Directors

Performance Assessment Result of the Board of Directors

The results of GCG self-assessment of Bank Mandiri in the first semester The year 2017 is Composite 1 ("Very Good"), nevertheless on dated October 2, 2017, OJK provides feedback on the assessment referred to as Composite 2 ("Good").

In addition, the results of self assessment in the second half of 2017 is Composite 1 ("Very Good"). The results of this assessment are supported by assessment of Board of Directors' performance on the implementation of governance principles.

Performance Assessment of the Board of Directors by Using Asean CG Scorecard

Bank Mandiri has aligned governance practices in line with ASEAN Corporate Governance (CG Scorecard) standards.

Procedure of Conducting Performance Assessment of the Board of Directors

Procedures for conducting a performance assessment based on the Board of Directors ASEAN CG Scorecard criteria are based on information and public documents relating to GCG practices conducted by the Board of Directors.

Performance Evaluation Criteria of The Board of Directors

The following are the criteria to conduct evaluation on the performance of the Board of Directors by using the ASEAN CG Scorecard:

Party Performing Assessment

Parties conducting the ASEAN CG Scorecard assessment at the Bank Mandiri is the Indonesian Institute for Corporate Directorship (IICD), an Independent Institute of Advocates, Training and Service Providers research in corporate governance.

Performance Assessment Result of The Board of Directors

The score of ASEAN CG Scorecard from Bank Mandiri on the performance assessment of the Board of Commissioners or the fifth main component for 2016 was 36.75 or with good predicate. It indicated that the Board of Commissioners and Board of Directors of Bank Mandiri had given efforts and been consistent to fulfill GCG principles in every activity of the Board of Commissioners and Board of Directors.

Performance Assessment Result of the Board of Directors

ASEAN CG Scorecard score from Bank Mandiri on performance appraisal The Board of Directors continues to increase every year.

Performance Assessment Criteria of the Board of Directors

Assessment criteria of KPKU are adopted and adapted from Malcolm Baldrige Criteria for Performance Excellence that have been firstly applied by BUMN since 2012 by means of the Letter of the Ministry of SOEs No. S-153/S.MBU/2012, dated 19 July 2012. Assessment criteria of KPKU consist of several questions representing fundamental aspects of organization/corporate management within the context of achieving excellent performance.

Performance Assessment of The Committees Under The Board of Directors

In performing its stewardship duties, the Board of Directors was also assisted by a Committee under the Board of Directors or also called the Executive Committee of 9 (nine) Committees, namely:

1. Assets And Liabilities Committee (ALCO)
2. Business Committee (BC)
3. Risk Management Committee (RMC)
4. Human Capital Policy Committee (HCPC)
5. Information Technology Committee (ITC)
6. Capital And Subsidiaries Committee (CSC)
7. Credit Committee/Credit Committee Meeting (RKK)
8. Integrated Risk Committee (IRC)
9. Policy And Procedure Committee (PPC)

The Board of Directors assessed that during 2017, committees under the Board of Directors had performed their duties and responsibilities well.

Assets And Liabilities Committee (ALCO) was the committee assigned to assist the Board of Directors in performing the function of determining the strategy of asset and liabilities, interest rate and liquidity, and other matters related to the management of the Company's assets and liabilities. During 2017, ALCO had conducted 8 (eight) meetings and had performed its duties well.

Business Committee was the committee assigned to assist the Board of Directors in determining the Company's integrated business management strategy, product arrangement and/or activity of the Company as well as determining the marketing communication strategy and effectiveness in the field of wholesale banking and retail banking. During 2017, BC had conducted 18 (eight) meetings and had performed its duties well.

Risk Management Committee (RMC) was the committee assigned to assist the Board of Directors in monitoring and managing the Company's risk profile, evaluating the Company's performance in stressful conditions, and improving the implementation of risk management due to internal and external changes. During 2017, RMC had conducted 9 (eight) meetings and had performed its duties well.

Human Capital Policy Committee (HCPC) was the committee assigned to assist the Board of Directors in determining the human capital management strategy of the Company. During 2017, HCPC had conducted 2 (eight) meetings and had performed its duties well.

Information Technology Committee (ITC) was the committee assigned to assist the Board of Directors in the decision-making process related to the Company's operational management policy in the field of Information Technology (IT). During 2017, ITC had conducted 6 (eight) meetings and had performed its duties well.

Capital and Subsidiaries Committee (CSC) was the committee assigned to assist the Board of Directors in determining subsidiaries' management strategies, recommendations for equity participation and divestments as well as remuneration and management establishment of subsidiaries. During 2017, CSC had conducted 11 (eight) meetings and had performed its duties well.

Credit Committee/Credit Committee Meeting (RKK) was the committee assigned to assist the Board of Directors in deciding whether to grant credit (new, additional, decreasing and/or renewals) managed by the Business Unit within the limits of authority, including the establishment/alteration of credit structure. During 2017, Credit Committee had conducted 484 meetings for the Corporate segment and 426 meetings for the Commercial segment Commercial as well as had performed its duties well.

Integrated Risk Committee (IRC) was the committee assigned to assist the Board of Directors in the preparation of, among others, Integrated Risk Management policy and improvement or refinement of Integrated Risk Management policy based on the results of implementation evaluation. During 2017, IRC had conducted 5 (eight) meetings and had performed its duties well.

Policy and Procedure Committee (PPC) was the committee assigned to assist the Board of Directors in discussing and recommending adjustments/improvements to policies and determining Company procedures including the human capital policy and procedure as well as discussing and deciding the granting of authority to Company officials (ex officio). During 2017, PPC had conducted 16 (eight) meetings and had performed its duties well.

Resignation and Dismissal Mechanism for the Board of Directors

Resignation and dismissal mechanism for the Board of Directors is regulated by the Articles of Association are as follows:

1. GMS may dismiss the Board of Director's members at any time by stating the explanations.
2. The dismissal of a member of Board of Directors is called for if, based on the factual circumstance, the said member:
 - a. is unable/inadequate to fulfill the obligations as agreed in the management contract;
 - b. is unable to perform duties appropriately;
 - c. violates the provisions of the Articles of Association and/or the applicable laws;
 - d. engages in actions that harm the Company and/or country;
 - e. conduct actions that violate ethics and/or propriety that should be valued as the member;
 - f. is declared guilty by the Court's decision that has permanent legal force;
 - g. resigns;
 - h. other reasons deemed appropriate by the GMS for the company's purposes;
3. The dismissal by the reasons aforementioned is conducted after the person(s) concerned in the event of dismissal is given the opportunity to state defenses, excluding the dismissal specified in the reason in the article (2) letter f and g.
4. The reasons of dismissal as referred to in the article (2) letter d and f are considered dishonorable discharge.
5. Among the Board of Director's members and between the Board of Directors' members and the Board of Commissioners' members There shall not be any blood relationship of three generation, either vertical or horizontal in the family tree, including the familial relationship arising from marriage.
6. In the event of the circumstances as referred to in the article (17), the GMS has authority to dismiss the member.
7. A member for the Board of Directors may resign from his/her position before his/her term of office expires. In the event that a member for the Board of Directors resign, the said member shall submit a written request for resignation to the Company.
8. The Company conducts the GMS to approve the resignation of a member for the Board of Directors no later than 90 (ninety) days after receiving the letter of resignation.
9. The Company is obliged to provide transparency of information to the public and submit it to the Financial Service Authority no later than 2 (two) working days after:
 - a. The approval of the resignation application from the Board of Directors
 - b. The outcome of GMS
10. Before the resignation is effective, the concerned member of the Board of Directors shall assume responsibility to complete the duties and the responsibilities in accordance with the Articles of Association and the applicable laws.
11. The resigning member will be released from any responsibility after obtaining discharge of duty by the annual GMS.
12. A member of the Board of Directors is dismissed if:
 - a. effectively resigned;
 - b. passed away;
 - c. the term of office expires;
 - d. dismissed by the decision of GMS;
 - e. Declared bankrupt by Commercial Court with a permanent legal force; or put under guardianship based on a Court decision;
 - f. no longer fulfilling the requirements as a member of the Board of Directors based on the provisions of the Articles of Association and the applicable laws.
13. For the member of the Board of Directors dismissed before or after the term of office, unless unable to resume the position due to deceased, the concerned member shall therefore be held responsible for their actions that have not been approved by the GMS;
14. The Board of Director's members may at any time be temporarily dismissed by the Board of Commissioners if they conduct a contrary action to the Articles of Association or there are indications of actions that harm the Company or neglect the obligations or there are crucial explanations for the Company, by paying attention to the following provisions:
 - a. Temporary dismissal shall be notified in written to the said member along with the rationale, then forwarded to the Board of Directors;
 - b. the notification as referred to in the letter "a" shall be submitted no later than 2 (two) working days after the temporary dismissal is effective;
 - c. the member who is subject to temporarily dismissal has no authority to conduct the Company's management for the sake of the Company in relation with the purposes and

objectives of the Company or to represent the Company either within or outside the Court;

- d. within a period of at most 90 (ninety) days after the temporary dismissal has been done, the Board of Commissioners shall organize the GMS to revoke or reinforce the temporary dismissal;
- e. with the organization period of the GMS as referred to in letter d or the GMS cannot make any decision, the temporary dismissal shall be canceled;
- f. the limitation of authority in point c of this article shall be effective since the effective date of temporary dismissal by the Board of Commissioners until:
 - there is a decision of the GMS which reinforce or revoke the temporary dismissal in letter d of this article; or
 - the overdue of the due date stated in the letter d.
- g. in the GMS as referred to in the letter d of this article, the member concerned shall be given an opportunity to state defenses;
- h. temporary dismissal cannot be extended or re-established by the same rationale if the temporary dismissal is declared void as referred to in letter e of this article;
- i. if the GMS revoke the temporary dismissal or the circumstances referred to in letter e of this article, then the concerned member shall perform his/her duties properly;
- j. If GMS outcome reinforces the decision of the temporary dismissal, then the member is dismiss permanently;
- k. if the member who is subjected to temporary dismissal does not attend the GMS after being summoned in written, the member shall be considered neglects his/her rights to defend himself/herself in the GMS and agree to the GMS decision
- l. The Company obliged to conduct transparency of information to the public and submit it to the Financial Services Authority regarding:
 - the decision of temporary dismissal; and
 - the decision of the GMS to revoke or reinforce the temporary dismissal decision as referred to in the letter d of this article, or information regarding the cancellation of the temporary dismissal by the Board of Commissioners due to the absence of the GMS until the due date as referred to in the letter e of this article, shall be no later than 2 (two) working days after the event happened.

Policy Related to The Resignation of the Board of Directors' Members Due to Their Involvement in Financial Crimes

The Articles of Association of Bank Mandiri has regulated the resignation policy of the members of the Board of Directors and the Board of Commissioners if they are involved in financial crimes. If the members are no longer legally qualified, including engaging in financial crime, then the members' term of office shall automatically expire.

The Relationship Between the Board of Commissioners and The Board of Directors

As regulated in the Articles of Association of Bank Mandiri and the applicable laws, the Board of Commissioners and the Board of Directors have duties and responsibilities in managing the Company. The Board of Directors is responsible in managing the Company while the Board of Commissioners have the duty to supervise the management policy implemented by the Board of Directors

In 2017, the relationship between the Board of Commissioners and the Board of Directors in Bank Mandiri consisted but not limited to the following matters:

1. Supervising the implementation of the principle of prudential in offering the credit facility such as review the Board of Directors' decree in offering credit facility above a certain amount.
2. Guiding, giving instructions and evaluating the Board of Directors' strategy in conducting corporate actions such as acquisition plan or the disposal of subsidiary.
3. Monitoring and Evaluating the Board of Directors' policy regarding the creation of synergy and improving the business of subsidiary company, as well as review on the Subsidiary Company Performance quarterly.
4. Conducting periodic supervising and offering advices to the Board of Directors on the well-implemented corporate governance.
5. Offering suggestions regarding the study of Company's Vision and Mission conducted by the Board of Directors.
6. Offering instructions, monitoring the preparation as well as giving approval for the Company's work and budget plan in 2018 proposed by the Board of Directors and ratifying it in accordance with the provisions of Articles of Association.
7. Examining, reviewing, and approving the Annual Report and the Sustainability Report of the Fiscal Year 2017 compiled by the Board of Directors.
8. Organizing the Board of Commissioners Meeting with the Board of Directors that was held for 10 (ten) times in 2017.
9. If necessary, the Board of Commissioners, assisted by the Board of Directors, takes the role in:
 - a. The appointment of an external auditor candidate in accordance with the provisions of the procurement of goods and service.
 - b. The appointment of independent assessor to assess the GCG implementation within the Company.
10. Other matters as stated in the Codes of Commissioners and the Codes of Directors as well as in the Articles of Association, and the applicable laws.

Organ and Committee Under the Board of Commissioners

In conducting the duties, the Board of Commissioners is assisted by the Secretary to the Board of Commissioners, and the Supporting Committees such as Audit Committee, Risk Monitoring Committee, Nomination and Remuneration Committee, as well as the Integrated Governance Committee. The Organs and Committees under the Board of Commissioners are elaborated as follows.

Secretary to the Board of Commissioners

According to the Minister of State-Owned Enterprise Regulations No. PER-12/MBU/2012 regarding the Supporting Organs for the Board of Commissioners/the Board of Supervisors for State-Owned Enterprise, Board of Commissioners may establish the Secretariat for the Board of Commissioners, chaired by the Secretary to the Board of Commissioners whose duty is to assist the smoothness of the administration of duty and responsibility of the Board of Commissioners. Secretary to the Board of

Commissioners is selected from external party appointed, dismissed by, and responsible to the Board Commissioners.

Duties and Responsibilities of the Secretary to the Board of Commissioners

According to the KEP.KOM/005/2016 regarding the Codes of the Board of Commissioners, the Secretary to the Board of Commissioners has the following duties and responsibilities:

1. Preparing all the meeting needs, from providing the meeting materials to preparing the minutes.
2. Periodically ensuring the availability of information required by the Board of Commissioners either in the decision-making process or other information required.
3. Assisting the Board of Commissioners in arranging reports as well as the draft of Annual Budget and Work plan.

Profile of The Secretary to the Board of Commissioners

The Secretary to the Board of Commissioners is currently hold by Dini Desvalina who was appointed in accordance with the Board of Commissioners' Decree No. 001/2016/ dated 13 January 2016.



Dini Desvalina

Secretary of the Board of Commissioners

Age	: 33 years old
Place and date of birth	: Palembang, 1984
Domicile	: Kelapa Gading, Jakarta
Educational background	: <ul style="list-style-type: none"> – Bachelor degree in Accounting from University of Indonesia in 2009. – Postgraduate degree in Sharia Financial Management from University of Indonesia in 2013.
Position History	: <ul style="list-style-type: none"> – Currently also serves as Head of Bureau of Bureaucratic Reform Subdivision of Ministry of SOEs. – Financial Analyst Ministry of SOE in 2007 – Head of Logistic and Industrial Zone IIb of the Ministry of SOEs in 2014 – Head of Bureau of Bureaucracy Reform Ministry of SOEs 2015 until now.

Competency Development of Secretary to the Board of Commissioners

In 2017, the Secretary to the Board of Commissioners attended a training program aimed at developing the following competencies:

Training	Date/Place Implementation	Organizer
Executive Education Directorship Program	Jakarta, 5 – 6 October 2017	Pertamina Training and Consulting
Leadership Training – Reform Leader Academy	Jakarta, 20 April – 30 August 2017	State Administration Institute

Duties Implementation of Secretary to the Board of Commissioners in 2017

The Secretary to the Board Commissioners has arranged the fundamentals of work programs and realized them in 2017, mentioned as follows:

1. Preparing And Arranging Materials As Well As Organizing Meeting In Relation With Monitoring, Evaluation, And Offering Suggestions On The Implementation Of The Company's Strategic Policy In The Bank Business Plan (Rbb) In 2018-2020 And Cbp In 2018 With Consideration Of Liquidity, Npl, Market Share Achievement, Value Of Market Capitalization, And Profitability
2. Preparing And Arranging Materials As Well As Organizing Meetings Related To Supervising, And Offering Suggestions On Policy And Strategy Of The Board Of Directors/ Management For The Implementation Of The Strategic Objectives Discussed In The Cbp In 2018 And Business Development Programs.
3. Preparing And Arranging Materials As Well As Organizing Meeting In Relation To Monitoring And Offering Suggestions To The Board Of Directors On The Implementation Of Non-Organic Company Development Programs.
4. Preparing And Arranging Materials As Well As Organizing Meeting In Relation To The Monitoring Of Infrastructure Development Programs (It And Non It), Human Capital, And Legal Sustainability In Accordance With The Business Strategy And Company's Capacity.
5. Preparing And Arranging Materials As Well As Organizing Meetings In Relation To Monitoring The Implementation Of The Good Corporate Governance, Compliance, And Risk Management Principles Integrated To The Subsidiary Company
6. Preparing And Arranging Materials As Well As Organizing Meeting In Relation To Monitoring And Evaluation Of The Planning And Implementation Of Audit/Other Internal Control Systems As Well As Monitoring On The Follow-Up Action For The Audit/Other Inspections, Including Subsidiary Companies.
7. Preparing And Organizing Meeting In Relation To The Training In Order To Refresh And Enrich Knowledge In Risk Management And Other Fields For The Board Of Commissioners.
8. Preparing And Organizing Site Visits For The Board Of Commissioners.
9. Arranging The Concept Of Refinement For The Codes Of The Board Of Commissioners To Be In Accordance With The Current Applicable Laws.

Secretary to the Board of Commissioners used the work program as guidelines in carrying out its duties in order to support and expedite the Board of Commissioners' work program. Besides that, the Secretary of Commissioners' Board also performs other duties to expedite the monitoring and advisory tasks conducted by the Board of Commissioners.

Audit Committee

Audit Committee was established by the Board of Commissioners of Bank Mandiri based on the Decree No.013 / KEP / KOM / 1999 on 19 August 1999 with the objective of assisting and facilitating the Board of Commissioners in performing duties and function in monitoring other matters related to financial information, internal control system, audit effectiveness by external and internal auditors, effectiveness of risk management implementation (together with Risk Monitoring Committee) and compliance to the applicable laws

Basis of Audit Committee Establishment

The establishment of the Committee refers to the following regulation:

1. The Financial Services Authority Regulation No.55/POJK.03/2016 regarding the Implementation of Governance for Commercial Banks
2. The Financial Services Authority Regulation No.55/POJK.04/2015 on the Establishment and Implementation Guidelines of the Audit Committee.
3. Regulation I-A stated in the Attachment I of the Decree of the Board of Directors of PT Bursa Efek Indonesia No: KEP-00001/BEI/01-2014 on 20 January 2014 regarding Shares Listing and Non-Share Equity Securities Issued by Listed Company.
4. Decree of the Board of Commissioners Number KEP. KOM//004/2016 on 19 October 2016 regarding the Change of Audit Committee, Risk Monitoring Committee, Integrated Governance Committee, and Remuneration and Nomination Committee of PT Bank Mandiri (Persero) Tbk, confirmed by Decree of the Board of Directors KEP.DIR/374/2016 regarding the establishment of Audit Committee Membership

Charter of Audit Committee

Audit Committee has a work guideline, i.e. the Charter of Audit Committee ratified on 2 May 2014, which clearly defines the roles, responsibilities, and work scopes to enhance the effectiveness, responsibility, transparency, and objectivity of the Board of Commissioners in carrying out its functions. The Charter of Audit Committee contains general objectives, authority, membership, membership requirements, duties and responsibilities, employment relationships, meetings, reporting, term of duty and compensation, and confidentiality of Bank.

Duties And Responsibilities Of Audit Committee

The duties and responsibilities of the Audit Committee are as follows:

1. The Committee Chairman is responsible for coordinating all audit committee activities to meet the objectives of the committee in accordance with its establishment, among others are:

- a. Preparing the annual work plan.
 - b. Scheduling the annual meeting.
 - c. Making periodic reports on the activities of the audit committee as well as of other things that require the consideration of the Board of Commissioners.
 - d. Making Self-Assessment on the effectiveness of audit committee activities.
2. The members of the Committee shall be responsible for:
 - a. Organizing meetings regularly.
 - b. Examining the meeting material in advance
 - c. Attending the meeting
 - d. Taking an active role and contributing in every committee activity
 - e. Drawing up meeting minutes
 - f. Conducting site working visit.
 3. The Chairman and members of the Audit Committee assigned to and should be responsible for monitoring the adequacy of internal controls, adequacy and correctness of the process in the preparation of the financial statement, the effectiveness of the internal and external auditors work, identifying other matters that require the Board of Commissioners' concern, arranging the concept and analysis related to the function of audit committee and perform other duties given by the Board of Commissioners, which include:
 - a. Financial Statements
Monitoring and evaluating the financial information to be released by Bank Mandiri, such as financial statement, projections, and other financial information.
 - Profoundly examining the Work Plan and Budget as well as the Long-term Plan of Bank Mandiri.
 - Profoundly examining both audited and unaudited interim and annual financial statement.
 - Profoundly examining the significant change of Balance Sheet and Loss/Profit accounts.
 - Profoundly examining the accounts of other assets and liabilities.
 - Profoundly examining the realization of work plan and budget statement as well examining the accounts with significant differences.
 - Periodically conducting meetings with the related work unit and the External Auditors who examine Bank Mandiri to obtain additional information and clarifications in accounting and finance.
 - Periodically reporting the monitoring outcome and offering suggestions on matters that require the concern of the Board of Commissioners.
 - b. Internal Control
Monitoring and evaluating the effectiveness of the implementation and examination outcomes by internal auditors on the implementation of internal control.
 - Examining and ensuring that Bank Mandiri has the standard internal control system in accordance with the prevailing practices.
 - Profoundly examining the audit statement by the Internal Audit Work Unit and the External Auditor examined Bank Mandiri to ensure that internal control is properly implemented.
 - Conducting periodic meetings of work units related to the internal control systems and the implementation.
 - Monitoring and evaluating the implementation of the follow-up actions by the Board of Directors upon the findings from the Internal Audit Work Unit, public accountant, and the outcome of Bank Indonesia supervision.
 - Periodically reporting the monitoring outcome and offering feedbacks on other matters that require the concern of the Board of Commissioners.
 - b. Compliance
Monitoring and evaluating on company's compliance with the applicable laws in Capital Market and Bank Indonesia regulations and other regulations related to banking business through coordination with Risk Monitoring Committee.
 - Examining the periodic report issued by Compliance Group.
 - Examining the audit outcome related to the compliance with the internal and external regulations that issued by the Internal and External Audit Unit.
 - Conducting periodic meetings with the Compliance Group in order to discuss the compliance-related matters.
 - Monitoring and evaluating the suitability of audit implementation by Public Accounting Firm with the applicable audit standard
 - Monitoring and evaluating the suitability of financial statements with the applicable accounting standards.
 - Periodically reporting the monitoring outcome and offering suggestions on other matters that need to be the concern for the Board of Commissioners.

c. Internal Audit

Monitoring and evaluating the implementation of the duties of the Internal Audit Unit.

- Evaluating the annual work plan of the Internal Audit Unit.
- In-depth examining on the significant findings as a result of examination conducted by the Internal Auditor.
- Evaluating the program and the audit scope in the framework of the implementation of the Annual Internal Audit Working Unit's work plan.
- Evaluating the audit that conducted by the Internal Audit Unit to ensure that the audit program works in the right scope.
- Conducting periodic meetings with the Internal Audit Unit to discuss the significant audit findings and offering necessary suggestion on the implementation of audit conducted by the Internal Audit Unit.
- Requesting the assistance from the Internal Audit Unit to conduct a special investigation in case if the audit findings and / or information related to the violation of applicable laws.
- Periodically reporting the monitoring outcome and offering suggestions on other matters that need to be the concern for the Board of Commissioners.
- Giving recommendations in indicating and terminating the head of Internal Audit.

d. External Audit

Monitoring and evaluating on auditee's follow-up to the outcome of examination conducted by External Auditor. Bank Mandiri would appoint the Public Accounting Firm, so the Audit Committee reviewed the independency and objectivity of the Public Accounting Firm who would participate in the tender.

- Upon the results of the review, the Committee recommends the appointment and termination of Public Accountant and Public Accounting Firm to the Board of Commissioners to be submitted to the GMS.
- Examining the significant findings as a result of examination conducted by the external auditor and other examining institute.
- Examining the name and/or reputation of the Public Accounting Firm (PAF) that will be invited to participate in the tender.
- Examining the possible relation of PAF that will be invited to participate in the tender, including the Officials and staff of the Public Accounting Firm with Bank Mandiri, which includes:

- a) Relationships as non-audit services partner for Bank Mandiri.
- b) Relationship as a shareholder of Bank Mandiri in material amount/
- c) Close family relationships with the main employees of accounting and finance at Bank Mandiri
- d) One of the officials and/or auditors of the Public Accounting Firm invited to participate in the tender is a former of main employee in accounting and finance at Bank Mandiri who resigned less than 1 (one) year
- e) One of the main employees of accounting and finance at Bank Mandiri is a former of official/ auditor of Public Accountant invited to participate in a tender who resigned less than 1 (one) year.
- Examining and ensuring that Bank Mandiri has standard procedures and in accordance with the applicable regulation for the appointment of Public Accounting Firm.
- Examining and ensuring that the appointment of Public Accounting Firm run correctly in accordance with the standard procedures.
- Examining the Request for Proposal and Terms of Reference submitted to the Public Accounting Firm that had been established as a candidate for external auditors of Bank Mandiri.
- Examining the planning and scope of the audit submitted by the selected Public Accounting Firm, in order to ensure that the planning and scope of the audit in accordance with the Request for Proposal and the Terms of Reference and have considered all the risks deemed important.
- Conducting periodic communication with the Public Accounting Firm who examining Bank Mandiri, in order to discuss the matters that need to be communicated as follows:
 - a) Progress of the examination.
 - b) Important findings
 - c) The change of the regulations/provisions in the accounting and financial recording from the authorized institutions.
 - d) Adjustments that occur based on the examination.
 - e) Constraints/obstacles encountered in conducting the examination.
- Report periodically on the results of its monitoring and provide advices on other matters that need to be concerned of the Commissioners' Board. Periodically reporting the monitoring outcome and offering

suggestions on other matters that need to be the concern for the Board of Commissioners.

e. Good Corporate Governance

Negative information and complaints

Monitoring and evaluating as well as reporting the negative information and complaints related to Bank Mandiri in coordination with the Risk Monitoring Committee.

- Examining every negative information and complaints received, either from a source with authentic and explicit identity or inauthentic and implicit identity (anonymous letter).
- Requesting clarification from the work unit associated with the negative information and complaints.
- Requesting the Internal Audit Unit (IAU) to conduct a special investigation if the negative information and complaints involve manipulation and/or violation of the applicable laws.
- Requesting assistance from a competent party with the approval and/or through the Board of Commissioners to conduct investigation into the negative information and complaints if they are related to the very specific and technical matters.
- Periodically reporting the monitoring outcome and offering suggestions on matters that require the concern of the Board of Commissioners.

f. Risk Management

Monitoring and evaluating as well as reporting the various potential risks that will occur and the risk management conducted by the Board of Directors in coordination with the Risk Monitoring Committee.

- In-depth examining in the Risk Management Policy set by the Board of Directors.
- In-depth examining in the statement issued by the Credit Risk & Portfolio Management Group.
- Examining the outcome statement issued by the Internal and External Audit Unit, especially the findings related to the significant risks that occurred and the follow-up conducted for securing risks in the future.
- Conducting a periodic meeting with the Head Office's work units, as the executive for the credit and operational policy, to discuss the possibility of risks that will arise and its handling efforts.
- Examining every information regarding the potential risks and, if necessary, requesting assistance from the Internal Audit Unit to investigate the information
- Periodically reporting the monitoring outcome and offering suggestions on matters that should be the Board of Commissioners' concern.

Authorites of Audit Committee

The Audit Committee had the authority to conduct the following things:

1. Offering opinions to the Board of Commissioners regarding the financial statements and/or others matters presented by the Board of Directors.
2. Communicate with the Head of Work Unit and other parties in Bank Mandiri, and the Public Accounting Firm who audited Bank Mandiri to obtain information, clarification, and requesting the documents and statements as needed from the firm.
3. Requesting the audit statement of the Internal and External Audit Unit, and the supervisor institutions/other.
4. Requesting the Internal and External Audit Unit to conduct a special audit/investigation into the violation of the laws and applicable laws if there is a strong conjecture of fraud.
5. Having access to the record or information about the employees, funds, assets, and other sources related to the duty implementation.

Reporting of Audit Committee

Audit Committee must make a periodic report to the Board of Commissioners regarding the activities of the Audit Committee, at least once in 6 (six) months. The Audit Committee must prepare a report to the Board of Commissioners on any given assignment and or for any issues identified to require the concern of the Board of Commissioners.

Structure, Membership and Expertise of the Audit Committee

Structure, membership and expertise of the Audit Committee were regulated in the Charter Audit Committee, as follows:

1. The members of Audit Committee consists of at least 1 (one) member of the Independent Commissioner as a head (concurrent Member), 1 (one) member of the Independent Party whose expertise in law and banking.
2. As refers to the item 3.1, at least 51% from the total members of the Audit Committee was the Independent Commissioner and Independent Party.
3. The Independent Commissioner was appointed as the Chairman of the Audit Committee. In the case, if the members of Audit Committee consisted of more than one member of the Independent Commissioner then one of them appointed as the Head of Audit Committee.

The establishment of the Audit Committee (formerly as the Board of Audit) of PT Bank Mandiri (Persero) Tbk initially based on the Decree No: 013/KEP/KOM/1999 dated on 19 August 1999 then in accordance with the applicable laws and the best practices that can be implemented in the Banking Institute in Indonesia.

The period of the Audit Committee's duties from a member of the Board of Commissioners shall not be longer than the term of office of the Board of Commissioners and may be re-appointed for only one (1) subsequent period.

The membership composition of the Audit Committee in 2017, presented as follows:

Period Of 1 January 2017 - 25 May 2017

The membership composition of the Audit Committee in the period of 1 January 2017 - 25 May 2017 was appointed by the Board of Commissioners and validated by the Board of Directors Decree No. KEP.DIR/374/2016 date 20 October 2016 as presented in the following:

No.	Name	Designation	Remarks	Expertise
1.	Aviliani*	Chairman concurrently as member	Independent Commissioner	Macroeconomics, Banking
2.	Goei Siau Hong	Member	Independent Commissioner	Finance, Banking
3.	Askolani	Member	Commissioner	Fiscal, Budget and Tax
4.	Ardan Adiperdana	Member	Commissioner	Accounting, Audit
5.	Budi Sulistio	Member	Non Commissioner Independent Party	Accounting, Audit
6.	Lista Irna	Member	Non Commissioner Independent Party	Banking

Remarks:

*Term of office of Mrs. Aviliani ended on 14 March 2017.

Period Of 26 Mei 2017 - 10 October 2017

The membership composition of Audit Committee of period 26 May 2017 - 10 October 2017 was appointed by the Board of Commissioners on 19 April 2017 and validated by the Board of Directors Decree No. KEP.DIR/125/2017 date 26 May 2017, as presented in the following table:

No.	Name	Designation	Remarks	Expertise
1.	Bangun Sarwito Kusmulyono	Chairman concurrently as member	Independent Commissioner	Finance, Banking
2.	Goei Siau Hong	Member	Independent Commissioner	Fiscal, Budget and Tax
3.	Askolani	Member	Commissioner	Accounting, Audit
4.	Ardan Adiperdana	Member	Commissioner	Accounting, Audit
5.	Budi Sulistio	Member	Non Commissioner Independent Party	Accounting, Audit
6.	Lista Irna	Member	Non Commissioner Independent Party	Banking

Period Of 11 October 2017 - 31 December 2017

The membership composition of Audit Committee of period 11 October 2017 - 31 December 2017 was appointed by the Board of Commissioners on 19 September 2017 and validated by the Board of Directors Decree No. KEP.DIR/214/2017 date 11 October 2017, as presented in the following table:

No.	Name	Designation	Remarks	Expertise
1.	Bangun Sarwito Kusmulyono	Chairman concurrently as member	Independent Commissioner	Finance, Banking
2.	Hartadi A. Sarwono*	Member	Board of Commissioners/ Independent Commissioner	Banking, Economic
3.	Goei Siau Hong	Member	Independent Commissioner	Fiscal, Budget and Tax
4.	Makmur Keliat	Member	Commissioner	Macroeconomic
5.	Budi Sulistio	Member	Non Commissioner Independent Party	Accounting, Audit
6.	Lista Irna	Member	Non Commissioner Independent Party	Banking

Remarks:

*Effective as a member of the Audit Committee from the date of approval of the relevant appointment by the OJK of the Capability Assessment and the Fit and complies with the rules applicable law on 15 November 2017.

The Profile of Audit Committee

The profile of Audit Committee per 31 December 2017, presented in the following table.



Bangun S. Kusmulyono

Chairman concurrently
Member of the Audit Committee

Profiles can be seen in the Board of Commissioners
section



Hartadi A. Sarwono

Member of the Audit Committee

Profiles can be seen in the Board of Commissioners
section



Goei Siauw Hong

Member of the Audit Committee

Profiles can be seen in the Board of Commissioners
section



Makmur Keliat

Member of the Audit Committee

Profiles can be seen in the Board of Commissioners
section



Budi Sulistio

Member of the Audit Committee

Age: 62 Years old
Citizenship: Indonesian citizen
Educational background:

- Bachelor degree in Economics from University of Indonesia in 1985.
- Master of Business Administration at the University of Illinois in 1994.

Appointment Date: February 25, 2014.
Position History:

- Regional Manager of Regional Office of VII of Bank Mandiri Semarang (2005-2006)
- Group Head Accounting of Bank Mandiri (2006-2010)
- Member of Risk Monitoring Committee of Bank Mandiri (2014-2016).



Lista Irna

Member of the Audit Committee

Age: 50 Years.
Citizenship: Indonesian citizens.
Educational background:

- Bachelor degree in Mining Engineering from Sriwijaya University in 1990.
- Master of Business Administration at Swiss German University - Serpong Indonesia in 2005.

Appointment Date: October 19, 2016.
Position History:

- National Head of Telemarketing, Shared Distribution Standard Charter Bank (2006-2007)
- Credit Planning, MIS Reporting and QA Head, Standard Chartered Bank's Credit - Consumer Banking (AVP) (February 2007 - August 2007)
- Standard Chartered Bank's Head of Consumer Risk Credit Operations (2007-2010)
- Enterprise Risk and Policy Integrated Risk Bank Danamon Indonesia (2010-2014)
- Chief Credit Officer (CCO) Consumer and Mass Market of Bank Danamon Indonesia (2014-2016).

Educational Qualifications and Work Experience of Audit Committee

In general the terms of the Audit Committee are as follows

1. The members of Audit Committee required to have high integrity, morals and good moral, as well as the adequacy of ability, knowledge and experience in accordance with educational background as well as capable to communicate well.
2. Have adequate knowledge to read and understand the financial statements.
3. Have adequate knowledge about the laws and regulations of the Capital Market and the regulations related to the banking business.
4. Not a member of the Public Accounting Firm who offers the audit and non audit services at Bank Mandiri within 1 (one) last year before appointed as a member of the Audit Committee.
5. Has no Bank Mandiri stocks, either direct or indirect.
6. Has no affiliation with the Bank Mandiri, Commissioners, Directors and major shareholders of Bank Mandiri.
7. Has no business relationship either direct or indirect with Bank Mandiri.

Educational qualifications and work experience of the Head and Members of Audit Committee are as follows.

Table of Educational Qualifications and Work Experience of Audit Committee

Name	Designation	Period	Education	Work Experience
Aviliani	Head	1 January 2017 – 14 March 2017	Bachelor's Degree in Economic Management from Universitas Atma Jaya in 1985, Master's Degree in Management in social and political science from Universitas Indonesia in 1995, and Doctorate's Degree in Business Management from Institut Pertanian Bogor in 2012.	Served as Vice-President for Development at INDEF (1997-1999), Vice-Director for Research and Devotion in Perbanas (1997-1999), Associate Chair (PUREKII) in Perbanas (2000-2002), Chairperson of Department at Universitas Paramadina (2002-2005), Independent Commissioner of PT BRI (Tbk) (2005-2014), Secretary of the National Economic Committee (KEN) (2010-2014), Deputy Secretaries of Acceleration and Expansion of Indonesia Development Committee (KP3EI) (2012-2014).
Bangun S. Kusmulyono	Chairman	26 May 2017 – 31 December 2017	Bachelor's Degree in Chemical Engineering from Teknologi Bandung in 1970, Master's Degree of Business Administration from the University of Southern California, Los Angeles, USA in 1974 and Doctorate's Degree in Environmental Management from Institut Pertanian Bogor in 2007.	He initiated his career as a Managing Staff in the Investment Coordinating Board (BKPM) (1970-1972), then he worked at Chase Manhattan Bank (in New York and Hong Kong), Fincorinvest, and the Asian Development Bank from 1962 to 1985. He served as President Director of Bank Nusa International (1988-1998), the national resilience Institute KSA V (1995). He also worked as Member of Board of Commissioner at Maybank Nusa (1990-1997) and Member of Board of Commissioner at Bank Niaga (1998-1999). In 1999 to 2005 he worked as President Director at Permodalan Nasional Madani (PNM) and as Member of Board of Commissioner at Syarikat Takaful Indonesia. Prior to his position as Commissioner of Bank Mandiri, he held the position as Independent Commissioner of Bank Rakyat Indonesia (BRI) (2005-2010) and Independent Commissioner of Bank Negara Indonesia (BNI) (2010-2015).
Askolani	Member	1 January 2017 – 10 October 2017	Bachelor of Economics and Development Studies from Universitas Sriwijaya in 1990 and Master's Degree in Economics and Banking from the University of Colorado, Denver-USA in 1999.	He served as Director of Non-Tax Revenues (PNBP) at the Ministry of Finance (2011-2013), Commissioner of PT Indonesia Ferry (ASDP) (2007-2010), Commissioner of PT Pertamina Gas (2012-2013), Commissioner of PT Angkasa Pura I (2013-2014), Governor of Indonesia on Opex Fund for International Development (OFID) (2015).
Goei Siauw Hong	Member	1 January 2017 – 31 December	Bachelor's Degree in Agronomy from Institut Pertanian Bogor in 1988 and Master of Business Administration (MBA) in Business, Finance and Marketing from Indiana University, Bloomington USA in 1993.	He initiated his career as a System Analyst in the Astra Graphia (1988-1991), Equity Analyst and Senior Equity Analyst at WI Carr Indonesia (1993-1995), the Deputy Head of the Research and the Head of Research at CLSA Indonesia (1995-1996), Head of research at SocGen Crosby (1996-1998), Vice President of Research at Nomura Singapore (1998-1999), Head of Research at Nomura Indonesia (1999-2001) and as a Member of the Risk Monitoring Committee of Bank Permata (2006-2010).

Name	Designation	Period	Education	Work Experience
Ardan Adiperdana	Member	1 January 2017 – 10 October 2017	Bachelor of Economics from STAN in 1987, Master in Business Administration from Saint Mary's University (SMU), Nova Scotia, Canada in 1992 and Doctoral degree in Strategic Management from Universitas Indonesia in 2013.	He used to hold the position as Commissioner of PT Hotel Indonesia Natour (Persero) (2011-2013) and of President Commissioner at PT Jasa Raharja (Persero) (2013-2015).
Hartadi A. Sarwono	Member	15 November 2017 – 31 December 2017	Bachelor's Degree in Industrial Engineering from Institut Teknologi Bandung in 1979, Master of Arts in Macroeconomics in 1985 and a Doctorate's Degree of Monetary Theory and Policy in 1989, both degrees were obtained from The University of Oregon, United States.	He initiated his career in Bank Indonesia since 1980 as a staff in logistics (1980-1983), then after obtained the MA and Ph. D he served as Junior Economics Researcher at the Desk Research and Development (1989-1990), the Governor's Staff of Bank Indonesia (1990-1993), Head of Public Economics Department (1993-1994), Head of Monetary Department (1994-1996), Head of the Policy Planning and Analysis (1996-1997), Deputy Director of the Economic Research and Monetary Policy (1997-2000), Director of Economic Research and Monetary Policy (2000-2003), Director/Head of Bank Indonesia's Representative-Tokyo (February 2003 – June 2003) and the peak of his career in Bank Indonesia as Deputy Governor for 2 periods, June 2003-June 2008 and June 2008-June 2013 and President Commissioner of PT Bank Negara Indonesia (Persero) Tbk (4 May 2016 – 21 August 2017).
Makmur Keliat	Member	10 October 2017 – 31 December 2017	Bachelor's Degree in Economy from Universitas Pembangunan Nasional "Veteran" in 1984, the title of Bachelor of Art of Social Science and Political Science/International Relations from Universitas Gadjah Mada in 1984, a Drs. Title in Social Science and Political Science/International Relations from Universitas Gadjah Mada in 1986 and a Ph.D. title in School of International Studies from Jawaharlal Nehru University in 1995.	He initiated his career as a lecturer in the Department of International Relations, Social and Political Sciences Faculty of Universitas Indonesia in 1999, the he served as Chairperson of Post-Graduate Program in the Department of International Relations, Faculty of Social and Political Sciences of the Universitas Indonesia (2002-2004), Executive Director at the Center for Global Civil Society Studies (PACIVIS UI) (2002-2004), Executive Director of Center for East Asia Cooperation Studies the East Asian Studies (2005-2007), Manager of Research and Publications, Social and Political Sciences Faculty of Universitas Indonesia (2007-2008), Chairperson of the Post-Graduate Program in the International Relations Department, Social and Political Sciences of Universitas Indonesia (2009-2012) and the last position prior to his service as Commissioner of Bank Mandiri was as Special Staff for Secretariat Kabinet Republic Indonesia (May - August 2015)
Budi Sulistio	Member	1 January 2017 – 31 December	Bachelor's Degree in Economy from Universitas Indonesia in 1985 and Master of Business Administration from the University of Illinois in 1994.	He served for various positions in Bank Mandiri namely Regional Manager Kanwil VII Semarang (2005-2006), Group Head Accounting (2006-2010) and Member of the Risk Monitoring Committee (20014-2016).
Lista Irna	Member	1 January 2017 – 31 December	Bachelor's Degree in Mining Engineering from Universitas Sriwijaya in 1990 and earned Master of Business Administration in Swiss German University-Serpong Indonesia in 2005.	She served for various positions namely National Head of Telemarketing, Shared Distribution Standard Charter Bank (2006-2007), Credit Planning, MIS Reporting and QA Head, Credit-Consumer Banking (AVP), Standard Chartered Bank (February 2007 - August 2007), Head of Consumer Risk Credit Operation (VP), Standard Chartered Bank (2007-2010), Enterprise Risk and Policy Integrated Risk Bank Danamon Indonesia (2010-2014), Chief Credit Officer (CCO), Consumer and Mass Market Bank Danamon Indonesia (2014-2016).

Audit Committee Independence

All members of the Audit Committee from independent parties have no relationship in financial, management, shareholders and/or family relations with the Board of Commissioners, the Board of Directors and/or Controlling Shareholders or relationships with the Bank, which can affect their ability to perform independently.

Table of Independency of Audit Committee

Aspect of Independency	Aviliani	B.S. Kasmulyono	Hartadi A. Sarwono	Askolani	Goei Siau Hong	Ardan Adi Perdana	Makmur Keliat	Budi Sulistio	Lista Irna
Has no financial relationship with the Board of Commissioners and Board of Directors	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Not having relationship of management in the company, subsidiary, or affiliate companies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Not having a relationship of shares-holding in the company	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Has no family relationship with the Board of Commissioners, Board of Directors, and/or fellow members of the Audit Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Not serving as administrator of political parties and government officials	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Competency Development of Audit Committee

Competency Development of Audit Committee can be seen in the section Company Profile sub chapter Competency Development of Audit Committee in the current year annual report.

Audit Committee Meeting

The Audit Committee meeting held at least once in 1 (one) month. The Audit Committee meeting is considered legitimate if attended by at least 51% of the total membership including a Commissioners and Independent Party. The meeting was led by the Head of Audit Committee or a member designated in written, if the Chairman of Audit Committee was unable to attend.

Meeting Agenda of Audit Committee

Throughout 2017, the date of implementation, meeting agenda and the participants of Audit Committee meeting, as follows.

Table of Meeting Agenda of Audit Committee

No.	Meeting Date	Meeting Agenda	Meeting Participant
1.	Wednesday, 18 January 2017	<ol style="list-style-type: none"> Progress in Audit Outcome KAP PSS - EY on Financial Statement of Bank Mandiri per 31 December 2016. Description of IFRS 9 (ED PSAK NO. 71 – Financial Instruments), its impact on the Financial Statements of Bank Mandiri and Bank Mandiri's preparation in its implementation. 	<ol style="list-style-type: none"> Aviliani Goei Siau Hong Ardan Adiperdana Budi Sulistio Lista Irna
2.	Wednesday, 8 March 2017	<ol style="list-style-type: none"> Annual Audit Plan 2017. Significant findings and Fraud Case Quarter IV/2016. Report of Progress and the proposal of KAP election for the audit of Bank Mandiri's Financial Statement fiscal year 2017. The proposal of KAP Mandiri DPLK appointment in 2016 	<ol style="list-style-type: none"> Aviliani B.S. Kasmulyono Ardan Adiperdana Budi Sulistio Lista Irna

No.	Meeting Date	Meeting Agenda	Meeting Participant
3.	Wednesday, 22 March 2017	The proposal of Honorarium establishment for Public Accounting Firm Purwantono, Sungkoro & Surja.	1. Askolani 2. Goei Siau Hong 3. Ardan Adiperdana 4. Budi Sulistio 5. Lista Irna
4.	Wednesday, 12 April 2017	Financial Performance of Bank Mandiri per March 2017.	1. Askolani 2. Goei Siau Hong 3. Budi Sulistio 4. Lista Irna
5.	Monday, 17 April 2017	The management and the allocation of Credit Growth, Review Collection, Problem-solving Progress in Non-Performing Loan, including its projections until the end of the year compared to the target segment of the Wholesale and Retail.	1. Askolani 2. Goei Siau Hong 3. B.S. Kusmulyono 4. Ardan Adiperdana 5. Budi Sulistio 6. Lista Irna
6.	Wednesday, 26 April 2017	1. Submission of Management Letter and KAP PSS D 16 EY of Audit outcome of Bank Mandiri's Financial Statements fiscal year 2016. 2. Significant findings and Case Fraud Quarter I/2017	1. Askolani 2. Goei Siau Hong 3. B.S. Kusmulyono 4. Budi Sulistio 5. Lista Irna
7.	Wednesday, 3 May 2017	Update NPL and Progress Collection (follow-up of Audit Committee's Meeting on 17 April 2017).	1. Askolani 2. Goei Siau Hong 3. B.S. Kusmulyono 4. Ardan Adiperdana 5. Budi Sulistio 6. Lista Irna
8.	Wednesday, 10 May 2017	1. Performance of Bank Mandiri's Subsidiary Quarter I/2017. 2. Bank Mandiri's position Against Competitors Quarter I/2017	1. Askolani 2. Goei Siau Hong 3. B.S. Kusmulyono 4. Ardan Adiperdana 5. Budi Sulistio 6. Lista Irna
9.	Wednesday, 24 May 2017	Growth Strategy, Liquidity Management, BMPK Issues dan Update Progress Collection Top 10 Debtor.	1. Goei Siau Hong 2. B.S. Kusmulyono 3. Ardan Adiperdana 4. Budi Sulistio 5. Lista Irna
10.	Wednesday, 7 June 2017	Update Progress Collection Top 10 Debtor.	1. Askolani 2. Goei Siau Hong 3. B.S. Kusmulyono 4. Ardan Adiperdana 5. Budi Sulistio 6. Lista Irna
11.	Wednesday, 14 June 2017	The proposal of RKAP Revision 2017 and the revision of the business plan 2017 – 2019 Bank Mandiri	1. Goei Siau Hong 2. B.S. Kusmulyono 3. Budi Sulistio 4. Lista Irna
12.	Wednesday, 12 July 2017	Update Progress Collection Top 10 Debtor.	1. Askolani 2. Goei Siau Hong 3. B.S. Kusmulyono 4. Ardan Adiperdana 5. Makmur Keliat 6. Budi Sulistio 7. Lista Irna
13.	Wednesday, 19 July 2017	Financial Performance of Bank Mandiri per June 2017.	1. Askolani 2. Goei Siau Hong 3. Ardan Adiperdana 4. Makmur Keliat 5. Budi Sulistio 6. Lista Irna

No.	Meeting Date	Meeting Agenda	Meeting Participant
14.	Wednesday, 26 July 2017	Implementation Update of the Stock Split Bank Mandiri.	1. Askolani 2. Goei Siau Hong 3. B.S. Kusmulyono 4. Ardan Adipermana 5. Makmur Keliat 6. Budi Sulistio 7. Lista Irna
15.	Wednesday, 16 August 2017	Update Progress Collection Top 10 Debtor.	1. Askolani 2. Goei Siau Hong 3. B.S. Kusmulyono 4. Makmur Keliat 5. Budi Sulistio 6. Lista Irna
16.	Wednesday, 6 September 2017	Scope of Work and Audit Program of Bank Mandiri's Financial Statement per December 31, 2017.	1. Hartadi A. Sarwono 2. Askolani 3. Goei Siau Hong 4. B.S. Kusmulyono 5. Ardan Adipermana 6. Makmur Keliat 7. Budi Sulistio 8. Lista Irna
17.	Wednesday, 27 September 2017	Update Progress Collection Top 10 Debtor.	1. Hartadi A. Sarwono 2. Askolani 3. Goei Siau Hong 4. B.S. Kusmulyono 5. Ardan Adipermana 6. Makmur Keliat 7. Budi Sulistio 8. Ridwan Ayub 9. Lista Irna
18.	Wednesday, 4 October 2017	1. The information about Bank Mandiri' Fine Imposition 2. ASEAN Good Governance Scorecard.	1. Hartadi A. Sarwono 2. Goei Siau Hong 3. B.S. Kusmulyono 4. Ardan Adipermana 5. Makmur Keliat 6. Budi Sulistio 7. Lista Irna
19.	Wednesday, 11 October 2017	1. The agreement process for DMTL extension to the President Director and the Board of Commissioners/Audit Committee. 2. DMTL Shanghai Branch (Caraway Xinghui Paper Debtor).	1. Hartadi A. Sarwono 2. Goei Siau Hong 3. B.S. Kusmulyono 4. Makmur Keliat 5. Budi Sulistio 6. Lista Irna
20.	Wednesday, 1 November 2017	1. Significant findings and Fraud Cases and Quarter III/2017. 2. Progress on Quality Assessment Review (QAR) of the Internal Audit activities.	1. Goei Siau Hong 2. B.S. Kusmulyono 3. Makmur Keliat 4. Budi Sulistio 5. Lista Irna
21.	Wednesday, 8 November 2017	Update of Strategic Initiatives of Bank Mandiri.	1. Hartadi A. Sarwono 2. Goei Siau Hong 3. B.S. Kusmulyono 4. Budi Sulistio 5. Lista Irna
22.	Wednesday, 15 November 2017	Update Progress Collection of Top 10 Borrowers and Chronological Information.	1. Hartadi A. Sarwono 2. Goei Siau Hong 3. B. S. Kusmulyono 4. Makmur Keliat 5. Budi Sulistio 6. Lista Irna
23.	Wednesday, 22 November 2017	The proposal of RKAP 2018 and the Business Plan 2018 - 2020 PT Bank Mandiri (Persero) Tbk.	1. Hartadi A. Sarwono 2. Goei Siau Hong 3. B. S. Kusmulyono 4. Makmur Keliat 5. Budi Sulistio 6. Lista Irna

The Attendance Frequency and Rate of Audit Committee Meeting

The attendance frequency and level of Audit Committee Meeting can be seen in the table below.

Table of Attendance Frequency and Rate of Audit Committee Meeting

Name	Designation	Period	Total Number of Meetings	Number of Meeting	Percentage
Aviliani	Head	1 January 2017 – 14 March 2017	7	6	86%
Bangun S. Kusmulyono	Chairman	26 May 2017 – 31 December 2017	18	18	100%
Askolani	Member	1 January 2017 – 10 October 2017	16	12	75%
Goei Siau Hong	Member	1 January 2017 – 31 December	23	23	100%
Ardan Adiperdana	Member	1 January 2017 – 10 October 2017	16	12	75%
Hartadi A. Sarwono	Member	15 November 2017 – 31 December 2017	7	6	86%
Makmur Keliat	Member	10 October 2017 – 31 December 2017	7	6	86%
Budi Sulistio	Member	1 January 2017 – 31 December	23	23	100%
Lista Irna	Member	1 January 2017 – 31 December	23	23	100%

Performance Assessment of Audit Committee

Performance assessment of Audit Committee was seen from the achievement of the Key Performance Indicator (KPI) of the Audit Committee in 2017. The achievement of KPI is as follows.

No.	Key Performance Indicator (KPI)	Indicators Value (%)	Achievement Value (%)	Indicator Value x Achievement Value
1.	Realization Number of Committee meeting and Work Plan	30	100,00	30,00
2.	Assessment on attendance level and participation in the Meetings	20	100,00	20,00
3.	Submission of Review Outcome to the Board of Commissioners	20	95,00	19,00
4.	On-time Preparation and Submission of Committee Report	30	95,00	28,50
TOTAL KPI KOMITE		100		97,50

Remuneration for Audit Committee

Remuneration for Audit Committee from Independent Party Non-Commissioner regulated in Letter of the Board of Commissioners No: KOM/113/2016

No.	Description	Non-Commissioner Committee Members
1.	Salary/Honorarium	Maximum 20% of the President Director's salary
2.	Post-Employment Benefit	Not given
3.	Religious Holiday Allowance	In accordance with the terms of Bank Mandiri employees
4.	Bonus/Tantiem	Not eligible
5.	Facilities	
	a. Transportation Allowance	Not eligible
	b. Health	Not eligible
	c. Official travel	In accordance with the employee provision/ equivalent of Group Head

Brief Report of Audit Committee's Activities Implementation

Throughout 2017, the Audit Committee offered some recommendations or suggestions to the Board of Commissioners, as follows:

1. Proposal of Public Accounting Firm (PAF) by a comprehensive procurement procedure, who will conduct the Financial Statements audit for Bank Mandiri and Pension Fund of Bank Mandiri's Finance Institution in 2017.
2. The Audit Committee offered suggestions related to the selected Internal Audit Unit or PAF, as presented in the following:
 - The need for an intensive audit to the debtor's accounts, especially in the business units that have high rate of Non-Performing Loan (NPL).
 - In relation with audit findings over the existence of fraud that occurred in the branch company, so that internal audit can do reinforcement against implementation of the whole procedure that requires dual control.
 - Related to the audit sample by the PAF, it is expected that the selected sample can be fairly presented the actual conditions.
 - For the audit of IT, it is expected that the audit which conducted by Internal Audit or the PAF, can prevent the repetition of system failure.
 - So, the conducted audit could lead to the preventive action upon the occurrence of an event. For the Bank's NPL, the audit is expected to not only acknowledge the reasonableness of the NPL rate, but it can be an early warning signal/detection before becoming into NPL.
3. Approval Proposal of CBP of 2018 and Bank Business Plan of 2018 – 2020 presented by the Board of Directors.

Statement of Audit Committee on the Effectiveness of Internal Control System and Risk Management

The internal control system performed by Bank Mandiri was considered effective and adequate, reflected in the effectiveness of the implementation of internal control functions, including internal audit function, risk management, compliance, financial and operational controls.

Remuneration and Nomination Committee

Remuneration and Nomination Committee is one of the complementary instrument for the Board of Commissioners that serves to assist the Board of Commissioners in conducting its duties and functions relating to the Nomination and Remuneration for the Board of Directors and Board of Commissioners' members.

Bank Indonesia regulations/Financial Services Authority require the Bank to form the Remuneration Nomination Committee as the implementation of good corporate governance so that Banks can be managed based on the principles of transparency, accountability, responsibility, independence and reasonableness so that the management of the bank can be accounted for.

The Formation Basis of Remuneration and Nomination Committee

The formation basis of Remuneration and Nomination Committee refers to:

1. The Company's Articles of Association.
2. Laws No. 19 tahun 2003 regarding SOEs.
3. FSAR No. 55/POJK.03/2016 regarding the implementation of Governance for Commercial Banks.
4. State Minister of State-Owned Enterprises (SOEs) Regulation No. PER-12/MBU/2012 regarding the Supporting Organs for the Board of Commissioners/ the Board of Supervisors for State-Owned Enterprise.
5. Financial Services Authority Regulation (FSAR) No. 34/POJK.04/2014 regarding the Remuneration and Nomination Committee of Emiten or Company, and the Financial Services Authority Regulation (FSAR) No. 45/POJK.03/2015 regarding the implementation of Governance for Commercial Banks.
6. Decree of the Board of Commissioners No. KEP.KOM/004/2016 dated 19 October 2016 regarding the Amendment to the Audit Committee, Risk Monitoring Committee, Integrated Governance Committee and Remuneration and Nomination Committee of PT Bank Mandiri (Persero) Tbk, confirmed by Decree of the Board of Directors No. KEP.DIR / 374/2016 regarding the establishment of Remuneration and Nomination Committee Membership

Charter of Remuneration and Nomination Committee

In order for the Remuneration and Nomination Committee can work effectively, then the Remuneration and Nomination Committee must have a guideline that clearly set roles and responsibilities of the committee and the scope of work. The Work Guideline of Remuneration and Nomination Committee was regulated in the Remuneration and Nomination Committee Charter approved on 29 May 2012. The Remuneration and Nomination Committee Charter contained functions, authorities and responsibilities, memberships and roles, as well as nomination and remuneration systems.

Duties and Responsibilities of Remuneration and Nomination Committee

The Remuneration and Nomination Committee was assigned and responsible for conducting the following things:

1. Arranging the concept and analysis related to the functions of the Remuneration the Nomination Committee
2. Assisting the Board of Commissioners to offer recommendations on the number of members of the Board of Commissioners and Board of Directors.
3. Assisting the Board of Commissioners in establishing the general policy of Human Capital
4. Offering recommendation on the agreement of alteration in organizational structure up to one level below the Board of Directors.
5. Identify candidate of the Board of Directors either from internal or external and candidate of the Board of Commissioners who has met the requirements to be proposed for the appointment as Director or the Board of Commissioners which is adjusted to the Company strategy.
6. Assisting the Board of Commissioners in offering recommendations on options to the Board of Commissioners, Board of Directors and Employees, namely stock options as well as the supervision of its implementation.
7. Having data base and talent pool of prospective members of the Board of Directors and Board of Commissioners.
8. Evaluating on remuneration policy and offering recommendations to the Board of Commissioners regarding:
 - The remuneration policy for the Board of Commissioners and Board of Directors to be submitted to the General Meeting of Shareholders.
 - The remuneration policy for the Executive Officers and employees overall to be conveyed to the Board of Directors.
9. Arranging and offering recommendations regarding the system as well as the procedure of selection and/or replacing members of the Board of Commissioners and Board of Directors to the Board of Commissioners to be submitted to the General Meeting of Shareholders.
10. Offering recommendations on prospective members of Commissioners and/or Directors to the Board of Commissioners to be submitted to the General Meeting of Shareholders and Regulators.
11. Offering recommendations regarding the independent parties who will become the members of the Audit Committee, Risk Monitoring Committee and Good Corporate Governance.

Authorities of Remuneration and Nomination Committee

Remuneration and Nomination Committee had the authorities as follows:

1. Asking Bank Mandiri to conduct a survey in accordance with the needs of the Remuneration and Nomination Committee.
2. Requesting information of necessary things from various parties both internal and external Bank Mandiri.

Reporting of Remuneration and Nomination Committee

Remuneration and Nomination Committee must report the execution of duties, responsibilities, and the Nomination and Remuneration procedures carried out on each assignment provided and/or for any issues identified to require the concern of the Board of Commissioners or at least 2 (two) times in 1 (one) year.

Structure, Membership and Expertise of the Remuneration and Nomination Committee

Members of the Remuneration and Nomination Committee at least fulfill the following qualifications:

1. Having high integrity, objectivity and ethical.
2. Having high competency in terms of:
 - a. Having adequate knowledge including the provisions and regulations as well as the applicable laws.
 - b. Understand the management concept of human capital comprehensively and having knowledge about the provisions of remuneration and/or nomination system as well as the succession plan of Bank.
 - c. Capable to be independent, such as capable to conduct the duties professionally without any conflicts of interest and influence/pressure from any party that not in line the applicable laws and the principles of healthy Corporation.
3. Members of the Remuneration and Nomination Committee consisted of at least one (1) person of the Board of Independent Commissioners, one (1) person of the Board of Commissioners as a voting member and Group Head of Human Capital (ex officio) as a non-voting member.
4. Remuneration and Nomination Committee is chaired by an Independent Commissioner.
5. The members of Remuneration and Nomination Committee consisted of more than three (3) person, then the members of the Board of Independent Commissioners consisted at least amount 2 (two) person.
6. If necessary, the remuneration Committee and the nomination can appoint the members from independent parties toward Bank Mandiri.
7. Members of Remuneration and Nomination Committee appointed by the Board of Directors based on the outcome of the meeting of the Board of Commissioners.

As for the structure, membership and the expertise of the Remuneration and Nomination Committee, as follows.

Period of 1 Januari 2017 - 25 May 2017

The membership composition of the Remuneration and Nomination Committee in the period of 1 January 2017 - 25 May 2017 was appointed by the Board of Commissioners and validated by the Board of Directors Decree No. KEP.DIR/376/2016 date 20 October 2016, as presented in the following:

No.	Name	Designation	Remarks	Expertise
1.	Bangun Sarwito Kusmulyono	Chairman concurrently as member	Independent Commissioner	Banking
2.	Wimboh Santoso	Member	President Commissioner	Banking, Macroeconomics
3.	Imam Apriyanto Putro	Member	Vice President Commissioner	Governance.
4.	Abdul Aziz*	Member	Independent Commissioner	Banking
5.	Askolani	Member	Commissioner	Fiscal, Budget and Tax
6.	Aviliani*	Member	Independent Commissioner	Macroeconomics, Banking
7.	Goei Siau Hong	Member	Independent Commissioner	Finance, Banking
8.	Ardan Adiperdana	Member	Commissioner	Accounting, Audit
9.	Sanjay N. Bharwani	Secretary concurrently as member	SEVP Human Capital (VP Human Capital (the party who hold the Managerial under the Board of Directors for human capital))	Digital Banking, Business, Human Capital, Information Technology, Operational Developments

Remarks:

*Term of office of Mr. Abdul Aziz and Mrs. Aviliani ended on 14 March 2017.

Period Of 26 Mei 2017 - 10 October 2017

The membership composition of Remuneration and Nomination Committee of period 26 May 2017 - 10 October 2017 was appointed by the Board of Commissioners on 19 April 2017 and validated by the Board of Directors Decree No. KEP.DIR/376/2017 date 20 May 2017, as presented in the following table:

No.	Name	Designation	Remarks	Expertise
1.	Bangun Sarwito Kusmulyono	Chairman concurrently as member	Independent Commissioner	Banking
2.	Wimboh Santoso*	Member	President Commissioner	Banking, Macroeconomics
3.	Imam Apriyanto Putro	Member	Vice President Commissioner	Governance.
4.	Askolani	Member	Commissioner	Fiscal, Budget and Tax
5.	Goei Siau Hong	Member	Independent Commissioner	Finance, Banking
6.	Ardan Adiperdana	Member	Commissioner	Accounting, Audit
7.	Sanjay N. Bharwani	Secretary concurrently as member	SEVP Human Capital (VP Human Capital (the party who hold the Managerial under the Board of Directors for human capital))	Digital Banking, Business, Human Capital, Information Technology, Operational Developments

Remarks:

*Term of office of Mr. Wimboh Santoso ended on 19 July 2017.

Period of 11 October 2017 - 31 December 2017

The membership composition of Remuneration and Nomination Committee of period 11 October 2017 - 31 October 2017 was appointed by the Board of Commissioners on 19 September 2017 and validated by the Board of Directors Decree No. KEP.DIR/216/2017 date 11 October 2017, as presented in the following table:

No.	Name	Remarks	Position	Expertise
1.	Hartadi Agus Sarwono*	Chairman concurrently as member	President Commissioner/ Independent Commissioner	Banking, Economic
2.	Imam Apriyanto Putro	Member	Vice President Commissioner	Governance
3.	Bangun Sarwito Kusmulyono	Member	Independent Commissioner	Banking
4.	Askolani	Member	Commissioner	Fiscal, Budget and Tax
5.	Goei Siauw Hong	Member	Independent Commissioner	Finance, Banking
6.	Ardan Adiperdana	Member	Commissioner	Accounting, Audit
7.	Makmur Keliat	Member	Independent Commissioner	Macroeconomic
8.	R. Widyo Pramono**	Member	Commissioner	Hukum
9.	Sanjay N. Bharwani	Secretary concurrently as member	SEVP Human Capital (VP Human Capital (the party who hold the Managerial under the Board of Directors for human capital)	Digital Banking, Pengembangan Bisnis, Human Capital, Teknologi Informasi, Operasional

Remarks:

- * Effectively serve as a member of the Audit Committee counted from the date of approval of the relevant appointment by the OJK of the Assessment of Capacity and the Interaction amidst the rules of the law covering the date of November 15, 2017.
- ** Effectively serve as a member of the Audit Committee counted from the date of approval of the relevant appointment by the OJK of the Assessment of Capacity and the Interaction amidst the rules of the law covering the date of January 15, 2018.

Remuneration and Nomination Committee Profile

The following Remuneration and Nomination Committee profiles per 31 December 2017.



Hartadi A. Sarwono

Chairman concurrently
Member of Remuneration and Nomination
Committee

Profiles can be seen in the Board of Commissioners
section



Bangun Sarwito Kusmulyono

Member of Remuneration and Nomination
Committee

Profiles can be seen in the Board of Commissioners
section



Imam Apriyanto Putro

Member of Remuneration and Nomination
Committee

Profiles can be seen in the Board of Commissioners
section



Askolani

Member of Remuneration and Nomination
Committee

Profiles can be seen in the Board of Commissioners
section



Goei Siau Hong

Member of Remuneration and Nomination
Committee

Profiles can be seen in the Board of Commissioners
section



Ardan Adiperdana

Member of Remuneration and Nomination
Committee

Profiles can be seen in the Board of Commissioners
section

**Makmur Keliat**

Member of Remuneration and Nomination Committee

Profiles can be seen in the Board of Commissioners section

**R. Wido Pramono**

Member of Remuneration and Nomination Committee

Profiles can be seen in the Board of Commissioners section

**Sanjay N. Bharwani**

Member of Remuneration and Nomination Committee

Age: 48 Years.

Citizenship: Indonesian citizen. Date of Appointment: May 28, 2014.

Education History: Bachelor in Technology and Business from University of Australia - Victoria in 1993.

Employment history:

- Senior Manager Consulting at Accenture, Jakarta (1997-2004)
- Country Head Watson Wyatt, Mumbai India (2004-2005)
- Senior Consultant at Gyann Consultant Jakarta and Australia (2006-2007)
- Senior Vice President of HR Centers of Expertise and Operation at Bank Permata (2007-2008)
- Group Head of Human Capital Strategy and Policies at Bank Mandiri (2008-2012)
- Human Capital Director of PT Rajawali Corpora.
- Joined Bank Mandiri in 2008 as Group Head of Human Capital Strategy and Policies.
- Since 2015 he has served as Senior Executive Vice President / SEVP Human Capital based on Directors Decree No. KEP.DIR / 009/2015 dated January 2, 2015.

Educational Qualifications and Work Experience of Remuneration and Nomination Committee

Members of the Remuneration and Nomination Committee at least fulfill the following qualifications:

1. Having high integrity, objectivity and ethical.
2. Having high competency in terms of:
 - a. Having adequate knowledge including the provisions and regulations and the legislation in force.
 - b. Understand the management concept of human capital comprehensively and having knowledge about the provisions of remuneration and/or nomination system as well as the succession plan of Bank.
3. Capable to be independent, such as capable to conduct the duties professionally without any conflicts of interest and influence/pressure from any party that not in line the applicable laws and the principles of healthy Corporation.

Educational qualifications and work experience of the Chairman and Members of Remuneration and Nomination Committee are as follows.

Table of Educational Qualifications and Work Experience of Remuneration and Nomination Committee

Name	Designation	Period	Education	Work Experience
B.S. Kusmulyono	Chairman	1 January 2017 – 10 October 2017	Bachelor's Degree in Chemical Engineering from Teknologi Bandung in 1970, Master's Degree of Business Administration from the University of Southern California, Los Angeles, USA in 1974 and Doctorate's Degree in Environmental Management from Institut Pertanian Bogor in 2007.	He initiated his career as a Managing Staff in the Investment Coordinating Board (BKPM) (1970-1972), then he worked at Chase Manhattan Bank (in New York and Hong Kong), Fincorinvest, and the Asian Development Bank from 1962 to 1985. He served as President Director of Bank Nusa International (1988-1998), the national resilience Institute KSA V (1995). He also worked as Member of Board of Commissioner at Maybank Nusa (1990-1997) and Member of Board of Commissioner at Bank Niaga (1998-1999). In 1999 to 2005 he worked as President Director at Permodalan Nasional Madani (PNM) and as Member of Board of Commissioner at Syarikat Takaful Indonesia. Prior to his position as Commissioner of Bank Mandiri, he held the position as Independent Commissioner of Bank Rakyat Indonesia (BRI) (2005-2010) and Independent Commissioner of Bank Negara Indonesia (BNI) (2010-2015).
	Member	11 October 2017 – 31 December 2017		
Hartadi A. Sarwono	Chairman	11 October 2017 -31 December 2017	Bachelor's Degree in Industrial Engineering from Institut Teknologi Bandung in 1979, Master of Arts in Macroeconomics in 1985 and a Doctorate's Degree of Monetary Theory and Policy in 1989, both degrees were obtained from the University of Oregon, United States of America.	He initiated his career in Bank Indonesia since 1980 as a staff in logistics (1980-1983), then after obtained the MA and Ph. D he served as Junior Economics Researcher at the Desk Research and Development (1989-1990), the Governor's Staff of Bank Indonesia (1990-1993), Head of Public Economics Department (1993-1994), Head of Monetary Department (1994-1996), Head of the Policy Planning and Analysis (1996-1997), Deputy Director of the Economic Research and Monetary Policy (1997-2000), Director of Economic Research and Monetary Policy (2000-2003), Director/ Head of Bank Indonesia's Representative-Tokyo (February 2003 – June 2003) and the peak of his career in Bank Indonesia as Deputy Governor for 2 periods, June 2003-June 2008 and June 2008-June 2013 and President Commissioner of PT Bank Negara Indonesia (Persero) Tbk (4 May 2016 – 21 August 2017).
Imam Apriyanto Putro	Member	1 January 2017 – 31 December 2017	Bachelor of Economics in Management from Universitas Diponegoro, Semarang, in 1988 and Master's Degree in management from Sekolah Tinggi Ilmu ekonomi IBII, Jakarta, in 2000.	He initiated his career as an Acting Officer of Head of Surveying, Financial Service, and Resource of the Ministry of State Owned Enterprises (1993-2010), Commissioner of PT Permodalan Nasional Madani (Persero) (2007-2011), Deputy Assistant of Research and Information Department of the Ministry of State Owned Enterprises (2010-2012), Commissioner of PT Petrokimia Gresik (Persero) (2011-2012), Commissioner of PT Bukit Asam (Persero) Tbk (2011-2013), Head of Planning and Human Resource of the Ministry of State Owned Enterprises (2012-2013), Duty Manager of Deputy Infrastructure Business and Logistics of the Ministry of State Owned Enterprises (2013), Commissioner of PT Semen Indonesia (Persero) Tbk (2013-2014), Secretary of the Ministry of State Owned Enterprises (2013-present), Commissioner of PT Telekomunikasi Indonesia (Persero) Tbk (2014-2015).
Askolani	Member	1 January 2017 – 31 December 2017	Bachelor of Economics and Development Studies from Sriwijaya University in 1990 and a Master's degree in Economics and Banking from the University of Colorado, Denver-USA in 1999.	He served as Director of Non-Tax Revenues (PNBP) at the Ministry of Finance (2011-2013), Commissioner of PT Indonesia Ferry (ASDP) (2007-2010), Commissioner of PT Pertamina Gas (2012-2013), Commissioner of PT Angkasa Pura I (2013-2014), Governor of Indonesia on Opex Fund for International Development (OFID) (2015).
Goei Siauw Hong	Member	1 January 2017 – 31 December 2017	Bachelor's Degree in Agronomy from Institut Pertanian Bogor in 1988 and Master of Business Administration (MBA) in Business, Finance and Marketing from Indiana University, Bloomington USA in 1993.	He initiated his career as a System Analyst in the Astra Graphia (1988-1991), Equity Analyst and Senior Equity Analyst at WI Carr Indonesia (1993-1995), the Deputy Head of the Research and the Head of Research at CLSA Indonesia (1995-1996), Head of research at SocGen Crosby (1996-1998), Vice President of Research at Nomura Singapore (1998-1999), Head of Research at Nomura Indonesia (1999-2001) and as a Member of the Risk Monitoring Committee of Bank Permata (2006-2010).
Ardan Adiperdana	Member	1 January 2017 – 31 December 2017	Bachelor of Economics from STAN in 1987, Master in Business Administration from Saint Mary's University (SMU), Nova Scotia, Canada in 1992 and Doctoral degree in Strategic Management from Universitas Indonesia in 2013.	He used to hold the position as Commissioner of PT Hotel Indonesia Natour (Persero) (2011-2013) and of President Commissioner at PT Jasa Raharja (Persero) (2013-2015).

Name	Designation	Period	Education	Work Experience
Makmur Keliat	Member	11 October 2017 – 31 December 2017	Bachelor's Degree in Economy from Universitas Pembangunan Nasional "Veteran" in 1984, the title of Bachelor of Art of Social Science and Political Science/International Relations from Universitas Gadjah Mada in 1984, a Drs. Title in Social Science and Political Science/International Relations from Universitas Gadjah Mada in 1986 and a Ph.d. title in School of International Studies from Jawaharlal Nehru University in 1995.	He initiated his career as a lecturer in the Department of international Relations, Social and Political Sciences Faculty of Universitas Indonesia in 1999, the he served as Chairperson of Post-Graduate Program in the Department of International Relations, Faculty of Social and Political Sciences of the Universitas Indonesia (2002-2004), Executive Director at the Center for Global Civil Society Studies (PACIVIS UI) (2002-2004), Executive Director of Center for East Asia Cooperation Studies the East Asian Studies (2005-2007), Manager of Research and Publications, Social and Political Sciences Faculty of Universitas Indonesia (2007-2008), Chairperson of the Post-Graduate Program in the International Relations Department, Social and Political Sciences of Universitas Indonesia (2009-2012) and the last position prior to his service as Commissioner of Bank Mandiri was as Special Staff for Sekretariat Kabinet Republic Indonesia (May - August 2015)
R. Widy Pramono	Member	11 October 2017 – 31 December 2017	Law degree from the State University in Solo, Surakarta in 1984, a master's degree Manajemendari STIE IPWI Jakarta in 2001, master of law from University of Gadjah Mada, Yogyakarta in 2007 and a doctorate in the field of criminal law University of Padjajaran, Bandung in 2012. Then, in 2015 he was confirmed as Professor of Criminal Law at Universitas Diponegoro.	He initiated his career at State Attorney South Jakarta as Administrative Staff (1986-1990), Attorney/Section Chairman of Pre Prosecution on Criminal Case (1990-1993), Attorney/section Chairman of Economic Crime on Criminal Case of Special Crime (1993-1995). Then, he served as Attorney/Section Chairman of Prosecution at Attorney General's Office in DKI Jakarta (1995), Section Chairman of Academic and Penjenjangan at the Pusdiklat Attorney RI (1995-1996), Attorney/Dir TPUL in Kasi Eksaminasi I in Kasubdit Ekseminasi (1996-1998), the KTU Pidum in Secretary Jam Pidum Attorney General of Republic Indonesia (1998-1999), military attaché of embassy in Thailand at the Attorney General of Indonesia Embassy in Bangkok, Thailand (1999-2003), Kajari Sukabumi in Attorney General's Office in West Java (2003-2005). Furthermore, he had a career in Young Attorney Coaching of General Attorney RI as Chairman of the Kahlu law firm (2005-2006), Special Assistant of Attorney General of RI (2006-2007) and as Chairman of the Public Bureau (2007-2008). He later had career in the Attorney General of RI as the Head of Attorney General's Office of Papua (2008-2009), Inspector Pidum On Jamwas (2009-2010), the head of Attorney General's Office of Central Java (2010-2011), Secretary of the Young Attorney General of General Crime (2011-2012), the expert staff of Attorney RI of General Crime (2012-2013), the young Attorney General Special Crime (2013-2015) and as a Young Attorney General Supervision (2015-August 2017).
Sanjay N. Bharwani	Member	1 January 2017 – 31 December 2017	Bachelor's Degree in Technology and Business from the University of Australia-Victoria	He has served as a Senior Manager of Consulting at Accenture, Jakarta (1997-2004), Country Head of Watson Wyatt, Mumbai India (2004-2005), Senior Consultant Gyan Consultant in Jakarta and Australia (2006-2007), Senior Vice President of HR Centres of Expertise and Operation in Bank Permata (2007-2008), Group Head of Human Capital Strategy and Policies at Bank Mandiri (2008-2012) and Director of the Human Capital PT Rajawali Corpora.

Remuneration and Nomination Committee Independence

All members of the Remuneration and Nomination Committee from independent parties have no relationship in financial, management, shareholdings and/or family relations with the Board of Commissioners, the Board of Directors and/or Controlling Shareholders or relationships with the Bank, which can affect their ability to perform independently.

Table of Remuneration and Nomination Committee Independence

Aspect of Independensi	B.S. Kusmulyono	Hartadi A. Sarwono	Imam Apriyanto Putro	Wimboh Santoso	Abdul Aziz	Askolani	Aviliani	Goei Siauw Hong	Ardan Adiperdana	Makmur Keliat	R. Widyo Pramono	Sanjay N. Bharwani
Has no financial relationship with the Board of Commissioners and Board of Directors	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Not having relationship of management in the company, subsidiary, or affiliate companies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Not having a relationship of shares-holding in the company	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Has no family relationship with the Board of Commissioners, Board of Directors, and/or fellow members of the Remuneration and Nomination Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Not serving as administrator of political parties and government officials	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Competency Development of Remuneration and Nomination Committee

Competency Development of Remuneration and Nomination Committee can be seen on the section of Company Profile sub chapter Competency Development of Remuneration and Nomination Committee in the current year annual report.

Remuneration And Nomination Committee Meeting

Provisions of Remuneration and Nomination Committee meetings regulated in the Remuneration and Nominations Committee is as follows:

1. Meeting is attended by all members and if necessary can only be attended by voting member.
2. Meetings can only be held if attended by at least 51% (fifty one per hundred) of the number of members, included the Board of Independent Commissioners and Group Head of Human Capital Group.
3. Remuneration and Nomination Committee meetings are held in accordance with the needed and assignment of Board of Commissioners, at least 2 (two) times within 1 (one) year.
4. The meeting is chaired by the Chairman or a member appointed by the members who attend the meeting, if the Chairman was unable to attend.
5. Meeting's decisions were taken on the basis of deliberation consensus. In the case of there is no consensus discussion, the decision-making is conducted on the basis of the most votes.
6. Dissenting opinions that occur in the meeting is mandatory to be listed clearly in the meeting treatise along with the explanation of different opinion.
7. The Committee should make a report, at least 2 (two) times within 1 (one) year, to the Board of Commissioners about every assignment given and/or about every problems which identified must become the concern of the Board of Commissioners.

Meeting Agenda of Remuneration and Nomination Committee

Throughout 2017, the date of implementation, meeting agenda and the participants of Audit Committee meeting, as follows..

Table of the Remuneration and Nomination Committee Meeting Agenda

No.	Meeting Date	Meeting Agenda	Meeting Participant
1.	Monday, 30 January 2017	<ol style="list-style-type: none"> Explanation about Market Data Executive Compensation Discussion on the Proposal of the Board of Directors and Board of Commissioners Remuneration of PT. Bank Mandiri (Persero) Tbk at the Annual Meeting of Shareholders 2017. Explanation about Financial Services Authority Regulation (Peraturan Otoritas Jasa Keuangan/POJK) No. 45 concerning Material Risk Taking and its summary. 	<ol style="list-style-type: none"> Wimboh Santoso Abdul Aziz Askolani Aviliani Goei Siau Hong B.S. Kusmulyono Ardan Adipermana Sanjay N. Bharwani
2.	Monday, 13 February 2017	Discussion on Remuneration Proposal for Board of Directors and Board of Commissioners of Bank Mandiri at Annual Meeting of Shareholders 2017.	<ol style="list-style-type: none"> Wimboh Santoso Abdul Aziz Imam Apriyanto Putro Askolani Aviliani B.S. Kusmulyono Sanjay N. Bharwani
3.	Wednesday, 22 February 2017	Follow-up to the Meeting on 13 February 2017 and the Explanation about Draft of the Board of Commissioners' Letter to Minister of State-Owned Enterprises (BUMN).	<ol style="list-style-type: none"> Wimboh Santoso Abdul Aziz Imam Apriyanto Putro Aviliani Goei Siau Hong B.S. Kusmulyono Ardan Adipermana Sanjay N. Bharwani
4.	Monday, 6 March 2017	Discussion on the Recommendation of Proposed Candidate for Director of Finance and Strategy of PT Bank Mandiri.	<ol style="list-style-type: none"> Wimboh Santoso Abdul Aziz Imam Apriyanto Putro Aviliani Goei Siau Hong B.S. Kusmulyono Ardan Adipermana Sanjay N. Bharwani
5.	Selasa, 14 March 2017	Proposed Candidate for Commissioners of PT Bank Mandiri (Persero) Tbk at General Meeting of Shareholders for the fiscal year of 2016.	<ol style="list-style-type: none"> B.S. Kusmulyono
6.	Wednesday, 17 May 2017	<ol style="list-style-type: none"> Progress in the Follow-up of the Resolution of the 4th Agenda of the Annual Meeting of Shareholders on 14 March 2017 (Remuneration and LTI). Progress in the Follow-up of the Resolution of 7th Agenda of the Annual General Meeting of Shareholders on 14 March 2017 (Appointment of Ms. Destry Damayanti and Mr. Makmur Keliat). Survey of the Remuneration for the Board of Directors and Board of Commissioners of Bank Mandiri with other Banks 	<ol style="list-style-type: none"> Wimboh Santoso Imam Apriyanto Putro Askolani Goei Siau Hong B.S. Kusmulyono Makmur Keliat Sanjay N. Bharwani
7.	Wednesday, 24 May 2017	Discussion on the Board of Commissioners' comments on the Letter of Ms. Destry Damayanti, LPS No.S-3/DK-DD/2017 dated 16 May 2017.	<ol style="list-style-type: none"> Wimboh Santoso Goei Siau Hong B.S. Kusmulyono Makmur Keliat Sanjay N. Bharwani
8.	Wednesday, 22 June 2017	Discussion on the Remuneration of the Year 2017 and Performance Tantiem of 2016 for the Board of Directors and Board of Commissioners of Bank Mandiri.	<ol style="list-style-type: none"> Wimboh Santoso B.S. Kusmulyono Ardan Adipermana Makmur Keliat Sanjay N. Bharwani
9.	Wednesday, 26 July 2017	Recommendation on the Boards' Candidate of PT Bank Mandiri (Persero) Tbk.	<ol style="list-style-type: none"> Askolani Goei Siau Hong B.S. Kusmulyono Ardan Adipermana Makmur Keliat Sanjay N. Bharwani
10.	Monday, 31 July 2017	<ol style="list-style-type: none"> Discussion on the Boards' Candidate Recommendation of PT Bank Mandiri (Persero) Tbk. Interview of the Boards' Candidate of PT Bank Mandiri (Persero) Tbk. 	<ol style="list-style-type: none"> Askolani Goei Siau Hong B.S. Kusmulyono Ardan Adipermana Makmur Keliat Sanjay N. Bharwani

No.	Meeting Date	Meeting Agenda	Meeting Participant
11.	Selasa, 15 August 2017	Interview of Boards' Candidates of PT Bank Mandiri (Persero) Tbk.	1. Goei Siau Hong 2. B.S. Kusmulyono 3. Ardan Adipermana 4. Makmur Keliat 5. Sanjay N. Bharwani
12.	Monday, 21 August 2017	1. Proposed Candidate for Board of Commissioners of PT. Bank Mandiri (Persero) Tbk in the Extraordinary Meeting of Shareholders of PT Bank Mandiri (Persero) Tbk. 2. Proposed Candidate for the Board of Directors of PT. Bank Mandiri (Persero) Tbk in the Extraordinary Meeting of Shareholders of PT Bank Mandiri (Persero) Tbk	1. Imam Apriyanto Putro 2. Askolani 3. Goei Siau Hong 4. B.S. Kusmulyono 5. Ardan Adipermana 6. Makmur Keliat

Frequency and Level of Attendance of Remuneration and Nomination Committee Meetings

Throughout 2017, Remuneration and Nomination Committee has held 12 (twelve) meetings with the frequency and attendance level of the Remuneration and Committee members as follows:

Table of Attendance Level of Remuneration and Nomination Committee Meetings

Name	Designation	Period	Number of Meetings	Attendance	Percentage
B.S. Kusmulyono	Chairman	1 January 2017 – 10 October 2017	11	11	100%
	Member	11 October 2017 – 31 December 2017			
Hartadi A. Sarwono	Chairman	11 October 2017 – 31 December 2017	-	-	-
Imam Apriyanto Putro	Member	1 January 2017 – 31 December 2017	11	6	55%
Wimboh Santoso	Member	1 January 2017 – 19 July 2017	7	7	100%
Abdul Aziz	Member	1 January 2017 – 14 March 2017	4	4	100%
Askolani	Member	1 January 2017 – 31 December 2017	11	7	64%
Aviliani	Member	1 January 2017 – 14 March 2017	4	4	100%
Goei Siau Hong	Member	1 January 2017 – 31 December 2017	11	9	82%
Ardan Adiperdana	Member	1 January 2017 – 31 December 2017	11	8	73%
Makmur Keliat	Member	11 October 2017 – 31 December 2017	7	7	100%
R. Widyo Pramono	Member	11 October 2017 – 31 December 2017	-	-	-
Sanjay N. Bharwani	Member	1 January 2017 – 31 December 2017	10	10	100%

Performance Assessment of Remuneration and Nomination Committee

Performance assessment of Audit Committee was seen from the achievement of the Key Performance Indicator (KPI) of the Audit Committee in 2017. The achievement of KPI is as follows.

Table of Performance Appraisal Remuneration and Nomination Committee

No.	Key Performance Indicator	Indicators Value (%)	Achievement Value (%)	Indicator Value x Achievement Value
1.	Realization Number of Committee meeting and Work Plan	30	100,00	30,00
2.	Assessment on attendance level and participation in the Meetings	20	100,00	20,00
3.	Submission of Review Outcome to the Board of Commissioners	20	95,00	19,00
4.	On-time Preparation and Submission of Committee Report	30	95,00	28,50
TOTAL		100		97,50

Remuneration for Remuneration and Nomination Committee

Remuneration for Remuneration and Nomination Committee derived from Non Commissioner Independent party is regulated in the Letter of Board of Commissioners Number: KOM/113/2016

No.	Description	Member Komite Non-Komisaris
1.	Salary/Honorarium	Maximum 20% of the President Director's salary
2.	Post-Employment Benefit	Not given
3.	Religious Holiday Allowance	In accordance with the terms of Bank Mandiri employees
4.	Bonus/Tantiem	Not eligible
5.	Facilities	
	a. Transportation Allowance	Not eligible
	b. Health	Not eligible
	c. Office travel	In accordance with the employee provision/ equivalent of Group Head

Brief Report on Remuneration and Nomination Committee Activities in 2017

In 2017, as the duties and function of Remuneration and Nomination Committee as stated in Remuneration and Nomination Committee Charter of PT. Bank Mandiri (Persero) Tbk. regarding Nomination system, Remuneration and Nomination Committee has provided recommendation/proposal of eligible candidate for Board of Directors members and Board of Commissioners members PT Bank Mandiri (Persero) Tbk. to the Board of Commissioners to be delivered to the General Meeting of Shareholders. The proposal was attained through a series of process conducted by Remuneration and Nomination Committee which included the making of policies, criteria, and qualifications required for the nomination process of the candidates for members of Board of Directors and Board of Commissioners that suites the strategic policy of the Company. Remuneration and Nomination Committee also assisted the Board of Commissioners to obtain and analyze the data of the Board of Directors candidate from the talent pool of direct report of the Board of Directors and identify the eligible candidate for Board of Commissioners.

Other than the nomination system, Remuneration and Nomination Committee has also assisted Board of Commissioners in proposing suitable remuneration system for the Board of Directors and Commissioners of PT Bank Mandiri (Persero) Tbk. in the form of payroll/honorarium system, facilities/allowances, royalties, etc for 2017.

Throughout 2017, Remuneration and Nomination Committee has also issued several recommendations to the Board of Commissioners, as follows:

1. Proposed Candidate for Director of Finance and Strategy of PT. Bank Mandiri, Tbk.
2. Proposed Candidate for Board of Commissioners of PT. Bank Mandiri (Persero) Tbk in the Extraordinary Meeting of Shareholders of PT Bank Mandiri (Persero) Tbk.
3. Proposed Salary/Honorarium of 2017 for the Board of Directors and Commissioners of PT Bank Mandiri (Persero) Tbk.
4. Proposed Remuneration and Tantiem Determination for Board of Directors and Board of Commissioners of Bank Mandiri (Persero) Tbk.
5. Proposed facilities and allowances determination for Board of Directors of Bank Mandiri (Persero) Tbk.

Board of Directors Succession Policy

The Board of Directors succession policy of Bank Mandiri refers to the Minister of State Owned Enterprises Regulation No. PER-03/MBU/02/2015 concerning Requirements, Appointment, and Dismissal of Members of Board of Directors of State-Owned Enterprises. The sources of Directors candidate are from:

1. Board of Directors of State Owned Enterprises;
2. Board of Commissioners/Board of Supervisors of State-Owned Enterprises;
3. Talents of State Owned Enterprises proposed through the Board of Commissioners, consisting of:
 - a. Direct report of the Board of Directors or other officials with special achievements;
 - b. Board of Directors of State-Owned Enterprises subsidiaries/ State-Owned Enterprises Joint Venture Companies.
4. Talents of Ministry of State Owned Enterprises;
5. Other sources, consisting of:
 - a. Other State Owned Enterprises' officials; and
 - b. Other sources.

One of the duties of Remuneration and Nomination Committee is to prepare a nomination system for members of Board of Directors and Commissioners of the Company which will be part of Good Corporate Governance Policy of the Company and will be a guidance for Board of Commissioners and General Meeting of Shareholders to determine remuneration and nomination of the members of Board of Directors and Commissioners.

The succession policies of the Company's Board of Directors as stipulated in Remuneration and Nomination Committee Charter, are as follow:

Basic Principles

1. Requirements for Board of Directors and Board of Commissioners
Candidates for Board of Directors and Commissioners have to meet the requirements determined in the Company's Articles of Association and the applicable laws and regulations such as Law on Limited Liability Companies, Law on Banking, and Law on Capital Market and other provisions.
2. Candidacy and Candidate Proposal for Board of Directors and Board of Commissioners
Candidates for Board of Directors and Board of Commissioners were proposed through a selection and with due regards to the above requirements.

Selection Procedure

1. Remuneration and Nomination Committee identifies eligible candidates.
2. Board of Commissioners based on Remuneration and Nomination Committee suggestions will delivery proposed candidates to the Seri A Dwiwarna Shareholders.
3. The selection implementation is conducted before the end of the term of office or, as requested by the Board of Commissioners, or in the event of vacancy.

Requirements and Criteria

The requirements and criteria for candidates of Board of Directors and/or Commissioners are in accordance with the Company's Articles of Association and other applicable provisions, which are as follows:

1. The person who can be proposed as a member of Board of Directors and/or Commissioners is the individual capable of performing legal actions and has never been declared bankrupt or convicted which cause bankruptcy of a company, or someone who has never been sentenced for criminal offense which harm the finances of the State within 5 (five) years prior to his/her appointment, one or the other with due regards to the applicable laws and regulations.

2. The person is not related by blood to third degree, both horizontally or vertically nor by marriage (in laws) with other members of Board of Directors or Commissioners.
3. The person is not in the banking black list as determined by bank supervisory authorities.
4. The person has excellent integrity, in terms of:
 - a. Has good character and morals.
 - b. Comply with applicable laws and regulations.
 - c. Has high commitment to the development of healthy bank operations.
 - d. Deemed fit and proper to be a member of Board of Directors and/or Commissioners.
5. Integrity assessment is conducted by evaluating the candidates in terms of non performance of the following actions:
 - a. Banking engineering and practices that deviate from banking regulations.
 - b. Actions categorized as non fulfillment of commitments agreed with Bank Indonesia or Government.
 - c. Actions categorized as beneficial to Owner, Management, Employees, and or other parties that may harm or reduce bank's profit.
 - d. Actions categorized as violation of the provisions related to banking prudential principles.
 - e. Actions by Management and Executive Officers categorized as not independent.
6. Meeting the competence criteria, in terms of having:
 - a. Adequate knowledge in Banking.
 - b. Experience and expertise in Banking and or Financial Institution
 - c. Ability to perform strategic management for the development of healthy Banks.
7. Other than the above criteria, it is better to meet the following additional criteria:
 - a. Having leadership skill supported by knowledge in economics, accounting and law.
 - b. For Board of Commissioners, there is another criterion of having experience in banking or other financial institution supervisory.
 - c. For Board of Directors, there are other criteria of having at least 3 (three) years experience as Senior Management in banking or other financial institutions.

A candidate for the Board of Directors may be proposed from the Board of Commissioners after assessing the concerned person and if eligible, he/she needs to be proposed to the Minister of SOEs. The candidate to be nominated to become members of the Board of Directors must also meet the formal requirements and other

requirements specified in PER-03/MBU/02/2015 and the Regulation of the Financial Services Authority No. 33/POJK.04/2014 on the Board of Directors and Board of Commissioners of the Issuer or Public Company and has passed the Fit and Proper Test conducted by the Financial Services Authority.

In 2017, Bank Mandiri is working with the Company Assessment Service of PT Daya Dimensi Indonesia to conduct assessment against candidates for the Board of Commissioners and Board of Directors. The names are obtain recommendation from the Appraisal Service Company will be reported by the Remuneration and Nomination Committee to the Board of Commissioners names of candidates to be submitted in the GMS.

Procedure for Appointment of The Board of Commissioners

In addition to those set forth in the charter of Remuneration and Nomination Committee, the procedure for appointment of the Board of Commissioners of Bank Mandiri also referred to the Finance Service Authority Regulation No. 33/POJK.04/2014 on the Board of Directors and Board of Commissioners of the Issuer or Public Company and the Regulation of the Minister of SOEs Number PER-02/MBU/02/2015 on the Requirement and Procedure for Appointment and Dismissal of Members of the Board of Commissioners and Board of Supervisors of State-Owned Enterprises. The procedure for appointment of the Board of Commissioners is as follows:

1. The source of candidates for the Board of Commissioners/Board of Commissioners of SOEs comes from:
 - a. Former Board of Directors of SOEs.
 - b. Board of Commissioners/Board of Supervisors of SOEs.
 - c. Structural Officials and Government Functional Officials.
 - d. Other sources.
2. The prospective candidate to be nominated as a candidate for the Board of Commissioners is a person who has been declared to comply with the Formal Requirements, Material Requirements, and Other Requirements.
3. Assessment of the fulfillment of the Material Requirements is conducted through: i. assessing curriculum vitae and supporting documents; and ii. specifically assessing the integrity carried out by a written statement of the concerned candidate as specified in Appendix II of this Ministerial Regulation; and/or iii. Interview.
4. With respect to certain SOEs determined by the Minister, the candidate for the President Commissioner/Board of Commissioners members must follow the fit and proper test conducted by the Professional Institution appointed by the Minister to conduct the fit and proper test to the candidate of the Board of Directors.

5. Especially for SOE Bank, prospective candidates to be submitted in the GMS are assessed by a Team established by the Minister through involving the Chairman of the Board of Commissioners Committee performing the Nomination function. If the Chairman of the Board of Commissioners Committee as referred to is absent, he/she may be replaced by a member of the Committee of Independent Commissioners performing the Nomination function.

Risk Monitoring Committee

The Committee was established by the Board of Commissioners of Bank Mandiri in order to help the Board of Commissioners to perform their duties and responsibilities in supervising and counseling the Directors to obtain sufficient confidence that the implementation of risk management of the Bank will meet the adequacy element of the procedure and risk management methodology, so that the Bank's business activities will always be under control to the limit of acceptable and profitable to the Bank.

The Basis for the Establishment of Risk Monitoring Committee

The establishment of the Committee refers to and is based on the applicable laws and regulations and the best practices applicable in banking institutions in Indonesia, among others:

1. Financial Authority Services Regulation Number 17/POJK.03/2014 dated 18 November 2014 concerning the Implementation of Integrated Risk Management for Financial Conglomerate.
2. Minister of State Owned Enterprises Regulation Number PER-09/MBU/2012 dated 6 July 2012 concerning the amendment to Minister of State Owned Enterprises Regulation Number PER-01/MBU/2011, concerning the Implementation of Good Corporate Governance to State Owned Enterprises.
3. Minister of State-Owned Enterprises Regulation Number PER-29/MBU/2012 concerning Supporting Organs of Board of Commissioners/Board of Supervisors of State Owned Enterprises.
4. Articles of Association of PT. Bank Mandiri (Persero) Tbk and the amendments.

Risk Monitoring Committee Charter

In performing its duties and responsibilities, the Risk Monitoring Committee of Bank Mandiri has Work Guidelines updated in 2015 and containing among others committee's duties and responsibilities, committee's authority, committee's meeting, committee's organization, and others.

Duties and Responsibilities of Risk Monitoring Committee

The Committee has the duties and responsibilities to help Board of Commissioners to perform its supervisory and counseling duties to the Board of Directors by providing opinions in the form of suggestions and recommendations on but not limited to the:

1. Evaluation of the conformity between the Bank's risk management policy and integrated risk management policy with the implementation of such policies.
2. Monitoring and evaluation of the implementation of the duties of Integrated Risk Management Committee and Integrated Risk Management Work Unit.
3. Review of integrated risk management implementation, which consists of:
 - a. Report on risk profile both individually (Bank only) and consolidated with subsidiaries (integrated risk profile).
 - b. Risk-based report on bank's health both individually (Bank only) and consolidated with subsidiaries (integrated risk profile).
 - c. Other reports related to the management of 10 (ten) risk types, namely credit risk, market risk, operational risk, liquidity risk, legal risk, compliance risk, reputation risk, strategic risk, inter-group transaction risk and insurance risk.
4. Monitoring of the adequacy of identification, measurement, monitoring, controlling process and risk management information system.
5. Evaluation of Bank's compliance to its Articles of Association, Bank and Capital Market Supervisory Authority regulations, and other laws and regulations in relation to risk management.
6. Preparing guidelines and committee's work code of conduct (charter) and conducting reviews as required every other year.
7. Performing other duties and responsibilities mandated by the Board of Commissioners from time to time.
 - a. Determining annual work plan.
 - b. Scheduling annual meeting.
 - c. Preparing periodic reports on the activities of risk monitoring committee and other matters deemed necessary to be of the Board of Commissioners' concern.
 - d. Preparing Self Assessment on the effectiveness of Risk Monitoring Committee activities.
 8. Members of the Committee are in charge and responsible for:
 - a. Convening meeting regularly/routinely.
 - b. Reviewing the materials prior to the meetings.
 - c. Attending meetings.
 - d. Participating actively and providing contributions in every committee activity.
 - e. Drawing up minutes of meetings.
 - f. Performing working visit to sites.

Authority Of Risk Monitoring Committee

Committee has the authority within its responsibility to:

1. Seek and get various information including required documents from:
 - a. Bank (including Bank's employees).
 - b. Other stakeholders.
2. Obtain feedback and or suggestions from external party in relation to its duties.

Reporting Of Risk Monitoring Committee

Risk Monitoring Committee must make a periodic report to the Board of Commissioners regarding the activities of the Risk Monitoring Committee, at least once in 6 (six) months. Risk Monitoring Committee must make a report to the Board of Commissioners on any given assignment and or for any issues identified to require the concern of the Board of Commissioners.

Structure, Membership, And Expertise Of Risk Monitoring Committee

Referring to Decree of the Board of Commissioners Number KEP. KOM/006/2014 dated 25 August 2014 on the Amendment of the Members of Audit Committee and Risk Monitoring Committee under the Board of Commissioners of PT Bank Mandiri (Persero), Tbk, then:

1. Position of the Committee
Committee is under the coordination of and is structurally responsible to the Board of Commissioners.
2. Membership Composition
 - a. An Independent Commissioner
 - b. An Independent party who has expertise in finance; and
 - c. An Independent party who has expertise in risk management.
 - d. The Committee is chaired by an Independent Commissioner.
 - e. The Member of the Committee who serves as Independent Commissioner is appointed the Chairman of the Committee. In the event that there are more than 1 (one) Independent Commissioner as members, one of them shall be appointed as Chairman of Risk Monitoring Committee.
 - f. Independent Commissioner and Independent parties who are members of the Committee should make at least 51% of the members of the Committee.
 - g. Chairman of Committee may only hold concurrent position as Chairman of 1 (one) other Committee at the most.
 - h. In performing its daily tasks, the Committee may be assisted by staffs or Secretary of Committee appointed in accordance with the resolution of Committee meeting.

The period of the Committee Member's duties from a member of the Board of Commissioners shall not be longer than the term of office of the Board of Commissioners and may be re-appointed for only one (1) subsequent period.

The composition of Risk Monitoring Committee members in 2017 are as follows:

Period of 1 January 2017 - 25 May 2017

The composition of Risk Monitoring Committee members for the period of 1 January - 25 May 2017 has been appointed by Board of Commissioner and authorized under Decree of the Board of Directors Number KEP.DIR/375/2016 date 20 October 2016, are as follows:

No.	Name	Designation	Remarks	Expertise
1.	Abdul Aziz*	Chairman concurrently as member	Independent Commissioner	Banking
2.	Wimboh Santoso	Member	President Commissioner	Banking, Macroeconomics
3.	Goei Siau Hong	Member	Independent Commissioner	Finance, Banking
4.	Bangun Sarwito Kusmulyono	Member	Commissioner	Banking
5.	Ridwan D. Ayub	Member	Non Commissioner Independent Party	Finance, Management
6.	Lista Irna	Member	Non Commissioner Independent Party	Banking

Remarks:

*Term of office of Mr. Abdul Aziz ended on 14 March 2017.

Period of 26 Mei 2017 - 10 October 2017

The composition of Risk Monitoring Committee members for the period of 26 May 2017 - 10 October 2017 that has been appointed by the Board of Commissioner on 19 April 2017 and authorized under Decree of the Board of Directors Number KEP.DIR/126/2017 date 26 May 2017, are as follows:

No.	Name	Designation	Remarks	Expertise
1.	Goei Siau Hong	Chairman concurrently as member	Independent Commissioner	Finance, Banking
2.	Wimboh Santoso*	Member	President Commissioner	Banking, Macroeconomics
3.	Bangun Sarwito Kusmulyono	Member	Independent Commissioner	Banking
4.	Ridwan D. Ayub	Member	Non Commissioner Independent Party	Finance, Management
5.	Lista Irna	Member	Non Commissioner Independent Party	Banking

Remarks:

*Term of office of Mr. Wimboh Santoso ended on 19 July 2017.

Period of 11 October 2017 - 31 December 2017

The composition of Risk Monitoring Committee members for the period of 11 October 2017 - 31 December 2017 that has been appointed by the Board of Commissioner on 19 September 2017 and authorized under Decree of the Board of Directors Number KEP.DIR/215/2017 date 11 October 2017, are as follows:

No.	Name	Designation	Remarks	Expertise
1.	Goei Siau Hong	Chairman concurrently as member	Independent Commissioner	Finance, Banking
2.	Bangun Sarwito Kusmulyono	Member	President Commissioner	Banking, Macroeconomics
3.	Ardan Adiperdana	Member	Independent Commissioner	Banking
4.	R. Widy Pramono*	Member	Non Commissioner Independent Party	Finance, Management
5.	Ridwan D. Ayub	Member	Non Commissioner Independent Party	Banking
6.	Lista Irna	Member	Non Commissioner Independent Party	Banking

Remarks:

* Effectively serve as a member of the Audit Committee counted from the date of approval of the relevant appointment by the OJK of the Assessment of Capacity and the Interaction amidst the rules of the law covering the date of November 15, 2017.

The Profile of Risk Monitoring Committee

The profiles of the members of Risk Monitoring Committee as per 31 December 2017 are as follows:



Goei Siau Hong

Chairman concurrently Member of the Risk Monitoring Committee

Profiles can be seen in the Board of Commissioners' Profile section



B.S. Kusmulyono

Member of Risk Monitoring Committee

Profiles can be seen in the Board of Commissioners' Profile section



Ardan Adiperdana

Member of Risk Monitoring Committee

Profiles can be seen in the Board of Commissioners' Profile section



R. Widyo Pramono

Member of Risk Monitoring Committee

Profiles can be seen in the Board of Commissioners' Profile section



Ridwan D. Ayub

Member of Risk Monitoring Committee

Age: 55 Years. Domicile: Jakarta. Date of Appointment: May 1, 2014.

Educational background:

- Bachelor in Social Science and Political Science from Parahyangan Catholic University in 1985.
- Master of Financial Management Specialization from Mercu Buana University in 2008.

Employment history:

- Deputy Head of Operational Risk Division of PT Bank Internasional Indonesia Tbk (2002-2005)
- Member of Risk Monitoring Committee of PT Bank Rakyat Indonesia (Persero) Tbk (2006-2014)
- Member of Audit Committee of PT Bank Mandiri (Persero) Tbk (2014-2016).



Lista Irna

Member of Risk Monitoring Committee

Profiles can be seen in the Audit Committee's Profile section

Educational Qualifications and Work Experiences of Risk Monitoring Committee

Requirements for Risk Monitoring Committee members are as follows:

1. Members of the Committee must have high integrity, good characters and morals, and the ability, knowledge and adequate experiences according to his/her educational background and is able to communicate well.
2. Have adequate knowledge to read and comprehend financial report and reports related to the monitoring of banking risk management policy implementation.
3. Have adequate knowledge about the Capital Market laws and regulations and regulations related to banking business.

As per 31 December 2017, the educational qualifications and work experiences for the Chairman and Members of Risk Monitoring Committee are as follows.

Table of Educational Qualifications and Work Experiences of Risk Monitoring Committee

Name	Designation	Period	Education	Work Experience
Goei Siauw Hong	Member	1 January 2017 – 25 May 2017	Bachelor's Degree in Agronomy from Institut Pertanian Bogor in 1988 and Master of Business Administration (MBA) in Business, Finance and Marketing from Indiana University, Bloomington USA in 1993.	He initiated his career as a System Analyst in the Astra Graphia (1988-1991), Equity Analyst and Senior Equity Analyst at WI Carr Indonesia (1993-1995), the Deputy Head of the Research and the Head of Research at CLSA Indonesia (1995-1996), Head of research at SocGen Crosby (1996-1998), Vice President of Research at Nomura Singapore (1998-1999), Head of Research at Nomura Indonesia (1999-2001) and as a Member of the Risk Monitoring Committee of Bank Permata (2006-2010).
	Chairman and member	26 May 2017 – 31 December 2017		
B.S. Kusmulyono	Member	1 January 2017 – 31 December 2017	Bachelor's Degree in Chemical Engineering from Teknologi Bandung in 1970, Master's Degree of Business Administration from the University of Southern California, Los Angeles, USA in 1974 and Doctorate's Degree in Environmental Management from Institut Pertanian Bogor in 2007.	He initiated his career as a Managing Staff in the Investment Coordinating Board (BKPM) (1970-1972), then he worked at Chase Manhattan Bank (in New York and Hong Kong), Fincorinvest, and the Asian Development Bank from 1962 to 1985. He served as President Director of Bank Nusa International (1988-1998), the national resilience Institute KSA V (1995). He also worked as Member of Board of Commissioner at Maybank Nusa (1990-1997) and Member of Board of Commissioner at Bank Niaga (1998-1999). In 1999 to 2005 he worked as President Director at Permodalan Nasional Madani (PNM) and as Member of Board of Commissioner at Syarikat Takaful Indonesia. Prior to his position as Commissioner of Bank Mandiri, he held the position as Independent Commissioner of Bank Rakyat Indonesia (BRI) (2005-2010) and Independent Commissioner of Bank Negara Indonesia (BNI) (2010-2015).
Ardan Adiperdana	Member	11 October 2017 – 31 December 2017	Bachelor of Economics from STAN in 1987, Master in Business Administration from Saint Mary's University (SMU), Nova Scotia, Canada in 1992 and Doctoral degree in Strategic Management from Universitas Indonesia in 2013.	He used to hold the position as Commissioner of PT Hotel Indonesia Natour (Persero) (2011-2013) and of President Commissioner at PT Jasa Raharja (Persero) (2013-2015).

Name	Designation	Period	Education	Work Experience
R. Widyo Pramono	Member	11 October 2017 – 31 December 2017	Law degree from the State University in Solo, Surakarta in 1984, a master's degree Manajemendari STIE IPWI Jakarta in 2001, master of law from University of Gadjah Mada, Yogyakarta in 2007 and a doctorate in the field of criminal law University of Padjajaran, Bandung in 2012. Then, in 2015 he was confirmed as Professor of Criminal Law at Universitas Diponegoro.	He initiated his career at State Attorney South Jakarta as Administrative Staff (1986-1990), Attorney/Section Chairman of Pre Prosecution on Criminal Case (1990-1993), Attorney/section Chairman of Economic Crime on Criminal Case of Special Crime (1993-1995). Then, he served as Attorney/Section Chairman of Prosecution at Attorney General's Office in DKI Jakarta (1995), Section Chairman of Academic and Penjenjangan at the Pusdiklat Attorney RI (1995-1996), Attorney/Dir TPUL in Kasi Eksaminasi I in Kasubdit Ekseminasi (1996-1998), the KTU Pidum in Secretary Jam Pidum Attorney General of Republic Indonesia (1998-1999), military attaché of embassy in Thailand at the Attorney General of Indonesia Embassy in Bangkok, Thailand (1999-2003), Kajari Sukabumi in Attorney General's Office in West Java (2003-2005). Furthermore, he had a career in Young Attorney Coaching of General Attorney RI as Chairman of the Kahlu law firm (2005-2006), Special Assistant of Attorney General of RI (2006-2007) and as Chairman of the Public Bureau (2007-2008). He later had career in the Attorney General of RI as the Head of Attorney General's Office of Papua (2008-2009), Inspector Pidum On Jamwas (2009-2010), the head of Attorney General's Office of Central Java (2010-2011), Secretary of the Young Attorney General of General Crime (2011-2012), the expert staff of Attorney RI of General Crime (2012-2013), the young Attorney General Special Crime (2013-2015) and as a Young Attorney General Supervision (2015-August 2017).
Ridwan D. Ayub	Member	1 January 2017 – 31 December 2017	Bachelor degree in Social and Political Science from Universitas Katolik Parahyangan in 1985 and Master degree specialised in Financial Management from Universitas Mercu Buana in 2008	He used to hold the position of Deputy Head of Operational Risk Division of PT Bank Internasional Indonesia Tbk (2002-2005), Member of Risk Monitoring Committee of PT Bank Rakyat Indonesia (Persero) Tbk (2006-2014), and Member of Audit Committee of PT Bank Mandiri (Persero) Tbk (2014-2016).
Lista Irna	Member	1 January 2017 – 31 December 2017	Bachelor degree in Mining Engineering from Universitas Sriwijaya in 1990 and obtain Master of Business Administration degree from Swiss German University – Serpong Indonesia in 2005	National Head of Telemarketing, Shared Distribution Standard Chartered Bank (2006-2007), Credit Planning, MIS Reporting and QA Head, Credit - Consumer Banking (AVP) Standard Chartered Bank (February 2007 - August 2007), Head of Consumer Risk Credit Operation (VP) Standard Chartered Bank (2007-2010), Enterprise Risk and Policy Integrated Risk Bank Danamon Indonesia (2010-2014), Chief Credit Officer (CCO) Consumer and Mass Market Bank Danamon Indonesia (2014-2016).

Independence of Risk Monitoring Committee

All members of Risk Monitoring Committee who come from independent party have no financial, management, share ownership relationship and/or family relationship with the Board of Commissioners, Board of Directors and/or Controlling Shareholders or relationship with the Bank that can affect their abilities to act independently.

Table of Risk Monitoring Committee Independence

Independence Aspect	Abdul Aziz	Goei Siauw Hong	Wimboh Santoso	B.S. Kusmulyono	Ardan Adiperdana	R. Widyo Pramono	Ridwan D. Ayub	Lista Irna
Has no financial relationship with the Board of Commissioners and Board of Directors	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Not having relationship of management in the company, subsidiary, or affiliate companies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Not having a relationship of shares-holding in the company	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Has no family relationship with the Board of Commissioners, Board of Directors, and/or fellow Risk Monitoring Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Not serving as administrator of political parties and government officials	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Development of the Competency Risk Monitoring Committee

Development of the competency of Risk Monitoring Committee may be seen at the section of Company Profile sub chapter Risk Monitoring Committee Competency Development in this Annual Report.

Risk Monitoring Committee Meetings

Risk Monitoring Committee Meeting is convened at least once a month. Risk Monitoring Committee Meeting is deemed valid if attended by at least 51% (fifty-one percent) of the members including one Commissioner and Independent Party.

Agenda of Risk Monitoring Committee Meetings

Throughout 2017, the date of the meetings, Agenda of the meetings and the Attendees of the meetings of Risk Monitoring Committee are as follows.

Table of Agenda of Risk Monitoring Committee Meetings

No.	Meeting Date	Meeting Agenda	Meeting Participant
1.	Wednesday, 1 February 2017	1. Proposal of Change of Organization Structure of PT Bank Mandiri (Persero) Tbk. 2. Provision of New Credit Facility to Related Party.	1. Wimboh Santoso 2. Abdul Aziz 3. Aviliani 4. Goei Siauw Hong 5. B.S. Kusmulyono 6. Ardan Adipermana 7. Ridwan Ayub 8. Lista Irna
2.	Wednesday, 22 February 2017	Proposal for the Extension of Credit Facility Period and Additional Credit Facility to Related Party.	1. Wimboh Santoso 2. Abdul Aziz 3. Aviliani 4. Goei Siauw Hong 5. B.S. Kusmulyono 6. Ardan Adipermana 7. Ridwan Ayub 8. Lista Irna
3.	Wednesday, 8 March 2017	Proposal for the Increase of KMK Facility Ceiling to the Related Party.	1. Wimboh Santoso 2. Abdul Aziz 3. Aviliani 4. Goei Siauw Hong 5. B.S. Kusmulyono 6. Ridwan Ayub 7. Lista Irna

No.	Meeting Date	Meeting Agenda	Meeting Participant
4.	Wednesday, 22 March 2017	<ol style="list-style-type: none"> 1. Update the performance of Financial Institution Pension Fund (DPLK) and Proposal for the Appointment of KAP for the Year 2016. 2. Proposal for the Provision of Credit Facility. 	<ol style="list-style-type: none"> 1. Wimboh Santoso 2. Goei Siau Hong 3. B.S. Kusmulyono 4. Ardan Adipermana 5. Destri Damayanti 6. Ridwan Ayub 7. Lista Irna
5.	Wednesday, 5 April 2017	<ol style="list-style-type: none"> 1. Proposal for the Extension of Period and Additional Limit of Joint Financing Cooperation. 2. Update RBBR Term II Year 2016. 3. Proposal. 	<ol style="list-style-type: none"> 1. Wimboh Santoso 2. Goei Siau Hong 3. B.S. Kusmulyono 4. Ardan Adipermana 5. Makmur Keliat 6. Ridwan Ayub 7. Lista Irna
6.	Monday, 10 April 2017	<ol style="list-style-type: none"> 1. Amendment of the Articles of Association of PT Bank Mandiri (Persero) Tbk. 2. Transaction Plan. 	<ol style="list-style-type: none"> 1. Wimboh Santoso 2. Imam Apriyanto Putro 3. Askolani 4. Goei Siau Hong 5. B.S. Kusmulyono 6. Makmur Keliat 7. Ridwan Ayub 8. Lista Irna
7.	Wednesday, 26 April 2017	<ol style="list-style-type: none"> 1. Update on Handling of Telephone Verification in Consumer. 2. Proposal for the Sharpening of Organization Structure of Bank Mandiri. 	<ol style="list-style-type: none"> 1. Wimboh Santoso 2. Askolani 3. Goei Siau Hong 4. B.S. Kusmulyono 5. Makmur Keliat 6. Ridwan Ayub 7. Lista Irna
8.	Wednesday, 3 May 2017	Proposal for the Provision of Bank Mandiri Pension Fund Benefit 1 to 4 of the Year 2017.	<ol style="list-style-type: none"> 1. Wimboh Santoso 2. Askolani 3. Goei Siau Hong 4. B.S. Kusmulyono 5. Ardan Adipermana 6. Makmur Keliat 7. Ridwan Ayub 8. Lista Irna
9.	Wednesday, 10 May 2017	<ol style="list-style-type: none"> 1. Proposal for the Provision of Credit Facility. 2. Role and Function of Credit Portfolio Risk Group 	<ol style="list-style-type: none"> 1. Wimboh Santoso 2. Askolani 3. Goei Siau Hong 4. B.S. Kusmulyono 5. Ardan Adipermana 6. Makmur Keliat 7. Ridwan Ayub 8. Lista Irna
10.	Wednesday, 17 May 2017	Update Performance and Business Development.	<ol style="list-style-type: none"> 1. Wimboh Santoso 2. Imam Apriyanto Putro 3. Askolani 4. Goei Siau Hong 5. B.S. Kusmulyono 6. Makmur Keliat 7. Ridwan Ayub 8. Lista Irna
11.	Wednesday, 24 May 2017	Liquidity Position Trw I 2017 and Trading Position (Forex, MM, Bond Recap / SUN and its MTM, Derivatives).	<ol style="list-style-type: none"> 1. Wimboh Santoso 2. Goei Siau Hong 3. B.S. Kusmulyono 4. Ardan Adipermana 5. Makmur Keliat 6. Ridwan Ayub 7. Lista Irna

No.	Meeting Date	Meeting Agenda	Meeting Participant
12.	Wednesday, 31 May 2017	Update Performance and Business Development.	1. Goei Siau Hong 2. B.S. Kusmulyono 3. Makmur Keliat 4. Ridwan Ayub 5. Lista Irna
13.	Wednesday, 7 June 2017	Update on Business and Organization Development of Commercial Segment.	1. Goei Siau Hong 2. B.S. Kusmulyono 3. Ridwan Ayub 4. Lista Irna
14.	Wednesday, 14 June 2017	Proposal for KMK Facility Increase to Related Party.	1. Goei Siau Hong 2. B.S. Kusmulyono 3. Ridwan Ayub 4. Lista Irna
15.	Wednesday, 12 July 2017	Update on Business and Organization Development of Retail Banking Segment.	1. Goei Siau Hong 2. B.S. Kusmulyono 3. Ardan Adipermana 4. Makmur Keliat 5. Ridwan Ayub 6. Lista Irna
16.	Wednesday, 19 July 2017	Proposal for Capital Increase Plan.	1. Imam Apriyanto Putro 2. Goei Siau Hong 3. Ardan Adipermana 4. Makmur Keliat 5. Ridwan Ayub 6. Lista Irna
17.	Wednesday, 26 July 2017	1. Update on Organization Structure and IT Improvement (Security, Availability and Reliability). 2. Proposal to Provide Credit Facility.	1. Askolani 2. Goei Siau Hong 3. B.S. Kusmulyono 4. Ardan Adipermana 5. Makmur Keliat 6. Ridwan Ayub 7. Lista Irna
18.	Wednesday, 2 August 2017	1. Request for Approval for Additional Capital. 2. Request for Approval for Credit Facility.	1. Goei Siau Hong 2. B.S. Kusmulyono 3. Makmur Keliat 4. Ridwan Ayub 5. Lista Irna
19.	Wednesday, 9 August 2017	Discussion on Project Vulcan.	1. Goei Siau Hong 2. Ardan Adipermana 3. Makmur Keliat 4. Ridwan Ayub 5. Lista Irna
20.	Wednesday, 16 August 2017	1. Result of Consolidated RBBR Assessment of Term I Year 2017. 2. Proposal for the Provision of Investment Credit Facility to the Related Party.	1. Goei Siau Hong 2. B.S. Kusmulyono 3. Makmur Keliat 4. Ridwan Ayub 5. Lista Irna
21.	Wednesday, 30 August 2017	1. Update on Government Program and the Implementation in Bank Mandiri. 2. Update on the Resolution of Board of Directors Meeting regarding the Actions of the Board of Directors that must be approved by the Board of Commissioners and Serie A Dwiwarna Shareholders. 3. Proposal for the establishment of Subsidiary Company in Malaysia.	1. Hartadi A Sarwono 2. Goei Siau Hong 3. Ardan Adipermana 4. Makmur Keliat 5. R. Widyo Pramon 6. Ridwan Ayub 7. Lista Irna
22.	Wednesday, 6 September 2017	1. Outstanding Legal Cases 2. Proposal for the Provision of Credit Facility.	1. Hartadi A Sarwono 2. Askolani 3. Goei Siau Hong 4. B.S. Kusmulyono 5. Ardan Adipermana 6. Makmur Keliat 7. R. Widyo Pramon 8. Budi Sulistio 9. Ridwan Ayub 10. Lista Irna

No.	Meeting Date	Meeting Agenda	Meeting Participant
23.	Wednesday, 20 September 2017	Update Digital Banking and IT Planning	1. Hartadi A Sarwono 2. Goei Siau Hong 3. Makmur Keliat 4. R. Widyo Pramono 5. Budi Sulistio 6. Ridwan Ayub 7. Lista Irna
24.	Wednesday, 27 September 2017	Proposal for the Extension on Credit Line Facility.	1. Hartadi A Sarwon 2. Goei Siau Hong 3. B.S. Kusmulyono 4. Ardan Adipermana 5. R. Widyo Pramono 6. Budi Sulistio 7. Ridwan Ayub 8. Lista Irna
25.	Wednesday, 11 October 2017	Update on Financing for Government's Projects to State Owned Enterprises.	1. Hartadi A Sarwon 2. Goei Siau Hong 3. B.S. Kusmulyono 4. Ardan Adipermana 5. Makmur Keliat 6. R. Widyo Pramono 7. Budi Sulistio 8. Ridwan Ayub 9. Lista Irna
26.	Wednesday, 25 October 2017	Proposal of Validity Period Extension and Credit Facility Addition.	1. Hartadi A Sarwon 2. Goei Siau Hong 3. B.S. Kusmulyono 4. Ardan Adipermana 5. Makmur Keliat 6. R. Widyo Pramono 7. Budi Sulistio 8. Ridwan Ayub 9. Lista Irna
27.	Wednesday, 1 November 2017	1. Proposal of Credit Facility Provision. 2. Proposal of New Issuer Limit Provision.	1. Goei Siau Hong 2. B.S. Kusmulyono 3. Ardan Adipermana 4. Makmur Keliat 5. Budi Sulistio 6. Ridwan Ayub 7. Lista Irna
28.	Wednesday, 8 November 2017	1. Update Progress IT Improvement Plan. 2. Update CISO. 3. Performance Exposure of Subsidiaries managed by Subsidiaries Strategy & Management Group	1. Hartadi A Sarwon 2. Goei Siau Hong 3. B.S. Kusmulyono 4. Budi Sulistio 5. Ridwan Ayub 6. Lista Irna
29.	Wednesday, 15 November 2017	1. Update on Commercial & SME Banking Improvement 2. Proposal for Extension and Increase of Capital Credit Facility to Related Party.	1. Hartadi A Sarwon 2. Goei Siau Hong 3. B.S. Kusmulyono 4. Ardan Adipermana 5. Makmur Keliat 6. R. Widyo Pramono 7. Budi Sulistio 8. Ridwan Ayub 9. Lista Irna
30.	Wednesday, 22 November 2017	Update on Recovery Plan for Sistemik Bank	1. Hartadi A Sarwon 2. Goei Siau Hong 3. B.S. Kusmulyono 4. Ardan Adipermana 5. Makmur Keliat 6. R. Widyo Pramono 7. Budi Sulistio 8. Ridwan Ayub 9. Lista Irna

No.	Meeting Date	Meeting Agenda	Meeting Participant
31.	Wednesday, 29 November 2017	Update Top 20 High Risk Account Commercial Banking	1. Hartadi A Sarwon 2. Goei Siau Hong 3. B.S. Kusmulyono 4. Ardan Adipermana 5. Makmur Keliat 6. R. Widyo Pramono 7. Budi Sulistio 8. Ridwan Ayub 9. Lista Irna
32.	Wednesday, 06 December 2017	1. Proposal for Additional Limit, Change of Terms and Extension of the Facility. 2. Proposal for the Amendment of the Availability Period of the Facility.	1. Hartadi A Sarwon 2. Goei Siau Hong 3. B.S. Kusmulyono 4. Ardan Adipermana 5. Makmur Keliat 6. R. Widyo Pramono 7. Budi Sulistio 8. Ridwan Ayub 9. Lista Irna
33.	Wednesday, 13 December 2017	1. Proposal for Recovery Plan Approval. 2. Proposal for the Settlement of Abandoned Property through Action Sale and or Optimization through Cooperation with Other Companies/Parties.	1. Hartadi A Sarwon 2. Goei Siau Hong 3. Ardan Adipermana 4. Makmur Keliat 5. R. Widyo Pramono 6. Budi Sulistio 7. Ridwan Ayub 8. Lista Irna
34.	Wednesday, 20 December 2017	1. Proposal for the Approval of Facility.	1. Hartadi A Sarwon 2. Goei Siau Hong 3. Ardan Adipermana 4. Makmur Keliat 5. R. Widyo Pramono 6. Budi Sulistio 7. Ridwan Ayub 8. Lista Irna

Frequency and Attendance of Risk Monitoring Committee Meetings

Throughout 2017, Risk Monitoring Committee has convened 34 (thirty-four) meetings. As for the frequency and level of attendance of Risk Monitoring Committee meetings are as follows:

Table of Attendance of Risk Monitoring Committee Meetings

Name	Designation	Period	Number of Meetings	Total Attendance	Percentage
Abdul Aziz	Chairman concurrently as member	1 January 2017 – 14 March 2017	3	3	100%
Goei Siau Hong	Member	1 January 2017 – 25 May 2017	34	34	100%
	Chairman and member	26 May 2017 – 31 December 2017			
Wimboh Santoso	Member	1 January 2017 – 19 July 2017	16	11	69%
B.S. Kusmulyono	Member	1 January 2017 – 31 December 2017	34	28	82%
Ardan Adiperdana	Member	11 October 2017 – 31 December 2017	12	10	83%
R. Widyo Pramono	Member	11 October 2017 – 31 December 2017	12	10	83%
Ridwan D. Ayub	Member	1 January 2017 – 31 December 2017	34	34	100%
Lista Irna	Member	1 January 2017 – 31 December 2017	34	34	100%

Performance Assessment of Risk Monitoring Committee

Performance assessment of Risk Monitoring Committee was seen from the achievement of the Key Performance Indicator (KPI) of the Audit Committee in 2017. The achievement of KPI is as follows.

Table of Performance Assessment of Risk Monitoring Committee

No.	Key Performance Indicator (KPI)	Indicators Value (%)	Achievement Value (%)	Indicator Value x Achievement Value
1.	Realization Number of Committee meeting and Work Plan	30	100,00	30,00
2.	Assessment on attendance level and participation in the Meetings	20	100,00	20,00
3.	Submission of Review Outcome to the Board of Commissioners	20	95,00	19,00
4.	On-time Preparation and Submission of Committee Report	30	95,00	28,50
TOTAL		100		97,50

Remuneration of Risk Monitoring Committee

Remuneration of Risk Monitoring Committee who come from Non Commissioner Independent Party is stipulated in the Letter of the Board of Commissioners Number: KOM/113/2016

Table of Remuneration of Risk Monitoring Committee

No.	Description	Non-Commissioner Committee Members
1.	Salary/Honorarium	Maximum 20% of the President Director's salary
2.	Post-Employment Benefit	Not given
3.	Religious Holiday Allowance	In accordance with the terms of Bank Mandiri employees
4.	Bonus/Tantiem	Not eligible
5.	Facilities	
	a. Transportation Allowance	Not eligible
	b. Health	Not eligible
	Official Travel	In accordance with the employee provision/ equivalent of Group Head

Brief Report on Risk Monitoring Committee Activities In 2017

Throughout 2017, Risk Monitoring Committee has provided several recommendations or suggestions to the Board of Commissioners among others are as follows:

1. Proposal for approval for credit facility applications and provision of funds to Related parties, whether in the nature of extension, increase, amendments or new provision.
2. Proposal for approval for Recovery Plan of Bank Mandiri.
3. Review on financial performance achievement of Bank Mandiri quarterly.
4. Review on strategy and implementation of Non Performing Loan/ NPL management in Bank Mandiri.
5. Review on the implementation of risk management in Bank Mandiri.

Integrated Governance Committee

Financial Services Authority Regulation Number 18/POJK.03/2014 concerning the Implementation of Integrated Governance for Financial Services Institutions which Has Ownership and/ or Controlling Relationship. Therefore every Financial Services Institution incorporate in financial conglomerate has to implement integrated governance. In implementing integrated governance Bank Mandiri has established Integrated Governance Committee as supervisory to provide recommendations or advices in implementing the concerned policy.

The Integrated Governance Committee was established by the Board of Commissioners with the purpose to assist and facilitate the Board of Commissioners in performing its duties and functions to supervise the implementation of Governance to each Financial Services Institution (Lembaga Jasa Keuangan/LJK) within Financial

Conglomerate of Bank Mandiri to conform to the Integrated Governance Guidance; to supervise the implementation of the duties and functions of the Board of Directors of Bank Mandiri, and to provide directions or advices to the Board of Directors of Bank Mandiri regarding the implementation of Integrated Governance Guidance; and to evaluate the Integrated Governance Guidance and to provide directions in order to improve.

The Basis of the Establishment of Integrated Governance Committee

The establishment of Integrated Governance Committee is guided by and based on the applicable laws and regulations and best practices applicable in banking institutions in Indonesia, among others:

1. Financial Services Authority Regulation Number 18/POJK.03/2014 dated 18 November 2014 concerning Implementation of Integrated Governance for Financial Conglomerate.
2. Law Number 21 Year 2011 concerning Financial Services Authority;
3. Bank Indonesia Regulation Number 8/4/PBI/2006 dated 30 January 2006 concerning Good Corporate Governance Implementation for Commercial Banks; and Bank Indonesia Regulation Number 8/14/PBI/2006 dated 5 October 2006 concerning Amendment to Bank Indonesia Regulation Number 8/4/PBI/2006 concerning the Implementation of Good Corporate Governance for Commercial Banks.
4. Minister of State Owned Enterprises Regulation Number PER-09/MBU/2012 dated 6 July 2012 concerning the amendment to Minister of State Owned Enterprises Regulation Number PER-01/MBU/2011, concerning the Implementation of Good Corporate Governance in State Owned Enterprises.
5. Minister of State Owned Enterprises Regulation Number PER-12/MBU/2012, concerning Supporting Organs of the Board of Commissioners/Board of Supervisors of State Owned Enterprises.
6. Articles of Association of PT. Bank Mandiri (Persero) Tbk and the amendments.

Integrated Governance Committee Charter

In carrying out its duties and responsibilities, Integrated Governance Committee of Bank Mandiri has work guidelines adopted in 2016 pursuant to Decree Number KEP.KOM//004/2016 dated 19 October 2016. The work guidelines regulate matters concerning among others duties, authorities and responsibilities of the Committee and Committee meeting conventions.

Duties and Responsibilities of Integrated Governance Committee

Integrated Governance Committee has duties and responsibilities to:

1. Evaluate the implementation of Integrated Governance through the following assessment:
 - a. Adequacy of Integrated Internal Control
 - Performing evaluation whether Bank Mandiri and its Subsidiaries have had a standard integrated internal control system in accordance with the applicable best practice through studies on Integrated Governance Guidelines applicable in Bank Mandiri.
 - Performing monitoring and evaluation on the effectiveness of the implementation of integrated internal control through studies on Periodic Report and Examination Report issued by Integrated Internal Audit Unit.
 - Conducting periodic meeting with Integrated Internal Audit Unit to discuss on matters related to integrated internal control system and the implementation.
 - Performing monitoring and evaluation on the implementation of follow-ups by the Board of Directors of Bank Mandiri and its Subsidiaries on the findings from Integrated Internal Audit Unit, Public Accountant Office, and supervisory result of Financial Services Authority regarding the weakness of the system and implementation of integrated internal control.
 - Reporting periodically on the monitoring results and providing suggestions on matters related to integrated internal control which require the attention of the Board of Commissioners of Bank Mandiri and its Subsidiaries.
 - b. Implementation of Integrated Compliance Function
 - Performing monitoring and evaluation on the compliance of Bank Mandiri and its Subsidiaries to the applicable laws and regulations in Capital Market and the regulations of Financial Services Authority, Bank Indonesia and other regulations related to banking, insurance, securities and financing business through coordination with Integrated Compliance Unit.
 - Reviewing periodic reports and examination reports related to compliance to internal and external regulations issued by Integrated Compliance Unit and external auditor.
 - Conducting periodic meetings with Integrated Compliance Unit to discuss on matters related to the compliance of Bank Mandiri and its Subsidiaries to internal and external regulations.
 - Performing monitoring and evaluation on the implementation of follow-ups by the Board of Directors

of Bank Mandiri and its subsidiaries on the findings from Integrated Compliance Unit, Public Accountant Office and supervisory result of Financial Services Authority regarding the weakness of the system and implementation of integrated compliance function.

- Reporting periodically on monitoring result and providing suggestions on matters related to the compliance of Bank Mandiri and its Subsidiaries to internal and external regulation which require the attention of the Board of Commissioners of Bank Mandiri and its Subsidiaries.
- 2. Providing recommendations to the Board of Commissioners of Bank Mandiri to improve the Integrated Governance Guidelines.

The Authorities of the Integrated Governance Committee

The Integrated Governance Committee has the authority to perform the following matters:

1. To provide opinions to the Board of Commissioners of Bank Mandiri regarding the implementation of Integrated Governance through the assessment of adequacy of internal control and the implementation of integrated compliance function.
2. To conduct communications with the Integrated Compliance Unit and Integrated Internal Audit Unit to obtain information, clarifications and to request for necessary documents and reports.

Reporting of Integrated Governance Committee

Integrated Governance Committee must make a periodic report to the Board of Commissioners of Bank Mandiri regarding the activities of the Integrated Governance Committee, at least once in 6 (six) months. Integrated Governance Committee must make a report to

the Board of Commissioners of Bank Mandiri on any given assignment and or for any issues identified to require the concern of the Board of Commissioners.

Structure, Membership and Expertise of Integrated Governance Committee

Membership of Integrated Governance Committee at least consist of:

1. An Independent Commissioner who holds the position of Chairman of one of the Committees in Bank Mandiri, as chairman and member.
2. Independent Commissioner who represents and is appointed by Subsidiaries and Financial Conglomerate, as member.
3. An Independent party, as member.
4. Member of Sharia Supervisory Board from Bank Syariah Mandiri, as member.

The Number and composition of Independent Commissioners becoming members of Integrated Governance Committee are adjusted according to the requirements of Financial Conglomerate and efficiency and effectiveness of the implementation of the duties of Integrated Governance Committee with due regard to at least representation of each sector of financial services.

The period of the Integrated Governance Committee Member's duties from a member of the Board of Commissioners shall not be longer than the term of office of the Board of Commissioners and may be re-appointed for only one (1) subsequent period.

The structure, membership and expertise of the committee are as follows.

Period of 1 January 2017 - 25 May 2017

The composition of members of Integrated Governance Committee for the period of 1 January 2017 - 25 May 2017 has been appointed by the Board of Commissioners and authorized under Decree of the Board of Directors Number KEP.DIR/377/2016 date 20 October 2016, as follows:

No.	Name	Designation	Remarks	Expertise
1.	Abdul Aziz*	Chairman concurrently as member	Independent Commissioner	Independent Commissioner
2.	Goei Siau Hong	Vice Chairman concurrently as Member	Independent Commissioner	Independent Commissioner
3.	Imam Apriyanto Putro	Member	Vice President Commissioner	Vice President Commissioner
4.	Aviliani*	Member	Independent Commissioner	Independent Commissioner
5.	Bangun Sarwito Kusmulyono	Member	Independent Commissioner	Independent Commissioner
6.	Ridwan D. Ayub	Member	Non Commissioner Independent Party	Non Commissioner Independent Party
7.	Edhi Chrystanto	Member	Independent Commissioner of PT Bank Mandiri Taspen Pos	Independent Commissioner of PT Bank Mandiri Taspen Pos
8.	Frans A. Wiyono	Member	Independent Commissioner of PT Mandiri AXA General Insurance	Independent Commissioner of PT Mandiri AXA General Insurance

No.	Name	Designation	Remarks	Expertise
9.	D. Cyril Noerhadi	Member	Independent Commissioner of PT Mandiri Sekuritas	Independent Commissioner of PT Mandiri Sekuritas
10.	Wihana Kirana Jaya	Member	Independent Commissioner of PT AXA Mandiri Financial Services	Independent Commissioner of PT AXA Mandiri Financial Services
11.	Hanifah Purnama**	Member	Independent Commissioner of PT Mandiri Tunas Finance	Independent Commissioner of PT Mandiri Tunas Finance
12.	Nizar Yamanie***	Member	Independent Commissioner of PT Asuransi Jiwa Inhealth Indonesia	Independent Commissioner of PT Asuransi Jiwa Inhealth Indonesia
13.	M. Syafii Antonio	Member	Sharia Supervisory Board of PT Bank Syariah Mandiri	Sharia Supervisory Board of PT Bank Syariah Mandiri
14.	Ramzi A. Zuhdi	Member	Independent Commissioner of PT Bank Syariah Mandiri	Independent Commissioner of PT Bank Syariah Mandiri

Remarks:

Term of office of Mr. Abdul Aziz and Ms. Aviliani ended on 14 March 2017

**Term of office of Mr. Hanifah Purnama ended on 10 April 2017.

***Term of office of Mr. Nizar Yamanie ended on 24 July 2017.

Period of 26 May 2017 - 10 October 2017

The composition of members of Integrated Governance Committee for the period of 26 May 2017 - 10 October 2017 has been appointed by the Board of Commissioners and authorized under Decree of the Board of Directors Number KEP.DIR/377/2017 date 26 May 2017, as follows:

No.	Name	Designation	Remarks	Expertise
1.	Goei Siau Hong	Chairman concurrently as member	Independent Commissioner	Finance, Banking
2.	Imam Apriyanto Putro	Member	Vice President Commissioner	Governance.
3.	Bangun Sarwito Kusmulyono	Member	Independent Commissioner	Banking
4.	Ridwan D. Ayub	Member	Non Commissioner Independent Party	Finance, Management
5.	Edhi Chrystanto	Member	Independent Commissioner of PT Bank Mandiri Taspen Pos	Economy, Business
6.	Frans A. Wiyono	Member	Independent Commissioner of PT Mandiri AXA General Insurance	Insurance Education
7.	D. Cyril Noerhadi	Member	Independent Commissioner of PT Mandiri Sekuritas	Strategic Management
8.	Wihana Kirana Jaya	Member	Independent Commissioner of PT AXA Mandiri Financial Services	Economy
9.	Ravik Karsidi*	Member	Independent Commissioner of PT Mandiri Tunas Finance	Rural Sociology
10.	Ali Ghufon Mukti**	Member	Independent Commissioner of PT Asuransi Jiwa Inhealth Indonesia	Medicine
11.	M. Syafii Antonio	Member	Sharia Supervisory Board of PT Bank Syariah Mandiri	Sharia Economy
12.	Ramzi A. Zuhdi	Member	Independent Commissioner of PT Bank Syariah Mandiri	Accounting, Sharia Banking

Remarks:

*The appointment of Mr. Ravik Kasidi as Integrated Governance Committee member on 25 August 2017

**The appointment of Mr. Ali Ghufon as Integrated Governance Committee member on 24 July 2017

Period of 11 October 2017 - 31 December 2017

The composition of Integrated Governance Committee members for the period of 11 October 2017 - 31 December 2017 has been appointed by the Board of Commissioners and authorized under Decree of the Board of Directors Number KEP.DIR/377/2017 date 11 October 2017, as follows:

No.	Name	Designation	Remarks	Expertise
1.	Goei Siau Hong	Chairman concurrently as member	Independent Commissioner	Finance, Banking
2.	Imam ApriyantoPutro	Member	Vice President Commissioner	Governance.
3.	Bangun Sarwito Kusmulyono	Member	Independent Commissioner	Banking
4.	Ridwan D. Ayub	Member	Non Commissioner Independent Party	Finance, Management
5.	Edhi Chrystanto	Member	Independent Commissioner of PT Bank Mandiri Taspen Pos	Economy, Business
6.	Frans A. Wiyono	Member	Independent Commissioner of PT Mandiri AXA General Insurance	Insurance Education
7.	D. Cyril Noerhadi	Member	Independent Commissioner of PT Mandiri Sekuritas	Strategic Management
8.	Wihana Kirana Jaya	Member	Independent Commissioner of PT AXA Mandiri Financial Services	Economy
9.	Ravik Karsidi*	Member	Independent Commissioner of PT Mandiri Tunas Finance	Rural Sociology
10.	Ali Ghufon Mukti**	Member	Independent Commissioner of PT Asuransi Jiwa Inhealth Indonesia	Medicine
11.	M. Syafii Antonio	Member	Sharia Supervisory Board of PT Bank Syariah Mandiri	Sharia Economy
12.	Ramzi A. Zuhdi	Member	Independent Commissioner of PT Bank Syariah Mandiri	Accounting, Sharia Banking

*The appointment of Mr. Ravik Kasidi as Integrated Governance Committee member on 25 August 2017

**The appointment of Mr. Ali Ghufon as Integrated Governance Committee member on 24 July 2017

Profiles of Integrated Governance Committee

The following are the profiles of Members of Integrated Governance Committee as of 31 December 2017



Goei Siauw Hong

Chairman concurrently Members of Integrated Governance Committee

Profiles can be seen in the Board of Commissioners' Profile section



Bangun Sarwito Kusmulyono

Member of Integrated Governance Committee

Profiles can be seen in the Board of Commissioners' Profile section



Imam Apriyanto Putro

Member of Integrated Governance Committee

Profiles can be seen in the Board of Commissioners' Profile section



Ridwan D. Ayub

Member of Integrated Governance Committee

Profiles can be seen in the Board of Commissioners' Profile section



Edhi Chrystanto

Member of Integrated Governance Committee

Age: 59 Years old. Domicile: Jakarta.
Date of Appointment: May 15, 2015
Educational background:

- Bachelor degree in Economics from Diponegoro University in 1983.
- Master's degree in Master of Business Administration (MBA) from University of Colorado at Denver in 1993.

Employment history:

- Head of Corporate Credit System and Procedures Division of Bank Dagang Negara (BDN). Branch Head Jakarta Jatinegara BDN to become Relationship Manager BDN (1994-1999)
- Head of Branch of Bank Mandiri Soekarno-Hatta Airport Cargo (1999).
- Head of Branch of Bank Mandiri Jakarta Tomang (2003).
- Branch Head of Bank Mandiri Jakarta Kebon Sirih, Gambir, Imam Bonjol and Thamrin (2005-2007).
- Head of Regional Office X Makassar Bank Mandiri (2010). Head of Regional Office of Bank Mandiri Jakarta Sudirman.
- Commissioner at Bank Mandiri Taspen in 2015.



Wihana Kirana Jaya

Member of the Integrated Governance Committee

Age: 59 Years old. Domicile: Jakarta
Appointment Date: April 22, 2015
Educational background:

- Bachelor Degree in Economics from Universitas Gadjah Mada (UGM) (1983).
- Master (S2) of Social Sciences from the University of Birmingham, UK (1990).
- Doctoral (PhD) Philosophy from Monash University, Australia (2008).
- Professor of Economics from Gadjah Mada University (2010).

Employment history:

- Special Staff of Minister for Economic Affairs and Investment of Transportation, Ministry of Transportation (2016-present).
- Dean of Faculty of Economics and Business Universitas Gadjah Mada (2013-2016).
- Assistant and Resource Personnel Minister of Finance Fiscal Decentralization, Ministry of Finance (2012-2014).
- Decentralization Authority Consultant, DSF (Decentralization Support Facility), World Bank (2011-2015).



Frans A. Wiyono

Member of the Integrated Governance Committee

Age: 65 Years

Domicile: Bekasi

Date of Appointment: January 30, 2015

Educational background:

- Bachelor degree in STF Driyarkara Jakarta in 1977
- Bachelor Degree at IKIP Sanata Dharma Yogyakarta in 1982
- Insurance education at Glasgow Collage of Technology, Glasgow, Scotland 1986-1988.

Employment history:

- Operational Director of PT Beringin Sejahtera Makmur (1989).
- Technical Director of PT Asuransi Bringin Sejahtera Artamakmur (1990-1998 and 2003-2006).
- Technical Director of PT Asuransi Ramayana, Tbk (1998-2003).
- President Director of PT Asuransi Indrapura (2006-2007).
- Commissioner of PT Beringin Sejahtera Artamakmur (1998-2003).
- Commissioner of PT Asuransi Ramayana Tbk (2008-2011).
- Independent Commissioner of PT Reasuransi International Indonesia (2011-present)
- Independent Commissioner of PT Mandiri AXA General Insurance since 2011



D. Cyril Noerhadi

Member of the Integrated Governance Committee

Age: 57 Years

Domicile: Jakarta

Date of Appointment: October 23, 2017

Educational background:

- Bachelor degree in Geological Engineering from Bandung Institute of Technology (ITB).
- MBA in Finance and Economics from the University of Houston, USA.
- Doctorate in Strategic Management from University of Indonesia.

Employment history:

- Group chief financial officer (CFO) and Managing Director of Medco Energi Internasional (2005-2011).
- Partner at Pricewaterhouse Coopers Corporate Finance (1999-2005).
- President Director of Jakarta Stock Exchange (1996-1999).
- President Director of Securities Deposit Clearing Indonesia (1993-1996).
- Executive Director of Danareksa (1991-1993).
- Commissioner of Mandiri Sekuritas from October 16, 2012
- President Director of PT Creador, affiliated Creador LLC established in September 2011, a private equity company investing in Indonesia, Malaysia and India.
- Commissioner at PT Medikaloka Hermina since 2017
- Independent Commissioner of PT Austrindo Nusantara Jaya since 2017
- Independent Commissioner of PT Mandiri Sekuritas since 16 October 2012.



Ramzi A. Zuhdi

Member of the Integrated Governance Committee

Age: 65 Years

Domicile: Jakarta

Appointment Date: October 30, 2017

Educational background:

- A graduate of Gadjah Mada University in 1979.
- Master Degree at Iowa State University in 1989.

Employment history:

- Career at Bank Indonesia since 1980-2010.
- He served as Director of DPbS Bank Indonesia (2007-2010).
- Finance Director of PT Mekar Prana Indah (2010).
- Currently an Risk Management assistant at Bank Indonesia Profession Certification Institute (LSPP)
- Lecturer of Graduate University of Indonesia.
- Independent Commissioner of PT Bank Syariah Mandiri since 2010.



Prof. DR. H. Muhammad. Syafii Antonio M.Ec.

Member of the Integrated Governance Committee

Age: 50 years

Domicile: Jakarta

Date of Appointment: October 30, 2017

Educational background:

- S1 in Sharia and Islamic Law from University of Jordan.
- Master in International Economic University Islamic University (IIU) Malaysia in 1992.
- Obtained his PhD degree in Micro Finance from University of Melbourne Australia in 2004.
- Member of Sharia Supervisory Board of Bank Syariah Mandiri
- Committee of Sharia Banking Development Experts at Bank Indonesia
- Member of Daily Board of the National Sharia Board MUI
- Rector of Tazkia University College of Islamic Economics.
- Global Shariah Advisor in Dubai
- The Committee of Experts on Syariah Banking Kuala Lumpur and Bank Indonesia
- In 2010 was appointed President of RI as Member of National Economic Committee
- Year 2016 become National Economic and Industry Committee.



Ali Ghufon Mukti

Member of the Integrated Governance Committee

Age: 55 Years

Domicile: Jakarta

Date of Appointment: July 24, 2017

Educational background:

- Bachelor of Medicine from the Faculty of Medicine, University of Gadjah Mada in 1986
- Obtained his Ph.D. from Faculty of Medicine, University of Newcastle, Australia, in 2000.

Employment history:

- Director General of Science and Technology Resources and Higher Education (2015 - present).
- President Commissioner of Inhealth (2012-2015)
- Independent Commissioner of PT Asuransi Jiwa Inhealth Indonesia in 2017.



Ravik Karsidi

Member of the Integrated Governance Committee

Age: 60 Years

Domicile: Solo

Date of Appointment: August 25, 2017

Educational background:

- Bachelor of FIP Education Department at Sebelas Maret State University, Surakarta in 1980.
- Master of Science Study Program of Rural Sociology for Development Studies, from the Bogor Agricultural Institute (IPB), Bogor 1994
- Doctoral Program of Extension Science Study of Bogor Agricultural University (IPB), Bogor (Cumlaude) development in 1999.

Employment history:

- Vice Rector I Academic Affairs UNS, Surakarta.
- Currently also serves as the National Jury of Students and Lecturers of Achievement of Directorate General of Higher Education Kemendikbud (2004-present)
- National Jury of Student Scientific Work Competition, Directorate General of Higher Education Kemendikbud (2002-present), Assessor of Study Program and Institution of Higher Education in BANPT (National Accreditation Board of Higher Education) (2003-present)
- Lecturer of Postgraduate Program of UNS (S2 on Communication Science Program, S2 / S3 Science of Development / Management of Community Development, and S2 of PKLH Program, Master of Cultural Studies, S2 Master of Management, Doctoral of Education, Doctor of Economics) (2001-present)
- Faculty of Education Department of FKIP UNS (1981-present).
- Independent Commissioner and Chairman of Audit Committee of PT Mandiri Tunas Finance since April 2017. Rector of Sebelas Maret University (2011 - present)

Educational Qualification And Work Experience Of Integrated Governance Committee

Conditions for Integrated Governance Committee are among others:

1. Members of Integrated Governance Committee have to have high integrity, good characters and morals, and the ability, knowledge and adequate experiences in accordance with the educational background and the ability to communicate well.
2. Have sufficient knowledge on good corporate governance.
3. Have adequate knowledge on Capital Market laws and regulations and regulations related with banking, insurance, securities and financing business.

Table of Educational Qualification and Work Experience of Integrated Governance Committee

Name	Designation	Period	Education	Work Experience
Abdul Aziz	Chairman concurrently as member	1 January 2017 – 14 March 2017	A Bachelor in Fisheries/ Social Economics from Institut Pertanian Bogor in 1987 and a Master in the field of strategic management from Institut Pendidikan dan Pengembangan Manajemen in 1993.	His career began in 1987 while serving as staff at PT Aquatic Konsultan (1987-1988) and continued as Marketing at T Pusat Pengembangan Agribisnis (1988-1990), Business Developer at Majalah Ulumul Qur'an (1990-1993), Manager at PT Pasarini Padibumi (1993-1997), Commissioner at PT Panca Nugraha Paramitra (1997-2005), Commissioner at PT PLN (Persero) (2009-2013), President Director at PT Sarana Jasa Utama (2005-2015), and Non-Independent Commissioner at Bank Mandiri (2013-2015).
Goei Siau Hong	Vice Chairman and Member	1 January 2017 – 25 May 2017 26 May 2017 – 31 December 2017	Bachelor's Degree in Agronomy from Institut Pertanian Bogor in 1988 and Master of Business Administration (MBA) in Business, Finance and Marketing from Indiana University, Bloomington USA in 1993.	He initiated his career as a System Analyst in the Astra Graphia (1988-1991), Equity Analyst and Senior Equity Analyst at WI Carr Indonesia (1993-1995), the Deputy Head of the Research and the Head of Research at CLSA Indonesia (1995-1996), Head of research at SocGen Crosby (1996-1998), Vice President of Research at Nomura Singapore (1998-1999), Head of Research at Nomura Indonesia (1999-2001) and as a Member of the Risk Monitoring Committee of Bank Permata (2006-2010).
Imam Apriyanto Putro	Chairman and member	1 January 2017 – 31 December 2017	Bachelor of Economics Management field from Diponegoro University, Semarang, in the year 1988 and Master degree Management from School High Economic Science IBII, Jakarta, in 2000.	He initiated his career as Caretaker. Head of Analyst Section in Funding and Resources at the Ministry of State-Owned Enterprise (1993-2010), Commissioner of PT Permodalan Nasional Madani (Persero) (2007-2011), Assistant of Research and Information Departments at the Ministry of State-Owned Enterprise (2010-2012), Commissioner of PT Petrokimia Gresik (Persero) (2011-2012), Commissioner of PT Bukit Asam (Persero) Tbk (2011-2013), Head of Planning and Human Capital Bureau at the Ministry of State-Owned Enterprise (2012-2013), Plh. Deputy of Infrastructure and Logistics Businesses at the Ministry of State-Owned Enterprise (2013), Commissioner of PT Semen Indonesia (Persero) Tbk (2013-2014), Secretary to the Ministry of State-Owned Enterprise (2013 – present), Commissioner of PT Telekomunikasi Indonesia (Persero) Tbk (2014-2015).
Aviliani	Member	1 January 2017 – 14 March 2017	Bachelor of Economic Management from Universitas Atma Jaya in 1985, Master of Management in Social and Political Sciences from Universitas Indonesia in 1995, and Doctor of Business Management from Institut Pertanian Bogor in 2012.	Served as Vice-President for Development at INDEF (1997-1999), Vice-Director for Research and Devotion in Perbanas (1997-1999), Associate Chair (PUREKII) in Perbanas (2000-2002), Chairperson of Department at Universitas Paramadina (2002-2005), Independent Commissioner of PT BRI (Tbk) (2005-2014), Secretary of the National Economic Committee (KEN) (2010-2014), Deputy Secretaries of Acceleration and Expansion of Indonesia Development Committee (KP3EI) (2012-2014).

Name	Designation	Period	Education	Work Experience
Bangun Sarwito Kusmulyono	Member	1 January 2017 – 31 December 2017	Bachelor of Chemical Engineering from Institut Teknologi Bandung in 1970, Master of Business Administration from the University of Southern California, Los Angeles, USA in 1974 and Doctor of Environmental Management from Institut Pertanian Bogor in 2007.	He initiated his career as a Managing Staff in the Investment Coordinating Board (BKPM) (1970-1972), then he worked at Chase Manhattan Bank (in New York and Hong Kong), Fincorinvest, and the Asian Development Bank from 1962 to 1985. He served as President Director of Bank Nusa International (1988-1998), the national resilience Institute KSA V (1995). He also worked as Member of Board of Commissioner at Maybank Nusa (1990-1997) and Member of Board of Commissioner at Bank Niaga (1998-1999). In 1999 to 2005 he worked as President Director at Permodalan Nasional Madani (PNM) and as Member of Board of Commissioner at Syarikat Takaful Indonesia. Prior to his position as Commissioner of Bank Mandiri, he held the position as Independent Commissioner of Bank Rakyat Indonesia (BRI) (2005-2010) and Independent Commissioner of Bank Negara Indonesia (BNI) (2010-2015).
Ridwan D. Ayub	Member	1 January 2017 – 31 December 2017	Bachelor degree in Social and Political Science from Universitas Katolik Parahyangan in 1985 and Master degree specialized in Financial Management from Universitas Mercu Buana in 2008	He used to hold the position of Vice Head of Operational Risk Division of PT Bank Internasional Indonesia Tbk (2002-2005), Member of Risk Monitoring Committee of PT Bank Rakyat Indonesia (Persero) Tbk (2006-2014), and Member of Audit Committee of PT Bank Mandiri (Persero) Tbk (2014-2016).
Edhi Chrystanto	Member	1 January 2017 – 31 December 2017	Bachelor's Degree at STF Driyarkara Jakarta in 1977, Bachelor's Degree at IKIP Sanata Dharma Yogyakarta in 1982 and an insurance course at Glasgow Collage of Technology, Glasgow, Scotland 1986-1988.	Head of Corporate Credit System and Procedure at Bank Dagang Negara (BDN), Head of BDN Jakarta Jatinegara Branch and subsequently as Relationship Manager BDN (1994-1999); Head of Bank Mandiri Cargo Soekarno-Hatta Airport Branch (1999); Head of Bank Mandiri Jakarta Tomang Branch (2003); Head of Bank Mandiri Jakarta Kebon Sirih, Gambir, Imam Bonjol, and Thamrin Branches (2005-2007); Head of Bank Mandiri Regional Office X (2010); Head of Bank Mandiri Regional Office V Jakarta Sudirman; and subsequently as a Commissioner at Bank Mandiri Taspen Pos since 2015.
Frans A. Wiyono	Member	1 January 2017 – 31 December 2017	Young bachelor at STF Driyarkara Jakarta year 1977, Bachelor Degree in IKIP Sanata Dharma Yogyakarta in 1982 and insurance education at Glasgow Collage of Technology, Glasgow, Scotland in 1986-1988.	He served as Director of Operations of PT Beringin Sejahtera Makmur (1989), Technical Director of PT Asuransi Bringin Sejahtera Artamakmur (1990-1998 and 2003-2006), Technical Director of PT Asuransi Ramayana, Tbk (1998-2003), President Director of PT Asuransi Indrapura (2006-2007), Commissioner of PT Beringin Sejahtera Artamakmur (1998-2003) and Commissioner of PT Asuransi Ramayana Tbk (2008-2011). Currently he is an Independent Commissioner of PT Reasuransi International Indonesia and has been an Independent Commissioner of PT Mandiri AXA General Insurance since 2011.

Name	Designation	Period	Education	Work Experience
D. Cyril Noerhadi	Member	1 January 2017 – 31 December 2017	Bachelor of Geological Engineering from Institut Teknologi Bandung (ITB). MBA in Finance and Economics from the University of Houston, USA and Doctorate in Strategic Management from Universitas Indonesia.	He served as Group Chief Financial Officer (CFO) and Managing Director of Medco Energi Internasional (2005-2011), a partner at Pricewaterhouse Coopers Corporate Finance (1999-2005), President Director of Jakarta Stock Exchange (1996-1999), President Director of Kliring Deposit Efek Indonesia (1993-1996), and Executive Director of Danareksa (1991-1993). Appointed as Commissioner of Mandiri Sekuritas since 16 October 2012.
Wihana Kirana Jaya	Member	1 January 2017 – 31 December 2017	Bachelor of Economics from Universitas Gadjah Mada (UGM) (1983), Master of Social Sciences from the University of Birmingham, UK (1990), Doctor of Philosophy from Monash University, Australia (2008) and earned Professor of Economics from Universitas Gadjah Mada (2010).	He currently serves as Special Staff of Minister for Economic Affairs and Investment of Transportation, Ministry of Transportation (2016-present). He is active in teaching and conducting research, some of his professional experiences include: Dean of Faculty of Economics and Business Universitas Gadjah Mada (2013-2016), Assistant and Resource Personnel Minister of Finance Fiscal Decentralization, Ministry of Finance (2012-2014) and Authority Decentralization Consultant, DSF (Decentralization Support Facility), World Bank (2011-2015).
Hanifah Purnama	Member	1 January 2017 – 10 April 2017	Graduated from the University of Southern California, Los Angeles, with a Bachelor of Science in Electrical Engineering, in 1984 and a Master of Business Administration from the California State Polytechnic University, Pomona, in 1987, both in the United States.	He served as General Manager of PT International Master Plan Development (2009-2011), Independent Commissioner of PT Tunas Finansindo Sarana (2005-2008), Vice President of Treasury Operations of HSBC Indonesia Management Office (2002-2003), Operations and Credit Manager of PT HSBC Securities Indonesia (2000-2001), Director of Operations and Finance of PT Kharisma Bank (1991-1998), General Manager of PT Tritunggal Duta Perkasa (1990), Cost Analyst Electronic Plating Service, Inc. (1988-1989), in Gardena, USA.
Nizar Yamanie	Member	1 January 2017 – 24 July 2017	He earned his doctorate degree from Universitas Airlangga, Surabaya (1982), and completed specialist education in neurology at Universitas Indonesia, Jakarta (1992).	Currently, he is also a Commissioner of Sanglah Hospital General Hospital (RSUP), Denpasar, Bali (since 2011) and Chief of Medicine at Brain Center Hospital (since 2014). He also served as Commissioner of PT Bio Farma (Persero).
M. Syafii Antonio	Member	1 January 2017 – 31 December 2017	He earned his PhD in Micro Finance from the University of Melbourne, Australia in 2004. Master's Degree in Economics from International Islamic University (IIU) Malaysia in 1992. Bachelor of Sharia and Islamic Law from the University of Jordan.	Prior to his position as Member of the Sharia Supervisory Board of BSM, he served as the Committee of Experts on Sharia Banking Development at Bank Indonesia, the Board of Executive in the National Sharia Board of MUI and Rector of Tazkia University College of Islamic Economics. He has also served as a Global Shariah Advisor in Dubai, the Committee of Experts on Syariah Banking in Kuala Lumpur and Bank Indonesia. In 2010, he was appointed by the President of the Republic of Indonesia as a Member of National Economic Committee and in 2016, he was appointed to be National Economic and Industrial Committee.
Ramzi A. Zuhdi	Member	1 January 2017 – 31 December 2017	Graduated from Universitas Gadjah Mada in 1979 and achieved Master's Degree at Iowa State University in 1989.	He worked at Bank Indonesia in 1980-2010. He served as Director of DPbS Bank Indonesia (2007-2010), and Finance Director of PT Mekar Prana Indah (2010). He is currently also a Risk Management Assessor at the Indonesian Banking Professional Certification Agency (LSPP) Indonesia and a Graduate Lecturer at Universitas Indonesia. Appointed as Independent Commissioner of PT Bank Syariah Mandiri since 2010.

Name	Designation	Period	Education	Work Experience
Ravik Karsidi	Member	25 August 2017 – 31 December 2017	Bachelor of Department of Educational Sciences in Faculty of Education at Universitas Negeri Sebelas Maret, Surakarta in 1980, Master Program of Science in Rural Sociology for Development Studies, from Institut Pertanian Bogor (IPB), Bogor 1994 & Doctoral Program of Development Extension Science at Institut Pertanian Bogor (IPB), Bogor (Cumlaude) in 1999.	He previously served as Vice Rector I of UNS Academic Affairs, Surakarta. Currently, he also serves as a National Jury of Outstanding Students and Lecturers in Directorate General of Higher Education, Ministry of Education and Culture (2004-present), as a National Jury of Student Scientific Work Competition in Directorate General of Higher Education, Ministry of Education and Culture (2002-present), Assessor of Study Program and Institution of Higher Education in BANPT (National Accreditation Board of Higher Education) (2003-present), Lecturer of UNS Postgraduate Program (Master of Communication Science, Master/Doctor of Science Development Counseling/Community Development Management, and Master of PKLH Study Program, Master of Cultural Studies, Master of Management, Doctor of Education, Doctor of Economics) (2001-present). Lecturer of Department of Educational Sciences FKIP UNS (1981-present). Appointed as Independent Commissioner and Chairman of Audit Committee of PT Mandiri Tunas Finance since April 2017.
Ali Ghufron Mukti	Member	24 July 2017 – 31 December 2017	Bachelor of Medicine from the Faculty of Medicine, Universitas Gadjah Mada in 1986 and obtained his Ph.D. From the Faculty of Medicine, University of Newcastle, Australia, in 2000.	Since 2015 until now, he has been Director General of Science and Technology Resources and Higher Education. He also served as President Commissioner of Inhealth for two years, from 2012 to 2015. Appointed as Independent Commissioner of PT Asuransi Jiwa Inhealth Indonesia in 2017.

Independency Of Integrated Governance Committee

Members of Integrated Governance Committee have no shares in Bank Mandiri and its Subsidiaries, either directly or indirectly, have no affiliation relationship with Bank Mandiri, its Subsidiaries, Members of the Board of Commissioners and/or Subsidiaries, Members of the Board of Directors and/or Subsidiaries and main shareholders of Bank Mandiri and/or Subsidiaries and have no business relationship either directly or indirectly with Bank Mandiri and its Subsidiaries.

Table of Independency of Integrated Governance Committee

Independence Aspect	Abdul Aziz	Goei Siau Hong	Aviliani	B.S. Kusmulyono	Imam Apriyanto Putro	Askolani	Makmur Keliat
Has no financial relationship with the Board of Commissioners and Board of Directors	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Not having relationship of management in the company, subsidiary, or affiliate companies	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Not having a relationship of shares-holding in the company	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Has no family relationship with the Board of Commissioners, Board of Directors, and/or fellow Integrated Governance Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Not serving as administrator of political parties and government officials	Yes	Yes	Yes	Yes	Yes	Yes	Yes

The Development of the Competency of Integrated Governance Committee

The development of competency of Integrated Governance Committee can be seen in the section of Company Profile sub chapter Development of Competency of Integrated Governance Committee herein.

Integrated Governance Committee Meeting

Integrated Governance Committee meeting is convened at least once 6 in (six) months. Integrated Governance Committee meeting is deemed to be valid if attended by at least 51% (fifty-one percent) of total members including one Independent Commissioner of Bank Mandiri and Independent Party.

Agenda of Integrated Governance Committee Meeting

Throughout 2017, the date of the meetings, the Agenda of the meetings and the Attendance of the Integrated Governance Committee meetings are as follows.

Table of Agenda of Integrated Governance Committee Meetings

No.	Meeting Date	Meeting Agenda	Meeting Participant
1.	16 August 2017	<ol style="list-style-type: none"> 1. Role and Function of Subsidiaries Management Group. 2. Update on the Implementation of the Function of Integrated Internal Audit Unit. 3. Result of Consolidated RBBR Assessment of Term I Year 2017 	<ol style="list-style-type: none"> 1. Imam Apriyanto Putro 2. Goei Siau Hong 3. Bangun Sarwito Kusmulyono 4. Ridwan D. Ayub 5. Edhi Chrystanto 6. Frans A. Wiyono 7. D. Cyril Noerhadi 8. Wihana Kirana Jaya 9. Ravik Karsidi 10. Ali Gufron Mukti 11. M. Syafii Antonio 12. Ramzi A. Zuhdi

Ridwan D. Ayub	Edhi Chrystanto	Frans A. Wiyono	D. Cyril Noerhadi	Wihana Kirana Jaya	Hanifah Purnama	Ravik Karsidi	Nizar Yamanie	Ali Ghufon Mukti	Ramzi A. Zuhdi	M. Syafii Antonio
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

No.	Meeting Date	Meeting Agenda	Meeting Participant
2.	20 December 2017	<ol style="list-style-type: none"> Update on the Result of Financial Services Authority On Site Review on the Implementation of Integrated Governance of Group Mandiri. Report on the Implementation of the Function of Integrated Internal Audit Unit in 2017. 	<ol style="list-style-type: none"> Askolani Goei Siau Hong Makmur Keliat Ridwan D. Ayub Edhi Chrystanto Frans A. Wiyono D. Cyril Noerhadi Wihana Kirana Jaya Ravik Karsidi Ali Ghufon Mukti M. Syafii Antonio Ramzi A. Zuhdi

Frequency and Attendance of Integrated Governance Committee Meetings

Table of Attendance of Integrated Governance Committee Meeting

Name	Designation	Total Number of Meetings	Total Attendance	Percentage	Persentase
Goei Siau Hong	Chairman concurrently as member	26 May 2017 – 31 December 2017	2	2	100%
Imam Apriyanto Putro	Member	1 January 2017 – 31 December 2017	2	1	50%
Bangun Sarwito Kusmulyono	Member	1 January 2017 – 31 December 2017	1	1	100%
Ridwan D. Ayub	Member	1 January 2017 – 31 December 2017	2	2	100%
Edhi Chrystanto	Member	1 January 2017 – 31 December 2017	2	2	100%

Name	Designation	Total Number of Meetings	Total Attendance	Percentage	Persentase
Frans A. Wiyono	Member	1 January 2017 – 31 December 2017	2	2	100%
D. Cyril Noerhadi	Member	1 January 2017 – 31 December 2017	2	2	100%
Wihana Kirana Jaya	Member	1 January 2017 – 31 December 2017	2	2	100%
Ravik Karsidi	Member	25 August 2017 – 31 December 2017	2	2	100%
Ali Ghufon Mukti	Member	24 July 2017 – 31 December 2017	2	2	100%
M. Syafii Antonio	Member	1 January 2017 – 31 December 2017	2	2	100%
Ramzi A. Zuhdi	Member	1 January 2017 – 31 December 2017	2	2	100%

Performance Assessment of Integrated Governance Committee

Performance assessment of Integrated Governance Committee was seen from the achievement of the Key Performance Indicator (KPI) of the Integrated Governance Committee in 2017. The achievement of KPI is as follows.

Table of Performance Assessment of Integrated Governance Committee

No.	Key Performance Indicator (KPI)	Indicators Value (%)	Achievement Value (%)	Indicator Value x Achievement Value
1.	Realization Number of Committee meeting and Work Plan	30	100,00	30,00
2.	Assessment on attendance level and participation in the Meetings	20	100,00	20,00
3.	Submission of Review Outcome to the Board of Commissioners	20	95,00	19,00
4.	On-time Preparation and Submission of Committee Report	30	95,00	28,50
TOTAL		100		97,50

Remuneration of Integrated Governance Committee

Remuneration of Integrated Governance Committee who come from Non Commissioner Independent Party is stipulated in the Letter of the Board of Commissioners Number: KOM/113/2016

Table of Remuneration of Integrated Governance Committee

No.	Description	Member of the Non-Commissioner Committee
1.	Salary / Honorarium	Maximum 20% of the salary of the President Director
2.	Compensation of Retired Position	Not Given
3.	Holiday allowance	In accordance with the provisions of Bank Mandiri employees
4.	Bonus / Tantiem	Not Given
5.	Amenities	
	a. Transportation allowance	Not Given
	b. Health	Not Given
	c. Official travel	In accordance with the terms of employee / equivalent Group Head

Brief Report on the Implementation of Integrated Governance Committee in 2017

Having discussed on the follow-up of the implementation of Integrated Governance, the Integrated Governance Committee agrees to optimize the documentation work on the recommendations and directions of Integrated Governance Committee as an evaluation result of the implementation of Integrated Governance to KK Mandiri, so that the realization of the implementation and the follow-up of the whole integrated unit (Integrated Compliance Unit, Integrated Risk Management Unit, Integrated Internal Audit Unit) can be monitored continuously.

Organs and Committees Under the Board of Directors

In carrying out the Company's operational activities, the Board of Directors is assisted by Corporate Secretary and committees under the Board.

Corporate Secretary

According to Financial Services Authority Regulation Number 35/POJK.04/2014 concerning Corporate Secretary of Issuer or Public Companies, Company Secretary is an individual or the person in charge of an agency responsible to carry put corporate secretary functions. Corporate Secretary of Bank Mandiri is under the direct supervision of President Director and is a company supporting organ who acts as Bank's mediator with the stakeholders such as regulators, investors, and public especially for capital market related matters who is responsible to ensure the compliance of the company to the applicable laws and regulations as part of Good Corporate Governance (GCG) Implementation. Moreover, Corporate Secretary is responsible to always maintain good image of Bank Mandiri in the eyes of stakeholders in the broad sense.

The Basis for the Appointment of Company Secretary

The establishment, appointment and carrying out of functions and duties of Corporate Secretary, refer to:

1. Articles of Association of Bank Mandiri
2. Financial Services Authority Regulation Number 35/POJK.04/2014 concerning Corporate Secretary of Issuer and Public Companies.
3. Decree of the Board of Directors of PT. Bursa Efek Indonesia Number Kep-00001/BEI/01-2014 concerning the Amendment to Regulation Number I-A: Concerning the Registration of Shares and Equity Securities Other than Shares Issued by Listed Companies.

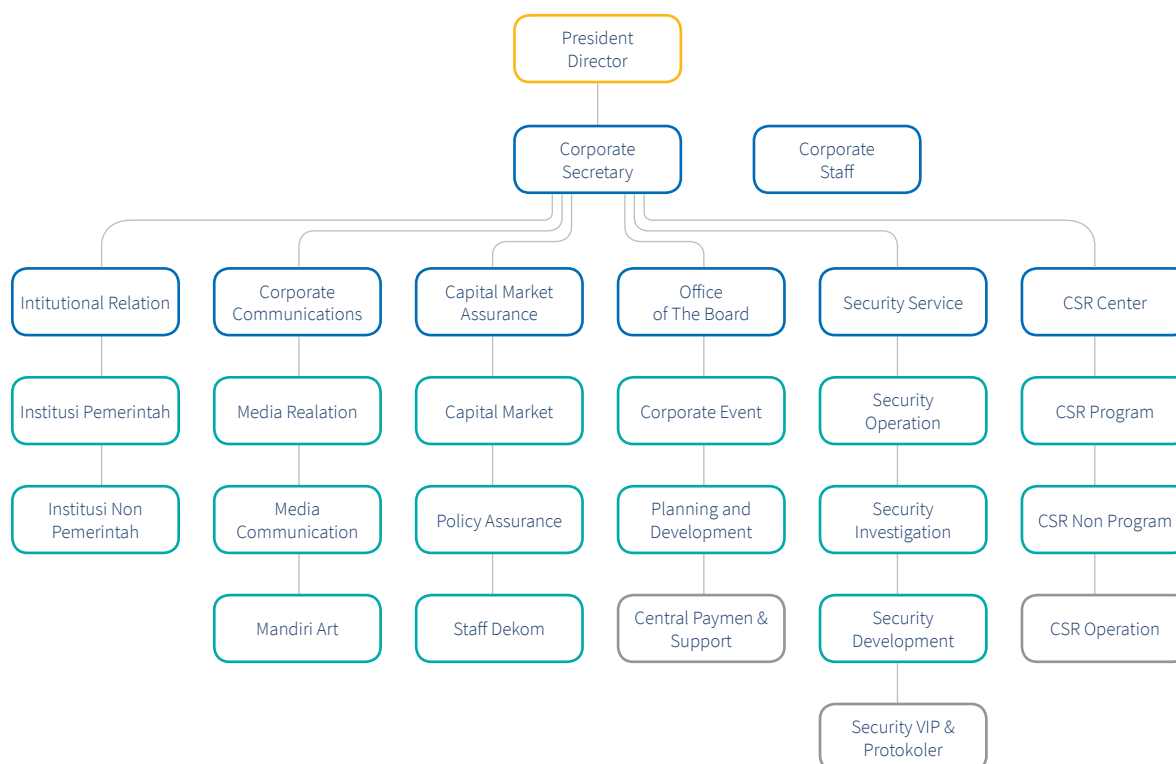
4. State Minister of State Owned Enterprises Regulation Number PER-01/MBU/2011 concerning the Implementation of Good Corporate Governance in State Owned Companies, as amended by PER-09/MBU/2012.
5. Law Number 19 of 2003 concerning State Owned Companies.
6. Decree of Minister of State Owned Companies Number KEP117/MMBU/2002 dated 31 July 2002.
7. Decree of the Board of Directors of Jakarta Stock Exchange Number 339/BEJ/07-2001 dated 20 July 2001 concerning the Amendment to the Provision C.2.e Regulation of Securities Registration Number I-A: Concerning General Provisions on Equity Securities Registration at the Stock Exchange.
8. Regulation No.IX.14 Decree of Head of Capital Market Supervisory Agency (Bapepam) No. Kep 63/PM/1996 dated 17 January 1996.
9. Decree of SEVP No. KEP.SEVP/272/2014 dated 30 September 2014.

Structure of Corporate Secretary

Corporate Secretary of the Company is directly responsible to President Director, whose execution of function and duties are divided into 6 (six) areas, namely:

1. Activities of Bank Mandiri as Public Company, including the implementation of corporate governance especially those related to Capital Market provisions carried out by Capital Market Assurance Department Unit;
2. Corporate Communication Activities carried out by Corporate Communications Department Unit;
3. Secretariat Activities carried out by Office of the Board Department Unit;
4. Stakeholder Management Activities carried out by Institutional Relation Department Unit;
5. Corporate Social Responsibilities Activities carried out by Corporate Social Responsibility Center Department Unit;
6. Security Activities carried out by Security Services Department Unit.

In implementing the functions and duties of each department, the coordination and supervisory is directly carried out by Corporate Secretary.



FUNCTIONS AND DUTIES OF CORPORATE SECRETARY

In reference to Article 5 of Financial Services Authority Number 35/POJK.04/2014 concerning Corporate Secretary of Issuer and Public Companies, the functions of Corporate Secretary are to carry out duties which include:

- Following the development of capital market especially the applicable laws and regulations of capital market.
- Providing suggestions to the Board of Directors and the Board of Commissioners to comply with the provisions of the laws and regulation of capital market.
- Assisting the Board of Directors and Board of Commissioners in the implementation of corporate governance which include:
 - The disclosure of information to public, as well as the information availability in the Issuer's website;
 - The submission of reports to Financial Services Authority in timely manner;
 - The convention and documentation of General Meeting of Shareholders;
 - The convention and documentation of Board of Directors and/or Board of Commissioners meeting; and

- The implementation of orientation program to companies for the Board of Directors and/or Board of Commissioners.
- As a liaison among the Issuer and the shareholders, Financial Services Authority and other stakeholders.

In line with the said Financial Services Authority Regulation, the Corporate Secretary of Bank Mandiri also has policies and Standard Guidelines as the basis for the Corporate Secretary to carry out its functions and duties, which are among others:

- Bank's activities as Public Company:
 - To implement information disclosure including reporting to Regulators in relation to the Bank's status as public listed company.
 - To convene and prepare documentations of General Meeting of Shareholders.
 - To prepare reporting in accordance with other laws and regulations under the authority of Corporate Secretary.
 - To manage the administration of the shareholders of Bank Mandiri.
 - To conduct other activities related to Corporate Action and/or other disclosure of information.

- f. To carry out compliance function of the Bank with the regulations of capital market.
- 2. Corporate Communication Activities
 - a. To determine policies and strategies of Corporate communication together with Marketing Communication Agency including:
 - 1) To determine regulations concerning the conduct of communications.
 - 2) To determine brand image and brand positioning.
 - b. To conduct communication activities in corporate manner to corporation's internal and external stakeholders, among others:
 - 1) To work on the news and advertisements in mass media including online media.
 - 2) To conduct anticipative and corrective actions on every news and advertisement in mass media including online media.
 - 3) To support Customer Care Agency and other working units related to the settlement of customer's complaints.
 - 4) To conduct management on Portal and Website of the Bank together with Marketing Communication Agency, Products and Services Management Agency and Information Technology Agency.
 - 5) To conduct risk management function including identification process, measurement, monitoring and controlling of reputation risk management.
 - c. To conduct and carry out certain activities (events/ programs/sponsorships) as an implementation of communication strategy in corporate manner and management of reputation/reputation risk.
- 3. Secretariat Activities
 - a. To convene and prepare documentations of Board of Directors and Board of Commissioners Meeting.
 - b. To administer corporate documents including to stipulate or determine regulations concerning correspondence and corporate documents management.
 - c. To carry out activities to support functions and working activities of the Board of Commissioners, Board of Directors and SEVP.
- 4. Corporate Social Responsibility Activities
 - a. To determine strategies and to carry out Corporate Social Responsibilities Activities.
 - b. To carry out other similar activities either in the form of government program implementation or with cooperation with third parties such as Partnership and Community Development Program and provision of charity and donation in relation to natural disasters.
- 5. Security Activities

To carry out security activities that purports to support the smoothness and order of Banks' operational activities including to arrange and determine regulations concerning the implementation of Bank's security.

Profile of Corporate Secretary



Rohan Hafas
Corporate Secretary

Place Date of Birth	: June 2, 1961
Age	: 56 Years
Citizenship	: Indonesian citizen
Domicile	: Jakarta
Education	: Bachelor degree in Management from University of Indonesia in 1987
Job History	: Prior to joining Bank Mandiri, he had a career in PT Bank Mutiara, Tbk from February 2010 to September 2014 as Division Head of Corporate Secretary and a career in PT Daria Dharma from 2005 to January 2010 as Operations Director.
Element of Appointment	: He joined Bank Mandiri in 2014 and served as Corporate Secretary based on SEVP Decree No. KEP.SEVP / 272/2014 dated September 30, 2014.
Certification	: He has been awarded the Level 1 Risk Management Certification held by the Banking Profession Certification Institute in 2012 and has followed the Refreshment held by BARa Risk Forum in 2016.

Corporate Secretary Improvement Program

As a liaison with external parties, the Corporate Secretary should always follow the developments of the world capital market as well consistently improving its competence in the areas of law, finance, communications and corporate governance. To that end, the Corporate Secretary of the Bank Mandiri regularly attends various Training / Workshop / Seminar which is useful to maximize its important role in within the company. Throughout the year 2017, Corporate Secretary has attended various Training / Workshop / Seminar, among others:

Development Materials Competence / Training	Date and Place of Implementation	Type of Training and Organizer
Media Training	25-27 August 2017, Lombok	PT Bank Mandiri (Persero) Tbk.
PRISM Brain Mapping Practitioner Certification	10 November 2017, Yogyakarta	PT Bank Mandiri (Persero) Tbk.
Training Professional Secretary	8-10 December 2017, Semarang	PT Bank Mandiri (Persero) Tbk.

Besides, the rank of employees under the company's secretarial function had been trained in law, secretarial and reporting as well as actively participated in seminars/ socializations related to the latest regulations issued by regulators.

The Implementation the Duties of Corporate Secretary in 2017

Throughout 2017, the Corporate Secretary of Bank Mandiri has carried out functions and duties related to stakeholders, among others:

- Following the development of Capital Market regulations especially applicable laws and regulations of Capital market, among others by ensuring the compliance with new regulations issued by Financial Services Authority, Indonesia Stock Exchange and other Regulators in relation to capital market.
- GCG Awareness for the Board of Directors and the Board of Commissioners of Bank Mandiri including update on new policies and issues on GCG.
- Convening and documenting Annual Meeting of Shareholders on 14 March 2017, Extraordinary Meeting of Shareholders on 21 August 2017, Exposure on Public marathon 2017 on 8 August 2017, and ensuring regular quarterly communication with investors through Analyst Meeting on 14 February, 10 April, 10 July and 24 October 2017.
- Making dividend payment for the fiscal year of 2016 on 13 April 2017.
- Convening and attending Board of Commissioners and Board of Directors Meeting and preparing the minutes of meeting.
- Making amendments/adjustments to the Company's Main Policy, Company's Articles of Association, Guidelines and Work Code of Conduct of the Board of Directors, Code of conducts of Committees under the Board of Directors, Charters of Committees under the Board of Commissioner and other Policies pursuant to the applicable laws and regulations and the implementation of Bank Mandiri's governance.
- Actively participating in supporting the establishment of the Holding of State Own Enterprises in Banking and Financial Services and Banking.
- Carrying out information disclosure to public pursuant to the applicable laws and regulations.
- Carrying out information disclosure to internal employees of Bank Mandiri through Mandiri Magazine (Majalah Mandiri). Throughout 2017, Corporate Secretary has issued 16 editions of Majalah Mandiri.
- Providing up to date and accurate information in Company's website, and carry out development of website application.
- Preparing Annual Report and Sustainability Report for the Fiscal Year 2016 and delivering it to relevant Regulators. Other than that, monitoring the delivery of Financial Report and Annual Report of the Fiscal Year 2016 of 11 (eleven) Subsidiary Entities to the Regulator.
- Arranging Fit and Proper Test of 1 (one) member of the Board of Directors and 3 (three) members of the Board of Commissioners.
- Documenting legal data of the Company, which are among others Deed of General Meeting of Shareholders, Deed of Amendment of Articles of Association, Deed of Change of Management Composition, etc.
- Conducting press conference and teleconference with the stakeholders.
- Engaging communications with State Ministry of State Owned Enterprises, Ministry of Finance, State Secretary, Financial Services Authority, Self Regulatory Organizations (Indonesia Stock Exchange (Bursa Efek Indonesia), Indonesian Central Securities Depository (Kustodian Sentral Efek Indonesia), and Indonesian Clearing and Guarantee Corporation (Kliring Penjamin Efek Indonesia)), Securities Administration Bureau (Biro Administrasi Efek), and other relevant institutions.
- Monitoring the implementation of Report of State Official Assets (laporan Harta Kekayaan Penyelenggara Negara/ LHKPN) to Indonesia's Corruption Eradication Commission (Komisi Pemberantasan Korupsi/KPK).
- Preparing and issuing 87 Decrees of the Board of Directors on the

- Implementation of the Company's Operational Activities.
18. Reporting monitoring result on media news on daily basis to the Members of the Board of Commissioners and Members of the Board of Directors every morning on business days.
 19. Covering corporation ceremonial activities as many as 85 coverages.
 20. Participating actively in meetings, hearings and working visit with the House of Representative (DPR-RI).
 21. Conducting disbursement of Partnership Program, Community Development, Corporate Social Responsibility and Sponsorship and monitoring the credibility.
 22. Carrying out license arrangement activities, security and escort/ protocol of (Bank Mandiri's officials) Board of Directors and Commissioners at the office/business venue, trips/events and residents.
 23. Administering and distributing all incoming letters for the Company or relevant Agency to be followed up.
 24. As a liaison among the Company and the shareholders, investors, regulators and other stakeholders.

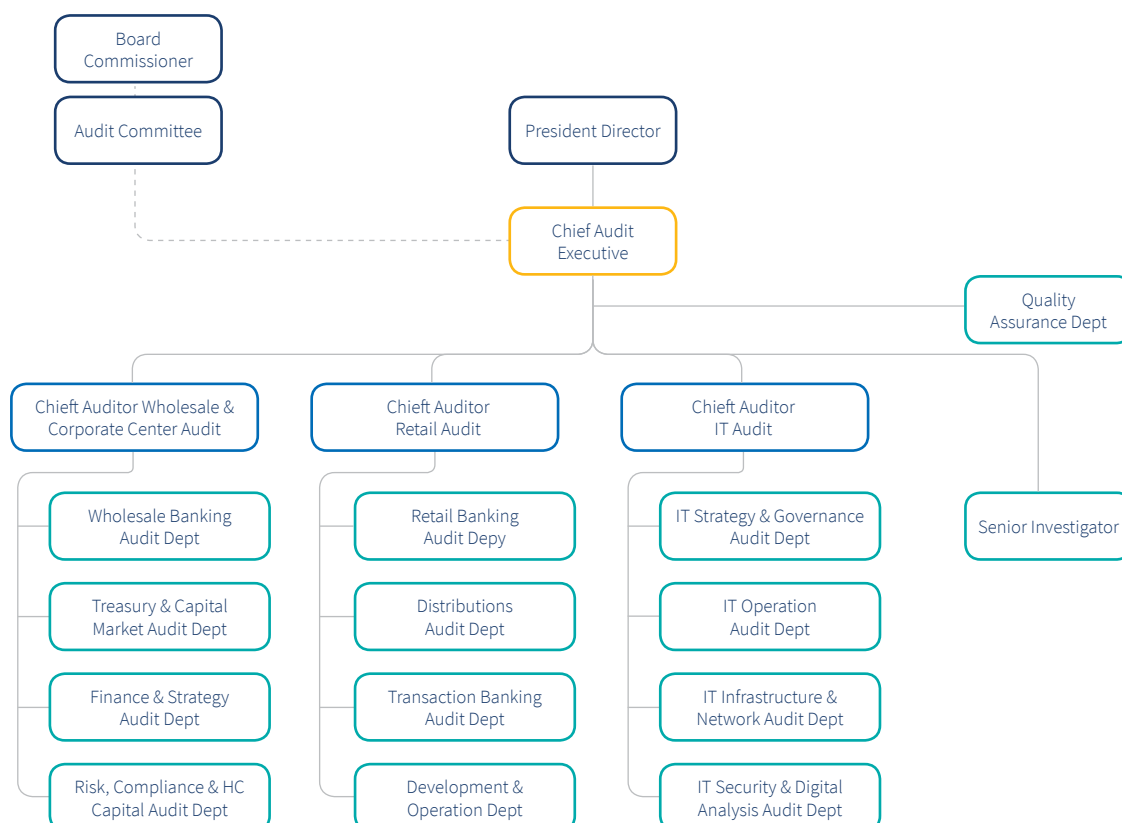
Corporate Secretary Report for the Fiscal year 2016

In compliance with Article 11 of Financial Services Authority Regulation No. 35/POJK/2014, the Corporate Secretary of Bank Mandiri has prepared periodic report at least once a year regarding the implementation of corporate secretary functions to the Board of Directors and copied to the Board of Commissioners submitted through Note to the Board of Directors No. CEO.CSC/CMA.517/2017 dated 31 March 2017 regarding Report on Functions and Duties of Corporate Secretary Group of 2016 and Letter to the Board of Commissioners No. CEO.CSC/CMA.877/2017 dated 18 April 2017 regarding Report on Functions and Duties of Corporate Secretary Group of 2016.

Internal Audit

Having the role as Third line of defense, Internal Audit Bank Mandiri ensures that the Internal control in each line of defense is getting stronger and mature. Internal Audit has made innovations in the use of audit methodology and tools so the audit implementation has become more effective and efficient. In line with Internal Audit's long-term plan 2015-2020 with the theme of "Creating long-term value Through sustained assurance to be The Best in Class IA Function" in 2017 Internal Audit has finished 14 out of 14 Strategic Initiatives.

Organization Structure and Chairman of Internal Audit



The Position Of Internal Audit In The Organization Structure

Internal Audit in the organization is under the Directorate level and is directly responsible to the President Director and can communicate with the Board of Commissioners through Audit Committee. Since 18 December 2014, Internal Audit has 3 Groups whose divisions are adjusted to the business strategy of Bank Mandiri, namely Wholesale & Corporate Center Audit Group, Retail Audit Group and IT Audit Group. Moreover, Internal Audit also has 2 Departments directly responsible to Chief Audit Executive (CAE), namely Investigation Audit Department and Quality Assurance Department.

Profile of Head of Internal Audit



Mustaslimah

Senior Executive Vice President/
SEVP Internal Audit

Age	: 52 Years old
Citizenship:	: Indonesian citizen
Domicile	: Depok
Education	: Bachelor degree in Agricultural Industrial Engineering from the Bogor Agricultural University in 1988.
Job History	: - Has served as Assistant Marketing Officer (1990), Marketing Officer (1993), Regular Instructor (1997), Senior Officer Support Function (1999), Group Head CRM-MOL Risk (2000), Group Head Logistic (2001), Department Head of Asset Maintenance and Warehouse (2004), Department Head Credit Operations (2004-2005), Group Head Compliance (2006-2010), Group Head Procurement and Fixed Asset (2010) -2014), Group Head of Human Capital and Services (2014-2015).- He joined Bank Mandiri in 1999 as Senior Officer Support Function and last served as Group Head of Human Capital and Services.
Element of Appointment	: Since 2015 he has been Senior Executive Vice President / SEVP Internal Audit based on Directors Decree No. Section 1. KEP.DIR / 095/2015 dated March 26, 2015.
Certification	: Risk Management Certification Board Level 5

The Party Who Appoints and Terminate the Head of Internal Audit

Chief Audit Executive (CAE) is appointed and terminated by and is directly responsible to President Director subject to the approval of the Board of Commissioners or Audit Committee and afterwards reported the Financial Services Authority (OJK).

Internal Audit Charter

Internal Audit has and Internal Audit Charter authorized by President Director and President Commissioner of Bank Mandiri with the latest revision dated 17 December 2015, Internal Audit Charter provides the guidelines on the purposes, positions, authorities, responsibilities and scope of work of internal audit. The position, authorities and responsibilities formally stated in Internal Audit Charter are in line with Bank Indonesia Regulation concerning the implementation of Standard of the Implementation of Bank Internal Audit Functions (Standar Pelaksanaan Fungsi Audit Internal Bank /SPFIB) and Decree of Chairman of Capital Market Supervisory Agency and Financial Institutions (Badan Pengawas Pasar Modal dan Lembaga Keuangan) concerning the Establishment and Guidelines of the Preparation of Internal Audit Unit Charter and best practices which refer to IPPF (International Professional Practice Framework) Standard by IIA (The Institute of Internal Auditor).

Duties and Responsibilities of Internal Audit

Duties and responsibilities of Internal Audit are:

1. To plan and carry out internal audit activities emphasizing on the high risks subjects/activities and to evaluate the existing procedure/control system to obtain the assurance that the purposes and targets of the Bank can be achieved optimally and sustainably.
2. To carry out the steps on digging information (investigation), to report, and deliver recommendations/conclusions regarding fraud to the Management.
3. To develop and implement program to evaluate and improve the quality of Internal Audit.
4. To provide recommendations on the audit result and to monitor the follow-ups of the outcome of internal audit activities and investigation activities.
5. To cooperate with Audit Committee in carrying out supervisory functions.
6. To coordinate its activities with external audit activities and other assurance provider units/functions, in order to achieve comprehensive and optimized audit result. The coordination can be done through periodic meetings to discuss on the matters considered important for both parties.

7. To communicate directly with the President Director, Board of Commissioners, and/or Audit Committee and Tata Committee Manage Integrated.

Authorities of Internal Audit

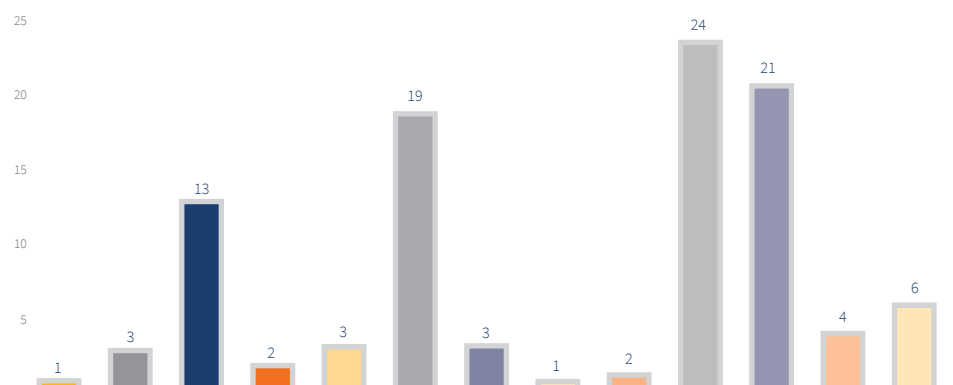
The Internal Audit has the following authorities:

1. To perform internal audit activities on all the activities of the agencies within the organization of the Bank and its Subsidiaries and its affiliates in accordance with the applicable governance.
2. To conduct communication directly to President Director, Board of Commissioners, and/or Audit Committee.
3. To conduct communication with external parties including regulators.
4. To convene meeting periodically and incidently with President Director, Board of Commissioners, and/or Audit Committee.
5. To access all information, notes, employees, including but not limited to the bank accounts/notes of the employees and resources and other matters deemed necessary in relation to its duties and functions.
6. To perform investigation activities to the cases/problems in every aspect and element of activities that indicated with fraud and breach of code of conduct.

Number and Composition of the Personnel of Internal Audit

The number of Internal Audit employees as of 9 January 2018 was 102 people with the following composition:

Number of Employees



SEVT	Specialist	SR Investigator	Pelaksana
Chief Auditor	Lead Auditor	SR Auditor	
Audit Manager / Dept Head	Team Leader	Auditor	
Lead Investigator	Section Head	Officer	

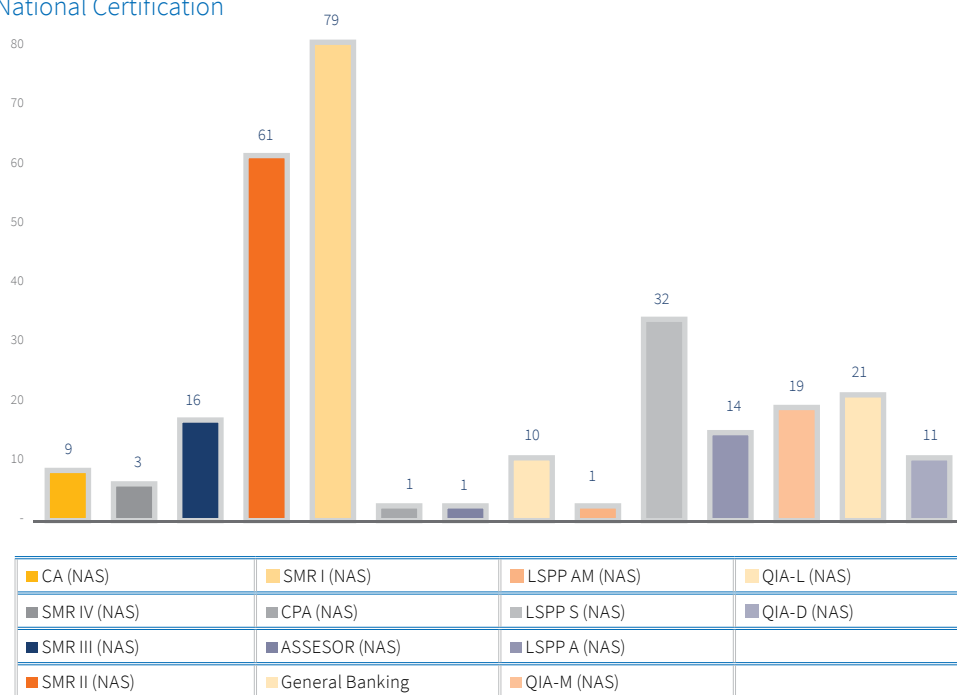
Internal Audit always seeks to provide continuous education to all its personnels to meet adequate qualifications and competencies. The education provided are in the form of certified professional education both national and international, attachment programs and trainings in the country or abroad.

Internal Audit Profession Certification

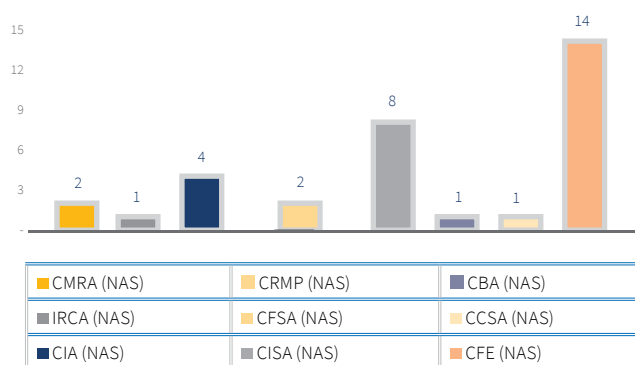
Competency Improvement and Internal Audit Development Program has referred to Internal Audit Competency Framework (IACF) to ensure the development programs are on target and as needed. IACF is a framework that shows the level of proficiency of auditor competency both behavior and technical competency required by every level of position in Internal Audit. In 2016 assessment has been made to find the existing gap competency and then development program is prepared for each auditor. Employee development program is implemented in various approaches, among others: E-learning, training, periodic profession certification both national and international, attachment/apprenticeship and special project assignment. The program is always monitored and its success rate is measured in supporting the employees' and organization's performance.

Below is the Internal Audit employee certification data until end of 8 January 2018:

National Certification



International Certification



Remarks:

QIA - D : Qualified Internal Auditor Tingkat Dasar (Basic Level)

QIA - L : Qualified Internal Auditor Tingkat Lanjutan (Advance Level)

QIA - M : Qualified Internal Auditor Tingkat Manajerial (Managerial Level)

LSPP-A : Lembaga Sertifikasi Profesi Perbankan – Auditor (Banking Professional Certification Agency - Auditor)

LSPP-S : Lembaga Sertifikasi Prosesi Perbankan – Senior Auditor (Banking Professional Certification Agency - Senior Auditor)

LSPP AM : Lembaga Sertifikasi Profesi Perbankan – Auditor Manajer (Banking Professional Certification Agency - Auditor Manager)

AESSOR : Assessor

CPA (Ind) : Certified Public Accountant

SMR I : Sertifikat Manajemen Risiko Level I (Risk Management Certificate Level I)

SMR II : Sertifikat Manajemen Risiko Level II (Risk Management Certificate Level II)

SMR III : Sertifikat Manajemen Risiko Level III (Risk Management Certificate Level III)

SMR IV : Sertifikat Manajemen Risiko Level IV (Risk Management Certificate Level IV)

CA : Chartered Accountant

CFE : Certified Fraud Examiner

CBA : Certified Bank Auditor

CISA : Certified Information System Auditor

CIA : Certified Internal Auditor

IRCA : International Register of Certified Auditor

CRMA : Certification in Risk Management Assurance.

Participation In Internal Audit Profession Associations

In order to broaden the knowledge and professional competency of internal auditor, Internal Audit has participated in Internal Audit profession associations, namely:

Participation of Bank Mandiri Internal Audit in external Organizations:

No	Name of Activity/Organization	Designation	Term
1.	Ikatan Auditor Internal Bank (IAIB) (Bank Internal Auditor Association)	SEVP Internal Audit as Chairman of the Supervisory Board	2017-2020
2.	Ikatan Auditor Internal Bank (IAIB) (Bank Internal Auditor Association)	One of Internal Audit Department Heads as Organizer in Education	2017-2020
3.	Association of Certified Fraud Examiner (ACFE)	One of Internal Audit Team Leaders as Researcher	2018 - End of Term

2. List of Institutions who conduct Benchmarking to Bank Mandiri Internal Audit in 2017

No	Institution	Focus of Discussion	Time
1.	Ministry of Finance	Fraud Risk Assessment	24 March 2017
2.	BNI	Internal Audit Methodology	2 August 2017
3.	Garuda Indonesia	Management of Audit IT Program	19 September 2017
4.	BTN	Desk Audit, Audit Forensic & RCA System	17 October 2017
5.	Bank Syariah Mandiri (BSM)	Internal Audit Capability Framework and Internal Audit Plan Methodology	5 June 2017
6.	Bank Jambi	Internal Audit Methodology and tools	28 April 2017

3. SEVP Internal Audit participation as speaker in Internal Audit external seminars during 2017

No	Event/Topic	Organizer	Time	Location and Participant
1.	Knowledge Sharing Pure Commodity Procurement	Bank Indonesia	15 December 2017	Kebon Sirih Building Fl. 3 KOPERBI
2.	Gratification Control Unit Forum	Corruption Eradication Commission (KPK)	11 December 2017	Bidakara/ +/- 1000 participants
3.	IAIB National Seminar topic Internal Audit Challenge: Navigating in Disruptive	Bank Internal Audit Association	9-10 November 2017	Hotel Bumi Surabaya +/- 200 Internal Audit

No	Event/Topic	Organizer	Time	Location and Participant
4.	Risk Management dan Internal Audit dengan tema Audit Internal Sebagai Rujukan Utama Dalam Proses Pengambilan Keputusan Oleh Manajemen	Lembaga Sertifikasi Profesi Perbankan (LSPP) bekerjasama dengan Ikatan Bankir Indonesia (IBI) dan Ikatan Auditor Intern Bank (IAIB)	19 October 2017	Graha Niaga, Jakarta/50 Internal Auditors and Risk Management
5.	IAIB Benchmarking Forum: Audit rating & reporting and QAIP implementation	Bank Internal Audit Association	17 March 2017	Jakarta/50 participants
6.	Chief Audit Executive (CAE) BUMN	Forum Komunikasi Satuan Pengawasan Intern (FKSPI)	12 July 2017	Plaza Mandiri Building 2nd floor/50 participants CAE BUMN
7.	Seminar Nasional Internal Audit (SNIA) (Internal Audit National Seminar) YPIA 2017 with the topic of Internal Audit Dynamics: Be insightful, proactive, future focused	Yayasan Pendidikan Internal Audit	10 May 2017	Medan/450-500 Internal Auditor participants

Code Of Ethics For Auditors

Internal Audit has determined Code of Ethics for an auditor as follows:

- Integrity**
An Internal Auditor has the integrity by building trust which is the basis for making a reliable judgment.
- Objectivity**
An Internal Audit shows high objectivity according to the professional standard in gathering, evaluating, and communicating information regarding the activities or process of the matters being examined.
An Internal Audit conducts balanced judgements by paying attention to all relevant situations and is not influenced by personal or other people's interests.
- Confidentiality**
An Internal Auditor respects the value and ownership of information received and does not disclose the information without the authorization from the authorities unless there are legal or profession obligations to disclose such information.
- Competency**
An Internal Auditor uses his/her knowledge, expertise and experiences required to perform its auditing duties.
The activities of internal audit must be carried out with expertise and professional skills by having the knowledge, skills and other competencies required to perform its duties.

Competency Development Of Internal Audit

In developing Internal Audit employees, during 2017 the quality of work of audit team have been improved by conducting both internal and external trainings. Internal trainings were conducted by way of discussion among SEVP Internal Audit, Board of Directors and auditors on the Internal Policies and Procedures of Bank Mandiri. While external trainings were conducted by way of participation in trainings organized by other parties as follows.

Table of Competency Development of Internal Audit

No	Training	Organizer	Date	Total Member
1.	Bank Mandiri Audit Course	PT Bank Mandiri (Persero) Tbk	30 Januari 2017 - 1 February 2017, 19 - 20 December 2017	34
2.	Examination of Certified Internal Auditor	The Institute of Internal Auditors (IIA)	03 January 2017, July 2017, 01 August 2017	5
3.	Basic Financial Analysis	PT Bank Mandiri (Persero) Tbk	13 - 17 February 2017	2
4.	Basic Trade Finance Inhouse	PT Bank Mandiri (Persero) Tbk	20 - 21 February 2017	1
5.	Basic Transaction Banking	PT Bank Mandiri (Persero) Tbk	06 - 08 February 2017	4
6.	Basic Treasury Inhouse	PT Bank Mandiri (Persero) Tbk	09 - 10 February 2017	1
7.	Consumer Loan for Auditor	Internal Audit	02 - 03 February 2017	24

No	Training	Organizer	Date	Total Member
8.	Creative Problem Solving & Decision Making	PT Bank Mandiri (Persero) Tbk	09 - 10 February 2017	1
9.	Mastering Impactful Communication Skills	PT Sarana Exhirindo (Experd)	09 - 10 February 2017, 27-28 February 2017	27
10.	Audit Report Writing	Tempo Institute	14, 16 & 17 February 2017 & 20 - 22 February 2017	55
11.	Raising The Bar And Say It Right	The Institute of Internal Auditors (IIA)	21 - 22 February 2017	2
12.	TTT Internal Control	PT Bank Mandiri (Persero) Tbk	16 February 2017	7
13.	Risk Management Level Competency Certification Level IV	PT Bank Mandiri (Persero) Tbk	30 March 2017	1
14.	IT Governance, IT Security, Emerging Technologies and IT Audit Round Table Discussion	Ikatan Auditor Intern Bank (IAIB)	05 - 06 April 2017	1
15.	Training IDEA	Insight Consulting	5 - 7 April 2017	36
16.	National Seminar on Internal Audit	Yayasan Pendidikan Internal Audit (YPIA)	09 - 10 May 2017	3
17.	Workshop Skill Audit DIA	PT Bank Mandiri (Persero) Tbk	09 May 2017	3
18.	Briefing Competency Certification of Audit Internal Level Supervisor	Ikatan Auditor Intern Bank (IAIB)	07 - 08 June 2018	19
19.	Competency Certification of Audit Internal Level Supervisor	Lembaga Sertifikasi Profesi Perbankan (LSPP)	12 June 2017	18
20.	The IIA International Conference Sydney 2017 And Financial Institutions Benchmarking Program IIA	Ikatan Auditor Intern Bank (IAIB)	22 - 29 July 2017	1
21.	Training of Credit	PT Bank Mandiri (Persero) Tbk	06 July 2017 - 1 August 2017	5
22.	Performance of Audit Workshop	PT Bank Mandiri (Persero) Tbk	06 - 07 July 2017	66
23.	National Working Congress & National Conference II FKSPI Year 2017	Forum Komunikasi Satuan Pengawasan Intern (FKSPI)	23 - 25 August 2017	6
24.	Training of Forensic Audits	Association of Certified Fraud Examiners (ACFE)	01 - 03 August 2017	1
25.	Certification Training Course Level III Risk Management	PT Bank Mandiri (Persero) Tbk	12 August 2017 & 23 August 2017	1
26.	OWASP Indonesia Day 2017	Open Web Security Application Project (OWASP)	09 - 10 September 2017	1
27.	Workshop Quality Assurance Improvement	Mandiri University Group (MUG)	28 - 29 September 2017	2
28.	CISA Preparation	Binus University	16 September 2017 - 11 November 2017	1
29.	Cobit 5 Foundation + Exam	PT ATD Solution Indonesia (Architecture Technology Delivery)	11 - 13 October 2017	2
30.	ITIL Foundation Certificate	PT ATD Solution Indonesia (Architecture Technology Delivery)	20 - 22 November 2017	1
31.	Conference of IAIB National	Ikatan Auditor Intern Bank (IAIB)	08 - 10 November 2017	6
32.	Workshop Cyber Crime & E-Banking Fraud	PT Bank Mandiri (Persero) Tbk	02 - 03 November 2017	13

Information System of Internal Audit

To improve the effectiveness of audit implementation and to provide the whole picture to Internal Audit management, the audit activities is carried out by using application named Audit Management Information System (Sistem Informasi Manajemen Audit /SIMA). With SIMA, the performance of every audit phase can be monitored at all times through the system, documented and kept in the system.

Audit Management Information System (SIMA) is used for audit process from planning, execution and reporting.

Brief Report on the Implementation of Internal Audit Activities in 2017

Internal Audit Work Program

Last year, 2017, became a full period of hard work for Bank Mandiri and Mandiri Group to continue to increase the growth and achievement of business targets amid the instability of a global economic conditions and the domestic economy. These conditions had a negative impact on the performance of Bank Mandiri in 2017, marked by the decline in asset quality through the NPL gross increase

compared to the one in 2016. Therefore, Bank Mandiri must set aside a large cost for the Allowance for Impairment Losses (CKPN) resulting in the decline in net profit. Fundamentally, however, Bank Mandiri continued to show positive and consistent business growth marked by the increase in Pre-Provision Operating Profit (PPOP) since 2016.

In response to these conditions, Bank Mandiri continued to take strategic steps to maintain the sustainability of business growth by taking several steps, one of which was the adjustment of the aspiration and vision of Bank Mandiri 2020 from The Best Bank in ASEAN into Indonesia's best, ASEAN's prominent bank so as to be more relevant and realistic. Setting 3 main areas of strategy implementation, which were:

1. BUSINESS FOCUS
 - a. "The Core" Corporate Banking grew above the market for credits, funds and fee-based incomes.
 - b. "The New Core" Consumer Banking.
 - c. "Tactical Segment" Micro, Business Banking, Commercial Banking focus on quality improvement.
 - d. Business synergy: the implementation of Bank@work and Retail Ready Branch.
 - e. Innovative execution and replication of wholesale transactions, business deepening of the Top Anchor Client.
2. FIXING THE FUNDAMENTAL
 - a. Strengthening credit process and credit culture.
 - b. Organizational Improvement.
 - c. Roadmap and Distribution network strategy.
 - d. Efficiency and productivity programs.
3. INFRASTRUCTURE STRENGTHENING
 - a. Information Technology: The increase in stability and capacity
 - b. Human Capital: The development of talents, technical skills and competencies
 - c. Culture : Specific behavior strengthening

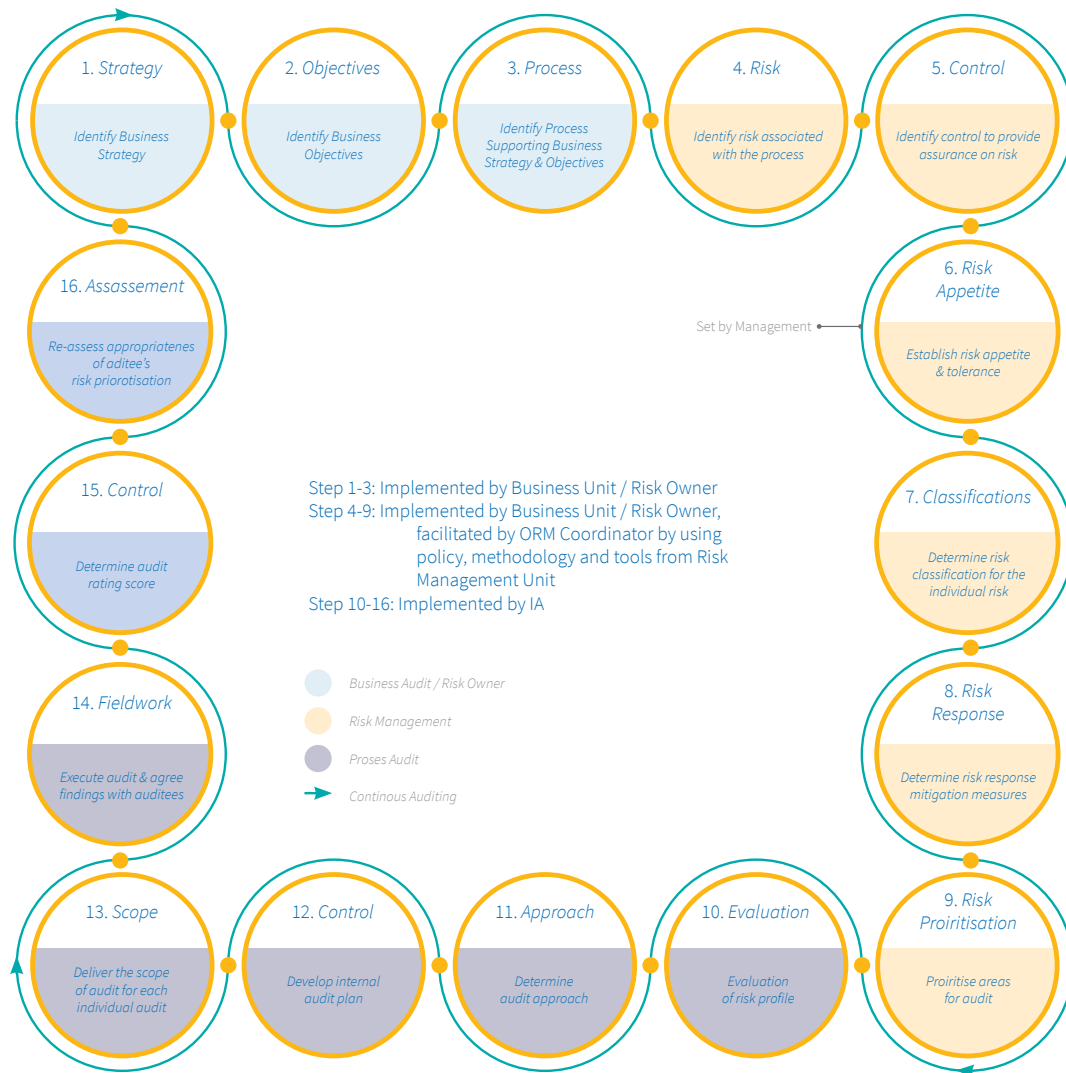
The Directorate of Internal Audit had developed and determined an audit plan in 2017 that was in line with the main focus of Bank Mandiri. Through Annual Audit Plan (AAP) 2017, Internal Audit wanted to ensure that the business growth of Bank Mandiri was prudent and balanced with strong corporate governance across all operational areas so as to sustain sustainable performance growth in order to achieve the goal of becoming Indonesia's best, ASEAN's prominent bank.

In facing these conditions, in this 2017 audit plan, Internal Audit had set 6 thematic audits, 10 General audits, 6 Mandatory audits, 9 Subsidiary audits, and 5 studies. The 2017 audit covered areas that were significant and relevant to the conditions and challenges faced by Banks i.e., audit on Credit Quality in the Wholesale, Small Business, Micro and People's Business Credit segment, as well as Consumer Loan, Monthly Commercial Bank Report (LBU) & Debtor Information System (SID) and the reliability of infrastructure and e-channel Application.

Audit Method

The Internal Audit implements the methodologies based audit in the implementation of international activities by focusing on high-pit areas. The application of the methodology to the needs of the organization, the provisions of the Regulatory and the practice. The application of the methodology based audit requires a good cooperation between the Internal Audit with the Operational Risk Management Unit and the Client.

The following is a grand design of risk-based audit implementation at Bank Mandiri.



Implementation of Audit Activities In 2017

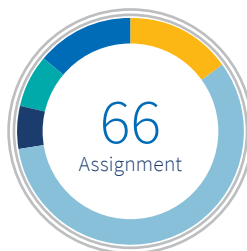
The actual implementation of audit activities in 2017 is illustrated in the following diagram.

Annual Audit Plan



General Audit	10
Audit Mandatory	6
Child Enterprise Audit	9
Study	5
Thematic Audit	6

Ad hoc

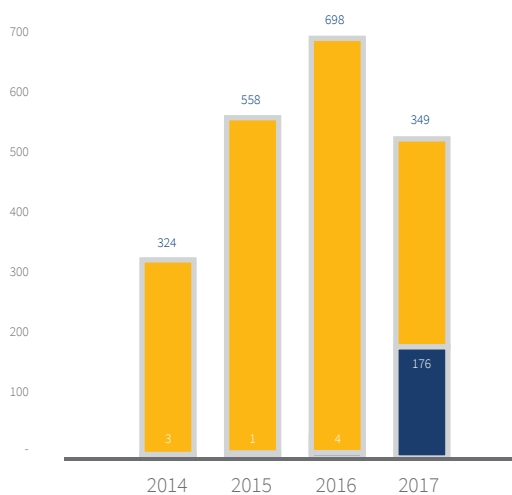


Audit	9
Review	10
Consulting	38
Debtor Review	4
Forensic Audit	5

Findings and Follow-Up to Audit Results

In addition to auditing and LTP, Internal Audit also continuously monitored the follow-up plan for audit findings.

Internal Findings Monitored Follow-up as of February 18, 2018



Closed	324	558	698	349
Outstanding	3	1	4	176

In addition to monitoring the follow-up on internal findings, Internal Audit also conducted accompaniment and monitoring of the follow-up findings of the external audit. The following is the follow-up status of external auditors:

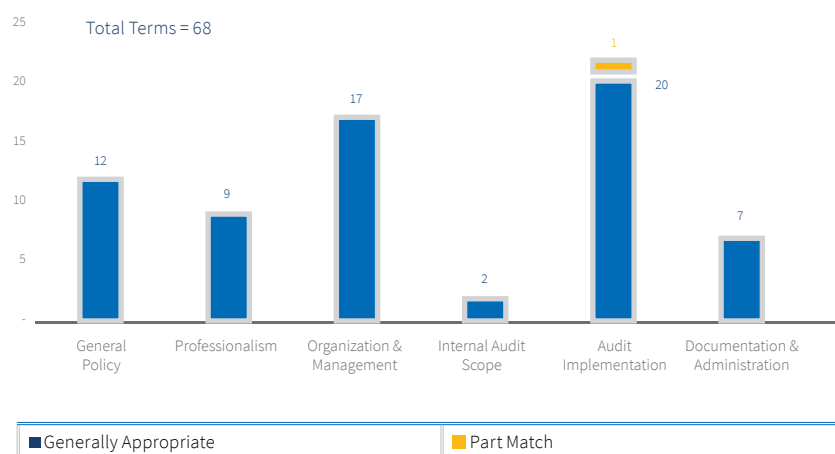
Table of Findings and Follow-Up on Audit Results

Auditor	2016		2017	
	Solved	In Progress	Solved	In Progress
Bank Indonesia	0	0	6	1
Financial Services Authority.	80	0	109	57
The Audit Board of the Republic of Indonesia	195	8	0	0
Public Accounting Firm	8	3	0	0

Performance Evaluation of Internal Audit

Performance evaluation of Internal Audit was conducted through the distribution of questionnaires that contain, among others, the settlement of DMTL, fines, and sanctions from the regulator, the implementation of the audit as planned and the implementation of the consultant function. The questionnaires were filled by the Board of Commissioners, the Board of Directors and the Audit Committee. The score of the questionnaire calculation was 1 (very dissatisfied) to 4 (very satisfied). From the results of the distributed questionnaires, the performance evaluation of the Internal Audit scored 3.8 times higher than the predetermined target of 3.4.

In addition, the performance evaluation of the Internal Audit of Bank Mandiri generally complied with SPFAIB (Implementation Standard of Bank Internal Audit Function).



In accordance with the provision of SPFAIB related to the report material, there was still an Audit Result Report that had not yet included a commitment to the implementation of follow-up on the previous audit results (DMTL). The given recommendation was to improve the discipline related to the preparation of the Audit Result Report in order to include a commitment to the implementation of follow-up on the previous audit results (DMTL).

Committees Under the Board of Directors

In performing its duties, the Board of Directors is assisted by the Corporate Secretary and Committees assigned to provide advice and recommendations related to the policies and directives of the Board of Directors. Bank Mandiri has a Committee under the Board of Directors or also called the Executive Committee of 9 (nine) Committees.

Assets and Liabilities Committee (ALCO)

In performing its duties, the Board of Directors is assisted by the Corporate Secretary and Committees responsible for providing advice and recommendations relating to the Directors' policies and directives. Bank Mandiri has a Committee under the Board of Directors or also called the Executive Committee of 9 (nine) Committees.

Assets and Liabilities Committee (ALCO)

Assets and Liabilities Committee (ALCO) was in charge of implementing the strategy management function of assets and liabilities, the determination of interest rates and liquidity, as well as other matters related to the management of the Company's assets and liabilities.

Structure and Membership of Assets and Liabilities Committee (ALCO)

Based on KEP.DIR/230/2017 on the Assets and Liabilities Committee, the composition of ALCO members is as follows:

Chairman	: President Director
Secretary	: Group Head Market Risk
Alternate Secretary I	: Group Head Treasury
Alternate Secretary II	: Group Head Strategy & Performance Management

I. Voting Member

a. Permanent Voting Member

1. President Director
2. Vice President Director
3. Wholesale Banking Director
4. Director of Institution
5. Director of Retail Banking
6. Distributions Director
7. Digital Banking & Technology Director
8. Director of Treasury
9. SEVP Wholesale Risk
10. SEVP Retail Risk
11. SEVP Corporate Transformation & Finance
12. SEVP Corporate Banking
13. SEVP Commercial Banking

b. Non-Permanent Voting Member

Members of the Board of Directors and SEVP, related to the material, who were present as invitees.

II. Permanent Non-Voting Member

Director of Risk Management & Compliance or Group Head Compliance or appointed Compliance Group official.

III. Contributing Non-Voting Member

- a. Group Head/other in the same level as Group Head who was present as an invitee related to the material on the agenda of the committee.
- b. Committee Secretary.

IV. Invitee

- a. SEVP Internal Audit*) or Group Head in the Internal Audit or Internal Audit Official who was present as an invitee.

*) In case of the material discussed on the Committee constituting the material proposed by SEVP Internal Audit, then SEVP Internal Audit should act as Voting Member.

- b. Officials in Operational Risk field i.e., the Seniors of Operational Risk Head, related to the material on the agenda of the committee, who were present as invitees.

Description of Assets and Liabilities Committee (ALCO) Task and Responsibility

The responsibility of ALCO covers the following:

1. Determine, develop and review asset management strategies and liabilities.
2. Evaluate the assets and liabilities position of the Company in line with the objectives of liquidity risk management, interest rates and exchange rates.
3. Evaluate the position of the Company and Assets & Liabilities Management (ALM) strategy to ensure that the risk taking position of the Company was consistent with the objectives of interest rate risk management, liquidity and exchange rate.
4. Evaluate/review the asset and liability pricing to ensure that the pricing could optimize the result of investment to minimize the cost of funds and maintain the balance sheet structure of the Company in line with the ALM strategy of the Company.
5. Evaluate/review the deviation between the realization with the budget projection and the business plan of the Company.
6. Discuss and define the limitations of liquidity management, gap management, pricing management, and FX management.
7. Determine a methodology of fund transfer pricing.
8. Discuss and determine other matters within the scope of ALM including subsidiaries/entities under the control of the Company. In its capacity as a committee, ALCO did not have the authority to act on the representation of and on behalf of the Company conducting a binding or signing an agreement with a third party so that all actions for and on behalf of the Company must be carried out in accordance with the provisions of the Articles of Association of the Company.

Task Implementation of Assets and Liabilities Committee (ALCO) in 2017

The Task Implementation of ALCO In 2017 was by organizing 8 (eight) Meetings with the following agenda:

Meeting Table of ALCO

No	Meeting Date	Meeting Agenda
1.	14 February 2017	Balance Sheet Management Strategy.
2.	07 March 2017	Review and define Credit and funding optimization strategy.
3.	17 April 2017	Liquidity fulfillment strategy ahead of Religious Holiday
4.	01 August 2017	Review funding and lending programs.
5.	15 August 2017	Determine policies and strategies to safeguard the Cost of Fund.
6.	29 September 17	Review and adjust the interest rate of Fund and Credit products.
7.	07 November 2017	Review and adjust the interest rate of Fund and Credit products.
8.	28 November 17	Determine policies and strategies to manage Cost of Fund in order to achieve NIM.

Frequency of Assets and Liabilities Committee (ALCO) Meeting

The frequency of ALCO meetings during 2017 is as follows:

Table of Membership was based on Decision No. KEP.DIR/387/2016 dated 2 November 2016

No.	Name	Total			% Attendance
		Invitee	Presence	Absence	
Permanent Voting Members					
1.	President Director	2	2	-	100%
2.	Vice President Director	2	2	-	100%
3.	Finance & Treasury Director	2	2	-	100%
4.	Director of Commercial Banking	2	2	-	100%
5.	Director of Corporate Banking	2	2	-	100%
6.	Director of Retail Banking	2	2	-	100%
7.	Distributions Director	2	2	-	100%
8.	Digital Banking & Technology Director	2	2	-	100%
9.	SEVP Wholesale Risk	2	2	-	100%
10.	SEVP Retail Risk	2	2	-	100%
11.	SEVP Special Asset Management	2	2	-	100%
12.	SEVP Corporate Banking	2	2	-	100%
Permanent Non-Voting Member					
13.	Director Risk Management & Compliance	2	2	-	100%

Table of Executive Committee Membership Adjustment dated 28 April 2017

No.	Name	Total			% Attendance
		Invitee	Presence	Absence	
Permanent Voting Members					
1.	President Director	5	4	1	80%
2.	Vice President Director	5	4	1	80%
3.	Wholesale Banking Director	5	4	1	80%
4.	Director of Government & Institutional	5	4	1	80%
5.	Director of Retail Banking	5	4	1	80%
6.	Distributions Director	5	5	-	100%
7.	Digital Banking & Technology Director	5	3	2	60%
8.	SEVP Wholesale Risk	5	5	-	100%
9.	SEVP Retail Risk	5	5	-	100%
10.	SEVP Special Asset Management	5	5	-	100%
11.	SEVP Corporate Banking	5	2	3	40%
Permanent Non-Voting Member					
12.	Director Risk Management & Compliance	5	1	-	80%

Table of Membership Adjustment based on Decision No. KEP.DIR/230/2017 dated 21 November 2017

No.	Name	Total			% Attendance
		Invitee	Presence	Absence	
Permanent Voting Members					
1.	President Director	1	1	-	100%
2.	Vice President Director	1	1	-	100%
3.	Wholesale Banking Director	1	1	-	100%
4.	Director of Government & Institutional	1	-	1	0%
5.	Director of Retail Banking	1	1	-	100%
6.	Distributions Director	1	1	-	100%
7.	Digital Banking & Technology Director	1	-	1	0%
8.	SEVP Wholesale Risk	1	-	1	-
9.	SEVP Retail Risk	1	1	-	100%
10.	SEVP Special Asset Management	1	1	-	100%
11.	SEVP Corporate Banking	1	1	-	100%
12.	SEVP Corporate Banking	1	-	1	0%
13.	SEVP Commercial Banking	1	1	-	100%
Permanent Non-Voting Member					
14.	Director Risk Management & Compliance	1	1	-	100%

Business Committee (Bc)

Business Committee was a committee established to assist the Board of Directors in determining the Company's integrated business management strategy, product arrangement and/or activity of the Company as well as determining the marketing communication strategy and effectiveness in the field of wholesale banking and retail banking.

Structure And Membership Of Business Committee (Bc)

Based on the Decision of the Board of Directors Number KEP. DIR/231/2017 dated 21 November 2017, the Structure and Membership of the Business Committee are as follows:

Structure and Membership of Business Committee (BC)	
Chairman	President Director
Secretary (Wholesale Segment)	Group Head Transaction Banking Wholesale Product
Secretary (Retail Segment)	Group Head Consumer Deposits
Permanent Voting Member	1. President Director 2. Vice President Director 3. Director of Wholesale Banking 4. Director of Distributions 5. Director of Retail Banking 6. Director of Government & Institutional 7. Director of Digital Banking & Technology 8. Director of Treasury 9. SEVP Retail Risk 10. SEVP Wholesale Risk 11. SEVP Corporate Banking 12. SEVP Commercial Banking 13. SEVP Corporate Transformation & Finance
Non-Permanent Voting Member	Members of the Board of Directors/ SEVP, related to the material, who were present as invitees.
Permanent Non-Voting Member	Director of Risk Management & Compliance or Group Head Compliance or appointed Compliance Group official.
Contributing Non-Voting Member	1. Invited Group Head/other in the same level as Group Head related to the material on the agenda of the committee 2. Secretary of the Committee

Structure and Membership of Business Committee (BC)

Invitee	1. SEVP Internal Audit *) or Group Head in the Internal Audit Directorate or Internal Audit Directorate official who was present as an invitee. *) In case of the material discussed on the Committee constituting the material proposed by SEVP Internal Audit, then SEVP Internal Audit should act as Voting Member. 2. Officials in Operational Risk field i.e., the Seniors of Operational Risk Head, related to the material on the agenda of the committee, who were present as invitees.
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Duties and Responsibilities of the Business Committee

In carrying out its functions, BC had the following tasks and responsibilities:

1. Discuss and define the Company's business strategy segment wholesale and retail segments including corporate business strategy child.
2. Discuss, evaluate, and define development wholesale business segments and retail segments are integrated, including the development / renewal of products and services, either credit and non-credit, business process, tariff, infrastructure facilities and infrastructure marketing communication and technology business supporters.
3. Discuss, evaluate and define business strategy with the Company's anchor client.
4. Monitor and evaluate the results of strategic performance and initiatives business / project segments wholesale and retail segments.
5. Discuss and resolve business issues of a nature strategic alliances between the Company's work units and alliances with subsidiaries or entities under control Company.
6. Discuss, evaluate, and define development as well as termination of new products both credit and non-credit including digital banking products and services.
7. Delegating authority to appointed officials to break and execute matters of a business nature operational.

Implementation of Business Committee (BC) Duties of 2017

One of the tasks performed routinely by BC was to conduct a meeting at least 3 (three) times a year or at any time when it was deemed necessary upon the request of one or more members of the Voting Member committee or upon the request of the Board of Directors or on the written proposal from the work unit related to the submission of the material that would be discussed as well as to coordinate with the Secretary of the Committee.

During 2017, BC had conducted activities such as holding meetings, with the following agenda:

1. Launch of 3 new products (Mandiri Call Spread, Mandiri Dual Currency Investment and Mandiri Par Forward).
2. Manual on Intraday Facility Product.
3. Follow-up Decision of Retail Business Committee concerning Three Suspended Insurers.
4. Retail Engine Reporting.
5. Gen Y Project.
6. 2017 Update Pipeline Trade.
7. Manual on Consumer-Segment Credit Product without Collateral (Module II).
8. Collateral Deposit for Credit.
9. Proposal of Value Chain Acquisition Processes and Cooperatives.
10. Mandiri Payment System.
11. Proposal of KTA (Unsecured Loan) Development at Bank Mandiri in Dili East Timor.
12. Mortgages Development Strategy.
13. End of Year BG (Bilyet Giro) Program.
14. Revised Manual of Electronic Money Products.
15. Acquisition Acceleration of Value Chain Anchor Clients.
16. 2018 IT Strategic Initiative Prioritization.

Frequency of Business Committee Meeting and Attendance Level

The following is the frequency of Business Committee meeting and attendance level.

No	Name	Total Meetings				% Attendance
		Meeting	Attendance	Proxy	Absence	
Permanent Voting Member						
1.	Kartika Wirjoatmodjo	18	3		15	17%
2.	Sulaiman A. Arianto	18	11	1	6	61%
3.	Pahala Mansury *)	8	2		5	25%
4.	Royke Tumilaar	18	14		4	78%
5.	Hery Gunardi	18	13		5	72%
6.	Tardi	18	11		7	61%
7.	Kartini Sally	18	11	1	6	61%
8.	Rico Usthavia Frans	18	13		5	72%
9.	Riyani T. Bondan	18	12		6	67%
10.	Kepas Antoni A. Manurung	18	16	1	1	89%
11.	Alexandra Askandar	18	13		5	72%
Non-Permanent Voting Member						
1.	Joseph Georgino Godong	2	2		0	100%
2.	Agus Sudiarto	11	5		6	45%
3.	Riduan	12	11	1	0	92%

No	Name	Total Meetings				% Attendance
		Meeting	Attendance	Proxy	Absence	
4.	Darmawan Junaidi	2	1		1	50%
5.	Agus Dwi Handaya	10	2		8	20%
6.	Ogi Prastomiyono	5	3		2	60%
Permanent Non-Voting Member						
1.	Ahmad Siddik Badrudin	18	12		6	67%
Invitee						
1.	Mustaslimah	18	12		9	67%
2.	Ogi Prastomiyono	3	3		0	100%

*) Mr. Pahala Mansury since 12 April 2017 has no longer served as Board of Directors of Bank Mandiri.

Risk Management Committee (RMC)

Risk Management Committee (RMC) was the executive committee that was in charge and responsible for monitoring and managing the Bank's risk profile (including risk appetite, limit and capital adequacy), evaluating the Bank's performance under stress conditions (including contingency plan) and improving the implementation of risk management of the Bank as a result of internal or external changes (including regulation).

Structure and Membership of Risk Management Committee (RMC)

Based on the Decision of the Board of Directors Number KEP. DIR/237/2017 dated 21 November 2017, the composition of RMC members is as follows:

Member Structure Risk Management Committee (RMC)	
Chairman	Vice President Director
Secretary	Group Head Credit Portfolio Risk
Alternate Secretary	Group Head Operational Risk (Alternate I) Group Head Market Risk (Alternate II)
I. Voting Member	Group Head Market Risk (Alternate II)
a. Permanent Voting Member	1. Vice President Director 2. Director Operations 3. Director Risk Management & Compliance 4. SEVP Retail Risk 5. SEVP Wholesale Risk 6. SEVP Corporate Transformations & Finance
b. Non - Permanent Voting Member	Member Direksi/SEVP terkait materi yang Attending sebagai undangan.

Member Structure Risk Management Committee (RMC)	
II. Permanent Non-Voting Member	Group Head Compliance or appointed Compliance Group official who must be present at the Committee Meeting.
III. Contributing Non-Voting Member	a. Invited Group Head/other in the same level as Group Head related to the material on the agenda of the committee b. Secretary of the Committee
IV. IV Invitee	a. SEVP Internal Audit *) or Group Head in the Internal Audit Directorate or Internal Audit Directorate official who was present as an invitee. *) In case of the material discussed on the Committee was the material proposed by SEVP Internal Audit, then SEVP Internal Audit should act as Voting Member. b. Officials in the operational risk field i.e., the Seniors of Operational Risk Head, related to the material on the agenda of the committee, who were present as invitees.

Job Description and Responsibility Risk Management Committee (RMC)

The RMC committee has the duty, authority and responsibility as following:

1. Monitor the risk profile and management of all risks within to establish risk appetite, risk management strategy integrated and capital adequacy.
2. Establish methodologies, scenarios, evaluations including conditions stress in risk measurement and contingency plan.
3. Improve the implementation of risk management periodic or incidental as a follow-up to change internal and external conditions affecting adequacy capital and risk profile of the Company.

4. Discuss and define strategic matters within the scope risk management including risk management in subsidiary companies.
5. Determine matters related to business decisions that have special conditions (such as decisions that exceed business expansion significant compared to the Company's business plan).
6. Delegate authority to appointed officials to decide and carry out operational matters.

Implementation of Risk Management Committee (RMC)

Throughout 2017, RMC Committee had conducted 10 meetings and produced decisions with the following details:

No.	Date	Agenda
1.	19 January, 2017	1. Update of Liquidity Coverage Ratio Calculation Result in the third Quarter of 2016. 2. Approval of Credit Valuation Adjustment (CVA) RWA Calculation Mechanism. 3. Approval of KPMM Valuation in line with Risk Profile (ICAAP). 4. Approval of Risk-Based Bank Rating (RBBR) by individuals in the fourth Quarter of 2016.
2.	10 February 2017	1. Consolidated Bank Soundness Rating Report and Integrated Risk Profile in the fourth Quarter of 2016. 2. Approval of Work Plan Proposal on Risk Management Committee in 2017. 3. Approval of Review Proposal on Banking Book Risk Management Limit Policy. 4. Approval of the Limit on the Activities of Trading Treasury Head Office and Overseas Office 2017.
3.	4 April 2017	Approval of Establishment Proposal on Portfolio Guideline 2017.
4	12 April 2017	1. Approval of Proposal on Anti-Fraud Strategy. 2. Update of Net Stable Funding Ratio (NSFR) Calculation Test Result. 3. Approval of Risk Appetite Statement 2017.
5	18 July 2017	Approval of Bank Mandiri Soundness Rating Report in the June Position of 2017.
6	8 August 2017	Approval of Consolidated Risk-Based Bank Rating (RBBR) Report of Bank Mandiri in the First Half of 2017 and Integrated Risk Profile for the Second Quarter of 2017.
7	28 September 2017	1. Approval of Proposal on Review Limit Interest Rate Risk in Banking Book (IRRBB) and Review Limit Loan to Funding Ratio (LFR) foreign exchange. 2. Update Report on Implementation Result of Risk Management review at Bank Mantap.
8	18 October 2017	Approval of Risk Profile Assessment of Bank Mandiri by Individuals in the third Quarter of 2017.
9	25 October 2017	1. Update Summary of OJK Review Results on the Implementation of Integrated Risk Management and Governance. 2. Approval of Consolidated Risk Profile Assessment of Bank Mandiri in the third Quarter of 2017.
10	20 December 2017	Approval of Review of Parameters and Rules of Mandiri Group Compliance Risk Rating.

Frequency of Risk Management Committee Meeting and Attendance Level Per November 2017

No.	Name	Total			%Attendance
		Invitee	Presence	Absence	
Permanent Voting Members					
1	Sulaiman A. Arianto	10	10	0	100%
2	Ogi Prastomiyono	10	10	0	100%
3	Pahala N. Mansury ¹⁾	4	4	0	100%
4	Ahmad Siddik Badruddin	10	10	0	100%
5	Riyani T. Bondan	10	10	0	100%
6	Ventje Rahardjo ²⁾	2	1	1	50%
7	Kepas Antoni A. Manurung	10	9	1	90%
8	Agus Dwi Handaya	8	7	1	88%
9	Royke Tumilaar ³⁾	5	4	1	80%

No.	Name	Total			%Attendance
		Invitee	Presence	Absence	
Non - Permanent Voting Members					
10.	Alexandra Askandar	1	1	0	100%
11.	Riduan	1	1	0	100%
Invitee					
12.	Mustaslimah / Pjb. Internal Audit	9	9	0	100%
13.	Tardi	2	2	0	100%
Permanent Non-Voting Members					
14.	Group Head Compliance/ Pjb. Compliance	9	9	0	100%

Remarks :

- 1) Mr. Pahala N. Mansury (Director of Finance & Treasury) is active in Bank Mandiri until 12 April 2017. Within the period until the issuance of the new Decree of the Committee on 21 November 2017, Mr. Royke Tumilaar is appointed as Permanent Voting Member while replacing Mr. Pahala N. Mansury in all relevant Executive Committees.
- 2) Mr. Ventje N. Mansury (SEVP Corporate Transformations) was active in Bank Mandiri until the 2017 GMS period, then replaced by Mr. Agus Dwi Handaya who also serves as SEVP Finance.
- 3) Mr. Royke Tumilaar (Wholesale Banking Director) is conducting annual leave on July 18, 2017.

Human Capital Policy Committee (HCPC)

Human Capital Policy Committee (HCPC) was the executive committee that was responsible for determining the human capital management strategy of the Company.

Structure And Membership Of Human Capital Policy Committee (HCPC)

Based on the decision of Directors No. KEP.DIR/233/2016 November 2017, the composition of HCPC members is as follows:

Member Structure Human Capital Policy Committee (HCPC)		
Chairman	President Director	
Secretary	Group Head Human Capital Engagement	
Alternate Secretary	Group Head HC Talent, Organization & Performance	
I. Voting Member		
a. Permanent Voting Member	<div><div>1.</div><div>President Director</div></div> <div><div>2.</div><div>Vice President Director</div></div> <div><div>3.</div><div>Director of Distributions</div></div> <div><div>4.</div><div>Director of Operations</div></div> <div><div>5.</div><div>Director of Risk Management & Compliance</div></div> <div><div>6.</div><div>SEVP Human Capital</div></div> <div><div>7.</div><div>SEVP Corporate Transformation & Finance</div></div>	
b. Non-Permanent Voting Member	Members of the Board of Directors and SEVP regarding the material present as an invitation	
II. Permanent Non-Voting Member	Group Head Compliance or appointed Compliance Group officials shall be present at the Committee Meetings.	

Member Structure Human Capital Policy Committee (HCPC)

III. Member Contributing Non-Voting Member	a.	Group Head/other Group Head level invited related to the material on the agenda of the committee
	b.	Secretary of the Committee
IV. Invitations Remain Without Voting (Invitee)	a.	SEVP Internal Audit *) or Group Head of the Internal Audit Directorate or an Internal Audit Directorate official who is present as a permanent invitation without a voting right.
	*)	In case the material discussed on the Committee is the material proposed by SEVP Internal Audit, then SEVP Internal Audit acts as Voting Member.
	b.	Officials in the operational risk area of the Senior Operational Risk Head are related to the material on the agenda of the committee present as a permanent invitation without voting rights.

Description of Duties and Responsibilities of Human Capital Policy (HCPC)

HCPC has the following tasks, authorities and responsibilities:

1. Determine strategic and operational directives of Human Capital management, including corporate cultures and values.
2. Determine strategic human resource management policies in Subsidiaries, Financial Institution Pension Fund ("DPLK"), Bank Mandiri Pension Fund ("DPBM"), Foundation and Subsidiaries of Subsidiaries.
3. Determine strategic directives of Human Capital Information System development.
4. Determine and develop the organization including the fulfillment, development and training of human capital based on the business needs of the Company.

5. Determine individual performance management and rewards, talent and succession management as well as employee relations.
6. Determine the limit of authority in performing human capital management.
7. Discuss and solve issues of strategic human capital management.

In its capacity as a committee, BC had no authority to act on the representation of and on behalf of the Company conducting a binding or signing an agreement with a third party, which must be carried out in accordance with the provisions of the Articles of Association of the Company.

Implementation of Human Capital Policy Committee (HCPC) Task in 2017

During 2017, Human Capital Policy Committee had discussed the following matters:

Table of Meeting Human Capital Policy Committee

Date	Agenda
21 February 2017	Ground Rules Incentive Governing Board
24 October 2017	- Award of Service Period (Jubilee) - Proportional Leave allowance for Normal Age Pension Employee

Frequency of HCPC Meeting and Attendance Level

During 2017, Human Capital Policy Committee had conducted 2 (two) meetings with the attendance of committee members as shown in the following table:

No.	Name	Total			%Attendance
		Invitee	Presence	Absence	
Permanent Voting Members					
1.	Kartika Wirjoatmodjo	2	1	1	50%
2.	Sulaiman A. Arianto	2	2	0	100%
3.	Hery Gunardi	2	2	0	100%
4.	Ogi Prastomiyono	2	1	1	50%
5.	Pahala N. Mansury	1	1	0	100%
6.	Ahmad Siddik Badruddin	2	2	0	100%
7.	Sanjay N. Bharwani	2	2	0	100%
Non-Permanent Voting Members					
1	Royke Tumilaar	1	1	0	100%
2	Tardi	1	1	0	100%
3	Kartini Sally	1	1	0	100%
4	Rico Usthavia Frans	1	1	0	100%
5	Darmawan Junaidi	1	1	0	100%
6	Riyani T. Bondan	1	1	0	100%
7	Agus Dwi Handaya	1	1	0	100%
8	Joseph Georgino Godong	1	1	0	100%
9.	Kepas A. A. Manurung	1	1	0	100%
10.	Agus Sudiarto	1	1	0	100%
11.	Alexandra Askandar	1	1	0	100%
12.	Riduan	1	1	0	100%

No.	Name	Total			%Attendance
		Invitee	Presence	Absence	
Invitee					
1.	Mustaslimah	2	2	0	100%

*) The amount of attendance included is calculated after the above officials have effectively occupied their positions. For the positions of directors are counted effectively after graduating from fit and proper test from OJK.

Information Technology Committee (ITC)

Information Technology Committee (ITC) was the executive committee that was responsible for the decision making process related to the Company's operational management policy in the field of Information Technology (IT). ITC assisted the Board of Directors in determining IT Strategic Plan and IT budgeting as well as determining IT Strategic project and IT security.

Structure and Membership of Information Technology Committee (ITC)

Composition of Information Technology Committee (IT Committee) member based on Directors Decree No. Kep.Dir / 235/2017 dated November 21, 2017 on Information Technology Committee are as follows.

Structure Member Information Technology Committee (IT Committee)	
Chairman	President Director
Secretary	Group Head IT Strategy & Architecture Group Head IT Application Development (Alternate)
Voting Member	Permanent Voting Member: 1. President Director 2. Director of Operations 3. Director of Digital Banking & Technology 4. SEVP Corporate Transformations & Finance 5. SEVP Retail Risk 6. SEVP Chief Technology Officer
	Non-Permanent Voting Member: Members of the Board of Directors / SEVP regarding the material present as an invitation.
Permanent Non-Voting Member	Director of Risk Management & Compliance *) or Group Head Compliance or appointed Compliance Group officer. *) In the event that the Director of Risk Management & Compliance is unable to attend not exceeding seven (7) consecutive work days (temporarily), the Compliance Director's function may be delegated to Group Head Compliance or designated Compliance Group officials.

Structure Member Information Technology Committee (IT Committee)

Invitee	1. SEVP Internal Audit **) or Group Head of Internal Audit or Internal Audit Officer who is present as a permanent invitation without a voting right. **) In the case of material discussed on the Committee constituting material proposed by SEVP Internal Audit, SEVP Internal Audit shall act as Voting Member 2. Officials in the operational risk area of the Senior Operational Risk Head in relation to the matter being the agenda of the committee present as a permanent invitation with no voting rights
Contributing Non-Voting Member	1. Secretary of the Committee 2. Group Head / other Group Head level related to the material on the agenda of the committee.

Description of Duties and Responsibilities of Information Technology Committee (ITC)

IT Committee had the following tasks, authorities and responsibilities:

1. Discuss and define the IT Strategic Plan (ISP) of the Company.
2. Determine a strategic reference framework for managing IT Resources.
3. Determine strategies and action plans for projects and budgets.
4. Determine IT security strategy and IT risk management.
5. Ensure and monitor IT project implementation in line with ISP, IT budget and IT delivery project.
6. Determine IT budget priority and allocation that had been decided by the Board of Directors.
7. Decide or provide directives related to planning, development and addition of strategic IT system.
8. Discuss and resolve issues that were strategic in the scope of IT and IT investment directives including subsidiaries.
9. Delegate authority for appointed officials to disconnect and implement IT operational matters.

In its capacity as a committee, IT Committee did not have the authority to act on the representation of and on behalf of the Company conducting a binding or signing an agreement with a third party, which must be carried out in accordance with the provisions of the Articles of Association of the Company.

Implementation of Information Technology Committee (ITC) Task

Pada tahun 2017 IT Committee telah melakukan hal – hal sebagai berikut:

1. Approval for IT Strategic initiative in 2017, adjustment of IT strategic initiative in 2017, drop initiative, adjustment of IT investment portfolio composition in 2017 and IT initiative rationalization in 2017.
2. Approval to meet the needs of ATM Switching machines through an internal procurement process in accordance with the applicable governance.
3. Acceptance of review on the alternative method in financing the development of DRC Injoko and the method of fulfilling IT tools.
4. Approval of the use of CAPEX for the implementation of change request by establishing 1 special project code to accommodate the change request of the current year.
5. Acceptance of exposure to IT Transformation Strategy as part of the IT improvement plan of Bank Mandiri.
6. Acceptance of exposure to CISO implementation plan.
7. Acceptance of exposure to accelerated implementation of Bank Mandiri Bernhard system.
8. Acceptance of review on the result of IT Strategic and Execution Plan (ISP) 2015-2020 including Core Banking Offloading and target state architecture strategy, IT Operating Model and strategic Sourcing improvement, and Roadmap IT Strategic and Execution Plan (ISP) 2017-2020 with "Paced Approach" as the implementation approach.

Frequency of Information Technology Committee (ITC) Meeting and Attendance Level

During 2017, IT Committee had conducted 6 (six) meetings with the following IT Committee members' frequency of meeting and attendance level:

Prior to Reorganization

	Total Meeting	Presence	Absence	% Attendance
Permanent Voting Member				
Kartika Wirjoatmodjo	1	1	0	100%
Ogi Prastomiyono	1	1	0	100%
Pahala N. Mansury	1	1	0	100%
Rico Usthavia Frans	1	1	0	100%
Riyani T. Bondan	1	1	0	100%
Ventje Rahardjo	1	1	0	100%
Joseph Georgino Godong	1	1	0	100%
Non-Permanent Voting Member				
Sulaiman A. Arianto	1	0	1	0%
Royke Tumilaar	1	1	0	100%
Hery Gunardi	1	1	0	100%
Permanent Non-Voting Member				
Ahmad Siddik Badruddin	1	1	0	100%
Invitee				
Mustaslimah	1	1	0	100%

After Reorganization

	Number of Meetings	Presence	Absence	% Attendance
Permanent Voting Member				
Kartika Wirjoatmodjo	5	5	0	100%
Ogi Prastomiyono	4	4	0	100%
Rico Usthavia Frans	5	5	0	100%
Riyani T. Bondan	5	5	0	100%
Joseph Georgino Godong	5	5	0	100%
Agus Dwi Handaya	5	5	0	100%
Non-Permanent Voting Member				
Sulaiman A. Arianto	1	1	0	100%
Royke Tumilaar	2	2	0	100%
Hery Gunardi	1	1	0	100%
Tardi	4	4	0	100%
Kartini Sally	1	1	0	100%
Darmawan Junaidi	1	1	0	100%
Sanjay N. Bharwani	1	1	0	100%
Kepas Antoni A. Manurung	4	4	0	100%
Alexandra Askandar	1	1	0	100%
Riduan	3	3	0	100%
Permanent Non-Voting Member				
Ahmad Siddik Badruddin	5	5	0	100%
Invitee				
Mustaslimah ^{*)}	4	4	0	100%

*) Invitee Audit may be attended by SEVP Internal Audit or Group Head Internal Audit or Officers appointed at Group Head level.

Capital and Subsidiaries Committee (CSC)

Capital and Subsidiaries Committee (CSC) was the executive committee that was responsible for determining the subsidiary management strategy, recommendation for equity participation and divestment as well as remuneration and establishment of the subsidiary management.

Structure and Membership of Capital and Subsidiaries Committee (CSC)

Based on the Decision of the Board of Directors Number KEP. DIR/232/2017 dated 21 November 2017, the composition of CSC members is as follows:

Membership of Capital and Subsidiaries Committee (CSC)	
Chairman	President Director
Secretary	Group Head Strategic Investment & Subsidiaries Management
Replacement Secretary	Group Head Strategy & Performance Management 1. President Director 2. Vice President Director 3. Director of Treasury 4. SEVP Corporate Transformations & Finance 5. SEVP Wholesale Risk 6. SEVP Retail Risk 7. SEVP Human Capital
Non-Permanent Voting Member	Members of the Board of Directors/SEVP regarding the materian present as a invitation.
Non Permanent Voting Member	Director of Risk Management & Compliance or Group Head Compliance or appointed Compliance Group official.

Description Of Duties and Responsibilities of Capital and Subsidiaries Committee (CSC)

In carrying out its functions, CSC had the following tasks and responsibilities:

1. Determine strategies and limitations on the management of Subsidiaries including companies that were under the control of the Subsidiaries if necessary.
2. Discuss, recommend and approve the Subsidiaries' capital participation plan including additional capital participation and disposal of capital participation/divestment with the provision in the event that such participation or disposal of capital resulting in the change of control in Subsidiaries became the authority of the Board of Directors Meeting.
3. Evaluate and discuss the financial performance of Subsidiaries including companies that were under the control of Subsidiaries if necessary.
4. Discuss, recommend and approve remuneration (including salary, honorarium, allowance and facility) of members of the Board of Directors and Board of Commissioners of Subsidiaries including companies that were under the control of Subsidiaries recommended by the Human Capital work unit, which was in charge of remuneration materials.
5. Discuss, recommend and approve remuneration (including salary, honorarium, allowance and facility) of members of the Board of Directors and Board of Commissioners of Subsidiaries including companies that were under the control of Subsidiaries recommended by the Human Capital work unit, which was in charge of remuneration materials.
6. Discuss, recommend and approve the candidacy/nomination of members of the Board of Directors and/or Board of Commissioners of Subsidiaries including those that were under the control of Subsidiaries derived from internal or external Company without reducing the authority of the Board of Directors Meeting to be able to decide the candidacy/nomination of members of the Board of Directors and Board of Commissioners Subsidiaries and companies that were under the control of Subsidiaries.
7. Discuss, recommend and approve the Corporate Work Plan and Budget (RKAP) of Subsidiaries including companies that were under the control of Subsidiaries if necessary.
8. Discuss, recommend, determine/decide the implementation and agenda of the General Meeting of Shareholders (GMS) of Subsidiaries including companies that were under the control of Subsidiaries if necessary as well as decide other applications or proposals requiring the Company's decision as a Shareholder.
9. Discuss, recommend and approve the management and financial strategy of Financial Institution Pension Fund (DPLK).
10. Determine the proxy to represent the Company as a Shareholder in Subsidiaries (Shareholder's Proxy).

In its capacity as a committee, CSC did not have the authority to act on the representation of and on behalf of the Company conducting a binding or signing an agreement with a third party so that the act of representing the Company must be carried out in accordance with the provisions of the Articles of Association of the Company.

Implementation of Duties Capital and Subsidiaries Committee (CSC)

During 2017, CSC Committee had undertaken activities related to the following matters:

1. Changes to the Composition of PT Mandiri AXA General Insurance management
2. Agenda Proposal of GMS Fiscal Year 2016 (PT AXA Mandiri Financial Services, PT Mandiri Sekuritas, PT Mandiri Capital Indonesia, PT Mandiri Utama Finance, Mandiri International Remittance Sdn. Bhd, Bank Mandiri (Europe) Limited).
3. Agenda Proposal of GMS Fiscal Year 2016 (PT Asuransi Jiwa Inhealth Indonesia, PT Mandiri Tunas Finance, PT Bank Mandiri Taspen, PT Bank Syariah Mandiri, PT Mandiri AXA General Insurance).
4. Changes to the Composition of Mitra Transaksi Indonesia.
5. Changes to the Composition of Mandiri International Remittance Sdn. Bhd.
6. Loan-related Request from Third Party PT Mandiri Tunas Finance.
7. Capital Addition of PT Bank Syariah Mandiri by Rp 500 Billion.
8. Capital Addition of PT Bank Mandiri Taspen by Rp 350 Billion.
9. Changes to the Management of PT Mandiri Sekuritas and Proposal on the Management of Mandiri International Remittance Sdn. Bhd.
10. Changes to the Management of PT AXA Mandiri Financial Services, PT Bank Mandiri Taspen, PT Mandiri Manajemen Investasi and PT Mandiri Utama Finance.
11. Amendment to Articles of Association of PT Mandiri Utama Finance and Change of Name to PT Bank Mandiri Taspen.
12. RKAP of PT Bank Syariah Mandiri, PT AXA Mandiri Financial Services, PT Bank Mandiri Taspen Pos, PT Mandiri Tunas Finance, PT Asuransi Jiwa Inhealth Indonesia, PT Mandiri Utama Finance, MMI, Bank Mandiri (Europe) Limited, Mandiri International Remittance Sdn. Bhd.
13. RKAP of PT Mandiri AXA General Insurance and PT Mandiri Capital Indonesia.
14. RKAP of PT Mandiri Sekuritas

One of the tasks of Capital and Subsidiaries Committee was to conduct a regular meeting. Bank Mandiri CSC meeting was held at least 3 (three) times a year or at any time when deemed necessary upon the request of one or more members of the Voting Member or at the request of the Board of Directors or on the written proposal of the

work unit related to the submission of the material that would be discussed as well as to coordinate with the Secretary of the Committee.

Table of Meeting Agenda of Capital and Subsidiaries Committee

No.	Date	Title CSC
1.	February 21, 2017	Proposed Agenda of GMS 2016 Subsidiary Company: PT AXA Mandiri Financial Services, PT Mandiri Sekuritas, PT Mandiri Capital Indonesia, PT Mandiri Utama Finance, Mandiri International Remittance Sdn. Bhd., Bank Mandiri (Europe) Limited.
2.	March 22, 2017	Proposed Agenda of GMS 2016 Subsidiary Company: PT Asuransi Jiwa Inhealth Indonesia, PT Mandiri Tunas Finance, PT Bank Mandiri Taspen, PT Bank Syariah Mandiri, PT Mandiri AXA General Insurance.
3.	May 12, 2017	Changes to the Composition of Indonesian Transaction Partners
4.	May 29, 2017	Changes in Composition of Mandiri International Remittance Sdn. Bhd
5.	June 13, 2017	Related Applications Lending from Third Parties PT Mandiri Tunas Finance
6.	June 20, 2017	Added Capital of PT Bank Syariah Mandiri Rp 500M
7.	July 25, 2017	Added Capital of PT Bank Mandiri Taspen Rp 350M and Change of Management of PT Mandiri Sekuritas and Proposal of Mandiri International Remittance Sdn.Bhd
8.	October 26, 2017	RKAP PT Bank Syariah Mandiri, PT AXA Mandiri Financial Services, PT Bank Mandiri Taspen Pos, PT Mandiri Tunas Finance, PT Asuransi Jiwa Inhealth Indonesia, PT Mandiri Utama Finance, PT Mandiri Manajemen Investasi, Bank Mandiri (Europe) Limited, Mandiri International Remittance Sdn .Bhd.
9.	October 31, 2017	RKAP of PT Mandiri AXA General Insurance and PT Mandiri Capital Indonesia.
10.	November 7, 2017	Board of PT Mandiri AXA General Insurance
11.	November 28, 2017	RKAP PT Mandiri Sekuritas

Frequency of CSC Meeting and Attendance Level

During 2017, CSC Committee had conducted 11 meetings with the following attendance of members of the Committee:

Table of Frequency of CSC Meeting and Attendance Level

No .	Name	Amount			% Attendance
		Meeting	Presence	Absence	
Permanent Voting Members Capital & Subsidiaries Committee					
1.	Kartika Wirjoatmodjo	11	11	0	100%
2.	Sulaiman A. Arianto	11	10	0	91%
3.	Darmawan Junaidi*	1	0	1	0%
4.	Riyani T. Bondan	11	11	0	100%
5.	Agus Dwi Handaya	11	9	2	82%
6.	Kepas Antoni A. Manurung	11	11	0	100%
7.	Sanjay N. Bharwani*	1	1	0	100%
Non - Permanent Voting Members Capital & Subsidiaries Committee					
1.	Ogi Prastomiyono	7	7	0	100%
2.	Royke Tumilaar	11	11	0	100%
3.	Hery Gunardi	8	8	0	100%
4.	Tardi	11	11	0	100%
5.	Kartini Sally	8	8	0	100%
6.	Rico Usthavia Franz	8	8	0	100%
7.	Darmawan Junaidi**	3	2	1	67%
8.	Sanjay N. Bhawarni**	8	8	0	100%
9.	Joseph Georgino Godong	10	10	0	100%

No .	Name	Amount		% Attendance
		Meeting	Presence	
10.	Alexandra Askandar	6	6	100%
11.	Agus Sudiarto	8	8	100%
12.	Riduan	9	9	100%
Permanent Non-Voting Members Capital & Subsidiaries Committee				
1.	Ahmad Siddik Badruddin	11	9	82%
Invitee Members Capital & Subsidiaries Committee				
1.	Mustaslimah	11	11	100%

Information:

* The composition of permanent voting member changes due to Decree of the Board of Directors No.KEP.DIR / 232/2017 dated 21 November 2017.

** Meeting Period prior to the Decree of the Board of Directors No.KEP.DIR / 232/2017 dated 21 November 2017.

Credit Committee Meeting (RKK)

Credit Committee/Credit Committee Meetings (RKK) is a committee that is in charge of assisting the Board of Directors in deciding in lending (new, additional, decrease, and/or renewals) managed by Business Units within the limits of authority, including the determination/amendment credit structure.

Since the beginning of the Bank Mandiri establishment, Credit Committee had been implemented consisting of the function of Business Unit and Risk Unit and several improvements had been done, but during 2005, a fundamental loan funding process had been made in order to ensure more prudent credit lending and in accordance with the principles of best-practice risk management as well as to reinforce the implementation of GCG principles. Every credit lending in the wholesale segment must be conducted through discussion in the forum of Credit Committee Meeting as a means of applying the four-eye principle as well as the check and balance process between Business Unit as the Initiator unit and Credit Risk Management as the Risk Mitigation Unit.

In the Credit Committee, the Legal Group and the Compliance Group must also be present to provide legal and compliance opinions in order to strengthen the independence aspect, avoid dominance of one work unit, avoid conflict of interest and ensure objective and pressure-free decision making. In case of one member of the credit committee performing a credit recovery function. It was called the Credit Restructuring Committee.

Credit Committee Meeting was established based on the Decision of the Board of Directors No. KEP.DIR/386/2016 dated 2 November 2016 on the Executive Committee. While, the composition of RKK members was regulated by referring to the Four-Eye Principles (a balanced composition between the holders of business authorities and holders of credit risk authorities). The committee secretary was Group Head Corporate Risk and Group Head Commercial Risk.

Structure and Membership of Credit Committee

Credit Committee in Category A was the highest committee in the structure of credit breaking and credit restructuring with the following members:

Credit Committee Membership		
Chairman	:	There is no Chairman of Credit Committee
Secretary	:	Group Head Corporate Risk & Group Head Commercial Risk
	Business Function	Risk Function
	1. Royke Tumilaar	1. Kartika Wirjoatmodjo
	2. Tardi	2. Sulaiman A. Arianto
	3. Kartini Sally	3. Ogi Prastomiyono
	4. Rico Usthavia Frans	4. Hery Gunardi
	5. Riduan	5. Riyani T. Bondan
	6. Alexandra Askandar	6. Joseph Georgino Godong
	7. Agus Sudiarto	7. Kepas Antoni A. Manurung
	8. Toni eko Boy Subari *)	8. Agus Dwi Handaya

Credit Committee Membership	
	9. Sucipto Prayitno
	10. Sulaeman
	11. Darmawan Junaidi
	12. Tiwul Widyastuti
Non-Voting Member	: Director of Compliance & Human Capital or Group Head Compliance or Department Head or official Designed Compliance Group.

Korum Credit Committee Category A *):

1. Korum Credit Committee Category A.1 : 3 members of Risk Function Management + 2 members Business Function
2. Korum Credit Committee Categoryi A.2 : 2 members of Risk Function Management + 2 members Business Function
3. Korum Credit Committee Category A.3 : 2 members of Risk Function Management + 1 members Business Function
4. Korum Credit Committee Loan Categoryi A.4 : 1 members of Risk Function Management + 1 members Business Function

*) Valid from 3 Oktober 2017

Description of Credit Committee Task and Responsibility

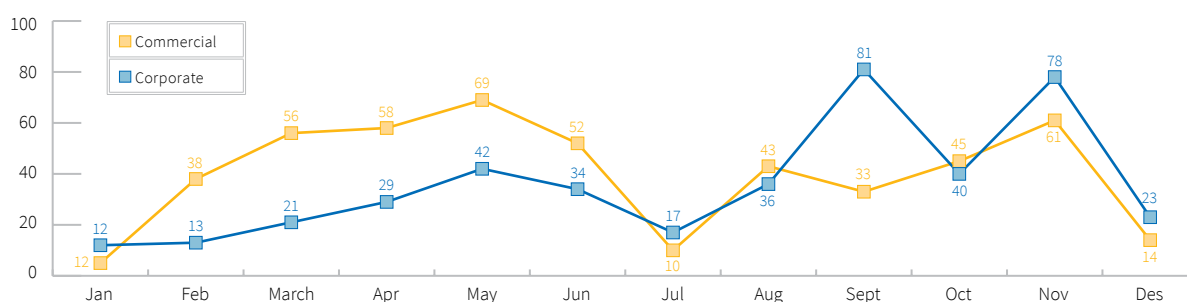
Tasks, authorities and responsibilities of the Credit Committee in accordance with the Credit Performance Standard per segment are as follows:

1. Authority of the Credit Committee
The Credit Committee was authorized to recommend and/or decide upon the granting of credit (new, additional, decrease, and/or renewal) managed by the Business Unit within the limits of authority, including the determination/alteration of the credit structure. Credit structure included but not limited to credit limit, financing object/purpose, type of credit, nature of credit, credit period, grace period, financing portion, credit/covenant terms and collateral.

2. Credit Committee - Restructuring was authorized to recommend and/or decide upon the authority of:
 - a. Restructuring and settlement of credit collectibility 3, 4, 5 and collectibility 1 and 2 after restructuring that were still managed by Credit Recovery Unit.
 - b. Restructuring of credit collectibility 1 and 2 was in watch list category.
 - c. Rescue/settlement of extra-comptable credits, including disconnecting the Foreclosed Assets (AYDA).
 - d. Clear the book and remove credit claim.
3. Credit Committee/Credit Committee - Restructuring was responsible for credit recommended and/or terminated within the limits of authority including the determination/alteration of credit structure as mentioned above by doing the following:
 - a. Ensure that every credit provided met the general banking norms and was in compliance with sound credit principles.
 - b. Ensure that crediting was in compliance with the Bank's prevailing credit provisions/guidelines.
 - c. Ensure that crediting had been based on honest, objective, accurate, and thorough assessments and regardless of the influence of parties that had interest of credit applicants.
 - d. Believe that the credit to be given could be repaid on time, and would not develop into a problem loan.

Implementation of Credit Committee Task

During 2017, the Credit Committee has conducted meetings of 484 (four hundred and eighty four) times for the Corporate and / or institutional and 426 (four hundred twenty six) times for the Commercial segment, with the following meeting frequency:



No	Name	Segment			Absence	% Attendance
		Corporate	Commercial	Total		
Risk Management Function						
1.	Kartika Wirjoatmodjo	18	-	18	-	100%
2.	Sulaiman A. Arianto	133	128	261	-	100%
3.	Ogi Prastomiyono	82	18	100	-	100%
4.	Hery Gunardi	42	26	68	-	100%
5.	Riyani T. Bondan	21	8	29	-	100%
6.	Joseph Georgino Godong	93	41	134	-	100%
7.	Kepas Antoni A. Manurung	211	272	483	-	100%
8.	Agus Dwi Handaya	17	21	38	-	100%
9.	Tatang Tabroni	121	64	185	-	100%
10.	Karya Prasetya Budi	109	146	255	-	100%
11.	M. Sigit Pambudi	96	45	141	-	100%
12.	Tiwul Widyastuti	70	6	76	-	100%
Business Unit Function						
1.	Royke Tumilaar	225	30	255	-	100%
2.	Tardi	3	33	36	-	100%
3.	Kartini Sally	28	29	57	-	100%
4.	Rico Usthavia Frans	11	-	11	-	100%
5.	Riduan	35	305	340	-	100%
6.	Alexandra Askandar	317	14	331	-	100%
7.	Agus Sudiarto	22	47	69	-	100%
8.	Toni Eko Boy Subari*)	11	16	27	-	100%
9.	Sucipto Prayitno	28	55	83	-	100%
10.	Sulaeman	32	1	33	-	100%
11.	Darmawan Junaidi	26	2	28	-	100%
12.	Pahala Mansyuri*)	6	-	6	-	100%

* Mr. Pahala Mansyuri is currently the President Director of PT Garuda Indonesia (Persero) Tbk and Bp. Toni Eko Boy Subari as President Director of PT Bank Syariah Mandiri.



Integrated Risk Committee

The Integrated Risk Committee (IRC) is a committee that duty to assist the Board of Directors in the interagency arrangement other Integrated Risk Management policies and improvements or perfected Integrated Risk Management policy based on the results of implementation evaluation.

Structures And Membership of Integrated Risk Committee (IRC)

Based on the decision of the Board of Directors No.KEP.DIR / 235/2017 passed November 2017, the composition of IRC members is as follows:

Chairman	:	Director of Risk Management & Compliance
Secretary	:	HeadCredit Portfolio Risk Group
Alternate Secretary I	:	Group Head Operational Risk
Alternate Secretary II	:	Group Head Market Risk

- I. Permanent Members of the Company (Bank Mandiri)
 - a. Director of Risk Management & Compliance
 - b. Director of Operations
 - c. Director of Treasury
 - d. SEVP Corporate Transformation & Finance
 - e. SEVP Wholesale Risk
 - f. SEVP Retail Risk
- II. Permanent Member of the Subsidiary Company
 - a. Director of Risk Management of Bank Syariah Mandiri
 - b. Director of Risk Management Mandiri Sekuritas
 - c. Director of Risk Management Mandiri Tunas Finance
 - d. Director of Risk Management Axa Mandiri Financial Services
- III. Non-Permanent Member (Subject Matter)
 - a. Members of the Board of Directors / SEVP of the Company other than Permanent Members of the Company

- b. Director of Subsidiaries other than Permanent Members of Subsidiary Companies
- IV. Contributing Member (Member)
 - a. Group Head or other Group Head level of the Company and Subsidiary who are invited related to the material on the agenda of the Committee.
 - b. Secretary of the Committee
- V. Fixed Invites (Invitee)
 - a. SEVP Internal Audit or Group Head of Internal Audit or Internal Audit Officer who is present as a permanent invitation from the Company.
 - b. Group Head Compliance or Official Compliance Group of the designated Company.
 - c. Officials in the operational risk field are Senior Operational Risk Headterkait with the material that becomes the committee agenda which is present as a permanent invitation from the Company

Duties and Responsibilities of the Integrated Risk Committee (IRC)

IRC committees recommend to the Board of Directors, among others:

1. Adequate process of identification, measurement, monitoring, integrated Risk control, and Integrated Risk Management information system.
2. Comprehensive internal control system on the application of Integrated Risk Management.
3. Implementation of Risk Management in each Subsidiary Company.
4. Others required in order to prepare or evaluate the policy of Integrated Risk Management.

Implementation of Integrated Risk Committee Task (IRC)

The Integrated Risk Committee performs its duties by holding meetings 5 (five) times during 2017. Here is the agenda of IRC meetings during 2017.

Table of Implementation of Integrated Risk Committee Task (IRC)

No	Date	Subject
1.	10 Februari 2017	RBBR Consolidation and Risk Profile Integrated position of second semester (December) 2016.
2.	18 April 2017	Consolidated Risk Profile of Quarter I - 2017.
3.	8 Agustus 2017	RBBR Consolidated first semester (June) 2017 position.
4.	25 Oktober 2017	Consolidated Risk Profile of Quarter III-2017.
5.	20 Desember 2017	Change of Rule of Compliance Risk Rating as Follow-up on OJK site review.

Frequency of Attendance of Integrated Risk Committee Meeting

Table of Frequency of Attendance of Integrated Risk Committee Meeting

No.	Level	Total Meetings	Total Meetings	Percentage Meetings
Permanent Member Bank Mandiri				
1.	Director of Risk Management & Compliance	4	4	100%
2.	Director of Finance & Treasury	1	4	25%
3.	Director of Operations	3	4	75%
4.	SEVP Corporate Transformation	1	4	25%
5.	SEVP Wholesale Risk	1	4	25%
6.	SEVP Retail Risk	4	4	100%
Invitee Bank Mandiri				
7.	SEVP Internal Audit	4	4	100%
Permanent Member				
8.	Director of Bank Syariah Mandiri	4	4	100%
9.	Director of Mandiri Securitاس	4	4	100%
10.	Director of Mandiri Tunas Finance	4	4	100%
11.	Director of AXA Mandiri Financial Services	4	4	100%
Non Permanent Member				
12.	Director of Mandiri AXA General Insurance	4	4	100%
13.	Director of Mandiri InHealth	4	4	100%
14.	Director of Mandiri Manajemen Investasi	2	2	100%
15.	Director of Mandiri Utama Finance	4	4	100%
16.	Director of Mandiri Capital Indonesia	4	4	100%

Policy and Procedure Committee (PPC)

The Policy and Procedure Committee (PPC) is a committee charged with assisting the Board of Directors in discussing and recommending adjusting / refining policies and establishing the Company's procedures including human capital policies and procedures and discussing and decide the granting of authority to the Company's officers (ex-officio).

Structure and Membership Policy and Procedure Committee (PPC)

Based on the Decree of the Board of Directors No.KEP.DIR / 235/2017 which was passed on 21 November 2017, the composition of IRC members is as following. There is an adjustment to the Executive Committee's membership according to the Board of Directors' Decision on Policy & Procedure Committee improvement according to Decree No. KEP.DIR / 236/2017 dated November 21, 2017 as follows

PPC Category A

Membership of the Policy & Procedure Committee	
Chairman	Direktur Risk Management & Compliance
Secretary	Group Head Policy & Procedure
Replacement Secretary (Alternate)	Group Head Compliance
Member With Voting Member (Voting Member)	a. Permanent Voting Member <ol style="list-style-type: none"> 1. Director of Risk Management & Compliance 2. Director of Operations 3. Director of Distributions 4. SEVP Corporate Transformations b. Non-Permanent Voting Member Members of the Board of Directors / SEVP regarding the material present as an invitation
Permanent Non-Voting Member	Group Head Compliance or designated Compliance Group officer shall be required to attend Committee Meetings.
Contributing Non-Voting Member (s)	a. Group Head / other Group Head level invited related to that material be on the agenda of the committee. b. Secretary of the Committee
Invitations Remain Without Voting (Invitee)	a. SEVP Internal Audit *) or Chief Auditor or Internal Audit Officer present as a fixed invitation without a vote. *) In the case of material discussed on the Committee constituting material proposed by SEVP Internal Audit, then SEVP Internal Audit acts as Voting Member. b. Officers in operational risk are Senior Operational Risk Head related to the material which is on the agenda of the committee present as a permanent invitation without voting rights

PPC Category B

Membership of the Policy & Procedure Committee	
Chairman	Direktur Risk Management & Compliance
Secretary	Group Head Policy & Procedure
Replacement Secretary (Alternate)	Group Head Compliance
Member With Voting Member (Voting Member)	a. Permanent Voting Member (Permanent Voting Member) <ol style="list-style-type: none"> 1. Direktur Risk Management & Compliance 2. Group Head Policy & Procedure 3. Group Head Legal 4. Group Head Compliance 5. Senior Operational Risk Head Wholesale Banking 6. Senior Operational Risk Head Retail Banking 7. Senior Operational Risk Head Distribution 8. Senior Operational Risk Head IT, Digital Banking & Operations b. Non-Permanent Voting Member (Non-Permanent Voting Member) Members of the Board of Directors / SEVP regarding the material present as an invitation.
Contributing Non-Voting Member (s)	Group Head / other Group Head level invited related to the material on the agenda of the committee.
Invitations Remain Without Voting (Invitee)	The Chief Auditor and / or Internal Audit officer present as an invitation shall remain without a vote.

Description of Policy and Procedure Committee (PPC) Task and Responsibility

PPC has the following tasks, authorities and responsibilities:

1. PPC Category A:
 - a. Discuss and recommend the Board of Directors in the preparation and/or adjustment/improvement of the Company's policies including the Company's human capital policy.
 - b. Discuss and decide the granting of authority to Company's officers in an ex-officio manner.
2. PPC Category B:
 - a. Discuss and determine the preparation and/or adjustment/improvement of the Company's procedures including the procedure in the field of human capital.
 - b. Discuss and decide the granting of authority to the Company's officers in an ex-officio manner other than those under the authority of PPC Category A.

Implementation of Policy and Procedure Committee (PPC) Task

The implementation of the Policy and Procedure Committee (PCC) task during 2017 was by conducting regular meetings and issuing decisions. The PCC meeting results are as follows.

No	Date	Agenda
1.	February 17, 2017	Revamp Terms related to DNT 2017
2.	March 27, 2017	Revision of SPO Accredited Credit Partner
		Revision of SPO Accredited Credit Partner
3.	April 4, 2017	SPO Preparation of Policies and Procedures
4.	June 8, 2017	SPO Fund Products
		HR policy
		SPO Business Continuity Management
5.	July 6, 2017	Revised SPO RKAP and RBB
		Revision of SPO Information Technology
6.	August 2, 2017	SPO Payment – Remittance & Other Service (Sirkuler)
7.	August 2, 2017	SPO Operational Risk Management
		SPO Fund Products
		SPO Marketing Communications Products and Services
8.	August 22, 2017	Policy and Procedure of APU PPT Procedure
9.	September 12, 2017	Policy and Procedure of APU PPT Procedure
10.	September 22, 2017	SPK Corporate, SPK Commercial, SPO Credit Collection & Recovery
11.	October 9, 2017	Revision of SPO Information Technology (IT)
12.	October 31, 2017	Policy and Standard of Corporate Secretary Procedures
13.	November 15, 2017	SPO Risk Model (Circular)
14.	November 23, 2017	Revision of SPO Information Technology (IT)
		SPO Revision of Customer Segmentation
		Revised SP Treasury
15.	December 12, 2017	Merger of Operational Policy of Bank Mandiri (Circular)
16.	December 12, 2017	Merger of Bank Mandiri Internal Control Policy (Circular)

Frequency of Policy and Procedure Committee (PPC) Meeting And Attendance Level

Directors and SEVP (including Category A and B)

No	Name	Meeting	Total Preence	Absence	% Attendance
Permanent Voting Members					
1	Ahmad Siddik Badruddin	16	16	0	100%
2	Ogi Prastomiyono	9	9	0	100%
3.	Hery Gunardi	7	7	0	100%
4.	Ventje Rahardjo (ex)	1	1	0	100%
5.	Agus Dwi Handaya	8	7	1	88%
Non Permanent Voting Members					
5.	Kartika Wirjoatmodjo	2	2	0	100%
6.	Royke Tumilaar	2	1	1	50%
7.	Tardi	5	5	0	100%
8.	Kartini Sally	1	1	0	100%
9.	Rico Usthavia Frans	4	4	0	100%
10.	Darmawan Junaidi	1	1	0	100%
11.	Riyani T. Bondan	10	10	0	100%
12.	Sanjay N. Bharwani	3	3	0	100%
13.	Joseph Georgino Godong	3	3	0	100%
14.	Kepas Antoni A. Manurung	3	3	0	100%
15.	Alexandra Wiyoso	2	2	0	100%
16.	Riduan	2	2	0	100%
Invitee					
17.	Mustaslimah	9	9	0	100%

Group Head (PPC Category B)

No	Name	Meeting	Total Preence	Absence	% Attendance
Permanent Voting Members					
1	Eman Suherman	9	9	0	100%
2	Chrisna Pranoto	9	8	1	89%
3	Agus Retmono	9	9	0	100%
5	Adi Surya Djoko	7	7	0	100%
Non Permanent Voting Members					
1	Mohammad Guntur	1	1	0	100%
2	Trilaksito Singgih Hudanendra	2	2	0	100%
3	I Aminarti Widiati	1	1	0	100%
4	Wawandrijo Priwardono	1	1	0	100%
5	Elmamber P. Sinaga	2	2	0	100%
6	Daniel Setiawan Subianto	1	1	0	100%
7	Yoesman Sugianto	1	1	0	100%
8	Johannes Kolibonso	2	2	0	100%
9	Rohan Hafas	1	1	0	100%
10	Setoyo Wibowo	1	1	0	100%
11	Ita Tetralaswati	1	1	0	100%

Public Accountant

Based on the Regulation of the Financial Services Authority No. 32/POJK.03/2016 on the amendment to No. 6/POJK.03/2015 on Transparency and Publication of Bank Reports, an audit of Bank Mandiri Financial Statement for the fiscal year 2017 had been conducted by an independent, competent, professional and objective public accountant in accordance with the Standards for Professional Public Accountants, the employment agreement and the scope of the pre-determined audit.

In order that the audit process was in accordance with the Standards for Professional Accountants, the employment agreement and the scope of the audit that had been determined and completed in line with the set target time, then meetings addressing some significantly important issues were routinely conducted. Bank Mandiri always gave the best efforts to improve communication between Public Accountant, Audit Committee and Bank Mandiri Management so as to minimize the constraints occurring in the audit process.

Implementation of External Audit Function

External Audit Function is implemented through implementation Audit of Financial Statements of the Company by Public Accountants and Public Accounting Firm, in order to ensure that information finance is prepared and presented in quality, form and express an opinion on the fairness of the Report Finance Company and test internal control (internal control review), including re-testing of things which has been tested by Internal Audit and made observations from procedures performed by Internal Audit.

Appointment of Public Accountants

Appointment of Public Accounting Firm (KAP) Purwantono, Sungkoro and Surja as the External Auditor auditing the Consolidated Financial Statements of the Company, Annual Report on the Implementation of Partnership and Community Development Program and other reports for the fiscal year ending on 31 December 2017 ("Financial Statements for Fiscal Year 2017"), determined in the Annual GMS on 14 March 2017, subject to the provision of Bank Indonesia, the Financial Services Authority and other related provisions. Fiscal year of 2017, saw as the third audit year period for Public Accounting Firm of Purwantono, Sungkoro and Surja.

The process of determining the External Auditor for Financial Statement of Fiscal Year 2017 is as follows:

1. The Board of Commissioners should submit a request to the Board of Directors to conduct the election of KAP that would be determined as External Auditor of Financial Statement of Fiscal Year 2017.
2. The Board of Directors conducted the procurement process for the selection of KAP as External Auditor for Financial Statement of Fiscal Year 2017 at the request of the Board of Commissioners, starting with the stage of forming the Procurement Team to the stage of evaluating technical aspects and financial aspects of the KAP Bidder's proposal and recommending the results to the Board of Commissioners through Audit Committee.
3. The Annual GMS on 14 March 2017 decided to appoint KAP Purwantono, Sungkoro & Surja as KAP that would audit the Financial Statement of Fiscal Year 2017, including to authorize the Board of Commissioners to determine the honorarium and other requirements for the aforesaid KAP, and to set up an alternate KAP in the case that KAP Purwantono, Sungkoro & Surja, for any reason cannot complete the audit of Financial Statement of Fiscal Year 2017.
4. Bank Mandiri should deliver a letter to the KAP Bidder related to the result of the Annual GMS determining KAP Purwantono, Sungkoro & Surja as KAP that would audit the Financial Statement of Fiscal Year 2017.

Bank Mandiri applied the principles of Professional Ethics in conducting the determination of External Auditor, namely:

1. Responsibility of the profession
2. Public interest (public)
3. Integrity
4. Objectivity
5. Competence and professional prudence
6. Confidentiality
7. Professional behavior
8. Technical standards

Public Accountanting Firm, Account Name, Fee and Kap License

Based on the POJK Number 6 / POJK.03 / 2015 on Transparency and Publication of Bank Report Article 6 stating that the Financial Statement of the end-December position announced quarterly and annually must be audited by the Public Accountant registered in Financial Services Authority. In 2017 KAP fees amounting to Rp10 billion with details of audit fees on the financial statements worth Rp8, 7 billion and Rp1, 3 billion the rest for fees of other services provided by the Accountant. Here's a list of Public Accounting Firm, accountant name, fee, and KAP license for book year 2010-2017.

Table of Public Accountant Firm, Accountant Name, Fee and KAP License

Year	Public Accountant Firm	Accountant Name (Signing Partner)	Period KAP	Period AP	Fee *) (in Thousand)	KAP License
2017	Purwanto, Sungkoro & Surja (EY)	Danil Setiadi Handaja			10.000.000	603/KM.1/2015
2016	Purwanto, Sungkoro & Surja (EY)	Danil Setiadi Handaja	3	3	7.850.000	603/KM.1/2015
2015	Purwanto, Sungkoro & Surja (EY)	Danil Setiadi Handaja			7.330.000	603/KM.1/2015
2014	KAP Tanudiredja, Wibisana & Rekan (PwC)	Haryanto Sahari		2	8.300.000	151/KM.1/2010
2013	KAP Tanudiredja, Wibisana & Rekan (PwC)	Haryanto Sahari			9.975.000	151/KM.1/2010
2012	KAP Tanudiredja, Wibisana & Rekan (PwC)	Lucy Luciana Suhenda	5	1	9.500.000	151/KM.1/2010
2011	KAP Tanudiredja, Wibisana & Rekan (PwC)	Haryanto Sahari		2	11.800.000	151/KM.1/2010
2010	KAP Tanudiredja, Wibisana & Rekan (PwC)	Haryanto Sahari			11.495.000	151/KM.1/2010

Remarks

* Fee includes Out of Pocket Expense (OPE) and Value Added Tax

Other Services Provided by Accountants

The scope of KAP Purwanto, Sungkoro and Surja audit work for the fiscal year 2017 are:

No.	KAP Services 2017 Type	Fee (Rp)
1.	Audit of Financial Report of Partnership and Community Development Program PT Bank Mandiri (Persero) Tbk.	150.000.000
2.	Audit of Financial Statement of PT Bank Mandiri (Persero) Tbk. Dili Branch and Commentary / Managemet Letter.	350.000.000
3.	Audit of Secure Scripless Securities Listing System Security.	100.000.000
4.	Assurance Engagement on Control Policy and Procedures Implemented by PT Bank Mandiri (Persero) Tbk. in Provision of Custodian Services.	100.000.000
5.	Insurance Engagement on Performance Evaluation Report of PT Bank Mandiri (Persero) Tbk.	125.000.000
6.	Insurance Engagement on Business Performance Evaluation Report PKBL PT Bank Mandiri (Persero) Tbk.	75.000.000
7.	Audit of the Reporting System to Bank Indonesia and certain Reports to Bank Indonesia.	100.000.000
8.	Audit of the Independent Auditor's Report on Compliance with Laws or Legislation Internal Control.	125.000.000
9.	Audit of PT Bank Mandiri (Persero) Tbk.	75.000.000
10.	Summary of Comments, Suggestions and Responses Management of PT Bank Mandiri (Persero) Tbk.	100.000.000

Review Result

Opinions on the review result of the Financial Statement for 2010-2017 Financial Years are as follows:

Year	Opinions Financial Statements
2017	The Consolidated Financials report presents a learner, equivalent to the Financial Accounting Standards in Indonesia
2016	The Consolidated Financial Statements present fairly, in accordance with Indonesian Financial Accounting Standards
2015	The Consolidated Financial Statements present fairly, in accordance with Indonesian Financial Accounting Standards
2014	The Consolidated Financial Statements present fairly, in accordance with Indonesian Financial Accounting Standards
2013	The Consolidated Financial Statements present fairly, in accordance with Indonesian Financial Accounting Standards
2012	The Consolidated Financial Statements present fairly, in accordance with Indonesian Financial Accounting Standards
2011	The Consolidated Financial Statements present fairly, in accordance with Indonesian Financial Accounting Standards
2010	The Consolidated Financial Statements present fairly, in accordance with Indonesian Financial Accounting Standards

Effectiveness of External Audit and Bank Compliance with Conditions

In an effort to comply with the principles of Good Corporate Governance as well as applicable laws and regulations, an audit result of the Financial Statements performed by an independent party i.e., Public Accounting Firm was required, and the audit report will be further submitted to the Financial Services Authority. Basic Implementation of transparency of financial statements based on the provisions of Bank Indonesia and the Financial Services Authority is as follows:

1. POJK No. 55/POJK.03/2016 on the Implementation of Good Corporate for Commercial Banks.
2. POJK No. 6/POJK.03/2015 on Transparency and Publication of Bank Reports.
3. POJK No. 32/POJK.03/2016 on Amendment to POJK No. 6/POJK.03/2015 on Transparency and Publication of Bank Reports.

Relationship Between Bank Mandiri, Public Accountant and Regulator

In performing the audit, Bank Mandiri not only complied with the applicable laws and regulations, but also always gave the best efforts to improve communication with KAP. The Accounting Unit was responsible for coordinating KAP activities assisted by Internal Audit. Besides, Audit Committee constantly monitored the course of audits conducted by KAP. KAP was elected to communicate about the plan of audit implementation of Bank Mandiri financial statement to Audit Committee and submit the audit plan along with the audit methodology and audit sample to be used to Internal Audit. At the same time with the audit, audit progress discussion and audit findings as well as other important matters for both parties including the findings related to the internal control were periodically conducted.

Periodically, the Audit Committee would monitor the performance of KAP through the Audit Committee meeting attended by the relevant Internal Audit and Board of Directors. The meeting also discussed the follow-up of audit findings by KAP. Through this coordination, it was expected that comprehensive and optimal audit results could be achieved.

Risk Management

Bank Mandiri's risk management principles were carried out proactively to achieve sound and sustainable financial and operational growth and maintain an optimum risk-adjusted return level in accordance with the desired risk appetite. As a manifestation of Bank Mandiri's commitment in conducting good corporate governance practices, particularly in terms of risk management,

Bank Mandiri had developed policies, processes, competencies, accountability, reporting and supporting technologies aimed at ensuring that risk management within the Bank Mandiri organization continued to be effective and efficient.

Basis for Risk Management Implementation

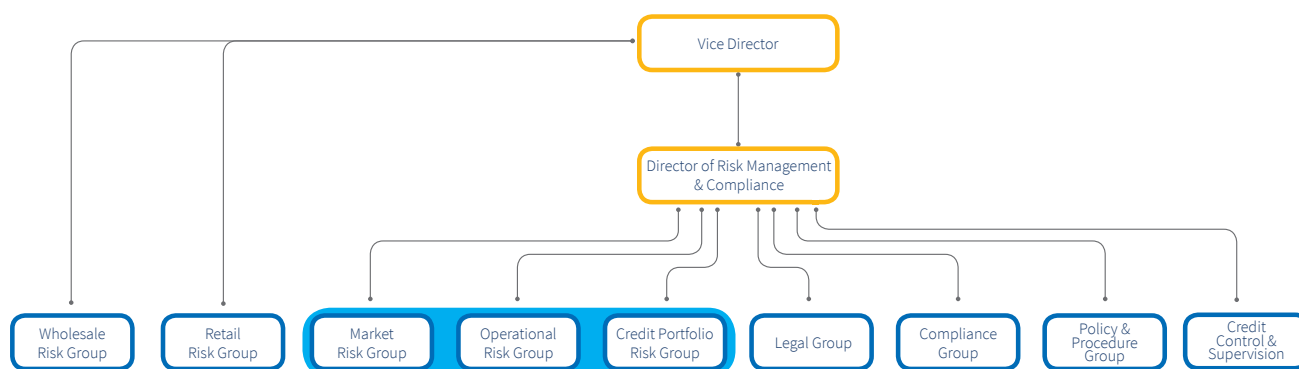
In the implementation of risk management, Bank Mandiri had always obeyed and complied with the prevailing laws and regulations in Indonesia with reference to:

1. Bank Indonesia Circular Letter no. 9/31 / DPNP dated December 12, 2007 concerning Guidelines on the Use of Internal Capital in the Calculation Minimum Capital Requirement for Commercial Banks by Taking into Account Market Risk.
2. Regulation of the Financial Services Authority No.17 / POJK.03 / 2014 dated November 18, 2014 concerning the Application of Integrated Risk Management For Financial Conglomeration.
3. Regulation of the Financial Services Authority No.18 / POJK.03 / 2014 dated November 18, 2014 on the Implementation of Integrated Governance for Financial Conglomeration.
4. Regulation of the Financial Services Authority No.4 / POJK.03 / 2016 dated January 26, 2016 regarding the Rating of Commercial Banks.
5. Regulation of the Financial Services Authority No.11 / POJK.03 / 2016 dated February 2, 2016 concerning the Minimum Capital Requirement for Commercial Banks.
6. Regulation of the Financial Services Authority No.18 / POJK.03 / 2016 dated March 16, 2016 concerning Application of Risk Management for Commercial Banks.
7. Regulation of the Financial Services Authority No.55 / POJK.03 / 2016 dated December 9, 2016 concerning the Implementation of Good Corporate Governance for Commercial Banks.
8. Regulation of the Financial Services Authority No.38 / POJK.03 / 2017 dated July 12, 2017 concerning the Implementation of Consolidated Risk Management For The Bank Who Controls the Subsidiary.
9. Circular Letter of the Financial Services Authority No.14 / SEOJK.03 / 2015 dated May 25, 2015 on Integrated Risk Management Implementation Financial Conglomeration.
10. Circular Letter of the Financial Services Authority No.34 / SEOJK.03 / 2016 dated September 1, 2016 concerning the Application of Risk Management for Banks General.
11. Circular Letter of the Financial Services Authority No.38 / SEOJK.03 / 2016 dated September 8, 2016 concerning Guidelines for the Use of Standard Methods in Calculation of Minimum Capital Requirement for Commercial Banks by Taking into Account Market Risk.

12. Circular Letter of the Financial Services Authority No.13 / SEOJK.03 / 2017 dated March 17, 2017 concerning the Implementation of Good Corporate Governance for Commercial Banks.
13. Circular Letter of the Financial Services Authority No.43 / SEOJK.03 / 2017 dated July 19, 2017 concerning Prudential Principles and reports in order Implementation of Consolidated Risk Management for Banks which control the Subsidiaries.
14. Circular Letter of the Financial Services Authority No.15 / SEOJK.03 / 2015 dated May 25, 2015 on the Implementation of Integrated Governance for Financial Conglomeration.
15. Circular Letter of the Financial Services Authority No.14 / SEOJK.03 / 2017 dated March 17, 2017 on General Banking Governance Rating.

Organizational Structure of Risk Management

Risk Management Unit at Bank Mandiri consisted of Retail Risk Directorate led by Senior Vice President (SEVP) Retail Risk, Wholesale Risk Directorate led by SEVP Wholesale Risk and Risk Management Directorate led by Risk Management & Compliance Director. Risk Management and Compliance Directorate consisted of Market Risk Group, Operational Risk Group and Credit Portfolio Risk Group, each of them was headed by a Senior Vice President (SVP).



Group Head Profile

Ita Tetralastwati

Group Head Market Risk

Age: 47 Years
Domicile: Jakarta
Education History: Bachelor in Management from Gadjah Mada University in 1996.
Position history:

- Started to join Bank Mandiri since year 1997.
- He has served as Chief Dealer of Cash & Liquidity (2009-2012), Division Head of Interest Rate Trading (2013-2015), Division Head FX Trading (2015-2016), and has served as Group Head Market Risk since 2017.

Adi Surya Djoko

Group Head Operational Risk

Age: 40 Years
Domicile: Jakarta
Educational background:

- Bachelor in Management from IBII STIE in 1999.
- Post-graduate in Business Administration from The University of Western Australia in 2005.

Position history:

- Has Served as Group Head Wholesale OPS Risk (2016-2017)
- Served as Group Head Operational Risk since 2017.

Setiyo Wibowo

Group Head Credit Portfolio Risk

Age: 40 Years
Domicile: Jakarta
Educational background:

- Bachelor in Electrical Engineering from Bandung Institute of Technology in 1999.
- Post graduate degree in Finance & Banking Business Administration from Korea Development Institute School of Public Policy and Management in 2009.
- Executive Education in Leadership from International Institute for Management Development, Switzerland in 2016

Position history:

- Joined Bank Mandiri since 2000
- Serving as Division Head Performance Management & Support (2009-2010),
- Division Head Individual & Investment Product (2010-2011),
- Division Head Business Product (2011-2013),
- Area Manager Denpasar (2013-2014),
- Group Head Counsumer Deposits (2015-2017).

Duties and Responsibility of Each Group

The duties and responsibilities of each Group are as follows.

Group	Functions, Duties and Responsibilities
Market Risk	Develop and refine the model and methodology of market risk measurement, liquidity risk and operational risk in accordance with regulatory and international best practice provisions, provide capital allocation for market risk and operational risk, develop asset management and liability management strategies, develop and review management limits and act as secretary of Risk & Capital Committee - ALCO and Secretary of Risk Monitoring Committee to support the implementation of Committee meetings.
Operational Risk	Establish a risk awareness and risk culture program for operational risk management processes for all employees, review and advise on guidelines / policies / products / Initiatives proposed by the work unit to improve operational risk management, conduct analysis, review and review on risk profile and the proposed improvements in the quality of controls in conducting business activities / processes, developing reporting methodologies in accordance with best practices and reporting the Bank Operational Risk Profile for management, regulators and other external parties and developing and improving the framework used by all parties / lines of defense in risk management operational according to business development.
Credit Portfolio Risk	<ol style="list-style-type: none"> 1. Develop and refine the methodology, credit risk tools and processes used in lending to meet business development needs, and improve credit processes. 2. Provide Portfolio Guideline methodology, calculation methodology of economic / industry sector limit, product limit calculation, in-house limit, credit risk profile, stress testing, and other portfolio management methodology. 3. Implement portfolio management on a bankwide scale or per business segment. 4. Formulate, prepare and coordinate the implementation of Enterprise Risk Management (ERM). 5. Provide identification and analysis of Bank risks through Enterprise Risk Assessment, Risk Profile Report, early warning indicators and scenario analysis (stress testing). 6. Supervise model validation and advisory on the development / modification of the model. 7. Performing functions as PIC - Basel in relation to Bank Indonesia and other external parties. 8. Managing ERM database and datamart database for use in modeling, portfolio management and ERM implementation.

Competence Development of Risk Management

The competence development attended by members of Risk Management Division during 2017, as follows.

Table of Competence Development for Risk Management Division

No.	Date	Training Name	Organizer
1.	11 Januari 2017	Integrated Risk Management Mandiri Group System	PT Bank Mandiri (Persero) Tbk.
2.	14 Januari 2017	Risk Management Level Competency Certification Level IV	LSPP / Jakarta
3.	24 Januari 2017	Workshop on Creditor's Legal Protection	Legal Business Institute
4.	20 Februari 2017	Foundation Risk Management	Mandiri University / Mu Jakarta
5.	20 Februari 2017	Foundation Risk Management	Mandiri University / Mu Jakarta
6.	20 Maret 2017	Foundation Risk Management	Mandiri University / Mu Jakarta
7.	20 April 2017	Global Executive Mindset	PT Bank Mandiri (Persero) Tbk.
8.	21 April 2017	Workshop Industry Rating 2017	Mandiri University / Mu Jakarta
9.	15 Mei 2017	ERM Fundamental ISO 31000	CRMS Indonesia / Bandung
10.	17 Mei 2017	Training on Risk Management Certification Level III Training	PT Bank Mandiri (Persero) Tbk.
11.	18 Mei 2017	Understanding IFRS 9 & Basel 4+ Progress Basel 3	Bara Risk Forum / Bali
12.	18 Mei 2017	Risk Based Bank Rating	Lentera Pro / Bali
13.	14 Juni 2017	IFRS Workshop 9 Financial Instruments	Mandiri University / Mu Jakarta
14.	10 Juli 2017	Training of Risk Management Certification Level I and II Training	PT Bank Mandiri (Persero) Tbk.
15.	13 Juli 2017	Training of Risk Management Certification Training Level II	PT Bank Mandiri (Persero) Tbk.
16.	09 Oktober 2017	ISO 27001:2013 IRCA	Multimatics / Jakarta
17.	23 Oktober 2017	Foundation Risk Management	PT Bank Mandiri (Persero) Tbk.

Risk Management Certification

The number of Bank Mandiri Employees who had obtained Risk Management certification could be seen in the table below.

Table of Risk Management Certification

Level	Mandatory Employee of SMR	Corresponding		Not appropriate	
		Total	%	Total	%
1	3,718 person	3,652 person	98.22%	66 person	1.78%
2	980 person	940 person	95.92%	40 person	4.08%
3	301 person	277 person	92.03%	24 person	7.97%
4	94 person	86 person	91.49%	8 person	8.51%
5	10 person	10 person	100.00%	0 person	0.00%
Total	5,103 person	4,965 person	97.30%	138 person	2.70%
Realized Targeted Employee Realization *		108.11%			

*) Target 2017 is to maintain the gap mandatory employee SMR and is appropriate at least 90%.

Actual per level of staff can be seen in the table below

Level/Status	AVP-VP	Direksi	FAM-SM	Board of Commissioners	SEVP/ EVP/ SVP	Grand Total
Meet	1,706	10	3,141	8	102	4,965
Level 1	729		2,906	4	14	3,652
Level 2	698		235	4	3	940
Level 3	272				5	277
Level 4	7				79	86
Level 5		10			1	10
Grand Total	1,706	10	3,141	8	102	4,965

Risk Management System

Four Pillar of Risk Management Implementation

Implementation of Bank Mandiri Risk Management was implemented in accordance with the provision of the regulator by applying the four pillars of Risk Management implementation as follows:

Active Monitoring of The Board of Commissioners and The Board of Directors

The risk management and governance frameworks of Bank Mandiri consisted of the Board of Commissioners performing the risk oversight function through the Audit Committee, Risk Monitoring Committee (KPR) and Integrated Governance Committee (TKT), as well as the Board of Directors performing the risk policy function through the Executive Committee related to risk management i.e., Risk Management Committee, Asset and Liability Committee, Capital and Subsidiaries Committee, and Integrated Risk Committee. At the operational level, the Risk Management Work Unit with the Business Unit and Compliance Unit performed the risk identification, risk measurement, risk mitigation and risk control functions.

The duties, responsibilities and authorities of the Board of Commissioners in relation to the active monitoring of Risk Management activities included the following:

1. Understanding the risks attached to the Bank's functional activities, particularly those that may affect the Bank's financial condition;
2. Evaluating and approving Risk Management policies conducted at least once a year or in higher frequency in the event of significant changes in factors affecting the Bank's business activities;
3. Evaluating to the Board of Directors regarding the implementation of Risk Management to comply with Bank policies, strategies and procedures;
4. Providing consultations to the Board of Directors on transactions or business activities with large amounts of funds;
5. Approving the provision of funds to related parties on proposed credits by the credit committee in accordance with its respective authority;

6. conducting active monitoring on the Bank's capital adequacy in accordance with the Bank's risk profile as a whole, including reviewing the Risk Appetite Bank determined by the Board of Directors;
7. Increasing anti-fraud culture and concerns on all personnel of the Company.
8. Monitoring the implementation of Integrated Risk Management in accordance with the characteristics and complexity of the Bank's business.

In order to implement Integrated Risk Management, the Board of Commissioners was responsible for the following:

1. Directing, approving, and evaluating policies regulating the Integrated Risk Management on a regular basis;
2. Evaluating the implementation of the Integrated Risk Management policies by the Directors of the Main Entity.

The duties, responsibilities and authorities of the Board of Directors in relation to Risk Management activities included:

1. Establishing policies, strategies and procedures of Risk Management in writing and comprehensively including the establishment and approval of Bank risk limits, re-evaluate them once in a year or more wherever required;
2. Responsible for the implementation of risk management policies and risk exposure taken by the Bank as a whole, including evaluating and providing directions of risk management strategy based on the reports presented by the Risk Management Unit and submission of accountability report to the Board of Commissioners.
3. Evaluating and determining transactions beyond the authority of Bank officials on a level below the Board of Directors or transactions requiring the approval of the Board of Directors in accordance with the applicable policies and internal procedures.
4. Developing awareness and culture of Risk Management, including anti-fraud culture throughout the organization, among others, through adequate communication on the importance of effective internal controls;
5. Improving the competence of human capital related to the implementation of Risk Management, among others, through continuous education and training programs especially related to Risk Management system and process;
6. Implementing an independent Risk Management function, reflected in part by the separation of functions between the Risk Management Unit that conducted identification, measurement, monitoring and risk control with the work units conducting and completing transactions;
7. Conducting periodic reviews with frequency adjusted to the needs of the Bank;

8. Determining the adequacy of capital in accordance with the Bank's risk profile and strategies to maintain the level of capital, including establishing Risk Appetite.

In order to implement Integrated Risk Management, the Board of Directors shall be responsible as follows:

1. Establishing and implementing policies governing Integrated Risk Management;
2. Developing the risk culture as part of the implementation of Integrated Risk Management;
3. Ensuring the effectiveness of human capital management to implement the Integrated Risk Management function;
4. Ensuring that the implementation of Integrated Risk Management has been carried out independently;
5. Evaluating the review results of the Integrated Risk Management Unit on a regular basis to the Integrated Risk Management process.

Bank Mandiri also determined risk management committees that discussed and recommended to the Board of Directors, among others, the following:

1. Policies and procedures and monitor the risks faced by the Bank.
2. The management of the Company's assets and liabilities included the Bank's interest rate and liquidity.
3. Management of Subsidiaries (equity participation, divestment, remuneration, management establishment of Subsidiaries).
4. Implementation of Integrated Risk Management
5. Business development

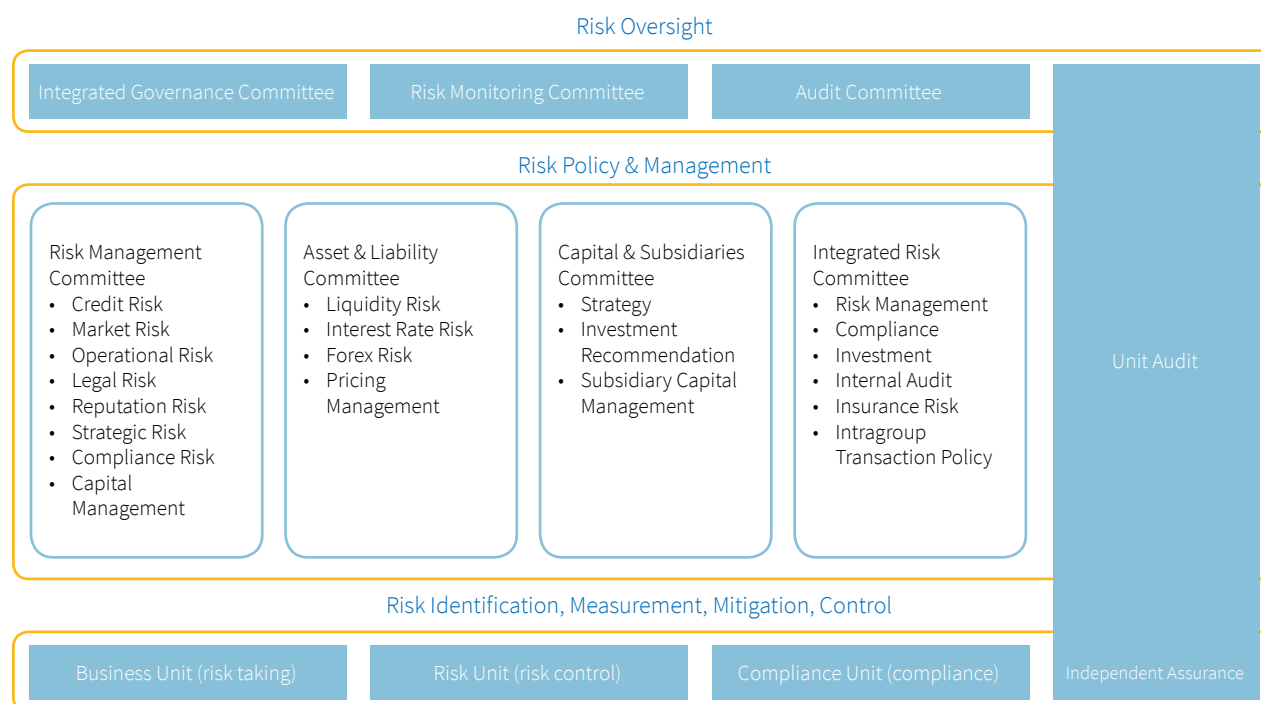
In addition, Bank Mandiri also had work units related to risk management at least consisting of:

1. Director in charge of the Risk Management function;
2. Risk Management Unit (concurrently as the Integrated Risk Management Unit);
3. Business Unit and Operational Work Unit;
4. Internal Audit;
5. Compliance Work Unit.

In the established organizational structure, the work unit that had a function to conduct a transaction (Business Unit and Operational Unit) was a separate unit of work unit that performed the internal control function (Internal Audit), and independent of Risk Management Unit.

Simply, Bank Mandiri's risk management framework and governance as mentioned above can be described as follows:

Bank Mandiri Risk Governance Structure



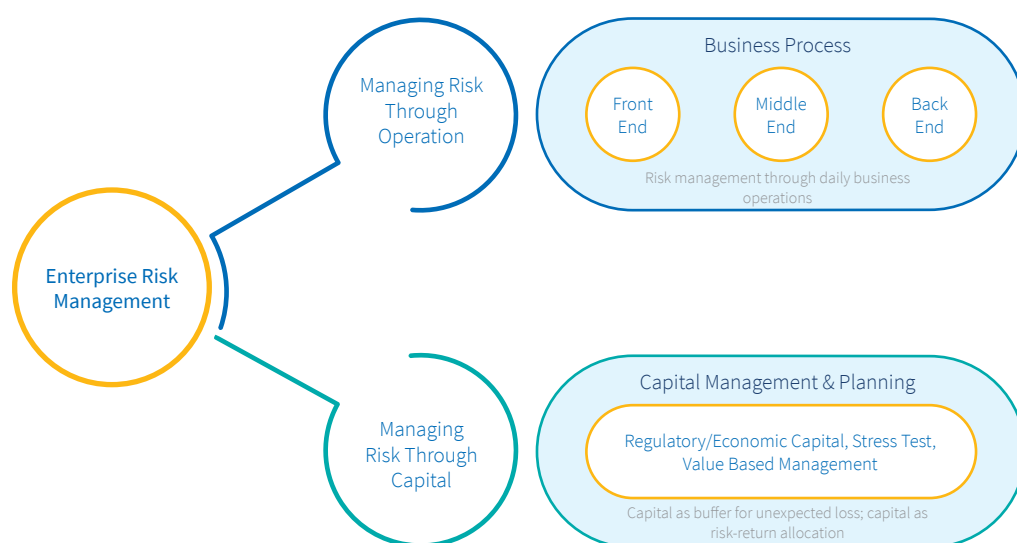
Sufficiency of Policies, Procedures, And Determination Of Limit

Bank Mandiri had a Bank Mandiri Risk Management Policy (KMRBM) serving as the main guideline in implementing the risk management. For a more specific business area, Bank Mandiri had more specific policies and procedures, such as in credit, treasury, and operations. In such policies and procedures, among others were regulated on the limit determination for each activity, both at the portfolio and transactional levels.

All policies and procedures in Bank Mandiri were a form of risk management inherent in every Bank operating activity evaluated and updated at least once a year.

Adequacy of Risk Identification, Measurement, Monitoring, and Control Process and Risk Management Information System

Bank Mandiri had implemented Identification, Measurement, Monitoring, Risk Control, and Risk Management Information System through an Enterprise Risk Management (ERM) platform. Implementation of ERM at Bank Mandiri used a two-prong approach, to ensure that risks were not only properly mitigated through day-to-day business processes, but also under unexpected conditions/downturn through capital reserves.



There were 4 (four) main components serving as supporting pillars in the implementation of two-prong approach, among others:

1. Organization and Human Capital (HC)

Bank Mandiri Risk Management Unit was responsible for managing all risks faced by Bank Mandiri, including in the development of the necessary supporting tools in business processes and risk management. In addition, there was a work unit acting as a risk counterpart of each business unit in the crediting four-eye process. Recognizing that risk management was the responsibility of all working units at Bank Mandiri, the success of risk management was determined by the existence of risk awareness across all work units of Bank Mandiri accompanied by adequate technical capabilities. Bank Mandiri had always improved the capability and knowledge of all its employees, particularly in terms of risk management, by organizing regular internal trainings through the Risk Management Academy. In addition, Bank Mandiri also regularly, minimum once a year, holds socialization, discussion forums, internship, or other programs related to risk management, which are in line with corporate culture internalization. Risk Management Unit at Bank Mandiri consisted of Retail Risk Directorate led by SEVP Retail Risk, Wholesale Risk Directorate led by SEVP Wholesale Risk and Risk Management Directorate led by Risk Management & Compliance Director.

2. Policies and Procedures

Bank Mandiri Risk Management Policy (KMRBM) served as the main guidance in implementing operational risk management and capital management at Bank Mandiri including:

- Prudential principles were, among others, Provision of Capital Adequacy, Early Warning System, Limit Determination and Risk Diversification.

- Risk Management were, among others, Risk Profile, Risk Appetite, Stress Testing and Integrated Risk Management.
- Risk Management for each risk type, including the process of identification, measurement, monitoring and risk control.
- Risk Monitoring, including monitoring the implementation of risk management activities/methodologies at Bank Mandiri, and the Internal Control System.

This Risk Management Policy became the basis for the preparation of procedures and technical guidance related to the risk management at Bank Mandiri.

3. System and Data

The risk management system was developed to support more efficient business processes in order to make decision making faster but still referred to the principles of prudence. In order to maintain data integrity and quality, Bank Mandiri had implemented Integrated Processing System and Loan Origination System to improve credit process efficiency and maintain data quality in corporate, commercial and retail segments. To improve the productivity of collection activities especially in consumer and retail segments, Bank implemented Integrated Collection System. Bank Mandiri used Summit System and ALM System to manage trading book and banking book risk in treasury and asset & liability management activities. To obtain Bank Mandiri's risk profile as a holding company as well as the Bank's risk profile that was consolidated and integrated with subsidiaries, the Bank had implemented Risk Assessment Consolidation Generator System (RACER System) on a web-based basis so as to accelerate access and simplify control. In terms of integration of risk management through bank-wide, Bank Mandiri had implemented ERM system as a means to monitor overall risk management, especially in calculating capital to

cover all risk types. ERM system had the capability to perform capital charge calculation (Standardized Approach and Advanced Approach), implementation of operational risk management tools, active portfolio management, stress testing and value-based management.

4. Methodology/Model and Analytics

Bank Mandiri continuously applied risk measurements referring to international best practices using quantitative and qualitative modeling approaches through the development of risk models such as ratings, scoring, Value at Risk (VaR), portfolio management, stress testing and other models as judgmental decision making support. Periodically, these risk models were calibrated and validated by the independent Model Risk Validator unit to

maintain the reliability and validity of the model and meet regulatory requirements. In order to align the implementation of Basel II and ERM with Basel II regulations and best practice implementation, Bank Mandiri cooperated with one of the leading risk management consultants to assist in the adoption and implementation of the Basel II and ERM frameworks. IBasel II and ERM Implementation at Bank Mandiri covers areas in Credit Risk, Market Risk, Liquidity Risk, Interest Rate Risk in Banking Book Position, Operational Risk, Capital Management and Internal Capital Adequacy Assessment Process (ICAAP).

Implementation of Basel II and ERM

Aspects of Implementation	Implementation Coverage
Credit Risk	Development and improvement of Basel II Risk Parameters for the application of Internal Rating Based Approach (PD, LGD, and EAD).
Market Risk	Measurement of structured product risk, limit of treasury trading, and treasury system infrastructure.
Liquidity and Interest Rate Risk	Improved framework of liquidity limit, core deposit analysis, Risk Appetite Statement (RAS), liquidity stress testing, repricing gap method, and ALM System implementation.
Operational Risk	Development of Framework and Governance Operational Risk Management (ORM).
Capital Management	Completion of Economic Capital model, Portfolio Optimization framework development and Capital Optimization.
The Internal Capital Adequacy Assessment Process (ICAAP)	Implementation of Risk Appetite Statement, Stress Testing, Capital Planning, and synchronization with regulation related Risk Based Bank Rating (RBBR).

Internal Control System

Bank Mandiri carried out effective risk management practices throughout the Work Unit by implementing the Three line of defense models policy with the following conditions:

1. The Work Unit as the risk owner was the first line of defense responsible for the risk management of its work unit.
2. Risk Management Unit served as a second line of defense performing the oversight function.
3. Internal Audit Unit as a third line of defense performing the independent assurance function.

Implementation of Internal Control System for the Risk Management function was joint responsibility both first, second and third line of defense.

Risk Management Process

Risk Management Process of the Company stipulated in the Bank Mandiri Risk Management Policy was as follows:

1. The Risk Management was implemented at all levels of the Bank up to the operational level both in transaction and at the portfolio level.
2. The Risk Management was implemented in an integrated manner with the Subsidiary Company with due regard to the regulations and business characteristics of the Subsidiary Company.
3. The Risk Management process was a dynamic and routine process compared to industry best practices and applicable provisions to be adjusted and updated as needed.
4. Implementation of Risk Management was carried out in a series consisting of:

- a. Risk identification
Risk identification aimed to identify the risk types attached to any functional activity that might potentially harm the Bank.
- b. Risk measurement
Risk measurement aimed to determine the amount of risk attached to the Bank's activities to be compared with the Bank's risk appetite so that the Bank could take risk mitigation actions and determine capital to cover residual risks.
- c. Risk monitoring
Risk monitoring aimed, among others, to compare the predetermined risk limits with the amount of risk being managed.

d. Risk management

Risk control was carried out on the potential for occurrence of exceeding the risk limits that had been established and could be tolerated by the Bank.

Principles of Prudence

Bank Mandiri implemented prudential principles through the provision of sufficient capital, compliance with the applicable laws and regulations, and early warning system. . The Company managed capital adequacy describing the managed risks and defined its capital components by taking into account the capital's ability to absorb losses.

The Company developed policies, standard procedures and product manuals as direction in operational activities and aimed to minimize risks faced in the Company's operational activities. The Bank's officials and employees carried out the established policies, standard procedures, product manuals and applicable regulations. In the conduct of business activities, the Company understood the characteristics of the performed business, including the risks and legal regulations related to the business. Any action which was a special condition, to the extent that it was not contrary to the laws and regulations in Indonesia, and regulatory regulation was carried out in accordance with established rules and authorities, constituted for accountable and documented reasons.

The Company developed a procedure to be able to determine the likelihood of increased risk exposure of the Bank so that the Bank could determine the steps that needed to take so that the potential losses did not occur or could be minimized.

Risk Management Principle of Bank Mandiri

The Bank Mandiri Risk Management Principles were as follows:

1. **Capital.** Bank Mandiri provided capital according to the borne risks and maintained the level of capital in accordance with the applicable regulations.
2. **Transparency.** Bank Mandiri openly disclosed relevant information in the risk-taking process and the risk-taking process itself.
3. **Independence.** The management of Bank Mandiri acted professionally and was free from the pressure and influence of others.
4. **Integrated.** Bank Mandiri implemented the Integrated Risk Management at Financial Services Institutions incorporated in the financial conglomeration of Bank Mandiri in accordance with the regulator's requirements.
5. **Continuous.** Risk control was continuously developed to better suit the available business conditions and best practices.

6. **Accountability.** Bank Mandiri implemented policies and procedures to ensure management accountability to stakeholders.
7. **Responsibility.** Bank Mandiri acted upon the principles of prudence and compliance with the applicable laws and regulations.
8. **Fairness.** The Company took into account the interest of all stakeholders based on the principles of fairness and equality (equal treatment).

Risk Culture

The Bank had a risk-caring culture including an anti-fraud culture that was communicated effectively. The development of risk-caring culture was evidenced by the development of a conducive environment/governance and an open, efficient and effective risk management framework.

In order to achieve the vision, Bank Mandiri always implemented risk awareness culture in all operational activities. Banks had a risk-caring culture including an anti-fraud culture that was communicated effectively. Implementation of risk awareness culture was conducted through Risk Awareness program that was owned by each work unit and related to recognition, understanding and mitigation of operational risk. It was reflected in the Culture Excellence, RAKSA, which was a risk awareness program supporting the principles of self-care, guarding companions, independent care. The development of risk-caring culture was evidenced by the development of a conducive environment/governance and an open, efficient and effective risk management framework.

Risk Management Information System

The risk management information system was part of the management information system that must be owned and developed in accordance with the needs of the Company, in order to implement effective risk management.

As part of the risk management process, the Company must have a risk management information system that could ensure:

1. Accurate, informative, and timely exposure to risk, either the overall risk/composite risk exposure or exposure by type of risk attached to the Company's business activities, as well as the risk exposure per type of functional activities of the Company.
2. Complying with the application of risk management to risk policies, procedures and risk limits.
3. The outcome (realization) of risk management implementation compared to the target set by the Company in accordance with the policy and strategy of risk management implementation.

The risk management system was developed to support more efficient business processes in order to make decision making faster but still referred to the principles of prudence. In order to maintain the data integrity and quality, Bank Mandiri had implemented the following system:

System	Purpose
<ul style="list-style-type: none"> Integrated Processing System Loan Origination System 	To improve credit process efficiency as well as to maintain data quality in corporate, commercial and retail segments.
Integrated Collection System	To increase the productivity of collection activities, especially in the consumer and retail segments.
Summit System dan ALM System	to manage the risk of trading book and banking book in treasury and asset & liability management activities.
Risk Assessment Consolidation Generator System (RACER System)	To obtain a description of Bank Mandiri's risk profile as a holding company as well as the Company's consolidated and integrated risk profile with its subsidiaries, the Company has implemented a Risk Assessment Consolidation Generator System (RACER System) web-based to accelerate access and simplify control.
ERM system	In terms of integration of risk management by bankwide, Bank Mandiri has implemented ERM system as a means to monitor overall risk management, especially in calculating capital to cover all types of risk. ERM system has the capability to perform capital charge calculation (Standardized Approach and Advanced Approach), implementation of operational risk management tools, active portfolio management, stress testing and value-based management.

Implementation of Basel II and III

In order to provide added value to our stakeholders and as a form of compliance by Bank Mandiri in fulfilling the capital adequacy requirements set by the regulator, Bank Mandiri always guaranteed and ensured that Bank Mandiri's capital structure was strong enough to support current business development strategies and sustain business continuity in the future.

The risk management of Bank Mandiri's capital aspect included the diversification of capital resources in accordance with the long-term strategic plan and the efficient capital allocation policy in the business segment that had an optimal risk-return profile (including placement in subsidiaries). It aimed to meet the expectations of stakeholders including investors and regulators.

Bank Mandiri ensured that it had sufficient capital to cover credit risk, market risk and operational risk, both based on regulatory capital and internal capital requirements. Bank Mandiri referred to the regulations of Bank Indonesia and the Financial Services Authority (Basel II and Basel III), particularly Pillar 1, in calculating capital adequacy for the credit risk, market risk and operational risk.

In addition to the above calculations, Bank Mandiri is also developing capital adequacy calculations with reference to Pillar 2 Basel II or better known as the Internal Capital Adequacy Assessment Process (ICAAP) approach. ICAAP included, among other, the determination of risk appetite, overall risk assessment, capital planning, and bank-wide stress testing.

For capital adequacy calculations, Bank Mandiri used the Basel II Standardized Approach for credit risk and had included the External Rating component. In addition, Bank Mandiri had gradually simulated the Internal Ratings-Based Approach. For market risk, Bank Mandiri used the Basel II Standard Measurement Method, and internally used Value at Risk. For operational risk, Bank Mandiri referred to Basel II Basic Indicator Approach.

Bank Mandiri had implemented Basel III implementation referring to Basel documentation as well as regulations and initiatives issued by the OJK. As part of the implementation of Basel III in Indonesia, the Bank had reported monthly Liquidity Coverage Ratio (LCR) fulfillment, as well as conducted quarterly Net Stable Funding Ratio (LS) and Leverage Ratio (LR) calculations in accordance with the OJK provisions.

As the implementation of the latest Basel III framework (Basel III reform), particularly related to counter-party credit risk, Bank Mandiri had implemented Credit Valuation Adjustment (CVA) calculations and simulated changes in the method of calculating Standardized Approach For Measuring Counter-party Credit Risk Exposures (SA -CCR) which was a refinement of the pre-existing CCR framework.

Basel III Reforms

In order to improve the Company's ability to manage risk due to interest rate movements affecting income and capital (Interest Rate Risk in Banking Book/IRRBB), Bank Mandiri has made preparations regarding the implementation of Basel IV with the following details:

1. In September 2017, Bank Mandiri conducted a review and provided feedback on the issuance of Consultative Paper IRRBB (CP IRRBB) by OJK.
2. On the Issuance of CP, Bank Mandiri also prepared a gap analysis between the implementation of IRRBB management which had been conducted by Bank Mandiri with IRRBB management standard in CP.
3. Bank Mandiri had also been active as a working group member with the OJK discussing technical issues related to IRRBB management standard in CP.
4. Bank Mandiri also conducted benchmarking to several Banks in Asia related to the implementation of IRRBB.

Strategic Initiatives of the Risk Management Implementation in 2017

Credit Portfolio Risk

Credit Portfolio Risk

In order to support operational growth strategy business to always have superior competitiveness on an industrial scale national banks and ASEAN, Bank Mandiri consistently and continuously develop the infrastructure and capabilities risk management, among others, covers the following matters:

1. Risk level alignment at Bank Mandiri
 - a. Implementation of Risk Appetite Statement (RAS) as formal guidance in the process of risk taking for achieve business targets.
 - b. Develop a system that aggregates calculations stress testing for credit risk, liquidity risk, market risk, impact on Profit / Loss and capital adequacy (CAR), at Bank Mandiri and Subsidiaries.
2. Strengthening Credit Portfolio Management that includes setting the direction of booking productive credit through portfolio guideline 2017, credit consumptive booking arrangement through Development of pipeline Management system and establishment unit credit supervisory. In addition, in order to increase effectiveness monitoring credit especially in

the region, Bank Mandiri initiate portfolio manager implemented since 2017.

Fixed end to end credit process in the wholesale segment through:

- a. Business process wholesale segment improvement with setting limits for anchor clients and specific sectors.
- b. Implementation of Name Clearance on pipeline designation debtor and Proactive Loan Monitoring System for monitoring credit.
- c. Strengthening of debtor information sources to analyze and monitor credit quality.
- d. Enhancement Credit Processing System in order improvement of end to end credit process with:
 - Implementation of New Internal Rating Based Approach for more precise measurement of risk level measurement and granular.
 - Improved early warning system to improve the potential sensitivity of debtors to decrease the quality of credit
- e. Optimize the use of limit management system.
3. Efficiency of capital use through:
 - a. Implementation of IRBA Phase III.
 - b. Enhancement Modeling Basel II Risk Parameters for Retail Portfolio.
 - c. Implementation of New Operational Risk Reporting System.
 - d. Enhancement of Operational Risk Load Calculation.
 - e. Intensification and Extensification of Validation Functions.
4. Expected Credit Loss model development in order preparation of IFRS implementation 9.

Risk and its Management Profiles

Risk Type

There are 10 (ten) risk types that must at least be managed, namely:

1. Credit Risk
Credit Risk is a risk due to the failure of the debtor and/or other parties in fulfilling the obligation to the Bank.
2. Market Risk
Market Risk is the risk on the balance sheet position and the administrative account including derivative transactions, due to the overall changes in market conditions, including the risk of changes in the option price.
3. Liquidity Risk
Liquidity Risk is potential loss resulting from the Bank's inability to meet its financial obligation on due date from its funding cash

flows and/or from high quality liquid assets that can be used as collaterals, without disrupting the activities and financial condition of the Bank.

4. Operational Risk
Operational Risk is the risk due to inadequate and/or non-functioning of internal processes, human error, system failure, and/or any external events affecting the Bank's operations.
5. Legal Risk
Legal Risk is the risk due to lawsuits and/or weaknesses of juridical aspects.
6. Reputation Risk
Reputation Risk is the Risk due to decreased stakeholder trust stemming from negative perceptions of the Bank.
7. Strategic Risk
Strategic Risk is the risk due to inaccuracy in the taking and/or execution of a strategic decision as well as failure in anticipating changes in the business environment.
8. Compliance Risk
Compliance Risk is a risk due to the Bank's failure to comply with and/or not enforce the applicable laws and regulations.
9. Risk of Intra-Group Transactions
Risk of Intra-Group Transactions is the risk of dependence of an entity, directly or indirectly, to another entity in a Financial Conglomeration in the context of fulfilling the written agreement obligation or an unwritten agreement whether followed by the transfer of funds and/or not followed by the transfer of funds.
10. Insurance Risk
Insurance Risk is a risk due to failure of an insurance company to fulfill obligations to policy holders as a result of inadequate risk selection process (underwriting), premium determination (pricing), use of reinsurance, and/or claims handling.

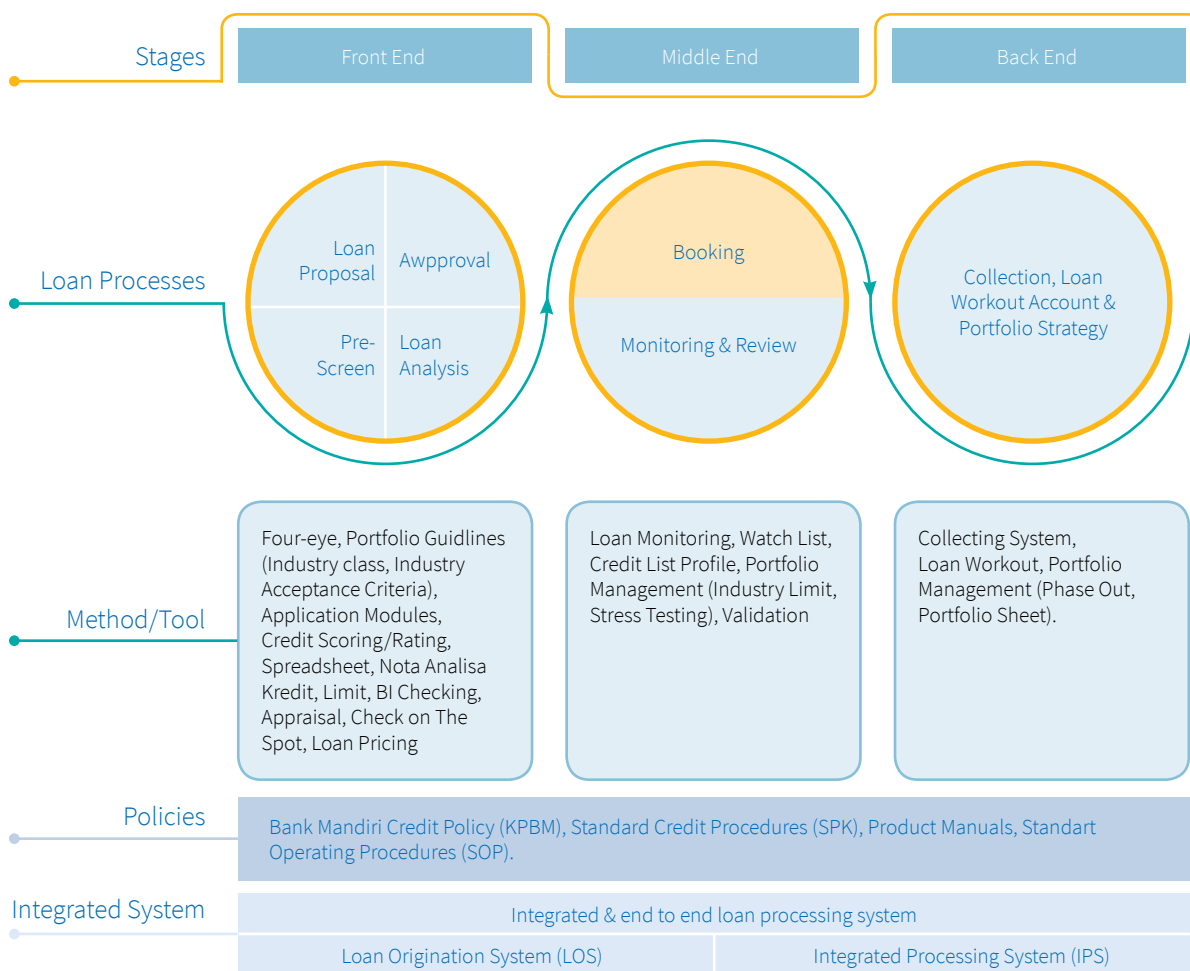
Risk Management

Credit Risk

Bank Mandiri's credit management process began with determining the target market and continued by conducting risk assessment and monitoring of credit granting. In extending its credit, Bank Mandiri always prioritized the principles of prudence by placing the credit analysis function performed by the independent business unit and the credit risk unit. Bank Mandiri was always guided by Bank Mandiri Credit Policy (KPBM) in managing credit risk on an end-to-end basis. Operationally, this policy was set forth in the form of Standard Credit Procedures (SPK) and Product Manual.

In implementing the risk management of credit concentration at the debtor level, Bank Mandiri consistently monitored the Legal Lending Limit (BMPK). In general, credit process and credit risk management at Bank Mandiri had been conducted on an end-to-end basis and integrated by Business Unit, Credit Operation Unit and Credit Risk Management Unit. The following is the credit risk management scheme:

Loan Process Flow and Credit Management



Market Risk

The management of market risk management was carried out by an independent work unit through applying the segregation of duties principle that was separation of functions and responsibilities consisting of front office, middle office, and back office. The Market Risk Management Organization consisted of two parts, namely Market Risk Management - Trading Book and Market Risk Management - Banking Book.

The market risk management and governance framework at Bank Mandiri adhered to the principle of the Three Layers of Defense approach, comprising:

- The Board of Commissioners conducted the risk oversight function through the Risk Oversight Committee, the Integrated Governance Committee, and the Audit Committee.
- Board of Directors performing risk policy function through Executive Committee related to market risk management that was Asset and Liability Committee (ALCO) and Risk Management Committee.
- The Risk Management Unit together with the business unit and the compliance work unit performed the risk identification, risk measurement, risk monitoring, and risk control functions.

The Bank Mandiri Risk Management Framework was developed on the basis of internal and external factors including but not limited to bank business, regulatory requirements, methodological developments and best practices, and risk data. The authority and responsibility associated with the implementation of risk management were regulated in Bank Mandiri Risk Management Policy (KMRBM).

As for the guidance in the implementation of market risk management, both trading book and banking book portfolios were regulated in Standard Procedures of Treasury (SPT) and Standard of Asset & Liability Management Procedure (SP ALM).

Management and Market Risk Measurement Mechanism – Trading Book

Market risk is a risk arising from potential losses resulting from changes in interest rates and exchange rates (including derivative instruments).

The market risk management of Bank Mandiri was carried out by applying the segregation of duties principle of separating functions and responsibilities independently of Treasury Group trade transactions consisting of:

- a. The front office unit (Treasury) is the transaction implementing unit.
- b. The middle office unit (Risk Management,) was responsible for monitoring, assessing and reporting risks arising from any trading activities performed by the Treasury unit.
- c. The back office (Treasury Operation) unit was responsible for recording and valuing all exposures on daily trading activity using market rates from independent sources.

Management and Market Risk Measurement Mechanism – Banking Book

Bank book market risk is a risk arising due to changes in interest rates and exchange rates on banking book activities. Banking book market risk management of Bank Mandiri was carried out by optimizing the balance sheet structure in order to obtain maximum returns in accordance with acceptable levels of risk and by setting limits referring to regulatory and internal regulations monitored on a weekly and monthly basis by the Market Risk Management Unit.

The risk of changes in bank book interest rates arose from movements in market rates that were contrary to the positions or transactions held by the Bank, which might affect the Bank's profitability (earning perspective) and the economic value of the Bank's capital (economic value perspective).

Liquidity Risk

Liquidity risk is a risk that occurs when the Company is not able to provide liquidity with fair price impacting on profitability and banking capital. Steps and plans in anticipating Liquidity Risk include:

- a. The Bank imposes limits referring to both regulatory and internal regulations.
- b. The Bank conducted periodic stress testing of liquidity risk to determine the impact of changes in market factors and internal factors on the extreme (crisis) conditions of liquidity.
- c. The Bank also had a Liquidity Contingency Plan (LCP) including funding strategies such as money market loans, repo, bilateral loans, FX swaps, securities sales, and pricing strategies. In the LCP,

the determination of liquidity conditions and funding strategies has taken into account both internal and external conditions.

- d. The Bank also monitored external indicators including: USD/IDR exchange rate, Credit Default Swap (CDS) 5 years Indonesia, Spread between 5 years ROI compared to 5 years UST, Composite Stock Price Index (IHSG), Rupiah and USD interbank rate, Non-Delivery Forward (NDF) USD/IDR 1B as well as the latest market information. This monitoring aimed to increase awareness of the unstable economic conditions, both due to global crisis conditions and due to various issues within the country.

Operational Risk

Operational Risk is a Risk due to inadequate and/or non-functioning of internal process, human error, system failure, and/or the presence of external events affecting the Bank's operations.

Operational risk may lead to other risks such as reputation risk, strategic risk, legal risk, market risk, credit risk, compliance risk, liquidity risk, intra-group transaction risk and insurance risk.

Effective operational risk management and consistency minimize the incidence of other risks.

Operational risk is inherent in all activities/operational processes of the Bank in conducting businesses. Bank implements Operational Risk Management effectively to reduce the frequency and/or impact of operational losses. In general, the application of Operational Risk Management was expected to have a positive impact on BANK stakeholders.

Implementation of operational risk management involves all elements within the Bank, including the Board of Directors with active monitoring of the Board of Commissioners. The Board of Commissioners and the Board of Directors understand the risks faced by the Bank and play an important role in supporting and monitoring the success of its implementation across all operational work units.

Organizations in operational risk management consist of:

- Risk Management Committee, is a Board of Directors committee performing the supervisory function of risk control and management, among others, through the establishment of risk management strategies and procedures, monitoring of risk profile and determining risk appetite.
- Director in charge of Risk Management function, i.e., Director having duties and responsibilities in formulating the Risk Management policy, strategy and framework.
- The Operational Risk Group of Operational Risk Management Working Unit is the Operational Risk Management Work Unit responsible for formulating policies, strategies, frameworks and operational risk management tools as well as socializing them.

- The Operational Risk Operations Unit, the Senior Operational Risk, is the Operational Risk Management Work Unit responsible for implementing operational risk policies, strategies, frameworks and risk management tools in collaboration with the Risk Owner Work Unit.
- The Risk Owner Working Unit is fully responsible for Operational Risk management and ensuring control over every operational activity that has been effectively implemented and in accordance with the provisions.
- Compliance Work Unit is a work unit performing the compliance function on internal and external rules.
- Internal Audit is a work unit performing an effectiveness evaluation of the internal control, risk management and governance processes.

Legal Risk

Legal risk is a type of risk faced by Bank Mandiri as a result of lawsuits, done by either internal or external parties, and/or the discovery of weaknesses from juridical aspects such as the absence of legal and regulatory documents or weaknesses in documents.

The legal risk management organization was implemented by the Legal Unit at Head Office by performing the functions, duties and responsibilities related to regulatory, advisory, litigation, advocacy and legal assistance, education and transformation in legal and Bank legal risk management. In performing such functions, duties and responsibilities, the Legal Unit at the Head Office coordinated with the Legal Unit of the Work Unit and Legal Unit of the Region. The Head Office Legal Unit was a supervisor of the system and supervised the Legal Unit of the Work Unit and Legal Unit of the Region.

In optimizing the function of work units related to litigation, Bank Mandiri initiated the formation of Wholesale Credit Litigation Group focusing on litigation issues in the wholesale segment.

Legal Risk Management Mechanism

Risk management mechanisms including the process of identification, measurement, and control and monitoring referred to the applicable provisions on risk management. Each work unit of the owner and or executor of the product or the organizer of the activity must identify and manage the risks maximally including but not limited to legal risks basically attached to any product or activity created or executed by the Bank, so as not to have a widespread impact and trigger the other risks including but not limited to reputation risk.

Legal risk management conducted by Bank Mandiri, both preventive and repressive, was sufficient to protect Bank Mandiri's legal interests

and minimize significant financial impacts for Bank Mandiri, as reflected in the 2017 Legal Risk Profile Report at Low predicate.

Reputation Risk

Reputation risk is a risk that Bank Mandiri has to deal with as an impact from stakeholder's negative perception against the bank that comes from various unwanted events, among others negative publication regarding bank's operations, business ethics violation, customer complaints, stakeholder weakness, and other events that can damage bank's image.

Reputation risk is managed by Corporate Secretary Group and conducted by all working units in the company environment, including Customer Care Group, Strategic Marketing Group, and IT Strategy and Infrastructure Group. In its function, Corporate Secretary Group is responsible to the Directors and is under the direct supervision of President Director. Therefore, other to president director, Corporate Secretary Group also reports to Section Director and officials in the same level as Director in regards to events related to reputation.

Mechanism of Reputation Risk Management

Reputation risk is managed through supervision mechanism, handling and resolution coordinated by Corporate Secretary Group by referring to the provisions stated in Standard Guideline for Corporate Secretary.

Strategic Risk

Strategic risk is a risk faced by Bank Mandiri due to the inaccuracy in the taking and/or implementation of a strategic decision and failure in anticipating changes in the business environment.

The Bank had established Risk Management Committee and Risk Management Work Unit aiming to support a comprehensive, integrated, measurable and controlled risk management. Each of these committees was supported by a working group whose members consisted of groups directly related to the risk issues included within the scope of the committee.

Strategic Risk Management Mechanism

In conducting strategic risk management, Bank Mandiri continuously reviewed performance and evaluated the policy of arranging business target as well as conducted corrective measures in developing strategic plans and business targets by taking into account internal and external conditions, if necessary. Bank Mandiri also continued to work on strengthening the implementation of management support programs on financial performance through the development of

automated budgeting, PMS enhancement and Executive Information System (EIS) development.

Compliance Risk

Compliance risk is the risk that arises when the bank does not comply with and/or does not enforce the applicable laws and regulations.

Risk Management Compliance Organization

All Companies are fully responsible for implementing compliance in their respective activities. The organization as well as duties and responsibilities of implementing the compliance function are as follows:

1. Board of Commissioners
In relation to the implementation of the Compliance Function and the Implementation of Integrated Governance, the Board of Commissioners shall exercise active monitoring of the implementation of the compliance function.
2. Integrated Governance Committee
A Committee established to assist the Board of Commissioners in exercising the monitoring function on the realization of Integrated Governance and Integrated Compliance Function at Bank Mandiri and Subsidiaries.
3. Board of Directors/SEVP
The Board of Directors has the duty and responsibility to cultivate and realize the implementation of the Compliance Culture and ensure the implementation of the Compliance Function at all levels of the Bank's organization and business activities.
4. Director in charge of the Compliance Function
The Director in charge of the Compliance Function is responsible for formulating strategies of compliance culture, minimizing compliance risk, establishing compliance systems and procedures and ensuring that all Bank policies, rules, systems and procedures are in compliance with the applicable laws and regulations.
5. Compliance Work Unit
The Compliance Work Unit assists and/or represents the Board of Director in charge of the Compliance Function in performing its duties and responsibilities.
6. Compliance Work Unit at Agency
The Compliance Work Unit at the Work Unit ensures the compliance function performed by the supervised Head of Work Unit.
7. Head of Work Unit
Heads of Work Units are responsible for realizing the Compliance Culture in their respective Work Units, managing compliance risks and carrying out improvements to the compliance-related processes or procedures that exist in the work unit.

Compliance Risk Management Mechanism

Bank Mandiri has established compliance risk management policies and procedures that were subject to the applicable rules and regulations. The main objective of the compliance risk management policies and procedures is to build compliance culture that is one of the keys to success in the bank sustainability.

The compliance risk management process is divided into several phases, namely:

- a. Identification
The identification of compliance risks was incorporated into the Compliance Risk Statement (CRS) including relevant regulations, the causes of risk, risk control, and action plans required to prevent compliance risks.
- b. Assessment
The identified compliance risks were assessed by each risk owner to generate a compliance risk profile in the work unit. The risk assessment is based on the likelihood of the occurrence of the risk and the impact it will have on the risk. In addition, the risk owner also assessed the effectiveness of the performed controls.
- c. Monitoring
Compliance risk monitoring was performed by means of:
 1. Reviewing that compliance risk identification process had been performed properly and correctly.
 2. Reviewing that the implementation of control and mitigation had been done well and correctly.
 3. Reviewing that the compliance risk assessment process had been conducted properly and correctly and took into account the historical data of sanctions.
- d. Mitigation
Risk mitigation was conducted by establishing and monitoring the Risk Appetite Statement (RAS) of compliance risk.

Risk of Intra-Group Transaction

Risk of Intra-Group Transactions is the risk of dependence of an entity, directly or indirectly, to another entity in a Financial Conglomeration in the context of fulfilling the written agreement obligation or an unwritten agreement whether followed by the transfer of funds and/or not followed by the transfer of funds. Implementation of Intra-Group Transaction Risk Management was performed with Subsidiaries in Bank Mandiri's business group in accordance with the Bank Mandiri's business strategy.

Bank Mandiri identified and analyzed the activities that could increase the exposure of Intra-Group Transaction Risk and affect the company's performance. The risk identification was performed on the business activities of Bank Mandiri and Subsidiaries by considering the complexity of the transactions. Bank Mandiri could

combine qualitative and quantitative approaches in the process of measuring Intra-Group Transaction Risk. Bank Mandiri monitored the risk of Intra-Group Transactions on a regular basis.

Insurance Risk

Insurance Risk is a risk due to failure of an insurance company to fulfill obligations to policy holders as a result of inadequate risk selection process (underwriting), premium determination (pricing), use of reinsurance, and/or claims handling. Implementation of Insurance Risk Management was performed on Subsidiaries in Bank Mandiri's business group engaged in the insurance business.

Bank Mandiri identified and analyzed the activities that could increase the exposure of Insurance Risk and affect the company's

performance. The identification of such risks shall be made in the business activities of the Subsidiary engaged in insurance, taking into account their characteristics. Bank Mandiri could combine qualitative and quantitative approaches in the process of measuring Insurance Risk. Bank Mandiri conducted periodic monitoring of Insurance Risk.

Risk Assessment

Outcome of self assessment Bank Mandiri's risk profile Individual position 31 December 2017 was rated 1 (low) with Low to moderate Inherent Risk Rating and Risk Management Implementation Quality Rating (KPMR), which was strong.

The assessment of Risk profile self-assessment of Bank Mandiri (individual) in the position of 31 December 2017 was as follows:

Type of Risk	Inherent Risk Level	Level of Quality of Risk Management Implementation	Risk Level Ranking
Credit Risk	Moderate	Satisfactory	Low to moderate
Market Risk	Low	Strong	Low
Liquidity Risk	Low	Strong	Low
Operational Risk	Moderate	Satisfactory	Low to moderate
Legal Risk	Low	Strong	Low
Strategic Risk	Low	Strong	Low
Compliance Risk	Low to moderate	Strong	Low
Reputation Risk	Low	Satisfactory	Low
Composite Rating	Low to moderate	Strong	Low

Efforts to Increase Risk Culture

In order to achieve the vision, Bank Mandiri always apply risk awareness culture in all operational activities. Bank Mandiri has a risk-caring culture including anti fraud culture which is communicated effectively. Implementation of a conscious culture one risk is done through the Risk Awareness program where the program is owned by each work unit and associated with recognition, understanding and mitigation of operational risks. P it is reflected in the Culture Excellence, RAKSA is a risk program awareness that supports the principle of self-preservation, guard your friends, guard independent. Development of risk-caring culture is realized with development of a conducive environment / governance and framework open, efficient and effective risk management.

Evaluation of Risk Management Implementation

The Bank constantly evaluates the effectiveness of the system risk management. Evaluations include strategy adjustments and risk framework as part of risk management policy, adequacy of risk management information systems and adequacy process of identification, measurement, monitoring and control risk.

One form of evaluation on risk management policy is annual evaluation of the Bank's Risk Management Policy Mandiri (KMRBM) and standard procedures. The annual evaluation results shows that risk management at Bank Mandiri during 2017 is sufficient.

Implementation of Integrated Risk Management

Consolidation / Integration of Bank Mandiri risk management has begun gradually since 2008 in harmony with the published Bank Indonesia regulation number 8/6 / PBI / 2006 concerning Application of Management Consolidated Risk for the Controlling Bank Against Subsidiaries and POJK No.17 / POJK.03 / 2014 on Application of Integrated Risk Management for Conglomeration Finance. These stages have until now become one form of strategic initiative of risk management working unit in Bank Mandiri which is periodically communicated with the Authority Financial Services in a special forum to discuss topics of risk profile and Bank Rating (Risk Based Bank) Rating).

This is important because Bank Mandiri realized that its viability is also affected by risk exposure which arise directly or indirectly from activities business of the Subsidiary Company. Related to this, Bank Mandiri has implement a consolidation / integration management system risks to subsidiaries operating in Indonesia and outside the territory of Indonesia while remaining in line with principles risk management and adapted to the jurisdiction of authority / local supervisors, as well as taking into account business characteristics of each subsidiary company. Concept of consolidation / integration risk management undertaken by Bank Mandiri and the company children are generally divided into 2 (two) major parts, namely:

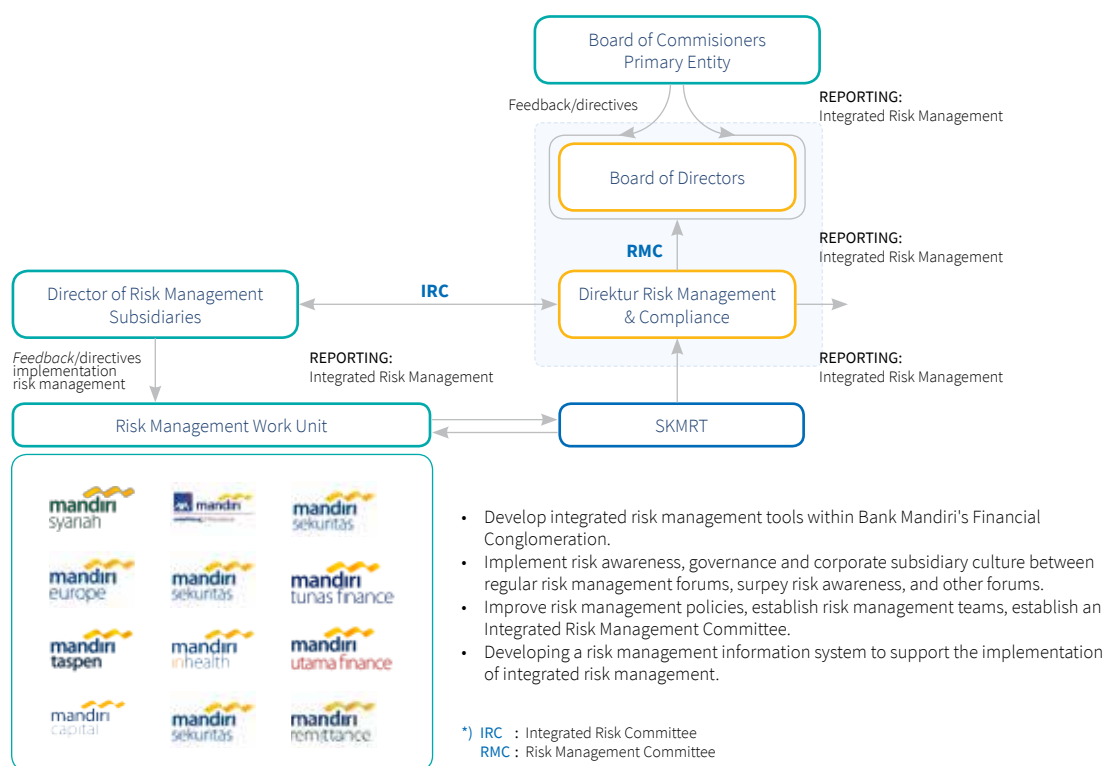
1. First Line, which is related to the fulfillment of the provisions POJK number 38 / POJK.03 / 2017 on Implementation of Management Consolidated Risk For a Doing Bank Control of Subsidiaries, POJK No. 17 / POJK.03 / 2014 on the Implementation of Integrated Risk Management For the Financial Conglomeration, as well as POJK Number 04 / POJK.03 / 2016 on the Rating of Commercial Bank Health.
2. Second Line, which is more a needs approach internal Bank Mandiri as a whole that covers tools, awareness, governance corporate (governance), and management information systems risk (system). Gradually, Bank Mandiri has implemented consolidation / integration of risk management with subsidiary companies included in financial services institutions (Bank Syariah Mandiri, Bank Mandiri

Europe Ltd, Bank Mandiri Taspen, Mandiri Sekuritas, Mandiri Investment Management, AXA Mandiri Financial Services, Mandiri AXA General Insurance, Mandiri InHealth Mandiri Tunas Finance, Mandiri Utama Finance, Mandiri International Remittance, and Mandiri Capital Indonesia).

Related to that, Bank Mandiri already has internal guidelines named Mandiri Group Principle Guideline (MGPG) and Guidelines Integrated Management, one of which contains technical guidance regarding the implementation of risk management implementation among the Bank Mandiri as holding with Subsidiary Company. It is at once become one of the tangible forms of Bank Mandiri obedient and obedient to the prevailing regulations in Indonesia, where in this context refers to POJK Number 18 / POJK.03 / 2014 on the Application of Integrated Governance for Conglomeration Finance.

In order to implement integrated risk management comprehensive, the Bank established a Risk Management Committee consists of the Director / Executive Officer in charge the Risk Management function of the Bank and the Subsidiary Company

play a role in providing recommendations on the preparation, improvement and improvement of risk management policies integrated. In addition, the Bank also established a Work Unit Integrated Risk Management (SKMRT) is responsible answer directly to the Director who in charge of Risk function Management. Here are the duties and responsibilities of SKMRT



In order to improve the understanding of risk management implementation in Bank Mandiri and subsidiaries, several activities had been organized in 2017 as follows:

1. Integrated Risk Management Forum (IRMF) every quarter to discuss current issues related to risk management.
2. Assistance and dissemination related to risk management tools.
3. Credit Risk Workshop for investment activities.
4. Attachment of employees to subsidiaries.
5. Review the implementation of risk management in certain subsidiaries.

Internal Control System

Bank Mandiri's internal control system referred to Circular Letter of the Financial Services Authority No. 35/SEOJK.03/2017 on Guideline of Internal Control Standard for Commercial Banks. Internal Control is a supervisory mechanism established by the Bank's management on an on going basis.

The effective Internal Control System (SPI) is an important component of the Company's management and serves as a basis for the Company's sound and safe operational activities. The effective SPI can assist the Board of Directors and Board of Commissioners to safeguard the Company's assets, ensure reliable financial and

managerial reporting, improve the Company's compliance with laws and regulations, and reduce the risk of loss, deviations and violations of prudential aspects.

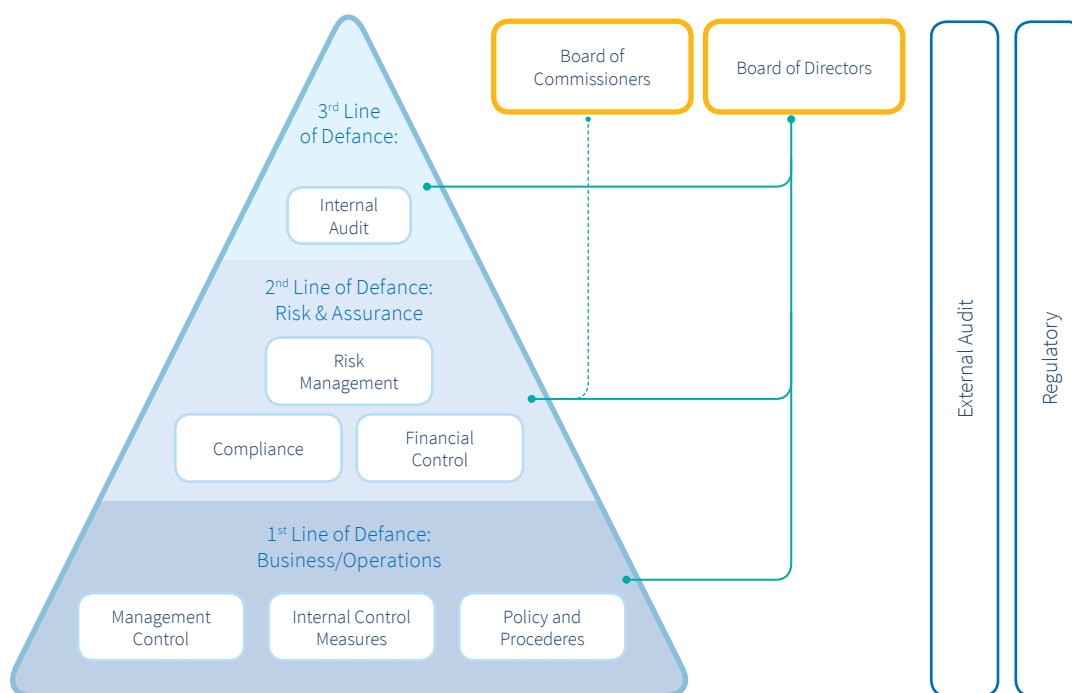
As a process carried out by the entire range of the Company, the Internal Control System was implemented in strategy establishment throughout the organization and was designed to identify the occurrence possibility of an event that might affect the company, and to manage risks to stay within the risk appetite, to provide sufficient confidence in the achievement of corporate goals.

Framework of Internal Control System

The Internal Control System Framework was implemented in all processes and decisions in the process of planning, execution and evaluation in the implementation of the Code of Conduct, the division of duties, authorities, procedures in which there were risk assessment, risk mitigation, limit setting, approval, and adequate reporting.

The framework of the internal control system adopted by Bank Mandiri was the Three Lines of Defense concept, which was a current implementation of the control strategy in accordance with the

COSO-Internal Control Framework monitoring system. This concept was a collaborative role of on-going monitoring and separate monitoring by involving business units as managers of internal control aspects in the work unit and appointing units acting as Quality Assessment, comply unit, Inspection, Risk Management and Internal Audit role the series of defense of control.



Remarks:

- 1) Business Unit/Operation (first line of defense): As a risk owner played an important role in managing the internal control aspects of its work unit was to ensure a conducive control environment and consistent implementation of risk management policies and procedures.
- 2) Risk and Compliance Unit (second line of defense): Developing and monitoring the implementation of overall corporate risk management, supervision to enable business functions to implement risk management policies and standard operating procedures in accordance with established corridors as well as monitoring and reporting the company's overall risks to the highest accountable organ in the company.
- 3) Internal Audit Unit (first line of defense): As an Independent Assurance playing a review and evaluation of the design and implementation of overall risk management and ensuring that first and second layers of defense worked as expected.

With the implementation of three lines of defense, it was expected to strengthen the internal control system owned by Bank Mandiri as a result of the cooperation of all lines of Bank Mandiri starting from first, second or third lines of defense.

In addition, Bank Mandiri had established the Bank Mandiri Internal Control System Policy (KSPIBM) as the basis for the implementation of the Internal Control System, which was a control mechanism established by the Board of Directors with the approval of the Board of Commissioners on an on-going basis with the following goals:

1. Maintaining and securing the Company's assets.
2. Ensuring more accurate reporting.
3. Improving compliance with the applicable regulations.
4. Reducing financial/disadvantage impacts, irregularities including fraud, and violation of prudential principles.
5. Improving organizational effectiveness and cost efficiency.

Scope of Internal Control System

The scope of Bank Mandiri's internal control referred to the Appendix of the Circular Letter of the Financial Services Authority No. 35/SEOJK.03/2017 on Guideline of Internal Control Standard for Commercial Banks. The main components of the internal control system are as follows.

Monitoring by Control Management and Culture

The Board of Commissioners was responsible for ensuring that the Board of Directors had monitored the effectiveness of the implementation of the internal control system, so that the Board of Commissioners had an active role to ensure improvement on the Company's problems that could reduce the effectiveness of the internal control system. The Board of Directors was responsible for establishing internal control policies, strategies and procedures. The Board of Directors was also responsible for monitoring the adequacy and effectiveness of the internal control system. The Board of Commissioners and the Board of Directors were responsible for improving work ethics and high integrity as well as creating an organizational culture that emphasized on all employees regarding the importance of the internal control at Bank Mandiri.

Supervision by management was conducted through the formation of a control culture through the establishment of policies and practices of human capital, among others:

1. The Company had written policies and procedures on human capital, such as recruitment, career path, payroll and remuneration systems, as well as employee coaching and development.
2. The Company periodically evaluated the performance, competence and implementation of cultural values by employees, whose results formed the basis for assignment and placement of employees.
3. The Company had an adequate organizational structure and reflected the assignment of duties and responsibilities determined in accordance with the applicable regulations.
4. The Company had written policies on the provisions and procedures for changes to the organizational structure.
5. The management of the Bank was conducted in accordance with the principles of Good Corporate Governance.
6. The Company's decision-making was determined in the Board of Directors' meeting.
7. Decision-making process was conducted on a bottom-up and top-down basis.
8. The Company adopted policies aimed at preventing the occurrence of chances for deviations or violations of prudential principles.

Identification and Risk Assessment

Risk assessment is a series of actions undertaken by the Board of Directors in the context of identifying, analyzing and assessing the risks faced in achieving the defined business goals. Management identified events potentially affecting the Company's ability to implement strategies and achieve targets effectively. The identification was made toward events that were expected to have negative (risk) impacts requiring the Company's assessment and response. Identification was also conducted on events that were expected to have a positive impact which was an opportunity for Management in the preparation of strategies to achieve the Company's targets.

The management considered all aspects of the organization in identifying potential events. Risk assessment is a set of actions starting from the identification, analysis and measurement of risks to achieve the target set. Risk assessment was conducted on all risk types attached to any process/activity that could potentially harm the Company. Bank Mandiri had written risk management policies set by the Board of Directors and approved by the Board of Commissioners.

The conditions that might cause or alter the risk included:

1. Changes in the Company's operational activities;
2. Changes of personnel structure;
3. Changes in the information system;
4. Rapid growth in certain business activities;
5. Technological development;
6. Development of new services, products or activities;
7. The occurrence of merger, consolidation, acquisition and restructuring of the Company;
8. Changes in the accounting system;
9. Business expansion;
10. Changes in laws and regulations; and
11. Changes in behavior and customer expectations.

In order to implement an effective Internal Control System, Bank Mandiri continuously identified and assessed risks that might affect the achievement of targets. The Internal Audit periodically reviewed the risk assessment generated by the Risk Management Group so that the scope of the audit was broader and more comprehensive.

Risk assessment was performed by identifying encountered risks, setting limits and risk control techniques, assessment to measurable (quantitative) and non-measurable (qualitative) risk assessments as

well as to controllable and uncontrollable risks, taking into account the costs and benefits. The risk assessment methodology became the benchmark for creating risk profiles in the form of documentation of data that could be periodically updated. Furthermore, the Bank must decide to take the risk or not, by reducing certain business activities.

The assessment covered all the faced risks, both individual and total risk, including credit risk, market risk, liquidity risk, operational risk, legal risk, reputation risk, strategic risk, compliance risk, insurance risk and intra-group transaction risk.

Control Activity and Separation of Operational Function (Operational Control)

Control activities included policies, procedures and practices giving officials and employees confidence that the direction of the Board of Commissioners and Board of Directors had been effectively implemented. Control activities might assist the Board of Directors, including the Board of Commissioners in managing and controlling risks that might affect performance or result in loss of the Company. Separation of function was intended in order that everyone in his position did not have the opportunity to do and hide mistakes or irregularities in the implementation of his duties at all levels of the organization and all steps of operational activities.

The management established measures to respond to risks based on assessments of relevant risks and controls. Response actions might include risk avoidance, or risk reduction, and/or risk sharing, and/or risk acceptance as applied in the Company policy. In considering response actions, the Management considered cost and benefits, and selected response actions leading to the likelihood and impact in accordance with the risk tolerance and risk appetite of the Bank.

Control activities included the activities of segregation of duties.

1. Control Activities

The control activities involved the whole range of Bank Mandiri. Control activities included planning, setting policies and procedures, implementing controls and an early verification process to ensure that policies and procedures were consistently adhered to, and were inseparable from every function or daily activity.

Control activities were implemented at all levels of function within the Company's organizational structure, including:

- a. Review by the Board of Directors (Top Level Review)
The Board of Directors periodically requested for information (explanation) and operational performance reports from the Head of Work Unit in order to review the realization outcomes

compared to the established targets. Based on the review, the Board of Directors immediately detected problems, such as control weaknesses, financial report errors or other frauds.

- b. Review of Operational Performance (Functional Review)
This review was carried out by the SKAI at the time of review or in the process of reporting to the regulator.
 - Reviewing the risk assessment (risk profile report) generated by the risk management unit.
 - Analyzing operational data, both data related to risk and financial data, i.e., verifying details and transaction activities compared to the output (report) generated by the risk management unit.
 - Reviewing the realization of the implementation of work plans and budgets made by each work unit (Group)/ Branch, in order to:
 - (a). Identifying the cause of significant deviations.
 - (b). Determining requirements for corrective actions.
- b. Control in the information system
 - The Company conducted verification on the accuracy and completeness of transactions and the implementation of authorization procedures in accordance with the applicable regulations.
 - The Company carried out information technology control measures to produce a system and data that its confidentiality and integrity were kept as well as supported the achievement of the Company's goals.
 - Control in the information system included:
 - (a). Control of the operations of data centers (databases), procurement systems, development and maintenance of systems. Control was applied to mainframe, server and user workstation, and network.
 - (b). Application control was implemented to programs used by the Company in processing transactions and to ensure the availability of an effective audit process and to check the accuracy of the audit process.
- c. Control of physical assets (physical controls)
 - Physical asset control was implemented to ensure the physical security of the Company's assets.
 - Control of physical assets included securing assets, records and documentation as well as limited access to application programs.
 - The Company conducted periodic checks on the value of assets (appraisal).
- d. Documentation
 - The Company formalized and adequately documented all policies, procedures, systems and standards.

- All policies, procedures, operating systems and accounting standards were updated periodically to reflect actual operational activities.
- Upon request, documents were always available for the benefit of internal auditors, external auditors and the Banking Supervisory Authority.
- Internal Audit assessed the accuracy and availability of such documents when conducting routine and non-routine audits.

2. Segregation of Duties

- a. Separation of function was intended in order that everyone in his position did not have the opportunity to do and hide mistakes or irregularities in the implementation of his duties at all levels of the organization and all steps of operational activities.
- b. The organizational structure was made by separating the function of recording, inspection, operational and non-operational (segregation of duties), so as to create a dual control system, dual custody and avoid duplication of work in every activity and avoid conflict of interest.
- c. In the implementation of the separation of functions, the Company conducted the following measures, including:
 - Determining certain functions or tasks that were separated or allocated to several persons in order to reduce the risk of manipulation of data/information or misuse of assets of the Company;
 - Separation of functions was not limited to front and back office activities, but also in the context of controlling:
 - (a). approval of expenditure and realization of expenditures;
 - (b). accounts of customer and accounts of the Company's owners;
 - (c). transactions in the books of the Company;
 - (d). providing information to customers of the Company;
 - (e). assessment of the adequacy of credit documentation and monitoring of debtors after credit disbursement;
 - (f). other business activities that might create a conflict of interest;
 - (g). Independence of risk management function in the Company.
 - Directors and Employees had adequate job description that contained functions, duties, authority and responsibility.

- Directors and Employees were prohibited from concurrent positions in the internal environment which might create a conflict of interest.

Accounting System/Finance (Financial Control), Information and Communication

Bank Mandiri had an Information System that could generate reports or provide sufficient and comprehensive data/information on business activities, financial conditions, implementation of risk management, compliance with the applicable rules and regulations, market information or external conditions and conditions required for a right decision making.

1. The Company determined:
 - a. Written policies and procedures governing the working relationships, duties and responsibilities of the Information System Technology Work Unit with other Work Units or users,
 - b. Written standards governing procurement, design and development (enhancement), maintenance, operation, performance monitoring, documentation and changes in Information Systems Technology.
2. The internal control system shall at least include the provision of a reliable/adequate information system on all the Company's functional activities, particularly the significant functional activities and high potential risks. Such information systems, including electronic data storage and use systems, must be secured, monitored by independent parties (internal auditors) and supported by an adequate contingency program.
3. The Company had Business Continuity Management and conducted tests on it for all systems/applications and critical infrastructure as per Business Impact Analysis periodically.
4. The Company ensured that information security was effectively implemented to ensure that the maintained information had kept confidentiality, integrity and availability.
5. Information security was conducted on aspects of technology, human capital and the process of using Information Technology based on the assessment of the owned risk of information.
6. The Company maintained a system of user access authority (access right matrix system).
7. Particularly with regard to internal control over the administration of systems and information systems, the Company observed:
 - a. the availability of sufficient evidence and documents to support the audit trail process. The audit trail process should be implemented effectively and documented. Internal Audit shall assess the effectiveness and accuracy of the audit trail process when evaluating the implementation of internal controls;

- b. Implementation of control over the computer system and its security (general controls) as well as control over software applications and other manual procedures (application controls);
- c. As part of the recording or bookkeeping process, the information system must be supported by a good accounting system including the establishment of transaction recording procedures and retention schedules.
- 8. One of the objectives of the Internal Control System was to ensure the availability of more accurate, complete, timely and relevant reports in order to make a decision by the Management.

The Company's Accounting System fulfilled the following matters:

- 1. The Company had written accounting policies complying with generally accepted accounting principles.
- 2. The Company's Accounting System included methods and records in order to identify, classify, analyze, categorize, record/book and report all transactions and activities of the Company.
- 3. The Accounting System must be applied consistently and persistently to all transactions of the Company.
- 4. The Company was required to reconcile the accounting data with the management information system every month. The results of reconciliation were documented in an orderly manner.
- 5. Each Work Unit that had responsibility for recording every transaction shall record transactions promptly, carefully and thoroughly, and conduct the process of control and monitoring to:
 - a. Ensure that every transaction had been booked in accordance with the proper ledger;
 - b. make sure that every ledger had been in line with the details; and
 - c. settle outstanding account (s) into the ledger (temporary account) immediately;
 - d. so as to give an idea of the actual condition and performance of the Company.
- 6. Each Work Unit that using forms or working papers must use standardized forms or papers and contain appropriate safeguard elements supported by adequate documentation.

Monitoring Activities and Deviation Correction Action

- 1. Management conducted on-going monitoring of the overall implementation effectiveness of the Internal Control System including but not limited to the effectiveness and safety of the use of information technology.
- 2. The Board of Commissioners ensured that the Management had monitored the implementation effectiveness of the

Internal Control System and ensured that the Management had monitored the effectiveness and safety of the use of information technology.

- 3. Monitoring of the Company's key risks was prioritized and served as part of daily activities including regular evaluations, by the Work Unit, the Compliance Group, the Risk Management Group and the Internal Audit.
- 4. The relevant work units monitored the adequacy of the Internal Control System continuously in relation to changes in internal and external conditions and increased the capacity of the Internal Control System in order to improve its effectiveness.

Weaknesses in the Internal Control System, whether identified by the Risk taking Unit, Internal Audit or any other party, were immediately reported to the Management. Weaknesses of a material internal control system were also reported to the Board of Commissioners.

Conformity of Internal Control with The Framework of The Committee of Sponsoring Organizations of The Treadway Commission (COSO)

The internal control system of Bank Mandiri complied with the Internal Control Integrated Framework developed by The Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013. Internal control objectives under COSO included operational objectives, reporting objectives and compliance objectives.

Operational objectives related to the effectiveness of operating efficiency. The reporting objective related to the interests of financial reporting meeting the reliable, timely, transparent criteria and other requirements stipulated by the regulator and the Company. While the compliance objective related to the Company's compliance with laws and regulations. Internal Control System consisted of 8 components that were mutually related to each other and determined the effectiveness of its application, namely:

Internal Environment

Internal environment became the basis for the Management in assessing risk and control as well as how to respond. It was the basis and the driving factor for the operation of the other seven components of the Internal Control System.

In its implementation, effective Internal Environment was reflected in the stipulation of written authorization/approval policies and procedures set forth in the policy architecture of Bank Mandiri, and standard of employee recruitment emphasizing on educational

background, work experience, prior achievement and integrity as well as good behavior in line with the policy of Bank Mandiri. In addition, the Internal Environment was also reflected in the determination of authority and responsibility of all employees according to their functions and written in the job description and code of conduct. Performance evaluation of all personnel reviewed periodically and imposing appropriate sanctions to any disciplinary action were also part of the Internal Environment component.

Objective Setting

Bank Mandiri set objective setting as a requirement for effective event identification, risk assessment and risk response process. Implementation of objective setting at Bank Mandiri was through the determination of key performance indicator (KPI) of work units in accordance with the corporate goals and in line with each other. In addition, the head of the work unit always communicated the mission/strategy and business targets (cascading) and believed the targets and goals of the company had been understood and implemented by all employees.

Event Identification

Management identified events potentially affecting the ability of Bank Mandiri to implement strategies and achieve targets effectively. The identification was made toward events that were expected to have negative (risk) impacts requiring the assessment and response.

Identification was also conducted on events that were expected to have a positive impact which was an opportunity for Management in the preparation of strategies to achieve the Company's targets. Management also considered all aspects of the organization in identifying potential events.

Work units needed to conduct Risk Control Self Assessment (RCSA), setting a risk profile that contained all events and significant risks to the achievement of goals that had been evaluated.

Risk Assessment

Risk assessment is a set of actions starting from the identification, analysis and measurement of the Company's risks to achieve the target set. Risk assessment was conducted on all risk types attached to any process/activity that could potentially harm the Company.

Each work unit had identified key processes and risks of each defined goal and documented on the risk profile of the work unit. Business planning of Bank Mandiri had considered the results of risk

evaluation. The risk profile evaluation of the work unit was carried out periodically to adjust to the potential risks that arose at any time.

Risk Response

Management determined measures to respond to risks based on an assessment of risk and relevant controls. The risk profile of each work unit had included all significant risks and control had been established. Bank Mandiri had also implemented an early warning system in any risky business process to monitor changes in risk factors and to support the sustainability of risk management strategy assessments.

Control Activities

Control activities included the segregation of duties in all Bank Mandiri processes and activities such as the imposition of dual control on all business processes (branches, credit and Information and Technology), tiered supervision responsibilities attached to each business activity, four eyes principle in the segment credit process as well as the implementation of three lines of defense and combined assurance to ensure controlled layered activities.

Information And Communication

Bank Mandiri had had an Information System that could generate reports or provide sufficient and comprehensive data/information on business activities, financial conditions, implementation of risk management, compliance with the applicable rules and regulations, market information or external conditions and conditions required for a right decision making.

Bank Mandiri had an Information System that could generate reports or provide sufficient and comprehensive data/information on business activities, financial conditions, implementation of risk management, compliance with the applicable rules and regulations, market information or external conditions and conditions required for a right decision making.

Monitoring

Monitoring included monitoring activities as well as correction of weaknesses and corrective action of deviations. It was reflected in the establishment of relevant information monitoring facilities from the Management including mechanisms to review and monitor the effectiveness of controls through the effective implementation of three lines of defense.

Implementation Evaluation of Internal Control System

Management was responsible for the implementation of a reliable and effective Internal Control System and was obliged to promote an

effective risk culture and must ensure that it was inherent at every level of the organization.

Internal Audit was responsible for evaluating and taking an active role in improving the effectiveness of the Internal Control System on an ongoing basis in relation to operational implementation in achieving the targets set by the Company. Internal Audit conducted periodic review and examination of all activities in the Work Unit and subsidiaries.

Evaluation results were submitted to the management for follow-up and monitored for implementation to ensure that the Internal Control System run effectively. In order to strengthen the Internal Control System, specifically to control fraud, the Company adopted a comprehensive and integralistic anti-fraud strategy as part of its strategic policy. Based on the evaluation that had been conducted during 2017, it showed that the internal control system at Bank Mandiri had been adequate.

Quality Improvement of Internal Control System

Organizational developments and transactions in both volume and complexity as well as increased business competition were accompanied by the increased risk of the Company, thus requiring the Company to continuously improve the quality of its internal control system so that the Company's operations could run effectively and efficiently. An effective Internal control system provided assurance to all stakeholders that the Company's operations were carried out with sound governance and in accordance with the principles of prudence.

Efforts that had been made to improve the quality of the Bank Mandiri internal control system were, among others, by integrating the assurance function to create synergies in order that the implementation of assurance could run more effectively. In addition, Bank Mandiri also continuously improved risk and control awareness for all levels of Bank Mandiri to create an effective control and cultural control environment and support the achievement of the Company's goals.

Compliance Function

The increasingly tough competition and business scope of Bank Mandiri was a challenge to be aware of compliance risks. A precautionary measure was needed to minimize any violation of the applicable laws and regulations. Implementation of compliance function was not limited only to the prevention of law violations, but also to the underlying soul and spirit. It was important to maintain the reputation of Bank Mandiri as an institution engaging in financial services.

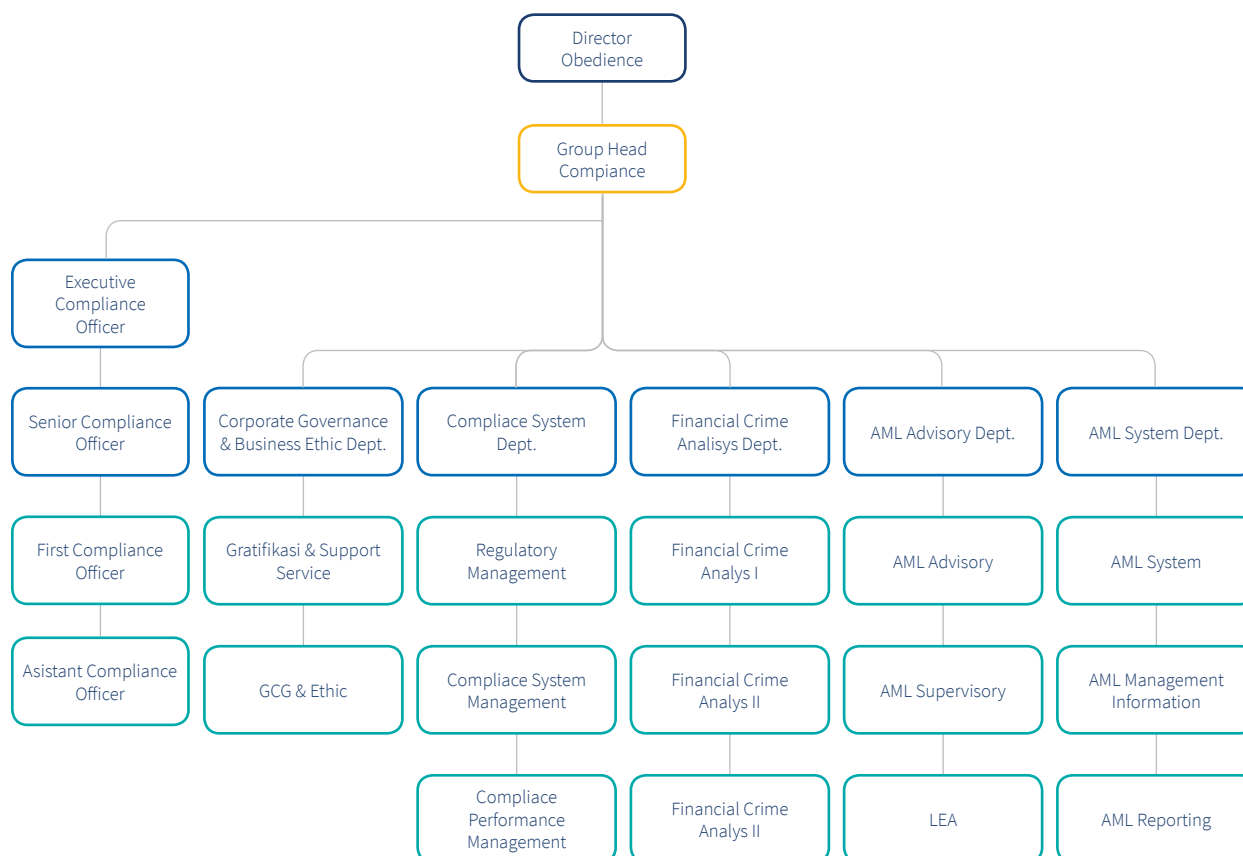
As part of good corporate governance process and in the framework of performing compliance function under the Regulation of Finance Service Authority No. 46/POJK.03/2017 on the Implementation of the Compliance Function of Commercial Banks, Bank Mandiri had a policy and standard of compliance procedures that define the task and responsibility of the Compliance Work Unit (SKK) in performing the compliance function.

Organization Structure of Compliance Function

The organization performing Compliance Function was set forth in the Bank Mandiri Compliance Policy (KKBM) that was further elaborated in detail in the Compliance Procedure Standard (SPKp). The organization consisted of:

1. Director in charge of the Compliance Function
2. Compliance Work Unit
3. Compliance Work Unit at Agency

To perform the compliance function, Compliance Group currently consists of 5 (five) Departments and 1 (one) functional unit of Compliance Officer, as follows:



Director in charge of Compliance Function

The director in charge of the Compliance Function is Mr. Ahmad Siddik Badruddin as Director of Risk Management & Compliance. A brief profile can be seen in the Board of Directors section. Appointment of Director in charge of Compliance Function has been through Fit and Proper Test in accordance with the provisions of the Regulator.

The Compliance Work Unit

Compliance Group is a Compliance Work Unit (SKK) at Bank Mandiri which is directly responsible to the Director in charge of the Compliance Function, and meets the following requirements:

- Independence.
- Master the prevailing laws and regulations.
- Not performing any other task outside the Compliance Function.
- Have a high commitment to implement and develop Compliance Culture (compliance culture)

Profile of Head of Compliance Function

Compliance Work Unit (SKK) of Bank Mandiri was led by Head of Compliance Work Unit. Any appointment and/or dismissal of the Head of Bank Mandiri Compliance Work Unit had referred to Bank Mandiri Compliance Policy and been reported to the Regulator.



Chrisna Pranoto
Head of Compliance Function

Place Date of Birth: Jakarta December 28, 1962

Age: 55 Years

Citizenship: Indonesian citizen

Domicile: Jakarta

- Education:
- Bachelor from the Bogor Agricultural Institute Department of Agronomy in 1986
 - Master in International Business Universitas Gajah Mada in 1998
- Employment History:
- Employee Branch Manager Medan City Hall (1989-1992)
 - Semarang Branch (1992-1995)
 - P. International (1995-1996)
 - PJ KA. JPD & LN Central Office Section; EKSIM & Forex; EKSIM Foreign Exchange Foreign Exchange Service (1996-1997)
 - Head of Section Head Office P. International; EXIM- Forex; EXIM- Valor Exports (1997-1999)
 - SRM: Group Head Trade Service Operation; Trade Service (1999-2001)
 - SRM: Department Head Central Operations; Trade Service Operations (2001-2003)
 - AVP: DH-Trade Service Operations Central Operations; Trade Service Operations (2003-2005)
 - AVP: DH-Trade Service Operations Central Operations; Trade Service Operations (2005-2006)
 - DH Trade Service Operations Central Operations Group; Trade Service Operations (2006),
 - PJ Group Head Credit Operations (2006-2007)
 - Group Head Credit Operations (2007-2012)
 - Group Head Distribution Network II (2013-2014)
 - Leadership Change Management Office (2014)
 - PJ Group Head Policy, System & Procedure (2014-2015).
 - Member of Bank Mandiri merger team in Operational Sector (1998-2002)
 - Application System Trade Implementation Team
 - Member of Supervisory Board of Bank Mandiri Pensiun Fund (2006-2009)
 - Member of Supervisory Board of Bank Mandiri Pension Fund (2009-2010)
 - Program Manager Solution Development Loan Factory (2010-2013)
 - Representative of PKB Negotiation Team (2013)
 - President Commissioner of PT. Mandiri Manajemen Investasi (2013-2014)
 - Secretary of RCC-RMC (2014)
 - President Commissioner of PT. Mandiri Manajemen Investasi (2014-present).

Element of Appointment: Appointment as Group Head Compliance based on Senior Executive Vice President Decree No. PT Bank Mandiri. KEP.SEVP / 338/2014 on the Appointment and Stipulation of Position in the Framework of Organizational Change.

Training: He attended various training at home and abroad related to Risk Management, Trading, Leadership, Finance and Training related to other banking business

Task and Responsibility of Compliance Function

The tasks and responsibilities of Compliance Group in performing the compliance function, in general are as follows:

1. Make steps in order to support the creation of Compliance Culture in all Bank business activities at every level of the organization.
2. Identify, measure, monitor and control the Compliance Risk by referring to Bank Indonesia regulation on the Implementation of Risk Management for Commercial Banks.
3. Assess and evaluate the effectiveness, adequacy, and conformity of policies, regulations, systems and procedures owned by the Bank with the applicable laws and regulations.
4. Review and/or recommend the updating and improvement of policies, provisions, systems and procedures owned by the Bank to comply with the Bank Indonesia regulations as well as the applicable laws and regulations.
5. Make efforts to ensure that the Bank's policies, regulations, systems and procedures, as well as operations were in compliance with the Bank Indonesia regulations and the applicable laws and regulations.

Competency Development of Compliance Function

During 2017, Compliance Function Personnel had attended various programs of competency improvement in the form of training, workshop, conference, seminar, as the following table:

No.	Date	Training Name	Organizer
1.	11 January 2017	Integrated Risk Management Mandiri Group System	PT Bank Mandiri (Persero) Tbk.
2.	22-23 February 2017	Sertifikasi Kepatuhan Level 1	Forum Komunikasi Direktur Kepatuhan Perbankan (FKDKP)
3.	20 March 2017	<i>Refreshment</i> Sertifikasi Manajemen Risiko	BARa Risk Forum
4.	06-07 April 2017	Workshop THP 2 ProjeK Customer on Boarding	Mandiri University Group
5.	10 April 2017	<i>Refreshment</i> Sertifikasi Manajemen Risiko	PT Bank Mandiri (Persero) Tbk.
6.	05 May 2017	<i>Refreshment</i> Sertifikasi Manajemen Risiko	PT Bank Mandiri (Persero) Tbk.
7.	08 May 2017	Workshop IMPL Nota KSMPh dan PDM Kerja Dengan Polri	PT Bank Mandiri (Persero) Tbk.
8.	15 May 2017	<i>Refreshment</i> Sertifikasi Manajemen Risiko	PT Bank Mandiri (Persero) Tbk.
9.	18 May 2017	Anti Korupsi, Gratifikasi dan Anti Money Laundering	PT Bank Mandiri (Persero) Tbk.
10.	11-14 July 2017	Training Pembekalan Sertifikasi Manajemen Risiko Level 1	PT Bank Mandiri (Persero) Tbk.
11.	13-14 July 2017	Effective Compliance Standards	Asia Anti Fraud
12.	17-18 July 2017	Training Pembekalan Sertifikasi Manajemen Risiko Level 2	Mandiri University Group
13.	20-22 July 2017	Pembekalan Sertifikasi Manajemen Risiko	PT Bank Mandiri (Persero) Tbk.
14.	09 August 2017	Manajemen Risiko Perbankan	PT Bank Mandiri (Persero) Tbk.
15.	09-10 August 2017	Peran Bank Mencegah dan Memberantas Kejahatan Perbankan	Forum Komunikasi Direktur Kepatuhan Perbankan (FKDKP)
16.	28-30 August 2017	Interpretasi Berbasis KPKU BUMN	PT Bank Mandiri (Persero) Tbk.
17.	06 September 2017	Seminar Penilaian <i>Mutual Evaluation Review</i> Terhadap Indonesia Oleh APG dan Penilaian Risiko Tindak Pidana Pencucian Uang	Lembaga Pengembangan Perbankan Indonesia
18.	11-12 September 2017	Advanced Based Risk Compliance	FDB
19.	14-15 September 2017	Effective Compliance Standards	Asia Anti Fraud
20.	27-28 September 2017	Sharing Session and Workshop ASEAN CG Scorecard	PT. Mitra Bhadra Consulting
21.	27 - 29 September 2017	Legal and Compliance Risk Management	CRMS Indonesia
22.	27-30 September 2017	Sertifikasi Kepatuhan Level 1	Jakarta
23.	28 - 29 September 2017	Workshop Aspek Hukum <i>Holding</i> diLingkungan BUMN	Indonesia Training Institute and Consulting Services

No.	Date	Training Name	Organizer
24.	25-26 October 2017	Workshop Anti Pencucian Uang (APU) dan Pencegahan Pendanaan Terorisme (PPT)	PT Bank Mandiri (Persero) Tbk.
25.	25-26 October 2017	Refreshment Sertifikasi Kepatuhan Level 1	Forum Komunikasi Direktur Kepatuhan Perbankan (FKDKP)
26.	25-26 October 2017	Refreshment Sertifikasi Kepatuhan Level 1 dan Penerapan Prinsip Kehati-hatian Dalam Perbankan	Forum Komunikasi Direktur Kepatuhan Perbankan (FKDKP)
27.	25-26 October 2017	Penerapan Prinsip Kehati-hatian Dalam Perbankan	Forum Komunikasi Direktur Kepatuhan Perbankan (FKDKP)
28.	26-27 October 2017	Workshop APU PPT	PT Bank Mandiri (Persero) Tbk.
29.	29-30 October 2017	Sertifikasi Kepatuhan Level 1	Forum Komunikasi Direktur Kepatuhan Perbankan (FKDKP)
30.	27-29 November 2017	Workshop Rembuk Integritas Nasional	Direktorat Jendral Pajak
31.	30 November 2017	Forum Discussion Group Larangan Praktek Gesek Tunai dan Surcharge	Bank Indonesia

Policies and Compliance Procedures Standards

An ex-ante effort is needed to minimize the potential risks of the Bank's business activities. Therefore, Bank Mandiri owns a policy and standard of compliance procedures which become the basis for all personnel in growing the Compliance Culture so that the Bank's activities are always in line with prevailing laws and regulations and based on the prudential principle. Such policies and standard procedures are reviewed periodically at least annually as required by the bank and following changes to prevailing laws and regulations.

Bank Mandiri Compliance Policy (KKBM)

In general, the Bank Mandiri Compliance Policy includes guidelines for all employees in carrying out the Compliance Culture including Public Policy, Organization, Authority and Responsibility, Compliance Risk Management, Reporting, Monitoring and Compliance Principles. Bank Mandiri's compliance principles are as follows:

1. The bank always adheres to the prevailing laws and regulations and applies the prudential principles in carrying out all its activities (mandatory).
2. The Board of Commissioners and Directors become role models based on honesty and integrity so that the implementation of compliance will become the Bank's culture (starts from the top).
3. All Banks are fully responsible for implementing compliance in their respective activities.

Bank Mandiri Compliance Procedure Standards (SPKp)

The SPKP is a more detailed description of the Compliance Policy which contains the guidelines for the implementation of the Compliance Function, which includes the procedures for

the implementation of compliance functions, compliance tools, compliance incidents handling, compliance risk mitigation, and the Compliance Work Unit (SKK) relationship with the Internal Audit Unit (SKAI) and Risk Management Work Unit (SKMR), particularly the operational risk management units.

Compliance incident is a non-compliance event or event that may be considered a potential non-compliance event against the prevailing laws and regulations.

Compliance Technical Instructions (PTKp)

Particularly for the implementation of Anti-Money Laundering and Terrorism Financing Prevention (APU and PPT), the policies and standards of Anti-Money Laundering and Terrorism Financing Practices (APU PPT) guidelines are in place.

In relation to the implementation of the integrated compliance function, whereby Bank Mandiri as a Main Entity, Subsidiary Company shall have a compliance policy in line with Bank Mandiri Compliance Policy and shall be in accordance with the applicable provisions in each subsidiary of the Subsidiary Company.

2017 Compliance Strategy

To support the vision achievement of Bank Mandiri in 2020, Bank Mandiri has established compliance strategies so as to minimize the chance of compliance risks and enhance a compliance culture in every Bank activity.

Compliance Risk of Risk Appetite Statement (RAS)

The business complexity and aggressive growth in the coming year must be balanced with more forward looking compliance risk management and more sensitive towards the dynamics of the changes. For 2017, Bank Mandiri has tightened the level of compliance risk to be taken (risk appetite) as one of the compliance strategies.

Risk Appetite is set forth in the form of Risk Appetite Statement (RAS) which becomes the reference for all bank personnel in performing bank activities so that the business targets can be achieved by keeping in mind the limitation of risk that may occur. Compliance Risk RAS is compiled prudently using historical data in accordance with the parameters of compliance risk assessment as arranged in the Circular Letter of the Financial Services Authority No. 14/SEOJK.03/2017 tanggal 17 Maret 2017 perihal Penilaian Tingkat Kesehatan Bank Umum.

This compliance risk RAS is defined by the Risk Management Committee (RMC) through an alignment process between the perspective of the Commissioner and the Board of Directors in a top-down manner with a bottom-up perspective based on inputs and synchronization with the business and work units.

The Implementation Of Compliance Functions Working Program In 2017

2017 Compliance Working Plan

In supporting the Company's vision, mission and business plan, the implementation of the compliance functions refer to the compliance work plan of 2017 focused on strengthening the role and function of the compliance line as business enablers in every business activity, so that the bank's activities are always directed and maintained in accordance with the provisions of the legislation applied.

Broadly speaking, the compliance work plan in 2017 included the following:

1. Compliance Function Implementation
 - a. Processes and Procedures Development
 - b. Compliance Risk Management Methodology Development
2. Enhancement of APU-PPT Reporting and Analysis Application Systems

To fulfill the obligations set forth in the regulation, the Bank requires a reliable PPU PPT reporting system. This Enhancement System application aims to control the occurrence of non compliance event associated with the implementation of APU PPT program.

3. Sinkronisasi Fungsi Kepatuhan Terintegrasi

In order to implement the Integrated Governance as stated in POJK No. 18/03/POJK/2014 on Implementation of Integrated Governance for Financial Conglomeration, the Integrated Compliance Work Unit (SKKT) is responsible for monitoring and evaluating the compliance implementation throughout the Subsidiaries.

2017 Compliance Working Plan Implementation

1. Processes and Procedures Development
 - a. Enhancement of work mechanism and procedure was influenced by the availability of organizational change and system as well as work process. In 2017, the changes were focused on the improving of the operational risk management mechanism and its organization that aimed at realizing operational excellence, thereby affecting the reduction of compliance risk, especially through the running of banking operations in accordance with the prevailing laws and procedures and the effectiveness of all the three lines of defense according to their norms.
 - b. In line with the development of the Compliance Framework which is part of the activity towards the operational excellence, there has been conducted the improvement in Compliance Policy and Standards of Compliance Procedure. It aims to refine the bankwide compliance management processes and procedures and ensure that all compliance risk management activities are contained in the relevant procedures.
 - c. In order to improve the function and role of the compliance line, it is also necessary to develop the processes and procedures that are prioritized to strengthen the coordination among units of work related to new regulatory updates and dashboard compliance incident establishment.
2. Compliance Risk Management Methodology Development
 - a. In line with the business activities development of the Company that contributes a major impact on the increased risk exposure faced, one of the efforts to mitigate risks in order to maintain sustainability performance is through the development of a compliance culture attached to any decision-making. Regularly, the Compliance Unit reviews Bank's Policy and Standard Procedures to ensure that Bank Mandiri's policies, rules, systems and procedures and activities are in compliance with prevailing laws and regulations. In addition, the Compliance Unit also monitors the discipline of the work units in realizing the Company's product and activity issuance plan in accordance with the schedule.

- b. To increase the risk awareness related to compliance risk in every Bank Mandiri unit, the Compliance Unit implement a compliance assessment program. It aims to encourage awareness of each individual in order to run every activity in accordance with the provisions and pay attention to the limits of risk that exist in each decision.
 - c. Additionally, the Company has also synchronized the compliance risk library with operational risk library.
3. Synchronization of Integrated Compliance Function
- As a great financial conglomeration, an optimal synergy between the Main Entity and Subsidiaries is required, as well as among Subsidiaries. The synergy is not only from the business aspect, but also from the internal control aspect. In relation with the compliance functions, this is done through alignment of compliance policy tools and compliance risk management mechanisms. In order to ensure Mandiri Group's compliance towards prevailing laws and regulations, Bank Mandiri and Subsidiaries undertake a prudential meeting that address the impact and action plan to meet the obligations on the newly-issued regulation.

Evaluation On Effectiveness Of Compliance Function

Implementation of The Compliance Function activities and performance is always evaluated and assessed by the Director of Risk Management and Compliance for the interest of improving the effectiveness of the implementation of the activities and performance of the Compliance Function in the coming year. Assessment criteria of Compliance Function based on Annual Work Plan, Key Performance Indicator (KPI) and Work Program/Non Key Performance Indicator (Non KPI) Work Activity. The assessment based on KPI includes the aspects of Financial Perspective, Customer Perspective, Internal Business Perspective and Development Perspective. Evaluation is expected to improve the quality of implementation of compliance culture and compliance risk management in minimizing the risks that may result from non-compliance with applicable regulations.

Anti Money Laundering Program (APU) and Combating Terrorism Financing (PPT) Programs

APU PPT Program Implementation is an obligation for all parties, especially for banks as a financial services company. Money laundering practices are increasingly widespread, including misuse of account use to contain terrorism financing. This requires commitment from all parties to support anti-money laundering and terrorism financing regimes.

The crime of money laundering is a complex crime, involving massive syndicates and huge amounts of money and has an impact that disrupts the economic stability of a country. Therefore, this crime has

become the world's attention until the establishment of the Financial Action Task Force on Money Laundering organization or abbreviated as FATF that plays a role to establish the necessary policies and measure through the recommendations of money laundering prevention and prevention of terrorism financing that must be effectively applied by all States.

In implementing APU PPT Program, Bank Mandiri referred to the Circular Letter of the Financial Services Authority Number 32/SEOJK.03/2017 dated 22 June 2017 on the Implementation of Anti Money Laundering and Combating Terrorism Financing Program in the Banking Sector. Bank Mandiri has a vast network, offering a wide range of products and services, making it particularly vulnerable to risks that those are used for money laundering and terrorist financing. Therefore, Bank Mandiri needs to mitigate these risks by taking various preventive measures, through the effective implementation of PPU PPT programs, such as by applying a risk based approach.

APU and PPT Policies

In line with the latest developments related to Anti Money Laundering and Combating Terrorism Financing (APU and PPT) programs and in connection with the new regulation issued by the Financial Services Authority, which also regulates the APU and PPT in the Financial Conglomeration corridor, Bank Mandiri has made improvements to the Implementation Policy of APU and PPT Programs, which is based on 5 (five) Pillars of APU PPT Programs Implementation, which are:

1. Active Monitoring from the Board of Directors and the Board of Commissioners;
2. Policies and procedures;
3. Internal control;
4. Management information system; and
5. Human capital and trainings.

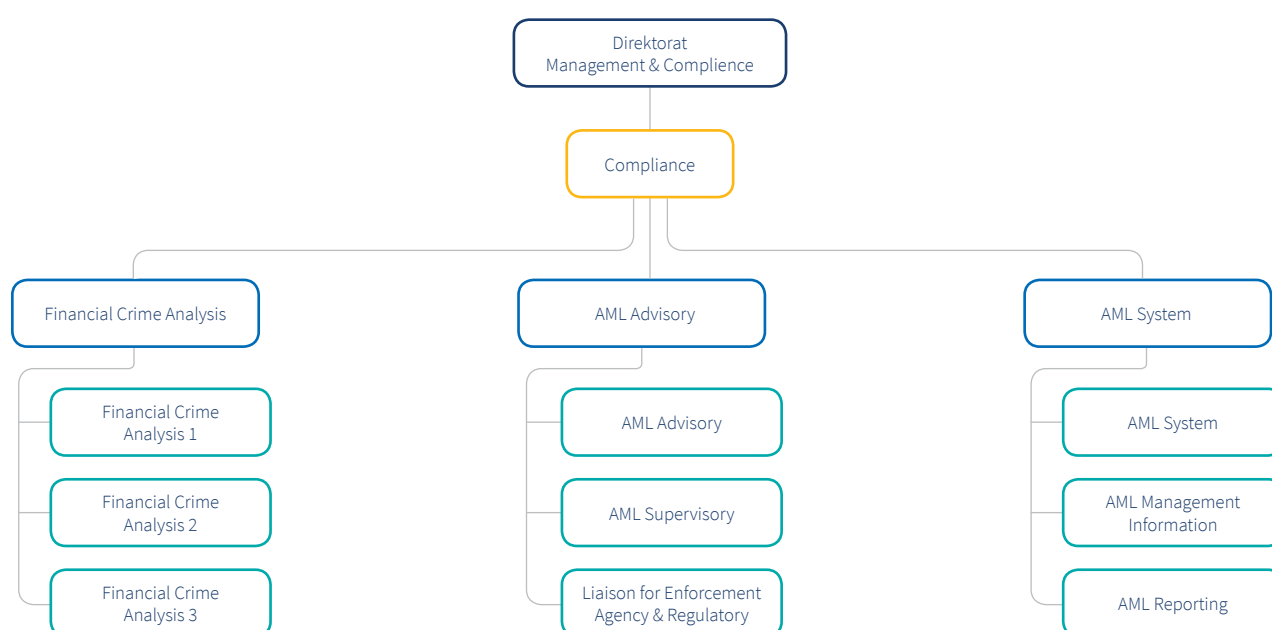
The aims:

1. Fulfill the provisions of the Financial Services Authority Regulations (POJK) on the Implementation of APU and PPT Programs in the Financial Services Sector.
2. Giving common perception and understanding by the whole range of the Company in group about the importance of APU and PPT program implementation.
3. As a guide in mitigating risks such as legal risk, reputation risk, operational risk, and concentration risk by continuing to support the Bank's business.
4. As a guideline in the preparation of standard operating procedures for products and other banking activities based on prudential banking principles.

APU and PPT Organizational Structure

In order to improve the effectiveness of APU and PPT program implementation in Bank Mandiri, it is necessary to support the active supervision of the Board of Directors and Board of Commissioners, so as to motivate the employees and work units in establishing a compliance culture throughout the organization. Such supervision is included in the risk management of APU and PPT in subsidiaries which are in their implementation under the coordination of the Specific Unit Authority of APU PPT.

The implementation of the APU and PPT program is carried out by the Specific Unit Authority (PPK) of the PPU APU structurally under the Compliance Unit (SKK) of the Bank Mandiri Head Office and directly responsible to the Risk Management & Compliance Director who oversees the compliance function at Bank Mandiri. The APU PPT Organization Structure described as follows:



In order to implement the PPU APU program effectively and fulfill the regulatory requirement, besides UKK APU PPT at Head Office, there is Anti Money Laundering Officer (AMLO) domiciled in Regional Office performing supervision function of PPU APU implementation in Branches. In addition, taking into consideration the burden of operational tasks and business complexity, also has been appointed the APU PPT Person in Charge (PIC) in each Branch assigned to oversee and run operations in accordance with the provisions of APU PPT program implementation in each Branch.

APU and PPT Policies

Bank Mandiri's commitment to consistently and effectively conduct APU and PPT programs to support anti money laundering regime to combat money laundering and terrorism financing is implemented in the program, among others:

1. Adjustment to the Bank Mandiri's Policy and Standard Procedure of Anti-Money Laundering and Combating Terrorism Financing Programs in accordance with the Financial Services Authority

Regulation (POJK) No. 12/POJK.01/2017 on the Implementation of Anti-Money Laundering and Combating Terrorism Financing Programs in Financial Services Sector as well as Circular Letter of the Financial Services Authority (SEOJK) No. 32/SEOJK/2017 on the Implementation of Anti Money Laundering and Combating Terrorism Financing Programs in Banking Sector.

2. Integration of APU PPT programs implementation in Financial Conglomeration through policy making and procedures of APU PPT by Subsidiaries and Foreign Branches aligned with Bank Mandiri's policies and procedures and stay on track with the guidance on regulations regulating the APU PPT programs.
3. Enhance the compliance culture in the implementation of APU PPT programs addressed by the efforts to improve the operational quality of the Branch in accordance with the provisions of APU PPT on a continuously and sustainable basis through the APU PPT Pilot Branch program.
4. Establish and maintain cooperation and coordination with the regulators and law enforcers particularly in the field of Anti

Money Laundering and Combating Terrorism Financing through provision of Customer data / information sentenced as Suspect, active as part of Indonesian APU PPT regime, among others in the preparation of National Risk Assessment (NRA) & Sectoral Risk Assessment (SRA), Bank Samples in the implementation of Mutual Evaluation Review (MER) by Asian Pacific Group on Money Laundering and other activities organized by the Regulator and APGAKUM.

5. Preparation of methodology reform of risk assessment based on a Risk Based Approach with respect to Customer-related factor; Country or Geographic Area; Products, Services or Transactions; and / or Distribution Channel (Delivery Channel).
6. In order to improve AMLO's capability in conducting Suspicious Financial Transaction (TKM) analysis as well as the operation of AML System, AMLO selecting sampling and training in each Region has been conducted.
7. Establish and build cooperation with the data provider unit in fulfilling customer data and transaction information for the purpose of customer transaction analysis.
8. Quality and report monitoring improvement of Cash Transaction Report (LTKT), Financial Transaction Report from and Abroad (LTKL), Suspicious Financial Transaction Report (LTKM), and Integrated Services User Information System (SIPESAT).
9. Bank Mandiri has improved the information system so that it presents the counterparty account data (payers information) credit card payment transactions. Approximately 99.5% of Mandiri Credit Card transactions are made through Bank Mandiri ATM, Internet Banking, Short Message Service (SMS) Banking, Direct Debit, Overbooking, RTGS Transfers, Clearing / SKN, and Cash Transactions in Branches. For the use of this Mandiri Credit Card payment transaction, Bank Mandiri has been able to present Mandiri Credit Card account information (payers information).
10. The increase in awareness of APU and PPT for the employees in bank-widely through regular training of APU and PPT with some media that i.e. class-room training, e-learning and socialization to all Branch/Working Unit employees in Bank Mandiri and Subsidiary Company. In addition to increasing the implementation of AML CTF programs in Branch conducted by Anti Money Laundering Officer (AMLO), then in the year of 2017 it also had been conducted a Workshop of AML and CTF and assessment of AML CTF to all AMLO.

Provision of Funds for Social and/or Political Activities

Bank Mandiri has proven to stakeholders that the orientation is not only for profit, but also for the interest of the society and environment (non-financial) around the work unit of Bank Mandiri spread all over Indonesia. As a manifestation of social responsibility, Bank Mandiri has set aside some of its profit to build the community and environment.

Throughout 2017, Bank Mandiri spent Rp139,240,266,550 to conduct various activities related to social and community programs. The details of funding for CSR activities related to social and community development are as follows.

Event Category	Implementation Cost
Environmental Sector	Rp480,180,500
Soundness Sector	Rp11,493,665,250
Public Facilities and Wsrship Sector	Rp100,836,424,857
Natural Disaster Relief Sector	Rp1,948,764,031
Social Development Sector	Rp10,173,089,780
Education Sector	Rp14,308,142,132
Total	Rp139,240,266,550

The details relating to corporate social responsibility was presented in the Corporate Social Responsibility and Sustainability Report sections in 2017, which was an integral part of this Annual Report. Meanwhile, for the provision of funds for political activities, during the year of 2017, Bank Mandiri did not provide funds for political activities or to political parties.

Significant Cases

Throughout the year OF 2017, the number of civil and criminal law issues that had been completed (already had a permanent legal force) and which are still in the process of completion can be presented through the table as follows.

Table of Significant Cases

No.	Legal Issues	Amount		
		Civil	Criminal	Industrial relations
1.	Cases / Legal Issues that are still in the process of completion	221	7	N/A
2.	Case / Legal Issues that have been completed (already has a permanent legal force)	39	10	N/A

Significant Cases Faced by The Company

Of the several cases, the 9 most significant cases affecting the Company can be seen in the table as follows:

Significant Cases Faced By The Company

No.	Case Principal / Claim	Settlement Status	Influence Against Company Conditions	Management Efforts	Sanctions Imposed
1.	Asset Case No. 487 / Pdt.G / 2015 / PN.Mdn between Tjong Afie Trading Company and PT Bank Mandiri (Persero) Tbk.	Currently still in the process of Cassation in the Supreme Court of the Republic of Indonesia	Risk of Losing Assets	Bank Mandiri has made a maximum effort so that Bank Mandiri has been declared winning according to information on the official website of the Supreme Court.	There is no
2.	Asset Case in Jalan Diponegoro Pontianak. 154 / Pdt.G / 2016 / PN.Ptk an. Abdullah Abdul Razak with PT Bank Mandiri (Persero) Tbk.	Currently still in the process of Cassation in the Supreme Court of the Republic of Indonesia		Bank Mandiri has made the maximum effort by seeking important evidence to support Bank Mandiri's position.	There is no
3.	Case No. 928 / Pdt.G / 2006 / PN.Jkt.Sel between PT Timor Putra Nasional and PT Bank Mandiri (Persero) Tbk.	Currently still under review process in the Supreme Court		Bank Mandiri has made a maximum effort so that Bank Mandiri has been declared winning according to information on the official website of the Supreme Court.	There is no
4.	PT. Dewata Royal International No. 683 / Pdt.G / 2016 / PN.Jkt.Sel an. Plaintiff Rustandi Yusuf	Currently still in process at the District Court	Risk of compensation and reputation	Bank Mandiri has made the maximum effort by submitting written evidence and witnesses as well as expert information that is competent in the field of Agreement.	There is no
5.	Case No. 751 / Pdt.G / 2017 / PN.Jkt.Sel between Muhammad Bahalwan with PT Bank Mandiri (Persero) Tbk.	Currently still in process at the District Court		Bank Mandiri handled the case maximally by conducting an in-depth review of the criminal verdict in order to respond to Muhammad Bahalwan's lawsuit.	There is no
6.	Case No. 457 / Pdt.G / 2017 / PN.Jkt.Utr between PT Gosyen Indonesia Utama and PT Bank Mandiri (Persero) Tbk.	Currently still in process at the District Court		Handling cases maximally by seeking important evidence supporting Bank Mandiri's position.	There is no
7.	Suspected Banking Criminal Acts and / or Criminal Acts of Fake Fund Transfer through Mandiri Online service system application	Currently still in trial process	Operational risk and reputation	Following the trial and giving testimony as witness.	There is no
8.	Alleged Fraud, Falsification of Documents and / or Banking in connection with the award of FasKred to PT Rockit Aldeway	Currently still in trial process		Following the trial and giving testimony as witness.	There is no
9.	Suspicion of Fraud and / or Embezzlement and Money Laundering in connection with the award of FasKred to PT Kimas Sentosa	Investigation at Police Headquarters Bareskrim		Providing testimony as witnesses and submitting evidence.	There is no

Disclosure of Administrative Sanctions From OJK

During 2017, there were no material administrative sanctions affecting the viability of Bank Mandiri's business and there were also no administrative sanctions imposed on either the members of Board of Directors or the Board of Commissioners.

Legal Cases Faced by The Board of Commissioners and Directors Serving and Subsidiaries

Legal Cases Faced by The Directors and The Board of Commissioners Serving

During 2017, there were no legal cases faced by the members of the Bank Mandiri's Board of Commissioners serving, both civil and criminal law.

Legal Cases Faced by Subsidiaries

The legal cases faced by the Subsidiary Entity during 2017, can be seen in the table below.

No.	Subsidiaries	Important Case	Amount		
			Civil	Criminal	Industrial relations
1.	PT Bank Syariah Mandiri	Cases / Legal Issues that are still in the process of completion	188	26	2
		Case / Legal Issues that have been completed (already has a permanent legal force)	22	9	0
2.	PT Mandiri Sekuritas	Cases / Legal Issues that are still in the process of completion	3	-	-
		Case / Legal Issues that have been completed (already has a permanent legal force)	1	-	-
3.	PT Mandiri Tunas Finance	Cases / Legal Issues that are still in the process of completion	22	-	-
		Case / Legal Issues that have been completed (already has a permanent legal force)	9	-	-
4.	PT Mandiri AXA General Insurance	Cases / Legal Issues that are still in the process of completion	1	-	-
		Case / Legal Issues that have been completed (already has a permanent legal force)	3	-	-
5.	PT AXA Mandiri Financial Services	Cases / Legal Issues that are still in the process of completion	4	16	-
		Case / Legal Issues that have been completed (already has a permanent legal force)	10	4	-
6.	PT Bank Mandiri Taspen	Cases / Legal Issues that are still in the process of completion	6	18	-
		Case / Legal Issues that have been completed (already has a permanent legal force)	9	-	-
7.	Mandiri International Remittance Sdn. Bhd.	Cases / Legal Issues that are still in the process of completion	-	-	-
		Case / Legal Issues that have been completed (already has a permanent legal force)	-	-	-
8.	Bank Mandiri (Europe) Limited	Cases / Legal Issues that are still in the process of completion	-	-	-
		Case / Legal Issues that have been completed (already has a permanent legal force)	-	-	-

No.	Subsidiaries	Important Case	Amount		
			Civil	Criminal	Industrial relations
9.	PT Asuransi Jiwa Inhealth Indonesia	Cases / Legal Issues that are still in the process of completion	-	-	-
		Case / Legal Issues that have been completed (already has a permanent legal force)	1	-	-
10.	PT Mandiri Utama Finance	Cases / Legal Issues that are still in the process of completion	4	-	-
		Case / Legal Issues that have been completed (already has a permanent legal force)	-	3	-
11.	PT Mandiri Capital Indonesia	Cases / Legal Issues that are still in the process of completion	-	-	-
		Case / Legal Issues that have been completed (already has a permanent legal force)	-	-	-

Significant Cases Faced by Subsidiaries

As follows were the important issues faced by Subsidiaries during 2017.

Table of Significant Cases Faced by the Subsidiaries

Subsidiary	Case Principal / Claim	Settlement Status	Influence Against Company Conditions	Management Efforts	Administrative sanctions
PT Bank Syariah Mandiri	Perkara klaim Bank Garansi PT Kutilang Paksi Mas No.357/Pdt.G/2015/PN.Jkt.Pst antara PT Petro Energy dengan PT Bank Syariah Mandiri dan PT Kutilang Paksi Mas.	Appeal	Risk of compensation and reputation.	PT Bank Syariah Mandiri had made efforts as maximally as possible, but there was no decision of the Supreme Court of the Republic of Indonesia (inkracht) punishing PT Bank Syariah Mandiri to pay the Bank Guarantee.	There is no
	Perkara klaim Bank Garansi PT Kutilang Paksi Mas No.539/Pdt.G/2015/PN.Jkt.Pst antara PT Solaris Prima Energy dengan PT Bank Syariah Mandiri dan PT Kutilang Paksi Mas.	Appeal	Risk of compensation and reputation.	PT Bank Syariah Mandiri had made the best efforts by applying the Cassation through the Supreme Court of the Republic of Indonesia. In accordance with the information in the website of the Supreme Court of the Republic of Indonesia, the request of the Case of PT Bank Syariah Mandiri was granted. Nevertheless, the decision of the cassation was not yet known whether the Supreme Court upheld the decision of PN or PT.	There is no
	Perkara Pencairan Deposito PT Pos Property Indonesia No.267/Pdt.G/2015/PN.Bdg antara Monfiori (Director Utama PT Pos Property Indonesia dengan dan PT Bank Syariah Mandiri serta Ir. Sri Wikani dan Akhmad Rizani (mantan Director PT Pos Property Indonesia).	Appeal	Risk of compensation and reputation.	If the decision of the Supreme Court of the Republic of Indonesia was essentially corroborating the PT Decision, it was possible for PT Solaris Prima Energy to file a lawsuit again.	There is no

Subsidiary	Case Principal / Claim	Settlement Status	Influence Against Company Conditions	Management Efforts	Administrative sanctions
PT Mandiri Tunas Finance	PKPU / Bankruptcy case with case number 66 / Pdt. Sus-Pkpu / 2017 / PN.Jkt. Pst in Commercial Court at Central Jakarta District Court on behalf of Debtor PT Multi Structure.	Currently, it is still in the process of discussing the peace proposal of the debtor with all creditors.	There is no installment payment by the borrower to the MTF thus affecting the company's performance.	PT Bank Syariah Mandiri had made maximum efforts so that Bank Syariah Mandiri had been declared winning according to information on the official website of the Republic of Indonesia's Supreme Court. However, it was possible that PT Pos Property Indonesia filed a lawsuit again through the Religious Court of Bandung.	There is no
	Lawsuit Lawsuit Agreement with case number 541 / Pdt.G / 2016 / PN.Jkt.Pst in Central Jakarta District Court on behalf of Debtor PT Mulia Restu Mandiri Group.	Currently, it is still in the process of filing appeals by appeals to the High Court of DKI Jakarta.	The Borrower does not make installment payments, MTF can not execute fiduciary guarantee object execution, and there is Risk of indemnity due to the lawsuit from Debtor to MTF affecting company performance.	PT Mandiri Tunas Finance had conducted the best for the company's interest in the case.	There is no
PT Mandiri AXA General Insurance	PT Luxury Industries Case No. 253 / Pdt.G / 2017 / PN.JKT. TIM with PT Mandiri AXA General Insurance and Other Defendants.	Telah Selesai	Risk of Indemnity	PT Mandiri Tunas Finance had conducted the best for the company's interest in the case.	There is no
	PT Pupuk Subur Makmur case no. 341 / Pdt.G / 2015 / PN.MDN with PT Mandiri AXA General Insurance and Other Defendants.	Still in process	Risiko Ganti Rugi	PT Mandiri AXA General Insurance as the Insurance Member in this Ko-Insurance case up to now make the maximum effort at the High Court level	There is no
PT AXA Mandiri Financial Services	PT Mandiri AXA General Insurance as the Insurance Member in this Ko-Insurance case up to now make the maximum effort at the High Court level	There is no	Risk of claim payment	The case is still in process at Bareskrim and AXA Mandiri follows the process.	There is no
	Alleged Crime of Corruption conducted by Nur Alam (Governor of Southeast Sulawesi).	Currently still in process at the Court.	Reputation risk	The case is still proceeding in the Corruption Court at the Central Jakarta District Court, and AXA Mandiri follows the process.	There is no
	Bankruptcy of PT. Dimas Utama, where AMFS has Premium Receivables and excess claim.	Currently still in bankruptcy process which is handled by Team Curator.	Risk not paid premium and excess claim	The case currently proceeds at the PT Curator. Main Dimas (in Bankruptcy) and AXA Mandiri follow the process	There is no
	Alleged Fraud and / or Embezzlement crimes allegedly committed by Fariani (Termaslahat)	Processes are investigated at Polda Southeast Sulawesi		The investigation process at the Southeast Sulawesi Regional Police and AXA Mandiri (Reporting Party) follows the process	There is no
	Case No. 124 / Pid.Sus / TPK / 2017 / PN.JKT.PST, alleged criminal act of Grativication in the issuance of tax invoices and Money Laundering conducted by Jajun Jaenudin, S.Kom., MM.	The case is still proceeding in the Corruption Court at the Central Jakarta District Court		The case is still proceeding in the Corruption Court at the Central Jakarta District Court, and AXA Mandiri follows the process.	There is no
PT Bank Mandiri Taspen	76 / Pdt.G / 2012 / PN.Dps.	- PN.Dps verdict. No.76 / Pdt.G / 2012 / PN.Dps., PT Bank Mandiri Taspen lost.	Not significant, because the potential loss is small, ie +/- Rp.46 million (either credit debit)	Make an appeal on the verdict of the State Court and the High Court that harms PT Bank Mandiri Taspen	There is no

Subsidiary	Case Principal / Claim	Settlement Status	Influence Against Company Conditions	Management Efforts	Administrative sanctions
	- The lawsuit filed in connection with the credit guarantee status on behalf of the debtor Nyoman Gede Parwita Kusuma who is declared invalid because the certificate was obtained illegally from the Plaintiff.	- PT.Dps verdict. No.154 / PDT / 2013 / PT.Dps, PT Bank Mandiri Taspen lost.	Not significant, potential loss is small +/- Rp. 258 million (auction value),	Keeping the decision of kasasi remains beneficial to PT Bank Mandiri Taspen.	There is no
	623/Pdt/G/2017/PN.Dps - The Lawsuit filed due to the Plaintiff's objection to the auction plan of Mortgage Right on the credit warranty	- Currently being appealed against the application of PT Bank Mandiri Taspen.	and PT Bank Mandiri Taspen. saat is in a position to be won based on the decision of the District Court and the High Court	Appoint a professional legal counsel to guard and handle in order that the decision being handed down does not harm PT Bank Mandiri Taspen.	There is no
	898/Pdt.G/2017/PN.Dps - The Lawsuit filed due to the Plaintiff's objection to the auction plan of Mortgage Right on the credit warranty	The case was still under investigation at Denpasar District Court, and the Plaintiff had not been attending the hearing for four times without any exact reasons, and it will be terminated in the next hearing on 20/2/2018 unless the Plaintiff attends the hearing not attending.	Not significant, the potential loss of the credit credits is +/- Rp. 962 million, and the legal position of PT Bank Mandiri Taspen is quite strong	Handling the case well and its decision should not harm PT Bank Mandiri Taspen.	There is no
PT Asuransi Jiwa Inhealth Indonesia	The case of refusal of insurance claim payment for having expired, in case Number: 63 / Pdt / G / 2017 / PN.Pbr in Pekanbaru.	Already completed by way of Mediation / Peace Decision (Deed of Van Daading)	Not significant, due to potential loss of about Rp.2,97 billion (credit debit credit value), and Plaintiff's argument is not strong.	Mandiri Inhealth has conducted a mitigation process conducted by the Legal Unit under the Risk Management and Legal Division by Reviewing the terms and conditions in the policy and improving the socialization strategy on the internal technical and operational range of Mandiri Inhealth and its business partners.	There is no

The Impact of Legal Disputes on Company

The impact of civil and criminal law problems faced by Bank Mandiri through legal process is not significant because the Bank has conducted a mitigation process by the Legal Unit under Risk Management & Compliance.

Access to Company Data and Information

The public can access all the reports of financial and non-financial conditions that have been submitted by Bank Mandiri transparently through various means of print and electronic media, including the publication of financial reports on the official website of Bank Mandiri, Bank Indonesia, Indonesia Stock Exchange and Ministry of SOE portals available on time, complete and accurate.

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Investor Relations

The main function of Investor Relations, establishing good relationships between companies with Investors, Capital Markets, and Shareholders,

through interactive communication and transparent and periodic information delivery, which includes:

1. The development of communication strategies and maintaining good relations primarily related to investors, potential investors, analysts, fund managers, securities firms, regulators, rating agencies and the general capital market community.
2. Preparation of materials and activities related to Investor relations, among others analyst meetings, road shows, public expose and investor conference.
3. Coordinating the preparation, publishing and distribution of Annual Reports to Investors / analysts.
4. Prepare data and information on market developments and company stock performance for Investor and capital market community.

The contacts for Investor Relations of Bank Mandiri are as follows:

Investor Relation

Email: ir@bankmandiri.co.id

<http://ir.bankmandiri.co.id>

Follows is the recap of activities in Investor Relations during 2017, whether it is a disclosure of Bank Mandiri's performance or marketing activities to investors:

No.	Agenda	Description	Location
1.	Analyst Meeting	Full Year 2016 (Februari), 1st Quarter 2017 (April), 2nd Quarter 2017 (Juli), 3rd Quarter 2017 (Oktober)	Jakarta
2.	Public Expose	Full Year 2016 (Februari), 1st Quarter 2017 (April), 2nd Quarter 2017 (Juli), 3rd Quarter 2017 (Oktober)	Jakarta
3.	Investor Conference	Local Investor Conference: 3 International Investor Conference: 9	Indonesia Asia, Amerika, & Eropa
4.	Non-Deal Roadshow	Local Non Deal Roadshow: 1 International Non Deal Roadshow: 6	Indonesia Asia, Amerika, & Eropa

Press Release

Information Disclosure in the form of a press release conducted by Bank Mandiri is one of the implementation of GCG principles that is transparency and accountability to the public. The press releases performed by Bank Mandiri during 2017 were as follows.

Table of Press Release

Date	Press Release
3 January 2017	Press Release of Tax Amnesty Repatriation Fund Accumulation Updates
11 January 2017	Press Release of Creative House of SOEs in Java Presenting by Bank Mandiri
13 January 2017	Press Release of 2017 Joint Entrance Selection of State Universities (SBMPTN)
17 January 2017	Press Release of Media Briefing Bank Mandiri Support at 2017 Indonesia Fashion Week
23 January 2017	Press Release of Cooperation of Bank Mandiri - Ministry of Transportation
24 January 2017	Press Release of Electricity Sector Financing
25 January 2017	Press Release of 2017 Market Outlook Gathering
26 January 2017	Press Release of Cooperation of Bank Mandiri - Bekasi Local Revenue Offices

Date	Press Release
26 January 2017	Press Release of Credit Card Launching of Bank Mandiri Pertamina
29 January 2017	Press Release of RKBK Launching
1 February 2017	Press Release of Bank Mandiri's Creative Industry Support in Indonesia Fashion Week
6 February 2017	Press Release of PT Timah Supplier Financing Preparation by Bank Mandiri
8 February 2017	Press Release of Mandiri Investment Forum
13 February 2017	Press Release of 2017 DKI Jakarta District Head Election
14 February 2017	Press Release of IV-2016 Quarter Performance
22 February 2017	Press Release of Launching of PPOB BPJS Health- Super Indo
22 February 2017	Press Release of Official Opening of FEB UI Auditorium Building
23 February 2017	Press Release of Bank Mandiri Supports Non-Cash Food-Net Program
6 March 2017	Press Release of 2016 WMM Judging
11 March 2017	Press Release of 2016 WMM Award
13 March 2017	Press Release of Cooperation of Bank Mandiri KTA – Askrindo
14 March 2017	Press Release of RUPST
21 March 2017	Press Release of Mandiri online
24 March 2017	Press Release of Bekraf Launches Coding Mum
29 March 2017	Press Release of Distribution of Semarang-Batang Toll Credit
30 March 2017	Press Release of Mandiri Kimia Farma- Bank at Work
5 April 2017	Press Release of Trade Finance
6 April 2017	Press Release of Mandiri STPI Curug
11 April 2017	Press Release of Jakarta Fiestapoin Auction
18 April 2017	Press Release of 2017 DKI Jakarta District Head Election Round II
23 April 2017	Press Release of Mandiri Jogja 2017 Marathon Event
25 April 2017	Press Release of I-2017 Quarter Performance
26 April 2017	Press Release of Mandiri Tarakanita
29 April 2017	Press Release of Mandiri Coffiesta
1 May 2017	Press Release of Bank Mandiri Supports Non-Cash Food Program
3 May 2017	Press Release of Mandiri's Cooperation with BPJS Health and BPJS Employment
8 May 2017	Press Release of Public Expos PUB I Phase II
9 May 2017	Press Release of Mandiri Encourages Semarang Manufacturing
10 May 2017	Press Release of BMRI Supports towards IAPH
10 May 2017	Press Release of Mandiri KBN- Bank at Work
19 May 2017	Press Release of Cooperation of Ciputra Group Financing of Warehousing
26 May 2017	Press Release of Cooperation of Bank Mandiri - Customs and Excise
30 May 2017	Press Release of 2017 Ramadhan and Lebaran Cash Fund Anticipating Preparation
31 May 2017	Press Release of IIF Bilateral Phase 2
2 June 2017	Press Release of INKA Financing
10 June 2017	Press Release of Ramadhan Gift of Santri Pesantren
11 June 2017	Press Release of Orphans Fast-breaking Gathering
15 June 2017	Press Release of Cooperation of Bank Mandiri - Ministry of Transportation
15 June 2017	Press Release of Ramadhan Gift of Santri Pesantren – Bogor
16 June 2017	Press Release of Bank Mandiri Obligation Phase II Year 2017
16 June 2017	Press Release of Socializing the Use of New Money Fractions of Bank Mandiri

Date	Press Release
16 June 2017	Press Release of Cooperation of Bank Mandiri - DKJN
16 June 2017	Press Release of Kimas Sentosa
21 June 2017	Press Release of Mudik with Bank Mandiri
21 June 2017	Press Release of Bank Mandiri Garuda Indonesia
5 July 2017	Press Release of Kartu Tani in West Java
6 July 2017	Press Release of Bank Mandiri Berhad
11 July 2017	Bank Mandiri's Bank at Work with Jasindo
11 July 2017	Press Release of Bank Mandiri PPD
14 July 2017	Press Release of Cooperation Bank Mandiri - Housing Development of Bank at Work
17 July 2017	Press Release of Mandiri NongHyup Financial
19 July 2017	Press Release of II-2017 Quarter Performance
20 July 2017	Press Release of Bank Mandiri Partnership and BUMDes (village-owned enterprises) Karawang District
24 July 2017	Press Release of Cooperation of Bank Mandiri - LPDP (Indonesian Endowment Fund for Education)
28 July 2017	Press Release of Bank Mandiri's Support for the Railway Industry
29 July 2017	Press Release of Surabaya Coffiesta
31 July 2017	Press Release of First Stone Laying of Regional Office Building XIII
3 August 2017	Press Release of Cooperation of Bank Mandiri - ITB
8 August 2017	Press Release of Public Expose Marathon's II-2017 Quarter Performance
10 August 2017	Press Release of GIAS
10 August 2017	Press Release of Mini ATM Implementation in KPPBC Entikong
15 August 2017	Press Release of Launching of PPOB BPJS Health-Kimia Farma Pharmacy
18 August 2017	Press Release of UN Swissindo
19 August 2017	Press Release of E-money Launching Asian Games Edition
21 August 2017	Press Release of 2017 RUPSLB
22 August 2017	Press Release of Karo Volunteer and Bansos Release
25 August 2017	Press Release of Consumer Banking- Media Training
27 August 2017	Press Release of Micro Banking- Media Training
31 August 2017	Press Release of IPNM Credit
1 September 2017	Press Release of Eid al-Adha 1438 H
5 September 2017	Press Release of Mandiri DPLK - Damri
6 September 2017	Press Release of IJN
7 September 2017	Press Release of e-Samsat
8 September 2017	Press Release of 2017 JACOWEEK
13 September 2017	Press Release of IPO Debtor Education
15 September 2017	Press Release of Alpha Southeast Asia
19 September 2017	Press Release of Bank Mandiri Strengthens Digital Banking Business
20 September 2017	Press Release of Surabaya Big Bad Wolf
25 September 2017	Press Release of Private Lounge Launching
26 September 2017	Press Release - Mandiri Group Encourages Global IDR Bond Issuance
27 September 2017	Press Release - Mandiri Group Encourages Global IDR Bond Issuance
9 October 2017	Press Release of Ciamis Kartu Tani
11 October 2017	Press Release of LG Innotek
11 October 2017	Press Release of PTPN III Bank at Work

Date	Press Release
16 October 2017	Press Release of Bank Mandiri Bina Bangsa School
18 October 2017	Press Release of Finspire
22 October 2017	Press Release Bank Mandiri Encourages Foreign Exchange Transactions
24 October 2017	Press Release of III-2017 Quarter Performance
25 October 2017	Press Release of BNN
29 October 2017	Press Release of Debit and Credit Card Asian Games Edition Launching
31 October 2017	Bank Mandiri and SMF Establish Cooperation of Facility Line Utilization
1 November 2017	Mandiri Fishpond Land Revitalization of Muara Gembong
4 November 2017	Mandiri Grants Ambulance Car to Dr. Cipto Mangunkusumo
7 November 2017	Bank Mandiri Disbursed Syndicated Loans to Waskita Karya
10 November 2017	Mandiri Offers Cheap Shopping Program at Kidz Station
14 November 2017	Mandiri Presents Indonesian Property Festival
16 November 2017	Bank Mandiri Disbursed 447 Billion Rupiah to Finance Cost of Serang - Panimbang Toll Road Loan Fund
26 November 2017	Mandiri Trains the Entrepreneurship of Indonesian Citizens in Japan
27 November 2017	Bank Mandiri Distributes KUR for Palm Oil Replanting
27 November 2017	Mandiri Strengthens the Cooperation with Fatmawati and National Brain Center Hospitals
29 November 2017	Sponsors Capex Pelindo I, Mandiri Offers Loans of 350 Billion Rupiah
6 December 2017	Mandiri Strengthens the Cooperation with Ministry of Women Empowerment and Child Protection
7 December 2017	Giving Prizes at the Dagang Untung Program, Mandiri Attracts New SME Customer
12 December 2017	Faces Christmas and 2018 New Year Holiday, Mandiri Prepares 16.39 Trillion Rupiah
13 December 2017	Mandiri Launches Electronic Money in Starwars Edition
13 December 2017	Mandiri Strengthens the Cooperation with Ministry of Marine Affairs and Fisheries of Republic of Indonesia
13 December 2017	Mandiri Established an Electronic Money Strategic Deal with 12 Banks
18 December 2017	Mandiri Supports BPJS Health Permits Payment of Participant Contributions

Bulletin

Bank Mandiri regularly publishes bulletins annually. The bulletins published during 2017 were:

No.	Edition	Theme	Published Date
1.	448	Year of Young and Creative	14 January 2017
2.	449	Gong Xi Fa Cai	28 January 2017
3.	450	Caring and Sharing	14 February 2017
4.	451	Start Up Breakthrough	28 February 2017
5.	452	Organizational Alignment Distribution. Dreaming Together, Fighting Together, for Indonesia	14 March 2017
6.	453	One Decade of WMM Tough, Innovative, Caring	28 March 2017
7.	454	There is a Hoax among Us	28 April 2017
8.	455	Carve the Achievement in the Holy Month	28 May 2017
9.	456	Eid Al-Fitr and Spirit of Togetherness	28 June 2017
10.	457	Cyber Crime	28 July 2017
11.	458	Universal Devotion for the Country	28 August 2017
12.	459	Splendid September	28 September 2017
13.	460	Bank Mandiri Anniversary	28 October 2017
14.	461	Behind the Memoriam of Heroes' Day	28 November 2017
15.	462	2017 End of Year Reflection	28 December 2017
16.	463	Kartini Special Edition	28 April 2017

Transparency Submission of Report

Throughout the year of 2017, Corporate Secretary of Bank Mandiri had submitted the information to the public through mass media, Company website and IDX bilingually in Bahasa Indonesia and English, and submitting periodic or incidental reports, among others to OJK, IDX, LPS, Ministry of Finance and Ministry of BUMN as follows:

Periodic Reports

Type of Report	Purpose	Period of Report	Total
Annual Report	OJK & BEI	Periode	1
Consolidated Financial Statements of the Company and Subsidiaries	OJK, BEI, Ministry of Finance, Ministry of BUMN	Quarterly	4
Stock Ownership Composition Report	OJK	Monthly	12
Forex Debt Report	OJK	Monthly	12
Report on the Realization of the Use of Funds from the Public Offering	OJK & BEI	Monthly	12

Incidental Report

Date	Report Subject	Purpose
January – December 2017	Share Ownership Composition of PT Bank Mandiri (Persero) Tbk. (A total of 12 reports)	OJK
January – December 2017	Requests for Data Payable / Liabilities in foreign currency (A total of 12 reports)	OJK
January – December 2017	Published Financial Report PT Bank Mandiri (Persero) Tbk. (4 reports)	OJK, BEI, Kementerian Keuangan, Kementerian BUMN
24 January 2017	The Annual General Meeting of Shareholders of PT Bank Mandiri (Persero) Tbk. Book Year 2016	OJK & Kementerian BUMN
03 February 2017	Information Disclosure PT Bank Mandiri (Persero) Tbk. related to Annual GMS Announcement	OJK & BEI
20 February 2017	Book Year 2016	OJK & BEI
20 February 2017	Submission of PT Bank Mandiri (Persero) Tbk Annual Report. Book Year 2016	OJK
6 March 2017	Submission of newspaper clipping advertisement AGM Annual General Meeting of PT Bank Mandiri (Persero) Tbk.	OJK
16 March 2017	Information Disclosure PT Bank Mandiri (Persero) Tbk. related to Annual General Meeting of Shareholders of Fiscal Year 2016	OJK & BEI
22 March 2017	Submission of PT Bank Mandiri (Persero) Tbk Annual General Meeting of Shareholders regarding Changes in the Management of the Company	OJK
13 April 2017	Submission of Minutes of Annual General Meeting of Shareholders of PT Bank Mandiri (Persero) Tbk	OJK
17 April 2017	Dividend Payment Report Part of the Government of the Republic of Indonesia	Ministry of Finance
27 April 2017	Submission of PT Bank Mandiri (Persero) Tbk Subsidiaries Annual Report. Book Year 2016	OJK
27 April 2017	Changes of Directors of PT Bank Mandiri (Persero) Tbk.	Deposit Insurance Institution
5 May 2017	Submission of Organization Structure PT Bank Mandiri (Persero) Tbk.	OJK
8 May 2017	Submission of Annual Debt Securities Rating Results on Sustainable Senior Bonds I Bank Mandiri and BM Bank Mandiri Rating	OJK & BEI
30 May 2017	Submission of Information on Changes of Composition to the Audit Committee of PT Bank Mandiri (Persero) Tbk.	OJK & BEI
6 June 2017	Notification of Amount of Independent Commissioners of PT Bank Mandiri (Persero) Tbk.	OJK & BEI
5 July 2017	Extraordinary General Shareholders Meeting of PT Bank Mandiri (Persero) Tbk. Year 2017	OJK & Ministry of BUMN
14 July 2017	Information Disclosure PT Bank Mandiri (Persero) Tbk. related to Extraordinary GMS Announcement	OJK & BEI
24 July 2017	Year 2017	BEI
24 July 2017	Request for Response of Corporate Action Plan of PT Bank Mandiri (Persero) Tbk.	BEI
26 July 2017	Public Expose (Mandatory Public Expose) in the framework of Public Expose Marathon	BEI
28 July 2017	Explanation of Stock Split Operations of PT Bank Mandiri (Persero) Tbk.	OJK & BEI

Date	Report Subject	Purpose
23 August 2017	Information Disclosure PT Bank Mandiri (Persero) Tbk. related to Extraordinary GMS Calling 2017	OJK & BEI
28 August 2017	Information Disclosure PT Bank Mandiri (Persero) Tbk. related to Extraordinary General Meeting of Shareholders of 2017	Deposit Insurance Institution
14 September 2017	Changes of Directors of PT Bank Mandiri (Persero) Tbk.	OJK & BEI
20 September 2017	Notification of Amendment of Number of Shares of Board of Directors of PT Bank Mandiri (Persero) Tbk.	OJK
6 October 2017	Submission of Minutes of GMS-LB PT Bank Mandiri (Persero) Tbk.	Deposit Insurance Institution
10 October 2017	Submission of Statement Letter of Independent Commissioner of PT Bank Mandiri (Persero) Tbk.	OJK
12 October 2017	Submission of Organization Structure PT Bank Mandiri (Persero) Tbk.	OJK & BEI
22 November 2017	Submission of Information of change of structure to Audit Committee of PT Bank Mandiri (Persero) Tbk.	Deposit Insurance Institution

Code of Conduct

The code of conduct sets the guidelines for the behavior of the Bank Personnel in conducting their daily tasks and duties as well as in conducting business relations with the customers, partners and colleagues. The basic regulation in the Code of Conduct is one of Bank Mandiri's Commitment on the management principles that have supported Bank Mandiri to achieve the stated Vision and Mission.

The work ethic is an elaboration of the basic principles of personal and professional behaviors that are expected to be obeyed by Bank Mandiri Personnel. The business ethics are moral principles related to the behaviors of the individuals, protection of bank properties, and bank business activities including in its interaction with stakeholders as the basis for the behavior of the Bank in conducting its business operations. These are the standard behaviors that have to be implemented in all organizational levels.

Based on the Joint Decree between Board of Directors and Board of Commissioners No.002/KEP.DIR.KOM/2000 which was revised in 2013, Bank Mandiri has a set of code of conduct that accommodates the basic principles of individual and professional behaviors that are done by all Bank Mandiri employees. Therefore, the code of conduct becomes the behavioral guidelines and responsibilities for Board of Commissioners, and all Bank Mandiri employees in all organizational levels.

The Content of The Code of Conduct

The code of conduct of Bank Mandiri accommodates the regulation of work ethic and business ethic. The work ethic that regulates Bank Mandiri personnel's behaviors covers the following aspects:

1. Conflict of interest (conflict of interest)	<p>Conflict of interest is a condition in which the Bank's ranks in carrying out its duties and obligations have interests outside the interests of the office, whether those concerning personal interests, the family or the interests of other parties so that the Bank's ranks may lose objectivity in making decisions and policies according to the authority given Bank to him. Therefore the whole range of Banks:</p> <ol style="list-style-type: none"> Obligation to avoid activities that may cause a conflict of interest and report to the direct supervisor if unable to avoid. It is prohibited to give consent and or request approval of any credit facilities, as well as special interest rates or other specificity for: <ol style="list-style-type: none"> Herself. His family. Companies where he and / or his family have an interest. It is prohibited to work for another company, unless it has received a written assignment or permission from the Bank. Board of Commissioners and Board of Directors that follow regulatory requirements. It is prohibited to become a direct or indirect partner, either a partner for goods or services for the Bank. It is prohibited to collect goods belonging to the Bank for personal, family or other outside interests. Only allowed to conduct securities transactions, foreign exchange trading, precious metals, derivative transactions and other goods for their own benefit in the absence of conflict of interest, violation of insider trading rules of the Capital Market Authority, and other regulations.
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2. Confidentiality	<ul style="list-style-type: none"> a. Compulsory understand and maintain the confidentiality of any information, in accordance with applicable provisions. b. Use information received only for Bank activities. c. In providing information, must act in accordance with applicable provisions. d. To avoid misuse, the dissemination of customer information in the Bank's internal environment is done carefully and only to interested parties. e. Do not disseminate information to outsiders about: <ul style="list-style-type: none"> i. Activities of the Bank with the Government of the Republic of Indonesia. ii. Internal policies and working procedures of the Bank. iii. Management of Information Systems, Data and Reports. iv. Employee data, whether active or not. v. Business activities of the Bank, including activities with customers and partners. Except with the approval of an authorized Bank official or by order under applicable laws and regulations. f. The obligation to keep special things to be kept secret remains true for former Bank employees.
3. Abuse of Job and Gratification	<ul style="list-style-type: none"> a. It is prohibited to abuse the authority and take advantage either directly or indirectly, from knowledge gained from the Bank's business activities to: <ul style="list-style-type: none"> i. Personal gain. ii. Benefits for members of his family. iii. Benefits to other parties. b. Prohibited from requesting or accepting, allowing or accepting to accept gratuities relating to his or her position and against his / her obligations under applicable laws and regulations. The types of gratuities and reporting mechanisms will be set out in a separate provision. c. Prohibited from requesting or accepting, allowing or accepting to accept a gift or reward from a third party who obtains or seeks to obtain work relating to procurement of goods or services from the Bank. d. In the case of customers, partners, and other parties providing gifts in the form of goods or in other forms at certain times such as on Feasts, special celebrations, disasters and elsewhere, if: <ul style="list-style-type: none"> i. As a result of receipt of the parcel is believed to have a negative impact and affect the bank's decision, and ii. The price of the parcel is beyond reasonable limits, then the Bank of Bank receiving the parcel shall promptly return the parcel with a polite explanation that the Bank's ranks are not allowed to receive the parcel. e. In the case of gift giving mentioned in point (d) above for one reason or another, it is difficult to return the members of the Bank who receive the parcel must immediately report to their supervisor for follow-up. f. In the case of customers, partners, and other parties providing promotional items, so long as the result of receipt of the promotional item does not result in negative impact, it is acceptable.. g. In the framework of procurement of goods and services from third parties for the purposes of the Bank's service, shall endeavor to obtain the best price at the maximum discounted price discount for the Bank's profit. h. Prohibited from using his position to borrow from customers or owe to customers. i. It is prohibited to utilize the opportunity to use the Bank facilities for its own benefit beyond what has been provided by the Bank.
4. Insiders Behavior	<ul style="list-style-type: none"> a. Banks that have confidential information are not allowed to use such information to take advantage of themselves, their families or other third parties. b. It is prohibited to use internal information to make purchases, or to trade securities, unless such information is publicly known. c. It is forbidden to misuse its position and take advantage either directly or indirectly for himself or others that may influence the decision. d. Decision-making to sell or purchase Bank assets and other services shall be made by prioritizing the interests of the Bank.
5. Integrity and Accuracy of Bank Data	<ul style="list-style-type: none"> a. Must present accurate and accountable data. b. It is not allowed to record and / or change and / or delete the books, in order to obscure transactions. c. Only allowed to make changes or deletion of data based on the authorization of authorized officials in accordance with procedures established by the Bank. d. Not allowed to manipulate documents.
6. Integrity of Banking System	<ul style="list-style-type: none"> a. Must always be aware and avoid the involvement of the Bank in criminal activities in the field of finance and banking. b. Mandatory suspect unusual transactions and must take preventive action in detecting accounts suspected to have been used for activities such as money laundering, terrorism financing, corruption and other crimes.

The business ethics as the basis of Bank Mandiri's conduct in conducting business activities included the following aspects:

1. Individual Behavior	<p>a. Personal Integrity</p> <ul style="list-style-type: none"> – Uphold the moral, have a strong self-esteem and discipline. – Maintain personal integrity in accordance with applicable rules, rules, policies and systems. – Committed to maintain the image and reputation of the bank. – Relies all actions and behavior to a pure conscience. – Respectable and responsible acts and free from any influence that may result in the loss of objectivity in the performance of duties or cause the bank to lose its business or reputation. – Avoidance of activities related to an organization and or individuals that allow for a conflict of interest. – Both individually and collectively endeavor to avoid involvement in matters that may undermine or degrade the integrity of the banking system in Indonesia. <p>b. Treatment / Discrimination Act</p> <ul style="list-style-type: none"> – Upholding human rights. – Prevent the practice of discrimination in all its forms. <p>c. Abuse acts</p> <p>Obligation to avoid all forms of acts that violate public order and decency</p>
2. Protection of Bank Ownership	<p>a. Bank Owned Property</p> <ul style="list-style-type: none"> – Always maintain and protect all Bank property either tangible or intangible. – Use the Bank's property only for activities related to the interests of the Bank. – Utilize the Bank's property with full responsibility including suitability for designation. <p>b. Protection of Confidential Information</p> <ul style="list-style-type: none"> – Protect and prevent valuable and confidential information from loss, misuse, leakage and theft. – Does not disseminate reports / information about banks that are not intended to be public. <p>c. Intellectual Property Bank</p> <ul style="list-style-type: none"> – Maintain the intellectual property of the Bank. – Dedicate the competencies held for the interest of the Bank as the intellectual property of the Bank. <p>d. Pencatatan dan Pelaporan</p> <p>Bertanggungjawab atas keakuratan dan kelengkapan catatan dan laporan yang disajikan.</p>
3. Bank Business Implementation	<p>a. Mis-representation</p> <ul style="list-style-type: none"> – Banks representing the Bank in dealing with third parties act in their capacity and authority. – Bank ranks representing the Bank provide correct information, documents and reports in the right way. – Banking ranks to avoid acts that may lead to misunderstandings from others. <p>b. Relationships with Partners</p> <ul style="list-style-type: none"> – always prioritize the interests of the Bank in dealing with partners. – preventing corruption, collusion, and nepotism and negative images in dealing with partners. – in cooperation with partners working on the principle of professionalism and justice based on good faith. <p>c. Behavior in Competition</p> <ul style="list-style-type: none"> – Responsible to create and maintain a healthy competition in doing business. – Avoiding, avoiding and preventing unhealthy competitive ways in developing his career. <p>d. Relationships with Other Organizations</p> <ul style="list-style-type: none"> – Can make business contacts with other organizations including competitors while providing benefits to the Bank. – refrain from any form of inappropriate collaboration / fellowship with others. <p>e. Obtain and Use Third Party Information</p> <ul style="list-style-type: none"> – Avoid acquiring confidential information from third parties / competitors in an intolerable manner. – Not hiring competitor employees with the aim of obtaining confidential information from competitor companies. <p>f. Relationship with the Regulator</p> <p>Closely adhere to the ethical principles and provisions applicable in fostering relations with the Regulator.</p>

Compliance To Code Of Conduct

The code of conduct of Bank Mandiri becomes the reasonable, appropriate and trustworthy for all Bank Mandiri personnel in doing the business activities including the interaction with stakeholders. Therefore, the code of conduct of Bank Mandiri applies for all Bank Mandiri personnel in all organizational level of Bank Mandiri Employee, either contract or permanent employees, and also applies to all Board of Directors and Board of Commissioners. The implementation of code of conduct is expected to promote the establishment of professional, responsible, reasonable, appropriate, and trustworthy behaviors in doing business with colleagues and partners.

Code of Conduct Dissemination

The code of conduct has been informed and socialized to Board of Commissioners and its supporting units, Board of Directors and senior officers under Board of Directors and all employees via:

1. Company website.
2. Email administrator sent to all employees of the Bank.
3. At the signing of collective agreement made between the company union and company management.
4. Standing banner, flyer, and other advertising media around the company offices.

Moreover, the code of conduct can be accessed at anytime by all Bank Mandiri employees via the portal of Bank Mandiri that is called Knowledge Management System (KMS).

Efforts in Implementation and Enforcement of The Code of Conduct

The employees can report the alleged violations of the implementation of code of conduct to the superiors by using the Letter to CEO (LTC) mechanism. All those reports have to be accompanied with accurate data and/or evidences for further processing. Any violations of code of conduct will be sanctioned based on the prevailing regulations. Since 2015 the reports on the violations of the code of conduct have been documented in integrated manner in the mechanism of LTC.

The efforts in implementation and enforcement of the code of conduct of Bank Mandiri are done continuously in full awareness in the form of behaviors, actions, commitment and regulations as follow:

1. Statement of Compliance with the Code of Conduct of Bank Mandiri
Bank Mandiri Personnel have to read and understand and are required to sign "Compliance Statement of Bank Personnel to Code of Conduct".
2. Commitment of Management and Entire Employee of Bank Mandiri
The Commitment of Management and all employees of Bank Mandiri to not receive money and/or Gratuity goods and/or gifts related to responsibilities and duties that are published via mass media and company website.
3. Annual Disclosure of Conflict of Interests
Each Bank Mandiri Personnel is required to make annual disclosure related to conflict of interest and each work unit is required to submit the transaction/decision reports that contain conflict of interests quarterly.
4. Integrity Pact
The integrity pact is signed by authorized officers and all partners of Bank Mandiri involved in the process of loan, the procurement of goods and service, and partners accreditation. Furthermore, the signing of Annual Integrity Pact is done by Board of Commissioners, Board of Directors, Executive Officers of Bank Mandiri and the entire employees of Bank Mandiri in the implementation of Gratuity control.
5. Awareness Program
The new Bank Mandiri employees will receive not only induction program of the code of conduct of Bank Mandiri which is called jump start program, but also policy socialization continuously and consistently.

Internalization of Corporate Culture

In order to promote the achievement of the vision of Bank Mandiri to become the best bank in ASEAN in 2020, Bank Mandiri has the corporate culture which is known as the "Culture of Excellence". The Culture of Excellence is the manifestation of Bank Mandiri's spirit to grow and expand together in the context of Mandiri Group. "CULTURE OF EXCELLENCE" is based on 5 Cultural Value TIPCE and 11 Key Behavior of Bank Mandiri Personnel.

The process of internalization and socialization of "Culture of Excellence" in Bank Mandiri is implemented to all level of organization in Bank Mandiri including Board of Commissioners, Board of Directors, and all employees via various media such as inclass training, discussion, and management briefing while having visit in the region, sms/email blast, articles in the Mandiri magazine, teleconference/video taped materials and others. In addition to the conventional ways mentioned above, to enhance the Bank Mandiri personnel's enthusiasm, Bank Mandiri makes a system that is called culture excellence scoreboard as explained in the company profile section.

With the internalization process of culture of excellence, it is hoped that Bank Mandiri will possess excellence not only in financial aspect, but also possess excellence Mandiri personnel to achieve the vision of Bank Mandiri as the best bank in ASEAN in 2020.

Types of Sanctions for Code of Conduct Violations

The sanctions are categorized into 3 types namely mild, moderate and severe sanctions. Each code of conduct violation will be sanctioned in accordance to the Employee Disciplinary Regulations enforced in Bank Mandiri, including criminal sanctions as regulated in the prevailing legislation.

Table of Types of Sanctions for Code of Conduct Violations

Type of Violation	Sanctions
Light Sanctions	1. First Written Reprimand 2. Second Written Reprimands
Medium Sanctions	1. First Written Warning 2. Second Written Warning 3. Written and Last Written Warning
Serious Sanctions	Termination / Termination of Employment

Numbers of Code of Conduct Violations

In 2017, the numbers of Bank Mandiri violations are as follow:

Table of Numbers of Code of Conduct Violations

Type of Sanction	Number	Categories	Amount
Written Reprimand 1	172	Ringan	226
Written Reprimand 2	54		
Written Warning 1	55	Sedang	98
Written Warning 2	13		
Written & Last Written Warning	30		
Layoffs	53	Berat	94
Contract termination	41		
Total	418	Total	418

Gratuity Policy

Bank Mandiri is aware that gratuity control is important to maintain the business process to run within the business ethics that uphold the value of integrity. Therefore, since 2013 Bank Mandiri has established Operating Technical Guideline (PTO) namely Gift Disclosure Statement that regulates the prohibition of receiving Gratuity for all Bank Mandiri employees. Furthermore, the Gratuity control aims to establish the Good Corporate Governance principles and instill value integrity to all Bank Mandiri employees so the daily business activities with customers, vendor, partners, and all stakeholders are based on ethics, mutual trust and responsibility. Thus, business interests will be served in a good and ethical manner without violating the provisions of the prohibition of gratuity. Up to date, Bank Mandiri keeps on making continuous improvements in implementing the gratuity control.

As an embodiment of Bank Mandiri's Integrated Prevention Commitment with Corruption Eradication Commission (KPK) that was signed in 4 November, 2014 to implement the gratuity control in order to support the eradications of corruption acts in the Bank Mandiri environment, hence Bank Mandiri has assigned Gratuity Control Unit (UPG) based on Decree of Board of Directors enforced since 3 July, 2015 and has also implemented gratuity control through sustainable socialization program, the signing of integrity pact and centralized gratuity report via UPG. Moreover, Bank Mandiri also has implemented the perfection of gratuity control regulations in

Bank Mandiri by the change of PTO Gift Disclosure Statement to PTO Gratuity Control, in adjustment with KPK Regulation NO. 2 year 2014 dated 9 December, 2014 about Guideline of Reporting and Determining Gratuity Status that later on is reviewed periodically.

As a follow up to KPK guideline in relation to determination of reasonable limit and adjustment to the current condition, Bank Mandiri in running its daily business activities has to maintain good working partnership with customers, vendor, partners and all stakeholders based on ethics, mutual trust and responsibility. In the revision of PTO Gratuity Control, there are new regulations as follow:

- The expansion of coverage of the receiver of gratuity in Bank Mandiri environment.
- The regulation of gratuity reception from Subsidiary Companies
- The determination of reasonable limit
- The change of deadline for the reports of rejection/reception of gratuity
- Storage mechanism for money/goods/gifts
- The Signing of Integrity Pact

In order to support the eradication of corruption programs, Bank Mandiri actively participates in activities coordinated by KPK, namely:

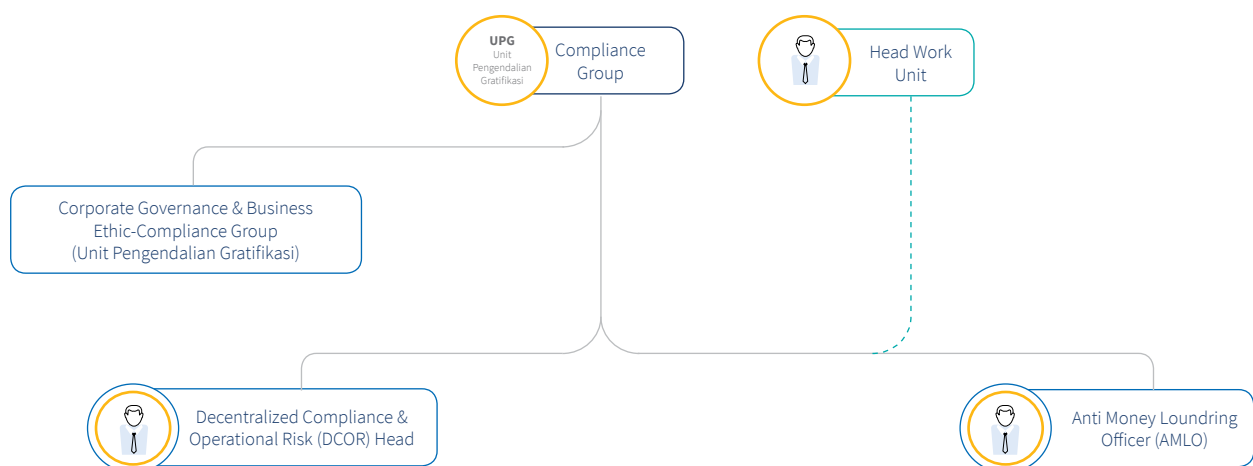
- Participate in the workshop with KPK and KLOP (Ministries, Agencies, Organizations and Governments) in discussion about Indonesia Corporate University to support the National Integrated System.
- Participate in the National Gratuity Control Unit that was held in 11-12 December, 2017 in Jakarta.
- Participate in World Anti Corruption Day Festival 2017 that was held in 11-12 December 2017 in Jakarta, Bank Mandiri was appointed for the third time as BUMN (State-Owned Enterprise) with the best Gratuity Control System.

The Management of Gratuity Control

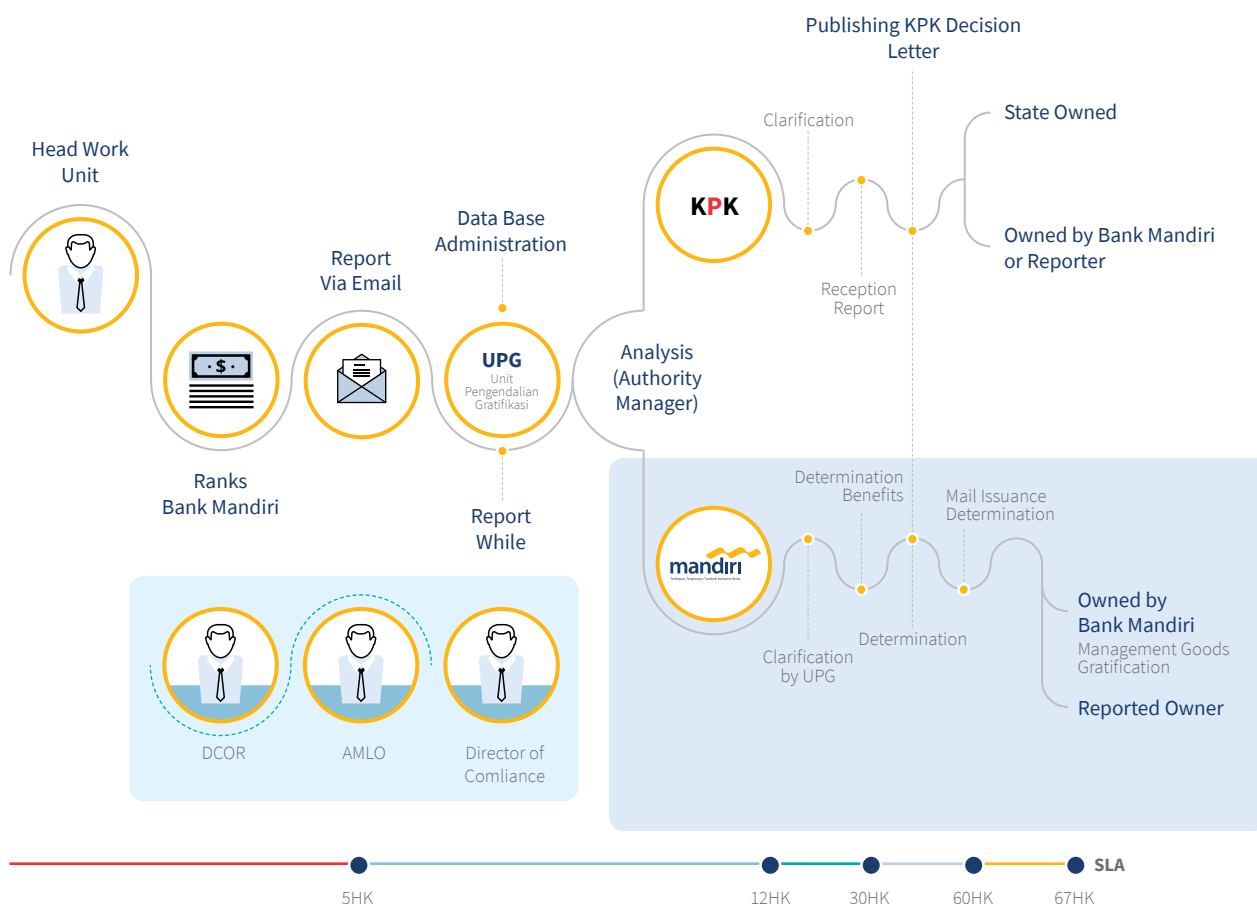
Gratuity Control Unit

Gratuity Control Unit (UPG) of Bank Mandiri is in Compliance Group in Corporate Governance & Business Ethic (CGB) Department. UPG functions to implement gratuity control in the environment of Bank Mandiri which implements its duties with the assistance from Decentralized Compliance and Operational Risk and Anti Money Laundering Officer.

The UPG Organizational Structures of Bank Mandiri are as follow:



Bank Mandiri has gratuity report mechanism that is in correspond to the KPK report mechanism. This mechanism can be seen in the following diagram:



Integrity Pact

In order to support the gratuity control program, Bank Mandiri has Integrity Pact program that denotes a statement from all Bank Mandiri personnel to commit in upholding moral and integrity, protect and maintain the image, credibility and interests of Bank Mandiri by not soliciting and accepting gratuity from parties with conflict of interests.

The Integrity Pact is signed by Board of Commissioners and Board of Directors on the appointed date and also annual signing. In addition to that, Integrity Pact is also signed by entire Bank Mandiri personnel (aside from Board of Commissioners and Board of Directors) in the beginning of their working days with Bank Mandiri and resigning is performed every 2 years.

In 2017, Bank Mandiri has conducted the Refreshment of Integrity Pact Signing that was attended by 1000 representatives of external stakeholders that are partners, vendor and customers. Hereinafter, the refreshment of Integrity Pact signing has been followed up with the Integrity Pact signing by Board of Commissioners, Board of Directors, and Senior Executive Vice President also all Bank Mandiri Personnel either in the Headquarter Office or Regional Offices in December 2017 with the total of 39,906 employees.

Socialization is done continuously by UPG that coordinates with DCOR Head and AMLO to Work Unit in Headquarter Office, Regional Offices or through regular classes ODP/SDP/Basic Branch Manager (BM)/Intermediate BM/Advance BM.

Up to December 2017, face to face socialization has been done to more or less 2,648 Bank Mandiri employees. Moreover, the socialization was done by setting up Gratuity Control Poster in Regional office (Banking Hall) and Headquarter Office (Plaza Mandiri), via sending email blast, Screen Saver, Tabloid Mandiri, the making of display cabinets for gratuity goods, and also suggestion to all partners of the Bank to not give gratuity in relation to religious and new year celebrations via national newspaper.

Gratuitye-Learning

The e-Learning Program of Gratuity Control has been held by Bank Mandiri Personnel in 2 (two) batches, the first batch started in 7-25 August 2017 and the second batch started in 1-25 November 2017. This e-learning program is an online leaning material that can be accessed in the Mandiri Easy website and can be accessed by all employees with their own NIP. By the end of the learning material, there is a post test that has to be done by employees to measure the employee's understanding. The e-Learning of Gratuity Control has been accessed by 29,945 employees (78% from total employees registered in Mandiri University Group which is 38,559 employees with NIP). Hasil post test memiliki rinciansebagai berikut:

- a. The number of employees that has passed the test is 23,564 people.
- b. The number of employees that has not passed the test is 5,865 people.

Gratuity Control Program In Subsidiary Company

As a step to manifest the integrity culture as one of the standard of "One Culture" in Mandiri Group, recommendation to implement the Gratuity control program has been given to all subsidiary companies. Moreover, in order to implement the Integrated Compliance Unit program, socialization of the gratuity control program has been done for PT.Bank Syariah Mandiri Compliance Unit in November 2017.

Raksa Culture Program

As an effort to implement the gratuity control in Bank Mandiri, Gratuity Control Program has been incorporated into Central Cultural Internalization Team Program through Badges Raksa -Culture Excellent Scoreboard, this program was a reward from fiestapoin program and Excellence Work Culture of Bank Mandiri in relation to Governance theme. The purposes of this program are to develop Good Corporate Governance values and instill value Integrity to all Bank Mandiri employees.

Gratuity Report Year 2017

Gratuity reporting in Bank Mandiri is performed by Bank Mandiri employees by sending email to UPG. The Bank Mandiri employees who receive/reject gratuities report the receiving/rejection to UPG via email

at the latest of 5 Working Days after the receiving/rejection of gratuity by sending the gratuity report form that can be obtained through KPK office or website or by file on Gratuity Control PTO accompanied by supporting documents such as goods photographs, evidence from handover event, invitation or other supporting documents.

After receiving the report, UPG will perform the review and classify the gratuity report whether it is Bank Mandiri's authority or KPK's authority. Up to December 2017, the number of receiving/rejection of Gratuity report was 137 reports. The receiving of Gratuity reported were in the form of honorarium, electronic goods, souvenirs, and food.

Whistleblowing System

Based on SE BI No.13/28/DPNP about Anti Fraud Strategy Implementation for Commercial Banks, Bank Mandiri has carried out various efforts to monitor and mitigate fraud risk through implementation of 4 pillars, namely:

1. Prevention
2. Detection
3. Investigation
4. Report and Sanction
5. Monitor, Evaluation, and Follow Up

In order to monitor and control fraud on detection pillar, Bank Mandiri provides policy of whistleblowing system which is called "Letter to CEO (LTC)". LTC is a means to report fraud complaints either from employees or third party to President Director to focus on revelation on the complaints to improve the effectiveness of fraud control system implementation.

LTC program is one of the Anti Fraud Strategy (SAF) programs that aims to:

1. Detect fraud crime or fraud indication with the reports from employees or third party of Bank Mandiri, that are presented by citing the name clearly or anonymous, with which investigation process or other follow up can be performed.
2. Promote awareness or concern to all employees to participate in keeping their work unit from suffering a loss caused by fraud so the monitoring quality is better and sense of belonging of the employees is higher.
3. Improve the company's reputation especially in the context of Good Corporate Governance that will improve the company's image because the company has adequate anti fraud tools.

Management of Whistleblowing System

Internal Audit Division is a Work Unit that manages the complaints in which reports received by Group CEO are followed up by the related work unit. If needed, that work unit will perform further investigation.

Submission of Violation Reports and Handling of Complaints

Indication of fraud/fraud can be submitted by Reporter through the following mechanisms.

1. Submitting the complaints via reporting media, i.e:
 - a. Email to lettertocceo@bankmandiri.co.id
 - b. Letter to PO BOX 14000 JKTM 12700
 - c. SMS to 0811900777
 - d. Website, by typing lettertocceo to the browser (intranet).
2. The reporter will get Random Unique Number (RUN) for the reports of fraud/indication of fraud.
3. Complaints reports are directly received by CEOGroup and are followed up by related unit.
4. The related work unit follows up the reports and if needed will perform further investigation.
5. The reporter will get feedback status on the complaints reported.

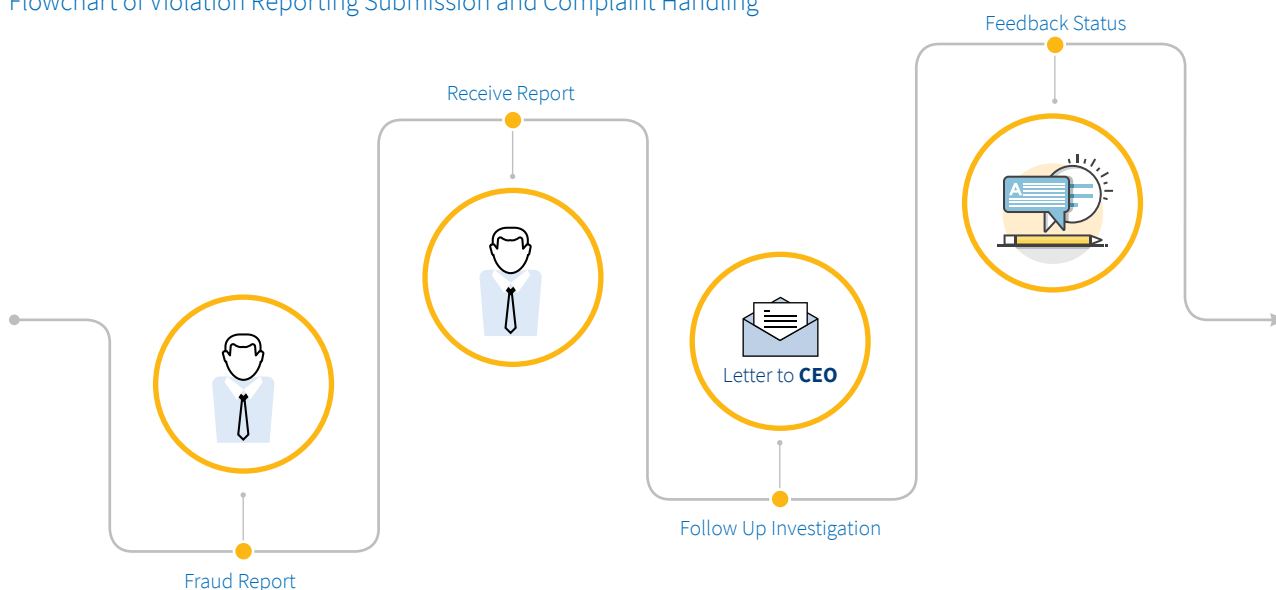
Protection for Whistleblower

Each of the reporting parties will be given protection from Bank Mandiri by maintaining the confidentiality of the reporting identity (name, address, telephone number, email and work unit/company). Moreover, the reporters are allowed to not give their identities (anonymous).

Types of Violation to be Reported

1. Complaints received through the LTC of Bank Mandiri are reports that are related to fraud/fraud indication with the following definitions:
 - a. Deliberate deviation or omission acts to deceive, cheat, or manipulate Bank, customers, or other parties that occur in the Bank environment, and/or;
 - b. Using the Bank facilities that cause Bank, customers, or other parties suffer a loss, and/or;
 - c. Perpetrators of fraud obtain financial gain either directly or indirectly.
2. The types of fraud
 - a. Corruption which means receiving/soliciting rewards and/or misappropriation or misuse of Bank's money for personal interest or the interest of others and/or having others or making plans that harms the Bank.
 - b. Deceit which means cheating on Bank, customer or third party and/or forging documents, signature, physical evidence and/or all authentic evidences.
 - c. Theft which means taking some part and/or all Bank's assets and data illegally.
 - d. Omission which means ignoring the procedures or responsibilities as the employee of the Bank intentionally and deliberately.
 - e. Violation which means violating the internal or external regulations of the Bank or defrauding the Bank with the cyber crime technology and/or without technology, including manipulating financial statement or committing banking crime as regulated by Banking Law and any other acts equivalent hitherto.

Flowchart of Violation Reporting Submission and Complaint Handling



Sosialization of Whistleblowing System

In order to improve the understanding about Whistleblowing System in all organizational levels, Bank Mandiri consistently socializes in related to this system in various ways, namely placing brochure or poster around the office environment, doing various presentations and using internal printed media Mandiri Magazine.

Number of Violation and Follow Up

Violation complaint reports received through the LTC submission media via letter, email or website are as follow:

Table of Number of Violations and Its Follow Up

Submission Media					Report Classification		Followed up Report	Completed Report
Letter	Email	Website	SMS	Miscellaneous (direct letter to Internal Audit)	Fraud (F)	Non Fraud (NF)		
0	8	0	0	0	5	3	8	8

Implementation of Integrated Governance

Based on the Regulations of Financial Services Authority (POJK) Number 18/POJK.03/2014 about the Implementation of Integrated Governance for financial conglomerate, Bank Mandiri as the main entity in the financial conglomerate with 11 (eleven) Subsidiary Companies, has compiled Integrated Governance Guideline as the reference for Bank Mandiri and all Subsidiary Companies in the Bank Mandiri Group. Bank Mandiri has also perfected its governance organs by forming Integrated Governance Committee, Integrated Compliance Unit (SKKT), Integrated Risk Management Unit (SKMRT) and Internal Audit Unit (SKAIT).

Assessment of Integrated Governance

Self assessment of Bank Mandiri and its Subsidiary Companies was performed by referring to Circular Letter of Financial Service Authority Number 15/SEOJK.03/2015 about the Implementation of Integrated Governance for Financial Conglomerates and refers to sectoral regulations of Subsidiary Companies.

Assessment was conducted to 3 aspects of governance, namely structure, process and result (outcome) on 7 factors of Assessment for Implementation of Integrated Governance as follow:

1. Implementation of task and duties of Board of Directors of Main Entity
2. Implementation of task and duties of Board of Commissioners of Main Entity
3. Task and duties of Integrated Governance Committee
4. Task and duties of Integrated Compliance Unit
5. Task and duties of Integrated Internal Audit Unit
6. Implementation of Integrated Risk Management
7. Preparation and Implementation of Integrated Governance Guideline

Integrated Governance Assessment (TKT) in each semester involves all Board of Directors and Board of Commissioners, Risk Management Unit, Internal Audit Unit, Compliance Unit and Corporate Secretary as well as all Subsidiary Companies.

The outcome of integrated governance assessment during 2017 is as follow:

Semester I year 2017 Assessment

Rating	Definition of Rating
1 (very good)	Financial Conglomerate was assessed to perform generally well on the Implementation of Integrated Governance. This was reflected from the adequate compliance on the implementation of TKT. If there was weakness in the implementation of Integrated Governance, generally this weakness was not significant and could be immediately corrected by Main Entity and/or LJK.

Assessment for Implementation of Integrated Governance (TKT) was performed by Bank Mandiri involving all Subsidiary Companies. Bank Mandiri Conglomerate has carried out the implementation of TKT which was generally very well by the fulfillment of the three aspects of TKT that consist of structure, process and result aspects.

From structure aspect, Bank Mandiri has formed Integrated Governance Committee, Integrated Compliance Unit, Integrated Internal Audit Unit and Integrated Risk Management Unit. Bank Mandiri has also compiled Integrated Governance Guideline that has become the Corporate Governance Guideline for all Subsidiary Companies. At this moment, almost all Subsidiaries have had the Corporate Governance Guideline. In the first semester of 2017, Bank Mandiri had completed compiling Charter of Integrated Governance that had become the guideline for the implementation of duties and responsibilities of TKT Committee.

From process aspect, Bank Mandiri has performed follow up on the findings of internal and external audit. Moreover, on Semester I 2017, Bank Mandiri has carried out audit to some Subsidiary Companies namely Mandiri Utama Finance, Mandiri Tunas Finance, Mandiri Manajemen Investasi, Mandiri Sekuritas and Bank Mandiri Taspen Pos.

From result aspect, the Subsidiary Companies of Bank Mandiri have had Conflict of Interest Policy and Remuneration Policy corresponding to Bank Mandiri Policy that supports the implementation of good governance.

From 7 (seven) parameters mentioned in Circular Letter of OJK No.15/SEOJK.03/2015 can be reported that all those parameters has been implemented very well. However, there are still some Subsidiary Companies that have to perfect the Corporate Governance Guideline corresponding to Bank Mandiri TKT Guideline.

Semester II year 2017 Assessment

Rating	Definition of Rating
1 (very good)	Financial Conglomerate was assessed to perform generally well on the Implementation of Integrated Governance. This was reflected from the adequate compliance on the implementation of TKT. If there was weakness in the implementation of Integrated Governance, generally this weakness was not significant and could be immediately corrected by Main Entity and/or LJK.

Implementation Assessment of TKT performed by Bank Mandiri involving all Subsidiaries. Bank Mandiri Conglomerate had carried out the implementation of TKT which was generally very well by the fulfillment of the three aspects of TKT consisting of structure, process and result aspects.

From the structural aspect, all Board of Commissioners and Board of Directors had passed Fit and Proper Test, while there were several Board of Commissioners and Board of Directors of Subsidiaries that were still in Fit and Proper Test, but the amount was reduced compared to the first semester. In the second semester of 2017, there was only 1 (one) Subsidiary Company that was still in the preparation of the Code of Good Corporate Governance.

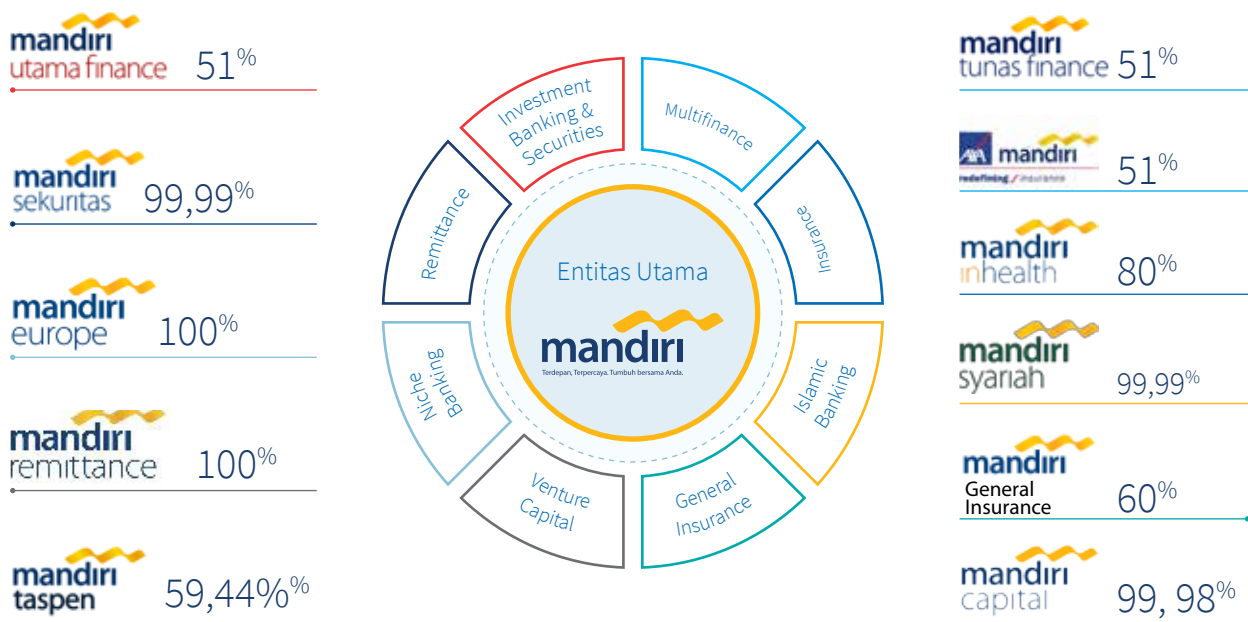
From the process aspect, the TKT Committee had held 2 (two) meetings, in accordance with regulatory requirements. SKAIT had audited all Subsidiaries in accordance with the Annual Audit Plan 2017. All Subsidiaries had submitted Quarterly Compliance Reports for the third and fourth quarters.

From the outcome aspect, all members of Bank Mandiri's Financial Conglomeration had performed their duties through the governance organs, and documented them well.

From 7 (seven) parameters mentioned in Circular Letter of OJK No.15/SEOJK.03/2015 we could report that all those parameters had been implemented very well. However, there were still a few things that needed to refine.

Financial Conglomerate Structure

Bank Mandiri financial conglomerate structure consists of Bank Mandiri as Main Entity, and 11 (eleven) Subsidiary Companies that run in various sectors. The Bank Mandiri financial conglomerate structure namely:



Shareholding Structure on Financial Conglomerate

Up to December 2017, the structure of Bank Mandiri shareholding is as follow:

Table of Shareholding Structure on Financial Conglomerate

No.	Company	Composition	Percentage Shareholding
1.	Bank Syariah Mandiri	Bank Mandiri	99,99%
		Mandiri Sekuritas	0,01%
2.	Mandiri sekuritas	Bank Mandiri	99,99%
		Koperasi Mandiri	0,01%
3.	Mandiri Tunas Finance	Bank Mandiri	51,00%
		Tunas Ridean	49,00%
4.	Mandiri Axa General Insurance	Bank Mandiri	60,00%
		AXA	40,00%
5.	AXA Mandiri Financial Services	Bank Mandiri	51,00%
		AXA	49,00%

No.	Company	Composition	Percentage Shareholding
6.	Mandiri Taspen Pos	Bank Mandiri	59,44%
		Taspen	40,00%
		Individual	0,36%
7.	Mandiri International Remittance	Bank Mandiri	100,00%
8.	Bank Mandiri Europe Limited	Bank Mandiri	100,00%
9.	Mandiri Inhealth	Bank Mandiri	80,00%
		Kimia Farma	10,00%
		Asuransi Jasa Indonesia	10,00%
10.	Mandiri Utama Finance	Bank Mandiri	51,00%
		Tunas Ridean	12,00%
		Asco	37,00%
11.	Mandiri Capital Indonesia	Bank Mandiri	99,98%
		Mandiri Sekuritas	0,02%

Management Structure on Financial Conglomerate

Based on POJK No.18/POJK.03/2014 about Implementation of Financial Conglomerate Governance, the management structure on Financial Conglomerate of Bank Mandiri are:

GCG Mechanism		Subsidiaries										
		BSM	MS	MTF	MAGI	AMFS	BMTP	MIR	BMEL	MI	MUF	MCI
1.	Governance Guidelines Company	√	√	√	√	√	√	√	√	√	√	√
2.	The Compliance Work Unit	√	√	√	√	√	√	√	√	√	√	√
3.	Internal Audit Work Unit	√	√	√	√	√	√	√	√	√	√	√
4.	Risk Management Unit	√	√	√	√	√	√	√	√	√	√	√

Board of Commissioners and Board of Directors of Financial Conglomerate Bank Mandiri

Board of Directors and Board of Commissioners in Bank Mandiri have tasks and duties in relation to integrated governance, namely:

Board of Commissioners

1. Performing monitoring and implementation of tasks and duties, and giving advices to Board of Directors of Bank Mandiri as regulated in articles of Association and prevailing regulations.
2. Performing monitoring on TKT implementation.

Board of Directors

1. Fully responsible on the implementation of Bank Mandiri management.
2. Manage Bank Mandiri in correspond to the authority and duties as regulated in Articles of Association and prevailing regulations.
3. Ensure the implementation of TKT in financial conglomerate.
4. Compile and present the TKT Guideline to all Subsidiary Companies.
5. Direct, Monitor, and evaluate the implementation of TKT Guideline.
6. Follow up the direction/advise from Board of Commissioners of Bank Mandiri in order to improve the TKT Guideline.

Board of Commissioners and Board of Directors are as follow:

Board of Commissioners	
Hartadi A. Sarwono	President Commissioner / Independent Commissioner
Imam Apriyanto Putro	Vice President Commissioner
Askolani	Commissioner
Bangun Sarwito Kusmulyono	Independent Commissioner
Goei Siauw Hong	Independent Commissioner
Ardan Adiperdana	Commissioner
Makmur Keliat	Independent Commissioner
R. Widyo Pramono	Commissioner

Board of Directors	
Kartika Wirjoatmodjo	President Director
Sulaiman A. Arianto	vice director
Ogi Prastomiyono	Director of Operations
Royke Tumilaar	Director of Wholesale Banking
Hery Gunardi	Director of Distributions
Tardi	Director of Retail Banking
Ahmad Siddik Badruddin	Director of Risk Management & Compliance
Kartini Sally	Director of Institutional
Rico Usthavia Frans	Director of Digital Banking & Technology
Darmawan Junaidi	Director of Treasury

In addition to Bank Mandiri, the Management Structure within the Mandiri Group consists of the Board of Commissioners, Board of Directors and Sharia Supervisory Board of the Subsidiary Company which has the responsibilities assigned in the TKT Manual as follows:

Board of Commissioners

1. To supervise the implementation of governance, duties and responsibilities of the Board of Directors and follow up of audit results from internal and external parties.
2. Establish a committee or appoint a party to carry out functions that support the duties and responsibilities of the Board of Commissioners at least the audit monitoring committee / function, and the compliance monitoring committee / function.
3. Conducting a meeting of the Board of Commissioners which includes at least frequency, attendance and decision-making procedures.
4. Formulate the working order of the Board of Commissioners.

Board of Directors

1. Implement the principles of corporate governance.
2. Prepare the Code of Good Corporate Governance.
3. Following up on audit results and recommendations from SKAI, external auditors, and supervisory results from the authorities.
4. Holding meetings of the Board of Directors.
5. Prepare work rules that include at least the procedures for decision-making and documentation of meetings.

Sharia Supervisory Board

1. Sharia Supervisory Board (DPS) shall perform duties and responsibilities in accordance with the principles of Governance.
2. The Sharia Supervisory Board is responsible for providing advice and advice to the Board of Directors as well as overseeing activities to comply with the Sharia Principles.
3. Implementation of duties and responsibilities of DPS in accordance with the laws and regulations applicable in each Subsidiary Company.
4. Members of the Sharia Supervisory Board shall provide sufficient time to perform their duties and responsibilities optimally.
5. Preparing the Sharia Supervisory Board Working order.

Sharia Supervisory Board Structure of Subsidiary Company are:

1. Bank Syariah Mandiri

Board of Commissioners	
Mulya E. Siregar	President Commissioner / Independent Commissioner
Ramzi A. Zuhdi	Independent Commissioner
Bambang Widianto	Independent Commissioner
Dikdik Yustandi	Commissioner

Board of Directors

Toni Eko Boy Subari	President Director
Ade Cahyo Nugroho	Director
Achmad Syafii	Director
Putu Rahwidhiyasa	Director
Kusman Yandi	Director
Edwin Dwidjajanto	Director
Choirul Anwar	Director

2. Mandiri Sekuritas**Board of Commissioners**

Darwin Cyril Noerhadi	President Commissioner / Independent Commissioner
Alexandra Askandar	Commissioner
Suresh Lilaram Narang	Independent Commissioner
Wien Irwanto	Commissioner

Board of Directors

Silvano Winston Rumanthir	President Director
Laksono Widito Widodo	Director
Lisana Irianwati	Director
Heru Handayanto	Director

3. Mandiri Tunas Finance**Board of Commissioners**

Rico Adisurja Setiawan	President Commissioner
Harry Gale	Commissioner
Ravik Karsidi	Independent Commissioner

Board of Directors

Ignatius Susatyo Wijoyo	President Director
Harjanto Tjitohardjojo	Director
Arya Suprihadi	Director

4. Mandiri AXA General Insurance**Board of Commissioners**

Kepas Antoni Adrianus Manurung	President Commissioner
Ramanathan Kumar Guru	Commissioner
Frans Wiyono	Independent Commissioner
Indra Noor	Independent Commissioner

Board of Directors

Paul Henri Rastoul	President Director
Djoko Yoewono	Director
Sylvain Ducros	Director

5. AXA Mandiri Financial Services**Board of Commissioners**

Myland	President Commissioner
Paul Henri Nicolas Pierre Marie Rastoul	Commissioner
Wihana Kirana Jaya	Independent Commissioner
Akhmad Syakhroza	Independent Commissioner

Board of Directors

Jean-Philippe Louis Michel Vandenschrick	President Director
Tisye Diah Retnojati	Director
Ni Nyoman Trisnasari	Director
Henky Oktavianus	Director

6. Bank Mandiri Taspen Pos**Board of Commissioners**

Abdul Rachman	President Commissioner
Agus Haryanto	Commissioner
I Wayan Deko Ardjana	Independent Commissioner
Edhi Chrystanto	Independent Commissioner
Sukoriyanto Saputro	Independent Commissioner

Board of Directors	
Josephus K.T	President Director
Ida Ayu Kade Karuni	Director
Paulus Endra Suyatna	Director
Muhamad Gumilang	Director
Iwan Soeroto	Director

7. Mandiri International Remittance Sdn.Bhd.

Board of Directors	
Wahyu Surahmat	President Director
Agus Haryanto	Director
Elmega Rosinta Greacece	Director
Diah Natalin Saragih	Director

8. Mandiri (Europe) Limited

Board Member	
Mahendra Siregar	Independent Non Executive Director & Chairman
John Kenrick Williams	Independent Non Executive Director
Sulaeman	Non Executive Director
I Nyoman G. Suarja	Chief Executive

9. Mandiri Inhealth

Board of Commissioners	
Sentot A. Sentausa	The main commissioner
Ali Ghufon Mukti	Independent Commissioner
Bambang Wibowo	Independent Commissioner

Board of Directors	
Iwan Pasila	President Director
Armendra	Director
Wahyu Handoko	Director
Eddy Alfian	Director

10. Mandiri Utama Finance

Board of Commissioners	
Riyani T. Bondan	The main commissioner
Erida	Commissioner
Mansyur Syamsuri Nasution	Independent Commissioner

Board of Directors	
Stanley Setia Atmadja	President Director
Judy Lesmana	Director
Kuki Kadarisman	Director

11. Mandiri Capital Indonesia

Board of Commissioners	
Joseph Georgino Godong	The main commissioner
Rahmat Broto Triaji	Komisaris

Board of Directors	
Mardianto Eddiwan Danusaputro	President Director
Hira Laksamana	Director

Integrated Governance Committee

Bank Mandiri has formed a Integrated Governance Committee that consists of Bank Mandiri Independent Commissioner and Subsidiary Company Independent Commissioners as the representative of each industry. TKT Committee has the least tasks and duties:

1. Evaluate the intern implementation and compliance function implementation in integrated manner. In performing the evaluation, TKT Committee acquires the information in the form of evaluation result of internal audit implementation and compliance function each Subsidiary Companies from Commissioner Board members for each Subsidiary Company that become the member of KTK Committee.
2. Give recommendation to Board of Commissioners of Bank Mandiri, about:
 - a. Implementation of TKT evaluation result;
 - b. Improvement of TKT Guideline

The TKT Committee of Bank Mandiri is chaired by Bpk. Goei Siau Hong as the Independent Commissioner of Bank Mandiri. In 2017, the Integrated Governance Committee has had 2 (two) meetings, as follow:

Implementation Date	Agenda
16 Agustus 2017	<ol style="list-style-type: none"> 1. Establishment of Subsidiaries Management Group 2. Update on the Implementation of the Integrated Internal Audit Unit Function 3. Consolidated RBBR Assessment Results Semester I / 2017
20 Desember 2017	Discussion of OJK onsite review results in Integrated Governance Implementation

Integrated Compliance Unit (SKKT)

In accordance with the POJK implementation No. 18/POJK.03/2015, Bank Mandiri has assigned Compliance Group as SKKT that monitors the implementation of compliance function in Mandiri Group. The tasks and duties of SKKT are as follow:

1. Monitor and evaluate the implementation of compliance function in all Subsidiary Companies.
2. Compile the reports of integrated compliance implementation to Director that Supervises Compliance Function and Integrated Governance annual report.
3. Organize forum with Subsidiary Company on the implementation of integrated compliance function.

In 2017, Bank Mandiri SKKT performed some initiatives for TKT implementation, namely:

1. Alignment for compliance policy and management mechanism of risk compliance.
2. Quarterly, receive and review compliance report of Subsidiary Company.
3. Quarterly, compile report for the implementation of integrated compliance. In the end of 2017, SKKT also compiled Integrated Governance annual report.
4. Discussion forum with Subsidiary Companies to discuss the assessment on risk compliance profile (forward looking) and mitigation on compliance issues in Subsidiary Companies.
5. Communication forum with Subsidiary Companies on mandatory fulfillment on regulation namely:

No.	POJK	Subject	Subsidiaries
1.	45/POJK.03/2015	Application of Good Corporate Governance in the Provision of Remuneration for Commercial Banks.	- Bank Mandiri Taspen dan Pos - Bank Syariah Mandiri
2.	45/POJK.04/2016	Supervision Against the Representatives and Employees of Securities Companies	Mandiri Sekuritas
3.	49/POJK.04/2016	Funds Protection of Financiers	Mandiri Sekuritas
4.	36/POJK.05/2016	Investment of Government Securities for Non-Bank Financial Services Institutions	- Mandiri AXA General Insurance - AXA Mandiri Financial Services
5.	63/POJK.05/2016	Direct Investigation of Non-Bank Financial Services Institutions	Mandiri Sekuritas
6.	67/POJK.05/2016	Business Licensing and Institutional Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, and Sharia Reinsurance Companies	- Mandiri AXA General Insurance - AXA Mandiri Financial Services
7.	69/POJK.05/2016	Implementation of Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, and Sharia Reinsurance Companies	- Mandiri AXA General Insurance - AXA Mandiri Financial Services
8.	71/POJK.05/2016	Financial Health Insurance Company And Reinsurance Company	- Mandiri AXA General Insurance - AXA Mandiri Financial Services
9.	73/POJK.05/2016	Good Corporate Governance for Insurance Companies	- Mandiri AXA General Insurance - AXA Mandiri Financial Services
10.	76/POJK.07/2016	Increased Literacy and Financial Inclusion in the Financial Services Sector for Consumers and / or the public	- Mandiri Sekuritas - Mandiri AXA General Insurance - AXA Mandiri Financial Services

Integrated Audit Unit (SKAIT)

The Main Entity has assigned Internal Audit as independent SKAIT on operational unit. SKAIT, in this case Internal Audit, has collaborated with 1st line and 2nd line as well as Internal Audit of Subsidiary Company to ensure that the implementation of internal control function go effectively in Mandiri Group.

SKAIT has duties and responsibilities stated in TKT Guideline as follow:

1. Perform audit on Subsidiary Company either individually, joint audit or based on reports from SKAI of Subsidiary Company.
2. Monitor the implementation of internal audit on each Subsidiary Company by performing:
 - a. Evaluate audit plan of SKAI Subsidiary Company to align the integrated audit plan;
 - b. Internal and external audit evaluation result of Subsidiary Company and its follow up in order to compile the report of integrated internal audit.

In 2017, SKAIT of Bank Mandiri ensured the implementation of internal control function in Subsidiary Company:

1. Perform audit on 11 (eleven) of Subsidiary Companies individually by SKAIT and joint audit with SKAIT of Subsidiary Companies exclusive for Bank Syariah Mandiri and Bank Mantap.
2. Perform evaluation and audit plan alignment with Subsidiary Company before compiling Annual Audit Plan (AAP) Bank Mandiri or Subsidiary Company.
3. Perform review on SKAI of Subsidiary Company's Audit Result Report and its follow up quarterly.
4. Compile the Report on the Implementation of Integrated Internal Audit Function.

Moreover, SKAIT of Bank Mandiri has performed several actions in order to improve the Integrated SKAI function namely:

1. SKAIT and SKAI of Subsidiary Company has performed alignment of Internal Audit Charter. Internal Audit Charter of Subsidiary Company has been stated in the clause that states "Bank Mandiri as the main entity can perform audit to subsidiary companies in order to affirm the internal control activities, risk management and governance process".
2. Assignment of SKAIT Chief of Subsidiary Company by paying attention to SKAIT recommendation.
3. Organizing Audit Committee Meeting of Subsidiary Company that is allowed to invite SKAIT.
4. Organizing SKAI Mandiri Group forum quarterly.

Integrated Risk Management Unit

Bank Mandiri determined Credit Portfolio Risk Group as Work Unit of SKMRT Coordinator that was independent from other operational units and had owned policy, procedure and adequate risk limit determination. SKMRT has tasks and duties stated in the TKT Guideline namely as follow:

1. Give recommendation to Board of Directors in compiling integrated risk management policy.
2. Monitor the implementation of integrated risk management policy including expanding procedures and tools for identification, measurement, monitor, and risk control.
3. Perform risk monitoring on financial conglomerate based on assessment result:
 - a. Risk profile on every Subsidiary Company in Financial Conglomerate;
 - b. Risk level on every risk in integrated manner;
 - c. Risk profile in integrated manner.
4. Perform stress testing;
5. Perform review in regular basis to ensure:
 - a. Accuracy of risk assessment methodology;
 - b. Coverage of implementation information management system;
 - c. Policy accuracy, procedure and risk limit in integrated manner.
6. Review new line of business recommendation that is strategic and significant to the exposure of financial conglomerate risk;
7. Give information to integrated risk management committee on things need to be followed up related to evaluation result on the integrated risk management implementation;
8. Give recommendation to integrated risk management committee in order to compile and perfect the integrated risk management policy;
9. Compile and submit the integrated risk profile report in regular basis to Director that supervises the integrated risk management function and to integrated risk management committee.

In 2017, SKMRT performed several initiative actions in for the implementation of integrated risk management, namely as follow:

1. Active monitoring to management through forum and committee in regular basis
2. Monitoring the improvement of risk awareness through Risk Awareness Survey (RAWS) in regular basis.
3. Improvement in risk management process on Subsidiary Company either on the methodology, process or policy on site review and assistance.

4. Evaluation methodology Review Risk Based Bank Rating on Bank and Subsidiary Company.
5. Compilation methodology alignment Risk Appetite Statement and Stress Test.

Intragroup Transaction Policy

Aggressive expansion of Bank Mandiri and subsidiary companies on various business segments makes Bank Mandiri and Subsidiary Companies always synergize and collaborate in one business ecosystem. This causes for intragroup transaction exposure in Mandiri Group. Bank constantly maintain Intragroup Transaction so it is in correspond to external and internal rules either in the exposure or process.

All intragroup transactions and all cooperation established in Mandiri Group are run in accordance to internal prevailing provisions corresponding to Procedure Standard and Operational Technical Guideline and also consistently refers to Subsidiaries Management Principles Guideline, of Mandiri which is a guideline for Mandiri Group in establishing business collaboration ecosystem. Policy in intra-group transaction risk in Bank Mandiri refers to POJK 17/POJK.03/2014 dated 18 November 2014 and SEOJK No.14/SEOJK.03/2015 dated 25 May 2015 about Integrated Risk Management for Financial Conglomerate. Policy on Bank Mandiri intragroup transaction risk is stated in Bank Mandiri Risk Management Policy (KMRBM) and Standard Procedure Risk Based Bank Rating (SP RBRR).

Bank Mandiri consistently performs monitoring on business performance or business risk that occur because of business synergy with Subsidiary Company. In this case, Bank Mandiri always ensures that Intragroup Transaction in Mandiri Group consistently corresponds to rules and limit set by Regulator.

Mandiri Subsidiaries Management Principle Guideline (MSMPG)

Mandiri Subsidiaries Management Principles Guideline (MSMPG) is a guideline for Bank Mandiri and Subsidiary Company in establishing business collaboration ecosystem through performance culture. This aims to create added value for Bank Mandiri and Subsidiary Company in sustainable manner by adherence to GCG principles and Articles of Association form each Subsidiary Company.

MSMPG is one of the manifestation of Bank Mandiri's commitment to consistently implement GCG and Integrated Risk that is compiled with the Regulation of Financial Services Authority No.17/POJK.03/2014 dated 18 November 2014 About Implementation of Integrated Risk Management For Financial Conglomerate and POJK TKT.

Governance principles of Bank Mandiri Subsidiary Company refers to MSMPG provisions that cover risk management consolidation and assistance activities, financial report, GCG, Compliance, Anti Money Laundering and Combating the Financing of Terrorism (APU-PPT), human capital, procurement management, audit implementation assistance activities, business synergy strategy and performance. MSMPG is enacted to by referring to basic principles of Subsidiary Company governance as follow:

1. Subsidiary Company is a separate entity from Bank Mandiri.
2. Subsidiary Company governance is performed professionally and there is no intervention in the Subsidiary Company operational activities.
3. Subsidiary Company governance is done without disregarding tasks and duties of Board of Directors and Board of Commissioners of Subsidiary Company in accordance to Articles of Association.
4. Subsidiary Company governance aims to optimize sustainable profit, reduce risk, comply to regulations and good governance.

Principles of management of Bank Mandiri Subsidiaries in accordance with MSMPG provisions include consolidation activities and risk management assistance, financial statements, GCG, Compliance and Anti Money Laundering and Terrorism Financing Prevention (APU-PPT), human capital management, procurement, audit implementation assistance activities, business and strategy and performance. MSMPG is enacted by referring to the basic principles of the management of Subsidiaries as follows::

1. Subsidiary Company is a separate entity from Bank Mandiri.
2. The Company's Subsidiary Management is conducted professionally and does not intervene into the Subsidiaries' operational activities.
3. The Management of Subsidiaries shall be conducted without prejudice to the duties and responsibilities of the Board of Directors and Board of Commissioners of Subsidiary Companies in accordance with the Articles of Association.
4. The Management of Subsidiaries is aimed at optimizing sustainable benefits, reducing risks, complying with laws and regulations, and good governance.

Key Shareholder and Controller Information

As a state-owned legal entity (SOEs), the shareholding majority of Bank Mandiri was owned by the Government of the Republic of Indonesia from which in this case, it was represented by the Ministry of State-Owned Enterprises. Therefore, there were no major shareholders and controllers by individuals individuals.



At the time of establishment, the capital participation of the Republic of Indonesia to Bank Mandiri was conducted in accordance with the provision of Government Regulation no. 75 of 1998 on Equity Participation of the Republic of Indonesia for the Establishment of a Limited Liability Company (Persero) in Banking on 1 October 1998. These investments were made by transferring state-owned shares to Bank Mandiri's ex-legacy, namely Bank Bumi Daya, Bank Dagang Negara, Bank Ekspor Impor Indonesia and Bank Pembangunan Indonesia.

As the majority shareholder, the Government of the Republic of Indonesia had a share ownership composition of 60% (sixty percent) or 28,000,000,000 (twenty eight billion) shares, of the total number of shares there was one share of Dwiwarna A Series.

More details of Key Shareholder and Controller Information can be seen in the Shareholders' Composition section of this Annual Report.

Equal Treatment to All Shareholders

By referring to the provision of legislations which are regulations in Capital Market, Bank Mandiri always puts forward equality principles for all shareholders (majority or minority). This commitment is reflected in internal regulations as stated in Corporate Secretary Policy Bank Mandiri and Corporate Secretary Standard Guideline Bank Mandiri that are periodically reviewed, that regulate that all shareholders have the same right for information transparency from Bank Mandiri, namely information about company performance, financial information, and other information needed by all shareholders.

Moreover the equal treatment to all shareholders is also reflected in the Implementation of Company's RUPS, in which each shareholder is entitled to recommend RUPS agenda to the Company.

Management of Public Official's Wealth Report (LHKPN)

Bank Mandiri possesses a policy about reporting implementation of Public Official's Wealth Report (LHKPN) based on the Decision of Board of Directors No. KEP.DIR/147A/2017 dated 21 June 2017 about Public Official's Wealth Report (LHKPN) in the environment of PT Bank Mandiri (Persero) Tbk. This policy regulates about the company's employees that are obligated to report their wealth, reporting mechanism, management unit and LHKPN administrator where sanctions are imposed for employees who do not perform their reporting obligations.

Required Report LHKPN

Based on the above LHKPN, Mandatory Report LHKPN are the Structural Officers in Bank Mandiri environment, namely:

1. Board of Commissioners Member
2. Board of Directors Member
3. Senior Executive Vice President
4. Executive Officers that are reported to Bank Indonesia are:
 - a. Regional CEO
 - b. Group Head and Group Head-level Officers
 - c. Branch Head which Office permit from Bank Indonesia is Branch Office and Overseas Branch Head
5. Employee assigned as Director/Board of Commissioners in Subsidiary Company and Pension Fund

Mandatory Report LHKPN

Manager for LHKPN report consists of LHKPN Management Coordinator and Admin Manager e-LHKPN in detail as follow:

1. LHKPN Management Coordinators are Group Head Corporate Secretary and Group Head Human Capital Services with the scope of tasks as follow:
 - a. Coordinate with KPK in monitoring, filling and submission of LHKPN and LHKPN obligation socialization.
 - b. Coordinate with Ministry of State-Owned Enterprises and KPK on Mandatory LHKPN Application management and administration.
2. Admin Manager e-LHKPN is Corporate Secretary Group and Human Capital Services Group with the scope of duties as follow:
 - a. Manage and perform update on the data of mandatory report PHKPN in Bank Mandiri environment.
 - b. Manage and monitor the mandatory LHKPN reporting in Bank Mandiri environment.

LHKPN Report Year 2017

LHKPN report by the end of 2017, from 178 mandatory reporters there are 158 reporters who have completed their mandatory report. Meanwhile, the other 22 reporters are in the process of completing their mandatory LHKPN report.

Stock Buyback and Bond Buyback

In 2017, there was no stock buyback or bond buyback.

Provision of Related Party Funds

With reference to the internal policies of Bank Mandiri regarding lending, the provision of funds to related parties (individuals or groups, including executive officers, Board of Directors and Commissioners of the Bank) had been fairly exercised on reasonable terms with the approval of the Board of Commissioners.

The provision of funds to related parties shall not be contrary to the general procedure of granting the provision of funds in force and shall continue to provide reasonable benefits to the Company as well as the provision shall

be subject to the approval of the Board of Commissioners. As one form of supervisory function implementation by the Board of Commissioners in the field of credit, lending over Rp 3 trillion individually should be reported quarterly to the Board of Commissioners. Reported loans were credits that had been terminated within 3 (three) months of the reporting period.

Related Information of the Provision of Related Party Funds is in the Management Analysis and Discussion section of this Annual Report.

Internal Fraud

Internal frauds were committed by internal and external corporations in collusion. Examination of internal fraud was conducted by Internal

Audit and RBC.

Table of Internal Fraud

Internal Fraud dalam 1 Tahun	Number of Fraud Done					
	Members of the Board of Commissioners and Members of the Board of Directors		Permanent employee		Temporary employees	
	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year
Total Fraud	-	-	22	40	13	40
Has been Completed	-	-	21	40	13	40
In Settlement Process in Internal Bank	-	-	1	-	-	-
Unresolved Settlement	-	-	-	-	-	-
Has Been Followed Through The Legal Process *	-	-	1	1	4	1

*The fraud that has been acted upon by the legal process is part of the completed fraud

Transaction Containing Conflict of Interest

Throughout 2017, there were no conflict-of-interest transactions as mentioned in BAPEPAM-LK regulation No. IX.E.1 on Conflict of Interest.

Internal Dispute of Bank Mandiri

During 2017, there were no internal disputes in Bank Mandiri related to owner's intervention, remuneration policy or any other cause.

Prevention of Insider Trading

Internal provisions about Insider Trading acts performed by insiders of Bank Mandiri are stated in Bank Mandiri Policy Architecture and Corporate Secretary Standard Guideline. Bank Mandiri Policy Architecture has regulated that "all Bank Personnel are only permitted to engage in securities transaction, foreign exchange, precious metal, derivative transaction, and other forms of trading in his own interests if there is no conflict of interests, breach of Insider Trading regulation from Capital Market Authority and other regulations."

In Corporate Secretary Standard Guideline, the provision that regulates about Insider Trading acts is regulated in Chapter III number 5 letter d that regulates:

1. Insider who has insider information about Bank financial status, Bank activities agenda and/or other unpublished information material that are duly suspected will influence the investor or shareholder's decision, is prohibited to conduct buying and/or selling Bank stock.
2. Insider who has insider information is prohibited to influence any party including his own family to conduct buying or selling stock.
3. Insider other than Board of Directors and Board of Commissioners that commits violation as regulated above and is proved to conduct transaction and/or give insider information will be imposed sanctions as regulated in Human Capital Standard Guideline (SPSDM).
4. Board of Directors and Board of Commissioners and other parties with certain position, profession/relation with the Bank that conduct insider trading are responsible corresponding to prevailing provisions.
5. Annual Disclosure states about insider trading prohibition. The obligation to provide annual disclosure for Bank personnel is regulated in code of conduct and/or SPSPDM.

Anti Corruption Policy

Bank Mandiri has possessed several policies related to the Prevention of Corruption which are internal control policy, Employee Discipline Regulation, Code of Conduct, Business Ethic, Bank Mandiri has also compiled Corporate Cultural Value "Corporate Culture" which is instilling integrity value to each Bank Mandiri personnel.

Actions taken by the Company to overcome corruption practice issues, particularly in Code of Conduct has been regulated as follow:

1. Prohibition to all Bank Personnel to solicit or receive, approve to receive a gift or reward from a third party that obtains or is trying to obtain facilities from the Bank in the form of credit facilities, cash loan and non cash loan", or in the process of buying or discounting money order notes, promissory notes and trade papers or other mandatory evidence, or other facilities related to bank operational or goods procurement and service from Bank.
2. Prohibition to all Bank personnel in abusing the office and take benefit directly or indirectly from information obtained from Bank business activities:
 - a. Personal benefit
 - b. Benefit for his family members
 - c. Benefit for other parties
3. Imposing sanctions from mild to severe for violators of this prohibition.
4. Obeying external and internal regulations.
5. In credit, every loan lending has to be performed through discussion in Loan Committee Meeting forum as an implementation of four-eyes principle and process check and balance between Business Unit as the initiator and Risk Management as Risk Mitigation unit. In this committee, Legal Group and Compliance Group are also required to attend to give opinion from legal and compliance sides to reinforce the independence aspect, avoid dominance from one of the unit, avoid conflict of interest and to ensure the decision making that is objective and free of pressure. To accelerate process and improve loan performance, Bank Mandiri also determines the authority limit to terminate loan based on loan exposure and risk level. Bigger exposure causes bigger quorum of the holder of authority that consists of Loan Committee member that functions as Risk Management and Loan Committee member that functions as Business Unit.

6. All Bank personnel are required to make annual disclosure that states all conditions and situations which allow violations/non-compliance from this code of conduct.
7. All Bank Mandiri personnel can give recommendation for improvement of performance, reinforcement of good corporate governance and prevention of fraud, through Letter to CEO (LTC), which is a communication tool for Bank Mandiri personnel directly to President Director (CEO).
8. In Cooperation Agreement with contractor/supplier/partner, there is a clause that states the commitment of those parties to not commit corruption and gratification practices.

In order to eradicate corruption, in 4 November 2014, the Company stated its commitment to Corruption Eradication Commission (KPK) to:

1. Establish National Integrated System with Working Culture approach and Prosperous Spirit for Country.
2. Implement gratuity control to support the effort of corruption eradication in the Company environment.

As the implementation and commitment for that, Bank Mandiri has performed several actions as follow:

1. Form Gratuity Control Unit which is a part of Compliance unit as gratuity control coordinator in Bank Mandiri.
2. Issue a provision about gratuity control program in Bank Mandiri environment annually or as needed by Company and consistently perfected in line with the improvement of the Company and/or compliance to legislation provision and lastly as perfected in 2016.
3. Perform socialization of gratuity control program to all employees and stakeholder of Bank Mandiri.

In addition, Bank Mandiri also provided anti-corruption-related training to its employees. The anti-corruption-related training conducted during 2017, was:

Socialization Table of Gratification Control Program

Training	Place	Date
Anti Money Laundering and Governance For Bankers Batch 2	Jakarta	13 – 14 Juli 2017
Anti Money Laundering and Governance For Bankers Batch 3	Surabaya	7 – 8 Agustus 2017
Anti Money Laundering and Governance For Bankers Batch 4	Bandung	7 – 8 September 2017
Anti Money Laundering and Governance For Bankers Batch 5	Semarang	9 – 10 Oktober 2017
Anti Money Laundering and Governance For Bankers Batch 6	Jakarta	9 – 10 November 2017
Anti Money Laundering and Governance For Bankers Batch 7	Jakarta	20 – 21 November 2017

Transparency of Financial and Non Financial Condition of The Company

Bank Mandiri complied to transparency obligation and publication of financial and non-financial conditions in correspond to prevailing provision, through information presentation and publication via printed media and company website as follow:

1. Monthly Financial Report to regulator that was published via BI and Bank Mandiri website.
2. Quarterly Financial Report to regulator that was published via printed media and Company website.
3. Bank Mandiri Annual Report is composed and presented in correspond to provision and presented to the regulator, rating agency banking development institute, research institute, finance magazine and published in Company website.
4. Corporate Governance Information, which are Corporate Governance Annual Report, Vision, Mission, Corporate Value,

Composition and Profile of Board of Commissioners and Board of Directors, and internal provision related to governance from Articles of Association to Committee Charter that are published in the Company website.

5. Product information and Company Service including its office network are published in the Annual Report and Company website so customer, investor, and the people can easily access the information about product and service of the Company.
6. Complaint Submission Procedure Information, Information Safety Policy and Tips for Customer in using banking service are published in Company website for the implementation of customer protection provisions.
7. Other information to support information transparency, finance education and service to the people.

Practice of Bad Corporate Governance

Bank Mandiri realizes that bad corporate governance disturbs the Good Corporate Governance system (GCG) that is established by Bank Mandiri. In order to support this, in 2017 Bank Mandiri did not perform

all those actions and policy that was related to the practices shown by following table:

No.	Description	Practice
1.	Report as company that pollutes the environment.	Nil
2.	Important cases against company, subsidiary entity, serving Board of Directors member and/or Board of Commissioners member are not disclosed in the Annual Report.	Nil
3.	Non Compliance in tax obligation fulfillment.	Nil
4.	Discrepancy between annual report and financial report presentation with the prevailing regulation and SAK.	Nil
5.	Cases related to labors and employees.	Nil
6.	No disclosure operational segment on listed company	Nil
7.	Discrepancy between AR hardcopy with AR softcopy.	Nil

Statement of Good Corporate Governance Implementation

All Board of Commissioners members, Board of Directors members, and Bank Mandiri committed and have implemented good corporate governance principles and there were no violations on prevailing

legislations. Moreover, Bank Mandiri has implemented governance in correspond to ASEAN Corporate Governance Scorecard (ACGS)

Conformity of Implementation Of corporate Governance in Correspond to ASEAN Corporate Governance Scorecard

No.	Principles and Recommendations	Description
A	Right of Shareholder	
A.1	Basic Shareholder Rights	
A.1.1	<i>Does the company pay (interim and final/ annual) dividends in an equitable and timely manner; that is, all shareholders are treated equally and paid within 30 days after being (i) declared for interim dividends and (ii) approved by shareholders at general meetings for final dividends? In case the company has offered Scrip dividend, did the company paid the dividend within 60 days?</i>	Website Bank Mandiri
A.2	Right to Participate in decisions concerning fundamental corporate changes	
A.2.1	<i>Amendments to the company's constitution?</i>	Website Bank Mandiri

No.	Principles and Recommendations	Description
A.2.2	<i>The authorisation of additional shares?</i>	Website Bank Mandiri
A.2.3	<i>The transfer of all or substantially all assets, which in effect results in the sale of the company?</i>	Website Bank Mandiri
A.3	Right to participate effectively in and vote in general shareholder meetings and should be informed of the rules, including voting procedures, that govern general shareholder meetings.	
A.3.1	<i>Do shareholders have the opportunity, evidenced by an agenda item, to approve remuneration (fees, allowances, benefit-in-kind and other emoluments) or any increases in remuneration for the non-executive directors/commissioners?</i>	Website Bank Mandiri

No.	Principles and Recommendations	Description
A.3.2	Does the company provide non-controlling shareholders a right to nominate candidates for board of directors/commissioners?	Website Bank Mandiri
A.3.3	Does the company allow shareholders to elect directors/commissioners individually?	Website Bank Mandiri
A.3.4	Does the company disclose the voting procedures used before the start of meeting?	Website Bank Mandiri
A.3.5	Do the minutes of the most recent AGM record that the shareholders were given the opportunity to ask questions and the questions raised by shareholders and answers given recorded?	Website Bank Mandiri
A.3.6	Does the company disclose the voting results including approving, dissenting, and abstaining votes for all resolutions/each agenda item for the most recent AGM?	Website Bank Mandiri
A.3.7	Does the company disclose the list of board members who attended the most recent AGM?	Website Bank Mandiri
A.3.8	Does the company disclose that all board members and the CEO (if he is not a board member) attended the most recent AGM?	Website Bank Mandiri
A.3.9	Does the company allow for voting in absentia?	Website Bank Mandiri
A.3.10	Did the company vote by poll (as opposed to by show of hands) for all resolutions at the most recent AGM?	Website Bank Mandiri
A.3.11	Does the company disclose that it has appointed an independent party (scrutineers/ inspectors) to count and/or validate the votes at the AGM?	Website Bank Mandiri
A.3.12	Does the company make publicly available by the next working day the result of the votes taken during the most recent AGM/EGM for all resolutions?	Website Bank Mandiri
A.3.13	Do companies provide at least 21 days notice for all AGMs and EGMs?	Website Bank Mandiri
A.3.14	Does the company provide the rationale and explanation for each agenda item which require shareholders' approval in the notice of AGM/circulars and/or the accompanying statement?	Website Bank Mandiri
A.3.15	Does the company give the opportunity for shareholder to place item/s on the agenda of AGM?	Website Bank Mandiri
A.4	Markets for corporate control should be allowed to function in an efficient and transparent manner.	
A.4.1	In cases of mergers, acquisitions and/or takeovers requiring shareholders' approval, does the board of directors/commissioners of the company appoint an independent party to evaluate the fairness of the transaction price?	Hal. 300-303
A.5	The exercise of ownership rights by all shareholders, including institutional investors, should be facilitated.	
A.5.1	Does the company disclose its practices to encourage shareholders to engage the company beyond AGM?	Hal. 665
B	Equitable Treatment of Shareholders	
B.1	Shares and voting rights	
B.1.1	Do the company's ordinary or common shares have one vote for one share?	Website Bank Mandiri

No.	Principles and Recommendations	Description
B.1.2	Where the company has more than one class of shares, does the company publicise the voting rights attached to each class of shares (e.g. through the company website / reports/ the stock exchange/ the regulator's website)?	Website Bank Mandiri
B.2	Notice of AGM	
B.2.1	Does each resolution in the most recent AGM deal with only one item, i.e., there is no bundling of several items into the same resolution?	Website Bank Mandiri
B.2.2	Are the company's notice of the most recent AGM/circulars fully translated into English and published on the same date as the local-language version?	Website Bank Mandiri
	Does the notice of AGM/ circulars have the following details:	
B.2.3	Are the profiles of directors/commissioners (at least age, academic qualification, date of first appointment, experience, and directorships in other listed companies) in seeking election/re-election included?	Website Bank Mandiri
B.2.4	Are the auditors seeking appointment/re-appointment clearly identified?	Website Bank Mandiri
B.2.5	Were the proxy documents made easily available?	Website Bank Mandiri
B.3	Insider trading and abusive self-dealing should be prohibited.	
B.3.1	Does the company have policies and/or rules prohibiting directors/commissioners and employees to benefit from knowledge which is not generally available to the market?	Hal. 670-671 Hal. 455 Hal. 503
B.3.2	Are the directors / commissioners required to report their dealings in company shares within 3 business days?	Hal. 118
B.4	Related party transactions by directors and key executives.	
B.4.1	Does the company have a policy requiring directors /commissioners to disclose their interest in transactions and any other conflicts of interest?	Hal. 455, 503
B.4.2	Does the company have a policy requiring a committee of independent directors/ commissioners to review material/ significant RPTs to determine whether they are in the best interests of the company and shareholders?	Hal. 326
B.4.3	Does the company have a policy requiring board members (directors/commissioners) to abstain from participating in the board discussion on a particular agenda when they are conflicted?	Website Bank Mandiri
B.4.4	Does the company have policies on loans to directors and commissioners either forbidding this practice or ensuring that they are being conducted at arm's length basis and at market rates?	Hal. 309-310
B.5	Protecting minority shareholders from abusive actions	
B.5.1	Does the company disclose that RPTs are conducted in such a way to ensure that they are fair and at arms' length?	Hal. 309
B.5.2	In case of related party transactions requiring shareholders' approval, is the decision made by disinterested shareholders?	Hal. 309-310
C	Role of Stakeholders	

No.	Principles and Recommendations	Description
C.1	The rights of stakeholders that are established by law or through mutual agreements are to be respected. (Does the company disclose a policy And Practices That Address :)	
C.1.1	<i>The existence and scope of the company's efforts to address customers' welfare?</i>	Hal. 724-727
C.1.2	<i>Supplier/contractor selection procedures?</i>	Hal. 728-729
C.1.3	<i>The company's efforts to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development?</i>	Hal. 706-711
C.1.4	<i>The company's efforts to interact with the communities in which they operate?</i>	Hal. 718-723
C.1.5	<i>The company's anti-corruption programmes and procedures?</i>	Hal. 51 Hal. 406 Hal. 676-678 Hal. 691-692
C.1.6	<i>How creditors' rights are safeguarded?</i>	Hal. 407 Website Bank Mandiri
C.1.7	<i>Does the company have a separate report/section that discusses its efforts on environment/economy and social issues ?</i>	Sustainability Report
C.2	Where stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights.	
C.2.1	<i>Does the company provide contact details via the company's website or Annual Report which stakeholders (e.g. customers, suppliers, general public etc.) can use to voice their concerns and/or complaints for possible violation of their rights?</i>	Hal. 664, 724
C.3	Mechanisms for employee participation should be permitted to develop.	
C.3.1	<i>Does the company explicitly disclose the policies and practices on health, safety and welfare for its employees?</i>	Hal. 715-717
C.3.2	<i>Does the company explicitly disclose the policies and practices on training and development programmes for its employees?</i>	Hal. 110-114
C.3.3	<i>Does the company have a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures?</i>	Hal. 355
C.4	Stakeholders including individual employee and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the board and their rights should not be compromised for doing this.	
C.4.1	<i>Does the company have a whistle blowing policy which includes procedures for complaints by employees and other stakeholders concerning alleged illegal and unethical behaviour and provide contact details via the company's website or annual report.</i>	Hal. 676-678
C.4.2	<i>Does the company have a policy or procedures to protect an employee/person who reveals illegal/unethical behaviour from retaliation?</i>	677
D	Disclosure and Transparency	
D.1	Transparent ownership structure	

No.	Principles and Recommendations	Description
D.1.1	<i>Does the information on shareholdings reveal the identity of beneficial owners, holding 5% shareholding or more?</i>	115-116
D.1.2	<i>Does the company disclose the direct and indirect (deemed) shareholdings of major and/or substantial shareholders?</i>	Hal. 115-116, 688
D.1.3	<i>Does the company disclose the direct and indirect (deemed) shareholdings of directors (commissioners)?</i>	Hal. 117-118, 455-456, 503-504
D.1.4	<i>Does the company disclose the direct and indirect (deemed) shareholdings of senior management?</i>	307-308
D.1.5	<i>Does the company disclose details of the parent/holding company, subsidiaries, associates, joint ventures and special purpose enterprises/ vehicles (SPEs)/ (SPVs)?</i>	126-127, 147-149
D.2	Quality of Annual Report	
D.2.1	<i>Corporate objectives</i>	Hal. 86-88
D.2.2	<i>Financial performance indicators</i>	Hal. 16-21, 47-48, 170-172
D.2.3	<i>Non-financial performance indicators</i>	Hal. 47-48, 415, 417, 695
D.2.4	<i>Dividend policy</i>	Hal. 305-306
D.2.5	<i>Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners</i>	Hal. 90-101, 446-451, 494-499
D.2.6	<i>Attendance details of each director/ commissioner in all directors/commissioners meetings held during the year</i>	Hal. 463-473, 504-518
D.2.7	<i>Total remuneration of each member of the board of directors/commissioners</i>	Hal. 477-479, 522-524
	Corporate Governance Confirmation Statement	
D.2.8	<i>Does the Annual Report contain a statement confirming the company's full compliance with the code of corporate governance and where there is non-compliance, identify and explain reasons for each such issue?</i>	Hal. 693, 398-411
D.3	Disclosure of related party transactions (RPT)	
D.3.1	<i>Does the company disclose its policy covering the review and approval of material/ significant RPTs?</i>	Hal. 309
D.3.2	<i>Does the company disclose the name, relationship, nature and value for each significant/material RPTs?</i>	Hal. 310-316
D.4	Directors and commissioners dealings in shares of the company	
D.4.1	<i>Does the company disclose trading in the company's shares by insiders?</i>	Hal. 117-118, 455-456, 503-504
D.5	External auditor and Auditor Report	
D.5.1	<i>Are the audit and non-audit fees disclosed?</i>	Hal. 621
D.5.2	<i>Does the non-audit fee exceed the audit fees?</i>	Hal. 621
D.6	Medium of communications	
D.6.1	<i>Quarterly reporting</i>	Hal. 664, 668 Website Bank Mandiri
D.6.2	<i>Company website</i>	Hal. 150, 664

No.	Principles and Recommendations	Description
D.6.3	Analyst's briefing	Hal. 664-665 Website Bank Mandiri
D.6.4	Media briefings /press conferences	Hal. 665-667 Website Bank Mandiri
D.7	Timely filing/release of annual/financial reports	
D.7.1	Are the audited annual financial report / statement released within 120 days from the financial year end?	The Jakarta Post (Bank Mandiri has published Financial Statement Year 2016 through the Print Media The Jakarta Post on February 15, 2017)
D.7.2	Is the annual report released within 120 days from the financial year end?	Website Bank Mandiri
D.7.3	Is the true and fairness/fair representation of the annual financial statement/ reports affirmed by the board of directors/ commissioners and/or the relevant officers of the company?	Hal. 745
D.8	Company website (Does the company have a website disclosing up-to-date information on the following:)	
D.8.1	Financial statements/reports (latest quarterly)	Hal. 150 Website Bank Mandiri
D.8.2	Materials provided in briefings to analysts and media	Hal. 150 Website Bank Mandiri
D.8.3	Downloadable annual report	Hal. 150 Website Bank Mandiri
D.8.4	Notice of AGM and/or EGM	Hal. 150, 425, 430, 434 Website Bank Mandiri
D.8.5	Minutes of AGM and/or EGM	Hal. 150, 425, 430, 434 Website Bank Mandiri
D.8.6	Company's constitution (company's by-laws, memorandum and articles of association)	Hal. 150 Website Bank Mandiri
D.9	Investor relations	
D.9.1	Does the company disclose the contact details (e.g. telephone, fax, and email) of the officer/office responsible for investor relations?	Hal. 664
E	Responsibilities of the Board	
E.1	Board Duties and Responsibilities	
	(Clearly defined board responsibilities and corporate governance policy)	
E.1.1	Does the company disclose its corporate governance policy / board charter?	- Hal. 439, 486 - Website Bank Mandiri
E.1.2	Are the types of decisions requiring board of directors/commissioners' approval disclosed?	Website Bank Mandiri
E.1.3	Are the roles and responsibilities of the board of directors/commissioners clearly stated ?	Hal. 440-441, 486

No.	Principles and Recommendations	Description
	Corporate Vision/Mission	
E.1.4	Does the company have an updated vision and mission statement?	Hal. 86
E.1.5	Does the board directors play a leading role in the process of developing and reviewing the company's strategy at least annually?	Hal. 46-47
E.1.6	Does the board of directors have a process to review, monitor and oversee the implementation of the corporate strategy?	Hal. 86
E.2	Board Structure	
	Code of Ethics or Conduct	
E.2.1	Are the details of the code of ethics or conduct disclosed?	Hal. 669-673
E.2.2	Are all the directors/commissioners, senior management and employees required to comply with the code/s?	Hal. 672
E.2.3	Does the company have a process to implement and monitor compliance with the code/s of ethics or conduct?	Hal. 672-673
	Board Structure & Composition	
E.2.4	Do Independent directors/commissioners make up at least 50% of the board of directors/commissioners?	Hal. 452
E.2.5	Does the company have a term limit of nine years or less or 2 terms of five years ¹ each for its independent directors/ commissioners? ¹ The five years term must be required by legislation which pre-existed the introduction of the ASEAN Corporate Governance Scorecard in 2011	Hal. 441, 487
E.2.6	Has the company set a limit of five board seats that an individual independent/non-executive director/commissioner may hold simultaneously?	Hal 454-455, 502-503
E.2.7	Does the company have any executive directors who serve more than two boards of listed companies outside of the group?	Hal. 454, 502
	Nomination Committee (NC)	
E.2.8	Does the company have a Nominating Committee?	Hal. 544
E.2.9	Is the Nominating Committee comprised of a majority of Independent directors/ commissioners?	Hal. 545-547
E.2.10	Is the chairman of the Nominating Committee an independent director/commissioner?	Hal. 545-547
E.2.11	Does the company disclose the terms of reference/governance structure/charter of the Nominating Committee?	- Hal. 544 - Website Bank Mandiri
E.2.12	Is in the meeting attendance of the Nominating Committee disclosed and if so, did the Nominating Committee meet at least twice during the year?	Hal. 552-554
	Remuneration Committee (RC) / Compensation Committee	
E.2.13	Does the company have a Remuneration Committee?	Hal. 544-557
E.2.14	Is the Remuneration Committee comprised of a majority of Independent Directors/ Commissioners?	Hal. 545-547
E.2.15	Is the chairman of the Remuneration Committee an independent director/ commissioner?	Hal. 545-547

No.	Principles and Recommendations	Description
E.2.16	Does the company disclose the terms of reference/governance structure/charter of the Remunerations Committee?	Hal. 544
E.2.17	Is the meeting attendance of the Remuneration Committee disclosed and, if so, did the Remuneration Committee meet at least twice during the year?	Hal. 552-554
	Audit Committee	
E.2.18	Does the company have an Audit Committee?	Hal. 532-544
E.2.19	Is the Audit Committee comprised entirely of non-executive directors/commissioners with a majority of independent directors/commissioners?	Hal. 535-536
E.2.20	Is the chairman of the Audit Committee an Independent Director/ Commissioner?	Hal. 535-536
E.2.21	Does the company disclose the terms of reference/ governance structure/charter of the Audit Committee?	Hal. 533
E.2.22	Does at least one of the independent directors/ commissioners of the committee have accounting expertise (accounting qualification or experience)?	Hal. 536
E.2.23	Is the meeting attendance of the Audit Committee disclosed and, if so, did the Audit Committee meet at least four during the year?	Hal. 540-543
E.2.24	Does the Audit Committee have primary responsibility for recommendation on the appointment, and removal of the external auditor?	Hal. 534
E.3	Board Processes	
	Board meetings and attendance	
E.3.1	Are the board of directors meeting scheduled before the start of financial year?	Website Bank Mandiri
E.3.2	Does the board of directors/commissioners meet at least six times during the year?	Hal. 463-473, 504-518
E.3.3	Has each of the directors/commissioners attended at least 75% of all the board meetings held during the year?	Hal. 472-473, 518
E.3.4	Does the company require a minimum quorum of at least 2/3 for board decisions?	Hal. 463, 504
E.3.5	Did the non-executive directors/ commissioners of the company meet separately at least once during the year without any Executives present?	Hal. 463-472
	Access to information	
E.3.6	Are board papers for board of directors/ commissioners meetings provided to the board at least five business days in advance of the board meeting?	Hal. 463, 504
E.3.7	Does the company secretary play a significant role in supporting the board in discharging its responsibilities?	Hal. 583-587
E.3.8	Is the company secretary trained in legal, accountancy or company secretarial practices and has kept abreast on relevant developments?	Hal. 586
	Board Appointments and Re-Election	
E.3.9	Does the company disclose the criteria used in selecting new directors/commissioners?	Hal. 441-442, 487, 555-556
E.3.10	Did the company describe the process followed in appointing new directors/ commissioners?	Hal. 555-557

No.	Principles and Recommendations	Description
E.3.11	Are all directors/commissioners subject to re-election every 3 years; or 5 years for listed companies in countries whose legislation prescribes a term of 5 years ² each? ² The five years term must be required by legislation which pre-existed the introduction of the ASEAN Corporate Governance Scorecard in 2011	Hal. 441, 487
	Remuneration Matters	
E.3.12	Does the company disclose its remuneration (fees, allowances, benefit-in-kind and other emoluments) policy/practices (i.e. the use of short term and long term incentives and performance measures) for its executive directors and CEO?	Hal. 477-479, 522-524
E.3.13	Is there disclosure of the fee structure for non-executive directors/commissioners?	Hal. 479, 524
E.3.14	Do the shareholders or the Board of Directors approve the remuneration of the executive directors and/or the senior executives?	Hal. 478, 522-523
E.3.15	Does the company have measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interests of the company, such as claw back provision and deferred bonuses?	Hal. 523
	Internal Audit	
E.3.16	Does the company have a separate internal audit function?	Hal. 587-597
E.3.17	Is the head of internal audit identified or, if outsourced, is the name of the external firm disclosed?	Hal. 588
E.3.18	Does the appointment and removal of the internal auditor require the approval of the Audit Committee?	Hal. 588
	Risk Oversight	
E.3.19	Does the company establish a sound internal control procedures/risk management framework and periodically review the effectiveness of that framework? (As Rephrased by Indonesia)	Hal. 622-649
E.3.20	Does the Annual Report/Annual CG Report disclose that the board of directors/ commissioners has conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems?	Hal. 642, 649
E.3.21	Does the company disclose the key risks to which the company is materially exposed to (i.e. financial, operational including IT, nvironmental, social, economic)?	Hal. 634-640
E.3.22	Does the Annual Report/Annual CG Report contain a statement from the board of directors/commissioners or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems?	Hal. 544
E.4	People on the Board	
	Board Chairman	
E.4.1	Do different persons assume the roles of chairman and CEO?	Hal. 442, 488
E.4.2	Is the chairman an independent director/ commissioner?	Hal. 442
E.4.3	Is any of the directors a former CEO of the company in the past 2 years?	Hal. 96-101, 488

No.	Principles and Recommendations	Description
E.4.4	Are the role and responsibilities of the chairman disclosed?	Hal. 440, 489
	Lead Independent Director	
E.4.5	If the Chairman is not independent, has the Board appointed a Lead/Senior Independent Director and has his/her role been defined?	N/A (The Chairman is an Independent Commissioner)
	Skills and Competencies	
E.4.6	Does at least one non-executive director/ commissioner have prior working experience in the major sector that the company is operating in?	Hal. 445-451, 494-499
E.5	Board Performance	
	Directors Development	
E.5.1	Does the company have orientation programmes for new directors/ commissioners?	Hal. 442-443, 488-489
E.5.2	Does the company have a policy that encourages directors/commissioners to attend on-going or continuous professional education programmes?	Hal 473-477, 518-521 Website Bank Mandiri
	CEO/Executive Management Appointments and Performance	
E.5.3	Does the company disclose the process on how the board of directors/commissioners plans for the succession of the CEO/Managing Director/President and key management?	Hal. 555-557
E.5.4	Does the board of directors/commissioners conduct an annual performance assessment of the CEO/Managing Director/President?	Hal. 526-528
	Board Appraisal	
E.5.5	Did the company conduct an annual performance assessment of the board of directors/commissioners and disclose the criteria and process followed for the assessment?	Hal. 483-484, 526-528
	Director Appraisal	
E.5.6	Did the company conduct an annual performance assessment of the individual directors/commissioners and disclose the criteria and process followed for the assessment?	Hal. 483-484, Hal. 483-484, 526-528
	Committee Appraisal	
E.5.7	Did the company conduct an annual performance assessment of the board committees and disclose the criteria and process followed for the assessment?	Hal. 484
	Bonus	
(B)A.	Right of Shareholder	
(B)A.1	Right to participate effectively in and vote in general shareholders meeting and should be informed of the rules, including voting procedures, that govern general shareholders meeting.	
(B)A.1.1	Does the company allow the use of secure electronic voting in absentia at the general meetings of shareholders?	Hal. 425 Website Bank Mandiri
(B)B.	Equitable treatment of shareholders	
(B)B.1	Notice of AGM	

No.	Principles and Recommendations	Description
(B)B.1.1	Does the company release its notice of AGM (with detailed agendas and explanatory circulars), as announced to the Exchange, at least 28 days before the date of the meeting?	Hal 425 Website Bank Mandiri
(B)C.	Roles of Stakeholders	
(B)C.1.1	Does the company adopt an internationally recognized reporting framework for sustainability (i.e. GRI, Integrated Reporting, SASB)?	Sustainability Report
(B)D.	Disclosure and transparency	
(B)D.1.1	Are the audited annual financial report / statement released within 60 days from the financial year end?	The Jakarta Post (Bank Mandiri has published Financial Statement Year 2016 through the Print Media The Jakarta Post on February 15, 2017 (46 Days).
(B)D.1.2	Does the company disclose details of remuneration of the CEO?	Hal. 524
(B)E.	Responsibilities of the Board	
(B)E.1	Board Competencies and Diversity	
(B)E.1.1	Does the company have at least one female independent director/commissioner?	Hal. 445
(B)E.1.2	Does the company have a policy and disclose measurable objectives for implementing its board diversity and report on progress in achieving its objectives?	Hal. 445-451, 494-499, 740
(B)E.2	Board Structure	
(B)E.2.1	Does the Nominating Committee comprise entirely of independent directors/ commissioners?	Hal. 545-547
(B)E.2.2	Does the Nominating Committee undertake the process of identifying the quality of directors aligned with the company's strategic directions?	Hal. 545
(B)E.3	Board Appointments and Re-Election	
(B)E.3.1	Does the company use professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors/ commissioners?	Hal. 556
(B)E.4	Board Structure & Composition	
(B)E.4.1	Do independent non-executive directors/ commissioners make up more than 50% of the board of directors/commissioners for a company with independent chairman?	Hal. 445
(B)E.5	Risk Oversight	
(B)E.5.1	Does the board describe its governance process around IT issues including disruption, cyber security, disaster recovery, to ensure that all key risks are identified, managed and reported to the board?	Hal. 375-376, 646, 712, 505-517
(B)E.6	Board Performance	
(B)E.6.1	Does the company have a separate board level Risk Committee?	Hal. 557-568
	Penalty	
(P)A.	Rights of Shareholders	

No.	Principles and Recommendations	Description
(P)A.1	Basic Shareholder Rights	
(P)A.1.1	<i>Did the company fail or neglect to offer equal treatment for share repurchase to all shareholders?</i>	-
(P)A.2	Shareholders, including institutional shareholders, should be allowed to consult with each other on issues concerning their basic shareholder rights as defined in the Principles, subject to exceptions to prevent abuse.	
(P)A.2.1	<i>Is there evidence of barriers that prevent shareholders from communicating or consulting with other shareholders?</i>	-
(P)A.3	Right to participate effectively in and vote in general shareholders meeting and should be informed of the rules, including voting procedures, that govern general shareholders meeting.	
(P)A.3.1	<i>Did the company include any additional and unannounced agenda item into the notice of AGM/EGM?</i>	-
(P)A.3.2	<i>Did the Chairman of the Board, Audit Committee Chairman and CEO attend the most recent AGM?</i>	-
(P)A.4	Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership should be disclosed.	
(P)A.4.1	<i>Shareholders Agreement?</i>	-
(P)A.4.2	<i>Voting Cap?</i>	-
(P)A.4.3	<i>Mutiple Voting Rights?</i>	-
(P)A.5	Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership should be disclosed.	
(P)A.5.1	<i>Is a pyramid ownership structure and/or cross holding structure apparent?</i>	-
(P)B	Equitable Treatment of Shareholders	
(P)B.1	Insider trading and abusive self-dealing should be prohibited.	
(P)B.1.1	<i>Has there been any conviction of insider trading involving directors/commissioners, management and employees in the past three years?</i>	-
(P)B.2	Protecting minority shareholders from abusive action	
(P)B.2.1	<i>Has there been any cases of non compliance with the laws, rules and regulations pertaining to material related party transactions in the past three years?</i>	-
(P)B.2.2	<i>Were there any RPTs that can be classified as financial assistance (i.e not conducted at arms length) to entities other than wholly-owned subsidiary companies?</i>	-
(P)C	Role of Stakeholders	
(P)C.1	The rights of stakeholders that are established by law or through mutual agreements are to be respected.	
(P)C.1.1	<i>Have there been any violations of any laws pertaining to labour/employment/consumer/ insolvency/commercial/competition or environmental issues?</i>	-

No.	Principles and Recommendations	Description
(P)C.2	Where stakeholders participate in the corporate governance process, they should have access to relevant, sufficient and reliable information on a timely and regular basis.	
(P)C.2.1	<i>Has the company faced any sanctions by regulators for failure to make announcements within the requisite time period for material events?</i>	-
(P)D	Disclosure and Transparency	
(P)D.1	Sanctions from regulator on financial reports	
(P)D.1.1	<i>Did the company receive a "qualified opinion" in its external audit report?</i>	-
(P)D.1.2	<i>Did the company receive an "adverse opinion" in its external audit report?</i>	-
(P)D.1.3	<i>Did the company receive a "disclaimer opinion" in its external audit report?</i>	-
(P)D.1.4	<i>Has the company in the past year revised its financial statements for reasons other than changes in accounting policies?</i>	-
(P)E	Responsibilities of the Board	
(P)E.1	Compliance with listing rules, regulations and applicable laws	
(P)E.1.1	<i>Is there any evidence that the company has not complied with any listing rules and regulations over the past year apart from disclosure rules?</i>	-
(P)E.1.2	<i>Have there been any instances where non-executive directors/commissioner have resigned and raised any issues of governance-related concerns?</i>	-
(P)E.2	Board Structure	
(P)E.2.1	<i>Does the Company have any independent directors/commissioners who have served for more than nine years or two terms of five years each (whichever is higher) in the same capacity?</i> <i>1 The five years term must be required by legislation which pre-existed before the introduction of the ASEAN Corporate Governance Scorecard in 2011</i>	-
(P)E.2.2	<i>Did the company fail to identify who are the independent director(s)/commissioner(s)?</i>	-
(P)E.2.3	<i>Does the company have any independent directors/non-executive/commissioners who serve on a total of more than five boards of publicly-listed companies?</i>	-
(P)E.3	External Audit	
(P)E.3.1	<i>Is any of the directors or senior management a former employee or partner of the current external auditor (in the past 2 years)?</i>	-
(P)E.4	Board Structure and Composition	
(P)E.4.1	<i>Has the chairman been the company CEO in the last three years?</i>	-
(P)E.4.2	<i>Do independent non-executive directors/commissioners receive options, performance shares or bonuses?</i>	-

"A more detailed description of the implementation of Corporate Governance based on the ASEAN CG Scorecard parameter is listed on the Bank Mandiri Website."

Corporate Social Responsibility



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Bank Mandiri is committed to implementing the principles of sustainability that are able to create economic, social, and ecological values in the process of and at the stage of both policy making and decision making that can contribute to the success of the Company by still contributing to realization of the objectives of sustainable development

08

The Implementation of Sustainable Finance as Attempts to Undertake Bank Mandiri's Social Responsibility

Bank Mandiri adopts an integrative holistic philosophy that underlies the implementation of its corporate social responsibility (CSR) activities. Based on this philosophy, CSR activities undertaken by Bank Mandiri shall comply with the concept of sustainable development.

To realize sustainable development that is able to maintain economic stability and is inclusive in nature, it is necessary to adopt a national economic system that prioritizes harmony between economic, social, and environmental aspects. A financial system can help prevent the practices of funding or investments in business activities with excessive use of resources, which will lead to social inequality and, in turn, result in environmental degradation.

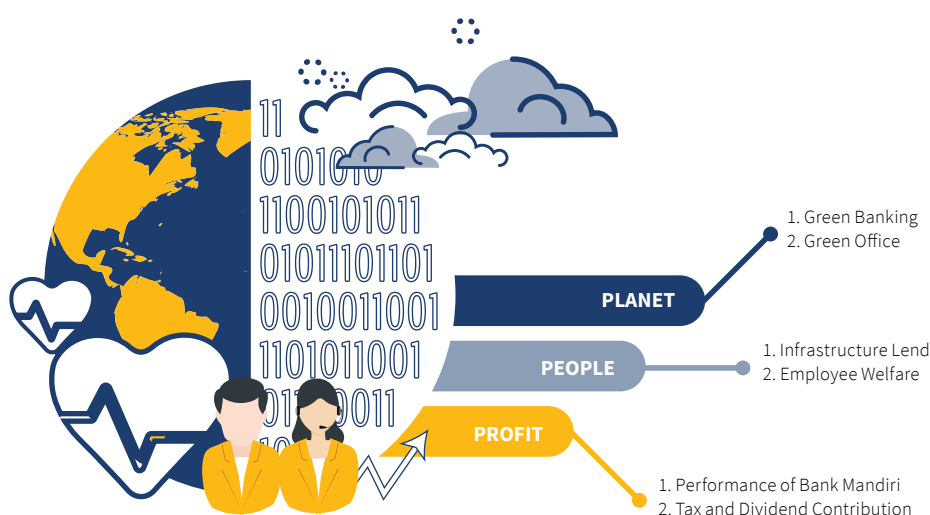
Bank Mandiri is committed to implementing the principles of sustainability that are able to create economic, social, and ecological values in the process of and at the stage of both policy making and decision making that can contribute to the success of the Company by still contributing to realization of the objectives of sustainable development. This sustainable development, among other things, aims to ensure the integrity of the environment and the safety, abilities, welfare, and quality of life of both the present generation and the future one.

The main objectives of the implementation of sustainable finance at Bank Mandiri are a) to provide the necessary funding sources to achieve the objectives of sustainable development and adequate climate change-related funding; b) to enhance the Company's resilience and competitiveness through better social and environmental risk management

by developing financial products and/or services that apply the principles of sustainable finance so as to contribute positively to the stability of the financial system; c) to reduce social inequality; reduce and prevent environmental degradation; maintain biodiversity; and promote efficient use of energy and natural resources; and d) to develop financial products and/or services that apply the principles of sustainable finance.

To this end, Bank Mandiri has formulated the so-called Sustainability Banking Principles, i.e. all the principles underlying the management of activities undertaken by Bank Mandiri in the following aspects: customer, business strategy, banking operations, risk management, human capital, and community development. Bank Mandiri views the Sustainable Banking Program as a continuing commitment to act in an ethical manner within the framework of responsibilities to customers, employees, shareholders, and the environment, and to contribute to the economic development of the local community or the wider community.

Bank Mandiri does not only focus and orientate itself towards excellent financial performance, but it is also able to build a business ethics-based corporate culture and social and environmental responsibilities known as the Triple Bottom Line.



In order to realize sustainable development and drive the national economy that prioritizes harmony between the economic, social, and environmental aspects, OJK (the Financial Services Authority) has issued provisions to encourage economic, social, and ecological values in each business policy and decision made, through POJK (the Regulation of the Financial Services Authority) No.51/POJK.03/2017 dated July 18, 2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies.

To begin such an initiative, on November 23, 2015, OJK has involved 8 (eight) banks representing 46% of the national banking assets to declare their commitment, becoming a pioneer in the field of sustainable banking. Such a commitment is set forth in a pilot project entitled “First Movers on Sustainable Banking” through the Expression of Interest and the MoU between each bank with WWF-Indonesia in early 2016 with the expected outcomes as follows:

1. To identify the banks’ current level of sustainable finance application;
2. To determine the banks’ targets in enhancing the integrity of sustainable finance;
3. To formulate and establish a sustainable financial policy framework at the corporate level; and
4. To improve and establish sectoral financing policies for the oil palm industry.

Bank Mandiri’s ‘First Movers on Sustainable Banking’ Project

Since February 2016 to May 2017, the 8 Banks had participated in a series of programs related to the Environmental, Social, and Governance integration organized by OJK in conjunction with WWF-Indonesia. The programs consisted of seminars, training/workshops, technical assistance of the Environmental, Social, and Governance framework, and development of policies relating to the oil palm industry. In addition, Bank Mandiri, in conjunction with WWF-Indonesia, also held an in-house workshop.

The implementation of the ‘First Movers’ project at Bank Mandiri was run by the groups Corporate Banking VI; Corporate Risk, Policy, and

Procedure; and Credit Risk Portfolio by:

1. Improving industry acceptance criteria by paying greater attention to social and environmental aspects, and organizing events to disseminate information about environmental management. These events to disseminate such information will be held on a sustainable basis;
2. Deciding anchor clients through a holistic assessment of the business potential, risk, and compliance with the policies, including environmental policies;
3. Requiring that debtors/ prospective debtors meet the aspects of legality along with documentation of the action plans/efforts to get the PROPER assessment of at least BLUE;
4. Performing the monitoring on desk periodically in relation to fulfillment of the covenant which has been established for both financial and non-financial ones;
5. Performing site visits periodically to debtors’ place;
6. Strengthening employee competencies through training in “sustainable financing” in conjunction with MUG and WWF-Indonesia; and
7. Strengthening relationships with customers through distribution of loans to customers by adopting the concept of sustainability in its project such as the funding of Biogas Power Plants.

Furthermore, First Movers in conjunction with OJK and WWF-Indonesia initiated the establishment of the sustainable financing-related discussion forum called Indonesia’s Sustainable Finance Initiative (ISFI) Forum aimed at laying down the common principles for the implementation of sustainable finance.

The implementation of sustainable banking was manifested in corporate social responsibility programs that were classified into 4 (four) aspects, namely corporate social responsibilities to the environment; corporate social responsibilities related to employment, and occupational health and safety; corporate social responsibilities related to social and community development; and corporate social responsibilities to customers.

Basic of the Implementation Corporate Social Responsibility



Bank Mandiri always strives to comply with any regulations and legislation and other applicable rules in Indonesia in the implementation of its CSR activities, which, among other things, include:

1. Regulation of the Financial Services Authority Number: 1/POJK.07/2013 concerning Consumer Protection in the Sector of Financial Services.
2. Regulation of the Minister of State-Owned Enterprises of the Republic of Indonesia Number: PER-02/MBU/7/2017 concerning the Second Amendment to the Regulation of the Minister of State-Owned Enterprises Number: PER-09/MBU/07/2015 concerning State-Owned Enterprises' Partnership and Environmental Development Programs.
3. Regulation of the Minister of State-Owned Enterprises of the Republic of Indonesia Number: PER-03/MBU/12/2016 concerning the Amendment to the Regulation of the Minister of State-Owned Enterprises Number: PER-09/MBU/07/2015 concerning State-Owned Enterprises' Partnership and Environmental Development Programs.
4. Regulation of the Minister of State-Owned Enterprises Number: PER-09/MBU/07/2015 concerning State-Owned Enterprises' Partnership and Environmental Development Programs.
5. Regulation of the Financial Services Authority Number: 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies.
6. Law of the Republic of Indonesia Number: 19 of 2003 concerning State-Owned Enterprises.
7. Regulation of the President of the Republic of Indonesia Number: 59 of 2017 concerning Implementation of the Achievement of Sustainable Development Objectives.
8. Regulation of the Financial Services Authority Number: 35/POJK.04/2014 concerning the Corporate Secretary of Issuers or Public Companies.

Corporate Social Responsibility Management Structure

Bank Mandiri's CSR programs in 2017 were undertaken by the Corporate Secretary Group under the supervision of the President Director with the following personnel composition:



Corporate Environmental and Social Responsibility (CESR) Program

CSR activities initiated by the Bank that are consistent with its vision and mission, i.e. sustainable and support the Bank's business in the long run. Strategic Programs are implemented by the Bank itself and/or in conjunction with stakeholders of the Bank.

Corporate Environmental and Social Responsibility (CESR) Non-Program

CSR activities undertaken in order to maintain good relations with stakeholders while considering the interests of the general public, and consistently so as to realize Sustainable Development Goals (SDG).

Environmental Development

CSR activities that include providing assistance through programs established and implemented by the Bank to program beneficiaries in an attempt to empower society' the social condition of the community.

Roles and Responsibilities of CSR Unit

The CSR Supervision Unit

This is a work unit that has the authority to terminate the CSR program, serves as a coordinator in the CSR implementation, and conducts evaluation of the Bank's CSR implementation. The function of the CSR Supervision Unit is performed by the Corporate Secretary Group.

The duties and obligations of the CSR Supervision Unit are:

- 1) To prepare bank-wide strategic CSR and CSR budget allocation;
- 2) To formulate provisions related to the CSR program;
- 3) To prepare the CSR Work Plan and Budget for approval:
 - CCSR shall be reported to the Board of Directors.
 - New allocation for distribution of the Environmental Development Program shall be reported to the General Meeting of Shareholders (GMS).
 - The use of the remaining balance of the Environmental Development Program from the appropriation of retained earnings in the previous year the BoC shall be reported to the Board of Commissioners.
- 4) To monitor and review realization of the CSR Work Plan and Budget;
- 5) To manage, administer, and prepare bank-wide CSR implementation reports;
- 6) To prepare and distribute bank-wide CSR implementation reports to the Community and the Ministry of State-Owned Enterprises (the Environmental Development Program) periodically pursuant to the prevailing regulations; and
- 7) To coordinate and evaluate bank-wide CSR realization.

The Unit in Charge of and Executing Corporate Environmental and Social Responsibilities, and Environmental Development

This is a work unit that initiates and implements the Bank's CCSR and Environmental Development programs in accordance with the decision of the holder of authority (the CSR Supervision Unit). The function of the Unit in Charge of and Executing CCSR and Environmental Development Programs is performed by the relevant work units of either the Head Office or the Regional Office.

Roles and responsibilities of CSR Unit in Charge of and Executing CCSR and Environmental Development Programs are:

- (1) To conduct management starting from the stages of application, analysis, activity and budget proposal, and administration to the stage of CCSR and Environmental Development activity reporting;
- (2) To monitor and evaluate CCSR and Environmental Development activities; and
- (3) To report reconciliation resulting from the bank-wide implementation of the CCSR and Environmental Development activities to the CSR Supervision Unit periodically.

Since 2015, Bank Mandiri no longer undertook any partnership programs because it remains performing an assessment to develop a better scheme for partnership program distribution. However, until now, the Company still manages the existing debtors, with a total of 10,496 debtors (18.61% of the total number of debtors in the partnership program) with the outstanding debt amounting to Rp101.31 billion.

Corporate Social Responsibilities to the Environment

Policies

As one of the manifestations for the implementation of sustainable finance, the Company already has several policies related to the environmental aspects, which include policies relating to the development of financial products/services and the ones relating to other environmental conservation attempts. In relation to products and services, the Company already has its own policies, which among other things include:

1. Bank Mandiri's Credit Policy (*Kebijakan Perkreditan* Bank Mandiri or KPBM), which prohibits financing for businesses or projects that endanger the environment;
2. Standard Credit Procedures (*Standar Prosedur Perkreditan* or SPK), which among other things specify:
 - a. The obligation of prospective debtors to submit the Environmental Impact Assessment (EIA) of the financing of the business/industry required or Environmental Management Effort - Environmental Monitoring Effort in accordance with the applicable laws and regulations, and
 - b. The obligation of prospective debtors to submit assessment results of *Program Penilaian Peringkat Kinerja Perusahaan Dalam Pengelolaan Lingkungan Hidup* (the Corporate Performance Rating Program in terms of Environmental Management) or PROPER issued by the Ministry of Environment.

The Company's other policies related to the management and protection of the environment are manifested in the form of appeals, notifications, and regulations of Bank Mandiri in order to minimize the impact arising from the Company's operations on the environment. The Company continues to run its operations efficiently in all of its Work Units, including all Divisions, Regional Offices, and Branch Offices.

Targets of the Activities

In offering credit, Bank Mandiri always adheres to the prevailing internal regulations and always strives to avoid approving credit for a project or business that obviously causes environmental degradation. Moreover, the Company always ensures that 100% of its debtors have met the EIA requirement and received the PROPER assessment of BLUE/GREEN/GOLD.

In relation to the implementation of sustainable finance, the Company has set the target to undertake all banking activities that support the sustainability of the Company's business, among others through the implementation of efficiency, as well as to implement CSR programs related to the betterment/improvement of the quality of life outside the Company.

Activities and their Impacts

Bank Mandiri's support for the preservation of the environment can be seen in each of its activities, whether the operations at the head office or its business activities, which among other things includes the following things.

Green Banking

Green Banking Activity Credit Approval Procedures



Increased understanding of employees in environmental analysis has been conducted in Bank Mandiri, both in in-house training and

external training. Bank Mandiri has attended training initiated by the Financial Services Authority and the ESDM Ministry regarding regular environmental analyzes conducted in several cities in Indonesia adapted to the characteristics of the prospective debtor industry. The results are then socialized to the credit team to apply in the credit approval process. In each proposal for credit proposal for corporate and commercial sectors has been discussed Environmental Impact Analysis (AMDAL) which became one of the requirements in the provisions of credit.

To distribute credit, Bank Mandiri focuses on environmentally friendly organizations such as those engaged in renewable energy, environmentally friendly transportation, and energy efficiency, and those adopting the concept of sustainability.

- Oil palm debtors with the ISPO certification; the debtor-related policies must have the ISPO certification;
- The EIA and PROPER policies for large corporate oil palm debtors;
- The percentage of companies with the PROPER assessment of GREEN and BLUE from the total credit granted; and
- Increased credit limit for Biogas Power Plants.

Another activity is the establishment of a partnership between Bank Mandiri and Agence Francaise de Developpement (AFD) worth US \$ 100 million to finance customer projects in the field of hydropower, biogas, and combined-cycle powerplant which is an environmentally friendly project.

Digital Banking



In addition, since the introduction of digital banking in Bank Mandiri's banking activities, the Company has made savings in relation to the use of paper in customer transactions at Branch Offices. The implementation of e-billing also further contributes to such savings.

Quantitative Impact Of The Green Banking Activity

The implementation of the 'green banking' concept in credit distribution as a form of support from Bank Mandiri in maintaining environmental preservation has several impacts, such as :

- All (100%) of the debtors have met the EIA requirement, where 84% of them obtain the PROPER assessment of BLUE/GREEN/GOLD. This will of course have a positive impact on the environment in the territory of the state of Indonesia on the rise of PROPER's predicate from various companies.
- From a total of 79 palm oil companies that become debtors of Bank Mandiri, 36 companies already obtain/ are in the process of obtaining the Indonesian Sustainable Palm Oil (ISPO) certification, and 24 companies already have the Roundtable Sustainable Palm Oil (RSPO) certification. The certificate reflects the company's role in preserving the environment. The more companies that have these certificates, it is expected that environmental conservation activities will increase.

Energy-Saving and Emission Reduction Activities

The 'Green Office' program constitutes a real contribution to environmental management around the Head Office in support of environmentally friendly office management. In its implementation, the office management along with all of its employees strives to implement various savings programs such as paper-, energy-, and water-saving programs through dissemination of information and recommendations. These programs can provide real benefits such as reducing operational costs, improving efficiency, and enhancing the image of Bank Mandiri. The events and activities in support of the creation of Green Office are undertaken by involving the use of materials and energy consumption.

Bank Mandiri divides into several categories the use of materials for business purposes based on the scope of office needs and the materials necessary for other operations. Discussion regarding the disclosure of materials used at the office in this CSR report concerns the use of paper and fuel. The issue of efficient use of paper has been a matter of urgency done by Bank Mandiri in the last few years given

the negative impact as a result of massive logging and waste from the massive paper production process, in the forms of liquids, gaseous and solids. Various initiatives have been taken by Bank Mandiri to reduce paper consumption, such as supporting paperless documentation, using email as a medium to disseminate information across the Company, using used paper or recycled one, and using the 'two-sided print' setting when printing any documents deemed less important.

The head office of Bank Mandiri in Jakarta adopts the 'green building' concept by combining environmentally friendly and energy-saving features. The features that can be found in Bank Mandiri's office buildings include waste treatment facilities, a parking lot for cyclists, and a fairly large green space. In addition, Bank Mandiri's operations are also integrated in one location, thus creating a better synergy among its work units. The concept of an environmentally friendly building is implemented among other things through the use of glass in some parts of the building wall of Bank Mandiri's Head Office. This aims to minimize the use of electricity across the building through optimal use of sunlight, thus minimizing the use of lamps.

Throughout 2017, Bank Mandiri took the initiative to save on electricity by replacing ordinary lamps with LED lamps, replacing air conditioners with environmentally friendly materials, installing timers, and minimizing excessive use of electricity in all work units of Bank Mandiri's offices. Consistent with attempts to save on electricity, Bank Mandiri also makes efficient use of water. This commitment can be seen from its commitment to stop using ground water since 2013.

The 'green building' initiative is already underway in the area of Mandiri University. According to plan, there are a total of 15 towers to be built with an estimated saving in electricity consumption of about 20%. These buildings are in the process of obtaining the silver green building certificate.

Bank Mandiri always strives to realize environmentally friendly business operations, among other things through a saving in water consumption. To show its concern for the issue of scarcity of clean water in several areas in Indonesia, even across the globe, Bank Mandiri has called on all of its employees to use water wisely by putting up a board saying "Please Use Water As Efficiently As Possible." in toilets, mosques, and some other office areas.

Quantitative Impact of the Energy-Saving and Emission Reduction Activities

Throughout 2017, the Company has made a saving in electricity consumption by 394,758 KWh or 1.16% compared to the previous year. Likewise, in terms of the volume of water consumption from the public utility 'PDAM', there is a decrease by 23,644 m³ or by 10.09%. Such a decrease in the volume of water consumption from PDAM took place as the Company prefers using water from water recycle. The volume of water from water recycle used increases by 18,136 m³ or equal to 33.33%.



Table Describing the Volume of Electricity and Water Consumption

Description	2017	2016	2015
Table Describing The Volume of Electricity (m ³)			
Electric Energy	33,581,522	33,976,280	33,502,080
Table Describing The Volume of Water (m ³)			
Water Volume from PDAM	210,556	234,200	190,183
Water Volume from Water Recycle	72,554	54,418	66,278
Total Water Consumption	283,110	288,618	256,461

Data on the allocation of water consumption at Bank Mandiri's Head Office during 2016 to 2017 are presented in the following table.

Table of Water Consumption

Water Consumption Portion (m ³)			
Description	2017	2016	2015
Cooling tower	73,806	54,148	97,795
Park	7,300	5,100	11,208
Toilet	97,123	160,018	136,043
Food court	10,546	13,200	10,464
Mosque	94,335	55,882	951
Total Water Consumption	283,110	288,618	256,461





Environmental Management and Sewage Treatment Activities

In addition to the above-mentioned measures, the Company also has a sewage treatment plan run on its own, thus reducing the costs of environmental management. This sewage treatment is carried out by the building management and it manages to recycle it into ready-to-drink water (reverse osmosis/RO) that already obtains a 'halal' label. With this initiative, this water can be used for cooling machines and to water the park.

Quantitative Impact of the Environmental Management and Waste Treatment Activities

Through this sewage treatment plan, the Company has made a saving in the environmental management costs by Rp2,000/m³.

The Activity Of Using Environmentally Friendly Materials

Since 2012 Bank Mandiri has implemented water recycle technology at Plaza Mandiri Building. The water that has been recycled is used to meet water needs of cooling towers and the park around Plaza Mandiri Building. In addition, the Company also maximizes 30% of the green open space around Plaza Mandiri Building by creating a park with an area of 13,000 m² of the total area by 39,000 m².

Quantitative Impact Of Using Environmentally Friendly Materials

Utilization of green open areas has had an impact on the preservation of the environment. The leaves that fall from the park are processed into compost by the building manager. Then the compost is used for garden fertilizer so it saves the cost of purchasing fertilizer. Building managers also make biopori which has now reached 60 holes and managed to save rain water and become a recharge area.

Activities Incorporated in the Social and Environmental Responsibility Program (TJSL)

Muara Gembong Social Forestry Project

The project, implemented in 2017, is a form of the Company's support for the Work Program of the Ministry of Environment and Forestry. The project agenda is carried out in the form of mangrove tree planting and revitalization of the community ponds in Muara Gembong area with total area of 11,000 Ha. The project will be implemented in two stages with a total land area of 80,9 Ha pilot project and a total of 38 beneficiaries.

The Muara Gembong social forestry project is based on the number of state land occupied by smallholders (about 12 million hectares), but the cultivation process does not pay attention to the balance of nature and environment, even there are some land that is leased or bought and sold.

The form of social forestry project program will be implemented through a sustainable forest management system implemented within state forest areas of Perhutani and will be implemented by the community in the form of Forest Utilization Permit. The commodities to be developed in the tambak revitalization project include vaname shrimp, milkfish and seaweed.

Several activities related to social forestry projects and the revitalization of community ponds are as follows:

- Improvement of land along with irrigation channels;
- Saung rearing for feed storage, seeds, crops and others;
- Road hardening along the embankment of the pond;
- Creation of a water rabbit for each pond of total semi-intensive technology;
- Provision of fish feeding equipment / automatic shrimp (e-Fishery);
- Installation of electricity to the pond;
- Installation of 5 submersible water pumps;
- Provision of cool boxes for fish harvest or temporary shrimp; and
- Installation of freshwater drill made in each pond.

Impact of Activity Incorporated in the Social and Environmental Responsibility Program (TJSL)

The Company hopes that through the implementation of this program will have an impact on economic equity by more systematic and intensive forest management, but still based on the interests of community economic development and economic improvement of the local community so as to improve the living standard.

Certifications in The Environmental Sector

Until 2017, Bank Mandiri has no environment-related certifications.

Corporate Social Responsibilities Related to Employment, and Occupational Health and Safety

Policies

Human resources are an asset for Bank Mandiri, therefore the interests of its employees are the main priority that must be met. Bank Mandiri has a policy to provide equal treatment for all employees in terms of job opportunities, remuneration, and training and development.

Bank Mandiri also has a policy to provide a safe and comfortable work environment. The internal policy on Occupational Safety and Health (OSH) specified in several company documents, such as:

- Standard Operating Guidelines for Business Continuity Management (BCM)
These are guidelines to prepare Bank Mandiri to deal with and protect itself against potential catastrophic financial and non-financial losses as a result of disasters. These standard operating guidelines, among others, set out potential risks that may occur in Bank Mandiri, the causes, and ways to deal with them. These standard operating guidelines take effect as of June 8, 2017.
- Operating Technical Guidelines for the Emergency Response Plan (ERP)
These guidelines are one of the BCM components that serve as guidelines to safeguard security and safety of all employees, customers, and third parties in the event of disruption/disasters, including rescue of important data and assets of the Bank. ERP procedures focus on measures to protect and save lives. These operating technical guidelines take effect as of September 4, 2013.

In addition, in an effort to minimize the risks to work safety at Bank Mandiri, the Operating Technical Guidelines for the Emergency Response Plan (ERP) has been developed which are one of the Business Continuity Management (BCM) components that serve as guidelines to safeguard security and safety of all employees, customers, and third parties in the event of disruption/disasters around Bank Mandiri's work environment, including the rescue of the Bank's important data and assets.

Targets of the Activities

In relation to the employment, and occupational health and safety practices for employees throughout 2017, Bank Mandiri has established several targets to be achieved, which include:

- ensuring employee welfare in accordance with applicable regulations and as set forth in the Collective Labor Agreement;
- ensuring gender equality in terms of work opportunity as well as equal opportunities to attend training for all employees;
- improving the healthcare facilities scheme for employees and creating a decent and secure workplace for all employees of the Company.



Activities and their Impact

Employment-Related Activities



Gender Equality in Terms of Work Opportunity

In recruiting employees, Bank Mandiri always gives equal rights and opportunities to all people regardless of religion, ethnicity, race, social status, color, gender, and other physical conditions. Likewise, in the appointment of a prospective employee, Bank Mandiri does not practice discrimination for any reason as it makes a decision based on selection results and evaluation in the course of probation, and employee orientation.

Equal Opportunities to Participate in Education and Training Programs

In order to improve employees' skills and capacity, Bank Mandiri continuously organizes several methods of education and training programs to support the Company's operations. Bank Mandiri guarantees that every employee has an equal opportunity to participate in any education and training programs organized in accordance with the Company's development needs and plans. Further details of the Training and Education Programs held throughout 2017 can be seen in the Chapter on Company Profile in this Annual Report.

Hiring Local Labor

The Company always strives to implement employment-related practices in accordance with the applicable regulations. In addition to the practices of gender equality in relation to work opportunities, the Company always hire local labor as well as a key resource in all of its operations and banking activities. Until 2017, the number of employees of Bank Mandiri reached a total of 38,307 employees with only 1 foreign employee.

Remuneration

Bank Mandiri always complies with all applicable regulations governing employee remuneration. The amount of remuneration given has been adjusted to the prevailing provisions and is higher than the Minimum Wage applicable to the operational areas of Bank Mandiri. In relation to remuneration, Bank Mandiri always strives to minimize the gap in the salary ratio of one employee to another employee.

The following table describes the ratio of the highest salary to the lowest one in Bank Mandiri during 2017.

Table Describing the Ratio of the Highest Salary to the Lowest One

Description	Ratio
The Highest Employee Salary to the Lowest Employee Salary	47,78 : 1
The Highest Director Salary to the Lowest Director Salary	1,1 : 1
The Highest Commissioner Salary to the Lowest Commissioner Salary	1,1 : 1
The Highest Director Salary to the Highest Employee Salary	1,7 : 1

Employee Welfare Activities

Bank Mandiri always pays attention to the welfare of all employees in order that they can create synergy between one another so as to generate optimal work performance. The employee welfare improvement programs are provided in the form of either means or non-means. The first refers to a welfare program that directly relates to the achievement of an employee and the compensation given may be in the form of transportation allowance, food allowance, pension, religious holiday allowance, position allowance, bonus, tuition fee, healthcare allowance, uniform, paid leave, and death allowance.

As for the latter, this program refers to an employee welfare program implemented through the provision of facilities and services to all employees of Bank Mandiri without discrimination. Examples of such a program that are already underway at Bank Mandiri include a special program for nursing female employees, i.e. by providing them with a clean and comfortable lactation room equipped with various facilities to meet their needs, which can be found both at the Head Office and Regional/ Branch Offices. In addition to building a lactation room, Bank Mandiri also provides facilities to employees who already have children by opening a Daycare (TPA) called Mandiri Day Care located at Plaza Mandiri Basement 1 which opens every work day from 07.30 to 17.30 Western Indonesia Time (except on weekends and national holidays). Bank Mandiri through the Human Capital Engagement group also undertakes activities aimed at maintaining employee engagement levels on a regular basis, such as Happy Hours.



Employment-Related Complaint Submission Mechanism

As a manifestation of the Company's compliance with the prevailing regulations, one of which is the Law No. 13 of 2003 concerning Employment, Bank Mandiri has developed an employment-related complaint submission mechanism. This mechanism is applied in several forms such as drawing up a Collective Labor Agreement; establishing labor unions, a Bipartite Cooperation Institution between the Company and its employees; and providing a forum where employees can make a work-related complaint.

Freedom of Association

Bank Mandiri believes that the success of the Company's business activities can be achieved one of them with the existence of work practices that can accommodate the rights of employees in the form of Union Employees. In addition, of course, can be achieved through the implementation of competency-based human resources system in every HR function activity. Bank Mandiri Employees Union is a union formed to establish good relationships between employees and management of Bank Mandiri, resulting in a harmonious industrial relations. SPBM was established in 2000 and has been registered with the Ministry of Manpower and Transmigration of the Republic of Indonesia No. KEP.804/M/BW/2000 and registered at the Ministry of Manpower and Transmigration No.45/V/P/V/ 2001. SPBM is domiciled and headquartered in Jakarta, with the 12th floor of Plaza Mandiri, Jalan Jend. Gatot Soebroto Kav.36-38 Jakarta Selatan. SPBM and Bank Mandiri have held Collective Work Agreement (PKB), PKB is currently valid is the PKB-7 period 2017-2019 and has been registered and received approval from the Ministry of Manpower No. KEP.198 / PHIJSK.PK / PKB / XII / 2017 dated December 11, 2017.

Impact of the Employment-Related Activity

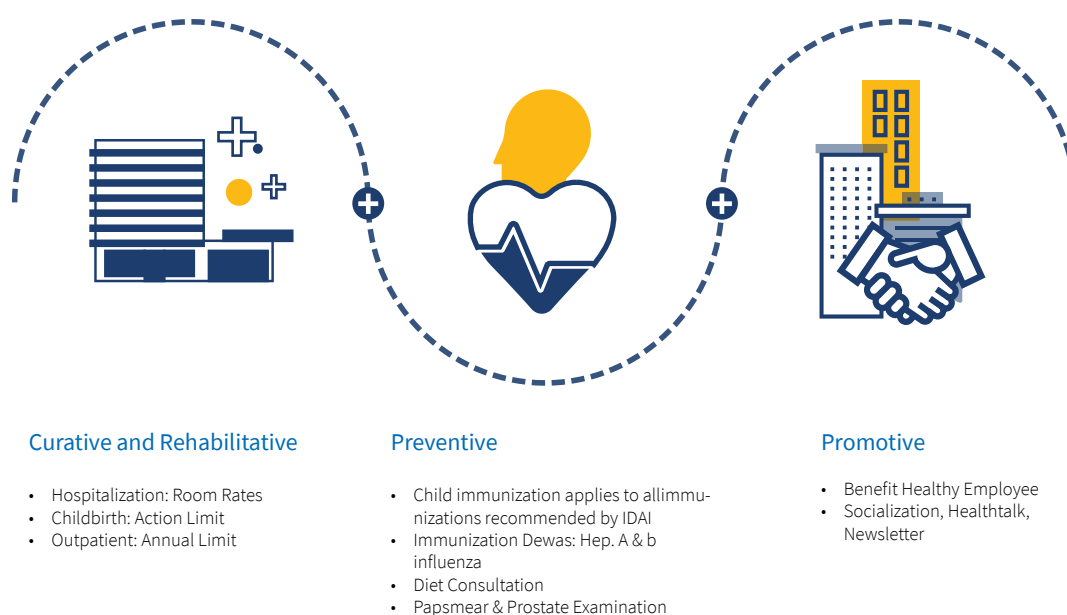
Bank Mandiri views that a conducive work environment can reduce the Company's turnover rate. In 2017, the employee turnover rate was equal to 5.92%, higher than that in the previous year. Nevertheless, this figure does not exceed at the average level of the banking industry. Moreover, to determine the employee engagement level, the Company has conducted a survey in 2016 which generated a percentage by 73.7%. This is the highest percentage (platinum category) ever generated in employee engagement surveys. Based on the survey result, Bank Mandiri received 2 (two) awards, namely Platinum and Best of the best Award Winner at the Indonesia Employee Engagement Award 2016.

The Activity of Providing Healthcare Facilities

Health is an essential element for everyone's life. Each individual is expected to maintain his/her health by implementing a healthy lifestyle as early as possible. In connection with this matter, the Bank also pays attention to the health of its employees by providing them and their family members with healthcare facilities. To improve welfare and enhance motivation of the employees, the extent to which these facilities are deemed beneficial are reviewed continuously for the betterment of such facilities.

Measures to improve those healthcare facilities are undertaken by considering results of the benchmarking of several banks and availability of the budget allocated for healthcare (the Bank's ability). The implementation of changes to these healthcare facilities aims to ensure that the program to provide Bank Mandiri's employees with

healthcare facilities is consistent with market developments, and that such a program can be run more effectively to make it easier to review it in an attempt to improve employee welfare and maintain competitiveness. In 2017, improvement was made to those healthcare facilities through the establishment of new programs as shown in the following figure:



Quantitative Impact of the Activity of Providing Healthcare Facilities

The Company's program of providing healthcare facilities aims to improve welfare and motivate employees, which eventually will affect their performance.

Good management of healthcare facilities performed by the Company during 2017 has affected performance of Bank Mandiri's employees. In 2017, productivity of the Company's employees was equal to Rp16,261.05 million per employee or increased by 12.73% from that in 2016 which was only Rp14,425.14 million per employee.

Occupational Safety Activities

Bank Mandiri always strives to create a decent and safe work environment for all of its employees. To this end, the Company has developed the so-called the Operating Technical Guidelines for the Emergency Response Plan (ERP) as guidelines to safeguard security and safety of all employees around Bank Mandiri's work environment. These ERP procedures focus on on readiness of building safety equipment and facilities, readiness to do rescue attempts, and training for employees and the ERP team. Some of the activities undertaken include the following:

1. Performing inspection/examination of fire protection equipment of the building on a regular basis to ensure that the fire protection equipment can function well. The inspection of fire extinguishers is done by security officers once a month while the inspection of the fire fighting system and the fire alarm system is done by the building management together with the Fire Department once a year.



2. Performing standardization of specifications and placement of building safety equipment and evacuation routes and including this information in the standard manual for office building renovation prepared together with the planning consultant and shall be reviewed once a year or as necessary.
3. Delivering emergency information to employees, guests, and the Emergency Response Team of the Building by putting up posters illustrating evacuation measures in an emergency in the event of fire or earthquakes, playing videos describing procedures that apply in the event of an emergency via televisions installed inside the building, conducting safety briefing before organizing a particular activity, and disseminating information about the function and role of the Emergency Response Team once a year by inviting speakers from the Fire Department.

The following table presents information about the employee safety-related activities.

Activity	Frequency	Participant
Distribution of Information about Emergency Situations	Once a Year	Employees appointed as part of the Emergency Response Team
Simulation of Evacuation in Emergency Situations	Once a Year	All employees/guests and other building occupants
Fire Fighting Training	Once a Year	Employees appointed as part of the Emergency Response Team
Emergency Response Team Training	Once a Year	Emergency Response Team (ERT)

Table Presenting Information about the Execution of Events to Distribute Information about Emergency Situations in the Building

Office Building Location	Information Distributed	Held on	Participant
Plaza Mandiri	Fire Safety Management	Oct 31, 2017	Employees and the Emergency Response Team of the Building
Menara Mandiri Jakarta		Nov 29, 2017	
Sentra Mandiri		Oct 19, 2017	
Wisma Mandiri II	Functions and Roles of the Building's Fire Fighting Team	Nov 24, 2017	RCO Employees and the Emergency Response Team
Menara Mandiri Palembang	How to Use Fire Extinguishers	July 5, 2017	
Gedung Training R. Soeprapto – Region IX Banjarmasin	How to Use Fire Extinguishers, Evacuation Techniques	July 8, 2017	

4. Conducting training in emergency response preparedness to building occupants and the building's Emergency Response Team, including training in fire fighting and basic first aid, training of first responders (search and rescue) minimally once a year

Table Presenting Information about the Execution of Training for the Emergency Response Team

Training	Location/Venue	Held on	Participant
Fire Fighting Training	Plaza Mandiri	Nov 18, 2017	Employees and the Emergency Response Team of the Building
	Sentra Mandiri	Oct 19, 2017	
	Wisma Mandiri II	Nov 24, 2017	
	Manara Mandiri Palembang	July 25, 2017	RCO Employees and the Emergency Response Team
	Gedung Training R. Soeprapto – Region IX Banjarmasin	July 8, 2017	
Basic Rescue Training	RS. Persahabatan	4 Batches	The Emergency Response Team of Region IV – Jakarta Thamrin

5. Conducting simulation of emergency evacuation in the event of fire in the building to building occupants to measure the preparedness of the Emergency Response Team and how long it takes to do evacuation from the building site to the gathering point. This simulation is done once a year and attended by representatives of the Fire Department.

Table Presenting Information about the Execution of Simulation of Emergency Evacuation in the Event of Fire in the Building

Location/Venue	Held on	Participant
Menara Mandiri Palembang	July 25, 2017	Employees and the Emergency Response Team of the Building
Wisma Mandiri II	November 24, 2017	
Menara Mandiri Sudirman	December 15, 2017	
Sentra Mandiri	December 08, 2017	
Plaza Mandiri	December 22, 2017	
Gedung Training R. Soeprapto – Region IX Banjarmasin	July 8, 2017	RCO Employees and the Emergency Response Team

In addition to the implementation of ERP Procedures, Bank Mandiri also enrol all its employees as participants of Jamsostek (employee social security) through BPJS Ketenagakerjaan for programs Jaminan Hari Tua (JHT), Jaminan Kecelakaan Kerja (JKK), and Jaminan Kematian (JK), while for employees who carry out activities of Escorting and Transporting Money and Valuables, the Company has enrolled them in the Life Insurance program.

Quantitative Impact of the Occupational Safety Activities

Throughout 2017, Bank Mandiri did not record any occupational accidents (zero accident) in the course of the Company's operations both at the Head Office and at Branch/Regional Offices. This indicates that all operations have been carried out in accordance with prevailing occupational safety procedures and standards.

Certification

Bank Mandiri has obtained several certifications to ensure occupational safety of its employees, namely:

<p>Type of Certification: BS OHSAS 18001:2007 - General Construction and Maintenance Services of Civil Engineering Works, Buildings, Roads, Bridges, and Irrigation</p> <p>Valid from: June 17, 2016 to July 23, 2018</p> <p>Issued by: NQA</p>	<p>Type of Certification: BS EN ISO 9001:2008 - General Construction and Maintenance Services of Civil Engineering Works, Buildings, Roads, Bridges, and Irrigation</p> <p>Validasi from: May 15, 2016 to July 14, 2018</p> <p>Issued by: NQA</p>
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Corporate Social Responsibilities Related to Social and Community Development

Corporate social responsibilities related to social and community development constitute translation of one of the Bank's missions, namely concern for the interests of society and the environment, as the Company's contribution to improvement of public welfare. The Bank's corporate social responsibilities are classified into 2 (two) categories, namely Corporate Environmental and Social Responsibilities (CESR) and Environmental Development Program.

Policies

In undertaking its corporate social responsibilities related to social and community development, Bank Mandiri always complies with the Regulation of the Minister of State-Owned Enterprises of the Republic of Indonesia Number: PER-02/MBU/7/2017 concerning the Second Amendment to the Regulation of the Minister of State-Owned Enterprises Number: PER-09/MBU/07/2015 concerning State-Owned Enterprises' Partnership and Environmental Development Programs. In addition, Bank Mandiri's internal policies relating to responsibilities for social and community development have been regulated and stipulated in the PKBL Standards and Procedures specifying the execution of the Partnership Program, the Environmental Development Program and the Procurement Standards of Goods and Services related to the PKBL Program effective from August 01, 2011. Currently, the Company is reviewing those PKBL Standards and Procedures.

Targets of the Activities

As part of the community, Bank Mandiri constantly make adjustments to its existence and business activity amidst the community. Therefore, Bank Mandiri is committed to continuously running community development and empowerment programs in order to generate an independent and prosperous community.

Activities and their Impact

In 2017, Bank Mandiri has run several programs and activities related to the social aspects and the community, including:

Entrepreneurship Education and Self-Sufficiency Programs

The Entrepreneurship Education and Self-Sufficiency Programs serve as the basis for generating self-reliant and highly competitive young leaders in the face of all the challenges in the increasingly fierce global competition among future generations. To execute these programs, Bank Mandiri already has several strategic programs, among others, as follows:

Wirausaha Muda Mandiri (WMM)

As a manifestation of Bank Mandiri's consistency towards the development of micro, small, and medium enterprises which constitute one of the pillars of the national economy, Bank Mandiri has been organizing a program called Wirausaha Muda Mandiri (Mandiri's Young Entrepreneurs) since 2007 in an attempt to undertake one of its corporate social responsibilities (CSR). The WMM program aims to prepare and generate young Indonesian entrepreneurs who are tough and professional, especially among college students in order that once they have graduated, it is expected that they do not only apply for a job, but they also can provide employment. The WMM program has 5 (five) lines of business, namely Industrial Trade and Services, Creative, Culinary, Social, and Technology. Until 2017, the Company has developed several innovations in the WMM program, among others:

- a. Workshops on Entrepreneurship
This activity aims to inspire and offer new perspectives to Indonesian young generation, especially prospective entrepreneurs and start-up entrepreneurs about the business world and global trends. This activity invites various speakers from Indonesia and overseas every year and more than 3,000 young people ready to pursue their dream of becoming successful entrepreneurs in the future has attended this event.



b. Entrepreneurship Coaching

1) Digital Coaching

Digital Coaching lasted for 6 months, i.e. from August 2016 and ended on the Demo day, i.e. on February 27, 2017. In the course of the period of digital coaching, participants were trained twice a month in a one-on-one mentoring session where they were given opportunities to reveal the constraints and problems they faced in the establishment of their start-up and product. In addition, they also received explanation about a particular field from professional speakers in the thematic mentoring session. They also had an opportunity to expand their network in the activation event (networking night) held once a month, where they could meet those engaging in the digital business.

As for the materials given to the participants in digital coaching, they included Problem Solutions, Product Market-Fit, and Scalable Growth Engine, which were divided into 4 phases, namely Customer Validation, Product Validation, Business Model Validation, and Follow on Funding, Access to Market, Pitching, and Demo Day Business Model Validation.

2) Non-Digital Coaching

Non-Digital Coaching lasted for 6 (six) months, i.e. from August 2016 and ended on the Demo day, i.e. on February 29, 2017. Within 6 months of coaching, given that participants scattered across Indonesia, this coaching was held every week via

webinar. In addition to coaching through webinar, there was a (face-to-face) meeting between the coach and participants as well. Participants also had an opportunity to exchange opinions during the mini-group coaching session, where they revealed problems encountered in running their business and coaches assisted them to solve their business-related problems and gave them suggestions for the development of their business.

The materials provided to the participants of Non-Digital Coaching 2016 included financial management, HR management, steps to improve sales, tricks to improve customer databases, managing a warehouse or storing for goods coming in and out, and how provide service to customers and maintain customer loyalty.

3) Special Coaching

Special coaching was held to facilitate development of WMM winners' products in order that their products can be used by the public and generate profits. This coaching program is tailored to the business category of each coaching participant. Likewise, the presenters of each of these special coaching programs were practitioners in their respective field and were recommended by the participants themselves to be their

coaches. In addition to special coaching, participants also had an opportunity to visit large companies (company visits) to gain insight into the business world, attended conferences or high-level meetings to expand their network, and got wider market access. During the company visit program, participants visited, among other things, Google Office in Jakarta, Gojek, and Net TV.

c. Wirusaha Mandiri Forum

The Wirusaha Muda Mandiri Forum was established in 2014 as one of the innovations in the WMM program. This organization founded on the basis of the joint initiative between Bank Mandiri and WMM alumni provides various benefits for its members, starting from opportunities to join a business visit to national companies, attend an entrepreneurial class, to build a network with fellow young entrepreneurs from all over Indonesia. This forum aims to accommodate the aspirations and support young entrepreneurs who are members of the WMM program and spread the entrepreneurial spirit among Indonesian young generations. In the long term, this organization is expected to have multiplier effects on the WMM program to spread the entrepreneurship spirit among Indonesian young generations.

d. Mandiri Inkubator Bisnis (MIB)

In order to create a supporting ecosystem for start-up business, Bank Mandiri launched a program called Mandiri Inkubator Bisnis (Mandiri as a business incubator) in 2015. This MIB program is designed to provide sustainable coaching and is supported by the so-called co-working space. Due to its concern for the development of young entrepreneurs with great potential to run a major company and as a result of developments in the 'business incubator' concept as one of the solutions to accelerate the growth of start-up business globally, the MIB program continues to be developed as a support system for alumni of the WMM program and other great young entrepreneurs.

Mandiri Sahabatku

Since 2011, Bank Mandiri has continued to demonstrate its commitment to boost the entrepreneurial skills and abilities of Indonesian Migrant Workers overseas through an entrepreneurial education program called Mandiri Sahabatku. In Indonesia, this program is also supported by business skill training and apprenticeship programs held in conjunction with foster fathers/mothers running business such as beauty salons, meatball shops, chicken noodle shops, and chip stores through a program called Dadi Majikan (becoming an employer). Until 2017, the Mandiri Sahabatku Program has been implemented in several destination countries where Indonesian

Migrant Workers work such as Hong Kong, Malaysia, South Korea, and Japan and it has produced more than 11,000 alumni.

Coding Mum

Since 2016, Bank Mandiri in conjunction with Bekraf has launched Coding Mum as one of Mandiri Sahabatku's training programs. This program has been carried out in 6 cities with the number of alumni reaching more than 120 people and currently, 80% of Coding Mum participants have become web developers.



Mandiri Mengajar

The program Mandiri Mengajar (Mandiri teaches) began in 2009 and is held every year. Mandiri Edukasi is MPP's flagship program organized through teaching and learning activities at schools (elementary schools, junior high schools, and senior high schools) and universities with a view to enriching students' knowledge especially related to banking, entrepreneurship, and leadership. In 2017, the Mandiri Mengajar program was integrated the Mandiri Volunteer program, i.e. during the execution of the program to distribute social aid to remote areas. The Mandiri Mengajar program conducts financial inclusion or dissemination of information about banking through instructional activities at elementary schools under the theme of "Ayo Gemar Menabung and Giat Belajar" (let's get yourself accustomed to saving up your money and studying diligently). Until 2017, more than 25,000 students and 4,500 college students from all over Indonesia have participated in this Mandiri Mengajar program.

Impact of the Entrepreneurship Education and Self-Sufficiency Programs

As one of the national banks that consistently run special programs focusing on entrepreneurship education and self-sufficiency, Bank Mandiri expects to continue to generate a great number of new entrepreneurs so as to provide employment. The entrepreneurship programs run by the Company have contributed to an increase in the turnover of participants of these programs and, in a broader sense, the entrepreneurship education and self-sufficiency programs have improved the financial independence of the Indonesian community.



Financial Inclusion Program

Agent of Branchless Banking

Bank Mandiri has implemented the Laku Pandai program at national level as of July 13, 2016 in support of the implementation of the Non-Office Financial Service in the Framework of Inclusive Finance or LAKUPANDAI in accordance with POJK No.: 19/POJK.03/2014 and SEOJK No.: 6/SEOJK.03/2015. This activity constitutes one of the efforts of Bank Mandiri to improve access to banking services of the unbanked population both in urban and rural areas and in an attempt to implement the financial inclusion program.

In support of such a program, Bank Mandiri continuously strives to increase the number and distribution of Branchless Banking Agencies (LAKUPANDAI agents) all over Indonesia, especially for areas without any Bank Mandiri branch offices. In addition, since July 2016, Bank Mandiri has created a product with a brand name Mandiri Simpanan Makmur (SIMAKMUR) to support the LAKUPANDAI initiative, primarily in the form of a Basic Saving Account (BSA) product. SIMAKMUR is a savings account in rupiah intended for individuals who have never opened up an account at Bank Mandiri and this program is organized in accordance with the applicable terms and conditions.

As of December 31, 2017, the number of Branchless Banking agents of Bank Mandiri increased by 75.57% from a total of 19,162 agents in 2016 to 33,643 agents in 2017. As for SIMAKMUR savings, as of December 31, 2017, there were a total of 2,054,801 accounts, consisting of 2,047,495 social aid accounts (Tabnas-P) and 7,306 social aid accounts (TABBB) with a balance amounting to Rp334.288.819.419. It is expected that every year, the number of customers and the balance of SIMAKMUR savings accounts can continue to grow and reach all layers of society so as to improve the Indonesian financial inclusion index.

Kriya Mandiri Contact Center

As one of the manifestations of the financial inclusion program to the disabled, Bank Mandiri organizes a special apprenticeship program for the disabled called “Kriya Mandiri Contact Center”. This is a program of integrated apprenticeship at Bank Mandiri for the disabled with a minimum education of high school graduates to get to know the world of work and acquire skills, especially to be a skillful and ready-to-work contact center. In this program, participants will participate in a comprehensive basic Kriya Mandiri Contact Center Program for one year in accordance with the syllabus and curriculum that have been applied.

Impact of the Financial Inclusion Program

Through the financial inclusion program, the Company expects to enrich public insights, especially into banking services and other products of the financial services industry to maximize realization of the financial objectives on an ongoing basis.

Corporate Environmental and Social Responsibility (CESR) and Environmental Development Programs

In addition to entrepreneurship and financial inclusion programs, Bank Mandiri also distributed other forms of social aid to stakeholders around the company's operational area while still adhering to the principles of good corporate governance, which among other things include:

Mandiri Peduli Kesehatan

The Mandiri Peduli Kesehatan Program is aimed at improving the quality of life of the community through a free medical treatment program, helping out the treatment cost for chronic diseases, and distribution of assistance in the form of healthcare facilities and ambulances. A few examples of the implementation of the Mandiri Peduli Kesehatan program are: organizing an event to educate the public about clean and healthy living in NTT, cleft lip surgery in Jakarta, and procurement of ambulances for hospitals and community organizations.

Mandiri Peduli Sarana Umum dan Ibadah

The distribution of aid from the Mandiri Peduli Sarana Umum dan Ibadah program is a CSR activity carried out in the form of providing assistance in the development and renovation of public facilities and houses of worship, support for the execution of religious festivals, and aid for economically weak communities. Throughout 2017, Bank Mandiri has carried out several activities such as construction/renovation of mosques, churches, and temples all over Indonesia, bridge construction/renovation, and public road repair.

Mandiri Peduli Bencana

As a manifestation of Bank Mandiri's concern for a number of disasters occurring in Indonesia, during 2017 Bank Mandiri has provided emergency aid to those who fell victims to natural disasters such as eruption of Mount Sinabung and Mount Agung, earthquakes in Aceh, landslides in Purworejo, and floods in Brebes and Pacitan.

Mandiri Peduli Lingkungan

The Mandiri Peduli Lingkungan Program has been submitted to the Corporate Social Responsibility section related to the Environment

Mandiri Peduli Pengembangan Sosial Kemasyarakatan Fostered Partner Development Program Training

This program was undertaken to the Mawar Weaving Group in Ponto Village, West Manggarai, East Nusa Tenggara. The training for fostered partners was held in conjunction with Jakarta Fashion Week, young designers, distributors, textile experts and fashion observers. The program undertook activities such as training in yarn cleaning, yarn dyeing, natural tinting, tassel making, color composition and the application on woven fabrics, designing woven patterns as requested by fashion designers and marketing networks.

Development of work modules that can be used by craftsmen/craftswomen as a reference to put into practice things which have been taught by experts and their team. Craftsmen/craftswomen were required to woven fabrics according to the materials taught. Monitoring and evaluating the woven fabrics made to see whether they comply with the training materials or not. Creating prototypes of woven fabrics to be produced by one of the fashion brands. Those prototypes of woven fabrics were shown at the Jakarta Fashion Week event.

Through this program, it is expected that the Mawar Weaving Group can increase the knowledge and skills of the craftsmen/craftswomen about new weaving patterns which have a selling value without removing special characteristics attributed to their region. In addition, this program also aimed at increasing insights into woven fabric pricing and marketing areas for woven fabrics made by craftsmen/craftswomen.

Establishment Of The Village Economic Hall (Balai Ekonomi Desa (Balkondes)) In Kenalan Village, Magelang

The development of a village economic hall (balkondes) is the state-owned enterprise program that will be used to display the local economy. This balkondes will provide space for both the village government and the community to develop the economic potential of the village, especially the tourism potential around Borobudur.

Through this Balkondes program, Bank Mandiri has undertaken several training activities for the community of Kenalan Village such as establishment of homestays (including land rent), talud, and bridges, and training in how to process cassava, wickerwork making, batik making, and Balkondes management. The training carried out was tailored to the potential and characteristics of the village, such as:

- batik making training,
- training to make traditional cakes;
- wickerwork making training and training for candidates of the Balkondes and homestay management; and
- training in how to make cassava into mocav flour and how to make it into various types of cakes and biscuits.

The funds already allocated by the Company for Balkodes activities amounted to Rp1,000,000,000 whereas for the construction of homestays and training activities amounted to Rp2,369,098,441 and Rp96,250,000, respectively.

BUMN Hadir untuk Negeri Program

The Ministry of SOEs and SOEs are part of the state society. Program BUMN Hadir Untuk Negeri (SOEs for the State) has been implemented continuously since 2015. As a commitment to improve public welfare, and to instill and foster a sense of pride to have Indonesia as their nation and homeland among the entire community all over the country, the Ministry of SOEs and SOEs re-implemented this program in 2017.

This program, among others, aims to instill a sense of pride as a nation with rich archipelagic diversity and to serve as a real manifestation of the role of SOEs in the community. In addition, this program constitutes one of the efforts to build stakeholders' understanding of the role of the Ministry of SOEs as an agent of development to participate in building the national capacity. Some of the activities undertaken by this program are described below.

Siswa Mengenal Nusantara (SMN)

Program Siswa Mengenal Nusantara (students get to know the archipelago) aims to instill a sense of pride and love for the homeland as early as possible into senior high/vocational/extraordinary school students. The archipelago's rich diversity and enormous potential are introduced through direct interactions between students and the components of the Government and the communities they visit. This program has been implemented since 2015 and was followed by 632 students and in 2016 a total of 679 students joint this program. In 2017, 20 students from senior high schools and vocational high schools (2 of them are extraordinary school students) in West Java

accompanied by a representative of the Provincial Education Office, a teacher winning the exemplary teacher award at the provincial level, and representatives of Biofarma were sent to Bangka Belitung for 7 (seven) days.

Bedah Rumah Veteran (BRV)

In relation to the program Bedah Rumah Veteran (renovating veterans' houses), Bank Mandiri as the coordinator along with 10 (ten) other SOEs was assigned to carry out repairs to a total of 724 houses of veteran with the budget allocated for the renovation of each house amounting to Rp40 million. Of 724 houses, Bank Mandiri was responsible for renovating 150 houses. This program was implemented in collaboration with the Regional Military Command III of Siliwangi. The impact of the program BUMN Hadir Untuk Negeri is to increase love for the homeland and the nation, awareness of the role of SOEs in the community, synergy between SOEs, and the living standards of veterans.

Impact of the Corporate Environmental and Social Responsibility (CESR) and Environmental Development Programs

The CESR and Environmental Development programs undertaken by the Company in 2017 are expected to contribute to economic equality and improvement among the community in the areas where such programs have been undertaken so as to improve their living standards. In addition, the Company also expects that the implementation of the Balkondes program in Kenalan Village, Magelang can improve the expertise and knowledge of the village community and in the near future, will contribute to an increased economic level of the community around the Borobudur tourism area.

Total Cost

Throughout 2017, Bank Mandiri spent Rp118,278,832,257,56 to carry out various related activities with social and community programs. The amount increased by 86.47% from the previous year. As for the details of the fund the distribution of CSR activities related to social and community development is as follows.

Table Describing the Cost of CSR and Environmental Development Program Distribution

Category of Activity	Total Cost (in Rupiah)		Growth (%)
	2017	2016	
Environmental Sector	240,090,250	411,375,000	(41.64%)
Health	8,497,666,519	5,770,541,750	47.26%
Field of Public Facilities and Worship	87,830,963,494	42,472,283,873	106.80%
Natural Disaster Relief Sector	1,724,719,846	581,800,000	196.45%
Social Development Sector	8,018,924,161	10,256,255,090	(21.81%)
Field of education	11,966,467,987	3,938,215,959	203.86%
Total	118,278,832,257	63,430,471,672	86.47%

Corporate Social Responsibilities to Customers

Policies

In carrying out its corporate social responsibilities to customers, Bank Mandiri complies with policies and regulations that are applicable in Indonesia, namely the Regulation of the Financial Services Authority (OJK) No.: 1/POJK.07/2013 concerning Protection of Financial Services Customers and the Regulation of Bank Indonesia No.: 10/10/PBI/2008 concerning Customer Protection. To complete those regulations, Bank Mandiri has drawn up comprehensive guidelines for the management of complaints filed by customers in the form of Standard Operating Guidelines for Customer Complaint Management.

In relation to customer complaints, Bank Mandiri refers to the Regulation of the Financial Services Authority Number 01/POJK.07/2013 on Consumer Protection of the Financial Services Sector and Circular of the Financial Services Authority Number 02/SEOJK.07/2014 concerning Service and Completion of Consumer Complaint to Business Actor Financial Services, with this Bank Mandiri endeavors to resolve any complaints and customer complaints.

Targets of The Activities

In accordance with the Decree of the Financial Services Authority Number 01/POJK.07/2013 concerning Consumer Protection of the Financial Services Sector, that the Financial Services Business Actor shall promptly follow up and settle the complaint no later than 20 (twenty) working days after the date of receipt of the complaint, and under certain conditions, this may be extended for another 20 (twenty) work days, the Company, therefore, sets a target to resolve any complaints in accordance with the standard level agreement. In relation to customer satisfaction, the Company regularly conducts a customer satisfaction survey whose results are expected to continue to improve the quality of service provided to customers so as to result in a high level of customer loyalty to the Company.

Activities and Their Impact

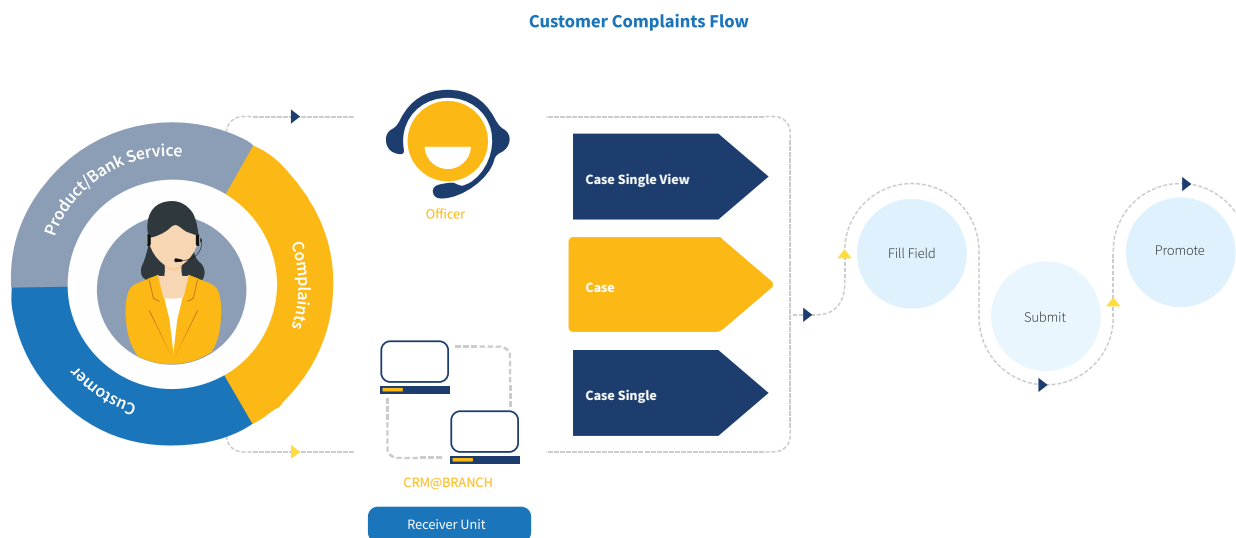
Customer Complaint Submission Program

In response to customer complaints, Bank Mandiri always emphasizes the principle of “Welcome Complaint” which indicates Bank Mandiri’s openness to any complaints made by its customers, even facilitating the submission of such complaints through various submission media such as:

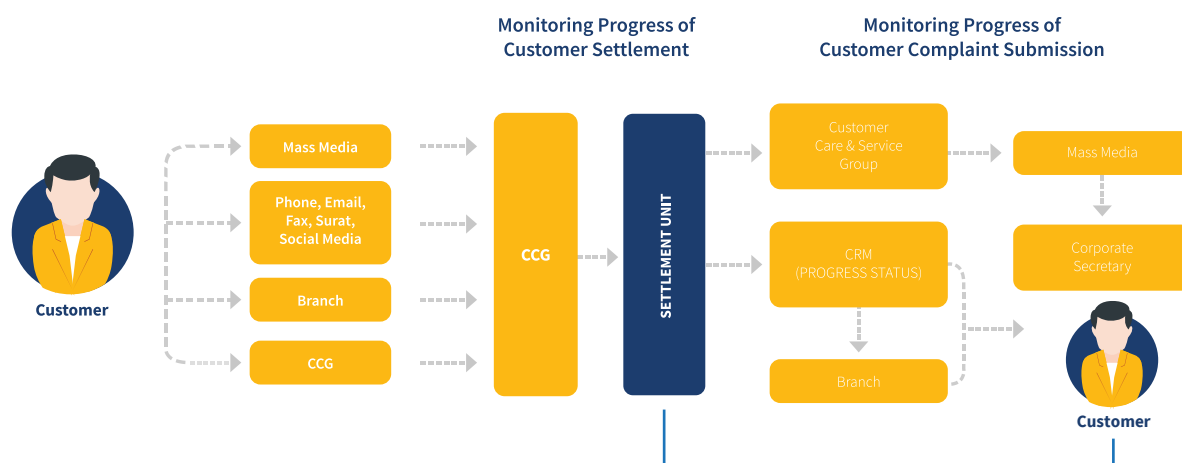
1. Mandiri Call, a service that can be accessed anytime by dialling 14000
2. Website www.bankmandiri.co.id by selecting menu “contact us”
3. Via email at: mandiricare@bankmandiri.co.id
4. Via Bank Mandiri’s Twitter account @mandiricare
5. Via Bank Mandiri’s Facebook account “Mandiri Care”
6. Telegram: 0811-84-14000 (Telkomsel)
7. Official letters addressed to Bank Mandiri, either sent directly, by post, or via facsimile
8. Directly visiting any of Bank Mandiri’s branch offices that scatter across Indonesia.

Dealing with Complaints Filed by Customers

In order to deal with any complaints from customers quickly and effectively, Bank Mandiri describes procedures to be taken by customers who wish to make a complaint using the following figure:



All complaints from customers that have been received are recorded in the customer complaint recording system called CRM@Branch. After a customer's complaint is received, the related unit conducts a customer complaint evaluation based on the Stages of Customer Complaint Settlement below:



At this stage all complaints received by CRM@Branch are forwarded directly to the related settlement unit and supervised directly by the Customer Care Group (CCG) to reassure the concerned customer that his/her complaint will be settled in accordance with the agreed Service Level Agreement (SLA). As for complaints made via the mass media, CCG will work in conjunction with the Corporate Secretary Group to monitor responses to the complaints made in the media.

In an attempt to provide excellent service to its customers, the following table presents data on settlement of complaints submitted by customers performed by Bank Mandiri in the last 4 (four) years:

Type of Customer Complaint	2017	2016	2015	2014
Interest/Profit Sharing/Profit Margin	4	8	34	63
Fines/Penalty	7	31	90	159
Administrative Fee/Provision/Transaction Fee	107	81	156	252
Transaction Failure/Delay	312,740	209,879	295,027	249,808
Total Bill/Account Balance	17,058	11,625	236	871
Miscellaneous	239	5,173	9,883	7,081
Total	330,155	226,797	305,426	305,620
On Progress	6,163	5,037	2,704	3,817
Successfully Settled	323,992	221,760	302,722	254,417

Impact of the Customer Complaint Submission Program

The effective settlement of complaints submitted by customers has affected the level of customer satisfaction. To examine the satisfaction level of its customers in 2017, Bank Mandiri conducted a Customer Satisfaction and Experience Survey for the following business segments: retail, wholesale, corporate banking, and the overall segments. The survey generated 2 (two) types of score, i.e. Customer Satisfaction Score (CSAT) and Net Promoter Score (NPS).

Bank Mandiri worked together with PT The Nielsen Company Indonesia conducting a Customer Satisfaction and Experience Survey for the retail and corporate banking segments, and with PT Kadence International for the wholesale segment. The survey methods adopted were Computer-Assisted Telephone Interviewing (CATI) and Face to Face Interview (F2F). The survey results are presented in the following table.

Table Presenting Results of the Customer Satisfaction and Experience Survey

Business Segment	CSAT	NPS
Retail	83.00	28.00
Wholesale	82.37	38.00
Overall	82.68	33.00

The scores generated by the Customer Satisfaction and Experience Survey conducted by Bank Mandiri throughout 2017 remain higher than those of the banking industry as can be seen in the following table.

Bank Mandiri CSI figures compare to Industry

Business Segment	Bank Mandiri	Industry
Retail	53.10	51.93
Wholesale	60.18	52.30
Overall	55.51	50.13

Impact of the Customer Data Confidentiality Program

The issue of customer data confidentiality has been set out in the internal provisions of Bank Mandiri, such as in the Operating Technical Guidelines for Transparent Use of Customer Personal Data, which has taken into effect since November 10, 2015. These guidelines specify operating procedures related to Transparent Use of Customer Personal Data for both new and existing individual customers. The provisions concerning the use of customer personal data (kept by the Bank) for commercial purposes shall be undertaken transparently and in accordance with the written consent from the concerned customer. These guidelines, among others, specify the functions and duties of the work unit tasked with the management of and mechanisms for the management of Transparent Use of Customer Personal Data.

Impact of The Customer Data Confidentiality Program

In 2017, there were no complaints filed by customers related to data leakage or the issue of customer data confidentiality. In addition, there were neither customer data that went missing nor other complaints from external parties or regulators.

Product Information Program

To show its commitment to protect the rights of its customers, throughout 2017, Bank Mandiri has run various programs and activities as part of its corporate social responsibilities in the field of products and customers. As for the implementation of the policies that have been established, it is described as follows:



Customer Education

To expand the range of educational programs to customers, Bank Mandiri uses the website <http://www.bankmandiri.co.id> and branch offices, flyer, brochure, television, radio, website, social media, indoor media and other advertising media to deliver educational materials about products and services available at Bank Mandiri. In addition, in 2017, Bank Mandiri has also organized educational programs for Bank Mandiri customers as well as the general public which aims to improve the financial literacy of the community. The implementation of customer education event entitled "Mandiri Edukasi 2017" in 12 (twelve) cities with the following information.

No.	City	Date	Topic
1.	Banda Aceh	Friday, March 24, 2017	Smart Ways to Make an Investment
2.	Jakarta	Tuesday, April 11, 2017	Smart Ways to Make an Investment
	Jakarta-Unika Atma Jaya	Wednesday, May 24, 2017	Digital Transaction Security
	Jakarta-Universitas Trisakti	Monday, July 24, 2017	Digital Transaction Security
3.	Bekasi	Saturday, April 15, 2017	Household Financial Planning
4.	Yogyakarta	Thursday, April 20, 2017	Smart Ways to Make an Investment
		Thursday, April 20, 2017	UMKM Goes to Digital
5.	Surabaya	Tuesday, May 09, 2017	Household Financial Planning
		Tuesday, May 09, 2017	UMKM Goes to Digital
6.	Gresik- Kampus UIIS	Tuesday, August 01, 2017	Smart Ways to Make an Investment in the Capital Market
7.	Palembang	Friday, September 29, 2017	Financial Planning
8.	Kendal	Tuesday, October 10, 2017	Financial Planning
9.	Cikarang- President University	Wednesday, October 11, 2017	Smart Ways to Make an Investment and Financial Planning
10.	Wonosobo	Thursday, October 12, 2017	Financial Planning
11.	Depok – Universitas Indonesia	Thursday, October 12, 2017	Smart Ways to Make an Investment and Financial Planning
12.	Ternate	Monday, October 16, 2017	Financial Planning
13.	Tangerang Selatan- Pekan Raya Indonesia ICE BSD	Sunday, October 22, 2017	Smart Ways to Make an Investment in the Capital Market
14.	APTIK- Museum Bank Mandiri	Thursday, 26 October 2017	Keamanan Transaksi Digital

To ensure that the education program is effective to improve the financial literacy, the Education Effectiveness Survey 2017 was conducted. The survey was conducted to a total of 939 respondents who were participants of the "Mandiri Edukasi 2017" event from the following cities: Bekasi, Gresik, Kendal, Wonosobo, Surabaya, Yogyakarta, Palembang, Ternate, and Tangerang. Based on the survey results, the "Mandiri Edukasi 2017" event is deemed effective.

Impact of the Product Information Program

The program of information distribution and education to the public regarding products and services offered by the Company aims to facilitate the provision of services and access to customers. The ease of services and access offered to customers further contribute to an increase in the Company's revenue and market share. In 2017, the Company's revenue increased by 3.64% while its market shares were equal to 19.54% and 15.10% for savings products and loans disbursed, respectively.

Corporate Social Responsibilities to Suppliers

Policies

Provisions concerning Procurement of Goods and Services, i.e. the Standard Operating Guidelines for Procurement shall be determined by the Board of Directors of Bank Mandiri. These are the guidelines used by Bank Mandiri in the process of procurement of strategic and non-strategic goods and services to support its operations in accordance with the predetermined quality, quantity and time at the best price and in compliance with the risk management principles.

To realize procurement activities that comply with the principles of procurement which are Effective, Efficient, Open and Competitive, Transparent, Fair and Non-Discriminatory, Accountable, Responsible, and Independent, the Bank implements the following things:

1. Separating functions in the Procurement Implementing Unit, i.e. the unit tasked with selection partner/vendor candidates, the unit tasked with performing the procurement process, the unit tasked with preparation of the Self-Estimated Price; and the Work Compliance Unit;
2. Always observing and complying with internal and external regulations;
3. Implementing the principles of risk management, that include identification, assessment, mitigation, and monitoring as well as measurement of operational risks; and
4. Upholding the Company's Work Culture grounded in TIPCE values (**T**rust, **I**ntegrity, **P**rofessionalism, **C**ustomer Focus, and **E**xcellence), GCG, and complying with the Code of Conduct and implementing the principles of prudence.

Targets of the Activities

Bank Mandiri sets the target that the whole process of procurement of goods and services has implemented the Effective, Efficient, Open and Competitive, Transparent, Fair and Non-Discriminatory, Accountable, Responsible, and Independent principles. By applying these principles, it is expected that the level of vendor satisfaction will be well maintained, which eventually will contribute to the improvement in the Companies overall performance.

Activities and their Impact

The Program of Corporate Social Responsibilities to Vendors

Procurement of Goods and Services Audit

To ensure compliance with the Standard Operating Guidelines for Procurement and the Bank's policies, Bank Mandiri always conducts periodic or occasional audits, through Internal and External Audit.

Vendor Competency Development Programs

Bank Mandiri has organized development programs to improve the quality of its vendors, namely Vendor Gathering and Vendor Award described below:

Vendor Award

Held on	: November 16, 2017
Venue	: Auditorium Lantai 3, Plaza Mandiri – Jakarta
Partners Invited	: <ul style="list-style-type: none"> • IT Sector (software and hardware): 25 vendors • Non-IT Sector (among other things, advertising and promotion, official car, publishing, insurance, and expedition): 27 vendors • Construction: 16 vendors

Vendor Gathering

The Vendor Gathering and the Vendor Award were held simultaneously. These events are described as follows:

1. Sharing values of Bank Mandiri's future vision and strategy;
2. Synergy of facilities to strengthen the harmonious relationship between Bank Mandiri its partners;
3. Establishing a communication forum to get feedback from vendors to improve the procurement process at Bank Mandiri; and
4. Refreshment of important aspects related to the procurement of goods and services, which among other things include:



5. Two-way communication and discussion between Vendors and Bank Mandiri to collect feedback for betterment of the Goods and Services procurement process in terms of efficiency and effectiveness.

Impact of the Activity of Corporate Responsibilities to Vendors

The Company through the Strategic Procurement Group has conducted a vendor satisfaction survey since 2013. The survey results for the last 5 years are presented below.

Table Describing the Level of Vendor Satisfaction Years 2013 to 2017

Year	Percentage		The Number of Vendors Giving Rewards to SPC Employees	The Number of SPC Employees Asking for Rewards
	Satisfactory	Less Satisfactory		
2017	97.43%	2.57%	0	0
2016	97.16%	2.84%	0	0
2015	97.12%	2.88%	0	0
2014	96.27%	3.73%	0	0
2013	95.39%	4.61%	0	0

The execution of CSR activities related to vendors has resulted in a high level of vendor satisfaction. The level of vendor satisfaction in the procurement process in 2017 was equal to 97.43%, meaning that the procurement process undertaken by Bank Mandiri was excellent. This also suggests that cooperation between Bank Mandiri and vendors run well and smoothly. During 2017, there were no audit findings, either by external auditors and internal auditors relating to procurement that adversely affected Bank Mandiri.

Cross References POJK Regulation and ARA Criteria





Cross References of POJK Regulation and ARA Criteria

CRITERIA	DESCRIPTIONS	PAGE
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 current annual report and the annual reports from at least the last four (4) years.	✓
Key Financial Highlights		
Information on Company's operating results with comparisons of 3 (three) fiscal years or since the starting of the company if the business activities have run for less than three (3) years	The information encloses, among others: 1. Sales/revenues; 2. Profit (loss): a. Attributable to the owner of the holding entity; and b. Attributable to non-controlling interest 3. Total comprehensive profit (loss) and other comprehensive income: a. Attributable to the owner of the holding entity; and b. Attributable to non-controlling interest; and 4. Profit (Loss) per Share Note: For a company with no subsidiaries, the company presents the profit (loss) and other profit (loss) and other comprehensive income in total.	18
Information on Company's financial position with comparisons of three (3) fiscal years or since the starting of the company if the business activities have run for less than three (3) years	The information encloses, among others: 1. Total investments in associates; 2. Total assets; 3. Total liabilities; and 4. Total equity.	16-17
Financial ratios with comparisons of three (3) fiscal years or since the starting of the company if the business activities have run for less than three (3) years	The information encloses five (5) financial ratios that are common and relevant to company's industry.	18-19
Information on stock price in tables and charts	1. Number of outstanding shares: 2. The information in tables and charts covers a. Market capitalization by prices in Stock Exchange where the shares are listed; b. The highest, lowest, and closing price of shares; and c. Trading volume where the shares are listed. 3. Information in charts contains at least: a. Closing price and share trading volume b. Trading volume where the shares are listed For each quarter of the last two (2) fiscal years. Note: if the company shall disclose information on share prices and trading volume if such company does not have market capitalization.	22-23
Information on outstanding bonds, sukuk, or convertible bonds of the last two (2) fiscal years	The information covers: 1. Number of outstanding bonds/sukuk/convertible bonds; 2. Interest rate/yield; 3. Maturity date; and 4. Bonds/sukuk rating in 2015 and 2016. Note: if the company shall disclose information on outstanding bonds, sukuk, or convertible bonds if such company does not have market capitalization.	27

CRITERIA	DESCRIPTIONS	PAGE
Board of Commissioners and Board of Directors Reports		
Board of Commissioners Report	Containing the following: 1. Assessment on Board of Directors' performance on company management and the basis for the assessment; 2. Perspective on company business outlook set by Board of Directors and its consideration basis; 3. Prospective on the implementation/management of whistleblowing system (WBS) in the company and the role of Board of Commissioners in such WBS; and 4. Changes in Board of Commissioners' composition and the reason behind the change (if any).	35-39
Board of Directors Report	Containing the following: 1. Analysis on company performance, which among others covers: a. Strategic policies; b. Comparisons between realizations and targets; and c. Challenges faced by the company and its settlement measures. 2. Analysis on business outlook; 3. Development of the implementation of corporate governance in the fiscal year; and 4. Changes in Board of Director's composition and the reason behind the change (if any)	45-52
Board of Directors and Board of Commissioners' signatures	Containing the following: 1. Signatures are given on separate sheets; 2. Statement of full accountability 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; and 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 fails 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 a written explanation.	56-57
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.	60
Brief history of the company	Consisting among others: date/year of establishment, name, changes in company name (if any), and effective date for such changes in company name. Note: explanation shall be given in the event that the entity has never made any change to the name	62-64
Line of business	Description of, among others: 1. Company's business activities in accordance with the latest articles of association; 2. Business activities engaged; and 3. Generated products and/or services	66-79
Organizational structure	In a chart, consisting of names and positions, at least up to one level under the Board of Directors.	84
Company Vision, Mission, and Culture	Containing: 1. Company vision; 2. Company mission; 3. Explanation that the vision and mission have been reviewed and agreed upon by Board of Directors/Board of Commissioners. 4. Statement on corporate culture adhered by the company.	86-89
Identity and brief CV of Board of Commissioners members	The information encloses, among others: 1. Name; 2. Position and term of office (including position in the company or other institutions); 3. Age; 4. Domicile; 5. Educations (Field of Study and Educational Institution); 6. Work experience (Position, Institution, and Term of Office); 7. History of the appointment (period and position) as Board of Commissioners' member since initial appointment.	90-95
Identity and brief CV of Board of Commissioners members	The information encloses, among others: 1. Name; 2. Position and term of office (including position in the company or other institutions); 3. Age; 4. Domicile; 5. Educations (Field of Study and Educational Institution); 6. Work experience (Position, Institution, and Term of Office); 7. History of the appointment (period and position) as Board of Commissioners' member since initial appointment.	96-101

CRITERIA	DESCRIPTIONS	PAGE
Total number of employees (2 years' comparison) and data of competency development that reflects the opportunity for every organizational level	The information encloses, among others: <ol style="list-style-type: none"> 1. Number of employees for each organizational level; 2. Number of employees for each educational level; 3. Number of employees by employment status; 4. Data of undertaken employee competency developments in fiscal year containing parties (Position level) attending the training, type of trainings, and purpose of trainings; and 5. Incurred costs for employee competency development in the fiscal year. 	107-114
Shareholder Competition	Containing, among others: <ol style="list-style-type: none"> 1. Detailed name of shareholders covering 20 largest shareholders and their shareholding percentage; 2. Details of shareholders and their shareholding percentage, which include: <ol style="list-style-type: none"> a. Name of shareholders with 5% or more percent of shares; b. Public shareholding groups with their respective shareholding of less than 5%. 3. Name of Directors and Commissioners holding direct or indirect shares and their percentages; <p>Note: Explanation shall be given in the event of Directors and Commissioners do not hold direct or indirect shares.</p>	115-118
List of subsidiaries and/or associates	In the form of table containing the following information: <ol style="list-style-type: none"> 1. Names of subsidiaries and/or associates; 2. Shareholding percentage; 3. Explanation on the subsidiaries and/or associates' lines of business; and 4. Explanation on the operational status of the subsidiaries and/or associates (in operation or has not yet operating). 	119-125
Company group structure	Company group structure in a chart describing subsidiaries, associates, joint ventures, and special purpose vehicles (SPVs).	126-130
Share listing chronology (including private placement) and/or share listing from the initial listing to the end of fiscal year	Containing, among others: <ol style="list-style-type: none"> 1. The year of shares issuance, number of shares, shares par value, and share offering price for each of corporate action; 2. Number of shares listed following the corporate actions; 3. Name of stock exchange where the shares are listed. <p>Note: Explanation shall be given in the event of the company does not have share listing chronology.</p>	128-130
Issuance and/or other securities listing chronology from the initial listing to the end of fiscal year	Containing, among others: <ol style="list-style-type: none"> 1. Name of other securities, year of other securities issuance, interest/yield rate, and the maturity date of other securities; 2. Other securities offering price; 3. Name of stock exchange where the other securities are listed; and 4. Rating of securities. <p>Note: Explanation shall be given in the event of the company does not have other securities issuance and listing chronology.</p>	131-135
Names and addresses of capital market supporting institutions and/or professions	The information encloses, among others: <ol style="list-style-type: none"> 1. Name and address of Securities Administration Bureau (BAE)/parties administrating company's shares; 2. Name and address of Public Accounting Firm; and 3. Name and address of rating agency. 	136-137
List of awards received in the last fiscal year and/or certifications valid for the last fiscal year, both national and international-scale	The information encloses, among others: <ol style="list-style-type: none"> 1. Name of awards and/or certificates; 2. Year of receipt; 3. Awarding and/or certifying agencies; and 4. Validity period (for certifications). 	138-146
Names and addresses of subsidiaries and/or branch or representative offices (if any)	Containing the information about, among others: <ol style="list-style-type: none"> 1. Names and addresses of subsidiaries; and 2. Names and addresses of branch/representative offices. <p>Note: explanation shall be given in the event that the entity does not have any subsidiaries/branches/representatives.</p>	147-149

CRITERIA	DESCRIPTIONS	PAGE
Information on Company Website	Covering at least: 1. Information on shareholders to last individual owners; 2. Contain of the Code of Ethics; 3. Information on General Meeting of Shareholders (GMS) at least covering the agenda discussed in GMS, minutes of GMS, and important dates i.e. GMS announcement date, GMS summon date, GMS date, GMS minutes announcement date; 4. Separate Annual financial statements (last 5 years); 5. Board of Commissioners and Board of Directors Profiles; and 6. Charter of the Board of Commissioners, Board of Directors, Committees, and Internal Audit Unit.	150
Educations and/or trainings for the Board of Commissioners, Board of Directors, Committees, and Internal Audit Unit.	Covering at least the following information (type and parties eligible to attend): 1. Educations and/or trainings for the Board of Commissioners; 2. Educations and/or trainings for the Board of Directors; 3. Educations and/or trainings for Audit Committee; 4. Educations and/or trainings for Nomination and Remuneration Committee; 5. Educations and/or trainings for Other Committees; 6. Educations and/or trainings for Corporate Secretary; and 7. Educations and/or trainings for Internal Audit Unit; Attended in the fiscal year Note: Explanation shall be given in the event of there are no educations and/or trainings in the fiscal year.	151-157
Management Discussion and Analysis 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. Productions; b. Increase/decrease in business capacity; c. Sales/operating revenues; and d. Profitability.	172-210
Description of company's financial performance	Analysis on financial performance containing comparison 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 flow.	214-240
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 2. Receivables collectability.	241-245
Discussion on capital structure and capital structure policy	Explanation on: 1. Capital structure, consisting of interest-based debts and equity; 2. Management policies on the capital structure (capital structure policies); and 3. The basis for Capital structure policies.	245-246
Discussion on material commitments for capital goods investments (other than funding commitment) in the last fiscal year	Explanation on: 1. The name of parties engaging in the commitment 2. Purpose of the commitments; 3. Sources of funds expected to meet these commitments; 4. Currency used; and 5. Planned measures to protect the company from risks arising from relevant currency position. 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.	299
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	300

CRITERIA	DESCRIPTIONS	PAGE
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, and other matters considered important to the company	The information encloses, among others: 1. Comparisons between beginning of year's targets and realizations; and 2. Expected targets or projection for the coming year.	304
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.	305
Description on company's business outlook	Description on company's business outlook is related to industry and economy in general accompanied by quantitative supporting data from trustworthy source of data.	211
Description on marketing aspect	Description on marketing aspect on company products and/or services, among others marketing strategies and market share.	168-172
Description on dividend policy and amount of cash dividends per share and amount of dividends per year announced or paid for the last two (2) fiscal years.	Containing descriptions of: 1. Policy on dividend sharing; 2. Total dividends shared; 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 dividend sharing is nonexistent.	305-306
Employee and/or Management Stock Ownership Plan (ESOP/MSOP) carried out by the company existing until the end of fiscal year	Containing descriptions of: 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.	307
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 descriptions of: 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). Note: explanation shall be given in the event that there is no information regarding realization of the use of proceeds from public offering.	308
Information on material transactions containing conflicts of interest and/or transactions with affiliates	Containing descriptions of: 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.	309-318
Description on regulatory changes having significant impact on the company	The description contains among others: 1. Regulatory changes; and 2. Their impacts (qualitative and quantitative) on the company (if significant) or statements stating that the impacts are insignificant. Note: explanation shall be given in the event that any regulatory changes having significant impacts on the company are nonexistent in the last fiscal year.	318-320
Description on changes in accounting policies applied by the company in the last fiscal year	The description includes among others: 1. Changes in accounting policies; 2. Their reasons; and 3. Impacts toward financial statements. Note: explanation shall be given in the event that any changes in accounting policies are nonexistent in the last fiscal year.	320

CRITERIA	DESCRIPTIONS	PAGE
Information on business continuity	<p>Disclosure of information includes:</p> <ol style="list-style-type: none"> 1. Matters which potentially inflict significant impact on company's business continuity for the last fiscal year; 2. Management assessment on matters in point 1; and 3. Assumptions used by the management in performing the assessment. <p>Note: in the event that any matters which potentially inflict significant impact on company's business continuity for the last fiscal year are nonexistent, the assumptions used as the basis for the management in assuring that such matters are nonexistent shall be disclosed.</p>	321
Good Corporate Governance		
Board of Commissioners description	<p>The description includes, among others:</p> <ol style="list-style-type: none"> 1. Description of Board of Commissioners' responsibilities; 2. Assessment on the performances of committees under the Board of Commissioners and the basis for such assessment; and 3. Disclosure of the Board Charter (guidelines and codes of conduct for Board of Commissioners). 	<p>439</p> <p>484</p> <p>439</p>
Information on Independent Commissioners	<p>Covering, among others:</p> <ol style="list-style-type: none"> 1. The criteria for Independent Commissioners appointment; and 2. tatement of independency of each Independent Commissioner. 	456-462
Board of Directors description	<p>The description includes, among others:</p> <ol style="list-style-type: none"> 1. Scopes of duties and responsibilities of each Board of Directors member; 2. Assessment on the performances of committees under the Board of Directors (if any); and 3. Disclosure of the Board Charter (guidelines and codes of conduct for Board of Directors). 	<p>486</p> <p>528</p> <p>486</p>
Assessment of the implementation of GCG for fiscal year 2015 covering at least Board of Commissioners and Board of Directors aspects.	<p>Containing explanations on, among others:</p> <ol style="list-style-type: none"> 1. Criteria used for the assessment; 2. Assessing party; 3. Assessment score for each criteria; 4. Recommendation of the assessment results; and 5. Reasons on why the recommendations are/has not been implemented. <p>Note: explanation shall be given in the event of the GCG implementation assessment for fiscal year 2015 is nonexistent.</p>	411-418
Description of remuneration policy for Boards of Commissioners and Board of Directors	<p>Containing, among others:</p> <ol style="list-style-type: none"> 1. Disclosure of remuneration procedures to the determination for the Board of Commissioners; 2. Disclosure of remuneration procedures to the determination for the Board of Directors; 3. Remuneration structure which shows the remuneration components and amount of value per component for each Board of Commissioners' member; 4. Remuneration structure which shows the remuneration components and amount of value per component for each Board of Directors' member; 5. Disclosure of indicators for the determination of Board of Directors' remuneration; and 6. Disclosure of performance bonus, non-performance bonus, and/or shares option received by each Board of Commissioners' and Board of Directors' member (if any). <p>Note: explanation shall be given in the event of performance bonus, non-performance bonus, and/or shares option received by each Board of Commissioners' and Board of Directors' member are nonexistent.</p>	<p>477-479</p> <p>and</p> <p>522-524</p>
Frequency and attendance rate in BOC Meetings, BOD meetings, and BOC-BOD joint meetings	<p>The information encloses, among others:</p> <ol style="list-style-type: none"> 1. Meeting date; 2. Meeting participants; and 3. Meeting agenda <p>For each BOC meeting, BOD meeting, and joint meeting.</p>	<p>463-473</p> <p>and</p> <p>522-524</p>
Information on majority and controlling shareholders, both direct and indirectly, to individual holders	<p>In schematic chart or diagram, that differs the main shareholders and controlling shareholders.</p> <p>Note: he main shareholder is the party which, either directly or indirectly, holds at least 20% (twenty percent) of the voting rights of all shares with voting rights issued by a company, but not a controlling shareholder.</p>	684

CRITERIA	DESCRIPTIONS	PAGE
Disclosure of affiliations among the members of Board of Directors, Board of Commissioners, and Majority and/or Controlling Shareholders	Containing, among others: 1. Affiliations among Board of Directors' fellow members; 2. Affiliations among Board of Directors members and Board of Commissioners members; 3. Affiliations among Board of Directors members and Majority and/or Controlling Shareholders; 4. Affiliations among Board of Commissioners' fellow members; and 5. Affiliations among Board of Commissioners' members and Majority and/or Controlling Shareholders. Note: explanation shall be given in the event that any concerned affiliations are nonexistent.	453 and 499-500
Audit Committee	Containing, among others: 1. Name and position of Audit Committee members; 2. Educational history qualifications (field of study and educational institution) and work experience of Audit Committee members (Position, Institution, and Term of Office); 3. Audit Committee members' independency; 4. Description of Audit Committee's duties and responsibilities; 5. Brief report on Audit Committee members' activities in the fiscal year; and 6. Frequency of meetings and attendance rate of Audit Committee members.	530-542
Nomination and/or Remuneration Committee	Containing, among others: 1. Name, position, and brief CV of Nomination and/or Remuneration Committee members; 2. Independency of Nomination and/or Remuneration Committee members; 3. Description of duties and responsibilities; 4. Description of implementation of activities of Nomination and/or Remuneration Committee members in the fiscal year; 5. Frequency of meetings and attendance rate of Nomination and/or Remuneration Committee members; 6. Statement about the existence of guidelines for Nomination and/or Remuneration Committee; and 7. Policy relating to Board of Directors' succession.	542-555
Other committees under the Board of Commissioners owned by the company	Containing, 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 the implementation of activities of other committees in the fiscal year; and 5. Frequency of meetings and attendance rate of other committees.	555-581
Description of duties and function of Corporate Secretary	Containing among others: 1. Name and brief CV of the corporate secretary; 2. Domicile; 3. Description of the duties and responsibilities; and 4. Descriptions on the implementation of Corporate Secretary's duties in fiscal year.	581-585
Description on internal audit unit	Containing, 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 and dismissing head of internal audit unit.	585-595
Public Accountant	The information encloses, among others: 1. Number of periods in which a public accountant has conducted annual audit on financial statements for the last five (5) years; 2. Name and the year in which a Public Accounting Firm has conducted annual audit on financial statements for the last five (5) years; 3. Amount of fee for each service provided by public accountant in the last fiscal year; and 4. Other services provided by the accountant apart from annual audit on financial statements in the last fiscal year. Note: explanation shall be given in the event that any services are nonexistent.	618-619

CRITERIA	DESCRIPTIONS	PAGE
Description on company risk management	Containing, among others: 1. Explanation on risk management system applied by the company; 2. Explanation on review on risk management system in the fiscal year; 3. Explanation on risks faced by the company; and 4. Risk management efforts.	620-638
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 review conducted on internal control system implementation in the fiscal year.	638-645
Description on corporate social responsibility in relation to environment	Covering among others the information on: 1. Activity target/plan in 2016 specified by the management; 2. Implemented activities and its quantitative impact due to such activities; and 3. 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, environmental aspect consideration in the provision of loans to the customers, etc. 4. Environmental certifications owned.	698-707
Description on corporate social responsibility in relation to employment, occupational health and safety	Covering among others the information on: 1. Activity target/plan in 2016 specified by the management; 2. Implemented activities and its quantitative impact; and In relation to employment, occupational health and safety practices, such as gender equality and equal work opportunity, occupational facilities and safety, employee turnover rate, workplace accidents, remuneration, and mechanism of complaint regarding employment, etc.	708-713
Description on corporate social responsibility in relation to social and community development	Covering among others the information on: 1. Activity target/plan in 2016 specified by the management; 2. Implemented activities and its impacts; 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, communication on anti-corruption policy and procedure, anti-corruption trainings, etc.	714-716
Description on corporate social responsibility in relation to responsibility to customers	Covering, among others: 1. Activity target/plan in 2016 specified by the management; and 2. Implemented activities and its impacts; and In relation to product responsibility, such as consumer's health and safety, product information, facilities, number and response on customers complaints, etc.	717-719
Significant cases currently faced by the company, subsidiaries, and Board of Directors and/or Board of Commissioners member(s) serving during the annual report period	Covering, among others: 1. Principal case/lawsuit; 2. Dispute/lawsuit settlement status; 3. Risk faced by the company and amount of dispute/lawsuit settlement; and 4. Administrative sanctions imposed to the company, 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 significant cases faced by the company, subsidiaries, Board of Commissioners and Board of Directors members are nonexistent.	653-658
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.	658-664

CRITERIA	DESCRIPTIONS	PAGE
Discussion on code of conduct	Consisting description, among others on: 1. Code of conduct contents; 2. Disclosure that the code of conduct applies to all levels of organization; 3. Dissemination of the code of conduct; 4. Types of sanction for each code of conduct violation; and 5. Number of code of conduct violation and the sanctions imposed in the last fiscal year. Note: explanation shall be given in the event that any codes of conduct violations are nonexistent in the last fiscal year.	664-668
Disclosure of whistleblowing system	Consisting of description on whistleblowing system mechanism, among others: 1. Whistleblowing delivery; 2. Whistleblower protection; 3. Handling of complaints; 4. Parties handling the complaints; and 5. Number of complaints received and processed in the last fiscal year; and 6. Sanction/follow-ups for the complaints which are settled in the fiscal year. Note: explanation shall be given in the event that any incoming complaints are nonexistent in the last fiscal year.	671-673
Policy on the diversity of Board of Commissioners and Board of Directors composition	Description of Company policy on the diversity of Board of Commissioners and Board of Directors composition by education (field of study), work experience, age, and gender. Note: explanation and basis of consideration shall be given in the event that concerned policy is nonexistent	445-452 and 493-499
Financial Statements		
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	SFP Page Directors' Declaration Letter
Independent auditor's opinion on the financial statements		SFP Page Independent auditor's report
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.	SFP Opinion Page
Comprehensive financial statements	Comprehensively consisting elements of the financial statements, such as: 1. Statement of financial position; 2. Statement of income and comprehensive income; 3. Statement of changes in equity; 4. Statement of cash flows; 5. Notes to the financial statements; 6. Comparative information on the previous period; and 7. Statements of financial position at the beginning of the previous 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).	SFP Page 1-301
Comparison of profitability level	Comparison between profit (loss) in current year and the previous year.	SFP Page 9-11
Statement of Cash Flow	Fulfilling the following requirements: 1. Classification in three categories of activity: operating, investing, and funding; 2. The use of direct method in reporting the cash flow from operating activities; 3. Separation of presentation between cash receipts and/or cash expenses for the current year in operating, investing, and funding activities; and 4. Disclosure of non-cash transaction must be included in the notes to the financial statements.	SFP Page 15-16

CRITERIA	DESCRIPTIONS	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. Income tax; 4. Employee benefits; and 5. Financial instruments.	SFP Page 39-82
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.	SFP Page 209-230
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) of 2016; 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.	SFP Page 155-161
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.	SFP Page 129-133
Disclosure of operational segment	Matters need to be disclosed: 1. General information covering the factors used to identify reported 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 other material elements of the segment 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 customers.	SFP Page 230-236
Disclosure relating to Financial Instruments	Matters need to be disclosed: 1. Detailed of financial instruments by classification; 2. Fair value and hierarchy of each group of financial instruments; 3. Explanation of risks relating to financial instruments: market risks, credit risks, and liquidity risks; 4. Risk management policies; and 5. Quantitative risk analysis relating to financial instruments.	SFP Page 1-8
Publication of financial statements	Items disclosed among others are: 1. Authorized publication date of the financial statements; and 2. The party responsible for the financial statements authorization.	SFP Page Directors' Declaration Letter

Financial Informations



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**PT Bank Mandiri (Persero) Tbk.
and Subsidiaries**

Consolidated financial statements
as of December 31, 2017 and
for the year then ended
with independent auditors' report

**BOARD OF DIRECTORS' STATEMENT
REGARDING
THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017
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 : Kartika Wirjoatmodjo
Office address : Jl. Jend. Gatot Subroto Kav. 36-38
Jakarta 12190
Residential address as stated in ID : Jl. Duren Tiga Selatan No.14 RT. 004 RW. 002
Kelurahan Duren Tiga, Kecamatan Pancoran,
Kotamadya Jakarta Selatan
Phone number : 021 – 5245653
Title : President Director
2. Name : Sulaiman Arif Arianto
Office address : Jl. Jend. Gatot Subroto Kav. 36-38
Jakarta 12190
Residential address as stated in ID : Jl. Marlabaya G III No.4 Puri Cinere RT. 006 RW.005
Kelurahan Pangkalan Jati, Kecamatan Cinere,
Kotamadya Depok
Phone number : 021 – 5245108
Title : Deputy President 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, 31 January 2018

President Director

Deputy President Director

Kartika Wirjoatmodjo

Sulaiman Arif Arianto

The consolidated financial statements are originally issued in Indonesian language.

**PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2017 AND FOR THE YEAR THEN ENDED
WITH INDEPENDENT AUDITORS' REPORT**

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Consolidated Statement of Changes in Equity	10 - 11
Consolidated Statement of Cash Flows	12 - 14
Notes to the Consolidated Financial Statements	15 - 293
Parent Entity Financial Information	
Statement of Financial Position - Parent Entity Only	Appendix 1
Statement of Profit or Loss and Other Comprehensive Income - Parent Entity Only...	Appendix 2
Statement of Changes in Equity - Parent Entity Only	Appendix 3
Statement of Cash Flows - Parent Entity Only	Appendix 4

The original report included herein is in the Indonesian language.

Independent Auditors' Report

Report No. RPC-5645/PSS/2018

The Shareholders and the Boards of Commissioners and Directors PT Bank Mandiri (Persero) Tbk.

We have audited the accompanying consolidated financial statements of PT Bank Mandiri (Persero) Tbk. and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2017, and the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of such 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 such 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 such consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



The original report included herein is in the Indonesian language.

Independent Auditors' Report (continued)

Report No. RPC-5645/PSS/2018 (continued)

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 of December 31, 2017, and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Other matter

Our audit of the accompanying consolidated financial statements of PT Bank Mandiri (Persero) Tbk. and its subsidiaries as of December 31, 2017 and for the year then ended, was performed for the purpose of forming an opinion on such consolidated financial statements taken as a whole. The accompanying financial information of PT Bank Mandiri (Persero) Tbk. (parent entity), which comprises the statement of financial position as of December 31, 2017, and the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended (collectively referred to as the "Parent Entity Financial Information"), which is presented as a supplementary information to the accompanying consolidated financial statements, is presented for the purpose of additional analysis and is not a required part of the accompanying consolidated financial statements under Indonesian Financial Accounting Standards. The Parent Entity Financial Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the accompanying consolidated financial statements. The Parent Entity Financial Information has been subjected to the auditing procedures applied in the audit of the accompanying consolidated financial statements in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. In our opinion, the Parent Entity Financial Information is fairly stated, in all material respects, in relation to the accompanying consolidated financial statements taken as a whole.

Purwantono, Sungkoro & Surja

Danil Setiadi Handaja, CPA
Public Accountant Registration No. AP.1008

January 31, 2018

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	<u>Notes</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
ASSETS			
Cash	2c,2g,61.B.(viii)	24,268,563	22,906,775
Current accounts with Bank Indonesia	2c,2g,2h,4	50,188,118	52,484,974
Current accounts with other banks	2c,2f,2g,2h,5		
Related parties	55	27,533	25,861
Third parties		12,305,856	10,337,353
		12,333,389	10,363,214
Less: allowance for impairment losses		(3,442)	(3,049)
Net		12,329,947	10,360,165
Placements with Bank Indonesia and other banks	2c,2f,2i,6		
Related parties	55	3,152,167	1,725,571
Third parties		71,498,349	71,974,664
		74,650,516	73,700,235
Less: allowance for impairment losses		(49,713)	(83,308)
Net		74,600,803	73,616,927
Marketable securities	2c,2f,2j,7		
Related parties	55	20,775,463	18,571,548
Third parties		38,756,238	38,250,931
		59,531,701	56,822,479
Add/(less): unamortised premiums/(discounts), unrealised gains/(losses) from increase/(decrease) in fair value and allowance for impairment losses		78,271	(270,836)
Net		59,609,972	56,551,643
Government bonds - net - related party	2c,2f,2k,8,55	103,411,188	98,933,278
Other receivables - trade transactions	2c,2f,2l,9		
Related parties	55	10,517,587	5,934,300
Third parties		14,921,890	9,989,818
		25,439,477	15,924,118
Less: allowance for impairment losses		(1,349,349)	(1,756,847)
Net		24,090,128	14,167,271
Securities purchased under resale agreements	2c,2m,10		
Third parties		2,629,315	5,054,488
Derivative receivables	2c,2f,2n,11		
Related parties	55	23,824	3,660
Third parties		422,635	235,600
		446,459	239,260

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

These consolidated financial statements are originally issued in the Indonesian language

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2017	December 31, 2016
ASSETS (continued)			
Loans and sharia financing/receivables	2c,2f,2o,12		
Related parties	55	113,611,412	100,201,483
Third parties		598,426,453	549,121,470
		712,037,865	649,322,953
Less: allowance for impairment losses		(33,745,345)	(32,616,760)
Net		678,292,520	616,706,193
Consumer financing receivables	2c,2f,2p,13		
Related parties	55	7,957	10,532
Third parties		15,137,262	11,844,684
		15,145,219	11,855,216
Less: allowance for impairment losses		(362,887)	(323,378)
Net		14,782,332	11,531,838
Investment in lease financing	2c,2q,14		
Third parties		2,364,629	834,483
Less: allowance for impairment losses		(7,739)	(4,538)
Net		2,356,890	829,945
Acceptances receivables	2c,2f,2u,15		
Related parties	55	1,049,343	415,848
Third parties		11,495,151	14,373,396
		12,544,494	14,789,244
Less: allowance for impairment losses		(254,234)	(241,041)
Net		12,290,260	14,548,203
Investment in shares	2s,16		
Related parties	55	89,110	50,331
Third parties		257,126	205,078
		346,236	255,409
Less: allowance for impairment losses		(12,924)	(10,273)
Net		333,312	245,136
Prepaid expenses	17	2,784,234	2,751,081
Prepaid taxes	2ad,33a	2,688,049	2,612,707
Fixed assets	2r.i, 2r.ii,18	46,991,375	44,736,920
Less: accumulated depreciation		(10,372,622)	(9,073,630)
Net		36,618,753	35,663,290
Intangible assets	2r.iii, 2s,19	5,102,247	4,213,322
Less: accumulated amortisation		(2,700,780)	(2,257,826)
Net		2,401,467	1,955,496
Other assets	2c,2t,2v,20	15,632,008	12,071,684
Less: Other allowances		(617,790)	(514,446)
Net		15,014,218	11,557,238
Deferred tax assets - net	2ad,33e	5,564,319	5,990,101
TOTAL ASSETS		1,124,700,847	1,038,706,009

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2017	December 31, 2016
LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY			
LIABILITIES			
Obligation due immediately	2w	2,838,567	1,569,911
Deposits from customers			
Demand deposits/ <i>wadiah</i> demand deposits	2c,2f,2x,21		
Related parties	55	46,108,385	48,729,926
Third parties		156,756,475	138,253,402
Total		202,864,860	186,983,328
Saving deposits/ <i>wadiah</i> saving deposits	2c,2f,2x,22		
Related parties	55	3,548,205	1,973,087
Third parties		305,163,703	275,196,737
Total		308,711,908	277,169,824
Time deposits	2c,2f,2x,23		
Related parties	55	35,491,966	46,271,999
Third parties		202,515,248	191,635,079
Total		238,007,214	237,907,078
Total deposits from customers		749,583,982	702,060,230
Deposits from other banks			
Demand/ <i>wadiah</i> demand deposits and saving deposits	2c,2f,2y,24		
Related parties	55	252,785	45,912
Third parties		3,985,605	4,254,853
Total		4,238,390	4,300,765
Interbank call money	2c,2f,2y,25		
Related parties	55	-	40,000
Third parties		1,007,655	1,240,952
Total		1,007,655	1,280,952
Time deposits	2c,2y,26		
Related parties	55	108,473	286,210
Third parties		2,994,989	3,471,269
Total		3,103,462	3,757,479
Total deposits from other banks		8,349,507	9,339,196
Liability to unit-link policyholders	2z,27	23,254,035	19,602,950

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

The original consolidated financial statements included herein are in the Indonesian language

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2017	December 31, 2016
LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY (continued)			
LIABILITIES (continued)			
Securities sold under repurchase agreements	2c,2f,2m,28		
Related parties	55	-	230,024
Third parties		3,592,883	3,123,018
Total		3,592,883	3,353,042
Derivative payables	2c,2f,2n,11		
Related parties	55	16,582	10,058
Third parties		259,661	492,411
Total		276,243	502,469
Acceptances payables	2c,2f,2u,29		
Related parties	55	602,894	2,481,708
Third parties		11,941,600	12,307,536
Total		12,544,494	14,789,244
Marketable securities issued	2c,2f,2aa,30		
Related parties	55	8,546,200	3,662,000
Third parties		8,341,088	5,398,035
		16,887,288	9,060,035
Less: Unamortised issuance cost		(43,693)	(34,041)
Net		16,843,595	9,025,994
Estimated losses on commitments and contingencies	2c,31c	381,771	207,401
Accrued expenses	2c,2af,32	4,307,193	3,743,496
Taxes payable	2ad,33b	1,009,832	1,258,792
Employee benefit liabilities	2ai,34,50	8,277,388	6,763,068
Provision	62b	375,770	435,880
Other liabilities	2c,35	20,496,377	15,810,036
Fund borrowings - third parties	2c,2f,2ab,36	35,703,679	35,882,757
Subordinated loans - third parties	2c,2f,2ac,37	191,501	215,432
TOTAL LIABILITIES		888,026,817	824,559,898

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

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PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2017	December 31, 2016
LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY (continued)			
TEMPORARY SYIRKAH FUNDS	2f,2ae,38		
Deposits from customers			
Related parties	55		
Saving deposits - restricted investment and <i>mudharabah</i> saving deposits - unrestricted investment	2a,38a	34,784	28,047
<i>Mudharabah</i> time deposits - unrestricted investment	3,38a	939,315	886,344
Total related parties		974,099	914,391
Third parties			
Demand deposits - restricted investments and <i>mudharabah musytarakah - musyarakah</i> demand deposits	1,38a	525,285	68,925
Saving deposits - restricted investment and unrestricted investment - <i>mudharabah</i> saving deposits	2a,38a	28,165,952	25,129,743
<i>Mudharabah</i> time deposits - unrestricted investment	3,38a	36,557,273	34,327,415
Total third parties		65,248,510	59,526,083
Total deposits from customers		66,222,609	60,440,474
Deposits from other banks			
Third parties			
<i>Mudharabah</i> saving deposit - unrestricted investment	38b	316,574	258,325
<i>Mudharabah</i> time deposit - unrestricted investment	38b	128,715	77,589
Total deposits from other banks		445,289	335,914
TOTAL TEMPORARY SYIRKAH FUNDS		66,667,898	60,776,388

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	<u>Notes</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY (continued)			
EQUITY			
Equity attributable to equity holders of the parent entity			
Share capital - Rp250 (full amount) par value per share as of December 31, 2017 and Rp500 (full amount) par value per share as of December 31, 2016			
Authorised capital - 1 share			
Dwiwarna Series A and 63,999,999,999 common shares Series B as of December 31, 2017 and 1 share Dwiwarna Series A and 31,999,999,999 common shares Series B as of December 31, 2016			
Issued and fully paid-in capital - 1 share			
Dwiwarna Series A and 46,666,666,665 common shares Series B as of December 31, 2017 and 1 share Dwiwarna Series A and 23,333,333,332 common shares Series B as of December 31, 2016			
	40a	11,666,667	11,666,667
Additional paid-in capital	40b	17,316,192	17,316,192
Difference arising from translation of financial statements in foreign currencies	2e	168,412	202,363
Unrealised gain/(losses) from increase/(decrease) in fair value on available for sale marketable securities and government bonds net of deferred tax	2j,2k	1,117,864	(759,364)
Effective portion of cash flow hedge	2n,11	(6,436)	-
Asset revaluation reserve	2r.i,18	25,666,631	25,140,523
Net actuarial (losses)/gain on defined benefit plan - net of deferred tax	2ai,33,50	(462,008)	49,515
Difference arising from transaction with non controlling interest	1g	(106,001)	(92,751)
Retained earnings (accumulated losses of Rp162,874,901 were eliminated against additional paid-in capital as a result of quasi - reorganisation as of April 30, 2003)			
Appropriated		5,380,268	5,380,268
Unappropriated		105,977,254	91,550,525
Total retained earnings		111,357,522	96,930,793
		166,718,843	150,453,938
Noncontrolling interests in net assets of consolidated Subsidiaries	2d,39	3,287,289	2,915,785
TOTAL EQUITY		170,006,132	153,369,723
TOTAL LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY		1,124,700,847	1,038,706,009

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Year ended December 31,	
		2017	2016
INCOME AND EXPENSES FROM OPERATIONS			
Interest income and sharia income	2f,2af,41,55		
Interest income		73,271,984	71,145,401
Sharia income		6,229,546	5,564,487
Total interest income and sharia income		79,501,530	76,709,888
Interest expense and sharia expense	2f,2af,42,55		
Interest expense		(24,633,241)	(22,544,799)
Sharia expense		(2,541,130)	(2,399,720)
Total interest expense and sharia expense		(27,174,371)	(24,884,519)
NET INTEREST AND SHARIA INCOME		52,327,159	51,825,369
Premium income	2ag	10,325,187	9,377,741
Claims expense	2ag	(7,860,112)	(6,725,310)
NET PREMIUM INCOME		2,465,075	2,652,431
NET INTEREST, SHARIA AND PREMIUM INCOME		54,792,234	54,477,800
Other operating income			
Other fees and commissions	2ah	12,483,134	11,440,002
Foreign exchange gains and derivative transactions - net	2e,2n	2,888,082	2,265,234
Others	43	6,910,425	5,581,189
Total other operating income		22,281,641	19,286,425
Allowance for impairment losses	2c,44	(15,646,385)	(24,943,938)
(Provision for)/reversal of impairment losses on commitments and contingencies	2c,31c	(173,402)	181,459
(Provision for)/reversal of other allowances	2t,45	(132,050)	117,637
Unrealised gains from increase in fair value of marketable securities, government bonds and policyholders' investment in unit-link contracts	2j,2k,2z,46	167,892	15,638
Gains on sale of marketable securities and government bonds	2j,2k,47	893,570	745,904

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (continued)
For the year ended December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

		Year ended December 31,	
	Notes	2017	2016
Other operating expenses			
Salaries and benefits	2f,2ai, 48,50,55	(14,858,642)	(13,618,745)
General and administrative expenses	2r,49	(15,405,579)	(13,958,211)
Others - net	51	(4,749,528)	(3,691,242)
Total other operating expenses		(35,013,749)	(31,268,198)
INCOME FROM OPERATION		27,169,751	18,612,727
Non operating expense - net	52	(12,888)	(39,762)
INCOME BEFORE TAX EXPENSE AND NONCONTROLLING INTEREST		27,156,863	18,572,965
Tax expense			
Current	2ad,33c,33d	(5,593,293)	(5,088,924)
Deferred	2ad,33c,33e	(120,528)	1,166,122
Total tax expense - net		(5,713,821)	(3,922,802)
NET INCOME FOR THE YEAR		21,443,042	14,650,163
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Gains on fixed asset revaluation	2r,i	526,108	25,140,558
Actuarial losses from defined benefit plan	2ai	(641,569)	(288,896)
Income tax related to items that will not be reclassified to profit or loss		125,139	57,776
		9,678	24,909,438
Items that will be reclassified to profit or loss			
Difference arising from translation of financial statements in foreign currencies	2e	(32,750)	(40,722)
Changes in fair value of available for sale financial assets	2j,2k	2,364,089	945,231
Effective portion of cash flow hedge		(16,826)	-
Income tax related to items that will be reclassified to profit or loss		(446,198)	(119,062)
		1,868,315	785,447
Other comprehensive income for the year - net of income tax		1,877,993	25,694,885
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		23,321,035	40,345,048
Net income attributable to:			
Parent Entity		20,639,683	13,806,565
Noncontrolling interest	2d	803,359	843,598
		21,443,042	14,650,163

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

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PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (continued)
For the year ended December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

		Year ended December 31,	
	Notes	2017	2016
Total comprehensive income attributable to:			
Parent Entity		22,491,109	39,484,138
Noncontrolling interest	2d	829,926	860,910
		23,321,035	40,345,048
EARNINGS PER SHARE			
	2aj		
Basic (full amount of Rupiah)		442.28	295.85*)
Diluted (full amount of Rupiah)		442.28	295.85*)

*) As restated, see Note 2aj.

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PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Issued and fully paid-in capital	Additional paid-in capital	Differences arising from translation of financial statements in foreign currencies	Net unrealised gain from increase in fair value on available for sale marketable securities and government bonds - net of deferred tax	Effective portion of cash flow hedge	Asset revaluation reserve	Net actuarial loss on defined benefit plan - net of of deferred tax	Difference arising from transaction with noncontrolling interest	Retained earnings			Noncontrolling interests in net assets of consolidated Subsidiaries	Total Equity
										Appropriated	Unappropriated	Total		
Balance as of January 1, 2017		11,666,667	17,316,192	202,363	(759,364)	-	25,140,523	49,515	(92,751)	5,380,268	91,550,525	96,930,793	2,915,785	153,369,723
Dividend payment from 2016 net income	40c	-	-	-	-	-	-	-	-	-	(6,212,954)	(6,212,954)	-	(6,212,954)
Difference arising from transaction with noncontrolling interest		-	-	-	-	-	-	-	(13,250)	-	-	-	-	(13,250)
Changes in noncontrolling interest arising from distribution of dividend and changes in Subsidiary's equity	2d	-	-	-	-	-	-	-	-	-	-	-	(458,422)	(458,422)
Income for the current year		-	-	-	-	-	-	-	-	-	20,639,683	20,639,683	803,359	21,443,042
Comprehensive income for the current year		-	-	(33,951)	1,877,228	(6,436)	526,108	(511,523)	-	-	-	-	26,567	1,877,993
Balance as of December 31, 2017		11,666,667	17,316,192	168,412	1,117,864	(6,436)	25,666,631	(462,008)	(106,001)	5,380,268	105,977,254	111,357,522	3,287,289	170,006,132

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

The original consolidated financial statements included herein are in the Indonesian language

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the year ended December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Issued and fully paid-in capital	Additional paid-in capital	Difference arising from translation of financial statements in foreign currencies	Net unrealised loss from decrease in fair value on available for sale marketable securities and government bonds - net of deferred tax	Difference arising from transaction with noncontrolling interest	Asset revaluation reserve	Net actuarial gain on defined benefit plan - net of of deferred tax	Retained earnings			Noncontrolling interests in net assets of consolidated Subsidiaries	Total equity
									Appropriated	Unappropriated	Total		
Balance as of January 1, 2016		11,666,667	17,316,192	242,807	(1,565,019)	(92,751)	-	277,676	12,402,382	76,822,336	89,224,718	2,421,551	119,491,841
Dividend payment from 2015 net income	40c	-	-	-	-	-	-	-	-	(6,100,490)	(6,100,490)	-	(6,100,490)
The establishment of specific reserves from 2015 net income	40c	-	-	-	-	-	-	-	2,277,517	(2,277,517)	-	-	-
Reclassification from specific reserves into retained earnings	40c	-	-	-	-	-	-	-	(9,299,631)	9,299,631	-	-	-
Changes in noncontrolling interest arising from distribution of dividend and changes in Subsidiary's equity	2d	-	-	-	-	-	-	-	-	-	-	(366,676)	(366,676)
Income for the current year		-	-	-	-	-	-	-	-	13,806,565	13,806,565	843,598	14,650,163
Comprehensive income for the current year		-	-	(40,444)	805,655	-	25,140,523	(228,161)	-	-	-	17,312	25,694,885
Balance as of December 31, 2016		11,666,667	17,316,192	202,363	(759,364)	(92,751)	25,140,523	49,515	5,380,268	91,550,525	96,930,793	2,915,785	153,369,723

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Year ended December 31,	
		2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interest income		69,888,604	68,369,500
Receipts from sharia income		6,247,610	5,402,923
Receipts from provision, commissions and premium income - net		14,948,209	14,092,433
Payments of interest expense		(24,478,983)	(22,253,266)
Payments of sharia expense		(2,520,782)	(2,382,950)
Receipts from the sale of government bonds - fair value through profit or loss		53,656,513	47,558,159
Acquisition of government bonds - fair value through profit or loss		(53,707,496)	(46,378,950)
Foreign exchange gains - net		2,392,249	3,151,361
Other operating income - others		2,417,018	1,879,255
Other operating expenses - others		(4,158,256)	(3,707,546)
Salaries and employee benefits		(13,855,845)	(12,860,915)
General and administrative expenses		(13,573,478)	(12,200,718)
Non-operating expense - net		(57,665)	(39,882)
Payment of corporate income tax		(5,968,499)	(5,943,662)
Cash flows from operating activities before changes in operating assets and liabilities		31,229,199	34,685,742
Decrease/(increase) in operating assets:			
Placements with Bank Indonesia and other banks		(624,042)	1,105,862
Marketable securities - fair value through profit or loss		(2,048,245)	(3,700,426)
Other receivables - trade transactions		(9,515,359)	(1,011,605)
Loans		(69,117,327)	(69,655,474)
Sharia financing/receivable		(7,521,377)	(5,983,097)
Securities purchased under resale agreements		2,425,173	(4,377,588)
Consumer financing receivables		(3,961,788)	(4,079,414)
Net investment in lease financing		(1,533,591)	(231,782)
Prepaid taxes		(59,783)	2,204,689
Prepaid expenses		(33,153)	(451,229)
Other assets		(3,240,312)	(42,059)
Recovery of written-off financial assets		4,565,412	3,701,934
Increase/(decrease) in operating liabilities and temporary <i>syirkah</i> funds:			
Conventional banking			
Demand deposits		15,766,883	15,377,874
Saving deposits		31,594,358	28,225,627
Time deposits		(553,881)	35,310,768
Interbank call money		(273,297)	(2,483,411)
Obligation due immediately		1,268,656	413,584
Liability to unit - linked policyholders	27	3,651,085	2,583,901

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

The original consolidated financial statements included herein are in the Indonesian language.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the year ended December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

		Year ended December 31,	
	Notes	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES (continued)			
Increase/(decrease) in operating liabilities and temporary <i>syirkah</i> funds (continued):			
Other taxes payable		110,687	(7,543)
Other liabilities		6,931,895	3,531,241
Sharia banking - temporary <i>syirkah</i> funds			
- Demand deposit - restricted investment and demand deposit <i>musyarakah - mudharabah musytarakah</i>		456,360	57,423
- Saving deposit - restricted investment and <i>mudharabah</i> saving deposit - unrestricted investment		3,101,195	2,415,839
- <i>Mudharabah</i> time deposit - unrestricted investment		2,333,955	3,930,263
Net cash provided by operating activities		4,952,703	41,521,119
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in marketable securities - other than fair value through profit or loss		(1,083,092)	(8,924,594)
Increase/(decrease) in government bonds - other than fair value through profit or loss		(1,540,676)	5,320,566
Proceeds from sale of fixed assets		51,269	10,935
Acquisition of fixed assets		(1,786,436)	(2,149,547)
Acquisition of intangible assets		(888,925)	(420,141)
Net cash used in investing activities		(5,247,860)	(6,162,781)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase of investment in Subsidiaries		(497,153)	(546,129)
Increase in marketable securities issued		7,827,253	6,627,816
(Decrease)/increase in fund borrowings		(630,913)	3,076,681
Decrease in subordinated loans		(23,931)	(3,522,271)
(Increase)/decrease in securities sold under repurchase agreements	28	239,841	(1,510,129)
Payments of dividends	40c	(6,212,954)	(6,100,490)
Net cash provided by/(used in) financing activities		702,143	(1,974,522)

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

The original consolidated financial statements included herein are in the Indonesian language

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the year ended December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

		Year ended December 31,	
	Notes	2017	2016
NET INCREASE IN CASH AND CASH EQUIVALENTS		406,986	33,383,816
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		808,703	(1,491,116)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		157,560,107	125,667,407
CASH AND CASH EQUIVALENTS AT END OF YEAR		158,775,796	157,560,107
Cash and cash equivalents at end of year consists of:			
Cash		24,268,563	22,906,775
Current accounts with Bank Indonesia	4	50,188,118	52,484,974
Current accounts with other banks	5	12,333,389	10,363,214
Placements with Bank Indonesia and other banks		71,536,104	71,209,865
Certificates of Bank Indonesia		449,622	595,279
Total cash and cash equivalents		158,775,796	157,560,107

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL INFORMATION

a. Establishment

PT Bank Mandiri (Persero) Tbk. (hereinafter referred to as “Bank Mandiri” or the “Bank”) was established on October 2, 1998 in the Republic of Indonesia based on notarial deed No. 10 of Sutjipto, S.H., under Government Regulation No. 75 of 1998 dated October 1, 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 October 2, 1998 and was published in Supplement No. 6859 of State Gazette No. 97 dated December 4, 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 August 1, 1999.

The Articles of Association of Bank Mandiri has been amended several times, as the latest by Deed of Extraordinary General Meeting of Shareholders No. 36, dated August 24, 2017, made in front of Ashoya Ratam SH, Mkn, Notary in South Jakarta, in relation with the implementation of stock split. The amendment has been notified to the Minister of Law and Human Rights of the Republic of Indonesia in Letter no. AHU-AH.01.03-0166888 regarding Acceptance of Notification of Amendment of Company’s Articles of Association of PT Bank Mandiri (Persero) Tbk. dated August 29, 2017, and registered on the Company Register No. AHU-0107350.AH.01.11. year 2017 dated August 29, 2017.

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 the 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 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 on July 1999 and the recapitalisation of Bank Mandiri. The restructuring of the Merged Banks into Bank Mandiri also covered the following:

- Restructuring of loans
- Restructuring of non-loan assets
- Rationalisation of domestic and overseas offices
- Rationalisation of human resources

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL INFORMATION (continued)

b. Merger (continued)

Based on the notarial deed of Sutjipto, S.H., No. 100 dated July 24, 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 July 29, 1999 and approved by the Governor of Bank Indonesia in its decision letter No. 1/9/KEP.GBI/1999 dated July 29, 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 July 31, 1999.

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 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 representing 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 December 31, 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 February 8, 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 (Badan Penyehatan Perbankan Nasional or "BPPN").

On May 28, 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 July 29, 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 September 29, 1999 and the approval of the Ministry of State-Owned Enterprises in letter No. S-510/M-PBUMN/1999 dated September 29, 1999.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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1. GENERAL INFORMATION (continued)

c. Recapitalisation (continued)

Based on Bank Indonesia Letter No. 1/1/GBI/ DPIP dated October 11, 1999, concerning the issuance of Government Bonds/Debentures in connection with the Government of 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 of July 31, 1999 through September 30, 1999, with a condition that not later than October 15, 1999 the Government Bonds/Debentures should have been received by Bank Indonesia.

Based on Government Regulation No. 97 of 1999 dated December 24, 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 amounted 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 October 13, 1999 and Rp75,000,000 on December 28, 1999 so that as of December 31, 1999 the total Government Recapitalisation Bonds issued in accordance with the aforementioned agreements amounted to Rp178,000,000.

Based on the Management Contract dated April 8, 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 July 7, 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 April 24, 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 April 25, 2003 (Note 40b).

The Ministry of Finance of the Republic of Indonesia issued decrees ("KMK-RI") No. 227/KMK.02/2003 dated May 23, 2003 and KMK-RI No. 420/KMK-02/2003 dated September 30, 2003 confirmed that the final amount of the addition of the Government's participation in Bank Mandiri amounted 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 FSA, previously the Capital Market Supervisory Board and Financial Institution ("Bapepam and LK") on June 2, 2003 and became effective based on the Letter of the Chairman of Bapepam and LK No. S-1551/PM/2003 dated June 27, 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 has been held with notarial deed of Sutjipto, S.H., No. 2 dated June 1, 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 June 6, 2003 that was published in the State Gazette No. 63 dated August 8, 2003, Supplement State Gazette No. 6590.

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As of December 31, 2017 and for the year then ended
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1. GENERAL INFORMATION (continued)

d. Initial Public Offering of Bank Mandiri and Quasi-Reorganisation (continued)

Initial Public Offering of Bank Mandiri (continued)

On July 14, 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 July 14, 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 July 8, 2003 and Surabaya Stock Exchange's Approval Letter No. JKT-028/LIST/BES/VII/2003 dated July 10, 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 Meeting of Shareholders ("RUPS-LB") on May 29, 2003.

The quasi-reorganisation adjustments were booked on April 30, 2003 where the accumulated losses of Rp162,874,901 were eliminated against additional paid-in capital.

Bank Mandiri's Articles of Association were amended due to the changes in additional paid-in capital as a result of quasi-reorganisation, based on notarial deed of Sutjipto, S.H., No. 130 dated September 29, 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 October 23, 2003 and was published in the State Gazette No. 910, Supplement No. 93 dated October 23, 2003.

On October 30, 2003, Bank Mandiri's RUPS-LB approved the quasi-reorganisation as of April 30, 2003, which were notarised by Sutjipto, S.H. in notarial deed No. 165 dated October 30, 2003.

e. Divestment of Government Share Ownership

On March 11, 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 subordinated bonds, public offering of continuous bonds, limited public offering of shares and changes in share capital of Bank Mandiri

Public Offering of Bank Mandiri Subordinated Bonds

On December 3, 2009, Bank Mandiri received the effective approval from the Chairman of Capital Market Supervisory Board and Financial Institution through its letter No. S-10414/BL/2009 dated December 3, 2009 to conduct the public offering of Bank Mandiri Rupiah Subordinated Bond I 2009 with a nominal value of Rp3,500,000. On December 14, 2009, the aforementioned Bond was listed on Indonesia Stock Exchange.

Public Offering of Bank Mandiri Continuous Bonds

On September 30, 2016, Bank Mandiri has issued Continuous Bonds I Bank Mandiri Phase I Year 2016 ("Continuous Bonds I Phase I") with nominal amount of Rp5,000,000 and on June 15, 2017, Bank Mandiri issued Continuous Bonds I Bank Mandiri Phase II Year 2017 ("Continuous Bonds I Phase II") with nominal amount of Rp6,000,000 (Note 30).

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL INFORMATION (continued)

f. Public offering of subordinated bonds, public offering of continuous bonds, limited public offering of shares and changes in share capital of Bank Mandiri (continued)

Limited public offering of Bank Mandiri shares

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 FSA, previously the Capital Market Supervisory Board and Financial Institution ("Bapepam and LK") on December 26, 2010 and January 18, 2011 and received the effective notification from Capital Market Supervisory Board and Financial Institution on January 27, 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 Meeting of Shareholder dated January 28, 2011 as notarised by Dr. A. Partomuan Pohan, S.H., LLM No. 15 dated February 25, 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 March 10, 2011. The Bank also registered it to company listing No. AHU-0019617.AH.01.09 year 2011 dated March 10, 2011.

Total number of Pre-emptive Rights issued by Bank Mandiri was 2,336,838,591 shares at a price of Rp5,000 (full amount) per share determined on January 25, 2011 and the execution period of pre-emptive rights trading started from February 14, 2011 until February 21, 2011.

The Government of the Republic of Indonesia as the controlling shareholder of Bank Mandiri, did not execute its right to acquire the pre-emptive rights, and transferred it to other shareholders. As a result of this, Government's ownership in Bank Mandiri was reduced or diluted from 66.68%, prior to the execution of pre-emptive rights, to 60.00% after the execution of the pre-emptive rights.

Changes in share capital of Bank Mandiri

The details of changes in issued and paid-in-share capital (Note 40a) are as follows:

	Number of shares
Initial capital injection by the Government in 1998	4,000,000
Increase in share capital by the Government in 1999	251,000
	4,251,000
Increase in paid-in capital by the Government in 2003	5,749,000
	10,000,000
Decrease in par value per share from Rp1,000,000 (full amount) to Rp500 (full amount) per share through stock split in 2003	20,000,000,000
Shares from conversion of MSOP I in 2004	132,854,872
Shares from conversion of MSOP I in 2005	122,862,492
Shares from conversion of MSOP I in 2006	71,300,339
Shares from conversion of MSOP II in 2006	304,199,764
Shares from conversion of MSOP I in 2007	40,240,621
Shares from conversion of MSOP II in 2007	343,135
Shares from conversion of MSOP III in 2007	77,750,519
Shares from conversion of MSOP I in 2008	8,107,633
Shares from conversion of MSOP II in 2008	399,153
Shares from conversion of MSOP III in 2008	147,589,260
Shares from conversion of MSOP II in 2009	86,800
Shares from conversion of MSOP III in 2009	64,382,217

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(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL INFORMATION (continued)

f. Public offering of subordinated bonds, public offering of continuous bonds, limited public offering of shares and changes in share capital of Bank Mandiri (continued)

Changes in share capital of Bank Mandiri (continued)

The details of changes in issued and paid-in-share capital (Note 40a) are as follows (continued):

	Number of shares
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
Decrease of par value of stock from Rp500 (full amount) to Rp250 (full amount) per stock through stock split in 2017	23,333,333,333
Total	46,666,666,666

Stock split of Bank Mandiri:

Based on the decision of the Extraordinary General Meeting of Shareholders (RUPS-LB) dated August 21, 2017 as in the notarial deed of Ashoya Ratam, SH, M.Kn. No. 36 dated August 24, 2017, the shareholders of Bank Mandiri, among others, approved the stock split of the Bank from Rp500 (full amount) per share to Rp250 (full amount) per share so that the capital was placed into 46,666,666,666 shares consisting of 1 (one) Dwiwarna share series A and 46,666,666,665 shares series B.

g. Subsidiaries

Subsidiaries included in the consolidated financial statements as of December 31, 2017 and 2016, are as follows:

Name of Subsidiaries	Nature of Business	Domicile	Percentage of Ownership	
			2017	2016
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 Mandiri Taspen**)				
(formerly PT Bank Mandiri Taspen Pos)	Commercial Banking	Denpasar	59.44	59.44
PT Mandiri Tunas Finance (MTF)	Consumer Financing	Jakarta	51.00	51.00
Mandiri International Remittance Sendirian Berhad (MIR)	Remittance service	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	80.00	80.00
PT Mandiri Utama Finance (MUF)	Consumer Financing	Jakarta	51.00	51.00
PT Mandiri Capital Indonesia	Venture Capital	Jakarta	99.98 *)	99.97

*) Effective since September 13, 2017

**) Effective after General Meeting of Shareholders on October 9, 2017

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1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

The Subsidiaries' total assets as of December 31, 2017 and 2016 (before elimination) are as follows:

Subsidiaries	Year of commercial operation	Total assets (before eliminaton)	
		December 31, 2017	December 31, 2016
PT Bank Syariah Mandiri	1955	87,939,774	78,831,722
Bank Mandiri (Europe) Limited	1999	2,126,531	2,344,461
PT Mandiri Sekuritas	1992	3,284,779	2,199,940
PT Bank Mandiri Taspen (formerly PT Bank Mandiri Taspen Pos)	1970	13,687,703	7,391,270
PT Mandiri Tunas Finance	1989	14,739,458	11,404,062
Mandiri International Remittance Sendirian Berhad	2009	14,958	12,161
PT AXA Mandiri Financial Services	1991	30,228,537	25,983,699
PT Mandiri AXA General Insurance	1962	1,616,120	1,647,887
PT Asuransi Jiwa InHealth Indonesia	2008	2,224,965	2,113,984
PT Mandiri Utama Finance	2015	4,197,567	2,007,573
PT Mandiri Capital Indonesia	2015	490,038	354,621
Total		160,550,430	134,291,380

PT Bank Syariah Mandiri

PT Bank Syariah Mandiri ("BSM") is engaged in banking activities with Islamic banking principles, was established under the name PT Bank Industri Nasional ("PT Bina") on June 15, 1955. On October 4, 1967, the subsidiary's name was changed from PT Bina to PT Bank Maritim Indonesia which subsequently changed to PT Bank Susila Bhakti on August 10, 1973 which is a subsidiary of BDN. The latest change of the subsidiary's name to PT Bank Syariah Mandiri (BSM) is based on Notarial Deed of Sutjipto, S.H, No. 23 dated September 8, 1999. BSM obtained an operating license based on the Decision Letter of the Governors of Bank Indonesia No. 1/24/KEP.GBI/1999 dated October 25, 1999 as a commercial bank based on Islamic principles and began operating on November 1, 1999.

On January 9, 2009, Bank Mandiri made additional capital investment in cash at the Subsidiary, amounting to Rp100,000. Bank Mandiri has received approval from Bank Indonesia through letter dated December 31, 2008 and the Resolution of Extraordinary General Meeting of Shareholders of BSM No. 10 dated June 19, 2008.

On December 31, 2008, Bank Mandiri made additional capital investment of Rp199,871 at the Subsidiary, in the form of cash and inbreng (non-cash/exchange). Bank Mandiri has received approval from Bank Indonesia through letter dated December 31, 2008 and the Resolution of Extraordinary General Meeting of Shareholders of BSM No. 10 dated June 19, 2008.

On March 18, 2011, Bank Mandiri made additional capital investment in cash of Rp200,000 at the Subsidiary. Bank Mandiri has received approval from Bank Indonesia through letter dated January 31, 2011 and Circular Resolution of Shareholders dated February 28, 2011 with Notarial Deed No. 19 dated March 21, 2011 on the additional capital investment.

On December 29, 2011, Bank Mandiri made additional capital investment in cash at the Subsidiary for Rp300,000. Bank Mandiri has received approval from Bank Indonesia through letter dated December 27, 2011 and Circular Resolution of Shareholders dated December 29, 2011 with Notarial Deed No. 42 dated December 29, 2011 on the additional capital investment.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the year then ended
(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Bank Syariah Mandiri (continued)

On December 21, 2012, Bank Mandiri made additional capital investment in cash at the Subsidiary for Rp300,000. Bank Mandiri has received approval from Bank Indonesia through letter dated December 21, 2012 and Circular Resolution of Shareholders dated December 21, 2012 with Notarial Deed No. 38 dated December 28, 2012 on the additional capital investment.

On December 30, 2013, Bank Mandiri made additional capital investment in the form of non-cash (inbreng) of land and buildings at the Subsidiary for Rp30,778. Bank Mandiri has received approval from Bank Indonesia through letter dated December 19, 2013 and Circular Resolution of Shareholders dated December 27, 2013 with Notarial Deed No. 20 dated January 22, 2014 which was re-affirmed in Circular Resolution of Shareholders dated December 29, 2014 with Notarial Deed No. 22 dated January 23, 2015 on the additional capital investment.

On November 24, 2015, Bank Mandiri made additional capital investment in the form of cash at the Subsidiary amounting to Rp500,000. Bank Mandiri has received approval from the Bank Indonesia through letter dated November 4, 2015 and Circular Resolution of Shareholder dated November 18, 2015 with Notarial Deed No. 33 dated November 25, 2015 on the additional capital investment.

On November 14, 2016, Bank Mandiri made additional capital investment in the form of cash in the Subsidiary amounting to Rp500,000. Bank Mandiri has received approval from Indonesian Financial Services Authority (FSA) through letter dated November 3, 2016 and Circular Resolution of Shareholders dated November 25, 2016, that has been notarized with Deed No. 09 dated December 7, 2016 on such additional capital investment. FSA approval related to the additional capital investment has been received on January 24, 2017.

On December 11, 2017, Bank Mandiri made additional capital investment in the form of cash in the Subsidiary amounting to Rp500,000. Bank Mandiri has received approval from Ministry of State-Owned Enterprises through letter No. S-536/MBU/09/2017 dated September 22, 2017, Indonesian Financial Services Authority (FSA) through letter No. S-129/PB.31/2017 dated December 5, 2017, and Circular Resolution of Shareholder dated December 6, 2017 with Notarial Deed No. 22 dated December 12, 2017 on the additional capital investment. The additional capital investment will be effective after Bank Mandiri obtained FSA approval related changes in BSM's share capital. Until the date of consolidated financial statements, such approval from FSA has not yet been received.

Bank Mandiri (Europe) Limited

Bank Mandiri (Europe) Limited ("BMEL") was established in London, United Kingdom on June 22, 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 July 31, 1999. BMEL, located in London, United Kingdom, is mandated to act as a commercial bank to represent the interests of Bank Mandiri.

PT BANK MANDIRI (PERSERO) Tbk. AND SUBSIDIARIES
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1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Mandiri Sekuritas

PT Mandiri Sekuritas ("Mandiri Securities"), formerly known as PT Merincorp Securities Indonesia ("MSI"), incorporated under Act No. 1 dated December 2, 1991 made before Sutjipto, SH Mandiri Sekuritas is the result of the merger of PT Bumi Daya Sekuritas ("BDS"), PT Exim Securities ("ES") and PT Merincorp Securities Indonesia ("MSI") is accomplished by means of merging BDS and ES into the MSI. MSI obtained a license as a securities broker and underwriter of the securities portfolio of the Chairman of the Capital Market Supervisory Agency ("Bapepam") by decree No. KEP-12/PM/1992 and No. KEP-13/PM/1992 and started operations on January 23, 1992. The merger was based on the Deed No. 116 dated July 31, 2000 the Notary Ny. Vita Buena, SH, which was approved by the Minister of Law and Legislation of the Republic of Indonesia on August 25, 2000 by Decree No. C-18762.HT.01.01-TH.2000 and business permits obtained previously MSI can still be used by PT Mandiri Sekuritas. PT Mandiri Sekuritas owns 99.90% of total shares of PT Mandiri Manajemen Investasi, a Subsidiary that was established on October 26, 2004 and is engaged in investment management and advisory. Mandiri Securities also owns 100% of the total shares of Mandiri Securities Pte. Ltd., a company engaged in securities business and Advising Corporate Finance and Monetary Authority of Singapore, which was established in 2016.

On December 28, 2012, Bank Mandiri made additional capital investment in cash at Mandiri Sekuritas, amounting to Rp29,512. Bank Mandiri has obtained approval from Bank Indonesia through its letter dated October 31, 2012 and the circular resolution of shareholders dated December 27, 2012 on the additional capital investment. After the implementation of the additional capital investment, the Bank's ownership at Mandiri Sekuritas increased from 95.69% to 99.99% of the total shares issued by Mandiri Sekuritas.

PT Bank Mandiri Taspen

PT Bank Sinar Harapan Bali ("BSHB") was established as the Bank Market on February 23, 1970 under the name MAI Bank Pasar Sinar Harapan Bali, then on November 3, 1992 the Bank changes legal form into Limited Liability Company based on Deed No. 4 made by Ida Bagus Alit Sudiarmika, SH, Notary in Denpasar and obtained a business license as a commercial bank under the decree of the Minister of Finance of the Republic of Indonesia No. 77/KMK.017/1994 dated March 10, 1994. On May 3, 2008, the signing of the acquisition deed between shareholders of BSHB and Bank Mandiri, as stated in the acquisition deed No. 4 dated May 3, 2008 made by I Wayan Sugitha, SH, Notary in Denpasar. This acquisition marks the signing of the deed of initial ownership of the Bank early on BSHB 80.00% shares, which further BSHB management will be carried out separately from the Bank as a stand-alone bank mainly focuses on the business development of Micro and Small Enterprises.

On October 22, 2009, the Bank made additional capital investment in BSHB amounting to 1.46% of the total shares issued and fully paid, or at Rp1,460,657,000 (full amount) by purchasing all shares of BSHB owned by the President Director for 2,921,314 shares, as contained in the Deed of Sale and Purchase of Shares No. 52 dated October 22, 2009 of Notary Ni Wayan Widastris, SH, Notary in Denpasar, Bali.

Additional capital investment of the Bank in BSHB was conducted in order to comply with Bank Indonesia on Good Corporate Governance which among other things requires the President Director of Bank should come from an independent party. Additional capital investment of the Bank in BSHB has been approved by Bank Indonesia as contained in the letter No. 11/103/DPB1/TPB1-1 dated August 21, 2009.

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1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Bank Mandiri Taspen (continued)

After the implementation of the additional capital investment, the Bank's ownership in BSHB increased from 80.00% to 81.46% of the total shares issued by BSHB with a total investment value of Rp81,461 from Rp80,000.

On May 28, 2013, the Bank made additional capital investment in BSHB amounting to 11.77% of the total shares issued and fully paid, or at Rp32,377,072,750 (full amount) by purchasing shares of BSHB owned by some of BSHB minority shareholders with a total of 23,546,962 shares (full amount). The additional capital investment of the Bank's investments in BSHB has been approved by Bank Indonesia as contained in the letter of Bank Indonesia No. 15/33/DPB1/PB1-1 dated May 6, 2013.

On December 22, 2014, BSHB held an Extraordinary General Meeting of Shareholders approving the issuance of 800,000,000 (full amount) of new shares to be purchased by Bank Mandiri, PT Taspen (Persero) and PT Pos Indonesia (Persero). Changes in the composition of ownership has been effective on May 28, 2015 with the approval of the statement of changes in shareholders BSHB by FSA Banking, with the composition of the final ownership is Bank Mandiri (58.25%), PT Taspen (20.2%), PT Pos (20.2%) and individual shareholders (1.35%). FSA Banking also approved Taspen and PT Pos as new shareholders as well as the additional capital injection of the Bank in BSHB amounting to Rp198,000.

On July 24, 2015, the FSA has approved the change of name of PT Bank Sinar Harapan Bali to PT Bank Mandiri Taspen Pos and given permission to conduct business under the name of Bank Mantap. The changes of name and logo are permitted by the FSA on July 31, 2015. The changes of name and logo have been announced to the public on August 7, 2015.

On November 24, 2016, the Bank has received approval from the FSA related to the plan of additional capital investment at PT Bank Mandiri Taspen Pos amounting to Rp257,036 through letter No. S-125/PB.31/2016 regarding the Application for Approval of the additional capital investment of Bank Mandiri in PT Bank Mandiri Taspen Pos. The increase in capital has changed the percentage of ownership whereby after the issuance of additional capital, the Bank's ownership in Bank Mandiri Taspen Pos has increased from 58.25% to 59.44% of the total shares issued by Bank Mantap. The additional of capital investment is effective in 2017 based on approval from FSA Bali through letter No. S-07/KR.081/2017 and registered in administration of FSA's supervision. There are differences in recorded book value amounting to Rp13,250.

On October 9, 2017, Bank Mandiri Taspen Pos held an Extraordinary General Meeting of Shareholders which approved the changes in the composition of shareholders to Bank Mandiri (59.44%), PT Taspen (40%) and individual shareholders (0.56%). The Extraordinary General Meeting of Shareholders also approved the changes of company's name, formerly PT Bank Mandiri Taspen Pos to PT Bank Mandiri Taspen.

On December 6, 2017, the Bank has received approval from FSA related to the planned additional capital investment at PT Bank Mandiri Taspen Pos amounting to Rp210,000 through letter No. S-131/PB.31/2017 regarding the Application for Approval of the additional capital to PT Bank Mandiri Taspen Pos. The application has been approved by the Ministry of State-Owned Enterprises as contained in the letter No. S-504/MBU/09/2017 dated September 7, 2017. Approval from FSA Bali was obtained in January 2018 (Note 65).

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1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Bank Mandiri Taspen (continued)

The addition of capital investment does not change the percentage of ownership, the percentage of ownership of Bank Mandiri in Bank Mantap remains 59,44% of the total stock issued by Bank Mantap.

Prior to January 1, 2011, goodwill arising from the acquisition of PT Bank Mandiri Taspen amounting to Rp19,219 was amortized using the straight-line method over 5 (five) years with the estimation of economic benefits of the goodwill. Effective January 1, 2011, in accordance with SFAS No. 22 (Revised 2009), "Business Combinations", goodwill is not amortized but is tested for impairment annually. The Bank periodically evaluates the impairment of goodwill in accordance with SFAS No. 48, "Impairment of Assets" (see Note 2s). The balance of goodwill on December 31, 2017 and 2016 amounted to Rp21,043.

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 May 17, 1989 and approved by the Ministry of Justice through its decision letter No. C2-4868.HT.01.01.TH.89 dated June 1, 1989 and published in State Gazette No. 57, Supplement No. 1369 dated July 18, 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 September 7, 1989, No. 54/KMK.013/1992 dated January 15, 1992 and No. 19/KMK.017/2001 dated January 19, 2001. Based on notarial deed of Dr. A. Partomuan Pohan, S.H., LL.M., dated February 6, 2009, the Bank entered into a sales and purchase agreement with MTF's shareholders (PT Tunas Ridean Tbk. and PT Tunas Mobilindo Parama) to acquire 51.00% ownership of MTF through its purchase of 1,275,000,000 shares of MTF (the nominal value of Rp100 (full amount)) per share amounting to Rp290,000.

The acquisition of 51.00% of MTF shares ownership by Bank Mandiri was approved in the Extraordinary General Shareholders' Meeting of MTF as stated in the Minutes of Extraordinary General Shareholders' Meeting No. 8 dated February 6, 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 March 11, 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 January 8, 2009.

The amendment of the TFS's name to become MTF was undertaken on June 26, 2009, in accordance with a resolution on notarial deed of PT Tunas Financindo Sarana No. 181 dated June 26, 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 August 26, 2009.

Prior to January 1, 2011, goodwill arising from the acquisitions of MTF amounting to Rp156,807 was amortized using the straight-line method over 5 (five) years with the estimation of economic benefits of the goodwill. Effective January 1, 2011, in accordance with SFAS No. 22 (Revised 2009), "Business Combinations", goodwill is not amortized but is tested for impairment annually. The Bank periodically evaluates the impairment of goodwill in accordance with SFAS No. 48, "Impairment of Assets" (see Note 2s). The balance of goodwill on December 31, 2017 and 2016 amounted to Rp96,697.

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1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

Mandiri International Remittance Sendirian Berhad

Mandiri International Remittance Sendirian Berhad ("MIR"), a wholly owned Subsidiary of Bank Mandiri and became a Malaysian legal entity on March 17, 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 November 14, 2008 and approval from BNM to conduct operational activities through its letter No. KL.EC.150/1/8562 dated November 18, 2009. MIR officially commenced its operations on November 29, 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 September 30, 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 October 28, 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 December 4, 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 December 10, 2003, and was published in State Gazette No. 64, Supplement No. 7728 dated August 10, 2004 with shareholders composed of NMI for 51.00% and Bank Mandiri for 49.00%.

The shareholders of Bank Mandiri, at the Annual General Meeting held on May 17, 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 August 20, 2010, Bank Mandiri 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 issued and fully paid-in capital of AXA Mandiri from NMI which was performed in front of Notary Dr. A. Partomuan Pohan, S.H., LL.M. The addition of shares in AXA Mandiri was approved by Bank Indonesia through its letter No. 12/71/DPB1/TPB1-1 dated July 22, 2010. After this acquisition, the Bank's percentage of ownership in AXA Mandiri increased to become 51.00%.

Prior to January 1, 2011, goodwill arising from the acquisition of AXA Mandiri amounting to Rp40,128 was amortized using the straight-line method over 5 (five) years with the estimation of economic benefits of the goodwill. Effective January 1, 2011, in accordance with SFAS No. 22 (Revised 2009), "Business Combinations", goodwill is not amortized but is tested for impairment annually. Bank periodically evaluates the impairment of goodwill in accordance with SFAS No. 48, "Impairment of Assets" (see Note 2s). The balance of goodwill on December 31, 2017 and 2016 amounted to Rp37,194.

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1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

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 was 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 July 28, 1961 in Jakarta and approved by the Minister of Justice through its letter No. J.A.5/11/4 dated January 20, 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 December 17, 1997, and approved by the Minister of Justice through the Ministry of Justice Decree No. C2-2421.HT.01.04.TH.98 dated March 26, 1998.

In Bank Mandiri's General Shareholder Meeting dated May 23, 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 July 28, 2011.

On October 11, 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 October 11, 2011. After this acquisition, Bank Mandiri became the shareholder of PT Asuransi Dharma Bangsa with 60.00% ownership. This was ratified in the General Shareholders Meeting of PT Asuransi Dharma Bangsa in accordance with notarial deed of Yualita Widyadhari, SH No. 22 dated October 11, 2011. The notarial deed has been 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 October 17, 2011 regarding Acceptance Notification on the Amendment of PT Asuransi Dharma Bangsa's Article of Association.

Subsequently, the name of PT Asuransi Dharma Bangsa, was changed to PT Mandiri AXA General Insurance in accordance with the notarial deed of Yualita Widyadhari, S.H. No. 90 dated October 18, 2011. The notarial deed had been 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 October 25, 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 November 22, 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.

The FSA through its letter No. S-42/PB.31/2014 dated May 14, 2014 and letter No. 5-94/PB.31/2014 dated October 31, 2014 has approved the Additional Capital Investment of PT Bank Mandiri (Persero) Tbk in PT Mandiri AXA General Insurance amounting to Rp24,000 and Rp63,000. The additional capital investment has been approved by circularised decision of the General Meeting of Shareholders (RUPS). As documented in Notarial Wiwiek Widhi Astuti No. 20 dated June 6, 2014 and No. 27 dated November 21, 2014, has been approved by the Ministry of Justice and Human Rights through its letter No. AHU-03896.40.20.2014 dated June 12, 2014 and No. AHU-08879.40.21.2014 dated November 26, 2014. The addition of the equity investment did not change the percentage of share ownership whereas Bank Mandiri owned 60% and AXA S.A owned 40% MAGI.

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1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Mandiri AXA General Insurance (continued)

Based on the letter of approval from the FSA No. S-52/PB.31/2015 dated June 25, 2015 regarding the Application for Approval of Increase in Investment of PT Mandiri AXA General Insurance, the FSA expressed no objection to the plan of the Bank to make additional capital investments in MAGI amounting to Rp30,000. On July 9, 2015, the Bank has carried out the execution of the additional investment to MAGI amounting to Rp30,000. The total increase in capital in PT MAGI amounted to Rp50,000 equal to the additional capital injection in proportion to its percentage shareholding in Bank Mandiri MAGI by 60% and AXA S.A by 40%, so the Bank increased its investment of Rp30,000 and AXA S.A of Rp20,000. The increase in capital did not change the percentage of share ownership in the overall MAGI-owned by Bank Mandiri of 60% and AXA S.A of 40%.

Based on the letter of approval from the FSA No. S-72/PB.31/2016 dated August 3, 2016 regarding the Application for Approval of Increase in Investment PT Mandiri AXA General Insurance, the FSA expressed no objection to the plan of the Bank to make additional capital investments to MAGI amounting to Rp30,000. On August 9, 2016, the Bank has made the additional investment transaction execution to MAGI amounting to Rp30,000. The total additional investment to MAGI is Rp50,000 with the amount of additional capital injection in proportion to its percentage shareholding of the Bank in MAGI by 60% and AXA SA by 40%, therefore the Bank increased its investment of Rp30,000 and AXA SA by Rp20,000. The increase in capital did not change the percentage of ownership in the overall MAGI-owned by Bank Mandiri amounting to 60% and AXA S.A by 40%.

PT Asuransi Jiwa InHealth Indonesia

PT Asuransi Jiwa Indonesia InHealth ("InHealth") was established on October 6, 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 November 26, 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 March 20, 2009.

On December 23, 2013, Bank Mandiri, PT Kimia Farma (Persero) Tbk. and PT Asuransi Jasa Indonesia (Persero) as the buyers and the Social Security Agency of Health (BPJS Kesehatan; formerly PT Askes (Persero)) and the Cooperative Bhakti Askes as the sellers have signed a Conditional Share Purchase Agreement on PT Asuransi Jiwa InHealth Indonesia ("InHealth") where the execution of transactions will be conducted in two phases as follows:

1. phase 1, namely the acquisition of 80% ownership in InHealth, whereas the ownership of the Bank is 60%, PT Kimia Farma (Persero) Tbk. and PT Asuransi Jasa Indonesia (Persero) are 10%, respectively, and BPJS Kesehatan still has 20%; and
2. phase 2, namely the acquisition of 20% ownership of BPJS in InHealth by the Bank so that the total ownership of Bank Mandiri is 80%. The composition of shareholders after the transaction InHealth stage 2 resulted in the following percentage ownership Bank Mandiri, 80%; PT Kimia Farma (Persero) Tbk. and PT Asuransi Jasa Indonesia (Persero) have 10%, respectively, of the total shares issued and fully paid of InHealth.

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1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Asuransi Jiwa InHealth Indonesia (continued)

On February 27, 2014, the Bank has obtained the approval of the General Meeting of Shareholders related to the acquisition InHealth. Furthermore, Bank Mandiri also has received the approval of the proposed acquisition from FSA in accordance with Letter No. S-37/PB/31/2014 dated April 17, 2014 regarding the Application for Approval for Equity Investment of PT Bank Mandiri (Persero) Tbk. in PT Asuransi Jiwa InHealth Indonesia.

On May 2, 2014, Bank Mandiri with PT Kimia Farma (Persero) Tbk. and PT Asuransi Jasa Indonesia (Persero) as the buyers with BPJS Kesehatan and Koperasi Bhakti Askes as the sellers have signed a Sale and Purchase agreement of InHealth's shares as recorded in Notarial deed of sale and purchase agreement No. 01 dated May 2, 2014 by Notary Mala Mukti S.H., LL.M.

With the signing of the Sale and Purchase Agreements, Bank Mandiri has effectively become the majority shareholder in InHealth with ownership of 60% (Rp990,000), PT Kimia Farma (Persero) Tbk. and PT Asuransi Jasa Indonesia (Persero) of 10% respectively (Rp165,000) and BPJS Kesehatan of 20% (Rp330,000). Change in share ownership has been approved by the General Meeting of Shareholders of InHealth by Notary Mala Mukti SH, LL.M. No. 19 dated May 5, 2014 and has been submitted to the Ministry of Law and Human Rights of the Republic of Indonesia and has been received through letter No. AHU-06507.40.22.2014 dated May 5, 2014 regarding the Company's Receipt of Notification of Data Change of PT Asuransi Jiwa InHealth Indonesia.

Articles of Association of InHealth has been changed in accordance with the Shareholders Agreement which was signed on December 23, 2013 and has been recorded in the Notarial Deed of Mala Mukti, S.H., LL.M No. 20 dated May 5, 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 May 6, 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 December 23, 2013.

On March 30, 2015, the Bank carried out additional investment in InHealth shares by buying 200,000 shares owned by BPJS Kesehatan through the signing of the Deed of Sale and Purchase Agreement No. 108, dated March 30, 2015, made before Mala Mukti, S.H., LL.M., Notary in Jakarta, which is 20% of the total shares issued by InHealth. Total purchase price amounted to Rp330,000. The addition of these investments has been approved by the FSA as mentioned in its letter No. S-19/PB.31/2015 dated February 20, 2015. The difference in the balance of recorded non-controlling interest in the fair value of consideration paid for the additional shares of to 20% of InHealth shares amounting to Rp92,751 is recorded as "Difference in transactions with non-controlling interest".

Since the signing date of the Sale and Purchase Deed, Bank Mandiri has effectively become the majority shareholder of InHealth with ownership of 80%, which PT Kimia Farma (Persero) Tbk and PT Asuransi Jasa Indonesia (Persero) each own 10%. It has been approved by the General Meeting of Shareholders in accordance with Notarial Deed of Mala Mukti S.H., LL.M. No. 109 dated March 30, 2015 and submitted to the Ministry of Justice and Human Rights of the Republic of Indonesia and accepted by its letter No. AHU-AH.01.03-0020238 dated March 30, 2015 regarding Acceptance Notification of the Data Change of PT Asuransi Jiwa InHealth Indonesia.

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1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Asuransi Jiwa InHealth Indonesia (continued)

Bank Mandiri acquired 80% shares in Inhealth with total value of Rp1,320,000. Goodwill arising from the acquisition of InHealth amounted to Rp268,181 as of December 31, 2017 and 2016. The Bank periodically evaluates the impairment of goodwill the accordance with SFAS No. 48, "Impairment of Assets" (Note 2s).

PT Mandiri Utama Finance

On April 16, 2014, Bank Mandiri and PT Asco Investindo ("ASCO") and PT Tunas Ridean (Persero) Tbk. ("TURI"), have signed an agreement of signing a preliminary agreement to set up a finance company to be able to accelerate Bank Mandiri finance portfolio, especially in the segment of vehicle financing.

On October 22, 2014, Bank Mandiri with ASCO and TURI have signed a shareholders' agreement on the establishment of a finance company with an authorized capital of Rp100,000 and an ownership composition as follows: the Bank (51%); ASCO (37%); and TURI (12%). Subsequently, on December 23, 2014, the Bank obtained a principle license of equity participation in the new company financing from Bank Supervision FSA.

On January 21, 2015, the deed of incorporation of a new subsidiary of Bank Mandiri named PT Mandiri Utama Finance ("MUF") has been signed as outlined in the notarial deed Ashoya Ratam, SH, M.Kn. No. 19 dated January 21, 2015 and was approved by the Ministry of Justice and Human Rights of the Republic of Indonesia in Decree No. AHU-0003452.AH.01.01. Year 2015 dated January 26, 2015. Concurrent with the signing of the deed of incorporation, the Bank also made capital injection amounting to Rp51,000 as stipulated in the Bank's shareholding in MUF. Based on notarial deed No. 66 of Ashoya Ratam dated May 29, 2015 on the Circular Letter of Shareholders' Meeting regarding the approval of change in composition of the Board of Commissioners, whereby such changes have been registered with the Ministry of Justice and Human Rights of the Republic of Indonesia based on Letter No. AHU-AH.01.03-0936033 dated May 29, 2015.

After the signing of the deed, MUF submitted application of financing company business license to FSA - Non-Bank Financial Institutions ("OJK IKNB"). Upon request, the OJK IKNB has issued a decree of IKNB Board of Commissioners of the FSA No. KEP-81/D.05/2015 regarding the Granting Permit of Financing Company to PT Mandiri Utama Finance on June 25, 2015 through letter No. SR-3516 /NB.111/2015 dated June 26, 2015, regarding the Granting Permit of Financing Company PT Mandiri Utama Finance.

On August 24, 2015, MUF has carried out the initial operational activities through cooperation with primary dealers and the disbursement of credit to limited customers to meet the requirements of the OJK IKNB.

Based on the Letter of Approval from the FSA No. S-86/PB.31/2016 dated August 25, 2016, regarding the Application for Approval of the Increase in the Share Capital of PT Mandiri Utama Finance, the FSA expressed no objection to the Bank's plan of increasing its equity participation in MUF amounting to Rp102,000. The increase of capital in MUF will be done gradually with a nominal value of Rp51,000 for each stage. On August 29, 2016, the execution of the first stage in increasing the share capital of MUF, with a nominal value of Rp51,000, has been completed. The next stage of issuing additional share capital amounting to Rp51,000 has been carried out on December 16, 2016. The increase in capital did not change the percentage of ownership over MUF as follows Bank Mandiri, 51%; ASCO, 37%; and TURI, 12%.

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1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Mandiri Utama Finance (continued)

Based on the Letter of Approval from the FSA No. S-68/PB.31/2017 dated July 26, 2017, regarding the Application for Approval of the Increase in the Share Capital of the Bank to MUF, FSA expressed no objection to the Bank's plan of increasing its equity participation in MUF amounting to Rp102,000. The increase of capital in MUF will be done for two phases with nominal value Rp51,000 for each phase. On July 28, 2017, the execution of the first phase increasing the share capital of MUF with nominal value of Rp51,000 has been completed and documented on notarial deed of Ashoya Ratam S.H., M.Kn, No. 56 dated August 29, 2017 and approved by Ministry of Justice and Human Rights of the Republic of Indonesia based on Letter No. AHU-AH.01.03-0169081 year 2017 dated September 6, 2017. On October 30, 2017, the execution of the second phase increasing the share capital of MUF with nominal value of Rp51,000 has been completed. The addition of capital investment does not change the percentage of ownership, the percentage of ownership of Bank Mandiri in MUF amounting to 51%, ACSO amounting to 37% and TURI amounting to 12%.

PT Mandiri Capital Indonesia

As of June 23, 2015, Bank Mandiri and PT Mandiri Sekuritas have established new subsidiary engaged in venture capital under the name of PT Mandiri Capital Indonesia ("MCI").

Establishment of the Company was marked by the signing of the deed of Bank Mandiri and PT Mandiri Sekuritas in which the Bank invested capital amounting Rp9,900, representing 99% share ownership in MCI and PT Mandiri Sekuritas injected capital amounting to Rp100 which represents a 1% share ownership in MCI, therefore the capital structure of MCI amounted Rp10,000.

Bank Mandiri's equity participation in the framework of establishment of MCI was approved by the FSA per its letter No. S-48/PB.31/2015 regarding Application for Approval of Equity Participation of PT Bank Mandiri (Persero), Tbk. for the establishment of Venture Capital Company on June 11, 2015.

As of June 26, 2015, the establishment of MCI was approved by the Minister of Law and Human Rights through letter No. AHU-2445684.AH.01.01 year 2015. MCI has obtained a license to carry out business activities in the venture capital sector on November 10, 2015 through the FSA letter No. SR-6035/NB.111/ 2015 stating that MCI may carry out full operational activities.

Based on the Letter of Approval from the FSA No. S-1/PB.31/2016 dated January 7, 2016, regarding the Application for Approval of the Bank's investment in PT Mandiri Capital Indonesia (MCI), the FSA expressed no objection to Bank Mandiri's plan of additional equity investment to MCI.

On January 21, 2016, the transaction of additional equity investment to MCI amounting to Rp340,000 has been carried out and therefore MCI's authorized share capital has become Rp350,000.

The additional equity investment to MCI was done through the issuance of 3,400 (full amount) new shares in MCI, each share has a nominal value of 100,000,000 (full amount) in which all such new and all shares were executed by Bank Mandiri (100%).

With the additional share capital issued amounting to Rp340,000 conducted entirely by Bank Mandiri, the percentage of equity ownership in MCI, each of which has become owned by Bank Mandiri amounted to 99.97% and Mandiri Sekuritas amounting to 0.03%.

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1. GENERAL INFORMATION (continued)

g. Subsidiaries (continued)

PT Mandiri Capital Indonesia (continued)

Based on the agreement letter from FSA No. S-69/PB.31/2017 dated July 26, 2017 regarding the Application for Approval of the Bank's investment to PT Mandiri Capital Indonesia (MCI), the FSA expressed no objection to Bank Mandiri's plan of additional equity investment to MCI.

On July 28, 2017, the additional investment transaction executed by MCI amounting to Rp200,000 making the authorized capital of MCI aggregate to Rp550,000 was documented on notarial deed from Muhammad Hanafi No. 8 dated September 7, 2017 and approved by Ministry of Justice and Human Rights of Republic Indonesia based on letter No. AHU-AH.01.03-0171170 year 2017 dated September 13, 2017. The additional equity investment is conducted by issuing 2,000 new shares worth Rp100,000,000 (full amount) and all new shares were executed by Bank Mandiri (100%).

This additional share capital amounted to Rp200,000 which all excuted by Bank Mandiri impacted to the percentage of ownership in MCI of Bank Mandiri became 99.98% and Mandiri Sekuritas became 0.02%.

h. Structure and Management

Bank Mandiri's head office is located on Jalan Jenderal Gatot Subroto Kavling 36-38, South Jakarta, Indonesia. As of December 31, 2017 and 2016, Bank Mandiri's domestic and overseas offices are as follows:

	December 31, 2017	December 31, 2016
Domestic Regional Offices	12	12
Domestic Branches:		
Area	83	79
Community Branches	1,293	1,237
Mandiri Mitra Usaha offices	1,078	1,084
Cash Outlets	177	199
	<hr/> 2,631	<hr/> 2,599
Overseas branches	6	6

As of December 31, 2017, Bank Mandiri has 6 overseas branches located in Cayman Islands, Singapore, Hong Kong, Dili Timor Leste, Shanghai (People's Republic of China) and Dili Timor Plaza, and 1 Remittance Office in Hong Kong.

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1. GENERAL INFORMATION (continued)

h. Structure and Management (continued)

To support Bank Mandiri's vision "Indonesia's Best, ASEAN's Prominent", Bank Mandiri divided 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 2 (two) segments namely Wholesale segments which consists of Corporate and Commercial, Government Institutional, Treasury (Treasury, International Banking & Financial Institutions) and Retail banking which consists of Small & Medium Enterprise, Micro and Consumer.
2. Support Function is responsible for supporting units that provide overall support to Bank's operations consisting of Special Asset Management, Wholesale Risk, Retail Risk, Digital Banking & Technology, Operations, Risk Management & Compliance, Corporate Transformation & Finance, Internal Audit, Human Capital, and Corporate Secretary.
3. Distribution is responsible for selling products and goods unit to all segments of Bank's customers, consisting of 12 (twelve) Regional Offices that are spread out across Indonesia.

Effective on September 4, 2017, the Bank restructured its organization structure and role and responsibilities of the members of the Board of Directors.

Bank Mandiri has made changes in its organizational structure which became effective on September 4, 2017, as stated in the Decree (SK) Board No. KEP.DIR/209/2017 dated September 13, 2017, on the Organizational Structure. Changes in the organizational structure of Bank Mandiri was done through rearranging the organization and forming a new structural and functional working unit to meet the needs and development of the Bank.

As of December 31, 2017 and 2016, the members of Bank Mandiri's Boards of Commissioners are as follows:

	December 31, 2017	December 31, 2016
Board of Commissioners		
President Commissioner	: Hartadi Agus Sarwono*)	Wimboh Santoso**)
Deputy Chief Commissioner	: Imam Apriyanto Putro	Imam Apriyanto Putro
Independent Commissioner	: Goei Siau Hong	Abdul Aziz***)
Independent Commissioner	: Bangun Sarwito Kusmulyono	Aviliani****)
Independent Commissioner	: Makmur Keliat*****)	Goei Siau Hong
Independent Commissioner	: -	Bangun Sarwito Kusmulyono
Commissioner	: Askolani	Askolani
Commissioner	: Ardan Adiperdana	Ardan Adiperdana
Commissioner	: R. Widyo Pramono*****)	-

*) Upon receipt of the approval by the Financial Services Authority of the Fit & Proper Test, the relevant position shall be effective as of November 15, 2017.

**) Non-Independent Commissioner. The term of office ended on July 20, 2017 due to his appointment as Chairman of the Board of Commissioners of the Financial Services Authority, so based on the Articles of Association his position as the President Commissioner ended.

***) The term of office ended on March 14, 2017 based on Annual General Meeting of Shareholders of Bank Mandiri dated March 14, 2017.

****) Upon receipt of the approval from the Financial Services Authority of Fit & Proper Test, his position shall be effective as of September 25, 2017.

*****) Appointed at the Extraordinary General Meeting of Shareholders of Bank Mandiri dated August 21, 2017, the appointment of the Board of Commissioners shall be effective after obtaining approval by the Financial Services Authority of the Fit & Proper Test and meet the prevailing regulations.

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1. GENERAL INFORMATION (continued)

h. Structure and Management (continued)

As of December 31, 2017 and 2016, the members of Bank Mandiri's Board of Directors are as follows:

December 31, 2017

Board of Directors *)

President Director	: Kartika Wirjoatmodjo
Deputy President Director	: Sulaiman Arif Arianto
Director of Operations	: Ogi Prastomiyono
Director of Wholesale Banking	: Royke Tumilaar
Director of Distributions	: Hery Gunardi
Director of Retail Banking	: Tardi
Director of Risk Management & Compliance	: Ahmad Siddik Badruddin
Director of Institutional	: Kartini Sally
Director of Digital Banking & Technology	: Rico Usthavia Frans
Director of Treasury	: Darmawan Junaidi**)

*) In the Extraordinary General Meeting of Shareholders dated August 21, 2017, appointed a change in the nomenclature of the members of the Board of Directors of Bank Mandiri.

**) Appointed at the Extraordinary General Meeting of Shareholders of Bank Mandiri dated August 21, 2017, the appointment of the Director of Treasury shall be effective after obtaining approval by the Financial Services Authority of the Fit & Proper Test and meet the prevailing regulations.

December 31, 2016

Board of Directors

President Director	: Kartika Wirjoatmodjo
Deputy President Director	: Sulaiman Arif Arianto
Director	: Ogi Prastomiyono
Director	: Pahala N. Mansury*)
Director	: Royke Tumilaar
Director	: Hery Gunardi
Director	: Tardi
Director	: Ahmad Siddik Badruddin**)
Director	: Kartini Sally
Director	: Rico Usthavia Frans

*) The term of office ended on April 12, 2017. The inauguration of his term of office ended as member of the Board of Directors of Bank Mandiri has been made at the Extraordinary General Meeting of Shareholders dated August 21, 2017.

**) Director of Compliance.

As of December 31, 2017 and 2016, the members of Bank Mandiri's Audit Committee are as follows:

December 31, 2017

December 31, 2016

Chairman and member	: Bangun Sarwito Kusmulyono	Aviliani*)
Member	: Hartadi Agus Sarwono**)	Askolani***)
Member	: Goei Siau Hong	Goei Siau Hong
Member	: Makmur Keliat****)	Ardan Adiperdana****)
Member	: Budi Sulistio	Budi Sulistio
Member	: Lista Irna	Lista Irna

*) The term of office ended on March 14, 2017 based on the Annual General Meeting of Shareholders of Bank Mandiri dated March 14, 2017.

**) Appointed as Audit Committee since the relevant position as President Commissioner/Independent Commissioner of Bank Mandiri was held effective November 15, 2017.

***) The term of office as Audit Committee ended as of October 11, 2017

****) Appointed as member of Audit Committee on October 11, 2017.

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1. GENERAL INFORMATION (continued)

h. Structure and management (continued)

As of December 31, 2017 and 2016, Bank Mandiri's Remuneration and Nomination Committee consists of:

	December 31, 2017	December 31, 2016
Chairman and member	: Hartadi Agus Sarwono*)	Bangun Sarwito Kusmulyono**)
Member	: Bangun Sarwito Kusmulyono	Wimboh Santoso***)
Member	: Imam Apriyanto Putro	Imam Apriyanto Putro
Member	: Askolani	Abdul Aziz****)
Member	: Goei Siau Hong	Askolani
Member	: Ardan Adiperdana	Aviliani****)
Member	: Makmur Keliat*****)	Goei Siau Hong
Member	: R. Widyo Pramono*****)	Ardan Adiperdana
Secretary (ex-officio)	: SEVP Human Capital	SEVP Human Capital

*) Appointed as Chairman and Member of Remuneration and Nomination Committee since the relevant position as President Commissioner/Independent Commissioner of Bank Mandiri was held effective November 15, 2017.

**) The term of office as Chairman and Member of Remuneration and Nomination Committee ended as of October 10, 2017 and later served as member.

***) The term of office ended on July 20, 2017 since his appointment as Chairman of the Board of Commissioners of the Financial Services Authority, so based on the Articles of Association his position as the President Commissioner ended.

****) The term of office ended on March 14, 2017 based on the Annual General Meeting of Shareholders of Bank Mandiri dated March 14, 2017.

*****) Appointed as member of Remuneration and Nomination Committee on October 11, 2017.

*****) Effective as Member of Remuneration and Nomination Committee after his position as Commissioner of Bank Mandiri is effective.

As of December 31, 2017 dan 2016, Bank Mandiri's Risk Oversight Committee consists of:

	December 31, 2017	December 31, 2016
Chairman and Member	: Goei Siau Hong	Abdul Aziz*)
Member	: Bangun Sarwito Kusmulyono	Wimboh Santoso**)
Member	: Ardan Adiperdana***)	Goei Siau Hong
Member	: R. Widyo Pramono****)	Bangun Sarwito Kusmulyono
Member	: Ridwan Darmawan Ayub	Ridwan Darmawan Ayub
Member	: Lista Irna	Lista Irna

*) The term of office ended on March 14, 2017 based on the Annual General Meeting of Shareholders of Bank Mandiri dated March 14, 2017.

**) The term of office ended on July 20, 2017 due to his appointment as Chairman of the Board of Commissioners of the Financial Services Authority, so based on the Articles of Association his position as the President Commissioner ended.

***) Appointed as member of Risk Oversight Committee on October 11, 2017.

****) Effective as Member of Risk Oversight Committee after his position as Commissioner of Bank Mandiri is effective.

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1. GENERAL INFORMATION (continued)

h. Structure and Management (continued)

As of December 31, 2017 dan 2016, Bank Mandiri's Integrated Governance Committee consists of:

	December 31, 2017	December 31, 2016
Chairman and Member	: Goei Siau Hong	Abdul Aziz*)
Deputy Chairman and Member	: -	Goei Siau Hong
Member	: Imam Apriyanto Putro	Imam Apriyanto Putro
Member	: Askolani**)	Aviliani*)
Member	: Bangun Sarwito Kusmulyono	Bangun Sarwito Kusmulyono
Member	: Makmur Keliat**)	Ridwan Darmawan Ayub
Member	: Ridwan Darmawan Ayub	-
Member	: Edhi Chrystanto (Bank Mandiri Taspen)	Edhi Chrystanto (Bank Mandiri Taspen)
Member	: Frans A. Wiyono (Mandiri AXA General Insurance)	Frans A. Wiyono (Mandiri AXA General Insurance)
Member	: D. Cyril Noerhadi (Mandiri Sekuritas)	D. Cyril Noerhadi (Mandiri Sekuritas)
Member	: Wihana Kirana Jaya (AXA Mandiri Financial Services)	Wihana Kirana Jaya (AXA Mandiri Financial Services)
Member	: Rafik Karsidi (Mandiri Tunas Finance)	Hanifah Purnama (Mandiri Tunas Finance)
Member	: Ali Ghufon Mukti (Asuransi Jiwa Inhealth Indonesia)	Nizar Yamanie (Asuransi Jiwa Inhealth Indonesia)
Member	: Ramzi A. Zuhdi (Bank Syariah Mandiri)	Ramzi A. Zuhdi (Bank Syariah Mandiri)
Member	: M. Syafii Antonio (Bank Syariah Mandiri)	M. Syafii Antonio (Bank Syariah Mandiri)

*) The term of office ended on March 14, 2017 based on the Annual General Meeting of Shareholders of Bank Mandiri dated March 14, 2017.

**) Appointed as member of Integrated Governance Committee on October 11, 2017.

As of December 31, 2017 and 2016, the Chairman of the Internal Audit Committee of Bank Mandiri is Mustaslimah.

As of December 31, 2017 and 2016, Bank Mandiri's Corporate Secretary is Rohan Hafas.

The number of employees of Bank Mandiri on December 31, 2017 and 2016 are 38,307 and 38,940 people, respectively (unaudited).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements were completed and authorised for issuance by the Board of Directors on January 31, 2018.

The consolidated financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards which comprised of the Statements and Interpretations issued by the Board of Financial Accounting Standards of the Indonesian Institute of Accountants 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 June 25, 2012, regarding "Financial Statements Presentation and Disclosure for Issuer or Public Companies".

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Basis of Preparation of the Consolidated Financial Statements

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 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 and land assets measured at fair value since April 1, 2016. The consolidated financial statement are prepared under the accrual basis of accounting, except for the consolidated statement of cash flows.

Consolidated statements of cash flows are prepared using the direct method by classifying cash flows in operating, investing and financing activities.

Items within Other Comprehensive Income are classified separately, separating between accounts which will be reclassified to Profit or Loss and accounts which will not be reclassified to Profit or Loss.

The financial statements of a Subsidiary engaged in sharia banking have been prepared in conformity with the Statement of Financial Accounting Standards (SFAS) No. 101 (Revised 2016), "Presentation of Financial Statement for Sharia Banking", SFAS No. 102 (Amendments 2016) "Accounting for *Murabahah*", SFAS No. 104 (Amendments 2016) "Accounting for *Istishna*", SFAS No. 105 "Accounting for *Mudharabah*", SFAS No. 106 "Accounting for *Musyarakah*", SFAS No. 107 (Amendments 2016) "Accounting for *Ijarah*", SFAS No. 110 (Revised 2015) "Accounting for *Sukuk*" and other prevailing Statements of Financial Accounting Standards, as long as it does not contradict with Sharia principle on 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 of 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

The principle of accounting policies applied in the preparation of the consolidated Financial Statements of the Bank and its subsidiaries are set out below:

Effective on January 1, 2017, the Group has applied new standards and interpretation or revision that are relevant to the Group's operation effective from such date are as follows:

- Amendments to SFAS No. 1 regarding "Presentation of Financial Accounting Standards for Disclosure Initiative"
- SFAS No. 3 (Improvement 2016) regarding "Interim Financial Statements"
- SFAS No. 24 (Improvement 2016) regarding "Employee Benefits"
- SFAS No. 58 (Improvement 2016) regarding "Non-current Assets Held for Sale and Discontinued Operations"
- SFAS No. 60 (Improvement 2016) regarding "Financial Instruments: Disclosures"
- SFAS No. 101 (Revised 2016) regarding "Presentation of Financial Statement for Sharia Banking"
- SFAS No. 102 (Amendments 2016) regarding "Accounting for *Murabahah*"

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies (continued)

Effective on January 1, 2017, the Group has applied new standards and interpretation or revision that are relevant to the Group's operation effective from such date as follows (continued):

- SFAS No.104 (Amendments 2016) regarding "Accounting for *Istishna*"
- SFAS No. 107 (Amendments 2016) regarding "Accounting for *Ijarah*"
- SFAS No. 108 (Amendments 2016) regarding "Accounting for Sharia Insurance Transactions"
- IFAS No. 32 regarding "Definition and Hierarchy of Financial Accounting Standards"

The above new and revised standards and interpretations which were effective from January 1, 2017 have no material impact to the Group's consolidated financial statements.

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 or loss, (b) loans and receivables, (c) financial assets held-to-maturity, and (d) financial assets available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated by the Group as of 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 reserve 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 profit or loss and other comprehensive income. Gains and losses arising from changes in fair value and sales of these financial instruments are included directly in the consolidated statement of profit or loss and other 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".

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

A. Financial assets (continued)

(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 profit or loss and other 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 profit or loss and other comprehensive income as "Allowance for impairment losses".

(c) Financial assets held-to-maturity

Financial assets held-to-maturity 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 financial assets held-to-maturity is included in the consolidated statement of profit or loss and other 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

A. Financial assets (continued)

(d) Available-for-sale financial assets (continued)

Available-for-sale financial assets are 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 are recognised as 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 statement of profit or loss and other comprehensive income, until the financial assets is derecognised. If 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 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 "other assets - receivables from marketable securities and government bonds pledged as collateral", if the transferee has the right to sell or repledge them.

B. Financial liabilities

The Group classified its financial liabilities in the category of (a) financial liabilities at fair value through profit or loss and (b) financial liabilities measured at amortised cost.

(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 as held for trading are included in the consolidated statement of profit or loss and other comprehensive income and are reported as "Unrealised gains/(losses) from increase/(decrease) in fair value of financial instruments". Interest expenses on financial liabilities classified as held for trading are included in "Interest expense".

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 No. 55, the fair value option is applied on debt securities which 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 "Unrealised gains/(losses) from increase/(decrease) in fair value of financial instruments".

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

B. Financial liabilities (continued)

(b) Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially recognised at fair value less transaction costs.

After initial recognition, the Group measures all financial liabilities at amortised cost using the effective interest rate method. Effective interest rate amortisation is recognised as "Interest expense".

C. Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Group tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition). Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

Collateral that is submitted by the Group under the agreement of securities sold under repurchase agreements and securities lending and borrowing transactions is not derecognised because the Group substantially has all the risks and benefits of the collateral, based on the requirement that the repurchase price has been determined at the beginning, so that the criteria for derecognition are not met.

Write-offs

In the case of financial assets' write-off is a continuation of the financial assets' settlement by taking over collaterals, the written-off amount is approximately equal to the difference between the fair value of repossessed assets after taking into account the financial assets' cost of sales and carrying amount.

Financial assets can be written off when the allowance for impairment losses have been 100% established.

Full write-off is done to the financial assets' carrying amount by debiting the allowance for impairment losses.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

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 the 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 profit or loss and other 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 profit or loss and other comprehensive income under gain/loss from sale of financial assets.

Reclassification of financial assets available for sale to held to maturity recorded at book value. Unrealized gains or losses must be amortized using the effective interest rate until the maturity date of the instrument.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

E. Classes of financial instruments

The Group classifies the financial instruments into classes that reflects the nature of information and takes into account the characteristic of those financial instruments. The classification of financial instrument can be seen in the table below:

Category		Class	Sub-classes
Financial assets	At fair value through profit or loss financial assets	Financial assets held for trading	Marketable securities
			Government bonds
			Derivative receivables - Non hedging related
	Loans and receivables	Current accounts with Bank Indonesia	
		Current accounts with other banks	
		Placements with Bank Indonesia and other banks	
		Other receivables - trade transaction	
		Securities purchased under resale agreements	
		Loans and sharia financing/receivables	
		Consumer financing receivables	
		Investment in lease financing	
		Acceptance receivables	
		Other assets	Accrued income
			Receivables from customer transactions
			Receivables from sale of marketable securities
			Receivables from policyholders
			Receivables from transaction related to ATM and credit card
			Receivables on government bonds pledged as collateral
	Held-to-maturity financial assets	Marketable securities	
		Government bonds	
	Available-for-sale financial assets	Marketable securities	
		Government bonds	
		Investments in shares - less than 20%	
	Hedge derivatives	Cash flow hedging	Derivative receivables - cash flow hedge related

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

E. Classes of financial instruments (continued)

Category		Class	Sub-classes
Financial liabilities	At fair value through profit or loss financial liabilities	Financial liabilities held for trading	Derivative payables - non hedging related
	At amortised cost financial liabilities	Deposits from customers	Demand deposits/ <i>wadiah</i> demand deposits
			Saving deposits/ <i>wadiah</i> saving deposits
			Time deposits
		Deposits from other banks	Demand deposits/ <i>wadiah</i> demand deposits and saving deposits/ <i>wadiah</i> saving deposits
			Inter-bank call money
			Time deposits
		Securities sold under repurchase agreements	
		Acceptance payables	
		Marketable securities issued	
		Accrued expenses	
		Fund borrowings	
		Other liabilities	Payable to customers
			Guarantee deposits
			Payable from purchase of marketable securities
			Liabilities related to ATM and credit card transaction
			Other liabilities for UPAS transaction
		Subordinated loans	
	Hedge derivatives	Cash flow hedging	Derivative payables - cash flow hedge related
Off-balance sheet accounts	Committed unused loan facilities granted		
	Outstanding irrevocable letters of credit		
	Bank guarantees issued		
	Standby letters of credit		

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

F. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented 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. This means that the right to set off:

- a. Must not be contingent on a future event, and
- b. Must be legally enforceable in all of the following circumstances:
 - i. The normal course of business
 - ii. The event of default
 - iii. The event of insolvency or bankruptcy

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 January 20, 2005 regarding Asset Quality Rating for Commercial Banks, as amended by Bank Indonesia Regulation No. 11/2/PBI/2009 dated January 29, 2009. Since October 24, 2012, the Group follows Bank Indonesia Regulation No. 14/15/PBI/2012 regarding Asset Quality Rating for Commercial Banks and Circular Letter of Bank Indonesia No. 15/28/DPNP dated July 31, 2013 regarding Asset Quality Rating for Commercial Banks.

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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)

The Group has determined specific objective evidence of an impairment loss for loans including: (continued)

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 a group of financial assets with similar credit risk characteristics and are 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, 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. Financial assets that are individually assessed but not impaired are still classified as financial assets that are assessed individually. However, the Group provides allowance for impairment losses based on probability of default generated for each segment by evaluating impairment of loans collectively.

In evaluating impairment for loans, the Bank determines loan portfolio into these three categories:

1. Loans which individually have significant value and where 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 of more than Rp5,000;
2. Loans which individually have no significant value, i.e. loans with GAS Business, Micro and Consumer with outstanding balance of less than or equal to Rp5,000; and
3. Restructured loans.

The Bank determines loans to be evaluated for impairment through individual evaluation if one of the following conditions is met:

1. Loans which individually have significant value and objective evidence of impairment;
or
2. Restructured loans which individually have significant value.

The Bank determines loans to be evaluated for impairment through collective evaluation if one of the following conditions 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.

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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)

Individual impairment calculation

The amount of the impairment 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 profit or loss and other 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.

Collective impairment calculation

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics such as 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, consists of roll rates analysis method and migration analysis method for financial assets impairment which are collectively assessed using 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 is 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".

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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 (continued)

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 profit or loss and other comprehensive income.

Subsequent recoveries of loans written off in previous year, are recognised as other operating income.

Allowance for possible losses on earning assets of Subsidiary based on sharia

1. Earning assets consist of current account and placements with Bank Indonesia in the form of Bank Indonesia Sharia Certificate (Sertifikat Bank Indonesia Syariah (SBIS)), Bank Indonesia Sharia Deposit Facility (Fasilitas Bank Indonesia Syariah (FASBIS)), Reverse Repo Receivables State Sharia Certificates (Surat Berharga Syariah Negara (SBSN)) BI, Term Deposit Foreign Currency Sharia BI, current accounts with other sharia banks, placement with other sharia banks, investment in marketable securities, *istishna* receivables, *ijarah* receivables, funds of *qardh*, *musyarakah* financing, *mudharabah* financing, *ijarah* assets, and commitments and contingencies with credit risk, such as bank guarantees, irrevocable letters of credit (LC) and standby letters of credit.

Allowance for impairment losses of earning assets and non-earning assets for commercial bank conducting business based on sharia principles is based on FSA Regulation No. 16/POJK.03/2014 dated November 18, 2014, and FSA Regulation No. 12/POJK.03/2015 dated August 21, 2015.

The guidelines for the establishment of allowance for impairment losses on earning assets based on the aforementioned FSA Regulation are as follows:

- a) General reserve, shall be no less than 1% of total earning assets classified as current, excluding Bank Indonesia Sharia Certificates and securities issued by the Government based on sharia principles, and part of earning assets guaranteed by government and cash collateral in the form of demand deposits, saving deposits, time deposits, guarantee deposits, and/or gold which are pledged accompanied with the power of attorney to liquidate.
- b) Special reserve shall be at least:
 - 5% of earning assets classified as Special Mention after deducting collateral value;
 - 15% of earning assets classified as Substandard after deducting collateral value;
 - 50% of earning assets classified as Doubtful after deducting collateral value;
 - 100% of earning assets classified as Loss after deducting collateral value.
- c) The requirement to establish allowance for impairment losses shall not be applicable for earning assets under leasing transactions in the form of *ijarah* or leasing transaction with transfer of ownership of leasing object in the form of *ijarah muntahiyah bittamlik*. The Bank is required to depreciate/amortize the assets of *ijarah muntahiyah bittamlik*.

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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 Subsidiary based on sharia (continued)

For marketable securities and placements to the bank, the quality rating is classified into 3 (three) classifications: current, substandard, and loss. Quality rating of equity investment is determined into 4 (four) categories: current, substandard, doubtful and loss.

2. For *murabahah*, the Subsidiary evaluates whether there is an objective evidence that the financial assets or group of financial assets are impaired at each statement of financial position date as a result of an event that 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 consolidated statement of method profit or loss and other comprehensive income current year.

The allowance for impairment on *murabahah* receivables is calculated using collective according to SFAS No. 55, "Financial Instruments: Recognition and Measurement".

(b) Financial assets classified as available for sale

- The Group assesses at each date of the consolidated statement of financial position whether there is objective evidence that a financial asset or a group of financial assets is impaired. Refer to Note 2c.(G).(a) for the criteria of objective evidence of impairment.
- In the case of debt instruments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss. If any such evidence exists for available for sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in consolidated statement of profit or loss and other comprehensive income is removed from equity and recognised in the consolidated statement of profit or loss and other comprehensive income.
- If, in a subsequent period, the fair value of a financial asset classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in consolidated statement of profit or loss and other comprehensive income, the impairment loss is reversed through the consolidated statement of profit or loss and other 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

G. Allowance for impairment losses of financial assets (continued)

(c) Financial guarantee contracts and commitments (continued)

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 amount between 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.

The Bank determines impairment losses on financial guarantee contracts that have credit risk based on the value that is higher between the amortised value (carrying value) and the present value of the liabilities that are expected to occur (when payment under the guarantee has become probable) or impairment losses are calculated based on historical loss data for a collective evaluation of impairment.

H. Investment in sukuk

Before the initial recognition, the Group determines the classification of investment in sukuk based on the Group's investment objective. Investment in sukuk can be measured as follows:

- Acquisition cost
If the investment is held within a business model that aims to collect contractual cash flows and there is a contractual requirement to determine the specific date of principal payments and/or the result. The acquisition cost for sukuk *ijarah* and sukuk *mudharabah* are included in the transaction cost. The difference between acquisition cost and nominal value is amortized using straight-line method during the period of the sukuk instrument.
- Measured at fair value through other comprehensive income
If the investment is held within a business model whose primary purpose is to obtain contractual cash flows and sell off sukuk and the contractual requirements determined by specific date of payment of principal and/or results. The acquisition cost of sukuk *ijarah* and sukuk *mudharabah* are included as transaction costs. The difference between the acquisition cost and nominal value is amortized on straight-line basis over the terms of sukuk. The changes in fair value are recognised in other comprehensive income. At the time of derecognition, the changes in fair value in other comprehensive income are reclassified to profit or loss as a reclassification adjustment.
- Measured at fair value through profit or loss
The acquisition cost of sukuk *ijarah* and sukuk *mudharabah* are measured at fair value through profit or loss excluding transaction costs. For investments in sukuk which are measured at fair value through profit or loss, the difference between the fair value and the carrying amount is recognised in profit or loss.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

I. Sukuk *mudharabah* issued

Recognition and measurement

Sukuk *mudharabah* issued is recognised when the entity has been a party following requirement of sukuk *mudharabah* issuance. Sukuk *mudharabah* is recognised at nominal value. Transaction costs are recognised separately from sukuk *mudharabah* and amortized using straight-line following the period of sukuk *mudharabah*.

Presentation

Sukuk *mudharabah* is presented as liability and the transaction costs of sukuk issuance are presented in assets as deferred expenses.

J. Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability should be measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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 as 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Financial instruments (continued)

J. Determination of fair value (continued)

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 determined using the internal model based on the present value of expected future cash flows using next-repricing method with deflator factor.

d. Principles of consolidation

The consolidated financial statements include the financial statements of Bank Mandiri and its majority-owned or controlled Subsidiaries in which the majority shareholding are owned or controlled by the Bank.

Where the Subsidiaries either began or ceased to be controlled during the year, the results of operations of those subsidiaries are included in the consolidated financial statements only from the date that the control has commenced or up to the date that the control has ceased.

Control is presumed to exist where the Bank is exposed, or has rights, to variable returns from its involvement with the Subsidiaries and has ability to use its power to affect its returns from its involvement with the Subsidiaries.

The Bank controls the Subsidiaries if and only if the Bank acquires these rights:

- a) Power over the Subsidiaries (has existing rights that give it the current ability to direct the relevant activities, that significantly affect the Subsidiaries' returns);
- b) Exposure, or rights, to variable returns from its involvement with the subsidiaries;
- c) The ability to use its power over the Subsidiaries to affect the amount of the Bank's returns

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 using 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 the control ceased.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Principles of consolidation (continued)

Since the business combination transaction amongst entities under common control does not cause any change in economic substance of ownership of the transferred business, therefore the transaction is recognised at book value using the pooling interest method.

Changes in the Bank's ownership interest in Subsidiaries that do not result in a loss of control is accounted for as an equity transaction, in this case a transaction with owners in their capacity as owners. Any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received shall be recognised directly in equity and attributable to the owners of the parent.

The entity that accepts/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/share premium.

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 Subsidiaries of Bank Mandiri denominated in foreign currencies 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, income 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 differences arising from the 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 currencies monetary assets and liabilities are translated into Rupiah using the Reuters spot rates at 4.00 p.m. WIB (Western Indonesian Time) on December 31, 2017 and 2016. The resulting gains or losses are credited or charged to the current year's consolidated statements of profit or loss and other comprehensive income.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Foreign currency transactions and balances (continued)

Transactions and balances in foreign currencies (continued)

The exchange rates used against the Rupiah at the dates of the consolidated statement of financial position are as follows (amounts in full Rupiah):

	December 31, 2017	December 31, 2016
Great Britain Pound Sterling 1/Rp	18,325.62	16,555.01
European Euro 1/Rp	16,236.23	14,175.77
United States Dollar 1/Rp	13,567.50	13,472.50
Japanese Yen 100/Rp	12,052.00	11,507.00

Other foreign currencies are not disclosed as above since it is considered not material in the translation of transaction in foreign currencies of the Bank and Subsidiaries.

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 Bapepam and LK No. KEP-347/BL/2012, dated June 25, 2012 regarding "Financial Statements Presentation and Disclosure of Issuers or Public Companies".

A related party is a person or entity that is related to the entity that prepares its financial statements (reporting entity). The related parties are as follows:

- 1) A person who a) has control or joint control over the reporting entity; b) has significant influence over the reporting entity; or c) the key management personnel of the reporting entity or the parent of the reporting entity.
- 2) An entity is related to a reporting entity if any of the following:
 - a) The entity and the reporting entity are members of the same group;
 - b) An entity is an associate or joint venture of the entity;
 - c) Both entities are joint ventures from the same third party;
 - d) An entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - e) The entity is a post-employment benefit plan for the benefits of employee either from the reporting entity or an entity related to the reporting entity;
 - f) The entity is controlled or jointly controlled by a person identified as referred to in point 1); or
 - g) A person identified as referred to point 1) letter a) has significant influence over the entity or the entity's key management personnel;
 - h) The entity is controlled, jointly controlled or significantly influenced by the Government, namely the Minister of Finance or the local governments which are the shareholders of the entity.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Transactions with related parties (continued)

A related party is a person or entity that is related to the entity that prepares its financial statements (reporting entity). The related parties are as follows (continued):

- 3) Parties which are not related parties are as follows:
- a) Two entities simply because they have the same director or key management personnel or because the key management personnel of one entity has significant influence over the other entity;
 - b) Two joint venturers simply because they share joint control of a joint venture;
 - c) Fund provider, trade unions, public service, and ministry and agencies of government that does not control, jointly control or significantly influence the reporting entity, solely in the execution of normal dealings with the entity;
 - d) Customers, suppliers, franchisor, distributor or general agent with whom an entity enter into transaction with significant volumes of business solely because economic dependence due to circumstances.

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, current accounts with other banks and other short term liquid investments with original maturities of 3 (three) months or less since the date of acquisition.

h. Current accounts with Bank Indonesia and other banks

The minimum statutory reserve

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.

Based on Bank Indonesia Regulation (Peraturan Bank Indonesia (PBI)) No. 10/19/PBI/2008 dated October 14, 2008 regarding Statutory Reserves of Commercial Banks in the Bank Indonesia in Rupiah and Foreign Currency, as amended by PBI No. 10/25/PBI/2008 dated October 23, 2008 as amended by PBI No. 12/19/PBI/2010 dated October 4, 2010 as amended by PBI No. 13/10/PBI/2011 dated February 9, 2011 which has been amended with PBI No. 15/15/PBI/2013 dated December 24, 2013 and updated by PBI No.17/21/PBI/2015 dated November 26, 2015, PBI No. 18/3/PBI/2016 dated March 10, 2016 and PBI No. 18/14/PBI/2016 dated August 18, 2016, the Bank should comply with a Minimum Statutory Reserve (Giro Wajib Minimum (GWM)) in Bank Indonesia in Rupiah and foreign currencies. Minimum reserve requirement in Rupiah consists of Primary GWM, Secondary GWM and Loan to Funding Ratio (LFR) GWM.

Primary GWM in Rupiah is set at 6.50% from the Rupiah third party funds, secondary GWM in Rupiah is set at minimum 4.00% from the Rupiah third party funds and GWM LFR in Rupiah is calculated by the difference between lower disincentive parameter or higher disincentive parameter with the difference between Bank's LFR and target LFR 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 November 1, 2010 and GWM LDR is applied effectively starting March 1, 2011. GWM LFR is applied effectively on August 3, 2015 to replace GWM LDR.

GWM in foreign currency is set at 8.00% of foreign currency third party fund.

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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)

The subsidiary company that is engaged in business operation using Sharia principle, had implemented the Minimum Statutory Reserve in accordance with PBI No. 6/21/PBI/2004 dated August 3, 2004 regarding the Minimum Statutory Reserve in Rupiah and foreign currencies for Commercial Bank that is engaged in business operation based on Sharia principle, which amended by PBI No. 8/23/PBI/2006 dated October 5, 2006 and the latest amendment using PBI No. 10/23/PBI/2008 dated October 16, 2008 and subsequently replaced by PBI No.15/16/PBI/2013 dated December 24, 2013, where every bank is obliged to maintain the Minimum Statutory Reserve in Rupiah and foreign currencies at 5.00% and 1.00% from third party fund in Rupiah and 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 (Fasilitas Simpanan Bank Indonesia (FASBI)), sharia FASBI (Fasilitas Simpanan Bank Indonesia Syariah (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 (Sertifikat Bank Indonesia (SBI)), Sharia Certificates of Bank Indonesia (Sertifikat Bank Indonesia Syariah (SBIS)), Government Treasury Bills (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, loan and receivables and at cost. Refer to Note 2c for the accounting policy of financial assets at fair value through profit or loss, available for sale, held to maturity, loan and receivables and at cost.

Investments in mutual funds units are stated at market value, in accordance with the net value of assets of the mutual funds as at the date of the consolidated statement of financial position.

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 impairment 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 profit or loss and other 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 maturity date of the marketable securities using the effective interest rate method to consolidated statement of profit or loss and other comprehensive income.

k. Government bonds

Government bonds represent bonds issued by the Government of the Republic of Indonesia. Government bonds consist 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, held to maturity and at cost. 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 at cost.

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 resale 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 financial assets for 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.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Derivative receivables and derivative payables (continued)

Derivative receivables are presented at the amount of unrealised gain from derivative contracts. 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 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.
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 that is not designated as a hedging instrument (or derivative contract that does not qualify as a hedging instrument) is recognised as gain or loss in current year.

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 and sharia receivables/financing

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 PT Bank Syariah Mandiri ("BSM"), a Subsidiary, in the form of sharia receivables, sharia financing and funds of *Qardh*.

Brief explanation for each type of sharia financing is as follows:

Mudharabah financing is a co-operation for certain project between first party (*malik, shahibul mal* or Subsidiary) as owner of fund and second party (*amil, mudharib* or debtors) as fund manager whereas the profit sharing will be shared in accordance with percentage as stated in the agreement, meanwhile losses will be borne by the Subsidiary except if the second party does negligence, error or violate the agreement. *Mudharabah* financing is stated at the outstanding financing balance less allowance for possible losses.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Loans and sharia receivables/financing (continued)

Musyarakah financing is a co-operation between two or more parties in a certain business wherein each party provides a portion of fund on condition that the profit shall be shared based on the agreement, whereas losses shall be borne in accordance with the portion of the fund of each party. Permanent *musyarakah* financing 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*) financing is *musyarakah* in which the fund portion of the one of the partner will be transferred in several stages to the other partner, resulting in the declining of fund portion of the one of the partner, 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 right of use and benefit of a good or service based on rental transaction with an option to transfer the ownership of goods to the lessee. *Ijarah* receivables are recognised at due date at the amount of 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* are the transaction of sales of goods by stating the cost and income (margin) that has been agreed by the seller and buyer. *Murabahah* financing is classified as financial assets under loans and receivables according to SFAS No. 55 "Financial Instruments: Recognition and Measurements".

Murabahah receivables initially are stated at fair value plus transaction cost/directly attributable administration fee and additional acquisition cost to acquire those financial assets and after initial recognition are measured at amortised cost using the effective interest rate method less the allowance for impairment losses.

Murabahah receivables are stated at the balance of the receivable less deferred margin and allowance for possible losses. The Bank calculates the allowance for impairment loss according to the *murabahah* financing quality according to each of financing balance.

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 borrowings at the condition that the borrower should repay the loan at specified period of time. The Subsidiary will obtain a fee (*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 be borne or paid.

Rahn represents the pledge of goods or assets owned by the customer to the Subsidiary for an equivalent amount of money. Assets or goods pledged 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 are stated at its outstanding balance less allowance for possible losses.

Loans and sharia receivables/financing are classified as financial assets in loans and receivables. Refer to Note 2c for the accounting policy of financial assets for loans and receivables.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Loans and sharia receivables/financing (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 of 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 share/stock or other financial instruments, a loss on loan restructuring is recognised as part of allowance for impairment losses 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.

In 2016, the Bank formed internal regulation regarding the debtors that are eligible to be removed from the list of restructured loans, i.e. when the loan/debtor has met the following criterias:

- i. Credit quality has been categorized Current (Collectibility 1) according to the review results by three (3) pillars of based on credit quality of Bank Indonesia;
- ii. The interest rate charged on the current loan facility is the commercial interest rates to debtors in accordance with the relevant credit segments above the base lending rate;
- iii. There are no Deferred Delinquency Interest (TBYD) and Deferred Interest (BYDT) which were not yet collected.

The internal provisions are applied since January 1, 2016.

p. Consumer financing receivables

The Subsidiary's consumer financing receivables are recognised initially at fair value, plus directly attributable transaction costs and deducted by yield enhancing income, and subsequently measured at amortised cost using the effective interest rate method.

The Subsidiary's consumer financing receivables are classified as loans and receivables. Refer to Note 2c for the accounting policy of financial assets for 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 profit or loss and other comprehensive income at the transaction date.

Credit restructuring can be done by transfer of financing, continue to finance, 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Consumer financing receivables (continued)

Joint financing receivables that are 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 profit or loss and other comprehensive income.

For joint financing without recourse, the 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 lease financing

Net investment in lease financing represent lease receivable plus the residual value which is earned 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 profit or loss and other 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 recognised in the current year consolidated statement of profit or loss and other comprehensive income.

Net investment in lease financing are classified as loans and receivables. Refer to Note 2c to the accounting policy for loans and receivables.

r. Fixed Assets, leased assets and intangible assets

i. Fixed assets and software

On April 1, 2016, the Group changed their accounting policy relating to land from cost model into revaluation model. Subsequently, land is stated at fair value.

Appraisal of the land is carried out by a certified external independent appraiser. Assessment of these assets are conducted regularly to ensure that the fair value of the revaluated asset is not materially different from its carrying value.

If the fair value of the revalued asset change significantly, it is necessary to revalue on an annual basis, whereas if the fair value of the revalued asset does not change significantly, it is necessary to revalue at a minimum every 3 years.

The increase in the carrying value arising from the revaluation of land is recorded as "Difference arising from the revaluation of fixed assets" and is presented as "Other comprehensive income". Any impairment arising from the revaluation is recorded as expense of the current year. If the asset had a balance of "Difference arising from the revaluation of fixed assets" that is presented as "Other Comprehensive Income", then the impairment difference recorded is charged against "Difference arising from the revaluation of fixed assets" and the rest is recognised as expense of the current year.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Fixed Assets, leased assets and intangible assets (continued)

i. Fixed assets and software (continued)

The entity performs revaluation for accounting and tax purposes in the period the entity receives approval from the tax authorities. The amount of taxes paid is recognised in other comprehensive income and accumulated in equity offset with the difference arising from the revaluation of fixed assets.

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 repair and maintenance costs that do not have future economics benefit are recognised in the consolidated statement of profit or loss and other comprehensive incomes as incurred. Software is recognised as intangible assets.

Depreciation and amortisation is calculated using the straight-line method over the estimated useful lives of fixed assets and intangible assets. The estimated useful lives and percentage of depreciation and amortization per annum are as follows:

	Years	Percentage
Buildings	20	5%
Furniture and fixtures, office equipment, computer and vehicles	4-5	20%-25%
Software	5	20%

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 profit or loss and other comprehensive income in the year the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate, at each financial year end.

Construction in progress is stated at cost and presented as part of fixed assets. Accumulated costs are reclassified to the appropriate fixed assets account when the assets are substantially complete and ready for their intended use.

In accordance with SFAS No. 16 (Revised 2011) regarding "Fixed Assets" and ISAK No. 25 regarding "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 amortized, unless there is evidence to indicate that the extension or renewal of land rights is likely to or definitely not obtained.

SFAS No. 48 (Revised 2014) regarding "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. If the carrying value exceeds this estimated recoverable amount, assets are written down to their recoverable amount.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Fixed Assets, leased assets and intangible assets (continued)

ii. Leased assets

Under SFAS No. 30 (Revised 2011) regarding "Lease", the determination of whether an agreement is, or contains a lease is based on the substance of the agreement at the inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. According to this revised SFAS, leases that transfer substantially all the risks and benefit related 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 related to ownership of assets.

Under finance leases, the Group recognises assets and liabilities in its consolidated statement of financial position as 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 expense 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 expense is recorded in the consolidated statement of income. 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 Bank Mandiri will obtain ownership by the end of the lease term.

Under an operating lease, the Group recognises 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 Group assesses the classification of each element as a finance lease or an operating lease separately.

iii. Intangible assets

Intangible assets are recognised if, and only if its cost can be measured reliably and it is probable that expected future benefits that are attributable to it will flow to the Bank and Subsidiaries. Intangible assets consist of goodwill and computer software that are purchased by the Bank and Subsidiaries.

Software purchased by the Bank and subsidiaries is recorded at cost less accumulated amortization and accumulated impairment losses. Amortization method, estimated useful life and residual value are reviewed at end of reporting period and adjusted if necessary.

Refer to Note 2s for the accounting treatment of goodwill.

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 in associated company represent ownership interests of 20.00% to 50.00% are recorded using the equity method. Under this method, investments are recorded at cost and adjusted for the Bank's proportionate share in the net equity of the investees and reduced by dividends earned starting from the acquisition date net of allowance for impairment losses.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s. Investments in shares (continued)

Temporary investment is written off from the consolidated statement of financial position if it is held for more than 5 years in accordance with Bank Indonesia Regulation No. 7/2/PBI/2005 dated January 20, 2005 on "Asset Quality Ratings for Commercial Banks", as amended by PBI No. 11/2/PBI/2009 dated January 29, 2009. Since October 24, 2012, Group follows PBI No. 14/15/PBI/2012 dated October 24, 2012 regarding "Asset Quality Rating for Commercial Banks" and Circular Letter of Bank Indonesia No.15/28/DPNP dated July 31, 2013 regarding Asset Quality Ratings for Commercial Banks.

Investment in shares with ownership below 20.00% are classified as financial assets available for sale. Refer to Note 2c for the accounting policy of available for sale financial assets.

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 assessment 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 provides an allowance for impairment of repossessed assets and abandoned property equivalent to the difference between the carrying amount of the asset and the fair value less costs to sell. As for the inter-office account and suspense account, the allowance is equivalent to difference between the carrying value and the recovery value.

u. Acceptances receivables and payables

Acceptances receivables are classified as financial assets under loans and receivables category. Refer to Note 2c for the accounting policy of financial assets for loans and receivables.

Acceptance payables are classified as financial liabilities at amortised cost. Refer to Note 2c for the accounting policy for financial liabilities at amortised cost.

v. Other assets

Other assets include accrued income for interest, provision and commissions, receivables, repossessed assets, abandoned properties, inter-office 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 when the debtor could not fulfil their obligations to Bank Mandiri and Subsidiaries. Repossessed assets represent loan collateral that were taken over as part of loans settlement and presented in "Other Assets".

Abandoned properties represent Bank and Subsidiaries' fixed assets in the form of properties which were not used for Bank and Subsidiaries' business operational activity.

Repossessed assets and abandoned properties are presented at their net realizable values. Net realizable value is the fair value of the repossessed assets less estimated costs to sale the repossessed assets. Differences between the net realizable value and the proceeds from disposal of the repossessed assets are recognised as current year's gain or loss at the year of disposal.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Other assets (continued)

Expenses for maintaining repossessed assets and abandoned properties are recognised in the current year's consolidated statement of profit or loss and other comprehensive income as incurred. Any permanent impairment loss that occurred will be charged to the current year's consolidated statement of profit or loss and other 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 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 by overbooking through bilyet giro or other orders of payment or transfers.

Saving deposits represent deposits of customers that may only be withdrawn over the counter and via ATMs or funds transfers by SMS Banking, Phone Banking and Internet Banking when certain agreed conditions are met, but which may not be withdrawn by cheque or other equivalent instruments.

Time deposits represent customers deposits that may only be withdrawn after a certain time based on the agreement between the depositor and the Bank. These are stated at amortised cost in the certificates between the Bank and the holders of time deposits.

Included in demand deposits are *wadiah* demand and saving deposits. *Wadiah* demand deposits can be used as payment instruments and can be withdrawn any time using cheque and *bilyet giro*. *Wadiah* demand and saving deposits earn bonus based on Subsidiary's policy. *Wadiah* saving and demand deposits are stated at the Subsidiary'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, time deposits and negotiable certificate of 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 (Sertifikat Investasi *Mudharabah* Antarbank(SIMA)).

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

y. Deposits from other banks (continued)

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.

The Subsidiaries issues insurance contracts for traditional insurance product and investment-linked insurance product. Both of these products have significant insurance risk.

The Subsidiaries's products are divided into the following main categories:

- Traditional non-participating life insurance, provide protection to cover the risk of death, accident, critical illness, and health of the insured. The basic sum assured will be paid upon the occurrence of the risks covered.
- Unit-linked, is the insurance product with single and regular premium payment which is linked to investment products, and provides a combined benefit of protection and investment.

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 No. 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.

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 method of acquiring, servicing and measuring the profitability of its insurance contracts.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z. Insurance contract (continued)

Liability adequacy test (continued)

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 including 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, lapsed 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 profit or loss and other 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 deducted the carrying amount accordingly and recognises that impairment loss in the consolidated statement of profit or loss and other comprehensive income. A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the Subsidiary may not receive all amounts due to it under the terms of the contract, and the impact on the amounts that the Subsidiary will receive from the reinsurer can be reliably measured.

Liability for future policy 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z. Insurance contract (continued)

Liability for future policy benefits (continued)

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 profit or loss and other comprehensive income.

Liability to unit-linked policyholders is 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 premium income in the consolidated statements of profit or loss and other 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 insurance cost of 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 profit or loss and other comprehensive income and liability to unit-linked policyholders in the consolidated statement of financial position.

Funds received from customers for sharia unit-linked products is recognised as liabilities to unit-linked policyholders in the consolidated statement of financial position for the amount received net of the portion representing the Subsidiary fees in managing the unit-linked product income.

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.

aa. Marketable securities issued

Marketable securities issued by the Bank and its Subsidiaries, include bonds, subordinated notes, medium term notes and travellers' 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Bank Mandiri and Subsidiaries apply SFAS No. 46 (Revised 2014) regarding "Income Tax" which requires Bank Mandiri and Subsidiaries to account for the current and future recovery (settlement) of the carrying amount of assets (liabilities) that are recognised in the consolidated statement of financial position; and transactions and other events of the current period.

The tax expense comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss and other 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.

The 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.

Bank Mandiri and subsidiaries applies the balance sheet liability method to determine income tax expense. 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.

Deferred tax assets are recognised only to the extent that is probable that future taxable income will be sufficient against which the temporary differences can be utilized.

Deferred tax is calculated using tax rates enacted or substantively applied to the period during which the asset is realized or the liability is settled. 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 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 of the date of consolidated statement of financial position. Assumptions and estimation used in the calculation of provision 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 income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

ae. Temporary *syirkah* funds

Temporary *syirkah* funds represent investment received by a Subsidiary. 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* 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.

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 combine the funds with the other funds.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ae. Temporary *syirkah* funds (continued)

The owner of temporary *syirkah* funds receive parts of profit in accordance with the agreement and receive loss based on the proportion to the total funds. The profit distribution of temporary *syirkah* funds might be based on profit sharing or revenue sharing concept.

af. Interest and sharia income and expense

(i) Conventional

Interest income and expense for all interest-bearing financial instruments are recognised as "interest income" and "interest expense" in the consolidated statement of profit or loss and other comprehensive income using the effective interest method.

The effective interest method is a method of calculating the amortised cost of financial assets and liabilities and 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 commissions, provision 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 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).

According to SFAS No. 102 (Revised 2016), *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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

af. Interest and sharia income and expense (continued)

(ii) Sharia income (continued)

Profit sharing for passive partner in *musyarakah* is recognised in the period when the right arise in accordance with the agreed sharing ratio.

Profit sharing income from *mudharabah* is recognised in the period when the right arise in accordance with agreed sharing ratio and the recognition based on projection of income is not allowed.

(iii) Third parties' share on return of temporary *syirkah* funds

Third parties' share on the return of temporary *syirkah* funds represent fund owners' share of the profit of Subsidiary derived from managing of such funds under *mudharabah mutlaqah*, *mudharabah muqayyadah* and *mudharabah musytarakah* principles. The profit sharing is determined on the earned income.

Distribution of profit sharing is based on profit sharing principle which is calculated from the Subsidiary's gross profit margin.

Total margin income and profit sharing on financing and other productive assets will be distributed to the fund owner and subsidiary, calculated proportionally according to the allocation of fund owner and subsidiary that were used in the financing and other productive assets.

Further, margin income and profit sharing on financing facilities and other earning assets are distributed to fund owners and depositor as *shahibul maal* and the Subsidiary as *mudharib* based on a predetermined profit sharing with *nisbah* portion. 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 income received from short-term insurance contracts is recognised as revenue over the period of risk coverage in proportion to the amounts of insurance protection provided. Premiums from long-term 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ah. Fees and commissions income

Fees and commissions income and transaction costs that are directly attributable to lending, consumer financing activities and investment in lease financing, are recognised as a part/(deduction) of outstanding loan and consumer financing receivables and will be recognised as interest income by amortisation using effective interest rate method.

The directly attributable unamortised fees and commissions balances relating to loans, consumer financing receivables and investment in lease financing which is settled prior to maturity are recognised upon settlement date of such loans, consumer financing and investment in lease financing.

Other fees and commissions income which are not directly related to lending activities or a specific period are recognised as revenue on the transaction date.

ai. Employee benefits

Pension liability

Bank Mandiri established a defined contribution pension plan covering substantially all of its eligible employees from August 1, 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 April 20, 1992 regarding Pension Fund.

The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the consolidated statement of financial position 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.

The accumulated unrecognised actuarial gains or losses incurred are recognised as "Other Comprehensive Income" and is presented in the equity section. Past service cost is directly charged to profit or loss.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ai. Employee benefits (continued)

Pension liability (continued)

The post-employment benefits expense recognised during the current year consists of service cost in profit or loss, net interest on the net defined benefit liability in profit and loss or re-measurement of the net defined benefit liabilities in other comprehensive income.

Net interest on the net defined benefit liabilities is the interest income component of plan assets, interest expense of defined benefit liabilities and interest on the effect of asset ceiling.

Remeasurements of the net defined benefit liability consists of:

- Actuarial gains and losses;
- Return on plan assets, excluding amount included in net interest on the net defined benefit liability; and
- Any change in effect of the asset ceiling, excluding amount including in net interest on the net defined benefit liability.

Actuarial gains and losses may arise from the adjustments made based on the experience and changes in actuarial assumption.

Other long-term employment benefit obligations

The entitlement of these benefits is provided to the employees until reaching 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 statement of profit or loss and other comprehensive income during the year.

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 basic and diluted earnings per share as of December 31, 2017 and 2016 are 46,666,666,666 shares.

The calculation of earnings per share in 2016 is recalculated using the weighted average number of shares outstanding after the stock split effective on September 13, 2017 as if the stock split has occurred since the beginning of the year presented.

ak. Operating segment

An operating segment is a component of an entity:

- (a) that is involved in business activities to generate income and expenses (include income and expenses relating to the transactions with other components from the same entity);
- (b) whose operating results are reviewed regularly by chief decision maker for decision making on allocation of resources and performance evaluation on works; and
- (c) for which separate financial information is available.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ak. Operating segment (continued)

In accordance with SFAS No. 5 regarding "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.

Segment Information as of December 31, 2017 onwards shall be presented in accordance with the Decree of the Board of Directors No. KEP.DIR/209/2017 dated September 13, 2017 effective September 4, 2017 on Organizational Structure, the operating segments are divided into the following business segments: Wholesale (Corporate and Commercial), Institutional, Retail (including Wealth) Treasury, Head Office, Sharia Subsidiary; Subsidiary - Insurance and other Subsidiaries.

Segment Information as of December 31, 2016 is presented in accordance with the change in organization structure applied in early April 2016, the operating segments are separated into these operating segments: Corporation, Commercial, Retail, Treasury and Market, Head Office, Subsidiary - Sharia; Subsidiary - Insurance and other Subsidiary.

A geographical segments represents a component of the Bank and its Subsidiaries that provides services in different economic environment and has a different risk and reward compared to others operating in different economic environment. Geographical segments are divided into Indonesia, Asia (Singapore, Malaysia, Hong Kong, Timor Leste and Shanghai), Western Europe (England) and Cayman Islands.

al. Partnership program and community development program

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 profit or loss and other comprehensive income of respective year.

3. USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Several estimates and assumptions are required in the preparation of the consolidated financial statements in which management judgment is required in determining the methodology in the 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 the best estimates undertaken in accordance with the applicable standards. 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 assumptions are based on management's best knowledge of current events and activities, actual results may differ from those estimates and assumptions.

Key sources of estimation uncertainty

a. Allowances for impairment losses of financial assets

Evaluation of impairment losses on financial assets carried at amortized cost and debt securities classified as available for sale are described in Note 2c.

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3. USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty (continued)

a. Allowances for impairment losses of financial assets (continued)

Allowance for impairment losses related to a specific counterparty in the entire allowance for impairment losses are established for the charges that are individually evaluated for impairment based on Management's best estimate of the present value of cash flows expected to be received. In calculating the allowance for impairment losses, management makes consideration of the financial condition of the counterparty and the net realizable value of the collateral received. Each impaired asset is evaluated, and its completion strategy and estimation of cash flows considered recoverable are independently approved by the Credit Risk Management Unit.

Collectively assessed impairment allowances cover credit losses inherent in portfolios with similar economic characteristics when there is objective evidence to suggest that they contain impaired financial assets, but the individual impaired items cannot yet be identified. In determining the need to establish allowance for collective impairment, management considers factors such as credit quality, size of portfolio, credit concentrations, and economic factors. In estimating the required allowance, the assumptions made to determine default and loss model to determine the required input parameters are based on historical experience and current economic conditions. The accuracy of this allowance depends on how precise the estimated future cash flows to determine the individual allowance and the model assumptions and parameters used in determining collective allowance.

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 lack 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.

c. Pension programs

Pension programs are determined based on actuarial valuation. The actuarial valuation involves making assumptions about discount rate, expected rate of return on investments, future salary increases, mortality rate, resignation rate and others (refer to Note 2ai and 50). Any changes in those assumptions will impact 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 similar currency with payments that will be made and have terms to maturity approximating the terms of the related employee benefit liability. Other key assumptions for pension obligations are determined based in part on current market conditions.

d. Insurance liabilities on insurance contracts

Technical reserves of subsidiaries recorded in the consolidated statement of financial position as part of "Other liabilities" are calculated based on actuarial calculation using certain actuarial assumptions which are the best estimate assumption and margin for any adverse deviations. 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.

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3. USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty (continued)

e. Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, as long as it is likely that taxable income will be available so that the temporary differences can be used. Significant estimates by management is required in determining the amount of deferred tax assets that can be recognised, based on current usage and the level of taxable income and future tax planning strategies. The Bank does not take into account some of the benefits of deferred tax assets as management believes that deferred tax assets will not be recoverable in the future.

f. Depreciation and estimated useful life of fixed assets

Cost of acquisition of fixed assets are depreciated using the straight-line method based on their estimated economic useful life. Bank's management estimates the useful lives of the assets between 4 (four) to 20 (twenty) years.

Changes in the level of usage and technological developments could affect the economic useful lives and residual value of assets, and therefore future depreciation charges may be revised.

The carrying value of the Bank's fixed assets is disclosed in Note 18.

g. Impairment of non-financial assets

Bank Mandiri and its subsidiaries assess impairment of non-financial assets whenever events or changes in circumstances indicate that the carrying value of non-financial assets cannot be recovered. Important factors that could cause impairment of non-financial assets are as follows:

- a) Performance is not achieved significantly against expectations of historical or projected operating results in the future;
- b) A significant change in the way the use of the asset or the overall business strategy; and
- c) Industry or economic trends are significantly negative.

The Management of the Bank and its Subsidiaries recognize an impairment loss if the carrying amount of the asset exceeds its recoverable amount. Recoverable amount is the higher value between the fair value minus costs of disposal and the value in use of the asset (or cash-generating unit). Recoverable amount is estimated for individual assets or, if not possible, for the cash-generating unit in which the asset forming part of the unit.

h. Revaluations of land

The Group engaged independent valuation specialists to assess fair value of revalued land. Lands were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as location and condition of land.

Significant accounting judgements

Accounting judgements that are important in applying accounting policies of the Bank and its Subsidiaries include:

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3. USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Key sources of estimation uncertainty (continued)

Significant accounting judgements (continued)

a. Going concern

The Management of the Bank and its Subsidiaries has assessed the ability of the Bank and its Subsidiaries to continue its business and believes that the Bank and Subsidiaries have the resources to continue their business in the future. In addition, management is not aware of any material uncertainties that may cause significant doubt on the ability of the Bank and Subsidiaries to maintain its viability. Therefore, the consolidated financial statements have been prepared on the basis of a going concern.

b. Classification of financial assets and liabilities

The Management of the Bank and its Subsidiaries determine the classification of certain assets and liabilities as financial assets and financial liabilities by considering whether the definitions set under SFAS No. 55 have been met. Accordingly, financial assets and financial liabilities are recognised in accordance with the accounting policy of the Bank and its Subsidiaries as disclosed in Note 2.c.E.

4. CURRENT ACCOUNTS WITH BANK INDONESIA

	December 31, 2017	December 31, 2016
Rupiah	39,951,760	41,014,055
United States Dollar (Note 61B.(v))	10,236,358	11,470,919
	50,188,118	52,484,974

As of December 31, 2017 and 2016, the Bank's Minimum Statutory Reserve complies with Bank Indonesia (BI) Regulation No. 15/15/PBI/2013 regarding Minimum Statutory Reserve of Commercial Banks in Rupiah and Foreign Currencies which has been amended with No. 18/3/PBI/2016 dated March 10, 2016 and No. 18/14/PBI/2016 dated August 18, 2016 and No. 19/6/PBI/2017 dated April 17, 2017, which are as follows:

	December 31, 2017	December 31, 2016
Rupiah		
- Primary Minimum Statutory Reserve	6.50%	6.50%
(i) Daily Minimum Statutory Reserve*)	5.00%	-
(ii) Average Minimum Statutory Reserve*)	1.50%	-
- Secondary Minimum Statutory Reserve**)	4.00%	4.00%
Foreign currencies	8.00%	8.00%

*) The requirement for average minimum statutory reserve in Rupiah effective started from July 1, 2017

**) On July 1, 2017, the exceed of minimum statutory reserve is not counted as fulfillment for secondary minimum statutory reserve

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4. CURRENT ACCOUNTS WITH BANK INDONESIA (continued)

Primary Minimum Statutory Reserve is a minimum reserve that should be maintained by the Bank in the form of 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 (Sertifikat Bank Indonesia (SBI)), Certificate of Bank Indonesia Deposit (Sertifikat Deposito Bank Indonesia (SDBI)), Treasury Bills and/or Excess Reserve, which is determined by Bank Indonesia. Minimum Statutory Reserve on Loan to Funding Ratio (LFR) is the Minimum Statutory Reserve that should be maintained by the Bank in the form of Current Account with Bank Indonesia for a certain percentage of third party fund calculated based on the difference between the Bank's LFR and the targeted LFR. GWM LFR is imposed if the Bank's LFR is below the minimum of LFR targeted by Bank Indonesia (80%) and if the Bank's LFR is above the maximum of LFR targeted by Bank Indonesia (92%) given that the Capital Adequacy Ratio is below BI requirement of 14%.

LFR is a ratio of loan to third parties issued by the bank in Rupiah and foreign currency, not include loan to other banks, towards:

- a. Third party funds that includes current accounts, saving accounts, and time deposits in Rupiah and foreign currencies, excluding interbank funds; and
- b. Marketable securities in Rupiah and foreign currencies that meet certain requirements issued by the Bank for obtaining capital.

Based on Bank Indonesia (BI) Regulation No. 17/11/PBI/2015 dated June 25, 2015, the citation of Loan to Deposit Ratio (LDR) on Bank Indonesia (BI) Regulation No.15/15/PBI/2013 has been changed into Loan to Funding Ratio (LFR) since August 3, 2015 and calculation of Minimum Statutory Reserve of LFR has become effective since August 3, 2015.

Excess Reserve is an excess Bank's balance of the Rupiah Account of Primary Minimum Statutory Reserve and Minimum Statutory Reserve on Loan to Funding Ratio that should be maintained in Bank Indonesia.

As of December 31, 2017 and 2016 the Bank has fulfilled all the requirements mentioned above. The ratio of the Minimum Statutory Reserve requirement (Bank Mandiri only) for its Rupiah and foreign currencies accounts as of December 31, 2017 and 2016, are as follows:

	December 31, 2017	December 31, 2016
Rupiah		
- Primary Minimum Statutory Reserve	6.78%	6.50%
(i) Daily Minimum Statutory Reserve*)	5.00%	-
(ii) Average Minimum Statutory Reserve*)	1.78%	-
- Secondary Minimum Statutory Reserve**)	8.91%	9.84%
- Minimum Statutory Reserve on Loan to Funding Ratio***)	-	-
Foreign currencies	8.10%	8.12%

*) The requirement for average minimum statutory reserve in Rupiah effective started from July 1, 2017

***) On July 1, 2017, the exceed of minimum statutory reserve is not counted as fulfillment for minimum secondary minimum statutory reserve

***) Bank Mandiri's LFR on December 31, 2017 and 2016 is in range of 80%-92% therefore minimum statutory reserve LFR is not required

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5. CURRENT ACCOUNTS WITH OTHER BANKS

a. By currency, related parties and third parties:

	December 31, 2017	December 31, 2016
Rupiah:		
Related parties (Note 55)	26,664	25,690
Third parties	1,608,469	482,680
Total	1,635,133	508,370
Foreign currencies:		
Related parties (Note 55)	869	171
Third parties	10,697,387	9,854,673
Total (Note 61B.(v))	10,698,256	9,854,844
Total	12,333,389	10,363,214
Less: Allowance for impairment losses	(3,442)	(3,049)
Net	12,329,947	10,360,165

Included in foreign currencies are mainly Great Britain Pound Sterling, European Euro, United States Dollar, Japanese Yen, Australian Dollar, Hong Kong Dollar, Chinese Yuan and Singapore Dollar.

b. By Bank Indonesia's collectibility:

	December 31, 2017	December 31, 2016
Rupiah - Current	1,635,133	508,370
Foreign currencies:		
Current	10,694,825	9,851,849
Loss	3,431	2,995
Total (Note 61B.(v))	10,698,256	9,854,844
	12,333,389	10,363,214
Less: Allowance for impairment losses	(3,442)	(3,049)
	12,329,947	10,360,165

c. The average interest rate (yield) per annum:

	December 31, 2017	December 31, 2016
Rupiah	0.01%	0.01%
Foreign currencies	0.02%	0.07%

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5. CURRENT ACCOUNTS WITH OTHER BANKS (continued)

- d. Movements of allowance for impairment losses on current accounts with other banks are as follows:

	December 31, 2017	December 31, 2016
Beginning balance	3,049	3,412
Reversal during the year (Note 44)	(44)	(176)
Others*)	437	(187)
Ending balance	3,442	3,049

*) 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” are disclosed in Note 61A.

6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS

- a. By type, currency, maturity and Bank Indonesia’s collectibility:

December 31, 2017				
	Maturity	Current	Loss	Total
Rupiah:				
Bank Indonesia	< 1 month	22,240,876	-	22,240,876
Call money	< 1 month	3,451,000	-	3,451,000
	≥ 1 month ≤ 3 months	295,000	-	295,000
	> 3 months ≤ 6 months	240,000	-	240,000
Time deposit	< 1 month	1,495,840	-	1,495,840
	≥ 1 month ≤ 3 months	1,238,560	-	1,238,560
	> 3 months ≤ 6 months	611,600	-	611,600
	> 6 months ≤ 12 months	110,000	-	110,000
Saving	> 12 months	124,890	-	124,890
	no maturity	901	-	901
Total		29,808,667	-	29,808,667
Foreign currencies:				
Bank Indonesia	< 1 month	26,090,303	-	26,090,303
	≥ 1 month ≤ 3 months	6,105,375	-	6,105,375
Call money	< 1 month	7,707,458	-	7,707,458
	> 3 months < 6 months	274,743	-	274,743
	> 12 month	-	48,593	48,593
Fixed-term placement	< 1 month	3,919,572	-	3,919,572
	≥ 1 month ≤ 3 months	198,184	-	198,184
	> 3 months ≤ 6 months	123,871	-	123,871
	> 12 months	-	1,120	1,120
Time deposit	< 1 month	255,440	-	255,440
	> 1 month < 3 months	117,190	-	117,190
Total (Note 61B.(v))		44,792,136	49,713	44,841,849
				74,650,516
Less: Allowance for impairment losses				(49,713)
Net				74,600,803

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6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (continued)

a. By type, currency, maturity and Bank Indonesia's collectibility (continued):

December 31, 2016				
	Maturity	Current	Loss	Total
Rupiah:				
Bank Indonesia	< 1 month	27,566,169	-	27,566,169
Call money	< 1 month	6,522,000	-	6,522,000
Fixed-term placement	< 1 month	100,000	-	100,000
	≥ 1 month ≤ 3 months	70,000	-	70,000
Time deposit	< 1 month	2,183,958	-	2,183,958
	≥ 1 month ≤ 3 months	1,228,915	-	1,228,915
	> 3 months ≤ 6 months	409,632	-	409,632
	> 6 months ≤ 12 months	76,500	-	76,500
Saving	no maturity	311	-	311
Total		38,157,485	-	38,157,485
Foreign currencies:				
Bank Indonesia	< 1 month	31,660,375	-	31,660,375
Call money	< 1 month	2,777,111	-	2,777,111
	> 6 months ≤ 12 months	593	-	593
	> 12 months	-	42,426	42,426
Fixed-term placement	< 1 month	587,401	-	587,401
	≥ 1 month ≤ 3 months	221,153	-	221,153
	> 3 months ≤ 6 months	123,004	-	123,004
	> 12 months	-	977	977
Time deposit	< 1 month	117,618	-	117,618
	≥ 1 month ≤ 3 months	12,092	-	12,092
Total (Note 61B.(v))		35,499,347	43,403	35,542,750
				73,700,235
Less: Allowance for impairment losses				(83,308)
Net				73,616,927

b. By related parties and third parties:

	December 31, 2017	December 31, 2016
Rupiah:		
Related parties (Note 55)	751,020	1,197,075
Third parties	29,057,647	36,960,410
Total	29,808,667	38,157,485
Foreign currencies:		
Related parties (Note 55)	2,401,147	528,496
Third parties	42,440,702	35,014,254
Total (Note 61B.(v))	44,841,849	35,542,750
	74,650,516	73,700,235
Less: Allowance for impairment losses	(49,713)	(83,308)
Net	74,600,803	73,616,927

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6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (continued)

- c. Average interest rate (yield) per annum:

	December 31, 2017	December 31, 2016
Rupiah	2.38%	2.53%
Foreign currencies	1.09%	0.48%

- d. Movements of allowance for impairment losses on placements with other banks:

	December 31, 2017	December 31, 2016
Beginning balance	83,308	66,760
(Reversal)/allowance during the year (Note 44)	(53,290)	21,415
Others*)	19,695	(4,867)
Balance at end of year	49,713	83,308

*) Includes effect of foreign currency translation.

Management believes that the allowance for impairment losses on placements with Bank Indonesia and other banks is adequate.

- e. Information in respect of classification of “non-impaired” and “impaired” is disclosed in Note 61A.
- f. 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 November 5, 2009 amounted to EUR16,395,092 (full amount) for the placement. On March 10, 2010, November 24, 2010, September 6, 2012 and January 23, 2014 the Trustee has paid a portion of the claims (interim distribution) to Bank Mandiri, after a net-off with the balance of demand deposit, inter-bank call money and L/C UPAS payable of the Subsidiary to the financial institution. The balances of Bank Mandiri’s placement with the financial institution (in liquidation) as of December 31, 2017 and 2016 were EUR3,061,829 (full amount), respectively. As of December 31, 2017 and 2016, Bank Mandiri has established full allowance for impairment losses on the remaining outstanding balance of placement with the financial institution.

7. MARKETABLE SECURITIES

- a. By purpose, related parties and third parties:

	December 31, 2017	December 31, 2016
<u>Marketable securities</u>		
Related parties (Note 55):		
Fair value through profit or loss	1,834,067	2,044,697
Available for sale	8,221,431	7,807,931
Held to maturity	2,116,345	1,920,506
At cost*)	632,808	392,044
	12,804,651	12,165,178

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7. MARKETABLE SECURITIES (continued)

a. By purpose, related parties and third parties (continued):

	December 31, 2017	December 31, 2016
Third parties:		
Fair value through profit or loss	1,674,105	2,708,846
Available for sale	17,335,737	14,503,106
Held to maturity	6,146,605	9,348,361
At cost*)	518,153	246,146
	<u>25,674,600</u>	<u>26,806,459</u>
<u>Investments in unit-link contracts **)</u>		
Related parties (Note 55):		
Fair value through profit or loss	7,970,812	6,406,370
Third parties:		
Fair value through profit or loss	13,081,638	11,444,472
Total	<u>59,531,701</u>	<u>56,822,479</u>
Less:		
Unamortised discounts	(9,305)	(5,429)
Unrealised gain/(loss) on increase/(decrease) in fair value of marketable securities	169,310	(26,463)
Allowance for impairment losses	(81,734)	(238,944)
	<u>78,271</u>	<u>(270,836)</u>
Net	<u>59,609,972</u>	<u>56,551,643</u>

*) Marketable securities owned by Subsidiary.

**) Investments in unit-link contracts are investments owned by policyholders of unit-link contracts of Subsidiary's which are presented at fair value.

b. By type, currency and Bank Indonesia's collectibility:

December 31, 2017							
	Cost/ nominal value/ fair value*)	Unamortised premiums/ (discounts)	Unrealised gains/ (losses)	Fair value/at cost/amortised cost **)			
				Current	Substandard	Loss	Total
Rupiah:							
Fair value through profit or loss							
<u>Marketable securities</u>							
Bonds	1,612,046	-	14,081	1,621,127	5,000	-	1,626,127
Investments in mutual fund units	526,680	-	1,106	527,786	-	-	527,786
Certificates of Bank Indonesia	291,304	-	3,351	294,655	-	-	294,655
Shares	215,580	-	(787)	214,793	-	-	214,793
Negotiable certificate of deposit	126,255	-	209	126,464	-	-	126,464
	<u>2,771,865</u>	<u>-</u>	<u>17,960</u>	<u>2,784,825</u>	<u>5,000</u>	<u>-</u>	<u>2,789,825</u>
<u>Investments in unit-link contracts *)</u>							
Shares	20,783,990	-	-	20,783,990	-	-	20,783,990
Investments in mutual fund units	262,331	-	-	262,331	-	-	262,331
Bonds	6,129	-	-	6,129	-	-	6,129
	<u>21,052,450</u>	<u>-</u>	<u>-</u>	<u>21,052,450</u>	<u>-</u>	<u>-</u>	<u>21,052,450</u>
	<u>23,824,315</u>	<u>-</u>	<u>17,960</u>	<u>23,837,275</u>	<u>5,000</u>	<u>-</u>	<u>23,842,275</u>

*) Held to maturity securities are presented at nominal value. Investments in unit-link contracts are investments owned by policyholders of Subsidiary's unit-link contracts which are presented at fair value.

**) Held to maturity securities are presented at amortised cost.

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7. MARKETABLE SECURITIES (continued)

b. By type, currency and Bank Indonesia's collectibility (continued):

December 31, 2017							
	Cost/ nominal value/ fair value*)	Unamortised premiums/ (discounts)	Unrealised gains/ (losses)	Fair value/at cost/amortised cost **)			
				Current	Substandard	Loss	Total
Available for sale							
Investments in mutual fund units	9,352,800	-	47,508	9,400,308	-	-	9,400,308
Bonds	4,108,430	-	54,775	4,163,205	-	-	4,163,205
Negotiable Certificate of Deposit	510,334	-	2,949	513,283	-	-	513,283
Medium term notes	195,000	-	(66)	194,934	-	-	194,934
Certificates of Bank Indonesia	123,356	-	-	123,356	-	-	123,356
Shares	19,573	-	-	19,573	-	-	19,573
	<u>14,309,493</u>	<u>-</u>	<u>105,166</u>	<u>14,414,659</u>	<u>-</u>	<u>-</u>	<u>14,414,659</u>
Held to maturity							
Bonds	2,349,201	-	-	2,349,201	-	-	2,349,201
Certificates of Bank Indonesia	2,830,000	(7,771)	-	2,822,229	-	-	2,822,229
Export bills	735,654	-	-	735,654	-	-	735,654
Investment in the mutual fund units	245,000	-	-	245,000	-	-	245,000
	<u>6,159,855</u>	<u>(7,771)</u>	<u>-</u>	<u>6,152,084</u>	<u>-</u>	<u>-</u>	<u>6,152,084</u>
At cost***)							
Sharia Corporate bonds	1,121,000	-	-	1,121,000	-	-	1,121,000
Export bills	29,961	-	-	29,961	-	-	29,961
	<u>1,150,961</u>	<u>-</u>	<u>-</u>	<u>1,150,961</u>	<u>-</u>	<u>-</u>	<u>1,150,961</u>
Total	<u>45,444,624</u>	<u>(7,771)</u>	<u>123,126</u>	<u>45,554,979</u>	<u>5,000</u>	<u>-</u>	<u>45,559,979</u>
Foreign currencies:							
Fair value through profit or loss							
Bonds	135,537	-	135	135,672	-	-	135,672
Treasury bills	600,770	-	119	600,889	-	-	600,889
	<u>736,307</u>	<u>-</u>	<u>254</u>	<u>736,561</u>	<u>-</u>	<u>-</u>	<u>736,561</u>
Available for sale							
Bonds	4,434,647	-	57,984	4,492,631	-	-	4,492,631
Treasury bills	1,673,445	-	(11,848)	1,661,597	-	-	1,661,597
Certificates of Bank Indonesia	4,408,498	-	(2,515)	4,405,983	-	-	4,405,983
Investment in the mutual fund units	731,085	-	2,309	733,394	-	-	733,394
	<u>11,247,675</u>	<u>-</u>	<u>45,930</u>	<u>11,293,605</u>	<u>-</u>	<u>-</u>	<u>11,293,605</u>
Held to maturity							
Bonds	312,053	(1,534)	-	310,519	-	-	310,519
Export bills	1,791,042	-	-	1,791,042	-	-	1,791,042
	<u>2,103,095</u>	<u>(1,534)</u>	<u>-</u>	<u>2,101,561</u>	<u>-</u>	<u>-</u>	<u>2,101,561</u>
Total (Note 61B.(v))	<u>14,087,077</u>	<u>(1,534)</u>	<u>46,184</u>	<u>14,131,727</u>	<u>-</u>	<u>-</u>	<u>14,131,727</u>
	<u>59,531,701</u>	<u>(9,305)</u>	<u>169,310</u>	<u>59,686,706</u>	<u>5,000</u>	<u>-</u>	<u>59,691,706</u>
Less: Allowance for impairment losses							(81,734)
Net							<u>59,609,972</u>

*) Held to maturity securities are presented at nominal value. Investments in unit-link contracts are investments owned by policyholders of Subsidiary's unit-link contracts which are presented at fair value.

**) Held to maturity securities are presented at amortised cost.

***) Marketable securities owned by Subsidiary.

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7. MARKETABLE SECURITIES (continued)

b. By type, currency and Bank Indonesia's collectibility (continued):

	December 31, 2016						
	Cost/ nominal value/ fair value*)	Unamortised premiums/ (discounts)	Unrealised gains/ (losses)	Fair value/at cost/amortised cost **)			
				Current	Substandard	Loss	Total
Rupiah:							
Fair value through profit or loss							
<u>Marketable securities</u>							
Bonds	1,878,559	-	13,724	1,892,283	-	-	1,892,283
Investments in mutual fund units	1,017,069	-	2,332	1,019,401	-	-	1,019,401
Certificates of Bank Indonesia	971,669	-	2,462	974,131	-	-	974,131
Shares	5,558	-	63	5,621	-	-	5,621
	3,872,855	-	18,581	3,891,436	-	-	3,891,436
<u>Investments in unit-link contracts *)</u>							
Shares	17,658,330	-	-	17,658,330	-	-	17,658,330
Investments in mutual fund units	178,821	-	-	178,821	-	-	178,821
Bonds	13,691	-	-	13,691	-	-	13,691
	17,850,842	-	-	17,850,842	-	-	17,850,842
	21,723,697	-	18,581	21,742,278	-	-	21,742,278
Available for sale							
Investments in mutual fund units	9,002,000	-	52,896	9,054,896	-	-	9,054,896
Bonds	3,447,793	-	(7,683)	3,440,110	-	-	3,440,110
Negotiable Certificate of Deposit	452,394	-	(408)	451,986	-	-	451,986
Medium term notes	499,000	-	-	499,000	-	-	499,000
Certificates of Bank Indonesia	190,330	-	-	190,330	-	-	190,330
	13,591,517	-	44,805	13,636,322	-	-	13,636,322
Held to maturity							
Bonds	2,743,959	-	-	2,743,959	-	-	2,743,959
Certificates of Bank Indonesia	5,250,000	(3,241)	-	5,246,759	-	-	5,246,759
Medium term notes	800,000	(515)	-	799,485	-	-	799,485
Export bills	640,454	-	-	640,262	-	192	640,454
Investment in the mutual fund units	245,000	-	-	245,000	-	-	245,000
	9,679,413	(3,756)	-	9,675,465	-	192	9,675,657
At cost***)							
Sharia Corporate bonds	544,000	-	-	407,000	-	137,000	544,000
Export bills	94,190	-	-	94,190	-	-	94,190
	638,190	-	-	501,190	-	137,000	638,190
Total	45,632,817	(3,756)	63,386	45,555,255	-	137,192	45,692,447
Foreign currencies:							
Fair value through profit or loss							
Treasury bills	666,808	-	237	667,045	-	-	667,045
Certificates of Bank Indonesia	213,880	-	606	214,486	-	-	214,486
	880,688	-	843	881,531	-	-	881,531
Available for sale							
Bonds	4,979,168	-	(83,738)	4,895,430	-	-	4,895,430
Treasury bills	874,106	-	(6,263)	867,843	-	-	867,843
Certificates of Bank Indonesia	2,866,246	-	(691)	2,865,555	-	-	2,865,555
	8,719,520	-	(90,692)	8,628,828	-	-	8,628,828
Held to maturity							
Bonds	242,505	(1,673)	-	240,832	-	-	240,832
Export bills	1,346,949	-	-	1,335,455	-	11,494	1,346,949
	1,589,454	(1,673)	-	1,576,287	-	11,494	1,587,781
Total (Note 61B.(v))	11,189,662	(1,673)	(89,849)	11,086,646	-	11,494	11,098,140
	56,822,479	(5,429)	(26,463)	56,641,901	-	148,686	56,790,587
Less: Allowance for impairment losses							(238,944)
Net							56,551,643

*) Held to maturity securities are presented at nominal value. Investments in unit-link contracts are investments owned by policyholders of Subsidiary's unit-link contracts which are presented at fair value.

**) Held to maturity securities are presented at amortised cost.

***) Marketable securities owned by Subsidiary.

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7. MARKETABLE SECURITIES (continued)

c. By remaining period to maturity:

	December 31, 2017	December 31, 2016
<u>Marketable securities</u>		
Rupiah:		
No maturity date	1,576,834	2,069,627
≤ 1 year	8,127,491	12,714,475
> 1 ≤ 5 years	13,583,882	12,205,873
> 5 ≤ 10 years	1,103,967	292,000
> 10 years	-	500,000
Total	24,392,174	27,781,975
Foreign currencies:		
≤ 1 year	7,725,992	6,084,373
> 1 ≤ 5 years	2,483,729	1,396,241
> 5 ≤ 10 years	3,877,356	3,709,048
Total	14,087,077	11,189,662
<u>Investments in unit-link *)</u>		
Rupiah:		
No maturity date	21,046,321	17,837,151
≤ 1 year	6,129	13,691
Total	21,052,450	17,850,842
	59,531,701	56,822,479
Less:		
Unamortised discounts	(9,305)	(5,429)
Unrealised gain/(loss) on increase/(decrease) in fair value of securities	169,310	(26,463)
Allowance for impairment losses	(81,734)	(238,944)
	78,271	(270,836)
Net	59,609,972	56,551,643

*) Investments in unit-link contracts are investments owned by policyholders of Subsidiary's unit-link contracts, which are presented at fair value.

d. By issuer:

	December 31, 2017	December 31, 2016
<u>Marketable securities</u>		
Corporate	21,482,803	22,085,455
Central Bank	7,938,652	9,640,796
Banks	5,814,264	4,430,309
Government	3,243,532	2,815,077
	38,479,251	38,971,637

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7. MARKETABLE SECURITIES (continued)

d. By issuer (continued):

	December 31, 2017	December 31, 2016
<u>Investments in unit-link contracts *)</u>		
Bank	6,366,583	4,448,743
Corporate	14,685,867	13,402,099
	21,052,450	17,850,842
Total	59,531,701	56,822,479
Less:		
Unamortised discounts	(9,305)	(5,429)
Unrealised gain/(loss) on increase/(decrease) in fair value of marketable securities	169,310	(26,463)
Allowance for impairment losses	(81,734)	(238,944)
	78,271	(270,836)
Net	59,609,972	56,551,643

*) Investments in unit-link contracts are investments owned by policyholders of Subsidiary's unit-link contracts which are presented at fair value.

e. Details of bonds by rating:

	Rating Agencies	Rating*)		Fair value/At cost/Amortised cost	
		December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Rupiah					
Fair value through profit or loss					
<u>Marketable securities</u>					
Bonds					
Pemerintah Republik Indonesia**)	-	-	-	1,258,471	1,437,182
Lembaga Pembiayaan Ekspor Indonesia	Pefindo	idAAA	idAAA	41,341	133,292
PT Federal International Finance	Pefindo	idAAA	idAAA	25,661	25,209
PT Adira Dinamika Multifinance Tbk.	Pefindo	idAAA	idAAA	7,209	20,452
PT Sarana Multigriya Finansial (Persero)	Pefindo	idAAA	idAA+	20,851	19,387
PT Bank OCBC NISP Tbk.	Pefindo	idAAA	idAAA	5,089	4,909
Others	Various	Various	Various	267,505	251,852
				1,626,127	1,892,283

*) Information on rating of bonds were obtained from Bloomberg, which is based on ratings issued by the rating agencies, such as Perneringkat Efek Indonesia (Pefindo), Standard and Poor's, Moody's and Fitch Ratings.

**) Has no rating.

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7. MARKETABLE SECURITIES (continued)

e. Details of bonds by rating (continued):

		Rating*)		Fair value/At cost/Amortised cost	
	Rating Agencies	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Rupiah (continued)					
Fair value through profit or loss (continued)					
Investments in unit-link ***)					
PT Astra Sedaya Finance	Pefindo	idAAA	idAAA	-	1,969
Others	Various	Various	Various	6,129	11,722
				6,129	13,691
				1,632,256	1,905,974
Available for sale					
Marketable securities					
Bonds					
PT Indofood Sukses Makmur Tbk.	Pefindo	idAA+	idAA+	10,447	360,905
PT Sarana Multigriya Finansial (Persero)	Pefindo	-	idAA+	-	295,093
PT Telekomunikasi Indonesia Tbk	Pefindo	idAAA	idAAA	260,825	266,102
PT Astra Sedaya Finance	Pefindo	idAAA	idAAA	213,642	229,000
PT Jasa Marga (Persero) Tbk.	Pefindo	idAA	idAA	158,882	157,713
PT Bank OCBC NISPTbk.	Pefindo	idAAA	idAAA	175,733	126,713
PT Medco Energi Internasional Tbk.	Pefindo	-	idA+	-	70,000
PT Bank Maybank Indonesia Tbk.	Pefindo	-	idAAA	-	25,020
PT Bank Rakyat Indonesia (Persero) Tbk.	Moody's	Baa3	-	366,081	-
PT Bank Tabungan Negara (Persero) Tbk.	Moody's	Baa3	-	463,545	-
PT Hutama Karya (Persero)	Pefindo	idAAA	-	326,844	-
Perum Pegadaian	Pefindo	idAAA	-	264,917	-
Others	Various	Various	Various	1,922,289	1,909,564
				4,163,205	3,440,110
Held to maturity					
Marketable securities					
Bonds					
PT Hutama Karya (Persero)	Pefindo	idAAA	-	650,000	-
PT Tunas Baru Lampung Tbk.	Pefindo	-	idA	-	500,000
PT Surya Artha Nusantara Finance	Pefindo	idAA-	idAA-	300,000	600,000
PT Medco Energi International Tbk.	Pefindo	-	idA+	-	223,000
PT Mayora Indah Tbk	Pefindo	idAA	idAA-	74,000	74,000
PT Indosat Tbk	Pefindo	-	idAAA	-	36,000
Others	Various	Various	Various	1,325,201	1,310,959
				2,349,201	2,743,959
At cost**)					
Marketable securities					
Sharia Corporate Bonds					
PT Perusahaan Listrik Negara(Persero)	Pefindo	idAAA	idAAA	200,000	265,000
PT Berlian Laju Tanker Tbk.	Pefindo	-	idD	-	87,000
PT Sarana Multigriya Finansial (Persero)	Pefindo	idAAA _(sy)	-	300,000	-
PT Indosat Tbk	Pefindo	idAAA _(sy)	-	185,000	-
Others	Various	Various	Various	436,000	192,000
				1,121,000	544,000
Total				9,265,662	8,634,043

*) 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.

**) Marketable securities owned by Subsidiary.

***) Investments in unit-link contracts are investments owned by policyholder of Subsidiary's unit link unit 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/At cost/Amortised cost	
	Rating Agencies	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Foreign currencies					
Fair value through profit and loss					
<u>Marketable Securities</u>					
Bonds					
Agricultural Bank of China, HK	Moody's	A2	-	135,672	-
Available for sale					
<u>Marketable securities</u>					
Bonds					
PT Pertamina (Persero)	Moody's	Baa3	Baa3	3,678,954	3,523,022
PT Perusahaan Listrik Negara (Persero)	Pefindo	idAAA	idAAA	501,657	719,270
Bank of China	Fitch	A- (Idn)	-	135,088	-
PT Bank Negara Indonesia (Persero) Tbk.	Moody's	-	Baa3	-	283,630
PT Perusahaan Gas Negara (Persero) Tbk.	Moody's	-	Baa3	-	137,857
PT Bank Rakyat Indonesia (Persero) Tbk.	Moody's	Baa3	Baa3	122,123	121,253
Others	Various	Various	Various	54,809	110,398
				<u>4,492,631</u>	<u>4,895,430</u>
Held to maturity					
<u>Marketable securities</u>					
Bonds					
PT Pelindo (Persero)	Moody's	Baa3	Baa3	65,337	64,536
PT Soechi Lines Tbk	Moody's	Baa3	Baa3	135,675	134,725
PT Pertamina (Persero)	Moody's	Baa3	Baa3	41,668	41,571
Others	Various	Various	-	67,839	-
				<u>310,519</u>	<u>240,832</u>
Total				<u>4,938,822</u>	<u>5,136,262</u>

*) 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.

f. Average interest rate (yield) per annum:

	December 31, 2017	December 31, 2016
Rupiah	9.01%	7.62%
Foreign currencies	3.47%	3.74%

g. Movements of allowance for impairment losses on marketable securities:

	December 31, 2017	December 31, 2016
Beginning balance	238,944	309,169
Allowance during the year (Note 44)	8,420	24,094
Write-offs	(137,000)	(87,000)
Others*)	(28,630)	(7,319)
Balance at end of year	<u>81,734</u>	<u>238,944</u>

*) 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.

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7. MARKETABLE SECURITIES (continued)

- i. Investment in mutual fund of the Bank are classified as available for sale:

	December 31, 2017	December 31, 2016
Protected Mutual Fund BNP Paribas Selaras IV	2,510,237	2,512,630
Protected Mutual Fund Schroder IDR Income Plan I	1,004,018	1,004,978
Protected Mutual Fund Manulife Dana Utama	1,000,238	1,000,420
Protected Mutual Fund Emco VII	903,789	904,873
Mutual Fund Syailendra USD 2	733,394	-
Protected Mutual Fund Trimegah I	655,022	656,200
Protected Mutual Fund Schroder IDR Income Plan II	654,862	655,976
Protected Mutual Fund Emco VIII	602,719	602,935
Protected Mutual Fund Emco	412,161	412,767
Protected Mutual Fund Trimegah IV	225,990	-
Mutual Fund Indopremier XI	225,470	-
Protected Mutual Fund Trimegah II	196,475	196,118
Protected Mutual Fund Sucorinvest Protection 23	197,568	196,079
	9,321,943	8,142,976

- j. As of December 31, 2017, marketable securities with total nominal amount of Rp420,591 (December 31, 2016: RpNil) were sold under repurchase agreements (Note 28).
- k. As of December 31, 2017, marketable securities with total nominal amount of USD65,000,000 (full amount) (December 31, 2016: Rp65,000,000 (full amount)) had been pledged as collateral for funds borrowing from other banks (Note 36c).
- l. In October 2016, there was a buy-back of Medium Term Notes of PT Berlina Tbk. at par value by the issuer.

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 of December 31, 2017 and 2016, with details as follows:

	December 31, 2017	December 31, 2016
Related party (Note 55)		
<u>Government bonds</u>		
Fair value through profit or loss	2,183,356	1,191,310
Available for sale***)	89,073,724	80,334,549
Held to maturity	2,585,950	11,142,896
At cost*)	8,262,937	5,027,262
<u>Investments in unit-link contracts **)</u>		
Fair value through profit or loss	1,305,221	1,237,261
	103,411,188	98,933,278

*) Government bonds owned by Subsidiary.

**) Investments in unit-link contracts are investments owned by policyholders of Subsidiary's unit-link contracts which are presented at fair value.

***) Including sukuk, project-based sukuk and retail bonds which are classified as at fair value through other comprehensive income.

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8. GOVERNMENT BONDS (continued)

a. By maturity

The government bonds, by remaining period of maturity, are as follows:

	December 31, 2017	December 31, 2016
Rupiah		
Fair value through profit or loss		
<u>Government bonds</u>		
Less than 1 year	52,129	18,914
1 - 5 years	380,830	242,405
5 - 10 years	930,280	615,527
Over 10 years	408,294	299,932
	1,771,533	1,176,778
<u>Investments in unit-link **)</u>		
Less than 1 year	162,620	189,725
1 - 5 years	139,777	122,176
5 - 10 years	427,886	393,688
Over 10 years	574,938	531,672
	1,305,221	1,237,261
	3,076,754	2,414,039
Available for sale***)		
Less than 1 year	11,138,974	1,482,131
1 - 5 years	39,734,215	45,568,301
5 - 10 years	9,670,265	5,885,572
Over 10 years	5,460,700	4,297,009
	66,004,154	57,233,013
Held to maturity		
Less than 1 year	58,547	9,357,392
1 - 5 years	25,055	82,625
5 - 10 years	133,387	59,405
Over 10 years	256,911	319,712
	473,900	9,819,134
At cost*)		
Less than 1 year	3,868,179	122,659
1 - 5 years	4,254,474	4,761,487
	8,122,653	4,884,146
Total	77,677,461	74,350,332

*) Government bonds owned by Subsidiary.

**) Investments in unit-link contracts are investments owned by policyholders of Subsidiary's unit-link contracts which are presented at fair value.

***) Including sukuk, project-based sukuk and retail bonds which are classified as at fair value through other comprehensive income.

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8. GOVERNMENT BONDS (continued)

a. By maturity (continued)

The government bonds, by remaining period of maturity, are as follows (continued):

	December 31, 2017	December 31, 2016
Foreign currency		
Fair value through profit or loss		
1 - 5 years	34,953	5,461
5 - 10 years	303,591	3,687
Over 10 years	73,279	5,384
	411,823	14,532
Available for sale		
Less than 1 year	161,735	6,379,279
1 - 5 years	12,743,703	8,062,070
5 - 10 Years	9,346,317	8,241,438
Over 10 years	817,815	418,749
	23,069,570	23,101,536
Held to maturity		
Less than 1 year	-	26,922
1 - 5 years	977,963	71,160
5 - 10 years	1,134,087	1,225,680
	2,112,050	1,323,762
At cost*)		
1 - 5 years	140,284	143,116
Total (Note 61B.(v))	25,733,727	24,582,946
	103,411,188	98,933,278

*) Government bonds owned by Subsidiary.

b. By type

	December 31, 2017				
	Nominal/ cost/ amortised cost	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	1,605,714	5.25%- 12.90%	1,771,533	25/01/2018 - 15/05/2048	1 and 6 months
<u>Investments in unit-link contracts **)</u>					
Fixed rate bonds	1,305,221	5.25% - 11.00%	1,305,221	04/01/2018 - 15/05/2038	1 and 6 months

**) Investments in unit-link contracts are investments owned by policyholders of Subsidiary's unit-link contracts which are presented at fair value.

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8. GOVERNMENT BONDS (continued)

b. By type (continued)

December 31, 2017					
	Nominal/ cost/ amortised cost	Interest rates per annum	Fair value	Maturity dates	Frequency of interest payment
Rupiah (continued)					
Available for sale***)					
Fixed rate bonds	32,930,013	5.25% - 12.90%	35,438,787	25/01/2018 - 15/02/2044	1 and 6 months
Variable rate bonds	30,796,790	SPN 3 months	30,565,367	25/08/2018 - 25/07/2020	3 months
	63,726,803		66,004,154		
December 31, 2017					
	Nominal/ cost/ amortised cost	Interest rates per annum		Maturity dates	Frequency of interest payment
Held to maturity					
Fixed rate bonds	473,900	5.63% - 11.75%		15/09/2018 - 15/05/2037	6 months
At cost*)					
Fixed rate bonds	8,122,653	6.25% - 8.63%		05/01/2018 - 15/09/2020	1 month & 6 months
December 31, 2017					
	Nominal/ cost/ amortised cost	Interest rates per annum	Fair value	Maturity dates	Frequency of interest payment
Foreign Currencies					
Fair value through profit or loss					
Government bonds					
Fixed rate bonds	408,533	2.25% - 7.75%	411,823	15/03/2019 - 11/01/2048	6 months
Available for sale					
Fixed rate bonds	21,824,443	0.65% - 11.63%	23,069,570	17/01/2018 - 11/01/2028	6 months
December 31, 2017					
	Nominal/ cost/ amortised cost	Interest rates per annum		Maturity dates	Frequency of interest payment
Foreign Currencies					
Held to maturity					
Fixed rate bonds	2,112,050	0.90% - 5.88%		26/04/2020 - 08/01/2026	6 months
At cost*)					
Fixed rate bonds	140,284	6.13%		15/03/2019	6 months

*) Government bonds owned by Subsidiary that are classified based on SFAS No. 110 "Accounting for Sukuk"

***) Including sukuk, project-based sukuk and retail bonds that are classified as at fair value through other comprehensive income.

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8. GOVERNMENT BONDS (continued)

b. By type (continued)

December 31, 2016					
	Nominal/ cost/ amortised cost	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>1,139,461</u>	5.25%-12.90%	<u>1,176,778</u>	15/03/2017 - 15/02/2044	1 and 6 months
<u>Investments in unit-link contracts *)</u>					
Fixed rate bonds	<u>1,237,261</u>	6.25%-11.00%	<u>1,237,261</u>	06/01/2017 - 15/05/2036	1 and 6 months
Available for sale **)					
Fixed rate bonds	25,773,223	5.25%-12.90%	26,288,246	15/10/2017 - 15/02/2044	1 and 6 months
Variable rate bonds	<u>31,276,192</u>	SPN 3 months	<u>30,944,767</u>	25/09/2017 - 25/07/2020	3 months
	<u>57,049,415</u>		<u>57,233,013</u>		

December 31, 2016				
	Nominal/ cost/ amortised cost	Interest rates per annum	Maturity dates	Frequency of interest payment
Rupiah				
Held to maturity				
Fixed rate bonds	463,436	5.63% - 11.75%	15/07/2017 - 15/05/2037	6 months
Variable rate bonds	<u>9,355,698</u>	SPN 3 months	25/02/2017	3 months
	<u>9,819,134</u>			

*) Investments in unit-link contracts are investments owned by policyholders of Subsidiary's unit-link contracts which are presented at fair value.

**) Including sukuk, project-based sukuk and retail bonds that are classified as at fair value through other comprehensive income.

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8. GOVERNMENT BONDS (continued)

b. By type (continued)

December 31, 2016				
	Nominal/ cost/ amortised cost	Interest rates per annum	Maturity dates	Frequency of interest payment
Rupiah (continued)				
At cost*)				
Fixed rate bonds	<u>4,884,146</u>	6.25% - 8.75%	27/01/2017 - 15/09/2020	1 and 6 months

December 31, 2016					
	Nominal/ cost/ amortised cost	Interest rates per annum	Fair value	Maturity dates	Frequency of interest payment
<u>Foreign Currencies</u>					
Fair value through profit or loss					
<u>Government bonds</u>					
Fixed rate bonds	<u>14,483</u>	3.30%-6.13%	<u>14,532</u>	21/11/2018 - 15/04/2043	6 months
Available for sale					
Fixed rate bonds	22,247,576	2.63%-11.63%	23,101,536	09/03/2017 - 08/01/2027	6 months

December 31, 2016				
	Nominal/ cost/ amortised cost	Interest rates per annum	Maturity dates	Frequency of interest payment
Foreign Currencies				
Held to maturity				
Fixed rate bonds	<u>1,323,762</u>	3.75%-7.00%	09/03/2017 - 08/01/2026	6 months
At cost*)				
Fixed rate bonds	<u>143,116</u>	6.13%	15/03/2019	6 months

*) Government bonds owned by Subsidiary that are classified based on SFAS No. 110 "Accounting for Sukuk"

c. Other information

As of December 31, 2017, Government Bonds with total nominal amount of Rp3,742,551 were sold under repurchase agreements (December 31, 2016: Rp3,986,742) (Note 28).

As of December 31, 2017, Government Bonds with total nominal amount of Rp944,322 and USD356,795,000 (full amount) (December 31, 2016: Rp3,107,276 and USD597,796,000 (full amount)) had been pledged as collateral for fund borrowings from other banks (Notes 36b and 36c).

As of December 31, 2017 and 2016, Bank Indonesia's collectibility for government bonds are current.

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9. OTHER RECEIVABLES - TRADE TRANSACTIONS

a. By type, currency, related parties and third parties:

	December 31, 2017	December 31, 2016
Rupiah:		
Related parties (Note 55)		
Usance L/C payable at sight	1,276,347	799,513
Others	8,255,790	3,474,664
	9,532,137	4,274,177
Third parties		
Usance L/C payable at sight	926,575	1,285,395
Others	5,456,673	4,098,043
	6,383,248	5,383,438
Total	15,915,385	9,657,615
Foreign currencies:		
Related parties (Note 55)		
Usance L/C payable at sight	534,782	1,251,753
Others	450,668	408,370
	985,450	1,660,123
Third parties		
Usance L/C payable at sight	2,720,441	1,632,983
Others	5,818,201	2,973,397
	8,538,642	4,606,380
Total (Note 61B.(v))	9,524,092	6,266,503
	25,439,477	15,924,118
Less: Allowance for impairment losses	(1,349,349)	(1,756,847)
Net	24,090,128	14,167,271

b. By Bank Indonesia's collectibility:

	December 31, 2017	December 31, 2016
Current	24,062,284	14,672,747
Special mention	241,666	122,541
Doubtful	2,322	-
Loss	1,133,205	1,128,830
Total	25,439,477	15,924,118
Less: Allowance for impairment losses	(1,349,349)	(1,756,847)
Net	24,090,128	14,167,271

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9. OTHER RECEIVABLES - TRADE TRANSACTIONS (continued)

c. By maturity:

	December 31, 2017	December 31, 2016
Rupiah:		
Less than 1 month	6,068,662	2,586,373
1 - 3 months	6,148,258	4,144,984
3 - 6 months	3,308,151	2,748,940
6 - 12 months	244,370	31,374
Over 12 months	145,944	145,944
Total	15,915,385	9,657,615
Foreign currencies:		
Less than 1 month	1,900,057	1,211,291
1 - 3 months	3,351,420	2,274,143
3 - 6 months	2,812,789	1,844,232
6 - 12 months	517,268	879
Over 12 months	942,558	935,958
Total (Note 61B.(v))	9,524,092	6,266,503
	25,439,477	15,924,118
Less: Allowance for impairment losses	(1,349,349)	(1,756,847)
Net	24,090,128	14,167,271

d. Movements of allowance for impairment losses on other receivables - trade transactions:

	December 31, 2017	December 31, 2016
Beginning balance	1,756,847	1,727,747
(Reversal)/allowance during the year (Note 44)	(425,563)	35,085
Others*)	18,065	(5,985)
Balance at end of year	1,349,349	1,756,847

*) 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	December 31, 2017				
	Starting date	Maturity date	Resale amount	Unamortised interest	Carrying amount
Third parties					
Rupiah					
Bond FR0071	14/12/2017	04/01/2018	527,249	221	527,028
Bond FR0068	06/12/2017	03/01/2018	482,532	122	482,410
Bond FR0066	13/12/2017	15/01/2018	453,140	895	452,245
Bond FR0054	20/12/2017	17/01/2018	298,656	608	298,048
Bond FR0061	08/12/2017	08/01/2018	187,671	183	187,488
Bond FR0069	20/12/2017	03/01/2018	139,739	41	139,698
Bond FR0054	22/12/2017	05/01/2018	108,409	66	108,343
SPN03180215	27/12/2017	03/01/2018	94,412	22	94,390
Bond IDSD080618182S	27/12/2017	04/01/2018	88,007	33	87,974
Shares	28/07/2017	24/01/2018	53,250	446	52,804
Bond FR0065	06/12/2017	03/01/2018	45,894	12	45,882
Bond FR0070	08/12/2017	09/03/2018	43,301	386	42,915
Shares	25/01/2017	25/01/2018	34,563	334	34,229
Shares	12/05/2017	03/05/2018	26,125	805	25,320
Shares	12/07/2017	03/07/2018	26,125	830	25,295
Shares	12/11/2017	03/12/2018	26,138	892	25,246
Total			2,635,211	5,896	2,629,315

Type of securities	December 31, 2016				
	Starting date	Maturity date	Resale amount	Unamortised interest	Carrying amount
Third parties					
Rupiah					
Bond FR0028	28/12/2016	04/01/2017	1,016,047	402	1,015,645
Bond ORI013	29/12/2016	06/01/2017	448,730	423	448,307
Bond FR0060	28/12/2016	04/01/2017	437,174	173	437,001
Bond FR0056	29/12/2016	05/01/2017	297,961	223	297,738
Bond FR0066	30/12/2016	06/01/2017	263,928	238	263,690
Bond FR0070	29/12/2016	05/01/2017	203,509	152	203,357
Bond FR0073	28/12/2016	04/01/2017	200,534	108	200,426
SPN142-110517	28/12/2016	04/01/2017	185,908	74	185,834
SPN144-080617	28/12/2016	04/01/2017	184,957	73	184,884
SBSN	28/12/2016	25/01/2017	180,395	649	179,746
SBSN	28/12/2016	25/01/2017	180,395	649	179,746
SBSN	07/12/2016	04/01/2017	171,686	99	171,587
Bond FR0059	19/12/2016	19/01/2017	170,657	594	170,063
SBSN	21/12/2016	18/01/2017	164,415	426	163,989
SBSN	21/12/2016	18/01/2017	164,415	426	163,989
SBSN	07/12/2016	04/01/2017	150,226	86	150,140
Bond FR0028	28/12/2016	04/01/2017	147,326	58	147,268
Bond FR0053	21/12/2016	05/01/2017	92,791	83	92,708
Bond FR0073	28/12/2016	04/01/2017	52,521	28	52,493
Shares	18/11/2016	18/05/2017	53,519	2,705	50,814
SBN	27/12/2016	03/01/2017	48,659	19	48,640
SBN	28/12/2016	04/01/2017	46,772	25	46,747
SPN140-130417	28/12/2016	04/01/2017	46,696	18	46,678
SBN	28/12/2016	11/01/2017	40,303	61	40,242
SBN	30/12/2016	31/03/2017	36,599	505	36,094
Shares	10/11/2016	10/11/2017	29,563	3,970	25,593
Shares	14/11/2016	14/11/2017	29,563	4,017	25,546
Shares	16/11/2016	16/11/2017	29,563	4,040	25,523
Total			5,074,812	20,324	5,054,488

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10. SECURITIES PURCHASED UNDER RESALE AGREEMENTS (continued)

b. By Bank Indonesia's collectibility:

	December 31, 2017	December 31, 2016
Current	2,629,315	5,054,488

As of December 31, 2017 and 2016, there was no impairment therefore the allowance for impairment losses on securities purchased under resale agreements is not provided.

c. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 61A.

11. DERIVATIVE RECEIVABLES AND PAYABLES

As of December 31, 2017, the summary of derivative transactions is as follows:

Transactions	Notional amount (Rupiah equivalent)	Fair value	
		Derivative receivables	Derivative payables
Related parties (Note 55)			
Foreign exchange related			
1. Forward - buy United States Dollar	393,506	3,256	-
2. Forward - sell United States Dollar	5,639,641	3,515	2,364
3. Swap - buy United States Dollar	747,940	526	688
4. Swap - sell United States Dollar	4,428,368	13,314	1,307
5. Option - buy United States Dollar	-	3,213	-
Others	-	-	6,216
Interest rate related			
1. Swap - interest rate Others		-	6,007
Total related parties		23,824	16,582

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11. DERIVATIVE RECEIVABLES AND PAYABLES (continued)

As of December 31, 2017, the summary of derivative transactions is as follows: (continued)

Transactions	Notional amount (Rupiah equivalent)	Fair value	
		Derivative receivables	Derivative payables
Third parties			
Foreign exchange related			
1. Forward - buy			
United States Dollar	2,725,088	11,995	2,712
Others	6,307,773	59,527	26,133
2. Forward - sell			
United States Dollar	6,857,671	8,550	27,817
Others	77,022	295	142
3. Swap - buy			
United States Dollar	10,858,769	8,720	13,648
Other	206,027	1,205	-
4. Swap - sell			
United States Dollar	67,896,411	189,057	31,576
Others	4,611,905	-	82,652
5. Option - buy			
United States Dollar		10,197	-
Others		26,710	18,205
6. Option - sell			
United States Dollar		-	1
Others		-	13
Interest rate related			
1. Swap - interest rate			
Others		106,379	56,762
Total third parties		422,635	259,661
Total		446,459	276,243

As of December 31, 2016, the summary of derivative transactions is as follows:

Transactions	Notional amount (Rupiah equivalent)	Fair value	
		Derivative receivables	Derivative payables
Related parties (Note 55)			
Foreign exchange related			
1. Forward - sell			
United States Dollar	2,027,885	336	2,882
Others	5,678	2	-
2. Swap - buy			
United States Dollar	1,347,250	-	300
3. Swap - sell			
United States Dollar	6,598,314	3,154	6,824
Interest rate related			
1. Swap - interest rate			
Others		168	52
Total related parties		3,660	10,058

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11. DERIVATIVE RECEIVABLES AND PAYABLES (continued)

As of December 31, 2016, the summary of derivative transactions is as follows (continued):

Transactions	Notional amount (Rupiah equivalent)	Fair value	
		Derivative receivables	Derivative payables
Third parties			
Foreign exchange related			
1. Forward - buy			
United States Dollar	2,339,530	21,364	3,336
Others	1,987,282	2,176	59,376
2. Forward - sell			
United States Dollar	4,352,298	12,323	27,668
Others	40,381	576	29
3. Swap - buy			
United States Dollar	2,626,577	17,520	2,148
Other	623,476	661	2,413
4. Swap - sell			
United States Dollar	18,001,365	25,038	164,113
Others	2,802,046	63,701	980
5. Option - buy			
United States Dollar		116	2,377
Others		15	-
6. Option - sell			
United States Dollar		3,012	1,336
Interest rate related			
1. Swap - interest rate			
United States Dollar		87,941	225,747
Others		1,157	2,888
Total third parties		235,600	492,411
Total		239,260	502,469

As of December 31, 2017, the Subsidiary has cross currency and interest rate swap contract which meet the criterias and effectively applied as cashflow hedge. The losses from value changes related to effective portion of cashflow hedge are recognized as other comprehensive income.

As of December 31, 2016, derivative contracts were not designated as hedge accounting.

As of December 31, 2017 and 2016, Bank Indonesia's collectibility for derivative receivables is current.

12. LOANS AND SHARIA RECEIVABLES/FINANCING

A. Details of loans and sharia receivables/financing:

a. By currency, related parties and third parties:

	December 31, 2017	December 31, 2016
Rupiah:		
Related parties (Note 55)	90,072,204	78,579,405
Third parties	512,095,941	478,173,216
Total	602,168,145	556,752,621

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12. LOANS AND SHARIA RECEIVABLES/FINANCING (continued)

A. Details of loans and sharia receivables/financing (continued):

a. By currency, related parties and third parties (continued):

	December 31, 2017	December 31, 2016
Foreign currencies:		
Related parties (Note 55)	23,539,208	21,622,078
Third parties	86,330,512	70,948,254
Total (Note 61B.(v))	109,869,720	92,570,332
	712,037,865	649,322,953
Less: Allowance for impairment losses	(33,745,345)	(32,616,760)
Net	678,292,520	616,706,193

b.1 By type:

	December 31, 2017		
	Non-impaired ^{*)}	Impaired ^{*)}	Total
Rupiah:			
Working capital	230,474,941	31,140,291	261,615,232
Consumer	150,442,096	3,723,343	154,165,439
Investment	124,912,378	16,875,090	141,787,468
Syndicated	20,427,339	1,858,879	22,286,218
Employees	8,764,182	59,078	8,823,260
Government Program	7,164,506	56,305	7,220,811
Export	6,194,715	75,002	6,269,717
Total	548,380,157	53,787,988	602,168,145
Foreign currencies:			
Investment	42,036,195	6,314,678	48,350,873
Syndicated	21,930,718	4,859,111	26,789,829
Working capital	21,584,261	6,246,397	27,830,658
Export	4,606,960	1,893,195	6,500,155
Consumer	397,904	-	397,904
Employees	301	-	301
Total (Note 61B.(v))	90,556,339	19,313,381	109,869,720
	638,936,496	73,101,369 ¹⁾	712,037,865
Less: allowance for impairment losses	(6,062,489)	(27,682,856) ²⁾	(33,745,345)
Net	632,874,007	45,418,513³⁾	678,292,520

*) Included in "impaired portfolio" are (i) loans classified as sub-standard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, and (ii) all restructured loans (iii) others based on specific consideration (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 No. 102 (Revised 2016).

1) Loans evaluated by using individual and collective assessment are amounting to Rp54,797,863 and Rp18,303,506, respectively.

2) Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp24,084,237 and Rp3,598,619, respectively.

3) Loans - net evaluated by using individual and collective assessment are amounting to Rp30,713,626 and Rp14,704,887, respectively.

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12. LOANS AND SHARIA RECEIVABLES/FINANCING (continued)

A. Details of loans and sharia receivables/financing (continued):

b.1 By type (continued):

	December 31, 2016		
	Non-impaired ^{*)}	Impaired ^{*)}	Total
Rupiah:			
Working capital	223,899,951	29,197,623	253,097,574
Consumer	125,252,871	3,288,718	128,541,589
Investment	119,239,087	16,620,750	135,859,837
Syndicated	16,744,279	1,884,271	18,628,550
Export	14,230,417	59,184	14,289,601
Employees	5,627,776	48,148	5,675,924
Government program	562,536	97,010	659,546
Total	505,556,917	51,195,704	556,752,621
Foreign currencies:			
Investment	29,812,065	7,699,829	37,511,894
Working capital	23,007,517	4,281,727	27,289,244
Syndicated	19,999,125	3,712,674	23,711,799
Export	2,844,092	817,432	3,661,524
Consumer	395,303	-	395,303
Employees	568	-	568
Total (Note 61B.(v))	76,058,670	16,511,662	92,570,332
	581,615,587	67,707,366 ¹⁾	649,322,953
Less: Allowance for impairment losses	(5,478,737)	(27,138,023) ²⁾	(32,616,760)
Net	576,136,850	40,569,343³⁾	616,706,193

*) Included in "impaired portfolio" are (i) loans classified as sub-standard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, and (ii) all restructured loans (iii) others based on specific consideration (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 No. 102 (Revised 2013).

1) Loans evaluated by using individual and collective assessment are amounting to Rp51,572,183 and Rp16,135,183, respectively.

2) Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp23,054,786 and Rp4,083,237, respectively.

3) Loans - net evaluated by using individual and collective assessment are amounting to Rp28,517,397 and Rp12,051,946, respectively.

b.2 By type and Bank Indonesia's collectibility:

	December 31, 2017					
	Current	Special mention	Sub-standard	Doubtful	Loss	Total
Rupiah:						
Working capital	234,186,202	11,530,753	4,724,581	2,876,390	8,297,306	261,615,232
Consumer	143,815,793	7,786,979	592,463	690,773	1,279,431	154,165,439
Investment	132,825,660	4,504,165	1,792,686	666,804	1,998,153	141,787,468
Syndicated	21,841,708	-	326,386	-	118,124	22,286,218
Employees	8,622,457	188,593	1,945	969	9,296	8,823,260
Government program	7,172,501	31,050	1,522	1,367	14,371	7,220,811
Export	6,023,571	171,149	19,460	21,299	34,238	6,269,717
Total	554,487,892	24,212,689	7,459,043	4,257,602	11,750,919	602,168,145

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12. LOANS AND SHARIA RECEIVABLES/FINANCING (continued)

A. Details of loans and sharia receivables/financing (continued):

b.2 By type and Bank Indonesia's collectibility (continued):

	December 31, 2017					
	Current	Special mention	Sub- standard	Doubtful	Loss	Total
Foreign currencies:						
Investment	45,981,474	1,916,704	-	-	452,695	48,350,873
Syndicated	26,332,091	-	71	-	457,667	26,789,829
Working capital	25,122,098	2,066,624	63,155	26,849	551,932	27,830,658
Export	6,428,391	50,913	9,715	-	11,136	6,500,155
Consumer	397,746	158	-	-	-	397,904
Employees	301	-	-	-	-	301
Total (Note 61B.(v))	104,262,101	4,034,399	72,941	26,849	1,473,430	109,869,720
	658,749,993	28,247,088	7,531,984	4,284,451	13,224,349	712,037,865
Less: allowance for Impairment losses	(12,359,473)	(4,806,349)	(2,652,218)	(2,043,939)	(11,883,366)	(33,745,345)
Net	646,390,520	23,440,739	4,879,766	2,240,512	1,340,983	678,292,520

	December 31, 2016					
	Current	Special mention	Sub- standard	Doubtful	Loss	Total
Rupiah:						
Working capital	228,380,147	9,610,239	6,417,582	1,537,514	7,152,092	253,097,574
Investment	126,315,123	4,393,028	2,030,464	209,724	2,911,498	135,859,837
Consumer	119,358,666	6,996,906	480,810	572,467	1,132,740	128,541,589
Syndicated	18,255,518	254,458	-	-	118,574	18,628,550
Export	14,136,640	97,052	9,047	3,901	42,961	14,289,601
Employees	5,446,459	218,593	5,313	1,223	4,336	5,675,924
Government program	589,792	17,789	6,449	5,181	40,335	659,546
Total	512,482,345	21,588,065	8,949,665	2,330,010	11,402,536	556,752,621
Foreign currencies:						
Investment	35,128,070	1,086,854	528,265	-	768,705	37,511,894
Working capital	23,418,079	2,197,826	305,614	162,346	1,205,379	27,289,244
Syndicated	23,248,765	-	98,020	132,260	232,754	23,711,799
Export	3,497,590	95,067	19,829	-	49,038	3,661,524
Consumer	395,303	-	-	-	-	395,303
Employees	568	-	-	-	-	568
Total (Note 61B.(v))	85,688,375	3,379,747	951,728	294,606	2,255,876	92,570,332
	598,170,720	24,967,812	9,901,393	2,624,616	13,658,412	649,322,953
Less: allowance for Impairment losses	(11,786,677)	(4,548,927)	(4,070,577)	(1,107,476)	(11,103,103)	(32,616,760)
Net	586,384,043	20,418,885	5,830,816	1,517,140	2,555,309	616,706,193

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12. LOANS AND SHARIA RECEIVABLES/FINANCING (continued)

A. Details of loans and sharia receivables/financing (continued):

c.1 By economic sector:

	December 31, 2017		
	Non-impaired ^{**)}	Impaired ^{*)**)}	Total
Rupiah:			
Manufacturing	98,526,920	17,344,207	115,871,127
Trading, restaurant and hotel	85,142,761	13,218,809	98,361,570
Agriculture	61,432,699	7,350,245	68,782,944
Business services	47,357,939	3,472,851	50,830,790
Construction	28,081,708	2,406,928	30,488,636
Electricity, gas and water	25,192,462	784,760	25,977,222
Transportation, warehousing and communications	20,587,393	3,272,299	23,859,692
Social services	12,497,952	384,696	12,882,648
Mining	4,923,734	1,656,365	6,580,099
Others	164,636,589	3,896,828	168,533,417
Total	548,380,157	53,787,988	602,168,145
Foreign currencies:			
Manufacturing	24,092,591	12,007,564	36,100,155
Mining	30,594,613	1,455,530	32,050,143
Trading, restaurant and hotel	7,011,450	2,076,382	9,087,832
Agriculture	8,744,158	118,516	8,862,674
Social services	8,178,234	123,335	8,301,569
Electricity, gas and water	5,665,988	808,332	6,474,320
Transportation, warehousing and communications	3,070,827	2,339,367	5,410,194
Business services	1,876,998	376,506	2,253,504
Construction	339,651	2,714	342,365
Others	981,829	5,135	986,964
Total (Note 61B,(v))	90,556,339	19,313,381	109,869,720
	638,936,496	73,101,369 ¹⁾	712,037,865
Less: allowance for impairment losses	(6,062,489)	(27,682,856) ²⁾	(33,745,345)
Net	632,874,007	45,418,513³⁾	678,292,520

*) Included in "impaired portfolio" are (i) loans classified as sub-standard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, and (ii) all restructured loans (iii) others based on specific consideration (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 No. 102 (Revised 2016).

1) Loans evaluated by using individual and collective assessment are amounting to Rp54,797,863 and Rp18,303,506, respectively.

2) Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp24,084,237 and Rp3,598,619, respectively.

3) Loans - net evaluated by using individual and collective assessment are amounting to Rp30,713,626 and Rp14,704,887, respectively.

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12. LOANS AND SHARIA RECEIVABLES/FINANCING (continued)

A. Details of loans and sharia receivables/financing (continued):

c.1 By economic sector (continued):

	December 31, 2016		
	Non-impaired ^{*)}	Impaired ^{*)**)}	Total
Rupiah:			
Trading, restaurant and hotel	107,149,575	13,957,534	121,107,109
Manufacturing	90,362,185	15,315,418	105,677,603
Agriculture	52,785,745	6,168,983	58,954,728
Business services	42,510,056	3,795,187	46,305,243
Construction	23,706,108	1,794,246	25,500,354
Electricity, gas and water	23,391,975	635,314	24,027,289
Transportation, warehousing and communications	17,405,573	3,697,791	21,103,364
Social services	7,819,131	259,809	8,078,940
Mining	5,746,421	2,076,354	7,822,775
Others	134,680,148	3,495,068	138,175,216
Total	505,556,917	51,195,704	556,752,621
Foreign currencies:			
Mining	22,696,415	3,303,001	25,999,416
Manufacturing	15,059,702	9,409,650	24,469,352
Trading, restaurant and hotel	9,550,116	260,928	9,811,044
Agriculture	8,452,083	126,579	8,578,662
Transportation, warehousing and communications	3,276,371	2,168,650	5,445,021
Electricity, gas and water	3,186,296	667,539	3,853,835
Social services	2,644,517	67,348	2,711,865
Business services	2,143,143	474,722	2,617,865
Construction	584,740	33,165	617,905
Others	8,465,287	80	8,465,367
Total (Note 61B.(v))	76,058,670	16,511,662	92,570,332
	581,615,587	67,707,366 ¹⁾	649,322,953
Less: Allowance for impairment losses	(5,478,737)	(27,138,023) ²⁾	(32,616,760)
Net	576,136,850	40,569,343³⁾	616,706,193

*) Included in "impaired portfolio" are (i) loans classified as sub-standard, doubtful and loss (non-performing loans) in accordance with Bank Indonesia regulation, and (ii) all restructured loans (iii) others based on specific consideration (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 No. 102 (Revised 2013).

1) Loans evaluated by using individual and collective assessment are amounting to Rp51,572,183 and Rp16,135,183, respectively.

2) Allowance for impairment losses calculated by using individual and collective assessment are amounting to Rp23,054,786 and Rp4,083,237, respectively.

3) Loans - net evaluated by using individual and collective assessment are amounting to Rp28,517,397 and Rp12,051,946, respectively.

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12. LOANS AND SHARIA RECEIVABLES/FINANCING (continued)

A. Details of loans and sharia receivables/financing (continued):

c.2 By economic sector and Bank Indonesia's collectibility:

	December 31, 2017					
	Current	Special mention	Sub- standard	Doubtful	Loss	Total
Rupiah:						
Manufacturing	101,199,412	6,733,871	3,265,980	956,798	3,715,066	115,871,127
Trading, restaurant and hotel	85,508,876	4,515,525	2,176,081	1,493,189	4,667,899	98,361,570
Agriculture	67,103,494	1,087,041	139,948	32,608	419,853	68,782,944
Business services	49,506,841	805,632	176,547	63,725	278,045	50,830,790
Construction	29,238,274	399,264	344,776	264,207	242,115	30,488,636
Electricity, gas and water	25,475,475	377,364	90,682	28,461	5,240	25,977,222
Transportation, warehousing and communications	20,874,469	1,769,104	452,928	213,722	549,469	23,859,692
Social services	12,407,591	168,594	23,913	161,130	121,420	12,882,648
Mining	5,361,585	259,986	152,692	345,023	460,813	6,580,099
Others	157,811,875	8,096,308	635,496	698,739	1,290,999	168,533,417
Total	554,487,892	24,212,689	7,459,043	4,257,602	11,750,919	602,168,145
Foreign currencies:						
Manufacturing	33,363,964	2,542,405	2,367	-	191,419	36,100,155
Mining	31,169,876	229,602	58,099	-	592,566	32,050,143
Trading, restaurant and hotel	8,805,759	141,005	7,348	-	133,720	9,087,832
Agriculture	8,792,353	-	-	-	70,321	8,862,674
Social services	8,178,234	-	-	-	123,335	8,301,569
Electricity, gas and water	5,924,439	281,342	-	-	268,539	6,474,320
Transportation, warehousing and communications	4,488,577	804,032	-	24,135	93,450	5,410,194
Business services	2,217,578	35,855	71	-	-	2,253,504
Construction	339,651	-	-	2,714	-	342,365
Others	981,670	158	5,056	-	80	986,964
Total (Note 61B,(v))	104,262,101	4,034,399	72,941	26,849	1,473,430	109,869,720
	658,749,993	28,247,088	7,531,984	4,284,451	13,224,349	712,037,865
Less: allowance for impairment losses	(12,359,473)	(4,806,349)	(2,652,218)	(2,043,939)	(11,883,366)	(33,745,345)
Net	646,390,520	23,440,739	4,879,766	2,240,512	1,340,983	678,292,520

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12. LOANS AND SHARIA RECEIVABLES/FINANCING(continued)

A. Details of loans and sharia receivables/financing(continued):

c.2 By economic sector and Bank Indonesia's collectibility (continued):

December 31, 2016						
	Current	Special mention	Sub- standard	Doubtful	Loss	Total
Rupiah:						
Trading, restaurant and hotel	107,913,673	4,839,514	3,793,519	1,112,055	3,448,348	121,107,109
Manufacturing	94,446,088	4,915,204	2,152,608	40,671	4,123,032	105,677,603
Agriculture	57,209,089	986,888	75,295	60,297	623,159	58,954,728
Business services	44,729,723	869,821	192,581	76,067	437,051	46,305,243
Construction	23,904,337	901,357	305,495	61,381	327,784	25,500,354
Electricity, gas and water	23,658,839	8,731	196,449	147,162	16,108	24,027,289
Transportation, warehousing and communications	18,016,349	1,223,535	756,609	146,325	960,546	21,103,364
Social services	7,772,294	217,801	13,150	18,052	57,643	8,078,940
Mining	6,243,773	360,938	907,571	89,824	220,669	7,822,775
Others	128,588,180	7,264,276	556,388	578,176	1,188,196	138,175,216
Total	512,482,345	21,588,065	8,949,665	2,330,010	11,402,536	556,752,621
Foreign currencies:						
Mining	25,037,452	26,312	511,359	162,346	261,947	25,999,416
Manufacturing	19,962,793	2,757,665	335,625	-	1,413,269	24,469,352
Trading, restaurant and hotel	9,648,074	30,622	-	132,260	88	9,811,044
Agriculture	8,507,942	-	-	-	70,720	8,578,662
Transportation, warehousing and communications	5,131,484	95,212	104,744	-	113,581	5,445,021
Electricity, gas and water	3,235,329	292,560	-	-	325,946	3,853,835
Social services	2,644,517	67,348	-	-	-	2,711,865
Business services	2,470,757	98,655	-	-	48,453	2,617,865
Construction	584,740	11,373	-	-	21,792	617,905
Others	8,465,287	-	-	-	80	8,465,367
Total (Note 61 B.(v))	85,688,375	3,379,747	951,728	294,606	2,255,876	92,570,332
	598,170,720	24,967,812	9,901,393	2,624,616	13,658,412	649,322,953
Less: Allowance for impairment losses	(11,786,677)	(4,548,927)	(4,070,577)	(1,107,476)	(11,103,103)	(32,616,760)
Net	586,384,043	20,418,885	5,830,816	1,517,140	2,555,309	616,706,193

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12. LOANS AND SHARIA RECEIVABLES/FINANCING (continued)

A. Details of loans and sharia receivables/financing (continued):

d. By period:

	December 31, 2017	December 31, 2016
Rupiah:		
Less than 1 year	85,387,279	80,119,528
1 - 2 years	29,276,098	26,434,455
2 - 5 years	134,148,240	136,008,117
Over 5 years	353,356,528	314,190,521
Total	602,168,145	556,752,621
Foreign currencies:		
Less than 1 year	18,728,551	16,250,405
1 - 2 years	2,857,838	6,310,433
2 - 5 years	23,417,112	12,854,334
Over 5 years	64,866,219	57,155,160
Total (Note 61B.(v))	109,869,720	92,570,332
Less: Allowance for impairment losses	712,037,865 (33,745,345)	649,322,953 (32,616,760)
Net	678,292,520	616,706,193

The ratio of non-performing loans of Bank Mandiri and its Subsidiaries on a gross basis (before deducted with the allowance for impairment losses) as of December 31, 2017 and 2016, were 3.46% and 4.00%, respectively (the ratios for Bank Mandiri only were 3.45% and 3.96% as of December 31, 2017 and 2016, respectively), while the ratio of non-performing loans of Bank Mandiri and its Subsidiaries on a net basis as of December 31, 2017 and 2016, were 1.18% and 1.53%, respectively (the ratios for Bank Mandiri only were 1.06% and 1.38% as of December 31, 2017 and 2016, respectively). The balance of non-performing loans of Bank Mandiri and its Subsidiaries include consumer finance receivables and net investment in finance lease of the Subsidiary.

The calculation of non-performing loans ratio for Bank Mandiri and its Subsidiaries as of December 31, 2017 and 2016 are in accordance with Financial Services Authority Circular Letter No. 43/SEOJK.03/2016 dated September 28, 2016 with regards to Quarterly and Monthly Published Report for Commercial Banks, is calculated from the loan amount, excluding loan to other banks amounting to Rp1,469,906 and Rp2,149,274 as of December 31, 2017 and 2016, respectively.

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12. LOANS AND SHARIA RECEIVABLES/FINANCING (continued)

B. Other significant information related to loans and sharia receivables/financing:

- a. Included in loans are sharia receivables/financing granted by Subsidiaries amounting to Rp59,893,437 and Rp54,665,318 as of December 31, 2017 and 2016, respectively which consist of:

	December 31, 2017	December 31, 2016
Receivables from <i>murabahah</i> and <i>istishna</i>	36,236,881	36,204,384
<i>Musyarakah</i> financing	17,640,213	13,338,662
Other sharia financing	6,016,343	5,122,272
Total	59,893,437	54,665,318
Less: allowance for impairment losses	(1,928,733)	(1,833,396)
Net	57,964,704	52,831,922

- b. Average interest rates (yield) and range of profit sharing per annum are as follows:

	December 31, 2017	December 31, 2016
Average interest rates (yield) per annum:		
Rupiah	10.55%	11.42%
Foreign currencies	4.23%	6.40%
Range of profit sharing per annum:		
Receivables from <i>murabahah</i> and <i>istishna</i>	0.47% - 13.53%	2.78% - 12.45%
<i>Musyarakah</i> financing	5.22% - 11.73%	2.95% - 12.50%
Other sharia financing	6.81% - 13.72%	4.66% - 14.10%

- c. Loan collaterals

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 its Subsidiaries. Deposits from customers and deposits from other banks that were pledged as cash collateral for loans and blocked for other purposes as of December 31, 2017 and 2016 amounting to Rp54,913,925 and Rp37,803,693, 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 (*Liquidity Facility of House Financing*) which can be partially and/or fully funded by the Government.

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12. LOANS AND SHARIA RECEIVABLES/FINANCING (continued)

B. Other significant information related to loans and sharia receivables/financing (continued):

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 as of December 31, 2017 and 2016 ranged from 13.80% to 88.61% and 24.00% to 94.52%, respectively, of the total syndicated loans. While the percentage share of Bank Mandiri, as a member in syndicated loans as of December 31, 2017 and 2016 ranged from 6.67% to 98.67% and 0.61% to 98.67%, respectively, of the total syndicated loans.

f. Restructured loans

Below are the types and amount of restructured loans as of December 31, 2017 and 2016:

	December 31, 2017	December 31, 2016
Extension of loan maturity dates	49,605,548	46,336,904
Extension of loan maturity dates and reduction of interest rates	2,223,460	2,232,220
Additional loan facilities	-	31,826
Extension of loan maturity dates and other restructuring schemes*)	5,806,788	4,130,325
	57,635,796	52,731,275

*) Other restructuring schemes mainly involve reduction of interest rates, rescheduling of unpaid interest and extension of repayment periods for unpaid interest.

Below are the amount of restructured loans based on collectibility:

	December 31, 2017	December 31, 2016
Current	24,853,561	22,726,073
Special mention	16,435,496	13,777,071
Substandard	5,772,873	8,644,843
Doubtful	2,128,789	934,997
Loss	8,445,077	6,648,291
Total	57,635,796	52,731,275

Total restructured loans under non-performing loans (NPL) category as of December 31, 2017 and 2016 are amounting to Rp16,346,739 and Rp16,228,131, 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 amounting to 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 AND SHARIA RECEIVABLES/FINANCING (continued)

B. Other significant information related to loans and sharia receivables/financing (continued):

h. Legal Lending Limit (LLL)

As of December 31, 2017 and 2016, 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 and sharia receivables/financing:

	December 31, 2017	December 31, 2016
Beginning balance ¹⁾	32,616,760	22,281,842
Allowance during the year (Note 44)	15,458,493	24,277,357
Write-offs ²⁾	(13,885,013)	(12,991,055)
Others ³⁾	(444,895)	(951,384)
Ending balance³⁾	33,745,345	32,616,760

*) Includes effect of foreign currency translation and implication from interest income recognised on the non-impaired portion of the impaired loans (Note 41).

1) Beginning balance as of December 31, 2017 and 2016 is amounting to Rp23,054,786 and Rp13,265,021, respectively, which were calculated using individual assessment and Rp9,561,974 and Rp9,016,821, respectively, which were calculated using collective assessment.

2) Write-off as of December 31, 2017 and 2016 is amounting to Rp4,478,412 and Rp5,878,014, respectively, which are calculated using individual assessment and Rp9,406,601 and Rp7,113,041, respectively, which are calculated using collective assessment.

3) Ending balance as of December 31, 2017 and 2016 is amounting to Rp24,084,237 and Rp23,054,786, respectively, which were calculated using individual assessment and Rp9,661,108 and Rp9,561,974, respectively, 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 are as follows:

	Non-performing loans (based on Bank Indonesia regulation)	
	December 31, 2017	December 31, 2016
Rupiah:		
Trading, restaurant and hotel	8,337,169	8,353,922
Manufacturing	7,937,844	6,316,311
Transportation, warehousing and communications	1,216,119	1,863,480
Mining	958,528	1,218,064
Construction	851,098	694,660
Agriculture	592,409	758,751
Business services	518,317	705,699
Social services	306,463	88,845
Electricity, gas and water	124,383	359,719
Others	2,625,234	2,322,760
	23,467,564	22,682,211

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12. LOANS AND SHARIA RECEIVABLES/FINANCING (continued)

B. Other significant information related to loans and sharia receivables/financing (continued):

k. Summary of non-performing loans based on economic sector and the minimum allowances for impairment losses are as follows (continued):

	Non-performing loans (based on Bank Indonesia regulation)	
	December 31, 2017	December 31, 2016
Foreign currencies:		
Mining	650,665	935,652
Electricity, gas and water	268,539	325,946
Manufacturing	193,786	1,748,894
Trading, restaurant and hotel	141,068	132,348
Social services	123,335	-
Transportation, warehousing and communications	117,585	218,325
Agriculture	70,321	70,720
Construction	2,714	21,792
Business services	71	48,453
Others	5,136	80
	1,573,220	3,502,210
Total	25,040,784	26,184,421

Total minimum allowance for impairment losses based on Bank Indonesia regulation is as follows:

	Minimum allowance for impairment losses	
	December 31, 2017	December 31, 2016
Rupiah:		
Trading, restaurant and hotel	5,740,906	4,573,403
Manufacturing	4,683,362	4,466,259
Transportation, warehousing and communication	724,269	1,147,200
Mining	656,228	401,717
Agriculture	457,149	664,602
Constructions	425,935	404,299
Business services	336,390	503,972
Social services	205,572	68,642
Electricity, gas and water	33,073	119,156
Others	1,735,693	1,560,742
	14,998,577	13,909,992

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12. LOANS AND SHARIA RECEIVABLES/FINANCING (continued)

B. Other significant information related to loans and sharia receivables/financing (continued):

k. Summary of non-performing loans based on economic sector and the minimum allowances for impairment losses are as follows (continued):

Total minimum allowance for impairment losses based on Bank Indonesia regulation is as follows (continued):

	Minimum allowance for impairment losses	
	December 31, 2017	December 31, 2016
Foreign currencies:		
Mining	601,281	419,824
Electricity, gas and water	268,539	325,946
Manufacturing	191,774	1,463,613
Trading, restaurant and hotel	134,822	66,218
Social services	123,335	-
Transportation; warehousing and communications	105,518	129,293
Agriculture	70,321	70,720
Construction	1,357	21,792
Business services	11	48,453
Others	838	80
	1,497,796	2,545,939
Total	16,496,373	16,455,931

l. Write-off of "Loss" category loans

For the years ended December 31, 2017 and 2016, Bank Mandiri written-off loans in the "loss" category amounting to Rp11,586,223 and Rp11,407,905 (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% (one hundred percent) 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.

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12. LOANS AND SHARIA RECEIVABLES/FINANCING (continued)

B. Other significant information related to loans and sharia receivables/financing (continued):

- m. Written-off loans are recorded in extra-comptable. The Bank continues pursuing for collection of the written-off loans. These loans are not reflected in the consolidated statement of financial position. A summary of movements of extra-comptable loans for the years ended December 31, 2017 and 2016 are as follows (Bank Mandiri only):

	December 31, 2017	December 31, 2016
Beginning balance	48,807,587	40,814,911
Write-offs	11,586,223	11,407,905
Cash recoveries from write-off loans	(3,737,599)	(3,192,703)
Others*)	787,797	(222,526)
Ending balance	57,444,008	48,807,587

*) Represents effect of foreign currency translation, writeback of assets and others

- n. Loans channelled by Bank Mandiri through direct financing (executing) to multifinance company and joint financing mechanism as of December 31, 2017 and 2016 amounted to Rp8,436,672 and Rp9,343,725, respectively.

- o. The carrying amount of loans and sharia financing/receivables at amortised cost are as follows:

	December 31, 2017	December 31, 2016
Loans (Note 12A)	712,037,865	649,322,953
Accrued interest receivables	2,675,342	2,602,896
Deferred income (directly attributable) (Note 35)	(726,669)	(629,761)
Allowance for impairment losses (Note 12A and 12B.j)	(33,745,345)	(32,616,760)
	680,241,193	618,679,328

13. CONSUMER FINANCING RECEIVABLES

- a. Details of Subsidiary's consumer financing receivables are as follows:

	December 31, 2017	December 31, 2016
Consumer financing receivables - gross		
Direct financing - Rupiah	51,924,674	40,751,916
Less:		
Joint financing (without recourse)		
Rupiah		
Related parties	(31,075,505)	(24,572,587)
Total consumer financing receivables - gross	20,849,169	16,179,329

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13. CONSUMER FINANCING RECEIVABLES (continued)

a. Details of Subsidiary's consumer financing receivables are as follows (continued):

	December 31, 2017	December 31, 2016
Less:		
Unearned income on consumer financing		
Direct financing		
Rupiah		
Third parties	(9,423,320)	(7,544,605)
Less:		
Joint financing (without recourse) - gross		
Rupiah		
Related parties	3,719,370	3,220,492
Total unearned income on consumer financing	(5,703,950)	(4,324,113)
Total	15,145,219	11,855,216
Less: Allowance for impairment losses	(362,887)	(323,378)
Net	14,782,332	11,531,838

Installments of consumer financing receivables - gross as of December 31, 2017 and 2016 which will be received from customers based on the maturity dates are as follows:

	December 31, 2017	December 31, 2016
<u>Year</u>		
2017	-	16,130,975
2018	21,193,501	12,290,684
2019	15,740,084	7,672,018
2020	9,570,393	3,632,097
2021	4,186,541	978,720
2022 and later	1,234,155	47,422
Total	51,924,674	40,751,916

On February 6, 2009, the Bank and PT Mandiri Tunas Finance (MTF), as Subsidiary, signed a Joint Financing Agreement with the amount of facility amounting to Rp2,000,000, whereby the MTF bears the credit risk in accordance to its financing portion (without recourse). The agreement was amended several times, the latest amendment dated March 15, 2017, which increases the amount of facility to Rp23,500,000 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 August 29, 2013, Bank Mandiri and MTF signed a Consumer Asset Purchase Agreement with a total facility amounting to Rp1,100,000, whereby MTF bears the credit risk in accordance with its financing portion (without recourse). This agreement has been extended on February 28, 2018.

Financing period for contracts disbursed by the Subsidiary on motor vehicles ranges from 12 - 84 months.

Included in consumer financing receivables transactions are related parties transactions amounting to Rp7,957 and Rp10,532 as of December 31, 2017 and 2016, respectively (refer to Note 55).

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13. CONSUMER FINANCING RECEIVABLES (continued)

- b. Details of consumer financing receivables by Bank Indonesia's collectibility as of December 31, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
Current	13,551,826	10,756,156
Special mention	1,375,809	819,790
Sub-standard	88,702	89,824
Doubtful	116,457	146,397
Loss	12,425	43,049
Total	15,145,219	11,855,216
Less: Allowance for impairment losses	(362,887)	(323,378)
Net	14,782,332	11,531,838

- c. Average of effective interest rate charged to consumer for the years ended December 31, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
Car	14.10%	15.09%
Motorcycle	21.88%	27.17%

- d. Movements of allowance for impairment losses on consumer financing receivables are as follows:

	December 31, 2017	December 31, 2016
Beginning balance	323,378	270,614
Allowance during the year (Note 44)	640,151	455,025
Cash recoveries from write-offs	71,142	52,462
Write-offs	(671,784)	(454,723)
Ending balance	362,887	323,378

Management believes that the allowance for impairment losses on consumer financing receivables is adequate.

- e. Information in respect of classification of "non-impaired" and "impaired" is disclosed in Note 61A.
- f. Consumer financing receivables as collateral for securities issued on December 31, 2017 and 2016 are Rp2,003,301 and Rp1,836,445, respectively (Note 30).
- g. Consumer financing receivables as collateral for loans received on December 31, 2017 and 2016 are Rp8,016,751 and Rp5,693,917, respectively (Note 36f).
- h. As collateral for customer financing receivables, the Subsidiary receives a guarantee from consumer such as Certificate of Ownership of Motor Vehicles (Buku Kepemilikan Kendaraan Bermotor or "BPKB") for vehicles financed by the Subsidiary.

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14. NET INVESTMENT FINANCE LEASES

- a. Details of Subsidiary's net investment finance leases are as follows:

	December 31, 2017	December 31, 2016
Net investment finance leases		
Rupiah		
Third parties		
Gross lease financing receivables	2,756,597	975,598
Guaranteed residual value	796,442	317,305
Deferred lease income	(391,968)	(141,115)
Security deposit	(796,442)	(317,305)
Total net investment on finance leases	2,364,629	834,483
Less: Allowance for impairment losses	(7,739)	(4,538)
Net	2,356,890	829,945

Financing period for contracts disbursed by the Subsidiary on motor vehicles ranges between 12 - 60 months.

Based on maturity date, details of finance leases receivables are as follows:

	December 31, 2017	December 31, 2016
<u>Year</u>		
2017	-	475,659
2018	1,224,643	303,444
2019 and later	1,531,954	196,495
	2,756,597	975,598
Guaranteed residual value, deferred lease income and security deposit	(391,968)	(141,115)
Finance leases receivable	2,364,629	834,483

- b. Details of net investment finance leases by Bank Indonesia's collectibility as of December 31, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
Current	2,315,141	788,684
Special mention	38,815	35,031
Substandard	5,676	5,558
Doubtful	4,317	5,080
Loss	680	130
Total	2,364,629	834,483
Less: Allowance for impairment losses	(7,739)	(4,538)
Net	2,356,890	829,945

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14. NET INVESTMENT IN FINANCE LEASE (continued)

- c. Average of effective interest rate charged to consumer for the years ended December 31, 2017 and 2016, are as follows:

	December 31, 2017	December 31, 2016
Car	11.98%	13.09%
Heavy equipment	12.10%	12.60%
Machine	14.65%	-

- d. Movements of allowance for impairment losses on net investment finance leases are as follows:

	December 31, 2017	December 31, 2016
Beginning balance	4,538	5,791
Allowance during the year (Note 44)	5,784	196
Write-offs	(3,445)	(4,167)
Cash recoveries from write-offs finance leases	862	2,718
Ending balance	7,739	4,538

Management believes that the allowance for impairment losses on net investment in lease financing is adequate.

- e. Information in respect of classification of “not impaired” and “impaired” is disclosed in Note 61A.
f. Net investment in finance lease as collateral for securities issued on December 31, 2017 and 2016 amounted to Rp201,699 and Rp158,555, respectively (Note 30).
g. As of December 31, 2017 and 2016, net investment in finance lease pledged as collateral for fund borrowing were amounting to Rp1,126,406 and Rp274,319, respectively (Note 36f).

15. ACCEPTANCES RECEIVABLE

- a. By currency, related parties and third parties:

	December 31, 2017	December 31, 2016
Rupiah:		
Receivables from other banks		
Related parties (Note 55)	163,142	121,508
Third parties	218,183	225,551
	381,325	347,059
Receivables from debtors		
Related parties (Note 55)	258,003	136,911
Third parties	5,917,973	7,566,995
	6,175,976	7,703,906
Total	6,557,301	8,050,965
Foreign currencies:		
Receivables from other banks		
Related parties (Note 55)	-	2,983
Third parties	204,377	410,387
	204,377	413,370

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15. ACCEPTANCES RECEIVABLE (continued)

a. By currency, related parties and third parties (continued):

	December 31, 2017	December 31, 2016
Foreign currencies (continued):		
Receivables from debtors		
Related parties (Note 55)	628,198	154,446
Third parties	5,154,618	6,170,463
	5,782,816	6,324,909
Total (Note 61B.(v))	5,987,193	6,738,279
	12,544,494	14,789,244
Less: allowance for impairment losses	(254,234)	(241,041)
Net	12,290,260	14,548,203

b. By maturity:

	December 31, 2017	December 31, 2016
Rupiah:		
Less than 1 month	1,639,619	1,535,856
1 - 3 months	3,411,192	1,917,241
3 - 6 months	1,506,490	3,624,366
6 - 12 months	-	973,502
Total	6,557,301	8,050,965
Foreign currencies:		
Less than 1 month	1,420,703	1,847,555
1 - 3 months	2,511,765	3,358,426
3 - 6 months	1,846,407	1,485,140
6 - 12 months	167,809	40,484
More than 12 months	40,509	6,674
Total (Note 61B.(v))	5,987,193	6,738,279
	12,544,494	14,789,244
Less: allowance for impairment losses	(254,234)	(241,041)
Net	12,290,260	14,548,203

c. By Bank Indonesia's collectibility:

	December 31, 2017	December 31, 2016
Current	12,524,856	14,776,306
Special mention	18,378	2,470
Substandard	1,260	6,578
Loss	-	3,890
	12,544,494	14,789,244
Less: allowance for impairment losses	(254,234)	(241,041)
Net	12,290,260	14,548,203

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15. ACCEPTANCES RECEIVABLE (continued)

- d. Movements of allowance for impairment losses on acceptance receivables:

	December 31, 2017	December 31, 2016
Beginning balance	241,041	107,030
Allowance during the year (Note 44)	9,783	130,909
Others*)	3,410	3,102
Ending balance	254,234	241,041

*) Includes effect of foreign currency translation.

Management believes that the allowance for impairment losses on acceptance receivables is adequate.

- e. Information in respect of classification of “non-impaired” and “impaired” is disclosed in Note 61A.

16. INVESTMENT IN SHARES

- a. The detail of investment in shares are as follows:

	December 31, 2017	December 31, 2016
Investment in shares		
Related Parties (Notes 55)	89,110	50,331
Third Parties	257,126	205,078
Total	346,236	255,409
Less: Allowance for impairment losses	(12,924)	(10,273)
Net	333,312	245,136

The detail of investment in shares as of December 31, 2017 are as follows:

Investee Companies	Nature of Business	Percentage of Ownership	Carrying Amount
Fair value method:			
Westech Electronics	Trading and retail	5.50%	216
Cost and equity method:			
PT Mitra Transaksi Indonesia*)	Acquiring Aggregator	51.00%	205,310
PT Istaka Karya (Persero)	Construction Service	9.30%	50,331
PT Djakarta Lloyd (Persero)	Shipping Line	17.67%	38,779
Others (each less than Rp20,000)	Various	0.00015% - 34.00%	51,600
			346,236
Less: Allowance for impairment losses			(12,924)
Net			333,312

*) The Bank has significant influence, but does not have any controls, therefore the entity is not consolidated.

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16. INVESTMENT IN SHARES (continued)

- a. The detail of investment in shares are as follows (continued):

The detail of investment in shares as of December 31, 2016 are as follows:

Investee Companies	Nature of Business	Percentage of Ownership	Carrying Amount
Fair value method: Westech Electronics	Trading and retail	5.50%	165
Cost and equity method: PT Mitra Transaksi Indonesia*)	Acquiring Aggregator	51.00%	196,738
PT Istaka Karya (Persero)	Construction service	9.30%	50,331
Others (each less than Rp20,000)	Various	3.99% - 34.00%	8,175
			255,409
Less: Allowance for impairment losses			(10,273)
Net			245,136

*) The Bank has significant influence, but does not have any controls, therefore the entity is not consolidated.

- b. Investment in shares by Bank Indonesia's collectibility:

	December 31, 2017	December 31, 2016
Current	293,734	202,958
Substandard	50,331	50,331
Loss	2,171	2,120
	346,236	255,409
Less: Allowance for impairment losses	(12,924)	(10,273)
Net	333,312	245,136

- c. Movements of allowance for impairment losses on investment in shares:

	December 31, 2017	December 31, 2016
Beginning balance	10,273	10,250
Allowance during the year (Note 44)	2,651	33
Others*)	-	(10)
Ending balance	12,924	10,273

*) Includes effect of foreign currency translation

Management believes that the allowance for impairment losses on investment in shares is adequate.

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17. PREPAID EXPENSES

	December 31, 2017	December 31, 2016
Prepaid rent	1,616,410	1,519,688
Building maintenance	611,027	679,240
Others	556,797	552,153
Total	2,784,234	2,751,081

Prepaid rent mostly consists of rentals 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:

	December 31, 2017				
	Beginning Balance	Additions ^{*)}	Deductions	Reclassifications	Ending balance ^{**)}
At cost/revaluation value					
Direct ownership					
Land	28,823,175	566,305	-	129,255	29,518,735
Building	4,653,532	217,433	(2)	355,259	5,226,222
Furniture and fixtures, office equipment and computer	9,578,648	220,980	(8,184)	772,963	10,564,407
Vehicles	300,298	7,320	(88,043)	14,606	234,181
Construction in progress	1,368,772	1,339,064	(418)	(1,272,083)	1,435,335
	44,724,425	2,351,102	(96,647)	-	46,978,880
Leased assets	12,495	-	-	-	12,495
	44,736,920	2,351,102	(96,647)	-	46,991,375
Accumulated depreciation (Note 49)					
Direct ownership					
Building	1,828,825	271,852	(2)	-	2,100,675
Furniture and fixtures, office equipment and computer	7,012,151	1,095,338	(7,505)	-	8,099,984
Vehicles	229,269	21,332	(82,648)	-	167,953
	9,070,245	1,388,522	(90,155)	-	10,368,612
Leased assets	3,385	625	-	-	4,010
	9,073,630	1,389,147	(90,155)	-	10,372,622
Net book value					
Direct ownership					
Land					29,518,735
Building					3,125,547
Furniture and fixtures, office equipment and computer					2,464,423
Vehicles					66,228
Construction in progress					1,435,335
					36,610,268
Leased assets					8,485
					36,618,753

*) Included reclassification from abandoned property.

**) As of December 31, 2017 included in the addition is the revaluation of fixed assets amounted to Rp26,468,142, consists of Bank amounted to Rp26,115,095 and BSM amounted to Rp353,047.

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18. FIXED ASSETS (continued)

The details of fixed assets were as follows (continued):

	December 31, 2016				
	Beginning Balance	Additions ^{*)}	Deductions	Reclassifications	Ending balance
At cost/revaluation value					
Direct ownership					
Land	2,845,929	25,971,488	-	5,758	28,823,175
Building	4,069,068	254,429	(114)	330,149	4,653,532
Furniture and fixtures, office equipment and computer	8,802,305	186,454	(18,643)	608,532	9,578,648
Vehicles	288,570	3,033	(4,491)	13,186	300,298
Construction in progress	1,451,759	874,669	(31)	(957,625)	1,368,772
	17,457,631	27,290,073	(23,279)	-	44,724,425
Leased assets	12,495	-	-	-	12,495
	17,470,126	27,290,073	(23,279)	-	44,736,920
Accumulated depreciation (Note 49)					
Direct ownership					
Building	1,633,320	195,581	(76)	-	1,828,825
Furniture and fixtures, office equipment and computer	5,883,979	1,134,142	(5,970)	-	7,012,151
Vehicles	188,379	47,308	(6,418)	-	229,269
	7,705,678	1,377,031	(12,464)	-	9,070,245
Leased assets	2,760	625	-	-	3,385
	7,708,438	1,377,656	(12,464)	-	9,073,630
Net book value					
Direct ownership					
Land					28,823,175
Building					2,824,707
Furniture and fixtures, office equipment and computer					2,566,497
Vehicles					71,029
Construction in progress					1,368,772
					35,654,180
Leased assets					9,110
					35,663,290

*) As of December 31, 2016 included in the addition is the revaluation of fixed assets amounted to Rp25,942,034, consists of Bank amounted to Rp25,588,987 and BSM amounted to Rp353,047

Construction in progress as of December 31, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
Buildings	778,290	430,442
Computers and other hardware that have not been installed	459,656	602,843
Office equipment and inventory	110,306	126,242
Land	84,894	160,611
Vehicles	449	13,520
Others	1,740	35,114
	1,435,335	1,368,772

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18. FIXED ASSETS (continued)

The estimated percentage of completion of construction in progress as of December 31, 2017 for computers and other hardwares that have not been installed was ranging between 10.00% - 90.00% and as of December 31, 2016 was ranging between 5.00% - 90.00%.

Others

- a. Bank Mandiri had an Agreement on Construction; Management and Transfer ("BOT Agreement") with PT Duta Anggada Realty Tbk. ("Duta Anggada") based on the Deed No. 105 regarding BOT Agreement dated May 24, 1991, as amended by the Deed No. 70 Addendum I on BOT Agreement dated June 14, 1991 and No. 65 Addendum II on BOT agreement dated December 21, 2011. The agreement, among others, managed the development of two tower of 27 floors of offices by Duta Anggada, which the land is owned by Bank Mandiri. The term of the management of Tower 1 and Tower 2 by Duta Anggada ended on May 15, 2014 and May 15, 2016, respectively.

On May 19, 2014, the Bank and Duta Anggada has signed the agreement to transfer Tower 1 building to Bank Mandiri in Deed No. 43 dated May 19, 2014 regarding Temporary Utilization Agreement, in which Duta Anggada is entitled to operate the Tower 1 building up to May 15, 2016, along with the right and obligation of each party.

On May 11, 2016, the Bank has signed transfer agreement of Menara Mandiri 2 and its management of Menara Mandiri 1 from PT Duta Anggada Realty Tbk. to PT Bank Mandiri (Persero) Tbk. Currently, building management of Menara Mandiri 1 and Menara Mandiri 2 is performed by PT Bumi Daya Plaza in the form of Temporary Utilization Agreement (*Kerjasama Pemanfaatan Sementara*) from 2016 until 2021.

- b. Based on Minister of Finance of the Republic of Indonesia Regulation (Peraturan Menteri Keuangan (PMK)) No. PMK/191 dated October 15, 2015, the Group assigned registered independent appraisers to assess (revalue) its fixed asset (land).

The valuations of land are performed by the external independent appraisers, Public Appraiser Company (Kantor Jasa Penilai Publik (KJPP)) Amin, Nirwan, Alfiantori and Partners (ANA) and KJPP Muttaqin, Bambang, Purwanto, Rozak, Uswatun and Partners (MBPRU). Appraisals are performed based on the Concept and General Principles of Appraisers article 17 in Indonesian Appraisal Standards year 2015.

In the fair value measurement of the land, the KJPP takes into account a market participant's ability to generate economic benefits by using the assets in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The valuation method used by the KJPP are market approach and cost approach.

Based on the Assessment Report of the KJPP MBPRU dated April 11, 2016 and KJPP ANA dated April 13, 2016, the value of fixed assets and its increase are as follows:

Fixed assets	Fair value	Book value	Increase in value (before tax)
Land	28,822,150	2,880,116	25,942,034

To determine the fair value, KJPP ANA and KJPP MBPRU use the assessment methodology from Market Approach SPI 2015-KPUP 17 with direct comparison methodology.

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18. FIXED ASSETS (continued)

Others (continued)

The results of revaluation of fixed assets of the Bank was approved by the Directorate General of Taxes (DGT) through the Head of Regional Office Large Tax payer through Decree No. KEP-418/WPJ.19/2016 dated May 25, 2016.

- c. Assessment in the fair value of assets owned by the Bank on December 31, 2017 and 2016 using revaluation for lands and Taxable Sale Value (Nilai Jual Objek Pajak or "NJOP") for buildings. As of December 31, 2017, the revaluation value of land and NJOP of buildings owned by the Bank are Rp29,515,573 and Rp4,850,331, respectively. As of December 31, 2016, the revaluation value of land and NJOP of buildings owned by the Bank are Rp28,822,150 and Rp4,608,559, respectively.
- d. The value of land based on the cost model as of December 31, 2017 amounted to Rp3,047,431.

The table below presents non-financial instruments recognised at fair value based on the hierarchy used by the Bank to determine and disclose the fair value of non-financial instruments:

- (i) Level 1 : Quoted prices on active markets for identical assets or liabilities;
(ii) Level 2 : Valuation technique in which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
(iii) Level 3 : Valuation techniques in which all inputs which have a significant effect on the recorded fair value that can not be observed from market data.

December 31, 2017				
	Level 1	Level 2	Level 3	Fair value
Land	-	29,515,573	-	29,515,573

December 31, 2016				
	Level 1	Level 2	Level 3	Fair value
Land	-	28,822,150	-	28,822,150

The fair value of Land for level 2 is calculated using the comparison of market price approach and estimation of income and expenses generated by the asset. The market price of the land that most closely adjusted for differences in the primary attributes such as asset size, location and usage of assets. The most significant input in this assessment approach is the assumption of the price per meter.

- e. Land rights acquired through Leasehold Certificate ("HGB") that can be renewed will expire between 2017 and 2042. Based on past experience, the Group believes that they can extend the HGB.

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18. FIXED ASSETS (continued)

Others (continued)

- f. As of December 31, 2017, the Bank has insured fixed assets (excluding land rights, construction in progress and the leased property) to cover potential losses against fire, theft and natural disasters to PT Asuransi Adira Dinamika, PT Asuransi Dayin Mitra Tbk, PT Asuransi Himalaya Pelindung, PT Asuransi Indrapura, PT Asuransi Jasa Tania, PT Asuransi Jaya Proteksi, PT Asuransi Rama Satria Wibawa, PT Asuransi Ramayana Tbk, PT Asuransi Wahana Tata, PT Caraka Mulia, PT Estika Jasatama, PT Gelora Karya Jasatama, PT Krida Upaya Tunggal, 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, PT Asuransi Bina Dana Artha and PT Asuransi Parolamas, entirety are third parties, and PT Asuransi Jasa Indonesia (Persero), PT Asuransi Jasaraharja Putera, PT Mandiri AXA General Insurance, PT Asuransi Staco Mandiri, entirely are related parties, with total sum insured approximately Rp12,732,909 (December 31, 2016: Rp11,892,502). Management believes that the insurance coverage is adequate to cover possible losses on the assets insured.
- g. The fixed assets that have been fully depreciated but still in use by the Bank among others, office machines and printing equipment and office equipment and housing.
- h. Management believes that there is no impairment of fixed assets as of December 31, 2017 and 2016.

19. INTANGIBLE ASSETS

	December 31, 2017	December 31, 2016
Software	1,978,352 ^{*)}	1,532,381 ^{*)}
Goodwill	423,115	423,115
	2,401,467	1,955,496

^{*)} Net of amortisation of Rp2,700,780 and Rp2,257,826, respectively as of December 31, 2017 and 2016.

Software is amortised over its useful lives, which is 5 years (refer to Note 2.r.i).

As of December 31, 2017 and 2016, included in the software balance are construction in progress for software amounting to Rp858,663 and Rp528,857, respectively. The estimated percentage of completion of software as of December 31, 2017 was ranging between 5.00% - 95.00% (December 31, 2016: 5.00% - 95.00%).

Goodwill arises from the difference between the cost of acquisition with the fair value of Subsidiaries's assets acquired. Goodwill is assessed regularly for impairment. As of December 31, 2017 and 2016, there are no impairment of goodwill.

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20. OTHER ASSETS

	December 31, 2017	December 31, 2016
Rupiah:		
Accrued income	3,789,228	3,602,766
Receivables from customer transactions	2,181,205	1,134,536
Receivables from policyholders	709,789	488,208
Receivables from transactions related to ATM and credit card	699,709	472,948
Ijarah asset	621,697	667,453
Receivables from government bonds pledged as collateral	594,534	593,466
Reposessed assets - net of accumulated losses amounting to Rp9,850 as of December 31, 2017 and 2016	292,530	11,565
Receivables from mutual fund	221,639	374,651
Receivables from sales of marketable securities	120,019	17,680
Abandoned properties - net of allowance for decrease in net realizable value amounting to Rp615 and Rp870 as of December 31, 2017 and 2016, respectively	108,366	145,943
Others	3,639,772	2,508,870
Total	12,978,488	10,018,086
Foreign currencies:		
Accrued income (Note 61B.(v))	935,204	763,096
Ijarah asset	166,072	239,737
Receivable from sale of marketable securities (Note 61B.(v))	81,339	12,605
Receivables from customer transactions (Note 61B.(v))	9,535	7,451
Receivables from transactions related to ATM and credit card (Note 61B.(v))	116	2
Receivables from policyholder (Note 61B.(v))	3,260	16,266
Others	1,457,994	1,014,441
Total	2,653,520	2,053,598
	15,632,008	12,071,684
Less: Allowance for possible losses	(617,790)	(514,446)
Net	15,014,218	11,557,238

Accrued income consist of interest accrued from the placement, marketable securities, government bonds, loans, fees and commissions.

Receivables from customer transactions mainly consist of receivables arising from securities transactions of its Subsidiary. As of December 31, 2017 and 2016, included in receivables from customer transactions is an impaired portfolio amounting to Rp110,614 and Rp163,200, respectively.

Receivables from mutual fund is related to receivable from securities portfolio transactions of unit-link contracts in Subsidiary's mutual fund.

Receivables related to ATM and credit card transactions consist of receivable arising from ATM transactions within ATM Bersama, Prima and Link network as well as receivables from Visa and Master Card as a result of 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 36e). This receivable will be settled by net basis with the settlement of the corresponding liabilities of the counterparty amounting to Rp600,000 which is due on July 25, 2020.

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20. OTHER ASSETS (continued)

Receivables from policyholders represent the Subsidiary's receivables from policyholders related to policyholders' premium of non unit-link products.

Receivables from sales of marketable securities are receivables from sale of marketable securities which have settlement date on January 3, 2018 and January 5, 2017.

Others mainly consist of inter-office accounts, various form of receivables from transaction with third parties, including clearing transactions and others.

Movement of allowance for possible losses on other assets are as follows:

	December 31, 2017	December 31, 2016
Beginning balace	514,446	432,029
Allowance during the year (Note 45)	98,739	101,957
Others*)	4,605	(19,540)
Ending balance	617,790	514,446

*) Including effect of foreign currency translation.

Management believes that the allowance for possible losses is adequate.

21. DEPOSITS FROM CUSTOMERS - DEMAND DEPOSITS/WADIAH DEMAND DEPOSITS

a. By currency, related parties and third parties:

	December 31, 2017	December 31, 2016
Rupiah:		
Related parties (Note 55)	34,072,028	33,783,341
Third parties	106,915,524	90,580,286
Total	140,987,552	124,363,627
Foreign currencies:		
Related parties (Note 55)	12,036,357	14,946,585
Third parties	49,840,951	47,673,116
Total (Note 61B.(v))	61,877,308	62,619,701
	202,864,860	186,983,328

Included in demand deposits were *wadiah* deposits amounting to Rp8,435,776 and Rp6,860,850 as of December 31, 2017 and 2016, respectively.

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21. DEPOSITS FROM CUSTOMERS - DEMAND DEPOSITS/WADIAH DEMAND DEPOSITS (continued)

- b. Average interest rates (cost of funds) and range of profit sharing per annum:

Average interest rates (cost of funds) per annum:

	December 31, 2017	December 31, 2016
Rupiah	2.18%	1.95%
Foreign currencies	0.42%	0.58%

Range of profit sharing per annum on *wadiah* deposits:

	December 31, 2017	December 31, 2016
Rupiah	0.70% - 0.83%	0.72 - 0.82%
Foreign currencies	0.10% - 0.83%	0.18 - 0.82%

- c. As of December 31, 2017 and 2016, demand deposits pledged as collateral and blocked for bank guarantees, loans and trade finance facilities (irrevocable letters of credits) and other purposes were amounting to Rp5,987,012 and Rp5,167,638, respectively (Notes 12B.c and 31e).

22. DEPOSITS FROM CUSTOMERS - SAVING DEPOSITS/WADIAH SAVING DEPOSITS

- a. By currency, type, related parties and third parties:

	December 31, 2017	December 31, 2016
Rupiah:		
Related parties (Note 55)		
Mandiri Saving Deposits	2,345,204	1,493,871
Third parties		
Mandiri Saving Deposits	278,234,808	244,828,147
Hajj Mandiri Saving Deposits	439,227	543,828
Total	281,019,239	246,865,846
Foreign currencies:		
Related parties (Note 55)		
Mandiri Saving Deposits	1,203,001	479,216
Third parties		
Mandiri Saving Deposits	26,489,668	29,824,762
Total (Note 61B.(v))	27,692,669	30,303,978
	308,711,908	277,169,824

Included in saving deposits were *wadiah* deposits amounting to Rp3,193,558 and Rp2,593,437 as of December 31, 2017 and 2016, respectively.

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22. DEPOSITS FROM CUSTOMERS - SAVING DEPOSITS/WADIAH SAVING DEPOSITS (continued)

- b. Average interest rates (*cost of funds*) per annum:

	December 31, 2017	December 31, 2016
Rupiah	1.11%	1.15%
Foreign currencies	0.20%	0.20%

- c. As of December 31, 2017 and 2016, total saving deposits pledged as collateral and blocked for loans and other purposes were amounting to Rp18,568,122 and Rp11,034,714, respectively (Note 12B.c).

23. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS

- a. By currency, related parties and third parties:

	December 31, 2017	December 31, 2016
Rupiah		
Related parties (Note 55)	34,240,765	41,995,012
Third parties	181,973,864	169,326,512
Total	216,214,629	211,321,524
Foreign currencies		
Related parties (Note 55)	1,251,201	4,276,987
Third parties	20,541,384	22,308,567
Total (Note 61B.(v))	21,792,585	26,585,554
	238,007,214	237,907,078

Include in deposits from customers - time deposits are negotiable certificate of deposit amounting to Rp409,134 and Rp421,228 as of December 31, 2017 and 2016, respectively.

Total of unamortized interest expense on the certificate of time deposits as of December 31, 2017 and 2016 amounting to Rp50,866 and Rp85,772, respectively.

- b. By maturity date:

	December, 31 2017	December 31, 2016
Rupiah:		
1 months	69,666,250	107,384,126
3 months	118,909,758	76,508,126
6 months	18,664,039	13,195,584
12 months	4,345,784	12,722,241
Over 12 months	4,628,798	1,511,447
Total	216,214,629	211,321,524

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23. DEPOSITS FROM CUSTOMERS - TIME DEPOSITS (continued)

b. By maturity date (continued):

	December 31, 2017	December 31, 2016
Foreign currencies:		
1 months	13,175,307	16,482,563
3 months	3,973,470	4,495,458
6 months	3,417,081	3,518,043
12 months	981,445	1,843,004
Over 12 months	245,282	246,486
Total (Note 61B.(v))	21,792,585	26,585,554
	238,007,214	237,907,078

c. By remaining period to maturity date:

	December 31, 2017	December 31, 2016
Rupiah:		
Less than 1 month	104,901,708	126,386,234
1 - 3 months	97,075,006	64,574,126
3 - 6 months	8,432,108	12,020,949
6 - 12 months	3,373,897	6,836,426
Over 12 months	2,431,910	1,503,789
Total	216,214,629	211,321,524
Foreign currencies:		
Less than 1 month	15,142,207	17,306,621
1 - 3 months	4,624,224	5,241,837
3 - 6 months	1,494,313	2,520,794
6 - 12 months	514,632	1,498,945
Over 12 months	17,209	17,357
Total (Note 61B.(v))	21,792,585	26,585,554
	238,007,214	237,907,078

d. Average interest rates (cost of funds) per annum:

	December 31, 2017	December 31, 2016
Rupiah	5.87%	6.63%
Foreign currencies	0.70%	0.55%

e. As of December 31, 2017 and 2016, total time deposits pledged as collateral and blocked for loans and other purposes were amounting to Rp33,139,017 and Rp24,445,165, respectively (Note 12B.c).

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24. DEPOSITS FROM OTHER BANKS - DEMAND DEPOSITS/WADIAH DEMAND AND SAVING DEPOSITS

a. By currency, related parties and third parties:

	December 31, 2017	December 31, 2016
Demand deposits/ <i>wadiah</i> demand deposits		
Related parties (Note 55)		
Rupiah	2,742	33,835
Foreign currencies (Note 61B.(v))	250,043	12,077
	252,785	45,912
Third parties		
Rupiah	1,855,631	1,205,739
Foreign currencies (Note 61B.(v))	1,123,714	2,095,128
	2,979,345	3,300,867
Total	3,232,130	3,346,779
Saving deposits		
Third parties		
Rupiah	1,006,247	953,973
Foreign currencies (Note 61B.(v))	13	13
Total	1,006,260	953,986
	4,238,390	4,300,765

Included in deposits from other banks - demand deposits are *wadiah* deposits amounting Rp69,383 and Rp56,563 as of December 31, 2017 and 2016, respectively.

b. Average interest rates (cost of funds) and profit sharing per annum:

Average interest rates (cost of funds) per annum:

	December 31, 2017	December 31, 2016
Demand deposits/ <i>wadiah</i> demand deposits		
Rupiah	2.18%	1.95%
Foreign currencies	0.42%	0.58%
Saving deposits		
Rupiah	1.11%	1.15%
Foreign currencies	0.20%	0.20%
Range of profit sharing per annum on <i>wadiah</i> demand deposits:		
Rupiah	0.70% - 0.79%	0.72% - 0.82%

c. As of December 31, 2017 and 2016, total demand deposits/*wadiah* demand and saving deposits from other banks pledged as collateral on loans and bank guarantees were amounting to Rp7,275 and Rp13,310, respectively (Notes 12B.c and 31e).

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25. DEPOSITS FROM OTHER BANKS - INTER-BANK CALL MONEY

a. By currency:

	December 31, 2017	December 31, 2016
Related parties (Note 55)		
Rupiah	-	40,000
Third parties		
Rupiah	-	315,000
Foreign currencies (Note 61B.(v))	1,007,655	925,952
	1,007,655	1,240,952
Total	1,007,655	1,280,952

b. By remaining period to maturity date:

	December 31, 2017	December 31, 2016
Rupiah		
Less than 1 month	-	335,000
More than 1 month	-	20,000
Total	-	355,000
Foreign currencies		
Less than 1 month	198,184	616,191
More than 1 month	809,471	309,761
	1,007,655	925,952
Total (Note 61B.(v))	1,007,655	1,280,952

c. Average interest rates (cost of funds) per annum:

	December 31, 2017	December 31, 2016
Rupiah	5.15%	5.71%
Foreign currencies	0.97%	0.27%

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26. DEPOSITS FROM OTHER BANKS - TIME DEPOSITS

a. By currency:

	December 31, 2017	December 31, 2016
Rupiah		
Related parties (Note 55)	108,473	286,210
Third parties	2,580,856	3,336,544
Total	2,689,329	3,622,754
Foreign currencies		
Third parties (Note 61B.(V))	414,133	134,725
Total	3,103,462	3,757,479

Included in deposits from customers - time deposits are negotiable certificate of deposit amounting to Rp1,168,780 and Rp1,898,625 as of December 31, 2017 and 2016, respectively.

Total of unamortized interest expenses on certificates of deposits for the years ended December 31, 2017 and 2016 amounting to Rp106,220 and Rp256,375, respectively.

b. By period:

	December 31, 2017	December 31, 2016
Rupiah:		
1 month	884,287	1,433,639
3 months	614,281	279,287
6 months	5,781	50,825
12 months	16,200	779,750
More than 12 months	1,168,780	1,079,253
Total	2,689,329	3,622,754
Foreign currencies		
1 month	7,108	-
More than 12 months	407,025	134,725
Total (Note 61B.(v))	414,133	134,725
	3,103,462	3,757,479

c. Average interest rates (cost of funds) per annum:

	December 31, 2017	December 31, 2016
Rupiah	5.87%	6.63%
Foreign currencies	0.70%	0.55%

d. As of December 31, 2017 and 2016, time deposits from other banks pledged as collateral on loans amounting to Rp281,948 and Rp86,776, respectively (Note 12B.c).

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27. LIABILITY TO UNIT-LINK HOLDERS

This account represents Subsidiary's liabilities to unit-link holders placed in unit-link investment, with details as follows:

	December 31, 2017	December 31, 2016
Non-Sharia	22,105,476	18,550,706
Sharia	1,148,559	1,052,244
	23,254,035	19,602,950

Underlying assets of the above policyholders' investment in unit-link contracts are financial assets mainly consist of cash, marketable securities and Government Bonds. As of December 31, 2017 and 2016, the investment of policyholders were recorded based on each type of the financial assets in the consolidated statement of financial position.

Included in the unit-link policyholders' investments in are policyholders' fund in foreign currency as of December 31, 2017 and 2016, it amounted to USD2,731,085 (full amount) and USD2,210,047 (full amount), respectively.

The details of non-sharia unit-link investments based on the type of contracts are as follows:

	December 31, 2017	December 31, 2016
Dynamic Money	11,811,629	9,098,972
Attractive Money	6,214,079	5,441,537
Progressive Money	2,305,255	2,139,720
Excellent Equity	937,799	1,159,641
Protected Money	327,661	373,775
Active Money	186,368	168,760
Money Market	110,662	26,516
Secure Money	90,286	76,604
Fixed Money	71,719	64,170
Money Market CS	47,082	-
Prime Equity	2,936	1,011
	22,105,476	18,550,706

The policyholders' non-sharia funds placed in statutory deposits as of December 31, 2017 and 2016 amounted to RpNil and Rp19,715, 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.

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.

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27. LIABILITY TO UNIT-LINK HOLDERS (continued)

Excellent equity

This is an equity fund with underlying exposures in small cap equities (exclude top 20, largest capitalisation shares) traded in Indonesia Stock Exchange and money market instruments through mutual fund Mandiri Dynamic Equity.

Protected money

This is a placement of funds based on combination with investments in stocks and bonds traded on the Indonesia Stock Exchange and money market instruments with maturities 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.

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.

Secure money

Secure Money Rupiah 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. Funding in USD 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 CS

This is a fixed income fund with underlying exposures in money market instrument, especially for term deposits based on sharia principles.

Prime Equity

Placement of funds based on combination with the investment in stocks traded in Indonesia Stock Exchange and money market instruments through mutual fund AXA Maestro Saham.

The details of sharia unit-link investments based on the type of contracts are as follows:

	December 31, 2017	December 31, 2016
Attractive Money Sharia	970,630	887,606
Active Money Sharia	112,389	102,200
Amanah Equity Sharia	38,858	32,288
Advanced Commodity Sharia	26,682	30,150
Total	1,148,559	1,052,244

The policyholders' funds - sharia placed in statutory deposits as of December 31, 2017 and 2016 amounted to RpNil and Rp26,100, respectively.

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27. LIABILITY TO UNIT-LINK HOLDERS (continued)

Attractive Money Sharia

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 Sharia

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.

Amanah Equity Sharia

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.

Advanced Commodity Sharia

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.

28. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

December 31, 2017							
	Securities	Nominal Value	Start Date	Maturity Date	Buy Back Value	Unamortised Interest Expense	Net Value
Rupiah							
Related Parties							
	Bonds FR0066	900,000	21/06/2013	15/05/2018	1,026,776	284,134	742,642
	Bonds FR0066	900,000	21/06/2013	15/05/2018	1,026,776	284,134	742,642
	Bonds FR0066	650,000	21/06/2013	15/05/2018	741,560	205,955	535,605
	Bonds VR0027	622,742	20/06/2013	20/06/2018	702,888	201,555	501,333
	Bonds FR0059	5,000	28/12/2017	02/01/2018	4,714	-	4,714
Total Rupiah		3,077,742			3,502,714	975,778	2,526,936
Third Parties							
	Bonds KSA-261021	149,242	18/12/2017	05/01/2018	138,819	51	138,768
	Bonds ADGB-030521	135,675	18/12/2017	05/01/2018	127,103	47	127,056
	Bonds INDOIS-100924	94,973	07/11/2017	07/02/2018	95,934	167	95,767
	Bonds INDOIS-290322	81,405	07/11/2017	07/02/2018	79,394	139	79,255
	Bonds INDON-130320	67,837	07/11/2017	07/02/2018	70,693	123	70,570
	Bonds INDOIS-211122	67,838	07/11/2017	07/02/2018	66,615	116	66,499
	Bonds ADGB-030526	67,837	18/12/2017	05/01/2018	63,938	23	63,915
	Bonds KSA-261026	67,837	18/12/2017	05/01/2018	63,680	23	63,657
	Bonds INDON-171023	54,270	07/11/2017	07/02/2018	58,419	102	58,317
	Bonds INDOIS-280525	54,270	07/11/2017	07/02/2018	55,104	96	55,008
	Bonds INDON-150125	54,270	07/11/2017	07/02/2018	54,845	96	54,749
	Bonds INDON-050521	40,703	07/11/2017	07/02/2018	41,717	73	41,644
	Bonds INDOIS-290327	40,703	07/11/2017	07/02/2018	40,008	70	39,938
	Bonds INDON-171023	27,135	07/11/2017	07/02/2018	29,209	51	29,158
	Bonds INDOIS-290326	27,135	07/11/2017	07/02/2018	27,461	48	27,413
	Bonds INDOIS-100924	27,135	07/11/2017	07/02/2018	27,410	48	27,362
	Bonds INDON-250422	27,135	07/11/2017	07/02/2018	26,918	47	26,871
Total foreign currencies (Note 61B,(v))		1,085,400			1,067,267	1,320	1,065,947
Total		4,163,142			4,569,981	977,098	3,592,883

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28. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (continued)

		December 31, 2016					
	Securities	Nominal Value	Start Date	Maturity Date	Buy Back Value	Unamortised Interest Expense	Net Value
Rupiah							
Related Parties	Bonds FR0069	250,000	17/11/2016	06/01/2017	230,230	206	230,024
Third Parties							
	Bonds FR0066	900,000	21/06/2013	15/05/2018	1,026,776	286,365	740,411
	Bonds FR0066	900,000	21/06/2013	15/05/2018	1,026,776	286,365	740,411
	Bonds FR0066	650,000	21/06/2013	15/05/2018	741,560	201,492	540,068
	Bonds VR0027	622,742	20/06/2013	20/06/2018	702,888	201,555	501,333
	Bonds FR0056	200,000	08/12/2016	09/01/2017	190,912	262	190,650
	Bonds FR0059	200,000	21/12/2016	19/01/2017	172,864	602	172,262
	Bonds FR0073	100,000	02/12/2016	12/01/2017	95,183	183	95,000
	Bonds FR0061	100,000	02/12/2016	12/01/2017	87,323	168	87,155
	Bonds FR0061	64,000	02/12/2016	12/01/2017	55,834	106	55,728
		3,736,742			4,100,116	977,098	3,123,018
Total		3,986,742			4,330,346	977,304	3,353,042

29. ACCEPTANCES PAYABLE

a. By currency, related parties and third parties:

	December 31, 2017	December 31, 2016
Rupiah:		
Payable to other banks		
Related parties (Note 55)	352,826	2,443,235
Third parties	5,751,664	5,256,264
Payable to debtors		
Related parties (Note 55)	79,599	7,111
Third parties	373,212	344,355
Total	6,557,301	8,050,965
Foreign currencies:		
Payable to other banks		
Related parties (Note 55)	160,786	31,362
Third parties	5,622,030	6,293,547
Payable to debtors		
Related parties (Note 55)	9,683	-
Third parties	194,694	413,370
Total (Note 61B.(v))	5,987,193	6,738,279
	12,544,494	14,789,244

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29. ACCEPTANCES PAYABLE (continued)

b. By maturity:

	December 31, 2017	December 31, 2016
Rupiah:		
Less than 1 month	1,639,619	1,535,856
1 - 3 months	3,411,192	1,917,241
3 - 6 months	1,506,490	3,624,366
6 - 12 months	-	973,502
Total	6,557,301	8,050,965
Foreign currencies:		
Less than 1 month	1,420,703	1,847,555
1 - 3 months	2,511,765	3,358,426
3 - 6 months	1,846,407	1,485,140
6 - 12 months	167,809	40,484
More than 12 months	40,509	6,674
Total (Note 61B.(v))	5,987,193	6,738,279
	12,544,494	14,789,244

30. MARKETABLE SECURITIES ISSUED

By type and currencies:

	December 31, 2017	December 31, 2016
Rupiah:		
Related parties (Note 55)		
Bonds	8,488,200	3,594,000
Subordinated notes sharia <i>mudharabah</i>	58,000	58,000
Medium-term notes	-	10,000
Total	8,546,200	3,662,000
Third parties		
Bonds	7,956,693	4,669,000
Subordinated notes sharia <i>mudharabah</i>	317,000	317,000
Mandiri travelers' cheques	67,395	72,035
Medium-term notes	-	340,000
Total	8,341,088	5,398,035
	16,887,288	9,060,035
Less: Unamortised issuance cost	(43,693)	(34,041)
Net	16,843,595	9,025,994

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30. MARKETABLE SECURITIES ISSUED (continued)

Bonds

On July 11, 2017, the Subsidiary (Bank Mandiri Taspen) issued and registered Bonds I Bank Mantap Year 2017 to the Indonesia Stock Exchange with nominal value of Rp2,000,000 which consists of 2 (two) series:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
Series A	1,500,000	8.50%	July 11, 2020
Series B	500,000	8.75%	July 11, 2022

The interest of bonds is paid quarterly, with the first payment on October 11, 2017, while the last payment of interest and also the maturity and payment date of the bonds' principal will fall on July 11, 2020 for series A and July 11, 2022 for series B.

The Trustee for Bonds I Bank Mantap Year 2017 is PT Bank Tabungan Negara (Persero) Tbk. As of December 31, 2017, based on Fitch rating's rating for Bond I Year 2017 is AA (idn) (double A).

During the validity period of the Bonds and prior to the repayment of the bonds, Bank Mandiri Taspen is under obligation to: (i) maintain at all times Bank Mandiri Taspen's financial level in good condition as regulated by FSA; (ii) maintain Bank Mandiri Taspen's health level at a minimum in the composite level 3 (three) which is "Fair", according to internal assessment based upon Bank Indonesia's regulation; (iii) obtain and comply with permits and approvals (from the Government and other parties) and ensure that Bank Mandiri Taspen conform with Indonesia's rules and regulations.

On June 15, 2017, Bank Mandiri issued Continuous Bond I Bank Mandiri Phase II Year 2017 ("Bond I Phase II") with nominal value of Rp6,000,000, which consists of 4 (four) series:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
Series A	1,000,000	8.00%	June 15, 2022
Series B	3,000,000	8.50%	June 15, 2024
Series C	1,000,000	8.65%	June 15, 2027
Series D	1,000,000	7.80%	June 15, 2020

Continuous Bond I Phase II Series A, Series B and Series C are offered at 100% (one hundred percent) of the principal amount of the bonds. The interest of bonds I is paid quarterly, with the first payments made on September 15, 2017 while the last payment date of the interest and also the maturity and payments date of the bonds principal will fall on June 15, 2022 for Series A, June 15, 2024 for Series B, and June 15, 2027 for Series C. Continuous Bond I Phase II Series D are offered without interest at a bid price of 79.3146% (seventy nine point three one four six percent) of the principal amount of the bonds, due on June 15, 2020. The principal payments of the bonds are fully paid by the due date. Trustee of the issuance of Continuous Bonds I Phase II is PT Bank Tabungan Negara (Persero) Tbk.

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30. MARKETABLE SECURITIES ISSUED (continued)

Bonds (continued)

On September 30, 2016, Bank Mandiri issued Continuous Bonds I Bank Mandiri Phase I 2016 ("Continuous Bonds I Phase I") with a nominal value of Rp5,000,000 which consist of 3 (three) series:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
Series A	1,100,000	7.95%	September 30, 2021
Series B	1,500,000	8.50%	September 30, 2023
Series C	2,400,000	8.65%	September 30, 2026

The interest of Continuous Bonds I Phase I is paid quarterly, with the first payment on December 30, 2016. While the last payment of interest and also the maturity and payment date of the bonds' principal will fall on September 30, 2021 for series A; September 30, 2023 for series B; and September 30, 2026 for series C. The Trustee for Continuous Bonds I Phase I is PT Bank Tabungan Negara (Persero) Tbk.

During the validity period of the Bonds and prior to the repayment of the bonds, Bank Mandiri is under obligation to: (i) maintain at all times the Bank's financial level in good condition as regulated by FSA; (ii) maintain the bank's health level at a minimum in the composite level 3 (three) which is "Fair", according to internal assessment based upon Bank Indonesia's regulation; (iii) obtain and comply with permits and approvals (from the Government and other parties) and ensure that the Bank conform with Indonesia's rules and regulations.

Bank Mandiri, without a written consent from the Trustee will not: (i) reduce the Bank's issued and fully paid up capital except such a reduction is conducted based on regulations from the Government of Indonesia or Bank Indonesia; (ii) undergo a change in its main business; (iii) undergo merger, consolidation, or acquisitions which led to the dissolution of Bank Mandiri.

The bonds are not secured by any specific guarantee, except for general guarantees as referred to and in accordance with the provisions of Article 1131 and Article 1132 of the Indonesian Civil Law, all assets of the Bank, either movable or immovable property, either existing or which will exist later on, becomes a liability for all Bank engagements including those bonds.

As of December 31, 2017, based on Pefindo's rating, the rating of Continuous Bonds I Phase II is idAAA (triple A).

As of December 31, 2017 and 2016, based on Pefindo's rating for Continuous Bond I Phase I is idAAA (triple A).

On June 6, 2017 the Subsidiary (PT Mandiri Tunas Finance) issued and registered Continuous Bonds III Mandiri Tunas Finance Phase II year 2017 ("Continuous Bonds III phase II") to the Indonesia Stock Exchange with a nominal value of Rp850,000 which consist of 2 (two) series:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
Series A	610,000	8.50%	June 6, 2020
Series B	240,000	8.85%	June 6, 2022

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30. MARKETABLE SECURITIES ISSUED (continued)

Bonds (continued)

The trustee for Continuous Bonds III Mandiri Tunas Finance Phase II is PT Bank Mega Tbk.

On October 7, 2016, the Subsidiary (PT Mandiri Tunas Finance) issued and registered Continuous Bonds III Mandiri Tunas Finance Phase I year 2016 ("Continuous Bonds III phase I") to the Indonesia Stock Exchange 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	400,000	8.20%	October 7, 2019
Series B	100,000	8.55%	October 7, 2021

The trustee for Continuous Bonds III Mandiri Tunas Finance Phase I is PT Bank Mega Tbk.

The trustee agreement provides several restrictive covenants that must be fulfilled by the Subsidiary, among others, providing collateral with fiduciary transfer of consumer financing receivables and maintaining debt to equity ratio to not exceed 10:1. Moreover, during the year that the bonds principals are still outstanding, the Subsidiary is not allowed, among others, to conduct merger unless performed with the same business, to sell or assign more than 50% of the Subsidiary's asset, except for Subsidiary's normal business transactions.

As of December 31, 2017, based on Pefindo's rating, the rating of Continuous Bonds III Mandiri Tunas Finance Phase II is idAA+ (double A plus).

As of December 31, 2017 and 2016, based on Pefindo's rating, the rating of Continuous Bonds III Mandiri Tunas Finance Phase I is idAA+ (double A plus).

On June 1, 2016, PT Mandiri Tunas Finance issued and registered Continuous Bonds II Mandiri Tunas Finance Phase II Year 2016 ("Continuous Bonds II Phase II") to the Indonesia Stock Exchange with a nominal value of Rp1,400,000, which consist of 2 (two) series:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
Series A	720,000	8.95%	June 1, 2019
Series B	680,000	9.25%	June 1, 2021

The trustee for Continuous Bonds II Mandiri Tunas Finance Phase II is PT Bank Mega Tbk.

On December 18, 2015, the subsidiary (PT Mandiri Tunas Finance) issued and registered continuous Bonds II PT Mandiri Tunas Finance Phase I Year 2015 ("Continuous Bonds II Phase I") 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	500,000	10.20%	December 18, 2018
Series B	100,000	10.80%	December 18, 2020

The trustee for Continuous Bonds I Mandiri Tunas Finance Phase I is PT Bank Mega Tbk.

The trustee agreement provides several restrictive covenants that must be fulfilled by the Subsidiary, among others, providing collateral with fiduciary transfer of consumer financing receivables and maintaining debt to equity ratio to not exceed 10:1. Moreover, during the year that the bonds principals are still outstanding, the Subsidiary is not allowed to, among others, merge unless performed on the same business nor to sell or assign more than 50% of the Subsidiary's asset, except for Subsidiary's normal business transactions.

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30. MARKETABLE SECURITIES ISSUED (continued)

Bonds (continued)

The rating for Continuous Bonds II PT Mandiri Tunas Finance Phase I and II based on Pefindo's rating as of December 31, 2017 and 2016 is idAA+ (double A plus).

On June 9, 2015, the Subsidiary (PT Mandiri Tunas Finance) issued and registered Mandiri Tunas Finance Continuous Bonds I phase III Year 2015 ("Continuous Bonds I phase III") at the Indonesian Stock Exchange with a nominal value of Rp150,000 as follows:

Bonds	Nominal value	Fixed interest rate per annum	Maturity date
Continuous Bonds I Phase III	150,000	9.75%	June 9, 2018

The trustee for the Continuous Bonds I Mandiri Tunas Finance Phase III is PT Bank Mega Tbk.

On May 23, 2014, the Subsidiary (PT Mandiri Tunas Finance) issued and registered Continuous Bonds I Mandiri Tunas Finance Phase II year 2014 ("Continuous Bonds I Phase II") to the Indonesia Stock Exchange with a nominal value of Rp600,000, which consists of 2 (two) series:

Bonds	Nominal Value	Fixed Interest rate per annum	Maturity Date
Series A	425,000	10.70%	May 23, 2017
Series B	175,000	10.85%	May 23, 2018

The trustee for the Continuous Bonds I Mandiri Tunas Finance Phase II is PT Bank Mega Tbk.

On June 5, 2013, the Subsidiary (PT Mandiri Tunas Finance) issued and registered Continuous Bonds I Mandiri Tunas Finance Phase I year 2013 ("Continuous Bonds I Phase I") to the Indonesia Stock Exchange 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%	June 5, 2016
Series B	75,000	7.80%	June 5, 2017

The trustee for the Continuous Bonds I Mandiri Tunas Finance Phase I is PT Bank Mega Tbk.

The trustee agreement provides several restrictive covenants that must be fulfilled by the Subsidiary, among others, providing collateral with fiduciary transfer of consumer financing receivables and maintaining debt to equity ratio to not exceed 10:1. Moreover, during the year that the bonds principals are still outstanding, the Subsidiary is not allowed to, among others, merge unless performed on the same business nor to sell or assign more than 50% of the Subsidiary's asset, except for the Subsidiary's normal business transactions.

Continuous Bonds I Mandiri Tunas Finance Phase I, Series A amounting to Rp425,000 and Series B Rp75,000. Continuous Bonds I Phase II Series A amounting to Rp425,000 has been repaid at maturity.

The rating for Continuous Bonds I PT Mandiri Tunas Finance Phase II and III based on Pefindo's rating as of December 31, 2017 and 2016 is idAA+ (double A plus).

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30. MARKETABLE SECURITIES ISSUED (continued)

Bonds (continued)

On December 31, 2017, all securities issued by PT Mandiri Tunas Finance are secured by consumer financing receivables amounting to Rp2,003,301 (December 31, 2016: Rp1,836,445) (Note 13f) and net investment in finance leases amounting to Rp201,699 (December 31, 2016: Rp158,555) (Note 14f).

Subordinated notes sharia *mudharabah*

On December 22, 2016, the Subsidiary (PT Bank Syariah Mandiri "BSM") has issued subordinated notes sharia *mudharabah* ("subnotes *mudharabah*") BSM 2016 with a nominal value of Rp375,000. Subnotes *Mudharabah* are securities issued in the form of letter recognition of long-term liabilities tenor of 7 years with the following terms and conditions:

- Profit sharing is calculated by multiplying the nisbah of BSM's subnotes *mudharabah* shareholders with revenue which is distributed and listed in the unaudited last-quarter financial statements and approved by BSM's Directors not later than 10 (ten) days before the payment date of the profit sharing.
- The distributed revenue was obtained from the financing portfolio of revenue denominated in Rupiah (blended) of BSM amounting to 7 (seven) times of the amount of subnotes *mudharabah* Funds denominated in rupiah held by the issuer, that is obtained during the one (1) quarter as listed in each unaudited BSM's financial report.
- *Nisbah* provided to the BSM subnotes *mudharabah* holders' is 27.07% per annum of the profit sharing which is paid every three (3) month.

Subnotes *mudharabah* are neither covered by a specific guarantee nor guaranteed by a third party or by the Republic of Indonesia and not included in the Bank Guarantee Program implemented by Bank Indonesia or other guarantee institution in accordance to the prevailing law and regulation and in accordance with article 17 paragraph (1) letter f of FSA Regulation No. 21/POJK.03/2014. Subnotes *mudharabah* are liability of the Subsidiary that is subordinated.

During the validity period of subnotes *mudharabah* and before the redemption of all of principal and profit sharing, BSM is obliged to: (i) maintain the CAR (Capital Adequacy Ratio) of not less than 12% (twelve percent); (ii) ensure that the subnotes *mudharabah* will not be owned by more than 50 (fifty) investors; (iii) submit to the monitoring agent as follows: the annual financial statements (audited) no later than the end of the 4th month after the financial statement date, quarterly financial statements (unaudited) not later than the end of the 1st month after the financial statement date, financial statements for the calculation of revenue sharing and BSM Health rating report and self-assessment of the implementation of Good Corporate Governance to the FSA.

BSM without written approval from the monitoring agent, will not do the following: (i) reduce the issued and paid-in capital; (ii) undergo a change in its main business; (iii) undergo a merger, consolidation, reorganization, except such changes were in accordance with regulations from the Government of Indonesia or Bank Indonesia; (iv) do a merger, consolidation, acquisition with another entity that will result in the dissolution of BSM.

Acting as the trustee of subnotes *mudharabah* is PT Bank Mandiri (Persero) Tbk. The rating of subordinated notes year 2016 as of December 31, 2017 and 2016, based on Pefindo's rating is idAA- (double A minus sharia).

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30. MARKETABLE SECURITIES ISSUED (continued)

Medium Term Notes (MTN)

To assist with business expansion, mainly in order to support credit financing, on November 18, 2016, the Subsidiary (PT Bank Mandiri Taspen) issued Medium-Term Notes (MTN) PT Bank Mandiri Taspen ("MTN Bank Mantap") amounting to Rp350,000 with an interest rate of 9.50% per annum. MTN Bank Mantap has a period of 370 days from the date of issuance, while the interest is payable on a quarterly basis with the first interest payment due on February 18, 2017.

December 31, 2016

Type	Arranger	Maturity date	Tenor (days)	Interest rate per annum	Nominal amount
MTN Bank Mantap	PT Mandiri Sekuritas	November 23, 2017	370	9.50%	350,000

MTN Bank Mantap amounting to Rp350,000 has fully paid on maturity date. On December 31, 2016, the rating of MTN Bank Mantap Based on Pefindo's Rating is idA + (A plus).

Bank Mandiri and its Subsidiaries have made interest payments on securities issued in accordance with the schedule of interest payments during the years ended December 31, 2017 and 2016.

During the years ended December 31, 2017 and 2016, Bank Mandiri and Subsidiaries have fulfilled the requirements stipulated in the agreement of all issued securities.

31. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES

- a. Transactions of commitments and contingencies in the ordinary course of business of Bank Mandiri and its Subsidiaries activities that have credit risk are as follows:

	December 31, 2017	December 31, 2016
Rupiah:		
Bank guarantees issued (Note 53)	49,154,361	42,070,997
Committed unused loan facilities granted	20,185,442	20,843,506
Outstanding irrevocable letters of credit (Note 53)	4,727,760	3,263,998
Standby letters of credit (Note 53)	1,447,980	1,868,480
Total	75,515,543	68,046,981
Foreign currencies:		
Bank guarantees issued (Note 53)	30,533,617	32,195,287
Committed unused loan facilities granted	15,427,279	6,053,865
Outstanding irrevocable letters of credit (Note 53)	11,094,762	8,832,668
Standby letters of credit (Note 53)	10,830,638	11,296,080
Total	67,886,296	58,377,900
	143,401,839	126,424,881

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31. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES (continued)

b. By Bank Indonesia's collectibility:

	December 31, 2017	December 31, 2016
Current	142,507,867	125,828,356
Special mention	639,362	511,293
Sub-standard	207,574	60,493
Doubtful	3,127	13,468
Loss	43,909	11,271
Total	143,401,839	126,424,881
Less: Allowance for impairment losses	(381,771)	(207,401)
Commitments and contingencies - net	143,020,068	126,217,480

c. Movements of allowance for impairment losses on commitments and contingencies:

	December 31, 2017	December 31, 2016
Beginning balance	207,401	395,610
Allowance/(reversal) during the year	173,402	(181,459)
Others*)	968	(6,750)
Ending balance	381,771	207,401

*) 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 of December 31, 2017 and 2016 are amounting to Rp3,069,449 and Rp2,943,910, respectively (Notes 21c and 24c).

32. ACCRUED EXPENSES

	December 31, 2017	December 31, 2016
Interest expenses	1,419,253	1,234,878
Fixed asset and software procurement	1,267,246	1,068,211
Outsourcing expenses	359,249	343,986
Promotions	295,548	216,029
Employee related costs: uniform, recreation and others	60,842	71,043
Professional service costs	50,984	42,484
Others	854,071	766,865
Total	4,307,193	3,743,496

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32. ACCRUED EXPENSES (continued)

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.

Others consist of accrued expenses related to fees accrued that should be paid to FSA and Bank operational activities, such as data communication costs and the cost of electricity, water and gas.

33. TAXATION

a. Prepaid taxes

	December 31, 2017	December 31, 2016
Bank Mandiri	2,403,973	2,421,556
Subsidiaries	284,076	191,151
Total	2,688,049	2,612,707

b. Taxes payable

	December 31, 2017	December 31, 2016
Current income taxes payable		
Bank Mandiri		
Corporate Income Tax - Article 29	114,149	558,254
Subsidiaries		
Corporate Income Tax - Article 29	187,151	102,693
	301,300	660,947
Others income taxes payable		
Bank Mandiri		
Income Tax		
Article 21	159,344	122,588
Article 4 (2)	263,387	277,193
Others	129,662	94,705
	552,393	494,486
Subsidiaries	156,139	103,359
	708,532	597,845
Total	1,009,832	1,258,792

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33. TAXATION (continued)

c. Tax (benefit)/expense

	Year ended December 31,	
	2017	2016
Tax expense - current:		
Bank Mandiri	4,903,592	4,435,708
Subsidiaries	689,701	653,216
	5,593,293	5,088,924
Tax (benefit)/expense - deferred:		
Bank Mandiri	183,757	(1,182,488)
Subsidiaries	(63,229)	16,366
	120,528	(1,166,122)
Total	5,713,821	3,922,802

As explained in Note 2ad, income tax for Bank Mandiri and its Subsidiaries are calculated for each company as a separate legal entity.

d. Tax expense - current

The reconciliation between income before tax 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:

	Year ended December 31,	
	2017	2016
Consolidated income before tax expense and non-controlling interests	27,156,863	18,572,965
Less:		
Income before tax expense of Subsidiaries - after elimination	(2,687,765)	(2,983,934)
Impact of changes in presenting investment from equity method to cost method	628,967	735,377
Income before tax expense and non-controlling interests - Bank Mandiri only	25,098,065	16,324,408
Add/(deduct) permanent differences:		
Non-deductible expenses/(non-taxable income)	328,999	(48,829)
Others	9,682	(9,478)

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33. TAXATION (continued)

d. Tax expense – current (continued)

The reconciliation between income before tax 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 (continued):

	Year ended December 31,	
	2017	2016
Add/(deduct) temporary differences:		
Allowance for impairment losses on loans and write-offs	(1,230,105)	5,536,094
Allowance for impairment losses on financial assets other than loans	(409,240)	88,974
Provision for post-employment benefit expense, provisions for bonuses, leave and holiday (THR) entitlements	732,945	690,957
Allowance for estimated losses arising from legal cases	(78,150)	(282,830)
Provision for estimated losses on commitments and contingencies	156,265	(177,583)
Depreciation of fixed assets	(41,970)	(43,015)
Unrealised lossess/gains on decrease/increase in fair value of marketable securities and government bonds - fair value through profit or loss	(10,780)	(5,765)
Unrealised gain on BOT transactions	-	109,141
Allowance for possible losses of abandoned properties	(37,750)	(3,535)
Estimated taxable income	24,517,961	22,178,539
Estimated tax expense - current		
Bank Mandiri only	4,903,592	4,435,708
Subsidiaries	689,701	653,216
Total	5,593,293	5,088,924

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 are follows:

	Year ended December 31,	
	2017	2016
Consolidated income before tax expense and noncontrolling interest	27,156,863	18,572,965
Tax calculated at applicable tax rates	5,691,555	4,010,865
Income tax effect of:		
Bank Mandiri		
- Income not subject to tax and final tax	(246,346)	(213,279)
- Expense not deductible for tax purposes	312,146	203,513
Estimated taxable income	65,800	(9,766)
Subsidiaries	(43,534)	(78,297)
Total tax effect	22,266	(88,063)
Income tax expense	5,713,821	3,922,802

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33. TAXATION (continued)

d. Tax expense - current (continued)

According to 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 June 10, 2009, which was amended by Regulation of the Minister of Finance No. 57/PMK.03/2010 dated March 9, 2010.

Based on UU No. 36 Year 2008 regarding Income Tax, Government Regulation No. 81 Year 2007 dated December 28, 2007 which is subsequently replaced by Government Regulation (GR) No. 77 Year 2013 dated November 21, 2013 and GR No. 56 Year 2015 dated August 3, 2015 regarding Reduction of Income Tax Rate for Listed Resident Corporate Tax Payers and Regulation of the Minister of Finance No. 238/PMK.03/2008 dated December 30, 2008 regarding Procedures for Implementing and Supervising the Granting of Reduction of Income Tax Rate for Listed Resident Corporate Tax payers, 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, 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 tax payer at the minimum 183 (one hundred and eighty three) calendar days in a period of 1 (one) fiscal year.

Tax payer should attach 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.

Based on Certificate No. DE/I/2018-0149 dated January 5, 2018 regarding Monthly Stock Ownerships of Publicly Listed Companies Report and the Recapitulation form No X.H. 1-2 dated January 2, 2018 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 and GR No. 56 Year 2015. In accordance with Minister of Finance Regulation No. 238/PMK.03/2008, FSA (formerly "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 December 31, 2017 are calculated using the tax rate of 20%.

The Bank believes that it can fulfill the requirements to obtain the reduction in income tax rate for the year ended December 31, 2017.

The calculation of income tax for the year ended December 31, 2017 as described above will be the basis for filling the Annual Tax Return (SPT) of Corporate Income Tax.

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33. TAXATION (continued)

e. Deferred tax assets - net

Deferred tax arises from temporary differences between book value based on commercial and tax are as follows:

December 31, 2017				
	Beginning balance	Credited/ (charged) to consolidated statement of profit or loss and other comprehensive income	Charged to equity	Ending balance
Bank Mandiri				
Deferred tax assets:				
Allowance for impairment loan losses	2,261,427	(199,957)	-	2,061,470
Provision for post-employment benefit expense, provision for bonuses, leave and holiday (THR) entitlements	1,247,207	146,589	141,015	1,534,811
Loans write-off until 2008	1,206,212	(46,064)	-	1,160,148
Allowance for impairment losses on financial assets other than loans	444,607	(81,848)	-	362,759
Estimated losses on commitments and contingencies	38,629	31,253	-	69,882
Allowance for estimated losses arising from legal cases	51,080	(15,630)	-	35,450
Allowance for possible losses on abandoned properties	29,127	(7,499)	-	21,628
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 gains on increase/decrease in fair value of marketable securities and Government Bonds - fair value through profit or loss	3,504	(2,156)	-	1,348
Accumulated losses arising from difference in net realisable value of abandoned properties	174	(51)	-	123
Deferred tax assets	5,285,930	(175,363)	141,015	5,251,582
Deferred tax liabilities:				
Net book value of fixed assets	(120,486)	(8,394)	-	(128,880)
Unrealised losses on increase/decrease in fair value of marketable securities and Government Bonds - available for sale	270,145	-	(423,121)	(152,976)
Deferred tax assets - Bank Mandiri only	5,435,589	(183,757)	(282,106)	4,969,726
Net deferred tax assets - Subsidiaries	554,512			594,593
Total consolidated deferred tax assets - net	5,990,101			5,564,319

December 31, 2016				
	Beginning balance	Credited/ (charged) to consolidated statement of profit or loss and other comprehensive income	Charged to equity	Ending balance
Bank Mandiri				
Deferred tax assets:				
Loans write-off until 2008	1,248,713	(42,501)	-	1,206,212
Provision for post-employment benefit expense, provision for bonuses, leave and holiday (THR) entitlements	1,068,972	138,191	40,044	1,247,207
Allowance for impairment loan losses	1,111,707	1,149,720	-	2,261,427
Allowance for impairment losses on financial assets other than loans	426,812	17,795	-	444,607
Unrealised losses on decrease in fair value of marketable securities and government bonds - available for sale	375,769	-	(105,624)	270,145

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33. TAXATION (continued)

e. Deferred tax assets - net (continued)

	December 31, 2016			
	Beginning balance	Credited/ (charged) to consolidated statement of profit or loss and other comprehensive income	Charged to equity	Ending balance
Bank Mandiri (continued)				
Deferred tax assets (continued):				
Allowance for estimated losses arising from legal cases	107,646	(56,566)	-	51,080
Estimated losses on commitments and contingencies	74,146	(35,517)	-	38,629
Allowance for possible losses on abandoned properties	29,819	(692)	-	29,127
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 losses on decrease in fair value of marketable securities and government bonds - fair value through profit or loss	4,657	(1,153)	-	3,504
Accumulated losses arising from difference in net realisable value of abandoned properties	189	(15)	-	174
Deferred tax assets	4,452,393	1,169,262	(65,580)	5,556,075
Deferred tax liabilities:				
Unrealised gain on BOT transactions	(21,828)	21,828	-	-
Net book value of fixed assets	(111,884)	(8,602)	-	(120,486)
Deferred tax assets - Bank Mandiri only	4,318,681	1,182,488	(65,580)	5,435,589
Net deferred tax assets - Subsidiaries	515,841			554,512
Total consolidated deferred tax assets - net	4,834,522			5,990,101

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 to be utilised against the temporary difference, which results in deferred tax assets.

f. Tax assessment letter

Fiscal year 2013

According to the verification result by Tax office, on December 16, 2014, Tax Office has 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 has submitted an objection letter to Tax Office dated March 10, 2015. Bank has paid all the tax underpayment amount and recorded it as prepaid tax on December 31, 2017 and 2016.

On March 7, 2016 the Tax Office has issued an objection letter rejecting the Bank's objection. The Bank has submitted an appeal over the objection letter issued to Tax Court on June 2, 2016.

On October 30, 2017, the Tax Court has uttered their decision to reject the Bank's objection. The Bank disagree and intend to request judicial review of Tax Court's decision from the Supreme Court of the Republic of Indonesia.

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33. TAXATION (continued)

f. Tax assessment letter (continued)

Fiscal year 2010

According to the verification result by Tax Office on December 6, 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.

Management disagree with the Tax Underpayment Assessment letter result and has submitted an objection letter to Tax Office dated March 4, 2013. The Bank has paid all the tax under payment and recorded it as prepaid tax as of December 31, 2017 and 2016.

On December 2013, the Tax Office has 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 VAT. The Bank disagreed with the above decision letter and has proposed an appeal for on the above decision letter to the Tax Court in March 2014.

On February 21, 2014, Tax Office has 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 May 19, 2014.

On April and May 2016, the Tax Court has uttered their decision to approve majority of the appeal submitted on the letter of objection on VAT and reject the appeal submitted on the letter of objection on income tax. The Bank disagrees with the decision and has requested for judicial review from the Supreme Court of the Republic of Indonesia on August 15, 2016. Until the date of this consolidated financial statement the judicial review is still in progress.

34. EMPLOYEE BENEFIT LIABILITIES

	December 31, 2017	December 31, 2016
Rupiah		
Provision for post-employment benefit (Note 50)	4,030,761	2,943,664
Provisions for bonuses, leave and holiday entitlements	4,246,627	3,819,404
Total	8,277,388	6,763,068

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

	December 31, 2017	December 31, 2016
Rupiah:		
Liability to policy holders	4,752,207	3,840,894
Payable to customers	2,285,484	1,350,344
Liability related to ATM and credit card transaction	2,215,373	1,394,196
Guarantee deposits	909,499	851,298
Deferred income (directly attributable)	693,670	627,487

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35. OTHER LIABILITIES (continued)

	December 31, 2017	December 31, 2016
Rupiah (continued):		
Deferred income (not directly attributable)	494,919	378,865
Liabilities related to unit-link	281,493	351,903
Payable from purchase of marketable securities	120,724	20,721
Customers transfer transaction	103,155	73,545
Others	4,681,004	3,828,689
Total	16,537,528	12,717,942
Foreign currencies:		
Customers transfer transaction	1,379,912	485,451
Guarantee deposits	598,017	690,140
Other liabilities related to UPAS transactions	586,311	948,536
Deferred income (not directly attributable)	259,811	314,444
Payable from purchase of marketable securities	88,154	-
Deferred income (directly attributable)	32,999	2,274
Others	1,013,645	651,249
Total (Note 61B.(v))	3,958,849	3,092,094
	20,496,377	15,810,036

Liabilities to policyholders consist of liabilities of the Subsidiaries (AXA Mandiri Financial Services, Mandiri AXA General Insurance and PT Asuransi Jiwa Indonesia InHealth) as follows:

	December 31, 2017	December 31, 2016
Future policy benefits from non unit-link products	3,062,182	2,053,916
Unearned premiums	1,202,818	1,211,875
Estimated claim liabilities	375,892	491,360
Claim payables	111,315	83,743
Total	4,752,207	3,840,894

Payable to costumers mostly consist of debts arising from securities transactions of PT Mandiri Sekuritas (Subsidiary).

Liabilities associated with ATM and credit card transactions consists of liabilities on ATM transactions within ATM Bersama, ATM links and ATM Prima and liabilities to Visa and Master Card for credit card transactions.

Liabilities related to unit link represents unit-link liabilities to third parties and unit-link policyholders' fund liabilities of a subsidiary (AXA Mandiri Financial Services).

The guarantee deposit is a guarantee of cash deposited by customers from export, import transaction and issuance of bank guarantees.

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35. OTHER LIABILITIES (continued)

Directly attributed unearned income consists of income from provisions/commissions of loans which directly attributable to unamortized loan.

Unearned income which is not directly attributed consists of deferred fees/commissions that are not directly related to the unamortized loan.

Purchase of securities accrued arising from the purchase of securities which was fully paid respectively on January 3, 2018 and January 5, 2017 as of December 31, 2017 and 2016.

Other liabilities on UPAS transaction is a liability to the payer bank in foreign currency related with bill of UPAS to importers.

Others mainly consist of interoffice accounts and liabilities related to trade transactions, deposit and transaction remains to be settled in the form of transfer payment transactions of customers.

36. FUND BORROWINGS

	December 31, 2017	December 31, 2016
Rupiah:		
Third parties		
(a) Ministry of Public Work and Housing (Kemenpupera)	135,401	127,236
(b) Direct off-shore loans	-	300,000
(e) Repo to maturity	494,301	494,301
(f) Others	6,106,886	4,194,807
Total	6,736,588	5,116,344
Foreign currencies:		
Third parties		
(b) Direct off-shore loans	13,602,722	18,999,531
(c) Bilateral loans	5,424,830	5,388,661
(d) Trade financing facilities	7,318,310	6,378,221
(f) Others	2,621,229	-
Total (Note 61B.(v))	28,967,091	30,766,413
	35,703,679	35,882,757

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36. FUND BORROWINGS (continued)

(a) Ministry of Public Work and Housing (Kemenpupera)

This account represents a Liquidity Facility of House Financing (FLPP) with sharing financing of 70.00% from Ministry of Public Work and 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 February 15, 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 in 2012, which has been renewed on 2016 with Operational Cooperation Agreement No. 13/SK.9/HK.02.04/03/2016 and No. DIR.PKS/33/2016 dated March 7 on Funding Distribution of Liquidity Facility of House Financing (FLPP) for the purpose of acquiring houses for citizens with low income.

The outstanding loan balance as of December 31, 2017 and 2016, was amounted to Rp135,401 and Rp127,236. This facility bears a certain interest from the government. The loan has a payment schedule of maximum 240 months (20 years) with the first installment start at the following month (for the 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 Kemenpupera will be made not later than the date of 10 for each month.

(b) Direct off-shore loans

The details of direct off-shore loans are as follows:

	December 31, 2017	December 31, 2016
Rupiah:		
Bank of America, Singapore	-	300,000
Foreign currencies:		
China Development Bank, China		
- Tranche A	9,464,055	9,390,562
- Tranche B	3,961,828	3,684,511
Agence Française de Développement, France	176,839	343,823
Nomura International Plc, London	-	2,684,047
Bank of America, Hong Kong	-	1,549,338
United Overseas Bank, Singapore	-	1,347,250
Total	13,602,722	18,999,531
	13,602,722	19,299,531

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36. FUND BORROWINGS (continued)

(b) Direct off-shore loans (continued)

Bank of America, Singapore

December 31, 2016						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral loan	Bank of America, Singapura	November 3, 2017	36	Fixed 9%	-	<u><u>300,000</u></u>

On October 31, 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 November 3, 2017. Bank Mandiri has drawdown on the loan facility amounting to Rp300,000 on November 5, 2014. This borrowing was already fully paid on the maturity date.

China Development Bank, China

December 31, 2017						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					Original currency (full amount)	Rupiah equivalent
Tranche A (USD Currency)	China Development Bank, China	September 15, 2025	120	LIBOR (6 months) + certain margin	700,000,000	9,497,250
Less:						
Unamortised issuance costs					(2,446,686)	(33,195)
					<u><u>697,553,314</u></u>	<u><u>9,464,055</u></u>
Tranche B (CNY Currency)	China Development Bank, China	September 15, 2025	120	LIBOR (6 months) + certain margin	1,908,420,000	3,976,460
Less:						
Unamortised issuance costs					(7,022,446)	(14,632)
					<u><u>1,901,397,554</u></u>	<u><u>3,961,828</u></u>

December 31, 2016						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					Original currency (full amount)	Rupiah equivalent
(USD Currency)	China	2025	120	+ certain margin	700,000,000	9,430,750
Less:						
Unamortised issuance costs					(2,982,932)	(40,188)
					<u><u>697,017,068</u></u>	<u><u>9,390,562</u></u>
Tranche B (CNY Currency)	China Development Bank, China	September 15, 2025	120	SHIBOR (6 months) + certain margin	1,908,420,000	3,700,789
Less:						
Unamortised issuance costs					(8,394,164)	(16,278)
					<u><u>1,900,025,836</u></u>	<u><u>3,684,511</u></u>

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36. FUND BORROWINGS (continued)

(b) Direct off-shore loans (continued)

China Development Bank, China (continued)

On September 16, 2015, Bank Mandiri signed a long-term loan facility without collateral credit agreement with China Development Bank (CDB).

The loan consists of 2 (two) facilities, which Tranche A Facility is a direct loan from CDB denominated in USD with a total facility of USD700,000,000 (full amount) and will be matured in 10 (ten) years after agreement date with an interest rate of LIBOR 6 (six) monthly plus a certain margin and Tranche B is a direct loans denominated in CNY with a total facility of CNY1,908,420,000 (full amount) maturing 10 (ten) years after the agreement date with SHIBOR interest rate of six (6) months plus a certain margin. The loan was withdrawn on November 13, 2015, December 3, 2015, December 11, 2015, December 18, 2015, December 23, 2015 and December 28, 2015.

Agence Française de Développement, France

December 31, 2017						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount USD (full amount)	Rupiah Equivalent
Bilateral loan	Agence Française de Développement	September 30, 2018	80	LIBOR (6 months) + certain margin	2,285,714	31,012
Less:						
Unamortised issuance costs					(1,374)	(19)
					2,284,340	30,993
Bilateral loan	Agence Française de Développement	March 31, 2019	82	LIBOR (6 months) + certain margin	2,357,143	31,980
Less:						
Unamortised issuance costs					(2,150)	(29)
					2,354,993	31,951
Bilateral loan	Agence Française de Développement	September 30, 2023	114	LIBOR (6 months) + certain margin	8,571,429	116,293
Less:						
Unamortised issuance costs					(176,728)	(2,398)
					8,394,701	113,895
					13,034,034	176,839

December 31, 2016						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount USD (full amount)	Rupiah equivalent
Bilateral loan	Agence Française de Développement	September 30, 2018	80	LIBOR (6 months) + certain margin	4,571,429	61,589
Less:						
Unamortised issuance costs					(5,427)	(73)
					4,566,002	61,516

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36. FUND BORROWINGS (continued)

(b) Direct off-shore loans (continued)

Agence Française de Développement, France (continued)

December 31, 2016						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount USD (full amount)	Rupiah equivalent
Bilateral loan	Agence Française de Développement	September 30, 2017	64	LIBOR (6 months) + certain margin	7,272,727	97,982
Less:						
Unamortised issuance costs					(5,540)	(75)
					7,267,187	97,907
Bilateral loan	Agence Française de Développement	March 31, 2019	82	LIBOR (6 months) + certain margin	3,928,571	52,928
Less:						
Unamortised issuance costs					(5,915)	(80)
					3,922,656	52,848
Bilateral loan	Agence Française de Développement	September 30, 2023	114	LIBOR (6 months) + certain margin	10,000,000	134,725
Less:						
Unamortised issuance costs					(235,504)	(3,173)
					9,764,496	131,552
					25,520,341	343,823

On June 17, 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 (six) 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 December 15, 2010, the Bank drawdown the borrowing from AFD amounting to USD30,000,000 (full amount), which was matured on June 30, 2016. This borrowing was already fully paid on the maturity date.

On February 16, 2012, May 30, 2012 and May 31, 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 September 30, 2018, September 30, 2017 and March 31, 2019, respectively. The borrowing from AFD amounting to USD40,000,000 (full amount) was already paid on the maturity date.

The drawdown of the above facilities are intended to fulfill the fund requirement to finance the environmental friendly projects in Bank Mandiri.

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36. FUND BORROWINGS (continued)

(b) Direct off-shore loans (continued)

Agence Française de Développement, France (continued)

On November 8, 2013, Bank Mandiri signed a second new loan facility agreement or second line of credit 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 USD10,000,000 (full amount), which will be matured on September 30, 2023.

Nomura International Plc, London

December 31, 2016

Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount	
					USD (full amount)	Rupiah equivalent
Bilateral loan	Nomura International Plc, London	October 17, 2017	36	LIBOR (3 months) + certain margin	200,000,000	2,694,500
Less:						
Unamortised issuance costs					(775,864)	(10,453)
					199,224,136	2,684,047

On October 8, 2014, Bank Mandiri obtained a loan facility from Nomura International Plc. London amounting of USD200,000,000 (full amount) with interest rate at 3 (three) months LIBOR plus a certain margin.

This facility has a tenor of 3 (three) years and will be matured on October 17, 2017. Bank Mandiri has drawdown this loan facility of USD200,000,000 (full amount) on October 17, 2014. This borrowing was already fully paid on the maturity date.

This loan facility is secured with as follows (Note 8c):

	Nominal amount (USD full amount)	
	December 31, 2017	December 31, 2016
ROI 21	-	86,800,000
ROI 20	-	71,000,000
ROI 19	-	61,500,000
ROI 24	-	12,230,000

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36. FUND BORROWINGS (continued)

(b) Direct off-shore loans (continued)

Bank of America, Hong Kong

December 31, 2016						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount USD (full amount)	Rupiah equivalent
Bilateral loan	Bank of America Hong Kong	November 13, 2017	36	LIBOR (6 months) + certain margin	115,000,000	1,549,338

On October 30, 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 November 13, 2017. Bank Mandiri has drawdown on the loan facility amounting to USD115,000,000 (full amount) on November 12, 2014. This borrowing was already fully paid on the maturity date.

As of December 31, 2016, this loan facility was secured by government bonds series VR0028 with a nominal value of Rp2,150,000 and ROI 19 series USD9,471,000 (full amount) (Note 8c).

United Overseas Bank, Singapore

December 31, 2016						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount USD (full amount)	Rupiah equivalent
Bilateral loan	United Overseas Bank, Singapore	November 24, 2017	12	LIBOR (3 months) + certain margin	100,000,000	1,347,250

On November 9, 2016, Bank Mandiri obtained a loan facility from United Overseas Bank, Singapore of USD100,000,000 (full amount) with margin of 3 (three) months LIBOR plus certain margin.

This facility has a tenor of 1 (one) year and will mature on November 24, 2017. Bank Mandiri has drawdown this facility amounting of USD100,000,000 (full amount) on November 30, 2016. This borrowing was already fully paid on the maturity date.

(c) Bilateral loans

JP Morgan, Jakarta

The details of bilateral loans are as follows:

	December 31, 2017	December 31, 2016
JP Morgan, Jakarta	5,424,830	5,388,661

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36. FUND BORROWINGS (continued)

(c) Bilateral loans (continued)

JP Morgan, Jakarta (continued)

December 31, 2017						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount USD (full amount)	Rupiah equivalent
Bilateral loan	JP Morgan, Jakarta	November 21, 2020	84	LIBOR (3 months) + certain margin	150,000,000	2,035,125
Less:						
Unamortised issuance costs					(60,417)	(820)
					149,939,583	2,034,305
Bilateral loan	JP Morgan, Jakarta	September 5, 2020	72	LIBOR (3 months) + certain margin	250,000,000	3,391,875
Less:						
Unamortised issuance costs					(99,553)	(1,350)
					249,900,447	3,390,525
					399,840,030	5,424,830
December 31, 2016						
Type	Arranger	Maturity date	Tenor (months)	Interest rate per annum	Nominal amount USD (full amount)	Rupiah equivalent
Bilateral loan	JP Morgan, Jakarta	November 21, 2020	84	LIBOR (3 months) + certain margin	150,000,000	2,020,875
Less:						
Unamortised issuance costs					-	-
					150,000,000	2,020,875
Bilateral loan	JP Morgan, Jakarta	September 5, 2020	72	LIBOR (3 months) + certain margin	250,000,000	3,368,125
Less:						
Unamortised issuance costs					(25,142)	(339)
					249,974,858	3,367,786
					399,974,858	5,388,661

On November 15, 2013, the Bank obtained a loan facility from JP Morgan, Jakarta amounting to USD150,000,000 (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 matured on November 21, 2016. Bank Mandiri has drawdown this credit facility amounting to USD150,000,000 (full amount) on November 21, 2013. This loan facility has been extended on October 5, 2016 and will be matured on November 21, 2020.

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36. FUND BORROWINGS (continued)

(c) Bilateral loans (continued)

JP Morgan, Jakarta (continued)

This loan was secured by (Note 8c):

	Nominal amount	
	December 31, 2017	December 31, 2016
FR0053*)	284,375	-
ORI 011*)	-	288,276
INDOIS 22**)	60,000,000	60,000,000
ROI 21**)	36,500,000	36,500,000
ROI 24**)	30,000,000	30,000,000
ROI 22**)	18,000,000	18,000,000
ROI 23**)	17,500,000	17,500,000

*) In million rupiah

***) In USD (full amount)

On August 20, 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 September 5, 2017. Bank Mandiri has drawdown on the loan facility amounting to USD250,000,000 (full amount) on September 2, 2014. This loan facility has been extended on October 5, 2016 and will be matured on September 5, 2020.

This loan was secured by (Notes 7k and 8c):

	Nominal amount	
	December 31, 2017	December 31, 2016
FR0053*)	659,947	-
ORI 011*)	-	669,000
INDOIS 22**)	98,500,000	98,500,000
PERTAMINA 23**)	65,000,000	65,000,000
ROI 23**)	37,000,000	37,000,000
ROI 21**)	32,000,000	32,000,000
ROI 19**)	27,295,000	27,295,000

*) In million rupiah

***) In USD (full amount)

(d) Trade financing facilities (bankers acceptance)

Trade financing facilities represent short-term borrowings with tenors ranging between 60 days to 365 days and bear interest at LIBOR or SIBOR plus a certain margin. The balance as of December 31, 2017 and 2016 are as follows:

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36. FUND BORROWINGS (continued)

(d) Trade financing facilities (bankers acceptance) (continued)

	December 31, 2017	December 31, 2016
Bank of Montreal, Canada	1,831,612	1,058,938
United Overseas Bank Limited, Singapore	1,356,750	2,435,828
CO Bank US, United States	1,356,750	491,477
Sumitomo Mitsui Banking Corporation, Singapore	1,212,935	-
Citibank NA, Hong Kong	1,017,563	61,085
Bank of Tokyo Mitsubishi UFJ, Singapore	542,700	-
Wells Fargo Bank NA, United States	-	1,347,250
Bank of New York Mellon, Singapore	-	471,538
Bank of America NA, Hong Kong	-	383,659
Standard Chartered Bank, Singapore	-	67,362
CTBC Bank Co.Ltd, Singapore	-	61,084
Total	7,318,310	6,378,221

(e) Repo to Maturity

On October 31, 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 amounts to 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 July 25, 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 November 19, 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.

(f) Others

	December 31, 2017	December 31, 2016
Rupiah:		
PT Bank Pan Indonesia Tbk.	2,540,738	2,533,041
PT Bank Mega Tbk.	798,297	-
PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk.	685,138	408,854
PT Bank Central Asia Tbk.	626,268	170,407
PT Bank DKI	546,015	414,882
PT Bank KEB Hana Indonesia	378,863	400,434
PT Bank Ina Perdana Tbk.	148,675	85,000
PT Bank Danamon Indonesia Tbk.	117,617	137,392
PT Bank Sumut	100,000	-
PT Bank MNC Internasional Tbk.	50,000	-
PT Bank Permata Tbk.	50,000	-
PT Bank BPD DIY	40,275	-
PT Bank CIMB Niaga Tbk.	25,000	-

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36. FUND BORROWINGS (continued)

(f) Others (continued)

	December 31, 2017	December 31, 2016
Rupiah (continued):		
PT Bank Chinatrust Indonesia	-	33,302
PT Bank Commonwealth	-	11,495
Total	6,106,886	4,194,807
Foreign currencies:		
Bank of Tokyo-Mitsubishi UFJ	2,586,004	-
PT Bank ANZ Indonesia	35,225	-
Total	2,621,229	-
	8,728,115	4,194,807

PT Bank Pan Indonesia Tbk.

On November 12, 2012 and latest amended on October 13, 2017, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Pan Indonesia Tbk. (Panin) signed a loan agreement whereby Panin provide some non revolving term loan facilities with a total limit of Rp5,500,000 and bear a fixed interest rate. These facilities have various maturity dates ranging from April 2018 until December 2020.

On May 12, 2011, the Subsidiary (PT Mandiri Tunas Finance) and Panin also signed loan agreement whereby Panin provides 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 November 12, 2012 with additional facility up to Rp300,000 and maturity date was extended to May 12, 2017. This loan has been repaid by Subsidiary on the maturity date.

On May 26, 2017, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Pan Indonesia Tbk. (Panin) signed a loan agreement whereby Panin provides working capital facilities with a total limit of Rp400,000 non revolving and money market line facility with a limit of Rp100,000 revolving. These facilities bears an 9% - 9.75% of interest rate of the drawdown for the working capital facility and market interest rates of the drawdown for the money market line facility. The working capital facility will be mature on December 31, 2021 and money market line facility will be matured on May 26, 2018.

As of December 31, 2017 and 2016, borrowing from Panin was amounted to Rp2,540,738 and Rp2,533,041, respectively.

PT Bank Mega Tbk.

On May 4, 2017, the Subsidiary (PT Mandiri Utama Finance) and PT Bank Mega Tbk. (Bank Mega) signed a loan agreement whereby Bank Mega provides a working capital facility with a total limit of Rp125,000 non revolving and bears 9% - 10% of interest rate. Then on July 21, 2017, Bank Mega signed a loan agreement whereby Bank Mega provides additional working capital facility with a maximum limit of Rp875,000 non revolving and bears 9% - 10% of interest rate. With this additional, the total facility provided is Rp1,000,000. The facility will be matured on May 4, 2018.

As of December 31, 2017, borrowing from Bank Mega was amounted to Rp798,297.

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36. FUND BORROWINGS (continued)

(f) Others (continued)

PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk.

On April 22, 2014, and latest amended on October 27, 2017, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk. (BJB) signed a loan agreement whereby BJB provides some non revolving term loan facilities with a total limit of Rp1,250,000 and bear a fixed interest rate. These facilities have various maturity dates ranging from May 2018 until December 2020.

As of December 31, 2017 and 2016, borrowing from BJB amounted to Rp685,138 and Rp408,854, respectively.

PT Bank Central Asia Tbk.

On March 7, 2001, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Central Asia Tbk. (BCA) signed a loan agreement where BCA provides a revolving overdraft facility and bears a floating interest rate. This agreement had been amended based on latest agreement signed on March 24, 2011 with additional facility up to Rp55,000 and latest amendment of this facility was on March 8, 2016. This facility will be matured on March 12, 2018.

On July 19, 2013 and the latest on March 8, 2016, the Subsidiary (PT Mandiri Tunas Finance) and BCA also entered into several loan agreements whereby BCA provides some non revolving term loan facilities with a total limit of Rp500,000 and bears a fixed interest rate. These facilities have various maturity dates which ranging between February 2020 until August 2020.

On June 11, 2013 and the latest on March 30, 2015, the Subsidiary (PT Mandiri Tunas Finance) and BCA signed a loan agreement whereby BCA provides revolving money market facility with a limit of Rp300,000 and bears a floating interest rate. This agreement has been amended by signing the agreement on March 24, 2017 which the money market facility switched to non revolving term loan facilities and bears a fixed interest rate. The facility has various maturity dates which ranging between July 2020 until August 2020.

On February 25, 2013, the Subsidiary (PT Mandiri Sekuritas) entered into banking facility agreement with BCA, whereby the Subsidiary obtained multifacility banking arrangement with a total of Rp200,000. Currently the multifacility has been increased to Rp250,000. This facility used money market line facility for working capital, bank guarantee facility, and foreign exchange line to anticipate the fluctuation of foreign currency exchange. The interest under this facility is determined based on agreed interest rate of the drawdown of the facility. The facility will be matured on February 22, 2018.

As of December 31, 2017 and 2016, borrowing from BCA amounted to Rp626,268 and Rp170,407, respectively.

PT Bank DKI

On September 17, 2013 and the latest on July 26, 2016, the Subsidiary (PT Mandiri Tunas Finance) 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 Rp714,500 and bears a fixed interest rate. These facilities have various maturity dates ranging between January 2018 until January 2020.

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36. FUND BORROWINGS (continued)

(f) Others (continued)

PT Bank DKI (continued)

On July 26, 2016, the Subsidiary (PT Mandiri Tunas Finance) and Bank DKI signed a loan agreement whereby the Bank DKI provides money market facility with a limit of Rp100,000 revolving and bears floating interest rate. The facility was matured on July 26, 2017. This borrowing was already fully paid on the maturity date.

On March 24, 2017, the Subsidiary (PT Mandiri Utama Finance) and PT Bank DKI (Bank DKI) signed a loan agreement whereby Bank DKI provides money market line facility with a total maximum limit of Rp300,000 revolving and bears market interest rate of the drawdown of the facility. The facility will be matured on March 23, 2018.

As of December 31, 2017 and 2016, borrowing from Bank DKI was amounted to Rp546,015 and Rp414,882, respectively.

PT Bank KEB Hana Indonesia

On March 19, 2015 and the latest on May 23, 2016, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank KEB Indonesia Hana (Hana) signed a loan agreement where Hana provides term loan facilities with a total facility of Rp600,000 non revolving and bears a fixed interest rate. These facilities have various maturity dates which is ranging from March 2018 until June 2019.

On July 13, 2017 the Subsidiary (PT Mandiri Utama Finance) and PT Bank KEB Hana Indonesia (Bank Hana) signed a loan agreement where Bank Hana provides working capital facility with a total limit of Rp200,000 non revolving and bears a 9% fixed interest rate. The facility will be matured on September 7, 2020.

As of December 31, 2017 and 2016, loans from Hana amounted to Rp378,863 and Rp400,434, respectively.

PT Bank Ina Perdana Tbk.

On December 28, 2016, the Subsidiary (PT Mandiri Utama Finance) and PT Bank Ina Perdana Tbk. (Bank Ina) signed a loan agreement whereby Bank Ina provides working capital facilities with a total limit of Rp85,000 non revolving and bears a 9% of interest rate. The facility will be matured on December 29, 2020.

On December 19, 2017, the Subsidiary (PT Mandiri Utama Finance) and PT Bank Ina Perdana Tbk. (Bank Ina) signed a loan agreement whereby Bank Ina provides working capital facilities on additional plafond amounting to Rp85,000 non revolving and bears an 8.5% of interest rate. The facility will be matured on December 20, 2020.

As of December 31, 2017 and 2016, loans from Bank Ina amounted to Rp148,675 and Rp85,000, respectively.

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36. FUND BORROWINGS (continued)

(f) Others (continued)

PT Bank Danamon Indonesia Tbk.

On May 20, 2010, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Danamon Tbk. (Danamon) signed a loan agreement whereby the Bank provides a term loan facility with a total facility of Rp198,806 revolving and bears a fixed interest rate and a working capital loan facility with a total facility of Rp100,000 revolving and bears a floating interest rate. These facilities have various maturity dates ranging between August 2018 until June 2020.

As of December 31, 2017 and 2016, loans from Danamon amounted to Rp117,617 and Rp137,392, respectively.

PT Bank Sumut

The Subsidiary (PT Mandiri Sekuritas) provides a credit facility from PT Bank Sumut (Bank Sumut) amounting to Rp100,000 with maximum withdrawal for 3 months tenor. The interest rate will be effectively floating depend when the facility disbursed to PT Mandiri Sekuritas. The facility purposed for financing the working capital of PT Mandiri Sekuritas. This facility will be matured on January 3, 2018.

As of December 31, 2017, loans from Bank Sumut amounted to Rp100,000.

PT Bank MNC Internasional Tbk.

On March 22, 2017, the Subsidiary (PT Mandiri Utama Finance) and PT Bank MNC Internasional Tbk. (Bank MNC) signed a loan agreement whereby Bank MNC provides money market line facility on plafond amounted to Rp120,000 revolving and bears a market interest rate when the facility withdrawn. This facility will be matured on March 22, 2018.

As of December 31, 2017, loans from Bank MNC amounted to Rp50,000.

PT Bank Permata Tbk.

On November 15, 2017, the Subsidiary (PT Mandiri Utama Finance) and PT Bank Permata Tbk. (Bank Permata) signed a loan agreement where Bank Permata provides a working capital facility with a total limit Rp200,000 non revolving bears a 9% of interest rate for one year and money market line facility with total limit Rp100,000 revolving bears an interest rate range for 7% - 7.25%. These facilities will be matured on November 14, 2018.

As of December 31, 2017 loans from Bank Permata amounted to Rp50,000.

PT Bank BPD DIY

On May 18, 2017, the Subsidiary (PT Mandiri Utama Finance) and PT Bank BPD DIY (BPD DIY) signed a loan agreement where BPD DIY provides a working capital facility with total limit Rp50,000 non revolving and bears a 9% of interest rate when withdrawn. This facility will be matured on May 22, 2020.

As of December 31, 2017, loans from BPD DIY amounted to Rp40,275.

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36. FUND BORROWINGS (continued)

(f) Others (continued)

PT Bank CIMB Niaga Tbk.

On November 21, 2017, the Subsidiary (PT Mandiri Utama Finance) and PT Bank CIMB Niaga Tbk. (Bank CIMB Niaga) signed a loan agreement whereby Bank CIMB Niaga provides a working capital facility with maximum limit Rp200,000 non revolving and bears a 9% of interest fixed rate for a year. The facility will be matured in 2021.

As of December 31, 2017, loans from Bank CIMB Niaga amounted to Rp25,000.

PT Bank Chinatrust Indonesia

On December 18, 2014, the Subsidiary (PT Mandiri Tunas Finance) and Bank Chinatrust (BCT) signed loan agreement whereby BCT provides several working capital non revolving term loan facilities with total limit of Rp100,000 and bear fixed interest rate. These facilities was matured in December 2017. This loan has been repaid by Subsidiary on the maturity date.

As of December 31, 2017 and 2016, borrowing from BCT amounted to RpNil and Rp33,302, respectively.

PT Bank Commonwealth

On March 27, 2014, the Subsidiary (PT Mandiri Tunas Finance) and PT Bank Commonwealth (Commonwealth) signed a loan agreement in which Commonwealth provides several non revolving term loan facilities with total limit of Rp69,000 and bears fixed interest rate. The facility was matured in June 2017. This loan has been repaid by Subsidiary on the maturity date.

As of December 31, 2017 and 2016, borrowing from Commonwealth amounted to RpNil and Rp11,495, respectively.

Bank of Tokyo-Mitsubishi UFJ

On July 19, 2017, the Subsidiary (PT Mandiri Tunas Finance) and Bank of Tokyo-Mitsubishi UFJ (BTMU) signed a loan agreement whereby BTMU provides the syndication loan in USD with total limit equivalent Rp2,686,350 non revolving and bears a fixed interest rate. These facilities have various maturity dates ranging between September 2020 until November 2020.

As of December 31, 2017, loans from BTMU amounted to equivalent Rp2,586,004.

PT Bank ANZ Indonesia

On April 13, 2010, the Subsidiary (PT Mandiri Sekuritas) and PT Bank ANZ Indonesia (ANZ) signed a loan agreement where the ANZ provides a working capital facility with limit amounted equivalent Rp130,000 and Bank Guarantee equivalent Rp50,000 to give it to Kliring Penjaminan Efek Indonesia ("KPEI") as transaction limit indicator for Subsidiary or for give it to Financial Services Authority ("FSA") to guaranteeing underwriting process.

Working capital facility provided in Rupiah ("Basic Currency") but if demanded by Subsidiaries, the working capital facility will provided in USD ("Alternative Currency") with equivalent amount in basic currency from the working capital loan. The interest rate which charged for the working capital loan based on the agreement when the transaction held. The facility will be reviewed on January 31, 2018.

As of December 31, 2017, loans form ANZ amounted to equivalent Rp35,225.

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36. FUND BORROWINGS (continued)

(f) Others (continued)

The loan facilities received by the Subsidiary (PT Mandiri Tunas Finance) from some banks require PT Mandiri Tunas Finance to provide written notice in terms of dividend distribution, changes in capital and shareholders, changes of directors and commissioners, changes in main business, investment and borrowing new from another bank. Under the loan agreements, PT Mandiri Tunas Finance is also required to meet the financial requirements such as the ratio of total debt to equity interest does not exceed a ratio of 10:1 and other reporting obligations.

The loan facilities which disbursed to subsidiary (PT Mandiri Utama Finance) from some banks requires Mandiri Utama Finance meet the financial requirements e.g. ratio of debt and equity shall no more than 10:1, percentage of the writeoff shall less than 2% for car and 5% for motorcycle, the maximum gearing ratio 10x, minimal current ratio 1.1x, minimal consumer financing 40% from all total assets, the maximum aging of account receivable for consumer financing more than 90 days shall only 3% and other reports which must be reported by Mandiri Utama Finance.

Loans received by PT Mandiri Tunas Finance and PT Mandiri Utama Finance are secured by consumer financing receivables amounting to Rp8,016,751 as of December 31, 2017 (December 31, 2016: Rp5,693,917) (Note 13g) and net investment in finance leases amounting to Rp1,126,406 as of December 31, 2017 (December 31, 2016: Rp274,319) (Note 14g).

Bank Mandiri and its Subsidiaries have paid all interest for fund borrowings in accordance with the schedule of interest payments during the years ended December 31, 2017 and 2016.

During the years ended December 31, 2017 and 2016, Bank Mandiri and its Subsidiaries have fulfilled the condition and requirements set forth in the fund borrowing agreements.

37. SUBORDINATED LOANS

By type and currency:

	December 31, 2017	December 31, 2016
Rupiah:		
Third parties		
Two-Step Loans (TSL)		
(a) Nordic Investment Bank (NIB)	-	10,652
Foreign currencies:		
Third parties		
Two-Step Loans (TSL)		
(b) Asian Development Bank (ADB)	191,501	204,780
Net (Note 61B.(v))	191,501	215,432

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37. SUBORDINATED LOANS (continued)

(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.	April 15, 1997 - February 28, 2017 with the 1 st installment on August 31, 2002.

The details of credit facilities from NIB are as follow:

	December 31, 2017	December 31, 2016
Nordic Investment Bank IV (NIB IV)	-	10,652

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. This borrowing was already fully paid on the maturity date.

(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 relents 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).	January 15, 2005 - July 15, 2029 with 1 st installment on January 15, 2005.

The details of credit facilities from ADB are as follows:

	December 31, 2017	December 31, 2016
ADB Loan 1327 - INO (SF)	191,501	204,780

The Minister of Finance through its letter No. S-596/MK.6/2004 dated July 12, 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 April 27, 1995, which was revised by amendment No. AMA-287/SLA-805/DP3/2003 dated April 22, 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 July 16, 2004.

The ADB loans for Micro Credit Projects was granted in SDR (Special Drawing Rights) currency in amount of SDR15,872,600.44 (full amount) which required Bank Mandiri to repay in SDR currency to the Government in 50 (fifty) prorated semi-annual installments every January 15 and July 15, with the first installment paid on January 15, 2005 and will end on July 15, 2029. The ADB loans are subject to a service charge of 1.50% per annum which is charged on every January 15 and July 15, every year starting from its drawdown.

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38. TEMPORARY SYIRKAH FUNDS

Temporary *Syirkah* funds consists of:

a. Deposits from Customers

1) Demand Deposits

	December 31, 2017	December 31, 2016
Rupiah		
Third parties		
Demand deposits - <i>Mudharabah Musytarakah</i>	6,322	6,582
Demand deposits - restricted investment	518,963	62,343
	525,285	68,925

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.

2) Saving Deposits

a. Based on type:

	December 31, 2017	December 31, 2016
Related parties (Note 55)		
<i>Mudharabah</i> saving deposits - unrestricted investment		
BSM saving deposits	34,012	20,331
<i>Mabrur</i> saving deposits	104	78
<i>Investa Cendekia</i> saving deposits	186	35
<i>Berencana</i> BSM saving deposits	482	380
Institution <i>Mudharabah</i> saving deposits	-	7,223
	34,784	28,047
Third parties		
Saving deposits - restricted investment	1,331,247	1,497,199
<i>Mudharabah</i> saving deposits - unrestricted investment		
BSM saving deposits	21,847,528	19,216,285
<i>Mabrur</i> saving deposits	4,063,954	3,696,282
<i>Investa Cendekia</i> saving deposits	369,442	362,313
<i>Berencana</i> BSM saving deposits	148,896	151,207
Retirement saving deposits	404,566	206,047
<i>Qurban</i> saving deposits	319	410
	28,165,952	25,129,743
Total	28,200,736	25,157,790

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38. TEMPORARY SYIRKAH FUNDS (continued)

a. Deposits from Customers (continued)

2) Saving Deposits (continued)

a. Based on type (continued):

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 (*nisbah*) for *mudharabah* saving deposits - unrestricted investment:

	December 31, 2017	December 31, 2016
Profit sharing ratio (<i>nisbah</i>)	0.61% - 4.97%	0.23% - 5.10%

3) *Mudharabah* Time Deposit - unrestricted investment

	December 31, 2017	December 31, 2016
Rupiah		
Related parties (Note 55)	931,490	880,201
Third parties	33,172,990	29,849,505
Total	34,104,480	30,729,706
Foreign currency		
Related parties (Note 55)	7,825	6,143
Third parties	3,384,283	4,477,910
Total	3,392,108	4,484,053
	37,496,588	35,213,759

b. Deposits from Other Banks

	December 31, 2017	December 31, 2016
Third parties		
<i>Mudharabah</i> saving deposits - unrestricted investment	316,574	258,325
<i>Mudharabah</i> time deposits - unrestricted investment	128,715	77,589
Total	445,289	335,914

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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

- 1) By contract period:

	December 31, 2017	December 31, 2016
Rupiah:		
1 month	27,430,422	24,575,821
3 months	2,819,012	2,436,494
6 months	1,390,061	1,326,191
12 months	2,593,700	2,468,788
Total	34,233,195	30,807,294
Foreign currency:		
1 month	2,912,949	4,155,803
3 months	182,305	80,483
6 months	43,257	32,298
12 months	253,597	215,470
Total	3,392,108	4,484,054
	37,625,303	35,291,348

- 2) By remaining period until maturity date:

	December 31, 2017	December 31, 2016
Rupiah:		
Less than 1 month	28,666,786	25,231,301
1 - 3 months	2,709,869	2,795,228
3 - 6 months	1,345,104	1,361,302
6 - 12 months	1,511,436	1,419,463
Total	34,233,195	30,807,294
Foreign currency:		
Less than 1 month	2,923,800	4,059,909
1 - 3 months	332,626	229,807
3 - 6 months	35,438	35,515
6 - 12 months	100,244	158,823
Total	3,392,108	4,484,054
	37,625,303	35,291,348

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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)

- 2) By remaining period until maturity date (continued):

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 (*nisbah*) arranged in *Mudharabah Muthlaqah* agreement.

- 3) Ranging of the Annual Profit Sharing Ratio (*nisbah*) for *Mudharabah* Time Deposits:

	December 31, 2017	December 31, 2016
Rupiah	4.00% - 6.21%	4.06% - 6.15%
Foreign currency	0.61% - 1.66%	0.66% - 1.64%

- 4) *Mudharabah* time deposits with *Mudharabah Muthlaqah* agreement that is pledged as collateral for receivables and financing amounted to Rp8,422,310 and Rp8,217,018 as of December 31, 2017 and 2016, respectively.

39. NONCONTROLLING INTERESTS IN NET ASSETS OF CONSOLIDATED SUBSIDIARIES

This account represents noncontrolling interests in net assets of consolidated Subsidiaries are as follows:

	December 31, 2017	December 31, 2016
PT AXA Mandiri Financial Services	1,063,407	1,138,819
PT Mandiri Tunas Finance	866,487	722,323
PT Bank Mandiri Taspen	617,375	458,658
PT Asuransi Jiwa InHealth Indonesia	285,625	277,011
PT Mandiri Utama Finance	242,438	121,302
PT Mandiri AXA General Insurance	211,678	197,425
PT Mandiri Sekuritas	195	145
PT Mandiri Capital Indonesia	84	102
Total	3,287,289	2,915,785

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40. SHARE CAPITAL

a. Authorised, Issued and Fully Paid Capital

The Bank's authorised, issued and fully paid capital as of December 31, 2017 and 2016, respectively, are as follows:

December 31, 2017				
	Number of shares	Nominal value per Share (full amount)	Share value (full amount)	Percentage of ownership
Authorised Capital				
Share series A Dwiwarna	1	250	250	0.00%
Common shares series B	63,999,999,999	250	15,999,999,999,750	100.00%
Total Authorised Capital	64,000,000,000		16,000,000,000,000	100.00%
Issued and Fully Paid Capital				
Share series A Dwiwarna	1	250	250	0.00%
Republic of Indonesia				
Common Shares Series B				
Republic of Indonesia	27,999,999,999	250	6,999,999,999,750	60.00%
Management:				
Sulaiman Arif Arianto	380,058	250	95,014,500	0.00%
Ogi Prastomiyono	971,000	250	242,750,000	0.00%
Hery Gunardi	418,000	250	104,500,000	0.00%
Tardi	925,000	250	231,250,000	0.00%
Ahmad Siddik Badrudin	996,600	250	249,150,000	0.00%
Kartini Sally	360,000	250	90,000,000	0.00%
Royke Tumilaar	102,000	250	25,500,000	0.00%
Public (less than 5% each)	18,662,514,008	250	4,665,628,502,000	40.00%
	46,666,666,666		11,666,666,666,500	100.00%
December 31, 2016				
	Number of shares	Nominal value per Share (full amount)	Share value (full amount)	Percentage of ownership
Authorised Capital				
Share series A Dwiwarna	1	500	500	0.00%
Common shares series B	31,999,999,999	500	15,999,999,999,500	100.00%
Total Authorised Capital	32,000,000,000		16,000,000,000,000	100.00%
Issued and Fully Paid Capital				
Share series A Dwiwarna	1	500	500	0.00%
Republic of Indonesia				
Common share series B				
Republic of Indonesia	13,999,999,999	500	6,999,999,999,500	60.00%
Management:				
Sulaiman Arif Arianto	190,029	500	95,014,500	0.00%
Ogi Prastomiyono	485,500	500	242,750,000	0.00%
Pahala N. Mansury	816,500	500	408,250,000	0.01%
Hery Gunardi	171,500	500	85,750,000	0.00%
Tardi	462,500	500	231,250,000	0.00%
Ahmad Siddik Badrudin	498,300	500	249,150,000	0.00%
Kartini Sally	180,000	500	90,000,000	0.00%
Royke Tumilaar	51,000	500	25,500,000	0.00%
Public (less than 5% each)	9,330,478,004	500	4,665,239,002,000	39.99%
	23,333,333,333		11,666,666,666,500	100.00%

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40. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid Capital (continued)

Shares owned by the Board of Directors for the year ended December 31, 2017 and 2016 respectively, amounted to 4,152,658 shares and 2,855,329 shares, or 0.01% and 0.01% of the total number of authorized shares.

Based on notarial deed No. 10 of Notary Sutjipto, S.H., dated October 2, 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 October 2, 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 July 24, 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 Meeting of Shareholders resolution dated May 29, 2003, which was documented in Notarial Deed No. 142 of Notary Sutjipto, S.H., dated May 29, 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 Meeting of Shareholders also approved the allocation on part of recapitalisation fund amounting to Rp168,801,315 as share premium.

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40. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid Capital (continued)

The above changes in capital structure became effective started from May 23, 2003, with the conditional requirement that the Bank should conduct a quasi-reorganisation before the end of 2003 as required in the Extraordinary General Meeting of Shareholders.

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 Meeting of Shareholders can make decision only if the Dwiwarna Series A Shareholders attend and approve certain agendas.

The agenda of General Meeting of Shareholders where the shareholder of Dwiwarna Series A 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 Sutjipto, S.H. No. 2 dated June 1, 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 June 6, 2003 and announced in Appendix No. 6590 of State Gazette of the Republic of Indonesia No. 63 dated August 8, 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 No. 26 year 2003 dated May 29, 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 October 29, 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 May 23, 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".

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40. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid Capital (continued)

Management Stock Option Plan

Based on the Extraordinary General Meeting of Shareholders held on May 29, 2003, which was notarised by Notary Sutjipto, S.H., in notarial deed No. 142 dated May 29, 2003, the shareholders' agreed on employee stock ownership plan through an Employee Stock Allocation (ESA) Program (ESA) and a Management Stock Option Plan (MSOP). The ESA program consists of a 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 July 14, 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).

As a follow up action on the Government of Republic of Indonesia Regulation No. 27/2003 dated June 2, 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 January 19, 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 March 11, 2004 through private placement.

On July 14, 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 (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 July 13, 2008 based on Announcement of Indonesia Stock Exchange (formerly Jakarta Stock Exchange) No. Peng-262/BEJ.PJS/P/07-2004 dated July 14, 2004.

The Annual General Meeting of Shareholders on May 16, 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 May 4, 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 February 2, 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/share premium.

The Annual General Meeting of Shareholders on May 22, 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.

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40. SHARE CAPITAL (continued)

a. Authorised, Issued and Fully Paid-in Capital (continued)

Management Stock Option Plan (continued)

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 February 14, 2011 until February 21, 2011. The unexercised MSOP Stage 3 stock option was 1,127 shares or amounting to Rp4 that has expired and recorded as additional paid-in capital/share premium.

On December 27, 2010, Bank Mandiri submitted a first registration to OJK (formerly Capital Market Supervisory Board and Financial Institution ("Bapepam and LK")) in relation to the Limited Public Offering (LPO) 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 April 29, 2010. The Bank has submitted the notification letter regarding the limited public offering to Bank Indonesia through its letter dated September 17, 2010. The limited public offering has been enacted through the Indonesian Government Regulation No. 75 of 2010 dated November 20, 2010.

LPO has been approved by Bapepam and LK through its letter No. S-807/BL/2011 dated January 27, 2011, and the LPO has become effective after obtaining approval in the Extraordinary General Shareholders Meeting held on January 28, 2011.

The pre-emptive rights of 2,336,838,591 shares were traded during the period of February 14 - 21, 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.

Based on the extraordinary annual meeting held on August 21, 2017, shareholders of Bank Mandiri approved to split Bank Mandiri's stock from Rp500 (full amount) per share to Rp250 (full amount) per share which made Bank Mandiri's equity amounted 46,666,666,666 shares consist of 1 share series A Dwiwarna and 46,666,666,665 common share series B. There are no changes for Bank Mandiri's authorised, issued and fully paid capital which caused by the stock split. The stock split effective started from September 13, 2017.

b. Additional Paid-In Capital/Share Premium

The additional paid-in capital/share premium as of December 31, 2017 and 2016 amounted to Rp17,316,192 is derived from LPO and Recapitalisation Program (Note 1c) and Sale of Bank Mandiri Shareholding in UGM and BDP. 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 (Rp273,932 in Parent Entity financial statements) is generated from the transfer of share ownership of Bank Mandiri in UGM and BDP to controlling entity, which represents the difference between selling price and book value of shares in consolidated financial statements.

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.

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40. SHARE CAPITAL (continued)

b. Additional Paid-In Capital/Share Premium (continued)

Based on the results of a due diligence review conducted on behalf of the Government dated December 31, 1999 and Management Contract (IMPA) dated April 8, 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 July 7, 2000 pursuant to the Management Contract. The remaining balance of Rp1,412,000 was refunded to the Government on April 25, 2003 based on approval from the shareholders during its meeting on October 29, 2002 and the Ministry of State-Owned Enterprises Decision Letter No. KEP-154/M-MBU/2002 dated October 29, 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 May 23, 2003, the Minister of Finance of the Republic of Indonesia issued Decree ("KMK-RI") No. 227/KMK.02/2003 dated May 23, 2003, which was amended by KMK-RI No. 420/KMK.02/2003 dated September 30, 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 of April 30, 2003 amounted to Rp162,874,901 were eliminated against additional paid-in capital/share premium.

c. Distribution of net income

Based on the Annual General Shareholders' Meeting held on March 14, 2017 and March 21, 2016, the shareholders approved the distribution of the 2016 and 2015 net income as follows:

	2016	2015
Dividends	6,212,954	6,100,490
Retained Earnings		
Appropriated	-	2,277,517
Unappropriated	7,593,611	11,956,961
	13,806,565	20,334,968
Dividend per share (full amount)	266.26947	261.44958

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40. SHARE CAPITAL (continued)

c. Distribution of net income (continued)

Dividends from 2016 net income amounted to Rp6,212,954 were paid on April 13, 2017 and dividends from 2015 net income amounted to Rp6,100,490 were paid on April 22, 2016. Payment of dividends were recorded in the consolidated statement of changes in equity on the respective payment dates.

The appropriated retained earnings for the year 2015 amounting Rp2,277,517 is allocated for Bank Mandiri's investments purposes.

As of 30 September 2016, the Bank reclassified in retained earnings that have been appropriated into the unappropriated retained earnings amounting Rp9,299,631 to maintain a stable capital structure in order to support operational activities.

41. INTEREST INCOME AND SHARIA INCOME

Interest income and sharia income are as follow:

	For the year ended December 31,	
	2017	2016
<u>Interest income</u>		
Loans	59,116,422	59,175,505
Government bonds	5,176,335	5,352,859
Marketable securities	2,144,166	1,833,272
Consumer financing income	2,636,441	2,007,598
Placements with Bank Indonesia and other banks	1,570,139	1,244,587
Others	2,628,481	1,531,580
	73,271,984	71,145,401
<u>Sharia income</u>		
<i>Murabahah</i> and <i>Istishna</i> income - net	4,336,028	4,048,565
<i>Musyarakah</i> income	1,384,132	1,104,685
<i>Mudharabah</i> income	363,818	362,083
<i>Ijarah</i> income - net	145,568	49,154
	6,229,546	5,564,487
Total	79,501,530	76,709,888

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 December 31, 2017 and 2016 amounting to Rp761,192 and Rp721,979 and fees and commissions income directly attributable to lending activities amortised using effective interest rate method for the year ended December 31, 2017 and 2016 amounting to Rp2,245,554 and Rp1,910,617, respectively.

As of December 31, 2017 and 2016 included in interest income and sharia income is income from transaction with related parties on government bonds and treasury bill amounting to Rp5,300,754 and Rp5,490,404, respectively (refer to Note 55).

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42. INTEREST EXPENSE AND SHARIA EXPENSE

Interest expense and sharia expense are incurred on the following:

	Year ended December 31,	
	2017	2016
<u>Interest expense</u>		
Time deposits	13,701,237	13,987,125
Saving deposits	2,885,522	2,521,427
Demand deposits	2,839,300	2,238,305
Fund borrowings	1,902,168	1,771,326
Marketable securities issued	1,316,516	641,132
Subordinated loans	2,775	399,916
Others	1,985,723	986,568
	<u>24,633,241</u>	<u>22,544,799</u>
<u>Sharia expense</u>		
Mudharabah deposits	1,989,111	1,869,987
Mudharabah saving deposits	453,491	411,376
Restricted Investments	98,476	57,393
Musyarakah - mudharabah musytarakah	51	99
Certificate of interbank mudharabah investment	1	865
	<u>2,541,130</u>	<u>2,339,720</u>
Total	<u>27,174,371</u>	<u>24,884,519</u>

Included in interest expense and sharia expense above are interest expense from related parties transactions from fund borrowings for the years ended December 31, 2017 and 2016 amounting to RpNil and Rp971, respectively (Note 55).

43. OTHER OPERATING INCOME - OTHERS

	Year ended December 31,	
	2017	2016
Recoveries from write-offs loans and sharia financing	4,206,354	3,480,564
Income from mutual fund dividend	414,699	357,537
Income from penalty	219,224	237,825
Income from loan written-off	211,062	221,370
Recoveries from write-offs investments in shares	75,992	-
Safety deposit box	42,037	38,749
Stamp duty income	41,750	46,122
Others	1,699,307	1,199,022
Total	<u>6,910,425</u>	<u>5,581,189</u>

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44. ALLOWANCE FOR IMPAIRMENT LOSSES

	Year ended December 31,	
	2017	2016
(Allowance)/reversal for provision of impairment losses on:		
Current accounts with other banks (Note 5d)	44	176
Placements with other banks (Note 6d)	53,290	(21,415)
Marketable securities (Note 7g)	(8,420)	(24,094)
Other receivables - trade transactions (Note 9d)	425,563	(35,085)
Loans (Note 12B.j)	(15,458,493)	(24,277,357)
Consumer financing receivables (Note 13d)	(640,151)	(455,025)
Net investment in lease finance (Note 14d)	(5,784)	(196)
Acceptance receivables (Note 15d)	(9,783)	(130,909)
Investments in shares (Note 16c)	(2,651)	(33)
Total	(15,646,385)	(24,943,938)

45. (PROVISION FOR)/REVERSAL OF OTHER ALLOWANCES

	Year ended December 31,	
	2017	2016
(Allowance)/reversal provision for:		
Estimated losses arising from fraud cases	(58,785)	(45,796)
Estimated losses arising from legal cases	33,099	265,390
Losses from operational risk-external fraud	(7,625)	-
Other assets (Note 20)	(98,739)	(101,957)
Total	(132,050)	117,637

46. UNREALISED GAINS/(LOSSES) FROM INCREASE/(DECREASE) IN FAIR VALUE OF MARKETABLE SECURITIES, GOVERNMENT BONDS AND POLICYHOLDERS INVESTMENT IN UNIT-LINK CONTRACTS

	Year ended December 31,	
	2017	2016
Marketable securities	52,439	3,505
Government bonds	115,453	12,133
Changes in market value of policyholders' investment and increase/(decrease) in liability in unit-link contracts		
- Change in market value of policyholders' investment	3,311,638	1,416,023
- Increase in liability in unit-link contracts	(3,311,638)	(1,416,023)
Total	167,892	15,638

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47. GAIN ON SALE OF MARKETABLE SECURITIES AND GOVERNMENT BONDS

	Year ended December 31,	
	2017	2016
Marketable securities		
Fair value through profit and loss	117,395	53,957
Available for sale	35,471	35,259
Government bonds		
Fair value through profit and loss	33,685	59,725
Available for sale	707,019	596,963
Total	893,570	745,904

48. SALARIES AND EMPLOYEE BENEFITS

	Year ended December 31,	
	2017	2016
Salaries, wages, pension and tax allowances	8,634,555	7,829,540
Holidays allowance, leave and related entitlements	1,497,603	1,444,490
Employee benefits in kind	1,029,001	1,127,755
Training and education	650,741	588,480
Provision for post-employment benefit expenses	466,422	330,895
Provision of tantiem	198,282	211,541
Bonuses and others	2,382,038	2,086,044
Total	14,858,642	13,618,745

Total gross salaries and allowances, bonus and tantiem, long-term employment benefits of the Boards of Commissioners, Directors, Audit Committee and Risk Monitoring, Sharia Supervisory Board and Senior Executive Vice President and Senior Vice President are amounting to Rp1,153,809 and Rp986,140 (Note 55) for the years ended December 31, 2017 and 2016, respectively, as follows:

	Year ended December 31, 2017			
	Salaries and allowance	Bonus and tantiem	Long-term employment benefits	Total
The Board of Commissioners	50,089	71,983	5,049	127,121
Directors	151,721	196,428	18,394	366,543
Audit Committee and Risk Monitoring Committee	4,744	-	-	4,744
Sharia Supervisory Board	1,669	253	300	2,222
Senior Executive Vice Presidents and Senior Vice President	439,683	184,027	29,469	653,179
Total	647,906	452,691	53,212	1,153,809

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48. SALARIES AND EMPLOYEE BENEFITS (continued)

Total gross salaries and allowances, bonus and tantiem, long-term employment benefits of the Boards of Commissioners, Directors, Audit Committee and Risk Monitoring, Sharia Supervisory Board and Senior Executive Vice President and Senior Vice President are amounting to Rp1,153,809 and Rp986,140 (Note 55) for the years ended December 31, 2017 and 2016, respectively, as follows (continued):

	Year ended December 31, 2016			Total
	Salaries and allowance	Bonus and tantiem	Long-term employment benefits	
The Board of Commissioners	53,355	72,662	3,677	129,694
Directors	143,235	242,811	16,875	402,921
Audit Committee and Risk Monitoring Committee	4,902	-	-	4,902
Sharia Supervisory Board	1,448	37	-	1,485
Senior Executive Vice Presidents and Senior Vice Presidents	269,239	160,709	17,190	447,138
Total	472,179	476,219	37,742	986,140

49. GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended December 31,	
	2017	2016
Professional fees	3,728,299	3,510,255
Rent	2,043,611	1,870,760
Goods/services provided by third parties	1,544,818	1,434,018
Repairs and maintenance	1,401,012	1,206,516
Depreciation of fixed assets (Note 18)	1,389,147	1,377,656
Communication	1,092,507	1,055,504
Promotion	1,092,363	1,056,241
Office supplies	535,331	559,521
Electricity, water and gas	530,165	522,339
Amortisation of intangible assets	442,954	379,837
Transportations	409,895	385,586
Traveling expenses	189,770	184,747
Insurance expenses	73,725	74,564
Others	931,982	340,667
Total	15,405,579	13,958,211

For the year ended December 31, 2017 and 2016, promotions expenses include the sweepstakes prize expense of third party funds amounting to Rp59,486 and Rp60,227, respectively.

50. PENSION PLAN AND SEVERANCE PAY

Under the Bank's policy, in addition to salaries, employees are entitled to allowances and benefits, such as holiday allowance, 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.

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50. PENSION PLAN AND SEVERANCE PAY(continued)

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 August 1, 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 July 14, 1999 and was published in supplement of the State Gazette of the Republic of Indonesia No. 62 dated August 3, 1999 and Bank Mandiri's Directors' Resolution No. 004/KEP.DIR/1999 dated April 26, 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 July 22, 2005 and was published in the supplement of the State Gazette of the Republic of Indonesia No. 77 dated September 27, 2005 and Bank Mandiri's Directors' Resolution No. 068/KEP.DIR/2005 dated June 28, 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 of December 31, 2017 and 2016 were RpNil and Rp8,455, respectively. The interest rates on these time deposits are given on arms-length basis.

For the years ended December 31, 2017 and 2016, the Bank has paid pension contributions amounting to Rp405,245 and Rp370,956, 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). Participants of defined benefit pension plans are come from the legacy banks with three years working periods or more at the time of the merger consisting of active employees of the bank, former employees (employees who stopped working and did not transfer his rights to another pension fund) and retirees.

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 November 15, 1999. Based on the approval from shareholders No. S-923/M-MBU/2003 dated March 6, 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 March 31, 2003.

Based on the decision of the General Meeting of Shareholders dated on May 28, 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 July 20, 2007.

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50. PENSION PLAN AND SEVERANCE PAY (continued)

Pension Plan (continued)

Based on the approval of the General Meeting of Shareholders (AGM) on May 17, 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 August 10, 2010 (DPBMS); No. KEP-442/KM.10/2010 dated August 10, 2010 (DPBMD); No. KEP-443/KM.10/2010 dated August 10, 2010 (DPBMT) and No. KEP-444/KM.10/2010 dated August 10, 2010 (DPBME).

Based on the approval of the General Meeting of Shareholders (AGM) on May 23, 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 July 20, 2011 (DPBMS); No. KEP-589/KM.10/2011 dated July 20, 2011 (DPBMD); No. KEP-590/KM.10/2011 dated July 20, 2011 (DPBMT) and No. KEP-591/KM.10/2011 dated July 20, 2011 (DPBME).

Based on the approval of the General Meeting of Shareholders (AGM) on April 2, 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 Board of Commissioners of FSA through Decree No. KEP-349/NB.1/2013 dated June 14, 2013 (DPBMS); No. KEP-350/NB.1/2013 dated June 14, 2013 (DPBMD); No. KEP-351/NB.1/2013 dated June 14, 2013 (DPBMT) and No. KEP-352/NB.1/2013 dated June 14, 2013 (DPBME).

The AGM also decided granting of another benefits as well as the delegation of authority to the Board to decide on the increase in pension benefits and other benefits to the extent consistent with applicable regulations, i.e. after the increase in pension benefits or the provision of other benefits, Adequacy Ratio Fund, DPBMS, DPBMD, DPBMT and DPBME minimum of 115%.

Based on the approval of the Board of Commissioner Meeting on July 2, 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 Board of Commissioners of FSA through Decree No. KEP-1773/NB.1/2014 dated July 17, 2014 (DPBMS); No. KEP-1774/NB.1/2014 dated July 17, 2014 (DPBMD); No. KEP-1775/NB.1/2014 dated July 17, 2014 (DPBMT) and No. KEP-1776/NB.1/2014 dated July 17, 2014 (DPBME).

Based on the approval of the Board of Commissioner of Bank Mandiri dated June 3, 2015, Bank Mandiri provides other benefits to each pension fund. The decision to provide other benefits was set forth in the respective Regulation of Pension Fund and has been approved by the Board of Commissioners of FSA through Decree No. KEP-525/NB.1/2015 dated June 29, 2015 (DPBMS), No. KEP-526/NB.1/2015 dated June 29, 2015 (DPBMD), No. KEP-527/NB.1/2015 (DPBMT) and No. KEP-528/NB.1/2015 dated June 29, 2015 (DPBME).

Based on the approval of the Annual General Meeting of Shareholders (AGM) on March 21, 2016 approved for the amendment the provisions for the minimum requirements Adequacy Ratio Fund (ARF), DPBMS, DPBMD, DPBMT and DPBME which the original minimum is 115% and change to the minimum of 105%, so that the delegation of authority to the Board of Commissioners related with the decision for the increment of pension benefits and other benefits to the extent where consistent with the applicable regulations, namely after the increment of pension benefits or other benefits provision, it was changed to meet the requirements at least:

1. Adequacy Ratio Fund (ARF) after the increment of Pension Benefits minimum is 105% which based on mortality tables defined by the Legal Entity as the Founder.
2. There is still surplus which does not create an additional contribution obligations and liabilities of accounting in accordance with SFAS No. 24.

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50. PENSION PLAN AND SEVERANCE PAY (continued)

Pension Plan (continued)

Based on the approval of the Board of Commissioners Meeting of Bank Mandiri dated June 22, 2016, Bank Mandiri provides Pension Benefits to the Pension Fund of Bank Mandiri Tiga and provides other benefits to each of the Pension Funds. The decision to grant Pension Benefit increment and provide other Benefits is set forth in the respective Pension Fund Rules and has been approved by the Board of Commissioners of the Financial Services Authority through its Decision Letter No. KEP-40/NB.1/2016 dated June 29, 2016 (DPBMS). No. KEP-41/NB.1/2016 dated June 29, 2016 (DPBMD); No. KEP-42/NB.1/2016 dated June 29, 2015 (DPBMT); and No. KEP-43/NB.1/2016 dated June 29, 2016 (DPBME).

Based on the approval of Bank Mandiri's Board of Commissioners Meeting dated May 3, 2017, Bank Mandiri provides Pension Benefits and other Benefits in the form of Additional Benefits to each Pension Fund. The decision to grant incremental Pension Benefits and Other Benefits in the form of Additional Benefits is set forth in the respective Pension Fund Rules and has been approved by the Board of Commissioners of the Financial Services Authority through its Decision Letter No. KEP-30/NB.1/2017 dated June 9, 2017 (DPBMS). No. KEP-31/NB.1/2017 dated June 9, 2017 (DPBMD); No. KEP-32/NB.1/2017 dated June 9, 2017 (DPBMT); and No. KEP-33/NB.1/2017 dated June 9, 2017 (DPBME).

The provision for pension benefit obligation for the Bank only as of December 31, 2017 and 2016 are based on the reports from PT Bestama Aktuaria as at January 12, 2018 and January 5, 2017 with the Projected Unit Credit method.

The assumptions used for the years ended December 31, 2017 and 2016 are as follows:

	DPBMS	DPBMD	DPBMT	DPBME
Discount rate	7.40% per annum (2016: 8.5% per annum)	7.40% per annum (2016: 8.5% per annum)	7.40% per annum (2016: 8.5% per annum)	7.40% per annum (2016: 8.5% per annum)
Expected rate of return on pension plan assets	9.50% per annum	9.50% per annum	9.50% per annum	9.50% per annum
Working period used	As of July 31, 1999	As of July 31, 1999	As of July 31, 1999	As of July 31, 1999
Pensionable salary (PhDP) used	Last month salary of July 31, 1999, which adjusted on December 31, 2002	Last month salary of July 31, 1999, which adjusted on December 31, 2002	Last month salary of July 31, 1999, which adjusted on December 31, 2002	Last month salary of July 31, 1999, which adjusted on December 31, 2002
Expected rates of PhDP increase	Nil	Nil	Nil	Nil
Mortality Rate Table	80% UN 2010	80% UN 2010	80% UN 2010	80% UN 2010
Turnover rate	5.00% for employees' age of 25 and decreasing linearly 0.167% every year up to 0.00% at age 55	5.00% for employees' age of 25 and decreasing linearly 0.167% every year up to 0.00% at age 55	5.00% for employees' age of 25 and decreasing linearly 0.167% every year up to 0.00% at age 55	5.00% for employees' age of 25 and decreasing linearly 0.167% every year up to 0.00% at age 55
Disability rate	10.00% of mortality rate	10.00% of mortality rate	10.00% of mortality rate	10.00% of mortality rate
Actuarial method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit

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50. PENSION PLAN AND SEVERANCE PAY (continued)

Pension Plan (continued)

The assumptions used for the years ended December 31, 2017 and 2016 are as follows (continued):

	DPBMS	DPBMD	DPBMT	DPBME
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	3.00% of benefit	3.00% of benefit	3.00% of benefit	3.00% of benefit

The projected benefit obligations and fair value of plan assets as of December 31, 2017, based on independent actuarial report, are as follows:

	DPBMS	DPBMD	DPBMT	DPBME
Projected benefit obligations	(1,441,936)	(1,748,902)	(759,429)	(510,283)
Fair value of plan assets (unaudited)	1,606,801	1,826,762	803,529	566,038
Funded Status	164,865	77,860	44,100	55,755
Asset ceiling*)	(164,865)	(77,860)	(44,100)	(55,755)
Pension Plan Program Assets recognised in consolidated statement 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 of December 31, 2016 based on independent actuarial report, are as follows:

	DPBMS	DPBMD	DPBMT	DPBME
Projected benefit obligations	(1,393,976)	(1,673,195)	(717,416)	(479,583)
Fair value of plan assets (unaudited)	1,620,439	1,810,473	827,718	575,742
Funded Status	226,463	137,278	110,302	96,159
Asset ceiling*)	(226,463)	(137,278)	(110,302)	(96,159)
Pension Plan Program Assets recognised in consolidated statement 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.

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50. PENSION PLAN AND SEVERANCE PAY (continued)

Pension Plan (continued)

The composition of plan assets from Pension Fund for the years ended December 31, 2017 and 2016 are as follows:

December 31, 2017				
	DPBMS	DPBMD	DPBMT	DPBME
Deposit	3%	5%	8%	12%
Bonds	32%	47%	20%	40%
Direct placement	6%	16%	26%	15%
Land and building	24%	4%	21%	10%
Shares	6%	3%	0%	1%
Treasury Bills	23%	21%	20%	6%
Others	6%	4%	5%	16%
Total	100%	100%	100%	100%

December 31, 2016				
	DPBMS	DPBMD	DPBMT	DPBME
Deposit	6%	8%	4%	12%
Bonds	31%	44%	27%	36%
Direct placement	6%	16%	28%	15%
Land and building	22%	4%	24%	10%
Shares	6%	3%	0%	1%
Treasury Bills	21%	21%	15%	10%
Others	8%	4%	2%	16%
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 of December 31, 2017 and 2016, Bank Mandiri recognised a provision for employee services entitlements in accordance with Labor Law No. 13/2003 amounting to Rp4,030,761 (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 Rp2,493,664 (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 of December 31, 2017 and 2016 are estimated using the employees service entitlements calculation for the years ended December 31, 2017 and 2016 as shown in the independent actuarial report of PT Bestama Aktuaria dated January 12, 2018 and January 5, 2017, respectively. The assumptions used by the actuary for the years ended December 31, 2017 and 2016 are as follows:

- Discount rate is 7.0% per annum (2016: 8.2% per annum).
- Expected rate of annual salary increase is 9.50% per annum (2016: 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 between 36 to 56 years according to the grades.
- Disability rate is 10% of TMI III.

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50. PENSION PLAN AND SEVERANCE PAY (continued)

Pension Plan (continued)

Labor Law No. 13/2003 (continued)

The amounts recognised in the statement of financial position are determined based on independent actuarial report as follows (Bank Mandiri only):

	December 31, 2017	December 31, 2016
Provision for post employment benefits presented in statement of financial position	3,512,601	2,434,892

The movement in present value of obligation over the year is as follows (Bank Mandiri only):

	December 31, 2017	December 31, 2016
Beginning balance of present value of obligation	2,434,892	1,976,724
Current service cost	266,966	168,654
Interest cost	206,474	183,279
Benefit paid	(100,808)	(93,991)
Actuarial losses	705,077	200,226
Ending balance of present value of obligation	3,512,601	2,434,892

The amounts recognised in the profit or loss based on independent actuarial report are as follows (Bank Mandiri only):

	Year ended December 31, 2017	2016
Current service cost	266,966	168,654
Interest cost	206,474	183,279
Cost of pension benefits	473,440	351,933

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50. PENSION PLAN AND SEVERANCE PAY (continued)

Labor Law No. 13/2003 (continued)

Reconciliations of provision for post employment benefits are as follows:

	Year ended December 31,	
	2017	2016
<u>Bank Mandiri</u>		
Beginning balance of provision for post employment benefits	2,434,892	1,976,724
Expenses during the year	473,440	351,933
Payments of benefits	(100,808)	(93,991)
Recognition of actuarial losses in other comprehensive income	705,077	200,226
Provision for post employment benefits (Bank Mandiri)	3,512,601	2,434,892
<u>Subsidiaries</u>		
Provision for post employment benefits	509,920	500,532
Total provision for post employment benefits	4,022,521*)	2,935,424*)

*) As of December 31, 2017 and 2016, the amount does not include unpaid severance for resigned employees amounting to Rp8,240, 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):

	December 31,				
	2017	2016	2015	2014	2013
Present value of defined benefit obligations	3,512,601	2,434,892	1,976,724	1,924,202	1,597,813
Fair value of plan assets	-	-	-	-	-
Deficit in the plan	3,512,601	2,434,892	1,976,724	1,924,202	1,597,813
Experience adjustments on plan liabilities	(89,944)	152,490	62,579	95,820	24,497
Experience adjustments on asset program	-	-	-	-	-

Reconciliation of PVDBO:

	December 31, 2017				
	DPBMS	DPBMD	DPBMT	DPBME	UUK No. 13/2003
Beginning balances of PVDBO	1,393,976	1,673,195	717,416	479,583	2,434,892
Current service cost	-	-	-	-	266,966
Interest cost of PVDBO	110,960	134,577	57,256	38,715	206,474
Benefit payments from plan assets	(177,136)	(179,866)	(87,639)	(48,220)	(100,808)
Actuarial losses from PVDBO:					
Losses on change of assumption in economic	-	-	-	-	615,133
Losses on experience adjustment	114,136	120,996	72,396	40,205	89,944
Ending balances of PVDBO	1,441,936	1,748,902	759,429	510,283	3,512,601

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50. PENSION PLAN AND SEVERANCE PAY (continued)

Labor Law No. 13/2003 (continued)

Reconciliation of PVDBO (continued):

	December 31, 2016				
	DPBMS	DPBMD	DPBMT	DPBME	UUK No. 13/2003
Beginning balances of PVDBO	1,482,397	1,600,082	606,730	445,196	1,976,724
Current service cost	-	-	-	-	168,654
Interest cost of PVDBO	133,031	143,666	53,990	40,125	183,279
Benefit payments from plan assets	(164,138)	(175,620)	(76,818)	(45,662)	(93,991)
Actuarial (gains)/losses from PVDBO:					
(Gains)/losses on change of assumption in economic	31,021	145,753	83,247	15,309	352,716
(Gains)/losses on experience adjustment	(88,335)	(40,686)	50,267	24,615	(152,490)
Ending balances of PVDBO	1,393,976	1,673,195	717,416	479,583	2,434,892

Reconciliation of plan assets:

	December 31, 2017			
	DPBMS	DPBMD	DPBMT	DPBME
Beginning fair value of plan assets	1,620,439	1,810,473	827,718	575,742
Benefit payments from plan assets	(177,136)	(179,866)	(87,639)	(48,220)
Interest income in plan assets	130,209	146,246	66,631	46,888
Result of plan assets (exclude interest income)	33,289	49,909	(3,181)	(8,372)
Ending fair value plan assets	1,606,801	1,826,762	803,529	566,038

	December 31, 2016			
	DPBMS	DPBMD	DPBMT	DPBME
Beginning fair value of plan assets	1,516,555	1,820,417	817,262	578,209
Benefit payments from plan assets	(164,138)	(175,620)	(76,818)	(45,662)
Interest income on plan assets	136,276	164,598	73,991	52,761
Result of plan assets (exclude interest income)	131,746	1,078	13,283	(9,566)
Ending fair value plan assets	1,620,439	1,810,473	827,718	575,742

Movements in other comprehensive income:

Movements in other comprehensive income for the Bank only for the year ended December 31, 2017 and 2016 as follows:

	December 31, 2017				
	DPBMS	DPBMD	DPBMT	DPBME	UUK No. 13/2003
Accumulation of actuarial gains/(losses) on beginning year	-	-	-	-	90,326
Actuarial losses of the current year	-	-	-	-	(705,077)
Accumulation of actuarial gains on ending year	-	-	-	-	(614,751)

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50. PENSION PLAN AND SEVERANCE PAY (continued)

Labor Law No. 13/2003 (continued)

Movements in other comprehensive income (continued):

Movements in other comprehensive income for the Bank only for the year ended December 31, 2017 and 2016 as follows (continued):

	December 31, 2016				UUK No. 13/2003
	DPBMS	DPBMD	DPBMT	DPBME	
Accumulation of actuarial gains/(losses) on beginning year	7,087	5,913	3,454	1,290	290,552
Actuarial losses of the current year	(7,087)	(5,913)	(3,454)	(1,290)	(200,226)
Accumulation of actuarial gains on ending year	-	-	-	-	90,326

Employee benefits liabilities maturing on December 31, 2017 and 2016 related to UUK No. 13/2003 are as follows:

	December 31, 2017	December 31, 2016
Year 1	123,992	212,866
Year 2	192,717	236,252
Year 3	296,357	204,283
Year 4	402,733	300,802
Year 5	505,457	378,984
Year 6 and others	39,225,590	51,603,210
Total	40,746,846	52,936,397

The average duration of the defined benefit obligation is 10.83 years and the defined contribution obligation is 15.09 years as of December 31, 2017.

Provision for Subsidiaries post-employment benefit on December 31, 2017 and 2016 has been calculated by an independent actuary as stated in the following independent actuarial reports:

Independent Subsidiaries	Independent actuary	2017	2016
PT Bank Syariah Mandiri	PT Dayamandiri Dharmakonsilindo	November 28, 2017	December 15, 2016
PT Mandiri Sekuritas	PT Dayamandiri Dharmakonsilindo	December 28, 2017	January 4, 2017
PT Bank Mandiri Taspen	PT Jasa Aktuaris Praptasentosa Guna Jasa	January 4, 2018	January 5, 2017
PT Mandiri Tunas Finance	PT Dayamandiri Dharmakonsilindo	January 2, 2018	January 3, 2017
PT AXA Mandiri Financial Services	PT Dayamandiri Dharmakonsilindo	January 12, 2018	January 12, 2017
PT Mandiri AXA General Insurance	PT Dayamandiri Dharmakonsilindo	January 11, 2018	January 6, 2017
PT Asuransi Jiwa InHealth Indonesia	PT Sigma Prima Solusindo	January 5, 2018	January 6, 2017
PT Mandiri Utama Finance	PT Kompujasa Aktuaria	January 5, 2018	January 6, 2017

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50. PENSION PLAN AND SEVERANCE PAY (continued)

The sensitivity of the defined benefit obligation to changes in actuarial assumptions are as follows (Bank Mandiri) (unaudited):

	Year ended December 31,	
	2017	2016
Changes of assumptions:		
1% increase in discount rate	2,987,626	2,028,234
1% decrease in discount rate	4,146,100	2,918,966

51. OTHER OPERATING EXPENSES - OTHERS - NET

	Year ended December 31,	
	2017	2016
Insurance premiums on third party funds guarantee program	1,526,574	1,370,422
Fees and commissions expenses	627,445	665,707
Fees related to credit card and ATM transaction	536,160	433,560
Insurance sales force compensation	595,115	483,536
Fee bancassurance	404,091	331,126
Fees from RTGS, remittance and clearing transactions	70,952	70,574
Group insurance commissions	4,381	165,419
Others	984,810	170,898
	4,749,528	3,691,242

52. NON-OPERATING EXPENSE - NET

	Year ended December 31,	
	2017	2016
Gain on sale of fixed assets	44,777	120
Penalties	(13,034)	(9,196)
Building rental income	-	13,645
Others - net	(44,631)	(44,331)
Net	(12,888)	(39,762)

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53. COMMITMENTS AND CONTINGENCIES

The following accounts represent accounts which are recorded as off-balance sheet:

	December 31, 2017	December 31, 2016
COMMITMENTS		
Commitment payables:		
Unused loan facilities granted*)		
Related parties	(50,456,815)	(38,790,412)
Third parties	(92,747,364)	(81,630,934)
	(143,204,179)	(120,421,346)
Outstanding irrevocable letters of credit (Note 31):		
Related parties	(5,904,249)	(3,519,396)
Third parties	(9,918,273)	(8,577,270)
	(15,822,522)	(12,096,666)
Commitment payables - net	(159,026,701)	(132,518,012)
*) Include committed and uncommitted unused loan facilities.		
CONTINGENCIES		
Contingent receivables:		
Guarantees received from other banks	16,223,496	17,741,644
Interest receivable on non-performing assets	8,088,139	6,793,156
Others	32,729	32,729
	24,344,364	24,567,529
Contingent payables:		
Guarantees issued in the form of:		
Bank guarantees (Note 31):		
Related parties	(25,912,130)	(23,212,078)
Third parties	(53,775,848)	(51,054,206)
	(79,687,978)	(74,266,284)
Standby letters of credit (Note 31)		
Related parties	(6,171,176)	(6,739,568)
Third parties	(6,107,442)	(6,424,992)
	(12,278,618)	(13,164,560)
Others	(603,302)	(907,215)
Total	(92,569,898)	(88,338,059)
Contingent payables - Net	(68,225,534)	(63,770,530)
	(227,252,235)	(196,288,542)

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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 of December 31, 2017 and 2016 are as follows:

December 31, 2017				
Original Currency	Spot - Buy		Spot - Sell	
	Original currency (full amount)	Rupiah equivalent	Original currency (full amount)	Rupiah equivalent
United States Dollar	147,761,000	2,004,748	125,485,000	1,702,518
Others ^{*)}		135,469		349,675
		2,140,217		2,052,193
December 31, 2016				
Original Currency	Spot - Buy		Spot - Sell	
	Original currency (full amount)	Rupiah equivalent	Original currency (full amount)	Rupiah equivalent
United States Dollar	148,995,000	2,007,335	176,050,000	2,371,834
Others ^{*)}		187,992		69,581
		2,195,327		2,441,415

^{*)} Consist of various 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:**

No.	Related parties	Nature of relationship
1.	PT Kustodian Sentral Efek Indonesia	Associate Company
2.	PT Sarana Bersama Pengembangan Indonesia	Associate Company
3.	Dana Pensiun Bank Mandiri	Bank Mandiri as a founder
4.	Dana Pensiun Bank Mandiri 1	Bank Mandiri as a founder
5.	Dana Pensiun Bank Mandiri 2	Bank Mandiri as a founder

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55. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship by ownership and/or management (continued):**

No.	Related parties	Nature of relationship
6.	Dana Pensiun Bank Mandiri 3	Bank Mandiri as a founder
7.	Dana Pensiun Bank Mandiri 4	Bank Mandiri as a founder
8.	PT Bumi Daya Plaza	Controlled by Dana Pensiun Bank Mandiri (since December 19, 2013)
9.	PT Pengelola Investama Mandiri	Controlled by Dana Pensiun Bank Mandiri (since December 19, 2013)
10.	PT Usaha Gedung Mandiri	Controlled by Dana Pensiun Bank Mandiri (since December 19, 2013)
11.	PT Estika Daya Mandiri	Controlled by Dana Pensiun Bank Mandiri 1
12.	PT Asuransi Staco Mandiri (dahulu PT Asuransi Staco Jasapratama)	Controlled by Dana Pensiun Bank Mandiri 2
13.	PT Mulia Sasmita Bhakti	Controlled by Dana Pensiun Bank Mandiri 3
14.	PT Krida Upaya Tunggal	Controlled by Dana Pensiun Bank Mandiri 4
15.	PT Wahana Optima Permai	Controlled by Dana Pensiun Bank Mandiri 4
16.	Dana Pensiun Lembaga Keuangan Bank Mandiri	Significantly influenced by Bank Mandiri
17.	Koperasi Kesehatan Pegawai dan Pensiunan Bank Mandiri (Mandiri Healthcare)	Significantly influenced by Bank Mandiri
18.	PT Mitra Transaksi Indonesia	Significantly influenced by Bank Mandiri

The nature of transactions with related parties include investments in shares, securities issued, subordinated loans, loans, customer deposits and bank guarantees.

• **Related parties relationship with government related entities**

No.	Related parties	Nature of relationship
1.	PT Abuki Jaya Stainless (AJSI)	Subsidiary of State Owned Enterprise
2.	PT Adhi Persada Beton	Subsidiary of State Owned Enterprise
3.	PT Adhi Persada Gedung	Subsidiary of State Owned Enterprise
4.	PT Adhi Persada Properti	Subsidiary of State Owned Enterprise
5.	PT Administrasi Medika	Subsidiary of State Owned Enterprise
6.	PT Aero Globe Indonesia	Subsidiary of State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
7.	PT Aero Systems Indonesia	Subsidiary of State Owned Enterprise
8.	PT Aerofood Indonesia	Subsidiary of State Owned Enterprise
9.	PT Aerojasa Cargo	Subsidiary of State Owned Enterprise
10.	PT Aerowisata	Subsidiary of State Owned Enterprise
11.	PT Agro Sinergi Nusantara (ASN)	Subsidiary of State Owned Enterprise
12.	PT Akses Pelabuhan Indonesia	Subsidiary of State Owned Enterprise
13.	PT Alam Lestari Nusantara	Subsidiary of State Owned Enterprise
14.	PT Alur Pelayaran Barat Surabaya	Subsidiary of State Owned Enterprise
15.	PT Angkasa Pura Hotel	Subsidiary of State Owned Enterprise
16.	PT Angkasa Pura Kargo	Subsidiary of State Owned Enterprise
17.	PT Angkasa Pura Logistik	Subsidiary of State Owned Enterprise
18.	PT Angkasa Pura Property	Subsidiary of State Owned Enterprise
19.	PT Angkasa Pura Retail	Subsidiary of State Owned Enterprise
20.	PT Angkasa Pura Solusi	Subsidiary of State Owned Enterprise
21.	PT Angkasa Pura Supports	Subsidiary of State Owned Enterprise
22.	PT Anpa International Ltd (Qq PT Akuel Asia Pulse Pte Ltd)	Subsidiary of State Owned Enterprise
23.	PT Antam Niterra Haltim	Subsidiary of State Owned Enterprise
24.	PT Antam Resourcindo	Subsidiary of State Owned Enterprise
25.	PT Artha Daya Coalindo	Subsidiary of State Owned Enterprise
26.	PT Arthaloika Indonesia	Subsidiary of State Owned Enterprise
27.	PT Arthindokarya Sejahtera	Subsidiary of State Owned Enterprise
28.	PT Askrimdo Mitra Utama (formerly PT Usayasa Utama)	Subsidiary of State Owned Enterprise
29.	PT Asuransi Berdikari	Subsidiary of State Owned Enterprise
30.	PT Asuransi Jiwa Taspen	Subsidiary of State Owned Enterprise
31.	PT Asuransi Jiwa Tugu Mandiri (AJTM)	Subsidiary of State Owned Enterprise
32.	PT Asuransi Samsung Tugu	Subsidiary of State Owned Enterprise
33.	PT Asuransi Tokio Marine Indonesia	Subsidiary of State Owned Enterprise
34.	PT Badak Arun Solusi (formerly PT Patra Teknik)	Subsidiary of State Owned Enterprise
35.	PT Bahana Artha Ventura	Subsidiary of State Owned Enterprise
36.	PT Bahana Securities	Subsidiary of State Owned Enterprise
37.	PT Bakti Timah Solusi Medika	Subsidiary of State Owned Enterprise
38.	PT Balai Lelang Artha Gasia	Subsidiary of State Owned Enterprise
39.	PT Balebat Dedikasi Prima	Subsidiary of State Owned Enterprise
40.	PT Bali Griya Shanti	Subsidiary of State Owned Enterprise
41.	PT Bank BRI Syariah	Subsidiary of State Owned Enterprise
42.	PT Baturaja Multi Usaha	Subsidiary of State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
43.	PT Belitung Intipermai	Subsidiary of State Owned Enterprise
44.	PT Berdikari Logistik Indonesia	Subsidiary of State Owned Enterprise
45.	PT Berdikari United Livestock	Subsidiary of State Owned Enterprise
46.	PT Berkah Kawasan Manyar Sejahtera	Subsidiary of State Owned Enterprise
47.	PT Berlian Jasa Terminal Indonesia	Subsidiary of State Owned Enterprise
48.	PT Berlian Manyar Sejahtera	Subsidiary of State Owned Enterprise
49.	PT Bhakti Wasantara Net	Subsidiary of State Owned Enterprise
50.	PT Bhineka Wana	Subsidiary of State Owned Enterprise
51.	PT Bhumi Visatanda Tour & Travel	Subsidiary of State Owned Enterprise
52.	PT Bima Sepaja Abadi	Subsidiary of State Owned Enterprise
53.	PT BNI Life Insurance	Subsidiary of State Owned Enterprise
54.	PT BNI Sekurities	Subsidiary of State Owned Enterprise
55.	PT Borneo Alumina Indonesia	Subsidiary of State Owned Enterprise
56.	PT Borneo Edo International	Subsidiary of State Owned Enterprise
57.	PT BPR Rizky Barokah	Subsidiary of State Owned Enterprise
58.	PT Brantas Adya Surya Energi	Subsidiary of State Owned Enterprise
59.	PT Brantas Cakrawala Energi	Subsidiary of State Owned Enterprise
60.	PT Brantas Energi	Subsidiary of State Owned Enterprise
61.	PT Brantas Energi Mandiri	Subsidiary of State Owned Enterprise
62.	PT Brantas Hidro Energi	Subsidiary of State Owned Enterprise
63.	PT Brantas Mahalona Energi	Subsidiary of State Owned Enterprise
64.	PT Brantas Nipajaya Energi	Subsidiary of State Owned Enterprise
65.	PT Brantas Prospek Energi	Subsidiary of State Owned Enterprise
66.	PT Brantas Prospek Enjineering	Subsidiary of State Owned Enterprise
67.	PT Brantas Prospek Mandiri	Subsidiary of State Owned Enterprise
68.	PT BRI Life	Subsidiary of State Owned Enterprise
69.	PT BRI Multifinance Indonesia	Subsidiary of State Owned Enterprise
70.	PT Bromo Steel Indonesia	Subsidiary of State Owned Enterprise
71.	PT Bukit Asam Banko	Subsidiary of State Owned Enterprise
72.	PT Bukit Asam Medika	Subsidiary of State Owned Enterprise
73.	PT Bukit Asam Prima	Subsidiary of State Owned Enterprise
74.	PT Bukit Energi Investama	Subsidiary of State Owned Enterprise
75.	PT Bukit Energi Service Terpadu	Subsidiary of State Owned Enterprise
76.	PT Bukit Multi Investama	Subsidiary of State Owned Enterprise
77.	PT Bumi Sawindo Permai	Subsidiary of State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
78.	PT Cinere Serpong Jaya	Subsidiary of State Owned Enterprise
79.	PT Citilink Indonesia	Subsidiary of State Owned Enterprise
80.	PT Citra Bhakti Margatama Persada	Subsidiary of State Owned Enterprise
81.	PT Citra Lautan Teduh	Subsidiary of State Owned Enterprise
82.	PT Citra Lintas Angkasa	Subsidiary of State Owned Enterprise
83.	PT Citra Sari Makmur	Subsidiary of State Owned Enterprise
84.	PT Citra Tobindo Sukses Perkasa	Subsidiary of State Owned Enterprise
85.	PT Clariant Kujang Catalysts	Subsidiary of State Owned Enterprise
86.	PT Cogindo Dayabersama	Subsidiary of State Owned Enterprise
87.	PT Crompton Prima Switchgear Indonesia	Subsidiary of State Owned Enterprise
88.	PT Cut Meutia Medika Nusantara	Subsidiary of State Owned Enterprise
89.	PT Dalle Energy Batam (DEB)	Subsidiary of State Owned Enterprise
90.	PT Danareksa Capital	Subsidiary of State Owned Enterprise
91.	PT Danareksa Finance	Subsidiary of State Owned Enterprise
92.	PT Danareksa Investment Management	Subsidiary of State Owned Enterprise
93.	PT Danareksa Sekuritas	Subsidiary of State Owned Enterprise
94.	PT Dasaplast Nusantara	Subsidiary of State Owned Enterprise
95.	PT Daya Laut Utama	Subsidiary of State Owned Enterprise
96.	PT Dayamitra Telekomunikasi	Subsidiary of State Owned Enterprise
97.	PT Dharma Lautan Nusantara	Subsidiary of State Owned Enterprise
98.	PT Dok & Perkapalan Waiame	Subsidiary of State Owned Enterprise
99.	PT Dok dan Perkapalan Air Kantung	Subsidiary of State Owned Enterprise
100.	PT Donggi Senoro LNG	Subsidiary of State Owned Enterprise
101.	PT Electronic Data Interchange Indonesia	Subsidiary of State Owned Enterprise
102.	PT Elnusa Tbk	Subsidiary of State Owned Enterprise
103.	PT Eltran Indonesia	Subsidiary of State Owned Enterprise
104.	PT Energi Agro Nusantara	Subsidiary of State Owned Enterprise
105.	PT Energi Pelabuhan Indonesia	Subsidiary of State Owned Enterprise
106.	PT Equiport Inti Indonesia	Subsidiary of State Owned Enterprise
107.	PT Farmalab Indoutama	Subsidiary of State Owned Enterprise
108.	PT Feni Haltim	Subsidiary of State Owned Enterprise
109.	PT Finnet Indonesia	Subsidiary of State Owned Enterprise
110.	PT GAG Nikel	Subsidiary of State Owned Enterprise
111.	PT Gagas Energi Indonesia	Subsidiary of State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
112.	PT Gapura Angkasa	Subsidiary of State Owned Enterprise
113.	PT Gema Hutani Lestari	Subsidiary of State Owned Enterprise
114.	PT Geo Dipa Energi	Subsidiary of State Owned Enterprise
115.	PT GIEB Indonesia	Subsidiary of State Owned Enterprise
116.	PT GIH Indonesia	Subsidiary of State Owned Enterprise
117.	PT Gitanusa Sarana Niaga	Subsidiary of State Owned Enterprise
118.	PT Graha Investama Bersama	Subsidiary of State Owned Enterprise
119.	PT Graha Sarana Duta	Subsidiary of State Owned Enterprise
120.	PT Graha Yasa Selaras	Subsidiary of State Owned Enterprise
121.	PT Gresik Cipta Sejahtera	Subsidiary of State Owned Enterprise
122.	PT Griyaton Indonesia	Subsidiary of State Owned Enterprise
123.	PT Gunung Gajah Abadi	Subsidiary of State Owned Enterprise
124.	PT Gunung Kendaik	Subsidiary of State Owned Enterprise
125.	PT HaKaAston	Subsidiary of State Owned Enterprise
126.	PT Haleyora Power	Subsidiary of State Owned Enterprise
127.	PT Haleyora Powerindo	Subsidiary of State Owned Enterprise
128.	PT Hasta Kreasi Mandiri	Subsidiary of State Owned Enterprise
129.	PT HK Realtindo	Subsidiary of State Owned Enterprise
130.	PT Utama Prima	Subsidiary of State Owned Enterprise
131.	PT Hutansanggaran Labanan Lestari	Subsidiary of State Owned Enterprise
132.	PT Igaras	Subsidiary of State Owned Enterprise
133.	PT Indo Ridlatama Power	Subsidiary of State Owned Enterprise
134.	PT Indofarma Global Medika	Subsidiary of State Owned Enterprise
135.	PT Indonesia Chemical Alumina	Subsidiary of State Owned Enterprise
136.	PT Indonesia Coal Resources	Subsidiary of State Owned Enterprise
137.	PT Indonesia Comnets Plus	Subsidiary of State Owned Enterprise
138.	PT Indonesia Kendaraan Terminal	Subsidiary of State Owned Enterprise
139.	PT Indonesia Power	Subsidiary of State Owned Enterprise
140.	PT Indonusa Telemedia	Subsidiary of State Owned Enterprise
141.	PT Indopelita Aircraft Service	Subsidiary of State Owned Enterprise
142.	PT Industri Karet Nusantara	Subsidiary of State Owned Enterprise
143.	PT Industri Kemasan Semen Gresik	Subsidiary of State Owned Enterprise
144.	PT Industri Nabati Lestari (PT Sinar Oleo Nusantara)	Subsidiary of State Owned Enterprise
145.	PT Infomedia Nusantara	Subsidiary of State Owned Enterprise
146.	PT Infomedia Solusi Humanika	Subsidiary of State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
147.	PT Infrastruktur Telekomunikasi Indonesia	Subsidiary of State Owned Enterprise
148.	PT Inhutani I	Subsidiary of State Owned Enterprise
149.	PT Inhutani II	Subsidiary of State Owned Enterprise
150.	PT Inhutani III	Subsidiary of State Owned Enterprise
151.	PT Inhutani IV	Subsidiary of State Owned Enterprise
152.	PT Inhutani V	Subsidiary of State Owned Enterprise
153.	PT INKA Multi Solusi	Subsidiary of State Owned Enterprise
154.	PT Integrasi Logistik Cipta Solusi	Subsidiary of State Owned Enterprise
155.	PT Inti Bagus Perkasa	Subsidiary of State Owned Enterprise
156.	PT Inti Global Optical Comm	Subsidiary of State Owned Enterprise
157.	PT IPC Terminal Petikemas	Subsidiary of State Owned Enterprise
158.	PT Itci Kayan Hutani	Subsidiary of State Owned Enterprise
159.	PT Jababeka PP Properti	Subsidiary of State Owned Enterprise
160.	PT Jakarta Industrial Estate Pulogadung (JIEP)	Subsidiary of State Owned Enterprise
161.	PT Jakarta International Container Terminal	Subsidiary of State Owned Enterprise
162.	PT Jakarta Trans Metropolitan	Subsidiary of State Owned Enterprise
163.	PT Jalantol Lingkarluar Jakarta	Subsidiary of State Owned Enterprise
164.	PT Jalin Pembayaran Nusantara	Subsidiary of State Owned Enterprise
165.	PT Jasa Armada Indonesia	Subsidiary of State Owned Enterprise
166.	PT Jasa Layanan Pemeliharaan	Subsidiary of State Owned Enterprise
167.	PT Jasa Marga Bali Tol	Subsidiary of State Owned Enterprise
168.	PT Jasa Marga Balikpapan Samarinda	Subsidiary of State Owned Enterprise
169.	PT Jasa Marga Jalanlayang Cikampek	Subsidiary of State Owned Enterprise
170.	PT Jasa Marga Kualanamu Tol	Subsidiary of State Owned Enterprise
171.	PT Jasa Marga Manado Bitung	Subsidiary of State Owned Enterprise
172.	PT Jasa Marga Pandaan Malang	Subsidiary of State Owned Enterprise
173.	PT Jasa Marga Pandaan Tol	Subsidiary of State Owned Enterprise
174.	PT Jasa Marga Properti	Subsidiary of State Owned Enterprise
175.	PT Jasa Peralatan Pelabuhan Indonesia	Subsidiary of State Owned Enterprise
176.	PT Jasa Prima Logistik Bulog	Subsidiary of State Owned Enterprise
177.	PT Jasamarga Semarang Batang	Subsidiary of State Owned Enterprise
178.	PT Jasamarga Surabaya Mojokerto	Subsidiary of State Owned Enterprise
179.	PT Jasaraharja Putera	Subsidiary of State Owned Enterprise
180.	PT KAI Commuter Jabodetabek	Subsidiary of State Owned Enterprise
181.	PT Kalimantan Agro Nusantara	Subsidiary of State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
182.	PT Kalimantan Jawa Gas	Subsidiary of State Owned Enterprise
183.	PT Kalimantan Medika Nusantara	Subsidiary of State Owned Enterprise
184.	PT Kaltim Daya Mandiri	Subsidiary of State Owned Enterprise
185.	PT Kaltim Industrial Estate	Subsidiary of State Owned Enterprise
186.	PT Kaltim Jasa Sekuriti	Subsidiary of State Owned Enterprise
187.	PT Kaltim Jordan Abadi	Subsidiary of State Owned Enterprise
188.	PT Karya Citra Nusantara	Subsidiary of State Owned Enterprise
189.	PT Kawasan Industri Gresik	Subsidiary of State Owned Enterprise
190.	PT Kawasan Industri Kujang Cikampek	Subsidiary of State Owned Enterprise
191.	PT Kereta Api Logistik	Subsidiary of State Owned Enterprise
192.	PT Kereta Api Pariwisata	Subsidiary of State Owned Enterprise
193.	PT Kerismas Witikco Makmur (PT Kerismas)	Subsidiary of State Owned Enterprise
194.	PT Kertas Padalarang	Subsidiary of State Owned Enterprise
195.	PT Kharisma Pemasaran Bersama Logistik	Subsidiary of State Owned Enterprise
196.	PT Kharisma Pemasaran Bersama Nusantara	Subsidiary of State Owned Enterprise
197.	PT KHI Pipe Industries	Subsidiary of State Owned Enterprise
198.	PT Kimia Farma Apotek	Subsidiary of State Owned Enterprise
199.	PT Kimia Farma Sungwun Pharmacopia	Subsidiary of State Owned Enterprise
200.	PT Kimia Farma Trading & Distributor	Subsidiary of State Owned Enterprise
201.	PT Kliring Perdagangan Berjangka Indonesia	Subsidiary of State Owned Enterprise
202.	PT Koba Tin	Subsidiary of State Owned Enterprise
203.	PT Kodja Terramarin	Subsidiary of State Owned Enterprise
204.	PT Komipo Pembangkitan Jawa Bali	Subsidiary of State Owned Enterprise
205.	PT Krakatau Argo Logistics	Subsidiary of State Owned Enterprise
206.	PT Krakatau Bandar Samudra	Subsidiary of State Owned Enterprise
207.	PT Krakatau Blue Water	Subsidiary of State Owned Enterprise
208.	PT Krakatau Daedong Machinery	Subsidiary of State Owned Enterprise
209.	PT Krakatau Daya Listrik	Subsidiary of State Owned Enterprise
210.	PT Krakatau Engineering	Subsidiary of State Owned Enterprise
211.	PT Krakatau Golden Lime	Subsidiary of State Owned Enterprise
212.	PT Krakatau Industrial Estate Cilegon	Subsidiary of State Owned Enterprise
213.	PT Krakatau Information Technology	Subsidiary of State Owned Enterprise
214.	PT Krakatau Medika	Subsidiary of State Owned Enterprise
215.	PT Krakatau Nasional Resources	Subsidiary of State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
216.	PT Krakatau Nippon Steel Sumikin	Subsidiary of State Owned Enterprise
217.	PT Krakatau Osaka Steel	Subsidiary of State Owned Enterprise
218.	PT Krakatau Posco	Subsidiary of State Owned Enterprise
219.	PT Krakatau Posco Chemtech Calcination	Subsidiary of State Owned Enterprise
220.	PT Krakatau Prima Dharma Sentana	Subsidiary of State Owned Enterprise
221.	PT Krakatau Samator	Subsidiary of State Owned Enterprise
222.	PT Krakatau Tirta Industri	Subsidiary of State Owned Enterprise
223.	PT Krakatau Wajatama	Subsidiary of State Owned Enterprise
224.	PT Krakatau Wajatama Osaka Steel Marketing	Subsidiary of State Owned Enterprise
225.	PT Kresna Kusuma Dyandra Marga	Subsidiary of State Owned Enterprise
226.	PT Kujang Tatar Persada	Subsidiary of State Owned Enterprise
227.	PT Kujang Tirta Sarana	Subsidiary of State Owned Enterprise
228.	PT Kukuh Tangguh Sandang Mills	Subsidiary of State Owned Enterprise
229.	PT Lamong Energi Indonesia	Subsidiary of State Owned Enterprise
230.	PT Laras Astra Kartika	Subsidiary of State Owned Enterprise
231.	PT LEN Railway Systems	Subsidiary of State Owned Enterprise
232.	PT LEN Telekomunikasi Indonesia	Subsidiary of State Owned Enterprise
233.	PT Limbong Hidro Energi	Subsidiary of State Owned Enterprise
234.	PT Madu Baru	Subsidiary of State Owned Enterprise
235.	PT Mardec Nusa Riau	Subsidiary of State Owned Enterprise
236.	PT Marga Kunciran Cengkareng	Subsidiary of State Owned Enterprise
237.	PT Marga Lingkar Jakarta	Subsidiary of State Owned Enterprise
238.	PT Marga Sarana Jabar	Subsidiary of State Owned Enterprise
239.	PT Marga Trans Nusantara	Subsidiary of State Owned Enterprise
240.	PT Mega Citra Utama	Subsidiary of State Owned Enterprise
241.	PT Mega Eltra	Subsidiary of State Owned Enterprise
242.	PT Melon Indonesia	Subsidiary of State Owned Enterprise
243.	PT Menara Antam Sejahtera (MAS)	Subsidiary of State Owned Enterprise
244.	PT Meratus Jaya Iron & Steel	Subsidiary of State Owned Enterprise
245.	PT Merpati Training Center	Subsidiary of State Owned Enterprise
246.	PT Metra Digital Media	Subsidiary of State Owned Enterprise
247.	PT MetraNet	Subsidiary of State Owned Enterprise
248.	PT Minahasa Brantas Energi	Subsidiary of State Owned Enterprise
249.	PT Mirtasari Hotel Development	Subsidiary of State Owned Enterprise
250.	PT Mlira Dagang Madani	Subsidiary of State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
251.	PT Mitra Energi Batam (MEB)	Subsidiary of State Owned Enterprise
252.	PT Mitra Hasrat Bersama (MHB)	Subsidiary of State Owned Enterprise
253.	PT Mitra Karya Prima	Subsidiary of State Owned Enterprise
254.	PT Mitra Kerinci	Subsidiary of State Owned Enterprise
255.	PT Mitra Proteksi Madani	Subsidiary of State Owned Enterprise
256.	PT Mitra Rajawali Banjaran	Subsidiary of State Owned Enterprise
257.	PT Mitra Tekno Madani	Subsidiary of State Owned Enterprise
258.	PT Mitra Tour & Travel	Subsidiary of State Owned Enterprise
259.	PT Mitrasraya Adhijasa	Subsidiary of State Owned Enterprise
260.	PT Mitratani Dua Tujuh	Subsidiary of State Owned Enterprise
261.	PT Muba Daya Pratama	Subsidiary of State Owned Enterprise
262.	PT Multi Nitrotama Kimia	Subsidiary of State Owned Enterprise
263.	PT Multi Terminal Indonesia	Subsidiary of State Owned Enterprise
264.	PT Multimedia Nusantara	Subsidiary of State Owned Enterprise
265.	PT New Priok Container Terminal One	Subsidiary of State Owned Enterprise
266.	PT Ngawi Kertosono Jaya	Subsidiary of State Owned Enterprise
267.	PT Nikel Halmahera Timur (NHT)	Subsidiary of State Owned Enterprise
268.	PT Nindya Beton	Subsidiary of State Owned Enterprise
269.	PT Nindya Karya	Subsidiary of State Owned Enterprise
270.	PT Nusa Karya Arindo	Subsidiary of State Owned Enterprise
271.	PT Nusantara Batulicin	Subsidiary of State Owned Enterprise
272.	PT Nusantara Medika Utama	Subsidiary of State Owned Enterprise
273.	PT Nusantara Regas	Subsidiary of State Owned Enterprise
274.	PT Nusantara Sukses Investasi	Subsidiary of State Owned Enterprise
275.	PT Nusantara Terminal Services	Subsidiary of State Owned Enterprise
276.	PT Nusantara Turbin dan Propulsi	Subsidiary of State Owned Enterprise
277.	PT Optima Nusa Tujuh	Subsidiary of State Owned Enterprise
278.	PT Pal Marine Service	Subsidiary of State Owned Enterprise
279.	PT Palawi Risorsis	Subsidiary of State Owned Enterprise
280.	PT Pann Pembiayaan Maritim	Subsidiary of State Owned Enterprise
281.	PT Patra Jasa	Subsidiary of State Owned Enterprise
282.	PT Patra Logistis	Subsidiary of State Owned Enterprise
283.	PT Patra Telekomunikasi Indonesia	Subsidiary of State Owned Enterprise
284.	PT Patra Trading	Subsidiary of State Owned Enterprise
285.	PT PBM Adhiguna Putera	Subsidiary of State Owned Enterprise
286.	PT Pefindo Biro Kredit	Subsidiary of State Owned Enterprise
287.	PT Pejagan Pemalang Tol Road	Subsidiary of State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
288.	PT Pekanbaru Permai Propertindo	Subsidiary of State Owned Enterprise
289.	PT Pelabuhan Bukit Prima	Subsidiary of State Owned Enterprise
290.	PT Pelabuhan Tanjung Priok	Subsidiary of State Owned Enterprise
291.	PT Pelayanan Energi Batam	Subsidiary of State Owned Enterprise
292.	PT Pelayaran Bahtera Adiguna	Subsidiary of State Owned Enterprise
293.	PT Pelindo Energi Logistik	Subsidiary of State Owned Enterprise
294.	PT Pelindo Husada Citra (PT Rumah Sakit Primasatya Husada Citra)	Subsidiary of State Owned Enterprise
295.	PT Pelindo Marine Service	Subsidiary of State Owned Enterprise
296.	PT Pelindo Properti Indonesia	Subsidiary of State Owned Enterprise
297.	PT Pelita Air Service	Subsidiary of State Owned Enterprise
298.	PT Pelita Indonesia Djaya Corporation	Subsidiary of State Owned Enterprise
299.	PT Pembangkit Jawa Bali (PJB)	Subsidiary of State Owned Enterprise
300.	PT Pendidikan Maritim dan Logistik Indonesia	Subsidiary of State Owned Enterprise
301.	PT Pengembang Pelabuhan Indonesia	Subsidiary of State Owned Enterprise
302.	PT Pengerukan Indonesia (Rukindo)	Subsidiary of State Owned Enterprise
303.	PT Perhutani Anugerah Kimia	Subsidiary of State Owned Enterprise
304.	PT Perkebunan Agrintara (PA)	Subsidiary of State Owned Enterprise
305.	PT Perkebunan Mitra Ogan	Subsidiary of State Owned Enterprise
306.	PT Perkebunan Nusantara I (Persero)	Subsidiary of State Owned Enterprise
307.	PT Perkebunan Nusantara II (Persero)	Subsidiary of State Owned Enterprise
308.	PT Perkebunan Nusantara IV (Persero)	Subsidiary of State Owned Enterprise
309.	PT Perkebunan Nusantara IX (Persero)	Subsidiary of State Owned Enterprise
310.	PT Perkebunan Nusantara V (Persero)	Subsidiary of State Owned Enterprise
311.	PT Perkebunan Nusantara VI (Persero)	Subsidiary of State Owned Enterprise
312.	PT Perkebunan Nusantara VII (Persero)	Subsidiary of State Owned Enterprise
313.	PT Perkebunan Nusantara VIII (Persero)	Subsidiary of State Owned Enterprise
314.	PT Perkebunan Nusantara X (Persero)	Subsidiary of State Owned Enterprise
315.	PT Perkebunan Nusantara XI (Persero)	Subsidiary of State Owned Enterprise
316.	PT Perkebunan Nusantara XII (Persero)	Subsidiary of State Owned Enterprise
317.	PT Perkebunan Nusantara XIII (Persero)	Subsidiary of State Owned Enterprise
318.	PT Perkebunan Nusantara XIV (Persero)	Subsidiary of State Owned Enterprise
319.	PT Permata Graha Nusantara	Subsidiary of State Owned Enterprise
320.	PT Permata Karya Jasa	Subsidiary of State Owned Enterprise
321.	PT Permodalan Nasional Madani Venture Capital	Subsidiary of State Owned Enterprise
322.	PT Peroksida Indonesia Pratama	Subsidiary of State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
323.	PT Perta Arun Gas	Subsidiary of State Owned Enterprise
324.	PT Perta Daya Gas	Subsidiary of State Owned Enterprise
325.	PT Pertamina Bina Medika	Subsidiary of State Owned Enterprise
326.	PT Pertamina Dana Ventura	Subsidiary of State Owned Enterprise
327.	PT Pertamina Drilling Services Indonesia	Subsidiary of State Owned Enterprise
328.	PT Pertamina East Natuna	Subsidiary of State Owned Enterprise
329.	PT Pertamina EP	Subsidiary of State Owned Enterprise
330.	PT Pertamina EP Cepu	Subsidiary of State Owned Enterprise
331.	PT Pertamina EP Cepu Alas Dara dan Kemuning	Subsidiary of State Owned Enterprise
332.	PT Pertamina Gas	Subsidiary of State Owned Enterprise
333.	PT Pertamina Geothermal Energy	Subsidiary of State Owned Enterprise
334.	PT Pertamina Hulu Energi	Subsidiary of State Owned Enterprise
335.	PT Pertamina Internasional Eksplorasi dan Produksi	Subsidiary of State Owned Enterprise
336.	PT Pertamina International Timor SA	Subsidiary of State Owned Enterprise
337.	PT Pertamina Lubricants	Subsidiary of State Owned Enterprise
338.	PT Pertamina Patra Niaga	Subsidiary of State Owned Enterprise
339.	PT Pertamina Power Indonesia	Subsidiary of State Owned Enterprise
340.	PT Pertamina Retail	Subsidiary of State Owned Enterprise
341.	PT Pertamina Training & Consulting	Subsidiary of State Owned Enterprise
342.	PT Pertamina Trans Kontinental	Subsidiary of State Owned Enterprise
343.	PT Peruri Digital Security	Subsidiary of State Owned Enterprise
344.	PT Peruri Properti	Subsidiary of State Owned Enterprise
345.	PT Pesonna Optima Jasa	Subsidiary of State Owned Enterprise
346.	PT Peteka Karya Gapura	Subsidiary of State Owned Enterprise
347.	PT Peteka Karya Jala	Subsidiary of State Owned Enterprise
348.	PT Peteka Karya Samudera	Subsidiary of State Owned Enterprise
349.	PT Peteka Karya Tirta	Subsidiary of State Owned Enterprise
350.	PT Petro Jordan Abadi	Subsidiary of State Owned Enterprise
351.	PT Petrokimia Gresik	Subsidiary of State Owned Enterprise
352.	PT Petrokimia Kayaku	Subsidiary of State Owned Enterprise
353.	PT Petrokopindo Cipta Selaras	Subsidiary of State Owned Enterprise
354.	PT Petronika	Subsidiary of State Owned Enterprise
355.	PT Petrosida Gresik	Subsidiary of State Owned Enterprise
356.	PT PG Rajawali I	Subsidiary of State Owned Enterprise
357.	PT PGAS Solution	Subsidiary of State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
358.	PT PGAS Telekomunikasi Nusantara	Subsidiary of State Owned Enterprise
359.	PT PGN LNG Indonesia	Subsidiary of State Owned Enterprise
360.	PT Phapros	Subsidiary of State Owned Enterprise
361.	PT PHE Abar	Subsidiary of State Owned Enterprise
362.	PT PHE Metana Kalimantan B	Subsidiary of State Owned Enterprise
363.	PT PHE Metana Sumatera 5	Subsidiary of State Owned Enterprise
364.	PT PHE West Madura Offshore	Subsidiary of State Owned Enterprise
365.	PT PINS Indonesia	Subsidiary of State Owned Enterprise
366.	PT PLN Batubara	Subsidiary of State Owned Enterprise
367.	PT PLN Enjinering	Subsidiary of State Owned Enterprise
368.	PT PLN Tarakan	Subsidiary of State Owned Enterprise
369.	PT PNM Investment Management	Subsidiary of State Owned Enterprise
370.	PT Portek Indonesia	Subsidiary of State Owned Enterprise
371.	PT Pos Logistik Indonesia	Subsidiary of State Owned Enterprise
372.	PT Pos Properti Indonesia	Subsidiary of State Owned Enterprise
373.	PT PP Energi	Subsidiary of State Owned Enterprise
374.	PT PP Infrastruktur	Subsidiary of State Owned Enterprise
375.	PT PP Peralatan	Subsidiary of State Owned Enterprise
376.	PT PP Properti	Subsidiary of State Owned Enterprise
377.	PT PP Properti Jababeka Residen	Subsidiary of State Owned Enterprise
378.	PT PP Urban (dahulu PT PP Pracetak)	Subsidiary of State Owned Enterprise
379.	PT PPA Finance	Subsidiary of State Owned Enterprise
380.	PT PPA Kapital	Subsidiary of State Owned Enterprise
381.	PT Pratama Mitra Sejati	Subsidiary of State Owned Enterprise
382.	PT Pratama Persada Airbone	Subsidiary of State Owned Enterprise
383.	PT Prima Citra Nutrindo	Subsidiary of State Owned Enterprise
384.	PT Prima Husada Cipta Medan	Subsidiary of State Owned Enterprise
385.	PT Prima Indonesia Logistik	Subsidiary of State Owned Enterprise
386.	PT Prima Medica Nusantara	Subsidiary of State Owned Enterprise
387.	PT Prima Multi Terminal	Subsidiary of State Owned Enterprise
388.	PT Prima Pengembangan Kawasan	Subsidiary of State Owned Enterprise
389.	PT Prima Power Nusantara	Subsidiary of State Owned Enterprise
390.	PT Prima Terminal Petikemas	Subsidiary of State Owned Enterprise
391.	PT Propernas Griya Utama	Subsidiary of State Owned Enterprise
392.	PT Pupuk Agro Nusantara	Subsidiary of State Owned Enterprise
393.	PT Pupuk Indonesia Energi	Subsidiary of State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
394.	PT Pupuk Indonesia Logistik	Subsidiary of State Owned Enterprise
395.	PT Pupuk Indonesia Pangan	Subsidiary of State Owned Enterprise
396.	PT Pupuk Iskandar Muda	Subsidiary of State Owned Enterprise
397.	PT Pupuk Kalimantan Timur	Subsidiary of State Owned Enterprise
398.	PT Pupuk Kujang	Subsidiary of State Owned Enterprise
399.	PT Pupuk Sriwidjaja Palembang	Subsidiary of State Owned Enterprise
400.	PT Purantara Mitra Angkasa Dua	Subsidiary of State Owned Enterprise
401.	PT Puspetindo	Subsidiary of State Owned Enterprise
402.	PT Pusri Agro Lestari	Subsidiary of State Owned Enterprise
403.	PT Railink	Subsidiary of State Owned Enterprise
404.	PT Rajawali Citramass	Subsidiary of State Owned Enterprise
405.	PT Rajawali Nusindo	Subsidiary of State Owned Enterprise
406.	PT Rajawali Tanjungsari Enjiniring	Subsidiary of State Owned Enterprise
407.	PT Rantepao Hidro Energi	Subsidiary of State Owned Enterprise
408.	PT Ratah Timber	Subsidiary of State Owned Enterprise
409.	PT Reasuransi Nasional Indonesia	Subsidiary of State Owned Enterprise
410.	PT Recon Sarana Utama	Subsidiary of State Owned Enterprise
411.	PT Rekadaya ElektriKA	Subsidiary of State Owned Enterprise
412.	PT Rekadaya ElektriKA Consult	Subsidiary of State Owned Enterprise
413.	PT Rekindo Global Jasa	Subsidiary of State Owned Enterprise
414.	PT Rekayasa Cakrawala Resources	Subsidiary of State Owned Enterprise
415.	PT Rekayasa Engineering	Subsidiary of State Owned Enterprise
416.	PT Rekayasa Industri/PT REKIND	Subsidiary of State Owned Enterprise
417.	PT Rekind Daya Mamuju	Subsidiary of State Owned Enterprise
418.	PT Reska Multi Usaha	Subsidiary of State Owned Enterprise
419.	PT Riset Perkebunan Nusantara	Subsidiary of State Owned Enterprise
420.	PT Rolas Nusantara Mandiri	Subsidiary of State Owned Enterprise
421.	PT Rolas Nusantara Medika	Subsidiary of State Owned Enterprise
422.	PT Rolas Nusantara Tambang	Subsidiary of State Owned Enterprise
423.	PT Rumah Sakit Pelabuhan	Subsidiary of State Owned Enterprise
424.	PT Rumah Sakit Pelni	Subsidiary of State Owned Enterprise
425.	PT Sabre Travel Network Indonesia (formerly ADSI)	Subsidiary of State Owned Enterprise
426.	PT Sahung Brantas Energi	Subsidiary of State Owned Enterprise
427.	PT Saka Eksplorasi Baru	Subsidiary of State Owned Enterprise
428.	PT Saka Eksplorasi Timur	Subsidiary of State Owned Enterprise
429.	PT Saka Eksplorasi Ventura	Subsidiary of State Owned Enterprise
430.	PT Saka Energi Bangkanai Barat	Subsidiary of State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
431.	PT Saka Energi Indonesia	Subsidiary of State Owned Enterprise
432.	PT Saka Energi Sepinggan	Subsidiary of State Owned Enterprise
433.	PT Sampico Adhi Abbatoir	Subsidiary of State Owned Enterprise
434.	PT Sarana Aceh Ventura	Subsidiary of State Owned Enterprise
435.	PT Sarana Agro Nusantara	Subsidiary of State Owned Enterprise
436.	PT Sarana Bandar Logistik	Subsidiary of State Owned Enterprise
437.	PT Sarana Bandar Nasional	Subsidiary of State Owned Enterprise
438.	PT Sarana Bengkulu Ventura	Subsidiary of State Owned Enterprise
439.	PT Sarana Jabar Ventura	Subsidiary of State Owned Enterprise
440.	PT Sarana Jakarta Ventura	Subsidiary of State Owned Enterprise
441.	PT Sarana Jambi Ventura	Subsidiary of State Owned Enterprise
442.	PT Sarana Jateng Ventura	Subsidiary of State Owned Enterprise
443.	PT Sarana Jatim Ventura	Subsidiary of State Owned Enterprise
444.	PT Sarana Kalbar Ventura	Subsidiary of State Owned Enterprise
445.	PT Sarana Kalsel Ventura	Subsidiary of State Owned Enterprise
446.	PT Sarana Kaltim Ventura	Subsidiary of State Owned Enterprise
447.	PT Sarana Multigriya Finansial	Subsidiary of State Owned Enterprise
448.	PT Sarana NTT Ventura	Subsidiary of State Owned Enterprise
449.	PT Sarana Papua Ventura	Subsidiary of State Owned Enterprise
450.	PT Sarana Riau Ventura	Subsidiary of State Owned Enterprise
451.	PT Sarana Sulsel Ventura	Subsidiary of State Owned Enterprise
452.	PT Sarana Sulut Ventura	Subsidiary of State Owned Enterprise
453.	PT Sarana Surakarta Ventura	Subsidiary of State Owned Enterprise
454.	PT Sarana Usaha Sejahtera Insanpalapa	Subsidiary of State Owned Enterprise
455.	PT Sari Arthamas (Sari Pan Pacific Hotel)	Subsidiary of State Owned Enterprise
456.	PT Sari Valuta Asing	Subsidiary of State Owned Enterprise
457.	PT Satria Bahana Sarana	Subsidiary of State Owned Enterprise
458.	PT Segara Indochen	Subsidiary of State Owned Enterprise
459.	PT Semen Gresik	Subsidiary of State Owned Enterprise
460.	PT Semen Indonesia Aceh	Subsidiary of State Owned Enterprise
461.	PT Semen Indonesia Beton (dahulu PT SGG Prima Beton)	Subsidiary of State Owned Enterprise
462.	PT Semen Indonesia International	Subsidiary of State Owned Enterprise
463.	PT Semen Indonesia Logistik (dahulu PT Varia Usaha)	Subsidiary of State Owned Enterprise
464.	PT Semen Kupang Indonesia	Subsidiary of State Owned Enterprise
465.	PT Semen Padang	Subsidiary of State Owned Enterprise
466.	PT Semen Tonasa	Subsidiary of State Owned Enterprise
467.	PT Semesta Marga Raya	Subsidiary of State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
468.	PT Senggigi Pratama internasional	Subsidiary of State Owned Enterprise
469.	PT Sentul PP Properti	Subsidiary of State Owned Enterprise
470.	PT Sepatim Batamtama	Subsidiary of State Owned Enterprise
471.	PT Sepoetih Daya Prima	Subsidiary of State Owned Enterprise
472.	PT SGG Energi Prima	Subsidiary of State Owned Enterprise
473.	PT Sigma Cipta Caraka	Subsidiary of State Owned Enterprise
474.	PT Sigma Utama	Subsidiary of State Owned Enterprise
475.	PT Sinergi Investasi Properti	Subsidiary of State Owned Enterprise
476.	PT Sinergi Perkebunan Nusantara	Subsidiary of State Owned Enterprise
477.	PT Sinkona Indonesia Lestari	Subsidiary of State Owned Enterprise
478.	PT Solo Ngawi Jaya	Subsidiary of State Owned Enterprise
479.	PT Solusi Energy Nusantara	Subsidiary of State Owned Enterprise
480.	PT Sri Melamin Rejeki	Subsidiary of State Owned Enterprise
481.	PT Sri Pamela Medika Nusantara	Subsidiary of State Owned Enterprise
482.	PT Sriwijaya Markmore Persada	Subsidiary of State Owned Enterprise
483.	PT Sucofindo Advisory Utama	Subsidiary of State Owned Enterprise
484.	PT Sucofindo Episi	Subsidiary of State Owned Enterprise
485.	PT Sumber Segara Primadaya (S2P)	Subsidiary of State Owned Enterprise
486.	PT Sumberdaya Arindo	Subsidiary of State Owned Enterprise
487.	PT Surabaya Industrial Estate Rungkut (SIER)	Subsidiary of State Owned Enterprise
488.	PT Surveyor Carbon Consulting Indonesia	Subsidiary of State Owned Enterprise
489.	PT Surya Energi Indotama	Subsidiary of State Owned Enterprise
490.	PT Swadaya Graha	Subsidiary of State Owned Enterprise
491.	PT Tanjung Alam Jaya	Subsidiary of State Owned Enterprise
492.	PT Telekomunikasi Indonesia International	Subsidiary of State Owned Enterprise
493.	PT Telekomunikasi Selular	Subsidiary of State Owned Enterprise
494.	PT Telemedia Dinamika Sarana	Subsidiary of State Owned Enterprise
495.	PT Telkom Akses	Subsidiary of State Owned Enterprise
496.	PT Telkom Landmark Tower	Subsidiary of State Owned Enterprise
497.	PT Terminal Peti Kemas Surabaya	Subsidiary of State Owned Enterprise
498.	PT Terminal Petikemas Indonesia	Subsidiary of State Owned Enterprise
499.	PT Terminal Teluk Lamong	Subsidiary of State Owned Enterprise
500.	PT Tiga Mutiara Nusantara (TMN)	Subsidiary of State Owned Enterprise
501.	PT Timah Agro Manunggal	Subsidiary of State Owned Enterprise
502.	PT Timah Industri	Subsidiary of State Owned Enterprise
503.	PT Timah Investasi Mineral	Subsidiary of State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
504.	PT Timah Karya Persada Properti (formerly PT Timah Adhi Wijaya)	Subsidiary of State Owned Enterprise
505.	PT Tiphone Mobile Indonesia Tbk	Subsidiary of State Owned Enterprise
506.	PT Tracon Industri	Subsidiary of State Owned Enterprise
507.	PT Trans Jabar Tol	Subsidiary of State Owned Enterprise
508.	PT Trans Marga Jateng	Subsidiary of State Owned Enterprise
509.	PT Trans Mayapada	Subsidiary of State Owned Enterprise
510.	PT Transmarga Jatim Pasuruan	Subsidiary of State Owned Enterprise
511.	PT Transportasi Gas Indonesia	Subsidiary of State Owned Enterprise
512.	PT Tri Sari Veem	Subsidiary of State Owned Enterprise
513.	PT Truba Bara Banyu Enim	Subsidiary of State Owned Enterprise
514.	PT Tugu Insurance Company Ltd Hongkong	Subsidiary of State Owned Enterprise
515.	PT Tugu Pratama Indonesia	Subsidiary of State Owned Enterprise
516.	PT Tugu Pratama Interindo	Subsidiary of State Owned Enterprise
517.	PT Tugu Reasuransi Indonesia	Subsidiary of State Owned Enterprise
518.	PT Varia Usaha Bahari	Subsidiary of State Owned Enterprise
519.	PT Varia Usaha Beton	Subsidiary of State Owned Enterprise
520.	PT Varia Usaha Dharma Segara	Subsidiary of State Owned Enterprise
521.	PT Varia Usaha Lintas Segara	Subsidiary of State Owned Enterprise
522.	PT Waru Abadi	Subsidiary of State Owned Enterprise
523.	PT Waskita Beton Precast Tbk	Subsidiary of State Owned Enterprise
524.	PT Waskita Bumi Wira	Subsidiary of State Owned Enterprise
525.	PT Waskita Karya Energi	Subsidiary of State Owned Enterprise
526.	PT Waskita Karya Realty	Subsidiary of State Owned Enterprise
527.	PT Waskita Sangir Energi	Subsidiary of State Owned Enterprise
528.	PT Waskita Toll Road	Subsidiary of State Owned Enterprise
529.	PT Widar Mandipa Nusantara	Subsidiary of State Owned Enterprise
530.	PT Wijaya Karya Beton	Subsidiary of State Owned Enterprise
531.	PT Wijaya Karya Bitumen	Subsidiary of State Owned Enterprise
532.	PT Wijaya Karya Gedung	Subsidiary of State Owned Enterprise
533.	PT Wijaya Karya Industri dan Konstruksi	Subsidiary of State Owned Enterprise
534.	PT Wijaya Karya Intrade Energy	Subsidiary of State Owned Enterprise
535.	PT Wijaya Karya Realty	Subsidiary of State Owned Enterprise
536.	PT Wijaya Karya Rekayasa Konstruksi	Subsidiary of State Owned Enterprise
537.	PT Wisma Seratus Sejahtera	Subsidiary of State Owned Enterprise
538.	PT Yasa Industri Nusantara	Subsidiary of State Owned Enterprise
539.	Saka Energi Muriah Limited	Subsidiary of State Owned Enterprise
540.	Saka Indonesia Pangkah BV	Subsidiary of State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
541.	Saka Indonesia Pangkah Limited	Subsidiary of State Owned Enterprise
542.	Saka Pangkah LLC	Subsidiary of State Owned Enterprise
543.	Timah International Investment Pte Ltd	Subsidiary of State Owned Enterprise
544.	BPJS Kesehatan	State Owned Enterprise
545.	BPJS Ketenagakerjaan	State Owned Enterprise
546.	Perum BULOG	State Owned Enterprise
547.	Perum DAMRI	State Owned Enterprise
548.	Perum Jaminan Kredit Indonesia (JAMKRINDO)	State Owned Enterprise
549.	Perum Jasa Tirta I (Persero)	State Owned Enterprise
550.	Perum Jasa Tirta II (Persero)	State Owned Enterprise
551.	Perum Lembaga Penyelenggara Pelayanan Navigasi Penerbangan Indonesia (PERUM LPPNPI)	State Owned Enterprise
552.	Perum LKBN Antara	State Owned Enterprise
553.	Perum Pegadaian	State Owned Enterprise
554.	Perum Percetakan Negara Republik Indonesia	State Owned Enterprise
555.	Perum Percetakan Uang Republik Indonesia/PERUM PERURI	State Owned Enterprise
556.	Perum Perhutani	State Owned Enterprise
557.	Perum Perikanan Indonesia (PERUM PERINDO)	State Owned Enterprise
558.	Perum Perumnas	State Owned Enterprise
559.	Perum PPD	State Owned Enterprise
560.	Perum Produksi Film Negara	State Owned Enterprise
561.	PT Adhi Karya (Persero) Tbk.	State Owned Enterprise
562.	PT Amarta Karya (Persero)	State Owned Enterprise
563.	PT Aneka Tambang (Persero) Tbk.	State Owned Enterprise
564.	PT Angkasa Pura I (Persero)	State Owned Enterprise
565.	PT Angkasa Pura II	State Owned Enterprise
566.	PT ASABRI	State Owned Enterprise
567.	PT ASDP Indonesia Ferry (Persero)	State Owned Enterprise
568.	PT Asuransi Jasa Indonesia	State Owned Enterprise
569.	PT Asuransi Jasa Raharja	State Owned Enterprise
570.	PT Asuransi Jiwasraya	State Owned Enterprise
571.	PT Asuransi Kredit Indonesia/PT Askindo (Persero)	State Owned Enterprise
572.	PT Bahana Pembinaan Usaha Indonesia	State Owned Enterprise
573.	PT Balai Pustaka	State Owned Enterprise
574.	PT Bank Negara Indonesia (Persero) Tbk.	State Owned Enterprise
575.	PT Bank Rakyat Indonesia (Persero) Tbk.	State Owned Enterprise
576.	PT Bank Tabungan Negara (Persero) Tbk.	State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
577.	PT Barata Indonesia	State Owned Enterprise
578.	PT Berdikari	State Owned Enterprise
579.	PT Bhandha Ghara Reksa	State Owned Enterprise
580.	PT Bina Karya	State Owned Enterprise
581.	PT Bio Farma (Persero)	State Owned Enterprise
582.	PT Biro Klasifikasi Indonesia	State Owned Enterprise
583.	PT Boma Bisma Indra	State Owned Enterprise
584.	PT Brantas Abipraya	State Owned Enterprise
585.	PT Cambrics Primmisima (Persero)	State Owned Enterprise
586.	PT Dahana	State Owned Enterprise
587.	PT Danareksa	State Owned Enterprise
588.	PT Dirgantara Indonesia	State Owned Enterprise
589.	PT Djakarta Llyod (Persero)	State Owned Enterprise
590.	PT Dok & Perkapalan Kodja Bahari	State Owned Enterprise
591.	PT Dok & Perkapalan Surabaya	State Owned Enterprise
592.	PT Energy Management Indonesia	State Owned Enterprise
593.	PT Garam	State Owned Enterprise
594.	PT Garuda Indonesia (Persero) Tbk.	State Owned Enterprise
595.	PT Hotel Indonesia Natour	State Owned Enterprise
596.	PT Utama Karya	State Owned Enterprise
597.	PT Iglas	State Owned Enterprise
598.	PT Indah Karya	State Owned Enterprise
599.	PT Indofarma (Persero) Tbk.	State Owned Enterprise
600.	PT Indonesia Asahan Aluminium (INALUM)	State Owned Enterprise
601.	PT Indra Karya	State Owned Enterprise
602.	PT Industri Kapal Indonesia	State Owned Enterprise
603.	PT Industri Kereta Api (INKA)	State Owned Enterprise
604.	PT Industri Nuklir Indonesia (Persero)	State Owned Enterprise
605.	PT Industri Sandang Nusantara	State Owned Enterprise
606.	PT Industri Telekomunikasi Indonesia (INTI)	State Owned Enterprise
607.	PT Istaka Karya	State Owned Enterprise
608.	PT Jasa Marga (Persero) Tbk.	State Owned Enterprise
609.	PT Kawasan Berikat Nusantara	State Owned Enterprise
610.	PT Kawasan Industri Makasar (Persero)	State Owned Enterprise
611.	PT Kawasan Industri Medan	State Owned Enterprise
612.	PT Kawasan Industri Wijayakusuma	State Owned Enterprise
613.	PT Kereta Api Indonesia	State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
614.	PT Kertas Kraft Aceh	State Owned Enterprise
615.	PT Kertas Leces	State Owned Enterprise
616.	PT Kimia Farma (Persero) Tbk.	State Owned Enterprise
617.	PT Kliring Berjangka Indonesia	State Owned Enterprise
618.	PT Krakatau Steel (Persero) Tbk.	State Owned Enterprise
619.	PT Len Industri	State Owned Enterprise
620.	PT Merpati Nusantara Airlines	State Owned Enterprise
621.	PT PAL Indonesia	State Owned Enterprise
622.	PT Pann Multi Finance (Persero)	State Owned Enterprise
623.	PT Pelabuhan Indonesia I	State Owned Enterprise
624.	PT Pelabuhan Indonesia II	State Owned Enterprise
625.	PT Pelabuhan Indonesia III	State Owned Enterprise
626.	PT Pelabuhan Indonesia IV	State Owned Enterprise
627.	PT Pelayaran Nasional Indonesia (Persero)/ PT PELNI	State Owned Enterprise
628.	PT Pembangunan Perumahan (Persero) Tbk.	State Owned Enterprise
629.	PT Pengembangan Pariwisata Indonesia	State Owned Enterprise
630.	PT Pengusahaan Daerah Industri Pulau Batam (Persero)	State Owned Enterprise
631.	PT Perikanan Nusantara	State Owned Enterprise
632.	PT Perkebunan Nusantara III	State Owned Enterprise
633.	PT Permodalan Nasional Madani	State Owned Enterprise
634.	PT Pertamina	State Owned Enterprise
635.	PT Pertani	State Owned Enterprise
636.	PT Perusahaan Gas Negara Tbk	State Owned Enterprise
637.	PT Perusahaan Listrik Negara	State Owned Enterprise
638.	PT Perusahaan Pengelola Aset	State Owned Enterprise
639.	PT Perusahaan Perdagangan Indonesia	State Owned Enterprise
640.	PT Pindad	State Owned Enterprise
641.	PT Pos Indonesia	State Owned Enterprise
642.	PT Pupuk Indonesia Holding Company	State Owned Enterprise
643.	PT Rajawali Nusantara Indonesia	State Owned Enterprise
644.	PT Reasuransi Indonesia Utama	State Owned Enterprise
645.	PT Sang Hyang Seri	State Owned Enterprise
646.	PT Sarana Multi Infrastruktur (Persero)	State Owned Enterprise
647.	PT Sarinah	State Owned Enterprise
648.	PT Semen Baturaja (Persero)	State Owned Enterprise
649.	PT Semen Indonesia (Persero) Tbk.	State Owned Enterprise
650.	PT Semen Kupang	State Owned Enterprise

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55. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, Bank Mandiri entered into certain significant transactions with the following parties (continued):

• **Related parties relationship with government related entities (continued):**

No.	Related parties	Nature of relationship
651.	PT Sucofindo	State Owned Enterprise
652.	PT Survey Udara Penas	State Owned Enterprise
653.	PT Surveyor Indonesia	State Owned Enterprise
654.	PT Taman Wisata Candi Borobudur, Prambanan & Ratu Boko	State Owned Enterprise
655.	PT Tambang Batubara Bukit Asam (Persero) Tbk.	State Owned Enterprise
656.	PT Taspen	State Owned Enterprise
657.	PT Telekomunikasi Indonesia Tbk/PT Telkom Tbk.	State Owned Enterprise
658.	PT Timah (Persero) Tbk.	State Owned Enterprise
659.	PT Varuna Tirta Prakasya	State Owned Enterprise
660.	PT Virama Karya	State Owned Enterprise
661.	PT Waskita Karya (Persero)	State Owned Enterprise
662.	PT Wijaya Karya (Persero) Tbk.	State Owned Enterprise
663.	PT Yodya Karya	State Owned Enterprise
664.	Lembaga Pembiayaan Ekspor Indonesia	State Owned Financial Institution
665.	PT Indonesia Infrastruktur Finance	Financial Institution
666.	PT Penjaminan Infrastruktur Indonesia	Financial Institution
667.	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, derivative receivables, loans, consumer financing receivables, acceptance receivables, derivative payables, deposit from customers, deposits from other bank, interbank call money, acceptance payables, liabilities on securities sold under repurchase agreements, 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.

• **Transactions with management and key personnel of Bank Mandiri**

Total gross salaries and allowances, bonus and tantiem, long-term employment benefits of the Boards of Commissioners, Directors, Audit Committee and Risk Monitoring, Sharia Supervisory Board and Executive Vice President and Senior Vice President (Note 48) for the years ended December 31, 2017 and 2016 amounted to Rp1,153,809 and Rp986,140 or 3.30% and 3.15% of total consolidated operating expenses - others, respectively.

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55. RELATED PARTY TRANSACTIONS (continued)

Details of significant transactions with related parties as of December 31, 2017 and 2016, are as follows:

	December 31, 2017	December 31, 2016
<u>Assets</u>		
Current accounts with other banks (Note 5a)	27,533	25,861
Placements with Bank Indonesia and other banks (Note 6b)	3,152,167	1,725,571
Marketable securities (Note 7a)*	20,775,463	18,571,548
Government bonds (Note 8)	103,411,188	98,933,278
Other receivables - trade transactions (Note 9a)	10,517,587	5,934,300
Derivative receivables (Note 11)	23,824	3,660
Loans (Note 12A.a and 12B.g)	113,611,412	100,201,483
Consumer financing receivables (Note 13a)	7,957	10,532
Acceptance receivables (Note 15a)	1,049,343	415,848
Investment in shares (Note 16a)	89,110	50,331
Total assets with related parties	252,665,584	225,872,412
Total consolidated assets	1,124,700,847	1,038,706,009
Percentage of total assets with related parties to total consolidated assets	22.47%	21.75%
<u>Liabilities</u>		
Deposits from customers		
Demand deposits/ <i>wadiah</i> demand deposit (Note 21a)	46,108,385	48,729,926
Saving deposits/ <i>wadiah</i> saving deposit (Note 22a)	3,548,205	1,973,087
Time deposits (Note 23a)	35,491,966	46,271,999
Deposits from other banks		
Demand and saving deposits (Note 24a)	252,785	45,912
Time deposits (Note 26a)	108,473	286,210
Inter-bank call money (Note 25a)	-	40,000
Derivative payables (Note 11)	16,582	10,058
Securities sold under repurchase agreements to repurchase (Note 28)	-	230,024
Acceptance payables (Note 29a)	602,894	2,481,708
Marketable securities issued (Note 30)	8,546,200	3,662,000
Total liabilities with related parties	94,675,490	103,730,924
Total consolidated liabilities	888,026,817	824,559,898

* Stated by gross before unamortized discount and (losses)/gains have not realizing from (decrease)/increase in securities.

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55. RELATED PARTY TRANSACTIONS (continued)

Details of significant transactions with related parties as of December 31, 2017 and 2016, are as follows (continued):

	December 31, 2017	December 31, 2016
Percentage of total liabilities with related parties to total consolidated liabilities	10.66%	12.58%
Temporary <i>syirkah</i> funds (Note 38)	974,099	914,391
Percentage to total temporary <i>syirkah</i> funds	1.46%	1.50%
	Year ended December 31, 2017	2016
<u>Statements of comprehensive income</u>		
Interest income from government bonds and treasury bills (Note 41)	5,300,754	5,490,404
Percentage to interest income and sharia income	6.64%	7.16%
Interest expense from fund borrowing (Note 42)	-	971
Percentage to interest expense and sharia expense	-	0.01%
	December 31, 2017	December 31, 2016
<u>Commitments and contingencies (Note 53)</u>		
Unused loan facilities granted	50,456,815	38,790,412
Outstanding irrevocable letters of credit	5,904,249	3,519,396
Guarantees issued in the form of bank guarantee	25,912,130	23,212,078
Guarantees issued in the form of Standby letters of credit	6,171,176	6,739,568
Total commitments and contingencies for related parties	88,444,370	72,261,454
Total commitments and contingencies for consolidated	227,252,235	196,288,542
Percentage total commitments and contingencies of related parties to consolidated aset	38.92%	36.81%

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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 reportable segments as of December 31, 2017 :

- Wholesale consists of:
 - Corporate : including loans, customer deposits and other transactions belonging to corporate customers, including state-owned and private enterprises.
 - Commercial : including loans to medium scale and automotive sector, customer deposits and other transactions belonging to commercial customers.
- Government Institutional : including loans, costumer deposit and other transactions belonging to government entity and pension plan from state-owned enterprises.
- Retail (in 2017 consists of consumer/individual segment and micro & business and wealth segment) : including loans granted to business entities or individuals with micro-scale to small, products or other services such as deposits, payment transactions and other transactions belonging to micro and small customers also consumer finance loans, including mortgage loans, credit cards and other products and services such as deposits, payment transactions and other transactions belonging to individual customers, including priority customers.
- Treasury : treasury segment associated with treasury activities of the Bank include foreign exchange, money market, fixed income, international banking business, capital markets and supervision of the Foreign Office.
- Head Office : mainly manages the assets and liabilities of the Group other than those managed by other operating segments including accepting the cost allocation for the provision of the service by centralizing services to other segments as well as income/costs that are not allocated to other segments reporting.
- Subsidiary - sharia : including all transactions conducted by subsidiary engaged in sharia banking.
- Subsidiaries - insurance : including all transactions conducted by subsidiaries engaged in life insurance, health insurance and general insurance.
- Subsidiary - other than sharia and insurance : including all transactions subsidiaries engaged in consumer finance, remittance services, securities and banking.

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56. SEGMENT INFORMATION (continued)

The following describes the operations in each reportable segments as of December 31, 2016:

- Corporate : including loans, customer deposits and other transactions belonging to corporate customers, including state-owned, private enterprises and government entity.
- Commercial : including loans to medium scale, automotive sector, customer deposits and other transactions belonging to commercial customers.
- Retail (in 2016 consists of consumer/individual segment and micro and business segments) : including loans granted to business entities or individuals with micro-scale to small, products or other services such as deposits, payment transactions and other transactions belonging to micro and small customers also consumer finance loans, including mortgage loans, credit cards and other products and services such as deposits, payment transactions and other transactions belonging to individual customers, including priority customers.
- Treasury & markets : treasury segment associated with treasury activities of the Bank include foreign exchange, money market and fixed income. Segments of business markets, including, among others, international banking, capital markets and supervision of the Foreign Office.
- Head Office : mainly manages the assets and liabilities of the Group other than those managed by other operating segments including accepting the cost allocation for the provision of the service by centralizing services to other segments as well as income/costs that are not allocated to other segments reporting.
- Subsidiary - sharia : including all transactions conducted by subsidiary engaged in sharia banking.
- Subsidiaries - insurance : including all transactions conducted by subsidiaries engaged in life insurance, health insurance and general insurance.
- Subsidiary - other than sharia and insurance : including all transactions subsidiaries engaged in consumer finance, remittance services, securities and banking.

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56. SEGMENT INFORMATION (continued)

December 31, 2017 ¹⁾											
Description	Wholesale		Government Institution	Retail	Treasury	Head Office	Subsidiaries - sharia	Subsidiaries - insurance	Subsidiaries - other than insurance and sharia	Adjustment and Elimination ²⁾	Total
	Corporate	Commercial									
Consolidated statement of profit or loss and other comprehensive income											
Interest and sharia income ^{**)}	25,259,738	18,615,438	4,076,031	57,901,200	8,790,678	1,169,202	7,286,674	538,264	4,115,124	(48,250,819)	79,501,530
Interest and sharia expense ^{**)}	(17,391,803)	(12,067,382)	(2,567,155)	(26,048,171)	(4,746,879)	(956,168)	(2,541,130)	-	(1,963,422)	41,107,739	(27,174,371)
Net interest and sharia income	7,867,935	6,548,056	1,508,876	31,853,029	4,043,799	213,034	4,745,544	538,264	2,151,702	(7,143,080)	52,327,159
Net premium income	-	-	-	-	-	-	-	2,737,653	-	(272,578)	2,465,075
Net interest and sharia and premium income	7,867,935	6,548,056	1,508,876	31,853,029	4,043,799	213,034	4,745,544	3,275,917	2,151,702	(7,415,658)	54,792,234
Other operating income:											
Other fees and commission	1,890,196	1,005,460	257,721	5,579,995	279,082	2,412,928	907,763	-	719,676	(569,687)	12,483,134
Other	387,453	123,825	11,460	2,731,572	3,449,100	1,623,389	714,521	525,588	1,200,376	(968,777)	9,798,507
Total	2,277,649	1,129,285	269,181	8,311,567	3,728,182	4,036,317	1,622,284	525,588	1,920,052	(1,538,464)	22,281,641
Reversal of/(allowance for) impairment losses on financial assets and others	(650,578)	(6,243,098)	902	(7,593,814)	(94,361)	1,768,041	(2,516,484)	-	(646,282)	23,837	(15,951,837)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, government bonds, and policyholders' investment in unit-link contracts	-	-	-	-	-	2,489	-	164,568	835	-	167,892
Gain on sale of marketable securities and government bonds	-	-	-	-	-	850,383	-	12,544	30,643	-	893,570
Other operating expenses:											
Salaries and employee benefit	(157,934)	(293,655)	(61,803)	(2,221,145)	(272,334)	(8,628,264)	(1,599,262)	(485,449)	(1,411,375)	272,579	(14,858,642)
General and administrative expense	(112,155)	(109,011)	(78,894)	(2,644,541)	(212,014)	(8,894,393)	(1,488,944)	(947,562)	(918,065)	-	(15,405,579)
Other	(232,570)	(118,511)	(110,097)	(1,161,628)	(160,071)	(2,118,947)	(305,420)	(1,039,960)	(212,450)	710,126	(4,749,528)
Total	(502,659)	(521,177)	(250,794)	(6,027,314)	(644,419)	(19,641,604)	(3,393,626)	(2,472,971)	(2,541,890)	982,705	(35,013,749)
Non-operating income/(expense) - net	-	-	-	-	411	1,825	29,343	(14,583)	(29,884)	-	(12,888)
Tax expense	-	-	-	-	-	(5,087,348)	(121,893)	(261,976)	(242,604)	-	(5,713,821)
Net income	8,992,347	913,066	1,528,165	26,543,468	7,033,612	(17,856,863)	365,168	1,229,087	642,572	(7,947,580)	21,443,042
Net income attributable to:											
Noncontrolling interest	-	-	-	-	-	-	-	-	-	-	803,359
Parent Entity	-	-	-	-	-	-	-	-	-	-	20,639,683
Consolidated statement of financial position											
Loans - gross	248,745,671	155,820,017	13,862,546	223,098,142	1,173,623	1,557,410	59,893,437	-	10,943,441	(3,056,422)	712,037,865
Total assets	258,019,391	144,012,206	13,886,210	220,719,085	123,690,331	218,050,209	87,939,774	34,066,912	38,541,034	(14,224,305)	1,124,700,847
Demand deposits/ Wadiah demand deposits	(83,354,774)	(37,174,479)	(20,964,557)	(51,006,025)	(2,748,140)	-	(8,435,776)	-	(63,129)	882,020	(202,864,860)
Saving deposit/ Wadiah saving deposits	(7,003,356)	(11,731,448)	(1,174,738)	(283,736,956)	(22,325)	-	(3,193,558)	-	(1,849,527)	-	(308,711,908)
Time deposits	(36,653,700)	(19,239,640)	(28,537,041)	(141,628,906)	(4,801,444)	-	-	-	(7,845,403)	698,920	(238,007,214)
Total deposit from customers	(127,011,830)	(68,145,567)	(50,676,336)	(476,371,887)	(7,571,909)	-	(11,629,334)	-	(9,758,059)	1,580,940	(749,583,982)
Total liabilities	(135,647,500)	(72,024,722)	(50,604,259)	(477,958,928)	(13,933,756)	(68,587,174)	(13,906,435)	(30,029,680)	(32,394,653)	7,060,290	(888,026,817)

^{*)} Appropriate with operation segments of Bank Mandiri (Note 2ak).

^{**)} Include component of internal transfer pricing among operating segments.

^{***)} Include elimination of internal transfer pricing or reclassification among operating segment and elimination against Subsidiaries.

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56. SEGMENT INFORMATION (continued)

December 31, 2016 ¹⁾										
Description	Corporate	Commercial	Retail	Treasury & Markets	Head office	Subsidiaries - Sharia	Subsidiaries - insurance	Subsidiaries - other than insurance and sharia	Adjustment and Elimination ²⁾	Total
Consolidated statement of profit or loss and other comprehensive income										
Interest and sharia income ²⁾	28,603,573	18,917,557	53,807,839	7,143,133	3,232,612	6,467,897	545,561	2,751,451	(44,759,735)	76,709,888
Interest and sharia expense ²⁾	(18,478,530)	(13,036,468)	(24,597,769)	(2,767,382)	(2,154,069)	(2,339,720)	-	(1,269,366)	39,758,785	(24,884,519)
Net interest and sharia income	10,125,043	5,881,089	29,210,070	4,375,751	1,078,543	4,128,177	545,561	1,482,085	(5,000,950)	51,825,369
Net premium income	-	-	-	-	-	-	3,227,766	-	(575,335)	2,652,431
Net interest and sharia and premium income	10,125,043	5,881,089	29,210,070	4,375,751	1,078,543	4,128,177	3,773,327	1,482,085	(5,576,285)	54,477,800
Other operating income:										
Other fees and commission	1,887,511	867,607	5,280,360	513,029	2,009,321	840,841	-	633,076	(591,743)	11,440,002
Other	278,724	907,043	3,291,858	3,360,808	(922,819)	527,537	447,407	750,842	(794,977)	7,846,423
Total	2,166,235	1,774,650	8,572,218	3,873,837	1,086,502	1,368,378	447,407	1,383,918	(1,386,720)	19,286,425
Reversal of/(allowance for) impairment losses on financial assets and others	(1,700,194)	(8,395,759)	(6,599,326)	(93,466)	(5,684,881)	(1,678,466)	-	(484,243)	(8,507)	(24,644,842)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, government bonds, and policyholders' investment in unit-link contracts	-	-	-	-	(5,598)	-	22,369	(1,133)	-	15,638
Gain on sale of marketable securities and government bonds	-	-	-	-	700,004	-	12,547	33,353	-	745,904
Other operating expenses:										
Salaries and employee benefit	(178,037)	(70,055)	(2,102,311)	(229,876)	(8,136,489)	(1,485,175)	(454,578)	(962,224)	-	(13,618,745)
General and administrative expense	(136,966)	(35,578)	(2,361,765)	(196,582)	(8,690,145)	(1,569,460)	(905,148)	(637,902)	575,335	(13,958,211)
Other	(307,649)	(123,619)	(1,063,327)	(107,156)	(1,322,820)	(331,613)	(991,511)	(128,713)	685,166	(3,691,242)
Total	(622,652)	(229,252)	(5,527,403)	(533,614)	(18,149,454)	(3,386,248)	(2,351,237)	(1,728,839)	1,260,501	(31,268,198)
Non-operating income/(expense) - net	-	-	-	689	22,328	2,863	(31,649)	(33,993)	-	(39,762)
Tax expense	-	-	-	-	(3,253,220)	(109,290)	(391,339)	(168,953)	-	(3,922,802)
Net income	9,968,432	(969,272)	25,655,559	7,623,197	(24,205,776)	325,414	1,481,425	482,195	(5,711,011)	14,650,163
Net income attributable to:										
Noncontrolling interest	-	-	-	-	-	-	-	-	-	843,598
Parent Entity	-	-	-	-	-	-	-	-	-	13,806,565
Consolidated statement of financial position										
Loans - gross	228,664,566	165,157,169	196,193,756	1,064,421	1,589,358	54,665,318	-	5,081,596	(3,093,231)	649,322,953
Total assets	245,009,460	158,931,151	192,665,508	120,134,228	201,441,163	78,831,721	29,746,748	25,714,089	(13,768,059)	1,038,706,009
Demand deposits/ Wadiah demand deposits	(92,357,811)	(40,435,471)	(45,497,602)	(2,268,645)	-	(6,860,851)	-	(80,244)	517,296	(186,983,328)
Saving deposit/ Wadiah saving deposits	(6,051,088)	(8,143,489)	(259,483,049)	(94,889)	-	(2,593,437)	-	(803,872)	-	(277,169,824)
Time deposits	(79,908,727)	(17,774,366)	(130,295,804)	(5,638,904)	-	-	-	(4,825,946)	536,669	(237,907,078)
Total deposit from customers	(178,317,626)	(66,353,326)	(435,276,455)	(8,002,438)	-	(9,454,288)	-	(5,710,062)	1,053,965	(702,060,230)
Total liabilities	(190,049,966)	(70,226,740)	(436,937,022)	(23,157,489)	(53,741,543)	(11,662,897)	(25,650,572)	(20,689,414)	7,555,745	(824,559,898)

¹⁾ Appropriate with operation segments of Bank Mandiri (Note 2ak).

²⁾ Include component of internal transfer pricing among operating segments.

³⁾ Include elimination of internal transfer pricing or reclassification among operating segment and elimination against Subsidiaries.

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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 December 31, 2017:

	Indonesia	Asia	West Europe	Cayman Islands	Consolidated
Consolidated statement of profit or loss and other comprehensive income					
Interest and sharia income	78,128,521	915,243	64,473	393,293	79,501,530
Interest and sharia expense	(26,960,909)	(171,728)	(19,206)	(22,528)	(27,174,371)
Net interest and sharia income	51,167,612	743,515	45,267	370,765	53,327,159
Net premium income	2,465,075	-	-	-	2,465,075
Net interest and sharia and premium income	53,632,687	743,515	45,267	370,765	54,792,234
Other operating income:					
Others fees and commissions	12,058,363	373,393	-	51,378	12,483,134
Others	9,718,340	57,022	3,317	19,828	9,798,507
Total	21,776,703	430,415	3,317	71,206	22,281,641
(Allowance for)/reversal of impairment losses on financial assets and others	(15,935,336)	(107,026)	-	90,525	(15,951,837)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, government bonds, and policyholders' investment in unit-link contracts	168,100	(217)	-	9	167,892
Gain on sale of marketable securities and government bonds	845,163	23,953	-	24,454	893,570
Other operating expenses:					
Salaries and employee benefit	(14,671,562)	(157,649)	(18,585)	(10,846)	(14,858,642)
General, administrative expenses and others	(19,999,676)	(113,494)	(19,152)	(22,785)	(20,155,107)
Total	(34,671,238)	(271,143)	(37,737)	(33,631)	(35,013,749)
Non operating income/(expense) - net	102,555	(86,166)	-	(29,277)	(12,888)
Tax expense	(5,621,953)	(89,082)	(2,786)	-	(5,713,821)
Net income	20,296,681	644,249	8,061	494,051	21,443,042
Net income attributable to:					
Noncontrolling interest	-	-	-	-	803,359
Parent Entity	-	-	-	-	20,639,683
Consolidated statement of financial position					
Loans	684,723,748	19,987,985	436,955	6,889,177	712,037,865
Total assets	1,075,709,168	35,479,228	2,126,531	11,385,920	1,124,700,847
Demand deposit/ <i>wadiah</i> demand deposits	(196,514,998)	(6,324,178)	(25,684)	-	(202,864,860)
Saving deposit/ <i>wadiah</i> saving deposits	(306,726,716)	(1,985,192)	-	-	(308,711,908)
Time deposits	(235,026,952)	(2,980,262)	-	-	(238,007,214)
Total deposit from customers	(738,268,666)	(11,289,632)	(25,684)	-	(749,583,982)
Total liabilities	(839,728,197)	(35,475,463)	(1,441,985)	(11,381,172)	(888,026,817)

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56. SEGMENT INFORMATION (continued)

Geographical segment (continued)

Information on geographical segment for the year ended December 31, 2016:

	Indonesia	Asia	West Europe	Cayman Islands	Consolidated
Consolidated statement of profit or loss and other comprehensive income					
Interest and sharia income	75,656,519	648,879	57,011	347,479	76,709,888
Interest and sharia expense	(24,778,779)	(88,552)	(15,095)	(2,093)	(24,884,519)
Net interest and sharia income	50,877,740	560,327	41,916	345,386	51,825,369
Net premium income	2,652,431	-	-	-	2,652,431
Net interest and sharia and premium income	53,530,171	560,327	41,916	345,386	54,477,800
Other operating income:					
Others fees and commissions	11,274,938	151,776	-	13,288	11,440,002
Others	7,760,010	76,447	6,505	3,461	7,846,423
Total	19,034,948	228,223	6,505	16,749	19,286,425
(Allowance for)/reversal of impairment losses on financial assets and others	(24,571,484)	(142,229)	-	68,871	(24,644,842)
Unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities, government bonds, and policyholders' investment	15,694	(69)	-	13	15,638
Gain on sale of marketable securities and government bonds	713,252	13,194	-	19,458	745,904
Other operating expenses:					
Salaries and employee benefit	(13,450,410)	(142,202)	(16,448)	(9,685)	(13,618,745)
General, administrative expenses and others	(17,489,183)	(115,498)	(24,032)	(20,740)	(17,649,453)
Total	(30,939,593)	(257,700)	(40,480)	(30,425)	(31,268,198)
Non operating income/(expense) - net	49,455	(31,314)	-	(57,903)	(39,762)
Tax expense	(3,861,252)	(61,550)	-	-	(3,922,802)
Net income	13,971,191	308,882	7,941	362,149	14,650,163
Net income attributable to:					
Noncontrolling interest	-	-	-	-	843,598
Parent Entity	-	-	-	-	13,806,565
Consolidated statement of financial position					
Loans	622,770,970	18,118,678	152,390	8,280,915	649,322,953
Total assets	992,414,913	30,002,644	2,344,461	13,943,991	1,038,706,009
Demand deposit/ <i>wadiah</i> demand deposits	(182,974,324)	(3,950,734)	(58,270)	-	(186,983,328)
Saving deposit/ <i>wadiah</i> saving deposits	(275,519,500)	(1,650,324)	-	-	(277,169,824)
Time deposits	(234,790,487)	(3,116,591)	-	-	(237,907,078)
Total deposit from customers	(693,284,311)	(8,717,649)	(58,270)	-	(702,060,230)
Total liabilities	(778,934,950)	(30,001,087)	(1,681,737)	(13,942,124)	(824,559,898)

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57. CAPITAL ADEQUACY RATIO

Capital risk management

Bank Mandiri's capital policy is prudently complied with the regulatory capital requirement, diversifying its capital resources to anticipate long-term strategic plans and efficiently allocate capital to business segments that have the potential to provide an optimal risk-return profile, including placement and inclusion of subsidiaries in order to meet stakeholder expectations including investors and regulators.

Bank Mandiri ensures it has sufficient capital to meet credit risk, market risk and operational risk, both in supporting business growth in normal conditions and anticipating stress conditions.

The Bank refers to FSA regulation in calculating the capital adequacy for credit risk, market risk and operational risk. For credit risk, the Bank uses Standardised Approach. For the market risk, the Bank uses Standardised Model and The Bank has also used Value at Risk for its internal model. For operational risk, the Bank refers to Basel II Basic Indicator Approach and has simulated the Standardised Approach.

In the implementation of the FSA's Circular Letter No. 42/SEOJK. 03/2016 dated September 28, 2016 regarding the calculation of credit risk weighted assets using the standard approach, the results of the calculation of RWA of the Bank showed credit risk RWA for the position of December 31, 2017 amounted to Rp589,631,509. The position of market risk RWA and RWA with the standardized approach to operational risk Basic Indicator Approach approach shows the number of each of Rp13,367,349 and Rp104,792,639.

The Capital Adequacy Ratio (CAR) per December 31, 2017 and 2016 calculated in accordance with FSA Regulation No. 34/POJK.03/2016 dated September 22, 2016 on Amendments to the FSA Regulation No. 11/POJK.03/2016 concerning the Minimum Capital Requirement for Commercial Banks. The CAR (Bank Mandiri only) as of December 31, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
Capital:		
Core capital	145,616,420	130,356,495
Supplementary capital	7,561,895	7,075,719
Total Capital for credit risk, operational risk and market risk charge	153,178,315	137,432,214
Risk-Weighted Assets for credit	589,631,509	549,646,704
Risk-Weighted Assets for operasional	104,792,639	91,932,008
Risk-Weighted Assets for market risk	13,367,349	1,800,778
Total Risk-Weighted Assets for credit, operational and market risk charge	707,791,497	643,379,490

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57. CAPITAL ADEQUACY RATIO (continued)

Capital risk management (continued)

	December 31, 2017	December 31, 2016
CAR for core capital	20.57%	20.26%
CAR for credit risk	25.98%	25.00%
CAR for credit risk and operational risk	22.06%	21.42%
CAR for credit risk and market risk	25.40%	24.92%
CAR for credit risk, operational risk and market risk	21.64%	21.36%
Minimum CAR core capital	6.00%	6.00%
Minimum CAR based on risk profile	9.5%	9.52%

The Bank's capital adequacy ratio on a consolidated basis as of December 31, 2017 and 2016 including credit, operational and market risk is 21.03% and 20.75%, taking into account credit and operational risk is 21.39% and 20.79%.

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 (including off-balance sheet) as of December 31, 2017 and 2016 (Bank Mandiri only) are 2.14% and 2.45%, 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 of December 31, 2017 and 2016 compared to the minimum allowance for impairment losses on earning assets under the guidelines prescribed by Bank Indonesia as of December 31, 2017 and 2016 are 130.82% and 137.33%, respectively.

The ratio of small-scale and micro business loans to total loans provided by Bank Mandiri for the years ended as of December 31, 2017 and 2016 are 6.14% and 6.29%, respectively.

The Legal Lending Limit (LLL) as of December 31, 2017 and 2016 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 January 20, 2005 regarding Legal Lending Limit for Commercial Bank as amended in Bank Indonesia Regulation No. 8/13/PBI/2006 dated October 5, 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 October 4, 1999. Bank Mandiri's Custodial, which is the part of International Banking and Financial Institution Group, provides a full range of custodial services as follows:

- a. Settlement and handling services for script and scripless 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' General Meeting of Shareholders and General Meeting of bond holders;
- 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 are investing in capital market or money market in Indonesia;
- b. Local custodial for American Depository Receipts (ADR) and Global Depository Receipts (GDR) which is needed by the investors to convert the companies' shares which are listed in local and overseas stock exchange (dual/multi listing);
- c. Sub-registry which provide services for investors that conduct transaction and investment in Government Bonds (either in form of Bonds or Treasury Bills) and Bank Indonesia Certificates (Sertifikat Bank Indonesia (SBI));
- d. Custodial for mutual funds and discretionary fund issued and managed by investment manager;
- e. Custodial of Euroclear for customer who is conducting investment and settlement of securities transactions listed in overseas market and recorded in Euroclear Operations Centre, Brussels. Bank Mandiri's Custodian is a direct member of Euroclear;
- 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 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 for Asset-Based Securities (Efek Beragun Aset (EBA)) in the form of collective investment contract (Kontrak Investasi Kolektif (KIK)) which was issued by the investment manager and custodial bank in relation to asset securitization transactions owned by banks or other financial institutions.

As of December 31, 2017 and 2016, Bank Mandiri's Custodial Operations has 1,822 and 819 customers, respectively, which consist of pension funds, insurance companies, banks, institution, securities companies, mutual funds, other institution/legal entity and individual customer. Total portfolio by currencies as of December 31, 2017 are amounting to Rp445,624,581, USD1,754,110,142 (full amount), and EUR106,336 (full amount) and as of December 31, 2016 are amounting to Rp391,312,991, USD1,460,738,660 (full amount), and EUR106,336 (full amount) (unaudited). Assets kept in custodial services activities are not included in the consolidated financial statements of Bank Mandiri and its subsidiaries.

Bank Mandiri has insured the customer's portfolio against potential losses from safekeeping and transfer of securities in accordance with the FSA 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 October 27, 1999. The type of services offered by the Bank are as follows:

- a. Trustee for bonds and MTN
- b. Escrow account Agent
- c. Paying agent
- d. Initial Public Offering/IPO Receiving Bank
- e. Security agent

As of December 31, 2017, Bank Mandiri as Trustee has 115 trustee customers with the total value of bonds and MTN issued amounting to Rp95,077,750 dan USD105,300,000 (full amount) and as of December 31, 2016 has 102 trustee customers with the total value of bonds and MTN issued amounting to Rp78,379,250 dan USD113,700,000 (full amount) (unaudited).

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59. CUSTODIAL SERVICES AND TRUST OPERATIONS (continued)

Trust Operations (continued)

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 April 26, 2013 and No. 15/32/DPB1/PB1-1 date August 28, 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 trust service 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):

	December 31, 2017	December 31, 2016
Government:		
Agriculture	286,949	322,887
Manufacturing	14,543	14,543
	301,492	337,430

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 Française & 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. However, based on the Regulation of the Ministry of Finance No. 40/PMK.05/2015 dated March 6, 2015 stated starting October 1, 2015 management administration of overseas loans are governed by the Ministry of Finance, resulting all of the loans governed by the administrative bank being taken over by the Ministry of Finance.

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60. CHANNELING LOANS (continued)

Channeling loans are not included in the consolidated statement of financial position as the credit risk is not borne by the Bank and its Subsidiaries. Bank Mandiri's responsibilities under the above arrangements include, among others, collections from borrowers and payments to the Government of principal, interest and other charges and the maintenance of loan documentation. As compensation, Bank Mandiri receives banking fee which varies from 0.05% - 0.50% from the average of outstanding loan balance in one year.

61. RISK MANAGEMENT

Bank Mandiri implements independent risk management function based on the requirement of Bank Indonesia's regulation and international best practices. Bank Mandiri adopts the Enterprise Risk Management (ERM) concept as comprehensive and integrated risk management strategy which is in line with the Bank's business process and operational needs. ERM implementation gives value added benefits to the Bank and stakeholders.

ERM is a risk management process embedded in the business strategies and operations that are integrated in the daily decision making processes. With ERM, the Bank 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 Financial Services Authority (FSA) Regulation No. 17/POJK.03/2014 regarding implementation of integrated risk management for financial conglomerates that covers the whole financial industry.

The Bank's risk management framework is based on FSA Regulation No. 18/POJK.03/2016 regarding Risk Management Implementation for Commercial Banks. The Bank's risk management framework is stated in the Bank Mandiri Risk Management Policy (BMRMP), which consists of several policies as the guideline to the business growth and as a business enabler to ensure the Bank conducts prudential principle by examining the risk management performance process (identification - measurement - monitoring - risk mitigation) for all organisation levels.

Active supervision by the Board of Directors and the Board of Commissioners on 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 Committee, Integrated Governance Committee, Remuneration and Nomination Committee and Audit Committee. The Executive Committee under the supervision of the Board of Directors consists of Asset & Liability Committee (ALCO), Risk Management Committee (RMC), Integrated Risk Management Committee (IRC), Capital & Subsidiaries Committee (CSC), Business Committee, Information Technology Committee (ITC), Human Capital Policy Committee (HCPC), Policy & Procedure Committee (PPC) dan Credit Committee.

From 9 Executive Committees, there are 4 committees that are directly involved in risk management, i.e RMC, IRC, ALCO and PPC. RMC is the committee that discusses and recommends policy and procedures as well as monitoring risks profile and managing all the Bank's risks. Integrated IRC is the committee that provides recommendation on the integrated risk management policy including the application of risk management in subsidiaries. IRC is based on the application of FSA Regulation No. 17/POJK.03/2014 regarding integrated risk management. IRC has members from subsidiaries that discusses as well as recommends the policy and application of integrated risk management. ALCO is the committee that manages Bank's asset and liability management, interest rate and liquidity and other areas that are related to the asset and liability management of the Bank. PPC is the committee that discusses and recommends the adjustment or improvement in the Bank's policy and procedures.

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61. RISK MANAGEMENT (continued)

Committees under Board of Commissioners including Risk Monitoring Committee, Integrated Governance Committee and Audit Committee, which has the task and responsibility to perform review and evaluation on policy and execution of Bank's risk management, as well as providing inputs and recommendation to the Board of Commissioners in their monitoring of tasks.

Operationally, the related Directorate with risk management is divided into two big parts, there are 1) credit approval as part of the four-eye principles, located at the Wholesale Risk Directorate and Retail Risk Directorate and 2) Independent Risk Management that is located in the Risk Management Directorate and Risk Management & Compliance Directorate. Risk Management & Compliance is headed by a Director that is responsible towards the Board of Director and also a member of the Risk Management Committee, Integrated Risk Management Committee, and Policy & Procedure Committee. The bank has also established a Risk Management Working Unit under the Risk Management & Compliance. The Risk Management & Compliance Directorate is divided into 7 (seven) groups, that is the Credit Portfolio Risk Group, Market Risk Group, Operational Risk Group, Credit Control & Supervision Group, Legal Group, Compliance Group, and Policy & Procedure Group.

The Risk Management Directorate and each strategic business unit are responsible for maintaining/coordinating 10 (ten) types of risk that is faced by the Bank, discussing and proposing risk management policies and guidelines.

Bank Mandiri is developing the application of ICAAP, which aims to ensure that the Banks has a comprehensive risk measurement process and that the calculation of capital is in accordance with the risk profile and ability to provide the needed capital. One part of the ICAAP is the preparation of Risk Appetite Statement (RAS). RAS is the type and degree of risk that could be taken/faced by the Bank within its risk capacity in order to achieve its business goals. The application of this ICAAP is to support the implementation of Basel II Pillar 2 as the best practice.

All risks will be reported in quarterly risk profile report and semi-annually Bank's soundness report in order to describe all embedded risks in the Bank's business activities, including consolidation with subsidiaries risks.

A. Credit risk

The Bank's credit risk management is mainly focused to improve the balance between prudent loan expansion and maintenance in order to prevent quality deterioration (downgrading) to Non Performing Loan (NPL) category and to optimise capital utilisation by identifying business unit, segment, product, region which has value added to achieve the optimum of Return On Risk Weighted Asset (RORWA).

To support this objective, the Bank periodically reviews and updates its policies and procedures for credit in general, by business segment and tools risk management. 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/settlement process for non-performing/restructuring 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 the Quality of Asset Assessment on Commercial Bank regulating that the assessment on debtor business process should also consider the debtor's effort to maintain its environment.

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61. RISK MANAGEMENT (continued)

A. Credit risk (continued)

In principle, credit risk management is implemented to transactional and portfolio levels. At the transactional level, the Bank has implemented the four-eye principles 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 principles is executed by Credit Committee according to the authority limit and the loan approval process conducted through Credit Committee Meeting mechanism. Executive Credit Officer as Credit Committee members, must be highly competent as well as have 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 mitigate credit risk, Credit Committee sets loan structure for every debtor through appropriate covenants that is align with debtor needs and conditions. This is to ensure the debtor uses the loan effectively according to original purpose so that bank and debtor's interest are fulfilled. Guidelines for determining the structure of collateral in order to mitigate credit risk policy has been regulated in detail according to the SPK (Credit Standard Procedures) for each segment.

The collateral that can be accepted by the Bank includes Movable Assets (among others cash, receivables, inventory, and marketable securities), Non-Movable Assets (among others property, land, and equipment), and personal/corporate guarantee. The collateral coverage criteria for each segment is divided as follows:

Segment	Collateral	Minimum Coverage Amount*)
Wholesale	Funded project	100% - 150% of credit limit
	Inventory	
	Receivable	
	Fixed Asset	
	Land or land and property	
	Other collateral accepted by the Bank	
Retail	Fixed asset	100% - 200% of credit limit
	Inventory	
	Receivable	
	Land or land and property	
	Other collateral accepted by the Bank	

*) Collateral coverage amount is determined by type and limit of credit facility, type and value of collateral and evaluation of debtor.

To guarantee the credit facility, fixed asset such as land and building are preferable than other types of collateral. The fair value of collateral is assessed by internal assessors (Credit Operation Unit) and external assessors who have already been appointed by the Business Unit/Credit Recovery Unit.

Collateral can be exchanged as long as the new collateral fulfills marketability and collateral value adequacy criteria. If debtors failed to pay off their loan, the collateral will be liquidated as a second way out to ensure credit recovery.

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 includes Credit Rating and Credit Scoring Tools, financial spread sheet, comprehensive Credit Analysis Memorandum. In portfolio has been carried out through master limit, ICLS (Integrated Credit Liabilities System) and name clearance.

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61. RISK MANAGEMENT (continued)

A. Credit risk (continued)

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).

BMRS that has been developed by the Bank consists of Rating System for Corporate & Commercial segment, Rating System for Wholesale SME, Rating System for Project Finance, Rating System for Financial Institution - Bank, Rating System for Financial Institution - Non Bank (Multifinance), and Rating System for Bank Perkreditan Rakyat (BPR).

The Bank has also developed a Rating System for Financial Institutions/Banks, called Bank Mandiri Financial Institution Rating (BMFIR), so that the Bank can identify and measure the risk level of Bank Counterpart which can be tolerated in granting Credit Line facilities.

As an effort to improve the measurement level of transactional risk to the Foreign Office, currently BMRS has been implemented at Foreign Office. To support the development of Rating and Scoring model, the Bank has issued Guideline for the development of Credit Rating and Credit Scoring model, which is a complete guidance for the Bank in developing credit rating and credit scoring model. In addition, to monitor the performance of credit rating and credit scoring model, the Bank reviews the scoring and rating results conducted by Business Units. Besides, the Bank already has a guidance to set probability of default (PD) to support implementation of internal rating based approach.

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 performance scoring and rating parameters based on limit (Rp5 billion - Rp15 billion for middle commercial and above Rp15 billion for large commercial and corporate). 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.

Currently, the Bank is developing and supplementing further internal ratings and internal scoring in line with the Advanced Internal Rating Based Approach (A-IRB Approach), by developing Basel II Risk Parameter Probability of Default (PD) model, Loss Given Default LGD), and Exposure At Default (EAD) for Wholesale, Retail and Consumer segments. It is also in the framework of preparing the model components required for the application of the calculation of Impairment Losses under IFRS 9 (SFAS 71).

The model developed by the Bank is validated internally by Risk Model Validator, which is an independent and separate unit from the model development unit. This is done to minimize analysis error in calculating credit risk, especially in calculating PD value and assigning debtor rating.

Aside from Credit Rating and Scoring, another tool used by the Bank is the loan monitoring system, which identifies debtors that may potentially experience difficulty in repaying their loan obligation. The Bank conducts early warning analysis called Watch List analysis (early warning analysis) for all Corporate and Commercial loans with collectibility 1 and 2 on quarterly basis. Based on the analysis, the Bank determines account strategy and action plan to prevent NPL.

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61. RISK MANAGEMENT (continued)

A. Credit risk (continued)

In assessing and monitoring credit quality, Bank Mandiri always refers to Bank Indonesia regulation by prioritizing prudential principles by reviewing business prospects, as well as assessing the performance and ability to pay of the debtor. Credit monitoring on corporate, commercial, and SME banking segments, especially for the limit > Rp 1 billion is done at the borrower level through the Loan Monitoring System (ALERT system) that has been integrated into the IPS system. Loan monitoring system includes two functions, namely as an early detection tool through analysis of Watch List (Early Warning Analysis) and collectibility review based on 3 pillars. Loan Monitoring System is a standardized, structured and comprehensive method of monitoring the performance of the debtor, so that action plan can be done immediately to prevent the decrease of debtor credit quality. Minimum monitoring is carried out in quarterly periods aimed at identifying potential borrowers experiencing difficulties in meeting their obligations.

Meanwhile, for the monitoring process of segment of SME banking segment for limit < Rp 1 billion, micro and consumer is done at portfolio level by performing portfolio analysis from various aspects as stated in credit risk report. In order to maximize the implementation of risk management, Bank Mandiri also conducts credit monitoring on the credit process and its systems and support tools through a forum called credit sessions that are routinely held for each segment of credit, through which it can identify problems and weaknesses in every business process, credit and methodology and credit tools, so that it can be done immediately. In addition, as an anticipatory step (early warning signal), Bank Mandiri also conducts simulated and stress testing processes on portfolios that are held periodically to determine changes in portfolio quality per segment or per industry sector, where the results will serve as a guide for Bank Mandiri in monitoring the sector or certain debtors with the potential for more stringent quality degradation to prevent undesirable events.

In portfolio level, the risk management use the active portfolio approach which proactively protects the portfolio diversification at optimum level with risk exposure at risk appetite determined by the Bank. In practice, the Bank uses Portfolio Guideline (PG) tools. PG consists of three parts, there are industry classification, industry acceptance criteria and industry limit.

Industry Classification (IC) classifies industrial sectors into 4 categories based on the prospects and risks of the corresponding industry. The Bank uses IC in determining the industry market target. The second tool is Industry Acceptance Criteria (IAC) which gives basic criteria (quantitative and qualitative), that 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 gives 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.

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

PG is periodically reviewed and calculated. 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.

The 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, 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 anticipate earlier and take steps for controlling portfolio and finding the best and optimal solution for short-term and long-term strategies. Therefore, the quality of the Bank's portfolio and capital adequacy can be well maintained.

The Bank was one of the entities designated by OJK as a systemic bank (Bank Indonesia), Bank Mandiri has prepared an Action Plan (Recovery Plan) to overcome financial problems that may occur (financial stress) in accordance with the provisions of POJK No. 14/POJK.03/2017 April 4, 2017.

In order to continuously develop the quality of human resources in risk management, the Bank has a risk management academy that has issued several risk management modules, both tailored to improve knowledge and skills as well as to generally increase employee risk awareness.

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61. RISK MANAGEMENT (continued)

A. Credit risk (continued)

- (i) Maximum exposure to credit risk before considering the financial effect of collateral held and other credit enhancement

Maximum credit risk exposures on financial assets are presented net after allowance for impairment losses without considering collateral and other credit supports as of December 31, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
Current accounts with Bank Indonesia	50,188,118	52,484,974
Current accounts with other banks	12,329,947	10,360,165
Placement with Bank Indonesia and other banks	74,600,803	73,616,927
Marketable securities**)		
Government		
Fair value through profit or loss	1,644,649	1,955,500
Available for sale	1,590,710	867,843
Non-government		
Fair value through profit or loss	1,876,737	2,817,467
Available for sale	24,109,437	21,366,566
Held to maturity	8,196,823	11,197,290
At cost	1,139,166	496,135
Government bonds***)		
Fair value through profit or loss	2,183,356	1,191,310
Available for sale	89,073,724	80,334,549
Held to maturity	2,585,950	11,142,896
At cost	8,262,937	5,027,262
Other receivables - trade transactions	24,090,128	14,167,271
Securities purchased under resale agreements	2,629,315	5,054,488
Derivatives receivables	446,459	239,260
Loans and sharia receivables/financing *)		
Corporate	258,204,300	222,057,965
Commercial	135,630,079	147,555,617
Retail	226,493,437	194,260,689
Sharia	57,964,704	52,831,922
Consumer financing receivables	14,782,332	11,531,838
Net investment in finance leases	2,356,890	829,945
Acceptances receivables	12,290,260	14,548,203

*) In accordance with the operating segments of Bank Mandiri

**) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

***) Excluding government bonds which are the investment from the Subsidiaries' policyholder's unit-link 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 considering the financial effect of collateral held and other credit enhancement (continued)

	December 31, 2017	December 31, 2016
Other assets		
Accrued income	4,724,432	4,365,862
Receivables from customer transactions	2,095,568	1,010,636
Receivables from transactions related to ATM and credit card	699,825	472,950
Receivable from policyholder	713,049	504,474
Receivable from sale of marketable securities	201,358	30,285
Receivables from government bonds pledged as collateral	594,534	593,466
	1,021,699,027	942,913,755

Credit risk exposures relating to administrative accounts net after allowance for impairment losses as of December 31, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
Bank guarantees issued	79,485,919	74,105,942
Committed unused loan facilities granted	35,534,577	26,866,165
Outstanding irrevocable letters of credit	15,729,990	12,090,306
Standby letter of credit	12,269,582	13,155,067
	143,020,068	126,217,480

The above table represents the maximum financial assets exposure on credit risk to Bank Mandiri and Subsidiaries as of December 31, 2017 and 2016, 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.

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61. RISK MANAGEMENT (continued)

A. Credit risk (continued)

- (i) Maximum exposure to credit risk before considering the financial effect of collateral held and other credit enhancement (continued)

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 December 31, 2017 and 2016. For this table, Bank Mandiri and Subsidiaries have allocated exposures to regions based on the geographical area where the transactions are recorded.

	December 31, 2017					
	Jawa & Bali	Sumatera	Kalimantan	Sulawesi	Others****)	Total
Current accounts with Bank Indonesia	50,188,118	-	-	-	-	50,188,118
Current accounts with other banks	9,558,317	10	619	-	2,774,443	12,333,389
Placement with Bank Indonesia and other banks	70,689,182	-	-	-	3,961,334	74,650,516
Marketable securities**)						
Government						
Fair value through profit or loss	1,258,471	-	-	-	386,178	1,644,649
Available for sale	-	-	-	-	1,590,710	1,590,710
Non Government						
Fair value through profit or loss	1,531,355	-	-	-	350,382	1,881,737
Available for sale	23,767,343	-	-	-	350,211	24,117,554
Held to maturity	7,276,144	-	-	-	977,501	8,253,645
At cost	1,150,961	-	-	-	-	1,150,961
Government Bonds ***)						
Fair value through profit or loss	2,183,356	-	-	-	-	2,183,356
Available for sale	89,073,724	-	-	-	-	89,073,724
Held to maturity	2,585,950	-	-	-	-	2,585,950
At cost	8,262,937	-	-	-	-	8,262,937
Other receivables-trade transactions	23,549,287	-	-	-	1,890,190	25,439,477
Securities purchased under resale agreements	2,629,315	-	-	-	-	2,629,315
Derivatives receivables	446,135	-	-	-	324	446,459
Loans *)						
Corporate	184,556,500	42,362,161	8,685,445	2,902,157	27,269,691	265,775,954
Commercial	107,414,648	29,484,409	10,489,104	4,846,050	529,385	152,763,596
Retail	151,567,405	40,189,567	18,489,800	18,148,092	5,210,014	233,604,878
Sharia	38,237,293	11,123,873	6,131,260	2,845,779	1,555,232	59,893,437
Consumer financing receivables	10,846,826	2,152,598	876,636	1,243,655	25,504	15,145,219
Net investment in						
finance leases	2,332,438	4,116	2,146	25,929	-	2,364,629
Acceptances receivables	12,052,865	-	-	-	491,629	12,544,494
Other assets						
Accrued income	3,881,876	371,061	127,934	118,272	225,289	4,724,432
Receivables from customer transactions	2,019,368	27,786	12,953	12,343	118,290	2,190,740
Receivables from transactions related to ATM and credit card	699,825	-	-	-	-	699,825
Receivable to policyholder	699,816	6,782	3,093	3,358	-	713,049
Receivable from sale of marketable securities	174,243	-	-	-	27,115	201,358
Receivables from Government Bonds pledged as collateral	594,534	-	-	-	-	594,534
	809,228,232	125,722,363	44,818,990	30,145,635	47,733,422	1,057,648,642

*) In accordance with Bank Mandiri's debtors segment.

**) Excludes securities which are the investment of the Subsidiaries unit-link policyholders who do not have credit risk.

***) Excludes government bonds representing investments from unit-link Subsidiary policyholders who do not have credit risk.

****) Others include portfolios in Papua and overseas branches.

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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)

	December 31, 2016					
	Jawa & Bali	Sumatera	Kalimantan	Sulawesi	Others****)	Total
Current accounts with Bank Indonesia	52,484,974	-	-	-	-	52,484,974
Current accounts with other banks	8,287,906	3,938	5,379	508	2,065,483	10,363,214
Placement with Bank Indonesia and other banks	72,154,527	500	-	-	1,545,208	73,700,235
Marketable securities**)						
Government						
Fair value through profit or loss	1,437,182	-	-	-	518,318	1,955,500
Available for sale	-	-	-	-	867,843	867,843
Non Government						
Fair value through profit or loss	2,668,739	-	-	-	148,728	2,817,467
Available for sale	21,092,867	-	-	-	304,440	21,397,307
Held to maturity	10,378,616	-	-	-	884,822	11,263,438
At cost	638,190	-	-	-	-	638,190
Government Bonds ***)						
Fair value through profit or loss	1,191,310	-	-	-	-	1,191,310
Available for sale	80,334,549	-	-	-	-	80,334,549
Held to maturity	11,142,896	-	-	-	-	11,142,896
At cost	5,027,262	-	-	-	-	5,027,262
Other receivables-trade transactions	15,526,847	-	-	-	397,271	15,924,118
Securities purchased under resale agreements	5,054,488	-	-	-	-	5,054,488
Derivatives receivables	235,496	-	-	-	3,764	239,260
Loans *)						
Corporate	157,099,486	36,364,520	9,195,374	2,219,324	26,499,085	231,377,789
Commercial	121,654,327	26,896,058	7,929,253	5,047,447	629,549	162,156,634
Retail	129,473,151	34,486,574	16,324,160	15,966,394	4,872,933	201,123,212
Sharia	35,798,687	10,062,704	5,077,194	2,438,549	1,288,184	54,665,318
Consumer financing receivables	8,667,387	1,743,318	661,275	783,236	-	11,855,216
Net investment in finance leases	766,314	291	2,944	64,934	-	834,483
Acceptances receivables	13,176,646	-	-	-	1,612,598	14,789,244
Other assets						
Accrued income	3,516,458	381,487	130,578	122,760	214,579	4,365,862
Receivables from customer transactions	1,101,030	21,452	9,072	9,063	1,370	1,141,987
Receivables from transactions related to ATM and credit card	472,950	-	-	-	-	472,950
Receivable to policyholder	478,644	14,354	5,297	6,179	-	504,474
Receivable from sale of marketable securities	30,285	-	-	-	-	30,285
Receivables from Government Bonds pledged as collateral	593,466	-	-	-	-	593,466
	760,484,680	109,975,196	39,340,526	26,658,394	41,854,175	978,312,971

*) In accordance with the operating segments of Bank Mandiri.

**) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

***) Excluding government bonds which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

****) Others included in the portfolio is the area of Papua and overseas branches.

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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:

	December 31, 2017					Total
	Jawa & Bali	Sumatera	Kalimantan	Sulawesi	Others****)	
Administrative accounts						
Bank guarantees issued	77,843,320	-	-	-	1,844,658	79,687,978
Committed unused loan facilities granted	19,450,470	5,653,897	606,480	335,162	9,566,712	35,612,721
Outstanding irrevocable letters of credit	14,806,837	-	-	-	1,015,685	15,822,522
Standby letter of credit	12,102,240	-	-	-	176,378	12,278,618
	<u>124,202,867</u>	<u>5,653,897</u>	<u>606,480</u>	<u>335,162</u>	<u>12,603,433</u>	<u>143,401,839</u>

	December 31, 2016					Total
	Jawa & Bali	Sumatera	Kalimantan	Sulawesi	Others****)	
Administrative accounts						
Bank guarantees issued	73,082,123	1,070	-	-	1,183,091	74,266,284
Committed unused loan facilities granted	16,735,544	4,595,235	537,136	511,284	4,518,172	26,897,371
Outstanding irrevocable letters of credit	10,529,237	-	-	-	1,567,429	12,096,666
Standby letter of credit	13,016,362	-	-	-	148,198	13,164,560
	<u>113,363,266</u>	<u>4,596,305</u>	<u>537,136</u>	<u>511,284</u>	<u>7,416,890</u>	<u>126,424,881</u>

****) Others included in the portfolio is the area of Papua and overseas branches

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 enhancement), as categorised by industry sectors as of December 31, 2017 and 2016.

	December 31, 2017						Total
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others****)	
Current accounts with Bank Indonesia	-	50,188,118	-	-	-	-	50,188,118
Current accounts with other banks	-	12,333,389	-	-	-	-	12,333,389
Placement with Bank Indonesia and other banks	-	74,650,516	-	-	-	-	74,650,516
Marketable securities**)							
Government							
Fair value through profit or loss	1,644,649	-	-	-	-	-	1,644,649
Available for sale	1,590,710	-	-	-	-	-	1,590,710
Non Government							
Fair value through profit or loss	-	1,632,483	122,520	16	56,912	69,806	1,881,737
Available for sale	-	18,189,194	241,209	149,948	1,721,951	3,815,252	24,117,554
Held to maturity	-	6,136,187	684,000	-	1,101,850	331,608	8,253,645
At cost	-	746,961	-	-	390,000	14,000	1,150,961
Government Bonds							
Fair value through profit or loss	2,183,356	-	-	-	-	-	2,183,356
Available for sale	89,073,724	-	-	-	-	-	89,073,724
Held to maturity	2,585,950	-	-	-	-	-	2,585,950
At cost	8,262,937	-	-	-	-	-	8,262,937
Other receivables-trade transactions	-	4,730,694	6,191,365	507,731	2,318,433	11,691,254	25,439,477
Securities purchased under resale agreements	-	2,466,421	-	-	-	162,894	2,629,315
Derivatives receivables	-	286,085	-	-	-	160,374	446,459

**) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

****) Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, gas and water, and social services.

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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:

December 31, 2017 (continued)							
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others****)	Total
Loans *)							
Corporate	9,884,329	1,077,407	88,799,814	40,394,180	25,317,921	100,302,303	265,775,954
Commercial	-	145,230	53,840,563	22,104,144	16,517,447	60,156,212	152,763,596
Retail	-	55,327	5,843,514	10,997,009	6,675,902	210,033,126	233,604,878
Sharia	81,879	5,619,988	3,463,745	4,107,529	5,226,525	41,393,771	59,893,437
Consumer financing receivables	42,306	-	3,175	1,787	133,351	14,964,600	15,145,219
Net investment in finance leases	15,407	-	861	13,718	392,662	1,941,981	2,364,629
Acceptances receivables	-	636,774	738,790	-	15,548	11,153,382	12,544,494
Other assets							
Accrued income	766,003	1,177,860	333,533	109,994	238,837	2,098,205	4,724,432
Receivables from customer transactions	-	112,051	-	-	-	2,078,689	2,190,740
Receivables from transactions related to ATM and credit card	-	-	-	-	-	699,825	699,825
Receivable to policyholders	-	713,049	-	-	-	-	713,049
Receivable from sale of marketable securities	-	201,358	-	-	-	-	201,358
Receivables from Government Bonds pledged as collateral	-	594,534	-	-	-	-	594,534
	116,131,250	181,693,626	160,263,089	78,386,056	60,107,339	461,067,282	1,057,648,642

December 31, 2016							
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others****)	Total
Current accounts with Bank Indonesia	-	52,484,974	-	-	-	-	52,484,974
Current accounts with other banks	-	10,363,214	-	-	-	-	10,363,214
Placement with Bank Indonesia and other banks	-	73,700,235	-	-	-	-	73,700,235
Marketable securities**) Government							
Fair value through profit or loss	1,955,500	-	-	-	-	-	1,955,500
Available for sale	867,843	-	-	-	-	-	867,843
Non Government							
Fair value through profit or loss	-	2,796,778	-	-	1,550	19,139	2,817,467
Available for sale	-	14,826,335	439,580	150,000	1,174,665	4,806,727	21,397,307
Held to maturity	-	8,333,121	209,000	-	118,000	2,603,317	11,263,438
At cost	-	236,190	-	-	402,000	-	638,190
Government bonds****)							
Fair value through profit or loss	1,191,310	-	-	-	-	-	1,191,310
Available for sale	80,334,549	-	-	-	-	-	80,334,549
Held to maturity	11,142,896	-	-	-	-	-	11,142,896
At cost	5,027,262	-	-	-	-	-	5,027,262
Other receivables-trade transactions	-	2,815,337	4,389,250	80,365	99,771	8,539,395	15,924,118
Securities purchased under resale agreements	-	4,927,012	-	-	-	127,476	5,054,488
Derivatives receivables	-	168,560	14,112	10,565	197	45,826	239,260

*) In accordance with the operating segments of Bank Mandiri

**) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

***) Excluding government bonds which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

****) Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, electricity, gas and water, and social services.

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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)

	December 31, 2016 (continued)						
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others****)	Total
Loans*)							
Corporate	11,181,967	974,421	61,297,836	32,766,662	24,356,339	100,800,564	231,377,789
Commercial	-	966,260	59,039,722	21,739,875	12,446,738	67,964,039	162,156,634
Retail	-	22,577	5,611,456	8,876,176	9,601,660	177,011,343	201,123,212
Sharia	233,942	4,873,021	4,197,872	4,117,885	5,154,274	36,088,324	54,665,318
Consumer financing receivables	23,547	-	3,053	5,184	71,968	11,751,464	11,855,216
Net investment in finance leases	2,351	-	3,528	4,730	158,162	665,712	834,483
Acceptances receivables	-	775,723	967,884	-	-	13,045,637	14,789,244
Other assets							
Accrued income	533,724	960,014	324,885	109,510	191,708	2,246,021	4,365,862
Receivables from customer transactions	-	64,558	-	-	-	1,077,429	1,141,987
Receivables from transactions related to ATM and credit card	-	-	-	-	-	472,950	472,950
Receivable to policyholders	-	504,474	-	-	-	-	504,474
Receivable from sale of marketable securities	-	30,285	-	-	-	-	30,285
Receivables from Government Bonds pledged as collateral	-	593,466	-	-	-	-	593,466
	112,494,891	180,416,555	136,498,178	67,860,952	53,777,032	427,265,363	978,312,971

*) In accordance with the operating segments of Bank Mandiri

****) Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, electricity, gas and water, and social services.

Credit risk exposure relating to administrative accounts items are as follows:

	December 31, 2017						
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others*)	Net
Administrative accounts							
Bank guarantees issued	59,163	22,324,226	19,212,425	130,307	642,744	37,319,113	79,687,978
Committed unused loan facilities granted	9,366,349	5,800	9,404,247	1,443,187	2,226,114	13,167,024	35,612,721
Outstanding irrevocable letters of credit	55,024	5,757	2,624,525	32,512	1,067,974	12,036,730	15,822,522
Standby letter of credit	-	-	197,475	-	802,118	11,279,025	12,278,618
	9,480,536	22,335,783	31,438,672	1,606,006	4,738,950	73,801,892	143,401,839

	December 31, 2016						
	Government	Financial institution/ Bank	Manufacturing	Agriculture	Business services	Others*)	Net
Administrative accounts							
Bank guarantees issued	39,368	22,261,310	21,299,224	1,422,966	690,567	28,552,849	74,266,284
Committed unused loan facilities granted	33	1,628,276	6,639,946	1,862,046	114,800	16,652,270	26,897,371
Outstanding irrevocable letters of credit	236,518	-	1,285,829	1,146	1,980,354	8,592,819	12,096,666
Standby letter of credit	-	-	476,534	-	836,340	11,851,686	13,164,560
	275,919	23,889,586	29,701,533	3,286,158	3,622,061	65,649,624	126,424,881

*) Others including trading, restaurant and hotel, mining, transportation, warehousing, construction, electricity, gas and water, and social services.

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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

As of December 31, 2017 and 2016, exposure to credit risk on financial assets are as follows:

	December 31, 2017					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Net
Current account with Bank Indonesia	50,188,118	-	-	50,188,118	-	50,188,118
Current account with other bank	12,329,958	-	3,431	12,333,389	(3,442)	12,329,947
Placement with Bank Indonesia	74,600,803	-	49,713	74,650,516	(49,713)	74,600,803
And others bank						
Marketable securities **)						
Government						
Fair value through profit or loss	1,644,649	-	-	1,644,649	-	1,644,649
Available for sale	1,590,710	-	-	1,590,710	-	1,590,710
Non-government						
Fair value through profit or loss	1,876,737	-	5,000	1,881,737	(5,000)	1,876,737
Available for sale	24,117,554	-	-	24,117,554	(8,117)	24,109,437
Held to maturity	8,152,337	-	101,308	8,253,645	(56,822)	8,196,823
At cost	1,150,961	-	-	1,150,961	(11,795)	1,139,166
Government Bonds ***)						
Fair value through profit or loss	2,183,356	-	-	2,183,356	-	2,183,356
Available for sale	89,073,724	-	-	89,073,724	-	89,073,724
Held to maturity	2,585,950	-	-	2,585,950	-	2,585,950
At cost	8,262,937	-	-	8,262,937	-	8,262,937
Other receivables						
trade transactions	19,880,909	4,005,148	1,553,420	25,439,477	(1,349,349)	24,090,128
Securities purchased under						
resale agreements	2,629,315	-	-	2,629,315	-	2,629,315
Derivatives receivables	446,459	-	-	446,459	-	446,459
Loans*)						
Corporate	244,461,233	333,342	20,981,379	265,775,954	(7,571,654)	258,204,300
Commercial	115,351,282	999,423	36,412,891	152,763,596	(17,133,517)	135,630,079
Retail	214,723,748	9,241,165	9,639,965	233,604,878	(7,111,441)	226,493,437
Syariah	52,427,492	1,398,811	6,067,134	59,893,437	(1,928,733)	57,964,704
Consumer financing receivables	13,551,826	1,375,809	217,584	15,145,219	(362,887)	14,782,332
Net Investment in finance leases	2,315,141	38,815	10,673	2,364,629	(7,739)	2,356,890
Acceptances receivables	11,837,972	-	706,522	12,544,494	(254,234)	12,290,260
Other assets						
Accrued income	4,724,432	-	-	4,724,432	-	4,724,432
Receivables from customer transactions	2,080,126	-	110,614	2,190,740	(95,172)	2,095,568
Receivables from transactions						
related to ATM and credit card	699,825	-	-	699,825	-	699,825
Receivable to policyholders	713,049	-	-	713,049	-	713,049
Receivables from sale of marketable						
securities	201,358	-	-	201,358	-	201,358
Receivables from Government						
Bonds pledged as collateral	594,534	-	-	594,534	-	594,534
	964,396,495	17,392,513	75,859,634	1,057,648,642	(35,949,615)	1,021,699,027

*) In accordance with the operating segments of Bank Mandiri

**) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

***) Excluding government bonds which are the investment from the Subsidiaries' policyholder's unit-link 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)

As of December 31, 2017 and 2016, exposure to credit risk on financial assets are as follows (continued):

	December 31, 2016					
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Net
Current account with Bank Indonesia	52,484,974	-	-	52,484,974	-	52,484,974
Current account with other bank	10,360,219	-	2,995	10,363,214	(3,049)	10,360,165
Placement with Bank Indonesia and others bank	73,656,832	-	43,403	73,700,235	(83,308)	73,616,927
Marketable securities **)						
Government						
Fair value through profit or loss	1,955,500	-	-	1,955,500	-	1,955,500
Available for sale	867,843	-	-	867,843	-	867,843
Non-government						
Fair value through profit or loss	2,817,467	-	-	2,817,467	-	2,817,467
Available for sale	21,397,307	-	-	21,397,307	(30,741)	21,366,566
Held to maturity	11,125,933	-	137,505	11,263,438	(66,148)	11,197,290
At cost	501,190	-	137,000	638,190	(142,055)	496,135
Government bonds ***)						
Fair value through profit or loss	1,191,310	-	-	1,191,310	-	1,191,310
Available for sale	80,334,549	-	-	80,334,549	-	80,334,549
Held to maturity	11,142,896	-	-	11,142,896	-	11,142,896
At cost	5,027,262	-	-	5,027,262	-	5,027,262
Other receivables - trade transactions	12,716,735	1,200	3,206,183	15,924,118	(1,756,847)	14,167,271
Securities purchased under resale agreements	5,054,488	-	-	5,054,488	-	5,054,488
Derivatives receivables	239,260	-	-	239,260	-	239,260
Loans*)						
Corporate	213,869,190	150,606	17,357,993	231,377,789	(9,319,824)	222,057,965
Commercial	128,745,223	1,010,123	32,401,288	162,156,634	(14,601,017)	147,555,617
Retail	181,976,743	8,434,122	10,712,347	201,123,212	(6,862,523)	194,260,689
Sharia	45,887,689	1,541,891	7,235,738	54,665,318	(1,833,396)	52,831,922
Consumer financing receivables	10,756,156	819,790	279,270	11,855,216	(323,378)	11,531,838
Net Investment in finance leases	788,684	35,031	10,768	834,483	(4,538)	829,945
Acceptances receivables	14,513,037	-	276,207	14,789,244	(241,041)	14,548,203
Other assets						
Accrued income	4,365,862	-	-	4,365,862	-	4,365,862
Receivables from customer transactions	978,787	-	163,200	1,141,987	(131,351)	1,010,636
Receivables from transactions related to ATM and credit card	472,950	-	-	472,950	-	472,950
Receivable to policyholders	504,474	-	-	504,474	-	504,474
Receivables from sale of marketable securities	30,285	-	-	30,285	-	30,285
Receivables from government bonds pledged as collateral	593,466	-	-	593,466	-	593,466
	894,356,311	11,992,763	71,963,897	978,312,971	(35,399,216)	942,913,755

*) In accordance with the operating segments of Bank Mandiri

**) Excluding Marketable Securities which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

***) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-link 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)

As of December 31, 2017 and 2016, exposure to credit risk on administrative accounts are as follows:

December 31, 2017						
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Net
Administrative accounts						
Bank guarantees issued	78,728,032	-	959,946	79,687,978	(202,059)	79,485,919
Committed unused loan facilities granted	35,420,546	6,102	186,073	35,612,721	(78,144)	35,534,577
Outstanding irrevocable letters of credit	15,084,319	-	738,203	15,822,522	(92,532)	15,729,990
Standby letter of credit	12,260,646	-	17,972	12,278,618	(9,036)	12,269,582
	141,493,543	6,102	1,902,194	143,401,839	(381,771)	143,020,068

December 31, 2016						
	Neither past due nor impaired	Past due but not impaired	Impaired	Total	Impairment provision	Net
Administrative accounts						
Bank guarantees issued	73,474,100	-	792,184	74,266,284	(160,342)	74,105,942
Committed unused loan facilities granted	26,618,802	-	278,569	26,897,371	(31,206)	26,866,165
Outstanding irrevocable letters of credit	11,651,860	-	444,806	12,096,666	(6,360)	12,090,306
Standby letter of credit	13,147,719	-	16,841	13,164,560	(9,493)	13,155,067
	124,892,481	-	1,532,400	126,424,881	(207,401)	126,217,480

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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 of December 31, 2017 and 2016, details of the quality of loans that are neither past due or nor impaired based on internal ratings are as follows:

	December 31, 2017		
	Not under Monitoring ¹⁾	Under monitoring ²⁾	Total
Assets			
Current accounts with Bank Indonesia	50,188,118	-	50,188,118
Current accounts with other banks	12,329,958	-	12,329,958
Placement with Bank Indonesia and other banks	74,600,803	-	74,600,803
Marketable securities **)			
Government			
Fair value through profit or loss	1,644,649	-	1,644,649
Available for sale	1,590,710	-	1,590,710
Non Government			
Fair value through profit or loss	1,876,737	-	1,876,737
Available for sale	24,117,554	-	24,117,554
Held to maturity	7,891,566	260,771	8,152,337
At cost	1,150,961	-	1,150,961
Government Bonds ***)			
Fair value through profit or loss	2,183,356	-	2,183,356
Available for sale	89,073,724	-	89,073,724
Held to maturity	2,585,950	-	2,585,950
At cost	8,262,937	-	8,262,937
Other receivables-trade transactions	15,203,691	4,677,218	19,880,909
Securities purchased under resale agreements	2,629,315	-	2,629,315
Derivatives receivables	446,459	-	446,459
Loans ⁴⁾			
Corporate	219,050,214	25,411,019	244,461,233
Commercial	66,543,639	48,807,643	115,351,282
Retail	214,310,003	413,745	214,723,748
Syariah	52,427,492	-	52,427,492
Consumer financing receivables	13,551,826	-	13,551,826
Net Investment in finance leases	2,315,141	-	2,315,141
Acceptances receivables	7,144,747	4,693,225	11,837,972
Other assets			
Accrued income	4,724,432	-	4,724,432
Receivables from customer transactions	2,080,126	-	2,080,126
Receivables from transactions			
related to ATM and credit card	699,825	-	699,825
Receivable to policyholders	713,049	-	713,049
Receivable from sale of marketable securities	201,358	-	201,358
Receivables from Government Bonds pledged as collateral	594,534	-	594,534
Total	880,132,874	84,263,621	964,396,495

^{*)} In accordance with operating segments of Bank Mandiri.

^{**) Excluding marketable securities which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.}

^{***)} Excluding government bonds which are the investment from the Subsidiaries' policyholder's unit-link 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)

As of December 31, 2017 and 2016, details of the quality of loans that are neither past due nor impaired based on internal ratings are as follows (continued):

	December 31, 2016		
	Not under Monitoring ¹⁾	Under monitoring ²⁾	Total
Assets			
Current accounts with Bank Indonesia	52,484,974	-	52,484,974
Current accounts with other banks	10,360,219	-	10,360,219
Placement with Bank Indonesia and other banks	73,656,832	-	73,656,832
Marketable securities **)			
Government			
Fair value through profit or loss	1,955,500	-	1,955,500
Available for sale	867,843	-	867,843
Non Government			
Fair value through profit or loss	2,817,467	-	2,817,467
Available for sale	21,397,307	-	21,397,307
Held to maturity	11,060,338	65,595	11,125,933
At cost	501,190	-	501,190
Government Bonds ***)			
Fair value through profit or loss	1,191,310	-	1,191,310
Available for sale	80,334,549	-	80,334,549
Held to maturity	11,142,896	-	11,142,896
At cost	5,027,262	-	5,027,262
Other receivables-trade transactions	11,222,937	1,493,798	12,716,735
Securities purchased under resale agreements	5,054,488	-	5,054,488
Derivatives receivables	239,260	-	239,260
Loans*)			
Corporate	186,196,595	27,672,595	213,869,190
Commercial	118,594,706	10,150,517	128,745,223
Retail	181,345,727	631,016	181,976,743
Sharia	45,887,689	-	45,887,689
Consumer financing receivables	10,756,156	-	10,756,156
Net Investment in finance leases	788,684	-	788,684
Acceptances receivables	8,507,747	6,005,290	14,513,037
Other assets			
Accrued income	4,365,862	-	4,365,862
Receivables from customer transactions	978,787	-	978,787
Receivables from transactions			
related to ATM and credit card	472,950	-	472,950
Receivable to policyholders	504,474	-	504,474
Receivable from sale of marketable securities	30,285	-	30,285
Receivables from government bonds pledged as collateral	593,466	-	593,466
Total	848,337,500	46,018,811	894,356,311

*) In accordance with operating segments of Bank Mandiri.

**) Excluding Marketable Securities which are the investment from the Subsidiaries' policyholder's unit-link which has no credit risk exposure.

***)) Excluding Government Bonds which are the investment from the Subsidiaries' policyholder's unit-link 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)

As of December 31, 2017 and 2016, details of the credit quality of administrative accounts that are neither past due nor impaired based on internal ratings are as follows:

	December 31, 2017		
	Not under monitoring ¹⁾	Under monitoring ²⁾	Total
Administrative accounts			
Bank guarantees issued	67,080,816	11,647,216	78,728,032
Committed unused loan facilities granted	31,248,455	4,172,091	35,420,546
Outstanding irrevocable letters of credit	11,085,608	3,998,711	15,084,319
Standby letters of credit	10,957,352	1,303,294	12,260,646
	120,372,231	21,121,312	141,493,543
	December 31, 2016		
	Not under monitoring ¹⁾	Under monitoring ²⁾	Total
Administrative accounts			
Bank guarantees issued	65,740,770	7,733,330	73,474,100
Committed unused loan facilities granted	24,962,702	1,656,100	26,618,802
Outstanding irrevocable letters of credit	9,569,562	2,082,298	11,651,860
Standby letters of credit	11,978,337	1,169,382	13,147,719
	112,251,371	12,641,110	124,892,481

The credit quality of financial assets that are neither past due nor impaired is explained as follows:

1) Not under monitoring, there is no doubt on the recovery of the financial assets;

2) 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 December 31, 2017 and 2016, there was no late payment in terms of principal installment as well as interest at maturity date. This amount includes credit exposure on marketable securities (export bills), other receivables - trade transactions and acceptances receivables with Bank Indonesia's collectibility at two (special mention) but with no overdue as of December 31, 2017 and 2016.

Subsidiaries:

Financial assets which have experienced past due in the past but no overdue as of December 31, 2017 and 2016.

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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)

Aging analysis of financial assets that were past due, but not impaired can be disaggregated based on days overdue as of December 31, 2017 and 2016 are as follows:

December 31, 2017				
	1 - 30 days	31 - 60 days	61 - 90 days	Total
Assets				
Other receivables - trade transactions	4,005,148	-	-	4,005,148
Loans				
Corporate	85,282	118,056	130,004	333,342
Commercial	627,019	91,373	281,031	999,423
Retail	6,213,163	1,641,966	1,386,036	9,241,165
Sharia	483,574	361,171	554,066	1,398,811
Consumer financing receivables	1,019,068	213,049	143,692	1,375,809
Net investment in finance leases	19,148	6,300	13,367	38,815
	12,452,402	2,431,915	2,508,196	17,392,513
December 31, 2016				
	1 - 30 days	31 - 60 days	61 - 90 days	Total
Assets				
Other receivables - trade transactions	1,200	-	-	1,200
Loans				
Corporate	41,109	109,497	-	150,606
Commercial	267,340	479,142	263,641	1,010,123
Retail	3,178,124	4,364,058	891,940	8,434,122
Sharia	607,353	396,401	538,137	1,541,891
Consumer financing receivables	550,521	172,290	96,979	819,790
Net investment in finance leases	21,139	11,902	1,990	35,031
	4,666,786	5,533,290	1,792,687	11,992,763

(ii) Loans

The gross amount of impaired loans, along with the provision for impairment, by class of asset of December 31, 2017 and 2016, are summarised in the tables below:

December 31, 2017 ¹⁾					
	Corporate	Commercial	Retail	Sharia	Total
Individually Impaired					
Gross amount	19,595,272	31,492,507	1,051,194	2,685,890	54,797,863
Allowance for impairment losses	(7,241,600)	(15,541,992)	(541,246)	(759,399)	(24,084,237)
Carrying amount	12,353,672	15,950,515	509,948	1,899,491	30,713,626

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61. RISK MANAGEMENT (continued)

A. Credit Risk (continued)

(ii) Loans (continued)

December 31, 2017 and 2016, are summarised in the tables below:

	December 31, 2017 ^{*)} (continued)				
	Corporate	Commercial	Retail	Sharia	Total
Collectively impaired					
Gross amount	1,386,107**)	4,920,384**)	8,588,771	3,408,244	18,303,506
Allowance for impairment losses	(1,847)	(379,854)	(2,675,751)	(541,167)	(3,598,619)
Carrying amount	1,384,260	4,540,530	5,913,020	2,867,077	14,704,887
Total gross amount	20,981,379	36,412,891	9,639,965	6,067,134	73,101,369
Allowance for impairment losses	(7,243,447)	(15,921,846)	(3,216,997)	(1,300,566)	(27,682,856)
Total carrying amount	13,737,932	20,491,045	6,422,968	4,766,568	45,418,513

^{*)} In accordance with operating segments of Bank Mandiri.

^{**)} Represent restructured and non performing debtors which had been subject to individual assessment but impairment losses are not recognised and therefore are collectively assessed.

	December 31, 2016 ^{*)}				
	Corporate	Commercial	Retail	Sharia	Total
Individually Impaired					
Gross amount	17,226,424	29,162,821	692,121	4,490,817	51,572,183
Allowance for impairment losses	(8,936,440)	(13,195,086)	(265,739)	(657,521)	(23,054,786)
Carrying amount	8,289,984	15,967,735	426,382	3,833,296	28,517,397
Collectively impaired					
Gross amount	131,569**)	3,238,467**)	10,020,226	2,744,921	16,135,183
Allowance for impairment losses	(256)	(284,128)	(3,190,040)	(608,813)	(4,083,237)
Carrying amount	131,313	2,954,339	6,830,186	2,136,108	12,051,946
Total gross amount	17,357,993	32,401,288	10,712,347	7,235,738	67,707,366
Allowance for impairment losses	(8,936,696)	(13,479,214)	(3,455,779)	(1,266,334)	(27,138,023)
Total carrying amount	8,421,297	18,922,074	7,256,568	5,969,404	40,596,343

^{*)} In accordance with operating segments of Bank Mandiri.

^{**)} Represent restructured and non performing debtors which had been subject to individual assessment but impairment losses are not recognised and therefore are collectively assessed.

(iii) Current accounts with other banks

	December 31, 2017		
	Non-impaired ^{*)}	Impaired	Total
Rupiah	1,635,133	-	1,635,133
Foreign currencies	10,694,825	3,431	10,698,256
Total	12,329,958	3,431	12,333,389
Less: Allowance for impairment losses	(11)	(3,431)	(3,442)
Net	12,329,947	-	12,329,947

	December 31, 2016		
	Non-impaired ^{*)}	Impaired	Total
Rupiah	508,370	-	508,370
Foreign currencies	9,851,849	2,995	9,854,844
Total	10,360,219	2,995	10,363,214
Less: Allowance for impairment losses	(54)	(2,995)	(3,049)
Net	10,360,165	-	10,360,165

^{*)} 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

	December 31, 2017		
	Non-impaired*)	Impaired	Total
Rupiah:			
Bank Indonesia	22,240,876	-	22,240,876
Call money	3,986,000	-	3,986,000
Time deposits	3,580,890	-	3,580,890
Saving deposits	901	-	901
Total	29,808,667	-	29,808,667
Foreign currencies:			
Bank Indonesia	32,195,678	-	32,195,678
Call money	7,982,201	48,593	8,030,794
Placement "Fixed Term"	4,241,627	1,120	4,242,747
Time deposits	372,630	-	372,630
Total	44,792,136	49,713	44,841,849
Total	74,600,803	49,713	74,650,516
Less: allowance for impairment losses	-	(49,713)	(49,713)
Net	74,600,803	-	74,600,803

	December 31, 2016		
	Non-impaired*)	Impaired	Total
Rupiah:			
Bank Indonesia	27,566,169	-	27,566,169
Call money	6,522,000	-	6,522,000
Time deposits	3,899,005	-	3,899,005
Placement "Fixed Term"	170,000	-	170,000
Saving deposits	311	-	311
Total	38,157,485	-	38,157,485
Foreign currencies:			
Bank Indonesia	31,660,375	-	31,660,375
Call money	2,777,704	42,426	2,820,130
Placement "Fixed Term"	931,558	977	932,535
Time deposits	129,710	-	129,710
Total	35,499,347	43,403	35,542,750
Total	73,656,832	43,403	73,700,235
Less: allowance for impairment losses	(39,905)	(43,403)	(83,308)
Net	73,616,927	-	73,616,927

*) 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

	December 31, 2017		
	Non-impaired *)	Impaired**)	Total
Government			
Rupiah:			
Bonds	1,258,471	-	1,258,471
Foreign currencies:			
Treasury bills	1,976,888	-	1,976,888
Total	3,235,359	-	3,235,359
Non-government			
Rupiah:			
Investments in mutual fund	10,173,094	-	10,173,094
Bonds	6,875,062	5,000	6,880,062
Certificates of Bank Indonesia	3,240,240	-	3,240,240
Medium term notes	194,934	-	194,934
Export bills	706,952	58,663	765,615
Sharia corporation bonds	1,121,000	-	1,121,000
Negotiable certificate of deposit	639,747	-	639,747
Shares	234,366	-	234,366
Total	23,185,395	63,663	23,249,058
Foreign currencies:			
Bonds	4,938,822	-	4,938,822
Certificates of Bank Indonesia	4,405,983	-	4,405,983
Investing in mutual fund	733,394	-	733,394
Export bills	1,748,397	42,645	1,791,042
Treasury bills	285,598	-	285,598
Total	12,112,194	42,645	12,154,839
Total	35,297,589	106,308	35,403,897
	38,532,948	106,308	38,639,256
Less; Allowance for impairment losses	(37,594)	(44,140)	(81,734)
Net	38,495,354	62,168	38,557,522

*) 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-link which has no credit risk exposure.

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61. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(v) Marketable securities (continued)

	December 31, 2016		
	Non-impaired *)	Impaired**)	Total
Government			
Rupiah:			
Bonds	1,437,183	-	1,437,183
Foreign currencies:			
Treasury bills	1,386,161	-	1,386,161
Total	2,823,344	-	2,823,344
Non-government			
Rupiah:			
Investments in mutual fund	10,319,297	-	10,319,297
Bonds	6,639,169	-	6,639,169
Certificates of Bank Indonesia	6,411,220	-	6,411,220
Medium term notes	1,298,485	-	1,298,485
Export bills	614,521	120,123	734,644
Sharia corporation bonds	407,000	137,000	544,000
Negotiable certificate of deposit	451,986	-	451,986
Shares	5,621	-	5,621
Total	26,147,299	257,123	26,404,422
Foreign currencies:			
Bonds	5,136,262	-	5,136,262
Certificates of Bank Indonesia	3,080,041	-	3,080,041
Export bills	1,329,567	17,382	1,346,949
Treasury bills	148,727	-	148,727
Total	9,694,597	17,382	9,711,979
Total	35,841,896	274,505	36,116,401
	38,665,240	274,505	38,939,745
Less; Allowance for impairment losses	(49,544)	(189,400)	(238,944)
Net	38,615,696	85,105	38,700,801

*) 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-link which has no credit risk exposure.

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61. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(vi) Other receivables - trade transactions

December 31, 2017			
	Non-impaired *)	Impaired	Total
Rupiah:			
Usance L/C payable at sight	2,135,011	67,911	2,202,922
Others	13,413,545	298,918	13,712,463
Total	15,548,556	366,829	15,915,385
Foreign currencies:			
Usance L/C payable at sight	3,020,456	234,767	3,255,223
Others	5,317,045	951,824	6,268,869
Total	8,337,501	1,186,591	9,524,092
	23,886,057	1,553,420	25,439,477
Less: Allowance for impairment losses	(139,706)	(1,209,643)	(1,349,349)
Net	23,746,351	343,777	24,090,128

December 31, 2016			
	Non-impaired *)	Impaired	Total
Rupiah:			
Usance L/C payable at sight	1,500,422	584,486	2,084,908
Others	7,082,276	490,431	7,572,707
Total	8,582,698	1,074,917	9,657,615
Foreign currencies:			
Usance L/C payable at sight	1,698,046	1,186,690	2,884,736
Others	2,437,191	944,576	3,381,767
Total	4,135,237	2,131,266	6,266,503
	12,717,935	3,206,183	15,924,118
Less: Allowance for impairment losses	(60,175)	(1,696,672)	(1,756,847)
Net	12,657,760	1,509,511	14,167,271

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

(vii) Acceptances receivable

December 31, 2017			
	Non-impaired	Impaired	Total
Rupiah	6,040,869	516,432	6,557,301
Foreign currencies	5,797,103	190,090	5,987,193
	11,837,972	706,522	12,544,494
Less: allowance for impairment losses	(62,894)	(191,340)	(254,234)
Net	11,775,078	515,182	12,290,260

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61. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(vii) Acceptances receivable (continued)

	December 31, 2016		
	Non-impaired	Impaired	Total
Rupiah	7,813,855	237,110	8,050,965
Foreign currencies	6,699,182	39,097	6,738,279
	14,513,037	276,207	14,789,244
Less: allowance for impairment losses	(42,113)	(198,928)	(241,041)
Net	14,470,924	77,279	14,548,203

(viii) Consumer financing receivables

	December 31, 2017		
	Non-impaired	Impaired	Total
Rupiah	14,927,635	217,584	15,145,219
Less: Allowance for impairment losses	(277,121)	(85,766)	(362,887)
Net	14,650,514	131,818	14,782,332

	December 31, 2016		
	Non-impaired	Impaired	Total
Rupiah	11,575,946	279,270	11,855,216
Less: Allowance for impairment losses	(221,094)	(102,284)	(323,378)
Net	11,354,852	176,986	11,531,838

(ix) Securities purchased under resale agreement

	December 31, 2017		
	Non-impaired	Impaired	Total
Rupiah			
Securities purchased under resale agreement	2,629,315	-	2,629,315

	December 31, 2016		
	Non-impaired	Impaired	Total
Rupiah			
Securities purchased under resale agreement	5,054,488	-	5,054,488

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61. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(x) Investment in finance lease

December 31, 2017			
	Non-impaired	Impaired	Total
Rupiah	2,353,956	10,673	2,364,629
Less: Allowance for impairment losses	(6,948)	(791)	(7,739)
Net	2,347,008	9,882	2,356,890

December 31, 2016			
	Non-impaired	Impaired	Total
Rupiah	823,715	10,768	834,483
Less: Allowance for impairment losses	(4,010)	(528)	(4,538)
Net	819,705	10,240	829,945

(xi) Estimated losses on commitments and contingencies

December 31, 2017			
	Non-impaired *)**)	Impaired	Total
Rupiah:			
Bank guarantees issued	48,668,927	485,434	49,154,361
Committed unused loan facilities granted	20,003,256	182,186	20,185,442
Outstanding irrevocable letters of credit	4,248,004	479,756	4,727,760
Standby letters of credit	1,430,008	17,972	1,447,980
Total	74,350,195	1,165,348	75,515,543
Foreign currencies:			
Bank guarantees issued	30,059,105	474,512	30,533,617
Committed unused loan facilities granted	15,423,392	3,887	15,427,279
Outstanding irrevocable letters of credit	10,836,315	258,447	11,094,762
Standby letters of credit	10,830,638	-	10,830,638
Total	67,149,450	736,846	67,886,296
	141,499,645	1,902,194	143,401,839
Less: Allowance for impairment losses	(12,794)	(368,977)	(381,771)
Net	141,486,851	1,533,217	143,020,068

*) Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

**) Including balance amounting to Rp39,050 which is classified as "special mention" and the calculation of provision for impairment losses is collectively assessed based on Bank Indonesia Regulation amounting to Rp12,794.

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61. RISK MANAGEMENT (continued)

A. Credit risk (continued)

(xi) Estimated losses on commitments and contingencies (continued)

	December 31, 2016		
	Non-impaired ^{*)**}	Impaired	Total
Rupiah:			
Bank guarantees issued	41,766,022	304,975	42,070,997
Committed unused loan facilities granted	20,843,494	12	20,843,506
Outstanding irrevocable letters of credit	2,963,896	300,102	3,263,998
Standby letters of credit	1,868,480	-	1,868,480
Total	67,441,892	605,089	68,046,981
Foreign currencies:			
Bank guarantees issued	31,708,078	487,209	32,195,287
Committed unused loan facilities granted	5,775,308	278,557	6,053,865
Outstanding irrevocable letters of credit	8,687,964	144,704	8,832,668
Standby letters of credit	11,279,239	16,841	11,296,080
Total	57,450,589	927,311	58,377,900
	124,892,481	1,532,400	126,424,881
Less: Allowance for impairment losses	(41,301)	(166,100)	(207,401)
Net	124,851,180	1,366,300	126,217,480

^{*)} Including financial assets of Subsidiary engaged in sharia banking which are assessed based on Bank Indonesia Regulation.

^{**)} Including balance amounting to Rp113,895 which is classified as "special mention" and the calculation of provision for impairment losses is collectively assessed based on Bank Indonesia Regulation amounting to Rp41,301.

B. Market risk and liquidity risk

(i) Liquidity risk management

Liquidity risk represents potential loss due to the Bank's inability to fulfill all financial liabilities when they become 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 risk is measured through several indicators, which among others include primary reserve ratio in Bank Indonesia (GWM ratio) and cash, secondary reserve (liquidity reserve), loan to funding ratio (LFR), Liquidity Coverage Ratio (LCR) 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 deposits from customers.

As of December 31, 2017, the Bank maintained primary reserve of 6.78% from total outstanding deposit from customer denominated in Rupiah in accordance with the regulated limit, GWM LFR reserve of 0.00% and GWM secondary reserve of 8.91% from the outstanding deposit from customer denominated in Rupiah (Bank Only). Meanwhile for the foreign exchange, the Bank maintained GWM at 8.10% from the outstanding deposits from customer denominated in foreign exchange in accordance with the required regulatory limit (Bank only).

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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 tool 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 one subsequent month. As of December 31, 2017, the liquidity reserve balance is above safety level.

LFR is a ratio of loan to third parties and customer deposit from third party and qualified marketable securities issued by the bank in Rupiah and foreign currency. LFR is used to measure the portion of illiquid long-term asset in form of loans that are funded by deposits and marketable securities issued, which are usually short-term in nature. As of December 31, 2017, the Bank's LFR is 87.16%.

Liquidity Coverage Ratio (LCR) is a ratio between High Quality Liquid Assets (HQLA) with estimated total net cash outflow for 30 (thirty) days forward on a crisis scenario. LCR is used to improve the short-term liquidity of banks in crisis conditions. As of December 31, 2017, the Bank's LCR is 199.85%.

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 bucket) based on their contractual maturity or behavioral maturity. As of December 31, 2017, the Bank's liquidity forecast up to 12 months in the future is at an optimal surplus position. The Bank's prepares alternative funding in order to deal with the possibility of the market liquidity diminishing or not in line with the Bank's prediction.

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 in the third quarter of 2017 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, and wholesale funding. In LCP, the determination of liquidity condition and funding strategies has taken internal and external conditions into consideration.

To increase awareness of unstable global economic condition, that causes liquidity risk, Bank Mandiri 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 (Indeks Harga Saham Gabungan (IHSG)), Rupiah interest rate and USD interbank, Non Delivery Forward (NDF) USD/IDR 1M and the latest market informations.

The maturity profile as of December 31, 2017 and 2016 are based on the remaining period from these dates. Historically, there were a large portion of deposits to be renewed upon maturity. If there is a need for liquidity, Government Bonds (at fair value through profit or loss and available for sale) can be liquidated by selling or using it as collateral in interbank market.

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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 are as follows:

December 31, 2017								
Description	Total	No Maturity Contract	≤ 1 month	> 1 month - ≤ 3 months	> 3 months - ≤ 6 months	> 6 months - ≤ 12 months	> 1 year - ≤ 3 years	> 3 years
Aset								
Current accounts with Bank Indonesia	50,188,118	-	50,188,118	-	-	-	-	-
Current accounts with other banks - gross	12,333,389	-	12,333,389	-	-	-	-	-
Placement with Bank Indonesia and other banks - gross	74,650,516	901	65,160,489	7,954,309	1,250,215	110,000	174,602	-
Marketable securities - gross	59,691,706	22,625,233	4,233,943	3,894,115	4,961,274	2,788,654	11,468,889	9,719,598
Government bonds	103,411,188	-	4,401,266	1,696,651	3,145,453	6,198,815	42,576,019	45,392,984
Other receivables-trade transactions - gross	25,439,477	-	7,968,719	9,499,678	6,120,940	761,638	-	1,088,502
Securities purchased under resale agreements - gross	2,629,315	-	2,510,539	42,915	25,320	50,541	-	-
Derivative receivables - gross	446,459	-	177,705	96,147	31,067	43,980	61,298	36,262
Loans - gross	712,037,865	-	66,240,201	49,035,087	53,562,174	82,243,812	106,984,540	353,972,051
Consumer financing receivables-gross	15,145,219	-	325,321	644,317	902,687	1,861,412	8,354,425	3,057,057
Net Investment in finance lease - gross	2,364,629	-	84,708	170,599	248,690	487,033	1,305,560	68,039
Acceptance receivables - gross	12,544,494	-	3,060,322	5,922,957	3,352,897	167,809	40,509	-
Other asset - gross	9,123,938	713,050	5,314,535	223,332	181,710	256,985	743,333	1,690,993
	1,080,006,313	23,339,184	221,999,255	79,180,107	73,782,427	94,970,679	171,709,175	415,025,486
Allowance for impairment losses	(35,949,615)							
Total	1,044,056,698							
Liabilities								
Demand Deposits	202,864,860	-	202,864,860	-	-	-	-	-
Savings Deposits	308,711,908	-	308,711,908	-	-	-	-	-
Time Deposits	238,007,214	-	120,043,915	101,699,230	9,926,421	3,888,529	2,449,119	-
Deposits from other banks								
Demand and saving deposits	4,238,390	-	4,238,390	-	-	-	-	-
Interbank call money	1,007,655	-	198,184	140,765	261,681	407,025	-	-
Time deposits	3,103,462	-	1,129,421	448,162	650,381	400,238	475,260	-
Securities sold under repurchase agreements	3,592,883	-	398,110	672,551	2,522,222	-	-	-
Derivatives liabilities	276,243	-	130,812	50,812	17,793	7,173	58,830	10,823
Acceptance liabilities	12,544,494	-	3,060,322	5,922,957	3,352,897	167,809	40,509	-
Marketable securities issued	16,843,595	-	67,395	-	324,837	496,543	4,135,656	11,819,164
Accrued expenses	4,307,193	389,003	3,918,190	-	-	-	-	-
Other liabilities	6,914,877	111,315	4,709,735	1,507,516	586,311	-	-	-
Fund borrowings	35,703,679	-	678,644	2,199,599	5,140,350	1,341,155	12,623,293	13,720,638
Subordinates loans	191,501	-	7,979	-	-	7,979	31,915	143,628
	838,307,954	500,318	650,157,865	112,641,592	22,782,893	6,716,451	19,814,582	25,694,253
Maturity gap	241,698,359	22,838,866	(428,158,610)	(33,461,485)	50,999,534	88,254,228	151,894,593	389,331,233
Net positions, net of allowance for impairment losses	205,748,744							

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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 areas follows:

December 31, 2016								
Description	Total	No Maturity Contract	≤ 1 month	> 1 month - ≤ 3 months	> 3 months - ≤ 6 months	> 6 months - ≤ 12 months	> 1 year - ≤ 3 years	> 3 years
Aset								
Current accounts with Bank Indonesia	52,484,974	-	52,484,974	-	-	-	-	-
Current accounts with other banks - gross	10,363,214	-	10,363,214	-	-	-	-	-
Placement with Bank Indonesia								
And other banks - gross	73,700,235	311	71,514,632	1,532,753	532,636	76,500	43,403	-
Marketable securities - gross	56,790,587	19,911,092	2,081,921	4,293,565	4,696,011	7,748,028	9,885,201	8,174,769
Government bonds	98,933,278	-	260,648	8,859,912	5,811,917	2,644,546	28,307,082	53,049,173
Other receivables-trade								
Transactions - gross	15,924,118	-	3,797,664	6,419,127	4,593,172	32,253	-	1,081,902
Securities purchased under								
Resale agreements - gross	5,054,488	-	4,890,918	36,094	50,814	76,662	-	-
Deivative receivables - gross	239,260	-	80,041	37,812	32,699	21,695	61,919	5,094
Loans - gross	649,322,953	-	70,585,394	43,649,793	63,245,600	77,250,381	110,131,710	284,460,075
Consumer financing receivables- gross	11,855,216	-	242,125	487,031	736,621	1,512,599	6,216,748	2,660,092
Net Investment in finance								
lease - gross	834,483	-	37,679	71,937	97,735	183,361	403,426	40,345
Acceptance receivables - gross	14,789,244	-	3,383,411	5,275,667	5,109,506	1,013,986	6,674	-
Other asset - gross	7,109,024	504,475	3,647,778	196,680	229,334	299,367	653,088	1,578,302
	997,401,074	20,415,878	223,370,399	70,860,371	85,136,045	90,859,378	155,709,251	351,049,752
Allowance for impairment losses	(35,399,216)							
Total	962,001,858							
Liabilities								
Demand Deposits	186,983,328	-	186,983,328	-	-	-	-	-
Savings Deposits	277,169,824	-	277,169,824	-	-	-	-	-
Time Deposits	237,907,078	-	143,692,855	69,815,963	14,541,743	8,335,371	1,521,146	-
Deposits from other banks								
Demand and saving deposits	4,300,765	-	4,300,765	-	-	-	-	-
Interbank call money	1,280,952	-	897,301	141,252	242,399	-	-	-
Time deposits	3,757,479	-	1,418,254	344,342	143,980	771,050	1,079,853	-
Securities sold under repurchase agreements	3,353,042	-	830,819	-	-	-	2,522,223	-
Derivatives liabilities	502,469	-	126,809	111,891	36,755	173,743	46,985	6,286
Acceptance liabilities	14,789,244	-	3,383,411	5,275,667	5,109,506	1,013,986	6,674	-
Marketable securities issued	9,025,994	-	72,035	-	489,890	348,802	1,991,808	6,123,459
Accrued expenses	3,743,496	278,064	3,449,401	16,031	-	-	-	-
Other liabilities	5,338,978	83,743	2,765,261	1,541,438	948,536	-	-	-
Fund borrowings	35,882,757	-	1,186,216	3,139,035	2,036,674	6,302,967	1,493,453	21,724,412
Subordinates loans	215,432	-	7,876	10,652	-	7,876	31,503	157,525
	784,250,838	361,807	626,284,155	80,396,271	23,549,483	16,953,795	8,693,645	28,011,682
Maturity gap	213,150,236	20,054,071	(402,913,756)	(9,535,900)	61,586,562	73,905,583	147,015,606	323,038,070
Net positions, net of allowance for impairment losses	177,751,020							

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(i) Liquidity risk management (continued)

The following maturity table provides information regarding contractual maturities of financial liabilities based on undiscounted cash flows as of December 31, 2017 and 2016 as follows:

December 31, 2017								
Description	Total	No Maturity Contract	≤ 1 month	> 1 month - ≤ 3 months	> 3 months - ≤ 6 months	> 6 months - ≤ 12 months	> 1 year - ≤ 3 years	> 3 year
Liabilities								
Deposit from customers								
Demand deposits/								
<i>wadiah</i> demand deposit	203,082,083	-	203,082,083	-	-	-	-	-
Saving deposits/								
<i>wadiah</i> saving deposit	309,013,156	-	308,999,277	1,572	2,534	2,859	4,204	2,710
Time deposits	240,049,076	-	120,907,072	102,538,661	10,060,693	3,986,582	2,556,068	-
Deposits from other banks								
Demand and saving deposits	4,241,508	-	4,241,508	-	-	-	-	-
Interbank call money	1,019,328	-	200,675	144,218	265,524	408,911	-	-
Time deposits	3,125,803	-	1,138,563	452,095	657,863	402,022	475,260	-
Securities sold under repurchase agreements	4,569,981	-	398,254	673,727	3,498,000	-	-	-
Derivative payables	702,624	-	129,785	77,383	56,376	98,102	333,737	7,241
Acceptances payable	12,544,494	-	3,060,322	5,922,957	3,352,897	167,809	40,509	-
Marketable securities issued	23,025,755	-	172,569	248,022	461,497	954,003	6,209,468	14,980,196
Accrued expenses	4,307,193	389,003	3,918,190	-	-	-	-	-
Other liabilities	6,914,877	111,315	4,709,735	1,507,516	586,311	-	-	-
Fund borrowings	38,657,524	-	742,478	2,980,353	5,346,395	1,366,732	12,539,711	15,681,855
Subordinated loans	225,253	-	8,218	479	718	9,415	37,660	168,763
Total	851,478,655	500,318	651,708,729	114,546,983	24,288,808	7,396,435	22,196,617	30,840,765

December 31, 2016								
Description	Total	No Maturity Contract	≤ 1 month	> 1 month - ≤ 3 months	> 3 months - ≤ 6 months	> 6 months - ≤ 12 months	> 1 year - ≤ 3 years	> 3 year
Liabilities								
Deposit from customers								
Demand deposits/								
<i>wadiah</i> demand deposit	187,183,081	-	187,183,081	-	-	-	-	-
Saving deposits/								
<i>wadiah</i> saving deposit	277,432,687	-	277,414,123	2,450	3,368	4,519	5,063	3,164
Time deposits	240,102,137	-	146,085,233	70,991,966	14,337,180	7,630,037	1,057,721	-
Deposits from other banks								
Demand and saving deposits	4,317,499	-	4,317,499	-	-	-	-	-
Interbank call money	1,347,183	-	926,304	157,682	263,197	-	-	-
Time deposits	3,855,969	-	1,580,588	227,387	194,859	773,258	1,079,877	-
Securities sold under repurchase agreements	4,330,346	-	832,346	-	-	-	3,498,000	-
Derivative payables	698,308	-	173,727	111,867	64,990	347,724	-	-
Acceptances payable	14,789,244	-	3,383,411	5,275,667	5,109,506	1,013,986	6,674	-
Marketable securities issued	9,341,811	-	72,035	-	541,203	350,000	2,205,649	6,172,924
Accrued expenses	3,743,496	278,064	3,449,401	16,031	-	-	-	-
Other liabilities	5,338,978	83,743	2,765,261	1,541,438	948,536	-	-	-
Fund borrowings	36,814,668	-	1,214,962	3,394,654	1,890,270	6,403,977	1,118,779	22,792,026
Subordinated loans	254,715	-	8,191	11,223	768	9,412	37,646	187,475
Total	789,550,122	361,807	629,406,162	81,730,365	23,353,877	16,532,913	9,009,409	29,155,589

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(i) Liquidity risk management (continued)

The following maturity table provides information regarding contractual maturities of administrative accounts based on undiscounted cash flows as of December 31, 2017 and 2016 are as follows:

December 31, 2017								
Description	Total	No Maturity Contract	≤1 months	>1 months - ≤3 months	>3 months - ≤6 months	>6 months - ≤12 months	> 1 months - ≤3 years	>3 years
Administrative accounts								
Bank guarantees issued	79,687,978	-	79,687,978	-	-	-	-	-
Committed unused loan facilities granted	35,612,721	-	35,612,721	-	-	-	-	-
Outstanding irrevocable letters of credit	15,822,522	-	3,334,244	7,609,931	993,418	2,610,135	1,274,794	-
Standby letter of credit	12,278,618	-	12,278,618	-	-	-	-	-
	143,401,839	-	130,913,561	7,609,931	993,418	2,610,135	1,274,794	-
December 31, 2016								
Description	Total	No Maturity Contract	≤1 months	>1 months - ≤3 months	>3 months - ≤6 months	>6 months - ≤12 months	> 1 months - ≤3 years	>3 years
Administrative accounts								
Bank guarantees issued	74,266,284	-	74,266,284	-	-	-	-	-
Committed unused loan facilities granted	26,897,371	-	26,897,371	-	-	-	-	-
Outstanding irrevocable letters of credit	12,096,666	-	4,186,948	4,959,313	1,051,886	1,201,114	697,273	132
Standby letter of credit	13,164,560	-	13,164,560	-	-	-	-	-
	126,424,881	-	118,515,163	4,959,313	1,051,886	1,201,114	697,273	132

(ii) Interest rate risk management

Market risk is the risk of loss from on balance sheet and administrative accounts, including derivative transactions, due to adverse changes in market conditions, including changes in option price risk.

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 is based on 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).

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(ii) Interest rate risk management (continued)

a. Sensitivity to net income

The table below shows the sensitivity of net income to interest rate movement on Bank Mandiri as of December 31, 2017 and 2016 (Bank Mandiri only) as follows:

	Increased by 100 bps	Decreased by 100 bps
December 31, 2017		
Increase/(decrease) net income (Rp billion)	(1,459.86)	224.33
December 31, 2016		
Increase/(decrease) net income (Rp billion)	(1,456.47)	(246.17)

The above 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 of December 31, 2017 and 2016 (Bank Mandiri only) as follows:

	Increased by 100 bps	Decreased by 100 bps
December 31, 2017		
Increase/(decrease) unrealised gains on available for sale marketable securities (Rp billion)	243.57	(243.58)
December 31, 2016		
Increase/(decrease) unrealised gains on available for sale marketable securities (Rp billion)	280.60	(280.60)

The above projections assumed that all other variables are held constant at reporting date.

The sensitivities of 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.

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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)

The tables below summarise Bank Mandiri's financial asset and liabilities at carrying amounts categorised by earlier of contractual repricing date or maturity dates:

	December 31, 2017*)									
	Interest bearing									
	Less than or equal to 1 month	Over 1 month but not more than 3 months	Over 3 months but not more than 1 year	Over 1 year but not more than 2 years	Over 2 years but not more than 3 years	Over 3 years but not more than 4 years	Over 4 years but not more than 5 years	Over 5 years	Non interest bearing	Total
Current accounts with Bank Indonesia	-	-	-	-	-	-	-	-	50,188,118	50,188,118
Current accounts with other banks	11,697,430	88,245	47,744	-	-	-	-	-	499,970	12,333,389
Placements with Bank Indonesia										
and other banks	65,512,388	1,236,990	703,100	40,000	-	-	-	-	7,158,038	74,650,516
Marketable securities	1,106,762	641,960	6,878,061	8,372,723	3,803,432	1,126,646	5,640,330	6,000,606	26,121,186	59,691,706
Government bonds	8,617,446	30,762,971	4,303,940	8,991,611	5,434,025	9,203,482	3,841,202	23,775,308	8,481,203	103,411,188
Other receivables - trade transactions	1,050,327	1,993,457	1,831,394	-	-	-	-	-	20,564,299	25,439,477
Securities purchased under resale agreements	181,423	2,372,031	25,320	50,541	-	-	-	-	-	2,629,315
Derivative receivables	152,490	92,784	74,407	55,875	57,776	2,927	10,200	-	-	446,459
Loans	53,977,645	445,400,966	56,557,393	21,858,452	12,365,791	2,815,222	6,842,430	52,326,511	59,893,455	712,037,865
Consumer financing receivables	441,255	891,982	3,635,966	4,541,004	3,355,200	1,711,662	567,984	166	-	15,145,219
Net investment in finance lease	84,708	170,599	735,722	829,833	475,727	61,286	6,754	-	-	2,364,629
Acceptances receivable	-	600,125	11,863,116	-	-	-	-	-	81,253	12,544,494
Other assets	-	-	-	-	-	-	-	9,123,938	-	9,123,938
	142,821,874	484,252,110	86,656,163	44,740,039	25,491,951	14,921,225	16,908,900	91,226,529	172,987,522	1,080,006,313
Deposits from customers										
Demand deposits/ wadiah demand deposit	24,333,668	10,032,793	26,265,172	27,900,210	20,605,365	15,747,704	12,104,458	57,439,714	8,435,776	202,864,860
Saving/wadiah saving deposits	29,452,728	12,758,657	32,810,802	36,762,123	28,889,203	23,640,760	20,146,360	121,057,718	3,193,557	308,711,908
Time deposits	128,420,994	92,667,736	14,866,618	2,051,866	-	-	-	-	-	238,007,214
Deposits from other banks										
Demand and saving deposits	464,661	350,924	999,954	886,924	540,522	309,588	136,387	480,047	69,383	4,238,390
Interbank call money	383,144	89,216	535,295	-	-	-	-	-	-	1,007,655
Time deposits	1,736,571	45,890	839,739	481,262	-	-	-	-	-	3,103,462
Securities sold under repurchase agreements	-	-	3,592,883	-	-	-	-	-	-	3,592,883
Derivative payables	93,990	41,202	62,837	33,033	40,722	1,233	3,226	-	-	276,243
Acceptances payable	-	600,125	11,863,116	-	-	-	-	-	81,253	12,544,494
Marketable securities issued	-	10,871,270	821,374	1,117,149	2,187,618	748,638	722,546	-	375,000	16,843,595
Accrued expenses	41,327	146,377	5,927	6,127	-	-	-	-	4,107,435	4,307,193
Other liabilities	-	-	-	-	-	-	-	6,914,877	-	6,914,877
Fund borrowings	1,104,791	1,263,274	9,111,526	3,375,494	1,658,119	25,000	50,000	19,115,475	-	35,703,679
Subordinated loans	-	-	-	-	-	-	-	191,501	-	191,501
	186,031,874	128,867,464	101,775,243	72,614,188	53,921,549	40,472,923	33,162,977	205,199,332	16,262,404	838,307,954
Total interest repricing gap	(43,210,000)	355,384,646	(15,119,080)	(27,874,149)	(28,429,598)	(25,551,698)	(16,254,077)	(113,972,803)	156,725,118	241,698,359

*) There is a change in the modeling assumption in line with the issuance of Consultative Paper IRRBB.

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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)

	December 31, 2016									
	Interest bearing									
	Less than or equal to 1 month	Over 1 month but not more than 3 months	Over 3 months but not more than 1 year	Over 1 year but more than 2 years	Over 2 years but not more than 3 years	Over 3 years but not more than 4 years	Over 4 years but not more than 5 years	Over 5 years	Non interest bearing	Total
Current accounts with Bank Indonesia -	-	-	-	-	-	-	-	52,484,974	52,484,974	
Current accounts with other banks	8,892,740	-	-	-	-	-	-	-	1,470,474	10,363,214
Placements with Bank Indonesia and other banks	67,605,631	1,532,753	609,136	-	-	-	-	-	3,952,715	73,700,235
Marketable securities	885,690	3,224,410	7,583,395	1,818,633	1,866,742	365,302	780,409	4,428,343	35,837,663	56,790,587
Government bonds	40,478,769	595,587	7,246,395	3,353,505	6,845,733	2,874,107	6,014,041	18,192,914	13,332,227	98,933,278
Other receivables - trade transactions	733,633	2,325,524	1,796,140	-	-	-	-	-	11,068,821	15,924,118
Securities purchased under resale agreements	3,881,719	36,094	127,476	-	-	-	-	-	1,009,199	5,054,488
Derivative receivables	-	58	22,195	23,666	715	-	219	-	190,719	239,260
Loans	84,125,977	400,733,521	29,067,738	26,115,400	22,624,334	1,688	3,993,571	16,861,972	54,665,318	649,322,953
Consumer financing receivables	288,739	581,855	2,665,436	3,436,181	2,761,953	11,135,122	529,991	-	-	11,855,216
Net investment in finance lease	37,679	71,936	281,095	262,868	140,559	36,441	3,905	-	-	834,483
Acceptances receivable	-	-	-	-	-	-	-	-	14,789,244	14,789,244
Other assets	-	-	-	-	-	-	-	-	7,109,024	7,109,024
	206,930,577	409,101,738	49,399,006	35,010,253	34,240,036	16,003,721	11,322,136	39,483,229	195,910,378	997,401,074
Deposits from customers										
Demand deposits	22,991,788	9,323,225	26,527,005	25,897,567	19,018,251	14,434,717	10,997,065	50,932,680	6,860,850	186,983,328
Saving deposits	21,586,593	11,882,590	30,102,863	33,467,369	26,168,020	21,302,081	18,114,142	111,952,730	2,593,436	277,169,824
Time deposits	145,152,589	70,254,376	21,452,928	738,941	308,244	-	-	-	-	237,907,078
Deposits from other banks										
Demand and saving deposits	195,847	4,032,646	15,709	-	-	-	-	-	56,563	4,300,765
Interbank call money	1,257,420	23,532	-	-	-	-	-	-	-	1,280,952
Time deposits	1,506,254	346,067	826,304	641,175	438,679	-	-	-	-	3,757,479
Securities sold under repurchase agreements	830,819	-	-	2,522,223	-	-	-	-	-	3,353,042
Derivative payables	894	24	1,975	2,554	683	-	3,482	-	492,857	502,469
Acceptances payable	-	-	-	-	-	-	-	-	14,789,244	14,789,244
Marketable securities issued	-	-	838,692	823,016	1,069,293	99,520	1,883,067	3,937,406	375,000	9,025,994
Accrued expenses	7,682	95,438	4,903	2,560	-	-	-	-	3,632,913	3,743,496
Other liabilities	-	-	-	-	-	-	-	-	5,338,978	5,338,978
Fund borrowings	5,110,709	12,974,222	15,800,395	738,844	989,929	141,487	-	127,171	-	35,882,757
Subordinated loans	10,652	-	-	-	-	-	-	204,780	-	215,432
	198,651,247	108,932,120	95,569,774	64,834,249	47,993,099	35,977,805	30,997,756	167,154,947	34,139,841	784,250,838
Total interest repricing gap	8,279,330	300,169,618	(46,170,768)	(29,823,996)	(13,753,063)	(19,974,084)	(19,675,620)	(127,671,718)	161,770,537	213,150,236

To assess the impact of changes in interest rates and exchange rates at extreme conditions (crisis) to earnings and capital, the Bank conduct stress testing on the market risk of banking book regularly.

(iii) Pricing management

The Bank implements pricing policy for loans or deposit products. The pricing policy is one of the Bank's strategy to maximise Net Interest Margin (NIM) and to support the Bank to dominate the market share by determining the competitive climate.

The Bank consistently manages to apply the strategy as a market leader in terms of fund pricing. However, determining 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 by providing a various credit interest rate to customers based on the level of credit risk. In order to minimise interest rate risk, the loan interest rate is adjusted with interest rate from cost of funds. Other than cost of funds, loan 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. Credit rates can be either a floating or a fixed rate for certain tenors.

(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 applies 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 best practice approach and inline with the applicable internal and external conditions.

(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.

The calculation of the net open position as of December 31, 2017 and 2016 is based on Bank Indonesia's Regulation No. 12/10/PBI/2010 dated July 1, 2010 which amended by Bank Indonesia's Regulation No. 17/5/PBI/2015 dated on May 29, 2015 regarding removal implementation NOP 30 minutes. In accordance with Bank Indonesia 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 stated in Rupiah and the net difference between receivables and payables from commitments and contingencies for each foreign currency recorded in administrative accounts stated in Rupiah. While the net open position for the financial position is the net difference between total assets and liabilities for each foreign currency stated in Rupiah.

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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

Net open position of Bank Mandiri by currencies (expressed in Rupiah) as of December 31, 2017 as follows:

Currency	Aset	Liabilities	Net open position
OVERALL (STATEMENT OF FINANCIAL POSITION AND ADMINISTRATIVE ACCOUNTS)***			
United States Dollar	243,170,253	241,795,535	1,374,718
European Euro	15,960,885	15,651,107	309,778
Singapore Dollar	3,185,692	3,208,152	22,460
Japanese Yen	1,463,819	1,508,826	45,007
Australian Dollar	495,541	489,828	5,713
Great Britain Pound Sterling	497,032	477,789	19,243
Hong Kong Dollar	90,851	67,459	23,392
Others	4,400,697	4,890,924	632,137*)
Total			2,432,448
STATEMENT OF FINANCIAL POSITION			
United State Dollar	207,896,743	136,560,162	71,336,581
European Euro	9,095,032	6,589,444	2,505,588
Singapore Dollar	2,687,497	1,736,676	950,821
Japanese Yen	1,270,577	852,881	417,696
Australian Dollar	396,818	190,239	206,579
Great Britain Pound Sterling	284,999	403,898	(118,899)
Hong Kong Dollar	58,731	63,659	(4,928)
Others	1,120,700	4,715,826	(3,595,126)**)
Total			71,698,312
Total Tier I dan Tier II Capital less investments in Subsidiaries (Note 57)			153,178,315
NOP ratio (Statement of financial position)			46.81%
NOP ratio (overall)			1.59%

Net Open Position ratio as of December 31, 2017 if calculated using November 2017 capital as follows:

November 2017 Capital (unaudited)	152,860,162
NOP ratio (Statement of financial position)	46.90%
NOP ratio (overall)****)	1.59%

*) Represents total from the absolute amount of difference between assets and liabilities from other foreign currencies.

**) Represents total from the amount of difference between assets and liabilities from other foreign currencies.

****) The calculation of bank's net open position is based on Bank Indonesia's regulation No. 12/10/PBI/2010 dated July 1, 2010 and Bank Indonesia's regulation No. 17/5/PBI/2015 dated May 29, 2015 upon the 4th amendment of Bank Indonesia's regulation No. 5/13/PBI/2003 regarding bank's net open position. Under the regulation, starting on July 1, 2010, the Bank is only required to keep the net open position of a maximum of 20% of total capital.

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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)

Net open position of Bank Mandiri by currencies (expressed in Rupiah) as of December 31, 2016 as follows:

Currency	Aset	Liabilities	Net open position
OVERALL (STATEMENT OF FINANCIAL POSITION AND ADMINISTRATIVE ACCOUNTS)***			
United State Dollar	190,570,682	187,266,392	3,304,290
European Euro	6,713,558	6,704,757	8,801
Singapore Dollar	3,205,075	3,232,526	27,451
Japanese Yen	500,298	512,173	11,875
Australian Dollar	418,917	447,814	28,897
Great Britain Pound Sterling	339,546	314,308	25,238
Hong Kong Dollar	65,506	64,485	1,021
Others	4,078,919	4,680,724	686,595*)
Total			4,094,168
STATEMENT OF FINANCIAL POSITION			
United State Dollar	179,441,984	151,154,887	28,287,097
European Euro	4,133,128	3,889,783	243,345
Singapore Dollar	3,077,206	2,126,959	950,247
Japanese Yen	464,491	488,663	(24,172)
Australian Dollar	345,168	323,001	22,167
Great Britain Pound Sterling	260,220	261,593	(1,373)
Hong Kong Dollar	61,464	43,056	18,408
Others	1,335,675	4,560,726	(3,225,051)**)
Total			26,270,668
Total Tier I dan Tier II Capital			
less investments in Subsidiaries (Note 57)			137,432,214
NOP ratio (Statement of financial position)			19.12%
NOP ratio (overall)			2.98%

Net Open Position ratio as of December 31, 2016 if calculated using November 2016 capital as follows:

November 2016 Capital (unaudited)	141,100,135
NOP ratio (Statement of financial position)	18.62%
NOP ratio (overall)***)	2.90%

*) Represents total from the absolute amount of difference between assets and liabilities from other foreign currencies.

**) Represents total from the amount of difference between assets and liabilities from other foreign currencies.

***) The calculation of bank's net open position is based on Bank Indonesia's regulation No. 12/10/PBI/2010 dated July 1, 2010 and Bank Indonesia's regulation No. 17/5/PBI/2015 dated May 29, 2015 upon the 4th amendment of Bank Indonesia's regulation No. 5/13/PBI/2003 regarding bank's net open position. Under the regulation, starting on July 1, 2010, the Bank is only required to keep the net open position of a maximum of 20% of total capital.

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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 of foreign currency exchange rate risk as of December 31, 2017 and 2016. Included in the table are the Group's financial instruments at carrying amount, categorised by currencies.

	December 31, 2017								Total
	United States Dollar	European Euro	Singapore Dollar	Japanese Yen	Australian Dollar	Hong Kong Dollar	Great Britain Pound Sterling	Others	
Asset									
Cash	1,162,014	264,084	677,224	75,015	187,524	10,695	38,668	235,092	2,650,316
Current accounts with Bank Indonesia	10,236,358	-	-	-	-	-	-	-	10,236,358
Current accounts with other banks	8,164,603	1,135,115	221,916	503,190	50,908	33,419	220,814	368,291	10,698,256
Placement with Bank Indonesia and other banks	44,577,230	49,712	-	-	-	-	-	214,907	44,841,849
Marketable securities	13,786,132	4,753	338,070	2,772	-	-	-	-	14,131,727
Government bonds	21,058,127	4,229,676	-	445,924	-	-	-	-	25,733,727
Other receivables-trade transactions	9,317,053	106,632	-	50,038	1,945	-	11,978	36,446	9,524,092
Derivative receivables	312,546	63,365	112	28	5,354	-	614	117	382,136
Loans	105,002,051	2,639,172	1,173,768	1,669	89,741	-	-	963,319	109,869,720
Acceptances receivable	5,382,765	388,388	12,432	151,986	1,260	-	3,878	46,484	5,987,193
Other assets	954,272	66,427	1,980	419	777	-	13	5,566	1,029,454
Total asset	219,953,151	8,947,324	2,425,502	1,231,041	337,509	44,114	275,965	1,870,222	235,084,828
Liabilities									
Deposits from Customers									
Demand deposits/Wadiah	59,444,991	818,924	529,970	576,876	59,996	6,373	251,723	188,455	61,877,308
Saving deposits/Wadiah saving	26,525,184	347,242	563,353	34,601	88,834	8,121	116,136	9,198	27,692,669
Time deposits	16,680,400	4,609,164	425,560	7,014	24,474	16,494	16,832	12,647	21,792,585
Deposits from other banks									
Demand and saving deposits	1,322,556	40,961	9,767	486	-	-	-	-	1,373,770
Interbank call money	610,537	-	-	-	-	-	-	397,118	1,007,655
Time deposits	414,133	-	-	-	-	-	-	-	414,133
Securities sold under repurchase agreement	1,065,947	-	-	-	-	-	-	-	1,065,947
Derivative payable	107,808	106,827	-	87	1,620	-	6	387	216,735
Acceptances payable	5,382,765	388,388	12,432	151,986	1,260	-	3,878	46,484	5,987,193
Accrued Expenses	505,350	-	30,156	162	140	5,627	55	60,535	602,025
Other liabilities	2,417,913	320,431	99,942	80,556	282,358	62,784	593,588	101,277	3,958,849
Fund Borrowings	25,005,263	-	-	-	-	-	-	3,961,828	28,967,091
Subordinated Loans	191,501	-	-	-	-	-	-	-	191,501
Total liabilities	139,674,348	6,631,937	1,671,180	851,768	458,682	99,399	982,218	4,777,929	155,147,461
Net statements of financial position	80,278,803	2,315,387	754,322	379,273	(121,173)	(55,285)	(706,253)	(2,907,707)	79,937,367
Administrative accounts - net	4,385,036	(4,278,039)	(973,281)	(454,970)	(200,385)	(3,800)	138,142	3,104,900	1,717,603

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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)

	December 31, 2016								
	United States Dollar	European Euro	Singapore Dollar	Japanese Yen	Australian dollar	Hong Kong Dollar	Great Britain Pound Sterling	Others	Total
Asset									
Cash	1,710,796	187,511	773,117	93,166	149,888	7,003	37,240	109,688	3,068,409
Current accounts with Bank Indonesia	11,470,919	-	-	-	-	-	-	-	11,470,919
Current accounts with other banks	8,372,193	269,742	322,557	244,524	89,328	35,145	218,934	302,421	9,854,844
Placement with Bank Indonesia and other banks	35,407,101	43,404	-	-	-	8,860	-	83,385	35,542,750
Marketable securities	10,747,401	-	195,738	2,781	-	-	-	152,220	11,098,140
Government bonds	23,033,738	1,549,208	-	-	-	-	-	-	24,582,946
Other receivables-trade transactions	6,150,516	48,024	6,965	22,097	7,339	-	13,017	18,545	6,266,503
Derivative receivables	170,805	66,499	-	15	90	-	502	25	237,936
Loans	87,954,943	1,959,304	1,321,318	1,402	5,358	392	30	1,327,585	92,570,332
Acceptances receivable	6,508,181	52,964	7,066	99,203	1,380	-	902	68,583	6,738,279
Other assets	734,909	35,690	4,663	245	126	22	2	23,763	799,420
Total asset	192,261,502	4,212,346	2,631,424	463,433	253,509	51,422	270,627	2,086,215	202,230,478
Liabilities									
Deposits from Customers									
Demand deposits/Wadiah	60,347,101	1,192,031	533,625	263,262	45,117	2,128	74,610	161,827	62,619,701
Saving deposits/Wadiah saving	28,259,562	649,443	1,004,091	38,595	160,257	7,684	168,813	15,533	30,303,978
Time deposits	24,220,362	1,791,129	447,978	26,248	75,325	12,973	8,673	2,866	26,585,554
Deposits from other banks									
Demand and saving deposits	2,071,352	7,341	20,887	7,638	-	-	-	-	2,107,218
Interbank call money	592,790	-	-	-	-	-	-	333,162	925,952
Time deposits	134,725	-	-	-	-	-	-	-	134,725
Derivative payable	436,731	61,938	-	280	-	-	526	54	499,529
Acceptances payable	6,507,794	52,964	7,066	99,203	1,380	-	902	68,970	6,738,279
Accrued Expenses	446,838	-	26,026	145	108	5,794	65	50,934	529,910
Other liabilities	2,733,959	175,359	54,832	52,187	39,807	4,961	7,108	23,882	3,092,095
Fund Borrowings	26,872,469	-	-	-	-	-	-	3,893,944	30,766,413
Subordinated Loans	204,780	-	-	-	-	-	-	-	204,780
Total liabilities	152,828,463	3,930,205	2,094,505	487,558	321,994	33,540	260,697	4,551,172	164,508,134
Net statements of financial position	39,433,039	282,141	536,919	(24,125)	(68,485)	17,882	9,930	(2,464,957)	37,722,344
Administrative accounts - net	1,369,270	(234,544)	(1,105,567)	19,070	(23,578)	(17,387)	26,611	301,083	334,958

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Foreign exchange risk management (continued)

c. The balances of monetary assets and liabilities in foreign currencies are as follows:

	December 31, 2017	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
Asset		
Cash		
United States Dollar	1,162,014	85,647
European Euro	264,084	16,265
Singapore Dollar	677,224	66,692
Japanese Yen	75,015	622,428
Australian Dollar	187,524	17,701
Hong Kong Dollar	10,695	6,160
Great Britain Pound Sterling	38,668	2,110
Chinese Yuan	39,490	18,952
Others	195,602	14,417
	2,650,316	850,372
Deposits with Bank Indonesia		
United States Dollar	10,236,358	754,476
Deposits with other banks		
United States Dollar	8,164,603	601,777
European Euro	1,135,115	69,912
Singapore Dollar	221,916	21,854
Japanese Yen	503,190	4,175,158
Australian Dollar	50,908	4,805
Hong Kong Dollar	33,419	19,248
Great Britain Pound Sterling	220,814	12,049
Chinese Yuan	260,319	124,935
Others	107,972	7,958
	10,698,256	5,037,696
Placement with Bank Indonesia and other banks		
United States Dollar	44,577,230	3,285,589
European Euro	49,712	3,062
Chinese Yuan	214,907	103,140
	44,841,849	3,391,791
Marketable securities		
United States Dollar	13,786,132	1,016,114
European Euro	4,753	293
Singapore Dollar	338,070	33,292
Japanese Yen	2,772	23,000
	14,131,727	1,072,699
Government bonds		
United States Dollar	21,058,127	1,552,101
European Euro	4,229,676	260,509
Japanese Yen	445,924	3,700,000
	25,733,727	5,512,610

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Foreign exchange risk management (continued)

- c. The balances of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2017	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)-
Asset (continued)		
Other receivables - trade transactions		
United States Dollar	9,317,053	686,718
European Euro	106,632	6,568
Japanese Yen	50,038	415,184
Australian Dollar	1,945	184
Great Britain Pound Sterling	11,978	654
Chinese Yuan	36,446	17,492
	9,524,092	1,126,800
Derivative receivables		
United States Dollar	312,546	23,036
European Euro	63,365	3,903
Singapore Dollar	112	11
Japanese Yen	28	232
Australian Dollar	5,354	505
Great Britain Pound Sterling	614	34
Others	117	56
	382,136	27,777
Loan and sharia receivable/financing		
United States Dollar	105,002,051	7,739,234
European Euro	2,639,172	162,548
Singapore Dollar	1,173,768	115,590
Japanese Yen	1,669	13,848
Australian Dollar	89,741	8,471
Chinese Yuan	963,319	462,325
	109,869,720	8,502,016
Acceptances receivable		
United States Dollar	5,382,765	396,740
European Euro	388,388	23,921
Singapore Dollar	12,432	1,224
Japanese Yen	151,986	1,261,085
Australian Dollar	1,260	119
Great Britain Pound Sterling	3,878	212
Chinese Yuan	46,484	22,309
	5,987,193	1,705,610
Other assets		
United States Dollar	954,272	70,334
European Euro	66,427	4,091
Dolar Singap Singapore Dollar ura	1,980	195
Japanese Yen	419	3,477
Australian Dollar	777	73
Great Britain Pound Sterling	13	1
Chinese Yuan	5,566	2,671
	1,029,454	80,842
Total asset	235,084,828	28,062,689

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Foreign exchange risk management (continued)

- c. The balances of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2017	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
Liabilities		
Deposits from customers		
Demand deposits/ <i>wadiah</i> demand deposits		
United States Dollar	59,444,991	4,385,045
European Euro	818,924	47,912
Singapore Dollar	529,970	51,493
Japanese Yen	576,876	4,786,558
Australian Dollar	59,996	5,663
Hong Kong Dollar	6,373	3,671
Great Britain Pound Sterling	251,723	13,681
Chinese Yuan	179,401	86,100
Others	9,054	667
	61,877,308	9,380,790
Saving deposits/ <i>wadiah</i> saving deposit		
United States Dollar	26,525,184	1,955,053
European Euro	347,242	21,387
Singapore Dollar	563,353	55,478
Japanese Yen	34,601	287,098
Australian Dollar	88,834	8,385
Hong Kong Dollar	8,121	4,677
Great Britain Pound Sterling	116,136	6,337
Chinese Yuan	8,098	3,886
Others	1,100	81
	27,692,669	2,342,382
Time deposits		
United States Dollar	16,680,400	1,229,438
European Euro	4,609,164	283,881
Singapore Dollar	425,560	41,908
Japanese Yen	7,014	58,198
Australian Dollar	24,474	2,310
Hong Kong Dollar	16,494	9,500
Great Britain Pound Sterling	16,832	918
Chinese Yuan	12,647	6,070
	21,792,585	1,632,223
Deposits from other banks		
Demand/ <i>wadiah</i> demand and saving deposits		
United States Dollar	1,322,556	97,480
European Euro	40,961	2,523
Singapore Dollar	9,767	962
Japanese Yen	486	4,033
	1,373,770	104,998
Interbank call money		
United States Dollar	610,537	45,000
Chinese Yuan	397,118	190,589
	1,007,655	235,589

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Foreign exchange risk management (continued)

- c. The balances of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2017	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
Liabilities (continued)		
Time deposits		
United States Dollar	414,133	23,890
Securities sold under repurchase agreement		
United States Dollar	1,065,947	78,566
Derivative payables		
United States Dollar	107,808	7,946
European Euro	106,827	6,580
Japanese Yen	87	722
Australian Dollar	1,620	153
Great Britain Pound Sterling	6	1
Chinese Yuan	387	29
	216,735	15,431
Acceptances payable		
United States Dollar	5,382,765	396,740
European Euro	388,388	23,921
Singapore Dollar	12,432	1,224
Japanese Yen	151,986	1,261,085
Australian Dollar	1,260	119
Great Britain Pound Sterling	3,878	212
Chinese Yuan	46,484	22,309
	5,987,193	1,705,610
Accrued expenses		
United States Dollar	505,350	37,247
Singapore Dollar	30,156	2,970
Japanese Yen	162	1,344
Australian Dollar	140	13
Hong Kong Dollar	5,627	3,241
Great Britain Pound Sterling	55	3
Chinese Yuan	60,528	29,049
Others	7	1
	602,025	73,868
Others liabilities		
United States Dollar	2,417,913	171,716
European Euro	320,431	19,736
Singapore Dollar	99,942	9,842
Japanese Yen	80,556	668,404
Australian Dollar	282,358	26,652
Hong Kong Dollar	62,784	36,162
Great Britain Pound Sterling	593,588	32,391
Chinese Yuan	85,236	40,911
Others	16,041	1,182
	3,958,849	1,006,996
Fund borrowings		
United States Dollar	25,005,263	1,843,027
Chinese Yuan	3,961,828	1,901,398
	28,967,091	3,744,425

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Foreign exchange risk management (continued)

- c. The balances of monetary assets and liabilities in foreign currencies are as follows (continued):

		December 31, 2017	
		Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
Subordinated loans			
	United States Dollar	191,501	14,115
Total Liabilities		155,147,461	20,358,883

		December 31, 2016	
		Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
Asset			
Cash			
	United States Dollar	1,710,796	126,984
	European Euro	187,511	13,228
	Singapore Dollar	773,117	83,024
	Japanese Yen	93,166	809,646
	Australian Dollar	149,888	15,416
	Hong Kong Dollar	7,003	4,031
	Great Britain Pound Sterling	37,240	2,249
	Chinese Yuan	21,271	10,969
	Others	88,417	6,563
		3,068,409	1,072,110
Deposits with Bank Indonesia			
	United States Dollar	11,470,919	851,432
Deposits with other banks			
	United States Dollar	8,372,193	621,428
	European Euro	269,742	19,028
	Singapore Dollar	322,557	34,639
	Japanese Yen	244,524	2,125,002
	Australian Dollar	89,328	9,187
	Hong Kong Dollar	35,145	20,229
	Great Britain Pound Sterling	218,934	13,225
	Chinese Yuan	228,758	117,966
	Others	73,663	5,468
		9,854,844	2,966,172
Placement with Bank Indonesia and other banks			
	United States Dollar	35,407,101	2,628,102
	European Euro	43,404	3,062
	Hong Kong Dollar	8,860	5,100
	Chinese Yuan	83,385	43,000
		35,542,750	2,679,264
Marketable securities			
	United States Dollar	10,747,401	797,729
	Singapore Dollar	195,738	21,020
	Japanese Yen	2,781	24,159
	Others	152,220	11,299
		11,098,140	854,207
Government bonds			
	United States Dollar	23,033,738	1,709,686
	European Euro	1,549,208	109,286
		24,582,946	1,818,972

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Foreign exchange risk management (continued)

c. The balances of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2016	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)-
Asset (continued)		
Other receivables - trade transactions		
United States Dollar	6,150,516	456,524
European Euro	48,024	3,388
Singapore Dollar	6,965	748
Japanese Yen	22,097	192,031
Australian Dollar	7,339	755
Great Britain Pound Sterling	13,017	786
Chinese Yuan	18,545	9,563
	6,266,503	663,795
Derivative receivables		
United States Dollar	170,805	12,678
European Euro	66,499	4,691
Japanese Yen	15	130
Australian Dollar	90	9
Great Britain Pound Sterling	502	30
Others	25	2
	237,936	17,540
Loan and sharia receivable/financing		
United States Dollar	87,954,943	6,528,480
European Euro	1,959,304	138,215
Singapore Dollar	1,321,318	141,895
Japanese Yen	1,402	12,184
Australian Dollar	5,358	551
Hong Kong Dollar	392	226
Great Britain Pound Sterling	30	2
Chinese Yuan	1,327,585	684,608
	92,570,332	7,506,161
Acceptances receivable		
United States Dollar	6,508,181	483,072
European Euro	52,964	3,736
Singapore Dollar	7,066	759
Japanese Yen	99,203	862,110
Australian Dollar	1,380	142
Great Britain Pound Sterling	902	55
Chinese Yuan	68,583	35,367
	6,738,279	1,385,241
Other assets		
United States Dollar	734,909	54,549
European Euro	35,690	2,517
Singapore Dollar	4,663	501
Japanese Yen	245	2,129
Australian Dollar	126	13
Hong Kong Dollar	22	13
Great Britain Pound Sterling	2	-
Chinese Yuan	23,763	12,254
	799,420	71,976
Total asset	202,230,478	19,886,870

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Foreign exchange risk management (continued)

c. The balances of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2016	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
Liabilities		
Deposits from customers		
Demand deposits/ <i>wadiah</i> demand deposits		
United States Dollar	60,347,101	4,479,280
European Euro	1,192,031	84,089
Singapore Dollar	533,625	57,306
Japanese Yen	263,262	2,287,842
Australian Dollar	45,117	4,640
Hong Kong Dollar	2,128	1,225
Great Britain Pound Sterling	74,610	4,507
Chinese Yuan	157,357	81,146
Others	4,470	332
	62,619,701	7,000,367
Saving deposits/ <i>wadiah</i> saving deposit		
United States Dollar	28,259,562	2,097,574
European Euro	649,443	45,814
Singapore Dollar	1,004,091	107,828
Japanese Yen	38,595	335,405
Australian Dollar	160,257	16,482
Hong Kong Dollar	7,684	4,423
Great Britain Pound Sterling	168,813	10,197
Chinese Yuan	14,028	7,234
Others	1,505	112
	30,303,978	2,625,069
Time deposits		
United States Dollar	24,220,362	1,797,763
European Euro	1,791,129	126,351
Singapore Dollar	447,978	48,108
Japanese Yen	26,248	228,105
Australian Dollar	75,325	7,747
Hong Kong Dollar	12,973	7,467
Great Britain Pound Sterling	8,673	524
Chinese Yuan	2,866	1,478
	26,585,554	2,217,543
Deposits from other banks		
Demand and saving deposits		
United States Dollar	2,071,352	153,747
European Euro	7,341	518
Singapore Dollar	20,887	2,243
Japanese Yen	7,638	66,378
	2,107,218	222,886
Interbank call money		
United States Dollar	592,790	44,000
Chinese Yuan	333,162	171,805
	925,952	215,805

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Foreign exchange risk management (continued)

c. The balances of monetary assets and liabilities in foreign currencies are as follows (continued):

	December 31, 2016	
	Rupiah Equivalent (in million)	Foreign Currencies (in thousand)
Liabilities (continued)		
Time deposits		
United States Dollar	134,725	10,000
Derivative payables		
United States Dollar	436,731	32,416
European Euro	61,938	4,369
Japanese Yen	280	2,433
Great Britain Pound Sterling	526	32
Others	54	4
	499,529	39,254
Acceptances payable		
United States Dollar	6,507,794	483,043
European Euro	52,964	3,736
Singapore Dollar	7,066	759
Japanese Yen	99,203	862,110
Australian Dollar	1,380	142
Great Britain Pound Sterling	902	54
Chinese Yuan	68,970	35,566
	6,738,279	1,385,410
Accrued expenses		
United States Dollar	446,838	33,167
Singapore Dollar	26,026	2,795
Japanese Yen	145	1,260
Australian Dollar	108	11
Hong Kong Dollar	5,794	3,335
Great Britain Pound Sterling	65	4
Chinese yuan	50,927	26,262
Others	7	1
	529,910	66,835
Others liabilities		
United States Dollar	2,733,959	202,929
European Euro	175,359	12,370
Singapore Dollar	54,832	5,888
Japanese Yen	52,187	453,525
Australian Dollar	39,807	4,094
Hong Kong Dollar	4,961	2,856
Great Britain Pound Sterling	7,108	429
Chinese yuan	3,769	1,944
Others	20,113	1,493
	3,092,095	685,528
Fund borrowings		
United States Dollar	26,872,469	1,994,616
Chinese Yuan	3,893,944	2,008,026
	30,766,413	4,002,642
Subordinated loans		
United States Dollar	204,780	15,200
Total Liabilities	164,508,134	18,486,539

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(v) Foreign exchange risk management (continued)

d. Sensitivity to net income

The table below shows the sensitivity of Bank Mandiri's net income to movement of foreign exchange rates as of December 31, 2017 and 2016:

	<u>Increased by 5%</u>	<u>Decreased by 5%</u>
December 31, 2017		
Increase/(decrease) net income	3,566,829	(3,566,829)
December 31, 2016		
Increase/(decrease) net income	1,414,355	(1,414,355)

The projection above assumes only changes in foreign currency exchange rate of US Dollar while other foreign exchange rates remain unchanged. US Dollars is the major foreign exchange rate held by the Bank. The projection also assumes that all other variables are held constant at reporting date.

(vi) Fair value of financial assets and liabilities

Valuation is also an important component to manage most 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 shows analysis of 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 (not adjusted) from active market for asset or liability which are the same/identical (level 1);
- Inputs other than quoted market prices included in Level 1 that are observable for the asset and 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 the Group's assets and liabilities that are measured at fair value as of December 31, 2017 and 2016:

	December 31, 2017			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair value</u>
Assets measured at fair value				
Marketable securities				
Fair value through profit or loss	22,830,106	1,748,730	-	24,578,836
Available for sale	4,314,784	21,393,480	-	25,708,264
Government bonds				
Fair value through profit or loss	3,052,552	436,025	-	3,488,577
Available for sale	30,163,217	58,910,507	-	89,073,724
Derivative receivables	-	446,459	-	446,459

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(vi) Fair value of financial assets and liabilities (continued)

The table below shows the Group's assets and liabilities that are measured at fair value as of December 31, 2017 and 2016: (continued)

December 31, 2017				
	Level 1	Level 2	Level 3	Fair value
Assets disclosed at fair value				
Held to maturity				
Marketable securities	2,684,721	5,538,711	-	8,223,432
Government bonds	387,557	2,292,625	-	2,680,182
Loans	-	211,676,573	451,364,967	663,041,540
Consumer financing receivables	-	14,768,169	-	14,768,169
Net investment in financing leases	-	2,571,662	-	2,571,662
Liabilities measured at fair value				
Derivative payables	-	276,243	-	276,243
Liabilities disclosed at fair values				
Securities issued	-	17,220,606	-	17,220,606
Borrowings	-	35,644,899	-	35,644,899
Subordinated loans	-	191,501	-	191,501
December 31, 2016				
	Level 1	Level 2	Level 3	Fair value
Assets measured at fair value				
Marketable securities				
Fair value through profit or loss	19,506,513	3,117,296	-	22,623,809
Available for sale	9,969,796	12,295,354	-	22,265,150
Government bonds				
Fair value through profit or loss	2,382,055	46,516	-	2,428,571
Available for sale	20,450,043	59,884,506	-	80,334,549
Derivative receivables	-	239,260	-	239,260
Assets disclosed at fair value				
Held to maturity				
Marketable securities	2,989,881	8,282,406	-	11,272,287
Government bonds	1,825,421	9,335,752	-	11,161,173
Loans	-	182,684,175	422,301,582	604,985,757
Consumer financing receivables	-	12,529,745	-	12,529,745
Net investment in financing leases	-	928,918	-	928,918
Liabilities measured at fair value				
Derivative payables	-	502,469	-	502,469
Liabilities disclosed at fair values				
Securities issued	-	8,988,033	-	8,988,033
Borrowings	-	35,770,305	-	35,770,305
Subordinated loans	-	215,432	-	215,432

As of December 31, 2017 and 2016, for assets and liabilities held at year end measured at fair value, the Bank and Subsidiaries have no transfers between Level 1 and Level 2 of the hierarchy.

Marketable securities classified as non liquid on December 31, 2017 and 2016 amounting to Rp30,565,367 (36.85% of total assets level 2) and Rp30,944,767 (40.94% of total assets level 2), respectively, represent government bonds with variable interest rates and classified as available for sale.

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(vi) Fair value of financial assets and liabilities (continued)

The fair value of financial instruments traded in active markets (such as marketable securities which are measured at fair value through profit or loss and available for sale) was determined based on quoted market prices at the reporting date. A market is considered active if the information regarding price quotations can be easily obtained and regularly available from an exchange, securities dealer or broker, the market price of a particular industry assessors, regulators and those price reflects 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 and 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 from market, therefore the instrument is included in level 2. Instead, if one or more data is not based on observable market data, these instrument is included in level 3.

As of December 31, 2017 and 2016, the carrying value of the Bank's financial assets and liabilities approximates their fair value except for the following financial instruments:

	December 31, 2017		December 31, 2016	
	Carrying value	Fair value	Carrying value	Fair value
Assets				
Marketable securities				
Held to maturity	8,196,823	8,223,432	11,197,290	11,272,287
At cost*)	1,139,166	1,152,390	496,135	499,885
Government bonds				
Held to maturity	2,585,950	2,680,182	11,142,896	11,161,173
At cost*)	8,262,937	8,259,914	5,027,262	5,151,779
Loans	678,292,520	663,041,540	616,706,193	604,985,757
Consumer financing receivable	14,782,332	14,768,169	11,531,838	12,529,745
Net Investment in finance leases	2,356,890	2,571,662	829,945	928,918
	715,616,618	700,697,289	656,931,559	646,529,544
Liabilities				
Securities issued	16,843,595	17,220,606	9,025,994	8,988,033
Fund borrowings	35,703,679	35,644,899	35,882,757	35,770,305
Subordinated loans	191,501	191,501	215,432	215,432
	52,738,775	53,057,006	45,124,183	44,973,770

*) Marketable securities and government bonds owned by Subsidiary in accordance with SFAS No. 110 "Accounting for Sukuk".

- (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, acceptances 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.

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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. (continued)

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, acceptances 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, acceptances 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 method.

- (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. The fair value of loans and consumer financing receivables is determined by discounting the expected future cash flows at current market interest rates.

- (iv) Deposits from customers and other banks, securities sold under repurchase agreements, acceptances payables and other liabilities

The estimated fair value of deposits that can be withdrawn at any time, includes non-interest bearing deposits, is the amount payable carrying amount when the payable is paid.

The estimated fair value of fixed interest bearing deposits, securities sold under repurchase agreements, acceptances 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, acceptances payables and other liabilities is a reasonable approximation of fair value.

- (v) Securities issued, fund borrowings and subordinated loans

The aggregate fair values are calculated based on quoted market prices. When information is 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)

B. Market risk and liquidity risk (continued)

(vii) Value at Risk (VaR)

The Bank calculates VaR (Value at Risk), which is a value that describe the maximum potential losses to the Bank as a result of market movement that affects the Bank's exposure to trading in normal conditions with a confidence level of 99%. VaR calculation method which is used by the bank is the Historical Simulation method which does not require the assumption that the movement of market factors are normally distributed. Bank calculated VaR based on the 250 days historical market factor data.

VaR realisation as of December 31, 2017 and 2016 are as follows:

December 31, 2017 ^{*)}				
	Average VaR	Maximum VaR	Minimum VaR	End of period VaR
Type of Risk				
Interest rate risk	14,857	25,479	1,398	13,546
Foreign exchange risk	6,031	26,006	823	4,740
Total	18,651	33,481	4,117	27,004

December 31, 2016 ^{*)}				
	Average VaR	Maximum VaR	Minimum VaR	End of period VaR
Type of Risk				
Interest rate risk	9,809	17,766	3,403	4,920
Foreign exchange risk	16,044	75,539	852	9,118
Total	13,648	59,770	5,465	7,413

^{*)} Only trading book position

The Bank performs backtesting to ensure the accuracy of the VaR calculation method in predicting the profit/loss of treasury activities. Backtesting compares the daily profit/loss with the VaR calculated by the Bank.

Backtesting result for the period December 2017 shows that the VaR calculation has been done accurately, where the number of irregularities P/L of the daily VaR is still acceptable.

(viii) Cash management

Details of cash are as follows:

	December, 31 2017		December, 31 2016	
	Notional amount foreign currency, equivalent		Notional amount foreign currency, equivalent	
	(in thousands)	Rupiah	(in thousand)	Rupiah
Rupiah	-	21,618,247	-	19,838,366
Foreign currencies				
United States dollar	85,647	1,162,014	126,984	1,710,796
European euro	16,265	264,084	13,228	187,511
Singapore dollar	66,692	677,224	83,024	773,117
Japanese yen	622,428	75,015	809,646	93,166

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61. RISK MANAGEMENT (continued)

B. Market risk and liquidity risk (continued)

(viii) Cash management (continued)

Details of cash are as follows: (continued)

	December, 31 2017		December, 31 2016	
	Notional amount foreign currency, equivalent		Notional amount foreign currency, equivalent	
	(in thousands)	Rupiah	(in thousand)	Rupiah
Foreign currencies (continued)				
Australia dollar	17,701	187,524	15,416	149,888
Hong kong dollar	6,160	10,695	4,031	7,003
Great britain Poundsterling	2,110	38,668	2,249	37,240
Chinese yuan	18,952	39,490	10,969	21,271
Others	14,417	195,602	6,563	88,417
	850,372	24,268,563	1,072,110	22,906,775

As of December 31, 2017 and 2016, the cash balance, including money at the ATM (Automatic Teller Machine), amounted to Rp7,962,487 and Rp8,709,914, respectively.

C. Operational risk

Operational risk is defined as the risk of loss resulting from inadequate and/or disfunction of internal process, human error, systems failure or external factors which impact the Bank's operations. The effectiveness of operational risk management can reduce losses due to operational risk.

In order to the achieve effectiveness of Operational Risk Management, the Bank has established a framework based on Bank Indonesia regulations, Basel II and best practice either in local or global industry. The Bank has implemented Bank Mandiri's Risk Management Policy, Standard Operating Procedures for Operational Risk Management and Technical Guidelines for Operational Risk Management covering both aspects of governance and reporting systems.

Managing risk through operation

In managing operational risk through operation, the Bank has:

- (i) Established risk governance of operational risk management
- (ii) Established policies and procedures and conducts periodic review
- (iii) Established operational risk appetite
- (iv) Designed methodologies and tools of operational risk management
- (v) Provides Operational Risk System for entire unit,
- (vi) Established Risk Awareness across organizations including Risk Culture in the Bank's business activities,
- (vii) Implemented the operational risk management to the entire unit Head Office and Regional Offices including the operational risk management tools (ORM Tools) and Loss Event Database application system
- (viii) Performed monitoring and reporting for internal and external (regulator)

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61. RISK MANAGEMENT (continued)

C. Operational risk (continued)

Managing risk thorough operation (continued)

The implementation of operational risk governance begins with:

- (i) Active surveillance of Board of Commissioners and Directors, through the Risk Management Committee (RMC),
- (ii) The implementation of risk management through three line of defense models where:
 - Each unit as risk owner is the first line of defense that is directly responsible for operational risk management;
 - Risk Management Unit is the second line of defense that performs oversight function and;
 - Internal Audit is the third line of defense which performs independent assurance function.

The Bank has established internal policies and procedures for Operational Risk Management referred to as Bank Mandiri Risk Management Policy (KMRBM), which is the basis of risk management implementation.

ORM Tools used are:

- (i) Risk & Control Self Assessment (RCSA), used for identification and assessment of inherent risk activity and assessment of quality control
- (ii) Loss Event Database, to record losses due to operational risks that occur in each unit
- (iii) Key indicator (KI) is a quantitative indicator that is used to provide indicative risk level attached to the key process in one stage of the business unit/supporting unit process or end to end process
- (iv) Issue & Action Management (IAM), to document the issue/problem, analyze its causes, and set action plan and monitor the implementation of the action plan by the unit.

As the output of Operational Risk Management process, each unit generates operational risk profile that describes the operational risk exposure which will be the basis for the Bank's operational risk profile. The Bank's operational risk profile reports that are reviewed by Internal Audit unit are presented to the Board of Commissioners and reported to regulators periodically. The Bank's Operational Risk Profile Report is used to determine Risk-Based Bank Rating (RBBR). In addition, in order to manage operational risk, there is Operational risk management reports that are submitted to management as a means of monitoring and consideration to take priority action.

Managing risk through capital

In accordance with the regulation, the Bank uses the Basic Indicator Approach to calculate the operational risk capital expense. The Basic Indicator Approach calculation is based on Gross Income Bank data for the last 3 (three) years.

The results of operational risk capital charge of Bank Mandiri (Bank only) is Rp8,383,411.11, meanwhile for the consolidation is Rp9,725,074.58. Based on that result, the value of operational risk RWA are Rp104,792,638.81 (Bank only) and Rp121,563,432.23 (consolidated).

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62. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. Integrated banking system agreement with vendor

On November 22, 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 amounted to USD2,056,125 (full amount, after VAT). On December 31, 2017, the value of the contract using payment realisation approach for Application Management Services 2012 was USD1,083,250 (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), so that estimated completion as of December 31, 2017 is 90.27%.

On September 3, 2013, the Bank entered into an agreement with vendors to enhance eMAS features related to Management Application's agreement 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 of eMAS. As of December 31, 2017, the contract value using the realisation payment approach is equal to USD2,443,000 (full amount) and the Bank has booked the value of the payment realisation as fixed asset of USD2,333,800 (full amount) so that the estimated project completion as of December 31, 2017 is 95.53%.

On September 15, 2014, the Bank entered into an agreement with vendors to enhance eMAS features related to Management application 2014 with the system blanket order with a maximum contract value of USD3,550,000 (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 of eMAS. As of December 31, 2017, the contract value using the realisation payment approach is equal to USD3,442,435 (full amount) and the Bank has booked the value of the payment realisation as fixed asset of USD3,291,560 (full amount) so that the estimated project completion as of December 31, 2017 is 95.62%.

On January 7, 2016, the Bank entered into an agreement with vendors to enhance eMAS features related to Management Application 2015 with the system blanket order with a maximum contract value of 6000 mandays. As of December 31, 2017, the contract value using the realisation payment approach is equal to USD3,381,897.25 (full amount) and the Bank has booked the value of the payment realisation as fixed asset of USD2,568,444 (full amount), so that the estimated project completion as of December 31, 2017 is 75.95%.

On December 14, 2016, the Bank entered into an agreement with vendors to enhance eMAS features related to Management Application 2016 with the system blanket order with a maximum contract value of 5256 mandays. As of December 31, 2017, the contract value using the realisation payment approach is equal to USD1,174,510.50 (full amount) and the Bank has booked the value of the payment realisation as fixed asset of USD614,451 (full amount), so that the estimated project completion as of December 31, 2017 is 52.32%.

b. Legal matters

The Bank has a number of outstanding litigation cases, including lawsuits with debtors and/or fund owners as a result of agreement disputes that had been decided by the Court where the Bank was required by the Court to pay compensation amounting to Rp121 (December 31, 2016: Rp89,255). Currently, the Bank is still in the legal process to appeal against the decision.

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62. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

b. Legal matters (continued)

The Bank's total potential financial exposure arising from outstanding lawsuits as of December 31, 2017 and 2016 amounted to Rp681,269 and Rp816,014, respectively. As of December 31, 2017 and 2016, the Bank has provided a provision amounting to Rp178,062 and Rp256,164, respectively and believes that the provision is adequate.

c. Trade Financing with Asian Development Bank (ADB)

On November 25, 2009, Bank Mandiri has signed a contractual agreement with Asian Development Bank (ADB) through Trade Finance Facilitation Program (TFFP) that are Confirmation Bank Agreement (CBA), Issuing Bank Agreement (IBA) and Revolving Credit Agreement (RCA).

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.

TFFP scheme is a program initiated by ADB to facilitate the L/C based on 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.

d. Bank Mandiri Continuous Bonds I

Bank Mandiri is in process of conducting Continuing Public Offering of Continuing Bonds I Bank Mandiri with target of funds to be raised amounting to Rp14,000,000. On September 30, 2016, Bank Mandiri has issued Continuing Bonds I Bank Mandiri Phase I Year 2016 ("Continuing Bonds I Phase I") with nominal amount Rp5,000,000, which consists of 3 (three) series of bonds with tenor of 5, 7 and 10 years. On June 15, 2017, Continuing Bonds I Bank Mandiri Phase II Year 2017 ("Continuing Bonds I Phase II") has been issued with nominal amount Rp6,000,000, which consists of 4 (four) series with tenor 3, 5, 7 and 10 years, in which the 3 years tenor is Zero Coupon Bond.

63. GOVERNMENT GUARANTEE FOR THE OBLIGATIONS OF LOCALLY INCORPORATED BANKS

Based on the Law of the Republic of Indonesia No. 24 Year 2004 dated September 22, 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. 2/PLPS/2014 dated September 22, 2014 regarding amendment of Deposit Insurance Corporation Regulation No. 2/PLPS/2010 regarding the Deposit Guarantee Program, the maximum guaranteed amount for each customer in one bank is Rp2,000,000,000 (full amount).

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63. GOVERNMENT GUARANTEE FOR THE OBLIGATIONS OF LOCALLY INCORPORATED BANKS (continued)

The interest rate of deposit insurance corporation as of December 31, 2017 and 2016 is 5.75% and 6.25%, respectively, for deposits denominated in Rupiah, and 0.75% and 0.75%, respectively, for deposits denominated in foreign currencies.

64. NEW FINANCIAL ACCOUNTING STANDARDS AND INTERPRETATION

Amendments and Improvements of Indonesian Financial Accounting Standards and Interpretations that are issued by the Indonesian Financial Accounting Standards Board (DSAK), but not yet effective for current year financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Effective from January 1, 2018:

- a. Amendments to SFAS 2: "Statement of Cash Flows on the Disclosures Initiative"
- b. Amendments to SFAS 46: "Income Taxes on the Recognition of Deferred Tax Assets for Unrealized Losses"
- c. SFAS 15 (2017 Improvement): "Investments in Associates and Joint Ventures"
- d. Amendments to SFAS 53: "Share-based Payment: Classification and Measurement of Share-based Payment Transaction"
- e. SFAS 111: "Wa'd Accounting"

Effective from January 1, 2019:

- a. IFRIC No. 33: "Foreign exchange transactions and advanced benefit"

Effective from January 1, 2020:

- a. SFAS 71: "Financial Instruments", adopted from IFRS 9
- b. SFAS 73: "Leases", adopted from IFRS 16
- c. Amendments to SFAS 62: "Insurance Contract" on Applying SFAS 71 Financial Instruments with SFAS 62 "Insurance"

The Group is presently evaluating and has not yet determined the effects of these accounting standards on its consolidated financial statements.

65. EVENT AFTER THE DATE OF REPORTING PERIOD

Changes in the composition of the Member of Board of Commissioners of the Bank

In accordance with the resolution of the Extraordinary Shareholders General Meeting Year 2017 on August 21, 2017, Mr. R. Widyo Pramono has been appointed as a member of the Board of Commissioners of the Bank, which will be effective upon obtaining approval from the Financial Services Authority (FSA) for the fit and proper test. Upon the appointment, Mr. R. Widyo Pramono has effectively served as a member of the Board of Commissioners of the Bank on January 15, 2018 in accordance with Bank Letters to FSA No. RMC/42/2018 dated January 15, 2018 regarding the Effective Appointment of Commissioner of PT Bank Mandiri (Persero) Tbk.

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65. EVENT AFTER THE DATE OF REPORTING PERIOD (continued)

Changes in the composition of the Member of Board of Directors of the Bank

In accordance with the resolution of the Extraordinary Shareholders General Meeting Year 2017 on August 21, 2017, Mr. Darmawan Junaidi has been appointed as Treasury Director of the Bank, which will be effective upon obtaining approval from the FSA for the fit and proper test. Upon the appointment, Mr. Darmawan Junaidi has effectively served as Treasury Director of the Bank on January 12, 2018 in accordance with Bank Letters to FSA No. RMC/37/2018 dated January 12, 2018 regarding the Effective Appointment of Treasury Director of PT Bank Mandiri (Persero) Tbk.

Changes in the composition of the Member of Audit Committee of the Bank

Mr. Bambang Ratmanto has been appointed as a Member of the Bank's Audit Committee since January 2, 2018 as stated in Decision Letter No. KEP.DIR/003/2018 dated January 19, 2018 regarding the Establishment of Membership of the Audit Committee. While the service period of Mrs. Lista Irna as member of the Bank's Audit Committee ended on January 2, 2018.

Changes in the composition of the Member of Integrated Governance Committee of the Bank

Mr. Budi Sulistio has been appointed as a Member of the Bank's Integrated Governance Committee since January 2, 2018 as stated in Decision Letter No. KEP.DIR/004/2018 dated January 19, 2018 regarding the Establishment of Membership of the Integrated Governance Committee.

Changes in authorized share, share ownership composition and capital contribution of PT Bank Mandiri Taspen

On January 12, 2018, the Letter of FSA No. S-13/KR.0811/2018 regarding Changes in Authorized Capital of PT Bank Mandiri Taspen has been received, it announced that the change of authorized capital of Bank Mandiri Taspen from Rp624,500,000,000 (full amount) to Rp681,061,085,000 (full amount) in accordance with the Deed of Minutes of EGMS. No. 18 dated October 9, 2017 and the Deed of Meeting Decision Letter No. 23 dated December 14, 2017 made by Notary I Gusti Ngurah Putra Wijaya, S.H in Denpasar which has been approved by the Minister of Justice and Human Rights of the Republic of Indonesia as stated in his Decision Letter No. AHU-0026428.AH.01.02 Year 2017 dated December 15, 2017 which has been recorded in the administration of the supervision of FSA.

On January 24, 2018, the Letter of FSA No. S-11/KR.08/2018 regarding the changes of share ownership composition and capital contribution of PT Bank Mandiri Taspen, as follows has been received:

- a. The additional paid-up capital of the Bank amounted to Rp33,619,909,000 (full amount), bringing the total number of shares to 809,655,870 shares with a nominal value of Rp404,827,935,000 (full amount) and ownership percentage of 59.44%.
- b. The additional paid-up capital of PT Taspen (Persero) amounted to Rp22,624,434,000 (full amount), bringing the total number of shares to 544,848,868 shares with a nominal value of Rp272,424,434,000 (full amount) and ownership percentage of 40.00%.
- c. The additional paid-up capital of Mr. I.B Made Putra Jandhana amounted to Rp316,742,000 (full amount), bringing the total number of shares to 7,617,432 shares with a nominal value of Rp3,808,716,000 (full amount) and ownership percentage of 0.56%.

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66. ADDITIONAL INFORMATION

The additional information presented in appendix 1-4 is supplementary financial information of PT Bank Mandiri (Persero) Tbk., the Parent, which presents the Bank's investments in subsidiaries based on cost method.

PARENT ENTITY FINANCIAL INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF FINANCIAL POSITION - PARENT ENTITY
As of December 31, 2017
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	December 31, 2017	December 31, 2016
ASSETS		
Cash	22,005,487	21,223,106
Current accounts with Bank Indonesia	43,674,536	48,761,535
Current accounts with other banks		
Related parties	441	194,320
Third parties	11,724,561	8,401,644
	<u>11,725,002</u>	<u>8,595,964</u>
Less: allowance for impairment losses	(3,431)	(2,995)
Net	<u>11,721,571</u>	<u>8,592,969</u>
Placements with Bank Indonesia and other banks		
Related parties	2,150,449	2,198,674
Third parties	62,025,489	64,158,423
	<u>64,175,938</u>	<u>66,357,097</u>
Less: allowance for impairment losses	(49,713)	(80,108)
Net	<u>64,126,225</u>	<u>66,276,989</u>
Marketable securities		
Related parties	8,724,993	10,141,257
Third parties	22,214,910	19,195,636
	<u>30,939,903</u>	<u>29,336,893</u>
Add/(less): unamortised discounts/premiums, unrealised gains/(losses) from increase/(decrease) in fair value of marketable securities and allowance for impairment losses	93,337	(91,103)
Net	<u>31,033,240</u>	<u>29,245,790</u>
Government bonds - net - related party	90,983,793	90,340,489
Other receivables - trade transactions		
Related parties	10,517,587	5,934,300
Third parties	14,635,602	9,944,879
	<u>25,153,189</u>	<u>15,879,179</u>
Less: allowance for impairment losses	(1,302,230)	(1,712,018)
Net	<u>23,850,959</u>	<u>14,167,161</u>

PARENT ENTITY FINANCIAL INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF FINANCIAL POSITION - PARENT ENTITY (continued)
As of December 31, 2017
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	December 31, 2017	December 31, 2016
ASSETS (continued)		
Securities purchased under resale agreements		
Third parties	2,329,116	3,746,090
Derivative receivables		
Related parties	23,824	3,660
Third parties	399,433	235,600
Net	423,257	239,260
Loans		
Related parties	112,793,435	101,100,710
Third parties	531,463,973	491,568,560
	644,257,408	592,669,270
Less: allowance for impairment losses	(31,754,535)	(30,762,076)
Net	612,502,873	561,907,194
Acceptances receivable		
Related parties	1,002,161	385,265
Third parties	11,461,080	14,294,356
	12,463,241	14,679,621
Less: Allowance for impairment losses	(253,248)	(239,901)
Net	12,209,993	14,439,720
Investments in shares		
Related parties	38,779	-
Third parties	7,504,134	6,583,203
	7,542,913	6,583,203
Less: allowance for impairment losses	(75,734)	(49,247)
Net	7,467,179	6,533,956
Prepaid expenses	1,984,047	2,031,252
Prepaid taxes	2,403,973	2,421,556
Fixed assets	44,067,921	42,009,451
Less: accumulated depreciation	(8,667,610)	(7,550,662)
Net	35,400,311	34,458,789
Intangible assets	4,325,327	3,502,458
Less: accumulated depreciation	(2,458,868)	(2,066,144)
Net	1,866,459	1,436,314
Other assets	9,733,232	7,203,589
Less: Other allowances	(308,546)	(279,838)
Net	9,424,686	6,923,751
Deferred tax assets - net	4,969,726	5,435,589
TOTAL ASSETS	978,377,431	918,181,510

PARENT ENTITY FINANCIAL INFORMATION

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As of December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)**

	December 31, 2017	December 31, 2016
LIABILITIES AND EQUITY		
LIABILITIES		
Obligation due immediately	2,838,567	1,569,911
Deposits from customers		
Demand deposits		
Related parties	46,287,627	48,889,558
Third parties	148,960,350	131,669,970
Total	195,247,977	180,559,528
Saving deposits		
Related parties	3,541,392	1,969,759
Third parties	300,127,431	271,802,756
Total	303,668,823	273,772,515
Time deposits		
Related parties	33,362,950	46,479,231
Third parties	197,497,781	187,138,570
Total	230,860,731	233,617,801
Total deposits from customers	729,777,531	687,949,844
Deposits from other banks		
Demand/wadiah demand deposits and saving deposits		
Related parties	460,256	132,782
Third parties	3,896,430	4,199,571
Total demand/wadiah demand deposits and saving deposits	4,356,686	4,332,353
Interbank call money		
Related parties	-	440,000
Third parties	1,007,655	1,240,952
Total	1,007,655	1,680,952
Time deposits		
Related parties	108,473	346,732
Third parties	2,501,964	3,199,043
Total	2,610,437	3,545,775
Total	7,974,778	9,559,080
Securities sold under repurchase agreements		
Related parties	-	230,024
Third parties	3,592,883	3,123,018
Total	3,592,883	3,353,042

PARENT ENTITY FINANCIAL INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF FINANCIAL POSITION - PARENT ENTITY (continued)
As of December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)**

	December 31, 2017	December 31, 2016
LIABILITIES AND EQUITY (continued)		
LIABILITIES (continued)		
Derivative payables		
Related parties	16,582	10,058
Third parties	240,120	492,394
Total	256,702	502,452
Acceptances payable		
Related parties	575,595	2,481,708
Third parties	11,887,646	12,197,913
Total	12,463,241	14,679,621
Marketable issued		
Related parties	6,712,500	2,570,000
Third parties	4,185,788	2,502,035
	10,898,288	5,072,035
Less: Unamortised issuance costs	(27,018)	(24,077)
Total	10,871,270	5,047,958
Estimated losses on commitments and contingencies	349,404	193,144
Accrued expenses	3,243,235	2,941,711
Current tax payable	666,542	1,052,740
Employee benefits liabilities	7,674,599	6,236,533
Provision	375,770	435,880
Other liabilities	11,334,802	8,546,688
Fund borrowings		
Related parties	169,950	140,774
Third parties	26,975,564	31,687,950
Total fund borrowings	27,145,514	31,828,724
Subordinated loans - third parties	191,501	215,432
TOTAL LIABILITIES	818,756,339	774,112,760

PARENT ENTITY FINANCIAL INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENTS OF FINANCIAL POSITION - PARENT ENTITY (continued)
As of December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)**

	December 31, 2017	December 31, 2016
EQUITY		
Share capital - Rp250 (full amount) par value per share as of December 31, 2017 and Rp500 (full amount) par value per share as of December 31, 2016 Authorised capital - 1 share Dwiwarna Series A and 63,999,999,999 common shares Series B as of December 31, 2017 1 share Dwiwarna Series A and 31,999,999,999 common shares Series B as of December 31, 2016 Issued and fully paid-in capital - 1 share Dwiwarna Series A and 46,666,666,665 common shares Series B as of December 31, 2017 and 1 share Dwiwarna Series A and 23,333,333,332 common shares Series B as of December 31, 2016	11,666,667	11,666,667
Additional paid-in capital/agio	17,476,308	17,476,308
Difference arising from translation of financial statements in foreign currencies	1,791	45,441
Unrealised gain/(losses) from increase/(decrease) in fair value of available for sale marketable securities and government bonds net of deferred tax	1,067,962	(768,222)
Asset revaluation reserve	25,322,628	24,796,520
Net actuarial (losses)/gain on defined benefit plan - net of deferred tax	(491,801)	72,261
Retained earnings (accumulated losses of Rp162,874,901 were eliminated against additional paid-in capital/agio as a result of quasi-reorganisation as of April 30, 2003) Appropriated Unappropriated	5,380,268 99,197,269	5,380,268 85,399,507
Total retained earnings	104,577,537	90,779,775
TOTAL EQUITY	159,621,092	144,068,750
TOTAL LIABILITIES AND EQUITY	978,377,431	918,181,510

PARENT ENTITY FINANCIAL INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - PARENT ENTITY
For the year ended December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)**

	Year ended December 31,	
	2017	2016
INCOME AND EXPENSES FROM OPERATIONS		
Interest income	67,878,151	67,155,191
Interest expense	(22,986,499)	(21,485,647)
NET INTEREST INCOME	44,891,652	45,669,544
Other operating income		
Other fees and commissions	11,425,382	10,557,828
Foreign exchange gains and derivative transactions - net	2,837,965	2,232,927
Others	5,488,834	4,682,687
Total other operating income	19,752,181	17,473,442
Allowance for impairment losses	(12,578,904)	(22,839,834)
Reversal of/(provision for) for impairment losses on commitments and contingencies	(155,380)	171,369
Reversal of/(provision for) other allowances	(78,624)	194,839
Unrealised (losses)/gains from decrease/(increase) in fair value of marketable securities and government bonds	2,489	(5,598)
Gains on sale of marketable securities and government bonds	850,383	700,004
Other operating expenses		
Salaries and employee benefits	(11,635,135)	(10,716,768)
General and administrative expenses	(12,051,008)	(11,421,036)
Others - net	(3,901,824)	(2,924,571)
Total other operating expenses	(27,587,967)	(25,062,375)
INCOME FROM OPERATIONS	25,095,830	16,301,391
Non-operating income - net	2,235	23,017
INCOME BEFORE TAX EXPENSE	25,098,065	16,324,408
Tax expense		
Current	(4,903,592)	(4,435,708)
Deferred	(183,757)	1,182,488
Total tax expense - net	(5,087,349)	(3,253,220)
NET INCOME FOR THE YEAR	20,010,716	13,071,188

PARENT ENTITY FINANCIAL INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - PARENT ENTITY
(continued)
For the year ended December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)**

	Year ended December 31,	
	2017	2016*)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss		
Gains on fixed assets revaluation	526,108	24,796,520
Actuarial (losses)/gains on defined benefit plan	(705,077)	(217,968)
Income tax related to the items that will not be reclassified to profit or loss	141,015	40,045
	<u>(37,954)</u>	<u>24,618,597</u>
Items that will be reclassified to profit or loss		
Difference arising from translation of financial statements in foreign currencies	(43,650)	(24,333)
Changes in fair value of available for sale financial assets	2,259,305	863,447
Income tax related to items that will be reclassified to profit or loss	(423,121)	(105,624)
	<u>1,792,534</u>	<u>733,490</u>
Other comprehensive income for the year - net of tax income	<u>1,754,580</u>	<u>25,352,087</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>21,765,296</u>	<u>38,423,275</u>
EARNING PER SHARE		
Basic (full amount)	428.80	280.10*)
Dilluted (full amount)	428.80	280.10*)

*) Earning per share for the year ended December 31, 2016 was recalculated using weighted average outstanding stocks after stock splits effective September 13, 2017, as if the stock split had happened since the beginning of the year.

PARENT ENTITY FINANCIAL INFORMATION

PT BANK MANDIRI (PERSERO) Tbk. STATEMENTS OF CHANGES IN EQUITY - PARENT ENTITY For the year ended December 31, 2017 (Expressed in millions of Rupiah, unless otherwise stated)

	Issued and fully paid-in capital	Additional paid-in capital/agio	Difference arising from translation of financial statements in foreign currencies	Net unrealised losses from fair value of available for sale marketable securities and government bonds - net of deferred tax	Asset revaluation reserve	Net actuarial gain on defined benefit plan - net of deferred tax	Retained earnings			Total equity
							Appropriated	Unappropriated	Total	
Balance as of January 1, 2016	11,666,667	17,476,308	69,774	(1,526,045)	-	250,184	12,402,382	71,406,695	83,809,077	111,745,965
Dividends payment from 2015 net income	-	-	-	-	-	-	-	(6,100,490)	(6,100,490)	(6,100,490)
The establishment of specific reserves from 2015 net income (refer to Note 40c)	-	-	-	-	-	-	2,277,517	(2,277,517)	-	-
Reclassification from specific reserves into retained earnings	-	-	-	-	-	-	(9,299,631)	9,299,631	-	-
Income for the current year	-	-	-	-	-	-	-	13,071,188	13,071,188	13,071,188
Comprehensive income for the current year	-	-	(24,333)	757,823	24,796,520	(177,923)	-	-	-	25,352,087
Balance as of December 31, 2016	11,666,667	17,476,308	45,441	(768,222)	24,796,520	72,261	5,380,268	85,399,507	90,779,775	144,068,750

PARENT ENTITY FINANCIAL INFORMATION

PT BANK MANDIRI (PERSERO) Tbk. STATEMENTS OF CHANGES IN EQUITY - PARENT ENTITY (continued) For the year ended December 31, 2017 (Expressed in millions of Rupiah, unless otherwise stated)

	Issued and fully paid-in capital	Additional paid-in capital/agio	Difference arising from translation of financial statements in foreign currencies	Net unrealised gain from increase in fair value of available for sale marketable securities and government bonds - net of deferred tax	Asset revaluation reserve	Net actuarial loss on defined benefit plan - net of deferred tax	Retained earnings			Total equity
							Appropriated	Unappropriated	Total	
Balance as of January 1, 2017	11,666,667	17,476,308	45,441	(768,222)	24,796,520	72,261	5,380,268	85,399,507	90,779,775	144,068,750
Dividends payment from 2016 net income	-	-	-	-	-	-	-	(6,212,954)	(6,212,954)	(6,212,954)
Income for the current year	-	-	-	-	-	-	-	20,010,716	20,010,716	20,010,716
Comprehensive income for the current year	-	-	(43,650)	1,836,184	526,108	(564,062)	-	-	-	1,754,580
Balance as of December 31, 2017	11,666,667	17,476,308	1,791	(1,067,962)	25,322,628	(491,801)	5,380,268	99,197,269	104,577,537	159,621,092

PARENT ENTITY FINANCIAL INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENT OF CASH FLOWS - PARENT ENTITY
For the year ended December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)**

	Year ended December 31	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from interest income	64,541,308	64,416,164
Receipts from provision commission	11,425,382	10,557,828
Payments of interest expense	(22,888,494)	(21,291,109)
Receipts from the sale of government bonds - fair value through profit or loss	52,719,756	46,766,355
Acquisition of government bonds - fair value through profit or loss	(52,448,684)	(45,447,093)
Foreign exchange gains - net	2,347,865	3,061,051
Other operating income - others	1,675,243	1,489,984
Other operating expenses - others	(3,512,560)	(3,111,819)
Salaries and employee benefits	(10,761,131)	(9,971,389)
General and administrative expenses	(10,541,336)	(9,980,603)
Non-operating income - net	1,044	22,811
Payment of corporate income tax	(5,347,697)	(5,199,043)
Cash flows from operating activities before changes in operating assets and liabilities	27,210,696	31,313,137
Decrease/(Increase) in operating assets:		
Placements with Bank Indonesia and other banks	335,342	(51,402)
Marketable securities - fair value through profit or loss	769,599	(734,593)
Other receivables - trade transactions	(9,274,010)	(1,328,670)
Loans	(63,213,140)	(68,047,363)
Securities purchased under resale agreements	1,416,974	(3,746,090)
Prepaid taxes	17,583	2,148,749
Prepaid expenses	47,205	(339,575)
Other assets	(2,238,104)	81,046
Proceeds from collection of financial assets already written-off	3,813,591	3,192,703
Increase/(decrease) in operating liabilities:		
Demand deposits	14,668,699	16,605,082
Saving deposits	29,940,391	25,560,746
Time deposits	(3,692,408)	31,873,526
Interbank call money	(673,297)	(2,134,411)
Obligation due immediately	1,268,656	413,584
Taxes payable	57,907	80,311
Other liabilities	5,033,668	2,743,148
Net cash provided by operating activities	5,489,352	37,629,928
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in marketable securities - other than fair value through profit or loss	(2,704,364)	(5,473,330)
Increase in government bonds - other than fair value through profit or loss	1,785,664	4,763,651
Proceeds from sale of fixed assets	5,713	6,745
Acquisition of fixed assets	(1,498,326)	(1,866,775)
Acquisition of intangible assets	(822,869)	(393,331)
Paid up capital in PT Bank Syariah Mandiri	(500,000)	(500,000)

PARENT ENTITY FINANCIAL INFORMATION

**PT BANK MANDIRI (PERSERO) Tbk.
STATEMENT OF CASH FLOWS - PARENT ENTITY (continued)
For the year ended December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)**

	Year ended December 31,	
	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES (continued)		
Paid up capital in PT Mandiri Capital Indonesia	(200,000)	(340,000)
Paid up capital in PT Mandiri Utama Finance	(102,000)	(102,000)
Additional purchase of shares in PT Bank Mandiri Taspen	(118,880)	(257,036)
Paid up capital in PT Mandiri Axa General Insurance	-	(30,000)
Net cash used in investing activities	(4,155,062)	(4,192,076)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in marketable securities issued	5,826,252	4,970,191
(Decrease)/increase in fund borrowings	(5,120,961)	2,865,445
Payments of subordinated loans	(23,931)	(3,537,271)
Increase/(decrease) of marketable securities sold under repurchase agreement	239,841	(1,510,129)
Payments of dividends	(6,212,954)	(6,100,490)
Net cash provided by financing activities	(5,291,753)	(3,312,254)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(3,957,463)	30,125,598
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	790,409	(1,448,059)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	143,682,162	115,004,623
CASH AND CASH EQUIVALENTS AT END OF YEAR	140,515,108	143,682,162
Cash and cash equivalents at end of year consist of:		
Cash	22,005,487	21,223,106
Current accounts with Bank Indonesia	43,674,536	48,761,535
Current accounts with other banks	11,725,002	8,595,964
Placements with Bank Indonesia and other banks	62,660,461	64,506,278
Certificate of Bank Indonesia	449,622	595,279
Total cash and cash equivalents	140,515,108	143,682,162



2017

Annual Report

PT Bank Mandiri (Persero) Tbk

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